

HOUSING OPPORTUNITIES COMMISSION
of Montgomery County, MD



Good Homes Make Good Communities



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Housing Opportunities Comm. of Montgomery County
Maryland**

For the Fiscal Year Beginning

July 1, 2006

A handwritten signature in cursive script, likely belonging to the President of the GFOA.

President

A handwritten signature in cursive script, likely belonging to the Executive Director of the GFOA.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Housing Opportunities Commission of Montgomery County for its annual budget for the fiscal year beginning July 1, 2006.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Budget Message

Adopted Budget
June 13, 2007

From D. Scott Minton, Executive Director

Introduction

FY 2007 proved to be a time of change for the Housing Opportunities Commission (HOC). HOC undertook large scale property renovation projects, continued a search for new office space and entered a different political era with new leadership at almost every level of government.

Renovation and development

HOC broke ground on MetroPointe, a new development at the Wheaton Metro station. This project is underway and projected for completion late in the fiscal year. Located at the corner of Georgia Avenue and Reedie Drive, MetroPointe is an excellent example of the next generation of urban planning: transit-oriented developments.

In March of 2007, HOC acquired Forest Oak Towers, a 175-unit property that will house elderly and persons with disabilities. The acquisition of Forest Oak Towers was part of an agreement that stemmed from HOC's right of first refusal on converted properties.

Montgomery County has committed to providing more than \$5 million over the next several years as part of a broad rehabilitation plan for HOC public housing properties. Chevy Chase Lake, Spring Garden, Barclay and Paddington Square all underwent significant renovations and work will continue at Seneca Ridge and Pooks Hill in the coming year.

During FY 2007, HOC partnered with the Department of Housing and Community Affairs (DHCA), Health and Human Services (HHS) and the

Montgomery County Coalition for the Homeless to acquire the property on Dale Drive. HOC is renovating the building to serve as permanent housing for formerly homeless adults.

Office space

The Agency conducted a vigorous search for new office space in FY 2007. With more than 350 employees scattered throughout Montgomery County and concentrated in four principal administrative sites, HOC has clearly outgrown its current infrastructure.

The primary three-building "campus" in Kensington is located in an area that is not always easily accessible for clients who use public transportation, particularly for a growing upcounty client population.

These facts led HOC to reconsider the plan to move the headquarters and instead focus on opening client service centers in other parts of the County. Moving client services to a different facility would enable the administrative staff to consolidate in the Detrick Avenue building while also making services more accessible for nearly all clients.

The service center concept will be pursued in FY 2008 and is a key part of the HOC Strategic Plan for FY 2008-2011.

Changing political environment

The 2006 elections have placed HOC in uncharted waters from a political standpoint. At every level of government, there is change.

On the Federal level, HOC faces recommended cuts to the Housing Choice Voucher (HCV) program that



Special points of interest:

"It is clear that to solve the affordable housing crisis in Montgomery County, HOC must continue to expand opportunities beyond the Federal programs."

could force the Agency to cut subsidies to as many as 400 Montgomery County families. There will also be new regulations governing asset management for public housing. These regulations will take effect in July and are aimed at making each individual property financially self-sufficient. Because HOC has scattered site public housing, this promises to be a complicated change for the Agency.

In Annapolis, we have a new Governor, significant turnover in the General Assembly, and a new administration at the Department of Housing and Community Development.

Perhaps the changes that will affect the Agency most directly are those in County Government. We have a new County Executive and four new members on the County Council. There appears to be unanimity on the Council that we need innovative solutions to solve the affordable housing crisis. HOC looks forward to working with this County Executive and the Council as they reshape the vision of growth in the County.

FY 2007

HOC was very successful in grant applications. The Agency received \$353,686 from HUD for the 2007 Family Self-Sufficiency (FSS) Service Coordinator grants. This award was the highest given in Maryland and the 7th highest in the country and will provide case management services for the 365 FSS participants in the Housing Choice Voucher program. In all, the Agency received a total of more than \$1.1 million in grant funding to provide enhanced services to residents.

Housing Opportunities and Concepts (HO&C), the for-profit arm of the Agency, scored a victory in FY 2007 with the passage of Maryland House Bill 657. This legislation enables HO&C to pursue revenue opportunities nationwide by providing consulting services for other housing agencies. While the profits to date have been modest, the seeds have been planted to provide another revenue source in the years ahead.

Forces Shaping the Budget

The Federal allocation to the Housing Choice Voucher program remains uncertain and the potential for regulatory changes to public housing asset management further clouds the picture. It is clear that to solve the affordable housing crisis in Montgomery County, HOC must continue to expand opportunities beyond the Federal programs.

HOC must continue to identify creative solutions in the market. The rapid growth of the past

decade has created more affordable units, but the County is approaching build-out and undeveloped land is extremely scarce. It will be important for HOC to identify properties that can be renovated or converted and preserve them as part of the County's stock of affordable housing. HOC must continue to seek creative solutions if we are to serve a growing population.

The wave of condominium conversions that eliminated many rental units has ebbed. The downturn in the market has slowed this trend, but the need to protect our existing stock remains. HOC will continue to monitor the market for opportunities to preserve affordable units.

As the County completes new sector plans for Twinbrook and White Flint, it is critical that we secure the maximum number of affordable units in the wave of development that will follow. This is a rare opportunity to plan ahead for population growth and forecast future housing needs in the mid-county area. The increasing density of these developments will create negotiations that should lead to an expanded allotment of affordable units.

Upcoming for FY 2008

The concept of workforce housing continues to generate interest in the media and the community. While this is clearly a need and an important piece of solving the affordable housing crisis, HOC will also remain focused on finding opportunities for those at the lower end of the economic scale.

The future looks promising for HO&C, which last year contracted with their first client. HO&C is currently working with three development clients, including Montgomery County. In December 2006, HO&C was notified that they won a competitive bidding process to assist the Alexandria Housing Development Corporation in building and preserving affordable and workforce housing. I am pleased that HO&C has been successful in attracting major clients and we are optimistic that this success will continue. It is my hope that increased revenue from HO&C will reduce Agency dependence on public money in the years ahead.



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June 13, 2007

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Reader's Guide

Adopted Budget
June 13, 2007

Budget Document Organization

The Budget of the Housing Opportunities Commission (HOC) is a lengthy document that describes the Agency's Operating and Capital Budgets. This reader's guide has been provided to highlight the type of information contained in the budget and to inform the reader where to find particular information. The Agency also prepares a Budget-in-Brief booklet, summarizing the larger document to make the budget information more accessible to Montgomery County citizens.

Page i Executive Director's Budget Message

The Budget Message addresses the challenges the Agency faces as we move from FY 2007 to FY 2008.

Page vii Budget Overview

This section includes:

- Overview – Revenue and Expense Summary
- Fund Structure
- Agency Fund Description
- Budget Process
- FY 2008 Budget Focal Points
- Overview – Strategic Plan
- Operating Budget
- FY 2008 Revenue and Expense Statement

Page 1-1 Budget Summary Information

This section includes:

- Mission and Vision Statement
- Overview of the Agency Strategic Plan
- Initiatives for FY 2008
- Agency Summary Revenue and Expense Information
- Fund Summary Revenue and Expense Information

Page 2-1 Operating Budget

The Operating Budget highlights each of HOC's seven divisions – Executive, Finance, Housing Management, Mortgage Finance, Real Estate, Rental Assistance and Resident Services. Each section includes the following:

- Mission Statement
- Description

- Program Objectives
- Performance Measurement
- Budget Overview
- Revenue and Expense Statement

Page 3-1 Capital Budget

The Capital Budget section consists of capital improvement budgets for the Facilities and IT Departments, Opportunity Housing and Development Corporation Properties, and Public Housing Properties. A capital development budget is also included.

Page 4-1 Personnel Assumptions

This section includes personnel information relevant to the budget.

Page 5-1 Appendix

Program History

This section summarizes the Agency's legislative history and describes its major programs and the current economic environment in which they operate.

Units

This section provides a summary of all Agency units segregated by type of unit.

General Financial Information

This section summarizes the Agency's financial information relevant to the budget process.

Glossary

This section gives a glossary of general terms and a glossary of housing terms.

Map

Map of Montgomery County, MD, and Vicinity

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Budget Overview

Adopted Budget
June 13, 2007

Overview—Revenue and Expense Summary

Fund Summary Overview

FY 2008 Adopted Budget

	Revenues	Expenses	Net
General Fund	\$16,497,130	\$16,683,140	(\$186,010)
Multi-Family Bond Funds	\$23,320,380	\$23,320,380	\$0
Single Family Bond Funds	\$13,975,170	\$13,975,170	\$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund (OHRF)	\$1,217,100	\$1,064,010	\$153,090
Restricted to OHRF	\$0	\$153,090	(\$153,090)
Opportunity Housing & Development Corporation Properties	\$42,493,420	\$40,951,350	\$1,542,070
Public Fund			
Public Housing Fund	\$10,207,630	\$10,207,630	\$0
Housing Choice Voucher Program	\$62,591,060	\$63,947,120	(\$1,356,060)
Federal, State and County Grants	\$13,371,460	\$13,371,460	\$0
TOTAL - ALL FUNDS	\$183,673,350	\$183,673,350	\$0

* Revenues and Expenses include inter-company Transfers Between Funds.

Fund Structure

This section summarizes the Agency's FY 2008 Adopted Operating Budget by funding source. The Commission can review its complex finances in four different ways:

- By funding source (grants vs. bonds).
- By accounting category (personnel vs. maintenance).
- By division (Rental Assistance vs. Finance).
- By property (Tanglewood vs. Metropolitan).

The Housing Opportunities Commission will approve the FY 2008 Adopted Budget based on funding source. These funding groups are combined into the Agency's five funds for financial statement reporting.

By approving the budget at the funding source level, the Commission can be assured that the budget reflects the external restrictions placed on the use of almost 76% of HOC's revenue sources, and can better analyze the relationship between the budget and the Agency's year-end financial statements. The five Funds are:

The **General Fund**, which includes all operations with the exception of publicly funded programs, opportunity housing and development corporation properties, and bond-funded activities. In general, there are no restrictions on the use of this fund.

The **Opportunity Housing Fund**, which includes all operating, capital improvements, and capital development activity related to the opportunity housing and development corporation properties. The Opportunity

Housing Reserve Fund (OHRF) is also included. The Commission reserves all funds in the OHRF for capital rather than operating expenditures.

The **Public Fund**, which includes all funds the Agency receives from Federal, State and County government agencies. This fund structure assists with the A-133 report for the Federal single audit for all Federal expenditures during a given year. All public funds are restricted based on the requirements of the grants from the various governmental agencies.

There are two separate Bond Funds:

The **Multi-Family Program Fund**, which includes all proceeds from mortgages made from bond issues for multi-family housing, debt service requirements on these housing bonds, and related bond costs. The mortgage payments received are restricted to cover the debt service on the housing bonds.

The **Single Family Mortgage Purchase Program Fund**, which includes all proceeds from mortgages made from bond issues for first time homeowners, debt service requirements on these bonds, and related bond costs. The mortgage payments received are restricted to cover the debt service on the housing bonds.

Within the five large Agency Funds are smaller project and grant funds for the specific properties, grants, or bond issues that need to be budgeted and accounted for separately.

Agency Fund Description

General Fund	Opportunity Housing Fund	Public Fund	Bond Funds (Single & Multi-Family)
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Sources

Loan Management Fees	Rental Income	Rental Income	Mortgage Interest Payments
Commitment Fees	Service Income	Service Income	Interest Income
Development Fees	State & County Rent Subsidies	Federal Subsidies & Grants	Financing Fees
Interest Income	Private Grants	State Grants	Cost of Issuance Fees
Front Line Fees	Interest Income	County Grants	
Management Fees	Miscellaneous Income	Interest Income	
Asset Management Fees			
Private Grants			
Miscellaneous Income			
Insurance Premiums			

Uses

Executive	Opportunity Housing Properties	Public Housing Properties	Multi-Family Mortgage Finance
Finance	Opportunity Housing Capital Improvements	Public Housing Capital Improvements	Single Family Mortgage Finance
Real Estate	Capital Development Projects	Rental Assistance	Debt Service on Bonds
Housing Management Admin.	Opportunity Housing Reserve Fund (OHRF)	Resident Services	
Tax Credit Development	Development Corporation Properties		
Master Lease Payments	Development Corporation Capital Improvements		
Facilities & IT Capital Needs	Homeownership Revolving Loan Funds		
Vehicle Replacement	Mortgage Payments		
Insurance Reserve Contributions	Required Reserve Contributions		

Project / Grant funds included in each Agency Fund

General	Opportunity Housing Properties	Public Housing Rental	Multi-Family Bonds
Intra-Agency Allocations	Development Corporation Properties	Public Housing Homeownership	Single Family Bonds
Private Grants & Loans		Capital Fund Program	Intra-Agency Debt Service
General Partnerships		Housing Choice Voucher Programs	
		Housing Choice Voucher Special Programs	
		McKinney Grants	
		Other Federal Grants	
		Federal Pass-Through Grant	
		County Main Grant	
		Other County Grants & Loans	
		State Grants	

Basis for Budgeting

Although the Commission's fund structure resembles that of a governmental entity, the Agency's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) on the accrual basis. The accrual method is required for the bond programs. The accrual basis of accounting recognizes transactions at the time they are incurred, as opposed to when the cash is received or spent. The Commission's budget is prepared on a modified accrual

basis. A modified accrual basis recognizes revenues in the period in which they become available and measurable; expenditures are reported when the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, net pension obligations, and compensated absences are recorded as expenditures when paid with available financial resources.

Budget Adoption and Amendment

The Executive Director presents a recommended budget to the Housing Opportunities Commission by the first meeting in April of each year. The recommended budget includes both an operating and capital budget. The recommended budget document presents the operating budgets by division and property as well as by major fund. The Commission has five Agency funds: the General, Opportunity Housing, Public, Multi-Family and Single Family.

Within each of these funds are groups of funds, called major funds. For example, the Public Housing Rental Fund is a major fund within the Public Fund. The Commission's approval process is at the major fund level. The recommended budget reflects the policy direction of the Commission as presented in the Strategic Plan. At the same time that it is presented to the Commission, the recommended budget document is sent to the County Council to fulfill state law. The recommended budget will include the submitted or approved program budgets that are funded by other agencies, (e.g., public housing and Housing Choice Voucher Program). These budgets will be submitted as required to the funding agencies.

The Budget, Finance and Audit Committee of the Housing Opportunities Commission will review the recommended budget and make a recommendation to the full Commission for

adoption. The Budget, Finance and Audit Committee will also review the budgets of the properties including the various development corporations.

The **operating budget** is approved by major fund and includes **total sources and uses** for each major fund. The Commission approves any transfers between major funds. Subsequent to the original approval the Commission may approve **amendments** to the budget, as needed, to reflect changes to total sources and uses for each major fund. Major changes to programs, activities, properties or projects that are needed during the year are addressed in budget amendments. Any **remaining budget authorization** at the end of each fiscal year will not be carried forward without Commission approval.

The **capital budget** is approved at the project level and includes total sources and uses for each property or project. The Commission approves any transfers between major funds. The Commission approves **amendments** to a capital budget, as needed, to reflect changes to total sources and uses for each property or project. All **remaining budget authorization** at the end of each fiscal year will automatically be carried forward to the next year without Commission approval.

Executive Director's Budget Authorization

The Executive Director is:

1. Responsible for keeping the budget in balance or each major fund in the operating budget.
2. Responsible for ensuring that there are sufficient sources of funds for each capital project budget.
3. Authorized to spend, without prior approval from the Commission, more than authorized in any major fund or for any specific capital project ONLY for one or more of the following reasons:
 - a. The increased uses are directly related and tied to increased funding for an existing program, activity, property or project (i.e., additional Housing Choice Voucher HAP payments),
 - b. The increased uses are directly related to a new or refinanced property and there is sufficient funding for the increased uses, or
 - c. There is an emergency.
4. Authorized to reallocate budgets within each major fund among divisions in response to unforeseen circumstances. The Executive Director may reallocate budget authorization within a major fund ONLY if one of the following occurs:
 - a. No new programs, activities, properties,

or projects not approved by the Commission are started if such an effort has a continuing effect on resource allocation requirements in future years.

- b. The reallocation of the budget does not prevent any division from achieving its approved goals and objectives.

The Executive Director will inform the Commission of any such expenditures and budget reallocations in conjunction with the next budget amendment. All such expenditures will be governed by the Purchasing Policy.

Reporting

The Executive Director will present budget-to-actual reports on a quarterly basis and for the year-end to the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The Budget, Finance and Audit Committee will review any proposed budget amendments and make a recommendation to the full Commission.

Conclusion

This budget policy defines the Commission's role, responsibility and the authorization given to the Executive Director based on the various legal requirements as described in the attachment.

Public Participation in the Budget Process

As a public corporation, the Housing Opportunities Commission is committed to involving citizens in the Agency's programs. The agenda for all meetings of the Commission are sent to local newspapers and listed in the Montgomery County Council newsletter. Civic associations are informed of agenda items related to their concerns prior to the Commission meeting where such concerns will be discussed. In addition, the Commission operates an agenda information line, 301-929-6777, which provides information to the public on the upcoming agenda and reports on the Commission's actions immediately following the meeting. Public forums are held at each meeting of the Commission to allow for citizen comments. All regular Commission meetings are held in the

evening.

Prior to Commission consideration of the FY 2008 Budget, notice was placed in the main County newspaper of general circulation (*The Gazette*), notifying the public of the date on which the budget would be presented, the opportunity for public comment at that meeting, and the availability of the document at the Commission offices. In addition, a copy of the budget document was placed in the municipal collection at the County library. HOC also relies on citizen participation mechanisms of the governments that fund its programs. For example, the funds the HOC receives from Montgomery County are subject to public scrutiny through the County's rigorous citizen participation process.

HOC's approved budget is disseminated to all elected officials and placed in the municipal collection at the County library. In addition, a

budget-in-brief is prepared for the annual report and distributed widely throughout the County.

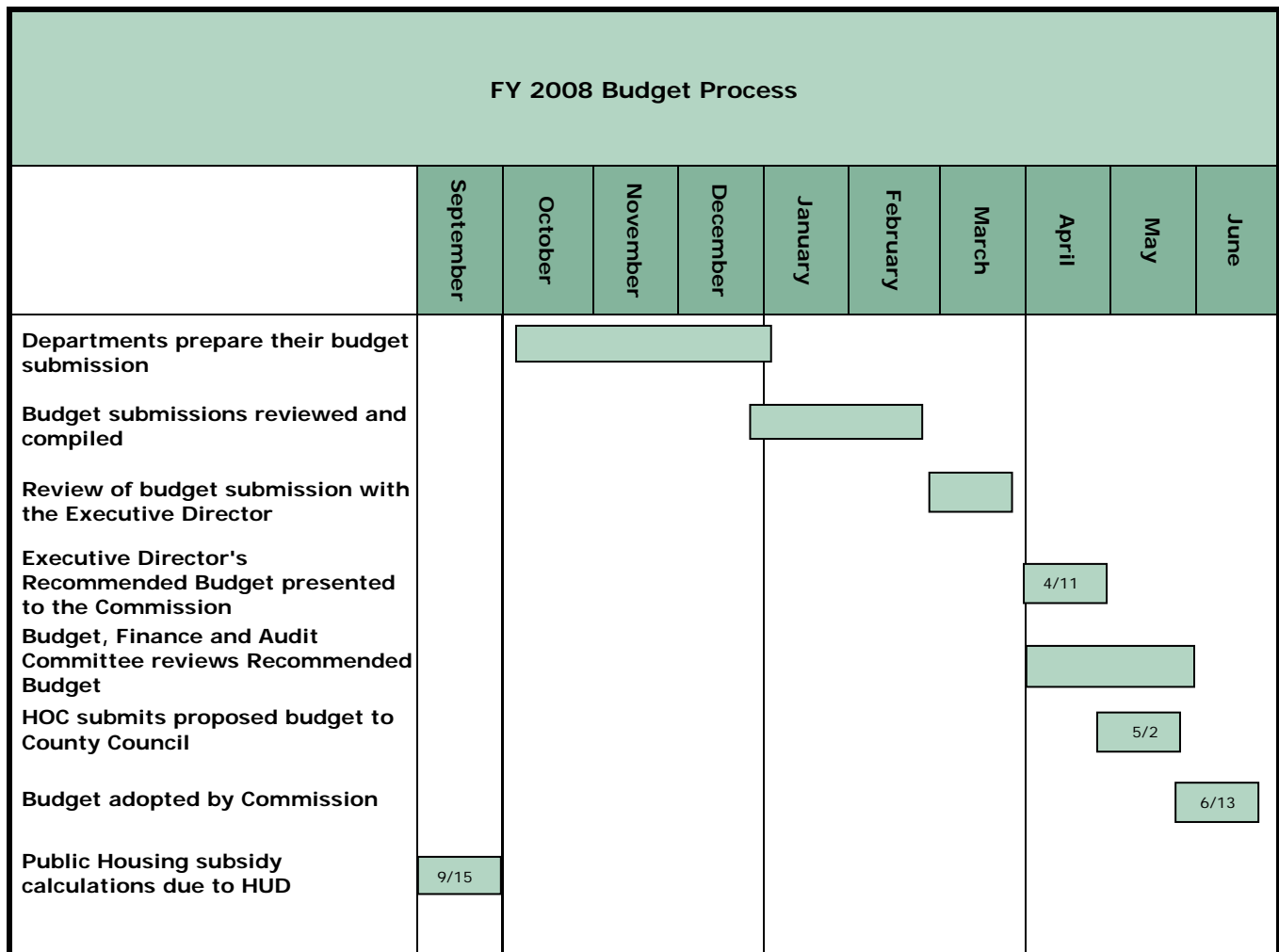
Budget Calendar—FY 2008

HOC's operating and capital budgets are prepared by staff in each of the Agency's seven functional units with the assistance of the Budget Office, reviewed by senior staff, and presented to the Commission by the Executive Director. The Commission adopts the final budget.

Each operation prepares a budget based on an estimate of revenues that will be available for their program. These estimates are based on assumptions about the availability of

Federal, State and County funds of the expected level of rents or bond activity. The budget for each operation is the financial part of the business plan for that operation. The business plan implements the program objectives, which come from the mission and vision statements for that operation. This organization enables senior staff and the Commission to see the financial impact of policy decisions for each operation.

FY 2008 Budget Process



FY 2008 Budget Focal Points

HUD Mandates Project Based Asset Management for Public Housing

The FY08 Adopted Budget represents the first year that Public Housing will be operated using the New Asset Management model mandated by The Department of Housing and Urban Development (HUD). Under this model, each Asset Management Project (AMP) is managed, budgeted and accounted for as a stand alone property. In addition, agencies are no longer able to allocate overhead to public housing based on an indirect cost study. HUD established fees are charged to each AMP to cover the indirect costs of the PHA. The established fees for HOC do not fully cover the overhead that would have been allocated to public housing under the old allocation method.

HOC's Public Housing Operating Subsidy Budget is based upon a 83% funding rate from HUD.

The 83% funding rate coupled with a \$360,690 operating transfer from the Capital Fund Grant, monies received from the County and the reduced fee structure results in a projected break-even budget for Public Housing for FY 2008. If the full share of overhead were allocated to public housing, there would be a \$677,440 deficit projected for FY08.

Housing Choice Voucher (HCV) Program

The FY 2008 Rental Assistance Budget follows another financially challenged year. HUD continues to fund the program on a calendar year basis through a budget based structure. The funding stream covers the calendar year and not the fiscal year which places HOC in a position to budget very conservatively for the last six months. HUD continues to decrease both the program subsidy and administrative fees which forces the Agency to contain current and future costs. The Commission must manage the program operations recognizing the trend in decreased funding levels as a constant.

The funding level for 2007 is \$59.2 million. HOC projected a 5% reduction of the calendar 2007 funding levels for the second half of FY 2008, which results in a 2.5% reduction overall for FY 2008.

Property Activity

HOC projects \$3.0 million in net property income that will be available to support Agency operations. This is an increase of \$1,107,090 from FY 2007. HOC's long range plan to renovate and reposition our properties has allowed staff to identify properties that will have cash available to support Agency operations. In addition, the establishment of new Payment in Lieu of Taxes (PILOT) agreements with the County on several properties have resulted in a significant savings in real estate taxes.

Over the last several years, Montgomery Homes Limited Partnerships (MHLP) II, III, IV and V have also exited the tax credit compliance period. HOC is working with the limited partners of these properties to obtain full ownership. Once this occurs, the units, which generally consist of scattered-site townhomes, will be refinanced to allow for repayment of existing loans and moderate renovations.

In February 2007, the County Executive released his in place rental increase recommendation of 5.8%. For the fifth year, the current housing market does not support the County Executive's increase. Property budgets were prepared this year assuming in place rental increases of between 1% and 5.8%.

County Budget

Montgomery County remains an important partner in the work of the Commission. The County Executive's (CE) Adopted FY 2008 Budget provides \$5,731,290 for HOC's operating budget.

Approximately 70% or \$4,012,609 of the funds received are used for Resident Services. Another 9% or \$500,865 is used to support Public Relations and Housing Resource Services. The Closing Cost Assistance Program in Mortgage Finance is supported by \$179,896 or 3% of the allocation. HOC's properties utilize \$1,027,920 or 18% of the allocation to pay for Rental Licenses Fees charged by the County, and to offset rising utility and Home Owner Association (HOA) Fees at our low-income and affordable properties.

In FY 2008, the appropriation also includes \$10,000 for utility payments associated with the Holy Cross Senior Source Center at Elizabeth House. Historically, these funds had been transferred during the year via a separate contact.

Finally, recognizing the importance of retaining experienced staff members, the CE's FY 2008 Adopted Budget provides for staff compensation adjustments.

In addition, the County will be providing more than \$5 million in capital improvement funds over the next five years to address ongoing capital improvement needs at HOC's public housing properties.

Housing Opportunities and Concepts

Housing Opportunities and Concepts (HO&C) was established in FY 2006 to develop the goals set in Objective II of the strategic plan. A business plan was approved by the Commission on March 1, 2006, and up to \$1 million in seed capital was earmarked for the new venture. In April, 2006, House Bill 657 was signed by the Governor. The bill changed HOC's enabling legislation to allow HOC to operate outside of Montgomery County and the State of Maryland. HO&C is presently a part of the Real Estate Division with its own full time staff. It will remain an operating unit within HOC through FY 2008 or until a separate entity is necessary for legal or financial reasons.

HOC has over thirty years of development experience as a lender and public developer in a variety of affordable and market rate mixed income properties. HO&C is offering development advisory services to public agencies, non-profits, municipalities and private developers interested in HOC's expertise as a developer. There are approximately 3,400 Public Housing Authorities in the United States, most of which are smaller and less experienced than HOC. Many of these agencies are interested in developing mixed income communities that will include affordable and market rate tenants. They are also interested in becoming less dependent on the uncertain federal funding available for the Public Housing and Housing Choice Voucher Programs. In addition, there are numerous non-profits and private developers interested in affordable, workforce and mixed income housing who can benefit from HOC's experience as a developer.

HO&C offers advisory services to such entities, and guides them through the complex process of financing and developing viable affordable and mixed-income housing. HO&C is currently working as development advisor to clients in Maryland, the District of Columbia and Virginia.

In addition to development services, HO&C offers technical support services to other Public Housing Authorities. These support services are extensions of HOC's existing infrastructure and include assistance with leasing, compliance, reporting, accounting, and Information Technology (IT) services. In addition, HO&C advises municipalities and other jurisdictions on housing related issues such as inclusionary zoning, workforce housing and mixed income housing development.

Groundbreaking at MetroPointe

HOC and its development partner, Bozzuto Development, held a groundbreaking ceremony on October 26, 2006 to mark the beginning of construction for a 173-unit mixed-income apartment building that will sit atop the Wheaton Metro station.

The project combines class A, luxury housing with Housing Choice Voucher units. The building will contain 173 apartments, 53 of which will be very affordable rental housing. The affordable units will have the same layout as the market-rate units.

This project has all the right components for success. It creates affordable housing at a site that provides transportation to employment opportunities and cultural amenities throughout the Washington region. It creates affordable housing at a Metro station — an amenity typically surrounded with *higher* than average costs. It creates affordable housing in a mixed-income environment — a situation that has been shown to promote economic benefits to lower income residents. It creates affordable housing in Montgomery County, one of the most expensive housing markets in the country, and it creates affordable housing for the long term, since HOC is committed to keep the units affordable for at least 40 years.

Overview—Strategic Plan

Every two years, the Board of Commissioners and the Executive Management Team review past practices and develop creative strategies to address the changing housing needs of Montgomery County. The strategic planning process provides the opportunity for HOC's leadership to examine and rededicate itself to a longstanding tradition of innovative housing solutions.

The Strategic Plan, completed in 2007, focuses HOC's efforts in developing and implementing innovative solutions to the problem of meeting the County's ever-expanding need for affordable housing. As the County's housing authority and housing finance agency, HOC has a significant responsibility in this arena. The Strategic Plan provides the Commission's guidance to the staff on fulfilling HOC's role.

HOC has resolved to focus its major efforts on the following six primary areas. It is important

to note that each area is of equal importance to the Commission.

- Preserve and produce affordable and workforce housing in Montgomery County.
- Strengthen HOC's ability to generate income for operations, affordable housing programs and services.
- Decentralize delivery of services to clients and residents in conjunction with enhancing efficiency throughout HOC's activities.
- Expand services to residents and clients to address the County's changing needs.
- Manage HOC's portfolio to maximize public purpose and maximize revenues.
- Exercise leadership in meeting Montgomery County's housing and related social services needs.

Operating Budget

HOC has an operating budget for FY 2008 of \$183.7 million. Revenues are generated in two ways:

1. Grants, other funding sources, and the cash flow from HOC properties generate 76.81% of total revenues.
 - \$47.3 million (25.77%) is from property rents and service income.
 - \$79.7 million (43.40%) is from Federal, State and County grants.
 - \$71.9 million (39.16%) is from Federal grants, which includes \$62.6 million in HUD Housing Choice Voucher Assistance Payments that are passed through to Montgomery County landlords, for which HOC earns administrative fees.
 - \$7.6 million (4.14%) is from grants from Montgomery County for specific activities, including the administration

of the Closing Cost Assistance Program, various Resident Services programs, and Housing Resource Services.

- \$.2 million (.10%) is from various State grants.
 - \$14.0 million (7.64%) is from management fees and miscellaneous income.
2. Non-operational income derived from HOC's bond-financing operation, real estate financing fees and interest earned on investments generate 23.19% of total revenues.
 - \$35.6 million (19.40%) is from mortgage interest income which pays the debt service on HOC housing revenue bonds and interest earned on cash investments.
 - \$6.9 million (3.79%) is from miscellaneous bond financing operations.

FY 2008 Revenue and Expense Statement

Operating Budget

Non-Operating Budget

Operating Income

Tenant Income	\$45,594,920
Non-Dwelling Rental Income	\$1,745,360
Federal Grant	\$71,920,160
State Grant	\$196,070
County Grant	\$7,607,120
Management Fees	\$13,461,740
Miscellaneous Income	\$566,940

TOTAL OPERATING INCOME \$141,092,310

Non-Operating Income

Investment Interest Income	\$35,111,140
FHA Risk Sharing Insurance	\$525,120
Transfer Between Funds	\$6,944,780

TOTAL NON-OPERATING INCOME \$42,581,040

Operating Expenses

Personnel Expenses	\$31,839,830
Operating Expenses - Fees	\$13,581,690
Operating Expenses - Administrative	\$4,185,970
Tenant Services Expenses	\$3,524,320
Protective Services Expenses	\$690,210
Utilities Expenses	\$5,442,040
Insurance and Tax Expenses	\$961,140
Maintenance Expenses	\$5,348,400
Housing Assistance Payments (HAP)	\$58,846,970

TOTAL OPERATING EXPENSES \$124,420,570

Non-Operating Expenses

Interest Payment	\$37,905,820
Mortgage Insurance	\$553,920
Principal Payment	\$5,177,490
Operating and Replacement Reserves	\$5,859,480
Restricted Cash Flow	\$3,485,520
Development Corporation Fees	\$1,464,230
Miscellaneous Bond Financing Expenses	\$1,196,300
FHA Risk Sharing Insurance	\$525,130
Transfer Out Between Funds	\$3,084,890

TOTAL NON-OPERATING EXPENSES \$59,252,780

NET OPERATING INCOME \$16,671,740

NET NON-OPERATING ADJUSTMENTS (\$16,671,740)

Summary

Mission and Vision Statements

Mission

- To provide affordable housing and supportive services.

Vision

- All families in Montgomery County live in decent, safe and sanitary housing, regardless of income.
- Families and communities in Montgomery County are strengthened as good neighbors through supportive services.
- Establish an efficient and productive environment that fosters trust, open communication and mutual respect.

- Partner effectively and aggressively with advocates to maintain support for all the work of the Commission.

The mission and vision statements reflect the dual nature of the Agency in providing quality housing and quality services to families so as to strengthen both families and communities. The Housing Opportunities Commission will be responsive to those we serve, neighbors, employees and the community at large. The Agency will endeavor to create new partnerships that increase and/or preserve affordable and accessible housing that meets the needs of the populations served.

Special points of interest:

- Mission and Vision Statements
- Strategic Plan and FY 2008 Initiatives
- Operating Budget Fund Summary
- Revenue Restrictions
- General Fund Summary
- Grant Summary
- Public Housing Fund Summary
- Housing Choice Voucher Fund Summary
- Property Listings
- Bond Program

Strategic Plan Goals and FY 2008 Initiatives

HOC implements a Strategic Plan on a bi-annual basis. The most current Plan was developed in 2007 and focuses on HOC's efforts in developing and implementing innovative solutions to the problem of meeting the County's ever-expanding need for affordable housing.

Preserve and produce affordable and workforce housing in Montgomery County.

- Acquire and finance units to preserve their long-term affordability and to increase opportunities for households at lower income levels to find homes throughout the County.
- Negotiate extended affordability with owners of multi-family properties.
- Identify land for future development or redevelopment

- Pursue publicly-owned land for new development of affordable housing.
- Pursue opportunities for transit-oriented housing developments.
- Expand homeownership opportunities to a broader income range of Montgomery County families and workers while continuing efforts to de-concentrate poverty.

Strengthen HOC's ability to generate income for operations, affordable housing programs and services.

- Develop new sources of funding to support HOC's mission.
- Expand HO&C to generate income to expand and preserve affordable housing.
- Increase revenues from existing HOC activities.
- Seek grants from new sources for supportive services and educational opportunities for residents and clients.
- Develop strategies to increase donations and generate income through collaborative activities between HOC and Community Partners, Inc.

Decentralize delivery of services to clients and residents in conjunction with enhancing efficiency throughout HOC's activities.

- Identify appropriate facilities to provide customer service.
- Train staff to support providing multiple services at multiple locations throughout Montgomery County.
- Explore technological initiatives to enhance services to customers.

Expand services to residents and clients to address the County's changing needs.

- Expand the use of public-private partnerships for resident services initiatives.
- Expand opportunities for residents to advise HOC about issues that affect their housing and services.
- Increase services to prevent homelessness among our residents and clients.
- Expand the Resident Services activities to include all residents in HOC's income-restricted housing.
- Work with service providers to develop housing programs for the elderly and those client populations that cannot be served without special services.

Manage HOC's portfolio to maximize public purpose and to maximize revenues.

- Maintain affordability within HOC's current stock.
- Develop HOC portfolio model to identify and describe HOC's optimal mix of housing.
- Develop criteria for acquisitions, dispositions and renovations of properties in accordance with the portfolio model.
- Develop long-range property renovation plan that identifies the capital needs of the portfolio.
- Develop a portfolio management system that will measure performance in relation to both financial and public purpose goals.
- Optimize market rents in order to maintain and increase public purpose activities within existing portfolio.

Exercise leadership in meeting Montgomery County's housing and related social service needs.

- Develop and pursue legislation and policy at all levels of government to secure adequate and reliable funding for affordable housing and supportive services.
- Strengthen HOC's relationships with government at the local, state and federal levels.
- Pursue legislation and policy that enhance the creation and preservation of affordable housing and related activities.
- Strengthen HOC's relationships with the community, industry, nonprofit and for-profit housing organizations and develop new partners.
- Encourage Montgomery County to identify the scope of the affordable housing deficiency and steps to address it.
- Raise public awareness of HOC's goals and accomplishments.
- Assure effective involvement of HOC in the planning process, council, state and federal public hearings and civic and neighborhood meetings.
- Expand HOC's advocacy efforts through broader Commission, staff and resident participation.

Operating Budget

As described in the Fund Structure section on page viii, HOC can manage and review its complex financial structure in a number of different ways:

- By the funding source,
- By the type of revenue and expense items (by account),
- By division structure, and
- By the specific property or grant.

The following pages of the section highlight the Agency's FY 2008 Operating Budget.

The charts on pages 4 and 5 highlight the sources and uses of HOC Funds. HOC has identified two distinct components of income (sources) and expenses (uses). In order to more easily analyze budget to actual financial statements, operating and non-operating income and expenses have been segregated.

The chart on page xiii shows the FY 2008 Operating Budget by accounting classification. This chart summarizes all Agency Funds. The FY 2008 Operating Budget is balanced.

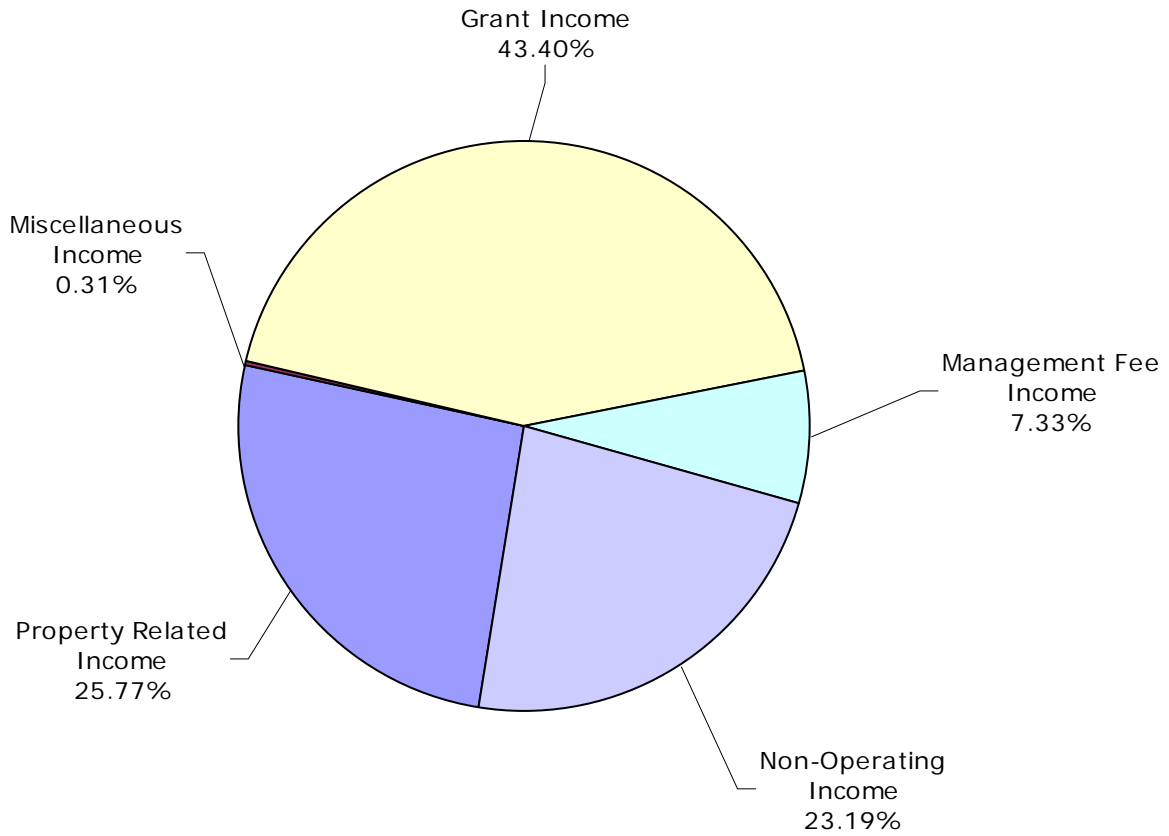
The chart on page 9 illustrates the FY 2008 external as well as internal revenue restrictions. Although HOC has a \$183.7 million budget, only 8%, or \$14.8 million, may be used by the Commission for discretionary expenses.

The chart on page 10 summarizes the General Fund. In FY 2008 the Net Operating Deficit increased by \$1.7 million.

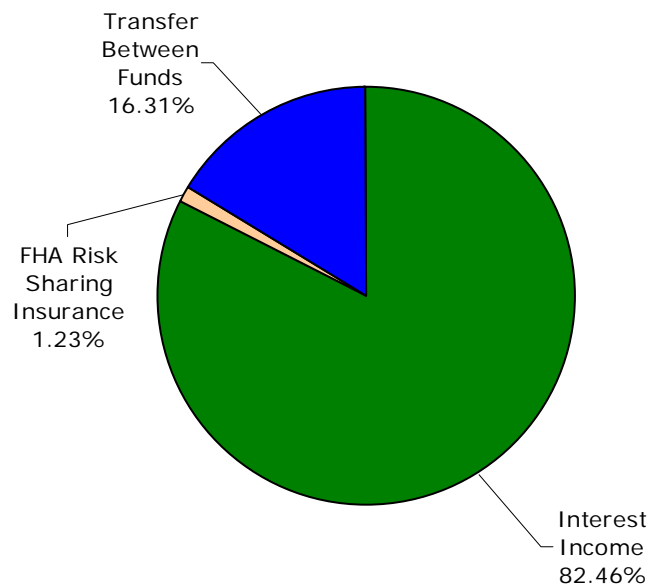
Charts are also included in this section which show the revenue, expense and net cash flow for the properties as well as the annual operating budget for each of the grants.

The Operating Budget section of this document shows the revenue and expenses by each division.

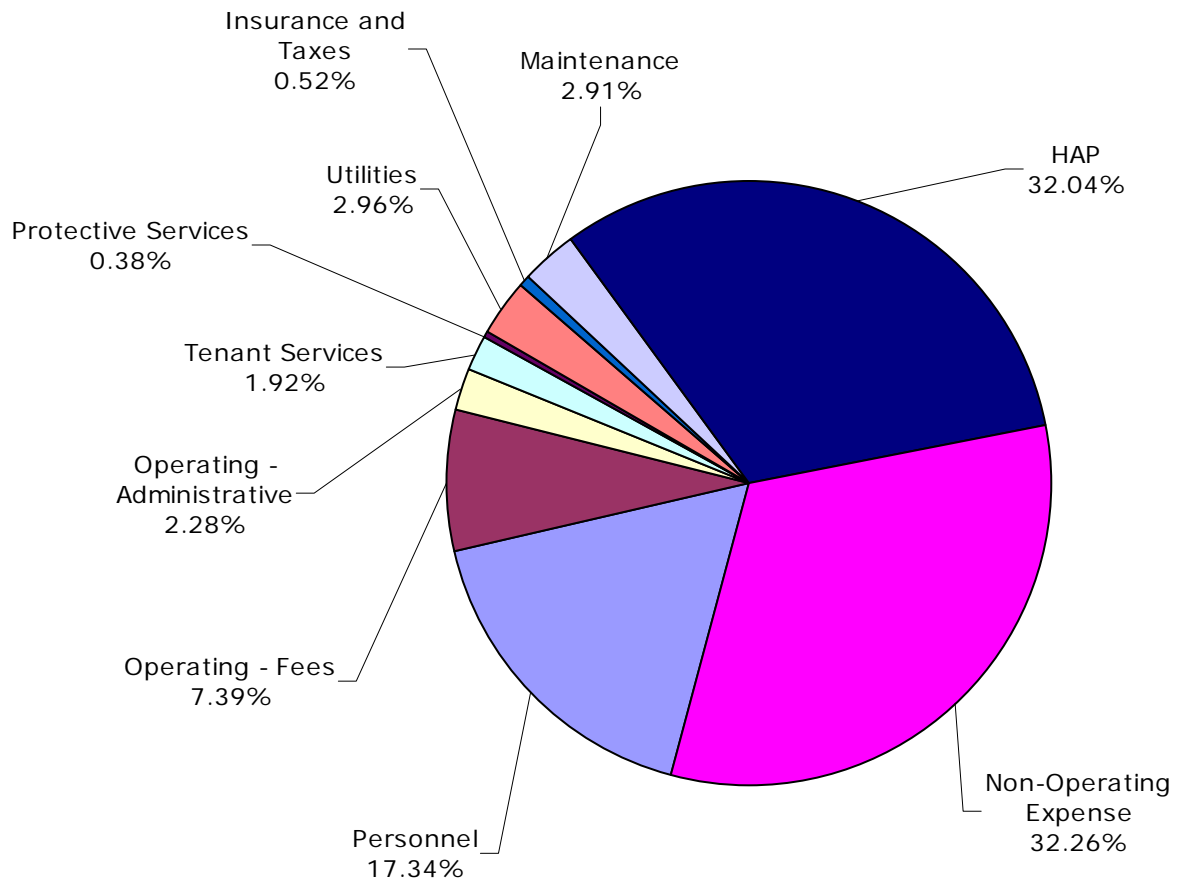
Source of Funds



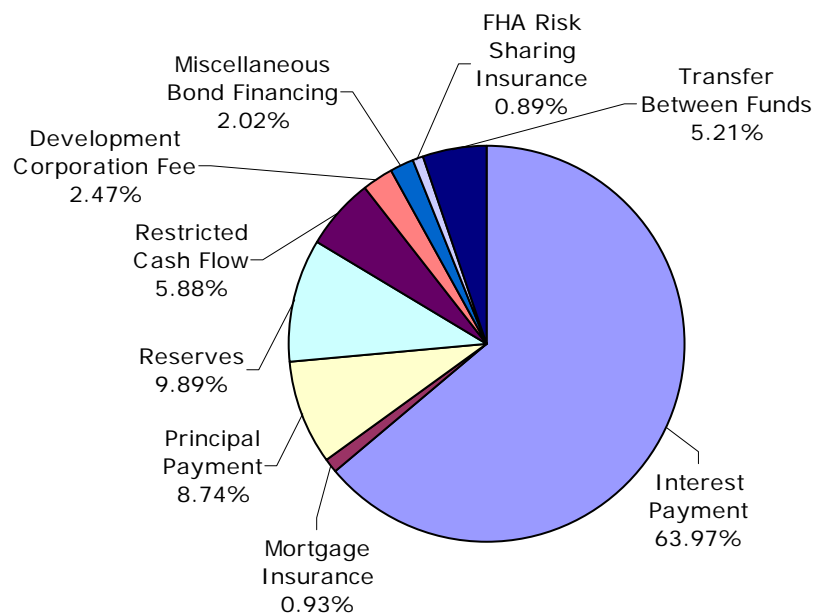
Non-Operating Income



Use of Funds



Non-Operating Expense

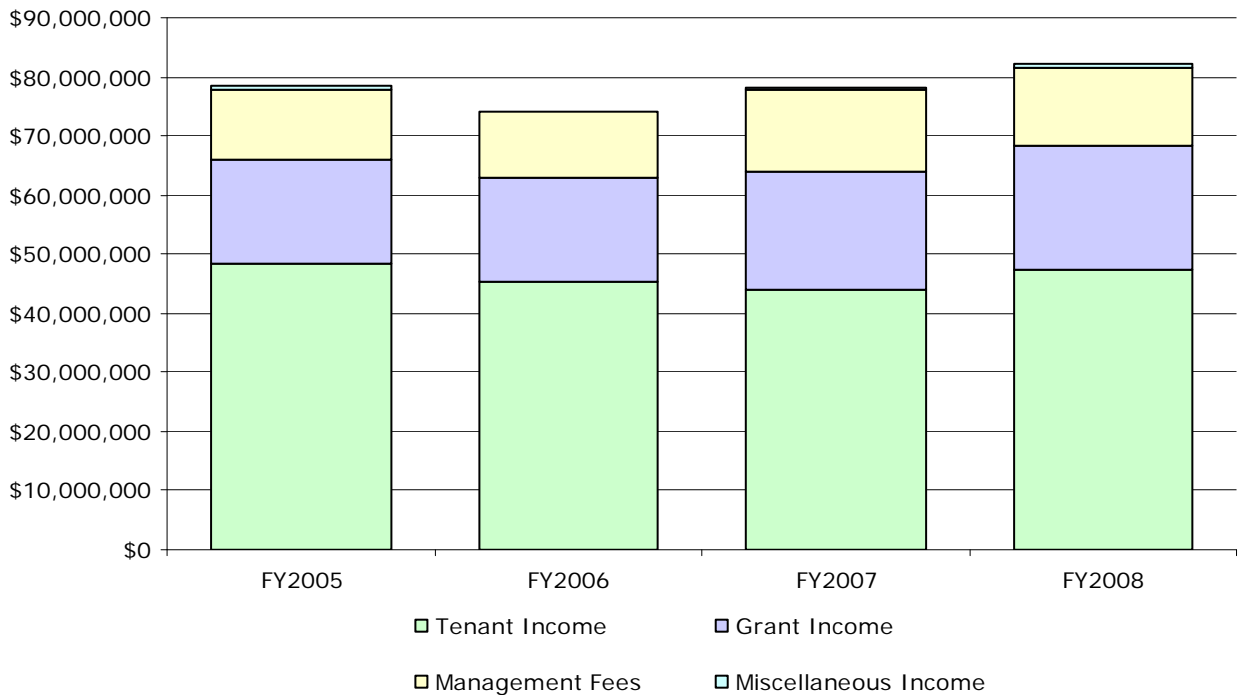


Total Agency—Revenue and Expense Statement

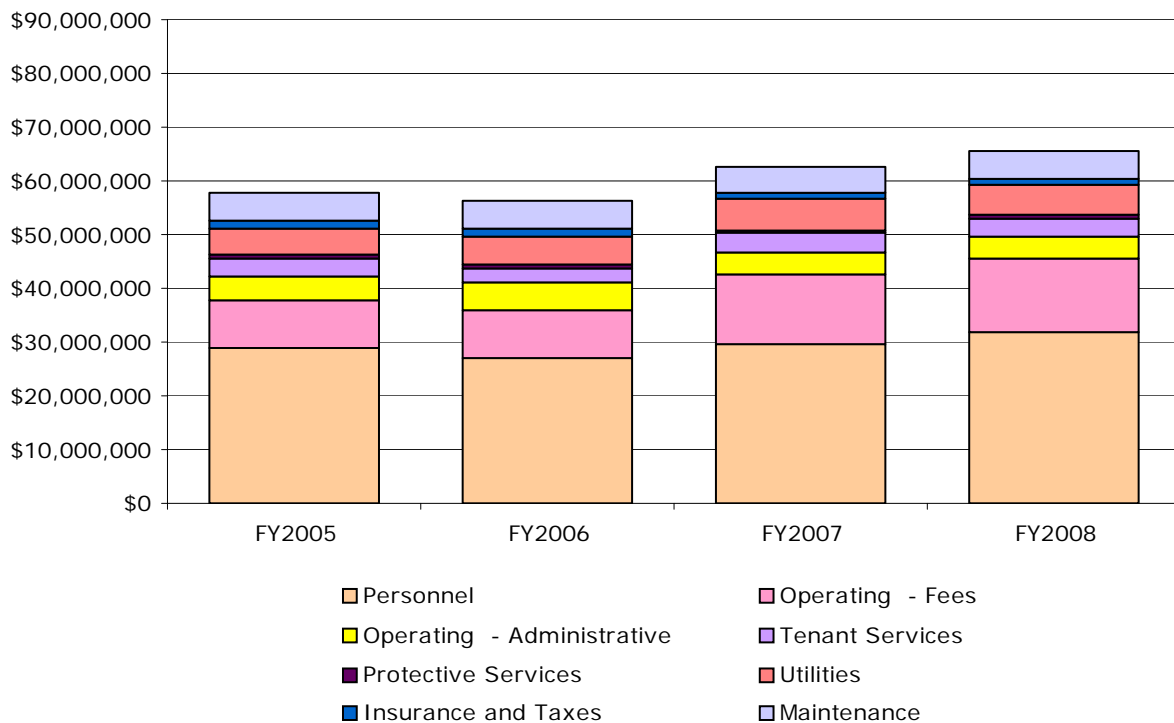
Total Revenue and Expense Statement	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Tenant Income	\$47,445,626	\$44,062,457	\$42,977,540	\$45,594,920
Non-Dwelling Rental Income	\$1,001,118	\$1,155,331	\$1,040,070	\$1,745,360
Federal Grant	\$77,101,084	\$74,105,353	\$73,682,380	\$71,920,160
State Grant	\$203,050	\$88,034	\$111,690	\$196,070
County Grant	\$6,114,106	\$6,431,180	\$7,285,600	\$7,607,120
Private Grant	\$34,200	\$0	\$0	\$0
Management Fees	\$11,979,269	\$10,925,905	\$13,768,530	\$13,461,740
Miscellaneous Income	\$753,130	\$244,134	\$331,770	\$566,940
TOTAL OPERATING INCOME	\$144,631,583	\$137,012,394	\$139,197,580	\$141,092,310
Operating Expenses				
Personnel Expenses	\$28,863,529	\$27,119,343	\$29,733,320	\$31,839,830
Operating Expenses - Fees	\$8,729,413	\$8,962,027	\$12,737,750	\$13,581,690
Operating Expenses - Administrative	\$4,713,907	\$4,873,720	\$4,181,980	\$4,185,970
Tenant Services Expenses	\$3,253,506	\$2,824,865	\$3,569,030	\$3,524,320
Protective Services Expenses	\$638,517	\$768,726	\$637,940	\$690,210
Utilities Expenses	\$4,855,123	\$5,151,066	\$5,626,970	\$5,442,040
Insurance and Tax Expenses	\$1,684,548	\$1,443,887	\$1,335,650	\$961,140
Maintenance Expenses	\$4,870,521	\$5,103,765	\$4,865,880	\$5,348,400
Housing Assistance Payments (HAP)	\$66,044,352	\$62,829,218	\$60,987,920	\$58,846,970
TOTAL OPERATING EXPENSES	\$123,653,416	\$119,076,617	\$123,676,440	\$124,420,570
NET OPERATING INCOME	\$20,978,167	\$17,935,777	\$15,521,140	\$16,671,740
Non-Operating Income				
Investment Interest Income	\$32,104,614	\$36,862,640	\$34,835,930	\$35,111,140
FHA Risk Sharing Insurance	\$548,760	\$570,740	\$537,510	\$525,120
Transfer Between Funds	\$8,324,071	\$9,693,835	\$8,328,110	\$6,944,780
TOTAL NON-OPERATING INCOME	\$40,977,445	\$47,127,215	\$43,701,550	\$42,581,040
Non-Operating Expenses				
Interest Payment	\$36,653,515	\$38,686,621	\$37,786,050	\$37,905,820
Mortgage Insurance	\$561,284	\$634,296	\$669,330	\$553,920
Principal Payment	\$4,092,219	\$4,991,043	\$4,697,980	\$5,177,490
Operating and Replacement Reserves	\$4,653,775	\$5,242,844	\$5,562,300	\$5,859,480
Restricted Cash Flow	\$6,845,940	\$5,704,074	\$3,022,070	\$3,485,520
Development Corporation Fees	\$1,958,504	\$1,177,557	\$1,828,560	\$1,464,230
Miscellaneous Bond Financing Expenses	\$1,403,979	\$1,205,080	\$1,504,890	\$1,196,300
FHA Risk Sharing Insurance	\$548,760	\$570,740	\$537,510	\$525,130
Transfer Out Between Funds	\$4,923,400	\$6,135,654	\$3,614,000	\$3,084,890
TOTAL NON-OPERATING EXPENSES	\$61,641,376	\$64,347,909	\$59,222,690	\$59,252,780
NET NON-OPERATING ADJUSTMENTS	(\$20,663,931)	(\$17,220,694)	(\$15,521,140)	(\$16,671,740)
NET CASH FLOW	\$314,236	\$715,083	\$0	\$0

Operating Budget—Total Agency

Total Operating Income w/o HAP

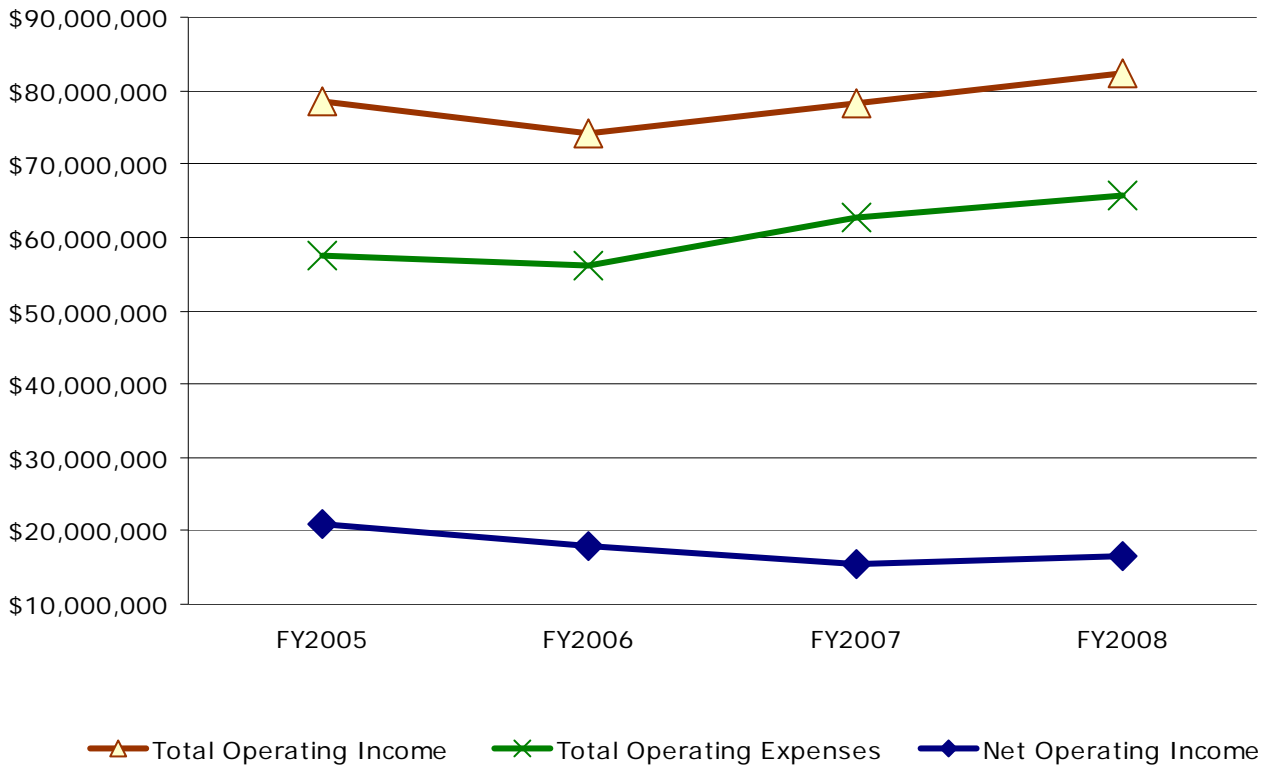


Total Operating Expenses w/o HAP



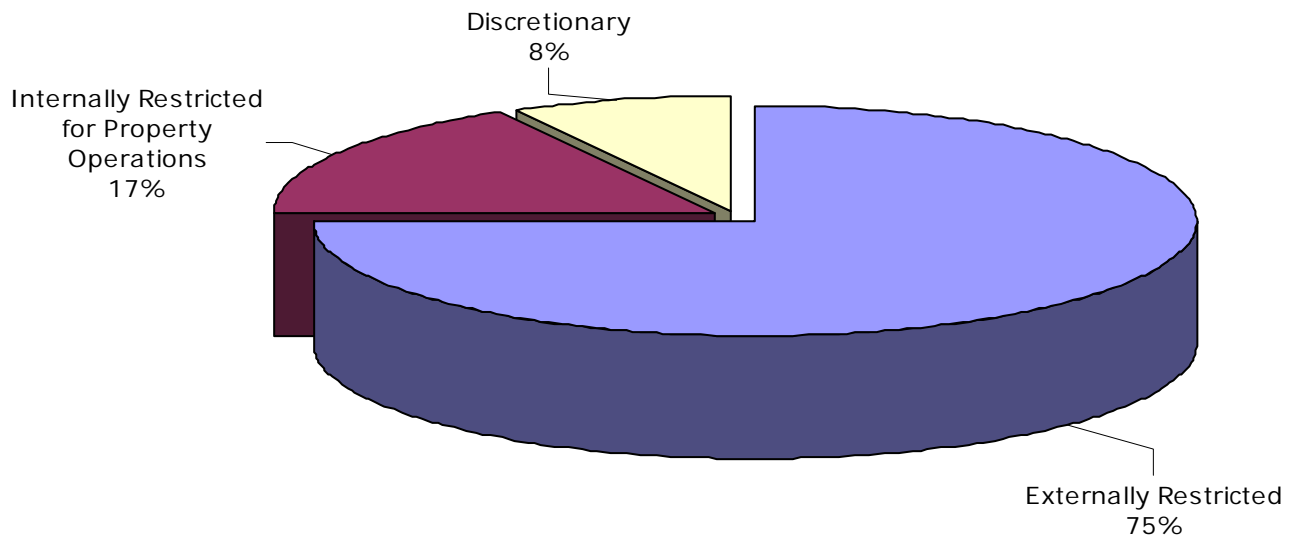
Operating Budget—Total Agency

Net Operating Income w/o HAP



FY 2008 Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 08 Adopted Budget			
	Externally Restricted	Internally Restricted	Discretionary	Total
Operating Income				
Property Related Income	\$16,127,490	\$29,670,710	\$1,542,070	\$47,340,270
Federal Grant	\$71,920,170			\$71,920,170
State Grant	\$196,070			\$196,070
County Grant	\$7,607,120			\$7,607,120
Management Fees		\$1,217,100	\$12,244,640	\$13,461,740
Miscellaneous Income	\$564,940		\$2,000	\$566,940
TOTAL OPERATING INCOME	\$96,415,790	\$30,887,810	\$13,788,710	\$141,092,310
Non-Operating Income				
Interest Income	\$34,442,940		\$668,200	\$35,111,140
FHA Risk Sharing	\$525,130			\$525,130
Transfer Between Funds	\$6,559,910		\$384,860	\$6,944,770
TOTAL NON-OPERATING INCOME	\$41,527,980		\$1,053,060	\$42,581,040
TOTAL - ALL REVENUE SOURCES	\$137,943,770	\$30,887,810	\$14,841,770	\$183,673,350

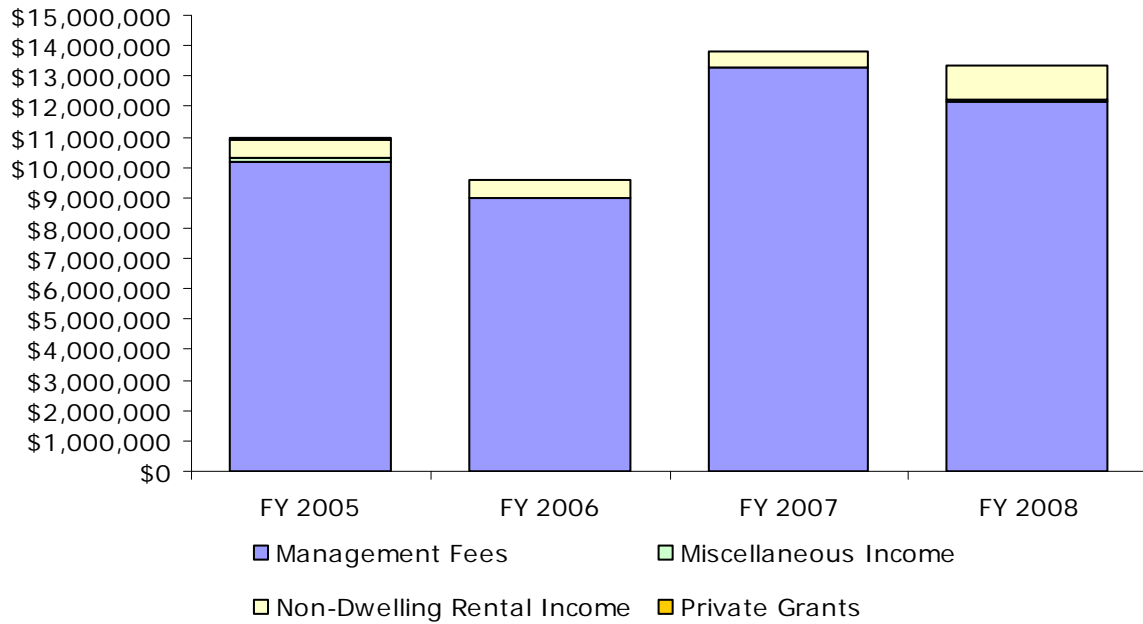


General Fund—Revenue and Expense Statement

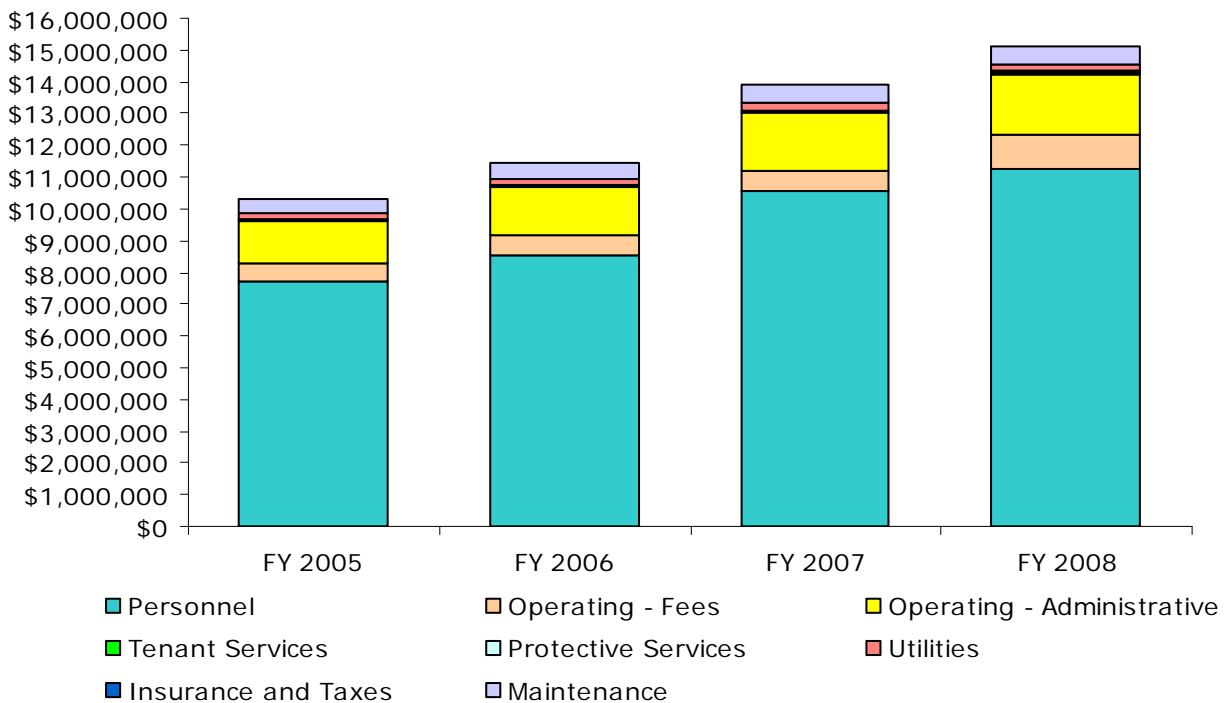
General Fund	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Non-Dwelling Rental Income	\$577,638	\$612,162	\$527,200	\$1,170,330
Private Grant	\$34,200	\$0	\$0	\$0
Management Fees	\$10,183,211	\$8,979,433	\$13,268,430	\$12,189,940
Miscellaneous Income	\$141,456	\$17,068	\$2,000	\$2,000
TOTAL OPERATING INCOME	\$10,936,505	\$9,608,663	\$13,797,630	\$13,362,270
Operating Expenses				
Personnel Expenses	\$7,701,772	\$8,553,002	\$10,544,910	\$11,285,390
Operating Expenses - Fees	\$586,399	\$625,611	\$671,190	\$1,063,330
Operating Expenses - Administrative	\$1,301,631	\$1,486,194	\$1,803,400	\$1,889,170
Tenant Services Expenses	\$61,715	\$64,648	\$50,950	\$63,100
Protective Services Expenses	\$55,947	\$43,706	\$45,050	\$47,000
Utilities Expenses	\$151,545	\$165,212	\$221,100	\$219,080
Insurance and Tax Expenses	\$5,210	\$5,101	\$4,690	\$4,470
Maintenance Expenses	\$427,816	\$482,414	\$544,040	\$569,740
TOTAL OPERATING EXPENSES	\$10,292,035	\$11,425,888	\$13,885,330	\$15,141,280
NET OPERATING INCOME	\$644,470	(\$1,817,225)	(\$87,700)	(\$1,779,010)
Non-Operating Income				
Investment Interest Income	\$307,100	\$785,528	\$789,120	\$668,200
FHA Risk Sharing Insurance	\$548,760	\$570,740	\$537,510	\$525,130
Transfer Between Funds	\$577,996	\$1,206,088	\$1,863,780	\$1,941,530
TOTAL NON-OPERATING INCOME	\$1,433,856	\$2,562,356	\$3,190,410	\$3,134,860
Non-Operating Expenses				
Interest Payment	\$11,921	\$12,741	\$30,040	\$39,040
Principal Payment	\$85,500	\$206,851	\$173,100	\$219,020
Operating Reserves	\$1,391,402	\$226,600	\$1,347,660	\$481,290
FHA Risk Sharing Insurance	\$548,760	\$570,740	\$537,510	\$525,130
Transfer Out Between Funds	\$364,148	\$37,586	\$314,860	\$277,380
TOTAL NON-OPERATING EXPENSES	\$2,401,731	\$1,054,518	\$2,403,170	\$1,541,860
NET NON-OPERATING ADJUSTMENTS	(\$967,875)	\$1,507,838	\$787,240	\$1,593,000
NET CASH FLOW	(\$323,405)	(\$309,387)	\$699,540	(\$186,010)

Operating Income and Operating Expenses—General Fund

Operating Income



Operating Expenses



Public Fund (Grants)—Income Summary

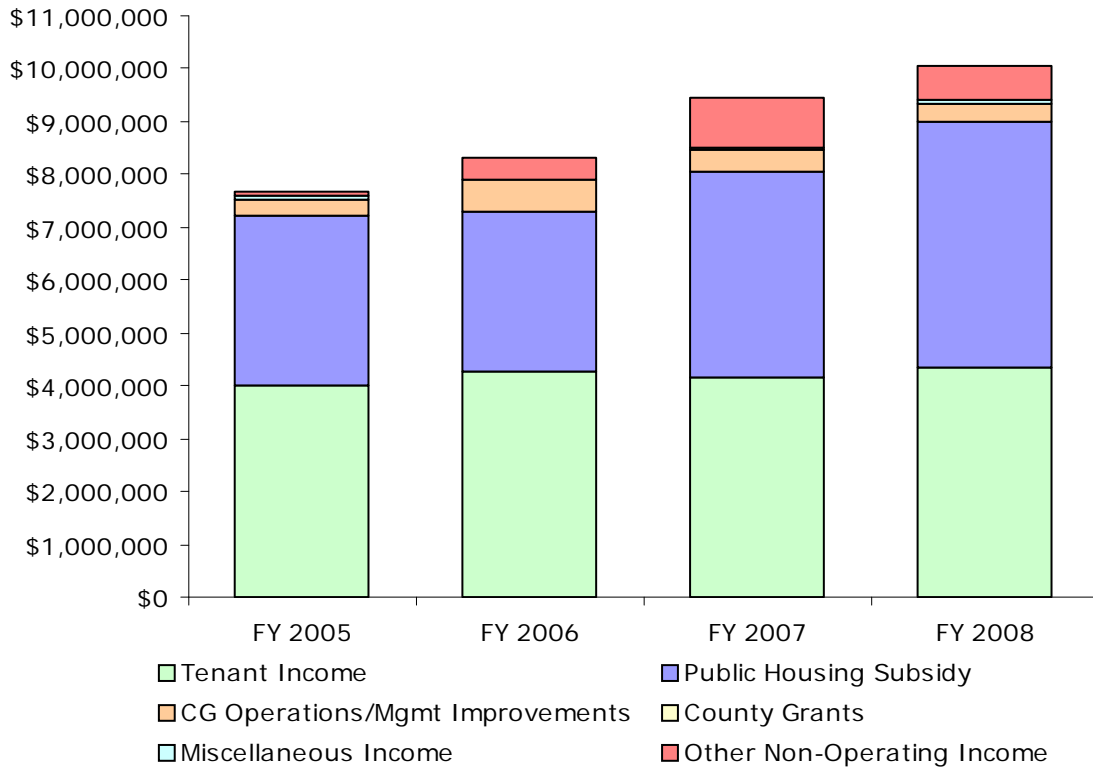
Public Fund	FY 2005	FY 2006	FY 2007	FY2008
Federal, State and County Grants	Actual	Actual	Amended	Adopted
Income Summary			Budget	Budget
Federal Funds				
Comp Grant	\$798,964	\$1,223,639	\$1,337,410	\$1,156,690
Shelter Plus Care	\$424,783	\$434,952	\$526,800	\$481,460
Shelter Plus Care - New Neighbors	\$0	\$49,974	\$143,030	\$137,410
McKinney Grants	\$2,762,290	\$2,904,726	\$3,331,760	\$3,334,020
ROSS Grant	\$229,180	\$131,092	\$0	\$114,080
TOTAL - FEDERAL FUNDS	\$4,215,217	\$4,744,383	\$5,339,000	\$5,223,660
Federal Funds - Other				
Federal Home - RAP and RAP to Work	\$139,601	\$71,263	\$101,000	\$101,000
MATER Program	\$54,215	\$9	\$0	\$0
Jesup Blair Program	\$98,781	\$73,927	\$115,380	\$119,420
TOTAL - FEDERAL FUNDS (Other)	\$292,597	\$145,199	\$216,380	\$220,420
State & County Funds				
County Main Grant	\$4,410,666	\$4,964,070	\$5,486,710	\$5,731,290
County Senior Nutrition	\$36,609	\$37,440	\$37,500	\$37,500
County Closing Cost Assistance Program	\$123,180	\$132,270	\$144,080	\$160,500
Clutter to Classy	\$0	\$0	\$16,000	\$0
DHCA - Jesup Blair	\$9,031	\$63,415	\$144,000	\$86,000
RSIP	\$613,202	\$473,281	\$556,500	\$592,600
Preservation Property Program	\$115,127	\$133,581	\$140,000	\$205,840
Parent Resource Center	\$4,000	\$0	\$15,000	\$27,850
Supportive Housing Rental Assistance Program	\$0	\$0	\$0	\$61,160
Turnkey - Mental Health	\$120,770	\$0	\$0	\$118,350
Turnkey	\$0	\$25,000	\$25,000	\$25,000
State RAP and RAP to Work	\$204,317	\$90,696	\$111,690	\$196,070
State Service Linked Housing	\$38,919	\$38,919	\$38,920	\$40,870
Service Linked Emergency Assistance	\$35,000	\$35,000	\$35,000	\$35,000
State Housing Counselor	\$36,916	\$36,916	\$36,900	\$36,920
State Emergency Assistance	\$69,613	\$70,784	\$71,190	\$71,480
TOTAL - STATE & COUNTY FUNDS	\$5,817,350	\$6,101,372	\$6,858,490	\$7,426,430
TOTAL PUBLIC FUNDS	\$10,325,164	\$10,990,954	\$12,413,870	\$12,870,510

Public Housing Rental—Revenue and Expense Statement

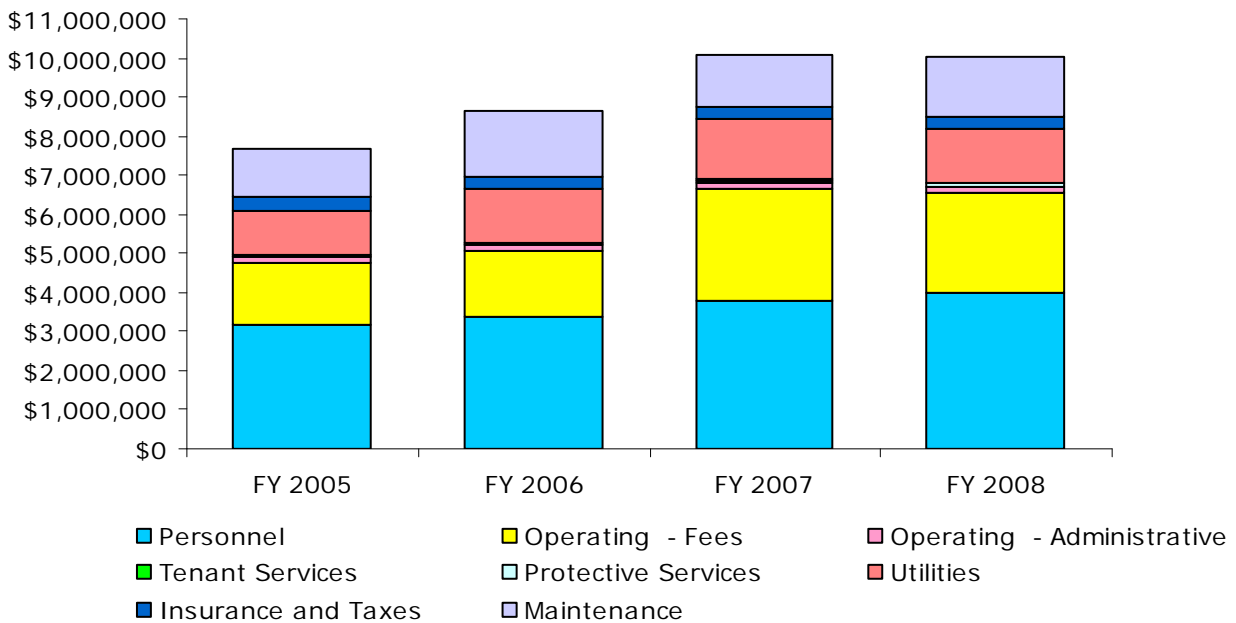
	FY 2005	FY 2006	FY 2007	FY 2008
Public Housing Rental	Actual	Actual	Amended Budget	Adopted Budget
Operating Income				
Tenant Income	\$3,999,754	\$4,287,982	\$4,156,740	\$4,344,310
Public Housing Operating Subsidy	\$3,230,774	\$2,993,344	\$3,881,980	\$4,640,540
County Grants	\$10,000	\$10,000	\$10,000	\$10,000
Miscellaneous Income	\$44,831	\$17,548	\$26,020	\$50,800
TOTAL OPERATING INCOME	\$7,285,359	\$7,308,874	\$8,074,740	\$9,045,650
Operating Expenses				
Personnel Expenses	\$3,155,697	\$3,360,672	\$3,773,700	\$4,010,890
Operating Expenses - Fees	\$1,603,712	\$1,687,463	\$2,881,810	\$2,515,730
Operating Expenses - Administrative	\$135,980	\$184,666	\$160,960	\$152,790
Tenant Services Expenses	\$10,625	\$8,892	\$38,700	\$38,150
Protective Services Expenses	\$47,589	\$52,073	\$62,520	\$63,310
Utilities Expenses	\$1,136,947	\$1,337,194	\$1,536,280	\$1,418,140
Insurance and Tax Expenses	\$348,525	\$342,034	\$292,830	\$272,990
Maintenance Expenses	\$1,256,125	\$1,696,153	\$1,313,090	\$1,579,020
TOTAL OPERATING EXPENSES	\$7,695,200	\$8,669,147	\$10,059,890	\$10,051,020
NET OPERATING INCOME	(\$409,841)	(\$1,360,273)	(\$1,985,150)	(\$1,005,370)
Non-Operating Income				
CG Operations/Mgmt Improvements	\$300,000	\$609,559	\$426,440	\$350,000
Investment Interest Income	(\$83)	(\$35,223)	(\$11,790)	(\$17,320)
Transfer Between Funds	\$91,542	\$442,270	\$969,060	\$672,690
TOTAL NON-OPERATING INCOME	\$391,459	\$1,016,606	\$1,383,710	\$1,005,370
NET NON-OPERATING ADJUSTMENTS	\$391,459	\$1,016,606	\$1,383,710	\$1,005,370
NET CASH FLOW	(\$18,382)	(\$343,667)	(\$601,440)	\$0

Total Income and Total Expenses—Public Housing Rental

Total Income



Total Expenses



Public Housing Homeownership—Revenue and Expense Statement

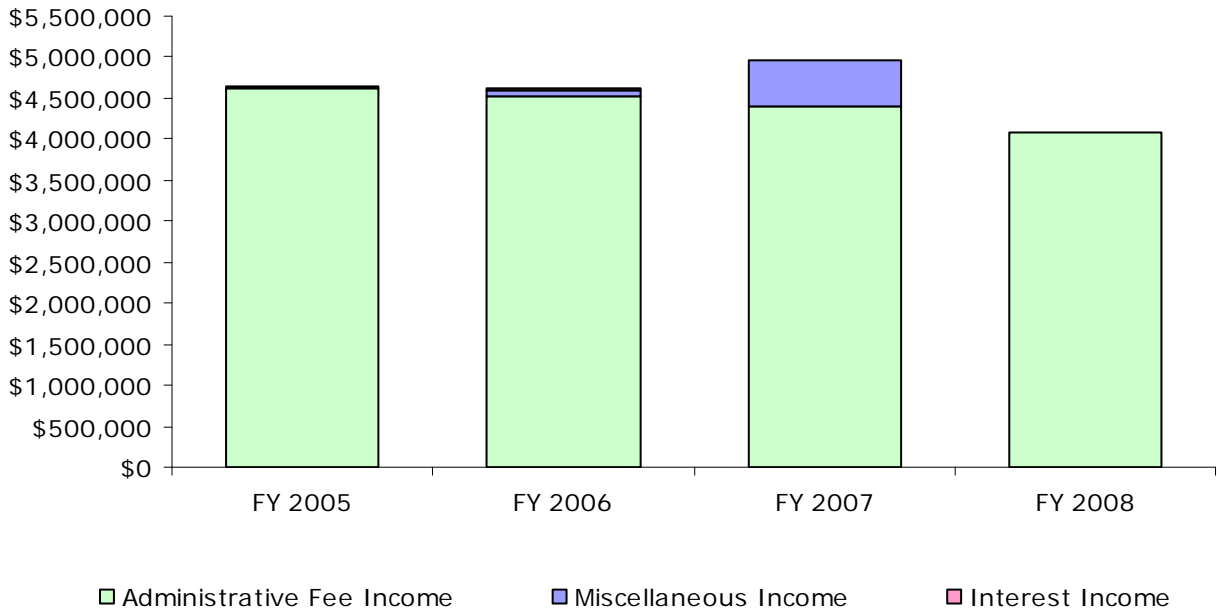
	FY 2005	FY 2006	FY 2007	FY 2008
Public Housing Homeownership	Actual	Actual	Amended Budget	Adopted Budget
Operating Income				
Tenant Income	\$9,809	(\$141)	\$2,160	\$5,810
Federal Grant	\$89,850	\$102,282	\$80,390	\$95,420
Miscellaneous Income	\$1,291	\$308	\$290	\$330
TOTAL OPERATING INCOME	\$100,950	\$102,449	\$82,840	\$101,560
Operating Expenses				
Personnel Expenses	\$40,044	\$34,516	\$48,760	\$54,850
Operating Expenses - Fees	\$12,334	\$10,670	\$12,450	\$12,170
Operating Expenses - Administrative	\$1,055	\$1,130	\$2,030	\$1,900
Utilities Expenses	\$11,779	\$12,335	\$12,220	\$18,100
Insurance and Tax Expenses	\$6,031	\$3,107	\$3,000	\$2,810
Maintenance Expenses	\$32,111	\$39,270	\$42,860	\$66,780
TOTAL OPERATING EXPENSES	\$103,354	\$101,028	\$121,320	\$156,610
NET OPERATING INCOME	(\$2,404)	\$1,421	(\$38,480)	(\$55,050)
Non-Operating Income				
Investment Interest Income	\$4,470	(\$19)	\$0	(\$100)
Transfer Between Funds - Rental License	\$494	\$494	\$420	\$420
TOTAL NON-OPERATING INCOME	\$4,964	\$475	\$420	\$320
NET NON-OPERATING ADJUSTMENTS	\$4,964	\$475	\$420	\$320
NET CASH FLOW	\$2,560	\$1,896	(\$38,060)	(\$54,730)

Housing Choice Voucher Program (HCV)—Revenue and Expense Statement

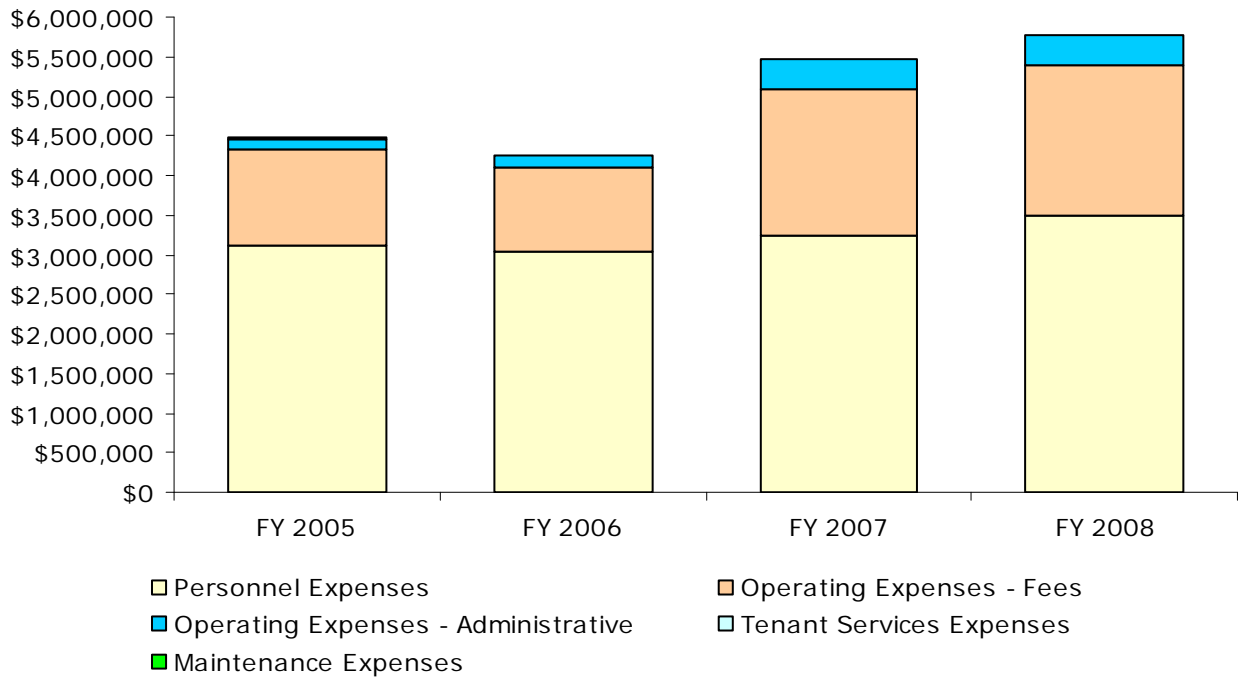
	FY 2005	FY 2006	FY 2007	FY 2008
Housing Choice Voucher Program	Actual	Actual	Amended Budget	Adopted Budget
Operating Income				
Federal Grant	\$65,640,728	\$62,416,757	\$60,602,790	\$58,506,630
Administrative Fee Income	\$4,626,818	\$4,521,273	\$4,392,740	\$4,084,430
Administrative Fee Income—Carryover	\$0	\$0	\$577,150	\$0
Miscellaneous Income	(\$2,069)	\$83,599	\$0	\$0
TOTAL OPERATING INCOME	\$70,265,477	\$67,021,629	\$65,572,680	\$62,591,060
Operating Expenses				
Personnel Expenses	\$3,104,287	\$3,046,670	\$3,244,560	\$3,495,380
Operating Expenses - Fees	\$1,233,021	\$1,054,955	\$1,845,010	\$1,901,550
Operating Expenses - Administrative	\$127,472	\$141,275	\$387,250	\$377,250
Maintenance Expenses	\$7,095	\$2,958	\$0	\$0
Housing Assistance Payments (HAP)	\$65,328,991	\$62,225,889	\$60,264,610	\$58,172,940
TOTAL OPERATING EXPENSES	\$69,800,866	\$66,471,747	\$65,741,430	\$63,947,120
NET OPERATING INCOME	\$464,611	\$549,882	(\$168,750)	(\$1,356,060)
Non-Operating Income				
Investment Interest Income	\$12,542	\$27,266	\$0	\$0
TOTAL NON-OPERATING INCOME	\$12,542	\$27,266	\$0	\$0
NET NON-OPERATING ADJUSTMENTS	\$12,542	\$27,266	\$0	\$0
NET CASH FLOW	\$477,153	\$577,148	(\$168,750)	(\$1,356,060)

Total Income and Total Expenses—HCV Program

Total Income w/o HAP



Total Expense w/o HAP

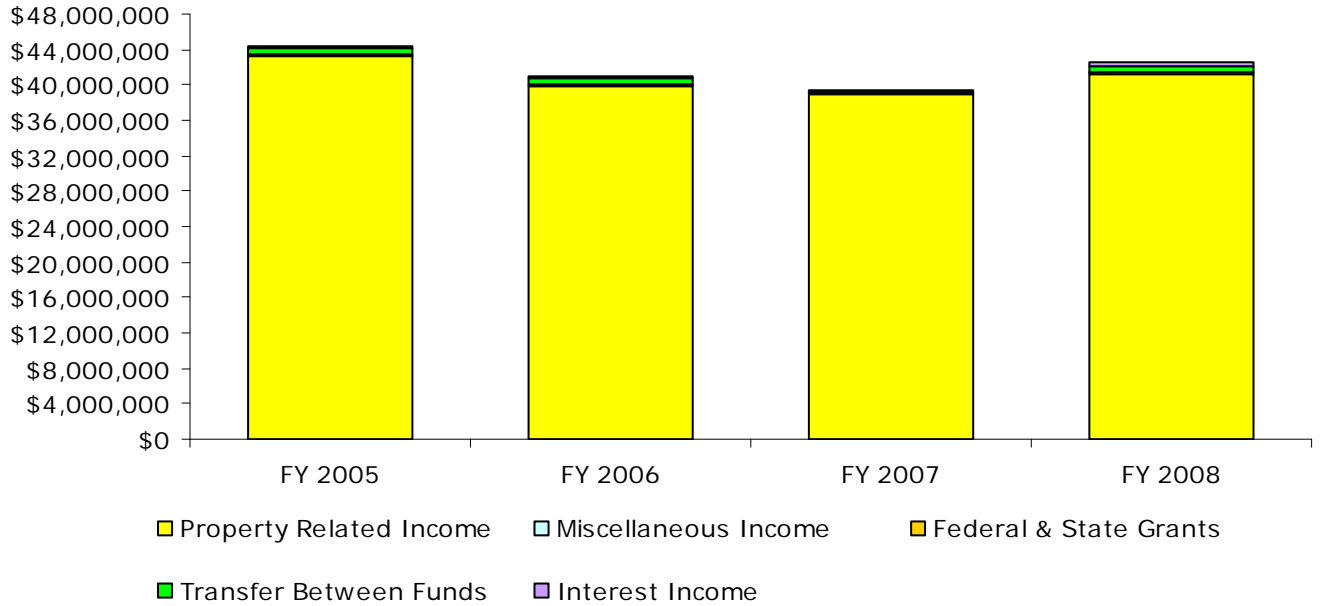


Opportunity Housing Fund and Development Corporations— Revenue and Expense Statement

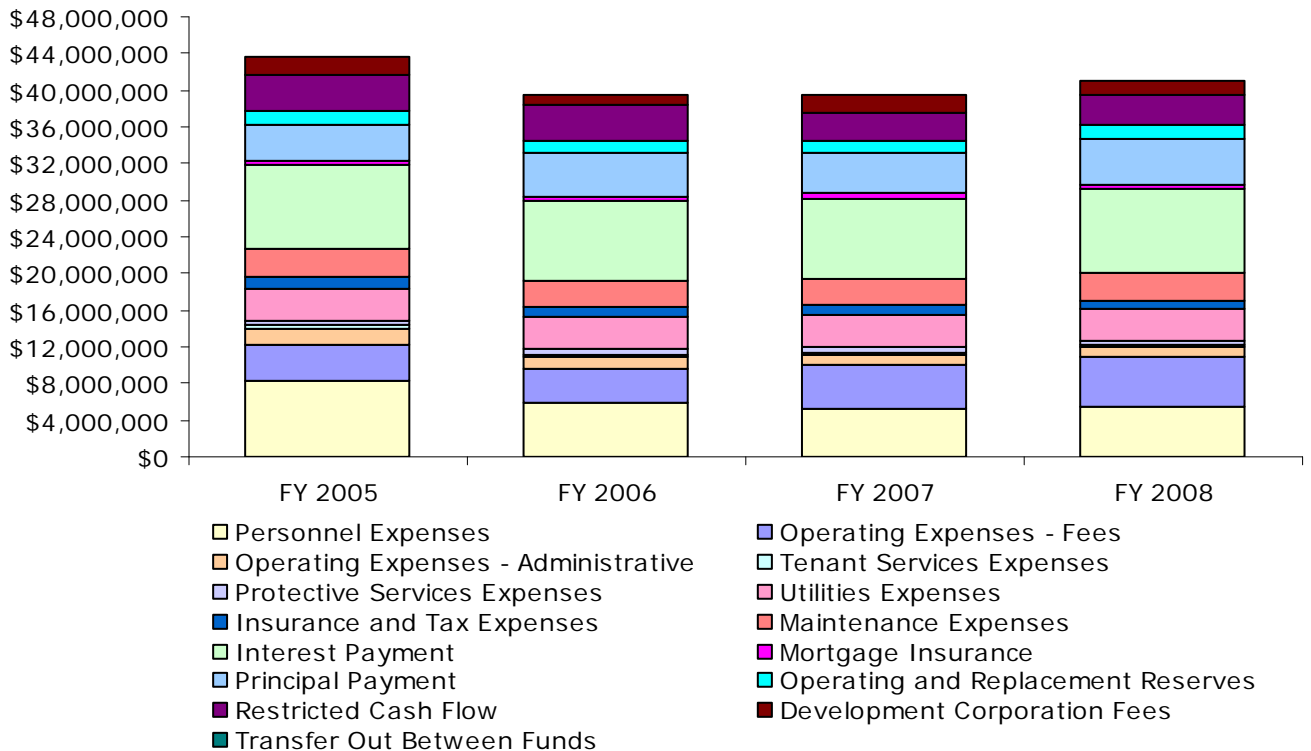
Opportunity Housing and Development Corporations	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Tenant Income	\$42,902,190	\$39,326,188	\$38,336,470	\$40,723,720
Non-Dwelling Rental Income	\$420,949	\$531,339	\$497,880	\$547,170
Federal Grant	\$40,601	\$41,099	\$42,000	\$42,000
Miscellaneous Income	\$214,601	\$162,651	\$125,720	\$127,660
TOTAL OPERATING INCOME	\$43,578,341	\$40,061,277	\$39,002,070	\$41,440,550
Operating Expenses				
Personnel Expenses	\$8,283,327	\$5,802,549	\$5,130,610	\$5,500,680
Operating Expenses - Fees	\$3,960,103	\$3,904,702	\$5,004,920	\$5,479,320
Operating Expenses - Administrative	\$1,797,503	\$1,293,798	\$1,001,280	\$989,330
Tenant Services Expenses	\$320,812	\$216,137	\$236,410	\$186,660
Protective Services Expenses	\$534,981	\$672,947	\$530,370	\$579,900
Utilities Expenses	\$3,363,203	\$3,397,924	\$3,668,990	\$3,515,040
Insurance and Tax Expenses	\$1,292,649	\$1,076,171	\$1,025,330	\$674,950
Maintenance Expenses	\$3,120,365	\$2,791,344	\$2,921,140	\$3,083,660
TOTAL OPERATING EXPENSES	\$22,672,943	\$19,155,572	\$19,519,050	\$20,009,540
NET OPERATING INCOME	\$20,905,398	\$20,905,705	\$19,483,020	\$21,431,010
Non-Operating Income				
Investment Interest Income	\$128,649	\$168,744	\$205,900	\$267,100
Transfer Between Funds	\$641,121	\$681,334	\$269,100	\$785,770
TOTAL NON-OPERATING INCOME	\$769,770	\$850,078	\$475,000	\$1,052,870
Non-Operating Expenses				
Interest Payment	\$9,141,190	\$8,789,998	\$8,720,200	\$9,184,310
Mortgage Insurance	\$391,582	\$452,133	\$482,080	\$516,190
Principal Payment	\$4,006,719	\$4,784,192	\$4,524,880	\$4,958,470
Operating and Replacement Reserves	\$1,451,913	\$1,303,071	\$1,309,400	\$1,468,520
Restricted Cash Flow	\$4,087,622	\$3,880,693	\$3,015,220	\$3,332,430
Development Corporation Fees	\$1,958,504	\$1,177,557	\$1,828,560	\$1,464,230
Transfer Out Between Funds	\$0	\$0	\$7,030	\$17,660
TOTAL NON-OPERATING EXPENSES	\$21,037,530	\$20,387,644	\$19,887,370	\$20,941,810
NET NON-OPERATING ADJUSTMENTS	(\$20,267,760)	(\$19,537,566)	(\$19,412,370)	(\$19,888,940)
NET CASH FLOW	\$637,638	\$1,368,139	\$70,650	\$1,542,070

Total Income and Total Expenses— Opportunity and Development Corporations Portfolio

Total Income



Total Expenses



HOC Owned/Managed Properties—Net Cash Flow Statement

Opportunity Housing and Development Corps FY 2008 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RFR	Asset & Loan Management Fees	FY 2008 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2008 Net Cash Flow to HOC
Alexander House	\$4,809,110	\$1,858,930	\$2,950,180	\$1,969,130	\$150,000	\$211,640	\$619,410	\$0	\$619,410	\$0
The Barclay	\$1,177,610	\$295,940	\$881,670	\$676,920	\$22,800	\$51,720	\$130,230	\$0	\$130,230	\$0
Brookside Glen (The Glen)	\$1,453,230	\$573,860	\$879,370	\$471,450	\$39,740	\$61,250	\$306,930	\$306,930	\$0	\$0
Chelsea Towers	\$264,900	\$147,150	\$117,750	\$78,260	\$8,400	\$0	\$31,090	\$0	\$0	\$31,090
Chevy Chase Lake	\$1,017,920	\$362,620	\$655,300	\$540,130	\$34,000	\$46,280	\$34,890	\$0	\$34,890	\$0
Diamond Square	\$1,019,230	\$753,010	\$266,220	\$120,360	\$89,880	\$17,210	\$38,770	\$38,770	\$0	\$0
Fairfax Court	\$244,800	\$86,970	\$157,830	\$48,860	\$26,820	\$12,250	\$69,900	\$0	\$0	\$69,900
Greenhills	\$887,600	\$424,680	\$462,920	\$250,000	\$150,000	\$53,080	\$9,840	\$0	\$0	\$9,840
Holiday Park	\$264,670	\$115,310	\$149,360	\$101,560	\$10,530	\$0	\$37,270	\$0	\$0	\$37,270
Magruder's Discovery	\$1,818,610	\$700,170	\$1,118,440	\$695,200	\$36,600	\$0	\$386,640	\$0	\$0	\$386,640
McHome	\$351,230	\$237,170	\$114,060	\$42,720	\$16,400	\$0	\$54,940	\$0	\$0	\$54,940
McKendree	\$254,670	\$170,440	\$84,230	\$0	\$11,200	\$0	\$73,030	\$0	\$0	\$73,030
Metropolitan, The	\$5,982,330	\$1,613,970	\$4,368,360	\$2,333,140	\$97,200	\$58,900	\$1,879,120	\$1,879,120	\$0	\$0
Montgomery Arms	\$1,577,910	\$530,460	\$1,047,450	\$852,270	\$46,200	\$87,790	\$61,190	\$0	\$61,190	\$0
MHLP I	\$370,630	\$183,480	\$187,150	\$59,530	\$12,790	\$0	\$114,830	\$0	\$0	\$114,830
MPDU 2004	\$404,970	\$162,570	\$242,400	\$0	\$38,000	\$0	\$204,400	\$0	\$0	\$204,400
MPDU I (64)	\$706,020	\$425,280	\$280,740	\$233,620	\$27,540	\$0	\$19,580	\$0	\$0	\$19,580
TPM - MPDU II (59)	\$730,730	\$378,130	\$352,600	\$235,090	\$17,700	\$0	\$99,810	\$0	\$99,810	\$0
The Oaks @ Four Corners	\$1,159,560	\$726,510	\$433,050	\$289,400	\$48,000	\$81,660	\$13,990	\$13,990	\$0	\$0
Paddington Square	\$2,055,790	\$1,138,520	\$917,270	\$1,206,290	\$58,100	\$0	(\$347,120)	\$0	\$0	(\$347,120)
Paint Branch	\$143,020	\$96,580	\$46,440	\$44,800	\$8,400	\$0	(\$6,760)	\$0	\$0	(\$6,760)
TPM - Pomander Court	\$338,800	\$182,860	\$155,940	\$47,430	\$7,200	\$0	\$101,310	\$0	\$101,310	\$0
Pooks Hill Mid-Rise	\$742,370	\$217,330	\$525,040	\$298,120	\$55,850	\$34,030	\$137,040	\$0	\$0	\$137,040
Pooks Hill High-Rise	\$2,095,630	\$1,057,450	\$1,038,180	\$427,070	\$22,220	\$128,620	\$460,270	\$460,270	\$0	\$0
Sligo Hills/ MPDU III	\$743,150	\$526,240	\$216,910	\$235,800	\$20,140	\$0	(\$39,030)	\$0	\$0	(\$39,030)
State Rental Combined	\$1,455,580	\$1,265,400	\$190,180	\$0	\$87,100	\$0	\$103,080	\$103,080	\$0	\$0
Strathmore Court	\$2,960,130	\$1,008,440	\$1,951,690	\$1,226,520	\$53,770	\$102,760	\$568,640	\$349,020	\$0	\$219,620
Tanglewood	\$804,010	\$582,060	\$221,950	\$7,500	\$33,200	\$0	\$181,250	\$181,250	\$0	\$0
TPM-Timberlawn	\$1,618,990	\$625,420	\$993,570	\$476,610	\$26,750	\$72,820	\$417,390	\$0	\$417,390	\$0
Westwood Tower	\$4,000,730	\$1,723,590	\$2,277,140	\$1,691,190	\$212,000	\$144,270	\$229,680	\$0	\$0	\$229,680
TOTAL	\$41,453,930	\$18,170,540	\$23,283,390	\$14,658,970	\$1,468,530	\$1,164,280	\$5,991,610	\$3,332,430	\$1,464,230	\$1,194,950
From reserves planned to fund specific property operating deficits										
Paddington Square							\$347,120			\$347,120
Net Cash Flow - All Properties							\$6,338,730			\$1,542,070
Master Lease Properties FY 2008 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RFR	Asset & Loan Management Fees	FY 2008 Projected Cash Flow	Excess Cash Flow Restricted	Development Corporations Fees	FY 2008 Net Cash Flow to HOC
Avalon Bay	\$541,250	\$541,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Palisades	\$151,130	\$151,130	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$692,380	\$692,380	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Bond Program—Revenue and Expense Statement

Bond Fund	FY 2005	FY 2006	FY 2007	FY 2008
	Actual	Actual	Amended Budget	Adopted Budget
Operating Expenses				
Trustee Fees	\$262,731	\$525,000	\$876,070	\$1,105,280
Lender Services Fees	\$755,769	\$848,121	\$77,580	\$74,260
TOTAL OPERATING EXPENSES	\$1,018,500	\$1,373,121	\$953,650	\$1,179,540
NET OPERATING INCOME	(\$1,018,500)	(\$1,373,121)	(\$953,650)	(\$1,179,540)
Non-Operating Income				
Investment Interest Income	\$31,584,835	\$35,916,344	\$33,852,700	\$34,193,250
Miscellaneous Income	\$112,202	\$240,571	\$236,220	\$440,800
TOTAL NON-OPERATING INCOME	\$31,697,037	\$36,156,915	\$34,088,920	\$34,634,050
Non-Operating Expenses				
Interest Payment	\$27,500,404	\$29,883,883	\$28,725,140	\$28,371,790
Operating and Replacement Reserves	\$1,763,038	\$3,684,740	\$2,905,240	\$3,886,420
Miscellaneous Bond Financing Expenses	\$1,415,095	\$1,215,171	\$1,504,890	\$1,196,300
TOTAL NON-OPERATING EXPENSES	\$30,678,537	\$34,783,794	\$33,135,270	\$33,454,510
NET NON-OPERATING ADJUSTMENTS	\$1,018,500	\$1,373,121	\$953,650	\$1,179,540
NET CASH FLOW	\$0	\$0	\$0	\$0

Division Summaries

Adopted Budget
June 13, 2007

Agency Divisions

This chapter discusses the operations of the Agency divisions. Information on the other non-divisions can be found in the summary section of this document. Each section outlines the division's:

- Mission Statement;
- Description;
- Program Objectives;
- Performance Measurement;
- Budget Overview; and
- Revenue and Expense Statement.

Special points of interest:

Operating Budget

- Executive
- Finance
- Housing Management
- Mortgage Finance
- Real Estate
- Rental Assistance
- Resident Services

Agency Revenues by Division

FY 2008

Division Summary	Adopted Budget		
	Revenues	Expenses	Net
Divisions			
Executive Division	\$1,200,020	\$7,764,210	(\$6,564,190)
Finance Division	\$1,195,330	\$3,910,070	(\$2,714,740)
Housing Management Division	\$60,124,280	\$56,366,350	\$3,757,930
Mortgage Finance Division	\$4,521,410	\$2,908,740	\$1,612,670
Real Estate Development Division	\$2,396,580	\$1,906,060	\$490,520
Rental Assistance Division	\$62,591,060	\$63,947,120	(\$1,356,060)
Resident Services Division	\$10,136,430	\$10,239,660	(\$103,230)
SUB-TOTAL	\$142,165,110	\$147,042,210	(\$4,877,100)
Other Non-Divisions			
Agency Wide Revenue and Expenses	\$6,874,190	\$1,997,090	\$4,877,100
Bond Funds	\$34,634,050	\$34,634,050	\$0
TOTAL - ALL FUNDS	\$183,673,350	\$183,673,350	\$0

The Housing Opportunities Commission of Montgomery County (HOC) routinely collects performance data concerning the programs it administers. This performance data allows senior management to monitor and control programs and to report to regulatory agencies on a periodic basis.

Performance data is collected by HOC for two primary reasons:

It is an integral part of our management process.

Regulatory and funding agencies require periodic reporting of certain indicators as well as financial data.

We have focused initially on developing performance measurements for programs that have well-defined outcomes and quantifiable results or specific participation goals.

The following programs are in this category:

- Housing Resource Services (HRS);
- Information Technologies;

- Finance —
 - Accounting,
 - Budget,
 - Procurement;
- Public Housing;
- Multi-Family Bond Issuance;
- Mortgage Purchase Program;
- Housing Choice Voucher Program Administration;
- Family Self Sufficiency (FSS);
- Family Resource Centers;
- Parent Resource Centers; and
- State Rental Allowance Program (RAP).
- Individual performance measurement results are contained within respective division summaries (pages 2-3 through 2-40).

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Executive Division

Adopted Budget
June 13, 2007

Mission Statement

The Executive Division's mission is to provide the critical link in implementing HOC's mission to provide affordable housing, to create and maintain an environment that ensures nondiscrimination and equal opportunity in employment and housing, to ensure fulfillment of the Commission's five roles: policy direction, resource allocation,

accountability, advocacy, and selection of certain professionals, to give HOC reliable management information hardware and software that is compatible with business and government standards, and to provide the staff skills necessary to identify needs and meet those requirements.

Special points of interest:

FY 2008
Program
Objectives
Support Agency
Strategic Plan.

Description

The Executive offices are responsible for the Agency direction and coordination, commissioner support, equal employment, human resource administration, labor relations, Agency-wide training, performance-based management,

Agency records, office facility management, internal audits, public affairs, housing resource services, and information technology (IT) systems.

Program Objectives

Maintain a Quality Workforce

- HOC will redirect client services to Customer Service Centers that will be located, in the upper county Rockville / Germantown / Gaithersburg area; and the other Silver Spring / Wheaton / Glenmont area. Access to public transportation will be a major consideration as well as parking and handicapped accessibility.
- Provide supervisory training on the Collective Bargaining Agreement.
- Implement provisions of the new Collective Bargaining Agreement.
- Administer and monitor pre-employment drug testing program for new employees and alcohol and drug testing program for new and existing staff.
- Coordinate the work program of the Labor Management Relations Committee to address and resolve substantive labor management issues.
- Provide continuing education for HOC employees and supervisors on policies and practices governing the Commission and its work activities.

- Implement an HOC Ethics Policy which will establish guidelines and standards of behavior for HOC staff.
- Administer HOC Telework Program to allow telecommuting as an alternative work schedule and site location arrangement for HOC employees.

Ensure Compliance with EEO, ADA and 504 Laws

- Provide ongoing training to employees in the following areas:
 - EEO/Workforce Diversity,
 - Sexual Harassment,
 - ADA/Reasonable Accommodations, and
 - Disciplinary Actions and Administrative and negotiated grievance procedures.
- Provide an Annual Report to the Commission that analyzes significant trends and statistics about the HOC work force.

Continuous Improvement and Operational Efficiency of HOC

- Develop disaster recovery guidelines and identify resources and strategies that will help HOC to recover from a major business interruption.
- Determine ways to increase cost effectiveness for administrative services.
- Monitor usage of administrative services by HOC divisions and provide periodic reports of expenditures.
- Implement and monitor Safe Driver and Vehicle Operations Policy for the Agency.

Facilities Management

- Provide for the safety and security of HOC staff and clients.
- Provide support to agency management to identify facilities requirements and to implement Customer Service Center initiative.
- Provide and administer records management services using HOC's records management vendor. Continue to support HOC divisions as they upgrade their records data and records retention procedures.

Internal Audit

- Review and analyze financial systems, procedures, records, forms, reports and controls for compliance with law and professional standards.
- Prepare reports on audits including the identification of problems and methods of resolution.
- Confer with departmental representatives on audit procedures and findings.
- Assists in the design and implementation of improvements in the Agency's programs.
- Investigate reported problems and deficiencies in the Agency's internal controls and programs.
- Evaluate the adequacy of internal controls and compliance with local, state, and federal regulations by conducting interview and examining transactions, documents, records, reports, and procedures.
- Conduct special studies which may involve any aspects of the Agency's programs for managing its operations.

Information Technology

- Provide and maintain a high quality, open architecture, service-based information technology infrastructure.
- Provide a system of on-going training of staff in the capabilities of the information technology infrastructure.
- Update the technology infrastructure to allow for improved telecommunications operations and network capabilities.
- Enhance customer service initiative to HOC clients through the use of Kiosks and online (web based) systems.
- Improve technology-related security through the addition of systems, tools and policies.

Legislative and Public Affairs, Including Housing Resource Service

Government Relations Activities

- Develop and pursue a legislative agenda at all levels of government to secure more funding for housing production.
- Strengthen HOC's relationships with government at the local, state and federal levels.

- Collaborate with the Planning Board, County Government and the community on Master Plans and related activities to create current and future opportunities for affordable housing.
- Assure effective involvement of HOC in the planning process, council, state and federal public hearings and civic and neighborhood meetings.
- Expand HOC's advocacy efforts through broader Commission, staff and resident participation.

Public Affairs Activities

- Raise public awareness of HOC's goals and accomplishments.

- Strengthen HOC's relationships with the community, industry, nonprofit and for-profit housing organizations and develop new partners.
- Participate in housing and industry conferences.
- Utilize HOC's resources to assist other entities in producing affordable housing.
- Improve communications with the Chamber of Commerce and the business community.

Housing Resource Service

- Ensure accurate information and efficient service for visitors and callers.
- Maintain and update website.
- Utilize telephone call tracking sheet.

Performance Measurement Results

Housing Resource Services (HRS)

Housing Resource Services began operations in December of 1998. Its objective is to respond quickly to information requests from residents and other stakeholders regarding HOC programs, including housing vouchers, and to be an accurate and reliable source of information about affordable housing in Montgomery County. HRS also serves as the 'switchboard' for HOC's headquarters in Kensington. The unit provides referrals to other housing agencies when appropriate, particularly for elderly and disabled people, and those seeking emergency assistance. Trained volunteers help the HRS office. HRS provides service through a variety of channels including:

- Customer Service – Telephone and walk-in. HRS specialists and volunteers give one-on-one answers to questions from HOC visitors.

- Resource Library – a collection of information concerning affordable housing in the County.
- Speaker's Bureau – HRS specialists are available to groups seeking speakers about housing issues for their meetings.
- Website – HRS maintains portions of HOC's website.
- Computer Kiosk – Internet access for HOC visitors is available in the Kensington lobby.
- Mail and e-mail – HRS maintains a database of correspondence received and answered. The database is available to all HOC employees working with housing applicants, residents and others.

For the past few years, HRS has worked with community organizations to provide information about how to obtain affordable housing.

Housing Resource Service				
Measurement	FY04	FY05	FY06	FY07
Telephone calls from the public per day	NA	227	216	285
Information packets mailed per day	NA	3	3	3
Lobby visitors each day	NA	155	115	115
Website hits per day	NA	167	259	300
E-mails received and answered per day	NA	3	10	10

Information Technologies (IT)

Over the years, HOC has become more reliant on computers and technology to improve services to our clients. One measurement of this use is reflected in the number of Help

Desk Tickets issued during a given year. The chart below reflects the growth in help desk tickets closed or resolved during the past four years.

Information Technologies				
Measurement	FY04	FY05	FY06	FY07
Number of Closed Help Desk Tickets	4,306	4,468	5,127	5,065

Budget Overview—Executive Division

The total Adopted FY 2008 Budget for the Executive Division is \$7.76 million, an increase of 18.7% from the FY 2007 Amended Budget of \$6.54 million. Personnel costs comprise 53.4% of the budget. Operating expenses account for 30.0% of the budget.

Maintenance and other miscellaneous expenses account for 9.0% of the budget. The remaining 7.6% accounts for debt service expenses for the Information Technology and Facilities Capital Budget.

Revenue and Expense Statement

Executive Division	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
County Grant	\$509,800	\$500,865	\$500,870	\$500,870
Miscellaneous Income	\$0	\$32,509	\$0	\$0
TOTAL OPERATING INCOME	\$509,800	\$533,374	\$500,870	\$500,870
Operating Expenses				
Personnel Expenses	\$3,411,623	\$3,405,447	\$3,779,690	\$4,144,970
Operating Expenses - Fees	\$531,772	\$527,551	\$531,940	\$907,110
Operating Expenses - Administrative	\$926,276	\$1,061,229	\$1,265,480	\$1,422,020
Tenant Services Expenses	\$14,705	\$31,940	\$22,900	\$24,550
Protective Services Expenses	\$41,616	\$43,210	\$45,050	\$45,000
Utilities Expenses	\$95,840	\$117,607	\$148,120	\$145,900
Insurance and Tax Expenses	\$2,910	\$2,821	\$2,520	\$2,350
Maintenance Expenses	\$331,930	\$423,211	\$479,220	\$485,200
TOTAL OPERATING EXPENSES	\$5,356,672	\$5,613,016	\$6,274,920	\$7,177,100
NET OPERATING INCOME	(\$4,846,872)	(\$5,079,642)	(\$5,774,050)	(\$6,676,230)
Non-Operating Income				
Investment Interest Income	\$971	\$0	\$0	\$0
Transfer Between Funds	\$411,973	\$71,608	\$127,680	\$699,150
TOTAL NON-OPERATING INCOME	\$412,944	\$71,608	\$127,680	\$699,150
Non-Operating Expenses				
Interest Payment	\$11,539	\$12,741	\$30,040	\$39,040
Principal Payment	\$85,500	\$206,851	\$173,100	\$219,020
Operating and Replacement Reserves	\$737,810	\$0	\$0	\$154,900
Transfer Out Between Funds	\$5,452	\$2,100	\$65,600	\$174,150
TOTAL NON-OPERATING EXPENSES	\$840,301	\$221,692	\$268,740	\$587,110
NET NON-OPERATING ADJUSTMENTS	(\$427,357)	(\$150,084)	(\$141,060)	\$112,040
NET CASH FLOW	(\$5,274,229)	(\$5,229,726)	(\$5,915,110)	(\$6,564,190)

Finance Division

Adopted Budget
June 13, 2007

Mission Statement

The mission of the Finance Division is to safeguard the Commission's assets, ensure the long term financial health of the organization,

and provide the Commission and Agency with necessary financial information and analysis on a timely basis.

Special points of interest:

The Finance Division safeguards the assets of the Commission.

Description

The Finance Division is responsible for Agency financial management, cash management, rent collection,

budgeting, purchasing, and the oversight of the Agency's portfolio.

Program Objectives

- Safeguard the Commission's assets and ensure the short and long term financial health of the organization by adhering to the following guidelines:
 - All cash invested in accordance with the investment policy,
 - Accurate reporting and active pursuit of all receivables,
 - Maintenance of proper insurance coverage for the Agency, and
 - 75% of invoices paid within 30 days of receipt of a complete package of authorized documentation and 95% paid within 60 days.
- Receive a standard unqualified opinion on each of its annual audits.
- Meet all reporting requirements for lenders.
- Ensure HOC's funding supports financial growth and stability.
- Monitor HOC's financial health so we can continue to receive an "A" rating from Moody's.
- Ensure all grant money is properly accounted for and in compliance with grant program regulations.
- Assure Minority/Female/Disabled-Outreach (MFD) firms participate in HOC purchasing.
- Coordinate with Information Technology Division to implement new fixed asset management software.

Performance Measurement Results

The charts below depicts several ongoing performance measurement results that are being tracked in the Finance Division. Staff is continuing to develop additional measurements.

In addition to the listed measurements, the Finance Department successfully negotiated

Payment in Lieu of Taxes (PILOT) agreements for all HOC owned properties resulting in a substantial reduction to the Agency's tax obligation. The division was also successful in re-negotiating property assessments on the Non-HOC owned portfolio thereby reducing its tax obligation as well.

Accounting				
Measurement	FY04	FY05	FY06	FY07
Received Standard Unqualified Audit Opinion:				
Agency Audit	Yes	Yes	Yes	NA
HOC Owned Property Audits	Yes	Yes	Yes	NA
Non-HOC Owned Property Audits	Yes	Yes	Yes	NA
A-133 Audit	Yes	Yes	Yes	NA

Budget				
Measurement	FY04	FY05	FY06	FY07
Number of consecutive years receiving GFOA Best Budget Award	2	2	2	3

Procurement				
Measurement	FY04	FY05	FY06	FY07
Number of Contracts Awarded	292	232	350	266 (est.)
Percent of Dollars issued to Minority/ Female/Disabled-Outreach (MFD) firms	44%	24%	22%	25% (est.)
Number of Purchase Orders (POs) issued	11,500 (est.)	12,000 (est.)	13,000 (est.)	14,313

Budget Overview—Finance Division

The total Adopted FY 2008 Budget for the Finance Division is \$3.91 million, an increase of 5.9% from the FY 2007 Amended Budget of \$3.69 million. Personnel costs comprise 93.1% of total operating expenses. Fees and

Administrative expenses account for the balance of the budget. FHA Risk Sharing Insurance is a pass through expense with offsetting income.

Revenue and Expense Statement

Finance Division	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Management Fees	\$0	\$1,421	\$0	\$0
Miscellaneous Income	\$4,267	\$3,024	\$2,000	\$2,000
TOTAL OPERATING INCOME	\$4,267	\$4,445	\$2,000	\$2,000
Operating Expenses				
Personnel Expenses	\$2,477,294	\$2,591,470	\$2,975,500	\$3,153,070
Operating Expenses - Fees	\$26,331	\$57,742	\$108,200	\$80,250
Operating Expenses - Administrative	\$99,579	\$133,304	\$71,330	\$150,580
Tenant Services Expenses	\$681	(\$6)	\$0	\$0
Maintenance Expenses	\$325	\$0	\$1,000	\$1,050
TOTAL OPERATING EXPENSES	\$2,604,210	\$2,782,510	\$3,156,030	\$3,384,950
NET OPERATING INCOME	(\$2,599,943)	(\$2,778,065)	(\$3,154,030)	(\$3,382,950)
Non-Operating Income				
Investment Interest Income	\$288,001	\$693,367	\$789,120	\$668,200
FHA Risk Sharing Insurance	\$548,760	\$570,740	\$537,510	\$525,130
TOTAL NON-OPERATING INCOME	\$836,761	\$1,264,107	\$1,326,630	\$1,193,330
Non-Operating Expenses				
FHA Risk Sharing Insurance	\$548,760	\$570,740	\$537,510	\$525,120
TOTAL NON-OPERATING EXPENSES	\$548,760	\$570,740	\$537,510	\$525,120
NET NON-OPERATING ADJUSTMENTS	\$288,001	\$693,367	\$789,120	\$668,210
NET CASH FLOW	(\$2,311,942)	(\$2,084,698)	(\$2,364,910)	(\$2,714,740)

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Housing Management Division

The Housing Management Division is comprised of the Property Management Department and the Asset Management Department.

Mission Statement

The mission of the Housing Management Division is to manage a portfolio of affordable residential communities for low and moderate

income households, while striving to create positive social environments by maintaining residences at or above community norms.

Special points of interest:

The Housing Management Division oversees a portfolio of over 6,700 rental units.

Description

The Housing Management Division is comprised of the Property Management Department which is responsible for managing 3,382 rental units and the Asset Management Department which is responsible for monitoring third-party management companies which manage 3,344 units.

The Property Managed portfolio contains Public Housing, Section 236 family properties and properties for independent seniors, Section 8, opportunity housing and scattered sites.

The Asset Management portfolio contains mixed-income luxury and older multi-family properties as well as properties for seniors and Federal Section 236 and Section 8 properties.

The Division:

- Ensures occupancy by qualified households under numerous Federal, State and local affordable housing programs.
- Ensures that all dwelling units are maintained at or above community norms, and in compliance with Federal Uniform

Physical Condition Standards (UPCS) and local housing codes.

- Enforces the terms and conditions of residents' leases.
- Performs preventive maintenance on all units and building systems in order to extend their useful life.
- Responds to emergency maintenance needs and ensures that all units are in good repair.
- Keeps the grounds and common areas clean and well appointed.
- Assures high satisfaction levels and services as required.
- Conducts annual resident satisfaction surveys.
- Almost 1,700 scattered-site rental units located in over 275 communities.
- Over 940 units for families in 16 residential communities with housing styles ranging from townhouses to high-rises.
- Almost 1,300 units for independent seniors in nine buildings.

The properties in this portfolio have a wide variety of financing sources, with complex regulations and requirements that attend the financing. Of the total number of units:

- 1,555 units are public housing.
- Four properties were financed under the HUD Section 8 New Construction Program (467 units).
- 1,653 units were financed with 19 different partnerships created pursuant to the LIHTC Program.
- Over 360 units were funded through special State and local programs.
- Three HUD 236 properties with 486 units managed by HOC are owned by non-profit corporations.

HOC's Housing Management Division delivers quality services to a diverse population with a variety of programs and housing types.

The Housing Management portfolio can also be divided into the following financial groups:

- Public Housing Rental: 1,544 units.

- Public Housing Homeownership: 11 units.
- Opportunity Housing: 2,940 units.
- State Rental Partnerships: 196 units.
- Section 8 New Construction: 467 units.
- Single Room Occupancy (SRO) properties: 285 units.
- Other scattered-site properties: 146 units.
- Mixed Income properties: 1,190 units.

Properties in the portfolio that are not part of its FY 2008 operating budget, include:

- 922 Section 236 units.
- 475 tax-credit units.
- 56 tax-credit units owned by Rockville Housing Enterprises that are managed by HOC.

The Division's Modernization and Construction Management Office was involved during the year in designing, planning and administering over 60 construction/renovation projects with total budgets exceeding \$9 million.

Program Objectives

Utilization

- Provide public housing units that meet federal quality standards, now known as uniform physical condition standards (UPCS) and on average are 98.5% occupied by qualified residents.
- Provide opportunity and managed housing units that meet or exceed community norms and market expectations and on average are 97% occupied.

Contribute to a Positive Housing Environment

- Provide responsive and quality

maintenance that ensures that 99% of emergency work orders are abated within 24 hours and that the average response time for non-emergency work orders does not exceed 25 days, the highest rating level under PHAS.

- Inspect 100% of the Public Housing units and common areas annually.
- Assure that our residents and neighbors have the peaceful enjoyment of their homes by actively enforcing the lease contract in order to contribute to a successful "Good Neighbor" policy.

Performance Measurement Results

Public Housing Management

In 1998, Congress authorized using the Public Housing Assessment System (PHAS) to assess the management performance of public housing agencies. Prior to that, management performance of the Agency was measured through a Public Housing Management Assessment Program (PHMAP) score. PHAS is used to rank an agency as troubled, standard, or a high performer.

FY 2000 was the second year that HUD used PHAS to evaluate public housing authorities. For FY 1999, HOC earned a PHAS score of 89.5, but for that year, HUD relied on the PHMAP to assess PHAS.

In FY 2000, HOC's Public Housing Program earned a score of 86.0 and a FY 2001 score of 88.1, better than expected, though still a standard designation.

HOC achieved a high performer PHAS score

for FY 2002. In FY 2003, HOC increased its PHAS score by 2 points to 92 and was again considered a high performer. HOC received a score of 91 for FY 2004.

For FY 2005, HUD assigned HOC a score of 89 and designated HOC a standard performer. The Agency's physical component score for PHAS for FY 2005 decreased as a result of receiving lower points on the Real Estate Assessment Center (REAC) inspections. This reduction was somewhat offset by increases in both the financial and management components of PHAS.

HOC was once again able to achieve a ranking of high performer for FY06 by increasing its physical component PHAS score by 5 points. This was primarily based on substantial increases in the REAC inspection scores. The overall PHAS score for FY06 was 94, two points higher our scores in each of the last five years.

PHAS Score

PHAS Score								
PHAS Component	Actual Score FY 2003	Max Score FY 2003	Actual Score FY 2004	Max Score FY 2004	Actual Score FY 2005	Max Score FY 2005	Actual Score FY 2006	Max Score FY 2006
Physical	27.0	30.0	27.0	30.0	22.0	30.0	28.0	30.0
Financial	30.0	30.0	27.0	30.0	29.0	30.0	28.0	30.0
Management	26.0	30.0	28.0	30.0	29.0	30.0	29.0	30.0
Resident	9.0	10.0	9.0	10.0	9.0	10.0	9.0	10.0
Overall	92.0	100.0	91.0	100.0	89.0	100.0	94.0	100.0

Budget Overview—Housing Management—Administrative

The Adopted FY 2008 budgeted revenues for Housing Management Division Administration are \$6.4 million. Total expenses in the FY 2008 Operating Budget

are \$2.75 million. Personnel costs comprise 84.1% of the budget. Other operating costs constitute 15.9% of the operating budget.

Revenue and Expense Statement

Housing Management Division Administrative	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Non-Dwelling Rental Income	\$630	\$1,530	\$0	\$0
County Grant	\$304,571	\$652,264	\$1,027,920	\$1,037,920
Management Fees	\$2,598,952	\$2,850,904	\$5,326,540	\$5,210,970
Miscellaneous Income	\$121,802	\$5,287	\$0	\$0
TOTAL OPERATING INCOME	\$3,025,955	\$3,509,985	\$6,354,460	\$6,248,890
Operating Expenses				
Personnel Expenses	\$1,721,397	\$1,800,435	\$1,970,840	\$2,316,710
Operating Expenses - Fees	\$100	\$4,569	\$11,000	\$5,000
Operating Expenses - Administrative	\$306,261	\$236,852	\$291,980	\$270,640
Tenant Services Expenses	\$1,857	\$495	\$0	\$0
Protective Services Expenses	\$14,330	\$497	\$0	\$2,000
Utilities Expenses	\$55,705	\$59,811	\$72,970	\$73,180
Insurance and Tax Expenses	\$2,300	\$2,280	\$2,170	\$2,120
Maintenance Expenses	\$95,856	\$80,352	\$63,820	\$83,500
TOTAL OPERATING EXPENSES	\$2,197,806	\$2,185,291	\$2,412,780	\$2,753,150
NET OPERATING INCOME	\$828,149	\$1,324,694	\$3,941,680	\$3,495,740
Non-Operating Income				
Investment Interest Income	\$1,945	\$88,557	\$0	\$0
Transfer Between Funds	\$74,976	\$42,420	\$363,000	\$151,890
TOTAL NON-OPERATING INCOME	\$76,921	\$130,977	\$363,000	\$151,890
Non-Operating Expenses				
Operating and Replacement Reserves	\$0	\$126,651	\$211,710	\$259,620
Transfer Out Between Funds	\$318,434	\$659,736	\$1,035,530	\$1,037,920
TOTAL NON-OPERATING EXPENSES	\$318,434	\$786,387	\$1,247,240	\$1,297,540
NET NON-OPERATING ADJUSTMENTS	(\$241,513)	(\$655,410)	(\$884,240)	(\$1,145,650)
NET CASH FLOW	\$586,636	\$669,284	\$3,057,440	\$2,350,090

Budget Overview—Housing Management—Elderly Properties

The Adopted FY 2008 budgeted revenues for elderly properties are \$5.20 million. The total expenses in the FY 2008 Operating Budget are \$4.27 million. Non-operational expenses are \$0.35 million. Net Cash Surplus will be \$582,830.

Revenue and Expense Statement

Housing Management Division Elderly Properties	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Tenant Income	\$8,826,660	\$4,489,445	\$2,585,930	\$2,662,410
Non-Dwelling Rental Income	\$1,397	\$300	\$1,200	\$1,200
Federal Grant	\$1,149,160	\$1,070,575	\$1,716,740	\$2,061,390
County Grant	\$10,000	\$10,000	\$10,000	\$10,000
Management Fees	\$8,003	\$9,518	\$8,290	\$7,200
Miscellaneous Income	\$13,600	\$7,925	\$800	\$29,600
TOTAL OPERATING INCOME	\$10,008,820	\$5,587,763	\$4,322,960	\$4,771,800
Operating Expenses				
Personnel Expenses	\$4,859,916	\$2,354,353	\$1,398,600	\$1,538,750
Operating Expenses - Fees	\$648,600	\$493,218	\$793,960	\$764,670
Operating Expenses - Administrative	\$775,149	\$313,245	\$102,670	\$92,640
Tenant Services Expenses	\$167,433	\$86,953	\$92,550	\$55,350
Protective Services Expenses	\$16,011	\$14,343	\$18,800	\$20,000
Utilities Expenses	\$1,268,527	\$1,200,451	\$1,235,760	\$1,120,080
Insurance and Tax Expenses	\$388,234	\$214,403	\$103,850	\$94,620
Maintenance Expenses	\$709,420	\$654,073	\$554,300	\$579,880
TOTAL OPERATING EXPENSES	\$8,833,290	\$5,331,039	\$4,300,490	\$4,265,990
NET OPERATING INCOME	\$1,175,530	\$256,724	\$22,470	\$505,810
Non-Operating Income				
Investment Interest Income	(\$297)	(\$1,716)	(\$2,820)	(\$1,030)
Transfer Between Funds	\$133,280	\$354,715	\$427,570	\$429,440
TOTAL NON-OPERATING INCOME	\$132,983	\$352,999	\$424,750	\$428,410
Non-Operating Expenses				
Interest Payment	\$804,681	\$400,124	\$195,300	\$190,170
Mortgage Insurance	\$0	\$15,854	\$15,470	\$14,950
Principal Payment	\$69,771	\$74,329	\$79,150	\$84,280
Operating and Replacement Reserves	\$154,200	\$83,400	\$48,000	\$48,000
Restricted Cash Flow	\$142,464	\$176,185	\$0	\$13,990
TOTAL NON-OPERATING EXPENSES	\$1,171,116	\$749,892	\$337,920	\$351,390
NET NON-OPERATING ADJUSTMENTS	(\$1,038,133)	(\$396,893)	\$86,830	\$77,020
NET CASH FLOW	\$137,397	(\$140,169)	\$109,300	\$582,830

Budget Overview—Housing Management— Family Properties

The Adopted FY 2008 budgeted revenues for family properties are \$37.77 million. The total expenses in the FY 2008 Operating Budget

are \$17.56 million. Non-operational expenses are \$19.41 million. Net Cash Surplus will be \$796,330.

Revenue and Expense Statement

Housing Management Division Family Properties	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Tenant Income	\$31,664,230	\$32,287,511	\$32,640,730	\$34,824,800
Non-Dwelling Rental Income	\$419,552	\$531,039	\$496,670	\$545,980
Federal Grant	\$720,548	\$694,163	\$978,000	\$1,164,810
Management Fees	\$52,522	\$54,863	\$50,200	\$47,450
Miscellaneous Income	\$142,327	\$93,844	\$75,380	\$78,320
TOTAL OPERATING INCOME	\$32,999,179	\$33,661,420	\$34,240,980	\$36,661,360
Operating Expenses				
Personnel Expenses	\$4,178,896	\$4,277,831	\$4,640,040	\$5,109,870
Operating Expenses - Fees	\$1,955,675	\$2,026,873	\$2,999,910	\$3,355,060
Operating Expenses - Administrative	\$1,138,594	\$1,058,589	\$983,310	\$978,130
Tenant Services Expenses	\$153,867	\$129,441	\$145,570	\$132,460
Protective Services Expenses	\$566,560	\$710,677	\$574,090	\$623,210
Utilities Expenses	\$3,189,210	\$3,462,788	\$3,876,960	\$3,726,420
Insurance and Tax Expenses	\$879,097	\$826,883	\$807,300	\$506,540
Maintenance Expenses	\$2,906,346	\$2,739,051	\$2,864,220	\$3,132,510
TOTAL OPERATING EXPENSES	\$14,968,245	\$15,232,133	\$16,891,400	\$17,564,200
NET OPERATING INCOME	\$18,030,934	\$18,429,287	\$17,349,580	\$19,097,160
Non-Operating Income				
Investment Interest Income	\$117,801	\$149,045	\$204,540	\$254,780
Transfer Between Funds	\$645,799	\$813,146	\$271,620	\$858,080
TOTAL NON-OPERATING INCOME	\$763,600	\$962,191	\$476,160	\$1,112,860
Non-Operating Expenses				
Interest Payment	\$7,823,905	\$7,887,191	\$8,032,480	\$8,512,620
Mortgage Insurance	\$360,216	\$407,165	\$439,490	\$474,860
Principal Payment	\$3,767,978	\$4,521,613	\$4,247,220	\$4,664,770
Operating and Replacement Reserves	\$1,091,033	\$1,021,522	\$1,060,950	\$1,181,680
Restricted Cash Flow	\$3,345,842	\$3,220,998	\$2,743,400	\$3,215,350
Development Corporation Fees	\$1,836,821	\$1,073,884	\$1,767,760	\$1,364,410
TOTAL NON-OPERATING EXPENSES	\$18,225,795	\$18,132,373	\$18,291,300	\$19,413,690
NET NON-OPERATING ADJUSTMENTS	(\$17,462,195)	(\$17,170,182)	(\$17,815,140)	(\$18,300,830)
NET CASH FLOW	\$568,739	\$1,259,105	(\$465,560)	\$796,330

Budget Overview—Housing Management— Scattered Site Properties

The Adopted FY 2008 budgeted revenues for scattered-site properties are \$8.90 million. The total expenses in the FY 2008 Operating Budget

are \$7.71 million. Non-operational expenses are \$1.16 million. Net Cash Surplus will be \$28,680.

Revenue and Expense Statement

Housing Management Division Scattered Site Properties	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Tenant Income	\$5,713,513	\$6,157,977	\$6,581,460	\$6,909,600
Federal Grant	\$1,491,516	\$1,371,986	\$1,309,620	\$1,551,750
Miscellaneous Income	\$44,273	\$14,356	\$17,370	\$16,220
TOTAL OPERATING INCOME	\$7,249,302	\$7,544,319	\$7,908,450	\$8,477,570
Operating Expenses				
Personnel Expenses	\$2,423,667	\$2,542,657	\$2,889,780	\$2,890,330
Operating Expenses - Fees	\$2,325,496	\$2,461,146	\$3,434,940	\$3,240,000
Operating Expenses - Administrative	\$20,502	\$107,925	\$78,140	\$73,510
Tenant Services Expenses	\$9,891	\$8,634	\$37,000	\$37,000
Utilities Expenses	\$54,124	\$84,213	\$104,780	\$104,770
Insurance and Tax Expenses	\$379,874	\$380,025	\$410,010	\$349,590
Maintenance Expenses	\$791,795	\$1,133,643	\$858,570	\$1,017,070
TOTAL OPERATING EXPENSES	\$6,005,349	\$6,718,243	\$7,813,220	\$7,712,270
NET OPERATING INCOME	\$1,243,953	\$826,076	\$95,230	\$765,300
Non-Operating Income				
Investment Interest Income	\$16,044	(\$14,009)	(\$7,900)	(\$4,780)
Transfer Between Funds	\$237,148	\$558,324	\$626,260	\$427,220
TOTAL NON-OPERATING INCOME	\$253,192	\$544,315	\$618,360	\$422,440
Non-Operating Expenses				
Interest Payment	\$512,604	\$502,683	\$492,420	\$481,520
Mortgage Insurance	\$31,366	\$29,114	\$27,120	\$26,380
Principal Payment	\$168,970	\$188,250	\$198,510	\$209,420
Operating and Replacement Reserves	\$206,679	\$200,046	\$200,450	\$238,850
Restricted Cash Flow	\$542,722	\$441,090	\$271,820	\$103,080
Development Corporation Fees	\$121,683	\$103,673	\$60,800	\$99,810
TOTAL NON-OPERATING EXPENSES	\$1,584,024	\$1,464,856	\$1,251,120	\$1,159,060
NET NON-OPERATING ADJUSTMENTS	(\$1,330,832)	(\$920,541)	(\$632,760)	(\$736,620)
NET CASH FLOW	(\$86,879)	(\$94,465)	(\$537,530)	\$28,680

Master Lease Properties—Revenue and Expense Statement

Housing Management Division	FY 2005	FY 2006	FY 2007	FY 2008
Master Lease Properties	Actual	Actual	Amended Budget	Adopted Budget
Operating Income				
Tenant Income	\$706,839	\$679,278	\$687,540	\$677,320
TOTAL OPERATING INCOME	\$706,839	\$679,278	\$687,540	\$677,320
Operating Expenses				
Personnel Expenses	\$16,588	\$22,897	\$24,640	\$27,460
Operating Expenses - Fees	\$702,973	\$664,018	\$670,370	\$647,500
Operating Expenses - Administrative	\$293	(\$165)	\$140	(\$240)
Tenant Services Expenses	\$246	\$0	\$0	\$0
Utilities Expenses	\$69	\$0	\$0	\$0
Maintenance Expenses	\$1,040	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$721,209	\$686,750	\$695,150	\$674,720
NET OPERATING INCOME	(\$14,370)	(\$7,472)	(\$7,610)	\$2,600
Non-Operating Income				
Investment Interest Income	\$0	\$0	\$0	\$420
Transfer Between Funds	\$14,370	\$7,472	\$14,640	\$14,640
TOTAL NON-OPERATING INCOME	\$14,370	\$7,472	\$14,640	\$15,060
Non-Operating Expenses				
Transfer Out Between Funds	\$0	\$0	\$7,030	\$17,660
TOTAL NON-OPERATING EXPENSES	\$0	\$0	\$7,030	\$17,660
NET NON-OPERATING ADJUSTMENTS	\$14,370	\$7,472	\$7,610	(\$2,600)
NET CASH FLOW	(\$0)	(\$0)	\$0	\$0

Capital Fund Program—Revenue and Expense Statement

Housing Management Division Capital Fund Program	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Federal Grant	\$798,964	\$1,223,639	\$1,337,410	\$1,156,690
TOTAL OPERATING INCOME	\$798,964	\$1,223,639	\$1,337,410	\$1,156,690
Operating Expenses				
Personnel Expenses	\$444,455	\$499,312	\$465,290	\$396,010
Operating Expenses - Fees	\$6,500	\$10,000	\$0	\$0
Operating Expenses - Administrative	\$48,009	\$177,448	\$135,000	\$100,000
TOTAL OPERATING EXPENSES	\$498,964	\$686,760	\$600,290	\$496,010
NET OPERATING INCOME	\$300,000	\$536,879	\$737,120	\$660,680
Non-Operating Income				
Transfer Between Funds	\$0	\$72,680	\$0	\$0
TOTAL NON-OPERATING INCOME	\$0	\$72,680	\$0	\$0
Non-Operating Expenses				
Interest Payment	\$0	\$0	\$310,680	\$310,680
Transfer Out Between Funds	\$300,000	\$609,559	\$426,440	\$350,000
TOTAL NON-OPERATING EXPENSES	\$300,000	\$609,559	\$737,120	\$660,680
NET NON-OPERATING ADJUSTMENTS	(\$300,000)	(\$536,879)	(\$737,120)	(\$660,680)
NET CASH FLOW	\$0	\$0	\$0	\$0

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Mortgage Finance Division

Mission Statement

The mission of the Mortgage Finance Division is to raise capital by utilizing traditional and innovative methods, to preserve and create decent, safe and affordable rental and home

ownership housing in Montgomery County, MD, assure continued availability of such housing and generate revenue to benefit HOC programs.

Special points of interest:

The Mortgage Finance Division raises capital through traditional and innovative methods, enabling HOC to provide below market rate mortgages for homeownership and to fund affordable rental housing developments.

Description

The Mortgage Finance Division is the housing finance business of the Housing Opportunities Commission as well as the Housing Finance Agency for Montgomery County. It originates tax-exempt mortgage revenue bond financing for single family and multi-family programs. It also provides taxable bond financing to transactions where a tax-exempt structure is not appropriate. Through the bond financing activity, the Mortgage Finance Division enables HOC to provide below market interest rate mortgages for homeownership, finances HOC's multi-family acquisitions and

development, and finances the acquisition and development of private projects that include an affordable housing component. Additional sources of capital are also tapped to leverage bond funds more efficiently, including Federal, State, and County programs as well as the FHA Risk Sharing Program. The Mortgage Finance Division is further responsible for managing the loan portfolio, assisting residents in subsidized housing to become homebuyers, and managing the HOC's Closing Cost Assistance Programs.

Program Objectives

The Mortgage Finance Division has four functional areas: Multi-Family Underwriting and Loan Origination, Multi-Family Portfolio Management,

Single Family Programs and Loan Management, and HOC Home Ownership Program.

Multi-Family Programs

The Multi-Family underwriting and loan origination section is responsible for 2-4 bond issues each year. The proceeds from these bond issues fund mortgages for multi-family rental developments for HOC and its affiliates as well as for private and nonprofit developers. The Multi-family underwriting section also administers the FHA Risk Sharing Program.

The Multi-Family portfolio management section monitors the fiscal and physical health of the portfolio to ensure program and tax law compliance for all multi-family developments financed by HOC and that affordability is maintained in compliance with regulatory requirements.

Multi-Family Underwriting and Loan Origination

- Underwrite and prepare multi-family developments for bond financing by providing timely reviews and thorough evaluation of loan risk.
- Administers the FHA Risk Sharing program that provides credit enhancement to worthy developments while minimizing risk to the Commission and FHA.
- Negotiate the refinance and restructuring of loans that may be refinanced at market rate and eliminate the affordability component for each property.

- Evaluate HOC's bond financed properties and seek opportunities to lower borrowing costs by restructuring the financing.
- Identify additional sources of equity capital for affordable housing.

Portfolio Management

- Manage and oversee the Commission's Multi-Family loan portfolio, which consists of over 60 multi-family loans, to identify issues and opportunities related to the furtherance of the Commission's goals.
- Review the multi-family portfolio to ensure program compliance while addressing issues of financial performance, property condition, and market conditions.
- Manage the portfolio to identify adverse trends within the property and intervene to avoid default condition and to ensure that bond ratings are maintained.
- Provide timely and accurate service while safeguarding the loan portfolio and the related bond issues.
- Maintain a "Watch List" of all properties that risk refinance and conversion to market rate properties that could eliminate the affordability component.
- Keep a close pulse on the rental market and homeownership trends to identify conditions that could adversely affect the portfolio.

Single Family Programs

The Single Family section is responsible for activities relating to extending and affording homeownership opportunities to first time homebuyers in Montgomery County by generating below market financing and administering various programs which provide special assistance to eligible buyers. Single Family activities include: (1) completing one or two bond issues per year, which generate funds to make approximately 120 first mortgages to first time homebuyers; (2) overseeing the servicing of the active loan portfolio of approximately 1,200 first mortgages by twenty servicers and approximately 100 County closing cost assistance loans; (3) operating the HOC Homeownership Program (HOC/HOP) which

prepares HOC residents for homeownership by one on one counseling and homebuyer education classes; (4) managing the lending process for the Housing Choice Voucher Homeowner participants. The Single Family section also administers various programs which provide closing cost assistance.

Revolving County Closing Cost Assistance Program

On March 22, 2005, the County Council approved the program design and financial management plan for a new Revolving County Closing Cost Assistance Program. This program will provide closing cost and down payment assistance for first time home buyers in the County. The assistance will be a secured

second mortgage. Borrower's monthly repayments will be by automatic withdrawal from a bank account. The Commission is designated as the administrator of the program. The program is conceived to be able to produce new loans from repayments of existing loans and to pay the cost of administration.

Collateral Accounts

The Commission has received collateral funds totaling \$2,100,000 from the County. As of December 31, 2006, the collateral balance is \$118,834. The collateral funds are used to cover losses from defaulted loans and to make up for shortfalls between interest receipts from mortgage borrowers and amounts HOC owes Fannie Mae monthly. As of December 31, 2006, the balance on loans owed to Fannie Mae is \$90,469.

HOC Purchase Assistance Programs

- **2006 AB Single Family Bond Issue**

The 2006 AB Single Family Bond Issue generated \$383,126 of new purchase assistance within the MPP when it closed on October 12, 2006.

- **American Dream Down Payment (ADDI)**

This is a special closing cost and down payment assistance effort funded with HUD HOME funds provided to the County. The Commission approved administering this program for the County at the August 4, 2004 Commission meeting. The program is targeted to anyone on public housing or receiving rental assistance and purchasing in the County. The amount of the fund is \$414,310. This assistance must be used in conjunction with an HOC first mortgage through the Mortgage Purchase Program. As of December 31, 2006, all \$414,310 of ADDI funds had been reserved for 51 ADDI loans.

- **Warehousing**

In December 2003, the Commission approved the use of warehousing for the Mortgage Purchase Program (MPP). This innovation is a mechanism which allows the MPP to stay in the mortgage market between bond sales and helps reduce negative arbitrage. Heretofore, when bond funds were exhausted, the MPP would become dormant until new bonds funds were generated from a new bond sale. Warehousing allows the MPP to continue making loans between bond sales by using surplus revenue from the Single Family Program. New funds that are generated from a new bond sale are then used to reimburse the surplus that was temporarily "borrowed". This creates a supply of mortgages immediately at the beginning of a bond issue rather than the usual one to two month lag time for origination. Negative arbitrage is reduced because the new bond funds become quickly invested in mortgages paying a higher return than an investment account. The MPP has completed four warehousing periods and has achieved the results that were anticipated.

HOC Homeownership Programs

- Annually, assist approximately 40 families that are currently residing in HOC assisted housing to purchase their first home (203 families since the inception of the program).
- Provide training, budgeting, and educational opportunities to residents who are preparing to become homeowners.
- Administer federal and local programs that provide purchase opportunities for HOC residents.
- Support the construction of additional affordable home ownership units.

Performance Measurement Results

Multi-Family Bond Issuance

Minimally, Federal rules require that a bond financed development must set aside at least 20% of the units for households with incomes at or below 50% of the Washington, DC Metropolitan Statistical Area Median Income (AMI) or 40% of the units for households with incomes at or below 60% of the AMI. Because the desires of a private developer and the Commission are different, one maximizing the profit it may earn from each development and the other providing the maximum affordable housing, it is the Commission's practice to demand a higher level of public purpose for transactions, especially from those that require the use of private activity volume cap.

Traditionally, the Commission supports

developments that provide a mix of both market rate and affordable housing units to avoid creating pockets of poverty and stigma for a particular community. The result is that a low- or moderate-income household is often indistinguishable from a market rate household.

Since 2003, a grand total of 2,666 units were financed in order to achieve a public purpose of 1,477 affordable units. Stated differently, 55% of the units financed since 2003 provided some level of public purpose. The occupancy for this post 2003 bond financed portfolio has been on an average a comfortable 97.0% for the last two years.

MULTI-FAMILY BOND ISSUANCE				
	FY 2003	FY 2004	FY 2005	FY 2006
Number of New Loans	9	3	6	4
Total Units	1,214	235	678	965
Total Affordable Units	524	204	338	513
% of Affordable Units	43%	87%	50%	53%
Total Bond Issuance	\$89,012,078	\$15,200,000	\$57,862,771	\$88,220,000
% of Area Median Income Served	30%-60%	30%-60%	40%-60%	40%-60%

Activities in the Mortgage Purchase Program

The following table illustrates the activities in the Mortgage Purchase Program for the past four fiscal years. The MPP is rebuilding after

a significant refinancing and prepayment trend over the past few years, as home owners capitalized on the period of historically low mortgage interest rates.

	FY 2003	FY 2004	FY 2005	FY 2006
Number of Bond Issues	1	1	1	2
Total Available Bond Proceeds (\$ millions)	\$15	\$35.6	\$22.5	\$60
Loans Made	69	136	124	147
Average Loan	\$119,631	\$165,461	\$158,290	\$175,040
Average Income	\$41,754	\$50,240	\$48,802	\$48,402
% of Median	49%	59%	55%	53.6%
Median*	\$84,800	\$85,400	\$89,300	\$90,300
Number of Closing Cost Loans	102	49	4	12
Total Closing Cost Provided	\$603,806	\$322,944	\$29,160	\$93,928

*The Washington DC, VA, MD Area Median Income as published by the US Department of Housing and Urban Development was adjusted downward in 2003 to reflect the results of the 2000 census.

Budget Overview—Mortgage Finance

The total Adopted FY 2008 budgeted revenues for the Mortgage Finance Division are \$4.52 million. Total expenses in the FY 2008 Budget are \$2.91 million. Personnel costs comprise 60.9% of the budget. Operating expenses and

other miscellaneous expenses account for 37.8% of the budget, while non-operating expenses account for the remaining 1.3%.

Revenue and Expense Statement

Mortgage Finance Division	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
County Grant	\$123,180	\$132,270	\$144,080	\$160,500
Management Fees	\$1,595,184	\$1,532,007	\$2,536,600	\$1,699,410
Miscellaneous Income	\$7,500	\$8,481	\$0	\$0
TOTAL OPERATING INCOME	\$1,725,864	\$1,672,758	\$2,680,680	\$1,859,910
Operating Expenses				
Personnel Expenses	\$1,345,276	\$1,403,817	\$1,595,970	\$1,771,140
Operating Expenses - Fees	\$380,208	\$449,350	\$731,760	\$772,790
Operating Expenses - Administrative	\$184,759	\$308,375	\$348,850	\$316,570
Maintenance Expenses	\$4,620	\$2,940	\$0	\$10,500
TOTAL OPERATING EXPENSES	\$1,914,863	\$2,164,482	\$2,676,580	\$2,871,000
NET OPERATING INCOME	(\$188,999)	(\$491,724)	\$4,100	(\$1,011,090)
Non-Operating Income				
Transfer Between Funds	\$2,718,455	\$2,884,071	\$3,219,750	\$2,661,490
TOTAL NON-OPERATING INCOME	\$2,718,455	\$2,884,071	\$3,219,750	\$2,661,490
Non-Operating Expenses				
Mortgage Insurance	\$169,701	\$182,163	\$187,250	\$37,730
Miscellaneous Bond Financing Expenses	\$6,237	\$0	\$0	\$0
Restricted Cash Flow	\$254,262	\$8,796	\$0	\$0
Transfer Out Between Funds	\$511,337	\$660,563	\$500,000	\$0
TOTAL NON-OPERATING EXPENSES	\$941,537	\$851,522	\$687,250	\$37,730
NET NON-OPERATING ADJUSTMENTS	\$1,776,918	\$2,032,549	\$2,532,500	\$2,623,760
NET CASH FLOW	\$1,587,919	\$1,540,825	\$2,536,600	\$1,612,670

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Real Estate Division

Adopted Budget
June 13, 2007

Mission Statement

The mission of the Real Estate Division is to develop new affordable housing opportunities, to preserve existing affordable housing, to contribute to the

revitalization of the older neighborhoods in the County, to assist in the renovation of HOC properties, and to support other affordable housing providers.

Special points of interest:

The Real Estate Division preserves and expands affordable housing in Montgomery County.

Description

The Real Estate Division preserves and expands the number of affordable rental and for-sale homes in Montgomery County. Through partnerships with local government agencies and both non-profit and profit motivated developers, the Division creates affordable housing and increases the capacity of other sponsors to provide affordable housing.

The Division acquires existing multi-family housing to preserve moderate income market rate housing and to avoid the loss of subsidies for properties developed with federal assistance. Occasionally, developments considered for purchase are key to redevelopment in areas of the County in need of reinvestment.

The Division also develops new multi-family rental housing, typically for residents with a wide range of incomes. These developments are part of HOC's Opportunity Housing portfolio and serve low, moderate, and market-rate households. The Division is currently working on a mixed-income development on the site of the Wheaton Metro station and Kiss and Ride parking lot. The building, which incorporates a parking garage and retail space, will contribute to the revitalization of

the Wheaton area and assist in a reduction of traffic by providing housing at a Metro station.

The Division has two other sites under contract. Forest Oak is a high-rise building in Gaithersburg that serves very low income seniors. All of the 175 units in the project benefit from federal Section 8 subsidies. Closing on this site occurred in March of 2007. The second site, 527 Dale Drive, is a 10-unit project located near downtown Silver Spring. Staff is working closely with public and private sector partners to purchase the property and convert it to housing for individuals who would otherwise be homeless. Plans include bundling rent subsidies with counseling and other services for the residents. Completion of the acquisition and renovation of the project is expected in FY 2008.

As HOC's existing portfolio of Opportunity Housing ages, there is an on-going need for modernization and renovation. The Division is providing development services to keep this housing in good condition. These sites raise complex issues. The rehabilitation is often significant, as a number of the buildings have not been improved

for many years. Finding the funds for the work generally requires refinancing while at the same time rent increases must be limited in order to allow existing lower income residents to remain in their homes. Recently, Division staff completed the comprehensive rehabilitation of three HOC projects – The Barclay, Spring Garden, and Chevy Chase

Lake Apartments. Staff also completed systems work at Paddington Square Apartments. Rehabilitation has begun on Pooks Hill Apartments and is expected to be complete in FY 2008 or FY 2009. Staff is currently reviewing options for the substantial renovation of Tanglewood Apartments.

Program Objectives

HOC implements a Strategic Plan on a bi-annual basis. The current Plan reflects the need to increase Agency self-sufficiency in an uncertain fiscal environment.

Operating under the current Strategic Plan, HOC will use its development capacity to:

- Preserve and increase the supply of affordable housing, in partnership with Montgomery County and non-profit organizations.
 - Undertake the construction of additional affordable rental units in Opportunity Housing developments.
 - Work with other HOC divisions and outside agencies to support increases in Low Income Housing Tax Credits, the private activity bond cap, and other affordable housing resources to increase capital available for development projects.
- Pursue opportunities for site acquisition and new development, as expressed in the Agency's vision statement.
 - Assist in the development of Personal Living Quarters.
 - Assist in the rehabilitation of HOC's existing Opportunity Housing portfolio.
 - Expand affordable rental options throughout the County by acquiring units under the new Housing Choice Voucher MPDU program.
 - Obtain new office space for HOC headquarters.

Budget Overview—Real Estate Division

The total Adopted FY 2008 budgeted revenues for the Real Estate Division are \$2.40 million. Total expenses in the FY 2008 Budget are \$1.91 million. Personnel costs comprise

90.2% of the total operating expenses. Operating and other miscellaneous expenses account for the balance of the budget.

Revenue and Expense Statement

Real Estate Division	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
County Grant	\$181,862	\$152,405	\$179,900	\$179,900
Management Fees	\$1,420,198	\$851,193	\$406,760	\$541,000
Other Service Income	\$0	\$9,651	\$0	\$636,670
TOTAL OPERATING INCOME	\$1,602,060	\$1,013,249	\$586,660	\$1,357,570
Operating Expenses				
Personnel Expenses	\$424,458	\$1,273,954	\$1,673,160	\$1,659,260
Operating Expenses - Fees	\$25,525	\$19,586	\$21,420	\$22,050
Operating Expenses - Administrative	\$14,636	\$91,788	\$268,650	\$157,970
Maintenance Expenses	\$5	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$464,624	\$1,385,328	\$1,963,230	\$1,839,280
NET OPERATING INCOME	\$1,137,436	(\$372,079)	(\$1,376,570)	(\$481,710)
Non-Operating Income				
Transfer Between Funds	\$2,479	\$1,056,148	\$1,711,300	\$1,039,010
TOTAL NON-OPERATING INCOME	\$2,479	\$1,056,148	\$1,711,300	\$1,039,010
Non-Operating Expenses				
Operating and Replacement Reserves	\$0	\$0	\$0	\$66,780
TOTAL NON-OPERATING EXPENSES	\$0	\$0	\$0	\$66,780
NET NON-OPERATING ADJUSTMENTS	\$2,479	\$1,056,148	\$1,711,300	\$972,230
NET CASH FLOW	\$1,139,915	\$684,069	\$334,730	\$490,520

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Rental Assistance Division

Mission Statement

The mission of the Rental Assistance Division is to provide Housing Choice Voucher (HCV) Program assistance to as many families as possible with consistently high customer service. The Division will educate and support

clients, owners and the citizens of the County on the program operations and maintain the highest compliance possible with federal statutes and regulations.

Special points of interest:

For the third year in a row, HUD will notify HOC of funding levels for the voucher program in 2008, midway through the financial year.

Description

The HCV Program is the Federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe, and sanitary housing in the private market.

The Rental Assistance Division is responsible solely for administering the Housing Choice Voucher (HCV) Program. These functions include maintaining a waiting list of interested families, determining family eligibility, calculating the family's rent share and the housing assistance payment, inspecting the unit for compliance with HUD standards, reviewing the reasonableness of rents, re-evaluating each year the family's

income, conducting annual re-inspections of units and maintaining the electronic and paper files.

The Division staff consists of eighteen Rental Specialists who are trained and certified in HCV Program rules and functions. Seven Housing Inspectors are also trained and certified in HUD's housing quality standards and conduct initial and annual inspections of rental units. Administrative support staff provide vital help to all staff in handling paperwork flow, file maintenance, scheduling meetings with families and inspections. In addition, the Division has a strong group of managers who oversee all staff and program operations.

Program Objectives

- To achieve a High Performer score on SEMAP for the fiscal year ending June 2007.
- To be in full compliance with HUD Housing Choice Voucher Regulations.
- Ensure that income reporting of all participants is accurate using the new EIV system.
- Ensure that program rent payments are reasonable.
- To effectively serve as many program eligible families as possible while operating in a difficult fiscal environment.
- To fully utilize the 2007 HUD funding allocation.
- To improve customer service and program operations through better utilization of staff and technology.
- To improve communications with clients and landlords through newsletters, open forums and the Internet.

Performance Measurement Results

Housing Choice Voucher (HCV) Program Administrative

The Housing Choice Voucher Program is measured by the U.S. Department of Housing and Urban Development through SEMAP (Section 8 Management Assessment Program). HOC achieved a SEMAP score of Standard Performer for FY 2006. HOC

achieved this designation through utilization of HUD funding and quality program operations. The program is also scrutinized for efficiency in operations through the HUD Reduction in Error Management Program, as well as impromptu HUD audits. HOC anticipates a High Performer rating for FY 2007.

Budget Overview—Rental Assistance Division

Total projected expenses in the FY 2008 Adopted Budget for the Rental Assistance Division not related to HAP are \$5.77 million.

Personnel costs comprise 60.5% of the budget. Other expenses account for the remaining 39.5% of the budget.

Revenue and Expense Statement

Rental Assistance Division	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Non-Dwelling Rental Income	(\$2,069)	\$11,830	\$0	\$0
Federal Grant	\$70,267,546	\$66,938,030	\$64,995,530	\$62,591,060
Miscellaneous Income	\$0	\$71,770	\$0	\$0
TOTAL OPERATING INCOME	\$70,265,477	\$67,021,630	\$64,995,530	\$62,591,060
Operating Expenses				
Personnel Expenses	\$3,104,287	\$3,046,670	\$3,244,560	\$3,495,380
Operating Expenses - Fees	\$1,233,021	\$1,054,955	\$1,845,010	\$1,901,550
Operating Expenses - Administrative	\$127,472	\$141,275	\$387,250	\$377,250
Maintenance Expenses	\$7,095	\$2,958	\$0	\$0
Housing Assistance Payments (HAP)	\$65,328,991	\$62,225,889	\$60,264,610	\$58,172,940
TOTAL OPERATING EXPENSES	\$69,800,866	\$66,471,747	\$65,741,430	\$63,947,120
NET OPERATING INCOME	\$464,611	\$549,883	(\$745,900)	(\$1,356,060)
Non-Operating Income				
Investment Interest Income	\$12,542	\$27,266	\$0	\$0
Transfer Between Funds	\$0	\$0	\$577,150	\$0
TOTAL NON-OPERATING INCOME	\$12,542	\$27,266	\$577,150	\$0
Non-Operating Expenses				
Restricted Cash Flow	\$477,153	\$577,149	\$0	\$0
TOTAL NON-OPERATING EXPENSES	\$477,153	\$577,149	\$0	\$0
NET NON-OPERATING ADJUSTMENTS	(\$464,611)	(\$549,883)	\$577,150	\$0
NET CASH FLOW	\$0	\$0	(\$168,750)	(\$1,356,060)

Resident Services Division

Mission Statement

The Resident Services Division provides and coordinates a wide range of services to HOC residents which promote housing stability,

self-sufficiency, independence, and assimilation into the broader community.

Special points of interest:

Description

The Resident Services Division is responsible for providing services to residents and participants in HOC's programs. *Core services include* the following housing and community stabilization related services:

- Eviction prevention.
- Crisis resolution.
- Response to complaints/grievances.
- Services to the Elderly and families in HOC owned/operated multi-family properties.
- Information and referral to community resources.
- Counseling and lease compliance.
- Operation of Family Resource Centers.

Other services include:

- Employment related services, job training, and skill building training opportunities.
- Financial Literacy services: budgeting credit repair assistance.
- Emergency Financial Assistance for rent and utility delinquencies to avoid homelessness.
- Supportive Housing Programs for homeless/disabled single adults and families.

- Academic enrichment, employment, and recreation for youth.
- Volunteer opportunities and administration of Community Service Requirement.
- Housing counseling services for homeless referred by the County.
- Administration of State Rental Allowance, Shelter Plus Care, Rental Supplement Incentive and New Neighbors Program serving homeless and disabled individuals.
- Services to residents of Preservation Properties such as Stewartown, Forest Oak Towers, Georgian court, Shady Grove Apartments and The Willows.
- Staff facilitation of Housing Opportunities Community Partners, Inc. and the Resident Advisory Board.
- Operation of parent-child education programs for residents and the extended community.
- Assistance to HOC owned 3rd party managed programs.

Resident Services provides care and supportive services to families and households served by HOC.

Program Objectives

Core Services to Families, Elderly, and Disabled

- Provide counseling, crisis intervention, information and referral on a drop-in, short term or ongoing basis.
- Provide orientation to new elderly/disabled residents within 30 days of move-in to assess needs and explain HOC policies and lease provisions.
- Provide quality control and improved coordination of services implemented through external service providers in elderly buildings.
- Respond to all community complaints within 48 hours of receipt and initiate appropriate investigation and resolution.
- Operate the Revolving Security Deposit Loan Program for Housing Choice Voucher participants in need of assistance with move-in costs.
- Provide emergency financial assistance to HOC residents to prevent eviction and utility disconnections.
- Coordinate with the Housing Management Division and Rental Assistance Division on lease enforcement cases and Housing Choice Voucher compliance issues.
- Ensure that residents who require critical social services gain access to such services through partnerships and brokering of services with other agencies.
- Provide assistance to disabled individuals/families to ensure adequate housing placements and opportunity to live independently and to make self-determined choices that promote responsibility and community inclusion.
- Maximize resident involvement in HOC programs by facilitating Resident Advisory Board activities, community based associations, and other resident-initiated activities.

Self-Sufficiency Programs

- Maintain HUD required enrollment levels of 441 FSS participants.
- Ensure FSS participants who have completed five years of FSS enrollment meet HUD requirements for graduation,

including independence from welfare cash assistance.

- Maintain high responsiveness to opportunities related to economic independence and personal improvement through operation of the FSS Program, the Employment Initiative Program and the Family Unification Program.
- Provide ongoing case management (assessment, goal planning and resources).
- Provide opportunities and support funds for job training, GED, literacy, ESL, higher education, and career development.

Supportive Housing Programs for Homeless Households

- Maintain 95% enrollment of homeless families and chronically mentally ill adults in independent, permanent housing.
- Ensure that 95% of homeless families who graduate from transitional housing programs will remain stable and in permanent housing for at least one year.
- Implement new McKinney XII Program for 14 homeless and disabled individuals.
- Provide ongoing case management and supportive resources including furnishings, transportation, medication assistance, child care and other critical needs to allow program participants to live independently.
- Ensure therapeutic services are made available to program participants.

Services to Children and Youth

- Enroll approximately 350 HOC youth in summer day camps and other recreational activities.
- Assist youth with college scholarship assistance, summer jobs and educational programs for teens, and year-round recreational activities for youth.
- Enroll at least 200-250 youth in after-school tutorial or homework assistance programs.

Volunteer Program

- Recruit and place a minimum of 350 volunteers from the general community, corporate, university, and resident sectors to supplement program staff and service Agency-wide.

- Enhance resident service initiatives through special projects and donations.
- Solicit a minimum of \$80,000 of in-kind donations per year through Community Partners, Inc.
- Track compliance of 200-250 public housing residents required to perform Community Service volunteer hours.

Employment Initiative Program

- Assists over 200 residents annually in obtaining the skills and experiences necessary for successful employment in viable careers with livable wages and upward mobility.
- Trains 100 residents annually in keyboarding and computer software programs via volunteer instructors.
- Offers workshops on career planning, customer service, Federal jobs/applications, and improving retention for newly employed residents.
- A minimum of 100 participants obtain employment or increase employability in

careers ranging from \$10 per hour (\$20,000) to \$16 per hour (\$35,000).

- Offers three, 12-week Employment Support Group sessions annually to enhance job readiness, self-confidence, and help guide the job search process.
- Provides individual career assessment and career planning assistance.
- Offers volunteer work experiences, job placement assistance and retention services.
- Conducts two job fairs annually to connect job-ready residents with businesses interested in hiring.
- Works in partnership with various community based employers and organizations such as Howard University, Montgomery College, Johns Hopkins University, the local One-Stop Center, University of Maryland, Shady Grove and Suburban Hospitals, to ensure job opportunities.

Performance Measurement Results

Family Self-Sufficiency (FSS) Program

FSS is a federally mandated voluntary program to assist Public Housing (PH) and Housing Choice Voucher (HCV) families achieve economic self-sufficiency within five to seven years. A unique feature of FSS is the establishment of escrow savings accounts (averaging \$8,000 per graduate) resulting

from higher earned incomes yielding higher rent payments. Intensive goal-oriented case management service, the escrow funds coupled with job training, education, child care and transportation, underlie the program's extraordinary success. HOC's FSS has been repeatedly cited by HUD as one of the best in the country.

Community Service Requirement

- Maintain records on the Community Service status for 1,400-1,450 PH residents age 18-61.
- Monitor compliance of 200-250 residents affected by the requirement.
- Ensure that no more than 5% of those executing 12-month service agreements lose their housing due to non-compliance.

Family Self-Sufficiency Program									
Measurement	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Mandated Participants	441	441	441	441	441	441	441	441	441
Enrolled Participants	392	349	323	334	384	390	421	417	415
In Process of Enrolling	100	120	125	120	135	120	121	96	73
Graduates	23	80	68	49	51	33	38	34	57
% Graduating	6	23	22	15	14	11	9	8	14
% Employed at Graduation	100	100	100	100	100	100	100	100	100
% of Graduates who completed College, Tech, GED or other training while in FSS	35	35	35	35	34	30	83	82	84
Participants who Withdrew, were Terminated, or Unsuccessful in FSS	42	47	46	51	46	56	39	51	54
Homebuyers	8	8	14	18	14	9	7	6	11
% of Participants Employed	84	84	85	81	80	80	80	82	78
% of Participants with Escrow Accounts	47	50	50	50	50	50	67	56	52
Other Family Members currently Enrolled	46	38	33	35	42	38	35	33	26

While HUD "mandates" 441 participants (75 PH and 366 HCV), the program's size is effectively limited to the number of case management slots budgeted. A substantial waiting list exists (150-250 families). Five full-time case managers carry caseloads of 50 families each; part-time carry 20-30 families. Under an MOU with HOC, the Department of Health and Human Services (DHHS) has committed to case management of up to 125 FSS families in HHS' service pool such as welfare recipients. Crossway Community staff manage FSS participants (currently 28) who are in Crossway's program. Approximately

35% of FSS families either received welfare cash assistance or were unemployed when they began FSS, and 60% lacked a GED/high school diploma. 96% are single mothers, average age 36, with an average of 2 children. Many have no work experience or poor work history. Many suffer from serious physical and mental health problems (notably chronic depression), have inadequate English literacy, learning disabilities, and low self-esteem. A significant number receive disability assistance from SSI or SSDI. Since FSS is a five year program, we have had nine years of graduates through mid-year of FY 2007.

Family Resource Centers (FRC)

HOC's Family Resource Centers are multi-purpose centers which serve as the nucleus of community activities. They are located in four public housing complexes. Goals include the following:

- Offer a variety of customized classes, workshops, peer support groups, and other activities designed to promote community stability, foster family cohesion and upward mobility, and the integration of community resources with community needs.
- FRC facilities routinely offer computer skills training, after-school recreation and homework assistance programs and are open late evening during week days and one weekend day each month. Trips, excursions and community events are

conducted to broaden the horizons of the children and families.

- Each center offers counseling, information and referral, and intervention with residents on social and personal issues.
- Each center's programs will be supplemented by services from external service providers such as the Girl Scouts, Mental Health Association, Mc Recreation Department, and various volunteer groups and service clubs.
- FRC's serve and average of 350 unduplicated families annually including families living nearby who participate in the Housing Choice Voucher Program or scattered site program.
- Strengthen and support the development and viability of resident associations in each of the clustered housing sites.

Family Resource Centers				
Measurement	FY 2003	FY 2004	FY 2005	FY 2006
Units in target neighborhood	260	250	250	240
Child Care, Transportation, Tutoring, Recreational Activities, Parent-Child Education Program*	1,325	1,300	1,450	1,450
Employment Training, Computer Skills, Reading is Fundamental, Education, Transportation*	340	340	350	350
Health Education, Parenting Support, Sewing, Girl Scouts, Cultural and Other (Leadership Skills, etc.)*	630	600	600	650

* May be individuals participating in more than one activity.

Parent Resource Centers (PRC)

HOC operates three Parent Resource Centers, one at the Emory Grove Family Resource Center, and two programs at other community sites. The goals of the program are:

- To enhance parenting skills of participating families.
- To enhance the early childhood development of children ages 0-5.
- To provide support for parents.
- To provide referrals to assist parents with parenting and family concerns.
- Identify children with special needs who may experience school problems upon enrollment.

Parent Resource Centers				
Measurement	FY 2005	FY 2006	FY 2007	FY 2008
Families Served	250	250	250	250
Children Served	350	350	350	350

Housing Assistance Programs: State Rental Allowance Program (RAP), the Shelter Plus Care program (S+C), the New Neighbors Program, the Rental Supplement Program, the Housing Counseling Program, and the Supportive Housing Rental Assistance Program (SHRAP)

- **RAP**
 - Determine programmatic and income eligibility and maintain minimum enrollment of 25 homeless households who have the potential of becoming self sufficient after one year.
 - Provide rental assistance of \$550—\$770 depending on family size up to a 12-month period.
 - Receive participant referrals and a commitment form from the County Dept. of Health & Human Services or other service providers for ongoing case management services to ensure the goal of self-sufficiency.
 - Ensure ongoing funding from the State of no less than \$113,000 and a commitment from the County of 90% matching funds for a total level of no less than \$215,000.
 - To achieve a “Satisfactory” rating on the State of Maryland annual monitoring visit and review.
- **Shelter Plus Care (S+C) and New Neighbors**
 - Provide permanent rental assistance to

homeless single adults with serious mental illness: 42 through the S+C Program and 17 through the New Neighbors Program.

- Administer the Rental Supplement Incentive Program to ensure that 190 working poor households receive rental subsidies through eight independently operated programs.
- **Housing Counseling Program**
 - Assist 70 homeless households to secure permanent housing and provide supportive services in the lease-up process through the State Housing Counseling Program.
- **Rental Supplement Program**
 - Provide a shallow rental subsidy for approximately 147 families living in four privately owned properties. Subsidies range from \$248 to \$372 depending on unit size.
- **Supportive Housing Rental Assistance Program (SHRAP)**
 - Provides service coordination service for up to 28 County referred homeless individuals. Services include unit search, unit inspection, information/referral and access to community resources.

Rental Allowance Program				
Measurement	FY 2004	FY 2005	FY 2006	FY 2007 *
80% of Program Participants be Homeless	Yes	Yes	Yes	Yes
50% of Program Participants Have Earned Income	Yes	Yes	Yes	Yes
Achieve Spending Targets	Yes	Yes	Yes	Yes
Achieve “satisfactory” rating on State Review	Yes	Yes	Yes	Yes

* FY 2008 has not yet been awarded to Montgomery County

Budget Overview—Resident Services Division

The total Adopted FY 2008 Budget for this division is \$10.24 million, an increase of 6.9% from the FY 2007 Amended Budget of \$9.58 million. Personnel costs comprise 46.4%.

Although Resident Services projects a cash deficit, this deficit will be absorbed by revenues from General Fund.

Revenue and Expense Statement

Resident Services Division	FY 2005 Actual	FY 2006 Actual	FY 2007 Amended Budget	FY 2008 Adopted Budget
Operating Income				
Tenant Income	\$533,873	\$448,427	\$482,160	\$521,080
Non-Dwelling Rental Income	\$4,654	\$69,313	\$15,010	\$27,900
Federal Grant	\$2,673,349	\$2,806,960	\$3,345,080	\$3,394,460
State Grant	\$203,050	\$88,034	\$111,690	\$196,070
County Grant	\$4,984,694	\$4,983,376	\$5,422,830	\$5,717,930
Private Grant	\$34,200	\$0	\$0	\$0
Miscellaneous Income	\$7,167	\$2,670	\$0	\$0
TOTAL OPERATING INCOME	\$8,440,987	\$8,398,780	\$9,376,770	\$9,857,440
Operating Expenses				
Personnel Expenses	\$3,695,149	\$3,845,523	\$4,338,490	\$4,753,200
Operating Expenses - Fees	\$595,327	\$645,408	\$629,170	\$630,400
Operating Expenses - Administrative	\$314,189	\$389,757	\$165,440	\$164,940
Tenant Services Expenses	\$2,892,650	\$2,517,506	\$3,242,960	\$3,236,400
Utilities Expenses	\$191,648	\$226,195	\$188,370	\$271,690
Insurance and Tax Expenses	\$14,780	\$12,000	\$9,800	\$5,920
Maintenance Expenses	\$22,089	\$67,537	\$44,750	\$38,690
Housing Assistance Payments (HAP)	\$715,361	\$603,329	\$723,310	\$674,030
TOTAL OPERATING EXPENSES	\$8,441,193	\$8,307,255	\$9,342,290	\$9,775,270
NET OPERATING INCOME	(\$206)	\$91,525	\$34,480	\$82,170
Non-Operating Income				
Transfer Between Funds	\$3,080,501	\$3,227,831	\$173,810	\$278,990
TOTAL NON-OPERATING INCOME	\$3,080,501	\$3,227,831	\$173,810	\$278,990
Non-Operating Expenses				
Operating and Replacement Reserves	\$47,423	\$26,536	\$0	\$23,240
Transfer Out Between Funds	\$3,063,798	\$3,295,663	\$234,890	\$441,150
TOTAL NON-OPERATING EXPENSES	\$3,111,221	\$3,322,199	\$234,890	\$464,390
NET NON-OPERATING ADJUSTMENTS	(\$30,720)	(\$94,368)	(\$61,080)	(\$185,400)
NET CASH FLOW	(\$30,926)	(\$2,843)	(\$26,600)	(\$103,230)

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Capital Budget

Adopted Budget
June 13, 2007

Capital Budget Description

The Capital Budget has two parts: the capital improvement budget and the capital development budget. Because of the long-term nature of these projects, capital budgets are

cumulative, meaning they include both the previous budget authorization and any additional authorization needed to complete each project.

Special points of interest:

The FY 2008 Capital Budget is \$115.8 million.

Impact of Capital Budget on Operating Budget

The Capital budget impacts the Agency's operating budget in the following ways:

- The non-routine capital expenditures affect current and future operating budgets and services that the entity provides for the following reasons:
- When non-routine mechanical capital items are not addressed as needed, the lack of such attention creates deferred maintenance. Deferred maintenance leads to additional expense in the form of ongoing and repeated repairs that cause inconveniences and distress to residents which deteriorates resident relations and confidence; additional work load for maintenance personnel that often causes employees to feel overwhelmed and generates frustration among staff members; additional ongoing maintenance expense and administrative time; loss of income due to less effective leasing and marketing resulting from "word of mouth" dissatisfaction of residents and lack of resident referrals.
- When deferral of non-routine capital items directly involves curb appeal, common areas, features or amenities, the

positioning of the property in the market place may be significantly affected. When a property loses its position due to lack of such (non-routine) capital items, the property cannot compete well with neighboring apartment communities. Because of this, it is critical that HOC continue to invest in the portfolio through capital expenditures. If such items are deferred for too long a period of time, repositioning of the property often requires premature renovation.

- Capital development costs are financed through a mortgage and payments are made out of property operating (rental) income. Higher development costs and/or higher interest rates translate into higher operating costs due to a larger mortgage. Initial operating deficits are projected throughout the development phase and documented in the capital development budget. Funds are committed (through the State, County and the Agency's OHRF) prior to financing and construction to cover initial operating deficits. The positive effects on the operating budget resulting from the capital development budget will be realized in future years.

Capital Budget Summary Overview

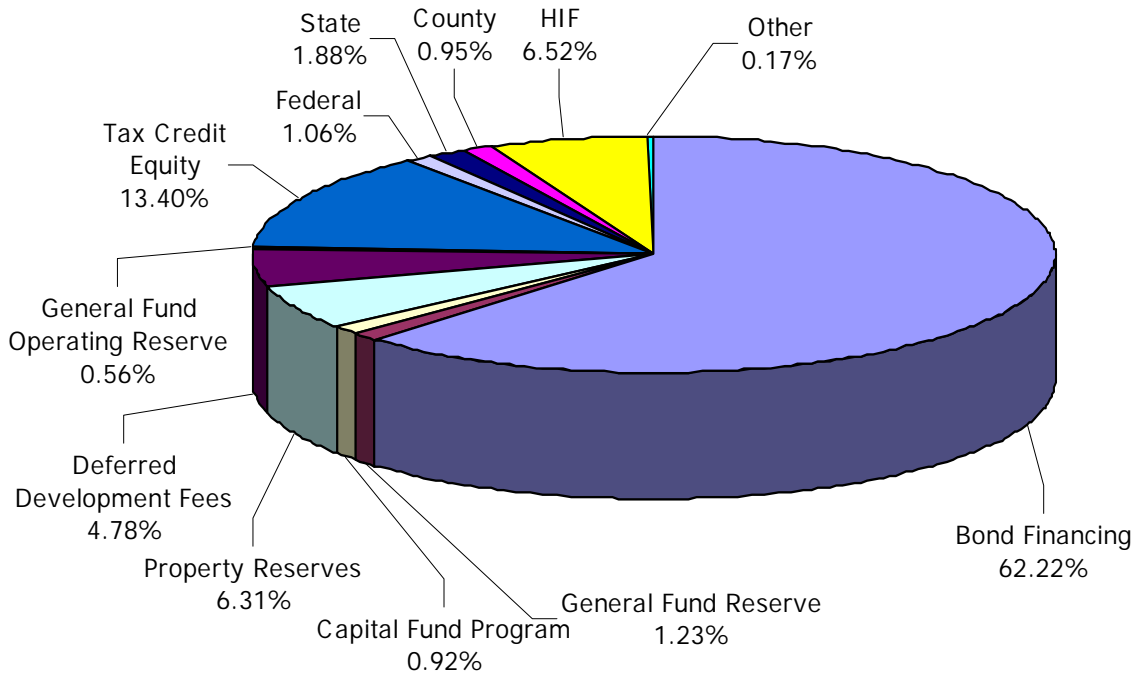
The total Adopted FY 2008 Capital Budget is \$115.8 million. The FY 2008 Capital Budget includes funds to maintain current Information Technology needs, as well as, minor improvements to the Kensington Office. Funds have also been included for capital improvements to HOC's Public Housing properties as well as the Opportunity Housing and Development Corporation properties. The total Capital Improvement Budget will cost \$8.9 million.

The Capital Development Budget includes funds for MetroPointe, a multi-family development in the Wheaton area, the acquisition and rehabilitation of Forest Oak, a high-rise development in Gaithersburg, the acquisition and construction of 527 Dale Drive, an apartment building in downtown Silver Spring, and renovations of Pooks Hill High-Rise, the oldest high-rise building in Montgomery County. The total development budget will cost \$106.9 million.

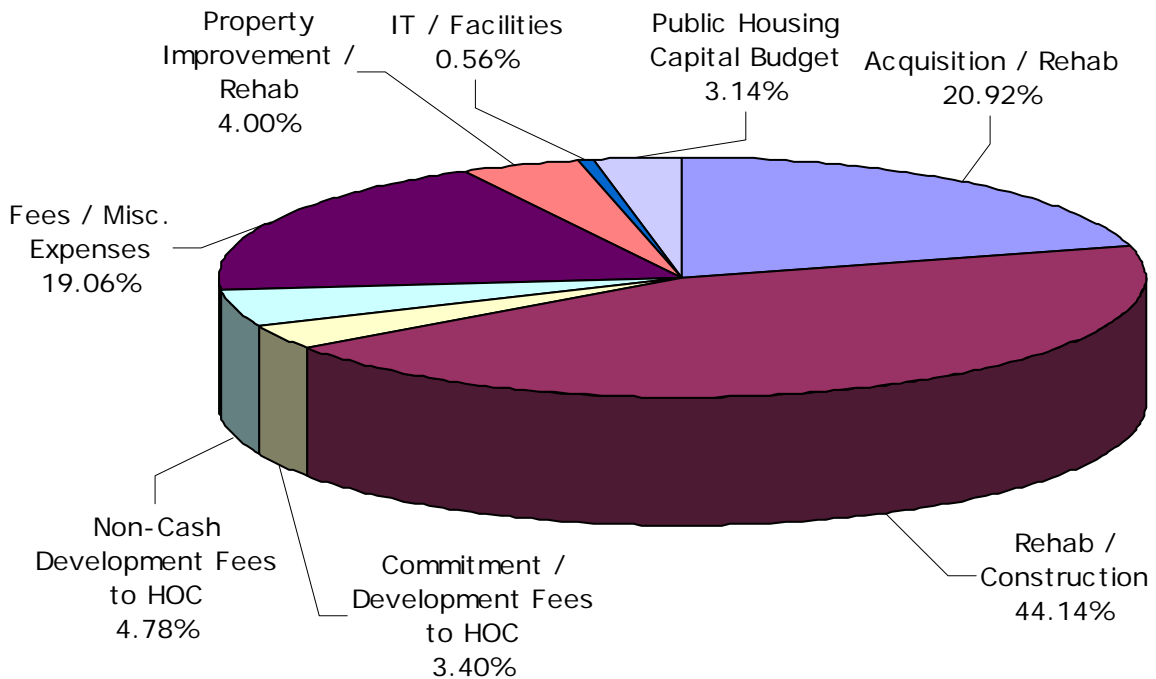
Capital Improvement Budget—Summary

Capital Budget Summary	FY 2008 Adopted Budget
Capital Improvements	
Kensington Office	\$100,000
Information Technology	\$550,000
Public Housing Properties	\$3,641,637
Opportunity Housing Properties	\$4,637,110
SUBTOTAL	\$8,928,747
Capital Development Projects	
MetroPointe	\$54,997,450
Pooks Hill High-Rise	\$21,694,927
Forest Oak	\$27,379,488
527 Dale Drive	\$2,805,516
SUBTOTAL	\$106,877,381
TOTAL	\$115,806,128

Source of Funds



Use of Funds



Capital Improvement Budget—Facilities and IT Department

Facilities and Information Technology (IT) Improvements

The Capital budget for facilities includes capital improvements for the Kensington Office. The Capital budget for Information

Technology includes purchases of software, hardware and equipment to maintain a high quality, open architecture, service based information technology infrastructure.

Capital Improvement Budgets

FY 2008

Facilities & IT Department

Adopted

	Revenue Sources				
	Total Expenses	Operating Budget	General Fund Operating Reserve	Roll-Over FY07	Comp. Grant
Facilities					
Equipment & Facilities	\$100,000		\$100,000		
Subtotal - Facilities	\$100,000		\$100,000		
Information Technology (IT)					
Computer Software	\$250,000		\$250,000		
Equipment	\$300,000		\$300,000		
Subtotal - IT Improvements	\$550,000		\$550,000		
TOTAL	\$650,000		\$650,000		

Capital Improvement Budget—Asset Management

Opportunity Housing and Development Corporation Property Improvements

Improvements to Opportunity Housing and Development Corporation properties are funded through property replacement reserves. Each property sets aside a certain amount of operating income for future replacement and rehabilitation work. The amount of replacement reserves is determined annually as a part of a multi-year projection of operations and capital improvements. However, if a property does not have sufficient

replacement reserves or does not generate sufficient operating cash for the current fiscal year, the capital improvements will be funded from General Fund Property Reserves.

The capital budget for Opportunity Housing and Development Corporation properties reflects the projected capital improvements for each property. These improvements help maintain the property over the long term, preventing more costly deferred maintenance, and may also reduce certain short term operating costs (e.g., energy efficiency).

Capital Improvements Budget Opportunity Housing & Development Corporations

FY 2008
Adopted Budget

	Revenue Sources				
	Total Expenses	Property Reserves	Gen. Fund Prop Res.	FY 2008 RfR	FY 2007 Roll-Over
Alexander House	\$305,136	\$305,136			
The Barclay	\$6,105	\$6,105			
Brookside Glen (The Glen)	\$102,799	\$94,930		\$7,869	
Chelsea Towers	\$69,725	\$69,725			
Chevy Chase Lake	\$18,300	\$18,300			
Diamond Square	\$168,195	\$168,195			
Fairfax Court	\$28,540	\$28,540			
Greenhills	\$300,608	\$24,310	\$126,298	\$150,000	
Holiday Park	\$69,400	\$12,370	\$46,500	\$10,530	
Magruder's Discovery	\$630,600	\$137,946	\$456,054	\$36,600	
McHome	\$239,150	\$17,024	\$205,726	\$16,400	
McKendree	\$60,200		\$49,000	\$11,200	
Metropolitan, The	\$200,865	\$200,865			
Montgomery Arms	\$35,300	\$35,300			
MHLP I	\$120,400	\$63,060	\$44,550	\$12,790	
MPDU 2004	\$20,300			\$20,300	
MPDU I (64)	\$262,000	\$38,494	\$195,966	\$27,540	
TPM - MPDU II (59)	\$240,800	\$240,800			
The Oaks at Four Corners	\$137,500	\$129,850		\$7,650	
Paddington Square	\$151,050	\$107,598	\$43,452		
Paint Branch	\$105,650	\$41,727	\$55,523	\$8,400	
Pooks Hill High-Rise	\$2,950	\$2,950			
Pooks Hill Mid-Rise	\$19,279	\$19,279			
TPM - Pomander Court	\$125,250	\$28,633	\$89,417	\$7,200	
Sligo Hills/ MPDU III	\$126,150	\$126,150			
State Rental Combined	\$250,750	\$165,367		\$85,383	
Strathmore Court	\$186,305	\$186,305			
Tanglewood	\$72,950	\$35,118	\$4,632	\$33,200	
TPM-Timberlawn	\$127,699		\$100,949	\$26,750	
Westwood Tower	\$453,154	\$358,145		\$95,009	
TOTAL	\$4,637,110	\$2,662,222	\$1,418,067	\$556,821	\$0

Capital Improvement Budget—Public Housing Properties

Public Housing Property Improvements

A Federal grant program called Capital Fund Program currently funds Public Housing capital improvements. This HUD program requires a long-range capital plan for each Public Housing property. For FY 2008, the Commission will receive a grant for over \$2.1 million for Public Housing properties. These funds are critical as the operational requirements of Public Housing do not fund any reserves for future capital needs.

The capital improvements budget for Public

Housing reflects the awarded Capital Fund Program Grant. HUD determines how these funds can be used when awarding these grants. Awards are based on the comprehensive plan submitted by staff.

For the current fiscal year, major renovations to Seneca Ridge will primarily be funded from the County Housing Initiative Fund (HIF). The balance of the renovation will be funded through HUD's Debt Forgiveness Turnkey money and 5H Funding.

Capital Improvement Budgets		FY 2008			
Public Housing Properties		Adopted Budget			
	Total Expenses	Capital Fund Program (Yr. 16)	County Funds	Debt Forgiveness Turnkey	5H Funding
Specific Property Improvements					
Elizabeth House	\$105,000	\$105,000			
Holly Hall	\$35,000	\$35,000			
Arcola Towers	\$60,000	\$60,000			
Waverly House	\$390,000	\$140,000			\$250,000
Ken Gar	\$5,000	\$5,000			
Parkway Woods	\$113,304	\$40,000			\$73,304
Towne Centre Place	\$55,000	\$55,000			
Sandy Spring Meadow	\$10,500	\$10,500			
Emory Grove	\$5,000	\$5,000			
Tobytown	\$30,000	\$30,000			
Seneca Ridge (Middlebrook Square)	\$1,832,869	\$11,311	\$1,100,000	\$471,558	\$250,000
Washington Square	\$5,000	\$5,000			
Scattered Sites	\$994,964	\$564,964	\$250,000		\$180,000
TOTAL	\$3,641,637	\$1,066,775	\$1,350,000	\$471,558	\$753,304

Capital Development Budget

The capital development budget contains the estimated expenses for constructing and/or acquiring additional housing stock. In accordance with the budget policy, the Commission authorizes only preliminary expenses for each property until a formal plan is approved. Therefore, the budgets included here for properties still in the planning phase are not final. The majority of funding for these properties comes from property specific housing revenue bonds. Debt service is shown in the operating budgets for each property in the form of mortgage payments. The Agency secures subsidies from Federal, State and County governments, which, combined with discretionary OHRF funds, are used to cover operating deficits resulting from below-market rents. All new developments will have mixed income populations. The percentage of subsidized units and the level of incomes that can be served depends on available subsidies.

MetroPointe Apartments Construction

MetroPointe Apartments (formerly Wheaton Metro) is a 173-unit apartment community that will be built at the site of the WMATA subway station in Wheaton. The apartments will be in a three-story and four-story building that incorporates the Metro Kiss & Ride facility as well as structured parking and community space. Construction began in June of 2006 with a scheduled completion in May of 2008. The project will provide 53 affordable apartments, including 18 units subsidized with project-based vouchers and 35 units available for families at or below 50% of area median income. There will be an additional 120 apartments at market-rates.

Funding for a Resident Counselor will be provided via Montgomery County through a contract to provide coordinators for services to residents at preservation properties.

Capital Development Budget
Funding Sources

FY 2008

Adopted Budget

	Revenue Sources					
	Total Revenue	Bond Financing	Tax Credit Equity	Deferred Development Fees	Housing Initiative Fund	State Loans
MetroPointe	\$54,997,450	\$36,350,000	\$8,623,758	\$4,643,692	\$3,850,000	\$1,530,000

Pooks Hill High-Rise Apartments Renovation

Pooks Hill High-Rise is the oldest high rise building in Montgomery County. Located just inside the Washington beltway at Wisconsin Avenue, the project's 189 units are in need of renovation. The goal of the plan is to update the development's systems and finishes while

keeping the rents at affordable levels. The goal of the plans call for upgrades to the electrical and plumbing systems, new HVAC systems and windows, and refurbished kitchens and bathrooms. Preliminary work began in late 2006 and the rehabilitation is expected to be completed in 2008.

Capital Development Budget
Funding Sources

FY 2008

Adopted Budget

	Revenue Sources		
	Total Expenses	Bond Financing	HOC Project Cash
Pooks Hill High-Rise	\$21,694,927	\$17,607,704	\$4,087,223

Forest Oak

The property consists of a single ten-story building with 175 units. All of these units are occupied by income-qualified elderly and disabled persons. One hundred percent of the units are supported by project-based Section 8 subsidies. Of the total units, 165 are one-bedroom apartments and the remaining ten are two-bedroom apartments. Additionally, one hundred percent (100%) of the units are

occupied by households with limited incomes (at or below 60% Area Median Income). HOC purchased the property in March of 2007 and began moderate rehabilitation immediately. Plans call for upgrades to unit interiors.

Funding for a Resident Counselor is being provided via Montgomery County through a contract to provide coordinators for services to residents at preservation properties.

Capital Development Budget

FY 2008

Funding Sources

Adopted Budget

	Revenue Sources				
	Total Expenses	Bond Financing	Tax Credit Equity	Deferred Development Fees	Housing Initiative Fund
Forest Oak	\$27,379,488	\$18,100,000	\$6,887,103	\$892,385	\$1,500,000

Dale Drive

On May 8, 2006, HOC purchased 527 Dale Drive, a vacant, partially-gutted 10-unit apartment building one-half mile north-east of downtown Silver Spring. In collaboration with the Montgomery County Departments of Housing and Community Affairs and Health and Human Services, and the Montgomery County Coalition for the Homeless, HOC plans to fully renovate the property. Upon

completion in early 2008, the apartment building will provide permanent, supportive housing for single, disabled adults who are leaving homelessness.

Once completed, the property is projected to stabilize within the first year of operations adding approximately \$140 to \$150 thousand dollars to both the operating income and expenses of the Agency's Budget.

Capital Development Budget

FY 2008

Funding Sources

Adopted Budget

	Revenue Sources					
	Total Expenses	DHCA Home Funds	Housing Initiative Fund	Maryland Partnership Rental Housing Program	Maryland Affordable Housing Trust	Home Builders Care Foundation
527 Dale Drive	\$2,805,516	\$1,100,000	\$855,516	\$600,000	\$50,000	\$200,000

Opportunity Housing Reserve Fund (OHRF)

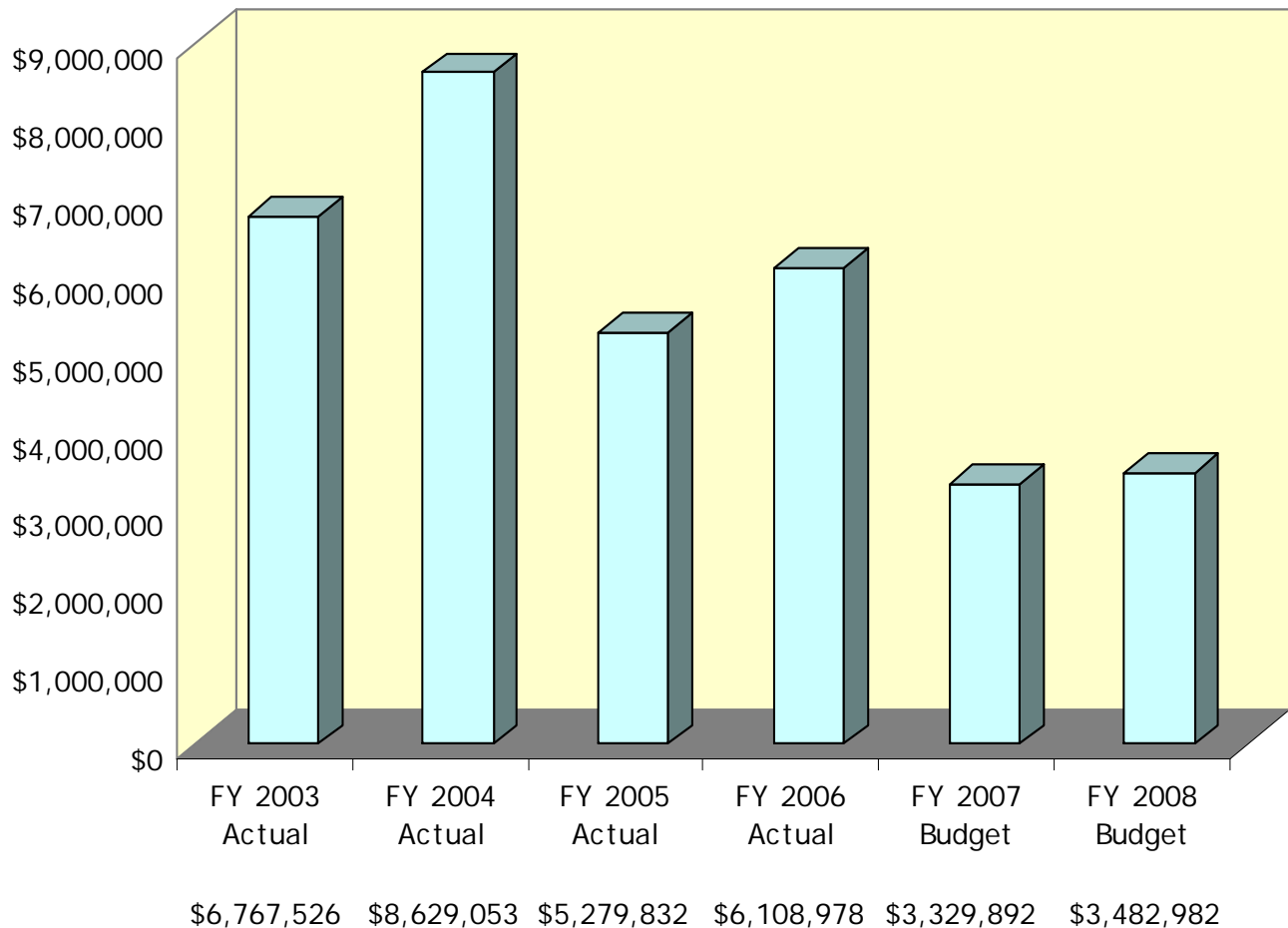
HOC established the OHRF in 1980 initially to address the use of revenues generated from the sale of bonds under the Single Family Mortgage Purchase Program. Today, the OHRF is a repository of proceeds from various HOC activities, whose primary purpose is the production of affordable housing.

The Commission makes final decisions about how funds from the OHRF are spent. By policy, the Commission has chosen to use the OHRF primarily for future affordable housing production.

The OHRF is usually used in conjunction with State and/or local County subsidies to write down the capital costs or to provide a reserve fund for projected operating deficits in the early years. These funds are transferred by the Commission to the property reserve of a particular Opportunity Housing property if needed.

The FY 2008 Adopted Budget projects a net increase in the OHRF of \$153,080.

OHRF Year-end Balances



Opportunity Housing Reserve Fund (OHRF)

Source of Capital	Total
Cash Balance as of 6/30/06	\$6,108,978
Source of Funds (FY 2007)	
Budgeted Development Fees (60% of Total)	\$180,000
Budgeted Commitment Fees (60% of Total)	\$414,600
Single Family Bond Indenture Contribution	\$500,000
MetroPointe - repayment of pre-development costs	\$1,470,000
Interest Income	\$153,954
SUBTOTAL	\$2,718,554
Source of Funds (FY 2008)	
Budgeted Development Fees (60% of Total)	\$811,500
Budgeted Commitment Fees (60% of Total)	\$405,600
SUBTOTAL	\$1,217,100
TOTAL	\$10,044,632
Current Obligations	
Purchase of PH Units	(\$286,176)
MetroPointe Bond Contingency	(\$1,500,000)
Pooks Hill High-Rise Loan	(\$250,000)
Interim Financing for Pooks Hill High-Rise	(\$853,664)
Forest Oak Towers	(\$1,000,000)
Interim Financing for Spring Garden	(\$553,340)
Personnel Expenses (Real Estate Division)	(\$1,054,460)
SUBTOTAL	(\$5,497,640)
Use of Funds (FY 2008)	
Personnel Expenses (Real Estate Division)	(\$1,039,010)
Montgomery Consultants	(\$25,000)
SUBTOTAL	(\$1,064,010)
TOTAL	(\$6,561,650)
Projected Cash Balance as of 6/30/08	\$3,482,982

Personnel Assumptions

Personnel Summary

FY 2008 Cost of Living Adjustment

The General Salary Schedule which is used to determine pay for all Career and Term positions has been adjusted by a 3% Cost of Living Allowance effective July 1, 2007.

Maintenance On-Call

The Weekday On-call Rate is \$25.00 per day (Monday through Friday). The On-Call Rate for Saturdays, Sundays, and holidays is \$35.00 per day.

Multilingual Pay

The Multilingual Pay differential applies to employees in the following job classifications:

- Front Desk Receptionist
- HRS Specialist
- Resident Accounting Specialist
- Occupancy Specialist
- Resident Counselor
- Housing Inspector
- Trades Maintenance Worker
- Scattered Site Manager
- Rental Assistance Specialist

The Multilingual Pay provision provides two skill

certification categories: Basic and Advanced. Eligible employees certified with Basic Multilingual Skills will receive a pay differential of \$1.00 per hour. Eligible employees certified with Advanced Multilingual skills will receive a pay differential of \$1.05 per hour.

Lead Worker

The Lead Worker pay differential is \$3.00 per hour.

Service Labor Trades Differential Program

Annual pay differentials for eligible employees who have received a CFC certification and have demonstrated the ability to independently install HVAC systems are as follows:

- CFC Certification Level I - \$2,000
- CFC Certification Level II / Universal - \$3,000

Annual pay differential for eligible employees with demonstrated special skills at an advanced level in the trades of carpentry and plumbing are as follows:

- Advanced Carpentry - \$1,500
- Advanced Plumbing - \$1,500

Employee Reimbursements

Mileage Reimbursement

HOC provides mileage reimbursement to employees for the use of personal vehicles in conducting Agency business. Reimbursement rates vary depending on the total number of miles reimbursed during a Fiscal Year as provided in the following table:

Miles	Reimbursement Rate
1–1,000	48.5 cents per mile*
1,001–7,500	65 cents per mile
7,501 and above	75 cents per mile

* The Internal Revenue Service (IRS) sets the standard reimbursement rates for mileage. The current IRS rate for mileage is 48.5 cents per mile. Should IRS increase the reimbursement rate during the fiscal year, HOC will also increase the base mileage rate.

Automobile Insurance Reimbursement

Employees who use their personal vehicles for HOC business and claim work mileage on their personal automobile insurance are eligible for reimbursement for this coverage up to \$550.00.

Automobile Scheduled Maintenance

Employees who use their personal vehicle for HOC business in excess of 7,500 miles during the fiscal year may be reimbursed up to \$1,000 annually for regularly scheduled maintenance.

Meal Allowance

The Meal Allowance rate for FY 2008 is \$15.00. This allowance is available to those employees who must attend evening meetings in connection with Commission business.

Tuition Assistance

The Employee Tuition Assistance Program is designed to assist employees with educational expenses toward an undergraduate or graduate degree such as AA, BS, BA, MS, etc. Program guidelines and eligibility requirements are available in the Human Resources Office. The maximum allowance for Tuition Assistance for an employee is \$1,300 for FY 2008.

Fitness Reimbursement

The annual Fitness Reimbursement for employees toward the cost of membership in a health club, exercise or weight management program is \$100.00.

Pay Grade Schedule—Represented Employees

Annual Salary

Hourly Wages

Pay Grade	Minimum	Maximum	Longevity *	Pay Grade	Minimum	Maximum	Longevity *
Grade 8	\$25,489	\$39,899	\$40,697	Grade 8 Hourly	\$12.25	\$19.18	\$19.57
Grade 9	\$26,496	\$41,725	\$42,560	Grade 9 Hourly	\$12.74	\$20.06	\$20.46
Grade 10	\$27,560	\$43,695	\$44,569	Grade 10 Hourly	\$13.25	\$21.01	\$21.43
Grade 11	\$28,673	\$45,751	\$46,666	Grade 11 Hourly	\$13.79	\$22.00	\$22.44
Grade 12	\$29,835	\$47,913	\$48,871	Grade 12 Hourly	\$14.34	\$23.04	\$23.50
Grade 13	\$31,065	\$50,184	\$51,188	Grade 13 Hourly	\$14.94	\$24.13	\$24.61
Grade 14	\$32,356	\$52,574	\$53,625	Grade 14 Hourly	\$15.56	\$25.28	\$25.78
Grade 15	\$33,707	\$55,073	\$56,174	Grade 15 Hourly	\$16.21	\$26.48	\$27.01
Grade 16	\$35,147	\$57,705	\$58,859	Grade 16 Hourly	\$16.90	\$27.74	\$28.30
Grade 17	\$36,741	\$60,467	\$61,676	Grade 17 Hourly	\$17.66	\$29.07	\$29.65
Grade 18	\$38,425	\$63,368	\$64,635	Grade 18 Hourly	\$18.47	\$30.47	\$31.07
Grade 19	\$40,238	\$66,409	\$67,737	Grade 19 Hourly	\$19.35	\$31.93	\$32.57
Grade 20	\$42,130	\$69,606	\$70,998	Grade 20 Hourly	\$20.25	\$33.46	\$34.13
Grade 21	\$44,127	\$72,961	\$74,420	Grade 21 Hourly	\$21.21	\$35.08	\$35.78
Grade 22	\$46,216	\$76,486	\$78,016	Grade 22 Hourly	\$22.22	\$36.77	\$37.51
Grade 23	\$48,415	\$80,192	\$81,796	Grade 23 Hourly	\$23.28	\$38.55	\$39.33
Grade 24	\$50,720	\$84,071	\$85,752	Grade 24 Hourly	\$24.38	\$40.42	\$41.23
Grade 25	\$53,139	\$88,152	\$89,915	Grade 25 Hourly	\$25.55	\$42.38	\$43.23

* 20 Years Completed Service and at Maximum of Pay Grade

Pay Grade Schedule—Unrepresented Employees

Annual Salary

Hourly Wages

Pay Grade	Minimum	Maximum	Longevity *	Pay Grade	Minimum	Maximum	Longevity *
Grade 8	\$25,489	\$39,899	\$40,697	Grade 8 Hourly	\$12.25	\$19.18	\$19.57
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Grade 22	\$46,216	\$76,486	\$78,016	Grade 22 Hourly	\$22.22	\$36.77	\$37.51
Grade 23	\$48,415	\$80,192	\$81,796	Grade 23 Hourly	\$23.28	\$38.55	\$39.33
Grade 24	\$50,720	\$84,071	\$85,752	Grade 24 Hourly	\$24.38	\$40.42	\$41.23
Grade 25	\$53,139	\$88,152	\$89,915	Grade 25 Hourly	\$25.55	\$42.38	\$43.23
Grade 26	\$55,685	\$92,438	\$94,287	Grade 26 Hourly	\$26.77	\$44.44	\$45.33
Grade 27	\$58,333	\$96,938	\$98,877	Grade 27 Hourly	\$28.04	\$46.60	\$47.54
Grade 28	\$60,594	\$101,662	\$103,695	Grade 28 Hourly	\$29.13	\$48.88	\$49.85
Grade 29	\$63,703	\$106,620	\$108,752	Grade 29 Hourly	\$30.63	\$51.26	\$52.28
Grade 30	\$66,594	\$111,834	\$114,071	Grade 30 Hourly	\$32.02	\$53.77	\$54.84
Grade 31	\$69,629	\$117,303	\$119,649	Grade 31 Hourly	\$33.48	\$56.40	\$57.52
Grade 32	\$72,812	\$120,893	\$123,311	Grade 32 Hourly	\$35.01	\$58.12	\$59.28
Grade 33	\$76,155	\$124,485	\$126,975	Grade 33 Hourly	\$36.61	\$59.85	\$61.05
Grade 34	\$79,668	\$128,079	\$130,641	Grade 34 Hourly	\$38.30	\$61.58	\$62.81
Grade 35	\$83,359	\$131,670	\$134,303	Grade 35 Hourly	\$40.08	\$63.30	\$64.57
Grade 36	\$87,234	\$135,265	\$137,970	Grade 36 Hourly	\$41.94	\$65.03	\$66.33
Grade 37	\$91,296	\$138,852	\$141,629	Grade 37 Hourly	\$43.89	\$66.76	\$68.09

* 20 Years Completed Service and at Maximum of Pay Grade

Pay Grade Schedule—Executive Leadership Service

Pay Grade	Minimum	Midpoint	Maximum
EX-01	\$110,000	\$135,000	\$160,000
EX-02	\$125,000	\$150,000	\$175,000

Personnel Summary

The Fiscal Year 2008 budget includes an increase of 2.25 work years.

Status Change from Current Compliment – **Net Decrease of 2.75 work years**

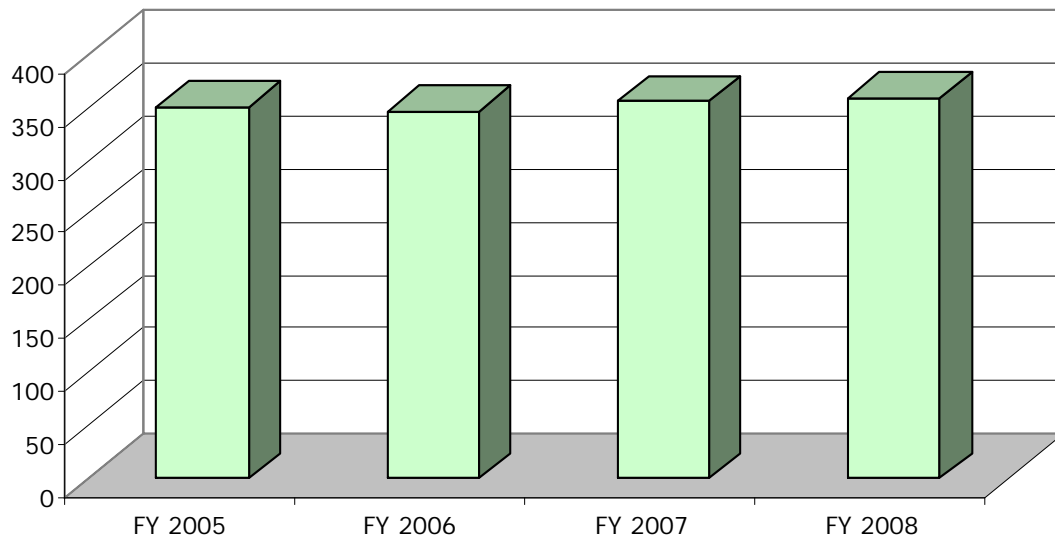
- Decrease 1 work year in Executive Division
- Decrease 2 work years in Real Estate Division
- Increase .25 work years in Housing Management Division

- 1.0 Assistant Director in Housing Management Division
- 1.0 Program Specialist in Resident Services Division
- 1.0 Grant Writer in Resident Services Division
- 1.0 Intake Worker in Resident Services Division

New Positions for FY 2008 – **Increase of 5 work years**

- 1.0 Underwriter Analyst in Mortgage Finance Division

Divisions	Actual	Actual	Amended	Adopted	%
Full Time Equivalent (FTE)	FY 2005	FY 2006	FY 2007	FY 2008	Change
Executive	38.70	38.60	41.00	40.00	-2.44%
Finance	44.10	43.00	42.00	42.00	0.00%
Housing Management	126.35	124.35	125.35	126.60	1.00%
Mortgage Finance	13.50	13.50	13.50	14.50	7.41%
Real Estate	10.00	10.00	12.00	10.00	-16.67%
Rental Assistance	41.00	40.00	42.00	42.00	0.00%
Resident Services	76.90	77.40	80.50	83.50	3.73%
Total	350.55	346.85	356.35	358.60	0.63%



Executive Division

Position Title	Status	Grade	Total
Executive Director	Full Time	A	1
Chief of Staff	Full Time	EX-02	1
Director of Housing Resources	Full Time	EX-01	1
Director of Information & Technology	Full Time	EX-01	1
Director of Public Affairs	Full Time	EX-01	1
Director of Human Resources	Full Time	31	1
Internal Auditor	Full Time	28	1
Labor Relations Manager	Full Time	27	1
Facilities Manager	Full Time	26	1
Network Manager	Full Time	26	1
Applications Development Supervisor	Full Time	25	1
Assistant Public Affairs Officer	Full Time Term	25	1
Special Assistant to the Commission	Full Time	22	1
Human Resources Specialist II	Full Time	22	2
Programmer/Analyst	Full Time	22	2
Telecommunications Specialist	Full Time	22	1
Buyer II	Full Time	21	1
Network Technician	Full Time	21	1
Technical Instructor	Full Time	21	1
Webmaster	Full Time	21	1
Public Information Specialist	Full Time	21	1
Administrative Assistant to the Executive Director	Full Time	20	1
Facilities Maintenance Specialist	Full Time	20	1
Senior Technician	Full Time	20	1
Administrative Assistant	Full Time	19	1
Human Resources Specialist I	Full Time	19	1
Payroll Specialist	Full Time	19	1
PC Technician	Full Time	18	1
Help Desk Analyst	Full Time	16	1
Payroll Assistant	Full Time	15	1
Program Assistant II	Full Time Term	15	1
Administrative Aide III	Full Time	13	1
Records Management Clerk II	Full Time	13	1
Mail & Supply Technician	Full Time	12	2
Receptionist	Full Time	11	2
Facilities Assistant	Full Time	10	1
Total (Percentage of Total Work Years)			40 11.16%

Finance Division

Position Title	Status	Grade	Total
Chief Financial Officer	Full Time	EX-02	1
Controller	Full Time	31	1
Budget Officer	Full Time	29	1
Accounting Manager	Full Time	28	2
Procurement Officer	Full Time	27	1
Accounting Supervisor	Full Time	25	4
Financial Analyst	Full Time	24	1
Accountant II	Full Time	21	11
Cash/Investment Manager	Full Time	21	1
Disbursement Supervisor	Full Time	21	1
Resident Accounting Coordinator	Full Time	21	1
Administrative Assistant	Full Time	19	1
Accountant I	Full Time	19	3
Buyer II	Full Time	19	1
Resident Accounting Specialist II	Full Time	19	1
Buyer I	Full Time	17	1
Disbursement Specialist	Full Time	17	1
Resident Accounting Specialist I	Full Time	17	1
Resident Accounting Clerk I	Full Time	15	2
Accounting Clerk I	Full Time	14	4
Office Assistant III	Full Time	14	1
Office Assistant II	Full Time	12	1
Total (Percentage of Total Work Years)			42 11.71%

Mortgage Finance Division

Position Title	Status	Grade	Total
Director of Mortgage Finance	Full Time	EX-02	1
Assistant Director of Mortgage Finance	Full Time	29	1
Portfolio Manager	Full Time	28	1
Single Family Loan Management Supervisor	Full Time	27	1
Homeownership Coordinator	Full Time	24	1
Program Specialist III	Full Time	22	2
Mortgage Servicing Specialist II	Full Time	21	1
Program Specialist II	Full Time	21	1
Administrative Assistant	Full Time	19	1
Program Specialist I	Full Time	18	2
Homeownership Specialist	Part Time	19H	0.5
Office Manager I	Full Time	16	1
Financial Analyst	Full Time	24	1
Total (Percentage of Total Work Years)			14.5 4.04%

Housing Management Division

Position Title	Status	Grade	Total
Director of Housing Management	Full Time	EX-02	1
Assistant Director of Housing Management	Full Time	29	1
Manager of Modernization	Full Time	28	1
Portfolio Manager	Full Time	28	1
Senior Property Manager	Full Time	28	1
Asset Manager	Full Time	27	2
Housing Programs Compliance Officer	Full Time	27	1
Leasing & Occupancy Manager	Full Time	27	1
Property Manager	Full Time	27	3
Planner III	Full Time	26	1
Budget & Operations Manager	Full Time	25	1
Project Manager	Full Time	25	2
Assistant Property Manager	Full Time	24	1
Leasing and Compliance Specialist	Full Time	23	1
Maintenance Specialist	Full Time	23	1
Scattered Sites Operations Manager	Full Time	23	1
Lead Occupancy Specialist	Full Time	22	2
Security Coordinator	Full Time Term	22	1
Site Manager III	Full Time	22	12
Maintenance Crew Leader	Full Time	21	3
Program Specialist II	Full Time	21	1
Admin. Asst.	Full Time	19	1
Senior Office Manager	Full Time	21	1
Manager Scattered Site	Full Time	20	5
Leasing/Occupancy Specialist	Full Time	19	1
Occupancy Specialist II	Full Time	19	2
Property Inspector	Full Time	19	1
Lead Trades Maintenance Worker	Full Time	19	4
Program Specialist I	Full Time	18	1
Assistant Site Manager	Full Time	17	4
Occupancy Specialist I	Full Time	17	4
Quality Assurance Specialist	Full Time	17	1
Trades Maintenance Worker II	Full Time	17	32
Inventory & Control Specialist	Full Time	16	1
Program Assistant III	Full Time	16	4
Trades Maintenance Worker I	Full Time	15	6
Program Assistant I	Full Time	14	2
Office Assistant III	Part Time	14H	0.6
Administrative Aide III	Full Time	13	2
Building Services Worker	Full Time	13	1
Inventory & Control Assistant	Full Time	12	1
Facilities Assistant	Full Time	9	1
Custodian	Full Time	8	12
Total (Percentage of Total Work Years)			126.6 35.31%

Real Estate Division

Position Title	Status	Grade	Total
Director of Real Estate	Full Time	EX-02	1
Assistant Director for New Development	Full Time	35	1
Construction Manager	Full Time	30	1
Housing Acquisition Manager	Full Time	28	2
Housing Acquisition Manager	Full Time Term	28	1
Construction Superintendent	Full Time Term	26	1
Senior Financial Analyst	Full Time	26	1
Administrative Assistant	Full Time	19	1
Program Specialist	Full Time	19	1
Total (Percentage of Total Work Years)			10 2.79%

Rental Assistance Division

Position Title	Status	Grade	Total
Director of Rental Assistance	Full Time	EX-01	1
Assistant Director of Rental Assistance	Full Time	29	1
Financial Analyst I	Full Time	22	1
Program Coordinator	Full Time	22	2
Lead Inspector	Full Time	21	1
Management Analyst I	Full Time	21	1
Administrative Assistant	Full Time	19	1
Program Specialist	Full Time	18	1
Rental Assistance Specialist II	Full Time	19	13
Rental Assistance Specialist I	Full Time	18	5
Rent Market Analyst	Full Time	18	1
Housing Inspector	Full Time	17	7
Program Assistant I	Full Time	14	6
Records Management Clerk II	Full Time	13	1
Total (Percentage of Total Work Years)			42 11.71%

Resident Services Division

Position Title	Status	Grade	Total
Director of Resident Services	Full Time	EX-01	1
Assistant Director of Resident Services	Full Time	29	1
Resident Service Supervisor II	Full Time	27	1
Resident Service Supervisor I	Full Time	26	1
Program Coordinator	Full Time	25	3
Grant Writer	Full Time	24	1
Resident Services Housing Programs Coordinator	Full Time	24	1
Volunteer Coordinator	Part Time	24H	0.9
Family Resource Center Director	Full Time	22	4
Management Analyst II	Full Time	22	1
Program Coordinator	Full Time Term	22	1
Program Specialist IIA	Full Time	22	2
Program Specialist IIA	Full Time Term	22	1
Resident Employment Coordinator	Full Time	22	1
Resident Services Youth Coordinator	Full Time	22	1
Management Analyst I	Full Time Term	21	1
Program Specialist	Full Time Term	20	3
Resident Counselor III	Full Time	20	24
Resident Counselor III	Full Time Term	20	13
Resident Counselor III	Part Time	20H	3.1
Resident Counselor III	Part Time Term	20H	0.5
Administrative Assistant	Full Time	19	1
Emergency Assistance Specialist	Full Time Term	19	3
Emergency Assistance Specialist	Part Time Term	19H	0.5
Housing Specialist	Full Time Term	18	1
Resource Specialist	Full Time Term	17	1
Office Manager I	Full Time	16	1
Administrative Aide III	Full Time	13	3
Administrative Aide III	Part Time	13H	1
Community Aide	Full Time Term	11	5
Community Aide	Part Time Term	11H	0.5
Intake Specialist	Full Time Term	TBD	1
Total (Percentage of Total Work Years)			83.5 23.28%

GRAND TOTAL 358.60 100.00%



**Program
History**

Program History

Legislative History

Thirty years ago, County and State legislation created the Housing Opportunities Commission with the wide range of powers that HOC exercises today. HOC evolved from the Housing Authority of Montgomery County (HAMC), created in 1966 to receive Federal funds to develop and manage low-income public housing. Soon after its creation, HAMC recognized that the County's low- and moderate-cost housing needs required a broader approach. Based on a comprehensive study, HAMC recognized that it needed additional powers and authority to address the following issues:

- The elimination and replacement of structurally unsound dwellings,
- The provision of incentives to rehabilitate substandard dwellings,
- The construction of new dwellings for low-income families bearing an excessive rent burden,
- The provision of additional housing for newly formed families or retired persons who could not afford to remain in the County, and
- Programs to encourage low- and moderate-income families toward self-sufficiency through homeownership.

HAMC separated from the County Government in 1968, and in 1974 concurrent State and County legislation established a broader housing mission for the County and granted wider powers and flexibility to the newly formed HOC. Among its new powers, HOC was authorized to:

- Acquire, own, lease and operate housing,
- Construct or renovate housing,
- Borrow money, accept grants, and obtain other financial assistance from any public or private source for its housing activities,

and arrange for social services, including resident services and day care.

HOC was expanded from five to seven commissioners, appointed by the County Executive and approved by the County Council.

Language in the County Code paralleled that in the State law, authorizing the County to enter into contracts with HOC or other non-profit organizations to implement its opportunity housing powers.

The most significant change enacted in 1974 was the expansion of the definition of the population HOC could serve. HOC was now authorized to provide "Opportunity Housing" to "persons of eligible income" as determined by the County Executive through regulation. County law defines "Opportunity Housing" to mean those dwelling units for which the rental or selling price is established by Montgomery County in order that "persons of eligible income may be able, within their respective incomes, to live in decent, safe and sanitary accommodations, without overcrowding."

The 1974 amendments to state law also expanded HOC's bond authority. Previously, HOC was limited to issuing revenue bonds to finance construction of its own developments. With the changes enacted in 1974, HOC was also authorized to issue bonds to finance mortgage loans for persons of eligible income or to finance multifamily construction projects which provide a certain percentage of affordable units. Passed in 1977, State law permitted Montgomery County to guarantee the principal and interest on HOC bonds. The County amended its code in 1978 to detail the process that HOC must follow when HOC bonds are backed by the full faith and credit of the County and establish the limit on the amount of bonds issued that the County guarantees. In 1988, the County raised the

limit to \$50 million.

Other County Laws Affecting HOC

Moderately Priced Dwelling Units (MPDU): Passed in 1974, the MPDU law required developers constructing 50 units or more to set aside 15% as MPDUs. The threshold dropped to 35 units in 2002. The law also specifies that HOC may purchase up to one-third of the MPDUs. Non-profit organizations may purchase an additional 6.23%. HOC has used Federal public housing acquisition without rehabilitation (AWOR) funds, State Partnership Rental Program Funds, equity contributions from limited partners in tax credit partnerships, bond funds, and Housing Initiative Funds (HIF) to purchase MPDUs. The County's Department of Housing and Community Affairs administers the MPDU program. Among its responsibilities is establishing the price of the units and maintaining the waiting list of eligible purchasers.

Condominium conversion: Enacted in 1979, the law confers on HOC a right of first refusal to purchase rental facilities being converted to condominium units.

Tenant Displacement: Enacted in 1981, the law provides Montgomery County, HOC or certified tenants' organizations the right of first refusal to purchase rental units before they are sold and 'converted.' The term 'converted' in this context implies any change that has the effect of displacing tenants of 33% or more of the occupied units within a 12-month period.

Annual Growth Policy (AGP): The County Council enacted significant changes to the AGP in November, 2004. The 'special ceiling allocation for affordable housing' was eliminated, because the requirement it related to was also eliminated. Inadequate school facilities will now result in a moratorium on residential development except for senior housing. Payment of a fee of \$12,500 per student expected from a development is required if school capacity will be seriously strained by a development. One of the most significant new elements of the AGP is the imposition of separate transportation and school impact taxes. Affordable housing units are exempt from both impact taxes, and senior housing pays a rate of zero on the school impact tax. Development in State-designated Enterprise Zones, currently the Wheaton and Silver Spring Central Business Districts, is also exempt from both taxes.

Payment in Lieu of Taxes (PILOT): HOC receives indirect funding assistance from the County through its property tax treatment. There are specific PILOT agreements for each of the properties that HOC manages but does not own, like the tax credit partnerships. HOC has a separate PILOT agreement for all public housing properties, opportunity housing properties, and development corporations. This represents an additional non-cash subsidy from the County for opportunity housing properties.

HOC Through the Years

As a full-service housing agency, HOC continues to respond creatively to changes that affect the production and preservation of affordable housing in Montgomery County. In the past two decades, as federal subsidies were slashed and economic conditions varied, HOC consistently sought and found other means to produce affordable housing by garnering County, State, and Commission support for its programs and services. HOC's reputation as one of the most innovative public/affordable housing organizations in the nation began during this period. The passages below will highlight some of the Agency's

approaches to fulfilling its mission as a public housing agency, a housing developer, and a housing finance agency.

The 1970s

Through the 1970s, HOC development activity consisted primarily of federally funded public and assisted housing. During the first decade of expanded authority, HOC produced 760 units of affordable housing, including family and elderly public housing and other types of affordable housing. In addition to creating public housing, HOC also obtained and administered Section 8 rental subsidy

certificates for Montgomery County (referred to as “Housing Choice Vouchers” today.)

The 1980s

During the 1980s, the federal government substantially reduced funding for public-housing development. HOC’s development activity expanded to include issuing tax-exempt mortgage revenue bonds to refinance privately owned developments. Each of these privately owned developments included a set-aside of units that usually exceeded the “public purpose” definitions established by the federal government as a condition for tax-exempt financing. All of these privately owned and managed developments have a resident mix of at least 20 percent low-income and moderate-income households. The federal tax reform act of 1986 severely limited the amount of private activity bonds HOC could issue.

The 1990s

From the late 1980s and throughout the early 1990s HOC’s development activity shifted to construction of mixed-income housing developments which HOC owned. Financed through a combination of essential public-purpose bonds, HOC funds, and State and County subsidies, these properties set aside between 20 and 50 percent of their units to be rented to low-income households. Moderate economic growth, low inflation and low unemployment marked the middle and late 1990s. These conditions had some surprising implications for HOC’s affordable housing agenda in Montgomery County.

When the economy is doing well, low interest rates and sufficient private capital produce an abundance of private developers. In Montgomery County private developers were building new housing at sites located in outlying areas, isolated from employment centers and requiring expensive infrastructure investment from State and County government.

In response, the State of Maryland implemented a Smart Growth Strategy with dual purposes to revitalize older suburban neighborhoods. The Smart Growth initiative targets development efforts in areas where the infrastructure already exists in order to balance development, community livability, and environmental protection. It also has the goal of revitalizing older suburban

neighborhoods. During the late 1990s, HOC’s development activities focused on “targeted” areas near or inside the Capital Beltway such as Silver Spring, Wheaton and Gaithersburg. In concert with the Montgomery County government, HOC focused on preserving and rehabilitating existing apartment buildings located in Smart Growth areas that were near public transportation with access to major employment centers. HOC also began preserving affordable rental housing properties with expiring federal housing subsidies.

The federal public housing reform law passed in 1998, Quality Housing and Work Responsibility Act of 1998 (QHWRA), sought to reduce the concentration of poverty in public housing and reform the regulation of housing agencies. HOC was required to make significant changes in its policies and procedures.

The Current Outlook

The arrival of the 21st century brought no relief from the major challenges in the affordable housing arena.

In the 1990s a strong national and local economy escalated housing costs and priced thousands of low-to-middle-income earners out of the housing market. Section 8 landlords started to opt out of subsidized affordable housing programs when they had the chance. In a market where the vacancy rate hovered near 2 percent, landlords had no trouble finding market-rate renters to replace their affordable housing residents. Landlords opting out of the federal program became a major factor in the affordable housing squeeze.

Following the slowdown in the economy in 2001 and a subsequent recession, layoffs increased. Low-wage earners, who were typically paying more than 50 percent of their incomes in rent, now found themselves facing lower wages or no wages at all. Employees in the service industries were particularly hard hit.

Yearly appropriations for the HCV program in particular have been under greater scrutiny. The HCV program has suffered through significant funding cuts and HOC can no longer depend on public money alone to meet the needs of the community. Facing this fact has put the Agency on a new highway—one which acknowledges new realities. The new assumptions under which HOC operates include the following:

In order to succeed in alleviating the affordable housing shortage, HOC will have to expand its partnerships with non-profits, community development organizations and other entities interested in developing affordable housing. New partners will help HOC expand its development efforts and will help meet the service needs of its residents.

Current Housing Environment in Montgomery County

Montgomery County is the largest County in Maryland with an estimated population of 953,000 or 350,000 households (2006 figures) consisting of 56% Caucasian and 44% cultural minorities. It is located on 495 square miles of land next to Washington, DC, and is one of several Maryland and Virginia counties surrounding the District which make up the Washington DC metropolitan area for statistical reporting. It is home to almost twenty percent of the Washington, DC area's households, second only to Fairfax County, Virginia. According to the 2003 Census comparison of the twenty largest metropolitan areas, the Washington metropolitan area is the 8th largest area and has the highest median income of areas compared.

Other demographic items of note are:

- Montgomery County's proportion of households in Maryland is expected to grow from 16.4% in 2005 to 16.6% in 2025.
- Approximately 42% of Maryland's foreign born population resides in Montgomery County.
- Between 2005 and 2025, Montgomery County will absorb 17% of the state's household growth.
- 42% of the County's households live in multi-family properties.
- 82% of the housing allowed by Montgomery County plans is already built.
- The median sales price for a single family home in Montgomery County reached a new high of \$507,340 in 2005 and dropped to \$439,000 in 2006.
- Time on the market before a house is sold averages 50 days.
- 40% of Montgomery County residents work outside the County; 77% of employed residents commute by car.
- Multi-family units remain the largest share of home construction.

- Apartment rents are continuing their upward trend from an average of \$1,167 in 2005 to an average of \$1,212 in 2006.
- Average apartment rents in 2006:
 - Efficiency \$ 987
 - 1-Bedroom \$1,073
 - 2-Bedroom \$1,269
 - 3-Bedroom \$1,608
- 25.7% households are renter occupied.
- The average household size was 2.66 in 2005.
- 5.4% of the total population lives below the Federal Poverty Income guidelines of \$16,895 for a household of four.
- 40.7% of renters pay more than 30% of their income on housing costs.
- 14.1% of homeowners pay more than 30% of their income on housing costs.
- The median age in the County is 36.9.
- 11.2% of the population is 65 or older.
- The Washington area median income for 2007 was \$94,500 for a household of four.
- The 2005 preliminary median income for Montgomery was \$87,811 for a household of four.
- The County's estimated labor force for 2006 is 521,800 with an unemployment rate of 2.9%.

2005 Employment - By Place of Work *

Industry	Annual Avg. Employment	%
Federal, State & Local Gov.	77,946	17.0
Private Sector	380,104	82.9
Natural Res. & Mining	709	0.2
Construction	29,444	6.4
Manufacturing	14,714	3.2
Trade, Transp. & Utilities	64,990	14.2
Information Technology	15,105	3.3
Financial Activities	36,127	7.9
Prof. and Business Services	101,111	22.0
Educ. and Health Services	56,698	12.4
Leisure and Hospitality	39,505	8.6
Other Services	21,701	4.7
Unclassified	618	0.1
Total	458,668	100.0

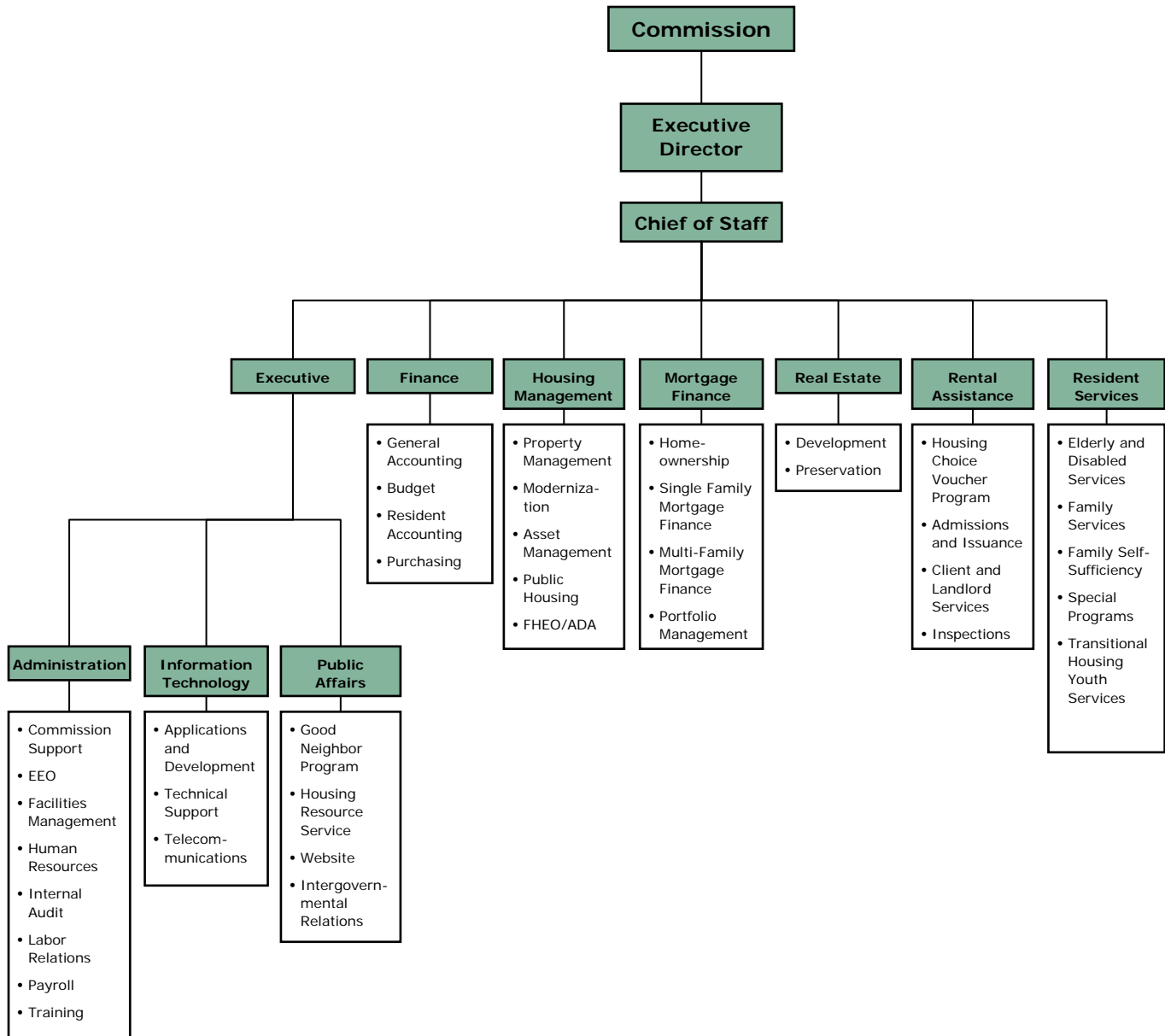
* Maryland Department of Labor, Licensing and Regulation

Description of Current Programs

HOC administers a wide variety of housing programs, including:

- The Public Housing Rental program which provides housing for low- and moderate-income families, as well as elderly and disabled individuals, who pay 30 percent of their adjusted gross income for rent.
- The Public Housing Homeownership program is a rental housing program wherein families pay 30 percent of their adjusted gross income each month to HOC. A portion of this monthly payment is placed in two reserve accounts. Once the family's income is high enough to secure a mortgage, these reserve accounts can be used for the down-payment and/or closing costs. (Title to the home along with all rights and responsibilities of homeownership is given to the resident.)
- The Housing Choice Voucher Program (formerly Section 8) sponsored by the U.S. Department of Housing and Urban Development (HUD) assists eligible persons to secure rental housing in the private marketplace. This program allows eligible families to pay no more than 30% of their monthly income for rent.
- The Opportunity Housing program encompasses a variety of local rental housing programs owned by HOC for families of eligible income and for market rate households.
- The HUD 236 program provides housing for eligible tenants. HOC manages these developments for their non-profit owners.
- Tax Credit Partnerships provide rental housing for low- and moderate-income households. HOC manages these partnerships and is a 1% general partner.
- The Development Corporations are non-profit owners of HOC-financed properties that are insured under the FHA shared risk program.
- Single Family Mortgage Revenue Bonds provide below-market interest rate mortgage loans for the purchase of single family homes for moderate-income families.
- Multi-family Housing Revenue Bonds provide below-market rental units within multifamily developments for low-to moderate-income families.
- The Good Neighbor Program provides proactive response to homeowner association concerns about HOC residents and timely information about HOC's development activities, programs and services through meetings, publications and mailing.
- The Housing Resource Service provides customer service for citizens seeking affordable housing, specialized housing for seniors and those with disabilities, and round-the-clock housing information through the HOC website.
- These programs are supported by an array of resident services funded by Federal, State and County agencies.

Housing Opportunities Commission Functional Organization Chart



Organizational Structure and Staff

The powers of the Commission are vested in seven volunteer Commissioners appointed by the County Executive and confirmed by the County Council. The current Commissioners are: Michael J. Kator, Chair; Roberto R. Piñero, Vice Chair; Norman Dreyfuss, Chair Pro Tem; Norman Cohen, Pamela T. Lindstrom, and Sally Roman. There is currently one vacant

position on the Commission.

Commissioners appoint an Executive Director to operate the agency. HOC is organized into five operational units and the Executive and Finance Division. (See the Division Summaries from pages 2-3 through 2-40.)

HOC's Annual Management Process

HOC's annual management process includes four functions: Strategic Planning, Budget Preparation, Operations, and Evaluation.

Strategic Planning

An opportunity for the Commission to focus on long term HOC direction, a strategic plan is prepared biennially with annual updates on significant issues. Commissioners consider how current economic and public policy issues might affect the Commission's work, including potential impacts on HOC's residents. Using this information the Commission evaluates what, if any, changes to current plans and policies need to be made. The Commission endorses the strategic plan (or update) in November in order to guide staff in budget preparation.

Budget Preparation

The budget preparation process begins in September of each year. It involves the production of a capital plan, the recommended budget, and the adopted budget which expresses the priorities of the Strategic Plan. The capital plan includes both a long term plan for producing more affordable housing and a ten-year plan for maintaining our current housing stock. The Commission considers the capital plan before the operating budget because some decisions, such as certain capital improvements, have impacts on the operating budget. The capital plan delineates long term funding needs and sources for each project. Potential funding issues for specific capital projects are discussed during the process. In April the Executive Director

presents a recommended budget to the Commission. The budget includes specific program objectives used to evaluate each division's performance over the next year. The Commission discusses the recommended budget in April and May and adopts an annual budget in June for the fiscal year beginning July 1. The adopted budget becomes the financial and operational plan for the coming year.

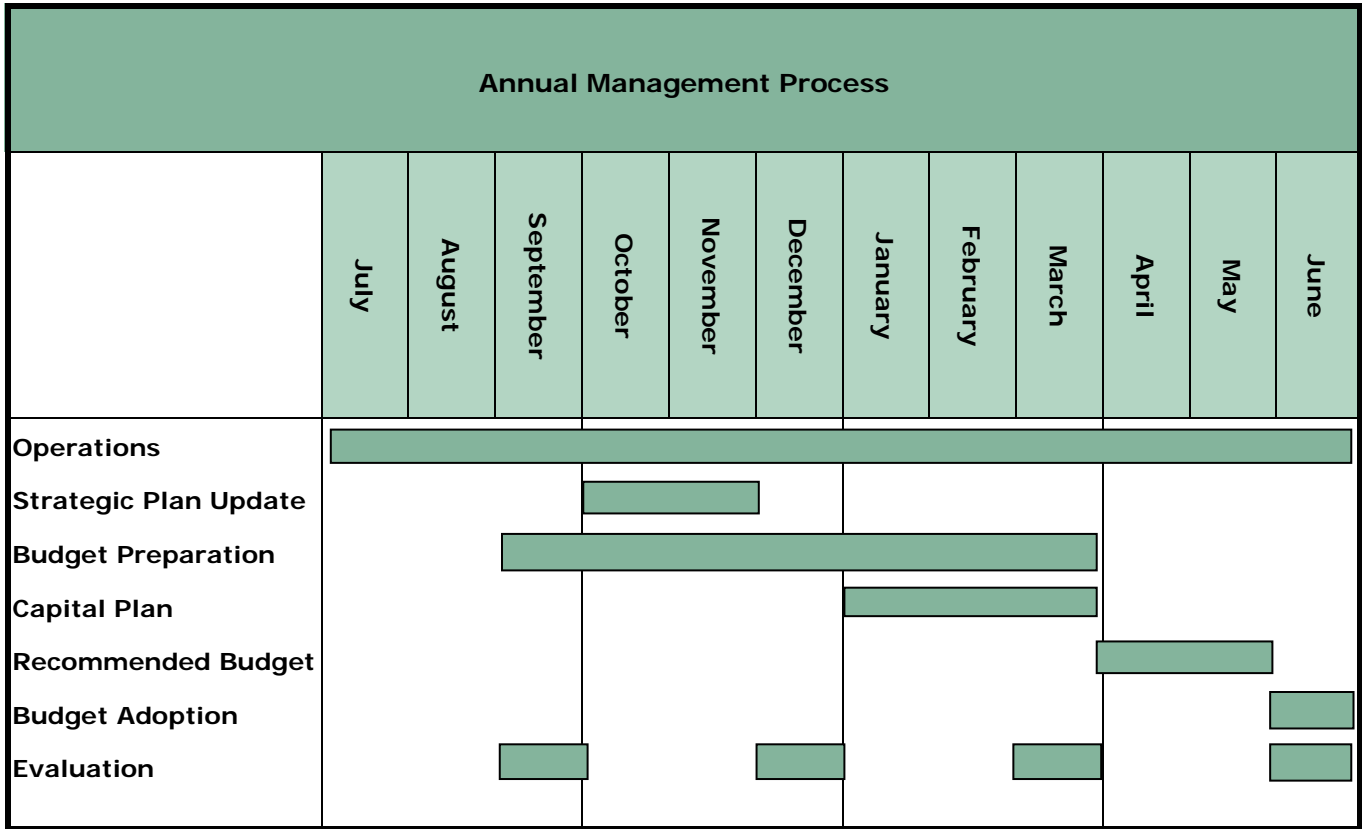
Operations

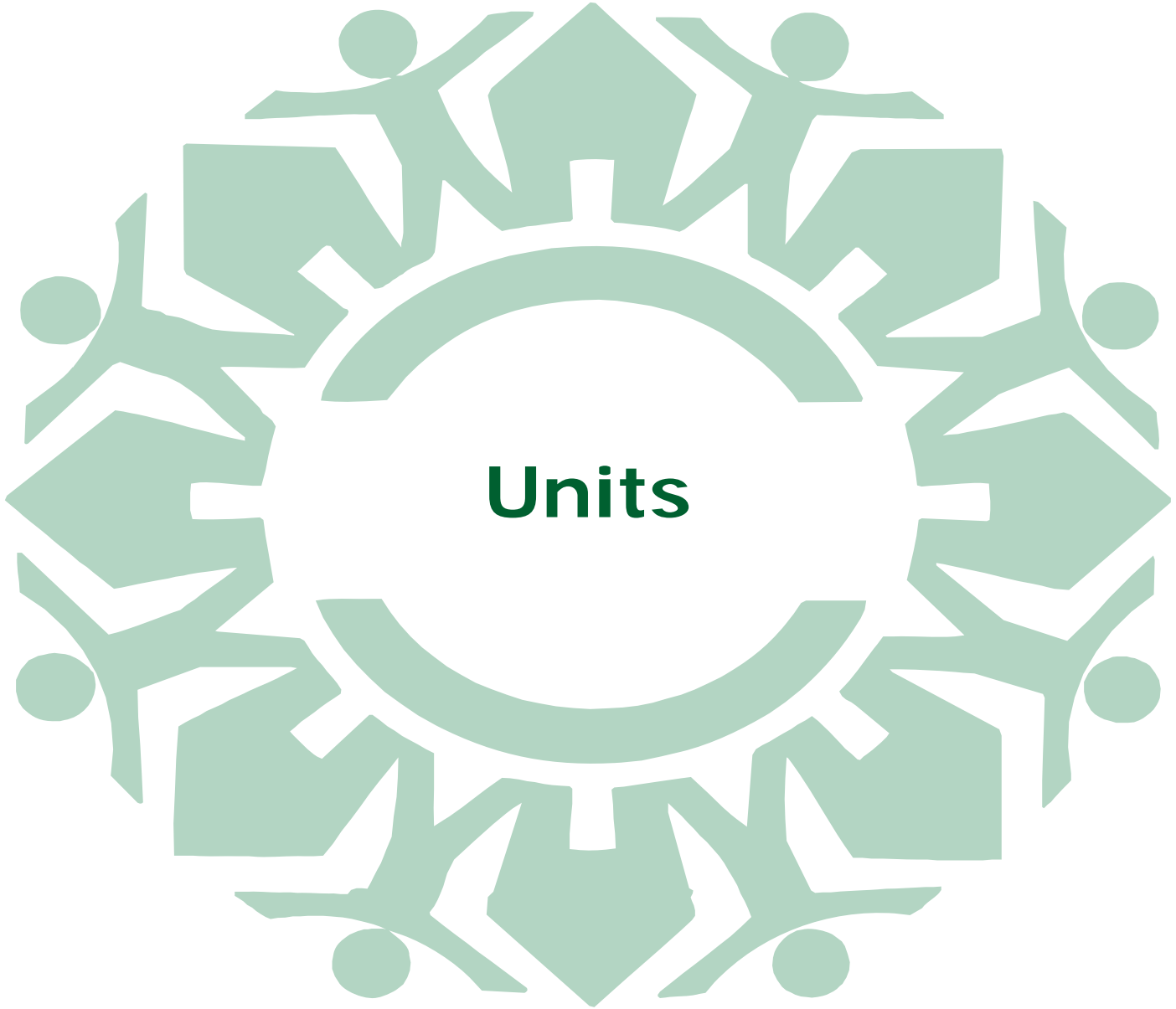
The fiscal year begins on July 1. Supervisors have primary responsibility for implementing the financial and operational plan. At the beginning of each fiscal year, staff are given job assignments based on the operational plan in the adopted budget document. Progress reports are reviewed in each division.

Evaluation

Reports on achieving program objectives are reviewed by the Executive Director and senior staff quarterly. A summary is provided to the Commission along with a quarterly financial report. During quarterly evaluations, senior staff make adjustments to objectives and performance measures and request budget amendments, if needed. As changes are approved, individual assignments are adjusted. At the end of each fiscal year, each staff person's performance evaluation is used in determining individual and team performance awards.

Annual Management Process Chart





Units

Units Summary

Adopted Budget
June 13, 2007

Summary

Housing Type	Actual As of 6/30/2006	Estimate As of 6/30/2007	Budget As of 6/30/2008
Public Housing Rental			
HOC Managed	1,539	1,539	1,544
Public Housing HomeOwnership			
HOC Managed	11	11	11
Opportunity Housing & Development Corps.			
HOC Managed	979	990	984
Privately Managed	1,863	1,863	1,939
Units Owned by HOC	4,392	4,403	4,478
Managed Properties			
HOC Managed	843	843	843
Contract Managed	1,306	1,306	1,405
Subtotal	2,149	2,149	2,248
Units Administered			
Rental Assistance Programs	5,436	5,819	5,786
Transitional Housing Programs	151	165	165
Special Programs	405	402	429
Subtotal	5,992	6,386	6,380
Units Managed or Administered	8,141	8,535	8,628
TOTAL - ALL UNITS	12,533	12,938	13,106
Total Units Managed by HOC	3,372	3,383	3,382
Total Units Contract Managed	3,169	3,169	3,344
Total Units Administered by HOC	5,992	6,386	6,480

Part A: Units Owned by HOC

		Actual	Estimate	Budget
Property		As of	As of	As of
No.	Property Name	6/30/2006	6/30/2007	6/30/2008
PUBLIC HOUSING RENTAL				
Elderly Communities				
511-402	Elizabeth House	160	160	160
511-413	Holly Hall	96	96	96
511-415	Arcola	141	141	141
511-417	Waverly	158	158	158
Subtotal - Elderly		555	555	555
Family Communities				
511-404	Emory Grove	54	54	54
511-405	Washington Square	50	50	50
511-414	Seneca Ridge (Middlebrook Square)	67	67	71
511-430	Towne Centre Place	49	49	49
511-432	Sandy Spring	55	55	55
Subtotal - Family		275	275	279
Scattered Units				
511-001	Scattered Site Central	0	0	134
511-002	Scattered Site East	0	0	108
511-003	Scattered Site Gaithersburg	0	0	137
511-004	Scattered Site North	0	0	139
511-005	Scattered Site West	0	0	149
511-422	Ken Gar	19	19	19
511-426	Parkway Woods	24	24	24
511-424	Scattered MPDUs	666	666	0
Subtotal - Scattered		709	709	710
Subtotal-Public Housing Rental		1,539	1,539	1,544
PUBLIC HOUSING HOMEOWNERSHIP				
Family Communities				
524-411	Tobytown	11	11	11
Subtotal - Family		11	11	11
Subtotal-Homeownership		11	11	11
Total Public Housing Units (all HOC Managed)		1,550	1,550	1,555

Part A: Units Owned by HOC continued

Property No.	Property Name	Actual As of 6/30/2006	Estimate As of 6/30/2007	Budget As of 6/30/2008
OPPORTUNITY HOUSING & DEVELOPMENT CORPORATIONS				
Family Communities - HOC Managed				
412-457	Tanglewood	81	81	81
465-480	Magruder's Discovery	134	134	134
469-471	Chelsea Towers	21	21	21
913-455	Sligo Hills (Dev. Corp.)	50	50	50
915-458	Pomander Court (Dev. Corp.)	24	24	24
919-200	Paddington Square (Dev. Corp.)	166	166	166
Subtotal - Family HOC Managed		476	476	476
Scattered Units - HOC Managed				
452-469	McHome	40	40	40
454-451	Holiday Park	20	20	20
455-714	MHLP I	32	32	31
461-464	Paint Branch	14	14	14
462-466	McKendree	28	28	23
463-467	MPDU I	64	64	64
470-450	State Rental Combined	96	136	196
476-493	State Rental VI	40	0	0
477-496	State Rental VII	60	60	0
913-484	MPDU III (Dev. Corp.)	23	23	23
915-468	MPDU II (Dev. Corp.)	59	59	59
487-001	MPDU 2004	27	38	38
Subtotal - Scattered HOC Managed		503	514	508
Subtotal-HOC Managed		979	990	984
Family Communities - Contract Managed				
414-460	Fairfax Court	18	18	18
417-477	Pooks Hill Highrise	189	189	189
418-476	Pooks Hill Midrise	50	50	50
427-490	Greenhills	78	78	78
433-487	Strathmore Court @ White Flint	151	151	151
435-489	Westwood	212	212	212
441-485	Brookside Glen (The Glen)	90	90	90
442-473	Diamond Square	124	124	124
912-479	Alexander House (Dev. Corp.)	311	311	311
914-488	The Metropolitan (Dev. Corp.)	216	216	216
915-472	Timberlawn (Dev. Corp.)	107	107	107
917-478	Montgomery Arms (Dev. Corp.)	129	129	129
920-300	Chevy Chase Lake (Dev. Corp.)	68	68	68
920-400	Barclay (Dev. Corp.)	0	0	76
Subtotal - Family Contract Managed		1,743	1,743	1,819
Elderly Communities - Contract Managed				
911-475	The Oaks (Dev. Corp.)	120	120	120
Subtotal - Elderly Contract Managed		120	120	120
Subtotal-Contract Managed		1,863	1,863	1,939
Total Opportunity Housing and Development Corporations		2,842	2,853	2,923

Part B: Units Managed and Administered by HOC

Property No.	Property Name	Actual As of 6/30/2006	Estimate As of 6/30/2007	Budget As of 6/30/2008
MANAGED PROPERTIES				
236 Elderly Communities - HOC Managed				
871-701	Bauer Park	142	142	142
872-703	Town Center Apts.	112	112	112
Subtotal - Elderly HOC Managed		254	254	254
Other Family Communities - HOC Managed				
833-741	Manchester Manor Apts. LP	53	53	53
874-705	Camp Hill Square (236 property)	51	51	51
881-730	Jesup Blair (County owned)	10	10	10
Subtotal - Family HOC Managed		114	114	114
Scattered Units - HOC Managed				
812-715	MHLP II	54	54	54
813-716	MHLP III	44	44	44
814-717	MHLP IV	60	60	60
815-718	MHLP V	27	27	27
816-719	MHLP VI-A	15	15	15
817-720	MHLP VII	35	35	35
818-721	MHLP VIII	49	49	49
819-711	MHLP IX (Pond Ridge)	40	40	40
819-712	MHLP IX (MPDU units)	76	76	76
820-713	MHLP X	75	75	75
Subtotal - Scattered HOC Managed		475	475	475
Subtotal-HOC Managed		843	843	843
236 Elderly Communities - Contract Managed				
872-703	Leafy House	181	181	181
Subtotal - Elderly Contract Managed		181	181	181
Family Communities - Contract Managed				
831-787	Strathmore Court LP	51	51	51
832-788	The Metropolitan of Bethesda LP	92	92	92
834-742	Shady Grove Apartments LP	144	144	144
835-743	The Willows of Gaithersburg Associates LP	195	195	195
837-744	MV Affordable Housing Associates LP	94	94	94
838-714	Georgian Court Silver Spring LP	147	147	147
839-746	Barclay One Associates LP	157	157	81
840-747	Spring Garden One Associates LP	83	83	83
841-748	Ambassador One Associates LP	162	162	162
841-748	Forest Oak Towers LP	0	0	175
Subtotal - Family Contract Managed		1,125	1,125	1,224
Subtotal Contract Managed Properties		1,306	1,306	1,405
Total Managed Properties		2,149	2,149	2,248

Part B: Units Managed and Administered by HOC continued

Property Name	Actual As of 6/30/2006	Estimate As of 6/30/2007	Budget As of 6/30/2008
UNITS ADMINISTERED			
Rental Assistance Programs			
Vouchers	5,253	5,580	5,600
Portables	45	100	150
Mod. Rehab.	29	29	29
New Construction	104	104	0
Homeownership Vouchers	5	6	7
Subtotal-Rental Assistance	5,436	5,819	5,786
Transitional Housing Programs			
McKinney III	10	10	10
McKinney VI	40	40	40
McKinney VIII	20	20	20
Turnkey	11	11	11
McKinney IX	20	20	20
McKinney X	25	25	25
McKinney XI	25	25	25
McKinney XII	0	14	14
Subtotal-Transitional Housing	151	165	165
Specialized Programs			
State RAP	30	25	25
Shelter Plus Care	45	47	47
Shelter Plus Care - New Neighbors	17	17	17
SHRAP	0	0	28
Housing Counselor Programs	70	70	70
Rent Supplement Programs	190	190	189
Master Lease Properties	53	53	53
Subtotal -Specialized Programs	405	402	429
Total Administered Properties	5,992	6,386	6,380


Part C: HOC Financing

PRIVATELY OWNED UNITS FINANCED BY THE HOC PROPERTY NAME	Actual As of 6/30/2006	Projected As of 6/30/2007	Budget As of 6/30/2008
1 Amherst Square	125	125	125
2 Archstone Gaithersburg (Oakwood)	784	784	784
3 Aston Woods	261	261	261
4 Avalon Knoll	300	300	300
5 Burnt Mills (AGP)	136	136	136
6 Burnt Mills Phase II	40	40	40
7 Byron House	32	32	32
8 Canterbury	544	544	544
9 Charter House	212	212	212
10 Clopper Mill Manor	102	102	102
11 Croydon Manor	96	96	96
12 Drings Reach	104	104	104
13 Falkland Chase	450	450	450
14 Fox Run (AGP)	218	218	218
15 Oakfield Apartments	371	371	371
16 Gramax	180	180	180
17 Lenox Park	406	406	406
18 Montgomery Paint Branch II	118	118	118
19 Montgomery Paint Branch III	168	168	168
20 Oak Mill II	192	192	192
21 Olney Manor	105	105	105
22 Randolph Manor	83	83	83
23 Ring House	248	248	248
24 Rockville Housing Enterprises	56	56	56
25 Silver Spring House	80	80	80
26 The Bennington	223	223	223
27 Somerset Apartments	99	99	99
28 Streamside East (FW)	237	0	0
29 Streamside West (GV)	182	0	0
30 The Grand	550	550	550
31 The Place	228	0	0
32 University Manor	136	136	136
33 Windsor Court	458	458	458
34 Blair Park	52	52	52
35 Covenant Village	0	89	89
PRIVATE SUBTOTAL	7,576	7,018	7,018

Part D: HOC Financing

NUMBER OF SINGLE FAMILY LOANS	Actual As of 6/30/2006	Projected As of 6/30/2007	Budget As of 6/30/2008
HALF LOANS			
Number of New Loans			
First Trusts	4	4	3
Closing Cost	5	5	4
	Actual As of 6/30/2006	Projected As of 6/30/2007	Budget As of 6/30/2008
CLOSING COST LOANS			
Number of New Loans	11	20	40
Number of Loans Outstanding	116	90	120
	Actual As of 6/30/2006	Projected As of 6/30/2007	Budget As of 6/30/2008
MORTGAGE PURCHASE PROGRAM			
Number of New Loans	149	200	200
Number of Loans Outstanding	1,094	1,200	1,350

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**General
Financial
Information**

General Financial Information

Financial Policies

Budget Policy

The Housing Opportunities Commission of Montgomery County (HOC) budget policy is established to maintain effective management of the Agency's financial resources. A comprehensive annual budget is prepared for all funds expended by HOC.

The purpose of the budget is to allocate resources to ensure adequate funding for the Housing Opportunities Commission's policies, goals, programs and properties.

The Housing Opportunities Commission of Montgomery County (HOC) must adopt annual operating and capital budgets prior to the beginning of each fiscal year (July 1st). The budget reflects the priorities of the Commission as identified in the Strategic Plan and provides for the ongoing work of the Agency.

Internal Control

It is the policy of the Commission to maintain an internal control structure in order to ensure that HOC's assets are protected from loss, theft, or misuse, including the portion related to federal financial assistance programs. HOC must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). HOC's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits that could be derived; and (2) the valuation of costs and benefits requires management's estimates and judgments.

Investment Policy

All funds not needed for immediate expenditure are invested in interest bearing

accounts or securities consistent with governing laws and regulations.

All investments are made to achieve the following objects: safety of principal, liquidity and yield.

Investment of HOC funds are limited to:

1. Obligations for which the United States has pledged its full faith and credit for payment of principal and interest.
2. Obligations that a federal agency issues in accordance with an act of Congress.
3. Investments or deposits of any type that are insured by the federal government as to principal and interest.
4. Repurchase agreements with banking institutions that maintain the highest short term deposit rating from Standard & Poor's (A-1) and/or Moody's (P-1) or a long term deposit rating no lower than AA from either Moody's or Standard & Poor's.
 - a. Repurchase agreements must be collateralized by one of the following:
 - U.S. government obligations backed by the full faith and credit of the U.S. Government, or
 - Federal agency obligations backed by the full faith and credit of the U.S. Government.
 - b. Value of the underlying repurchase collateral must be equal to or greater than 102% of the principal and interest amount of the investment.
 - c. Prior to negotiating repurchase trades with any financial institution, a repurchase agreement contract mutually acceptable to both HOC and the financial institutions must be executed.
 - d. Collateral must be held by a third party custodian.

Financial Policies cont.

5. Certificates of Deposit of financial institutions are subject to the following conditions:
 - a. The deposit must be interest bearing.
 - b. The Certificates of Deposit must be fully insured by the federal government (FDIC) for both principal and interest, or
 - c. The financial institution provides collateral as outlined in 4a. above, which has a market value that equals or exceeds 102% of the amount by which the certificate exceeds the deposit insurance. A third party custodian must hold the collateral.
6. Shares in investment companies rated by either Moody's or Standard & Poor's in its highest rating category, 95% of the assets of which must consist of obligations described in items 1 and 2.
7. Other investments which are in accordance with Maryland law and which receive the express written approval of the Executive Director. The Budget, Finance and Audit Committee will be made aware of all such investments at their next regular meeting.

HOC will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of HOC's total investment portfolio will be invested in a single security type or with a single financial institution.

All security transactions, including collateral for repurchase agreements, entered into by HOC shall be conducted on a "delivery-versus-payment (DVP)" basis.

The Executive Director reports quarterly to the Commission's Budget, Finance and Audit Committee on the status of Agency funds, the investment portfolio and the results of the quarter compared against the budget. The Executive Director shall report to the Commission any instance(s) in which the principal of any HOC investment has been lost in whole or part.

Petty Cash Policy

Petty Cash Funds (technically: Imprest Petty Cash) have been established for several Departments and sites throughout HOC. These Funds were created so that truly minor

purchases (generally less than \$50 for any one item) could be completed without going through the standard purchasing process. Note: Petty Cash Funds were established for efficiency of payment reasons, not to circumvent HOC purchasing policies.

All HOC employees may request a Petty Cash advance to purchase approved goods or services. The standard form entitled "Received of Petty Cash" must be signed by a Supervisor/Department Head that has Purchase Requisition signing authority for the unit. Forms without a proper authorized signature will not be accepted and no cash will be advanced.

Petty Cash advances are to be used only for goods or services that are not specifically treated in other sections of this manual. In general, minor dollar amount purchases, for which there is a legitimate, immediate need, may be purchased via the Petty Cash process.

The basic operating principle of an imprest Petty Cash Fund is that, at any time, the total cash on hand, plus receipts for items purchased, equals the original amount of the Fund. Periodically, the receipts are submitted to Accounts Payable and a check is produced, cashed, and the Fund is replenished.

The term "Cash" in this situation means actual currency and coin as distinct from a checking account in a bank. The term "Petty" means "of a secondary importance or rank, especially in relation to others of the same class or kind". Thus, Petty Cash is secondary to HOC's main cash bank accounts, but it is not unimportant with respect to security, record keeping and control.

Each Petty Cash Fund is assigned to a Petty Cash Officer, an HOC employee specifically designated, in writing, by their Division and approved by the HOC Controller. The Petty Cash Officer maintains physical control of the cash and all related documents and is responsible for submitting a Petty Cash Reconciliation form to Accounts Payable on a periodic basis.

The Petty Cash Fund, which includes cash and all related documents, must be kept in a secure Cash box under lock and key at all times.

No single item purchased through the Petty Cash Fund may cost more than \$50, unless an

Financial Policies cont.

exception is approved, in advance, by the Chief Financial Officer or the Controller.

Under no circumstances is the Petty Cash Fund to be used for "loans" to employees or clients.

Responsibility for the Petty Cash Fund may be rescinded by the Controller for any reason at any time. HOC Management has the right to conduct an audit of the Petty Cash Fund at any time and without notice.

Procurement Policy

Purchases of all types, as feasible, are based on competitive bidding from an adequate number of qualified bidders.

All procurements must comply with the provisions of the Affirmative Action Plan.

Goods or services acquired under inter-governmental supply agreements are exempt from this policy.

Procurements over \$50,000 require solicitation of the full bidders list and posting an internet announcement.

Procurements over \$100,000 require Formal advertising, solicitation of the full bidders list and posting an internet announcement.

Procurements under \$50,000 are bid competitively in accordance with established procedures which allow fewer restrictions on smaller purchases.

Procurements of goods and services over \$200,000 are approved by the Commission; those below this amount are approved by the Executive Director or the Executive Director's designee.

Procurements of professional services over \$50,000 are approved by the Commission, those below this amount are approved by the Executive Director or the Executive Director's designee.

Procurements for HUD-funded activities shall follow the HUD procurement requirements.

Rental Income Collection Policy

The Resident Accounting Office accepts personal checks, money orders, certified checks, and county government checks as payment for rent. No cash is accepted or handled by staff. Rent payments are collected via mail, direct payment at the window, through the secured after-hours drop-box in

front of the HOC building, or through the secured drop-box at East Deer Park (EDP). The EDP drop-box is only accessible during business hours. The EDP payments are collected daily at 3:30pm by bonded courier and delivered immediately to Resident Accounting.

Rent is due on the first day of every month, and is considered late after 5pm on the tenth day of the month. (Residents paying at EDP must submit payment before 3:30pm on the tenth to allow time for the courier to deliver the payments to Resident Accounting). If a resident pays the rent late, the payment must be in the form of a guaranteed payment. No personal checks are accepted after 5pm on the tenth of the month. There is a late fee of 5% of the total rental amount (not just amount outstanding) if the delinquent balance exceeds 10% of the total rental amount. After the tenth of the month, the account goes into legal status and Resident Accounting begins legal proceedings to collect the past due rent and late fees. A monthly Delinquency Report showing accounts that are in legal status is generated. The law now allows landlords to file for current rent due and for the next month's rent if the court date falls in the next month, because the court date and judgment will usually occur in the following month.

The Resident Manager may approve adjustments up to \$50; the Property Manager up to \$500; and the Division Director for anything above \$500.

Description of Major Revenue Sources

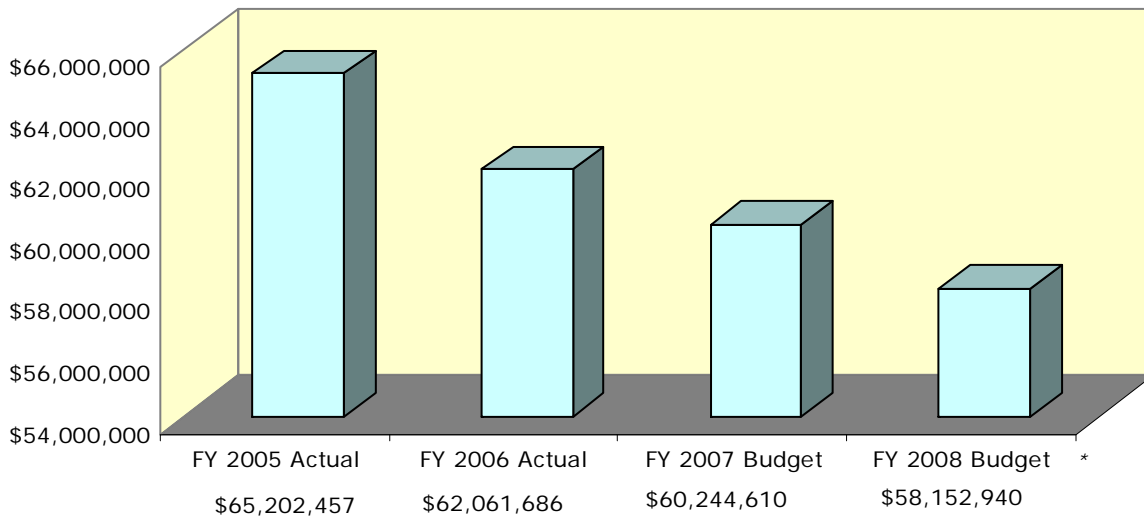
Federal Funds

Housing Assistance Payments (HAP) and Housing Choice Voucher (HCV) Program Administrative Fees

HAP is rent subsidy payments that HOC receives from the federal Department of Housing and Urban Development (HUD) and passes onto the private landlords on behalf of HCV program participants. To be eligible for this program, HCV recipients must have a

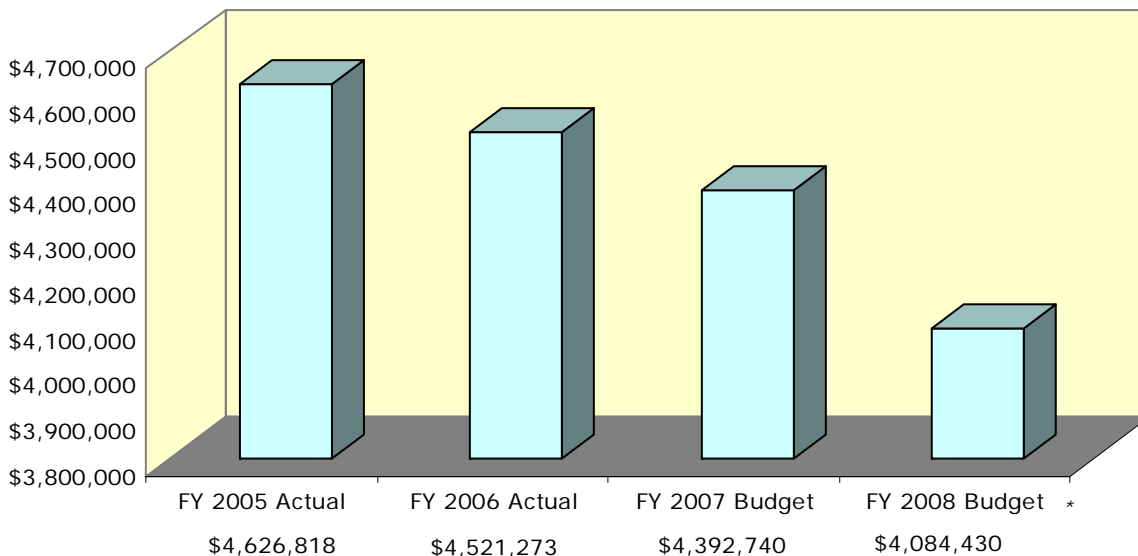
gross household income below 50% of the area median income. Rent subsidy certificates are held by program participants who choose rental units in the private market, provided that the rent is less than a maximum fair market rent (FMR) established by HUD. The program requires that HCV recipients contribute 30% of their household income toward rent, with the HCV program providing the balance up to the federally determined rent ceiling.

Housing Assist Payments (HAP)



**Represents 31.7% of Revenues.*

HCV Administrative Fees



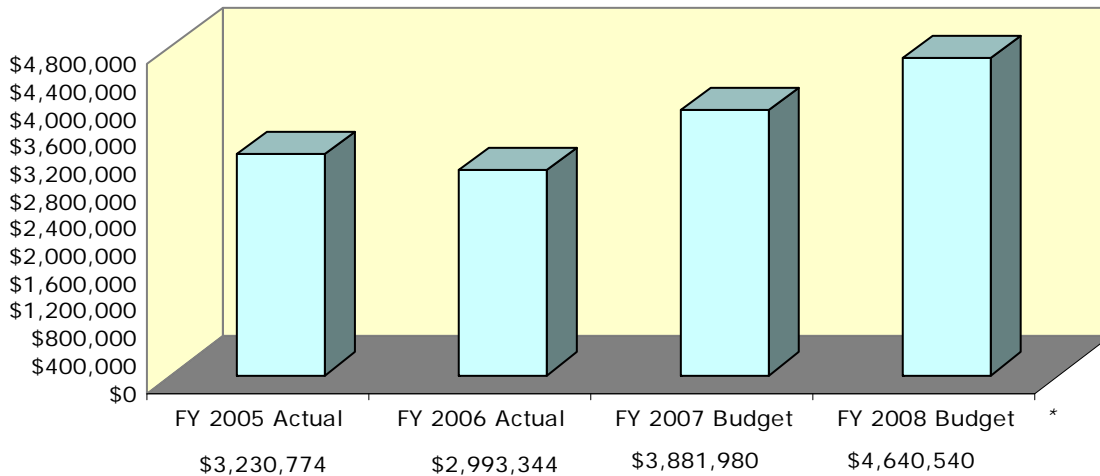
**Represents 2.2% of Revenues.*

Public Housing Operating Subsidy

HOC receives a grant annually from HUD for operating Public Housing units. HOC applies for this subsidy each year as part of its Public Housing budget submission to HUD. The subsidy is based

on a formula called the Performance Funding Systems (PFS) which assumes a three percent increase in the current rental income, even though future rents which are based on incomes may be affected by economic conditions.

Public Housing Operating Subsidy



**Represents 2.5% of Revenues.*

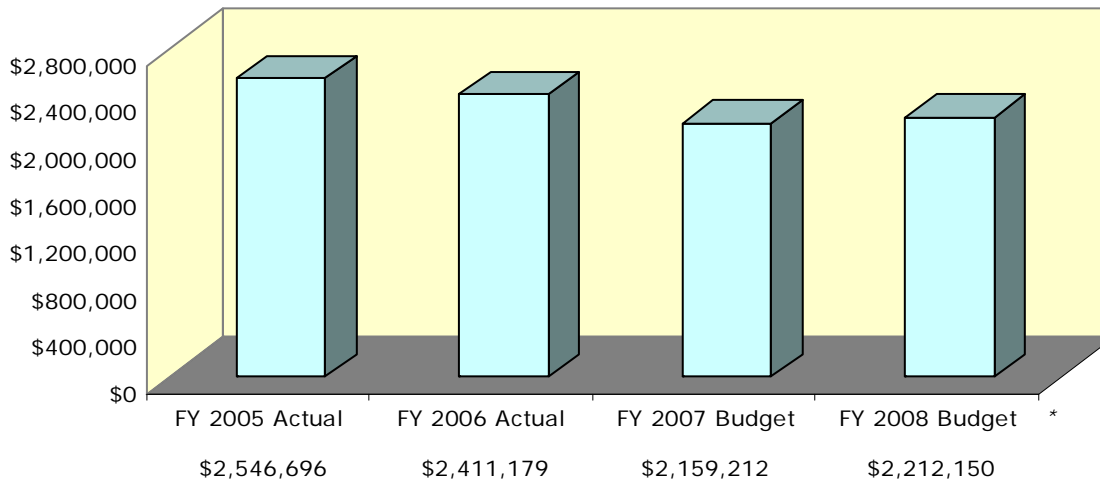
The FY 2008 budget is based on 83% funding rate from HUD.

Capital Fund Program (CFP)

HOC applies to HUD for CFP funds to modernize Public Housing units; these funds are allocated on a formula basis. In order to obtain these funds, HOC prepares a multi-year comprehensive plan identifying improvement needs. HUD funding levels have continued a declining trend over the past several years. The amount of future funds

available for capital improvements of Public Housing will impact the Agency's Public Housing operating budget as well as who can be served in these units in the future. The rent and operating subsidies in public housing do not provide any funds for replacement reserves for future capital improvements, so if capital funds are cut – then operating costs will increase.

Capital Fund Program



**Represents 1.2% of Revenues.*

The FY 2008 capital budget includes an estimated award of \$2.1 million from the Capital Fund Program.

McKinney Funds

HOC receives funds from HUD for homeless programs through the Stewart B. McKinney Act. Currently, the agency administers six multi-year grants to provide supportive housing and services to homeless households.

Other HUD Grants

HOC has received several smaller grants from HUD for services to residents in subsidized housing.

State Funds

State Rental Allowance Payment (RAP) Program

The State's RAP program is a rent subsidy program administered by the Maryland Department of Housing and Community Development. State RAP program provides a fixed rent subsidy payment to eligible families who have emergency housing needs. The state provides no management fees to HOC for administering the program. Eligible residents for RAP funds are homeless, low income families, or those in danger of becoming homeless. The income of assisted households cannot exceed 30% of the State's median income.

In order to be effective in high-cost areas such as Montgomery County, State RAP funds must be matched with local dollars. The county government has allocated federal HOME funds to be used as the county's match for this program.

The FY 2008 budget reflects a full year's operation for this program.

Congregate Housing Services Program

This is a state funded program to provide support services (i.e., meals and housekeeping) to assist elderly residents to live independently. This grant supplements the service fees paid by low income residents. The annual grant, along with fees paid by residents, pays all operating costs for the program.

County Funds

County Operating Grant

Most direct funding received by HOC from Montgomery County is in the form of an annual grant for which HOC applies each year. The bulk (70%) of this grant is used for services to residents in assisted housing. This county grant also supplements the rental license fee, real estate development program and housing information center.

The FY 2008 budget required HOC to continue funding personnel and operating expenses previously funded with county dollars.

Montgomery Housing Initiative Fund (HIF)

This fund was established by county law in 1988 to construct or acquire affordable housing units; buy and rehabilitate existing rental units that would otherwise be removed from the supply of affordable housing; and/or participate in mixed-use housing

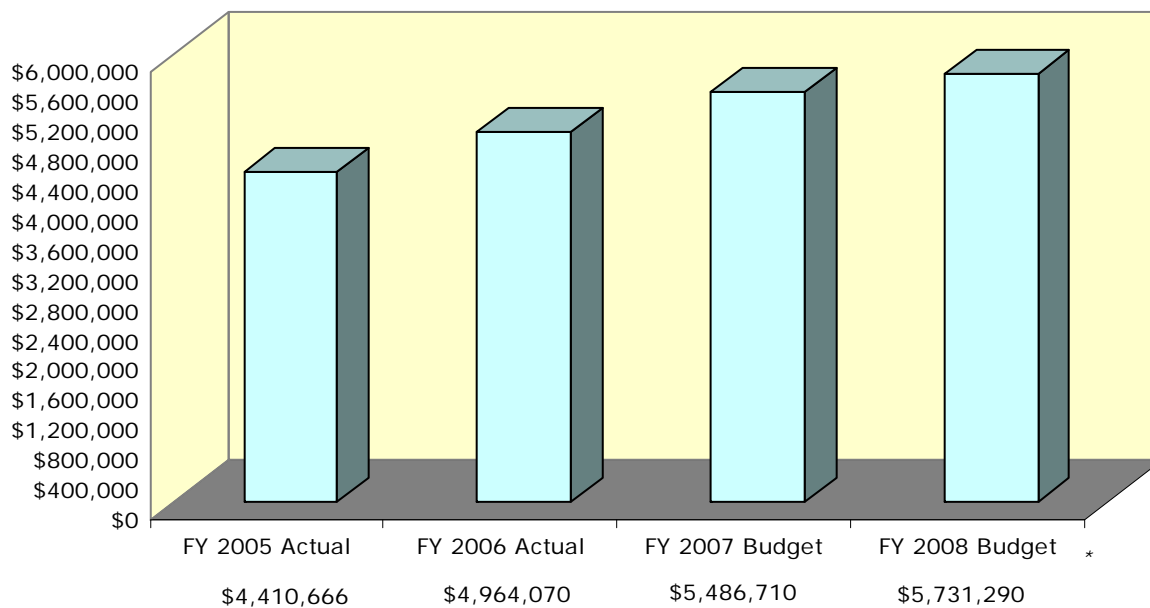
developments that will include affordable housing. HOC requests funds from the HIF on a specific basis.

County Revolving Funds

Montgomery County's Capital Improvement Program (CIP) includes two revolving funds that HOC is authorized to use as a source of short term financing. The Opportunity Housing Development Fund (OHDF) and the Moderately Priced Dwelling Unit (MPDU) and Property Acquisitions Funds. HOC has a loan limit of \$4.5 million from OHDF and a loan limit of \$12.5 million from the MPDU/Property Acquisition Fund. The use of either fund requires joint approval from the County Department of Finance and Department of Housing and Community Affairs (DHCA).

As of March 1, 2007, HOC has \$15.7 million in outstanding loans, which equals 92% of total authority.

County Operating Grant



**Represents 3.1% of Revenues.*

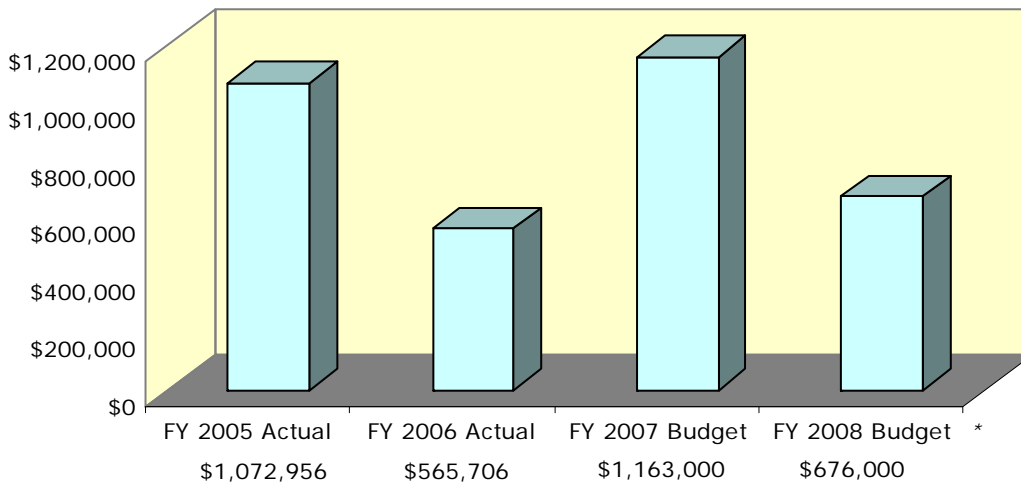
Mortgage Finance Activities

Multi-Family Commitment Fees

The HOC Multi-Family commitment fee structure varies between essential purpose bonds (used to finance HOC owned developments) and private activity bonds (used to finance private or non-profit developments). HOC charges private and

non-profit developers a two percent commitment fee, which is competitive with the fees charged by the state for their housing bonds. The commitment revenue collected on private activity bonds is used to support the Agency's operating budget. These private developers also pay an ongoing loan management fee.

Commitment Fees



**Represents 0.4% of Revenues.*

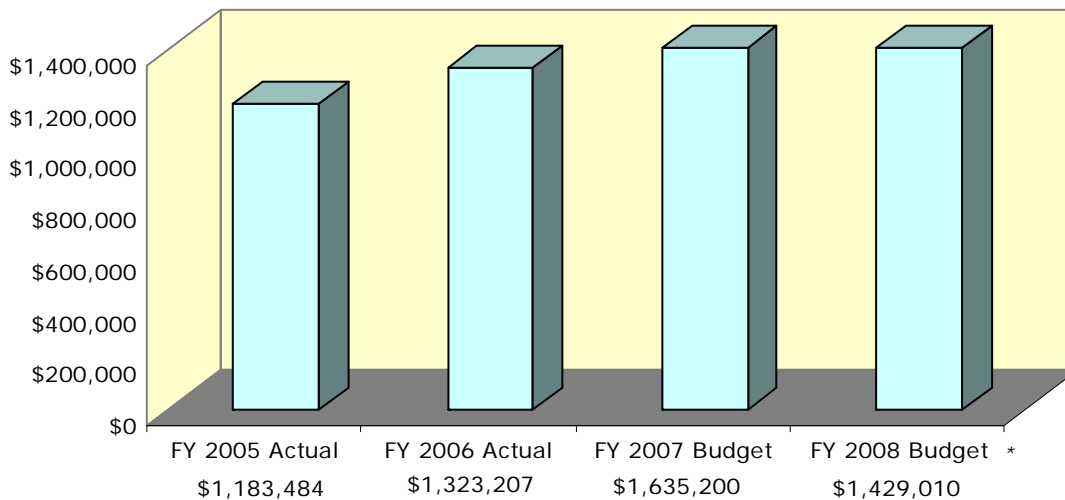
In FY 2008, 40% of all commitment fees collected will be used to support the Agency's operations. The other 60% of the fees will go to the Opportunity Housing Reserve Fund (OHRF) to fund future affordable housing development.

Multi-Family Loan Management Fees

HOC charges an ongoing loan management fee on multi-family mortgage loans made to private and non-profit developers. HOC uses multi-family loan

management fee revenues to cover staff costs related to the on-going monitoring of the loans. The remaining multi-family management fee revenues are used to support other HOC programs.

Loan Management Fees



**Represents 0.8% of Revenues.*

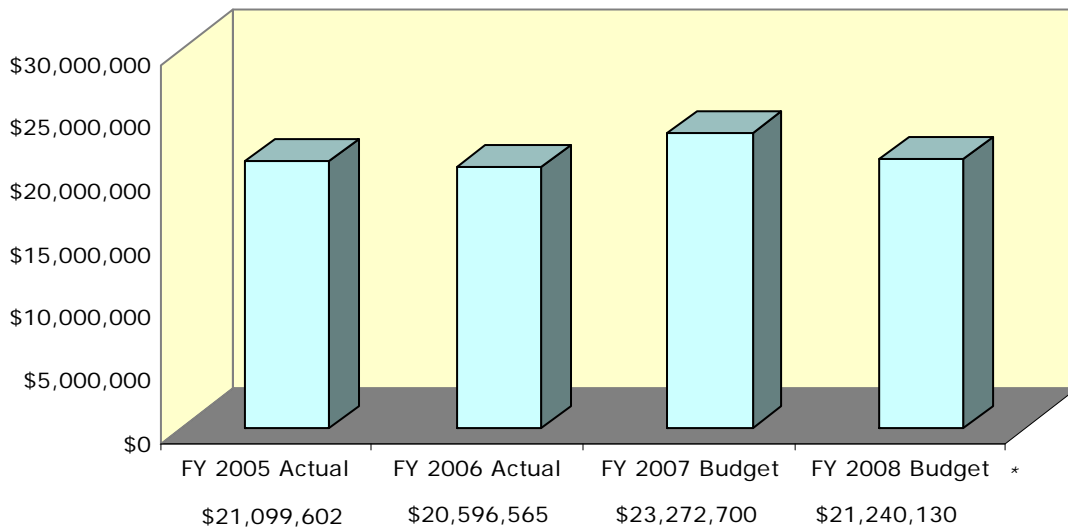
Multi-Family Loan Management Fees have been a steady source of income for the Agency.

Mortgage Interest Income

In accordance with HOC’s mission to increase affordable housing in Montgomery County, HOC issues bonds to be used for the purchase of both single family mortgages and multi-family properties. When bonds are issued mortgage interest income will increase. Simultaneously, HOC actively seeks opportunities to lower borrowing costs by

refunding bonds which represents reduced mortgage interest income. This ongoing activity of issuing and refunding bonds to support our mission results in the fluctuating mortgage interest income as depicted in the chart below. The mortgage interest income earned on the bond funds is restricted to the program.

Mortgage Interest Income



**Represents 11.6% of Revenues.*

Bond Funds for Program Administration

The majority of the activities in these bond funds are related to the collection of mortgage loan repayments, investment income, and the payment of debt service on the bonds. These activities are regulated by the bond indentures and controlled by the trustee. The Commission approves operating costs for administering these programs as part of the operating budget for certain functions in the Mortgage Finance and Finance divisions. The cost for this direct administration is covered by the bond funds. There are sufficient funds to continue to support program administration for many years.

The FY 2008 budget draws \$1,655,542 from 1979 Single Family Indenture for the cost of program administration for the Single Family Mortgage Finance Program and \$1,005,953 from 1984 Multi-family indenture for the program administration costs of the Multi-Family program.

The Commission’s financial advisor assured the Commission that the bond funds can maintain this additional draw for a number of years without affecting the bond rating.

Tax-exempt Mortgage Revenue Bonds

The largest revenue source for the capital development budget is mortgage revenue bonds. HOC has the authority to issue two types of revenue bonds: single family bonds and multi-family bonds. Single family bonds are sold to fund mortgages made to qualified purchasers of single family homes. Multi-family bonds are sold to fund mortgages for the purchase of developments of qualified multi-family rental properties. Interest rates on both types of mortgages are below the interest rates on comparable conventional mortgages since issuers pay a lower rate to bond holders due to the tax-exempt status of the bonds.

The purpose of the tax exemption and lower interest rates is to help make both homeownership and rental housing more affordable to low and moderate income households. The tax-exempt status carries a host of restrictions regarding qualified buyers, properties and renters.

HOC is one of the most active local issuers of mortgage revenue bonds in the country. Since 1979, HOC has issued about \$1.20 billion dollars of bonds and currently has over \$967 million dollars of bonds outstanding. HOC has been one of a few local issuers that have remained active since 1986 when the federal government placed a limit on the volume of

private activity bonds issued within a state. There are no federally imposed limits on the amount of essential purpose bonds, but there is a state cap of \$150 million on bonds issued per year for developments that will be owned by non-profit corporations. The HOC capital development budget relies heavily upon the issuance of essential purpose bonds.

Property Management Activities

Rents and Related Income from Properties

Rental related income from the public housing properties are based on the resident's income thus may be affected by economic conditions. Rent assumptions for the Opportunity Housing program are property specific and are based on a combination of subsidy requirements and market conditions. The Commission reviews rent assumption for the Opportunity Housing properties annually during the budget

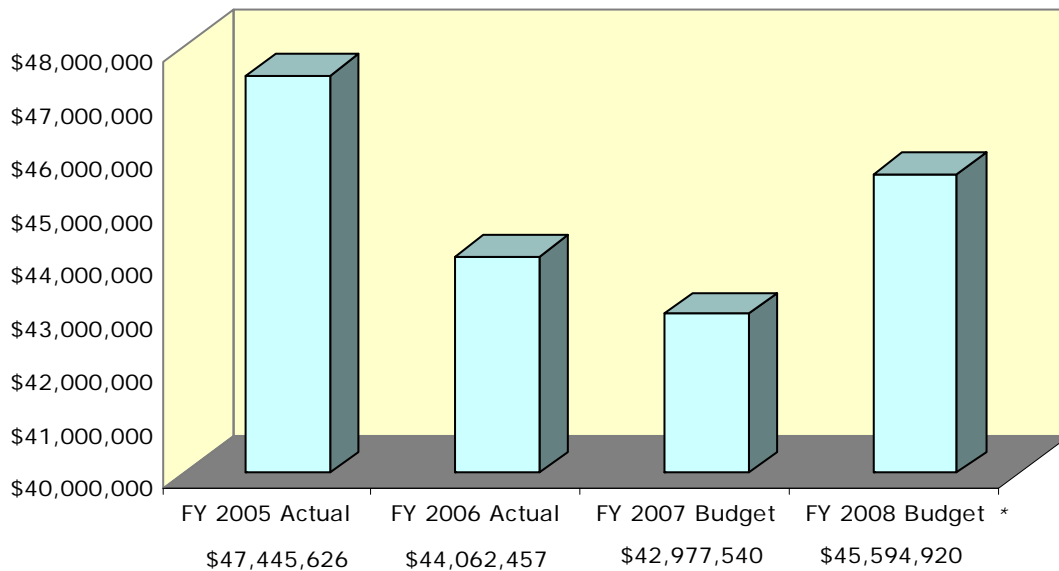
development process. Rent is HOC's largest single revenue source after the Housing Assistance Payments.

The FY 2008 budget made the following assumptions for rental rates at Opportunity Housing Properties:

Rent increase upon renewal budgeted at 1%-5.8%

"Street Rent" upon turnover at market rate (actual increases will be based on surveys of market rent in the area)

Tenant Income



**Represents 24.8% of Revenues.*

Opportunity Housing Property Reserves

Each opportunity housing property sets aside a planned amount of replacement reserves from operating income for future rehabilitation needs. The annual amount is based on a 10 year capital needs analysis that is prepared for each property each year. Any net income a property recognizes is reflected in that property's accounts as operating reserves. Some property reserves are restricted.

The FY 2008 capital improvement budget for Opportunity Housing properties is funded from the replacement reserves that are set aside each year in the operating budget as well as general fund property reserves when necessary.

Management Fees

HOC charges fees to its properties and revenue generating divisions for central

administration, property management administration, scattered site management and an asset management fee.

Management Fees: This fee is charged to cover project oversight, executive monitoring and decision making, strategic planning on an organizational level and other very general functions that are difficult to attribute to a specific program or project.

Front Line Fees: This fee is charged to cover Agency overhead costs that can be directly attributed to a specific program or project.

Asset Management Fees: An asset management fee is calculated for those properties that HOC owns, but are managed by contract. The flat fee reflects the costs of the oversight function in the Property Management division. The fees increase annually by 3%.

Other Income

Interest Income

Interest income is reflected throughout the agency's funds based on the cash balances of its funds. The agency has an investment policy that it follows to manage its cash investments.

Opportunity Housing Reserve Fund (OHRF)

HOC established the OHRF in 1980 initially to address the use of revenues generated from the sale of bonds under the Single Family Mortgage Purchase Program. Today, the OHRF is a repository of unrestricted proceeds from various HOC activities, whose primary

purpose is the production of affordable housing.

The Commission makes final decisions about how funds from the OHRF are spent. By policy the Commission has chosen to use OHRF primarily for capital development projects. The OHRF is usually used in conjunction with state and/or county subsidies to write down the capital costs or to provide a reserve fund for projected operating deficits in the early years. These funds are transferred by the Commission to the property reserves of a particular opportunity housing property, if needed.

Debt Management

Bonds issued by the Commission include Single Family Mortgage Revenue Bonds and Multi-family Housing Revenue Bonds. Single Family Mortgage Revenue Bonds provide below-market interest rate mortgage loans for the purchase of single family homes for low to moderate income families on an equal opportunity basis. The Multi-family Housing Revenue Bonds provide below-market rental units within multi-family developments for low to moderate income families.

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multi-family Housing Revenue Bonds constitute a liability or obligation, either direct or indirect, of Montgomery County, the State of Maryland or any political subdivision thereof. The Multi-

family Housing Revenue Bonds 1998 Issue A and 2006 Series A are guaranteed as general obligation bonds of Montgomery County. The Multiple Purpose Bonds 2002 Series A, B and C are guaranteed as general obligation of the Commission.

Mortgage payments on Opportunity Housing properties are paid from the properties' accounts; these payments are not backed by the full faith and credit of the Agency.

The Commission participates in a mortgage risk-sharing agreement with HUD to provide for full mortgage insurance through the Federal Housing Administration (FHA) of loans for affordable housing. The Commission was approved by HUD as both a Level I and Level II

participant. Level I participants assume 50-90% of the risk of loss from mortgage default and Level II participants assume either 25% or 10% of the risk of loss from mortgage default.

Upon default of a mortgage and request of the Commission, HUD will pay the claim in full, so the Commission can redeem the bonds. Upon receipt of the cash payment from FHA, the Commission will execute a debenture, promissory note or some other instrument, with HUD for the full amount of the claim. In the instrument, the Commission will agree to reimburse HUD over a five year period for its portion of the loss upon the sale of the project based on the proportion of risk borne by the Commission. The Commission must pay annual interest on the debenture at HUD's cost of borrowing from the U.S. Treasury.

The Commission has the use of revolving funds from the County in the amount of \$17

million; these loans are used for interim financing and are repaid when HOC is reimbursed from the source of the permanent financing for the project. HOC also has a \$20 million unsecured line of credit with M&T Bank (formerly Allfirst Bank). These funds are also used for interim financing of development activity, or other purposes if approved by the Commission and the Bank.

In FY 1995 Moody's assigned HOC an A bond rating. The Agency continues to maintain this rating. HOC was the first local housing agency in the country to seek and attain such a rating.

Legal Debt Limit

HOC is not limited in the amount of debt it can incur. However, each financing plan is reviewed by Moody's to ensure that our A bond rating is maintained. The following table summarizes the total indebtedness of the Agency as of March 30, 2007.

Debt Summary (As of March 30, 2007)

Bonds	Amount Issued	Amount Outstanding	Property Related	Amount Outstanding
Single Family Fund	\$432,704,340	\$230,651,964	Intra-Commission Mortgages	\$127,245,843
Multi-Family Fund	\$440,716,992	\$387,446,032	Other Mortgages	\$15,813,589
Total HOC Bonds	\$873,421,332	\$618,097,996	Total Mortgages	\$143,059,432
Public Housing	\$7,995,000	\$7,995,000	County Revolving Funds	\$14,772,383
Non-Obligated Multi-family Bonds	\$324,314,000	\$326,954,000	Notes Payable to County	\$19,426,539
Total Non-Obligated Bonds	\$332,309,000	\$334,949,000	Total Debt to County	\$34,198,922
			Notes Payable to State	\$18,034,830
TOTAL BONDS	\$1,205,730,332	\$953,046,996	TOTAL PROPERTY DEBT	\$195,293,184

Single Family Mortgage Revenue Bonds (As of March 30, 2007)

Bond Series	Final Maturity	Amount Issued	Amount Outstanding
1986 Series A	7/1/2013	\$20,001,373	\$5,000
1988 Series A	7/1/2017	\$27,035,000	\$5,000
1988 Series B	7/1/2017	\$15,000,000	\$5,000
1998 Series A	7/1/2028	\$16,849,295	\$27,758,849 (1)
1998 Series B	7/1/2028	\$18,115,000	\$5,590,000
1999 Series A	7/1/2017	\$26,144,551	\$209,768 (1)
2000 Series A	7/1/2032	\$17,999,600	\$5,000,394 (1)
2001 Series A	7/1/2032	\$19,114,606	\$3,210,000 (1)
2001 Series C	7/1/2023	\$10,000,000	\$10,000,000
2002 Series A	7/1/2019	\$13,200,000	\$6,860,000
2002 Series B	7/1/2033	\$1,800,828	\$2,310,431 (1)
2002 Series C	7/1/2033	\$16,890,000	\$16,890,000
2004 Series A	7/1/2024	\$19,645,000	\$14,735,000
2004 Series B	7/1/2034	\$5,355,000	\$4,270,000
2005 Series A	7/1/2025	\$18,500,000	\$17,735,000
2005 Series B	7/1/2035	\$6,500,000	\$5,755,000
2005 Series C	7/1/2025	\$11,600,000	\$11,255,000
2005 Series D	7/1/2036	\$13,400,000	\$13,285,000
2006 Series A	7/1/2026	\$18,705,000	\$18,705,000
2006 Series B	7/1/2037	\$11,295,000	\$11,295,000
2006 Series C	10/26/2007	\$18,705,000	\$18,705,000
2006 Series D	10/26/2007	\$11,295,000	\$11,295,000
Total Single Family Revenue Bonds		\$337,150,253	\$204,879,442
Draw Down Bonds			
2005 Series A		\$72,284,484	\$16,378,628
2005 Series B		\$23,269,603	\$9,393,894
Total Draw Down Bonds		\$95,554,087	\$25,772,522
Total Bonds		\$432,704,340	\$230,651,964

(1) Includes Accreted Value as of 3/31/2007.

Multi-Family Housing Bonds (As of March 30, 2007)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding	Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Multi-Family Program Fund:						Housing Development Bonds (Guaranteed by Montgomery County)					
1982 Open Indenture						1998 Issue A					
1992 Series C	The Ambassador	Private	7/1/2032	\$4,425,000	\$2,875,000	Landings Edge	Non-Profit	7/1/2028	\$12,900,000	\$11,100,000	
1993 Series A	Sligo Hills	HOC	7/1/2034	\$3,975,000	\$3,495,000	Pook's Hill	HOC				
	MPDU III	HOC				2006 Series A	MetroPointe	HOC	1/1/2009	\$36,350,000	\$36,350,000
SUBTOTAL				\$8,400,000	\$6,370,000	SUBTOTAL				\$49,250,000	\$47,450,000
1984 Open Indenture						Multiple Purpose Indenture					
1984 Series A			7/1/2026	\$5,521,992	\$71,032 (1)	2002 Series A	Strathmore Court	HOC	11/1/2033	\$22,325,000	\$22,325,000
1995 Series A	MPDU I	HOC	7/1/2026	\$23,910,000	\$3,245,000	2002 Series B	Strathmore Court	HOC	5/1/2008	\$1,990,000	\$485,000
1996 Series A	The Oaks @ Four Corners	HOC	7/1/2026	\$3,625,000	\$3,000,000	2002 Series C	Fairfax Court	HOC	1/1/2032	\$12,965,000	\$12,965,000
1996 Series B	Silver Spring Housing	Non-Profit	7/1/2028	\$13,610,000	\$11,750,000		Pook's Hill	HOC			
	Croyden Manor	Private					Paddington Square	HOC			
	MHLP IX - Pond Ridge	HOC				SUBTOTAL				\$37,280,000	\$35,775,000
SUBTOTAL				\$46,666,992	\$18,066,032	Other Issues					
1996 Open Indenture						1993 Issue II					
1996 Series B	Alexander House	HOC	7/1/2037	\$25,995,000	\$23,865,000	Magruder's Discovery	HOC	7/1/2010	\$6,505,000	\$2,100,000	
1998 Series A	TPM Development	HOC	7/1/2030	\$11,935,000	\$10,525,000	SUBTOTAL				\$6,505,000	\$2,100,000
1998 Series B	Shady Grove	HOC	7/1/2030	\$18,905,000	\$16,010,000	Public Housing Authority Bonds					
	Manchester Manor	HOC				1968 Issue	Public Housing	HOC	5/1/2008	\$2,250,000	\$2,250,000
	The Willows	HOC				1973 Issue	Public Housing	HOC	7/1/2010	\$5,745,000	\$5,745,000
2000 Series A	Ring House	Non-Profit	7/1/2030	\$19,465,000	\$17,685,000	SUBTOTAL				\$7,995,000	\$7,995,000
2000 Series B	MHLP X	HOC	7/1/2042	\$28,600,000	\$26,180,000						
	Stewartown	HOC									
	Georgian Court	HOC									
	Burnt Mill Crossing II	Private									
	University Manor	Private									
2001 Series A	Somerset	Private	7/1/2042	\$8,240,000	\$7,960,000						
2002 Series A	Drings Reach	Non-Profit	7/1/2033	\$8,330,000	\$7,860,000						
2002 Series B	Silver Spring Metro	Private	7/1/2044	\$31,465,000	\$30,775,000						
2003 Series A	Brookside Glen	HOC	7/1/2034	\$20,265,000	\$19,070,000						
	Diamond Square	HOC									
	Montgomery Arms	HOC									
2003 Series B	Gramax	Private	7/1/2045	\$17,840,000	\$17,840,000						
2004 Series A	Charter House	Private	7/1/2034	\$13,700,000	\$13,700,000						
2004 Series B	Rockville Housing	Non-Profit	7/1/2034	\$4,085,000	\$4,035,000						
2004 Series C	Chevy Chase	HOC	7/1/2034	\$19,460,000	\$19,280,000						
2004 Series C	Barclay	HOC									
2004 Series D	Spring Garden	HOC	7/1/2034	\$14,110,000	\$13,980,000						
2004 Series D	Barclay	HOC									
2005 Series A	Montgomery Paint Branch Part II & III	Private	7/1/2028	\$12,035,000	\$11,780,000						
2005 Series B	The Metropolitan Tax Credit	HOC	7/1/2034	\$6,200,000	\$6,005,000						
2005 Series C	The Metropolitan HOC	HOC	7/1/2037	\$31,985,000	\$31,135,000						
SUBTOTAL				\$292,615,000	\$277,685,000						

Multi-Family Housing Bonds (As of March 30, 2007)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Non-Obligation Bond Issues:					
<u>Multi-Family Housing Revenue Bonds</u>					
1991 Issue A	Oakwood-Gaithersburg	Private	11/1/2007	\$48,220,000	\$48,220,000
1996 Issue A	Wynnfield	Private	5/1/2026	\$31,680,000	\$31,680,000
1996 Issue B	Oak Mill II	Private	5/1/2026	\$9,600,000	\$9,600,000
2001 Issue A	Aston Woods	Private	5/15/2031	\$13,000,000	\$13,000,000
2003 Issue A	Randolph Manor	Private	8/1/2045	\$5,500,000	\$5,500,000
2004 Issue A	Olney Manor	Private	1/1/2046	\$7,000,000	\$7,000,000
2004 Issue B	Blair Park	Private	10/15/2036	\$2,700,000	\$2,700,000
2004 Issue C	Cloppers Mill	Private	7/1/2046	\$7,800,000	\$7,800,000
2005 Issue I	Oakfield	Private	7/1/2039	\$38,000,000	\$38,000,000
2006 Issue A	Covenant Village	Private	12/1/2048	\$6,418,000	\$6,418,000
2006 Issue B	Covenant Village	Private	2/1/2009	\$1,182,000	\$1,182,000
<u>Multi-Family Housing Revenue Refunding Bonds</u>					
2001 Isssue A	Draper Lane	Private	3/1/2040	\$35,000,000	\$35,000,000
2001 Isssue B	Draper Lane	Private	3/1/2040	\$11,000,000	\$11,000,000
2001 Isssue C	Draper Lane	Private	3/1/2040	\$6,000,000	\$6,000,000
<u>Variable Housing Revenue Bonds</u>					
1985 Issue II	Falkland Apartments	Private	12/1/2030	\$24,695,000	\$24,695,000
1993 Issue I	Windsor Court	Private	11/1/2022	\$20,200,000	\$20,200,000
1997 Issue I	The Grand	Private	6/1/2030	\$54,000,000	\$57,000,000
1998 Issue I	Byron Housing	Private	9/1/2030	\$2,319,000	\$1,959,000
SUBTOTAL				\$324,314,000	\$326,954,000
TOTAL Multi-Family Bonds				\$773,025,992	\$722,395,032

Property Related Debt (As of March 30, 2007)

Property Name	Purpose	Amount Outstanding	Property Name	Purpose	Amount Outstanding
<u>Intra-Commission mortgages made from bond issues</u>			<u>Loans from Montgomery County Revolving Funds</u>		
Alexander House	Mortgage	\$22,915,824	Brook Farm	Interim Financing	\$218,174
Chevy Chase Lake	Mortgage	\$8,199,847	Alexander House	Interim Financing	\$875,953
Diamond Square	Mortgage	\$1,698,970	Holiday Park Townhouses	Interim Financing	\$83,152
Fairfax Court	Mortgage	\$746,000	Pooks Hill Land	Interim Financing	\$665,000
Magruder's Discovery	Mortgage	\$1,684,656	Ambassador	Interim Financing	\$1,558,816
Montgomery Arms	Mortgage	\$10,006,674	MetroPointe	Interim Financing	\$1,500,000
MPDUs (59)	Mortgage	\$2,903,025	MPDU 2004	Interim Financing	\$3,700,788
MPDUs (64)	Mortgage	\$2,496,025	Tanglewood	Interim Financing	\$2,512,500
Pomander Court	Mortgage	\$585,652	General Fund (Paddington Square)	Interim Financing	\$3,000,000
Pooks Hill High-Rise	Mortgage	\$6,520,200	Barclay One Associates	Interim Financing	\$658,000
Pooks Hill Mid-Rise	Mortgage	\$3,568,621			
Sligo Hills	Mortgage	\$3,162,936			
Strathmore Court	Mortgage	\$17,985,884			
Brookside Glen (The Glen)	Mortgage	\$6,655,081			
The Metropolitan	Mortgage	\$29,153,899			
The Oaks at Four Corners	Mortgage	\$3,077,033			
Timberlawn Crescent	Mortgage	\$5,885,516			
	Subtotal	\$127,245,843		Subtotal	\$14,772,383
<u>Other Mortgages</u>			<u>Notes Payable to Montgomery County Government</u>		
Greenhills	Mortgage	\$4,000,000	Alexander House	Construction	\$1,000,000
Holiday Park	Mortgage	\$1,350,000	Chelsea Towers	Acquisition	\$1,044,595
Paint Branch	Mortgage	\$237,776	Diamond Square	Acquisition	\$2,746,344
Paddington Square	Mortgage	\$7,225,813	Pooks Hill High-Rise	Rehab	\$400,000
	Subtotal	\$12,813,589	McHome	Acquisition	\$2,005,645
			Pooks Hill Mid-Rise	Rehab	\$441,635
			Sligo Hills	Operating Deficit	\$300,000
			State Rental Consolidated	Acquisition	\$60,000
			State Rental VII	Acquisition	\$1,668,050
			Tanglewood	Rehab	\$99,076
			Brookside Glen (The Glen)	Home Funds	\$800,000
			The Oaks at Four Corners	Acquisition	\$2,213,324
			Timberlawn	Acquisition	\$1,000,000
			Montgomery Arms	Rehab	\$1,750,000
			Chelsea Towers	Acquisition	\$784,000
			Chevy Chase	Rehab	\$1,250,000
			Hampden Lane	Predevelopment	\$152,572
			Dale Drive	Predevelopment	\$1,711,298
				Subtotal	\$19,426,539
<u>Other Loans</u>			<u>TOTAL PROPERTY RELATED DEBT</u>		
General Fund (Paddington Square)	Contribution	\$3,000,000			\$195,293,184
	Subtotal	\$15,813,589			
<u>Notes Payable to State of Maryland</u>					
Alexander House	RHPP	\$562,500			
Diamond Square	RHPP	\$2,000,000			
The Glen	RHPP	\$1,211,706			
General Fund (Paddington Square)	RHPP	\$500,000			
State Rental Consolidated	PHRP	\$8,795,567			
State Rental VII	PHRP	\$4,712,863			
Tanglewood	PHRP	\$109,375			
Montgomery Arms		\$142,819			
	Subtotal	\$18,034,830			

Debt Summary By Fund

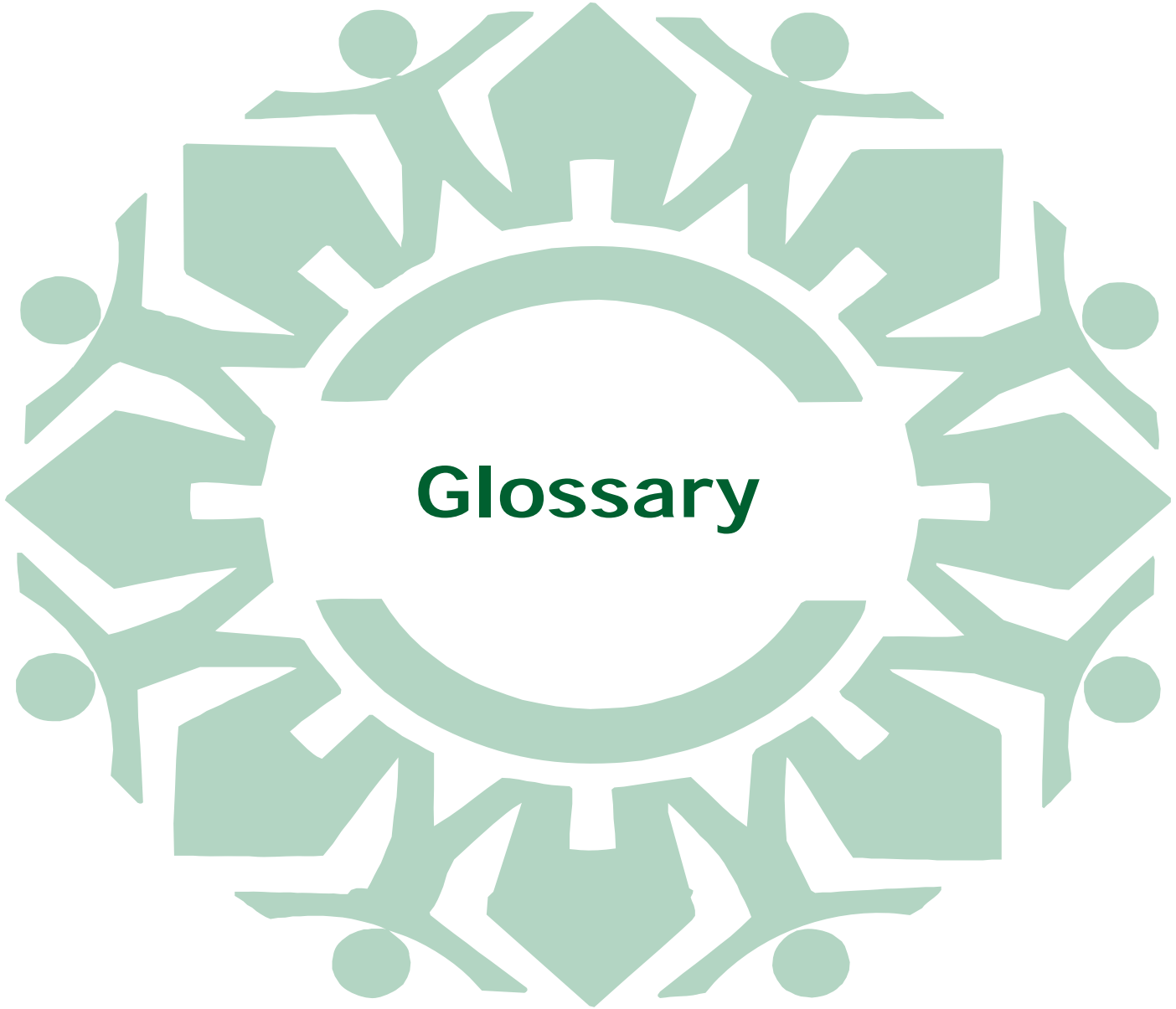
Property Name	Total Debt Service			-----FY08 ADOPTED BUDGET-----			
	FY 2005 Actual	FY 2006 Actual	FY07 Amended Budget	Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
General Fund							
Facilities	\$41,885	\$86,234	\$46,150	\$6,730	\$0	\$38,290	\$45,020
IT	\$55,536	\$133,358	\$156,990	\$32,310	\$0	\$180,730	\$213,040
Total General Fund	\$97,421	\$219,592	\$203,140	\$39,040	\$0	\$219,020	\$258,060
Multi-Family Bond Fund	\$19,179,176	\$19,484,097	\$18,568,350	\$19,019,510	\$0	\$0	\$19,019,510
Single Family Bond Fund	\$8,490,930	\$10,581,948	\$10,344,030	\$9,352,280	\$37,730	\$0	\$9,390,010
Opportunity Housing Fund							
Alexander House	\$1,972,927	\$1,971,678	\$1,970,360	\$1,349,470	\$113,460	\$506,200	\$1,969,130
Barclay	\$254,875	\$0	\$0	\$459,200	\$38,750	\$178,970	\$676,920
Brookside Glen (The Glen)	\$473,331	\$472,735	\$472,100	\$305,130	\$32,750	\$133,570	\$471,450
Chelsea Towers	\$80,938	\$80,304	\$79,410	\$35,260	\$0	\$43,000	\$78,260
Chevy Chase Lake	\$146,009	\$0	\$405,540	\$360,570	\$40,460	\$139,100	\$540,130
Diamond Square	\$120,824	\$120,684	\$120,840	\$77,900	\$8,360	\$34,100	\$120,360
Fairfax Court	\$48,863	\$48,863	\$48,860	\$48,860	\$0	\$0	\$48,860
Greenhills	\$250,000	\$250,000	\$250,000	\$250,000	\$0	\$0	\$250,000
Holiday Park	\$101,563	\$101,563	\$101,560	\$81,000	\$0	\$20,560	\$101,560
Kensington Park	\$600,000	\$200,000	\$0	\$0	\$0	\$0	\$0
Magruder's Discovery	\$695,205	\$695,205	\$695,200	\$117,830	\$0	\$577,370	\$695,200
McHome	\$42,717	\$42,717	\$42,720	\$42,720	\$0	\$0	\$42,720
McKendree	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Metropolitan, The	\$2,337,891	\$2,891,100	\$2,334,810	\$1,843,300	\$144,430	\$345,410	\$2,333,140
Montgomery Arms	\$354,547	\$702,350	\$701,390	\$541,880	\$49,330	\$261,060	\$852,270
MHLP I	\$50,169	\$59,529	\$59,530	\$48,160	\$0	\$11,370	\$59,530
MPDU 2004	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MPDU I (64)	\$237,590	\$235,659	\$234,000	\$144,100	\$12,180	\$77,340	\$233,620
TPM - MPDU II (59)	\$236,102	\$235,781	\$235,440	\$148,020	\$14,200	\$72,870	\$235,090
The Oaks @ Four Corners	\$274,452	\$290,306	\$289,920	\$190,170	\$14,950	\$84,280	\$289,400
Paddington Square	\$746,021	\$1,198,690	\$1,203,490	\$1,102,590	\$0	\$103,700	\$1,206,290
Paint Branch	\$44,799	\$44,799	\$44,800	\$17,520	\$0	\$27,280	\$44,800
TPM - Pomander Court	\$47,631	\$48,002	\$47,500	\$29,860	\$2,870	\$14,700	\$47,430
Pooks Hill Mid-Rise	\$298,108	\$298,108	\$298,110	\$176,990	\$0	\$121,130	\$298,120
Pooks Hill High-Rise	\$427,073	\$427,073	\$427,070	\$427,070	\$0	\$0	\$427,070
Sligo Hills/ MPDU III	\$236,350	\$236,177	\$243,190	\$180,280	\$15,660	\$39,860	\$235,800
Spring Garden	\$110,796	\$0	\$0	\$0	\$0	\$0	\$0
State Rental Combined	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Rental VII	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Strathmore Court	\$1,234,855	\$1,231,927	\$1,229,540	\$906,340	\$0	\$320,180	\$1,226,520
Tanglewood	\$7,500	\$7,500	\$7,500	\$0	\$0	\$7,500	\$7,500
TPM-Timberlawn	\$478,675	\$478,016	\$477,330	\$300,090	\$28,790	\$147,730	\$476,610
Westwood Tower	\$1,629,679	\$1,657,557	\$1,706,950	\$0	\$0	\$1,691,190	\$1,691,190
Total Opportunity Housing Fund	\$13,539,490	\$14,026,323	\$13,727,160	\$9,184,310	\$516,190	\$4,958,470	\$14,658,970
Public Fund							
Capital Fund Grant	\$0	\$0	\$310,680	\$310,680	\$0	\$0	\$310,680
Total Public Fund	\$0	\$0	\$310,680	\$310,680	\$0	\$0	\$310,680
TOTAL AGENCY	\$41,307,017	\$44,311,960	\$43,153,360	\$37,905,820	\$553,920	\$5,177,490	\$43,637,230

Estimated Agency Funds (As of June 30, 2007)

Shown below is the agency's projected income statement and impact on fund balance for all funds for FY 2007 based on the accrual basis. The agency's budgets are adopted under the modified cash basis. This chart is prepared to help in converting the cash based budgets to the agency's accrual based financial statements.

	General Fund	Opportunity Housing Fund	Public Fund	Multi-Family Bond Fund	Single Family Bond Fund	Eliminations	Total
Beginning Fund Balance: 6/30/06	\$8,658,842	\$51,537,692	\$65,184,726	\$18,431,081	\$25,120,906	(\$8,485,774)	\$160,447,473
Revenue:							
Housing assistance payments (HAP)	\$0	\$0	\$60,994,462	\$0	\$0	\$0	\$60,994,462
HAP administrative fees	\$0	\$0	\$4,244,678	\$0	\$0	\$0	\$4,244,678
Other grants	\$0	\$0	\$6,665,322	\$0	\$0	\$0	\$6,665,322
State and County grants	\$0	\$0	\$8,088,204	\$0	\$0	\$0	\$8,088,204
Investment income	\$0	\$0	\$0	\$7,872,980	\$8,382,422	\$0	\$16,255,402
Unrealized Gains (Losses) on Investment	\$0	\$0	\$0	\$1,475,507	\$1,402,511	\$0	\$2,878,018
Interest on mortgage & construction loans receivable	\$0	\$0	\$0	\$14,628,328	\$5,605,768	(\$7,619,562)	\$12,614,534
Dwelling Rental	\$1,056,468	\$38,501,626	\$5,017,036	\$0	\$0	\$0	\$44,575,130
Dwelling units sale/loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management fees and other income	\$10,799,918	\$2,059,358	\$1,515,558	\$318,052	\$0	(\$9,184,090)	\$5,508,796
Total Operating Income	\$11,856,386	\$40,560,984	\$86,525,260	\$24,294,867	\$15,390,701	(\$16,803,652)	\$161,824,546
Expenses:							
Housing Assistance Payments (HAP)	\$0	\$0	\$61,694,708	\$0	\$0	\$0	\$61,694,708
Administration	\$9,084,350	\$7,173,338	\$15,260,252	\$1,839,680	\$2,330,736	(\$6,435,412)	\$29,252,944
Maintenance	\$775,972	\$6,205,200	\$3,584,882	\$0	\$0	\$0	\$10,566,054
Depreciation and amortization	\$651,024	\$6,688,028	\$3,370,310	\$0	\$0	\$0	\$10,709,362
Utilities	\$184,458	\$3,094,290	\$1,425,984	\$0	\$0	\$0	\$4,704,732
Fringe benefits	\$2,725,770	\$519,244	\$3,121,762	\$0	\$0	\$0	\$6,366,776
Interest Expense	\$0	\$11,159,884	\$0	\$17,495,856	\$11,733,310	(\$7,619,562)	\$32,769,488
Other	\$420,526	\$2,689,020	\$2,810,722	\$0	\$634,198	(\$2,748,678)	\$3,805,788
Bad Debt Expense	\$0	\$333,092	\$69,204	\$0	\$0	\$0	\$402,296
Total Operating Expenses	\$13,842,100	\$37,862,096	\$91,337,824	\$19,335,536	\$14,698,244	(\$16,803,652)	\$160,272,148
Operating Income (loss)	(\$1,985,714)	\$2,698,888	(\$4,812,564)	\$4,959,331	\$692,457	\$0	\$1,552,398
Nonoperating revenues (expense):							
Other Grants	\$8,500	\$38,558	\$0	\$0	\$0	\$0	\$47,058
State and County grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment income	\$1,296,924	\$1,004,104	\$188,156	\$0	\$0	\$0	\$2,489,184
Unrealized Gains (Losses) on Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on mortgage & construction loans receivable	\$48,610	\$76,700	\$0	\$0	\$0	\$0	\$125,310
Interest Expense	\$214,520	\$0	\$0	\$0	\$0	\$0	\$214,520
Total Nonoperating Income (Loss)	\$1,568,554	\$1,119,362	\$188,156	\$0	\$0	\$0	\$2,876,072
Capital Contributions	\$0	\$0	\$3,571,308	\$0	\$0	\$0	\$3,571,308
Ending Fund Balance: 6/30/07 est.	\$8,241,682	\$55,355,942	\$64,131,626	\$23,390,412	\$25,813,363	(\$8,485,774)	\$168,447,251
Estimated Change in Fund Balance	(\$417,160)	\$3,818,250	(\$1,053,100)	\$4,959,331	\$692,457	\$0	\$7,999,778

Multi-Family Bond Fund: The estimated change in fund balance from FY 2006 to FY 2007 of \$4,959,331 or 27% is due to anticipated unrealized gains on investments and a decrease in interest expense due to bond refinancings in FY 2006. In FY 2007, the Multi-Family fund anticipates unrealized gains on investments of \$1,475,507 compared to losses of \$5.9 million in FY 06. In FY 07 interest expense is expected to decrease by approximately \$2 million.



Glossary

Glossary

Adopted Budget
June 13, 2007

List of Commonly Used Terms

Accreted Value

The theoretical price a bond would sell at if market interest rates were to remain at current levels.

Accrual Basis

A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Acquisition Without Rehabilitation (AWOR)

The portion of the Federal Public Housing rental program, which provides funds for the acquisition of new or existing units to be rented to eligible households.

Acronym

An abbreviation (as *FBI*) formed from initial letters.

Admissions & Occupancy Policy (A & O Policy)

All HOC housing programs are administered with a program specific A&O Policy describing program advertising, eligibility, applicant processing procedures, resident selection, and occupancy standards.

Agency

One of the major components of Montgomery County government; namely Executive departments, Legislative offices and boards, Circuit Court and Judicial offices; Montgomery County Public Schools (MCPS); Montgomery College (MC); Maryland-National Capital Park and Planning Commission (M-NCPPC); Washington Suburban Sanitary Commission (WSSC); Housing Opportunities Commission (HOC); Washington Metropolitan Area Transit Authority (WMATA); and Montgomery County Revenue Authority (MCRA).

Annual Growth Policy

A Montgomery County law regulating commercial and residential growth according to the availability of adequate public facilities.

Area Median Income

Washington area median income as defined by the U.S. Department of Labor. The 2007 area median income is \$94,500 for a family of four.

Appropriation

Money set apart for or assigned to a particular purpose or use.

Asset

Any possession that has value in an exchange.

Balanced Budget

A budget in which revenues equal expenses.

Bond

A written promise to pay (debt) a specified sum of money (principal) at a specified future date (maturity date) along with periodic interest paid at a percentage of the principal.

Bond Rating

An evaluation by investor advisory services indicating the probability of timely repayment of principal and interest on bonded indebtedness. These ratings significantly influence the interest rate that must be paid on bond issues.

Budget

A financial plan for a specified period of time to determine the distribution of scarce resources.

Capital Budget

A budget of capital expenses and means of financing enacted as part of an annual budget. HOC's capital budget is comprised of two sections, Developments and Improvements to existing properties.

Capital Expenses

The expenses related to the purchase of equipment. Equipment means an article of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of a) the capitalization level established by the

government unit for financial statement purposes or b) \$5,000. Capital expenses do not include operating expenses that are eligible to use capital funds.

Capital Fund Program

A HUD grant for public housing modernization funds awarded on a five-year formula.

Capital Improvements Program (CIP)

The comprehensive presentation of capital project expenditure estimates, funding requirements, capital budget requests, operating budget impact, and program data for the construction of all public buildings, roads, and other facilities planned by County agencies over a six-year period. The CIP constitutes both a fiscal plan for proposed project expenditures and funds, and an annual capital budget for appropriations to fund project activity during the first fiscal year of the plan.

Capital Plan

The long-term (ten-year) plan to produce additional housing and improve the Agency's existing housing stock.

Carryover

The process in which certain funds for previously approved encumbrances and obligations at the end of one fiscal year are carried forward to the next fiscal year. Budgeted amounts are carried over for nonrecurring, one-time expenditures, such as major capital expenditures.

Closing Cost Assistance Program

A County-funded program to provide short-term loans for closing costs to assist first time homebuyers.

Commission

Term used to refer to the seven volunteer Commissioners appointed by the Montgomery County Executive and confirmed by the County Council. The Commissioners are responsible for hiring HOC's Executive Director, setting policies, overseeing the operations, and approving the budget.

Commitment Fees

Fees earned from bond financed transactions completed by the HOC.

Community Development Block Grant Program (CDBG)

Annual funding from the Federal government (Department of Housing and Urban Development) for use in capital projects or operating programs such as neighborhood or business area revitalization, housing

rehabilitation, and activities on behalf of older and low-income areas of the County. HOC applies to Montgomery County for funding for particular projects from the County's allocation.

Compensation

Payment made to employees in return for services performed. Total compensation includes salaries, wages, employee benefits (Social Security, employer-paid insurance premiums, disability coverage, and retirement contributions), and other forms of payment when these have a stated value.

Congregate Housing

A State-funded program providing meals, housekeeping, and other services to help elderly individuals live independently.

Contingency

A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted.

Cost of Issuance (COI)

Costs associated with the creation of each bond issue.

Cost of Living Adjustment (COLA)

A percentage increase to the salary schedule to counter the adverse effect of inflation on compensation.

Debt Service

The annual payment of principle and interest on bonded indebtedness.

Deficit

An excess of expenditure over revenue.

Department of Housing & Community Affairs (DHCA)

A Montgomery County department that coordinates inter-agency efforts to produce and improve housing and communities.

Department of Housing and Urban Development (HUD)

The Federal department, which funds and administers the bulk of the Federal government's housing and economic development programs. HOC's Public Housing, Housing Choice Voucher and McKinney programs are funded through HUD.

Development Fees

Fees earned from acquisition and/or new construction projects undertaken by HOC.

Equal Employment Opportunity (EEO)

The application of laws and regulations that ban discrimination in employment based on race, color, creed, sex, marital status, religion, political or union affiliation, national origin, or physical or mental handicap.

Equal Housing Opportunity (EHO)

The application of laws and regulations banning discrimination in housing based on race, color, creed, religion, national origin, ancestry, sex, sexual orientation, marital status, presence of children, or physical or mental handicap.

Equity Capital

Money received in exchange for ownership interest of a property.

Existing Property Acquisition

Preservation of existing low- and moderate-income housing through purchase by HOC using various financing and subsidy mechanisms.

Expenditure

A decrease in net financial resources due to the acquisition of goods and services, the payment of salaries and benefits, and the payment of debt service.

Fair Market Rent (FMR)

The allowable rent that a landlord can charge in the Housing Choice Voucher programs. The administrative fees to the Agency are based on a percentage of the two bedroom FMR.

Family Self-Sufficiency (FSS)

A mandated HUD program focused on employment and educational skill development to targeted Housing Choice Voucher and public housing residents.

Family Self-Sufficiency Mentoring Project

A private grant providing job training, childcare, transportation, and supportive service for families in the HOC self-sufficiency program.

Federal Housing Administration (FHA)

A quasi-governmental agency within HUD, responsible for insuring multifamily and single family affordable housing.

FHA Shared Risk Program

A program under which HOC, in conjunction with the Federal Housing Administration (FHA), will act as the insurer for certain mortgage loans made with bond proceeds.

Fiscal Year

The 12-month period to which the annual operating budget and appropriations apply. HOC's fiscal year begins July 1 and ends June 30 as established by the State of Maryland for all political subdivisions.

Family Unification Program (FUP)

A Federal program aimed at preventing the separation of parents and their children, providing housing subsidies to keep the family living in the same household.

Full-time Equivalent (FTE)

Montgomery County uses this term as a standardized measurement of student enrollment, as in reference to community college, to account for attendance on less than a full-time basis. As a result, HOC follows Montgomery County's terminology of a work year as a standardized measurement of personnel effort and costs.

Fund

A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations and constituting an independent fiscal and accounting entity.

Fund Balance

The cumulative difference between revenues and expenditures over the life of a fund. A negative fund balance is usually referred to as a deficit.

General Partner

A member of a partnership who has authority to bind the partnership, and shares in the profits and losses. A partnership must have at least one general partner (and may have more) as well as limited partners.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles as determined through common practice or as declared by the Governmental Accounting Standards Board, Financial Accounting Standards Board, or various other accounting standard setting bodies.

Geographical Information Systems (GIS)

An overall term encompassing the entire field of computerized mapping. GIS is also generally considered a specific subset to the overall field, referring to high end computerized mapping systems.

GFOA

Government Finance Officers Association.

Good Neighbor Policy

An HOC initiative to forge a strong partnership with the community.

Grant

A county, state, or federal financial assistance award making payment in cash or in kind for a specified program.

Health & Human Services, Department of Montgomery County (HHS)

A department in the County Government that provides services addressing the health and human service needs of Montgomery County residents.

Heating, Ventilation and Air Conditioning (HVAC)

An acronym common in facilities and property management projects.

HOC/HOP

A revolving fund of \$700,000 created by the Commission to purchase MPDUs for resale to low-income homebuyers.

Homeownership Assistance Loan Fund (HALF)

A revolving fund of \$365,000 created by the Commission to assist low-income homebuyers with homeownership by offering loans for closing costs and mortgages.

HOME

A Federal grant created under Title II of the National Affordable Housing Act of 1990 and administered by the County's DHCA to increase the stock of affordable housing through rehabilitation, new housing production and rental assistance subsidies.

Housing Assistance Payments (HAP)

Government payments to private landlords on behalf of low- or moderate-income households. Housing Assistance Payments are made under the Federal Housing Choice Voucher program, and the State Rental Allowance Program (RAP).

Housing Choice Voucher (HCV) Program

A Federal housing program which subsidizes the rent of eligible households in the private market. The government makes Housing Assistance Payments to private landlords on behalf of low or moderate-income households.

Housing Resource Service (HRS)

HOC's information center provides enhanced customer service and disseminates program and market information to citizens of Montgomery County.

Housing Initiatives Fund (HIF)

A Montgomery County fund for producing affordable housing, administered by the Department of Housing and Community Affairs (DHCA).

Housing Opportunities Commission of Montgomery County (HOC)

Also referred to as the Commission or the Agency.

Housing Opportunities for Persons With HIV/AIDS (HOPWA)

A rent subsidy program for persons with AIDS that includes Housing Assistance Payments, emergency assistance payments for security deposits and some other housing need costs a family or individual may have.

Indenture

An Agreement between the Trustee representing the Investors and the Issuer which specifies all of the terms under which the bond proceeds will be utilized and the terms under which the bonds will be repaid.

Indirect Cost

A cost that is not identifiable with a specific product, function, or activity.

Jesup Blair House

A ten-unit facility set up to provide transitional housing services for single parents.

Leverage

Using existing resources in exchange for a greater benefit.

Low-Income Tax Credit

A tax credit under the Tax Reform Act of 1986 granted to owners of low-income housing.

McHOME Program

A locally developed program in which MPDUs are purchased with a combination of HOC and County funds and rented to eligible participants.

McKinney (Stewart B. McKinney Act)

A Federal grant program administered by HUD to provide transitional and permanent housing for the homeless.

Mission Statement

Statement of what the Agency does and why and for whom it does it; the Agency's reason for existence.

Moderately Priced Dwelling Unit (MPDU) Law

A County law that requires up to 15% of all housing developments of over 50 units be affordable to, and occupied by, moderate-income households. A third of the moderately priced units must be offered to HOC for purchase before the general public. HOC uses MPDUs for a variety of rental and homeownership programs.

Modified Accrual Basis

A basis of accounting under which revenues are recorded in the period in which they become available and measurable; expenditures are reported when the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, net pension obligation, and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Mortgage Purchase Program (MPP)

A HOC program that provides below-market mortgages to moderate-income first-time homebuyers or displaced homemakers. Interest rate is usually one or two points below market. Funding for MPP comes from issuance of tax-exempt mortgage revenue bonds.

Multi-Family Mortgage Revenue Bonds

Tax-exempt housing revenue bonds issued by HOC, the proceeds of which are used to finance mortgages for new or existing multi-family housing in which a portion of the units are occupied by low- and moderate-income families.

National Association of Housing and Redevelopment Officials (NAHRO)

One of several organizations that represent public housing authorities in the legislative and rule-making process.

Operating Budget

A comprehensive plan by which operating programs are funded for a single fiscal year. The operating budget includes descriptions of programs, resource allocations, and estimated revenue sources, as well as related program data and information on the fiscal management of HOC.

Operating Expenses

Expenses related to the ongoing operation of the Agency in the current period.

Opportunity Housing

Housing developed or acquired by HOC using a variety of locally designed and financed programs, which generally serve low- and moderate-income households.

Opportunity Housing Property Reserves

The operating, repair and replacement reserves for the opportunity housing units.

Opportunity Housing Reserve Fund (OHRF)

Commission-restricted fund which is reserved for the planning, acquisition, or development of new housing units.

Paradigm

A philosophical or theoretical framework of any kind.

Partnership Rental Housing Program (PRHP)

A State-run program that provides grants to local jurisdictions to acquire or build low-income housing. Local jurisdiction provides the operating subsidies if needed.

Pay Grade

Salary level or range for each personnel classification.

Payment in Lieu of Taxes (PILOT)

A payment from a tax-exempt property owner (including a governmental jurisdiction) to help compensate for the revenue lost for government purposes because the property is tax-exempt. The payment is in recognition of the governmental costs for providing infrastructure and public services that benefit the tax-exempt property owner.

Performance Measures

Quantified indication of results obtained from budgeted activities.

Personal Living Quarters (PLQ)

A single room occupancy with private sleeping quarters, but shared bathroom and kitchen.

Personnel Complement

A list of all approved positions and position grades in the annual budget.

Planning Board

Part of the Maryland-National Capital Park and Planning Commission. The five politically appointed board members are responsible for preparation of all local master plans, recommendations on zoning amendments, administration of subdivision regulations, and general administration of parks.

Program Budget

A budget which structures budget choices and information in terms of programs and their related work activities.

Program Objective

Intended results or outcomes.

Public Housing

A Federal housing program in which eligible households pay 30% of their income for rent. The homeownership component of this program allows residents to accumulate a down payment and purchase their units. The Federal Government funds the acquisition or development of the units and provides an annual operating subsidy.

Public Housing Homeownership Reserves

A program of reserved funds for replacements, repairs, and operating losses at Federal Public Housing properties.

Public Housing Management Assessment Program (PHMAP)

A national set of performance indicators for Public Housing agencies.

Quasi

Having some resemblance, usually by possession of certain attributes.

Resident Advisory Board (RAB)

The umbrella organization to the Commission on resident related issues. RAB provides forums for resident input on HOC policies and practices, participates in the planning of programs, services, and activities benefiting residents, and prepares testimony, makes recommendations and acts as advocate on behalf of HOC residents and low-income and moderate-income County residents.

Rental Allowance Program (RAP)

A State program which provides emergency rental subsidies for very low-income households (under \$15,000).

Rental Housing Production Program (RHPP)

A State program providing loans or grants for

acquisition, rehabilitation, new construction, or rental subsidies. Participating households must meet program income guidelines.

Reserve

An account used to indicate that a portion of a fund's balance is restricted to a specific purpose.

Salary Lapse

An estimated reduction from total personnel costs to account for savings due to employee turnover and delayed hiring for new positions.

Salary Schedule

A listing of minimum and maximum hourly wages and salaries for each grade level in a classification plan for merit system positions.

Section 202

A Federally funded program providing capital and rent assistance to non-profits for housing meant for very low-income elderly and persons with disabilities.

Section 221(d)(3)

This Federal program provided market financing and mortgage insurance for privately owned multi-family housing. The Federal Government must approve rehabilitation of these properties.

Section 236

A Federal housing program in which eligible households pay either a minimum basic rental rate or 30% of their income, whichever is higher. The Federal subsidy is in the form of mortgage insurance and an interest reduction payment to the owners of the properties.

Service-Linked Housing

A State grant providing intensive on-site counseling and social services to residents to reduce potential homelessness and increase self-sufficiency.

Single Family Mortgage Purchase Program (SFMPP)

A program providing mortgage loans at below market rates to eligible borrowers. HOC issues tax-exempt mortgage revenue bonds and purchases mortgages from lenders with the proceeds of the bond issue.

Shelter Plus Care Program

A rent subsidy program that includes Housing Assistance Payments and extensive case management assistance to persons who are chronically mentally ill.

State Partnership Rental Housing Program

Shorthand for the Partnership Rental Housing Program (PRHP), a State-run program that provides grants to local jurisdictions to acquire or build low-income housing. Local jurisdiction provides the operating subsidies if needed.

Strategic Plan

HOC's multi-year planning document, updated annually. The plan forecasts projected revenue and expenses over a three- to six-year time frame.

Tax credit

A direct dollar-for-dollar reduction in tax allowed for investing in affordable housing.

Tax Credit Partnership

A limited partnership set up to acquire low-income housing in accordance with the Federal low-income tax credit program.

Turnkey

An early Federal public housing homeownership program. Residents pay 30% of their income to rent, and parts of the funds are placed into various escrows to be used towards purchase.

Turnkey Debt Forgiveness

Proceeds from the sale of the Public Housing homeownership units. The Federal government forgives the debt on these units but restricts the use of the proceeds to public housing and other affordable housing projects.

United Black Fund

A United Way-related agency, which provides grants to organizations helping African-Americans.

Unrealized Gains or Losses

An increase/decrease in the value of a asset that is not "real" because the asset has not been sold.

User Fees

Fees paid for direct services, i.e., day care fees.

Work Force Housing

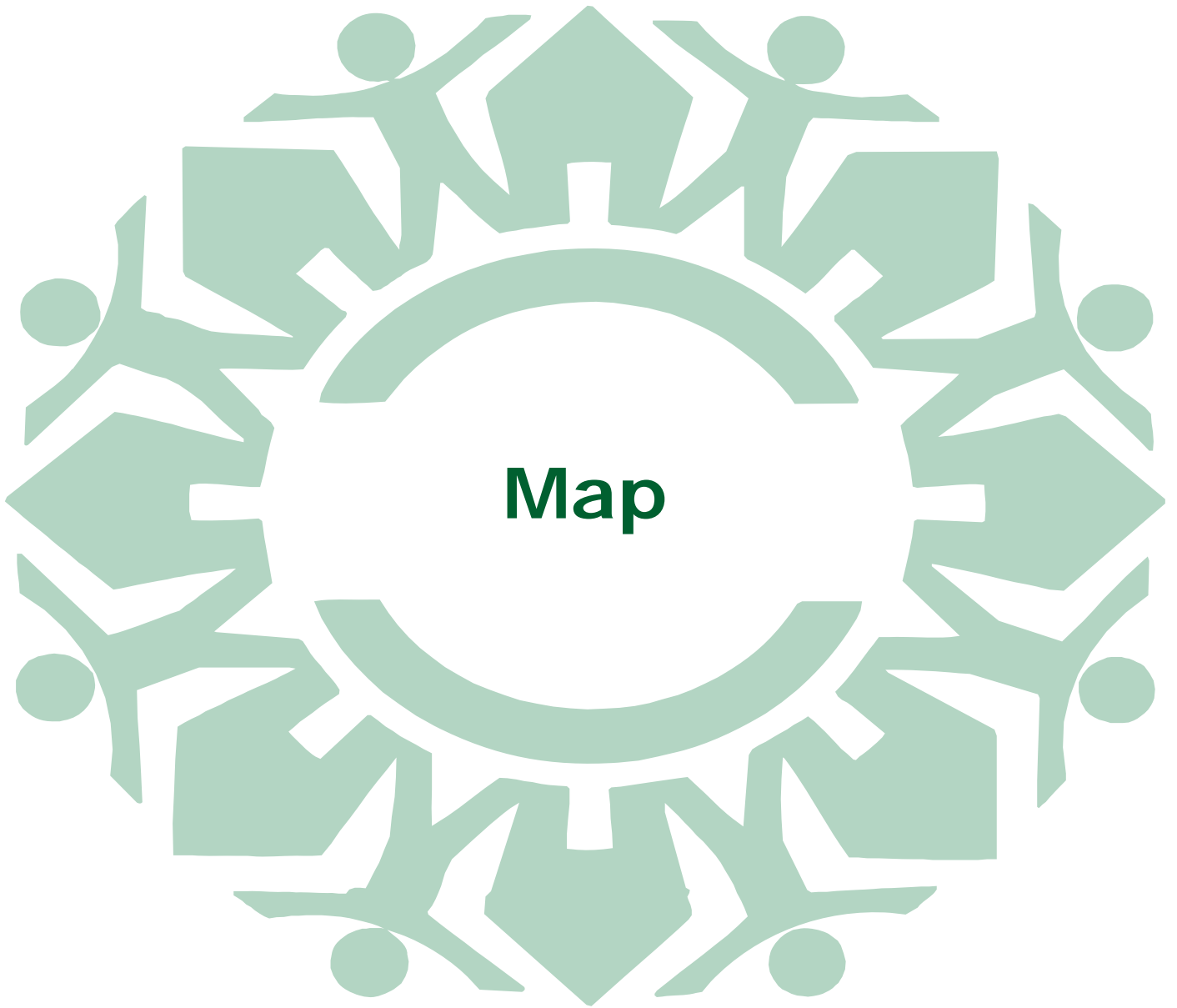
A term that means affordable housing for households with incomes at or below 120 percent of the area-wide median income.

Work Year (WY)

Approximately 2,080 hours or 260 days. This is the number of hours of work for which a full-time

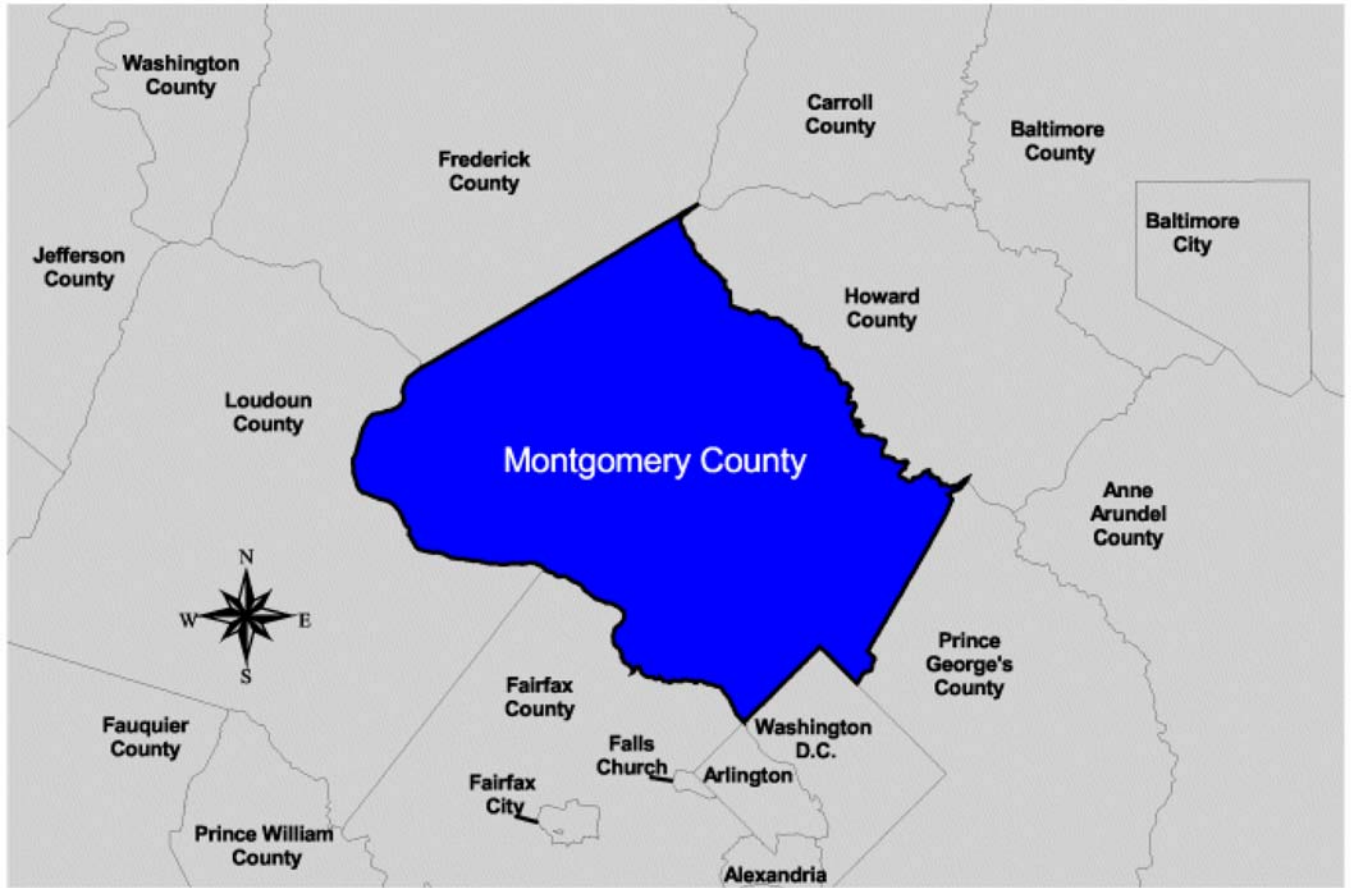
Frequently Used Acronyms

A & O	Policy Admissions and Occupancy Policy	HRS	Housing Resource Service
AGP	Annual Growth Policy	HIF	Housing Initiatives Fund
AWOR	Acquisition Without Rehabilitation	HOC	Housing Opportunities Commission
CIP	Capital Improvements Program	HQS	Housing Quality Standards
CDBG	Community Development Block Grant	IT	Information Technology
COMP Grant	Comprehensive Grant Program	MPDU	Moderately Priced Dwelling Unit
COI	Cost of Issuance	NAHRO	National Association of Housing and Redevelopment Officials
COLA	Cost of Living Adjustment	OHRF	Opportunity Housing Reserve Fund
DHCA	Department of Housing and Community Affairs	PHMAP	Public Housing Management Assessment Program
HUD	Department of Housing and Urban Development	PRHP	Partnership Rental Housing Program
EEO	Equal Employment Opportunity	PILOT	Payment in Lieu of Taxes
EHO	Equal Housing Opportunity	RAB	Resident Advisory Board
FHA	Federal Housing Administration	RAP	Rental Allowance Program
FMR	Fair Market Rent	RIF	Reduction in Force
FSS	Family Self Sufficiency	RUIT	Rent, Utilities, Insurance, and Taxes
FTE	Full Time Equivalent - See WY	SFMPP	Single Family Mortgage Purchase Program
FUP	Family Unification Program	SHRAP	Supportive Housing Resident Assistance Program
GIS	Geographical Information System	TIP	Tenant Integrity Program
HHS	Health and Human Services of Montgomery County	TEMHA /RAP	Transitional, Emergency, Medical and Housing Assistance/Rental Allowance Program
HALF	Homeownership Assistance Loan Fund	WY	Work Year
HAP	Housing Assistance Payments		



Map

Montgomery County, MD and Vicinity



Legend
■ Montgomery County Boundary
■ MD and VA Counties



Map Produced By:
Geographic Information Systems
Dept. of Information Systems
and Telecommunications
Montgomery County, Maryland
Date: February 18, 2000

The logo of the University of Maryland System is on the left. To the right is the DIST logo, which consists of the letters G, I, S, T in a grid, with D, I, S, T below it.

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