

EXPANDED AGENDA

November 7, 2018

			Res #
3:30 p.m.	<p>I. <u>Public Hearing</u> –</p> <ul style="list-style-type: none"> • Revisions of HOC’s Administrative Plan for the Housing Choice Voucher Program to Add Wait List Related Changes to the Plan and to Add a Preference for Persons with Disabilities who are Transitioning Out of Institutional and Other Segregated Settings, At Serious Risks of Institutionalization, Homeless, or At Risk of Becoming Homeless • Significant Amendment to HOC’s Fiscal Year 2019 Public Housing Agency Plan Adding that 26 of the Units at Elizabeth House will be Disposed of using a Section 18 Disposition and a Revision of HOC’s Administrative Plan for the Housing Choice Voucher Program to add a Non-Competitive Selection Process for Project-Based Voucher Assistance at Elizabeth House III 		
4:00 p.m.	<p>II. <u>CONSENT ITEMS</u></p>		
Page 4 18	<p>A. Approval of Minutes of October 3, 2018 B. Approval of Minutes of October 29, 2018 Special Session</p>		
4:05 p.m.	<p>III. <u>INFORMATION EXCHANGE</u></p>		
Page 21 26	<p>A. Report of the Executive Director B. Calendar C. Commissioner Exchange D. Resident Advisory Board E. Community Forum</p>		
4:30 p.m. Page 28	<p>III. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u></p> <p>A. Ratification of Action taken in Administrative Session on October 3, 2018 Approval to Complete the Purchase of Three Properties Under the County’s Right of First Refusal Ordinance and Approval of a Financing Plan and the Acceptance of a First Mortgage Loan from PNC Bank, N.A. and Subordinate Financing from Montgomery County’s Department of Housing and Community Affairs to Complete the Acquisition of the Properties</p>		18-78R(pg 29)
4:35 p.m.	<p>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></p>		
Page 33 38 43 60 4:45 p.m. Page 65	<p>A. Budget, Finance and Audit Committee – Com. Nelson, Chair</p> <ol style="list-style-type: none"> 1. Approval of Calendar Year 2018 and Calendar Year 2019 Chevy Chase Lake (CCL) Multifamily LLC (The Lindley) Budget 2. Approval to Extend Property Management Contracts for Six-months at Eleven (11) HOC Properties and Five (5) HOC HUBs 3. Approval of CY’19 Tax Credit Partnership Budgets 4. Authorization to Submit FY’20 County Operating Budget <p>B. Development and Finance Committee – Com. Simon, Chair</p> <ol style="list-style-type: none"> 1. Approval to Create a New Pool of Real Estate Development and Financing Consultants in Accordance with RFQ #2125 		18-84(pg 37) 18-85(pg 41) 18-86(pg 57) 18-87(pg 64) 18-88(pg 77)

Page 79	2. Approval of Amendments to the Regulatory Agreement and Land Use Restriction Agreement for Hillside Senior Living to Apply Income Averaging Provisions of the Low Income Housing Tax Credit Program	18-89 _(pg 87)
4:55 p.m. Page 90	C. Legislative and Regulatory Committee – Com. Byrd, Chair	
114	1. Revision of HOC’s Administrative Plan for the Housing Choice Voucher Program to Add Wait List Related Changes to the Plan and to Add a Preference for Persons with Disabilities who are Transitioning out of Institutional and other Segregated Settings, At Serious Risk of Institutionalization, Homeless, or at Risk of Becoming Homeless	18-90 _(pg 95)
	2. Significant Amendment to HOC’s Fiscal Year 2019 Public Housing Agency Plan Adding that 26 of the Units at Elizabeth House will be Disposed of using a Section 18 Disposition and a Revision of HOC’s Administrative Plan for the Housing Choice Voucher Program to add a Non-Competitive Selection Process for Project-Based Voucher Assistance at Elizabeth House III	18-91 _(pg 120)
5:10 p.m.	V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
Page 151	1. Acceptance of HOC FY’18 Audited Financial Statements, Single Audit Report, and Management Letter	18-92 _(pg 156)
	VI. <u>*FUTURE ACTION ITEMS</u>	
	1. None	
5:20 p.m.	<u>ADJOURN</u>	
5:20 p.m. Page 194	<u>DEVELOPMENT CORPORATION MEETINGS</u>	
198	• Alexander House Development Corporation – Approval to Extend for Six-Months the Property Management Contract for Alexander House	18-001 _{AH} (pg 196)
202	• Montgomery Arms Development Corporation – Approval to Extend for Six-Months the Property Management Contract for Montgomery Arms	18-001 _{MA} (pg 200)
206	• Glenmont Crossing Development Corporation – Approval to Extend for Six-Months the Property Management Contract for Glenmont Crossing	18-001 _{GC} (pg 204)
210	• Glenmont Westerly Development Corporation – Approval to Extend the Property Management Contract for Glenmont Westerly	18-001 _{GW} (pg 208)
214	• Diamond Square Development Corporation – Approval to Extend for Six-Months the Property Management Contract for Diamond Square	18-001 _{DS} (pg 212)
	• Pooks Hill Tower Development Corporation – Approval to Extend for Six-Months the Property Management Contract for Pooks Hill Tower	18-001 _{PH} (pg 216)
5:50 p.m.	<u>ADJOURN</u>	
6:00 p.m.	VII. <u>ADMINISTRATIVE SESSION</u> <i>This Administrative Session will be called to order pursuant to Section 3-305(b) (3)(Real Estate) of the Open Meetings Act.</i>	

NOTES:

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

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

Consent Items

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

October 3, 2018

18-10

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, October 3, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

Present

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

Absent

Linda Croom
Margaret McFarland, Resignation Effective October 1, 2018

Also Attending

Stacy L. Spann, Executive Director
Patrick Mattingly
Christina Autin
Ellen Goff
Ethan Cohen
Ian Williams
Sherraine Rawlins
Zachary Marks
Marcus Ervin
Shauna Sorrells
Darcel Cox
Cornelia Kent
Leidi Reyes
Bonnie Hodge
Paulette Dudley

Aisha Memon, Acting General Council
Fred Swan
Eugenia Pascual
Rita Harris
Terri Fowler
Erik Smith
Ali Khademian
Lynn Hayes
John Vass
Kayrine Brown
Jennifer Arrington
Melody Stanford
Charnita Jackson
Eamon Lorincz
Kathryn Hollister

Resident Advisory Board

Yvonne Caughman, Vice Chair

Commission Support

Patrice Birdsong

IT Support

Irma Rodriguez
Gabriel Taube
Rony Joseph

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

I. CONSENT ITEMS

- A. Approval of Minutes of September 5, 2018 regular meeting** - The minutes were approved as submitted.
- B. Approval of Minutes of September 5, 2018 Administrative Session** – The minutes were approved as submitted.
- C. Approval of Minutes of September 28, 2018 Special Session** – The minutes were approved as submitted.
- D. Approval of Theresa Finney Dumais to the Board of Directors of The Housing Opportunities Community Partners, Inc.**

II. INFORMATION EXCHANGE

- A.** Report of the Executive Director – Nothing additional to add to the written report.
- B.** Commissioner Exchange – No Reports
- C.** Resident Advisory Board – Vice Chair Caughman reported that the Board is processing and receiving the programs and departments plan site visit and adding additional members to the Board

III. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS

- A. Ratification of Action Taken in Administrative Session on August 14, 2018: Authorization for the Executive Director to Negotiate and Execute a Purchase and Sale Agreement for the Acquisition of Real Property Located in Gaithersburg and Approval of Predevelopment Funding and the Formation of an Ownership Entity**

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

RESOLUTION NO.: 18-60R

RE: Authorization for the Executive Director to Negotiate and Execute a Purchase and Sale Agreement for the Acquisition of Real Property Located in Gaithersburg and Approval of Predevelopment Funding and the Formation of an Ownership Entity

WHEREAS, the Housing Opportunities Commission of Montgomery County, Maryland (the “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, to carry out and effectuate the purpose of providing affordable housing; and

WHEREAS, to effect its corporate purpose, the Commission routinely acquires land and buildings in Montgomery County, Maryland for the development or preservation of multifamily housing developments that serve eligible households; and

WHEREAS, at an Administrative Session duly called and held on August 14, 2018, with a quorum present, the Commission duly adopted Resolution 18-60AS, Commissioners Simon, McFarland, and Priest voting in approval, which approved the execution of the Purchase Agreement for real property located in Gaithersburg, Maryland; approved a loan of from the Opportunity Housing Reserve Fund for an earnest money deposit and due diligence costs; approved the deposit of earnest money; and approved the creation of a single purpose entity for the purposes of acquiring and holding the property. Commissioner Nelson abstained and Commissioners Rodriguez, Croom, and Byrd were necessarily absent and did not participate in the vote.

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 18-60R and any action taken since August 14, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-60R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**B. Ratification of Action Taken in Administrative Session on September 5, 2018:
Authorization to Accept at the Time of Closing the Assignment of Purchase and Sale
Contracts to Purchase Three Properties Located in Germantown, Olney, and Silver Spring;
and Approval of other Related Actions**

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

RESOLUTION NO.: 18-68R

**RE: Authorization to Accept at the Time of
Closing the Assignment of Purchase
and Sale Contracts to Purchase Three
Properties Located in Germantown,
Olney, and Silver Spring; and
Approval of Other Related Actions**

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

housing, including providing for the acquisition of rental housing properties which provide a public purpose; and

WHEREAS, at an Administrative Session duly called and held on September 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-68AS, with Commissioners Simon, McFarland, Priest, Nelson, Croom, and Byrd voting in approval, which approved (1) the acceptance at the time of closing the assignment of three purchase and sale contracts for the acquisition of three properties located in Germantown, Olney, and Silver Spring; (2) retaining a management company for each property; (3) creating three single-purpose entities for the purpose of acquiring the properties; (4) a loan from the Opportunity Housing Reserve Fund to be used for due diligence activities; and (5) restricting the properties' cash flow to each of the respective properties. Commissioner Rodriguez was necessarily absent and did not participate in the vote.

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 18-68R and any action taken since September 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-68R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

C. Ratification of Action Taken in Administrative Session on September 5, 2018: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund Conceptual Design and Predevelopment for Property Located in Silver Spring in the Amount of \$264,500

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, Byrd, and Priest. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-69R

RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund Conceptual Design and Predevelopment for Property located in Silver Spring in the Amount of \$264,500

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is studying property located in Silver Spring, MD (the "Property") to potentially acquire or lease; and

WHEREAS, the Commission wishes to begin feasibility and concept studies for the Property in advance of acquisition or lease, and the cost of such studies is estimated to be \$264,500; and

WHEREAS, the Commission may make draws on the PNC Bank, N.A. Line of Credit (the "LOC"); and

WHEREAS, at an Administrative Session duly called and held on September 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-69AS, with Commissioners Simon, McFarland, Priest, Nelson, Croom, and Byrd voting in approval, which approved the draw of \$264,500 on the LOC to fund feasibility and concept studies for the Property. Commissioner Rodriguez was necessarily absent and did not participate in the vote.

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 18-69R and any action taken since September 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-69R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

D. Ratification of Action Taken in Administrative Session on September 5, 2018: Approval to Form a New Mezzanine Borrower Entity for Cider Mill Apartments; Approval for the Commission to Exit MV Gateway LLC (“MV Gateway”); Approval for New Mezzanine Borrower to Enter MV Gateway; and Approval to Amend the Operating Agreement for MV Gateway

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

RESOLUTION NO.: 18-70R

RE: Approval to Form a New Mezzanine Borrower Entity for Cider Mill Apartments; Approval for the Commission to Exit MV Gateway LLC (“MV Gateway”); Approval for New Mezzanine Borrower to Enter MV Gateway; and Approval to Amend the Operating Agreement for MV Gateway

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

WHEREAS, at an Administrative Session duly called and held on September 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-70AS, with Commissioners Simon, McFarland, Priest, Nelson, Croom, and Byrd voting in approval, in which the Commission approved the creation of a new mezzanine borrower entity (“New Borrower”); and the Commission, acting in its own

capacity and in its capacity as sole member of MV Gateway LLC ("MV Gateway), approved relinquishing its interest in MV Gateway, accepting New Borrower as a member of MV Gateway, and amending the Operating Agreement of MV Gateway. Commissioner Rodriguez was necessarily absent and did not participate in the vote.

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 18-70R and any action taken since September 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-70R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**E. Ratification of Action Taken in Special Administrative Session on September 28, 2018:
Authorization to Extend the Maturity Date of the Bridge Loan Drawn on the PNC Bank,
N.A. Line of Credit for the Acquisition of Cider Mill Apartments**

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

RESOLUTION NO.: 18-81R

**RE: Authorization to Extend the Maturity
Date of the Bridge Loan Drawn on
the PNC Bank, N.A. Line of Credit for
the Acquisition of Cider Mill
Apartments**

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

WHEREAS, at a Special Administrative Session duly called and held on September 28, 2018, with a quorum present, the Commission duly adopted Resolution 18-81AS, with Commissioners Simon, Priest, Nelson, and Byrd voting in approval, in which the Commission approved extending the maturity date of the PNC Bank, N.A. Line of Credit Bridge Loan until December 31, 2018. Commissioners Rodriguez, McFarland, and Croom were necessarily absent and did not participate in the vote.

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 18-81R and any action taken since September 28, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-81R, 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. Acceptance of Fourth Quarter FY'18 Budget to Actual Statements, and Approval to Transfer Funds from the General Fund Operating Reserve to the General Fund to Balance the FY'18 Budget

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

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

RESOLUTION NO.: 18-72

Re: Acceptance of Fourth Quarter FY'18 Budget to Actual Statements, and Approval to Transfer Funds from the General Fund Operating Reserve to the General Fund to Balance the FY'18 Budget

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that (1) quarterly budget to actual statements will be reviewed by the Commission, and (2) the Commission will end the fiscal year with a balanced budget; and

WHEREAS, the Commission reviewed the Fourth Quarter FY'18 Budget to Actual Statements during its October 3, 2018 meeting; and

WHEREAS, the Agency ended FY'18 with an operating deficit of \$181,678; and

WHEREAS, in order to balance the budget, it is recommended that \$181,678 be transferred from the General Fund Operating Reserve to the General Fund.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Fourth Quarter FY'18 Budget to Actual Statements.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes staff to transfer \$181,678 from the General Fund Operating Reserve to the General Fund to balance the FY'18 Budget.

2. Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable (April 1, 2018 – June 30, 2018)

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, were the presenters.

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

RESOLUTION NO.: 18-73

**RE: Authorization to Write off Bad Debt
Related to Tenant
Accounts Receivable**

WHEREAS, the current policy of the Housing Opportunities Commission of Montgomery County (“HOC”) is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances; 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, 2018 through June 30, 2018 is \$75,458 consisting of \$56,674 from Opportunity Housing properties, \$66 from RAD 6 properties, \$16,114 from Public Housing properties, \$0 from Tax Credit properties, \$959 from Supportive Housing properties, and \$1,645 from 236 properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to write off \$75,458 in bad debt related to (i) tenant accounts receivable balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

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

1. Approval of Advance Funds from the Opportunity Housing Reserve Fund (the “OHRF”) for Consulting Services Related to Conversion of The Willows Apartments under Component II of the Rental Assistance Demonstration Program (“RAD”)

Zachary Marks, Director of Development, was the presenter.

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

RESOLUTION NO.: 18-75

**RE: Approval to Advance Funds from the
Opportunity Housing Reserve Fund (the
“OHRF”) for Consulting Services Related to the
Conversion of The Willows Apartments under
Component II of the Rental Assistance
Demonstration Program (“RAD”)**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) seeks to preserve Montgomery County’s existing affordable housing including those subsidized by Rental Assistance Payment (“RAP”) contracts and Section 236 financing facing growing sustainability challenges – most prominently, functional obsolescence and pervasive systems issues as a result of age; and

WHEREAS, The Willows Apartments at 429 West Diamond Avenue in Gaithersburg (“Willows”) previously received operating subsidy via a RAP contract and original construction financing via a Section 236 senior mortgage; and

WHEREAS, the RAP contract for Willows discontinued at maturity of the property’s Section 236 senior mortgage, which occurred in the third quarter of Calendar Year 2017; and

WHEREAS, residents at the Willows living in units covered by the RAP contract at the Willows at the time the RAP contract at the Willows discontinued became eligible for Section 8 subsidy (“Willows Section 8 Subsidy”); and

WHEREAS, the United States Department of Housing and Urban Development (“HUD”) offers Component II of its Rental Assistance Demonstration (“RAD”) program presents HOC with the opportunity to project base the Willows Section 8 Subsidy providing for the Willows’ ability to support timely capital expenditures and maintenance; and

WHEREAS, from time to time, the Commission will procure for consulting and advisory services to assist staff with real estate development, transactional financing, and regulatory issues; and

WHEREAS, on March 4, 2015, the Commission approved Morrison Avenue Capital Partners and Censeo, Inc. (“MACP & Censeo”), who jointly responded to Request for Qualifications #1938 (“RFQ #1938”), as a pre-qualified firm able to participate in the pool formed pursuant to RFQ 1938; and

WHEREAS, on May 15, 2015, the Commission approved the selection of MACP & Censeo to provide financing and regulatory advisory services in support of the potential participation in Component II of the RAD program of several HOC-controlled properties; and

WHEREAS, pursuant to the approval given by the Commission on May 15, 2015, HOC entered into a contract with MACP & Censeo from which task orders were created to provide financing and regulatory advisory services in support of the potential participation in Component II of the RAD program of several HOC-controlled properties; and

WHEREAS, the Commission wishes to provide funding under a task order to pay to MACP & Censeo the consulting fees related to the conversion of The Willows Apartments under Component II of the RAD program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves an advance of funds in the amount of \$140,000 from the Opportunity Housing Reserve Fund (“OHRF”) for consulting fees related to the conversion of The Willows Apartments to Project-Based Section 8 rental assistance via the Second Component of the RAD Program.

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

2. Approval to Add Freddie Mac HFA Advantage Conventional Mortgage Product to the Single Family Mortgage Purchase Program and Increase the Sales Price and Income Limits for the Program

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

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

RESOLUTION NO.: 18-76

RE: Approval to Add Freddie Mac HFA Advantage Conventional Mortgage Product to the Single Family Mortgage Purchase Program and Increase the Sales Price and Income Limits for the Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) has operated the Single Family Mortgage Purchase Program (“MPP” or the “Program”) since 1979, issuing approximately \$1.6 billion of taxable and tax-exempt Mortgage Revenue Bonds (“MRB”) to finance more than 11,000 single family mortgage loans; and

WHEREAS, the MPP currently offers government and conventional mortgage loans, insured by the Federal Housing Administration and the Federal National Housing Mortgage Association or Fannie Mae, respectively, and looks to expand the Program’s loan products; and

WHEREAS, the Federal Home Loan Mortgage Corporation or Freddie Mac offers a loan product known as the Freddie Mac HFA Advantage, a conventional mortgage loan offered only to Housing Finance Agencies, under which qualified borrowers may obtain a 30-year fixed rate mortgage with a loan to value of up to 97%; and

WHEREAS, on April 1, 2018, the U.S. Department of Housing and Urban Development published new national income limits, and on April 23, 2018, the Internal Revenue Service published new revenue procedures setting forth average area purchase price applicable to the Program; and

WHEREAS, the Commission approves income and sales price limits which apply to the MPP, subject to rules and regulations governing MRBs; and

WHEREAS, the Development and Finance Committee, at its September 21, 2018 meeting, considered and recommended approval of (i) expanding the Program’s loan products to include the Freddie Mac HFA Advantage and (ii) increasing the Program’s sales price and income limits.

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

1. The Single Family Mortgage Purchase Program shall add the Federal Home Loan Mortgage Corporation or Freddie Mac HFA Advantage conventional mortgage loan product to the Single Family Mortgage Purchase Program.
2. The maximum allowed sales price for Mortgage Purchase Program shall increase to \$625,765.
3. The maximum income limits for the Single Family Mortgage Purchase Program shall increase as follows:

Household Size	Maximum Income
1	\$98,448
2	\$140,640
3+	\$164,080

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the revisions to the Single Family Mortgage Purchase Program contemplated herein, including but not limited to the execution of any and all documents related thereto.

3. Approval to Add Freddie Mac HFA Advantage Conventional Mortgage Product to the Single Family Mortgage Purchase Program and Increase the Sales Price and Income Limits for the Program

Kayrine Brown, Chief Investment and Real Estate Officer, and Erik Smith, Junior Financial Analyst, were the presenters

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

RESOLUTION NO.: 18-74

RE: Approval of the Development Plan for Upton II and Approval to Increase the Predevelopment Budget and a Second Installment of Predevelopment Funding from the Opportunity Housing Reserve Fund(“OHRF”) to Fund Related Expenses

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

Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing financing for the construction of rental housing properties which provide a public purpose; and

WHEREAS, Upton II is a planned development in Rockville that is entitled under current zoning and planning requirements for retail, public parking, and up to 400 apartments, of which HOC and Victory Housing, Inc. (“VHI”) will own and operate a condominium unit containing 150 apartments and a share of parking and general common elements in a single purpose entity known as HOC at The Upton II, LLC (“HOC Upton Development”) and Duball LLC or an affiliate will own and operate a second condominium unit comprising the remainder of the development; and

WHEREAS, the HOC Upton Development proposes to serve seniors across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit (“LIHTC”) program, which will allow households with income from 40% up to 80% of the Washington DC Area Median Income (“AMI”) to enjoy rent protection without impairing the LIHTC equity for the development; and

WHEREAS, HOC staff developed and proposed the Development Plan, which estimates the total development cost of the HOC Upton Development of \$45,831,928 to be funded with HOC-issued tax-exempt bonds, LIHTC equity, subordinate financing from Montgomery County, deferred developer fee, and Developer equity; and

WHEREAS, the HOC Upton Development will be owned by a 0.01% general partner comprised of HOC (the “Developer”) and VHI and a 99.99% to-be-determined investor limited partner; and

WHEREAS, the HOC Upton Development is an important element in HOC’s portfolio because its development will replace housing for the 112 seniors who currently reside in Town Center Apartments in Rockville; and

WHEREAS, a development team led by Duball LLC has been assembled, construction permit drawings will be finalized over the next six months with expected permit issuance in late calendar year 2018, and the HOC Upton Development is projected to be delivered in May of 2021; and

WHEREAS, the development team have been preparing a development plan for the HOC Upton Development and have funded such efforts from a loan of \$1,155,198 from the Opportunity Housing Reserve Fund (the “HOC Upton Predevelopment Loan”) for design and permitting costs, which loan was approved by the Commission on October 17, 2017; and

WHEREAS, the HOC Upton Development will include design elements that are appropriate for the targeted senior population, including an urban lifestyle with market rate unit finishes complemented with unique multifamily accessibility accommodations throughout; and

WHEREAS, HOC at The Upton II, LLC seeks an increase in the amount of the Upton Predevelopment Loan of \$300,000, which will bring the total predevelopment budget to \$1,455,198;

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Development Plan for the construction of HOC Upton Development is hereby approved to include an estimated development cost of \$45,831,928, the delivery of 150 apartment units which will

serve seniors 62 years and older and of which 90% (135 units) will be restricted to those earning 40% to 80% of the area median income.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes an increase in the amount of the HOC Upton Predevelopment Loan of \$300,000 from the Opportunity Housing Reserve Fund, for a total outstanding amount of \$1,455,198 to be repaid at closing from construction financing proceeds.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of HOC at the Upton II, LLC, as its sole member, that it hereby approves an increase to the predevelopment budget by \$300,000, funded by an increase in the HOC Upton Predevelopment Loan by the same amount, bringing the total predevelopment budget to \$1,455,198.

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

A. Approval to Renew the Primary Audit Contract with CliftonLarsonAllen LLP for One Additional Year

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, were the presenters

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

RESOLUTION NO.: 18-77

RE: Approval to Renew the Primary Audit Contract with CliftonLarsonAllen LLP for one additional year

WHEREAS, on September 7, 2016 the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) renewed the primary audit contract with CliftonLarsonAllen LLP (“CLA”) to complete HOC’s financial audit for fiscal years 2017 and 2018; (the “Contract”); and

WHEREAS, the Contract expires as of December 31, 2018; and

WHEREAS, the Contract provides for one (1) additional two-year renewal; and

WHEREAS, HOC has had three different audit partners and several different audit managers throughout the 14 years; and

WHEREAS, CLA also currently serves as the auditor for Montgomery County, Maryland (“County”), and the CLA audit contract with the County expires after completion of the FY2019 audit; and

WHEREAS, HOC is a component unit of the County, and having the same external auditor assists in the coordination and preparation of the County Comprehensive Annual Financial Report; and

WHEREAS, staff has determined it would be beneficial to renew the Contract with CLA for a one (1) year term in order to complete the FY 2019 audit and to coincide with the expiration of the County CLA audit contract.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves renewing the primary audit contract with CliftonLarsonAllen LLP for one (1) additional year, with an expiration date of December 31, 2019.

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 Priest, and unanimously adopted to adjourn.

The open session adjourned at 5:40 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

October 29, 2018

A Special Teleconference Session of the Housing Opportunities Commission of Montgomery County was conducted on Monday, October 29, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 2:00 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Jr., Vice Chair

Teleconference Call

Edgar Rodriguez, Chair Pro Tem
Roy Priest

Absent

Linda Croom
Pamela Byrd

Also Attending

Stacy Spann, Executive Director
Eamon Lorincz, Deputy General Council
Zachary Marks
Brian Kim
Melody Stanford
Randy Carty
Darcel Cox
Gio Kaviladze
Hyunsuk Choi

Aisha Memon, Acting General Council
Cornelia Kent
Jennifer Arrington
Charnita Jackson
Christina Autin
Sherraine Rawlins
Terri Fowler
Vivian Benjamin

I. ITEMS REQUIRING DELIBERATION AND/OR ACTION

A. Authorization for the Executive Director to Execute a Site Lease Option with Groundswell to Allow for the Application to PEPCO's Community Solar Program

Chair Simon made a request to approve Paddington. Commissioner Priest approved the motion; Vice Chair Nelson and Chair Pro Tem Rodriguez abstained. Commissioners Croom and Byrd were necessarily absent and did not participate in the vote. The motion was passed (2) Yeas; (0) Nays; and (2) Abstentions.

Special Session
October 29, 2018
Page 2 of 2

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 2:20 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/ith

Information Exchange

HOC and Partners Celebrate Opening of The Lindley and Dedication of Jean Banks Park



On Monday, October 15, 2018, HOC together with The Morris and Gwendolyn Cafritz Foundation, EYA, Donohoe Construction, local government and other partners celebrated the ribbon cutting at The Lindley and dedication of former HOC Commissioner Jean Banks Park in Chevy Chase, Maryland.

Once home to 68 low-rise, garden-style apartments, The Lindley has transformed the area into a vibrant, mixed-income community in the heart of Chevy Chase. A public-private partnership with the Morris and Gwendolyn Cafritz Foundation has enabled the

development of what is likely the first mixed-income property in the nation to include private equity as a source of development funds. Furthermore, selling a portion of the property to EYA enabled HOC to leverage the value of the land and consolidate the apartments into a highly-amenitized, 200-unit high-rise building. Development of The Lindley produced a net increase of 22 units of affordable housing in the community, 680 jobs in Montgomery County, and \$6.9 million in tax revenue for the County and State.

HOC Commission Chair Jackie Simon acknowledged the critical partnerships that helped make the vision for this community a reality, as did partners McLean Quinn from EYA and Neil Stablow from Donohoe. Council President Hans Riemer recognized The Lindley's ability to create access to opportunity for the children and families who will take advantage of the Bethesda-Chevy Chase school cluster, while County Executive Leggett applauded the commitment to transit oriented development by connecting residents to the future Purple Line and the opportunities for employment that would follow.

The event closed with the dedication of a public park located on the property named in honor of late HOC Resident Commissioner Jean Banks. Her son, Tony Banks, remarked that the park was a fitting tribute to his mother, reminding him of the many others who loved and cared for Ms. Banks and recognized her contribution to HOC and the county.



I am incredibly proud of the milestone reached with The Lindley because it represents more than just innovation in affordable housing development. It is emblematic of the communities we are building throughout Montgomery County. Together, we provide the means for people to gather, to engage with one another, and to get connected to resources that help families thrive.

Bauer Park Holds "Senior" Prom



On Friday, October 12, 2018, HOC hosted the first Senior Prom at Bauer Park Apartments in Rockville. HOC customers aged 65 and older enjoyed a night of food, fun and dancing with neighbors and friends. Attending seniors received corsages and boutonnieres, personalized gift bags and had prom portraits taken at the photo booth backdrop. More than 60 resident seniors attended and sipped sparkling cider throughout the evening while dancing to the musical stylings of HOC's DJ.



Offering targeted programming to our customers, particularly our senior population, provides them with myriad social, emotional and other benefits that ensure they stay happy, healthy and stably housed. It is encouraging to see staff go above and beyond to create fresh opportunities for residents to engage and create community, and I look forward to seeing more of these great events from our team.

Family Self Sufficiency Celebrates 2018 Graduates

On Thursday, October 11, 2018, the Family Self Sufficiency program held a graduation ceremony celebrating the achievements of 15 graduates from its 2018 participant class.

HOC's FSS Program has transformed the lives of hundreds of families by providing career development support that helps HOC customers achieve increased self-sufficiency. The comprehensive five to seven-year program provides case management and service connections so HOC customers gain and improve employment through one-on-one assessments, goal



setting, referrals, skills training, and education. Since the inception of HOC's program in 1993, we have proudly graduated more than 950 participants.



This year's graduates achieved many milestones. While 33 percent of participants were unemployed at the time of enrollment, all had been employed for a minimum of 12 consecutive months upon graduation. As a group, their average earned income more than quadrupled—from \$9,734 to \$40,604 annually. One graduate increased their earnings enough to become independent of housing assistance and two participants became homeowners.

Commission Chair Jackie Simon and Chief Operating Officer Shauna Sorrells provided the welcome address and congratulatory remarks, thanking the graduates for allowing HOC to be part of their journey. Anaelle Rene performed an inspiring reading for the FSS participants and three FSS graduates – Patrice Jones, Hyppolite Mouaffo Teumo, and Kevine Tchantchou – shared their stories of determination and success.

FSS is a crucial piece in HOC's basket of services – connecting the whole family to resources that help them reach their fullest potential. We are

honored to play a small part in the success of this year's graduates and look forward to their future accomplishments.

HOC and Leadership Tomorrow Volunteer at 2018 Health Expo

On Sunday, October 7, 2018 HOC's Leadership Tomorrow program, Resident Services division, and other HOC volunteers worked the 2018 Health Expo/Hope Clinic. This year's expo was organized in partnership with the Emmanuel Brinklow Seventh Day Adventist Church, the Seventh-Day Adventist General Conference Headquarters acting as event host site, Adventist Medical Evangelism Network providing medical tools and on-site medical preparation, Adventist Development and Relief Agency, and Hope Channel.



Over 1,200 attendees received flu shots, winter coats, massage therapy, HIV testing, healthy food demonstrations, a virtual colon health education walk through and explored the offerings of on-site health and wellness vendors. A total of 350 persons volunteered for the event, in addition to 65 medical volunteers, including dentists, hygienists, optometrists, nurses, and general practitioners. The medical volunteers provided an estimated \$80,000 worth of free services for customers on-site, including 237 dental exams, 191 vision exams, 177 medical exams, 126 prevention and wellness exams, 120 flu shots, 201 BMI assessments, 76 HIV tests and

27 service referrals. Attendees came from across the state of Maryland, as well as from Pennsylvania, and North Carolina.



The Leadership Tomorrow team wishes to acknowledge the HOC staff who helped make the event successful, including Stephanie Moore, Isabel Flores, Mary Ellison, and Jean McCloskey who secured transportation for seniors who attended; the WISH Program for their contribution to secure Z-Limo transportation services for several properties; as well as Brian Selden who served as photographer for the event and created an HOC video that highlighted our organization's services for all the participants at the event.

Seneca Ridge Hosts Final Women's Empowerment Workshop and Ceremony

On Wednesday, October 17, 2018, Seneca Ridge held its final Women's Empowerment Workshop, culminating in a certificate of participation ceremony for the women.

The Women's Empowerment Workshop has been a multi-session event for HOC women ages 18 and older to learn about and discuss positive thinking and building self-esteem. At the final session, each participant received a travel case including various items to address stress, compel self-reflection, and promote focus and purpose.

Participants arrived at the final workshop dressed for success and each invited friends and family to join in with the celebration, where all enjoyed an elegant catered dinner. The facilitator was presented a purple orchid and a card signed by the participants as a token of appreciation for her outstanding work with the group and the profound impact she made on the lives of the women.

October Financial Literacy Workshops

During the month of October HOC hosted one Financial Literacy workshop for HOC customers, while FSS participants engaged in two financial workshops held by our partner, Emmanuel Brinklow Seventh Day Adventist Church.

Financial Vision Board

On October 17, 2018, HOC hosted a Financial Literacy workshop for customers at the Gaithersburg Customer Service Center. The goal of this workshop was to help attendees identify their future aspirations and to create financial goals towards achieving that vision. Attendees began by starting their own vision board and sharing their goals with the group. Each participant received initial coaching from HOC's financial literacy coach on strategies for managing debt and saving money towards their goals. Workshop participants will attend a follow-up session in 30 days to present their vision board and discuss concrete short and long term goals toward achieving their vision.

Emmanuel Brinklow Financial Literacy Workshops

On October 10, 2018, Emmanuel Brinklow provided HOC residents with a financial literacy workshop at the Gaithersburg Customer Service Center on combating identity theft. Attendees learned about proactive strategies they can take towards safeguarding against identity theft and resources they can use should they fall victim to identity theft.

On October 30, 2018, Emmanuel Brinklow also hosted a financial literacy workshop for HOC residents interested in starting their own business. This workshop focused on the basics of starting a small business, including creating a business plan and an operating budget.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

November 2018

1	Town Center Board Meeting (Simon, Rodriguez) – (Teleconference)	12:00 p.m.
7	Budget, Finance and Audit Committee Meeting – re: Audit Review (<i>All</i>)	2:00 p.m.
7	Public Hearing (<i>Simon</i>) – re: Administrative Plan Revisions; Amendment to HOC’s FY ’19 PHA Plan	3:30 p.m.
7	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
12	Veterans Day (<i>HOC Offices Closed</i>)	
14	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 Offices Closed</i>)	

December 2018

5	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
12	Budget, Finance and Audit Committee Meeting – re: 1 st 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>)	

January 2019

1	New Year’s Day Holiday (<i>HOC Offices Closed</i>)	
9	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
21	Martin Luther King, Jr. Holiday (<i>HOC Offices Closed</i>)	

February 2019

6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
18	President’s Day (<i>HOC Offices Closed</i>)	
19	Budget, Finance and Audit Committee Meeting - 2 nd Quarter (<i>Nelson, Simon, Priest</i>)	10:00 a.m.

March 2019

6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
19	Budget, Finance and Audit Committee Meeting – re: Property Workshop (<i>Nelson, Simon</i>)	10:00 a.m.

Activities of Interest

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

Administrative and Special Session Ratifications

RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON

OCTOBER 3, 2018:

RATIFICATION OF APPROVAL TO COMPLETE THE PURCHASE OF THREE PROPERTIES; APPROVAL OF A FINANCING PLAN; AND ACCEPTANCE OF A FIRST MORTGAGE LOAN FROM PNC BANK AND SUBORDINATE FINANCING FROM THE COUNTY

OCTOBER 3, 2018

- At an Administrative Session held on October 3, 2018, the Commission adopted Resolution 18-78AS in which the Commission:
 1. Authorized the completion of the acquisition of Willows Manor at Clopper's Mill located at 18003 Mateny Road, Germantown, MD; Willow Manor at Fair Hill Farm located at 18301 Georgia Avenue, Silver Spring, MD; and Willow Manor at Colesville located at 601 Randolph Road, Silver Spring, MD; and
 2. Authorized various actions related to the acquisition of the properties, including approving the Financing Plan.

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 October 3, 2018 Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commission wishes to ratify any action taken since the Administrative Session with respect to the approved transaction.

RESOLUTION: 18-78R

RE: Approval to Complete the Purchase of Three Properties; Approval of a Financing Plan; and Acceptance of a First Mortgage Loan from PNC Bank, N.A. and Subordinate Financing from the County.

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

WHEREAS, at an Administrative Session duly called and held on October 3, 2018, with a quorum present, the Commission duly adopted Resolution 18-78AS, with Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest voting in approval; Commissioner Croom was necessarily absent and did not participate in the vote.

WHEREAS, by adopting Resolution 18-78AS, the Commission approved the following actions:

1. Completion of the acquisition of Willow Manor at Clopper’s Mill, consisting of 102 age-restricted Low Income Housing Tax Credit (“LIHTC”) and market-rate apartments located at 18003 Mateny Road, Germantown, MD (“Willow Manor at Clopper’s Mills”); Willow Manor at Fair Hill Farm, consisting of 101 age-restricted LIHTC apartments located at 18301 Georgia Avenue, Silver Spring, MD (“Willow Manor at Fair Hill Farm”); and Willow Manor at Colesville, consisting of 83 age-restricted LIHTC apartments located at 601 Randolph Road, Silver Sping, MD (“Willow Manor at Colesville”) (collectively, the “Willow Manor Properties”);
2. Accepting the Financing Plan to purchase the Willow Manor Properties pursuant to Article 53A-4 of the Montgomery County Code, the Right of First Refusal to buy rental housing;
3. The long-term ownership of the Willow Manor Properties;
4. Funding the Debt Service Reserve Accounts for the Willow Manor Properties;
5. Acting in its own capacity and as the sole member of each The Manor at Cloppers Mill, LLC; The Manor at Fair Hill Farm, LLC; and The Manor at Colesville, LLC:
 - a. The acceptance of the Purchase and Sale Agreement from the County;
 - b. The acquisition of each respective property;
 - c. The assumption of the Tax Credit Covenants and all obligations under the Tax Credit Covenants in effect as of the date of acquisition for each property;
 - d. Acceptance of a first mortgage loan from PNC Bank, N.A.;

- e. Acceptance of a subordinate loan from Montgomery County’s Department of Housing and Community Affairs;
- f. Acceptance of funds for the Debt Service Reserve Account; and
- g. That the Executive Director, Stacy L. Spann, is authorized to execute any and all documents, and act as necessary, on behalf of each entity.

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 18-78R and any action taken since October 3, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-78R 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 an open meeting conducted on November 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

APPROVAL OF CALENDAR YEAR'18 AND CALENDAR YEAR'19 CCL MULTIFAMILY LLC (THE LINDLEY) BUDGETS

November 7, 2018

- The Lindley is a newly built, 200-unit high-rise apartment building situated one-tenth of a mile from Connecticut Avenue, adjacent to the future Metro Purple Line light rail station.
- Staff in concert with Greystar, the management company for the property, has developed a three-month budget for CY'18 as well as a CY'19 budget to be presented for approval. The CY'18 budget will be utilized to monitor the initial lease-up phase and provide progress reports to both the Commission and Cafritz.
- The CY'18 budget forecasts Net Cash Flow of **(\$301,103)**. The CY'19 budget forecasts Net Cash Flow of \$1,485,348.
- Cash Flow is restricted to the property and distributed based on the executed agreements. Operating deficits during lease-up will be covered by the established Operating Reserve in the Development Budget.

CCL Multifamily LLC (The Lindley)

	CY 2018 (Three-Month) Budget	CY 2019 Budget
Total Revenue	\$65,736	\$3,958,576
Gross Rents	\$1,455,813	\$5,906,560
Concessions	(\$41,017)	(\$299,480)
Vacancy Loss	(\$1,349,054)	(\$1,829,975)
Other Revenue	(\$6)	\$181,471
Total Operating Expenses	\$353,589	\$1,460,738
Administrative	\$208,634	\$737,214
Utilities	\$53,697	\$223,799
Maintenance	\$63,793	\$324,330
Other	\$27,465	\$175,396
Net Operating Income	(\$287,853)	\$2,497,838
(1) Annual RfR Contribution	\$13,250	\$53,000
(2) Annual Debt Service	\$0	\$959,490
Total Non-Operating Expenses	\$13,250	\$1,012,490
(3) Cash Flow	(\$301,103)	\$1,485,348
Capital	\$0	\$15,000

- (1) Based on \$250 PUPA plus \$3,000 per annum for maintenance of Private Road.
- (2) Interest during construction will be absorbed in the Development Budget and commence at the property in October 2019.
- (3) Cash Flow is restricted to the property and distributed based on the executed agreements. Operating deficits during lease-up will be covered by the established Operating Reserve in the Development Budget.

BUDGET IMPACT:

Approval by the Commission will establish the three-month CY'18 and CY'19 operating budgets for The Lindley.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the CY'18 and CY'19 budgets operating budgets for The Lindley at the October 26, 2018 meeting. Commission action is requested at the November 7, 2018 meeting.

COMMITTEE RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed CY'18 and CY'19 CCL Multifamily LLC (The Lindley) Budgets.

RESOLUTION NO. 18-84

RE: Approval of Calendar Year'18 and
Calendar Year'19 CCL Multifamily
LLC (The Lindley) Budgets

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is the managing member of CCL Multifamily LLC ("CCL"), the owner of The Lindley, a newly built, 200-unit high-rise apartment building situated one-tenth of a mile from Connecticut Avenue, adjacent to the future Metro Purple Line light rail station (the "Property");

WHEREAS, occupancies at the Property began in October 2018;

WHEREAS, the Commission's budget policy requires a budget be prepared and adopted for the Property;

WHEREAS, the Calendar Year 2018 budget forecasts net cash flow of **(\$301,103)** that will be covered by the established Operating Reserve in the Development Budget; and

WHEREAS, the Calendar Year 2019 budget forecasts net cash flow of \$1,485,348 that will be restricted to the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL Multifamily LLC as its managing member, that the CY'18 and CY'19 Budgets for CCL Multifamily LLC are approved.

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

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

Patrice Birdsong
Special Assistant to the Commission

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Approval to Extend Property Management Contracts for six-months

Property Assistance Contract for HUB A, G, S, T, W

Alexander House LP

Alexander House DC

Greenhills LP

Montgomery Arms

Glenmont Crossing & Westerly

Diamond Square

Westwood Tower

Stewartown Homes

Georgian Court Apartments

Pooks Hill Towers & Court

November 7, 2018

- HOC has started the RFP process for property management contracts at eleven HOC properties and five HOC HUBS. To ensure adequate time to review the proposals, staff is requesting that the Commission approve a six-month extension for the property management contracts at the eleven HOC properties and five HOC HUBS.
- The extension will allow staff time to evaluate the needs for each property, consider the concentration of current contracts with various vendors, as well as the overall performance provided to HOC.
- Staff plans to issue an RFP in late November 2018 with responses due to HOC by December 2018. Staff will review and score proposals received and make a recommendation to the Budget Finance and Audit Committee in February 2019 and to the Commission in March 2019.
- Staff recommends that the Housing Opportunities Commission authorize a six-month extension of the property management contracts with: Alexander House LP and Development Corporation; Glenmont Crossings & Westerly; Montgomery Arms; Pooks Hill Tower & Court; Greenhills; Diamond Square LP ; Westwood Towers; Stewartown Homes; Georgian Court Apartments; and HUB A (Arcola Towers); HUB G (Emory Grove); HUB S (Seneca Ridge); HUB T (Towne Centre Place); and HUB W (Waverly House) under the Property Assistance Contract.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission authorize the Executive Director to execute a six-month extension of the property management contracts with the current property management firms at Alexander House LP and Development Corporation; Glenmont Crossings & Westerly; Montgomery Arms; Pooks Hill Tower & Court; Greenhills; Diamond Square LP ; Westwood Towers; Stewartown Homes; Georgian Court Apartments; and HUB A (Arcola Towers); HUB G (Emory Grove); HUB S (Seneca Ridge); HUB T (Towne Centre Place); and HUB W (Waverly House) under the Property Assistance Contract.

BUDGET IMPACT:

The extension of the property management contracts for eleven HOC properties and five HOC HUBS for six-months will not have a budget impact as the costs associated with the services were factored into the FY 19/CY 18-19 HOC budgets.

TIME FRAME:

For Commission action at the November 7, 2018 meeting.

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a six month extension of the property management contracts with the current property management firms at Alexander House LP and Development Corporation; Glenmont Crossings & Westerly; Montgomery Arms; Pooks Hill Tower & Court; Greenhills; Diamond Square LP ; Westwood Towers; Stewartown Homes; Georgian Court Apartments; and HUB A (Arcola Towers); HUB G (Emory Grove); HUB S (Seneca Ridge); HUB T (Towne Centre Place); and HUB W (Waverly House) under the Property Assistance Contract.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of Alexander House GP, LLC, who is the general partner of Alexander House Apartments Limited Partnership (“Alexander House LP”), and Alexander House LP owns 122 tax credits in the development known as Alexander House (“Alexander House”);

WHEREAS, HOC is the general partner of Georgian Court Silver Spring Limited Partnership (“Georgian Court LP”), and Georgian Court LP owns the development known as Georgian Court Apartments (“Georgian Court”);

WHEREAS, HOC is the sole member of Greenhills Apartments GP, LLC, who is the general partner of Greenhills Apartments Limited Partnership (“Greenhills LP”), and Greenhills LP owns the development known as Greenhills Apartments (“Greenhills”);

WHEREAS, HOC is the general partner of MV Affordable Housing Associates, L.P. (“MV LP”), and MV LP owns the development known as Stewartown Homes (“Stewartown”);

WHEREAS, HOC owns the development known as Pooks Hill Court (“Pooks Hill”);

WHEREAS, HOC owns the development known as Westwood Towers (“Westwood”);

WHEREAS, HOC has contracted with Edgewood-Vantage Management to perform certain property assistance functions for units within five (5) HUBs, including HUB A (Arcola Towers), HUB G (Emory Grove), HUB S (Seneca Ridge), HUB T (Towne Center Place), and HUB W (Waverly House) (the “HUBs”) (together, Alexander House, Greenhills, Stewartown, Pooks Hill, Westwood, and the HUBS, the “Properties”);

WHEREAS, HOC desires to issue a Request for Proposal (“RFP”) for property management services at the Properties;

WHEREAS, the current property management contracts at the Properties will lapse prior to completing the RFP process;

WHEREAS, in order to ensure adequate time to review the RFP and to select a property management firm, staff is recommending a six-month extension of the property management contracts at Properties; and

WHEREAS, staff is also recommending to the Board of Directors for Alexander House Development Corporation, Montgomery Arms Development Corporation, Diamond Square Development Corporation, Glenmont Crossing Development Corporation, Glenmont Westerly Development Corporation, and Pooks Hill Development Corporation (the “Development Corporations”) a six month extension of the property management contracts at the Development Corporations’ respective properties.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Alexander House GP, LLC, as its sole member, the general partner of Alexander House Apartments Limited Partnership, that the Executive Director is hereby authorized and directed to execute a six-month extension of the property management contract at Alexander House.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Georgian Court Silver Spring Limited Partnership as its general partner, that the Executive Director is hereby authorized and directed to execute a six-month extension of the property management contracts at Georgian Court.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Greenhills Apartments GP, LLC, as its sole member, the general partner of Greenhills Apartments Limited Partnership, that the Executive Director is hereby authorized and directed to execute a six-month extension of the property management contracts at Greenhills.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MV Affordable Housing Associates, L.P. as its general partner, that the Executive Director is hereby authorized and directed to execute a six-month extension of the property management contracts at Stewartown.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute a six-month extension of the property management contracts at Pooks Hill, Westwood, and the HUBs.

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

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

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF CY'19 TAX CREDIT PARTNERSHIP BUDGETS

November 7, 2018

- The Budget, Finance and Audit Committee reviewed the Tax Credit Partnership Budgets at the October 16, 2018 meeting.
- The budgets for Hampden Lane LP (Lasko Manor), Arcola Towers RAD LP (Arcola Towers), Waverly House RAD LP (Waverly House), Wheaton Metro LP (MetroPointe), Greenhills Apartments LP, MV Affordable Housing Associates LP (Stewarttown), Georgian Court Silver Spring LP (Georgian Court), Barclay One LP (Barclay), Spring Garden One Associates LP (Spring Garden), Forest Oak Towers LP, Tanglewood/Sligo Hills LP (Tanglewood/Sligo), and Alexander House LP (Alexander House) project \$150,893 in Partnership Management Fees that will be paid to the Agency for CY'19.
- Rent increases for all properties are within the guidelines of HOC's current Rent Policy.
- The partnership documents for the tax credit portions of Strathmore Court and The Metropolitan provided for a partnership fiscal year that coincides with HOC's. Therefore, these budgets are not included with the calendar year partnership budgets.

As general partner, HOC is responsible for submitting final copies of the CY'19 Budgets to the limited partners by November 1, 2018.

Attachment 1 includes the initial compliance period end dates, status of the limited partner exit, and extended use after the initial compliance period for all our CY Tax Credit partnership properties.

The partnership agreements for The Metropolitan and Strathmore Court properties provide for a fiscal year consistent with HOC's fiscal year and, therefore, are exceptions to the tax credit process outlined herein. Their budgets are adopted with the budgets for the balance of HOC's properties.

ISSUES FOR CONSIDERATION:

The budget forecasts the collection of \$255,328 in CY'19 in Asset Management/Investor Service Fees and Partnership Management Fees from the properties (**Attachment 2**). At year end, the Asset Management/Investor Service Fees are paid to the limited partner. If sufficient funds remain, the Partnership Management Fees, or \$150,893, are paid to the general partner (HOC). All unpaid fees are accrued for payment in future years. As a result of the projected deficit for **Lasko Manor**, both the Asset Management/Investor Service Fee and Partnership Management Fees have been excluded from the budget. In addition, Spring Garden is projected to only pay \$14,443 of the \$19,980 Partnership Management due to HOC.

As the Managing General Partner, HOC is responsible for funding any cash deficits that occur in the operation of the tax credit projects. **Lasko Manor** is projected to generate losses of \$42,233. The loss will be incorporated into the FY'20 budget process. It should be noted that a portion of this deficit results from the Management Fee paid to HOC.

Tax Credit Partnerships

The rent policy for CY'19 allows for in-place rental increases based on the County Executive's Voluntary Rent Guideline (CE-VRG) of 3.1%. Rent increases for all properties within the portfolio are at or below the CE-VRG.

Income from this portfolio is restricted to the properties. The only revenue that comes to HOC is in the form of a Partnership Management Fee, which is projected to be \$150,893 for CY'19. The proposed CY'19 budgets reflect an increase of \$4,802 or 3.3% in Partnership Management Fees when compared to the CY'18 Amended budgets as a result of the escalation factor applied annually to several of the properties.

The CY'19 Budget for the properties projects increases in operating income on a per unit per annum (PUPA) basis for nine of the twelve properties when compared to the CY'18 Budget. The increases at **Lasko Manor**, **Waverly House**, **Spring Garden**, and **Forest Oak Towers** are primarily due to lower projected vacancy loss. The increases at **Arcola Towers** and **MetroPointe** are

driven by the rent increase. For both **Greenhills** and **Alexander House**, the increase is the result of the increased occupancy following renovations coupled with the rent increases at each property. Income at **Tanglewood/Sligo Hills** has increased primarily as a result of the transfer from the County Grant to cover the cost of the counselor assigned to the property that has grown based on the higher level of effort being assigned to the property. Operating income at **The Barclay** is projected to decrease due to lower gross rents when compared to the prior year budget that was partially offset by a decrease in vacancy projections for CY'19. In addition, parking income at the property has decreased because more residents are opting to utilize street parking. The decrease at **Georgian Court** reflects an increase in vacancies to support the upcoming renovation of the property. Income for **Stewartown** has decreased slightly due to lower gross rents when compared to the prior year budget coupled with slightly higher projected vacancies (**Attachment 3**).

Operating expenses on a PUPA basis for the properties are projected to increase in the CY'19 Budget at eight of the twelve properties. The increases range from less than 0.9% to 12.5%. The highest growth rates are at **Tanglewood/Sligo Hills** and **Arcola Towers** which project expense growth rates of 12.5% and 10.7%, respectively. The increase for **Tanglewood/Sligo Hills** is driven by a 55% increase in Tenant Services personnel costs to reflect staff turnover which resulted in a change in salary and benefits and an increase in the allocation of counseling staff effort being assigned to the property. Additionally, there is a 43% increase in utility expense driven by increased water consumption resulting from a meter that had been overlooked by the Washington Suburban Sanitary Commission (WSSC) in prior years. For **Arcola Towers**, the increase reflects higher maintenance staffing cost and contracts due to staff turnover and the inclusion of contracts for the Cogen system contract and the fire protection and monitoring contract. Similar contract costs were added for Waverly House; however, the costs were partially offset by a reduction in maintenance staffing costs due to reallocations of effort (**Attachment 4**). Operating expenses at **The Barclay** and **Forest Oak Towers** decreased by 8.3% and 5.7%, respectively, compared to the CY'18 budgets as a result of reductions in administrative costs and maintenance contracts. **Alexander House** is projecting a 3.7% reduction in operating expenses driven primarily from a reduction in security needs post-renovation.

The net impact of the changes in operating income and expenses is reflected in the net operating income (NOI) on a PUPA basis for the Tax Credit Portfolio (**Attachment 5**). Changes in NOI from budgeted CY'18 to CY'19 varied across the portfolio. Four properties are projected to have a decrease to NOI: 5.2% at **Stewartown**, 8.3% at **Arcola Towers**, 8.02% at **Tanglewood/Sligo Hills**, and 30.4% at **Georgian Court**. The deficit at **Lasko Manor** increased by almost 20% over the CY'18 budget. The remaining properties project NOI increases averaging 11.3%.

The minimum Debt Service Coverage Ratio (DSC) requirement of 1.10 or higher is projected to be achieved for all properties except for the following: **Georgian Court** (1.03%) and **Spring Garden** (1.08%) (**Attachment 6**). **Georgian Court's** DSC reduction is mainly due to the increased vacancy to support the upcoming renovations. The reduction in DSC for **Spring Garden** reflects the impact of higher operating costs, specifically, personnel and utility costs that were partially offset by an increase in operating income.

Attachment 7 shows the history of PUPA Replacement for Reserves (RfR) contributions for the portfolio. The fluctuation in the base required contribution between CY'17 and CY'18 reflects changes due to properties that were undergoing renovations which suspended contributions for a period of time for **Arcola Towers**, **Waverly House**, and **Alexander House**. Aside from this, the base required contribution amount has remained relatively flat except for growth due to the escalation factor applied annually to several of the properties. Over the years, a few properties in the portfolio have required increases in their annual contributions as well as the use of residual cash to meet their capital needs. For CY'19, **MetroPointe** and **Forest Oak Towers** project the need for increased RfR contributions to meet their current and future years' capital expenditure needs. In addition, a portion of the capital budget for **Forest Oak Towers** related to the retaining wall will be funded from residual receipts. The CY'19 projection for RfR deposits by property, including the base and increased amounts, are depicted in **Attachment 8**.

Capital

Attachment 9 shows the capital budget for each property and proposed funding sources as well as the projected RfR balance as of December 31, 2019 based on the planned contributions and expenditures. Increased RfR contributions above the base requirement are intended to prevent the depletion of the respective property's reserves and support future capital needs denoted in each property's Five Year Capital Plans.

BUDGET IMPACT:

Approval by the Commission of these budgets will allow the Tax Credit Partnerships to begin operations on January 1, 2019, the beginning of their calendar year.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the CY'19 Tax Credit Partnership Budgets at the October 16, 2018 meeting. Action is requested at the November 7, 2018 Commission meeting.

COMMITTEE RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed CY'19 Tax Credit Partnership Budgets.

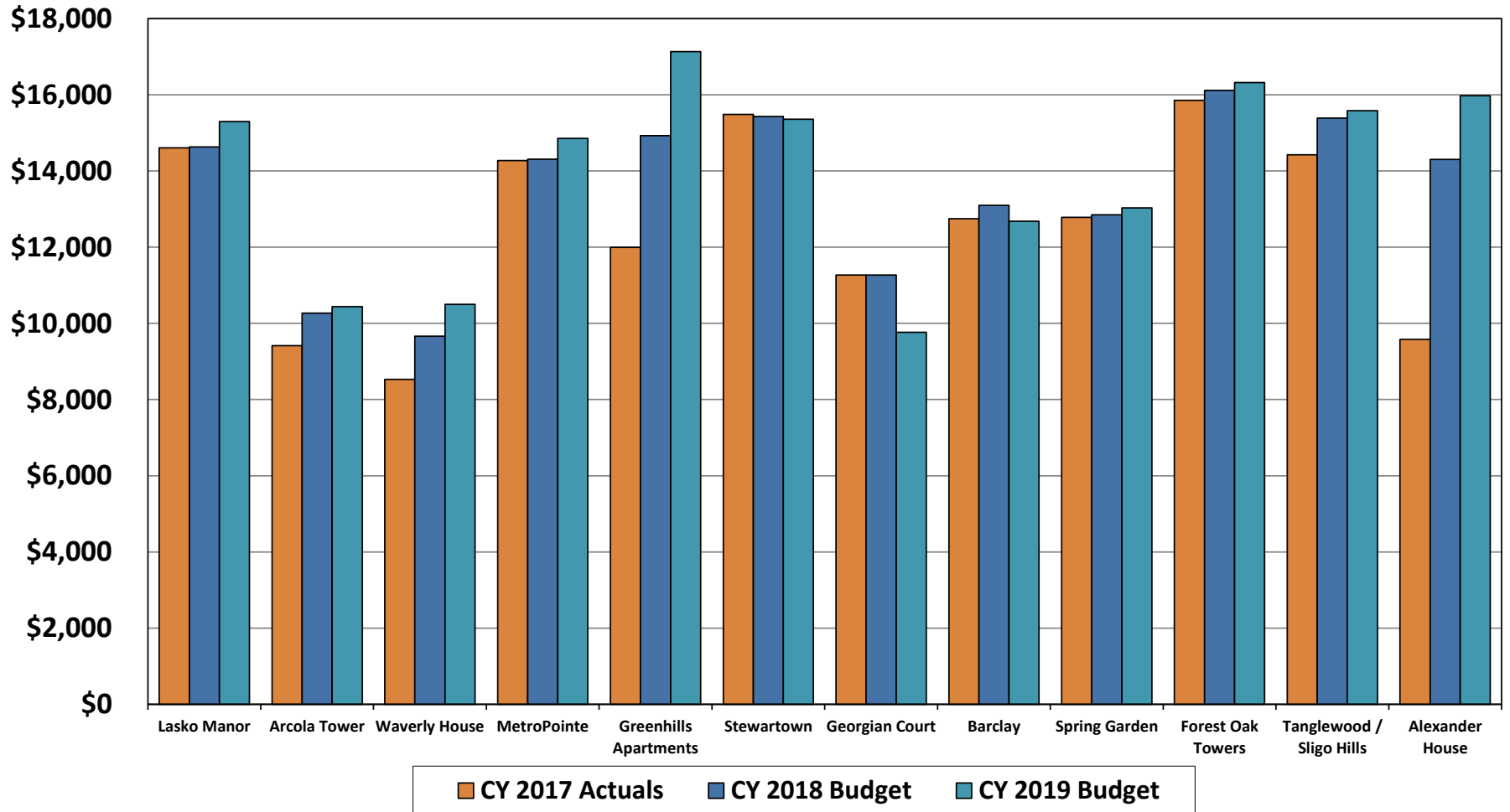
TAX CREDIT COMPLIANCE PERIOD as of October 16, 2018

PROPERTIES	# of Units	INITIAL END DATE: December	Status of Limited Partner Exit	Extended Use after Compliance Period
Georgian Court Silver Spring LP	147	2015	Under review with Morrison Avenue Capital Partners & Censeo Consultants.	15 Years (2030)
MV Affordable Housing Assoc. LP (Stewartown)	94	2017	Under review with Morrison Avenue Capital Partners & Censeo Consultants and working with Wells Fargo on closing for transfer to HOC.	15 Years (2032)
Barclay One Assoc. LP	81	2020	Under review with Morrison Avenue Capital Partners & Censeo Consultants.	40 Years (2060)
Spring Garden One Assoc. LP	83	2021	Beginning stages - conducted preliminary analysis and determining next steps in process.	25 Years (2046)
Forest Oak Towers LP	175	2022	Beginning stages - conducted preliminary analysis and determining next steps in process.	25 Years (2047)
Wheaton Metro LP (MetroPointe)	53	2023	Beginning stages - conducted preliminary analysis and determining next steps in process.	25 Years (2048)
Hampden Lane Apts. LP (Lasko Manor)	12	2026	Ongoing monitoring	25 Years (2051)
Tanglewood / Sligo Hills	132	2027	Ongoing monitoring	25 Years (2052)
Arcola Towers LP	141	2031	Ongoing monitoring	15 Years (2046)
Waverly House LP	157	2031	Ongoing monitoring	15 Years (2046)
Alexander House LP	122	2032	Ongoing monitoring	15 Years (2047)
Greenhills LP	77	2034	Compliance Period begins in 2019	25 Years (2059)

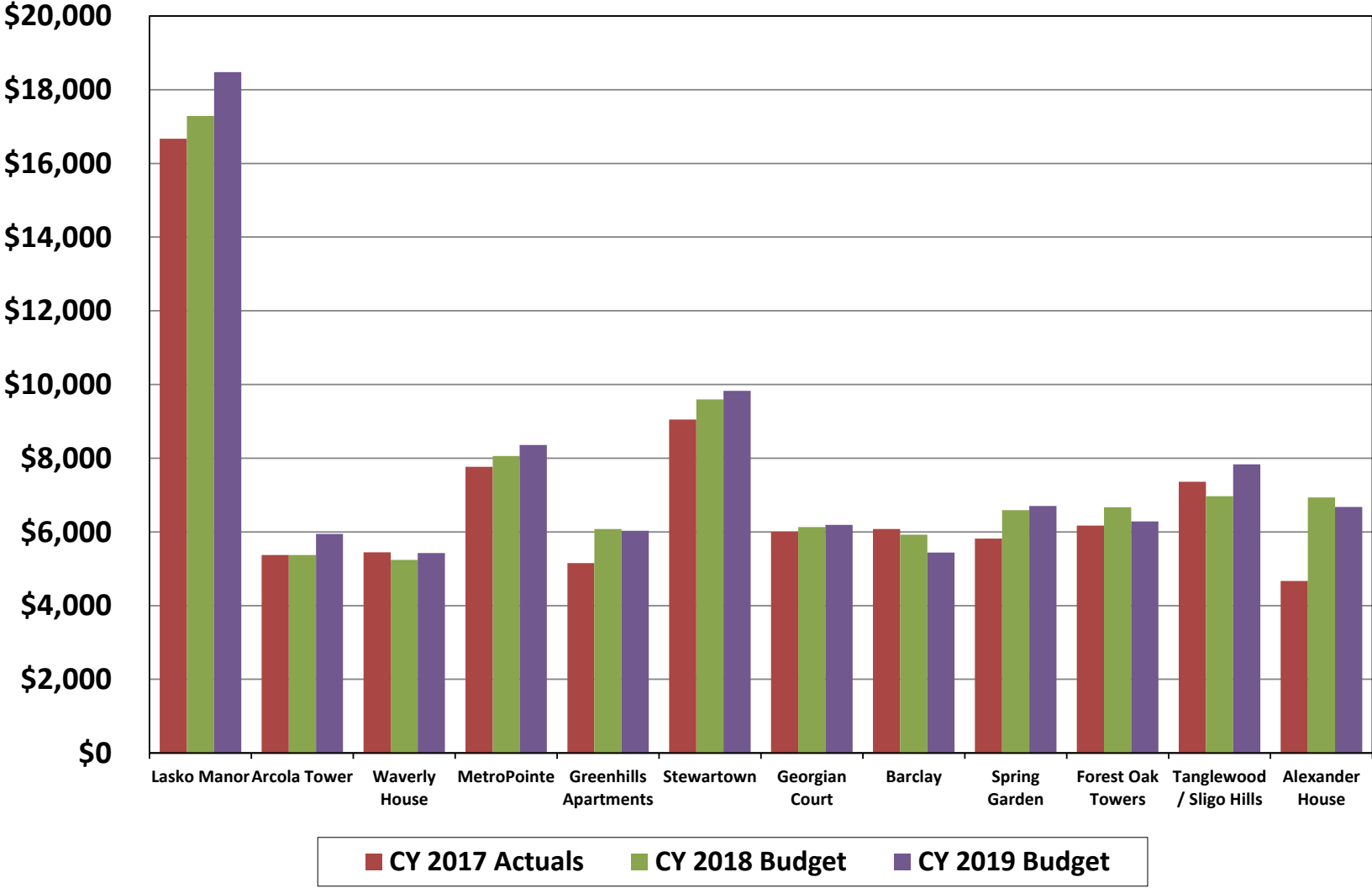
CY 2019 Tax Credit Operating Budget	# of Units	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Required RfR Deposits	Additional RfR Deposits	Partners Tax Expense	Loan Management Fees	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
Hampden Lane Apts. LP (Lasko Manor) *	12	\$183,579	\$221,732	(\$38,153)	\$0	\$4,080	\$0	\$0	\$0	(\$42,233)	\$0	\$0	(\$42,233)
Arcola Tower LP	141	\$1,471,487	\$838,138	\$633,349	\$379,510	\$66,336	\$0	\$0	\$0	\$187,503	\$8,100	\$10,500	\$168,903
Waverly House LP	157	\$1,648,413	\$851,921	\$796,492	\$522,747	\$73,860	\$0	\$0	\$0	\$199,885	\$11,256	\$0	\$188,629
Wheaton Metro LP (MetroPointe)	53	\$787,372	\$442,906	\$344,466	\$222,344	\$13,250	\$39,750	\$0	\$0	\$69,122	\$6,924	\$17,304	\$44,894
Greenhills Apartments LP	77	\$1,319,365	\$464,277	\$855,088	\$206,565	\$6,825	\$0	\$0	\$0	\$641,698	\$5,775	\$11,550	\$624,373
MV Affordable Housing Assoc. LP (Stewartown)	94	\$1,443,907	\$923,902	\$520,005	\$376,701	\$37,600	\$0	\$0	\$0	\$105,704	\$5,000	\$12,000	\$88,704
Georgian Court Silver Spring LP	147	\$1,435,232	\$909,686	\$525,546	\$445,556	\$50,052	\$0	\$0	\$16,000	\$13,938	\$0	\$0	\$13,938
Barclay One Assoc. LP	81	\$1,026,992	\$440,432	\$586,560	\$439,094	\$24,300	\$0	\$0	\$0	\$123,166	\$19,980	\$12,060	\$91,126
Spring Garden One Assoc. LP **	83	\$1,081,582	\$556,471	\$525,111	\$444,740	\$45,948	\$0	\$0	\$0	\$34,423	\$19,980	\$14,443	\$0
Forest Oak Towers LP	175	\$2,856,757	\$1,100,051	\$1,756,706	\$1,224,719	\$70,000	\$35,000	\$0	\$0	\$426,987	\$11,412	\$37,428	\$378,147
Tanglewood / Sligo Hills LP	132	\$2,057,020	\$1,034,102	\$1,022,918	\$648,945	\$42,144	\$0	\$0	\$0	\$331,829	\$5,400	\$25,000	\$301,429
Alexander House LP	122	\$1,948,920	\$814,381	\$1,134,539	\$428,170	\$45,300	\$0	\$0	\$0	\$661,069	\$10,608	\$10,608	\$639,853
Total Portfolio	1,274	\$17,260,626	\$8,597,999	\$8,662,627	\$5,339,091	\$479,695	\$74,750	\$0	\$16,000	\$2,753,091	\$104,435	\$150,893	\$2,497,763

* The property operates at a loss and therefore cannot pay Asset Management Fees or Partnership Management Fees.
** Based on projected cash flow, the property will only be able to pay \$14,443 of the \$19,980 Partnership Management Fees.

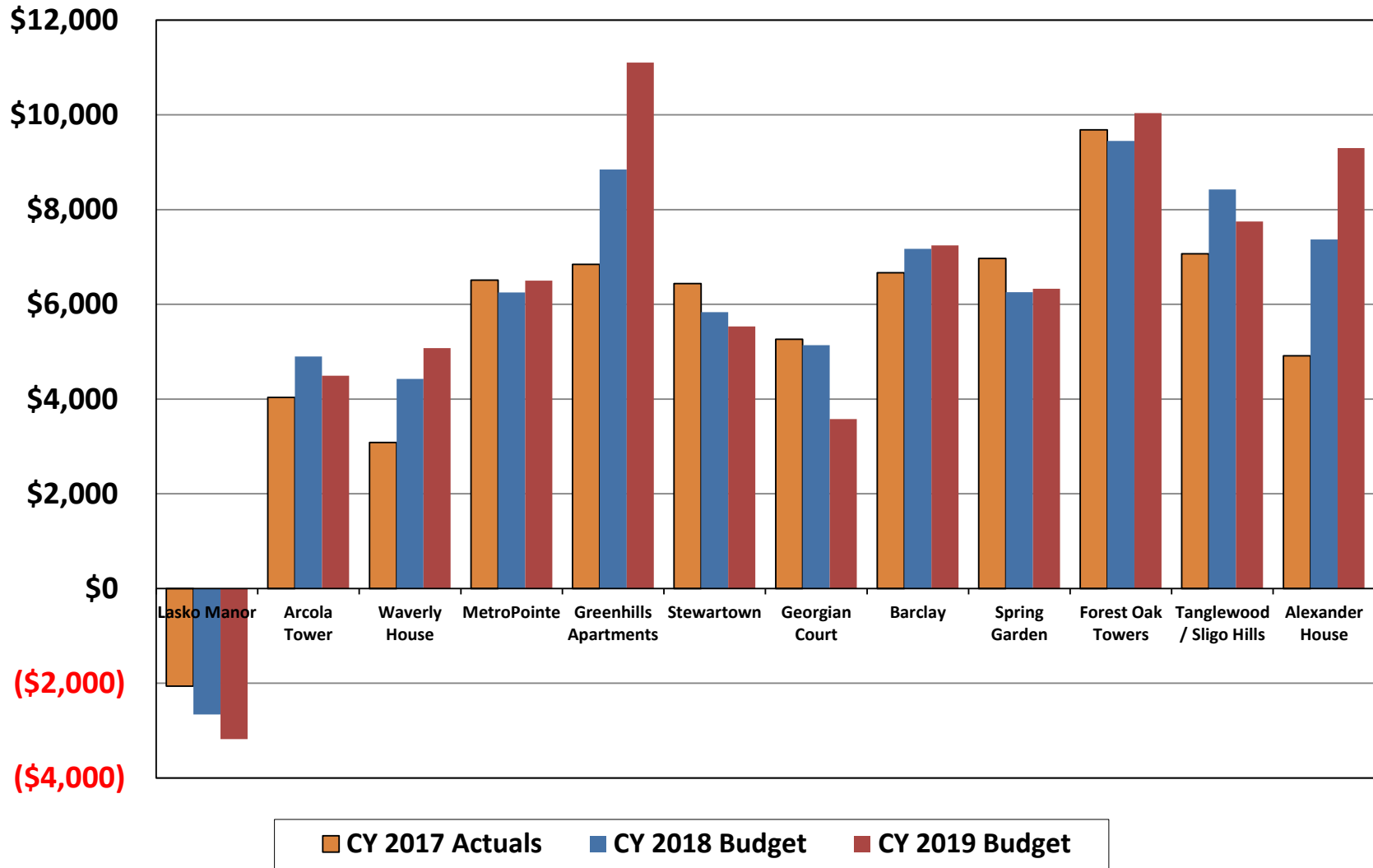
Operating Income (PUPA)



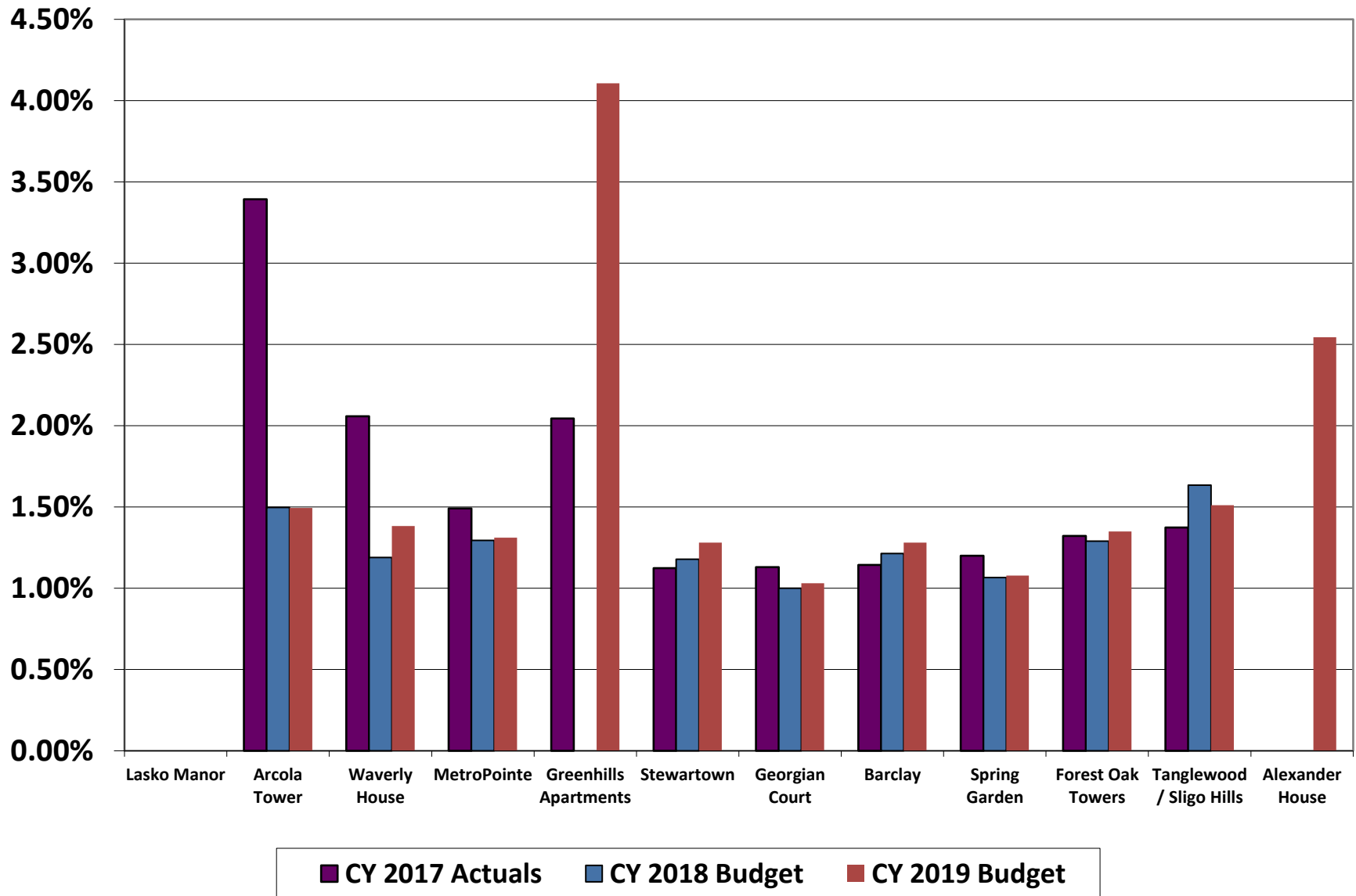
Operating Expenses (PUPA)



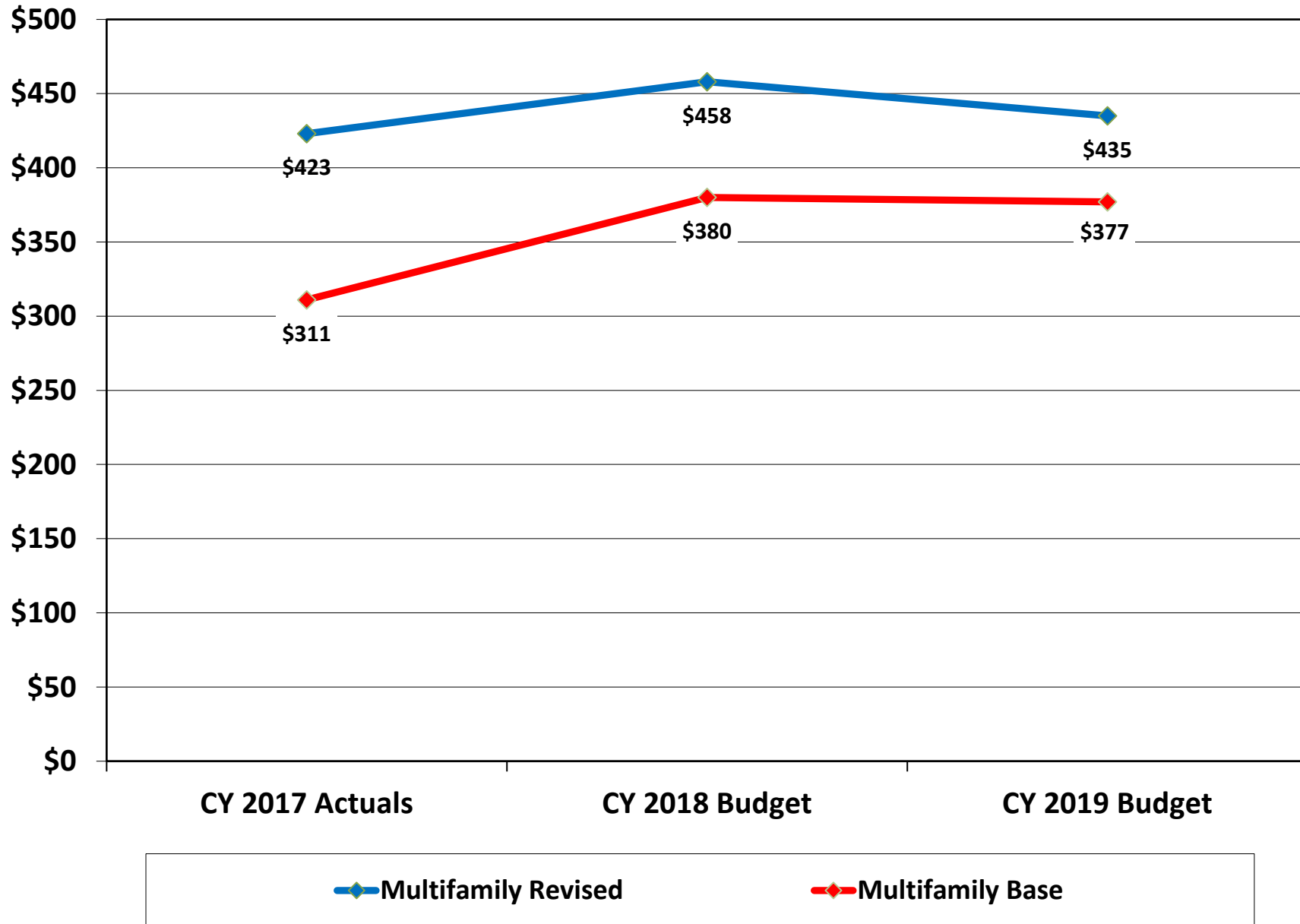
Net Operating Income (PUPA)



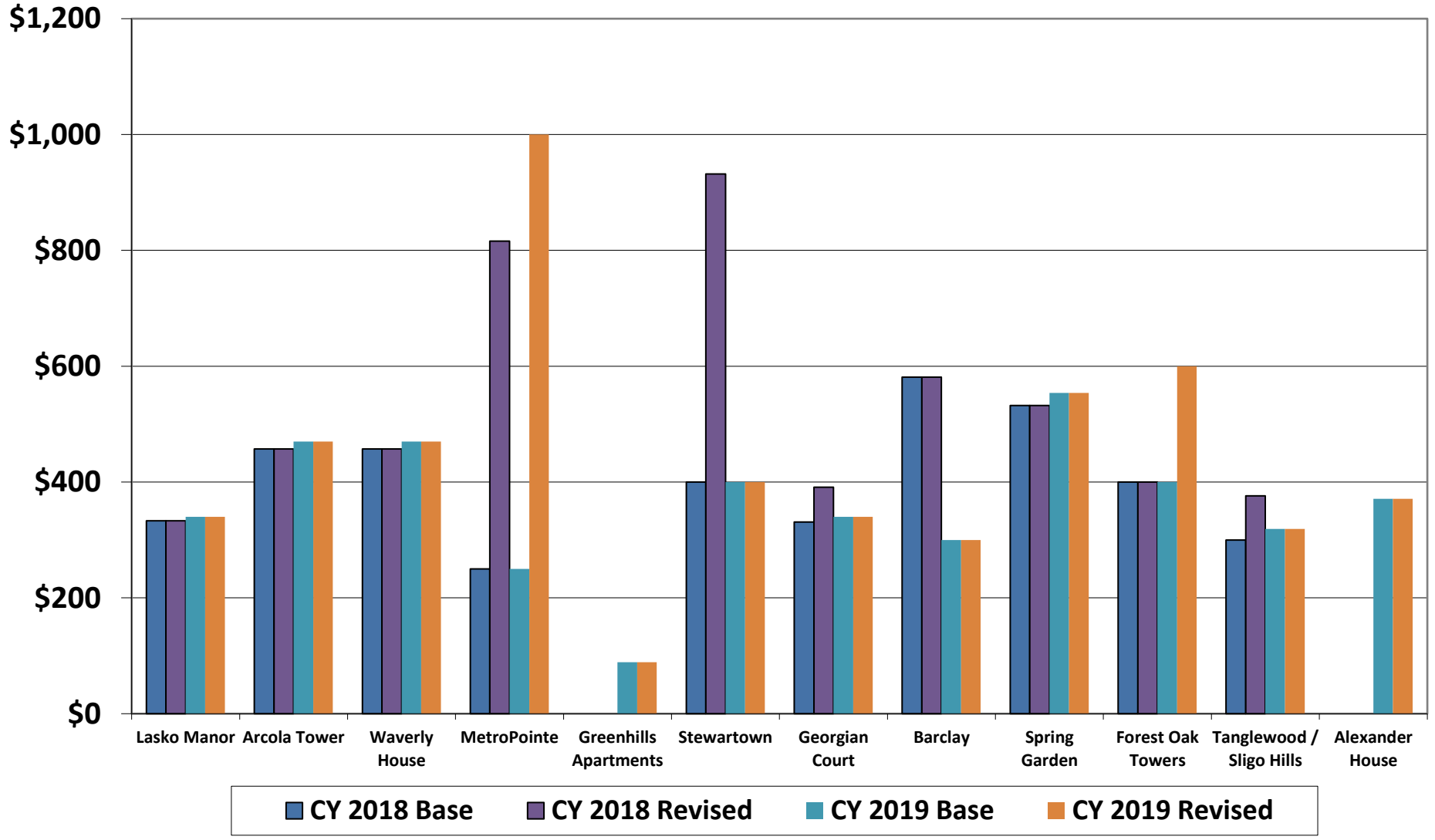
Debt Service Coverage Ratios (DSC)



RfR Contributions (PUPA)



CY 2019 RfR Contributions (PUPA)



CY 2019 Tax Credit Capital Budget	Expenses	Revenue Sources			Projected RfR Balance as of 12/31/2019
		Property Reserves	Residual Cash	Current Year RfR Deposit	
Hampden Lane Apts. LP (Lasko Manor)	\$9,700	\$9,700	\$0	\$0	\$45,390
Arcola Tower LP	\$65,500	\$65,500	\$0	\$0	\$445,656
Waverly House LP	\$14,100	\$14,100	\$0	\$0	\$599,578
Wheaton Metro LP (MetroPointe)	\$66,490	\$66,490	\$0	\$0	\$75,389
Greenhills Apartments LP	\$3,600	\$3,600	\$0	\$0	\$296,125
MV Affordable Housing Assoc. LP (Stewartown)	\$70,475	\$70,475	\$0	\$0	\$143,027
Georgian Court Silver Spring LP	\$53,255	\$53,255	\$0	\$0	\$126,961
Barclay One Assoc. LP	\$122,815	\$122,815	\$0	\$0	\$176,403
Spring Garden One Assoc. LP	\$90,995	\$90,995	\$0	\$0	\$186,326
Forest Oak Towers LP	\$304,850	\$54,850	\$250,000	\$0	\$206,766
Tanglewood / Sligo Hills LP	\$84,960	\$84,960	\$0	\$0	\$119,600
Alexander House LP	\$53,500	\$53,500	\$0	\$0	\$68,399
Total Portfolio	\$940,240	\$690,240	\$250,000	\$0	\$2,489,622

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of the following entities: (1) Hampden Lane Apartments LP (Lasko Manor); (2) Arcola Towers RAD LP (Arcola Towers); (3) Waverly House RAD LP (Waverly House); (4) Wheaton Metro LP (MetroPointe); (5) Greenhills Apartments LP (Greenhills); (6) MV Affordable Housing Associates LP (Stewartown); (7) Georgian Court Silver Spring LP (Georgian Court); (8) Barclay One Associates LP (Barclay); (9) Spring Garden One Associates LP (Spring Garden); (10) Forest Oak Towers LP; (11) Tanglewood/Sligo Hills LP (Tanglewood/Sligo Hills); and (12) Alexander House LP (Alexander House) (together, the “LP Entities”);

WHEREAS, as the general partner of the LP entities, HOC manages the businesses and is liable for the debts;

WHEREAS, the limited partners in LP Entities have contributed money and share in profits, but take no part in running the businesses and incur no liability with respect to the LP Entities beyond their contributions;

WHEREAS, since HOC has a financial obligation to cover the debts of the LP Entities, HOC has an interest in the successful performance of LP Entities and, as such, should review their performances and approve their budgets; and

WHEREAS, the Budget, Finance and Audit Committee reviewed the CY'19 Budgets of the LP Entities at the October 16, 2018 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the CY'19 Operating Budgets for the LP Entities, as shown on the attached Exhibit A.

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

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

Patrice Birdsong
Special Assistant to the Commission

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EXHIBIT A

CY'19 Operating Budgets

[see attached]

CY 2019 Tax Credit Operating Budget	# of Units	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Required RfR Deposits	Additional RfR Deposits	Partners Tax Expense	Loan Management Fees	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
Hampden Lane Apts. LP (Lasko Manor) *	12	\$183,579	\$221,732	(\$38,153)	\$0	\$4,080	\$0	\$0	\$0	(\$42,233)	\$0	\$0	(\$42,233)
Arcola Towers RAD LP	141	\$1,471,487	\$838,138	\$633,349	\$379,510	\$66,336	\$0	\$0	\$0	\$187,503	\$8,100	\$10,500	\$168,903
Waverly House RAD LP	157	\$1,648,413	\$851,921	\$796,492	\$522,747	\$73,860	\$0	\$0	\$0	\$199,885	\$11,256	\$0	\$188,629
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Georgian Court Silver Spring LP	147	\$1,435,232	\$909,686	\$525,546	\$445,556	\$50,052	\$0	\$0	\$16,000	\$13,938	\$0	\$0	\$13,938
Barclay One Assoc. LP	81	\$1,026,992	\$440,432	\$586,560	\$439,094	\$24,300	\$0	\$0	\$0	\$123,166	\$19,980	\$12,060	\$91,126
Spring Garden One Assoc. LP **	83	\$1,081,582	\$556,471	\$525,111	\$444,740	\$45,948	\$0	\$0	\$0	\$34,423	\$19,980	\$14,443	\$0
Forest Oak Towers LP	175	\$2,856,757	\$1,100,051	\$1,756,706	\$1,224,719	\$70,000	\$35,000	\$0	\$0	\$426,987	\$11,412	\$37,428	\$378,147
Tanglewood / Sligo Hills LP	132	\$2,057,020	\$1,034,102	\$1,022,918	\$648,945	\$42,144	\$0	\$0	\$0	\$331,829	\$5,400	\$25,000	\$301,429
Alexander House LP	122	\$1,948,920	\$814,381	\$1,134,539	\$428,170	\$45,300	\$0	\$0	\$0	\$661,069	\$10,608	\$10,608	\$639,853
Total Portfolio	1,274	\$17,260,626	\$8,597,999	\$8,662,627	\$5,339,091	\$479,695	\$74,750	\$0	\$16,000	\$2,753,091	\$104,435	\$150,893	\$2,497,763

* The property operates at a loss and therefore cannot pay Asset Management Fees or Partnership Management Fees.
** Based on projected cash flow, the property will only be able to pay \$14,443 of the \$19,980 Partnership Management Fees.

AUTHORIZATION TO SUBMIT FY'20 COUNTY OPERATING BUDGET

November 7, 2018

- The FY'20 County Operating Budget submission is due to the County Office of Management and Budget (OMB) on November 8, 2018.
- The Agency is required to submit a base budget or Maximum Agency Request Ceiling (MARC) for FY20 not to exceed \$6,680,270 which is based on the current FY'19 MARC of \$6,680,670. At this time, the MARC does not include the estimate for increases to compensation, health and retirement benefits of \$220,000 that was provided to OMB. This item will be added at a later date.

For FY'20, OMB has indicated that baseline budget submissions should not include competition list items, such as new initiatives, "Wish List" items, or other expenditures not indicated as normally included within the MARC.

ISSUES FOR CONSIDERATION:

Does the Budget, Finance and Audit Committee wish to authorize the submission of the FY'20 County Budget MARC of \$6,680,270?

BUDGET IMPACT:

The County Operating Grant is the primary funding source for the Agency's Resident Services Division. The County Operating Grant also funds a large part of the Housing Resources Division.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the FY'20 MARC submission at the October 16, 2018 meeting. Commission action is requested at the November 7, 2018 meeting. Once approved, the FY'20 County Operating Budget will be submitted to the County.

COMMITTEE RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission authorization to submit the proposed FY'20 County Operating Budget of \$6,680,270 at the November 7, 2018 meeting in order to meet the submission deadline of November 8, 2018 for the County Operating Budget process.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) wishes to submit a request for County funds for FY’20; and

WHEREAS, the County has instructed HOC to submit a base budget or Maximum Agency Request Ceiling (“MARC”) for FY’ 20 in an amount not to exceed \$6,680,270 (the current FY’19 MARC) by November 8, 2018.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves submitting a request to the County for FY’20 funds in the amount of \$6,680,270.

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

Patrice Birdsong
Special Assistant to the Commission

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Development and Finance Committee

APPROVAL TO CREATE A NEW POOL OF
REAL ESTATE DEVELOPMENT AND FINANCING CONSULTANTS IN
ACCORDANCE WITH RFQ #2125



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
ZACHARY MARKS
ELLEN GOFF**

November 7, 2018



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Executive Summary

- HOC is undertaking the rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire. To ensure the efficient and effective execution, in March 2014 the Commission approved the creation of a pool of Real Estate Development Consultants and Financing Consultants (together, “Consultants”) to supplement its current staff.
- To strengthen and revitalize the pool due to natural attrition and shifting needs of the agency, HOC issued a new RFQ which is more tailored to and directly addresses the agency’s needs today.
- On March 30, 2018, HOC issued RFQ #2108 for Real Estate Development and/or Financing Consultant services and received ten responses. However, due to an administrative issue, the RFQ needed to be re-issued and on September 13, 2018, HOC issued RFQ #2125 for Real Estate Development and/or Financing Consultant services and received eleven responses. After review, staff recommends creating a pool of professionals consisting of ten firms.
- This pool of consultants will assist HOC’s staff in the real estate development and financing activities to ensure that the Commission achieves its affordable housing goals and that the best housing options are delivered to its residents. The pool will be created in lieu of adding full time staff to handle the real estate work load.
- Consultants would be engaged as needed and funded from respective real estate development budgets that would be approved by the Commission through its normal Committee and Commission review process; therefore, is not expected to have adverse financial impact on the Agency’s operating budget.
- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee which met on October 29, 2018, and approve the firms selected to the pool of professionals to provide development and financing services to the Commission. Applicants from this pool may be engaged for pre-development work and approved for participation in future development projects. Firms may compete for specific assignments during which staff will evaluate each firm’s suitability and the proposed pricing.
- Staff also recommends that the Executive Director be authorized to execute individual contracts for an aggregate amount of \$1.5 million for engagements that will fall below the Executive Director’s approval limit of \$250,000, and funded from Commission-approved predevelopment, capital or other budgets. Engagements for contracts above \$250,000 will be brought to the Commission for approval.
- Staff further recommends a maximum contract term of four years consisting of an initial two-year term with two additional one-year optional renewals.

Minimum Qualifications

On September 13, 2018, HOC issued a Request for Qualifications for Real Estate Development and/or Financing Consultant with responses due on October 1, 2018. Eleven firms responded. Each firm was required to meet the minimum qualifications outlined below.

Qualification Criteria	Requirement	Status
Prior Experience	The offeror must be experienced in multifamily housing finance, development or both within the private sector or public agencies.	Review of the proposals confirmed that all but one of the firms recommended to the pool meet this qualification criterion.
Professional Liability Insurance	The offeror shall agree to maintain in full force and effect, during the term of the Contract, professional liability insurance in an aggregate amount of not less than \$1 million.	All firms have submitted the requested insurance information. No contracts would be executed without proof of ongoing insurance coverage.
Procurement	The offeror must demonstrate its knowledge and experience working within a public housing authority or housing financing agency that is governed by strict procurement policy, guidelines, and practices.	All firms recommended to the pool have provided information confirming its knowledge of working within procurement guidelines of public housing authorities, housing or redevelopment agencies.
Technology	Each offeror must demonstrate sufficient capacity to produce complex financial models efficiently and in appropriate formats that are compatible with the corresponding HOC technology. Such materials must be distributable electronically through use of appropriate technologies.	Each firm provided descriptive narrative evidencing the availability of appropriate technology to perform under this engagement. Firms also provided sample financial analysis confirming ability to deliver similar product under the engagement.

Evaluation Criteria

Once a firm was determined to have met the minimum qualifications, it was further evaluated on the criteria listed below (total point value is 90). Qualification and experience, especially in real estate finance and related areas of development, were the two most important factors. Further consideration was given to minority firms, the location of the firms, and the clarity of the presentation.

Evaluation Criteria	Point Value	
Qualification and Experience	30	Each firm is evaluated on the qualifications, expertise, and general reputation of the individual(s) who will be responsible for the performance of the services as required by the RFQ with focus on expertise in the field of real estate acquisition and development in general and multifamily development in particular. The firm's availability for consultation with or advice to HOC during the next five years is also being evaluated.
General Experience in Real Estate Finance and Related Areas of Development	30	Each firm is evaluated on the quality and quantity of the experience and expertise (or its ability to arrange for the provision of such experience and expertise) in the area of real estate finance and related areas of development as required by the RFQ with emphasis on prior experience in the acquisition, rehabilitation, financing and development of multifamily real estate, with emphasis on the delivery of mixed-income and market rate developments.
Minority/Female/Disabled Participation (MFD)	15	An evaluation of the extent and quality of the proposed participation by minority-owned firms and minority persons in non-minority owned firms.
Presentation	10	An evaluation of the clarity, completeness, and responsiveness of the offeror's written proposal and oral presentation as required by the RFQ.
Location of Place of Business	5	The location of an office in Montgomery County or elsewhere in the Baltimore, MD and Washington, DC metropolitan area.

Firms

- **Audubon Enterprises: Development, Financing**
 - Established in 2012
 - Montgomery County Based
 - 20+ years experience in the financing of small retail to institutional sized mixed-use facilities
 - Portfolio with transactions totaling over 7,000 units and development costs in excess of \$1.5 billion
 - Experience working with multiple financing sources (LIHTC, HPTF, RHW, CDBG, etc.)
- **CDC Capital: Development, Financing**
 - Minority owned company
 - Served the Washington Metro area for the past 15 years
 - Experienced in affordable, mixed-income, mixed finance and mixed-use housing
 - Strong relationship and working history with HOC including current engagements
 - Assisted clients with the acquisitions totaling over \$142,000,000 and new construction and redevelopment projects totaling a development budget of over \$299,980,000 in the past five years
- **Econometrica, Inc. : Development, Financing**
 - Team submission includes: Econometrica Inc., The Communities Group, Cover Johnson & Romney and Bolan Smart Associates
 - Montgomery County-based
 - Experience consulting for PHAs and other federal agencies with real estate advisory services
 - Comprehensive supporting team with multifaceted expertise in DC and surrounding area
 - Operated as a development advisor for one senior housing new construction project in Prince George's County within the last three years

Firms

- **Forefront Company: Development, Financing**
 - Team submission includes: ForeFront Company LLC and Pegasus Group East LLC (for utilities only)
 - Virginia based limited liability company
 - Full service organization that has proven expertise throughout all phases of projects (transaction, design, development, etc.)
 - Three managing members have a combined 60+ years of multifamily development projects
- **Fortis Advisory: Development, Financing**
 - Minority owned company
 - Experienced in affordable, mixed finance and mixed-use development
 - Assisted clients with acquisitions totaling over \$8,000,000 and new construction and redevelopment projects with development budgets of over \$40,500,000 in the past five years
- **Jain and Associates Consulting, LLC. : Development, Financing**
 - Established in 2014
 - Minority-Female Owned
 - 15+ years of experience in underwriting on behalf of public lenders, financing with 9% and 4% LIHTC, tax-exempt bonds, federal and local sources.
 - Multi family projects ranging from Washington D.C to Baltimore Maryland and encompassing all surrounding area
 - Prior work experience with HOC

Firms

- **JLL : Development, Financing**
 - Team submission includes: JLL, Spaulding & Slye Investments
 - Established in 1991
 - Contains a subsidiary entity devoted strictly to development of multi family, office, industrial and land parcels
 - Strong relationship and proven work product, expertise, and flexibility displayed through current engagement with HOC
 - Currently working on Elizabeth House III \$150M development budget with many financing sources and a 60-40 split between market and affordable components
 - Successful work with various Federal housing and mixed finance programs, RAD, and real estate development and funding
- **Morrison Avenue Capital Partners: Financing**
 - Team submission includes: Morrison Avenue Capital Partners and Censeo
 - Over \$1 billion of equity raised for public and/or affordable housing
 - Multi-decade experience working with PHAs on multiple capital projects
 - Strong relationship and proven work product, expertise, and flexibility displayed through current engagement with HOC
 - Particular strengths include strategic planning, market research, and optimizing financing options

Firms

- **The Concourse Group : Development, Financing**
 - Founded in 2001
 - Experience as lead consultant on over 80 affordable and workforce housing assignments nationwide
 - Core expertise is Finance and Development Strategies; Operational and Portfolio Asset Management; Affordable and Workforce Housing Finance, and RAD Program Consulting
 - Asset manages 68,000 affordable and workforce units nationwide
 - Team has created, underwritten, developed and structured numerous comprehensive affordable housing finance and development plans that include LIHTCs, revenue bonds, grants, conventional, and HUD financing
 - Strong working relationship with HOC including the 900 Thayer development
- **Urban Focus : Development, Financing**
 - Team submission includes: Urban Focus, Community Development Strategies and Wiencek + Associates
 - Established in 2007
 - Female Owned
 - Experience closing over 150 mixed finance transactions
 - Developed and designed 30,000+ affordable and mixed housing units.

Summary of Scores – By Reviewer

Firm Name	Services	Reviewer #1	Reviewer #2	Reviewer #3	Reviewer #4	Overall Score	Average Score	%*
Urban Focus	F,D	90	89	90	86	355	88.75	99%
CDC Capital	F,D	87	87	89	86	349	87.25	97%
Econometrica, Inc.	F,D	88	87	85	85	345	86.25	96%
Jain and Associates Consulting LLC	F,D	67	87	78	82	314	78.50	87%
The Concourse Group	F,D	74	68	75	74	291	72.75	81%
Audubon Enterprises	F,D	72	72	73	60	277	69.25	77%
JLL	F,D	65	64	75	69	273	68.25	76%
Fortis Advisory	F, D	69	69	65	63	266	66.50	74%
Morrison Avenue Capital	F	67	67	65	66	265	66.25	74%
Forefront Company	F, D	62	62	62	66	252	63.00	70%

- Staff from the following divisions participated in scoring the proposals: Real Estate Development, Property Management, and Finance.
- The highest overall score was awarded to Urban Focus.
- The lowest overall score was awarded to Forefront Company.
- Morrison Avenue was the only firm offering only Financing services.
- The remaining responses addressed both the Development and Financing requests.

F= Financing Consultant
D = Development Consultant

* Scores were out of 90 total points

Summary of Scores – Average by Criteria

Firm	Services	Qualification & Experience	Finance & Development	MFD	Presentation	Location	TOTAL
Urban Focus	F,D	29.5	29.5	15	9.75	5	88.75
CDC Capital	F,D	30	30	15	7.25	5	87.25
Econometrica, Inc.	F,D	28	30	15	8.25	5	86.25
Jain and Associates Consulting LLC	F,D	26.25	25	15	7.25	5	78.50
The Concourse Group	F,D	30	28.75	0	9	5	72.50
Audubon Enterprises	F,D	28.75	28.25	0	7.25	5	69.25
JLL	F,D	26.75	26.75	0	9.75	5	68.25
Fortis Advisory	F, D	20	20	12.5	9	5	66.50
Morrison Avenue Capital	F	30	28.75	0	7	.50	66.25
Forefront Company	F, D	25.5	25.5	0	7	5	63.00

F= Financing Consultant
D = Development Consultant

- Qualification and Experience, and General Experience in Real Estate Finance and Related Area of Development comprised two-thirds of the scoring.
- Minority/Female/Disabled Participation, Presentation and the Location of place of business together comprised one-third of the scoring.
- Half of the firms have a principal, member of the team and/or subcontractor(s) who are a minority.

Summary and Recommendations

Issues for Consideration

- Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the establishment of a pool of ten firms to provide Real Estate Development and Financing services to the Commission?
- Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the execution of ten individual contracts for an aggregate of up to \$1,500,000 and for the Executive Director to assign tasks for up to \$250,000 each and that each contract shall be for an initial term of two years with two optional one-year renewals?

Fiscal / Budget Impact

- There is no direct impact on HOC's operating budget. Services will be sought on an as needed project specific basis and paid for from respective development budgets that would be approved by the Commission.

Time Frame

- Action at the November 7, 2018 meeting of the Housing Opportunities Commission.

Staff Recommendation

- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee to establish of a pool of Development and Financing Consultants consisting of the following ten firms: Audubon Enterprises, CDC Capital, Econometrica, Forefront Company, Fortis Advisory, Jain and Associates, JLL, Morrison Avenue Capital, The Concourse Group and Urban Focus.
- Staff also recommends that the Commission the authorize the Executive Director to execute ten individual contracts for an aggregate of up to \$1,500,000 and to assign tasks competitively for up to \$250,000 each, and that related contracts be funded from Commission-approved predevelopment, capital or other budgets..
- Staff recommends that the Commission approve an initial term of two years for each contract, with two optional one-year renewals, for a maximum term of four years.

WHEREAS, the Housing Opportunities Commission of Montgomery County, Maryland (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, 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, the Commission continues to review its real estate portfolio as well as pursue acquisition and development opportunities to expand and preserve the Montgomery County housing stock that is affordable to households of eligible income; and

WHEREAS, on September 13, 2018, the Commission solicited proposals from qualified firms or individuals to form a pool of professionals which would provide Development and/or Financing Consultant services to supplement the current staff of the Commission’s Real Estate Division and obviate the need to add full time staff; and

WHEREAS, eleven firms responded to the solicitation, and after review by members of the review panel comprised of representatives from various Commission divisions, ten firms were deemed to meet the requirements of the solicitation; and

WHEREAS, of the ten firms qualified for the pool, one firm, Morrison Avenue Capital, applied as Financing Consultants only, and the following nine firms applied to serve as both Development and Financing Consultants: Audubon Enterprises, CDC Capital, Econometrica, Forefront Company, Fortis Advisory, Jain and Associates, JLL, The Concourse Group and Urban Focus; and

WHEREAS, Development Consultants will perform all the work necessary for the furtherance of the Commission’s acquisition, preservation, rehabilitation, or construction initiatives, and Financing Consultants will advise, source, and structure debt and equity to enhance the Commission’s existing debt and equity products, all under the direction of the Commission’s Real Estate staff; and

WHEREAS, each Consultant will be selected as needed from the pool after it submits its proposal to the Procurement Office in response to the requested scope of work or task order and would be compensated accordingly from the respective Commission-approved project development budget, with such approved project budget having gone through the Commission approval processes for a development.

NOW THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and directs the Executive Director, without further action on their respective parts, to execute ten individual contracts with Audubon Enterprises, CDC Capital, Econometrica, Forefront Company, Fortis Advisory, Jain and Associates, JLL, Morrison Avenue Capital, The Concourse Group and Urban Focus.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that each contract shall be for zero dollars and shall be for an initial contract term of two years with two optional one-year renewals, for a maximum contract term of four years.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to assign and approve individual tasks orders competitively of up to \$250,000 from Commission approved predevelopment, capital, or other budgets, but that the aggregate for all task orders shall not exceed \$1.5 Million, and that the funding for any award that exceeds the Executive Director's authorization must be brought to the Commission for approval with a funding source identified and approved.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take all 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 of Montgomery County at a regular open meeting conducted on November 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

**Approval of Amendments to the Regulatory Agreement and
Land Use Restriction Agreement
for the Hillside Senior Living to Apply Income Averaging Provisions
of the Low income Housing Tax Credit Program**

Gaithersburg, MD



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
VIVIAN BENJAMIN
LEONARD VILICIC**

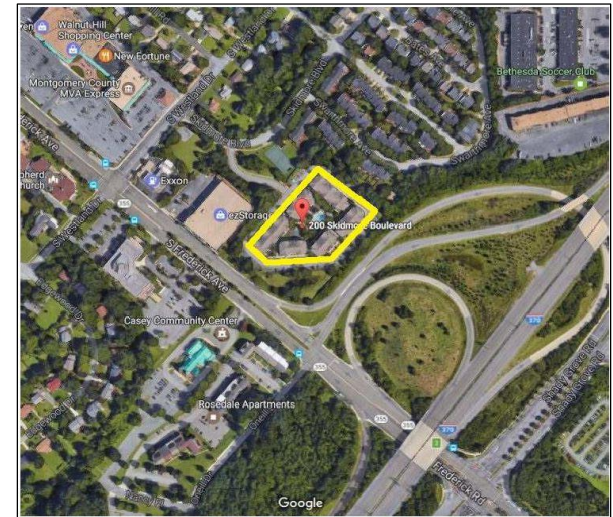
November 7, 2018

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Executive Summary

- MRK Partners is a California-based developer that has been issued tax-exempt bonds from HOC to redevelop Hillside Senior Living (the “Development”), which is a former hotel on 5.46 acres, into a 140-unit affordable age-restricted rental community. On the site sits two three-story buildings and four two-story buildings.
- The Development is located at 200 Skidmore Boulevard, Gaithersburg MD, just north of Interstate 370, proximate to the Intercounty Connector (ICC/Route 200), and just east of Maryland Route 355. It is surrounded by commercial and residential uses, and offers quick and easy access to Montgomery County’s public bus service along with major highways, the ICC, and Route 355.
- The unit mix is (82) 1BR/1Ba units and (58) 2BR/2Ba units. The Development is restricted to seniors aged 62 and older, with 140 units (100%) reserved for households earning 60% of AMI or less, including 21 units designated as MPDUs.
- The renovation of the Development is nearly complete and a Grand Opening was held on October 19, 2018. Preleasing and leasing lead tracking has shown that four to five solid prospects per week are being turned away for over-qualification of the 60% threshold, but are within an 80% threshold.
- Income averaging, introduced in the Consolidated Appropriations Act of 2018, would allow the capture of the currently over-qualified prospects. Implementation of an income averaging rent structure requires an amendment to the current Land Use Restriction Agreement (“LURA”) and the current Regulatory Agreement, which needs to happen prior to the issuance of IRS 8609s by the Maryland Department of Housing and Community Development.
- HOC has been asked to amend the LURA and the Regulatory Agreement to allow the income averaging set-aside.



View of Building A/entrance to lobby

Unit Mix—Original Development Plan

Unit Type	# of Units	% of Total	Area Median Income (AMI)	Net Rent	Unit SqFt	Rent/ SqFt
1Bed/1Bath	70	50%	60%	\$1,319	536	\$2.46
1Bed/1Bath	12	9%	60% MPDU	\$1,319	536	\$2.46
2Bed/2Bath	49	35%	60%	\$1,582	716	\$2.21
2Bed/2Bath	9	6%	60% MPDU	\$1,494	716	\$2.09
TOTAL	140			\$199,122	85,480	
Average				\$1,422	611	\$2.33

- As defined in the LURA and the Regulatory Agreement, 100% of the units are rent-restricted to households at 60% or less of AMI.
- 15% of those units are designated MPDUs.
- 100% of the units in the Development will be restricted to seniors¹, aged 62 and older.

- Current rent-restrictions limit economic diversity in the community.
- Management and Leasing have indicated that four to five strong prospects have been turned away each week due to over-qualification of the 60% AMI threshold. It is believed that many of them would qualify under a 70% AMI or 80% AMI threshold.
- Income Averaging, introduced in the Consolidated Appropriations Act of 2018, is a tool that will allow the Development to capture the prospects that are currently over-qualified, thereby serving a broader range of incomes.



¹ In accordance with Gaithersburg’s approved definition of the Elderly Population, this site will be restricted to residents 62 and older, with a leasing agreement prohibiting any occupants under 45 years of age.

Income Averaging

Historically, to qualify for LIHTCs, rental properties had to **meet one of two set-aside tests**. Specifically,

- A. At least 20% of the units has to be both rent restricted and occupied by households with incomes at or below 50% of area median income (AMI), or
- B. At least 40% of the units has to be both rent restricted and occupied by households with incomes at or below 60% of AMI.

The Consolidated Appropriations Act of 2018, also known as the Omnibus Spending Bill, added **a new third minimum set-aside**. The Average Income test is as follows:

- C. At least **40 percent** of the housing units in the project for households with incomes at or below **80% of the AMI** so long as the average gross income for the restricted units in the project **does not exceed 60 percent of AMI**.
- The Income Averaging option is only directly applicable to Section 42 / 9% LIHTC properties.
 - A tax-exempt bond / Section 142 / 4% LIHTC property must still elect either the 20% at 50% option or the 40% at 60% option. In real terms, that means outside of the required 40% at 60% AMI minimum, the Development is free to set the other rents as it chooses in increments of 10%.
 - In the current LURA and Regulatory Agreement for the Development, an election has been made for the 40% at 60% option, and further stipulates that 100% of the units will be restricted to 60% AMI. This decision becomes irrevocable after the issuance of IRS Form 8609 by the Maryland Department of Housing and Community Development.
 - While CDA has not yet issued detailed guidance on its implementation, they have indicated that they will allow projects that have not yet executed 8609s, such as Hillside to select set-aside, described above in C.

LURA and Regulatory Agreement

- A LURA (Land Use Restriction Agreement) is a tax law document in which the owner of a property gives up some of its rights of the land use in exchange for the promise of future tax credits—it defines the affordability restrictions in a given property that must be abided by in exchange for the equity that the tax credits generate.
- A LURA is recorded in the public record and runs with the land, for an initial 15 year period after a property is placed in service (enforced by IRS regulations), and an additional 15 year extended use period (enforced by the Maryland Department of Housing and Community Development).
- A Regulatory Agreement is a document between the owner and HOC, the issuer of the tax-exempt bonds, that reiterates the restrictions in the LURA, can add further restrictions (such as restricting the property to elderly aged 62 and over, as in Hillside), and sets forth the operating and reporting requirements of the owner to HOC.
- The LURA stipulates that the provisions of any other agreement in place in addition to the LURA must not contradict or be in opposition to the provisions of the LURA. Hence, an amendment to the Regulatory Agreement in matters concerning rent restrictions would require an amendment to the LURA.

	Current Provisions of LURA and Regulatory Agreement	Proposed Provisions of LURA and Regulatory Agreement
Lower Income (“LI”) Definition	“Lower Income Tenants” defined as not exceeding 60% or less of AMI.	“Lower Income Tenants” defined as earning up to 80% or less of AMI, provided that the average income/rent of the Project is 60% or less of AMI.
Set-aside Election	40% of units at 60% or less of AMI.	40% of units at 60% or less of AMI.
Total Affordability	100% of units shall be occupied by Lower Income Tenants.	100% of units shall be occupied by Lower Income Tenants.

Unit Mix—Income Averaging Applied

Unit Type	# of Units	% of Total	Area Median Income (AMI)	Net Rent	Unit SqFt	Rent/SqFt
1Bed/1Bath	24	17%	40%	\$879	536	\$1.64
1Bed/1Bath	22	16%	60%	\$1,319	536	\$2.46
1Bed/1Bath	12	9%	60% MPDU	\$1,319	536	\$2.46
1Bed/1Bath	24	17%	80%	\$1,758	536	\$3.28
2Bed/2Bath	17	12%	40%	\$1,055	716	\$1.47
2Bed/2Bath	15	11%	60%	\$1,582	716	\$2.21
2Bed/2Bath	9	6%	60% MPDU	\$1,494	716	\$2.09
2Bed/2Bath	17	12%	80%	\$2,110	716	\$2.95
TOTAL¹	140			\$199,115	85,480	
Average				\$1,422	611	\$2.33

- In the sample mix,² the use of Income Averaging can capture 41 households that are over-qualified at 60% AMI.
- The Development will maintain 40% of the units at 60% AMI, as required by IRC Section 142 of the Internal Revenue Code (“IRC”), and maintain 15% of the units as MPDU, as required by City of Gaithersburg.
- Total net income is the same as if it remained 100% of the units at 60% AMI.¹
- Income averaging will allow 100% of the units to continue to be designated as affordable, thereby maintaining the qualified basis of the project costs and retaining the full amount of the tax credits.
- By using income averaging for the unit mix, the Development will be able to rent to tenants as low as 20% AMI to as high as 80% AMI,² thereby diversifying the economic makeup of the property while maintaining an equivalent NOI.

¹ Due to rounding, the Total Net Rent of the Possible Unit Mix differs from the Current Unit Mix by 0.0035%.

² The actual mix has yet to be determined.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee to approve the Income Averaging Set-Aside for the Development and authorize the amendment of the LURA and Regulatory Agreement for Hillside Senior Living? All other provisions of the LURA and Regulatory Agreement will remain unchanged.

Time Frame

Action at the November 7, 2018 meeting of the Commission.

Budget Impact

There is no impact for the Agency's FY 2018 operating budget. The Commission has earned a 1% financing fee for the transaction. Annual loan management fee equivalent to 0.25% of the bond amount (approximately \$65,000) will be paid to HOC while the bonds are outstanding. The Development itself will have a net zero change to revenue, and retain 100% of the generated tax credits.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and adopt the resolution approving the Income Averaging Set-Aside for the Development and authorize action for the Executive Director, and/or the Executive Director's authorized designee, to execute all documents related to the amendment of the Land Use Restriction Agreement and Regulatory Agreement.

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 notes and bonds from time to time;

WHEREAS, at the request of HH Venture LP (the “Borrower”), and to provide a source of funds to fulfill its purposes authorized by the Act, the Commission issued its Multifamily Housing Revenue Bonds (Hillside Senior Living Apartments), Series 2018 (the “Bonds”) to fund a mortgage loan (the “Mortgage Loan”) to the Borrower to finance the acquisition, rehabilitation and equipping of a 140-unit development in Gaithersburg, Maryland, known as Hillside Senior Living Apartments (the “Development”);

WHEREAS, subsequent to the issuance of the Bonds, the Maryland Qualified Allocation Plan (“QAP”), pursuant to the Consolidated Appropriations Act of 2018, added a new income averaging minimum set-aside election (the “Income Averaging Set-Aside”) for purposes of low-income housing tax credits (“LIHTC”);

WHEREAS, the Income Averaging Set-Aside would require that at least 40% of the units in a project be set-aside for households with incomes at or below 80% of AMI so long as the average gross income for the restricted units does not exceed 60% of AMI;

WHEREAS, the Borrower has requested that the Commission approve and permit the Income Averaging Set-Aside for the Development and that the existing documents related to the Development, including the Land Use Restriction Agreement and Regulatory Agreement, be amended to implement the Income Averaging Set-Aside; and

WHEREAS, the Development and Finance Committee at its October 29, 2018 meeting considered and recommended approval of the Income Averaging Set-Aside for the Development.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves the Income Averaging Set-Aside for the Development pursuant to the recommendation of the Development and Finance Committee.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director of the Commission, or any authorized designee of the Executive Director, are hereby authorized and directed to execute and deliver any amendment or amendment and restatement of the existing Land Use Restriction Agreement and existing Regulatory Agreement, or any other document as necessary, to permit and implement the

Income Averaging Set-Aside for the Development, and each document shall be in a form prepared by outside bond counsel to the Commission, and shall be approved by such authorized signers, the execution of such documents being conclusive evidence of such approval.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission, is hereby authorized and directed to affix the seal of the Commission to such documents and to attest the same.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the Income-Averaging Set-Aside for the Development are hereby approved.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that this Resolution shall take effect immediately.

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

Patrice Birdsong
Special Assistant to the Commission

Legislative and Regulatory Committee

**REVISIONS OF HOC'S ADMINISTRATIVE PLAN
FOR THE HOUSING CHOICE VOUCHER PROGRAM
TO ADD WAIT LIST RELATED CHANGES TO THE PLAN
AND TO ADD A PREFERENCE FOR PERSONS WITH DISABILITIES
WHO ARE TRANSITIONING OUT OF INSTITUTIONAL
AND OTHER SEGREGATED SETTINGS, AT SERIOUS RISK OF
INSTITUTIONALIZATION, HOMELESS,
OR AT RISK OF BECOMING HOMELESS.**

NOVEMBER 7, 2018

- The Code of Federal Regulations (CFR) requires Public Housing Agencies (PHAs) to adopt written plans and policies that describe the federal regulations and establish local policies for administration of the voucher programs of the given PHA. For the Housing Choice Voucher (HCV) program, this governing document is the Administrative Plan.
- The CFR also requires that PHAs revise their Administrative Plan as needed in order to comply with federal requirements. Optional changes unique to a specific PHA may also be added, provided they do not conflict with federal regulations.
- At this time, HOC has developed proposed revisions to its Administrative Plan that will add wait list related changes to the Plan and add a wait list preference for persons with disabilities who are transitioning out of institutional and other segregated settings, or at serious risk of institutionalization, homeless, or are at risk of becoming homeless.
- A public comment period for this proposed revision began on September 21, 2018 and will conclude on November 7, 2018 with a public hearing at HOC's Kensington office.
- Staff is requesting that the Commission adopt the proposed revisions to HOC's Administrative Plan.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: John Vass Division: Legislative and Public Affairs Ext. 9730
 Lynn Hayes Housing resources Division Ext. 9622
 Ethan Cohen Compliance Ext. 9764
 Darcel Cox Compliance Ext. 9427

RE: Revisions of HOC’s Administrative Plan for the Housing Choice Voucher Program to Add Wait List related changes to the Plan and to Add A Preference for Persons with Disabilities Who Are Transitioning Out of Institutional and Other Segregated Settings, At Serious Risk of Institutionalization, Homeless, or At Risk of Becoming Homeless.

DATE: November 7, 2018

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To request that the Housing Opportunities Commission of Montgomery County adopt revisions to HOC’s Administrative Plan for the Housing Choice Voucher program to add a wait list preference for persons with disabilities who are transitioning out of institutional and other segregated settings, at serious risk of institutionalization, homeless, or at risk of becoming homeless to the Plan (the “Revisions”); and authorize the Executive Director, or his designee, to implement the Revisions to the Administrative Plan for the Housing Choice Voucher Program (“Administrative Plan”).

BACKGROUND:

Staff proposes the following two changes to Chapter 4 of the Administrative Plan for the Housing Choice Voucher Program:

1. On July 8, 2015, the Housing Opportunities Commission of Montgomery County completely revised Chapter 4 of its Administrative Plan, Establishing Preferences and Maintaining the Wait List. The July 2015 revisions focused on providing customers and staff with guidance explaining how HOC’s Housing Path wait list functions.

While the July 2015 revisions to Chapter 4 were comprehensive and detailed, the functionality of Housing Path has experienced enhancements over the last three years.

Accordingly, staff is now proposing new updates to Chapter 4 of the Administrative Plan in order to ensure consistency and accuracy within the Administrative Plan regarding its description of the Housing Path wait list. The specific recommended changes are detailed in the materials attached to this memorandum.

2. The Omnibus Appropriations Act of 2017 made \$13 million available for new Section 811 Housing Choice Vouchers (HCV) to assist non-elderly persons with disabilities (NED). These Section 811 vouchers are commonly referred to as Mainstream Vouchers. The Omnibus Appropriations Act of 2018 made an additional \$385 million available for new Mainstream Vouchers. HUD awarded the 2017 funding and a portion of the 2018 funding through grants to qualified applicants who responded to the HUD Notice of Funding Availability (NOFA).

The estimated total funding under HUD's 2017 Mainstream Voucher Program Grant is \$100,000,000. Only Public Housing Agencies (PHA) and non-profit organizations that already administer HCVs were eligible to apply.

At the May 15, 2018 meeting, the Legislative and Regulatory Committee agreed to provide a certification statement to HUD confirming that HOC will provide a wait list preference for the targeted population if HOC were to receive an award and additional Mainstream Vouchers. Accordingly, in its grant response, HOC committed to target any received vouchers and funds to assist NEDs who are:

1. Transitioning out of institutional or other segregated settings;
2. At serious risk of institutionalization;
3. Homeless; or
4. At risk of becoming homeless.

Furthermore, HOC's grant response detailed partnerships with, and leveraged resources from, State Medicaid Agencies and other health and human services partner agencies or organizations active in Montgomery County. These partnerships will allow HOC to provide referrals, assist with timely transition to a unit, and provide the opportunity to access needed supportive services.

HOC submitted a response to this NOFA in June of 2018 and received award confirmation on September 4, 2018. HOC received a total of 99 vouchers worth \$960,891. Nine other PHAs in Maryland received an award, but HOC received the largest single award in the State.

Staff proposes adding the following preference to the Administrative Plan:

Sixth Local Preference – HUD funded 2017/2018 Mainstream Disabled (MSD) Grant program: Preference is given for Non-Elderly Disabled (NED) families who meet at least one of the following criteria:

1. Transitioning out of institutional or other segregated settings;
2. At serious risk of institutionalization;
3. Homeless; or
4. At risk of becoming homeless.

NED is defined as disabled persons aged 18-62 and can include any member of a household. Eligibility for this preference is initially indicated based on responses to questions on HOC's wait list, which are designed to capture these criteria. Once a NED family is called up for a subsidy based on this preference, HOC staff conducts comprehensive verification of the preference qualifications, as explained in Section M of this Chapter. [Three Points]

As part of the process for making revisions to a PHA's Administrative Plan, public comment is required. Accordingly, HOC provided a public comment period which concluded with a public hearing on November 7, 2018, on the Administrative Plan revisions. During the comment period, HOC made a draft of the proposed revisions to the Administrative Plan available on the Agency's website as well as in hard copy form at all four of HOC's offices and service centers. Also during the comment period, HOC staff met and discussed the proposed revisions with HOC's Resident Advisory Board (RAB), seeking the RAB's comments and endorsement of the proposed changes. Notice of the comment period and public hearing were advertised in local newspapers in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to adopt revisions to HOC's Administrative Plan for the Housing Choice Voucher program to add wait list related changes to the Plan and to add a wait list preference for persons with disabilities who are transitioning out of institutional and other segregated settings, at serious risk of institutionalization, homeless, or at risk of becoming homeless to the Plan (the "Revisions"); and authorize the Executive Director, or his designee, to implement the Revisions to the Administrative Plan for the Housing Choice Voucher Program ("Administrative Plan")?

PRINCIPALS:

Housing Resources Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on September 10, 2018. For Commission action on November 7, 2018.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County adopt revisions to HOC's Administrative Plan for the Housing Choice Voucher program to add wait list related changes to the Plan and to add a wait list preference for persons with disabilities who are transitioning out of institutional and other segregated settings, at serious risk of institutionalization, homeless, or at risk of becoming homeless to the Plan (the "Revisions"); and authorize the Executive Director, or his designee, to implement the Revisions to the Administrative Plan for the Housing Choice Voucher Program ("Administrative Plan").

RESOLUTION: 18-90

RE: Revision of HOC’s Administrative Plan for the Housing Choice Voucher Program to Add Wait List Related Changes and to Add A Preference for Persons with Disabilities Who Are Transitioning Out of Institutional and Other Segregated Settings, At Serious Risk of Institutionalization, Homeless, or At Risk of Becoming Homeless

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) desires to revise its Administrative Plan for the Housing Choice Voucher Program (the “Plan”) to add (1) wait list related changes, and (2) a preference for persons with disabilities who are transitioning out of institutional and other segregated settings, at serious risk of institutionalization, homeless, or at risk of becoming homeless (the “Revisions”), as identified in the revised Plan attached hereto as Exhibit A; and

WHEREAS, a public comment period for the Revisions began on September 21, 2018 and concluded on November 7, 2018 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the Revisions, as identified in the revised Plan attached hereto as Exhibit A;

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

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

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Patrice Birdsong
Special Assistant to the Commission

EXHIBIT A

Revised Administrative Plan for the Housing Choice Voucher Program

[attached]

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK** and proposed changes are in **RED**.

Chapter 4

ESTABLISHING PREFERENCES AND MAINTAINING THE WAIT LIST

[24 CFR Part 5, Subpart D; 982.54(d)(1); 982.204, 982.205, 982.206]

INTRODUCTION

It is HOC's objective to ensure that families are placed in the proper order on the wait list and selected from the wait list for admission in accordance with the policies in this Administrative Plan.

This chapter explains how HOC will administer its consolidated wait list for all of its housing programs, including the tenant-based and project-based voucher wait lists, hereinafter referred to as the consolidated list or master list. The tenant-based wait list has five local preferences that HOC adopted to meet local housing needs, define the eligibility criteria for the preferences, and explain HOC's system of applying them. The wait list for housing subsidized with project-based vouchers is maintained as a sub list within the consolidated list. Any family selected to be housed utilizing a project-based voucher is only eligible for a specific bedroom sized unit based on their family size.

By maintaining an accurate wait list, HOC is able to perform the activities which ensure that an adequate pool of qualified applicants is available, so that program funds are used in a timely manner. Each family on the tenant-based wait list may also have its name on the project-based wait list.

A. MANAGING THE WAIT LIST

Opening and Maintaining the Wait List

Opening of the wait list will be announced with a public notice stating that applications for public housing, Housing Choice Voucher and all other wait lists maintained by the **Housing Opportunities Commission of Montgomery County (HOC)** will again be accepted. The public notice will state where, when, and how to apply. The notice will be published in a local newspaper of general circulation and also by any available minority media, including social media. The public notice will state any limitations on who may apply. Wait lists for all sub-jurisdictions and Countywide will be opened and closed at the same time.

The notice will state that applicants already on wait lists for other housing programs must apply separately for this program and such applicants will not lose their place on other wait lists when they apply for public housing. The notice will include the Fair Housing logo and slogan, and will be in compliance with Fair Housing requirements.

HOC intends for the wait list to remain open indefinitely; however, if the Executive Director decides to close the list, the closing of the wait list will also be announced with a public notice. This public notice will state the date the wait list will be closed, and it will be published in a local newspaper of general circulation and by any available minority media, including social media.

Organization of the Wait List

In July 2015, HOC merged its existing sub-jurisdictional wait lists for the Housing Choice Voucher program and all other housing programs into one combined wait list, referred to herein interchangeably as merged list, master list, merged master list, or wait list, except as specifically noted.

In conjunction with the merge of all of HOC's wait lists, HOC opened its merged master wait list for all programs, and left the merged list open indefinitely or until such time as a determination is made by the Executive Director that there is cause to close the wait list, at which time proper notice will be posted in a local newspaper of general circulation and by any available minority media, including social media.

Only one application may be submitted and it must be submitted by the head of household or his/her designee.

The wait list is maintained in accordance with the following guidelines:

1. The application will be a permanent file. Any contact between HOC and the applicant will be documented in the electronic applicant file.
2. All applications will be maintained in order of date and time of application, and applicable preference(s).
3. Under the merged wait list, one master list is maintained electronically through a proprietary program. All applications and updates to an application are submitted electronically through a proprietary on-line web portal. Paper and telephone submissions are not permitted. To the extent an applicant requires assistance, upon request, staff from HOC is available to assist with electronic submissions.
4. All applicants must give notice of any changes to their application within two weeks of a change. Changes include: change of mailing address, change of email address, change of phone number, change in family composition, change in income, or changes in factors affecting preference points. As noted in paragraph 3, all changes must be done electronically because paper and telephone submissions are not accepted. To the extent an applicant requires assistance, upon request, staff from HOC is available to assist with electronic update submissions.
5. The master wait list is updated daily and applicants' wait list profiles are accessible via the internet on a 24-hour basis.

~~6. For the first 365 days following the opening of the wait list, selection from the wait list was made by random lottery. Thereafter, all selections occur based on a combination of date-time order and listed preferences on the respective master wait list. HOC sent a notice to all applicants informing them of when the random lottery system was discontinued and when the date-time stamp selection system was implemented.~~

7.6. For the Housing Choice Voucher program, HOC maintains one merged master list in order of date-time stamp and any applicable preference(s). However within the master list there are sub-sorted separate lists for certain programs and properties. This includes the Choice Mobility wait list for those customers eligible for project-based to tenant-based subsidy conversion. See Chapter 22 of this Administrative Plan for more information.

8.7. HOC entered into Housing Assistance Payments (HAP) contracts to subsidize units at several properties that are operated by third-party managers and/or owners. The individual, property-specific wait lists for these properties are included within the master list but are sorted separately to only reflect applicants who satisfy the various property and programmatic eligibility criteria. More specifically, the details regarding these property-specific wait lists are as follows:

- i. HOC maintains separate wait lists for Arcola Towers, Elizabeth House, Holly Hall, and Waverly House, which are housing facilities operated for the benefit of senior and/or disabled customers.
- ii. HOC entered into a HAP contract to subsidize units at Emory Grove, Ken-Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Town Centre Place, and Washington Square as required as part of the Rental Assistance Demonstration (RAD) program, and required Housing Choice Vouchers. These individual wait lists created for these RAD properties are included in the merged master list but are sorted separately to reflect only those applicants who may be eligible for these properties.
- iii. HOC entered into HAP contracts to subsidize units at several properties that are managed by third-party managers and/or owners. These properties provide supportive services to at-risk populations in the form of Housing Choice Vouchers. Applicants for these programs must meet stringent requirements and are ranked by date and time of application only. The individual wait lists created for these properties are included in the merged master list but are sorted separately to reflect only those applicants who are eligible for these properties, and sorted separately to only reflect applicants who qualify for these specific properties.

9.8. Contact between HOC and wait list applicants for the purposes of selection from the list is documented in the applicant's wait list file.

Implementation of RAD Wait List Provisions

Former public housing (PH) applicants and residents receive priority consideration on the site-based wait lists created within *HOC Housing Path*, HOC's electronic wait list. Prior to the opening of the HOC Housing Path wait list, HOC mailed to all former PH wait list applicants a post card notifying them of the new wait list and instructing them to submit an application. The following policies describe how former PH applicants and residents receive priority consideration for housing at all of HOC's RAD-converted properties and at properties with Project-Based Voucher (PBV) assistance provided using the non-competitive selection process created by the Housing Opportunities Through Modernization Act (HOTMA), and described in Chapter 22, Section G of this Administrative Plan.

In order to provide former PH applicants with the best opportunity to be housed at one of the RAD properties, HOC adopted and follows the procedures listed below:

- Analyze HOC Housing Path to identify former PH wait list applicants and residents that have submitted a new application.
- Issue notices to former PH wait list applicants and residents informing them that they are eligible to receive priority consideration for housing at RAD properties, and instruct them to respond to the notice if they would like to be considered.
- Former PH applicants and residents who respond, but have not submitted a new HOC Housing Path application will be instructed to do so.
- For those families who respond to the notice and/or have submitted a new HOC Housing Path application, HOC will create a separate pool of applications that will receive priority consideration for vacancies at HOC's RAD properties.
- As vacancies become available at RAD properties, applicants will be selected from the priority pool based on their date and time of application to Housing Path.

B. WAIT LIST CUSTOMERS (FAMILIES)

All wait list applicants are required to maintain an e-mail address. To the extent an applicant chooses to use the e-mail address of another person, the applicant is solely responsible for receiving information sent to the listed email address and lack of access to that account is not considered a valid excuse for missing notices. To the extent a family does not have an e-mail address, HOC can assist the family in obtaining a free email account. The applicant is responsible for notifying HOC of any change in their e-mail address. HOC maintains public use computers at all of its HUB locations. Public use computers are also widely available at other public locations such as local libraries. To the extent an applicant requires assistance, upon request, staff from HOC is available to assist with electronic submissions.

All wait list applicants are required to list an address in their Housing Path application. If the applicant is homeless or does not have a permanent address, the applicant can choose to list the address of another person, so long as it is not the address of a current voucher holder. This address is used to send any paper correspondence to the applicant, including required paperwork as part of the selection process. The applicant is solely responsible for receiving information sent to the listed address and lack of access to mail at that address is not considered a valid excuse for

missing notices or paperwork. The applicant is responsible for notifying HOC of any change in address.

Treatment of Single Applicants

Single applicants are treated as any other eligible family on the wait list for the tenant-based and project-based voucher wait lists.

C. WAIT LIST [24 CFR 982.204]

Tenant-Based Voucher

HOC uses a consolidated wait list for the admission of all of its housing programs. The consolidated list includes a sub list for admissions to the tenant-based voucher assistance program.

Except for Special Admissions, applicants are selected from the consolidated wait list in accordance with the policies, preferences, and income targeting requirements defined in this Administrative Plan.

HOC will maintain information that permits proper selection from the wait list.

The wait list contains the following information for each applicant listed:

- Applicant Name
- Family Unit Size (number of bedrooms family qualifies for under HOC's subsidy standards)
- Date of application
- Qualification for any local preference(s)
- Racial or ethnic designation of the head of household
- Targeted program qualifications

Project-Based Voucher

HOC maintains separate sub lists for admissions to the project-based voucher (PBV) assistance program. Any applicant that submits an application to the master wait list is also considered for inclusion on the PBV wait list.

Except for Special Admissions, applicants are selected from HOC's wait list in accordance with the policies, preferences, and income targeting requirements defined in this Administrative Plan.

Families are selected from the PBV wait list based on the bedroom size of the unit available at the time of selection.

HOC must maintain information that permits proper selection from the wait list.

The wait list contains the following information for each PBV applicant listed:

- Applicant Name
- Family Unit Size (number of bedrooms family qualifies for under HOC's subsidy standards)
- Date of application
- Qualification for any local preference(s)
- Racial or ethnic designation of the head of household
- Targeted program qualifications

D. SPECIAL ADMISSIONS [24 CFR 982.54(d)(e), 982.203]

If HUD awards HOC program funding that is targeted for specifically named families, HOC must admit these families under a Special Admission procedure.

Special admissions families are admitted outside of the regular wait list process. They do not have to qualify for any preferences, nor are they required to be on the program wait list. HOC maintains separate records of these admissions.

The Family Unification Program (FUP) qualifies for special admissions as long as the individuals referred to HOC meet the program definition.

Family Unification Program-Eligible Family (A family that the Public Child Welfare Agency (PCWA) has certified as a family for whom a lack of adequate housing is a primary factor in the imminent placement of the family's child, or children, in out-of-home care, or in the delay of discharge of a child, or children, to the family from out-of-home care, and that the HOC has determined is eligible for a Housing Choice Voucher.)

Family Unification Program-Eligible Youth (A youth that the Public Child Welfare Agency (PCWA) has certified to be at least 18 years old and not more than 21 years old (has not reached his/her 22nd birthday) who left foster care at age 16 or older and who does not have adequate housing, and that HOC has determined is eligible for a Housing Choice Voucher.)

The following are examples of types of program funding that may be designated by HUD for families living in a specified unit.

1. A family displaced because of demolition or disposition of a public or Indian housing project;
2. A family residing in a multifamily rental housing project when HUD sells, forecloses or demolishes the project;
3. For housing covered by the Low Income Housing Preservation and Resident Homeownership Act of 1990;
4. A family residing in a project covered by a project-based Section 8 HAP contract at or near the end of the HAP contract term; and
5. A non-purchasing family residing in a HOPE 1 or HOPE 2 project.

Applicant's who are admitted under Special Admissions, rather than from the wait list, are identified in HOC's database with special codes.

At turnover:

If a voucher issued to an FUP-eligible family or FUP-eligible youth under the FUP program is terminated, the voucher is reissued to the extent practicable, to another FUP-eligible family or FUP-eligible youth. If the award on turnover is not practicable, FUP vouchers may be used by HOC for such families based upon local needs.

If a customer served through Special Admissions in the FUP program is on an HOC Program Admissions Wait List (Tenant Based Voucher or Project Based Voucher), the client remains eligible on the wait list for the period of time the list is active. If a client is selected from the Program Wait List and utilizes the voucher, the FUP voucher is reissued, to the extent practicable, to another FUP-eligible family or FUP-eligible youth.

E. WAIT LIST PREFERENCES [24 CFR 982.207]

When a family is selected from the wait list, the family is invited to an interview and the verification process begins. It is at this point in time that the family's wait list preference(s) are verified. To qualify for a preference, an applicant must provide verification that shows he or she qualified either at the time of the initial application or at the time of selection from the wait list. However, placement based upon preference is dependent on the family still qualifying for the preference at the time of selection.

If the family no longer qualifies to be near the top of the list, because the family does not qualify for a preference, then the family's preference status is removed. Importantly, however, the family will remain on the wait list based upon their original date and time of application. HOC must notify the family in writing of this determination and give the family the opportunity for an informal hearing to appeal the decision.

Once a preference is verified, the family completes a full application, presents Social Security number information, citizenship/eligible immigrant information, and signs the Consent for Release of Information forms.

An applicant is not granted any local preference for the tenant-based and project-based voucher wait lists if any member of the family was evicted from housing assisted under a HUD 1937

Housing Act program during the past three years because of drug-related criminal activity or felonious charged criminal activity.

HOC will grant an exception to such a family if:

- The responsible member has successfully completed a rehabilitation program;
- The evicted person clearly did not participate in or know about the drug-related activity; and/or
- The evicted person no longer participates in any drug related criminal activity.

If an applicant makes a false statement in order to qualify for a local preference, HOC will deny the local preference.

F. LOCAL PREFERENCES [24 CFR 5.410]

HOC offers public notice when changing its preference system and the notices are publicized using the same guidelines as those for opening and closing the wait list.

HOC uses the following local preference system:

First Local Preference – Displacement: Families who are displaced as a result of a State or County redevelopment project, or a change in the nature of a project that is part of the County plan for maintaining affordable housing, and who are referred by the County Executive’s Office. A signed certification from the County Executive’s office is required for the family to qualify for this preference. [Two Points]

Second Local Preference – Residency preference for families who live, work, or have a bona fide offer to work in Montgomery County. To qualify for this preference, evidence is required either at the time of application or at the time of selection from the wait list. HOC will treat graduates of, or active participants in, education or training programs in Montgomery County as residents of Montgomery County if the education or training program is designed to prepare individuals for the job market. To qualify and satisfy this preference, graduates must have graduated after the initial application for housing. [One Point]

Third Local Preference – HUD funded 2006 Main Stream Disabled (MSD) program; 15 units. [Two Points]

Fourth Local Preference – Veterans: Preference is given for ten (10) veterans and their families. The applicant must be at least 18 years old and a veteran.

HOC verifies the preference with a list of homeless veterans and their families provided by the Montgomery County Department of Health and Human Services (DHHS). [Three Points]

Fifth Local Preference – Families with Histories of Homelessness: Preference is given for ten (10) families with histories of homelessness who are currently housed within the Montgomery County Homeless Continuum of Care. The applicant must be at least 18 years old and have at least one minor child (under the age of 18) within the household.

HOC verifies the preference by receiving direct referrals from the Montgomery County Department of Health and Human Services (DHHS). [Three Points]

Sixth Local Preference – HUD funded 2017/2018 Mainstream Disabled (MSD) Grant program: Preference is given for Non-Elderly Disabled (NED) families who meet at least one of the following criteria:

1. Transitioning out of institutional or other segregated settings;
2. At serious risk of institutionalization;
3. Homeless; or
4. At risk of becoming homeless.

NED is defined as disabled persons aged 18-62 and can include any member of a household. Eligibility for this preference is initially indicated based on responses to questions on HOC’s wait list, which are designed to capture these criteria. Once a NED family is called up for a subsidy based on this preference, HOC staff conducts comprehensive verification of the preference qualifications, as explained in Section M of this Chapter. [Three Points]

Treatment of Single Applicants

Single applicants are treated as any other eligible family on the wait list for the tenant-based and project-based voucher wait lists.

G. INCOME TARGETTING

In accordance with the Quality Housing and Work Responsibility Act of 1998, each fiscal year HOC reserves a minimum of seventy-five (75) percent of its Section 8 new admissions for families whose incomes do not exceed thirty (30) percent of the area median income (AMI). HUD refers to these families as “extremely low-income families.” HOC must admit families who qualify under the Extremely Low-Income limit to meet the income targeting requirement, regardless of preference. This policy applies to the tenant-based and project-based voucher wait lists.

HOC’s income targeting requirement does not apply to low-income families continuously assisted, as provided for under the 1937 Housing Act.

HOC is also exempted from this requirement when HOC provides assistance to low income or moderate-income families entitled to preservation assistance under the tenant-based voucher program as a result of a mortgage prepayment or opt-out.

H. INITIAL DETERMINATION OF LOCAL PREFERENCE QUALIFICATION

[24 CFR 5.415]

At the time of application, an applicant's entitlement to a local preference may be made on the following basis:

An applicant's certification that they qualify for a preference is accepted without verification at the pre-application. When the family is selected from the wait list for the final determination of eligibility, the preference is verified. To Qualify for the preference, an applicant must provide verification that shows he or she qualified either at the time of the pre-application or at the time of certification.

If the preference verification indicates that an applicant does not qualify for the preference, the applicant is returned to the wait list (tenant-based or project-based) without the local preference, and given an opportunity for an office meeting.

I. TARGETED FUNDING [24 CFR 982.203]

When HUD awards special funding for certain family types, families who qualify are placed on the regular wait list. When a specific type of funding becomes available, the tenant-based and project-based voucher wait lists are searched for the first available family meeting the targeted funding criteria. HOC reserves the right to use this assistance under the "Interim Use" policy. [See Glossary under "Interim Use" for definition].

Applicants who are admitted under targeted funding which are not identified as a Special Admission are identified by codes in the automated system. HOC has the following "Targeted" Programs:

- Veterans Affairs Supportive Housing (VASH)
- Mainstream Allocation Plan for Persons with Disabilities
- Shelter Plus Care
- Welfare-to-Work
- Voucher allocation for Non-Elderly Persons with Disabilities in Support of Designated Housing Plans

For any voucher allocation for Non-Elderly Persons with Disabilities (NED) in Support of Designated Housing Plans, HOC identifies a non-elderly disabled family, as defined by HUD, on HOC's wait list that will not be housed due to an approved or submitted Designated Housing Plan.

At turnover:

If a voucher issued to a FUP-eligible family under the 2008 FUP program is terminated, the voucher will be reissued, to the extent practicable, to another FUP eligible family. If the award on turnover is not practicable, FUP vouchers may be used by HOC for such families based upon local needs.

Re-issuance upon turnover of vouchers in the Non-Elderly Persons with Disabilities in Support of Designated Housing Plans 2008 allocation will be to Non-Elderly Persons with Disabilities on the wait list.

J. PREFERENCE AND INCOME TARGETING ELIGIBILITY [24 CFR 5.410]

Change in Circumstances

Changes in an applicant's circumstances while on the wait list may affect the family's entitlement to a preference. Applicants are required to update their on-line application when their circumstances of change.

Cross-Listing of Different Housing Programs and Section 8 [24 CFR 982.205(a)]

HOC maintains a consolidated master wait list for all of its housing programs. An applicant is considered for admission to any program for which they are eligible until such time that documentation is presented which establishes a customer as ineligible for a given housing program(s). If a customer is determined ineligible for the voucher program, their application is maintained on the consolidated wait list so that they may continue to be considered for other housing opportunities.

Other Housing Assistance [24 CFR 982.205(b)]

Other housing assistance means a federal, State, or local housing subsidy, as determined by HUD, including public housing.

HOC may not take any of the following actions because an applicant has applied for, received, or refused other housing: [24 CFR 982.205(b)]

- Refuse to list the applicant on the wait list for tenant-based voucher assistance;
- Deny any admission preference for which the applicant is currently qualified;
- Change the applicant's place on the wait list based on a preference, date of application, or other factors affecting selection under HOC's selection policy; or
- Remove the applicant from the wait list.

However, HOC may remove the applicant from the wait list for tenant-based assistance if HOC has offered the applicant assistance under the Project-Based Voucher program.

K. ORDER OF SELECTION [24 CFR 982.207(e)]

HOC's method for selecting applicants from a preference category leaves a clear audit trail which can be used to verify that each applicant was selected in accordance with the method specified in the Administrative Plan.

Tenant-Based Voucher Wait List

Local Preferences

HOC provides the following system to apply local preferences:

Each preference receives an allocation of points. The more preference points an applicant receives, the higher the applicant's position on the wait list.

Among Applicants with Equal Preference Status

Among applicants with equal preference status, the tenant-based voucher wait list was organized by the lottery selection process for the first 365 days after the wait list was opened in the summer of 2015. Thereafter, applicants with equal preference status on the tenant-based voucher wait list are organized by date and time stamp.

Project-Based List

HOC provides the following system to apply local preferences:

Each preference receives an allocation of points. The more preference points an applicant receives, the higher the applicant's position on the wait list.

The PBV sub list is organized by family size and the corresponding bedroom size as follows:

- One and two person families are eligible for a one-bedroom unit.
- Three and four person families are eligible for a two bedroom unit.
- Five and six person families are eligible for a three bedroom unit.
- Seven and eight person families are eligible for a four bedroom unit.

Exceptions to this policy are made in accordance with HOC's policies of reasonable accommodation for persons with disabilities.

The number of persons per bedroom is subject to compliance with the Montgomery County Code, Chapter 26-5, Space, Use, and Location. Paragraph (b) of Chapter 26-5 is shown below:

b) *Floor area, sleeping.* In every dwelling unit of two or more rooms, every room occupied for sleeping purposes by one occupant must contain at least 70 square feet of habitable space, and every room occupied for sleeping purposes by more than one occupant must contain at least 50 square feet of habitable space for each occupant. However, in a mobile home every room occupied for sleeping purposes by one occupant must contain at least 50 square feet of habitable space; by 2 occupants, at least 70 square feet of habitable space; and by more than 2 occupants, at least an additional 50 square feet of habitable space for each additional occupant."

Among Applicants with equal preference status, the PBV wait list is organized by the regular date-time selection process for each bedroom size.

L.1 PROJECT-BASED VOUCHER REFERRALS

Applicants referred to HOC for housing subsidy through PBVs by way of Offender Reentry programs sponsored by the Silver Spring Interfaith Housing Coalition and Threshold Services, Inc. are granted an eligibility criminal background exception. The participant does not have rights to the HOC Grievance Procedures.

The eligibility exception is not extended to the following individuals:

1. Persons convicted of manufacturing or producing methamphetamine;
2. Any person evicted from federally assisted housing for a serious violation of the lease (and for three years following the eviction);
3. Any person who fails to sign and submit consent forms to obtain information in accordance with the Administrative Plan Part 5, subparts B and F;
4. Any person required under HUD regulation to establish citizenship or eligible immigration status;
5. Any person subject to a life time registration requirement under a state sex offender registration program; and
6. Any persons convicted for violent felonies.

L.2 PROJECT-BASED VOUCHER REFERRALS

In an effort to minimize displacement of families, if a unit that is to be included in the PBV contract is occupied by an eligible family, the in-place family must be placed on the program wait list. When eligibility is determined, the family must be given an absolute selection preference and referred to the project owner for an appropriately size PBV contract.

A preference will be extended through the PBV program (only) for services offered. In selecting families, HOC may give a preference to disabled families who need services offered at a particular project. This preference (more specifically a referral) is limited to the population of families with disabilities that significantly interfere with their ability to obtain and maintain themselves in housing who, without appropriate supportive services, are not able to maintain themselves in housing.

Selection of applicants in the targeted funding Family Unification Program (FUP) 2008 allocation are completed in conjunction with referrals from the Montgomery County Department of Health and Human Services (MCHHS). HOC will accept families certified by the MCHHS as

eligible applicants for FUP. HOC will compare the names provided with the names on the current HOC wait list. Any referred family on the HOC wait list is served first. Those families referred and not on the HOC wait list will be added to the wait list and served based on date of referral or on a first come first served basis.

M. FINAL VERIFICATION OF PREFERENCES [24 CFR 5.415]

Preference information on pre-applications is updated as applicants are selected from the wait list. At that time, HOC will obtain necessary verifications of preference(s) at the interview and by third party verification.

Subsection A – Secondary Review/Credit Checks

Before issuing vouchers to applicant families, HOC requests a credit report of all new applicant families, all adults (persons 18 years of age and older) who will reside in the assisted household. The credit report is reviewed by HOC. Applicant households claiming they have zero income automatically undergo a credit check review. The information contained in the credit check is used to confirm the information provided to HOC by the family. Specially, the credit report is used to confirm:

1. **Employment:** A credit report will list any employers the applicant has listed in any recent credit applications. If the credit report reveals employment for any adult household member within the last 12 months that was not disclosed, the family will be asked to provide additional documentation to resolve the discrepancy. Failure to disclose current employment may result in denial of participation in the Housing Choice Voucher and Section 8 programs.
2. **Aliases:** A credit report can provide information on other names that have been used for the purposes of obtaining credit. Common reasons for use of other names include a recent marriage or a divorce. If an alias has not been disclosed to HOC, the family will be asked to provide additional evidence of the legal identity of all adult family members.
3. **Current and previous addresses:** A credit report can provide a history of where the family has lived. This is particularly important because HOC provides a residency preference. If the family has provided one address to HOC and the credit report indicates a different address, the family will be asked to provide additional proof of residency. This may include a history of utility bills, bank statements, school enrollment records for children, credit card statements, and/or other relevant documentation. Failure to provide adequate proof could result in denial of the residency preference.
4. **Credit card and loan payments:** A credit report will usually include a list of the family's financial obligations. Examples of the items that may show up include car loans, mortgage loans, student loans, and credit cards payments. HOC will review this information to confirm the income and asset information provided by the family. If the family's current financial obligations (total amount of current

monthly payments) exceed the amount of income reported by the family, HOC will ask the family to disclose how they are currently meeting their financial obligations. Accounts that have been charged off or are significantly delinquent are not included in this calculation. Failure to provide adequate proof of income could result in denial of participation in the Housing Choice Voucher and Section 8 programs.

5. **Multiple Social Security Numbers:** A credit report may list multiple Social Security numbers if an adult family member has used different Social Security numbers to obtain credit. If the credit report information does not match the information provided by an adult family member, the family member or head of household will be required to obtain written confirmation of the Social Security number that was issued to him/her from the Social Security Administration.

Applicant families are not issued vouchers until all discrepancies between the information provided by the applicant family and the information contained in the credit report have been cleared by the applicant family and approved by HOC.

When discrepancies are found, the family will be contacted by HOC. In most cases, the family will be allowed a maximum of ten (10) business days to provide the additional information. On a case-by-case basis, as a reasonable accommodation, the family may be granted additional time. If additional time is granted, the family receives written notification of the new deadline. No second or additional extensions will be granted. Failure to provide the required information to HOC could result in denial of participation in the Housing Choice Voucher and Section 8 Programs.

When the credit report reveals multiple discrepancies which require interview appointments, HOC will schedule up to two interview appointments. An additional appointment may be scheduled as a reasonable accommodation. Failure to appear at the interview session could result in denial of participation in the Housing Choice Voucher and Section 8 Programs.

N. PREFERENCE DENIAL [24 CFR 5.415]

If HOC denies a preference, HOC notifies the applicant in writing of the reasons why the preference was denied and offer the applicant an opportunity for an informal review to appeal the decision. If the preference denial is upheld as a result of the review, or the applicant does not request a review, the preference is removed from the applicant's entry on the wait list, returning the applicant to their regular date-time positioning. Applicants may exercise other rights if they believe they are a victim of discrimination.

If the applicant falsifies documents or makes false statements in order to qualify for any preference, they will be removed from the wait list.

O. REMOVAL FROM THE WAIT LIST AND PURGING [24 CFR 982.204(c)]

HOC will not remove an applicant's name from the wait list unless:

1. The applicant requests in writing that their name be removed;

2. The applicant fails to respond to an electronic or written request for information or a request to declare their continued interest in the program; or
3. The applicant does not meet either the eligibility or suitability criteria for the program.
4. The applicant refuses two housing units without good cause.

Obligation to Annually Confirm Application Information

Each year, or at such time as HOC determines reasonable, HOC will issue notice to all applicants on the wait list requesting that each applicant confirm their continued interest in remaining on the wait list. Failure to renew the information in a timely manner will result in removal from the wait list.

HOC will provide notice to wait list applicants to confirm their continued interest and set a date by which their renewal must be completed. HOC will send notices thirty days, fifteen days, five days, and one day prior to the date when that renewal or confirmation is due.

All notices under this Section are sent by HOC electronically to the last known e-mail address listed on the application. Wait list applicants may also request text message notifications. If a family does not have an e-mail address, HOC can assist the family in obtaining a free email account. It will be the applicant's sole responsibility to check that email account from time to time and to respond to any email and/or SMS text from HOC. To the extent an applicant requires assistance, upon request, staff from HOC is available to assist with electronic submissions.

Should an applicant not respond to the request to confirm their continued interest in remaining on the wait list by renewing their application or to their notification of selection for a program for any reason, prior to the established deadline, the applicant is removed from the wait list. Reasons for non-response, resulting in removal from the list, include (but are not limited to) negligence in completing the electronic update/application in a timely manner and relocation resulting in a return of the e-notice to HOC with no forwarding e-mail address provided. Applicants removed from the wait list will receive a notification identifying their removal from Housing Path.

Missed Appointments

All applicants who fail to keep a scheduled appointment with HOC are sent a written notice of termination of the process for eligibility. That written notification of termination may be sent as an attachment to an e-mail.

HOC will allow the family to reschedule an appointment for good cause. Generally, no more than one opportunity is given to reschedule without good cause, and no more than two opportunities are given for good cause. When good cause exists for missing an appointment, HOC will work closely with the family to find a more suitable time. Applicants are advised of their right to an informal review before being removed from the wait list.

Notification of Negative Actions

Any applicant whose name is being removed from the wait list will be notified by HOC, in writing, that they have ten (10) calendar days from the date of the written correspondence to present mitigating circumstances or request an informal review. The letter will also indicate that their name will be removed from the wait list if they fail to respond within the timeframe specified. HOC's system of removing applicant names from the wait list will not violate the rights of persons with disabilities. If an applicant claims that their failure to respond to a request for information or updates was caused by a disability, HOC will verify that there is in fact a disability, that the disability is what caused the failure to respond, and then provide a reasonable accommodation. An example of a reasonable accommodation would be to reinstate the applicant on the wait list based on the date and time of their original application.

Purging the Wait List

HOC will update and purge its wait list as needed to ensure that the pool of applicants reasonably represents the interested families for whom HOC has current information, i.e. applicant's address, family composition, income category, and preferences.

**SIGNIFICANT AMENDMENT TO
HOC'S FISCAL YEAR 2019 PUBLIC HOUSING AGENCY PLAN
ADDING THAT 26 OF THE UNITS AT ELIZABETH HOUSE
WILL BE DISPOSED OF USING A SECTION 18 DISPOSITION
AND A REVISION OF HOC'S ADMINISTRATIVE PLAN
FOR THE HOUSING CHOICE VOUCHER PROGRAM
TO ADD A NON-COMPETITIVE SELECTION PROCESS
FOR PROJECT-BASED VOUCHER ASSISTANCE
AT ELIZABETH HOUSE III.**

NOVEMBER 7, 2018

- The Quality Housing and Work Responsibility Act of 1998 requires that Public Housing Agencies (“PHAs”), such as the Housing Opportunities Commission of Montgomery County (“HOC”), draft Annual and Five-Year PHA Plans.
- The PHA Plan serves as a comprehensive guide to HOC’s policies, programs, operations, and strategies for meeting local housing needs and goals. The Plan informs the U.S. Department of Housing and Urban Development (HUD), residents, and the public of HOC’s mission for serving the needs of low- and very low-income families as well as HOC’s overarching strategy for addressing those needs.
- On April 4, 2018, the Commission approved resolution 18-23, Authorization to Submit HOC’s Fiscal Year (FY) 2019 Annual PHA Plan HOC.
- At this time, staff recommends that the Commission adopt the proposed Significant Amendment to the FY 2019 PHA Plan adding that 26 of the units at Elizabeth House will be disposed of using a Section 18 disposition.
- The Code of Federal Regulations (CFR) requires that Public Housing Agencies (PHAs) such as the Housing Opportunities Commission of Montgomery County (HOC) adopt written plans and policies that describe the federal regulations and establish local policies for administration of the voucher programs of the given PHA. For the Housing Choice Voucher (HCV) program, this governing document is termed the Administrative Plan.

- The CFR also requires that PHAs revise their Administrative Plan as needed in order to comply with federal requirements. Optional changes unique to a specific PHA may also be added, provided that they do not conflict with federal regulations.
- At this time, HOC has developed proposed revisions to its Administrative Plan which are consistent with the processes and procedures outlined in the CFR. The proposed revisions will add a Non-Competitive Selection Process for Project-Based Voucher Assistance at Elizabeth House III.
- A public comment period for this Significant Amendment to the PHA Plan and proposed revisions to the Administrative Plan began on September 21, 2018 and will conclude on November 7, 2018 with a public hearing at HOC's Kensington office.
- Staff is requesting that the Commission adopt the proposed revisions to HOC's PHA Plan and Administrative Plan as part of these governing documents.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Zachary Marks Division: Real Estate Development Ext. 9613
Lynn Hayes Housing resources Division Ext. 9622
Ethan Cohen Compliance Ext. 9764
Darcel Cox Compliance Ext. 9427

RE: Significant Amendment to HOC’s Fiscal Year 2019 Public Housing Agency Plan Adding that 26 of the Units at Elizabeth House Will Be Disposed of Using A Section 18 Disposition and A Revision of HOC’s Administrative Plan for the Housing Choice Voucher Program to Add a Non-Competitive Selection Process for Project-Based Voucher Assistance at Elizabeth House III.

DATE: November 7, 2018

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To request that the Housing Opportunities Commission of Montgomery County adopt a Significant Amendment to HOC’s Fiscal Year (FY) 2019 Public Housing Agency (PHA) Plan adding that 26 of the units at Elizabeth House will be disposed of using a Section 18 disposition; and a revision of HOC’s Administrative Plan for the Housing Choice Voucher (HCV) program to add a non-competitive selection process for Project-Based Voucher assistance at Elizabeth House III to the Plan (the “Revisions”); and authorize the Executive Director, or his designee, to implement the Significant Amendment to the FY 2019 PHA Plan and the Revision to the Administrative Plan for the Housing Choice Voucher Program (“Administrative Plan”).

BACKGROUND:

Staff recommends that HOC make the following changes to its FY 2019 PHA Plan and Administrative Plan for the HCV program to permit new elements in the Rental Assistance Demonstration (RAD) program conversion activities for HOC’s Elizabeth House property.

1. On March 22, 2018 the U.S. Department of Housing and Urban Development (HUD) issued Notice PIH 2018-04 (HA), entitled Demolition and/or Disposition of Public Housing Property, Eligibility for Tenant-Protection Vouchers, and Associated Requirements. This Notice explains the application requirements for PHAs to request HUD approval to demolish and/or dispose of Public Housing property under Section 18 of the U.S. Housing

Act of 1937 (42 U.S.C. 1437p) (“1937 Act”). Section 2)B. of the Notice explains that any proposed demolition or disposition requires inclusion and explanation in a PHA’s current Annual Agency Plan (“PHA Plan”). If the proposed use of Section 18 is not included in the PHA’s current Annual Plan then a Significant Amendment must be made to the Plan to add it, as required by 24 CFR 903.17. Accordingly, staff recommends adding the following information to HOC’s FY 2019 Annual PHA Plan as a Significant Amendment:

During FY 2019, HOC will use a Section 18 Disposition to convert 26 of the remaining 106 Public Housing units at Elizabeth House to Project-Based Voucher (PBV) units at Elizabeth House III. This action is consistent with HUD Notice PIH 2018-04 (HA), Section 3)A.3.c., as HOC certifies that this disposition is in the best interest of the residents at Elizabeth House and HOC. This action is also consistent with the goals of HOC, the FY 2019 PHA Plan, and the 1937 Act.

Furthermore, HOC certifies that it meets the 75 percent threshold by converting 100 percent of the Public Housing units at Elizabeth House under the RAD program. HOC’s Section 18 Disposition also meets the requirements of the RAD Final Implementation Notice REV-3, H-2017-3, and is replacing the units proposed for disposition (up to 25 percent of the remaining Public Housing units within the Elizabeth House project) with Section 8 PBVs in accordance with 24 CFR, Part 983.

As per HUD Notice PIH 2018-04 (HA), HOC will follow the relocation requirements at 24 CFR 970.21 for this Section 18 Disposition, and not those at 49 CFR, Part 24 which implements the Uniform Relocation Act (URA). However, if subsequent acquisition, rehabilitation, or demolition is carried out by HOC with HUD funds or if other HUD-funded activities cause residents to relocate, then URA may apply to those relocations at that time.

2. On December 15, 2017 the Housing Opportunities Commission of Montgomery County approved the addition of a non-competitive selection process for PBV assistance in HOC’s Administrative Plan (Resolution 17-92SS). Typically, PBV units are selected through a competitive process managed by HOC. However, the Housing Opportunity Through Modernization Act of 2016 (HOTMA) and HUD Notice 2017-21 added the ability for PHAs to use a non-competitive selection process for placing PBV assistance. Importantly, use of this provision requires that the PBV assistance is added to a property in which HOC has an ownership interest or over which HOC has control. Additionally, use of this non-competitive selection exception requires HOC’s engagement in an initiative to improve, develop, or replace a Public Housing property or site.

In connection with HOC’s effort to dispose of 26 of the 106 remaining Public Housing units at Elizabeth House using a Section 18 Disposition, the disposed units will be converted to PBVs using a non-competitive selection. Accordingly, staff recommends adding the following language to Chapter 22, Section G of the Administrative Plan:

In November of 2018, HOC used the non-competitive selection process provided for herein to award HOC 26 Project-Based Vouchers (PBV). These vouchers are reserved for use at HOC's Elizabeth House III apartment project. Elizabeth House III is a new construction, age-restricted property which is currently under development, and is expected to open for occupancy in 2021. Elizabeth House III is located in downtown Silver Spring, Maryland; an area rich in amenities, including multiple public transit, entertainment, employment, education, and retail options. HOC is developing Elizabeth House III as part a mixed-income group of properties known together as Elizabeth Square. The full Elizabeth House III will include approximately 267 units. HOC expects to exceed the required minimum threshold of \$25,000 in hard costs per unit during construction of Elizabeth House III.

As part of the process for making a Significant Amendment to a PHA's Agency Plan and revisions to a PHA's Administrative Plan, public comment is required. Accordingly, HOC provided a 45-day public comment period which was concluded with a public hearing on November 7, 2018, on the Significant Amendment and Administrative Plan revision. During the comment period, HOC made a draft of the proposed Significant Amendment and revision to the Administrative Plan available on HOC's website as well as in hard copy form at all four of HOC's primary offices. Also during the comment period, HOC staff met and discussed the proposed Significant Amendment and Administrative Plan revision with HOC's Resident Advisory Board (RAB), seeking the RAB's comments and endorsement of these proposed changes. Notice of the comment period and public hearing were advertised in local newspapers in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to adopt a Significant Amendment to HOC's Fiscal Year (FY) 2019 Public Housing Agency (PHA) Plan adding that 26 of the units at Elizabeth House will be disposed of using a Section 18 disposition; and a revision of HOC's Administrative Plan for the Housing Choice Voucher (HCV) program to add a non-competitive selection process for Project-Based Voucher assistance at Elizabeth House III to the Plan (the "Revisions"); and authorize the Executive Director, or his designee, to implement the Significant Amendment to the FY 2019 PHA Plan and the Revision to the Administrative Plan for the Housing Choice Voucher Program?

PRINCIPALS:

Real Estate Development Department
Housing Resources Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on September 10, 2018. For Commission action on November 7, 2018.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County adopt a Significant Amendment to HOC's Fiscal Year (FY) 2019 Public Housing Agency (PHA) Plan adding that 26 of the units at Elizabeth House will be disposed of using a Section 18 disposition; and a revision of HOC's Administrative Plan for the Housing Choice Voucher (HCV) program to add a non-competitive selection process for Project-Based Voucher assistance at Elizabeth House III to the Plan (the "Revisions"); and authorize the Executive Director, or his designee, to implement the Significant Amendment to the FY 2019 PHA Plan and the Revision to the Administrative Plan for the Housing Choice Voucher Program.

RESOLUTION: 18-91

RE: Significant Amendment to HOC's Fiscal Year 2019 Public Housing Agency Plan Adding that 26 of the Units at Elizabeth House Will Be Disposed of Using A Section 18 Disposition and A Revision of HOC's Administrative Plan for the Housing Choice Voucher Program to Add a Non-Competitive Selection Process for Project-Based Voucher Assistance at Elizabeth House III.

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission") desires to significantly amend its Fiscal Year 2019 Public Housing Agency Plan ("PHA Plan") to add that 26 of the units at Elizabeth House will be disposed of using a Section 18 disposition ("PHA Plan Revisions"), as identified in the revised PHA Plan attached hereto as Exhibit A; and

WHEREAS, the Commission desires to revise its Administrative Plan for the Housing Choice Voucher Program ("Administrative Plan") to add a non-competitive selection process for Project-Based Voucher assistance at Elizabeth House III ("Administrative Plan Revisions"), as identified in the revised Administrative Plan attached hereto as Exhibit B; and

WHEREAS, a public comment period for the PHA Plan Revisions and Administrative Plan Revisions began on September 21, 2018 and concluded on November 7, 2018 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the PHA Plan Revisions and Administrative Plan Revisions, as identified in the revised PHA Plan attached hereto as Exhibit A, and the revised Administrative Plan attached hereto as Exhibit B.

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

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

S
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A
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Patrice Birdsong
Special Assistant to the Commission

EXHIBIT A

Revised Fiscal Year 2019 Public Housing Agency Plan

[attached]

Annual PHA Plan <i>(Standard PHAs and Troubled PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.																																
A.1	<p> PHA Name: _____ PHA Code: _____ PHA Type: <input type="checkbox"/> Standard PHA <input type="checkbox"/> Troubled PHA PHA Plan for Fiscal Year Beginning: (MM/YYYY): _____ PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Public Housing (PH) Units _____ Number of Housing Choice Vouchers (HCVs) _____ Total Combined Units/Vouchers _____ PHA Plan Submission Type: <input type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission </p> <p> Availability of Information. PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. </p> <p> <input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below) </p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 25%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 15%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 25%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 10%;">PH</th> <th style="width: 15%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																							
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		PH	HCV																														
Lead PHA:																																	

<p>B.5</p>	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.</p>
<p>B.6</p>	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input type="checkbox"/></p> <p>(c) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>
<p>B.7</p>	<p>Certification by State or Local Officials.</p> <p>Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p>B.8</p>	<p>Troubled PHA.</p> <p>(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?</p> <p>Y N N/A <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe:</p>
<p>C. Statement of Capital Improvements. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).</p>	
<p>C.1</p>	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.</p>

Instructions for Preparation of Form HUD-50075-ST Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section.

A.1 Include the full **PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type,** and the **Availability of Information,** specific location(s) of all information relevant to the public hearing and proposed PHA Plan. ([24 CFR §903.23\(4\)\(e\)](#))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. ([24 CFR §943.128\(a\)](#))

B. Annual Plan. All PHAs must complete this section.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.” ([24 CFR §903.7](#))

Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. ([24 CFR §903.7\(a\)\(1\)](#)) Provide a description of the PHA’s strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. ([24 CFR §903.7\(a\)\(2\)\(ii\)](#))

Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see [24 CFR 903.2](#). ([24 CFR §903.23\(b\)](#)) Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. ([24 CFR §903.7\(b\)](#)) Describe the PHA’s procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. ([24 CFR §903.7\(b\)](#)). A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. ([24 CFR §903.7\(b\)](#)) Describe the unit assignment policies for public housing. ([24 CFR §903.7\(b\)](#))

Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. ([24 CFR §903.7\(c\)](#))

Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. ([24 CFR §903.7\(d\)](#))

Operation and Management. A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. ([24 CFR §903.7\(e\)](#))

Grievance Procedures. A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. ([24 CFR §903.7\(f\)](#))

Homeownership Programs. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. ([24 CFR §903.7\(k\)](#))

Community Service and Self Sufficiency Programs. Describe how the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. ([24 CFR §903.7\(l\)](#)) A description of: **1)** Any programs relating to services and amenities provided or offered to assisted families; and **2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS. ([24 CFR §903.7\(l\)](#))

Safety and Crime Prevention. Describe the PHA’s plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. ([24 CFR §903.7\(m\)](#)) A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs

provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

Pet Policy. Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

Asset Management. State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

Substantial Deviation. PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

Significant Amendment/Modification. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD's website at: [Notice PIH 1999-51](#). (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

Hope VI or Choice Neighborhoods. 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

Mixed Finance Modernization or Development. 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

Demolition and/or Disposition. Describe any public housing projects owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

Designated Housing for Elderly and Disabled Families. Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission, and; 5) the number of units affected. **Note:** The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. (24 CFR §903.7(j))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to project-based assistance under RAD. See additional guidance on HUD's website at: [Notice PIH 2012-32](#)

Occupancy by Over-Income Families. A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7](#). (24 CFR 960.503) (24 CFR 903.7(b))

Occupancy by Police Officers. The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7](#). (24 CFR 960.505) (24 CFR 903.7(b))

Non-Smoking Policies. The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD's website at: [Notice PIH 2009-21](#). (24 CFR §903.7(e))

Project-Based Vouchers. Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan. (24 CFR §903.7(b))

Units with Approved Vacancies for Modernization. The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with [24 CFR §990.145\(a\)\(1\)](#).

Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

B.3 Civil Rights Certification. Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o))

B.4 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.7(p))

B.5 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

B.6 Resident Advisory Board (RAB) comments. If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

B.7 Certification by State or Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

B.8 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." (24 CFR §903.9)

C. Statement of Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR 903.7 (g))

C.1 Capital Improvements. In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: "See HUD Form- 50075.2 approved by HUD on XX/XX/XXXX."

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 9.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

Fiscal Year (FY) 2019 Annual Public Housing Agency (PHA) Plan Submission
Housing Opportunities Commission of Montgomery County

Narrative and Additional Information

A. 1 The Public may view the PHA Plan, supporting documentation, and obtain information regarding any of the activities outlined in this plan at HOC’s main administrative offices (10400 Detrick Avenue, Kensington, Maryland 20895) and at the following three satellite offices:

HOC Gaithersburg Customer Service Center
101 Lakeforest Blvd.
#200
Gaithersburg, Maryland 20877

HOC Silver Spring Customer Service Center
8241 Georgia Avenue
3rd Floor
Silver Spring, Maryland 20910

HOC East Deer Park Offices
231 East Deer Park Drive
Gaithersburg, Maryland 20877

Additional documents and supporting documents for this PHA Plan, that are also available for viewing at the above locations, are listed below:

- Form HUD-50077-ST-HCV-HP: PHA Certifications of Compliance with the PHA Plans and Related Regulations (MD004a01.pdf)
- Resident Advisory Board (RAB) comments on PHA Plan (MD004f01.pdf)
- Form HUD-50077-CR, Civil Rights Certifications (MD004j01.pdf)
- Form HUD-50077-SL, Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan (MD004k01.pdf)

The Plan and its supporting documents are also available for review on HOC’s web site: www.hocmc.org.

Staff will meet with the Resident Advisory Board (RAB) on February 26, 2018 to discuss this PHA Plan and receive any comments from the RAB.

A public hearing regarding this PHA Plan will be held on April 4, 2018 at 3:30 p.m. in the Hearing Room at HOC’s main administrative offices (10400 Detrick Avenue, Kensington, Maryland 20895).

B.1 Revision of PHA Plan Elements

(b) HOC’s Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) programs are governed by HOC’s Administrative Plan. The Administrative Plan derives its layout and much of its content from the Code of Federal Regulations (CFR), Title 24, Part 982 – Section 8 Tenant-Based Assistance: Housing Choice Voucher Program and Title 24, and Part 983 – Project-Based Voucher Program.

- HOC’s policies for HCV admission eligibility are established in Chapter 2 of the HOC Administrative Plan.
- HOC’s policies for persons applying for HCV admission are established in Chapter 3 of the HOC Administrative Plan.
- HOC’s HCV wait list and selection processes are established in Chapter 4 of the HOC Administrative Plan.
- All of HOC’s PBV policies are established in Chapter 22 of the HOC Administrative Plan.

HOC’s Public Housing (PH) program is governed by HOC’s Public Housing Admissions and Continued Occupancy Policy (ACOP).

- HOC’s policies for PH eligibility and admissions are established in Chapter 8 of the HOC ACOP.
- HOC’s PH wait list and selection processes are established in Chapters 9 and 10 of the HOC ACOP.

1. HCV Eligibility and Selection Criteria

Eligibility for HOC’s HCV program is determined when an applicant is called from the wait list. HOC uses the following criteria for screening applicants:

- a. An applicant must be a “family”.
- b. An applicant must be within the appropriate Income Limits.
- c. An applicant must furnish Social Security Numbers for all family members.
- d. An applicant must furnish Declaration of Citizenship or Eligible Immigrant Status and verification where required.
- e. At least the head of household or spouse of the applicant family must be either a U.S. citizen or have eligible immigration status before the PHA may provide any financial assistance.
- f. Criminal or drug related activity only to the extent required by law or regulation including criminal records from local and state law enforcement agencies. HOC checks national and state sex offender registries and will deny persons subject to lifetime registration. HOC will review, on a case by case basis, the issues related to any applicant who is registered as a sex offender for other than their lifetime.

2. PH Eligibility and Selection Criteria

Eligibility for HOC’s PH program is determined when an applicant is called from the wait list. HOC uses the following criteria for screening applicants:

- a. Family status
- b. Income eligibility
- c. Citizenship/eligibility status
- d. Social Security Number documentation
- e. Signing consent forms
- f. Criminal or drug related activity only to the extent required by law or regulation including criminal records from local and state law enforcement agencies. HOC checks national and state sex offender registries and will deny persons subject to lifetime

registration. HOC will review, on a case by case basis, the issues related to any applicant who is registered as a sex offender for other than their lifetime.

3. In May of 2017, HOC added to Chapter 4 of its Administrative Plan a wait list preference for up to 10 Housing Choice Vouchers to be allocated for families with histories of homelessness who are currently housed within the Montgomery County Homeless Continuum of Care (CoC). The Montgomery County Homeless CoC is a collaboration of public and private groups working to prevent and end homelessness in Montgomery County, Maryland. Support for the CoC's efforts include federal, state, local and private funds.

Continuing its efforts to end homelessness in Montgomery County, the Montgomery County Government requested that HOC allocate up to 10 vouchers for families with histories of homelessness who are currently housed within the Montgomery County Homeless CoC. These families have achieved stability and are, therefore, no longer in need of the supportive services that are currently provided by the programs in which they participate. By providing these families with vouchers, they will be able to fully integrate into the community with long-term housing assistance. As a result of these families exiting the CoC, approximately 12-15 new chronically homeless persons will be housed and provided the supportive services they need to transition into stable housing situations.

New vouchers were not allocated to HOC by HUD for this purpose nor were vouchers taken from any existing HOC residents. Rather, the 10 vouchers aside by HOC for housing families with histories of homelessness became available through attrition within HOC's existing voucher allocation and then were held for this purpose.

4. In December of 2017, HOC added to Chapter 3 of its Administrative Plan wait list related changes to the admissions process. These changes followed those made in July of 2015, to completely revise Chapter 4 of HOC's Administrative Plan which is entitled Establishing Preferences and Maintaining the Wait List. The July 2015 revisions focused on providing customers and staff with a guidance document that explains the functionality of HOC's new, fully electronic wait list, Housing Path.

While the July 2015 revisions to Chapter 4 were comprehensive and detailed, they were limited in their scope in that they only addressed the information contained in Chapter 4. Chapter 3 of the Administrative Plan is entitled Applying for Admission. In this chapter, the Administrative Plan describes the admissions and application process for the voucher program, including the functionality of the wait list as it pertains to initial call-ups. In order to ensure consistency and accuracy within the Administrative Plan for its description of the Housing Path wait list, HOC made these revisions to Chapter 3.

5. Also in December of 2017, HOC added to Chapter 22 of its Administrative Plan a non-competitive selection process for Project-Based Voucher (PBV) assistance. These changes were developed based on the latest statutory changes to the PBV program in the Housing Opportunity Through Modernization Act of 2016 (HOTMA). The details of the HOTMA changes, and further guidance, are provided in PIH Notice 2017-21, published on October 30, 2017.

Among the most significant changes described in PIH Notice 2017-21 is the ability of PHAs to add a non-competitive selection process for PBV assistance. In order to utilize this provision, the

PBV assistance must be added to a project in which HOC has an ownership interest or over which the Agency has control. Importantly, use of this non-competitive selection exception also requires HOC's engagement in an initiative to improve, develop, or replace a public housing property or site.

As mentioned above, in order to qualify for this exception to use a non-competitive selection process for receipt of PBV assistance, the units which receive the assistance must be in a project in which HOC has an ownership interest or over which HOC has control. Additionally, HOC must meet the following conditions in order to qualify for use of the non-competitive selection exception:

- a. HOC must be engaged in an initiative to improve, develop, or replace public housing properties or sites. The public housing properties or sites may be in HOC's existing public housing inventory or they may be from those previously removed from the public housing inventory through any available legal removal tool within five years of the date on which HOC entered into the Agreement to Enter a Housing Assistance Payments (AHAP) contract or Housing Assistance Payments (HAP) contract, pursuant to the non-competitive selection.
- b. If HOC plans rehabilitation or new construction, a minimum threshold of \$25,000 in hard costs per-unit is required.
- c. If HOC plans to replace public housing by attaching project-based assistance to existing housing in which the Agency has an ownership interest or over which HOC has control, then the \$25,000 per-unit minimum threshold does not apply as long as the existing housing substantially complies with HUD's housing quality standards (HQS). Please see Chapter 10 of HOC's Administrative Plan for further information on what it means to substantially comply with HUD's housing quality standards.
- d. HOC must explain in its Administrative Plan the work it plans to do on the property or site and how many units of PBV the Agency plans to add via non-competitive selection. These explanations are added on an as needed basis at the end of Chapter 22 of HOC's Administrative Plan, in Section G.
- e. All of the units identified by HOC for non-competitive selection must be eligible for PBV assistance in accordance with 24 CFR 983.53. Furthermore, selection of the units must satisfy all other statutory and regulatory requirements of the PBV program as per HUD guidance and this chapter of HOC's Administrative Plan.

As per this guidance from HOTMA, HOC added the required criteria described herein to HOC's Administrative Plan. HOC also added to its Administrative Plan the required explanation of the work it plans to do on the property or site and how many units of PBV HOC plans to add via non-competitive selection. That explanation is as follows:

In December of 2017, HOC used the non-competitive selection process provided for herein to award HOC 40 Project-Based Vouchers (PBV). These vouchers are reserved for use at HOC's Park View apartment project. Park View is a new construction, age-restricted property which is currently under development, and is expected to open for

occupancy in April of 2019. Park View is located at 3132 Bel Pre Road in Aspen Hill, Maryland. HOC is developing Park View as a mixed-income property with a total of 120 units. HOC expects to exceed the required minimum threshold of \$25,000 in hard costs per unit during construction of Park View. At closing, Park View had an estimated hard cost per unit of \$142,610.

(c) HOC's Public Housing Deconcentration Policy is described in Chapter 10 of the Agency's Admissions and Continued Occupancy Policy (ACOP). More specifically, Sections 10.4 and 10.5 state the following:

10.4 DECONCENTRATION POLICY

It is the Housing Opportunities Commission's policy to provide for deconcentration of poverty and encourage income mixing by bringing higher income families into lower income developments and lower income families into higher income developments. Toward this end, we may skip families on the wait list to reach other families with a lower or higher income. Additionally, the Housing Opportunities Commission may use flat rents to encourage higher-income eligible residents to lease or remain in a public housing unit. We will accomplish this in a uniform and non-discriminating manner.

The Housing Opportunities Commission will affirmatively market our housing to all eligible income groups. Lower income residents will not be steered toward lower income developments and higher income people will not be steered toward higher income developments.

10.5 DECONCENTRATION INCENTIVES

Subject to its annual deconcentration analysis, the Housing Opportunities Commission may offer one or more incentives to encourage applicant families whose income classification would help to meet the deconcentration goals of a particular development.

Various incentives may be used at different times, or under different conditions, but will always be provided in a consistent and nondiscriminatory manner.

B.2 New Activities

(b) Beginning in 2014 and continuing into FY 2019, HOC is using the Rental Assistance Demonstration (RAD) program to convert its Public Housing (PH) portfolio to Project-Based Rental Assistance (PBRA) units and Project-Based Voucher (PBV) units. As a result of the RAD conversion project, additional guidance discussing the goals, objectives, and program regulations specific to the converted RAD units have been added to this Annual Plan. At the completion of HOC's RAD conversions, no PH units will remain in HOC's portfolio. As HOC's RAD conversions finish during this coming fiscal year (FY 2019), the PHA Plan content described herein regarding PH will cease to be applicable to the converted units. In place of the PH policies for these converted units will be the RAD conversion policies detailed in this Plan and in HOC's Administrative Plan for those units converted to PBVs.

As identified above, HOC is currently in the process of converting all of its existing PH units to either PBRA or PBV through HUD's RAD program. Of the 11 PH properties scheduled for conversion, the actual conversions have occurred in a staggered format over the last four fiscal years. HOC has received

Commitments to Enter into Housing Assistance Payments Contracts (“CHAP”) for all eleven (11) public housing developments and the final PH property will convert in early FY 2019. These public housing properties are grouped into multiple Asset Management Projects (the “RAD AMPs”), as follows:

Properties Comprising RAD AMPs
Seneca Ridge (aka Middlebrook Square)
Parkway Woods and Ken Gar
Towne Centre Place and Sandy Spring Meadow
Washington Square and Emory Grove
Arcola Towers
Waverly House
Elizabeth House
Holly Hall

A number of these RAD AMPs have been re-grouped (consolidated and/or divided) into one or more properties under common ownership by an affiliate of HOC and under a common financing scheme following their RAD conversions (each a “RAD Property” and collectively, the “RAD Properties”). Further, some of the Assistance Transfer Units from some of the RAD AMPs or sites were consolidated into other RAD properties. The following table illustrates these re-groupings.

RAD Properties
Seneca Ridge, Parkway Woods, Ken Gar, Towne Centre Place, Sandy Spring Meadow, and Washington Square
Emory Grove (scattered site single-family homes)
Arcola Towers
Waverly House
Elizabeth House
Holly Hall

As HOC’s RAD conversions finish during this coming fiscal year (FY 2019), the PH content from this PHA Plan will become inapplicable to the converted units. Importantly, the following eligibility, selection, admissions policies, deconcentration, and wait list procedures apply to the units converted and converting from PH units to either PBRA or PBV units through the RAD program.

1. RAD Eligibility and Selection Criteria Modifications

- I. Occupied Units to be Converted Under RAD. Any tenant residing in a PH unit at any of the RAD properties at the time of conversion, shall be eligible for tenancy in a post-conversion unit. These tenants will be eligible for either PBRA units or PBV units. The PBRA RAD units will be located either (i) on-site, after a rehabilitation of the property (the “On-Site PBRA Units”), or (ii) at a new location as new construction replacement units (the “Replacement

RAD Units”). The PBV RAD units will be units for which the assistance is transferred to other properties owned by an affiliate of HOC (the “Assistance Transfer PBV Units”, referenced jointly with the On-Site PBRA units and the Replacement RAD units as the “RAD units”). Beginning in FY 2015, HOC’s plan was to convert 508 public housing units as On-Site PBRA units, convert 256 public housing units to Replacement RAD units (for the Elizabeth House and Holly Hall properties), and transfer assistance for 113 public housing units. In all cases, each of the 877 public housing units converted under RAD would continue to receive a subsidy.

During FY 2015, HOC completed the above described Assistance Transfer PBV Unit process with all 113 units that were planned to have their PH assistance transferred off-site to PBV assistance. Also during FY 2015, HOC completed the above described On-Site PBRA Unit process for 209 units that were planned to have their PH assistance converted to on-site PBRA assistance. This process included four RAD AMPs: (1) Seneca Ridge, (2) Parkway Woods and Ken Gar, (3) Towne Centre Place and Sandy Spring Meadow, and (4) Washington Square and Emory Grove.

During FY 2016, HOC completed the conversion of all of the units at Arcola Towers (141) and Waverly House (145) RAD AMPs to PBRA.

During FY 2018, HOC completed the conversion of all of the units at Holly Hall (96) and 54 of the 160 units at Elizabeth House.

Accordingly, the only remaining RAD conversion, which will take place in early FY 2019, is for the remaining 106 units at Elizabeth House. During its conversion from PH to project-based rental subsidy programming, all of the units from Elizabeth House property will be transferred fully offsite as Replacement RAD Units.

Significant Amendment – November 2018

During FY 2019, HOC will use a Section 18 Disposition to convert 26 of the remaining 106 Public Housing units at Elizabeth House to Project-Based Voucher (PBV) units at Elizabeth House III. This action is consistent with HUD Notice PIH 2018-04 (HA), Section 3)A.3.c., as HOC certifies that this disposition is in the best interest of the residents at Elizabeth House and HOC. This action is also consistent with the goals of HOC, the FY 2019 PHA Plan, and the 1937 Act.

Furthermore, HOC certifies that it meets the 75 percent threshold by converting 100 percent of the Public Housing units at Elizabeth House under the RAD program. HOC’s Section 18 Disposition also meets the requirements of the RAD Final Implementation Notice REV-3, H-2017-3, and is replacing the units proposed for disposition (up to 25 percent of the remaining Public Housing units within the Elizabeth House project) with Section 8 PBVs in accordance with 24 CFR, Part 983.

As per HUD Notice PIH 2018-04 (HA), HOC will follow the relocation requirements at 24 CFR 970.21 for this Section 18 Disposition, and not those at 49 CFR, Part 24 which implements the Uniform Relocation Act (URA). However, if subsequent acquisition, rehabilitation, or

demolition is carried out by HOC with HUD funds or if other HUD-funded activities cause residents to relocate, then URA may apply to those relocations at that time.

RAD AMP	Current Public Housing Units	On-Site PBRA Units	Replacement RAD Units	Assistance Transfer PBV Units
Elizabeth House	106	-	106	-

A. On-Site PBRA Units and Replacement RAD Units. This list enumerates the rights of those existing residents who occupy a RAD unit at the time of conversion and who either remain on-site at the RAD property after conversion or who relocate to a newly constructed Replacement RAD Unit. Occupants of these RAD units will receive PBRA. All PH units that are converting to PBRA through RAD will use Form HUD 90105-A Model Lease for Subsidized Programs with an initial lease term of one year. Complete information on these matters may be found under the heading of “Special Provisions Affecting Conversions to PBRA” in HUD’s PIH Notice 2012-32 (Section 1.7.B & C), which are incorporated herein by reference and summarized below:

- a. No re-screening of tenants upon conversion.
- b. Resident right to return to the property (or, in the case of Elizabeth House and Holly Hall, the newly constructed replacement property) if relocated as a result of conversion, irrespective of income level.
- c. Phase-in of tenant rent increase: If the rent increase is the greater of 10 percent or \$25, the increase will be phased in over three (3) years or five (5) years, as determined by HOC.
- d. Continued eligibility for Public Housing-Family Self-Sufficiency (“PH-FSS”) and Resident Opportunities and Self-Sufficiency- Service Coordinators (“ROSS-SC”) programs; provided, however, that these tenants will be given first priority for Assistance Transfer Units.
- e. Resident Participation and Funding: Residents will have the right to establish and operate a resident organization and be eligible for resident participation funding (see Attachment 1B of PIH Notice 2012-032).
- f. Termination notification: HOC must provide written notification of termination of lease within a reasonable time:
 - i. Not to exceed 30 days if health or safety of other tenants, HOC employees, or persons residing in the vicinity are threatened or in the event of drug-related or violent criminal activity or any felony conviction;
 - ii. 14 days for non-payment of rent; and
 - iii. In all other cases, the requirements at 24 CFR §880.603, as revised for RAD in PIH Notice 2012-32, the Multifamily HUD Model Lease and any other HUD multifamily administrative guidance shall apply.
- g. Grievance process: See PIH Notice 2012-32 Section 1.7.B.6. In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part

245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD is incorporating resident procedural rights to comply with the requirements of section 6 of the United States Housing Act of 1937 (the "Act"). The RAD program will require that:

- i. Residents be provided with notice of the specific grounds of the proposed owner adverse action, as well as their right to an informal hearing with HOC (as owner);
 - ii. Residents will have an opportunity for an informal hearing with an impartial member of HOC's staff (as owner) within a reasonable period of time;
 - iii. Residents will have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the owner as the basis for the adverse action. With reasonable notice to HOC (as owner), prior to a hearing and at the residents' own cost, the resident may copy any documents or records related to the proposed adverse action;
 - iv. HOC (as owner) will provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action, and the evidence HOC (as owner) relied upon as the basis for the adverse action; and
 - v. HOC (as owner) will be bound by decisions from these hearings, except if the:
 - 1) Hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing.
 - 2) Decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.
 - 3) If HOC (as owner) determines that it is not bound by a hearing decision, HOC must promptly notify the resident of this determination, and of the reasons for the determination.
- h. Establishment of Wait List. Wait lists will be kept in accordance with PIH Notice 2012-32 Section 1.7.C.
- i. Earned Income Disregard ("EID"). Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 960.255. If a tenant requests that the EID cease, or upon the expiration of the EID for such tenants, the tenant will no longer receive the EID exclusion and the Owner will no longer be subject to the provisions of 24 CFR §960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described in Section 1.7.B.3; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time (please See PIH Notice 2012-32, Section 1.7.B.7).

- B. Assistance Transfer PBV Units. HOC has determined that it will be advantageous to transfer the assistance from some of the RAD AMPs to units of similar bedroom count located at other properties controlled by HOC (or its wholly owned affiliate). During FY 2015, HOC transferred the assistance of 113 units from four RAD AMPs to become PBV subsidized units. These RAD AMPs are: (1) Seneca Ridge, (2) Parkway Woods and Ken Gar, (3) Towne Centre Place and Sandy Spring Meadow, and (4) Washington Square and Emory Grove. For a specific breakdown of the units transferred from each AMP, please see the chart below:

RAD AMP	Units
Seneca Ridge (Middlebrook Square)	16
Parkway Woods and Ken Gar	4
Towne Centre Place and Sandy Spring Meadow	9
Washington Square and Emory Grove	84

Any resident of a RAD AMP (at time of conversion) who is offered and accepts the transfer of the rental assistance to an Assistance Transfer PBV Unit is entitled to the same rights as a current resident remaining at the converted RAD Property. The assistance available at Assistance Transfer PBV Units will be PBV. Complete information on these matters may be found under the heading of “Special Provisions Affecting Conversions to PBV” in HUD’s PIH Notice 2012-32 (Section 1.6.C & D), which are incorporated herein by reference and summarized below:

- a. No re-screening of tenants upon conversion.
- b. Resident right to an assisted unit, irrespective of income level; residents of Assistance Transfer Units waive the right to return to their prior units.
- c. Phase-in of tenant rent increase: If the rent increase is the greater of 10% or \$25, the increase will be phased in over three (3) years or five (5) years, as determined by HOC.
- d. Continued eligibility for Public Housing-Family Self-Sufficiency (“PH-FSS”) and Resident Opportunities and Self-Sufficiency- Service Coordinators (“ROSS-SC”) programs.
- e. Resident Participation and Funding: Residents will have the right to establish and operate a resident organization and be eligible for resident participation funding (see Attachment 1B of PIH Notice 2012-032).
- f. Termination notification: HOC must provide written notification of termination of lease within a reasonable time:
 1. Not to exceed 30 days if health or safety of other tenants, HOC employees, or persons residing in the vicinity are threatened or in the event of drug-related or violent criminal activity or any felony conviction;
 2. 14 days for non-payment of rent; and
 3. In all other cases, the requirements at 24 CFR §880.603, as revised for RAD in PIH Notice 2012-32, the Multifamily HUD Model Lease and any other HUD multifamily administrative guidance shall apply.

- g. Grievance process. See PIH Notice 2012-32 Section 1.6.C.7.b. In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD is incorporating resident procedural rights to comply with the requirements of section 6 of the Act. RAD will require that:
 - 1. Residents be provided with notice of the specific grounds of the proposed owner adverse action, as well as their right to an informal hearing with the HOC (as owner);
 - 2. Residents will have an opportunity for an informal hearing with an impartial member of HOC's staff (as owner) within a reasonable period of time;
 - 3. Residents will have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the owner as the basis for the adverse action. With reasonable notice to the HOC (as owner), prior to hearing and at the residents' own cost, resident may copy any documents or records related to the proposed adverse action;
 - 4. HOC (as owner) will provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action, and the evidence HOC (as owner) relied on as the basis for the adverse action.
 - 5. HOC (as owner) will be bound by decisions from these hearings, except if the:
 - i. Hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing.
 - ii. Decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.
 - iii. If HOC (as owner) determines that it is not bound by a hearing decision, HOC must promptly notify the resident of this determination, and of the reasons for the determination.
 - h. Establishment of Wait List. See PIH Notice 2012-32 Section 1.6.D.4.
 - i. Earned Income Disregard ("EID"). Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 960.255. If a tenant requests that the EID cease, or upon the expiration of the EID for such tenants, the tenant will no longer receive the EID exclusion and the Owner will no longer be subject to the provisions of 24 CFR §960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described in Section 1.6.C.8; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time. (Please See PIH Notice 2012-32, Section 1.6.C.8)
- C. Relocation. There is no planned offsite relocation with the exception of the Assistance Transfer Units described above. During the rehabilitation of each RAD AMP, residents may be relocated to facilitate the rehabilitation work within the RAD AMP. All

relocations will be subject to the Uniform Relocation Act (“URA”) and HOC will arrange for and assume all costs of relocation either on-site or off-site.

- II. Vacant Units Converted Under RAD and New Tenants. After conversion under the RAD program, any new tenant of a vacant RAD Unit (whether an On-Site RAD Unit or an Assistance Transfer Unit), will be subject to the terms of HUD regulations for Project-Based Section 8. This includes the requirement that tenants have incomes no greater than eighty percent (80%) of AMI. These RAD units and their tenants will not be governed by HOC’s Admissions and Continued Occupancy Policy (“ACOP”) for its PH units. Each RAD Property will have its own Tenant Selection Plan developed to be consistent with efforts to Affirmatively Further Fair Housing and the provisions of HUD Handbook 4350.3 REV-1.

Arcola Towers, Elizabeth House, and Waverly House are each designated for occupancy by only the elderly. Holly Hall is designated for occupancy by the elderly and/or non-elderly disabled (NED) families/ individuals. Except with respect to these four properties the RAD properties and RAD units are not designated as elderly-only and there will be no age restrictions or other preferences in the admission for tenancy.

Future applicants after the RAD conversion will be screened to ensure that they meet project eligibility requirements including citizenship requirements, disclosure and documentation of social security numbers, and income limitations. They will also be screened to determine that they will be responsible residents, which will include, but not be limited to, a review of references from previous landlords, credit history, and criminal and eviction history. In addition, Resident Selection Criteria incorporates screening requirements as established for the Section 8 program in HUD Handbook 4350.3, Occupancy Requirements for Subsidized Multi-Family Housing Programs.

After conversion of the RAD Units, future applicants for units at each RAD Property will be placed on a wait list, processed for immediate occupancy or rejected. All eligibility factors will be verified in writing and will be kept in the applicant's file. The following procedure will be used if an applicant is found to be unacceptable:

- A. The applicant will be immediately notified if it is found that the applicant is ineligible because their income exceeds the appropriate income limits or because the applicant's family size is not suitable for the size of the available unit(s).
- B. If the applicant meets the eligibility criteria, they will be offered a unit or placed on a wait list.
- C. The applicant will be promptly notified, in writing, of the determination of their ineligibility. The letter will explain why the applicant is not eligible.
- D. The rejection letter will advise the applicant that they have fourteen (14) days to respond in writing or request a meeting with a representative of the owner not involved in the original determination process.
- E. The rejection letter will also inform the applicant that responding to the rejection letter does not preclude the applicant from exercising other avenues available if they feel they are being discriminated against.
- F. If the applicant responds in writing and/or after a meeting is held, the applicant will be advised, in writing, whether or not the decision has changed. The letter will be sent

within five (5) days from the date of the applicant's letter or from the date of the meeting.

- III. On-Site Unassisted Units. As a result of the transfer of assistance to off-site Assistance Transfer Units, there will be a commensurate number and type of non-RAD units located at the RAD Property (the “On-Site Unassisted Units”). The On-Site Unassisted Units allow HOC to make units at the RAD Properties available to tenants without rental assistance and, at HOC’s discretion, without income restrictions, which not only promotes the economic viability of the converted properties, but also furthers HOC’s goal to deconcentrate poverty. HOC has set an initial rent level for these On-Site Unassisted Units at or below the eighty percent (80%) AMI level. There will be no difference in unit quality or amenities between the On-Site RAD Units and the On-Site Unassisted Units. Additionally, HOC will not require any resident to move from a RAD Property. Subsidy will be transferred to the Assistance Transfer Units for those units which are currently occupied by families participating in the PH-FSS program and for vacant units. In the former case, HOC will pay the costs of relocation. As previously discussed with HUD, subsidy will be transferred to these off-site Assistance Transfer Units in the form of PBV. The Assistance Transfer Units were formerly part of one of HOC’s scattered site public housing developments that recently underwent disposition under Section 18 of the Act and are now owned by a wholly-owned affiliate of HOC. These scattered site units are currently undergoing substantial renovations. There is no external financing required for the renovation.

2. RAD Wait List Modifications

HOC opened its wait list (Housing Path) in August of 2015. In advance of the opening of the wait list, HOC undertook a comprehensive process of combining all of the Agency’s wait lists into one single list for all HOC programs. Prior to the opening of the new wait list, all applicants on HOC’s PH wait lists received notification that the lists were being purged and that they will be given priority on new site-based wait lists for the converted RAD Properties, which will be developed based upon direction provided within and in conformity with HUD Notice PIH-2012-32 (HA), REV-1 Sections 1.6.D.4 and 1.7.C.3. HOC’s new wait list policies are described in Chapter 4 of HOC’s Administrative Plan for the Housing Choice Voucher Program and in Chapter 9 of HOC’s Admissions and Continued Occupancy Policy (ACOP).

Previously, HOC’s Public Housing wait lists were not site-based or project specific, but separated into four regional lists by bedroom size with preferences for families designated as “Federal Emergency Assisted” and residents who live and/or work, or have been offered to work in the jurisdiction. The selection process for each list was by preference and then random selection by lottery. After the RAD conversions, there will be site-based wait lists for the RAD Properties (or definable portion of such property, where geographic proximity is lacking). The wait lists for each RAD Property will then be opened to the public. Opening of the RAD Properties’ wait list(s) will be announced on HOC’s website and, where required, with a public notice stating that applications for the RAD Properties will be accepted. The public notice will state where, when, and how to apply. The public notice will be published in a local newspaper of general circulation and also by any available minority media. The public notice will state any limitations as to who may apply.

Once applications are received, date and time of receipt will be recorded. The applications will be evaluated using the criteria for admission. Any applications meeting the eligibility criteria will be placed on the wait list. Applications not meeting these requirements will be rejected and not placed on the wait list. In the event that an applicant is rejected, the applicant will receive written notification. The applicant shall have fourteen (14) days from the date of the letter to respond in writing or to request a meeting to discuss the rejection. Each applicant’s position on the wait list will be determined by the date and time on which all of the applicant’s application materials are received at the office. Importantly, however, acceptance to the wait list does not automatically guarantee eligibility for a unit. Further screening as described under the eligibility section (above) will be completed at the time a unit is offered. Units will be rented to eligible applicants in accordance with the applicants’ place on the wait list.

3. RAD Assignment Modification

- A. All tenants currently participating and residing in PH units at the RAD AMPs will be admitted into converted RAD Units. After the RAD conversion, admission and selection of future tenants at these RAD Properties will be governed by HUD regulations as detailed above.
- B. Residents of RAD Units will be required to meet the following occupancy standards (as further depicted in the table below):
 - i. A single head of household or a head of household with a spousal relationship or significant other will be assigned one bedroom.
 - ii. Two members of the same gender, regardless of age, will be assigned one bedroom.
 - iii. A live-in aide will get a separate bedroom.

<u>Unit Bedroom Size</u>	<u>Family Size</u>
Efficiency	1 person
1 Bedroom	1 – 2 persons
2 Bedrooms	2 – 4 persons
3 Bedrooms	3 – 6 persons
4 Bedrooms	5 – 8 persons

- iv. Exceptions to normal bedroom size standards include the following:
 - a. Units smaller than assigned through the above guidelines – A family may request a smaller unit size than the guidelines allow. HOC will allow the smaller size unit so long as generally no more than two (2) people per bedroom are assigned.
 - b. Units larger than assigned through the above guidelines – A family may request a larger unit size than the guidelines allow. HOC will allow the larger size unit if the family provides a verified medical need that the family be housed in a larger unit.
 - c. If there are no families on the wait list for a larger size, smaller families may be housed if they sign a release form stating they will transfer (at the

family's own expense) to the appropriate sized unit when an eligible family needing the larger unit applies.

d. Larger units may be offered in order to improve the marketing of a development suffering a high vacancy rate.

C. If a RAD unit with accessible features becomes vacant, management will offer the unit in the following order of priority: first, to a current resident of the RAD property who requires the accessible feature; then second, to an eligible qualified applicant on the RAD property's wait list who requires the feature; and third, to an eligible qualified applicant on the RAD property's wait list without a disability.

4. Deconcentration of Poverty

As a result of the transfer of assistance to off-site Assistance Transfer Units, there will be a commensurate number and type of On-Site Unassisted Units. These On-Site Unassisted Units allow HOC to make units at the RAD properties available to tenants without rental assistance and, at HOC's discretion, without income restrictions, which not only promotes the economic viability of the converted properties, but also furthers HOC's goal to deconcentrate poverty.

5. Conversion of Public Housing

HOC's conversion of PH units to RAD Units under the RAD program was designed to entail (i) the renovation of 268 single family and townhome units in 3 RAD AMPs, (ii) the renovation of 141 units at two elderly properties in 2 RAD AMPs, (iii) the construction of 256 new units to replace the existing units which will be demolished at an elderly property and property designated for elderly and Non-Elderly Disabled (NED) residents in 2 RAD AMPs, and (iv) the transfer of assistance for 113 units from four separate RAD AMPs to newly renovated single-family homes.

During FY 2015, HOC completed the above described transfer of assistance step with all 113 units that were planned to have their PH assistance transferred off-site to PBV assistance. This process included four RAD AMPs: (1) Seneca Ridge, (2) Parkway Woods and Ken Gar, (3) Towne Centre Place and Sandy Spring Meadow, and (4) Washington Square and Emory Grove.

During FY 2016, HOC completed the conversion of all of the units at the Arcola Towers (141) and Waverly House (158) RAD AMPs to PBRA.

Arcola Towers is a 141 unit elderly high-rise property consisting of 141 one-bedroom units. It is located at 1135 University Boulevard in Silver Spring, MD 20902. The Arcola Towers units were substantially rehabilitated during FY 2017 and FY 2018. The building and housing units now meet Enterprise Green Communities standards. All work performed was completed under the International Existing Building Code (IEBC) and all applicable Montgomery County construction codes.

Waverly House is a 158 unit elderly high-rise property consisting of 156 one-bedroom units and 2 two-bedroom units, originally constructed in 1978. It is located at 4521 East West Highway in Bethesda, MD 20814. The Waverly House units were substantially rehabilitated during FY 2017 and FY 2018. The building and housing units now meet Enterprise Green Communities

standards. All work performed was completed under the International Existing Building Code (IEBC) and all applicable Montgomery County construction codes.

During FY 2018, HOC completed the conversion of all of the units at the Holly Hall (96) RAD AMP to PBRA and converted 54 of the 160 units at the Elizabeth House RAD AMP. The remaining 106 units at Elizabeth House are scheduled for RAD conversion in early FY 2019. Upon their conversion HOC will complete its RAD conversion process.

Holly Hall is a 96 unit property consisting of one efficiency unit, 53 one-bedroom units, and 42 two-bedroom units, originally constructed in 1965. It is located at 10110 New Hampshire Avenue in Silver Spring, MD 20903. This property is designated exclusively for elderly and non-elderly disabled residents. The former public housing units at Holly Hall are scheduled for demolition and will be replaced with newly constructed units at multiple properties in Montgomery County. All of the former PH residents from Holly Hall are moving to a combination of the following new properties:

Property Name	Property Location
900 Thayer	900 Thayer Avenue, Silver Spring, MD 20910
Park View at Aspen Hill	3132 Bel Pre Road, Aspen Hill, MD 20906
Victory Crossing	1090 Milestone Drive, White Oak, MD 20904
Victory Haven	9616 Main Street, Damascus MD 20872

The final HOC property scheduled for RAD conversion is Elizabeth House. Elizabeth House is a 160 unit elderly high-rise property consisting of 40 efficiencies, 100 one-bedroom units, and 20 two-bedroom units, originally constructed in 1970. It is located at 1400 Fenwick Avenue in Silver Spring, MD 20910. Fifty-four of the 160 PH units at Elizabeth House completed their conversion to PBRA in FY 2018. All 54 of the former PH residents from Elizabeth House are moving to a combination of the same four new properties as the former residents of Holly Hall described above.

All of the former public housing units at Elizabeth House are scheduled for demolition. A replacement building, Elizabeth Square, will be constructed on an adjacent site. The final scope for the new construction will be developed in conjunction with HOC’s selected architect. After construction, the building and housing units are expected to meet Enterprise Green Communities standards. All work to be performed will be completed under the International Existing Building Code (IEBC) and all applicable Montgomery County construction codes. The 106 remaining PH residents at Elizabeth House will move to a combination of the new Elizabeth Square property and the same four new properties as the former PH residents of Holly Hall and the 54 already converted residents of Elizabeth House.

Significant Amendment – November 2018

During FY 2019, HOC will use a Section 18 Disposition to convert 26 of the remaining 106 Public Housing units at Elizabeth House to Project-Based Voucher (PBV) units at Elizabeth House III. This action is consistent with HUD Notice PIH 2018-04 (HA), Section 3)A.3.c., as HOC certifies that this disposition is in the best interest of the residents at Elizabeth House and HOC. This action is also consistent with the goals of HOC, the FY 2019 PHA Plan, and the 1937 Act.

Furthermore, HOC certifies that it meets the 75 percent threshold by converting 100 percent of the Public Housing units at Elizabeth House under the RAD program. HOC’s Section 18 Disposition also meets the requirements of the RAD Final Implementation Notice REV-3, H-2017-3, and is replacing the units proposed for disposition (up to 25 percent of the remaining Public Housing units within the Elizabeth House project) with Section 8 PBVs in accordance with 24 CFR, Part 983.

As per HUD Notice PIH 2018-04 (HA), HOC will follow the relocation requirements at 24 CFR 970.21 for this Section 18 Disposition, and not those at 49 CFR, Part 24 which implements the Uniform Relocation Act (URA). However, if subsequent acquisition, rehabilitation, or demolition is carried out by HOC with HUD funds or if other HUD-funded activities cause residents to relocate, then URA may apply to those relocations at that time.

6. Designated Housing for Elderly and/or Disabled Families

HOC has approved the following developments for Designated Housing:

Designation of Public Housing Activity Description
Development name: Elizabeth House
Development (project) number: MD004511402
Designation type: Occupancy by only the elderly
Application status: Approved
Date this designation was Approved: 1/2015
Number of units affected: 158

7. Project-Based Vouchers

HOC currently operates a Project-Based Voucher (PBV) program within its Housing Choice Voucher (HCV) program. The rules governing HOC’s PBV program are enumerated in Chapter 22 of HOC’s Administrative Plan for the Housing Choice Voucher Program. As described in HOC’s Administrative Plan, the program goals for the Project-Based Voucher (PBV) Program are as follows:

- a. To contribute to the improvement and long-term viability of the area’s housing stock.
- b. To increase the supply of affordable housing and location choice for very low-income households.
- c. To integrate housing and supportive services such as education, case management, job training, and day care to help families and individuals achieve stability and self-reliance.
- d. To promote the coordination and leveraging of resources of public, semi-public, or nonprofit agencies with compatible missions.

During FY 2017, HOC posted a Request for Proposals (RFP) for its PBV program. HOC received requests for a total of 90 units, of which 56 were approved. This competitive selection process utilized the selection criteria described in HOC’s Administrative Plan ensuring compliance with

PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 24 CFR 983.57 and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions for the Housing Choice Voucher program.

As per the Code of Federal Regulations (CFR) at 24 CFR 983.6 and HOC’s Administrative Plan, the maximum amount of PBV assistance that HOC may provide is up to 20 percent of the amount of budget authority allocated to the Agency by HUD. HOC currently has 683 PBV units located throughout Montgomery County, Maryland, including Silver Spring, Aspen Hill, Bethesda, Montgomery Village, Gaithersburg, Rockville, Germantown, Chevy Chase, Wheaton, Takoma Park, Clarksburg, and Boyds.

B.4 Most Recent Fiscal Year Audit

(b) There were two findings in HOC's most recent FY Audit. All recommendations have been followed to remedy these finding. Excerpted below are the details of this finding:

1. Condition/Context:

The Commission’s internal controls did not always ensure that tenant files included all required documentation. Exceptions noted in five out of 40 files tested. Two files did not include the required signed documents. Three files did not include supporting documentation for the income calculation.

Recommendation:

It is recommended that the Commission review the checklists used by housing specialists when they complete annual recertifications to ensure that the checklists adequately identify all of the information required.

HOC Response:

The Commission acknowledges the eligibility finding however would like to elucidate that all required verification forms were in the client files. Two of the five files included signed documents, though not dated.

Currently all annual recertifications are completed by mail. To ensure that HOC obtains all of the required forms with client dates and signatures, the Commission will schedule client appointments if the submitted paperwork is missing or incomplete. Upon receipt of the recertification paperwork, the Housing Specialists will review for accuracy and completion. If client forms, signatures, or dates are missing, the Housing Specialists will schedule an individual client appointment within five days of receipt of the recertification paperwork.

The Housing Specialists will continue to utilize the checklist to ensure receipt of all required documentation prior to completion of the action. Staff from the Housing Resources Division Management Team will continue to conduct monthly quality control reviews and identify corrective actions.

2. Condition/Context:

The Commission’s internal controls did not always ensure that annual inspections or failed inspections were performed timely and/or properly documented. Exceptions noted in seven

out of 80 files tested for special tests and provisions relating to inspection compliance requirements. Exceptions noted in six out of 40 failed inspections tested. Four files did not include a passed inspection and the Commission did not take proper action to enforce the HAP contract. One out of 40 files tested for annual HQS inspections was not inspected on an annual basis.

Recommendation:

It is recommended that management review the Commission's policy relating to inspections to determine whether any changes are necessary to ensure compliance.

HOC Response:

The Commission has modified procedures to ensure more internal quality control of the inspection process. The modified procedures include:

- Procurement of a new third party vendor for inspections;
- Addition of expanded reporting requirements;
- On-going staff training; and
- Completion of multiple internal audits by HOC's Compliance Division.

B.5 Progress Report

HOC continues to make positive strides toward meeting the mission and goals described in its FY 2015-2019 Five-Year Plan. Below are some highlights of HOC's efforts over this past year:

- HOC has developed and is developing affordable, mixed-use developments in Montgomery County.
- HOC continued to utilize and improve its resident services and customer service through its two customer service centers, one down-County in Silver Spring and the second up-County in Gaithersburg.
- HOC has used the RAD program to begin disposing its PH portfolio, already converting nine former PH properties to PBRA and/or PBV assistance.
- HOC continues its efforts through newsletters and forums to reach out to landlords for the voucher program.
- HOC has continued to work with staff, other local agencies, and outside partners to enhance its fair housing efforts.

Violence Against Women Act (VAWA):

To help meet the goals of the Violence Against Women Act (VAWA), HOC provides support and referrals to counseling for victims of domestic violence, dating violence, sexual assault, or stalking. HOC's partner, the Montgomery County Department of Health and Human Services, features an Abused Persons Program (240-777-4673) which provides 24-hour services, including access to counseling and shelters. HOC has an Agency-wide VAWA Policy which clearly defines and describes HOC's efforts to ensure that VAWA victims retain their housing assistance. HOC also assists victims with referrals to obtain restraining orders.

On November 16, 2016, the U.S. Department of Housing and Urban Development (HUD) published a new Final Rule implementing the housing protections authorized in the Violence Against Women

Reauthorization Act of 2013 (“VAWA 2013” or “2013 Act”). Despite the VAWA 2013 Final Rule’s identification that a formal PHA policy is not required in order to implement the provisions of VAWA 2013, HOC’s Commission chose to develop a single, stand-alone VAWA policy which describes HOC’s commitment to VAWA adherence and enforcement.

HOC’s new VAWA Policy has the following principal goals and objectives:

- A. Maintaining compliance with all applicable legal requirements imposed by VAWA;
- B. Ensuring the physical safety of victims of actual or threatened domestic violence, dating violence, sexual assault, or stalking who are assisted by HOC;
- C. Providing and maintaining housing opportunities for victims of domestic violence, dating violence, sexual assault, or stalking;
- D. Creating and maintaining collaborative arrangements between HOC, law enforcement authorities, victim service providers, and others to promote the safety and well-being of victims of actual and threatened domestic violence, dating violence, sexual assault, or stalking, who are assisted by HOC; and
- E. Taking appropriate action in response to an incident or incidents of domestic violence, dating violence, sexual assault, or stalking, affecting individuals who HOC assists.

Additionally, HOC’s new VAWA Policy states the Agency’s commitment to cooperate with organizations and entities, both private and governmental, which provide shelter and/or services to victims of domestic violence. If HOC staff becomes aware that an HOC assisted individual is a victim of domestic violence, dating violence, sexual assault, or stalking, HOC will refer the victim to such providers of shelter or services as appropriate. While HOC’s VAWA Policy does not create any legal obligation requiring HOC either to maintain a relationship with any particular provider of shelter or services to victims of domestic violence, dating violence, sexual assault, or stalking or to make a referral in any particular case, HOC’s Emergency Transfer Plan does describe providers of shelter or other services to victims of domestic violence, dating violence, sexual assault, or stalking with which HOC has referral or other cooperative relationships.

Lastly, HOC’s new VAWA Policy incorporates and explains the Agency’s use of the following four HUD documents required as per the VAWA 2013 Final Rule:

- 1. Notice of Occupancy Rights under the Violence Against Women Act
- 2. Model Emergency Transfer Plan for Victims of Domestic Violence
- 3. Certification of Domestic Violence
- 4. Emergency Transfer Request for Victims of Domestic Violence

EXHIBIT B

Revised Administrative Plan for the Housing Choice Voucher Program

[attached]

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK** and proposed changes are in **RED**.

Chapter 22

HOUSING CHOICE VOUCHER PROJECT-BASED PROGRAM

[24 CFR 983]

G: PROJECT DESCRIPTIONS OF PROJECT-BASED VOUCHER ASSISTANCE PROVIDED USING A NON-COMPETITIVE SELECTION PROCESS

Each property or site which will receive PBVs through the non-competitive selection process provided for in this Administrative Plan, are identified below.

1. In December of 2017, HOC used the non-competitive selection process provided for herein to award HOC 40 Project-Based Vouchers (PBV). These vouchers are reserved for use at HOC's Park View apartment project. Park View is a new construction, age-restricted property which is currently under development, and is expected to open for occupancy in April of 2019. Park View is located at 3132 Bel Pre Road in Aspen Hill, Maryland. HOC is developing Park View as a mixed-income property with a total of 120 units. HOC expects to exceed the required minimum threshold of \$25,000 in hard costs per unit during construction of Park View. At closing, Park View had an estimated hard cost per unit of \$142,610.
2. In November of 2018, HOC used the non-competitive selection process provided for herein to award HOC 26 Project-Based Vouchers (PBV). These vouchers are reserved for use at HOC's Elizabeth House III apartment project. Elizabeth House III is a new construction, age-restricted property which is currently under development, and is expected to open for occupancy in 2021. Elizabeth House III is located in downtown Silver Spring, Maryland; an area rich in amenities, including multiple public transit, entertainment, employment, education, and retail options. HOC is developing Elizabeth House III as part a mixed-income group of properties known together as Elizabeth Square. The full Elizabeth House III will include approximately 267 units. HOC expects to exceed the required minimum threshold of \$25,000 in hard costs per unit during construction of Elizabeth House III.

Deliberation and/or Action

Acceptance of HOC FY'18 Audited Financial Statements, Single Audit Report, and Management Letter

November 7, 2018

- HOC received an unqualified audit opinion on the Financial Statement Audit.
- HOC received a modified (qualified) audit opinion on the Section 8 Housing Choice Voucher Program; an unmodified (unqualified) opinion on the Continuum of Care program and an unmodified (unqualified) opinion on the Housing Finance Agencies Risk Sharing Program.
- There are material weaknesses and significant deficiencies reported in the internal controls over compliance for both the Section 8 Housing Choice Voucher Program and the Continuum of Care Program.
- HOC received a Management Letter with one item: (1) Audits of Blended Component Units.

Single Audit Report

Attached is the final draft of the Single Audit Report for FY'18. The signed bound copies will be distributed by CliftonLarsonAllen LLP on November 7, 2018. No changes are expected. HOC received a qualified opinion on the housing choice voucher program and an unqualified opinion on the Continuum of Care program and the Housing Finance Agencies Risk Sharing Program. There are material weaknesses and significant deficiencies reported in the internal control over compliance for the Section 8 Housing Choice Voucher Program and the Continuum of Care Program.

Finding 2018-001: Housing Choice Voucher Cluster, CFDA No. 14.871/14.879

Condition/Context: During our testing, we noted the Commission's internal controls did not always ensure that the tenant files included all required documentation. We also noted that income and expenses were not always properly calculated, and as a result, HAP expense was not always properly calculated.

Management's Action Taken in Response to Finding: The Commission acknowledges the eligibility finding and continues to proactively address the issue. The HRD Management Team along with the Compliance Department conduct monthly quality control reviews. Staff currently utilize the checklist to acquire complete information however the checklist does not identify accuracy of rental calculations. As a result, staff continue to receive internal refresher trainings, monthly and will be required to attend a credentialing refresher within the next 12 months.

Lynn Hayes is the contact responsible for this corrective action.

Finding 2018-002: Housing Choice Voucher Cluster, CFDA No. 14.871/14.879

Condition/Context: During our testing, we noted that the Commission's internal controls did not always ensure that annual inspections or failed inspections were performed timely and/or properly documented.

Management's Action Taken in Response to Finding: The Commission has modified procedures to ensure more internal quality control of the inspection process: The procedures include:

- Acquisition of a new third party vendor for inspections;
- Additional training for staff to ensure inspections are attached to current units;
- Ensuring that inspections are scheduled by the annual inspection date, not the annual recertification dates;
- Verifying that the new third party vendor is mailing notices timely and sending the Commission copies daily; and
- In-depth review by the Commission's internal Compliance Division.

Renee Harris is the contact responsible for this corrective action.

Finding 2018-003: Housing Choice Voucher Cluster, CFDA No. 14.871/14.879

Condition/Context: During our testing we noted the Commission’s internal controls did not always ensure that rent reasonableness was properly determined and documented in the tenant files.

Management’s Action Taken in Response to Finding: The Commission acknowledges the rent reasonableness finding and continues to proactively address the issue. The HRD Management Team along with the Compliance Department conducts monthly quality control reviews. The findings identified in this audit are not systemic, but are limited to a few Housing Specialists.

The HRD Management Team will increase the sample size of reviewed files to identify and reduce the error rate.

Lynn Hayes is the contact responsible for this corrective action.

Finding 2018-004: Continuum of Care – CFDA No. 14.267

Condition/Context: During our testing, we noted the Commission’s internal controls did not always ensure that tenant files included all required documentation. We also noted that the tenant rent in some cases exceeded the limits defined by HUD regulations because the program used the minimum rent guidelines set by the Commission.

Management’s Action Taken in Response to Finding: In March of 2018 the Permanent Supportive Housing group (“PSH”) changed the rent policy in compliance with the grant regulations. PSH staff have all been trained on the policy update and are clear with regards to zero income households.

Mary Phillips, LCSW-C is the contact responsible for this corrective action.

Finding 2018-005: Continuum of Care – CFDA No. 14.267

Condition/Context: During our testing, we noted the Commission’s internal controls did not always ensure that tenant files included all required documentation.

Management’s Action Taken in Response to Finding: Mandatory HUD program policy require the PSH group generate a rent reasonableness report annually for every rent increase or new lease up. Current program practice requires each rent reasonableness report be recorded in the client electronic file under the client t-code. The Program has implemented random internal audits to ensure compliance and reviewed policy with staff.

Mary Phillips, LCSW-C is the contact responsible for this corrective action.

Management Letter

A requirement when performing an audit of an entity's financial statements is to write a Management Letter which communicates audit related findings related to internal controls to Management's Commission as required by SAS No. 112.

The Commission received Management Letter comments in the following area: Audits of Blended Component Units. Please see attached letter and management's response.

BUDGET IMPACT:

None. A funding source for the audit is budgeted during the HOC budget process each year.

TIME FRAME:

Action is requested at the November 8, 2018 Commission meeting. The Audited Financial Statements must be published by December 1, 2018.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends to the full Commission acceptance of the HOC FY'18 Audited Financial Statements, Single Audit Report, and Management Letter.

RESOLUTION NO. 18-92

**RE: Acceptance of HOC FY'18
Audited Financial Statements
Single Audit Report, and
Management Letter**

WHEREAS, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'18, which included the FY'18 Audited Financial Statements, Single Audit Report, and Management Letter, to the Housing Opportunities Commission of Montgomery County (the "Commission"); and

WHEREAS, at a meeting held on November 7, 2018, the Commission reviewed the FY'18 Audited Financial Statements, Single Audit Report, and Management Letter.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accepts the FY'18 Audited Financial Statements, Single Audit Report, and Management Letter prepared by CliftonLarsonAllen LLP.

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

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, Maryland, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the audited basic financial statements and related notes. This discussion and analysis is focused on the activities of the Commission as a primary governmental entity.

Financial Highlights

- The Commission's net position increased by \$18.0 million during fiscal year 2018 but was offset by a decrease of \$31.3 million due to the required implementation of GASB 75, which required a restatement of the beginning net position. This resulted in a net decrease in net position of \$13.3 million (or 5.4%) compared to the \$247.6 million balance at June 30, 2017. Note 1 (New Accounting Pronouncements) provides detailed information about the GASB 75 implementation.
- The Commission's current ratio (ratio of current assets to current liabilities) increased from 1.94 at June 30, 2017 to 2.52 at June 30, 2018 due to an increase in restricted cash and cash equivalents coupled with a decrease in the short-term mortgage, notes and loans payable.
- Outstanding mortgage and construction loans receivable decreased from \$308.3 million at June 30, 2017 to \$288.4 million at June 30, 2018. This is attributed to a decrease in Multifamily mortgages receivable under the 1996 Indenture from Arcola RAD LP and Waverly RAD LP and a decrease in Single Family mortgage loans receivable due to current year loan receipts.
- The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased by 7.3% from \$95.5 million in fiscal year 2017 to \$102.5 million in fiscal year 2018.
- During fiscal year 2018, the Multifamily Sub-fund issued bonds for \$12.0 million under the 1996 Indenture to finance Greenhills Apartment LP. The Multifamily Sub-Fund retired and refunded bonds in the amount of \$9.9 million which consisted of \$8.1 million from the 1996 indenture, \$1.0 million from the 2002 Multiple Purpose Bonds, \$0.5 million from the Housing Development Bonds County Guaranty Indenture and \$0.3 million from other indentures.
- The Single Family Sub-fund issued bonds for \$38.5 million under the 1979 indenture to finance mortgage loans for qualifying first-time home buyers. During fiscal year 2018, the Single Family Sub-fund retired and refunded bonds in the amount of \$26.6 million which consisted of \$19.0 million from the 1979 indenture and \$7.6 million from the 2009 indenture.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The annual financial report is comprised of three components: management's discussion and analysis, the financial statements, and notes to the financial statements.

The financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business. These statements are prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the statement of revenues, expenses, and changes in net position.

The statement of net position presents information on all of the Commission's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information on how the Commission's net position changed during the fiscal year.

The statement of cash flows explains the sources and uses of cash during the fiscal year.

The Commission maintains only proprietary funds. Such funds are accounted for in a manner similar to that of businesses operating in the private-sector. Proprietary funds provide both long- and short-term financial information. The following is a brief description of the activity accounted for in each of the sub-funds.

Sub-Funds

General Sub-Fund – the Commission's primary operating fund. The entire administration and overhead of the Commission is maintained within this fund. In addition, in FY 2014, HUD required all public housing authorities to implement a Central Office Cost Center (COCC). As a result, the General Sub-fund was split into two components: one to reflect Agency overhead related to Federal programs and corresponding Fee Income, and one to reflect the Agency overhead related to Non-Federal Programs. All activities are consolidated for reporting purposes under the General Sub-Fund.

Opportunity Housing Sub-Fund – accounts for properties that provide affordable housing to low and moderate income residents. Properties owned by the Commission make up the primary assets in this fund.

Public Sub-Fund – accounts for grants from federal, state, and county governments. These grants are used to provide Housing Assistance Payments and supportive services for residents. Activities related to Public Housing and the Housing Choice Voucher Programs are maintained in this fund.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Single Family Sub-Fund – accounts for taxable and non-taxable bonds. These bonds are used to finance mortgage loans for qualifying first-time homebuyers. The primary assets are mortgage loans receivable and restricted cash and investments.

Multifamily Sub-Fund – accounts for taxable and non-taxable bonds. These bonds are used to finance the acquisition, rehabilitation, and/or construction of affordable multifamily housing. The primary assets are mortgage loans receivable and restricted cash and investments.

Discretely Presented Component Units

Real Estate Limited Partnerships – The Commission is the managing general partner in 16 real estate limited partnerships. Fourteen of the partnerships have calendar year ends and two have a June 30 fiscal year end.

The Commission is the sole member and 100% owner of HOC at Hillandale Gateway LLC (HOC Hillandale), a Maryland limited liability company, which is addressed as a blended component unit. HOC Hillandale is an owner member of Hillandale Gateway LLC, which has a December 31 fiscal year end and is included as a discrete component unit.

The Commission is the managing member and 50% owner of CCL Multifamily LLC, a Maryland limited liability company, which is addressed as a partnership with a private foundation. CCL Multifamily LLC, in turn, owns the Lindley, a 200-unit mixed-income apartment building under construction with projected completion by January 2019. This entity has a December 31 fiscal year end and is included as a discrete component unit.

Accordingly, the amounts that comprise the aggregate Balance Sheet and Statement of Operations of the Discretely Presented Component Units described above are as of and for the respective year ends that fall within the year ended June 30, 2018.

Blended Component Units

Development Corporation – The Commission has 33 properties that are considered blended component units and presented with the Opportunity Housing Sub-Fund in the appropriate fund financial statement and combining statements.

Financial Analysis of the Commission as a Whole

The Commission's total net position in fiscal year 2018 decreased by 5.4%.

Net investment in capital assets is -16.2% of the Commission's net position. These capital assets are used primarily to provide housing to low-income residents.

39.2% of the Commission's net position reflects cash and investments, which are restricted as to their use. The preponderance of these restricted assets are used to finance and fund low-income housing.

77.0% of the Commission's net position is unrestricted. These non-restricted resources are used in the operations of the Commission.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Housing Opportunities Commission's Net Position
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Assets:				
Current Assets	\$ 345.7	\$ 330.2	\$ 15.5	4.7%
Other Assets	117.7	94.4	23.3	24.7%
Capital Assets	562.0	405.2	156.8	38.7%
Mortgage and Construction Loans Receivable	270.5	269.9	0.6	0.2%
Total Assets	1,295.9	1,099.7	196.2	17.8%
Deferred Outflows of Resources	12.4	17.8	(5.4)	(30.3)%
Liabilities:				
Current Liabilities (Including Current Portion of Long-Term Debt and Bonds Payable)	137.2	170.0	(32.8)	(19.3)%
Noncurrent Liabilities:				
Bonds Payable	482.7	469.8	12.9	2.7%
Other Liabilities	442.5	227.4	215.1	94.6%
Total Liabilities	1,062.4	867.2	195.2	22.5%
Deferred Inflows of Resources	11.6	2.7	8.9	329.6%
Net Position				
Net Investment in Capital Assets	(38.0)	(12.0)	(26.0)	216.7%
Restricted for:				
Debt Service	85.7	80.7	5.0	6.2%
Customer Deposits and Other	1.8	1.6	0.2	12.5%
Closing Cost Assistance Program	4.3	3.9	0.4	10.3%
Unrestricted	180.5	173.4	7.1	4.1%
Total Net Position	\$ 234.3	\$ 247.6	\$ (13.3)	(5.4)%

Total assets of the Commission increased by \$196.2 million or 17.8%, with a corresponding increase in total liabilities of \$195.2 million or 22.5% from fiscal year 2017.

The increase in total assets was largely attributed to acquisition of Cider Mill Apartments, renovation expenses at Alexander House Development Corporation and pre-development expenses at Elizabeth House. In addition, Shady Grove Apartments LP, Manchester Manor Apartments LP, The Willows LP and Camp Hill Square were included in the Opportunity Housing portfolio. The net increase in total assets is partially offset by the sale of Greenhills Apartment and 900 Thayer to their respective Limited Partnerships.

Based on Government Accounting Standards Board (GASB) 53, *Accounting and Financial Reporting for Derivative Instruments*, the termination value of all swaps, either negative or positive, are presented as either deferred outflows or inflows in the statement of net position. HOC had a net negative fair value of \$2.3 million as a net result of a negative fair value of \$4.2 million in the Single Family Sub-fund and the Multifamily Sub-fund which was partially offset by a net positive fair value of \$1.9 million in the Chevy Chase Lake FFB Hedge and the Alexander House FFB Hedge.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Housing Opportunities Commission's Changes in Net Position
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Operating Revenues				
Dwelling Rental	\$ 77.5	\$ 68.0	\$ 9.5	14.0%
Governmental Grants	128.5	118.4	10.1	8.5%
Investment Income	4.4	3.8	0.6	15.8%
Unrealized Gains (Losses) on Investments	(2.9)	(3.5)	0.6	(17.1)%
Interest on Mortgages and Construction Loans Receivable	9.7	11.1	(1.4)	(12.6)%
Management Fees and Other Income	13.1	12.8	0.3	2.3%
Total Operating Revenues	230.3	210.6	19.7	9.4%
Operating Expenses				
Housing Assistance Payments	102.5	95.5	7.0	7.3%
Administration	43.8	39.4	4.4	11.2%
Maintenance	18.7	17.0	1.7	10.0%
Depreciation and Amortization	15.6	14.3	1.3	9.1%
Utilities	5.9	4.9	1.0	20.4%
Fringe Benefits	10.9	11.3	(0.4)	(3.5)%
Interest Expense	22.7	21.9	0.8	3.7%
Other Expenses	13.1	11.6	1.5	12.9%
Total Operating Expenses	233.2	215.9	17.3	8.0%
Operating Income (Loss)	(2.9)	(5.3)	2.4	(45.3)%
Nonoperating Revenues, Net	14.6	32.3	(17.7)	(54.8)%
Income Before Contributions	11.7	27.0	(15.3)	(56.7)%
Transfers From Discrete Component Units	4.3	-	4.3	100.0%
Capital Contributions	2.0	0.2	1.8	900.0%
Change in Net Position	18.0	27.2	(9.2)	(33.8)%
Total Net Position - Beginning of Year, as restated	216.3	220.4	(4.1)	(1.9)%
TOTAL NET POSITION - END OF YEAR	\$ 234.3	\$ 247.6	\$ (13.3)	(5.4)%

In January 2006, HUD issued PIH Notice 2006-03, which requires that the Annual Budget Authority (ABA) that the Commission receives be reported as income in the same fiscal year regardless of the total housing assistance payments incurred. As of June 30, 2018, the Commission has recorded all ABA received as income.

Governmental grants increased by \$10.1 million as a result of an increase in HUD and County subsidies.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

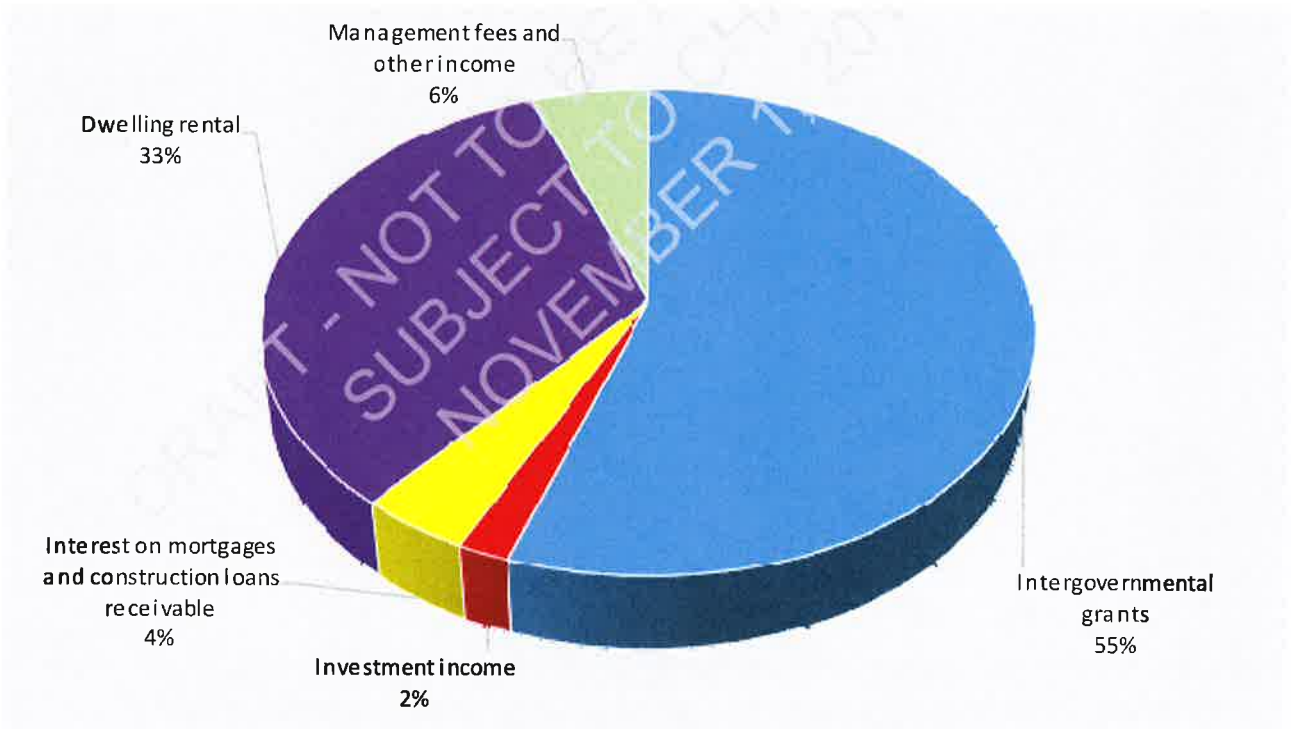
Unrealized losses on investments decreased by \$0.6 million in FY 2018. The unrealized losses in FY 2018 were due to changes in interest rates and the investing environment.

Operating interest on mortgages receivable decreased by \$1.4 million as a result of a decrease in the average outstanding mortgages in the Single Family Sub-fund.

Management fees and other income increased by \$0.3 million mainly due to the increase in loan management fees and development fees partially offset by a decrease in other miscellaneous income.

The following chart illustrates the Commission's sources of revenue as a percentage of total operating revenue. The primary sources of operating revenue for the Commission are grants from federal, state, and local governments, and dwelling rental income.

FY 2018 SOURCES OF OPERATING REVENUE

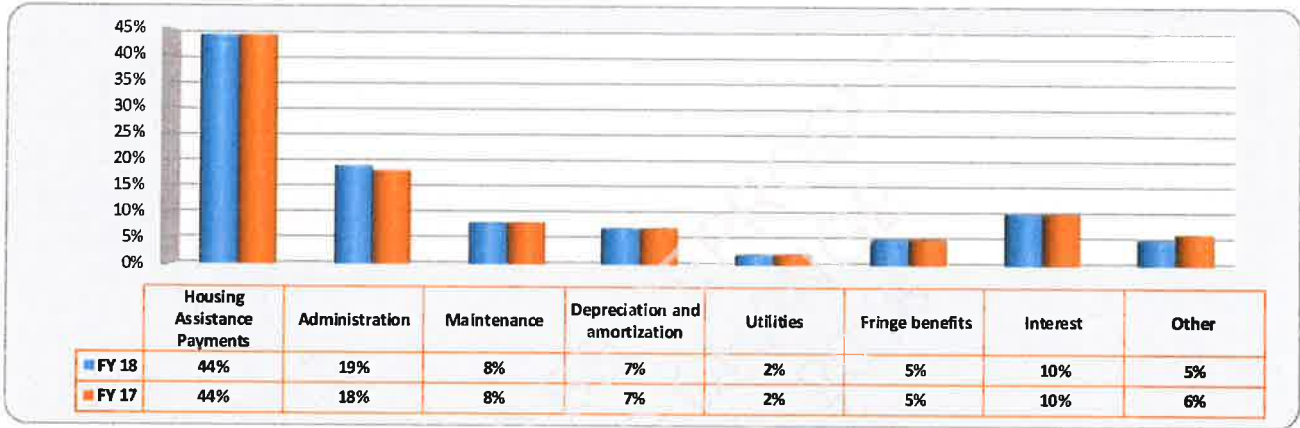


Non-operating revenue decreased by \$17.7 million mainly due to a drop in property sales. In FY2017, net gain from the sale of land at Chevy Chase Lake and Alexander House affordable units amounted to \$30.6 million as compared with \$13.5 million from the sale of Greenhills Apartments and 10 Chevy Chase Lake townhouse units in FY 2018. An increase of \$0.6 million in non-operating expenses also contributed to a decrease in non-operating income.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

The following chart is a comparison of the Commission's current and prior year operating expenses as a percentage of total expenses:

FY 2018 OPERATING EXPENSES



Housing Assistance Payments are the major contributor to the total operating expenses of the Commission and remain flat at 44% of the total operating expenses.

The proportionate shares of administrative expenses, maintenance, depreciation & amortization, fringe benefits, interest expense and other expense categories have not changed significantly from the prior year.

Housing Opportunities Commission's Capital Assets
Net of Accumulated Depreciation
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Property and Equipment, Net of Depreciation	\$ 562.0	\$ 395.2	\$ 166.8	42.2%
Capitalized Lease (Net of Amortization)	-	10.0	(10.0)	(100.0)%
Total Capital Assets, Net	\$ 562.0	\$ 405.2	\$ 156.8	38.7%

Real property is depreciated using the straight line method over a 40-year period. During the year, the Commission acquired assets of approximately \$216.4 million which includes transfers of \$12.5 million, while disposing of capital assets with a net book value of approximately \$34.3 million. Depreciation expense of \$15.3 million also decreased the net book value of the assets. The increase is largely attributable to the acquisition of Cider Mill Apartments, renovation work at Alexander House Development Corporation, pre-development expenses at Elizabeth House and the transfer of three (3) discretely presented component units and a 236 property to the agency.

The decrease is mainly due to the sale of Greenhills Apartments and 900 Thayer to their respective limited partnerships. Note 4 (Capital Assets) provides detailed information about capital asset activity.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Housing Opportunities Commission's Outstanding Debt
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Multifamily Bonds	\$ 303.9	\$ 301.7	\$ 2.2	0.7%
Single Family Mortgage Purchase Program Bonds	222.8	210.9	11.9	5.6%
Mortgage Notes and Loans Payable	356.1	165.6	190.5	115.0%
Capitalized Lease Obligation	-	19.9	(19.9)	(100.0)%
Loans Payable to Montgomery County	58.1	62.9	(4.8)	(7.6)%
Total	\$ 940.9	\$ 761.0	\$ 179.9	23.6%

The following are key elements of the Commission's outstanding debt as of June 30, 2018:

- As of June 30, 2018, \$303.9 million of Multifamily mortgage bonds was outstanding. Sources of payments for the bonds are Multifamily mortgages receivable of \$278.7 million and restricted cash, cash equivalents and investments of \$65.2 million.
- As of June 30, 2018, \$222.8 million of Single Family mortgage bonds was outstanding. Sources of payment for the bonds are Single Family mortgages receivable of \$81.8 million and restricted cash, cash equivalents and investments of \$164.5 million.

The outstanding debt is secured by real estate or by first mortgages on real estate. The exception is the closing cost assistance program.

Note 8 (Bonds, Mortgage Notes, and Loans Payable) provides detailed information about long-term debt activity.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Economic Outlook

HOC's FY 2019 budget reflects the urgency of our mission and aligns with the Commission's 2018 - 2022 strategic plan. As Housers, our work is focused on just three things: Getting People Housed; Keeping People Housed; and Helping Customers Reach Their Fullest Potential.

One of the most important ways we do this is by creating Community Connected Housing and serving the whole family. Community Connected Housing exists in "healthy" neighborhoods that provide strong employment, educational and recreational access as well as environmental amenities that include local service institutions. HOC has set a course that continues to invest in housing assets so we expand and preserve the county's affordable housing supply. We will do this by enhancing affordability and increasing the availability of housing resources within the county.

To accomplish this, HOC employs diverse financing and development strategies to get people housed and meet the range of affordable housing needs in the county. One example is the way we have maximized HUD's Rental Assistance Demonstration (RAD) Program. We are positioned to increase the overall supply of mixed-income affordable housing in Montgomery County, creating integrated communities where crucial resources exist. HOC's ability to pivot toward more sustainable funding has resulted in significant reinvestment in our real property assets. As a result, we are able to provide stable, high-quality and amenity-rich affordable housing on which families can depend.

HOC will keep people housed by ensuring that the units are maintained to the highest standards and that customers remain connected to their community. By offering service connections and counseling services to at-risk households, HOC helps increase housing stability for vulnerable populations, including seniors and persons with disabilities. Over the past year, HOC customers have benefited from increased programming on financial literacy and budget counseling in addition to other supportive services that helps keep families housed. Developing and implementing interventions that meet customers where they are along the spectrum of housing needs is crucial to stemming housing loss for at-risk populations.

The research findings are clear, Montgomery County is among the best communities in the country for vulnerable children to live and grow so they have the best opportunity to reach their potential and meet their basic needs. One of the most basic of needs we all have is shelter. We believe a community like Montgomery County deserves world-class housing options so that all of its citizens may thrive.

Request for information

This financial report is designed to provide a general overview of the Commission's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 10400 Detrick Avenue, Kensington, Maryland, 20895.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)**

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2018

Draft
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**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
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10/29/18



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Housing Opportunities Commission of Montgomery
Montgomery County, Maryland
Kensington, Marland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated INSERT DATE. Our report includes a reference to other auditors who audited the financial statements of Montgomery Homes Limited Partnership IX, Montgomery Homes Limited Partnership X, Georgian Court Silver Spring Limited Partnership, MV Affordable Housing Associates Limited Partnership, Barclay One Associates Limited Partnership, Strathmore Court Associates Limited Partnership, Metropolitan of Bethesda Limited Partnership, Spring Garden One Associates Limited Partnership, Forest Oak Towers Limited Partnership, 4913 Hampden Lane Limited Partnership, Tanglewood and Sligo Limited Partnership, Wheaton Metro Limited Partnership, Arcola Towers RAD Limited Partnership, Waverly House RAD Limited Partnership, Alexander House Apartments Limited Partnership, and Greenhills Apartments Limited Partnership as described in our report on the Commission's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The audits of all of the discretely presented component units were not performed in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Baltimore, Maryland
REPORT DATE



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Opportunities Commission of Montgomery
Montgomery County, Maryland
Kensington, Maryland

Report on Compliance for Each Major Federal Program

We have audited the Housing Opportunities Commission of Montgomery County's (the Commission), a component unit of Montgomery County, Maryland compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2018. The Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Commission's basic financial statements include the operations of the discretely presented component units which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2018. Other auditors were separately engaged to perform and have separately reported on the results of the audits of the component units in accordance with OMB Circular Uniform Grant Guidance, if required.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Grant Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of Commissioners
Housing Opportunities Commission of Montgomery
Montgomery County, Maryland

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Basis for Qualified Opinion on Housing Choice Vouchers Cluster Program

As described in the accompanying schedule of findings and questioned costs, the Commission did not comply with requirements regarding CFDA 14.871/14.879 Housing Choice Vouchers Cluster as described in finding numbers 2018-001 and 2018-002 for eligibility and special tests. Compliance with such requirements is necessary, in our opinion, for the Commission to comply with the requirements applicable to that program.

Qualified Opinion on Housing Choice Vouchers Cluster Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Housing Choice Vouchers Cluster Program for the year ended June 30, 2018.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-003, 2018-004 and 2018-005. Our opinion on each major federal program is not modified with respect to these matters.

The Commission's responses to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The Commission's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Grant Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, and 2018-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-003 and 2018-005 to be significant deficiencies.

The Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Commission as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated INSERT DATE, which contained unmodified opinions on those financial statements. We did not audit the discretely presented component units as of and for the year ended June 30, 2018. The federal expenditures, where applicable, for the discretely presented component units are not included in the accompanying schedule of expenditures of federal awards. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

Board of Commissioners
Housing Opportunities Commission of Montgomery
Montgomery County, Maryland

America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Baltimore, Maryland
REPORT DATE

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**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs:				
Section 8 Housing Choice Vouchers	14.871	-	\$ -	\$ 106,267,526
5 Year Mainstream Vouchers	14.879	-	-	153,706
Total Housing Choice Vouchers Cluster				106,421,232
Public Housing Capital Fund	14.872	-	-	618,294
Public and Indian Housing	14.850	-	-	1,158,520
Continuum of Care	14.267	-	-	3,968,803
Section 8 Moderate Rehabilitation	14.856	-	-	302,590
Family Self-Sufficiency	14.896	-	-	442,080
Housing Finance Agencies (HFA) Risk Sharing Program	14.188	-	-	145,000,000
Subtotal - Direct Program				257,911,519
Pass-through Department of Housing and Urban Development via Montgomery County Department of Health and Human Services: Home Investment Partnerships Program	14.239	-	-	70,220
Total Department of Housing and Urban Development				257,981,739
Department of Health and Human Services				
Pass-through Department of Health and Human Services via State Office on Aging and Montgomery County Department of Family Resources:				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	-	-	523,030
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	-	-	45,371
Total Federal Financial Awards				\$ 258,550,140

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Commission.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through, entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

The Commission has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 NONCASH FEDERAL ASSISTANCE

The Commission did not receive any noncash Federal assistance for the year ended June 30, 2018.

NOTE 5 LOANS OUTSTANDING

The Commission had the following loan balance outstanding at June 30, 2018:

Federal Grantor/Program Title	CFDA Number	Amount Outstanding
U.S. Department of Housing and Urban Development		
HFA Risk Sharing Program	14.188	\$ 144,857,229
Total Outstanding		<u>\$ 144,857,229</u>

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? X yes _____ no
 - Significant deficiency(ies) identified? X yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified 14.871/14.879
Unmodified 14.267
Unmodified 14.188
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.871/14.879	Housing Choice Voucher Cluster
14.267	Continuum of Care
14.188	Housing Finance Agencies Risk Sharing Program

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000
- Auditee qualified as low-risk auditee? X yes _____ no

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2018 – 001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Title: Housing Choice Voucher Cluster
CFDA Number: 14.871/14.879
Award Period: July 1, 2017 through June 30, 2018
Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: 24 CFR 982.516 requires the PHA to annually obtain and document in the family file the third-party verification of reported family annual income. As a condition of admission or continued occupancy, the PHA must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516).

Condition: During our testing, we noted that the Commission's internal controls did not always ensure that tenant files included all required documentation. We also noted that income and expenses were not always properly calculated, and as a result, HAP expense was not always properly calculated.

Questioned costs: Unable to determine.

Context: During our testing of 40 tenant files, exceptions were noted in 6 files. 5 files had either unsubstantiated or unreported income, or income was calculated incorrectly, and 1 file had family expenses calculated incorrectly. As a result, HAP was not calculated correctly for 6 files tested.

Cause: The Commission did not follow established procedures as documented in its HCVP Administrative Plan to ensure that tenant files included all required documentation.

Effect: The Commission did not obtain all required documentation and releases at the time of recertification to support housing assistance payment calculations. The Commission may have made incorrect payments to landlords.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2017-001.

Recommendation: We recommend the Commission review the checklists used by housing specialists when they complete an annual recertification to ensure the checklist adequately identifies all information required. We also recommend that management identify the specialists responsible for the erroneous files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

2018 – 001 Continued

Views of responsible officials: There is no disagreement with the audit finding.

2018 – 002

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program Title:	Housing Choice Voucher Cluster
CFDA Number:	14.871/14.879
Award Period:	July 1, 2017 through June 30, 2018
Type of Finding:	Material Weakness in Internal Control over Compliance

Criteria or specific requirement: 24 CFR sections 982.158(d) and 982.404(b) states that the PHA must inspect the units leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS). The PHA must prepare a unit inspection report. For units under HAP contract that fail to meet HQS, the PHA must require the owner to correct any life threatening HQS deficiencies within 24 hours and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension.

Condition: During our testing, we noted that the Commission's internal controls did not always ensure that annual inspections or failed inspections were performed timely and/or properly documented.

Questioned costs: \$98,524

Context: Out of 40 units tested for annual HQS testing requirements, exceptions were noted for 7 units. 7 units did not have an annual inspection performed within 1 year of the previous inspection, 5 of which had no inspection during fiscal year 2018. Out of 40 units tested for failed inspection testing requirements, exceptions were noted for 13 units. There were 6 instances where the inspection was not properly documented (i.e. inspection report), 3 instances where a failed unit did not document the re-inspection within the required time frame, 5 instances where the Commission did not properly abate the housing assistance payment, and 4 instances where the Commission did not document that they notified the landlord and tenant of the results of the inspection.

Cause: The Commission did not follow established procedures as documented in its HCVP Administrative Plan to ensure that inspections and re-inspections were completed within the required time frame and that all relevant parties were notified of the outcome of the inspections.

Effect: The Commission did not perform certain annual inspections and re-inspections in the time frame required by their HCVP Administrative Plan and HUD regulations. The Commission disbursed housing assistance payments to landlords for ineligible units.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2017-002.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

2018 – 002 Continued

Recommendation: We recommend the Commission review their annual HQS inspection process to ensure that units are inspected at least once per year. We also recommend the Commission review their failed inspection process to ensure that all inspection reports are maintained in the tenant file, ensure letters are sent to tenants and landlords notifying them of failed inspections and copies of the letter are maintained in the tenant file, and ensure that follow up inspections are performed within the time frame required by the HCVP Administration Plan and HUD regulations.

Views of responsible officials: There is no disagreement with the audit finding.

2018 – 003

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program Title:	Housing Choice Voucher Cluster
CFDA Number:	14.871/14.879
Award Period:	July 1, 2017 through June 30, 2018
Type of Finding:	Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a five percent decrease in the published fair market rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract) (24 CFR sections 982.4, 982.54 (d)(15), 982.158(f)(7), and (982.507).

Condition: During our testing we noted the Commission's internal controls did not always ensure that rent reasonableness was properly determined and documented in the tenant files.

Questioned costs: Unable to determine.

Context: Out of 40 files tested for rent reasonableness for new tenants, 1 file was missing documentation comparing the unit to three similar units. We were therefore also unable to determine if the rent was reasonable before the tenant moved into the unit. Out of 40 files tested for rent reasonableness for changes in contract rent, 2 exceptions were noted. 1 file was missing documentation comparing the unit to three similar units, and 1 rent determination was performed after the effective date.

Cause: The Commission did not follow established procedures as documented in its HCVP Administrative Plan to ensure that tenant files included all required documentation.

Effect: The PHA is not in compliance with HUD requirements and some units may have charged an unreasonable rent.

Repeat Finding: No

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

2018 – 003 Continued

Recommendation: We recommend that Management review their process for rent reasonableness determination to ensure that it is performed and properly documented in the tenant files.

Views of responsible officials: There is no disagreement with the audit finding.

2018 – 004

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program Title:	Continuum of Care
CFDA Number:	14.267
Award Period:	July 1, 2017 through June 30, 2018
Type of Finding:	Material Weakness in Internal Control over Compliance

Criteria or specific requirement: 24 CFR 578.3 and 578.77 requires the PHA to annually obtain and document in the family file the third-party verification of reported family annual income. Each resident may be required to pay as rent an amount which may not exceed the highest of: (1) 30 percent of the family's monthly adjusted income; (2) 10 percent of the family's monthly income; or (3) if the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, is specifically designated by the agency to meet the family's housing costs, the portion of payments that is designated. 2 CFR section 200.307 requires the PHA to properly determine program income (rents charged to tenants) in accordance with the stated criteria above.

Condition: During our testing, we noted the Commission's internal controls did not always ensure that tenant files included all required documentation. We also noted that the tenant rent in some cases exceeded the limits defined by HUD regulations because the program used the minimum rent guidelines set by the Commission.

Questioned costs: Unable to determine.

Context: Out of 40 files tested, exceptions were noted in 8 files. 2 files lacked proper documentation for income reported, 1 file had family expenses calculated incorrectly, and 5 files incorrectly calculated the tenant portion of rent so it exceeded the limits as defined by HUD regulations.

Cause: The Commission did not follow established procedures as documented in its Supportive Housing Administrative Plan to ensure that tenant files included all required documentation, that expense was properly calculated, and that the tenant portion of rent did not exceed the limits as defined by HUD regulations.

Effect: The Commission did not obtain all required documentation and releases at the time of recertification to support housing assistance payment calculations and calculated tenant rents which exceed limits as defined by HUD regulations. The Commission may have made incorrect payments to landlords.

Repeat Finding: No

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

2018 – 004 Continued

Recommendation: We recommend the Commission review their recertification process and update their rent policy in the Supportive Housing Administrative Plan so it agrees with the grant regulations. We also recommend management identify the specialists responsible for the erroneous files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

Views of responsible officials: There is no disagreement with the audit finding.

2018 – 005

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program Title:	Continuum of Care
CFDA Number:	14.267
Award Period:	July 1, 2017 through June 30, 2018
Type of Finding:	Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 24 CFR 578.49 (b)(1), (b)(2), and 578.51(g) requires that the PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract). Per the PHA's Supportive Housing Admin Plan, a specialist must compare the rent being charged to three similar units.

Condition: During our testing, we noted the Commission's internal controls did not always ensure that tenant files included all required documentation.

Questioned costs: Unable to determine.

Context: Out of 40 files tested, 2 files were missing documentation comparing the unit to three similar units for determination of rent reasonableness.

Cause: The Commission did not follow established procedures as documented in its Supportive Housing Administrative Plan to ensure that documentation of rent reasonableness is kept in tenant files.

Effect: The PHA is not in compliance with HUD requirements and some units may have charged an unreasonable rent.

Repeat Finding: No

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

2018 – 005 Continued

Recommendation: We recommend Management review their process for rent reasonableness determinations to ensure that they are performed and properly documented in the tenant files.

Views of responsible officials: There is no disagreement with the audit finding.

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**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2018**

U.S. Department of Housing and Urban Development

The Housing Opportunities Commission of Montgomery County, Maryland respectfully submits the following corrective action plan for the year ended June 30, 2018.

Audit period: July 1, 2017-June 30, 2018

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There are no financial statement findings during the fiscal year under audit that would require a corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2018-001 Housing Choice Voucher Cluster – CFDA No. 14.871/14.879

Recommendation: We recommend the Commission review the checklists used by housing specialists when they complete an annual recertification to ensure the checklist adequately identifies all information required. We also recommend that management identify the specialists responsible for the erroneous files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Commission acknowledges the eligibility finding and continues to proactively address the issue. The HRD Management Team along with the Compliance Department conducts monthly quality control reviews. Staff currently utilize the checklist to acquire complete information however the checklist does not identify accuracy of rental calculations. As a result, staff continue to receive internal refresher trainings, monthly and will be required to attend a credentialing refresher within the next 12 months.

Name of the contact person responsible for corrective action: Lynn Hayes, Director of Housing Resources Division (HRD)

Planned completion date for corrective action plan: Ongoing



10400 Detrick Avenue
Kensington, MD 20895-2484
(240) 627-9400



**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2018**

2018-002 Housing Choice Voucher Cluster – CFDA No. 14.871/14.879

Recommendation: We recommend the Authority review their annual HQS inspection process to ensure that units are inspected at least once per year. We also recommend the Commission review their failed inspection process to ensure that all inspection reports are maintained in the tenant file, ensure letters are sent to tenants and landlords notifying them of failed inspections and copies of the letter are maintained in the tenant file, and ensure that follow up inspections are performed within the time frame required by the HCVF Administration Plan and HUD regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Commission has modified procedures to ensure more internal quality control of the inspection process: The procedures include:

- Acquisition of a new third party vendor for inspections;
- Additional training for staff to ensure inspections are attached to current units;
- Ensuring that inspections are scheduled by the annual inspection date, not the annual recertification dates;
- Verifying that the new third party vendor is mailing notices timely and sending the Commission copies daily; and
- In-depth review by the Commission's internal Compliance Division.

Name of the contact person responsible for corrective action: Renee Harris, Inspections Program Coordinator.

Planned completion date for corrective action plan: Ongoing

2018-003 Housing Choice Voucher Cluster – CFDA No. 14.871/14.879

Recommendation: We recommend that Management review their process for rent reasonableness determination to ensure that it is performed and properly documented in the tenant files.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.



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**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
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CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2018**

Action taken in response to finding: The Commission acknowledges the rent reasonableness findings and continues to proactively address the issue. The HRD Management Team along with the Compliance Department conducts monthly quality control reviews. The findings identified in this audit are not systemic, but are limited to a few Housing Specialists.

The HRD Management Team will increase the sample size of reviewed files to identify and reduce the error rate.

Name of the contact person responsible for corrective action: Lynn Hayes, Director of HRD

Planned completion date for corrective action plan: Ongoing

2018-004 Continuum of Care – CFDA No. 14.267

Recommendation: We recommend the Commission review their recertification process and update their rent policy in the Supportive Housing Administrative Plan so it agrees with the grant regulations. We also recommend management identify the specialists responsible for the erroneous files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: In March of 2018 the Permanent Supportive Housing group (PSH) changed the rent policy to be compliant with the grant regulations. PSH staff have all been trained on the policy update and are clear with regards to zero income households.

Name of the contact person responsible for corrective action: Mary Phillips, LCSW-C, Resident Services Supervisor II

Planned completion date for corrective action plan: Effective March, 2018.



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(240) 627-9400



**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2018**

2018-005 Continuum of Care – CFDA No. 14.267

Recommendation: We recommend Management review their process for rent reasonableness determinations to ensure that they are performed and properly documented in the tenant files.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Mandatory HUD program policy require the PSH to generate a rent reasonableness report annually for every rent increase or new lease up. Current program practice requires each rent reasonableness report be recorded in the client electronic file under the client t-code. The program has implemented random internal audits to ensure compliance and reviewed policy with staff.

Name of the contact person responsible for corrective action: Mary Phillips, LCSW-C, Resident Services Supervisor II

Planned completion date for corrective action plan: Rent Reasonableness reports have been generated for both file findings and uploaded into electronic file as of 10/22/2018.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please contact Lynn Hayes at 240-627-9622.



10400 Detrick Avenue
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(240) 627-9400



**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

U.S. Department of Housing and Urban Development

The Housing Opportunities Commission of Montgomery County, Maryland respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: July 1, 2017-June 30, 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2017 – 001 Significant Deficiency in Internal Control over Compliance

Condition: Exceptions noted in 5 out of 40 files tested for eligibility requirements. 2 files did not include the required signed documents (1 file did not include the Declaration of 214 status form; 1 file did not include the HUD-9886 authorization for release form). 3 files did not include supporting documentation for the income calculation.

Status: Repeat finding (2018-001).

Reason for finding's recurrence: The corrective action plan was implemented on November 1, 2017 and is still on-going.

Corrective Action: The Commission acknowledges the eligibility finding and continues to proactively address the issue. The HRD Management Team along with the Compliance Department conducts monthly quality control reviews. Staff currently utilize the checklist to acquire complete information however the checklist does not identify accuracy of rental calculations. As a result, staff continue to receive internal refresher trainings, monthly and will be required to attend a credentialing refresher within the next 12 months.

Lynn Hayes is the contact responsible for this corrective action.



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(240) 627-9400



**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

2017 – 002 Significant Deficiency in Internal Control over Compliance

Condition: Exceptions noted in 7 out of 80 files tested for special tests and provisions relating to inspection compliance requirements. Exceptions noted in 6 out of 40 failed inspections tested. 4 files did not include a letter notifying the tenant or landlord the outcome of the inspection. 2 files did not include a passed inspection and the Commission did not take proper actions to enforce the HAP contract. 1 out of 40 files tested for annual HQS inspections was not inspected on an annual basis.

Status: Repeat finding (2018-002).

Reason for finding's recurrence: The corrective action plan was implemented on November 1, 2017 and is still on-going.

Corrective Action: The Commission has modified procedures to ensure more internal quality control of the inspection process: The procedures include:

- Acquisition of a new third party vendor for inspections;
- Additional training for staff to ensure inspections are attached to current units;
- Ensuring that inspections are scheduled by the annual inspection date, not the annual recertification dates;
- Verifying that the new third party vendor is mailing notices timely and sending the Commission copies daily; and
- In-depth review by the Commission's internal Compliance Division.

Renee Harris is the contact responsible for this corrective action.

If the U.S. Department of Housing and Urban Development has questions regarding this schedule, please call Lynn Hayes 240-627-9622.

Management
Housing Opportunities Commission of Montgomery County
Kensington, Maryland

In planning and performing our audit of the financial statements of Housing Opportunities Commission of Montgomery County (the Commission) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated [Insert date], contains our written communication of significant deficiencies and material weaknesses in the Commission's internal control. This letter does not affect our report on the financial statements dated [Insert date], nor our internal control communication dated [Insert date].

AUDITS OF BLENDED COMPONENT UNITS

The Commission has thirty-three (33) development corporations or other entities included in the financial statements of the Commission as blended component units. The Commission engages other auditors to provide audited financial statements for certain blended component units. Our audit of the Commission's financial statements does not rely on these reports of other auditors as we perform audit procedures over the same balances.

Our audit of the Commission uses a materiality threshold that is significantly higher than that of any of the individual audited blended component units. As a result, the other auditors may identify and record adjusting entries to the books of the blended component units that would not be identified during the audit of the Commission.

The separate audits of most blended component units are not final upon issuance of the Commission's audited financial statements. This allows the possibility that adjusting entries recorded during the separate audit of a blended component unit may not be included in the correct fiscal year of the Commission's audited financial statements. The variances resulting from these timing differences are not material to the financial statements of the Commission for the year ended June 30, 2018. However, based on the number of separate audits performed it is possible that the variances could be material in a future fiscal year.

We recommend the Commission strongly encourage the auditors of the separate audits to complete (or substantially complete) their audits by October 15th each year to provide the most relevant amounts for the Commission's financial statement audit. In addition, the Commission should consider utilizing other auditors to complete some audits to minimize the number of audits completed by any firm as this would allow for more audits occurring simultaneously.

MANAGEMENT RESPONSE

Management acknowledges and agrees with the auditor's comments. Management will instruct the auditors engaged on the blended component unit audits to complete their audits by October 15th of each year to provide the most relevant amounts for the Commission's financial statement audit. The Commission goes through a competitive bid process to select audit firms for the blended component unit engagements. The Commission must balance the bids received, with the skills required to complete the audit engagements. Every effort will be made to utilize different firms to avoid audit firm concentrations.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Commission personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the Commission, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

[City, State]
REPORT DATE

Adjourn

Development Corporation Meetings

Alexander House Development Corporation

APPROVAL TO EXTEND FOR SIX-MONTHS THE PROPERTY MANAGEMENT CONTRACT FOR ALEXANDER HOUSE

November 7, 2018

- Alexander House is a High-Rise mixed-income community located in downtown Silver Spring that is owned by Alexander House Development Corporation.
- HOC has started the RFP process for property management contracts at eleven HOC properties and five HOC HUBS, including Alexander House. To ensure adequate time to review the proposals, staff is requesting a six-month extension for the property management contract at Alexander House.
- The extension will allow staff time to evaluate the needs for each property, consider the concentration of current contracts with various vendors, and consider the overall service provided to HOC.
- Staff plans to issue a RFP in late November 2018 with responses due to HOC by December 2018. Staff will review and score proposals received for and make a recommendation to the Budget Finance and Audit Committee in February 2019 and the Commission in March 2019.
- Staff recommends that the Board of Directors of Alexander House Development Corporation authorize an extension of the management contract with Edgewood Management Corporation for property management services at Alexander House.

MEMORANDUM

TO: Alexander House Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Charnita Jackson Division: Property Management Ext. 9776

RE: Approval to Extend for six-months the Property Management Contract for Alexander House

DATE: November 7, 2018

STATUS Consent Deliberation Future Action

OVERALL GOAL & OBJECTIVE:

For the Board of Directors of Alexander House Development Corporation to authorize the Executive Director of HOC to extend for six-months the property management contract for property management services at Alexander House.

BACKGROUND:

Over the next several months HOC has several property management contracts expiring which will require either renewal or issuance of Request for Proposals (“RFP”). HOC has already started the RFP process. To ensure adequate time to review the proposals, staff is requesting approval by the Commission to extend for six-months the property management contract at Alexander House. This will allow HOC the time to evaluate the needs for the property, consider the concentration of current contracts with various vendors and consider the overall service provided to HOC.

Staff recommends that the Edgewood Management Corporation (“EMC”) contract for property management services at Alexander House be extended through May 1, 2019.

ISSUES FOR CONSIDERATION:

Does the Board of Directors of Alexander House Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission to execute a six month extension of the management contract with EMC for property management services at Alexander House?

BUDGET IMPACT:

The annual contract cost for both Alexander House Development Corporation and Alexander House LP is \$173,731.92. There is no budget impact as the contract costs have been included in the FY 19 and CY 19 operating budgets.

TIME FRAME:

For Commission action at the November 7, 2018 meeting

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

Staff recommends that the Board of Directors of Alexander House Development Corporation accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a six month extension of the management contract with EMC for property management services at Alexander House.

RESOLUTION NO. 18-001AH

RE: Approval to Extend Property Management Contract for Alexander House for Six Months

WHEREAS, Alexander House Development, Corporation (the “Corporation”) owns 183 market rate units in the development known as Alexander House located in Silver Spring, Maryland (the “Property”);

WHEREAS, staff desires to issue a Request for Proposal (“RFP”) for property management services at the Property;

WHEREAS, the current property management contract at the Property will lapse prior to completing the RFP process; and

WHEREAS, in order to ensure adequate time to review the RFP and to select a property management firm, staff is recommending a six-month extension for the property management contract at Property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Alexander House Development, Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a six-month extension of the property management contact at the Property.

BE IT FURTHER RESOLVED by the Board of Directors for Alexander House Development, Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development, Corporation, at a meeting conducted on November 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Montgomery Arms Development Corporation

APPROVAL TO EXTEND FOR SIX-MONTHS THE PROPERTY MANAGEMENT CONTRACT FOR MONTGOMERY ARMS

November 7, 2018

- Montgomery Arms is a Garden style mixed-income community located in downtown Silver Spring that is owned by Montgomery Arms Development Corporation.
- HOC has started the RFP process for property management contracts at eleven HOC properties and five HOC HUBS, including Montgomery Arms. To ensure adequate time to review the proposals, staff is requesting a six-month extension for the property management contract at Montgomery Arms.
- The extension will allow staff time to evaluate the needs for each property, consider the concentration of current contracts with various vendors, and consider the overall service provided to HOC.
- Staff plans to issue a RFP in late November 2018 with responses due to HOC by December 2018. Staff will review and score proposals received for and make a recommendation to the Budget Finance and Audit Committee in February 2019 and the Commission in March 2019.
- Staff recommends that the Board of Directors of Montgomery Arms Development Corporation authorize an extension of the management contract with Edgewood Management Corporation for property management services at Montgomery Arms.

MEMORANDUM

TO: Montgomery Arms Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Charnita Jackson Division: Property Management Ext. 9776

RE: Approval to Extend for six-months the Property Management Contract for Montgomery Arms

DATE: November 7, 2018

STATUS Consent Deliberation Future Action

OVERALL GOAL & OBJECTIVE:

For the Board of Directors of Montgomery Arms Development Corporation to authorize the Executive Director of HOC to extend for six-months the property management contract for property management services at Montgomery Arms.

BACKGROUND:

Over the next several months HOC has several property management contracts expiring which will require either renewal or issuance of Request for Proposals (“RFP”). HOC has already started the RFP process. To ensure adequate time to review the proposals, staff is requesting approval by the Commission to extend for six-months the property management contract at Montgomery Arms. This will allow HOC the time to evaluate the needs for the property, consider the concentration of current contracts with various vendors and consider the overall service provided to HOC.

Staff recommends that the Edgewood Management Corporation (“EMC”) contract for property management services at Montgomery Arms be extended through May 1, 2019.

ISSUES FOR CONSIDERATION:

Does the Board of Directors of Montgomery Arms Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission, to execute a six month extension of the management contract with EMC for property management services at Montgomery Arms?

BUDGET IMPACT:

The annual contract cost for Montgomery Arms Development Corporation is \$65,081.02. There is no budget impact as the contract costs have been included in the FY 19 operating budgets.

TIME FRAME:

For Commission action at the November 7, 2018 meeting

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

Staff recommends that the Board of Directors of Montgomery Arms Development Corporation accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a six month extension of the management contract with EMC for property management services at Montgomery Arms.

RESOLUTION NO. 18-001MA

RE: Approval to Extend Property Management Contract for Montgomery Arms for Six Months

WHEREAS, Montgomery Arms Development Corporation (the “Corporation”) owns the development known as Montgomery Arms located in Silver Spring, Maryland (the “Property”);

WHEREAS, staff desires to issue a Request for Proposal (“RFP”) for property management services at the Property;

WHEREAS, the current property management contract at the Property will lapse prior to completing the RFP process; and

WHEREAS, in order to ensure adequate time to review the RFP and to select a property management firm, staff is recommending a six-month extension for the property management contract at Property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Montgomery Arms Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a six-month extension of the property management contact at the Property.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation, at a meeting conducted on November 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Glenmont Crossing Development Corporation

**APPROVAL TO EXTEND FOR SIX-MONTHS THE PROPERTY
MANAGEMENT CONTRACT FOR
GLENMONT CROSSING
November 7, 2018**

- Glenmont Crossing is a mixed-income community located in Wheaton that is owned by Glenmont Crossing Development Corporation.
- HOC has started the RFP process for property management contracts at eleven HOC properties and five HOC HUBS, including Glenmont Crossing. To ensure adequate time to review the proposals, staff is requesting a six-month extension for the property management contract at Glenmont Crossing.
- The extension will allow staff time to evaluate the needs for each property, consider the concentration of current contracts with various vendors, and consider the overall service provided to HOC.
- Staff plans to issue a RFP in late November 2018 with responses due to HOC by December 2018. Staff will review and score proposals received for and make a recommendation to the Budget Finance and Audit Committee in February 2019 and the Commission in March 2019.
- Staff recommends that the Board of Directors of Glenmont Crossing authorize an extension of the management contract with Avison Young for property management services at Glenmont Crossing.

MEMORANDUM

TO: Glenmont Crossing

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Charnita Jackson Division: Property Management Ext. 9776

RE: Approval to Extend for six-months the Property Management Contract for Glenmont Crossing

DATE: November 7, 2018

STATUS Consent Deliberation Future Action

OVERALL GOAL & OBJECTIVE:

For the Board of Directors of Glenmont Crossing Development Corporation to authorize the Executive Director to extend for six-months the property management contract for property management services at Glenmont Crossing.

BACKGROUND:

Over the next several months HOC has several property management contracts expiring which will require either renewal or issuance of Request for Proposals (“RFP”). HOC has already started the RFP process. To ensure adequate time to review the proposals, staff is requesting approval by the Commission to extend for six-months the property management contract at Glenmont Crossing. This will allow HOC the time to evaluate the needs for the property, consider the concentration of current contracts with various vendors and consider the overall service provided to HOC. Staff recommends that the Avison Young contract for property management services at Glenmont Crossing be extended through May 1, 2019.

ISSUES FOR CONSIDERATION:

Does the Board of Directors of Glenmont Crossing wish to authorize the Executive Director of the Housing Opportunities Commission, to execute a six month extension of the management contract with Avison Young for property management services at Glenmont Crossing?

BUDGET IMPACT:

The annual combined contract cost for Glenmont Crossing and Glenmont Westerly is \$113,430.00. There is no budget impact as the contract costs have been included in the FY 19 operating budgets.

TIME FRAME:

For Commission action at the November 7, 2018 meeting

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

Staff recommends that the Board of Directors of Glenmont Crossing accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a six month extension of the management contract with Avison Young for property management services at Glenmont Crossing.

WHEREAS, Glenmont Crossing Development Corporation (the “Corporation”) owns the development known as Glenmont Crossing located in Wheaton, Maryland (the “Property”);

WHEREAS, staff desires to issue a Request for Proposal (“RFP”) for property management services at the Property;

WHEREAS, the current property management contract at the Property will lapse prior to completing the RFP process; and

WHEREAS, in order to ensure adequate time to review the RFP and to select a property management firm, staff is recommending a six-month extension for the property management contract at Property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Glenmont Crossing Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a six-month extension of the property management contact at the Property.

BE IT FURTHER RESOLVED by the Board of Directors for Glenmont Crossing Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation, at a meeting conducted on November 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Glenmont Westerly Development Corporation

APPROVAL TO EXTEND FOR SIX-MONTHS THE PROPERTY MANAGEMENT CONTRACT FOR GLENMONT WESTERLY

November 7, 2018

- Glenmont Westerly is a mixed-income community located in Wheaton that is owned by Glenmont Westerly Development Corporation.
- HOC has started the RFP process for property management contracts at eleven HOC properties and five HOC HUBS, including Glenmont Westerly. To ensure adequate time to review the proposals, staff is requesting a six-month extension for the property management contract at Glenmont Westerly.
- The extension will allow staff time to evaluate the needs for each property, consider the concentration of current contracts with various vendors, and consider the overall service provided to HOC.
- Staff plans to issue a RFP in late November 2018 with responses due to HOC by December 2018. Staff will review and score proposals received for and make a recommendation to the Budget Finance and Audit Committee in February 2019 and the Commission in March 2019.
- Staff recommends that the Board of Directors of Glenmont Westerly authorize an extension of the management contract with Avison Young for property management services at Glenmont Westerly.

MEMORANDUM

TO: Glenmont Westerly Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Charnita Jackson Division: Property Management Ext. 9776

RE: Approval to Extend for six-months the Property Management Contract for Glenmont Westerly

DATE: November 7, 2018

STATUS Consent Deliberation Future Action

OVERALL GOAL & OBJECTIVE:

For the Board of Directors of Glenmont Westerly Development Corporation to authorize the Executive Director to extend for six-months the property management contract for property management services at Glenmont Westerly.

BACKGROUND:

Over the next several months HOC has several property management contracts expiring which will require either renewal or issuance of Request for Proposals (“RFP”). HOC has already started the RFP process. To ensure adequate time to review the proposals, staff is requesting approval by the Commission to extend for six-months the property management contract at Glenmont Westerly. This will allow HOC the time to evaluate the needs for the property, consider the concentration of current contracts with various vendors and consider the overall service provided to HOC. Staff recommends that the Avison Young contract for property management services at Glenmont Westerly be extended through May 1, 2019.

ISSUES FOR CONSIDERATION:

Does the Board of Directors of Glenmont Westerly Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission, to execute a six month extension of the management contract with Avison Young for property management services at Glenmont Westerly?

BUDGET IMPACT:

The annual combined contract cost for Glenmont Crossing and Glenmont Westerly is \$113,430.00. There is no budget impact as the contract costs have been included in the FY 19 operating budgets.

TIME FRAME:

For Commission action at the November 7, 2018 meeting

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

Staff recommends that the Board of Directors of Glenmont Westerly Development Corporation accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a six month extension of the management contract with Avison Young for property management services at Glenmont Westerly.

RESOLUTION NO. 18-001GW

RE: Approval to Extend Property Management Contract for Glenmont Westerly for Six Months

WHEREAS, Glenmont Westerly Development Corporation (the “Corporation”) owns 102 units in the development known as Glenmont Westerly located in Wheaton, Maryland (the “Property”);

WHEREAS, staff desires to issue a Request for Proposal (“RFP”) for property management services at the Property;

WHEREAS, the current property management contract at the Property will lapse prior to completing the RFP process; and

WHEREAS, in order to ensure adequate time to review the RFP and to select a property management firm, staff is recommending a six-month extension for the property management contract at Property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Glenmont Westerly Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a six-month extension of the property management contact at the Property.

BE IT FURTHER RESOLVED by the Board of Directors for Glenmont Westerly Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation, at a meeting conducted on November 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Diamond Square Development Corporation

APPROVAL TO EXTEND FOR SIX-MONTHS THE PROPERTY MANAGEMENT CONTRACT FOR DIAMOND SQUARE

November 7, 2018

- Diamond Square is a mixed-income community located in Gaithersburg that is owned by Diamond Square Development Corporation.
- HOC has started the RFP process for property management contracts at eleven HOC properties and five HOC HUBS, including Diamond Square. To ensure adequate time to review the proposals, staff is requesting a six-month extension for the property management contract at Diamond Square.
- The extension will allow staff time to evaluate the needs for each property, consider the concentration of current contracts with various vendors, and consider the overall service provided to HOC.
- Staff plans to issue a RFP in late November 2018 with responses due to HOC by December 2018. Staff will review and score proposals received for and make a recommendation to the Budget Finance and Audit Committee in February 2019 and the Commission in March 2019.
- Staff recommends that the Board of Directors of Diamond Square authorize an extension of the management contract with Avison Young for property management services at Diamond Square.

MEMORANDUM

TO: Diamond Square

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Charnita Jackson Division: Property Management Ext. 9776

RE: Approval to Extend for six-months the Property Management Contract for Diamond Square

DATE: November 7, 2018

STATUS Consent Deliberation Future Action

OVERALL GOAL & OBJECTIVE:

For the Board of Directors of Diamond Square Development Corporation to authorize the Executive Director to extend for six-months the property management contract for property management services at Diamond Square.

BACKGROUND:

Over the next several months HOC has several property management contracts expiring which will require either renewal or issuance of Request for Proposals (“RFP”). HOC has already started the RFP process. To ensure adequate time to review the proposals, staff is requesting approval by the Commission to extend for six-months the property management contract at Diamond Square. This will allow HOC the time to evaluate the needs for the property, consider the concentration of current contracts with various vendors and consider the overall service provided to HOC.

Staff recommends that the Avison Young (“AY”) contract for property management services at Diamond Square be extended through May 1, 2019.

ISSUES FOR CONSIDERATION:

Does the Board of Directors of Diamond Square wish to authorize the Executive Director of the Housing Opportunities Commission, to execute a six month extension of the management contract with Avison Young for property management services at Diamond Square?

BUDGET IMPACT:

The annual contract cost for Diamond Square Development Corp is \$57,853.44. There is no budget impact as the contract costs have been included in the FY 19 operating budgets.

TIME FRAME:

For Commission action at the November 7, 2018 meeting

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

Staff recommends that the Board of Directors of Diamond Square accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a six month extension of the management contract with Avison Young for property management services at Diamond Square.

WHEREAS, Diamond Square Development Corporation (the “Corporation”), is the general partner of Diamond Square Limited Partnership, which owns the development known as Diamond Square located in Gaithersburg, Maryland (the “Property”);

WHEREAS, staff desires to issue a Request for Proposal (“RFP”) for property management services at the Property;

WHEREAS, the current property management contract at the Property will lapse prior to completing the RFP process; and

WHEREAS, in order to ensure adequate time to review the RFP and to select a property management firm, staff is recommending a six-month extension for the property management contract at Property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Diamond Square Development Corporation, acting for itself and on behalf of Diamond Square Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a six-month extension of the property management contract at the Property.

BE IT FURTHER RESOLVED by the Board of Directors for Diamond Square Development Corporation, acting for itself and on behalf of Diamond Square Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation, at a meeting conducted on November 7, 2018.

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**Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation**

Pooks Hill Development Corporation

APPROVAL TO EXTEND FOR SIX-MONTHS THE PROPERTY MANAGEMENT CONTRACT FOR POOKS HILL TOWER

November 7, 2018

- Pooks Hill Tower is a High-rise mixed-income community located in Bethesda, MD that is owned by Pooks Hill Tower Development Corporation.
- HOC has started the RFP process for property management contracts at eleven HOC properties and five HOC HUBS, including Pooks Hill Tower. To ensure adequate time to review the proposals, staff is requesting a six-month extension for the property management contract at Pooks Hill Tower.
- The extension will allow staff time to evaluate the needs for each property, consider the concentration of current contracts with various vendors, and consider the overall service provided to HOC.
- Staff plans to issue a RFP in late November 2018 with responses due to HOC by December 2018. Staff will review and score proposals received for and make a recommendation to the Budget Finance and Audit Committee in February 2019 and the Commission in March 2019.
- Staff recommends that the Board of Directors of Pooks Hill Development Corporation authorize an extension of the management contract with Vantage Management Corporation for property management services at Pooks Hill Tower.

MEMORANDUM

TO: Pooks Hill Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Charnita Jackson Division: Property Management Ext. 9776

RE: Approval to Extend for six-months the Property Management Contract for Pooks Hill Tower

DATE: November 7, 2018

STATUS Consent Deliberation Future Action

OVERALL GOAL & OBJECTIVE:

For the Board of Directors of Pooks Hill Development Corporation to authorize the Executive Director of HOC to extend for six-months the property management contract for property management services at Pooks Hill Tower.

BACKGROUND:

Over the next several months HOC has several property management contracts expiring which will require either renewal or issuance of Request for Proposals (“RFP”). HOC has already started the RFP process. To ensure adequate time to review the proposals, staff is requesting approval by the Commission to extend for six-months the property management contract at Pooks Hill Tower. This will allow HOC the time to evaluate the needs for the property, consider the concentration of current contracts with various vendors and consider the overall service provided to HOC.

Staff recommends that the Vantage Management Corporation (“EMC”) contract for property management services at Pooks Hill Tower be extended through May 1, 2019.

ISSUES FOR CONSIDERATION:

Does the Board of Directors of Pooks Hill Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission to execute a six month extension of the management contract with EMC for property management services at Pooks Hill Tower?

BUDGET IMPACT:

The annual contract cost for Pooks Hill Development Corporation is \$124,882.76. There is no budget impact as the contract costs have been included in the FY 19 operating budgets.

TIME FRAME:

For Commission action at the November 7, 2018 meeting

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

Staff recommends that the Board of Directors of Pooks Hill Development Corporation accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a six month extension of the management contract with EMC for property management services at Pooks Hill Tower.

RESOLUTION NO. 18-001PH

RE: Approval to Extend Property Management Contract for Pooks Hill Tower for Six Months

WHEREAS, Pooks Hill Development Corporation (the "Corporation") owns the development known as Pooks Hill Tower located in Bethesda, Maryland (the "Property");

WHEREAS, staff desires to issue a Request for Proposal ("RFP") for property management services at the Property;

WHEREAS, the current property management contract at the Property will lapse prior to completing the RFP process; and

WHEREAS, in order to ensure adequate time to review the RFP and to select a property management firm, staff is recommending a six-month extension for the property management contract at Property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Pooks Hill Development, Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a six-month extension of the property management contact at the Property.

BE IT FURTHER RESOLVED by the Board of Directors for Pooks Hill Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation, at a meeting conducted on November 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Adjourn

Administrative Session