



# Adopted Budget Fiscal Year 2014





GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Maryland**

For the Fiscal Year Beginning

**July 1, 2012**

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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, 2012.**

**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 5, 2013

## From Stacy L. Spann, Executive Director

### Overview

The FY 2014 HOC budget reflects the continued evolution of the Agency in the midst of a very challenging fiscal environment. A convergence of factors has accelerated this evolution out of necessity.

For HOC to remain financially viable over the long term, we must quickly transform from an Agency reliant on federal and other public monies to one that is financially diverse and self-sufficient. A quick transformation is especially urgent in the context of current demographic projections. Montgomery County has a rapidly aging population and there is a shortage of affordable senior housing.

At every level of government, budgets are strained. For the last ten years, the federal government has made nearly annual cuts to entitlement programs serving our nation's neediest. 2012's sequestration has brought deeper cuts that will affect the Housing Choice Voucher (HCV) and Public Housing programs for the foreseeable future. Bi-partisan cooperation in Congress is in short supply and it is sobering to consider that restoration of these funds hinges on it.

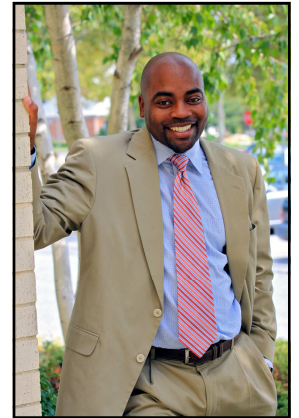
In Annapolis, lawmakers are faced with similar fiscal challenges. Budget cuts have had little impact on HOC due to the relatively small amount of funding the Agency receives from the State. However,

legislators are weighing bills that could potentially create artificial rent controls statewide. While the short-term appeal of rent control is lower rents, such legislation could also cripple HOC's ability to provide affordable housing to the community through mixed-income development. Without true market rate rents to cross-subsidize affordable and workforce units, the production of public purpose housing units could grind to a halt.

Our partners in Montgomery County have made every effort to continue to support HOC, particularly with respect to protecting programs that serve the most vulnerable in our community. Their continued support and creative vision are critically important in fulfilling our mission. Because HOC must increasingly pursue alternative methods and projects, HOC will ask more of our local officials, if not in terms of funding then in the zoning and legislative arenas.

It is clear that the old models of providing affordable housing are inadequate to meet the evolving needs of our community. Instead, HOC will look increasingly to redevelopment, mixed-income properties, the use of the Right of First Refusal and other tools to meet the growing needs of our community.

As HOC's approach to providing affordable housing and services to the residents of Montgomery County evolves in response to the challenging fiscal climate, it is



### Special points of interest:

"For HOC to remain financially viable over the long term, we must quickly transform from an Agency reliant on Federal and other public monies to one that is financially diverse and self-sufficient."

crucial for the Agency to undertake a more proactive and forward-looking budget practice to ensure long-term fiscal sustainability. To this end, HOC has moved towards zero-based, multi-year budgeting for FY 2014.

The process required each division to build the FY 2014 budget(s) by month, justifying all revenue and expenditures. This provided opportunity for re-evaluation of current business practices to determine their necessity and/or viability in our ever changing fiscal environment. In addition, a forecast was extended through FY 2015 to provide information, today, on the challenges the Agency will face in the near future to allow time for planning and redirection as deemed appropriate.

### **FY 2013**

Consistent with the objectives outlined in HOC's Strategic Plan, in FY 2013 the Agency laid the groundwork for the transformation to self-sufficiency.

HOC continues to move forward with the conversion of 669 Public Housing units to vouchers. Over time, this conversion will help us better maintain our properties and reduce the number of Public Housing units in our portfolio. Accordingly, HOC is investigating the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program, which allows Public Housing Agencies to take ownership of multi-family Public Housing properties and secure private funds to renovate and redevelopment them. Clients residing in these properties would be issued Project Based Vouchers.

Additionally, the Agency is focusing on true, dedicated asset management. The Agency is developing a proprietary Property Assessment Tool that will allow the Agency to accurately forecast capital expenses and assist in evaluating and optimizing our portfolio based on the actual expenses and income of each property. Using the Property Assessment Tool will not only help HOC manage existing assets but evaluate potential acquisitions.

For the first time in more than 20 years, HOC exercised the Right of First Refusal and subsequently acquired Glenmont Crossing in Wheaton. The Agency will diligently scrutinize these opportunities against our mission and our bottom line.

HOC is also re-aligning our legislative and public affairs efforts with Agency priorities and representing the Agency with greater assertion in discussions with the Planning Board and the County Council. Success in this arena is critically important to future acquisitions and redevelopment projects.

### **FY 2014**

In the year ahead, HOC will continue with its implementation of a reorganization of the Property Management division and reallocate resources throughout the County to create ten service HUBs. This reallocation will enable the Agency to collect rent, process paperwork and provide maintenance service closer to where our clients live. In addition to the improved service response times, HOC will realize savings in fuel consumption across our entire fleet of vehicles.

The County Council has approved HOC's plans for the redevelopment of the Chevy Chase Lake property and included the redevelopment in phase one of the Chevy Chase Lake Sector plan implementation. This redevelopment is a major success for the agency, nearly tripling the number of HOC units at the site.

HOC must increasingly rely on the development of mixed-income properties to generate new affordable units. To that end, we will revisit our portfolio in the context of coming sector plan revisions and assess our opportunities for redevelopment.





# Budget Highlights

Adopted Budget  
June 5, 2013

## FY 2014 Budget Highlights

### Real Estate Development

The limits of HOC's role in Montgomery County real estate is at a watershed point. With historic low interest rates, leveraged real estate transactions continue to be attractive investments. Owners are being coaxed to the market by the return of portfolio buyers and compressed capitalization rates. Private capital of various investment profiles is further being drawn by continued strength in the Metropolitan DC revenue trends and the advent of near County-wide reassessment of zoning designations for increased density. Now is an expansionary moment in the market. HOC may take advantage of the current environment of relatively high numbers of transactions in the County and liberally available capital. Given HOC's current geographical limitations of ownership, escalating rents, and the slow cyclicity of interest rates and liquidity, HOC must be actively acquiring properties before conditions change.

The Real Estate Development Division is focused on developing and implementing an actionable strategy for HOC's acquisition and development philosophy. Complementing this will be a complete analysis of County housing based on that strategy, resulting in asset targeting lists for each part of the County as well as identifying and locking in ready sources of debt and equity to support HOC activities.

Following is a discussion of several active capital projects that will continue throughout FY 2014.

After evaluating a number of options for Greenhills Apartments, staff has concluded that refinancing of the existing mortgage using proceeds from the issuance of tax-exempt governmental bonds and a new mortgage insured under the Federal Housing

Administration (FHA) Risk Sharing program will provide the best financing strategy for a major renovation of the property. The FHA execution will provide a 30-year loan term allowing for longer maturity, a shorter prepayment penalty period and greater flexibility for future refinancing.

The Real Estate staff completed a development plan that included scattered site townhomes and condominiums owned by HOC and originally developed as Moderately Priced Dwelling units (MPDUs), located throughout Montgomery County. The development plan consists of Scattered Site One Development Corporation and Scattered Site Two Development Corporation. The Real Estate Division closed on tax-exempt bond refinancing of \$9.2 million in July 2012 for Scattered Site One Development Corporation (190 units). One hundred and ninety units have been planned for renovations with residents in place. This refinancing was the larger of the two scattered site refinancings included in the Development Plan. Scattered Site Two Development Corporation consists of 54 units formerly within the Montgomery Housing Limited Partnership (MHLPI) and MPDU 2004 ownership entities. The Scattered Site Two financing will include a taxable loan estimated at \$4.9 million.

HOC was awarded a \$1.29 million annual allocation of 9% Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development (DHCD) which generated \$14.21 million of equity for the refinancing and substantial renovation of 132 units at Tanglewood and Sligo Hills Apartments in Silver Spring. Construction began January 2013 and is to be completed by calendar year-end 2013.

The Real Estate Division anticipates closing on a bond refinancing by July 2014 for

Timberlawn. The estimated total development cost is \$15.8 million. The proceeds will provide funds to refinance outstanding indebtedness and much needed renovation. The units to be financed in this transaction will serve households from 60% to 90% of the Area Median Income (AMI).

During FY 2012, Real Estate began to develop plans to renovate the 162-unit development known as The Ambassador, located in Wheaton. Plans changed to capitalize on an opportunity that sought to maximize the unit yield and contribute to revitalization efforts in Wheaton. On November 7, 2012, a non-binding Memorandum of Understanding with the commercial condominium and adjacent parcel owner, Willco Companies (Willco), to jointly collaborate in the redevelopment of the property and Willco's contiguous parcel was approved. On June 5, 2013, Pennrose Properties, LLC was approved as the developer for the Ambassador Apartments and negotiations began toward a Development Agreement. The developer agreement is expected to be executed in the fall of 2013. A final development and financing plan are expected to be approved by mid-2014.

The Commission recently approved interim funding of \$20 million to complete the renovation of the 669 scattered site former Public Housing units so that the disposition plan, which was approved by HUD, may be implemented. Once fully implemented, the units will be owned by VPC One Development Corporation and VPC Two Development Corporation, two entities that will be wholly owned and controlled by HOC.

### **Property Management Division**

The Property Management Division was restructured during FY 2013, and is now solely focused on managing the Agency's assets by operating the properties, providing preventative maintenance, responding to service requests, and managing the operating budgets for our properties. In addition, the function of rent collections has been moved from Finance to Property Management. Finally, asset and construction management has been assumed by the Agency's Real Estate Development Division (RED).

Property Management has also moved from a centralized operations model to 10 regional HUB offices. The 10 HUB offices now utilize existing HOC multifamily sites to manage all

properties within a 5 mile radius of the HUB office. Staff has been reassigned to the HUBs to ensure adequate staffing to serve the clients. The immediate benefits of the HUB offices is that now clients have a property management office located within 5 miles of their home and our maintenance staff is better able to respond to service calls within a significantly smaller service area.

As noted below, HOC is in the process of converting its public housing scattered site stock which will occur over the next few years. During the transition period, the Property Management Division will continue to work to reinvent itself to provide quality customer service to our clients. We expect the HUB structure to make the delivery of service to our clients more timely and efficient. The HUB structure also empowers HOC to engage with our clients and implement community building initiatives in a manner we have been unable to achieve in the past.

### **Mortgage Finance**

The Mortgage Finance Division continues to operate in an environment that has experienced significant turbulence over the past five years but is showing signs of recovery. Nevertheless, the financial system is still very fragile. A significant effort by the government to assist housing finance agencies was the October 2009 Housing Finance Agency Initiative, which was implemented by the U.S. Treasury Department in conjunction with Fannie Mae and Freddie Mac. The two components of the program were: 1) Temporary Credit and Liquidity Program (TCLP), and 2) New Issue Bond Program (NIBP). The TCLP enabled the Commission to access liquidity for approximately \$110 million of its outstanding floating rate debt in 2009 for a three-year term. As of June 30, 2013, there is no TCLP supported debt outstanding. All Multifamily NIBP bonds (\$46.49 million) were fully utilized in 2010, producing 291 multifamily units. At the beginning of FY 2014, all single family NIBP proceeds have been used. The overall impact of the two programs has been the reduction of borrowing and liquidity costs for existing and new financing programs and enabling low- and moderate-income households to be provided with viable housing options. Although the economy and the financial markets are still somewhat unstable, the market for liquidity support has

improved.

The Mortgage Finance Program typically completes two to four bond issuances each year. In the past fiscal year, the Multifamily program completed the issuance of four series of bonds, the proceeds of which were used to finance or refinance mortgage loans or to redeem outstanding bonds for the Oaks at Four Corners, TPM Apartments, Drings Reach, Shady Grove Apartments, Manchester Manor, The Willows, Tax Credit IX, Stewarttown Apartments, Georgian Court Apartments, Brookside Glen, Montgomery Arms, Diamond Square, Pooks Hill High-rise, and Victory Court Apartments. The funds in the amount of \$85,795,000 were used to retire outstanding indebtedness for the properties and provide, in some instances, permanent fixed rate financing at a much lower interest rate. The total financing impacted 1,740 units, 1,262 of which are affordable. In the Single Family program, one bond issuance was completed through the conversion of escrowed NIBP funds, yielding \$25 million of mortgage proceeds to fund mortgages for eligible first time home buyers. The Single Family program continued its strategy of reducing bond expense with a refunding and bond redemptions totaling \$106.46 million.

In FY 2014, Mortgage Finance will continue to contribute Commitment Fees, Loan Management Fees, and other overhead revenue to the Agency's Operating Budget. The next fiscal year will continue to present challenges: a changed financial and real estate market landscape, competition for development and acquisition opportunities in Montgomery County, pressures on tax exempt yields, and limited access to soft debt to support affordable housing. The challenges notwithstanding, efforts are underway to identify alternative funding sources for new and existing multifamily developments in the county. The Multifamily program anticipates completing at least two bond issuances in FY 2014 from which approximately \$76,082,831 million in new mortgage proceeds is expected. In the Single Family program, the housing market has shown signs of improvement reflected in increased property values and resale prices and shorter time periods on the market. Delinquencies and foreclosures continue to plague the sector; however, on May 5, 2012, the Commission approved a proposal to add a Mortgage

Backed Securities (MBS) option to the Single Family Mortgage Purchase Program and approved U.S. Bank National Association as the Master Servicer for the program. The Commission will be purchasing guaranteed mortgage securities rather than whole loans. Servicing rights and responsibilities will transfer to U.S. Bank, thereby reducing delinquency and foreclosure risks for the Commission while continuing to provide low cost mortgages to Montgomery County residents. In FY 2014, the Single Family Program is expected to operate completely in the MBS secondary market without bond funds. There are no single family bond issues planned for FY 2014. The existing portfolio of whole loans will continue to be serviced by the current servicers.

### **Federally Funded Programs – Housing Choice Voucher and Public Housing**

As Montgomery County's Public Housing Authority, HOC administers a Housing Choice Voucher (HCV) Program and owns and manages Public Housing properties. HOC is authorized to provide 6,794 vouchers and manages 1,554 Public Housing units. Some of the units are in clustered family communities, some are in mid- and high-rise buildings which house seniors, and some apartments, townhouses and single family homes are scattered throughout the County.

#### **Housing Choice Voucher**

HUD's allocation of vouchers includes Mainstream Disabled, Moderate Rehabilitation, and Veterans Affairs Supportive Housing (VASH) vouchers. The voucher programs provide housing subsidy assistance through an array of categories such as Non-Elderly Disabled vouchers, Witness Protection vouchers and Opt-Out vouchers. Additionally HOC supports a Voucher Homeownership program which allows eligible voucher clients to use their voucher subsidy towards mortgage payments. The FY 2014 Adopted Budget was developed based on current utilization projections for FY 2013 and the preliminary funding levels provided by HUD for CY 2013 which establishes a funding level of \$77.6 million. Throughout 2012 and 2013 HOC was awarded 640 Tenant Protection vouchers associated with the HUD approved Disposition and 30 VASH vouchers which increased the program baseline by 10%. These allocations are anticipated to be utilized during 2013 and

2014. Staff anticipates allocations of new vouchers and associated funding will be limited to special projects, Disposition, or for Veterans and Disabled persons. HOC will continue to respond to funding opportunities as they are presented.

The HCV program is not excluded from reductions in HUD funding levels. The recent reductions in federal funding will directly impact program operations. HOC will continue to streamline operations and strive to provide quality customer service in an environment steep in regulation and reduced funding levels.

### **Public Housing**

HOC applied and was approved for the Disposition of 669 Public Housing Scattered Site units through the Public Housing Demolition and Disposition program as described in Section 18 of the Housing Act of 1937. The Disposition is expected to be complete in 2014. The program maintains long term affordability of the units and allows clients residing in the units at the time of the Disposition to use Housing Choice Vouchers to assist with rental expenses. The Disposition will reduce the Public Housing portfolio to 885 units. The remaining portfolio will consist of clustered family communities and senior mid- and high- rise apartment buildings.

HOC will continue to receive operating subsidy from HUD to bridge the gap between what residents pay in rent, which equals 30% of their adjusted gross income, and the cost of operating the units. The amount of HUD funding falls short of what is required. The FY 2014 Budget was based on a 77% appropriation of eligibility and anticipates HOC will receive approximately \$5.3 million in operating subsidy. The FY 2014 Adopted Budget also includes funding from Montgomery County via the County Main Grant to help offset rising utility and Home Owner Association (HOA) Fees.

HUD also provides funding for capital improvements of the units. The FY 2014 budget anticipates HOC will receive an award of almost \$1.8 million from the Capital Fund Program to address these needs. In addition, Montgomery County has provided funding for capital improvements for the past several years.

### **County Budget**

Montgomery County remains an important partner in the work of the Commission. The County provides both ongoing operating and capital support to the Commission. Most of the County's \$6.6 million operating budget supported social services and programs to clients and residents. Not only does the funding create the fundamental infrastructure of that work, it is also the foundation for HOC to apply for grants to expand the reach of its supportive services. HOC's Resident Services Division leverages the County's operating support at a 3:1 ratio. The County's appropriation also supports HOC's properties, Housing Resource Service and Customer Service Centers.

The County has also been generous in providing capital support to HOC. This year, the County Executive's Adopted Capital Improvement Program includes \$1.25 million for capital improvements for HOC's public housing units as well as a continuation of the funding necessary to complete the installation of sprinkler systems at Arcola Towers and Bauer Park.



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June 5, 2013

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# Reader's Guide

Adopted Budget  
June 5, 2013

## 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 2013 to FY 2014.

### Page iii Budget Highlights

### Page xiii Budget Overview

This section includes:

- Overview – Revenue and Expense Summary
- Fund Structure
- Agency Fund Description
- Budget Process
- Overview – Strategic Plan
- Operating Budget
- FY 2014 Revenue and Expense Statement

### Page 1-1 Budget Summary Information

This section includes:

- Mission and Vision Statement
- Overview of the Agency Strategic Plan
- 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, Housing Resources, Mortgage Finance, Real Estate, 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. A Functional Organization Chart is also included in this section.

#### 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 5, 2013

## Overview—Revenue and Expense Summary

Fund Summary Overview	FY 2014 Adopted Budget		
	Revenues	Expenses	Net
<b>General Fund</b>	\$18,759,770	\$19,344,300	(\$584,530)
<b>Restrict to GFOR</b>	\$0	\$250,000	(\$250,000)
<b>Multifamily Bond Funds</b>	\$24,702,800	\$24,702,800	\$0
<b>Single Family Bond Funds</b>	\$15,924,830	\$15,924,830	\$0
<b>Opportunity Housing Fund</b>			
<b>Opportunity Housing Reserve Fund (OHRF)</b>	\$868,340	\$1,067,870	(\$199,530)
<b>Draw from OHRF</b>	\$199,530	\$0	\$199,530
<b>Opportunity Housing &amp; Development Corporation Properties</b>	\$58,990,130	\$57,580,090	\$1,410,040
<b>Draw from GFOR for MetroPointe Deficit</b>	\$151,140	\$0	\$151,140
<b>Public Fund</b>			
<b>Public Housing Fund</b>	\$12,228,800	\$12,285,990	(\$57,190)
<b>Draw from Public Housing Reserves</b>	\$57,190	\$0	\$57,190
<b>Housing Choice Voucher Program</b>	\$83,336,910	\$84,063,560	(\$726,650)
<b>Federal, State and County Grants</b>	\$14,102,540	\$14,102,540	\$0
<b>TOTAL - ALL FUNDS</b>	<b>\$229,321,980</b>	<b>\$229,321,980</b>	<b>\$0</b>

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



## Fund Structure

This section summarizes the Agency's FY 2014 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 (Executive vs. Finance).
- By property (Tanglewood vs. Metropolitan).

The Housing Opportunities Commission will approve the FY 2014 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 just under 74% 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 grant requirements from the various government agencies.

There are two separate Bond Funds:

The **Multifamily Program Fund**, which includes all proceeds from mortgages made from bond issues for multifamily 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 & Multifamily)
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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
Management Fees	Interest Income	County Grants	
Asset Management Fees	Miscellaneous Income	Interest Income	
Private Grants			
Miscellaneous Income			
Insurance Premiums			

## Uses

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

## Project / Grant funds included in each Agency Fund

General	Opportunity Housing Properties	Public Housing Rental	Multifamily 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: General, Opportunity Housing, Public, Multifamily 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, upon request, 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 for 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 is posted on the Agency's website at [www.hocmc.org](http://www.hocmc.org). In addition, the Commission operates an agenda information line which provides information to the public on the upcoming agenda, 240-627-9784. The Special Assistant to the Commission can be contacted directly at 240-627-9425. Civic associations are informed of the agenda items

related to their concerns prior to the Commission meeting where such concerns will be discussed. Public forums are held at each meeting of the Commission to allow for citizen comments. All regular Commission meetings are held in the late afternoon.

HOC's approved budget is provided to elected officials. In addition, both the approved budget and a budget-in-brief are made available electronically via the HOC website ([www.hocmc.org](http://www.hocmc.org)).

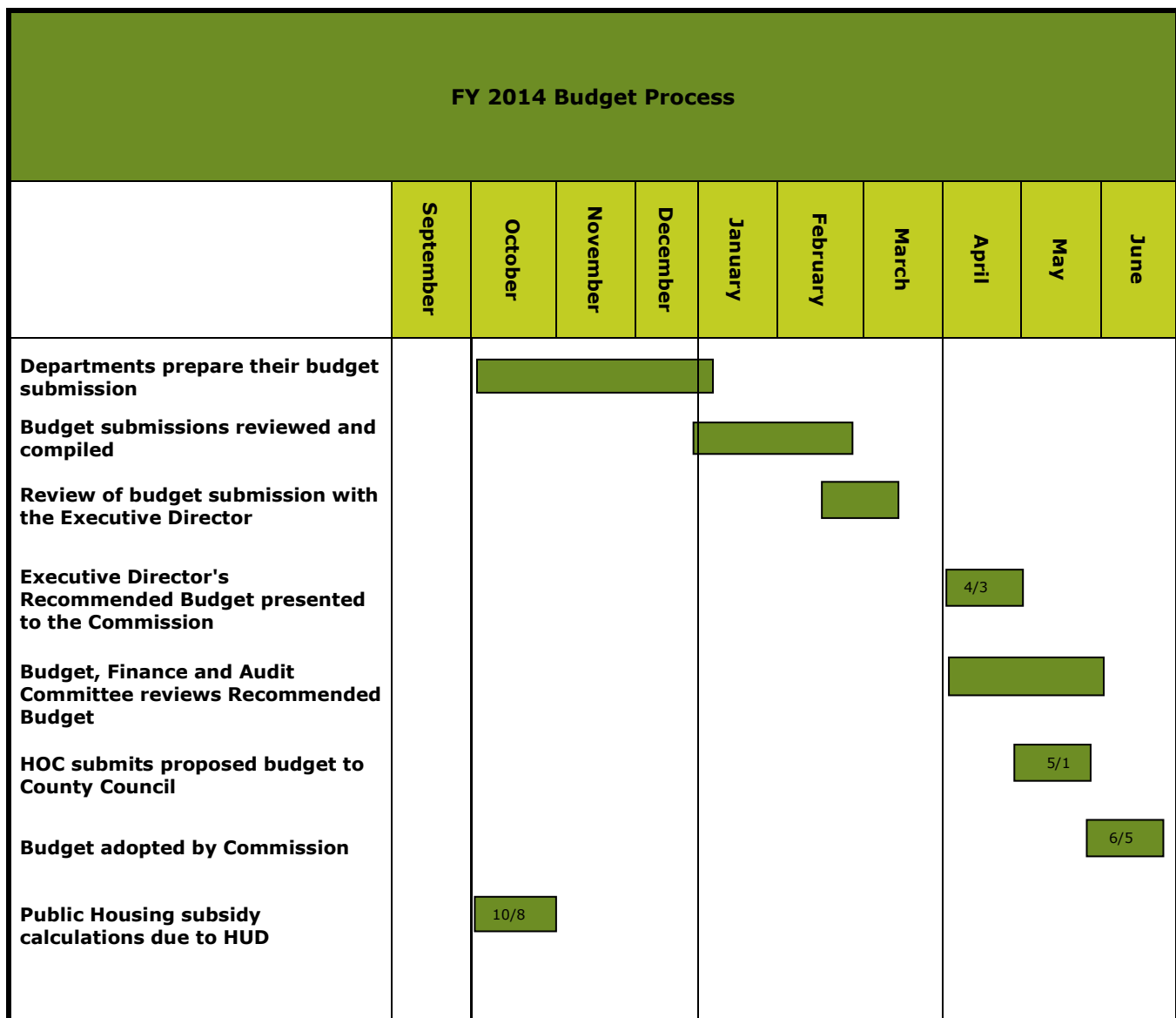
## Budget Calendar—FY 2014

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 and 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 2014 Budget Process





## Overview—Strategic Plan

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 Board of Commissioners and the Executive Management Team review past practices and develop creative strategies to address the changing housing needs of Montgomery County.

HOC relies on its Strategic Plan for direction and focus. The Commission conducted its biennial review of the Strategic Plan and approved the 2013-2017 Strategic Plan at the June 6, 2012 Commission meeting.

The 2013-2017 Strategic Plan represents a departure from previous HOC Strategic Plans. As in previous plans, this Strategic Plan contains an introduction that describes the economic, political, demographic and real estate environments in which the agency operates as well as the objectives on which the agency will concentrate its efforts.

In addition to these elements, the 2013-2017 Strategic Plan also includes descriptions of HOC's strategic direction in terms of its

organizational culture and business practices.

It concentrates HOC's efforts on developing and implementing solutions to the problem of meeting the County's ever-expanding need for affordable housing.

- Communicate a vision of HOC as a real estate company that provides superior housing and services to residents in a wide range of market segments.
- Expand approach and ability to develop mixed-income housing with an emphasis on amenity-rich, larger scale properties that are environmentally and financially stable.
- Develop a strategic plan of social service delivery.
- Broaden government relations activity to improve the legislative and regulatory environment to remove barriers and promote progressive change in the housing arena.

## Operating Budget

HOC has an operating budget for FY 2014 of \$229.3 million. Revenues are generated in two ways:

- Grants, other funding sources, and the cash flow from HOC properties generate 80.12% of total revenues.
  - \$64.9 million (28.33%) is from property rents and service income.
  - \$101.6 million (44.28%) is from Federal, State and County grants.
    - \$92.8 million (40.45%) is from Federal grants, which includes \$82.6 million in HUD Housing Choice Voucher Assistance Payments that are passed through to Montgomery County landlords, for which HOC earns administrative fees.
    - \$8.6 million (3.76%) 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.

- \$0.2 million (.08%) is from various State grants.
  - \$17.2 million (7.51%) is from management fees and miscellaneous income.
- Non-operational income derived from HOC's bond-financing operation, real estate financing fees and interest earned on investments generate 19.88% of total revenues.
    - \$37.1 million (16.16%) is from mortgage interest income which pays the debt service on HOC housing revenue bonds and interest earned on cash investments.
    - \$8.5 million (3.72%) is from miscellaneous bond financing operations and transfers between funds.

## FY 2014 Revenue and Expense Statement

Operating Budget		Non-Operating Budget	
<b>Operating Income</b>		<b>Non-Operating Income</b>	
Tenant Income	63,522,010	Investment Interest Income	37,059,590
Non-Dwelling Rental Income	1,440,570	FHA Risk Sharing Insurance	590,420
Federal Grant	92,759,790	Transfer Between Funds	7,938,130
State Grant	173,690		
County Grant	8,616,890		
Management Fees	16,807,540		
Miscellaneous Income	413,350		
<b>TOTAL OPERATING INCOME</b>	<b>\$183,733,840</b>	<b>TOTAL NON-OPERATING INCOME</b>	<b>\$45,588,140</b>
<b>Operating Expenses</b>		<b>Non-Operating Expenses</b>	
Personnel Expenses	38,493,840	Interest Payment	42,363,870
Operating Expenses - Fees	14,571,230	Mortgage Insurance	896,300
Operating Expenses - Administrative	6,802,190	Principal Payment	7,668,500
Tenant Services Expenses	3,849,750	Operating and Replacement Reserves	5,810,280
Protective Services Expenses	721,170	Restricted Cash Flow	4,249,800
Utilities Expenses	6,366,990	Development Corporation Fees	4,720,550
Insurance and Tax Expenses	1,619,080	Miscellaneous Bond Financing Expenses	1,225,750
Maintenance Expenses	7,929,620	FHA Risk Sharing Insurance	590,420
Housing Assistance Payments (HAP)	78,145,720	Transfer Out Between Funds	3,296,920
<b>TOTAL OPERATING EXPENSES</b>	<b>\$158,499,590</b>	<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$70,822,390</b>
<b>NET OPERATING INCOME</b>	<b>\$25,234,250</b>	<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$25,234,250)</b>

# **Section 1:**

# **SUMMARY**

Tab

# 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
- Operating Budget Fund Summary
- Revenue Restrictions
- General Fund Summary
- Grant Summary
- Public Housing Fund Summary
- Housing Choice Voucher Fund Summary
- Opportunity Housing & Development Corp.
- Property Listings
- Bond Program

## Strategic Plan Goals

*HOC relies on its Strategic Plan for direction and focus. The Commission conducted its biennial review of the Strategic Plan and approved the 2013–2017 Strategic Plan at the June 6, 2012 Commission meeting. It concentrates HOC’s efforts on developing and implementing solutions to the problem of meeting the County’s ever-expanding need for affordable housing.*

**Communicate a vision of HOC as a Real Estate Company that provides superior housing and services to residents in a wide range of market segments.**

HOC will develop outreach and marketing strategies to transform the perception of HOC from a provider of subsidized housing to a state of the art real estate company with a social mission. Integral to that effort is

conveying the message that HOC’s business activities support its mission to serve lower income families and individuals.

### Implementation Actions:

- Execute a communications plan to convey a new vision of HOC.
- Establish and create an identity for specific properties separate and distinct from HOC by creating property-specific websites and

marketing materials.

- Promote HOC's mixed income strategy as a vehicle that can generate market-rate revenue to subsidize deeper affordability throughout its portfolio.
- Strive to generate more revenue and eliminate capital backlog in our Public Housing portfolio.
- Deepen and realign partnerships consistent with a new vision of HOC.
- Strengthen HOC's relationships with homeowners associations (HOAs) and community groups.
- Create a positive experience for the public by providing excellent customer service at every opportunity.

**Expand approach and ability to develop mixed-income housing with an emphasis on amenity-rich, larger scale properties that are environmentally and financially stable.**

HOC will create new approaches to acquire and develop housing by aggressively prospecting for opportunities, building partnerships, and identifying alternative sources of equity.

**Implementation Actions:**

- Develop a vision for an optimal mix of housing types and locations.
- Review HOC's housing inventory to determine each property's market position and consistency with the real estate portfolio strategy.
- Identify properties within HOC's inventory that are primed for redevelopment, especially if there is the potential to add additional density.
- Tap into "locked" equity in HOC owned assets through refinancing, improved performance and selective dispositions that can create capital dedicated to new acquisitions.
- Create bold partnerships with private and nonprofit developers, including corporate, military and religious organizations, to attract private capital and to develop larger scale mixed use, mixed income communities.
- Broaden the type of housing HOC develops by exploring other ownership structures such as cooperatives and sweat equity.

- Use a fiscally disciplined approach by allocating resources efficiently and developing cost-effective scopes of work.
- Ensure the early participation of key stakeholders within HOC by creating specific project committees to develop recommendations.
- Aggressively prospect for development opportunities by identifying underutilized parcels and other off-market deals appropriate for redevelopment.

**Develop a strategic plan of social service delivery.**

HOC recognizes that it must target the social services that it can deliver to its clients and residents and determine which ones HOC will deliver itself and which ones it will seek from other providers.

**Implementation Actions:**

- Partner with public agencies and community groups to evaluate the service needs of residents and clients so HOC can target its service delivery programs.
- Include a service component in development deals and market resident services as a competitive advantage.
- Identify partners who can provide new opportunities for our clients to progress toward economic self-sufficiency.
- Expand residents' understanding of HOC operations.
- Create opportunities for leadership development for members of the Resident Advisory Board.
- Market exceptional supportive services to private management companies to generate revenue.
- Secure additional grant funding to enrich and increase client services in areas targeted by HOC's strategic design of social services.
- Increase and expand language services for improved communication with Montgomery County's increasingly diverse population, including ESL clients.
- Assist clients to understand their responsibilities to meet the requirements of the programs in which they participate as well as their responsibilities within their



communities.

- Increase fund raising initiatives.

**Broaden government relations activity to improve the legislative and regulatory environment to remove barriers and promote progressive change in the housing arena.**

HOC will be in the forefront of local, state and federal housing legislation, regulations and public policy.

**Implementation Actions:**

- Utilize HOC's prominent reputation and expertise to contribute proactively to changes in policy, statute and regulations.
- Examine regulations and law at the local, state and federal levels and identify specific barriers to HOC in achieving its mission and develop and implement strategies to change them.

## Operating Budget

As described in the Fund Structure section on page xiv, 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 2014 Adopted Operating Budget.

The charts on pages 1-4 and 1-5 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 1-6 shows the FY 2014 Operating Budget by accounting classification.

This chart summarizes all Agency Funds. The FY 2014 Operating Budget is balanced.

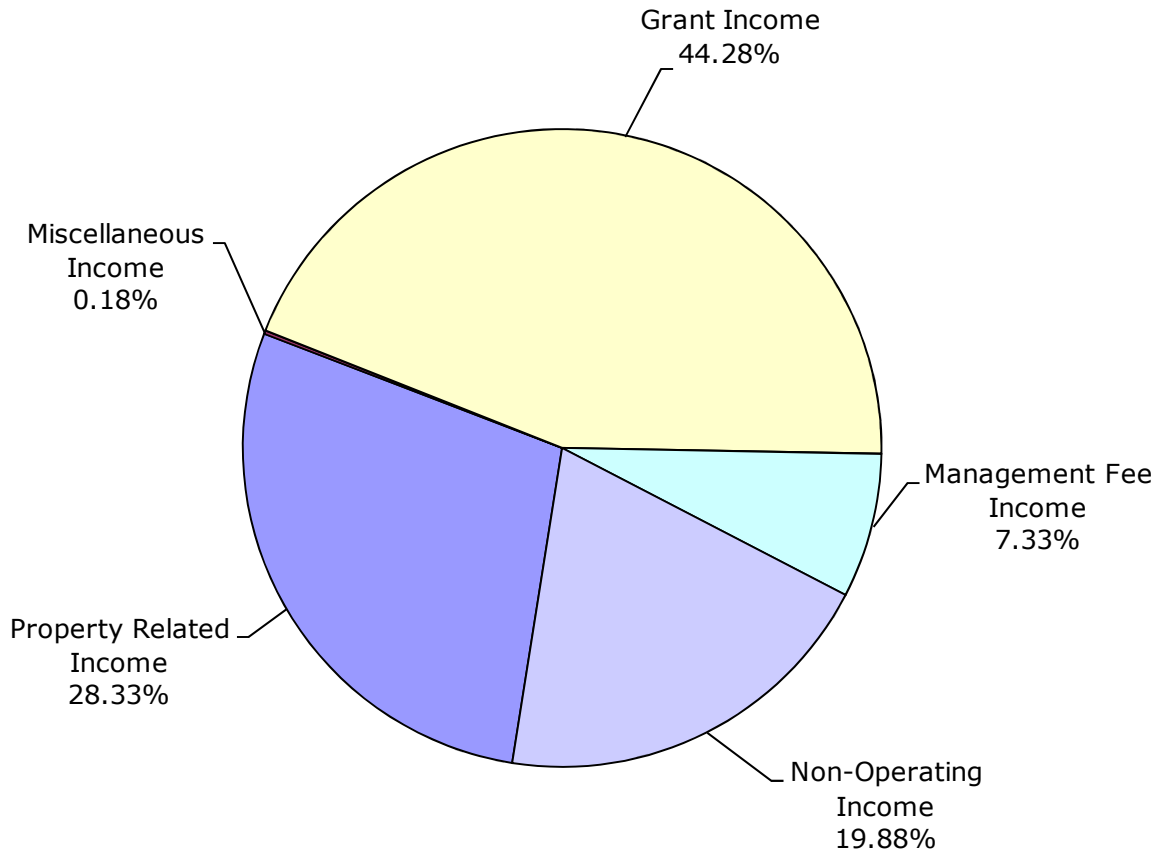
The chart on page 1-9 illustrates the FY 2014 external as well as internal revenue restrictions. Although HOC has a \$229.3 million budget, only 7.71%, or \$17.7 million, may be used by the Commission for discretionary expenses.

The chart on page 1-10 summarizes the General Fund. In FY 2014, the Net Operating Deficit increased by \$150,360 from FY 2013.

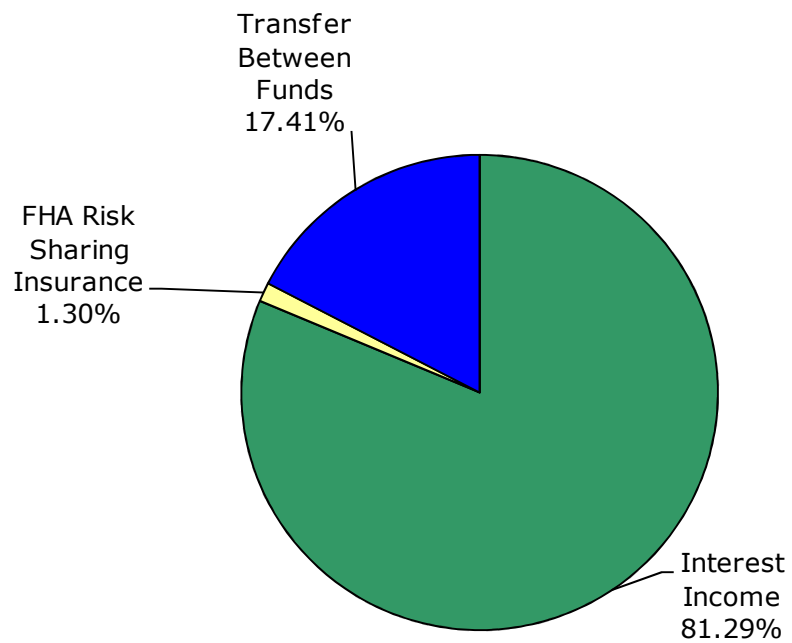
Charts are also included in this section which show the revenue, expense and net cash flow for the properties as well as the annual operating budget for each of the grants.

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

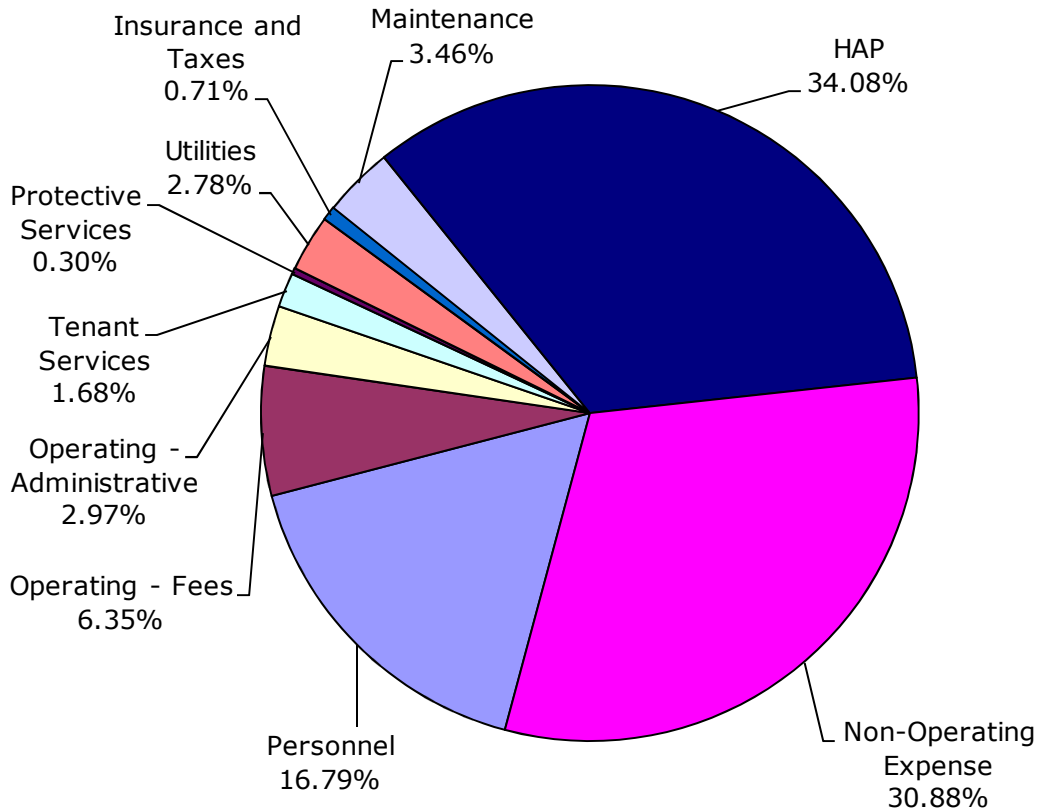
# Source of Funds



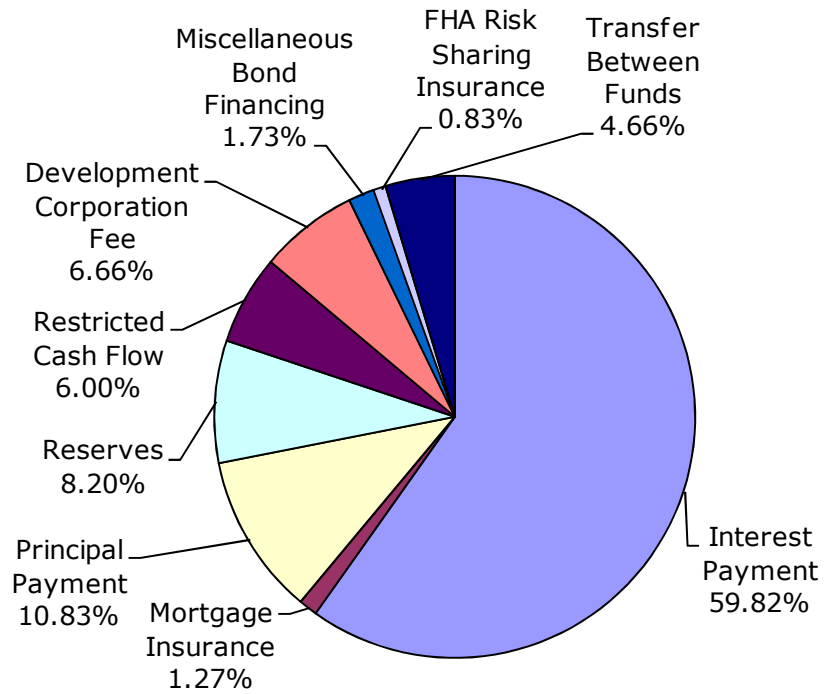
# Non-Operating Income



# Use of Funds



# Non-Operating Expense

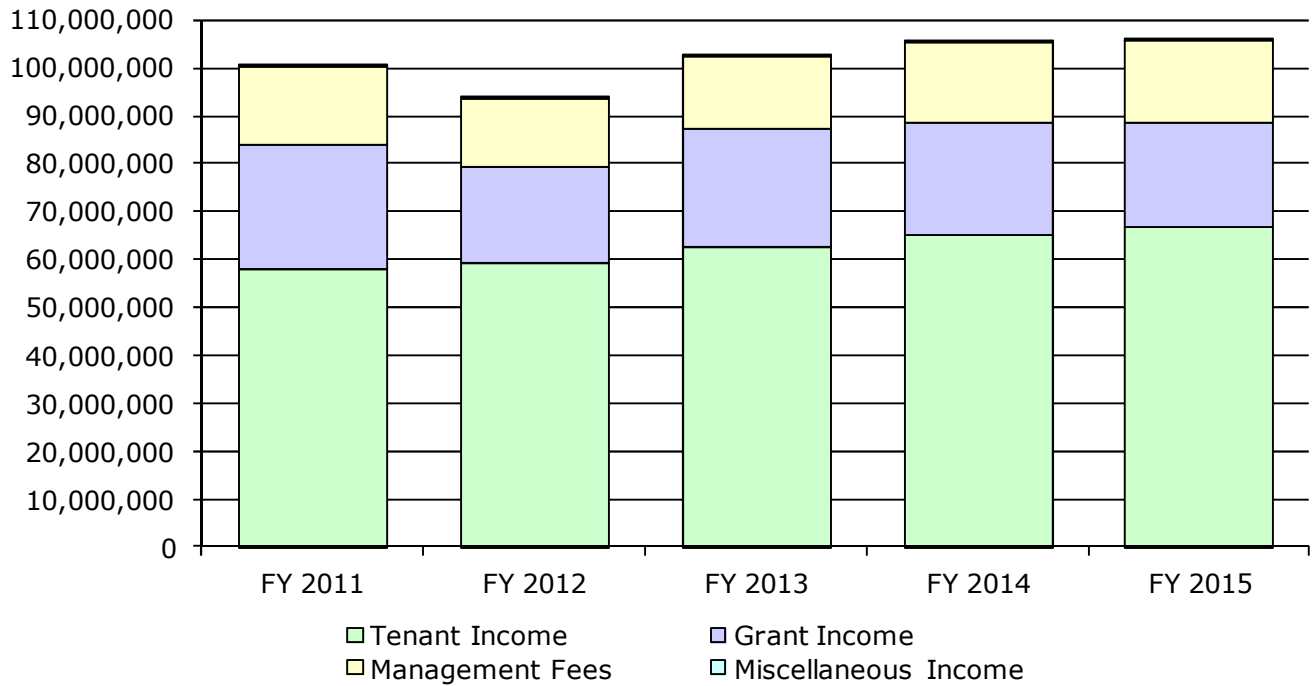


# Total Agency—Revenue and Expense Statement

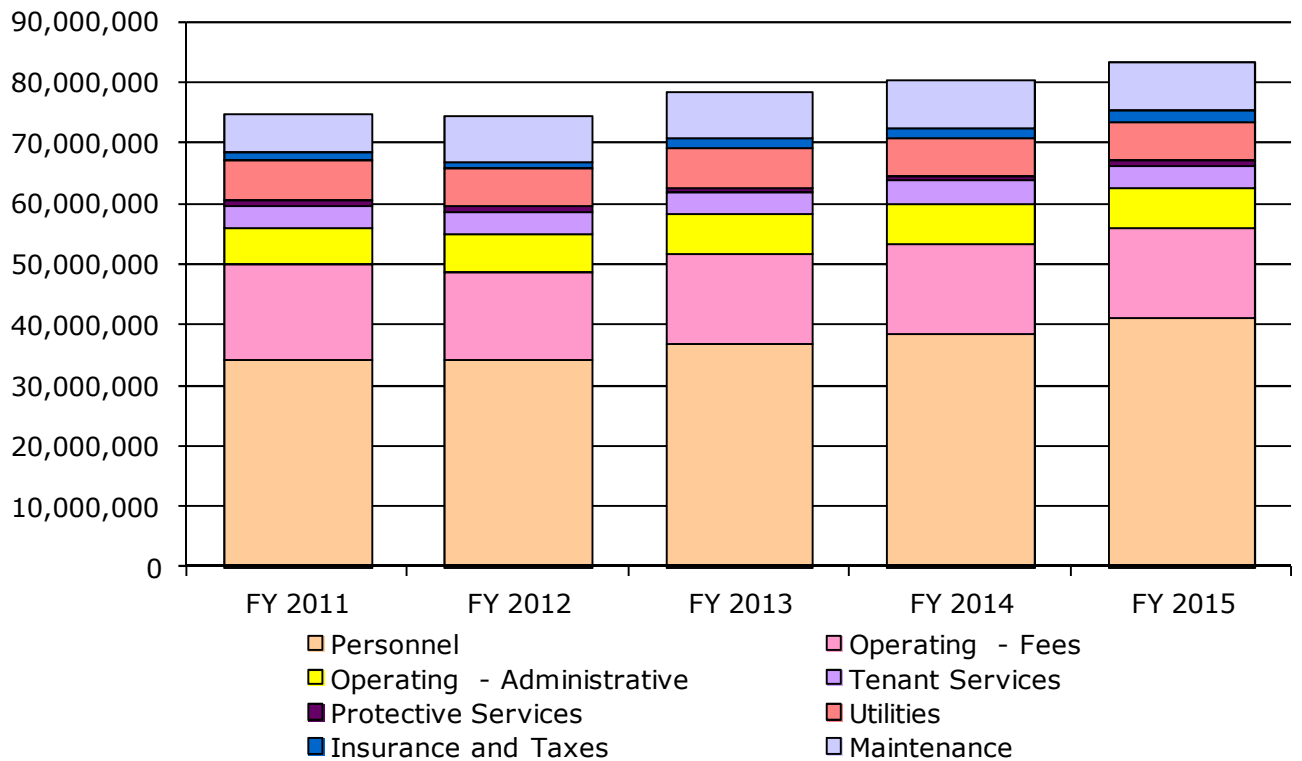
Total Revenue and Expense Statement	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$56,554,822	\$57,772,519	\$61,550,820	\$63,522,010	\$65,040,920
Non-Dwelling Rental Income	\$1,359,149	\$1,391,745	\$1,107,480	\$1,440,570	\$1,520,190
Federal Grant	\$92,450,289	\$91,558,047	\$95,506,940	\$92,759,790	\$94,292,770
State Grant	\$180,281	\$227,930	\$173,690	\$173,690	\$173,690
County Grant	\$8,254,382	\$7,822,500	\$7,786,020	\$8,616,890	\$9,090,990
Management Fees	\$16,336,382	\$14,010,473	\$15,074,910	\$16,807,540	\$17,345,740
Miscellaneous Income	\$456,586	\$317,018	\$222,510	\$413,350	\$413,930
<b>TOTAL OPERATING INCOME</b>	<b>\$175,591,891</b>	<b>\$173,100,232</b>	<b>\$181,422,370</b>	<b>\$183,733,840</b>	<b>\$187,878,230</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$33,880,753	\$34,078,114	\$36,831,980	\$38,493,840	\$40,875,060
Operating Expenses - Fees	\$15,851,856	\$14,486,605	\$14,850,260	\$14,571,230	\$14,794,660
Operating Expenses - Administrative	\$6,067,082	\$6,306,398	\$6,345,950	\$6,802,190	\$6,662,850
Tenant Services Expenses	\$3,751,488	\$3,659,103	\$3,706,190	\$3,849,750	\$3,842,060
Protective Services Expenses	\$854,975	\$852,637	\$694,610	\$721,170	\$736,980
Utilities Expenses	\$6,723,249	\$6,198,486	\$6,752,640	\$6,366,990	\$6,478,720
Insurance and Tax Expenses	\$1,145,688	\$1,282,790	\$1,361,170	\$1,619,080	\$1,812,330
Maintenance Expenses	\$6,452,906	\$7,301,862	\$7,638,110	\$7,929,620	\$7,895,860
Housing Assistance Payments (HAP)	\$75,057,151	\$79,441,669	\$78,786,790	\$78,145,720	\$81,717,850
<b>TOTAL OPERATING EXPENSES</b>	<b>\$149,785,148</b>	<b>\$153,607,664</b>	<b>\$156,967,700</b>	<b>\$158,499,590</b>	<b>\$164,816,370</b>
<b>NET OPERATING INCOME</b>	<b>\$25,806,743</b>	<b>\$19,492,568</b>	<b>\$24,454,670</b>	<b>\$25,234,250</b>	<b>\$23,061,860</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$38,601,878	\$36,270,991	\$37,221,300	\$37,059,590	\$37,058,570
FHA Risk Sharing Insurance	\$594,027	\$607,957	\$542,800	\$590,420	\$590,420
Transfer Between Funds	\$9,124,665	\$12,067,988	\$7,144,200	\$7,938,130	\$9,421,880
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$48,320,570</b>	<b>\$48,946,936</b>	<b>\$44,908,300</b>	<b>\$45,588,140</b>	<b>\$47,070,870</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$41,841,211	\$40,140,421	\$43,388,950	\$42,363,870	\$42,108,210
Mortgage Insurance	\$698,221	\$758,485	\$719,930	\$896,300	\$877,360
Principal Payment	\$6,201,945	\$6,455,366	\$6,814,560	\$7,668,500	\$7,772,400
Operating and Replacement Reserves	\$8,616,425	\$6,603,063	\$4,976,010	\$5,810,280	\$5,911,530
Restricted Cash Flow	\$5,832,343	\$5,890,020	\$4,675,550	\$4,249,800	\$4,120,450
Development Corporation Fees	\$3,095,939	\$2,302,289	\$3,605,410	\$4,720,550	\$5,106,330
Miscellaneous Bond Financing Expenses	\$1,114,404	\$1,244,946	\$1,062,980	\$1,225,750	\$1,225,750
FHA Risk Sharing Insurance	\$594,027	\$607,957	\$542,800	\$590,420	\$590,420
Transfer Out Between Funds	\$4,955,662	\$3,820,220	\$3,576,780	\$3,296,920	\$2,645,280
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$72,950,177</b>	<b>\$67,822,767</b>	<b>\$69,362,970</b>	<b>\$70,822,390</b>	<b>\$70,357,730</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$24,629,607)</b>	<b>(\$18,875,831)</b>	<b>(\$24,454,670)</b>	<b>(\$25,234,250)</b>	<b>(\$23,286,860)</b>
<b>NET CASH FLOW</b>	<b>\$1,177,136</b>	<b>\$616,737</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$225,000)</b>

# Operating Budget—Total Agency

## Total Operating Income w/o HAP

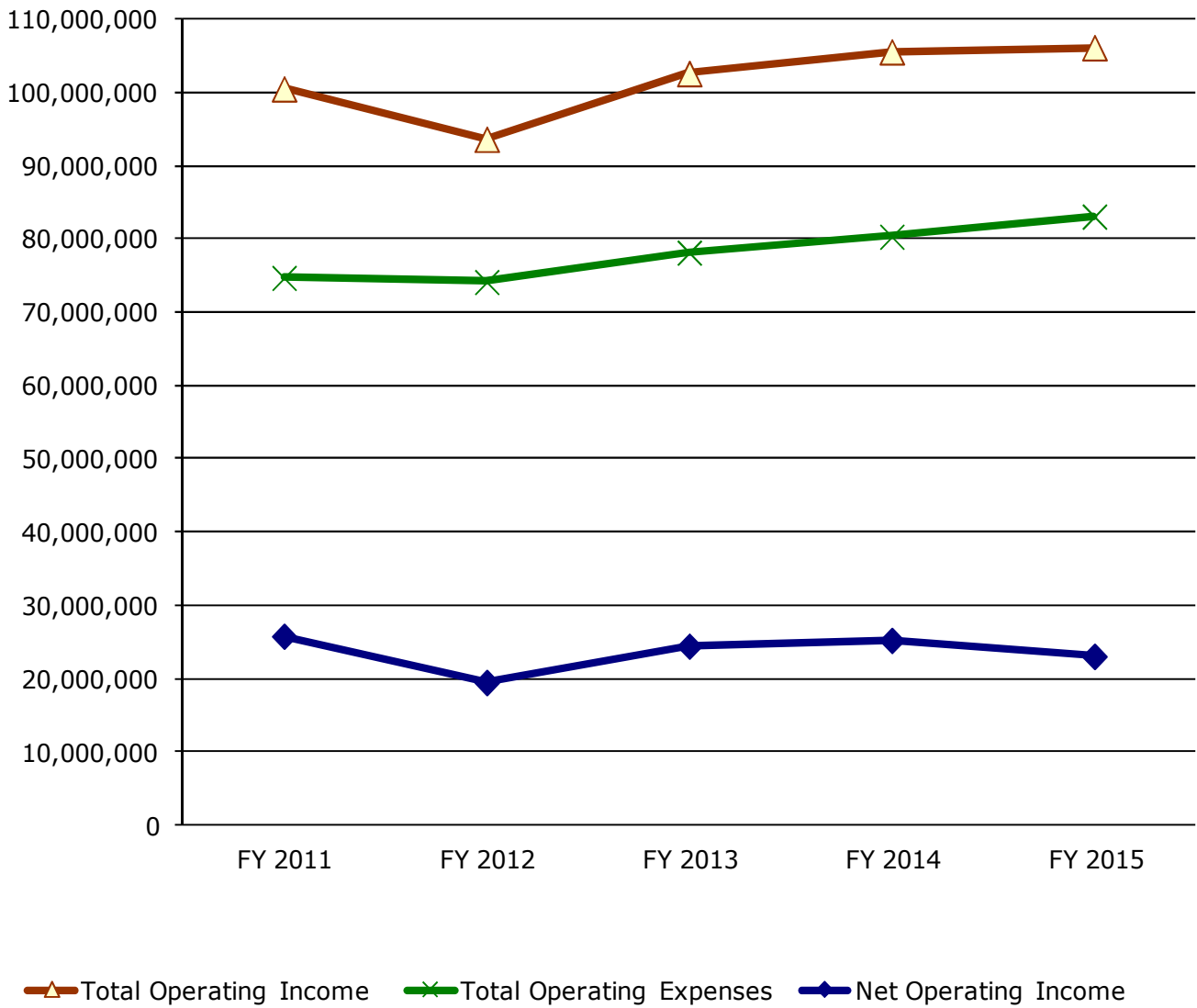


## Total Operating Expenses w/o HAP



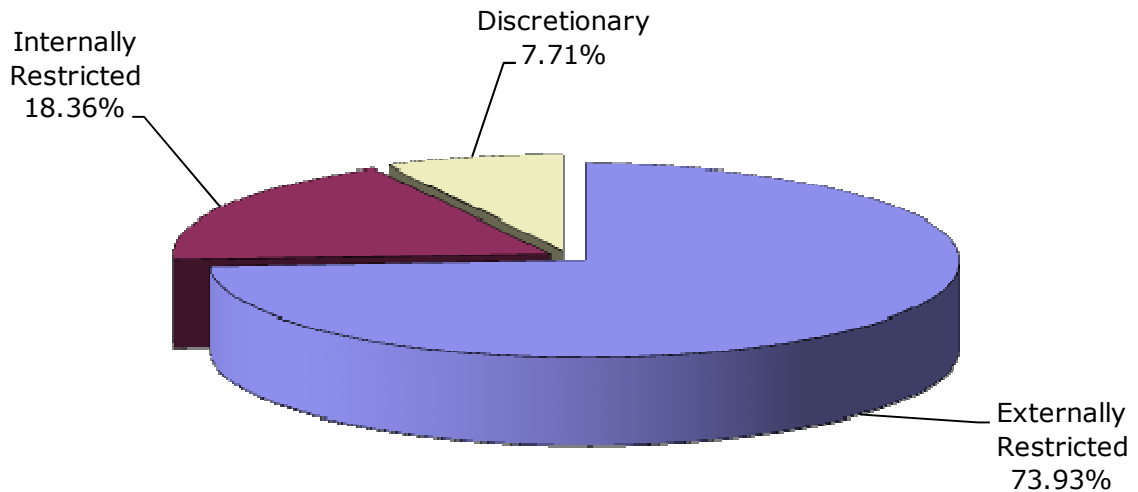
# Operating Budget—Total Agency

## Net Operating Income w/o HAP



# FY 2014 Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 14 Adopted Budget			
	Externally Restricted	Internally Restricted	Discretionary	Total
<b>Operating Income</b>				
Property Related Income	\$22,026,490	\$41,374,910	\$1,561,180	\$64,962,580
Federal Grant	\$92,759,790			\$92,759,790
State Grant	\$173,690			\$173,690
County Grant	\$8,616,890			\$8,616,890
Management Fees		\$717,960	\$16,089,580	\$16,807,540
Miscellaneous Income	\$405,850		\$7,500	\$413,350
<b>TOTAL OPERATING INCOME</b>	<b>\$123,982,710</b>	<b>\$42,092,870</b>	<b>\$17,658,260</b>	<b>\$183,733,840</b>
<b>Non-Operating Income</b>				
Interest Income	\$37,034,590		\$25,000	\$37,059,590
FHA Risk Sharing	\$590,420			\$590,420
Transfer Between Funds	\$7,938,130		\$0	\$7,938,130
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$45,563,140</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$45,588,140</b>
<b>TOTAL - ALL REVENUE SOURCES</b>	<b>\$169,545,850</b>	<b>\$42,092,870</b>	<b>\$17,683,260</b>	<b>\$229,321,980</b>



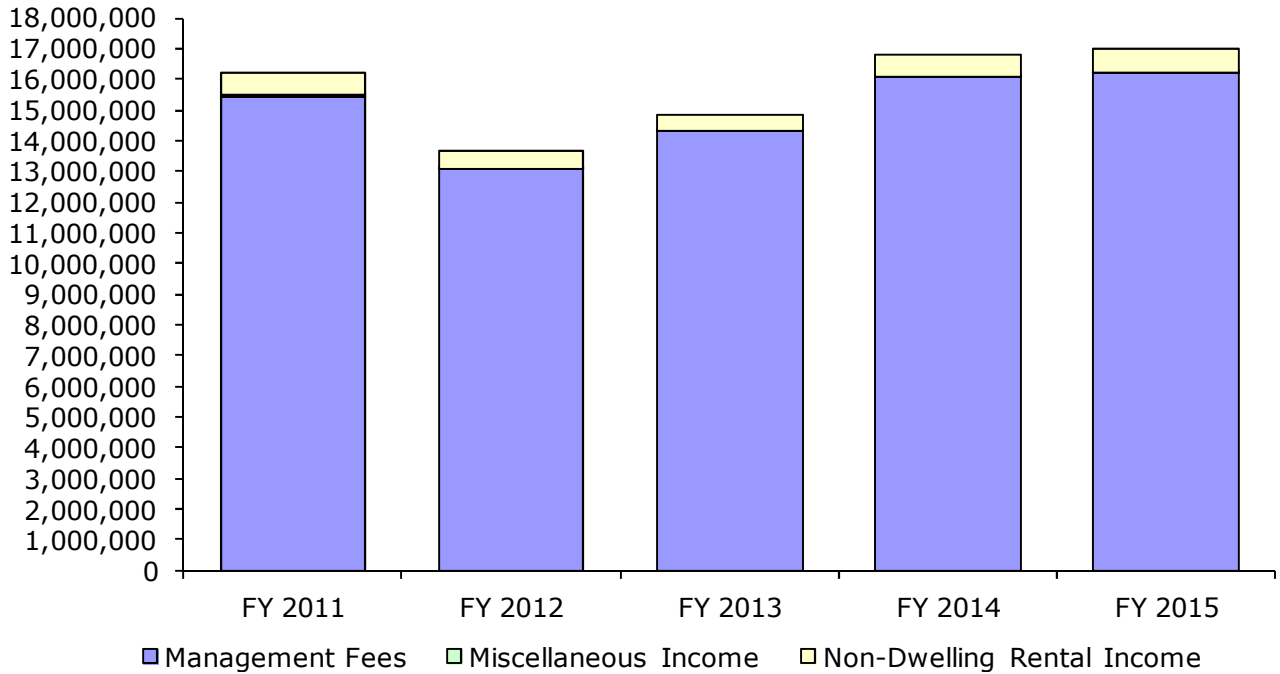
# General Fund—Revenue and Expense Statement

General Fund	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Non-Dwelling Rental Income	\$730,917	\$588,668	\$479,220	\$743,070	\$743,070
Management Fees	\$15,402,957	\$13,046,563	\$14,318,680	\$16,051,900	\$16,215,560
Miscellaneous Income	\$80,616	\$34,405	\$12,500	\$7,500	\$7,500
<b>TOTAL OPERATING INCOME</b>	<b>\$16,214,490</b>	<b>\$13,669,636</b>	<b>\$14,810,400</b>	<b>\$16,802,470</b>	<b>\$16,966,130</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$11,559,500	\$11,330,804	\$12,439,380	\$14,180,850	\$14,945,940
Operating Expenses - Fees	\$810,363	\$678,482	\$687,540	\$841,690	\$861,650
Operating Expenses - Administrative	\$1,783,251	\$1,488,155	\$1,883,420	\$2,177,980	\$2,062,050
Tenant Services Expenses	\$50,444	\$80,544	\$106,670	\$67,020	\$67,020
Protective Services Expenses	\$59,895	\$54,083	\$55,350	\$56,760	\$56,960
Utilities Expenses	\$294,796	\$246,345	\$271,030	\$253,160	\$253,910
Insurance and Tax Expenses	\$3,346	\$11,009	\$6,360	\$5,840	\$7,390
Maintenance Expenses	\$603,178	\$689,329	\$867,350	\$575,510	\$578,850
<b>TOTAL OPERATING EXPENSES</b>	<b>\$15,164,773</b>	<b>\$14,578,751</b>	<b>\$16,317,100</b>	<b>\$18,158,810</b>	<b>\$18,833,770</b>
<b>NET OPERATING INCOME</b>	<b>\$1,049,717</b>	<b>(\$909,115)</b>	<b>(\$1,506,700)</b>	<b>(\$1,356,340)</b>	<b>(\$1,867,640)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$13,361	\$7,632	\$0	\$55,000	\$55,000
FHA Risk Sharing Insurance	\$594,027	\$607,957	\$542,800	\$590,420	\$590,420
Transfer Between Funds	\$2,321,584	\$1,448,187	\$2,028,260	\$1,311,880	\$1,363,800
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$2,928,972</b>	<b>\$2,063,776</b>	<b>\$2,571,060</b>	<b>\$1,957,300</b>	<b>\$2,009,220</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$55,190	\$49,117	\$40,370	\$62,350	\$52,800
Principal Payment	\$420,036	\$389,757	\$312,740	\$317,760	\$176,930
Operating and Replacement Reserves	\$1,490,020	\$200,000	\$50,000	\$200,000	\$200,000
Restricted Cash Flow	\$389,672	\$2,698	\$56,620	\$255,620	\$0
FHA Risk Sharing Insurance	\$594,027	\$607,957	\$542,800	\$590,420	\$590,420
Transfer Out Between Funds	\$778,465	\$1,152,974	\$1,349,130	\$9,340	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$3,727,410</b>	<b>\$2,402,503</b>	<b>\$2,351,660</b>	<b>\$1,435,490</b>	<b>\$1,020,150</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$798,438)</b>	<b>(\$338,727)</b>	<b>\$219,400</b>	<b>\$521,810</b>	<b>\$989,070</b>
<b>NET CASH FLOW</b>	<b>\$251,279</b>	<b>(\$1,247,842)</b>	<b>(\$1,287,300)</b>	<b>(\$834,530)</b>	<b>(\$878,570)</b>

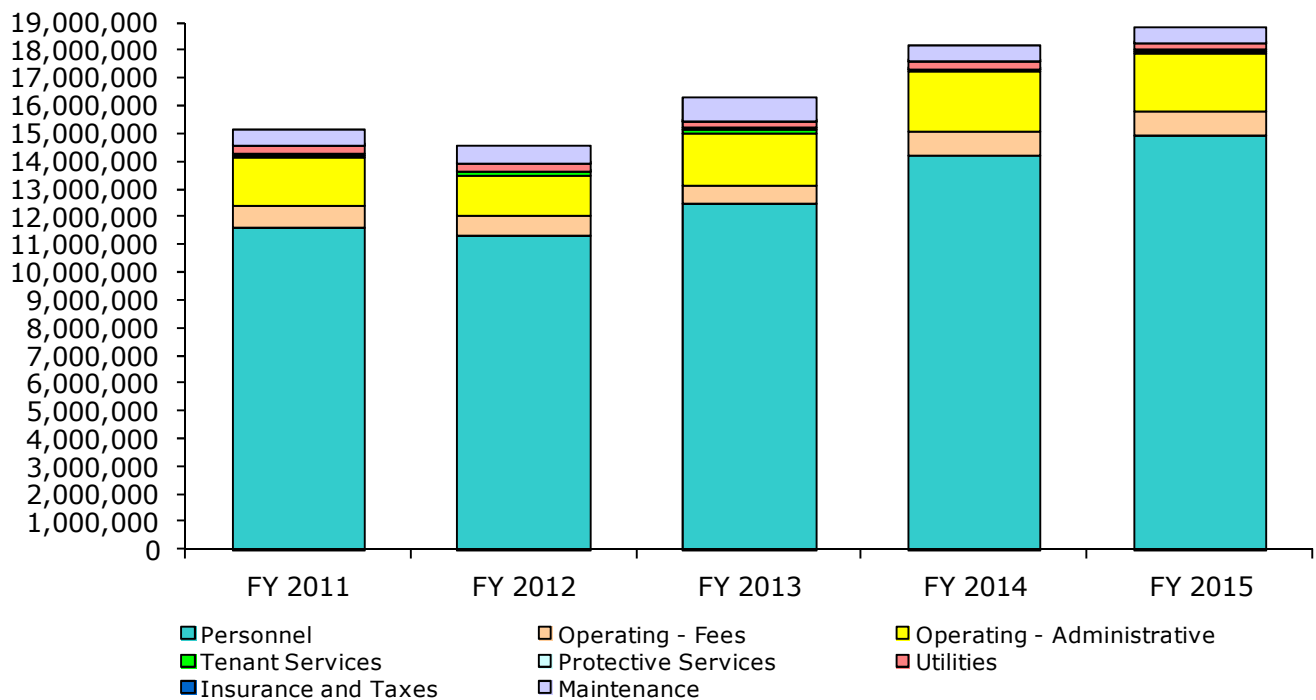


# Operating Income and Operating Expenses—General Fund

## Operating Income



## Operating Expenses



# Public Fund (Grants)—Income Summary

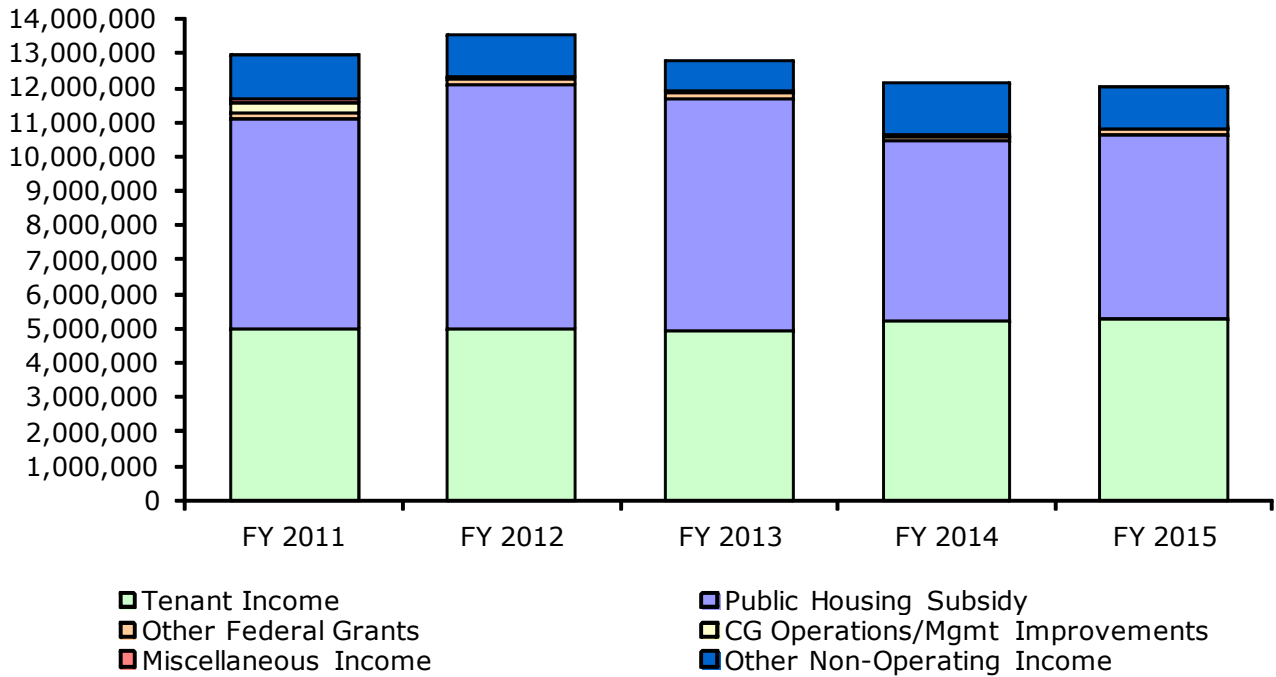
Public Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Federal, State and County Grants	FY 2011	FY 2012	Amended	Adopted	Forecast
Income Summary	Actual	Actual	Budget	Budget	Budget
<b>Federal Funds</b>					
Comp Grant	\$1,009,068	\$574,161	\$826,830	\$787,160	\$782,960
Shelter Plus Care	\$528,569	\$503,389	\$653,780	\$655,730	\$655,730
Shelter Plus Care - New Neighbors	\$192,456	\$208,833	\$262,960	\$278,090	\$278,090
Shelter Plus Care - New Neighbors II	\$55,901	\$48,824	\$54,350	\$58,150	\$58,150
McKinney Grants	\$3,526,793	\$3,497,936	\$3,499,600	\$3,372,120	\$3,372,120
ROSS Grants	\$389,231	\$204,311	\$78,200	\$78,000	\$78,000
<b>TOTAL - FEDERAL FUNDS</b>	<b>\$5,702,018</b>	<b>\$5,037,454</b>	<b>\$5,375,720</b>	<b>\$5,229,250</b>	<b>\$5,225,050</b>
<b>Federal Funds - Other</b>					
Federal Home - RAP and RAP to Work	\$99,994	\$113,874	\$70,560	\$110,560	\$110,560
<b>TOTAL - FEDERAL FUNDS (Other)</b>	<b>\$99,994</b>	<b>\$113,874</b>	<b>\$70,560</b>	<b>\$110,560</b>	<b>\$110,560</b>
<b>State &amp; County Funds</b>					
County Main Grant	\$5,770,036	\$5,498,661	\$5,583,230	\$6,093,310	\$6,555,440
County Senior Nutrition	\$39,165	\$42,911	\$43,390	\$49,270	\$49,270
County Closing Cost Assistance Program	\$54,619	\$143,330	\$148,660	\$159,180	\$171,140
Housing First	\$71,392	\$0	\$0	\$0	\$0
Rent Supplemental Programs	\$1,008,156	\$946,342	\$1,000,000	\$1,200,000	\$1,200,000
Preservation Property Program	\$267,683	\$0	\$0	\$0	\$0
Service Coordinators - (Old SHRAP)	\$319,200	\$320,400	\$324,000	\$338,400	\$338,400
Turnkey	\$23,249	\$23,250	\$23,250	\$23,250	\$23,250
State RAP and RAP to Work	\$180,281	\$227,930	\$173,690	\$0	\$0
State Service Linked Housing	\$0	\$0	\$0	\$0	\$0
Service Linked Emergency Assistance	\$73,919	\$73,919	\$73,920	\$73,920	\$73,920
State Housing Counselor	\$36,916	\$36,916	\$36,910	\$36,910	\$36,910
State Emergency Assistance	\$71,480	\$71,480	\$71,480	\$71,480	\$71,480
<b>TOTAL - STATE &amp; COUNTY FUNDS</b>	<b>\$7,916,096</b>	<b>\$7,385,139</b>	<b>\$7,478,530</b>	<b>\$8,045,720</b>	<b>\$8,519,810</b>
<b>TOTAL PUBLIC FUNDS</b>	<b>\$13,718,108</b>	<b>\$12,536,467</b>	<b>\$12,924,810</b>	<b>\$13,385,530</b>	<b>\$13,855,420</b>

# Public Housing Rental—Revenue and Expense Statement

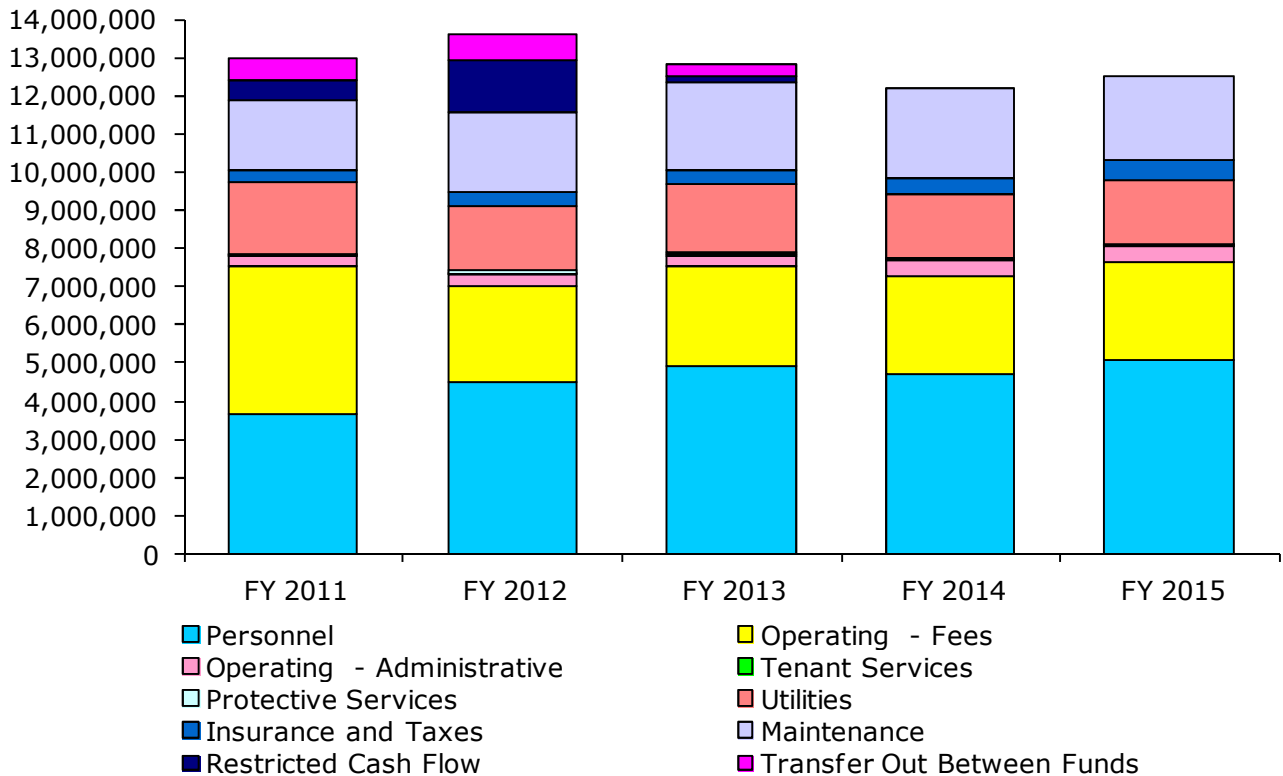
Public Housing Rental	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$4,990,422	\$5,002,728	\$4,955,420	\$5,256,830	\$5,321,300
Public Housing Operating Subsidy	\$6,156,392	\$7,123,621	\$6,774,680	\$5,219,880	\$5,359,070
Other Federal Grants	\$139,202	\$140,602	\$141,000	\$138,000	\$138,000
Miscellaneous Income	\$104,998	\$95,260	\$41,220	\$35,260	\$35,610
<b>TOTAL OPERATING INCOME</b>	<b>\$11,391,014</b>	<b>\$12,362,211</b>	<b>\$11,912,320</b>	<b>\$10,649,970</b>	<b>\$10,853,980</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$3,642,586	\$4,507,232	\$4,937,000	\$4,693,760	\$5,060,960
Operating Expenses - Fees	\$3,900,561	\$2,494,857	\$2,577,710	\$2,591,180	\$2,594,460
Operating Expenses - Administrative	\$230,171	\$328,954	\$283,010	\$391,160	\$391,880
Tenant Services Expenses	\$3,392	\$3,278	\$38,750	\$6,860	\$6,860
Protective Services Expenses	\$62,578	\$78,522	\$41,850	\$52,330	\$52,330
Utilities Expenses	\$1,873,216	\$1,703,970	\$1,793,820	\$1,663,960	\$1,651,440
Insurance and Tax Expenses	\$309,705	\$332,502	\$358,870	\$461,430	\$527,850
Maintenance Expenses	\$1,841,540	\$2,100,929	\$2,333,490	\$2,342,330	\$2,228,640
<b>TOTAL OPERATING EXPENSES</b>	<b>\$11,863,749</b>	<b>\$11,550,244</b>	<b>\$12,364,500</b>	<b>\$12,203,010</b>	<b>\$12,514,420</b>
<b>NET OPERATING INCOME</b>	<b>(\$472,735)</b>	<b>\$811,967</b>	<b>(\$452,180)</b>	<b>(\$1,553,040)</b>	<b>(\$1,660,440)</b>
<b>Non-Operating Income</b>					
CG Operations/Mgmt Improvements	\$300,000	\$0	\$0	\$0	\$0
Investment Interest Income	(\$9,781)	(\$12,750)	(\$13,960)	(\$15,060)	(\$15,200)
Transfer Between Funds	\$1,290,040	\$1,234,626	\$930,470	\$1,510,910	\$1,237,770
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$1,580,259</b>	<b>\$1,221,876</b>	<b>\$916,510</b>	<b>\$1,495,850</b>	<b>\$1,222,570</b>
<b>Non-Operating Expenses</b>					
Restricted Cash Flow	\$546,524	\$1,363,843	\$131,330	\$0	\$0
Transfer Out Between Funds	\$561,000	\$670,000	\$333,000	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$1,107,524</b>	<b>\$2,033,843</b>	<b>\$464,330</b>	<b>\$0</b>	<b>\$0</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$472,735</b>	<b>(\$811,967)</b>	<b>\$452,180</b>	<b>\$1,495,850</b>	<b>\$1,222,570</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$57,190)</b>	<b>(\$437,870)</b>

# Total Income and Total Expenses—Public Housing Rental

## Total Income



## Total Expenses



## Public Housing Homeownership—Revenue and Expense Statement

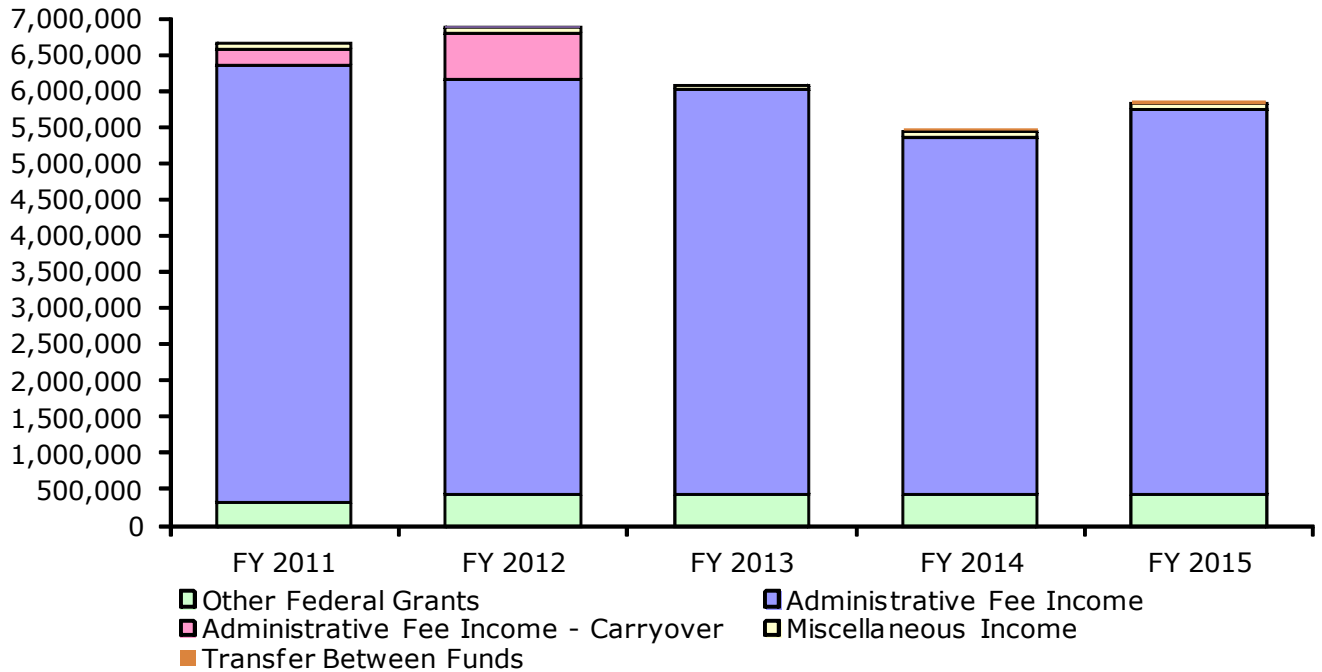
Public Housing Homeownership			FY 2013	FY 2014	FY 2015
	FY 2011	FY 2012	Amended	Adopted	Forecast
	Actual	Actual	Budget	Budget	Budget
<b>Operating Income</b>					
Tenant Income	\$17,389	\$8,146	\$12,460	\$6,140	\$6,200
Federal Grant	\$150,097	\$146,377	\$136,610	\$63,520	\$65,220
Miscellaneous Income	\$11,700	\$224	\$280	\$200	\$200
<b>TOTAL OPERATING INCOME</b>	<b>\$179,186</b>	<b>\$154,747</b>	<b>\$149,350</b>	<b>\$69,860</b>	<b>\$71,620</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$78,658	\$75,565	\$34,550	\$23,020	\$24,870
Operating Expenses - Fees	\$17,610	\$10,352	\$10,260	\$10,550	\$10,560
Operating Expenses - Administrative	\$920	\$996	\$270	\$570	\$570
Utilities Expenses	\$21,374	\$22,712	\$24,180	\$19,660	\$19,660
Insurance and Tax Expenses	\$6,662	\$3,596	\$3,240	\$3,330	\$3,720
Maintenance Expenses	\$42,314	\$22,921	\$25,240	\$25,850	\$25,850
<b>TOTAL OPERATING EXPENSES</b>	<b>\$167,538</b>	<b>\$136,142</b>	<b>\$97,740</b>	<b>\$82,980</b>	<b>\$85,230</b>
<b>NET OPERATING INCOME</b>	<b>\$11,648</b>	<b>\$18,605</b>	<b>\$51,610</b>	<b>(\$13,120)</b>	<b>(\$13,610)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$234	\$139	\$0	\$0	\$0
Transfer Between Funds - Rental License	\$380	\$342	\$300	\$300	\$300
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$614</b>	<b>\$481</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$614</b>	<b>\$481</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>
<b>NET CASH FLOW</b>	<b>\$12,262</b>	<b>\$19,086</b>	<b>\$51,910</b>	<b>(\$12,820)</b>	<b>(\$13,310)</b>

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

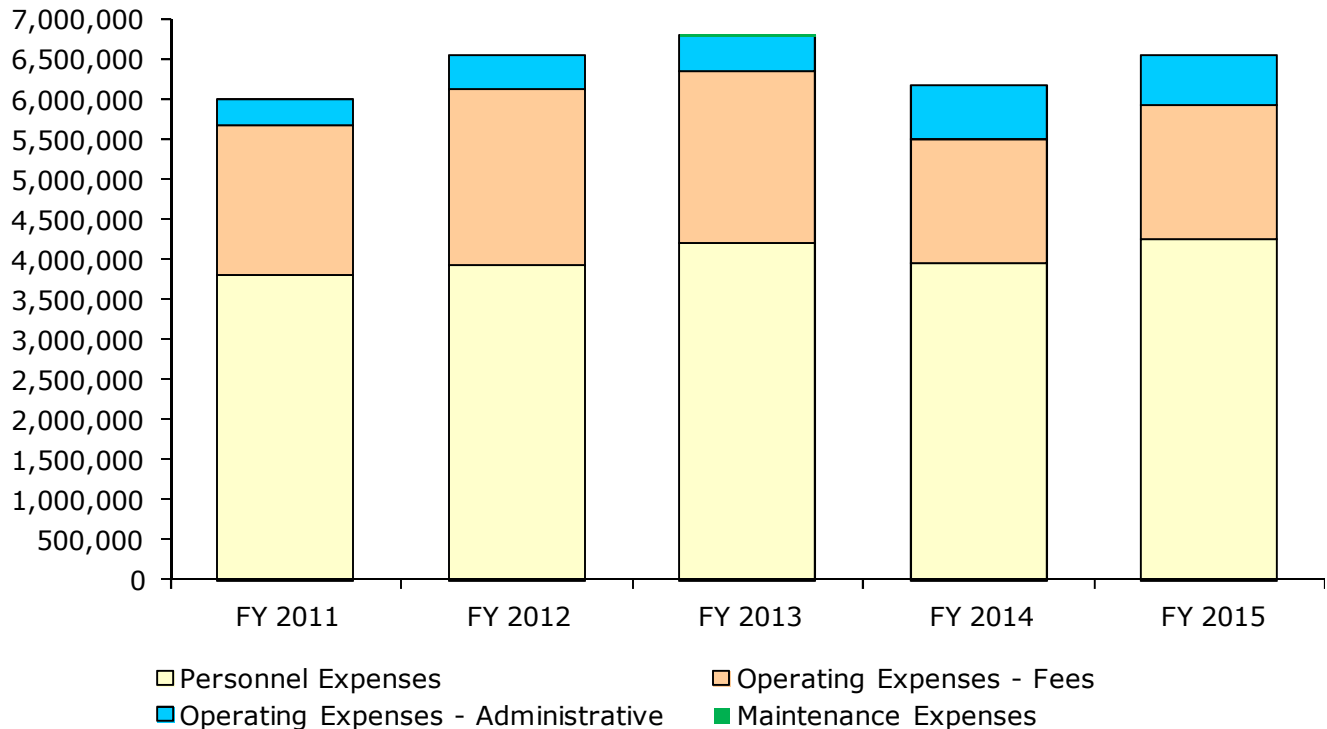
Housing Choice Voucher Program	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Housing Assistance Payments (HAP)	\$74,889,862	\$73,859,409	\$77,916,170	\$77,634,910	\$78,648,690
Other Federal Grants	\$309,084	\$417,000	\$417,000	\$417,000	\$417,000
Administrative Fee Income	\$6,034,310	\$5,743,092	\$5,598,650	\$4,949,280	\$5,330,610
Miscellaneous Income	\$74,060	\$70,095	\$50,000	\$70,000	\$70,000
<b>TOTAL OPERATING INCOME</b>	<b>\$81,307,316</b>	<b>\$80,089,596</b>	<b>\$83,981,820</b>	<b>\$83,071,190</b>	<b>\$84,466,300</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$3,806,005	\$3,946,345	\$4,207,380	\$3,963,740	\$4,271,900
Operating Expenses - Fees	\$1,876,160	\$2,194,234	\$2,149,720	\$1,549,800	\$1,664,220
Operating Expenses - Administrative	\$330,557	\$420,786	\$449,800	\$673,530	\$635,190
Maintenance Expenses	\$0	\$0	\$1,250	\$0	\$0
Housing Assistance Payments (HAP)	\$74,351,037	\$78,745,409	\$77,916,170	\$77,267,880	\$80,840,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$80,363,759</b>	<b>\$85,306,774</b>	<b>\$84,724,320</b>	<b>\$83,454,950</b>	<b>\$87,411,310</b>
<b>NET OPERATING INCOME</b>	<b>\$943,557</b>	<b>(\$5,217,178)</b>	<b>(\$742,500)</b>	<b>(\$383,760)</b>	<b>(\$2,945,010)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$0	\$14,780	\$0	\$0	\$0
Housing Assistance Payments (HAP) Reserve	\$0	\$4,886,000	\$0	\$241,590	\$2,346,750
Administrative Fee Income - Carryover	\$239,070	\$643,802	\$0	\$0	\$0
Transfer Between Funds	\$0	\$0	\$0	\$24,130	\$57,900
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$239,070</b>	<b>\$5,544,582</b>	<b>\$0</b>	<b>\$265,720</b>	<b>\$2,404,650</b>
<b>Non-Operating Expenses</b>					
Operating and Replacement Reserves	\$538,825	\$0	\$0	\$0	\$0
Transfers Out Between Funds	\$0	\$0	\$0	\$608,610	\$155,440
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$538,825</b>	<b>\$0</b>	<b>\$0</b>	<b>\$608,610</b>	<b>\$155,440</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$299,755)</b>	<b>\$5,544,582</b>	<b>\$0</b>	<b>(\$342,890)</b>	<b>\$2,249,210</b>
<b>NET CASH FLOW</b>	<b>\$643,802</b>	<b>\$327,404</b>	<b>(\$742,500)</b>	<b>(\$726,650)</b>	<b>(\$695,800)</b>

# Total Income and Total Expenses—HCV Program

## Total Income w/o HAP



## Total Expense w/o HAP



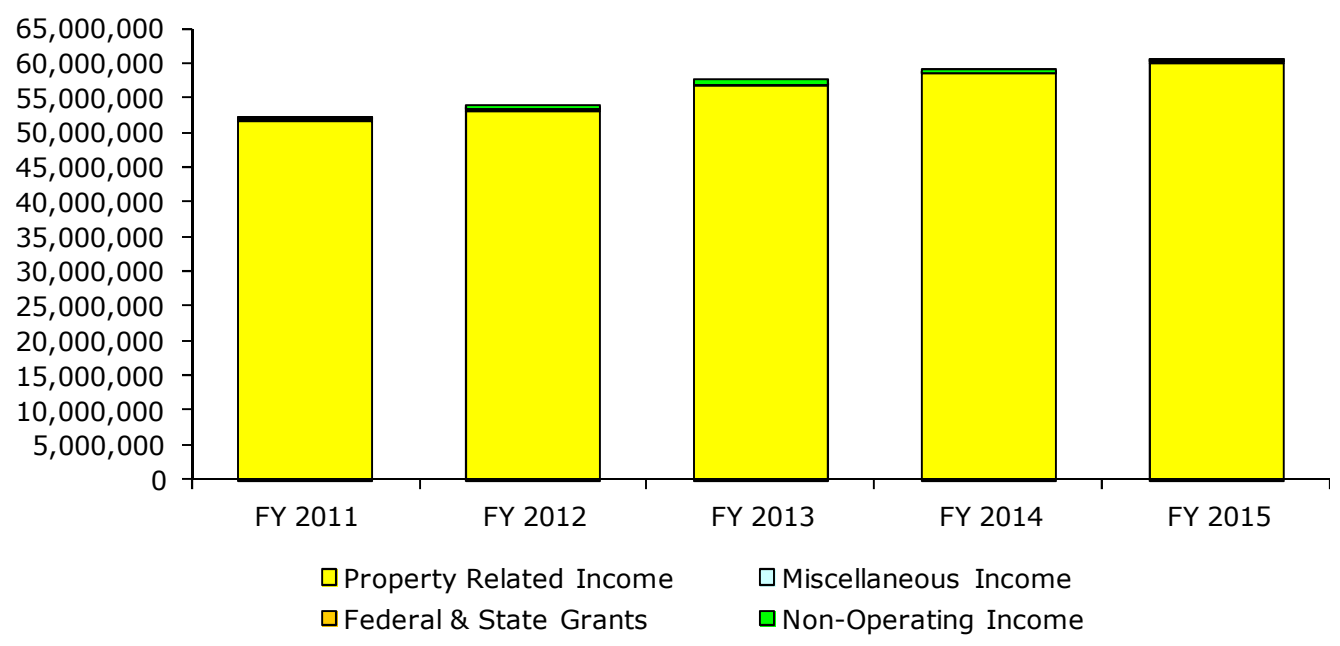
# Opportunity Housing Fund and Development Corporations— Revenue and Expense Statement

Opportunity Housing and Development Corporations	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$51,072,709	\$52,289,881	\$56,098,670	\$57,785,610	\$59,239,980
Non-Dwelling Rental Income	\$480,165	\$662,887	\$578,250	\$627,500	\$707,120
Federal Grant	\$37,219	\$41,229	\$42,000	\$42,000	\$43,170
Miscellaneous Income	\$302,404	\$233,121	\$141,930	\$172,640	\$172,410
<b>TOTAL OPERATING INCOME</b>	<b>\$51,892,497</b>	<b>\$53,227,118</b>	<b>\$56,860,850</b>	<b>\$58,627,750</b>	<b>\$60,162,680</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$6,361,716	\$6,649,002	\$7,313,330	\$7,399,100	\$7,733,940
Operating Expenses - Fees	\$6,939,204	\$6,783,640	\$7,005,500	\$6,636,150	\$6,660,560
Operating Expenses - Administrative	\$1,376,406	\$1,721,698	\$1,663,320	\$1,728,600	\$1,747,090
Tenant Services Expenses	\$190,326	\$205,497	\$208,060	\$214,470	\$219,170
Protective Services Expenses	\$732,358	\$720,032	\$597,410	\$612,080	\$627,700
Utilities Expenses	\$4,258,515	\$4,017,144	\$4,406,240	\$4,191,020	\$4,314,500
Insurance and Tax Expenses	\$813,805	\$905,549	\$972,300	\$1,120,690	\$1,241,290
Maintenance Expenses	\$3,950,043	\$4,487,834	\$4,402,240	\$4,985,940	\$5,062,510
<b>TOTAL OPERATING EXPENSES</b>	<b>\$24,622,373</b>	<b>\$25,490,396</b>	<b>\$26,568,400</b>	<b>\$26,888,050</b>	<b>\$27,606,760</b>
<b>NET OPERATING INCOME</b>	<b>\$27,270,124</b>	<b>\$27,736,722</b>	<b>\$30,292,450</b>	<b>\$31,739,700</b>	<b>\$32,555,920</b>
<b>Non-Operating Income</b>					
Investment Interest Income	(\$28,448)	(\$38,673)	(\$33,420)	(\$38,700)	(\$39,590)
Transfer Between Funds	\$323,106	\$674,234	\$811,770	\$552,220	\$467,270
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$294,658</b>	<b>\$635,561</b>	<b>\$778,350</b>	<b>\$513,520</b>	<b>\$427,680</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$10,884,261	\$11,160,501	\$12,045,130	\$11,830,910	\$11,584,650
Mortgage Insurance	\$683,172	\$738,403	\$707,190	\$883,980	\$865,040
Principal Payment	\$5,781,909	\$6,065,609	\$6,501,820	\$7,350,740	\$7,595,470
Operating and Replacement Reserves	\$1,827,547	\$1,975,592	\$1,956,800	\$1,960,860	\$2,062,100
Restricted Cash Flow	\$4,366,097	\$4,399,135	\$4,290,140	\$3,945,000	\$4,088,910
Development Corporation Fees	\$3,095,939	\$2,302,289	\$3,526,600	\$4,720,550	\$5,106,330
Transfer Out Between Funds	\$0	\$0	\$13,320	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$26,638,925</b>	<b>\$26,641,529</b>	<b>\$29,041,000</b>	<b>\$30,692,040</b>	<b>\$31,302,500</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$26,344,267)</b>	<b>(\$26,005,968)</b>	<b>(\$28,262,650)</b>	<b>(\$30,178,520)</b>	<b>(\$30,874,820)</b>
<b>NET CASH FLOW</b>	<b>\$925,857</b>	<b>\$1,730,754</b>	<b>\$2,029,800</b>	<b>\$1,561,180</b>	<b>\$1,681,100</b>

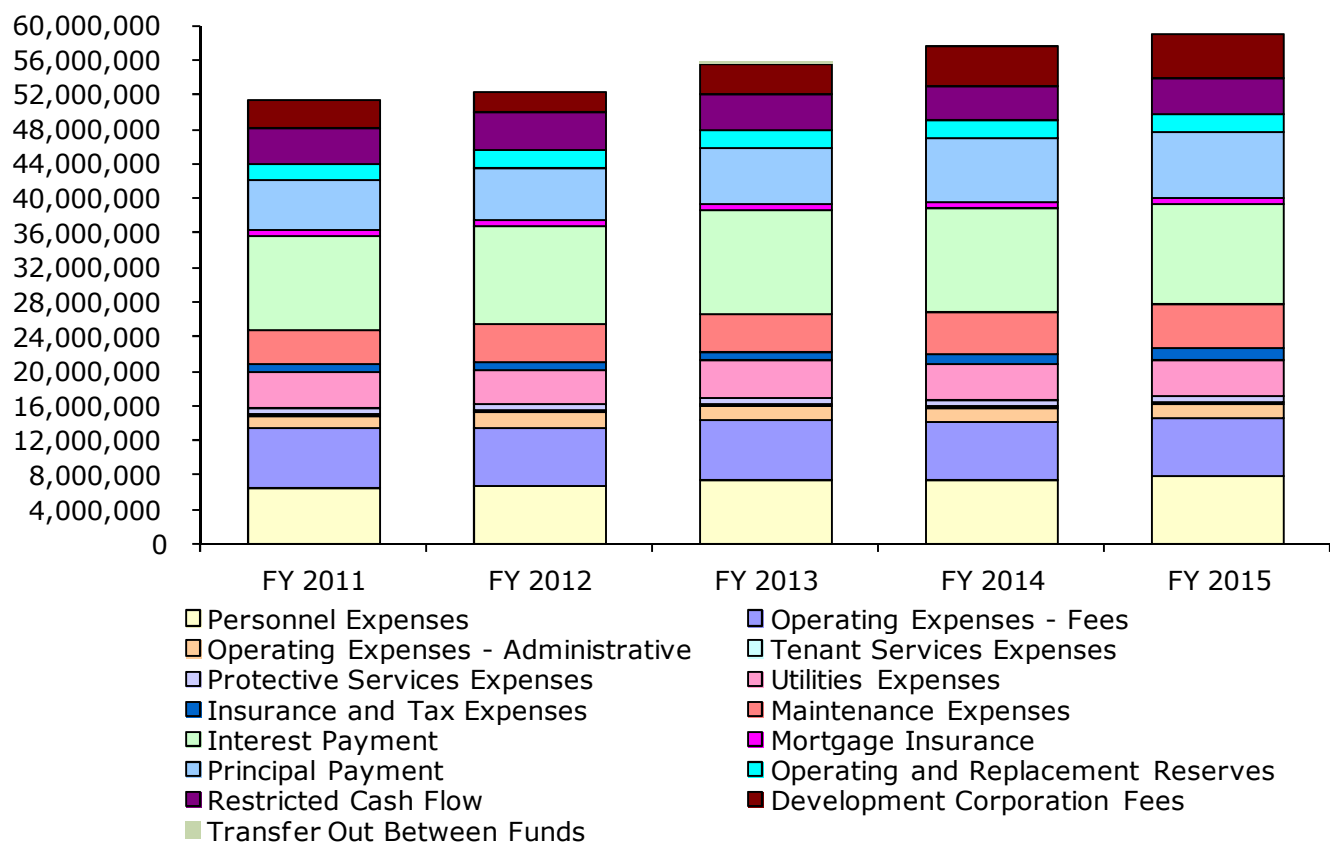


# Total Income and Total Expenses— Opportunity and Development Corporations Portfolio

**Total Income**



**Total Expenses**



# HOC Owned/Managed Properties—Net Cash Flow Statement

Opportunity Housing and Development Corps FY 2014 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2014 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2014 Net Cash Flow to HOC
Alexander House	\$5,480,930	\$1,998,170	<b>\$3,482,760</b>	\$1,808,520	\$150,000	\$242,510	<b>\$1,281,730</b>	\$0	\$1,281,730	<b>\$0</b>
Ambassador	\$1,603,810	\$940,680	<b>\$663,130</b>	\$384,050	\$68,980	\$134,870	<b>\$75,230</b>	\$75,230	\$0	<b>\$0</b>
The Barclay	\$1,296,780	\$390,550	<b>\$906,230</b>	\$682,540	\$22,800	\$59,260	<b>\$141,630</b>	\$0	\$141,630	<b>\$0</b>
Brookside Glen (The Glen)	\$1,539,090	\$621,970	<b>\$917,120</b>	\$503,780	\$62,240	\$70,180	<b>\$280,920</b>	\$280,920	\$0	<b>\$0</b>
CDBG Units	\$40,960	\$21,550	<b>\$19,410</b>	\$920	\$18,490	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
Chelsea Towers	\$308,210	\$219,900	<b>\$88,310</b>	\$67,730	\$8,400	\$0	<b>\$12,180</b>	\$0	\$0	<b>\$12,180</b>
Chevy Chase Lake	\$1,230,790	\$487,560	<b>\$743,230</b>	\$535,330	\$34,000	\$53,020	<b>\$120,880</b>	\$0	\$120,880	<b>\$0</b>
Dale Drive	\$104,590	\$68,560	<b>\$36,030</b>	\$0	\$17,780	\$7,800	<b>\$10,450</b>	\$10,450	\$0	<b>\$0</b>
Diamond Square	\$1,205,370	\$889,610	<b>\$315,760</b>	\$119,170	\$108,450	\$21,170	<b>\$66,970</b>	\$66,970	\$0	<b>\$0</b>
Fairfax Court	\$297,280	\$111,580	<b>\$185,700</b>	\$56,580	\$26,820	\$14,040	<b>\$88,260</b>	\$0	\$0	<b>\$88,260</b>
Glenmont Crossing	\$1,927,140	\$824,620	<b>\$1,102,520</b>	\$828,910	\$29,100	\$75,640	<b>\$168,870</b>	\$164,210	\$4,660	<b>\$0</b>
Glenmont Westerly	\$1,669,120	\$730,650	<b>\$938,470</b>	\$538,840	\$30,600	\$79,540	<b>\$289,490</b>	\$128,290	\$161,200	<b>\$0</b>
Greenhills	\$1,181,010	\$434,910	<b>\$746,100</b>	\$619,440	\$78,000	\$69,280	<b>(\$20,620)</b>	\$0	\$0	<b>(\$20,620)</b>
Holiday Park	\$305,490	\$130,310	<b>\$175,180</b>	\$101,560	\$13,320	\$0	<b>\$60,300</b>	\$0	\$0	<b>\$60,300</b>
Jubilee Hermitage	\$41,040	\$24,370	<b>\$16,670</b>	\$0	\$2,000	\$0	<b>\$14,670</b>	\$0	\$0	<b>\$14,670</b>
Jubilee Woodedge	\$31,670	\$19,710	<b>\$11,960</b>	\$0	\$2,000	\$0	<b>\$9,960</b>	\$0	\$0	<b>\$9,960</b>
Jubilee Falling Creek	\$31,560	\$23,500	<b>\$8,060</b>	\$0	\$2,000	\$0	<b>\$6,060</b>	\$0	\$0	<b>\$6,060</b>
Magruder's Discovery	\$2,208,200	\$762,520	<b>\$1,445,680</b>	\$941,360	\$35,200	\$0	<b>\$469,120</b>	\$0	\$469,120	<b>\$0</b>
McHome	\$424,520	\$297,740	<b>\$126,780</b>	\$0	\$16,400	\$0	<b>\$110,380</b>	\$0	\$0	<b>\$110,380</b>
McKendree	\$186,790	\$151,730	<b>\$35,060</b>	\$0	\$11,200	\$0	<b>\$23,860</b>	\$0	\$0	<b>\$23,860</b>
MetroPointe	\$2,623,120	\$776,200	<b>\$1,846,920</b>	\$1,959,390	\$29,990	\$8,680	<b>(\$151,140)</b>	\$0	\$0	<b>(\$151,140)</b>
Metropolitan, The	\$7,141,370	\$1,940,800	<b>\$5,200,570</b>	\$2,320,480	\$97,200	\$59,430	<b>\$2,723,460</b>	\$2,300,760	\$422,700	<b>\$0</b>
Montgomery Arms	\$1,821,700	\$707,230	<b>\$1,114,470</b>	\$694,040	\$46,200	\$100,590	<b>\$273,640</b>	\$0	\$273,640	<b>\$0</b>
MHLP II	\$27,620	\$16,620	<b>\$11,000</b>	\$0	\$0	\$0	<b>\$11,000</b>	\$0	\$0	<b>\$11,000</b>
MHLP III	\$53,820	\$40,510	<b>\$13,310</b>	\$0	\$0	\$0	<b>\$13,310</b>	\$0	\$0	<b>\$13,310</b>
MPDU 2007 - Phase II	\$62,600	\$27,630	<b>\$34,970</b>	\$0	\$0	\$0	<b>\$34,970</b>	\$0	\$0	<b>\$34,970</b>
MPDU I (64)	\$877,250	\$494,060	<b>\$383,190</b>	\$230,830	\$27,540	\$0	<b>\$124,820</b>	\$0	\$0	<b>\$124,820</b>
TPM - MPDU II (59)	\$818,750	\$399,060	<b>\$419,690</b>	\$232,520	\$17,700	\$0	<b>\$169,470</b>	\$0	\$169,470	<b>\$0</b>
NCI Units	\$159,460	\$96,560	<b>\$62,900</b>	\$0	\$62,900	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
NSP Units	\$86,430	\$47,770	<b>\$38,660</b>	\$0	\$38,660	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>

## HOC Owned/Managed Properties—Net Cash Flow Statement (cont.)

Opportunity Housing and Development Corps FY 2014 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2014 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2014 Net Cash Flow to HOC
<b>(cont.)</b>										
The Oaks @ Four Corners	\$1,267,280	\$707,150	\$560,130	\$285,800	\$48,000	\$93,570	\$132,760	\$132,760	\$0	\$0
Paddington Square	\$2,782,310	\$1,028,830	\$1,753,480	\$1,373,770	\$58,100	\$104,970	\$216,640	\$108,320	\$108,320	\$0
Paint Branch	\$163,460	\$102,180	\$61,280	\$30,110	\$8,400	\$0	\$22,770	\$22,770	\$0	\$0
TPM - Pomander Court	\$402,690	\$155,590	\$247,100	\$46,910	\$7,200	\$0	\$192,990	\$0	\$192,990	\$0
Pooks Hill Mid-Rise	\$889,950	\$287,320	\$602,630	\$364,610	\$55,860	\$38,990	\$143,170	\$0	\$0	\$143,170
Pooks Hill High-Rise	\$2,762,160	\$1,035,720	\$1,726,440	\$1,036,740	\$141,760	\$192,870	\$355,070	\$0	\$355,070	\$0
Scattered Sites One	\$2,446,490	\$1,503,940	\$942,550	\$568,760	\$114,000	\$23,000	\$236,790	\$0	\$236,790	\$0
Scattered Sites Two	\$783,460	\$398,060	\$385,400	\$239,360	\$69,960	\$0	\$76,080	\$19,020	\$57,060	\$0
Sligo MPDU III	\$286,320	\$234,850	\$51,470	\$0	\$9,190	\$0	\$42,280	\$0	\$42,280	\$0
Southbridge	\$496,930	\$249,240	\$247,690	\$0	\$10,800	\$30,410	\$206,480	\$103,240	\$0	\$103,240
State Rental Combined	\$1,768,600	\$1,649,080	\$119,520	\$0	\$87,100	\$0	\$32,420	\$32,420	\$0	\$0
Strathmore Court	\$3,577,770	\$1,151,970	\$2,425,800	\$1,206,470	\$53,770	\$117,740	\$1,047,820	\$242,820	\$0	\$805,000
TPM - Timberlawn	\$1,932,630	\$668,040	\$1,264,590	\$471,400	\$26,750	\$83,430	\$683,010	\$0	\$683,010	\$0
Westwood Towers	\$4,440,470	\$1,990,630	\$2,449,840	\$1,815,710	\$212,000	\$165,310	\$256,820	\$256,820	\$0	\$0
<b>TOTAL</b>	<b>\$58,786,990</b>	<b>\$24,859,230</b>	<b>\$33,927,760</b>	<b>\$20,065,630</b>	<b>\$1,960,860</b>	<b>\$1,846,300</b>	<b>\$10,054,970</b>	<b>\$3,945,000</b>	<b>\$4,720,550</b>	<b>\$1,389,420</b>
<b>From reserves planned to fund specific property operating deficits</b>										
Greenhills							\$20,620			\$20,620
MetroPointe							151,140			\$151,140
<b>Net Cash Flow - All Properties</b>							<b>\$10,226,730</b>			<b>\$1,561,180</b>
Master Lease Properties FY 2014 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2014 Projected Cash Flow	Excess Cash Flow Restricted	Development Corporations Fees	FY 2014 Net Cash Flow to HOC
Avalon Bay	\$160,540	\$160,540	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Palisades	\$21,980	\$21,980	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$182,520</b>	<b>\$182,520</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Bond Program—Revenue and Expense Statement

Bond Fund			FY 2013	FY 2014	FY 2015
	FY 2011	FY 2012	Amended	Adopted	Forecast
	Actual	Actual	Budget	Budget	Budget
<b>Operating Expenses</b>					
Trustee Fees	\$58,114	\$101,678	\$84,690	\$81,590	\$81,590
Lender Services Fees	\$2,379,151	\$2,048,883	\$2,228,850	\$2,180,510	\$2,180,510
Loan Losses	\$70,404	\$431,064	\$0	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$2,507,669</b>	<b>\$2,581,625</b>	<b>\$2,313,540</b>	<b>\$2,262,100</b>	<b>\$2,262,100</b>
<b>NET OPERATING INCOME</b>	<b>(\$2,507,669)</b>	<b>(\$2,581,625)</b>	<b>(\$2,313,540)</b>	<b>(\$2,262,100)</b>	<b>(\$2,262,100)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$38,565,239	\$36,295,414	\$37,268,680	\$37,058,360	\$37,058,360
Miscellaneous Income	\$74,825	\$562,027	\$67,920	\$235,420	\$235,420
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$38,640,064</b>	<b>\$36,857,441</b>	<b>\$37,336,600</b>	<b>\$37,293,780</b>	<b>\$37,293,780</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$30,901,760	\$28,930,803	\$30,990,870	\$30,156,510	\$30,156,510
Operating and Replacement Reserves	\$4,116,231	\$4,100,067	\$2,969,210	\$3,649,420	\$3,649,420
Miscellaneous Bond Financing Expenses	\$1,114,404	\$1,244,946	\$1,062,980	\$1,225,750	\$1,225,750
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$36,132,395</b>	<b>\$34,275,816</b>	<b>\$35,023,060</b>	<b>\$35,031,680</b>	<b>\$35,031,680</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$2,507,669</b>	<b>\$2,581,625</b>	<b>\$2,313,540</b>	<b>\$2,262,100</b>	<b>\$2,262,100</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# **Section 2:** **OPERATING**

Tab

# Division Summaries

Adopted Budget  
June 5, 2013

## 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
- Property Management
- Housing Resources
- Mortgage Finance
- Real Estate Development
- Resident Services

## Agency Revenues by Division

Division Summary	FY 2014		
	Adopted Budget		
	Revenues	Expenses	Net
<b>Divisions</b>			
Executive Division	\$50,000	\$8,807,070	<b>(\$8,757,070)</b>
Finance Division	\$55,000	\$5,020,710	<b>(\$4,965,710)</b>
Property Management Division	\$77,063,920	\$73,545,810	<b>\$3,518,110</b>
Housing Resources Division	\$83,754,940	\$84,620,800	<b>(\$865,860)</b>
Mortgage Finance Division	\$6,544,750	\$4,241,660	<b>\$2,303,090</b>
Real Estate Development Division	\$1,267,870	\$1,026,970	<b>\$240,900</b>
Resident Services Division	\$11,881,700	\$11,881,700	<b>\$0</b>
<b>SUB-TOTAL</b>	<b>\$180,618,180</b>	<b>\$189,144,720</b>	<b>(\$8,526,540)</b>
<b>Other Non-Divisions</b>			
Agency Wide Revenue and Expenses	\$11,410,020	\$2,883,480	<b>\$8,526,540</b>
Bond Funds	\$37,293,780	\$37,293,780	<b>\$0</b>
<b>TOTAL - ALL FUNDS</b>	<b>\$229,321,980</b>	<b>\$229,321,980</b>	<b>\$0</b>

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:

- Public Information Activities/Housing Resource Services;
- Information Technologies;
- Finance —
  - Accounting,
  - Budget,
  - Procurement;

- Public Housing;
- Housing Choice Voucher Program Administration;
- Multifamily Bond Issuance;
- Mortgage Purchase Program;
- Family Self Sufficiency Program (FSS);
- Aiming for Careers;
- Employment Initiative Program (EIP);
- Family Resource Centers (FRC);
- Core Counseling Services;
- Disability Services;
- Customer Service Centers; and
- Housing Programs for Homeless / Disabled Single Adults and Families.

Individual performance measurement results are contained within respective division summaries (pages 2-3 through 2-45).

# Executive Division

Adopted Budget  
June 5, 2013

## 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 housing and employment, 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:

The Executive Division provides the critical link in implementing HOC's mission.

## 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, legal counsel, internal audits, Compliance, Information Technology (IT) systems, Legislative and Public Affairs, and Housing Information Activities (formerly Housing Resource Services).

## Program Objectives

### Maintain a Quality Workforce

- Provide supervisory training on the Collective Bargaining Agreement.
- Negotiate a new Union Labor Agreement with Municipal and County Government Employees Organization (MCGEO).
- Administer 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 issues.
- Provide continuing education and technical assistance for HOC employees and supervisors on policies and practices governing the Commission and its work activities.
- Administer the 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, and ADA Regulations**

- 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.

### **Continuous Improvement and Operational Efficiency of HOC**

- Monitor and improve the 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.

### **Facilities Management**

- Provide for the safety and security of HOC staff and clients.
- Provide a variety of administrative services and support to HOC departments and staff throughout the Agency.
- 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.
- Provide support to agency management to identify developing facilities requirements at HOC's Kensington Headquarters as well as at East Deer Park and the Customer Service Centers.
- Continue the ongoing multi-year capital improvements program at the Detrick Avenue building in order to maintain and upgrade the building systems, equipment, and finishes as needed to serve as the long-term HOC headquarters facility.

### **Internal Audit**

- Work with management to ensure a system is in place which ensures that all major risks of the Agency are identified and analyzed on an

annual basis.

- Plan, organize and carry out the internal audit function including the preparation of an audit plan which fulfills the responsibility of the department.
- Report to both the Commission and management on the policies, programs and activities of the Agency.
- Coordinate coverage with the external auditors and ensure that each party is not only aware of the other's work but also well briefed on areas of concern.
- Make recommendations on the systems and procedures being reviewed, report on the findings and recommendations and monitor management's response and implementation.
- Conduct any reviews or tasks requested by the Commission and/or Executive Director, provided such reviews and tasks do not compromise the independence or objectivity of the internal audit function.

In addition to the Internal Auditor, the Agency has created a **Compliance Department**. The duties, objective and responsibility are:

- **DUTY** - The Compliance Department has a duty to work with management and staff to identify and manage regulatory risk.
- **OBJECTIVE** - the overriding objectives of the department are to ensure the Agency has systems of internal control that adequately measure and manage the risks that it faces.
- **RESPONSIBILITY** - The general responsibility of the department is to provide an in-house service that effectively supports the Agency's business areas in their duty to comply with relevant laws and regulations and internal procedures.

Five key functions of the Compliance Department are:

- **IDENTIFICATION** - Identify the risks the Agency faces,
- **PREVENTION** - design and implement controls to protect the Agency from risks,
- **MONITORING and DETECTION** - monitor and report on the effectiveness of the controls in the management of the Agency's exposure to risks,

- RESOLUTION -resolve compliance difficulties as they occur and,
- ADVISORY - advise the Agency on regulations and controls.

### **Information Technology**

- Provide and maintain a high quality, open architecture, service-based information technology infrastructure.
- Update the technology infrastructure to allow for improved telecommunications operations and network capabilities.
- Enhance customer service initiatives 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.
- Expand technology-related services throughout all aspects of operations to provide enhancements and operational improvements.

### **Legislative and Public Affairs—**

#### **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, non-profit 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 Information Activities**

- Ensure accurate information and efficient service for visitors and callers.
- Maintain and update website.
- Participate in community meetings, forums and conferences to disseminate information about HOC and its programs.

## Performance Measurement Results

### Housing Information Activities (Formerly Housing Resource Services)

The Housing Resource Services (HRS) began operations in December of 1998. Its objective was to respond quickly to information requests regarding HOC programs, and to be an accurate and reliable source of information about affordable housing in Montgomery County. HRS also served as the 'switchboard' for HOC's headquarters in Kensington. HRS provided referrals to other housing providers when appropriate, particularly for the elderly and the disabled, as well as for those seeking emergency assistance. Trained volunteers assisted the HRS office. HRS also provided service through community meetings, HOC's website, e-mail, and US Mail. HOC's Office of Legislative and Public Affairs has incorporated HRS' functions into its operations.

In 2008, HOC opened two customer service centers – one in Gaithersburg and one in Silver Spring – and clients are able to receive information about HOC's programs and other affordable housing options at the centers as well as through HOC's main telephone line, the website, email, and through our Facebook site.

In June 2013, HOC began a transition to a Housing Unit Based (HUB) service model. Ten HUB offices were opened throughout the County allowing the agency to bring services closer to where clients live. Additionally, by deploying maintenance staff and inventory at more locations, the agency will reduce travel time and fuel consumption across the entire fleet of vehicles.

#### Housing Information Activities / Housing Resource Services

Measurement	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 Projection
Telephone calls from the public per day	85*	79*	76*	80*	80*
Information packets mailed per day	10	5	5	5	5
Lobby visitors each day	150	55*	55*	53*	60 *
Website hits per day	617	650	685	687	700
E-mails received and answered per day	15	15	15	13	15

\* Reflects activity in the Kensington Office only.

### 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

#### Information Technologies

Measurement	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Number of Closed Help Desk Tickets	5,332	6,319	7,061	6,500 est.	6,500 est.

## Budget Overview—Executive Division

The total Adopted FY 2014 Budget for the Executive Division is \$8.81 million, a decrease of 14.0% from the FY 2013 Amended Budget of \$10.25 million. Personnel costs comprise 64.7% of the budget. Operating expenses account for 21.9% of the budget. Maintenance and other miscellaneous expenses account for 7.4% of the budget. The

remaining 6.0% accounts for debt service and Replacement for Reserve (RfR) contribution expenses for the Information Technology and Facilities Capital Budget. **Please note that the FY 2014 Adopted Budget reflects changes as a result of the Agency re-organization.**

## Revenue and Expense Statement

Executive Division	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Management Fees	\$9,667	\$7,250	\$0	\$0	\$0
Miscellaneous Income	\$15,397	\$1,416	\$0	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$25,064</b>	<b>\$8,666</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$4,253,117	\$4,070,479	\$5,313,010	\$5,695,750	\$6,085,090
Operating Expenses - Fees	\$131,042	\$133,716	\$553,210	\$154,330	\$159,250
Operating Expenses - Administrative	\$1,373,403	\$1,227,002	\$1,746,370	\$1,772,910	\$1,668,310
Tenant Services Expenses	\$24,250	\$41,632	\$62,600	\$12,880	\$12,870
Protective Services Expenses	\$46,932	\$43,857	\$49,000	\$46,800	\$46,800
Utilities Expenses	\$194,678	\$160,269	\$167,900	\$162,310	\$162,430
Insurance and Tax Expenses	\$2,006	\$8,317	\$4,270	\$3,880	\$3,980
Maintenance Expenses	\$494,844	\$616,981	\$716,800	\$426,920	\$429,870
<b>TOTAL OPERATING EXPENSES</b>	<b>\$6,520,272</b>	<b>\$6,302,253</b>	<b>\$8,613,160</b>	<b>\$8,275,780</b>	<b>\$8,568,600</b>
<b>NET OPERATING INCOME</b>	<b>(\$6,495,208)</b>	<b>(\$6,293,587)</b>	<b>(\$8,613,160)</b>	<b>(\$8,275,780)</b>	<b>(\$8,568,600)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$386	\$0	\$0	\$0	\$0
Transfer Between Funds	\$249,266	\$94,795	\$605,470	\$50,000	\$50,000
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$249,652</b>	<b>\$94,795</b>	<b>\$605,470</b>	<b>\$50,000</b>	<b>\$50,000</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$33,373	\$25,077	\$18,550	\$13,530	\$3,980
Principal Payment	\$420,036	\$389,757	\$312,740	\$317,760	\$176,930
Operating and Replacement Reserves	\$200,000	\$200,000	\$50,000	\$200,000	\$200,000
Restricted Cash Flow	\$358,656	\$0	\$0	\$0	\$0
Transfer Out Between Funds	\$467,404	\$321,362	\$1,251,580	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$1,479,469</b>	<b>\$936,196</b>	<b>\$1,632,870</b>	<b>\$531,290</b>	<b>\$380,910</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$1,229,817)</b>	<b>(\$841,401)</b>	<b>(\$1,027,400)</b>	<b>(\$481,290)</b>	<b>(\$330,910)</b>
<b>NET CASH FLOW</b>	<b>(\$7,725,025)</b>	<b>(\$7,134,988)</b>	<b>(\$9,640,560)</b>	<b>(\$8,757,070)</b>	<b>(\$8,899,510)</b>

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# Finance Division

Adopted Budget  
June 5, 2013

## Mission Statement

The mission of the Finance Division is to enhance the effective and efficient operations of HOC by safeguarding the Commission's assets, ensuring the long term financial health of the organization by maintaining fiscal integrity, and

providing the Commission and Agency with necessary financial information and analysis on a timely basis to enable the implementation of sound fiscal policies.

### 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,

accounts payable, 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.
  - 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.
- Provide vendors payment options via Automated Clearing House (ACH) payments or a Procurement Card Program.
- Provide on-line rent payment for tenants living in HOC owned and managed dwelling units.

## Performance Measurement Results

The charts below depict several ongoing performance measurement results that are currently tracked in the Finance Division.

Staff is continuing to develop additional measurements.

Accounting					
Measurement	FY10	FY11	FY12	FY13	FY14
Received Standard Unqualified Audit Opinion:					
Agency Audit	Yes	Yes	Yes	NA	NA
HOC Owned Property Audits	Yes	Yes	Yes	NA	NA
Non-HOC Owned Property Audits	Yes	Yes	Yes	NA	NA
A-133 Audit	Yes	Yes	Yes	NA	NA
Number of consecutive years receiving GFOA Certificate of Achievement for Excellence in Financial Reporting	2	3	4	NA	NA

Budget					
Measurement	FY10	FY11	FY12	FY13	FY14
Number of consecutive years receiving GFOA Best Budget Award	6	7	8	9	NA

Procurement					
Measurement	FY10	FY11	FY12	FY13	FY14
Number of Contracts Awarded	194	264	325	220	245 (est.)
Percent of Dollars issued to Minority/Female/Disabled-Outreach (MFD) firms	22%	40%	32%	18%	30% (est.)
Number of Purchase Orders (POs) issued	14,366	14,818	15,597	13,511	14,500 (est.)

## Budget Overview—Finance Division

The total Adopted FY 2014 Budget for the Finance Division is \$5.02 million, an increase of 21.8% from the FY 2013 Amended Budget of \$4.12 million. Personnel costs comprise 95.0% of total operating expenses. Fees, Administrative expenses, and Interest

Payments account for the balance of the budget. **Please note that the FY 2014 Adopted Budget reflects changes as a result of the Agency re-organization.**

## Revenue and Expense Statement

Finance Division	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Miscellaneous Income	\$7,466	\$2,474	\$5,000	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$7,466</b>	<b>\$2,474</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$3,345,005	\$3,387,291	\$3,916,670	\$4,768,280	\$5,125,980
Operating Expenses - Fees	\$124,992	\$126,302	\$103,400	\$81,450	\$83,900
Operating Expenses - Administrative	\$74,883	\$94,893	\$67,590	\$83,060	\$78,910
Tenant Services Expenses	\$674	\$523	\$750	\$920	\$920
Insurance and Tax Expense	\$0	\$42	\$0	\$0	\$0
Maintenance Expenses	\$27	\$0	\$35,000	\$60,000	\$60,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$3,545,581</b>	<b>\$3,609,051</b>	<b>\$4,123,410</b>	<b>\$4,993,710</b>	<b>\$5,349,710</b>
<b>NET OPERATING INCOME</b>	<b>(\$3,538,115)</b>	<b>(\$3,606,577)</b>	<b>(\$4,118,410)</b>	<b>(\$4,993,710)</b>	<b>(\$5,349,710)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$9,274	\$6,914	\$0	\$55,000	\$55,000
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$9,274</b>	<b>\$6,914</b>	<b>\$0</b>	<b>\$55,000</b>	<b>\$55,000</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$0	\$2,223	\$0	\$27,000	\$27,000
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$0</b>	<b>\$2,223</b>	<b>\$0</b>	<b>\$27,000</b>	<b>\$27,000</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$9,274</b>	<b>\$4,691</b>	<b>\$0</b>	<b>\$28,000</b>	<b>\$28,000</b>
<b>NET CASH FLOW</b>	<b>(\$3,528,841)</b>	<b>(\$3,601,886)</b>	<b>(\$4,118,410)</b>	<b>(\$4,965,710)</b>	<b>(\$5,321,710)</b>



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# Housing Resources Division

Adopted Budget  
June 5, 2013

## Mission Statement

The mission of the Housing Resources Division is to provide quality customer service while determining housing assistance subsidy eligibility to clients participating in the Housing Choice Voucher program and Low Income Public Housing program. The Division educates and supports clients, landlords and the citizens of the

County on the program operations, and maintains the highest compliance possible within Federal, State and County statutes and regulations. The Division operates Customer Service Centers in Gaithersburg and Silver Spring.

### Special points of interest:

The Housing Resources Division provides quality customer service through fair and accurate delivery of affordable subsidies.

## Description

The HCV and LIPH Programs are the Federal Government's principal rental assistance programs available to low and very low-income families, the elderly and the disabled.

The Housing Resources Division is responsible for administering the Housing Choice Voucher (HCV) Program and client eligibility aspects of the LIPH Program. The functions include:

- Maintaining program waiting lists of interested families,
- Determining family eligibility,

- Calculating subsidy levels (family's rent share and the Housing Assistance Payment),
- Reviewing the reasonableness of rents, and
- Re-evaluating the family's income on an annual basis.

## Program Objectives

- To improve customer service and program operations through better utilization of staff and technology.
- To maintain a High Performer ranking in Section Eight Management Assessment Program (SEMAP).
- To ensure that income reporting of all participants is accurate using the Enterprise Income Verification (EIV) system.
- To ensure that program rent payments are reasonable.
- To fully utilize the CY 2013 and CY 2014 HUD funding allocations and effectively serve as many program-eligible families as possible.
- To provide expert information to members of the Agency staff on federally regulated programs.
- To ensure HOC's compliance, for both the programs and clients, with the U.S. Department of Housing and Urban Development regulations.

## Performance Measurement Results

### SEMAP

The Section Eight Management Assessment Program (SEMAP) was designed by the United States Department of Housing and Urban Development (HUD) as a tool to measure the performance of Public Housing Authority's administering the Housing Choice Voucher (HCV) program and the Family Self-Sufficiency (FSS) component of the voucher program. SEMAP is a performance measurement tool designed to:

- Assess if the program is assisting eligible families to afford housing at the correct subsidy level,
- Measure performance in key areas to ensure program integrity and accountability,
- Identify management capabilities and deficiencies to better target technical assistance,
- Assist housing authorities in assessing and improving their program operations, and
- Evaluate whether the housing authority advances fair housing opportunities.

There are 14 performance indicators and one bonus indicator. Each performance indicator represents a critical component for operating a well run Housing Choice Voucher Program.

HOC was ranked a standard performer in 2010 receiving 125 points out of 145 for an overall rating of 86%. In 2011, HOC returned to a high performer receiving 130 points out of 145 for an overall rating of 90%. HOC maintained its high performance rating in 2012, increasing the total points received from 130 to 140 out of 145 for an overall 97%. The increase resulted from restoring the 10 points for Housing Quality Standards (HQS) Enforcement.

HOC anticipates maintaining the high performance ranking; however, the reduction in Administration fees is not accompanied by a reduction in regulated, administrative processes. HOC is working with industry partners to reduce the administrative process.

## SEMAP Score

SEMAP Component	Actual Score FY 2010	Max Score FY 2010	Actual Score FY 2011	Max Score FY 2011	Actual Score FY 2012	Max Score FY 2012	Preliminary Score FY 2013	Max Score FY 2013
Selection from the Waiting List	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Reasonable Rent	0.0	20.0	15.0	20.0	15.0	20.0	15.0	20.0
Adjusted Income Determination	15.0	20.0	15.0	20.0	15.0	20.0	15.0	20.0
Utility Allowance Schedule	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
HQS Quality Control Inspection	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
HQS Enforcement	10.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0
Expanding Housing Opportunities	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Fair Market Rent "FMR" Limit and Payment Standard (PS)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Annual Re-examination	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Correct Tenant Rent Calculations	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Pre-Contract Housing Quality Standards (HQS) Inspections	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Annual HQS Inspections	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Lease-Up	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Family Self-Sufficiency (FSS) Enrollment with Escrow Accounts	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Program Subtotal	120.0	145.0	125.0	145.0	135.0	145.0	135.0	145.0
Deconcentration Bonus *	5.0		5.0		5.0		5.0	
Overall	125.0	145.0	130.0	145.0	140.0	145.0	140.0	145.0

\* The Deconcentration bonus does not change the Maximum Score Scale.

## Budget Overview—Housing Resources Division

Total projected operating expenses in the FY 2014 Adopted Budget for the Housing Resources Division not related to HAP are \$6.62 million. Personnel costs comprise 56.9% of the budget. Other expenses account

for the remaining 43.1% of the budget. **Please note that the FY 2014 Adopted Budget reflects changes as a result of the Agency re-organization.**

## Revenue and Expense Statement

Housing Resources Division	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$27	\$0	\$0	\$0	\$0
Non-Dwelling Rental Income	\$148,068	\$0	\$50,000	\$70,000	\$70,000
Federal Grant	\$80,850,138	\$79,532,406	\$83,514,820	\$82,584,190	\$85,594,690
County Grant	\$741,023	\$753,079	\$759,160	\$759,160	\$759,160
<b>TOTAL OPERATING INCOME</b>	<b>\$81,739,256</b>	<b>\$80,285,485</b>	<b>\$84,323,980</b>	<b>\$83,413,350</b>	<b>\$86,423,850</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$3,433,733	\$3,570,155	\$3,583,940	\$3,767,500	\$4,059,100
Operating Expenses - Fees	\$2,052,712	\$2,437,742	\$2,262,000	\$2,066,220	\$2,197,700
Operating Expenses - Administrative	\$271,836	\$307,295	\$378,310	\$731,330	\$684,910
Protective Services	\$7,369	\$3,702	\$3,850	\$3,960	\$4,160
Utilities Expenses	\$14,037	\$13,974	\$19,800	\$15,380	\$15,380
Maintenance Expenses	\$34,119	\$33,315	\$34,000	\$38,060	\$38,460
Housing Assistance Payments (HAP)	\$74,351,037	\$78,745,409	\$77,916,170	\$77,267,880	\$80,840,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$80,164,843</b>	<b>\$85,111,592</b>	<b>\$84,198,070</b>	<b>\$83,890,330</b>	<b>\$87,839,710</b>
<b>NET OPERATING INCOME</b>	<b>\$1,574,413</b>	<b>(\$4,826,107)</b>	<b>\$125,910</b>	<b>(\$476,980)</b>	<b>(\$1,415,860)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$0	\$13,675	\$0	\$0	\$0
Transfer Between Funds	\$339,070	\$5,629,802	\$117,910	\$341,590	\$2,446,750
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$339,070</b>	<b>\$5,643,477</b>	<b>\$117,910</b>	<b>\$341,590</b>	<b>\$2,446,750</b>
<b>Non-Operating Expenses</b>					
Operating and Replacement Reserves	\$1,182,627	\$0	\$0	\$0	\$0
Transfer Out Between Funds	\$100,000	\$100,000	\$117,910	\$730,470	\$255,440
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$1,282,627</b>	<b>\$100,000</b>	<b>\$117,910</b>	<b>\$730,470</b>	<b>\$255,440</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$943,557)</b>	<b>\$5,543,477</b>	<b>\$0</b>	<b>(\$388,880)</b>	<b>\$2,191,310</b>
<b>NET CASH FLOW</b>	<b>\$630,856</b>	<b>\$717,370</b>	<b>\$125,910</b>	<b>(\$865,860)</b>	<b>\$775,450</b>

# Mortgage Finance Division

Adopted Budget  
June 5, 2013

## 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, to assure continued availability of such housing and to 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 raises funds in the capital markets through the issuance of tax-exempt bonds for Single Family and Multifamily 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 multifamily acquisition and development activities 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. The Federal Housing Administration (FHA) Risk Sharing Program is also utilized to enhance the Multifamily bond financing program. The Mortgage Finance Division is further responsible for managing the loan portfolio, assisting residents in subsidized housing to become homebuyers, and managing the Montgomery County and HOC's Closing Cost Assistance programs.

## Program Objectives

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

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

## Multifamily Programs

The Multifamily Underwriting and Loan Origination section is responsible for two to four bond issues each year. The proceeds from these bond issues fund mortgages for multifamily rental developments for HOC and its affiliates as well as for private for-profit and non-profit developers. The Multifamily Underwriting section also administers the Federal Housing Administration (FHA) Risk Sharing Program, a housing finance agency/FHA insurance program. This section also administers the allocation and utilization of bond cap for housing that is allocated annually to Montgomery County and allows HOC to issue private activity bonds for multifamily developments that are owned by private entities and single family issuances.

The Multifamily Portfolio Management section monitors the fiscal and physical health of the portfolio to ensure program and tax law compliance for all multifamily developments financed by HOC and that affordability is maintained in compliance with regulatory requirements.

### **Multifamily Underwriting and Loan Origination**

- Underwrite and prepare multifamily developments for bond financing by providing timely reviews and thorough evaluation of loan risk.
- Administer 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 otherwise refinanced at market rate and possibly eliminate the affordability component for the property.
- Evaluate HOC's bond financed properties and seek opportunities to lower borrowing costs by restructuring the financing.
- Identify additional sources of equity capital and debt for affordable housing.

### **Portfolio Management**

- Manage and oversee the Commission's Multifamily loan portfolio, which consists of over 60 multifamily loans, to identify issues and opportunities related to the furtherance of the Commission's goals.
- Review the multifamily 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 are experiencing subpar financial and occupancy performance, or risk refinance and conversion to market rate properties eliminating the affordability component.
- Monitor the rental and homeownership market trends to identify conditions that could adversely affect the portfolio.

## Single Family Programs

The Single Family section is responsible for activities that extend and afford 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.

- Complete one or two bond redemptions per year, to reduce overall borrowing cost in the program.
- Make approximately 125 first mortgages to first time homebuyers using Mortgage Backed Securities (MBS) and the

secondary market.

- Oversee the servicing of the active loan portfolio of approximately 1,100 first mortgages by 12 servicers and approximately 406 County closing cost assistance loans.
- Operate the HOC Homeownership Program (HOC/HOP) which prepares HOC residents for homeownership by providing direct counseling and homebuyer education classes.
- Manage the lending process for the

Housing Choice Voucher Homeowner participants.

- Administer various programs that provide closing cost assistance.

### **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 provides closing cost and down payment assistance for first time home buyers in the County. The assistance is a secured second mortgage. Borrower's monthly repayments are made through automatic withdrawal from a bank account, minimizing the delinquencies in the program. In FY 2009, the County registered to participate in the State of Maryland (the "State") closing cost assistance program known as "House Keys 4 Employees" (HK4E). The State provides matching funds of up to \$3,500, with the County's portion funded from the appropriations to the Revolving County Closing Cost Assistance Program. The Commission is designated as the administrator of the programs.

### **Warehousing**

In December 2003, the Commission approved the use of warehousing for the Mortgage Purchase Program (MPP). In the context of the MBS and secondary market, warehousing will be a temporary purchase of a security prior to the trade of that security. The rationale for warehousing when bond funds are available is not applicable to the secondary market. While bond funds are available, warehousing enabled the MPP to stay in the mortgage market between bond sales and reduce negative arbitrage in the program. Heretofore, when bond funds were exhausted, the MPP would become dormant until new bond 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 seven warehousing periods and has achieved the results that were anticipated.

### **HOC Homeownership Programs**

- Annually, assist approximately 62 families that are currently residing in HOC assisted housing to purchase their first home (585 families since the inception of the program).
- Provide training, budgeting, homes to purchase, and educational opportunities to residents who are preparing to become homeowners.
- Administer Federal and local programs that provide purchase opportunities for HOC residents.



# Performance Measurement Results

## Multifamily 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. This is especially true for transactions that require the use of private activity volume cap. Therefore, it is customary for the Commission to impose more restrictive affordability requirements at median income levels that exceed any Federal, State or Local Government standards.

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. The overall benefit is economic and social integration of communities throughout the County as well as financial stability from the cross subsidy provided by the market rate units.

Since FY 2010, 3,685 units were financed or refinanced in order to achieve a public purpose of 2,117 affordable units. Stated differently, 57% of the units provided some level of public purpose. With projected activities FY 2014, the multifamily program will have been involved with the financing or refinancing of 4,367 units (2,594 affordable units or 60%) since FY 2010.

Multifamily Bond Issuance					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 Projection
Number of Loans	4	2	2	3	5
Total Units	1,043	291	611	1,740	682
Total Affordable Units	335	178	3428	1,262	477
% of Affordable Units	32%	61%	56%	73%	70%
Total Bond Issuance	\$90,005,000	\$63,750,000	\$61,540,000	\$85,795,000	\$76,083,000
% of Area Median Income Served	30%-80%	30%-60%	30%-60%	30-60%	30-60%

**Activities in the Mortgage Purchase Program**

The following table illustrates the activities in the Mortgage Purchase Program (MPP) for the past four fiscal years. The MPP

is rebuilding after a significant refinancing and prepayment trend over the past few years, as homeowners capitalized on the period of historically low mortgage interest rates.

<b>Mortgage Purchase Program</b>					
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014 Projection</b>
Number of Bond Issues	1	2	2	2	1
Total Available Bond Proceeds (\$ millions)	\$25	\$15	\$31	\$31	\$20
Loans Made	205	152	107	39	120
Average Loan	\$215,496	\$208,812	\$202,267	\$218,131	\$210,000
Average Income	\$71,915	\$70,090	NA	N/A	N/A
% of Median	70.0%	66.1%	NA	N/A	N/A
Median *	\$102,700	\$106,100	\$107,500	\$107,500	N/A
Number of Closing Cost Loans	84	90	75	100	50
Total Closing Cost Provided	\$705,733	\$1,000,000	\$615,000	\$830,000	\$400,000

\* Median income of Washington DC MSA as published by HUD.

## Budget Overview—Mortgage Finance

The total Adopted FY 2014 budgeted revenues for the Mortgage Finance Division are \$6.54 million. Total expenses in the FY 2014 Budget are \$4.24 million. Personnel costs comprise 54.7% of the budget. Operating expenses and other miscellaneous expenses account for 31.1% of the budget, while non-operating

expenses account for the remaining 14.2%. FHA Risk Sharing Insurance is a pass through expense with offsetting income. **Please note that the FY 2014 Adopted Budget reflects changes as a result of the Agency re-organization.**

## Revenue and Expense Statement

Mortgage Finance Division	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
County Grant	\$54,619	\$143,330	\$148,660	\$159,180	\$171,140
Management Fees	\$1,795,735	\$1,499,426	\$1,621,290	\$2,453,800	\$1,660,170
Miscellaneous Income	\$23,132	\$6,250	\$7,500	\$7,500	\$7,500
<b>TOTAL OPERATING INCOME</b>	<b>\$1,873,486</b>	<b>\$1,649,006</b>	<b>\$1,777,450</b>	<b>\$2,620,480</b>	<b>\$1,838,810</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$1,892,837	\$1,945,160	\$2,066,400	\$2,318,380	\$2,482,970
Operating Expenses - Fees	\$827,680	\$869,510	\$903,320	\$1,088,580	\$1,163,260
Operating Expenses - Administrative	\$157,597	\$189,934	\$220,780	\$231,960	\$232,150
Maintenance Expenses	\$13,668	\$850	\$8,550	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$2,891,782</b>	<b>\$3,005,454</b>	<b>\$3,199,050</b>	<b>\$3,638,920</b>	<b>\$3,878,380</b>
<b>NET OPERATING INCOME</b>	<b>(\$1,018,296)</b>	<b>(\$1,356,448)</b>	<b>(\$1,421,600)</b>	<b>(\$1,018,440)</b>	<b>(\$2,039,570)</b>
<b>Non-Operating Income</b>					
FHA Risk Sharing Insurance	\$594,027	\$607,957	\$542,800	\$590,420	\$590,420
Transfer Between Funds	\$2,713,053	\$2,761,770	\$2,917,620	\$3,333,850	\$3,550,180
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$3,307,080</b>	<b>\$3,369,727</b>	<b>\$3,460,420</b>	<b>\$3,924,270</b>	<b>\$4,140,600</b>
<b>Non-Operating Expenses</b>					
Mortgage Insurance	\$15,049	\$20,082	\$12,730	\$12,320	\$12,320
FHA Risk Sharing Insurance	\$594,027	\$607,957	\$542,800	\$590,420	\$590,420
Restricted Cash Flow	\$0	\$13,876	\$0	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$609,076</b>	<b>\$641,915</b>	<b>\$555,530</b>	<b>\$602,740</b>	<b>\$602,740</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$2,698,004</b>	<b>\$2,727,812</b>	<b>\$2,904,890</b>	<b>\$3,321,530</b>	<b>\$3,537,860</b>
<b>NET CASH FLOW</b>	<b>\$1,679,708</b>	<b>\$1,371,364</b>	<b>\$1,483,290</b>	<b>\$2,303,090</b>	<b>\$1,498,290</b>

# Property Management Division

Adopted Budget  
June 5, 2013

## Mission Statement

The mission of the Property Management Division is to manage a portfolio of affordable residential communities for low and moderate income households, while striving to

create a positive social environment by properly positioning and maintaining residences at or above community norms.

### Special points of interest:

The Property Management Division has moved from a centralized operations model to 10 regional HUB offices.

## Description

The Property Management Division was restructured during FY 2013, and is now solely focused on managing the Agency's assets by operating the properties, providing preventative maintenance, responding to service requests, and managing the operating budgets for our properties. In addition, the function of rent collections has been moved from Finance to Property Management. Finally, asset and construction management has been assumed by the Agency's Real Estate Development Division (RED).

Property Management has also moved from a centralized operations model to 10 regional HUB offices. The 10 HUB offices now utilize existing HOC multifamily sites to manage all properties within a 5 mile radius of the HUB office. Staff has been reassigned to the HUBs to ensure adequate staffing to serve the clients. The immediate benefits of the HUB offices are that now clients have a property management office located within 5 miles of their home and our maintenance staff is better able to respond to service calls within a significantly smaller service area.

We also expect to realize savings from reduced consumption of gasoline and less wear and tear on maintenance vehicles.

The Property Management staff now works closely with the RED team to evaluate the physical condition and needs of their portfolios and determine how to best manage the assets. The RED team provides consultation on needed capital repairs, modernization efforts and the overall physical needs of our properties. In the event there are opportunities to comprehensively renovate or reposition a property, this determination is made with the expertise and oversight of the RED team.

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.
- Delivers quality services to a diverse population with a variety of programs and housing types.

In its role as Montgomery County's Public Housing Authority, HOC owns and manages 1,553 units of Public Housing and 5,416 units of other types of housing including, but is not limited to, Section 236 properties, housing supported by Housing Choice Vouchers (HCV) and Project Based Vouchers (PBV). The Agency also provides housing under a number of Federal and State programs including HOME funds, State Partnership, Neighborhood Stabilization, Low Income Housing Tax Credits (LIHTC), and bond financed housing.

The properties within the agency portfolio originate from a wide variety of programs with complex regulatory requirements and many have multiple financing sources. In total, HOC administers more than 6,900 units of housing across the entire 520 square miles of Montgomery County. These units are found in a number of configurations including clustered family communities, senior housing in mid- and high-rise buildings, various types of apartments, townhouses and single family homes scattered throughout the County.

A summary of the types of programs and number of units are listed below. Many are included in more than one program or category.

- Public Housing - twelve multifamily properties and 669 scattered sites - 1,553 units.
- HUD Project Based Section 8 - six properties - 517 units.
- HUD Section 236 - six properties - 712 units.
- State Rental Partnership - 196 units.

- Low Income Housing Tax Credit (LIHTC) Programs - 18 different partnerships - 1,559 units.
- Scattered-site rental units - 1,677 units.
- Mixed Income Properties - 21 properties - 2,822 units.
- Senior Properties for Independent Living - nine properties - 1,113 units.
- Properties with Public Purpose at or below 60% AMI - 5,026 units or 72% of our total portfolio.
- Single Room Occupancy (SRO) - two properties - 286 units.
- Market Rate Units - 21 properties - 1,618 units.
- Contract Managed units for Montgomery County—5 units.

Properties in the portfolio that are not part of HOC's FY 2014 Operating Budget but are on a calendar year include 712 Section 236 units and 1425 Tax Credit Units.

Rental income from our Opportunity Housing properties is a primary source of funding for HOC's operations. We look to the properties to generate sufficient revenue to be self-supporting. At the same time, HOC's market rate units also contribute to the support of the units which are affordable to lower income households. For FY 2014, HOC is projecting a slight increase over FY 2013.

In the public housing and voucher programs, residents pay no more than 30% of their gross income. In the public housing program, each year HUD provides an operating subsidy to bridge the gap between the 30% that the residents pay and the cost of operating the units. In the voucher program, HUD pays a Housing Assistance Payment (HAP) to bridge the gap between the 30% residents pay and the market rate rent of the housing unit.

## Program Objectives

The Property Management Division is actively engaged in reinvigorating its efforts to deliver client focused service to our clients. The HUB structure described in the Budget Highlights section is intended to empower the property management staff to serve our clients and communities in a more conscientious and timely manner. The Division is also focused on operating in a transparent and financially accountable manner. Following is a list of measureable outcomes the division is currently seeking to achieve.

- Respond to all service requests and complete maintenance work orders within a 3-5 day period.
- Complete a comprehensive inspection of all scattered site units to ensure that all

deferred maintenance requests are identified and resolved.

- Develop and implement a robust preventative maintenance program to ensure that all properties are maintained in optimal condition.
- Ensure that each HUB office is operating in a fiscally sound manner, which includes rent collection, lease enforcement, and sound management of the HUBs' operating budgets.
- Work closely with the Real Estate Development team to ensure the capital needs of the portfolio are well documented and a sound plan for financing capital repairs is implemented.

## 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 (PHAs). 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.

On January 12, 2010, HUD released assessment guidance for what it called PHAS Transition Year 2, which applied to HOC's FY 2010 assessment. Following an appeal of HOC's initial designation as a Standard Performer, HUD revised HOC's FY 2010 PHAS score upward to 90, designating the agency as a High Performer.

On February 23, 2011, HUD published the Public Housing Assessment System (PHAS) Interim Rule, which became effective for PHAs with fiscal years ending March 31, 2011 and thereafter. HOC's FY 2011, which ended June 30, 2011, is its first to be evaluated under the new rule.

The rule changes the scoring rubric. The resident survey is now subsumed into the management assessment, which is worth 25 rather than 30 points. The financial

assessment is also reduced in total points from 30 to 25. The physical inspections component is the most important, and will now total 40 rather than 30 points.

A new component, based on HUD's review of the Capital Fund Program, is worth ten points. HUD had previously reviewed the CFP as part of its management assessment.

FY 2011 was the first year HUD evaluated HOC under the interim rule. The overall score of 84, while below HOC's historical marks, in part reflects the challenges HOC faces in preparing for the physical inspection regime implemented by REAC. HOC improved its score in 2012, submitting 91 points to HUD. HOC has not received the final 2012 PHAS score. The PHAS submission for 2013 will mirror 2012 at 91 points.

The Disposition is expected to adversely affect HOC's PHAS scoring during the transition or interim period. The unit vacancy levels will be higher and the turnover days great as we remove the 669 scattered site units from the Public Housing Portfolio. HOC will work with HUD directly on the variables associated with the Disposition and PHAS. HOC continues to recognize the importance of meeting the performance goals set by HUD.

# PHAS Score

PHAS Score								
PHAS Component	Actual Score FY 2010	Max Score FY 2010	Actual Score FY 2011	Max Score FY 2011	Preliminary Score FY 2012	Max Score FY 2012	Preliminary Score FY 2013	Max Score FY 2013
Physical	26.0	30.0	31.0	40.0	35.0	40.0	35.0	40.0
Financial	28.0	30.0	22.0	25.0	25.0	25.0	25.0	25.0
Management	27.0	30.0	21.0	25.0	21.0	25.0	21.0	25.0
Resident <i>(included in Management in FY 2011 and beyond)</i>	9.0	10.0						
Capital Fund Program <i>(New FY 2011)</i>			10.0	10.0	10.0	10.0	10.0	10.0
Overall	90.0	100.0	84.0	100.0	91.0	100.0	91.0	100.0

## Budget Overview—Property Management—Administrative

The Adopted FY 2014 budgeted revenues for Property Management Division Administration are \$4.91 million. Total expenses in the FY 2014 Operating Budget are \$1.85 million. Personnel costs comprise

90.4% of the operating budget. Other operating costs constitute 9.6% of the operating budget.

## Revenue and Expense Statement

Property Management Division Administration	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
County Grant	\$1,018,426	\$1,022,741	\$1,037,920	\$1,037,920	\$1,037,920
Management Fees	\$7,018,711	\$5,441,524	\$5,273,110	\$3,749,010	\$3,897,210
Miscellaneous Income	\$11,874	\$24,266	\$0	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$8,049,011</b>	<b>\$6,488,531</b>	<b>\$6,311,030</b>	<b>\$4,786,930</b>	<b>\$4,935,130</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$2,946,346	\$2,377,141	\$1,927,330	\$1,668,190	\$1,790,860
Operating Expenses - Fees	\$295,446	\$258,690	\$2,500	\$0	\$0
Operating Expenses - Administrative	\$385,065	\$251,505	\$109,930	\$43,190	\$44,190
Tenant Services Expenses	\$115	\$912	\$0	\$0	\$0
Protective Services Expenses	\$5,594	\$6,524	\$2,500	\$6,000	\$6,000
Utilities Expenses	\$86,081	\$72,102	\$83,330	\$75,460	\$76,110
Insurance and Tax Expenses	\$1,340	\$2,500	\$2,090	\$1,960	\$3,410
Maintenance Expenses	\$74,187	\$38,961	\$82,800	\$50,520	\$50,520
<b>TOTAL OPERATING EXPENSES</b>	<b>\$3,794,174</b>	<b>\$3,008,335</b>	<b>\$2,210,480</b>	<b>\$1,845,320</b>	<b>\$1,971,090</b>
<b>NET OPERATING INCOME</b>	<b>\$4,254,837</b>	<b>\$3,480,196</b>	<b>\$4,100,550</b>	<b>\$2,941,610</b>	<b>\$2,964,040</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$666	\$449	\$0	\$0	\$0
Transfer Between Funds	\$0	\$0	\$57,250	\$119,760	\$67,200
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$666</b>	<b>\$449</b>	<b>\$57,250</b>	<b>\$119,760</b>	<b>\$67,200</b>
<b>Non-Operating Expenses</b>					
Restricted Cash Flow	\$31,016	\$2,698	\$56,620	\$0	\$0
Transfer Out Between Funds	\$1,112,263	\$1,104,352	\$1,062,920	\$1,047,260	\$1,037,920
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$1,143,279</b>	<b>\$1,107,050</b>	<b>\$1,119,540</b>	<b>\$1,047,260</b>	<b>\$1,037,920</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$1,142,613)</b>	<b>(\$1,106,601)</b>	<b>(\$1,062,290)</b>	<b>(\$927,500)</b>	<b>(\$970,720)</b>
<b>NET CASH FLOW</b>	<b>\$3,112,224</b>	<b>\$2,373,595</b>	<b>\$3,038,260</b>	<b>\$2,014,110</b>	<b>\$1,993,320</b>



## Budget Overview—Property Management— Elderly Properties

The Adopted FY 2014 budgeted revenues for elderly properties are \$5.72 million. The total expenses in the FY 2014 Operating Budget

are \$5.37 million. Non-operational expenses are \$.47 million. Net Cash Deficit will be \$119,070.

## Revenue and Expense Statement

Property Management Division Elderly Properties	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$2,874,544	\$2,884,921	\$2,876,180	\$3,041,050	\$3,107,780
Federal Grant	\$2,267,844	\$2,674,268	\$2,620,230	\$2,022,720	\$2,076,650
Management Fees	\$7,034	\$7,789	\$5,440	\$5,530	\$5,600
Miscellaneous Income	\$60,648	\$34,096	\$32,000	\$28,800	\$29,090
<b>TOTAL OPERATING INCOME</b>	<b>\$5,210,070</b>	<b>\$5,601,074</b>	<b>\$5,533,850</b>	<b>\$5,098,100</b>	<b>\$5,219,120</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$1,347,560	\$1,753,115	\$1,818,510	\$2,063,720	\$2,211,890
Operating Expenses - Fees	\$1,039,160	\$743,548	\$750,980	\$760,750	\$766,390
Operating Expenses - Administrative	\$92,187	\$93,817	\$93,510	\$149,560	\$147,960
Tenant Services Expenses	\$38,160	\$43,860	\$57,540	\$47,050	\$48,470
Protective Services Expenses	\$27,395	\$42,211	\$44,950	\$46,500	\$46,630
Utilities Expenses	\$1,444,055	\$1,298,575	\$1,369,650	\$1,238,790	\$1,241,310
Insurance and Tax Expenses	\$77,098	\$87,477	\$96,830	\$145,100	\$172,320
Maintenance Expenses	\$527,983	\$668,526	\$801,330	\$919,060	\$860,330
<b>TOTAL OPERATING EXPENSES</b>	<b>\$4,593,598</b>	<b>\$4,731,129</b>	<b>\$5,033,300</b>	<b>\$5,370,530</b>	<b>\$5,495,300</b>
<b>NET OPERATING INCOME</b>	<b>\$616,472</b>	<b>\$869,945</b>	<b>\$500,550</b>	<b>(\$272,430)</b>	<b>(\$276,180)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	(\$5,655)	(\$5,812)	(\$6,120)	(\$7,640)	(\$7,760)
Transfer Between Funds	\$360,280	\$335,650	\$120,650	\$627,550	\$492,560
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$354,625</b>	<b>\$329,838</b>	<b>\$114,530</b>	<b>\$619,910</b>	<b>\$484,800</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$172,687	\$166,088	\$159,060	\$151,570	\$143,610
Mortgage Insurance	\$14,595	\$23,208	\$12,580	\$11,340	\$10,670
Principal Payment	\$101,765	\$108,365	\$115,390	\$122,880	\$130,840
Operating and Replacement Reserves	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000
Restricted Cash Flow	\$318,050	\$765,122	\$136,050	\$132,760	\$158,540
Transfer Out Between Funds	\$316,000	\$89,000	\$144,000	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$971,097</b>	<b>\$1,199,783</b>	<b>\$615,080</b>	<b>\$466,550</b>	<b>\$491,660</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$616,472)</b>	<b>(\$869,945)</b>	<b>(\$500,550)</b>	<b>\$153,360</b>	<b>(\$6,860)</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$119,070)</b>	<b>(\$283,040)</b>

## Budget Overview—Property Management— Family Properties

The Adopted FY 2014 budgeted revenues for family properties are \$52.09 million. The total expenses in the FY 2014 Operating Budget

are \$23.4 million. Non-operational expenses are \$27.75 million. Net Cash Surplus will be \$957,330.

### Revenue and Expense Statement

Property Management Division Family Properties	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$41,676,211	\$42,853,399	\$46,885,120	\$48,919,790	\$50,181,120
Non-Dwelling Rental Income	\$480,165	\$664,293	\$578,250	\$627,500	\$707,120
Federal Grant	\$1,552,703	\$1,783,756	\$1,677,270	\$1,320,840	\$1,352,440
Management Fees	\$40,592	\$34,964	\$35,460	\$31,790	\$31,240
Miscellaneous Income	\$208,079	\$209,150	\$109,900	\$139,200	\$139,400
<b>TOTAL OPERATING INCOME</b>	<b>\$43,957,750</b>	<b>\$45,545,562</b>	<b>\$49,286,000</b>	<b>\$51,039,120</b>	<b>\$52,411,320</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$5,608,612	\$6,097,377	\$6,802,870	\$6,747,490	\$7,042,500
Operating Expenses - Fees	\$3,679,907	\$3,846,459	\$4,076,460	\$4,061,730	\$4,181,400
Operating Expenses - Administrative	\$1,374,333	\$1,633,912	\$1,554,420	\$1,687,670	\$1,710,600
Tenant Services Expenses	\$153,928	\$146,157	\$171,850	\$174,290	\$177,570
Protective Services Expenses	\$767,542	\$756,343	\$594,310	\$617,910	\$633,390
Utilities Expenses	\$4,583,748	\$4,336,588	\$4,711,920	\$4,470,450	\$4,590,810
Insurance and Tax Expenses	\$654,239	\$673,552	\$730,640	\$860,070	\$958,070
Maintenance Expenses	\$3,830,400	\$4,070,055	\$4,124,770	\$4,770,670	\$4,740,210
<b>TOTAL OPERATING EXPENSES</b>	<b>\$20,652,709</b>	<b>\$21,560,443</b>	<b>\$22,767,240</b>	<b>\$23,390,280</b>	<b>\$24,034,550</b>
<b>NET OPERATING INCOME</b>	<b>\$23,305,041</b>	<b>\$23,985,119</b>	<b>\$26,518,760</b>	<b>\$27,648,840</b>	<b>\$28,376,770</b>
<b>Non-Operating Income</b>					
Investment Interest Income	(\$21,707)	(\$33,131)	(\$26,230)	(\$32,250)	(\$33,040)
Transfer Between Funds	\$615,756	\$1,206,751	\$1,175,360	\$1,087,500	\$875,390
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$594,049</b>	<b>\$1,173,620</b>	<b>\$1,149,130</b>	<b>\$1,055,250</b>	<b>\$842,350</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$10,058,231	\$10,335,862	\$10,852,900	\$11,090,660	\$10,871,130
Mortgage Insurance	\$644,653	\$692,185	\$672,420	\$806,740	\$790,430
Principal Payment	\$5,358,033	\$5,518,763	\$6,021,890	\$6,478,370	\$6,711,430
Operating and Replacement Reserves	\$1,285,154	\$1,404,141	\$1,466,450	\$1,418,010	\$1,508,780
Restricted Cash Flow	\$3,619,976	\$4,397,342	\$4,070,380	\$3,738,030	\$3,875,720
Development Corporation Fees	\$2,977,858	\$2,155,011	\$3,195,570	\$4,214,950	\$4,540,530
Transfer Out Between Funds	\$0	\$3,500	\$0	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$23,943,905</b>	<b>\$24,506,804</b>	<b>\$26,279,610</b>	<b>\$27,746,760</b>	<b>\$28,298,020</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$23,349,856)</b>	<b>(\$23,333,184)</b>	<b>(\$25,130,480)</b>	<b>(\$26,691,510)</b>	<b>(\$27,455,670)</b>
<b>NET CASH FLOW</b>	<b>(\$44,815)</b>	<b>\$651,935</b>	<b>\$1,388,280</b>	<b>\$957,330</b>	<b>\$921,100</b>

## Budget Overview—Property Management— Scattered Site Properties

The Adopted FY 2014 budgeted revenues for scattered-site properties are \$13.38 million. The total expenses in the FY 2014 Operating Budget

are \$10.23 million. Non-operational expenses are \$2.48 million. Net Cash Surplus will be \$665,740.

### Revenue and Expense Statement

Property Management Division Scattered Site Properties	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$10,876,035	\$10,840,571	\$10,500,340	\$10,914,370	\$11,278,590
Federal Grant	\$2,662,364	(\$1,406)	\$0	\$0	\$0
County Grant	\$0	\$2,993,805	\$2,796,800	\$2,119,840	\$2,176,360
Non-Dwelling Rental Income	\$0	\$142,607	\$0	\$0	\$0
Management Fees	\$763	\$578	\$430	\$370	\$380
Miscellaneous Income	\$101,985	\$42,029	\$200	\$2,420	\$2,520
<b>TOTAL OPERATING INCOME</b>	<b>\$13,641,147</b>	<b>\$14,018,184</b>	<b>\$13,297,770</b>	<b>\$13,037,000</b>	<b>\$13,457,850</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$3,096,696	\$3,351,352	\$3,641,910	\$3,304,670	\$3,565,380
Operating Expenses - Fees	\$5,444,703	\$3,956,435	\$4,032,890	\$4,238,890	\$4,317,790
Operating Expenses - Administrative	\$134,202	\$319,112	\$292,590	\$278,140	\$280,980
Tenant Services Expenses	\$1,630	\$1,668	\$17,430	\$0	\$0
Protective Services Expenses	\$0	\$0	\$0	\$0	\$0
Utilities Expenses	\$125,117	\$107,174	\$141,350	\$164,330	\$153,470
Insurance and Tax Expenses	\$398,834	\$491,482	\$506,940	\$580,290	\$642,480
Maintenance Expenses	\$1,475,514	\$1,870,247	\$1,834,070	\$1,664,390	\$1,716,460
<b>TOTAL OPERATING EXPENSES</b>	<b>\$10,676,696</b>	<b>\$10,097,470</b>	<b>\$10,467,180</b>	<b>\$10,230,710</b>	<b>\$10,676,560</b>
<b>NET OPERATING INCOME</b>	<b>\$2,964,451</b>	<b>\$3,920,714</b>	<b>\$2,830,590</b>	<b>\$2,806,290</b>	<b>\$2,781,290</b>
<b>Non-Operating Income</b>					
Investment Interest Income	(\$10,093)	(\$11,902)	(\$14,500)	(\$13,690)	(\$13,980)
Transfer Between Funds	\$860,021	\$291,702	\$433,210	\$351,860	\$350,690
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$849,928</b>	<b>\$279,800</b>	<b>\$418,710</b>	<b>\$338,170</b>	<b>\$336,710</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$653,342	\$658,551	\$1,033,170	\$588,670	\$569,910
Mortgage Insurance	\$23,924	\$23,010	\$22,190	\$65,890	\$63,940
Principal Payment	\$322,110	\$438,482	\$364,540	\$749,500	\$753,200
Operating and Replacement Reserves	\$494,393	\$523,450	\$442,350	\$494,850	\$505,320
Restricted Cash Flow	\$986,857	\$619,599	\$225,490	\$74,210	\$54,650
Development Corporation Fees	\$118,081	\$147,279	\$331,040	\$505,600	\$565,800
Transfer Out Between Funds	\$245,000	\$577,500	\$189,000	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$2,843,707</b>	<b>\$2,987,871</b>	<b>\$2,607,780</b>	<b>\$2,478,720</b>	<b>\$2,512,820</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$1,993,779)</b>	<b>(\$2,708,071)</b>	<b>(\$2,189,070)</b>	<b>(\$2,140,550)</b>	<b>(\$2,176,110)</b>
<b>NET CASH FLOW</b>	<b>\$970,672</b>	<b>\$1,212,643</b>	<b>\$641,520</b>	<b>\$665,740</b>	<b>\$605,180</b>

## Master Lease Properties—Revenue and Expense Statement

Property Management Division	FY 2011	FY 2012	FY 2013 Amended	FY 2014 Adopted	FY 2015 Forecast
Master Lease Properties	Actual	Actual	Budget	Budget	Budget
<b>Operating Income</b>					
Tenant Income	\$653,729	\$721,863	\$804,910	\$173,360	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$653,729</b>	<b>\$721,863</b>	<b>\$804,910</b>	<b>\$173,360</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$30,092	\$29,955	\$21,580	\$0	\$0
Operating Expenses - Fees	\$693,606	\$742,406	\$774,610	\$176,510	\$0
Operating Expenses - Administrative	\$6,774	\$4,807	\$6,080	\$4,960	\$0
Utilities Expenses	\$186	\$1,490	\$1,320	\$1,050	\$0
Maintenance Expense	\$0	\$775	\$790	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$730,658</b>	<b>\$779,433</b>	<b>\$804,380</b>	<b>\$182,520</b>	<b>\$0</b>
<b>NET OPERATING INCOME</b>	<b>(\$76,929)</b>	<b>(\$57,570)</b>	<b>\$530</b>	<b>(\$9,160)</b>	<b>\$0</b>
<b>Non-Operating Income</b>					
Investment Interest Income	(\$540)	(\$439)	(\$530)	(\$180)	\$0
Transfer Between Funds	\$77,469	\$58,009	\$13,320	\$9,340	\$0
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$76,929</b>	<b>\$57,570</b>	<b>\$12,790</b>	<b>\$9,160</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
Transfer Out Between Funds	\$0	\$0	\$13,320	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,320</b>	<b>\$0</b>	<b>\$0</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$76,929</b>	<b>\$57,570</b>	<b>(\$530)</b>	<b>\$9,160</b>	<b>\$0</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Capital Fund Program—Revenue and Expense Statement

Property Management Division	FY 2011	FY 2012	FY 2013 Amended	FY 2014 Adopted	FY 2015 Forecast
Capital Fund Program	Actual	Actual	Budget	Budget	Budget
<b>Operating Income</b>					
Federal Grant	\$1,009,068	\$574,160	\$826,830	\$787,160	\$782,970
<b>TOTAL OPERATING INCOME</b>	<b>\$1,009,068</b>	<b>\$574,160</b>	<b>\$826,830</b>	<b>\$787,160</b>	<b>\$782,970</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$555,882	\$479,875	\$409,250	\$189,530	\$202,970
Operating Expenses - Fees	\$0	\$0	\$0	\$178,000	\$160,200
Operating Expenses - Administrative	\$197,003	\$126,484	\$105,000	\$105,540	\$105,540
<b>TOTAL OPERATING EXPENSES</b>	<b>\$752,885</b>	<b>\$606,359</b>	<b>\$514,250</b>	<b>\$473,070</b>	<b>\$468,710</b>
<b>NET OPERATING INCOME</b>	<b>\$256,183</b>	<b>(\$32,199)</b>	<b>\$312,580</b>	<b>\$314,090</b>	<b>\$314,260</b>
<b>Non-Operating Income</b>					
Transfer Between Funds	\$43,817	\$32,199	\$0	\$0	\$0
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$43,817</b>	<b>\$32,199</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$0	\$0	\$312,580	\$314,090	\$314,260
Transfer Out Between Funds	\$300,000	\$0	\$0	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$312,580</b>	<b>\$314,090</b>	<b>\$314,260</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$256,183)</b>	<b>\$32,199</b>	<b>(\$312,580)</b>	<b>(\$314,090)</b>	<b>(\$314,260)</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Real Estate Development Division

Adopted Budget  
June 5, 2013

## Mission Statement

The mission of the Real Estate Development Division is to create investment opportunities that equalize

access to quality housing through stewardship of public resources.

### Special points of interest:

## Description

The Real Estate Development Division operates to preserve and expand the number of mixed income 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 multifamily housing to create and preserve low- to moderate-income market rate housing and to avoid the loss of subsidies for properties developed with federal assistance. The Division also develops new multifamily 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-income, and market rate households.

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 including identifying new sources of funds, developing renovation scopes of work and engaging consultants to manage the redevelopment process.

The division is integral to the implementation of one of the major objectives of the HOC FY13-FY17 Strategic Plan—vision of HOC as a real estate company. Therefore, its activities in FY 2013 and beyond will focus on expanding its approach and ability to develop mixed-income housing with an emphasis on amenity-rich, larger scale properties that are environmentally and financially stable. Achieving this objective will require existing portfolio analysis for redevelopment opportunities, prospecting for opportunities, building partnerships, and identifying alternative sources of equity.

The Real Estate Development Division preserves and expands mixed income housing in Montgomery County.

## Program Objectives

Operating under the new Strategic Plan, The Real Estate Development Division will use its development capacity to expand its approach and ability to develop mixed-income housing with an emphasis on amenity-rich, larger scale properties that are environmentally and financially stable. Achieving this objective will require:

- Prospecting for opportunities,
- Building partnerships, and
- Identifying alternative sources of debt and equity.

## Budget Overview—Real Estate Division

The total Adopted FY 2014 budgeted revenues for the Real Estate Division are \$1.27 million. Total expenses in the FY 2014 Budget are \$1.03 million. Personnel costs comprise 79.6% of the total operating expenses.

Operating and other miscellaneous expenses account for the balance of the budget. **Please note that the FY 2014 Adopted Budget reflects changes as a result of the Agency re-organization.**

## Revenue and Expense Statement

Real Estate Division	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Amended Budget	Adopted Budget	Forecast Budget
<b>Operating Income</b>					
Management Fees	\$187,446	\$175,560	\$287,800	\$250,000	\$500,000
<b>TOTAL OPERATING INCOME</b>	<b>\$187,446</b>	<b>\$175,560</b>	<b>\$287,800</b>	<b>\$250,000</b>	<b>\$500,000</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$682,307	\$676,754	\$705,760	\$817,870	\$966,170
Operating Expenses - Administrative	415,233	\$18,232	\$19,420	\$209,100	\$209,100
Maintenance Expenses	\$1	\$71	\$0	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$697,541</b>	<b>\$695,057</b>	<b>\$725,180</b>	<b>\$1,026,970</b>	<b>\$1,175,270</b>
<b>NET OPERATING INCOME</b>	<b>(\$510,095)</b>	<b>(\$519,497)</b>	<b>(\$437,380)</b>	<b>(\$776,970)</b>	<b>(\$675,270)</b>
<b>Non-Operating Income</b>					
Transfer Between Funds	\$682,297	\$676,754	\$705,670	\$1,017,870	\$1,066,330
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$682,297</b>	<b>\$676,754</b>	<b>\$705,670</b>	<b>\$1,017,870</b>	<b>\$1,066,330</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$682,297</b>	<b>\$676,754</b>	<b>\$705,670</b>	<b>\$1,017,870</b>	<b>\$1,066,330</b>
<b>NET CASH FLOW</b>	<b>\$172,202</b>	<b>\$157,257</b>	<b>\$268,290</b>	<b>\$240,900</b>	<b>\$391,060</b>



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# Resident Services Division

Adopted Budget  
June 5, 2013

## 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. The Division currently administers 27 separate Federal and County grant funded programs.

### Special points of interest:

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

## 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.
- Services to the elderly and families in HOC owned/operated multifamily properties.
- Information and referral to community resources.
- Counseling regarding lease violations; coordination with internal staff and with external service providers/entities.
- Operation of Family Resource Centers (FRCs).

*Other services* include:

- Employment related services, job training, and skill building training opportunities.
- Financial Literacy services: budgeting, credit repair, and money management assistance.
- Emergency Financial Assistance for rent and utility delinquencies to avoid homelessness.

- Administration of Federal and State Housing Programs for homeless/disabled single adults and families.
- Administration of County funded Housing Assistance Program to eliminate homelessness.
- Housing counseling and housing location services for hard-to-place homeless households referred by the County.
- Services to residents of HOC owned third party managed Tax Credit properties such as Stewartown, Forest Oak Towers, Georgian Court, The Barclay, Shady Grove Apartments, The Willows, and MetroPointe.
- Assistance to HOC owned third party managed programs.
- Facilitate volunteer opportunities and auxiliary revenue capacity through the non-profit Housing Opportunities Community Partners Inc. to help operate core services.

## 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.
- Provide nutritious meals and social interaction to avoid isolation during weekdays for 2,400 elderly residents annually at Waverly House, Elizabeth House, Forest Oak Towers, and Arcola Towers through operation of the Senior Nutrition Program.
- Respond to community complaints regarding Public Housing multifamily developments, Elderly buildings, and Tax Credit sites within 48 hours of receipt and initiate appropriate investigation and resolution.
- Coordinate with the Housing Resources Division on lease enforcement cases and Housing Choice Voucher compliance issues.
- Operate Family Resource Centers to serve as community focal points for services and programs which stabilize communities and offer activities which motivate and improve personal wellbeing.
- 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 integrate community resources with community needs.
- 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 community based associations, and other resident-initiated activities.
- Enroll approximately 265 HOC youth in summer day camps and other recreational activities.
- Assist youth with college scholarship assistance, SAT preparation, summer jobs and educational programs for teens, and year-round recreational activities.
- Enroll at least 200-250 youth in after-school tutorial or homework assistance programs.
- Establish and maintain partnerships so as to involve youth in a variety of constructive activities including, but not limited to, scouting, bicycle clubs, nutrition, and exercise programs, and ensure acquisition and distribution of school supplies.
- 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 to facilitate the Lasko School Supply Drive for a minimum of 1,000 HOC youth; the Annual Holiday Giving Program to serve 1,200 needy HOC families; the Food For Thought Program to honor academic achievements of HOC youth; and the Tony Davis Scholarship Program for providing scholarships to selected HOC graduating seniors entering college.
- Solicit a minimum of \$65,000 of cash and in-kind donations per year through Community Partners, Inc. to benefit HOC families and programs through advocacy for new and sustained support from local businesses and for-profit organizations.

### **Federally Funded Self-Sufficiency Programs**

- Provide opportunities for career development, enhanced job training, skills development, pre-employment preparation, education and support to residents through operation of the Family Self-Sufficiency (FSS) Program, and the HUD funded

Aiming for Careers serving Public Housing residents only.

- Assist approximately 385 Public Housing and Housing Choice Voucher families toward achieving economic self-sufficiency within five to seven years through the Family Self-Sufficiency (FSS) Program's case management support (assessment, goal planning and use of community resources) and partnerships with external service providers.
- Ensure that FSS participants who have completed their goals within five to seven years of FSS enrollment meet HUD requirements for graduation, including independence from welfare cash assistance.
- Encourage establishment of FSS escrow accounts based on increases in earned income and encourage homeownership when appropriate.
- Eliminate barriers to job placement by providing necessary education and training resources for child care, language proficiency, transportation, books/tuition, etc.
- Track and provide services/resources to eligible residents and approved contractors seeking to hire low-income individuals to fulfill HUD Section 3 requirements.
- Assist a total of 25 Public Housing residents in career advancement, formal education and job training through the Resident Opportunities Self Sufficiency Program (ROSS) funded Aiming for Careers Program.
- Provide ongoing case management and supportive resources including furnishings, transportation, medication assistance, child care and other critical needs to allow program participants to stabilize, live independently, and move toward self-sufficiency.
- Ensure therapeutic services are made available to program participants.
- Continue collaboration with the Department of Health & Human Services under the Housing First Initiative to eliminate homelessness in the County by: (1) administering State and County grants providing emergency financial assistance to HOC residents for rent delinquencies and/or utility disconnections, (2) providing Housing Counseling services for hard-to-place homeless individuals and families, (3) providing service coordination and ongoing case management to homeless households placed in housing to ensure retention of housing, and (4) providing Housing Location services to search out and locate landlords and vacant units where homeless households can be placed.
- Provide flat rental assistance to approximately 250 households with incomes between 20-40% of AMI. This program will help prevent homelessness of very economically vulnerable individuals and families.

### **Federal, State, and County Funded Supportive Housing Programs for Homeless Households**

- Effectively operate programs designed to prevent homelessness including: (1) the HUD funded Supportive Housing Program, (2) the Shelter Plus Care and New Neighbor Programs, (3) the State funded Rent Allowance Program providing housing for a 12-24 month period, and (4) the County funded Rent Supplemental Program which provides a flat subsidy for eligible households in multifamily buildings.

## Performance Measurement Results

The charts below depict several ongoing performance measurement results that are currently tracked in the Resident Services

Division. Staff continues to develop additional measurements as programs are added.

Family Self-Sufficiency Program (FSS)								
Measurement	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Mandated Participants	441	441	441	441	441	441	441	441
Enrolled Participants	407	397	400	395	370	371	370	385
In Process of Enrolling	76	79	80	80	74	73	74	60
Graduates	52	60	40	45	42	33	30	25
% Graduating	13	15	10	11	14	9	8	4
% Employed at Graduation	100	100	100	100	100	100	100	100
% of Graduates who completed College, Tech, GED or other training while in FSS	95	88	85	96	85	84	80	85
Participants who Withdrew, were Terminated, or Unsuccessful in FSS	50	51	50	52	55	14	15	35
Homebuyers	14	11	6	4	3	2	2	2
% of Participants Employed	75	68	70	74	70	62	60	65
% of Participants with Escrow Accounts	58	48	50	58	75	50	50	50
Other Family Members currently Enrolled	26	23	27	25	31	30	25	23

### 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 \$10,000 per graduate) resulting from higher earned incomes yielding higher

rent payments. Intensive goal-oriented case management service and the escrow funds coupled with job training, education, child care and transportation underlie the program's significant success. HOC's FSS Program began in 1993 and has been repeatedly cited by HUD as one of the best in the country. FSS lacks sufficient funding from HUD and relies on the County to fill the gap, as well as to continue

the \$42,000 annually in essential County funds for FSS clients' transportation, tuition, books, and child care.

About 85% of HOC's FSS Program participants are single mothers with an average age of 37. About 35% either received welfare cash assistance or were unemployed

when they began FSS, and 15% lacked a GED/high school diploma. Many have little or no work experience or poor work histories, suffer from serious physical and mental health problems (depression is the most prevalent), have inadequate English literacy, and learning disabilities.

<b>Aiming for Careers</b>				
<b>Measurement</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Annual Case Management to ROSS program participants	25	25	25	25
Job Training Class Enrollment	22	29	26	25
Life Skills Training-Persons Enrolled	18	36	39	40
GED Program Enrolled	8	5	6	8
Literacy Class Enrolled	8	11	21	21
Employment Obtained Above Minimum Wage	10	12	8	12

<b>Employment Initiative Program (EIP)</b>				
	Employment Initiative Program		Aiming for Careers	
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>FY 2014</b>
Number of residents successfully completing training/classes	60	60	80	80
Number of residents participating in support groups or activities	100	100	50	50
Number of residents employed	50	50	40	40
Number of eligible Section 3 residents hired annually	50	50	40	40

**Family Resource Centers (FRC)**

<b>Measurement</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Units in target neighborhoods (Emory Grove, Camp Hill Square, Seneca Ridge, Towne Centre Place, Sandy Spring Meadow, Washington Square)	285	285	285	330	330
Youth: Afterschool Programs, Transportation, Tutoring, Recreational Activities, Life Skills, Health and Wellness, Parent-Child Programming *	1,450	1,450	1,450	1,450	1,450
Adult: Employment Training, Computer Skills, Reading Initiatives, Education, Transportation, Life Skills, Parenting Support, Leadership Skills, Grocery Distributions, Social, Cultural and Recreational Programs *	400	400	400	400	425

\* May be individuals participating in more than one activity.

<b>Core Counseling Services Public Housing Family Properties</b>	<b>Resident Contacts</b>			<b>Info &amp; Referral</b>		<b>Lease Enforcement / Rent Delinquency Process</b>			
	<b>Fiscal Year</b>	<b>Office Visits</b>	<b>Home Visits</b>	<b>Other</b>	<b>Collateral</b>	<b>Referrals</b>	<b>Waivers</b>	<b>Office Conf.</b>	<b>Spvs. Conf.</b>
<b>FY 2013 Actual</b>	<b>2,651</b>	<b>803</b>	<b>3,017</b>	<b>1,939</b>	<b>1,686</b>	<b>2</b>	<b>146</b>	<b>22</b>	<b>2</b>
<b>FY 2014 Goals</b>	<b>2,655</b>	<b>825</b>	<b>3,020</b>	<b>1,940</b>	<b>1,690</b>				

<b>Core Counseling Services Senior Properties</b>	<b>Resident Contacts</b>			<b>Info &amp; Referral</b>		<b>Lease Enforcement / Rent Delinquency Process</b>			
	<b>Fiscal Year</b>	<b>Office Visits</b>	<b>Home Visits</b>	<b>Other</b>	<b>Collateral</b>	<b>Referrals</b>	<b>Waivers</b>	<b>Office Conf.</b>	<b>Spvs. Conf.</b>
<b>FY 2013 Actual</b>	<b>7,478</b>	<b>1,190</b>	<b>3,660</b>	<b>3,261</b>	<b>2,648</b>	<b>0</b>	<b>33</b>	<b>1</b>	<b>2</b>
<b>FY 2014 Goal</b>	<b>7,480</b>	<b>1,200</b>	<b>3,665</b>	<b>3,265</b>	<b>2,650</b>				

<b>Disability Services</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Goal</b>
New Referrals	98	100
Average Number of Active Cases	76.3	80
Home Visits	384	370
Office Visits	153	160
Case Management Contacts	2662	2665
<b>Consultations</b>		
Other Agencies	866	865
Clients / Families / Advocates	758	755
HOC Staff	570	570
<b>Hoarding Intervention Tactical (HIT) Team</b>		
New Referrals	21	15
Assessments	17	12
Intervention Sessions	135	115
Collateral Contacts	186	185

<b>Customer Service Centers (Silver Spring/Gaithersburg)</b>		
<b>Measurement</b>	<b>FY 2013</b>	<b>FY 2014</b>
Office Visits (includes walk-in)	3,220	3,250
Newly Initiated Service Agreements	96	90
Referrals Made	6,970	6,900
Security Deposit Loans - Approved	112	115
Money Collected From Repayment Agreements	\$20,374	\$21,000
Total Emergency Services residents interviewed	1,213	1,220



**Housing Programs for Homeless / Disabled Single Adults and Families**

	<b>Shelter Plus Care</b>	<b>New Neighbors I and II</b>	<b>State RAP</b>	<b>Rent Supplemental</b>	<b>Supportive Housing</b>	<b>Housing Counseling</b>	<b>HIP Service Coordination</b>	<b>Housing Location</b>
Maintain enrollment of eligible participants	52	27	40	250	165	70	94	125
% of residents who remain stable & retain housing for one year	95%	95%	100%	100%	95%	NA	NA	NA
Provide case management, referrals for therapeutic services, and other support resources	Yes	Yes	Yes	No	Yes	No	Yes	No
Provide resources for application fees and security deposits	No	No	No	No	No	Yes	Yes	Yes

## Budget Overview—Resident Services Division

The total Adopted FY 2014 Budget for this division is \$11.88 million, an increase of 7.5% from the FY 2013 Amended Budget of \$11.05

million. Personnel costs comprise 49.2% of the operating budget

## Revenue and Expense Statement

Resident Services Division	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	FY 2014 Adopted Budget	FY 2015 Forecast Budget
<b>Operating Income</b>					
Tenant Income	\$474,275	\$471,764	\$484,270	\$473,440	\$473,440
Non-Dwelling Rental Income	\$0	\$140,190	\$0	\$0	\$0
Federal Grant	\$4,108,173	\$3,999,651	\$4,071,000	\$3,925,040	\$3,925,040
State Grant	\$180,281	\$227,930	\$173,690	\$173,690	\$173,690
County Grant	\$6,440,313	\$5,760,742	\$5,840,280	\$6,660,630	\$7,122,760
<b>TOTAL OPERATING INCOME</b>	<b>\$11,203,042</b>	<b>\$10,600,277</b>	<b>\$10,569,240</b>	<b>\$11,232,800</b>	<b>\$11,694,930</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$6,016,806	\$5,193,356	\$5,531,160	\$5,848,620	\$6,277,230
Operating Expenses - Fees	\$636,467	\$627,461	\$629,220	\$633,040	\$633,040
Operating Expenses - Administrative	\$227,571	\$198,760	\$229,940	\$193,300	\$188,730
Tenant Services Expenses	\$3,507,327	\$3,387,735	\$3,352,720	\$3,561,390	\$3,549,000
Protective Services Expenses	\$145	\$0	\$0	\$0	\$0
Utilities Expenses	\$275,347	\$208,315	\$257,370	\$239,210	\$239,210
Insurance and Tax Expenses	\$12,170	\$21,350	\$20,390	\$27,790	\$32,080
Maintenance Expenses	\$2,163	\$0	\$0	\$0	\$0
Housing Assistance Payments (HAP)	\$706,114	\$696,261	\$870,620	\$877,840	\$877,840
<b>TOTAL OPERATING EXPENSES</b>	<b>\$11,384,110</b>	<b>\$10,333,238</b>	<b>\$10,891,420</b>	<b>\$11,381,190</b>	<b>\$11,797,130</b>
<b>NET OPERATING INCOME</b>	<b>(\$181,068)</b>	<b>\$267,039</b>	<b>(\$322,180)</b>	<b>(\$148,390)</b>	<b>(\$102,200)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$946	\$1,443	\$0	\$0	\$0
Transfer Between Funds	\$388,029	\$132,927	\$326,820	\$648,900	\$499,410
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$388,975</b>	<b>\$134,370</b>	<b>\$326,820</b>	<b>\$648,900</b>	<b>\$499,410</b>
<b>Non-Operating Expenses</b>					
Operating and Replacement Reserves	\$0	\$327,404	\$0	\$0	\$0
Restricted Cash Flow	\$127,659	\$91,383	\$64,750	\$49,180	\$31,540
Transfer Out Between Funds	\$428,323	\$186,906	\$92,390	\$451,330	\$235,590
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$555,982</b>	<b>\$605,693</b>	<b>\$157,140</b>	<b>\$500,510</b>	<b>\$267,130</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$167,007)</b>	<b>(\$471,323)</b>	<b>\$169,680</b>	<b>\$148,390</b>	<b>\$232,280</b>
<b>NET CASH FLOW</b>	<b>(\$348,075)</b>	<b>(\$204,284)</b>	<b>(\$152,500)</b>	<b>\$0</b>	<b>\$130,080</b>

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# **Section 3:** **CAPITAL**

Tab

# Capital Budget

Adopted Budget  
June 5, 2013

## Capital Budget Description

The Capital Budget has two parts: the Capital Improvements Budget and the Capital Development Projects. Because of the long-term nature of capital development projects, capital

development 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 2014 Capital Budget is \$40.4 million.

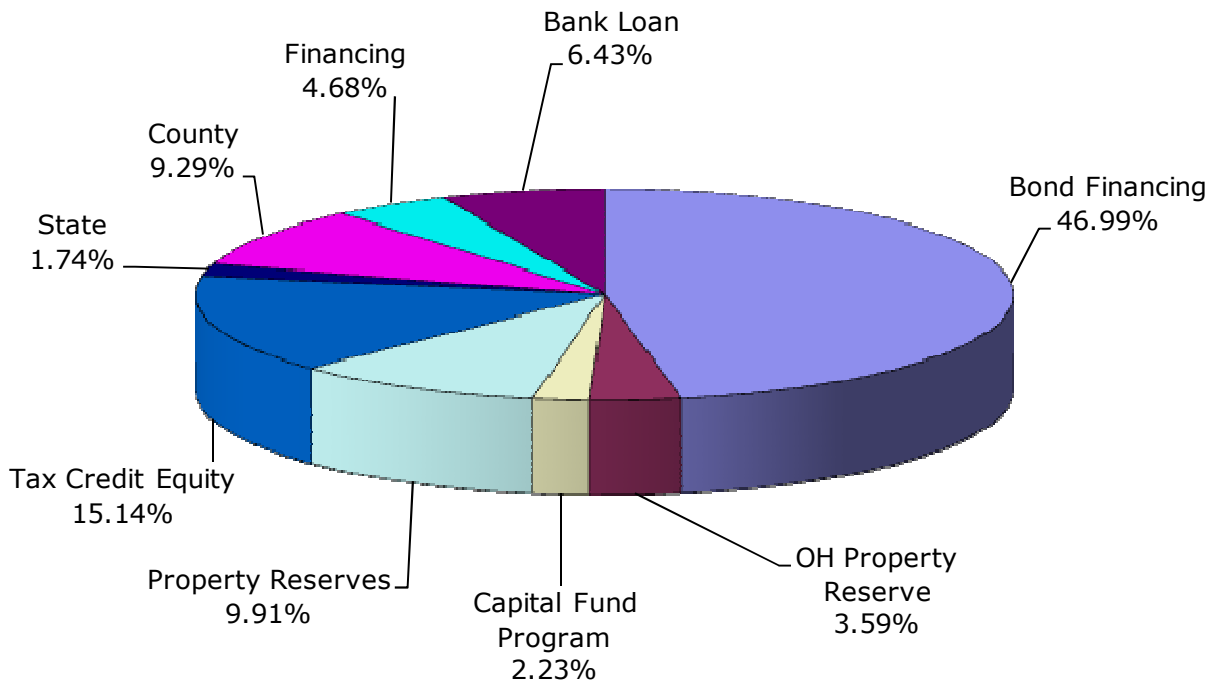
## Capital Budget Summary Overview

The total Adopted FY 2014 Capital Budget is \$40.4 million. The FY 2014 Capital Budget includes funds to maintain current Information Technology needs, as well as improvements to the Kensington and East Der Park Offices. Funds have also been included for capital improvements to HOC's Opportunity Housing and Development Corporation properties, as well as HOC's Public Housing properties. The total Capital Improvements Budget will cost \$12 million.

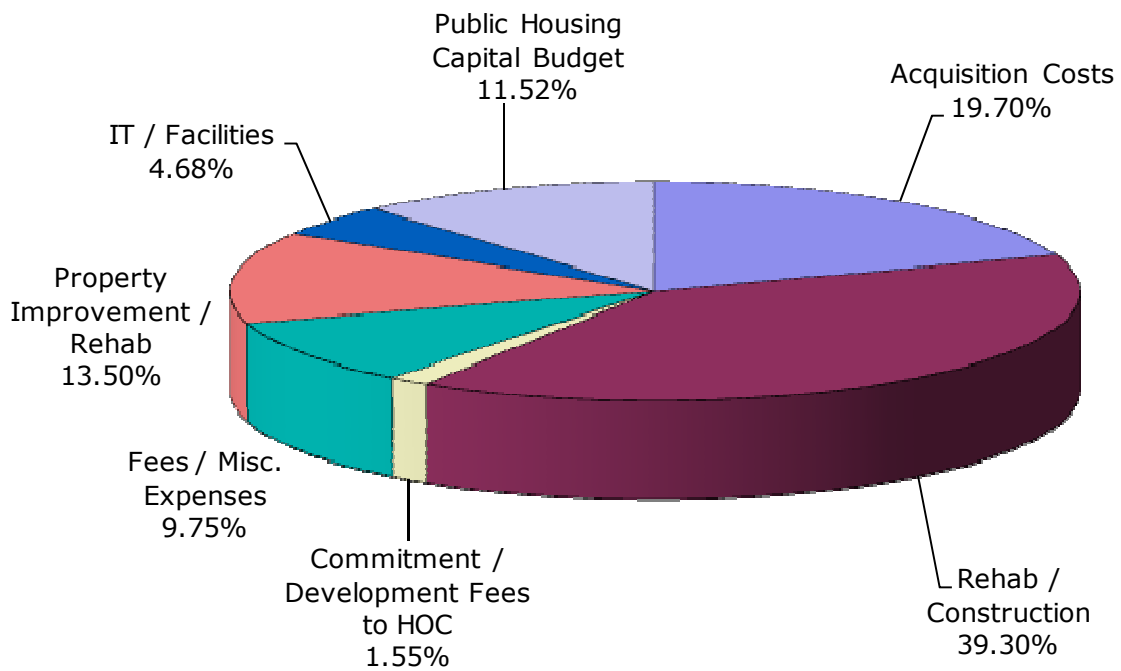
The Capital Development Budget includes funds for refinancing and renovations at Greenhills, located just south of downtown Damascus; 244 scattered site townhomes and condominiums owned by HOC and originally developed as MPDUs, known as Scattered Site One and Scattered Site Two Development Corporations; 132 units at Tanglewood and Sligo Hills Apartments, located in Silver Spring; and TPM-Timberlawn, located in Bethesda. The total development budget will cost \$28.4 million.

Capital Budget Summary	FY 2014 Adopted Budget
<b>Capital Improvements</b>	
East Deer Park	\$36,000
Kensington Office	\$464,720
Information Technology	\$1,387,100
Opportunity Housing Properties	\$5,449,410
Public Housing Properties	\$4,650,000
<b>SUBTOTAL</b>	<b>\$11,987,230</b>
<b>Capital Development Projects</b>	
Greenhills	\$9,327,890
Scattered Site One Development Corporation	\$1,731,100
Scattered Site Two Development Corporation	\$701,410
Tanglewood/Sligo Hills Apartments	\$8,706,580
TPM-Timberlawn	\$7,906,070
<b>SUBTOTAL</b>	<b>\$28,373,050</b>
<b>TOTAL</b>	<b>\$40,360,280</b>

## Source of Funds



## Use of Funds



## 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 workload 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, the County and the Agency's Opportunity Housing Reserve Fund (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 Improvement Budget—Facilities and IT Department

### Facilities and Information Technology (IT) Improvements

The Capital Budget for Facilities includes capital improvements for the Kensington and East Deer Park Offices. 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 2014**

### Facilities & IT Department

### Adopted Budget

	Revenue Sources			
	Total Expenses	Operating Budget	Financing	FY 2014 RfR
<b>Facilities</b>				
Equipment & Facilities	\$300,000	\$300,000	\$500,725	\$0
<b>Subtotal - Facilities</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$500,725</b>	<b>\$0</b>
<b>Information Technology (IT)</b>				
Computer Software	\$414,600	\$0	\$414,600	\$0
Computer Equipment	\$937,500	\$0	\$937,500	\$0
Electrical Equipment	\$35,000	\$0	\$35,000	\$0
<b>Subtotal - IT Improvements</b>	<b>\$1,387,100</b>	<b>\$0</b>	<b>\$1,387,100</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$1,687,100</b>	<b>\$300,000</b>	<b>\$1,887,825</b>	<b>\$0</b>



# 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 2014  
Adopted Budget

	Revenue Sources				FY 2013 Roll-Over
	Total Expenses	Property Reserves	General Fund Property Reserve	FY 2014 RfR	
Alexander House	\$263,890	\$81,140	\$32,750	\$150,000	
Ambassador	\$78,610	\$78,610	\$0	\$0	
Barclay, The	\$61,980	\$61,980	\$0	\$0	
Brookside Glen (The Glen)	\$78,200	\$78,200	\$0	\$0	
Chelsea Towers	\$13,720	\$13,720	\$0	\$0	
Chevy Chase Lake	\$148,950	\$87,030	\$27,920	\$34,000	
Dale Drive	\$4,870	\$4,870	\$0	\$0	
Diamond Square	\$393,850	\$393,850	\$0	\$0	
Fairfax Court	\$13,500	\$13,500	\$0	\$0	
Glenmont Crossing	\$120,890	\$33,870	\$57,920	\$29,100	
Glenmont Westerly	\$67,620	\$43,010	\$0	\$24,610	
Greenhills	\$37,330	\$37,330	\$0	\$0	
Holiday Park	\$30,470	\$7,440	\$9,710	\$13,320	
Jubilee Falling Creek	\$4,000	\$0	\$1,990	\$2,010	
Jubilee Hermitage	\$5,180	\$3,000	\$170	\$2,010	
Jubilee Woodedge	\$3,600	\$10	\$1,590	\$2,000	
Magruder's Discovery	\$30,640	\$30,640	\$0	\$0	
McHome	\$120,360	\$0	\$103,960	\$16,400	
McKendree	\$93,600	\$0	\$82,400	\$11,200	
MetroPointe	\$43,410	\$43,410	\$0	\$0	
Metropolitan	\$236,000	\$236,000	\$0	\$0	
Montgomery Arms	\$174,000	\$156,000	\$0	\$18,000	
MPDU I (64)	\$263,870	\$0	\$236,330	\$27,540	
TPM - MPDU II (59)	\$234,360	\$0	\$216,660	\$17,700	
Oaks @ Four Corners, The	\$256,860	\$142,790	\$66,070	\$48,000	
Paddington Square	\$58,390	\$58,390	\$0	\$0	
Paint Branch	\$28,480	\$0	\$20,080	\$8,400	
TPM - Pomander Court	\$39,220	\$0	\$32,020	\$7,200	
Pooks Hill High-Rise	\$796,800	\$796,800	\$0	\$0	
Pooks Hill Mid-Rise	\$202,600	\$202,600	\$0	\$0	
Scattered Site One	\$357,300	\$54,470	\$188,830	\$114,000	
Scattered Site Two	\$27,250	\$27,250	\$0	\$0	
Sligo MPDU III	\$183,950	\$0	\$174,760	\$9,190	
Southbridge	\$2,800	\$2,800	\$0	\$0	
State Rental Combined	\$329,340	\$329,340	\$0	\$0	
Strathmore Court	\$272,920	\$40,690	\$178,460	\$53,770	
TPM - Timberlawn	\$46,220	\$1,170	\$18,300	\$26,750	
Westwood Tower	\$324,380	\$213,350	\$0	\$111,030	
<b>TOTAL</b>	<b>\$5,449,410</b>	<b>\$3,273,260</b>	<b>\$1,449,920</b>	<b>\$726,230</b>	<b>\$0</b>

# 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 2014, the Commission expects to receive a grant for just under \$1.8 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 FY 2014, Montgomery County is providing \$1.25 million in funds for Public Housing improvements and \$2.5 million for the installation of a sprinkler system at Arcola Towers via the Capital Improvements (CIP) Program.

Capital Improvement Budgets		FY 2014	
Public Housing Properties		Adopted Budget	
	Total Expenses	Capital Fund	County
		Program (Yr.22)	Funds
<b>Specific Property Improvements</b>			
Elizabeth House	\$155,000	\$100,000	\$55,000
Holly Hall	\$475,000	\$250,000	\$225,000
Arcola Towers	\$2,600,000	\$0	\$2,600,000
Waverly House	\$150,000	\$150,000	\$0
Parkway Woods	\$100,000	\$0	\$100,000
Towne Centre Place	\$250,000	\$0	\$250,000
Sandy Spring Meadow	\$50,000	\$0	\$50,000
Emory Grove	\$263,000	\$200,000	\$63,000
Washington Square	\$135,000	\$0	\$135,000
Seneca Ridge	\$472,000	\$200,000	\$272,000
<b>TOTAL</b>	<b>\$4,650,000</b>	<b>\$900,000</b>	<b>\$3,750,000</b>

## 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 Opportunity Housing Reserve Funds (OHRF), 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.

# Capital Development Projects

## Greenhills

Greenhills was constructed on 8.2041 acres on the east side of Route 27 just south of downtown Damascus in 1984. Originally built as part of a larger condominium community, HOC purchased the residual 52 townhome and 26 apartment units in 11 buildings in 1998.

The Property's covenants restrict 24 units or 31% of units to households that do not exceed 60% AMI. However, since the Damascus area is naturally affordable, the affordable units have been restricted operationally to households that do not exceed 50% AMI.

The property has not undergone any major renovation (other than roof replacements) since it was originally constructed 25 years ago. Therefore, staff developed a renovation scope that included: replacement of siding, gutters, windows, decks and patios, interior kitchen and bathroom upgrades including, but not limited to, energy efficient appliances, new cabinets, countertops, fixtures and lighting, replacement of HVAC units, hot water heaters, furnaces, replacement of fireboxes and removal of existing flues and site improvements including paving, new trash enclosures, landscaping, signage, and concrete repairs.

The renovation plan will be supported by refinancing the loan and funded by using the proceeds of governmental, tax-exempt bonds of approximately \$9.4 million and a mortgage insured under the FHA Risk Sharing program. Of the total project costs, \$4.2 is budgeted to retire existing debt that supported the acquisition of the Property. An additional \$5.1 will fund renovation, financing and other soft costs. Renovation is set to begin in the first half of FY 2014 and to be completed with residents in place.

The planned improvements will not only address curb appeal but also, and more importantly, increase energy efficiency and allow the property to continue to compete in the market. While it is anticipated that post-renovation Greenhills' rents will increase by approximately 2.75% (or approximately \$35/month) for both market and affordable rents, residents' utility costs and overall property maintenance costs will be reduced. The post-renovation annual operating income for FY 2014 is anticipated to be approximately \$1,163,060. The following charts depict the anticipated Expenditure and Funding Schedules as well as the anticipated Operating Budget.

### GREENHILLS

#### Expenditure Schedule

Cost Element	Total	FY 2014
Acquisition Costs	\$4,200,000	\$4,200,000
Rehab / Construction	\$4,322,000	\$4,322,000
Fees / Misc. Expenses	\$805,890	\$805,890
<b>Total</b>	<b>\$9,327,890</b>	<b>\$9,327,890</b>

#### Funding Schedule

Funding Source	Total	FY 2014
Bond Financing	\$9,327,890	\$9,327,890
<b>Total</b>	<b>\$9,327,890</b>	<b>\$9,327,890</b>

#### Operating Budget

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating Income	\$1,163,060	\$1,255,390	\$1,289,920	\$1,325,390	\$1,361,830	\$1,399,290
Operating Expenses	(\$411,290)	(\$425,930)	(\$438,590)	(\$451,620)	(\$465,030)	(\$478,850)
Non-Operating Expenses	(\$746,130)	(\$746,120)	(\$748,460)	(\$750,870)	(\$753,360)	(\$755,920)
<b>Total</b>	\$5,640	\$83,340	\$102,870	\$122,900	\$143,440	\$164,520

## Capital Development Projects (cont.)

### Scattered Site One Development Corporation

Scattered Site One Development Corporation consists of 190 units formerly within the Montgomery Housing Limited Partnership (MHLP) II, III, IV, V, VIa and Moderately Priced Dwelling Unit (MPDU) 2007 ownership entities. These will be combined into a new single ownership entity, named Scattered Site One Development Corporation, refinanced and renovated. Thirty additional units from MHLP II and III will be excluded from the refinancing and sold. These units are located throughout the County, consisting mostly of townhomes and condominiums with some single family homes which HOC has purchased over the years under the County's Moderately Priced Dwelling Unit (MPDU) program.

An architect retained by staff has created a scope of work which was used to retain a general contractor to renovate the units beginning in late FY 2012 through early FY 2014. Depending on the condition of each specific unit, renovations may include roof replacement, window replacement, new kitchen and bath cabinets and fixtures, new energy efficient appliances, painting and re-carpeting. A large majority of the renovations will be performed with residents in place. One hundred seventy of these units will be rented to households at or below 60% of Area Median Income (AMI) and 20 units will be leased to households at or below 50% of AMI.

In addition to extending the useful life of these units, renovations are expected to reduce utility and maintenance costs as compared to prior operational expenses. The following charts depict the anticipated Expenditure and Funding Schedule as well as the anticipated Operating Budget.

### SCATTERED SITE ONE DEVELOPMENT CORPORATION

#### Expenditure Schedule

Cost Element	Total	Estimated FY 2013	FY 2014	FY 2015
Acquisition Costs	\$5,849,770	\$5,849,770	\$0	\$0
Rehab / Construction	\$2,274,590	\$734,390	\$1,421,720	\$118,480
Fees / Misc. Expenses	\$1,075,640	\$747,660	\$309,380	\$18,600
<b>Total</b>	<b>\$9,200,000</b>	<b>\$7,331,820</b>	<b>\$1,731,100</b>	<b>\$137,080</b>

#### Funding Schedule

Funding Source	Total	Estimated FY 2013	FY 2014	FY 2015
Bond Financing	\$9,200,000	\$7,331,820	\$1,731,100	\$137,080
<b>Total</b>	<b>\$9,200,000</b>	<b>\$7,331,820</b>	<b>\$1,731,100</b>	<b>\$137,080</b>

#### Operating Budget

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating Income	\$2,361,030	\$2,408,250	\$2,456,410	\$2,505,540	\$2,555,650	\$2,606,770
Operating Expenses	(\$1,401,850)	(\$1,443,900)	(\$1,487,220)	(\$1,531,840)	(\$1,577,790)	(\$1,625,130)
Non-Operating Expenses	(\$664,890)	(\$683,890)	(\$683,890)	(\$683,890)	(\$683,890)	(\$683,890)
<b>Total</b>	<b>\$294,290</b>	<b>\$280,460</b>	<b>\$285,300</b>	<b>\$289,810</b>	<b>\$293,970</b>	<b>\$297,750</b>

## Capital Development Projects (cont.)

### Scattered Site Two Development Corporation

Scattered Site Two Development Corporation (the "Property") consists of 54 units formerly within the Montgomery Housing Limited Partnership (MHLP) I and Moderately Priced Dwelling Unit (MPDU) 2004 ownership entities. These units are located throughout the County consisting mostly of townhomes and condominiums with some single family homes which HOC has purchased over the years under the County's Moderately Priced Dwelling Unit (MPDU) program.

Scattered Site Two Development is the smaller of two scattered site financings which include Scattered Site One Development. The first financing of Scattered Site One was completed in July 2012 with tax-exempt bond financing; however, the second financing, Scattered Site Two was ineligible for tax-exempt bond financing due to the scattered site nature of the 54-unit project. The Property's units will continue to provide public benefit to the residents with rents at or below 60% and 50% of the area median

income. The renovation work will include roof, window, and HVAC replacement; new kitchen and bathroom cabinets; new energy efficient appliances; painting; and new carpet.

The financing plan for Scattered Site Two Development includes an estimated renovation cost of \$661,310 and retiring debt of \$3,847,180 totaling an estimated development costs in the amount of \$4,669,350. The development plan was executed with a mortgage that was financed with mortgage proceeds of \$4,900,000 from PNC Bank, N.A.

Prior to the financing, the Property's FY 2013 projected cash flow was approximately \$222,000. However, with completion of the financing and new debt service payments, the annual net income is significantly reduced. The following charts depict the anticipated Expenditure and Funding Schedules as well as the anticipated Operating Budget.

#### SCATTERED SITE TWO DEVELOPMENT CORPORATION

##### Expenditure Schedule

Cost Element	Total	Estimated FY 2013	FY 2014
Acquisition Costs	\$3,847,180	\$3,847,180	\$0
Rehab / Construction	\$661,310	\$110,220	\$551,090
Fees / Misc. Expenses	\$160,860	\$10,540	\$150,320
<b>Total</b>	<b>\$4,669,350</b>	<b>\$3,967,940</b>	<b>\$701,410</b>

##### Funding Schedule

Funding Source	Total	Estimated FY 2013	FY 2014
Bank Loan	\$4,669,350	\$3,967,940	\$701,410
<b>Total</b>	<b>\$4,669,350</b>	<b>\$3,967,940</b>	<b>\$701,410</b>

##### Operating Budget

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating Income	\$805,450	\$821,560	\$837,990	\$854,750	\$871,840	\$889,280
Operating Expenses	(\$384,210)	(\$395,730)	(\$407,560)	(\$419,740)	(\$432,290)	(\$445,210)
Non-Operating Expenses	(\$340,830)	(\$342,260)	(\$343,720)	(\$345,210)	(\$346,730)	(\$348,280)
<b>Total</b>	<b>\$80,410</b>	<b>\$83,570</b>	<b>\$86,710</b>	<b>\$89,800</b>	<b>\$92,820</b>	<b>\$95,790</b>

## Capital Development Projects (cont.)

### **Tanglewood and Sligo Hills Apartments**

Tanglewood and Sligo Hills Apartments are two adjacent garden-style properties totaling 132 units on approximately four acres bordering Sligo Creek Parkway in the Long Branch area of Silver Spring. Tanglewood is owned by HOC and was acquired in the mid 1980s. In 1993, HOC acquired and financed Sligo Hills Apartments along with 23 scattered site townhomes developed under the County's Moderately Priced Dwelling Unit (MPDU) law, transferring all units to Sligo Hills Development Corporation which is wholly controlled by HOC. In December, 2011, HOC was awarded a \$1.3 million annual allocation of 9% Low Income Housing Tax Credits (LIHTC) from the Maryland Department of Housing and Community Development (DHCD) which can be expected to generate \$12.4 million in equity for the refinancing and substantial renovation of the properties. HOC intends to transfer the 132 units in Tanglewood and Sligo Hills Apartments into a single limited partnership ownership entity with a LIHTC investor as limited partner. Project financing also is expected to include a \$2 million Rental Housing Fund loan from Maryland DHCD and a taxable first mortgage. The 23 scattered site units will not be involved in the tax credit financing but will be transferred directly to HOC ownership. Construction is expected to begin by late 2012 and be completed by year-end 2013.

The project will be financed with a combination of 9% low income housing tax credits (\$12.4 million), a cash flow Rental Housing Fund loan (\$2 million) from Maryland DHCD, a long term mortgage (\$11.6 million) and a subordinate seller note from HOC (\$2.9 million).

Currently all 82 units at Tanglewood are restricted to 60% of Area Median Income (AMI) and 15 of the 50 at Sligo are restricted to 50% AMI. The plan would increase affordability by restricting an additional 35 units at Sligo Hills to households earning less than 60% AMI. Post renovation, the project will include 32 Project Based Vouchers for households earning less than 30% AMI, 14 accessible units for households earning less than 50% AMI, and the remaining 86 units targeted for households earning less than 60% AMI.

The renovation will be extensive including all new heating and cooling, electrical, plumbing, storm water management, tot lot, building façade improvements, the addition of pitched roofs, fitness center, business center, and community room, an accessible leasing office, and new kitchens, baths, fixtures and finishes in individual apartments. The construction is expected to meet Enterprise Green Communities standards and should result in considerable energy savings. The charts on the following page depict the anticipated Expenditure and Funding Schedule as well as the anticipated Operating Budget.



## Capital Development Projects (cont.)

### Tanglewood/Sligo Hills Apartments

#### Expenditure Schedule

Cost Element	Total	Estimated FY 2013	FY 2014	FY 2015
Acquisition Costs	\$9,000,000	\$9,000,000	\$0	\$0
Rehab / Construction	\$12,433,580	\$4,825,390	\$6,787,900	\$820,290
Commitment / Development Fees to HOC	\$2,500,000	\$625,000	\$625,000	\$1,250,000
Fees / Misc. Expenses (Debt Reduction)	\$4,834,720	\$2,484,800	\$1,293,680	\$1,056,240
<b>Total</b>	<b>\$28,768,300</b>	<b>\$16,935,190</b>	<b>\$8,706,580</b>	<b>\$3,126,530</b>

#### Funding Schedule

Funding Source	Total	Estimated FY 2013	FY 2014	FY 2015
Tax Credit Equity	\$14,206,500	\$5,682,760	\$6,108,980	\$2,414,760
State	\$2,000,000	\$919,950	\$703,710	\$376,340
Bank Loan	\$9,371,390	\$7,142,070	\$1,893,890	\$335,430
HOC Equity	\$3,190,410	\$3,190,410	\$0	\$0
<b>Total</b>	<b>\$28,768,300</b>	<b>\$16,935,190</b>	<b>\$8,706,580</b>	<b>\$3,126,530</b>

#### Operating Budget Impact

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Operating Income	\$1,622,950	\$1,754,780	\$1,789,880	\$1,825,680	\$1,862,190	\$1,899,430
Operating Expenses	(\$781,640)	(\$808,020)	(\$831,160)	(\$854,990)	(\$879,510)	(\$904,750)
Non-Operating Expenses	(\$763,870)	(\$763,870)	(\$763,870)	(\$763,870)	(\$763,870)	(\$763,870)
<b>Total</b>	\$77,440	\$182,890	\$194,850	\$206,820	\$218,810	\$230,810

#### Timberlawn Crescent

Timberlawn Crescent Apartments (Timberlawn), developed in two phases, consists of 83 units built in 1998 and 24 units built in 1990. Timberlawn is a 107 unit, garden style community which consists of 107 townhouses and flats. Phase I was built by HOC in 1989, and Phase II was constructed in 1991. The property is located on Luxembourg Street in Bethesda, just off Tuckerman Lane. The property consists of 103 townhome style units and 41 bedroom flats.

It is owned along with Pomander Court and MPDU II (59 MPDUs) by TPM Development

Corporation, a single purpose entity that is wholly owned and controlled by the Housing Opportunities Commission. The current covenants at Timberlawn restrict a total of 66 units or 62% to households with incomes that do not exceed 60% of the Area Median Income (AMI). In addition, there are 16 units that are at the County Executive set income limits (currently below 90% of AMI).

The estimated total development cost for Timberlawn is \$15,812,150. This includes the existing first mortgage payoff totaling \$7,500,000, funding of rehabilitation cost and other soft costs. Until the permanent financing is in place, staff is seeking interim funding of up to \$2,300,000 from the interest free



## Capital Development Projects (cont.)

MPDU/Property Acquisition Fund (County Revolving Fund) until the financing plan is implemented. A plan for the 59 MPDUs and Pomander Court will be addressed simultaneously with the plan for Timberlawn Crescent at a later date.

The units have not been substantially renovated since they were constructed 25 years ago. Staff has worked with the management company, The Bozzuto Group, to develop a renovation construction estimate that creates better curb appeal, increases energy efficiency, completes in-unit upgrades throughout the community, extends the property's useful life, and enhances marketability. Staff has vetted information provided by The Bozzuto Group and has compiled an estimate of proposed renovation with a scope of work and pricing. Interim funding of up to \$2.3 million is being requested from the interest free MPDU/Property Acquisition Fund (County Revolving Fund) until the financing plan is implemented. The estimated renovation cost is \$5,558,160.

The assumed stabilized vacancy rate for the life of the loan is 6.0%. Any substantial rental adjustments would be done at turnover. Standard rental increases will be done at turnover or lease renewal to reflect a 3% increase over current affordable rents and 5% on market rents. The property has a solid debt coverage ratio of 1.30, and the loan to value is estimated to be 57%. The proposed plan reduces the projected cash flow to the HOC FY14 budget by \$875,999. Staff has included in the budget Capital Reimbursements of up to \$1,650,000. This will be provided for in the total development budget and the off-setting amount will be made available at the closing of the new financing. The following charts depict the anticipated Expenditure and Funding Schedule as well as the anticipated Operating Budget .

### Timberlawn

#### Expenditure Schedule

Cost Element	Total	FY 2014	FY 2015
Acquisition Costs	\$7,500,000	\$3,750,000	\$3,750,000
Rehab / Construction	\$5,558,160	\$2,779,080	\$2,779,080
Fees / Misc. Expenses	\$2,753,990	\$1,376,990	\$1,377,000
<b>Total</b>	<b>\$15,812,150</b>	<b>\$7,906,070</b>	<b>\$7,906,080</b>

#### Funding Schedule

Funding Source	Total	FY 2014	FY 2015
Bond Financing	\$15,812,150	\$7,906,070	\$7,906,080
<b>Total</b>	<b>\$15,812,150</b>	<b>\$7,906,070</b>	<b>\$7,906,080</b>

#### Operating Budget Impact

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating Income	\$1,851,760	\$1,972,450	\$2,021,700	\$2,072,180	\$2,123,920	\$2,176,950
Operating Expenses	(\$609,140)	(\$627,420)	(\$646,240)	(\$665,630)	(\$685,590)	(\$706,160)
Non-Operating Expenses	(\$745,640)	(\$1,006,920)	(\$1,042,950)	(\$1,044,150)	(\$1,045,390)	(\$1,046,660)
<b>Total</b>	\$496,980	\$338,110	\$332,510	\$362,400	\$392,940	\$424,130

## Opportunity Housing Reserve Fund (OHRF)

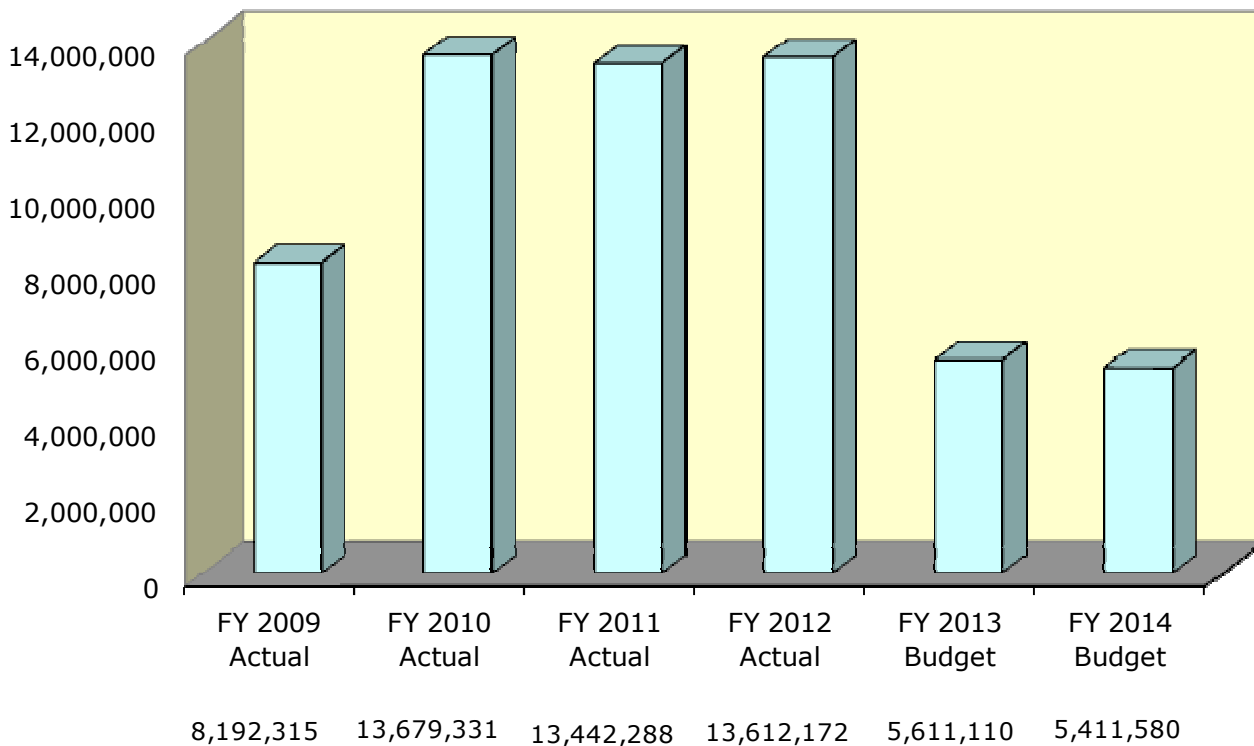
HOC established the OHRF in 1980 initially to address the use of revenues generated from the sale of bonds under the Single Family Mortgage Purchase Program. Today, the OHRF is a repository of proceeds from various HOC activities, whose primary purpose is the production of affordable housing.

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 2014 Adopted Budget projects a net decrease in the OHRF of \$199,530.

### OHRF Year-end Balances



# Opportunity Housing Reserve Fund (OHRF)

Source of Capital	Total
<b>Cash Balance as of 6/30/12</b>	<b>\$13,612,170</b>
<b>Source of Funds (FY 2013)</b>	
Sales Proceeds from Scattered Sites	4,318,570
Victory Court Commitment Fee (60%)	50,400
Lasko Manor Development Fee (60%)	252,290
Commitment Fee 2012 Series B & C (60%)	91,250
Commitment Fee 2012 Series D (60%)	221,880
2012 Series D / Pooks Hill Highrise / Capital Reimbursement	1,431,630
Reimbursement Gap funding Paddington Square	100,000
FY13 IT & Facilities Capital Loan Repayment for FY09	150,380
Tanglewood reimbursement Draw 1&2 / Overpayment	27,560
Paint Branch Note	25,840
Interest Income	0
<b>SUBTOTAL</b>	<b>\$6,669,800</b>
<b>Source of Funds (FY 2014)</b>	
Budgeted Development Fees (60% of Total)	342,960
Budgeted Commitment Fees (60% of Total)	375,000
FY13 IT & Facilities Capital Loan Repayment for FY09	150,380
<b>SUBTOTAL</b>	<b>\$868,340</b>
<b>TOTAL</b>	<b>\$7,538,140</b>
<b>Current Obligations</b>	
Purchase of PH Units	(650)
MetroPointe Interest Rate Swap	(517,140)
Paddington Square Loan	(250,000)
Paddington Square Contribution	(530,200)
Ambassador Predevelopment Loan	(52,860)
Tanglewood/Sligo Hills Pre-Development Loan	(1,447,450)
Scattered Site Pre-Development Loan	(238,520)
Scattered Site Relocation & Renovation	(708,000)
Restrict Sales Proceeds from Scattered Sites	(6,161,790)
Scattered Site Expense Reimbursement	(374,000)
Greenhills Predevelopment Loan	(5,000)
Glenmont Crossing Good Faith Deposit	(3,500,000)
FY 2012 Personnel Expenses (Real Estate Division)	(168,930)
FY 2013 Personnel Expenses (Real Estate Division)	(702,170)
FY 2013 Zoning Consultant	(14,150)
<b>SUBTOTAL</b>	<b>(\$14,670,860)</b>
<b>Use of Funds (FY 2014)</b>	
Personnel Expenses (Real Estate Division)	(817,870)
Pre-Development Fund (Real Estate Division)	(200,000)
FY 2014 Zoning Consultant	(50,000)
<b>SUBTOTAL</b>	<b>(\$1,067,870)</b>
<b>TOTAL</b>	<b>(\$15,738,730)</b>
<b>Projected Cash Balance as of 6/30/14</b>	<b>\$5,411,580</b>

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# **Section 4:**

# **PERSONNEL**

Tab

# Personnel Assumptions

## Personnel Complement

The FY 2014 Adopted Budget includes a total of 365.80 work years. This represents a net decrease of 0.5 work years.

Status Change from the Current Complement—**Decrease of 3.0 work years**

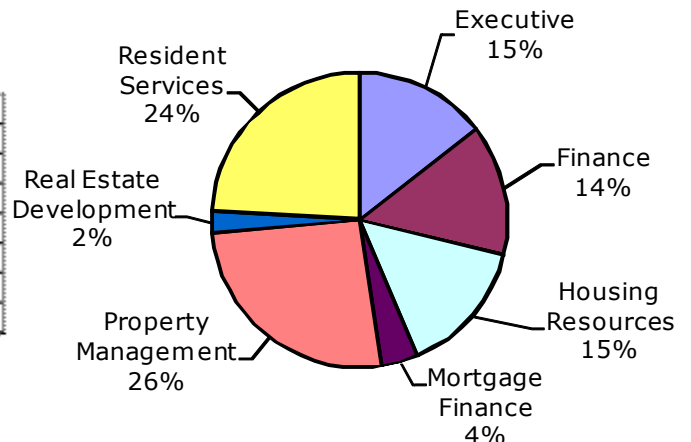
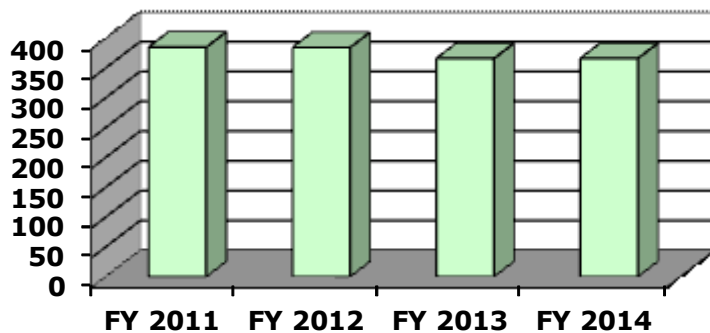
- Decrease of 2 term work years in Housing Resources Division
- Decrease of 1 term work year in Resident Services Division

New Positions for FY'14 – **Increase of 2.5 work years**

- 1 Applications Developer in the Executive Division
- 1 Network Administrator in the Executive Division
- .5 Management Analyst in the Real Estate Development Division

**Please note that the Agency complement for all periods presented reflect changes as a result of continuing Agency re-organization.**

Divisions	Actual	Actual	Amended	Adopted	%
Full Time Equivalent (FTE)	FY 2011	FY 2012	FY 2013	FY 2014	Change
Executive	40.00	41.00	51.00	53.00	3.92%
Finance	43.00	42.00	52.00	52.00	0.00%
Housing Management	139.10	139.10	0.00	0.00	0.00%
Housing Resources	50.00	50.00	56.00	54.00	-3.57%
Mortgage Finance	14.50	14.50	15.50	15.50	0.00%
Property Management	0.00	0.00	94.60	94.60	0.00%
Real Estate Development	6.00	6.00	8.50	9.00	5.88%
Resident Services	92.20	91.70	88.70	87.70	-1.13%
<b>Total</b>	<b>384.80</b>	<b>384.30</b>	<b>366.30</b>	<b>365.80</b>	<b>-0.14%</b>



## Executive Division

Position Title	Status	Grade	Total
Executive Director	Full Time	A	1
Staff Attorney	Full Time	EX-02	1
Deputy Staff Counsel	Full Time	EX-01	1
Chief Information Officer	Full Time	EX-01	1
Director of Human Resources	Full Time	EX-01	1
Internal Auditor	Full Time	28	1
Labor Relations Manager	Full Time	28	1
Compliance Oversight Manager	Full Time	27	1
Facilities Manager	Full Time	27	1
Special Assistant to the Executive Director	Full Time	27	1
Housing Programs Coordinator	Full Time	26	1
Human Resources Supervisor	Full Time	26	1
Network Manager	Full Time	26	1
Applications Development Supervisor	Full Time	25	1
Assistant Public Affairs Officer	Full Time	25	1
Business Analyst	Full Time	25	1
Compliance Manager	Full Time	25	1
Communications Manager	Full Time	24	1
Senior Programmer/Analyst	Full Time	24	1
Executive Assistant to the Executive Director	Full Time	22	1
Programmer/Analyst	Full Time	22	1
Special Assistant to the Commission	Full Time	22	1
Telecommunications Specialist	Full Time	22	1
Compliance Inspector	Full Time	21	3
Facilities Buyer II	Full Time	21	1
Human Resources Specialist II	Full Time	21	2
Management Analyst I	Full Time	21	2
Network Technician	Full Time	21	1
Public Information Specialist	Full Time	21	1
Webmaster	Full Time	21	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
Junior Programmer/Analyst	Full Time	19	1
PC Technician	Full Time	18	1
Help Desk Analyst	Full Time	16	1
Human Resources Assistant	Full Time	16	1
Office Manager	Full Time	16	1
Office Manager	Full Time Term	16	1
Program Assistant III	Full Time	16	1
Records Management Clerk II	Full Time	13	1
Mail & Supply Technician	Full Time	12	2
Receptionist	Full Time	11	1
Facilities Assistant	Full Time	10	1
Applications Developer	Full Time	TBD	1
Applications Support Specialist	Full Time	TBD	1
Network Administrator	Full Time	TBD	1
<b>Total (Percentage of Total Work Years)</b>			<b>53 14.49%</b>

## Finance Division

Position Title	Status	Grade	Total
Chief Financial Officer	Full Time	EX-02	1
Controller	Full Time	33	1
Assistant Controller	Full Time	30	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
Assistant Budget Officer	Full Time	25	1
Resident Accounting Supervisor	Full Time	25	1
Financial Analyst	Full Time	24	2
Disbursement Supervisor	Full Time	23	1
Management Analyst II	Full Time	22	1
Payroll Supervisor	Full Time	22	1
Accountant II	Full Time	21	12
Cash/Investment Manager	Full Time	21	1
Accountant I	Full Time	19	4
Administrative Assistant	Full Time	19	1
Buyer II	Full Time	19	1
Resident Accounting Specialist II	Full Time	19	1
Lead Disbursement Specialist	Full Time	18	1
Buyer I	Full Time	17	1
Resident Accounting Specialist I	Full Time	17	1
Office Manager	Full Time	16	1
Payroll Assistant	Full Time	16	2
Program Assistant III	Full Time	16	1
Resident Accounting Clerk I	Full Time	15	2
Accounting Clerk I	Full Time	14	4
Office Assistant II	Full Time	12	1

**Total (Percentage of Total Work Years)**

**52 14.22%**



## Housing Resources Division

<b>Position Title</b>	<b>Status</b>	<b>Grade</b>	<b>Total</b>
Director of Housing Resources	Full Time	EX-01	1
Assistant Director of Housing Resources	Full Time	29	1
Customer Service Center Director	Full Time	27	2
Customer Service Center Manager	Full Time	25	2
Management/ Compliance Specialist	Full Time	24	1
Program Coordinator	Full Time	24	1
Customer Service Supervisor	Full Time	22	3
Federal Programs Analyst	Full Time	22	1
Financial Analyst	Full Time	22	1
Lead Housing Specialist	Full Time	21	3
Lead Inspector	Full Time	21	1
Management Analyst I	Full Time	21	1
Administrative Assistant	Full Time	19	1
Housing Specialist II	Full Time	19	15
Program Specialist	Full Time	19	1
Rent Market Analyst	Full Time	18	1
Housing Specialist I	Full Time	17	6
Program Assistant III	Full Time	16	3
Program Assistant I	Full Time	14	7
Administrative Aide III	Full Time	13	2

**Total (Percentage of Total Work Years)**

**54 14.76%**

## Mortgage Finance Division

<b>Position Title</b>	<b>Status</b>	<b>Grade</b>	<b>Total</b>
Director of Mortgage Finance	Full Time	EX-02	1
Assistant Director of Mortgage Finance	Full Time	29	1
Portfolio Manager	Full Time	28	1
Senior Multifamily Underwriter	Full Time	28	1
Single Family Loan Management Supervisor	Full Time	27	1
Financial Analyst	Full Time	24	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
Homeownership Specialist	Part Time	19H	0.5
Program Specialist I	Full Time	18	2
Office Manager	Full Time	16	1
<b>Total (Percentage of Total Work Years)</b>			<b>15.5 4.24%</b>

## Property Management Division

Position Title	Status	Grade	Total
Director of Property Management	Full Time	EX-01	1
Assistant Director of Property Management/Operations	Full Time	29	1
Program Oversight Manager	Full Time	28	1
Regional Manager	Full Time	27	2
Scattered Sites Operations Manager	Full Time	23	1
Management Analyst II	Full Time	22	1
Property Manager	Full Time	22	10
Community Manager	Full Time	21	7
Maintenance Specialist	Full Time	21	1
Total Quality Manager	Full Time	21	2
Lead Trades Maintenance Worker	Full Time	19	2
Senior Office Manager	Full Time	19	1
Customer Service Specialist	Full Time	17	4
Trades Maintenance Worker II	Full Time	17	35
Inventory & Control Specialist	Full Time	16	1
Program Assistant II	Full Time	15	4
Trades Maintenance Worker I	Full Time	15	5
Office Assistant III	Part Time	14H	0.6
Administrative Aide III	Full Time	13	1
Building Services Worker	Full Time	13	1
Inventory & Control Assistant	Full Time	12	1
Custodian	Full Time	8	12

**Total (Percentage of Total Work Years)**

**94.6 25.86%**

## Real Estate Development Division

<b>Position Title</b>	<b>Status</b>	<b>Grade</b>	<b>Total</b>
Housing Acquisition Manager	Full Time	28	2
Senior Financial Analyst	Full Time	26	2
Project Manager	Full Time	25	2
Project Manager	Full Time Term	25	1
Management Analyst II	Full Time	22	1
Program Specialist II	Full Time	21	1

**Total (Percentage of Total Work Years) 9 2.46%**

## 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	4
Grants Coordinator	Full Time	24	1
Special Events/Volunteer Coordinator	Full Time	24	1
Disability Program Coordinator	Full Time Term	22	1
Family Resource Center Director	Full Time	22	4
Program Service Coordinator	Full Time	22	1
Program Specialist IIA	Full Time	22	2
Program Specialist IIA	Full Time Term	22	1
Resident Employment Coordinator	Full Time	22	1
Management Analyst I	Full Time Term	21	1
Resident Counselor III	Full Time	20	23
Resident Counselor III	Full Time Term	20	19
Resident Counselor III	Part Time	20H	2.5
Resident Counselor III	Part Time Term	20H	2.1
Resident Services Program Specialist	Full Time Term	20	3
Administrative Assistant	Full Time	19	1
Housing Stabilization Specialist	Full Time Term	19	3
Housing Stabilization Specialist	Part Time Term	19H	0.5
Housing Locator	Full Time Term	18	1
Housing Specialist	Full Time Term	18	1
Intake Specialist	Full Time Term	16	1
Administrative Aide III	Full Time	13	3
Administrative Aide III	Part Time	13H	0.5
Emergency Assistance Intake Aide	Part Time Term	13H	0.5
Community Aide	Full Time Term	11	5
Community Aide	Part Time Term	11H	0.6
<b>Total (Percentage of Total Work Years)</b>			<b>87.7 23.97%</b>
<b>GRAND TOTAL</b>			<b>365.8 100.00%</b>

# Compensation

## FY 2014 General Salary Schedule

The General Salary Schedules, which are used to determine pay for all Career and Term positions, remain at the FY 2013 level. All salary schedules are located at the end of this section.

## Maintenance On-Call

The Weekday On-call Rate is \$30.00 per day (Monday through Friday). The On-Call Rate for Saturdays, Sundays, and holidays is \$40.00 per day.

## Multilingual Pay

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 \$1.15 per hour. Eligible employees certified with Advanced Multilingual skills will receive a pay differential of \$1.35 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	56.5 cents per mile*
1,001-7,500	70 cents per mile
7,501 and above	80 cents per mile

\* The Internal Revenue Service (IRS) sets the standard reimbursement rates for mileage. The current IRS rate for mileage is 55.5 cents per mile. Should IRS increase the reimbursement rate during the fiscal year, HOC will also increase the base mileage rate.

## Automobile Insurance and Scheduled Maintenance Reimbursement

Employees who use their personal vehicle for HOC business in excess of 7,500 miles during the fiscal year may be reimbursed up to \$1,900 annually for automobile insurance and regularly scheduled maintenance.

## Meal Allowance

The Meal Allowance rate for FY 2014 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 \$1,730 for FY 2014.

## 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	\$26,254	\$41,096	\$41,918	Grade 8 Hourly	\$12.62	\$19.76	\$20.15
Grade 9	\$27,291	\$42,977	\$43,836	Grade 9 Hourly	\$13.12	\$20.66	\$21.08
Grade 10	\$28,387	\$45,006	\$45,906	Grade 10 Hourly	\$13.65	\$21.64	\$22.07
Grade 11	\$29,533	\$47,124	\$48,066	Grade 11 Hourly	\$14.20	\$22.66	\$23.11
Grade 12	\$30,730	\$49,350	\$50,337	Grade 12 Hourly	\$14.77	\$23.73	\$24.20
Grade 13	\$31,997	\$51,690	\$52,723	Grade 13 Hourly	\$15.38	\$24.85	\$25.35
Grade 14	\$33,327	\$54,151	\$55,234	Grade 14 Hourly	\$16.02	\$26.03	\$26.55
Grade 15	\$34,718	\$56,725	\$57,860	Grade 15 Hourly	\$16.69	\$27.27	\$27.82
Grade 16	\$36,201	\$59,436	\$60,625	Grade 16 Hourly	\$17.40	\$28.58	\$29.15
Grade 17	\$37,843	\$62,281	\$63,527	Grade 17 Hourly	\$18.19	\$29.94	\$30.54
Grade 18	\$39,578	\$65,269	\$66,574	Grade 18 Hourly	\$19.03	\$31.38	\$32.01
Grade 19	\$41,445	\$68,401	\$69,769	Grade 19 Hourly	\$19.93	\$32.89	\$33.54
Grade 20	\$43,394	\$71,694	\$73,128	Grade 20 Hourly	\$20.86	\$34.47	\$35.16
Grade 21	\$45,451	\$75,150	\$76,653	Grade 21 Hourly	\$21.85	\$36.13	\$36.85
Grade 22	\$47,602	\$78,781	\$80,356	Grade 22 Hourly	\$22.89	\$37.88	\$38.63
Grade 23	\$49,867	\$82,598	\$84,250	Grade 23 Hourly	\$23.97	\$39.71	\$40.50
Grade 24	\$52,242	\$86,593	\$88,325	Grade 24 Hourly	\$25.12	\$41.63	\$42.46
Grade 25	\$54,733	\$90,797	\$92,612	Grade 25 Hourly	\$26.31	\$43.65	\$44.53

\* 20 Years Completed Service and at Maximum of Pay Grade

## Pay Grade Schedule—Unrepresented Employees

### Annual Salary

Pay Grade	Minimum	Maximum	Longevity *
Grade 8	\$26,254	\$41,096	\$41,918
Grade 9	\$27,291	\$42,977	\$43,836
Grade 10	\$28,387	\$45,006	\$45,906
Grade 11	\$29,533	\$47,124	\$48,066
Grade 12	\$30,730	\$49,350	\$50,337
Grade 13	\$31,997	\$51,690	\$52,723
Grade 14	\$33,327	\$54,151	\$55,234
Grade 15	\$34,718	\$56,725	\$57,860
Grade 16	\$36,201	\$59,436	\$60,625
Grade 17	\$37,843	\$62,281	\$63,527
Grade 18	\$39,578	\$65,269	\$66,574
Grade 19	\$41,445	\$68,401	\$69,769
Grade 20	\$43,394	\$71,694	\$73,128
Grade 21	\$45,451	\$75,150	\$76,653
Grade 22	\$47,602	\$78,781	\$80,356
Grade 23	\$49,867	\$82,598	\$84,250
Grade 24	\$52,242	\$86,593	\$88,325
Grade 25	\$54,733	\$90,797	\$92,612
Grade 26	\$57,356	\$95,211	\$97,115
Grade 27	\$60,083	\$99,846	\$101,843
Grade 28	\$62,412	\$104,712	\$106,806
Grade 29	\$65,614	\$109,819	\$112,015
Grade 30	\$68,592	\$115,189	\$117,493
Grade 31	\$71,718	\$120,822	\$123,239
Grade 32	\$74,996	\$124,520	\$127,010
Grade 33	\$78,440	\$128,220	\$130,784
Grade 34	\$82,058	\$131,921	\$134,560
Grade 35	\$85,860	\$135,620	\$138,333
Grade 36	\$89,851	\$139,323	\$142,109
Grade 37	\$94,035	\$143,018	\$145,878

### Hourly Wages

Pay Grade	Minimum	Maximum	Longevity *
Grade 8 Hourly	\$12.62	\$19.76	\$20.15
Grade 9 Hourly	\$13.12	\$20.66	\$21.08
Grade 10 Hourly	\$13.65	\$21.64	\$22.07
Grade 11 Hourly	\$14.20	\$22.66	\$23.11
Grade 12 Hourly	\$14.77	\$23.73	\$24.20
Grade 13 Hourly	\$15.38	\$24.85	\$25.35
Grade 14 Hourly	\$16.02	\$26.03	\$26.55
Grade 15 Hourly	\$16.69	\$27.27	\$27.82
Grade 16 Hourly	\$17.40	\$28.58	\$29.15
Grade 17 Hourly	\$18.19	\$29.94	\$30.54
Grade 18 Hourly	\$19.03	\$31.38	\$32.01
Grade 19 Hourly	\$19.93	\$32.89	\$33.54
Grade 20 Hourly	\$20.86	\$34.47	\$35.16
Grade 21 Hourly	\$21.85	\$36.13	\$36.85
Grade 22 Hourly	\$22.89	\$37.88	\$38.63
Grade 23 Hourly	\$23.97	\$39.71	\$40.50
Grade 24 Hourly	\$25.12	\$41.63	\$42.46
Grade 25 Hourly	\$26.31	\$43.65	\$44.53
Grade 26 Hourly	\$27.58	\$45.77	\$46.69
Grade 27 Hourly	\$28.89	\$48.00	\$48.96
Grade 28 Hourly	\$30.01	\$50.34	\$51.35
Grade 29 Hourly	\$31.55	\$52.80	\$53.85
Grade 30 Hourly	\$32.98	\$55.38	\$56.49
Grade 31 Hourly	\$34.48	\$58.09	\$59.25
Grade 32 Hourly	\$36.06	\$59.87	\$61.06
Grade 33 Hourly	\$37.71	\$61.64	\$62.88
Grade 34 Hourly	\$39.45	\$63.42	\$64.69
Grade 35 Hourly	\$41.28	\$65.20	\$66.51
Grade 36 Hourly	\$43.20	\$66.98	\$68.32
Grade 37 Hourly	\$45.21	\$68.76	\$70.13

\* 20 Years Completed Service and at Maximum of Pay Grade

## Pay Grade Schedule—Executive Leadership Service

Pay Grade	Minimum	Midpoint	Maximum
EX-01	\$113,300	\$139,050	\$164,800
EX-02	\$128,750	\$154,500	\$180,250



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# **Section 5:**

# **APPENDIX**

Tab



# **Program History**

# Program History

Adopted Budget  
June 5, 2013

## Legislative History

Thirty eight 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,

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 (MPDUs): Passed in 1974, the MPDU law required developers constructing 50 units or more to set aside 15% as MPDUs. The requirement was later reduced to 12.5% with bonus density offered for up to 15% MPDUs. The threshold dropped to 20 units in 2005. The law also specifies that HOC may purchase up to one-third of the MPDUs. Non-profit organizations may purchase any units HOC does not purchase and additional units up to 40% of the total. 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.

Growth Policy: The County Council enacted significant changes to the Growth Policy in November 2007. The Council increased impact taxes on most forms of housing, with the school impact taxes ranging from \$4,127 for a multifamily high rise unit to \$20,456 for a single family detached home. In residential development projects with 30% or more affordable units, the impact tax on the market rate units is 50% the normal rate. Transportation impact taxes also increased by about 70% across the board. Units near transit stations, including certain MARC stations, are charged lower rates. 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 Center Business Districts, is also exempt from both taxes. The Council also tightened school and transportation adequacy tests so that more development projects will have increased requirements to offset the students and automobile trips that they generate.

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 three 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 21<sup>st</sup> 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 two 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.

The economic recession that began in 2007 and escalated in the fall of 2008 has had a profound impact on every level of government. Budget shortfalls are expected to affect a wide range of service agencies, including HOC. Unemployment has risen since the recession began, and reached 10% during 2009. This loss of income has affected mortgage holders, landlords and renters

alike. More and more families are struggling to make mortgage or rent payments and more families are facing homelessness.

When HOC opened the waiting lists for the Housing Choice Voucher and Public Housing programs in December 2008, more than 33,000 applications were received. The need for affordable housing is unprecedented, and with potential funding cuts on the horizon, HOC is renewing its effort to maximize every available dollar and pursue new revenue sources.

The national economic dislocation of the past three years has had a profound effect in Montgomery County and on HOC's clients, residents, and operations. Circumstances are worse than in the early 1990s, and HOC and government at all levels are seeking ways to respond. Budget cuts in previously protected areas have been made and are expected to grow larger in the future. In FY 2010, the Federal Government budget did add a ray of hope to this bleak outlook. HUD's FY 2010 appropriation and the American Recovery and Reinvestment Act (ARRA), together with the Housing and Economic Recovery Act of 2009 (HERA) and the Neighborhood Stabilization Program (NSP) provided \$4.6 million for capital work on Public Housing units, as well as funding to purchase and renovate 23 vacant and foreclosed properties, in impacted neighborhoods, to be available for rent to low-income families.

Over the last several years, steady cuts to entitlement programs have greatly impacted human service programs, including those that provide housing subsidies. The implementation of sequestration has compounded previous budget challenges. It is highly unlikely that the deep cuts to the Public Housing program will be reversed in the foreseeable future. Additionally, cuts to the Housing Choice Voucher (HCV) program have forced HOC to adjust the payment and occupancy standards. It is safe to say that Federal funding is more uncertain than ever, which makes it imperative that HOC reduce reliance on Federal subsidies to provide affordable housing.

Initiatives to convert public housing units to project-based vouchers and project-based rental assistance are underway. The agency is also seeking to aggressively expand utilization of mixed-income properties that can assist in

cross-subsidizing workforce and affordable units.

### **Current Housing-Related Demographics in Montgomery County**

Montgomery County is the largest county in Maryland with an estimated population of 1,004,709 (2012 figures) consisting of 48 percent Caucasian (non-Hispanic) and 52 percent cultural minorities. It is located on 497 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 20 percent of the Washington, DC area's households, second only to Fairfax County, Virginia. According to the 2010 Census, the Washington metropolitan area is the seventh largest area and has the highest median income of areas compared.

Other demographic items of note are:

- The 2012 median income for Montgomery County was \$96,632 for a household of four. By comparison, the Greater Washington Area Median Income for 2012 is \$107,500 for a household of four.
- 7.5% of the total population lives below the Federal Poverty Income guidelines of \$23,050 for a household of four; up from 6.7% in 2009.
- The County's estimated labor force was 533,518 with an unemployment rate of 4.9% as of September 2012.
- 54% of the workforce reside and work in the County, while 46% work outside the County; 76% of employed residents commute by car.
- 91.1% of the population are High School graduates, while 56.1% have an advanced degree.
- The median age in the County is 38.
- 23.5% of the population is under 18 years old, while 12.9% of the population is 65 or older.
- 51.8% of the population is female.
- 31% of County residents are foreign born.
- About 39% of Maryland's foreign born population resides in Montgomery County.

- Montgomery County's proportion of households in Maryland is expected to grow from 16.4% in 2005 to 16.6% in 2025.
- Between 2005 and 2025, Montgomery County will absorb 17% of the State's household growth.
- 82% of the housing allowed by Montgomery County plans is already built.
- The average household size was 2.66 in 2010.
- 32.5% of the County's households live in multifamily properties, which remain the largest share of home construction.
- 52% of renters pay more than 30% of their income on housing costs.
- 38% of homeowners pay more than 30% of their income on housing costs.
- The median sales price for all home types in Montgomery County in 2011 was \$332,450.
- Time on the market before a house is sold averages 92 days.
- 25.7% households are renter occupied.
- Homeownership rate for 2009 was 69.3%.
- Apartment rents are continuing their upward trend from an average of \$1,212 in 2006 to an average of \$1,476 in 2012.
- Average apartment rents in 2012:
  - Efficiency \$1,254
  - 1-Bedroom \$1,341
  - 2-Bedroom \$1,532
  - 3-Bedroom \$1,874
  - 4-Bedroom \$2,474
- On any given day in Montgomery County, there are more than 1,100 people who are homeless. Approximately 27% (roughly 300) are children.
- Almost 1/3 of homeless adults have jobs but still cannot afford housing.

## Description of Current Programs

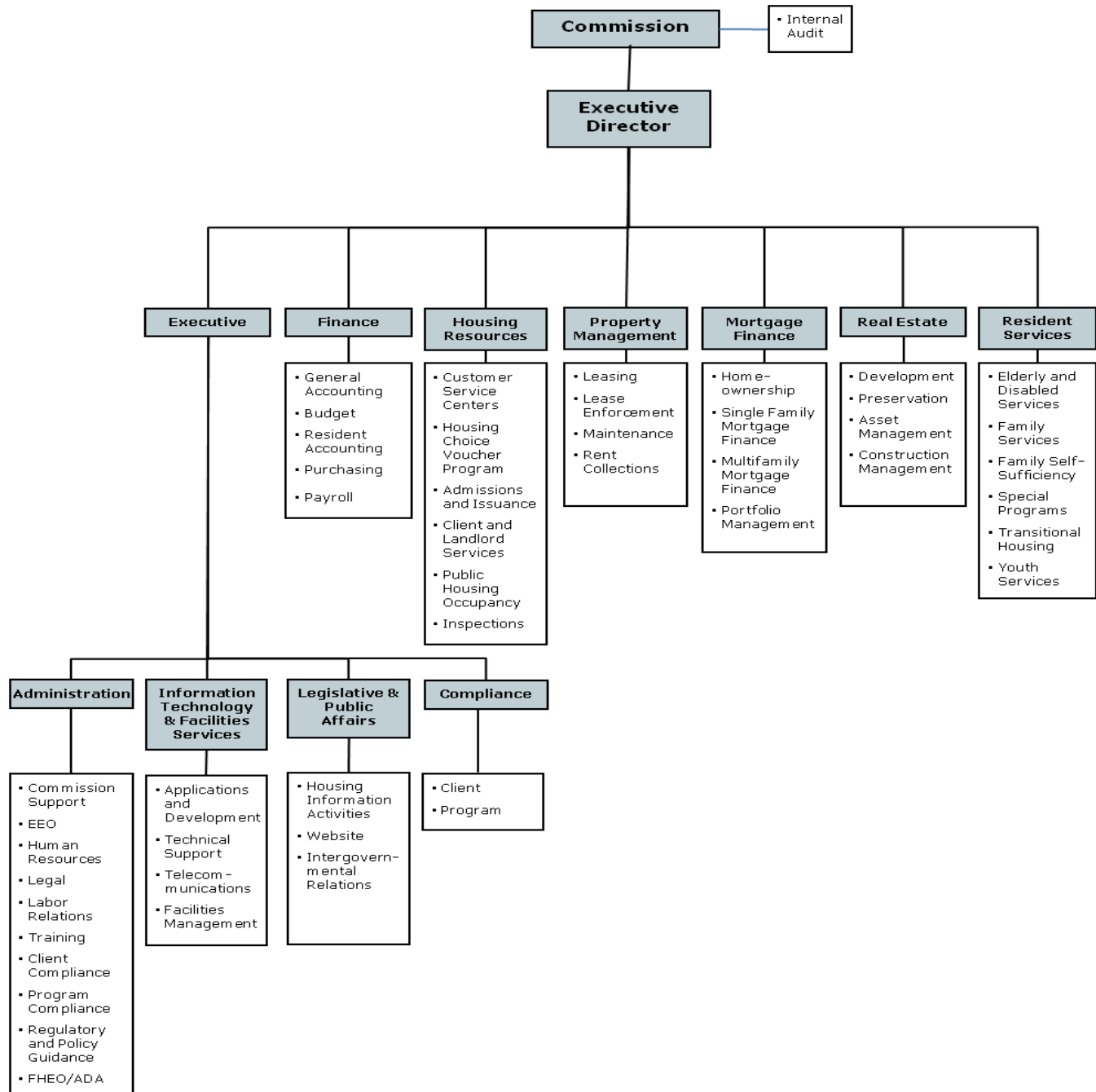
HOC administers a wide variety of housing programs, including:

- 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 up to 40% 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 Risk Sharing Program.
- Single Family Mortgage Revenue Bonds provide below-market interest rate mortgage loans for the purchase of single family homes for moderate-income families.



- Multifamily Housing Revenue Bonds provide below-market rental units within multifamily developments for low-to moderate-income families.
- The Housing Resource Service provides customer service for citizens seeking affordable housing, specialized housing for the elderly 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: Roberto R. Piñero, Chair; Sally Roman, Vice Chair; Michael J. Kator, Chair Pro Tem; Jean Banks, Rick Edson, Pamela T. Lindstrom, and Michael Weincek.

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 2-45.)

## 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 (or updates) the strategic plan 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.

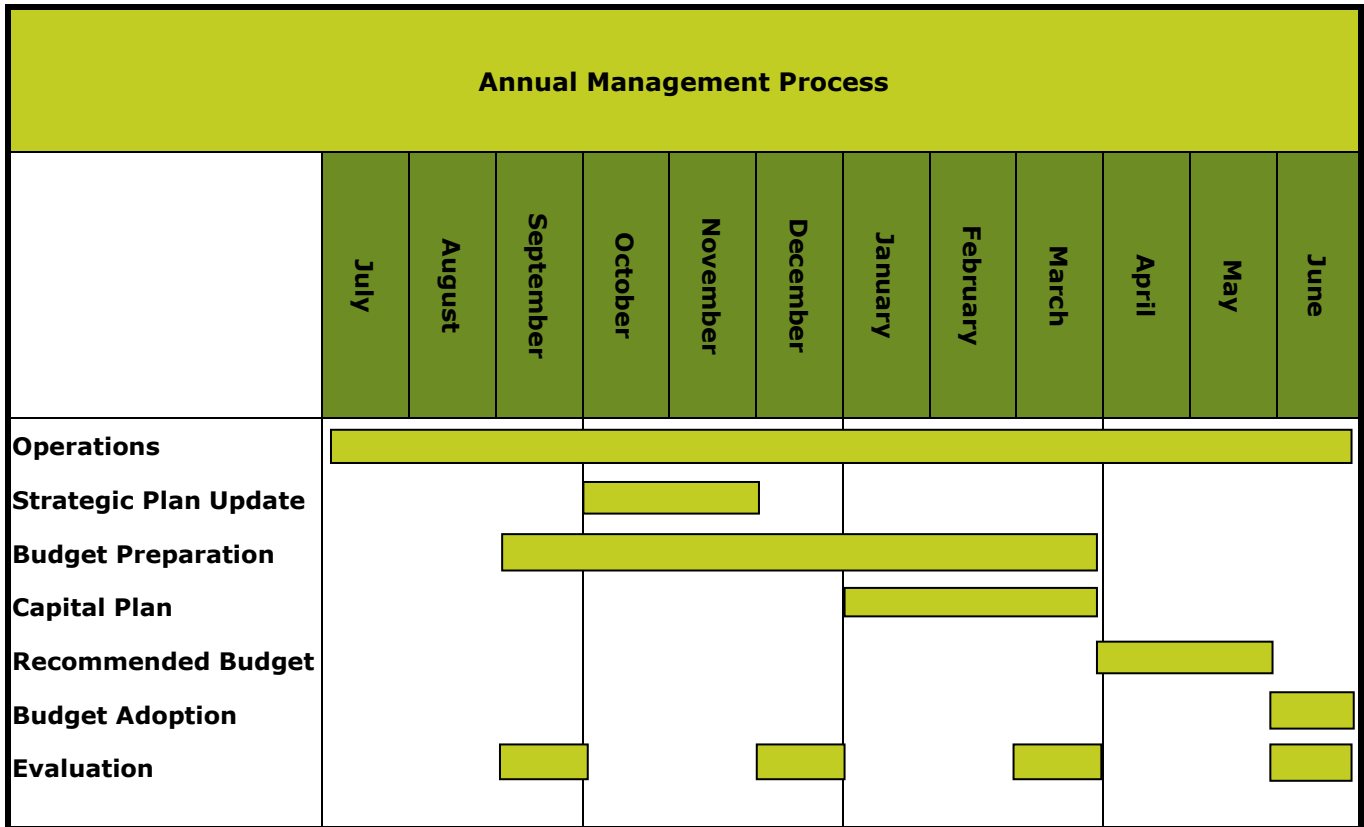
### **Operations**

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 5, 2013

## Summary

Housing Type	Actual As of 6/30/2012	Estimate As of 6/30/2013	Budget As of 6/30/2014
<b>Public Housing Rental</b>			
HOC Managed	1,546	1,546	1,546
<b>Public Housing HomeOwnership</b>			
HOC Managed	8	7	7
<b>Opportunity Housing &amp; Development Corps.</b>			
HOC Managed	1,266	903	888
Privately Managed	2,221	2,634	2,634
<b>Units Owned by HOC</b>	<b>5,041</b>	<b>5,090</b>	<b>5,075</b>
<b>Managed Properties</b>			
HOC Managed	645	592	592
Contract Managed	1,115	1,302	1,302
<b>Subtotal</b>	<b>1,760</b>	<b>1,894</b>	<b>1,894</b>
<b>Units Administered</b>			
Rental Assistance Programs	6,199	6,429	7,352
Transitional Housing Programs	165	165	165
Special Programs	497	557	538
<b>Subtotal</b>	<b>6,861</b>	<b>7,151</b>	<b>8,055</b>
<b>Units Managed or Administered</b>	<b>8,621</b>	<b>9,045</b>	<b>9,949</b>
<b>TOTAL - ALL UNITS</b>	<b>13,662</b>	<b>14,135</b>	<b>15,024</b>
<b>Total Units Managed by HOC</b>	<b>3,465</b>	<b>3,048</b>	<b>3,033</b>
<b>Total Units Contract Managed</b>	<b>3,336</b>	<b>3,936</b>	<b>3,936</b>
<b>Total Units Administered by HOC</b>	<b>6,861</b>	<b>7,151</b>	<b>8,055</b>

## Part A: Units Owned by HOC

Property No.	Property Name	Actual As of 6/30/2012	Estimate As of 6/30/2013	Budget As of 6/30/2014
<b>PUBLIC HOUSING RENTAL</b>				
<b>Elderly Communities</b>				
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
<b>Subtotal - Elderly</b>		<b>555</b>	<b>555</b>	<b>555</b>
<b>Family Communities</b>				
511-404	Emory Grove	54	54	54
511-405	Washington Square	50	50	50
511-414	Seneca Ridge (Middlebrook Square)	71	71	71
511-422	Ken Gar	19	19	19
511-426	Parkway Woods	24	24	24
511-430	Towne Centre Place	49	49	49
511-432	Sandy Spring	55	55	55
<b>Subtotal - Family</b>		<b>322</b>	<b>322</b>	<b>322</b>
<b>Scattered Units</b>				
511-001	Scattered Site Central	130	130	130
511-002	Scattered Site East	110	110	110
511-003	Scattered Site Gaithersburg	140	140	140
511-004	Scattered Site North	139	139	139
511-005	Scattered Site West	150	150	150
<b>Subtotal - Scattered</b>		<b>669</b>	<b>669</b>	<b>669</b>
<b>Subtotal-Public Housing Rental</b>		<b>1,546</b>	<b>1,546</b>	<b>1,546</b>
<b>PUBLIC HOUSING HOMEOWNERSHIP</b>				
<b>Family Communities</b>				
524-411	Tobytown	8	7	7
<b>Subtotal - Family</b>		<b>8</b>	<b>7</b>	<b>7</b>
<b>Subtotal-Homeownership</b>		<b>8</b>	<b>7</b>	<b>7</b>
<b>Total Public Housing Units (all HOC Managed)</b>		<b>1,554</b>	<b>1,553</b>	<b>1,553</b>

# Part A: Units Owned by HOC continued

Property No.	Property Name	Actual As of 6/30/2012	Estimate As of 6/30/2013	Budget As of 6/30/2014
<b>OPPORTUNITY HOUSING &amp; DEVELOPMENT CORPORATIONS</b>				
<b>Family Communities - HOC Managed</b>				
412-457	Tanglewood	78	0	0
469-471	Chelsea Towers	21	21	21
499-200	Dale Drive	10	0	0
499-400	Southbridge	39	0	0
499-500	Jubilee Hermitage	3	3	3
499-501	Jubilee Woodedge	3	3	3
499-502	Jubilee Falling Creek	3	3	3
913-455	Sligo Hills (Dev. Corp.)	50	0	0
915-458	Pomander Court (Dev. Corp.)	24	24	24
919-200	Paddington Square (Dev. Corp.)	165	0	0
965-480	Magruder's Discovery (Dev. Corp.)	134	134	134
<b>Subtotal - Family HOC Managed</b>		<b>530</b>	<b>188</b>	<b>188</b>
<b>Scattered Units - HOC Managed</b>				
452-469	McHome	38	38	38
454-451	Holiday Park	20	20	20
455-714	MHLP I	21	17	0
461-464	Paint Branch	14	14	14
462-466	McKendree	21	16	13
463-467	MPDU I	64	64	64
470-450	State Rental Combined	196	196	196
487-001	MPDU 2004	38	38	0
488-000	CDBG Units	2	3	3
489-000	NSP Units	7	7	7
490-000	NCI Units	14	14	14
499-300	MPDU 2007	19	0	0
499-900	MPDU 2007 - Phase II	0	5	5
Various	MHLP II—VIa	200	11	0
913-484	MPDU III (Dev. Corp.)	23	23	23
915-468	MPDU II (Dev. Corp.)	59	59	59
921-100	Scattered Site One (Dev. Corp.)	0	190	190
921-200	Scattered Site Two (Dev. Corp.)	0	0	54
<b>Subtotal - Scattered HOC Managed</b>		<b>736</b>	<b>715</b>	<b>700</b>
<b>Subtotal-HOC Managed</b>		<b>1,266</b>	<b>903</b>	<b>888</b>
<b>Family Communities - Contract Managed</b>				
414-460	Fairfax Court	18	18	18
417-477	Pooks Hill High-Rise	189	189	189
418-476	Pooks Hill Mid-Rise	50	50	50
427-490	Greenhills	78	78	78
433-487	Strathmore Court @ White Flint	151	151	151
435-489	Westwood Towers	212	212	212
441-485	Brookside Glen (The Glen)	90	90	90
442-473	Diamond Square	124	124	124
499-200	Dale Drive	0	10	10
499-400	Southbridge	0	39	39
841-748	Ambassador	162	162	162
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
918-100	MetroPointe (Dev. Corp.)	120	120	120
919-200	Paddington Square (Dev. Corp.)	0	165	165
920-300	Chevy Chase Lake (Dev. Corp.)	68	68	68
920-400	Barclay (Dev. Corp.)	76	76	76
923-480	Glenmont Crossing (Dev. Corp.)	0	97	97
923-481	Glenmont Westerly (Dev. Corp.)	0	102	102
<b>Subtotal - Family Contract Managed</b>		<b>2,101</b>	<b>2,514</b>	<b>2,514</b>
<b>Elderly Communities - Contract Managed</b>				
911-475	The Oaks (Dev. Corp.)	120	120	120
<b>Subtotal - Elderly Contract Managed</b>		<b>120</b>	<b>120</b>	<b>120</b>
<b>Subtotal-Contract Managed</b>		<b>2,221</b>	<b>2,634</b>	<b>2,634</b>
<b>Total Opportunity Housing and Development Corporations</b>		<b>3,487</b>	<b>3,537</b>	<b>3,522</b>

## Part B: Units Managed and Administered by HOC

Property No.	Property Name	Actual As of 6/30/2012	Estimate As of 6/30/2013	Budget As of 6/30/2014
<b>MANAGED PROPERTIES</b>				
<b>236 Elderly Communities - HOC Managed</b>				
871-701	Bauer Park	142	142	142
872-703	Town Center Apts.	112	112	112
<b>Subtotal - Elderly HOC Managed</b>		<b>254</b>	<b>254</b>	<b>254</b>
<b>Other Family Communities - HOC Managed</b>				
833-741	Manchester Manor Apts. LP	53	0	0
899-000	Lasko Manor. LP	12	12	12
874-705	Camp Hill Square (236 property)	51	51	51
<b>Subtotal - Family HOC Managed</b>		<b>116</b>	<b>63</b>	<b>63</b>
<b>Scattered Units - HOC Managed</b>				
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
<b>Subtotal - Scattered HOC Managed</b>		<b>275</b>	<b>275</b>	<b>275</b>
<b>Subtotal-HOC Managed</b>		<b>645</b>	<b>592</b>	<b>592</b>
<b>Family Communities - Contract Managed</b>				
818-100	MetroPointe LP	53	53	53
831-787	Strathmore Court LP	51	51	51
832-788	The Metropolitan of Bethesda LP	92	92	92
833-741	Manchester Manor Apts. LP	0	53	53
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	81	81	81
840-747	Spring Garden One Associates LP	83	83	83
842-749	Forest Oak Towers LP	175	175	175
843-750	Tanglewood and Sligo LP	0	134	134
<b>Subtotal - Family Contract Managed</b>		<b>1,115</b>	<b>1,302</b>	<b>1,302</b>
<b>Subtotal Contract Managed Properties</b>		<b>1,115</b>	<b>1,302</b>	<b>1,302</b>
<b>Total Managed Properties</b>		<b>1,760</b>	<b>1,894</b>	<b>1,894</b>



## Part B: Units Managed and Administered by HOC continued

Property Name	Actual	Estimate	Budget
	As of 6/30/2012	As of 6/30/2013	As of 6/30/2014
<b>UNITS ADMINISTERED</b>			
<b>Rental Assistance Programs</b>			
Vouchers	5,815	6,000	6,898
Portables	355	400	425
Mod / Rehab	29	29	29
<b>Subtotal-Rental Assistance</b>	<b>6,199</b>	<b>6,429</b>	<b>7,352</b>
<b>Transitional Housing Programs</b>			
McKinney III	10	10	10
Turnkey	11	11	11
McKinney X	130	130	130
McKinney XII	14	14	14
<b>Subtotal-Transitional Housing</b>	<b>165</b>	<b>165</b>	<b>165</b>
<b>Specialized Programs</b>			
State RAP	42	29	35
Shelter Plus Care	41	41	52
Shelter Plus Care - New Neighbors	15	17	22
Shelter Plus Care - New Neighbors II	4	4	5
Housing Counselor Programs	53	60	60
Rent Supplemental Programs	201	267	270
HIP	94	92	94
Master Lease Properties	47	47	0
<b>Subtotal-Specialized Programs</b>	<b>497</b>	<b>557</b>	<b>538</b>
<b>Total Administered Properties</b>	<b>6,861</b>	<b>7,151</b>	<b>8,055</b>

## Part C: HOC Financing

<b>PRIVATELY OWNED UNITS</b>	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>
<b>FINANCED BY THE HOC</b>	<b>As of</b>	<b>As of</b>	<b>As of</b>
<b>PROPERTY NAME</b>	<b>6/30/2012</b>	<b>6/30/2013</b>	<b>6/30/2014</b>
<b>Private Bond-Financed Properties</b>			
1 Amherst Square	125	125	125
2 Argent	96	96	96
3 Blair Park	52	52	52
4 Byron House	32	32	32
5 Canterbury	544	544	544
6 Charter House	212	212	212
7 Clopper Mill Manor	102	102	102
8 Covenant Village	89	89	89
9 Drings Reach	104	104	104
10 Falkland Chase	450	0	0
11 Oakfield Apartments	371	371	371
12 Gramax	180	0	0
13 Galaxy	195	0	0
14 Lenox Park	406	406	406
15 Oak Mill II	192	192	192
16 Olney Manor	100	100	100
17 Randolph Manor	83	83	83
18 Ring House	248	248	248
19 Rockville Housing Enterprises	56	56	56
20 Silver Spring House	80	80	80
21 The Bennington	223	0	0
22 University Manor	136	136	136
23 Victory Court	86	86	86
24 Victory Forest	181	181	181
<b>PRIVATE SUBTOTAL</b>	<b>4,343</b>	<b>3,295</b>	<b>3,295</b>

## Part D: HOC Financing

<b>NUMBER OF SINGLE FAMILY LOANS</b>	<b>Actual As of 6/30/2012</b>	<b>Estimate As of 6/30/2013</b>	<b>Budget As of 6/30/2014</b>
--	---------------------------------------	---	---------------------------------------

### HALF LOANS

#### Number of New Loans

<b>First Trusts</b>	1	1	0
<b>Closing Cost</b>	1	1	0

<b>Actual As of 6/30/2012</b>	<b>Estimate As of 6/30/2013</b>	<b>Budget As of 6/30/2014</b>
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### CLOSING COST LOANS

<b>Number of New Loans</b>	75	100	50
<b>Number of Loans Outstanding</b>	350	406	415

<b>Actual As of 6/30/2012</b>	<b>Estimate As of 6/30/2013</b>	<b>Budget As of 6/30/2014</b>
---------------------------------------	---	---------------------------------------

### MORTGAGE PURCHASE PROGRAM

<b>Number of New Loans</b>	100	120	120
<b>Number of Loans Outstanding</b>	1,500	1,480	1,200

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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 1<sup>st</sup>). 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

## Financial Policies cont.

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.
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 one and two.
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 "Petty Cash Receipt" 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

## Financial Policies cont.

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 monthly and quarterly 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 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.

### **Rental Income Collection Policy**

Rents may be paid by personal checks, money orders, certified checks, County government checks, or via the on-line rent payment system. No cash is accepted or handled by staff. Rent payments are collected via mail, and through drop boxes located at the HUB locations during business hours.

Rent is due on the first day of every month, and is considered late after 5pm on the tenth day of the month. 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

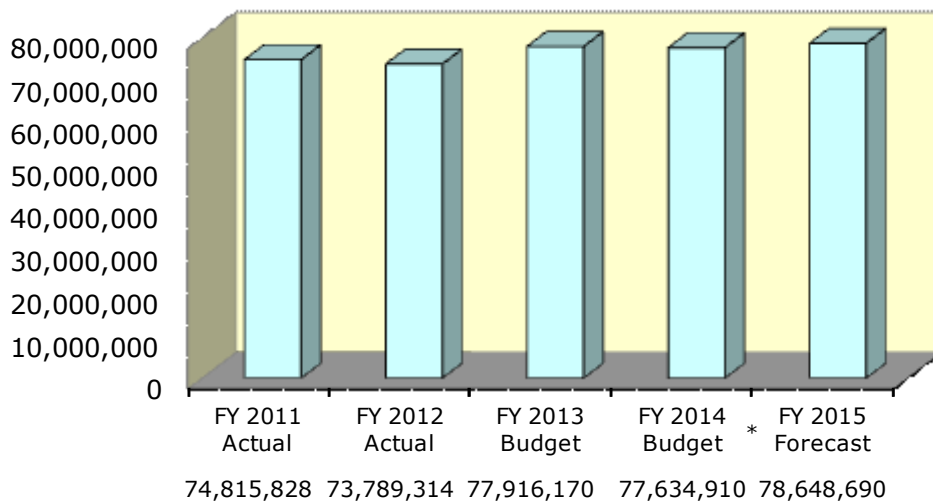
## Federal Funds

### 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

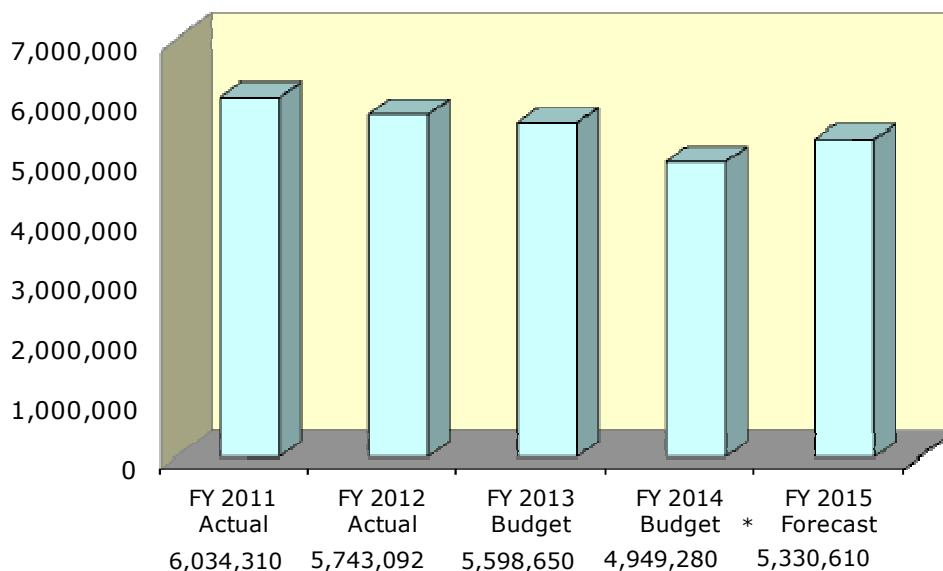
gross household income below 50% of the area median income. Rent subsidy certificates are held by program participants who choose rental units in the private market, provided that the rent is less than a maximum Fair Market Rent (FMR) established by HUD. The program requires that HCV recipients contribute 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 33.9% of Revenues.*

**HCV Administrative Fees - Income**



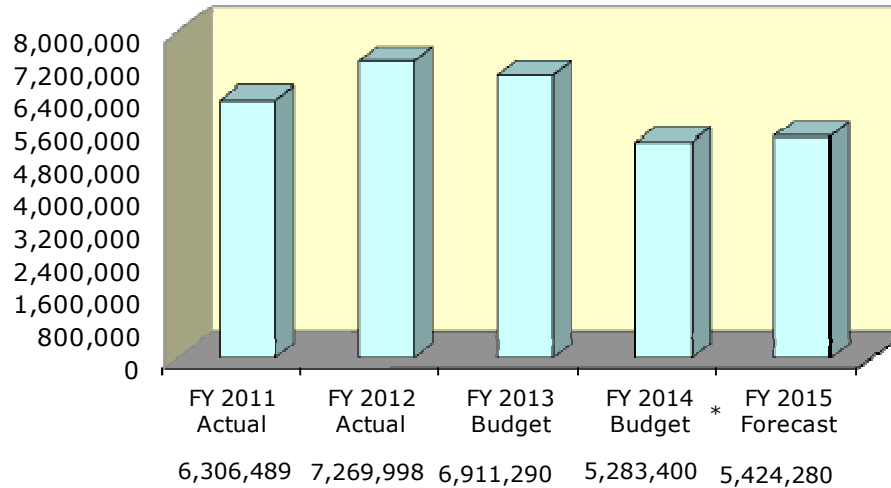
*\*Represents 2.2% of Revenues.*

**Public Housing Operating Subsidy**

HOC receives an annual grant 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 awarded

on a calendar year basis. Prior to CY 2008, the subsidy was calculated at the Agency level. Beginning in CY 2008, the subsidy is now calculated for each Asset Management Project or AMP. For FY 2014, the subsidy is based on FY 2012 income and expenses adjusted for inflation.

**Public Housing Operating Subsidy**



*\*Represents 2.3% of Revenues.*

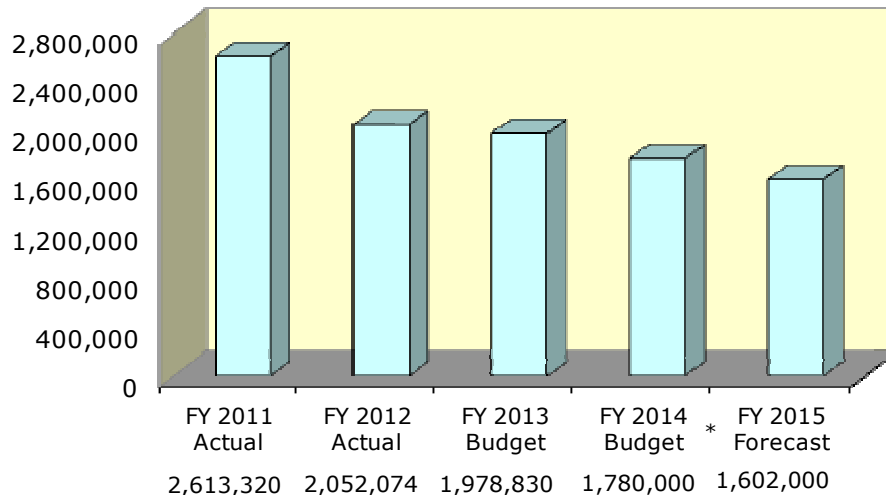
*The FY 2014 budget is based on 77% funding rate from HUD.*

**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. 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 0.8% of Revenues.*

*The FY 2014 capital budget includes an estimated award of \$1.8 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 three 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. The 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 2014 budget reflects a full year's operation for this 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 (71%) of this grant is used for services to residents in assisted housing. The County grant also reimburses rental license fees charged by the County, offsets rising utility and Home Owner Association (HOA) Fees at our low-income and affordable properties, and supplements the Housing Resource Service and Customer Service Centers.

## 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

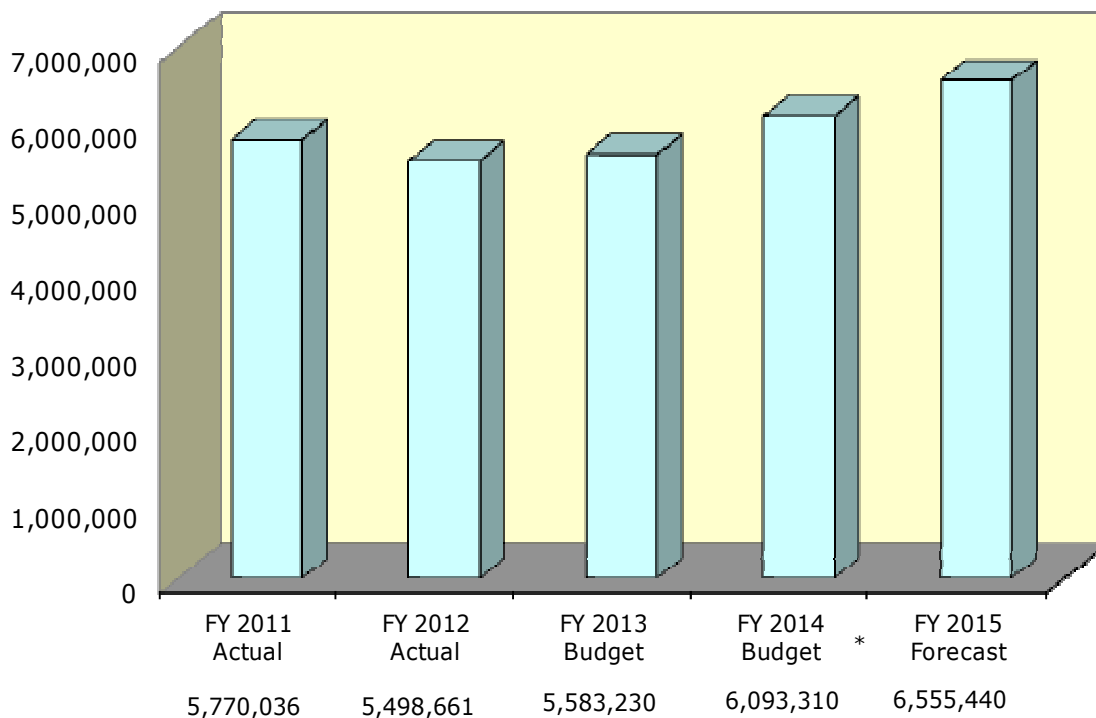
participate in mixed-use housing developments that will include affordable housing. HOC requests funds from the HIF on a specific basis.

## County Revolving Funds

Montgomery County’s Capital Improvements 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/Property Acquisition Fund (MPDU/PAF). 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 31, 2013, HOC had \$10.60 million in outstanding loans, which equals 62% of total authority.*

**County Operating Grant**



*\*Represents 2.7% of Revenues.*

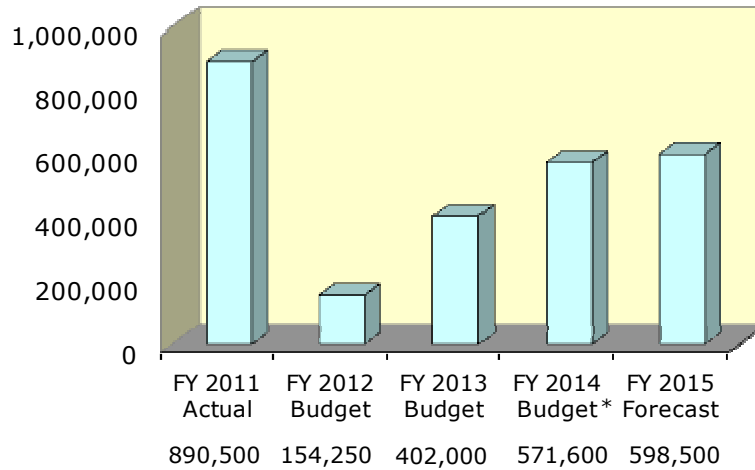
# Mortgage Finance Activities

## Multifamily Commitment Fees

The HOC Multifamily Commitment Fee structure varies between the bonds that are issued to finance HOC owned or HOC affiliated developments and those issued to finance the activities of private or non-profit owners. HOC charges private and non-profit developers a one percent commitment fee, which is competitive

with the fees charged by the state for their housing bonds. HOC charges a two percent commitment fee to its own developments and developments that are affiliated with the Commission. The commitment fee revenue is used to support the Agency's operating budget and to fund a capital reserve account.

**Commitment Fees**



\*Represents 0.2% of Revenues.

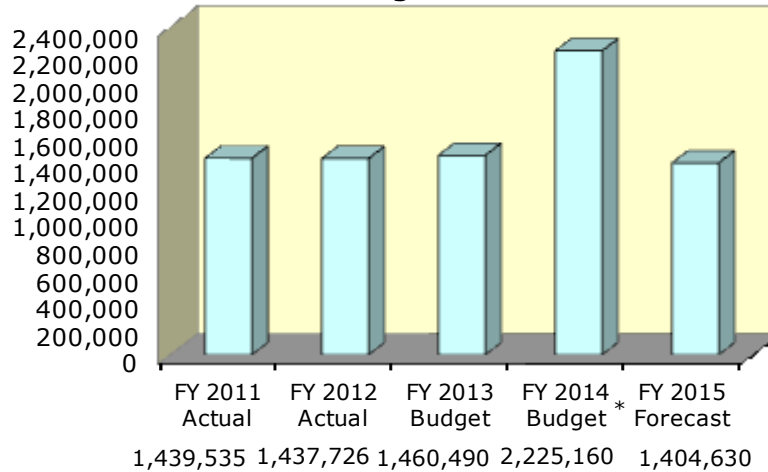
*In FY 2014, 40% of all commitment fees collected will be used to support the Agency's operations. The other 60% of the fees will go to the Opportunity Housing Reserve Fund (OHRF) to fund future affordable housing development.*

## Multifamily Loan Management Fees

HOC charges an ongoing loan management fee on multifamily mortgage loans. The loan management fee is based on 0.25% of the original mortgage for as long as the bonds remain

outstanding or the project requires compliance monitoring to satisfy its legal requirements. The Multifamily Loan Management Fee revenues are used to support the Agency's operating budget.

**Loan Management Fees**



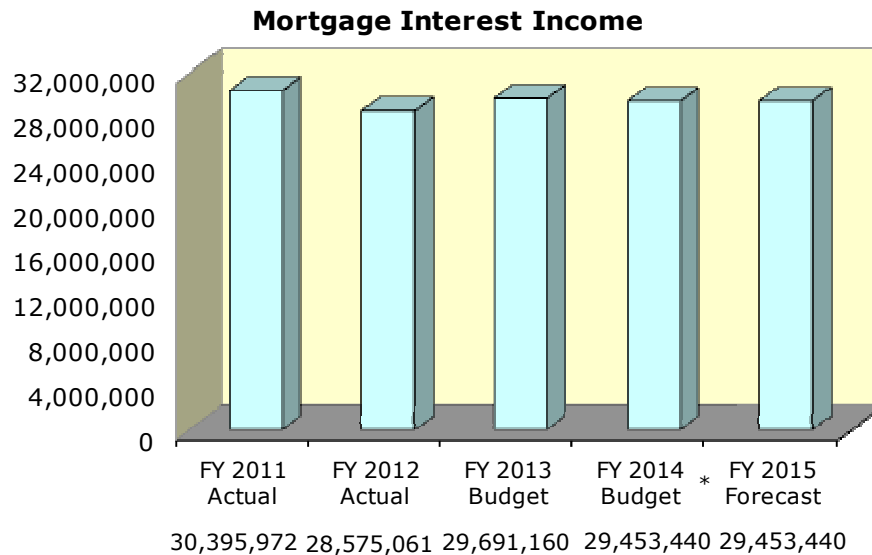
\*Represents 1.0% of Revenues.

*Multifamily 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 single family mortgages and the origination of multifamily 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.



\*Represents 12.8% 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 administered by the trustee. The Commission approves administration costs for these programs when it approves the Agency’s annual operating budget. Administration costs are incurred in the Mortgage Finance and Finance Divisions and are covered by revenue in the Single Family and Multifamily bond funds.

*The FY 2014 budget draws \$1,939,821 from 1979 Single Family Indenture for the cost of program administration for the Single Family Mortgage Finance Program and \$1,040,920 and \$353,110, respectively, from the 1984 and 1982 Multifamily indentures for the program administration costs of the Multifamily program.*

*The Commission’s financial advisor confirms annually to the Commission that the bond funds can maintain these draws without impairing the programs’ bond ratings.*

**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 Multifamily bonds. Single Family bonds are sold to fund mortgages made to qualified purchasers of single family homes. Multifamily bonds are sold to fund mortgages for the purchase of developments of qualified multifamily rental properties. Typically, 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 is to induce private investors to participate in the creation of affordable housing. The tax exemption provides lower interest rates to help to make 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 that requires ongoing compliance monitoring .

HOC is one of the most active local issuers of mortgage revenue bonds in the country. Since 1979, HOC has issued about \$4.5 billion of securities and currently has about \$1.0 billion of securities 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 is no federally imposed limit on the amount of essential purpose bonds. However, an annual ceiling of \$150 million is imposed by the State for bonds that are issued to fund 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

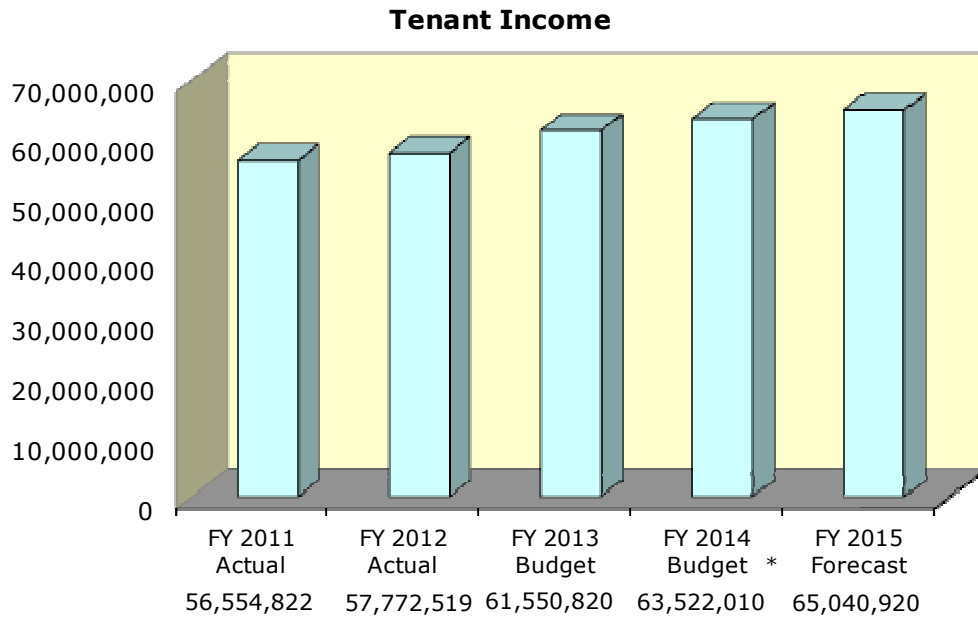
Rental related income from the Public Housing properties are based on the resident's income thus may be affected by economic conditions. Rent assumptions for the Opportunity Housing Program are property specific and are based on a combination of subsidy requirements and market conditions. The Commission 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 2013 budget made the following assumptions for rental rates at Opportunity Housing Properties:*

*Rent increase upon renewal budgeted at 1%-4%*

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



*\*Represents 27.7% 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 ten 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 2014 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 Opportunity Housing fund property reserves when necessary.*

## Management Fees

HOC charges fees to its properties and revenue generating divisions for central administration, property management administration, and asset management based on an indirect cost study that is updated annually.

Management Fees (non-Property): Many of HOC's non-Property revenue generating divisions have specific management fee guidelines that determine the fees charged to these programs. For programs that do not have specific guidelines, fees are charged based on a percentage of direct salary and benefit costs as calculated by the Indirect Cost Study.

Allocated Overhead Fees: The fees charged to the properties that HOC manages but does not own is based on a management agreement with the owners. The fee charged to the properties HOC owns and manages is based on allocating the full overhead costs as calculated by the Indirect Cost Study based on a per unit basis.

Scattered Site Management Fees: Due to the number of programs with units scattered throughout the county, a cost center to control certain costs associated with the management of these units was created. For properties that HOC manages but does not own, the costs are allocated on a per unit basis. The allocation for properties HOC owns and manages is incorporated in the Allocated Overhead Fee.

## 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 Multifamily 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 Multifamily Housing Revenue Bonds provide below-market rental units within multifamily developments for low to moderate income families.

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multifamily 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 Multiple Purpose Bonds 2002 Series A, B and C and the 2008 Series A 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 insurance risk-sharing agreement with HUD to provide for full mortgage insurance through the Federal Housing Administration 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 \$60 million unsecured line of credit with PNC 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 A2 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 31, 2013.

## Debt Summary (As of March 31, 2013)

Bonds			Property Related	
	Amount Issued	Amount Outstanding		Amount Outstanding
Single Family Fund	\$349,385,000	\$276,655,000	Intra-Commission Mortgages	\$187,221,370
Multifamily Fund	\$465,401,992	\$330,501,001	Other Mortgages	\$11,453,873
<b>Total HOC Bonds</b>	<b>\$814,786,992</b>	<b>\$607,156,001</b>	<b>Total Mortgages</b>	<b>\$198,675,243</b>
Non-Obligated Multifamily Bonds	\$202,712,000	\$175,322,195	County Revolving Funds	\$10,612,015
			Notes Payable to County	\$47,182,442
<b>Total Non-Obligated Bonds</b>	<b>\$202,712,000</b>	<b>\$175,322,195</b>	<b>Total Debt to County</b>	<b>\$57,794,457</b>
			<b>Notes Payable to State</b>	<b>\$18,065,967</b>
<b>TOTAL BONDS</b>	<b>\$1,017,498,992</b>	<b>\$782,478,196</b>	<b>TOTAL PROPERTY DEBT</b>	<b>\$274,535,667</b>

## Single Family Mortgage Revenue Bonds (As of March 31, 2013)

Bond Series	Final Maturity	Amount Issued	Amount Outstanding
2005 Series C	7/1/2025	11,600,000	\$5,805,000
2005 Series D	7/1/2036	13,400,000	\$4,070,000
2006 Series A	7/1/2026	18,705,000	\$9,890,000
2006 Series B	7/1/2037	11,295,000	\$5,380,000
2007 Series A	7/1/2021	15,875,000	\$8,545,000
2007 Series B	7/1/2038	19,125,000	\$12,960,000
2007 Series C	7/1/2015	1,000,000	\$835,000
2007 Series D	7/1/2038	20,000,000	\$12,300,000
2007 Series E	1/1/2038	13,000,000	\$8,315,000
2007 Series F	7/1/2038	10,000,000	\$10,000,000
2008 Series A	7/1/2018	13,205,000	\$5,215,000
2008 Series B	7/1/2039	3,900,000	\$1,760,000
2008 Series C	7/1/2039	8,450,000	\$8,450,000
2008 Series D	7/1/2039	17,200,000	\$17,200,000
2009 Series A	7/1/2029	20,000,000	\$16,545,000
2013 Series A	1/1/2031	38,645,000	\$38,645,000
2013 Series A	7/1/2043	14,825,000	\$14,825,000
2013 Series A	7/1/2014	3,190,000	\$3,190,000
<b>Total Single Family Revenue Bonds</b>		<b>\$253,415,000</b>	<b>\$183,930,000</b>

### SINGLE FAMILY HOUSING REVENUE BONDS (As of March 31, 2013)

NIBP 2009 Series A	7/1/2026	10,000,000	\$8,860,000
NIBP 2009 Series B	7/1/2039	15,000,000	\$14,780,000
NIBP 2010 Series A	1/1/2027	6,000,000	\$5,340,000
NIBP 2009 Series C-1	7/1/2041	9,000,000	\$8,880,000
NIBP 2011 Series A	7/1/2027	12,425,000	\$11,590,000
NIBP 2009 Series C-2	7/1/2041	16,170,000	\$15,930,000
NIBP 2009 Series C-3	7/1/2029	2,450,000	\$2,420,000
NIBP 2012 Series A	1/1/2043	12,545,000	\$12,545,000
NIBP 2009 Series C-4	1/1/2041	9,770,000	\$9,770,000
NIBP 2009 Series C-5	7/1/2031	2,610,000	\$2,610,000
<b>Total HOC Owned Bonds</b>		<b>\$95,970,000</b>	<b>\$92,725,000</b>

<b>Total Bonds</b>		<b>\$349,385,000</b>	<b>\$276,655,000</b>
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# Multifamily Housing Bonds (As of March 31, 2013)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding	Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
<b>Multifamily Program Fund:</b>											
<b>1982 Open Indenture</b>						<b>Housing Development Bonds (Guaranteed by Montgomery County)</b>					
1992 Series C	The Ambassador	Private	7/1/2023	\$4,425,000	\$2,215,000	1998 Issue A	Landings Edge Pook's Hill	Non-Profit HOC	7/1/2028	\$12,900,000	\$9,100,000
<b>SUBTOTAL</b>				<b>\$4,425,000</b>	<b>\$2,215,000</b>	<b>SUBTOTAL</b>				<b>\$12,900,000</b>	<b>\$9,100,000</b>
<b>1984 Open Indenture</b>						<b>Multiple Purpose Indenture</b>					
1984 Series A			7/1/2026	\$5,521,992	\$141,001 (1)	2002 Series A	Strathmore Court	HOC	11/1/2033	\$22,325,000	\$20,105,000
1995 Series A	MPDU I	HOC	7/1/2026	\$23,910,000	\$2,445,000	2008 Series A	Greenhills	HOC	5/1/2039	\$13,355,000	\$4,530,000
<b>SUBTOTAL</b>				<b>\$29,431,992</b>	<b>\$2,586,001</b>	<b>SUBTOTAL</b>				<b>\$35,680,000</b>	<b>\$24,635,000</b>
<b>1996 Open Indenture</b>						<b>Other Issues</b>					
2000 Series B	MHLP X	HOC	7/1/2042	\$28,600,000	\$7,170,000	<b>SUBTOTAL</b>					
	Stewartown	HOC				<b>\$0</b>					
	Georgian Court	HOC				<b>\$0</b>					
	Burnt Mill Crossing II	Private				<b>Public Housing Authority Bonds</b>					
	University Manor	Private				<b>SUBTOTAL</b>					
2003 Series B	Gramax	Private	7/1/2045	\$17,840,000	\$0	<b>\$0</b>					
2004 Series A	Charter House	Private	7/1/2036	\$13,700,000	\$12,400,000	<b>Multifamily Housing Bonds Indenture</b>					
2004 Series B	Rockville Housing	Non-Profit	7/1/2045	\$4,085,000	\$3,775,000	2009 Series A- 1	Galaxy		7/1/2051	\$38,450,000	\$0
2004 Series C	Chevy Chase	HOC	7/1/2036	\$19,460,000	\$16,830,000	2009 Series A- 2	Argent		1/1/2044	\$8,040,000	\$8,040,000
2004 Series C	Barclay	HOC				2010 Series A	Argent		1/1/2033	\$4,860,000	\$4,720,000
2004 Series D	Spring Garden	HOC	7/1/2036	\$14,110,000	\$12,230,000	<b>SUBTOTAL</b>					
2004 Series D	Barclay	HOC				<b>\$51,350,000</b>					
2005 Series B	The Metropolitan Tax Credit	HOC	7/1/2034	\$5,440,000	\$5,120,000	<b>PNC Line Of Credit</b>					
2005 Series C	The Metropolitan HOC	HOC	7/1/2037	\$28,630,000	\$27,250,000	PNC Line	Taxable		11/1/1932	\$6,444,800	\$6,444,800
2007 Series A	Forest Oak	HOC	7/1/2037	\$19,055,000	\$17,300,000	<b>SUBTOTAL</b>					
2007 Series B-1	Alexander House	HOC	7/1/2037	\$22,085,000	\$21,020,000	<b>\$6,444,800</b>					
2007 Series C-1	Tx Cr 9, Tx Cr Pond Ridge	Non-Profit/HOC	7/1/2028	\$5,110,000	\$4,640,000						
2007 Series C-2	Silver Spring Hs.	Non-Profit/HOC	7/1/2027	\$2,190,000	\$1,995,000						
2010 Series A	Magruders	HOC	7/1/2041	\$12,375,000	\$12,130,000						
2011 Series A	MetroPointe	HOC	1/1/2049	\$33,585,000	\$33,220,000						
2011 Series B	MetroPointe	HOC	1/1/2049	\$3,020,000	\$2,990,000						
2012 Series A	Ring House & Scattered Sites	Private/HOC	7/1/2043	\$24,935,000	\$24,490,000						
2012 Series B	TPM, Dring's Reach & Oaks	HOC/private/HOC	7/1/2033	\$18,190,000	\$17,935,000						
2012 Series C	Shady Grove, Manchester, Willows, Tax Cr 10, Stewartown, Georgian Crt	HOC	7/1/2031	\$24,230,000	\$23,735,000						
2012 Series D	Pooks Hill, Diamond Sq., Montgomery Arms, The Glen	HOC	7/1/2043	\$34,975,000	\$34,975,000						
<b>SUBTOTAL</b>				<b>\$331,615,000</b>	<b>\$279,205,000</b>						

(1) Includes Accreted Value

## Multifamily Housing Bonds (As of March 31, 2013)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
<b>Non-Obligation Bond Issues:</b>					
<b><u>Multifamily Housing Revenue Bonds</u></b>					
2010 Issue A	Canterbury	Private	5/1/2026	\$31,680,000	\$31,680,000
2010 Issue B	Oak Mill II	Private	5/1/2026	\$9,600,000	\$9,600,000
2003 Issue A	Randolph Manor	Private	8/1/2045	\$5,500,000	\$5,216,008
2004 Issue A	Olney Manor	Private	1/1/2046	\$7,000,000	\$6,662,869
2004 Issue B	Blair Park	Private	10/15/2036	\$2,700,000	\$2,008,646
2004 Issue C	Cloppers Mill	Private	7/1/2046	\$7,800,000	\$7,455,876
2006 Issue A	Covenant Village	Private	12/1/2048	\$6,418,000	\$6,234,796
2008 Issue A	Victory Forest	Private	9/1/2045	\$6,600,000	\$6,600,000
2013 Issue A	Olde Towne Gaithersburg Apts ( Y-Site)	Private			
<b><u>Multifamily Housing Revenue Refunding Bonds</u></b>					
2001 Issue A	Draper Lane	Private	3/1/2040	\$35,000,000	\$35,000,000
2001 Issue B	Draper Lane	Private	3/1/2040	\$11,000,000	\$11,000,000
2001 Issue C	Draper Lane	Private	3/1/2040	\$6,000,000	\$6,000,000
<b><u>Variable Housing Revenue Bonds</u></b>					
1985 Issue II	Falkland Apartments	Private	12/1/2030	\$24,695,000	\$0
2005 Issue I	Oakfield	Private	10/15/2039	\$38,000,000	\$38,000,000
1998 Issue I	Byron House	Private	9/1/2023	\$2,319,000	\$1,464,000
2012 Issue A	Victory Court	Private	10/1/2024	\$8,400,000	\$8,400,000
<b>SUBTOTAL</b>				<b>\$202,712,000</b>	<b>\$175,322,195</b>
<b>TOTAL Multifamily Bonds</b>				<b>\$668,113,992</b>	<b>\$505,823,196</b>



# Debt Summary By Fund

Property Name	Total Debt Service			FY 2014 Adopted Budget			
	FY 2011 Actual	FY 2012 Actual	FY 2013 Amended Budget	Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
<b>General Fund</b>							
Facilities	\$115,410	\$101,341	\$90,200	\$24,170	\$0	\$66,030	\$90,200
Information Technologies	\$359,816	\$335,309	\$262,910	\$11,180	\$0	\$251,730	\$262,910
<b>Total General Fund</b>	<b>\$475,226</b>	<b>\$436,650</b>	<b>\$353,110</b>	<b>\$35,350</b>	<b>\$0</b>	<b>\$317,760</b>	<b>\$353,110</b>
<b>Multifamily Bond Fund</b>	<b>\$20,019,659</b>	<b>\$18,116,344</b>	<b>\$19,728,870</b>	<b>\$19,220,440</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,220,440</b>
<b>Single Family Bond Fund</b>	<b>\$10,897,149</b>	<b>\$10,834,540</b>	<b>\$11,274,730</b>	<b>\$10,936,080</b>	<b>\$12,320</b>	<b>\$0</b>	<b>\$10,948,400</b>
<b>Opportunity Housing Fund</b>							
Alexander House	\$1,889,195	\$1,812,413	\$1,810,520	\$1,225,980	\$103,030	\$479,510	\$1,808,520
Ambassador	\$387,204	\$385,854	\$384,050	\$158,740	\$9,600	\$215,720	\$384,060
Barclay	\$686,990	\$685,950	\$684,860	\$395,740	\$44,360	\$242,440	\$682,540
Brookside Glen (The Glen)	\$506,248	\$504,461	\$504,640	\$283,710	\$28,120	\$191,940	\$503,770
CDBG Units	\$0	\$0	\$0	\$920	\$0	\$0	\$920
Chelsea Towers	\$73,572	\$71,725	\$69,770	\$24,730	\$0	\$43,000	\$67,730
Chevy Chase Lake	\$537,891	\$537,077	\$536,230	\$318,090	\$35,670	\$181,570	\$535,330
Diamond Square	\$119,808	\$119,607	\$119,400	\$66,950	\$7,180	\$45,050	\$119,180
Fairfax Court	\$56,582	\$56,583	\$56,580	\$44,860	\$0	\$11,720	\$56,580
Glenmont Crossing	\$0	\$0	\$403,870	\$636,920	\$0	\$191,990	\$828,910
Glenmont Westerly	\$0	\$0	\$269,410	\$418,860	\$0	\$119,980	\$538,840
Greenhills	\$318,562	\$318,562	\$318,560	\$443,420	\$44,290	\$131,730	\$619,440
Holiday Park	\$28,213	\$131,244	\$101,560	\$0	\$0	\$101,560	\$101,560
Magruder's Discovery	\$73,688	\$869,109	\$942,100	\$731,790	\$57,110	\$152,460	\$941,360
McHome	\$42,717	\$42,717	\$42,720	\$0	\$0	\$0	\$0
MetroPointe	\$1,964,615	\$1,962,962	\$1,961,210	\$1,428,960	\$158,620	\$371,810	\$1,959,390
Metropolitan, The	\$2,327,408	\$2,325,244	\$2,322,940	\$1,682,870	\$131,780	\$505,830	\$2,320,480
Montgomery Arms	\$856,239	\$764,122	\$838,960	\$403,750	\$42,930	\$247,360	\$694,040
MHLP I, MPDU 2004	\$81,915	\$81,915	\$81,920	\$0	\$0	\$0	\$0
MHLP II—Via, MPDU 2007	\$335,484	\$361,380	\$0	\$0	\$0	\$0	\$0
MPDU I (64)	\$232,347	\$231,871	\$231,520	\$111,340	\$9,390	\$110,100	\$230,830
TPM - MPDU II (59)	\$233,902	\$233,464	\$233,000	\$121,400	\$11,630	\$99,480	\$232,510
The Oaks @ Four Corners	\$289,048	\$297,661	\$287,030	\$151,580	\$11,340	\$122,880	\$285,800
Paddington Square	\$1,036,400	\$883,309	\$1,030,140	\$1,036,870	\$28,890	\$308,010	\$1,373,770
Paint Branch	\$44,799	\$37,452	\$31,880	\$0	\$0	\$30,110	\$30,110
TPM - Pomander Court	\$47,186	\$47,099	\$47,010	\$24,490	\$2,350	\$20,070	\$46,910
Pooks Hill Mid-Rise	\$364,608	\$364,608	\$364,610	\$140,020	\$0	\$224,590	\$364,610
Pooks Hill High-Rise	\$1,115,563	\$1,115,563	\$1,115,560	\$576,630	\$89,240	\$370,870	\$1,036,740
Scattered Sites One	\$0	\$0	\$697,310	\$355,000	\$44,870	\$168,890	\$568,760
Scattered Sites Two	\$0	\$0	\$0	\$0	\$0	\$239,360	\$239,360
Sligo Hills/ MPDU III	\$235,146	\$234,902	\$234,640	\$0	\$0	\$0	\$0
Strathmore Court	\$1,215,655	\$1,212,475	\$1,209,000	\$801,160	\$0	\$405,310	\$1,206,470
Tanglewood	\$7,500	\$7,500	\$7,500	\$0	\$0	\$0	\$0
TPM-Timberlawn	\$474,207	\$473,319	\$472,380	\$246,130	\$23,580	\$201,690	\$471,400
Westwood Tower	\$1,766,651	\$1,793,366	\$1,843,270	\$0	\$0	\$1,815,710	\$1,815,710
<b>Total Opportunity Housing Fund</b>	<b>\$17,349,343</b>	<b>\$17,964,514</b>	<b>\$19,254,150</b>	<b>\$11,830,910</b>	<b>\$883,980</b>	<b>\$7,350,740</b>	<b>\$20,065,630</b>
<b>Public Fund</b>							
Capital Fund Grant	\$0	\$0	\$312,580	\$314,090	\$0	\$0	\$314,090
<b>Total Public Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$312,580</b>	<b>\$314,090</b>	<b>\$0</b>	<b>\$0</b>	<b>\$314,090</b>
<b>TOTAL AGENCY</b>	<b>\$48,741,377</b>	<b>\$47,352,048</b>	<b>\$50,923,440</b>	<b>\$42,336,870</b>	<b>\$896,300</b>	<b>\$7,668,500</b>	<b>\$50,901,670</b>

## Estimated Agency Funds (As of June 30, 2013)

Shown below is the agency's projected income statement and impact on fund balance for all funds for FY 2013 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	Multifamily Bond Fund	Single Family Bond Fund	Eliminations	Total
<b>Beginning Fund Balance: 6/30/12</b>	<b>\$23,867,867</b>	<b>\$50,702,098</b>	<b>\$75,143,611</b>	<b>\$25,944,600</b>	<b>\$29,370,813</b>	<b>(\$8,626,664)</b>	<b>\$196,402,325</b>
<b>Revenue:</b>							
Housing Assistance Payments (HAP)	\$0	\$0	\$84,760,830	\$0	\$0	\$0	\$84,760,830
HAP administrative fees	\$0	\$0	\$5,352,487	\$0	\$0	\$0	\$5,352,487
Other grants	\$0	\$0	\$10,152,883	\$0	\$0	\$0	\$10,152,883
State and County grants	\$0	\$0	\$10,158,783	\$0	\$0	\$0	\$10,158,783
Investment income	\$0	\$0	\$0	\$5,314,233	\$1,960,064	\$0	\$7,274,297
Unrealized Gains (Losses) on Investment	\$0	\$0	\$0	(\$5,190,981)	(\$3,060,629)	\$0	(\$8,251,610)
Interest on mortgage & construction loans receivable	\$0	\$0	\$0	\$15,711,981	\$8,877,804	(\$7,671,961)	\$16,917,824
Dwelling Rental	\$720,983	\$55,835,752	\$5,653,879	\$0	\$0	\$0	\$62,210,614
Dwelling units sale/loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management fees and other income	\$15,886,324	\$11,308,083	\$1,348,321	\$102,410	\$0	(\$6,743,798)	\$21,901,340
<b>Total Operating Income</b>	<b>\$16,607,307</b>	<b>\$67,143,835</b>	<b>\$117,427,183</b>	<b>\$15,937,643</b>	<b>\$7,777,239</b>	<b>(\$14,415,759)</b>	<b>\$210,477,448</b>
<b>Expenses:</b>							
Housing Assistance Payments	\$0	\$0	\$86,882,476	\$0	\$0	\$0	\$86,882,476
Administration	\$10,167,123	\$9,186,058	\$16,317,563	\$2,212,146	\$2,338,820	(\$4,893,297)	\$35,328,413
Maintenance	\$1,058,134	\$9,952,013	\$4,800,633	\$0	\$0	\$0	\$15,810,780
Depreciation and amortization	\$941,767	\$10,814,582	\$4,916,205	\$0	\$0	\$0	\$16,672,554
Utilities	\$226,395	\$3,444,555	\$1,603,802	\$0	\$0	\$0	\$5,274,752
Fringe benefits	\$3,877,052	\$841,403	\$4,788,380	\$220,717	\$359,422	\$0	\$10,086,974
Interest Expense	\$0	\$13,671,411	\$0	\$15,419,635	\$10,541,172	(\$7,671,961)	\$31,960,257
Other	\$750,758	\$7,737,966	\$2,247,653	\$379,744	\$24,509	(\$1,850,501)	\$9,290,129
Bad Debt Expense	\$0	\$347,502	\$82,555	\$0	\$689,381	\$0	\$1,119,438
<b>Total Operating Expenses</b>	<b>\$17,021,229</b>	<b>\$55,995,490</b>	<b>\$121,639,267</b>	<b>\$18,232,242</b>	<b>\$13,953,304</b>	<b>(\$14,415,759)</b>	<b>\$212,425,773</b>
<b>Operating Income (loss)</b>	<b>(\$413,922)</b>	<b>\$11,148,345</b>	<b>(\$4,212,084)</b>	<b>(\$2,294,599)</b>	<b>(\$6,176,065)</b>	<b>\$0</b>	<b>(\$1,948,325)</b>
<b>Non-operating revenues (expense):</b>							
Other Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State and County grants	\$0	\$283,329	\$0	\$0	\$0	\$0	\$283,329
Investment income	\$403,431	(\$6,591)	\$1,447	\$0	\$0	\$0	\$398,287
Unrealized Gains (Losses) on Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on mortgage & construction loans receivable	\$123,256	\$79,865	\$0	\$0	\$0	\$0	\$203,121
Interest Expense	(\$96,344)	(\$11,668)	\$0	\$0	\$0	\$0	(\$108,012)
<b>Total Non-operating Income (Loss)</b>	<b>\$430,343</b>	<b>\$344,935</b>	<b>\$1,447</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$776,725</b>
<b>Capital Contributions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,049,107</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,049,107</b>
<b>Ending Fund Balance: 6/30/13 est.</b>	<b>\$23,884,288</b>	<b>\$62,195,378</b>	<b>\$71,982,081</b>	<b>\$23,650,001</b>	<b>\$23,194,748</b>	<b>(\$8,626,664)</b>	<b>\$196,279,832</b>
<b>Estimated Change in Fund Balance</b>	<b>\$16,421</b>	<b>\$11,493,280</b>	<b>(\$3,161,530)</b>	<b>(\$2,294,599)</b>	<b>(\$6,176,065)</b>	<b>\$0</b>	<b>(\$122,493)</b>
<b>Budgeted Fund Balance: 6/30/14 est.</b>	<b>\$19,214,094</b>	<b>\$18,214,094</b>	<b>\$68,056,247</b>	<b>\$24,281,620</b>	<b>\$16,329,190</b>	<b>(\$8,626,664)</b>	<b>\$137,468,581</b>
<b>Budgeted Change in Fund Balance for FY 2014</b>	<b>(\$834,530)</b>	<b>\$1,561,180</b>	<b>(\$726,650)</b>	<b>\$2,338,902</b>	<b>\$1,310,520</b>	<b>\$0</b>	<b>\$3,649,422</b>



# Glossary



# Glossary

Adopted Budget  
June 5, 2013

## List of Commonly Used Terms

### **9% Tax Credit**

Credits against income tax granted competitively by allocation from state housing agencies in return for the production or preservation of housing affordable to specified income levels over 10 years; one of two low income housing tax credits (LIHTC).

### **501(c)(3)**

A non-profit and tax-exempt organization which is organized under Section 501(c)(3) of the Federal Tax Code. A 501(c)(3) Bond can be used to provide single family housing without the need for Private Activity Volume Cap.

### **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 (such as FBI) formed from initial letters.

### **Administrative Fees**

Revenue earned in the Housing Choice Voucher program based on the number of vouchers under contract the first of the month.

### **Administrative Plan (HCV Program)**

Establishes policies for carrying out the Voucher programs in a manner consistent with HUD requirements and local goals and objectives contained in the Agency Plan.

### **Admissions & Occupancy Policy (A & O Policy)**

All HOC housing programs (except Public Housing) are administered with a program specific A&O

Policy describing program advertising, eligibility, applicant processing procedures, resident selection, and occupancy standards.

### **Admissions and Continued Occupancy Policy (ACOP)**

Defines the policies for the operation of HOC's Public Housing Program, incorporating Federal, State and local law.

### **Agency**

One of the various local and state government entities having relevance to the Commission such as the major components of Montgomery County government; namely Executive departments, Legislative offices and boards.

### **American Dream Downpayment Initiative (ADDI)**

ADDI is a special closing cost and downpayment assistance effort funded with HUD HOME funds provided to the County.

### **Americans with Disabilities Act (ADA)**

Title II of the ADA prohibits discrimination based on disability in programs, services, and activities provided or made available by public entities. HUD enforces Title II when it relates to state and local public housing, housing assistance and housing referrals. Generally, the ADA applies to the publicly accessible areas of housing. Section 504 and the Fair Housing Act (see below) provide more extensive protections for individuals.

### **Annual Growth Policy**

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

### **Arbitrage**

The difference in price on the same security, commodity, or currency when traded in different markets. HOC sells bonds and pays a bondholder an interest rate. HOC invests the proceeds from the sale of the bonds in mortgages or approved investments. If the cost of funds, what HOC pays

the bondholder, is equivalent to the yield from the investments, arbitrage is neutral. If HOC earns more return from its investments than it must pay the bondholders, there is positive arbitrage. If investment rates are low and mortgage production is slow, negative arbitrage occurs because HOC has to pay the bondholder more than it makes on its investment. Positive arbitrage must be returned to the Federal Government. To the extent possible, bonds are structured to minimize negative arbitrage.

### **Arbitrage Rebate**

In single family mortgage revenue bond transactions, the Issuer is only allowed to keep investment earnings calculated at a rate equal to the bond yield. If the overall return on an issue's investments is greater than the bond yield, the excess investment earnings have to be rebated to the Treasury Department. Such excesses are called arbitrage rebate.

### **Area Median Income**

Washington-Arlington-Alexandria, DC-VA-MD-WV area median income as defined by the Department of Housing and Urban Development (HUD). The 2012 area median income is \$107,500 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.

### **Basis Point**

A measure of interest rates or yield equal to 0.01% (or .0001).

### **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 Cap**

The Federal Tax Code places a cap on the volume of "private activity" bonds that may be issued in each state each year. Volume cap is a limited resource. Each state receives an annual allotment of cap based upon population. The County's share of the state's allocation annually comes to HOC. HOC's authority to issue bonds is limited by the amount of volume cap it has access to. Various IRS rules apply to the issuance and disposition of bonds.

### **Bond Proceeds**

The amount of the funds that an Issuer receives from the Underwriters in a public offering, or from an investor in a private placement, in exchange for the Issuer's bonds.

### **Bond Purchase Agreement**

The legal document which explains the Underwriters' (in a public offering) or the Investors' (in a private offering) obligation to purchase the bonds and the Issuer's obligation to deliver the bonds on the agreed-upon closing date.

### **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.

### **CAFR**

Comprehensive Annual Financial Report - State and Local governments issue an annual financial report called the Comprehensive Annual Financial Report (CAFR, pronounced cay-fer). The CAFR has three sections: an introductory section, a financial section, and a statistical section. Some but not all of what goes into the CAFR is shaped by the Governmental Accounting Standards Board (GASB), which is the current authoritative source for governmental Generally Accepted Accounting Principles (GAAP).

### **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.

**Cash Flow Analysis**

A quantitative analysis which demonstrates that the invested funds, mortgage loans, or mortgage-backed securities will provide sufficient cash flow to pay the principal and interest on the bonds and all expenses. Typically a cash flow analysis will consist of several different cash flow projections utilizing several different sets of assumptions.

**Closed Indenture**

Single bond issuance whereby the security for the issued bonds cannot be used as security for other series of issued bonds.

**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 primarily 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.

**Community Partners**

Housing Opportunities Community Partners, Inc., (Community Partners, Inc.) is a non profit 501(c) (3) corporation, established in 1999 to provide services exclusively to low-income individuals and families receiving housing subsidies through various HOC housing programs. Community Partners, Inc. actively recruits volunteers, secures grants, facilitates programming and solicits donations in an effort provide needed social services and resources to HOC residents.

**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.

**Continuing Disclosure Agreement**

An agreement between the Issuer and the Underwriters in which the Issuer agrees to comply with the requirements of SEC rule.

**Conventional Mortgage**

A mortgage loan that is neither FHA insured nor VA guaranteed; not a government loan. All conventional loans in HOC's Mortgage Purchase Program must have pool insurance. Loans above 80% loan-to-value are also required to be covered by private mortgage insurance.

**Cost of Issuance (COI)**

The costs associated with the issuance of single family and multifamily bonds. Costs of Issuance typically include Bond Counsel Fees, Financial Advisory Fees, Issuer Counsel Fees, Trustee's Fees, and Trustee's Counsel Fees.

**Cost of Living Adjustment (COLA)**

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

**Coupon**

The interest rate on a bond that the Issuer promises to pay the holder until maturity, expressed as a percentage of face value. The term derives from the small, detachable piece of a bearer bond which, when presented to the Issuer, entitles the holder to the interest on that date.

**Coupon Rate**

The part of the bond that denotes the amount of interest due.

**Credit Enhancement**

A bond insurance policy, security or a letter of credit which provides a guaranty to investors that they will receive the agreed-upon principal and interest payments on the bonds.

**Davis-Bacon**

The Davis-Bacon Act and related Labor Laws require the payment of prevailing wage rates (determined by the US Dept of Labor) to all laborers and mechanics on Federal Government construction projects (including alteration, repair, painting and decorating of public buildings and public works) in excess of \$2,000 and those construction activities conducted by others with federal financial assistance.

**Default (Bond)**

Breach of some covenant, promise, or duty imposed by the Bond. The most serious default occurs when the Issuer fails to pay principal or interest (or both) when due. Other "technical" defaults result when specifically defined events of default occur, such as failure to meet covenants. If the Issuer defaults in the payment of principal, interest, or both, or if a technical default is not cured within a specified period of time, the bondholders or trustee may exercise legally available rights and remedies for enforcement.

**Department of Business and Economic Development (DBED)**

To generate jobs in Maryland, the Department attracts new businesses, encourages the expansion and retention of existing facilities, and provides financial assistance and training. The Department publicizes Maryland's attributes, and markets local products at home and abroad to stimulate economic development, international trade, and tourism. The Department also invests in the arts and promotes film production in Maryland. DBED also has responsibility for allocating bond cap to the DHCD and local municipalities for housing and economic development.

**Debt Service**

The annual payment of principal 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 Community Development (DHCD)**

The Department of Housing and Community Development is dedicated to improving the quality of life in Maryland by working with its partners to revitalize communities and expand homeownership and affordable housing opportunities.

**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.

**Designated Plan**

In 1995, HUD approved HOC's plan to designate its 3 Senior Housing properties as Senior Only.

**Designated Plan Vouchers**

In 1998 and 2000, HOC received housing vouchers classified as Designated Plan Vouchers which are used to provide assistance to Non-Elderly Disabled persons selected from the Public Housing Waiting list who cannot be served in HOC's Designated Senior Only properties.

**Development Corporation**

A business organization with limited liability to its owners or members. In HOC parlance, it consists of a nonstock membership corporation whose members are the Commissioners primarily used to provide an ownership structure for FHA Risk Sharing financed developments which require a single purpose entity as an owner.

**Development Fees**

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

**Draw Down**

A mechanism in the single family program which preserves volume cap and helps to reduce bond debt by accelerating the pay off of higher cost bonds. The draw down is a separate indenture (agreement) with Merrill Lynch (ML) which allows HOC to borrow directly from ML to pay off bondholders instead of using prepayments from mortgages to do so.

**Due Diligence**

A process of thorough investigation by the underwriter(s) and other parties to a bond issuance to fully disclose all material facts related to the issuer, the use of the bond proceeds, the security of the bonds or any other factors which might affect the issuer and/or the ability to repay.

**Economic Occupancy**

Gross Rent Potential minus Vacancy Loss, Rent Concessions and Bad Debt.

**Electronic Funds Transfer**

An electronic form of fund disbursement or payment.

**Enterprise Income Verification (EIV)/Upfront Income Verification (UIV) System**

The HUD Enterprise Income Verification (EIV)/Upfront Income Verification (UIV) system is the preferred method of verifying income of Public Housing, Housing Choice Voucher, and HUD Multifamily programs. HUD's database provides housing providers information on earned and unearned income of program participants.

**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.

**Face Amount**

Par value (principal or maturity value) of a bond appearing on the face of the instrument.

**Fair Housing Act**

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status, and handicap (disability).

**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.

**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.

## **Fannie Mae**

The Federal National Mortgage Association is one of two private corporations whose charter is authorized and guaranteed by (on an annual appropriations basis) the Federal Government. Their charge is to provide liquidity to mortgage lenders by providing a guaranty to mortgage loans, which gives them liquidity in the secondary mortgage market.

## **Federal Housing Administration (FHA)**

The Federal Housing Administration is an agency of the Federal Government whose charge it is to assist in providing housing to underprivileged citizens of the United States.

## **FHA Mortgage**

A mortgage loan that is insured by FHA. FHA establishes its maximum loan amount and has its own set of underwriting guidelines for approval. FHA does not make the loan but insures the lender against potential losses due to default by the borrower.

## **FHA Risk Sharing Program**

A co-insurance partnership between the Department of Housing and Urban Development (HUD) and Housing Finance Agencies (HFA) provided for under Section 542 of the Housing and Community Development Act of 1992 whereby a form of credit enhancement is provided for multifamily housing developments. The program splits the risk on multifamily mortgages between HUD and participating HFAs and enables the development of affordable housing throughout the country. HFAs are approved on two levels: Level I, wherein HFAs may use their own underwriting standards and loan terms and may take 50-90% of the risk or Level II, wherein they may use underwriting standards and loan terms approved by HUD.

## **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.

## **Flexible Subsidy Program (Section 201)**

The Flexible Subsidy Program is part of HUD's effort to preserve affordable housing developed under federal government programs. It provides loans to owners of troubled federally assisted low- and moderate-income multifamily rental projects. It has two components: The Operating Assistance Program (OAP) provides temporary funding to replenish project reserves, cover operating costs and pay for limited physical improvements; The Capital

Improvement Loan Program (CILP) pays for the cost of major repairs or replacement of building components that cannot be funded out of project reserves. Both components are designed to help restore the properties' physical and financial soundness in order to maintain the use of the property for low- and moderate-income persons. The program allows rents to remain affordable.

## **Freddie Mac**

The Federal Home Loan Mortgage Corporation (FHLMC) is one of two private corporations whose charter is authorized and guaranteed by (on an annual appropriations basis) the Federal Government. Their charge is to provide liquidity to mortgage lenders by providing a guaranty to mortgage loans, which gives them liquidity in the secondary mortgage market.

## **Free Cash Flow**

The amount of cash left after expenses and debt payments are subtracted from operating income.

## **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.

## **Governmental Accounting Standards Board (GASB)**

The Governmental Accounting Standards Board (GASB) was organized in 1984 as an operating entity of the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities. The Foundation's Trustees are responsible for selecting the members of the GASB and its Advisory Council, funding their

activities and exercising general oversight with the exception of the GASB's resolution of technical issues.

### **General Obligation (GO) Bonds**

A bond secured by the pledge of the Issuer's full faith, credit, and, usually, taxing power. The taxing power may be an unlimited ad valorem tax or a limited tax, usually on real estate and personal property.

### **General Partner**

A member of a partnership who has authority to bind the partnership and shares in the profits and losses and is personally liable for the acts and contracts of the partnership. 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.

### **GNMA**

The Government National Mortgage Association (GNMA) is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development. GNMA is charged with providing a guaranty to mortgage-backed securities that are backed by a pool of mortgage loans insured by FHA, VA or USRD.

### **Good Neighbor Policy**

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

### **Gross Rent Potential**

The contract rent charged to residents without concession or deduction, plus vacant unit rent charged at current market rent, Area Median Rent or other program rent.

### **Grant**

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

### **Guaranteed Investment Contract (GIC)**

A contract between two parties which guarantees a specific rate of return on the invested capital over a specific period of time. HOC uses GICs to invest bond proceeds in the single family program for a higher rate of return than money markets, for example, but also allows funds to be withdrawn weekly to use for purchasing mortgages.

### **HCV Program Utilization**

The variance of vouchers under contract verses a determined HUD baseline, or the variance of HAP expenditures verses HAP funding.

### **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.

### **HO&C**

Housing Opportunities & Concepts is a consulting group established by the Commission from a FY 2005 Strategic Plan initiative that offers development advisory services to public agencies, non profits and private developers. The strategy is to capitalize on HOC's reputation as a public developer and to generate income for affordable housing in Montgomery County. The Commission earmarked up to \$1 million in seed capital to start the venture. Projections are to reach break even during FY 2008 and begin contributing cash flow to HOC by 2009.

### **HOC/HOP**

A revolving fund of \$2,500,000 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 loans for 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 Initiative Fund (HIF)**

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

**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.

**Internal Rate of Return**

The rate of return of an uneven cash flow.

**Jesup Blair House**

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

**Letter of Credit**

A form of credit enhancement in which funds are reserved in a prescribed amount which can be drawn down as necessary to provide for cash flow deficiencies.

**Leverage**

Using existing resources in exchange for a greater benefit.

**Limited Partnership**

A business organization in which there is at least one general partner responsible for management and personally liable for the acts of the partnership and at least one limited partner who serves as an investor and is liable to the extent of its investment. HOC uses limited partnerships as vehicles for its tax credit transactions with 3<sup>rd</sup> party investors as limited partners.

**Low-Income Tax Credit**

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

**Maturity Date**

The stated date on which the principal amount of a bond is due and payable.

**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-Vento Homeless Assistance Act**

A Federal grant program administered by HUD to provide transitional and permanent housing for the homeless. HOC's McKinney programs include the Supportive Housing Program and Shelter Plus Care Program.

**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 35 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)**

An 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.

#### **Mortgage-backed Securities (MBS)**

Securities which are backed by pools of mortgage loans and are guaranteed by GNMA, Fannie Mae or Freddie Mac.

#### **Multifamily Mortgage Revenue Bonds**

Tax-exempt housing revenue bonds issued by HOC, the proceeds of which are used to finance mortgages for new or existing multifamily 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.

#### **Non-Elderly Disabled Housing**

Housing Choice Voucher allocation to be used to provide housing assistance to the Non-Elderly Disabled population.

#### **Open Indenture (also known as Parity Indenture)**

All assets of the indenture are pledged as security for all bonds in the indenture. An open indenture also outlines the terms & conditions for issuing more than one series of bonds, it is governed by a general or master indenture, and transactions in the indenture possess similar characteristics.

#### **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.

#### **Opt-Out**

A voluntary action taken by a property owner of not renewing a long standing funding contract with HUD, usually results in Enhanced or Opt-Out Vouchers for clients affected by the action.

#### **Opt-Out Vouchers**

Also known as conversion vouchers, provide assistance to families living in section 8 projects for which the owner is opting out of the Housing Assistance Payment contract. HUD will allocate HOC tenant-based vouchers for the families that are affected by the opt-out if the family meets all other program requirements. HOC will administer these vouchers as part of its larger tenant-based program.

#### **Par Value**

The face amount or principal amount appearing on the face of the bond.

#### **Paradigm**

A philosophical or theoretical framework of any kind.

#### **Parity Indenture**

See Open Indenture.

#### **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 bi-County 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 in Montgomery County.

**Pool Insurance**

A form of mortgage insurance on conventional mortgages for the HOC Mortgage Purchase Program. It is a second level of coverage after the primary policy to defray potential losses caused by a foreclosure. The single family indenture requires such a policy for each bond issue with aggregate coverage to be 10% of the original loan amounts of the pool of conventional mortgages made in a program.

**Pre-Ullman**

In 1979, Congressman Al Ullman introduced legislation severely restricting the issuance of tax exempt bonds financing housing. The Ullman Act took effect in 1981 establishing certain restrictions on bond financing including first time homeownership, arbitrage, sales price and income limits. The legislation is named after the Congressman who introduced it. Pre-Ullman bonds are bonds issued prior to 1981.

**Present Value**

The value today of a sum at a future date.

**Price (Bond)**

The measure of value of a bond at a certain time. When bonds are sold for a price higher than the stated principal amount or par value, the bond is said to be sold at a premium. When bonds are sold for a price that is less than the stated principal amount or par value, the bond is said to be sold at a discount.

**Principal**

The face amount of a bond (par value) that is payable at maturity.

**Proforma**

A comprehensive financial analysis of a project.

**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.

**Rating Agency**

A private corporation that analyzes bond issues and assigns a rating to indicate to prospective bondholders the investment quality of the issue. There are currently three nationally recognized rating agencies: Standard & Poor's Corporation, Moody's Investors Services, and Fitch Investor's Services.

**REAC**

The Real Estate Assessment Center's (REAC) mission is to provide and promote the effective use of accurate, timely and reliable information assessing the condition of HUD's portfolio; to provide information to help ensure safe, decent and affordable housing; and to restore the public trust by identifying fraud, abuse and waste of HUD resources. REAC is improving the quality of HUD housing through: The first-ever **Physical Inspections** of all HUD housing. Analysis of the Financial Soundness of **public** and **multifamily** assisted housing.

**Rebate**

See Arbitrage rebate.

**Redemption**

The paying in full of a bond from principal repayments of mortgagors therefore, canceling the debt. Volume cap is lost when this is done.

**Redemption Provision (Bond)**

The terms of the bond giving the Issuer the right or requiring the Issuer to redeem or call all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specified price, usually at or above par.

**Refunding**

Paying bonds in full by issuing new bonds using principal repayments, i.e., recycling of funds. This refunding process preserves volume cap. The 10 year rule erodes this technique because it requires certain bonds to be redeemed with prepayments subject to the rule. When prepayments are used to redeem bonds, the volume cap associated with the bonds disappears.

**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.

**Revenue Bond**

A bond on which the debt service is payable solely from the revenue generated from the operation of the project being financed.

**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 that uses an interest rate subsidy to provide affordable rents to low-income households. The Federal subsidy is in the form of mortgage insurance and an interest reduction payment to the owners of the properties. Property owners in this program make mortgage payments that are based on a 1% mortgage interest rate. HUD then provides a subsidy to their lender to cover the difference between 1% and the market interest rate on the property's loan. Eligible households are required to pay rent equal to the greater of 30% of their adjusted annual income (not to exceed the market rent), or the basic rent amount set by HUD for that particular property. Any amount paid by the household that is more than basic rent is considered excess rent, which the owner usually pays back to HUD in repayment of the subsidy.

### **Section 3**

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 which requires that recipients of certain HUD financial assistance provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

### **Section 5(h) Program**

The section 5(h) program is authorized in the United States Housing Act of 1937. The program permits a PHA to sell all or part of a public housing project to its residents without impacting the Federal Government's commitment to pay annual subsidies for that project. HUD approved HOC's 5(h) plan in December 1994. HOC converted 31 Turnkey III Units to the 5(h) program for the purpose of selling them to residents. The 5(h) program includes or has included units at Bel Pre Square, Hermitage Park, Tobytown, and two scattered-site developments.

### **Section 504**

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency, including HUD. Section 504 provides the legal basis for a reasonable accommodation for a participant in or an applicant to HOC's federally assisted programs.

### **Section Eight Management Assessment Program (SEMAP)**

The Section Eight Management Assessment Program (SEMAP) was designed by the United States Department of Housing and Urban Development (HUD) as a tool to measure the performance of Public Housing Authority's administering the Housing Choice Voucher (HCV) program and the Family Self-Sufficiency (FSS) component of the voucher program.

### **Service-Linked Housing**

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

### **Servicing Agreement**

The Agreement between the Issuer, the Trustee, and the Lenders which explains the terms under which mortgage loans will be purchased by the Servicer or Master Servicer as well as the responsibilities of the Servicer throughout the life of the mortgage loans.

### **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 Federal rent subsidy program funded through the McKinney-Vento Homeless Assistance Act that includes Housing Assistance Payments and extensive case management assistance to persons who are chronically, mentally ill.

### **Stabilization**

The condition that exists post renovation, acquisition or new construction when rent projections are achieved, operational expenses are in line with projections and the property achieves the projected debt coverage ratio (most commonly referred to as the first stabilized year).

### **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.

### **Supportive Housing Program**

A Federal program funded through the McKinney-Vento Homeless Assistance Act that provides monies for the development and operation of transitional and permanent housing.

### **Tax credit**

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

### **Tax exempt bonds**

Issued securities for which the interest paid to the holders are not subject to Federal income taxes.

### **Taxable bonds**

Issued securities for which the interest paid to the holders are subject to Federal income taxes.

### **Tax Credit Partnership**

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

**Ten Year Rule**

A 1989 IRS rule which requires principal payments received 10 years or more after the date of issuance of the bonds originally providing funds for the mortgages to be applied to the redemption of the bonds issued to finance the mortgages. Each year more and more principal payments become subject to the 10 year Rule, decreasing the funds available for new mortgage loans by means of refunding.

**Thirty-Two Year (32) Rule**

An IRS rule added to the Federal Tax Code in 1986. It applies to all bond issues that are not pre-Ullman, i.e. issued prior to 1981. Under this rule, the final maturity of refunding bonds can be no longer than 32 years after the original issuance date of the original bond issue. This creates a mismatch between the maturity of a 30 year mortgage loan and the permitted maturity of new refunded bonds. For example, the final maturity of a new 30 year mortgage would be 20xx while the final maturity of bonds issued to refund bonds that trace back to 1985 would be 2017. The structuring techniques used to lengthen the maturity of bonds are: (1) issuing new bonds using an allocation of volume cap; (2) refunding bonds tracing back to pre-Ullman bonds (a diminishing supply); and (3) issuing taxable bonds.

**Turnkey**

The Turnkey program is an old HUD program that enabled a potential "homebuyer" to lease the unit while building equity. The family pays 30% of their income as rent and a portion of the payment is placed in various escrow accounts to be used towards purchase. The premise is that, overtime, the HUD Loan amortizes, incomes go up, and equity builds, allowing the house can be purchased.

**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.

**Underwriter's Fee**

The compensation paid to the underwriting team for structuring and marketing a bond issue. The

underwriter's fee is sometimes paid as a separate fee or sometimes as a discount on the purchase price paid by the underwriters for the bonds.

**Underwriting**

In general, an evaluation process to approve or reject a loan. It involves the review of the borrower's credit, employment, assets and the property. HOC also has an underwriting team which sells the bonds it issues.

**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 an asset that is not "real" because the asset has not been sold.

**User Fees**

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

**VASH**

Veterans Affairs Supportive Housing program, an allocation of Housing Choice Vouchers used in conjunction with the Department of Veterans Affairs.

**Volume Bond Cap (See Bond Cap)****Violence Against Women Act (VAWA)**

Among other provisions addressing violence prevention programs and services, VAWA, reauthorized by Congress in 2005, prohibits housing providers from denying admission to, terminating, or evicting a household solely based on the fact that a family member is a victim of domestic violence. HOC has adopted specific policies that are in compliance with VAWA.

**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 a full-time position.

**Yield**

The return on an investment, stated as a percentage of price.

## Frequently Used Acronyms

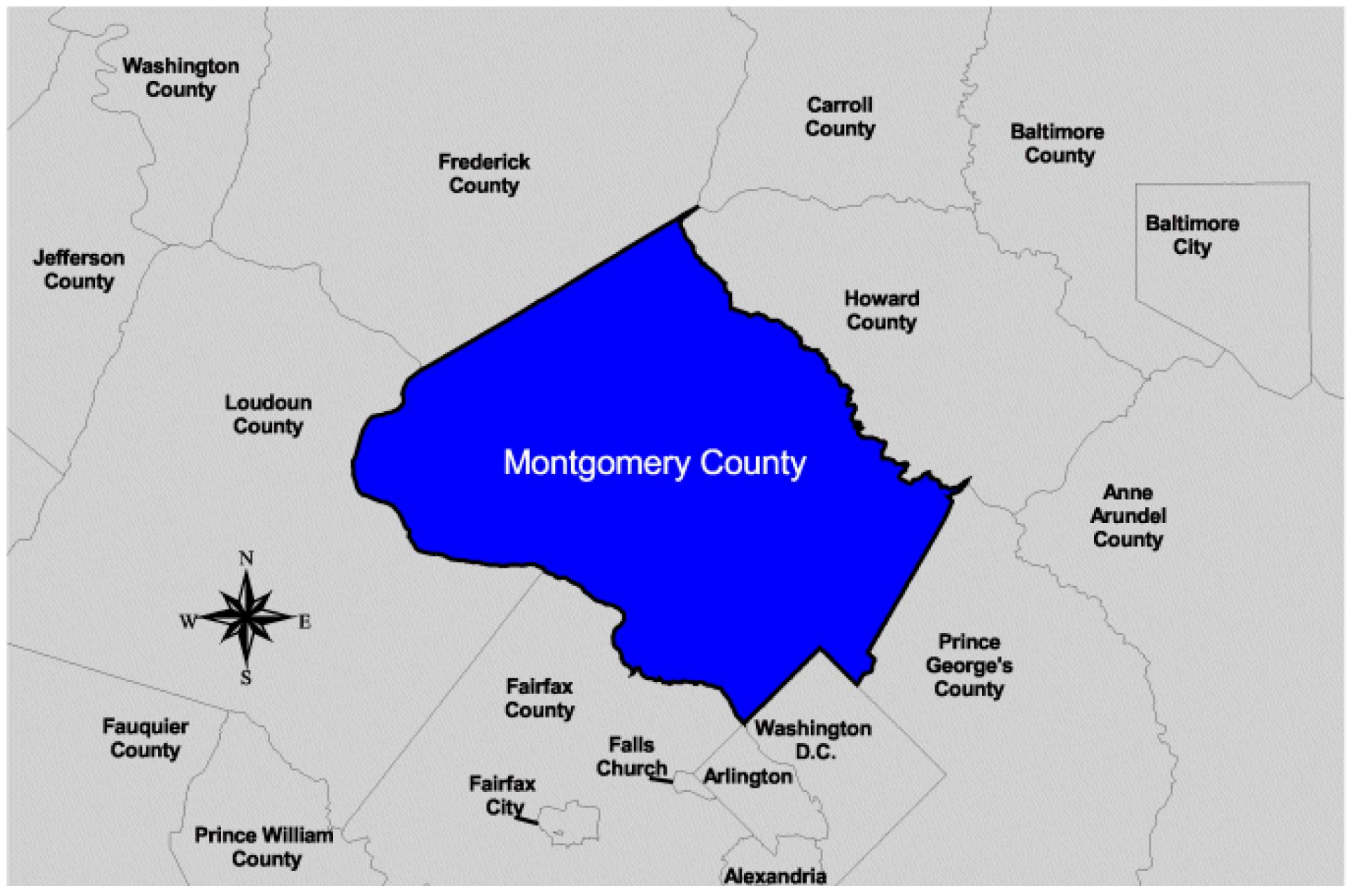
A & O	Policy Admissions and Occupancy Policy	ACOP	Admissions and Continued Occupancy Policy
ACH	Automated Clearing House		

ADA	The Americans with Disabilities Act	HOC/HOP	HOC Home Ownership Program
AGP	Annual Growth Policy	HQS	Housing Quality Standards
ARRA	American Recovery and Reinvestment Act	HRS	Housing Resource Service
AWOR	Acquisition Without Rehabilitation	HIF	Housing Initiatives Fund
CFP	Capital Fund Program	HOC	Housing Opportunities Commission
CIP	Capital Improvements Program	HOPWA	Housing Opportunities for Persons with HIV/AIDS
CDBG	Community Development Block Grant	HQS	Housing Quality Standards
COMP	Comprehensive Grant Program	IT	Information Technology
Gant		MCGEO	Municipal and County Government Employees Organization
COI	Cost of Issuance	MPDU	Moderately Priced Dwelling Unit
COLA	Cost of Living Adjustment	MPP	Mortgage Purchase Program
DBED	Department of Business and Economic Development	NAHRO	National Association of Housing and Redevelopment Officials
DHCA	Department of Housing and Community Affairs	NSP	Neighborhood Stabilization Program
DHCD	Department of Housing and Community Development	OCAF	Operating Cost Adjustment Factor
DHHS	Department of Health and Human Services of Montgomery County	OHRF	Opportunity Housing Reserve Fund
HUD	Department of Housing and Urban Development	PHMAP	Public Housing Management Assessment Program
EEO	Equal Employment Opportunity	PRHP	Partnership Rental Housing Program
EHO	Equal Housing Opportunity	PIC	HUD Public and Indian Housing Information Center
EIV/UIV	Enterprise Income Verification (EIV)/ Upfront Income Verification (UIV)	PILOT	Payment in Lieu of Taxes
FHA	Federal Housing Administration	PLQ	Personal Living Quarters
FMR	Fair Market Rent	RAB	Resident Advisory Board
FSS	Family Self Sufficiency	RAP	Rental Allowance Program
FTE	Full Time Equivalent - See WY	RfR	Replacement for Reserves
FUP	Family Unification Program	RHPP	Rental Housing Production Program
GAAP	Generally Accepted Accounting Principles	RIF	Reduction in Force
GASB	Governmental Accounting Standards Board	RUIT	Rent, Utilities, Insurance, and Taxes
GIC	Guaranteed Investment Contract	SFMP	Single Family Mortgage Purchase Program
GIS	Geographical Information System	SHRAP	Supportive Housing Resident Assistance Program
HALF	Homeownership Assistance Loan Fund	TIP	Tenant Integrity Program
HAP	Housing Assistance Payments	TEMHA /RAP	Transitional, Emergency, Medical and Housing Assistance/Rental Allowance Program
HCV	Housing Choice Voucher Program	UPCS	Uniform Physical Condition Standards
HO&C	Housing Opportunities and Concepts	VAWA	Violence Against Women Act
		WY	Work Year



# Map



# Montgomery County, MD and Vicinity



**Legend**  
■ Montgomery County Boundary  
■ MD and VA Counties

10 0 10 Miles

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





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