



# Recommended Budget Fiscal Year 2024



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Housing Opportunities Commission of Montgomery  
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For the Fiscal Year Beginning

**July 01, 2022**

*Christopher P. Morill*

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, Maryland for its Annual Budget for the fiscal year beginning July 1, 2022**

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

Recommended Budget  
April 5, 2023

## From Chelsea Andrews, Executive Director

### The Path of Resilience During Uncertain Times

**HOC’s strong foundation has prepared us to sustain a path of resilience during an uncertain time.** It has been three years since the World Health Organization declared COVID-19 a global pandemic. While the rates of housing hardship among black and brown communities were arguably high pre-pandemic, this global crisis nearly crippled an already burdened population, leaving many unable to pay rent, utilities, and other basic housing expenses. Moreover, individuals of lower economic status, regardless of race, were impacted most significantly by the pandemic. While the pandemic is waning, the impact it has had on families, jobs, and the economy is ongoing. Recently, HOC joined housing providers across Maryland to advocate at the State Capital for the appropriation of \$175 million in emergency rental assistance funding. We also worked in partnership with local, state and federal government, community partners, and other stakeholders to leverage **new programs and resources to assist residents.**

HOC has also had to navigate “the great resignation,” and has struggled

to recruit and retain the highest quality employees due to competition, primarily from the private sector. In addition, HOC had to navigate a cultural shift as we moved to a hybrid work environment while operating a service model to meet the needs of our residents. We believe productivity levels have been maintained at a high level, measured by the service we continue to deliver, but this has not been without its challenges.

Nevertheless, HOC remained resilient and has worked over the past year to usher in **new leadership, new technology, and new approaches** to deliver on our mission. Poised to embark on a **new Strategic Planning process**, HOC is ready to chart a **new course**, give tenants a fresh start, and deploy **new sources of capital** to support increased housing production in the County.

#### **Accomplishments**

In recognition of the lingering effects of COVID-19 experienced by HOC customers, HOC is adopting **new methods of expanding Rental Assistance** to reach more residents that have been financially impacted during the pandemic by giving them a fresh start.

For the past two years, due to the



#### Special points of interest:

“HOC’s strong foundation has prepared us to sustain a path of resilience during an uncertain time.”

pandemic, HOC did not pursue lease enforcement activities for delinquency to avoid displacement of our residents. The fiscal impact has been significant; however, through rental relief from the **Community Development Block Grant (“CDBG”) Rent Relief program**, other rental assistance from Montgomery County’s **Housing Initiative Fund**, the County Executive’s **special allocation**, as well as the **Emergency Rental Assistance Program**, funded by the federal government, these funds will go a long way to ease the housing burden for many of our households and help residents remain stably housed. HOC was also aided by reimbursements from the **Federal Emergency Management Agency (“FEMA”)** for response and recovery costs from the COVID-19 disaster and was approved for \$680K, marking the fifth, and largest award to date. The receipt of this award increases HOC’s total FEMA reimbursements to \$1.33 million.

In our efforts to produce more affordable housing, HOC has received approval for a second tranche of funding for the **Housing Production Fund (“HPF”)**, increasing the authority to \$100 million. This **new financing method** was designed to increase the availability of high-quality affordable housing in Montgomery County. Approved by the County Council in March 2021, the HPF established \$50 million to provide revolving, low-cost, construction-period financing to HOC’s developments. The HPF is utilized in conjunction with additional HOC investment, private investment, and conventional construction debt to finance construction and lease-up phases for **new-construction projects**. Permanent financing repays the initial HPF investment, which is subsequently returned to the fund for investment in the next HPF transaction. The goal of the HPF is to produce 3,500 **newly constructed units** over a twenty-year period. The HPF will revolve every five years resulting in \$250 million of construction loans over a twenty-year period and will provide committed capital for part of HOC’s 5,500-unit pipeline.

HOC has successfully funded the first loan to develop **The Laureate**, a 268-unit, mixed-income, mixed-use **new construction project** located in Rockville, just steps away from the Shady Grove metro. Twenty percent of the units will be set aside for households at 50% of the area median income (“AMI”) and 10% as Moderately Priced Dwelling Units (“MPDUs”). This development is also home to **HOC’s new Up County Service Center**, which will relocate to this building upon completion.

**The Leggett** is another example of HOC’s ability to **construct new communities while preserving affordability, this time for low-income seniors**. Part of the broader Elizabeth Square investment, The Leggett is a 267-unit, 16-story high-rise development for seniors aged 62 and above. This mixed-income, mixed-use community is the future home of the County-owned South County Regional Recreation and Aquatics Center and Holy Cross Wellness Center, which will be expanded to serve the broader community, not only the residents of Elizabeth Square. The property will provide 106 Rental Assistance Demonstration replacement units (converted from Public Housing) set aside for current Elizabeth House residents at 30% of the AMI, and the balance serving residents up to 80% of the AMI, except for 29 units with no restrictions (market rate).

Once residents are relocated to their **new homes** at The Leggett, HOC will demolish Elizabeth House, making way for additional mixed-income apartment homes to be built on that site. The \$1.5 million demolition funds approved in the County’s Capital Improvement Program, leveraged with other County and HOC sources, will fully fund the demolition cost and ensure patrons have safe and easy access to the **new County recreation and aquatic center** once it opens.

To celebrate this unique community revitalization effort, HOC will be hosting a grand opening and renaming ceremony at The Leggett in May 2023. The property will be renamed in



honor of Isiah Leggett, the first African American to be elected to the Montgomery County Executive office and an ardent supporter of seniors.

Design, entitlement, and permitting continues on several other **new construction projects** including Hillandale Gateway and Garnkirk Farms Apartments. These two buildings will bring 494 affordable units, including 155 age-restricted apartments. The **Hillandale Gateway** project will be the first multifamily building in Maryland constructed to Passive House standards. The **Garnkirk Farms Apartments**, with the support of a significant on-site solar array, is designed to be LEED Platinum and Net Zero Energy Ready with universal design for accessibility for all residents - the first in the Mid-Atlantic region.

HOC continues to develop new, renovate older and **preserve** existing affordable housing through acquisition and rehabilitation of the County's rental housing stock. Two recent acquisitions—**Bradley Boulevard Apartments and Battery Lane Apartments**—preserved 401 and 212 naturally occurring affordable units respectively, which were at risk of being lost to investors in the Bethesda market. HOC's acquisition ensures that they are preserved as affordable, rent increases are nominal at the County Executive's Voluntary Rent Guidelines ("VRG"), and upon future redevelopment, there will be no net loss of affordability.

HOC's success in executing on new construction, renovation, and preservation initiatives are made possible by our ability to provide mortgage financing through our role as Montgomery County's designated **Housing Finance Agency**. Our Mortgage Finance Division operates the **Multifamily Lending Program ("Multifamily Program")** and the **Single Family Mortgage Purchase Program ("Single Family Program")**, together, the ("Bond Program") for the agency, which has issued over \$6 billion in securities since the beginning of the program in the 1970s.

Currently, HOC's Multifamily Program has \$560 million in outstanding bonds for developments we own, or those owned by private or nonprofit developers, that were financed through the issuance of various types of bonds. Through these financing activities, the Mortgage Finance program contributes Commitment Fees to the operating budget and capital reserves to reinvest in the future production and preservation of affordable housing. In FY 2023, a total of \$28.5 million in tax-exempt, variable rate private activity bonds was issued to finance the permanent financing of Residences on the Lane (Rockville), a senior income restricted community with 95% affordable units. Before the close of FY 2023, we anticipate earning \$5.4 million in Commitment Fees in FY 2023. In FY 2024, the Multifamily Program will continue to focus on financing new construction, Low-Income Housing Tax Credit ("LIHTC") resyndication, and affordable preservation transactions, and expects to issue \$238.7 million in tax-exempt private activity and taxable bonds to fund mortgages for HOC's developments, namely Hillandale (Silver Spring) and The Metropolitan (Bethesda).

The **Single Family Program** finances \$30-\$40 million of low-cost, single-family home mortgages and upwards of \$2.5 million in closing cost assistance annually for moderate-income families. These efforts are accomplished through our **Mortgage Purchase Program ("MPP")**, a key resource for qualified first-time home buyers purchasing in Montgomery County. The MPP is funded through a combination of the Commission's sale of taxable or tax-exempt mortgage revenue bonds and **Mortgage-Backed Securities ("MBS")**. Our down payment and closing cost assistance is made possible through three unique programs including our **County Closing Cost Assistance Program, Purchase Assistance Program, and the Montgomery County Homeownership Assistance Fund**. In FY 2022, the Single Family Program completed one (1) bond issuance totaling \$32 million under the 1979 Indenture, which provided new monies to

purchase MBS' and fund **new mortgage loans**. Bond proceeds from the FY 2022 issuance, along with any remaining funds within the Single Family Program, allowed 98 households to become first-time homebuyers. Bond funds were also utilized to issue 17 secondary Down-Payment Assistance loans, which provide borrowers with three percent (3%) of the sales price. This program is critical to ensuring HOC's fiscal health, but it further increases the **opportunity for homeownership** among moderate-income households, allowing them to remain in the County and contribute to the County's tax base.

HOC is advocating in support of establishing a **new statewide voucher program** that would provide additional resources to reduce the waiting time for those on the waitlist for Housing Choice Vouchers. Meanwhile, we are delivering **new housing opportunities** through the receipt of **Emergency Housing Vouchers ("EHVs")**. HOC has an allocation of 118 EHVs for families who are homeless, recently homeless, at risk of homelessness, or fleeing domestic violence, sexual assault, stalking or human trafficking. As of March 2023, 94 families have successfully leased units and 12 families with issued vouchers are searching for suitable units to rent. HOC continues its partnership with the Continuum of Care ("CoC") at the County's Department of Health and Housing ("HHS") to ensure full utilization of this vital resource.

Recognizing the challenge some customers faced in either lacking the equipment, internet service, or the knowledge to use the devices and platforms necessary to receive services effectively in a virtual environment, HOC launched a **new Broadband Initiative** to bridge the divide in digital inequity.

With the help of HOC's IT consultant working in conjunction with CISCO, our **new Broadband Initiative** was successfully completed. The Digital Equity Roadmap identified three phases: Phase I identified digital equity data and digital equity expertise. Phase II consisted of digital

equity leadership, definitions of broadband and digital equity, digital equity goals and metrics, and digital equity policies. Phase III consisted of appropriate broadband devices to HOC customers, digital literacy training materials and curriculum for HOC customers, ability to deliver digital literacy training, and to evaluate potential future broadband capabilities and solutions. On December 3 and December 10, 2022, HOC partnered with Montgomery Connects to provide free computers to qualified County residents and enroll them in the Affordable Connectivity Program ("ACP") for up to \$45 credit in internet services. Free computers were distributed to 382 customers, of which 287 were HOC customers (representing 186 households). Ninety-three percent (93%) of the HOC customers who received a free computer reported not having a laptop prior to the distribution event and 74% of customers were using their smartphone as a computer. With this success, HOC is poised to secure direct funding from the State of Maryland. Plans are now underway for HOC to meet with the Deputy Secretary of Maryland Department of Housing and Community Development to secure direct funding to further its Broadband Initiatives that align with the state's priorities for closing the digital divide.

The **HOC Academy ("HOCA")** connects, in one place, all our services/linkages in adult education, workforce development programs, small business development, counseling resources for adults and several enrichment programs for children of all ages. Thanks to the financial support from HOC's non-profit affiliate, the **Housing Opportunities Community Partners ("HOCP")**, HOCA can implement programs that empower our customers to pursue opportunities that help to improve their quality of life and overall self-sufficiency.

In the last year, HOCA's **Adult Education and Workforce Development Program ("AEWD")** provided career and small business development training in collaboration with Career Catchers,

WorkSource Montgomery, and ALSTNTEC, LLC. We conducted several cohorts of the 10-week Small Business Strategies Course, which assisted residents with legalizing 29 businesses. HOCA also distributed tuition assistance to AEWD participants, many of whom completed certifications in a variety of vocational programs. HOCA will continue to provide education and career training, tuition assistance and small business development opportunities to HOC customers in FY 2024.

HOCA's **youth enrichment programs** offer a wide variety of STEM and STEAM programming opportunities for children in all school grade levels. Last year, HOCA was able to offer program options for youth programs including a virtual STEM Summer Day Camp and bimonthly field trips to STEM based activities. With support from HOCP, our youth programs made a positive impact on many of our young people – they all demonstrate a better understanding of various STEM subjects, they express increased interest in STEM subjects at school, and the majority report a growing desire to pursue careers in the ever-expanding STEM job market.

Together with HOCP, HOCA will work to enhance our existing programs and will develop **new programming** for both adults and youth in FY 2024.

HOC's Fatherhood Initiative Program ("FIP") continues to produce excellent outcomes for hundreds of fathers and their children each year. HOC is the only public housing authority in the country to receive funding from the US Department of Health and Human Services Office of Fatherhood of Family Assistance ("OFA") Fatherhood F.I.R.E. Grant (Fatherhood Family-focused, Interconnected, Resilient and Essential). Our FIP is successful because we partner with leading experts in responsible fatherhood education, healthy marriage training, workforce development and financial literacy to propel more than 200 fathers each

year to become better dads, who support their children, emotionally, developmentally, and economically. Since 2015, approximately 1,300 fathers successfully completed the program – gaining education, training, and access to employment opportunities, significantly developing parenting skills and techniques, and building supportive bonds with other fathers. Currently in the middle of our seventh year, HOC is well positioned to continue impacting the lives of many fathers and their families.

HOC's **Family Self Sufficiency ("FSS") Program** continues to help **Housing Choice Voucher ("HCV")** residents build wealth by providing direct financial assistance, savings accounts, employment assistance, financial and homeownership education, career training and assistance, educational opportunities, and more over the course of five years of case management. The education and skills that FSS participants attain significantly help them to compete in the ever-changing post-COVID job market. Currently, 353 HOC customers are actively working toward their individualized milestones and goals outlined in their FSS contract of participation. Each year, many FSS participants successfully graduate and receive the funds they earned and saved in their escrow account which can be used for home purchase, small business development, or any other aspirations of greater self-sufficiency. Later this year, we look forward to congratulating 30 participants on their FSS graduation.

### ***Path Forward***

As we look ahead to the future, HOC will continue to face many challenges, but will be afforded many opportunities to continue to deliver a balanced budget and in doing so, accomplish our mission. We will set forth a **new Strategic Plan** that will address macro- and micro-level challenges that will enable us to meet the needs of County residents over the next five years. We believe addressing the County's affordable housing challenge will require focusing on the "three P's": housing

production, preservation and protection of subsidy programs.

At a macro-level, the environment in which we operate will impact our ability to deliver housing opportunities by taking advantage of **new and existing housing production tools** that advance goals set forth for Montgomery County. We will do so with the development of Hillandale Gateway, which will break ground in the fall of 2023 for the construction of 463 mixed-income, age-restricted and non-age-restricted units in the East County. The production goals are further advanced with the ongoing planning at Wheaton Gateway which, when completed, will deliver at least 770 units at the intersection of University Boulevard and Veirs Mill Road in Wheaton, the renaissance of Heritage Emory Grove in Gaithersburg, as well as the Garnkirk Farms project in Clarksburg, and Sandy Spring Missing Middle project in Olney. At the same time, we must work to **preserve housing** that already exists so there is no net loss from our acquisition and redevelopment activities. This means continued reinvesting in our existing assets as well as the acquisition of at-risk multifamily developments that are naturally occurring affordable housing. And finally, with 36,000 applicants on the waitlist, 27,000 of which seeking HCVs, we must double our efforts at the federal level to **protect the number of available vouchers** and continue to support legislation at the state level to introduce subsidy programs for those in need.

At the micro-level, HOC must find **new ways to grow our revenue**, both from real estate and mortgage finance fees, while stabilizing revenue from our properties. Throughout the budget process, we have discerned opportunities whereby stronger management of our properties can result in lower vacancies, lower concessions, and higher net incomes. HOC is uniquely positioned to take advantage of the market because our annual rent increases are limited by the County Executive's VRG, which should attract renters. On the flip side,

controlling our expenses, though difficult in a high inflationary environment, will allow us to realize stable cash flow, strengthen our assets, and better serve our residents through some of the Resident Service initiatives funded by our properties.

And while we are focusing squarely on the fiscal aspects of our operations, it is imperative that we use the available financial and educational resources to assist customers to reestablish their housing status and become financially stable. This will enable them to focus more clearly on meeting the needs of their families, repaying delinquent rents that will allow HOC's financial operations to return to normal, and move their families closer to self-sufficiency. Staff are cautiously optimistic that as the environmental effects from the COVID-19 pandemic improve, the risk of evictions from HOC's properties will decrease, allowing our customers to remain housed. If we hope to continue serving our customers and community as effectively and efficiently as possible, HOC will need to continue to be innovative in our service delivery.

Crucial to this work are the partners – big and small; government, private, and nonprofit – who demonstrate an enduring commitment to bettering Montgomery County and serving its residents. Working together, we are able to help more families and communities determine the trajectory of their own lives. Our ability to continue innovating and investing in Montgomery County requires strong partnerships and collaboration with the County Executive and County Council. Finally, with the steady guidance of our Commissioners and the hard work of our staff, HOC will continue to pursue a vision of Montgomery County where individuals can improve their economic status, remain stably housed and reach their definition of success.

#### ***Budget Implications for FY 2024***

Operationally, HOC's commitment to fund its technology needs, including the protection of

our intellectual property; leveraging new systems for process automation; providing residents with easier access to our systems; and guarding against cyber security threats, will ensure a strong IT infrastructure with little or no disruption to our business. At the same time, maintaining a stable workforce and a changed human resources landscape, with fierce competition for the most talented and productive workforce, has pushed the agency to make hard decisions in the budget. Yet, the budget is balanced with modest increases in property rents that reflect HOC's commitment to adhering to the County Executive's VRG.

Total operating expenses in the FY 2024 Recommended Budget, excluding Housing Assistance Payments ("HAP"), have increased seven percent (7%) over the FY 2023 Amended budget. The increase is not only a reflection of rising costs but also the agency's ongoing commitments to improve housing and services, along with each of the aforementioned areas. We anticipate changes between the recommended and proposed budgets as we evaluate the impacts that applying rental assistance and using lease enforcement, when appropriate, will have on our properties. We are determined to minimize disruption to our customers and may face difficult decisions to contain growing arrearages, but we will continue to fight for resources to maintain a stable operating budget in service to our residents.

On the capital side, groundwork was laid when HOC reimagined itself as a real estate company. It is through this strategy that HOC began to invest our own capital, as well as raise additional capital to produce and preserve affordable housing in the County. This budget is no different in that HOC continues its development and financing activities, and thus is able to contribute fees to operations as well as to reinvest in future affordable housing — both are reflected in the FY 2024 budget. On a smaller scale, ongoing capital investments

ensure that HOC's properties are maintained in accordance with our mission statement.

This budget supports these priorities and objectives and strives to honor the support we continue to receive from all our partners

The FY 2024 Operating Budget of \$331.8 million and Capital Budget of \$255.5 million supports these priorities and objectives and endeavors to honor the support we continue to receive from all of our partners.





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# Budget Highlights

Recommended Budget  
April 5, 2023

## FY 2024 Budget Highlights

### Real Estate Development

In Fiscal Year 2024, the Real Estate Development (“RED”) division will continue construction on several renovation projects and one new construction project. The volume of renovation projects largely stems from RED staff efforts around transitioning existing affordable properties from other concluding subsidy programs – in particular properties with expiring initial Low Income Housing Tax Credit (“LIHTC”) compliance periods and properties with expiring original Section 236 financing.

In FY 2020, HOC began construction of The Leggett, formerly known as Elizabeth House III, the first of two (2) new-construction phases of the redevelopment of Elizabeth Square in downtown Silver Spring, MD – including the transaction that completed HOC’s Rental Assistance Demonstration (“RAD”) portfolio conversion. The Leggett will provide 267 Senior units and include a Senior Wellness Center, which will be operated by Holy Cross Hospital, and the South County Regional Recreational Center (“SCRRAC”). Construction is expected to conclude in FY 2023.

In FY 2021, HOC broke ground on another new construction project, The Laureate, formerly known as Westside at Shady Grove. The project will deliver 268 highly-amenitized, mixed-income units steps from the Shady Grove Metro station. The Property will also consolidate HOC’s Gaithersburg Customer Service Center into the retail portion with a first-level lobby entrance and approximately 7,000 square feet of flexible office space above. Construction is anticipated to take 24 months, with completion in the Spring of FY 2023.

HOC will see another new construction start in FY 2024 when it breaks ground on Hillandale Gateway, a new sustainable mixed-use,

mixed-income, intergenerational community that will include a total of 463 residential units. In addition to residential units, the site will have a drive-thru Starbucks, an above-ground parking garage, commercial/retail/restaurant space, and public and private green space. Hillandale Gateway will be the first major multifamily investment in the East County in decades, creating its first destination mixed-use community.

HOC expects to start at least one (1) new construction project per fiscal year over the next five (5) years between FY 2023 and FY 2027. The advent of what is becoming the most productive period in HOC’s history, coincident with the RAD program in response to the Public Housing funding crisis and Montgomery County’s revision to several of its sector and master plans (usually done every 20 to 30 years). These projects include a highly-sustainable and mixed-income multifamily community built to similar energy standards as Hillandale Gateway in Clarksburg known as Garnkirk Farms (184-units), HOC’s new 9-story headquarters in downtown Silver Spring across from the Elizabeth Square development, and Wheaton Gateway (~770-units) located at the site of the former Ambassador Apartments and the Lindsay Ford dealership, which will also mirror the sustainable practices being designed for Hillandale Gateway..

HOC continues to address another large set of vulnerable assets within its portfolio. These are properties that have come to the end of their 15-year initial compliance periods (“Year 15 Portfolio”) related to their use of Low Income Housing Tax Credit (“LIHTC”) equity in funding prior renovations. Much like the Public Housing properties, the Year 15 Portfolio requires a reinvestment plan that produces either a comprehensive renovation or a redevelopment strategy.

However, in addition to being substantially larger, the restructuring and recapitalization of the 1,839-unit Year 15 Portfolio also differs from the restructuring and recapitalization of the Public Housing portfolio in two (2) important ways. First, each of the Year 15 properties has at least two (2) existing debt obligations. Second, each has an existing limited partner (“LP”) investor. Ensuring that all physical capital needs are met, while still retiring all existing debt and maximizing value to HOC, will require implementing strategies that are possibly more challenging to produce but essential. The first Year 15 property to undergo recapitalization was the 94-unit townhome community known as Stewartown Homes followed by the three (3) Willow Manor Senior properties (266-units) , Shady Grove Apartments (144-units), and Georgian Court (147-units) all of which closed and started renovations in FY2022. The Metropolitan is expected to close and start renovations in FY 2024.

Owning property in nearly every Montgomery County sector and master plan, HOC has had several properties receive substantially increased density through the revision of zoning within those plans. Over the past eight (8) years, HOC has worked closely with the County to help shape its sector and master plans, resulting in approximately a dozen HOC properties receiving additional height and density – in many cases a multiple of its existing density.

The re-syndication and renovation of several of the Year 15 properties, the renovation of two (2) expired Section 236 properties, one (1) new construction start, and other related renovations, are expected to generate approximately \$7.38 million in expected development fees in FY 2024.

### **Mortgage Finance**

The Mortgage Finance Division operates HOC’s Multifamily Lending Program (the “Multifamily Program”) and the Single Family Mortgage Purchase Program (the “Single Family Program”) (together, the “Bond Program”) for the Agency, by providing tax-exempt interest rate mortgages for (1) multifamily acquisition and development activities, and (2) to households seeking first-time homeownership. In FY 2024, the Division continues to contribute Commitment Fees, Loan Management Fees, and other overhead revenue to the Agency’s Operating Budget. These activities plus interest

earned on single family first trust mortgages, will continue to strengthen the Agency’s fiscal position.

### **Multifamily Program**

From FY 2020 to FY 2024, the Multifamily Program will issue almost a billion in mortgage loans to finance the acquisition, construction, rehabilitation and/or permanent funding of 3,388 multifamily units throughout Montgomery County. Of these units, 1,955 or 58% are restricted to affordable households mostly earning up to 80% of the Area Median Income (“AMI”). These mortgage loans are funded with proceeds from (1) the issuance of tax-exempt private activity bonds for Low Income Housing Tax Credit (“LIHTC”) transactions or similarly structured affordable transactions (whereby volume cap is required), or (2) taxable Ginnie Mae-like securitization offered by the U.S. Treasury’s Federal Financing Bank (“FFB”). These mortgage loans are also credit enhanced by the Federal Housing Administration’s (“FHA”) Housing Finance Agency (“HFA”) Risk-Sharing Program (hereinafter “FHA Risk-Sharing Program”). FFB FHA Risk-Sharing Program transactions finance mortgages for stabilized and moderately rehabilitated developments. FFB re-opened in FY 2022, and builds on the success of the FHA Risk-Sharing Program by reducing the interest rate for affordable multifamily apartments and provides long-term financing at rates benchmarked to a Ginnie Mae execution.

The Multifamily Program may also issue tax-exempt governmental bonds to finance affordable or mixed-income communities. Each community must meet the required affordability requirements, whereby either 20% of the units’ rents are restricted to 50% of the Area Median Income (“AMI”) or 40% of the units’ rents are restricted to 60% of AMI.

Highlights of the Multifamily Program, include the successful financing and renovation of HOC’s former Public Housing units, located in 11 multifamily developments throughout Montgomery County.

The conversion from Public Housing was completed in FY 2020 and was accomplished through (1) issuance of tax-exempt bonds, and (2) utilizing the assistance of HUD’s Rental Assistance Demonstration (“RAD”) Program, which converts Public Housing to Project Based Rental Assistance (“PBRA”) or Project Based Voucher (“PBV”) subsidy.

Between FY 2021 and FY 2023, the Multifamily

Program focused on financing several LIHTC communities or new mixed-income construction transactions.

- FY 2021 – a total of \$182.74 million in tax-exempt private activity bonds was issued to finance the acquisition, rehabilitation and permanent funding of Bauer Park Apartments (Rockville), Stewartown Homes (Gaithersburg), and the construction and permanent financing of a new mixed-income community, Westside Shady Grove (Rockville). Of the \$182.74 million issued in FY 2021, \$41.68 million was issued to refund several outstanding bonds of existing communities, thereby reducing the interest cost of the Commission.
- FY 2022 – a total of \$111.36 million in tax-exempt private activity bonds was issued to finance the acquisition and rehabilitation of two (2) communities with 100% restricted affordable units – Georgian Court (Silver Spring) and Shady Grove (Derwood); and, three (3) senior income restricted communities – Willow Manor at Cloppers Mill (Germantown), Willow Manor at Colesville (Silver Spring), and Willow Manor at Fair Hill Farm (Olney).
- FY 2023 – a total of \$28.5 million in tax-exempt, variable rate private activity bonds was issued to finance the acquisition and construction of Residences on the Lane (Rockville), a senior income restricted community with 95% affordable units.

For FY 2024, the Multifamily program will continue to focus on financing new construction, LIHTC resyndication, and affordable preservation transactions. The Multifamily Program expects to issue \$238.7 million in tax-exempt private activity bonds for the construction and permanent financing of two (2) new apartment communities (one restricted for seniors, and the other to be mixed-use, mixed-income) located in Hillandale (Silver Spring); and, the acquisition, rehabilitation and permanent funding of a mixed-use, mixed-income tax credit community, The Metropolitan (Bethesda). An additional \$129.7 million in FFB funding for the permanent financing of several naturally affordable, preservation communities located in Bethesda, Maryland.

FY 2024 will continue to present challenges: a changed financial and real estate market landscape,

especially in light of the impact of the COVID-19 pandemic; competition for development and acquisition opportunities in Montgomery County; pressures on tax exempt yields; limitations on available State volume cap; and, limited access to soft debt to support affordable housing. Further, interest rates are expected to rise, as the Federal Government works toward stabilizing the financial markets during the COVID-19 pandemic. The challenges notwithstanding, the Multifamily Program anticipates earning \$4.39 million in Commitment Fees in FY 2024.

### **Single Family Program**

From FY 2020 to FY 2024, it is anticipated that the Single Family Program will fund approximately \$170 million in single family first mortgage loans and approximately \$11 million in single family secondary down payment and closing cost loans, thereby assisting approximately 640 households become first-time homebuyers in Montgomery County.

As of FY 2022, the average single family first mortgage loan within the Single Family Program was \$266,551 for a three-person household with income averaging \$76,091 or 59% of AMI. The median sales price was \$251,000. FY 2022 loan production for the Single Family Program was down slightly (only 1%) in comparison to FY 2021 and by 42% in comparison to FY 2020. The decrease was due mostly to the COVID-19 pandemic, which impaired most sectors of the U.S. economy and suppressed many households' ability to purchase its first home, along with a shortage of affordable single family inventory. According to Bright MLS, the real estate multiple listing service for Montgomery County, Maryland, the FY 2022 and the FY 2021 median home sale price for Montgomery County was \$549,000 and \$509,000, respectively.

In FY 2023 and FY 2024, it is anticipated that affordable single family inventory will remain low, prices will begin to flatten, if not fall, while interest rates will continue to trend upward. Thus, having varied affordable single family mortgage and down payment assistance options will continue to be necessary.

Since the creation of the Single Family Program in 1979, the Commission has issued multiple series of bonds under the Single Family Mortgage Revenue Bond Resolution (the "1979 Indenture") to provide low-interest rate mortgages to first-time

homebuyers. The Commission may also issue bonds under the Single Family Housing Revenue Bond Resolution (the "2009 Indenture") and under the newly formed Program Revenue Bond Resolution (the "2019 Indenture"). In addition, the Commission has utilized the practice of issuing refunding bonds in the Program to (i) recycle and extend the life of volume cap it allocates to each bond issue ("Replacement Refunding") and/or (ii) refinance its outstanding bond debt at a lower bond yield, thus lowering costs of the Single Family Program ("Economic Refunding").

In 2012, the Single Family Program began issuing Mortgage Backed Securities ("MBS") to raise additional capital to fund its loan program. U.S. Bank National Association is the Master Servicer for the MBS program. Servicing rights and responsibilities are transferred to U.S. Bank, thereby reducing delinquency and foreclosure risks for the Commission, while continuing to provide low cost single family mortgages to Montgomery County residents. All single family first trust mortgage loans, whether backed by bond funds or MBS's, are guaranteed by either FHA, Fannie Mae and/or Freddie Mac .

In FY 2022, the Single Family Program completed one (1) bond issuance totaling \$32 million under the 1979 Indenture, which provided new monies to purchase MBS's and fund new mortgage loans. Bond proceeds from the FY 2022 issuance, along with any remaining funds within the Single Family Program, allowed for 98 households to become first-time homebuyers. Bond funds were also utilized to issue 17 secondary Down-Payment Assistance ("DPA") loans, which provide borrowers three-percent of the sales price.

Not supported by bond funds, the Single Family Program also administers two additional closing cost programs. The Montgomery County Revolving Closing Cost Assistance Program ("RCCAP"), which provides homebuyers with five-percent of the sales price or up to \$10,000, as a secured, second mortgage, funded a total of 18 loans in FY 2022. The Montgomery County Homeownership Assistance Fund ("McHAF"), which provides down payment and closing cost assistance, as a 10-year deferred loan, for up to 40% of the household's qualifying income for a maximum of \$25,000, funded 69 loans in FY 2022.

In FY 2023 and FY 2024, it is anticipated that the Single Family Program will complete one (1) bond issuance annually of approximately \$35 million and \$42 million, respectively, and the Single Family closing cost programs will fund a combined amount of approximately \$2.5 million each fiscal year. In FY 2024, it is anticipated that the County will increase its McHAF grant from \$1.5 million to approximately \$3 million.

### **Property Management Division**

The Agency has always focused on improving customer service and increasing leasing efforts through improvements to processes. However, coming out of the COVID-19 pandemic, we will need to double our efforts in those areas as well as to become hyper-focused on unit inspections, program compliance, deferred maintenance, and rent collection. Leasing continues to applicants who have been pulled from Housing Path waitlist or from applications made directly to properties, where appropriate. In doing so, we continue to maintain steady occupancy levels but for the new budget, have set a goal for achieving stabilized occupancy of 95%, ensuring that all low- and moderate-income units are fully utilized and our market rate units are optimized. During the pandemic, eviction moratoria have precluded lease enforcement actions, but rental assistance was and will continue to be provided for those who are eligible. In addition to rental relief efforts, the Division will establish repayment agreements with the goal of keeping our most vulnerable residents stably housed. In collaboration with the Maintenance Division, deferred maintenance is a high priority while ensuring routine maintenance meets all local and federal codes. As well, there is renewed efforts by the Division to update policies and procedures as well as train staff in areas of program compliance. Finally, with a new Asset Management Director, the strategy for operational oversight will be heightened and the Division's outcomes will improve.

### **Property Maintenance Division**

The Maintenance Division supervises and coordinates all HUB maintenance operations, fire and safety programs, and equipment inventory control, and ensures that the condition and appearance of the properties meet HOC standards. To ensure housing stock is well maintained, the



Maintenance Division addresses requests for emergency and routine repair requests, creates Requests for Proposals (“RFPs”) and Invitations for BID (“IFBs”), generates new service contracts, and approves purchase requisitions for all HOC owned properties. As the units in our portfolio continue to age, annual budget adjustments are made to account for increased maintenance requirements, the replacement of capital items, and the turnover of vacant units within our portfolio.

Like Fiscal Year 2022, Fiscal Year 2023 continued to be a particularly challenging year. The Maintenance Division was significantly impacted with the large influx of inspections as multiple agencies resumed work following the shut down due to the Pandemic. The COVID-19 Maintenance Protocols that were put in place in Fiscal Year 2021 were completely lifted and staff has begun working on the over 2,500 deferred maintenance work orders accumulated during the shutdown period. Despite aggressive efforts to reduce this backlog, the number continues to increase as units are inspected for the first time since the pandemic. This effort has also been impacted by high volume of staff shortages as a result of retirements, resignations, and terminations.

Additionally, there continues to be a shortage of available supplies across the nation resulting in significant price increases in our materials and equipment products such as HVAC units, stoves, refrigerators, microwaves, hot water heaters and even plywood. The increase in these prices combined with the increase in maintenance work effort and the additional wear and tear on our units has caused increases in maintenance expenses during this fiscal year. These increases also apply to supplies and appliances used for turn-over of vacant units.

#### **Housing Choice Voucher (Federally Funded Program)**

As Montgomery County’s Public Housing Authority, HOC administers a Housing Choice Voucher (“HCV”) Program and is authorized to provide 7,702 vouchers. The voucher assistance is provided to families throughout the County, in apartments, townhouses, single family homes, mid- and high-rise buildings, and senior apartment communities. HOC was required to implement the mandatory use of Small Area Fair Market Rents (“SAFMR”) on April 1, 2018. Montgomery County includes 71 zip

codes with varying payment standards by bedroom size. The Voucher Payment Standards (“VPS”) are used to calculate the maximum subsidy that HOC will pay toward rent and utilities for rental units leased to HCV families in Montgomery County.

#### **Housing Choice Voucher**

HUD’s allocation of vouchers includes Mainstream Disabled (“MSD”), Moderate Rehabilitation (“MR”), Family Unification Program (“FUP”), Rental Assistance Demonstration (“RAD”), Veterans Affairs Supportive Housing (“VASH”) and Emergency Housing Vouchers (“EHV”). 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. HOC also administers a Project-Based Voucher (“PBV”) Program wherein the subsidy is tied to the actual unit. PBV contracts cannot exceed 20% of HOC’s program baseline of 7,702 units, granted through the Request for Proposal (“RFP”) process. Additionally, HOC supports a Voucher Homeownership program which allows eligible voucher customers to use their voucher subsidy towards mortgage payments. The FY 2024 Recommended Budget was developed based on current utilization projections for FY 2023 and the anticipated funding levels provided by HUD for CY 2023 which projects a funding level for FY 2023 and FY 2024 of \$113.8 million and \$124.6 million, respectively. The 2014 Appropriations Act requires that HUD apply a re-benchmarking renewal formula based on validated leasing and cost data in the Voucher Management System (“VMS”) for CY 2023 to calculate the PHA’s renewal allocation. Staff is unaware of any projected voucher allocations but will continue to respond to funding opportunities as they are presented.

#### **County Budget**

Montgomery County remains an essential partner in the work of the Commission. The County provides both ongoing operating and capital support to the Commission. Most of the County’s \$7.97 million funding supported social services and programs to customers and residents. Social services include homelessness prevention, information and referral, service linkage, and crisis intervention. Staff also provides a broad range of programs that promote self-sufficiency and wellness, such as monthly educational workshops for adults, after-school youth

programs focusing on life skills, educational enrichment and wellness and senior programs that promote community engagement, wellness, and socialization. Specialized services include Financial Literacy workshops and coaching and Resource Services to assist people with disabilities to access critical resources and services. Not only does the funding create the fundamental infrastructure of that work, but 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. The County's appropriation also supports HOC's properties and the Customer Service Centers. Montgomery County has also been generous in providing capital support to HOC. For FY 2024, the County Executive's Adopted Capital Improvement Program includes \$1.25 million for capital improvements for HOC's deeply affordable units.

### **HOC Academy**

HOC Academy ("HOCA") began in 2014 with the expressed purpose of offering expanded customer services designed to help families and children break the cycle of intergenerational poverty. These services include an Adult Education and Workforce Development Program ("AEWD") that has provided approximately \$191,000 in scholarships for residents to pursue a degree/certification and training programs to advance career goals. In FY 2023, AEWD provided career and small business development training in collaboration with Career Catchers, WorkSource Montgomery, and ALSTNTEC, LLC. The Small Business Development Opportunities began in 2019, and now includes a 10-week Small Business Strategies Course, monthly webinars on a variety of topics including; how to make money on YouTube; government contracting; business taxes 101; how to create a pitch deck; and, business legalization assistance. To date, HOCA has assisted residents with legalizing 29 businesses. In FY 2023, the workforce development opportunities include a collaboration with WorkSource Montgomery's Mobile Bus that will provide workforce development assistance and referrals. The events are scheduled for spring of 2023. HOC Academy plans to continue to provide education and career training, small business development opportunities, training and paid internships in FY 2024.

The Youth Enrichment Program ("YEP") has offered

STEM and STEAM programming opportunities via after school and summer programs. YEP has also hosted annual Back-to-School Fests since its inception, accommodating approximately over 800 youth annually. In response to the COVID-19 pandemic, HOC Academy was able to offer a virtual program options for all scheduled programs to include a STEM Camp for rising 3rd through 5th graders and a Young Science Explorers Camp (which included at home science experiments) for 6th through 8th graders. In FY 2023, YEP hosted bi-monthly STEM and STEAM fieldtrips, including a trip to iFly indoor skydiving in Gaithersburg for middle school students and their families. In the spring of 2023, YEP will host a STEM field trip to Top Golf and a Family STEM Fair in collaboration with Metro Warriors STEM organization. Further, with the support of Housing Opportunities Community Partners and other grantors, YEP will continue to provide resources and services to middle and high school students participating in STEAM Forward Academy (SFA), which includes STEM/STEAM enrichment and HOC's College Success Program administered in partnership with First Generation College Bound, Inc. ("FGCB"). SFA is an active community for youth who have a serious interest in STEAM/STEM and live in a household that participates in one of HOC's housing programs. SFA includes scholarship opportunities to participate in regional STEM/STEAM learning opportunities. Participants receive up to \$700 per calendar year to participate in enrichment programs of their choice. In FY 2023, YEP anticipates serving 20 juniors and seniors to provide college preparation and admission assistance, mentoring and general support to youth post-secondary education to career. The FGCB program partnership allows HOCA to track long-term success of our youth and families. HOCA plans to offer all services in FY 2024 and anticipates expanding participation through a hybrid of in-person and virtual programming.

### **Fatherhood Initiative**

HOC's Fatherhood Initiative Program has served over 1,300 fathers since the 2015 inception. Strong relationships with our local community college and partners like the National Fatherhood Initiative Program and PNC Bank help connect fathers and families to career counseling, financial literacy workshops, parenting support groups, and more. The

Fatherhood Initiative Program has awarded approximately \$500K in education/vocational training to over 600 fathers.

The funding in the new grant cycle has increased from \$695,177 to \$998,000. This is an increase of \$302,823. Along with the increase in funding the Fatherhood Initiative Program has increased its target enrollment numbers. In the previous grant cycle, the program had an annual enrollment target of 150 fathers and now it is 356 fathers. The annual enrollment target has more than doubled which can be attributed not only to the amount of funding received but also performing and serving fathers on such a high level.

Along with HOC being granted another cycle of funding, The Fatherhood Initiative Program was selected out of 100 grantees to be one of the 15 to participate in the National Study - Strengthening the Implementation of Responsible Fatherhood Programs ("S.I.R.F") Study. The Study worked closely with programs to identify and overcome the challenges they face, such as recruiting fathers, enrolling them in services, and keeping them actively engaged in services so they can realize their goals. In the study, HOC's Fatherhood Initiative Program focused on case management and coaching. As part of the study, \$125k had been awarded to the program for training as well as additional staff.

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April 5, 2023

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# Reader's Guide

Recommended Budget  
April 5, 2023

## 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.

**Page i Executive Director’s Budget Message**

The Budget Message addresses the challenges the Agency faces as we move from FY 2023 to FY 2024.

**Page ix Budget Highlights**

**Page xxi Budget Overview**

This section includes:

- Overview – Revenue and Expense Summary
- Fund Structure
- Agency Fund Description
- Budget Process
- Overview – Strategic Plan
- Operating Budget
- FY 2024 Revenue and Expense Statement
- FY 2024 Change from Recommended to Adopted Budget

**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 Resources, Maintenance, Mortgage Finance, Property Management, , 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 as well as the Opportunity Housing and Development Corporation Properties, and Capital Development budgets.

**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

Recommended Budget  
April 5, 2023

## Overview—Revenue and Expense Summary

Fund Summary Overview	FY 2024 Recommended Budget		
	Revenues	Expenses	Net
<b>General Fund</b>	\$28,833,070	\$33,661,210	(\$4,828,140)
<b>Draw from General Fund Operating Reserve ("GFOR")</b>	\$1,559,300	\$0	\$1,559,300
<b>Multifamily Bond Funds</b>	\$20,083,530	\$20,083,530	\$0
<b>Single Family Bond Funds</b>	\$8,753,600	\$8,753,600	\$0
<b>Opportunity Housing Fund</b>			
<b>Opportunity Housing Reserve Fund ("OHRF")</b>	\$7,062,110	\$1,611,690	\$5,450,420
<b>Restrict to OHRF</b>	\$0	\$5,450,420	(\$5,450,420)
<b>Opportunity Housing &amp; Development Corporation Properties</b>	\$110,433,910	\$107,292,400	\$3,141,510
<b>Draw from GFOR for MetroPointe Deficit</b>	\$127,330	\$0	\$127,330
<b>Public Fund</b>			
<b>Housing Choice Voucher Program ("HCVP")</b>	\$135,453,600	\$135,453,600	\$0
<b>Federal and County Grants</b>	\$19,513,180	\$19,513,180	\$0
<b>TOTAL - ALL FUNDS</b>	<b>\$331,819,630</b>	<b>\$331,819,630</b>	<b>\$0</b>

Revenues and Expenses include inter-company Transfers Between Funds.

# Fund Structure

This section summarizes the Agency's FY 2024 Recommended 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 (McHome vs. Metropolitan).

The Housing Opportunities Commission approved the FY 2024 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 approximately 69.97% of HOC's revenue sources for FY 2024 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 Single Audit 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)
<b>Sources</b>			
Loan Management Fees	Rental Income	Rental Income	Mortgage Interest Payments
Commitment Fees	Service Income	Service Income	Interest Income
Development Fees	Federal, State & County Rent Subsidies	Federal Subsidies & Grants	Financing Fees
Interest Income	Interest Income	County Grants	Cost of Issuance Fees
Management Fees	Miscellaneous Income	Interest Income	
Asset Management Fees			
Private Grants			
Miscellaneous Income			
<b>Uses</b>			
Executive	Opportunity Housing, LLC, and Development Corporation Property Operations	Housing Resources	Multifamily Mortgage Finance
Finance	Capital Development Projects	Resident Services	Single Family Mortgage Finance
Legislative & Public Affairs	Opportunity Housing Reserve Fund ("OHRF")	Compliance (Partial)	Debt Service on Bonds
Compliance (Partial)	Opportunity Housing Property Reserve ("OHPR")	Mortgage Finance (Partial)	
Real Estate (Partial)	Homeownership Revolving Loan Funds		
Mortgage Finance (Partial)	Mortgage Payments		
Asset Management	Required Reserve Contributions		
Property Management & Maintenance Administration (Partial)	Loan Management Fees		
Resident Services (Partial)	Vehicle Lease Payments		
Tax Credit Development			
Facilities & IT Capital Needs			
Vehicle Lease Payments			
Retirement Reserve Contributions			
General Fund Operating Reserve ("GFOR")			
<b>Project / Grant funds included in each Agency Fund</b>			
General	Opportunity Housing Properties	Housing Choice Voucher	Multifamily Bonds
Central Office Cost Center ("COCC")	Development Corporation Properties	Housing Choice Voucher Special Programs	Single Family Bonds
Intra-Agency Allocations	Limited Liability Corporations ("LLC")	McKinney Grants	Intra-Agency Debt Service
General Partnerships		Other Federal Grants	
		County Main Grant	
		Other County Grants & Loans	
		State Pass-Through Grant	

## 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 informally review the recommended budget that will be presented to the full Commission for formal 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 informally review any proposed budget amendments that will be presented to the full Commission for formal approval.

### Conclusion

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

## 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, the approved budget is made available electronically via the HOC website ([www.hocmc.org](http://www.hocmc.org)).

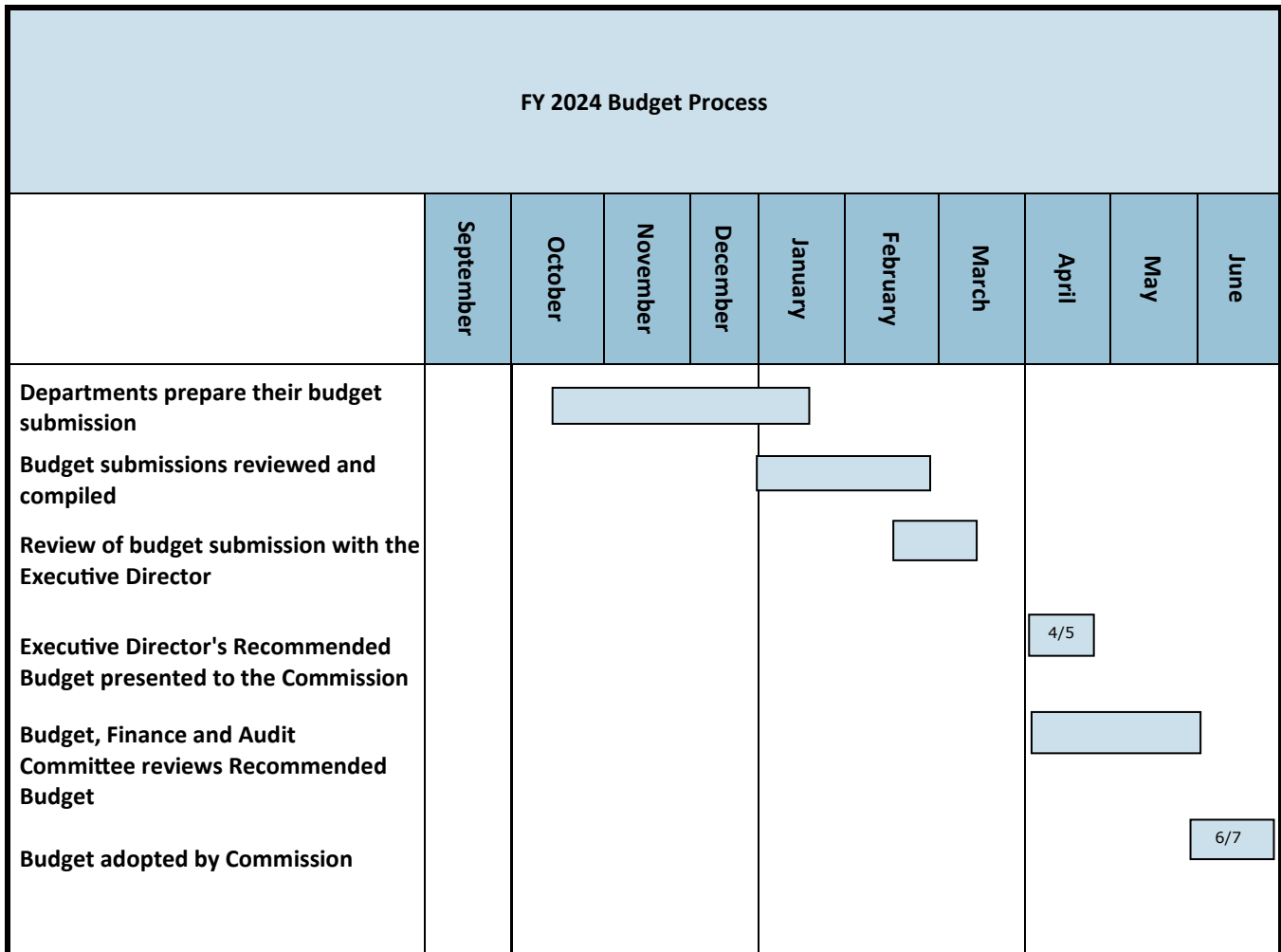
# Budget Calendar—FY 2024

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 2024 Budget Process



## Overview—Strategic Plan

For the past five years, HOC has focused its efforts on getting people housed, keeping people housed, and helping customers reach their fullest potential. These key priorities were the foundation of the Agency’s 2018 – 2022 Strategic Plan. While these tenants continue to ground the agency’s core beliefs and values, HOC will undergo a new strategic planning process in FY 2023. That process will be led by HOC’s new Executive Director, with support from the Board of Commissioners, HOC leadership and staff. We envision a process that leverages data-informed decision making to advance key objectives aimed at providing innovative housing solutions that address critical affordable housing needs across Montgomery County. We will closely examine our operational structure, capacity, programs, services and

technology with a lens for how we better deliver value to our residents and those waiting for access to resources. We also envision an opportunity to be bold and intentional about our work and the impact we want to have as a housing leader.

In the interim, HOC’s 2018-2022 Strategic Plan continues to serve as the organization’s roadmap, providing, at a high level, a statement of our mission and vision; our core identity as Housers; and direction for our efforts to develop and implement solutions to the problem of meeting the County’s ever-expanding need for affordable housing.

# Operating Budget — FY 2024 Recommended

HOC's Recommended operating budget for FY 2024 of \$331.8 million. Revenues are generated in two ways:

- Grants, other funding sources, and the cash flow from HOC properties generate 89.40% of total revenues.
  - \$109.8 million (33.09%) is from property rents and service income.
  - \$153.7 million (46.34%) is from Federal and County grants.
    - \$141.3 million (42.60%) is from Federal grants, which includes \$113.9 million in HUD Housing Choice Voucher Assistance Payments that are passed through to Montgomery County landlords, for which HOC earns administrative fees.
    - \$12.4 million (3.74%) 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.

- \$33.1 million (9.97%) 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 10.60% of total revenues.
    - \$24.7 million (7.44%) is from mortgage interest income which pays the debt service on HOC housing revenue bonds and interest earned on cash investments.
    - \$10.5 million (3.16%) is from miscellaneous bond financing operations and transfers between funds.

## FY 2024 Recommended Revenue and Expense Statement

Operating Budget		Non-Operating Budget	
<b>Operating Income</b>		<b>Non-Operating Income</b>	
Tenant Income	\$108,826,190	Investment Interest Income	\$24,688,450
Non-Dwelling Rental Income	\$979,360	FHA Risk Sharing Insurance	\$1,081,290
Federal Grant	\$141,340,090	Transfer Between Funds	\$9,414,740
County Grant	\$12,419,120		
Management Fees	\$32,906,600		
Miscellaneous Income	\$163,790		
<b>TOTAL OPERATING INCOME</b>	<b>\$296,635,150</b>	<b>TOTAL NON-OPERATING INCOME</b>	<b>\$35,184,480</b>
<b>Operating Expenses</b>		<b>Non-Operating Expenses</b>	
Personnel Expenses	\$57,642,340	Interest Payment	\$41,446,610
Operating Expenses - Fees	\$21,139,390	Mortgage Insurance	\$863,030
Operating Expenses - Administrative	\$9,004,080	Principal Payment	\$11,014,050
Bad Debt	\$3,453,290	Debt Service, Operating and Replacement Reserves	\$11,459,590
Tenant Services Expenses	\$7,536,550	Restricted Cash Flow	\$8,641,890
Protective Services Expenses	\$1,404,560	Development Corporation Fees	\$6,040,790
Utilities Expenses	\$7,646,610	Miscellaneous Bond Financing Expenses	\$865,960
Insurance and Tax Expenses	\$3,513,540	FHA Risk Sharing Insurance	\$1,081,290
Maintenance Expenses	\$11,114,800	Transfer Out Between Funds	\$3,499,480
Housing Assistance Payments ("HAP")	\$124,451,780		
<b>TOTAL OPERATING EXPENSES</b>	<b>\$246,906,940</b>	<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$84,912,690</b>
<b>NET OPERATING INCOME</b>	<b>\$49,728,210</b>	<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$49,728,210)</b>

# **Section 1:** **SUMMARY**

Tab

# Summary

Recommended Budget  
April 5, 2023

## Mission and Vision Statements

### Mission

The mission of the Housing Opportunities Commission is to provide affordable housing and supportive housing services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland so that:

- No one in Montgomery County lives in substandard housing;
- We strengthen families and communities as good neighbors;
- We establish an efficient and productive environment that fosters trust, open communication and mutual respect; and
- We work with advocates, providers

and community members to maintain support for all the work of the Commission.

### Vision

It is our vision that everyone should live in quality housing that is affordable, with dignity and respect. At HOC, we believe this vision can be achieved by ensuring amenity rich, community connected housing for all of Montgomery County's residents where all people can reach their fullest potential. We believe supportive programs, delivered through mission-aligned partnerships, help our customers improve their economic status, remain stably housed and reach the goals they hold for themselves and their families.

### 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 has appointed a new Executive Director; therefore, a new Strategic Plan that guides the Commission for the next five years will be developed during FY 2023 and FY 2024. In the interim, the following goals will govern our work .*

- **Getting People Housed:** Increase the supply of affordable units in Montgomery County through development, financing, maximizing federal resources and advocacy at the Federal, state and local level.
- **Keeping People Housed:** Provide every high-risk customer with assessment and service coordination in an attempt to stem housing loss and keep our most vulnerable customers connected to housing and their community.
- **Helping Customers Reach Their Fullest Potential:** Extend enrichment and supportive services beyond nearly 15,000 households served by our current housing programs to some of the more than 33,000 households on our Housing Path wait list by making training available online.



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# Operating Budget

As described in the Fund Structure section on page xx, 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 accounting category),
- By division structure, and
- By the specific property or grant.

The following pages of this section highlight the Agency's FY 2024 Recommended Operating Budget.

The charts on pages 1-4 through 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 2024 Operating Budget by accounting classification. This chart summarizes all Agency Funds. The FY 2024 Operating Budget is balanced.

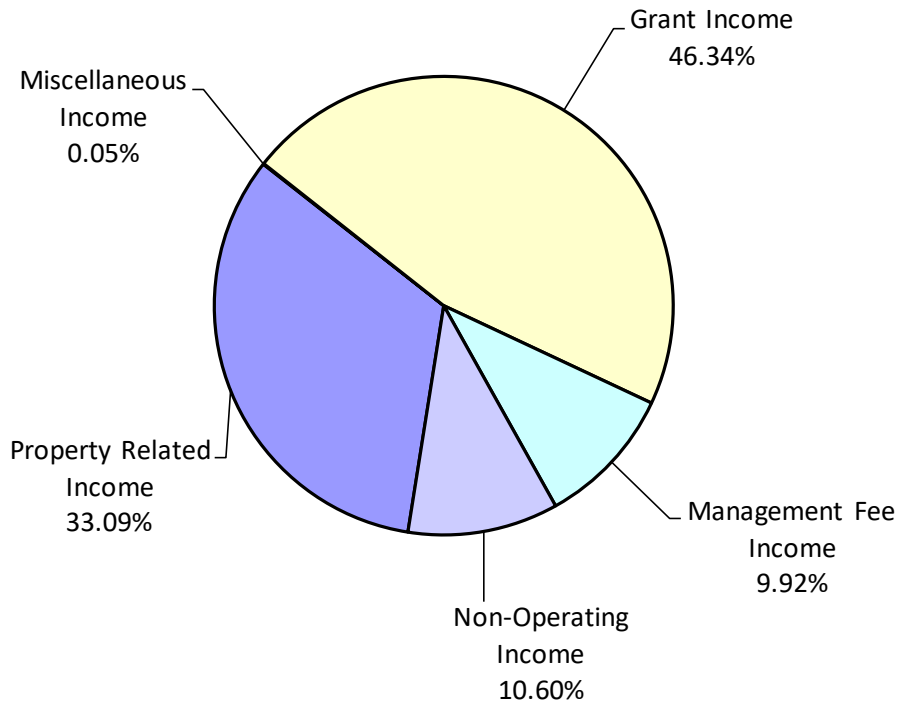
The charts on pages 1-9 illustrate the FY 2024 external as well as internal revenue restrictions. Although HOC has a \$331.8 million budget in FY 2024, only 9.26%, or \$30.7 million, may be used by the Commission for discretionary expenses.

The chart on page 1-10 summarizes the General Fund. In FY 2024 the General Fund generates a Net Operating Income deficit of \$5.5 million.

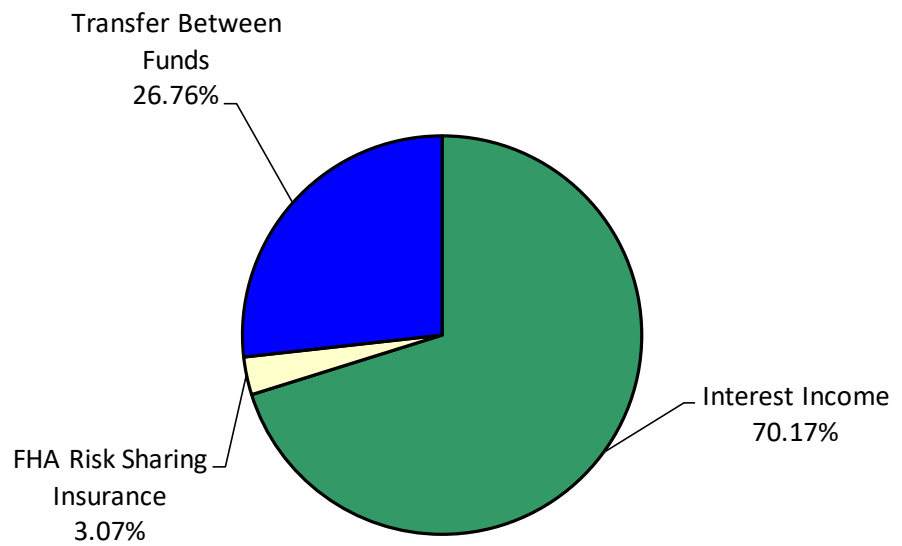
Charts are also included in this section which show the revenue, expense and net cash flow for the properties as well as the annual operating budget for each of the grants.

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

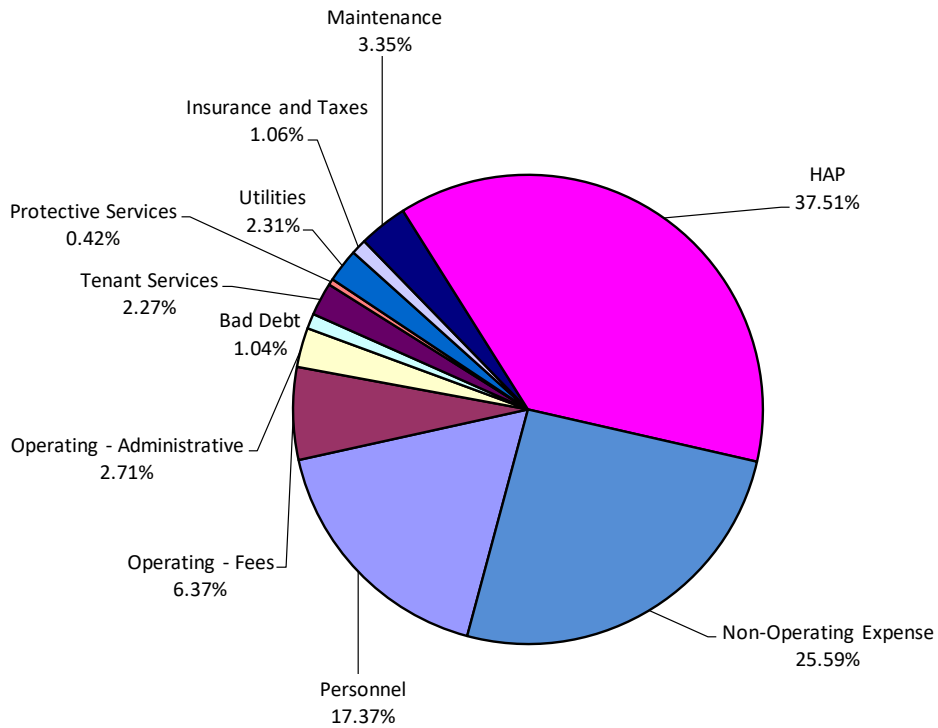
# Source of Funds—FY 2024



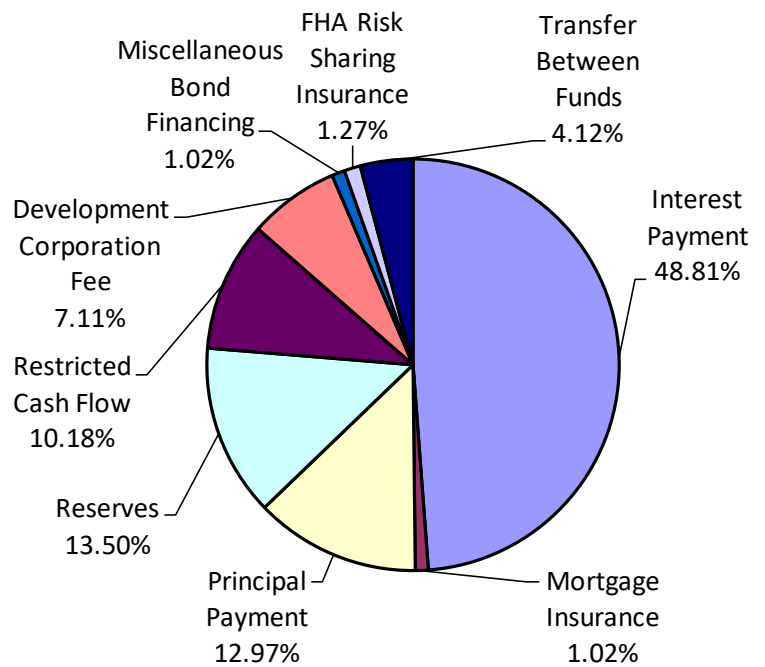
## Non-Operating Income



# Use of Funds—FY 2024



## Non-Operating Expense

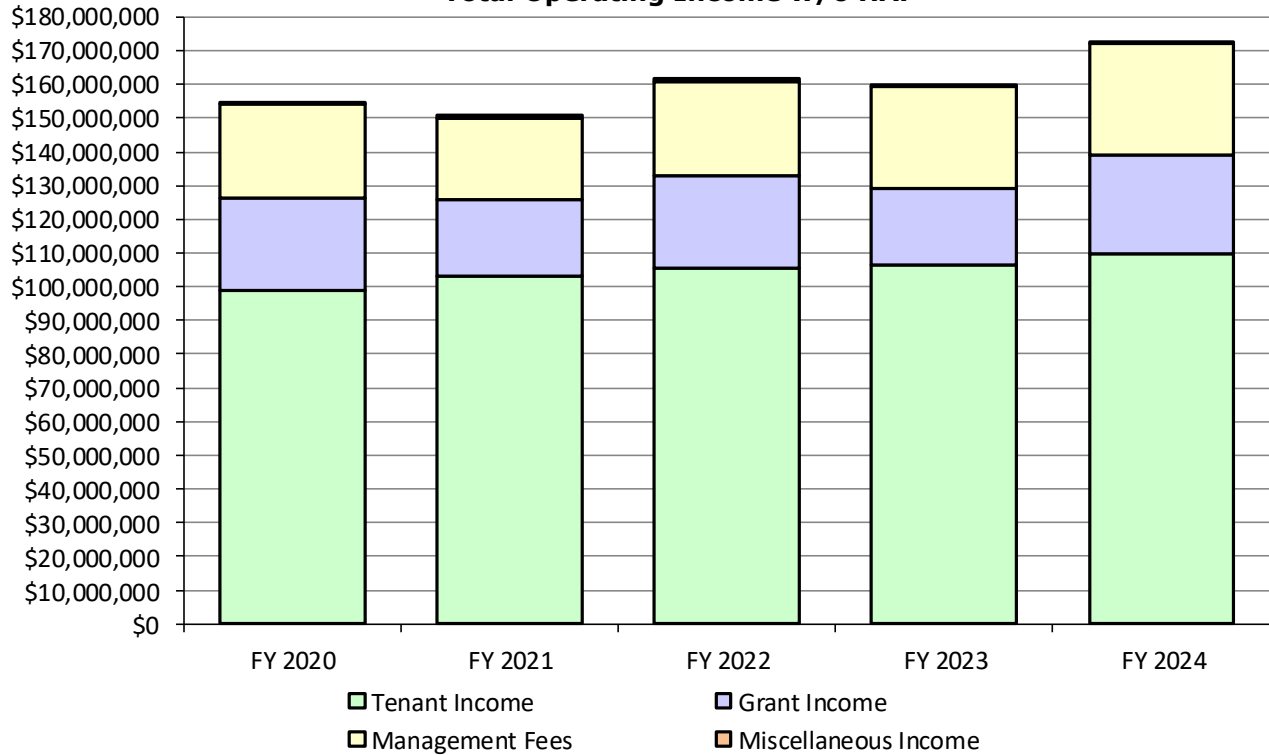


# Total Agency—Revenue and Expense Statement

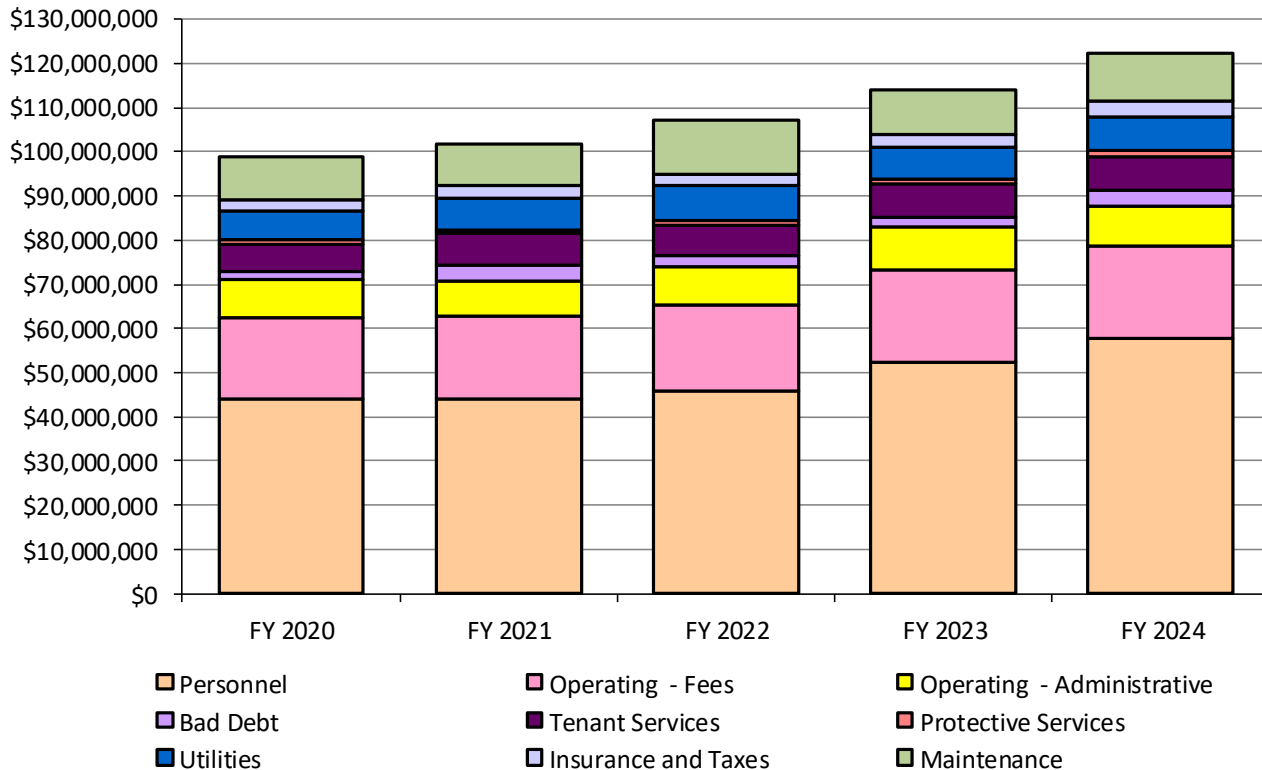
Total Revenue and Expense Statement	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Amended Budget	Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$97,703,079	\$101,168,308	\$103,433,803	\$105,009,220	\$108,826,190
Non-Dwelling Rental Income	\$1,107,343	\$1,971,505	\$2,058,635	\$1,327,070	\$979,360
Federal Grant	\$116,933,119	\$117,108,381	\$127,363,866	\$129,545,950	\$141,340,090
County Grant	\$10,089,325	\$11,036,409	\$10,252,657	\$12,060,080	\$12,419,120
Management Fees	\$27,581,348	\$24,469,222	\$28,047,755	\$30,094,730	\$32,906,600
Miscellaneous Income	\$346,691	\$571,402	\$762,552	\$137,960	\$163,790
<b>TOTAL OPERATING INCOME</b>	<b>\$253,760,905</b>	<b>\$256,325,227</b>	<b>\$271,919,268</b>	<b>\$278,175,010</b>	<b>\$296,635,150</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$44,166,986	\$43,941,599	\$45,747,066	\$52,200,270	\$57,642,340
Operating Expenses - Fees	\$18,438,628	\$18,960,653	\$19,521,060	\$21,185,990	\$21,139,390
Operating Expenses - Administrative	\$8,648,832	\$7,948,761	\$8,683,282	\$9,460,900	\$9,004,080
Bad Debt	\$1,484,756	\$3,367,868	\$2,617,060	\$2,322,480	\$3,453,290
Tenant Services Expenses	\$6,123,707	\$7,207,120	\$6,674,634	\$7,596,320	\$7,536,550
Protective Services Expenses	\$1,369,695	\$1,003,501	\$1,043,235	\$896,480	\$1,404,560
Utilities Expenses	\$6,280,649	\$7,084,450	\$8,132,602	\$7,182,240	\$7,646,610
Insurance and Tax Expenses	\$2,455,978	\$2,911,833	\$2,572,404	\$3,099,510	\$3,513,540
Maintenance Expenses	\$9,787,285	\$9,239,238	\$12,007,908	\$10,024,230	\$11,114,800
Housing Assistance Payments ("HAP")	\$99,329,069	\$105,640,697	\$110,334,874	\$118,671,140	\$124,451,780
<b>TOTAL OPERATING EXPENSES</b>	<b>\$198,085,585</b>	<b>\$207,305,720</b>	<b>\$217,334,125</b>	<b>\$232,639,560</b>	<b>\$246,906,940</b>
<b>NET OPERATING INCOME</b>	<b>\$55,675,320</b>	<b>\$49,019,507</b>	<b>\$54,585,143</b>	<b>\$45,535,450</b>	<b>\$49,728,210</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$26,017,802	\$22,053,438	\$26,195,521	\$23,554,840	\$24,688,450
FHA Risk Sharing Insurance	\$1,102,136	\$1,518,820	\$1,659,452	\$1,076,670	\$1,081,290
Transfer Between Funds	\$8,577,517	\$12,245,244	\$8,448,970	\$13,574,720	\$9,414,740
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$35,697,455</b>	<b>\$35,817,502</b>	<b>\$36,303,943</b>	<b>\$38,206,230</b>	<b>\$35,184,480</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$39,497,844	\$37,662,266	\$41,457,628	\$41,156,950	\$41,446,610
Mortgage Insurance	\$1,168,924	\$1,162,254	\$1,083,430	\$977,510	\$863,030
Principal Payment	\$11,002,405	\$11,987,690	\$12,041,042	\$11,107,470	\$11,014,050
Debt Service, Operating and Replacement Reserves	\$14,499,986	\$12,140,601	\$14,873,859	\$10,876,090	\$11,459,590
Restricted Cash Flow	\$8,174,970	\$6,262,226	\$6,651,537	\$8,608,520	\$8,641,890
Development Corporation Fees	\$6,668,476	\$5,343,739	\$5,758,672	\$5,217,050	\$6,040,790
Miscellaneous Bond Financing Expenses	\$947,904	\$674,756	\$580,009	\$710,650	\$865,960
FHA Risk Sharing Insurance	\$1,102,136	\$1,502,780	\$1,739,677	\$1,076,670	\$1,081,290
Transfer Out Between Funds	\$5,530,873	\$6,858,867	\$5,691,231	\$4,010,770	\$3,499,480
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$88,593,518</b>	<b>\$83,595,179</b>	<b>\$89,877,085</b>	<b>\$83,741,680</b>	<b>\$84,912,690</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$52,896,063)</b>	<b>(\$47,777,677)</b>	<b>(\$53,573,142)</b>	<b>(\$45,535,450)</b>	<b>(\$49,728,210)</b>
<b>NET CASH FLOW</b>	<b>\$2,779,257</b>	<b>\$1,241,830</b>	<b>\$1,012,001</b>	<b>\$0</b>	<b>\$0</b>

# Operating Budget—Total Agency

## Total Operating Income w/o HAP

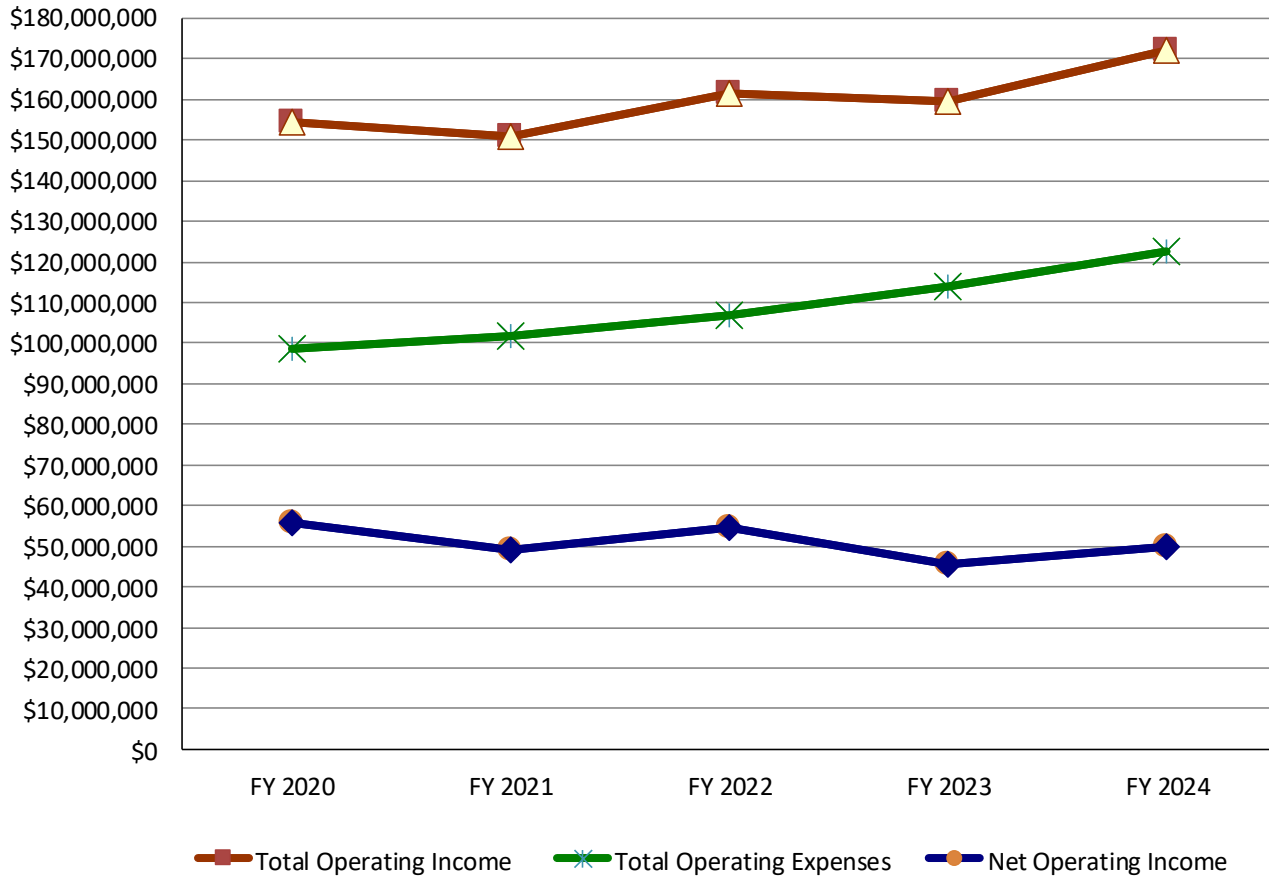


## Total Operating Expenses w/o HAP



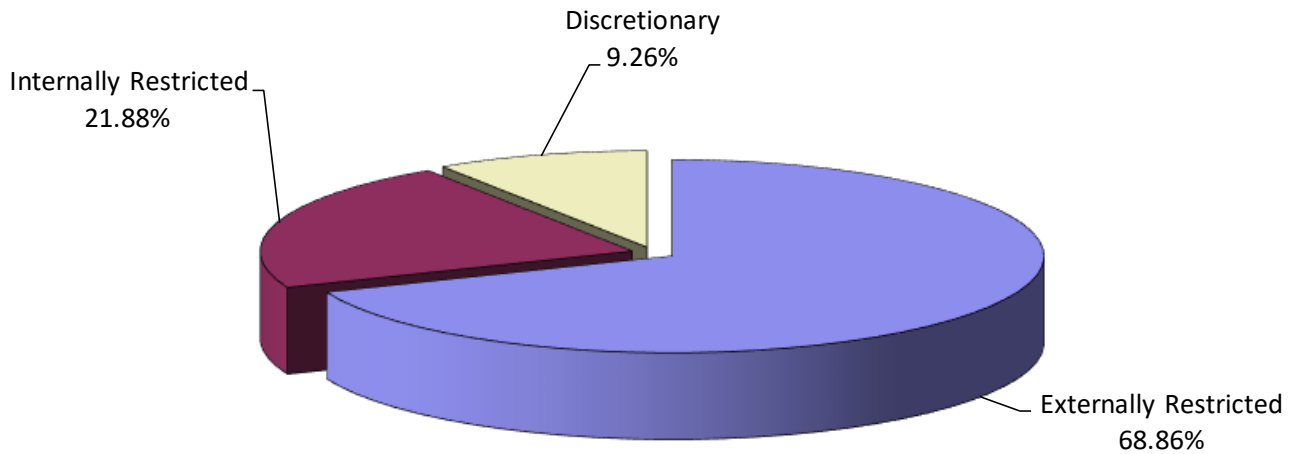
# Operating Budget—Total Agency

## Net Operating Income w/o HAP



# FY 2024 Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2024 Recommended Budget			
	Externally Restricted	Internally Restricted	Discretionary	Total
<b>Operating Income</b>				
Property Related Income	\$41,001,320	\$65,535,390	\$3,268,840	\$109,805,550
Federal Grant	\$141,340,090	\$0	\$0	\$141,340,090
County Grant	\$12,419,120	\$0	\$0	\$12,419,120
Management Fees	\$0	\$7,062,110	\$25,844,490	\$32,906,600
Miscellaneous Income	\$113,530	\$0	\$50,260	\$163,790
<b>TOTAL OPERATING INCOME</b>	<b>\$194,874,060</b>	<b>\$72,597,500</b>	<b>\$29,163,590</b>	<b>\$296,635,150</b>
<b>Non-Operating Income</b>				
Interest Income	\$24,681,500	\$0	\$6,950	\$24,688,450
FHA Risk Sharing	\$1,081,290	\$0	\$0	\$1,081,290
Transfer Between Funds	\$7,855,440	\$0	\$1,559,300	\$9,414,740
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$33,618,230</b>	<b>\$0</b>	<b>\$1,566,250</b>	<b>\$35,184,480</b>
<b>TOTAL - ALL REVENUE SOURCES</b>	<b>\$228,492,290</b>	<b>\$72,597,500</b>	<b>\$30,729,840</b>	<b>\$331,819,630</b>



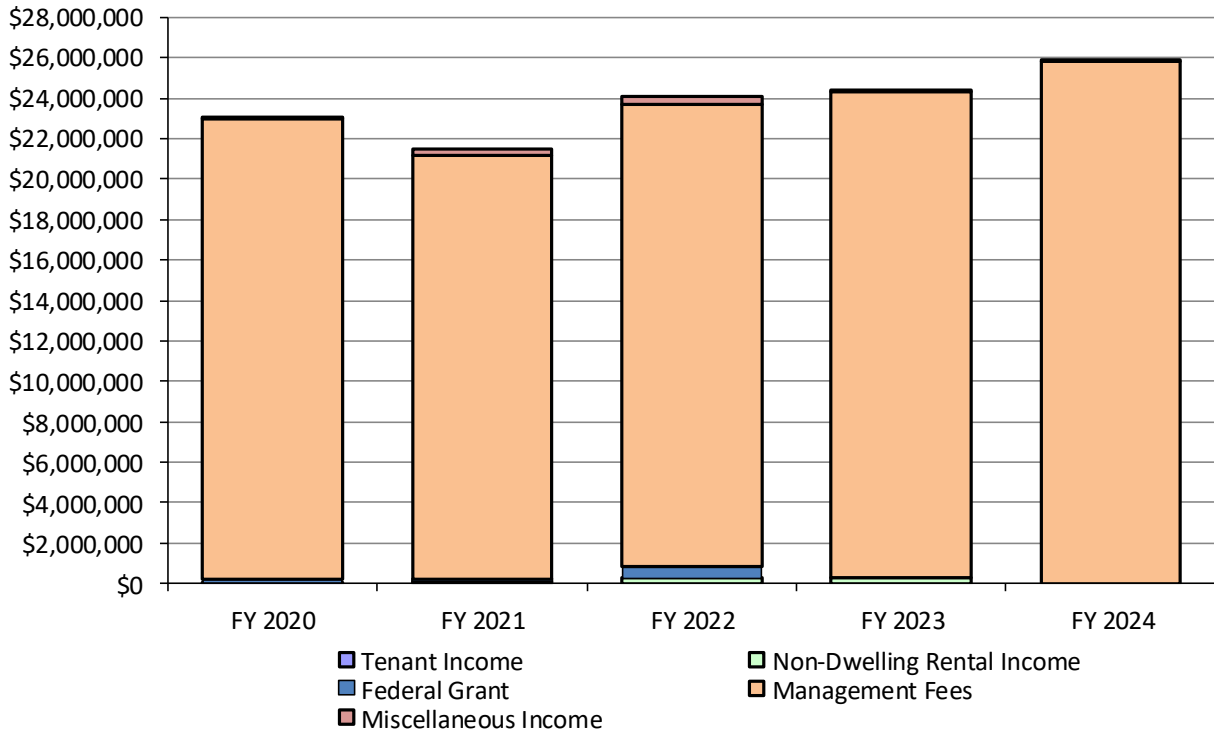


# General Fund—Revenue and Expense Statement

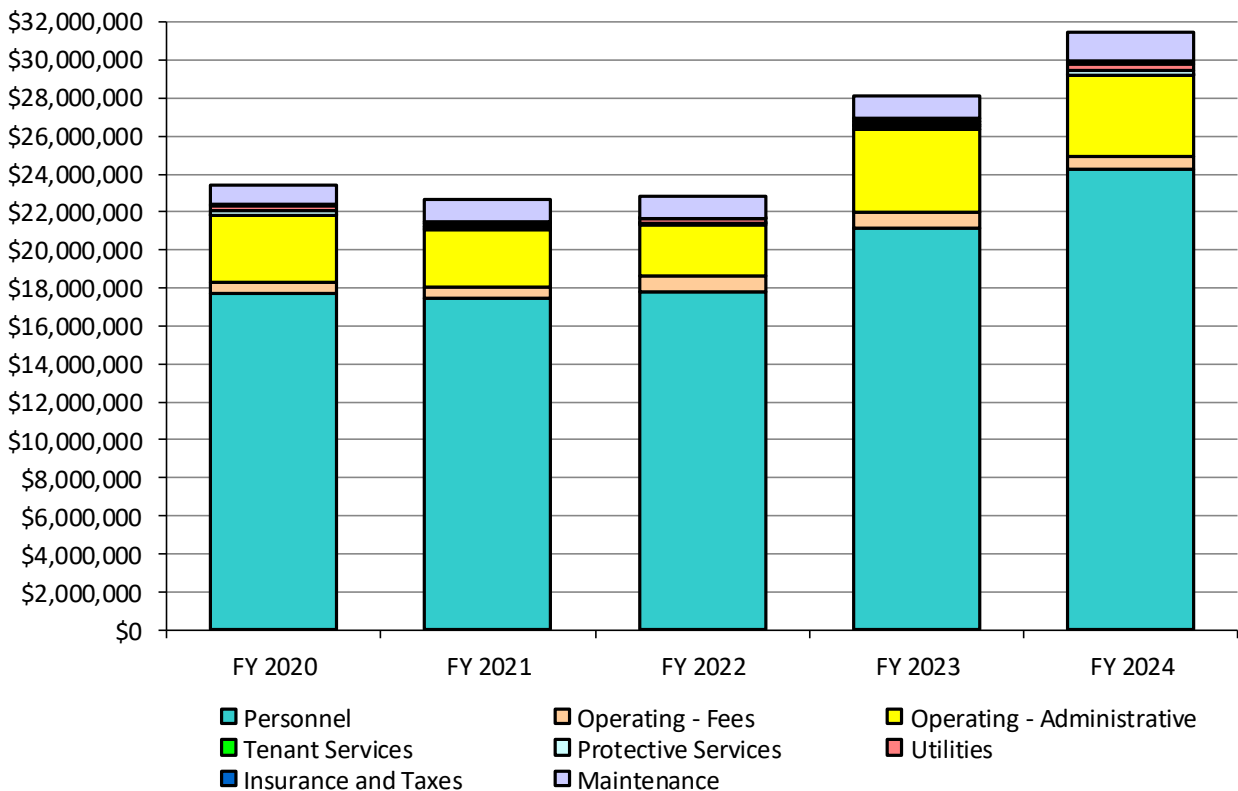
General Fund	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023	FY 2024
				Amended Budget	Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$217	\$288	\$0	\$0	\$0
Non-Dwelling Rental Income	\$0	\$88,930	\$250,000	\$250,000	\$0
Private Grant	\$0	\$0	\$0	\$0	\$0
Federal Grant	\$224,638	\$138,814	\$582,979	\$0	\$0
Management Fees	\$22,743,052	\$20,987,957	\$22,881,120	\$24,053,050	\$25,836,610
Miscellaneous Income	\$114,898	\$267,583	\$404,768	\$50,910	\$50,260
<b>TOTAL OPERATING INCOME</b>	<b>\$23,082,805</b>	<b>\$21,483,572</b>	<b>\$24,118,867</b>	<b>\$24,353,960</b>	<b>\$25,886,870</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$17,723,128	\$17,444,374	\$17,759,266	\$21,110,990	\$24,268,620
Operating Expenses - Fees	\$538,609	\$619,850	\$896,531	\$903,360	\$677,310
Operating Expenses - Administrative	\$3,547,508	\$3,023,247	\$2,659,593	\$4,370,130	\$4,230,260
Tenant Services Expenses	\$46,929	\$43,943	\$77,301	\$96,340	\$42,640
Protective Services Expenses	\$252,708	\$79,463	\$46,296	\$79,420	\$261,120
Utilities Expenses	\$189,312	\$157,752	\$191,380	\$235,970	\$280,000
Insurance and Tax Expenses	\$78,465	\$106,810	\$60,002	\$166,020	\$177,880
Maintenance Expenses	\$1,061,095	\$1,158,478	\$1,168,285	\$1,182,840	\$1,496,090
<b>TOTAL OPERATING EXPENSES</b>	<b>\$23,437,754</b>	<b>\$22,633,917</b>	<b>\$22,858,654</b>	<b>\$28,145,070</b>	<b>\$31,433,920</b>
<b>NET OPERATING INCOME</b>	<b>(\$354,949)</b>	<b>(\$1,150,345)</b>	<b>\$1,260,213</b>	<b>(\$3,791,110)</b>	<b>(\$5,547,050)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$20,514	\$80,686	\$7,254	\$7,090	\$6,950
FHA Risk Sharing Insurance	\$1,102,136	\$1,518,820	\$1,659,452	\$1,076,670	\$1,081,290
Transfer Between Funds	\$2,049,091	\$1,307,870	\$1,685,166	\$2,981,860	\$3,417,260
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$3,171,741</b>	<b>\$2,907,376</b>	<b>\$3,351,872</b>	<b>\$4,065,620</b>	<b>\$4,505,500</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$180,109	\$103,176	\$1,240	\$0	\$0
Principal Payment	\$0	\$0	\$0	\$96,000	\$96,000
Debt Service, Operating and Replacement Re-	\$200,000	\$200,000	\$1,200,000	\$700,000	\$700,000
Restricted Cash Flow	\$0	\$0	\$0	\$0	\$0
FHA Risk Sharing Insurance	\$1,102,136	\$1,502,780	\$1,739,677	\$1,076,670	\$1,081,290
Transfer Out Between Funds	\$891,322	\$1,013,199	\$1,252,748	\$972,000	\$350,000
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$2,373,567</b>	<b>\$2,819,155</b>	<b>\$4,193,665</b>	<b>\$2,844,670</b>	<b>\$2,227,290</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$798,174</b>	<b>\$88,221</b>	<b>(\$841,793)</b>	<b>\$1,220,950</b>	<b>\$2,278,210</b>
<b>NET CASH FLOW</b>	<b>\$443,225</b>	<b>(\$1,062,124)</b>	<b>\$418,420</b>	<b>(\$2,570,160)</b>	<b>(\$3,268,840)</b>

# Operating Income and Operating Expenses—General Fund

## Operating Income



## Operating Expenses



# Public Fund (Grants)—Income Summary

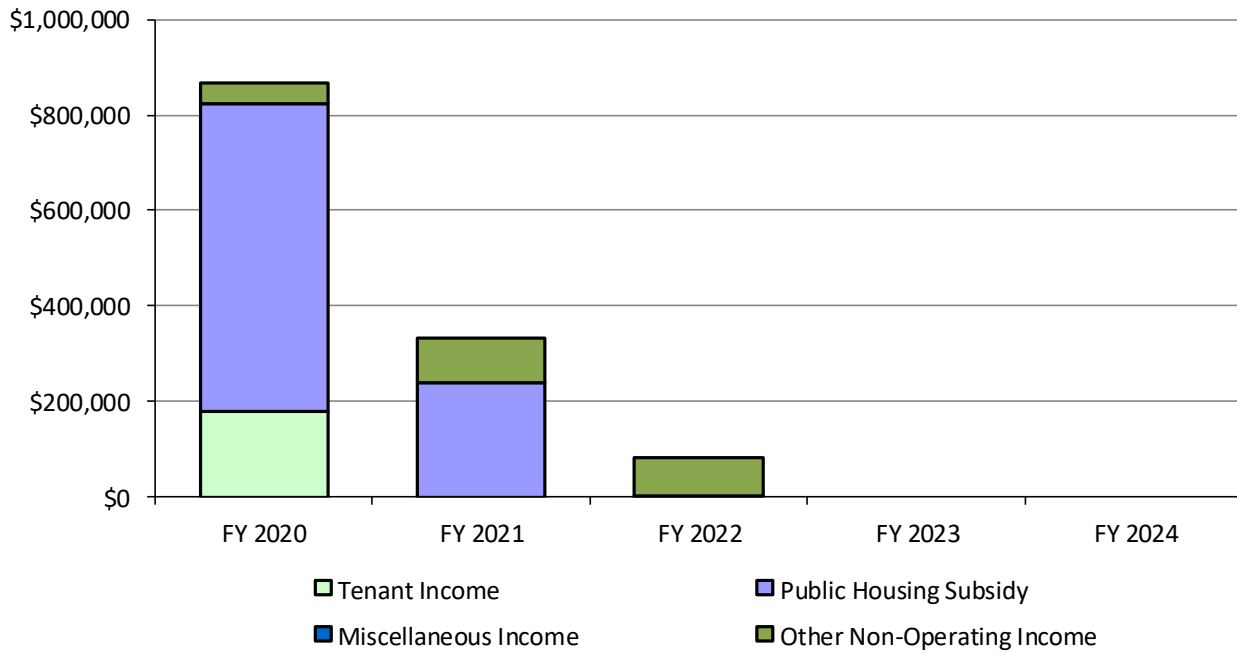
Public Fund				FY 2023	FY 2024
Federal and County Grants	FY 2020	FY 2021	FY 2022	Amended	Recommended
Income Summary	Actual	Actual	Actual	Budget	Budget
<b>Federal Funds</b>					
Comp Grant	\$136,969	\$0	\$0	\$0	\$0
HOC Family Program	\$625,673	\$495,950	\$767,848	\$998,000	\$998,000
McKinney Grants	\$4,358,121	\$4,073,133	\$4,295,205	\$4,558,500	\$4,333,070
ROSS Grants	\$343,978	\$382,079	\$405,968	\$497,710	\$547,480
<b>TOTAL - FEDERAL FUNDS</b>	<b>\$5,464,741</b>	<b>\$4,951,162</b>	<b>\$5,469,021</b>	<b>\$6,054,210</b>	<b>\$5,878,550</b>
<b>County Funds</b>					
County Main Grant	\$6,788,049	\$6,575,603	\$6,861,987	\$7,633,170	\$7,972,500
County Senior Nutrition	\$41,584	\$37,014	\$39,904	\$67,580	\$57,350
County Closing Cost Assistance Program	\$178,356	\$169,654	\$172,571	\$194,820	\$209,350
COVID 19 CDBG	\$0	\$1,302,338	\$0	\$0	\$0
Housing Locator	\$82,623	\$82,530	\$90,177	\$95,590	\$97,390
Maryland Emergency Food Program	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
McKinney Grants	\$823,293	\$634,586	\$653,986	\$691,160	\$702,740
Recordation Tax - Rent Supplemental Program	\$1,650,400	\$1,555,054	\$1,542,299	\$2,181,800	\$2,039,000
Recordation Tax - Move-up Initiative	\$121,078	\$116,633	\$111,792	\$177,370	\$320,160
Recordation Tax - Community Choice Homes Initiative	\$131,833	\$316,261	\$514,766	\$720,680	\$720,670
Recordation Tax - Youth Bridge Initiative	\$73,926	\$48,553	\$62,878	\$88,680	\$88,680
Turnkey	\$24,915	\$24,915	\$25,662	\$25,660	\$27,710
Emergency Assistance	\$173,268	\$173,268	\$176,634	\$183,570	\$183,570
<b>TOTAL - STATE &amp; COUNTY FUNDS</b>	<b>\$10,097,325</b>	<b>\$11,044,409</b>	<b>\$10,260,656</b>	<b>\$12,068,080</b>	<b>\$12,427,120</b>
<b>TOTAL PUBLIC FUNDS</b>	<b>\$15,562,066</b>	<b>\$15,995,571</b>	<b>\$15,729,677</b>	<b>\$18,122,290</b>	<b>\$18,305,670</b>

# Public Housing Rental—Revenue and Expense Statement

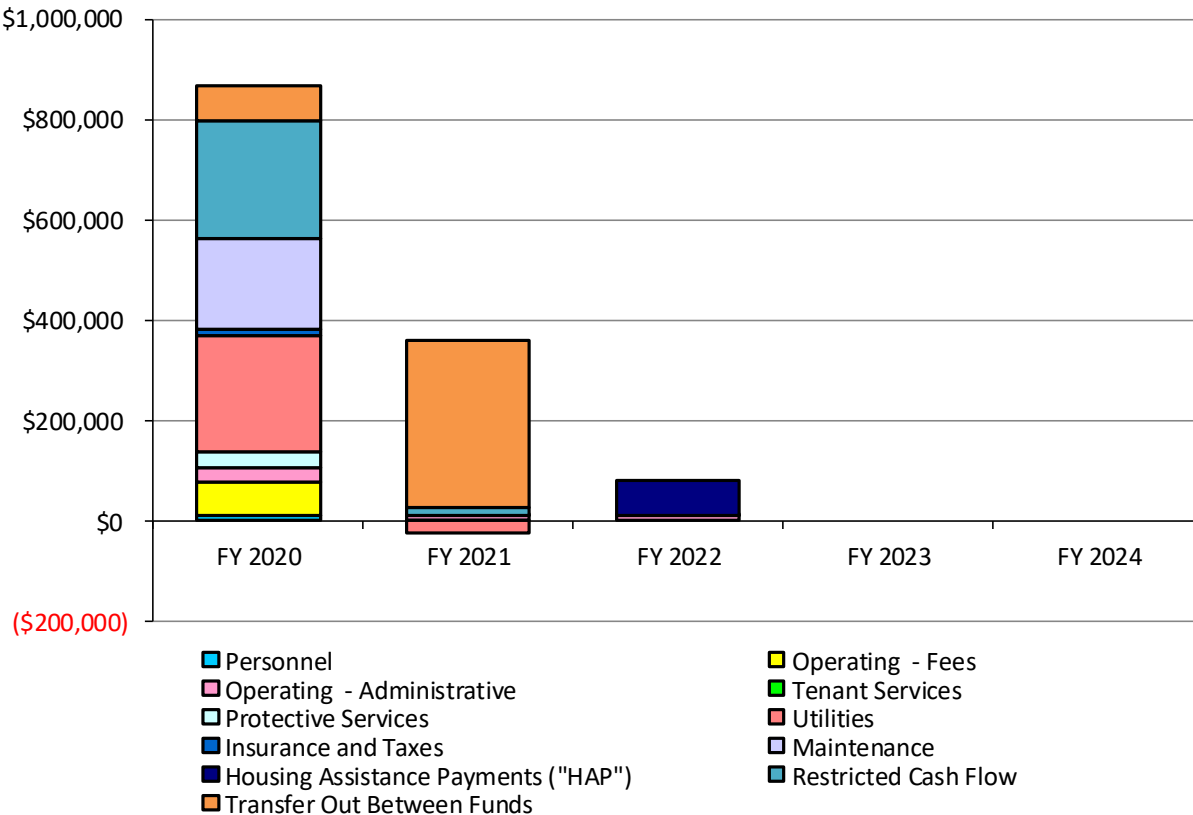
Public Housing Rental	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023	FY 2024
				Amended Budget	Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$178,365	\$0	\$0	\$0	\$0
Public Housing Operating Subsidy	\$643,709	\$238,806	\$532	\$0	\$0
Miscellaneous Income	\$0	\$0	\$0	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$822,074</b>	<b>\$238,806</b>	<b>\$532</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$9,406	\$0	\$0	\$0	\$0
Operating Expenses - Fees	\$67,275	\$0	\$0	\$0	\$0
Operating Expenses - Administrative	\$29,903	\$10,099	\$10,093	\$0	\$0
Tenant Services Expenses	\$0	\$0	\$0	\$0	\$0
Protective Services Expenses	\$29,752	\$0	\$0	\$0	\$0
Utilities Expenses	\$232,427	(\$25,969)	\$0	\$0	\$0
Insurance and Tax Expenses	\$14,276	\$878	\$934	\$0	\$0
Maintenance Expenses	\$179,609	\$0	\$0	\$0	\$0
Housing Assistance Payments ("HAP")	\$0	\$0	\$69,661	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$562,648</b>		<b>\$80,688</b>	<b>\$0</b>	<b>\$0</b>
<b>NET OPERATING INCOME</b>	<b>\$259,426</b>	<b>\$253,798</b>	<b>(\$80,156)</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$20,783	\$35	\$0	\$0	\$0
Transfer Between Funds	\$23,065	\$94,874	\$80,156	0	\$0
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$43,848</b>	<b>\$94,909</b>	<b>\$80,156</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
Restricted Cash Flow	\$233,671	\$15,027	\$0	\$0	\$0
Transfer Out Between Funds	\$69,603	\$333,680	\$0	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$303,274</b>	<b>\$348,707</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$259,426)</b>	<b>(\$253,798)</b>	<b>\$80,156</b>	<b>\$0</b>	<b>\$0</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Total Income and Total Expenses—Public Housing Rental

## Total Income



## Total Expenses



# Public Housing Homeownership—Revenue and Expense Statement

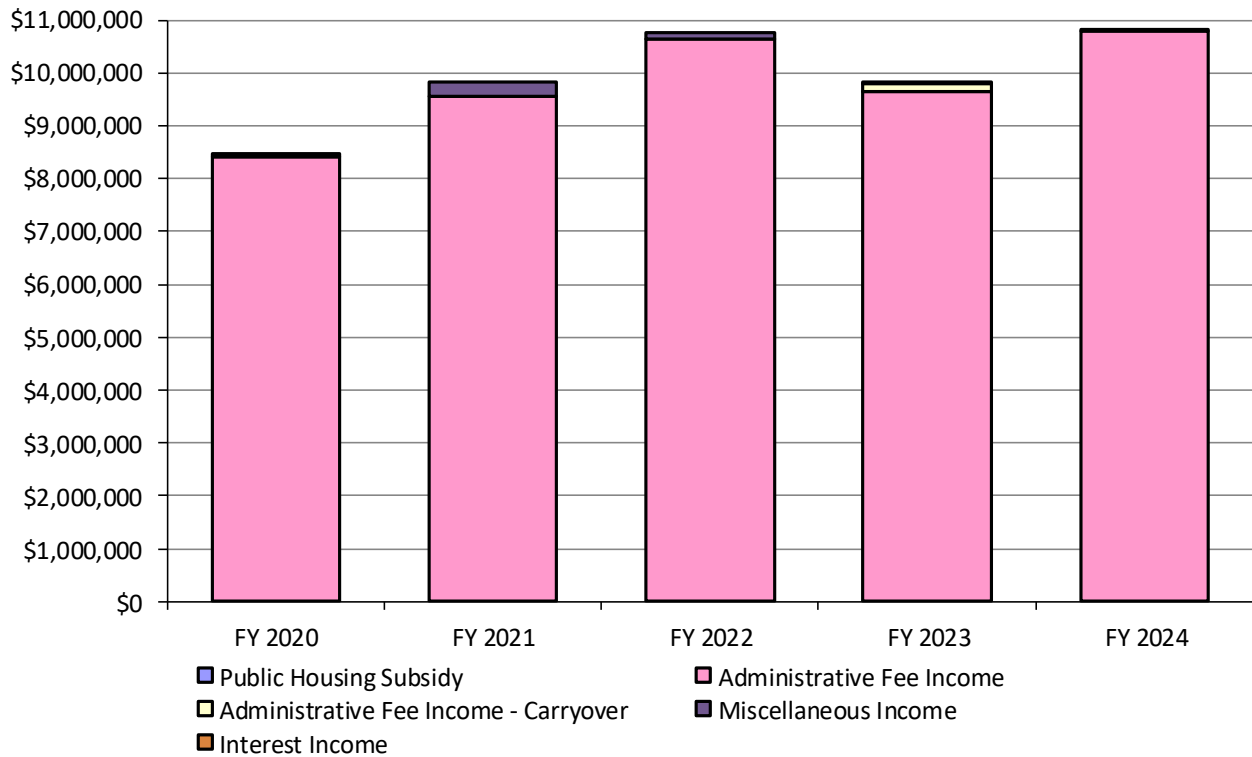
Public Housing Homeownership	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Amended Budget	Recommended Budget
<b>Operating Income</b>					
Non-Dwelling Rental Income	\$0	\$0	(\$70)	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$70)</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$0	\$0	\$465	\$0	\$0
Operating Expenses - Fees	\$442	\$390	\$0	\$0	\$0
Operating Expenses - Administrative	\$484	\$169	\$69	\$0	\$0
Protective Services Expenses	\$0	\$72	\$0	\$0	\$0
Utilities Expenses	\$8,815	\$8,014	\$8,451	\$0	\$0
Insurance and Tax Expenses	\$214	\$223	\$245	\$0	\$0
Maintenance Expenses	\$103,212	\$12,188	\$28,360	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$113,167</b>	<b>\$21,055</b>	<b>\$37,590</b>	<b>\$0</b>	<b>\$0</b>
<b>NET OPERATING INCOME</b>	<b>(\$113,167)</b>	<b>(\$21,055)</b>	<b>(\$37,660)</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$1,143	\$62	\$0	\$0	\$0
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$1,143</b>	<b>\$62</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$1,143</b>	<b>\$62</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET CASH FLOW</b>	<b>(\$112,024)</b>	<b>(\$20,993)</b>	<b>(\$37,660)</b>	<b>\$0</b>	<b>\$0</b>

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

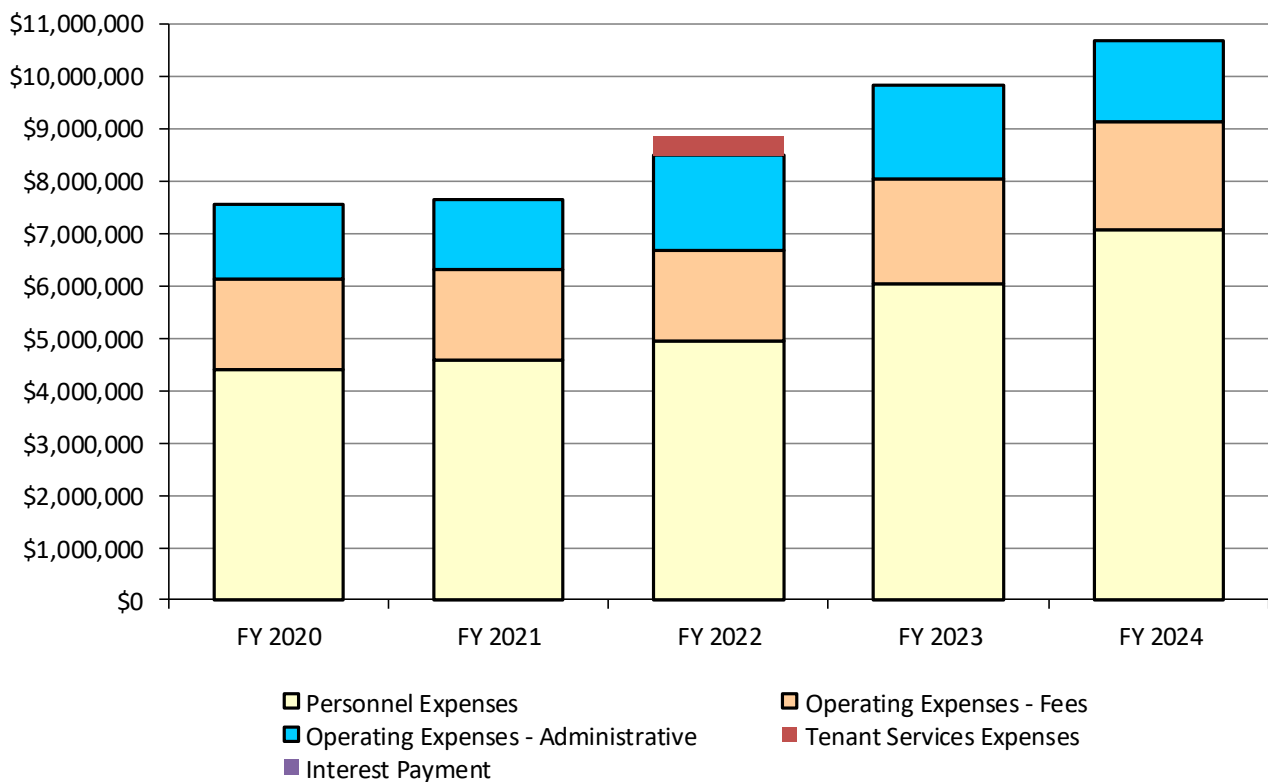
Housing Choice Voucher Program	FY 2020	FY 2021	FY 2022	FY 2023 Amended	FY 2024 Recommended
	Actual	Actual	Actual	Budget	Budget
<b>Operating Income</b>					
Housing Assistance Payments (“HAP”)	\$102,208,159	\$102,247,876	\$110,592,588	\$113,784,400	\$124,630,880
Administrative Fee Income	\$8,399,973	\$9,542,757	\$10,634,727	\$9,661,540	\$10,788,660
Miscellaneous Income	\$57,707	\$258,179	\$119,797	\$55,000	\$34,060
<b>TOTAL OPERATING INCOME</b>	<b>\$110,665,839</b>	<b>\$112,048,812</b>	<b>\$121,347,112</b>	<b>\$123,500,940</b>	<b>\$135,453,600</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$4,404,326	\$4,571,253	\$4,957,978	\$6,033,810	\$7,082,770
Operating Expenses - Fees	\$1,724,943	\$1,732,945	\$1,720,699	\$2,007,110	\$2,065,760
Operating Expenses - Administrative	\$1,438,029	\$1,342,689	\$1,832,541	\$1,797,650	\$1,541,500
Tenant Services Expenses	\$0	\$0	\$357,982	\$0	\$0
Maintenance Expenses	\$0	\$0	\$24,165	\$0	\$0
Housing Assistance Payments (“HAP”)	\$99,213,734	\$105,640,197	\$110,265,213	\$118,671,140	\$124,451,780
<b>TOTAL OPERATING EXPENSES</b>	<b>\$106,781,032</b>	<b>\$113,287,084</b>	<b>\$119,158,578</b>	<b>\$128,509,710</b>	<b>\$135,141,810</b>
<b>NET OPERATING INCOME</b>	<b>\$3,884,807</b>	<b>(\$1,238,272)</b>	<b>\$2,188,534</b>	<b>(\$5,008,770)</b>	<b>\$311,790</b>
<b>Non-Operating Income</b>					
Draw from Housing Assistance Payments (“HAP”)	\$0	\$3,423,500	\$0	\$4,886,740	\$0
Administrative Fee Income - Carryover	\$0	\$0	\$0	\$122,030	\$0
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$0</b>	<b>\$3,423,500</b>	<b>\$0</b>	<b>\$5,008,770</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
Contribution to HAP Reserve (“NRP”)	\$2,994,424	\$0	\$327,375	\$0	\$179,100
Contribution to Admin Reserve (“UNP”)	\$890,383	\$2,185,228	\$1,861,159	\$0	\$132,690
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$3,884,807</b>	<b>\$2,185,228</b>	<b>\$2,188,534</b>	<b>\$0</b>	<b>\$311,790</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$3,884,807)</b>	<b>\$1,238,272</b>	<b>(\$2,188,534)</b>	<b>\$5,008,770</b>	<b>(\$311,790)</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Total Income and Total Expenses—HCV Program

## Total Income w/o HAP



## Total Expense w/o HAP



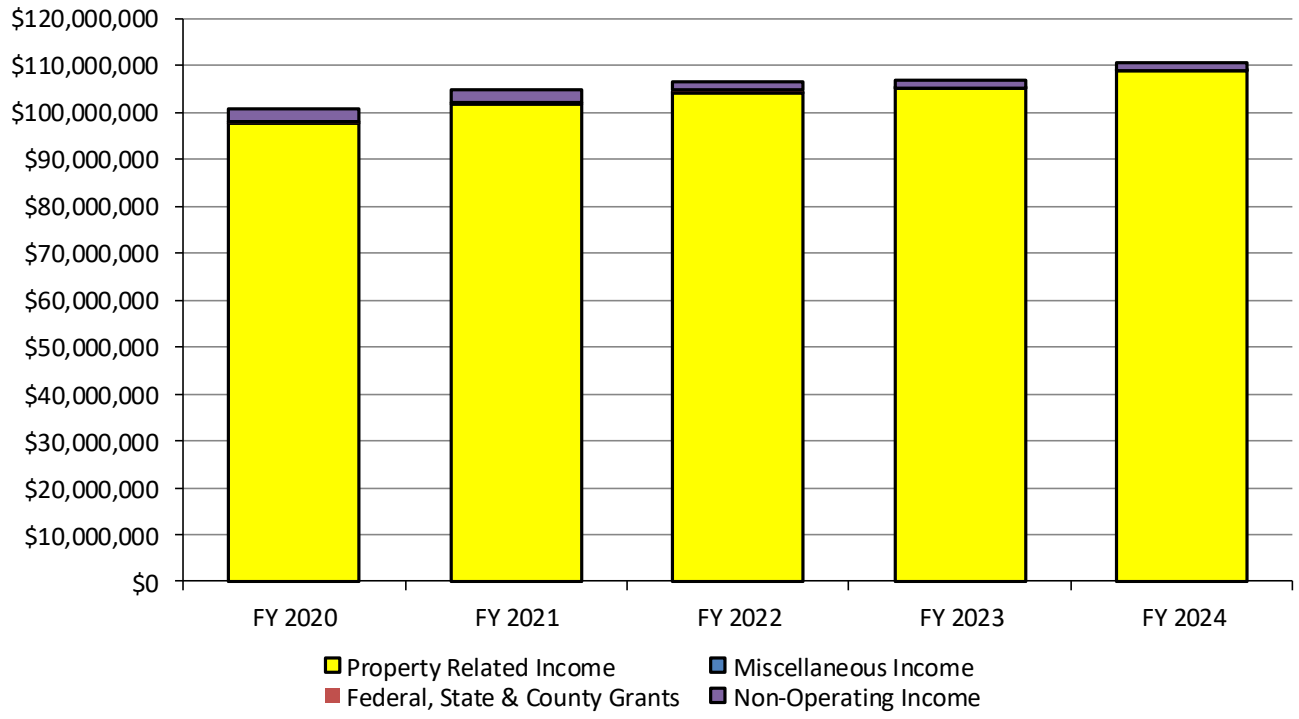


# Opportunity Housing Fund and Development Corporations— Revenue and Expense Statement

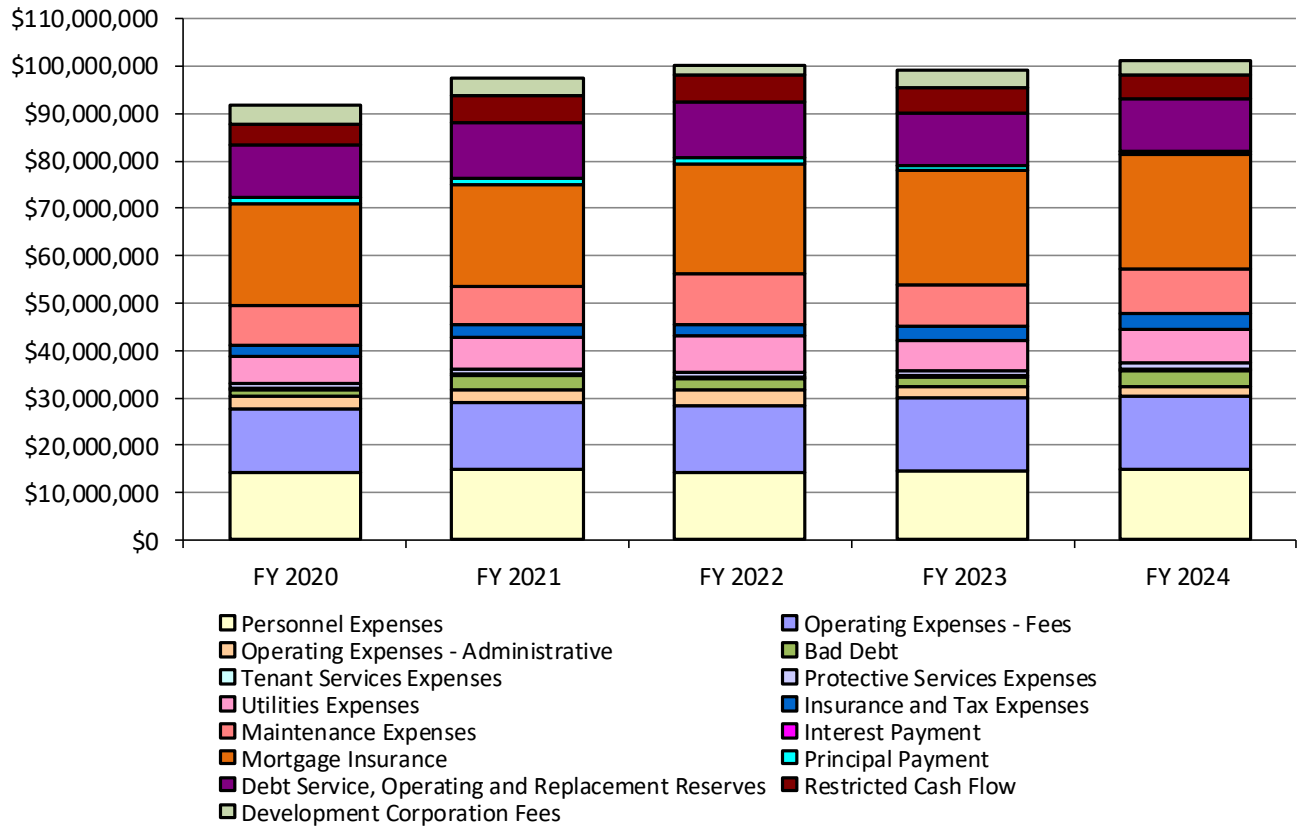
Opportunity Housing and Development Corporations	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$96,642,639	\$100,296,519	\$102,603,695	\$104,189,150	\$108,002,070
Non-Dwelling Rental Income	\$992,000	\$1,572,716	\$1,733,768	\$1,022,060	\$945,310
Federal Grant	\$49,571	\$40,645	\$44,859	\$45,800	\$42,000
Miscellaneous Income	\$229,554	\$300,694	\$358,796	\$84,940	\$113,410
<b>TOTAL OPERATING INCOME</b>	<b>\$97,913,764</b>	<b>\$102,210,574</b>	<b>\$104,741,118</b>	<b>\$105,341,950</b>	<b>\$109,102,790</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$14,151,152	\$14,810,109	\$14,117,954	\$14,648,200	\$15,053,550
Operating Expenses - Fees	\$13,444,709	\$14,271,450	\$14,328,060	\$15,236,040	\$15,147,150
Operating Expenses - Administrative	\$2,689,619	\$2,469,423	\$3,176,748	\$2,319,150	\$2,234,720
Bad Debt	\$1,439,878	\$3,324,955	\$2,510,454	\$2,249,100	\$3,399,290
Tenant Services Expenses	\$347,720	\$268,432	\$224,750	\$406,440	\$388,950
Protective Services Expenses	\$1,087,234	\$923,967	\$996,939	\$817,070	\$1,143,440
Utilities Expenses	\$5,563,980	\$6,650,743	\$7,628,136	\$6,579,900	\$6,959,450
Insurance and Tax Expenses	\$2,317,868	\$2,800,079	\$2,506,574	\$2,921,290	\$3,325,790
Maintenance Expenses	\$8,443,371	\$8,068,170	\$10,782,297	\$8,685,400	\$9,462,720
<b>TOTAL OPERATING EXPENSES</b>	<b>\$49,485,531</b>	<b>\$53,587,328</b>	<b>\$56,271,912</b>	<b>\$53,862,590</b>	<b>\$57,115,060</b>
<b>NET OPERATING INCOME</b>	<b>\$48,428,233</b>	<b>\$48,623,246</b>	<b>\$48,469,206</b>	<b>\$51,479,360</b>	<b>\$51,987,730</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$13,537	(\$12,746)	\$180	\$120	\$540
Transfer Between Funds	\$2,715,279	\$2,810,515	\$1,838,470	\$1,486,750	\$1,457,920
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$2,728,816</b>	<b>\$2,797,769</b>	<b>\$1,838,650</b>	<b>\$1,486,870</b>	<b>\$1,458,460</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$21,597,743	\$21,432,131	\$23,193,443	\$24,269,320	\$24,076,640
Mortgage Insurance	\$1,167,416	\$1,161,162	\$1,082,601	\$976,720	\$862,120
Principal Payment	\$11,002,405	\$11,987,691	\$12,041,042	\$11,011,470	\$10,918,050
Debt Service, Operating and Replacement Reserves	\$4,323,297	\$5,618,970	\$5,391,870	\$5,289,860	\$5,144,510
Restricted Cash Flow	\$4,061,680	\$3,573,368	\$2,246,647	\$3,631,650	\$3,135,240
Development Corporation Fees	\$6,668,476	\$5,343,739	\$5,758,672	\$5,217,050	\$6,040,790
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$48,821,017</b>	<b>\$49,117,061</b>	<b>\$49,714,275</b>	<b>\$50,396,070</b>	<b>\$50,177,350</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$46,092,201)</b>	<b>(\$46,319,292)</b>	<b>(\$47,875,625)</b>	<b>(\$48,909,200)</b>	<b>(\$48,718,890)</b>
<b>NET CASH FLOW</b>	<b>\$2,336,032</b>	<b>\$2,303,954</b>	<b>\$593,581</b>	<b>\$2,570,160</b>	<b>\$3,268,840</b>

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

**Total Income**



**Total Expenses**



# HOC Owned/Managed Properties—FY 2024 Net Cash Flow Statement

Opportunity Housing and Development Corps FY 2024 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2024 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2024 Net Cash Flow to HOC
Alexander House Dev Corp	\$4,110,120	\$1,368,950	\$2,741,170	\$2,375,790	\$71,390	\$252,300	\$41,690	\$0	\$41,690	\$0
Avondale Apartments	\$606,360	\$301,300	\$305,060	\$191,370	\$10,000	\$70,110	\$33,580	\$15,020	\$0	\$18,560
Barclay Apartments Dev Corp	\$1,316,280	\$679,040	\$637,240	\$669,100	\$22,800	\$104,780	(\$159,440)	\$0	\$0	(\$159,440)
Barclay Affordable	\$1,124,910	\$630,750	\$494,160	\$434,360	\$24,300	\$0	\$35,500	\$0	\$0	\$35,500
Battery Lane	\$4,412,960	\$1,683,510	\$2,729,450	\$2,003,410	\$74,200	\$125,080	\$526,760	\$0	\$0	\$526,760
Bradley Crossing	\$7,331,900	\$2,594,730	\$4,737,170	\$3,029,460	\$143,180	\$192,960	\$1,371,570	\$0	\$0	\$1,371,570
Brooke Park Apartments	\$219,480	\$131,340	\$88,140	\$0	\$5,950	\$0	\$82,190	\$82,190	\$0	\$0
Brookside Glen (The Glen) LP	\$1,632,620	\$835,780	\$796,840	\$492,530	\$75,120	\$124,080	\$105,110	\$105,110	\$0	\$0
Camp Hill Square	\$634,090	\$445,490	\$188,600	\$0	\$15,300	\$92,260	\$81,040	\$0	\$0	\$81,040
CDBG Units	\$47,990	\$23,780	\$24,210	\$930	\$23,280	\$0	\$0	\$0	\$0	\$0
Chelsea Towers	\$386,310	\$249,620	\$136,690	\$7,240	\$8,400	\$0	\$121,050	\$0	\$0	\$121,050
Cider Mill Apartments	\$13,936,420	\$5,957,870	\$7,978,550	\$6,767,330	\$302,400	\$574,940	\$333,880	\$333,880	\$0	\$0
Dale Drive	\$104,560	\$102,620	\$1,940	\$0	\$7,330	\$13,790	(\$19,180)	\$0	\$0	(\$19,180)
Day Care at 9845 Lost Knife Rd	\$133,400	\$34,360	\$99,040	\$115,400	\$5,000	\$0	(\$21,360)	\$0	\$0	(\$21,360)
Diamond Square LP	\$1,386,160	\$876,680	\$509,480	\$116,310	\$150,960	\$27,610	\$214,600	\$214,600	\$0	\$0
Fairfax Court	\$291,380	\$237,500	\$53,880	\$20,580	\$26,820	\$24,820	(\$18,340)	\$0	\$0	(\$18,340)
Glenmont Crossing Dev Corp	\$1,972,780	\$629,700	\$1,343,080	\$675,960	\$80,890	\$133,730	\$452,500	\$0	\$452,500	\$0
Glenmont Westerly Dev Corp	\$1,709,680	\$632,730	\$1,076,950	\$671,170	\$72,020	\$140,630	\$193,130	\$67,960	\$125,170	\$0
Holiday Park	\$323,940	\$233,070	\$90,870	\$101,570	\$18,960	\$0	(\$29,660)	\$0	\$0	(\$29,660)
Jubilee Falling Creek	\$26,110	\$26,420	(\$310)	\$0	\$2,000	\$0	(\$2,310)	\$0	\$0	(\$2,310)
Jubilee Hermitage	\$18,970	\$41,870	(\$22,900)	\$0	\$2,000	\$0	(\$24,900)	\$0	\$0	(\$24,900)
Jubilee Horizon Court	\$27,390	\$23,050	\$4,340	\$0	\$2,000	\$0	\$2,340	\$0	\$0	\$2,340
Jubilee Woodedge	\$13,700	\$27,910	(\$14,210)	\$0	\$2,000	\$0	(\$16,210)	\$0	\$0	(\$16,210)
King Farm Village Center	\$18,550	\$12,210	\$6,340	\$0	\$1,200	\$0	\$5,140	\$0	\$0	\$5,140
Magruder's Discovery Dev Corp	\$2,774,580	\$889,490	\$1,885,090	\$920,970	\$45,050	\$90,050	\$829,020	\$0	\$829,020	\$0
Manchester Manor Apartments	\$807,230	\$639,060	\$168,170	\$219,280	\$21,400	\$79,200	(\$151,710)	\$0	\$0	(\$151,710)
McHome	\$443,120	\$347,380	\$95,740	\$0	\$16,420	\$0	\$79,320	\$0	\$0	\$79,320
McKendree	\$194,880	\$128,370	\$66,510	\$0	\$11,200	\$0	\$55,310	\$0	\$0	\$55,310
MetroPointe Dev Corp	\$2,826,680	\$979,460	\$1,847,220	\$1,935,880	\$30,000	\$8,680	(\$127,340)	\$0	\$0	(\$127,340)
Metropolitan Dev Corp	\$6,516,230	\$1,941,630	\$4,574,600	\$1,143,120	\$48,600	\$106,730	\$3,276,150	\$2,111,240	\$1,065,330	\$99,580
Metropolitan Affordable	\$866,090	\$648,360	\$217,730	\$271,740	\$20,700	\$24,870	(\$99,580)	\$0	\$0	(\$99,580)
MHLP VII	\$451,370	\$412,890	\$38,480	\$37,060	\$14,000	\$0	(\$12,580)	\$0	\$0	(\$12,580)
MHLP VIII	\$663,170	\$522,740	\$140,430	\$0	\$20,000	\$0	\$120,430	\$0	\$0	\$120,430
MHLP IX - Pond Ridge	\$533,620	\$379,720	\$153,900	\$239,860	\$16,000	\$0	(\$101,960)	\$0	\$0	(\$101,960)
MHLP IX - Scattered	\$1,030,590	\$699,730	\$330,860	\$435,420	\$30,400	\$0	(\$134,960)	\$0	\$0	(\$134,960)
MHLP X	\$1,188,040	\$682,530	\$505,510	\$460,450	\$23,000	\$0	\$22,060	\$0	\$0	\$22,060

# HOC Owned/Managed Properties—FY 2024 Net Cash Flow Statement (cont.)

Opportunity Housing and Development Corps FY 2024 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2024 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2024 Net Cash Flow to HOC
(cont.)										
Montgomery Arms Dev Corp	\$2,077,650	\$803,060	\$1,274,590	\$671,660	\$46,200	\$177,850	\$378,880	\$0	\$378,880	\$0
MPDU 2007 - Phase II	\$87,790	\$61,400	\$26,390	\$0	\$5,400	\$0	\$20,990	\$0	\$0	\$20,990
MPDU I (64)	\$807,750	\$553,230	\$254,520	\$44,790	\$27,540	\$0	\$182,190	\$0	\$0	\$182,190
MPDU II (59) Dev Corp	\$881,500	\$516,140	\$365,360	\$0	\$17,700	\$0	\$347,660	\$0	\$347,660	\$0
NCI Units	\$181,510	\$98,170	\$83,340	\$0	\$83,340	\$0	\$0	\$0	\$0	\$0
NSP Units	\$106,290	\$48,170	\$58,120	\$0	\$58,120	\$0	\$0	\$0	\$0	\$0
Oaks @ Four Corners Dev Corp	\$1,534,290	\$828,400	\$705,890	\$277,860	\$172,000	\$165,440	\$90,590	\$90,590	\$0	\$0
Paddington Square Dev Corp	\$3,175,110	\$1,628,530	\$1,546,580	\$847,100	\$52,800	\$104,470	\$542,210	\$0	\$542,210	\$0
Paint Branch	\$203,610	\$136,990	\$66,620	\$0	\$8,400	\$0	\$58,220	\$58,220	\$0	\$0
Pooks Hill High-Rise Dev Corp	\$3,053,730	\$1,063,830	\$1,989,900	\$1,014,830	\$187,400	\$306,070	\$481,600	\$0	\$481,600	\$0
Pooks Hill Mid-Rise	\$977,170	\$337,060	\$640,110	\$298,110	\$55,860	\$68,930	\$217,210	\$0	\$0	\$217,210
RAD 6 - Ken Gar Dev Corp	\$289,380	\$137,980	\$151,400	\$102,490	\$11,000	\$19,720	\$18,190	\$0	\$0	\$18,190
RAD 6 - Parkway Woods Dev Corp	\$338,370	\$158,870	\$179,500	\$115,900	\$13,900	\$24,900	\$24,800	\$0	\$0	\$24,800
RAD 6 - Sandy Spring Meadow Dev Corp	\$772,400	\$390,060	\$382,340	\$259,140	\$31,860	\$57,070	\$34,270	\$0	\$0	\$34,270
RAD 6 - Seneca Ridge Dev Corp	\$1,237,370	\$817,750	\$419,620	\$512,800	\$41,120	\$73,670	(\$207,970)	\$0	\$0	(\$207,970)
RAD 6 - Towne Centre Place Dev Corp	\$673,570	\$401,030	\$272,540	\$173,750	\$28,370	\$50,840	\$19,580	\$0	\$0	\$19,580
RAD 6 - Washington Square Dev Corp	\$974,980	\$603,730	\$371,250	\$333,330	\$28,940	\$51,880	(\$42,900)	\$0	\$0	(\$42,900)
Scattered Sites One Dev Corp	\$2,835,870	\$1,980,670	\$855,200	\$558,390	\$114,000	\$23,000	\$159,810	\$0	\$159,810	\$0
Scattered Sites Two Dev Corp	\$794,070	\$525,320	\$268,750	\$268,260	\$74,400	\$0	(\$73,910)	\$0	\$0	(\$73,910)
Sligo MPDU III Dev Corp	\$281,730	\$258,360	\$23,370	\$0	\$9,200	\$0	\$14,170	\$0	\$14,170	\$0
Southbridge	\$531,870	\$285,650	\$246,220	\$125,220	\$10,800	\$53,770	\$56,430	\$56,430	\$0	\$0
State Rental Partnership	\$1,699,230	\$1,909,580	(\$210,350)	\$0	\$87,100	\$0	(\$297,450)	\$0	\$0	(\$297,450)
Strathmore Court Affordable	\$4,268,020	\$1,760,430	\$2,507,590	\$1,908,280	\$73,000	\$278,490	\$247,820	\$0	\$0	\$247,820
TPP LLC - Pomander Court	\$456,920	\$292,380	\$164,540	\$179,160	\$11,920	\$0	(\$26,540)	\$0	\$0	(\$26,540)
TPP LLC - Timberlawn	\$2,472,850	\$909,700	\$1,563,150	\$798,810	\$53,140	\$147,520	\$563,680	\$0	\$0	\$563,680
VPC One Dev Corp	\$7,095,730	\$3,715,640	\$3,380,090	\$1,481,250	\$1,027,400	\$0	\$871,440	\$0	\$871,440	\$0
VPC Two Dev Corp	\$4,997,910	\$2,509,970	\$2,487,940	\$1,053,960	\$702,670	\$0	\$731,310	\$0	\$731,310	\$0
Westwood Towers	\$4,838,540	\$2,405,480	\$2,433,060	\$1,218,640	\$588,660	\$292,280	\$333,480	\$0	\$0	\$333,480
Willows of Gaithersburg	\$2,390,410	\$1,556,350	\$834,060	\$276,790	\$78,000	\$286,970	\$192,300	\$0	\$0	\$192,300
<b>TOTAL</b>	<b>\$110,117,280</b>	<b>\$52,745,570</b>	<b>\$57,371,710</b>	<b>\$35,856,810</b>	<b>\$5,144,510</b>	<b>\$4,369,490</b>	<b>\$12,000,900</b>	<b>\$3,135,240</b>	<b>\$6,040,790</b>	<b>\$2,824,870</b>
From reserves planned to fund specific property operating deficits										
Dale Drive							\$19,180			\$19,180
MetroPointe Dev Corp							\$127,340			\$127,340
State Rental Partnership							\$297,450			\$297,450
<b>Net Cash Flow - All Properties</b>							<b>\$12,444,870</b>			<b>\$3,268,840</b>

## Bond Program—Revenue and Expense Statement

Bond Fund	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Amended Budget	Recommended Budget
<b>Operating Expenses</b>					
Personnel Expenses	\$1,713,034	\$1,668,969	\$1,715,726	\$2,267,140	\$2,458,860
Operating Expenses - Fees	\$1,099,590	\$947,430	\$1,066,240	\$1,433,770	\$1,547,550
Operating Expenses - Administrative	\$176,666	\$62,078	\$381,349	\$277,850	\$305,830
Trustee Fees	\$95,618	\$89,364	\$86,499	\$145,430	\$152,410
Financial Services	\$367,503	\$439,177	\$309,869	\$265,540	\$296,710
Cost of Issuance Expense	\$244,025	\$0	\$220,640	\$180,000	\$154,870
Underwriter Fee Expense	\$341,468	\$236,040	\$190,482	\$230,000	\$410,860
Lender Services Fees	\$67,385	\$155,777	\$167,025	\$121,000	\$121,000
Loan Management Fees	\$536,298	\$353,798	\$353,798	\$384,630	\$414,630
<b>TOTAL OPERATING EXPENSES</b>	<b>\$4,641,587</b>	<b>\$3,952,633</b>	<b>\$4,491,628</b>	<b>\$5,305,360</b>	<b>\$5,862,720</b>
<b>NET OPERATING INCOME</b>	<b>(\$4,641,587)</b>	<b>(\$3,952,633)</b>	<b>(\$4,491,628)</b>	<b>(\$5,305,360)</b>	<b>(\$5,862,720)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$25,869,547	\$21,985,260	\$26,188,087	\$23,547,630	\$24,680,960
Transfer Between Funds	\$3,098,947	\$2,886,671	\$3,230,553	\$3,833,030	\$4,156,170
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$28,968,494</b>	<b>\$24,871,931</b>	<b>\$29,418,640</b>	<b>\$27,380,660</b>	<b>\$28,837,130</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$17,719,992	\$16,126,958	\$18,262,946	\$16,887,630	\$17,369,960
Mortgage Insurance	\$1,508	\$1,092	\$829	\$790	\$920
Debt Service, Operating and Replacement Reserves	\$6,091,882	\$4,136,403	\$6,093,456	\$4,886,230	\$5,303,290
Restricted Cash Flow	\$220,417	\$216,128	\$400,894	\$0	\$0
Miscellaneous Bond Financing Expenses	\$293,108	\$438,717	\$168,887	\$300,650	\$300,240
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$24,326,907</b>	<b>\$20,919,298</b>	<b>\$24,927,012</b>	<b>\$22,075,300</b>	<b>\$22,974,410</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$4,641,587</b>	<b>\$3,952,633</b>	<b>\$4,491,628</b>	<b>\$5,305,360</b>	<b>\$5,862,720</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

Recommended Budget  
April 5, 2023

## Agency Divisions

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

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

### Special points of interest:

#### Operating Budget

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

## Agency Revenues by Division

Division Summary	FY 2024		
	Recommended Budget		
	Revenues	Expenses	Net
<b>Divisions</b>			
Executive Division	\$100,000	\$17,163,090	(\$17,063,090)
Finance Division	\$6,950	\$6,707,450	(\$6,700,500)
Housing Resources Division	\$136,101,090	\$134,467,800	\$1,633,290
Maintenance Division	\$0	\$885,760	(\$885,760)
Mortgage Finance Division	\$9,598,830	\$5,679,390	\$3,919,440
Property Management Division	\$125,990,950	\$113,107,840	\$12,883,110
Real Estate Development Division	\$4,562,200	\$2,808,230	\$1,753,970
Resident Services Division	\$17,538,770	\$16,526,660	\$1,012,110
<b>SUB-TOTAL</b>	<b>\$293,898,790</b>	<b>\$297,346,220</b>	<b>(\$3,447,430)</b>
<b>Other Non-Divisions</b>			
Agency Wide Revenue and Expenses	\$13,239,880	\$9,792,450	\$3,447,430
Bond Funds	\$24,680,960	\$24,680,960	\$0
<b>TOTAL - ALL FUNDS</b>	<b>\$331,819,630</b>	<b>\$331,819,630</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:

- Compliance;
- Information Technologies;
- Finance —
  - Accounting,
  - Budget,
  - Procurement;
- Housing Choice Voucher Program

Administration;

- Family Self Sufficiency Program (“FSS”);
- Maintenance;
- Multifamily Bond Issuance;
- Mortgage Purchase Program;
- Real Estate Development; and
- Programming for Youth, Families and Seniors.

Individual performance measurement results are contained within respective division summaries (pages 2-3 through 2-52).



# Executive Division

Recommended Budget  
April 5, 2023

## 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

### Human Resources -

- **Maintain a Quality Workforce.**

- Complete full contract collective bargaining negotiations with Municipal and County Government Employee Organization (“MCGEO”) to ensure standards governing HOC’s represented employees and administer the Labor Agreements.
- Develop recruitment strategies to assist divisions in efficient, effective and timely recruitment

of qualified candidates.

- Manage the administrative function of employee training in the Yardi Aspire Learning Management System.
- Administer and monitor pre-employment drug testing program for new employees and alcohol and drug testing program for new and existing staff.
- Create, implement, and monitor a comprehensive New Employee Training Plan as part of

Performance Management to enhance employee development and increase job skills.

- Provide continuing education and technical assistance for HOC employees and supervisors on policies and practices governing the Commission and its work activities.
- Administer the Labor Agreements with Municipal and County Government Employee Organization (“MCGEO”).
- Transition administration and processing of Americans with Disabilities Act Reasonable Accommodation for employees from the Human Resources Office to Legal.
- **Ensure Compliance with applicable employment laws.**
- Provide ongoing training to employees in the following areas:
  - Preventing Workplace Harassment,
  - Family and Medical Leave Act, and
  - Disciplinary Actions and Administrative and negotiated grievance procedures.
- **Continuous Improvement and Operational Efficiency of HOC**
  - Determine ways to increase cost effectiveness for HOC’s administrative services.
  - Provide continuous communication to staff on relevant items of interest concerning Benefits, Training and Development, Rules and Regulations, the Collective Bargaining Agreement, Wellness Initiatives, Secondary Employment Requirements and other information to increase awareness of each area to maximize staff engagement.
  - Fully implement ADP Workforce Now as HOC’s Human Resources Information System to provide a full suite of services to include applicant tracking, performance management, data analytics, increased employee self-service and to provide greater efficiency and service to Human Resources and Payroll as well as employees and managers.

- Fully implement Yardi Aspire Learning Management System in order to track and offer several required trainings online increasing availability and convenience of self-service trainings.

- **Staff Training**

- Expand, Develop, and Coordinate In-Service Training classes offered continuously that can be used for both new and current HOC staff, as well as externally managed HUB staff.
- Coordinate New Employee Orientation.
- Upload historical training data into new Yardi Aspire Learning Management System.
- Supporting, Coordinating and Monitoring In-Service Training and Development activities for HOC staff to provide all employees with opportunities for continuing growth and development in various areas. Training topics include:
  - Business Writing,
  - Customer Service,
  - Collective Bargaining Agreement and Supervising Employees in Union Environment,
  - Disability Awareness and Sensitivity,
  - Diversity, Equity & Inclusion,
  - Effective Communications,
  - Emergency Preparedness,
  - Ethics,
  - Performance Plan and Review for Supervisors,
  - Supervising a Remote Work Team, and
  - Teamwork.

- **Facilities Management**

- Provide for the safety and security of HOC staff and Customers.
- Provide a variety of administrative services and support to HOC departments and staff.
- 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 improvement programs, at the East Deer Park and Bonifant Street office locations, in order to maintain and upgrade the building systems, equipment, and finishes as needed to serve HOC staff and its customers.
- Oversee the Agency's fleet program to include all aspects of vehicle management, including safety, training and finance.
- Participate in the planning of space that is ideal for staff and accessible to customers.
- Improve and endorse energy efficiency in all spaces that are currently occupied or are to be occupied by HOC.
- Manage adverse office conditions. Set up preventive maintenance schedules so that cleaning and sanitization is performed on a regular basis.

#### **Logistics**

- Provide and deliver the necessary supplies to the Maintenance Division in order to maintain our units at the highest standard.
- Provide mail and delivery services throughout the Agency including metered U.S. Mail, HOC Mail Runs, Federal Express, courier services, shipping and receiving, and special deliveries.
- Facilitate the automation of all inbound and outbound mail.
- Assist the Agency in special event set ups.

#### **Compliance Department**

The Compliance Department is the unit within HOC which ensures that the Agency adheres to applicable laws, regulations, and rules connected to HOC's daily activities. This includes federal, state, county, and other locally specific laws and regulations. The Compliance Department provides support to each division and department within HOC by supplying regulatory expertise and conducting quality control and other monitoring of departmental activities. In these ways, the

Compliance Department assists with risk mitigation helping to preserve the integrity and reputation of HOC as well as its legal ability to function on a daily basis.

More specifically, the duty, objective, and responsibility of the Compliance Department are:

- **DUTY** - The Compliance Department has a duty to work with management and staff to identify and manage regulatory risk. The Compliance Department is also tasked with federal program submission and fair housing compliance across the Agency.
- **OBJECTIVE** - The overarching objective of the Compliance Department is to ensure that HOC consistently, efficiently, and accurately reviews the tasks, which employees complete, to appropriately measure and manage the risks that the Agency faces .
- **RESPONSIBILITY** - The general responsibility of the Compliance Department is to provide an in-house service that effectively supports the Agency's various divisions and departments in their duty to comply with relevant laws, regulations, and internal procedures.

To accomplish the aforementioned mission, the Compliance Department performs the following five actions:

- **IDENTIFICATION** - Identifies the risks HOC faces,
- **PREVENTION** - Designs and implements controls to protect HOC from the identified risks,
- **MONITORING and DETECTION** - Monitors and reports on the effectiveness of the controls in managing HOC's exposure to the identified risks,
- **RESOLUTION** - Works with the relevant Divisions and Departments within HOC to resolve compliance issues as they occur and,
- **ADVISORY** - Advise HOC regarding 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 customers 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.
- Advance, facilitate and maintain technology services and equipment to optimize remote work operations.

### **Legislative and Public Affairs**

Under HOC's new Executive Director, the agency has reimagined its Office of Legislative & Public Affairs ("LPA"). LPA was an existing HOC division that is newly comprised of two functions, led by two new directors:

- Director of Government Affairs
- Director of Public Affairs & Communications

The **Office of Legislative & Government Affairs** ("LGA") is responsible for connecting HOC to other parts of government by

- Tracking legislation and regulations proposed at the Federal, State and local levels that could impact HOC ability to serve our customers.
- Working with the Commission, HOC executive leadership, and other stakeholders to develop and execute an advocacy agenda for proposed legislation and regulations that impact HOC.
- Working with other divisions to develop proactive funding and legislative priorities and finds opportunities to grow the resources that HOC uses to serve the families that need them.

The **Office of Public Affairs & Communications** ("PAC") is responsible for

- Developing, implementing, and conducting a comprehensive program for internal and external communications for all aspects of HOC's programs, plans, and initiatives, ensuring that the communication is at the highest level of impact and professionalism and that the HOC brand aligns with its mission and strategic objectives.

- Working to coordinate responses to requests for information and disseminate information to the media, residents, and the public.
- Coordinating all internal publications, website and social media management, and the production of events, posters, and audio-visual presentations.

### **Asset Management**

HOC's Asset Management acts as the owner's representative for the Commission. Asset management maximizes the financial performance of the Commission's multifamily and scattered site properties concurrent with assuring the physical integrity of the assets long-term.

Asset Management partners with property management in that each has an integral part in performance management for individual assets. Property Management focuses on the day-to-day operations of individual assets. Asset Management has a long-term view, first on individual assets and their operational integrity, second on how unique assets fit into the portfolio of assets held by the Commission over time.

The role of Asset Management is to implement operational and financing strategies for HOC-owned real estate and recommend actions based on those strategies, to maximize HOC and investor returns and values. In addition, Asset Management retains a view of individual assets to ascertain their long-term viability and capital investment and planning needs.

The Asset Management Team undertakes a long-term view of individual assets and their place within the portfolio of assets held by the Commission. This review considers the length of regulatory commitments, tax credit exit strategies, financing, re-financing, capital expenditure planning, asset repositioning, redevelopment, dispositions, and high-and-best-use.

Asset Management considers geographic dispersion, competitive and comparative market dynamics, asset viability, and operational integrity.

Property management ensures real-time property compliance with regulatory and lender requirements.

### **Risk Management**

- Risk Management's core focus is on reducing preventable financial loss as well as injuries to

staff, residents, and other individuals. The department sets out to manage the risk by Avoidance, Limitation, Transfer, and/or Acceptance .

- Avoidance is achieved in concert by coordination with various departments to identify risks that can be avoided and implementing processes to circumvent the exposure.
- Limitation is also collaboratively established by working with legal, and various parts within operations, to train staff on how to perform our mission as safely as possible.
- Transfer is most often done via contractual risk transfer by assisting legal with a focus on insurance policies, indemnification, scope of work, limitations of liability, and insurance requirements.
- Acceptance allows for HOC to take on certain risks to loss and is best done when everyone is aware of the risks and exposures.

## **Legal**

The Legal department provides legal guidance and support to the Commission and the various departments at the Agency.

This includes:

- Managing and responding to litigation impacting the Agency,
- Reviewing contracts and Agency policies,
- Commission governance,
- Facilitating various Real Estate transactions, and
- Protecting the Agency from exposure to liabilities.

It is anticipated that the processing of reasonable accommodations (customer and employee) will be transitioned to the legal department.

# **Performance Measurement Results**

## **Human Resources**

- Expanded communication to staff by incorporating topics in the areas of: Safety, Training and Development, Information, Rules and Regulations, Employee Wellness, the Collective Bargaining Agreement, and Secondary Employment with the aim of ensuring compliance with HOC standards, protocol and operating procedures.
- Staff Training
  - Ensure attendance and completion of mandatory training by all staff including tracking learners' progress in real time in the Yardi Aspire Learning Management System.

Assess and measure post training surveys and track employee engagements in order to determine training value.

## **Facilities Management**

- The Facilities Management Division's goal is to deliver utility savings through energy sustainability. Currently, it is not possible to measure these achievements at HOC's given the age and inefficiency at its headquarters and other building; However, future energy performance measurements would be possible when the new headquarters building is delivered.
- Beginning in FY 2023, the percentage of work orders completed per quarter will be recorded as this is indicative of the facilities impact in delivering parts and equipment for repairs and maintenance of residential units.

## Performance Measurement Results (cont.)

### Compliance Department

The Compliance Department performs quality control (“QC”) reviews on many HOC activities. These QC reviews were historically conducted on a monthly basis. Compliance transitioned to a quarterly QC process starting with QCs performed during the month of January 2021. Due to Agency needs, Compliance is conducting bi-monthly QCs indefinitely as of January 2023. As Compliance

receives the QC results, the Department initiates a dialogue with the relevant HOC Divisions and Departments to assist them with resolution and future prevention.

The tables below and on the following page display a high-level breakdown of the QC results from Fiscal Year (“FY”) 2022 as well as projections for Fiscal Year 2023 and Fiscal Year 2024.

QC Statistics for FY 2022 (July 1, 2021 – June 30, 2022)				
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	% Passed
Housing Resources Division	174	78	96	55%
Property Management (Third Party File Reviews)-Site Visits ^	34	0	34	100%
Property Management (HOC Housing Specialists)	8	6	2	25%
Resident Services	55	36	19	35%
Inspection Services	215	85	130	60%
Mortgage Finance &	NA	NA	NA	NA
Housing Path Wait List (All Programs)	18	11	7	39%
Contractor Background Screening *	NA	NA	NA	NA
<b>Total</b>	<b>504</b>	<b>216</b>	<b>288</b>	<b>57%</b>

^ The Compliance Specialist team performs file reviews during internal audits of our third party managed properties. The Compliance Specialists were exempt from third party property management file reviews from June 2021 to March 2022 due to a Compliance Specialist staffing shortage.

& Mortgage Finance quality control reviews were on hold during this time period. Reviews are expected to resume on or before FY 2024.

\* Contractor Background Screening QCs are currently on hold due to a staffing shortage, but are expected to resume on or before FY 2024.

QC Actual/Projections for FY 2023 (July 1, 2022 – June 30, 2023)				
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	% Passed
Housing Resources Division	293	146	147	50%
Property Management (Third Party File Reviews)-Site Visits	263	47	216	82%
Property Management (HOC Housing Specialists)	45	40	5	11%
Resident Services	95	56	39	41%
Inspection Services	319	121	198	62%
Mortgage Finance	NA	NA	NA	NA
Housing Path Wait List (All Programs)	99	30	69	70%
Contractor Background Screening #	NA	NA	NA	NA
<b>Total</b>	<b>1,114</b>	<b>440</b>	<b>674</b>	<b>61%</b>

# Contractor Background Screening QCs are currently on hold due to a staffing shortage, but are expected to resume on or before FY 2024.

## Performance Measurement Results (cont.)

QC Projections for FY 2024 (July 1, 2023 – June 30, 2024)				
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	% Passed
Housing Resources Division	360	180	180	50%
Property Management (Third Party File Reviews)-Edgewood HUB <sup>@</sup>	60	TBD	TBD	TBD
Property Management (Third Party File Reviews)-Site Visits	226	20	206	91%
Property Management (HOC Housing Specialists)	60	52	8	13%
Resident Services	120	78	42	35%
Inspection Services	300	111	189	63%
Mortgage Finance <sup>&amp;</sup>	36	0	36	100%
Housing Path Wait List (All Programs)	150	45	105	70%
Contractor Background Screening <sup>#</sup>	36	TBD	TBD	TBD
<b>Total</b>	<b>1,348</b>	<b>486</b>	<b>766</b>	<b>64%</b>

<sup>@</sup> This item refers to file reviews conducted using the Quality Control Database. These are primarily the HUB structured properties, which Edgewood Management manages. Compliance is scheduled to resume these QC reviews on or before FY 2024, but does not have any recent historical data to compare.

<sup>&</sup> Mortgage Finance quality control reviews are currently on hold due to staffing shortages. All previous QCs have passed. Reviews are expected to resume on or before FY 2024.

<sup>#</sup> Contractor Background Screening QCs are new and there is no previous data to use for projections. Reviews are currently on hold and are expected to resume on or before FY 2024.

### Information Technologies (“IT”)

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

issued during a given year. The chart below reflects changes in equipment, service, and staffing made throughout 2022. Software changes and supply shortages will increase the ticket count while adjusting to new work flows; but it should be at a lower rate than FY 2020.

Information Technologies					
Measurement	FY 2020	FY 2021	FY 2022	FY 2023 Estimate	FY 2024 Projection
Number of Closed Help Desk Tickets	6,117	5,278	9,100	7,470	6,595

The newly bifurcated LPA division will be working in FY 2023 to begin developing goals, objectives and key performance indicators that measure its work. At a high level, the division will focus on the following key activities by function:

### Legislative & Government Affairs (“LGA”) 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, Zoning Text Amendments, 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

## Performance Measurement Results (cont.)

public hearings and civic and neighborhood meetings.

- Expand HOC's advocacy efforts through broader Commission, staff and customer participation and deeper connections with community partners.

### **Public Affairs & Communications ("PAC") Activities**

- Build and strengthen the PAC team to support HOC's internal and external communications.
- Improve PAC's internal and external communications function through adequate processes, systems, tools, metrics and training.
- Strengthen HOC's brand through the development of brand guidelines, tools, training, etc. to support the agency's internal and external reputation.
- Increase awareness of and support for the agency and its nonprofit among key audiences (e.g., donors, media, general public, customers, business leaders, etc.).

### **Housing Information Activities**

- Ensure accurate information and efficient service for visitors and callers.
- Maintain and update HOC's website, working in FY 2023 to begin the website overhaul process.
- Participate in community meetings, forums, conferences, etc. to disseminate information about HOC and its programs, and to raise the overall profile of the agency.

### **Risk Management**

- Audit current processes and suggest changes where it makes sense.
- Measure the frequency of preventable losses or lawsuits.
- Ensure that contracts entered into by HOC affords the appropriate risk transfer to third parties, including insurance carriers.
- Ensure that the insurance policies that we control are broad in coverage language, exhaustive in the exposures that are covered and comparably at a lower cost when compared to our peers.
- Retain this best-in-class level of coverage and pricing by decreasing the risk via policies, training, audits, drills, check-lists, loss control site visits, pre-acquisition consultation, and various other proactive methodologies.

### **Legal**

- Responding timely to third parties (e.g., courts, compliance boards, etc.) to ensure the Agency's interests are protected and no penalties are incurred.
- Assisting in real estate transactions to ensure projects close within deadlines to prevent the loss of funding.



## Budget Overview—Executive Division

The total Recommended FY 2024 Budget for the Executive Division is \$17.16 million, which represents an increase of 10.62% over the FY 2023 Budget. Personnel costs comprise 67.05% of the FY 2024 Budget. Operating expenses account for 18.49% in FY 2024. Maintenance and other miscellaneous expenses account for 10.70% in FY 2024. The remaining 3.76% in FY 2024 is comprised

of Reserve for Replacements (“RfR”) contribution expenses for the Information Technology (“IT”) and Facilities, partial funding of the FY 2024 capital budgets for IT, and the annual repayment to the County MPDU/PAF Revolving Fund for the purchase of 880 Bonifant in Silver Spring.

## Revenue and Expense Statement

Executive Division	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
Management Fees	\$0	\$560	\$0	\$0	\$0
Miscellaneous Income	\$85,755	\$289,767	\$450,990	\$250,000	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$85,755</b>	<b>\$290,327</b>	<b>\$450,990</b>	<b>\$250,000</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$8,080,552	\$7,093,079	\$7,353,833	\$9,465,130	\$11,506,990
Operating Expenses - Fees	\$364,545	\$479,070	\$635,058	\$630,800	\$401,940
Operating Expenses - Administrative	\$3,449,934	\$2,207,514	\$1,990,302	\$2,975,950	\$2,771,030
Tenant Services Expenses	\$4,880	\$1,350	\$4,161	\$4,000	\$0
Protective Services Expenses	\$65,051	\$19,742	\$30,316	\$58,420	\$194,020
Utilities Expenses	\$135,199	\$107,847	\$127,061	\$170,990	\$206,680
Insurance and Tax Expenses	\$43,787	\$49,585	\$40,734	\$138,080	\$149,560
Maintenance Expenses	\$864,937	\$975,416	\$954,328	\$1,010,490	\$1,286,870
<b>TOTAL OPERATING EXPENSES</b>	<b>\$13,008,885</b>	<b>\$10,933,603</b>	<b>\$11,135,793</b>	<b>\$14,453,860</b>	<b>\$16,517,090</b>
<b>NET OPERATING INCOME</b>	<b>(\$12,923,130)</b>	<b>(\$10,643,276)</b>	<b>(\$10,684,803)</b>	<b>(\$14,203,860)</b>	<b>(\$16,517,090)</b>
<b>Non-Operating Income</b>					
Transfer Between Funds	\$517,560	\$100,000	\$361,408	\$190,000	\$100,000
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$517,560</b>	<b>\$100,000</b>	<b>\$361,408</b>	<b>\$190,000</b>	<b>\$100,000</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$100,000	\$96,000	\$0	\$0	\$0
Principal Payment	\$0	\$0	\$0	\$96,000	\$96,000
Debt Service, Operating and Replacement Reserves	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Out Between Funds	\$721,004	\$621,010	\$908,819	\$765,000	\$350,000
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$1,021,004</b>	<b>\$917,010</b>	<b>\$1,108,819</b>	<b>\$1,061,000</b>	<b>\$646,000</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$503,444)</b>	<b>(\$817,010)</b>	<b>(\$747,411)</b>	<b>(\$871,000)</b>	<b>(\$546,000)</b>
<b>NET CASH FLOW</b>	<b>(\$13,426,574)</b>	<b>(\$11,460,286)</b>	<b>(\$11,432,214)</b>	<b>(\$15,074,860)</b>	<b>(\$17,063,090)</b>

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# Finance Division

Recommended Budget  
April 5, 2023

## 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.
- 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	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Goal	FY 2024 Goal
Received Standard Unqualified Audit Opinion:					
Agency Audit	Yes	Yes	Yes	Yes	Yes
HOC Owned Property Audits	Yes	Yes	Yes	Yes	Yes
Non-HOC Owned Property Audits	Yes	Yes	Yes	Yes	Yes
Single Audit	Yes	Yes	No*	Yes	Yes
Number of consecutive years receiving GFOA Certificate of Achievement for Excellence in Financial Reporting	12	13	14	15	16

\* The Agency received Unmodified Opinion except for the Section 8 Project Based Cluster Program, which received a qualified opinion in FY 2022.

Budget					
Measurement	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Goal	FY 2024 Goal
Number of consecutive years receiving GFOA Best Budget Award	14	15	16	17	18

Procurement					
Measurement	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Goal	FY 2024 Goal
Number of Contracts Awarded	592	561	635	598	616
Percent of Dollars issued to Minority/Female/Disabled-Outreach ("MFD") firms	21.35%	16%	36%	20%	20%
Number of Purchase Orders ("POs") issued	10,618	11,281	11,232	11,256	11,244

## Budget Overview—Finance Division

The total Recommended FY 2024 Budget for the Finance Division is \$6.71 million. Personnel costs comprise 94.09% of total operating expenses in

FY 2024. Fees, Administrative expenses, and Interest Payments account for the balance of the budget.

## Revenue and Expense Statement

Finance Division	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
Miscellaneous Income	\$542	\$384	\$6,753	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$542</b>	<b>\$384</b>	<b>\$6,753</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$4,988,882	\$4,776,605	\$5,118,427	\$5,802,160	\$6,310,940
Operating Expenses - Fees	\$149,161	\$145,806	\$263,910	\$270,820	\$270,970
Operating Expenses - Administrative	\$147,520	\$133,152	\$194,251	\$137,580	\$125,040
Tenant Services Expenses	\$119	\$116	\$0	\$500	\$500
Insurance and Tax Expense	(\$1,140)	\$40,497	\$0	\$0	\$0
Maintenance Expenses	\$0	\$1,948	\$0	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$5,284,542</b>	<b>\$5,098,124</b>	<b>\$5,576,588</b>	<b>\$6,211,060</b>	<b>\$6,707,450</b>
<b>NET OPERATING INCOME</b>	<b>(\$5,284,000)</b>	<b>(\$5,097,740)</b>	<b>(\$5,569,835)</b>	<b>(\$6,211,060)</b>	<b>(\$6,707,450)</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$20,327	\$9,771	\$7,254	\$7,090	\$6,950
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$20,327</b>	<b>\$9,771</b>	<b>\$7,254</b>	<b>\$7,090</b>	<b>\$6,950</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$58,292	\$2,833	\$1,240	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$58,292</b>	<b>\$2,833</b>	<b>\$1,240</b>	<b>\$0</b>	<b>\$0</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$37,965)</b>	<b>\$6,938</b>	<b>\$6,014</b>	<b>\$7,090</b>	<b>\$6,950</b>
<b>NET CASH FLOW</b>	<b>(\$5,321,965)</b>	<b>(\$5,090,802)</b>	<b>(\$5,563,821)</b>	<b>(\$6,203,970)</b>	<b>(\$6,700,500)</b>

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# Housing Resources Division

Recommended Budget  
April 5, 2023

## Mission Statement

The mission of the Housing Resources Division is to provide quality customer service while determining housing assistance subsidy eligibility for customers participating in the Housing Choice Voucher (“HCV”) program. The Division educates and supports customers, 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. In addition, the Division operates Customer Service Centers in Gaithersburg and Silver Spring. Finally, the Division also offers a federally mandated voluntary Family Self Sufficiency Program (“FSS”) to assist participants in building assets and promoting achievement of personal and professional goals.

### Special points of interest:

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

## Description

The HCV Program is the Federal Government’s principal rental assistance program available to extremely 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. These operations 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 2023 and CY 2024 HUD funding allocations and effectively serve as many program-eligible families as possible.
- To provide expert information to members of the Agency’s staff on federally regulated programs.
- To ensure the Agency’s compliance, for both the programs and customers, with the U.S. Department of Housing and Urban Development (“HUD”) regulations.

## Performance Measurement Results

The Housing Resources Division (“HRD”) established departmental metrics to monitor the progress towards Agency goals of getting people housed, keeping people housed and helping them reach their fullest potential. The metrics are monitored monthly and provide objective, real time data regarding overall performance and efficiency. The HRD Management Team tracks trends, challenges and training needs based on the monthly data.

The Coronavirus Disease (“COVID-19”) pandemic was declared a national pandemic on March 13, 2020. As a result, ongoing operational and staffing challenges continue to affect the monthly metrics. Staff fully

returned to the office on January 3, 2023, and HOC opened to the public on January 9, 2023.

As we continue to conduct a hybrid of in-person and virtual operations, we have increased the program utilization rate to 96%. Additionally, the implementation of Rent Café, Yardi’s online recertification portal, began on July 1, 2022. Rent Café allows customers to upload recertification materials including third party verifications directly into our system of record, which will streamline operations and minimize potential audit findings.



## Performance Measurement Results (cont.)

Area of Focus	Performance Measure	FY2023 YTD	FY 2023 % Goal	FY2024 Projection	FY 2024 % Goal
Utilization	Percentage of Allotted Vouchers utilized.	96%	95%	NA	NA
Certifications	Percentage of Initial Certifications received and processed within 10 days of receipt.	75%	90%	NA	NA
Landlord Receivable	Balance reduced by 20%.	43%	20%	NA	NA
Annual Recertification	Complete Annual Recertifications at least 30 days prior to the effective date.	75%	90%	NA	NA
	90% of Client files reviewed must have correct calculation of the tenant share and the HAP.	82%	90%	NA	NA
Interims	Complete Interim Recertifications within 30 days of Date received.	78%	90%	NA	NA
	90% of Client files reviewed must have correct calculation of the tenant share and the HAP.	84%	90%	NA	NA
Rent Increases	Complete Annual Rent Increase requests within 30 days prior to Effective Date.	70%	90%	NA	NA
FSS *	Increase FSS Enrollment Outreach by contacting a minimum of 120 customers per month.	22%	100%	100%	100%
	Increase FSS Program enrollment by 10 participants per month until program baseline is met (441).	29%	100%	40%	100%
	Percentage of graduating clients with <b>no initial employment</b> with increased earnings of \$25,000 or more.	100%	50%	17%	55%
	Percentage of graduating clients with <b>initial employment</b> with increased earnings of \$25,000 or more.	94%	50%	4%	49%

\* HOC was prohibited from enrolling new FSS families in the FSS Program, until HUD approved the FSS Action Plan. Enrollment efforts ceased for approximately six months.

### SEMAP

The Section Eight Management Assessment Program (“SEMAP”) was designed by HUD as a tool to measure the performance of a Public Housing Authority’s (“PHA”) administration of the Housing Choice Voucher (“HCV”) program and the Family Self-Sufficiency (“FSS”) component of the HCV 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 PHA advances fair housing opportunities.

SEMAP is composed of 14 performance indicators and one bonus indicator. Each performance indicator represents a critical component for operating a well-run HCV Program. PHAs with a SEMAP score of at least 90% shall be rated as High Performers. PHAs with a SEMAP score of 60% to 89% shall be rated as Standard Performers. PHAs with a SEMAP score of less than 60% shall be rated Troubled Performers.

HOC has maintained a high performer rating since 2011. The COVID-19 pandemic presented significant challenges for HUD and PHA’s. However, HOC received a score of 130 points out of a possible 145 for an overall rating of 90% for FY 2022.

## Performance Measurement Results (cont.)

SEMAP Score								
<i>SEMAP Component</i>	Actual Score FY 2021	Max. Score FY 2021	Actual Score FY 2022	Max. Score FY 2022	Preliminary Score FY 2023	Max. Score FY 2023	Preliminary Score FY 2024	Max. Score FY 2024
Selection from the Waiting List	15.0	15.0	15.0	15.0	NA	15.0	NA	15.0
Reasonable Rent	15.0	20.0	15.0	20.0	NA	15.0	NA	15.0
Adjusted Income Determination	20.0	20.0	15.0	20.0	NA	20.0	NA	20.0
Utility Allowance Schedule	5.0	5.0	5.0	5.0	NA	5.0	NA	5.0
HQS Quality Control Inspection	5.0	5.0	5.0	5.0	NA	5.0	NA	5.0
HQS Enforcement	10.0	10.0	0.0	10.0	NA	10.0	NA	10.0
Expanding Housing Opportunities	5.0	5.0	5.0	5.0	NA	5.0	NA	5.0
Fair Market Rent "FMR" Limit and Payment Standard ("PS")	5.0	5.0	5.0	5.0	NA	5.0	NA	5.0
Annual Re-Examination	10.0	10.0	10.0	10.0	NA	10.0	NA	10.0
Correct Tenant Rent Calculations	5.0	5.0	5.0	5.0	NA	5.0	NA	5.0
Pre-Contract Housing Quality Standards ("HQS") Inspections	5.0	5.0	5.0	5.0	NA	5.0	NA	5.0
Annual HQS Inspections	10.0	10.0	10.0	10.0	NA	10.0	NA	10.0
Lease-Up	20.0	20.0	20.0	20.0	NA	20.0	NA	20.0
Family Self-Sufficiency ("FSS") Enrollment with Escrow Accounts	8.0	10.0	10.0	10.0	NA	10.0	NA	10.0
<b>Program Subtotal</b>	<b>138.0</b>	<b>145.0</b>	<b>125.0</b>	<b>145.0</b>	NA	<b>145.0</b>	NA	<b>145.0</b>
<i>De-concentration Bonus *</i>	5.0	–	5.0	–	NA	-	NA	-
<b>Overall</b>	<b>143.0</b>	<b>145.0</b>	<b>130.0</b>	<b>145.0</b>	NA	<b>145.0</b>	NA	<b>145.0</b>

\* The De-concentration bonus does not change the Maximum Score Scale.

## Performance Measurement Results (cont.)

### Family Self-Sufficiency (“FSS”) Program

FSS is a federally mandated voluntary program to assist 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 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. They assist with funds to subsidize staffing costs, provide transportation,

tuition, books, and child care for FSS participants.

The Department of Housing and Urban Development (“HUD”) mandated numerous changes to the FSS Program under the Streamlining and Implementation of Economic Growth, Regulatory Relief and Consumer Protection Act effective June 16, 2022. Under the new rule, HOC can no longer use forfeited escrow funds for Housing Assistance (“HAP”) Payments. Additionally, FSS families may continue to accrue escrow earnings with earned income up to 80% of the Area Median Income (“AMI”).

Ninety percent of HOC’s FSS Program participants are single mothers. The majority of participants fall within the age range of 31-50. Eleven percent lacked a GED/high school diploma and 43% of the enrolled participants were unemployed when they began FSS.

Family Self-Sufficiency Program (“FSS”)							
Measurement	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Projection FY 2023	Goal FY 2024
Mandated Participants	441	441	441	441	441	441	441
Enrolled Participants	229	244	253	332	369	360	395
Applicants in Enrollment Process	89	80	44	59	87	14	62
Graduates	17	13	24	11	21	23	63
% Graduating	7%	5%	9%	3%	6%	6%	15%
% Employed Participants upon Graduation	100%	100%	100%	100%	100%	100%	100%
% Employed Participants before Graduation	76%	64%	79%	91%	100%	100%	100%
% of Graduates who completed College, Tech, GED or other training	100%	100%	100%	100%	100%	100%	100%
Participants who withdrew, terminated, or unsuccessful in FSS	24	49	40	18	28	2	10
Number of Homebuyers	2	0	0	3	4	2	2
% of Participants with Escrow Accounts	55%	61%	56%	62%	64%	78%	63%
Other Family Members currently Enrolled	0	0	1	0	0	0	0

## Budget Overview—Housing Resources Division

Total projected operating expenses in the FY 2024 Recommended Budget for the Housing Resources Division not related to HAP is \$9.60

million; 68.54% of which represent personnel costs. Other expenses account for the remainder of the budget.

## Revenue and Expense Statement

Housing Resources Division	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$0	\$0	\$0	\$0	\$0
Non-Dwelling Rental Income	\$0	\$206,500	\$0	\$0	\$0
Federal Grant	\$110,894,437	\$112,121,033	\$121,672,443	\$123,943,650	\$135,967,020
County Grant	\$634,216	\$162,212	\$100,000	\$100,000	\$100,000
Miscellaneous Income	\$115,379	\$103,358	\$80,637	\$55,000	\$34,060
<b>TOTAL OPERATING INCOME</b>	<b>\$111,644,032</b>	<b>\$112,593,103</b>	<b>\$121,853,080</b>	<b>\$124,098,650</b>	<b>\$136,101,080</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$4,415,557	\$4,380,792	\$4,661,239	\$5,648,180	\$6,582,480
Operating Expenses - Fees	\$1,805,243	\$1,795,265	\$1,720,699	\$2,006,870	\$2,065,520
Operating Expenses - Administrative	\$692,210	\$1,023,463	\$1,154,481	\$1,012,880	\$939,630
Tenant Services Expenses	\$3,415	\$194	\$358,826	\$16,500	\$16,590
Insurance and Tax Expenses	\$0	\$0	\$1,680	\$0	\$0
Maintenance Expenses	\$0	\$0	\$24,165	\$0	\$0
Housing Assistance Payments ("HAP")	\$99,213,734	\$105,640,197	\$110,265,213	\$118,671,140	\$124,451,780
<b>TOTAL OPERATING EXPENSES</b>	<b>\$106,130,159</b>	<b>\$112,839,911</b>	<b>\$118,186,303</b>	<b>\$127,355,570</b>	<b>\$134,056,000</b>
<b>NET OPERATING INCOME</b>	<b>\$5,513,873</b>	<b>(\$246,808)</b>	<b>\$3,666,777</b>	<b>(\$3,256,920)</b>	<b>\$2,045,080</b>
<b>Non-Operating Income</b>					
Transfer Between Funds	\$1,270	\$3,423,500	\$0	\$5,008,790	\$10
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$1,270</b>	<b>\$3,423,500</b>	<b>\$0</b>	<b>\$5,008,790</b>	<b>\$10</b>
<b>Non-Operating Expenses</b>					
Debt Service, Operating and Replacement Reserves	\$3,884,807	\$2,185,228	\$2,188,534	\$0	\$311,790
Restricted Cash Flow	\$0	\$417	\$0	\$0	\$0
Transfer Out Between Funds	\$101,270	\$100,000	\$100,000	\$100,020	\$100,010
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$3,986,077</b>	<b>\$2,285,645</b>	<b>\$2,288,534</b>	<b>\$100,020</b>	<b>\$411,800</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$3,984,807)</b>	<b>\$1,137,855</b>	<b>(\$2,288,534)</b>	<b>\$4,908,770</b>	<b>(\$411,790)</b>
<b>NET CASH FLOW</b>	<b>\$1,529,066</b>	<b>\$891,047</b>	<b>\$1,378,243</b>	<b>\$1,651,850</b>	<b>\$1,633,290</b>

# Maintenance Division

Recommended Budget  
April 5, 2023

## Mission Statement

The mission of the Maintenance Division is to properly maintain a diverse portfolio of affordable and market rate residential communities, while striving to create a positive living environment by providing responsive customer service

that gives our residents a sense of home. This is accomplished by completing work orders on time, and maintaining our properties in a manner that meets or exceeds community standards.

### Special points of interest:

The Maintenance Division ensures that the condition and appearance of the properties meet HOC standards.

## Description

The Maintenance Division was established as a separate division, distinct from Property Management in the beginning of 2016 under the direction of a Chief Maintenance Officer, a Maintenance Manager and four Maintenance Supervisors. The Maintenance Division maintains ten regional HUBs consolidated in four areas of service covering 491 square miles of Montgomery County and containing 3,149 units. The Maintenance Division supervises and coordinates all HUB maintenance operations, fire and safety programs, equipment inventory control, vendor management and ensures that the condition and appearance of the properties meet HOC Standards. The Maintenance Division is responsible for timely unit turnover, as well as on-call services provided after hours.

The Maintenance Supervisors work closely with the Real Estate Development Team (“RED”) team to evaluate the physical condition and needs of their portfolios and determine how to best service and preserve HOC’s assets.

### The Division:

- Provides technical support to the Property Management team in every aspect of maintenance operations.
- Provides outstanding customer service to our customers.
- Ensures that all dwelling units are maintained at or above community and regulatory norms, and in compliance with Federal Uniform Physical Condition Standards (“UPCS”), Housing Quality Standards (“HQS”) and local housing codes.
- Responds to emergency maintenance needs and ensures that all emergency work is abated within 24 hours.
- Ensures timely work order completion by abating all emergency priority work within 24 hours and completing high and regular priority work within an average of five (5) days and less than fifteen (15) days respectively.
- Ensures that high quality unit turnover is completed and delivered on time for Property Management

lease inventory within an average of less than fourteen (14) days after receiving the assignment.

- Coordinates, directs, and monitors maintenance related vendors.
- Division Director or designee serves as a Contract Administrator for all Maintenance related projects, working with the Procurement Department - Requests for Proposals (“RFPs”)

and Invitations for Bid (“IFBs”), generates new service contracts and approves purchase requisitions.

- Develops and implements successful Preventive Maintenance program to ensure that all properties are maintained in optimal condition.
- Coordinates with the Property Management Division to keep the grounds and common areas clean and well appointed.

## Program Objectives

The Maintenance Division is actively continuing its efforts to deliver outstanding customer service to our customers. The Division is also focused on operating in a transparent and financially accountable manner. The following is a list of measurable outcomes the division is currently seeking to achieve:

- Complete all emergency work order within 24 hours.
- Complete all high priority work orders within an average of five (5) to seven (7) days.
- Complete all regular priority work orders within an average of less than fifteen (15) days.
- Complete preventive maintenance inspections at multi-family and scattered sites.

Maintenance activities include but are not limited to:

- Unit turnover.
- Unit rehab.
- Emergency and routine (high and priority) work orders.
- Property appearance.
- Preventive maintenance inspections.
- Follow-up and complete all necessary repairs for Federal, State, Local Chapter 26, HQS and HOA inspections.

# Performance Measurement Results

Performance Measure	Goal	FY 2023 Outcome
<p><b>Address emergency work orders within 24 hours.</b></p>	<p>Complete within an Agency average of 24 hours or less.</p>	<p>For this Fiscal Year, through March 1, 2023, emergency work orders were closed within an average of 22.84 hours.</p>
<p><b>Complete High priority and Regular priority work orders in 3-5 days and less than 15 days, respectively.</b></p>	<p><b>High Priority</b> – Complete within an Agency average of 5 – 7 days for all work orders in this priority.</p> <p><b>Regular Priority</b> – Complete within an Agency average of less than 15 days for all work orders in this priority.</p>	<p>For this Fiscal Year, through March 1, 2023, High and Regular priority work orders were closed within an average of 14 and 16 days, respectively. These times are slightly elevated and expected to continue to increase with the closing of back log tickets created during the pandemic. We anticipate this trend to continue throughout this Fiscal Year and slowly get back in range by mid FY 2024 .</p>
<p><b>Complete Preventive Maintenance Inspections for Multifamily buildings and Scattered Sites on rolling schedule throughout the year.</b></p>	<p>Complete preventive maintenance inspections in 95% of all units.</p>	<p>For the first 6 months of FY 2023 Preventive Maintenance Inspections were not performed due to the existing COVID-19 protocols. We are currently developing a new inspection protocol and will be implementing it prior to FY 2024.</p>

## Budget Overview—Maintenance

The total Recommended FY 2024 Budget for the Maintenance Division Administration is \$0.89 million. Personnel costs comprise 87.41% of the budget in

FY 2024. Operating expenses and other miscellaneous expenses account for 12.59% of the budget in FY 2024.

## Revenue and Expense Statement

Maintenance Division	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023	FY 2024
				Amended Budget	Recommended Budget
<b>Operating Income</b>					
<b>TOTAL OPERATING INCOME</b>	\$0	\$0	\$0	\$0	\$0
<b>Operating Expenses</b>					
Personnel Expenses	\$269,619	\$510,995	\$515,534	\$586,990	\$774,280
Operating Expenses - Fees	\$4,370	\$6,725	\$25,089	\$34,490	\$8,480
Operating Expenses - Administrative	\$39,268	\$19,618	\$45,072	\$61,560	\$89,050
Insurance and Tax Expenses	\$3,332	\$364	\$3,950	\$9,970	\$2,190
Maintenance Expenses	\$0	\$1,027	\$0	\$2,400	\$11,760
<b>TOTAL OPERATING EXPENSES</b>	<b>\$316,589</b>	<b>\$538,729</b>	<b>\$589,645</b>	<b>\$695,410</b>	<b>\$885,760</b>
<b>NET OPERATING INCOME</b>	<b>(\$316,589)</b>	<b>(\$538,729)</b>	<b>(\$589,645)</b>	<b>(\$695,410)</b>	<b>(\$885,760)</b>
<b>Non-Operating Income</b>					
<b>TOTAL NON-OPERATING INCOME</b>	\$0	\$0	\$0	\$0	\$0
<b>Non-Operating Expenses</b>					
<b>TOTAL NON-OPERATING EXPENSES</b>	\$0	\$0	\$0	\$0	\$0
<b>NET NON-OPERATING ADJUSTMENTS</b>	\$0	\$0	\$0	\$0	\$0
<b>NET CASH FLOW</b>	<b>(\$316,589)</b>	<b>(\$538,729)</b>	<b>(\$589,645)</b>	<b>(\$695,410)</b>	<b>(\$885,760)</b>



# Mortgage Finance Division

Recommended Budget  
April 5, 2023

## 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, 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 arm of the Housing Opportunities Commission, as well as the Housing Finance Agency (“HFA”) 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 its 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 FHA insurance programs utilized to enhance the Multifamily bond financing program include HUD Section 542(c) or Risk Share, 221(d)(4) and 223(f). 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 (2) to four (4) 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 FHA Risk Sharing Program, a HFA/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 tax-exempt or taxable bond, FFB, GNMA or conventional 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 refinancing and restructuring of loans that may be otherwise financed by the conventional market rate.
- 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.

## FHA Fully-Insured Mortgage Programs

- Utilize the full reach and range of FHA insured loan products (i.e. HUD Section 221(d)(4), 223 (f)) for new construction, renovation or the refinancing of multifamily and affordable

housing by partnering, where applicable, with FHA approved MAP Lenders that have the capacity to issue taxable GNMA's. Depending on the circumstances of the transactions, these programs may have more flexible underwriting requirements than FHA Risk Sharing, allowing our assets to take advantage of larger loans at lower interest rates.

- With HOC's bond capacity, participate in transactions that combine taxable GNMA sales with short-term, cash backed tax-exempt bonds and 4% Low Income Housing Tax Credits. This participation assists the project by dramatically reducing the long-term borrowing rate and negative arbitrage associated with affordable housing projects financed with FHA insured mortgage loans.

## 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 Mortgage Purchase Programs

The Single Family Mortgage Purchase Program 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. It also completes one (1) or two (2) bond redemptions per year, to reduce overall borrowing cost in the program.

- Make approximately 150 first mortgages to first time homebuyers using Mortgage Backed Securities (“MBS”) and the TBA secondary market.
- Offer governmental FHA backed financing and conventional financing through the Fannie Mae Preferred Loan Program and the Freddie Mac HFA Advantage Program.
- Administer various programs that provide down payment and closing cost assistance.
- Oversee the servicing of the active loan portfolio of approximately 400 first mortgages by 11 servicers and approximately 600 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.

## **Mortgage Backed Securities**

On May 2, 2012, the Commission adopted a resolution approving the implementation of a MBS program for the Single Family MPP, thereby transitioning the MPP from a whole loan program to an MBS program. Whole loans are owned by HOC and carry the risk of foreclosures and delinquencies. Loans in the MBS program are not owned by HOC but rather by its master servicer, U.S. Bank. Therefore, the risk of foreclosures and delinquencies is borne by the master servicer, not HOC. MBS loans are either guaranteed by Ginnie Mae for FHA insured mortgages, or Fannie Mae or Freddie Mac for conventional loans. The loans being originated for securitization in the MBS model

comply with all of the same rules and requirements as those loans previously purchased by the MPP as whole loans.

Precedent to implementing the MBS program, HOC operated a whole loan program, which it retained in its portfolio and is serviced by third-party mortgage loan servicers. No new whole loans are being originated currently.

## **Fannie Mae HFA Preferred Loan Program**

In July 2014, HOC along with four (4) local HFAs were approved to participate in the Fannie Mae HFA Preferred program that was previously only available to state agencies. This allowed the MPP to expand into the conventional mortgage space and include MBS that are guaranteed by Fannie Mae. One key element of the program is the ability to make loans to eligible homebuyers with a loan-to-value ratio of 97%.

## **Freddie Mac HFA Advantage Program & the Take Advantage Affordable Income Subsidy Grant**

In October 2018, the Commission approved a further expansion into the conventional mortgage space by adding the Freddie Mac HFA Advantage Program. Freddie Mac offers a 30-year fixed rate mortgage with a loan to value up to 97%. The Freddie Mac program includes MBS that are guaranteed by Freddie, and will also work with the MPP’s down payment assistance (“DPA”) and closing cost programs.

## **Closing Cost Assistance Program**

Since the inception of the Single Family Program, DPA loans have been made available through bond proceeds and may be combined with the RCCAP. The MPP charges a higher mortgage interest rate for this loan product than for a loan without this assistance. This assistance is a deferred (silent) second loan of 3% of the sales price. Any prepayment of the first mortgage within the first five (5) years, currently requires a pro rata repayment of this loan (no repayment is necessary, if the MPP first mortgage is paid off after five (5) years).

In March 2005, the County Council approved the program design and financial management plan for the RCCAP. 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.

And in FY 2019, the Commission announced the McHAF, which provides loans for up to 40% of the household's qualifying income for a maximum of \$25,000. Originally, the McHAF was funded via a \$1 million grant annually from Montgomery County, Maryland. In FY 2022, the County's grant was increased to \$1.5 million, and it is anticipated that this grant will increase again in FY 2024. Used in combination with an HOC MPP first mortgage loan, the McHAF loan is a secured 10-year deferred loan effective from the settlement date. No interest shall accrue on the loan and no monthly installments shall be due. A pro-rata portion will be due upon a sale during the first 10 years. The loan will be forgiven after 10 years, and may be subordinated with a refinance only.

The Commission is designated as the administrator of these closing cost programs.

### **HOC Homeownership Programs**

The HOC Home Ownership Program ("HOC/HOP") is open to all HOC residents. The program is designed to assist HOC residents become first-time homebuyers. A HOC resident is someone who participates in a HOC program and/or lives in a property owned or managed by HOC.

- The HOC/HOP Program offers new MPDU units owned by HOC to be purchased by qualified HOC residents and/or assists qualified HOC residents to purchase new MPDU units through the Montgomery County Department of Housing and Community Affairs .
- Provides educational opportunities to residents, who are preparing to become homeowners, on budgeting, analyzing credit, and the home purchase process.
- Administers Federal and local programs that provide purchase opportunities for HOC residents.

## **Performance Measurement Results**

### **Multifamily Bond Issuance**

Developments financed with tax-exempt bonds must set aside at least 20% of the units for households with incomes at or below 50% AMI or 40% of the units for households with incomes at or below 60% 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.

## Performance Measurement Results cont.

Multifamily Bond Issuance					
	FY 2020 *	FY 2021 *	FY 2022 *	FY 2023 Projection	FY 2024 Goal
Number of Loans	5	3	3	1	6
Total Units	790	502	577	150	1,369
Total Affordable Units	473	316	557	135	474
% of Affordable Units	60%	63%	97%	90%	35%
Total Bond Issuance (\$ millions)	\$185.6	\$182.7	\$114.4	\$28.5	\$368.4
% of Area Median Income Served	30-80%	50-60%	40-60%	40-80%	50-80%

- Includes FFB/FHA Risk Share mortgages.

Note: FY 2020 and FY 2021, includes bond refundings, which do not create new loans.

### Activities in the Single Family Mortgage Purchase Program

The following table illustrates the activities in the 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.

Mortgage Purchase Program					
	FY 2020	FY 2021	FY 2022	FY 2023 Projection	FY 2024 Goal
Number of Bond Issues	1	1	1	1	1
Total First Trust Loans Funded (\$ in millions)	\$44.3	\$27.0	\$26.1	\$27.3	\$45.5
# First Trust Loans Made (MBS+Bonds)	170	99	98	105	170
Average Loan	\$260,664	\$272,483	\$266,551	\$260,000	\$265,000
Average Household Income (for average household size of 2)	\$77,315	\$80,079	\$76,091	\$80,000	\$80,000
% of Area Median Income	68%	69%	59%	62%	62%
Total of Closing Cost Loans Provided (includes County Closing Cost and 3% Purchase Assistance Loans)	\$2,533,357	\$1,600,000	\$1,778,400	\$1,856,400	\$3,063,400
# Closing Cost Loans Provided	170	110	104	105	170

## Budget Overview—Mortgage Finance

The total Recommended FY 2024 budgeted revenues for the Mortgage Finance Division are \$9.60 million and total expenses in the FY 2024 Budget are \$5.68 million. Personnel costs

comprise 50.60% of the budget in FY 2024. Operating expenses and other miscellaneous expenses account for 30.34% while non-operating expenses account for the remaining 19.06%.

## Revenue and Expense Statement

Mortgage Finance Division	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
County Grant	\$178,356	\$169,654	\$172,571	\$194,830	\$209,350
Management Fees	\$3,276,337	\$3,118,684	\$3,400,607	\$4,359,970	\$4,101,760
Miscellaneous Income	\$27,191	\$66,332	\$97,025	\$50,910	\$50,260
<b>TOTAL OPERATING INCOME</b>	<b>\$3,481,884</b>	<b>\$3,354,670</b>	<b>\$3,670,203</b>	<b>\$4,605,710</b>	<b>\$4,361,370</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$2,023,454	\$1,964,868	\$2,020,323	\$2,658,520	\$2,873,940
Operating Expenses - Fees	\$1,121,610	\$969,610	\$1,088,140	\$1,458,180	\$1,574,400
Operating Expenses - Administrative	\$141,569	\$137,991	\$113,481	\$131,340	\$148,840
<b>TOTAL OPERATING EXPENSES</b>	<b>\$3,286,633</b>	<b>\$3,072,469</b>	<b>\$3,221,944</b>	<b>\$4,248,040</b>	<b>\$4,597,180</b>
<b>NET OPERATING INCOME</b>	<b>\$195,251</b>	<b>\$282,201</b>	<b>\$448,259</b>	<b>\$357,670</b>	<b>(\$235,810)</b>
<b>Non-Operating Income</b>					
FHA Risk Sharing Insurance	\$1,102,136	\$1,518,820	\$1,659,452	\$1,076,670	\$1,081,290
Investment Interest Income	\$187	\$5,933	\$0	\$0	\$0
Transfer Between Funds	\$3,098,995	\$2,886,671	\$3,230,619	\$3,833,030	\$4,156,170
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$4,201,318</b>	<b>\$4,411,424</b>	<b>\$4,890,071</b>	<b>\$4,909,700</b>	<b>\$5,237,460</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$0	\$4,343	\$0	\$0	\$0
Mortgage Insurance	\$1,508	\$1,092	\$829	\$790	\$920
FHA Risk Sharing Insurance	\$1,102,136	\$1,502,780	\$1,739,677	\$1,076,670	\$1,081,290
Miscellaneous Bond Financing Expenses	\$0	\$0	\$68	\$0	\$0
Restricted Cash Flow	\$220,417	\$216,128	\$400,894	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$1,324,061</b>	<b>\$1,724,343</b>	<b>\$2,141,468</b>	<b>\$1,077,460</b>	<b>\$1,082,210</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$2,877,257</b>	<b>\$2,687,081</b>	<b>\$2,748,603</b>	<b>\$3,832,240</b>	<b>\$4,155,250</b>
<b>NET CASH FLOW</b>	<b>\$3,072,508</b>	<b>\$2,969,282</b>	<b>\$3,196,862</b>	<b>\$4,189,910</b>	<b>\$3,919,440</b>

# Property Management Division

Recommended Budget  
April 5, 2023

## Mission Statement

The mission of the Property Management Division is to manage a diverse portfolio of affordable and market rate, energy efficient residential communities for low and moderate-income households. The Division strives

to create a positive living environment by providing responsive customer service, establishing community partnerships, and maintaining our properties to meet or exceed community standards.

### 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 manages the Agency’s assets by providing operational and financial oversight and management of the operating budgets and capital budgets for the Agency’s portfolios. The Property Management team is comprised of three Asset Managers and a Regional Manager overseeing the Scattered Site Teams who oversee the performance of the properties by; monitoring compliance, coordinating maintenance, conducting regular property inspections, coordinating communication from the properties to the HOC corporate office, and preparing reports or analyses to evaluate and improve property performance.

Contracted property management firms including Bozzuto Management, Edgewood Management, Residential One, CAPREIT, Habitat America, Aldon Management and Grady Management manage the multifamily properties. Property Management and HOC Maintenance staff at the HUB offices provide an extensive menu of services to all HOC residents including resolving maintenance issues, conducting annual unit inspections, and performing re-certifications. Customers living in

scattered communities and units travel to East Deer Park or the Silver Spring Customer service center to pay rent, complete re-certifications, and meet with management staff. HOC also maintains a web portal that allows residents to submit rent payments and work orders online.

Asset Managers work closely with the Real Estate Development Team (“RED”) team and the Maintenance Division to evaluate the physical condition and needs of their portfolios and determine how to best manage the assets. The RED Team and the Maintenance Division provide 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 in coordination with the Asset Managers, the Chief of Maintenance and the RED Team.

The Property Management Division:

- Ensures lease-up of qualified households under numerous Federal, State, and local affordable housing programs.



- Collects and posts rent and rent-related fees.
- 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 compliance with the conditions of residents’ leases.
- In coordination with the Maintenance Division, responds to emergency maintenance needs and ensures that all units are in good repair and compliant with community standards.
- 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, during FY 2024 HOC will own 9,015 units of housing including, but not limited to housing supported by Project Based Rental Assistance (PBRA) and Project Based Vouchers (“PBV”). Of the units that HOC owns, 6,484 units will be managed by a third party property manager, and 2,531 will be managed by HOC. Included in these units, HOC provides housing utilizing 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 oversees 8,803 units of housing across the entire 507 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.

**HUD Project Based Section 8** (Rent Subsidies-less than 40% AMI) – **7 properties** – Bauer

Park, Forest Oak Towers, Town Center Apartments, Chelsea Tower, Magruder’s Discovery, Paint Branch, and Shady Grove – **742 units**

**RAD Renovations** (Rent Subsidies-less than 40% AMI) - **9 properties** – Arcola Towers, Elizabeth House III, Ken Gar, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, Washington Square, Waverly House and Parkway Woods - **833 units**

**Special Programs** - State, Local & HOC (Rent Subsidies-less than 40% AMI) – **10 properties** – McHome, Southbridge (formerly Aspen Ct.), 527 Dale Drive, Lasko Manor, King Farm, 617 Olney Sandy Spring Drive, and Scattered Sites (Jubilee: Hermitage, Woodedge, Falling Creek, and Horizon) – **113 units**

**Moderate Income** - Tax Credit (Subsidized & Market Rate Rent – 41%-60% of AMI) - **11 properties** – Greenhills, Spring Garden, Tanglewood and Sligo, Stewartown, Fenton Silver Spring, Georgian Court, Shady Grove (50% AMI), Manor at Colesville, Manor at Fair Hill Farm, Manor at Cloppers (40-50-60-80% AMI), Bauer Park (60% AMI) **1,228 units**

**Other Moderate Income** (Subsidized & Market Rate Rent – 41%-60% of AMI) – **35 properties** – Brooke Park, Camp Hill Square, Diamond Square, Fairfax Court, Brookside Glen (The Glen), Georgian Court, Glenmont Crossing, Glenmont Westerly, Manchester Manor, McKendree, Montgomery Arms, The Oaks at Four Corners, Pomander Court, Pooks Hill Midrise, Timberlawn Crescent, Sligo Dev Corp-MPDU III, The Willows, VPC One, VPC Two, Cider Mill, MHLP VII, MHLP VIII, MHLP IX—Pond Ridge, MHLP IX—MPDU, MHLP X, State Partnership Properties, Holiday Park, CDBG, NSP 1, NCI 1, MPDU I (64), MPDU 2007 Phase II, MPDU II (59), Scattered Site One, Scattered Site Two – **3,788 units**

**High & Mixed Income** (HOC Subsidized & Market Rate Rent – above 61% of AMI) – **1 property** – Avondale Apartments – **38 units**

**High & Mixed Income** (Third Party Subsidized & Market Rate Rent – above 61% of AMI) – **11 properties**— Alexander House, The Barclay, The Metropolitan, Pooks Hill High Rise,



Strathmore Court, MetroPointe, Westwood Towers, Paddington Square, Bradley Crossing, HOC at Battery Lane, and the Lindley – **2,525 units**

Properties in the portfolio that are not part of HOC's FY 2023 Operating Budget but are on a calendar year include Tax Credit Units and the Lindley.

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.

In units that are subsidized by a voucher, residents pay no more than 30% of their gross income. Each year, 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 focused service to our residents. The structure described is intended to empower the third-party management companies and property management staff to serve our customers and communities in a more conscientious and timely manner. The Division is also focused on operating in a transparent and financially accountable manner. Measureable outcomes the division seeks to achieve are to:

- Collect at least 95% of rent due no later than the 10th of every month.
- Process and receive all purchase orders within 30 days.

- Achieve and maintain physical occupancy of 96% or better for all properties, excluding those undergoing redevelopment.
- Achieve and maintain economic occupancy of 98% or better for all properties, excluding those undergoing redevelopment.
- Maintain tenant turnover of 5% or less.
- Reduce operation expense variances to within 10% of budget.
- Submit RFR requests to Mortgage Finance within 30 days after quarter-end.

## Performance Measurement Results

### Real Estate Assessment Center (“REAC”)

Nearly 4 million families live in rental housing that is owned, insured, or subsidized by HUD. To ensure that these families have housing that is decent, safe, sanitary, and in good repair, HUD’s Real Estate Assessment Center (“REAC”) conducts approximately 20,000 physical inspections on properties each year. There are a considerable

number of HOC owned and managed properties that are subject to REAC inspections.

Properties scoring a 90 or above are required to be inspected every three years. Properties scoring 80-89 are subject to inspections every two years. Properties scoring below 80 will be inspected every year.

## Budget Overview—Property Management—Administrative

The Recommended FY 2024 budgeted revenues for Property Management Division Administration are \$15.43 million and total operating expenses are \$4.30 million. Personnel costs comprise 60.79% of

the Operating Budget in FY 2024. Other Operating costs constitute the remainder of the operating budget.

### Revenue and Expense Statement

Property Management Division Administration	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023	FY 2024
				Amended Budget	Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$217	\$288	\$0	\$0	\$0
County Grant	\$1,150,213	\$1,124,772	\$1,125,156	\$1,207,070	\$1,263,840
Management Fees	\$7,235,274	\$7,987,349	\$13,425,303	\$13,198,010	\$14,165,860
Miscellaneous Income	\$0	\$0	\$0	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$8,385,704</b>	<b>\$9,112,409</b>	<b>\$14,550,459</b>	<b>\$14,405,080</b>	<b>\$15,429,700</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$1,389,996	\$1,923,064	\$1,980,247	\$2,512,790	\$2,615,100
Operating Expenses - Fees	\$56,912	\$33,041	\$35,170	\$32,610	\$46,630
Operating Expenses - Administrative	\$238,769	\$508,434	\$755,674	\$1,265,580	\$1,278,010
Tenant Services Expenses	\$250	\$77	\$151	\$0	\$0
Protective Services Expenses	\$187,658	\$59,721	\$15,980	\$21,000	\$67,100
Utilities Expenses	\$54,114	\$49,904	\$61,598	\$64,980	\$73,320
Insurance and Tax Expenses	\$29,649	\$15,581	\$13,727	\$16,870	\$25,030
Maintenance Expenses	\$196,158	\$180,087	\$213,957	\$168,950	\$196,400
<b>TOTAL OPERATING EXPENSES</b>	<b>\$2,153,506</b>	<b>\$2,769,909</b>	<b>\$3,076,504</b>	<b>\$4,082,780</b>	<b>\$4,301,590</b>
<b>NET OPERATING INCOME</b>	<b>\$6,232,198</b>	<b>\$6,342,500</b>	<b>\$11,473,955</b>	<b>\$10,322,300</b>	<b>\$11,128,110</b>
<b>Non-Operating Income</b>					
Transfer Between Funds	\$0	\$0	\$60,000	\$95,000	\$0
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,000</b>	<b>\$95,000</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
Debt Service, Operating and Replacement Reserves	\$0	\$0	\$750,000	\$250,000	\$250,000
Transfer Out Between Funds	\$1,170,531	\$1,271,967	\$1,560,877	\$1,414,070	\$1,263,840
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$1,170,531</b>	<b>\$1,271,967</b>	<b>\$2,310,877</b>	<b>\$1,664,070</b>	<b>\$1,513,840</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$1,170,531)</b>	<b>(\$1,271,967)</b>	<b>(\$2,250,877)</b>	<b>(\$1,569,070)</b>	<b>(\$1,513,840)</b>
<b>NET CASH FLOW</b>	<b>\$5,061,667</b>	<b>\$5,070,533</b>	<b>\$9,223,078</b>	<b>\$8,753,230</b>	<b>\$9,614,270</b>

# Budget Overview—Property Management— Elderly Properties

The Recommended FY 2024 budgeted revenues for elderly properties are \$1.53 million and total

expenses in the Operating Budget are \$0.99 million. Non-operational expenses are \$0.54 million.

## Revenue and Expense Statement

Property Management Division Elderly Properties	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$6,125,527	\$6,628,887	\$4,484,013	\$1,996,750	\$1,507,410
Non-Dwelling Rental Income	\$2,100	\$8,400	\$8,400	\$13,800	\$9,900
Federal Grant	\$644,450	\$238,806	\$532	\$0	\$0
Management Fees	\$747	\$976	\$1,560	\$250	\$980
Miscellaneous Income	\$44,572	\$7,697	\$3,765	\$300	\$9,760
<b>TOTAL OPERATING INCOME</b>	<b>\$6,817,396</b>	<b>\$6,884,766</b>	<b>\$4,498,270</b>	<b>\$2,011,100</b>	<b>\$1,528,050</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$1,472,772	\$1,338,203	\$932,575	\$344,260	\$299,720
Operating Expenses - Fees	\$929,554	\$839,259	\$567,070	\$321,870	\$243,510
Operating Expenses - Administrative	\$278,916	\$362,867	\$223,620	\$48,320	\$34,700
Bad Debt	\$16,304	\$15,934	\$10,709	\$6,980	\$5,240
Tenant Services Expenses	\$70,894	\$68,067	\$60,947	\$66,530	\$67,080
Protective Services Expenses	\$146,877	\$30,395	\$28,430	\$23,370	\$17,670
Utilities Expenses	\$734,664	\$595,560	\$547,016	\$220,410	\$117,640
Insurance and Tax Expenses	\$163,440	\$194,281	\$148,551	\$64,290	\$48,970
Maintenance Expenses	\$748,879	\$543,758	\$447,230	\$188,410	\$159,310
Housing Assistance Payments ("HAP")	\$0	\$0	\$69,661	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$4,562,300</b>	<b>\$3,988,324</b>	<b>\$3,035,809</b>	<b>\$1,284,440</b>	<b>\$993,840</b>
<b>NET OPERATING INCOME</b>	<b>\$2,255,096</b>	<b>\$2,896,442</b>	<b>\$1,462,461</b>	<b>\$726,660</b>	<b>\$534,210</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$21,168	\$1,870	\$0	\$0	\$0
Transfer Between Funds	\$359,508	\$533,940	\$150,684	\$13,160	\$6,240
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$380,676</b>	<b>\$535,810</b>	<b>\$150,684</b>	<b>\$13,160</b>	<b>\$6,240</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$1,333,598	\$1,026,640	\$435,551	\$58,150	\$44,120
Mortgage Insurance	\$7,490	\$6,563	\$5,576	\$4,520	\$3,410
Principal Payment	\$729,176	\$807,725	\$577,503	\$216,300	\$230,330
Debt Service, Operating and Replacement Reserves	\$257,796	\$257,796	\$214,896	\$172,000	\$172,000
Restricted Cash Flow	\$412,599	\$195,526	\$50,458	\$7,160	\$90,590
Transfer Out Between Funds	\$69,603	\$333,680	\$0	\$0	\$0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$2,810,262</b>	<b>\$2,627,930</b>	<b>\$1,283,984</b>	<b>\$458,130</b>	<b>\$540,450</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$2,429,586)</b>	<b>(\$2,092,120)</b>	<b>(\$1,133,300)</b>	<b>(\$444,970)</b>	<b>(\$534,210)</b>
<b>NET CASH FLOW</b>	<b>(\$174,490)</b>	<b>\$804,322</b>	<b>\$329,161</b>	<b>\$281,690</b>	<b>\$0</b>

## Budget Overview—Property Management— Family Properties

The Recommended FY 2024 budgeted revenues for family properties are \$83.25 million and total expenses in the Operating Budget are \$40.01

million. Non-operational expenses are \$40.14 million in FY 2024.

### Revenue and Expense Statement

Property Management Division Family Properties	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$67,153,447	\$70,346,427	\$74,469,660	\$78,394,450	\$81,360,230
Non-Dwelling Rental Income	\$989,952	\$1,565,716	\$1,726,978	\$1,008,270	\$935,400
Federal Grant	\$48,830	\$40,645	\$44,859	\$45,800	\$42,000
Management Fees	\$4,965	\$3,791	\$7,560	\$5,630	\$6,900
Miscellaneous Income	\$163,519	\$274,763	\$343,101	\$78,750	\$95,770
<b>TOTAL OPERATING INCOME</b>	<b>\$68,360,713</b>	<b>\$72,231,342</b>	<b>\$76,592,158</b>	<b>\$79,532,900</b>	<b>\$82,440,300</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$8,566,980	\$9,581,476	\$9,808,140	\$10,009,950	\$10,373,150
Operating Expenses - Fees	\$6,309,257	\$6,583,481	\$6,802,274	\$7,625,470	\$7,602,240
Operating Expenses - Administrative	\$2,099,012	\$1,969,081	\$2,734,656	\$2,130,700	\$2,019,030
Bad Debt	\$1,020,917	\$2,226,965	\$1,447,477	\$1,489,400	\$2,306,800
Tenant Services Expenses	\$276,651	\$200,340	\$163,696	\$339,910	\$321,860
Protective Services Expenses	\$969,959	\$893,410	\$967,009	\$793,690	\$1,125,770
Utilities Expenses	\$4,817,321	\$5,819,691	\$6,779,789	\$6,083,800	\$6,539,180
Insurance and Tax Expenses	\$1,173,159	\$1,529,054	\$1,527,411	\$1,804,050	\$2,100,860
Maintenance Expenses	\$6,424,881	\$6,040,472	\$8,273,605	\$6,960,070	\$7,624,010
<b>TOTAL OPERATING EXPENSES</b>	<b>\$31,658,137</b>	<b>\$34,843,970</b>	<b>\$38,504,057</b>	<b>\$37,237,040</b>	<b>\$40,012,900</b>
<b>NET OPERATING INCOME</b>	<b>\$36,702,576</b>	<b>\$37,387,372</b>	<b>\$38,088,101</b>	<b>\$42,295,860</b>	<b>\$42,427,400</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$13,803	(\$14,572)	\$180	\$120	\$540
Transfer Between Funds	\$1,641,075	\$1,636,715	\$1,188,466	\$895,350	\$811,210
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$1,654,878</b>	<b>\$1,622,143</b>	<b>\$1,188,646</b>	<b>\$895,470</b>	<b>\$811,750</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$17,442,770	\$17,779,528	\$20,052,827	\$20,680,480	\$20,445,090
Mortgage Insurance	\$1,073,042	\$1,072,729	\$1,003,225	\$902,510	\$793,320
Principal Payment	\$8,257,025	\$9,157,965	\$9,365,310	\$9,564,280	\$9,440,210
Debt Service, Operating and Replacement Reserves	\$3,170,445	\$3,079,956	\$2,798,435	\$2,719,860	\$2,559,090
Restricted Cash Flow	\$3,089,027	\$3,183,852	\$2,151,218	\$3,572,300	\$2,986,430
Miscellaneous Bond Financing Expenses	\$69,304	\$0	\$0	\$0	\$0
Development Corporation Fees	\$3,414,675	\$3,406,420	\$3,762,795	\$3,502,680	\$3,916,400
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$36,516,288</b>	<b>\$37,680,450</b>	<b>\$39,133,810</b>	<b>\$40,942,110</b>	<b>\$40,140,540</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$34,861,410)</b>	<b>(\$36,058,307)</b>	<b>(\$37,945,164)</b>	<b>(\$40,046,640)</b>	<b>(\$39,328,790)</b>
<b>NET CASH FLOW</b>	<b>\$1,841,166</b>	<b>\$1,329,065</b>	<b>\$142,937</b>	<b>\$2,249,220</b>	<b>\$3,098,610</b>

## Budget Overview—Property Management— Scattered Site Properties

The Recommended FY 2024 budgeted revenues for scattered-site properties are \$25.77 million and total expenses in the Operating Budget are \$16.11 million.

Non-operational expenses are \$9.50 million in FY 2024.

### Revenue and Expense Statement

Property Management Division Scattered Site Properties	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$23,542,031	\$23,321,205	\$23,650,022	\$23,797,960	\$25,134,440
Non-Dwelling Rental Income	(\$52)	(\$1,400)	(\$1,680)	\$0	\$0
Management Fees	\$48	\$108	(\$108)	\$0	\$0
Miscellaneous Income	\$15,702	\$13,359	\$2,918	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$23,557,729</b>	<b>\$23,333,272</b>	<b>\$23,651,152</b>	<b>\$23,797,960</b>	<b>\$25,134,440</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$4,120,806	\$3,890,428	\$3,377,703	\$4,294,000	\$4,380,690
Operating Expenses - Fees	\$6,273,613	\$6,849,099	\$6,958,717	\$7,288,700	\$7,301,400
Operating Expenses - Administrative	\$272,777	\$147,745	\$228,637	\$140,120	\$180,990
Bad Debt	\$402,657	\$1,082,056	\$1,052,267	\$752,720	\$1,087,250
Tenant Services Expenses	\$175	\$25	\$107	\$0	\$0
Protective Services Expenses	\$150	\$233	\$1,500	\$0	\$0
Utilities Expenses	\$253,239	\$217,537	\$309,781	\$275,700	\$302,620
Insurance and Tax Expenses	\$995,758	\$1,077,844	\$831,791	\$1,052,950	\$1,175,960
Maintenance Expenses	\$1,552,430	\$1,496,129	\$2,089,823	\$1,536,920	\$1,679,400
<b>TOTAL OPERATING EXPENSES</b>	<b>\$13,871,605</b>	<b>\$14,761,096</b>	<b>\$14,850,326</b>	<b>\$15,341,110</b>	<b>\$16,108,310</b>
<b>NET OPERATING INCOME</b>	<b>\$9,686,124</b>	<b>\$8,572,176</b>	<b>\$8,800,826</b>	<b>\$8,456,850</b>	<b>\$9,026,130</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$491	\$54	\$0	\$0	\$0
Transfer Between Funds	\$849,786	\$755,724	\$617,135	\$578,240	\$640,470
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$850,277</b>	<b>\$755,778</b>	<b>\$617,135</b>	<b>\$578,240</b>	<b>\$640,470</b>
<b>Non-Operating Expenses</b>					
Interest Payment	\$2,821,375	\$2,625,963	\$2,705,065	\$3,530,690	\$3,587,430
Mortgage Insurance	\$86,884	\$81,870	\$73,801	\$69,680	\$65,390
Principal Payment	\$2,016,204	\$2,022,000	\$2,098,228	\$1,230,890	\$1,247,510
Debt Service, Operating and Replacement Reserves	\$895,056	\$2,281,217	\$2,378,538	\$2,398,000	\$2,413,430
Restricted Cash Flow	\$793,725	\$209,018	\$44,970	\$52,200	\$58,220
Development Corporation Fees	\$3,253,801	\$1,937,319	\$1,995,877	\$1,714,380	\$2,124,390
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$9,867,045</b>	<b>\$9,157,387</b>	<b>\$9,296,479</b>	<b>\$8,995,840</b>	<b>\$9,496,370</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$9,016,768)</b>	<b>(\$8,401,609)</b>	<b>(\$8,679,344)</b>	<b>(\$8,417,600)</b>	<b>(\$8,855,900)</b>
<b>NET CASH FLOW</b>	<b>\$669,356</b>	<b>\$170,567</b>	<b>\$121,482</b>	<b>\$39,250</b>	<b>\$170,230</b>

# Capital Fund Program—Revenue and Expense Statement

Property Management Division Capital Fund Program	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023	FY 2024
				Amended Budget	Recommended Budget
<b>Operating Income</b>					
Federal Grant	\$136,969	\$0	\$0	\$0	\$0
<b>TOTAL OPERATING INCOME</b>	<b>\$136,969</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>					
Operating Expenses - Fees	\$21,635	\$0	\$0	\$0	\$0
Housing Assistance Payments (“HAP”)	\$115,334	\$0	\$0	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$136,969</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET OPERATING INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Income</b>					
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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# Real Estate Development Division

Recommended Budget  
April 5 2023

## 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 high-quality 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 ongoing 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 vision of HOC as a real estate company. Therefore, its activities will focus on expanding its approach and ability to develop mixed-income housing emphasizing 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 and funding.

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

## Program Objectives

- Operating under the current 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 the following:
  - Prospecting for opportunities,
  - Building partnerships, and
  - Identifying alternative sources of debt and equity.

## Performance Measure Results

Setting metrics and defining measurable goals for Real Estate Development can be challenging as the planning and execution of the work is very dynamic. We plan, but we expect market opportunities will change those plans including unanticipated real estate environment, changes in local, state and federal policies/laws, Right of First Refusal “ROFR”) opportunities, financial market conditions and changes in HOC’s Strategic Plans. Real Estate Development projects also occur over a longer period of time.

Real Estate Development established metrics of: i.) Getting People Housed through acquisition and new construction efforts, ii.) Keeping People Housed by working to enhance the long-term physical durability of our properties through renovation and iii.) Helping People Reach their Fullest Potential by targeting acquisition and new construction properties in sought-after communities of opportunity that are transit-oriented and contain a variety of amenities and recreational opportunities.

Category	5 Year Performance Target	Target as % of HOC’s 2018 Portfolio	Progress to Date (2023)	% Complete	2024 Projection	2024 Projection vs. Target
<b>Getting People Housed</b>						
<b>Multifamily</b>						
New Development – Seniors (Units)	1,241	18%	1,037	84%	0	0%
New Development – Family (Units)	1,989	30%	777	39%	204	10%
New Acquisition / Preservation (Units)	750	11%	418	56%	0	0%
<b>Total New Units</b>	<b>3,980</b>	<b>59%</b>	<b>2,232</b>	<b>56%</b>	<b>204</b>	<b>5%</b>
<b>Keeping People Housed</b>						
<b>Multifamily</b>						
Renovation /Preservation of Existing Units	1,865	28%	812	44%	158	8%
<b>Helping Customers Reach Their Fullest Potential</b>						
<b>Multifamily</b>						
New Transit Oriented (Units)	1,691	25%	809	48%	0	0%

## Budget Overview—Real Estate Division

The total Recommended FY 2024 budgeted revenues for the Real Estate Division are \$4.56 million and total expenses are \$2.81 million. Personnel costs comprise 88.36% of the total

operating expenses in FY 2024. Operating and other miscellaneous expenses account for the balance of the budget.

## Revenue and Expense Statement

Real Estate Division	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023	FY 2024
				Amended Budget	Recommended Budget
<b>Operating Income</b>					
Management Fees	\$1,824,352	\$1,318,272	\$2,418,376	\$2,110,710	\$2,950,510
<b>TOTAL OPERATING INCOME</b>	<b>\$1,824,352</b>	<b>\$1,318,272</b>	<b>\$2,418,376</b>	<b>\$2,110,710</b>	<b>\$2,950,510</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$1,936,918	\$1,803,961	\$1,943,804	\$2,373,080	\$2,481,430
Operating Expenses - Fees	\$4,306	\$2,888	\$4,288	\$4,020	\$4,020
Operating Expenses - Administrative	\$161,763	\$75,732	\$84,990	\$324,190	\$320,620
Tenant Services Expenses	\$1,085	\$0	\$0	\$0	\$0
Insurance and Tax Expenses	\$2,237	\$182	\$990	\$1,110	\$1,100
Maintenance Expenses	\$0	\$0	\$0	\$1,000	\$1,060
<b>TOTAL OPERATING EXPENSES</b>	<b>\$2,106,309</b>	<b>\$1,882,763</b>	<b>\$2,034,072</b>	<b>\$2,703,400</b>	<b>\$2,808,230</b>
<b>NET OPERATING INCOME</b>	<b>(\$281,957)</b>	<b>(\$564,491)</b>	<b>\$384,304</b>	<b>(\$592,690)</b>	<b>\$142,280</b>
<b>Non-Operating Income</b>					
Transfer Between Funds	\$1,265,613	\$1,098,600	\$1,153,627	\$1,571,880	\$1,611,690
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$1,265,613</b>	<b>\$1,098,600</b>	<b>\$1,153,627</b>	<b>\$1,571,880</b>	<b>\$1,611,690</b>
<b>Non-Operating Expenses</b>					
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>\$1,265,613</b>	<b>\$1,098,600</b>	<b>\$1,153,627</b>	<b>\$1,571,880</b>	<b>\$1,611,690</b>
<b>NET CASH FLOW</b>	<b>\$983,656</b>	<b>\$534,109</b>	<b>\$1,537,931</b>	<b>\$979,190</b>	<b>\$1,753,970</b>

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# Resident Services Division

Recommended Budget  
April 5, 2023

## Mission Statement

The mission of Resident Services is to maximize housing stability, promote self-sufficiency and improve the quality of life for HOC customers through the

provision of: assessment and intervention services; housing assistance; service coordination; and, education and enrichment 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 service coordination, housing stabilization and supportive services:

- Eviction prevention and intervention.
- Complaint resolution, crisis intervention, lease compliance assistance.
- Stabilization and support for individuals with disabilities.
- Information and referral to community resources.
- Assessment, counseling and service coordination.
- Education, recreation, life skills and wellness programming.
  - \* Community Engagement.
  - \* Financial Literacy services: budgeting, credit repair, and money management assistance.

Other services include:

- Administration of Federal Housing Programs for homeless and disabled single adults and families.
- Administration of County funded Housing Assistance Program to eliminate homelessness while stabilizing residents in affordable housing.
- Housing Counseling and Housing Location services.

# Program Objectives

## Core Services to Families and Elderly

- Reduce non-compliance among HOC residents through workshops on financial literacy, housekeeping and re-certification.
- Provide assessment, crisis intervention, counseling information, and referral services to HOC residents to assist them with responsibly maintaining their housing, and moving towards self-sufficiency.
- Connect residents to community-based support services and financial resources to address financial, medical, and social barriers.
- Maximize resident involvement in HOC programs by facilitating community engagement activities.

## Program Services

- Develop and operate programs that promote self-sufficiency and stabilize communities, and offer activities that motivate and improve personal well-being at elderly and multifamily HOC properties.
- Provide nutritious meals and social interaction to avoid isolation during weekdays for senior residents at Forest Oak Towers, Bauer Park and Arcola Towers through operation of the Senior Nutrition Program.
- Enroll at-risk youth in clubs and social/recreational programs.
- Establish and maintain partnerships to involve youth and seniors in a variety of constructive activities encompassing nutrition, youth groups, exercise programs, and more.
- Provide assistance to disabled individuals and families to ensure adequate housing placements and opportunities to live independently and to make self-determined choices that promote responsibility and community inclusion.
- Screen applications, determine eligibility, and issue housing stabilization assistance in response to housing crises.

## Federal and County Funded Supportive Housing Programs for Homeless Households

- Effectively operate programs designed to

prevent and end homelessness including: (1) the HUD funded Permanent Supportive Housing Program, and (2) the County funded Rent Supplemental Program which provides a subsidy for eligible households in multifamily buildings.

- 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.
- Continue collaboration with the Department of Health & Human Services (“DHHS”) under the Housing First Initiative to eliminate homelessness in the County by: (1) administering County grants providing emergency financial assistance to HOC residents for rent delinquencies and/or utility disconnections, (2) providing service coordination and ongoing case management to homeless households placed in housing to ensure retention of housing, and (3) providing Housing Location services to search out and locate landlords and vacant units where homeless households can be placed.
- Provide shallow rental assistance to approximately 300 households with incomes between 20-40% of Area Median Income. This program will help prevent homelessness of very economically vulnerable individuals and families.

## Specialty Programs/Services

- **HOC Academy**– Overall, the Academy is able to expand its youth services through new partnerships with Learning Undefeated, First Generation College Bound, Inc., Montgomery College, Gap Buster, Inc. and other organizations dedicated to youth development in STEM. Other collaborations with WorkSource Montgomery, Montgomery College, and ALSTNTEC, LLC are imperative in the expansion in Academy Adult Education and Workforce Development services.
- **Fatherhood Initiative Program** supports fathers in every step along their journey. The program

## Program Objectives

serves fathers who receive housing assistance from HOC, as well as fathers with children in HOC households and even fathers looking for housing on our Housing Path waitlist. HOC's Fatherhood Initiative Program believes that in

strengthening fathers, we strengthen families and communities.

## Performance Measurement Results

The charts below depict ongoing performance measurement results that are currently tracked in the Resident Services Division. Staff continues to

develop additional measurements as programs are added.

Program/Service Provision (# of Residents Served)	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Projection	FY 2024 Goal
Housing Stabilization (emergency assistance for rent and utility arrearages)	360	300	170	300
Youth & Family on-site (and virtual) programming	536	615	500	550
Senior on-site (and virtual) programming	564	450	450	450
Eviction/Termination prevention and intervention services	218	250	450	500
Housing Services for the Homeless (Federal)	251	251	230	230
Housing Assistance (County)	266	234	365	365
Counseling Services	3,304	2,800	2,500	3,300
Adult Education, Training & Employment Services	271	320	353	385

## Performance Measurement Results (cont.)

FY 2022 Metrics		
Metric Description	Target/Goal	Actuals
Secure and maintain HOC housing for 10 individuals exiting institutions.	10 Units set-aside 10 persons housed and provided with a rent subsidy	7 Units set-aside 7 persons housed and provided with a rent subsidy
Secure and maintain HOC housing for 30 non-elderly disabled individuals under the Community Choice Homes Initiative ("CCH").	30-Units Set aside 30-persons housed	18-Units Set aside 18-persons housed
Secure and maintain housing for five individuals who have exited foster care under the Youth Bridge Initiative ("YBI").	5 Persons housed/provided rent subsidies	3 Persons housed/provided rent subsidies
Seventy Five (75%) of Tuition Assistance recipients will complete at least 2 benchmarks toward completion of their workforce and/or education goals.	75% of Tuition Assistance participants to achieve 2 Benchmarks	72% of Tuition Assistance participants to achieved 2 Benchmarks
Achieve a high housing retention rate and recertification rates for participants in the McKinney supportive housing program.	98% Housing Retention 98% Recertification	100% Housing Retention 74% Recertification
Increase resident participation in workforce development, youth education, and enrichment programs and services.	1,240 participants	958 participants
Achieve goals for HOC operated programs at HOC properties / virtual.	90% of goals achieved	94% of goals achieved
Meet enrollment target for FY 2022 for the Fatherhood Initiative Program.	356-Enrollees	364-Enrollees
Achieve successful outcomes for residents served through general counseling.	90% of residents will achieve success outcomes	99% of residents achieved success outcomes
Achieve successful outcomes for residents served through eviction/termination <b>prevention.</b>	90% of residents will achieve success outcomes	89% of residents achieved success outcomes
Achieve successful outcomes for residents served through eviction/termination <b>intervention.</b>	90% of residents will achieve success outcomes	100% of residents achieved success outcomes



## Performance Measurement Results (cont.)

FY 2023 Metrics		
Metric Description	Target/Goal *	Actuals (to date)
Secure and maintain HOC housing for 40 individuals under the Community Choice Homes Initiative (“CCH”).	40 - Housed	31 - Housed
Will achieve a high percentage of Supportive Housing participants that obtain and or maintain income.	85% obtained and/or maintained income	81% obtained and/or maintained income
Achieve a high housing retention rate for participants in the McKinney supportive housing program.	90%	100%
Serve residents in workforce development, youth education and enrichment programs and /or services	1,000 persons served	305 persons served
Achieve goals for HOC operated programs at HOC properties / virtual.	90% of goals achieved	100% of goals achieved
Meet enrollment target for FY 2023 for the Fatherhood Initiative Program.	356 Enrolled	58 Enrolled
Achieve successful outcomes for residents served through general counseling.	90% of residents will achieve successful outcomes	100% of residents have achieved successful outcomes
Achieve successful outcomes for residents served through eviction/termination <b>prevention</b> .	90% of residents will achieve successful outcomes	95% of residents have achieved successful outcomes
Achieve successful outcomes for residents served through eviction/termination <b>intervention</b> .	90% of residents will achieve successful outcomes	100% of residents have achieved successful outcomes

FY 2024 Metrics		
Metric Description	Target/Goal *	Actuals (to date)
Metrics and Goals To Be Determined	TBD	TBD

## Budget Overview—Resident Services Division

The total Recommended FY 2024 budgeted revenues for the Resident Services Division are

\$17.54 million. Personnel costs comprise 44.67% of the FY 2024 Recommended operating expenses.

### Revenue and Expense Statement

Resident Services Division	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Amended Budget	Recommended Budget
<b>Operating Income</b>					
Tenant Income	\$881,821	\$871,502	\$824,408	\$820,070	\$824,110
Federal Grant	\$4,983,794	\$4,569,083	\$5,063,053	\$5,556,500	\$5,331,060
County Grant	\$8,126,541	\$9,579,772	\$8,854,930	\$10,558,180	\$10,845,940
Miscellaneous Income	\$9,409	\$8,030	\$108,000	\$8,000	\$8,000
<b>TOTAL OPERATING INCOME</b>	<b>\$14,001,565</b>	<b>\$15,028,387</b>	<b>\$14,850,391</b>	<b>\$16,942,750</b>	<b>\$17,009,110</b>
<b>Operating Expenses</b>					
Personnel Expenses	\$4,748,407	\$4,537,466	\$6,058,648	\$6,744,210	\$7,278,870
Operating Expenses - Fees	\$790,712	\$746,835	\$900,177	\$998,040	\$1,051,750
Operating Expenses - Administrative	\$200,704	\$423,212	\$162,703	\$210,720	\$211,220
Bad Debt	\$44,877	\$42,913	\$106,606	\$73,380	\$54,000
Tenant Services Expenses	\$5,761,238	\$6,922,951	\$6,071,746	\$7,115,280	\$7,127,630
Utilities Expenses	\$286,113	\$293,912	\$304,635	\$366,360	\$407,160
Insurance and Tax Expenses	\$45,157	\$3,844	\$2,970	\$12,190	\$9,870
Maintenance Expenses	\$0	\$402	\$4,800	\$155,990	\$155,990
Housing Assistance Payments ("HAP")	\$0	\$500	\$0	\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$11,877,208</b>	<b>\$12,972,035</b>	<b>\$13,612,285</b>	<b>\$15,676,170</b>	<b>\$16,296,490</b>
<b>NET OPERATING INCOME</b>	<b>\$2,124,357</b>	<b>\$2,056,352</b>	<b>\$1,238,106</b>	<b>\$1,266,580</b>	<b>\$712,620</b>
<b>Non-Operating Income</b>					
Investment Interest Income	\$0	\$19	\$0	\$0	\$0
Transfer Between Funds	\$843,710	\$1,810,094	\$1,687,031	\$401,340	\$529,660
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$843,710</b>	<b>\$1,810,113</b>	<b>\$1,687,031</b>	<b>\$401,340</b>	<b>\$529,660</b>
<b>Non-Operating Expenses</b>					
Restricted Cash Flow	\$0	\$69,864	\$0	\$512,950	\$56,230
Transfer Out Between Funds	\$2,202,851	\$3,198,108	\$1,756,286	\$159,800	\$173,940
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$2,202,851</b>	<b>\$3,267,972</b>	<b>\$1,756,286</b>	<b>\$672,750</b>	<b>\$230,170</b>
<b>NET NON-OPERATING ADJUSTMENTS</b>	<b>(\$1,359,141)</b>	<b>(\$1,457,859)</b>	<b>(\$69,255)</b>	<b>(\$271,410)</b>	<b>\$299,490</b>
<b>NET CASH FLOW</b>	<b>\$765,216</b>	<b>\$598,493</b>	<b>\$1,168,851</b>	<b>\$995,170</b>	<b>\$1,012,110</b>

**Section 3:**  
**CAPITAL**  
Tab

# Capital Budget

Recommended Budget  
April 5, 2023

## 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 2024 Capital Budget is \$255.5 million.

## Capital Budget Summary Overview

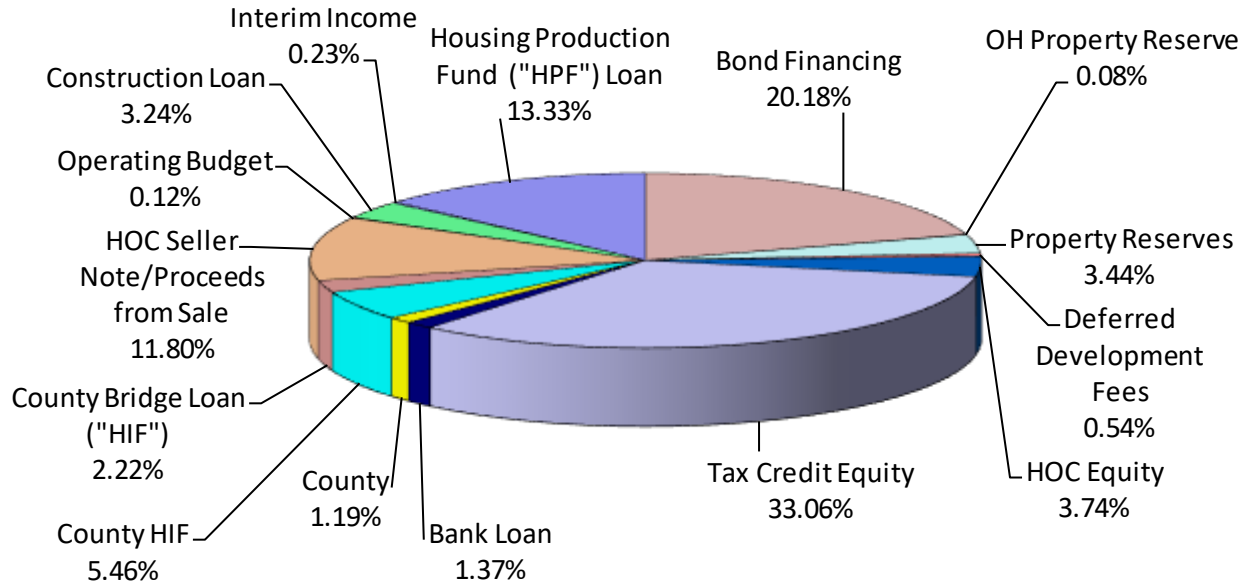
The total Recommended FY 2024 Capital Budget is \$255.5 million. The FY 2024 Capital Budget includes funds to maintain current Information Technology needs, as well as, improvements to the Kensington, 880 Bonifant and East Deer Park Offices. Funds have also been included for capital improvements to HOC's

Opportunity Housing and Development Corporation properties. The total Capital Improvements Budget is \$10.7 million for FY 2023.

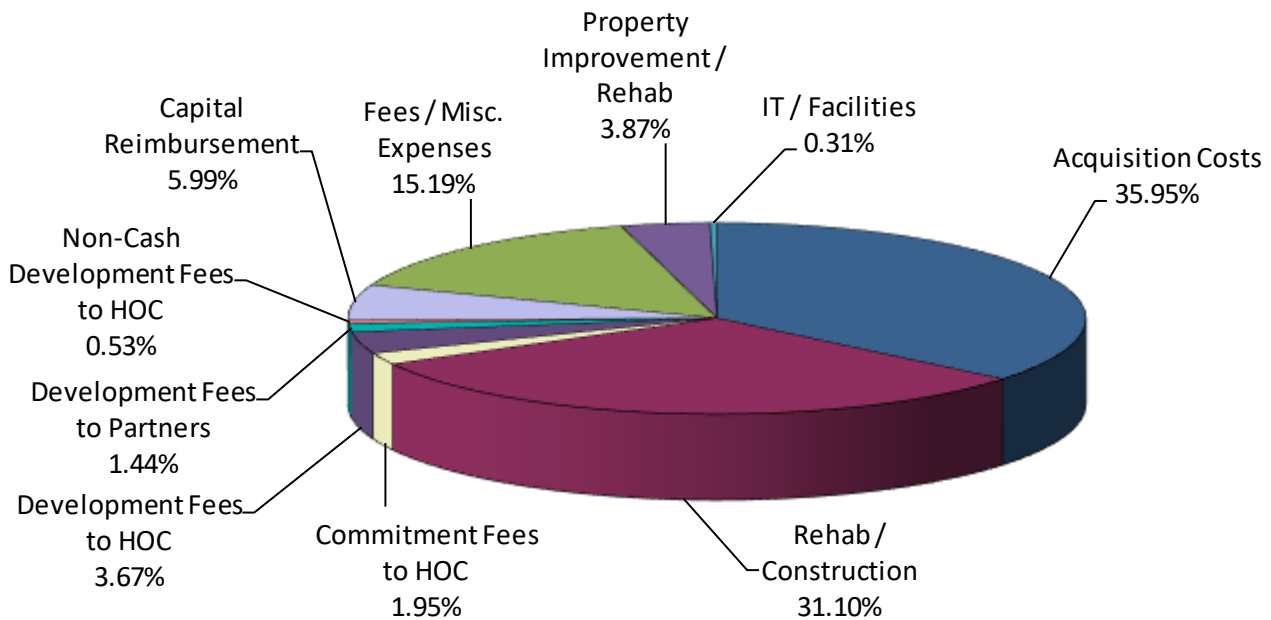
The Capital Development Budget includes funds for the construction, refinancing and/or renovations at twelve properties. The total development budget is \$244.8 million for FY 2024.

Capital Budget Summary	FY 2024 Recommended Budget
<b>Capital Improvements</b>	
East Deer Park	\$50,000
Kensington Office	\$100,000
880 Bonifant	\$50,000
Information Technology	\$600,000
Opportunity Housing Properties	\$9,886,610
<b>SUBTOTAL</b>	<b>\$10,686,610</b>
<b>Capital Development Projects</b>	
Bauer Park Apartments	\$2,818,330
Deeply Affordable Units	\$1,250,000
Elizabeth House III (now The Leggett)	\$9,776,310
Georgian Court	\$17,486,430
Hillendale Gateway - Senior	\$27,038,330
Hillendale Gateway - Multifamily / Retail (Market)	\$36,084,520
Hillendale Gateway - Multifamily / Retail (Tax Credit)	\$13,915,190
Metropolitan	\$108,988,220
Shady Grove	\$9,140,960
Stewartown Homes	\$3,735,490
Upton II (now Residences on The Lane)	\$250,000
West Side Shady Grove	\$7,797,510
Willow Manor Resyndication	\$6,490,270
<b>SUBTOTAL</b>	<b>\$244,771,560</b>
<b>TOTAL</b>	<b>\$255,458,170</b>

## FY 2024—Source of Funds



## FY 2024—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 primarily financed through mortgage proceeds 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, 880 Bonifant 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

#### Facilities & IT Department

### FY 2024

#### Recommended Budget

	Revenue Sources		
	Total Expenses	Operating Budget	Replacement Reserves
<b>Facilities</b>			
East Deer Park	\$50,000	\$0	\$50,000
Kensington	\$100,000	\$0	\$100,000
880 Bonifant	\$50,000	\$0	\$50,000
<b>Subtotal - Facilities</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$200,000</b>
<b>Information Technology ("IT")</b>			
Computer Software	\$390,000	\$350,000	\$40,000
Computer Equipment	\$210,000	\$0	\$210,000
<b>Subtotal - IT Improvements</b>	<b>\$600,000</b>	<b>\$350,000</b>	<b>\$250,000</b>
<b>TOTAL</b>	<b>\$800,000</b>	<b>\$350,000</b>	<b>\$450,000</b>

# Capital Improvement Budget—Opportunity Housing Properties

## Opportunity Housing and Development Corporation Property Improvements

Improvements to Opportunity Housing, Limited Liability Corporations (“LLC”), 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 multiyear projection of capital improvements. However, if a property does not have sufficient replacement reserves or does not generate sufficient

operating cash for the current fiscal year to increase reserves, the capital improvements will be funded from the Opportunity Housing Property Reserve (“OHPR”).

The Capital Budget for Opportunity Housing, LLC, 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, LLC &  
Development Corporations**

**FY 2024  
Recommended Budget**

	Revenue Sources			
	Total Expenses	Property Reserves	OH Property Property Reserve	FY 2024 RfR
Alexander House Dev Corp	\$520,700	\$520,700	\$0	\$0
Avondale Apartments	\$18,150	\$18,150	\$0	\$0
Barclay Apartments Dev Corp	\$176,510	\$157,500	\$0	\$19,010
Barclay Affordable	\$187,440	\$187,440	\$0	\$0
Battery Lane	\$44,000	\$18,200	\$0	\$25,800
Bradley Crossing	\$86,900	\$86,900	\$0	\$0
Brooke Park	\$2,400	\$2,400	\$0	\$0
Brookside Glen ("The Glen") LP	\$110,650	\$110,650	\$0	\$0
Camp Hill Square	\$38,600	\$38,600	\$0	\$0
CDBG-NSP-NCI	\$19,810	\$19,810	\$0	\$0
Chelsea Towers	\$13,800	\$13,800	\$0	\$0
Cider Mill Apartments	\$2,494,050	\$2,494,050	\$0	\$0
Dale Drive	\$8,700	\$8,700	\$0	\$0
Diamond Square LP	\$156,630	\$156,630	\$0	\$0
Fairfax Court	\$133,150	\$133,150	\$0	\$0
Glenmont Crossing Dev Corp	\$40,000	\$40,000	\$0	\$0
Glenmont Westerly Dev Corp	\$56,760	\$56,760	\$0	\$0
Holiday Park	\$9,610	\$9,610	\$0	\$0
Jubilee Hermitage	\$600	\$600	\$0	\$0
Jubilee Woodedge	\$600	\$600	\$0	\$0
Magruder's Discovery Dev Corp	\$82,200	\$82,200	\$0	\$0
Manchester Manor Apartments	\$68,580	\$9,050	\$38,130	\$21,400
McHome	\$27,260	\$27,260	\$0	\$0
McKendree	\$32,190	\$27,800	\$0	\$4,390
MetroPointe Dev Corp	\$187,630	\$187,630	\$0	\$0
Metropolitan Dev Corp	\$81,300	\$81,300	\$0	\$0
Metropolitan Affordable	\$7,250	\$7,250	\$0	\$0



# Capital Improvement Budget—Opportunity Housing Properties (cont.)

Capital Improvements Budget  
Opportunity Housing, LLC &  
Development Corporations

FY 2024  
Recommended Budget

	Revenue Sources			
	Total Expenses	Property Reserves	OH Property Property Reserve	FY 2024 RfR
<b>(cont.)</b>				
MHLP VII	\$28,470	\$28,470	\$0	\$0
MHLP VIII	\$61,590	\$37,000	\$4,590	\$20,000
MHLP IX - Pond Ridge	\$94,590	\$23,560	\$55,030	\$16,000
MHLP IX - Scattered	\$73,600	\$58,530	\$0	\$15,070
MHLP X	\$115,540	\$61,310	\$31,230	\$23,000
Montgomery Arms Dev Corp	\$87,000	\$31,410	\$9,390	\$46,200
MPDU 2007 - Phase II	\$2,540	\$2,540	\$0	\$0
MPDU I (64)	\$67,420	\$67,420	\$0	\$0
MPDU II (59) Dev Corp	\$74,270	\$43,560	\$13,010	\$17,700
Oaks @ Four Corners Dev Corp	\$438,780	\$438,780	\$0	\$0
Paddington Square Dev Corp	\$211,610	\$211,610	\$0	\$0
Paint Branch	\$15,480	\$0	\$7,080	\$8,400
Pooks Hill High-Rise Dev Corp	\$142,400	\$142,400	\$0	\$0
Pooks Hill Mid-Rise	\$21,900	\$21,900	\$0	\$0
RAD 6 - Parkway Woods Dev Corp	\$63,850	\$63,850	\$0	\$0
RAD 6 - Sandy Spring Meadow Dev Corp	\$38,070	\$38,070	\$0	\$0
RAD 6 - Seneca Ridge Dev Corp	\$72,220	\$72,220	\$0	\$0
RAD 6 - Towne Center Place Dev Corp	\$23,500	\$23,500	\$0	\$0
RAD 6 - Washington Square Dev Corp	\$45,800	\$45,800	\$0	\$0
Scattered Site One Dev Corp	\$227,030	\$227,030	\$0	\$0
Scattered Site Two Dev Corp	\$73,110	\$73,110	\$0	\$0
Sligo MPDU III Dev Corp	\$17,140	\$11,950	\$0	\$5,190
Southbridge	\$28,000	\$28,000	\$0	\$0
State Rental Partnership	\$589,790	\$543,610	\$0	\$46,180
Strathmore Court Affordable	\$1,497,440	\$1,337,460	\$86,980	\$73,000
TPP LLC - Pomander Court	\$23,300	\$23,300	\$0	\$0
TPP LLC - Timberlawn	\$271,370	\$271,370	\$0	\$0
VPC One Dev Corp	\$257,600	\$257,600	\$0	\$0
VPC Two Dev Corp	\$200,290	\$200,290	\$0	\$0
Westwood Tower	\$125,000	\$125,000	\$0	\$0
Willows of Gaithersburg	\$292,440	\$292,440	\$0	\$0
<b>TOTAL</b>	<b>\$9,886,610</b>	<b>\$9,299,830</b>	<b>\$245,440</b>	<b>\$341,340</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. Most 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.

The Commission believes that its acquisition and rehabilitation efforts create strong communities and contribute to the overall economic well-being of Montgomery County. The FY 2024 Capital Development Budget anticipates development and/or renovations of the following properties: Deeply Affordable Units, The Leggett, Georgian Court, Hillandale Gateway (Seniors and Multifamily/Retail), The Metropolitan, Shady Grove Apartments, Stewartown Homes, The Laureate, and the Willow Manor Properties.

## Capital Development Projects

### Bauer Park Apartments

Bauer Park Apartments is a senior housing apartment community originally constructed in 1977 and located at 14639 Bauer Drive in Rockville. Bauer Park is a complex of three-story buildings across the street from Rock Creek Village Shopping Center and a County Community Center. The property has 142 efficiency, one-bedroom and two-bedroom apartments.

The property was originally financed under HUD’s Section 236 program. The property’s 236 mortgage matured on August 1, 2018. The property historically received Rental Assistance Payment (“RAP”) subsidy and interest reduction payments. On June 30, 2019 the existing RAP subsidy expired and on July 1, 2019, the property entered into a new Housing Assistance Payment contract for Project-Based Rental Assistance for 56 of the property’s 142 units. This conversion was made possible via the US Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration Second Component program (the “RAD 2 Program”) which presented Bauer Park with the opportunity to secure Project-based Section 8 subsidy providing for their rehabilitation and permanent financing. The property also secured subsidy for another 65 households in FY 2020 via a Tenant-Protection

Voucher set-aside for certain at-risk households in low-vacancy areas (“Low Vacancy Vouchers”).

Under the RAD 2 Program, HOC began renovating the property in early FY 2021 to extend its useful life for at least another 36 years. The renovation includes replacing windows, interior and exterior doors, upgrading to a highly level of energy-efficiency, combined heat and power, tri-generation HVAC system, sunroom addition and newly renovated common areas and tenant amenity spaces. Interior work also includes full replacement of kitchens and bathrooms (appliances, cabinets, fixtures, and finishes), lighting, flooring, and painting.

The renovations are funded primarily from the proceeds of approximately \$10.1 million Low Income Housing Tax Credit equity; private activity, tax-exempt bonds of approximately \$25.7 million; and a seller note of approximately \$4.9 million. Of the total project costs, \$17.0 million was used to acquire the Property. An additional \$18.3 million funds renovation, and the remaining \$9.1 million will fund financing, reserves and other soft costs and development fees. Bauer Park is now owned by a limited partnership in which HOC serves as the managing general partner (“GP”).

## Capital Development Projects (cont.)

The planned level of investment in the property is consistent with those of the ongoing and/or previous renovations of other HOC RAD conversion properties (e.g. Arcola Towers and Waverly House). The property is receiving significant improvements to energy efficiency, the common areas and exterior grounds, and residents' units are being modernized. The improvements provide a standard of high quality, well designed, amenity rich, energy efficient

affordable housing and strong supportive services for Montgomery County that is financially sustainable and competitive within the rental marketplace. It is anticipated that, post-renovation, the Bauer Park utility costs, including water use and overall property maintenance costs will be reduced by up to 30%.

The charts below depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget .

### Bauer Park Apartments

#### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024
Acquisition Costs	\$17,020,800	\$16,700,000	\$320,800	\$0
Rehab / Construction	\$18,276,090	\$14,901,540	\$3,374,550	\$0
Commitment Fees to HOC	\$513,300	\$513,300	\$0	\$0
Development Fees to HOC (60%)	\$2,357,310	\$707,200	\$707,190	\$942,920
Development Fees to Victory Housing (40%)	\$1,571,540	\$471,460	\$0	\$1,100,080
Fees / Misc. Expenses	\$4,707,860	\$2,913,040	\$1,019,490	\$775,330
<b>Total</b>	<b>\$44,446,900</b>	<b>\$36,206,540</b>	<b>\$5,422,030</b>	<b>\$2,818,330</b>

#### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024
Bond Financing	\$25,665,000	\$22,505,370	\$3,159,630	\$0
Tax Credit Equity	\$10,114,000	\$6,588,480	\$707,190	\$2,818,330
GP Equity	\$100	\$100	\$0	\$0
HOC Developer Loan	\$2,220,170	\$2,220,170	\$0	\$0
Seller Note	\$4,892,420	\$4,892,420	\$0	\$0
Property Cash	\$320,800	\$0	\$320,800	\$0
Deferred Development Fees	\$1,234,410	\$0	\$1,234,410	\$0
<b>Total</b>	<b>\$44,446,900</b>	<b>\$36,206,540</b>	<b>\$5,422,030</b>	<b>\$2,818,330</b>

#### Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$5,789,880	(\$52,960)	\$1,017,320	\$1,157,870	\$1,189,700	\$1,222,290	\$1,255,660
Operating Expenses	(\$1,558,180)	(\$594,670)	(\$181,480)	(\$186,930)	(\$192,530)	(\$198,310)	(\$204,260)
Non-Operating Expenses	(\$5,967,470)	\$22,750	(\$939,010)	(\$1,260,560)	(\$1,262,030)	(\$1,263,530)	(\$1,265,090)
<b>Total</b>	<b>(\$1,735,770)</b>	<b>(\$624,880)</b>	<b>(\$103,170)</b>	<b>(\$289,620)</b>	<b>(\$264,860)</b>	<b>(\$239,550)</b>	<b>(\$213,690)</b>

# Capital Development Projects (cont.)

## Deeply Affordable Units

Historically, this project was used to supplement the funds received from the U.S. Department of Housing and Urban Development (“HUD”) for improvements to our Public Housing stock. In 2014, HOC requested that the original project title, “Supplemental Funds for Public Housing Improvements”, be expanded to “Deeply Subsidized HOC Owned Unit Improvements” to allow the funds to be used on the Public Housing units both pre- and post- conversion.

The project was further expanded to allow the funds to be used on HOC and Affiliate Owned income-restricted scattered site units. The Commission’s portfolio includes hundreds of income-restricted scattered site units throughout the County, most approximately 30 years of age. Many of these units were acquired into a Low Income Housing Tax Credit (“LIHTC”) limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, limited partnerships are expected to contribute units to HOC and, upon doing so, HOC becomes the sole owner of these units. Finally, other units are simply older Moderately Priced Dwelling Units (“MPDUs”) that continue to be restricted to low- and moderate-income households.

These units are in need of renovation in order to continue to serve eligible households. With significant debt remaining on these units, the net operating income from the affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a comprehensive scope of renovation which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.

The average cost for units requiring full interior and exterior renovations is approximately \$76,000. Continued funding at the \$1.25 million level will support an additional 15-20 units per year for FY 2024—2029.

The improvements will reduce maintenance costs and should reduce utility costs for residents as HOC does not pay utilities on any of these units. The units are in multiple entities and there should not be any impact on rents. Real Estate staff will be overseeing the projects utilizing these funds.

The charts below depict the anticipated Expenditure and Funding Schedules.

### Deeply Affordable Units

#### Expenditure Schedule

Cost Element	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rehab / Construction	\$7,500,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
<b>Total</b>	<b>\$7,500,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>

#### Funding Schedule

Funding Source	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
County CIP	\$7,500,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
<b>Total</b>	<b>\$7,500,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>

## The Leggett, formerly known as Elizabeth House III

The Leggett will be the replacement building for the existing Elizabeth House and will be located on the site of the former Fenwick Professional Office Park.

The Leggett will house a mixed-income senior population with a combination of affordable and market-rate units. Topping out at 16 stories; the mixed-use building will include a Senior Wellness Center run by Holy Cross Hospital and the South County Regional Recreational and Aquatic Center

## Capital Development Projects (cont.)

("SCRRAC"), which occupy the first few floors and mezzanine space of the larger development.

The site is located between Fenwick Lane and Apple Avenue, west of the intersection of Colesville Road and Georgia Avenue on the west side of Downtown Silver Spring in southeast Montgomery County, and is part of Elizabeth Square development.

The Leggett, of which the detailed site plan was unanimously approved by the Maryland National Capital Parks and Planning Commission on December 7, 2018, will also include relocation of residents from the existing Elizabeth House Senior community, which participated in the U.S. Department of Housing and Urban Development's ("HUD") Rental Assistance Demonstration Program. This participation converted Public Housing rental assistance to Project-Based Rental Assistance ("PBRA") for 106 relocating households, 26 units of which were converted to Project-Based Vouchers ("PBVs") using a non-competitive selection under a Section 18 Disposition. As required, all 106 units will serve households earning less than 30% of the Area Median Income ("AMI"). In addition, 14 units will serve households

earning less than 60% AMI, 118 units will serve households earning less than 80% AMI, and 29 units will serve as market-rate units. The amenity package will be extensive with a club lobby room, multiple decorated elevator lobby areas, and adjacent access via County membership to include an expansive public recreational indoor pool, community room, exercise room, and several other activity areas. All units are planned and will have a full appliance package including dishwashers, microwaves, washers and dryers.

The plan approved a proposed mixed-use project consisting of three (3) buildings: the new Leggett building (senior housing), the new Elizabeth House IV building (multifamily), and the renovated Alexander House (completed in 2019). The Leggett is the first phase of new construction, which commenced in FY 2020 and will be completed in FY 2023. Elizabeth House IV is scheduled to start construction in 2025 with an estimated two-year construction period.

The charts on the following page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

## Capital Development Projects (cont.)

### Elizabeth House III (now The Leggett)

#### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024
Acquisition Costs	\$3,453,670	\$2,638,730	\$503,570	\$311,370
Rehab / Construction	\$96,849,760	\$75,051,700	\$21,148,540	\$649,520
Commitment Fees to HOC	\$1,100,000	\$1,100,000	\$0	\$0
Development Fees to HOC	\$2,386,540	\$795,520	\$795,510	\$795,510
Non-Cash Development Fees to HOC	\$2,113,460	\$2,113,460	\$0	\$0
Capital Reimbursement	\$3,580,000	\$0	\$0	\$3,580,000
Fees / Misc. Expenses	\$14,716,750	\$8,795,100	\$1,481,740	\$4,439,910
<b>Total</b>	<b>\$124,200,180</b>	<b>\$90,494,510</b>	<b>\$23,929,360</b>	<b>\$9,776,310</b>

#### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024
Bond Financing	\$51,420,000	\$51,420,000	\$0	\$0
Tax Credit Equity	\$35,206,000	\$1,760,300	\$0	\$33,445,700
Tax-Exempt Bonds ("ST")	\$3,580,000	\$3,580,000	\$0	\$0
GP Equity	\$100	\$100	\$0	\$0
Holy Cross Funding	\$1,040,000	\$0	\$1,040,000	\$0
County HIF	\$8,000,000	\$8,000,000	\$0	\$0
HOC - Bridge Loan ("LOC")	\$0	\$1,442,460	\$22,889,360	(\$24,331,820)
HOC Equity	\$22,178,190	\$22,178,190	\$0	\$0
Interim Income	\$662,430	\$0	\$0	\$662,430
Deferred Development Fees	\$2,113,460	\$2,113,460	\$0	\$0
<b>Total</b>	<b>\$124,200,180</b>	<b>\$90,494,510</b>	<b>\$23,929,360</b>	<b>\$9,776,310</b>

#### Operating Budget Impact

Impact Pos/(Neg)	Total	CY2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$25,616,810	\$1,577,990	\$4,568,470	\$4,723,970	\$4,818,450	\$4,914,820	\$5,013,110
Operating Expenses	(\$10,708,720)	(\$1,341,690)	(\$1,658,330)	(\$1,842,590)	(\$1,897,860)	(\$1,954,810)	(\$2,013,440)
Non-Operating Expenses	(\$12,432,530)	\$0	(\$2,342,530)	(\$2,520,660)	(\$2,521,870)	(\$2,523,100)	(\$2,524,370)
<b>Total</b>	<b>\$2,475,560</b>	<b>\$236,300</b>	<b>\$567,610</b>	<b>\$360,720</b>	<b>\$398,720</b>	<b>\$436,910</b>	<b>\$475,300</b>

#### Georgian Court

Georgian Court was constructed in 1976 on 6.75 acres on the south side of Bel Pre Road near the intersection of Georgia Avenue in Silver Spring. The Property contains a total of 147 units within 12 all-brick garden-style apartment structures ranging from 3-4 stories in height. Each unit has a fully-equipped kitchen. Property amenities include a playground, grilling stations, and walking paths. A community room/leasing center

is located at the entrance of the site, which will benefit from an exterior addition to expand year-round on-site programming and activities for the residents.

Georgian Court has not undergone any major renovations within the last 20 years, other than capital replacements at failure and scheduled capital improvements. The scope of renovation includes: upgrading of interior kitchen and bathroom, including but not limited to energy

## Capital Development Projects (cont.)

efficient appliances, new cabinets, countertops, fixtures, flooring, painting, and lighting; replacement of in-unit HVAC units and central hot water heaters not yet replaced by scheduled capital improvements; opening up of kitchens into living/dining areas to create more modern layouts; exterior enhancements to provide a cleaner and improved visual impact; replacement of roofs not yet replaced by scheduled capital improvements; and, creation of Uniform Federal Accessibility Standards (“UFAS”) units to conform with Low Income Housing Tax Credit (“LIHTC”) requirements.

These improvements will not only address curb appeal but also, and more importantly, increase

energy efficiency and extend the Property’s useful life.

On December 20, 2021, the HOC closed on a tax-exempt FHA Risk Share senior mortgage loan in the amount of \$28,990,000 to finance the purchase and renovation of the Georgian Court. Also at closing, the LIHTC investor, BF Georgian Court, LLC, an entity controlled by Boston Financial Management, became the limited partner of the new ownership entity. The renovation began in FY 2022 and is expected to conclude in FY 2024.

The charts below depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

### Georgian Court

#### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024	FY 2025
Acquisition Costs	\$33,449,000	\$33,232,890	\$140,000	\$76,110	\$0
Rehab / Construction	\$16,669,180	\$7,981,300	\$7,772,930	\$914,950	\$0
Commitment Fees to HOC	\$602,720	\$602,720	\$0	\$0	\$0
Development Fees to HOC	\$3,642,390	\$180,060	\$0	\$2,533,810	\$928,520
Non-Cash Development Fees to HOC	\$1,000,000	\$748,460	\$0	\$251,540	\$0
Capital Reimbursement	\$11,735,000	\$0	\$0	\$11,735,000	\$0
Fees / Misc. Expenses	\$5,369,460	\$2,196,670	\$1,197,770	\$1,975,020	\$0
<b>Total</b>	<b>\$72,467,750</b>	<b>\$44,942,100</b>	<b>\$9,110,700</b>	<b>\$17,486,430</b>	<b>\$928,520</b>

#### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024	FY 2025
Bond Financing	\$17,255,000	\$17,255,000	\$0	\$0	\$0
Tax Credit Equity	\$22,704,000	\$4,540,600	\$0	\$17,234,880	\$928,520
Short Term Bonds	\$11,735,000	\$2,624,300	\$9,110,700	\$0	\$0
GP Equity	\$100	\$100	\$0	\$0	\$0
HOC Equity (existing Residual Receipts Reserve)	\$757,690	\$757,690	\$0	\$0	\$0
Seller Note	\$19,015,960	\$19,015,960	\$0	\$0	\$0
Deferred Development Fees	\$1,000,000	\$748,450	\$0	\$251,550	\$0
<b>Total</b>	<b>\$72,467,750</b>	<b>\$44,942,100</b>	<b>\$9,110,700</b>	<b>\$17,486,430</b>	<b>\$928,520</b>

#### Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$965,710	(\$5,700)	(\$89,330)	\$105,760	\$300,540	\$318,170	\$336,270
Operating Expenses	\$726,010	\$143,100	\$147,390	\$123,700	\$100,880	\$103,910	\$107,030
Non-Operating Expenses	(\$472,590)	\$410,210	\$411,760	\$185,920	(\$494,070)	(\$493,500)	(\$492,910)
<b>Total</b>	<b>\$1,219,130</b>	<b>\$547,610</b>	<b>\$469,820</b>	<b>\$415,380</b>	<b>(\$92,650)</b>	<b>(\$71,420)</b>	<b>(\$49,610)</b>



## Capital Development Projects (cont.)

### Hillandale Gateway

Hillandale Gateway, located at 10100, 10110 and 10120 New Hampshire Avenue in Silver Spring, on the former site of Holly Hall Apartments, will be a new mixed-use, mixed-income, intergenerational community that will include a total of 463 residential units, of which a minimum of 30% will be affordable. Hillandale Gateway will comprise two residential buildings – one, a 155-unit Net Zero Energy, mixed-income senior building; the other, a 308-unit Passive House, mixed-income multifamily building. In addition to residential units, the site will have a drive-thru Starbucks, an above-ground parking garage, commercial/retail/restaurant space, and public and private green space. Hillandale Gateway will be the first major multifamily investment in the East County in decades and will create its first destination mixed-use community.

Hillandale Gateway will incorporate a variety of

methodologies in an effort to set new benchmarks for sustainability and high-performance development in the Hillandale Community and beyond. By using Passive House construction methodologies, the energy consumption of the building will be significantly reduced. At the same time, the site will include a renewable energy system (in the form of rooftop solar on both the senior and multifamily buildings and on the parking garage) that the Development Team anticipates will be sufficient to allow the senior building to become Zero-Net Energy – producing as much energy as it consumes. In this way, Hillandale Gateway will promote energy efficiency while supporting the energy needs of its residents.

Site work is anticipated to begin in FY 2023 with vertical construction to begin in FY 2024 and be completed in FY 2027.

The charts below and on the following pages depict the anticipated Expenditure and Funding Schedules.

#### Hillandale Gateway - Senior

##### Expenditure Schedule

Cost Element	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rehab / Construction	\$77,272,360	\$21,210,900	\$25,305,920	\$25,599,290	\$4,265,530	\$310,720	\$580,000
Commitment Fees to HOC	\$693,450	\$693,450	\$0	\$0	\$0	\$0	\$0
Development Fees to HOC (20%)	\$1,770,560	\$281,680	\$482,880	\$482,880	\$482,880	\$40,240	\$0
Development Fees to Duffie (80%)	\$7,082,280	\$1,126,730	\$1,931,530	\$1,931,530	\$1,931,530	\$160,960	\$0
Fees / Misc. Expenses	\$12,933,180	\$3,725,570	\$1,349,320	\$2,673,710	\$2,968,640	\$728,740	\$1,487,200
<b>Total</b>	<b>\$99,751,830</b>	<b>\$27,038,330</b>	<b>\$29,069,650</b>	<b>\$30,687,410</b>	<b>\$9,648,580</b>	<b>\$1,240,660</b>	<b>\$2,067,200</b>

##### Funding Schedule

Funding Source	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Construction Loan	\$0	\$4,984,060	\$29,069,650	\$13,811,760	\$0	\$0	(\$47,865,470)
Permanent Loan	\$34,672,670	\$0	\$0	\$0	\$0	\$0	\$34,672,670
Tax Credit Equity	\$30,542,690	\$3,054,270	\$0	\$0	\$16,798,480	\$10,689,940	\$0
HOC Equity	\$5,000,000	\$5,000,000	\$0	\$0	\$0	\$0	\$0
MCO Green Bank Loan	\$4,000,000	\$4,000,000	\$0	\$0	\$0	\$0	\$0
Energy Efficiency Rebates & Grants	\$850,000	\$0	\$0	\$0	\$0	\$0	\$850,000
County HIF	\$10,000,000	\$10,000,000	\$0	\$0	\$0	\$0	\$0
HOC Loan ("OHRF")	\$11,686,470	\$0	\$0	\$0	(\$15,508,270)	\$15,784,740	\$11,410,000
PNC Bridge Loan	\$0	\$0	\$0	\$16,875,650	\$8,358,370	(\$25,234,020)	\$0
Deferred Development Fees	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000
<b>Total</b>	<b>\$99,751,830</b>	<b>\$27,038,330</b>	<b>\$29,069,650</b>	<b>\$30,687,410</b>	<b>\$9,648,580</b>	<b>\$1,240,660</b>	<b>\$2,067,200</b>



# Capital Development Projects (cont.)

## Hillendale Gateway - Multifamily / Retail (Market)

### Expenditure Schedule

Cost Element	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rehab / Construction	\$96,872,380	\$27,540,480	\$31,220,720	\$31,509,380	\$4,981,440	\$1,320,360	\$300,000
Commitment Fees to HOC	\$1,882,440	\$1,882,440	\$0	\$0	\$0	\$0	\$0
Development Fees to HOC (20%)	\$1,181,070	\$168,730	\$289,240	\$289,240	\$289,240	\$144,620	\$0
Development Fees to Duffie (80%)	\$4,724,290	\$674,900	\$1,156,970	\$1,156,970	\$1,156,970	\$578,480	\$0
Fees / Misc. Expenses	\$24,445,060	\$5,817,970	\$2,451,770	\$4,250,540	\$5,341,090	\$3,748,880	\$2,834,810
<b>Total</b>	<b>\$129,105,240</b>	<b>\$36,084,520</b>	<b>\$35,118,700</b>	<b>\$37,206,130</b>	<b>\$11,768,740</b>	<b>\$5,792,340</b>	<b>\$3,134,810</b>

### Funding Schedule

Funding Source	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Construction Loan	\$0	\$0	\$27,113,570	\$37,206,130	\$11,768,740	\$5,792,340	(\$81,880,780)
Permanent Loan	\$94,122,270	\$0	\$0	\$0	\$0	\$0	\$94,122,270
HOC Equity	\$4,153,410	\$4,153,410	\$0	\$0	\$0	\$0	\$0
Permanent Mezzanine Loan	\$30,829,560	\$0	\$0	\$0	\$0	\$0	\$30,829,560
HOC - Bridge Loan ("LOC")	\$0	\$0	\$4,936,240	\$0	\$0	\$0	(\$4,936,240)
HPF Loan	\$0	\$31,931,110	\$3,068,890	\$0	\$0	\$0	(\$35,000,000)
<b>Total</b>	<b>\$129,105,240</b>	<b>\$36,084,520</b>	<b>\$35,118,700</b>	<b>\$37,206,130</b>	<b>\$11,768,740</b>	<b>\$5,792,340</b>	<b>\$3,134,810</b>

# Capital Development Projects (cont.)

## Hillendale Gateway - Multifamily / Retail (Tax Credit)

### Expenditure Schedule

Cost Element	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rehab / Construction	\$38,237,010	\$10,594,670	\$12,496,490	\$12,584,980	\$1,823,160	\$457,710	\$280,000
Commitment Fees to HOC	\$399,180	\$399,180	\$0	\$0	\$0	\$0	\$0
Development Fees to HOC (20%)	\$990,420	\$141,490	\$242,550	\$242,550	\$242,550	\$121,280	\$0
Development Fees to Duffie (80%)	\$3,961,700	\$565,960	\$970,210	\$970,210	\$970,210	\$485,110	\$0
Fees / Misc. Expenses	\$8,233,040	\$2,213,890	\$718,870	\$1,465,740	\$1,766,020	\$1,195,320	\$873,200
<b>Total</b>	<b>\$51,821,350</b>	<b>\$13,915,190</b>	<b>\$14,428,120</b>	<b>\$15,263,480</b>	<b>\$4,801,940</b>	<b>\$2,259,420</b>	<b>\$1,153,200</b>

### Funding Schedule

Funding Source	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Construction Loan	\$0	\$4,498,900	\$14,428,120	\$14,007,270	\$0	\$0	(\$32,934,290)
Permanent Loan	\$19,958,930	\$0	\$0	\$0	\$0	\$0	\$19,958,930
Tax Credit Equity	\$16,197,010	\$1,619,700	\$0	\$0	\$8,908,360	\$5,668,950	\$0
HOC Equity	\$1,796,590	\$1,796,590	\$0	\$0	\$0	\$0	\$0
County HIF	\$6,000,000	\$6,000,000	\$0	\$0	\$0	\$0	\$0
HOC Loan ("OHRF")	\$5,868,820	\$0	\$0	\$0	(\$8,278,450)	\$2,018,710	\$12,128,560
HOC - Bridge Loan ("LOC")	\$0	\$0	\$0	\$1,256,210	\$4,172,030	(\$5,428,240)	\$0
Deferred Development Fees	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$2,000,000
<b>Total</b>	<b>\$51,821,350</b>	<b>\$13,915,190</b>	<b>\$14,428,120</b>	<b>\$15,263,480</b>	<b>\$4,801,940</b>	<b>\$2,259,420</b>	<b>\$1,153,200</b>

### The Metropolitan

The Metropolitan was constructed in 1997, and is a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda. The Metropolitan currently provides 92 affordable units and 216 market rate units. The 216 market rate units underwent minor renovations in 2013, but the affordable units have not been updated since they were initially placed in service.

The Property is built above the Montgomery County-owned Metropolitan Public Parking Garage 49 and legal title is structured as an air rights condominium. The County receives a portion of cash flow at the end of each fiscal year based on the formula set forth in the Air Rights lease documents.

Since the Property was first occupied, the market and affordable units have integrated seamlessly, and there have not been any issues raised by residents on either side. This is merely one of the success stories of HOC's history of mixed-income development in Montgomery County.

The Project will result in comprehensive replacements and upgrades to the building to address curb appeal, extend the Property's useful life, and ensure that The Metropolitan remains attractive, marketable and competitive with comparable properties in the Bethesda submarket. In addition to approaching the residential units with a similar aesthetic to the other properties within the portfolio, the renovation plans will include increases to the efficiency of the building to

## Capital Development Projects (cont.)

reduce operating costs for both the property and the residents, replacement of the roof and mechanical systems; including HVAC, hot water heaters, and water pipes, improve sustainability and energy efficiency through improvements such as a potential Cogeneration system, replacement of elevator cab finishes, equipment, and software, update and upgrade of the clubroom , fitness

room, penthouse bathrooms (showers, saunas and locker), and upgrade of the pool equipment and surface. Construction is expected to begin in FY 2024 and conclude in FY 2026.

The charts below depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

### The Metropolitan

#### Expenditure Schedule

Cost Element	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Acquisition Costs	\$91,369,600	\$91,061,600	\$123,200	\$123,200	\$61,600	\$0
Rehab / Construction	\$34,210,000	\$5,702,000	\$11,403,000	\$11,403,000	\$5,702,000	\$0
Commitment Fees to HOC	\$2,013,380	\$2,013,380	\$0	\$0	\$0	\$0
Development Fees to HOC	\$3,670,650	\$250,000	\$0	\$0	\$2,936,520	\$484,130
Fees / Misc. Expenses	\$19,917,830	\$9,961,230	\$3,106,550	\$3,106,550	\$3,106,540	\$636,960
<b>Total</b>	<b>\$151,181,460</b>	<b>\$108,988,210</b>	<b>\$14,632,750</b>	<b>\$14,632,750</b>	<b>\$11,806,660</b>	<b>\$1,121,090</b>

#### Funding Schedule

Funding Source	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Bond Financing	\$87,212,760	\$56,911,290	\$12,120,590	\$12,120,590	\$6,060,290	\$0
Tax Credit Equity	\$13,688,520	\$13,688,520	\$0	\$0	\$0	\$0
Short Term Bonds	\$15,699,610	\$1,569,960	\$0	\$0	\$3,924,900	\$10,204,750
GP Equity	\$100	\$100	\$0	\$0	\$0	\$0
County	\$0	\$2,237,870	\$2,512,160	\$2,512,160	\$1,821,470	(\$9,083,660)
Seller Note	\$34,580,470	\$34,580,470	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$151,181,460</b>	<b>\$108,988,210</b>	<b>\$14,632,750</b>	<b>\$14,632,750</b>	<b>\$11,806,660</b>	<b>\$1,121,090</b>

#### Operating Budget Impact

Impact Pos/(Neg)	Total	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Income	(\$8,293,920)	\$58,730	(\$2,672,710)	(\$2,666,330)	(\$2,659,280)	(\$921,620)	\$567,290
Operating Expenses	\$2,116,590	\$0	\$0	\$0	\$714,100	\$735,530	\$666,960
Non-Operating Expenses	\$8,702,040	(\$720)	\$1,520,730	\$3,042,170	\$3,041,440	\$3,040,690	(\$1,942,270)
<b>Total</b>	<b>\$2,524,710</b>	<b>\$58,010</b>	<b>(\$1,151,980)</b>	<b>\$375,840</b>	<b>\$1,096,260</b>	<b>\$2,854,600</b>	<b>(\$708,020)</b>

## Capital Development Projects (cont.)

### Shady Grove

Shady Grove was constructed in 1980 on two (2) parcels totaling approximately 11.87 acres on the east and west side of Crabbs Branch Road, just east of the Shady Grove Metro Station. All 144 units at the garden-style multifamily community are assisted by a Project Based Section 8 contract. Property amenities include two (2) laundry rooms, two (2) playgrounds, walking paths, substantial private outdoor space and adjacent bus service. A community room and leasing center are located on-site, which will also receive a dramatic enhancement similar to Georgian Court to expand year-round activities for the residents, including incorporating a fitness center. Units are outfitted with the typical amenities, all of which would be upgraded during the renovation. Two (2) roof replacements and replacement of all windows were completed within the last five (5) years. Less than five (5) of the central hot water heaters have also been replaced.

With the exception of the replacement of windows, Shady Grove has not undergone any major renovations within the last 20 years, other than capital replacements at failure and scheduled capital improvements. Staff has developed a renovation scope that includes the following: upgrading of interior kitchen and bathroom, including but not limited to energy-efficient appliances, new cabinetry,

countertops, fixtures, flooring, painting, and lighting; replacement of in-unit HVAC units and central hot water heaters not yet replaced by scheduled capital improvements; opening up of kitchen into living/dining area to create more modern layout; exterior enhancements to provide a cleaner and improved visual impact; replacement of roofs not yet replaced by scheduled capital improvements; and, creation of UFAS units to conform with Low Income Housing Tax Credit ("LIHTC") requirements.

These improvements will not only address curb appeal but also, and more importantly, increase energy efficiency and extend the Property's useful life.

On December 20, 2021, HOC closed on a tax-exempt FHA Risk Share senior mortgage loan in the amount of \$28,700,000 to finance the purchase and renovation of Shady Grove. Also at closing, the LIHTC investor, BF FRE 2018, Limited Partnership, an entity controlled by Boston Financial Management, became the limited partner of the new ownership entity. The renovation began in FY 2022 and is expected to conclude in FY 2024.

The charts on the following page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

# Capital Development Projects (cont.)

## Shady Grove Apartments

### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024	FY 2025
Acquisition Costs	\$33,600,600	\$33,281,670	\$306,210	\$12,720	\$0
Rehab / Construction	\$15,820,880	\$2,997,960	\$9,768,480	\$3,054,440	\$0
Commitment Fees to HOC	\$596,690	\$596,690	\$0	\$0	\$0
Development Fees to HOC	\$2,635,200	\$250,000	\$0	\$2,199,790	\$185,410
Non-Cash Development Fees to HOC	\$2,000,000	\$908,800	\$0	\$1,091,200	\$0
Fees / Misc. Expenses	\$6,405,910	\$2,478,520	\$1,144,580	\$2,782,810	\$0
<b>Total</b>	<b>\$61,059,280</b>	<b>\$40,513,640</b>	<b>\$11,219,270</b>	<b>\$9,140,960</b>	<b>\$185,410</b>

### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024	FY 2025
Bond Financing	\$28,700,000	\$26,629,060	\$2,070,940	\$0	\$0
Tax Credit Equity	\$19,315,000	\$1,931,500	\$0	\$17,198,090	\$185,410
GP Equity	\$100	\$100	\$0	\$0	\$0
HOC - Bridge Loan ("OHRF")	\$0	\$0	\$9,148,330	(\$9,148,330)	\$0
Seller Note	\$11,044,180	\$11,044,180	\$0	\$0	\$0
Deferred Development Fees	\$2,000,000	\$908,800	\$0	\$1,091,200	\$0
<b>Total</b>	<b>\$61,059,280</b>	<b>\$40,513,640</b>	<b>\$11,219,270</b>	<b>\$9,140,960</b>	<b>\$185,410</b>

### Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$2,830,280	\$405,950	\$380,710	\$444,940	\$508,750	\$532,670	\$557,260
Operating Expenses	\$162,750	\$22,370	\$50,710	\$33,940	\$18,030	\$18,570	\$19,130
Non-Operating Expenses	\$146,960	\$820,240	\$820,240	\$476,140	(\$655,960)	(\$656,550)	(\$657,150)
<b>Total</b>	<b>\$3,139,990</b>	<b>\$1,248,560</b>	<b>\$1,251,660</b>	<b>\$955,020</b>	<b>(\$129,180)</b>	<b>(\$105,310)</b>	<b>(\$80,760)</b>

### Stewartown Homes

Originally built in 1977, Stewartown Homes is located near Montgomery Village (exit 11 off Interstate 270 to Route 124). The Property is in the unincorporated Montgomery County adjacent to Montgomery Village and is 5 minutes from Lakeforest Mall, The Inter County Connector ("ICC"), Route 355 and I-270. Stewartown Homes consists of 14 garden-townhome buildings totaling 94 units. The mix includes 14 – 2 bedroom 1 baths (854 square feet), 66 – 3 bedroom 2 baths (948 square feet) and 14 – 4 bedroom 2 baths (1,200 square feet). The Property is managed by Edgewood Management Corporation. All units are

restricted to households with less than 60% of the Area Median Income ("AMI"). All 94 units have numbered parking spaces which provide one space per unit, 56 reserved parking spaces, 32 visitor parking spaces and 1 handicap parking space. Heating, air conditioning and individual hot water heaters are provided for each unit. The units have wall to wall carpet, vinyl tiles, vertical blinds, kitchens with oak wood cabinets and appliances including a dishwasher, refrigerator, range stove and a stacked washer/dryer. A community center is located on site that includes a computer lab and activity rooms for all residents, children's after-school programs and summer camp programs, a playground and a picnic spot.

## Capital Development Projects (cont.)

The property was financed under HUD 236 program. The 236 mortgage matured in 2017, and the associated RAP contract subsidy for 19 households expired in December 2018. In January 2019, RAP subsidy was converted to Project-Based Vouchers ("PBVs") assistance under Component Two of U.S. Department of Housing and Urban Development's ("HUD") Rental Assistance Demonstration ("RAD") program, which is a subsidy program that funds to full HOC voucher payment standard. HOC was also awarded Low Vacancy Voucher subsidy for 35 additional households at the Property in FY 2020.

Extensive interior and exterior renovations were last completed in 2001. The renovation started in August 2021 and were completed in FY 2023. Kitchen and bathroom cabinets and counter tops, appliances, washer/dryer, water heater, HVAC unit, carpet and tile floors were replaced in each unit during renovation along with ADA upgrades on an as-needed basis. The leasing offices and the community room were renovated as well.

The charts below depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

### Stewartown Homes

#### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024
Acquisition Costs	\$15,729,000	\$15,505,810	\$191,710	\$31,480
Rehab / Construction	\$12,921,990	\$7,285,440	\$5,584,210	\$52,340
Commitment Fees to HOC	\$322,900	\$322,900	\$0	\$0
Development Fees to HOC	\$3,170,390	\$634,080	\$634,080	\$1,902,230
Fees / Misc. Expenses	\$3,496,850	\$1,186,170	\$561,240	\$1,749,440
<b>Total</b>	<b>\$35,641,130</b>	<b>\$24,934,400</b>	<b>\$6,971,240</b>	<b>\$3,735,490</b>

#### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024
Bond Financing	\$16,045,000	\$13,779,620	\$2,265,380	\$0
Tax Credit Equity	\$10,551,690	\$2,110,340	\$634,070	\$7,807,280
GP Equity	\$100	\$100	\$0	\$0
Special Member Contribution ("CREA")	\$100	\$100	\$0	\$0
HOC - Bridge Loan ("LOC")	\$0	\$0	\$4,071,790	(\$4,071,790)
Seller Note	\$9,044,240	\$9,044,240	\$0	\$0
<b>Total</b>	<b>\$35,641,130</b>	<b>\$24,934,400</b>	<b>\$6,971,240</b>	<b>\$3,735,490</b>

#### Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	(\$121,240)	(\$199,490)	(\$212,650)	\$54,910	\$66,540	\$78,540	\$90,910
Operating Expenses	\$820,770	\$64,700	\$66,640	\$164,790	\$169,740	\$174,830	\$180,070
Non-Operating Expenses	(\$1,245,660)	\$360,210	(\$17,960)	(\$396,200)	(\$396,710)	(\$397,230)	(\$397,770)
<b>Total</b>	<b>(\$546,130)</b>	<b>\$225,420</b>	<b>(\$163,970)</b>	<b>(\$176,500)</b>	<b>(\$160,430)</b>	<b>(\$143,860)</b>	<b>(\$126,790)</b>

## Capital Development Projects (cont.)

### **Residences on The Lane, formerly known as Upton II)**

HOC at the Upton II, LLC, now known as Residences on The Lane, is an affiliate of HOC and the Property is being developed by HOC and Victory Housing, Inc. ("VHI") in collaboration with Duball, LLC. Duball serves as the project's master developer. HOC and VHI are co-general partners and, as the sponsors, submitted an application for and secured Low Income Housing Tax Credits. Equity raised from the syndication of the LIHTCs provides more than a quarter of the total funding for the Project. VHI is a Montgomery County-based non-profit with decades of experience in the development and operation of affordable senior housing.

Residences on The Lane started construction in April 2019 and reached substantial completion in December 2021. The Property contains 150 apartments: 23 units serving households with incomes at or below 80% Area Median Income ("AMI"), 88 units serving households with incomes at or below 60% AMI, 24 units serving households with incomes at or below 40% AMI and 15 are

market rate. There are 22 units subsidized via a Project-Based Section 8 Housing Assistance Payment contract ("PBRA").

The Property replaces HOC's existing Town Center Apartments age-restricted, affordable rental building located one block to the south of the site. Town Center Apartments includes 112 affordable senior apartments whose occupants are relocating to the Property.

HOC placed a \$24 million acquisition and construction loan. Loan proceeds are paired with a \$5 million County subordinate cash-flow loan, approximately \$14.7 million in LIHTC equity and \$14.6 million of HOC equity to develop a \$51.4 million age-restricted apartment building within Rockville Town Center Phase II. Land and loan closing occurred in March 2019 and construction completion and building stabilization concluded in the beginning of FY 2023.

The charts on the following page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

# Capital Development Projects (cont.)

## Upton -(Now Residences on The Lane)

### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024
Acquisition Costs	\$6,000,000	\$6,000,000	\$0	\$0
Rehab / Construction	\$35,974,490	\$33,848,670	\$2,125,820	\$0
Commitment Fees to HOC	\$480,000	\$480,000	\$0	\$0
Development Fees to HOC (60%)	\$1,577,570	\$0	\$1,427,570	\$150,000
Development Fees to Victory Housing (40%)	\$1,051,710	\$0	\$951,710	\$100,000
Non-Cash Development Fees to HOC	\$1,335,930	\$0	\$1,335,930	\$0
Non-Cash Development Fees to Victory Housing	\$890,620	\$0	\$890,620	\$0
Fees / Misc. Expenses	\$4,113,760	\$2,090,480	\$2,023,280	\$0
<b>Total</b>	<b>\$51,424,080</b>	<b>\$42,419,150</b>	<b>\$8,754,930</b>	<b>\$250,000</b>

### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024
Bond Financing	\$24,000,000	\$20,318,550	\$3,681,450	\$0
Tax Credit Equity	\$14,672,760	\$2,569,470	\$12,103,290	\$0
County HIF	\$5,000,000	\$5,000,000	\$0	\$0
HOC Loan ("OHRF")	\$4,627,240	\$7,300,000	(\$2,672,760)	\$0
HOC - Bridge Loan ("LOC")	\$0	\$7,231,130	(\$7,231,130)	\$0
GP Equity	\$100	\$0	\$100	\$0
Interim Income	\$696,070	\$0	\$696,070	\$0
Deferred Development Fees	\$2,427,910	\$0	\$2,177,910	\$250,000
<b>Total</b>	<b>\$51,424,080</b>	<b>\$42,419,150</b>	<b>\$8,754,930</b>	<b>\$250,000</b>

### Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$18,760,600	\$2,050,210	\$3,239,220	\$3,289,850	\$3,341,270	\$3,393,500	\$3,446,550
Operating Expenses	(\$6,215,230)	(\$849,920)	(\$1,013,930)	(\$1,040,100)	(\$1,071,300)	(\$1,103,440)	(\$1,136,540)
Non-Operating Expenses	(\$6,830,830)	(\$45,000)	(\$1,080,200)	(\$1,425,570)	(\$1,426,120)	(\$1,426,680)	(\$1,427,260)
<b>Total</b>	<b>\$5,714,540</b>	<b>\$1,155,290</b>	<b>\$1,145,090</b>	<b>\$824,180</b>	<b>\$843,850</b>	<b>\$863,380</b>	<b>\$882,750</b>

### The Laureate, formerly known as Westside Shady Grove

The Laureate will be a 268-unit luxury mixed-use and mixed-income community that will also be the future site of the HOC Up-County Service Center and is located just steps away from the Washington Metropolitan Area Transit Authority's ("WMATA") Red Line-Shady Grove Station. HOC closed on the land acquisition in FY 2020 and construction began in FY 2021. The joint venture between HOC, EYA, and Bozzuto Development is

nearly complete with final inspections ongoing to facilitate doors opening imminently.

The development will feature a five-story wood-frame residential building over a concrete podium and a five-story above-grade parking structure. Featuring open and inviting spaces from the entrance and throughout the common areas, the development seeks to maximize the resident experience through its superior design. Twenty-Five percent of the units are affordable at 50% or less of Area Median Income ("AMI") and five percent (5%)



## Capital Development Projects (cont.)

are affordable at 65% or less of AMI.

In addition to residential units designed with high-quality finishes, the property will feature 10,800 sq. ft. of ground floor amenity space, including a lobby lounge, theater, pet spa, children’s area, fitness room, and entertainment kitchen, and 9,600 sq. ft. of first-level courtyard space, including outdoor grilling stations, lounge, and pool area.

The Property is the first development in Montgomery County to utilize the newly created Housing Production Fund (“HPF”) that has repaid a Montgomery County Department of Housing and Community Affairs (“DHCA”) interim construction loan of \$14.3 million.

The development marks the second multifamily phase in the dramatic 90-acre master-planned redevelopment of Montgomery County’s County

Service Park. In addition to the thousands of life sciences jobs near the development, this transit-oriented site provides residents convenient multi-modal access to Gaithersburg, Rockville, Bethesda, downtown Washington, D.C. and other regional employment and entertainment hubs. The community will stand out among Washington D.C. Metro’s suburban developments as a unique, price competitive, transit-oriented, urban-style community.

The first unit deliveries are scheduled in the Spring of 2023 along with the delivery of the CVS corner retail space, and final completion of the building is expected in April 2023.

The charts below and on the following page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

### West Side Shady Grove (now The Laureate)

#### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024
Acquisition Costs	\$2,324,150	\$2,324,150	\$0	\$0
Rehab / Construction	\$97,821,340	\$55,818,260	\$38,045,160	\$3,957,920
Commitment Fees to HOC	\$1,985,000	\$1,985,000	\$0	\$0
Development Fees to HOC (20%)	\$1,025,920	\$709,230	\$296,870	\$19,820
Development Fee to EYA / Bozzuto (80%)	\$4,405,380	\$3,138,580	\$1,164,700	\$102,100
Fees / Misc. Expenses	\$13,710,450	\$7,336,890	\$2,655,890	\$3,717,670
<b>Total</b>	<b>\$121,272,240</b>	<b>\$71,312,110</b>	<b>\$42,162,620</b>	<b>\$7,797,510</b>

#### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024
Bond Financing	\$99,250,000	\$56,431,090	\$42,162,620	\$656,290
County HPF	\$14,300,000	\$7,158,780	\$0	\$7,141,220
HOC Equity	\$5,486,300	\$5,486,300	\$0	\$0
EYA/Bozzuto Equity	\$2,235,940	\$2,235,940	\$0	\$0
<b>Total</b>	<b>\$121,272,240</b>	<b>\$71,312,110</b>	<b>\$42,162,620</b>	<b>\$7,797,510</b>

## Capital Development Projects (cont.)

### Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Operating Income	\$43,389,160	\$3,520,990	\$7,439,860	\$7,778,020	\$7,993,390	\$8,214,720	\$8,442,180
Operating Expenses	(13,272,510)	(\$1,925,100)	(\$2,139,640)	(\$2,200,440)	(\$2,266,770)	(\$2,335,090)	(\$2,405,470)
Non-Operating Expenses	(20,751,040)	\$0	(\$3,581,410)	(\$4,295,400)	(\$4,293,420)	(\$4,291,420)	(\$4,289,390)
<b>Total</b>	<b>\$9,365,610</b>	<b>\$1,595,890</b>	<b>\$1,718,810</b>	<b>\$1,282,180</b>	<b>\$1,433,200</b>	<b>\$1,588,210</b>	<b>\$1,747,320</b>

### Willow Manor Properties

In FY 2022, HOC closed on the resyndication of three age-restricted (62+) rental communities in Montgomery County, MD: Willow Manor at Cloppers Mill, located at 18003 Mateny Road in Germantown; Willow Manor at Fair Hill Farm, located at 18301 Georgia Avenue in Olney; and Willow Manor at Colesville, located at 601 E Randolph Road in Silver Spring (together, the “Willow Manor Properties” or “Properties”).

Preserving the affordability of the Willow Manor Properties has been a priority for HOC since FY 2019. In FY 2019, Montgomery County’s Department of Housing and Community Affairs (“DHCA”) entered into a contract to purchase the Properties under Article 53A of the Montgomery County Code, the Right of First Refusal (“ROFR”) Ordinance. DHCA assigned the contract to HOC at closing and provided subordinate financing for the acquisition. The partnership between DHCA and HOC was critical in preserving these affordable senior Properties.

The Willow Manor Properties were originally built and syndicated under the Low Income Housing Tax Credit (“LIHTC”) program in 2004 and 2005, and recently exited their initial 15-year compliance

periods. The low-rise, elevator-serviced Properties are sister communities of similar physical condition, construction type, design and branding. Given the similarities among the Properties, HOC pursued a LIHTC resyndication of the Properties as a single scattered site – the first transaction of this kind for HOC. The LIHTC transaction enabled a permanent financing structure that maximized the amount of funds to renovate the Properties and repay a portion of the County’s initial investment.

The Willow Manor Properties consist of 286 units that serve households earning up to 40%, 50%, 60% and 80% of Area Median Income (“AMI”). Specifically, 57 units (20%) serve households earning up to 40% AMI, 20 units (7%) serve households earning up to 50% AMI, 189 units (66%) serve households earning up to 60% AMI and 20 units (7%) serve households earning up to 80% AMI.

The renovations, which include enhancements to the residential units and common area lobby and activity spaces began in FY 2022 and are expected to conclude in FY 2024.

The charts on the following page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

## Capital Development Projects (cont.)

### Willow Manor Resyndication

#### Expenditure Schedule

Cost Element	Total	Through FY 2022	Estimated FY 2023	FY 2024	FY 2025
Acquisition Costs	\$58,709,530	\$57,973,490	\$402,550	\$333,490	\$0
Rehab / Construction	\$22,058,240	\$8,505,800	\$9,034,960	\$4,517,480	\$0
Commitment Fees to HOC	\$1,027,800	\$1,027,800	\$0	\$0	\$0
Development Fees to HOC	\$6,792,300	\$1,698,070	\$0	\$0	\$5,094,230
Fees / Misc. Expenses	\$12,000,370	\$3,879,580	\$3,278,590	\$1,639,300	\$3,202,900
<b>Total</b>	<b>\$100,588,240</b>	<b>\$73,084,740</b>	<b>\$12,716,100</b>	<b>\$6,490,270</b>	<b>\$8,297,130</b>

#### Funding Schedule

Funding Source	Total	Through FY 2022	Estimated FY 2023	FY 2024	FY 2025
Bond Financing	\$46,555,000	\$46,406,460	\$148,540	\$0	\$0
Tax Credit Equity	\$30,349,960	\$2,995,000	\$0	\$0	\$27,354,960
Federal	\$3,039,440	\$3,039,440	\$0	\$0	\$0
GP Equity	\$100	\$100	\$0	\$0	\$0
Bridge Loan	\$0	\$0	\$12,567,560	\$6,490,270	(\$19,057,830)
County HIF	\$12,972,780	\$12,972,780	\$0	\$0	\$0
Seller Note	\$7,670,960	\$7,670,960	\$0	\$0	\$0
<b>Total</b>	<b>\$100,588,240</b>	<b>\$73,084,740</b>	<b>\$12,716,100</b>	<b>\$6,490,270</b>	<b>\$8,297,130</b>

#### Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$708,160	(\$50,380)	(\$72,920)	(\$275,820)	\$233,190	\$370,150	\$503,940
Operating Expenses	(\$809,960)	(\$226,920)	(\$110,990)	(\$113,710)	(\$116,520)	(\$119,420)	(\$122,400)
Non-Operating Expenses	\$5,869,160	\$2,180,320	\$2,180,320	\$2,180,320	(\$222,650)	(\$223,920)	(\$225,230)
<b>Total</b>	<b>\$5,767,360</b>	<b>\$1,903,020</b>	<b>\$1,996,410</b>	<b>\$1,790,790</b>	<b>(\$105,980)</b>	<b>\$26,810</b>	<b>\$156,310</b>

## Opportunity Housing Reserve Fund (“OHRF”)

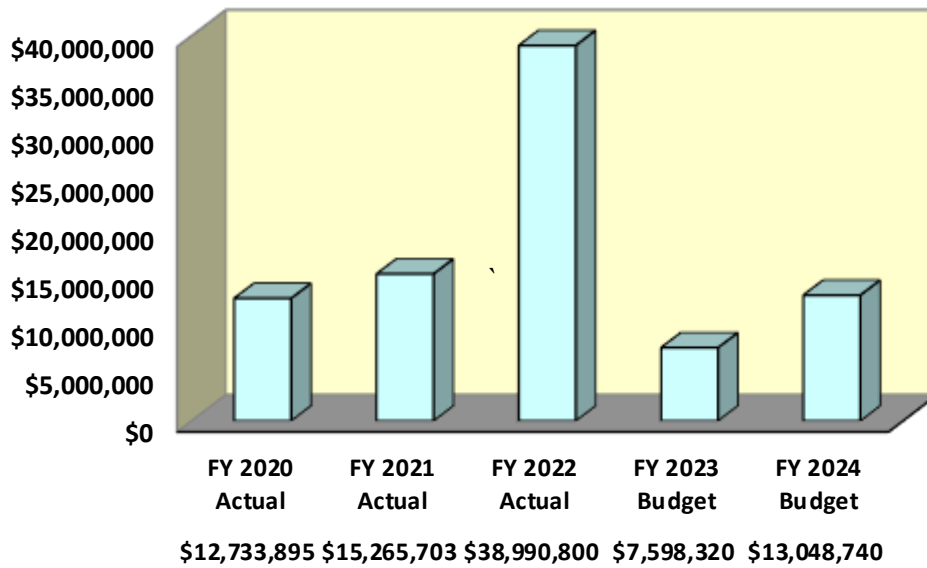
HOC established the OHRF in 1980 initially to address the use of revenues generated from the sale of bonds under the Single Family Mortgage Purchase Program. Today, the OHRF is a repository of proceeds from various HOC activities, whose primary purpose is the production of affordable housing.

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 2024 Recommended Budget projects a net increase in the OHRF of \$5.55 million resulting in a year-end balance of \$13.1 million.

**OHRF Year-End Balance**



# Opportunity Housing Reserve Fund (“OHRF”) cont.

Source of Capital	Total
<b>Cash Balance as of 6/30/2022</b>	<b>\$38,990,800</b>
<b>FY 2023</b>	
Source of Funds .....	\$568,180
Use of Funds .....	(\$7,176,920)
<b>Cash Balance as of 2/28/2023</b>	<b>\$32,382,060</b>
<b>Current Obligations .....</b>	<b>(\$28,800,420)</b>
<b>Future Source of Funds</b>	
Anticipated Commitment Fees (60% of Total) .....	\$0
Anticipated Development Fees (60% of Total) .....	\$4,016,680
	<b>\$4,016,680</b>
<b>Projected Cash Balance as of 6/30/2023</b>	<b>\$7,598,320</b>
<b>Source of Funds (FY 2024)</b>	
Budgeted Commitment Fees (60% of Total) .....	\$4,425,770
Budgeted Development Fees (60% of Total) .....	\$2,636,340
<b>SUBTOTAL</b>	<b>\$7,062,110</b>
<b>Use of Funds (FY 2024)</b>	
Personnel Expenses (Real Estate Division) .....	(\$1,311,690)
Pre-Development Fund (Real Estate Division) .....	(\$300,000)
<b>SUBTOTAL</b>	<b>(\$1,611,690)</b>
<b>Projected Cash Balance as of 6/30/2024</b>	<b>\$13,048,740</b>

# **Section 4:** **PERSONNEL**

Tab

# Personnel Assumptions

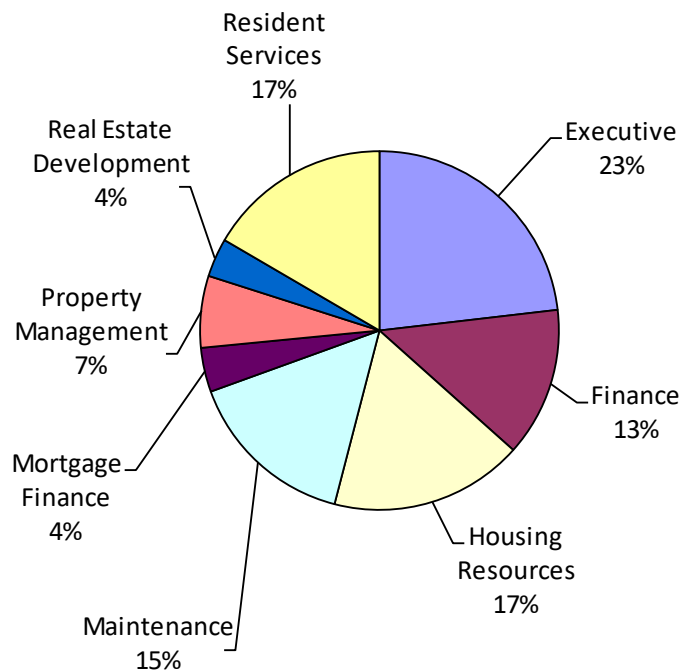
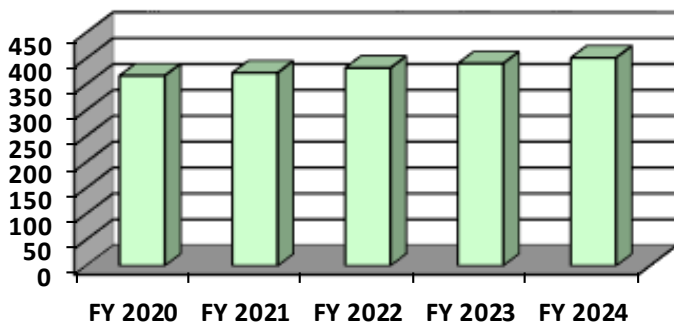
Recommended Budget  
April 5, 2023

## Personnel Complement

The FY 2024 Recommended includes a total of 401.60 work years. This represents a net increase of 11 Work Years from FY 2023. Positions have also

been reassigned between divisions as functions were realigned.

Divisions Full Time Equivalent (FTE)	Actual FY 2020	Actual FY 2021	Actual FY 2022	Amended FY 2023	Recommended FY 2024	% Change
Executive	73.50	78.00	83.00	88.00	93.00	5.68%
Finance	52.00	52.00	53.00	53.00	54.00	1.89%
Housing Resources	54.00	54.00	63.00	65.00	70.00	7.69%
Maintenance	61.00	61.00	61.00	62.00	62.00	0.00%
Mortgage Finance	14.00	14.00	15.00	16.00	16.00	0.00%
Property Management	33.00	33.00	27.00	26.00	26.00	0.00%
Real Estate Development	14.00	14.00	14.00	14.00	14.00	0.00%
Resident Services	65.60	66.60	66.00	66.60	66.60	0.00%
<b>Total</b>	<b>367.10</b>	<b>372.60</b>	<b>382.00</b>	<b>390.60</b>	<b>401.60</b>	<b>2.82%</b>



# Compensation

## FY 2024 General Salary Schedule

The General Salary Schedules, which are used to determine pay for all Career and Term positions have not been increased over the FY 2023 Salary Schedules. Pay Grade schedules will be updated after bargaining with MCGEO ends. Negotiation is scheduled to start in the Spring of 2023. All salary schedules are located at the end of this section.

## Maintenance On-Call

The Weekday On-call Rate is \$40.00 per day (Monday through Friday). The On-Call Rate for

Saturdays, Sundays, and holidays is \$50.00 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.

# 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	62.5 cents per mile*
1,001–7,500	IRS rate + 15 cents per mile
7,501 and above	IRS rate + 25 cents per mile

\* The Internal Revenue Service (IRS) sets the standard reimbursement rates for mileage. The current IRS rate for mileage is 62.5 cents per mile. Should the 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 \$1,000 annually for automobile insurance and regularly scheduled maintenance.

## Meal Allowance

The Meal Allowance rate for FY 2024 is \$15.00. This

allowance is available to those employees who must attend evening meetings in connection with Commission business.

## Professional Membership Payments

The reimbursement for professional membership payment is \$125 for FY 2024. HOC will reimburse one professional membership paid by an employee each year, provided the membership is job related and beneficial to HOC.

## 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 a full-time employee is \$1,830 and for a part-time employee is \$915 for FY 2024.

The Tuition Assistance may also be used by employees to receive certifications which relate to their current job or is related to the same job series. Certifications are funded up to a maximum of \$1,000 for full time employees and \$500 for part time employees.

## Fitness Reimbursement

The FY 2024 Fitness Reimbursement for employees toward the cost of membership in a health club, exercise program, or weight management program is \$200.00.



## 2023 Pay Grade Schedule—Represented Employees

### Annual Salary

### Hourly Wages

Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years	Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years
Grade 8	\$36,096	\$54,616	\$56,254	\$57,942	Grade 8 Hourly	\$17.35	\$26.26	\$27.05	\$27.86
Grade 9	\$37,291	\$56,848	\$58,553	\$60,310	Grade 9 Hourly	\$17.93	\$27.33	\$28.15	\$29.00
Grade 10	\$38,554	\$59,256	\$61,034	\$62,865	Grade 10 Hourly	\$18.54	\$28.49	\$29.34	\$30.22
Grade 11	\$39,873	\$61,768	\$63,621	\$65,530	Grade 11 Hourly	\$19.17	\$29.70	\$30.59	\$31.50
Grade 12	\$41,252	\$64,412	\$66,344	\$68,334	Grade 12 Hourly	\$19.83	\$30.97	\$31.90	\$32.85
Grade 13	\$42,712	\$67,187	\$69,203	\$71,279	Grade 13 Hourly	\$20.53	\$32.30	\$33.27	\$34.27
Grade 14	\$44,244	\$70,108	\$72,211	\$74,377	Grade 14 Hourly	\$21.27	\$33.71	\$34.72	\$35.76
Grade 15	\$45,847	\$73,163	\$75,358	\$77,619	Grade 15 Hourly	\$22.04	\$35.17	\$36.23	\$37.32
Grade 16	\$47,555	\$76,380	\$78,671	\$81,031	Grade 16 Hourly	\$22.86	\$36.72	\$37.82	\$38.96
Grade 17	\$49,447	\$79,755	\$82,148	\$84,612	Grade 17 Hourly	\$23.77	\$38.34	\$39.49	\$40.68
Grade 18	\$51,445	\$83,322	\$85,822	\$88,397	Grade 18 Hourly	\$24.73	\$40.06	\$41.26	\$42.50
Grade 19	\$53,597	\$87,183	\$89,799	\$92,493	Grade 19 Hourly	\$25.77	\$41.92	\$43.17	\$44.47
Grade 20	\$55,842	\$91,241	\$93,979	\$96,798	Grade 20 Hourly	\$26.85	\$43.87	\$45.18	\$46.54
Grade 21	\$58,214	\$95,502	\$98,367	\$101,318	Grade 21 Hourly	\$27.99	\$45.91	\$47.29	\$48.71
Grade 22	\$60,690	\$99,980	\$102,979	\$106,068	Grade 22 Hourly	\$29.18	\$48.07	\$49.51	\$50.99
Grade 23	\$63,302	\$104,685	\$107,825	\$111,060	Grade 23 Hourly	\$30.43	\$50.33	\$51.84	\$53.39
Grade 24	\$66,036	\$109,612	\$112,901	\$116,288	Grade 24 Hourly	\$31.75	\$52.70	\$54.28	\$55.91
Grade 25	\$68,906	\$114,793	\$118,237	\$121,784	Grade 25 Hourly	\$33.13	\$55.19	\$56.84	\$58.55

\* Longevity of 3% is paid for both 19 and 24 completed years of service and at the pay grade maximum.

## 2023 Pay Grade Schedule—Unrepresented Employees

### Annual Salary

### Hourly Wages

Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years	Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years
Grade 8	\$36,096	\$54,616	\$56,254	\$57,942	Grade 8 Hourly	\$17.35	\$26.26	\$27.05	\$27.86
Grade 9	\$37,291	\$56,848	\$58,553	\$60,310	Grade 9 Hourly	\$17.93	\$27.33	\$28.15	\$29.00
Grade 10	\$38,554	\$59,256	\$61,034	\$62,865	Grade 10 Hourly	\$18.54	\$28.49	\$29.34	\$30.22
Grade 11	\$39,873	\$61,768	\$63,621	\$65,530	Grade 11 Hourly	\$19.17	\$29.70	\$30.59	\$31.50
Grade 12	\$41,252	\$64,412	\$66,344	\$68,334	Grade 12 Hourly	\$19.83	\$30.97	\$31.90	\$32.85
Grade 13	\$42,712	\$67,187	\$69,203	\$71,279	Grade 13 Hourly	\$20.53	\$32.30	\$33.27	\$34.27
Grade 14	\$44,244	\$70,108	\$72,211	\$74,377	Grade 14 Hourly	\$21.27	\$33.71	\$34.72	\$35.76
Grade 15	\$45,847	\$73,163	\$75,358	\$77,619	Grade 15 Hourly	\$22.04	\$35.17	\$36.23	\$37.32
Grade 16	\$47,555	\$76,380	\$78,671	\$81,031	Grade 16 Hourly	\$22.86	\$36.72	\$37.82	\$38.96
Grade 17	\$49,447	\$79,755	\$82,148	\$84,612	Grade 17 Hourly	\$23.77	\$38.34	\$39.49	\$40.68
Grade 18	\$51,445	\$83,322	\$85,822	\$88,397	Grade 18 Hourly	\$24.73	\$40.06	\$41.26	\$42.50
Grade 19	\$53,597	\$87,183	\$89,799	\$92,493	Grade 19 Hourly	\$25.77	\$41.92	\$43.17	\$44.47
Grade 20	\$55,842	\$91,241	\$93,979	\$96,798	Grade 20 Hourly	\$26.85	\$43.87	\$45.18	\$46.54
Grade 21	\$58,214	\$95,502	\$98,367	\$101,318	Grade 21 Hourly	\$27.99	\$45.91	\$47.29	\$48.71
Grade 22	\$60,690	\$99,980	\$102,979	\$106,068	Grade 22 Hourly	\$29.18	\$48.07	\$49.51	\$50.99
Grade 23	\$63,302	\$104,685	\$107,825	\$111,060	Grade 23 Hourly	\$30.43	\$50.33	\$51.84	\$53.39
Grade 24	\$66,036	\$109,612	\$112,901	\$116,288	Grade 24 Hourly	\$31.75	\$52.70	\$54.28	\$55.91
Grade 25	\$68,906	\$114,793	\$118,237	\$121,784	Grade 25 Hourly	\$33.13	\$55.19	\$56.84	\$58.55
Grade 26	\$71,929	\$120,235	\$123,842	\$127,557	Grade 26 Hourly	\$34.58	\$57.81	\$59.54	\$61.33
Grade 27	\$75,070	\$125,951	\$129,730	\$133,622	Grade 27 Hourly	\$36.09	\$60.55	\$62.37	\$64.24
Grade 28	\$77,754	\$131,949	\$135,907	\$139,984	Grade 28 Hourly	\$37.38	\$63.44	\$65.34	\$67.30
Grade 29	\$81,443	\$138,244	\$142,392	\$146,664	Grade 29 Hourly	\$39.16	\$66.46	\$68.46	\$70.51
Grade 30	\$84,956	\$144,865	\$149,211	\$153,687	Grade 30 Hourly	\$40.84	\$69.65	\$71.74	\$73.89
Grade 31	\$88,696	\$151,809	\$156,364	\$161,055	Grade 31 Hourly	\$42.64	\$72.99	\$75.18	\$77.43
Grade 32	\$92,622	\$156,368	\$161,059	\$165,891	Grade 32 Hourly	\$44.53	\$75.18	\$77.43	\$79.76
Grade 33	\$96,742	\$160,931	\$165,759	\$170,732	Grade 33 Hourly	\$46.51	\$77.37	\$79.69	\$82.08
Grade 34	\$101,071	\$165,494	\$170,458	\$175,572	Grade 34 Hourly	\$48.59	\$79.56	\$81.95	\$84.41
Grade 35	\$105,624	\$170,053	\$175,155	\$180,410	Grade 35 Hourly	\$50.78	\$81.76	\$84.21	\$86.74
Grade 36	\$110,401	\$174,620	\$179,859	\$185,255	Grade 36 Hourly	\$53.08	\$83.95	\$86.47	\$89.06
Grade 37	\$115,409	\$179,174	\$184,549	\$190,085	Grade 37 Hourly	\$55.49	\$86.14	\$88.73	\$91.39

\* Longevity of 3% is paid for both 19 and 24 completed years of service and at the pay grade maximum.

## 2023 Pay Grade Schedule—Executive Leadership Service

Pay Grade	Minimum	Maximum
ELS 1	\$138,467	\$200,110
ELS 2	\$156,961	\$218,603
ELS 3	\$177,966	\$238,829

**Section 5:**  
**APPENDIX**  
Tab

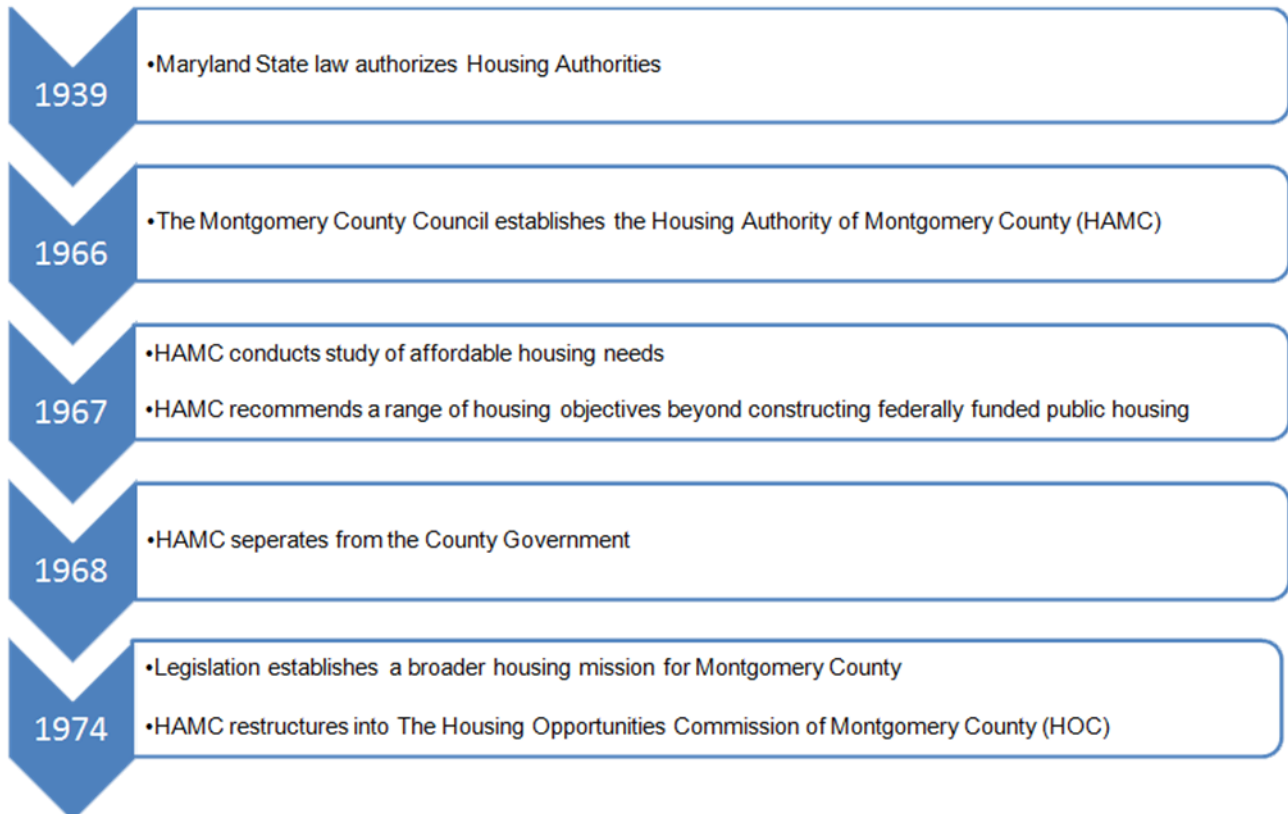


# **Program History**

# Program History

Recommended Budget  
April 5, 2023

## Legislative History



Forty-nine 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. County legislation passed in 2018 updated several requirements of the program including: (i) requiring a minimum 15% MPDUs in planning areas in which at least 45 percent of the U.S. Census tracts have a median household income of at least 150% of the countywide household and (ii) allowing the MPDU requirement to be calculated based on floor area ratio of a property versus a percentage of the total number of units. 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 (“DHCA”) 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 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 Central Business Districts, are 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 Opportunity Housing properties and Development Corporations. This represents an additional non-cash subsidy from the County for Opportunity Housing properties. Furthermore, in 2018 the Maryland state legislature passed a bill clarifying that properties used as affordable housing for eligible families and owned or controlled by an HOC entity remain exempt from State and County taxes and should be subject to PILOT agreements consistent with County-level law and policy. The PILOT agreement was amended in December 2021 to establish a minimum PILOT for properties owned or operated by HOC and any other housing development, and to remove the annual maximum aggregate amount of all payments in lieu of taxes initially approved under the PILOT agreement.

### **HOC Affordable Housing Investment Initiatives**

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

In the 1990s, a strong national and local economy escalated housing costs and priced thousands of low-to-middle-income earners out of the housing market. Section 8 landlords started to opt out of subsidized affordable housing programs when they had the chance. In a market where the vacancy rate hovered near 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 had a profound impact on every level of government. Shortfalls affected a wide range of service agencies, including HOC. Unemployment rose following the Great Recession and reached 10% at one point during 2009. Loss of income affected mortgage holders, landlords and renters alike and more families struggled 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 was unprecedented, and, with funding under increasing annual scrutiny, HOC renewed its effort as the county’s designated Public Housing Authority and Housing Finance Agency, working to maximize public benefit by delivering the highest quality, amenity-rich affordable housing options to eligible individuals and families in Montgomery County. In furtherance of this mission, HOC embarked on a monumental recapitalization effort to preserve its entire former public housing portfolio. In the absence of this investment, Montgomery County very likely would have begun to lose important deeply affordable assets to disrepair and an overwhelming backlog of capital needs - as has been the national story.

In 2012, Congress and the U.S. Department of Housing and Urban development (“HUD”) made available a new tool called the Rental Assistance Demonstration (“RAD”) program. At its outset, the program was only available to 185,000 units across the country - which represented only slightly more than 1 percent of all public housing units nationwide. By acting quickly, HOC was able to undertake significant modernization and redevelopment of all eleven of Public Housing properties. Moving swiftly

has not only enabled HOC to make certain that the long-term public benefit endures, but has positioned HOC as a national leader in effective and sustainable conversion under RAD. HOC has converted its previous Public Housing developments, using ownership structures that retain full public control. Many of the financings continue to be supported by mortgage insurance under FHA's Risk Sharing program and Low Income Tax Credits issued by the State. It is worth noting that undertaking this scale of investment also means that in fifteen years, a majority of the properties will need to re-syndicate and raise new capital for renovations, reducing the reliance on the federal government.

Beyond its public housing recapitalization efforts, HOC is supporting its mission by not only preserving, but increasing the supply of affordable housing in the County. As the long-term holder/owner of numerous housing developments in Montgomery County, HOC is availing itself of opportunities presented through several master plan updates in Montgomery County. It is doing so through the redevelopment of some of its real estate assets that have been conveyed additional density through zoning changes.

While HOC's affordable housing investment efforts are aggressive, there is much more to be done to meet the needs of the now more than 46,000 low-income applicants on its wait list.

### **The Housing Production Fund ("HPF")**

Montgomery County has a shortage of all housing and in particular affordable housing. The County has tools to support the development of new affordable housing but must find new and innovative ways to leverage funds in a high cost area with changing market dynamics to increase production. To meet its housing goals, the Montgomery County Council adopted in [Resolution 19-284](#), Resolution to Support Metropolitan Washington Council of Governments' Regional Housing Targets for Montgomery County. The resolution catalyzed the County's Housing Production Fund ("HPF"), which will allow development of new housing for more than 20 years.

On March 23, 2021, the HPF was approved by the Montgomery County Council establishing a \$50 million fund to provide revolving, low-cost, construction-period financing to HOC's developments. To fund the HPF and subject to appropriation, the County will fund the annual

principal and interest payments of no more than \$3.4 million to fund a bond issuance of \$50 million in HOC-issued bonds. The bonds will be repaid over twenty (20) years, after which the fund will continue to revolve at no additional cost to the County. The HPF is utilized in conjunction with additional HOC investment, private investment, conventional construction debt, etc. to finance construction and lease-up phases for new-construction projects. Permanent financing takes-out the initial HPF investment, which is subsequently returned to the fund for investment in the next HPF project.

The goal of the HPF is to produce 3,500 newly constructed units over a twenty-year period (the life of the bond issuance). With \$50 million available, it is anticipated that two (2) or more development projects can be undertaken at any given time. It is expected that each transaction will yield at least an average of 100 affordable units and approximately 350 total units. At the end of five (5) years, all HPF financing will be repaid at permanent closing back to the HPF. The fund does not allow for write-offs or underpayment of the initial HPF investment. The HPF is expected to:

- Produce new, mixed-income communities,
- Become a permanent source of construction / stabilization financing for HOC free of county encumbrance after twenty (20) years of appropriations,
- Revolve at least every five (5) years, resulting in \$250 million of construction loans in a twenty- (20) year period,
- Provide committed capital for part of HOC's 5,500-unit pipeline,
- Use existing models for revolving funds (MPDU and Property Acquisition Funds), and
- Yield an average of 100 affordable units per transaction.

In May 2022, the County Council approved a second issuance of \$50M to create a \$100M social housing fund and, with it, garnered national acclaim. Bonds are projected to be issued in late FY 2024 2nd Quarter. Several projects have been identified to utilize the second tranche of funding including Wheaton Gateway and Elizabeth House IV.



## Housing Preservation

Equally important to the delivery of affordable housing is by HOC its preservation. Therefore, HOC continually seeks opportunities for preserving naturally affordable housing (“NOAH”) units that are at risk of the displacement of low- and moderate-income households in the county by their sale to investors who are driven by high yields of return or who seek redevelopment opportunities in lucrative markets such as Montgomery County. The most at-risk NOAH units rarely serve existing households who would qualify for a restricted version of their unit.

In a recent presentation to the County Council, using data provided by DHCA, HOC staff estimated that 45% of the total multifamily dwellings of 5+ units

(~97,600 units) in the county or approximately 43,900 units are priced to rent below 65% of the area median income. Of these, 18,000 units have deed restrictions and 25,900 units do not; therefore, are NOAH and at risk. Pursuing at-risk listed properties, using the County’s Right of First Refusal Ordinance when necessary, and seeking out off market transactions when possible; HOC should pursue preservation opportunities with equal vigor—as it is an essential part of the affordable housing solution particularly in the near term. HOC is also actively working with the County and its non-profit partners to develop new preservation financing tools to allow for an elevated volume of acquisition preservation transactions consistent with the need.

## Profile of Housing Path Wait List



### Additional Stats:

- 19,738 applicants currently live or work in Montgomery County.
- 226 families completed the application with assistance from a caseworker.

April 2023

## Montgomery County Statistics

The affordable housing need in the County is well documented. HOC’s Housing Path portal, which opened on August 2015, currently counts more than 31,700 applicants as of April 2023. The majority of the applicants report incomes at or below 30 percent of the area median income. The Housing Path wait list is always open and allows people to apply and update their information online to ensure HOC can effectively serve applicants. The graphic summary (below) provides a more detailed profile of the individuals and families on the wait list and demonstrates the need across populations in Montgomery County.

Beyond the need reflected through HOC’s Housing Path waitlist, the Maryland Department of Commerce website compiles and presents

county-level comparative statistics using the most recently available sources. The data is clear: as the state’s most populous jurisdiction and main economic engine, all signs point toward an increasing need for affordable housing in the county. Maryland Department of Commerce reports that Montgomery County has the largest population, largest labor force, and scores highest on a Quality of Life Index. Montgomery County, the most populous county in Maryland since 1990, crossed a demographic milestone of over one million residents in 2012. It is one of only two counties in the Washington Metropolitan Area—Fairfax being the other—and part of the less than two percent of all counties across the nation with a million-plus population. Concurrently, 38% of renter households in the county earn below 50 percent of the Area Median

Income and 60 percent of those households are severely cost burdened, paying more than 30% of their income toward rent. With a 4.93 percent vacancy rate and increasing rents, demand for affordable housing will continue to increase.

Montgomery County, Maryland has some of the highest housing costs in the nation. According to the National Low Income Housing Coalition, the annual income needed to afford a modest two-bedroom unit is \$71,406, far above the average \$31,200 a person working full-time at minimum wage earns annually.

When quality affordable housing is developed, everyone benefits. Affordable housing supports economic development not only by generating jobs but by easing pressure within the rental market, by allowing more people to live in the communities in which they work, by reducing transit needs and by its impact on the environment.

HOC contributes to the economic activity of the county by creating access to affordable housing for workers in Montgomery County and creating employment opportunities through the financing and production of affordable housing. We estimate that HOC's investment for FY 2024 of about \$245 million in construction, rehabilitation and other related development activities will result in \$417 million of total economic output in the County. Through the multiplier effect, these investments are estimated to create new as well as sustain existing jobs and generate significant tax revenues for the local and state economies. We further estimate that HOC's investments will help to create 1,694 jobs with \$135 million total compensation. The investments are estimated to generate approximately \$11.2 million, \$10.4 million, and \$16 million in County, State, and Federal taxes, respectively. This activity will provide new business opportunities to architects, engineers, market analysts, and general contractors who in turn hire a variety of professional and paraprofessionals. The result adds to the local tax base and that of the state generally.

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

Montgomery County is the most populous county in Maryland with an estimated population of 1,054,827

million people as of July 2022. It is located on 491 square miles of land north of 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 2017 Census data, the Washington Metropolitan area is the sixth largest area .

Other demographic items of note are:

- The 2021 median household income for Montgomery County was \$111,854.
- The Greater Washington Area Median Income for 2022 was \$142,300 for a household of four.
- 7.0% of the total population lives below the Federal Poverty Income guidelines of \$27,750 for a household of four up from 6.7% in 2019.
- The County's estimated labor force was 531,391 as of December 2022.
- The County had an unemployment rate of 2.8% as of December 2022 down from 3.6% as of December 2021 .
- 43.1% of individuals working in Montgomery County reside in the County, while 56.9% live outside the County.
- Average travel time to work for workers age 16 years and older is 33.8 minutes.
- 91.2% of adults age 25 and older are High School graduates, while 59.8% have obtained a Bachelor's degree or higher as of 2022.
- 22.9% of the population is under 18 years old, while 16.6% of the population is 65 or older.
- 51.3% of the population is female.
- 32.5% of County residents are foreign born in 2021.
- About 32.5% of Maryland's foreign born population resided in Montgomery County in 2022.
- Montgomery County's proportion of households in Maryland is expected to grow from 17.1% in 2010 to 28.0% in 2040.
- Between 2010 and 2040, Montgomery County will absorb 23.8% of the State's household

growth.

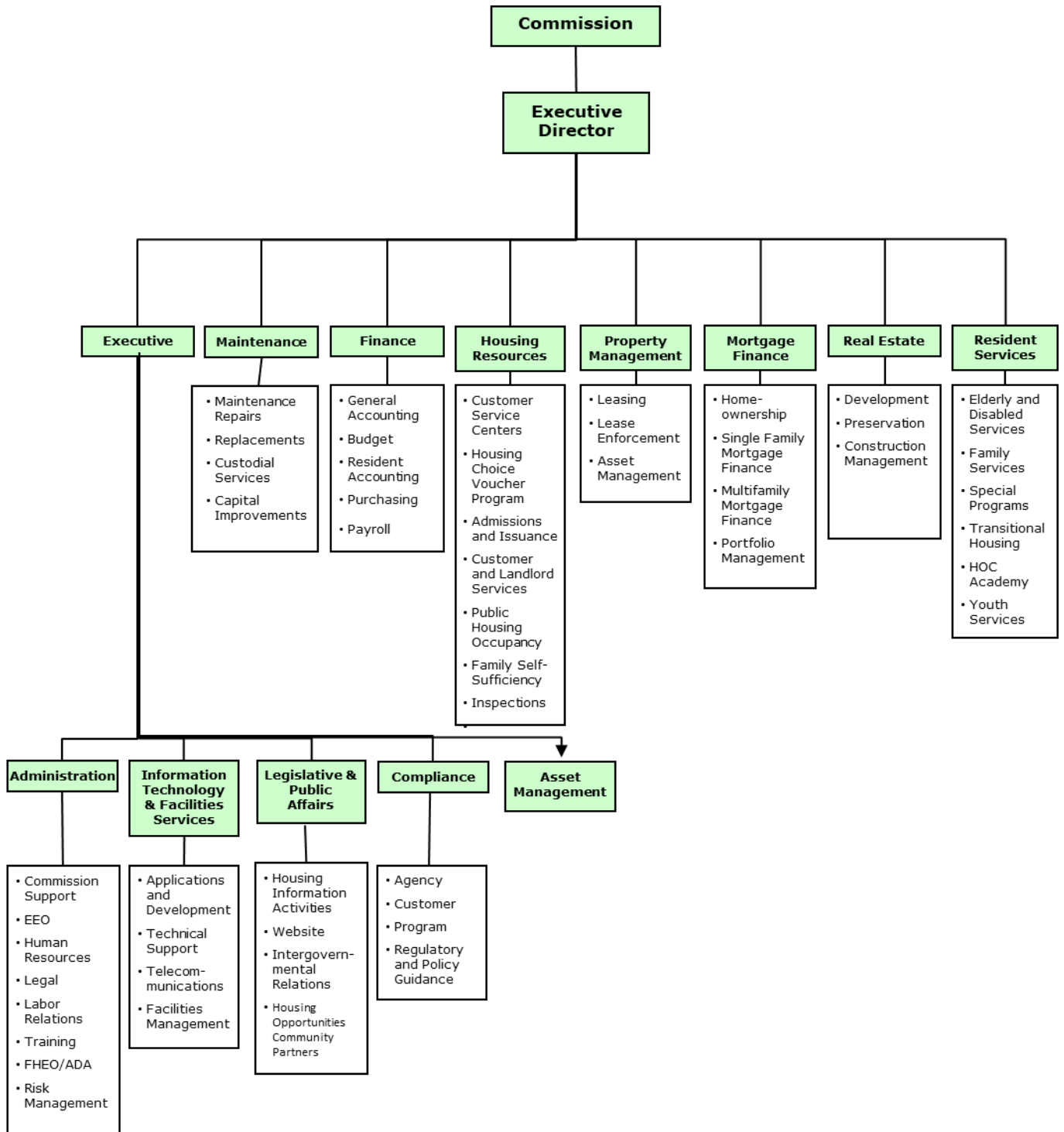
- The average household size was 2.74 in 2021.
- 51% of renters pay more than 30% of their income on housing costs.
- 41.5% of homeowners pay more than 30% of their income on housing costs.
- The median sales price for all home types in Montgomery County was \$549,498 as of February 2023.
- Time on the market before a house is sold averages 32 days as of February 2023.
- Homeownership rate for 2021 was 65.4%.
- 34% of households are renter occupied.
- Apartment rents continuing their upward trend from an average for a 2-bedroom apartment of \$1,714 in 2018 to an average of \$1,785 in 2022. , an increase of \$71. All other apartment types also saw increases ranging from \$88 for a 1-bedroom to \$835 for a 4-Bedroom .
- Average apartment rents in 2022:
  - \* Efficiency \$1,539
  - \* 1-Bedroom \$1,567
  - \* 2-Bedroom \$1,785
  - \* 3-Bedroom \$2,260
  - \* 4-Bedroom \$2,713
- The hourly wage needed to afford a 2-bedroom apartment at Fair Market Value is \$34.33 (\$71,406 annually) for 2022.
- At minimum wage, 2.29 full-time jobs would be needed to afford a 2-bedroom apartment at Fair Market Value.
- Renter Households earn an estimated average hourly wage of \$21.99 (\$45,739 annually).
- At the average hourly wage, 1.6 full-time jobs would be required to afford a 2-bedroom apartment at Fair Market Rent in Montgomery County.
- As of January 27, 2022, one-day census in Montgomery County counted 581 people who are homeless. Approximately 11% (roughly 103) are children.
- 13% of homeless people without children and 23% of homeless people with children in Montgomery County have jobs but still cannot afford housing.

## Description of Current Programs

HOC administers a wide variety of housing programs, including:

- 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 and County agencies.

# Housing Opportunities Commission Functional Organization Chart



## Organizational Structure and Staff

The powers of the Commission are vested in six volunteer Commissioners appointed by the County Executive and confirmed by the County Council. The current Commissioners are: Roy O. Priest, Chair; Fran Kelleher, Vice Chair; Richard Y. Nelson, Jr. , Chair Pro Tem; Pamela Byrd, Linda Croom, Jeff Merkowitz, and

Jackie Simon.

Commissioners appoint an Executive Director to operate the Agency. HOC is organized into six operational units and the Executive and Finance Division. (See the Division Summaries from pages 2-3

## 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 for a five-year period with annual updates as deemed appropriate. Commissioners consider how current economic and public policy issues might affect the Commission's work, including potential impacts on HOC's residents. HOC is undergoing transition as it continues its search for a new Executive Director; therefore, a new Strategic Plan that guides the Commission for the next five years will be developed during FY 2023. The Strategic Plan of the past five years has focused on getting people housed, keeping people housed, and helping customers reach their fullest potential. While our efforts have largely been successful, some of the issues, which have shaped our society in recent years will guide our next strategic planning and will undoubtedly focus HOC on race, equity, and social justice. It will also force us to examine more closely digital equity, given the last two years of the pandemic. Finally, HOC must address climate change and the environment because we only have one world.

### Budget Preparation

The budget preparation process begins in August of each year. It involves the preparation of the Recommended and Adopted Budgets which include the operational and capital plans for the Agency that express the priorities of the Strategic Plan. The process begins with the preparation of Budget Templates which contain key data points provided by the Finance Department. The templates are then provided to the Divisions/Departments to prepare their initial input based on internal analysis of their operational and capital needs. The initial input is

reviewed internally at three levels which include the Division Director review before submission, the Budget Office review, and the Executive Director review resulting in potential revisions or adjustments that will ultimately lead to the development of the Executive Director's Recommended Budget.

The capital plan includes the Capital Improvements Budget to maintain the office facilities, Information Technology systems, and properties, as well as long term Capital Development Budgets for producing more affordable housing and renovating our current housing stock. The Capital Development Budgets are incorporated into the Agency Budget; however, the approval process for the long term funding needs and sources for each project are informally discussed with the Development and Finance Committee and presented to the full Commission for approval separately.

The Executive Director's Recommended Budget is presented, for information purposes, to the full Commission in April. The Budget, Finance and Audit Committee informally reviews the details of Recommended Budget in a series of committee meetings in April and May. The annual budget which reflects the priorities of the Commission, as identified in the Strategic Plan, is adopted by the full Commission in June for the fiscal year beginning July 1. The Adopted Budget becomes the financial and operational plan for the coming year.

### Operations

Once the fiscal year begins, each Division/Department has the primary responsibility of implementing the financial and operational plan laid out in the annual budget which includes specific program objectives used to evaluate each division's performance over the year. Budget to Actual reports are reviewed regularly and explanations of key variances are provided to the Budget Office.

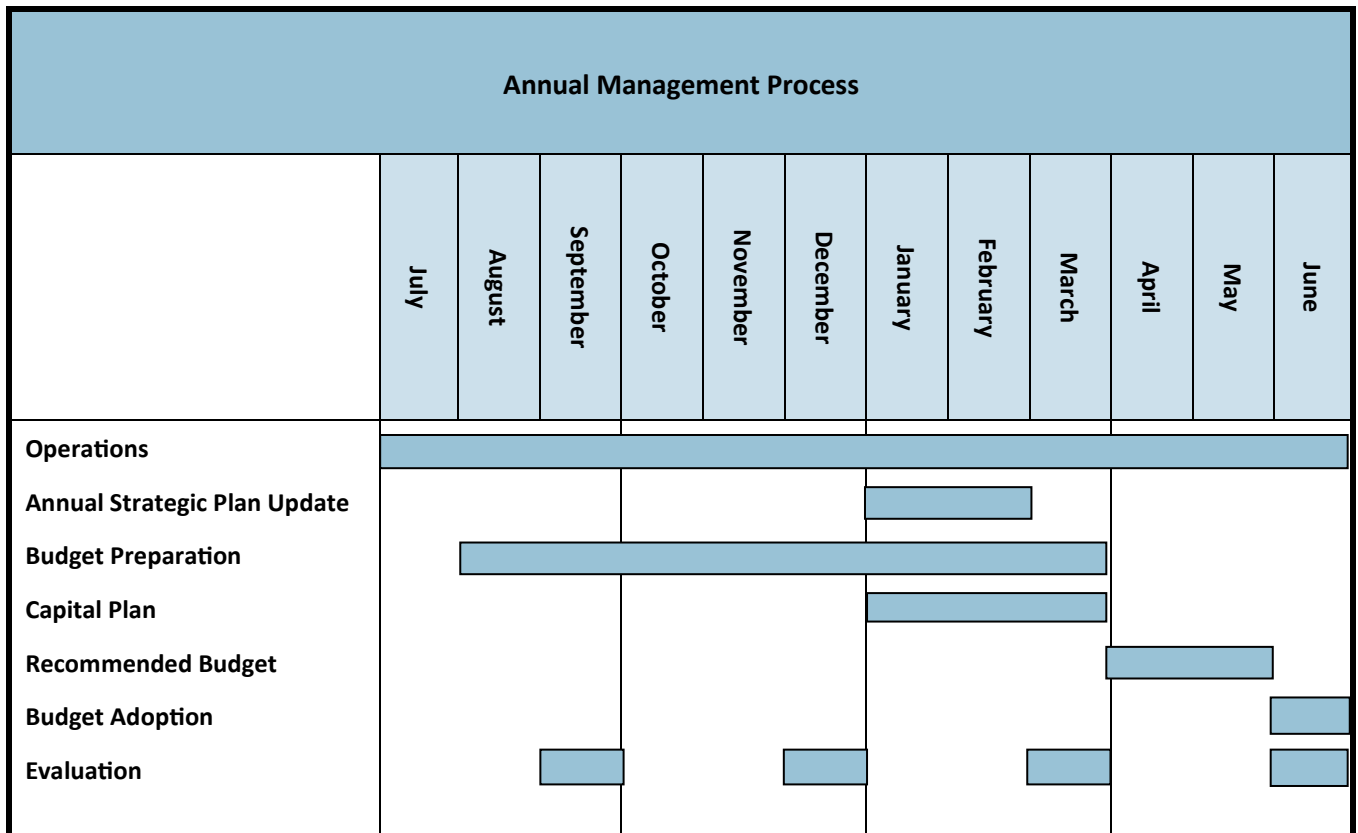
## HOC's Annual Management Process (cont.)

### Evaluation

In accordance with the Commission's budget policy, the Executive Director presents the budget to actual statements and/or amendments to the Budget, Finance and Audit Committee on a quarterly basis for informal review. Acceptance of the budget to

actual statements and recommendations for budget amendment are then presented to the full Commission for formal approval.

## Annual Management Process Chart



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# Units

# Units Summary

Recommended Budget  
April 5, 2023

## Summary

Housing Type	Actual As of 6/30/2021	Actual As of 6/30/2022	Projected As of 6/30/2023	Budget As of 6/30/2024
<b>Opportunity Housing &amp; Development Corps.</b>				
HOC Managed	2,314	2,327	2,221	2,221
Contract Managed	4,604	4,145	4,145	4,145
<b>Units Owned by HOC</b>	<b>6,918</b>	<b>6,472</b>	<b>6,366</b>	<b>6,366</b>
<b>Managed Properties</b>				
HOC Managed	420	420	310	310
Contract Managed	1,107	1,928	2,339	2,339
<b>Subtotal</b>	<b>1,527</b>	<b>2,348</b>	<b>2,649</b>	<b>2,649</b>
<b>Units Administered</b>				
Rental Assistance Programs	8,420	8,433	8,476	8,521
Transitional Housing Programs	239	239	239	239
Special Programs	288	367	400	400
<b>Subtotal</b>	<b>8,947</b>	<b>9,039</b>	<b>9,115</b>	<b>9,160</b>
<b>Units Managed or Administered</b>	<b>10,474</b>	<b>11,387</b>	<b>11,764</b>	<b>11,809</b>
<b>TOTAL - ALL UNITS</b>	<b>17,392</b>	<b>17,859</b>	<b>18,130</b>	<b>18,175</b>
<b>Total Units Managed by HOC</b>	<b>2,734</b>	<b>2,747</b>	<b>2,531</b>	<b>2,531</b>
<b>Total Units Contract Managed</b>	<b>5,711</b>	<b>6,073</b>	<b>6,484</b>	<b>6,484</b>
<b>Total Units Administered by HOC</b>	<b>8,947</b>	<b>9,039</b>	<b>9,115</b>	<b>9,160</b>

## Part A: Units Owned by HOC

Property No.	Property Name	Actual As of 6/30/2021	Actual As of 6/30/2022	Projected As of 6/30/2023	Budget As of 6/30/2024
<b>OPPORTUNITY HOUSING &amp; DEVELOPMENT CORPORATIONS</b>					
<b>Family Communities - HOC Managed</b>					
411-402	Elizabeth House Interim RAD	106	106	0	0
436-100	Brooke Park Apts	17	17	17	17
454-451	Holiday Park	20	20	20	20
461-464	Paint Branch	14	14	14	14
469-471	Chelsea Towers	21	21	21	21
499-500	Jubilee Hermitage	3	3	3	3
499-501	Jubilee Woodedge	3	3	3	3
499-502	Jubilee Falling Creek	3	3	3	3
499-503	Jubilee Horizon	3	3	3	3
499-903	Avondale Apartments	25	38	38	38
499-906	TPP LLC - Pomander Court	24	24	24	24
874-705	Camp Hill Square	50	50	50	50
911-405	Washington Square Dev Corp	50	50	50	50
911-414	Seneca Ridge Dev Corp	71	71	71	71
911-422	Ken Gar Dev Corp	19	19	19	19
911-426	Parkway Woods Dev Corp	24	24	24	24
911-430	Towne Centre Place Dev Corp	49	49	49	49
911-432	Sandy Spring Dev Corp	55	55	55	55
965-480	Magruder's Discovery Dev Corp	134	134	134	134
<b>Subtotal - Family HOC Managed</b>		<b>691</b>	<b>704</b>	<b>598</b>	<b>598</b>
<b>Scattered Units - HOC Managed</b>					
443-100	King Farm Village Center	1	1	1	1
452-469	McHome	38	38	38	38
462-466	McKendree	13	13	13	13
463-467	MPDU I (64)	64	64	64	64
470-450	State Rental Partnership	196	196	196	196
488-000	CDBG Units	3	3	3	3
489-000	NSP Units	7	7	7	7
490-000	NCI Units	14	14	14	14
499-900	MPDU 2007 - Phase II	6	6	6	6
499-902	617 Olney Sandy Spring Road	1	1	1	1
817-720	MHLP VII	35	35	35	35
818-721	MHLP VIII	49	49	49	49
819-711	MHLP IX - Pond Ridge	40	40	40	40
819-712	MHLP IX - Scattered Sites	76	76	76	76
820-713	MHLP X	75	75	75	75
913-484	Sligo MPDU III Dev Corp	23	23	23	23
915-468	MPDU II (59) Dev Corp	59	59	59	59
921-100	Scattered Site One Dev Corp	190	190	190	190
921-200	Scattered Site Two Dev Corp	54	54	54	54
922-100	VPC One Dev Corp	399	399	399	399
922-200	VPC Two Dev Corp	280	280	280	280
<b>Subtotal - Scattered HOC Managed</b>		<b>1,623</b>	<b>1,623</b>	<b>1,623</b>	<b>1,623</b>
<b>Subtotal-HOC Managed</b>		<b>2,314</b>	<b>2,327</b>	<b>2,221</b>	<b>2,221</b>

## Part A: Units Owned by HOC continued

Property No.	Property Name	Actual As of 6/30/2021	Actual As of 6/30/2022	Projected As of 6/30/2023	Budget As of 6/30/2024
<b>OPPORTUNITY HOUSING &amp; DEVELOPMENT CORPORATIONS (cont.)</b>					
<b>Family Communities - Contract Managed</b>					
414-460	Fairfax Court	18	18	18	18
418-476	Pooks Hill Mid-Rise	50	50	50	50
433-487	Strathmore Court	151	0	0	0
435-489	Westwood Towers	212	212	212	212
437-100	Cider Mill Apartments	861	861	861	861
441-485	Brookside Glen LP (The Glen)	90	90	90	90
442-473	Diamond Square LP	124	124	124	124
499-200	Dale Drive	10	10	10	10
499-400	Southbridge	39	39	39	39
499-907	TPP LLC - Timberlawn	107	107	107	107
499-922	Bradley Crossing LLC	402	402	402	402
499-925	HOC at Battery Lane LLC	0	212	212	212
831-787	Strathmore Court LP	51	202	202	202
832-788	Metropolitan Affordable	92	92	92	92
833-741	Manchester Manor Apts	53	53	53	53
834-742	Shady Grove Apartments	144	0	0	0
835-743	The Willows of Gaithersburg	195	195	195	195
837-744	Stewartown Affordable	94	0	0	0
838-714	Georgian Court Affordable	147	0	0	0
839-746	Barclay Affordable	81	81	81	81
912-479	Alexander House Dev Corp	183	183	183	183
914-488	The Metropolitan Dev Corp	216	216	216	216
917-477	Pooks Hill High-Rise Dev Corp	189	189	189	189
917-478	Montgomery Arms Dev Corp	129	129	129	129
918-100	MetroPointe Dev Corp	120	120	120	120
919-200	Paddington Square Dev Corp	165	165	165	165
920-400	Barclay Apartments Dev Corp	76	76	76	76
923-480	Glenmont Crossing Dev Corp	97	97	97	97
923-481	Glenmont Westerly Dev Corp	102	102	102	102
<b>Subtotal - Family Contract Managed</b>		<b>4,198</b>	<b>4,025</b>	<b>4,025</b>	<b>4,025</b>
<b>Elderly Communities - Contract Managed</b>					
499-910	Manor at Fair Hill Farm, LLC	101	0	0	0
499-911	Manor at Cloppers Mill, LLC	102	0	0	0
499-912	Manor at Colesville, LLC	83	0	0	0
911-475	The Oaks at Four Corners Dev Corp	120	120	120	120
<b>Subtotal - Elderly Contract Managed</b>		<b>406</b>	<b>120</b>	<b>120</b>	<b>120</b>
<b>Subtotal-Contract Managed</b>		<b>4,604</b>	<b>4,145</b>	<b>4,145</b>	<b>4,145</b>
<b>Total Opportunity Housing and Development Corporations</b>		<b>6,918</b>	<b>6,472</b>	<b>6,366</b>	<b>6,366</b>

## Part B: Units Managed and Administered by HOC

Property No.	Property Name	Actual As of 6/30/2021	Actual As of 6/30/2022	Projected As of 6/30/2023	Budget As of 6/30/2024
<b>MANAGED PROPERTIES</b>					
<b>236 Elderly Communities - HOC Managed</b>					
873-704	Town Center Apts.	110	110	0	0
<b>Subtotal - Elderly HOC Managed</b>		<b>110</b>	<b>110</b>	<b>0</b>	<b>0</b>
<b>Other Elderly Communities - HOC Managed</b>					
811-415	Arcola Towers LP	141	141	141	141
811-417	Waverly House LP	157	157	157	157
<b>Subtotal - Family HOC Managed</b>		<b>298</b>	<b>298</b>	<b>298</b>	<b>298</b>
<b>Other Family Communities - HOC Managed</b>					
899-000	Lasko Manor. LP	12	12	12	12
<b>Subtotal - Family HOC Managed</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Subtotal-HOC Managed</b>		<b>420</b>	<b>420</b>	<b>310</b>	<b>310</b>
<b>Family Communities - Contract Managed</b>					
813-402	Elizabeth House III LP	0	0	267	267
818-100	Wheaton Metro LP (MetroPointe)	53	53	53	53
827-490	Greenhills Apartments LP	77	77	77	77
840-747	Spring Garden One Associates LP	82	82	82	82
842-749	Forest Oak Towers LP	175	175	175	175
843-750	Tanglewood and Sligo LP	132	132	132	132
844-741	Alexander House LP	122	122	122	122
845-701	Bauer Park Apartments LLC	142	142	142	142
847-744	HOC at Stewarttown Homes LLC	0	94	94	94
848-745	HOC at Georgian Court LLC	0	147	147	147
849-742	HOC at Shady Grove Apartments LLC	0	144	144	144
888-910	HOC at Willow Manor LLC (Fair Hill Farm)	0	101	101	101
888-911	HOC at Willow Manor LLC (Cloppers Mill)	0	102	102	102
888-912	HOC at Willow Manor LLC (Colesville)	0	83	83	83
899-704	HOC at Upton II LLC	0	150	150	150
899-904	900 Thayer LP (Fenton Silver Spring)	124	124	124	124
899-910	Westside Shady Grove	0	0	144	144
899-200	CCL Multifamily LLC (The Lindley)	200	200	200	200
<b>Subtotal - Family Contract Managed</b>		<b>1,107</b>	<b>1,928</b>	<b>2,339</b>	<b>2,339</b>
<b>Subtotal Contract Managed Properties</b>		<b>1,107</b>	<b>1,928</b>	<b>2,339</b>	<b>2,339</b>
<b>Total Managed Properties</b>		<b>1,527</b>	<b>2,348</b>	<b>2,649</b>	<b>2,649</b>

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

Housing Type	Actual	Actual	Projected	Budget
	As of	As of	As of	As of
	6/30/2021	6/30/2022	6/30/2023	6/30/2024
<b>UNITS ADMINISTERED</b>				
<b>Rental Assistance Programs</b>				
Vouchers	7,657	7,659	7,702	7,702
Portables	736	745	745	790
Mod / Rehab	27	29	29	29
<b>Subtotal-Rental Assistance</b>	<b>8,420</b>	<b>8,433</b>	<b>8,476</b>	<b>8,521</b>
<b>Transitional Housing Programs</b>				
Turnkey	7	7	7	7
McKinney X	172	172	172	172
McKinney X - EXPANSION	15	15	15	15
McKinney XIV	45	45	45	45
<b>Subtotal-Transitional Housing</b>	<b>239</b>	<b>239</b>	<b>239</b>	<b>239</b>
<b>Specialized Programs</b>				
Rent Supplemental Programs	241	300	300	300
Housing Locator	47	67	100	100
<b>Subtotal-Specialized Programs</b>	<b>288</b>	<b>367</b>	<b>400</b>	<b>400</b>
<b>Total Administered Properties</b>	<b>8,947</b>	<b>9,039</b>	<b>9,115</b>	<b>9,160</b>

## Part C: HOC Financing

PRIVATELY OWNED UNITS FINANCED BY THE HOC PROPERTY NAME	Actual As of 6/30/2021	Actual As of 6/30/2022	Projected As of 6/30/2023	Budget As of 6/30/2024
<b>Private Bond-Financed Properties</b>				
1 Amherst Square	125	125	125	125
2 Argent	96	96	0	0
3 Blair Park	52	52	52	52
4 Charter House	212	212	212	212
5 Churchill Senior Living Phase II	133	133	133	133
6 Covenant Village	89	89	89	89
7 The Crossings @ Olde Towne	199	199	199	199
8 Hillside Senior Apartments	140	140	140	140
9 Lakeview	152	152	152	152
10 Lenox Park	406	406	406	406
11 Ring House	248	248	248	248
12 Rockville Housing Enterprises	56	56	56	56
13 Victory Court	86	86	86	86
14 Victory Forest	181	181	181	181
15 Woodfield	84	84	84	84
<b>PRIVATE SUBTOTAL</b>	<b>2,259</b>	<b>2,259</b>	<b>2,163</b>	<b>2,163</b>

## Part D: HOC Financing

NUMBER OF SINGLE FAMILY LOANS	Actual As of 6/30/2021	Actual As of 6/30/2022	Projected As of 6/30/2023	Budget As of 6/30/2024
<b>CLOSING COST LOANS</b>				
Number of New Loans	110	104	105	170
Number of Loans Outstanding	686	633	668	768
	Actual As of 6/30/2021	Actual As of 6/30/2022	Actual As of 6/30/2023	Budget As of 6/30/2024
<b>MORTGAGE PURCHASE PROGRAM</b>				
Number of New Loans	99	98	105	170
Number of Loans Outstanding - Whole Loans & MBS	1,199	1,140	1,245	1,365



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# **General Financial Information**

# General Financial Information

Recommended Budget  
April 5, 2023

## 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.

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 objectives: 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.

## Financial Policies cont.

- c. Prior to negotiating repurchase trades with any financial institution, a repurchase agreement contract mutually acceptable to both HOC and the financial institutions must be executed.
  - d. Collateral must be held by a third party custodian.
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 actuals 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 have been established so that HOC Divisions/Departments may have a Petty Cash Fund to make purchases for items less than \$50 without going through the standard purchasing process. Purchases great than \$50 must go through HOC's procurement process. Note: Petty Cash Funds were established for efficiency of payment reasons, not to circumvent HOC purchasing policies.

The basic operating principle of the 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. There is a Petty Cash Officer assigned to each petty cash fund. The petty cash officer is typically an HOC employee specifically designated, in writing, by their division and approved by the HOC Controller. The Petty Cash Officer maintains physical control of the cash and all related documents and is responsible for submitting a Petty Cash Reconciliation form to Accounts Payable on a periodic basis.

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.

HOC Management or the Compliance Department has the right to conduct an audit of the Petty Cash Fund at any time and without notice.

## Financial Policies cont.

### Procurement Policy

Purchases of all types, as feasible, are based on competitive bidding from an adequate number of qualified bidders. All procurements must comply with the provisions of the Affirmative Action Plan. Goods or services acquired under inter-governmental supply agreements are exempt from the competition requirements of this policy.

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

Procurements under \$150,000 and over \$50,000 are bid competitively in accordance with established procedures, which allow fewer restrictions on smaller purchases, require solicitation of the full bidders list and posting of an internet announcement.

For Procurements of more than \$100,000 but less than \$150,000, there shall be a public notice. The public notice shall run for not less than once for a week and/or be continuously posted on HOC's website.

Procurements over \$150,000 require formal advertising, solicitation of the full bidders list and posting an internet announcement.

Procurements of goods and services over \$250,000 are approved by the Commission; those below this amount are approved by the Executive Director or the Executive Director's designee.

Procurements of professional services over \$250,000 are approved by the Commission; those below this amount are approved by the Executive Director or the Executive Director's designee.

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

### Rental Income Collection Policy

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

# Description of Major Revenue Sources

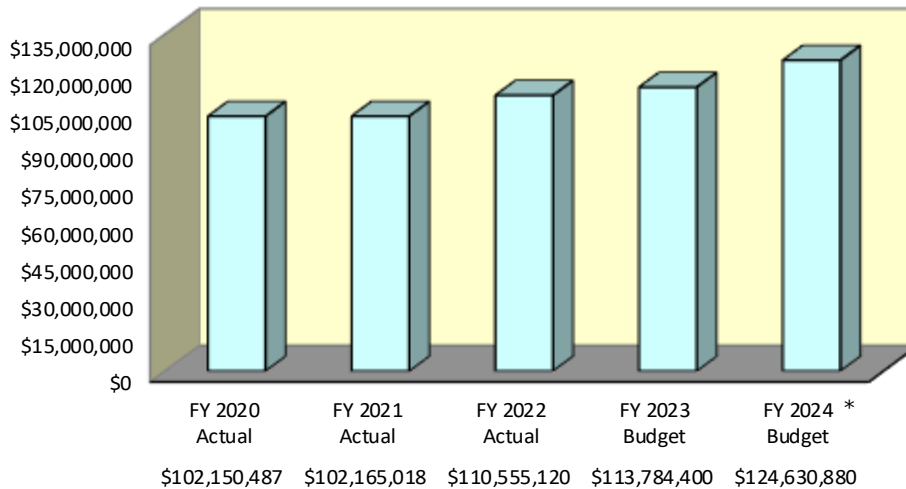
## Federal Funds

### 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

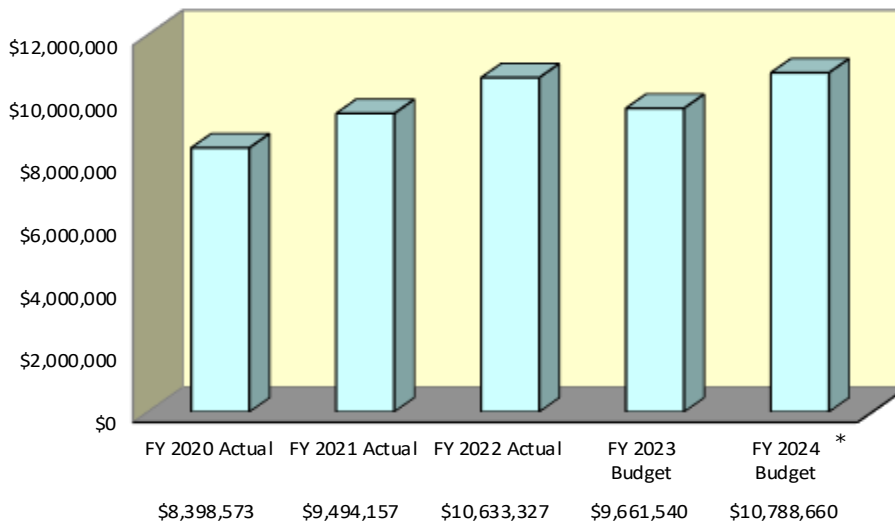
private landlords on behalf of HCV Program participants. To be eligible for this program, HCV recipients must have a gross household income below 50% of the area median income. The program requires that HCV recipients contribute 30% of their household income toward rent, with the HCV Program providing the balance up to the federally determined rent ceiling.

### Housing Assist Payments (HAP)



*\*Represents 37.6% of Revenues for FY 2024.*

### HCV Administrative Fees - Income



*\*Represents 3.3% of Revenues for FY 2024.*

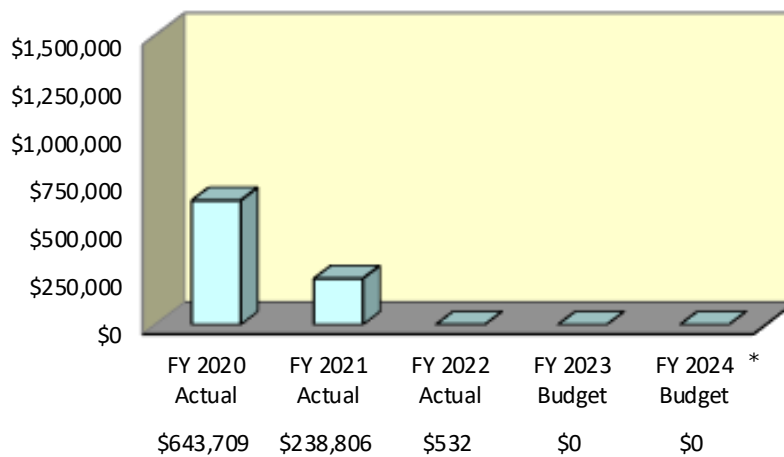
**Public Housing Operating Subsidy**

HOC historically received an annual grant from HUD for operating Public Housing units called the Public Housing Operating Subsidy (“PHOS”). The subsidy each year was funded as part of the Public Housing budget submission to HUD. The subsidy was awarded on a calendar year basis. Prior to CY 2008, the subsidy was calculated at the Agency level. Beginning in CY 2008, the subsidy was calculated for each Asset Management Project or AMP.

HOC began conversion of its Public Housing assets in 2013 through use of the Section 18 Demolition and Disposition Program and the Rental Assistance Demonstration (RAD) Program. As HOC transitioned out of Public Housing, declining revenues in Public Housing subsidy was replaced by increased revenues from resident rent and subsidy from project based Rental Assistance and Project-Based vouchers.

The Agency has converted all Public Housing assets effective March 31, 2020. Therefore, the budget does not reflect the receipt of subsidy.

**Public Housing Operating Subsidy**



*\*Represents 0.0% of Revenues for FY 2024.*

**McKinney Funds**

HOC receives funds from HUD for homeless programs through the Stewart B. McKinney Act. Currently, the Agency administers two 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.

# County Funds

## County Operating Grant

Most direct funding received from Montgomery County is in the form of an annual grant. The majority of the grant funds are 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 funding for the Customer Service Centers.

## Montgomery Housing Initiative Fund (“HIF”)

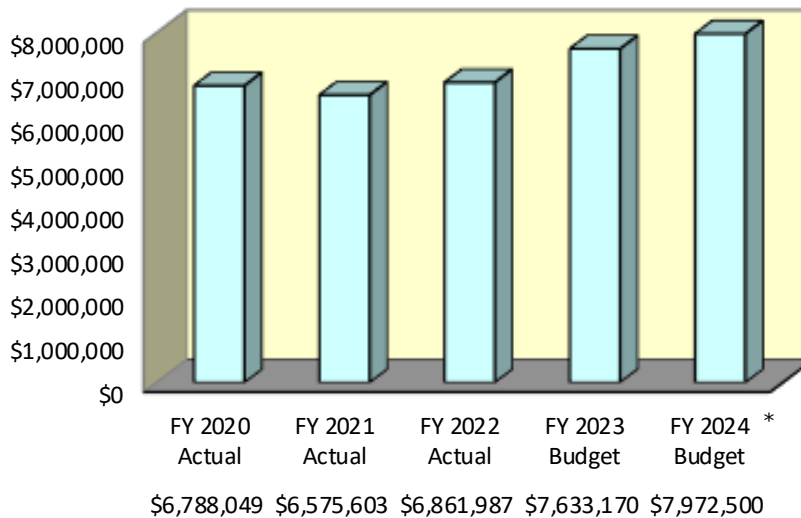
This fund was established by County law in 1988 to construct or acquire affordable housing units; buy and rehabilitate existing rental units that would otherwise be removed from the supply of affordable housing; and/or participate in mixed-use housing developments that will include affordable housing. 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 June 30, 2022, HOC had \$13.6 million in outstanding loans, which equals 80% of total authority.*

**County Operating Grant**



*\*Represents 2.4% of Revenues for FY 2024.*

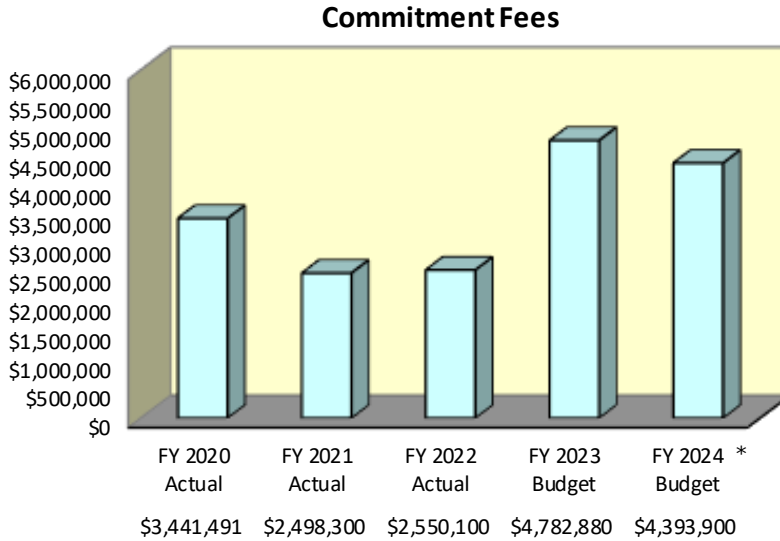


# Mortgage Finance Activities

## 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.



*\*Represents 1.3% of Revenues for FY 2024.*

*In FY 2024, 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.*

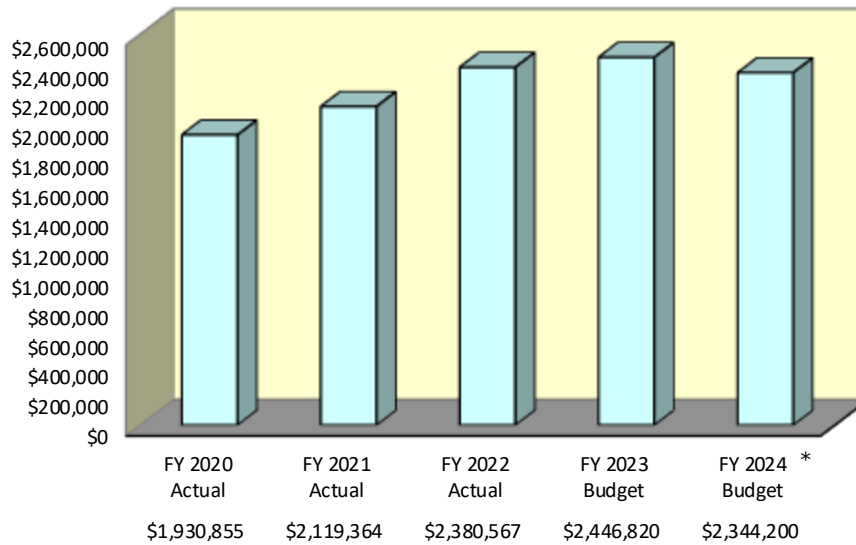
## Mortgage Finance Activities (cont.)

### 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 and have been a steady source of income to the Agency.

**Loan Management Fees**

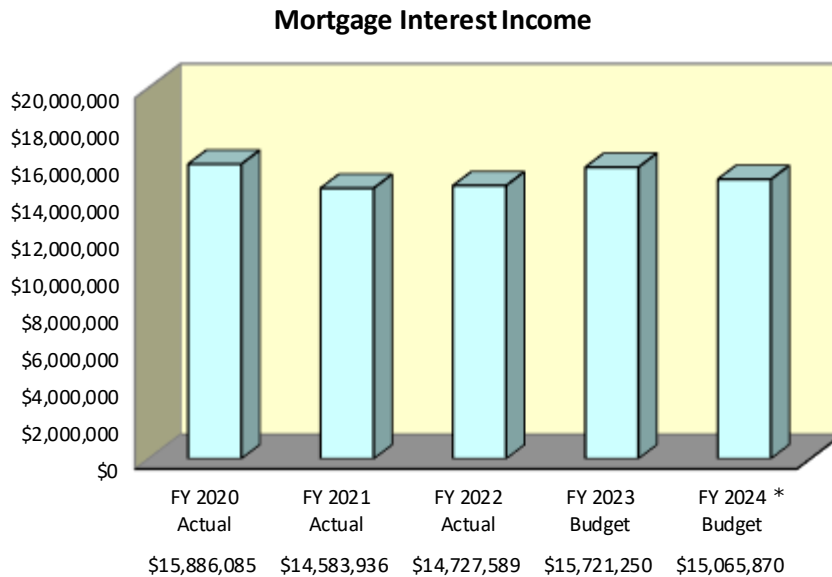


*\*Represents 0.7% of Revenues for FY 2024.*

**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 results in 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 4.5% of Revenues for FY 2024.*

**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 2024 budget draws \$1,625,934 from 1979 Single Family Mortgage Revenue Bond (MRB) Indenture for the cost of program administration for the Single Family Mortgage Purchase Program, and \$2,530,231 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture 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.

The Commission has been providing mortgage loan financing through the issuance of revenue bonds since 1979. Throughout its history, the Commission has sold or remarketed approximately \$5.8 billion of bonds to fund and maintain its single family and multifamily housing programs. The issued securities consist of short-term and long-term bonds, draw

down bonds, tax-exempt and taxable bonds, and fixed- and floating-rate bonds. As of July 1, 2022, \$179.4 million of single family and \$518 million of multifamily bonds were 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

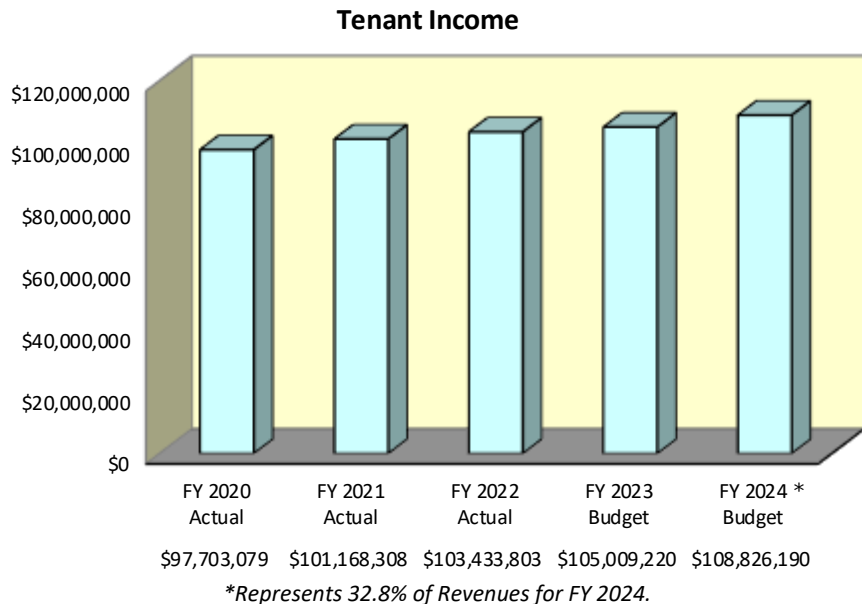
Rent assumptions for the Opportunity Housing Program are property specific and are based on a combination of subsidy requirements and market conditions. The Commission reviews rent assumption for the Opportunity Housing properties annually during the budget development process.

Rent is HOC’s largest single revenue source after the Housing Assistance Payments.

*The FY 2024 budget made the following assumptions for rental rates at Opportunity Housing Properties:*

*Rent increase upon renewal budgeted at 5.8%.*

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



### 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 management agreements as well as the needs identified in the five year capital plan that is prepared for each property annually.

*The FY 2024 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 Property Reserves (“OHPR”), 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.

## **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.

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

The Commission participates in a mortgage risk-sharing agreement with HUD to provide for full mortgage insurance through the Federal Housing Administration (“FHA”) of loans for affordable housing. The Commission was approved by HUD as both a Level I and Level II participant. Level I participants assume 50% or more, in 10% increments 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.

The Commission also participates in the HUD / Federal Financing Bank (“FFB”) Risk Sharing Initiative

Program, under which FFB provides capital for multifamily loans insured under FHA’s Risk Sharing program. The program is available to Housing Finance Agencies (“HFAs”) that a) participate in 542(c) Risk Sharing lending at Level I; b) are in good standing with HUD; c) have and maintain an independent agency rating of “A” or better; and d) agree to assume 50 percent of the risk on all loans originated under the FFB initiative. Loans are available at significantly lower interest rates than tax-exempt bond financing.

Upon default of a mortgage and the filing of a claim with FHA by 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 with HUD for the full amount of the claim within 30 calendar days of the initial claim payment. The instrument will be dated as of the date that the initial claim payment is issued. The debenture shall have a term of five (5) years. The Commission will agree to reimburse HUD the full amount of the debenture upon maturity. The Commission must pay annual interest on the debenture at HUD’s published debenture rate as of the earlier of the initial endorsement date or the final endorsement date. Upon the sale of the project and settlement of the claim, the

Commission will assume a portion of the loss based on the proportion of risk borne by the Commission.

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 \$70 million working capital line of credit; a \$60 million unsecured line of credit; and a \$150 million Real Estate Line of Credit with PNC Bank. The \$60 million and \$150 million lines of credit 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 projected indebtedness of the Agency as of June 30, 2023.

**Debt Summary (Estimate as of June 30, 2023)**

Bonds			Property Related	
	Amount Issued	Amount Outstanding		Amount Outstanding
Single Family Fund	\$407,660,000	\$173,628,059	Intra-Commission Mortgages	\$149,817,839
Multifamily Fund	\$799,416,992	\$591,481,006	Other Mortgages	\$574,348,734
<b>Total HOC Bonds</b>	<b>\$1,207,076,992</b>	<b>\$765,109,065</b>	<b>Total Mortgages</b>	<b>\$724,166,573</b>
Non-Obligated Multifamily Bonds	\$200,138,000	\$140,868,645	Notes Payable to County	\$80,999,972
<b>Total Non-Obligated Bonds</b>	<b>\$200,138,000</b>	<b>\$140,868,645</b>	County Revolving Funds	\$6,791,192
			<b>Total Debt to County</b>	<b>\$87,791,164</b>
			<b>Notes Payable to State</b>	<b>\$17,566,508</b>
<b>TOTAL BONDS</b>	<b>\$1,407,214,992</b>	<b>\$905,977,710</b>	<b>TOTAL PROPERTY DEBT</b>	<b>\$829,524,245</b>

## Single Family Mortgage Revenue Bonds (Estimate as of June 30, 2023)

Bond Series	Final Maturity	Amount Issued	Amount Outstanding
2007 Series E	1/1/2038	\$13,000,000	\$8,315,000 (1)
2008 Series D	7/1/2039	\$17,200,000	\$17,200,000
2013 Series A	1/1/2031	\$38,645,000	\$4,605,000
2013 Series B	7/1/2043	\$14,825,000	\$2,015,000 (1)
2016 Series A	7/1/2046	\$32,805,000	\$8,680,000
2016 Series B	7/1/2022	\$9,850,000	\$0
2017 Series A	7/1/2048	\$22,000,000	\$5,275,000
2017 Series B	7/1/2030	\$11,300,000	\$6,675,000
2018 Series A	7/1/2049	\$29,435,000	\$17,170,000
2018 Series B	7/1/2039	\$8,450,000	\$8,020,000
2021 Series A	1/1/2050	\$22,820,000	\$20,370,000
2021 Series B	7/1/2029	\$5,650,000	\$4,720,000
2021 Series C	7/1/2041	\$10,000,000	\$10,000,000
2022 Series A	7/1/2052	\$14,660,000	\$14,650,000
2022 Series B	7/1/2038	\$2,940,000	\$2,940,000
2022 Series C	7/1/2034	\$3,000,000	\$3,000,000
2022 Series D	7/1/2049	\$11,000,000	\$11,000,000
<b>Total Single Family Revenue Bonds</b>		<b>\$267,580,000</b>	<b>\$144,635,000</b>
<b>SINGLE FAMILY HOUSING REVENUE BONDS (As of June 30, 2023)</b>			
NIBP 2009 Series A	7/1/2026	\$10,000,000	\$0
NIBP 2009 Series B	7/1/2039	\$15,000,000	\$0
NIBP 2009 Series C-1	7/1/2041	\$9,000,000	\$0
NIBP 2009 Series C-2	7/1/2041	\$16,170,000	\$0
NIBP 2009 Series C-3	7/1/2029	\$2,450,000	\$0
NIBP 2009 Series C-4	1/1/2041	\$9,770,000	\$1,510,000
NIBP 2009 Series C-5	7/1/2031	\$2,610,000	\$2,370,000
NIBP 2010 Series A	1/1/2027	\$6,000,000	\$0
NIBP 2011 Series A	7/1/2027	\$12,425,000	\$0
NIBP 2012 Series A	1/1/2043	\$12,545,000	\$1,055,000
<b>Total HOC Owned Bonds</b>		<b>\$95,970,000</b>	<b>\$4,935,000</b>
<b>HOC PROGRAM REVENUE BOND (As of June 30, 2023)</b>			
HOC PRB 2019A	7/1/2049	\$28,280,000	\$14,220,000
HOC PRB 2019A	1/1/2033	\$4,610,000	\$1,945,000
HOC PRB 2019A	7/1/2039	\$11,220,000	\$4,720,000
<b>Total HOC Program Revenue Bonds</b>		<b>\$44,110,000</b>	<b>\$20,885,000</b>
<b>Total HOC Owned Bonds</b>		<b>\$407,660,000</b>	<b>\$170,455,000</b>
<b>Bonds Premium at 6/30/23</b>		<b>\$0</b>	<b>\$3,173,059</b>
<b>Total Single Family Bonds</b>		<b>\$407,660,000</b>	<b>\$173,628,059</b>
<b>(1) Includes Accreted Value</b>			

# Multifamily Housing Bonds (Estimate as of June 30, 2023)

Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding		Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
<b>1996 Stand Alone Bond - Multifamily Housing Development Bonds</b>						<b>Housing Development Bonds (Guaranteed by Montgomery County)</b>					
2021 Series A		7/1/2052	\$99,250,000	\$99,250,000		1998 Issue A	Landings Edge	Non-Profit	7/1/2028	\$12,900,000	\$4,265,000
Series 2021	50M County	7/1/2041	\$50,000,000	\$45,385,000							
<b>SUBTOT+AL</b>						<b>SUBTOTAL</b>				<b>\$12,900,000</b>	<b>\$4,265,000</b>
<b>SUBTOTAL</b>						<b>SUBTOTAL</b>				<b>\$0</b>	<b>\$0</b>
<b>1984 Open Indenture</b>						<b>Multiple Purpose Indenture</b>					
1984 Series A		7/1/2026	\$5,521,992	\$36,006 (1)		Bond Discount Fee					
1995 Series A	HOC	7/1/2026	\$23,910,000	\$0		<b>SUBTOTAL</b>				<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL</b>						<b>SUBTOTAL</b>				<b>\$0</b>	<b>\$0</b>
<b>1996 Open Indenture</b>						<b>Multifamily Housing Bonds Indenture</b>					
2004 Series A	Charter House	Private	7/1/2036	\$13,700,000	\$8,815,000	2009 Series A-2	Argent		1/1/2044	\$8,040,000	\$0
2004 Series B		Non-Profit	7/1/2045	\$4,085,000	\$3,070,000	2010 Series A	Argent		1/1/2033	\$4,860,000	\$0
2005 Series B	The Metropolitan Tax Credit	HOC	7/1/2034	\$5,440,000	\$3,290,000	<b>SUBTOTAL</b>				<b>\$12,900,000</b>	<b>\$0</b>
2005 Series C	The Metropolitan HOC	HOC	7/1/2037	\$28,630,000	\$19,385,000	<b>Total Multifamily Bonds</b>				<b>\$799,416,992</b>	<b>\$591,481,006</b>
2007 Series A	Forest Oak	HOC	7/1/2037	\$19,055,000	\$0						
2007 Series C-1	Tx Cr 9, Tx Cr Pond Ridge	Non-Profit/HOC	7/1/2028	\$5,110,000	\$0						
2010 Series A	Magruder's	HOC	7/1/2041	\$12,375,000	\$0						
2011 Series A	MetroPointe	HOC	1/1/2049	\$33,585,000	\$28,515,000						
2011 Series B	MetroPointe	HOC	1/1/2049	\$3,020,000	\$2,585,000						
2012 Series A	Ring House & Scattered Sites	Private/HOC	7/1/2043	\$24,935,000	\$15,045,000						
2012 Series B	TPM (redeem), Dring's Reach & Oaks @ Four Corners	HOC/private/HOC	7/1/2033	\$18,190,000	\$1,255,000						
2012 Series C	Shady Grove, Manchester, Willows, Tax Cr 10, Stewartown, Georgian Crt	HOC	7/1/2031	\$24,230,000	\$3,350,000						
2012 Series D	Pooks Hill, Diamond Sq., Montgomery Arms	HOC	7/1/2043	\$34,975,000	\$23,700,000						
2014 Series A	RAD 6 - Seneca Ridge, Wash. Sq., Parkway Woods, Ken Gar, Sandy Spring, Towne Center	HOC	7/1/2046	\$24,000,000	\$20,555,000						
2015 Series A-1	Arcola Towers	HOC	1/1/2053	\$15,010,000	\$13,675,000						
2015 Series A-2	Waverly House	Private	7/1/2018	\$20,840,000	\$0						
2017 Series A	Greenhills	HOC	7/1/2054	\$12,000,000	\$11,310,000						
2019 Series A-1	Elizabeth House III	HOC	7/1/2064	\$51,420,000	\$51,420,000						
2019 Series A-2	Elizabeth House III	HOC	1/1/2025	\$3,580,000	\$3,580,000						
2019 Series B	Barclay (HOC)	HOC	7/1/2036	\$7,565,000	\$6,360,000						
2019 Series C	Barclay (Tx Cr) and Spring Garden	HOC	7/1/2036	\$9,840,000	\$8,280,000						
2020 Series A	Bauer Park	HOC	1/1/2063	\$25,665,000	\$25,665,000						
2020 Series B	Magruder's and Strathmore (both)	HOC	7/1/2041	\$25,270,000	\$22,435,000						
2020 Series C	Forest Oak & Tax Cr 9/Pond Ridge	HOC	7/1/2037	\$16,410,000	\$14,250,000						
2021 Series B	Stewartown	HOC	7/1/2063	\$16,145,000	\$16,145,000						
2021 Series C	Willows Manor, Shady, GA Crt	HOC	1/1/2051	\$104,245,000	\$104,245,000						
2021 Series D	Willows Manor and DSR	HOC	1/1/2030	\$7,115,000	\$7,115,000						
2023 Series A	Upton II	HOC	1/1/2064	\$28,500,000	\$28,500,000						
<b>SUBTOTAL</b>						<b>SUBTOTAL</b>				<b>\$594,935,000</b>	<b>\$442,545,000</b>

(1) Includes Accreted Value



## Multifamily Housing Bonds (Estimate as of June 30, 2023)

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>					
2004 Issue B	Blair Park	Private	10/15/2036	\$2,700,000	\$1,412,349
2006 Issue A	Covenant Village	Private	12/1/2048	\$6,418,000	\$5,576,183
2008 Issue A	Victory Forest	Private	9/1/2045	\$6,600,000	\$1,120,611
Series 2018	Hillside Senior Living	Private	2/1/2060	\$26,270,000	\$20,079,750
<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>					
2005 Issue I	Oakfield	Private	10/15/2039	\$38,000,000	\$0
2012 Issue A	Victory Court	Private	10/1/2024	\$8,400,000	\$7,128,673
<b><u>Non-Obligation Notes - (Multifamily Housing Revenue Bonds)</u></b>					
2015 Issue A	The Crossings - Olde Towne Gaithersburg Apts ( Y-Site)	Private	4/1/2048	\$25,525,000	\$23,482,657
2015 Issue B	Lakeview House Apts.	Private	7/1/2031	\$34,225,000	\$30,068,422
<b>SUBTOTAL</b>				<b>\$200,138,000</b>	<b>\$140,868,645</b>

## Property Related Debt (Estimate as of June 30, 2023)

Property	Purpose	Amount Outstanding
<b><u>Intra-Commission mortgages made from bond issues</u></b>		
Barclay Development Corporation	Mortgage	\$6,725,628
Barclay One Associates LP	Mortgage	\$4,339,472
Brookside Glen LP	Mortgage	\$3,793,875
Diamond Square	Mortgage	\$968,535
Magruder's Discovery	Mortgage	\$9,606,693
Manchester Manor Apts	Mortgage	\$1,047,274
Metropolitan Bethesda LP	Mortgage	\$4,915,254
Metropolitan Development Corporation	Mortgage	\$20,676,758
MHLP IX-MPDU	Mortgage	\$1,341,897
MHLP IX-Pond Ridge	Mortgage	\$786,347
MHLP X	Mortgage	\$1,894,849
Montgomery Arms	Mortgage	\$6,061,539
Pooks Hill Highrise	Mortgage	\$14,239,088
Pooks Hill Midrise	Mortgage	\$1,232,355
RAD 6	Mortgage	\$21,156,088
Scattered Site One Dev Corp	Mortgage	\$7,275,334
Strathmore Court Associates LP	Mortgage	\$13,584,021
The Oaks at Four Corners	Mortgage	\$1,020,985
The Willows of Gaithersburg Assoc. LP	Mortgage	\$1,260,057
Wheaton Metro Development Corp.	Mortgage	\$27,891,790
<b>Subtotal</b>		<b>\$149,817,839</b>

<b><u>Other Mortgages</u></b>		
9845 Lost Knife Road	Sandy Spring Bank	\$1,846,689
Bradley Crossing	Eagle Bank	\$81,200,000
HOC at Battery Lane	Eagle Bank	\$48,450,000
MV Gateway II, LLC	Cafritz	\$12,048,970
Paddington Square	Love Funding	\$18,588,234
Scattered Site Two Dev Corp	PNC Bank	\$3,958,100
Southbridge	Sandy Spring Bank	\$1,784,350
VPC One Development Corporation	PNC Bank	\$28,024,178
VPC Two Development Corporation	PNC Bank	\$19,951,612
Westwood Tower	United Bank	\$20,273,204
<b>Subtotal</b>		<b>\$236,125,337</b>

Property	Purpose	Amount Outstanding
<b><u>Other Loans/OHRF</u></b>		
9845 Lost Knife Road	Acquisition	\$50,000
Alexander House Development Corporation	Rehab	\$178,138
Ambassador	Rehab	\$197,612
Barclay One Associates LP	Rehab	\$119,765
Bradley Crossing	Acquisition	\$5,200,000
Development in Process	Rehab	\$1,033,769
Elizabeth House IV	Acquisition	\$1,782,300
Emory Grove Redevelopment	Rehab	\$128,595
HOC at 11250 Veirs Mill Road	Acquisition	\$1,980,709
HOC at CCL MF-member	Acquisition	\$886,740
HOC at Hillandale Gateway	Acquisition	\$2,328,473
Holly Hall Interim	Rehab	\$383,410
Metropolitan Bethesda LP	Acquisition	\$1,175,775
Metropolitan Development Corporation	Rehab	\$466,057
Montgomery Arms	rehab	\$1,340,037
MV Gateway , LLC (Cider Mill)	Acquisition	\$3,000,000
Paddington Square	Rehab	\$923,038
Sandy Spring Middle	Acquisition	\$394,129
The Willows of Gaithersburg Assoc. LP	Acquisition	\$43,750
Westwood Tower	Rehab	\$40,700
Wheaton Metro Development Corporation	Rehab	\$1,379,283
<b>Subtotal</b>		<b>\$23,032,280</b>

<b><u>Notes Payable to State of Maryland</u></b>		
CDBG McAlpine Road	Rehab	\$101,168
Dale Drive	RHPP	\$600,000
Diamond Square	RHPP	\$2,000,000
Montgomery Arms	RHPP	\$79,247
State Rental Consolidated	PHRP	\$8,861,522
State Rental VII	PHRP	\$4,712,864
The Glen	RHPP	\$1,211,707
<b>Subtotal</b>		<b>\$17,566,508</b>

<b><u>Loans from Montgomery County Revolving Funds</u></b>		
Ambassador	Interim Financing	\$2,284,066
Bonifant Office	Interim Financing	\$4,304,000
Holiday Park Townhouse	Interim Financing	\$203,126
<b>Subtotal</b>		<b>\$6,791,192</b>

## Property Related Debt (Estimate as of June 30, 2023) – (cont.)

Property	Purpose	Amount Outstanding
<b>Other Loans (cont.)</b>		
8800 Brookville Road	Acquisition	\$10,850,000
Alexander House Development Corporation	Construction-FFB	\$49,981,033
Ambassador	Refinancing	\$1,862,495
Avondale Apartments	Acquisition	\$5,824,451
Barclay Development Corporation	Rehab	\$2,341,154
Barclay One Associates LP	Rehab	\$2,891,404
Bradley Crossing	Acquisition	\$9,596,677
Brooke Park	Acquisition	\$3,398,150
Development in process	Note Payable	\$16,878,337
Development in process - Year 15 Properties	Note Payable	\$1,844,176
Fairfax Court	Refinancing	\$306,122
Glenmont Crossing	Rehab/Purchase-FFB	\$13,537,387
Glenmont Westerly	Rehab/Purchase-FFB	\$13,441,376
HOC at Battery Lane	Acquisition	\$4,460,000
HOC at CCL MF LLC-Member	Acquisition	\$1,211,677
HOC Fenwick & Second Headquarters	Acquisition	\$2,246,338
HOC at Garnkirk Farms LLC	Acquisition	\$96,787
HOC at Wheaton Gateway	Acquisition	\$11,530,881
Metropolitan Bethesda LP	Loan/advance	\$13,072,099
MHLP IX-MPDU	Acquisition	\$1,304,877
MHLP IX-Pond Ridge	Acquisition	\$409,552
MHLP VII	Refinancing	\$488,549
MHLP X	Acquisition	\$1,095,812
MPDU 64	Refinancing	\$895,819
MV Gateway , LLC (Cider Mill)	Acquisition - FFB	\$118,918,139
Strathmore Court Associates LP	Loan/advance	\$2,104,479
The Manor At Cloppers Mill LLC (HOC Mortgage)	Acquisition	\$435,200
The Manor At Colesville LLC (HOC Mortgage)	Acquisition	\$319,057
The Manor At Fair Hill Farm LLC (HOC Mortgage)	Acquisition	\$476,161
The Willows of Gaithersburg Assoc. LP	Rehab/Purchase	\$293,182
TPP LLC - Pomander	Rehab-FFB	\$2,053,731
TPP LLC - Timberlawn	Rehab-FFB	\$16,866,015
VPC One Development Corporation	Rehab	\$2,446,912
VPC Two Development Corporation	Rehab	\$1,713,088
<b>Subtotal</b>	<b>Subtotal</b>	<b>Subtotal</b>
		<b>\$315,191,117</b>

Property	Purpose	Amount Outstanding
<b>Notes Payable to Montgomery County</b>		
Ambassador	Acquisition	\$2,000,000
Brooke Park Apartments	Acquisition	\$4,959,179
CDBG	Acquisition	\$604,275
CDBG McAlpine Road	Acquisition	\$107,785
Chelsea Towers	Acquisition	\$1,176,114
Chelsea Towers	Home Funds	\$225,000
County Revolving CCAP	Acquisition	\$1,583,158
Dale Drive	Construction	\$1,738,012
Diamond Square	Rehab	\$2,746,344
Glenmont Crossing	Rehab	\$2,850,000
Glenmont Westerly	Rehab	\$1,510,250
Georgian Court Silver spring LP		\$23,001
Hock At Avondale LLC	Acquisition	\$7,500,000
Jubilee Housing	Predevelopment	\$965,231
King Farm Village Center	Acquisition & Rehab	\$1,697,078
Manchester Manor Apts	Housing Initiative Funds	\$683,362
McHAF (MC Homeownership Assistance Fund)	Acquisition	\$4,500,000
McHome	Acquisition & Rehab	\$2,005,646
MHLP IX- MPDU	Acquisition & Rehab	\$800,000
MHLP IX- Pond Ridge	Acquisition & Rehab	\$605,500
MHLP X	Acquisition & Rehab	\$765,424
Montgomery Arms	Acquisition & Rehab	\$1,699,307
MV Gateway LLC	Acquisition	\$15,000,000
NCI I	Acquisition & Rehab	\$4,039,752
NSP I	Acquisition & Rehab	\$1,993,071
Oaks @ Four Corners	Acquisition & Rehab	\$1,361,575
Paddington Square	Acquisition	\$5,196,232
Pooks Hill Midrise	Acquisition	\$200,863
Scattered Site Two Development Corp	Acquisition	\$609,160
Shady Grove Apts LP	Home Funds	\$6,289
Southbridge	Acquisition & Rehab	\$5,974,031
State Rental Combined	Acquisition	\$60,000
State Rental VII	Acquisition	\$1,668,050
The Glen	Acquisition	\$588,089
The Willows of Gaithersburg Assoc. LP	Home Funds	\$573,473
Wheaton Metro Dev Corporation	Rehab	\$2,984,721
<b>Subtotal</b>		<b>\$80,999,972</b>

**Total Property Related Debt** **\$829,524,245**

# Debt Summary By Fund

Property Name	Total Debt Service			FY 2024 Recommended Budget			
	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended	Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
<b>General Fund</b>							
Interest Refund	\$2,833	\$1,240	\$0	\$0	\$0	\$0	\$0
Customer Service Center	\$96,000	\$0	\$96,000	\$0	\$0	\$96,000	\$96,000
LOC	\$4,343	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total General Fund</b>	<b>\$103,176</b>	<b>\$1,240</b>	<b>\$96,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$96,000</b>	<b>\$96,000</b>
<b>Multifamily Bond Fund</b>	<b>\$11,798,581</b>	<b>\$15,290,929</b>	<b>\$11,509,950</b>	<b>\$12,960,780</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,960,780</b>
<b>Single Family Bond Fund</b>	<b>\$4,329,469</b>	<b>\$2,972,846</b>	<b>\$5,378,470</b>	<b>\$4,409,180</b>	<b>\$920</b>	<b>\$0</b>	<b>\$4,410,100</b>
<b>Opportunity Housing Fund</b>							
Alexander House Dev Corp	\$2,375,790	\$2,375,790	\$2,375,790	\$1,684,320	\$0	\$691,470	\$2,375,790
Ambassador	\$8,912	\$9,267	\$0	\$0	\$0	\$0	\$0
Avondale Apartments	\$33,674	\$32,722	\$59,460	\$191,380	\$0	\$0	\$191,380
Barclay Apartments Dev Corp	\$674,247	\$672,568	\$670,870	\$276,580	\$30,930	\$361,590	\$669,100
Barclay Affordable	\$436,180	\$436,585	\$434,350	\$182,570	\$19,960	\$231,830	\$434,360
Bradley Crossing	\$4,035	\$3,032,131	\$3,029,460	\$3,029,460	\$0	\$0	\$3,029,460
Battery Lane	\$0	\$0	\$2,003,410	\$2,003,410	\$0	\$0	\$2,003,410
Brookside Glen (The Glen) LP	\$459,550	\$495,228	\$493,900	\$174,090	\$16,870	\$301,570	\$492,530
Brookville Rd	\$113,666	\$104,527	\$0	\$0	\$0	\$0	\$0
CDBG Units	\$929	\$929	\$920	\$930	\$0	\$0	\$930
Chelsea Towers	\$52,034	\$64,119	\$52,720	\$7,240	\$0	\$0	\$7,240
Cider Mill Apartments	\$6,667,211	\$6,703,540	\$6,762,510	\$4,728,750	\$290,350	\$1,748,230	\$6,767,330
Diamond Square LP	\$117,302	\$116,992	\$116,660	\$40,340	\$4,310	\$71,650	\$116,300
Day Care at 9845 Lost Knife Rd	\$105,779	\$115,395	\$115,400	\$74,680	\$0	\$40,710	\$115,390
Fairfax Court	\$15,350	\$23,466	\$22,440	\$11,950	\$0	\$8,630	\$20,580
Georgian Court Affordable	\$306,188	\$184,517	\$0	\$0	\$0	\$0	\$0
Glenmont Crossing Dev Corp	\$675,965	\$675,965	\$675,970	\$429,900	\$0	\$246,060	\$675,960
Glenmont Westerly Dev Corp	\$671,171	\$671,171	\$673,170	\$426,850	\$0	\$244,320	\$671,170
Holiday Park	\$101,563	\$101,563	\$101,560	\$0	\$0	\$101,560	\$101,560
Magruder's Discovery Dev Corp	\$924,849	\$923,685	\$922,360	\$589,390	\$45,930	\$285,650	\$920,970
Manchester Manor Apartments	\$181,123	\$220,381	\$219,840	\$65,410	\$4,380	\$149,490	\$219,280
Manor at Cloppers Mill, LLC	\$551,743	\$261,244	\$0	\$0	\$0	\$0	\$0
Manor at Colesville, LLC	\$404,498	\$191,525	\$0	\$0	\$0	\$0	\$0
Manor at Fair Hill Farm, LLC	\$603,672	\$285,832	\$0	\$0	\$0	\$0	\$0
MetroPointe Dev Corp	\$1,944,067	\$1,949,414	\$1,938,730	\$1,218,140	\$135,110	\$582,620	\$1,935,870
Metropolitan Dev Corp	\$2,298,123	\$2,294,036	\$1,526,960	\$624,290	\$48,770	\$470,060	\$1,143,120
Metropolitan Affordable	\$546,307	\$545,335	\$362,990	\$148,410	\$11,590	\$111,740	\$271,740

## Debt Summary By Fund (cont.)

Property Name	Total Debt Service			FY 2024 Recommended Budget			
	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended	Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
<b>(cont.)</b>							
MHLP VII	\$5,476	\$39,177	\$5,160	\$21,520	\$0	\$15,540	\$37,060
MHLP IX - Pond Ridge	\$192,642	\$241,101	\$240,490	\$99,040	\$2,960	\$137,850	\$239,850
MHLP IX - Scattered	\$355,863	\$437,354	\$436,510	\$185,770	\$5,050	\$244,600	\$435,420
MHLP X	\$304,684	\$462,283	\$464,050	\$164,400	\$8,050	\$288,000	\$460,450
Montgomery Arms Dev Corp	\$683,953	\$682,226	\$673,200	\$258,640	\$20,560	\$392,460	\$671,660
MPDU I (64)	\$181,046	\$8,630	\$0	\$44,800	\$0	\$0	\$44,800
Oaks @ Four Corners Dev Corp	\$281,015	\$280,028	\$278,980	\$44,120	\$3,410	\$230,330	\$277,860
Paddington Square Dev Corp	\$1,129,120	\$979,480	\$911,550	\$521,970	\$0	\$325,120	\$847,090
Pooks Hill High-Rise Dev Corp	\$1,022,162	\$1,019,798	\$1,017,390	\$435,710	\$67,340	\$511,790	\$1,014,840
Pooks Hill Mid-Rise	\$278,734	\$317,482	\$298,110	\$47,510	\$0	\$250,600	\$298,110
RAD 6 - Ken Gar Dev Corp	\$103,025	\$102,854	\$102,670	\$57,510	\$6,960	\$38,020	\$102,490
RAD 6 - Parkway Woods Dev Corp	\$116,517	\$116,323	\$116,120	\$65,040	\$7,870	\$43,000	\$115,910
RAD 6 - Sandy Spring Meadow Dev Corp	\$260,498	\$260,063	\$259,610	\$145,420	\$17,580	\$96,140	\$259,140
RAD 6 - Seneca Ridge Dev Corp	\$515,493	\$514,633	\$513,740	\$287,760	\$34,800	\$190,240	\$512,800
RAD 6 - Towne Centre Place Dev Corp	\$174,656	\$174,365	\$174,060	\$97,500	\$11,790	\$64,460	\$173,750
RAD 6 - Washington Square Dev crop	\$335,074	\$334,515	\$333,930	\$187,050	\$22,620	\$123,660	\$333,330
Scattered Sites One Dev Corp	\$561,937	\$560,800	\$559,620	\$273,360	\$34,500	\$250,530	\$558,390
Scattered Sites Two Dev Corp	\$270,937	\$271,008	\$268,930	\$139,860	\$0	\$128,400	\$268,260
Shady Grove Apartments	\$575,677	\$245,068	\$0	\$0	\$0	\$0	\$0
Southbridge	\$125,218	\$125,218	\$125,220	\$78,800	\$0	\$46,420	\$125,220
Stewartown Affordable	\$266,728	(\$906)	\$0	\$0	\$0	\$0	\$0
Strathmore Court	\$1,178,443	\$1,076,411	\$1,170,100	\$0	\$0	\$0	\$0
Strathmore Court Affordable	\$729,839	\$813,847	\$738,180	\$840,100	\$0	\$1,068,180	\$1,908,280
TPP - LLC - Pomander Court	\$179,165	\$179,165	\$179,170	\$130,120	\$0	\$49,040	\$179,160
TPP - LLC - Timberlawn	\$798,810	\$798,810	\$798,810	\$580,150	\$0	\$218,660	\$798,810
VPC One Dev Corp	\$1,491,212	\$1,482,833	\$1,481,250	\$1,481,260	\$0	\$0	\$1,481,260
VPC Two Dev Corp	\$1,044,000	\$1,052,240	\$1,053,960	\$1,053,960	\$0	\$0	\$1,053,960
Westwood Towers	\$899,725	\$970,974	\$1,218,640	\$859,720	\$0	\$358,930	\$1,218,650
Willows of Gaithersburg	\$245,407	\$283,379	\$278,590	\$67,470	\$10,420	\$198,900	\$276,790
<b>Total Opportunity Housing Fund</b>	<b>\$34,580,984</b>	<b>\$36,317,086</b>	<b>\$36,257,510</b>	<b>\$24,076,650</b>	<b>\$862,110</b>	<b>\$10,918,050</b>	<b>\$35,856,810</b>
<b>TOTAL AGENCY</b>	<b>\$50,812,210</b>	<b>\$54,582,101</b>	<b>\$53,241,930</b>	<b>\$41,446,610</b>	<b>\$863,030</b>	<b>\$11,014,050</b>	<b>\$53,323,690</b>

# Agency Funds (Estimate as of June 30, 2023)

	General Fund	Opportunity Housing Fund	Public Fund	Multifamily Bond Fund	Single Family Bond Fund	Eliminations	Total
<b>Beginning Fund Balance: 6/30/2022</b>	<b>\$35,161,847</b>	<b>\$200,175,858</b>	<b>\$3,809,408</b>	<b>\$34,609,865</b>	<b>\$23,344,315</b>	<b>\$0</b>	<b>\$297,101,293</b>
<b>Revenue:</b>							
Housing Assistance Payments ("HAP")	\$0	\$0	\$128,837,648	\$0	\$0	\$0	\$128,837,648
HAP administrative fees	\$0	\$0	\$10,973,327	\$0	\$0	\$0	\$10,973,327
Other grants	\$0	\$0	\$5,327,275	\$0	\$0	\$0	\$5,327,275
State and County grants	\$0	\$0	\$11,382,326	\$0	\$0	\$0	\$11,382,326
Investment income	\$0	\$0	\$0	\$7,340,848	\$5,313,868	\$0	\$12,654,716
Unrealized Gains (Losses) on Investment	\$0	\$0	\$0	(\$1,504,755)	(\$12,220,870)	\$0	(\$13,725,625)
Interest on mortgage & construction loans receivable	\$0	\$0	\$0	\$13,790,860	\$1,569,006	(\$7,286,710)	\$8,073,156
Dwelling Rental	\$0	\$99,929,881	\$733,413	\$0	\$0	\$0	\$100,663,293
Dwelling units sale/loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management fees and other income	\$18,104,484	\$2,981,296	\$272,721	\$0	\$0	(\$13,119,978)	\$8,238,523
<b>Total Operating Income</b>	<b>\$18,104,484</b>	<b>\$102,911,177</b>	<b>\$157,526,710</b>	<b>\$19,626,953</b>	<b>(\$5,337,996)</b>	<b>(\$20,406,688)</b>	<b>\$272,424,639</b>
<b>Expenses:</b>							
Housing Assistance Payments	\$0	\$0	\$131,091,442	\$0	\$0	\$0	\$131,091,442
Administration	\$15,746,582	\$16,078,387	\$18,889,851	\$2,571,384	\$1,289,761	(\$8,323,294)	\$46,252,672
Maintenance	\$1,920,374	\$26,570,422	\$82,315	\$0	\$0	\$0	\$28,573,112
Depreciation and amortization	\$358,208	\$20,162,299	\$22,283	\$0	\$0	\$0	\$20,542,791
Utilities	\$218,262	\$6,330,122	\$333,164	\$0	\$0	\$0	\$6,881,549
Fringe benefits	\$5,783,590	\$2,874,676	\$3,260,205	\$274,350	\$170,604	\$0	\$12,363,425
Interest Expense	\$0	\$27,119,017	\$0	\$16,789,276	\$4,608,144	(\$7,286,710)	\$41,229,727
Other	\$1,346,838	\$8,629,287	\$1,444,294	\$0	\$0	(\$4,796,684)	\$6,623,735
<b>Total Operating Expenses</b>	<b>\$25,373,854</b>	<b>\$107,764,211</b>	<b>\$155,123,555</b>	<b>\$19,635,011</b>	<b>\$6,068,509</b>	<b>(\$20,406,688)</b>	<b>\$293,558,452</b>
<b>Operating Income (loss)</b>	<b>(\$7,269,370)</b>	<b>(\$4,853,034)</b>	<b>\$2,403,154</b>	<b>(\$8,058)</b>	<b>(\$11,406,505)</b>	<b>\$0</b>	<b>(\$21,133,813)</b>
<b>Non-operating revenues (expense):</b>							
Other Grants	\$0	\$515,109	\$44,732	\$0	\$0	\$0	\$559,841
State and County grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment income	\$1,730,026	\$2,104,505	\$0	\$0	\$0	\$0	\$3,834,531
Unrealized Gains (Losses) on Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on mortgage & construction loans receivable	\$12,032,423	\$959,471	\$0	\$0	\$0	(\$9,012,334)	\$3,979,560
Gain/(Loss) on Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense	(\$11,857,043)	(\$632,287)	\$0	\$0	\$0	\$9,012,334	(\$3,476,996)
<b>Total Non-operating Income (Loss)</b>	<b>\$1,905,406</b>	<b>\$2,946,798</b>	<b>\$44,732</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,896,935</b>
<b>Real Estate Equity transfer in/(out)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Capital Contributions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>
<b>Operating transfers in (out)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Ending Fund Balance: 6/30/2023</b>	<b>\$29,797,882</b>	<b>\$198,269,623</b>	<b>\$6,257,294</b>	<b>\$34,601,807</b>	<b>\$11,937,810</b>	<b>\$0</b>	<b>\$280,864,416</b>
<b>Change in Fund Balance *</b>	<b>(\$5,363,965)</b>	<b>(\$1,906,235)</b>	<b>\$2,447,886</b>	<b>(\$8,058)</b>	<b>(\$11,406,505)</b>	<b>\$0</b>	<b>(\$16,236,877)</b>
<b>Budgeted Fund Balance: 6/30/2024 est.</b>	<b>\$26,529,042</b>	<b>\$206,988,883</b>	<b>\$6,257,294</b>	<b>\$38,515,500</b>	<b>\$13,327,411</b>	<b>\$0</b>	<b>\$291,618,130</b>
<b>Budgeted Change in Fund Balance for FY 2024</b>	<b>(\$3,268,840)</b>	<b>\$8,719,260</b>	<b>\$0</b>	<b>\$3,913,693</b>	<b>\$1,389,601</b>	<b>\$0</b>	<b>\$10,753,714</b>



# Glossary

# Glossary

Recommended Budget  
April 5, 2023

## 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 Down-payment Initiative (“ADDI”)**

ADDI is a special closing cost and down-payment 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.



**ACFR**

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

**Annual Growth Policy**

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

**Appropriation**

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

**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 ("AMI")**

Washington-Arlington-Alexandria, DC-VA-MD-WV

area median income as defined by the Department of Housing and Urban Development (HUD). The 2022 area median income is \$142,300 for a family of four.

**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.

**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 to 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 other construction activities funded 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.

**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.

**Debt Service**

The annual payment of principal and interest on bonded indebtedness.

**Deficit**

An excess of expenditure over revenue.

**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.

**Grant**

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

**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.

**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.

**HOC/HOP**

A revolving fund of \$2,500,000 created by the

Commission to purchase MPDUs for resale to low-income homebuyers.

**HOC Works Program**

HOC program established to guarantee that HOC employment and other economic opportunities located within Montgomery County are directed toward low- and very-low income persons, particularly those who participate in HOC housing programs.

**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.

**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.

**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 project Based Rental Assistance (“PBRA”) programs, 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 Finance Agency (“HFA”)**

A state agency which offers a limited amount of below-market-rate home financing for low-and moderate-income households.

**Housing Initiative Fund (“HIF”)**

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

**Housing Initiative Program (“HIP”)**

Montgomery County and DHHS program designed to reduce the incidence of homelessness in the county by providing permanent supportive housing.

**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.

**Housing Quality Standards (“HQS”)**

HUD criteria establishing the minimum quality necessary for the health and safety of program participants.

**Housing Path**

HOC’s online wait list for its housing programs and properties.

**Housing Resource Service (“HRS”)**

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

**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.

**Individual Development Account**

Savings accounts that help individuals and families save towards a specific goal, typically with a matching funds component.

**Internal Rate of Return**

The rate of return of an uneven cash flow.

**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 Public Housing (“LIPH” — see Public Housing)****Low-Income Tax Credit**

A tax credit under the 1986 Tax Reform Act granted to owners of low-income housing by state agencies to subsidize the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants.

**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.

**Minority/Female/Disabled (“MFD”)**

HUD regulation requiring affirmative action be taken to recruit and advance qualified minorities, women, persons with disabilities, and covered veterans.

**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 20 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-Backed Securities (“MBS”)**

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

**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.

**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.

**Net Operating Income (“NOI”)**

The monetary result of subtracting operating expenses from Gross Operating Income.

**Non-Elderly Disabled (“NED”) 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 (“OHPR”)**

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 customers 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.

**Personnel Complement**

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

**Personal Living Quarters (“PLQ”)**

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

**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.

## **Property Assessment Tool (“PAT”)**

Application allowing the Agency to accurately assist in evaluating and optimizing the portfolio based on actual performance data.

## **Project Based Rental Assistance (“PBRA”)**

A Federal housing program that subsidizes the rent of eligible households who live in specific housing developments or units. Also referred to as Project-Based Section 8.

## **Project Based Vouchers (“PBV”)**

Rental assistance for eligible families who live in specific housing developments or units.

## **Public Housing**

A federally funded HUD program established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. 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 Assessment Tool (“PHAS”)**

HUD system designed to measure the management performance of all Public Housing Authorities.

## **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.

## **Rental Allowance Program (“RAP”)**

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

## **Rental Assistance Demonstration (“RAD”)**

HUD program that allows Public Housing Agencies (“PHAs”) to preserve public housing by providing

PHAs with access to more stable funding to make needed improvements to properties.

### **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.

### **Rental Housing Works (“RHW”)**

DHCD program providing funding for up to 20 affordable housing projects and support for more than 1,100 jobs.

### **Request for Proposal (“RFP”)**

Solicitation made, often through a bidding process, by an agency or company interested in procurement of a commodity or service.

### **Reserve**

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

### **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.

### **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 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.

#### **Sectional Map Amendment (“SMA”)**

A comprehensive rezoning, initiated by the Planning Board or County Council, covering a section of the County and usually including several tracts of land.

#### **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.

#### **Service-Linked Housing**

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

#### **Single Family Mortgage Purchase Program (“SFMP”) (“SFMP”)**

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.

#### **Single Room Occupancy (“SRO”)**

A form of housing in which one or two people are housed in individual rooms within a multiple-tenant building.

#### **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 Credit Partnership**

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

#### **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.

#### **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)**

### **Voucher Management System (“VMS”)**

HUD system to provide a central system to monitor and manage the Public Housing Agencies use of vouchers.

### **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.

### **Workforce Housing Program (Montgomery County)**

A county program that promotes the construction of housing that will be affordable to households with incomes at or below 120% of the area-wide median.

### **Workforce Housing (“HOC”)**

An affordable housing program developed by HOC to provide affordable housing to households with moderate incomes, specifically to individuals and families earning between 61% and 100% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Area 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	GIS	Geographical Information System
ACH	Automated Clearing House	HALF	Homeownership Assistance Loan Fund
ACOP	Admissions and Continued Occupancy Policy	HAP	Housing Assistance Payments
ADA	The Americans with Disabilities Act	HCV	Housing Choice Voucher Program
ACAF	Annual Comprehensive Financial Report	HFA	Housing Finance Agency
AGP	Annual Growth Policy	HIF	Housing Initiatives Fund
ARRA	American Recovery and Reinvestment Act	HIP	Housing Initiative Program
AWOR	Acquisition Without Rehabilitation	HK4E	House Keys for Employees
CDBG	Community Development Block Grant	HO&C	Housing Opportunities and Concepts
CFP	Capital Fund Program	HOC	Housing Opportunities Commission
CIP	Capital Improvements Program	HOC/HOP	HOC Home Ownership Program
COI	Cost of Issuance	HOPWA	Housing Opportunities for Persons with HIV/ AIDS
COLA	Cost of Living Adjustment	HQS	Housing Quality Standards
CY	Calendar Year	HRS	Housing Resource Service
DBED	Department of Business and Economic Development	HUD	Department of Housing and Urban Development
DHCA	Department of Housing and Community Affairs	IDA	Individual Development Account
DHCD	Department of Housing and Community Development	IFB	Invitation for Bid
DHHS	Department of Health and Human Services of Montgomery County	IT	Information Technology
EEO	Equal Employment Opportunity	LIHTC	Low Income Housing Tax Credit
EHO	Equal Housing Opportunity	LIPH	Low income Public Housing
EIV/UIV	Enterprise Income Verification (EIV)/Upfront Income Verification (UIV)	LMRC	Labor Management Relations Committee
EHV	Emergency Housing Vouchers	LVV	Low Vacancy Vouchers
FHA	Federal Housing Administration	MAP	Multifamily Accelerated Processing
FMR	Fair Market Rent	MBS	Mortgage Backed Securities
FSS	Family Self Sufficiency	MCGEO	Municipal and County Government Employees Organization
FTE	Full Time Equivalent - See WY	MFD	Minority/Female/Disabled
FUP	Family Unification Program	MHDB	Multifamily Housing Development Bond
FY	Fiscal Year	MPDU	Moderately Priced Dwelling Unit
GAAP	Generally Accepted Accounting Principles	MPP	Mortgage Purchase Program
GASB	Governmental Accounting Standards Board	MRB	Mortgage Revenue Bond
GFOR	General Fund Operating Reserve	NAHRO	National Association of Housing and Redevelopment Officials
GIC	Guaranteed Investment Contract	NED	Non-Elderly Disabled
		NOI	Net Operating Income



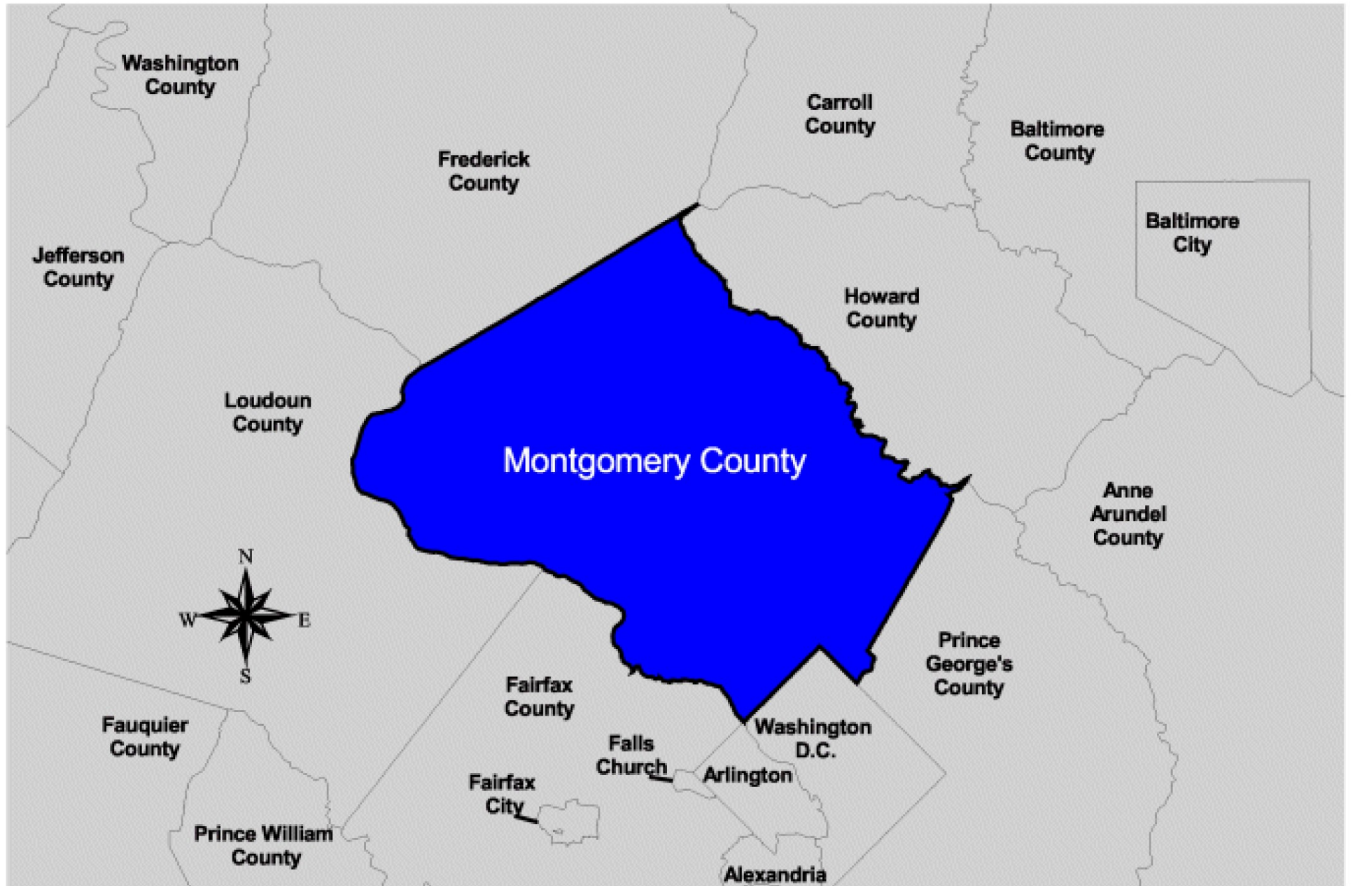
## Frequently Used Acronyms (cont.)

NSP	Neighborhood Stabilization Program	RHPP	Rental Housing Production Program
OCAF	Operating Cost Adjustment Factor	RHW	Rental Housing Works
OHPR	Opportunity Housing Property Reserve	RIF	Reduction in Force
OHRF	Opportunity Housing Reserve Fund	ROSS	Resident Opportunities Self Sufficiency
PAT	Property Assessment Tool	RUIT	Rent, Utilities, Insurance, and Taxes
PBRA	Project Based Rental Assistance	SEMAP	Section Eight Management Assessment Program
PBV	Project Based Voucher	SFMPP	Single Family Mortgage Purchase Program
PHAS	Public Housing Assessment System	SIRF	Responsible Fatherhood Programs Study
PHMAP	Public Housing Management Assessment Program	SMA	Sectional Map Amendment
PIC	HUD Public and Indian Housing Information Center	SRO	Single Room Occupancy
PILOT	Payment in Lieu of Taxes	TCLP	Temporary Credit and Liquidity Program
PLQ	Personal Living Quarters	TEMHA	Transitional, Emergency, Medical and
PRHP	Partnership Rental Housing Program	HA/RAP	Housing Assistance/Rental Allowance Program
RAB	Resident Advisory Board	TIP	Tenant Integrity Program
RAD	Rental Assistance Demonstration	UPCS	Uniform Physical Condition Standards
RAP	Rental Allowance Program	VASH	Veterans Affairs Supportive Housing
REAC	Real Estate Assessment Center	VAWA	Violence Against Women Act
RED	Real Estate Development	VMS	Voucher Management System
RFP	Request for Proposal	WY	Work Year
RFQ	Request for Quote		
RfR	Replacement for Reserves		



# 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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