

**EXPANDED AGENDA**

**June 6, 2018**

		<b><u>Res. #</u></b>
3:30 p.m.	Welcome Reception for New Commissioner Roy Priest	
4:00 p.m.	<b>I. INFORMATION EXCHANGE</b>	
Page 5 10	A. Community Forum B. Report of the Executive Director C. Calendar D. Commissioner Exchange E. Resident Advisory Board	
	<b>RECESS</b>	
4:20 p.m. Page 14 20 26 32 38 44 50 56 62 68 74 86 92 98 104 110 116 122 128	<b>A. <u>Development Corporation Annual Meetings</u></b> 1. Alexander House Development Corporation – Annual Meeting and Approval of FY 19 Budget 2. Barclay Apartments Development Corporation – Annual Meeting and Approval of FY 19 Budget 3. Glenmont Crossing Development – Annual Meeting and Approval of FY 19 Budget 4. Glenmont Westerly Development – Annual Meeting and Approval of FY 19 Budget 5. Magruder’s Discovery Development Corporation – Annual Meeting and Approval of FY 19 Budget 6. The Metropolitan Development Corporation – Annual Meeting and Approval of FY 19 Budget 7. Montgomery Arms Development Corporation – Annual Meeting and Approval of FY 19 Budget 8. The Oaks at Four Corners Development Corporation – Annual Meeting and Approval of FY 19 Budget 9. Paddington Square Development Corporation – Annual Meeting and Approval of FY 19 Budget 10. Pooks Hill Development Corporation – Annual Meeting and Approval of FY 19 Budget 11. RAD 6 Development Corporation – Annual Meeting and Approval of FY 19 Budget 12. Scattered Site One Development Corporation – Annual Meeting and Approval of FY 19 Budget 13. Scattered Site Two Development Corporation – Annual Meeting and Approval of FY 19 Budget 14. Sligo Hills Development Corporation – Annual Meeting and Approval of FY 19 Budget 15. TPM Development Corporation – Annual Meeting & Approval of FY 19 Budget 16. VPC One Corporation – Annual Meeting and Approval of FY 19 Budget 17. VPC Two Corporation – Annual Meeting and Approval of FY 19 Budget 18. Wheaton Metro Development Corporation – Annual Meeting and Approval of FY 19 Budget 19. Approval of Dissolution of Damascus Gardens Development Corporation	<b>18-001<sub>AH</sub>(pg 19)</b> <b>18-001<sub>BC</sub>(pg 25)</b> <b>18-001<sub>GC</sub>(pg 31)</b> <b>18-001<sub>GW</sub>(pg 37)</b> <b>18-001<sub>MD</sub>(pg 43)</b> <b>18-001<sub>ME</sub>(pg 49)</b> <b>18-001<sub>MA</sub>(pg 55)</b> <b>18-001<sub>OC</sub>(pg 61)</b> <b>18-001<sub>PS</sub>(pg 67)</b> <b>18-001<sub>PH</sub>(pg 73)</b> <b>18-001<sub>RD6</sub>(pg 85)</b> <b>18-001<sub>SS1</sub>(pg 91)</b> <b>18-001<sub>SS2</sub>(pg 97)</b> <b>18-001<sub>SH</sub>(pg 103)</b> <b>18-001<sub>TPM</sub>(pg 109)</b> <b>18-001<sub>VPC1</sub>(pg 115)</b> <b>18-001<sub>VPC2</sub>(pg 121)</b> <b>18-001<sub>WM</sub>(pg 127)</b> <b>18-001<sub>DG</sub>(pg 131)</b>
4:35 p.m. Page 133	<b>B. <u>Limited Partnership Annual Meetings</u></b> 1. Brookside Glen Limited Partnership Annual Meeting and Approval of FY 19 Budget	<b>18-001<sub>BG</sub>(pg 138)</b>

139	2. Diamond Square Limited Partnership Annual Meeting and Approval of FY 19 Budget	18-001 <sub>DS</sub> (pg 144)
4:45 p.m.	<b><u>RECONVENE COMMISSION MEETING</u></b>	
5:00 p.m. Page 146 157	<b>II. <u>CONSENT ITEMS</u></b> A. Approval of Minutes of May 2, 2018 B. Approval of Minutes of May 18, 2018 Special Session	
5:05 p.m.	<b>III. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u></b>	
163	A. Ratification of Action taken in Administrative Session on May 2, 2018: Approval to Execute a Commitment Letter for a Grant to Victory Housing Inc. for the Placement of 30 RAD Supported Units at Victory Haven	18-32R(pg 164) 18-33R(pg. 166)
167	B. Ratification of Action taken in Administrative Session on May 2, 2018: Authorization for the Executive Director to Execute a Purchase and Sale Agreement for the Acquisition of Real Property and Approval of Predevelopment Funding	18-34R(pg. 168)
169	C. Ratification of Action taken in Administrative Session on May 18, 2018: Approval to Amend the Investment Commitment Fund Commitment to Victory Haven Prior to Closing of the Construction Financing	18-35R(pg. 170)
5:15 p.m.	<b>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b>	
Page 173 189 196 201 207 214	<b>A. Budget, Finance &amp; Audit Committee – Com. Nelson, Chair</b> 1. Acceptance of Third Quarter FY'18 Budget to Actual Statement 2. Approval of FY'18 Third Quarter Budget Amendment 3. Acceptance of Calendar Year (CY) 2017 Tax Credit Partnership Audits 4. Approval of Loans and Advances to Non-HOC Owned Entities 5. Authorization to Write Off Bad Debt Related to Tenant Accounts Receivable 6. Adoption of the FY'19 Agency Budget	18-39(pg 182) 18-40(pg 193) 18-41(pg 200) 18-42(pg 204) 18-43(pg 213) 18-44(pg. 241) 18-44a(pg. 242)
245 260	<b>B. Development and Finance Committee – Com. Simon, Chair</b> 1. Adoption of an Inducement Resolution for the Proposed Financing of Knights Bridge I Apartments 2. Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County's General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III	18-45(pg 258) 18-46(pg 268)
	<b>V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u></b>	
Page 271	1. Approval to Amend the Contract Amounts for HOC's Planning & Zoning Consultant and Planning Consultant to Reallocate Funding to Meet Program Needs	18-47(pg. 274)
6:00 p.m.	<b><u>ADJOURN</u></b>	
	<b><u>ADMINISTRATIVE SESSION</u></b> <i>This Administrative Session will be called to order pursuant to Section 3-305(b) (3)(Real Estate), (7)(consult with counsel to obtain legal advice), and (13)(to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter)</i>	

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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 [Patrice.birdsong@hocmc.org](mailto:Patrice.birdsong@hocmc.org).*
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# INFORMATION EXCHANGE

*HOC Celebrates the Dedication of Victory Crossing*



On Tuesday, May 8, 2018, HOC joined Montgomery County Executive Isiah Leggett; His Eminence Donald Cardinal Wuerl, Archbishop of Washington; Victory Housing and other community partners for the dedication of Victory Crossing Senior Apartments in Silver Spring, MD.

As part of the transaction, HOC provided a \$1.8 million grant and transferred 49 Rental Assistance Demonstration (RAD) Project Based Vouchers (PBV) to Victory Crossing.

RAD provides Public Housing Agencies with a powerful tool to preserve public housing units by converting them to project-based Section 8 contracts. Partnering with Victory Crossing is just one way HOC is innovating and evolving to create vibrant mixed-income communities and improve the quality and sustainability of affordable housing in the county.

Located in the White Oak area of Silver Spring, Victory Crossing includes 80 one-bedroom and 25 two-bedroom apartments available to households at or below 40, 50, and 60 percent of the county's area median income, including the 49 units transferred by HOC. HOC Commissioners Richard Nelson and Roy Priest were in attendance, in addition to Commission Chair Jackie Simon who participated in the ceremony and ribbon cutting. In her remarks, she applauded the affordable options Victory Crossing would preserve and create for Montgomery County residents, noting that, "Ensuring our seniors have affordable options to age in place is a top priority for HOC. We are proud to be part of this esteemed group and to have played a part in keeping individuals and families connected to the county they call home." She added that preservation of affordable units "means senior households on fixed incomes will have direct access to amenities just outside their doorstep."

Victory Crossing is a prime example of what we can achieve through strategic public-private partnerships and we are pleased to have played an integral role in creating yet another community-connected property that expands opportunity for Montgomery County residents.

For additional details on the dedication, please read our press release by visiting: <http://www.hocmc.org/newsroom/news/765-victory-housing.html>.

### *Food for Thought Celebrates Student Achievement*

At HOC, we strongly believe that high-quality, stable housing can serve as a platform for achievement among adults and children alike. Affordable housing sited in neighborhoods connected to enriched services can help foster an environment where children learn and succeed academically. Rooted in that principle, HOC sponsored its 18<sup>th</sup> annual “Food for Thought” academic achievement awards and essay contest, celebrating HOC youth achievements in the classroom. On Thursday, May 17, 2018, HOC hosted an awards ceremony and interactive family event to celebrate the Food for Thought honorees.



More than 120 attendees celebrated the accomplishments of HOC students in grades 3 through 12 who have achieved a 3.0 grade point average or higher with an evening of food and fun at Rockin’ Jump Trampoline Park in Gaithersburg. Six outstanding students were honored for achieving a 4.0 grade point average and three students were recognized as the winners of the essay contest and received gift cards.

### *2018 MAHRA Conference – Community Connected Housing*

On Wednesday, May 25 through Friday, May 27, 2018 the Maryland Association of Housing and Redevelopment Agencies (MAHRA) held its 2018 Spring Conference. The theme of this year’s conference was Community Connected Housing. MAHRA’S Spring Conference offers program information and new tools to build relationships with other professionals committed to affordable housing. This year I served as Conference Chair and staff from across the agency provided substantial logistical support to ensure a smooth and successful conference.



MAHRA presented its inaugural President’s Award to Marsha J. Parham, the Executive Director of the Baltimore County Office of Housing and MARC NAHRO President, for her exemplary service and dedication to the development and preservation of affordable housing. For the first-time, attendees had an opportunity to participate in maintenance roundtable discussions to ask questions, offer their first-hand experiences and testimonials, as well as create a space for brainstorming and networking.



Conference session speakers included: Esther Shin and Donovan Duncan of Urban Strategies, who discussed the importance of breaking down implicit bias in the work we do as Housers; Shalewa Noel-Thomas, PhD from the Cancer and Chronic Disease Prevention division of the DC Department of Health, who discussed the intersectionality between housing and health outcomes; Georgi Banna of the National Association of Housing and Redevelopment Officials (NAHRO) and Elayne Weiss of the National Low Income Housing Coalition (NLIHC) who provided a recap of recently passed and proposed housing policy and legislation; and Lisa L. Walker, Esq. of the Housing Development Law Institute, who provided an overview of recent court cases that have implications for housing agencies.

This year, we doubled the number of vendors from 12 to 25, including 10 conference sponsors and registered 165 conference participants. MAHRA raffled off a total of 11 themed gift baskets donated by MAHRA member agencies, the proceeds of which benefit the MAHRA scholarship and “What Home Means to Me” poster contest winners.



For a look at session presentations from this year’s conference, please visit: <http://mahramd.org/index.php/2018-MAHRA-Conference-Recap>.

### *STEM Summer Day Camp Program Receives Montgomery County Council Grant*

Housing Opportunities Community Partners, Inc. was recently awarded a \$20,710 grant from the Montgomery County Council Grants Program to help fund HOC’s STEM Summer Day Camp Program. This program brings STEM development activities in robotics to 60 HOC youth during two-week summer day camps in the summer of 2018. Certified public school teachers with specialties in STEM will conduct organized instruction and hands-on activities following the LEGO® MINDSTORMS® and WeDo curriculums and software and participants will work in pairs on their own robotics kits.

The Lego Robotics program combines many of the indicators prescribed in the Common Core Curriculum and as a result, helps to reinforce some of the objectives taught in schools. This extra support in Science and Math can be a tool to help narrow the achievement gap for youth living and attending school in areas where connections to opportunities are scarce.

On Friday of each camp week, participants will travel to the Maryland Science Center in Baltimore and the National Building Museum in Washington, DC for hands-on activities and special exhibits to see STEM in action. At three HOC communities located throughout the county, the STEM Summer Programs will offer activities in robotics to students from grades 1 through 8 and run four hours each day, five days a week for two weeks.

## *Affordable Housing Conference of Montgomery County 2018 Summit*



On Friday, May 11, 2018, HOC participated in the Affordable Housing Conference of Montgomery County's (AHCMC) 2018 Affordable Housing Summit. The theme of this year's summit was Affordable Living: Housing, Healthcare, Transportation and the Economy. As a Pillar sponsor with executive staff on the Board of Directors, HOC played a role in coordinating this year's summit and had a significant presence thanks to staff registration and participation.

Commissioner Richard Nelson spoke on a panel discussion about successful development around the Purple Line that will serve the residents who need it most, such as HOC's The Lindley, which will connect low- and moderate-income households to employment, educational, and transit opportunities in the high-cost Chevy Chase market. Commissioner Nelson also emphasized the importance of educating neighbors, developers and politicians about the benefits affordable housing brings to the entire community. Chief Operating Officer Shauna Sorrells spoke on a panel discussing federal approaches to affordable housing priorities, along with Marvin Turner (HUD DC Field Office), Liz Osborne (Enterprise Community Partners), Laura Abernathy (National Housing Trust) and Clarence Snuggs (DHCA) facilitating.

Montgomery County Executive Isiah Leggett was honored with the Housing Partner Award for his many years of service and partnership in developing affordable housing for all Montgomery County residents. Former HUD Secretary Julian Castro received the Robert C. Weaver Housing Champion Award for his leadership during his time at HUD in creating, developing and preserving communities of opportunity around the country.

## *HOC Connects with Community at Holy Cross Health Fair*

We take our role in helping our customers reach their fullest potential to heart. As a result, we regularly seek opportunities to market our programs and services to HOC customers and the broader Montgomery County community. On Saturday, May 19, 2018, our FSS division participated in the Holy Cross Hospital Health Fair at Holy Cross Hospital in Silver Spring to spread the word about our programs.

HOC's FSS program focuses on supporting HOC customers on their path to self-sufficiency. FSS administrators help participants identify employment and education goals, increase their job skills, and assist with linking individuals to supportive services that will help them achieve long-term goals that will move them and their families towards self-sufficiency.

During the event, HOC staff spoke with attendees about the benefits of the FSS program, including how it can help them reach their goals, as well as steps for enrollment and eligibility to participate in the program.



### *FSS May Workshops*

On Saturday, May 12, 2018, HOC's FSS division hosted a Mother's Day retreat in lieu of its traditional Saturday FSS workshops. The theme of the Mother's Day retreat was mental health and wellness. During the retreat, Mothers and women were treated to massages, enjoyed hair care services and were gifted short photo sessions which resulted in professional headshots for each of them.

The retreat also included an interactive class on the seven elements of a successful woman, which was hosted by Emmanuel Brinklow Seventh Day Adventist Church. While retreat participants were engaged with the class and services, children who attended had fun with arts and crafts, and teens engaged in a discussion on the importance of good mental health. More than 26 teenagers, 15 adults and a handful of young children attended the event at HOC's Kensington office.

### *May Financial Literacy Workshops*

During the month of May HOC hosted two Financial Literacy workshops for HOC customers.

#### Fresh but Frugal Food Finds

On May 5, 2018, HOC hosted a Financial Literacy workshop for residents at Forest Oak Apartments. The goal of this workshop was to help attendees better manage their food options on a budget and create a healthier food environment at home. Attendees participated in a demonstration on how to prepare meals and avoid food waste and received information on local food programs, including MANNA and SHARE. Participants discussed the impact of regularly reading circulars, finding and using coupons and where to find the best local farmer's markets.

#### Charge It: Do Credit Cards Work for You and How to Create a Will

On May 21, 2018, HOC also hosted its monthly Financial Literacy workshop for seniors at Arcola Towers. This workshop focused on helping seniors understand the use and management of credit and credit cards. In addition, workshop participants discussed the importance of creating a living will and were provided instructions along with the proper forms to complete individual wills.

# HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

## June 2018

6	Welcome Reception – New Commissioner Roy Priest	3:30 p.m.
6	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
7	County Executive Candidate Forum ( <i>All</i> ) – HOC Hearing Rm., 10400 Detrick Ave., Kensington, MD	5:30 p.m. (Doors Open) 6-7 p.m. (Event)
12	Special Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
14	Day of Service ( <i>All</i> )	
15	Staff Appreciation Day ( <i>All</i> )	
18	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
20	Town Center Board Meeting ( <i>Simon, Rodriguez</i> )	2:30 p.m.
22	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
24-27	MARC-NAHRO 2018 Annual Conference & Expo ( <i>All</i> ) – Hershey Lodge, Hershey, PA	
25	Agenda Formulation ( <i>Simon, McFarland</i> )	12:00 noon

## July 2018

4	Independence Day – <i>HOC Offices Closed</i>	
11	Public Hearing ( <i>Simon</i> ) – re: Administrative Plan Revisions	3:00 p.m.
11	Tony Davis Scholarship Award Reception/Presentation ( <i>All</i> )	3:30 p.m.
11	HOC Regular Meeting ( <i>All</i> )	4:30 p.m.
17	<del>Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Rodriguez</i>)</del> Cancel	<del>4:00 p.m.</del>
23	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
27	<del>Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)</del> Cancel	<del>10:00 a.m.</del>
30	<del>Agenda Formulation (<i>Simon, McFarland</i>)</del> Canceled	<del>12:00 noon</del>

## August 2018

7	National Night Out	5:00 p.m.
14	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon, Priest</i> )	10:00 a.m.
24	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
24	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
27	Agenda Formulation ( <i>Simon, Croom</i> )	12:00 noon

## September 2018

3	Labor Day – HOC Offices Closed	
5	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
11	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
18	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon, Priest</i> )	10:00 a.m.
20	HOC and Planning Board Joint Meeting ( <i>All</i> )( <i>Tentative</i> )	6:00 p.m.
21	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
24	Agenda Formulation ( <i>Simon, Croom</i> )	12:00 noon

24	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
26	HOCP - Inspire Gala (All) – The Filmore - 8656 Colesville Rd., Silver Spring, MD	6:00 p.m.

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### October 2018

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3	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
15	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
16	Budget, Finance and Audit Committee Meeting – re: Tax Credit & County Operating Budget) ( <i>Nelson, Simon, Priest</i> )	10:00 a.m.
26	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
26	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
29	Agenda Formulation ( <i>Simon, Byrd</i> )	12:00 noon

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### November 2018

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7	Budget, Finance and Audit Committee Meeting – re: Audit Review ( <i>Nelson, Simon, Priest</i> )	2:00 p.m.
7	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
12	Veterans Day ( <i>HOC Offices Closed</i> )	
13	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
16	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
19	Agenda Formulation ( <i>Simon, Byrd</i> )	12:00 noon
22-23	Thanksgiving Holiday ( <i>HOC Office Closed</i> )	

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### December 2018

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5	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
11	Budget, Finance and Audit Committee Meeting – re: 1 <sup>st</sup> Quarter ( <i>Nelson, Simon, Priest</i> )	10:00 a.m.
12	Budget, Finance and Audit Committee Meeting – re: 1 <sup>st</sup> Quarter ( <i>Nelson, Simon, Priest</i> )	10:00 a.m.
14	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
14	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
17	Agenda Formulation ( <i>Simon, Rodriguez</i> )	12:00 noon
25	Christmas Holiday ( <i>HOC Offices Closed</i> )	

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#### Activities of Interest

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

# Development Corporation Meetings

# **ALEXANDER HOUSE DEVELOPMENT CORPORATION**

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## **ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS**

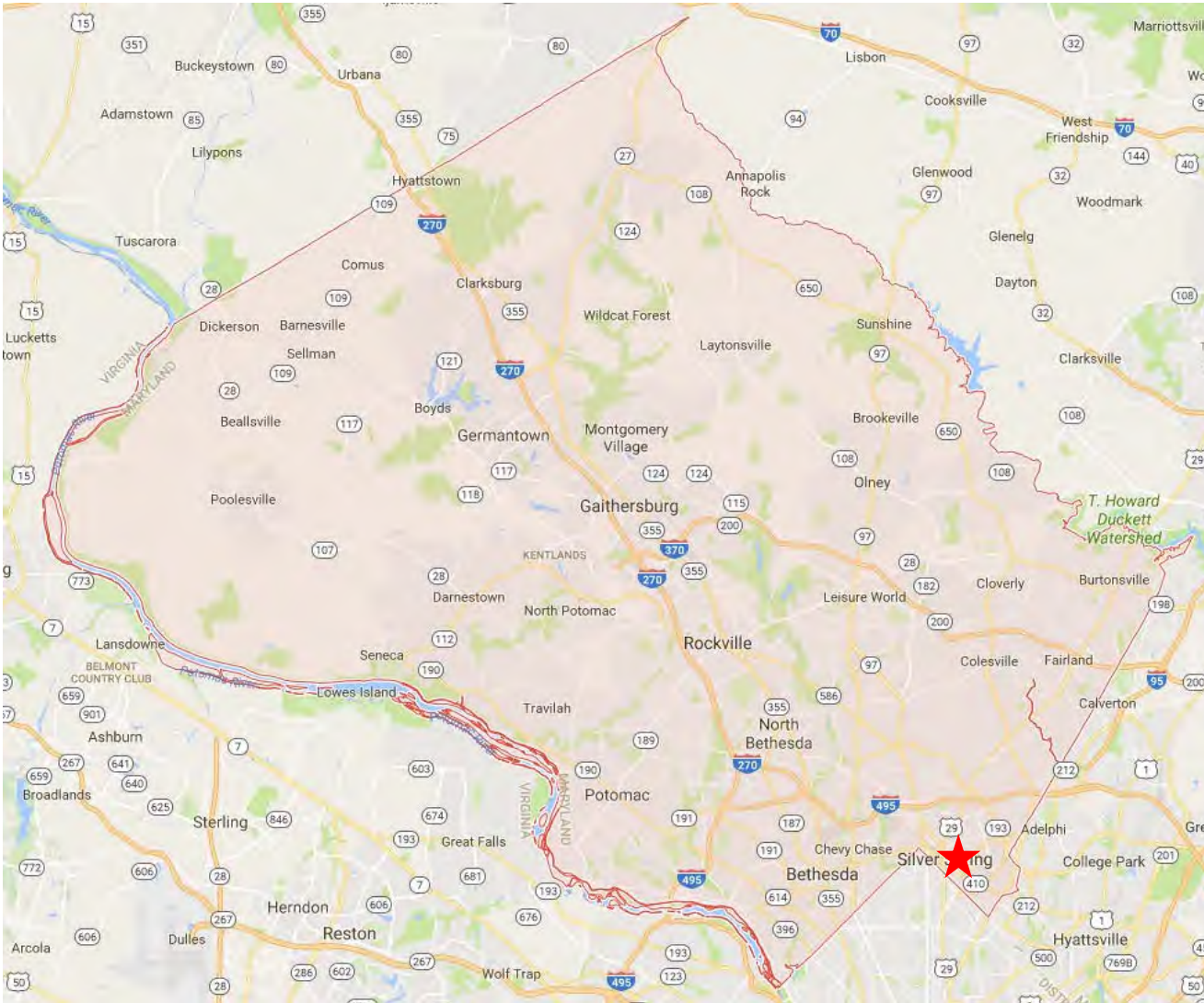


**Stacy L. Spann, Executive Director**

**Property Management  
Real Estate  
Mortgage Finance  
Finance**



# Alexander House Development Corporation



## Property Snapshot:

- Located in Downtown Silver Spring.
- Originally constructed in 1992.
- Refinanced on Jan 31, 2017.
- Comprehensive renovations are currently underway.
- The estimated substantial completion date for the project is late September 2018.

# Alexander House Development Corporation – FY 2019 Overview

## Background

- **November 6, 1996** - Commission authorized the creation of Alexander House Development Corporation and approved the Articles of Incorporation.
- **December 11, 1996** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected HOC's seven Commissioners as the officers.
- **January 22, 1997** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation and presentation into the HOC budget process.
- **January 31, 2017** - Alexander House was refinanced using tax exempt bond financing in the amount of \$48,788,075. The property now consists of two entities:
  - Alexander House Development Corporation - 183 market rate units.
  - Alexander House Apartments Limited Partnership - 122 affordable tax credit units.
- Equity from the refinancing will contribute to the funding of the Elizabeth House III development.



8560 2<sup>nd</sup> Avenue, Silver Spring, MD 20910  
 Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	25	7	31
1BR	86	75	160
2BR	72	40	114
<b>Total Units</b>	<b>183</b>	<b>122</b>	<b>305</b>

The regulatory agreement restricts six units at or below 30% AMI, six units at or below 40% AMI, eight units at or below 50% AMI, and 102 units at or below 60% AMI.



# Alexander House Development Corporation – FY 2019 Update

## Property Management

- Edgewood Management Corporation is the new agent as of December 4, 2017. Staff hosted several leasing and resident related events to include an Open House.
- A hospitality suite has been created to address construction related concerns with residents.
- The property is in the final phase of unit renovations. The last scheduled delivery of the renovated units will be August 2018. The remaining work will be concentrated on the common and amenity spaces.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
50%	64%	55%

## Capital Improvements

- A small budget has been established for non-warranty replacements.

## Maintenance

- The largest volume of work tickets for CY2017 was for plumbing followed by general maintenance – drywall damage, electrical and appliances.

Total Work Orders CY 2017	Average Days to Close
593	3

## Redevelopment/Refinancing

- Alexander House is in the final phase of renovation of the units. The last units are scheduled to be delivered August 2018. The lobby and amenity spaces will be delivered in late September 2018.

# Alexander House Development Corporation – FY 2019 Budget Summary

## Alexander House Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$3,349,456</b>	<b>\$3,769,819</b>	<b>\$3,762,341</b>	<b>\$5,183,010</b>	<b>\$5,550,414</b>
<b>Expenses:</b>					
Operating - Admin	\$303,344	\$292,452	\$367,106	\$456,706	\$463,414
Operating - Fees	\$148,252	\$151,827	\$171,804	\$190,027	\$182,245
Tenant & Protective Services	\$111,048	\$106,920	\$128,619	\$179,312	\$149,821
Taxes, Insurance & Utilities	\$336,462	\$276,960	\$360,962	\$435,199	\$452,405
Maintenance	\$335,153	\$333,012	\$465,972	\$606,754	\$694,184
<b>Subtotal - Operating Expenses</b>	<b>\$1,234,259</b>	<b>\$1,161,171</b>	<b>\$1,494,463</b>	<b>\$1,867,998</b>	<b>\$1,942,069</b>
<b>Net Operating Income (NOI)</b>	<b>\$2,115,197</b>	<b>\$2,608,648</b>	<b>\$2,267,878</b>	<b>\$3,315,012</b>	<b>\$3,608,345</b>
Debt Service	\$0	\$0	\$375,022	\$284,425	\$717,134
Debt Service Reserves	\$0	\$0	\$675,003	\$1,290,968	\$0
Replacement Reserves	\$64,050	\$64,050	\$114,366	\$150,000	\$300,000
Asset Management Fees	\$206,900	\$197,040	\$185,930	\$234,110	\$242,510
<b>Development Corporation Fees</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$893,795</b>	<b>\$1,281,263</b>	<b>\$1,499,308</b>
<b>Excess Cash Flow Restricted</b>	<b>\$1,344,247</b>	<b>\$1,847,558</b>	<b>\$23,762</b>	<b>\$74,246</b>	<b>\$849,393</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$2,115,197</b>	<b>\$2,608,648</b>	<b>\$2,267,878</b>	<b>\$3,315,012</b>	<b>\$3,608,345</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$0	\$0	\$0	\$0	\$986
Kitchen and Bath Supplies	\$0	\$0	\$0	\$820	\$26,279
Grounds/Landscaping Sup.-Cap.	\$0	\$0	\$0	\$0	\$8,032
Doors	\$0	\$0	\$11,389	\$0	\$2,927
Flooring and Carpeting	\$0	\$0	\$1,396	\$0	\$0
Paint and Wallcoverings	\$0	\$0	\$0	\$0	\$880
HVAC Equipment	\$0	\$12,000	\$16,919	\$36,704	\$33,015
Appliance Equipment	\$0	\$0	\$16,350	\$34,709	\$51,562
Tools	\$0	\$0	\$0	\$2,332	\$0
Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$15,171
Plumbing Contracts	\$0	\$0	\$0	\$3,689	\$3,700
HVAC Contracts	\$0	\$12,000	\$0	\$0	\$12,660
Flooring/Carpet Contracts	\$0	\$30,000	\$28,724	\$51,333	\$69,063
Miscellaneous Contracts	\$15,000	\$0	\$0	\$0	\$18,904
<b>Total Capital Budget</b>	<b>\$15,000</b>	<b>\$54,000</b>	<b>\$74,778</b>	<b>\$129,587</b>	<b>\$243,179</b>

## Issues for Consideration

- Rent increases are budgeted at 3.1% while the property is under renovation. Residents who relocate to a renovated unit will receive a 5% annual rent increase until the rental amount reaches market rent.
- Property cash flow is budgeted at \$1,844,247 of which \$1,344,247 is restricted to the property.
- Capital is budgeted at \$15,000.
- The operating budget will not bear any debt service in FY'19.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Alexander House Development Corporation by the Board of Directors.

**WHEREAS**, the Alexander House Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Alexander House annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for the Alexander House Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by the Alexander House Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Alexander House Development Corporation

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# BARCLAY APARTMENTS DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

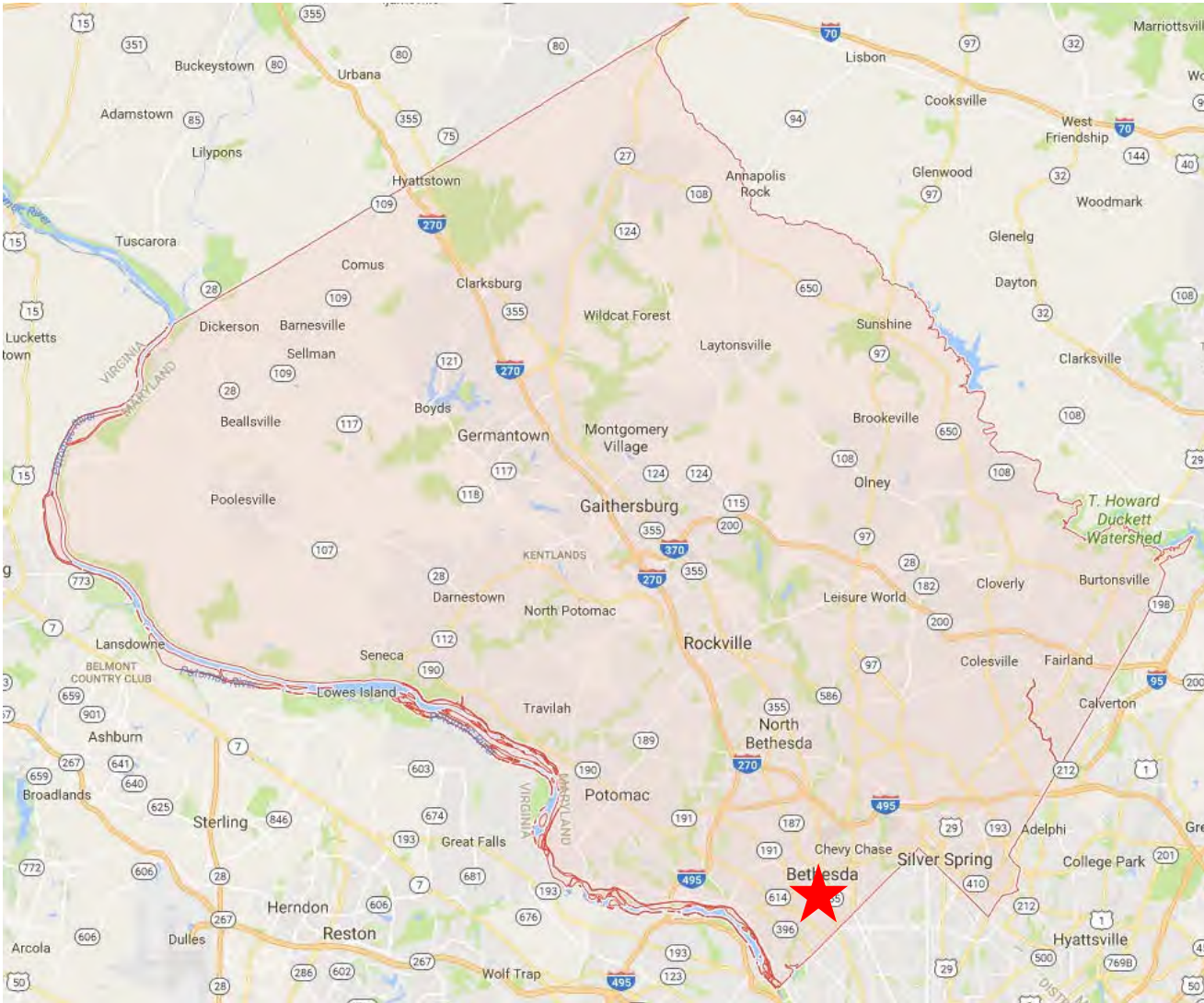


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Barclay Development Corporation



## Property Snapshot:

- Located in Chevy Chase, Bethesda Central Business District for which revisions to the Master Plan has been completed.
- Constructed in 1955, interiors updated in 2005.
- Amenities include a Community Room, Fitness Room, Business Center, Controlled Building Access, and 24 Hour Laundry Facilities.

# Barclay Development Corporation – FY 2019 Overview

## Background

- July 7, 2004** – Commission established Barclay One Associates Limited Partnership (the “Partnership”). The Commission also authorized the creation of Barclay Apartments Development Corporation (the “Corporation”) and approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- June 13, 2007** - Corporation approved the purchase of 76 units from the Partnership and authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year. The Board also approved a resolution that allowed for the incorporation of the Barclay Apartments annual budget preparation and presentation into the HOC budget process.
- The Barclay consists of 157 units which are distributed as follows:
  - 81 tax credit units owned by Barclay One Associates LP with HOC as the General Partner.
  - 76 units owned by Barclay Development Corporation.



4716 Bradley Blvd., Chevy Chase, MD 20815  
 Manager: CAPREIT

Unit Mix	Market	Affordable	Total
Studio	11	13	24
1BR	40	51	91
2BR	25	17	42
<b>Total Units</b>	<b>76</b>	<b>81</b>	<b>157</b>

The regulatory agreement restricts 25 units at or below 30% AMI and 56 units at or below 60% AMI.

# Barclay Development Corporation – FY 2019 Update

## Property Management

- Occupancy continues to remain stable despite competition in the submarket. Aging unit finishes and lack of community amenities present some challenges to keeping the community leased.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
30%	94%	95%

## Maintenance

- The largest volume of work tickets was for plumbing (35%), appliances (27%), and general work orders (16%).

Total Work Orders CY 2017	Average Days to Close
1798	3

## Capital Improvements

- The capital budget includes funding for replacement of carpeting and other turnover activity to include replacement of kitchen countertops, unit flooring, and appliances, as needed.

## Redevelopment/Refinancing

- There are currently no formal plans underway for redevelopment or refinancing for Barclay Apartments.

# Barclay Development Corporation – FY 2019 Budget Summary

## Barclay Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$1,344,448</b>	<b>\$1,241,133</b>	<b>\$1,300,655</b>	<b>\$1,262,931</b>	<b>\$1,253,595</b>
<b>Expenses:</b>					
Operating - Admin	\$99,526	\$116,513	\$103,375	\$106,659	\$107,512
Operating - Fees	\$49,794	\$48,071	\$50,112	\$47,310	\$40,384
Tenant & Protective Services	\$7,800	\$7,797	\$8,238	\$11,042	\$6,730
Taxes, Insurance & Utilities	\$122,057	\$121,909	\$135,707	\$120,593	\$117,432
Maintenance	\$138,112	\$145,041	\$167,557	\$114,791	\$117,037
<b>Subtotal - Operating Expenses</b>	<b>\$417,289</b>	<b>\$439,331</b>	<b>\$464,991</b>	<b>\$400,395</b>	<b>\$389,095</b>
<b>Net Operating Income (NOI)</b>	<b>\$927,159</b>	<b>\$801,802</b>	<b>\$835,664</b>	<b>\$862,536</b>	<b>\$864,500</b>
Debt Service	\$676,975	\$678,409	\$679,998	\$681,298	\$682,539
Replacement Reserves	\$22,800	\$22,800	\$22,800	\$22,800	\$22,800
Asset Management Fees	\$85,930	\$81,830	\$57,210	\$57,210	\$59,260
<b>Development Corporation Fees</b>	<b>\$141,454</b>	<b>\$18,763</b>	<b>\$4,682</b>	<b>\$101,228</b>	<b>\$99,901</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,974</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$927,159</b>	<b>\$801,802</b>	<b>\$835,664</b>	<b>\$862,536</b>	<b>\$864,500</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$7,200	\$7,200	\$2,442	\$2,170	\$350
Electrical Supplies	\$0	\$0	\$0	\$0	\$430
Grounds/Landscaping Sup.-Cap.	\$3,600	\$3,500	\$1,791	\$1,767	\$0
Windows and Glass	\$0	\$0	\$244	\$0	\$754
Doors	\$2,000	\$2,400	\$0	\$0	\$0
Flooring and Carpeting	\$0	\$36,460	\$12,011	\$8,149	\$5,324
Paint and Wallcoverings	\$0	\$10,000	\$0	\$0	\$0
Plumbing Equipment	\$0	\$1,082	\$0	\$0	\$0
HVAC Equipment	\$0	\$2,300	\$0	\$2,281	\$645
Appliance Equipment	\$6,000	\$7,560	\$2,693	\$2,167	\$567
Miscellaneous Equipment	\$0	\$1,300	\$1,695	\$1,370	\$0
Windows/Glass Contracts	\$0	\$800	\$0	\$0	\$3,286
Roofing/Gutter Contracts	\$0	\$0	\$0	\$2,285	\$0
Flooring/Carpet Contracts	\$10,000	\$0	\$0	\$0	\$0
Asphalt/Concrete Contracts	\$0	\$2,000	\$0	\$668	\$0
Miscellaneous Contracts	\$0	\$4,000	\$0	\$0	\$375
<b>Total Capital Budget</b>	<b>\$28,800</b>	<b>\$78,602</b>	<b>\$20,876</b>	<b>\$20,857</b>	<b>\$11,731</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$141,454.
- Capital is budgeted at \$28,800.
- DSCR is 1.34.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.



**WHEREAS**, the Barclay Apartments Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'18 Barclay Apartments annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of HOC on April 18,2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Barclay Apartments Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Barclay Apartments Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Barclay Apartments Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Barclay Apartments Development Corporation

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# GLENMONT CROSSING DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

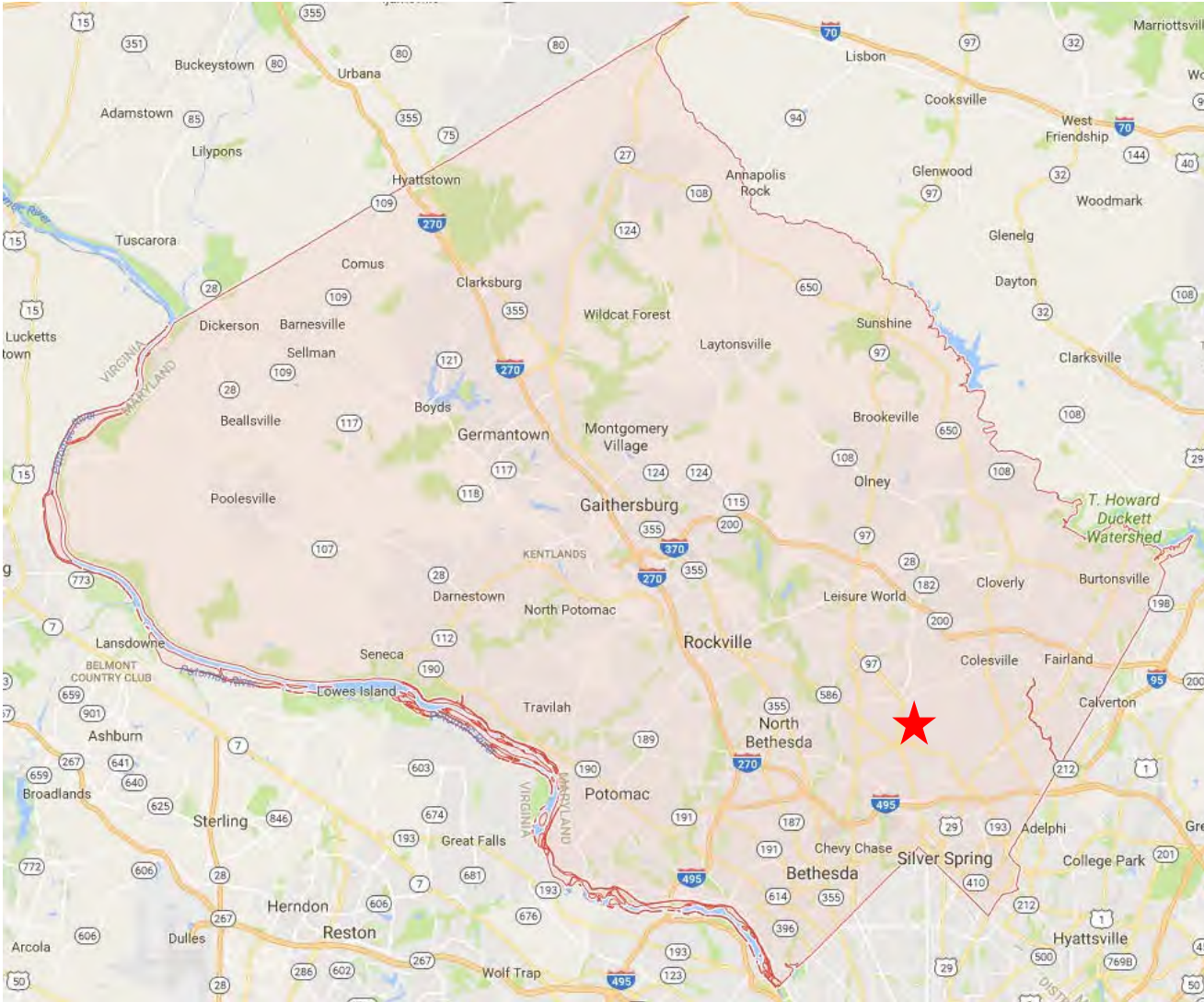


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Glenmont Crossing Development Corporation



## Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Amenities include Washer/Dryer in Unit, Free Onsite Parking, and Outdoor Community Space.

# Glenmont Crossing Development Corporation – FY 2019 Overview

## Background

- **October 3, 2012** - Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly).
- **November 20, 2012** - Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as “Woodberry” and the second parcel containing 102 garden units referred to as “Westerly” was acquired by Glenmont Westerly Development Corporation, which is presented under a separate budget.
- **December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation, and elected the seven Commissioners as the officers.
- **December 31, 2012** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Crossing annual budget preparation and presentation into the HOC budget process.



2309 Shorefield Road, Wheaton, MD 20902  
Manager: Avison Young

Unit Mix	Market	Affordable	Total
2BR	9	12	21
3BR	38	38	76
<b>Total Units</b>	<b>47</b>	<b>50</b>	<b>97</b>

The regulatory agreement restricts 18 units at or below 50% AMI and 32 units at or below 80% AMI.

# Glenmont Crossing Development Corporation – FY 2019 Update

## Property Management

- Glenmont Crossing maintains consistent occupancy of 95% or greater. Turnover is greater this fiscal year due to residents purchasing homes and moving to another geographical location.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
20%	96%	96%

## Capital Improvements

- The Capital Budget includes appliance and flooring replacements at turnover, or as needed. FY19 budget also includes replacement of 12 HVAC units, 4 decks, exterior brick point up, and painting of brick and trim on all structures.

## Maintenance

- The largest volume of work tickets was related to kitchen and bath repairs (35%), plumbing (22%), and HVAC (12%). A large part of the work orders pertain to townhouse structure, where more work orders are needed. Also, preventative maintenance is always maintained to ensure the best quality/life of units.

Total Work Orders CY 2017	Average Days to Close
950	1

## Redevelopment/Refinancing

- HOC will be evaluating refinancing plans for Glenmont Crossing in 2019.
- A renovation escrow is set aside in the amount of \$293,159. A Property Needs Assessment (PNA) will be conducted in FY19 to assure the appropriate property/system needs.

# Glenmont Crossing Development Corporation – FY 2019 Budget Summary

## Glenmont Crossing Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$2,091,961</b>	<b>\$2,044,357</b>	<b>\$1,989,565</b>	<b>\$1,974,837</b>	<b>\$1,964,978</b>
<b>Expenses:</b>					
Operating - Admin	\$208,689	\$192,644	\$152,435	\$158,017	\$172,228
Operating - Fees	\$69,358	\$72,601	\$66,505	\$69,933	\$70,403
Tenant & Protective Services	\$6,400	\$7,466	\$4,241	\$4,175	\$4,294
Taxes, Insurance & Utilities	\$266,378	\$255,611	\$248,809	\$234,629	\$233,620
Maintenance	\$348,829	\$369,912	\$272,551	\$328,429	\$282,912
<b>Subtotal - Operating Expenses</b>	<b>\$899,654</b>	<b>\$898,234</b>	<b>\$744,541</b>	<b>\$795,183</b>	<b>\$763,457</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,192,307</b>	<b>\$1,146,123</b>	<b>\$1,245,024</b>	<b>\$1,179,654</b>	<b>\$1,201,521</b>
Debt Service	\$828,912	\$828,912	\$828,913	\$828,914	\$828,913
Replacement Reserves	\$58,200	\$58,200	\$58,200	\$58,200	\$58,200
Asset Management Fees	\$109,670	\$104,450	\$73,020	\$73,020	\$75,640
<b>Development Corporation Fees</b>	<b>\$31,275</b>	<b>\$0</b>	<b>\$39,699</b>	<b>\$20,482</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$164,250</b>	<b>\$154,561</b>	<b>\$245,192</b>	<b>\$199,038</b>	<b>\$238,768</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,192,307</b>	<b>\$1,146,123</b>	<b>\$1,245,024</b>	<b>\$1,179,654</b>	<b>\$1,201,521</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$2,000	\$1,836	\$1,417	\$0	\$0
Kitchen and Bath Supplies	\$0	\$0	\$14,696	\$13,643	\$16,669
Grounds/Landscaping Sup.-Cap.	\$0	\$0	\$2,995	\$2,900	\$5,600
Doors	\$7,200	\$1,836	\$0	\$800	\$1,600
Miscellaneous Supplies	\$0	\$11,832	\$0	\$0	\$0
Appliance Equipment	\$32,004	\$30,014	\$8,415	\$9,574	\$23,762
Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$517
Plumbing Contracts	\$6,800	\$6,834	\$0	\$0	\$0
Grounds/Landscaping Contr-Cap.	\$18,000	\$0	\$0	\$0	\$0
HVAC Contracts	\$34,800	\$5,202	\$0	\$0	\$0
Flooring/Carpet Contracts	\$57,000	\$55,304	\$51,719	\$41,640	\$55,918
Paint/Wallcovering Ext. Cont	\$100,000	\$0	\$0	\$0	\$0
Asphalt/Concrete Contracts	\$4,000	\$0	\$3,220	\$400	\$0
Miscellaneous Contracts	\$0	\$28,560	\$6,311	\$30,060	\$0
Vehicle	\$11,000	\$0	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$272,804</b>	<b>\$141,418</b>	<b>\$88,773</b>	<b>\$99,017</b>	<b>\$104,066</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$195,525, of which \$164,250 is restricted.
- Capital is budgeted at \$272,804.
- DSCR is 1.37.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Glenmont Crossing Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

**RESOLUTION NO. 18-001<sub>GC</sub>**

**RE: Glenmont Crossing Development Corporation Annual Meeting, Election of Officers and Adoption of FY'19 Operating and Capital Budgets**

**WHEREAS**, the Glenmont Crossing Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 Glenmont Crossing Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Glenmont Crossing Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by the Glenmont Crossing Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Glenmont Crossing Development Corporation

# **GLENMONT WESTERLY DEVELOPMENT CORPORATION**

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## **ANNUAL MEETING AND ADOPTION OF FY 2019**

### **OPERATING & CAPITAL BUDGETS**



June 6, 2018



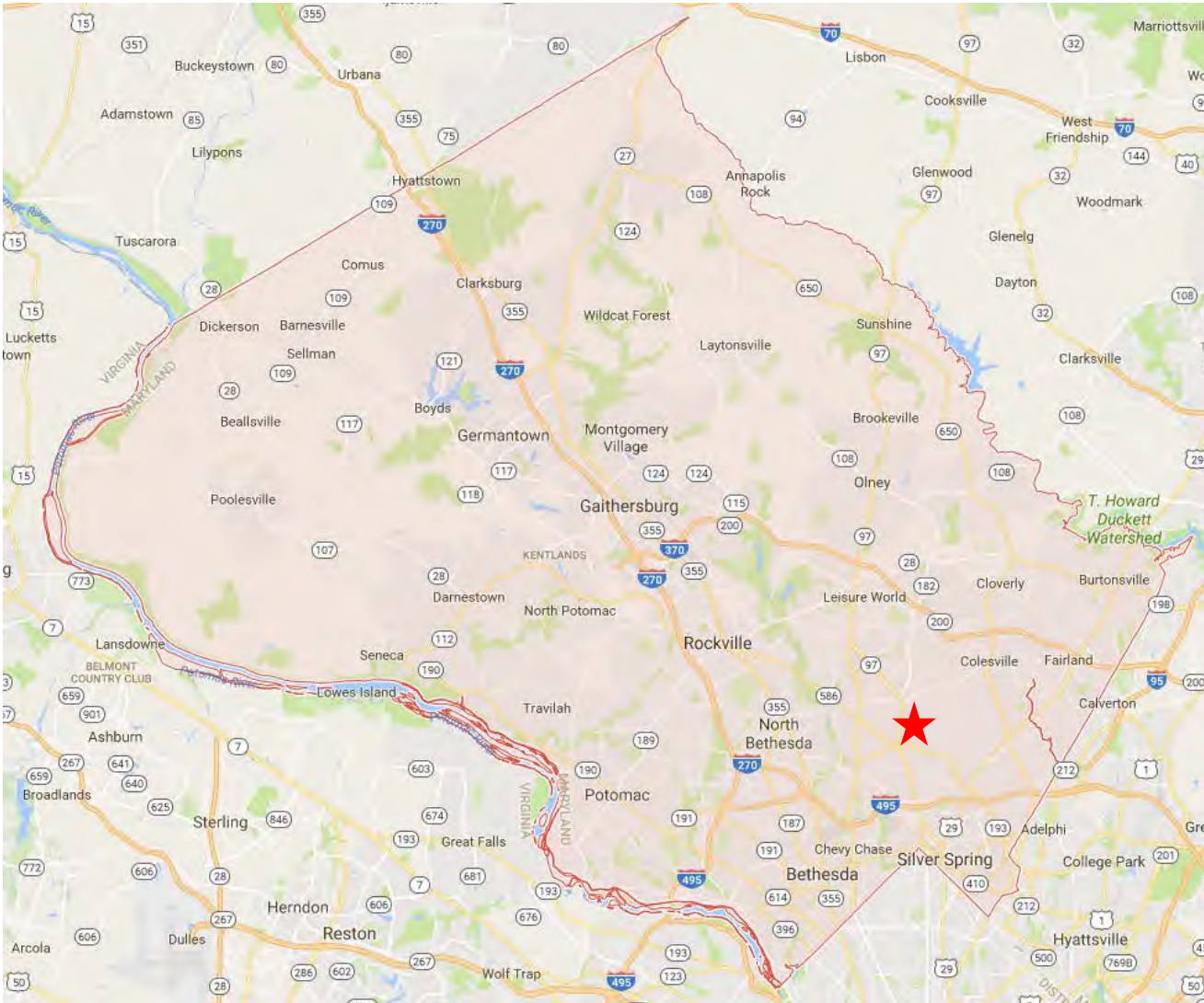
Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance

Page 32 of 276, 2018  
June 6, 2018



# Glenmont Westerly Development Corporation



## Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Washer/Dryer in Unit, Free Onsite Parking, Outdoor Community Space.

# Glenmont Westerly Development Corporation – FY 2019 Overview

## Background

- October 3, 2012** - Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly).
- November 20, 2012** - Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as “Woodberry” and the second parcel containing 102 garden units referred to as “Westerly” was acquired by Glenmont Westerly Development Corporation.
- December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- December 31, 2012** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Westerly annual budget preparation and presentation into the HOC budget process.



2309 Shorefield Road, Wheaton, MD 20902  
 Manager: Avison Young

Unit Mix	Market	Affordable	Total
1BR	6	13	19
2BR	45	38	83
<b>Total Units</b>	<b>51</b>	<b>51</b>	<b>102</b>

The regulatory agreement restricts 18 units at or below 50% AMI and 33 units at or below 90% AMI.

# Glenmont Westerly Development Corporation – FY 2019 Update

## Property Management

- Glenmont Westerly maintains consistent occupancy of 95% or greater. Turnover is greater this fiscal year due to residents purchasing homes and moving to another geographical location.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
19%	97%	97%

## Maintenance

- The largest volume of work tickets was related to kitchen and bath repairs (28%), plumbing (21%), and HVAC (14%).

Total Work Orders CY 2017	Average Days to Close
886	2

## Capital Improvements

- The Capital Budget includes appliance and flooring replacements at turnover, or as needed. FY19 budget also includes replacement of 12 HVAC, parking lot resurfacing, overlay and striping in the two courtyards, and sidewalk replacement.

## Redevelopment/Refinancing

- HOC will be evaluating refinancing plans for Glenmont Westerly in 2019.
- A renovation escrow is set aside in the amount of \$906,609. A Property Needs Assessment (PNA) will be conducted in FY19 to assure the appropriate property/system needs.

# Glenmont Westerly Development Corporation – FY 2019 Budget Summary

## Glenmont Westerly Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$1,744,067</b>	<b>\$1,736,149</b>	<b>\$1,689,906</b>	<b>\$1,689,972</b>	<b>\$1,673,856</b>
<b>Expenses:</b>					
Operating - Admin	\$183,065	\$203,866	\$169,010	\$157,950	\$167,404
Operating - Fees	\$66,824	\$65,272	\$56,740	\$60,837	\$60,245
Tenant & Protective Services	\$6,400	\$8,670	\$6,438	\$7,101	\$7,310
Taxes, Insurance & Utilities	\$185,531	\$209,107	\$181,651	\$164,175	\$198,784
Maintenance	\$321,669	\$349,663	\$281,074	\$308,911	\$281,961
<b>Subtotal - Operating Expenses</b>	<b>\$763,489</b>	<b>\$836,578</b>	<b>\$694,913</b>	<b>\$698,974</b>	<b>\$715,704</b>
<b>Net Operating Income (NOI)</b>	<b>\$980,578</b>	<b>\$899,571</b>	<b>\$994,993</b>	<b>\$990,998</b>	<b>\$958,152</b>
Debt Service	\$538,812	\$538,813	\$538,812	\$538,812	\$538,812
Replacement Reserves	\$61,200	\$61,200	\$61,200	\$61,200	\$61,200
Asset Management Fees	\$115,320	\$109,830	\$76,780	\$76,780	\$79,540
<b>Development Corporation Fees</b>	<b>\$136,957</b>	<b>\$61,439</b>	<b>\$115,185</b>	<b>\$134,524</b>	<b>\$138,902</b>
<b>Excess Cash Flow Restricted</b>	<b>\$128,289</b>	<b>\$128,289</b>	<b>\$203,016</b>	<b>\$179,682</b>	<b>\$139,698</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$980,578</b>	<b>\$899,571</b>	<b>\$994,993</b>	<b>\$990,998</b>	<b>\$958,152</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$2,000	\$1,530	\$1,490	\$0	\$0
Kitchen and Bath Supplies	\$0	\$23,664	\$10,150	\$17,259	\$15,969
Doors	\$4,800	\$867	\$0	\$800	\$1,500
Miscellaneous Supplies	\$0	\$11,832	\$0	\$0	\$0
HVAC Equipment	\$34,800	\$0	\$0	\$0	\$0
Appliance Equipment	\$30,396	\$30,014	\$8,426	\$20,327	\$13,873
Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$543
Plumbing Contracts	\$6,800	\$6,834	\$0	\$0	\$0
Grounds/Landscaping Contr.-Cap.	\$0	\$0	\$0	\$0	\$690
Flooring/Carpet Contracts	\$38,796	\$66,072	\$39,974	\$39,430	\$52,606
Asphalt/Concrete Contracts	\$60,000	\$3,000	\$0	\$1,400	\$0
Miscellaneous Contracts	\$0	\$28,560	\$4,985	\$0	\$0
Vehicle	\$11,000	\$0	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$188,592</b>	<b>\$172,373</b>	<b>\$65,025</b>	<b>\$79,216</b>	<b>\$85,181</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$265,246 of which \$128,289 is restricted.
- Capital is budgeted at \$188,592.
- DSCR is 1.71.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Glenmont Westerly Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Board of Directors.

**WHEREAS**, the Glenmont Westerly Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 Glenmont Westerly Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Glenmont Westerly Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Glenmont Westerly Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Glenmont Westerly Development Corporation

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# MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

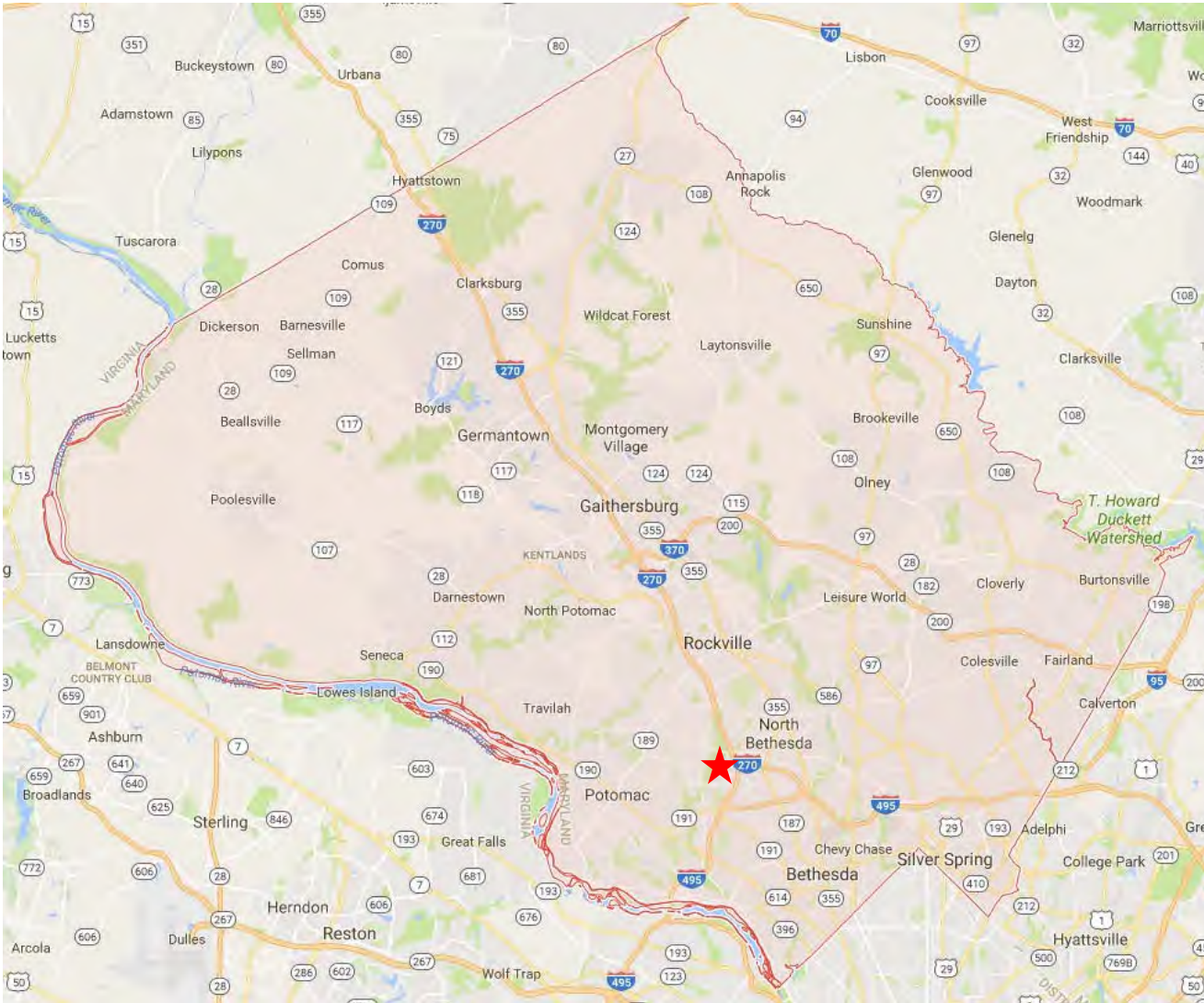


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Magruder's Discovery Development Corporation



## Property Snapshot:

- Located in Bethesda.
- Consists of two-story and terrace level buildings constructed in 1980.
- Interiors updated in 2007.
- Amenities include a Community Room, Recreation Center, Controlled Building Access, and onsite laundry.
- Two playgrounds and ample green space.

# Magruder's Discovery Development Corporation – FY 2019 Overview

## Background

- **August 2008** - Commission authorized the establishment of Magruder's Discovery Development Corporation, a wholly controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 3, 2009** - the Board adopted the By-laws and elected Directors. The property was transferred to Magruder's Discovery Development Corporation on June 17, 2010 and was refinanced with a new loan in the amount of \$11,780,518 secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.
- The Corporation executed an Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.
- Magruder's Discovery Development Corporation consists of 134 units all of which are Project-Based/New Construction.



10508 Westlake Dr., Bethesda, MD 20817  
Manager: HOC

Unit Mix	Market	Affordable	Total
1BR	0	36	36
2BR	0	98	98
<b>Total Units</b>	0	134	134



# Magruder's Discovery Development Corporation – FY 2019 Update

## Property Management

- Occupancy continues to remain stable.
- The current waiting list is being purged and new applicants will be pulled from Housing Path starting in FY18.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
6.7%	98%	100%

## Maintenance

- The largest volume of work tickets was for plumbing (26%) followed by appliance repairs (17%), and HVAC repairs (10%).

Total Work Orders CY 2017	Average Days to Close
1,055	10

## Capital Improvements

- Budget for FY 2019 includes replacement of exterior and laundry room doors, appliance equipment, tree removal, roof replacements at two buildings, and carpet replacement in 10 occupied units.

## Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Magruder's Discovery.

# Magruder's Discovery Development Corporation – FY 2019 Budget Summary

## Magruder's Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$2,366,205</b>	<b>\$2,394,143</b>	<b>\$2,246,248</b>	<b>\$2,314,304</b>	<b>\$2,173,362</b>
<b>Expenses:</b>					
Operating - Admin	\$127,983	\$96,426	\$126,624	\$102,445	\$135,423
Operating - Fees	\$114,888	\$120,522	\$116,810	\$120,306	\$114,281
Tenant & Protective Services	\$39,500	\$37,771	\$29,319	\$30,048	\$33,416
Taxes, Insurance & Utilities	\$147,004	\$145,677	\$121,022	\$128,430	\$120,333
Maintenance	\$246,269	\$199,093	\$239,255	\$313,215	\$192,108
<b>Subtotal - Operating Expenses</b>	<b>\$675,644</b>	<b>\$599,489</b>	<b>\$633,030</b>	<b>\$694,444</b>	<b>\$595,561</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,690,561</b>	<b>\$1,794,654</b>	<b>\$1,613,218</b>	<b>\$1,619,860</b>	<b>\$1,577,801</b>
Debt Service	\$927,101	\$928,110	\$929,054	\$929,941	\$943,483
Replacement Reserves	\$39,816	\$38,844	\$38,256	\$36,972	\$36,072
<b>Development Corporation Fees</b>	<b>\$723,644</b>	<b>\$827,700</b>	<b>\$645,908</b>	<b>\$652,947</b>	<b>\$563,980</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,266</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,690,561</b>	<b>\$1,794,654</b>	<b>\$1,613,218</b>	<b>\$1,619,860</b>	<b>\$1,577,801</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$0	\$4,000	\$1,300	\$150	\$165
Electrical Supplies	\$0	\$0	\$21	\$251	\$26
Appliance Supplies	\$0	\$0	\$23	\$291	\$0
Plumbing Supplies	\$0	\$0	\$92	\$1,466	\$0
Cleaning/Janitorial Supplies	\$0	\$0	\$0	\$244	\$0
Doors	\$4,000	\$0	\$0	\$2,460	\$0
HVAC Supplies	\$0	\$0	\$0	\$0	\$1,309
Flooring and Carpeting	\$0	\$3,000	\$6,893	\$7,662	\$3,411
Paint and Wallcoverings	\$0	\$0	\$6,206	\$3,600	\$220
Miscellaneous Supplies	\$0	\$0	\$0	\$11	\$0
Plumbing Equipment	\$2,000	\$2,000	\$399	\$0	\$0
HVAC Equipment	\$0	\$0	\$0	\$11	\$517
Appliance Equipment	\$6,000	\$6,000	\$3,742	\$6,820	\$2,874
Maintenance Equipment	\$0	\$0	\$0	\$126	\$0
Electrical Contracts	\$0	\$0	\$0	\$0	\$4,786
Appliance Contracts	\$0	\$2,000	\$0	\$0	\$0
Plumbing Contracts	\$0	\$2,000	\$950	\$0	\$275
Grounds/Landscaping Contr-Cap.	\$9,000	\$0	\$0	\$0	\$0
Windows/Glass Contracts	\$0	\$0	\$0	\$0	\$440
Roofing/Gutter Contracts	\$25,000	\$0	\$0	\$0	\$0
HVAC Contracts	\$0	\$6,120	\$0	\$0	\$0
Flooring/Carpet Contracts	\$15,500	\$15,000	\$12,726	\$16,680	\$9,047
Paint/Wallcovering Int. Cont.	\$0	\$0	\$325	\$880	\$1,898
Paint/Wallcovering Ext. Cont	\$0	\$0	\$0	\$0	\$938
Asphalt/Concrete Contracts	\$2,500	\$0	\$0	\$62,355	\$0
<b>Total Capital Budget</b>	<b>\$64,000</b>	<b>\$40,120</b>	<b>\$32,677</b>	<b>\$103,007</b>	<b>\$25,906</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$723,644
- Capital is budgeted at \$64,000.
- DSCR is 1.78

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Magruder's Discovery Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

**WHEREAS**, the Magruder’s Discovery Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the “Commission”); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY’19 Magruder’s Discovery Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY’19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY’19 Operating and Capital Budgets for Magruder’s Discovery Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Magruder’s Discovery Development Corporation that:

1. The Corporation approves the FY’19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Magruder’s Discovery Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Magruder’s Discovery Development Corporation

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# METROPOLITAN DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management

Real Estate

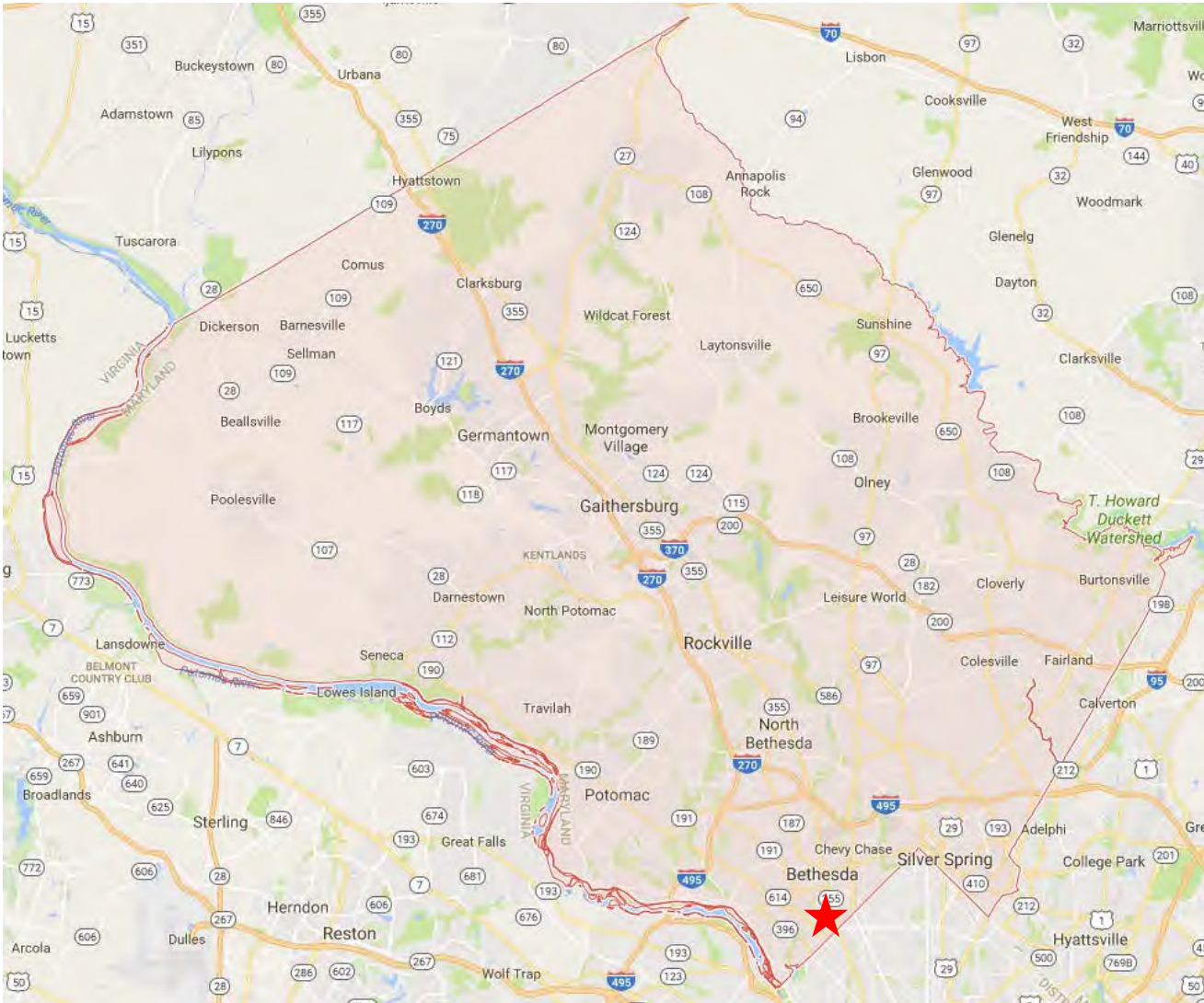
Mortgage Finance

Finance

June 6, 2018

Page 44 of 277

# Metropolitan Development Corporation



## Property Snapshot:

- Located in Downtown Bethesda.
- Luxury High-Rise community.
- Constructed in 1998.
- Renovations of market units completed 2012.
- Amenities include a Club Room, Fitness Center, Business Center, Garage Parking, Onsite Storage, 24-hour Concierge and Rooftop Swimming Pool.

# Metropolitan Development Corporation – FY 2019 Overview

## Background

- **May 28, 1997** - Commission authorized the creation of a wholly-controlled corporate instrumentality known as The Metropolitan Development Corporation, adopted By-laws which provide for the operations and functions of the Corporation, and approved the appointment of the Commissioners as the Corporation’s Board of Directors.
- **August 27, 1997** - Board approved the purchase of The Metropolitan Apartment Development (216 units) from HOC and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC.
- **August 27, 1997** – Board authorized the execution of the Asset Management Agreement which requires submission of an annual budget to the Owner 90 days prior to each fiscal year and approved a resolution that allowed for incorporation of the annual budget preparation and presentation into the HOC budget process.
- The Metropolitan consists of 308 units distributed as follows:
  - 92 tax credit units owned by the Metropolitan of Bethesda LP with HOC as the General Partner.
  - 216 units owned by the Metropolitan Development Corporation, including five retail spaces .



7620 Old Georgetown Road, Bethesda, 20814

Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Market	Affordable	Total
Efficiency	13	23	36
1BR	113	43	156
2BR	78	24	102
3BR	12	2	14
<b>Total Units</b>	<b>216</b>	<b>92</b>	<b>308</b>

The regulatory agreement restricts 43 units at or below 30% AMI, 30 units at or below 40% AMI, and 19 units at or below 50% AMI.

# Metropolitan Development Corporation – FY 2019 Update

## Property Management

- Property occupancy remains stable despite the highly competitive Downtown Bethesda submarket. Yieldstar is utilized at Metropolitan and a recent rent workshop analysis showed that the property is outperforming the submarket.
- Leasing strategies include a robust online media plan, strong social media, reputation management strategies, and extensive outreach to local businesses and employers.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
38%	93%	94%

## Capital Improvements

- Capital replacements are done at unit turnover as needed; which include appliances, carpet/flooring replacements, cabinets and countertops.
- The FY 19 capital budget includes funding renovations of the patio and outdoor seating area, replacing HVAC units and appliances at turnover, and carpet/flooring replacement in penthouse and hallways.

## Maintenance

- The largest volume of work tickets was related to plumbing (23%), paint & drywall (20%), HVAC (18%), and appliances (15%).

Total Work Orders CY 2017	Average Days to Close
1832	2

## Redevelopment/Refinancing

- A moderate renovation of the market rate units and common area was performed between 2008 and 2011.
- HOC seeks to resyndicate the 92 affordable units as part of a comprehensive renovation of these units which necessitates a refinancing of the entire development.

# Metropolitan Development Corporation – FY 2019 Budget Summary

## Metropolitan Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$7,000,184</b>	<b>\$6,876,399</b>	<b>\$6,958,709</b>	<b>\$7,039,851</b>	<b>\$6,871,638</b>
<b>Expenses:</b>					
Operating - Admin	\$680,291	\$638,579	\$667,662	\$630,205	\$634,112
Operating - Fees	\$204,672	\$204,378	\$201,812	\$215,442	\$176,777
Tenant & Protective Services	\$117,406	\$105,444	\$117,647	\$102,686	\$126,860
Taxes, Insurance & Utilities	\$532,506	\$561,296	\$508,831	\$518,099	\$514,269
Maintenance	\$505,727	\$485,876	\$486,938	\$472,158	\$504,298
<b>Subtotal - Operating Expenses</b>	<b>\$2,040,602</b>	<b>\$1,995,573</b>	<b>\$1,982,890</b>	<b>\$1,938,590</b>	<b>\$1,956,316</b>
<b>Net Operating Income (NOI)</b>	<b>\$4,959,582</b>	<b>\$4,880,826</b>	<b>\$4,975,819</b>	<b>\$5,101,261</b>	<b>\$4,915,322</b>
Debt Service	\$2,305,555	\$2,308,930	\$2,312,100	\$2,315,073	\$2,317,863
Replacement Reserves	\$194,400	\$97,200	\$97,200	\$97,200	\$97,200
Asset Management Fees	\$63,630	\$62,020	\$66,680	\$68,320	\$67,950
<b>Development Corporation Fees</b>	<b>\$933,095</b>	<b>\$940,808</b>	<b>\$1,047,022</b>	<b>\$946,257</b>	<b>\$408,577</b>
<b>Excess Cash Flow Restricted</b>	<b>\$1,462,902</b>	<b>\$1,471,868</b>	<b>\$1,452,817</b>	<b>\$1,674,411</b>	<b>\$2,023,732</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$4,959,582</b>	<b>\$4,880,826</b>	<b>\$4,975,819</b>	<b>\$5,101,261</b>	<b>\$4,915,322</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$25,000	\$0	\$0	\$0	\$0
Electrical Supplies	\$0	\$0	\$0	\$0	\$568
Grounds/Landscaping Sup.- Cap.	\$5,600	\$0	\$0	\$0	\$0
Doors	\$0	\$10,461	\$0	\$949	\$14,071
HVAC Equipment	\$17,500	\$24,480	\$37,792	\$23,013	\$43,074
Appliance Equipment	\$41,000	\$8,568	\$9,371	\$4,909	\$4,543
Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$9,037
Electrical Contracts	\$0	\$0	\$0	\$0	\$8,503
Plumbing Contracts	\$7,000	\$25,900	\$5,218	\$10,613	\$26,605
Grounds/Landscaping Contr.-Cap.	\$35,000	\$0	\$0	\$2,484	\$0
Roofing/Gutter Contracts	\$0	\$0	\$80,052	\$0	\$0
HVAC Contracts	\$0	\$14,000	\$40,942	\$0	\$22,144
Flooring/Carpet Contracts	\$59,500	\$33,000	\$19,515	\$31,926	\$42,527
Asphalt/Concrete Contracts	\$0	\$3,724	\$5,745	\$0	\$0
Miscellaneous Contracts	\$38,500	\$66,067	\$97,805	\$42,578	\$86,868
Security System	\$0	\$0	\$10,854	\$9,766	\$0
<b>Total Capital Budget</b>	<b>\$229,100</b>	<b>\$186,200</b>	<b>\$307,294</b>	<b>\$126,238</b>	<b>\$257,940</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$2,395,997 of which \$1,462,902 is restricted to cover the anticipated operating losses (\$529,808) of The Metropolitan of Bethesda LP (the tax credit entity) and to pay Montgomery County pursuant to the Air Rights Lease Agreement .
- Capital is budgeted at \$229,100.
- DSCR is 2.07.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Metropolitan Development Corporation by the Board of Directors.



**WHEREAS**, The Metropolitan Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, The Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, by resolution at the December 10, 1997 Board of Directors meeting, the Corporation agreed to the incorporation of The Metropolitan annual budget preparation, presentation and approval process with the Housing Opportunities Commission (HOC) budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for The Metropolitan Development Corporation and wishes to approve them; and

**WHEREAS**, the Corporation has budgeted to grant/transfer of \$529,808 for FY'19 of the available cash flow to the Housing Opportunities Commission, as allowed for in the By-laws, so that HOC may fund The Metropolitan of Bethesda Limited Partnership's anticipated operating deficit.

**NOW, THEREFORE, BE IT RESOLVED** by The Metropolitan Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of The Metropolitan Development Corporation

# MONTGOMERY ARMS DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

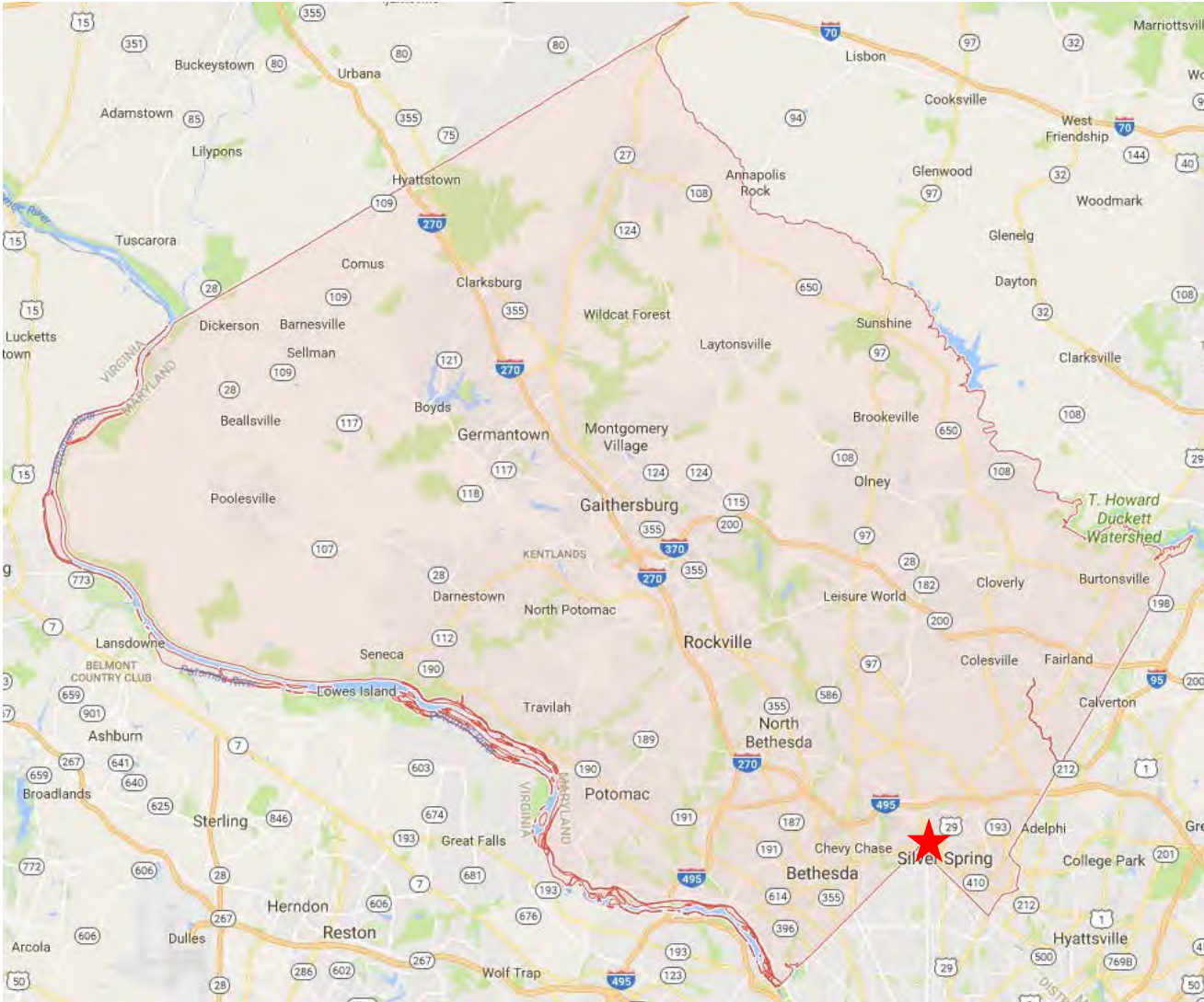


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Montgomery Arms Development Corporation



## Property Snapshot:

- Located in Downtown Silver Spring.
- Historic apartment community constructed in 1941, restored in 1992, and renovated in 2005.
- Community Room, Fitness Room, and Limited Free Parking.

# Montgomery Arms Development Corporation – FY 2019 Overview

## Background

- **July 17, 2002** - Commission authorized the creation of Montgomery Arms Development Corporation and passed a resolution approving the Articles of Incorporation for the Montgomery Arms Development Corporation and By-laws.
- **May 21, 2003** - Commission priced and sold its Multi-family Housing Development Bonds to finance a mortgage of \$10,400,000 for the Montgomery Arms Apartments Development.
- **June 11, 2003** – Commission adopted a resolution authorizing the transfer of the property and the assignment of all assets and liabilities associated with the property to the Montgomery Arms Development Corporation. The resolution further authorized the Executive Director of the Commission to issue a loan commitment to the Montgomery Arms Development Corporation to finance a loan for the property and allowed for the incorporation of Montgomery Arms annual budget preparation and presentation into the HOC budget process.



11175 Georgia Avenue, Silver Spring, MD 20902  
 Manager: Edgewood

Unit Mix	Market	Affordable	Total
Studio	4	3	7
1BR	41	58	99
2BR	10	13	23
<b>Total Units</b>	<b>55</b>	<b>74</b>	<b>129</b>

The regulatory agreement restricts 22 units at or below 30% AMI and 52 units at or below 60% AMI. Restricted units include 12 Project-Based Section 8 units and 10 McKinney units.

# Montgomery Arms Development Corporation– FY 2019 Update

## Property Management

- The property maintained 95.80% occupancy for CY2017 in a competitive market in downtown Silver Spring. We experienced some difficulty leasing the units, due to the rent increase implemented, because the units are not updated. At present, all market units are rented and current occupancy is 98.45%.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
30%	95.80%	98.45%

## Maintenance

- Inspection and make ready (37.8%), plumbing (22.4%), electrical and lighting (11.9%); general maintenance – hardware, drywall, flooring, etc. and appliances (27.80%).

Total Work Orders CY 2017	Average Days to Close
598	1

## Capital Improvements

- Most of the proposed capital funding is to support routine turnover activity to include replacement of kitchen countertops, cabinets, vanities, and appliances. Budget also includes replacement of Roof Top Exhaust Fans and installation of bulk trash enclosure.

## Redevelopment/ Refinancing

- There are currently no plans underway for redevelopment or refinancing for Montgomery Arms.

# Montgomery Arms Development Corporation – FY 2019 Budget Summary

## Montgomery Arms Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$1,957,821</b>	<b>\$1,954,351</b>	<b>\$1,886,711</b>	<b>\$1,856,945</b>	<b>\$1,858,860</b>
<b>Expenses:</b>					
Operating - Admin	\$250,534	\$244,409	\$227,840	\$245,772	\$230,349
Operating - Fees	\$78,726	\$77,867	\$72,179	\$77,170	\$76,442
Tenant & Protective Services	\$7,222	\$2,880	\$3,017	\$3,532	\$4,186
Taxes, Insurance & Utilities	\$129,819	\$128,633	\$118,851	\$136,490	\$119,449
Maintenance	\$270,886	\$240,774	\$251,887	\$320,427	\$229,496
<b>Subtotal - Operating Expenses</b>	<b>\$737,187</b>	<b>\$694,563</b>	<b>\$673,774</b>	<b>\$783,391</b>	<b>\$659,922</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,220,634</b>	<b>\$1,259,788</b>	<b>\$1,212,937</b>	<b>\$1,073,554</b>	<b>\$1,198,938</b>
Debt Service	\$687,178	\$688,553	\$690,111	\$695,763	\$702,287
Replacement Reserves	\$46,200	\$46,200	\$46,200	\$46,200	\$46,200
Asset Management Fees	\$145,850	\$138,900	\$97,110	\$97,110	\$100,590
Loan Management Fees	\$0	\$0	\$4,333	\$0	\$0
<b>Development Corporation Fees</b>	<b>\$341,406</b>	<b>\$386,135</b>	<b>\$375,183</b>	<b>\$234,481</b>	<b>\$349,861</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,220,634</b>	<b>\$1,259,788</b>	<b>\$1,212,937</b>	<b>\$1,073,554</b>	<b>\$1,198,938</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$4,200	\$1,650	\$8,160	\$5,685	\$4,450
Electrical Supplies	\$0	\$0	\$0	\$0	\$4,049
Grounds/Landscaping Sup.-Cap.	\$4,000	\$5,000	\$0	\$5,384	\$0
Doors	\$0	\$1,000	\$850	\$0	\$0
Flooring and Carpeting	\$24,000	\$19,695	\$11,479	\$24,266	\$21,455
Plumbing Equipment	\$0	\$0	\$2,497	\$2,950	\$0
HVAC Equipment	\$26,700	\$5,000	\$873	\$1,971	\$6,928
Appliance Equipment	\$8,310	\$5,097	\$4,928	\$3,042	\$4,620
Miscellaneous Equipment	\$2,900	\$1,200	\$19,774	\$23,864	\$1,201
Roofing/Gutter Contracts	\$0	\$0	\$0	\$2,250	\$0
Paint/Wallcovering Int. Cont.	\$0	\$0	\$0	\$4,176	\$0
Asphalt/Concrete Contracts	\$0	\$7,000	\$0	\$12,145	\$7,730
Miscellaneous Contracts	\$5,000	\$0	\$0	\$31,275	\$14,137
<b>Total Capital Budget</b>	<b>\$75,110</b>	<b>\$45,642</b>	<b>\$48,561</b>	<b>\$117,008</b>	<b>\$64,570</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive’s voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at \$341,406.
- Capital is budgeted at \$75,110.
- DSCR is 1.71.

## Time Frame

The FY’19 Adopted Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY’19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY’19 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

**WHEREAS**, the Montgomery Arms Development Corporation (“The Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the “Commission”); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 Montgomery Arms annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Montgomery Arms Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Montgomery Arms Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Montgomery Arms Development Corporation

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# OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS



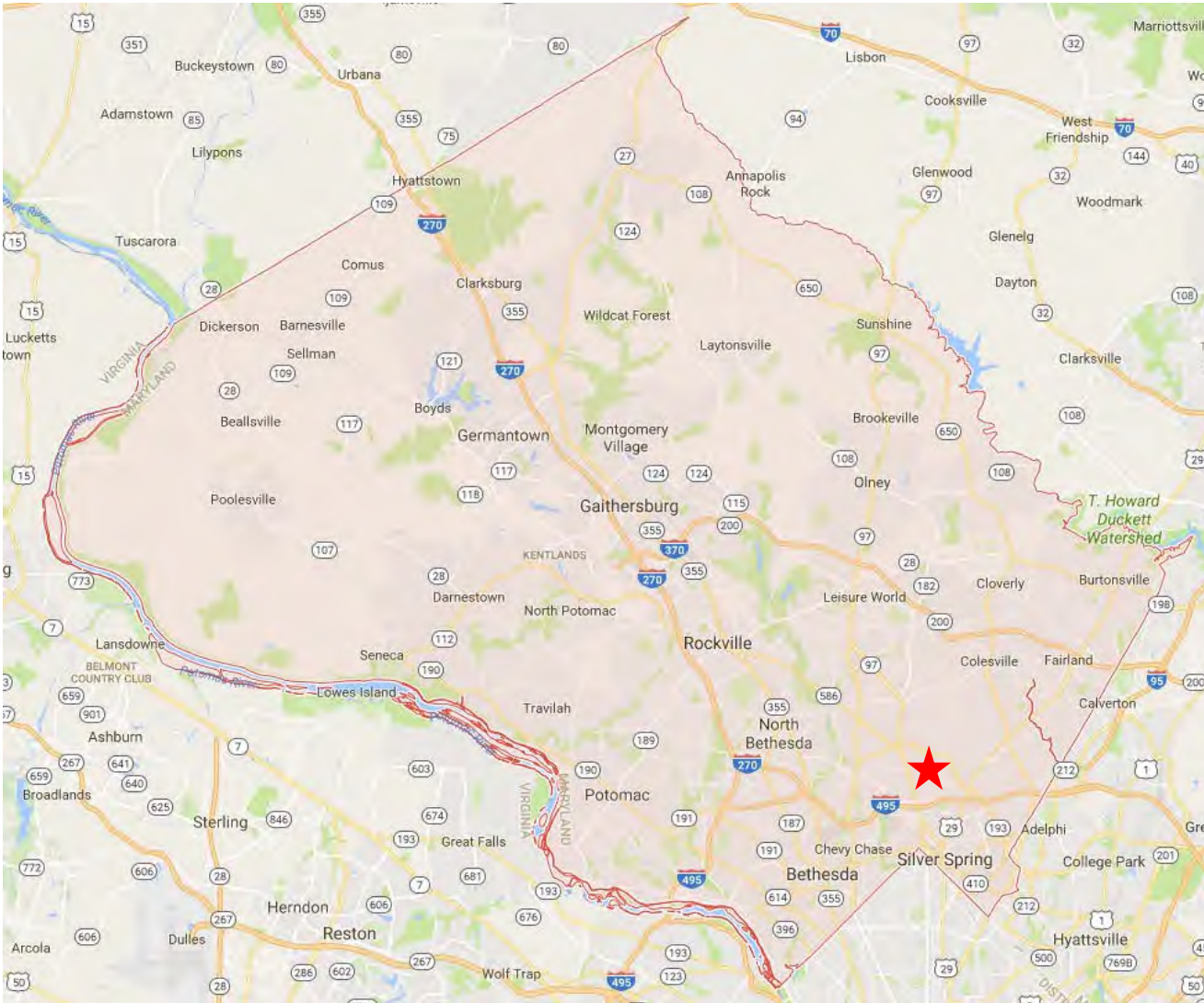
Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance





# Oaks at Four Corners Development Corporation



## Property Snapshot:

- Located in West Silver Spring.
- Low-rise apartment community constructed in 1985 for residents 62 years of age or older.
- Community Room, Business Center, Free Parking, Outdoor Recreational Space, Pet Friendly.

# Oaks at Four Corners Development Corporation – FY 2019 Overview

## Background

- **August 21, 1996** - Commission authorized the creation of The Oaks at Four Corners Corporation and passed a resolution approving the Articles of Incorporation for the Development and By-laws.
- **September 3, 1996** - The Housing Opportunities Commission (HOC) executed a Contract of Sale Agreement with the Corporation whereby the Corporation purchased the improvements known as The Oaks at Four Corners together with a ground lease.
- **December 11, 1996**- The Board of Directors for The Oaks at Four Corners Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **March 26, 1997** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of The Oaks at Four Corners annual budget preparation and presentation into the HOC budget process.
- The Oaks is an apartment building for seniors, age 62 or older.



321 University Boulevard, Silver Spring, MD 20910  
 Manager: Edgewood

Unit Mix	Market	Affordable	Total
1BR	56	35	91
2BR	16	13	29
<b>Total Units</b>	<b>72</b>	<b>48</b>	<b>120</b>

The regulatory agreement restricts 48 units at or below 60% AMI.

# Oaks at Four Corners Development Corporation – FY 2019 Update

## Property Management

- The property maintained a 96.70% occupancy rate in 2017 with a strong competitive market in Silver Spring. Leasing of the units at turnover can lag due to applicants not meeting income requirements.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
13.33%	97.6%	95.8%

## Capital Improvements

- Most of the proposed capital funding is for the replacement of siding from Cedar Oaks to vinyl and new gutters ( Phase 2) The expense for replacement of elevator #1 cab will be completed in this budget cycle.

## Maintenance

- Maintenance Tickets performed during the year were:
  - Preventive Maintenance (30.38%) Turnover Work (8.41%), Appliance Repairs (2.94%), Plumbing (10.28%), HVAC (11.22%), Safety Equipment (1.87%) Electrical (8.41%), Door Repairs (1.63%), General Maintenance (22.49%) and Flooring (2.38%)

Total Work Orders CY 2017	Average Days to Close
2139	1

## Redevelopment/Refinancing

- The property is in the Real Estate Development pipeline for refinance and renovation in the next 24 months.

# Oaks at Four Corners Development Corporation – FY 2019 Budget Summary

## Oaks at Four Corners Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$1,392,990</b>	<b>\$1,395,981</b>	<b>\$1,377,306</b>	<b>\$1,312,505</b>	<b>\$1,282,369</b>
<b>Expenses:</b>					
Operating - Admin	\$232,887	\$222,534	\$209,605	\$200,575	\$208,922
Operating - Fees	\$70,966	\$73,891	\$72,777	\$72,329	\$59,888
Tenant & Protective Services	\$73,045	\$65,792	\$98,083	\$83,748	\$68,448
Taxes, Insurance & Utilities	\$108,947	\$126,097	\$119,445	\$110,343	\$116,528
Ground Rent	\$100	\$0	\$100	\$100	\$0
Maintenance	\$298,405	\$286,390	\$246,767	\$235,384	\$278,179
<b>Subtotal - Operating Expenses</b>	<b>\$784,350</b>	<b>\$774,704</b>	<b>\$746,777</b>	<b>\$702,479</b>	<b>\$731,965</b>
<b>Net Operating Income (NOI)</b>	<b>\$608,640</b>	<b>\$621,277</b>	<b>\$630,529</b>	<b>\$610,026</b>	<b>\$550,404</b>
Debt Service	\$284,208	\$283,630	\$284,398	\$285,119	\$274,743
Replacement Reserves	\$172,000	\$172,000	\$171,996	\$171,996	\$157,665
Asset Management Fees	\$135,670	\$129,210	\$90,330	\$90,330	\$93,570
<b>Excess Cash Flow Restricted</b>	<b>\$16,762</b>	<b>\$36,437</b>	<b>\$83,805</b>	<b>\$62,581</b>	<b>\$24,426</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$608,640</b>	<b>\$621,277</b>	<b>\$630,529</b>	<b>\$610,026</b>	<b>\$550,404</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$5,100	\$2,400	\$4,544	\$2,620	\$1,985
Electrical Supplies	\$4,000	\$0	\$0	\$0	\$13,425
Grounds/Landscaping Sup.-Cap.	\$5,000	\$10,000	\$8,990	\$2,500	\$3,000
Windows and Glass	\$0	\$0	\$0	\$0	\$273
Doors	\$4,000	\$6,000	\$10,118	\$7,454	\$2,050
Flooring and Carpeting	\$26,280	\$26,280	\$13,164	\$14,102	\$25,724
Plumbing Equipment	\$0	\$5,480	\$2,505	\$16,684	\$279
HVAC Equipment	\$2,050	\$4,100	\$5,418	\$866	\$1,353
Appliance Equipment	\$5,748	\$4,975	\$0	\$2,797	\$8,416
Miscellaneous Equipment	\$0	\$1,644	\$4,187	\$6,916	\$6,618
Windows/Glass Contracts	\$0	\$3,060	\$0	\$1,196	\$32,586
Roofing/Gutter Contracts	\$25,000	\$25,000	\$1,970	\$19,873	\$80,050
Paint/Wallcovering Int. Cont.	\$0	\$0	\$6,945	\$0	\$0
Asphalt/Concrete Contracts	\$6,000	\$7,200	\$20,621	\$0	\$52,540
Miscellaneous Contracts	\$166,000	\$66,600	\$76,341	\$0	\$66,376
Security System	\$0	\$10,000	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$249,178</b>	<b>\$172,739</b>	<b>\$154,803</b>	<b>\$75,008</b>	<b>\$294,675</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$16,762, all of which is restricted.
- Capital is budgeted at \$249,178.
- DSCR is 1.54.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Oaks at Four Corners Development Corporation by the Board of Directors.

**WHEREAS**, the Oaks at Four Corners Development Corporation (“The Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the “Commission”); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to the incorporation of The Oaks at Four Corners annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by The Oaks at Four Corners Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of The Oaks at Four Corners Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of The Oaks at Four Corners Development Corporation

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# **PADDINGTON SQUARE DEVELOPMENT CORPORATION**

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## **ANNUAL MEETING AND ADOPTION OF FY 2019**

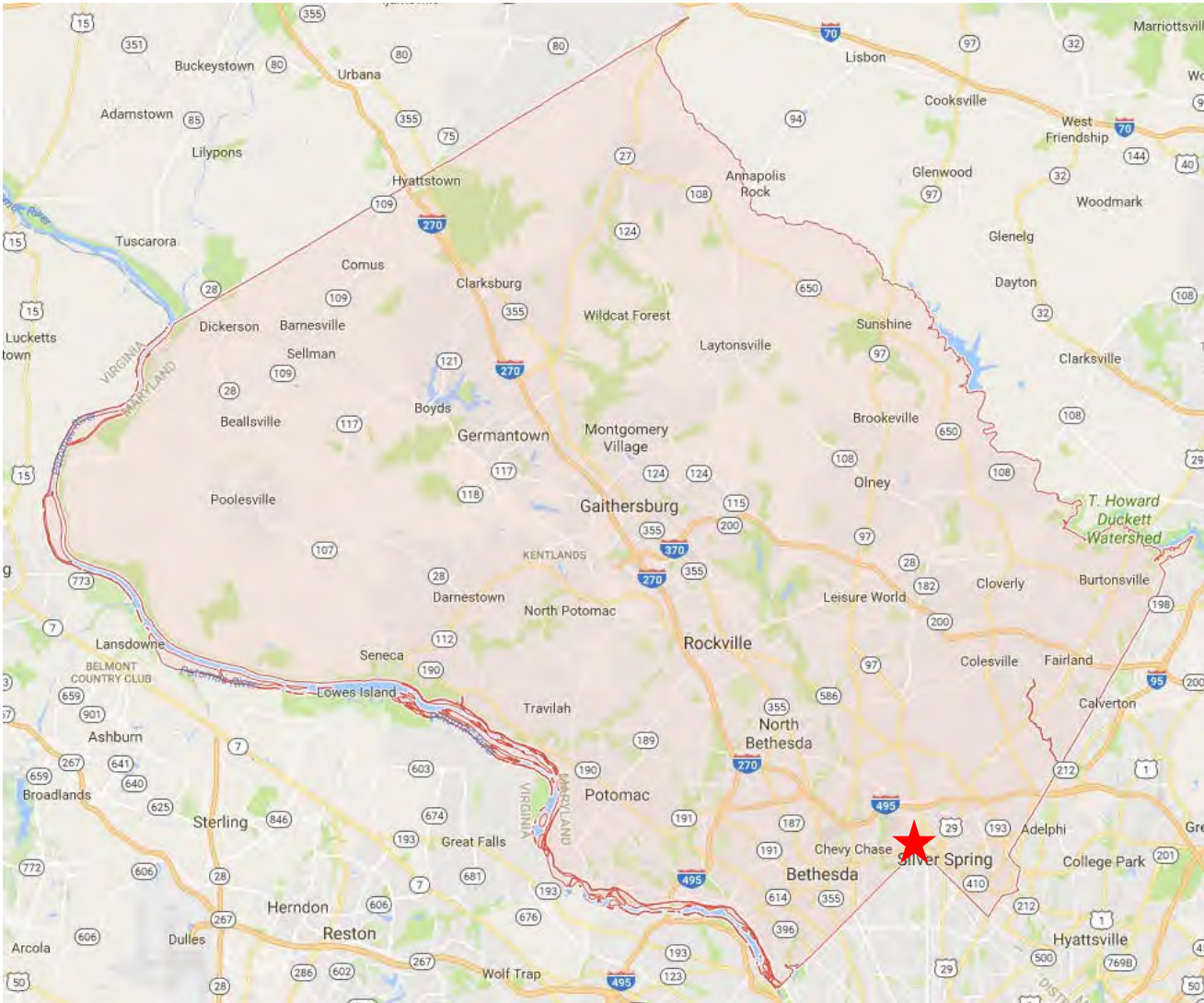
### **OPERATING & CAPITAL BUDGETS**



**Stacy L. Spann, Executive Director**

**Property Management  
Real Estate  
Mortgage Finance  
Finance**

# Paddington Square Development Corporation



## Property Snapshot:

- Located in Silver Spring.
- 165 unit garden-style apartment community constructed in 1960.
- Renovated in 2011.
- Business Center, Conference Room, Free Parking, and Swimming Pool.
- Situated on 7.94 acres in a neighborhood among single family homes and multifamily garden and high rise communities.

# Paddington Square Development Corporation – FY 2019 Overview

## Background

- February 4, 2004** - The Articles of Incorporation for the Paddington Square Development Corporation approved with the purpose of acquiring, owning, operating and maintaining the Paddington Square Apartments. The Board of Directors adopted the By-laws, and final settlement for the acquisition of Paddington Square Apartments occurred on March 5, 2004.
- December 6, 2011** - A comprehensive renovation of Paddington Square Apartments was completed to include window replacement, masonry repairs and building façade detail, replacement of individual unit HVAC systems, redesign of the leasing office and community center with handicap accessibility, and renovation of unit interiors and common areas. Repaving of the parking areas and landscape upgrades were completed prior to the close of FY'12.
- December 18, 2014** - With Commission approval, Paddington Square Development Corporation closed on a permanent mortgage in the amount of \$20,741,700, issued by Love Funding Corporation and insured by FHA's Section 223(f) program. The mortgage has a loan term of 35 years, amortizing for 35 years, with a fixed interest rate of 3.60%. Proceeds from the \$20.7 million loan funded the repayment of \$20 million in debt to HOC's PNC Bank Line of Credit, HOC's OHRF, HOC's County Revolving Fund, and DHCA's Housing Initiative Fund.
- Residential One (formerly Equity Management) has managed the property since its selection in 2013. HOC staff has responsibility for the maintenance of the property.
- Paddington Square consists of 165 units which are distributed as follows:
  - 67 units affordable units at or below 50%/60% of median under the County HIF program
  - 98 Market units



8800 Lanier Drive, Silver Spring, MD 20910  
 Manager: Residential One

Unit Mix	Market	Affordable	Total
2BR	89	65	154
3BR	9	2	11
<b>Total Units</b>	<b>98</b>	<b>67</b>	<b>165</b>

The regulatory agreement restricts 14 units at or below 50% AMI and 53 units at or below 60% AMI.



# Paddington Square Development Corporation – FY 2019 Update

## Property Management

- With its close proximity to downtown Silver Spring and the benefit of residents with long-term tenancy, current occupancy is at 98%.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
12%	98%	98%

## Maintenance

- The largest volume of work tickets was for plumbing (15%), followed by appliances (8%), electrical (10%), carpentry (5%), and HVAC (3%).

Total Work Orders CY 2017	Average Days to Close
1,278	3

## Capital Improvements

- Capital replacements are done at unit turnover as needed; which include appliances, carpet/flooring replacements, cabinets and countertops.

## Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Paddington Square.

# Paddington Square Development Corporation – FY 2019 Budget Summary

## Paddington Square Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$2,910,644</b>	<b>\$2,936,290</b>	<b>\$2,897,877</b>	<b>\$2,876,438</b>	<b>\$2,758,221</b>
<b>Expenses:</b>					
Operating - Admin	\$265,596	\$267,412	\$271,424	\$281,746	\$315,634
Operating - Fees	\$98,650	\$101,440	\$99,104	\$98,770	\$100,370
Tenant & Protective Services	\$46,686	\$29,625	\$26,991	\$32,104	\$30,872
Taxes, Insurance & Utilities	\$242,371	\$222,619	\$247,295	\$247,028	\$233,898
Maintenance	\$569,918	\$555,684	\$482,884	\$452,651	\$398,209
<b>Subtotal - Operating Expenses</b>	<b>\$1,223,221</b>	<b>\$1,176,780</b>	<b>\$1,127,698</b>	<b>\$1,112,299</b>	<b>\$1,078,983</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,687,423</b>	<b>\$1,759,510</b>	<b>\$1,770,179</b>	<b>\$1,764,139</b>	<b>\$1,679,238</b>
Debt Service	\$1,132,951	\$1,167,606	\$1,150,992	\$1,167,605	\$919,095
Replacement Reserves	\$57,750	\$57,756	\$57,750	\$57,750	\$58,113
Asset Management Fees	\$104,470	\$104,970	\$104,970	\$104,970	\$104,970
<b>Development Corporation Fees</b>	<b>\$392,252</b>	<b>\$429,178</b>	<b>\$456,467</b>	<b>\$240,085</b>	<b>\$273,823</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$193,729</b>	<b>\$323,237</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,687,423</b>	<b>\$1,759,510</b>	<b>\$1,770,179</b>	<b>\$1,764,139</b>	<b>\$1,679,238</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$3,000	\$0	\$0	\$0	\$0
Kitchen and Bath Supplies	\$9,744	\$11,748	\$12,505	\$4,971	\$1,807
Electrical Supplies	\$0	\$4,590	\$0	\$200	\$15,503
Appliance Supplies	\$13,080	\$0	\$0	\$0	\$3,407
Cleaning/Janitorial Supplies	\$0	\$0	\$1,231	\$0	\$0
Grounds/Landscaping Sup.-Cap.	\$4,000	\$0	\$0	\$3,135	\$0
Windows and Glass	\$0	\$0	\$116	\$409	\$788
Doors	\$4,500	\$4,284	\$36	\$1,595	\$0
Roofing Materials	\$10,020	\$0	\$0	\$0	\$0
Flooring and Carpeting	\$0	\$0	\$0	\$16,690	\$10,784
Miscellaneous Supplies	\$12,504	\$10,220	\$9,389	\$0	\$0
Appliance Equipment	\$0	\$3,390	\$0	\$2,407	\$3,686
Miscellaneous Equipment	\$0	\$0	\$0	\$343	\$0
Appliance Contracts	\$0	\$0	\$0	\$347	\$1,677
Plumbing Contracts	\$15,000	\$0	\$0	\$0	\$10,420
Grounds/Landscaping Contr.-Cap.	\$0	\$4,080	\$0	\$0	\$0
Windows/Glass Contracts	\$0	\$0	\$0	\$0	\$175
HVAC Contracts	\$0	\$0	\$2,800	\$67	\$0
Flooring/Carpet Contracts	\$19,392	\$45,000	\$33,261	\$13,215	\$19,522
Fencing Contracts	\$0	\$4,080	\$0	\$0	\$0
Swimming Pool Contracts	\$0	\$6,120	\$4,670	\$4,550	\$5,123
Asphalt/Concrete Contracts	\$0	\$17,136	\$0	\$997	\$0
Miscellaneous Contracts	\$0	\$0	\$0	\$0	\$4,301
<b>Total Capital Budget</b>	<b>\$91,240</b>	<b>\$110,648</b>	<b>\$64,008</b>	<b>\$48,926</b>	<b>\$77,193</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$392,252.
- Capital is budgeted at \$91,240.
- DSCR is 1.44.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Paddington Square Development Corporation by the Board of Directors.

**WHEREAS**, the Paddington Square Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected Officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 Paddington Square Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Paddington Square Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Paddington Square Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Paddington Square Development Corporation

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# POOKS HILL DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

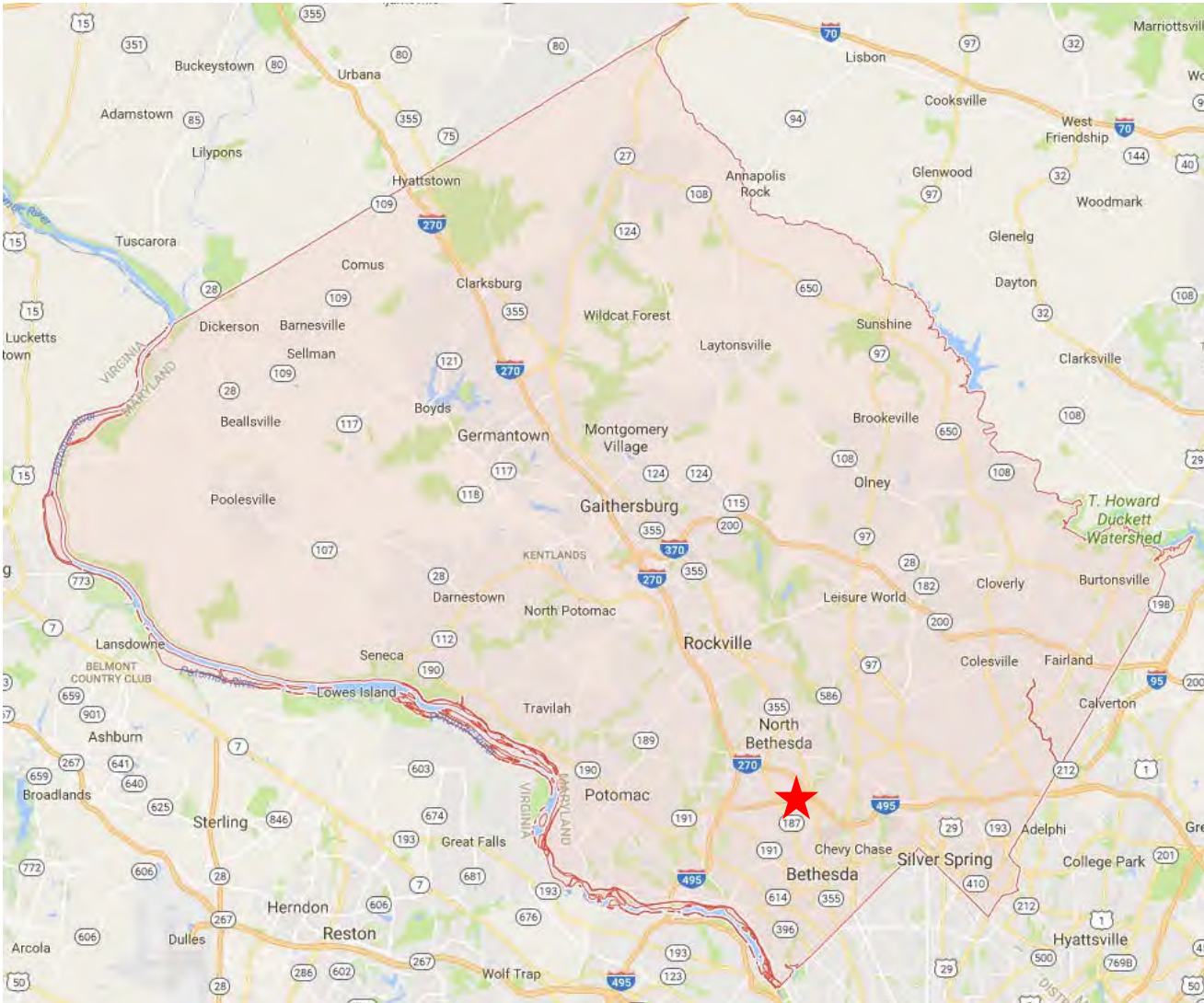


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Pooks Hill Development Corporation



## Property Snapshot:

- Located in Bethesda.
- 189 unit high-rise building.
- Constructed in 1946 as the first high rise building in Montgomery County.
- Renovations completed in 2011.
- Controlled Access Building, Free Onsite Parking , Spacious Floor Plans, Ten-Foot Ceilings, Shared Pool with Pooks Hill Court.

# Pooks Hill Development Corporation – FY 2019 Overview

## Background

- **1992** - HOC purchased Pooks Hill Apartments through the issuance of tax-exempt fixed rate bonds. When the Commission constructed the Pooks Hill midrise development, it created a land condominium dividing the parcel of land on Pooks Hill Road into two condominium units. This allowed for separate ownership and financing of the high rise building on one parcel and the midrise on another. When the Commission determined to renovate the Pooks Hill high rise, it authorized the creation of Pooks Hill Development Corporation to provide a separate single purpose entity to own that land condominium unit.
- **June 2006 thru May 2010** - The property received multi-phased renovations substantially renovating unit interiors, common areas and upgrading and replacing major building systems. However, current finishes are not competitive with other class B properties in the submarket.
- **October – December 2012** - the Articles of Incorporation for the Pooks Hill Development Corporation were approved by the Maryland Department of Assessments and Taxation. At its meeting on December 5, 2012, the Board of Directors and officers were elected and the By-laws were adopted. Financing completed with FHA Risk Sharing insurance provided a loan of \$18,200,000 to assist with renovation costs, pay off outstanding debt and permanently finance the property over 30 years.
- **2013** - Exterior repairs and site work continued involving landscaping to address water flow across the property and replacement of the front steps to the building to remediate water infiltration.



3 Pooks Hill Road, Bethesda, MD 20814  
 Manager: Vantage/Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	53	2	55
1BR	46	51	97
2BR	21	16	37
<b>Total Units</b>	<b>120</b>	<b>69</b>	<b>189</b>

The regulatory agreement restricts 5 units at or below 30% AMI, 57 units at or below 50% AMI, 7 units at or below 60% AMI, and 57 units workforce housing between 80% and 120% of AMI.

# Pooks Hill Development Corporation – FY 2019 Update

## Property Management

- Staff are working to maintain occupancy in a highly competitive submarket. Roof space has been leased to T-Mobile to install a new cellular antenna, which will generate about \$32,000 a year operating revenue. Occupancy is stable and trending towards the goal of 98% occupancy.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
29%	94%	95%

## Maintenance

- The largest volume of work tickets was for plumbing repairs (30%), followed by appliance repairs (17%), and electrical repairs (13%).

Total Work Orders CY 2017	Average Days to Close
796	1

## Capital Improvements

- Capital replacements are done at unit turnover or as needed; which include appliances, carpet/flooring replacements, cabinets and countertops.

## Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Pooks Hill High-Rise.

# Pooks Hill Development Corporation – FY 2019 Budget Summary

## Pooks Hill High-rise Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$2,920,430</b>	<b>\$2,919,799</b>	<b>\$2,788,457</b>	<b>\$2,654,516</b>	<b>\$2,803,296</b>
<b>Expenses:</b>					
Operating - Admin	\$237,708	\$319,250	\$307,764	\$301,805	\$272,402
Operating - Fees	\$119,862	\$120,459	\$118,464	\$117,605	\$115,955
Tenant & Protective Services	\$15,546	\$14,442	\$7,242	\$10,204	\$11,227
Taxes, Insurance & Utilities	\$192,745	\$204,490	\$190,635	\$186,094	\$186,595
Maintenance	\$348,830	\$361,987	\$337,373	\$352,826	\$302,882
<b>Subtotal - Operating Expenses</b>	<b>\$914,691</b>	<b>\$1,020,628</b>	<b>\$961,478</b>	<b>\$968,534</b>	<b>\$889,061</b>
<b>Net Operating Income (NOI)</b>	<b>\$2,005,739</b>	<b>\$1,899,171</b>	<b>\$1,826,979</b>	<b>\$1,685,982</b>	<b>\$1,914,235</b>
Debt Service	\$1,026,669	\$1,028,814	\$1,030,893	\$1,032,906	\$1,034,854
Replacement Reserves	\$161,533	\$161,533	\$156,828	\$152,262	\$147,828
Asset Management Fees	\$213,680	\$203,510	\$142,270	\$142,270	\$147,370
Loan Management Fees	\$45,504	\$52,680	\$45,500	\$45,500	\$45,500
<b>Development Corporation Fees</b>	<b>\$558,353</b>	<b>\$452,514</b>	<b>\$451,488</b>	<b>\$313,044</b>	<b>\$435,591</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$103,092</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$2,005,739</b>	<b>\$1,899,051</b>	<b>\$1,826,979</b>	<b>\$1,685,982</b>	<b>\$1,914,235</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$120</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$0	\$0	\$4,197	\$7,061	\$1,740
Electrical Supplies	\$0	\$15,000	\$0	\$0	\$0
Appliance Supplies	\$0	\$6,300	\$0	\$0	\$0
Plumbing Supplies	\$0	\$7,500	\$0	\$0	\$0
Grounds/Landscaping Sup.-Cap.	\$0	\$25,000	\$0	\$0	\$0
Windows and Glass	\$0	\$0	\$477	\$339	\$528
Doors	\$0	\$0	\$2,116	\$1,660	\$111
Flooring and Carpeting	\$94,896	\$45,288	\$15,123	\$24,231	\$24,310
Plumbing Equipment	\$49,596	\$0	\$21,890	\$33,589	\$11,650
HVAC Equipment	\$18,000	\$0	\$21,350	\$4,893	\$2,753
Appliance Equipment	\$14,292	\$0	\$1,572	\$2,875	\$1,150
Miscellaneous Equipment	\$0	\$0	\$0	\$2,412	\$5,114
Plumbing Contracts	\$0	\$18,360	\$0	\$0	\$0
Grounds/Landscaping Contr.-Cap.	\$30,000	\$10,400	\$0	\$0	\$1,861
Roofing/Gutter Contracts	\$0	\$0	\$0	\$378,517	\$20,314
HVAC Contracts	\$0	\$15,912	\$0	\$0	\$0
Flooring/Carpet Contracts	\$0	\$47,736	\$0	\$0	\$0
Paint/Wallcovering Int. Cont.	\$0	\$0	\$0	\$0	\$9,390
Asphalt/Concrete Contracts	\$0	\$0	\$12,695	\$0	\$99,753
Miscellaneous Contracts	\$90,500	\$70,920	\$150,735	\$464,256	\$294,545
<b>Total Capital Budget</b>	<b>\$297,284</b>	<b>\$262,416</b>	<b>\$230,155</b>	<b>\$919,833</b>	<b>\$473,219</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$558,353.
- Capital is budgeted at \$297,284.
- DSCR is 1.72.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

- Adoption of the FY'19 Operating and Capital Budgets for Pooks Hill Development Corporation by the Board of Directors.



**WHEREAS**, the Pooks Hill Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation owns the high rise building known as Pooks Hill high rise located at 3 Pooks Hill Road, Bethesda, Maryland (the "Property"); and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 Pooks Hill Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners are all the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Pooks Hill Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Pooks Hill Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Pooks Hill Development Corporation

# **RAD 6 DEVELOPMENT CORPORATION**

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## **ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS**

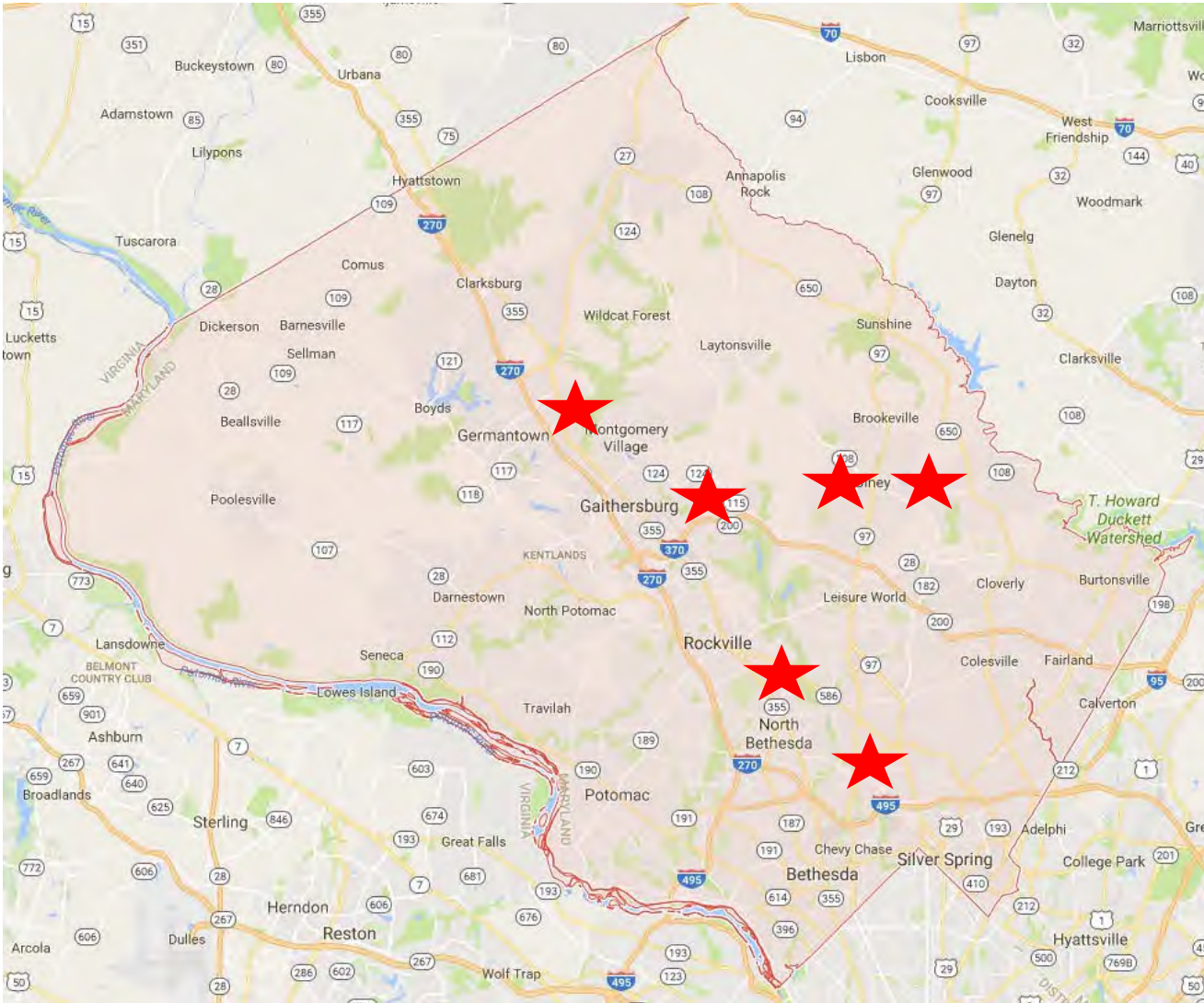


**Stacy L. Spann, Executive Director**

**Property Management  
Real Estate  
Mortgage Finance  
Finance**



# RAD 6 Development Corporation



## Property Snapshot:

- 209 affordable units at or below 50% of the Washington Metropolitan Statistical Area Median Income (AMI) and 59 market rate units.
- Renovations, completed in 2016, included both interior and exterior upgrades to finishes. Interior renovations include the replacement of kitchen and bathroom (appliances, cabinet fixtures and finishes), flooring and painting, HVAC systems and electrical modifications.
- The exterior work included the replacement of windows, roofs, gutters and downspouts, siding, and storm water management improvements. Work was also completed on the sidewalks, stoops, fencing and concrete walks.

# RAD 6 Development Corporation – FY 2019 Overview

## Background

- **June 4, 2014** - Commission authorized the creation of RAD 6 Development Corporation (the “Corporation”) to own and operate Ken Gar Apartments, Parkway Woods, Sandy Spring Meadows, Towne Centre Place, Seneca Ridge, and Washington Square (collectively, the “RAD 6 Development”) and approved the Articles of Incorporation.
- **August 6, 2014** - The Board of Directors for the Development Corporation adopted By-laws which provide for the operations and functions of the Corporation, elected the seven Commissioners as the officers and incorporated the Corporation's annual budget preparation and presentation in the HOC budget process.

The Commission also approved the Final Development Plan for the properties which envisioned the creation of high quality, well designed, amenity rich, energy efficient affordable housing with strong supportive services.

- **November 6, 2014** - Commission approved the Financing Plan which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration (FHA) under its Risk Sharing Program. Tax-exempt bonds were issued by HOC in the amount of \$24,000,000. HOC has assumed 50% of the insurance risk.
- The 268 units in the RAD 6 Development Corporation are distributed as follows:
  - 209 affordable units at or below 560% of the area median income
  - 59 market rate units.

**Ken Gar Apartments** consists of a 14-townhome cluster and five single family detached homes in the historic Ken-Gar section of Kensington. The townhomes are three buildings, two story units originally constructed in 1979. There are seven two-bedroom units, five three-bedroom units, and seven four-bedroom units.

**Parkway Woods** is a 24-unit townhome community located on 2.0 acres in Rockville, MD. It was constructed in 1981 and consists of four buildings with nine two-bedroom units, nine three-bedroom units and six four-bedroom units.

**Sandy Spring Meadow** is located on 14.2 acres in Sandy Spring, MD. It was originally constructed in 1980 and is a 55-unit community consisting of 25 townhomes and 30 single family homes. All townhomes have two bedrooms and the single family homes have three or four bedrooms.

**Towne Centre Place** is a 49-unit townhome community located in Olney. The property was built in 1986 and consists of 14 one-bedroom units, 20 two-bedroom units, and 15 three-bedroom units. This community is on a 6.5 acre site.

**Seneca Ridge** is a 71-unit townhome community located in Germantown. It has two one-bedroom units, nine two-bedroom units, 40 three-bedroom units and 20 four-bedroom units. This community was constructed in 1970 and underwent renovations in 2008. It is located on 8.5 acres and is principally located at Scenery Drive in Germantown, MD.

**Washington Square** is a 50-unit townhome community consisting of 10 two-bedroom units, 32 three-bedroom units, and eight four-bedroom units originally constructed in 1968 and renovated in 2002. It is located on 4.08 acres in Gaithersburg, MD.

# RAD 6 Development Corporation – FY 2019 Overview

## Property Management

- Property Management is engaged in lease-up and ongoing operations of the RAD 6 properties post-renovation. Eligible applicants are attending a series of four certifications events targeted at the RAD 6 portfolio. Events are being held on weekends.

Property	Turnover	Avg. Occupancy CY 2017	Current Occupancy
RAD 6 Combined	12%	92%	91%

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (32%), followed by appliances (17%) and plumbing (16%).

Total Work Orders CY 2017	Average Days to Close
1,945	9

## Capital Improvements

- Capital replacements are being done for items no longer under warranty. Capital budget also includes funds for flooring replacements, HVAC equipment replacement, and concrete and asphalt work at Towne Center Place.

## Redevelopment/Refinancing

- The property completed renovation work in 2016 and no further redevelopment or refinancing is being considered at this time.

# RAD 6 Development Corporation – FY 2019 Budget Summary - Consolidated

## RAD 6 Development Corporation FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$3,763,932</b>	<b>\$3,597,815</b>	<b>\$3,314,510</b>	<b>\$2,051,295</b>	<b>\$1,253,641</b>
<b>Expenses:</b>					
Operating - Admin	\$617,736	\$576,141	\$666,082	\$560,130	\$230,851
Operating - Fees	\$23,392	\$74,458	\$26,048	\$23,787	\$3,026
Tenant & Protective Services	\$80,148	\$75,043	\$68,227	\$84,862	\$26,531
Taxes, Insurance & Utilities	\$399,087	\$326,511	\$416,359	\$515,241	\$169,581
Maintenance	\$653,739	\$602,318	\$621,479	\$629,981	\$398,718
<b>Subtotal - Operating Expenses</b>	<b>\$1,774,102</b>	<b>\$1,654,471</b>	<b>\$1,798,195</b>	<b>\$1,814,001</b>	<b>\$828,707</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,989,830</b>	<b>\$1,943,344</b>	<b>\$1,516,315</b>	<b>\$237,294</b>	<b>\$424,934</b>
Debt Service	\$1,509,979	\$1,512,203	\$1,514,329	\$252,590	\$0
Replacement Reserves	\$130,925	\$127,119	\$123,414	\$122,499	\$0
<b>Development Corporation Fees</b>	<b>\$0</b>	<b>\$152,013</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$348,926</b>	<b>\$152,009</b>	<b>\$187,909</b>	<b>\$219,770</b>	<b>\$424,934</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,989,830</b>	<b>\$1,943,344</b>	<b>\$1,825,652</b>	<b>\$594,859</b>	<b>\$424,934</b>
<b>NET INCOME</b>	<b>-</b>	<b>-</b>	<b>(309,337)</b>	<b>(357,565)</b>	<b>-</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$80	\$0	\$0	\$0	\$0
Kitchen and Bath Supplies	\$0	\$0	\$0	\$425	\$1,470
Electrical Supplies	\$1,080	\$0	\$0	\$0	\$0
Appliance Supplies	\$1,044	\$0	\$0	\$0	\$0
Plumbing Supplies	\$36	\$0	\$2,111	\$0	\$0
Grounds/Landscaping Sup.-Cap.	\$1,500	\$0	\$0	\$0	\$0
Locks, Keys	\$1,272	\$0	\$0	\$0	\$0
Windows and Glass	\$600	\$0	\$0	\$0	\$0
Doors	\$540	\$0	\$3,318	\$0	\$0
HVAC Supplies	\$6,946	\$0	\$0	\$0	\$0
Flooring and Carpeting	\$2,580	\$0	\$0	\$0	\$4,515
Paint and Wallcoverings	\$0	\$0	\$0	\$1,100	\$0
Electrical Equipment	\$504	\$0	\$1,934	\$0	\$0
Plumbing Equipment	\$2,250	\$0	\$2,187	\$550	\$0
HVAC Equipment	\$750	\$0	\$1,545	\$0	\$0
Appliance Equipment	\$3,216	\$12,000	\$0	\$0	\$0
Tools	\$0	\$0	\$0	\$129	\$152
Electrical Contracts	\$996	\$0	\$452	\$1,275	\$0
Appliance Contracts	\$5,592	\$4,000	\$894	\$0	\$0
Plumbing Contracts	\$1,500	\$0	\$5,380	\$5,100	\$1,900
Grounds/Landscaping Contr-Cap.	\$2,004	\$0	\$2,456	\$37,573	\$2,850
HVAC Contracts	\$6,000	\$0	\$0	\$0	\$0
Flooring/Carpet Contracts	\$26,304	\$6,000	\$10,701	\$2,236	\$1,329
Paint/Wallcovering Int. Cont.	\$9,050	\$0	\$0	\$2,520	\$0
Snow Removal Contracts	\$0	\$10,103	\$7,293	\$0	\$0
Fencing Contracts	\$0	\$0	\$0	\$3,915	\$0
Asphalt/Concrete Contracts	\$7,000	\$0	\$0	\$280	\$0
Miscellaneous Contracts	\$2,496	\$16,250	\$890	\$0	\$425
Security System	\$6,996	\$0	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$90,336</b>	<b>\$48,353</b>	<b>\$39,161</b>	<b>\$55,103</b>	<b>\$12,641</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$348,926, all of which is restricted.
- Capital is budgeted at \$90,336.
- DSCR is 1.23.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

# RAD 6 Development Corporation – FY 2019 Budget Summary – Ken Gar

## RAD 6: Ken Gar

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$228,183</b>	<b>\$260,393</b>	<b>\$238,377</b>	<b>\$132,676</b>	<b>\$95,768</b>
<b>Expenses:</b>					
Operating - Admin	\$18,013	\$14,314	\$15,328	\$19,703	\$7,383
Operating - Fees	\$22,210	\$21,211	\$21,339	\$21,210	\$10,392
Tenant & Protective Services	\$8,460	\$8,079	\$7,493	\$7,311	\$3,326
Taxes, Insurance & Utilities	\$13,174	\$11,445	\$17,359	\$22,403	\$2,229
Maintenance	\$50,259	\$47,805	\$43,653	\$46,057	\$30,028
<b>Subtotal - Operating Expenses</b>	<b>\$112,116</b>	<b>\$102,854</b>	<b>\$105,172</b>	<b>\$116,684</b>	<b>\$53,358</b>
<b>Net Operating Income (NOI)</b>	<b>\$116,067</b>	<b>\$157,539</b>	<b>\$133,205</b>	<b>\$15,992</b>	<b>\$42,410</b>
Debt Service	\$103,348	\$103,501	\$103,646	\$17,288	\$0
Replacement Reserves	\$9,282	\$9,012	\$8,751	\$8,685	\$0
<b>Development Corporation Fees</b>	<b>\$0</b>	<b>\$22,513</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$3,437</b>	<b>\$22,513</b>	<b>\$20,808</b>	<b>\$0</b>	<b>\$42,410</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$116,067</b>	<b>\$157,539</b>	<b>\$133,205</b>	<b>\$25,973</b>	<b>\$42,410</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,981)</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Tools	\$0	\$0	\$0	\$129	\$0
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$130	\$1,025	\$2,850
Snow Removal Contracts	\$0	\$10,103	\$7,293	\$0	\$0
Fencing Contracts	\$0	\$0	\$0	\$3,315	\$0
Miscellaneous Contracts	\$2,496	\$2,500	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$2,496</b>	<b>\$12,603</b>	<b>\$7,423</b>	<b>\$4,469</b>	<b>\$2,850</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on April 18, 2018.
- Property cash flow is budgeted at \$3,437, all of which is restricted.
- Capital is budgeted at \$2,496.
- DSCR is 1.03.

# RAD 6 Development Corporation – FY 2019 Budget Summary – Parkway Woods

## RAD 6: Parkway Woods

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	\$309,612	\$305,547	\$285,771	\$202,363	\$122,654
<b>Expenses:</b>					
Operating - Admin	\$34,255	\$15,657	\$24,315	\$23,483	\$12,747
Operating - Fees	\$27,303	\$26,303	\$27,085	\$26,524	\$12,090
Tenant & Protective Services	\$6,770	\$6,540	\$6,146	\$6,749	\$2,770
Taxes, Insurance & Utilities	\$22,091	\$12,768	\$22,905	\$34,959	\$6,232
Maintenance	\$65,039	\$57,684	\$56,919	\$48,584	\$26,880
<b>Subtotal - Operating Expenses</b>	<b>\$155,458</b>	<b>\$118,952</b>	<b>\$137,370</b>	<b>\$140,299</b>	<b>\$60,719</b>
<b>Net Operating Income (NOI)</b>	<b>\$154,154</b>	<b>\$186,595</b>	<b>\$148,401</b>	<b>\$62,064</b>	<b>\$61,935</b>
Debt Service	\$116,882	\$117,054	\$117,219	\$19,552	\$0
Replacement Reserves	\$11,725	\$11,384	\$11,052	\$10,970	\$0
<b>Development Corporation Fees</b>	<b>\$0</b>	<b>\$29,079</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$25,547</b>	<b>\$29,078</b>	<b>\$20,124</b>	<b>\$31,542</b>	<b>\$61,935</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$154,154</b>	<b>\$186,595</b>	<b>\$148,395</b>	<b>\$62,064</b>	<b>\$61,935</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Doors	\$0	\$0	\$2,328	\$0	\$0
Appliance Contracts	\$3,600	\$0	\$250	\$0	\$0
HVAC Contracts	\$6,000	\$0	\$0	\$0	\$0
Flooring/Carpet Contracts	\$6,000	\$0	\$1,743	\$0	\$0
Miscellaneous Contracts	\$0	\$2,550	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$15,600</b>	<b>\$2,550</b>	<b>\$4,321</b>	<b>\$0</b>	<b>\$0</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on April 18, 2018.
- Property cash flow is budgeted at \$25,547, all of which is restricted.
- Capital is budgeted at \$15,600.
- DSCR is 1.22.



# RAD 6 Development Corporation – FY 2019 Budget Summary – Sandy Spring Meadow

## RAD 6: Sandy Spring Meadow

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$690,793</b>	<b>\$652,312</b>	<b>\$573,204</b>	<b>\$475,497</b>	<b>\$259,024</b>
<b>Expenses:</b>					
Operating - Admin	\$68,376	\$64,679	\$59,726	\$57,494	\$22,400
Operating - Fees	\$62,089	\$78,230	\$61,540	\$60,330	\$28,985
Tenant & Protective Services	\$12,200	\$13,297	\$13,420	\$16,200	\$2,797
Taxes, Insurance & Utilities	\$36,798	\$39,059	\$48,003	\$82,175	\$17,452
Maintenance	\$123,369	\$123,632	\$104,755	\$107,038	\$75,723
<b>Subtotal - Operating Expenses</b>	<b>\$302,832</b>	<b>\$318,897</b>	<b>\$287,444</b>	<b>\$323,237</b>	<b>\$147,357</b>
<b>Net Operating Income (NOI)</b>	<b>\$387,961</b>	<b>\$333,415</b>	<b>\$285,760</b>	<b>\$152,260</b>	<b>\$111,667</b>
Debt Service	\$261,314	\$261,699	\$262,066	\$43,712	\$0
Replacement Reserves	\$26,870	\$26,088	\$25,329	\$25,140	\$0
<b>Development Corporation Fees</b>	<b>\$0</b>	<b>\$22,814</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$99,777</b>	<b>\$22,814</b>	<b>\$0</b>	<b>\$83,408</b>	<b>\$111,667</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$387,961</b>	<b>\$333,415</b>	<b>\$287,395</b>	<b>\$152,260</b>	<b>\$111,667</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,635)</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$80	\$0	\$0	\$0	\$0
Grounds/Landscaping Sup.-Cap.	\$1,500	\$0	\$0	\$0	\$0
HVAC Supplies	\$2,496	\$0	\$0	\$0	\$0
Electrical Equipment	\$504	\$0	\$1,934	\$0	\$0
Plumbing Equipment	\$1,500	\$0	\$0	\$550	\$0
Appliance Equipment	\$1,500	\$0	\$0	\$0	\$0
Plumbing Contracts	\$1,500	\$0	\$0	\$0	\$1,100
Grounds/Landscaping Contr-Cap.	\$2,004	\$0	\$2,326	\$0	\$0
Flooring/Carpet Contracts	\$1,500	\$0	\$2,479	\$0	\$0
Miscellaneous Contracts	\$0	\$5,100	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$12,584</b>	<b>\$5,100</b>	<b>\$6,739</b>	<b>\$550</b>	<b>\$1,100</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on April 18, 2018.
- Property cash flow is budgeted at \$99,777. all of which \$24,425 is restricted.
- Capital is budgeted at \$12,584.
- DSCR is 1.38.

# RAD 6 Development Corporation – FY 2019 Budget Summary – Seneca Ridge

## RAD 6: Seneca Ridge

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	\$1,141,033	\$976,476	\$881,689	\$479,752	\$394,027
<b>Expenses:</b>					
Operating - Admin	\$89,717	\$75,514	\$111,676	\$80,418	\$18,185
Operating - Fees	\$76,570	\$103,093	\$80,815	\$79,620	\$35,753
Tenant & Protective Services	\$19,188	\$16,639	\$16,570	\$18,852	\$6,327
Taxes, Insurance & Utilities	\$235,727	\$180,261	\$227,501	\$190,974	\$92,156
Maintenance	\$183,617	\$144,380	\$201,531	\$164,873	\$109,778
<b>Subtotal - Operating Expenses</b>	<b>\$604,819</b>	<b>\$519,887</b>	<b>\$638,093</b>	<b>\$534,737</b>	<b>\$262,199</b>
Net Operating Income (NOI)	\$536,214	\$456,589	\$243,596	(\$54,985)	\$131,828
<b>Debt Service</b>	\$517,106	\$517,869	\$518,598	\$86,502	\$0
Replacement Reserves	\$34,682	\$33,677	\$32,700	\$32,453	\$0
Development Corporation Fees	\$0	(\$47,478)	\$0	\$0	\$0
Excess Cash Flow Restricted	(\$15,574)	(\$47,479)	\$0	\$0	\$131,828
<b>Subtotal - Expenses Below NOI</b>	<b>\$536,214</b>	<b>\$456,589</b>	<b>\$551,298</b>	<b>\$118,955</b>	<b>\$131,828</b>
<b>NET INCOME</b>	-	-	(307,702)	(173,940)	-

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Electrical Supplies	\$1,080	\$0	\$0	\$0	\$0
Appliance Supplies	\$1,044	\$0	\$0	\$0	\$0
Plumbing Supplies	\$36	\$0	\$2,111	\$0	\$0
Locks, Keys	\$1,272	\$0	\$0	\$0	\$0
Doors	\$540	\$0	\$0	\$0	\$0
HVAC Supplies	\$4,450	\$0	\$0	\$0	\$0
Flooring and Carpeting	\$2,580	\$0	\$0	\$0	\$0
Plumbing Equipment	\$0	\$0	\$1,637	\$0	\$0
Appliance Equipment	\$216	\$6,000	\$0	\$0	\$0
Appliance Contracts	\$1,992	\$2,000	\$419	\$0	\$0
Plumbing Contracts	\$0	\$0	\$0	\$550	\$0
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$0	\$10,730	\$0
Flooring/Carpet Contracts	\$12,000	\$6,000	\$6,479	\$0	\$0
Paint/Wallcovering Int. Cont.	\$0	\$0	\$0	\$2,520	\$0
Miscellaneous Contracts	\$0	\$1,000	\$250	\$0	\$0
<b>Total Capital Budget</b>	<b>\$25,210</b>	<b>\$15,000</b>	<b>\$10,896</b>	<b>\$13,800</b>	<b>\$0</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on April 18, 2018.
- Property is projected to generate a deficit of \$15,574, which will be covered by the other RAD 6 properties.
- Capital is budgeted at \$25,210.
- DSCR is 0.97.

# RAD 6 Development Corporation – FY 2019 Budget Summary – Towne Centre Place

## RAD 6: Towne Centre Place

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$558,743</b>	<b>\$537,009</b>	<b>\$519,275</b>	<b>\$455,958</b>	<b>\$244,486</b>
<b>Expenses:</b>					
Operating - Admin	\$66,357	\$58,531	\$84,957	\$60,535	\$19,908
Operating - Fees	\$53,650	\$70,739	\$54,830	\$53,745	\$24,721
Tenant & Protective Services	\$11,160	\$11,860	\$11,522	\$15,243	\$2,495
Taxes, Insurance & Utilities	\$34,405	\$36,412	\$37,813	\$67,437	\$8,561
Maintenance	\$100,030	\$98,435	\$97,957	\$102,472	\$79,648
<b>Subtotal - Operating Expenses</b>	<b>\$265,602</b>	<b>\$275,977</b>	<b>\$287,079</b>	<b>\$299,432</b>	<b>\$135,333</b>
<b>Net Operating Income (NOI)</b>	<b>\$293,141</b>	<b>\$261,032</b>	<b>\$232,196</b>	<b>\$156,526</b>	<b>\$109,153</b>
Debt Service	\$175,204	\$175,461	\$175,708	\$29,309	\$0
Replacement Reserves	\$23,939	\$23,242	\$22,560	\$22,397	\$0
<b>Development Corporation Fees</b>	<b>\$0</b>	<b>\$31,165</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$93,998</b>	<b>\$31,164</b>	<b>\$33,928</b>	<b>\$104,820</b>	<b>\$109,153</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$293,141</b>	<b>\$261,032</b>	<b>\$232,196</b>	<b>\$156,526</b>	<b>\$109,153</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Windows and Glass	\$600	\$0	\$0	\$0	\$0
Doors	\$0	\$0	\$990	\$0	\$0
Plumbing Equipment	\$750	\$0	\$550	\$0	\$0
HVAC Equipment	\$750	\$0	\$1,545	\$0	\$0
Appliance Equipment	\$1,500	\$0	\$0	\$0	\$0
Tools	\$0	\$0	\$0	\$0	\$152
Electrical Contracts	\$996	\$0	\$452	\$1,275	\$0
Plumbing Contracts	\$0	\$0	\$475	\$4,050	\$0
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$0	\$1,875	\$0
Flooring/Carpet Contracts	\$2,004	\$0	\$0	\$0	\$0
Paint/Wallcovering Int. Cont.	\$6,000	\$0	\$0	\$0	\$0
Asphalt/Concrete Contracts	\$7,000	\$0	\$0	\$0	\$0
Miscellaneous Contracts	\$0	\$5,100	\$640	\$0	\$0
Security System	\$6,996	\$0	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$26,596</b>	<b>\$5,100</b>	<b>\$4,652</b>	<b>\$7,200</b>	<b>\$152</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on April 18, 2018.
- Property cash flow is budgeted at \$99,998. all of which is restricted.
- Capital is budgeted at \$26,596.
- DSCR is 1.54.

# RAD 6 Development Corporation – FY 2019 Budget Summary – Washington Square

## RAD 6: Washington Square

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$835,568</b>	<b>\$866,078</b>	<b>\$816,200</b>	<b>\$305,058</b>	<b>\$137,685</b>
<b>Expenses:</b>					
Operating - Admin	\$66,240	\$64,550	\$93,722	\$45,941	\$16,122
Operating - Fees	\$56,348	\$57,778	\$56,797	\$54,914	\$25,191
Tenant & Protective Services	\$22,370	\$18,628	\$13,076	\$20,507	\$8,816
Taxes, Insurance & Utilities	\$56,892	\$46,566	\$62,778	\$117,300	\$42,953
Maintenance	\$131,425	\$130,382	\$116,664	\$160,959	\$76,662
<b>Subtotal - Operating Expenses</b>	<b>\$333,275</b>	<b>\$317,904</b>	<b>\$343,037</b>	<b>\$399,621</b>	<b>\$169,744</b>
<b>Net Operating Income (NOI)</b>	<b>\$502,293</b>	<b>\$548,174</b>	<b>\$473,163</b>	<b>(\$94,563)</b>	<b>(\$32,059)</b>
Debt Service	\$336,125	\$336,619	\$337,092	\$56,227	\$0
Replacement Reserves	\$24,427	\$23,716	\$23,022	\$22,854	\$0
<b>Development Corporation Fees</b>	<b>\$0</b>	<b>\$93,920</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$141,741</b>	<b>\$93,919</b>	<b>\$113,049</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$502,293</b>	<b>\$548,174</b>	<b>\$473,163</b>	<b>\$79,081</b>	<b>\$0</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$173,644)</b>	<b>(\$32,059)</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$0	\$0	\$0	\$425	\$1,470
Flooring and Carpeting	\$0	\$0	\$0	\$0	\$4,515
Paint and Wallcoverings	\$0	\$0	\$0	\$1,100	\$0
Appliance Equipment	\$0	\$6,000	\$0	\$0	\$0
Appliance Contracts	\$0	\$2,000	\$225	\$0	\$0
Plumbing Contracts	\$0	\$0	\$4,905	\$500	\$800
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$0	\$23,943	\$0
Flooring/Carpet Contracts	\$4,800	\$0	\$0	\$2,236	\$1,329
Paint/Wallcovering Int. Cont.	\$3,050	\$0	\$0	\$0	\$0
Fencing Contracts	\$0	\$0	\$0	\$600	\$0
Asphalt/Concrete Contracts	\$0	\$0	\$0	\$280	\$0
Miscellaneous Contracts	\$0	\$0	\$0	\$0	\$425
<b>Total Capital Budget</b>	<b>\$7,850</b>	<b>\$8,000</b>	<b>\$5,130</b>	<b>\$29,084</b>	<b>\$8,539</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on April 18, 2018.
- Property cash flow is budgeted at \$141,741, all of which which is restricted.
- Capital is budgeted at \$7,850.
- DSCR is 1.42.

**RESOLUTION NO. 18-001<sub>RD6</sub>**

**RE: RAD 6 Development Corporation  
Annual Meeting, Election of Officers  
and Approval of the FY'19 Operating  
and Capital Budgets**

**WHEREAS**, the RAD 6 Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation conducted its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its properties; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 RAD 6 Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for RAD 6 Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by RAD 6 Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of RAD 6 Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of RAD 6 Development Corporation

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# SCATTERED SITE ONE DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

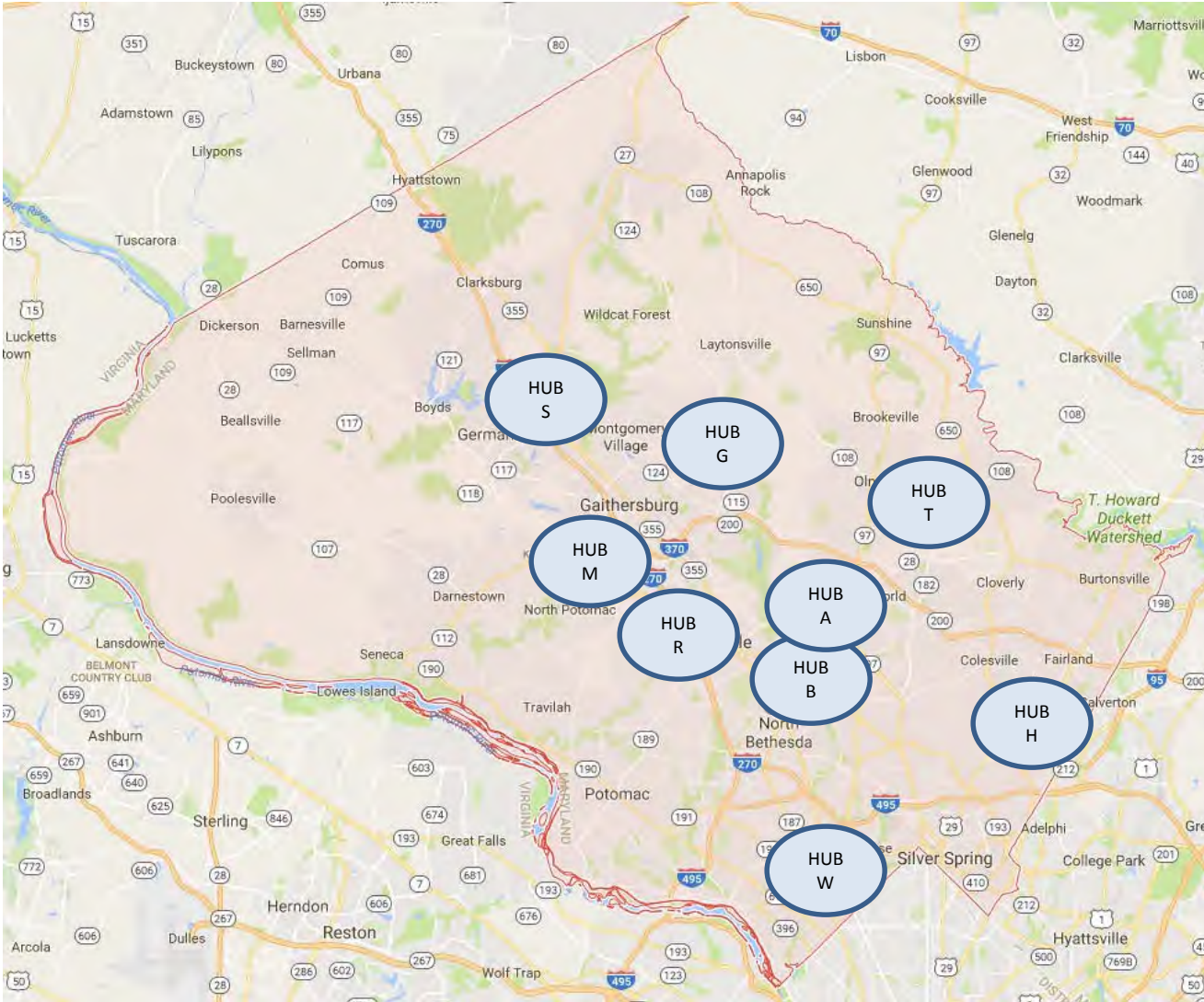


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Scattered Site One Development Corporation



## Property Snapshot:

- 190 units scattered across nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes, ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site One Development Corporation range from 1987 to 2012. A revised renovation plan will be brought forward for Commission approval by the Corporation in FY19.

# Scattered Site One Development Corporation – FY 2019 Overview

## Background

- October 5, 2011** - The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site One Development Corporation, a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.
- November 2, 2011** - The Board adopted the By-laws and elected Directors. The 190 scattered site units were transferred to Scattered Site One Development Corporation.
- July 2012** – The Scattered Site One Development Corporation was financed with a loan in the amount of \$9,200,000 and secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.
- February 2013** - A comprehensive renovation plan of Scattered Site One began. Depending on need, renovations included roof and window replacements, painting and re-carpeting, new kitchen and bath upgrades and new energy efficient appliances. The renovation plan, established before the Commission created its new renovation standards, was determined to be inadequate in its scope and only approximately 25% of the units were renovated. Staff suspended renovations and reconfigured the standards so that the remaining units could be completed in a similar fashion as VPC One and Two.
- Scattered Site One Development Corporation consists of 190 units, which are distributed as follows:

Unit Mix	Market	Affordable	Total
1BR	4	11	15
2BR	11	10	21
3BR	50	92	142
4BR	0	12	12
<b>Total Units</b>	<b>65</b>	<b>125</b>	<b>190</b>

The regulatory agreement restricts 23 units at or below 50% AMI and 102 units at or below 60% AMI.



# Scattered Site One Development Corporation – FY 2019 Overview

## Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
9%	94%	88%

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (36%), plumbing (17%) and appliances (15%).

Total Work Orders CY 2017	Average Days to Close
1,544	13

## Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.
- Staff is developing a scope and timeline for units remaining to be renovated.

## Redevelopment/Refinancing

- A renovation plan for this entity will be presented to the Commission in FY2019.

# Scattered Site One Development Corporation – FY 2019 Budget Summary

## Scattered Site One Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$2,584,525</b>	<b>\$2,543,605</b>	<b>\$2,474,340</b>	<b>\$2,433,972</b>	<b>\$2,257,440</b>
<b>Expenses:</b>					
Operating - Admin	\$207,462	\$95,707	\$151,157	\$160,090	\$235,913
Operating - Fees	\$721,999	\$766,752	\$693,830	\$615,701	\$611,786
Tenant & Protective Services	\$66,222	\$61,396	\$51,816	\$56,723	\$53,302
Taxes, Insurance & Utilities	\$76,671	\$90,803	\$82,339	\$83,055	\$107,830
Maintenance	\$409,074	\$428,536	\$418,181	\$456,202	\$395,728
<b>Subtotal - Operating Expenses</b>	<b>\$1,481,428</b>	<b>\$1,443,194</b>	<b>\$1,397,323</b>	<b>\$1,371,771</b>	<b>\$1,404,559</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,103,097</b>	<b>\$1,100,411</b>	<b>\$1,077,017</b>	<b>\$1,062,201</b>	<b>\$852,881</b>
Debt Service	\$564,079	\$565,090	\$566,189	\$567,155	\$568,526
Replacement Reserves	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000
Loan Management Fees	\$0	\$22,992	\$23,000	\$23,000	\$23,000
<b>Development Corporation Fees</b>	<b>\$425,018</b>	<b>\$398,329</b>	<b>\$373,828</b>	<b>\$297,288</b>	<b>\$147,355</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,758</b>	<b>\$0</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,103,097</b>	<b>\$1,100,411</b>	<b>\$1,077,017</b>	<b>\$1,062,201</b>	<b>\$852,881</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$25,500	\$11,620	\$9,154	\$96,007	\$24,739
Electrical Supplies	\$0	\$2,020	\$6,592	\$13,284	\$8,520
Appliance Supplies	\$0	\$2,020	\$476	\$684	\$2,726
Plumbing Supplies	\$0	\$5,958	\$3,800	\$15,545	\$6,003
Cleaning/Janitorial Supplies	\$0	\$0	\$4	\$258	\$94
Health and Safety Materials	\$0	\$0	\$0	\$1,175	\$0
Locks, Keys	\$0	\$0	\$33	\$95	\$0
Windows and Glass	\$0	\$918	\$4,629	\$11,552	\$7,697
Doors	\$0	\$1,530	\$1,661	\$3,189	\$6,017
Roofing Materials	\$0	\$1,020	\$0	\$0	\$0
Hardware Supplies	\$0	\$0	\$3,741	\$11,816	\$5,704
HVAC Supplies	\$0	\$0	\$1,210	\$3,895	\$456
Flooring and Carpeting	\$0	\$3,061	\$10,403	\$26,998	\$13,928
Paint and Wallcoverings	\$0	\$0	\$2,240	\$1,860	\$488
Miscellaneous Supplies	\$0	\$0	\$1,034	\$7,302	\$3,342
Electrical Equipment	\$0	\$0	\$0	\$538	\$0
Plumbing Equipment	\$0	\$0	\$824	\$9,703	\$2,032
HVAC Equipment	\$0	\$5,000	\$321	\$19,914	\$10,747
Appliance Equipment	\$25,000	\$10,224	\$20,814	\$49,427	\$26,660
Maintenance Equipment	\$0	\$0	\$0	\$0	\$542
Electrical Contracts	\$0	\$398	\$517	\$2,874	\$1,267
Appliance Contracts	\$0	\$3,000	\$645	\$225	\$225
Plumbing Contracts	\$0	\$6,856	\$33,405	\$14,922	\$15,215
Cleaning/Janitorial Contracts-Cap.	\$0	\$0	\$150	\$0	\$270
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$0	\$650	\$1,975
Windows/Glass Contracts	\$3,000	\$16,856	\$8,380	\$4,100	\$4,990
Roofing/Gutter Contracts	\$0	\$10,669	\$4,410	\$19,689	\$6,482
HVAC Contracts	\$49,500	\$74,570	\$23,538	\$15,828	\$22,814
Flooring/Carpet Contracts	\$44,500	\$50,574	\$62,817	\$98,192	\$52,380
Paint/Wallcovering Int. Cont.	\$0	\$0	\$3,425	\$32,878	\$13,838
Paint/Wallcovering Ext. Cont	\$0	\$6,272	\$48	\$0	\$1,912
Fencing Contracts	\$0	\$0	\$0	\$855	\$1,010
Asphalt/Concrete Contracts	\$0	\$0	\$3,930	\$2,345	\$0
Miscellaneous Contracts	\$0	\$1,250,000	\$3,781	\$14,447	\$30,431
<b>Total Capital Budget</b>	<b>\$147,500</b>	<b>\$1,462,566</b>	<b>\$211,982</b>	<b>\$480,247</b>	<b>\$272,504</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$425,018.
- Capital is budgeted at \$147,500.
- DSCR is 1.75.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

**WHEREAS**, the Scattered Site One Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation conducted its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 Scattered Site One Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Scattered Site One Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Scattered Site One Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Scattered Site One Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Scattered Site One Development Corporation

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# SCATTERED SITE TWO DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

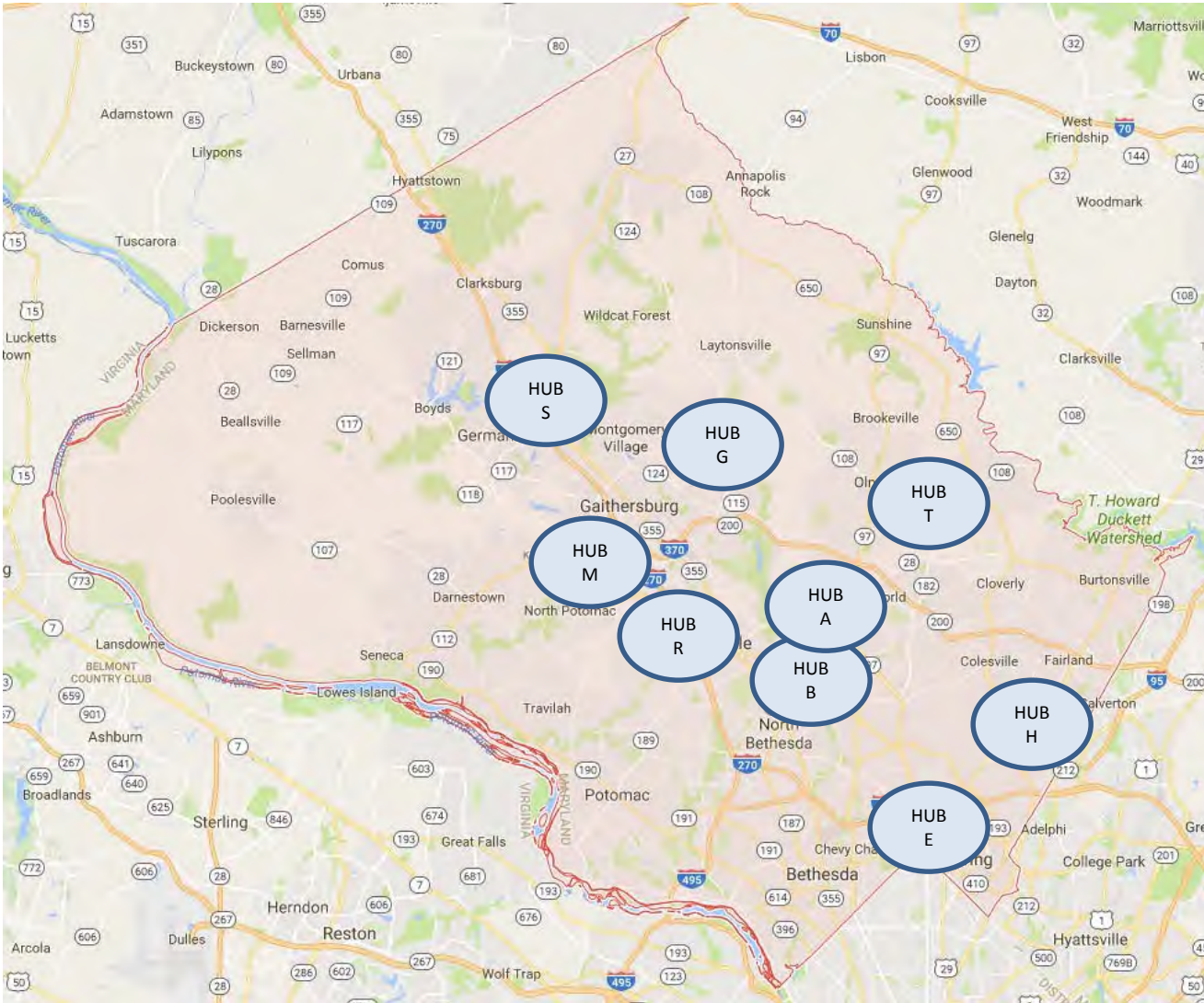


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Scattered Site Two Development Corporation



## Property Snapshot:

- 54 units located in nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site Two Development Corporation range from 1987 to 2006. A revised renovation plan will be brought forward for Commission approval by the Corporation in FY 2019.

# Scattered Site Two Development Corporation – FY 2019 Overview

## Background

- **December 5, 2012** - The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site Two Development Corporation, a wholly controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.
- **January 9, 2013** - The Board adopted the By-laws and elected Directors. The 54 scattered site units were transferred to Scattered Site Two Development Corporation. The Corporation’s annual budget preparation, presentation and approval process is incorporated into the HOC budget process.
- **June 13, 2013** – The property was financed with a new taxable loan from PNC Bank N.A. for \$4,900,000 guaranteed by HOC.
- **January – March 2014** - A comprehensive renovation plan was put on hold to reconfigure the standards so that units could be completed in a similar fashion as the newly renovated VPC units.
- Scattered Site Two Development Corporation consists of 54 units, which are distributed as follows:
  - 16 expired Low Income Housing Tax Credit units with no extended use covenant.
  - 38 units, formerly part of MPDU 2004; eight units affordable under a County HOME loan.

Unit Mix	Market	Affordable	Total
1BR	0	3	3
2BR	2	8	10
3BR	10	26	36
4BR	3	1	4
5BR	1	0	1
<b>Total Units</b>	<b>16</b>	<b>38</b>	<b>54</b>

The regulatory agreement restricts 7 units at or below 40% AMI, 1 unit at or below 50% AMI, and 30 units of workforce housing between 80% and 120% of AMI.

# Scattered Site Two Development Corporation – FY 2019 Overview

## Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
13%	95%	87%

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (55%), appliances (13%) and plumbing (13%).

Total Work Orders CY 2017	Average Days to Close
411	12

## Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.
- Significant capital expense has been undertaken to update aging appliances and systems in these units.

## Redevelopment/Refinancing

- A renovation plan for this entity will be presented to the Commission in FY2019.

# Scattered Site Two Development Corporation – FY 2019 Budget Summary

## Scattered Site Two Development Corporation FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$777,599</b>	<b>\$777,368</b>	<b>\$760,655</b>	<b>\$745,108</b>	<b>\$724,794</b>
<b>Expenses:</b>					
Operating - Admin	\$62,423	\$48,752	\$54,079	\$65,779	\$44,150
Operating - Fees	\$207,445	\$198,674	\$171,581	\$169,395	\$192,374
Tenant & Protective Services	\$17,433	\$16,320	\$15,061	\$14,573	\$14,921
Taxes, Insurance & Utilities	\$17,508	\$20,628	\$21,181	\$22,515	\$27,717
Maintenance	\$132,047	\$121,470	\$95,511	\$144,935	\$117,513
<b>Subtotal - Operating Expenses</b>	<b>\$436,856</b>	<b>\$405,844</b>	<b>\$357,413</b>	<b>\$417,197</b>	<b>\$396,675</b>
<b>Net Operating Income (NOI)</b>	<b>\$340,743</b>	<b>\$371,524</b>	<b>\$403,242</b>	<b>\$327,911</b>	<b>\$328,119</b>
Debt Service	\$268,856	\$297,402	\$271,307	\$301,651	\$300,648
Replacement Reserves	\$74,400	\$74,400	\$74,400	\$74,400	\$72,936
<b>Development Corporation Fees</b>	<b>\$0</b>	<b>(\$278)</b>	<b>\$2,503</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,032</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$343,256</b>	<b>\$371,524</b>	<b>\$403,242</b>	<b>\$376,051</b>	<b>\$373,584</b>
<b>NET INCOME</b>	<b>(\$2,513)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$48,140)</b>	<b>(\$45,465)</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$16,000	\$1,500	(\$209)	\$24,782	\$5,250
Electrical Supplies	\$0	\$0	\$2,704	\$1,526	\$1,166
Appliance Supplies	\$0	\$1,375	\$125	\$410	\$983
Plumbing Supplies	\$0	\$175	\$2,521	\$1,127	\$978
Cleaning/Janitorial Supplies	\$0	\$0	\$75	\$54	\$16
Locks, Keys	\$0	\$0	\$0	\$33	\$0
Windows and Glass	\$0	\$0	\$317	\$1,470	\$215
Doors	\$0	\$0	\$1,300	\$7,908	\$69
Hardware Supplies	\$0	\$0	\$1,584	\$2,388	\$667
Flooring and Carpeting	\$0	\$0	\$707	\$12,165	\$2,400
Paint and Wallcoverings	\$0	\$0	\$0	\$0	\$4
Miscellaneous Supplies	\$0	\$0	\$488	\$1,489	\$385
Plumbing Equipment	\$0	\$0	\$0	\$0	\$23
HVAC Equipment	\$0	\$0	\$7,145	\$164	\$60
Appliance Equipment	\$15,000	\$8,400	\$9,430	\$16,363	\$4,005
Tools	\$0	\$0	\$0	\$27	\$0
Maintenance Equipment	\$0	\$0	\$0	\$0	\$82
Electrical Contracts	\$0	\$0	\$0	\$4,291	\$0
Appliance Contracts	\$0	\$2,675	\$225	\$0	\$3,677
Plumbing Contracts	\$0	\$2,350	\$950	\$7,719	\$14,463
Cleaning/Janitorial Contracts-Cap.	\$0	\$0	\$0	\$0	\$235
Grounds/Landscaping Contr.-Cap.	\$0	\$0	\$1,200	\$2,392	\$62
Windows/Glass Contracts	\$0	\$1,800	\$0	\$2,220	\$11,498
Roofing/Gutter Contracts	\$7,000	\$12,000	\$0	\$5,675	\$21,961
HVAC Contracts	\$11,000	\$43,600	\$11,613	\$0	\$475
Flooring/Carpet Contracts	\$24,500	\$17,200	\$14,022	\$25,944	\$18,134
Paint/Wallcovering Int. Cont.	\$0	\$0	\$3,805	\$2,460	\$5,984
Paint/Wallcovering Ext. Cont	\$0	\$0	\$0	\$0	\$525
Fencing Contracts	\$0	\$0	\$0	\$3	\$0
Asphalt/Concrete Contracts	\$0	\$0	\$2,820	\$0	\$0
Miscellaneous Contracts	\$0	\$0	\$625	\$5,460	\$2,102
<b>Total Capital Budget</b>	<b>\$73,500</b>	<b>\$91,075</b>	<b>\$61,447</b>	<b>\$126,070</b>	<b>\$95,419</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- The property's operating deficit of \$2,513 will be covered by unrestricted cash in the portfolio.
- Capital is budgeted at \$73,500.
- DSCR is 0.99.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.



**RESOLUTION NO. 18-001<sub>SS2</sub>**

**RE: Scattered Site Two Development Corporation Annual Meeting, Election of Officers and Adoption of FY'19 Operating and Capital Budgets**

**WHEREAS**, the Scattered Site Two Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation conducted its Annual Meeting and elected officers on June 7, 2017; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 Scattered Site Two Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Scattered Site Two Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Scattered Site Two Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Scattered Site Two Development Corporation

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# SLIGO HILLS DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

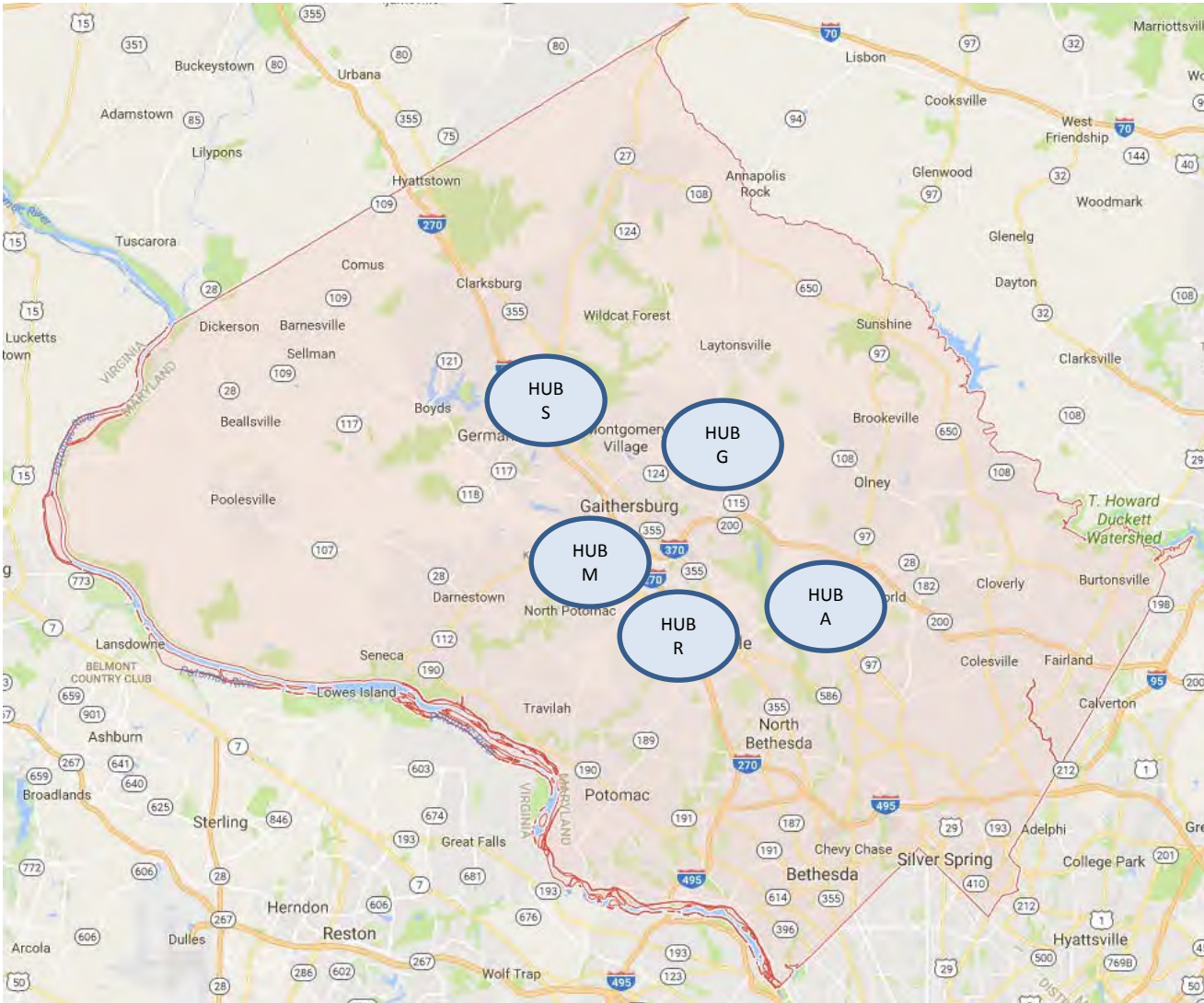


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Sligo Hills Development Corporation



## Property Snapshot:

- 23 scattered units across five HUBs from Silver Spring to Germantown.
- 7 three-bedroom townhomes, 6 one-bedroom and 10 two-bedroom condo units.
- Affordability is 50% of AMI.
- The properties are managed by Housing Opportunities Commission with assistance from Edgewood Management.

# Sligo Hills Development Corporation – FY 2019 Overview

## Background

- December 11, 1996** - Commission authorized the creation of a wholly- controlled corporate instrumentality known as Sligo Hills Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation.
- June 11, 1997** - Board approved the purchase of Sligo Hills Apartments & MPDU III, subject to an outstanding \$300,000 note to Montgomery County. The Board authorized the execution of documents to purchase the properties and the loan from HOC, and the execution of an Asset Management Agreement by and between Sligo Hills Development Corporation and HOC.
- June 23, 1997** - the Corporation approved a resolution which allowed for the incorporation of the Sligo Hills Development Corporation annual budget preparation, presentation and approval process into the HOC budget process.
- August 1, 1997** - Documents signed transferring the properties from HOC to the Sligo Hills Development Corporation. The new mortgage in the amount of \$3,443,568 (provided by funds obtained through the issuance of tax exempt bonds) is insured under the FHA Risk Sharing Program.
- October 3 2012** - A newly formed LIHTC limited partnership entity, Tanglewood and Sligo LP, was approved to purchase Sligo Hills Apartments from Sligo Hills Development Corporation. The Corporation retains the lien free title to MPDU III (23 scattered sites); therefore, the budget reflects only the operations of the 23 scattered site MPDUs.

Unit Mix	Market	Affordable	Total
1BR	0	6	6
2BR	0	10	10
3BR	0	7	7
<b>Total Units</b>	<b>0</b>	<b>23</b>	<b>23</b>

The regulatory agreement restricts 15 units at or below 50% AMI and 8 units of workforce housing between 80% and 120% of AMI.

# Sligo Hills Development Corporation – FY 2019 Overview

## Property Management

- Vacant units are being actively marketed to families on HOC's Housing Path waiting list. Occupancy is expected to stabilize before September 1, 2018. Qualified applicants are being certified at four scheduled leasing events. Events are held on weekends and evenings.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
17%	80%	74%

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (38%), plumbing (14%) and appliances (30%).

Total Work Orders CY 2017	Average Days to Close
83	8

## Capital Improvements

- Capital replacements for appliances, flooring, and kitchens are done at unit turnover and as needed.

## Redevelopment/Refinancing

- A renovation plan for this entity will be presented to the Commission in FY2019.

# Sligo Hills Development Corporation – FY 2019 Budget Summary

## Sligo Hills Development Corporation FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$269,511</b>	<b>\$293,814</b>	<b>\$270,144</b>	<b>\$279,785</b>	<b>\$253,557</b>
<b>Expenses:</b>					
Operating - Admin	\$23,466	\$20,391	\$22,769	\$21,504	\$22,000
Operating - Fees	\$122,217	\$120,421	\$113,937	\$113,707	\$118,873
Tenant & Protective Services	\$7,721	\$7,282	\$6,206	\$6,251	\$6,349
Taxes, Insurance & Utilities	\$9,118	\$7,703	\$7,313	\$7,891	\$7,457
Maintenance	\$52,526	\$59,605	\$42,559	\$46,401	\$39,620
<b>Subtotal - Operating Expenses</b>	<b>\$215,048</b>	<b>\$215,402</b>	<b>\$192,784</b>	<b>\$195,754</b>	<b>\$194,299</b>
Net Operating Income (NOI)	\$54,463	\$78,412	\$77,360	\$84,031	\$59,258
Replacement Reserves	\$9,192	\$9,192	\$9,192	\$9,192	\$8,004
Development Corporation Fees	\$45,271	\$69,220	\$68,168	\$51,652	\$51,254
Excess Cash Flow Restricted	\$0	\$0	\$0	\$23,187	\$0
<b>Subtotal - Expenses Below NOI</b>	<b>\$54,463</b>	<b>\$78,412</b>	<b>\$77,360</b>	<b>\$84,031</b>	<b>\$59,258</b>
<b>NET INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$8,400	\$2,500	\$0	\$9,685	\$4,330
Electrical Supplies	\$0	\$0	\$1,971	\$2,527	\$749
Appliance Supplies	\$0	\$250	\$92	\$80	\$584
Plumbing Supplies	\$0	\$0	\$1,776	\$1,344	\$1,051
Employee Uniforms	\$0	\$500	\$0	\$0	\$0
Cleaning/Janitorial Supplies	\$0	\$0	\$2	\$6	\$6
Windows and Glass	\$0	\$0	\$97	\$1,057	\$118
Doors	\$0	\$0	\$0	\$0	\$124
Hardware Supplies	\$0	\$0	\$1,135	\$1,020	\$368
Flooring and Carpeting	\$0	\$950	\$2,800	\$6,555	\$4,259
Paint and Wallcoverings	\$0	\$0	\$0	\$0	\$4
Miscellaneous Supplies	\$0	\$0	\$451	\$1,082	\$1,024
Plumbing Equipment	\$0	\$0	\$127	\$0	\$0
HVAC Equipment	\$0	\$0	\$10	\$3	\$0
Appliance Equipment	\$7,500	\$3,250	\$7,318	\$6,083	\$5,438
Maintenance Equipment	\$0	\$0	\$0	\$0	\$36
Electrical Contracts	\$0	\$0	\$0	\$0	\$1,409
Appliance Contracts	\$0	\$2,250	\$250	\$0	\$2,205
Plumbing Contracts	\$0	\$2,836	\$2,950	\$2,563	\$450
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$0	\$0	\$692
Windows/Glass Contracts	\$0	\$2,200	\$0	\$0	\$0
Roofing/Gutter Contracts	\$0	\$0	\$1,660	\$0	\$0
HVAC Contracts	\$0	\$16,500	\$0	\$0	\$4,447
Flooring/Carpet Contracts	\$14,000	\$13,530	\$6,740	\$12,026	\$4,730
Paint/Wallcovering Int. Cont.	\$0	\$0	\$0	\$0	\$2,270
Fencing Contracts	\$0	\$0	\$0	\$5	\$0
Asphalt/Concrete Contracts	\$0	\$0	\$0	\$2,400	\$0
Miscellaneous Contracts	\$0	\$0	\$0	\$2,610	\$1,436
<b>Total Capital Budget</b>	<b>\$29,900</b>	<b>\$44,766</b>	<b>\$27,379</b>	<b>\$49,046</b>	<b>\$35,730</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$45,271.
- Capital is budgeted at \$29,900.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY' 19 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

**WHEREAS**, the Sligo Hills Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2016; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its properties; and

**WHEREAS**, the Corporation entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, by resolution at the June 23, 1997 Board of Directors meeting, the Corporation agreed to include the Sligo Hills Development Corporation annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for the Sligo Hills Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Sligo Hills Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Sligo Hills Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Sligo Hills Development Corporation

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# TPM DEVELOPMENT CORPORATIONS

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

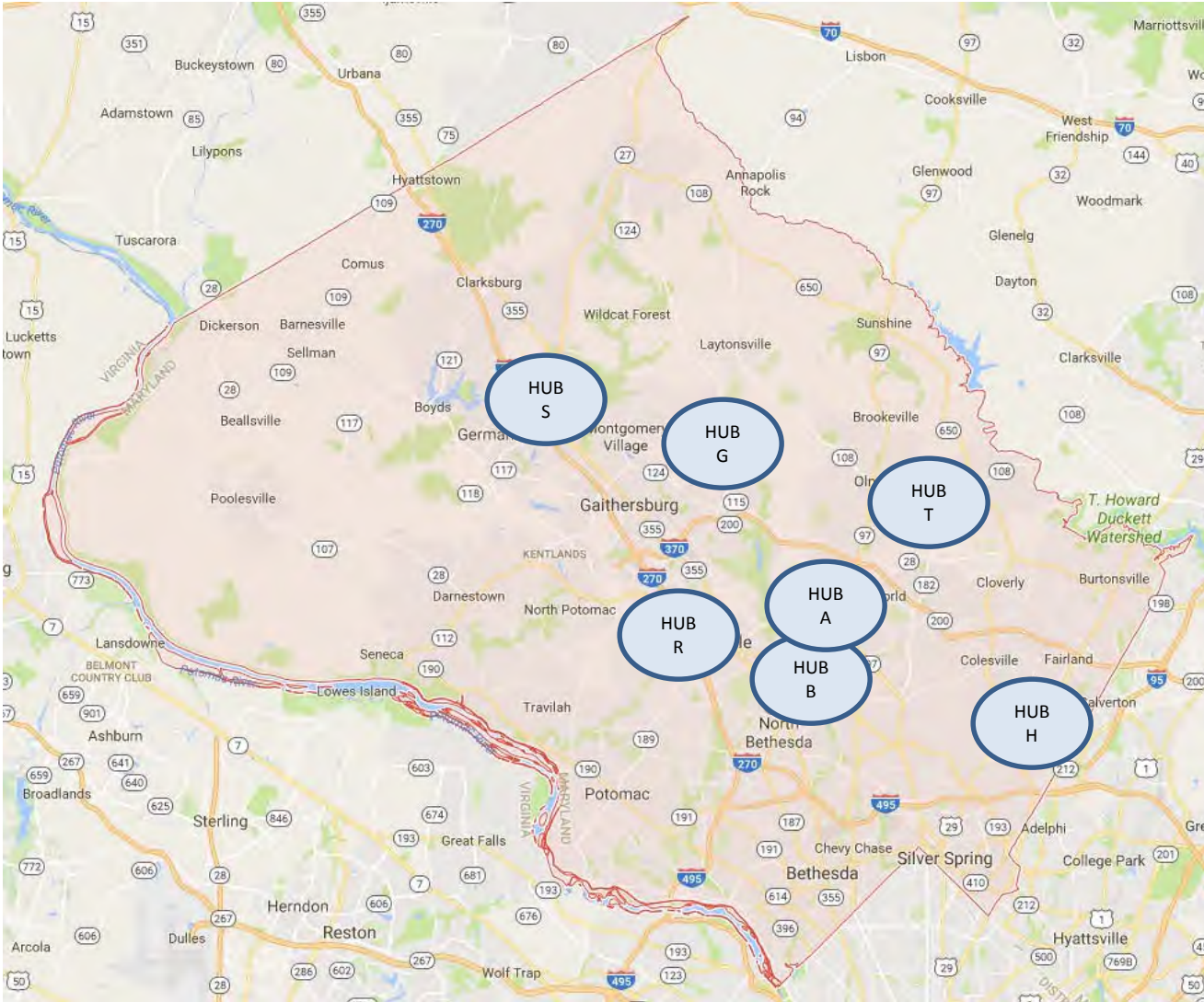


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# TPM Development Corporation



## Property & Submarket Snapshot:

- Consists of 59 scattered site units in MPDU II .
- 59 scattered site units across seven HUBS from Silver Spring to Damascus.

# TPM Development Corporation – FY19 Overview

## Background

- **1998** - Commission authorized and approved the creation of a wholly- controlled corporate instrumentality known as TPM Development Corporation (the "Corporation").
- **1999** - Board approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission.
- **2015** - HOC drew funds from its PNC \$90 million Real Estate Line of Credit to repay the outstanding FHA first mortgage as part of the interim refinancing plan approved by the Commission on May 6, 2015. Staff expects to present a recommendation to the Board which will retire all existing interim debt for all three properties.
- **2016** - The Board approved an amended renovation plan for Timberlawn Crescent to include additional exterior work and clubhouse renovations.
- **2017** – Renovations were completed at Pomander Court and Timberlawn Crescent. Both properties were refinanced and sold to the newly formed Timberlawn Pomander Properties, LLC. The only properties remaining in the Development Corporation are the 59 scattered site units in MPDU II.

## MPDU II

MPDU II contains 59 scattered site units that were acquired by HOC between 1986 and 1989. The units are located in Rockville, Silver Spring, Burtonsville, Germantown, Gaithersburg and Olney. The MPDUs consist of seven back-to-back units, five single family units and 47 townhouse units. No major renovation work is planned for the MPDU II units.

Unit Mix	Market	Affordable	Total
MPDU II	41	18	59
<b>Total Units</b>	<b>41</b>	<b>18</b>	<b>59</b>

# TPM Development Corporation – FY19 Overview

## Property Management

- Occupancy remains stable at this entity. With very little turnover, staff does not expect occupancy to significantly fluctuate during FY19.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
2%	97%	100%

## Maintenance

- The largest volume of work tickets was for general maintenance – plumbing (22%), hardware, drywall damage, etc. (21%) and appliances (16%).

Property	Total Work Orders CY17	Average Days to Close
MPDU II	427	10

## Capital Improvements

- There are no current capital improvement plans at MPDU II.

## Redevelopment/Refinancing

- A renovation plan for this entity will be presented to the Commission in FY2019.

# TPM Development Corporation – FY19 Budget Summary Consolidated

## TPM Dev Corp-MPDU II/59

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$869,813</b>	<b>\$845,267</b>	<b>\$803,691</b>	<b>\$831,648</b>	<b>\$806,268</b>
<b>Expenses:</b>					
Operating - Admin	\$235,381	\$222,823	\$190,953	\$200,911	\$225,399
Operating - Fees	\$6,927	\$7,627	\$7,477	\$7,407	\$7,080
Tenant & Protective Services	\$21,217	\$20,582	\$18,001	\$18,853	\$17,217
Taxes, Insurance & Utilities	\$25,753	\$28,001	\$25,683	\$25,776	\$27,597
Maintenance	\$141,184	\$170,596	\$166,173	\$132,553	\$126,816
<b>Subtotal - Operating Expenses</b>	<b>\$430,462</b>	<b>\$449,629</b>	<b>\$408,287</b>	<b>\$385,500</b>	<b>\$404,109</b>
<b>Net Operating Income (NOI)</b>	<b>\$439,351</b>	<b>\$395,638</b>	<b>\$395,404</b>	<b>\$446,148</b>	<b>\$402,159</b>
Debt Service	\$0	\$0	\$19,742	\$12,294	\$78,326
Debt Service Reserves	\$0	\$0	\$151,056	\$157,254	\$0
Replacement Reserves	\$17,700	\$17,700	\$17,700	\$17,700	\$17,702
<b>Development Corporation Fees</b>	<b>\$421,651</b>	<b>\$377,938</b>	<b>\$206,914</b>	<b>\$229,807</b>	<b>\$179,509</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,093</b>	<b>\$126,622</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$439,351</b>	<b>\$395,638</b>	<b>\$395,412</b>	<b>\$446,148</b>	<b>\$402,159</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8)</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$22,000	\$8,500	\$14,226	\$9,150	\$515
Windows and Glass	\$0	\$0	\$123	\$306	\$749
HVAC Supplies	\$0	\$5,000	\$0	\$0	\$0
Paint and Wallcoverings	\$0	\$0	\$0	\$1,764	\$4
Plumbing Equipment	\$0	\$0	\$0	\$0	\$0
Appliance Equipment	\$16,500	\$8,000	\$10,919	\$7,885	\$7,324
Plumbing Contracts	\$0	\$1,900	\$0	\$225	\$5,675
Windows/Glass Contracts	\$0	\$5,680	\$12,560	\$0	\$10,704
Roofing/Gutter Contracts	\$0	\$4,590	\$0	\$0	\$0
HVAC Contracts	\$22,000	\$55,000	\$5,700	\$13,596	\$1,582
Flooring/Carpet Contracts	\$27,500	\$16,000	\$21,865	\$17,306	\$28,306
Miscellaneous Contracts	\$0	\$0	\$15,000	\$55,115	\$2,196
<b>Total Capital Budget</b>	<b>\$88,000</b>	<b>\$117,170</b>	<b>\$96,411</b>	<b>\$117,515</b>	<b>\$76,377</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$421,651.
- Capital is budgeted at \$88,000.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for TPM Development Corporation by the Board of Directors.

**WHEREAS**, the TPM Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, by resolution at the June 23, 1999 Board of Directors meeting, the Corporation agreed to include the TPM Development Corporation annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for TPM Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by the TPM Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of TPM Development Corporation

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# VPC ONE CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

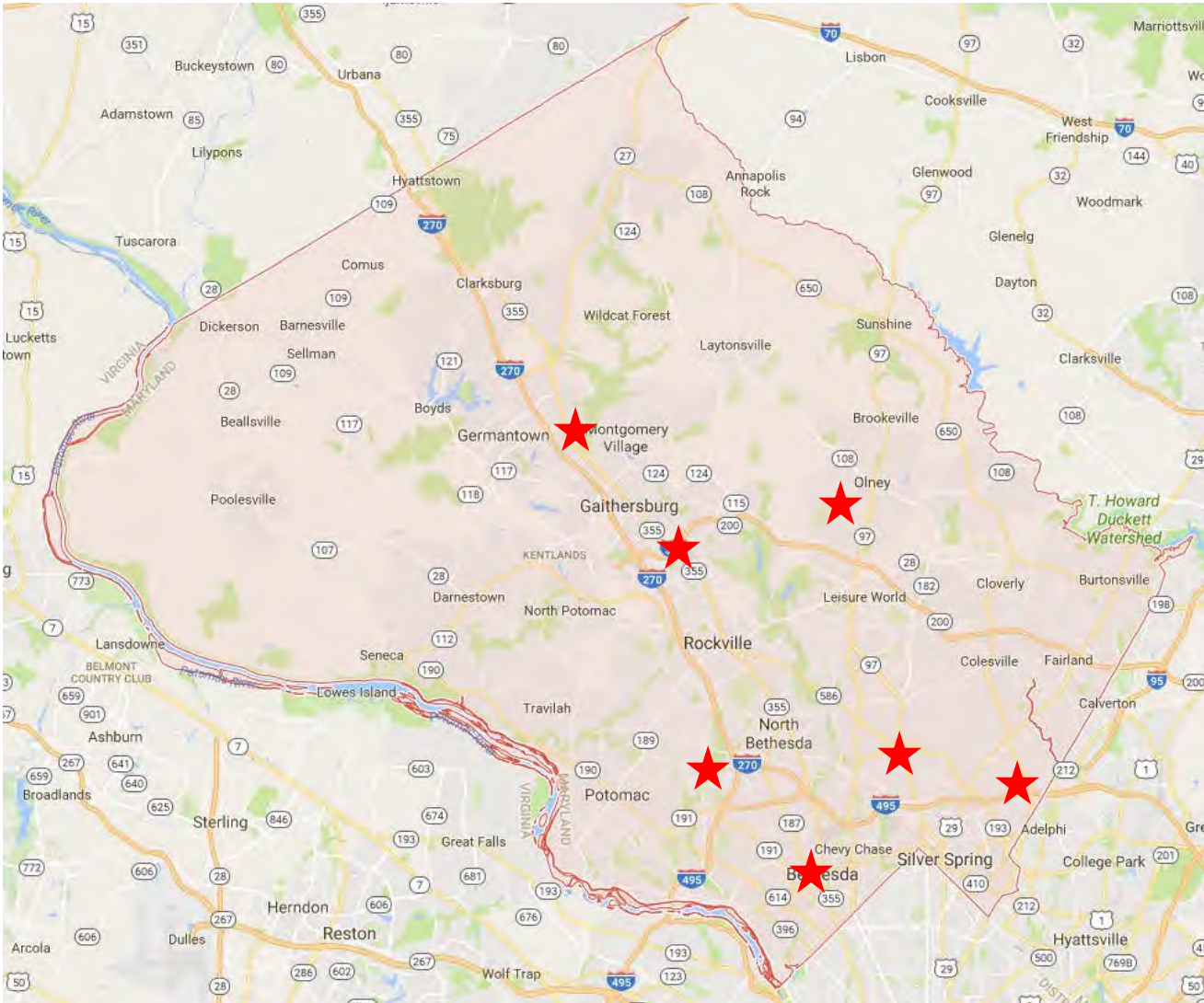


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# VPC One Corporation



## Property Snapshot:

- 399 units scattered across seven HUBS throughout Montgomery County.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 55 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, affordability of the remaining units is restricted to 80% of AMI. Eight market units were purchased by the corporation and do not share the same AMI restrictions.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

# VPC One Corporation – FY 2019 Overview

## Background

- **July 18, 2012** - Commission authorized and approved the establishment of VPC One Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 5, 2013** - Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of \$20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.
- **March 2, 2016** - HOC approved a revised development budget for both Corporations of \$41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit (\$60 million) with PNC Bank, N.A.
- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a \$65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately \$22 million.
- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of \$43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than \$35.4 million.
- **March 9, 2017** - The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for \$32,400,000.
- **November 17, 2017** – The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of \$60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of \$1,200 per unit.
- The Corporation’s annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	8	10	18
2BR	0	104	103
3BR	0	241	241
4BR	0	34	34
5BR	0	2	2
<b>Total Units</b>	<b>8</b>	<b>391</b>	<b>399</b>

The regulatory agreement restricts 55 units at or below 50% AMI and 336 units at or below 80% AMI.



# VPC One Corporation – FY 2019 Overview

## Property Management

- Occupancy remains stable at the VPC properties. An effort is underway to increase occupancy to 98%. Qualified applicants are being invited to attend a series of certification events hosted by property management.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
11%	88%	96%

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (33%), plumbing (19%) and appliances (16%).

Total Work Orders CY 2017	Average Days to Close
2,278	10

## Capital Improvements

- Budget includes replacement items identified by Maintenance Supervisor and the Asset Manager to include roofs, HVAC, flooring, and appliances.

## Redevelopment/Refinancing

- The property completed renovation work in 2017 and no further redevelopment or refinancing is being considered at this time.

# VPC One Corporation – FY 2019 Budget Summary

## VPC One Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$6,801,454</b>	<b>\$6,829,886</b>	<b>\$5,621,476</b>	<b>\$5,092,815</b>	<b>\$4,424,477</b>
<b>Expenses:</b>					
Operating - Admin	\$384,077	\$360,572	\$419,962	\$508,272	\$332,315
Operating - Fees	\$1,539,896	\$1,476,434	\$1,314,762	\$1,283,369	\$1,299,964
Tenant & Protective Services	\$132,457	\$127,077	\$117,476	\$118,519	\$112,842
Taxes, Insurance & Utilities	\$216,946	\$215,819	\$246,056	\$210,499	\$240,113
Maintenance	\$754,650	\$676,209	\$788,160	\$720,201	\$508,274
<b>Subtotal - Operating Expenses</b>	<b>\$3,028,026</b>	<b>\$2,856,111</b>	<b>\$2,886,416</b>	<b>\$2,840,860</b>	<b>\$2,493,508</b>
<b>Net Operating Income (NOI)</b>	<b>\$3,773,428</b>	<b>\$3,973,775</b>	<b>\$2,735,060</b>	<b>\$2,251,955</b>	<b>\$1,930,969</b>
Debt Service	\$1,491,211	\$2,214,831	\$428,371	\$261,381	\$61,661
Debt Service Reserves	\$828,707	\$0	\$2,180,546	\$1,552,166	\$0
Replacement Reserves	\$117,900	\$119,700	\$108,075	\$147,300	\$117,000
<b>Development Corporation Fees</b>	<b>\$1,335,610</b>	<b>\$1,367,693</b>	<b>\$18,068</b>	<b>\$291,108</b>	<b>\$893,063</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$271,551</b>	<b>\$0</b>	<b>\$0</b>	<b>\$859,245</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$3,773,428</b>	<b>\$3,973,775</b>	<b>\$2,735,060</b>	<b>\$2,251,955</b>	<b>\$1,930,969</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$0	\$0	\$660	\$7,405	\$485
Electrical Supplies	\$0	\$0	\$823	\$210	\$50
Appliance Supplies	\$0	\$0	\$115	\$65	\$2,042
Plumbing Supplies	\$0	\$0	\$458	\$2,271	\$734
Cleaning/Janitorial Supplies	\$0	\$0	\$6	\$0	\$0
Windows and Glass	\$0	\$0	\$76	\$0	\$665
Doors	\$0	\$0	\$3,320	\$0	\$669
Hardware Supplies	\$0	\$0	\$285	\$92	\$87
HVAC Supplies	\$0	\$0	\$0	\$0	\$736
Flooring and Carpeting	\$0	\$0	\$984	\$4,867	\$2,082
Paint and Wallcoverings	\$0	\$0	\$0	\$0	\$4
Miscellaneous Supplies	\$0	\$0	\$131	\$143	\$0
Plumbing Equipment	\$0	\$0	\$0	\$3,800	\$4,548
HVAC Equipment	\$0	\$0	\$12,068	\$3,796	(\$2,906)
Appliance Equipment	\$14,550	\$0	\$19,197	\$25,585	\$15,025
Tools	\$0	\$0	\$0	(\$96)	\$0
Electrical Contracts	\$0	\$0	\$950	\$1,083	\$880
Appliance Contracts	\$0	\$0	\$900	\$0	\$7,340
Plumbing Contracts	\$0	\$0	\$575	\$15,360	\$5,245
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$680	\$3,555	\$6,921
Windows/Glass Contracts	\$0	\$0	\$0	\$2,595	\$575
Roofing/Gutter Contracts	\$35,000	\$0	\$0	\$6,679	\$5,522
HVAC Contracts	\$42,000	\$5,500	\$0	\$13,213	\$22,114
Flooring/Carpet Contracts	\$42,000	\$0	\$12,439	\$14,169	\$5,963
Paint/Wallcovering Int. Cont.	\$0	\$0	\$0	\$4,132	\$470
Paint/Wallcovering Ext. Cont	\$0	\$0	\$1,600	\$5,160	\$606
Asphalt/Concrete Contracts	\$0	\$0	\$5,298	\$0	\$0
Miscellaneous Contracts	\$0	\$62,500	\$5,406	\$4,781	\$1,920
<b>Total Capital Budget</b>	<b>\$133,550</b>	<b>\$68,000</b>	<b>\$65,971</b>	<b>\$118,865</b>	<b>\$81,777</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$1,335,610.
- Capital is budgeted at \$133,550.
- DSCR is 2.45.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for VPC One Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for VPC One by the Board of Directors.

**WHEREAS**, the VPC One Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation conducted its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 VPC One Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for VPC One Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by VPC One Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of VPC One Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of VPC One Corporation

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# VPC TWO CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

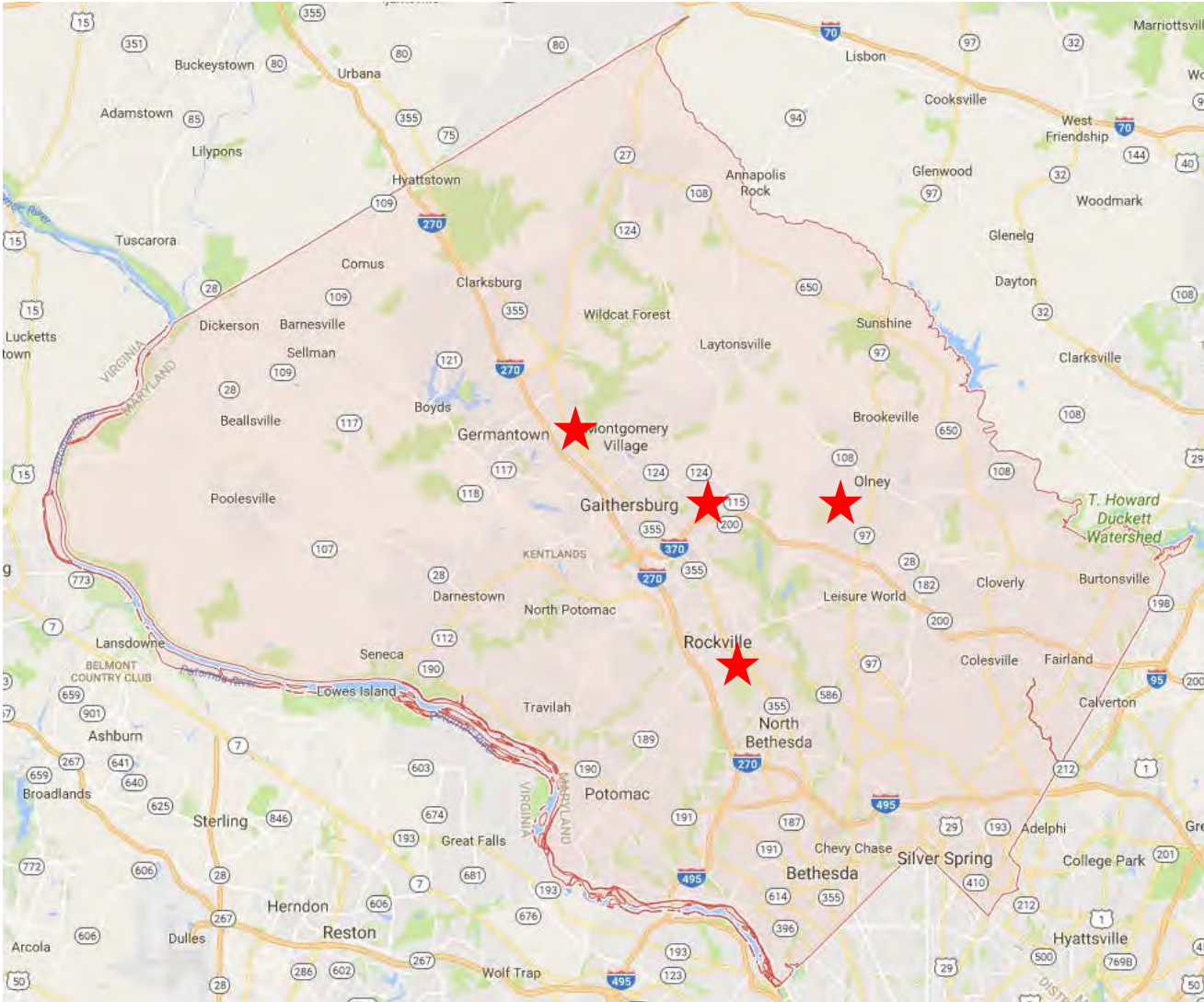


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# VPC Two Corporation



## Property Snapshot:

- 280 units scattered across four HUBs throughout Montgomery County from Olney to Damascus.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 58 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

# VPC Two Corporation – FY 2019 Overview

## Background

- **August 7, 2013** - Commission authorized and approved: the establishment of VPC Two Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 5, 2013** - Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of \$20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.
- **March 2, 2016** - HOC approved a revised development budget for both Corporations of \$41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit (\$60 million) with PNC Bank, N.A.
- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a \$65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately \$22 million.
- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of \$43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than \$35.4 million.
- **March 9, 2017** - The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for \$32,400,000.
- **November 7, 2017** – The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of \$60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of \$1,200 per unit.
- The Corporation’s annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	0	15	15
2BR	0	37	37
3BR	0	192	192
4BR	0	35	35
5BR	0	1	1
<b>Total Units</b>	<b>0</b>	<b>280</b>	<b>280</b>

The regulatory agreement restricts 58 units at or below 50% AMI and 222 units at or below 80% AMI.

# VPC Two Corporation – FY 2019 Overview

## Property Management

- Occupancy remains stable at the VPC properties. An effort is underway to increase occupancy to 98%. Qualified applicants are being invited to attend a series of certification events hosted by property management.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
11%	88%	96%

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (36%), appliances (15%), and plumbing (14%).

Total Work Orders CY 2017	Average Days to Close
1,762	8

## Capital Improvements

- Budget includes replacement items identified by Maintenance Supervisor and the Asset Manager to include roofs, HVAC, flooring, and appliances.

## Redevelopment/Refinancing

- The property completed renovation work in 2017 and no further redevelopment or refinancing is being considered at this time.

# VPC Two Corporation – FY 2019 Budget Summary

## VPC Two Development Corporation FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$4,576,620</b>	<b>\$4,703,465</b>	<b>\$4,012,294</b>	<b>\$3,271,164</b>	<b>\$2,691,747</b>
<b>Expenses:</b>					
Operating - Admin	\$305,897	\$286,630	\$327,301	\$322,754	\$174,883
Operating - Fees	\$892,978	\$856,167	\$737,929	\$765,291	\$779,331
Tenant & Protective Services	\$93,078	\$85,799	\$73,582	\$94,612	\$76,825
Taxes, Insurance & Utilities	\$132,233	\$172,489	\$159,696	\$195,785	\$205,123
Maintenance	\$532,181	\$547,220	\$596,583	\$668,699	\$396,295
<b>Subtotal - Operating Expenses</b>	<b>\$1,956,367</b>	<b>\$1,948,305</b>	<b>\$1,895,091</b>	<b>\$2,047,141</b>	<b>\$1,632,457</b>
<b>Net Operating Income (NOI)</b>	<b>\$2,620,253</b>	<b>\$2,755,160</b>	<b>\$2,117,203</b>	<b>\$1,224,023</b>	<b>\$1,059,290</b>
<b>Debt Service</b>	<b>\$1,044,000</b>	<b>\$1,599,604</b>	<b>\$138,023</b>	<b>\$17,224</b>	<b>\$5,286</b>
<b>Debt Service Reserves</b>	<b>\$580,189</b>	<b>\$0</b>	<b>\$1,458,600</b>	<b>\$1,084,980</b>	<b>\$0</b>
<b>Replacement Reserves</b>	<b>\$84,000</b>	<b>\$84,000</b>	<b>\$77,000</b>	<b>\$83,700</b>	<b>\$83,700</b>
<b>Development Corporation Fees</b>	<b>\$912,064</b>	<b>\$899,109</b>	<b>\$443,580</b>	<b>\$38,119</b>	<b>\$680,759</b>
<b>Excess Cash Flow Restricted</b>	<b>\$0</b>	<b>\$172,447</b>	<b>\$0</b>	<b>\$0</b>	<b>\$289,545</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$2,620,253</b>	<b>\$2,755,160</b>	<b>\$2,117,203</b>	<b>\$1,224,023</b>	<b>\$1,059,290</b>
<b>NET INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$0	\$0	\$0	\$3,757	\$137
Electrical Supplies	\$0	\$0	\$209	\$138	\$172
Appliance Supplies	\$0	\$0	\$153	\$21	\$1,137
Plumbing Supplies	\$0	\$0	\$651	\$882	\$740
Cleaning/Janitorial Supplies	\$0	\$0	\$0	(\$500)	\$0
Grounds/Landscaping Sup.-Cap.	\$0	\$0	\$0	\$1,300	\$0
Health and Safety Materials	\$0	\$0	\$0	(\$3,498)	\$0
Locks, Keys	\$0	\$0	\$0	\$40	\$0
Windows and Glass	\$0	\$0	\$66	\$4,136	\$0
Doors	\$0	\$0	\$1,648	\$984	\$874
Roofing Materials	\$0	\$0	\$0	(\$1,000)	\$0
Hardware Supplies	\$0	\$0	\$146	(\$63)	\$58
HVAC Supplies	\$0	\$0	\$0	(\$243)	\$925
Flooring and Carpeting	\$0	\$0	\$0	\$4,125	\$1,997
Paint and Wallcoverings	\$0	\$0	\$0	\$1,433	\$834
Miscellaneous Supplies	\$0	\$0	\$118	\$46	\$0
Electrical Equipment	\$0	\$0	\$0	(\$1,064)	\$0
Plumbing Equipment	\$0	\$0	\$0	\$2,150	(\$850)
HVAC Equipment	\$0	\$0	\$2,557	\$3,378	\$1,582
Appliance Equipment	\$0	\$0	\$2,787	\$10,295	\$8,050
Tools	\$0	\$0	\$0	(\$79)	\$0
Maintenance Equipment	\$0	\$0	\$0	\$0	\$1,410
Plumbing Contracts	\$0	\$0	\$5,930	\$10,030	\$9,168
Cleaning/Janitorial Contracts-Cap.	\$0	\$0	\$0	(\$471)	\$0
Grounds/Landscaping Contr-Cap.	\$0	\$0	\$2,600	\$1,200	\$0
Windows/Glass Contracts	\$0	\$0	\$0	\$2,305	\$790
Roofing/Gutter Contracts	\$20,000	\$0	\$7,400	\$14,970	\$0
HVAC Contracts	\$24,000	\$0	\$0	\$11,916	\$250
Flooring/Carpet Contracts	\$24,500	\$0	\$5,492	\$6,065	\$3,354
Paint/Wallcovering Int. Cont.	\$0	\$0	\$915	\$550	\$980
Paint/Wallcovering Ext. Cont	\$0	\$0	\$0	\$3,500	\$0
Fencing Contracts	\$0	\$0	\$8,160	(\$2,776)	\$500
Asphalt/Concrete Contracts	\$0	\$0	\$6,360	\$5,914	\$580
Miscellaneous Contracts	\$0	\$30,000	\$0	\$690	\$1,795
<b>Total Capital Budget</b>	<b>\$68,500</b>	<b>\$30,000</b>	<b>\$45,192</b>	<b>\$80,131</b>	<b>\$34,483</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$912,064.
- Capital is budgeted at \$68,500.
- DSCR is 2.43.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for VPC Two Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY' 19 Operating and Capital Budgets for VPC Two Corporation by the Board of Directors.



**WHEREAS**, the VPC Two Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation conducted its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation has entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 VPC Two Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018; and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for VPC Two Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by VPC Two Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of VPC Two Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of VPC Two Corporation

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# WHEATON METRO DEVELOPMENT CORPORATION

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

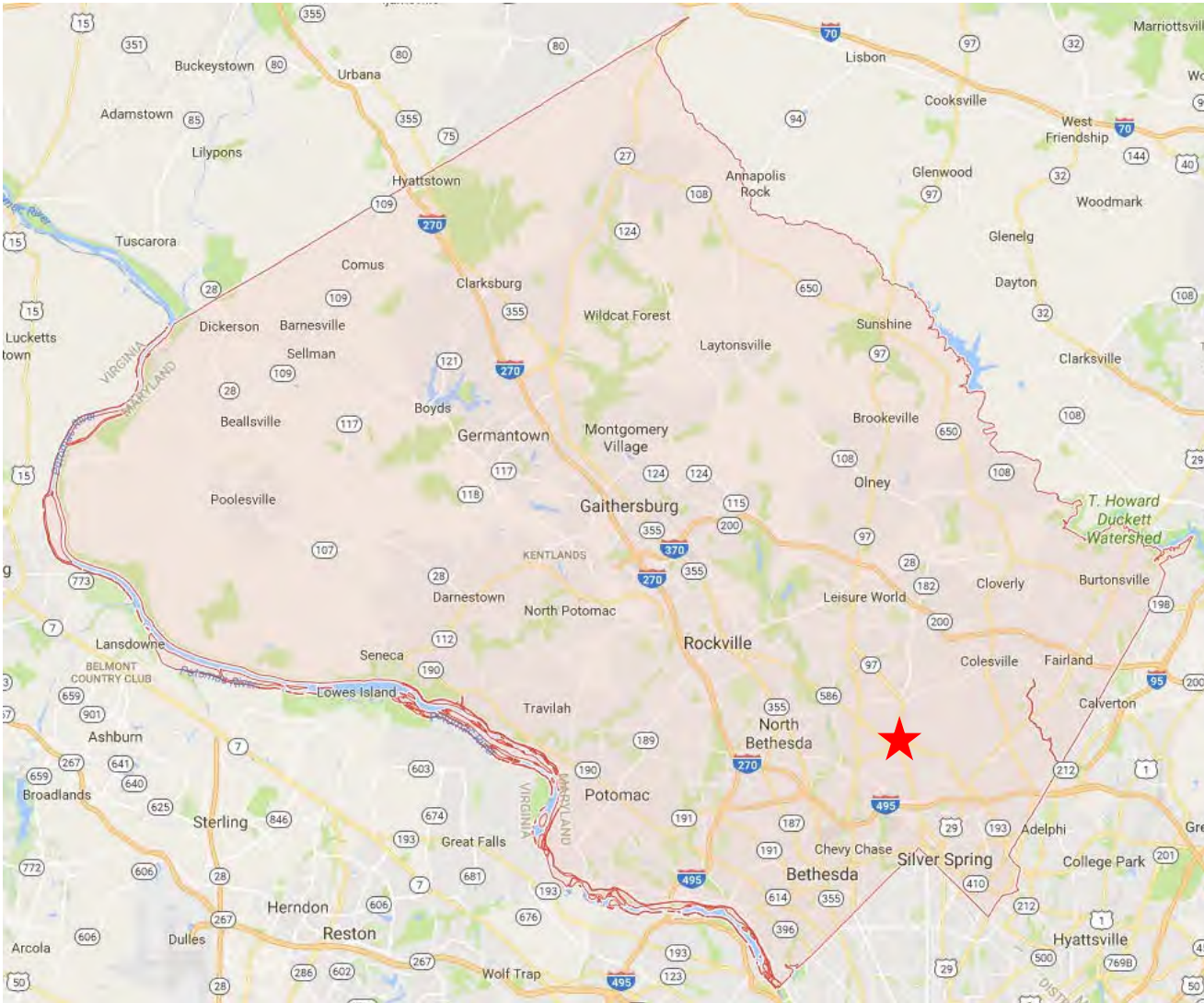


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Wheaton Metro Development Corporation



## Property Snapshot:

- Located in Silver Spring.
- Constructed in 2008.
- Situated on top of a metro station and close to shopping and restaurants.
- Amenities include a Fitness Center, Business Center, Club Room, Garage Parking, Onsite Retail.

# Wheaton Metro Development Corporation – FY 2019 Overview

## Background

- **2003** – Commission authorized the creation of a wholly controlled corporate instrumentality known as Wheaton Metro Development Corporation and adopted By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers .
- **May 2005** - Commission authorized the establishment of Wheaton Metro Limited Partnership in which HOC is the general partner for the apartment facility, certain retail space and a parking garage above the Wheaton Metro station.
- **March 1, 2007** - A condominium was created and 120 units, the retail space and parking garage were transferred to the Corporation pursuant to a Contract of Sale.
- **December 31, 2010** - Corporation executed the Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.
- Wheaton Metro consists of 173 units distributed as follows:
  - 53 tax credit units owned by Wheaton Metro LP with HOC as the General Partner.
  - 120 units owned by Wheaton Metro Development Corporation.



11175 Georgia Avenue, Silver Spring, MD 20902  
 Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Total	Affordable	Market
1BR	85	34	119
2BR	34	16	50
3BR	1	3	4
<b>Total Units</b>	<b>120</b>	<b>53</b>	<b>173</b>

The regulatory agreement restricts 53 units at or below 50% AMI, 18 of which are Project Based Section 8 units.

# Wheaton Metro Development Corporation – FY 2019 Update

## Property Management

- Despite robust competition in the market, MetroPointe has remained competitive and retained stabilized occupancy of 95%. Yieldstar is used as a tool to maintain occupancy at/above 95%. The turnover rate has been historically high, however the comparative market experiences the same turnover rate at an average of 50%.

Turnover Rate	Avg. Occupancy FY 2017	Current Occupancy
49%	95%	95%

## Maintenance

- The largest volume of work tickets for CY2017 were related to lighting and electrical (22%) appliances (8%) followed by general maintenance –hardware, drywall damage, flooring, etc. (18%).

Total Work Orders CY 2017	Average Days to Close
387	2

## Capital Improvements

- The Capital Budget includes funding for replacement of carpeting and other typical turnover-related expenses. Replacement of 24 HVAC units annually is planned to phase out the R22 units over the next five years.

## Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for MetroPointe.

# Wheaton Metro Development Corporation – FY 2019 Budget Summary

## Metropointe Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$2,694,817</b>	<b>\$2,536,566</b>	<b>\$2,513,815</b>	<b>\$2,477,948</b>	<b>\$2,577,998</b>
<b>Expenses:</b>					
Operating - Admin	\$259,210	\$254,917	\$250,991	\$232,802	\$218,174
Operating - Fees	\$109,455	\$98,287	\$95,203	\$97,692	\$103,725
Tenant & Protective Services	\$32,930	\$27,807	\$22,593	\$24,935	\$30,460
Taxes, Insurance & Utilities	\$141,584	\$145,644	\$121,040	\$116,162	\$126,873
Maintenance	\$257,428	\$300,356	\$211,202	\$245,246	\$233,894
<b>Subtotal - Operating Expenses</b>	<b>\$800,607</b>	<b>\$827,011</b>	<b>\$701,029</b>	<b>\$716,837</b>	<b>\$713,126</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,894,210</b>	<b>\$1,709,555</b>	<b>\$1,812,786</b>	<b>\$1,761,111</b>	<b>\$1,864,872</b>
Debt Service	\$1,948,948	\$1,951,227	\$1,953,406	\$1,955,490	\$1,957,482
Replacement Reserves	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Asset Management Fees	\$8,680	\$8,680	\$8,680	\$8,680	\$8,680
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,987,628</b>	<b>\$1,989,907</b>	<b>\$1,992,086</b>	<b>\$1,994,170</b>	<b>\$1,996,162</b>
<b>NET INCOME</b>	<b>(\$93,418)</b>	<b>(\$280,352)</b>	<b>(\$179,300)</b>	<b>(\$233,059)</b>	<b>(\$131,290)</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Kitchen and Bath Supplies	\$0	\$0	\$264	\$351	\$291
Doors	\$0	\$0	\$4,778	\$0	\$0
Flooring and Carpeting	\$0	\$5,100	\$14,175	\$0	\$0
HVAC Equipment	\$0	\$1,836	\$0	\$380	\$0
Appliance Equipment	\$4,000	\$3,570	\$56	\$893	\$745
Maintenance Equipment	\$4,000	\$0	\$0	\$0	\$0
Miscellaneous Equipment	\$0	\$3,060	\$0	\$1,365	\$1,215
Electrical Contracts	\$10,000	\$0	\$0	\$0	\$0
Plumbing Contracts	\$1,500	\$0	\$0	\$0	\$0
Roofing/Gutter Contracts	\$5,000	\$0	\$0	\$0	\$0
HVAC Contracts	\$72,000	\$0	\$0	\$0	\$0
Flooring/Carpet Contracts	\$30,000	\$15,300	\$10,006	\$28,096	\$30,791
Paint/Wallcovering Ext. Cont	\$45,800	\$0	\$0	\$0	\$0
Asphalt/Concrete Contracts	\$43,300	\$5,100	\$0	\$1,085	\$0
Miscellaneous Contracts	\$0	\$29,070	\$12,438	\$12,209	\$8,143
<b>Total Capital Budget</b>	<b>\$215,600</b>	<b>\$63,036</b>	<b>\$41,717</b>	<b>\$44,379</b>	<b>\$41,185</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- The property's \$93.418 operating deficit will be funded with a draw from the Agency's General Fund Operating Reserve.
- Capital is budgeted at \$215,600.
- DSCR is 0.96.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Wheaton Metro Development Corporation were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Board of Directors.

**RESOLUTION NO. 18-001<sub>WM</sub>**

**RE: Wheaton Metro Development Corporation Annual Meeting, Election of Officers and Adoption of FY'19 Operating and Capital Budgets**

**WHEREAS**, the Wheaton Metro Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

**WHEREAS**, the Corporation held its Annual Meeting and elected officers on June 6, 2018; and

**WHEREAS**, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

**WHEREAS**, the Corporation entered into an Asset Management Agreement with the Commission; and

**WHEREAS**, the FY'19 the Wheaton Metro Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

**WHEREAS**, the FY'19 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on April 18, 2018 and

**WHEREAS**, the Commissioners also constitute the Directors of the Corporation; and

**WHEREAS**, the Corporation has reviewed the FY'19 Operating and Capital Budgets for Wheaton Metro Development Corporation and wishes to approve them.

**NOW, THEREFORE, BE IT RESOLVED** by Wheaton Metro Development Corporation that:

1. The Corporation approves the FY'19 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 6, 2018.

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Secretary to the Board of Wheaton Metro Development Corporation

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## **Annual Meeting for Damascus Gardens Development Corporation**

June 6, 2018

- Damascus Gardens Development Corporation was formed in August 1979.
- The purpose of the Corporation is “to engage in and assist in the development of low income housing and will be determined by HUD to constitute a “Public Housing Agency” within the meaning of Section 3(6) of the United States Housing Act of 1937”.
- The bonds and all financing related to the project, Damascus Gardens Apartments, are now retired.
- Since there are no more financial ties to the project and the Corporation has no other purpose, the Corporation should be dissolved.



M E M O R A N D U M

**TO:** Board of Directors of Damascus Gardens Development Corporation

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Jim Atwell, Internal Auditor                      Ext. 9426

**RE:** Approval of Dissolution of Damascus Gardens Development Corporation

**DATE:** June 6, 2018

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**STATUS:** Consent\_\_\_ Deliberation   X   Status Report\_\_\_ Future Action\_\_\_

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**OVERALL GOAL & OBJECTIVE:**

To approve dissolution of Damascus Gardens Development Corporation.

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**BACKGROUND:**

On August 29, 1979, HOC formed Damascus Gardens Development Corporation (Corporation), a nonprofit, non-stock corporation. As stated in the By-laws, the purpose of the Corporation is “to engage in and assist in the development of low income housing and will be determined by HUD to constitute a “Public Housing Agency” within the meaning of Section 3(6) of the United States Housing Act of 1937”.

In October of 1979, the Corporation issued, sold, and delivered \$4,090,700 aggregate principal amount of construction mortgage revenue limited obligation notes for the Damascus Gardens Project. Additionally, \$4,439,400 aggregate principal amount of mortgage revenue limited obligation bonds was issued. The purpose of these transactions was to make a mortgage loan to provide interim and permanent financing of the cost of constructing a 104-unit housing project for persons and families of low income to be owned by Damascus Gardens Associates.

On December 3, 1980, a Housing Assistance Payments (HAP) contract was entered into between the Housing Opportunities Commission (HOC) and Damascus K Partnership (Owner), with a contract term of 20 years.

In 1981, the Corporation refinanced the original issuance resulting in the Corporation issuing a Mortgage Revenue Limited Obligation Bond (\$4,090,700).

On October 6, 1998, the Corporation defeased the mortgage and purchased an instrument which is pledged to the bonds. The result of the defeasance was that Mortgage Revenue Limited Obligation was issued in the amount of \$3,810,000 and the Corporation received 100% of the bond fund residuals, which totaled \$1,049,095. The Mortgage Revenue Limited Obligation was issued in Damascus Gardens Development Corporation’s name. The Obligations

were retired in August 2017, and, as such, there is no need for Development Corporation to remain open.

Since there is no need to keep the Corporation open, staff recommends dissolving the Corporation.

The defeasance account funds are currently maintained in HOC's Opportunity Housing Reserve Fund. The balance as of March 31, 2018 was \$620,990.

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of Damascus Gardens Development Corporation wish to dissolve the Corporation?

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**PRINCIPALS:**

The Board of Directors of Damascus Gardens Development Corporation.

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**BUDGET IMPACT:**

None.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the dissolution of Damascus Gardens Development Corporation at its May 22, 2018 meeting. For Board action at the June 6, 2018 annual meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends the Board of Directors dissolve Damascus Gardens Development Corporation at its June 6, 2018 annual meeting.

**WHEREAS**, Damascus Gardens Development Corporation was formed in August 1979;  
and

**WHEREAS**, the purpose of the Corporation is to engage in and assist in the development  
of low income housing; and

**WHEREAS**, the bonds and all financing related to the project, Damascus Gardens  
Apartments, the Corporation assisted are now retired; and,

**WHEREAS**, there are no more financial ties to the project and the Corporation has no  
other purpose,

**NOW, THEREFORE, BE IT RESOLVED** by the Damascus Gardens Development  
Corporation, that the Corporation be dissolved.

**I, HEREBY, CERTIFY** that the forgoing resolution was adopted by the Board of Directors  
of Damascus Gardens Development Corporation at a meeting conducted on Wednesday, June  
6, 2018.

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Secretary to the Board of Damascus Gardens Development Corporation

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# Limited Partnership Meeting

# BROOKSIDE GLEN LIMITED PARTNERSHIP

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## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS

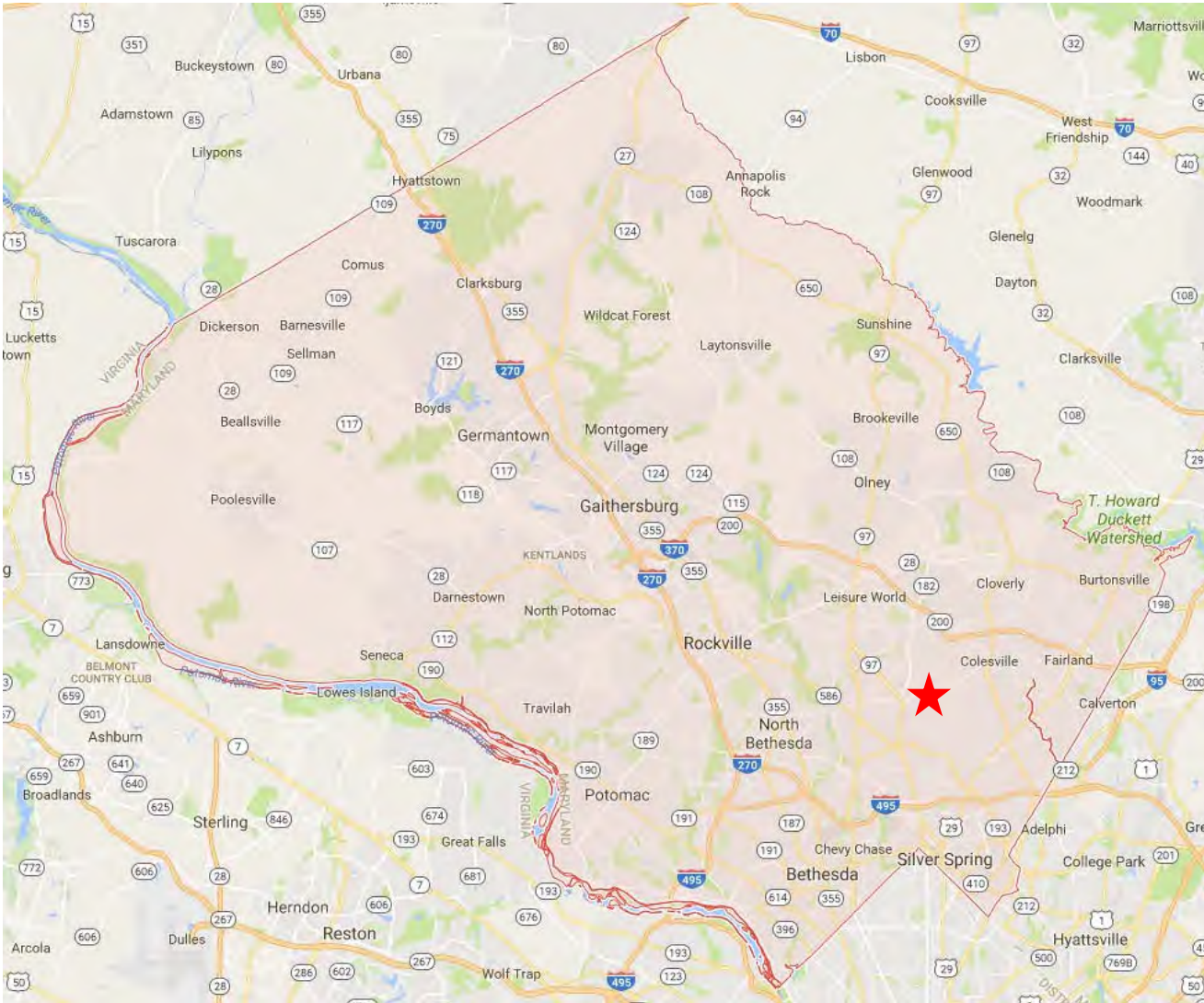


Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance



# Brookside Glen Limited Partnership



## Property Snapshot:

- Located in Wheaton, Maryland.
- Constructed in 1995; comprehensive renovation completed in 2015.
- Garden-style community with 84 townhome style units and six 2-BR flats.
- Amenities include a Club Room, Washer/Dryer in the Unit, Free Onsite Parking, Decks/Patios, and a Business Center.

# Brookside Glen Limited Partnership – FY 2019 Overview

## Background

- **June 20, 2003** - Commission established Brookside Glen Limited Partnership (the “Partnership”).
  - HOC, as limited partner, owns 99.9% of the partnership interest.
  - Brookside Glen Apartments Development Corporation, as general partner, owns .1% of the interest in the Partnership.
- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.
- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **June 20, 2003** – Partnership authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year. The Partnership also approved a resolution that allowed for the incorporation of the Brookside Glen annual budget preparation and presentation into the HOC budget process.



2399 Jones Lane, Wheaton, MD 20902  
Manager: Avison Young

Unit Mix	Market	Affordable	Total
2BR	24	31	55
3BR	21	14	35
<b>Total Units</b>	<b>45</b>	<b>45</b>	<b>90</b>

Home Regulatory Agreement dated June 23, 1994 requires restricted income/rents for 20 units at 55% of area median and 5 units at 50% of area median. DHCD Regulatory Agreement dated May 24, 1994 restricts the income/rent of 20 units at 40% of the median income.

# Brookside Glen Limited Partnership – FY 2019 Update

## Property Management

- Property received an 83b on the REAC Inspection on October 5, 2017.
- The property recently implemented a pet policy which has had a positive impact on leasing. The property is developing a no smoking policy based on resident survey.
- Property occupancy has remained stable with low turnover rates in comparison to its competitors.

Turnover	Avg. Occupancy CY 2017	Current Occupancy
18%	96.7%	97.3%

## Capital Improvements

- The property will use capital reserves to replace carpet, appliances and HVAC equipment as needed during unit turnover. The parking lot has some areas that will need to be resurfaced to address potholes that have been exacerbated from snow removal.

## Maintenance

- The largest volume of work tickets for CY2017 was for plumbing (30%), followed by appliances (16%), electrical (16%), Carpentry (10%), and HVAC (6%).
- The property has identified window concerns with frames, balances and seals. Staff will perform a comprehensive survey to see if this will need to be considered a capital investment.

Total Work Orders CY 2017	Average Days to Close
724	3

## Redevelopment/Refinancing

- There are no further plans underway for redevelopment or refinancing for Brookside Glen. A comprehensive renovation was completed in 2015.



# Brookside Glen Limited Partnership – FY 2019 Budget Summary

## Brookside Glen Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$1,638,043</b>	<b>\$1,554,266</b>	<b>\$1,535,264</b>	<b>\$1,556,043</b>	<b>\$1,459,181</b>
<b>Expenses:</b>					
Operating - Admin	\$151,449	\$213,766	\$171,700	\$214,915	\$226,282
Operating - Fees	\$59,039	\$84,420	\$60,841	\$77,823	\$71,855
Tenant & Protective Services	\$18,600	\$15,403	\$6,548	\$12,592	\$14,077
Taxes, Insurance & Utilities	\$141,757	\$146,442	\$132,438	\$140,917	\$150,114
Maintenance	\$226,746	\$205,297	\$221,134	\$179,016	\$207,954
<b>Subtotal - Operating Expenses</b>	<b>\$597,591</b>	<b>\$665,328</b>	<b>\$592,661</b>	<b>\$625,263</b>	<b>\$670,282</b>
<b>Net Operating Income (NOI)</b>	<b>\$1,040,452</b>	<b>\$888,938</b>	<b>\$942,603</b>	<b>\$930,780</b>	<b>\$788,899</b>
Debt Service	\$498,797	\$499,888	\$500,929	\$501,924	\$502,863
Operating Reserves	\$16,248	\$16,248	\$16,250	\$16,250	\$16,250
Replacement Reserves	\$97,488	\$95,112	\$90,576	\$86,268	\$78,420
Asset Management Fees	\$101,750	\$96,910	\$67,750	\$67,750	\$70,180
<b>Excess Cash Flow Restricted</b>	<b>\$326,169</b>	<b>\$180,780</b>	<b>\$267,098</b>	<b>\$258,588</b>	<b>\$121,186</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$1,040,452</b>	<b>\$888,938</b>	<b>\$942,603</b>	<b>\$930,780</b>	<b>\$788,899</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$2,400	\$0	\$875	\$0	\$0
Kitchen and Bath Supplies	\$0	\$0	\$4,332	\$0	\$0
Doors	\$1,200	\$0	\$0	\$0	\$0
Electrical Equipment	\$0	\$0	\$522	\$0	\$0
Plumbing Equipment	\$7,200	\$0	\$0	\$0	\$0
HVAC Equipment	\$2,400	\$5,059	\$1,714	\$4,640	\$0
Appliance Equipment	\$8,400	\$13,058	\$12,072	\$8,924	\$1,720
Tools	\$2,400	\$0	\$0	\$0	\$0
Plumbing Contracts	\$0	\$0	\$18,594	\$0	\$0
Grounds/Landscaping Contr-Cap.	\$0	\$10,710	\$0	\$19,109	\$8,583
Flooring/Carpet Contracts	\$26,400	\$27,480	\$24,072	\$12,366	\$23,677
Asphalt/Concrete Contracts	\$62,000	\$5,100	\$0	\$4,998	\$13,757
Miscellaneous Contracts	\$0	\$40,000	\$2,487	\$46,792	\$39,843
Security System	\$24,000	\$0	\$0	\$0	\$0
<b>Total Capital Budget</b>	<b>\$136,400</b>	<b>\$101,407</b>	<b>\$64,668</b>	<b>\$96,829</b>	<b>\$87,580</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$326,169 and will be restricted to the property.
- Capital is budgeted at \$136,400.
- DSCR is 1.89.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Brookside Glen Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Board of Directors.

**WHEREAS**, Brookside Glen Apartments Development Corporation (“Corporation”) serves as the general partner of Brookside Glen Limited Partnership (“Partnership”), which owns and operates Brookside Glen (“Property”); and

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the limited partner of the Partnership; and

**WHEREAS**, the Partnership must approve an annual budget which provides a sound financial and operating plan for operation of the Property; and

**WHEREAS**, the Corporation, in its capacity as the Partnership’s general partner, has reviewed the FY’19 Operating and Capital Budgets for Brookside Glen and wishes to approve them on behalf of the Partnership; and

**NOW, THEREFORE, BE IT RESOLVED** by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, that it hereby approves the FY’19 Operating and Capital Budgets for the Property.

**BE IT FURTHER RESOLVED** by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, that the Commission’s Executive Director, as the Corporation’s Secretary, is authorized and directed, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, at an annual meeting conducted on June 6, 2018.

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Secretary to the Board of Directors of  
Brookside Glen Apartments Development Corporation

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# DIAMOND SQUARE LIMITED PARTNERSHIP

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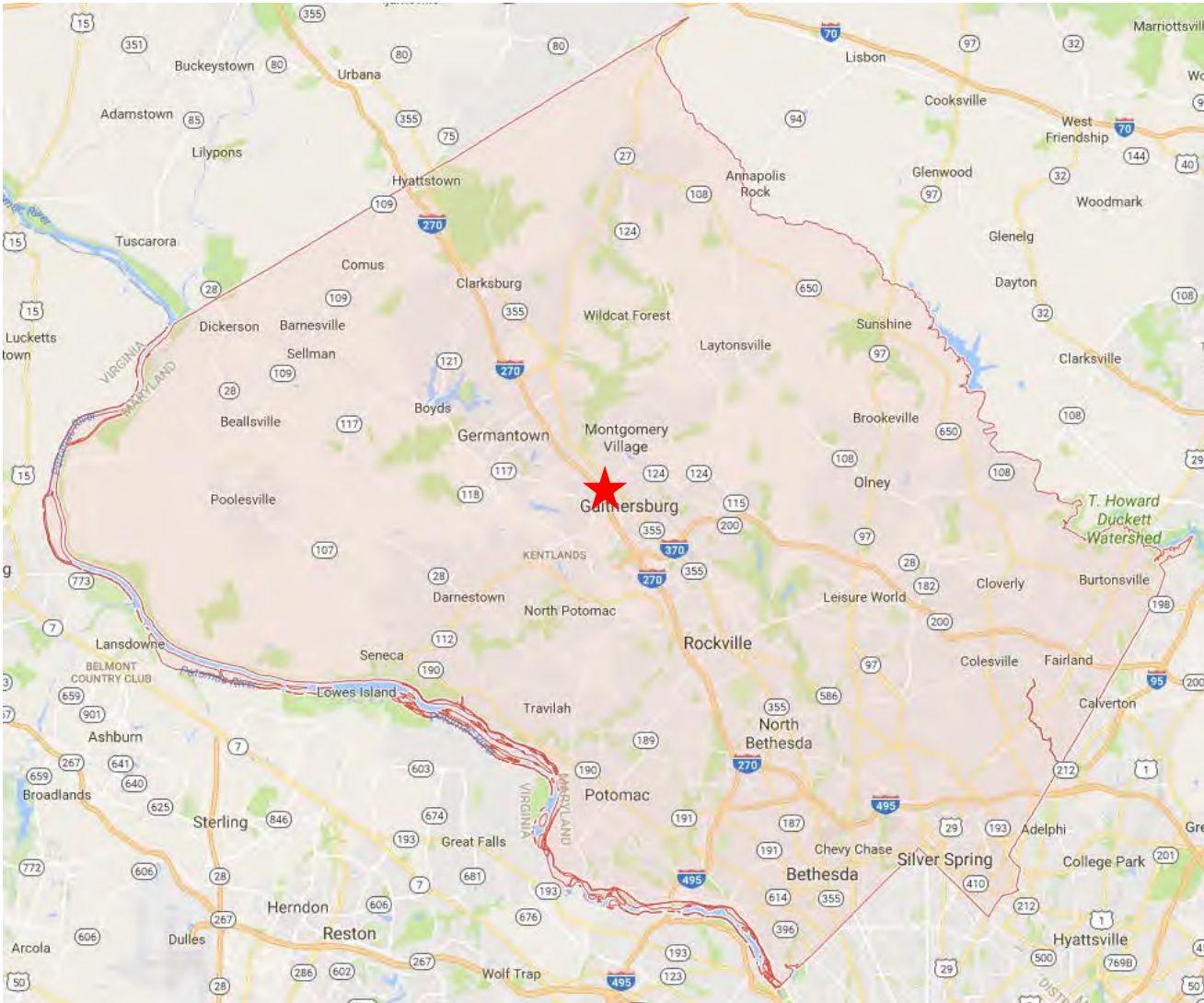
## ANNUAL MEETING AND ADOPTION OF FY 2019 OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management  
Real Estate  
Mortgage Finance  
Finance

# Diamond Square Limited Partnership



## Property Snapshot

- Located in Gaithersburg, Maryland.
- Five-story midrise constructed in 1985 as a Quality Inn Hotel.
- Renovated in 1991 to 120 single room occupancy units and two 1-BR units.
- Main Lobby, Offices, Community Room.

# Diamond Square Limited Partnership – FY 2019 Overview

## Background

- June 6, 1990** - Agreement executed with Montgomery County, the City of Gaithersburg, and the Housing Opportunities Commission (“HOC”) to jointly acquire the Quality Inn Hotel located in Gaithersburg. Per Agreement, Montgomery County assigned its contract to purchase the property to HOC. The City contributed \$500,000 for its share of the purchase price, with title to the property held by HOC.
- 2003** - Commission established Diamond Square Limited Partnership.
  - HOC, as limited partner, owns 99.9% of the partnership interest.
  - Diamond Square Development Corporation, as general partner, owns .1% of the interest in the Partnership.
- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.
- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.



80 Bureau Dr, Gaithersburg, 20878  
 Manager : Avison Young

Unit Mix	Market	Affordable	Total
Studio	41	81	122
1BR	2	0	2
<b>Total Units</b>	<b>43</b>	<b>81</b>	<b>124</b>

The regulatory agreement restricts 41 units at or below 50% AMI, and the Partnership Rental Housing Program (PRHP) loan restricts 40 units at or below 45% of state median income.

# Diamond Square Limited Partnership – FY 2019 Update

## Property Management

- The property operates under guidance from the Board of Governance (BOG) which consists of one representative from Montgomery County, the City of Gaithersburg, and HOC.
- Property occupancy remains very high. Leasing strategies include direct marketing to local businesses and employers.
- Asset Manager recommends the following: Marketing unfurnished units instead of furnished to reduce expenses. Survey taken indicates this action will have little to no impact on new leases. Adding Diamond Square to the REAL Estate Development pipeline for unit renovation and with a focus on energy cost reduction.

Turnover Rate	Avg. Occupancy CY 2017	Current Occupancy
36%	99%	100%

## Capital Improvements

- The Capital Budget anticipates renovations of units upon turnover. This will include new kitchen cabinets, countertops, appliances, and expanding the kitchen area to include a full size refrigerator. In addition, funds have been identified to upgrade the elevators.

## Maintenance

- The majority of service requests in CY2017 were for plumbing (33%), HVAC (23%), electrical (14%) and appliances (9%).

Total Work Orders CY 2017	Average Days to Close
543	1

## Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Diamond Square.

# Diamond Square Limited Partnership – FY 2019 Budget Summary

## Diamond Square Development Corporation

FY 2019 Operating and Capital Budgets

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Total Revenue</b>	<b>\$1,367,635</b>	<b>\$1,328,416</b>	<b>\$1,288,101</b>	<b>\$1,255,134</b>	<b>\$1,186,371</b>
<b>Expenses:</b>					
Operating - Admin	\$230,896	\$202,592	\$191,396	\$185,987	\$190,487
Operating - Fees	\$68,456	\$66,780	\$63,899	\$62,940	\$60,871
Tenant & Protective Services	\$10,836	\$7,594	\$66,165	\$100,200	\$88,134
Taxes, Insurance & Utilities	\$247,542	\$255,464	\$236,576	\$245,814	\$187,532
Maintenance	\$237,072	\$262,904	\$244,231	\$235,290	\$222,456
<b>Subtotal - Operating Expenses</b>	<b>\$794,802</b>	<b>\$795,334</b>	<b>\$802,267</b>	<b>\$830,231</b>	<b>\$749,480</b>
<b>Net Operating Income (NOI)</b>	<b>\$572,833</b>	<b>\$533,082</b>	<b>\$485,834</b>	<b>\$424,903</b>	<b>\$436,891</b>
Debt Service	\$117,904	\$118,186	\$118,449	\$118,702	\$118,944
Operating Reserves	\$19,920	\$19,920	\$19,920	\$19,920	\$19,920
Replacement Reserves	\$107,708	\$103,563	\$99,585	\$95,754	\$92,071
Asset Management Fees	\$23,820	\$23,130	\$22,460	\$22,460	\$21,810
<b>Excess Cash Flow Restricted</b>	<b>\$303,481</b>	<b>\$268,283</b>	<b>\$225,420</b>	<b>\$168,067</b>	<b>\$184,146</b>
<b>Subtotal - Expenses Below NOI</b>	<b>\$572,833</b>	<b>\$533,082</b>	<b>\$485,834</b>	<b>\$424,903</b>	<b>\$436,891</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	FY 2019 Proposed Budget	FY 2018 Amended Budget	FY 2017 Actuals	FY 2016 Actuals	FY 2015 Actuals
<b>Capital Budget:</b>					
Computer Equipment	\$1,200	\$0	\$0	\$0	\$1,188
Kitchen and Bath Supplies	\$156,000	\$122,400	\$0	\$0	\$0
Grounds/Landscaping Sup.-Cap.	\$0	\$0	\$0	\$1,308	\$0
Doors	\$4,800	\$1,938	\$1,110	\$0	\$540
Miscellaneous Supplies	\$5,400	\$20,318	\$8,828	\$11,315	\$5,485
HVAC Equipment	\$14,000	\$10,588	\$8,762	\$4,937	\$15,761
Appliance Equipment	\$14,700	\$23,562	\$6,376	\$8,511	\$4,590
Tools	\$1,800	\$0	\$1,111	\$431	\$2,276
Miscellaneous Equipment	\$0	\$0	\$1,331	\$4,526	\$2,452
Grounds/Landscaping Contr-Cap.	\$0	\$5,100	\$0	\$0	\$0
Flooring/Carpet Contracts	\$20,800	\$9,945	\$15,355	\$13,828	\$13,226
Elevator Contracts	\$275,000	\$0	\$0	\$0	\$0
Asphalt/Concrete Contracts	\$4,000	\$0	\$48,815	\$4,326	\$0
Miscellaneous Contracts	\$0	\$0	\$388,575	\$42,804	\$36,607
<b>Total Capital Budget</b>	<b>\$497,700</b>	<b>\$193,851</b>	<b>\$480,263</b>	<b>\$91,986</b>	<b>\$82,125</b>

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 3.1%; the County Executive's voluntary rent guideline is 3.1%.
- Market rents will be increased by 3.1% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$303,481, all of which is restricted.
- Capital is budgeted at \$497,700.
- DSCR is 3.94.

## Time Frame

The FY'19 Adopted Operating and Capital Budgets for Diamond Square Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on April 18, 2018. Board action is requested at the June 6, 2018 meeting.

## Budget Impact

The FY'19 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY'19 Operating and Capital Budgets for Diamond Square Limited Partnership by the Board of Directors.

**WHEREAS**, Diamond Square Development Corporation (“Corporation”) serves as the general partner of Diamond Square Limited Partnership (“Partnership”), which owns and operates Diamond Square (“Property”); and

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the limited partner of the Partnership; and

**WHEREAS**, the Partnership requires an annual budget which provides a sound financial and operating plan for operation of the Property; and

**WHEREAS**, the Corporation, in its capacity as the Partnership’s general partner, has reviewed the FY’19 Operating and Capital Budgets for Diamond Square and wishes to approve them on behalf of the Partnership.

**NOW, THEREFORE, BE IT RESOLVED** by the Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, that it hereby approves the FY’19 Operating and Capital Budgets for the Property.

**BE IT FURTHER RESOLVED** by the Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, that the Commission’s Executive Director, as the Corporation’s Secretary, is authorized and directed, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, at an annual meeting conducted on June 6, 2018.

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Secretary to the Board of Directors of  
Diamond Square Apartments Development Corporation

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# Consent Items

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

May 2, 2018

18-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, May 2, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

**Present**

Jackie Simon, Chair  
Richard Y. Nelson, Jr., Vice Chair  
Edgar Rodriguez, Chair Pro Tem  
Margaret McFarland  
Linda Croom  
Pamela Byrd  
Roy Priest

**Also Attending**

Stacy L. Spann, Executive Director  
Gail Willison  
Fred Swan  
Victoria Dixon  
Ethan Cohen  
Melody Stanford  
Rita Harris  
Zachary Marks  
Jim Atwell  
Pedro Martin  
Marcus Ervin  
Cornelia Kent  
Lauren Jackson  
Christina Autin  
Ian Hawkins

Nowelle Ghahhari, General Counsel  
Joan McGuire  
Eugenia Pascual  
Shauna Sorrells  
Kayrine Brown  
Ellen Goff  
Lynn Hayes  
Bonnie Hodge  
Vivian Benjamin  
Garrett Jackson  
Jay Shephard  
Gio Kaviladze  
Leidi Reyes  
Arthur Tirskey  
Jennifer Arrington

**Resident Advisory Board**

Absent

**Commission Support**

Patrice Birdsong

**IT Support**

Irma Rodriguez  
Rony Joseph

**Guest**

Robert Dyer  
Lynn Pekkanen  
Laurel Hoa  
Meredith Wellington  
Ashwani Jain  
Harvey Matthews

**Guest Cont'd**

Marta Melga  
Marietta Williams  
Colleen Jones  
Del. Ana Sol Gutierrez  
Wendy Hestick  
Jo St. George  
Brandy Brody  
Bill Cook  
Jim McGee

The Consent Calendar was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

**I. CONSENT ITEMS**

- A. Approval of Minutes of April 4, 2018 regular meeting** - The minutes were approved as submitted.
- B. Approval of Minutes of April 4, 2018 Administrative Session** – The minutes were approved as submitted.
- C. Approval of Minutes of April 4, 2018 Special Administrative Session** – The minutes were approved as submitted.

**II. INFORMATION EXCHANGE**

**A. Executive Director Report**

- Executive Director Spann reported that there was nothing additional to add to his written report. He did point out a few calendar events during the month of May.

**B. Commissioner Exchange**

- Vice Chair Nelson welcomed Roy Priest, newest Commissioners to the Board. The County Executive appointment of Mr. Priest was confirmed April 24, 2018 by the County Council.

**C. Resident Advisory Board**

- Yvonne Caughman, Vice President of the Resident Advisory Board, was necessarily absent. No reported was given.

**D. Community Forum**

- Various Montgomery County political candidates along with community members addressed the Board expressing support of the preservation of the Moses African Cemetery.

- Mariette Williams, resident of Alexander House, address the Board concerning elevator issue. The Executive Director designated Property Management and Property Maintenance team to assist.
- Colleen Jones, resident of Bauer Park, addressed the Board concerning establishment of resident advisory board for Bauer Park. The Executive Director designated the Property Management team to assist.

### III. **ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS**

#### **A. Ratification of Action Taken in Administrative Session on April 4, 2018: Authorization for Executive Director to Execute a Purchase and Sale Agreement for the Acquisition of Residential Condominium Unit and Authorization to Form an Entity to which to Transfer the Condominium Unit**

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

#### **RESOLUTION: 18-25R**

#### **RE: Approval to Execute Purchase and Sales Agreement for Residential Condominium; Approval to Form New Entity to Acquire the Residential Condominium**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and 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 an Administrative Session duly called and held on April 4, 2018, with a quorum present, the Commission duly adopted Resolution 18-25AS, Commissioners Simon, Nelson, Rodriguez, McFarland, and Croom voting in approval, which approved the execution of a purchase and sales agreement for the acquisition of a residential condominium units, and the formation of a new entity to which to transfer those condominium units.

**WHEREAS**, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-25R and any action taken since April 4, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-25R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**B. Ratification of Action Taken in Special Administrative Session on April 6, 2018: Approval of a Permanent Financing Plan for Cider Mill Apartments (the “Property”), Including Related Actions to Effectuate the Financing; and Approval for MV Gateway LLC to Purchase the Property and Accept the Financing**

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

**RESOLUTION: 18-26R**

**RE: Approval of a Permanent Financing Plan for Cider Mill Apartments and Actions Related to Financing; Approval to Sell Cider Mill to MV Gateway LLC**

**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 Special Administrative Session duly called and held on April 6, 2018, with a quorum present, the Commission duly adopted Resolution 18-26AS, Commissioners Simon, Nelson, McFarland, and Byrd voting in favor, authorizing a permanent financing plan for Cider Mill Apartments and actions related to that financing, as well as the sale of Cider Mill Apartment to MV Gateway LLC; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-26R and any action taken since April 6, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-26R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

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

**1. Authorization to Write Off Bad Debt Related to the County Revolving Closing Cost Assistance Program Loans**

Kayrine Brown, Chief Investment and Real Estate Officer, and Jennifer Arrington, Assistant Director of Bond Management, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Croom, Byrd, and Priest. Commissioners Rodriguez and McFarland abstained.

**RESOLUTION: 18-27**

**Re: Authorization to Write Off Bad Debt Related to the County Revolving Closing Cost Assistance Program**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County is the administrator of the Montgomery County Revolving Closing Cost Assistance Program (RCCAP); and

**WHEREAS**, the Montgomery County Department of Housing and Community Affairs (DHCA) funds the RCCAP via the Montgomery County Housing Initiative Fund; and

**WHEREAS**, as of the first quarter of Fiscal Year 2018, twenty-six (26) closing cost loans aggregating \$126,469.59 are in default and should be deemed bad debt, given the low probability of collection; and

**WHEREAS**, DHCA has approved the request to write off this debt.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the 26 loans totaling \$126,469.59, as of the first quarter of Fiscal Year 2018, be declared bad debt and written off.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that staff will continue to pursue collections, and any funds recovered from these loans, will belong to the County, and will be requested of the County to return to the Program.

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

**1. Approval of Structure, Cost of Issuance Budget and Adoption of a Series Resolution for 2018 Series and 2018 Series B Single Family Mortgage Revenue Bonds for the Purpose of Issuing New Debt and Refunding Single Family Mortgage Revenue Bonds**

Kayrine Brown, Chief Investment and Real Estate Officer, and Jennifer Arrington, Assistant Director of Bond Management, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

**RESOLUTION: 18-28**

**Re: Approval of Structure, Cost of Issuance  
Budget and Adoption of Series Resolution  
for 2018 Series A and 2018 Series B  
Mortgage Revenue Bonds for the Purpose  
of Refunding Single Family Mortgage  
Revenue Bonds and the Issuance of New  
Debt**

**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 Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the “Bond Resolution”), a portion of which are currently outstanding; and

**WHEREAS**, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the “Single Family Program”); and

**WHEREAS**, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, Maryland first time homebuyers; and

**WHEREAS**, financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

**WHEREAS**, the Commission has determined to carry out the Single Family Program by issuing its 2018 Single Family Mortgage Revenue Bonds in one or more series beginning with 2018 Series A and 2018 Series B, and with each subsequent series, if any, to follow in alphabetical order (collectively, the “2018 Bonds”) in a total aggregate principal amount not to exceed \$40,000,000; and

**WHEREAS**, the use of Private Activity Volume Cap for new debt and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) will be required; and

**WHEREAS**, in connection with the proposed issuance of the 2018 Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolution to be adopted prior to the issuance of the 2018 Bonds (the "Series Resolution"), and the preliminary official statement to be provided to prospective purchasers of the 2018 Bonds (the "POS," and following the sale of the 2018 Bonds and the appropriate revisions reflecting the final pricing and terms of the 2018 Bonds, the "Official Statement");

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

**1. The 2018 Bonds.** The 2018 Bonds are authorized to be issued in a principal amount not to exceed \$40,000,000 (i) to refund and redeem certain bonds outstanding under the Bond Resolution, (ii) to make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), and (iii) if necessary, to fund certain required reserves.

**2. Approval of the Series Resolution and the Structure of the 2018 Bonds.** The 2018 Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution which have been provided to the Commission. The Commission hereby approves the current provisions of the Series Resolution and the structure of and the security for the 2018 Bonds set forth therein and in the POS. The Executive Director is hereby authorized to approve the final form of the Series Resolution, the POS and the Official Statement prior to the issuance of the 2018 Bonds.

**3. Commission Documents.** The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement and any such other documents and agreements to be prepared in connection with the issuance of the 2018 Bonds (the "Commission Documents") in such forms as shall be prepared and approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission and the Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

**4. Authorizing Ongoing Determinations under Commission Documents.** The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the 2018 Bonds as shall be set forth in the Commission Documents.

**5. Other Action.** The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the



“Authorized Representative”) are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2018 Bonds, (ii) for the refunding and redemption or repayment of prior bonds (the “Prior Bonds”), (iii) for the financing of new Mortgage Loans under the Single Family Program, (iv) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the POS, the Official Statement and any other financing documents relating to the issuance of the 2018 Bonds, and (v) for the entire period during which the 2018 Bonds are outstanding following the issuance thereof.

**6. Approval of Allocation of Volume Cap.** The Commission approves the allocation of approximately \$30,106,000 of Private Activity Volume Cap to complete the transaction.

**7. Approval of Cost of Issuance.** The Commission approves the cost of issuance budget in an amount up to \$550,000 to be incurred by the Commission in connection with the issuance of the 2018 Bonds.

**8. Appointment of Financial Advisor and Bond Counsel.** 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 2018 Bonds.

**9. 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 the furtherance of the issuance and sale of the 2018 Bonds, the refunding and redemption of the Prior Bonds and the financing of newly originated Mortgage Loans approved hereby and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

**10. Severability.** If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

**11. Effective Date.** This resolution shall take effect immediately.

**2. Approval of Preliminary Development Plans and Predevelopment Funding for the Recapitalization of Shady Grove Apartments, Georgian Court Apartments, and Stewartown Homes**

Kayrine Brown, Chief Investment and Real Estate Officer, and Marcus Ervin, Housing Acquisitions Manager, were the presenters.

The following resolution was adopted upon a motion by Commissioner Priest and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

**RESOLUTION: 18-29**

**RE: Approval of Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes**

**WHEREAS**, Georgian Court Apartments consists of 147 garden apartments built in 1976 and located upon a 6.7 acre parcel in Silver Spring; Shady Grove Apartments consists of 144 garden apartments built in 1980 and located upon two parcels totaling 11.87 acres in Derwood; and Stewartown Homes built in 1977 consists of 94 townhome units and located upon three parcels totaling 15 acres (collectively the "Properties"); and

**WHEREAS**, Shady Grove Apartments is wholly-owned by the Housing Opportunities Commission (HOC) and Georgian Court Apartments and Stewartown Homes are owned by existing Limited Partnerships ("LP") for Low Income Housing Tax Credit (LIHTC) purposes, and are in the process of being repurchased by HOC; and

**WHEREAS**, with the exception of ongoing capital improvements there have been no major renovations to the buildings within the last ten years; and

**WHEREAS**, Commission staff have formulated a plan to renovate and improve the Properties in order to maximize their life, public purpose and financial contribution to HOC, from re-syndicating Shady Grove Apartments, Georgian Court Apartments and Stewartown Homes; and

**WHEREAS**, \$1,050,000 of predevelopment funds are needed to study renovation options and financing strategies for improving the Properties and may be funded from the Opportunity Housing Reserve Fund ("OHRF") or the PNC Bank, N.A. Real Estate Line of Credit ("RELOC"), which would be repaid to the OHRF or RELOC upon the refinancing and/or re-syndication of the Properties; and

**WHEREAS**, excess earnings (Excess Yield) over allowable full spread (1.5%) of approximately \$650,000, generated from the refunding of prior series of bonds issued in the 1996 Indenture must be rebated to the Internal Revenue Service ("IRS") or may be allocated to Georgian Court Limited Partnership as capital contribution or a loan and used to fund capital expenditures at the property; and

**WHEREAS**, staff will return to the Commission for approval of a Final Development and Financing Plan for the Properties.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the Preliminary Development Plan to renovate Shady Grove Apartments, Georgian Court Apartments and Stewartown Homes, and to provide an amount not to exceed \$1,050,000 either from the OHRF or the RELOC as determined by the

Executive Director, to fund a predevelopment budget, which amount shall be repaid to the OHRF or the RELOC upon refinancing and/or re-syndication of the Properties.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the withdrawal of Excess Yield proceeds from the 1996 Indenture in an amount not to exceed \$650,000 to fund upfront capital expenditures at Georgian Court Apartments in the form of a capital contribution or loan to the owner Limited Partnership.

**BE IT FURTHER RESOLVED** that a final development and financing plan that identifies sources of funds to fully finance all costs and repay all OHRF or the RELOC funds shall be presented to the Commission for consideration and final approval.

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

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The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

**RESOLUTION No: 18- 30**

**RE: Approval to withdraw from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) in an amount up to \$1,050,000 to fund the Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes**

**WHEREAS**, Georgian Court Apartments consists of 147 garden apartments built in 1976 and located upon a 6.7acre parcel in Silver Spring; Shady Grove Apartments consists of 144 garden apartments built in 1980 and located upon two parcels totaling 11.87 acres in Derwood; and Stewartown Homes built in 1977 consists of 94 townhome units and located upon three parcels totaling 15 acres (collectively the “Properties”); and

**WHEREAS**, Shady Grove Apartments is wholly-owned by the Housing Opportunities Commission (HOC) and Georgian Court Apartments and Stewartown Homes are owned by existing Limited Partnerships (“LP”) for Low Income Housing Tax Credit (LIHTC) purposes, and are in the process of being repurchased by HOC; and

**WHEREAS**, with the exception of ongoing capital improvements there have been no major renovations to the buildings within the last ten years; and

**WHEREAS**, Commission staff have formulated a plan to renovate and improve the Properties in order to maximize their life, public purpose and financial contribution to HOC, using LIHTC equity from the re-syndicating Georgian Court Apartments, Shady Grove Apartments and Stewartown Homes; and

**WHEREAS**, \$1,050,000 of predevelopment funds are needed to study renovation options and financing strategies for improving the Properties and may be funded from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) for a period of up to twelve (12) months, which would be repaid to the RELOC upon the refinancing and/or re-syndication of the Properties; and

**WHEREAS**, staff will return to the Commission for approval of a Final Development and Financing Plan for the Properties.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves a draw in an amount not to exceed \$1,050,000 from the RELOC for a term of 12 months to fund a predevelopment budget, which amount shall be repaid to the RELOC upon refinancing and/or re-syndication of the Properties.

**BE IT FURTHER RESOLVED** that a final development and financing plan that identifies sources of funds to fully finance all costs and repay all RELOC funds shall be presented to the Commission for consideration and final approval.

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

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

The open session adjourned at 5:22 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Special Session Minutes**

**May 18, 2018**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted on Friday, May 18, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 11:10 a.m. Those in attendance were:

**Present**

Richard Y. Nelson, Vice Chair  
Margaret McFarland

**Via Phone**

Pamela Byrd  
Roy Priest

**Absent**

Jackie Simon, Chair  
Edgar Rodriguez, Chair Pro Tem  
Linda Croom

**Also Attending**

Stacy Spann, Executive Director  
Kayrine Brown  
Jim Atwell  
Vivian Benjamin  
Kevin Seawright  
Hyunsuk Choi

Shauna Sorrells  
Zachary Marks  
Cornelia Kent  
Ellen Goff  
Ian Hawkins

**Commission Support**

Patrice Birdsong, Spec. Asst. to Commission

**I. CONSENT ITEMS**

**A. Approval of New Board Members to Serve on the Board of Town Center Apartments in Accordance with the By-Laws of the Corporation**

Melody Stanford, Asset Manager, was the presenter.

The foregoing resolutions were adopted upon a motion by Vice Chair Nelson and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Nelson, McFarland, Byrd, and

Priest. Commissioners Simon, Rodriguez and Croom were necessarily absent and did not participate in the vote.

**RESOLUTION: 18-36SS**

**RE: Approval of the Nomination of  
Sally Roman as Director to the Policy Board of  
Town Center Apartments, Inc.**

**WHEREAS**, the Policy Board of Town Center Apartments unanimously has nominated Sally Roman to fill as Director on the Policy Board of Town Center Apartment, Inc.; and

**WHEREAS**, the Commission is required, by Town Center Apartments bylaws, to approve nominees to the Policy Board of Town Center Apartments, Inc.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Sally Roman is hereby approved and appointed to serve on the Policy Board of Town Center Apartments, 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.

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**RESOLUTION: 18-37SS**

**RE: Approval of the Nomination of  
Shane Pollin as Director to the Policy Board of  
Town Center Apartments, Inc.**

**WHEREAS**, the Policy Board of Town Center Apartments unanimously has nominated Shane Pollin to fill as Director on the Policy Board of Town Center Apartment, Inc.; and

**WHEREAS**, the Commission is required, by Town Center Apartments bylaws, to approve nominees to the Policy Board of Town Center Apartments, Inc.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Shane Pollin is hereby approved and appointed to serve on the Policy Board of Town Center Apartments, 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.

**II. ITEMS REQUIRING DELIBERATION and/or ACTION**

- A. Adoption of a Resolution Supplementing and Amending Resolution 2018-28 for Approval of a Swap Novation for the Commission's 2018 Series A and 2018 Series B Mortgage Revenue Bonds**

Kayrine Brown, Chief Investment and Real Estate Officer, and Jennifer Arrington, Assistant Director of Bond Management, were the presenters.

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

**RESOLUTION: 18-38SS**

**RE: Adoption of a Resolution Supplementing and Amending Resolution 2018-28 for Approval of a Swap Novation for the Commission's 2018 Series A and 2018 Series B Mortgage Revenue Bonds**

**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 Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the "Bond Resolution"), a portion of which are currently outstanding; and

**WHEREAS**, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Single Family Program"); and

**WHEREAS**, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, Maryland first time homebuyers; and

**WHEREAS**, financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

**WHEREAS**, pursuant to Resolution 2018-28, adopted May 2, 2018, the Commission authorized the issuance of its Single Family Mortgage Revenue Bonds in one or more series beginning with 2018 Series A and 2018 Series B, and with each subsequent series, if any, to follow in alphabetical order (collectively, the "2018 Bonds") in a total aggregate principal amount not to exceed \$40,000,000; and

**WHEREAS**, pursuant to Resolution 2018-28, the 2018 Bonds are authorized to be issued in a principal amount not to exceed \$40,000,000 (i) to refund and redeem certain bonds outstanding under

the Bond Resolution (the “Refunded Bonds”), (ii) to make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), and (iii) if necessary, to fund certain required reserves; and

**WHEREAS**, the Commission previously entered into a swap agreement (the “Swap Agreement”) with Merrill Lynch Capital Services, Inc., successor to Merrill Lynch Derivatives Products AG in connection with certain variable rate Refunded Bonds to be refunded by a portion of the 2018 Bonds; and

**WHEREAS**, as presented to the Commission on the date of adoption of Resolution 201828, the Commission expects, and the Swap Provider has agreed, to novate and integrate the Swap Agreement (the “Swap Novation”) into the 2018 Bond transaction; and

**WHEREAS**, in connection with the Swap Novation, the Commission and the Swap Provider expect to amend the date on which the Commission can opt to terminate at par the original Swap Agreement, thereby reducing the fixed rate payable by the Commission under the Swap Novation; and

**WHEREAS**, to ensure compliance with the Commission’s protocol relative to derivative transaction management, the Commission desires to evidence approval of the Swap Novation pursuant to this Authorizing Resolution and to grant certain authorized officers of the Commission authority to finalize the terms of, and enter into, the Swap Novation;

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

- 1. *Approval of the Swap Novation.*** The Commission hereby approves the Swap Novation for the 2018 Bond transaction.
- 2. *Authorizing Ongoing Determinations under Commission Documents.*** The Executive Director and the Director of Mortgage Finance are hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the Swap Novation.
- 3. *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 the furtherance of the Swap Novation approved hereby and the execution, delivery and performance of any and all documents in connection therewith are in all respects approved and confirmed.
- 4. *Severability.*** If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.
- 5. *Supplement and Amendment of Resolution 2018-28.*** This resolution is intended



to supplement and amend Resolution 2018-28. Except as supplemented and amended hereby, all approvals and provisions of Resolution 2018-28 are hereby ratified, confirmed and approved in all respects.

**6. *Effective Date.*** This resolution shall take effect immediately.

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

The meeting adjourned at 11:20 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

# Administrative and Special Session Ratifications

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON  
MAY 2, 2018:**

**RATIFICATION OF ACTION AUTHORIZING APPROVAL OF LOAN TO  
FUND INITIAL DEPOSIT TO REPLACEMENT RESERVES FOR A SENIOR  
COMMUNITY**

**June 6, 2018**

- At an Administrative Session on May 2, 2018, the Commission adopted Resolution 18-32AS, which authorized a loan to fund the initial deposit to the replacement reserves for a senior community in Silver Spring, Maryland.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the May 2, 2018, Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commissioner wishes to ratify any action taken since the Executive Session with respect to the approved transaction.

**RESOLUTION No.: 18-32R**

**RE: Approval of Loan to Newly Formed Entity  
to Fund Initial Deposit to the Replacement  
Reserve for Senior Community**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission” or “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 financing for the construction of rental housing properties which provide a public purpose; and

**WHEREAS**, at an Administrative Session duly called and held on May 2, 2018, with a quorum present, the Commission duly adopted Resolution 18-32AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest voting in approval, which approved the granting of a loan to a newly formed entity to fund the initial deposit to the replacement reserves for a proposed senior community in Silver Spring, Maryland.

**WHEREAS**, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-32R and any action taken since May 2, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-32R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on June 6, 2018.

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

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON  
MAY 2, 2018:**

**APPROVAL TO EXECUTE AND ISSUE A BINDING COMMITMENT LETTER  
ALLOWING A GRANT FOR THE ACQUISITION OF LAND FOR A PROPOSED SENIOR  
COMMUNITY**

**June 6, 2018**

- At an Administrative Session on May 2, 2018, the Commission adopted Resolution 18-33AS which authorized the execution of an investment commitment letter allowing a grant for the acquisition of land for a proposed senior community in Damascus, Maryland.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the May 2, 2018, Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commissioner wishes to ratify any action taken since the Executive Session with respect to the approved transaction.

**Resolution 18-33R**

**Re: Approval to Execute the Investment  
Commitment Letter to Fund Acquisition of  
Land for Proposed Senior Community**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission” or “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 financing for the construction of rental housing properties which provide a public purpose; and

**WHEREAS**, at an Administrative Session duly called and held on May 2, 2018, with a quorum present, the Commission duly adopted Resolution 18-33AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest voting in approval, which approved the execution of an investment commitment letter allowing a grant for the acquisition of the land for a proposed senior community in Damascus, Maryland.

**WHEREAS**, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-33R and any action taken since May 2, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-33R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on June 6, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON  
MAY 2, 2018:**

**RATIFICATION OF ACTION AUTHORIZING THE EXECUTION OF PURCHASE AND SALE  
AGREEMENT FOR THE ACQUISITION OF REAL PROPERTY AND AUTHORIZING THE FUNDING OF  
THE ACQUISITION**

**June 6, 2018**

- At an Administrative Session on May 2, 2018, the Commission adopted Resolution 18-34AS, which authorizes the purchase of real property and the funding of the acquisition.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the May 2, 2018, Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commissioner wishes to ratify any action taken since the Executive Session with respect to the approved transaction.

**RESOLUTION: 18-34R**

**RE: Approval to Execute Purchase and Sale Agreement for Real Property and Approval to Fund Acquisition**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and 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 an Administrative Session duly called and held on May 2, 2018, with a quorum present, the Commission duly adopted Resolution 18-34AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest voting in approval, which approved the execution of a purchase and sale agreement for the acquisition of real property, and the funding of the acquisition.

**WHEREAS**, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-34R and any action taken since May 2, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-34R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on June 6, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission



**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON  
MAY 18, 2018:**

**APPROVAL TO AMEND THE INVESTMENT COMMITMENT LETTER TO FUND THE  
ACQUISITION OF LAND FOR PROPOSED MULTIFAMILY COMMUNITY**

**June 6, 2018**

- At an Administrative Session on May 18, 2018, the Commission adopted Resolution 18-35AS which authorized the execution of an amendment to an investment commitment letter allowing a grant that can be drawn upon at will for the acquisition of land for a proposed senior community in Damascus, Maryland.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the May 2, 2018, Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commissioner wishes to ratify any action taken since the Executive Session with respect to the approved transaction.

**Resolution 18-35R**

**Re: Approval to Amend the Investment  
Commitment Letter to Fund Acquisition of  
Land for Proposed Senior Community**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission” or “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 financing for the construction of rental housing properties which provide a public purpose; and

**WHEREAS**, at an Administrative Session duly called and held on May 18, 2018, with a quorum present, the Commission duly adopted Resolution 18-35AS, Commissioners Simon, Nelson, McFarland, Byrd, and Priest voting in approval, which approved the execution of an amendment to an investment commitment letter allowing a grant that can be drawn upon at will for the acquisition of the land for a proposed senior community in Damascus, Maryland.

**WHEREAS**, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-35R and any action taken since May 18, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-35R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on June 6, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

# Committee Reports and Recommendations for Action

# Budget, Finance & Audit Committee

## **ACCEPTANCE OF THIRD QUARTER FY'18 BUDGET TO ACTUAL STATEMENTS**

**June 6, 2018**

- The Agency ended the third quarter with a net cash deficit of \$399,032 which resulted in a third quarter budget to actual negative variance of \$2,615,745.
- The General Fund experienced delays in the receipt of anticipated fee income that were partially offset by savings in expenses.
- At the end of the third quarter, many 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 smaller than anticipated deficit 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 March 31, 2018 as a result of savings in expenses that were partially offset by lower administrative fees. The surplus will be restricted to the program.



## **DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS**

This review of the Budget to Actual Statements for the Agency through the third 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 Third Quarter Capital Budget to Actual Comparison.

The Agency ended the third quarter with a net cash deficit of \$399,032. This deficit resulted in a third quarter budget to actual negative variance of \$2,615,745 when compared to the anticipated third quarter net cash income of \$2,216,713. The primary cause was lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund).

### **Explanations of major variances by fund**

The General Fund consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of \$6,013,474 which resulted in a negative variance of \$186,490 when compared to the projected deficit of \$5,826,984.

As of March 31, 2018, income in the General Fund was \$419,175 less than budgeted. The FY'18 budget anticipated receipt of commitment and development fees totaling \$2,341,933 through the third quarter; however, delays in the receipt of fees from various development projects has 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 has reviewed the anticipated timing of the delayed fees and now anticipates receiving development fees from both Arcola Towers and Waverly House before June 30, 2018. The balance of the fees will be recognized in later years. These negative variances were partially offset by the interest income of \$1,287,211 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, N.A. (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 \$232,685 less than budgeted primarily as the result of savings in administrative salaries and benefits due to position vacancies and staff turnover, employee training costs, and lower Online Information Services and Computer Software expenses due to timing variances in the billing related to payments for the Custer Relations Management (CRM) system.

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 higher than budget due to higher payments. There are positive expense variances in both Bond Funds as a result of savings in salaries and 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 \$5,929,146 or \$1,247,785 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. Several 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 \$4,827,548 or \$2,349,383 below budget.



**Unrestricted Development Corporations**

	<b>(9 Months)</b>	<b>(9 Months)</b>		<b>(9 Months)</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Adjusted</u></b>
Alexander House .....	\$1,803,834	\$357,325	(\$1,446,509)	\$357,325
The Barclay .....	\$13,578	\$56,770	\$43,192 <sup>(1)</sup>	\$13,578
Glenmont Westerly .....	\$157,642	\$211,743	\$54,101 <sup>(1)</sup>	\$157,642
Magruder's Discovery .....	\$557,977	\$466,309	(\$91,668)	\$466,309
The Metropolitan .....	\$1,312,008	\$1,228,295	(\$83,713)	\$1,228,295
Montgomery Arms .....	\$310,926	\$293,114	(\$17,812)	\$293,114
TPM - 59 MPDUs .....	\$275,063	\$319,365	\$44,302 <sup>(1)</sup>	\$275,063
Paddington Square .....	\$321,173	\$439,970	\$118,797 <sup>(1)</sup>	\$321,173
TPP LLC Pomander Court .....	(\$22,574)	\$152,692	\$175,266 <sup>(1)</sup>	(\$22,574)
Pooks Hill High-Rise .....	\$382,729	\$387,466	\$4,737 <sup>(1)</sup>	\$382,729
Scattered Site One Dev. Corp. ....	\$281,170	\$100,400	(\$180,770)	\$100,400
Scattered Site Two Dev. Corp. ....	\$12,784	(\$39,793)	(\$52,577)	(\$39,793)
Sligo Development Corp. ....	\$47,681	\$18,635	(\$29,046)	\$18,635
TPP LLC Timberlawn .....	\$172,226	\$595,405	\$423,179 <sup>(1)</sup>	\$172,226
VPC One Corp. ....	\$840,113	\$738,419	(\$101,694)	\$738,419
VPC Two Corp. ....	\$504,522	\$742,546	\$238,024 <sup>(1)</sup>	\$504,522
<b>RAD 6 Total .....</b>	<b>\$206,079</b>	<b>(\$139,515)</b>	<b>(\$345,594)</b>	<b>(\$139,515)</b>
Ken Gar .....	\$31,877	\$21,335	(\$10,542)	\$21,335
Parkway Woods .....	\$40,654	\$19,510	(\$21,144)	\$19,510
Sandy Spring Meadow .....	\$29,832	\$3,323	(\$26,509)	\$3,323
Seneca Ridge .....	(\$76,476)	(\$235,335)	(\$158,859)	(\$235,335)
Towne Centre Place .....	\$43,483	\$51,258	\$7,775 <sup>(1)</sup>	\$43,483
Washington Square .....	\$136,709	\$394	(\$136,315)	\$394
<b>Subtotal</b>	<b>\$7,176,931</b>	<b>\$5,929,146</b>	<b>(\$1,247,785)</b>	<b>\$4,827,548</b>
<b>Recognizable Cash Flow</b>				<b>(\$2,349,383)</b>

**Notes:**

(1) - Properties exceeding budgeted cash flow.

**Alexander House** ended the quarter with a negative cash flow variance of \$1,446,509 primarily as a result of the high vacancy loss during renovations. Vacancy through the third quarter has averaged 48%. The FY'18 Amended Budget restricted all but \$500,000 of projected cash flow to allow for the uncertainties experienced during renovations and staff anticipates that the actual cash flow at year end may not be sufficient to provide the \$500,000 in unrestricted cash budgeted to support the Agency budget. **The Barclay** exceeded the budget by \$43,192 mainly due to lower vacancy loss and concessions coupled with savings in administrative staff costs and maintenance contracts. Cash flow for **Glenmont Westerly** was \$54,101 more than anticipated mostly driven by savings in administrative staff costs, utilities and maintenance supplies. **Magruder's Discovery** had a negative variance of \$91,668 mainly driven by higher staffing costs and maintenance expenses that exceeded budget as a result of required repairs based on the REAC inspection coupled with slightly lower rental income. The **Metropolitan** had a negative variance of

\$83,713 as a result of lower than anticipated corporate furniture rental and parking income coupled with higher vacancies as well as higher than anticipated maintenance and tenant bad debt expenses. **Montgomery Arms** had a negative variance of \$17,812 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 \$118,797 higher than anticipated as a result of lower concessions and vacancies coupled with savings in administrative staff costs, advertising and maintenance contracts. The savings in expenses were partially offset by higher utility and tenant bad debt expense. Cash flow for **Pomander Court** was \$175,266 higher than anticipated due to delay in financing which resulted in savings in debt service payments. **Scattered Site One Development Corporation** experienced a negative cash flow variance of \$180,770 mainly driven by lower rental income and slightly higher vacancies coupled with higher than anticipated maintenance expenses and tenant bad debt. **Scattered Site Two Development Corporation** experienced a negative cash flow variance of \$52,577 largely due to lower rental income and higher vacancies coupled with higher than anticipated administrative salaries, maintenance expenses. Cash flow at **Sligo Development Corporation** was \$29,046 lower than anticipated driven by higher vacancies coupled with higher maintenance expense. **TPP – LLC Timberlawn** exceeded budget by \$423,179 due to lower vacancies, savings in most operating expenses 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** has remained stable at 95% following the major lease-up efforts. Cash flow for **VPC one** was \$101,694 lower than anticipated in the third Quarter compared to a negative variance of \$161,781 through December. Although performance is improving, the positive impact of the higher occupancy at the property continues to be offset by the lower rents and higher concessions offered to increase occupancy. In addition, the property experienced an increase in administrative and maintenance costs to support the lease-up coupled with higher tenant bad debt. **VPC Two** had a positive cash flow variance of \$238,024 compared to \$132,966 at the end of second quarter. Similar to VPC One, income was slightly lower than budget due to the lower rents and concession utilized to increase occupancy beyond budgeted expectations. This property also experienced higher administrative, maintenance and tenant bad debt costs. 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 February resulting in savings in debt service payments at both properties.

For FY'18, the Agency budgeted to use 50% of the cash generated by the RAD 6 properties. The **RAD 6** properties ended the quarter with a negative variance of \$345,594 which consisted primarily of variances at **Seneca Ridge** and **Washington Square**. **Seneca Ridge** ended the quarter with a negative cash flow variance of \$158,859 mainly due to higher than anticipated vacancy coupled with greater than anticipated utility and maintenance costs. Cash flow for **Washington Square** was \$ 136,315 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 \$31,736 more than budgeted. **Glenmont Crossing** experienced a negative cash flow variance of \$68,708 due to lower utility reimbursements from tenants coupled with higher maintenance cost. The deficit experienced at **MetroPointe** was \$58,167 lower than anticipated due to higher rental income coupled with lower utility and maintenance costs. **The Oaks at Four Corners** had a positive cash flow of \$42,277 due to lower administrative maintenance, and tax expenses that were partially offset by lower rental income.

**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 \$1,034,445 or \$66,494 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 \$962,900 or \$138,039 below budget.

**Unrestricted Opportunity Housing Properties**

	<b>(9 Months)</b>	<b>(9 Months)</b>		<b>(9 Months)</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Adjusted</u></b>
64 MPDUs .....	\$61,369	\$54,090	(\$7,279)	\$54,090
Chelsea Towers .....	\$38,082	\$18,364	(\$19,718)	\$18,364
Fairfax Court .....	\$59,961	\$76,534	\$16,573 <sup>(1)</sup>	\$59,961
Holiday Park .....	\$27,046	\$25,858	(\$1,188)	\$25,858
Jubilee Falling Creek .....	\$7,465	\$11,679	\$4,214 <sup>(1)</sup>	\$7,465
Jubilee Hermitage .....	\$3,790	\$5,486	\$1,696 <sup>(1)</sup>	\$3,790
Jubilee Horizon Court ....	\$4,478	\$2,729	(\$1,749)	\$2,729
Jubilee Woodedge .....	\$6,738	\$7,766	\$1,028 <sup>(1)</sup>	\$6,738
McHome .....	\$96,120	\$91,079	(\$5,041)	\$91,079
McKendree .....	\$27,040	\$37,405	\$10,365 <sup>(1)</sup>	\$27,040
MHLP VII .....	\$117,258	\$61,631	(\$55,627)	\$61,631
MHLP VIII .....	\$119,850	\$113,728	(\$6,122)	\$113,728
MPDU 2007 Phase II .....	\$20,902	\$17,045	(\$3,857)	\$17,045
Pooks Hill Mid-Rise .....	\$178,687	\$198,609	\$19,922 <sup>(1)</sup>	\$178,687
Southbridge .....	\$53,417	\$15,959	(\$37,458)	\$15,959
Strathmore Court .....	\$278,736	\$296,483	\$17,747 <sup>(1)</sup>	\$278,736
<b>Subtotal</b>	<b>\$1,100,939</b>	<b>\$1,034,445</b>	<b>(\$66,494)</b>	<b>\$962,900</b>
			<b>Recognizable Cash Flow</b>	<b>(\$138,039)</b>

**Notes:**

(1) - Properties exceeding budgeted cash flow.

- A few properties in this portfolio experienced small negative income variances that were offset by savings in expenses. **64 MPDUs** ended the quarter with a negative cash flow variance of \$7,279 as a result of slightly higher vacancies coupled with small overages in administrative, utility and tenant bad debt expenses. **Chelsea Towers** experienced a \$19,718 negative cash flow variance mostly driven by lower rental income coupled with higher maintenance cost. **McHome** ended the quarter with a negative cash flow of \$5,041 which was a result of higher administrative and maintenance cost. **MHLP VII** experienced a \$55,627 negative cash flow variance mostly driven by higher vacancies and a \$45,555 PILOT payment that was not included in the budget. **MHLP VIII** ended the quarter with a negative cash flow of \$6,122 as a result of slightly lower rental income. In addition, the property experienced higher tenant bad debt expense that was more than offset by savings in administrative and maintenance expenses. **Southbridge** ended the quarter with a negative variance of \$37,458 which was mostly driven by lower rents and higher vacancy coupled with higher than anticipated utility and maintenance expenses. **Strathmore Court** ended the quarter with a positive cash flow variance of \$17,747 largely as a result of lower rental income and higher vacancies that were more than offset by 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 \$1,331,181 higher than budgeted for the quarter due mainly to the **Cider Mill Apartment Acquisition**. HOC acquired Cider Mill in February 2018. Due to the timing of the acquisition, the budget for this property was not developed in time for the FY'18 Second Quarter Budget Amendment. This is addressed in the third quarter budget amendment. If we remove the Cider Mill performance, the properties in this group will end the quarter at \$200,473 higher than budgeted. **The Ambassador**, which has been decommissioned, experienced \$175,087 in expenses mainly driven by utilities, plumbing contract expenses, maintenance expenses and taxes. There are sufficient reserves at the property to cover the costs. **Avondale Apartments** reported a negative cash flow variance of \$20,470 primarily attributable to a higher interest rate being paid on the Line of Credit (LOC) due to changes in the London Interbank Offered Rate (LIBOR) and higher than anticipated maintenance expenses. The negative variances were partially offset by lower vacancies and utility costs. **Greenhills Apartments** ended the quarter with negative cash flow variance of \$102,451 due to increased vacancy to support renovations coupled with higher tenant bad debt expense and continued debt service reserve contributions through September that will remain at fiscal end. **Manchester Manor** ended the quarter with negative cash flow of \$22,369 as a result of higher administrative and utility costs that were partially offset by greater than anticipated rental income. **Shady Grove** ended the quarter with negative cash flow of \$6,110 due to slightly higher administrative and utility costs. **State Rental Combined** had a negative cash flow variance of \$58,427 driven by lower rental income coupled with slightly higher than anticipated HOA fees, tenant bad debt expense and utilities. **Westwood Tower** ended the quarter with a positive cash flow variance of \$536,285. This variance was driven by lower vacancies and concessions coupled with savings in administrative, utility and

maintenance expenses. In addition, HOC purchased the property in December by paying off the master lease which has resulted in savings in debt service payments. **The Willows** ended the quarter with negative cash flow of \$26,999 largely due to higher administrative, water quality tax and insurance expenses.

#### The Public Fund (Attachment D)

- The Public Housing Rental Program ended the quarter with a deficit of \$112,289, which resulted in a positive variance of \$136,392 when compared to the projected shortfall of \$248,681. Income was \$143,435 more than budget largely due to the receipt of higher than anticipated operating subsidy. Several factors impacted the positive variance. The budget assumed an operating subsidy pro-ratio of 85%. We received 94.1% for the CY'17 and 90% for the first quarter of CY'18. 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 March that were more than offset by savings in utility costs. In addition, expenses throughout most major categories were slightly greater than anticipated at **Holly Hall**.
- The Housing Choice Voucher Program (HCVP) ended the quarter with a deficit of \$265,438 when compared to the projected shortfall of \$3,653,924. The deficit was comprised of Housing Assistance Payments (HAP) that exceeded HAP revenue by \$855,207 coupled with an administrative surplus of \$589,769. 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 \$261,466 that were slightly offset by revenue that was \$62,733 lower than anticipated. The savings in expenses were primarily due to salary and benefit lapse coupled with lower than anticipated management fee expenses.

#### 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 March 31, 2018, capital expenditures for the East Deer Park (EDP) location exceeded the annual budget. Some of these expenditures were erroneously included in the EDP operating budget expense categories. The expenditures will be funded from existing replacement reserves established for facilities related capital.

Several properties within the Opportunity Housing portfolio have exceeded their respective capital budgets by small amounts. There is sufficient property reserves and OH Property Reserves to cover the overages.

**Resolution No.: 18-39**

**Re:** Acceptance of Third 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 Third Quarter FY'18 Budget to Actual Statements during its June 6, 2018 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third 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, June 6, 2018.

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Patrice Birdsong  
Special Assistant to the Commission

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## FY 18 Third Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(9 Months) Budget	(9 Months) Actual	Variance
<b>General Fund</b>			
General Fund .....	(\$5,826,984)	(\$6,013,474)	(\$186,490)
<b>Administration of Multifamily and Single Family Fund</b>			
Multifamily Fund .....	\$21,119	\$193,189	\$172,070
Single Family Fund .....	\$1,796	\$384,080	\$382,284
Excess Bond Fund Cash Flow .....	(\$22,915)	(\$577,269)	(\$554,354)
<b>Opportunity Housing Fund</b>			
Opportunity Housing Properties .....	\$1,100,939	\$962,900	(\$138,039)
Development Corporation Property Income .....	\$7,176,931	\$4,827,548	(\$2,349,383)
Restricted Development Corporation Properties .....	(\$234,173)	(\$176,006)	\$58,167
<b>OHRF</b>			
OHRF Balance .....	\$2,632,080	\$476,769	(\$2,155,311)
Excess Cash Flow Restricted .....	(\$2,632,080)	(\$476,769)	\$2,155,311
Draw from existing funds .....	\$0	\$0	\$0
<b>Net -OHRF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing</b>	<b>\$2,216,713</b>	<b>(\$399,032)</b>	<b>(\$2,615,745)</b>
<b>Public Fund</b>			
Public Housing Rental (1) .....	(\$248,681)	(\$112,289)	\$136,392
Housing Choice Voucher Program HAP (2) .....	(\$3,919,494)	(\$855,207)	\$3,064,287
Housing Choice Voucher Program Admin (3) .....	\$265,570	\$589,769	\$324,199
<b>Total -Public Fund</b>	<b>(\$3,902,605)</b>	<b>(\$377,727)</b>	<b>\$3,524,878</b>
<b>Public Fund - Reserves</b>			
(1) Public Housing Rental - Draw from / Restrict to Program .....	\$248,681	\$112,289	(\$136,392)
(2) Draw from / Restrict to HCV Program Cash Reserves .....	\$3,919,494	\$855,207	(\$3,064,287)
(3) Draw from / Restrict to HCV Program Excess Admin Fee .....	(\$265,570)	(\$589,769)	(\$324,199)
<b>SUBTOTAL - Public Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL - All Funds</b>	<b>\$2,216,713</b>	<b>(\$399,032)</b>	<b>(\$2,615,745)</b>

## FY 18 Third Quarter Capital Budget to Actual Comparison

	Capital Expenses		Variance
	(12 Months) Budget	(9 Months) Actual	
<b>General Fund</b>			
East Deer Park .....	\$155,000	\$163,598	(\$8,598)
Kensington Office .....	\$110,000	\$53,569	\$56,431
Information Technology .....	\$1,076,950	\$285,208	\$791,742
<b>Opportunity Housing Fund</b>	\$5,613,534	\$1,984,699	\$3,628,835
<b>TOTAL - All Funds</b>	<b>\$6,955,484</b>	<b>\$2,487,074</b>	<b>\$4,468,410</b>

## FY 18 Third Quarter Operating Budget to Actual Comparison

### Development Corp Properties - Net Cash Flow

	(9 Months) Budget	Variance		(9 Months) Actual	Variance
		Income	Expense		
<b>Properties with unrestricted cash flow for FY18 operating budget</b>					
Alexander House .....	\$1,803,834	(\$1,313,368)	(\$133,141)	\$357,325	(\$1,446,509)
The Barclay .....	\$13,578	\$16,216	\$26,976	\$56,770	\$43,192
Glenmont Westerly .....	\$157,642	(\$12,971)	\$67,072	\$211,743	\$54,101
Magruder's Discovery .....	\$557,977	(\$5,052)	(\$86,616)	\$466,309	(\$91,668)
The Metropolitan .....	\$1,312,008	(\$47,727)	(\$35,987)	\$1,228,295	(\$83,713)
Montgomery Arms .....	\$310,926	(\$54,556)	\$36,744	\$293,114	(\$17,812)
TPM - 59 MPDUs .....	\$275,063	\$14,723	\$29,580	\$319,365	\$44,302
Paddington Square .....	\$321,173	\$20,363	\$98,434	\$439,970	\$118,797
TPP LLC Pomander Court .....	(\$22,574)	\$4,030	\$171,235	\$152,692	\$175,266
Pooks Hill High-Rise .....	\$382,729	(\$63,343)	\$68,079	\$387,466	\$4,737
Scattered Site One Dev. Corp. ....	\$281,170	(\$88,670)	(\$92,099)	\$100,400	(\$180,770)
Scattered Site Two Dev. Corp. ....	\$12,784	(\$38,979)	(\$13,598)	(\$39,793)	(\$52,577)
Sligo Development Corp. ....	\$47,681	(\$41,319)	\$12,273	\$18,635	(\$29,046)
TPP LLC Timberlawn .....	\$172,226	\$8,934	\$414,245	\$595,405	\$423,179
VPC One Corp. ....	\$840,113	(\$12,955)	(\$88,739)	\$738,419	(\$101,694)
VPC Two Corp. ....	\$504,522	(\$19,435)	\$257,459	\$742,546	\$238,024
<b>RAD 6 Total .....</b>	<b>\$206,079</b>	<b>(\$259,114)</b>	<b>(\$86,479)</b>	<b>(\$139,515)</b>	<b>(\$345,594)</b>
Ken Gar .....	\$31,877	(\$9,198)	(\$1,344)	\$21,335	(\$10,542)
Parkway Woods .....	\$40,654	(\$5,033)	(\$16,111)	\$19,510	(\$21,144)
Sandy Spring Meadow .....	\$29,832	(\$34,584)	\$8,075	\$3,323	(\$26,509)
Seneca Ridge .....	(\$76,476)	(\$111,540)	(\$47,319)	(\$235,335)	(\$158,859)
Towne Centre Place .....	\$43,483	\$3,126	\$4,649	\$51,258	\$7,775
Washington Square .....	\$136,709	(\$101,885)	(\$34,429)	\$394	(\$136,315)
<b>Subtotal</b>	<b>\$7,176,931</b>	<b>(\$1,893,223)</b>	<b>\$645,438</b>	<b>\$5,929,146</b>	<b>(\$1,247,785)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
Glenmont Crossing .....	\$132,842	(\$11,134)	(\$57,574)	\$64,134	(\$68,708)
MetroPointe .....	(\$234,173)	\$17,664	\$40,504	(\$176,006)	\$58,167
Oaks at Four Corners .....	\$59,252	(\$20,242)	\$62,519	\$101,529	\$42,277
<b>Subtotal</b>	<b>(\$42,079)</b>	<b>(\$13,712)</b>	<b>\$45,449</b>	<b>(\$10,343)</b>	<b>\$31,736</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$7,134,852</b>	<b>(\$1,906,935)</b>	<b>\$690,887</b>	<b>\$5,918,803</b>	<b>(\$1,216,049)</b>



## FY 18 Third Quarter Operating Budget to Actual Comparison

### For Opportunity Housing Properties - Net Cash Flow

	(9 Months)	Variance		(9 Months)	Variance
	<u>Budget</u>	<u>Income</u>	<u>Expense</u>	<u>Actual</u>	
<b>Properties with unrestricted cash flow for FY18 operating budget</b>					
64 MPDUs .....	\$61,369	(\$4,463)	(\$2,816)	\$54,090	(\$7,279)
Chelsea Towers .....	\$38,082	(\$4,004)	(\$15,714)	\$18,364	(\$19,718)
Fairfax Court .....	\$59,961	(\$3,428)	\$20,001	\$76,534	\$16,573
Holiday Park .....	\$27,046	(\$555)	(\$633)	\$25,858	(\$1,188)
Jubilee Falling Creek .....	\$7,465	(\$324)	\$4,538	\$11,679	\$4,214
Jubilee Hermitage .....	\$3,790	(\$4,702)	\$6,398	\$5,486	\$1,696
Jubilee Horizon Court .....	\$4,478	(\$1,254)	(\$495)	\$2,729	(\$1,749)
Jubilee Woodedge .....	\$6,738	(\$3,625)	\$4,653	\$7,766	\$1,028
McHome .....	\$96,120	(\$3,926)	(\$1,115)	\$91,079	(\$5,041)
McKendree .....	\$27,040	\$821	\$9,543	\$37,405	\$10,365
MHLP VII .....	\$117,258	(\$19,405)	(\$36,222)	\$61,631	(\$55,627)
MHLP VIII .....	\$119,850	(\$8,741)	\$2,619	\$113,728	(\$6,122)
MPDU 2007 Phase II .....	\$20,902	(\$588)	(\$3,269)	\$17,045	(\$3,857)
Pooks Hill Mid-Rise .....	\$178,687	(\$15,244)	\$35,165	\$198,609	\$19,922
Southbridge .....	\$53,417	(\$20,640)	(\$16,818)	\$15,959	(\$37,458)
Strathmore Court .....	\$278,736	(\$33,132)	\$50,879	\$296,483	\$17,747
<b>Subtotal</b>	<b>\$1,100,939</b>	<b>(\$123,210)</b>	<b>\$56,714</b>	<b>\$1,034,445</b>	<b>(\$66,494)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
617 Olney Sandy Spring Road .....	(\$8,891)	\$12,684	(\$223)	\$3,570	\$12,461
The Ambassador .....	\$0	\$0	(\$175,087)	(\$175,087)	(\$175,087)
Avondale Apartments .....	\$112,002	\$15,987	(\$36,457)	\$91,532	(\$20,470)
Brooke Park .....	(\$4,903)	(\$20,008)	\$29,785	\$4,874	\$9,777
Brookside Glen (The Glen) .....	\$150,136	\$22,919	(\$33,357)	\$139,697	(\$10,439)
CDBG Units .....	\$11,590	(\$2,205)	\$3,449	\$12,834	\$1,244
Cider Mill Apartments	\$0	\$1,517,445	(\$386,737)	\$1,130,708	\$1,130,708
Dale Drive .....	\$3,967	\$4,205	(\$2,224)	\$5,948	\$1,981
Diamond Square .....	\$202,248	(\$12,096)	\$73,244	\$263,396	\$61,148
Greenhills Apartments .....	\$118,425	(\$40,587)	(\$61,865)	\$15,974	(\$102,451)
King Farm Village .....	\$6,613	(\$647)	\$295	\$6,262	(\$351)
Manchester Manor .....	\$24,866	\$14,676	(\$37,045)	\$2,497	(\$22,369)
NCI Units .....	\$57,110	(\$28,156)	\$1,616	\$30,570	(\$26,540)
NSP Units .....	\$35,877	(\$1,688)	\$9,302	\$43,491	\$7,614
Paint Branch .....	\$30,206	\$4,840	\$14,365	\$49,412	\$19,206
Shady Grove Apts .....	\$206,759	\$5,820	(\$11,929)	\$200,649	(\$6,110)
State Rental Combined .....	\$88,616	(\$28,765)	(\$29,662)	\$30,189	(\$58,427)
Westwood Tower .....	\$18,199	\$43,123	\$493,162	\$554,484	\$536,285
The Willows .....	\$116,027	(\$2,573)	(\$24,426)	\$89,028	(\$26,999)
<b>Subtotal</b>	<b>\$1,168,847</b>	<b>\$1,504,974</b>	<b>(\$173,794)</b>	<b>\$2,500,028</b>	<b>\$1,331,181</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$2,269,786</b>	<b>\$1,381,764</b>	<b>(\$117,080)</b>	<b>\$3,534,473</b>	<b>\$1,264,687</b>

# FY 18 Third Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(9 Months) <u>Budget</u>	(9 Months) <u>Actual</u>	<u>Variance</u>
<b>Public Housing Rental</b>			
Revenue	\$1,089,026	\$1,232,461	\$143,435
Expenses	\$1,337,707	\$1,344,750	(\$7,043)
<b>Net Income</b>	<b>(\$248,681)</b>	<b>(\$112,289)</b>	<b>\$136,392</b>
<b>Housing Choice Voucher Program</b>			
HAP revenue	\$58,384,488	\$66,180,706	\$7,796,218
HAP payments	\$62,303,982	\$67,035,913	\$4,731,931
<b>Net HAP</b>	<b>(\$3,919,494)</b>	<b>(\$855,207)</b>	<b>\$3,064,287</b>
Admin.fees & other inc.	\$5,024,925	\$5,087,658	(\$62,733)
Admin. Expense	\$4,759,355	\$4,497,889	\$261,466
<b>Net Administrative</b>	<b>\$265,570</b>	<b>\$589,769</b>	<b>\$324,199</b>
<b>Net Income</b>	<b>(\$3,653,924)</b>	<b>(\$265,438)</b>	<b>\$3,388,486</b>

## FY 18 Third Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(9 Months)	Variance		(9 Months)	Variance
	<u>Budget</u>	<u>Income</u>	<u>Expense</u>	<u>Actual</u>	
Elizabeth House .....	(\$180,232)	\$3,876	\$10,015	(\$166,341)	\$13,891
Holly Hall .....	(\$68,449)	(\$1,670)	(\$15,976)	(\$86,095)	(\$17,646)
Arcola Towers .....	\$0	\$4,040	(\$704)	\$3,335	\$3,335
Waverly House .....	\$0	\$710	\$1,528	\$2,238	\$2,238
Seneca Ridge .....	\$0	(\$360)	\$17,661	\$17,301	\$17,301
Emory Grove / Washington Square .....	\$0	\$6,721	(\$17,357)	(\$10,637)	(\$10,637)
Towne Centre Place / Sandy Spring Meadow .....	\$0	(\$1,441)	(\$944)	(\$2,385)	(\$2,385)
Ken Gar / Parkway Woods .....	\$0	(\$550)	\$1,000	\$450	\$450
Scattered Sites Central .....	\$0	\$2,088	\$883	\$2,972	\$2,972
Scattered Sites East .....	\$0	\$1,631	\$0	\$1,631	\$1,631
Scattered Sites Gaithersburg .....	\$0	\$2,778	(\$3,941)	(\$1,164)	(\$1,164)
Scattered Sites North .....	\$0	\$123,339	\$335	\$123,674	\$123,674
Scattered Sites West .....	\$0	\$2,273	\$458	\$2,731	\$2,731
<b>TOTAL ALL PROPERTIES</b>	<b>(\$248,681)</b>	<b>\$143,435</b>	<b>(\$7,042)</b>	<b>(\$112,290)</b>	<b>\$136,391</b>

**FY 18 Third Quarter Operating Budget to Actual Comparison**  
**For Capital Improvements**

	(12 Months) Budget	(9 Months) Actual	Variance
<b>General Fund</b>			
East Deer Park .....	\$155,000	\$163,598	(\$8,598)
Kensington Office .....	\$110,000	\$53,569	\$56,431
Information Technology .....	\$1,076,950	\$285,208	\$791,742
<b>Subtotal</b>	<b>\$1,341,950</b>	<b>\$502,375</b>	<b>\$839,575</b>
<b>Opportunity Housing</b>			
Ambassador .....	\$0	\$0	\$0
Alexander House .....	\$54,000	\$9,001	\$44,999
Avondale Apartments .....	\$33,660	\$1,693	\$31,967
The Barclay .....	\$78,602	\$43,311	\$35,291
Brooke Park .....	\$857	\$1,530	(\$673)
Brookside Glen (The Glen) .....	\$101,407	\$59,963	\$41,444
CDBG Units .....	\$17,300	\$2,225	\$15,075
Chelsea Towers .....	\$12,120	\$0	\$12,120
Chelsea Towers .....	\$0	\$0	\$0
Cider Mill Apartments .....	\$0	\$3,871	(\$3,871)
Dale Drive .....	\$4,250	\$148	\$4,102
Diamond Square .....	\$193,851	\$33,757	\$160,094
Fairfax Court .....	\$98,496	\$17,882	\$80,614
Glenmont Crossing .....	\$141,418	\$60,911	\$80,507
Glenmont Westerly .....	\$172,373	\$22,893	\$149,480
Greenhills Apartments .....	\$29,875	\$0	\$29,875
Holiday Park .....	\$18,600	\$9,146	\$9,454
Jubilee Falling Creek .....	\$2,500	\$0	\$2,500
Jubilee Hermitage .....	\$1,125	\$0	\$1,125
Jubilee Horizon Court .....	\$1,000	\$7,195	(\$6,195)
Jubilee Woodedge .....	\$1,000	\$344	\$656
Ken Gar .....	\$12,603	\$3,308	\$9,295
King Farm Village .....	\$1,000	\$1	\$999
Magruder's Discovery .....	\$40,120	\$56,738	(\$16,618)
Manchester Manor .....	\$13,686	\$26,960	(\$13,274)
McHome .....	\$81,392	\$18,958	\$62,434
McKendree .....	\$17,500	\$16,623	\$877
MetroPointe .....	\$83,036	\$50,159	\$32,877
The Metropolitan .....	\$196,200	\$107,736	\$88,464
Montgomery Arms .....	\$45,642	\$66,377	(\$20,735)
MHLP VII .....	\$67,300	\$32,888	\$34,412
MHLP VIII .....	\$99,670	\$42,366	\$57,304
MPDU 2007 Phase II .....	\$5,100	\$0	\$5,100
617 Olney Sandy Spring Road .....	\$1,000	\$3,926	(\$2,926)
64 MPDUs .....	\$59,800	\$29,115	\$30,685
TPM - 59 MPDUs .....	\$117,170	\$31,809	\$85,361
Oaks at Four Corners .....	\$172,739	\$41,603	\$131,136
NCI Units .....	\$22,100	\$9,490	\$12,610
NSP Units .....	\$30,800	\$5,701	\$25,099
Paddington Square .....	\$110,648	\$59,320	\$51,328
Paint Branch .....	\$22,020	\$6,679	\$15,341
Parkway Woods .....	\$2,550	\$0	\$2,550
TPP LLC Pomander Court .....	\$6,000	\$0	\$6,000
Pooks Hill High-Rise .....	\$262,416	\$82,595	\$179,821
Pooks Hill Mid-Rise .....	\$86,448	\$74,784	\$11,664
Sandy Spring Meadow .....	\$5,100	\$4,835	\$265
Scattered Site One Dev. Corp. ....	\$1,462,566	\$104,028	\$1,358,538
Scattered Site Two Dev. Corp. ....	\$91,075	\$24,426	\$66,649
Seneca Ridge .....	\$15,000	\$40,096	(\$25,096)
Shady Grove Apts .....	\$179,005	\$192,072	(\$13,067)
Southbridge .....	\$35,723	\$3,310	\$32,413
Sligo Development Corp. ....	\$44,766	\$13,688	\$31,078
State Rental Combined .....	\$215,155	\$88,010	\$127,145
Strathmore Court .....	\$302,330	\$96,937	\$205,393
Towne Centre Place .....	\$5,100	\$5,656	(\$556)
TPP LLC Timberlawn .....	\$35,801	\$5,911	\$29,890
VPC One Dev. Corp. ....	\$68,000	\$53,403	\$14,597
VPC Two Dev. Corp. ....	\$30,000	\$55,231	(\$25,231)
Washington Square .....	\$8,000	\$5,982	\$2,018
Westwood Tower .....	\$504,589	\$145,920	\$358,669
The Willows .....	\$91,950	\$104,188	(\$12,238)
<b>Subtotal</b>	<b>\$5,613,534</b>	<b>\$1,984,699</b>	<b>\$3,628,835</b>
<b>TOTAL</b>	<b>\$6,955,484</b>	<b>\$2,487,074</b>	<b>\$4,468,410</b>

## **APPROVAL OF FY'18 THIRD QUARTER BUDGET AMENDMENT**

**June 6, 2018**

- The net effect of the FY'18 Third Quarter Budget Amendment maintains a balanced budget.
- Total operating budget for the Agency has increased from \$242.1 million to \$246.9 million.
- Total capital budget for the Agency has increased from \$206.7 million to \$206.9 million.
- Personnel Complement remains unchanged.
- No policy changes are reflected in the budget amendment.



**Cider Mill Apartments - FY 2018 Budget**

	<b>FY 2018</b>
Total Revenue .....	\$4,798,303
Total Operating Expenses .....	\$1,387,866
Net Operating Income .....	\$3,410,437
(1) Asset Management Fee .....	\$0
Annual RfR Contribution .....	\$113,400
(2) Annual Debt Service .....	\$405,000
Total Non-Operating Expenses .	\$518,400
Cash Flow .....	<b>\$2,892,037</b>
Capital .....	<b>\$189,263</b>

(1) Will begin July 1, 2018.

(2) Interest based on PNC LOC interest only.

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

- **Capital Improvements:**

- **Cider Mill Apartments:** HOC acquired Cider Mill, an 864-unit community in Montgomery Village, MD, on February 21, 2018. This budget amendment reflects the proposed capital budget of \$189,263 for the period of February 21, 2018 through June 30, 2018 for the property.

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**BUDGET IMPACT:**

The net effect of the FY'18 Third Quarter Budget Amendment maintains a balanced budget.

The total FY'18 Operating Budget for HOC increased from \$242,100,926 to \$246,899,229. This is an increase of \$4,798,303. The total FY'18 Capital Budget for HOC has increased from \$206,718,538 to \$206,907,801. This is an increase of \$189,263. 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.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the FY'18 Third Quarter Budget Amendment at the May 22, 2018 meeting. Action is requested at the June 6, 2018 Commission meeting.

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**RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed FY'18 Third 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 Third Quarter Budget Amendment maintains 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 \$242.1 million to \$246.9 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 \$206.7 million to \$206.9 million.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 6, 2018.

---

Patrice Birdsong  
Special Assistant to the Commission

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FY 2018 Operating Budget Third Quarter Amendment		Revenues	Expenses	Second Quarter Budget Amendment	Net Changes		Revenues	Expenses	Third Quarter Budget Amendment
					To Revenue	To Expenses			
<b>General Fund</b>									
	General Fund	\$23,604,966	\$24,132,389	(\$527,423)	\$0	\$0	\$23,604,966	\$24,132,389	(\$527,423)
	<b>Restrict to GFOR</b>	\$0	\$881,235	(\$881,235)	\$0	\$0	\$0	\$881,235	(\$881,235)
<b>Multifamily &amp; Single Family Bond Funds</b>									
	Multifamily Fund	\$18,215,845	\$18,215,845	\$0	\$0	\$0	\$18,215,845	\$18,215,845	\$0
	Single Family Fund	\$11,590,715	\$11,590,715	\$0	\$0	\$0	\$11,590,715	\$11,590,715	\$0
<b>Opportunity Housing Fund</b>									
	Opportunity Housing & Dev Corps	\$76,339,245	\$75,210,939	\$1,128,306	\$4,798,303	\$4,798,303	\$81,137,548	\$80,009,242	\$1,128,306
	<b>Draw from GFOR for MetroPointe Deficit</b>	\$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
	<b>Restricted to OHRF</b>	\$0	\$2,867,968	(\$2,867,968)	\$0	\$0	\$0	\$2,867,968	(\$2,867,968)
<b>Public Fund</b>									
	Public Housing Rental	\$1,435,202	\$1,791,034	(\$355,832)	\$0	\$0	\$1,435,202	\$1,791,034	(\$355,832)
	<b>County Contributions towards Public Housing</b>	\$277,163	\$0	\$277,163	\$0	\$0	\$277,163	\$0	\$277,163
	<b>Draw from Existing Property Cash</b>	\$78,669	\$0	\$78,669	\$0	\$0	\$78,669	\$0	\$78,669
	<b>Restricted to Public Housing Reserves</b>	\$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)
	<b>Draw From/Restricted to Public Housing Reserves</b>	\$17,714	\$0	\$17,714	\$0	\$0	\$17,714	\$0	\$17,714
	Housing Choice Voucher Program	\$88,411,674	\$89,192,995	(\$781,321)	\$0	\$0	\$88,411,674	\$89,192,995	(\$781,321)
	<b>County Contributions towards HCVP Administration</b>	\$781,321	\$0	\$781,321	\$0	\$0	\$781,321	\$0	\$781,321
	Federal , State and Other County Grants	\$16,959,346	\$16,959,346	\$0	\$0	\$0	\$16,959,346	\$16,959,346	\$0
<b>TOTAL - ALL FUNDS</b>		<b>\$242,100,926</b>	<b>\$242,100,926</b>	<b>\$0</b>	<b>\$4,798,303</b>	<b>\$4,798,303</b>	<b>\$246,899,229</b>	<b>\$246,899,229</b>	<b>\$0</b>

Footnotes - explanation of changes recommended to adopted

OH R \$4,798,303 Add Budget for Cider Mill  
OH E \$4,798,303 Add Budget for Cider Mill

FY 2018 Capital Budget Third Quarter Amendment		Revenues	Expenses	Second Quarter Budget Amendment	Net Changes		Net Changes		Third Quarter Budget Amendment
					To Revenue	To Expenses	Revenues	Expenses	
<b>Capital Improvements</b>									
	East Deer Park	\$155,000	\$155,000	\$0	\$0	\$0	\$155,000	\$155,000	\$0
	Kensington Office	\$110,000	\$110,000	\$0	\$0	\$0	\$110,000	\$110,000	\$0
	Information Technology	\$1,076,950	\$1,076,950	\$0	\$0	\$0	\$1,076,950	\$1,076,950	\$0
	Opportunity Housing Properties	\$5,613,534	\$5,613,534	\$0	\$189,263	\$189,263	\$5,802,797	\$5,802,797	\$0
	Public Housing Properties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		<b>\$6,955,484</b>	<b>\$6,955,484</b>	<b>\$0</b>	<b>\$189,263</b>	<b>\$189,263</b>	<b>\$7,144,747</b>	<b>\$7,144,747</b>	<b>\$0</b>
<b>Capital Development Projects</b>									
	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
		<b>\$199,763,054</b>	<b>\$199,763,054</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$199,763,054</b>	<b>\$199,763,054</b>	<b>\$0</b>
<b>TOTAL - ALL FUNDS</b>		<b>\$206,718,538</b>	<b>\$206,718,538</b>	<b>\$0</b>	<b>\$189,263</b>	<b>\$189,263</b>	<b>\$206,907,801</b>	<b>\$206,907,801</b>	<b>\$0</b>

Footnotes - explanation of changes recommended to adopted

**OH R** \$189,263 Add Budget for Cider Mill  
**OH E** \$189,263 Add Budget for Cider Mill

**ACCEPTANCE OF CY 2017  
TAX CREDIT PARTNERSHIP PROPERTY AUDITS**

**June 6, 2018**

- **The Finance Division was responsible for the successful completion of 14 Tax Credit Partnership Property Audits for CY'17.**
- **A standard unqualified audit opinion was received for all 14 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.**
- **The audit for MHLP IX has not been finalized; however, staff is currently reviewing a draft of this audit. There are no findings and this is not expected to change.**
- **The Internal Auditor has reviewed all Tax Credit Partnership Audits.**

**MEMORANDUM**

**TO:** Housing Opportunities Commission

**VIA:** Stacy L. Spann, Executive Director

<b>FROM:</b>	Staff:	Cornelia Kent	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Claudia Wilson		Finance	Ext. 9474
		Jim Atwell		Internal Audit	Ext. 9426

**RE:** Acceptance of Calendar Year (CY) 2017 Tax Credit Partnership Audits

**DATE:** June 6, 2018

**STATUS:** Committee Reports: Deliberation  X

**OVERALL GOAL & OBJECTIVE:**

To review and accept the Calendar Year 2017 Tax Credit Partnership Audits

**BACKGROUND:**

HOC maintains 16 tax credit partnerships. Two of the tax credit partnerships, Strathmore Court Associates LP and The Metropolitan of Bethesda LP, are reported on a fiscal year basis in order to be consistent with the market rent portions of those properties. The other 14 tax credit partnerships consist of scattered sites and multifamily properties. Each of these individual tax credit partnerships are required to have an annual audit to satisfy investor requirements. The following tax credit partnership properties were audited as of December 31, 2017:

<b>PROPERTIES</b>
Montgomery Homes Limited Partnership IX (Scattered Site and Pond Ridge)
Montgomery Homes Limited Partnership X (Scattered Site)
MV Affordable Housing Associates LP
Georgian Court Silver Spring LP
Barclay One Associates LP
Spring Garden One Associates LP
Forest Oak Towers Apartments LP
Wheaton Metro Limited Partnership (MetroPointe)
4913 Hampden Lane LP (Lasko Manor)
Tanglewood and Sligo LP
Arcola Towers RAD LP
Waverly House RAD LP
Greenhills Apartments Limited Partnership
Alexander House Limited Partnership

See Appendix A for further details on each of the tax credit partnership properties that report on a calendar year basis. Thirteen of the fourteen audits have been finalized and have received a standard unqualified audit opinion from the independent certified public accounting firms performing the audits. Although the audit for Montgomery Homes LP IX has not been finalized, we have received a draft of the audit and the independent auditor has reported no findings and a standard unqualified audit opinion is expected. This is not expected to change when finalized. HOC's Internal Auditor, Jim Atwell, has reviewed each audit.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept the 14 CY 2017 Tax Credit Partnership Audits?

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**BUDGET IMPACT:**

There is no budget impact related to acceptance of the 14 CY 2017 Tax Credit Partnership Audits.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the tax credit partnership audits at the May 22, 2018 meeting. Action is requested at the June 6, 2018 Commission meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission acceptance of CY 2017 Tax Credit Partnership Property Audits.

Appendix A

TAX CREDIT AUDIT STATUS  
CY: 2017

Name of the Partnership	Number of Units	Scattered Site	Remaining	Audit Firm	Opinion	Finding
			Compliance Yrs left			
1 Montgomery Homes LP IX (Scattered Site & Pond Ridge	116	Yes/No	None	O'Connor Davies	Unqualified	None
2 Montgomery Homes LP X (Scattered Site)	75	Yes	None	Kozak, Pollekoff & Goldman, P.C.	Unqualified	None
3 Georgian Court Silver Spring LP	147	No	None	Novogradac & Company	Unqualified	None
4 MV Affordable Housing Associates, LP	94	No	None	O'Connor Davies	Unqualified	None
5 Spring Garden One Associates LP	83	No	3	Novogradac & Company	Unqualified	None
6 Barclay One Associates LP	81	No	3	Kozak, Pollekoff & Goldman, P.C.	Unqualified	None
7 Wheaton Metro Limited Partnership (MetroPointe)	53	No	5	CohnReznick LLP	Unqualified	None
8 Forest Oak Towers LP	175	No	5	Kozak, Pollekoff & Goldman, P.C.	Unqualified	None
9 4913 Hampden Lane LP (Lasko Manor)	12	No	8	O'Connor Davies	Unqualified	None
10 Tanglewood and Sligo LP	132	No	11	Novogradac & Company	Unqualified	None
11 Arcola Towers RAD LP	141	No	14	Novogradac & Company	Unqualified	None
12 Waverly House RAD LP	157	No	14	Novogradac & Company	Unqualified	None
13 Greenhills Limited Partnership	77	No	15	Novogradac & Company	Unqualified	None
14 Alexander House Limited Partnership	122	No	15	Novogradac & Company	Unqualified	None

**RESOLUTION:** 18-41

**RE:** Acceptance of CY 2017 Tax Credit Partnership Property Audits

**WHEREAS,** the Housing Opportunities Commission of Montgomery County has completed the CY'17 Tax Credit Audits for 14 tax credit partnership properties; and

**WHEREAS,** a standard unqualified audit opinion was received for all 14 of the CY'17 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

**WHEREAS,** the audit for Montgomery Homes LP IX has not been finalized; however, staff is currently reviewing a draft of this audit and there are no findings and no changes are anticipated.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Commission accepts the CY 2017 tax credit partnership property audits.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 6, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

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**APPROVAL OF LOANS AND ADVANCES TO NON-HOC OWNED  
ENTITIES AS OF DECEMBER 31, 2017  
AND AS OF JUNE 30, 2017**

**June 6, 2018**

- **In accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties that HOC does not own.**
- **During the period of January 1, 2017 through December 31, 2017, there was a net increase in advances for capitalization and operations to the tax credit partnerships of \$23,880,605.**
- **Total advances have increased in 236 properties from \$1,095,763 on June 30, 2016 to \$1,168,171 as of June 30, 2017.**
- **Staff recommends approving \$100,028,139 in loans and advances to the tax credit partnerships as of December 31, 2017 and \$1,168,171 in advances to the 236 properties as of June 30, 2017.**

## MEMORANDUM

**TO:** Housing Opportunities Commission

**VIA:** Stacy L Spann, Executive Director

**FROM:** Staff:      Cornelia Kent      Division:   Finance      Ext. 9754  
                  Eugenia Pascual                   Finance      Ext. 9478  
                  Claudia Wilson                   Finance      Ext. 9574

**RE:** Approval of Loans and Advances to Non-HOC Owned Entities as of December 31, 2017 and as of June 30, 2017

**DATE:** June 6, 2018

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**STATUS:** Committee Report: Deliberation   X  

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**OVERALL GOAL & OBJECTIVE:**

To approve \$100,028,139 in loans and advances to the tax credit partnerships as of December 31, 2017 and \$1,168,171 in advances to the 236 properties as of June 30, 2017.

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**BACKGROUND:**

In accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve transfers of Housing Opportunities Commission (HOC) funds to any property that HOC does not own.

Schedules of loans and advances for the tax credit partnerships (Attachment A) and advances for the 236 properties (Attachment B) have been attached.

Attachment A — Tax Credit Partnerships

Attachment A shows that \$100,028,139 was advanced from HOC to the tax credit partnerships as of December 31, 2017. This amount includes \$76,118,587 for capitalization loans and \$23,909,552 for advances to the properties. Capitalization loans increased by \$21,600,940 primarily as a result of two Seller Note Receivable from the sale of Alexander House Apartments and Greenhills Apartments to their respective limited partnership. During the period of January 1, 2017 through December 31, 2017, there was a net increase in advances to the tax credit partnerships of \$2,279,665. The increase is attributable mostly to Waverly House RAD Limited Partnership, The Metropolitan of Bethesda Limited Partnership, Strathmore Court

Associates Limited Partnership, Greenhills Apartments Limited Partnership and Montgomery Homes Limited Partnership IX, partially offset by a decrease in Arcola Towers RAD Limited Partnership and Tanglewood and Sligo Limited Partnership. The majority of the increases were due to the timing of the disbursement and the repayment of construction expenses to HOC.

Attachment B — Section 236 Properties

Attachment B highlights advances to the 236 properties. Total advances have increased from \$1,095,763 on June 30, 2016 to \$1,168,171 as of June 30, 2017. The increase in Town Center Apartments is a result of an increase in operating expenses, in part to be repaid to HOC. Upon sale of the properties to a LIHTC partnership, HOC anticipates that the loans and advances from the two entities will be repaid to the extent funds are available.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to approve \$100,028,139 in loans and advances to the tax credit partnerships as of December 31, 2017 and \$1,168,171 in advances to the 236 properties as of June 30, 2017?

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**BUDGET IMPACT:**

There is no budget impact for FY'18.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the loans and advances to the non-HOC entities at the May 22, 2018 meeting. For Commission action at the June 6, 2018 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission approval of the loans and advances to non-HOC Owned Entities.

**RESOLUTION NO.: 18-42**

**RE: Approval of Loans and Advances to  
Non-HOC Owned Entities as of  
December 31, 2017 and as of June 30, 2017**

**WHEREAS**, in accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties HOC does not own; and

**WHEREAS**, there was a net increase in capitalization loans and advances for operations to the tax credit partnerships of \$23,880,605 as of December 31, 2017; and

**WHEREAS**, total advances have increased for 236 properties from \$1,095,763 on June 30, 2016 to \$1,168,171 as of June 30, 2017.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves \$100,028,139 in loans and advances to the tax credit partnerships as of December 31, 2017 and \$1,168,171 in advances to the 236 properties as of June 30, 2017.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 6, 2018.

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Patrice Birdsong  
Special Assistant to the Commission

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**Attachment A**

**HOUSING OPPORTUNITIES COMMISSION  
SCHEDULE OF LOANS & ADVANCES BY HOC FOR TAX CREDIT PARTNERSHIPS  
JANUARY 1, 2017 THROUGH DECEMBER 31, 2017**

Fund	Name of property		Loans from HOC for Capitalization (a)			Funds Advanced/(Collected) by HOC for Operations			TOTAL ADVANCES
			Balance 12/31/16	Activity Jan-1 thru Dec-31	Balance 12/31/17	Balance 12/31/16	Activity Jan-1 thru Dec-31	Balance 12/31/17	12/31/17
819-711-712	MHLP IX	a	\$ 1,147,834	673,025	\$ 1,820,859	\$ 2,816,750	311,380	\$ 3,128,130	\$ 4,948,989
820-713	MHLP X		1,138,644		1,138,644	(29,802)	76,434	46,632	1,185,276
	<b>SUBTOTAL</b>		<b>2,286,478</b>	<b>673,025</b>	<b>2,959,503</b>	<b>2,786,948</b>	<b>387,814</b>	<b>3,174,762</b>	<b>6,134,265</b>
831-787	STRATHMORE COURT	b	2,487,874	(59,373)	2,428,501	3,786,544	484,092	4,270,636	6,699,137
832-788	THE METROPOLITAN	c	977,000		977,000	11,543,572	285,026	11,828,598	12,805,598
838-745	GEORGIAN COURT		-	-	-	31,176	(15,821)	15,355	15,355
837-744	STEWARTOWN		343,550	(17,388)	326,162	112,343	6,706	119,049	445,211
839-746	THE BARCLAY		2,891,404		2,891,404	(165,445)	(3,378)	(168,823)	2,722,581
840-747	SPRING GARDEN		3,274,431		3,274,431	(3,209)	(507)	(3,716)	3,270,715
818-100	WHEATON METRO		1,633,687		1,633,687	1,828,827	23,578	1,852,405	3,486,092
842-749	FOREST OAK		67,322	(67,322)	-	4,716	28,542	33,258	33,258
899-000W	HAMPDEN LANE LP		230,468	-	230,468	79,597	87,378	166,975	397,443
843-750	TANGLEWOOD & SLIGO HILLS	d	4,533,645	(1,343,235)	3,190,410	163,907	(111,374)	52,533	3,242,943
811-415A	ARCOLA TOWERS	e	12,836,939	673,436	13,510,375	779,657	(540,737)	238,920	13,749,295
811-417W	WAVERLY HOUSE	f	22,954,849		22,954,849	681,254	1,092,476	1,773,730	24,728,579
827-490	GREENHILLS APARTMENT LIMIT	g	-	7,523,156	7,523,156		430,284	430,284	7,953,440
844-741	ALEXANDER HOUSE	h		14,218,641	14,218,641	-	125,586	125,586	14,344,227
					-			-	-
					-			-	-
	<b>SUBTOTAL</b>		<b>52,231,169</b>	<b>20,927,915</b>	<b>73,159,084</b>	<b>18,842,939</b>	<b>1,891,851</b>	<b>20,734,790</b>	<b>93,900,663</b>
	<b>GRAND TOTAL</b>		<b>\$ 54,517,647</b>	<b>21,600,940</b>	<b>\$ 76,118,587</b>	<b>\$ 21,629,887</b>	<b>2,279,665</b>	<b>23,909,552</b>	<b>\$ 100,028,139</b>

(a) MHLP IX increase in loan related to reclass of interest payable to loan balance.

(b) Strathmore Court (market side) advanced funds to Strathmore Court Limited Partnership for operating short falls.

(c) Metropolitan Development Corporation advanced funds to Metropolitan Limited Partnership for operating short falls.

(d) Tanglewood and Sligo LP decrease of \$1,343,235 loan balance related to the payment of Developer Fee to HOC.

(e) Arcola Towers loan increase of \$673,436 related to Sprinkler cost; and \$540,737 decrease in advance related to repayment of construction costs.

(f) Waverly House increase of advance related to Construction costs paid by the General Fund and will be reimbursed from renovation account.

(g) Greenhills Apartments LP loan payable to HOC (Seller Note \$7,523,156) and Construction costs \$430,284 paid by the General Fund and will be reimbursed from renovation account.

(h) Alexander House LP loan payable to HOC (Seller Note \$14,218,641).

**Attachment B**

**SCHEDULE OF ADVANCES BY HOC FOR OPERATIONS  
FOR SECTION 236 PROPERTIES  
JULY 1, 2016 THROUGH JUNE 30, 2017**

Fiscal Year Properties

Fund	Name of property	Balance 06/30/16	Activity July-16 thru June-17	Balance 06/30/17
871-701B	Bauer Park Apartments	\$ 509,066	(37,721)	\$ 471,345
873-704R	Town Center Apartments	586,697	110,129	696,826
	Total	\$ 1,095,763	72,408	\$ 1,168,171

## **AUTHORIZATION TO WRITE OFF BAD DEBT RELATED TO TENANT ACCOUNTS RECEIVABLE**

**June 6, 2018**

- **HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances.**
- **This year's proposed write-off of bad debt balance from former tenants totals \$411,485 and covers the time period of April 1, 2017 through March 31, 2018. This reflects an increase of \$291,017 or 242% compared to \$120,468 for the same period last year.**
- **The combined recommended write-off of \$411,485 consists of \$245,149 from Opportunity Housing properties, \$121,263 from RAD 6 properties, \$18,836 from Public Housing properties, \$13,533 from Tax Credit properties, \$8,899 from Supportive Housing and \$3,805 from 236 properties.**
- **The next anticipated write-off of former tenants' bad debt balance will be for the period covered April 1, 2018 through March 31, 2019 and will be performed in the fourth quarter of FY'19.**

**M E M O R A N D U M**

**TO:** Housing Opportunities Commission

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Cornelia Kent      Division: Finance      Ext. 9475  
                 Eugenia Pascual      Finance      Ext. 9478  
                 Shauna Sorrells      Property Management      Ext. 9524

**RE:** Authorization to Write off Bad Debt Related to Tenant Accounts Receivable

**DATE:** June 6, 2018

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**STATUS:** Committee Report: Deliberation X

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**OVERALL GOAL & OBJECTIVE:**

To approve the authorization to write off bad debt related to tenant accounts receivable.

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**BACKGROUND:**

The agency’s current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC’s “Bad Debt Database” as well as in the various individuals’ Equifax Credit Bureau files. This process updates the financial records to accurately reflect the receivables and provides greater potential for debt collection.

HOC also maintains a rent collections firm, Rent Collect Global (RCG). All delinquent balances of \$200.00 or more are submitted to RCG for further pursuit. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a security bond, at a much lower rate, from the firm SureDeposit, Inc. in lieu of paying a traditional security deposit to the Agency. The bonds are offered at a much lower rate than paying a traditional security deposit. Moreover, the full value of the surety bond is available to HOC for recovery of any damage or other loss, just as a traditional security deposit. Through HOC’s own collection efforts and the services of RCG and SureDeposit, the Agency makes every effort to pursue all tenant debts.

The proposed write-off of former tenant accounts receivable balances for the fiscal year period April 1, 2017 through March 31, 2018 is \$411,485. The last approved write-off was for \$120,468 on May 23, 2017 which covered the time period from April 1, 2016 through March 31, 2017.



The current fiscal year write-off of \$411,485 reflects an increase of \$291,017 or 242% compared to the previous write-off amount of \$120,468 due largely to increases in the Opportunity Housing and RAD 6 properties. The primary reasons for the write-offs include tenants who voluntarily left their units, were evicted for non-payment, failed to complete annual certifications or tenants who passed away while in the units.

<b>Property Type</b>	<b>Write-offs</b>	<b>Prior Write-offs</b>	<b>\$ Change</b>	<b>% Change</b>
	<u>04/01/17 - 03/31/18</u>	<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>
Public Housing	\$ 18,836	\$ 5,228	\$ 13,608	260.29%
Opportunity Housing	245,149	71,048	174,101	245.05%
Tax Credits	13,533	6,179	7,354	119.02%
236 Properties	3,805	4,070	(265)	-6.51%
Supportive Housing	8,899	19,592	(10,693)	-54.58%
RAD6	121,263	14,351	106,912	744.98%
	<u>\$ 411,485</u>	<u>\$ 120,468</u>	<u>\$ 291,017</u>	<u>241.57%</u>

The following table shows the write-offs by fund:

	<b>Write-offs</b>	<b>Write-offs</b>	<b>\$ Change</b>	<b>% Change</b>
	<u>04/01/17 - 03/31/18</u>	<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>
<b>Public Fund</b>				
PH Scattered Sites - East	\$ -	\$ (121.00)	\$ 121.00	-100.00%
PH Scattered Sites - Gaithersburg	193	343	(150.00)	-43.73%
PH Scattered Sites - North	-	1,321	(1,321.00)	-100.00%
PH Scattered Sites - West	-	661	(661.00)	-100.00%
Homeownership - Tobytown	6,948	-	6,948.00	-
Elizabeth House	9,281	890	8,391.00	942.81%
Holly Hall	411	819	(408.00)	-49.82%
Seneca Ridge	1,846	-	1,846.00	-
Arcola Towers	-	155	(155.00)	-100.00%
Waverly House	-	147	(147.00)	-100.00%
Parkway Woods	157	-	157.00	-
Sandy Spring	-	1,013	(1,013.00)	-100.00%
<b>Total Public Fund</b>	<u>\$ 18,836</u>	<u>\$ 5,228</u>	<u>\$ 13,608</u>	<u>260.29%</u>
<b>Percen Public Fund to Total Write-offs</b>	5%	4%		

	Write-offs		Write-offs		\$ Change	% Change	
	<u>04/01/17 - 03/31/18</u>		<u>04/01/16 - 03/31/17</u>		<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>	
<b>Opportunity Housing (OH) Fund</b>							
McHome	\$	13,186	\$	2,677	\$	10,509	392.57%
Paintbranch		-		7,211		(7,211)	-100.00%
MPDU I/64		16,343		1,190		15,153	1273.36%
State Rental Partnership Combined		6,161		9,912		(3,751)	-37.84%
NSP 1		2,130		-		2,130	-
NCI 1		11,009		-		11,009	-
Jubilee		1,626		-		1,626	-
Magruders		(201)		707		(908)	-128.43%
Camp Hill Square		(3)		9,226		(9,229)	-100.03%
Scattered Site One Dev Corp		48,953		11,110		37,843	340.62%
Scattered Site Two Dev Corp		4,492		199		4,293	2157.29%
VPC One Corp		74,342		14,625		59,717	408.32%
VPC Two Corp		31,817		6,372		25,445	399.33%
Sligo Dev Corp/MPDU		2,197		-		2,197	-
TPM Dev Corp -Pomander Court		-		997		(997)	-100.00%
Avondale		-		339		(339)	-100.00%
MHLP VII		10,448		-		10,448	-
MHLP VIII		22,649		6,483		16,166	249.36%
<b>Total OH Fund</b>	<b>\$</b>	<b>245,149</b>	<b>\$</b>	<b>71,048</b>	<b>\$</b>	<b>174,101</b>	<b>245.05%</b>
<b>Percent OH Fund to Total Write-offs</b>		<b>60%</b>		<b>59%</b>			

	Write-offs		Write-offs		\$ Change	% Change	
	<u>04/01/17 - 03/31/18</u>		<u>04/01/16 - 03/31/17</u>		<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>	
<b>Tax Credit Properties</b>							
Hampden Lane	\$	3,286	\$	-	\$	3,286	-
MHLP X		1,151		6,179		(5,028)	-81.37%
MHLP IX - Pondridge		9,096		-		9,096	-
<b>Total Tax Credit Properties</b>	<b>\$</b>	<b>13,533</b>	<b>\$</b>	<b>6,179</b>	<b>\$</b>	<b>7,354</b>	<b>119.02%</b>
<b>Percent Tax Credit Properties to Total Write-offs</b>		<b>3%</b>		<b>5%</b>			

	Write-offs		Write-offs		\$ Change	% Change	
	<u>04/01/17 - 03/31/18</u>		<u>04/01/16 - 03/31/17</u>		<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>	
<b>236 Properties</b>							
Bauer Park	\$	3,311	\$	3,174	\$	137	4.32%
Town Center Apts		494		896		(402)	-44.87%
<b>Total 236 Properties</b>	<b>\$</b>	<b>3,805</b>	<b>\$</b>	<b>4,070</b>	<b>\$</b>	<b>(265)</b>	<b>-6.51%</b>
<b>Percent 236 Properties to Total Write-offs</b>		1%		3%			

	Write-offs		Write-offs		\$ Change	% Change	
	<u>04/01/17 - 03/31/18</u>		<u>04/01/16 - 03/31/17</u>		<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>	
<b>Supportive Housing</b>							
SHP Turnkey Leasing	\$	16	\$	-	\$	16	-
McKinney X - HUD		4,958		18,381		(13,423)	-73.03%
McKinney XII - HUD		1,861		1,259		602	47.82%
McKinney XII - HUD Contract Case Mgmt		2,064		(48)		2,112	-4400.00%
<b>Total Supportive Housing</b>	<b>\$</b>	<b>8,899</b>	<b>\$</b>	<b>19,592</b>	<b>\$</b>	<b>(10,693)</b>	<b>-54.58%</b>
<b>Percent Supportive Housing to Total Write-offs</b>		2%		16%			

	Write-offs		Write-offs		\$ Change	% Change	
	<u>04/01/17 - 03/31/18</u>		<u>04/01/16 - 03/31/17</u>		<u>04/01/16 - 03/31/17</u>	<u>04/01/16 - 03/31/17</u>	
<b>RAD 6</b>							
RAD 6 - Seneca Ridge	\$	22,356	\$	13,106	\$	9,250	70.58%
RAD 6 - Washington Square		82,677		1,245		81,432	6540.72%
RAD 6 - Parkway Woods		8,007		-		8,007	-
RAD 6 - Towne Centre Place		-		-		-	-
RAD 6 - Sandy Spring Meadow		2,106		-		2,106	-
Arcola Towers LP		2,383		-		2,383	-
Waverly House LP		3,734		-		3,734	-
<b>Total RAD 6</b>	<b>\$</b>	<b>121,263</b>	<b>\$</b>	<b>14,351</b>	<b>\$</b>	<b>106,912</b>	<b>744.98%</b>
<b>Percent RAD 6 to Total Write-offs</b>		29%		12%			

Within the Public Housing properties, the increase of \$13,608 is attributable to Elizabeth House due to several deceased tenants, and Tobytown as a result of the completion of full homeownership disposition of units.

Within the Opportunity Housing portfolio, there was an increase of \$174,101 primarily due to VPC One and VPC Two Corporation, Scattered Site One Development Corporation, MHLPI VII,

MHLP VIII and MPDU 64. Most of these tenants voluntarily vacated their units or evicted due to non-payment of rents.

Within the Tax Credit properties, there was an increase in write-offs of \$7,354 as a result of an increase in MHLP IX – Pond Ridge and Hampden Lane partially offset by a decrease in MHLP X.

The 236 properties consisting of Bauer Park and Town Center Apartments registered a slight decrease of \$265.

Within the Supportive Housing program, there was a decrease of \$10,693 under the McKinney Program as a result of less tenant lease terminations compared to FY'17.

This year's increase of \$106,912 in write-offs within the RAD 6 properties was attributed largely to Washington Square and Seneca Ridge past tenants who voluntarily vacated their units and tenants who were evicted for non-payment of rents.

The next anticipated write-off will cover April 1, 2018 through March 31, 2019. The write-off will be performed in the fourth quarter of FY'19. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the debt database.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the write-off of bad debt related to tenant accounts receivable?

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**BUDGET IMPACT:**

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

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the write-off of bad debt at May 22, 2018 meeting. Action is requested at the June 6, 2018 Commission meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission the authorization to write-off bad debt related to tenant accounts receivable.

**RESOLUTION NO.: 18-43**

**RE: Authorization to Write off Bad  
Debt Related to Tenant  
Accounts Receivable**

**WHEREAS**, HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days; and

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

**WHEREAS**, the proposed write-off of former tenant accounts receivable balances for the period April 1, 2017 through March 31, 2018 is \$245,149 from Opportunity Housing, \$121,263 from RAD 6, \$18,836 from Public Housing, \$13,533 from Tax Credit properties, \$8,899 from Supportive Housing and \$3,805 from 236 properties, totaling \$411,485.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that authorization is granted to the Executive Director to write off bad debt totaling \$411,485 related to tenant accounts receivable.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 6, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

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# **ADOPTION OF THE FY'19 BUDGET**

**June 6, 2018**

- **The Budget, Finance and Audit Committee has reviewed the Executive Director's FY'19 Recommended Budget and additional changes included in the proposed budget.**
- **The Proposed Operating Budget for FY'19 is \$264.7 million.**
- **The FY'19 budget includes a contribution to the General Fund Operating Reserve of \$1.1 million.**
- **The Proposed Capital Budgets for FY'19 is \$256.8 million.**



Maintenance are paramount to realizing the benefits of the substantial investment in its portfolio. To this end, the FY'19 budget reflects ongoing investment in personnel and systems to successfully manage and maintain our properties. In addition to the Agency's focus on efficiently developing, managing and maintaining our real estate portfolio, we continue to deliver cutting-edge services to our clients through HOC Academy, HOC Works, and investments in technology.

The Agency's development activities continue to generate commitment and development fees that support the Agency's operations and the Opportunity Housing Reserve Fund (OHRF), which provides funding for future development activities. Redevelopment and renovation of HOC's aging mixed-income properties continue to improve the ability to attract market rate renters, which offset the affordable units and support the financial viability of the Agency's portfolio.

The FY'19 Proposed Budget, which sets the financial plan for the Agency for the next year, is balanced without the use of reserves; however, it does rely on fees from development activity that are one-time in nature. Therefore, the development of the budget continued to require each division to monitor discretionary spending and implement appropriate cost savings measures to ensure the long-term viability of the Agency.

The major differences in the Proposed Operating Budget from the Executive Director's FY'19 Recommended Budget, which are shown in Enclosure 1, are discussed in the following:

**General Fund:**

Revenues decreased in the **General Fund** (Attachment 1-1) by \$99,524. Commitment Fees increased by \$369,236 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or \$147,695, is reflected in the General Fund. The balance of the increase, or \$221,541, is in the Opportunity Housing Reserve Fund (OHRF). Projected Ground Rent income from the remaining scattered site Tax Credit properties of \$95,777 was added. Asset Management Fees of \$208,440 were added based on the inclusion of a budget for the recently acquired Cider Mill property (see Opportunity Housing Fund). In addition, the update to the Agency personnel complement resulted in an increase of \$40,040 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs. Development Fee Income decreased by \$732,136 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or \$293,655, is reflected in the General Fund. The balance of the decrease, or \$440,481, is in the OHRF. As a result of the complement update and changes in grants, management fee income decreased by \$132,056. Scattered Site Fees associated with the cost of the East Deer Park site are no longer charged to the Tax Credit properties which resulted in a decrease of \$99,070 to income in the General Fund. Development Corporation Fees decreased by \$66,695 to reflect changes in the properties.

Expenses decreased in the General Fund (Attachment 1-1) by \$921,359. Changes in the allocation and total budget related to technology initiatives increased expenses by \$237,700.



Cash of \$35,887 was restricted to cover the projected loss at the Lasko Manor LP. The update to the personnel complement increased expenses by \$74,060. As a result of a change in the projected Information Technology (IT) capital budget, there was a \$787,000 reduction in the transfer from operations to cover the expenditures. Additionally, changes in the expenses charged to the County Contract resulted in a reduction to the projected shortfall which eliminated the need to transfer \$420,356 from the General Fund (See Public Fund). Finally, IT contracts were reduced by \$61,650.

The Recommended Budget assumed a contribution to the General Fund Operating Reserve (GFOR) of \$430,861. The net impact of the General Fund changes, and changes in other funds, was an increase of \$680,708 in the contribution to the GFOR for a total contribution of \$1,111,569.

**Multifamily Bond Funds:**

Expenses in the **Multifamily Bond Fund** decreased by \$11,070 based on an update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the decrease in the Bond Draw to support the operations of the Multifamily programs.

**Single Family Bond Funds:**

Expenses in the **Single Family Bond Fund** increased by \$59,265 based on an update to the personnel complement which increased expenses by \$3,490 and the addition of \$55,775 for trustee fees.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Single Family programs.

**Opportunity Housing Fund:**

Revenues increased in the **Opportunity Housing and Development Corporation** properties by \$13,725,171. The majority of the change is a result of adding a \$12,947,592 budget for Cider Mill, an 864-unit community in Montgomery Village, MD, on February 21, 2018. In addition, Holly Hall, a former public housing property that converted under the Rental Assistance Demonstration (RAD) program, was moved from the Public Fund to the Opportunity Housing Fund increasing income by \$669,514. As a result of the changed revenue stream for this property coupled with changes in personnel costs at Elizabeth House, an additional \$77,557 of utility funding from the County Contract is now available to offset utility costs at Seneca Ridge. Minor rent adjustments at Strathmore Court, Dale Drive, Timberlawn and MetroPointe resulted in a net increase to revenue of \$19,660. As a result of new debt service at The Willows commencing in February 2019, the planned draw from existing property cash increased by

\$11,208. Finally, transfers from the County Contract for Tenant Services personnel costs at properties were decreased by \$360.

The Recommended Budget assumed a draw from the General Fund Operating Reserve (GFOR) to cover the projected deficit at MetroPointe. As a result of the revision to rents, the deficit decreased \$39,878 thus reducing the planned draw from \$133,296 to \$93,418.

Expenses in the portfolio increased by \$13,826,420. The inclusion of Cider Mill accounted for \$12,947,592 which includes \$11,551,633 in expenses plus the management fee paid to HOC of \$208,440 and the restriction of \$1,187,519 in projected cash flow. In order to meet projected capital needs, contributions to the Replacement Reserves (RfR) were increased at Manchester Manor, Strathmore Court, The Metropolitan and Westwood Towers resulting in a total increase to expenses in the fund of \$267,650. The transfer of Holly Hall increased expenses by \$669,514 which includes projected expenses of \$445,233 and the restriction of \$224,281 in projected cash flow. Personnel expenses increased by \$47,334 as a result of an update of the personnel complement. Finally, expenses increased by \$11,208 as a result of a County loan at The Willows that will begin payment in February 2019. The impact of these changes resulted in a decrease of \$66,695 in Development Corporation Fees and a decrease of \$50,183 in restricted cash flow at the properties.

Revenues decreased in the **Opportunity Housing Reserve Fund (OHRF)** by \$218,940 as a result of decreased overall Development Fees that were partially offset by increased overall Commitment Fees (See General Fund). Expenses increased by \$40,040 to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of \$3,514,090 that were to be restricted to the OHRF. As a result of the net decrease in anticipated fees and an increase to expenses, the restricted cash has decreased by \$258,980 resulting in a budgeted restriction of \$3,255,110 to the OHRF ( $\$3,514,090 - \$218,940 - \$40,040 = \$3,255,110$ ).

**Public Fund:**

Revenues decreased by \$281,620 in the **Public Housing Rental Program** revenue. The majority of the change is based on adjusting the Holly Hall budget to only include six months of operating subsidy funding through December 2019 that will be used to fund Project Based Rental Assistance (PBRA) at the units converted under RAD that now reside in opportunity housing (See Opportunity Housing Fund). The result of this change was a reduction of \$204,063 in revenue combined with removal of the \$68,637 transfer from the County Contract for utilities at Holly Hall. The transfer for utilities at Elizabeth House was also reduced by \$8,920 based on a reduction of personnel expenses at the property which reduced the projected shortfall.

Expenses decreased by \$281,620 to reflect the \$272,700 reduction in expenses at Holly Hall and \$8,920 reduction in expenses at Elizabeth House to reflect an update to the personnel complement.

The Recommended Budget required a contribution of \$352,557 from the County Contract to balance the public housing rental budgets. As a result of the revisions to the budget structure for Holly Hall and decrease in personnel costs at Elizabeth House, the contribution was reduced by \$77,557 to \$275,000 ( $\$352,557 - \$68,637 - \$8,920 = \$275,000$ ).

Revenues increased in the **Housing Choice Voucher Program (HCVP)** by \$277,119 to reflect the increased draw from HCVP Administrative reserves, which resulted from income received but not spent in prior years, as a result of the increase in administrative expenses charged to the program.

For display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for client services to better reflect the anticipated federal funding shortfall for the HCVP administrative costs. As a result of the update to the personnel complement, the required funding from the County to offset anticipated federal deficits was reduced by \$148,531 (See Federal, State and County Grants). This is reflected as an increase to revenue of \$148,531 resulting from the reduction of the aforementioned carve-out and corresponding decrease to the available contribution line.

Expenses increased by a net of \$277,119 as a result of an increase of \$189,000 due to changes in the allocation and total budget related to technology initiatives coupled with a shift of \$148,531 in personnel costs previously funded by the County Contract. The increases were partially offset by a reduction of \$60,412 in personnel costs based on updates to the Personnel complement.

**Federal, State and County Grants** decreased by a net \$1,054,155. There were several factors that contributed to the decrease:

- The Country Contract funding for Rental License Fees was adjusted to include the \$20,000 added in in FY'17 that remains in the contract.
- A change in the fee structure for the Service Coordinator grant has resulted in a \$145,200 reduction to income. Staff has worked to streamline the expenses charged to the grant by \$52,883; however, a draw of \$92,317 from grant reserves is needed to balance the grant for FY'19 ( $\$145,200 - \$52,883 = \$92,317$ ). The reserves are a result of fees received but not spent in prior years due to savings in expenses.
- Recently the Maryland Department of Housing and Community Development (DHCD) implemented changes both in their process for applying for homeless services funding and the types of program they will fund. As a result, the County shifted the funding for the State Rental Allowance Program (RAP) to another provider. The matching funds

provided to HOC from the County Recordation Tax income was also shifted. The County also consolidated the State Pass-through Grants, that have historically not been sufficient to cover the costs associated with providing the services, and reduced funding for the Housing Locator Contract. The following chart summarizes the net cumulative reduction of \$376,032 to funding and reduction of \$474,538 to expenses. As a result of these changes, the transfers from the County to balance the various grants/contracts were reduced by \$98,506 ( $\$474,538 - \$376,032 = \$98,506$ ).

Change from Recommended to Proposed Budget				
	Funding	Required Transfers / Draws	Income	Expenses
State Rental Assistance Program (RAP) Grant	(\$170,112)	(\$6,621)	(\$176,733)	(\$176,733)
County matching funds for State RAP Grant	(\$122,496)	\$0	(\$122,496)	(\$122,496)
State Pass-through Grants	\$3,416	(\$83,348)	(\$79,932)	(\$79,932)
Housing Locator Contract	(\$86,840)	(\$8,537)	(\$95,377)	(\$95,377)
	<u>(\$376,032)</u>	<u>(\$98,506)</u>	<u>(\$474,538)</u>	<u>(\$474,538)</u>

- The County matching funds for the McKinney X Grant included the funding that was allocated for McKinney III. The correction reduced income by \$23,650.
- Expenses in the County Contract decreased by \$54,504 due to changes in the allocations related to technology initiatives.
- Personnel costs of \$148,531 for Housing Resources staff were shifted from the County Contract to the HCVP.
- The Personnel Complement update reduced expenses by \$174,446. As a result of this change and changes to the McKinney grant funding for Agency overhead, management fees paid to the General Fund decreased by \$110,820.
- And additional \$22,361 was transferred to cover the cost of Counselors at certain properties.
- Miscellaneous expenses or restricted cash were changed by \$17,712 in the remaining restricted grants to balance the grants.
- Finally, the FY'19 Recommend Budget projected a shortfall in the County Contract of \$720,356. The shortfall was covered by a transfer of \$420,356 from the General Fund and a draw of \$300,000 from the Service Coordinator reserves. As a result of the aforementioned changes to the County grants/contracts and other expense updates within the County Contract, the projected shortfall of \$720,356 was reduced by \$523,084 eliminating the need for a transfer from the General Fund and reducing the draw from the Service Coordinator reserves by \$102,728 to \$197,272 ( $\$720,356 - \$523,084 = \$197,272$ ).

## **Capital Budget:**

The FY'19 Proposed Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meetings during April and May. The Proposed Capital Budget for FY'19 is \$256.8 million, and reflects a reduction of approximately \$12.6 million from the Recommended Budget presented on April 4, 2018.

- **Capital Improvements Budget**

The capital improvements budgets for the East Deer Park and Kensington facilities each increased by \$75,000. The IT capital budget was reduced by \$787,000. Finally, the capital improvements budgets for the Opportunity Housing properties decreased by a net of \$912,618. The \$1.25 million of County Capital Improvements Program (CIP) funding was moved from the Capital Improvements Budget to the Capital Development Budget to better reflect the coordinated efforts of the Real Estate Development, Property Management and Maintenance teams in determining the appropriate utilization of these funds for improvements at deeply affordable units within the portfolio. In addition, the capital improvements budget at The Metropolitan was reduced by \$167,314 to better reflect the planned timing for improvements. These reductions were partially offset by the addition of a \$504,696 capital improvements budget for Cider Mill. (Attachment 1-3)

- **Capital Development Budget:**

The capital development budgets decreased by \$11,008,532 to reflect timing and scope changes in several projects as well as the addition of projects for Deeply Affordable Units and The Lindley (CCL), and the removal of projects for Hillandale Gateway and The Metropolitan. (Attachment 1-3)

Enclosure 2 includes the updated charts from the Summary and Capital Budget sections of the FY'19 Recommended Budget reflecting the proposed budgets.

Enclosure 3 includes the resolutions to adopt the FY'19 Operating and Capital Budgets.

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### **BUDGET IMPACT:**

Adoption of the FY'19 Budget will set the financial plan for the next fiscal year. Quarterly reviews will keep it updated and relevant.

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### **TIME FRAME:**

Adoption of the FY'19 Budget at the June 6, 2018 meeting will allow time for staff to implement the budget for the beginning of the fiscal year, July 1st. The Commission needs to adopt a budget for FY'19 before the fiscal year begins on July 1, 2016.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The adoption of the FY'19 Operating and Capital Budgets and related resolutions by approving the attached resolutions (Enclosure 3).

**ENCLOSURES:**

- 1) Spreadsheets highlighting major budget changes from FY'19 Recommended Operating and Capital Budgets
- 2) Revised charts from Summary and Capital Budget sections of the FY'19 Recommended Budget
- 3) Resolutions to adopt the FY'19 Budget
  - Adoption of the FY'19 Budgets, Bond Draw Downs and Transfers
  - Adoption of FY'19 Reimbursement Resolution

**Spreadsheets Highlighting Major Budget Changes from  
FY'19 Recommended Operating and Capital Budgets**

Enclosure 1



FY 2019 Proposed Operating Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
<b>General Fund</b>									
	General Fund	\$24,274,031	\$26,298,433	<b>(\$2,024,402)</b>	<b>(\$99,524)</b>	<b>(\$921,359)</b>	\$24,174,507	\$25,377,074	<b>(\$1,202,567)</b>
	<b>Restrict to GFOR</b>	\$0	\$430,861	<b>(\$430,861)</b>	\$0	\$680,708	\$0	\$1,111,569	<b>(\$1,111,569)</b>
<b>Multifamily &amp; Single Family Bond Funds</b>									
	Multifamily Fund	\$17,023,351	\$17,023,351	\$0	<b>(\$11,070)</b>	<b>(\$11,070)</b>	\$17,012,281	\$17,012,281	\$0
	Single Family Fund	\$10,374,311	\$10,374,311	\$0	\$59,265	\$59,265	\$10,433,576	\$10,433,576	\$0
<b>Opportunity Housing Fund</b>									
	Opportunity Housing Reserve Fund	\$4,920,872	\$1,406,782	<b>\$3,514,090</b>	<b>(\$218,940)</b>	\$40,040	\$4,701,932	\$1,446,822	<b>\$3,255,110</b>
	Opportunity Housing & Development Corps	\$76,335,641	\$74,013,674	<b>\$2,321,967</b>	\$13,725,171	\$13,826,420	\$90,060,812	\$87,840,094	<b>\$2,220,718</b>
	<b>Restrict to OHRF</b>	\$0	\$3,514,090	<b>(\$3,514,090)</b>	\$0	<b>(\$258,980)</b>	\$0	\$3,255,110	<b>(\$3,255,110)</b>
	<b>Draw from GFOR for MetroPointe Deficit</b>	\$133,296	\$0	<b>\$133,296</b>	<b>(\$39,878)</b>	\$0	\$93,418	\$0	<b>\$93,418</b>
<b>Public Fund</b>									
	Public Housing Rental	\$1,371,127	\$1,723,684	<b>(\$352,557)</b>	<b>(\$204,063)</b>	<b>(\$281,620)</b>	\$1,167,064	\$1,442,064	<b>(\$275,000)</b>
	<b>County Contributions towards Public Housing</b>	\$352,557	\$0	<b>\$352,557</b>	<b>(\$77,557)</b>	\$0	\$275,000	\$0	<b>\$275,000</b>
	Housing Choice Voucher Program	\$98,476,926	\$99,258,247	<b>(\$781,321)</b>	\$425,650	\$277,119	\$98,902,576	\$99,535,366	<b>(\$632,790)</b>
	<b>County Contributions towards HCVP Administration</b>	\$781,321	\$0	<b>\$781,321</b>	<b>(\$148,531)</b>	\$0	\$632,790	\$0	<b>\$632,790</b>
	Federal, State and Other County Grants	\$18,304,640	\$18,304,640	\$0	<b>(\$1,054,155)</b>	<b>(\$1,054,155)</b>	\$17,250,485	\$17,250,485	\$0
<b>TOTAL - ALL FUNDS</b>		<b>\$252,348,073</b>	<b>\$252,348,073</b>	<b>\$0</b>	<b>\$12,356,368</b>	<b>\$12,356,368</b>	<b>\$264,704,441</b>	<b>\$264,704,441</b>	<b>\$0</b>

**Footnotes - explanation of changes**

GF R \$147,695 Adjust Commitment Fee income for timing changes  
GF R \$95,777 Add Ground Rent income from Scattered Site Tax Credit properties  
GF R \$208,440 Add Asset Management Fee from Cider Mill  
GF R \$40,040 Increase transfer from OHRF for increase in RE Personnel  
GF R **(\$293,655)** Adjust Development Fee income for timing changes  
GF R **(\$132,056)** Adjust management fee income  
GF R **(\$99,070)** Remove Scattered Site Fee income  
GF R **(\$66,695)** Decrease development corporation fees  
**(\$99,524)**

GF E \$237,700 Adjust Technology Initiatives  
GF E \$35,887 Restrict cash for projected loss at Lasko Manor LP  
GF E \$74,060 Update Personnel Complement  
GF E **(\$787,000)** Reduce transfer from operations for IT Capital  
GF E **(\$420,356)** Remove transfer from General Fund to County Contract for shortfall  
GF E **(\$61,650)** Reduce IT Contracts  
**(\$921,359)**

GF **\$680,708** Increase Contribution to General Fund Operating Reserve (GFOR)

MF R **(\$11,070)** Decrease draw from indenture to fund administrative costs

MF E **(\$11,070)** Update Personnel Complement

SF R **\$59,265** Increase draw from indenture to fund administrative costs

SF E \$55,775 Add Trustee Fees  
SF E \$3,490 Update Personnel Complement  
**\$59,265**

OHRF R \$221,541 Adjust Commitment Fee income for timing changes  
OHRF R **(\$440,481)** Adjust Development Fee income for timing changes  
OHRF R **(\$218,940)**

OHRF E **\$40,040** Increase transfer to GF to fund RE personnel

OHRF **(\$258,980)** Decrease excess cash flow restriction

OH R \$12,947,592 Add budget for Cider Mill  
OH R \$669,514 Move Holly Hall to Opportunity Housing from Public Housing  
OH R \$77,557 Increase County funding for utilities at Seneca Ridge  
OH R \$19,660 Adjust rents at various properties  
OH R \$11,208 Increase draw from existing cash at The Willows  
OH R **(\$360)** Reduce transfer from County Contract for Counselors at properties  
**\$13,725,171**

OH **(\$39,878)** Decrease draw from General Fund Operating Reserve for deficit at MetroPointe

OH E \$11,551,633 Add budget for Cider Mill  
OH E \$208,440 Add Management fee expense at Cider Mill  
OH E \$1,187,519 Restrict cash at Cider Mill  
OH E \$267,650 Increase RfR contributions at various properties  
OH E \$445,233 Move Holly Hall to Opportunity Housing from Public Housing  
OH E \$224,281 Restrict cash at Holly Hall  
OH E \$47,334 Update Personnel Complement  
OH E \$11,208 Add new Debt Service at Willows  
OH E **(\$66,695)** Decrease development corporation fees  
OH E **(\$50,183)** Decrease restricted cash at various properties  
**\$13,826,420**

PH-R R **(\$204,063)** Adjust holly Hall budget for Rental Assistance Demonstration (RAD) conversion  
PH-R R **(\$8,920)** Decrease transfer from the County Contract utilities at Elizabeth House  
PH-R R **(\$68,637)** Remove transfer from the County Contract for utilities at Holly Hall  
**(\$281,620)**

PH-R E **(\$272,700)** Adjust holly Hall budget for Rental Assistance Demonstration conversion  
PH-R E **(\$8,920)** Update Personnel Complement  
**(\$281,620)**

PH-R **(\$77,557)** Reduce Contribution from County for Public Housing utilities

HCV R \$277,119 Increase draw from HCV Administrative reserves  
HCV R \$148,531 Reduce contribution from the County for HCVP Administration  
**\$425,650**

HCV E \$189,000 Adjust Technology Initiatives  
HCV E \$148,531 Shift portion of cost for Housing Resources staff from County Contract to HCV  
HCV E **(\$60,412)** Update Personnel Complement  
**\$277,119**

HCV **(\$148,531)** Reduce Contribution from County for HCVP Administration

FY 2019 Proposed Operating Budget Comparison from Recommended Budget (continued)		Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
<b>General Fund</b>	General Fund	\$24,274,031	\$26,298,433	<b>(\$2,024,402)</b>	(\$99,524)	(\$921,359)	\$24,174,507	\$25,377,074	<b>(\$1,202,567)</b>
	<b>Restrict to GFOR</b>	\$0	\$430,861	<b>(\$430,861)</b>	\$0	\$680,708	\$0	\$1,111,569	<b>(\$1,111,569)</b>
<b>Multifamily &amp; Single Family Bond Funds</b>	Multifamily Fund	\$17,023,351	\$17,023,351	<b>\$0</b>	(\$11,070)	(\$11,070)	\$17,012,281	\$17,012,281	<b>\$0</b>
	Single Family Fund	\$10,374,311	\$10,374,311	<b>\$0</b>	\$59,265	\$59,265	\$10,433,576	\$10,433,576	<b>\$0</b>
<b>Opportunity Housing Fund</b>	Opportunity Housing Reserve Fund	\$4,920,872	\$1,406,782	<b>\$3,514,090</b>	(\$218,940)	\$40,040	\$4,701,932	\$1,446,822	<b>\$3,255,110</b>
	Opportunity Housing & Development Corps	\$76,335,641	\$74,013,674	<b>\$2,321,967</b>	\$13,725,171	\$13,826,420	\$90,060,812	\$87,840,094	<b>\$2,220,718</b>
	<b>Restrict to OHRF</b>	\$0	\$3,514,090	<b>(\$3,514,090)</b>	\$0	(\$258,980)	\$0	\$3,255,110	<b>(\$3,255,110)</b>
	<b>Draw from GFOR for MetroPointe Deficit</b>	\$133,296	\$0	<b>\$133,296</b>	(\$39,878)	\$0	\$93,418	\$0	<b>\$93,418</b>
<b>Public Fund</b>	Public Housing Rental	\$1,371,127	\$1,723,684	<b>(\$352,557)</b>	(\$204,063)	(\$281,620)	\$1,167,064	\$1,442,064	<b>(\$275,000)</b>
	<b>County Contributions towards Public Housing</b>	\$352,557	\$0	<b>\$352,557</b>	(\$77,557)	\$0	\$275,000	\$0	<b>\$275,000</b>
	Housing Choice Voucher Program	\$98,476,926	\$99,258,247	<b>(\$781,321)</b>	\$425,650	\$277,119	\$98,902,576	\$99,535,366	<b>(\$632,790)</b>
	<b>County Contributions towards HCVP Administration</b>	\$781,321	\$0	<b>\$781,321</b>	(\$148,531)	\$0	\$632,790	\$0	<b>\$632,790</b>
	Federal, State and Other County Grants	\$18,304,640	\$18,304,640	<b>\$0</b>	(\$1,054,155)	(\$1,054,155)	\$17,250,485	\$17,250,485	<b>\$0</b>
<b>TOTAL - ALL FUNDS</b>		<b>\$252,348,073</b>	<b>\$252,348,073</b>	<b>\$0</b>	<b>\$12,356,368</b>	<b>\$12,356,368</b>	<b>\$264,704,441</b>	<b>\$264,704,441</b>	<b>\$0</b>

**Footnotes - explanation of changes**

Grants R \$20,000 Adjust County funding for Rental License Fees  
Grants R \$92,317 Add draw from Service Coordinator Grant reserves  
Grants R (\$145,200) Reduce funding for Service Coordinator Grant  
Grants R (\$376,032) Adjustments to County Grants/Contracts funding  
Grants R (\$98,506) Reduce transfers from County Contracts to balance grants  
Grants R (\$23,650) Correct County Income for McKinney Grants  
Grants R (\$420,356) Remove transfer to County Contract from General Fund for shortfall  
Grants R (\$102,728) Reduce draw from Service Coordinator Grant reserves for County Contract shortfall  
**(\$1,054,155)**

Grants E \$20,000 Adjust County funding for Rental License Fees  
Grants E \$22,361 Increase transfers from County Contract for Counselors at properties  
Grants E \$17,712 Balance Grants  
Grants E (\$52,883) Reduce costs for Service Coordinator Grant  
Grants E (\$474,538) Adjustments to County Grants/Contracts funding  
Grants E (\$98,506) Reduce transfers from County Contract to balance Grants  
Grants E (\$54,504) Move Technology Initiatives expenses from the County contrac to the General Fund  
Grants E (\$148,531) Shift portion of cost for Housing Resources staff to HCVP from County Contract  
Grants E (\$174,446) Update Personnel Complement  
Grants E (\$110,820) Adjust Management Fees paid to General Fund  
**(\$1,054,155)**

FY 2019 Proposed Capital Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
<b>Capital Improvements</b>									
	East Deer Park	\$150,000	\$150,000	\$0	\$75,000	\$75,000	\$225,000	\$225,000	\$0
	Kensington Office	\$370,000	\$370,000	\$0	\$75,000	\$75,000	\$445,000	\$445,000	\$0
	Information Technology	\$2,135,000	\$2,135,000	\$0	(\$787,000)	(\$787,000)	\$1,348,000	\$1,348,000	\$0
	Opportunity Housing Properties	\$5,981,089	\$5,981,089	\$0	(\$912,618)	(\$912,618)	\$5,068,471	\$5,068,471	\$0
		<b>\$8,636,089</b>	<b>\$8,636,089</b>	<b>\$0</b>	<b>(\$1,549,618)</b>	<b>(\$1,549,618)</b>	<b>\$7,086,471</b>	<b>\$7,086,471</b>	<b>\$0</b>
<b>Capital Development Projects</b>									
	900 Thayer	\$25,527,587	\$25,527,587	\$0	\$0	\$0	\$25,527,587	\$25,527,587	\$0
	Alexander House	\$12,827,761	\$12,827,761	\$0	\$0	\$0	\$12,827,761	\$12,827,761	\$0
	Arcola Towers	\$6,297,225	\$6,297,225	\$0	(\$5,930,618)	(\$5,930,618)	\$366,607	\$366,607	\$0
	Bauer Park	\$33,635,159	\$33,635,159	\$0	\$435,920	\$435,920	\$34,071,079	\$34,071,079	\$0
	Deeply Affordable Units	\$0	\$0	\$0	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$0
	Elizabeth House III	\$22,780,649	\$22,780,649	\$0	\$10,744,712	\$10,744,712	\$33,525,361	\$33,525,361	\$0
	Georgian Court	\$30,343,287	\$30,343,287	\$0	\$0	\$0	\$30,343,287	\$30,343,287	\$0
	Greenhills	\$3,646,853	\$3,646,853	\$0	\$0	\$0	\$3,646,853	\$3,646,853	\$0
	Hillandale Gateway	\$22,095,015	\$22,095,015	\$0	(\$22,095,015)	(\$22,095,015)	\$0	\$0	\$0
	The Lindley (CCL)	\$0	\$0	\$0	\$30,854,801	\$30,854,801	\$30,854,801	\$30,854,801	\$0
	Metropolitan	\$12,772,460	\$12,772,460	\$0	(\$12,772,460)	(\$12,772,460)	\$0	\$0	\$0
	Shady Grove	\$34,007,448	\$34,007,448	\$0	\$0	\$0	\$34,007,448	\$34,007,448	\$0
	Stewartown	\$21,022,686	\$21,022,686	\$0	(\$500,109)	(\$500,109)	\$20,522,577	\$20,522,577	\$0
	Upton II	\$22,348,015	\$22,348,015	\$0	(\$136,640)	(\$136,640)	\$22,211,375	\$22,211,375	\$0
	Waverly House	\$13,445,528	\$13,445,528	\$0	(\$12,859,123)	(\$12,859,123)	\$586,405	\$586,405	\$0
		<b>\$260,749,673</b>	<b>\$260,749,673</b>	<b>\$0</b>	<b>(\$11,008,532)</b>	<b>(\$11,008,532)</b>	<b>\$249,741,141</b>	<b>\$249,741,141</b>	<b>\$0</b>
<b>TOTAL - ALL FUNDS</b>		<b>\$269,385,762</b>	<b>\$269,385,762</b>	<b>\$0</b>	<b>(\$12,558,150)</b>	<b>(\$12,558,150)</b>	<b>\$256,827,612</b>	<b>\$256,827,612</b>	<b>\$0</b>

Footnotes - explanation of changes

CI-GF	I	\$75,000	Increase Capital Improvements Budget for East Deer Park	CD R	(\$5,930,618)	Adjust timing and scope of Capital Development Budget for Arcola Towers
CI-GF	I	\$75,000	Increase Capital Improvements Budget for the Kensington Office	CD R	\$435,920	Adjust timing and scope of Capital Development Budget for Bauer Park
CI-GF	I	(\$787,000)	Decrease Capital Improvements Budget for Information Technology	CD R	\$1,250,000	Add Capital Development Budget for Deeply Affordable Units
		(\$637,000)		CD R	\$10,744,712	Adjust timing and scope of Capital Development Budget for Elizabeth House III
CI-GF	E	\$75,000	Increase Capital Improvements Budget for East Deer Park	CD R	(\$22,095,015)	Remove Capital Development Budget for Hillandale Gateway
CI-GF	E	\$75,000	Increase Capital Improvements Budget for the Kensington Office	CD R	\$30,854,801	Add Capital Development Budget for The Lindley (CCL)
CI-GF	E	(\$787,000)	Decrease Capital Improvements Budget for Information Technology	CD R	(\$12,772,460)	Remove Capital Development Budget for The Metropolitan
		(\$637,000)		CD R	(\$500,109)	Adjust timing and scope of Capital Development Budget for Shady Grove
CI-OH	I	\$504,696	Add Capital budget for Cider Mill	CD R	(\$136,640)	Adjust timing and scope of Capital Development Budget for Upton II
CI-OH	I	(\$167,314)	Decrease Capital Improvements Budget for Metropolitan	CD R	(\$12,859,123)	Adjust timing and scope of Capital Development Budget for Waverly House
CI-OH	I	(\$1,250,000)	Move County Capital Improvements Program (CIP) funding to Capital Development Budget		(\$11,008,532)	
		(\$912,618)		CD E	(\$5,930,618)	Adjust timing and scope of Capital Development Budget for Arcola Towers
CI-OH	E	\$504,696	Add Capital budget for Cider Mill	CD E	\$435,920	Adjust timing and scope of Capital Development Budget for Bauer Park
CI-OH	E	(\$167,314)	Decrease Capital Improvements Budget for Metropolitan	CD E	\$1,250,000	Add Capital Development Budget for Deeply Affordable Units
CI-OH	E	(\$1,250,000)	Move County Capital Improvements Program (CIP) funding to Capital Development Budget	CD E	\$10,744,712	Adjust timing and scope of Capital Development Budget for Elizabeth House III
		(\$912,618)		CD E	(\$22,095,015)	Remove Capital Development Budget for Hillandale Gateway
				CD E	\$30,854,801	Add Capital Development Budget for The Lindley (CCL)
				CD E	(\$12,772,460)	Remove Capital Development Budget for The Metropolitan
				CD E	(\$500,109)	Adjust timing and scope of Capital Development Budget for Shady Grove
				CD E	(\$136,640)	Adjust timing and scope of Capital Development Budget for Upton II
				CD E	(\$12,859,123)	Adjust timing and scope of Capital Development Budget for Waverly House
					(\$11,008,532)	

**Revised Charts**  
**From Summary and Capital Budget Sections**  
**of the FY'19 Recommended Budget**

Enclosure 2



## Commission Meeting

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# FY 2019 Proposed Budget

# FY 2019 – Budget Overview

## Proposed Budget

Fund Summary Overview		FY 2019 Proposed Budget		
		Revenues	Expenses	Net
General Fund		\$24,174,507	\$25,377,074	(\$1,202,567)
	Restrict to GFOR	\$0	\$1,111,569	(\$1,111,569)
Multifamily Bond Funds		\$17,012,281	\$17,012,281	\$0
Single Family Bond Funds		\$10,433,576	\$10,433,576	\$0
Opportunity Housing Fund				
	Opportunity Housing Reserve Fund (OHRF)	\$4,701,932	\$1,446,822	\$3,255,110
	Restrict to OHRF	\$0	\$3,255,110	(\$3,255,110)
	Opportunity Housing & Development Corporation Properties	\$90,060,812	\$87,840,094	\$2,220,718
	Draw from GFOR for MetroPointe Deficit	\$93,418	\$0	\$93,418
Public Fund				
	Public Housing Fund	\$1,167,064	\$1,442,064	(\$275,000)
	County Contributions towards Public Housing	\$275,000	\$0	\$275,000
	Housing Choice Voucher Program (HCVP)	\$98,902,576	\$99,535,366	(\$632,790)
	County Contributions towards HCVP Administration	\$632,790	\$0	\$632,790
	Federal, State, and County Grants	\$17,250,485	\$17,250,485	\$0
<b>TOTAL - ALL FUNDS</b>		<b>\$264,704,441</b>	<b>\$264,704,441</b>	<b>\$0</b>

\* Revenues and Expenses include inter-company Transfer Between Funds

# FY 2019 – Revenue and Expense Summary

## Proposed Budget

### FY 2019 Revenue and Expense Statement

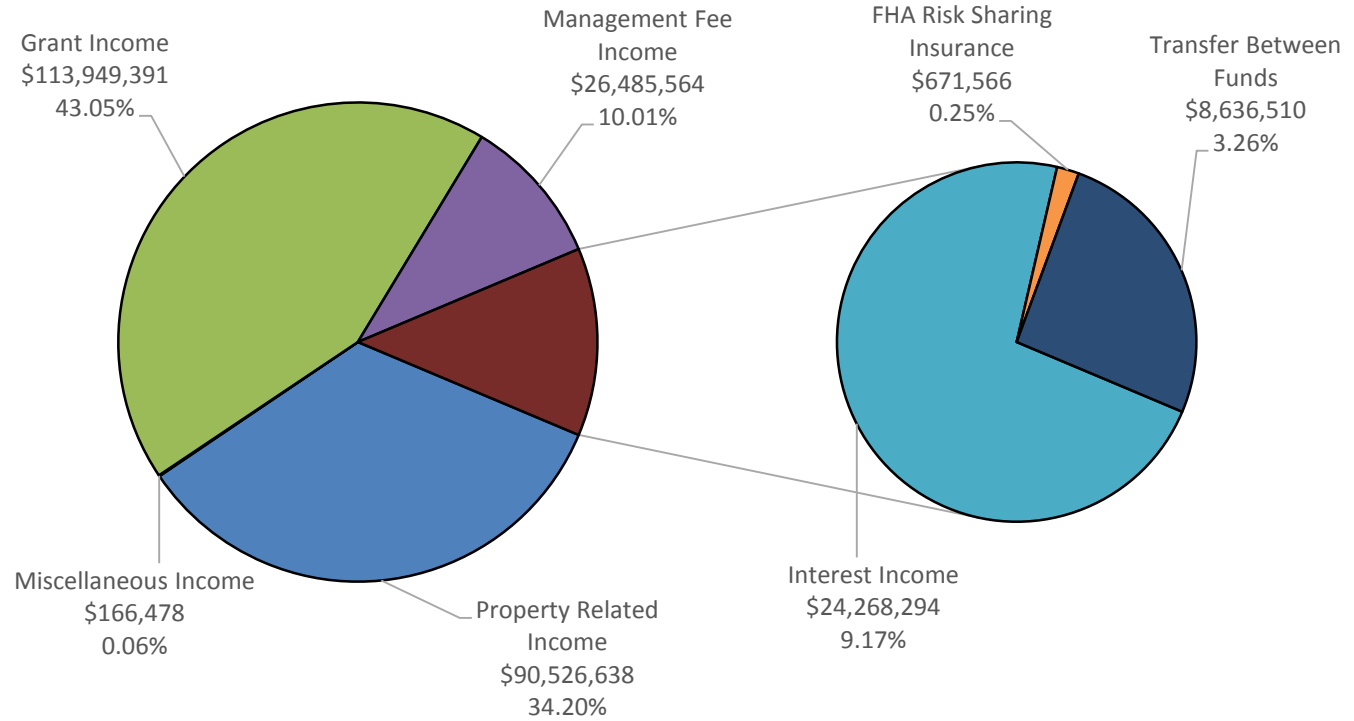
Operating Budget		Non-Operating Budget	
<b>Operating Income</b>		<b>Non-Operating Income</b>	
Tenant Income	\$89,386,009	Investment Interest Income	\$24,268,294
Non-Dwelling Rental Income	\$1,140,629	FHA Risk Sharing Insurance	\$671,566
Federal Grant	\$103,128,545	Transfer Between Funds	\$8,636,510
County Grant	\$10,820,846		
Management Fees	\$26,485,564		
Miscellaneous Income	\$166,478		
<b>TOTAL OPERATING INCOME</b>	<b>\$231,128,071</b>	<b>TOTAL NON-OPERATING INCOME</b>	<b>\$33,576,370</b>
<b>Operating Expenses</b>		<b>Non-Operating Expenses</b>	
Personnel Expenses	\$44,267,773	Interest Payment	\$35,796,720
Operating Expenses - Fees	\$16,819,109	Mortgage Insurance	\$787,244
Operating Expenses - Administrative	\$7,915,683	Principal Payment	\$8,542,109
Tenant Services Expenses	\$6,816,523	Debt Service, Operating and Replacement Reserves	\$12,053,798
Protective Services Expenses	\$812,918	Restricted Cash Flow	\$10,311,069
Utilities Expenses	\$5,899,781	Development Corporation Fees	\$6,898,050
Insurance and Tax Expenses	\$2,682,319	Miscellaneous Bond Financing Expenses	\$29,429
Maintenance Expenses	\$8,110,033	FHA Risk Sharing Insurance	\$671,566
Housing Assistance Payments (HAP)	\$92,078,274	Transfer Out Between Funds	\$4,212,043
<b>TOTAL OPERATING EXPENSES</b>	<b>\$185,402,413</b>	<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$79,302,028</b>
<b>NET OPERATING INCOME</b>	<b>\$45,725,658</b>	<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$45,725,658)</b>

# FY 2019 – Operating Budget: Source of Funds

## Total Income – Proposed – \$264,704,441

**Operating Income**  
\$231,128,071

**Non-Operating Income**  
\$33,576,370





# FY 2019 – Operating Budget: Use of Funds

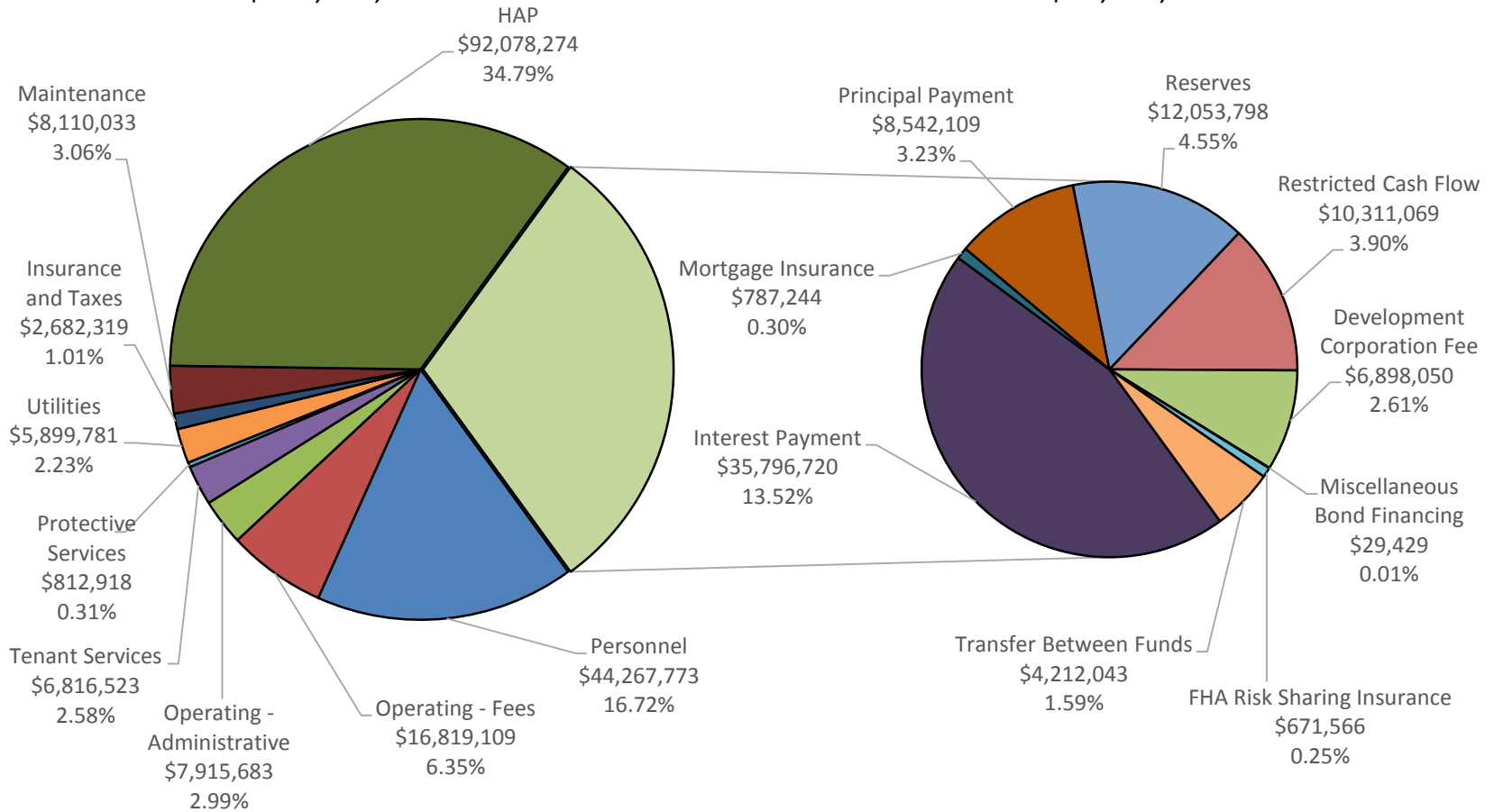
## Total Expenses – Proposed – \$264,704,441

### Operating Expenses

\$185,402,413

### Non-Operating Expenses

\$79,302,028



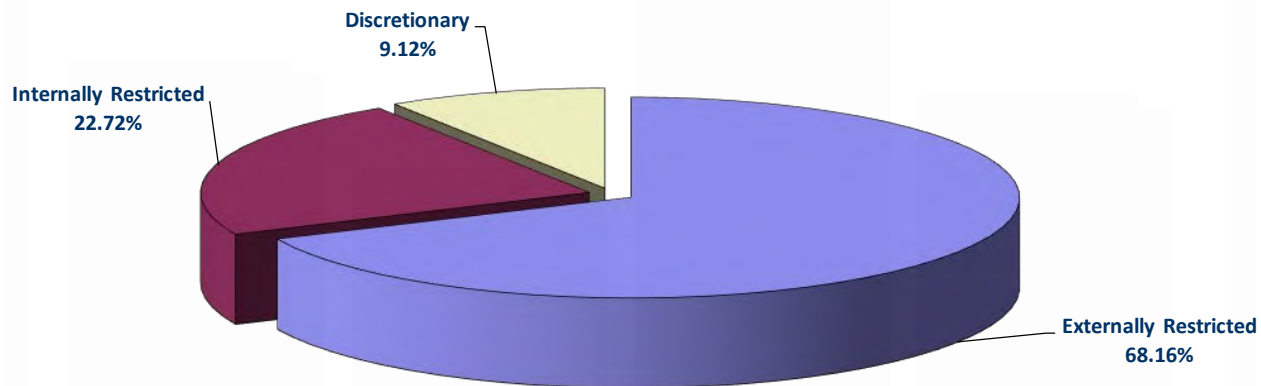
# Total Agency Operating Budget Summary – FY 2015 through FY 2019

## Net Operating Income

Total Revenue and Expense Statement	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Amended Budget	FY 2019 Proposed Budget
<b>Operating Income</b>					
Tenant Income	\$67,678,833	\$67,455,171	\$67,333,831	\$74,992,736	\$89,386,009
Non-Dwelling Rental Income	\$1,005,425	\$1,346,229	\$1,150,050	\$1,538,565	\$1,140,629
Federal Grant	\$97,290,034	\$95,780,190	\$97,705,641	\$90,680,864	\$103,128,545
State Grant	\$194,723	\$157,083	\$184,480	\$174,084	\$0
County Grant	\$9,306,964	\$9,761,734	\$9,877,142	\$10,764,469	\$10,820,846
Private Grant	\$0	\$0	\$0	\$0	\$0
Management Fees	\$17,913,663	\$16,672,501	\$17,879,325	\$24,644,701	\$26,485,564
Miscellaneous Income	\$272,085	\$348,240	\$1,642,884	\$54,739	\$166,478
<b>TOTAL OPERATING INCOME</b>	<b>\$193,661,727</b>	<b>\$191,521,148</b>	<b>\$195,773,353</b>	<b>\$202,850,158</b>	<b>\$231,128,071</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$35,299,016	\$35,610,940	\$37,420,400	\$41,714,274	\$44,267,773
Operating Expenses - Fees	\$14,307,255	\$13,635,450	\$13,787,927	\$16,049,683	\$16,819,109
Operating Expenses - Administrative	\$7,504,008	\$7,695,705	\$8,000,361	\$7,169,836	\$7,915,683
Tenant Services Expenses	\$4,540,828	\$5,444,800	\$5,540,710	\$6,915,658	\$6,816,523
Protective Services Expenses	\$717,915	\$756,953	\$678,418	\$609,511	\$812,918
Utilities Expenses	\$5,830,514	\$5,394,293	\$4,962,367	\$5,567,199	\$5,899,781
Insurance and Tax Expenses	\$1,585,782	\$1,616,298	\$1,553,706	\$1,719,138	\$2,682,319
Maintenance Expenses	\$6,656,200	\$6,779,554	\$6,211,113	\$7,021,773	\$8,110,033
Housing Assistance Payments (HAP)	\$81,437,288	\$81,539,944	\$84,763,551	\$82,544,136	\$92,078,274
<b>TOTAL OPERATING EXPENSES</b>	<b>\$157,878,806</b>	<b>\$158,473,937</b>	<b>\$162,918,553</b>	<b>\$169,311,208</b>	<b>\$185,402,413</b>
<b>NET OPERATING INCOME</b>	<b>\$35,782,921</b>	<b>\$33,047,211</b>	<b>\$32,854,800</b>	<b>\$33,538,950</b>	<b>\$45,725,658</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$27,698,946	\$23,536,467	\$23,439,972	\$26,782,009	\$24,268,294
FHA Risk Sharing Insurance	\$623,236	\$639,692	\$609,502	\$755,284	\$671,566
Transfer Between Funds	\$10,727,372	\$12,533,892	\$7,398,074	\$11,713,475	\$8,636,510
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$39,049,554</b>	<b>\$36,710,051</b>	<b>\$31,447,548</b>	<b>\$39,250,768</b>	<b>\$33,576,370</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$29,690,973	\$27,982,289	\$28,212,630	\$33,382,918	\$35,796,720
Mortgage Insurance	\$769,092	\$764,050	\$816,079	\$1,234,292	\$787,244
Principal Payment	\$6,946,832	\$6,661,644	\$7,111,496	\$8,831,847	\$8,542,109
Debt Service, Operating and Replacement Reserves	\$12,214,511	\$12,208,303	\$13,365,814	\$9,141,407	\$12,053,798
Restricted Cash Flow	\$11,002,670	\$11,865,614	\$6,333,253	\$9,342,845	\$10,311,069
Development Corporation Fees	\$6,049,249	\$5,211,017	\$5,592,375	\$7,074,683	\$6,898,050
Miscellaneous Bond Financing Expenses	\$23,752	\$57,343	\$511,025	\$341,553	\$29,429
FHA Risk Sharing Insurance	\$563,236	\$639,692	\$609,502	\$755,274	\$671,566
Transfer Out Between Funds	\$6,818,483	\$4,870,590	\$4,301,071	\$2,684,899	\$4,212,043
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$74,078,798</b>	<b>\$70,260,542</b>	<b>\$66,853,245</b>	<b>\$72,789,718</b>	<b>\$79,302,028</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$35,029,244)</b>	<b>(\$39,950,491)</b>	<b>(\$35,406,697)</b>	<b>(\$39,538,950)</b>	<b>(\$45,725,658)</b>
<b>NET CASH FLOW</b>	<b>\$753,677</b>	<b>(\$503,280)</b>	<b>(\$2,550,897)</b>	<b>\$0</b>	<b>\$0</b>

# FY 2019 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2019 Proposed Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
<b>Operating Income</b>				
Property Related Income	\$32,767,542	\$55,444,960	\$2,314,136	<b>\$90,526,638</b>
Federal Grant	\$103,128,545	\$0	\$0	<b>\$103,128,545</b>
County Grant	\$10,820,846	\$0	\$0	<b>\$10,820,846</b>
Management Fees	\$0	\$4,701,932	\$21,783,632	<b>\$26,485,564</b>
Miscellaneous Income	\$166,478	\$0	\$0	<b>\$166,478</b>
<b>TOTAL OPERATING INCOME</b>	<b>\$146,883,411</b>	<b>\$60,146,892</b>	<b>\$24,097,768</b>	<b>\$231,128,071</b>
<b>Non-Operating Income</b>				
Interest Income	\$24,237,771	\$0	\$30,523	<b>\$24,268,294</b>
FHA Risk Sharing	\$671,566	\$0	\$0	<b>\$671,566</b>
Transfer Between Funds	\$8,636,510	\$0	\$0	<b>\$8,636,510</b>
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$33,545,847</b>		<b>\$30,523</b>	<b>\$33,576,370</b>
<b>TOTAL - ALL REVENUE SOURCES</b>	<b>\$180,429,258</b>	<b>\$60,146,892</b>	<b>\$24,128,291</b>	<b>\$264,704,441</b>



# FY 2019 – Opportunity Housing & Development Corporations

## Operating Budget

Opportunity Housing and Development Corps FY 2019 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual RfR, Operating & Debt Service Reserve Escrow	Asset & Loan Management Fees	Non-Operating Expenses	FY 2019 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2019 Net Cash Flow to HOC
Alexander House	\$3,349,456	\$1,234,259	\$2,115,197	\$0	\$64,050	\$206,900	\$270,950	\$1,844,247	\$1,344,247	\$500,000	\$0
Avondale Apartments	\$368,552	\$142,924	\$225,628	\$92,250	\$9,996	\$0	\$102,246	\$123,382	\$123,382	\$0	\$0
Barclay, The	\$1,344,448	\$417,289	\$927,159	\$676,975	\$22,800	\$85,930	\$785,705	\$141,454	\$0	\$141,454	\$0
Brooke Park	\$86,521	\$63,255	\$23,266	\$0	\$10,800	\$20,350	\$31,150	(\$7,884)	\$0	\$0	(\$7,884)
Brookside Glen (The Glen)	\$1,638,043	\$597,591	\$1,040,452	\$498,797	\$113,736	\$101,750	\$714,283	\$326,169	\$326,169	\$0	\$0
CDBG Units	\$46,353	\$26,151	\$20,202	\$924	\$19,278	\$0	\$20,202	\$0	\$0	\$0	\$0
Chelsea Towers	\$336,611	\$210,279	\$126,332	\$56,727	\$8,400	\$0	\$65,127	\$61,205	\$0	\$0	\$61,205
Cider Mill	\$12,947,592	\$4,711,681	\$8,235,911	\$6,537,552	\$302,400	\$208,440	\$7,048,392	\$1,187,519	\$1,187,519	\$0	\$0
Diamond Square	\$1,367,635	\$794,802	\$572,833	\$117,904	\$127,628	\$23,820	\$269,352	\$303,481	\$303,481	\$0	\$0
Fairfax Court	\$291,296	\$109,518	\$181,778	\$9,132	\$38,880	\$20,350	\$68,362	\$113,416	\$0	\$0	\$113,416
Glenmont Crossing	\$2,091,961	\$899,654	\$1,192,307	\$828,912	\$58,200	\$109,670	\$996,782	\$195,525	\$164,250	\$31,275	\$0
Glenmont Westerly	\$1,744,067	\$763,489	\$980,578	\$538,812	\$61,200	\$115,320	\$715,332	\$265,246	\$128,289	\$136,957	\$0
Holiday Park	\$329,317	\$137,560	\$191,757	\$101,563	\$15,588	\$0	\$117,151	\$74,606	\$0	\$0	\$74,606
Holly Hall	\$669,514	\$445,233	\$224,281	\$0	\$0	\$0	\$0	\$224,281	\$224,281	\$0	\$0
Jubilee Falling Creek	\$36,699	\$23,044	\$13,655	\$0	\$2,004	\$0	\$2,004	\$11,651	\$0	\$0	\$11,651
Jubilee Hermitage	\$41,699	\$30,386	\$11,313	\$0	\$2,004	\$0	\$2,004	\$9,309	\$0	\$0	\$9,309
Jubilee Horizon Court	\$33,605	\$27,931	\$5,674	\$0	\$2,004	\$0	\$2,004	\$3,670	\$0	\$0	\$3,670
Jubilee Woodedge	\$31,276	\$23,631	\$7,645	\$0	\$2,004	\$0	\$2,004	\$5,641	\$0	\$0	\$5,641
Ken Gar	\$228,183	\$112,116	\$116,067	\$103,348	\$9,282	\$0	\$112,630	\$3,437	\$3,437	\$0	\$0
King Farm Village Center	\$18,080	\$8,827	\$9,253	\$0	\$1,200	\$0	\$1,200	\$8,053	\$8,053	\$0	\$0
Magruder's Discovery	\$2,366,205	\$675,644	\$1,690,561	\$927,101	\$39,816	\$0	\$966,917	\$723,644	\$0	\$723,644	\$0
Manchester Manor	\$762,036	\$475,616	\$286,420	\$168,807	\$21,410	\$59,920	\$250,137	\$36,283	\$36,283	\$0	\$0
McHome	\$450,969	\$305,229	\$145,740	\$0	\$16,400	\$0	\$16,400	\$129,340	\$0	\$0	\$129,340
McKendree	\$175,082	\$124,953	\$50,129	\$0	\$11,196	\$0	\$11,196	\$38,933	\$0	\$0	\$38,933
MetroPointe	\$2,694,817	\$800,607	\$1,894,210	\$1,948,948	\$30,000	\$8,680	\$1,987,628	(\$93,418)	\$0	\$0	(\$93,418)
Metropolitan, The	\$7,000,184	\$2,040,602	\$4,959,582	\$2,305,555	\$194,400	\$63,630	\$2,563,585	\$2,395,997	\$1,462,902	\$933,095	\$0
MHLP VII	\$487,152	\$339,231	\$147,921	\$29,267	\$14,000	\$0	\$43,267	\$104,654	\$0	\$0	\$104,654
MHLP VIII	\$688,021	\$472,542	\$215,479	\$0	\$20,000	\$0	\$20,000	\$195,479	\$0	\$0	\$195,479
Montgomery Arms	\$1,957,821	\$737,187	\$1,220,634	\$687,178	\$46,200	\$145,850	\$879,228	\$341,406	\$0	\$341,406	\$0

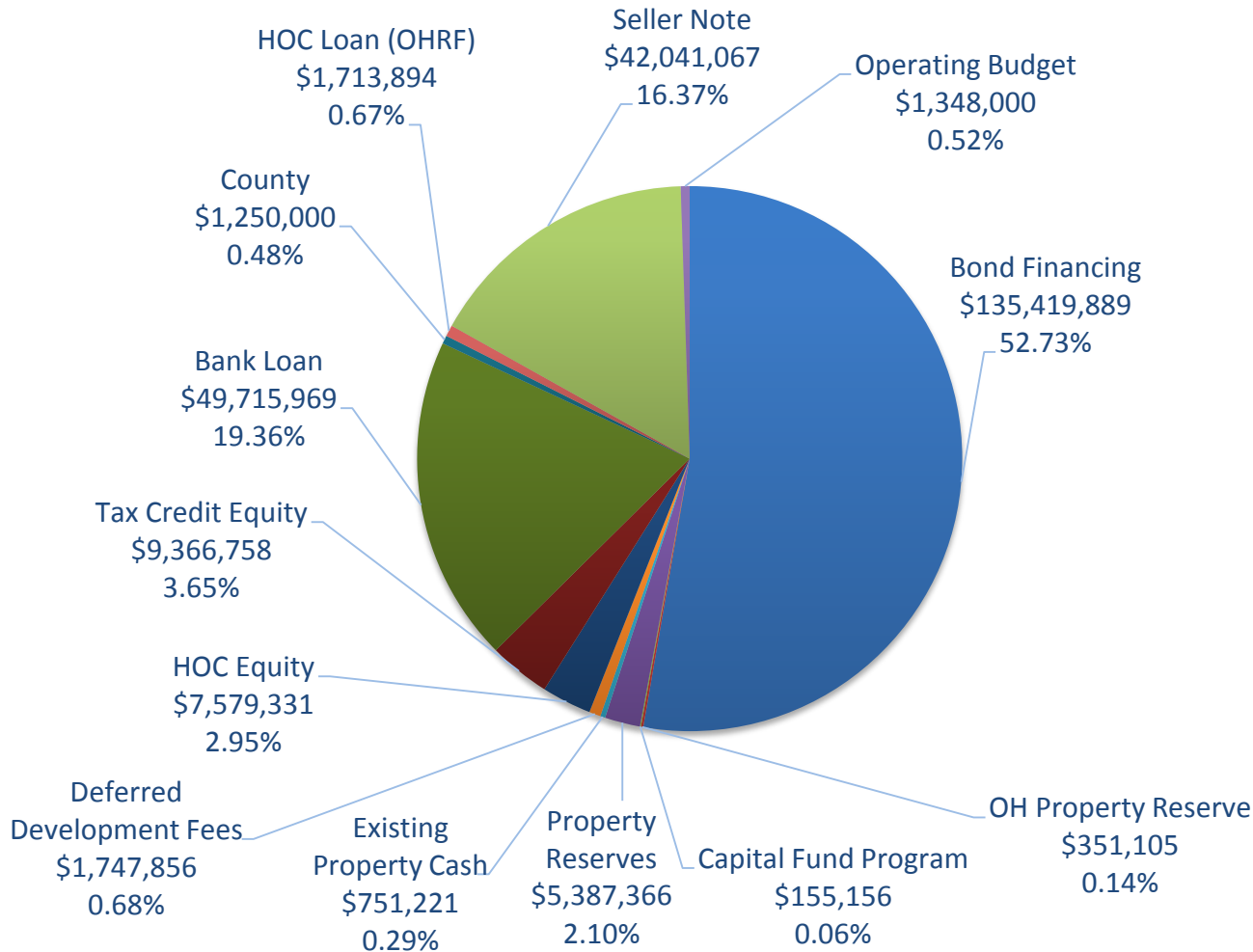
# FY 2019 – Capital Budget

## Capital Budget Overview

Capital Budget Summary	FY 2019 Proposed Budget
<b>Capital Improvements</b>	
East Deer Park	\$225,000
Kensington Office	\$445,000
Information Technology	\$1,348,000
Opportunity Housing Properties	\$5,068,471
<b>Subtotal</b>	<b>\$7,086,471</b>
<b>Capital Development Projects</b>	
900 Thayer	\$25,527,587
Alexander House	\$12,827,761
Arcola Towers	\$366,607
Bauer Park	\$34,071,079
Deeply Affordable Units	\$1,250,000
EH III	\$33,525,361
Georgian Court	\$30,343,287
Greenhills	\$3,646,853
The Lindley (CCL)	\$30,854,801
Shady Grove	\$34,007,448
Stewartown	\$20,522,577
Upton - Phase II	\$22,211,375
Waverly House	\$586,405
<b>Subtotal</b>	<b>\$249,741,141</b>
<b>TOTAL</b>	<b>\$256,827,612</b>

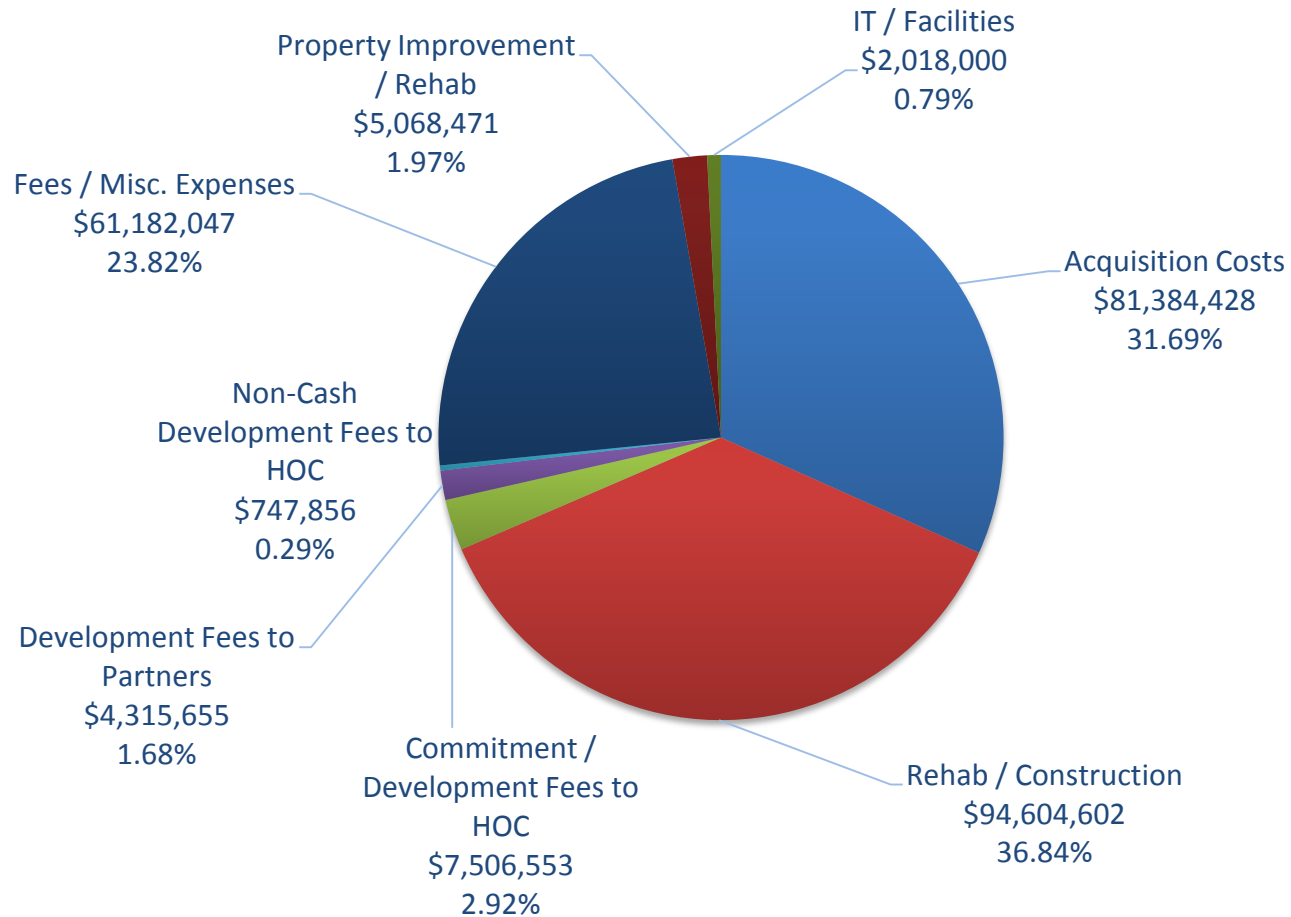
# FY 2019 – Capital Budget

## Source of Funds - Proposed – \$256,827,612



# FY 2019 – Capital Budget

## Use of Funds - Proposed – \$256,827,612



# **ADOPTION OF THE FY'19 BUDGET RESOLUTIONS**

- A - Adoption of the FY'19 Budgets, Bond Draw Downs and Transfers
  
- B - Adoption of FY'19 Reimbursement Resolution

Enclosure 3



**RESOLUTION NO. 18- 44**

**RE:** Adoption of the FY'19 Budget,  
Bond Draw Downs and Transfers

**WHEREAS**, the Commission is required to adopt a budget based on the current chart of accounts in use before July 1, 2018; and

**WHEREAS**, the Commission is required to approve the transfer of equity between Agency funds.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'19 of \$264.7 million by fund as attached.

**BE IT ALSO RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

\$ 1,623,898 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture  
\$ 1,549,858 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

**BE IT ALSO RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

Up to \$2,314,136 for FY'19 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

**BE IT ALSO RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'19 of \$256.8 million as attached.

**BE IT ALSO RESOLVED** that the Housing Opportunities Commission of Montgomery County, acting on behalf of the Timberlawn Pomander Properties LLC, as its Sole Member, hereby adopts a total Operating Budget for FY'19 of \$442,839 and a Capital Budget for FY'19 of \$12,842 for Pomander Court, and a total Operating Budget for FY'19 of \$2,199,778 and a Capital Budget for FY'19 of \$64,805 Timberlawn Crescent.

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Patrice Birdsong  
Special Assistant to the Commission

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE “COMMISSION”) DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the “Commission”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and 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 the multifamily rental housing properties which provide a public purpose; and

**WHEREAS**, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed \$256,827,612, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission’s expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

**WHEREAS**, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission’s future tax-exempt borrowing for such projects named in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT:**

Section 1. *Declaration of Official Intent.* The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission’s FY 19 Capital Budget attached, including **900 Thayer Avenue, Alexander House, Arcola Towers, Avondale Apartments, The Barclay, Bauer Park, Brooke Park, Brookside Glen, CDBG-NSP-NCI, Chelsea Towers, Cider Mill, Dale Drive, Deeply Affordable Unit Renovation, Diamond Square, Elizabeth House III, Fairfax Court,**

**Georgian Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, King Farm Village Center, The Lindley (formerly Chevy Chase Lakes) Magruder’s Discovery, Manchester Manor, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove, Southbridge, State Rental Combined, Strathmore Court, Stewartown, Timberlawn, Town Center Apartments, Upton, VPC One and VPC Two (formerly 669 Scattered Site Properties), Waverly House, Westwood Tower, and The Willows** and capital improvements to the Commission’s administrative offices and information technology (collectively, the “Projects”) with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. *Dates of Capital Expenditures.* All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect’s fees, engineering fees, costs of soil testing and surveying).

Section 3. *Issuance of Bonds or Notes.* The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$256,827,612 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. *Confirmation of Prior Acts.* All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. *Repeal of Inconsistent Resolutions.* All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. *Effective Date of Resolution.* This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED at a regular meeting held this \_\_\_\_ day of \_\_\_\_\_.

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Patrice Birdsong  
Special Assistant to the Commission

# Development and Finance Committee

# Adoption of an Inducement Resolution for the Proposed Financing of Knights Bridge I Apartments

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## Silver Spring, MD



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN  
VIVIAN BENJAMIN  
VICTORIA DIXON  
ERIK SMITH

June 6, 2018

Page 245 of 277

# Table of Contents

Topics	Page
Executive Summary	3
Property Overview	
Description	4
Location Map	5
Photos	6
Public Purpose	7
Transaction Summary	
Sources & Uses	8
MTEB Program	9
Development Team	10
Timeline	11
Volume Cap Need/Uses	12
Summary and Recommendations	13

# Executive Summary

- Pala Capital Holdings (“PCH”) is a development company whose objective is to own, manage and preserve affordable housing.
- PCH has proposed the acquisition and renovation of Knights Bridge I Apartments the (“Development”), which is an existing 256-unit, market-rate garden style, multifamily housing development. The developer intends to set aside 80% of units at or below 60% Washington, DC-MD-VA Statistical Area Median Income (“AMI”).
- A market study, completed by Novogradac & Company concludes that the site’s highest and best use is deemed “as is,” due to the property’s good condition and ability to generate positive returns.
- PCH acquired the site on May 24, 2018 for approximately \$40 Million using bridge financing and intends to apply for an allocation of 4% Low Income Housing Tax Credits (“LIHTC”) from the Maryland Department of Housing and Community Development (“DHCD”) in June 2018.
- HOC is being asked to issue tax-exempt bonds to be credit enhanced through Fannie Mae’s Mortgage Backed Securities Tax Exempt Bond collateral (“MTEB”) program. An allocation of \$42,933,000 HOC Bond Cap is requested for the transaction.



# Property Overview: Description



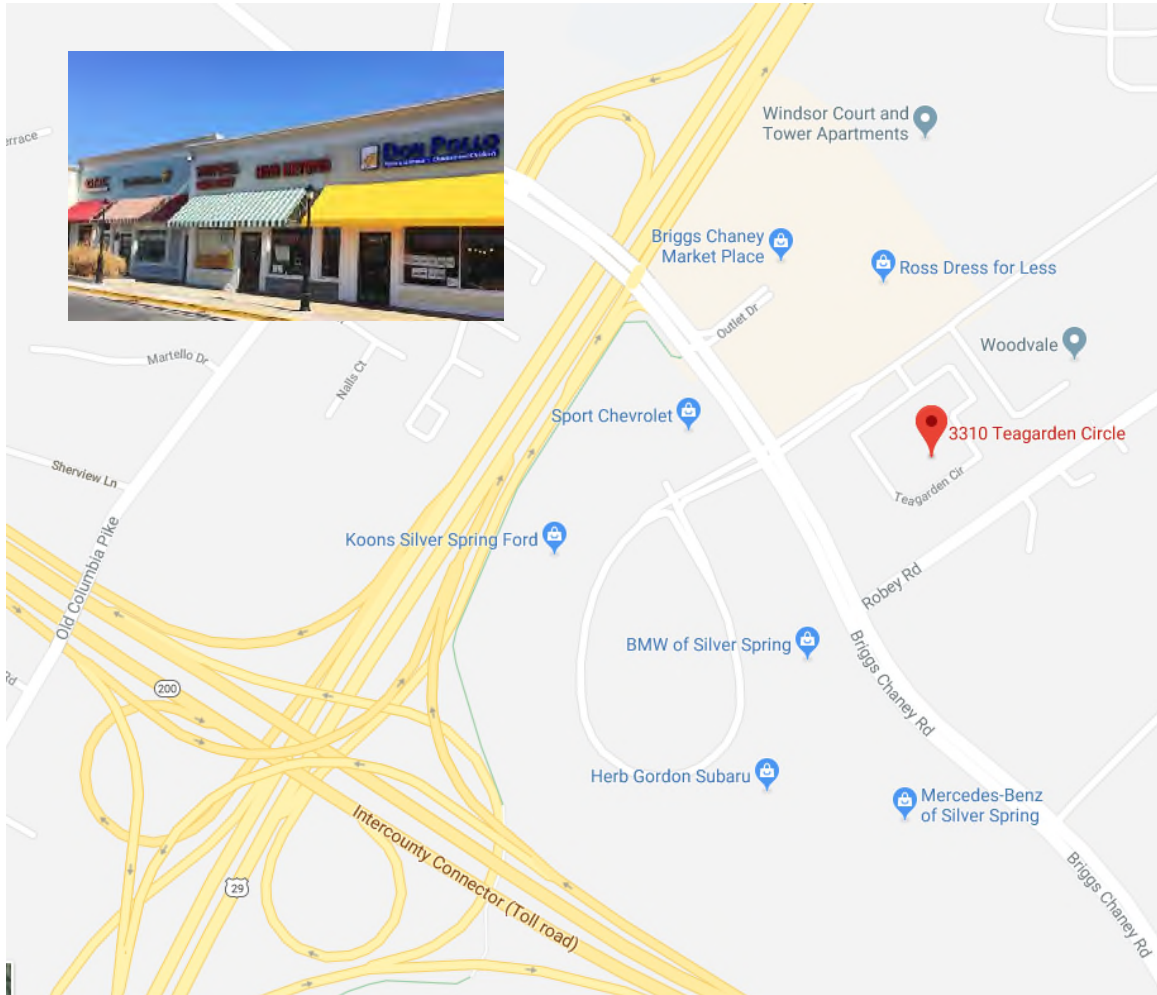
- The Development is located at 3310 Teagarden Circle in Silver Spring, MD, surrounded by commercial and residential uses.
- The property was constructed in 1984 and property amenities include a swimming pool, picnic area, grilling area and playground.
- The 9.63 acre site consists of 10 four-story residential buildings and one, single story, community building.

Renovation Plan	# Units or Bldg Reno'd	Cost / unit	Cost
HVAC	256	\$7,000	\$1,792,000
Bathrooms	256	\$6,500	\$1,664,000
Windows / Sliding Doors	256	\$6,191	\$1,585,000
Kitchens	256	\$5,000	\$1,280,000
Siding / Asphalt		\$3,105	\$795,000
Unit Lights / Hardware	256	\$2,352	\$602,200
Roof Repair/Replace	1	\$1,758	\$450,000
Life Safety		\$1,138	\$291,200
Common Amenities		\$20	\$5,000.00
Contingency, General Conditions, Overhead			\$2,235,656
<b>Total</b>	<b>256</b>	<b>\$41,797</b>	<b>\$10,700,056</b>





# Property Overview: Location Map



- The property is well located for connectivity to employment for drivers using the Intercounty Connector (Rte 200) and Rt. 29, as well as thoroughfares such as Briggs Chaney Rd and Old Columbia Pike.
- The property is also served by county bus routes to the Glenmont and Silver Spring WMATA Metro Stations (Red Line, Bus 39, Z6, Z8, and Z11).
- The neighboring Briggs Chaney Market is a 192,000 SF grocery-anchored shopping center, owned by Saul Centers REIT. The property was recently renovated and includes a Global Food Market, Ross, Bank of America, and Advanced Auto Parts with additional store offerings to take care of daily needs for residents, such as a UPS Store, Hair Cuttery, and national fast food options. Global Food Market is a local grocery chain with six locations, specializing in international foods.
- Schools within one mile of the premises include:
  - Greencastle Elementary (0.1 miles)
  - Paint Branch High (1 mile)
- Also within two miles, are additional shopping centers, including a Giant Foods, Target, PetSmart, and Home Depot.

# Property Overview: Photos

The property was built in 1984 and has been maintained to remain competitive with other market rate properties nearby. Below are representative photos of the property's current condition and typical unit finishes.



# Property Overview: Public Purpose

## Proposed Unit Mix

Unit Type	# of Units	# of Restricted Units	Area Median Income (AMI)	Net Rent	Unit SqFt	Rent/SqFt
1Bed	48	38	60%	\$1,145	748	\$1.53
2Bed	96	77	60%	\$1,361	947	\$1.44
2Bed	96	77	60%	\$1,361	1062	\$1.28
3Bed	16	13	60%	\$1,565	1138	\$1.38
<b>Total</b>	<b>256</b>	<b>205</b>		<b>\$1,333</b>	<b>965</b>	

PCH is proposing that 205 (80%) of the units be restricted to individuals and families with incomes at or below 60% of Area Median Income (“AMI”).

This transaction will place hard land use restrictions on a naturally occurring affordable community and provide utility allowance benefits to tenants.

Although the remaining 51 (20%) units will be unrestricted, the developer initially proposes to offer rental rates that will remain at levels equivalent to 60% of AMI.

Market Rent Comparison			Compared to 60% of AMI Maximum
Unit Type	# of Units	Rents	(Difference)
1 Bed – 60% AMI	38	\$ 1,145.00	-
1 Bed – Unrestricted*	10	\$ 1,278.00	-12%
2 Bed - 60% AMI	154	\$ 1,361.00	-
2 Bed – Unrestricted*	38	\$ 1,471.00	-8%
3 Bed - 60% AMI	13	\$ 1,565.00	-
3 Bed – Unrestricted*	3	\$ 1,819.00	-16%
<b>TOTAL</b>	<b>256</b>		

The developer is in conversations with DHCA to obtain subordinate financing and an approximate 80% reduction in real estate taxes (PILOT).

According to a market study, comparable nearby properties were exhibiting average vacancies of 3.2% in January 2018.

\*Current average rents across comparable market properties according to Market Study (Novogradac & Company, LLP - 2/9/2018)

# Transaction Summary – Sources and Uses

- The projected development budget is \$58,854,164 for funding the property acquisition, renovations, reserves, and related closing costs.
- The Developer is using a Bridge Loan from Arbor Realty Trust Inc. (“Arbor”) of approximately \$36 million (90% loan to purchase price) to acquire the property at the end of May 2018. The bridge term will be up to 18-months to provide the developer time to close on the construction and permanent financing as well as LIHTC Equity.
- Arbor is a DUS lender which intends to provide credit enhancement for the bonds through Fannie Mae’s MTEB program. Proposed mortgage loan terms are 17 years, fixed rate, 1.15x DSCR, 90% LTV. Projected closing of the permanent financing is expected before the end of calendar year 2018.
- The projected sources of funds for the permanent financing include a combination of tax-exempt, long-term bonds of approximately \$39,030,000, LIHTC equity proceeds estimated at \$13,669,566, Deferred Developer Fee of approximately \$2,554,598 and a subordinate loan of \$3,600,000 from Montgomery County’s DHCA.
- An Inducement Resolution for \$42,933,000 is requested; however, subject to full underwriting, only \$39,030,000 of tax-exempt bonds is expected to be used.

Sources of Funds	Total Amount	\$ Per Unit
Tax-Exempt Bonds	\$39,030,000	\$152,461
LIHTC Equity Proceeds	\$13,669,566	\$53,397
Other	\$3,600,000	\$14,063
Deferred Developer Fee	\$2,554,598	\$9,979
<b>TOTAL</b>	<b>\$58,854,164</b>	<b>\$229,899</b>

Uses of Funds	Total Amount	\$ Per Unit
Acquisition Costs	\$40,064,000	\$156,500
Construction or Rehabilitation Costs	\$10,700,056	\$41,797
Fees Related to Construction or Rehabilitation	\$318,000	\$1,242
Financing Fees and Charges	\$1,895,126	\$7,403
Developer’s Fee	\$4,206,374	\$16,431
Syndication Related Costs	\$249,249	\$974
Guarantees, Reserves & Soft Cost Cont.	\$1,115,360	\$4,357
<b>TOTAL</b>	<b>\$ 58,854,164</b>	<b>\$ 229,899</b>

# Transaction Summary – MTEB Program

The MTEB program provides Mortgage Backed Securities issued by Fannie Mae as collateral for either (i) existing fixed-rate bond refundings or (ii) new fixed-rate bond issues in conjunction with 4% LIHTC. The advantages of credit enhancing bonds with a Fannie Mae MBS include excellent pricing due to wide appeal to a broader investor base of both traditional tax exempt bond and CRA investors, as well as “cross-over” buyers from the MBS market.

Overview	
Process	All MTEB transactions are subject to pre-review by Fannie Mae. Cash proceeds from the sale of the bonds or the proceeds of the mortgage loan will serve as collateral until the MBS is issued, purchased using said cash, and delivered to the Bond Trustee.
Structure	<p>Typically non-recourse (except for fraud and bankruptcy), between 10-30 years, with loan sizing up to 90% LTV with a minimum of 1.15x DSCR.</p> <p>Sizing of the loans must include underwriting of Issuer and Trustee fees to be paid directly by the borrower and are not enhanced or passed through by Fannie Mae.</p> <p>Fannie Mae prices the MBS as a pass-through rate based on the interest rate on the associated bonds. Interest-only, as well as both fixed and variable-rate loans, are available.</p> <p>Principal and Interest payments of the bonds will directly match the MBS as “pass-through”.</p>
Prepayment	<p>Prepayment options are available, subject to yield maintenance, and declining prepayment premiums. However, MBS prepayment terms must match those of the associated bonds.</p> <p>After a lock-out period and subject to Issuer consent, a bondholder may pursue an option to redeem tax-exempt bonds and hold the MBS directly.</p>
Subordinate Debt	Third-Party Subordinate Financing requiring scheduled principal repayment is permitted only if provided by a public, quasi-public, or not-for-profit lender and combined debt service coverage cannot fall below 1.05x. Soft subordinate debt is permitted subject to requirements including capping payments at 75% of available net property cash flow after payment of senior liens.

# Transaction Summary - Development Team

The proposed transaction is a joint venture between Pala Capital Holdings and the National Foundation for Affordable Housing Solutions, Inc. (“Foundation”).

Pala Capital Holdings is the Developer and Managing Member for the owner. In addition to owning, operating, and preserving affordable multifamily communities, PCH provides advisory and consulting services to non-profit and for-profit owners of affordable housing. The company recently financed a property in Washington, DC’s Chinatown area, using Fannie Mae’s MTEB program through Greystone. Grady Management will be retained as the property management company. Grady management was started in 1965 and operates heavily as a property manager within the confines of Maryland, West Virginia, Virginia, Pennsylvania and DC.



Formed in 1990, the Foundation is committed to solving America’s affordable housing shortage and holds interest in as many as 82 apartment communities (8,867 units) nation-wide. The Foundation will invest in this transaction through a subsidiary entity, Renewal Housing, Inc., a Maryland non-profit corporation and 501(c)(3) organization.



Arbor Realty Trust, Inc. is a real estate investment trust and national direct lender specializing in loan origination and servicing for multifamily, seniors housing, healthcare, and other commercial real estate. The firm is a top 10 Fannie Mae DUS lender and will provide a bridge loan and the MTEB loan for this transaction.



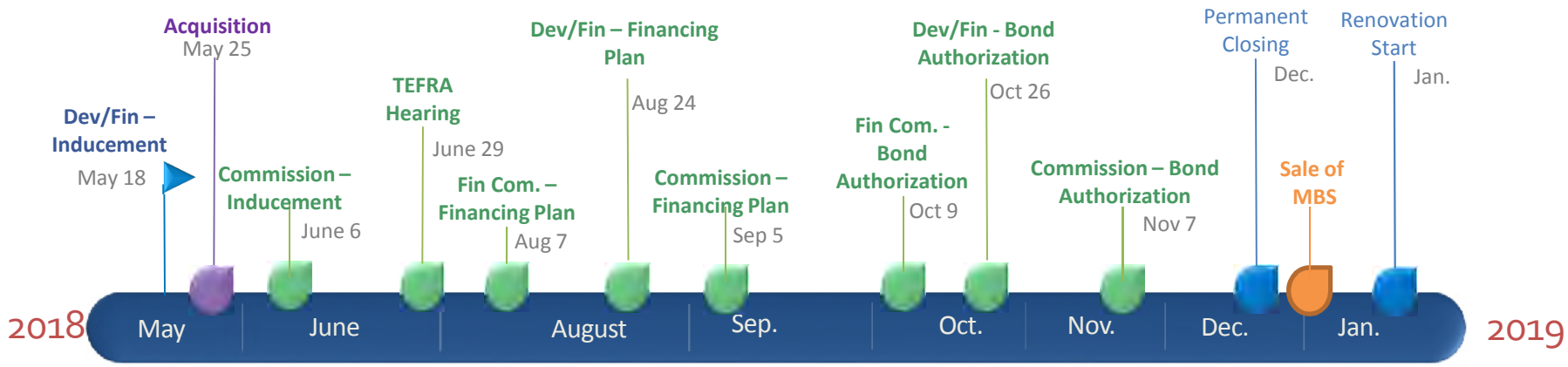
Caldwell, Heckles and Egan (“CHE”) has been engaged as the construction General contractor. Although based in Lancaster, CHE has experience working with affordable housing developers in the Maryland and DC area.



Kaas Wilson Architects (“KW”) has been engaged as the architect. KW, though based in Minnesota, has a lengthy portfolio including affordable housing projects dating back to 2010.



# Transaction Summary - Timeline



May 21- Dec.

### Bridge Financing Period

- PCH Acquires Knights Bridge I and closes bridge loan through Arbor (5/25/2018)

Nov.-Dec.

### Permanent Financing – Due Diligence Period

- Approval to allocate bond cap for Permanent Financing Plan (Development and Finance Committee & Commission, November)
- Closing no later than end of FY 18 (expected closing by early Dec.)

Closing/Reno. period

# Volume Cap Need/Uses (\$'000)

Year	2011	2012	2013	2014	2015	2016	2017	Projected 2018	Projected 2019
Balance Carried Forward	\$15,241	\$28,567	\$43,184	\$69,813	\$88,742	\$29,011	\$44,785	\$29,925	(\$145,749)
Special Allocation <sup>1</sup>	\$20,000								
Annual Bond Cap Allocation	\$32,726	\$32,618	\$33,228	\$35,429	\$35,869	\$36,247	\$35,643	\$37,986	\$38,366
	8%	-0.33%	2%	7%	1%	2%	1%	1%	1%
<b>TOTAL BOND CAP AVAILABLE</b>	<b>\$47,967</b>	<b>\$61,184</b>	<b>\$76,413</b>	<b>\$105,242</b>	<b>\$124,611</b>	<b>\$65,258</b>	<b>\$80,428</b>	<b>\$67,911</b>	<b>(\$107,384)</b>
<b>HOC PROGRAMS</b>									
Single Family	\$19,400	\$18,000	\$6,600			\$19,503	\$16,363	\$30,100	\$25,000
Arcola Towers					\$13,545	\$970			
Waverly House					\$22,305				
Alexander House							\$22,139		
Elizabeth House III*								\$25,400	
Greenhills							\$12,000		
Upton II*								\$30,642	
900 Thayer*								\$4,000	
Bauer Park *								\$18,715	
Metropolitan*									\$10,000
Shady Grove *								\$14,200	
Georgian Court*								\$9,300	
Stewartown *								\$12,100	
<b>TOTAL HOC PROGRAMS</b>	<b>\$19,400</b>	<b>\$18,000</b>	<b>\$6,600</b>	<b>\$0</b>	<b>\$35,850</b>	<b>\$20,473</b>	<b>\$50,503</b>	<b>\$144,457</b>	<b>\$35,000</b>
<b>PRIVATE DEVELOPERS</b>									
Knights Bridge I*								\$42,933	\$0
Hillside Senior Living								\$26,270	\$0
Gaithersburg - Olde Towne					\$25,525				
Germantown - Churchill II				\$16,500					
Bethesda – Lakeview House					\$34,225				
Willow Manor at Fairland									
<b>TOTAL PRIVATE ACTIVITY</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,500</b>	<b>\$59,750</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,203</b>	<b>\$0</b>
<b>TOTAL BOND CAP REMAINING</b>	<b>\$28,567</b>	<b>\$43,184</b>	<b>\$69,813</b>	<b>\$88,742</b>	<b>\$29,011</b>	<b>\$44,785</b>	<b>\$29,925</b>	<b>(\$145,749)</b>	<b>(\$142,384)</b>

\*Estimated allocations for deals not yet closed

- **Available Volume Cap:** HOC had a remaining balance of \$29,925,000 in volume cap, at the end of CY2017. The Commission was allocated \$37.9 million in volume cap in CY2018. After the single family issuances (\$30.1 million) and closing of Hillside Senior Living, the remaining available bond cap of \$11.5 million is not sufficient to fully cover the requested allocation for Knights Bridge I.
- The projected volume cap usage, for CY2018, is approximately \$214 million (\$144 million for HOC programs, and \$69 million for private deals), which exceeds the estimated available bond cap for the year.
- **Requests for Additional Bond Cap:** HOC meets with the DHCD annually to review its annual volume cap needs. The most recent meeting took place at HOC on March 5, 2018.
- During this meeting DHCD confirmed the the availability of volume cap to meet HOC's 2018 pipeline.
- Alternatively, HOC may also request additional bond cap from the Maryland Department of Commerce, the state agency responsible for the allocation of bond cap.



# Summary and Recommendations

## Issues for Consideration

- 1) Does the Commission wish to accept the recommendation of the Development and Finance Committee to adopt an Inducement Resolution for the issuance of tax exempt bonds that will fund the acquisition and renovation costs for the Knights Bridge I transaction?
- 2) Does the Commission wish to accept the recommendation of the Development and Finance Committee to allocate the necessary bond volume cap of \$42,933,000 for renovation of Knights Bridge I?

## Budget/Fiscal Impact

There is no adverse impact for the Agency's FY 2018 operating budget. The Commission will earn a 1% financing fee for the transaction (est. ~\$390,000). Annual loan management fee equivalent to 0.25% of the bond amount (approximately \$97,575) will be paid to HOC while the bonds are outstanding.

Staff will request additional volume cap from DHCD to complete this transaction.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Commission adopt an Inducement Resolution for the issuance of tax-exempt bonds to fund the acquisition and renovation costs for the Knights Bridge I transaction and approve the allocation of approximately \$42,933,000 bond volume cap.

**RESOLUTION No: 18-45**

**Re: Adoption of an Inducement  
Resolution for Financing of the Knights  
Bridge I Apartments**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “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, is authorized thereby to effectuate the purpose of providing affordable housing, including providing financing for the construction of rental housing properties which provide a public purpose; and

**WHEREAS**, one of the public purposes of the Commission is to promote the construction of and acquisition of multifamily rental housing developments in Montgomery County to be occupied by eligible persons and families; and

**WHEREAS**, the Commission is authorized to issue tax-exempt bonds and notes to fund the acquisition, construction, and permanent financing for such developments; and

**WHEREAS**, the Commission has been asked to consider the issuance of tax-exempt bonds to finance the acquisition and renovation of Knights Bridge I Apartments (a 256-unit development, located at 3310 Tea Garden Circle, Silver Spring, Montgomery County, Maryland 20904), which is intended for occupancy, in substantial part, by eligible persons and families (the “Development”); and

**WHEREAS**, the Commission sees this financing as an opportunity to further its goals in meeting said public purpose.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby authorizes staff to proceed with the review and processing of the necessary financing application.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it is the intention of the Commission to issue tax-exempt bonds in the maximum principal amount of \$42,933,000 to provide financing for the Development.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the foregoing represents an official intent for purposes of Section 1.150-2 of the United States Income Tax Regulations and is not a commitment by the Commission to issue said bonds.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that issuance of said bonds shall be:

1. At the discretion of the Commission;
2. Subject to the final satisfactory underwriting and approval of all documents, provisions, covenants, and all other provisions as may be required by the Commission and as required under the Internal Revenue Code of 1986, as amended; and

3. Subject to final acceptance of the same by the owner of the Development.

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

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 6, 2018.

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

**APPROVAL TO SUBMIT A BOND FINANCING APPLICATION TO THE COUNTY EXECUTIVE  
AND THE COUNTY COUNCIL FOR THE USE OF THE COUNTY'S GENERAL OBLIGATION  
PLEDGE FOR THE ISSUANCE OF BONDS FOR THE CONSTRUCTION FINANCING OF  
ELIZABETH HOUSE III**

**June 6, 2018**



- The entitlement of the Elizabeth Square development is expected to be complete and building permits for Elizabeth House III issued by June 30, 2018.
- A reservation of 4% Low Income Housing Tax Credits (“LIHTC”) by the Maryland Department of Housing and Community Development (“DHCD”) is expected by May 25, 2018.
- Closing for the construction financing is expected to occur by October 30, 2018, so that the construction of the Elizabeth House III (“EH III” or the “Development”) development and the South County Regional Recreation Aquatic Center (“SCRRAC”) may commence.
- HOC is exploring the most efficient financing tools to deliver on its commitments to its partners and the current residents of Elizabeth House and is therefore seeking approval to request the use of Montgomery County’s General Obligation pledge for the issuance of Mortgage Revenue Bonds to fund a portion of the construction costs for the Development.

## M E M O R A N D U M

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Division: Real Estate  
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589  
Vivian Benjamin, Assistant Director of Mortgage Finance Ext. 9590

**RE:** Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County’s General Obligation Pledge for the Issuance of Bonds to Finance the Construction of Elizabeth House III

**DATE:** June 6, 2018

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**Status:**  X  Committee Report

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**OVERALL GOAL & OBJECTIVE:**

To facilitate the most efficient financing for the construction of the Elizabeth House III development and the creation of affordable housing.

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**BACKGROUND:**

HOC’s enabling legislation, Division II of the Housing and Community Development Article of the Annotated Code of Maryland, along with Article VI of Chapter 20 of the Montgomery County Code (together, the “Law”) provides for the use of the County’s General Obligation (“GO”) as credit enhancement for bonds issued by HOC to finance affordable housing. HOC has requested and received the County’s approval for the use of this facility on several occasions in the past and accordingly has issued a cumulative total of \$100 million in debt, of which \$5.8 million is still outstanding. The total amount of this facility was increased from \$25,000,000 to \$50,000,000 in 1987 and there is currently \$44,153,656 available for use as of May 1, 2018. This request for Elizabeth House III (“EH III” or the “Development”) is for an amount not to exceed \$43,000,000.

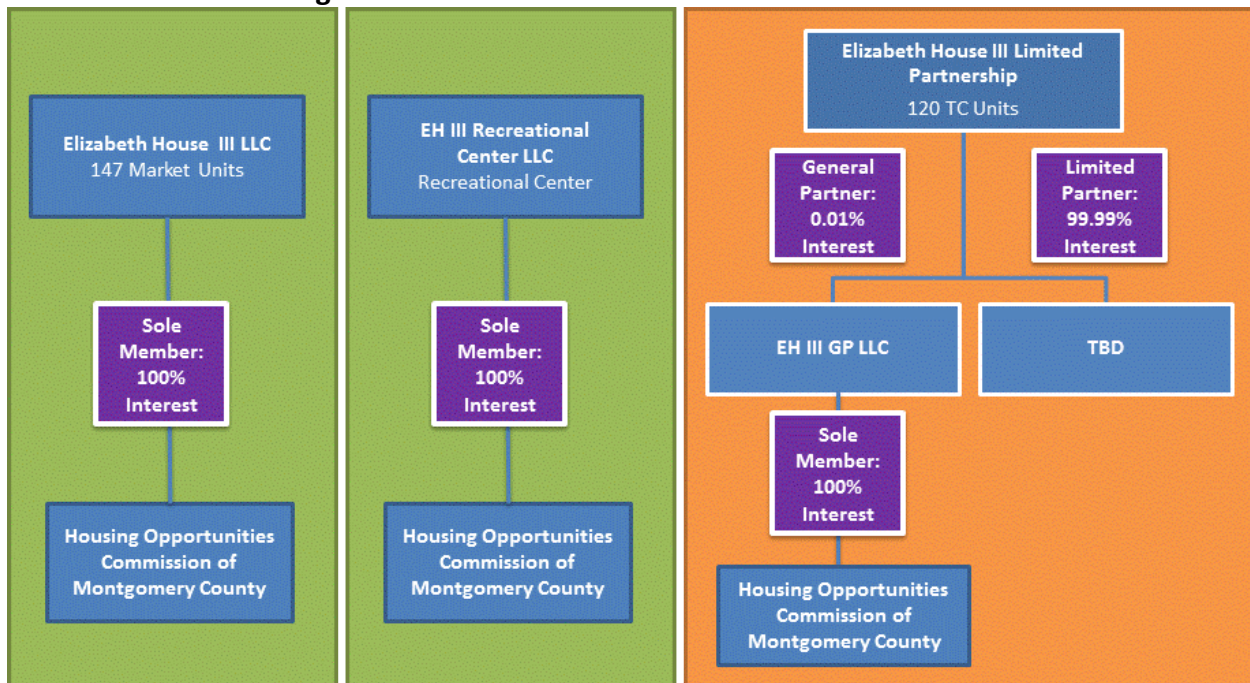
The Development includes a 267-unit age-restricted residential building of which 120 units will be set aside as affordable units and 147 offered as market rate units. In addition, but not part of the Development a South County Regional Recreation and Aquatic Center (“SCRRAC”) totaling 120,000 square feet and a 7,411 square feet Senior Resource Center & Primary Care Facility that will be operated by Holy Cross Hospital, will be delivered upon completion of the construction. The 120 affordable units will include 106 Rental Assistance Demonstration (“RAD”) units and 14 Low Income Housing Tax Credit (“LIHTC”) units serving residents at or below 60% of the Washington, DC-MD-VA Metropolitan Statistical Area Median Income (“AMI”).

### Elizabeth House III – Ownership

The Elizabeth House III residential building will be owned in a condominium regime consisting of Elizabeth House III Limited Partnership (“EH III LP”) and Elizabeth House III LLC (“EH III LLC”). EH III LLC will be a single member limited liability company with 100% of the ownership vested with HOC and will own the 147 market rate units. EH III LP will be owned by a limited partnership with the investor limited partner holding 99.99% interest in the entity and HOC as the managing general partner owning 0.01%. This is in addition to EH III Recreational Center LLC, which will be financed, owned, and operated by Montgomery County’s Recreation Department.

The organizational chart that follows depicts the ownership structure for the development, including the SCRRAC.

### Elizabeth House III – Organizational Chart



In a show of its unwavering support for the redevelopment of Elizabeth Square, the Commission has and continues to fund predevelopment expenses for the development until the construction and permanent financings are in place. On January 10, 2018, the Commission approved an increase in the predevelopment budget for EH III to \$13,627,638 to complete all entitlements and permitting in preparation for the closing of the construction financing. HOC will contribute approximately \$30.8 million of Developer Equity as part of the construction financing.

The redevelopment of Elizabeth Square is further supported with investment by Montgomery County. The approval for funding of the SCRRAC is proof of the County’s commitment to the renaissance of this corner of Silver Spring. Additionally, the Montgomery County Department

of Housing and Community Affairs (“DHCA”) has committed to fund \$7 million (“Housing Initiative Fund”) in financing of the residential building, EH III.

HOC in its efforts to deliver the most efficient and cost effective financing to the development has and continues to explore all possible financing options to ensure success for the Development. As a 4% LIHTC development that will own the affordable housing units, the EH III LP condominium must be funded with tax-exempt private activity bonds that would be issued by HOC and require an allocation of volume cap. The EH III LLC condominium, which will own the market rate units, may be financed with tax-exempt governmental bonds that are proposed to be issued by HOC. Preliminary construction period sources and uses of funds are summarized in the table below and a discussion of the construction and permanent financing follows.

SOURCES AND USES – CONSTRUCTION PERIOD				
USES OF FUNDS	MARKET	AFFORDABLE	TOTAL	PER UNIT
Construction Costs	\$43,276,808	\$35,328,006	\$78,604,814	\$294,400
Fees Related to Construction	\$4,684,042	\$3,782,892	\$8,466,934	\$31,711
Acquisition Costs	\$1,399,345	\$1,392,322	\$2,791,667	\$10,456
Financing Fees and Charges	\$7,389,391	\$4,600,459	\$11,989,850	\$44,906
Tax-Exempt Bonds (ST – Repayment) <sup>1</sup>	\$0	\$15,673,338	\$15,673,338	\$58,702
Developer's Fees	\$0	\$4,500,000	\$4,500,000	\$16,854
Syndication Related Costs	\$0	\$180,000	\$180,000	\$674
Guarantees and Reserves	\$1,319,622	\$880,952	\$2,200,575	\$8,242
<b>TOTAL</b>	<b>\$58,069,208</b>	<b>\$66,337,969</b>	<b>\$124,407,177</b>	<b>\$465,944</b>
SOURCES OF FUNDS	MARKET	AFFORDABLE	TOTAL	PER UNIT
Tax-Exempt Bonds (LT – Governmental)	\$42,771,340	\$0	\$42,771,340	\$160,192
Tax-Exempt Bonds (LT – Private Activity)	\$0	\$9,043,506	\$9,043,506	\$33,871
Tax-Exempt Bonds (ST – Private Activity) <sup>1</sup>		\$15,673,338	\$15,673,338	\$58,702
HIF (Housing Initiative Fund)	\$0	\$7,000,000	\$7,000,000	\$26,217
Low Income Housing Tax Credits Equity <sup>1</sup>	\$0	\$16,122,008	\$16,122,008	\$60,382
Deferred Developer's Fee	\$0	\$3,000,000	\$3,000,000	\$11,236
Developer's Equity	\$15,297,868	\$15,499,118	\$30,796,986	\$115,345
<b>TOTAL</b>	<b>\$58,069,208</b>	<b>\$66,337,969</b>	<b>\$124,407,177</b>	<b>\$465,944</b>

Note: ST=Short-Term and LT=Long-Term

### **Financing**

The proposed financing structure contemplates funding for the two residential condominium developments. One unit would be owned by a limited liability company (EH III LLC), formed and

<sup>1</sup> Tax-Exempt Bonds (ST-Private Activity) bonds will be repaid from Low Income Housing Tax Credits equity proceeds.

controlled by the Commission. The second unit would be owned by a limited partnership of which the Commission or an entity controlled by the Commission would be the managing general partner (EH III LP). EH III LP will benefit from equity raised from the sale of 4% LIHTCs; therefore, the bonds issued to finance this part of the transaction must be tax-exempt private activity bonds.

### ***Construction Financing***

During the construction period, staff proposes to issue bonds for the EH III LP owner as short-term (five years) fixed rate tax-exempt private activity bonds (“PABs”) of approximately \$9,044,000 that are expected to be privately placed with a single bond purchaser, obviating the need for credit enhancement. The bonds for the EH III LLC owner of approximately \$43,000,000 will also be issued as short-term (five years) tax-exempt governmental bonds (“Governmental”) via a public sale, for which credit enhancement is required. Though a five-year term is contemplated, a call option will be built into the structure of the construction loan in the event the construction is completed, and the project is stabilized, prior to the end of the five-year term.

Staff proposes to use Montgomery County’s General Obligation (“GO”) pledge as credit enhancement for the Governmental bonds in accordance with provisions of state and county statute. The County’s GO has a Triple A rating by Moody’s Investors Service, giving the Commission access to the lowest possible interest rate with the bonds backed by the full faith and credit of Montgomery County. The only other Triple A rated facility readily available to the Commission is FHA mortgage insurance under the Risk Sharing Program, but this brings significantly higher costs to construction of the Development.

To obtain the County’s approval for use of the GO pledge, HOC must demonstrate that any long-term debt for with the GO is pledged must be fully amortized and retired if held to maturity, with little or no risk to the County. If short-term debt is issued, HOC must present a solid take-out option. Toward that end, prior to issuance of the construction period bonds, HOC will apply for and obtain a firm approval from FHA under its Risk Share program to provide mortgage insurance for the entire development upon completion, stabilization, and conversion to the permanent loan. Staff will process the FHA approval simultaneously with the County GO, with the intention of having the FHA firm approval for the permanent financing in hand prior to the issuance of the bonds.

### ***Permanent Financing***

At this time, staff contemplates the public issuance of floating rate Variable Rate Demand Obligation (“VRDO”) bonds of approximately \$52 million plus reserves of approximately \$2.3 million to fund the permanent mortgage and retire all construction period debt. The VRDO bonds would be supported by a direct pay letter of credit (“DPLC”) from a commercial bank. At the same time, HOC proposes entering into a long-term interest rate swap agreement with a counter party to hedge interest rate risk for the duration of construction period, fixing the interest rate on the permanent mortgage.



The mortgages for the two residential condominiums will be funded with the proceeds of HOC issued bonds and insured by FHA in accordance with its Risk Sharing Agreement with HOC, thereby providing credit enhancement to the bonds.

While the full financing plan will be presented for approval by the Commission at a later date, all these facilities would be in place at the closing of the construction financing.

### **Historical Use of County General Obligation**

As described above, the Law provides for bonds issued by HOC for the development of affordable housing to be backed by the General Obligation pledge of Montgomery County. Nevertheless, the total bonds so issued and enhanced by GO may not exceed \$50 million.

HOC has issued and retired several series of County GO-backed bonds throughout its history and currently has only two outstanding transactions (Pooks Hill Mid-rise owned by HOC and Amherst Square owned by Montgomery Housing Partnership) on this facility totaling \$5.8 million, leaving \$44.2 million available for use.

The most recent use of this facility was in 2006 for the financing of MetroPointe (formerly known as Wheaton Metro), which produced 173 units above the Wheaton Metro Kiss & Ride of which 53 are affordable, including 18 units which are subsidized with Project Based Section 8 vouchers, and available to households of very low income. The use of the County's GO pledge reduced the costs associated with constructing the project because it avoids the use of prevailing Davis Bacon wage rates during the construction period. A similar strategy is proposed for the construction of the Elizabeth House III residential development that is estimated to save about 5%-10% in construction costs (approximately \$3.5 million to \$6.8 million).

Staff believes that the use of the County GO pledge is appropriate for this worthy project, but it is subject to an approval process by the Montgomery County Executive and County Council.

### **County GO Approval Process**

HOC must apply to the County Executive and County Council to use County's GO facility. The application and review process is detailed and time consuming. Therefore, the Commission has not made substantial use of this funding facility in recent years.

Subject to Commission approval to proceed, staff will engage HOC's Financial Advisor, Caine Mitter & Associates Incorporated, to prepare the bond financing application. Because of the substantial lead time required to prepare the bond financing application and the resulting reviews and scheduling time required by the County, it is necessary to begin the process now, in anticipation of closing of the construction financing in October 2018.

1. The process begins with HOC's staff engaging with the County's Finance Department and DHCA to explain the use of the project and the financing and to garner its support for County Council approval. The County's bond counsel and financial advisor are

required to review and sign off on the bond issuance to manage any potential or perceived risk to the County.

2. The application is submitted to the County Executive and County Council simultaneously.
3. Staff will meet with members of the County's Planning Housing and Economic Development Committee ("PHED") who would approve and recommend the financing to the full Council.
4. The County Council must hold a public hearing within 45 days of receipt of the application but must provide a 15-day notice to the public.
5. Once approved by the County Council, the Clerk of the County Council must submit a Resolution to the County Executive within three days for approval. If the County Executive does not approve the Resolution, the County Council may veto the decision by two-thirds vote.
6. Once the Council approves the transaction, HOC may proceed with the issuance of the bonds. Any such issuance is subject to the normal HOC bond issuance and approval processes.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept the recommendation of the Development and Finance Committee, which met on May 18, 2018, and authorize staff to prepare and submit a bond financing application to the County Executive and County Council in an amount not to exceed \$43,000,000 that is supported by the General Obligation pledge of Montgomery County in accordance with the Law to finance a construction loan for the Elizabeth House III LLC residential condominium?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
Montgomery County Department of Housing and Community Affairs  
Montgomery County Department of Finance  
Montgomery County Council  
Caine Mitter & Associates, Incorporated

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**BUDGET/FISCAL IMPACT:**

There is no impact on HOC's FY2018 or FY2019 operating budgets. All costs incurred as a result of this application will be borne by the Elizabeth House III development budget and funded from its financing sources.

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**TIME FRAME:**

Action at the June 6, 2018 meeting of the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize staff to process and submit a bond financing application to the County Executive and County Council in an amount not to exceed \$43,000,000 and backed

by the General Obligation pledge of Montgomery County in accordance with the Law to finance a construction loan for the Elizabeth House III LLC residential condominium.

**RESOLUTION No: 18-46**

**RE: Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County's General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III**

**WHEREAS**, Division II of the Housing and Community Development Article of the Annotated Code of Maryland, along with Article VI of Chapter 20 of the Montgomery County Code (together, the "Law") provides for the use of the County's General Obligation ("GO") as credit enhancement for bonds issued by HOC to finance affordable housing developments;

**WHEREAS**, the entitlement of the Elizabeth Square development is expected to be complete and building permits for Elizabeth House III ("EH III" or the "Development") issued by June 30, 2018, and a reservation of 4% Low Income Housing Tax Credits ("LIHTC") by the Maryland Department of Housing and Community Development ("DHCD") is expected by June 8, 2018; and

**WHEREAS**, EH III will be owned in a condominium regime consisting of Elizabeth House III LP ("EH III LP"), which will own the LIHTC units; and Elizabeth House III LLC ("EH III LLC"), which will own the market rate units with proceeds; for the construction expected to be available by October 31, 2018, so that the construction of the Development may commence; and

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") will finance the affordable housing units at EH III via the issuance of approximately \$9 .5 million of privately placed tax-exempt private activity bonds but wishes to issue up to \$43 million of governmental bonds to finance the construction of the market rate units at EH III and avail itself of the use of the County's GO, which would convey a Triple A rating by Moody's Investors Service, resulting in the lowest cost of funds; and

**WHEREAS**, HOC has issued and retired several series of County GO-backed bonds throughout its history and currently has only two outstanding transactions (Pooks Hill Mid-rise owned by HOC and Amherst Square owned by Montgomery Housing Partnership) on this facility totaling \$5.8 million, leaving \$44.2 million available for use; and

**WHEREAS**, the most recent use of this facility was in 2006 for the financing of MetroPointe (formerly known as Wheaton Metro). The use of the County's GO pledge reduced the costs associated with constructing the project because it avoids the use of prevailing Davis Bacon wage rates during the construction period. A similar strategy is proposed for the construction of the Elizabeth House III residential development that is estimated to save about 5%-10% in construction costs (approximately \$3.5 million to \$6.8 million); and

**WHEREAS**, the use of the County GO must be approved by the County Executive and the County Council and staff wishes to submit an application in the July of 2018; and

**WHEREAS**, staff is requesting the Commission’s approval to submit a bond financing application to the County Executive and the County Council.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the staff is authorized to submit a bond financing application to the County Council and County Executive for the issuance of up to \$43 million of HOC-issued governmental bonds to finance the construction of the Elizabeth House III market rate condominium.

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

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 6, 2018.

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Patrice Birdsong  
Special Assistant to the Commission

# Deliberation and/or Action

**APPROVAL TO AMEND THE CONTRACT AMOUNTS FOR HOC'S PLANNING & ZONING CONSULTANT AND PLANNING CONSULTANT TO REALLOCATE FUNDING TO MEET PROGRAM NEEDS**

**June 6, 2018**



- In its continued assessment and execution of its real estate strategies, the Commission allocates human and financial capital to ensure successful outcomes.
- This current request is for the reallocation of funding between Scheer Partners and Townscape Design LLC for planning, zoning, and other professional services by the Real Estate Division to continue its assessment of the HOC portfolio as well as acquisition and development opportunities.
- Staff recommends approval of the proposed contract changes but that such changes shall not increase the previously approved funding limits.

## M E M O R A N D U M

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Division: Real Estate  
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589  
Zachary Marks, Director of Development Ext. 9613

**RE:** Approval to Amend the Contract Amounts for HOC’s Planning & Zoning Consultant and Planning Consultant to Reallocate Funding to Meet Program Needs

**DATE:** June 6, 2018

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**STATUS:** Consent \_\_\_\_\_ Deliberation  X  Status Report \_\_\_\_\_ Future Action \_\_\_\_\_

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**OVERALL GOAL & OBJECTIVE:**

The reallocation of resources to enable staff to continue to assess HOC’s existing portfolio of real estate holdings as well as acquisition opportunities for development potential.

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**BACKGROUND:**

On July 13, 2016, the Commission approved the selection of Scheer Partners (“Scheer”) as HOC’s Planning & Zoning Consultant and Townscape Design LLC (“Townscape”) as HOC’s Planning Consultant. It also authorized the Executive Director to execute contracts with both firms – in the amounts of \$100,000 per year for Scheer and \$40,000 per year for Townscape. Those contracts became effective in August 2016.

Scheer and Townscape were engaged to keep HOC effective in carrying out its mission of expanding the supply of affordable housing in Montgomery County by remaining actively involved in and fully informed of the County’s planning and zoning process. The contract amount for Scheer was set higher as the County’s ongoing revisions of its master and sector plans were, at the inception of the contracts, the primary focus for staff and fell under the work scope for Scheer. Staff recommended the inclusion of Townscape as staff anticipated Townscape’s expertise in land planning and conceptual site planning would become more useful as HOC began to examine certain specific holdings for redevelopment.

Over the past year, with the conclusion of the final master and sector plan revisions, HOC’s use of Scheer for this engagement has been sparing. During the same year, HOC utilized the full \$40,000 authorization under the Townscape contract. Among various activities, Townscape provided conceptual planning services for HOC’s Emory Grove, Camp Hill Square, and Avondale properties.



**REQUESTED ACTION:**

Staff anticipates using Townscape on several pursuits, including continued work on those properties named above. Given that staff has utilized the \$40,000 annual authorization in FY 2018, it is seeking an increase in the annual authorized amount for Townscape of \$30,000 to \$70,000. As staff's need for consulting services on master and sector plans is much reduced, staff proposes a reduction in the annual authorized amount for Scheer of \$30,000 to \$70,000. The total request keeps the aggregate \$140,000 annual authorization level.

The original contracts had one-year terms with three one-year extensions each. This request does not increase the maximum allowable duration of the two contracts, which would both expire in August of 2020 (with all extensions exercised).

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to execute amended contracts with Scheer Partners and Townscape Design LLC for \$70,000 each in annual authorization levels?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
Scheer Partners  
Townscape Design LLC

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**BUDGET/FISCAL IMPACT:**

There is no budget impact. The FY2019 budget for the Real Estate Development Division includes \$300,000 for the funding of Zoning and Planning activities as well as Other Operating Professional Services. The funds are sufficient to cover the projected use in FY2019 up to \$140,000 of aggregate authorization.

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**TIME FRAME:**

Action at the open meeting of the Commission on June 6, 2018.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission authorize the Executive Director to execute amended contracts with Scheer Partners and Townscape Design LLC for \$70,000 each in annual authorization levels.

Staff also recommends approval for the Executive Director to further reallocate funding between the two firms based on usage; however, any changes to the contract amounts shall not exceed the approved aggregate funding of \$140,000.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission” or “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 financing for the construction of rental housing properties which provide a public purpose; and

**WHEREAS**, on May 13, 2016, the Housing Opportunities Commission of Montgomery County (“HOC”) issued a request for proposal (“RFP”) for Planning and Zoning Consultant Services and received two responses from Scheer Partners and Townscape Design LLC; and

**WHEREAS**, each firm offered unique and highly valuable sets of services and expertise that have helped guide HOC’s planning, development, and entitlement activities; and both firms have excellent work history with HOC of on time delivery and flexibility; and

**WHEREAS**, on July 13, 2016, the Commission approved the selection of Scheer Partners as a provider of Planning and Zoning Consultant services and Townscape Design LLC as a provider of Planning Consultant services, and authorized the Executive Director to negotiate and execute one year contracts with both firms, with three optional annual extensions, for annual amounts not to exceed \$100,000 and \$40,000, respectively, which were to be paid for from annual funding approved in the Real Estate Division budget; and

**WHEREAS**, with the conclusion of the County’s final master and sector plan revisions, HOC’s use of Scheer Partners under the Planning and Zoning Consultant services engagement is expected to be lesser over the remaining duration of the contract; and

**WHEREAS**, HOC owns several sites with redevelopment potential that require land and concept planning advisory, HOC’s use of Townscape Design LLC under the Planning Consultant services engagement is expected to be greater over the remaining duration of the contract.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute amended contracts with Scheer Partners and Townscape Design LLC for \$70,000 each in annual authorization levels.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, to further reallocate funding between Scheer

Partners and Townscape Design, LLC based on usage; however, any changes to the contract amounts shall not exceed the approved aggregate funding of \$140,000.

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission at an open meeting conducted on June 6, 2018.

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

Adjourn

# Administrative Session