



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

EXPANDED AGENDA

March 8, 2023

YouTube Link: <https://youtu.be/VQEmVYgFVwk>

HOC's offices are now open to the public. The public is invited to attend HOC's March 8, 2023 monthly Commission meeting in-person. HOC's Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person online participation).

		Res #
4:00 p.m. Page 4	I. <u>INFORMATION EXCHANGE</u> A. Community Forum B. Report of the Executive Director C. Commissioner Exchange	
4:30 p.m. Page 14	II. <u>APPROVAL OF MINUTES</u> A. Approval of Minutes of February 1, 2023 B. Approval of Minutes of February 1, 2023 Closed Session C. Approval of Minutes of February 17, 2023 Special Session D. Approval of Minutes of February 17, 2023 Closed Special Session	
4:45 p.m. Page 26	III. <u>CONSENT</u> A. Approval of Collective Bargaining Agreement Wage Re-Opener between the Housing Opportunities Commission and the Municipal and County Government Employees Organization for Fiscal Year 2023 B. Approval of Fiscal Year Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023 C. Approval of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to the Board of Directors of The Housing Opportunities Community Partners, Inc.	23-11 (pg.29)
Page 31		23-12 (pg.34)
Page 35		23-13 (pg.38)
5:00 p.m.	IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
	A. Budget, Finance and Audit Committee- <i>Com. Nelson, Chair</i>	
Page 41	1. Fiscal Year 2023 (FY'23) Second Quarter Budget to Actual Statements: Acceptance of Second Quarter FY'23 Budget to Actual Statements	23-14 (pg.49)
Page 55	2. Fiscal Year 2023 (FY'23) Second Quarter Budget Amendment: Approval of the FY'23 Second Quarter Budget Amendment	23-15 (pg.58)
Page 59	3. Uncollectible Tenant Accounts Receivable: Approval of Request to Write-Off Uncollectible Tenant Accounts Receivable (October 1, 2022 –December 31, 2022)	23-16 (pg.64)

Page 65	<p>4. Residences on the Lane (Upton II) and HOC at Garnkirk Farms, LLC: Approval to Extend the Maturity Dates for the Draws on the PNC Bank Real Estate Line of Credit (“RELOC”) which Financed the Commission Approved Actions Related to Residences on the Lane (Upton II) and HOC at Garnkirk Farms, LLC</p>	23-17 (pg.69)
Page 71	<p>B. Development & Finance Committee- Com. Simon, Chair</p> <p>1. Residences on The Lane: Approval to Reinstate and Extend the Maturity Date of the Bridge Loan to Upton II (Residences on the Lane)</p>	23-18 (pg.75)
6:00 p.m. Page 79	<p><u>CLOSING STATEMENT</u> Vote to close meeting</p>	
6:20 p.m.	<p><u>ADJOURN</u></p>	
6:25 p.m.	<p><u>CLOSED SESSION</u> The closed session meeting will be called to order pursuant to Sections 3-305(b)(3), 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland.</p>	

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.

Information Exchange

HOC AT-A-GLANCE: February 2023

During the month of February, HOC continued to engage in its core activities providing support and enrichment programming to our clients, fulfilling our federal obligations and enhancing our clients' experience. This month we share several presentations by HOC staff in which we showcased our housing production efforts, as well as an exciting Mortgage Finance update. We continue to highlight Legislative Updates, services provided by our Office of Resident Services, updates from our Property Management, Housing Resources and Finance Divisions, as well as key Real Estate Development activities.

SPOTLIGHT ON HOC HOUSING PRODUCTION EFFORTS

In late January and February, HOC's Executive Director Chelsea Andrews, along with several other key staff, participated in a range of high-profile meetings, conferences, etc. in which we were afforded an opportunity to spotlight our housing production efforts in the County. Highlighted below are several of HOC's efforts:

Planning, Housing and Parks Committee Presentations: Since late January 2023, the County Council's new Planning, Housing and Parks Committee has been holding a series of updates and roundtables on housing issues in Montgomery County. Many of those roundtables have featured HOC staff, including a roundtable on January 30 on the "State of Rental Housing Affordability in Montgomery County" and an update on the Housing Production Fund on February 6. HOC also participated in a roundtable on "Homeownership Equity and Affordability in Montgomery County" on March 6, and will provide the Committee with a presentation on Housing Choice Vouchers and federal policy on March 20.

Affordable Housing Conference of Montgomery County: On February 22, 2023, the Affordable Housing Conference of Montgomery County hosted its "Winter 2023 Affordable Housing Roundtable" at the Montgomery County Planning Department headquarters. The roundtable focused on two topics: tools and techniques to increase affordable housing production, and successful tenant purchases. Kathryn Hollister, HOC's Senior Financial Analyst, along with HOC's development partner for Hillandale Gateway and Wheaton Gateway, Shane Pollin of PS Ventures, participated in the roundtable. Commissioners Jackie Simon and Rick Nelson were also in attendance. During the discussion on tools and techniques to increase affordable housing production, HOC spotlighted multiple projects including The Lindley, Hillandale Gateway and Wheaton Gateway.

LEGISLATIVE UPDATE

Highlighted below are housing bills that could directly impact HOC's development opportunities. A more comprehensive list will be provided in our standing electronic Legislative Update.

State Budget: HOC joined affordable housing advocates from across Maryland to advocate for the Governor and Legislature to appropriate \$175 million in emergency rental assistance funding which would allow for a more gradual off-ramp as households continue to recover and the federal emergency rental assistance funding that has provided support to these households is phased out.

HB826/SB848 - Statewide Voucher Program: HOC testified in support of this legislation to establish a new statewide voucher program, which is largely designed to mirror the Housing Choice Voucher program and would allow us to serve additional households who are on our waiting list. We are working with the sponsors and other Maryland housing authorities on technical amendments to ensure that the program is feasible for authorities to administer as intended.

MC 10-23 - Montgomery County Housing Opportunities Commission – Collective Bargaining Agreement Implementation – Impasse Arbitration: This bill establishes impasse arbitration for mid-term bargaining for HOC. The legislation continues to advance, but we were able to work with Senator Kramer and MCGEO on amendments which broaden the Commission's authority to review an arbitrator's decision. While we continue to believe the legislation is unnecessary and counterproductive, we appreciate the sponsor's willingness to work with us as the bill moves forward.

RESIDENT SERVICES UPDATE

Service Coordination and Programming

The Service Coordination and Programming Units provide assessment, counseling, information, referrals and program services to HOC customers. During February 2023, staff continued to provide services virtually and in person. Resident Counselors continued to engage with HOC's customers to determine their needs. Customers were referred to our partners to receive food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID Rental Assistance Program and the Housing Stabilization Program.

HOC's customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process applications for rental assistance. Resident Counselors have also attended the Housing Resources Division's briefings for new voucher recipients to provide information on the services that Resident Services offer. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights for February activities of Resident Counselors include the following:

1. Cider Mill

- a. The Montgomery County Department of Health and Human Services' Street Outreach Network ("SON") continued to facilitate the Safe Zones program at Cider Mill in February. Safe Zones is an after-school initiative that provides safe places and programming for youth. The goal of the initiative is to prevent violence in the community. SON hosts Friday night activities at Cider Mill Apartments. This month,

twenty-five (25) youth participated in activities including curriculum facilitation and field trips. The curriculum that is utilized is the Hugh O'Brien Youth Leadership curriculum, one that focuses on empowering youth through leadership, volunteerism, and community connection as a means of teaching them to give back to their community.

- b. Continued to assist the Property Management staff to address rent delinquencies by conducting outreach, assessments, and providing referrals.
- c. Continued to attend the monthly Watkins Mills Cluster Collaboration meetings which include organizations from the surrounding community. The purpose of the meeting is to collaborate on how best to serve residents in the community. February's monthly meeting was held on February 3.
- d. Facilitated a Valentine's Day card making session for customers on February 9.

2. Workshops

- a. Facilitated the Fundamentals of Housing workshops on February 15.

3. Resident Well Being

- a. Facilitated weekly piano lessons in partnership with Piano Pals for customers at Waverly House.
- b. Facilitated health screenings for customers at Arcola Towers in partnership with the University of Maryland Nursing students on February 1.
- c. Facilitated an arts and crafts session for customers at Waverly House on February 2.
- d. Facilitated a knitting club session for customers at Waverly House on February 7.
- e. Facilitated blood pressure checks and a meet and greet with students from University of Maryland Baltimore County for customers at Residences on the Lane on February 8 and 15.
- f. Facilitated a music and movement session for customers at Waverly House in partnership with Arts for the Aging on February 9.
- g. Facilitated a community bingo event at Forest Oak Towers on February 9.
- h. Facilitated a technology coaching workshop for customers at Forest Oak Towers on February 9.
- i. Facilitated Valentine's Day parties for customers at Tanglewood and Spring Garden on February 10.
- j. Hosted a Super Bowl potluck event for customers at Arcola Towers on February 12.
- k. Facilitated a Valentine's Day Giveaway event for customers at Washington Square on February 13.
- l. Facilitated a Valentine's Day bingo activity for customers at Elizabeth House on February 14.
- m. Facilitated an information session, in partnership with Comcast/Xfinity, on the Affordable Connectivity Program for customers at Stewartown on February 21.
- n. Assisted with the coordination of a customer-led Black History Month celebration/program for customers at Waverly House on February 22.

4. Relocation and Re-Certification Assistance

- a. Assisted customers on an ongoing basis with relocations and other needs for RAD and renovation projects at Residences on the Lane, Stewartown Homes, Shady Grove Apartments, Willow Manor Apartments, Town Center Olney, Sandy Spring, Willow Manor and Georgian Court.
- b. Provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

5. Rental Assistance

- a. Provided face-to-face and electronic outreach and assistance to customers to assist them in applying for rental assistance under the Community Development Block Grant Rent Relief Program.

The Resident Services Division develops and implements programs that provide meals, educational, recreational and enrichment opportunities for HOC's customers. Listed below are highlights of programming activities for February 2023.

The Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, Capital Area Food Bank's Senior Brown Bag, and My Groceries To Go Programs. In February, 380 HOC customers were provided with food. The Resident Services staff also continued to facilitate the Senior Nutrition Program, which provides meals and opportunities for seniors to socialize.

HOC Academy

The HOC Academy is an HOC initiative developed to help its customers reach their fullest potential by providing educational, enrichment, job training and job placement opportunities to youth and adults. The program specifically focuses on education and enrichment for youth education and workforce development for adults. Listed below are highlights for February 2023.

Youth Education/Enrichment

HOC Academy staff participated in a meeting with Senator Craig Zucker on February 20, 2023 to highlight the success of the First Generation College Bound Program ("FGCB") and its partnerships with organizations like HOC. A follow-up meeting is planned to discuss program funding and potential expansion. Additionally, the FGCB Coach continued to work with the current HOC program participants during the month of February. Three (3) of the current student participants have already been accepted to college through the early admission process.

The program for elementary school age children continued in February. The 12-week virtual program has twenty-one (21) participants. Highlights from the program are listed below:

- Mad Science: Youth explored the magical world of Chemistry by taking part in a range of activities including: "Chem in a Flash," "Dry Ice Capades," and "ph Phactor."
- Peace Mode: Children learned about breathing techniques and how to cope when they are not feeling your best physically, mentally, or emotionally. They also continued to learn the functions of the diaphragm and the importance of physical exercise.
- Tie Dye Studio: Participants completed a "Tie Dye Studio" activity where they tie-dyed fabric and learned about mixing colors to create new colors, and how to create different tie-dye patterns.
- Egg Drop Challenge: Children completed the "Egg Drop Challenge" in which facilitators built a structure that held the egg in place and prevented it from breaking when dropped from a higher altitude. Youth learned the law of physics as they were challenged to get an egg to drop in a glass of water in a most unusual way.
- Magic Mirror: Youth completed a "Magic Mirror" activity where they learned to make reflection art. They created patterns on a template and used a mirror to multiply the reflection of the art.
- Field Trip to Urban Air: Attendees participated in a STEM field trip to Urban Air, an indoor adventure park located in Frederick, MD. Youth learned about different fields in engineering and the types of functions performed by those engineers. The children also learned about how project engineers plan the design and layout of the rides.

Adult Education and Workforce Development

HOC Academy staff worked in February to recruit participants for the Small Business Strategy Course (“SBSC”) 2023 Cohort #1. This cohort began classes on March 7, 2023 and will conclude on May 16, 2023. In addition to the SBSC, HOC Academy staff worked to plan workforce development events at Paddington Square and Cider Mill. The WorkSource Montgomery Mobile Unit will participate at both locations along with other workforce development and employment vendors. Customers will have an opportunity to review their resumes/create a resume with workforce development professionals, and speak with employers who are currently hiring.

The HOC Small Business Development Program hosted a webinar titled “Business Taxes 101”. Listed below are small business development updates and customer highlights:

- Yalem Belay filed his EIN and Articles of Corporation (LLC) and is now a legalized business.
- Sharon Smith filed her business Trade Name.
- Tammy Hodge registered her business as a Sole Proprietor.

Financial Literacy

The Financial Literacy Coach continued to work with HOC’s customers and individuals on the Housing Path waitlist on creating a financial foundation. During February, the Financial Literacy Coach provided one-on-one financial literacy coaching to 11 HOC customers and five (5) individuals from the HousingPath waitlist. The coaching sessions continued to cover topics including: creating a working budget, identifying disposable income, reading one’s credit report, and creating and accomplishing monthly financial goals. During February, the Financial Literacy Coach also facilitated a financial literacy workshop attended by four (4) HOC customers and two (2) individuals from the waitlist.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to participants who are formerly homeless with disabilities. The program services some of the most vulnerable residents of the county. In February, the program served 230 participants. Throughout the month program staff continued to conduct home visits with program participants, provide case management services, and pay rent and utilities. Additionally, program staff also continued to help Emergency Voucher recipients secure housing by providing housing location services, as well as financial assistance for application fees, security deposits, moving expenses and household items.

Program staff also continued to implement the Rent Supplement Program (“RSP”), which provides a shallow rental subsidy (up to \$600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. In February, the program served 276 participants.

Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a ‘best practice’ model. HOC was awarded an additional grant and is currently in year three of the new grant period. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. On February 24, 2023, the program graduated 31 fathers from the January cohort. For the month of February, 40 fathers were enrolled. In addition to the graduation, a iFly indoor skydiving event was held on February 24, 2023 for fathers and their families.

PROPERTY MANAGEMENT / COMMUNITY DEVELOPMENT BLOCK GRANT (“CDBG”) UPDATE

Due to the COVID-19 pandemic, HOC did not pursue lease enforcement activities for delinquent rent for the last two years to ensure that our clients were not displaced during this time. Currently, HOC has over \$11 million in rental arrears. In an effort to continue to ensure that we are able to maintain our best efforts to provide high-quality affordable housing, we will begin lease enforcement activities. Our top priority is to keep our residents housed. As such, we have engaged in an extensive outreach effort to share resources with our clients via the Community Development Block Grant Rent Relief (“CDBG”) program and to work in partnership with our partner agencies.

Below is a list of engagement activities:

- **HOC and Partners Briefing Update:** February 9, 2023
- **Virtual Resident CDBG Rent Relief Information Sessions:**
 - February 16, 2023: 116 attendees
 - February 23, 2023: 76 attendees
 - March 2, 2023: 65 attendees
- **One-on-one Application Assistance** - ongoing through March 31, 2023
 - Total assisted to date: 20 (Amharic - 2; French - 4; Spanish - 14)

HOUSING RESOURCES UPDATE

Housing Choice Voucher (“HCV”) Program

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The utilization rate has slightly increased to 96%. Currently, 186 families with issued vouchers are searching for suitable units to rent; and 162 contracts are pending execution. Two Hundred seventy-five (275) families were selected from the HCV waitlist last month.

During February, the Housing Resources Division received eleven requests for voucher extensions beyond the initial 90-day period. The requests included a search record reflecting the efforts made to secure housing during the voucher term and the landlords who were contacted. The extension requests did not warrant a referral to the Human Rights Commission nor the Commission on Civil Rights for possible discrimination.

RENTCafé Used to Support Online Annual Recertifications

This month, HOC introduced the use of RENTCafé to assist with annual recertifications. Customers with recertifications effective February 2023, were required to submit their annual recertification paperwork electronically. Staff enlisted the IT division to provide technical support to customers requiring assistance with the submission of recertification materials. Overall, 400 out of 725 customers submitted their paperwork electronically. We will continue to accept mailed submissions from customers who do not have email or who prefer to submit information by mail. We anticipate that more families will utilize the online portal as they become more comfortable with the technology.

Fifty-six (56) customers were recommended for program termination effective February 1, 2023. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why recertifications were not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and to provide assistance. They were able to assist thirty-four (34) families with the recertification requirement and overturn the termination. Termination proceedings will continue for twenty-two (22) families for the following reasons:

- 15 – Failed to respond to Counselor outreach
- 5 – Deceased
- 2 – Vacate/Skip

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

Emergency Housing Vouchers (“EHVs”)

HOC has an allocation of 118 Emergency Housing Vouchers. Currently 94 families have successfully leased units. Twelve (12) families with issued vouchers are searching for suitable units to rent. Staff are reviewing two certification packets to determine program eligibility. HOC requested ten (10) additional referrals from HHS for the EHV Program.

Family Self Sufficiency (“FSS”) Update

FSS staff continue recruitment efforts this month. Current enrollment consists of 368 families. Three (3) new families enrolled in the FSS program this month and two (2) FSS participants successfully graduated from the program. Through support and resources, each graduate enhanced their skills and obtained employment. One graduate obtained employment as an Administrative Support professional. Her income increased from \$300 to \$77,066, a difference of \$76,000. The second graduate enhanced her skills and obtained employment as a Client Service Representative. Her income increased from \$38,000 to \$51,000 a difference of \$13,000.

The FSS Program conducted its first Financial Literacy Session of 2023 on February 21, 2023 in partnership with Emmanuel Brinklow Stewardship Ministry. The seminar was well attended by thirty-one (31) FSS participants. The seminar was entitled “Get Tax Wise 2023: Everything 1040 Filers and Entrepreneurs Need to Know in 2023.”

FSS Staff attended FSS and HCV Homeownership Training from Quadel Consulting Company. The four-day course provided staff with a detailed understanding of the FSS program, including an overview of the new program requirements. The HCV Homeownership training gave participants a complete overview of the program including regulatory history, eligibility and selection criteria.

FSS participants remain committed to the alliances formed with the FSS Case Managers. FSS Case Managers continue to work with customers on their long- and short-term self-sufficiency goals. During monthly meetings, Case Managers offer integrated strategies for self-care, personal goal fulfillment and emotional support. Community partnerships continue to be a capstone of the program. In conjunction with person-centered planning efforts, Case Managers solicit feedback from customers to determine the effectiveness of previously provided resources. Maintaining continuous feedback ensures that referrals to external partners continue to meet individual goals and exceed expectations.

REAL ESTATE DEVELOPMENT UPDATE

Real Estate Development on the Move!

Elizabeth Square | The Leggett: “Mixed-Income, Multi-Generational, Mixed-Use Community featuring SCRRAC”

The Leggett is a 267-unit, 16-story high-rise development for seniors aged 62 and above, including 106 RAD replacement units set aside for current Elizabeth House residents at 30% AMI, and the balance of units serving residents at and above 60% AMI. This mixed-income, mixed-use community is the future home of the county-owned South County Regional Recreation and Aquatics Center (“SCRRAC”). Use and Occupancy (“U&O”) permits were secured on February 24, bringing us one step closer to relocating seniors from the existing Elizabeth House. Final inspections are underway to reach substantial completion by mid-March and facilitate the first tenant move-ins.

The Laureate: “HOC’s First HPF Project Just Steps Away from Transit”

The Laureate is a 268-unit mixed-income, mixed-use new construction project located in Rockville, which is the first new development to utilize the County's Housing Production Fund. Twenty percent of the units will be set aside for households at 50% AMI and 10% as MPDUs. U&O permits are expected in the first week of March with substantial completion scheduled for mid-March. Final construction activities are ongoing, including finishing the UpCounty Service Center space, which is a key component of the project.

Bauer Park: “Affordable Senior Living in Rockville”

Bauer Park Apartments is a complex of three-story buildings with elevators, just across the street from Rock Creek Village Shopping Center and adjacent to the County Community Center. This dedicated senior community offers efficiency and one-bedroom apartments for older adults over 62 years of age who have moderate incomes. On February 15, PEPCO and its contractors replaced the secondary transformer behind building 1. This effort involved careful coordination with onsite staff due to the need for a 12-hour power shut off. PEPCO can be seen here lifting the new equipment into place with a crane and it being tied into the new Automatic Transfer Switch, which is also onsite.

MORTGAGE FINANCE UPDATE

Upton II – Residences on the Lane – MHDB 2023A and Mortgage Loan Closing

Residences on the Lane is a newly constructed, 150-unit, age-restricted property in Rockville with 90% of units restricted for households with incomes ranging from 40% to 80% of the Area Median Income (“AMI”). On March 2, 2023, HOC’s Mortgage Finance, Finance and Legal teams successfully closed on the issuance of HOC’s 2023 Series A Multifamily Housing Development Bonds (“MHDB”), totaling \$28.5 million, under the 1996 Indenture. The Bonds will fund a permanent mortgage loan, credit enhanced by the FHA Risk Sharing Program, along with a bond reserve for the indenture. HOC allocated \$24 million of volume cap for the transaction and an additional \$5 million of volume cap was recycled from the Maryland Community Development Administration. The Bonds are long term, private activity Variable Rate Demand Obligation bonds, which will reprice daily, and are supported by a Swap Agreement. The initial daily pricing for the Bonds will be set at 2.20%, which is 60 basis points lower than the weekly SIFMA index.

On March 3, 2023, HOC's Mortgage Finance, Real Estate, Finance and Legal teams also closed on the \$27 million FHA Risk Share permanent mortgage loan for the property and a \$1.5 million subordinate note to the borrower. In exchange for the subordinate note, the borrower will loan these proceeds back to the Commission to fund reserves under the Indenture, which may be used to invest in interest income generating instruments. The interest rate for the mortgage is 4.01%, which includes the swap rate, liquidity and remarketing fees, Mortgage Insurance Premium and Loan Management Fees. Excess proceeds from the closing will reduce the Deferred Developer Fee in the transaction.

FINANCE DIVISION UPDATE

Amendments to the FY23-28 County Improvements Program ("CIP") and Supplemental Appropriation to the FY23 Capital Budget

WSSC Sewer and Storm Line Improvements at Elizabeth Square

On February 28, 2023 the Montgomery County Council approved, via Consent, the Amendment to increase the Washington Suburban Sanitary Commission ("WSSC") Sewer and Storm Line Improvements at Elizabeth Square project by \$520,000. The request was fully supported by both the County Executive and the Planning Housing and Parks Committee ("PHP"). The project supports the request by WSSC for HOC to install a temporary 15-inch storm line to accommodate The Leggett, formerly known as Elizabeth House III, and the SCRRAC until MTA/Purple Line is completed. The cost increase is due to revised bid estimates and changes in the scope of the project.

The sewer and storm line upgrades must be implemented prior to The Leggett and SCRRAC receiving a final certificate of occupancy. The amendment was consistent with the criteria for amending the CIP because it supports significant economic development and affordable housing initiatives. This addition supplemented the cumulative appropriation of \$705,000 for a total of \$1,225,000.

Elizabeth House Demolition

On February 28, 2023 the Montgomery County Council approved, via Consent, the Amendment to partially fund the Elizabeth House demolition for \$1,500,000. The request was fully supported by both the County Executive and the PHP.

Demolition of the building is scheduled for the spring/summer of 2023, resulting in lower operating costs for HOC and ensuring patrons have safe and easy access to the SCRRAC. The SCRRAC is expected to be substantially complete in April 2023. An opening date for the public has yet to be decided. The residential building is substantially complete and expected to be open in March.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

February 1, 2023

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, February 1, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:08 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Rick Nelson
Linda Croom
Jeffrey Merkowitz
Jackie Simon
Pamela Byrd

Also Attending

Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Paige Gentry, Deputy General Counsel
Timothy Goetzinger
Marcus Ervin
Ken Silverman
Bonnie Hodge

Tia Blount
Richard Congo
Zachary Marks
Monte Stanford
Fred Swan
Jocelyn Koon
Gio Kaviladze

Also Attending via Zoom

Matt Husman
Steven Firth

John Broullire
Darcel Cox

IT Support

Irma Rodriquez
Aries "AJ" Cruz
Genio Etienne

Commission Support

Patrice Birdsong, Special Assistant to the Commission

Chair Priest opened the meeting with introduction of the Commission.

I. **Information Exchange**
Community Forum

- There were no speakers who signed up to address the Board.

Executive Director's Report

- Chelsea Andrews, Executive Director, provided a presentation of the written report as well as a slide presentation of events.
- The Executive Director answered questions from the Commission.

Commissioner Exchange

- Chair Priest commented on Black History Month and acknowledged work of Special Assistant to Commission, Patrice Birdsong.
- Chair ProTem Nelson commented on the tour of HOC properties, and acknowledged the work of staff.

- II. **Approval of Minutes** – The minutes were approved as submitted with a motion by Commissioner Croom and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Merkowitz, Kelleher, Nelson, Byrd, Croom and Merkowitz

A. Approval of Minutes of January 11, 2023

III. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**

A. Development & Finance Committee – Com. Simon, Chair

1. Approval to Select Lerch, Early & Brewer, CHTD. As Land Use Counsel for The Wheaton Gateway Development

Commissioner Simon opened the floor to Executive Director, Chelsea Andrews who introduced Marcus Ervin, Director of Development, who provided the presentation.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest, Merkowitz, Nelson, Kelleher, Byrd, Croom, and Simon.

RESOLUTION NO.: 23-09

RE: Wheaton Gateway: Approval of the Selection of a Land Use Counsel

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) and its partners, Duffie, Inc. and Wheaton Motel Associates Limited Partnership, a Maryland limited partnership (a/k/a Willco), have aggregated three properties at the corner of University Boulevard and Veirs Mill West in Wheaton known as the “Wheaton Gateway Property” through their subsidiary, HOC at 11250 Veirs Mill Road, LLC (the “Venture Entity”); and

WHEREAS, in 2019, pursuant to Section 16.1 of HOC’s Procurement Policy, staff engaged Lerch, Early & Brewer (“Lerch”) to provide legal services related to early stage land use entitlement work (“Initial Entitlement Work”) for the development of the Wheaton Gateway Property; and

WHEREAS, on April 29, 2022, in anticipation of sketch plan approval, staff solicited new proposals from its Real Estate Legal Pool seeking assistance related to the site plan and subdivision plan phases of the entitlement work (“Ongoing Entitlement Work”); and

WHEREAS, of the two (2) firms that responded, Lerch was deemed to be the most well-equipped and experienced based on cost and prior experience at a cost of \$230,000; and

WHEREAS, the aggregate value of Lerch’s Initial Entitlement Work and Ongoing Entitlement Work is \$300,157, and pursuant to HOC’s Procurement Policy, Commission approval is required to award contracts with a value greater than \$250,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and in its capacity as the sole member of HOC at Wheaton Gateway, LLC, which is the manager and a member of Wheaton Gateway, LLC, which is the manager and a member of Wheaton Venture, LLC, which is the sole member of the Venture Entity, that it approves the selection of Lerch for the Ongoing Entitlement Work.

IV. ELECTION OF OFFICERS

Executive Director, Chelsea Andrews opened the floor for nominations of the Officers (Chair, Vice Chair, and Chair Pro Tem) to the Housing Opportunities Commission Board. Motion was made by Commissioner Kelleher to re-elect Roy Priest to Chair, Commissioner Simon motioned to re-elect Frances Kelleher to Vice Chair, and Commissioner Simon motioned to elect Jeffrey Merkowitz to Chair Pro Tem. The motions were unanimously approved. Executive Director Andrews called for the vote to elect Roy Priest as Chair, Frances Kelleher as Vice Chair and Jeffrey Merkowitz as Chair Pro Tem. The vote was unanimous. Commissioner Simon expressed her gratitude and Chair Merkowitz thanked Com. Nelson for expertise and experience.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Merkowitz seconded the motion, with Commissioners Priest, Merkowitz, Kelleher, Nelson, Simon, Byrd, and Croom voting in approval.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 5:04 p.m., and reconvened in closed session at 5:12 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County’s closed session held on February 1, 2023 at approximately 5:12 p.m. in-person at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(3) to discuss the potential acquisition of multifamily property located in Silver Spring, Maryland, and under the authority of Section 3-305(b)(13) to discuss the confidential commercial and financial terms of a potential commercial lease.

The meeting was closed and the closing statement dated February 1, 2023 was adopted on a motion made by Commissioner Priest, seconded by Commissioner Merkowitz, with Commissioners Priest, Merkowitz, Kelleher, Nelson, Simon, Byrd, and Croom voting in approval. The following persons were

present: Roy Priest, Frances Kelleher, Richard Nelson, Pamela Byrd, Linda Croom, Jeffrey Merkwowitz, Jackie Simon, Chelsea Andrews, Kayrine Brown, Zachary Marks, Marcus Ervin, Gio Kaviladze, Ken Silverman, Timothy Goetzinger, Paige Gentry, Jocelyn Koon, and Patrice Birdsong.

In closed session, the Commission discussed the below topics and took the following actions:

1. **Topic:** The potential acquisition/purchase of multifamily property located in Silver Spring, Maryland (pursuant to Section 3-305(b)(3)).
 - a. **Action Taken:** Staff provided a presentation of the acquisition opportunity. No formal action was taken.

2. **Topic:** The confidential commercial and financial terms of a potential commercial lease at an HOC-controlled property (pursuant to Section 3-305(b)(13)).
 - a. **Action Taken:** Staff provided a presentation of the lease terms. No formal action was taken.

The closed session was adjourned at 5:56 p.m.

Respectfully Submitted,

Chelsea Andrews
Secretary-Treasurer

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

February 17, 2023

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via hybrid platform on Friday, February 23, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 11:22am. Those in attendance were:

Present

Frances Kelleher, Vice Chair
Richard Y. Nelson
Jeffrey Merkowitz, Chair Pro Tem

Via Zoom

Roy Priest, Chair
Pamela Byrd

Absent

Jackie Simon
Linda Croom

Also Attending

Chelsea Andrews, Executive Director
Aisha Memon, General Counsel
Marcus Ervin
Gio Kaviladze
Zachary Marks

IT Support

Aries Cruz
Genio Etienne

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission of Montgomery County. Executive Director, Chelsea Andrews, introduced Marcus Ervin who introduced Gio Kaviladze as the presenter.

I. COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION

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

- 1. Cider Mill Apartments: Approval to Execute a Change order to the Existing Contract with Eastern Concrete Restoration to Replace Four Additional Flat**

Roofs and to Select Vertex Roofing Contractors, Inc. to Replace Mansard Roofs at Cider Mill Apartments.

There was discussion among staff and Commissioners. After discussion, the following resolution was adopted upon a motion made by Commissioner Nelson and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Merkowitz, and Byrd. Commissioners Croom and Simon were necessarily absent and did not participate in the vote.

RESOLUTION NO. 23-10

RE: Approval to Execute a Change Order to the Existing Contract with Eastern Concrete Restoration to Replace Four Additional Flat Roofs and to Select Vertex Roofing Contractors, Inc. to Replace Mansard Roofs at Cider Mill Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of MVG II, LLC (“MVG”), which is the sole member of MV Gateway LLC (“MV Gateway”), and MV Gateway owns the development known as Cider Mill Apartments (the “Property”) located in Gaithersburg, Maryland; and

WHEREAS, the Property was constructed in 1971, and some of the original flat roofs and mansard roofs at the Property have deteriorated and require immediate attention to resolve ongoing leaks; and

WHEREAS, in 2021, staff and Grady Management (“Grady”), the current property manager at the Property, determined that flat roofs on six buildings at the Property needed to be replaced immediately to resolve ongoing leaks, and received six bids in response to a solicitation;

WHEREAS, Eastern Concrete Restoration (“Eastern”) submitted the most competitive bid and completed the replacement of the six flat roofs by late 2022; and

WHEREAS, since Eastern started work, four additional flat roofs began to experience leaks, and staff and Grady recommend executing a change order with Eastern to replace the four flat roofs; and

WHEREAS, in January 2022, the Property’s Real Estate Assessment Center (“REAC”) inspection found that the Property’s mansard roofs have missing or damaged shingles, and HUD instructed the Property to rectify this deficiency as soon as possible; and

WHEREAS, failure to take immediate corrective action to remedy the deficiencies identified in HUD’s violation notice may result in serious injury to HOC, potentially including HUD declaring a default under the Property’s Regulatory Agreement and flagging MV Gateway in HUD’s Active Partners Performance System (“APPS”), which would adversely affect HOC’s eligibility for participation in HUD programs; and

WHEREAS, staff obtained four bids to replace mansard roofs and Vertex Roofing Contractors, Inc. (“Vertex”) submitted the most competitive bid; and

WHEREAS, staff is seeking approval to execute a change order to the existing contract with

Eastern to replace four (4) additional flat roofs and, to prevent serious injury to HOC, an emergency procurement authorization to select Vertex to replace mansard roofs; and

WHEREAS, both Eastern and Vertex are able to start work as soon as the change order and contract are approved; and

WHEREAS, if approved, the replacement of four additional flat roofs and replacement of the mansard roofs would require funding in the amount of \$1,540,464 (\$464,000 change order for the replacement of the flat roofs, \$819,720 emergency procurement for the replacement of the mansard roofs, and a 20% contingency); and

WHEREAS, the Property has a sufficient balance in its repair and replacement reserves to fund both components of this request; and

WHEREAS, staff is working on a plan to address potential future capital needs of the remaining flat roofs at the Property, and will recommend a plan of action for the replacement or repair of the remaining flat roofs.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MVG, as its sole member, on behalf of itself and on behalf of MV Gateway, as its sole member, that the Executive Director of HOC, or her designee, is hereby authorized to execute a change order with Eastern in an amount up to \$556,800, to be paid from the Property's replacement reserves, to replace four flat roofs at the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MVG, as its sole member, on behalf of itself and on behalf of MV Gateway, as its sole member, that the Executive Director of HOC, or her designee, is hereby authorized to negotiate and execute a contract with Vertex in an amount up to \$983,664, to be paid from the Property's replacement reserves, to replace all mansard roofs at the Property, subject to the determination that a full and complete replacement is required to satisfy the findings of the REAC inspection.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MVG, as its sole member, on behalf of itself and on behalf of MV Gateway, as its sole member, that the Executive Director of HOC, or her designee, 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 transactions and actions contemplated herein, including the execution of any documents related thereto.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Vice Chair Kelleher seconded the motion, with Commissioners Priest, Kelleher, Nelson, Byrd, and Merkwowitz voting in approval.

Based upon this report and there being no further business to come before this special session of the Commission, the Commission adjourned the open special session at 11:31 a.m., and reconvened in closed session at 11:38 a.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed special session held

on February 17, 2023 at approximately 11:38 a.m. via a hybrid model (a combination of participation by online platform and in-person), with in-person participation and moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(1) to discuss the employment and performance of a specific employee.

The meeting was closed and the closing statement dated February 17, 2023 was adopted on a motion made by Commissioner Priest, seconded by Commissioner Kelleher, with Commissioners Priest, Kelleher, Nelson, Byrd, and Merkowitz voting in favor of the motion. Commissioners Simon and Croom were necessarily absent and did not participate in the vote. The following persons were present: Roy Priest, Frances Kelleher, Richard Nelson, Pamela Byrd, and Jeffery Merkowitz.

In closed session, the Commission discussed the below topic and took the following action:

1. **Topic:** The employment and performance of a specific employee (pursuant to Section 3-305(b)(1)).
 - a. **Action Taken:** The Commission discussed the employee's current performance. No formal action was taken.

The closed session was adjourned at 12:45 p.m.

Respectfully Submitted,

Chelsea Andrews
Secretary-Treasurer

**APPROVAL OF COLLECTIVE BARGAINING AGREEMENT WAGE RE-
OPENER BETWEEN THE HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY
AND
THE MUNICIPAL AND COUNTY GOVERNMENT EMPLOYEES
ORGANIZATION FOR FISCAL YEAR 2023**

March 8, 2023

- The Collective Bargaining Agreement (“CBA”) between the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) and the Municipal and County Government Employees Organization (“MCGEO”) expired June 30, 2020.
- HOC and MCGEO agreed to continue the terms and conditions of the expired contract, with the addition of some negotiated revisions, which were agreed to by the parties and approved by the Commission in May 2022, and negotiate wage adjustments for Fiscal Year 2023.
- Negotiations began October 20, 2022 and concluded on February 14, 2023.
- The Negotiated Agreement was presented to the two bargaining units of Service, Labor and Trades and Office, Professional and Technical and was unanimously ratified on Friday, March 2, 2023.
- The Collective Bargaining Law stipulates that the CBA shall be effective upon the approval of the Commission and the bargaining units.
- The Commission has been briefed by staff as the negotiations progressed and now recommends approval of the Collective Bargaining Agreement Wage Re-opener with MCGEO.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Patrick Mattingly, Director of Human Resources Ext 9438

RE: Approval of the Collective Bargaining Agreement Wage Reopener between the Housing Opportunities Commission of Montgomery County and Municipal and County Government Organization for Fiscal Year 2023.

DATE: March 8, 2023

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

OVERALL GOAL & OBJECTIVE:

To seek approval of Changes to the Collective Bargaining Agreement for the Wage Reopener Agreement between the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) and the Municipal and County Government Employees Organization (“MCGEO”) for Fiscal Year 2023.

BACKGROUND:

The Collective Bargaining Agreement between HOC and MCGEO expired June 30, 2020. HOC and MCGEO agreed to continue the terms and conditions of the expired contract, with the addition of some negotiated revisions, which were agreed to by the parties and approved by the Commission in May, 2022, and negotiate wage adjustments for Fiscal Year 2023. The Negotiated Agreement reached by the parties includes the items outlined below.

I. Wage Adjustments

- The Negotiated Agreement (“Agreement”) stipulates that, for Fiscal Year 2023, Bargaining Unit Members who have been rated Fully Successful by the February 4, 2023 (the “Effective Date”) shall receive a 3.5% Annual Pay Increment effective the first full pay period in February 2023. A Bargaining Unit Member who is not Fully Successful the first full pay period of February 2023 shall receive their Fiscal Year 2023 increment when they become Fully Successful. Bargaining Unit Members who were not eligible for the Fiscal Year 2023 Annual Pay Increment because they have reached the Top of Grade shall receive a \$1,500.00 bonus.
- The Negotiated Agreement also stipulates that Represented employees, hired on or before July 1, 2022, shall receive an Inflationary Relief Bonus of Seven Hundred Fifty Dollars (\$750.00). The Inflationary Relief Bonus is a one-time payment and the lump sum amount will be pro-rated for part time employees. The Agreement provides that the

Inflationary Relief Bonus shall be paid effective the first full pay period after both Union Ratification and Commission Approval of the negotiated agreement.

- The Agreement stipulates that effective the first full pay period of March 2023, Represented Employees shall receive a General Wage Adjustment of 3.89% or \$3,100, whichever is greater. The minimums and maximums of the Pay Scales for each grade will be increased commensurate with each General Wage Adjustment.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the changes to the Collective Bargaining Agreement for the Wage Reopener Agreement for Fiscal Year 2023?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Municipal and County Government Employees Organization

BUDGET IMPACT:

The total estimated impact to salaries for the negotiated wage adjustments for represented employees is \$1,276,476.

TIME FRAME:

For Commission action on March 8, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends Commission approval of the changes to the Collective Bargaining Agreement.

Resolution No.: 23-11

RE: Approval of Collective Bargaining Agreement Wage Re-opener between the Housing Opportunities Commission and the Municipal and County Government Employees Organization for Fiscal Year 2023.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is required by law to enter into a Collective Bargaining Agreement (“CBA”) for Commission employees who are covered under the collective bargaining law that went into effect as of October 1, 1999; and

WHEREAS, the CBA between HOC and the Municipal County Government Employees Organization (“MCGEO”) (the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades (“SLT”), and Office, Professional, and Technical (“OPT”)) expired on June 30, 2020; and

WHEREAS, HOC and MCGEO agreed to continue the terms and conditions of the expired CBA with the addition of some negotiated revisions that were agreed to by the parties in May 2022, and with the agreement to negotiate wage adjustments for Fiscal Year 2023; and

WHEREAS, the negotiations for the Fiscal Year 2023 wage adjustments began on October 20, 2022, and were successfully concluded on February 14, 2023; and

WHEREAS, the Negotiated Agreement reached by HOC and MCGEO includes the following:

1. Bargaining Unit Members who have been rated as ‘Fully Successful’ by the February 4, 2023 (the “Effective Date”) shall receive a 3.5% Annual Pay Increment effective the first full period in February 2023. A Bargaining Unit Member who is not rated as ‘Fully Successful’ as of the first full pay period in February 2023, shall receive their Fiscal Year 2023 Annual Pay Increment when they become ‘Fully Successful’. Bargaining Unit Members who are not eligible for the Fiscal Year 2023 Annual Pay Increment because they have reached the Top of Grade shall receive a \$1,500.00 bonus.
2. Bargaining Unit Members hired on or before July 1, 2022 shall receive an Inflationary Relief Bonus of Seven Hundred Fifty Dollars (\$750.00). The Inflationary Relief Bonus is a one-time payment and the lump sum amount will be pro-rated for part time employees. The Inflationary Relief Bonus shall be paid effective the first full pay period after union ratification and Commission approval.
3. Effective the first full pay period of March 2023, Bargaining Unit Members shall receive a General Wage Adjustment of 3.89% or \$3,100, whichever is greater. In addition, the minimum and maximum of the pay scales for each pay grade shall be increased commensurate with the General Wage Adjustment.

WHEREAS, the collective bargaining law stipulates that the CBA shall be effective upon the approval of the Commission and the membership of the union representing the bargaining unit; and

WHEREAS, the union membership ratified the Negotiated Agreement on March 2, 2023.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves the Negotiated Agreement.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at an open meeting conducted on Wednesday, March 8, 2023.

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Chelsea Andrews
Executive Director

**APPROVAL OF FISCAL YEAR ANNUAL PAY INCREMENTS AND GENERAL
WAGE ADJUSTMENTS FOR NON-REPRESENTED MERIT SYSTEM STAFF
FOR FISCAL YEAR 2023**

March 8, 2023

- The Executive Director is seeking approval to award Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Employees for Fiscal Year 2023.
- Staff recommends that the Commission award compensation for Non-Represented Merit System Employees for Fiscal Year 2023 that is fair, equitable and consistent with that of Represented Employees.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Patrick Mattingly, Human Resources Director Ext 9438

RE: Approval of Fiscal Year Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023.

DATE: March 8, 2023

STATUS: Consent **Deliberation** **Status Report** **Future Action**

OVERALL GOAL & OBJECTIVE:

To seek approval to award Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Employees for Fiscal Year 2023 that is fair, equitable and consistent with that of Represented Employees.

BACKGROUND:

The Executive Director is seeking approval to award Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023, as follows:

- Non-Represented Merit System Employees who have been rated as Fully Successful by the February 4, 2023 (the “Effective Date”) shall receive a 3.5% Annual Pay Increment effective the first full pay period in February 2023. Non-Represented Merit System Staff who are not Fully Successful the first full pay period of February 2023 shall receive their Fiscal Year 2023 increment when they become Fully Successful.
- Non-Represented Merit System Staff who are not eligible for the Fiscal Year 2023 Annual Pay Increment because they have reached the Top of Grade shall receive a \$1,500.00 bonus.
- Non-Represented Merit System employees shall receive a General Wage Adjustment of 3.89% or \$3,100, whichever is greater, effective the first full pay period of March 2023.
- The Pay Grade Scales for Non-Represented Staff shall be increased shall be increased commensurate with each General Wage Adjustment

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023 that is fair, equitable and consistent with that of represented employees.

PRINCIPALS:

Housing Opportunities Commission of Montgomery County

BUDGET IMPACT:

The total estimated impact to salaries for Non-Represented Merit System Staff is \$531,827.

TIME FRAME:

For Commission action on March 8, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends approval of the Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023.

Resolution No.: 23-12

RE: Approval of Fiscal Year Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) wishes to award Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Employees (“Non-Represented Merit Staff”) for Fiscal Year 2023 that is fair, equitable, and consistent with that of represented employees; and

WHEREAS, staff proposes the following “FY 2023 Compensation Package” for Non-Represented Merit Staff:

1. Non-Represented Merit System Staff who have been rated as ‘Fully Successful’ by the February 4, 2023, (the “Effective Date”) shall receive a 3.5% Annual Pay Increment effective the first full period in February 2023. Non-Represented Merit System Staff who are not rated as ‘Fully Successful’ as of the first full pay period in February 2023, shall receive their Fiscal Year 2023 Annual Pay Increment when they become ‘Fully Successful’. Non-Represented Merit System Staff who are not eligible for the Fiscal Year 2023 Annual Pay Increment because they have reached the Top of Grade shall receive a \$1,500.00 bonus.
2. Effective the first full pay period of March 2023, Non-Represented Merit System Staff shall receive a General Wage Adjustment of 3.89% or \$3,100, whichever is greater. In addition, the minimum and maximum of the pay scales for each pay grade shall be increased commensurate with the General Wage Adjustment.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County hereby approves the FY 2023 Compensation Package for Non-Represented Merit Staff.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at an open meeting conducted on Wednesday, March 8, 2023.

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Chelsea Andrews
Executive Director

APPROVAL OF ALEXANDRA NASSAU-BROWNSTONE AND EILEEN M. FITZGERALD TO THE BOARD OF DIRECTORS OF THE HOUSING OPPORTUNITIES COMMUNITY PARTNERS, INC.

March 8, 2023

- Housing Opportunities Community Partners, Inc. (“HOCP”), a 501c(3) charitable organization, supports residents and resident programs operated by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”).
- The Commission is required to approve nominations to the HOCP Board of Directors, in accordance with HOCP’s bylaws.
- On January 1, 2023, two undesignated seats on the HOCP Board of Directors became vacant.
- The HOCP Board nominated Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to be appointed to three-year terms of the HOCP Board, filling the board’s current two vacant undesignated seats.
- It is recommended that the Commission approve the appointments to the Board of Directors of HOCP as herein presented.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: HOC Division: Public Affairs and Communications Staff: Tia Blount Ext. 9631
John Vass Ext. 9730

RE: Approval of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to the Board of Directors of The Housing Opportunities Community Partners, Inc.

DATE: March 8, 2023

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

OVERALL OBJECTIVE:

To approve the appointments of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to the Board of Directors of the Housing Opportunities Community Partners, Inc. ("HOCP").

BACKGROUND:

HOCP may elect up to seven (7) board members, including four (4) designated seats, for an attorney, Montgomery County low-income resident, accountant and a marketing professional. The remaining three seats may be undesignated. As of January 1, 2023, two of the undesignated seats became vacant. After outreach for candidates, two Montgomery County residents, with extensive experience in affordable housing, finance, and resident services submitted applications to join the Board of Directors. On February 6, 2023 the HOCP Board of Directors met and formally nominated Alexandra Nassau-Brownstone and Eileen M. Fitzgerald, each to serve for three-year terms on the board. Their nominations are being forwarded to the HOC Commission for final approval. The HOC Commission, in accordance with HOCP bylaws, must approve the final selection of HOCP Board Directors.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the appointments of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to serve for three-year terms on the HOCP board?

PRINCIPALS:

Alexandra Nassau-Brownstone

Alexandra Nassau-Brownstone currently serves as Vice President for Resident Outcomes & CORES at Stewards of Affordable Housing for the Future ("SAHF"). She works with SAHF member organizations and industry stakeholders to identify opportunities for collaboration, improve the consistency and integrity of community level data, demonstrate the impact of service-enriched rental housing, and build support for this work at the practitioner, policymaker, and investor

level. Additionally, Ms. Nassau-Brownstone manages the Certified Organization for Resident Engagement & Services (“CORES”) Certification.

Prior to joining SAHF, Ms. Nassau-Brownstone was the Director of Resident Services for Somerset Development Company where she developed and managed partnerships, program design, and systems for financial and outcomes tracking, working with the resident leadership groups across their portfolio. Previously, she worked on the national Resident Services Initiative at Enterprise Community Partners.

Ms. Nassau-Brownstone holds a Master’s degree in Community Planning from the University of Maryland and a Bachelor of Arts degree from American University in a self-designed interdisciplinary major: “Power and Poverty in the Media”.

Eileen M. Fitzgerald

Eileen M. Fitzgerald has more than 25 years of experience in housing and community development. From October 2019 through November 2022, Ms. Fitzgerald worked as the Executive Vice President and Head of Housing Affordability Philanthropy for Wells Fargo Bank. In this role, she developed and implemented several strategies on fulfilling a \$1 billion Housing Affordability Commitment. Also, she was the thought leader, expert and Wells Fargo representative on all housing affordability programs.

From 2014 to 2019, Ms. Fitzgerald was President and Chief Executive Officer of *Stewards of Affordable Housing for the Future (“SAHF”)* - a collaborative of 13 nonprofit affordable housing developers across the county. In 2019, SAHF had a portfolio of 138,000 affordable rental homes and focused on affordable rental housing policy, sustainability and services for residents that promote opportunity and dignity. Her earlier positions included serving as the CEO and COO of NeighborWorks America for a total of nine years. And, she was also a senior director in housing and national initiatives for the Fannie Mae Foundation.

Ms. Fitzgerald holds a Master’s Degree in Public Affairs from Princeton University’s School of Public and International Affairs and a Bachelor’s of Science Degree in finance and economics from Fordham University’s College of Business Administration.

BUDGET IMPACT

None.

TIME FRAME:

Commission action is requested at the March 8, 2023 meeting.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the appointments of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to serve for three-year terms on the Board of Directors of the Housing Opportunities Community Partners, Inc.

RESOLUTION: 23-13

RE: Approval of the Appointments of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to the Board of Directors of the Housing Opportunities Community Partners, Inc.

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

WHEREAS, HOC is required, by the HOCP bylaws, to approve nominees to the HOCP Board of Directors; and

WHEREAS, the HOCP Board of Directors unanimously nominated Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to serve on the Board for three-year terms.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the nomination of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to serve on the HOCP Board of Directors is approved.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on March 8, 2023.

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Chelsea Andrews
Executive Director

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

FISCAL YEAR 2023 (FY'23) SECOND QUARTER BUDGET TO ACTUAL STATEMENTS: ACCEPTANCE OF THE SECOND QUARTER FY'23 BUDGET TO ACTUAL STATEMENTS

March 8, 2023

- The Agency ended the second quarter of fiscal year 2023 with a net cash flow deficit of **(\$589.629)**, which resulted in a second quarter budget to actual negative variance of **(\$943,510)**.
- The General Fund experienced a negative income variance due to delayed Commitment and Development Fee income and lower draws on the Opportunity Housing Reserve Fund (“OHRF”) that was more than offset by savings in various expense categories.
- At the end of the second quarter, several of the unrestricted properties in the Opportunity Housing Fund underperformed budget expectations as a result of overages in various expense categories coupled with lower tenant income.
- The Housing Choice Voucher (“HCV”) Program experienced an administrative surplus through December 31, 2022, due to higher than anticipated administrative fee income coupled with a positive variance in administrative expenses.
- The Budget Finance and Audit Committee reviewed this request at its meeting on February 17, 2023, and joins staff’s recommendation that the Commission accept the second quarter of fiscal year 2023 budget to actual statements.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Fiscal Year 2023 (FY'23) Second Quarter Budget to Actual Statements:** Acceptance of Second Quarter FY'23 Budget to Actual Statements

DATE: March 8, 2023

OVERALL GOAL & OBJECTIVE:

Commission acceptance of the Second Quarter FY'23 Budget to Actual Statements.

BACKGROUND:

The Executive Director is presenting the Second Quarter Budget to Actual statements and amendments to the Budget, Finance and Audit Committee for review. Staff will present any proposed budget amendments and recommendations to the full Commission for formal action.

ISSUES FOR CONSIDERATION:

To assess the financial performance of the Housing Opportunities Commission of Montgomery County ("Agency") for the second quarter of FY'23 against the budget for the same period.

BUDGET IMPACT:

A second quarter budget amendment was informally discussed with the Budget, Finance and Audit Committee at the February 17, 2023 meeting. The Commission will be asked to approve the second quarter budget amendment at the March 8, 2023 Commission meeting. Future amendments will be presented to the Commission as necessary.

TIME FRAME:

For formal Commission action at the March 8, 2023 meeting.

The Budget, Finance and Audit Committee informally discussed the Second Quarter FY'23 Budget to Actuals at the February 17, 2023, meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission formally accept the Second Quarter FY'23 Budget to Actual Statements.

DISCUSSION – SECOND QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the second quarter of FY'23 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Housing Choice Voucher (“HCV”) Programs and all Capital Improvements Budgets.

HOC Overall (see Attachment A)

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

The Commission approves the Operating Budget at the fund level based on a modified accrual basis, which is similar to the presentation of budgets by governmental organizations. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenues, expenses, and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The FY’23 Second Quarter Operating Budget to Actual Comparison (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY’23 Second Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the quarter with a net cash flow deficit of **(\$589,629)**. This deficit resulted in a second quarter budget to actual negative variance of **(\$943,510)** when compared to the anticipated second quarter net cash flow surplus of \$344,881. The primary causes were lower unrestricted cash flow in some of the unrestricted Opportunity Housing properties as a result of property performance (see Opportunity Housing Fund) coupled with lower income in the General Fund partially offset by savings in various expense categories in the fund (see General Fund).

Explanations of Major Variances by Fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of **(\$3,485,860)**, which resulted in a positive variance of \$999,226, when compared to the projected deficit of **(\$4,485,086)**.

As of December 31, 2022, income in the General Fund was \$2,311,255 lower than budgeted and expenses were \$3,310,481 lower than budgeted. The negative income variance was primarily the result of delays in the receipt of the Commitment and Development Fees for the Metropolitan and Development Fees for the Leggett and Residences on the Lane. The Metropolitan financing has moved to December 2023; therefore, the respective fees will not be received in FY’23. The opening of The Leggett is now anticipated for the second quarter of calendar year 2023 and will result in the payment of the initial development fee at that time. Delays in the lease-up at Residences on the Lane delayed achieving stabilized operations, which in turn has delayed receipt

of the Developer Fee, now anticipated for mid-2023. In addition, there are lower draws from the Opportunity Housing Reserve Fund (“OHRF”) for Real Estate personnel and predevelopment costs.

The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, maintenance contracts, COVID-19 expense and savings in capital projects, which resulted in lower transfers from the operating budget to cover the cost of the projects.

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

Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The positive expense variance in both Bond Funds is a result of lapse in salary and benefits.

The Opportunity Housing Fund

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

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency’s FY’23 Operating Budget. This group ended the quarter with cash flow of \$2,231,519 or \$945,410 lower than projected.

- **Alexander House Dev Corp** ended the quarter with a deficit of **(\$501,213)**, which resulted in a negative cash flow variance of \$366,103 when compared to the projected deficit primarily from greater than anticipated bad debt, maintenance, and utility expenses partially offset by savings in administrative costs. The anticipated deficit **The Barclay Dev Corp** was \$71,609 more than anticipated due to overages in maintenance, utilities, and administrative expenses partially offset by slightly higher gross rents and lower concessions. **Glenmont Crossing Dev Corp** experienced a negative cash flow variance of \$38,284 resulting from higher vacancy loss coupled with higher bad debt expense partially offset by savings in administrative and maintenance expenses. Cash flow for **Magruder’s Discovery Dev Corp** was \$96,686 lower than budget through the second quarter based on higher vacancy loss as well as overages in maintenance expenses and slightly higher bad debt expense partially offset by savings in administrative and utility costs. The **Metropolitan Dev Corp** ended the quarter with a positive cash flow variance of \$104,448 resulting from higher gross rents, slightly lower vacancy loss, and the receipt of a settlement payment from a previous retail tenant for vacating early. Cash flow at **Montgomery Arms Dev Corp** was \$40,755 lower than anticipated primarily due to higher maintenance and bad debt expenses coupled with lower gross rents and laundry income, which were partially offset by savings in administrative costs. **MPDU 59 Dev Corp** experienced a negative cash flow variance of \$63,801 due to greater than anticipated bad debt coupled with higher vacancy loss partially offset by savings in maintenance costs.

Paddington Square Dev Corp reported a negative variance of \$112,522 due to higher bad debt, maintenance and administrative expenses coupled with slightly lower gross tenant rents partially offset by lower vacancy loss and savings in utilities. Cash flow for **Pooks Hill High-Rise** was \$34,863 less than budget primarily due to overages in maintenance and bad debt expenses. Cash flow at **VPC One Dev Corp** experienced a negative cash flow variance of \$408,399 due to greater than anticipated bad debt, maintenance, administrative and tax expenses partially offset by higher gross rents, lower concessions, and lower vacancy loss. **VPC Two Dev Corp** experienced a positive cash flow variance of \$190,485 due to higher gross rents and lower vacancy loss coupled with savings in maintenance, administrative, and utility expenses partially offset by overages in bad debt expense.

The second group consists of properties whose cash flow will not be used for the Agency's FY'23 Operating Budget. Cash flow from this group of Development Corporation properties was \$145,510 less than budgeted through December 2022.

- **MetroPointe** experienced a positive cash flow variance of \$69,689 resulting from higher gross rents and lower vacancy loss coupled with savings in administrative and maintenance costs that were partially offset by overages in bad debt and security expenses. Cash flow at the **Oaks at Four Corners Dev Corp** was \$46,672 higher than anticipated due to savings in administrative and utility expenses coupled with lower vacancy loss partially offset by overages in maintenance costs. The **RAD 6 Dev Corp** properties ended the quarter with a shortfall of **(\$448,835)**, which resulted in a negative cash flow variance of \$261,871 when compared to the projected shortfall of **(\$186,964)**. Collectively, this resulted from overages in bad debt and maintenance expenses coupled with higher vacancy loss partially offset by savings in administrative and utility expenses.

Attachment C is a chart of the Net Cash Flow for the Opportunity Housing Properties. This chart divides the properties into two groups.

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'23 Operating Budget. This group ended the quarter with cash flow of \$664,712 or \$988,326 less than projected.

- Cash flow at **MPDU I (64)** was \$156,931 lower than anticipated because of overages in bad debt and maintenance expenses coupled with higher vacancy loss and lower gross rents. **Avondale Apartments** reported a negative cash flow variance of \$62,260 based on higher vacancy loss coupled with higher maintenance costs and debt service, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), partially offset by slightly higher gross tenant rents and administrative savings. **Barclay Affordable** experienced a positive cash flow variance of \$58,286 resulting from savings in utility expenses and lower bad debt expense coupled with slightly higher gross rents partially offset by overages in maintenance and administrative costs. A portion of the savings in utilities is related to the split of costs with Barclay Dev Corp that is being reviewed by the management company to determine if a

correction is warranted. **Bradley Crossing** ended the quarter with a negative variance of \$225,753 as a result of lower gross rents and higher vacancy loss coupled with overages in maintenance costs and debt expenses, due to increased rates on the PNC Real Estate Line of Credit (“RELOC”), that were partially offset by savings in administrative, utility and bad debt expenses. **Camp Hill Square** experienced a negative cash flow variance of \$106,448 because of higher vacancy loss coupled with higher maintenance and bad debt expenses that were partially offset by slightly higher gross rents and lower administrative and utility costs. Cash flow for **Chelsea Towers** was \$53,510 lower than anticipated because of the early payoff of the county loan for at the property. **Elizabeth House Interim RAD** ended the quarter with a negative cash flow variance of \$38,323 as a result of overages in most expenses categories that was partially countered by higher tenant income. **Fairfax Court** ended the quarter with negative cash flow variances of \$41,418 because of higher than anticipated maintenance, bad debt, and administrative expenses. **Georgian Court Affordable** and **Shady Grove Apartments**, which were resyndicated as Low Income Housing Tax Credit (“LIHTC”) properties in December 2021, incurred audit expense related to the CY’21 audit. **Manchester Manor** reported a negative cash flow variance of \$56,860 due to overages in most expense categories coupled with slightly lower gross rents and higher vacancy loss. Cash flow for **McHome** was \$19,414 lower than budget based on higher vacancy loss and slightly lower gross rents. **McKendree** experienced a negative cash flow variance of \$25,518 as a result of overages in bad debt, maintenance, and utility expenses. Cash flow for **MHLP VII** was \$60,400 lower than projected as a result of higher vacancy loss coupled with overages in bad debt and utility expenses partially offset by savings in maintenance cost. **MHLP IX Scattered Sites** experienced a negative cash flow variance of \$101,721 mainly due to overages bad debt, maintenance, and utility expenses coupled with higher vacancy loss partially countered by higher gross rents. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of \$40,683 primarily as a result of higher security expense, resulting from a fire watch at the property due to a faulty fire panel that has since been replaced, coupled with overages in maintenance and utility costs partially offset by higher gross rents and lower concessions. Cash flow for **TPP LLC Timberlawn** was \$68,821 more than anticipated due to savings in most expense categories, higher gross rents and lower concessions partially countered by higher vacancy loss and bad debt expense at the property. **Westwood Towers** experienced a negative cash flow variance of \$38,903 because of higher administrative, maintenance, security and bad debt expenses coupled with higher concessions that were partially offset by lower vacancy loss and higher parking income coupled with savings in utility costs. Cash flow at **The Willows** was \$46,216 lower than anticipated due to overages in maintenance and bad debt expenses that were partially offset by higher gross rents and lower vacancy loss coupled with savings in administrative and utility expenses.

The second group consists of properties whose cash flow will not be used for the Agency’s FY’23 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was \$408,851 less than budgeted.

- The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of \$24,364 mainly driven by interest paid on the outstanding debt on the PNC RELOC and taxes. There are sufficient reserves at the property to cover the costs. **Battery Lane**, which was acquired on May 25, 2022 ended the quarter with a negative cash flow variance of \$55,222 largely due to lower gross rents and higher vacancy loss partially offset by savings in administrative, tenant services, and maintenance expenses. **Brooke Park** experienced a negative cash flow variance of \$76,243, mainly resulting from a delay in occupying the units post renovation coupled with overages in administrative and maintenance expenses. Cash flow at **Brookside Glen** was \$19,063 lower than anticipated due to higher maintenance, utility, and security expenses coupled with lower gross rents that were partially offset by savings in administrative costs and lower vacancy loss. **Cider Mill** reported a small negative cash flow variance of \$11,877 due to higher vacancy loss coupled with higher bad debt, utility and security expenses partially offset by savings in maintenance and administrative expenses. **Diamond Square** ended the quarter with a negative cash flow variance of \$82,322 primarily resulting from overages in maintenance and utility costs coupled with slightly lower gross rents and higher vacancy loss that were partially offset by savings in bad debt and administrative expenses. Cash flow for the **NCI** units collectively was \$61,278 lower than budget due to three of the fourteen units remaining vacant coupled with overages in maintenance and bad debt expenses. **Paint Branch** experienced a negative cash flow variance of \$17,719 due to lower gross tenant rents coupled with slightly higher vacancy loss and bad debt expense partially offset by small savings in maintenance, administrative and utility costs. Cash flow for **Southbridge** was \$31,959 more than anticipated based on savings in maintenance and utility expenses coupled with lower vacancy loss. **State Rental Combined** experienced a negative cash flow variance of \$106,402 because of higher vacancy loss coupled with overages in bad debt expense that were countered by savings in maintenance and administrative expenses.

The Public Fund (Attachment D)

- The Housing Choice Voucher Program (“HCVP”) ended the quarter with a surplus of \$948,395. The surplus was comprised of Housing Assistance Payments (“HAP”) revenue that exceeded HAP expense by \$64,491 coupled with an administrative surplus of \$883,904. The HAP surplus will be restricted to the HCVP reserve known as the Net Restricted Position (“NRP”), which includes funds received in prior years that were recognized but not used. The administrative surplus was the result of higher than anticipated administrative fee income coupled with savings in administrative expenses due largely to staff turnover. The higher administrative fee income was primarily the result of a higher proration factor that was changed from 88% to 89.2% coupled with the increased utilization rate and fees received to support the Emergency Housing vouchers.

Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end.

The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'23. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

- **Manchester Manor** has exceeded its FY'23 capital budget due to work required for the Real Estate Assessment Center ("REAC") inspection. **Metropolitan Affordable** spent more than budgeted because of the unanticipated replacement of the building water heater. **Paddington Square** overspent because of unanticipated pipe replacements and turnover costs to assist Friendly Gardens (site of the 2021 building explosion). There were also nominal overages at **Brooke Park**, **Camp Hill Square**, **Elizabeth House RAD**, **617 Olney Sandy Spring Road**, the **NCI** units, **Parkway Woods** and **Sandy Spring Meadow**.

Resolution No. 23-14 :

**Re: Acceptance of the Second Quarter
FY'23 Budget to Actual Statements**

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Second Quarter FY’23 Budget to Actual Statements during its March 8, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY’23 Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 8, 2023.

Chelsea Andrews
Executive Director

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FY 2023 Second Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(6 Months) Budget	(6 Months) Actual	Variance
General Fund			
General Fund	(\$4,485,086)	(\$3,485,860)	\$999,226
Administration of Multifamily and Single Family Fund			
Multifamily Fund	\$102,884	\$170,686	\$67,802
Draw from / (Restrict to) Multifamily Bond Fund	(\$102,884)	(\$170,686)	(\$67,802)
Single Family Fund	\$62,119	\$149,337	\$87,218
Draw from / (Restrict to) Single Family Bond Fund	(\$62,119)	(\$149,337)	(\$87,218)
Opportunity Housing Fund			
Opportunity Housing Properties	\$1,653,038	\$664,712	(\$988,326)
Development Corporation Property Income	\$3,176,929	\$2,231,519	(\$945,410)
OHRF			
OHRF Balance	\$2,967,826	(\$35,611)	(\$3,003,437)
Excess Cash Flow Restricted	(\$2,967,826)	\$0	\$2,967,826
Draw from existing funds	\$0	\$35,611	\$35,611
Net -OHRF	\$0	\$0	\$0
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	\$344,881	(\$589,629)	(\$934,510)

Public Fund			
(1) Housing Choice Voucher Program HAP	(\$3,174,948)	\$64,491	\$3,239,439
(2) Housing Choice Voucher Program Admin	(\$210,213)	\$883,904	\$1,094,117
Total -Public Fund	(\$3,385,161)	\$948,395	\$4,333,556
Public Fund - Reserves			
(1) Draw from / Restrict to HCV Program Cash Reserves	\$3,174,948	(\$64,491)	(\$3,239,439)
(2) Draw from / Restrict to HCV Program Excess Admin Fee	\$210,213	(\$883,904)	(\$1,094,117)
SUBTOTAL - Public Funds	\$0	\$0	\$0

TOTAL - All Funds	\$344,881	(\$589,629)	(\$934,510)
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FY 2023 Second Quarter Operating Budget to Actual Comparison

	Capital Expenses		Variance
	(12 Months) Budget	(6 Months) Actual	
General Fund			
880 Bonifant	\$50,000	\$4,483	\$45,517
East Deer Park	\$207,000	\$0	\$207,000
Kensington Office	\$100,000	\$25,523	\$74,477
Information Technology	\$915,000	\$145,422	\$769,578
Opportunity Housing Fund	\$6,321,728	\$3,537,493	\$2,784,235
TOTAL - All Funds	\$7,593,728	\$3,712,921	\$3,835,290

FY 2023 Second Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(6 Months)	Variance		(6 Months)	Variance
	Net Cash Flow Budget	Income	Expense	Net Cash Flow Actual	
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	(\$135,110)	(\$14,404)	(\$351,699)	(\$501,213)	(\$366,103)
The Barclay Dev Corp	(\$80,939)	\$28,888	(\$100,498)	(\$152,548)	(\$71,609)
Glenmont Crossing Dev Corp	\$181,618	(\$19,776)	(\$18,508)	\$143,334	(\$38,284)
Glenmont Westerly Dev Corp	\$77,218	\$1,690	(\$1,061)	\$77,847	\$629
Magruder's Discovery Dev Corp	\$405,320	(\$49,180)	(\$47,506)	\$308,634	(\$96,686)
The Metropolitan Dev Corp	\$858,961	\$112,489	(\$8,042)	\$963,409	\$104,448
Metropolitan Affordable	(\$202,563)	\$12,234	(\$1,787)	(\$192,116)	\$10,447
Montgomery Arms Dev Corp	\$164,843	(\$16,897)	(\$23,857)	\$124,088	(\$40,755)
MPDU II (59) Dev Corp	\$186,271	(\$34,094)	(\$29,707)	\$122,470	(\$63,801)
Paddington Square Dev Corp	\$272,329	\$7,400	(\$119,922)	\$159,807	(\$112,522)
Pooks Hill High-Rise Dev Corp	\$222,300	\$4,886	(\$39,749)	\$187,437	(\$34,863)
Scattered Site One Dev Corp	\$25,556	(\$22,318)	\$6,579	\$9,817	(\$15,739)
Scattered Site Two Dev Corp	(\$49,142)	(\$12,349)	\$1,103	(\$60,388)	(\$11,246)
Sligo MPDU III Dev Corp	(\$28,761)	\$4,726	\$3,863	(\$20,173)	\$8,588
VPC One Dev Corp	\$791,142	\$70,312	(\$478,711)	\$382,743	(\$408,399)
VPC Two Dev Corp	\$487,886	\$111,231	\$79,254	\$678,371	\$190,485
Subtotal	\$3,176,929	\$184,838	(\$1,130,248)	\$2,231,519	(\$945,410)
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	(\$138,880)	\$74,989	(\$5,301)	(\$69,191)	\$69,689
Oaks at Four Corners Dev Corp	(\$11,026)	\$16,180	\$30,491	\$35,646	\$46,672
RAD 6 Dev Corp Total	(\$186,964)	(\$150,793)	(\$111,076)	(\$448,835)	(\$261,871)
Ken Gar Dev Corp	\$2,416	(\$5,120)	(\$7,110)	(\$9,814)	(\$12,230)
Parkway Woods Dev Corp	\$21,381	\$120	(\$10,409)	\$11,092	(\$10,289)
Sandy Spring Meadow Dev Corp	(\$17,061)	\$11,389	(\$22,314)	(\$27,987)	(\$10,926)
Seneca Ridge Dev Corp	(\$134,806)	(\$88,250)	(\$10,930)	(\$233,986)	(\$99,180)
Towne Centre Place Dev Corp	(\$35,131)	(\$1,845)	(\$46,607)	(\$83,583)	(\$48,452)
Washington Square Dev Corp	(\$23,763)	(\$67,087)	(\$13,706)	(\$104,557)	(\$80,794)
Subtotal	(\$336,870)	(\$59,624)	(\$85,886)	(\$482,380)	(\$145,510)
TOTAL ALL PROPERTIES	\$2,840,059	\$125,214	(\$1,216,134)	\$1,749,139	(\$1,090,920)

FY 2023 Second Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(6 Months)	Variance		(6 Months)	
	Net Cash Flow Budget	Income	Expense	Net Cash Flow Actual	
Properties with unrestricted cash flow for FY22 operating budget					
MPDU I (64)	\$103,723	(\$37,903)	(\$119,028)	(\$53,208)	(\$156,931)
Avondale Apartments	\$98,776	(\$29,849)	(\$32,412)	\$36,516	(\$62,260)
Barclay Affordable	\$27,722	\$14,844	\$43,443	\$86,008	\$58,286
Bradley Crossing	\$735,839	(\$190,327)	(\$35,426)	\$510,086	(\$225,753)
Camp Hill Square	\$33,834	(\$33,288)	(\$73,160)	(\$72,614)	(\$106,448)
Chelsea Towers	\$18,947	(\$1,400)	(\$52,110)	(\$34,563)	(\$53,510)
Day Care at Lost Knife Road	(\$25,648)	\$480	(\$5,362)	(\$30,530)	(\$4,882)
Elizabeth House Interim RAD	\$281,689	\$146,403	(\$184,726)	\$243,366	(\$38,323)
Fairfax Court	\$40,389	\$1,125	(\$42,543)	(\$1,029)	(\$41,418)
Georgian Court Affordable	\$0	\$0	(\$7,500)	(\$7,500)	(\$7,500)
Holiday Park	(\$55,340)	(\$12,925)	\$814	(\$67,451)	(\$12,111)
Jubilee Falling Creek	(\$2,192)	(\$3,147)	\$2,971	(\$2,368)	(\$176)
Jubilee Hermitage	(\$8,837)	(\$3,109)	(\$3,016)	(\$14,962)	(\$6,125)
Jubilee Horizon Court	(\$692)	(\$234)	\$2,467	\$1,541	\$2,233
Jubilee Woodedge	(\$8,122)	(\$1,427)	\$3,375	(\$6,174)	\$1,948
Manchester Manor	(\$22,663)	(\$11,858)	(\$45,002)	(\$79,523)	(\$56,860)
McHome	\$29,458	(\$20,911)	\$1,497	\$10,044	(\$19,414)
McKendree	\$22,640	(\$1,004)	(\$24,514)	(\$2,878)	(\$25,518)
MHLP VII	(\$9,286)	(\$25,194)	(\$35,206)	(\$69,686)	(\$60,400)
MHLP VIII	(\$9,335)	\$31,368	(\$13,751)	\$8,282	\$17,617
MHLP IX Pond Ridge	(\$89,758)	\$25,618	(\$14,873)	(\$79,013)	\$10,745
MHLP IX Scattered Sites	(\$93,991)	(\$4,946)	(\$96,775)	(\$195,712)	(\$101,721)
MHLP X	(\$41,813)	(\$10,527)	(\$23,872)	(\$76,212)	(\$34,399)
MPDU 2007 Phase II	\$8,405	(\$1,849)	\$4,298	\$10,854	\$2,449
Olney Sandy Spring Road	(\$3,809)	\$0	(\$295)	(\$4,104)	(\$295)
Pooks Hill Mid-Rise	\$84,585	\$15,937	(\$56,620)	\$43,902	(\$40,683)
Shady Grove Apts	\$0	\$0	(\$8,190)	(\$8,190)	(\$8,190)
Strathmore Court	(\$5,193)	\$48,535	(\$52,753)	(\$9,411)	(\$4,218)
TPP LLC Pomander Court	(\$10,424)	(\$1,533)	\$3,362	(\$8,595)	\$1,829
TPP LLC Timberlawn	\$231,239	\$10,274	\$58,547	\$300,060	\$68,821
Westwood Tower	\$233,766	\$4,052	(\$42,955)	\$194,863	(\$38,903)
The Willows	\$89,129	\$28,069	(\$74,284)	\$42,913	(\$46,216)
Subtotal	\$1,653,038	(\$64,726)	(\$923,599)	\$664,712	(\$988,326)
Properties with restricted cash flow (external and internal)					
The Ambassador	\$0	\$0	(\$24,364)	(\$24,364)	(\$24,364)
Battery Lane	\$292,344	(\$129,812)	\$74,590	\$237,122	(\$55,222)
Brooke Park	\$74,131	(\$68,318)	(\$7,925)	(\$2,112)	(\$76,243)
Brookside Glen (The Glen)	\$24,016	(\$4,830)	(\$14,232)	\$4,953	(\$19,063)
CDBG Units	\$1,182	(\$504)	\$2,409	\$3,087	\$1,905
Cider Mill Apartments	\$144,552	(\$120,171)	\$108,293	\$132,675	(\$11,877)
Dale Drive	(\$5,187)	\$60	\$4,260	(\$867)	\$4,320
Diamond Square	\$177,934	(\$29,115)	(\$53,207)	\$95,612	(\$82,322)
NCI Units	\$16,555	(\$15,146)	(\$46,132)	(\$44,723)	(\$61,278)
NSP Units	\$6,355	(\$2,172)	\$8,858	\$13,041	\$6,686
King Farm Village	\$1,522	\$0	\$769	\$2,291	\$769
Paint Branch	\$23,995	(\$17,844)	\$125	\$6,276	(\$17,719)
Southbridge	\$4,700	\$5,601	\$26,359	\$36,659	\$31,959
State Rental Combined	(\$155,089)	(\$71,383)	(\$35,019)	(\$261,491)	(\$106,402)
Subtotal	\$607,010	(\$453,634)	\$44,784	\$198,159	(\$408,851)
TOTAL ALL PROPERTIES	\$2,260,048	(\$518,360)	(\$878,815)	\$862,871	(\$1,397,177)

FY 2023 Second Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(6 Months) Budget	(6 Months) Actual	Variance
Housing Choice Voucher Program			
HAP revenue	\$55,002,408	\$57,563,868	\$2,561,460
HAP payments	\$58,177,356	\$57,499,377	(\$677,979)
Net HAP	(\$3,174,948)	\$64,491	\$3,239,439
Admin.fees & other inc.	\$4,821,323	\$5,608,669	\$787,346
Admin. Expense	\$5,031,536	\$4,724,765	\$306,771
Net Administrative	(\$210,213)	\$883,904	\$1,094,117
Net Income	(\$3,385,161)	\$948,395	\$4,333,556

FY 2023 Second Quarter Operating Budget to Actual Comparison
For Capital Improvements

	(12 Months) Budget	(6 Months) Actual	Variance
General Fund			
880 Bonifant	\$50,000	\$4,483	\$45,517
East Deer Park	\$207,000	\$0	\$207,000
Kensington Office	\$100,000	\$25,523	\$74,477
Information Technology	\$915,000	\$145,422	\$769,578
Subtotal	\$1,272,000	\$175,428	\$1,096,572
Opportunity Housing			
Alexander House Dev Corp	\$42,170	\$32,334	\$9,836
Avondale Apartments	\$35,266	\$28,464	\$6,802
The Barclay Dev Corp	\$128,184	\$87,314	\$40,870
Barclay Affordable	\$89,368	\$70,033	\$19,335
Battery Lane	\$56,000	\$31,996	\$24,004
Bradley Crossing	\$72,240	\$40,607	\$31,633
Brooke Park	\$0	\$478	(\$478)
Brookside Glen (The Glen)	\$81,600	\$28,774	\$52,826
Camp Hill Square	\$10,097	\$10,841	(\$744)
CDBG Units	\$5,180	\$217	\$4,963
Chelsea Towers	\$14,800	\$2,161	\$12,639
Chevy Chase Lake	\$0	\$0	\$0
Cider Mill Apartments	\$1,312,992	\$1,050,997	\$261,995
Dale Drive	\$8,700	\$175	\$8,525
Diamond Square	\$107,530	\$79,632	\$27,898
Elizabeth House Interim RAD	\$0	\$620	(\$620)
Fairfax Court	\$40,196	\$19,564	\$20,632
Glenmont Crossing Dev Corp	\$88,800	\$42,281	\$46,519
Glenmont Westerly Dev Corp	\$134,040	\$32,012	\$102,028
Holiday Park	\$22,140	\$15,889	\$6,251
Jubilee Falling Creek	\$7,800	\$72	\$7,728
Jubilee Hermitage	\$12,500	\$1,121	\$11,379
Jubilee Horizon Court	\$10,080	\$72	\$10,008
Jubilee Woodedge	\$6,480	\$72	\$6,408
Ken Gar Dev Corp	\$20,770	\$8,531	\$12,239
King Farm Village	\$240	\$0	\$240
Magruder's Discovery Dev Corp	\$102,108	\$32,381	\$69,727
Manchester Manor	\$40,368	\$87,317	(\$46,949)
McHome	\$44,640	\$8,489	\$36,151
McKendree	\$25,584	\$12,187	\$13,397
MetroPointe Dev Corp	\$99,913	\$34,928	\$64,985
The Metropolitan Dev Corp	\$89,742	\$74,942	\$14,800
Metropolitan Affordable	\$6,689	\$28,717	(\$22,028)
Montgomery Arms Dev Corp	\$82,832	\$30,530	\$52,302
MHLP VII	\$47,730	\$9,235	\$38,495
MHLP VIII	\$48,840	\$35,364	\$13,476
MHLP IX - Pond Ridge	\$63,900	\$53,731	\$10,169
MHLP IX - Scattered Sites	\$90,192	\$49,145	\$41,047
MHLP X	\$98,160	\$87,660	\$10,500
MPDU 2007 Phase II	\$7,155	\$0	\$7,155
617 Olney Sandy Spring Road	\$0	\$72	(\$72)
MPDU I (64)	\$59,760	\$30,913	\$28,847
MPDU II (59) Dev Corp	\$77,400	\$31,052	\$46,348
Oaks at Four Corners Dev Corp	\$169,737	\$58,605	\$111,132
NCI Units	\$600	\$5,232	(\$4,632)
NSP Units	\$15,388	\$5,037	\$10,351
Paddington Square Dev Corp	\$115,500	\$145,244	(\$29,744)
Paint Branch	\$16,396	\$6,223	\$10,173
Parkway Woods Dev Corp	\$4,000	\$4,668	(\$668)
Pooks Hill High-Rise Dev Corp	\$363,436	\$137,422	\$226,014
Pooks Hill Mid-Rise	\$47,020	\$41,344	\$5,676
Sandy Spring Meadow Dev Corp	\$14,201	\$16,209	(\$2,008)
Scattered Site One Dev Corp	\$180,240	\$161,644	\$18,596
Scattered Site Two Dev Corp	\$45,000	\$17,651	\$27,349
Seneca Ridge Dev Corp	\$38,800	\$17,069	\$21,731
Sligo MPDU III Dev Corp	\$28,176	\$13,699	\$14,477
Southbridge	\$22,896	\$0	\$22,896
State Rental Combined	\$236,640	\$101,602	\$135,038
Strathmore Court	\$508,303	\$168,352	\$339,951
Towne Centre Place Dev Corp	\$30,563	\$4,580	\$25,983
TPP LLC Pomander Court	\$21,948	\$3,829	\$18,119
TPP LLC Timberlawn	\$172,250	\$31,632	\$140,618
VPC One Dev Corp	\$222,100	\$80,489	\$141,611
VPC Two Dev Corp	\$184,152	\$62,513	\$121,639
Washington Square Dev Corp	\$55,300	\$8,989	\$46,311
Westwood Tower	\$296,000	\$229,141	\$66,859
The Willows	\$240,896	\$25,399	\$215,497
Subtotal	\$6,321,728	\$3,537,493	\$2,784,235
TOTAL	\$7,593,728	\$3,712,921	\$3,880,807

FISCAL YEAR 2023 (FY'23) SECOND QUARTER BUDGET AMENDMENT: COMMISSION APPROVAL OF FY 2023 SECOND QUARTER BUDGET AMENDMENT

March 8, 2023

- The net effect of the FY'23 Second Quarter Budget Amendment maintains a balanced operating budget.
- The Total Operating Budget for the Agency remains unchanged at \$316.4 million.
- The Total Capital Budget for the Agency remains unchanged at \$247.5 million.
- The Personnel Complement remains unchanged.
- No policy changes are reflected in the budget amendment.
- This budget amendment addresses changes in the bond fund.
- The Budget Finance and Audit Committee reviewed this request at its meeting on February 17, 2023 and joins staff's recommendation that the Commission approve the fiscal year 2023 Second Quarter Budget Amendment.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Fiscal Year 2023 (FY'23) Second Quarter Budget Amendment:** Presentation of the FY'23 Second Quarter Budget Amendment

DATE: March 8, 2023

OVERALL GOAL & OBJECTIVE:

To amend the FY'23 Budget so that it reflects an accurate plan for the use of the Agency's financial resources for the remainder of the fiscal year.

BACKGROUND:

The HOC Budget Policy provides that the Executive Director propose budget amendments for Commission consideration, which may better reflect the revenues and expenses for the remainder of the fiscal year.

ISSUES FOR CONSIDERATION:

Operating Budget Amendments: Below are descriptions of the proposed amendments for FY'23:

- **Bond Funds:** Bond draws are made each year to fund the administrative costs associated with the Multifamily and Single Family Bond Programs. As a result of expense savings over the past few years, remaining money from the draws has been restricted to cover future program costs. Staff proposes that the FY'23 budgeted draws for these funds be reduced by the accumulated savings in each fund.
 - **Multifamily Bond Funds:** Accumulated savings in the Multifamily Bond Fund is \$210,064. The projected draw of \$2,319,502 will be reduced by this amount and the savings will be used towards FY'23 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be \$2,109,438.
 - **Single Family Bond Funds:** Accumulated savings in the Single Family Bond Fund is \$190,931. The projected draw of \$1,513,533 will be reduced by this amount and the savings will be used towards FY'23 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be \$1,322,602.

BUDGET IMPACT:

The net effect of the FY'23 Second Quarter Budget Amendment maintains a balanced operating budget.

The total FY'23 Operating Budget for HOC remains at \$316,381,237. There is no change to the overall budget. Approval by the Commission of any budget amendments will revise the FY'23 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the fiscal year.

TIME FRAME:

For formal Commission action at the March 8, 2023 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the FY'23 Second Quarter Budget Amendment at the February 17, 2023 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the proposed FY'23 Second Quarter Budget Amendment.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) adopted a budget for FY’23 on June 8, 2022; and

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

WHEREAS, the FY’23 Second Quarter Budget Amendment reduces the projected draws from the Multifamily and Single Family Bond Funds and uses accumulated savings towards FY’23 administrative costs (there is no impact to the income of the fund); and

WHEREAS, the net effect of the FY’23 Second Quarter Budget Amendment maintains a balanced operating budget; and

WHEREAS, the total FY’23 Operating Budget remains unchanged at \$316,381,237; and

WHEREAS, approval of the budget amendments to revise the FY’23 budget will reflect an accurate plan for the use of the Commission’s resources for the remainder of FY’23.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY’23 Operating Budget and maintains an operating budget of \$316,381,237.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 8, 2023.

Chelsea Andrews
Executive Director

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**UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE: AUTHORIZATION TO
WRITE-OFF UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE
(OCTOBER 1, 2022 – DECEMBER 31, 2022)**

March 8, 2023

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days.
- Additionally, HOC periodically proposes the write-off of uncollected former resident balances.
- The proposed write-off for the second quarter of Fiscal Year 2023 totaled \$49,256, an increase of \$36,602 when compared to the previous quarter.
- The primary reasons for the write-offs across the properties include tenants who passed away, no longer qualify for their respective housing program, were in non-compliance status with program requirements, moved to a nursing home, relocated out of state, skipped, and voluntarily vacated their units.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the third quarter of FY'23, which will cover the period from January 1, 2023 to March 31, 2023.
- The Budget Finance and Audit Committee reviewed this request at its meeting on February 17, 2023 and joins staff in its recommendation to approve the proposed write-off of uncollectible former residents' balances for the second quarter of FY'23, which totaled \$49,256.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews Executive Director

FROM: Staff: Tim Goetzinger, Acting Chief Financial Officer
Eugenia Pascual, Controller
Nilou Razeghi, Accounting Manager
Ellen Goff, Acting Director of Property Management

RE: **Uncollectible Tenant Accounts Receivable:** Authorization to Write-off
Uncollectible Tenant Accounts Receivable (October 1, 2022 – December 31, 2022)

DATE: March 8, 2023

BACKGROUND:

HOC's current policy is to provide for an allowance for any tenant accounts receivable balance, which are older than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC's Uncollectible Accounts Receivable Database as well as in the various individuals' Equifax Credit Bureau files. This process updates the financial records to reflect the receivables and provides greater potential for outstanding receivable collection.

The last approved write-off of former tenant accounts receivable balances on January 11, 2023, totaled \$12,654, which covered the three-month period from July 1, 2022 through September 30, 2022 (the first quarter of fiscal year 2023).

The proposed write-off of former tenant accounts receivable balances for the second quarter of fiscal year 2023 covering October 1, 2022 through December 31, 2022, is \$49,256.

The \$49,256 second quarter write-off is attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing properties, LIHTC/RAD properties and the Section 236 properties. The primary reasons for the write-offs across the properties include tenants who passed away, no longer qualify for their respective housing program, were in non-compliance status with program requirements, moved to a nursing home, relocated out of state, skipped, and voluntarily vacated their units.

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

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Property Type	10/01/22 - 12/31/22	07/01/22 - 09/30/22	10/01/22 - 12/31/22	10/01/22 - 12/31/22	07/01/22 - 12/31/22	07/01/21 - 12/31/21
Opportunity Housing	14,669	12,654	2,015	15.92%	27,323	57,054
Supportive Housing	30,342	-	30,342	0.00%	30,342	2,732
RAD Properties	104	-	104	0.00%	104	32,116
Section 236 Properties	4,141	-	4,141	0.00%	4,141	2,762
	\$ 49,256	\$ 12,654	\$ 36,602	289.25%	\$ 61,910	\$ 94,664

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

Opportunity Housing Fund

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/22 - 12/31/22	07/01/22 - 09/30/22	10/01/22 - 12/31/22	10/01/22 - 12/31/22	07/01/22 - 12/31/22	07/01/21 - 12/31/21
Opportunity Housing (OH) Fund						
Magruder's Discovery	\$ 9,560	\$ -	\$ 9,560	0.00%	\$ 9,560	\$ -
McHome	-	-	-	0.00%	-	8,392
MHLP IX - MPDU	-	-	-	0.00%	-	3,203
MHLP VII	-	-	-	0.00%	-	1,475
MHLP X	-	-	-	0.00%	-	15,134
MPDU I/64	-	800	(800)	-100.00%	800	-
Paintbranch	-	153	(153)	-100.00%	153	-
Scattered Site One Dev Corp	-	10,840	(10,840)	-100.00%	10,840	20,332
State Rental Partnership	-	634	(634)	-100.00%	634	5,377
TPM Dev Corp - MPDU II (59)	769	-	769	0.00%	769	2,918
VPC One Corp	4,340	-	4,340	0.00%	4,340	223
VPC Two Corp	-	227	(227)	-100.00%	227	-
Total OH Fund	\$ 14,669	\$ 12,654	\$ 2,015	15.92%	\$ 27,323	\$ 57,054

Within the Opportunity Housing portfolio, the \$14,669 write-off amount was primarily attributable to Magruder's Discovery, TPM Development Corporation – MPDU II (59 MPDUs) and VPC One Corporation. The write-offs were mainly due to one tenant who skipped and two tenants who voluntarily vacated their units.

Supportive Housing

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/22 - 12/31/22	07/01/22 - 09/30/22	10/01/22 - 12/31/22	10/01/22 - 12/31/22	07/01/22 - 12/31/22	07/01/21 - 12/31/21
Supportive Housing						
McKinney X - HUD	\$ 15,621	\$ -	\$ 15,621	0.00%	\$ 15,621	\$ 2,732
McKinney XIV - HUD	14,721	-	14,721	0.00%	14,721	-
Total Supportive Housing	\$ 30,342	\$ -	\$ 30,342	0.00%	\$ 30,342	\$ 2,732

Within the Supportive Housing program, there were two tenants who passed away, one tenant who no longer qualified for the program, one tenant who was non-compliant with program requirements, one who relocated out of state and one who skipped.

LIHTC/RAD Properties

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/22 - 12/31/22	07/01/22 - 09/30/22	10/01/22 - 12/31/22	10/01/22 - 12/31/22	07/01/22 - 12/31/22	07/01/21 - 12/31/21
LIHTC/RAD Properties						
Arcola Towers LP	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 3,409
RAD 6 - Sandy Spring	-	-	-	0.00%	-	46
RAD 6 - Seneca Ridge	-	-	-	0.00%	-	25,786
RAD 6 - Towne Centre Place	-	-	-	0.00%	-	2,691
Waverly House LP	104	-	104	0.00%	104	184
Total RAD Properties	\$ 104	\$ -	\$ 104	0.00%	\$ 104	\$ 32,116

Within the LIHTC/RAD properties, the write-off was due to one tenant who left to live in a nursing home.

Section 236 Properties

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/22 - 12/31/22	07/01/22 - 09/30/22	10/01/22 - 12/31/22	10/01/22 - 12/31/22	07/01/22 - 12/31/22	07/01/21 - 12/31/21
Section 236 Properties						
Town Center Apts	\$ 4,141	\$ -	\$ 4,141	0.00%	\$ 4,141	\$ 2,762
Total Section 236 Properties	\$ 4,141	\$ -	\$ 4,141	0.00%	\$ 4,141	\$ 2,762

Within the Section 236 properties, the write-off was due to one tenant who passed away and one tenant who left to live in a nursing home.

These write-offs will be reported to Assurant Global Housing, HOC's collection company, as per the procedures listed below.

Finance Write-Off and Recovery Procedures

1. After a tenant vacates, Resident Accounting ("RA") receives clearance from HOC Property Management ("PM") to post the deposit accounting in Yardi.
2. If a balance is owed, RA prepares a letter to the resident with the balance owed. PM signs and mails the letter to the resident.
3. If a resident purchased a surety bond, PM submits a claim to the bond company to collect the balance owed up to the amount of the bond. Payments made by the bond company are posted to the resident's ledger.
4. If a balance is still owed (at the time of write-off review), it is submitted for consideration to be written-off. Once approved, the write-off is posted in Yardi.
5. PM informs Compliance of the write-off and reports outstanding balances to a collection company.

The next anticipated write-off will be for the third quarter of FY'23 covering January 1, 2023 through March 31, 2023. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff's recommendation, which is supported by the Budget Finance and Audit Committee, to authorize the write-off uncollectible tenant accounts receivable for the second quarter of fiscal year 2023, totaling \$49,256?

BUDGET IMPACT:

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write-off expense was recorded when the initial allowance was established because of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

TIME FRAME:

For formal action at the March 8, 2023 meeting of the Commission.

The Budget, Finance and Audit committee informally discussed the Uncollectible Tenant Accounts Receivables at its meeting on February 17, 2023, and supports staff's recommendation.

STAFF RECOMMENDATION:

Staff requests that the Commission authorize the write-off of uncollectible tenant accounts receivable of \$49,256 for the period covering October 1, 2022 to December 31, 2022.

RESOLUTION NO.:23-16

**RE: Authorization to Write-Off Uncollectible
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, staff periodically proposes the write-off of uncollected former tenant 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 of October 1, 2022 – December 31, 2022 is \$49,256, which is all attributable to former tenants within HOC’s Opportunity Housing properties, Supportive Housing properties, LIHTC/RAD properties, and the Section 236 properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or her designee, without further action on its part, to take any and all actions necessary and proper to write off \$49,256 in uncollectible accounts receivable related to (i) tenant 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.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 8, 2023.

Chelsea Andrews
Executive Director

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RESIDENCES ON THE LANE (UPTON II) AND HOC AT GARNKIRK FARMS, LLC: APPROVAL TO EXTEND THE MATURITY DATES FOR THE DRAWS ON THE PNC BANK REAL ESTATE LINE OF CREDIT (“RELOC”), WHICH FINANCED THE COMMISSION APPROVED ACTIONS RELATED TO RESIDENCES ON THE LANE (UPTON II) AND HOC AT GARNKIRK FARMS, LLC

March 8, 2023

- The Commission previously approved advances from the PNC RELOC from PNC Bank N.A. to fund the interim financing needs for:
 1. Residences on the Lane (Upton II), and
 2. HOC at Garnkirk Farms, LLC.
- As of December 31, 2022, the total principal balance from these draws was approximately \$9.4 million. The authorization from the Commission for the use of the PNC RELOC will expire on March 11, 2023 and May 1, 2023, respectively.
- The estimated total annual cost related to these advances is approximately \$442,850 based on the PNC RELOC’s contractual taxable borrowing rates.
- The Budget, Finance and Audit Committee reviewed this request at its meeting on February 17, 2023, and joins staff in its recommendation to extend the use of the PNC RELOC through September 30, 2024, to finance Commission-approved actions related to the two properties previously mentioned above. The extended maturity date will be co-terminus with the PNC RELOC.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Eugenia Pascual, Controller

RE: **Residences on the Lane (Upton II) and HOC at Garnkirk Farms, LLC:** Approval to Extend the Maturity Dates for the Draws on the PNC Bank Real Estate Line of Credit (“RELOC”), which financed the Commission Approved Actions related to Residences on the Lane (Upton II) and HOC at Garnkirk Farms, LLC

DATE: March 8, 2023

BACKGROUND:

The Commission previously approved advances from the \$150 million PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) to fund a bridge loan during the acquisition and construction of the Upton II (Residences on the Lane) and to provide funding for predevelopment expenditures for HOC at Garnkirk Farms, LLC.

Staff requests approval to extend the current maturity dates through September 30, 2024, which would make the project maturity dates to be co-terminus with the PNC RELOC maturity date. The total unspent amount under the PNC RELOC is \$69,620,594 as of December 31, 2022.

The table below indicates the current maturity dates, the outstanding principal amounts as of December 31, 2022 and the estimated annual cost under each of these loans.

Property	Line of Credit	Current Maturity date	Principal Balance	Estimated Annual Cost	Libor Rate & Spread under RELOC	
Residences on the Lane (Upton II)	\$150 million	March 2023	7,553,667	355,120	4.70129%	Taxable
HOC at Garnkirk Farms, LLC	\$150 million	May 2023	1,866,098	87,731	4.70129%	Taxable
Total			\$ 9,419,765	\$ 442,850		

Residences on the Lane (Upton II)

On January 9, 2019, the Commission approved taxable draws of up to \$12,000,000 on the RELOC to provide bridge funding of construction costs until repaid from the receipt of LIHTC investor funds. As of December 31, 2022, \$7,553,667 was drawn from the RELOC. Substantial completion of construction occurred starting by floor in early December 2021 with various close out punch work occurring through March 31, 2022. First unit deliveries and resident moves started in January 2022, and leasing continues as of December 31, 2022. On May 4, 2022, the Commission officially changed the name of the property to Residences on The Lane.

This extension is required to allow for permanent financing and the receipt of equity payments. Permanent financing closed on March 3, 2023 with receipt of the equity proceeds from completion and stabilization installments projected to occur in the second quarter of calendar year 2023. The project reached stabilization in late November and is expected to produce three consecutive months of stabilized occupancy from December 2022 through February 2023. As of December 31, 2022, there were six unoccupied units (96% occupancy).

HOC at Garnkirk Farms

On September 17, 2021, the Commission (as the sole member of HOC at Garnkirk Farms, LLC) closed on a Ground Lease for a land parcel located at Shawnee Lane and Observation Drive in Clarksburg, which is fully entitled for a 184-unit, wood frame apartment community wrapped around a 254-unit structured parking deck. On November 3, 2021, the Commission approved the predevelopment budget and authorized taxable draws of up to \$5,344,731 from the PNC RELOC to cover the predevelopment expenditures with outstanding interest to be paid from the General Fund, both to be repaid at the closing of the construction financing. On April 6, 2022, the Commission approved the execution of a Construction and Development Services agreement with RJD Real Estate Advisors for the development. Design and permitting will progress through 2023, with anticipation for project construction start in 2024, contingent on the timing and approval of a low income housing tax credit (“LIHTC”) application. Anticipated repayment of PNC RELOC is summer 2024. Draws through December 31, 2022 total \$1,866,098.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff’s recommendation, which is supported by the Budget Finance and Audit Committee to approve the extension of the maturity dates for draws on the PNC RELOC which provided funding for Residences on The Lane (Upton II) and HOC at Garnkirk Farms, LLC through September 30, 2024, which will be co-terminus with the maturity date of the PNC RELOC?

PRINCIPALS:

PNC Bank, N.A.
HOC on behalf of HOC at Upton II, LLC (Residences on The Lane)
HOC on behalf of HOC at Garnkirk Farms, LLC

BUDGET IMPACT:

None. The interest expense for FY 2023 is estimated to be \$442,850. The interest expense will be paid from the development and predevelopment budgets for both transactions.

TIME FRAME:

For formal Commission action at the March 8, 2023 meeting.

The Budget, Finance and Audit Committee reviewed the request to extend the use of the PNC RELOC to finance Commission-approved actions related to: Residences on The Lane (Upton II) and HOC at Garnkirk Farms, LLC through September 30, 2024, which will be co-terminus with the

maturity date of the PNC RELOC.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve extending the maturity dates for the draws on the PNC RELOC which financed Commission approved actions related to Residences on The Lane (Upton II) and HOC at Garnkirk Farms, LLC through September 30, 2024, which would be co-terminus with the PNC RELOC maturity date.

RESOLUTION: 23-17

Approval to Extend the Maturity Dates for the Draws on the PNC Bank Real Estate Line of Credit (“RELOC”) which financed the Commission Approved Actions related to Residences on the Lane (Upton II) and Garnkirk Farms Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) has approved various actions related to Residences on the Lane (f/k/a Upton II) and Garnkirk Farms Apartments (together, the “Properties”), which are currently financed through the PNC Bank N.A. Real Estate Line of Credit (the “RELOC”);

WHEREAS, staff recommends extending, through September 30, 2024, the use of the RELOC at the taxable rate to continue to finance Commission-approved actions related to the Properties;

WHEREAS, the extended maturity date of September 30, 2024 will be co-terminus with the RELOC agreements with PNC Bank, National Association; and

WHEREAS, the estimated cost, as of December 31, 2022, under the RELOC is expected to be approximately \$442,850.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through September 30, 2024, the use of the RELOC to finance Commission actions related to the Properties.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 8, 2023.

Chelsea Andrews
Executive Director

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Development & Finance Committee

RESIDENCES ON THE LANE: APPROVAL TO REINSTATE AND EXTEND THE MATURITY DATE OF THE BRIDGE LOAN TO UPTON II (RESIDENCES ON THE LANE)

March 8, 2023

- On January 9, 2019, via Resolution 19-09 of the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) approved the Financing Plan for the Residences on the Lane (“Residences on the Lane”, formerly known as HOC at the Upton II), which included, among other sources, an unsecured Bridge Loan Note of up to \$12,000,000 from the Commission to HOC at the Upton II, LLC (the “Borrower”) to be funded during construction by way of draws on the Commission’s PNC Bank, N.A. Real Estate Line of Credit (“RELOC”).
- On February 28, 2019, the Commission and the Borrower entered into that certain Bridge Loan Promissory Note and Loan Agreement, as amended by that certain First Amendment to Bridge Loan Promissory Note and Loan Agreement dated November 8, 2021 (collectively, the “Bridge Loan Note”).
- Consistent with the approval under Resolution 19-09, Borrower used the Bridge Loan Note to bridge the receipt of Low Income Housing Tax Credit (“LIHTC”) equity contributions and contained provisions that were explicit in effect, requiring maturation on the earlier of (i) August 28, 2022 (forty-two months after February 28, 2019), (ii) the payment in full of all LIHTC equity contributions, or (iii) the acceleration of the Bridge Loan Note pursuant to its terms.
- The LIHTC equity investment closed on November 19, 2019 (the “LIHTC Closing”). At the time of the LIHTC Closing, HOC staff projected that the LIHTC equity installments would be paid on or before the Bridge Loan Maturity date of August 28, 2022. Due to the COVID-19 pandemic and resulting unexpected delays in construction, the final LIHTC equity installment will not be made until later in 2023.
- Therefore, the effective maturity date was August 28, 2022 and must be reinstated and extended to meet requirements of the LIHTC investor.
- The Development and Finance Committee considered this item at its meeting on February 24, 2023 and supports staff’s recommendation that the Commission approve the reinstatement and amendment of the Bridge Loan Note that extends the maturity date to earlier of (i) the date that the LIHTC investor has contributed all LIHTC equity installments to the Borrower, and (ii) the acceleration of the Bridge Loan Note due to default pursuant to its terms.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Division: Real Estate
Staff: Zachary Marks, Chief Real Estate Officer Ext. 9613
Marcus Ervin, Director of Development Ext. 9752
Jay Shepherd, Housing Acquisition Manager Ext. 9437

RE: **Residences on The Lane:** Approval to Reinstate and Extend the Maturity Date of the Bridge Loan to Upton II (Residences on the Lane)

DATE: March 8, 2023

STATUS: Committee Report Deliberation X

OVERALL GOAL & OBJECTIVE:

To extend the maturity date of the \$12 million Bridge Loan Note for the Residences on the Lane Development.

BACKGROUND:

Residences on The Lane (formerly known as Upton II) is a 150-unit, age-restricted apartment community, which completed construction in 2022 in Rockville Town Center, Rockville, Maryland, as part of a larger master development. The Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) and its partner Victory Housing, Inc. own and operate Residences on The Lane through a single-purpose entity called HOC at Upton II, LLC (the “Borrower”). Residences on The Lane is part of a larger 400-unit master development that also includes retail and public parking.

Initial Construction Financing

The construction financing for Residences on the Lane was closed in two (2) distinct phases: (i) the construction loan financing, including a tax-exempt financed senior construction loan, a County Housing Initiative Fund (“HIF”) Loan, an acquisition loan from HOC and a bridge loan note from HOC, closed in February and March of 2019 and (ii) the Low Income Housing Tax Credit Equity (“LIHTC”) investor closed on its equity investment in November of 2019. Typically, all construction financing sources would close at the same time. However, due to the terms of the acquisition and development agreement for the construction, closing for the construction lender needed to occur in March of 2019, eight (8) months before the LIHTC investor was prepared to close.

As part of the construction loan closing, the Commission adopted Resolutions 19-09, 19-09(2) and 19-15, which approved the Financing Plan for Residences on The Lane. The financing plan included a bridge loan note of up to \$12,000,000 made by the Commission to the Borrower during construction, funded through draws on the Commission’s PNC Bank, N.A. Real Estate Line of Credit (“RELOC”). The Commission and the Borrower entered into that certain Bridge Loan Promissory Note and Loan Agreement, as amended by that certain First Amendment to Bridge Loan Promissory Note and Loan Agreement dated November 8, 2021 (collectively, the “Bridge Loan Note”). The intent of the Bridge Loan Note was to bridge the

acquisition and construction financing for Residences on the Lane until such times as sufficient LIHTC equity installments were received. Accordingly, the maturity date of the Bridge Loan Note was the earlier of (i) August 28, 2022 (forty-two months after February 28, 2019), (ii) the payment in full of all LIHTC equity contributions, or (iii) the acceleration of the Bridge Loan Note pursuant to its terms. Although the Borrower could draw up to \$12,000,000 on the Bridge Loan Note, the Borrower only drew \$7,553,667. Thus, the total amount due to HOC on the Bridge Loan Note is \$7,553,667.

Timing of Funding Issue & Resolution

At the time of the LIHTC equity closing on November 19, 2019, the outside maturity date of the Bridge Loan Note (August 28, 2022), was deemed sufficient based on estimates for construction draw timing and the projected LIHTC pay-in schedule. Due to delays in construction and lease-up, payback of the bridge note is expected to occur in May 2023, thereby requiring an extension due to the provision that the maturity be triggered by a specific date, or August 28, 2022, in this case. The chart below illustrates the amounts and timing of all equity installments, and it is the Stabilization Installment, Item (d), that is sufficient to payback the Bridge Loan outstanding balance.

Upton II LIHTC Funding Schedule at Each of Two Closing Phases

Milestone	Source Name	Financing Source	At Partnership Closing (a)	At 50% Construction Completion (b)	At Completion (X)	Stabilization (d)	Receipt of IRS Form(s) 8609 (e)	Total
LIHTC Closing	Equity – Federal LIHTC	Wells Fargo Bank	\$1,467,276	\$1,202,188	\$344,700	\$11,408,392	\$250,000	\$14,672,556
Bridge Loan Repayment Amount			\$0	\$0	\$0	(\$7,553,667)	\$0	(\$7,553,667)
Expected dates of Pay-in Amounts			Nov. 2019	De. 2020	Projected May2023	Projected May 2023	Projected Dec. 2023	

To ensure that the Bridge Loan Note does not mature prior to the final LIHTC equity installment, HOC staff propose that the maturity date of the Bridge Loan Note be amended to the earlier of (i) the date that the LIHTC equity investor has contributed all LIHTC equity installments to the Borrower, and (ii) the acceleration of the Bridge Loan Note pursuant to its terms, thereby removing a specific date from the agreement.

ISSUES FOR CONSIDERATION:

Will the Commission accept HOC staff’s recommendation, which is supported by the Development and Finance Committee, to approve the reinstatement of and the amendment of the Bridge Loan Note for the Residences on The Lane to extend the Maturity Date of the Bridge Loan Note?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
HOC at the Upton II, LLC
PNC Bank, N.A.

BUDGET IMPACT:

There is no impact to the Commission’s FY 2023 operating budget. Interest on the PNC RELOC is borne by Residences on The Lane’s development budget.

TIMEFRAME:

For action by the Commission on March 8, 2023.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve a Second Amendment of the Bridge Loan Note for the Residences on The Lane that reinstates and extends the maturity date of the Bridge Loan Note as described herein.

RESOLUTION No.: 23-18

RE: Approval to Reinstate and Extend the Maturity Date of the Bridge Loan of \$12MM for the Residences on the Lane

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the managing member of HOC MM Upton II, LLC (the “Managing Member”), which is the managing member of HOC at the Upton II, LLC (the “Borrower”); and

WHEREAS, the Borrower owns and operates a 150-unit mixed-income and age-restricted condominium located in Rockville Town Center, Rockville, Maryland, known as “Residences on The Lane” (formerly known as Upton II); and

WHEREAS, on February 6, 2019, the Commission approved Resolution 19-09(2), which authorized the Commission to fund a bridge loan note of up to \$12,000,000 to Borrower to bridge the acquisition and construction financing for Residences on the Lane until such time as the Borrower’s Low Income Housing Tax Credit (“LIHTC”) equity investor had made all of its LIHTC equity contributions; and

WHEREAS, HOC and the Borrower executed that certain Bridge Loan Promissory Note and Loan Agreement in the principal amount of \$12,000,000 on February 28, 2019, as amended by that certain First Amendment to Bridge Loan Promissory Note and Loan Agreement dated November 8, 2021 (collectively, the “Bridge Loan Note”); and

WHEREAS, the maturity date of the Bridge Loan Note was the earlier of (i) August 28, 2022 (forty-two months after February 28, 2019), (ii) the payment in full of all LIHTC equity contributions, or (iii) the acceleration of the Bridge Loan Note pursuant to its terms; and

WHEREAS, the LIHTC equity investor will not make its final investment until on or after the second quarter of 2023, thus the Bridge Loan Note needs to be reinstated and the maturity date needs to be extended to the earlier of (i) the date that the LIHTC equity investor has contributed all LIHTC equity installments to the Borrower, or (ii) the acceleration of the Bridge Loan Note pursuant to its terms.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, hereby approves the reinstatement and amendment of the Bridge Loan Note to extend the maturity date to the earlier of (i) the date that the LIHTC equity investor has contributed all LIHTC equity installments to the Borrower, or (ii) the acceleration of the Bridge Loan Note pursuant to its terms.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director of HOC, or her authorized designee, is hereby authorized, without any further action on their respective parts, to execute such documents and to take any

and all other actions, in each case as necessary and proper, in the Executive Director’s judgment, 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 March 8, 2023.

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Chelsea J. Andrews
Executive Director

Closed Statement

Written Statement for Closing a Meeting (“Closing Statement”)

Date: March 8, 2023

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

- 3. “To consider the acquisition of real property for a public purpose and matters directly related thereto;”
- 7. “To consult with counsel to obtain legal advice”;
- 8. “To consult with staff, consultants, or other individuals about pending or potential litigation”; and
- 13. “To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.”

B. For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

Statutory Citation	Topic	Reason for closed-session discussion
§3-305(b)(3)	The potential purchase or lease of commercial office space located in Silver Spring and Rockville, Maryland.	This must be a closed meeting in order to protect HOC’s ability to purchase/lease property. Public discussion of this item could adversely affect HOC’s ability to negotiate with various third parties, which could result in HOC being unable to purchase/lease property.
§3-305(b)(13)	The confidential commercial and financial terms of a ground lease with a private third-party.	Section 4-335 of the Maryland Public Information Act prevents disclosure of confidential commercial or financial information obtained from a third party. This must be a closed meeting in order to protect confidential commercial and financial information provided to HOC from a private third party regarding their ground lease terms. All such information is customarily and actually treated as private by the third party, and has been provided to HOC under an assurance of privacy.
§3-305(b)(7)	Obtaining legal advice from counsel about potential litigation at property located in Silver Spring, Maryland.	The meeting must be closed to protect HOC’s attorney-client privilege.
§3-305(b)(8)	Discussing potential litigation at a property located in Silver Spring, Maryland.	The meeting must be closed to protect HOC’s interests in potential litigation.
§3-305(b)(13)	Discussing information that is subject to attorney-client privilege.	Section 4-301(a)(1) of the Maryland Public Information Act prevents disclosure of information if, by law, the information is privileged or confidential. The meeting must be closed to protect HOC’s attorney-client privilege.

C. This statement is made by Roy Priest, Chair.

D. Recorded vote to close the meeting:

- Date: March 8, 2023 Time: _____
- Location: HOC's Kensington Office (10400 Detrick Avenue, Kensington, MD 20895), Zoom, & Livestream (YouTube).
- Motion to close meeting made by: _____
- Motion seconded by: _____
- Commissioners in favor: _____
- Commissioners opposed: _____
- Commissioners abstaining: _____
- Commissioners absent: _____

Officer's Signature: _____

Adjourn

Closed Session