



Recommended Budget Fiscal Year 2023



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Housing Opportunities Commission of Montgomery
Cty
Maryland**

For the Fiscal Year Beginning

July 01, 2021

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, 2021

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 6, 2022

From Kayrine Brown, Acting Executive Director

Challenges Faced

The past two years have taught us many lessons - not the least of which is that we must be flexible and open to change. Many times throughout the COVID-19 pandemic, the mantra was “waiting to get back to normal”. A more appropriate response to the pandemic is “How do we operate in this *new normal* in which we find ourselves?” It became apparent that we would have to find new and innovative ways to house the people we serve and provide the services they need to achieve success. Through collaborations with local, state and federal government, community partners, and other stakeholders, HOC continues to embrace *new* enhancements to improve operations.

In addition to the challenges of the pandemic, the Agency is going through a period of change in leadership at several levels. Despite these challenges, HOC continues to experience success throughout in meeting the ever growing needs of our customers through technological innovation and the ingenuity of staff.

Accomplishments Achieved

We have created *new* financing methods for increasing the availability of high quality affordable

housing in Montgomery County. On March 23, 2021, the **Housing Production Fund** (“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. 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 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. With \$50 million available, it is anticipated that two or more developments can be undertaken at any given time. On average, each transaction will yield at least 105 affordable units and approximately 350 total units. At the end of five years, HPF financing is repaid at permanent closing back to the HPF. 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

Special points of interest:

“Many times throughout the COVID-19 pandemic, the mantra was “waiting to get back to normal”. A more appropriate response to the pandemic is “How do we operate in this *new normal* in which we find ourselves?”

5,500-unit pipeline. By using existing HOC models for revolving funds, HOC will utilize the HPF to address the shortage of all housing, particularly affordable housing, in Montgomery County, Maryland.

HOC is developing *new*, renovating existing, and preserving through acquisition, rental housing stock at HOC's greatest volume to date. As Montgomery County's foremost steward of restricted low- and moderate-income housing, this continued drive for increased production and preservation derives from recognition of the responsibility conferred by this position of leadership. The breadth and depth of HOC's tools and techniques, some only available to HOC, for the delivery of affordable housing place it uniquely within the County's affordable housing provider network. HOC leverages its housing efforts to pursue other important goals such as those outlined in the County Executive's Climate Action Plan and the Council's Racial Equity and Social Justice Act. By providing innovative, energy efficient housing with increased geographical access for families to be more proximately located near important destinations such as employment centers, schools, medical providers, and familial relations; HOC is an essential partner to the County in achieving these important goals.

The installation and activation of a tri-generation system – one which combines cooling, heat and power and reduces greenhouse gas emissions – as part of the continued comprehensive renovation of Bauer Park has already dramatically increased on-site energy production offsetting most of the properties electrical consumption. Construction financing closed for the total renovation of Georgian Court, Shady Grove Apartments, and the three Willow Manor senior communities, which included upgrades to utility systems, mechanical systems, and building envelopes. In aggregate, HOC reinvested more than \$230 million in these 577 units of low- and moderate-income housing.

HOC's acquisition activities were limited to 17 units on Avondale Street in Bethesda. Despite the small number, the preservation of these naturally occurring affordable homes provide families the opportunity to live in the center of downtown Bethesda and within walking distance to Bethesda-Chevy Chase High School. HOC also began the installation of 80 additional affordable units at its FY21 Bradley Crossing acquisition located on the southern side of the Bethesda Central Business District.

HOC closed on the construction financing for and began construction of its new Westside at Shady Grove community. This 268-unit mixed-income, mixed-use multifamily rental development is located within walking distance to the Shady Grove Metro Station and within a larger master development that provides further socioeconomic diversity, public amenities, and commercial access. It is HOC's first new construction project to use HPF financing. HOC's up county Service Center will relocate to this building upon completion. Design, entitlement, and permitting continued on several other new construction projects. Hillandale Gateway is slated to close in the upcoming fiscal year, and the two buildings will be the first multifamily buildings in Maryland constructed to Passive House standards. With the support of a significant on-site solar array, one of the two buildings is pursuing Zero Net Energy status, which would be the first in the Mid-Atlantic region.

HOC has embraced *new Rental Assistance Programs* to assist our customers that have been financially impacted during the COVID-19 pandemic by unemployment or underemployment in getting a fresh start. The Montgomery County Department of Health and Human Services ("HHS") was awarded \$31 million in federal funding from the Department of Treasury. Additionally, the State was awarded \$401 million and provided \$28 million to the County in direct support, which HHS used to create the county's \$59 million federally-funded

Emergency Rental Assistance Program. HOC worked diligently to maximize the assistance received through this program; however, non-payment of rent continues to be an issue for HOC.

National and local estimates are that between 13 to 15 percent of renters are behind on rent, but there is no good data on how far behind people are. It is thought that nearly 40 million Americans cannot afford to pay their rent and are fearing eviction from their homes. Thousands of people in Montgomery County are living this grim reality. Understanding this, HOC worked with Montgomery County Government to secure additional emergency rental assistance funding through various sources including the Housing Initiative Fund, Federal CDBG-Coronavirus Funding, and County General Funds. HOC will work with its partners to provide outreach to affected residents to clear arrearages and to keep our residents housed.

HOC is delivering *new* housing opportunities through the receipt of **Emergency Housing Vouchers** (“EHVs”). HOC was awarded 118 Emergency Housing Vouchers on July 1, 2021, for families who are homeless, recently homeless, at risk of homelessness, or fleeing domestic violence, sexual assault, stalking or human trafficking. Eligible families are referred to HOC by the Montgomery County Department of Health and Human Services (“HHS”) Continuum of Care (“CoC”) program and are eligible for a host of services from HOC, including application and security deposit fees, search assistance, transportation assistance, and moving expenses. HOC was awarded service fees in the amount of \$3,500 per person and supplemental administrative fees to operate the EHV Program.

Through the use of technology and innovation, HOC has incorporated *new* methods of providing services to our customers at all stages of life to help them set and achieve financial goals. Many of these services are made possible through the County’s Non Departmental

Account (“NDA”) funding provided to HOC. Continued funding by the County provides residents with access to a number of counseling programs, which are administered by HOC, such as emergency assistance, housing stabilization, and family self-sufficiency counseling. Funds also provide utility assistance for deeply subsidized housing units, which provide safe, affordable housing to some of the most economically disadvantaged residents in the county. Finally, this funding supports HOC’s customer service centers, which are strategically located in Gaithersburg (up county) and in Silver Spring (down county), ensuring that disadvantaged households can more easily access services they need to remain stably housed.

Providing counseling and other services during the pandemic has been a challenge. Previously, services were provided almost exclusively face-to-face. As this was not possible, outside of emergencies, *new* ways of providing services were utilized. In addition to providing services virtually (via platforms like Zoom) and by phone, we have been able to provide critically-needed items, such as food, to customers via no contact delivery. One challenge discovered during the pandemic is that some customers either lacked the equipment or the knowledge to use the devices and platforms necessary to receive services effectively in a virtual environment. Moving forward this can be addressed through HOC’s digital equity initiative. Additionally, moving forward we will be exploring ways that we can utilize our software platforms to enable customers to complete required transactions (e.g., applications, surveys, assessments, recertifications, etc.) electronically.

HOC Academy (“HOCA”) programs include a host of services offered to children, adults and small businesses. The Adult Education and Workforce Development (“AEWD”) programs provides adult education, workforce development, training and employment

programs as well as small business development opportunities, while also providing youth STEM/STEAM enrichment. Prior to the pandemic, all program opportunities and customer engagement happened in-person. As a result of COVID-19 protocols, HOCA quickly pivoted to offer virtual programs via Zoom and Google Meet. AEWD webinars and workshops are accessed by customers across Montgomery County with the convenience of virtual access. HOCA has also been able to offer Spanish translation as a result of the breakout room features of virtual platforms. AEWD program innovation (ex. Small Business Development Workshops and DBE/MBE Certification Course) and participation increased significantly with average participation for webinars reaching approximately 40 participants. Youth STEM/STEAM enrichment participation also pivoted to virtual summer and after school programs. Although participation decreased due to digital fatigue, HOCA serves HOC youth and families across the County. Further, HOCA has been able to focus on creating new elementary, middle, and high school STEM/STEAM initiatives through our STEAM Forward Academy program launched in the middle of the COVID-19 pandemic. Lastly, HOCA has connected HOC customers to the vast STEM/STEAM opportunities our partner programs at Montgomery College, Learning Undefeated, and more via scholarship. HOCA plans to continue providing scholarships toward partner organization programs while creating a STEM/STEAM community through STEAM Forward Academy.

HOC's **Fatherhood Initiative Program**, funded through a grant awarded through the U.S. Department of Health and Human Services ("U.S. DHHS"), was *renewed* for another 5-year cycle. Funding has increased by approximately of \$300k. Due to the increase of funds along with efficient program administration, enrollment for the program has increased from 150 to over 350 fathers. Since the start of the COVID-19 pandemic, the Fatherhood Initiative

Program has been conducted entirely virtually. Since then, program participation has been at an all-time high largely due to participants not needing to commute to participate.

HOC has increased the **Family Self Sufficiency** ("FSS") Program enrollment by utilizing *new* technology such as Google Meet. As a result of the pandemic, the entire FSS staff worked remotely for the past two years. During this time, many of HOC's customers became unemployed and remained at home. The pandemic influenced remote work environment allowed the FSS Team to market the program to all Housing Choice Voucher Customers by conducting cold calls and sending email blasts. Staff promoted the escrow incentive and the opportunity to enhance training skills in preparation to return to the workforce. The response was overwhelming. Staff utilized Google Meet to conduct virtual information sessions and HelloSign to easily send and receive required enrollment documents within minutes. Having these particular tools available positively affected the program's growth. Overall, the program size increased by 27 percent over the past two years with 377 participants currently enrolled in the Program.

Path Forward

Moving forward, it is imperative that we use the available financial and educational resources to assist customers to re-establish their housing status and become more financially stable. This will enable them to focus more clearly on meeting the needs of their families and will enable HOC to begin the climb out of rental arrearages that have developed and grown over the past two years. 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 customer 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 its 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.

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

The FY 2023 Operating Budget of \$306.9 million and Capital Budget of \$252.9 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 6, 2022

FY 2023 Budget Highlights

Real Estate Development

In Fiscal Year 2023, 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 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 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. Elizabeth House III 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 (“SCRAC”). Construction is expected to conclude in FY 2023.

In FY 2021, HOC broke ground on another new construction project, 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 of the development. Construction is anticipated to take 24 months with completion in FY 2023.

HOC will see another new construction start in FY 2023 when it breaks ground on Hillandale Gateway, a new 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, 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.

HOC continues to expect to start at least one 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 Garnkirk Farms, HOC’s new headquarters in downtown Silver Spring and Wheaton Gateway.

HOC continues to address another large set of vulnerable assets within its portfolio. These are properties which 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 important ways. First, each of the Year 15 properties has at least two existing debt obligations. Second, each has an existing limited partner 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 Stewartown Homes followed by the three (3) Willow Manor Senior properties, Shady Grove Apartments and Georgian Court all of which closed and started renovations in FY2022. The Metropolitan is expected to close and start renovations in FY 2023.

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 expired Section 236 properties, one new construction start, and other related renovations, are expected to generate approximately \$5.16 million in expected development fees in FY 2023.

Mortgage Finance

In FY 2023, the Mortgage Finance Division, which operates the 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 below market interest rate mortgages for (1) multifamily acquisition and development activities, and (2) to households seeking first-time homeownership, will continue 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, strengthen the Agency’s fiscal position.

Multifamily Program

From FY 2019 to FY 2023, it is anticipated that the Multifamily Program will issue almost three-quarters of a billion in mortgage loans to finance the acquisition, construction, rehabilitation and/or permanent funding of 2,775 multifamily units throughout Montgomery County. Of these units, 1,712 or 62% are restricted to affordable households mostly earning up to 60% of the Area Median

Income (“AMI”). These mortgage loans are funded, mostly, via the 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”). And these mortgage loans are also credit enhanced or insured 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 finances mortgages for stabilized and moderately rehabilitated developments. The initiative, which re-opened in FY 2022, builds on the success of the FHA Risk-Sharing Program by reducing the interest rate for affordable multifamily apartments, when compared to the cost of tax-exempt bonds, 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 that are also insured by the FHA Risk-Sharing Program, so long as the community meets 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.

Notable highlights of the Multifamily Program, include the successful financing of the renovation of all of the Agency’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) the issuance of tax-exempt bonds, and (2) utilizing the assistance of the U.S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program, which converts the Agency’s Public Housing to a Project Based Rental Assistance (“PBRA”) or Project Based Voucher (“PBV”) subsidy. In FY 2021 and FY 2022, multifamily transactions focused on financing several LIHTC communities or new mixed-income construction transactions.

During FY 2021, the Multifamily Program issued a total of \$182.74 million in tax-exempt private activity bonds 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. In FY 2022, the Multifamily Program issued a total of \$111.36 million in tax-exempt private activity bonds 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).

For FY 2023, the financing of new construction and LIHTC re-syndication transactions will continue with the Multifamily Program expected to issue \$270.5 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 Hillendale (Silver Spring); and, the acquisition, rehabilitation and permanent funding of a mixed-use, mixed-income tax credit community, The Metropolitan (Bethesda).

FY 2023 will continue to present challenges: a changed financial and real estate market landscape, especially in light 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 \$5.4 million in Commitment Fees in FY 2023.

Single Family Program

From FY 2019 to FY 2023, it is anticipated that the Single Family Program will fund approximately \$170 million in single family first mortgage loans and approximately \$11.2 million in single family secondary down payment and closing cost loans, thereby assisting approximately 730 households

become first-time homebuyers in Montgomery County. As of FY 2021, the average single family first mortgage loan within the Single Family Program was \$263,533 for a two-person household with income averaging \$77,872 or 75% of AMI. The median sales price was \$179,000. FY 2021 loan production for the Single Family Program was down by 40% in comparison to FY 2020 and by 32% in comparison to FY 2019. This 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. Despite the COVID-19 pandemic, according to Bright MLS, the real estate multiple listing service for Montgomery County, Maryland, during FY 2021 home sale prices for Montgomery County reached record highs in June with the average single family home selling for \$677,400. The median sales price, as of June 2021, was \$558,000. In FY 2022 and FY 2023, 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 2021, the Single Family Program completed one (1) issuance totaling \$38.4 million under the 1979 Indenture, which provided approximately \$24 million of new monies to purchase MBS's or make mortgage loans. The remaining balance of bond proceeds economically refunded several series of outstanding bonds within the 2009 Indenture, which will generate savings for the Commission. Bond proceeds from the FY 2021 issuance, along with remaining funds within the Single Family Program, allowed for 103 households to become first-time homebuyers. Bond funds were also utilized to issue 26 secondary Down-Payment Assistance ("DPA") loans, which provide borrowers three-percent of the sales price. The Single Family Program also administers 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, and the Montgomery County Homeownership Assistance Fund ("McHAF"), which provides down payment and closing cost assistance loans for up to 40% of the household's qualifying income for a maximum of \$25,000. In FY 2021, the RCCAP funded 39 loans, while the McHAF funded 45 loans.

In FY 2022 and FY 2023, it is anticipated that the Single Family Program will complete one (1) bond issuance annually of approximately \$35 million and \$40.5 million, respectively, and the Single Family closing cost programs will fund a combined amount of approximately \$2.5 million each fiscal year. In FY 2022, the County has increased its McHAF grant from \$1 million to \$1.5 million, and this same level of funding is anticipated for FY 2023.

Property Management Division

The Agency's focus is on improving customer service and increasing leasing efforts through improvements to processes. The Property Management staff continued to lease to applicants from Housing Path through the pandemic to increase and maintain steady occupancy. With the continuation of the

COVID-19 pandemic, the Division continues to focus their efforts to ensure the safety and well-being of employees and residents alike. HOC continues to promote and follow Federal, State and Local guidelines related to disinfecting common areas, practicing social distancing and mask wearing at all multifamily properties. The Division has also prioritized establishing repayment agreements and connecting customers that were financially impacted by the pandemic to rental assistance resources. Currently the County has several vehicles through which the Agency and our customers can obtain rental relief funds. The Division is actively working to submit rental relief applications on behalf of the Agency and to assist customers with submitting applications on their behalf. If approved, and funding is received, these funds will help to offset rental revenue lost by the Agency due to the impact of the Covid-19 pandemic.

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 2021, Fiscal Year 2022 continued to be a particularly challenging year. The Maintenance Division was significantly affected by the Coronavirus pandemic. The COVID-19 Maintenance Protocols that were put in place in Fiscal Year 2021 remained throughout this year with some slight modification. Despite these efforts, again, throughout the year nearly everyone in the Maintenance Division was quarantined because they came into contact with someone infected with Coronavirus, or actually contracted the virus themselves. Some were quarantined more than once. Our parts and service

vendors also experienced these struggles. Additionally, the division dealt with supply shortages of critical materials such as appliances, and HVAC systems.

Fortunately, through the efforts of HOC and others, over 90 percent of the maintenance staff received vaccines during the year. Many have also received booster shots. As such, we slightly modified the COVID-19 Maintenance Protocols half way through the year to afford Maintenance Supervisors some discretion to increase the assignment of non-exigent High priority work and also regular priority work orders. As such, the overall total number of competed work orders is beginning to increase and the completion time for work orders in the Emergency priority is beginning to significantly decrease compared to the final effort in Fiscal Year 2021. Unfortunately, due to the increased wear and tear on our units attributed to our customers being at home for longer periods of time, work requests have increased.

Also during this fiscal year, across the Nation, there has been a significant increase in the price of supplies due to decreased manufacturing and significant supply chain problems. Maintenance supplies did not escape this phenomenon. We experienced significant cost increases in many maintenance supplies 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 obviously apply to supplies and appliances used for turn-over of vacant units. Lastly, there were additional expenses associated with the cost to hire temporary replacement staff required to keep the Division functional during the extensive staff quarantine periods experienced throughout the year.

Housing Choice Voucher and Public Housing (Federally Funded Programs)

As Montgomery County's Public Housing Authority, HOC administers a Housing Choice Voucher ("HCV") Program and is authorized to provide 7,659 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 7,659 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 2023 Adopted Budget was developed based on current utilization projections for FY 2022 and the anticipated funding levels provided by HUD for CY 2022 which projects a funding level for FY 2022 and FY 2023 of \$106.5 million and \$113.1 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 2022 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 \$7.63 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 2022, 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 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 \$175,000 in scholarships for residents to pursue a degree/certification and training programs to advance career goals. In FY 2022, AEWD provided career and small business development training in collaboration with Career Catchers, WorkSource Montgomery, and ALSTNTEC, LLC. The Small Business Development Opportunities included a 10-week Small Business Strategies Course, monthly webinars on a variety of topics including how to make money on YouTube and government contracting, and business legalization assistance. In FY 2022, the workforce development opportunities included paid summer internships with Bozzuto Construction, KTG Architecture and more. HOC Academy plans to continue to provide career and small business development training and paid internships in FY 2023.

The youth enrichment program has offered over 50

camps and annual Back-to-School Fests since its inception accommodating over 600 youth annually. In response to the COVID-19 pandemic, HOC Academy was able to offer a virtual program option for all scheduled programs to include a STEM Camp for rising 3rd through 5th graders and a Young Science Explorers Camp (included at home science experiments) for 6th through 8th graders. In FY 2022, HOC Academy ("HOCA") hosted a modified version of its annual Back-to-School Fest with the goal of distributing backpacks filled with school supplies, masks, and hand sanitizer to 800 youth. HOCA actually served approximately 400 youth with backpacks, masks, hand sanitizer, and gift cards. Further, with the support of Housing Opportunities Community Partners and other grantees, HOCA launched its new middle and high school initiative, STEAM Forward Academy (SFA), which will include 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. The HOC College Success Program worked with 20 juniors and seniors in FY 2022 to provide college preparation and admission assistance, mentoring and general support to those youth post-secondary education. The FGCB partnership allows Resident Services to track long-term success of our youth and families. HOC Academy plans to offer all services in FY 2023 and anticipates expanding participation through a hybrid of in-person and virtual programming.

Fatherhood Initiative

HOC's Fatherhood Initiative Program has served over 1,000 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 \$300K in education/vocational training to over 300 fathers.

The funding in the new grant cycle has increased from \$695,177 to \$998,00. 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.

The Fatherhood Initiative Program has recently been 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 works 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 will be focusing on case management and taking the coaching stance. As part of the study, \$125k has been awarded to the program for training as well as extra staff in efforts of implementation of the coaching stance.

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April 6, 2022

FY 2023 Recommended Budget

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Reader's Guide

Recommended Budget
April 6, 2022

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 2022 to FY 2023.

Page vii Budget Highlights

Page xix Budget Overview

This section includes:

- Overview – Revenue and Expense Summary
- Fund Structure
- Agency Fund Description
- Budget Process
- Overview – Strategic Plan
- Operating Budget
- FY 2023 Revenue and Expense Statement

Page 1-1 Budget Summary Information

This section includes:

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

Page 2-1 Operating Budget

The Operating Budget highlights each of HOC’s seven divisions – Executive, Finance, Housing 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 6, 2022

Overview—Revenue and Expense Summary

| Fund Summary Overview | FY 2023 Recommended Budget | | |
|---|----------------------------|----------------------|---------------|
| | Revenues | Expenses | Net |
| General Fund | \$26,554,860 | \$30,798,640 | (\$4,243,780) |
| Draw from GFOR | \$1,262,650 | \$0 | \$1,262,650 |
| Multifamily Bond Funds | \$17,392,010 | \$17,392,010 | \$0 |
| Single Family Bond Funds | \$9,702,600 | \$9,702,600 | \$0 |
| Opportunity Housing Fund | | | |
| Opportunity Housing Reserve Fund (OHRF) | \$6,345,370 | \$1,570,920 | \$4,774,450 |
| Restrict to OHRF | \$0 | \$4,774,450 | (\$4,774,450) |
| Opportunity Housing & Development Corporation Properties | \$102,278,130 | \$99,541,240 | \$2,736,890 |
| Draw from GFOR for MetroPointe Deficit | \$244,240 | \$0 | \$244,240 |
| Public Fund | | | |
| Housing Choice Voucher Program (HCVP) | \$123,891,100 | \$123,891,100 | \$0 |
| Federal and County Grants | \$19,214,250 | \$19,214,250 | \$0 |
| TOTAL - ALL FUNDS | \$306,885,210 | \$306,885,210 | \$0 |

Revenues and Expenses include inter-company Transfers Between Funds.

Fund Structure

This section summarizes the Agency's FY 2023 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 2023 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 2023 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) |
|---|---|---|-----------------------------------|
| Sources | | | |
| 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 | | | |
| Insurance Premiums | | | |
| Uses | | | |
| 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 | | |
| Property Management & Maintenance Administration | Required Reserve Contributions | | |
| Tax Credit Development | Loan Management Fees | | |
| Facilities & IT Capital Needs | Vehicle Lease Payments | | |
| Vehicle Lease Payments | Insurance Reserve Payments | | |
| Insurance & Retirement Reserve Contributions | | | |
| General Fund Operating Reserve ("GFOR") | | | |
| Project / Grant funds included in each Agency Fund | | | |
| General | Opportunity Housing Properties | Housing Choice Voucher Programs | 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. 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).

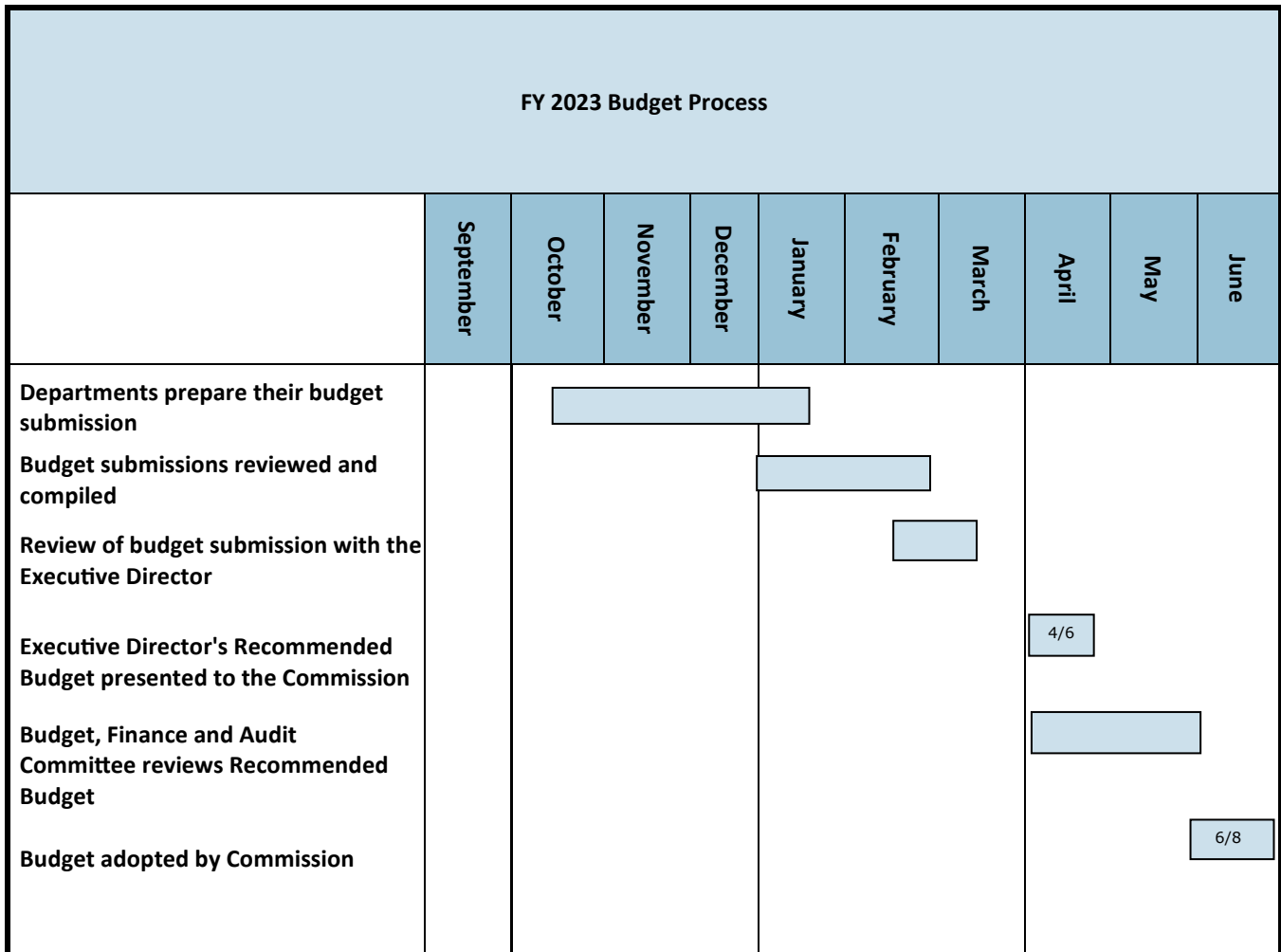
Budget Calendar—FY 2023

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 2023 Budget Process



Overview—Strategic Plan

The strategic planning process provides the opportunity for HOC’s leadership to examine and rededicate itself to a longstanding tradition of providing innovative housing solutions. The Board of Commissioners, HOC Leadership, and staff reviews past practices and develops strategies to address the affordable housing needs in Montgomery County.

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.

HOC’s 2018-2022 Strategic Plan continues to serve as the organization’s roadmap – providing a clear vision and ensuring financial resources and human capital are mission aligned. Looking back over the previous budget cycle, the strategies laid out in HOC’s 2013 - 2017 Strategic Plan successfully moved the agency’s mission forward and should be continued. HOC’s Board of Commissioners approved the current Strategic Plan at the October 4, 2017 Commission meeting.

The 2018-2022 Strategic Plan acknowledges the rapid pace at which HOC has pushed the boundaries of affordable housing development and calls for

continuing this pace through a bold and thoughtful approach to our work. As in previous versions, this Strategic Plan contains an introduction that describes the economic, political, demographic and real estate environments in which the agency operates as well as the objectives on which the agency will concentrate its efforts.

Furthermore, the 2018-2022 Strategic Plan renews our strategic vision and makes clear our core identity as Housers.

It concentrates HOC’s efforts to develop and implement solutions to the problem of meeting the County’s ever-expanding need for affordable housing. Specifically, the plan lays out our strategic objectives for Getting People Housed; Keeping People Housed; and Helping Customers Reach Their Fullest Potential:

- **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.

Operating Budget—FY 2023 Recommended

HOC recommended an operating budget for FY 2023 of \$306.9 million on April 6, 2022. Revenues are generated in two ways:

1. Grants, other funding sources, and the cash flow from HOC properties generate 88.89% of total revenues.
 - \$102.12 million (33.28%) is from property rents and service income.
 - \$136.29 million (44.41%) is from Federal and County grants.
 - \$124.28 million (40.50%) is from Federal grants, which includes \$109.1 million in HUD Housing Choice Voucher Assistance Payments that are passed through to Montgomery County landlords, for which HOC earns administrative fees.
 - \$12.01 million (3.91%) 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.

- \$29.85 million (9.72%) is from management fees and miscellaneous income.
2. Non-operational income derived from HOC's bond-financing operation, real estate financing fees and interest earned on investments generate 12.59% of total revenues.
 - \$23.55 million (7.68%) is from mortgage interest income which pays the debt service on HOC housing revenue bonds and interest earned on cash investments.
 - \$15.07 million (4.91%) is from miscellaneous bond financing operations and transfers between funds.

FY 2023 Recommended Revenue and Expense Statement

| Operating Budget | | Non-Operating Budget | |
|-------------------------------------|----------------------|--|-----------------------|
| Operating Income | | Non-Operating Income | |
| Tenant Income | \$100,792,330 | Investment Interest Income | \$23,554,840 |
| Non-Dwelling Rental Income | \$1,327,060 | FHA Risk Sharing Insurance | \$1,076,820 |
| Federal Grant | \$124,284,740 | Transfer Between Funds | \$13,993,780 |
| County Grant | \$12,006,350 | | |
| Management Fees | \$29,713,340 | | |
| Miscellaneous Income | \$135,950 | | |
| TOTAL OPERATING INCOME | \$268,259,770 | TOTAL NON-OPERATING INCOME | \$38,625,440 |
| Operating Expenses | | Non-Operating Expenses | |
| Personnel Expenses | \$51,431,580 | Interest Payment | \$39,752,690 |
| Operating Expenses - Fees | \$19,616,570 | Mortgage Insurance | \$1,018,550 |
| Operating Expenses - Administrative | \$9,107,440 | Principal Payment | \$11,176,240 |
| Bad Debt | \$2,293,580 | Debt Service, Operating and Replacement Reserves | \$11,168,140 |
| Tenant Services Expenses | \$7,558,850 | Restricted Cash Flow | \$7,866,120 |
| Protective Services Expenses | \$896,480 | Development Corporation Fees | \$5,737,990 |
| Utilities Expenses | \$6,853,790 | Miscellaneous Bond Financing Expenses | \$710,650 |
| Insurance and Tax Expenses | \$3,086,650 | FHA Risk Sharing Insurance | \$1,076,810 |
| Maintenance Expenses | \$9,472,170 | Transfer Out Between Funds | \$3,886,120 |
| Housing Assistance Payments (HAP) | \$114,174,790 | | |
| TOTAL OPERATING EXPENSES | \$224,491,900 | TOTAL NON-OPERATING EXPENSES | \$82,393,310 |
| NET OPERATING INCOME | \$43,767,870 | NET NON-OPERATING ADJUSTMENTS | (\$43,767,870) |

Section 1: **SUMMARY**

Tab

Summary

Recommended Budget
April 6, 2022

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 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.

Getting People Housed

HOC will increase the supply of affordable units in Montgomery County through development, financing, maximizing federal resources, and advocacy at the Federal, state and local level.

Measure:

Expand the supply of affordable housing within the county by 1,000 by 2022.

Implementation Actions:

- Maximize the number of households served by the Housing Choice Voucher program.
- Expand the supply of affordable housing by developing Community Connected Housing.
- Increase the number of affordable units in HOC's portfolio through development, redevelopment and acquisition.

- Preserve the current supply of affordable housing units through acquisition as well as investing in HOC's current portfolio to ensure units are not lost to obsolescence or disrepair.
- Increase the number of affordable units developed in the County by supporting the development of non-HOC-owned affordable units through bond issuances.
- Increase the number of mortgages provided to Montgomery County residents.
- Advocate for additional housing resources and supportive policies within the County through Housing Choice Vouchers, Tax Credits and other affordable housing tools.

Keeping People Housed

HOC will 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.

Measure:

Increase housing stability for vulnerable populations by offering service connections and counseling services for 100% of vulnerable households identified as "at risk".

Implementation Actions:

- Conduct assessments for every HOC customer identified as "at-risk" for termination to assess supportive service needs and appropriate intervention alternatives.
- Develop and implement an early intervention system that identifies and offers services to all elderly and disabled residents who are at-risk for eviction and/or termination.
- Implement new initiatives that expand housing assistance for vulnerable populations.
- Strengthen our partnership with Montgomery County Department of Health and Human Services ("DHHS").
- Explore data sharing agreement with key service providers, including DHHS, to facilitate access to physical and mental health services and intervention among shared customers.

Helping Customers Reach Their Fullest Potential

HOC will extend enrichment and supportive services beyond the more than 14,000 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.

Measure:

Increase participation in Adult Education, Workforce Development and Youth Education and Enrichment programs by 30%, touching 1,300 households annually.

Implementation Actions:

- Expand participation in the Family Self Sufficiency Program among HCV customers.
- Develop strategic partnerships with employers to create a Job Pipeline for HOC customers who successfully complete employment and other education based training programs.
- Expand the number of internet based training programs available to persons on the HOC Housing Path wait list.
- Extend recruitment for Workforce Development, Adult Education and Youth Education and Enrichment services to customers on the HOC Housing Path wait list where appropriate resources are available.

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 2023 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 2023 Operating Budget by accounting classification. This chart summarizes all Agency Funds. The FY 2023 Operating Budget is balanced.

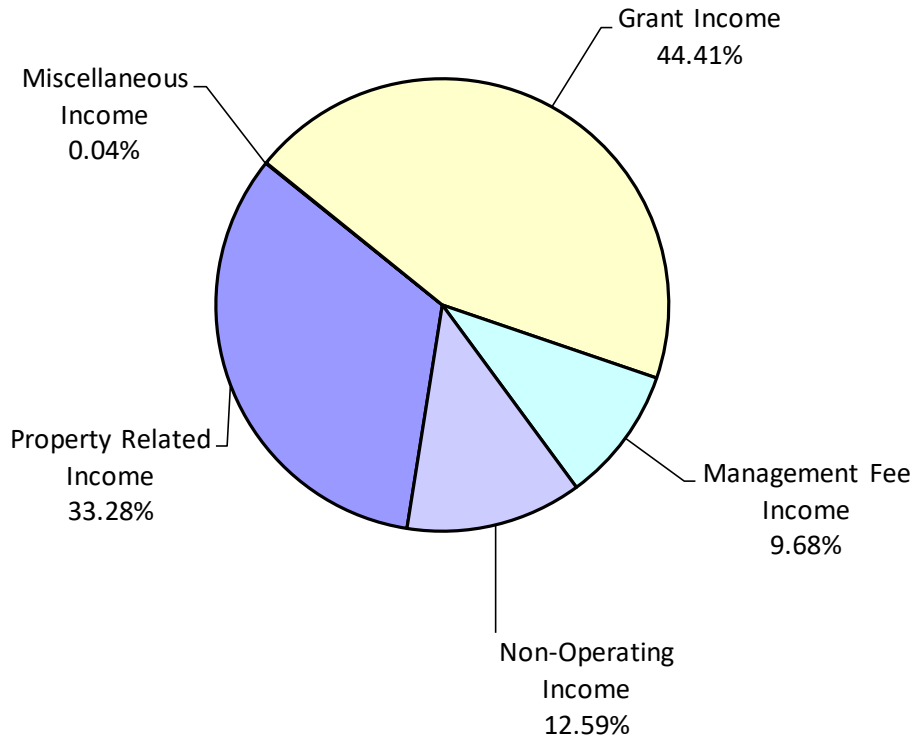
The charts on pages 1-9 illustrate the FY 2023 external as well as internal revenue restrictions. Although HOC has a \$306.9 million budget in FY 2023, only 9.02%, or \$27.7 million, may be used by the Commission for discretionary expenses.

The chart on page 1-10 summarizes the General Fund. In FY 2023 the General Fund generates a Net Operating Income deficit of \$4.5 million.

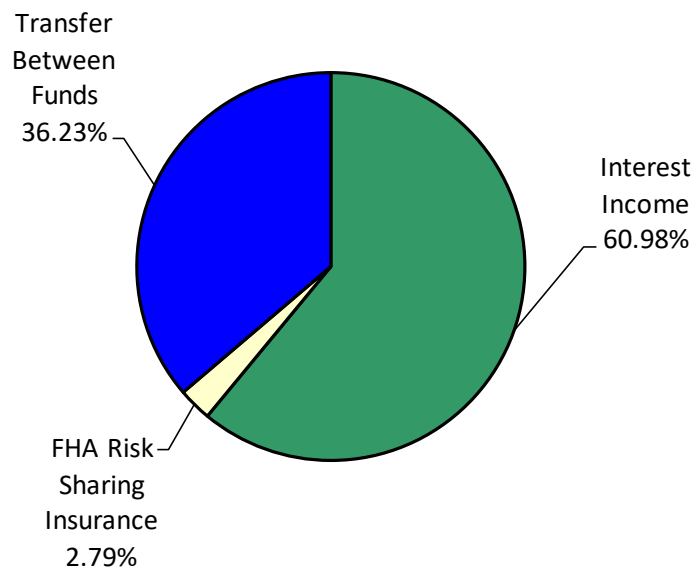
Charts are also included in this section which show the revenue, expense and net cash flow for the properties as well as the annual operating budget for each of the grants.

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

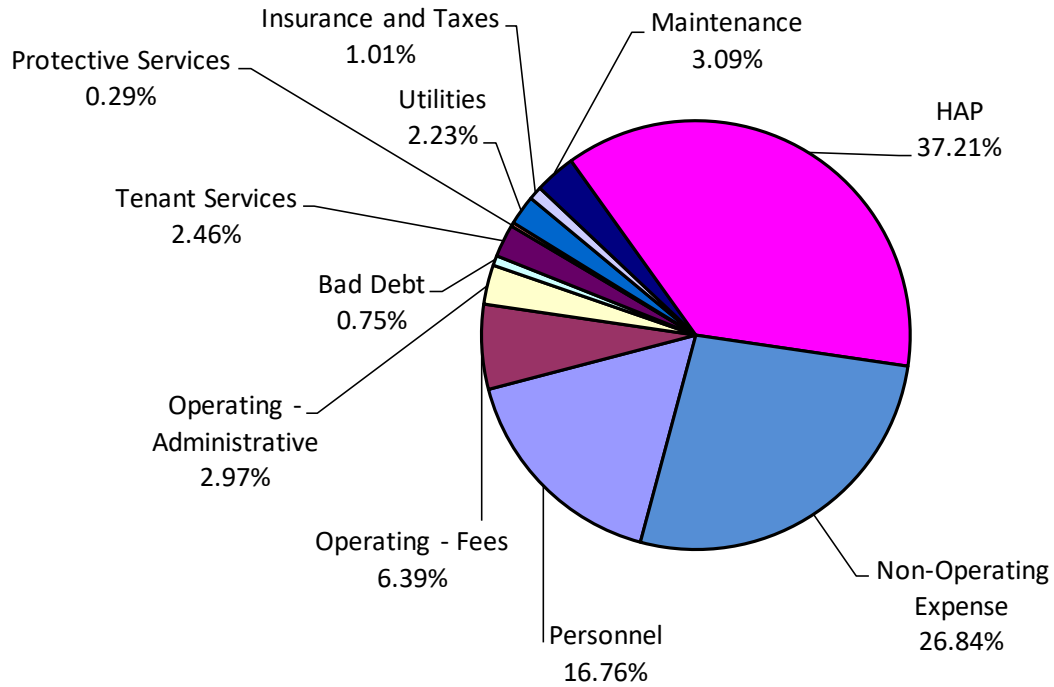
Source of Funds—FY 2023



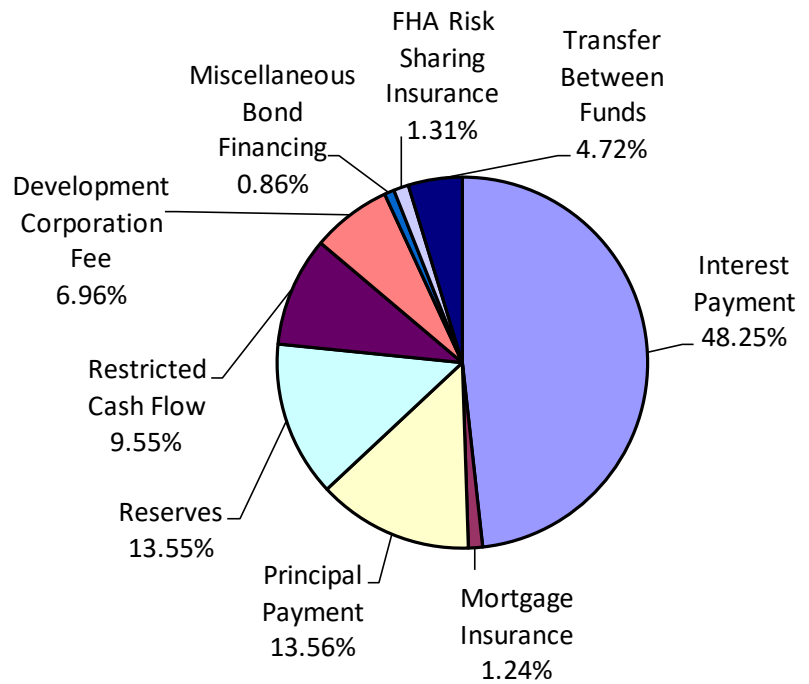
Non-Operating Income



Use of Funds—FY 2023



Non-Operating Expense

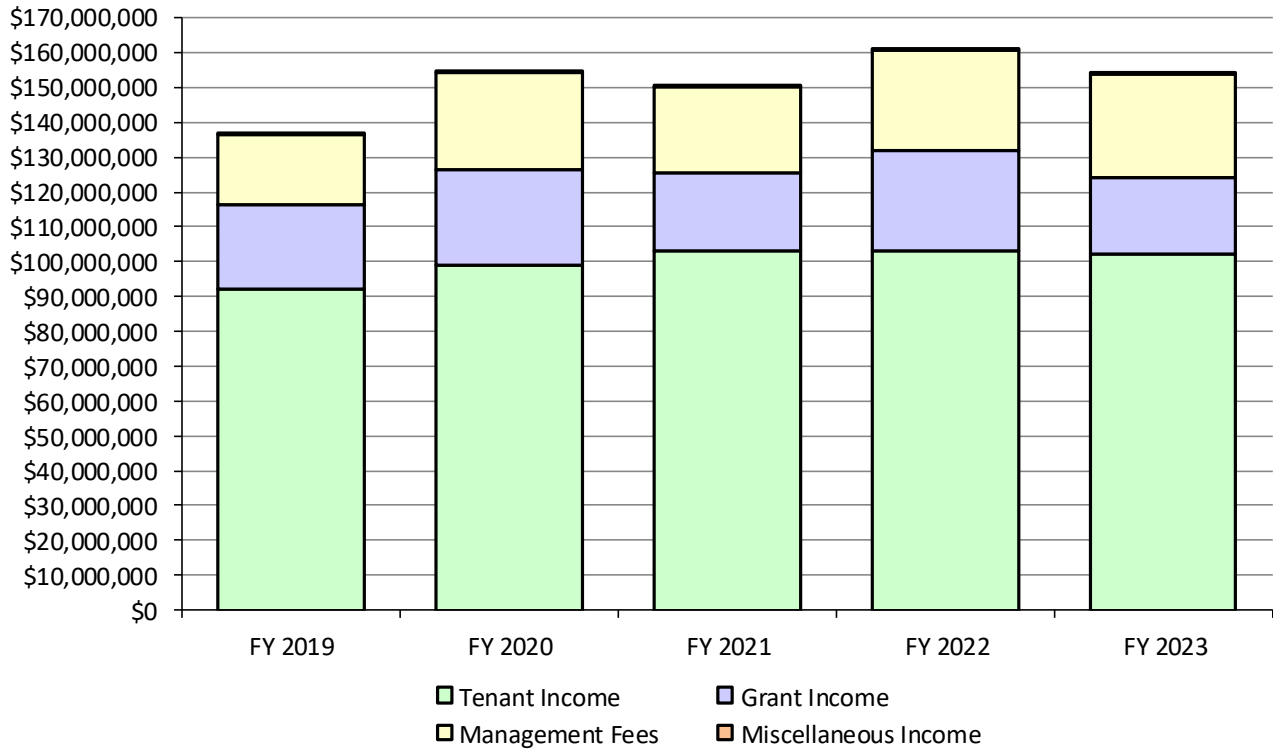


Total Agency—Revenue and Expense Statement

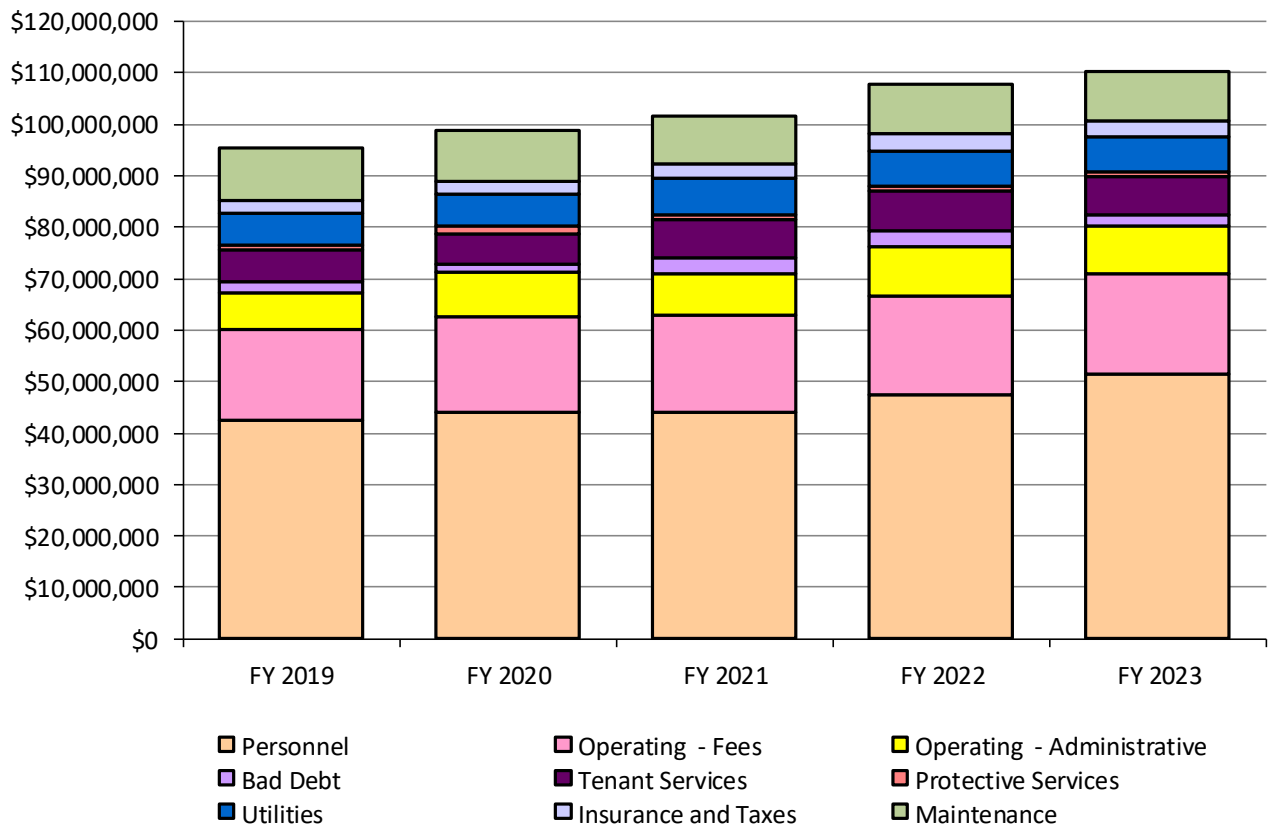
| Total Revenue and Expense Statement | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommended Budget |
|--|-----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| Operating Income | | | | | |
| Tenant Income | \$90,898,929 | \$97,703,079 | \$101,168,308 | \$102,038,140 | \$100,792,330 |
| Non-Dwelling Rental Income | \$1,088,218 | \$1,107,343 | \$1,971,505 | \$1,263,010 | \$1,327,060 |
| Federal Grant | \$111,759,315 | \$116,933,119 | \$117,108,381 | \$123,984,850 | \$124,284,740 |
| State Grant | \$24,370 | \$0 | \$0 | \$0 | \$0 |
| County Grant | \$10,063,003 | \$10,089,325 | \$11,036,409 | \$11,126,350 | \$12,006,350 |
| Management Fees | \$20,146,249 | \$27,581,348 | \$24,469,222 | \$28,979,740 | \$29,713,340 |
| Miscellaneous Income | \$496,816 | \$346,691 | \$571,402 | \$361,730 | \$135,950 |
| TOTAL OPERATING INCOME | \$234,476,900 | \$253,760,905 | \$256,325,227 | \$267,753,820 | \$268,259,770 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$42,438,284 | \$44,166,986 | \$43,941,599 | \$47,329,640 | \$51,431,580 |
| Operating Expenses - Fees | \$17,735,370 | \$18,438,628 | \$18,960,653 | \$19,314,100 | \$19,616,570 |
| Operating Expenses - Administrative | \$7,224,321 | \$8,648,832 | \$7,948,761 | \$9,600,660 | \$9,107,440 |
| Bad Debt | \$1,953,887 | \$1,484,756 | \$3,367,868 | \$2,953,170 | \$2,293,580 |
| Tenant Services Expenses | \$6,390,914 | \$6,123,707 | \$7,207,120 | \$7,989,060 | \$7,558,850 |
| Protective Services Expenses | \$789,721 | \$1,369,695 | \$1,003,501 | \$733,050 | \$896,480 |
| Utilities Expenses | \$6,135,729 | \$6,280,649 | \$7,084,450 | \$6,770,250 | \$6,853,790 |
| Insurance and Tax Expenses | \$2,706,517 | \$2,455,978 | \$2,911,833 | \$3,450,650 | \$3,086,650 |
| Maintenance Expenses | \$9,974,062 | \$9,787,285 | \$9,239,238 | \$9,684,830 | \$9,472,170 |
| Housing Assistance Payments (HAP) | \$97,568,970 | \$99,329,069 | \$105,640,697 | \$106,615,330 | \$114,174,790 |
| TOTAL OPERATING EXPENSES | \$192,917,775 | \$198,085,585 | \$207,305,720 | \$214,440,740 | \$224,491,900 |
| NET OPERATING INCOME | \$41,559,125 | \$55,675,320 | \$49,019,507 | \$53,313,080 | \$43,767,870 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$29,740,649 | \$26,017,802 | \$22,053,438 | \$23,482,450 | \$23,554,840 |
| FHA Risk Sharing Insurance | \$890,294 | \$1,102,136 | \$1,518,820 | \$891,350 | \$1,076,820 |
| Transfer Between Funds | \$8,891,771 | \$8,577,517 | \$12,245,244 | \$8,313,030 | \$13,993,780 |
| TOTAL NON-OPERATING INCOME | \$39,522,714 | \$35,697,455 | \$35,817,502 | \$32,686,830 | \$38,625,440 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$42,540,438 | \$38,556,309 | \$37,662,266 | \$39,859,760 | \$39,752,690 |
| Mortgage Insurance | \$881,485 | \$1,168,924 | \$1,162,254 | \$1,076,400 | \$1,018,550 |
| Principal Payment | \$9,340,623 | \$11,002,405 | \$11,987,690 | \$12,333,630 | \$11,176,240 |
| Debt Service, Operating and Replacement Reserves | \$9,998,074 | \$15,441,521 | \$12,140,601 | \$14,557,680 | \$11,168,140 |
| Restricted Cash Flow | \$5,076,416 | \$8,174,970 | \$6,262,226 | \$6,474,900 | \$7,866,120 |
| Development Corporation Fees | \$6,338,023 | \$6,668,476 | \$5,343,739 | \$5,770,450 | \$5,737,990 |
| Miscellaneous Bond Financing Expenses | \$415,277 | \$947,904 | \$674,756 | \$589,760 | \$710,650 |
| FHA Risk Sharing Insurance | \$890,294 | \$1,102,136 | \$1,502,780 | \$891,350 | \$1,076,810 |
| Transfer Out Between Funds | \$5,429,173 | \$5,530,873 | \$6,858,867 | \$4,445,980 | \$3,886,120 |
| TOTAL NON-OPERATING EXPENSES | \$80,909,803 | \$88,593,518 | \$83,595,179 | \$85,999,910 | \$82,393,310 |
| NET NON-OPERATING ADJUSTMENTS | (\$41,387,089) | (\$52,896,063) | (\$47,777,677) | (\$53,313,080) | (\$43,767,870) |
| NET CASH FLOW | \$172,036 | \$2,779,257 | \$1,241,830 | \$0 | \$0 |

Operating Budget—Total Agency

Total Operating Income w/o HAP

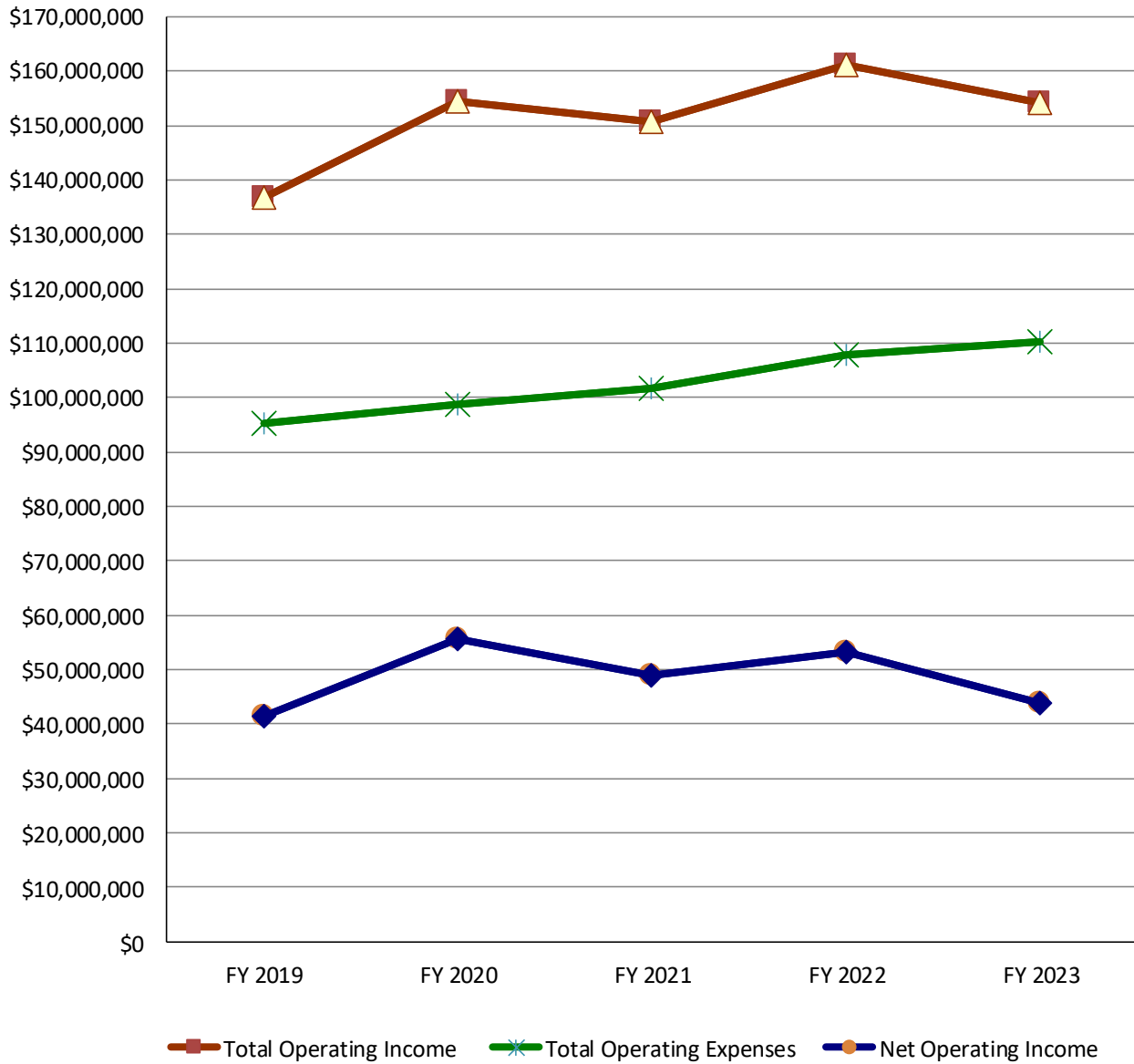


Total Operating Expenses w/o HAP



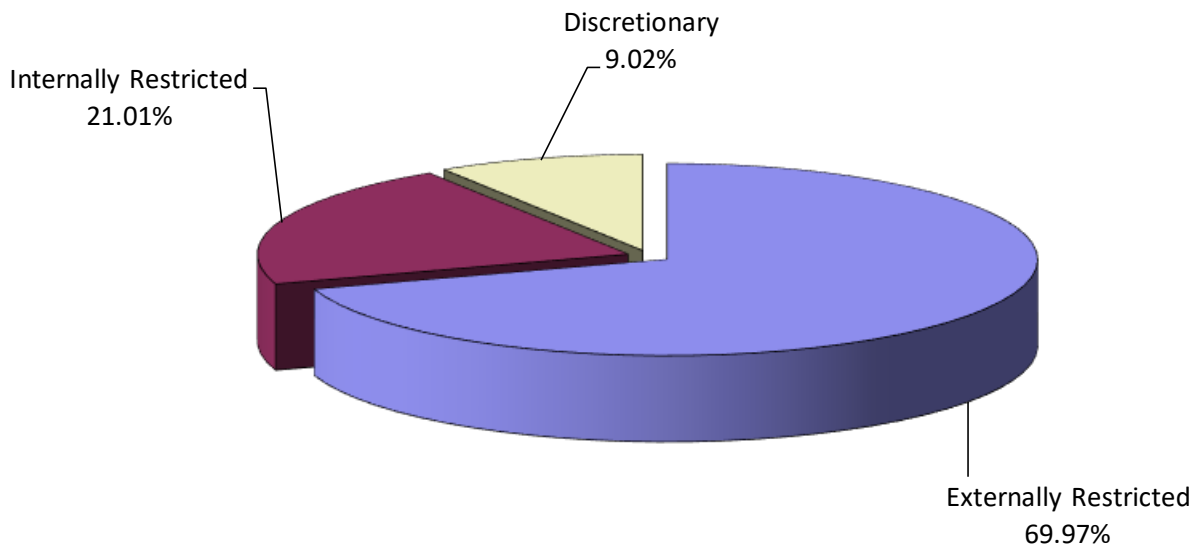
Operating Budget—Total Agency

Net Operating Income w/o HAP



FY 2023 Revenue Restrictions

| Revenue Restriction (Showing externally placed restrictions) | FY 2023 | | | |
|---|--------------------------|--------------------------|---------------------|----------------------|
| | Externally Restricted | Recommended Budget | | |
| | | Internally Restricted | Discretionary | Total |
| Operating Income | | | | |
| Property Related Income | \$41,013,980 | \$58,124,280 | \$2,981,130 | \$102,119,390 |
| Federal Grant | \$124,284,740 | \$0 | \$0 | \$124,284,740 |
| County Grant | \$12,006,350 | \$0 | \$0 | \$12,006,350 |
| Management Fees | \$0 | \$6,345,170 | \$23,368,170 | \$29,713,340 |
| Miscellaneous Income | \$85,040 | \$0 | \$50,910 | \$135,950 |
| TOTAL OPERATING INCOME | \$177,390,110 | \$64,469,450 | \$26,400,210 | \$268,259,770 |
| Non-Operating Income | | | | |
| Interest Income | \$23,547,750 | \$0 | \$7,090 | \$23,554,840 |
| FHA Risk Sharing | \$1,076,820 | \$0 | \$0 | \$1,076,820 |
| Transfer Between Funds | \$12,731,140 | \$0 | \$1,262,640 | \$13,993,780 |
| TOTAL NON-OPERATING INCOME | \$37,355,710 | \$0 | \$1,269,730 | \$38,625,440 |
| TOTAL - ALL REVENUE SOURCES | \$214,745,820 | \$64,469,450 | \$27,669,940 | \$306,885,210 |

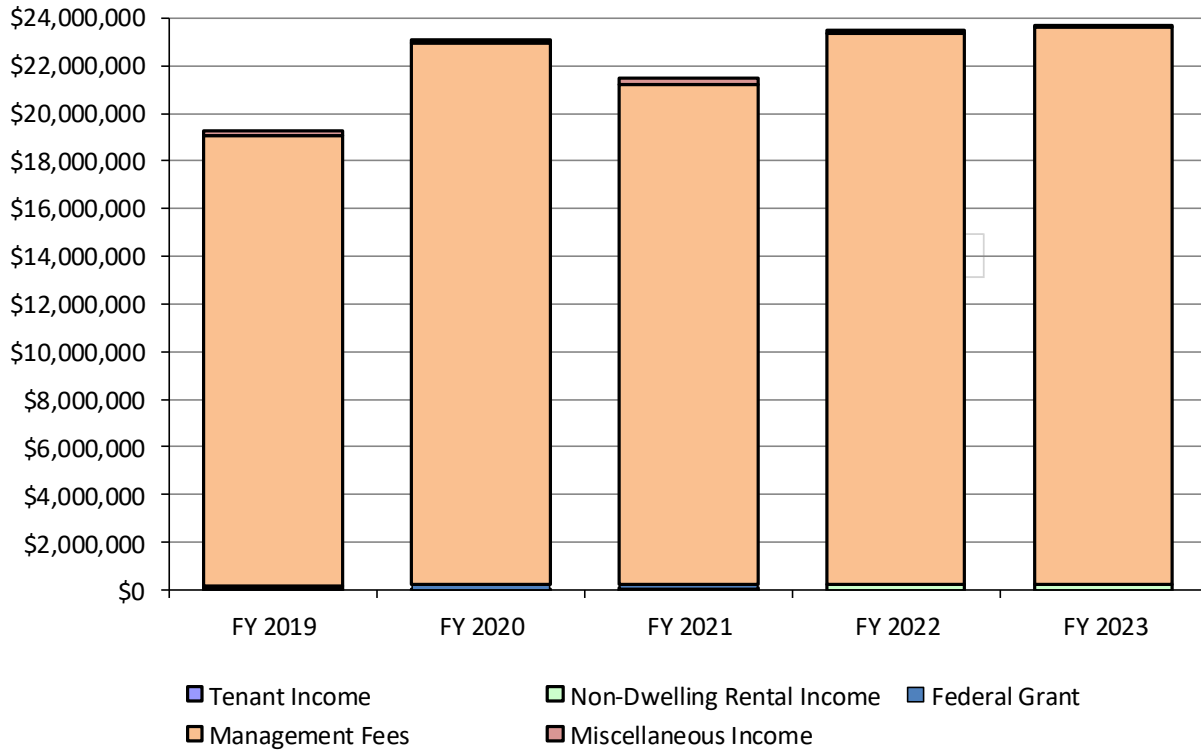


General Fund—Revenue and Expense Statement

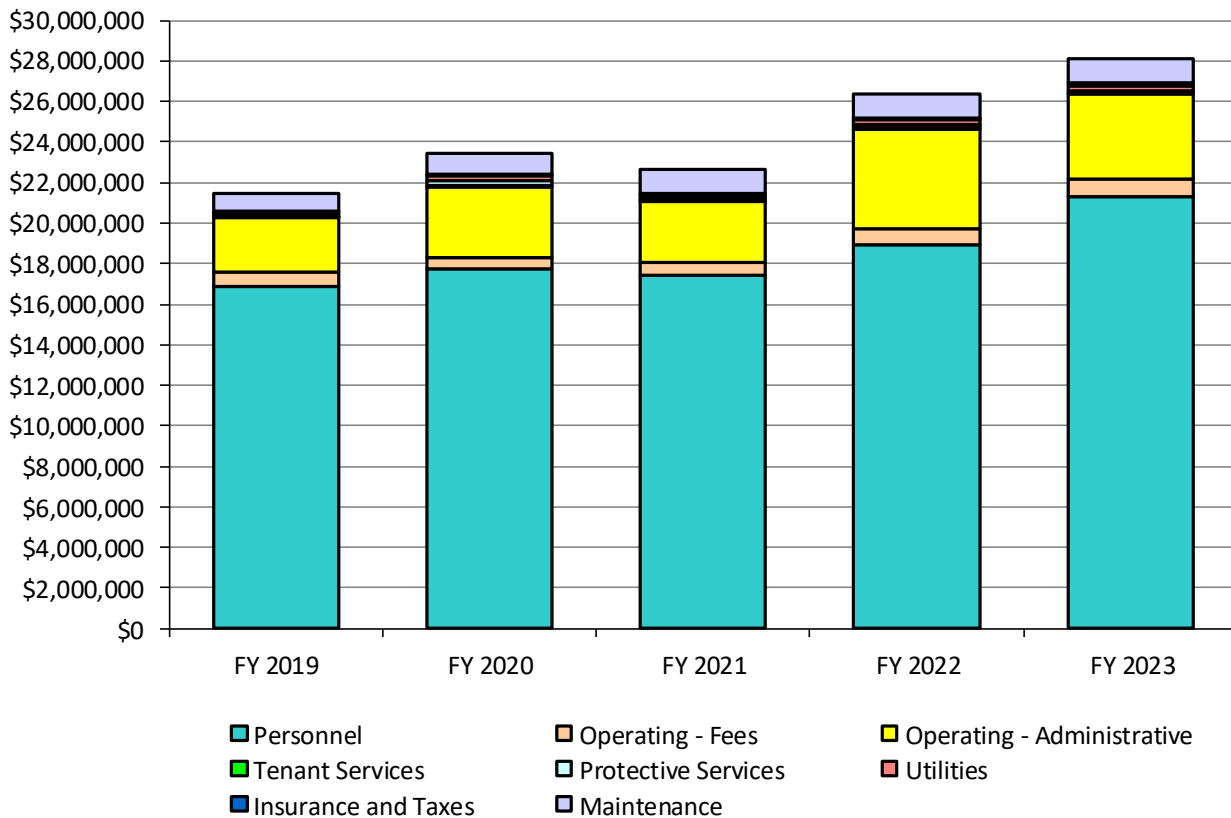
| General Fund | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|----------------------|---------------------|----------------------|----------------------|----------------------|
| | Actual | Actual | Actual | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Tenant Income | \$38,733 | \$217 | \$288 | \$0 | \$0 |
| Non-Dwelling Rental Income | \$154,344 | \$0 | \$88,930 | \$250,000 | \$250,000 |
| Federal Grant | \$0 | \$224,638 | \$138,814 | \$0 | \$0 |
| Management Fees | \$18,843,579 | \$22,743,052 | \$20,987,957 | \$23,076,440 | \$23,362,080 |
| Miscellaneous Income | \$211,095 | \$114,898 | \$267,583 | \$176,530 | \$50,910 |
| TOTAL OPERATING INCOME | \$19,247,751 | \$23,082,805 | \$21,483,572 | \$23,502,970 | \$23,662,990 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$16,835,667 | \$17,723,128 | \$17,444,374 | \$18,949,900 | \$21,303,950 |
| Operating Expenses - Fees | \$771,688 | \$538,609 | \$619,850 | \$797,860 | \$903,360 |
| Operating Expenses - Administrative | \$2,632,509 | \$3,547,508 | \$3,023,247 | \$4,876,560 | \$4,170,130 |
| Tenant Services Expenses | \$47,914 | \$46,929 | \$43,943 | \$197,800 | \$96,340 |
| Protective Services Expenses | \$57,734 | \$252,708 | \$79,463 | \$73,740 | \$79,420 |
| Utilities Expenses | \$180,909 | \$189,312 | \$157,752 | \$238,680 | \$235,970 |
| Insurance and Tax Expenses | \$77,879 | \$78,465 | \$106,810 | \$68,860 | \$166,810 |
| Maintenance Expenses | \$891,469 | \$1,061,095 | \$1,158,478 | \$1,197,920 | \$1,182,840 |
| TOTAL OPERATING EXPENSES | \$21,495,769 | \$23,437,754 | \$22,633,917 | \$26,401,320 | \$28,138,820 |
| NET OPERATING INCOME | (\$2,248,018) | (\$354,949) | (\$1,150,345) | (\$2,898,350) | (\$4,475,830) |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$6,918,735 | \$20,514 | \$80,686 | \$15,000 | \$7,090 |
| FHA Risk Sharing Insurance | \$890,294 | \$1,102,136 | \$1,518,820 | \$891,350 | \$1,076,820 |
| Transfer Between Funds | \$1,627,473 | \$2,049,091 | \$1,307,870 | \$3,373,200 | \$3,070,610 |
| TOTAL NON-OPERATING INCOME | \$9,436,502 | \$3,171,741 | \$2,907,376 | \$4,279,550 | \$4,154,520 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$6,616,878 | \$180,109 | \$103,176 | \$4,600 | \$0 |
| Principal Payment | \$0 | \$0 | \$0 | \$96,000 | \$96,000 |
| Debt Service, Operating and Replacement Reserves | \$200,000 | \$200,000 | \$200,000 | \$1,200,000 | \$700,000 |
| FHA Risk Sharing Insurance | \$890,293 | \$1,102,136 | \$1,502,780 | \$891,350 | \$1,076,820 |
| Transfer Out Between Funds | \$1,035,352 | \$891,322 | \$1,013,199 | \$1,413,100 | \$787,000 |
| TOTAL NON-OPERATING EXPENSES | \$8,742,523 | \$2,373,567 | \$2,819,155 | \$3,605,050 | \$2,659,820 |
| NET NON-OPERATING ADJUSTMENTS | \$693,979 | \$798,174 | \$88,221 | \$674,500 | \$1,494,700 |
| NET CASH FLOW | (\$1,554,039) | \$443,225 | (\$1,062,124) | (\$2,223,850) | (\$2,981,130) |

Operating Income and Operating Expenses—General Fund

Operating Income



Operating Expenses



Public Fund (Grants)—Income Summary

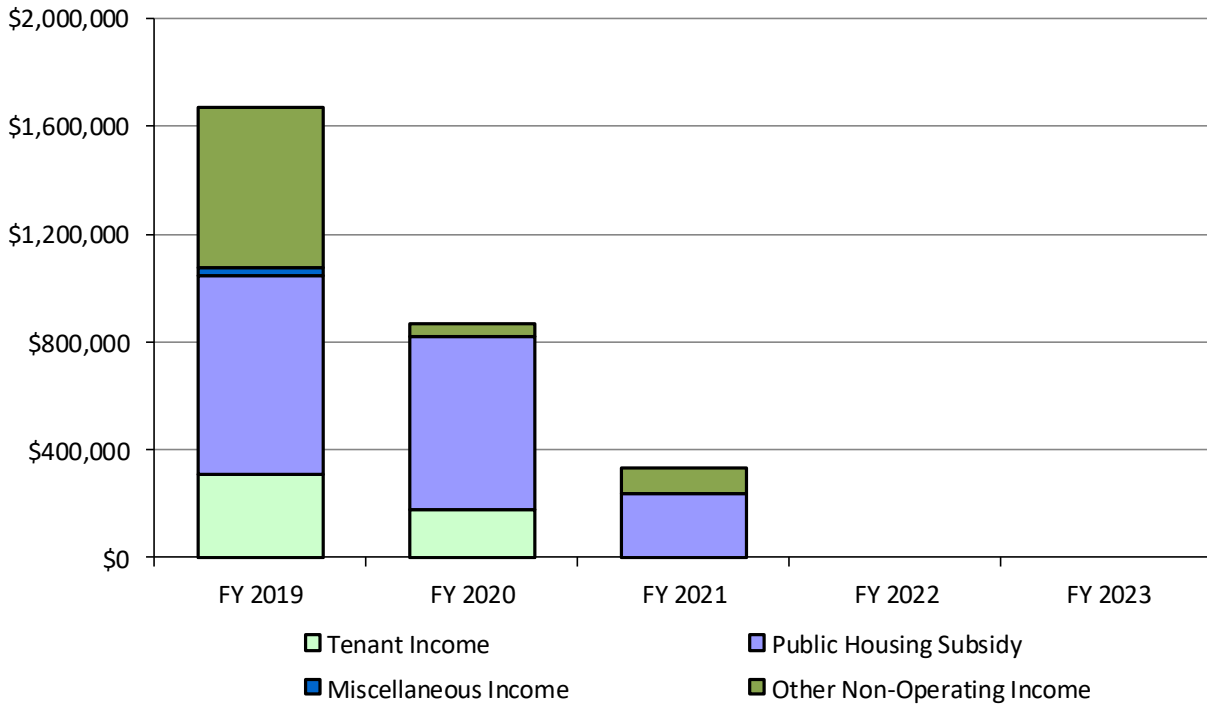
| Public Fund | | | | FY 2022 | FY 2023 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Federal, State and County Grants | FY 2019 | FY 2020 | FY 2021 | Amended | Recommended |
| Income Summary | Actual | Actual | Actual | Budget | Budget |
| Federal Funds | | | | | |
| Comp Grant | \$44,639 | \$136,969 | \$0 | \$0 | \$0 |
| HOC Family Program | \$604,258 | \$625,673 | \$499,950 | \$998,000 | \$998,000 |
| McKinney Grants | \$4,026,204 | \$4,358,121 | \$4,073,133 | \$4,295,200 | \$4,558,500 |
| ROSS Grants | \$360,353 | \$343,978 | \$382,079 | \$392,110 | \$497,710 |
| TOTAL - FEDERAL FUNDS | \$5,035,454 | \$5,464,741 | \$4,955,162 | \$5,685,310 | \$6,054,210 |
| State & County Funds | | | | | |
| County Main Grant | \$6,580,066 | \$6,788,049 | \$6,575,603 | \$6,895,690 | \$7,633,170 |
| County Senior Nutrition | \$43,668 | \$41,584 | \$37,014 | \$57,110 | \$67,580 |
| County Closing Cost Assistance Program | \$177,644 | \$178,356 | \$169,654 | \$175,310 | \$194,830 |
| COVID 19 CDBG | \$0 | \$0 | \$1,302,338 | \$0 | \$0 |
| HOME-Rental Allowance Program | \$15,489 | \$0 | \$0 | \$0 | \$0 |
| Housing Locator | \$85,000 | \$82,623 | \$82,530 | \$87,550 | \$90,180 |
| Maryland Emergency Food Program | \$6,000 | \$8,000 | \$8,000 | \$8,000 | \$8,000 |
| McKinney Grants | \$619,042 | \$823,293 | \$634,586 | \$634,590 | \$651,450 |
| Recordation Tax - Rent Supplemental Program | \$1,779,546 | \$1,650,400 | \$1,555,054 | \$2,118,250 | \$2,181,800 |
| Recordation Tax - Move-up Initiative | \$126,546 | \$121,078 | \$116,633 | \$172,200 | \$177,370 |
| Recordation Tax - Community Choice Homes Initiative | \$213,792 | \$131,833 | \$316,261 | \$699,690 | \$720,680 |
| Recordation Tax - Youth Bridge Initiative | \$95,383 | \$73,926 | \$48,553 | \$86,100 | \$88,680 |
| Recordation Tax - Miscellaneous Programs | \$6,160 | \$0 | \$0 | \$0 | \$0 |
| Service Coordinators - (Old SHRAP) | \$89,375 | \$0 | \$0 | \$0 | \$0 |
| Turnkey | \$24,189 | \$24,915 | \$24,915 | \$24,910 | \$25,650 |
| State RAP and RAP to Work | \$61,472 | \$0 | \$0 | \$0 | \$0 |
| Emergency Assistance | \$170,000 | \$173,268 | \$173,268 | \$174,950 | \$174,950 |
| TOTAL - STATE & COUNTY FUNDS | \$10,093,372 | \$10,097,325 | \$11,044,409 | \$11,134,350 | \$12,014,340 |
| TOTAL PUBLIC FUNDS | \$15,128,826 | \$15,562,066 | \$15,999,571 | \$16,819,660 | \$18,068,550 |

Public Housing Rental—Revenue and Expense Statement

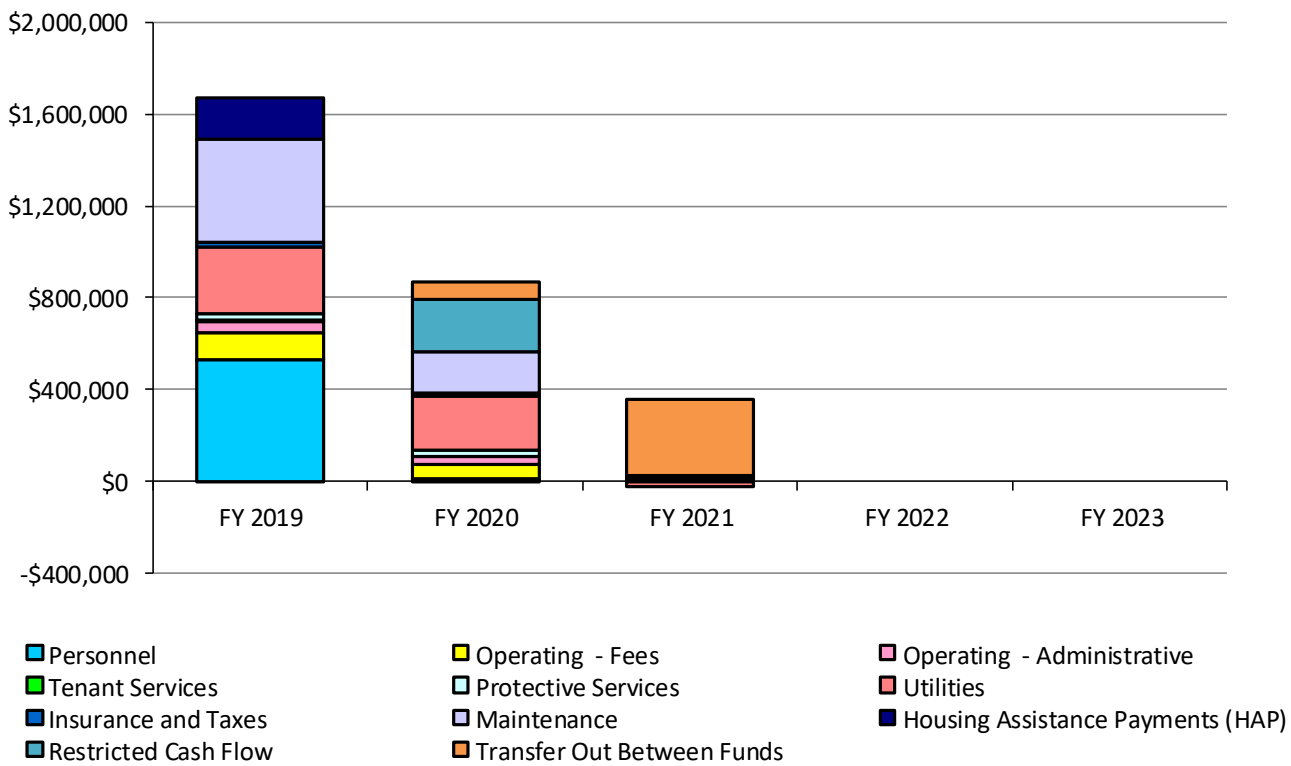
| Public Housing Rental | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--------------------------------------|--------------------|--------------------|--------------------|----------------|--------------------|
| | Actual | Actual | Actual | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Tenant Income | \$310,151 | \$178,365 | \$0 | \$0 | \$0 |
| Public Housing Operating Subsidy | \$736,923 | \$643,709 | \$238,806 | \$0 | \$0 |
| Miscellaneous Income | \$27,264 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING INCOME | \$1,074,338 | \$822,074 | \$238,806 | \$0 | \$0 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$532,633 | \$9,406 | \$0 | \$0 | \$0 |
| Operating Expenses - Fees | \$116,411 | \$67,275 | \$0 | \$0 | \$0 |
| Operating Expenses - Administrative | \$47,932 | \$29,903 | \$10,099 | \$0 | \$0 |
| Tenant Services Expenses | \$4,393 | \$0 | \$0 | \$0 | \$0 |
| Protective Services Expenses | \$27,274 | \$29,752 | \$0 | \$0 | \$0 |
| Utilities Expenses | \$292,113 | \$232,427 | (\$25,969) | \$0 | \$0 |
| Insurance and Tax Expenses | \$22,655 | \$14,276 | \$878 | \$0 | \$0 |
| Maintenance Expenses | \$449,175 | \$179,609 | \$0 | \$0 | \$0 |
| Housing Assistance Payments (HAP) | \$179,061 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$1,671,647 | \$562,648 | (\$14,992) | \$0 | \$0 |
| NET OPERATING INCOME | (\$597,309) | \$259,426 | \$253,798 | \$0 | \$0 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$17,119 | \$20,783 | \$35 | \$0 | \$0 |
| Transfer Between Funds | \$580,190 | \$23,065 | \$94,874 | \$0 | \$0 |
| TOTAL NON-OPERATING INCOME | \$597,309 | \$43,848 | \$94,909 | \$0 | \$0 |
| Non-Operating Expenses | | | | | |
| Restricted Cash Flow | \$0 | \$233,671 | \$15,027 | \$0 | \$0 |
| Transfer Out Between Funds | \$0 | \$69,603 | \$333,680 | \$0 | \$0 |
| TOTAL NON-OPERATING EXPENSES | \$0 | \$303,274 | \$348,707 | \$0 | \$0 |
| NET NON-OPERATING ADJUSTMENTS | \$597,309 | (\$259,426) | (\$253,798) | \$0 | \$0 |
| NET CASH FLOW | \$0 | \$0 | \$0 | \$0 | \$0 |

Total Income and Total Expenses—Public Housing Rental

Total Income



Total Expenses



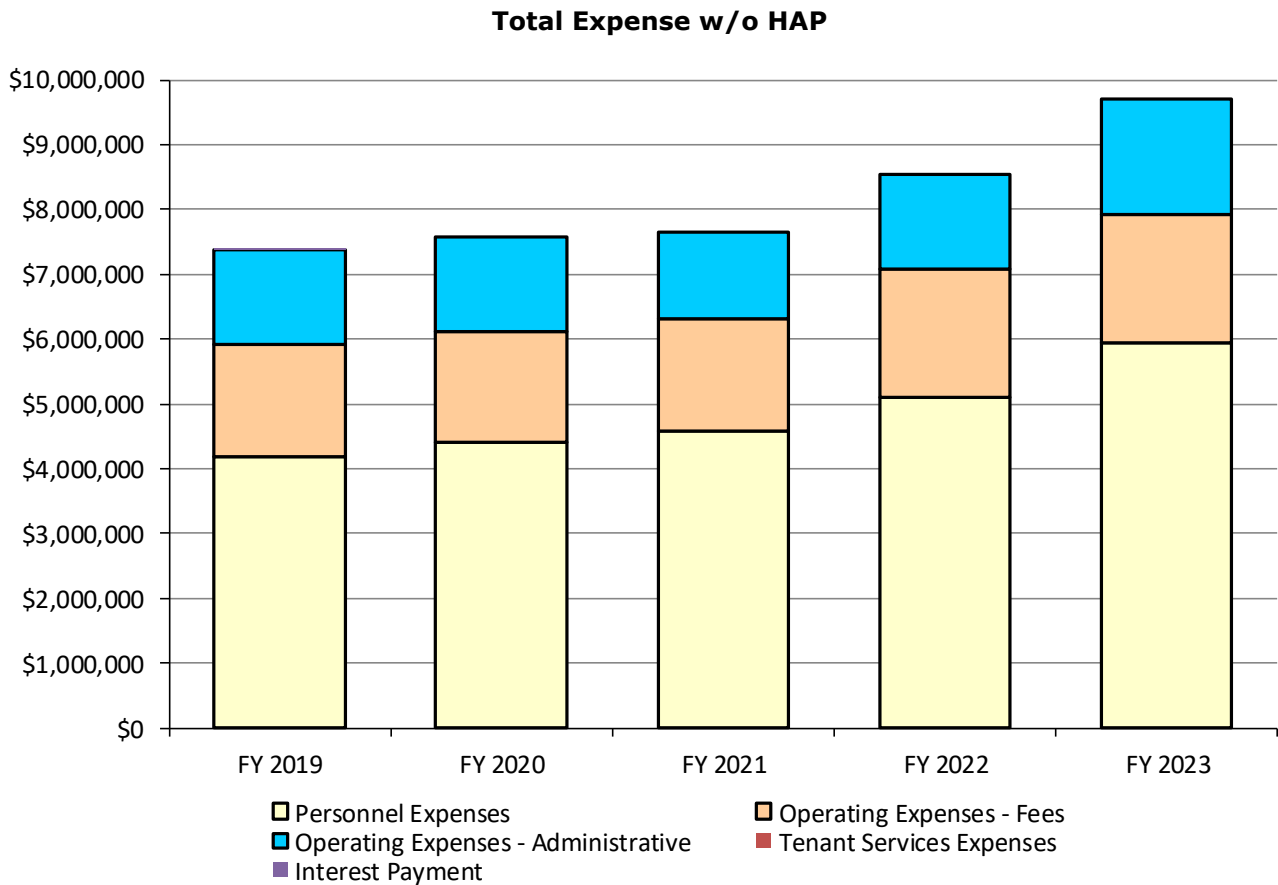
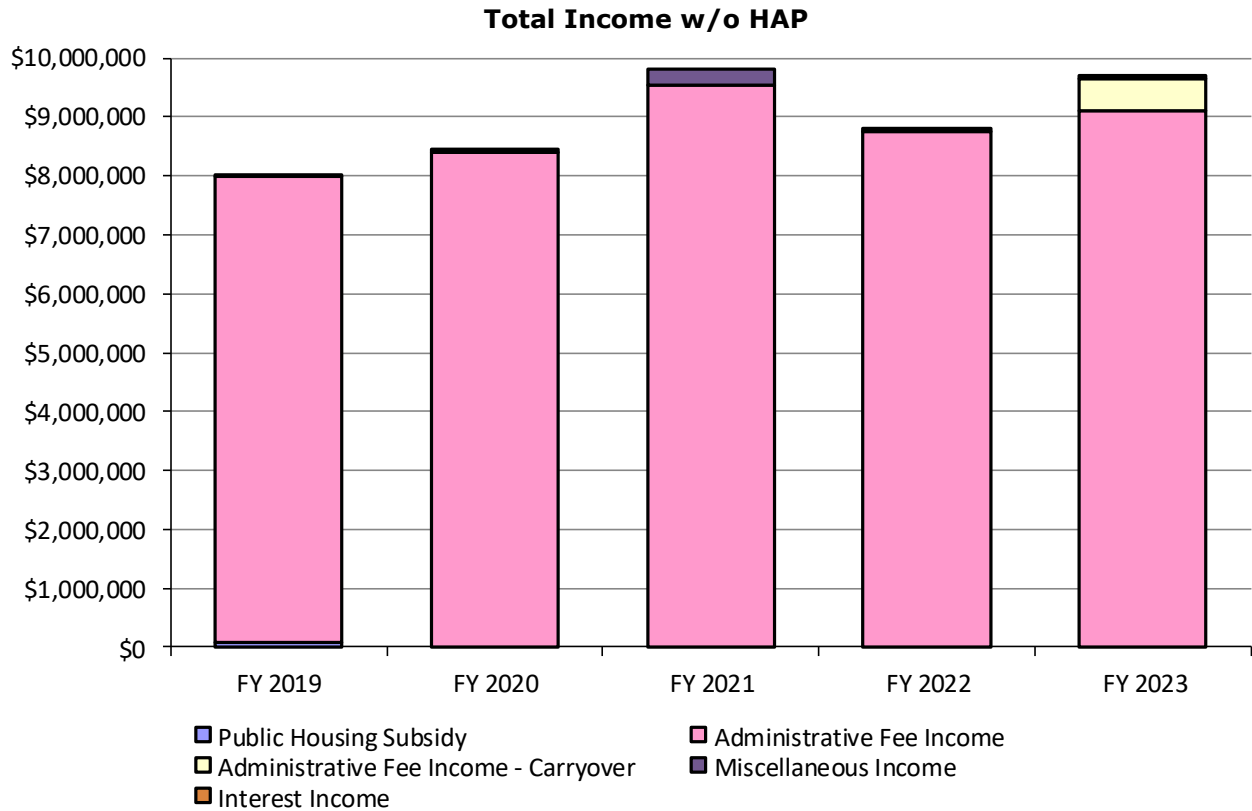
Public Housing Homeownership—Revenue and Expense Statement

| Public Housing Homeownership | | | | FY 2022 | FY 2023 |
|--------------------------------------|--------------------|--------------------|-------------------|------------|-------------|
| | FY 2019 | FY 2020 | FY 2021 | Amended | Recommended |
| | Actual | Actual | Actual | Budget | Budget |
| Operating Income | | | | | |
| Federal Grant | \$65 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING INCOME | \$65 | \$0 | \$0 | \$0 | \$0 |
| Operating Expenses | | | | | |
| Personnel Expenses | (\$7,361) | \$0 | \$0 | \$0 | \$0 |
| Operating Expenses - Fees | \$476 | \$442 | \$390 | \$0 | \$0 |
| Operating Expenses - Administrative | \$17,080 | \$484 | \$169 | \$0 | \$0 |
| Protective Services Expenses | \$0 | \$0 | \$72 | \$0 | \$0 |
| Utilities Expenses | \$9,378 | \$8,815 | \$8,014 | \$0 | \$0 |
| Insurance and Tax Expenses | \$205 | \$214 | \$223 | \$0 | \$0 |
| Maintenance Expenses | \$458,124 | \$103,212 | \$12,188 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$477,902 | \$113,167 | \$21,055 | \$0 | \$0 |
| NET OPERATING INCOME | (\$477,837) | (\$113,167) | (\$21,055) | \$0 | \$0 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$461 | \$1,143 | \$62 | \$0 | \$0 |
| TOTAL NON-OPERATING INCOME | \$461 | \$1,143 | \$62 | \$0 | \$0 |
| NET NON-OPERATING ADJUSTMENTS | \$461 | \$1,143 | \$62 | \$0 | \$0 |
| NET CASH FLOW | (\$477,376) | (\$112,024) | (\$20,993) | \$0 | \$0 |

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

| Housing Choice Voucher Program | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | Actual | Actual | Actual | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Housing Assistance Payments (HAP) | \$97,969,317 | \$102,208,159 | \$102,247,876 | \$109,505,000 | \$109,073,330 |
| Public Housing Subsidy | \$71,276 | \$0 | \$0 | \$0 | \$0 |
| Administrative Fee Income | \$7,913,123 | \$8,399,973 | \$9,542,757 | \$8,749,140 | \$9,111,400 |
| Miscellaneous Income | \$8,843 | \$57,707 | \$258,179 | \$50,000 | \$55,000 |
| TOTAL OPERATING INCOME | \$105,962,559 | \$110,665,839 | \$112,048,812 | \$118,304,140 | \$118,239,730 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$4,192,275 | \$4,404,326 | \$4,571,253 | \$5,109,490 | \$5,946,330 |
| Operating Expenses - Fees | \$1,726,389 | \$1,724,943 | \$1,732,945 | \$1,963,310 | \$1,972,330 |
| Operating Expenses - Administrative | \$1,453,789 | \$1,438,029 | \$1,342,689 | \$1,481,410 | \$1,797,650 |
| Tenant Services Expenses | \$7,072 | \$0 | \$0 | \$0 | \$0 |
| Housing Assistance Payments (HAP) | \$97,373,218 | \$99,213,734 | \$105,640,197 | \$106,615,330 | \$114,174,790 |
| TOTAL OPERATING EXPENSES | \$104,752,743 | \$106,781,032 | \$113,287,084 | \$115,169,540 | \$123,891,100 |
| NET OPERATING INCOME | \$1,209,816 | \$3,884,807 | (\$1,238,272) | \$3,134,600 | (\$5,651,370) |
| Non-Operating Income | | | | | |
| Draw from Housing Assistance Payments (HAP) Reserve | \$0 | \$0 | \$3,423,500 | \$0 | \$5,101,460 |
| Administrative Fee Income - Carryover | \$0 | \$0 | \$0 | \$0 | \$549,910 |
| TOTAL NON-OPERATING INCOME | \$0 | \$0 | \$3,423,500 | \$0 | \$5,651,370 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$19 | \$0 | \$0 | \$0 | \$0 |
| Contribution to HAP Reserve (RNP) | \$596,098 | \$2,994,424 | \$0 | \$2,889,672 | \$0 |
| Contribution to Admin Reserve (UNP) | \$613,699 | \$890,383 | \$2,185,228 | \$244,928 | \$0 |
| TOTAL NON-OPERATING EXPENSES | \$1,209,816 | \$3,884,807 | \$2,185,228 | \$3,134,600 | \$0 |
| NET NON-OPERATING ADJUSTMENTS | (\$1,209,816) | (\$3,884,807) | \$1,238,272 | (\$3,134,600) | \$5,651,370 |
| NET CASH FLOW | \$0 | \$0 | \$0 | \$0 | \$0 |

Total Income and Total Expenses—HCV Program

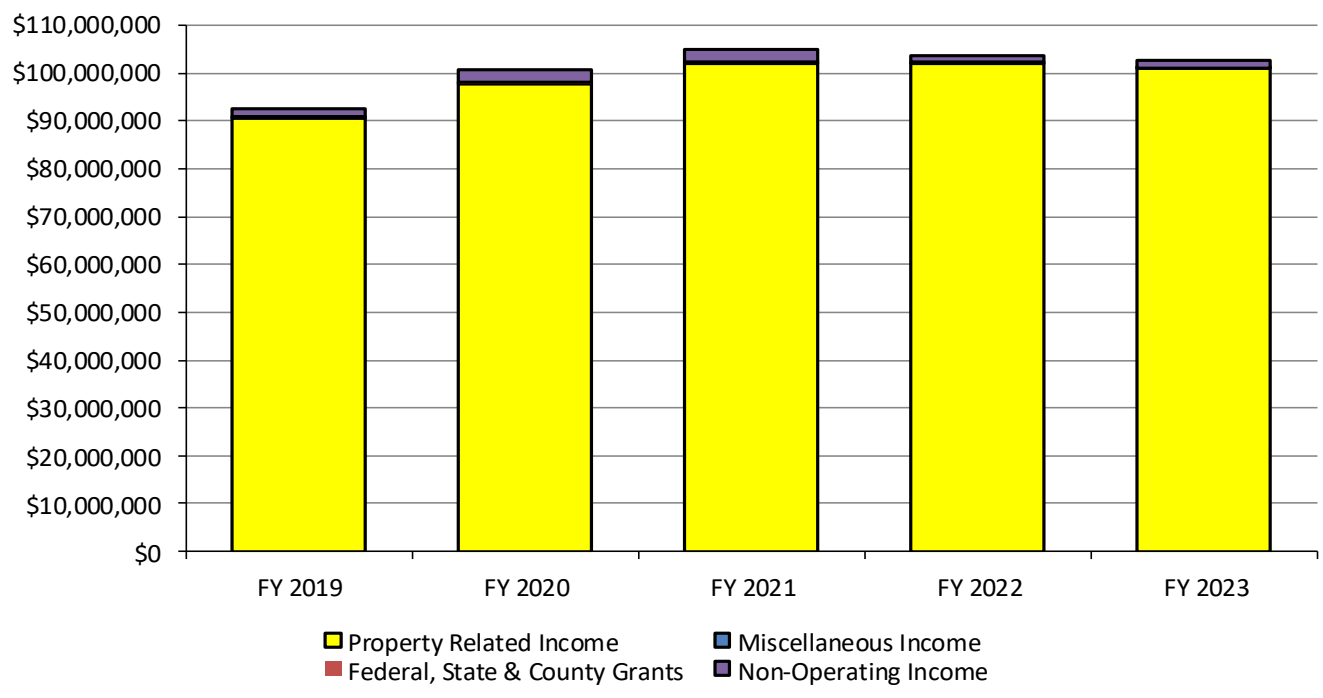


Opportunity Housing Fund and Development Corporations— Revenue and Expense Statement

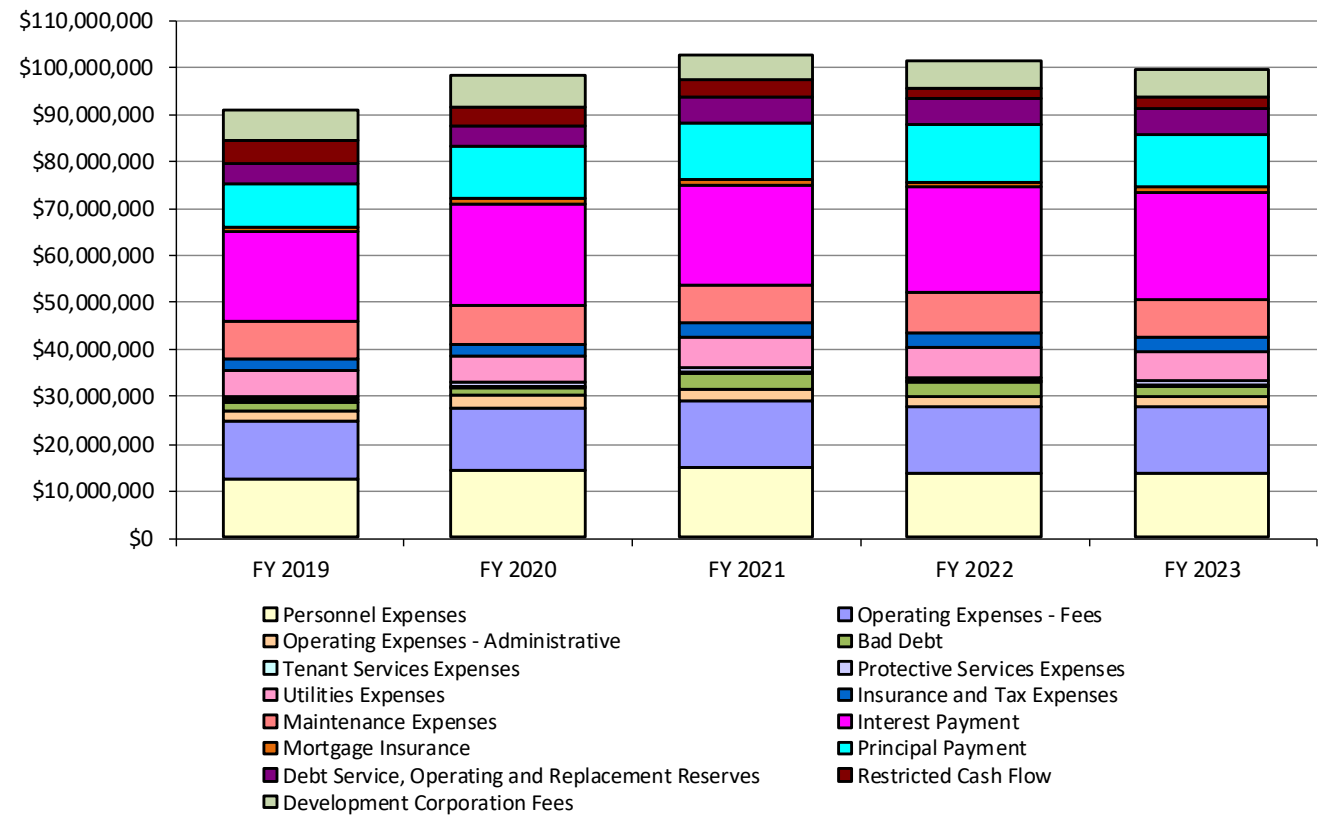
| Opportunity Housing and Development Corporations | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommended Budget |
|---|-----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| Operating Income | | | | | |
| Tenant Income | \$89,725,196 | \$96,642,639 | \$100,296,519 | \$101,110,750 | \$99,972,260 |
| Non-Dwelling Rental Income | \$916,188 | \$992,000 | \$1,572,716 | \$963,010 | \$1,022,060 |
| Federal Grant | \$42,000 | \$49,571 | \$40,645 | \$45,390 | \$45,800 |
| Miscellaneous Income | \$275,689 | \$229,554 | \$300,694 | \$184,590 | \$82,930 |
| TOTAL OPERATING INCOME | \$90,959,073 | \$97,913,764 | \$102,210,574 | \$102,303,740 | \$101,123,050 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$12,482,979 | \$14,151,152 | \$14,810,109 | \$13,754,640 | \$13,770,410 |
| Operating Expenses - Fees | \$12,330,620 | \$13,444,709 | \$14,271,450 | \$13,990,800 | \$13,965,190 |
| Operating Expenses - Administrative | \$2,183,397 | \$2,689,619 | \$2,469,423 | \$2,308,980 | \$2,165,680 |
| Bad Debt | \$1,832,379 | \$1,439,878 | \$3,324,955 | \$2,912,970 | \$2,249,100 |
| Tenant Services Expenses | \$457,584 | \$347,720 | \$268,432 | \$472,870 | \$374,430 |
| Protective Services Expenses | \$704,714 | \$1,087,234 | \$923,967 | \$659,310 | \$817,070 |
| Utilities Expenses | \$5,359,550 | \$5,563,980 | \$6,650,743 | \$6,185,560 | \$6,251,450 |
| Insurance and Tax Expenses | \$2,561,327 | \$2,317,868 | \$2,800,079 | \$3,378,820 | \$2,907,650 |
| Maintenance Expenses | \$8,054,009 | \$8,443,371 | \$8,068,170 | \$8,351,910 | \$8,133,340 |
| TOTAL OPERATING EXPENSES | \$45,966,559 | \$49,485,531 | \$53,587,328 | \$52,015,860 | \$50,634,320 |
| NET OPERATING INCOME | \$44,992,514 | \$48,428,233 | \$48,623,246 | \$50,287,880 | \$50,488,730 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$9,439 | \$13,537 | (\$12,746) | \$0 | \$120 |
| Transfer Between Funds | \$1,572,824 | \$2,715,279 | \$2,810,515 | \$1,409,710 | \$1,399,200 |
| TOTAL NON-OPERATING INCOME | \$1,582,263 | \$2,728,816 | \$2,797,769 | \$1,409,710 | \$1,399,320 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$19,107,600 | \$21,597,743 | \$21,432,131 | \$22,620,490 | \$22,865,060 |
| Mortgage Insurance | \$877,056 | \$1,167,416 | \$1,161,162 | \$1,075,530 | \$1,017,760 |
| Principal Payment | \$9,340,623 | \$11,002,405 | \$11,987,691 | \$12,237,630 | \$11,080,240 |
| Debt Service, Operating and Replacement Reserves | \$4,168,199 | \$4,323,297 | \$5,618,970 | \$5,575,200 | \$5,581,900 |
| Restricted Cash Flow | \$5,017,201 | \$4,061,680 | \$3,573,368 | \$2,194,440 | \$2,623,970 |
| Development Corporation Fees | \$6,338,023 | \$6,668,476 | \$5,343,739 | \$5,770,450 | \$5,737,990 |
| TOTAL NON-OPERATING EXPENSES | \$44,848,702 | \$48,821,017 | \$49,117,061 | \$49,473,740 | \$48,906,920 |
| NET NON-OPERATING ADJUSTMENTS | (\$43,266,439) | (\$46,092,201) | (\$46,319,292) | (\$48,064,030) | (\$47,507,600) |
| NET CASH FLOW | \$1,726,075 | \$2,336,032 | \$2,303,954 | \$2,223,850 | \$2,981,130 |

Total Income and Total Expenses— Opportunity and Development Corporations Portfolio

Total Income



Total Expenses



HOC Owned/Managed Properties—FY 2023 Net Cash Flow Statement

| Opportunity Housing and Development Corps FY 2023 Operating Budget | Total Operating Income | Total Operating Expenses | Net Operating Income | Annual Debt Services | Annual Escrow for RfR | Asset & Loan Management Fees | FY 2023 Projected Cash Flow | Restricted Cash Flow | Development Corporations Fees | FY 2023 Net Cash Flow to HOC |
|---|------------------------|--------------------------|----------------------|----------------------|-----------------------|------------------------------|-----------------------------|----------------------|-------------------------------|------------------------------|
| Alexander House Dev Corp | \$3,860,600 | \$1,449,740 | \$2,410,860 | \$2,375,790 | \$69,310 | \$195,800 | (\$230,040) | \$0 | \$0 | (\$230,040) |
| Avondale Apartments | \$592,200 | \$231,410 | \$360,790 | \$59,460 | \$10,000 | \$54,320 | \$237,010 | \$106,030 | \$0 | \$130,980 |
| Barclay Apartments Dev Corp | \$1,200,360 | \$564,450 | \$635,910 | \$670,880 | \$22,800 | \$81,310 | (\$139,080) | \$0 | \$0 | (\$139,080) |
| Barclay Affordable | \$1,054,300 | \$528,330 | \$525,970 | \$434,350 | \$24,300 | \$0 | \$67,320 | \$0 | \$0 | \$67,320 |
| Bradley Crossing | \$7,228,930 | \$2,667,430 | \$4,561,500 | \$3,029,460 | \$143,180 | \$192,960 | \$1,195,900 | \$0 | \$0 | \$1,195,900 |
| Brooke Park Apartments | \$264,190 | \$83,620 | \$180,570 | \$0 | \$5,950 | \$18,190 | \$156,430 | \$156,430 | \$0 | \$0 |
| Brookside Glen (The Glen) LP | \$1,557,540 | \$817,350 | \$740,190 | \$493,900 | \$73,800 | \$96,290 | \$76,200 | \$76,200 | \$0 | \$0 |
| Camp Hill Square | \$635,120 | \$446,120 | \$189,000 | \$0 | \$15,300 | \$71,480 | \$102,220 | \$0 | \$0 | \$102,220 |
| CDBG Units | \$46,840 | \$31,380 | \$15,460 | \$920 | \$14,540 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Chelsea Towers | \$368,510 | \$221,490 | \$147,020 | \$134,080 | \$8,400 | \$0 | \$4,540 | \$0 | \$0 | \$4,540 |
| Cider Mill Apartments | \$13,542,190 | \$4,836,270 | \$8,705,920 | \$6,762,510 | \$302,400 | \$588,930 | \$1,052,080 | \$1,052,080 | \$0 | \$0 |
| Dale Drive | \$104,540 | \$93,180 | \$11,360 | \$0 | \$7,330 | \$10,700 | (\$6,670) | \$0 | \$0 | (\$6,670) |
| Day Care at 9845 Lost Knife Rd | \$122,920 | \$27,410 | \$95,510 | \$115,400 | \$5,000 | \$0 | (\$24,890) | \$0 | \$0 | (\$24,890) |
| Diamond Square LP | \$1,356,080 | \$704,240 | \$651,840 | \$116,660 | \$145,920 | \$26,810 | \$362,450 | \$362,450 | \$0 | \$0 |
| Elizabeth House Interim RAD | \$587,080 | \$370,450 | \$216,630 | \$0 | \$0 | \$51,530 | \$165,100 | \$0 | \$0 | \$165,100 |
| Fairfax Court | \$285,370 | \$149,680 | \$135,690 | \$22,440 | \$26,820 | \$19,260 | \$67,170 | \$0 | \$0 | \$67,170 |
| Glenmont Crossing Dev Corp | \$1,898,020 | \$634,320 | \$1,263,700 | \$675,970 | \$78,540 | \$103,780 | \$405,410 | \$0 | \$405,410 | \$0 |
| Glenmont Westerly Dev Corp | \$1,649,430 | \$611,120 | \$1,038,310 | \$673,170 | \$69,920 | \$109,130 | \$186,090 | \$67,960 | \$118,130 | \$0 |
| Holiday Park | \$330,520 | \$199,710 | \$130,810 | \$101,560 | \$18,230 | \$0 | \$11,020 | \$0 | \$0 | \$11,020 |
| Jubilee Falling Creek | \$25,590 | \$26,410 | (\$820) | \$0 | \$2,000 | \$0 | (\$2,820) | \$0 | \$0 | (\$2,820) |
| Jubilee Hermitage | \$23,750 | \$37,910 | (\$14,160) | \$0 | \$2,000 | \$0 | (\$16,160) | \$0 | \$0 | (\$16,160) |
| Jubilee Horizon Court | \$26,510 | \$24,700 | \$1,810 | \$0 | \$2,000 | \$0 | (\$190) | \$0 | \$0 | (\$190) |
| Jubilee Woodedge | \$10,460 | \$23,160 | (\$12,700) | \$0 | \$2,000 | \$0 | (\$14,700) | \$0 | \$0 | (\$14,700) |
| King Farm Village Center | \$17,530 | \$13,040 | \$4,490 | \$0 | \$1,200 | \$0 | \$3,290 | \$0 | \$0 | \$3,290 |
| Magruder's Discovery Dev Corp | \$2,734,610 | \$737,500 | \$1,997,110 | \$922,360 | \$43,940 | \$90,050 | \$940,760 | \$0 | \$940,760 | \$0 |
| Manchester Manor Apartments | \$801,710 | \$525,900 | \$275,810 | \$219,840 | \$21,410 | \$62,840 | (\$28,280) | \$0 | \$0 | (\$28,280) |
| McHome | \$424,180 | \$324,870 | \$99,310 | \$0 | \$16,420 | \$0 | \$82,890 | \$0 | \$0 | \$82,890 |
| McKendree | \$189,490 | \$124,580 | \$64,910 | \$0 | \$11,200 | \$0 | \$53,710 | \$0 | \$0 | \$53,710 |
| MetroPointe Dev Corp | \$2,618,920 | \$885,750 | \$1,733,170 | \$1,938,730 | \$30,000 | \$8,680 | (\$244,240) | \$0 | \$0 | (\$244,240) |
| Metropolitan Dev Corp | \$6,266,290 | \$1,979,270 | \$4,287,020 | \$2,289,680 | \$97,200 | \$110,100 | \$1,790,040 | \$681,160 | \$681,160 | \$427,720 |
| Metropolitan Affordable | \$874,960 | \$691,460 | \$183,500 | \$544,300 | \$41,400 | \$25,520 | (\$427,720) | \$0 | \$0 | (\$427,720) |
| MHLP VII | \$446,930 | \$362,840 | \$84,090 | \$5,160 | \$14,000 | \$0 | \$64,930 | \$0 | \$0 | \$64,930 |
| MHLP VIII | \$604,060 | \$484,740 | \$119,320 | \$0 | \$20,000 | \$0 | \$99,320 | \$0 | \$0 | \$99,320 |
| MHLP IX - Pond Ridge | \$445,290 | \$346,130 | \$99,160 | \$240,500 | \$16,000 | \$0 | (\$157,340) | \$0 | \$0 | (\$157,340) |
| MHLP IX - Scattered | \$965,690 | \$625,370 | \$340,320 | \$436,510 | \$30,400 | \$0 | (\$126,590) | \$0 | \$0 | (\$126,590) |
| MHLP X | \$1,156,560 | \$703,910 | \$452,650 | \$464,050 | \$23,000 | \$0 | (\$34,400) | \$0 | \$0 | (\$34,400) |

HOC Owned/Managed Properties—FY 2023 Net Cash Flow Statement (cont.)

| Opportunity Housing and Development Corps FY 2023 Operating Budget | Total Operating Income | Total Operating Expenses | Net Operating Income | Annual Debt Services | Annual Escrow for RfR | Asset & Loan Management Fees | FY 2023 Projected Cash Flow | Restricted Cash Flow | Development Corporations Fees | FY 2023 Net Cash Flow to HOC |
|--|------------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|------------------------------------|--------------------------------------|-------------------------|-------------------------------------|---------------------------------------|
| (cont.) | | | | | | | | | | |
| Montgomery Arms Dev Corp | \$1,996,470 | \$737,640 | \$1,258,830 | \$673,200 | \$46,200 | \$138,020 | \$401,410 | \$0 | \$401,410 | \$0 |
| MPDU 2007 - Phase II | \$86,390 | \$60,220 | \$26,170 | \$0 | \$5,400 | \$0 | \$20,770 | \$0 | \$0 | \$20,770 |
| MPDU I (64) | \$827,560 | \$535,960 | \$291,600 | \$0 | \$27,540 | \$0 | \$264,060 | \$0 | \$0 | \$264,060 |
| MPDU II (59) Dev Corp | \$885,850 | \$453,490 | \$432,360 | \$0 | \$17,700 | \$0 | \$414,660 | \$0 | \$414,660 | \$0 |
| NCI Units | \$182,690 | \$89,730 | \$92,960 | \$0 | \$92,960 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NSP Units | \$98,750 | \$53,060 | \$45,690 | \$0 | \$45,690 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Oaks @ Four Corners Dev Corp | \$1,437,180 | \$814,310 | \$622,870 | \$278,980 | \$171,990 | \$128,390 | \$43,510 | \$43,510 | \$0 | \$0 |
| 617 Olney Sandy Spring Road | \$110 | \$5,940 | (\$5,830) | \$0 | \$1,200 | \$0 | (\$7,030) | \$0 | \$0 | (\$7,030) |
| Paddington Square Dev Corp | \$3,049,390 | \$1,366,390 | \$1,683,000 | \$911,550 | \$52,800 | \$104,470 | \$614,180 | \$0 | \$614,180 | \$0 |
| Paint Branch | \$200,460 | \$135,900 | \$64,560 | \$0 | \$8,400 | \$0 | \$56,160 | \$56,160 | \$0 | \$0 |
| Pooks Hill High-Rise Dev Corp | \$2,959,590 | \$986,080 | \$1,973,510 | \$1,017,390 | \$196,270 | \$247,710 | \$512,140 | \$0 | \$512,140 | \$0 |
| Pooks Hill Mid-Rise | \$905,450 | \$309,230 | \$596,220 | \$298,110 | \$55,860 | \$53,500 | \$188,750 | \$0 | \$0 | \$188,750 |
| RAD 6 - Ken Gar Dev Corp | \$262,720 | \$118,770 | \$143,950 | \$102,670 | \$10,680 | \$18,470 | \$12,130 | \$0 | \$0 | \$12,130 |
| RAD 6 - Parkway Woods Dev Corp | \$333,620 | \$142,500 | \$191,120 | \$116,120 | \$13,490 | \$23,330 | \$38,180 | \$0 | \$0 | \$38,180 |
| RAD 6 - Sandy Spring Meadow Dev Corp | \$693,680 | \$354,690 | \$338,990 | \$259,610 | \$30,910 | \$53,470 | (\$5,000) | \$0 | \$0 | (\$5,000) |
| RAD 6 - Seneca Ridge Dev Corp | \$1,348,490 | \$765,800 | \$582,690 | \$513,740 | \$39,900 | \$69,030 | (\$39,980) | \$0 | \$0 | (\$39,980) |
| RAD 6 - Towne Centre Place Dev Corp | \$556,740 | \$357,450 | \$199,290 | \$174,060 | \$27,540 | \$47,640 | (\$49,950) | \$0 | \$0 | (\$49,950) |
| RAD 6 - Washington Square Dev Corp | \$966,930 | \$524,560 | \$442,370 | \$333,940 | \$28,100 | \$48,610 | \$31,720 | \$0 | \$0 | \$31,720 |
| Scattered Sites One Dev Corp | \$2,725,960 | \$1,833,500 | \$892,460 | \$559,620 | \$114,000 | \$23,000 | \$195,840 | \$0 | \$195,840 | \$0 |
| Scattered Sites Two Dev Corp | \$758,200 | \$478,660 | \$279,540 | \$268,930 | \$74,400 | \$0 | (\$63,790) | \$0 | \$0 | (\$63,790) |
| Sligo MPDU III Dev Corp | \$253,370 | \$283,860 | (\$30,490) | \$0 | \$9,200 | \$0 | (\$39,690) | \$0 | \$0 | (\$39,690) |
| Southbridge | \$475,130 | \$275,400 | \$199,730 | \$125,210 | \$10,800 | \$41,730 | \$21,990 | \$21,990 | \$0 | \$0 |
| State Rental Partnership | \$1,653,230 | \$1,743,020 | (\$89,790) | \$0 | \$87,100 | \$0 | (\$176,890) | \$0 | \$0 | (\$176,890) |
| Strathmore Court | \$3,373,930 | \$1,339,650 | \$2,034,280 | \$1,170,100 | \$161,320 | \$161,560 | \$541,300 | \$0 | \$0 | \$541,300 |
| Strathmore Court Affordable | \$669,790 | \$410,720 | \$259,070 | \$738,180 | \$59,690 | \$0 | (\$538,800) | \$0 | \$0 | (\$538,800) |
| TPP LLC - Pomander Court | \$454,310 | \$263,890 | \$190,420 | \$179,170 | \$11,570 | \$0 | (\$320) | \$0 | \$0 | (\$320) |
| TPP LLC - Timberlawn | \$2,356,170 | \$848,540 | \$1,507,630 | \$798,810 | \$51,590 | \$114,480 | \$542,750 | \$0 | \$0 | \$542,750 |
| VPC One Dev Corp | \$6,633,950 | \$3,209,440 | \$3,424,510 | \$1,481,250 | \$1,027,390 | \$0 | \$915,870 | \$0 | \$915,870 | \$0 |
| VPC Two Dev Corp | \$4,611,780 | \$2,316,720 | \$2,295,060 | \$1,053,960 | \$702,670 | \$0 | \$538,430 | \$0 | \$538,430 | \$0 |
| Westwood Towers | \$4,707,940 | \$2,177,780 | \$2,530,160 | \$902,190 | \$905,630 | \$226,820 | \$495,520 | \$0 | \$0 | \$495,520 |
| Willows of Gaithersburg | \$2,311,470 | \$1,411,510 | \$899,960 | \$278,590 | \$78,000 | \$226,760 | \$316,610 | \$0 | \$0 | \$316,610 |
| TOTAL | \$102,094,570 | \$46,989,650 | \$55,104,920 | \$34,963,060 | \$5,581,900 | \$3,644,670 | \$10,915,290 | \$2,623,970 | \$5,737,990 | \$2,553,330 |
| From reserves planned to fund specific property operating deficits | | | | | | | | | | |
| Dale Drive | | | | | | | \$6,670 | | | \$6,670 |
| MetroPointe Dev Corp | | | | | | | \$244,240 | | | \$244,240 |
| State Rental Partnership | | | | | | | \$176,890 | | | \$176,890 |
| Net Cash Flow - All Properties | | | | | | | \$11,343,090 | | | \$2,981,130 |

Bond Program—Revenue and Expense Statement

| Bond Fund | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | Actual | Actual | Actual | Amended Budget | Recommended Budget |
| Operating Expenses | | | | | |
| Personnel Expenses | \$1,786,842 | \$1,713,034 | \$1,668,969 | \$2,036,790 | \$2,242,690 |
| Operating Expenses - Fees | \$1,134,151 | \$1,099,590 | \$947,430 | \$1,066,240 | \$1,172,170 |
| Operating Expenses - Administrative | \$136,724 | \$176,666 | \$62,078 | \$252,980 | \$277,850 |
| Trustee Fees | \$94,509 | \$95,618 | \$89,364 | \$129,250 | \$145,430 |
| Financial Services | \$366,111 | \$367,503 | \$439,177 | \$264,950 | \$265,540 |
| Cost of Issuance Expense | \$245,142 | \$244,025 | \$0 | \$180,000 | \$180,000 |
| Underwriter Fee Expense | \$0 | \$341,468 | \$236,040 | \$230,000 | \$230,000 |
| Lender Services Fees | \$337,176 | \$67,385 | \$155,777 | \$121,000 | \$121,000 |
| Loan Management Fees | \$263,798 | \$536,298 | \$353,798 | \$353,620 | \$384,630 |
| TOTAL OPERATING EXPENSES | \$4,364,453 | \$4,641,587 | \$3,952,633 | \$4,634,830 | \$5,019,310 |
| NET OPERATING INCOME | (\$4,364,453) | (\$4,641,587) | (\$3,952,633) | (\$4,634,830) | (\$5,019,310) |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$22,788,079 | \$25,869,547 | \$21,985,260 | \$23,467,450 | \$23,547,630 |
| Transfer Between Funds | \$3,044,238 | \$3,098,947 | \$2,886,671 | \$3,230,550 | \$3,546,980 |
| TOTAL NON-OPERATING INCOME | \$25,832,317 | \$28,968,494 | \$24,871,931 | \$26,698,000 | \$27,094,610 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$16,815,941 | \$16,778,456 | \$16,126,958 | \$17,234,660 | \$16,887,630 |
| Mortgage Insurance | \$4,428 | \$1,508 | \$1,092 | \$870 | \$790 |
| Debt Service, Operating and Replacement Reserves | \$4,420,079 | \$7,033,418 | \$4,136,403 | \$4,647,880 | \$4,886,230 |
| Restricted Cash Flow | \$57,281 | \$220,417 | \$216,128 | \$0 | \$0 |
| Miscellaneous Bond Financing Expenses | \$170,135 | \$293,108 | \$438,717 | \$179,760 | \$300,650 |
| TOTAL NON-OPERATING EXPENSES | \$21,467,864 | \$24,326,907 | \$20,919,298 | \$22,063,170 | \$22,075,300 |
| NET NON-OPERATING ADJUSTMENTS | \$4,364,453 | \$4,641,587 | \$3,952,633 | \$4,634,830 | \$5,019,310 |
| NET CASH FLOW | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 2: **OPERATING**

Tab

Division Summaries

Recommended Budget
April 6, 2022

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 2023 | | |
|----------------------------------|----------------------|----------------------|----------------------|
| | Recommended Budget | | |
| | Revenues | Expenses | Net |
| Divisions | | | |
| Executive Division | \$350,000 | \$15,278,690 | (\$14,928,690) |
| Finance Division | \$7,090 | \$6,225,330 | (\$6,218,240) |
| Housing Resources Division | \$124,536,770 | \$123,048,450 | \$1,488,320 |
| Maintenance Division | \$0 | \$695,410 | (\$695,410) |
| Mortgage Finance Division | \$9,425,610 | \$5,039,600 | \$4,386,010 |
| Property Management Division | \$116,382,060 | \$105,211,800 | \$11,170,260 |
| Real Estate Development Division | \$3,636,510 | \$2,693,630 | \$942,880 |
| Resident Services Division | \$17,303,720 | \$16,261,730 | \$1,041,990 |
| SUB-TOTAL | \$271,641,760 | \$274,454,640 | (\$2,812,880) |
| Other Non-Divisions | | | |
| Agency Wide Revenue and Expenses | \$11,695,820 | \$8,882,940 | \$2,812,880 |
| Bond Funds | \$23,547,630 | \$23,547,630 | \$0 |
| TOTAL - ALL FUNDS | \$306,885,210 | \$306,885,210 | \$0 |

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

Performance data is collected by HOC for two primary reasons:

- It is an integral part of our management process.
- Regulatory and funding agencies require periodic reporting of certain indicators as well as financial data.

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

The following programs are in this category:

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

- Housing Choice Voucher Program Administration;
- Family Resource Centers (“FRC”);
- Maintenance;
- Multifamily Bond Issuance;
- Mortgage Purchase Program;
- Real Estate Development;
- Family Self Sufficiency Program (“FSS”); 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 6, 2022

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

- Support the Agency, Divisions, and supervisors in developing strategies to apply existing work rules and make modifications where necessary in response to the continuing effects of the COVID-19 Pandemic and assist in the development of a Return to Work strategy post-COVID.
- Implement and administer new Telework Program and standards.
- Develop recruitment strategies to

assist divisions in efficient, effective and timely recruitment of qualified candidates.

- Acquire, Implement and Develop a new Learning Management System in order to manage the administrative function of employee training.
- 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”).
- Reopen full contract collective bargaining negotiations with MCGEO to ensure standards governing HOC’s represented employees.

Ensure Compliance with EEO, and ADA Regulations

- Provide ongoing training to employees in the following areas:
 - Preventing Workplace Harassment,
 - Family and Medical Leave Act,
 - ADA and Reasonable Accommodations, and
 - Disciplinary Actions and Administrative and negotiated grievance procedures.

Continuous Improvement and Operational Efficiency of HOC

- Determine ways to increase cost effectiveness for 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.

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 where applicable.
- Coordination of staff training in topics such as:
 - New Employee Orientation
 - Ethics

- Aurora online training,
- Business Writing,
- Collective Bargaining Agreement for Supervisors
- Effectively Supervise a Remote Work Team,
- Performance Plan and Review for Supervisors

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 planning.
- 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.

Internal Audit

- Perform an organizational risk assessment to identify and prioritize risks at organizational, program, and department levels.
- Determine internal audit program objectives (in relation to organization, program, compliance, performance goals and obligations) including reporting purpose target audience(s) and level of independence.
- Verify the existence of assets and recommend proper safeguards for their protection.
- Evaluate the adequacy of the system of internal controls.
- Evaluate the adequacy of internal controls over compliance in accordance with applicable program compliance supplements.
- Evaluate the adequacy of internal controls over financial reporting to ensure its accuracy.
- Evaluate compatibility of controls in place with management strategic, operational, and program goals and objectives.
- Recommend improvements in controls.
- Assess compliance with policies and procedures and sound business practices.
- Assess compliance with state and federal laws and contractual obligations.
- Review operations/programs to ascertain whether results are consistent with established objectives, whether the operations/programs are being carried out as planned, and how they compare with established performance measures.
- Investigate reported occurrences of fraud, embezzlement, theft, waste and abuse, etc.

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—

Government Relations Activities

- Develop and pursue a legislative agenda at all levels of government to secure more funding for housing production.
- Strengthen HOC's relationships with government at the local, state and federal levels.
- Collaborate with the Planning Board, County Government and the community on Master Plans and related activities to create current and future opportunities for affordable housing.
- Assure effective involvement of HOC in the planning process, council, state and federal public hearings and civic and neighborhood meetings.
- Expand HOC's advocacy efforts through broader Commission, staff and resident participation.

Public Affairs Activities

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

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

Housing Information Activities

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

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.

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.
- 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 class topics include:
 - Disability Awareness and Sensitivity Training,
 - Diversity & Inclusion Training,
 - Preventing Workplace Harassment,
 - Emergency Preparedness,
 - Ethics Training,
 - Customer Service,
 - Google Essential,
 - Transitioning to Supervisor from Staff,
 - Collective Bargaining Agreement,
 - Performance Plan and Review for Supervisors,
 - Business Writing,
 - Working with Difficult Customers, and
 - Administrative Professionals Conference.

Facilities Management

- Deliver utility savings through energy sustainability. Currently, it is not possible to measure these achievements at HOC given the age and inefficiency at its headquarters and other buildings; however, future energy performance measurements would be possible when the new headquarters building is delivered.
- Beginning in FY2023, 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.

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 has transitioned to a quarterly QC process starting with QCs performed during the month of January 2021. As Compliance receives these QC results, the Department initiates a dialogue with the relevant HOC Divisions and Departments to assist them with resolution and future prevention.

The tables on the following page display a high-level breakdown of the QC results from Fiscal Years 2021 as well as projections for Fiscal Year 2022 and Fiscal Year 2023.

Performance Measurement Results (cont.)

| QC Statistics for FY 2021 (July 1, 2020 – June 30, 2021) | | | | |
|--|--------------------|---------------------|---------------------|------------|
| Division | # of Total Reviews | # of Failed Reviews | # of Passed Reviews | % Passed |
| Housing Resources Division | 423 | 160 | 263 | 62% |
| Property Management ((Third Party File Reviews) | 546 | 232 | 314 | 58% |
| Property Management (HOC Housing Specialists) | 83 | 62 | 21 | 25% |
| Resident Services | 121 | 63 | 58 | 48% |
| Inspection Services | 381 | 80 | 301 | 79% |
| Mortgage Finance | 12 | 0 | 12 | 100% |
| Housing Path Wait List (All Programs)^ | 52 | 31 | 21 | 40% |
| Total | 1,618 | 628 | 990 | 61% |

| QC Projections for FY 2022 (July 1, 2021 – June 30, 2022) | | | | |
|---|--------------------|---------------------|---------------------|------------|
| Division | # of Total Reviews | # of Failed Reviews | # of Passed Reviews | % Passed |
| Housing Resources Division | 163 | 42 | 121 | 74% |
| Property Management ((Third Party File Reviews) * | NA | NA | NA | NA |
| Property Management (HOC Housing Specialists) | 16 | 12 | 4 | 25% |
| Resident Services | 44 | 22 | 22 | 50% |
| Inspection Services | 160 | 48 | 112 | 70% |
| Mortgage Finance ^ | NA | NA | NA | NA |
| Housing Path Wait List (All Programs) | 17 | 9 | 8 | 47% |
| Total | 400 | 133 | 267 | 67% |

* The Compliance Specialists have been exempt from third party property management file reviews since June 2021 due to a Compliance Specialist staffing shortage. Reviews are expected to resume this by FY 2023.

^ Mortgage Finance quality control reviews have been on hold due to staffing shortages. Compliance recently hired a second Management and Compliance Analyst. Reviews are expected to resume by or before FY 2023.

| QC Projections for FY 2023 (July 1, 2022 – June 30, 2023) | | | | |
|---|--------------------|---------------------|---------------------|------------|
| Division | # of Total Reviews | # of Failed Reviews | # of Passed Reviews | % Passed |
| Housing Resources Division | 400 | 120 | 280 | 70% |
| Property Management ((Third Party File Reviews) | 240 | 101 | 139 | 58% |
| Property Management (HOC Housing Specialists) | 80 | 53 | 27 | 34% |
| Resident Services | 120 | 60 | 60 | 50% |
| Inspection Services | 400 | 120 | 280 | 70% |
| Mortgage Finance | 48 | 0 | 48 | 100% |
| Housing Path Wait List (All Programs) | 100 | 53 | 47 | 47% |
| Contractor Background Screening * | 24 | TBD | TBD | TBD |
| Total | 1,412 | 507 | 881 | 62% |

* There is no historical data for Contractor Background Screening reviews.

Housing Information Activities (Formerly Housing Resource Services)

The Housing Resource Services (“HRS”) began operations in December of 1998. Its objective was to respond quickly to information requests regarding HOC programs, and to be an accurate and reliable source of information for affordable

housing in Montgomery County. HRS also served as the ‘switchboard’ for HOC’s headquarters in Kensington. HRS provided referrals to other housing providers when appropriate, particularly for the elderly and the disabled, as well as for those seeking emergency assistance. Trained volunteers assisted the HRS office. HRS also

Performance Measurement Results (cont.)

provided service through community meetings, HOC's website, e-mail, and US Mail. HOC's Office of Legislative and Public Affairs has incorporated HRS' functions into its operations.

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

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

Furthermore, in 2016 the Office of Legislative and Public Affairs stood up and began operating a Call Center for the agency – creating a centralized point of entry through HOC's main telephone line and email address to assist customers and stakeholders seeking information about HOC housing programs and supportive services. Over the ensuing years, the Call Center has played a critical role in tracking and resolving customer issues, as well as gathering and analyzing data about the agency's ability to successfully provide timely resolution.

While some of the previous performance metrics for Housing Information Activities no longer capture the breadth of business objectives currently held by the Office of Legislative and Public Affairs, some of the objectives have been incorporated into the broader set of business objectives adopted by Legislative and Public Affairs, in particular, overarching performance measurements around customer service.

Legislative and Public Affairs is responsible for strengthening HOC's relationship with government

at the local, state and Federal level to support the agency's legislative and policy priorities around affordable housing and supportive services; increasing public awareness of HOC's work and its accomplishments; as well as strengthening community relationships by ensuring accurate and timely access to information by all internal and external customers.

The Office of Legislative and Public Affairs has established the following performance measurements:

- Improve overall external customer service by reducing response times to information inquiries and issues through the development and launch of a new internal Customer Relationship Management (CRM) system that will allow reliable tracking and data on the life cycle of a customer issue throughout all divisions of the agency.
- Improve access to information about HOC housing resources, supportive programming, and application processes so external customers are better equipped to resolve information needs independently by (i) conducting an inventory, reorganization, and a redesign of HOC's website; (ii) increasing use of social media channels to reach customers on new platforms; and (iii) introducing a self-service portal and robust frequently asked questions page to encourage independent resolution of customer issues and questions where possible.
- Broaden government relations efforts to improve the legislative, regulatory, and funding environment and remove barriers to effective resource and service provision by examining laws and regulations at all levels of government, identifying specific barriers to HOC and our customers, and advocate for changes that help HOC achieve its mission and increase access to affordable housing. This includes increased participation in national, state and local policy discussions and organizations to engage and partner on shared issues of interest.

Performance Measurement Results (cont.)

- Expand opportunities for customers and wait list applicants to participate in HOC training and programming by recording and producing sessions and making them available online.
- Increase our presence online, encourage increased engagement with the agency online, and work with our nonprofit affiliate – Housing Opportunities Community Partners – to fundraise for and support programming as well as technological equipment that enables adults and children to continue remote learning and training.
- Increase our presence online, encourage increased engagement with the agency online, and work with our nonprofit affiliate – Housing Opportunities Community Partners – to fundraise for and support programming as well as technological equipment that enables adults and children to continue remote learning and training.

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.

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 2019 | FY 2020 | FY 2021 | FY 2022 Estimate | FY 2023 Projection |
| Number of Closed Help Desk Tickets | 5,667 | 6,117 | 5,278 | 5,496 | 5,500 |

Budget Overview—Executive Division

The total Recommended FY 2023 Budget for the Executive Division is \$15.28 million, which represents an increase of 3.21% over the FY 2022 Budget. Personnel costs comprise 62.23% of the FY 2023 Budget. Operating expenses account for 22.30% in FY 2023. Maintenance and other miscellaneous expenses account for 9.11% in FY 2023. The remaining 6.36% in FY 2023 is

comprised of Reserve for Replacements (“RfR”) contribution expenses for the Information Technology (“IT”) and Facilities, partial funding of the FY 2023 capital budgets for IT and Facilities, 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 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommended Budget |
|--|-----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| Operating Income | | | | | |
| Management Fees | \$15,800 | \$0 | \$560 | \$0 | \$0 |
| Miscellaneous Income | \$186,856 | \$85,755 | \$289,767 | \$250,000 | \$250,000 |
| TOTAL OPERATING INCOME | \$202,656 | \$85,755 | \$290,327 | \$250,000 | \$250,000 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$7,685,894 | \$8,080,552 | \$7,093,079 | \$8,324,980 | \$9,508,160 |
| Operating Expenses - Fees | \$521,060 | \$364,545 | \$479,070 | \$625,280 | \$631,600 |
| Operating Expenses - Administrative | \$2,928,787 | \$3,449,934 | \$2,207,514 | \$2,987,650 | \$2,775,950 |
| Tenant Services Expenses | \$17,260 | \$4,880 | \$1,350 | \$2,350 | \$4,000 |
| Protective Services Expenses | \$40,590 | \$65,051 | \$19,742 | \$51,750 | \$58,420 |
| Utilities Expenses | \$133,080 | \$135,199 | \$107,847 | \$171,190 | \$170,990 |
| Insurance and Tax Expenses | \$28,282 | \$43,787 | \$49,585 | \$58,970 | \$148,080 |
| Maintenance Expenses | \$716,136 | \$864,937 | \$975,416 | \$1,003,670 | \$1,010,490 |
| TOTAL OPERATING EXPENSES | \$12,071,089 | \$13,008,885 | \$10,933,603 | \$13,225,840 | \$14,307,690 |
| NET OPERATING INCOME | (\$11,868,433) | (\$12,923,130) | (\$10,643,276) | (\$12,975,840) | (\$14,057,690) |
| Non-Operating Income | | | | | |
| Transfer Between Funds | \$100,000 | \$517,560 | \$100,000 | \$418,580 | \$100,000 |
| TOTAL NON-OPERATING INCOME | \$100,000 | \$517,560 | \$100,000 | \$418,580 | \$100,000 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$0 | \$100,000 | \$96,000 | \$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 | \$1,005,313 | \$721,004 | \$621,010 | \$1,281,580 | \$675,000 |
| TOTAL NON-OPERATING EXPENSES | \$1,205,313 | \$1,021,004 | \$917,010 | \$1,577,580 | \$971,000 |
| NET NON-OPERATING ADJUSTMENTS | (\$1,105,313) | (\$503,444) | (\$817,010) | (\$1,159,000) | (\$871,000) |
| NET CASH FLOW | (\$12,973,746) | (\$13,426,574) | (\$11,460,286) | (\$14,134,840) | (\$14,928,690) |

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Finance Division

Recommended Budget
April 6, 2022

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 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Goal | FY 2023 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 | Yes | Yes | Yes |
| Number of consecutive years receiving GFOA Certificate of Achievement for Excellence in Financial Reporting | 11 | 12 | 13 | 14 | 15 |

| Budget | | | | | |
|--|----------------|----------------|----------------|--------------|--------------|
| Measurement | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Goal | FY 2023 Goal |
| Number of consecutive years receiving GFOA Best Budget Award | 13 | 14 | 15 | 16 | 17 |

| Procurement | | | | | |
|--|----------------|----------------|----------------|--------------|--------------|
| Measurement | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Goal | FY 2023 Goal |
| Number of Contracts Awarded | 600 | 592 | 561 | 575 | 600 |
| Percent of Dollars issued to Minority/ Female/Disabled-Outreach ("MFD") firms | 6% | 21.35% | 16% | 20% | 20% |
| Number of Purchase Orders ("POs") issued | 11,416 | 10,618 | 11,281 | 11,300 | 11,350 |

Budget Overview—Finance Division

The total Recommended FY 2023 Budget for the Finance Division is \$6.23 million. Personnel costs comprise 93.43% of total operating expenses in

FY 2023. Fees, Administrative expenses, and Interest Payments account for the balance of the budget.

Revenue and Expense Statement

| Finance Division | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 | FY 2023 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | | | | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Miscellaneous Income | \$166 | \$542 | \$384 | \$0 | \$0 |
| TOTAL OPERATING INCOME | \$166 | \$542 | \$384 | \$0 | \$0 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$4,521,850 | \$4,988,882 | \$4,776,605 | \$5,168,740 | \$5,816,430 |
| Operating Expenses - Fees | \$125,562 | \$149,161 | \$145,806 | \$165,670 | \$270,820 |
| Operating Expenses - Administrative | \$140,195 | \$147,520 | \$133,152 | \$167,860 | \$137,580 |
| Tenant Services Expenses | \$800 | \$119 | \$116 | \$500 | \$500 |
| Insurance and Tax Expense | \$0 | (\$1,140) | \$40,497 | \$0 | \$0 |
| Maintenance Expenses | (\$1,006) | \$0 | \$1,948 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$4,787,401 | \$5,284,542 | \$5,098,124 | \$5,502,770 | \$6,225,330 |
| NET OPERATING INCOME | (\$4,787,235) | (\$5,284,000) | (\$5,097,740) | (\$5,502,770) | (\$6,225,330) |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$23,482 | \$20,327 | \$9,771 | \$15,000 | \$7,090 |
| TOTAL NON-OPERATING INCOME | \$23,482 | \$20,327 | \$9,771 | \$15,000 | \$7,090 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$97,126 | \$58,292 | \$2,833 | \$4,600 | \$0 |
| TOTAL NON-OPERATING EXPENSES | \$97,126 | \$58,292 | \$2,833 | \$4,600 | \$0 |
| NET NON-OPERATING ADJUSTMENTS | (\$73,644) | (\$37,965) | \$6,938 | \$10,400 | \$7,090 |
| NET CASH FLOW | (\$4,860,879) | (\$5,321,965) | (\$5,090,802) | (\$5,492,370) | (\$6,218,240) |

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Housing Resources Division

Recommended Budget
April 6, 2022

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 2022 and CY 2023 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 affect the monthly metrics as new variants arise. Additionally, HUD established COVID

waivers to lessen direct customer interaction and streamline operations through December 31, 2021.

We have added four new metrics this year, as we re-evaluate priorities to align with the agency initiatives of getting people housed, keeping people housed and helping them reach their fullest potential. This year we have included the following metrics: percentage of allotted vouchers utilized (98%), reducing the landlord receivable balance by 20%, increasing the FSS enrollment outreach by 120 customers per month, and increasing the FSS enrollment by 10 customers per month until the program baseline is met.

Performance Measurement Results (cont.)

| Area of Focus | Performance Measure | FY2022 YTD | FY 2022 % Goal | FY2023 Projection | FY 2023 % Goal |
|-------------------------------|---|---------------|-------------------|----------------------|-------------------|
| Utilization | Percentage of Allotted Vouchers utilized. | 94% | 95% | NA | 95% |
| Landlord Receivable | Balance reduced by 20%. | 47% | 20% | NA | 20% |
| Annual Recertification | Complete Annual Recertifications at least 30 days prior to the effective date. | 91% | 90% | NA | 90% |
| | 90% of Client files reviewed must have correct calculation of the tenant share and the HAP. | 89% | 90% | NA | 90% |
| Interims | Complete Interim Recertifications within 30 days of Date received. | 71% | 90% | NA | 90% |
| | 90% of Client files reviewed must have correct calculation of the tenant share and the HAP. | 82% | 90% | NA | 90% |
| Rent Increases | Complete Annual Rent Increase requests within 30 days prior to Effective Date. | 77% | 90% | NA | 90% |
| Certifications | Complete Initial certification within 10 days of receipt. | 81% | 90% | NA | 90% |
| | Client files have EIV income reports within 90 days of Initial certification. * | NA | 90% | NA | NA |
| Contracts | How many contracts were generated within 10 days of receipt of the Yardi task. * | NA | 95% | NA | NA |
| FSS | Increase FSS Enrollment Outreach by contacting a minimum of 120 customers per month. | 75% | 100% | NA | 100% |
| | Increase FSS Program enrollment by 10 participants per month until program baseline is met (441). | 99% | 100% | NA | 100% |
| | Percentage of graduating clients with no initial employment with increased earnings of \$25,000 or more. | 100% | 50% | NA | 50% |
| | Percentage of graduating clients with initial employment with increased earnings of \$25,000 or more. | 82% | 50% | NA | 50% |

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. HUD did not issue HOC a SEMAP score for FY 2020 nor FY 2021. The SEMAP score from FY2019 was carried forward. As a result, HOC maintained its high performer designation for the past two years, with a preliminary score of 143 points out of a possible 145 for an overall rating of 99 percent.

Performance Measurement Results (cont.)

| SEMAP Score | | | | | | | | |
|---|-------------------------|-----------------------|-------------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|
| <i>SEMAP Component</i> | Actual Score FY 2020 | Max. Score FY 2020 | Actual Score FY 2021 | Max. Score FY 2021 | Preliminary Score FY 2022 | Max. Score FY 2022 | Preliminary Score FY 2023 | Max. Score FY 2023 |
| Selection from the Waiting List | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | NA | 15.0 |
| Reasonable Rent | 15.0 | 20.0 | 15.0 | 20.0 | 15.0 | 15.0 | NA | 15.0 |
| Adjusted Income Determination | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | NA | 20.0 |
| Utility Allowance Schedule | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | NA | 5.0 |
| HQS Quality Control Inspection | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | NA | 5.0 |
| HQS Enforcement | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | NA | 10.0 |
| Expanding Housing Opportunities | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | NA | 5.0 |
| Fair Market Rent "FMR" Limit and Payment Standard ("PS") | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | NA | 5.0 |
| Annual Re-Examination | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | NA | 10.0 |
| Correct Tenant Rent Calculations | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | NA | 5.0 |
| Pre-Contract Housing Quality Standards ("HQS") Inspections | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | NA | 5.0 |
| Annual HQS Inspections | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | NA | 10.0 |
| Lease-Up | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | NA | 20.0 |
| Family Self-Sufficiency ("FSS") Enrollment with Escrow Accounts | 8.0 | 10.0 | 8.0 | 10.0 | 8.0 | 10.0 | NA | 10.0 |
| Program Subtotal | 138.0 | 145.0 | 138.0 | 145.0 | 138.0 | 145.0 | NA | 145.0 |
| | | | | | | | | |
| <i>De-concentration Bonus *</i> | 5.0 | - | 5.0 | - | 5.0 | - | NA | - |
| Overall | 143.0 | 145.0 | 143.0 | 145.0 | 143.0 | 145.0 | NA | 145.0 |

* 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.

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 34% of the enrolled participants were unemployed when they began FSS. Due to the ongoing pandemic, the number of enrollments increased significantly and we anticipate having 15 graduates for 2022.

| Family Self-Sufficiency Program (“FSS”) | | | | | | | |
|---|---------|---------|---------|---------|---------|--------------------|--------------|
| Measurement | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | Projection FY 2022 | Goal FY 2023 |
| Mandated Participants | 441 | 441 | 441 | 441 | 441 | 441 | 441 |
| Enrolled Participants | 247 | 229 | 244 | 253 | 332 | 380 | 441 |
| Applicants in Enrollment Process | 70 | 89 | 80 | 44 | 59 | 90 | 106 |
| Graduates | 37 | 17 | 13 | 24 | 11 | 15 | 88 |
| % Graduating | 15% | 7% | 5% | 9% | 3% | 4% | 20% |
| % Employed Participants upon Graduation | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| % Employed Participants before Graduation | 77% | 76% | 64% | 79% | 91% | 87% | 52% |
| % of Graduates who completed College, Tech, GED or other training | 92% | 100% | 100% | 100% | 100% | 100% | 100% |
| Participants who withdrew, terminated, or unsuccessful in FSS | 32 | 24 | 49 | 40 | 18 | 32 | 25 |
| Number of Homebuyers | 2 | 2 | 0 | 0 | 3 | 3 | 5 |
| % of Participants with Escrow Accounts | 70% | 55% | 61% | 56% | 62% | 61% | 70% |
| Other Family Members currently Enrolled | 2 | 0 | 0 | 1 | 0 | 0 | 3 |

Budget Overview—Housing Resources Division

Total projected operating expenses in the FY 2023 Recommended Budget for the Housing Resources Division not related to HAP is \$8.73

million; 65.60% of which represent personnel costs. Other expenses account for the remainder of the budget.

Revenue and Expense Statement

| Housing Resources Division | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual | Actual | Actual | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Non-Dwelling Rental Income | \$0 | \$0 | \$206,500 | \$0 | \$0 |
| Federal Grant | \$106,305,226 | \$110,894,437 | \$112,121,033 | \$118,646,250 | \$118,682,440 |
| County Grant | \$657,209 | \$634,216 | \$162,212 | \$100,000 | \$100,000 |
| Miscellaneous Income | \$17,685 | \$115,379 | \$103,358 | \$50,000 | \$55,000 |
| TOTAL OPERATING INCOME | \$106,980,120 | \$111,644,032 | \$112,593,103 | \$118,796,250 | \$118,837,440 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$4,498,405 | \$4,415,557 | \$4,380,792 | \$4,824,850 | \$5,724,240 |
| Operating Expenses - Fees | \$1,803,457 | \$1,805,243 | \$1,795,265 | \$1,963,060 | \$1,972,080 |
| Operating Expenses - Administrative | \$671,816 | \$692,210 | \$1,023,463 | \$703,510 | \$1,012,880 |
| Tenant Services Expenses | \$8,943 | \$3,415 | \$194 | \$17,450 | \$16,500 |
| Housing Assistance Payments (HAP) | \$97,373,218 | \$99,213,734 | \$105,640,197 | \$106,615,330 | \$114,174,790 |
| TOTAL OPERATING EXPENSES | \$104,355,839 | \$106,130,159 | \$112,839,911 | \$114,124,200 | \$122,900,490 |
| NET OPERATING INCOME | \$2,624,281 | \$5,513,873 | (\$246,808) | \$4,672,050 | (\$4,063,050) |
| Non-Operating Income | | | | | |
| Transfer Between Funds | \$16,229 | \$1,270 | \$3,423,500 | \$800 | \$5,699,330 |
| TOTAL NON-OPERATING INCOME | \$16,229 | \$1,270 | \$3,423,500 | \$800 | \$5,699,330 |
| Non-Operating Expenses | | | | | |
| Debt Service, Operating and Replacement Reserves | \$1,209,797 | \$3,884,807 | \$2,185,228 | \$3,134,600 | \$0 |
| Restricted Cash Flow | \$0 | \$0 | \$417 | \$0 | \$0 |
| Transfer Out Between Funds | \$116,229 | \$101,270 | \$100,000 | \$100,800 | \$147,960 |
| TOTAL NON-OPERATING EXPENSES | \$1,326,045 | \$3,986,077 | \$2,285,645 | \$3,235,400 | \$147,960 |
| NET NON-OPERATING ADJUSTMENTS | (\$1,309,816) | (\$3,984,807) | \$1,137,855 | (\$3,234,600) | \$5,551,370 |
| NET CASH FLOW | \$1,314,465 | \$1,529,066 | \$891,047 | \$1,437,450 | \$1,488,320 |

Maintenance Division

Recommended Budget
April 6, 2022

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 3,261 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. Notwithstanding the complications caused by the COVID-19 pandemic and associated protocols put in place to assist in keeping our staff safe, the following is a list of measureable 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 2022 Outcome |
|--|---|---|
| <p>Address emergency work orders within 24 hours.</p> | <p>Complete within an Agency average of 24 hours or less.</p> | <p>For this Fiscal Year, through February 28, 2022, emergency work orders were closed within an average of 26.67 hours. The overage is primarily attributed to challenges associated with staff shortages caused by COVID-19. Throughout this period many staff were quarantined, often several times because they either contracted COVID-19 or came into contact with staff who did.</p> |
| <p>Complete High priority and Regular priority work orders in 3-5 days and less than 15 days, respectively.</p> | <p>High Priority – Complete within an Agency average of 5 – 7 days for all work orders in this priority.</p> <p>Regular Priority – Complete within an Agency average of less than 15 days for all work orders in this priority.</p> | <p>For this Fiscal Year, through February 28, 2022, High and Regular priority work orders were closed within an average of 17 and 32 days, respectively. Overages in these categories are attributed to causes similar to those in the Emergency category and also due to the existing COVID-19 Maintenance Protocols which limit the completion of work orders in these categories in order to reduce COVID-19 exposure. However, with the increase in vaccination rate among maintenance staff, the completion of work orders in these categories is beginning to increase.</p> |
| <p>Complete Preventive Maintenance Inspections for Multifamily buildings and Scattered Sites on rolling schedule throughout the year.</p> | <p>Complete preventive maintenance inspections in 95% of all units.</p> | <p>For this Fiscal Year, Preventive Maintenance Inspections were not performed due to the existing COVID-19 protocols.</p> |

Budget Overview—Maintenance

The total Recommended FY 2023 Budget for the Maintenance Division Administration is \$0.7 million. Personnel costs comprise 84.41% of the budget in

FY 2023. Operating expenses and other miscellaneous expenses account for 15.59% of the budget in FY 2023.

Revenue and Expense Statement

| Maintenance Division | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 | FY 2023 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|
| | | | | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| TOTAL OPERATING INCOME | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$300,223 | \$269,619 | \$510,995 | \$576,860 | \$586,990 |
| Operating Expenses - Fees | \$2,336 | \$4,370 | \$6,725 | \$25,740 | \$34,490 |
| Operating Expenses - Administrative | \$34,234 | \$39,268 | \$19,618 | \$52,010 | \$61,560 |
| Insurance and Tax Expenses | \$3,718 | \$3,332 | \$364 | \$3,950 | \$9,970 |
| Maintenance Expenses | \$152 | \$0 | \$1,027 | \$2,400 | \$2,400 |
| TOTAL OPERATING EXPENSES | \$340,663 | \$316,589 | \$538,729 | \$660,960 | \$695,410 |
| NET OPERATING INCOME | (\$340,663) | (\$316,589) | (\$538,729) | (\$660,960) | (\$695,410) |
| Non-Operating Income | | | | | |
| TOTAL NON-OPERATING INCOME | \$0 | \$0 | \$0 | \$0 | \$0 |
| Non-Operating Expenses | | | | | |
| TOTAL NON-OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET NON-OPERATING ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET CASH FLOW | (\$340,663) | (\$316,589) | (\$538,729) | (\$660,960) | (\$695,410) |

Mortgage Finance Division

Recommended Budget
April 6, 2022

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 advance 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 500 first mortgages by 11 servicers and approximately 500 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.

In FY 2009, the County registered to participate in the State of Maryland (the "State") closing cost assistance program known as "House Keys 4 Employees" ("HK4E"). The State provides matching funds of up to \$3,500, with the County's portion funded from the appropriations to the RCCAP.

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 the same level of funding is anticipated in FY 2023. 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 a homeownership program 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 2019 * | FY 2020 * | FY 2021 * | FY 2022 Projection | FY 2023 Goal |
| Number of Loans | 1 | 5 | 3 | 3 | 4 |
| Total Units | 150 | 790 | 502 | 577 | 756 |
| Total Affordable Units | 135 | 473 | 316 | 557 | 231 |
| % of Affordable Units | 90% | 60% | 63% | 97% | 31% |
| Total Bond Issuance (\$ millions) | \$24.0 | \$185.6 | \$182.7 | \$111.4 | \$270.5 |
| % of Area Median Income Served | 40-80% | 30-80% | 50-60% | 40-60% | 25-60% |

- Includes FFB/FHA Risk Share mortgages.
- 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 2019 | FY 2020 | FY 2021 | FY 2022 Projection | FY 2023 Goal |
| Number of Bond Issues | NA | 1 | 1 | 1 | 1 |
| Total MPP Loans Funded (\$millions) | \$33.1 | \$38.5 | \$28.1 | \$35.0 | \$40.5 |
| # Loans Made (MBS+Bonds) | 152 | 172 | 103 | 130 | 150 |
| Average Loan | \$240,593 | \$256,834 | \$263,533 | \$265,000 | \$270,000 |
| Average Household Income (for average household size of 2) | \$73,469 | \$77,477 | \$77,872 | \$80,000 | \$80,000 |
| % of Area Median Income | 76% | 77% | 75% | 78% | 78% |
| Total of Closing Cost Loans Provided (includes County Closing Cost and 3% Purchase Assistance Loans) | \$2,053,785 | \$2,533,357 | \$1,600,000 | \$2,500,000 | \$2,500,000 |
| Total Closing Cost Provided | 174 | 170 | 110 | 150 | 150 |

Budget Overview—Mortgage Finance

The total Recommended FY 2023 budgeted revenues for the Mortgage Finance Division are \$9.43 million and total expenses in the FY 2023 Budget are \$5.04 million. Personnel costs

comprise 52.3% of the budget in FY 2023. Operating expenses and other miscellaneous expenses account for 26.3% while non-operating expenses account for the remaining 21.4%.

Revenue and Expense Statement

| Mortgage Finance Division | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommended Budget |
|--------------------------------------|----------------------|--------------------|--------------------|------------------------------|----------------------------------|
| Operating Income | | | | | |
| County Grant | \$177,645 | \$178,356 | \$169,654 | \$175,310 | \$194,820 |
| Management Fees | \$2,091,252 | \$3,276,337 | \$3,118,684 | \$4,685,790 | \$4,556,080 |
| Miscellaneous Income | \$23,125 | \$27,378 | \$66,332 | \$51,530 | \$50,910 |
| TOTAL OPERATING INCOME | \$2,292,022 | \$3,482,071 | \$3,354,670 | \$4,912,630 | \$4,801,810 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$2,126,013 | \$2,023,454 | \$1,964,868 | \$2,393,350 | \$2,634,070 |
| Operating Expenses - Fees | \$1,156,471 | \$1,121,610 | \$969,610 | \$1,088,140 | \$1,196,580 |
| Operating Expenses - Administrative | \$63,059 | \$141,569 | \$137,991 | \$126,650 | \$131,340 |
| TOTAL OPERATING EXPENSES | \$3,345,543 | \$3,286,633 | \$3,072,469 | \$3,608,140 | \$3,961,990 |
| NET OPERATING INCOME | (\$1,053,521) | \$195,438 | \$282,201 | \$1,304,490 | \$839,820 |
| Non-Operating Income | | | | | |
| FHA Risk Sharing Insurance | \$890,294 | \$1,102,136 | \$1,518,820 | \$891,350 | \$1,076,820 |
| Investment Interest Income | \$2,830,090 | \$0 | \$5,933 | \$0 | \$0 |
| Transfer Between Funds | \$3,044,238 | \$3,098,995 | \$2,886,671 | \$3,230,550 | \$3,546,980 |
| TOTAL NON-OPERATING INCOME | \$6,764,622 | \$4,201,131 | \$4,411,424 | \$4,121,900 | \$4,623,800 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$2,542,522 | \$0 | \$4,343 | \$0 | \$0 |
| Mortgage Insurance | \$4,428 | \$1,508 | \$1,092 | \$870 | \$790 |
| FHA Risk Sharing Insurance | \$890,294 | \$1,102,136 | \$1,502,780 | \$891,350 | \$1,076,820 |
| Restricted Cash Flow | \$57,281 | \$220,417 | \$216,128 | \$0 | \$0 |
| TOTAL NON-OPERATING EXPENSES | \$3,494,525 | \$1,324,061 | \$1,724,343 | \$892,220 | \$1,077,610 |
| NET NON-OPERATING ADJUSTMENTS | \$3,270,097 | \$2,877,070 | \$2,687,081 | \$3,229,680 | \$3,546,190 |
| NET CASH FLOW | \$2,216,576 | \$3,072,508 | \$2,969,282 | \$4,534,170 | \$4,386,010 |

Property Management Division

Recommended Budget
April 6, 2022

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 2023 HOC will own 8,803 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, 6,272 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) – **10 properties**— Alexander House, The Barclay, The Metropolitan, Pooks Hill High Rise,

Strathmore Court, MetroPointe, Westwood Towers, Paddington Square, Aldon of Chevy Chase, and the Lindley – **2,313 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. Ten HOC properties were inspected in FY 2020 with scores ranging from 74c to 99b, with an average score of 93 and over half of the properties scoring in the 90s.

REAC inspections were on hold for much of 2020 due to the COVID-19 pandemic. REAC inspections resumed in 2021.

| REAC Scores | | |
|---|-------------------------|-------|
| | Date | Score |
| REAC Inspection Scores for FY 2020 | | |
| Spring Garden | 7/2/2019 | 98a |
| Timberlawn Crescent | 9/4/2019 | 89c |
| Shady Grove | 9/17/2019 | 98a |
| Magruder’s Discovery | 9/20/2019 | 98b |
| Georgian Court | 11/4/2019 | 97b |
| Oaks at Four Corners | 11/18/2019 | 99b |
| Brookside Glen LP (The Glen) | 11/19/2019 | 86c |
| Stewartown Homes | 11/26/2019 | 95b |
| Arcola Towers | 1/23/2020 | 87c |
| Tanglewood | 2/6/2020 | 87c |
| REAC Inspection Scores for FY 2021 | | |
| Paint Branch | 7/7/2021 | 95b |
| Scattered Site One Dev Corp | 9/7/2021 | 62c |
| Camp Hill Square | 9/20/2021 | 72c |
| REAC Inspection Scores for FY 2022 | | |
| Cider Mill | 1/26/2022 | 41c |
| Diamond Square | 3/10/2022 | 97b |
| Pond Ridge | Scheduled for 4/20/2022 | |
| The Willows | Scheduled for 4/26/2022 | |
| Timberlawn Crescent | Scheduled for 5/19/2022 | |

Budget Overview—Property Management—Administrative

The Recommended FY 2023 budgeted revenues for Property Management Division Administration are \$13.86 million and total operating expenses are \$4.10 million. Personnel costs comprise 61.95% of

the Operating Budget in FY 2023. Other Operating costs constitute the remainder of the operating budget.

Revenue and Expense Statement

| Property Management Division Administration | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommend- Budget |
|--|----------------------|----------------------|----------------------|------------------------------|---------------------------------|
| Operating Income | | | | | |
| Tenant Income | \$2,202 | \$217 | \$288 | \$0 | \$0 |
| County Grant | \$1,110,834 | \$1,150,213 | \$1,124,772 | \$1,168,860 | \$1,207,070 |
| Management Fees | \$6,078,399 | \$7,235,274 | \$7,987,349 | \$12,864,630 | \$12,652,610 |
| Miscellaneous Income | (\$141) | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING INCOME | \$7,191,294 | \$8,385,704 | \$9,112,409 | \$14,033,490 | \$13,859,680 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$1,497,096 | \$1,389,996 | \$1,923,064 | \$2,113,420 | \$2,540,710 |
| Operating Expenses - Fees | \$50,382 | \$56,912 | \$33,041 | \$32,170 | \$32,610 |
| Operating Expenses - Administrative | \$168,642 | \$238,769 | \$508,434 | \$1,327,170 | \$1,265,580 |
| Tenant Services Expenses | \$208 | \$250 | \$77 | \$0 | \$0 |
| Protective Services Expenses | \$17,143 | \$187,658 | \$59,721 | \$21,980 | \$21,000 |
| Utilities Expenses | \$47,830 | \$54,114 | \$49,904 | \$67,490 | \$64,980 |
| Insurance and Tax Expenses | \$42,451 | \$29,649 | \$15,581 | \$4,950 | \$7,650 |
| Maintenance Expenses | \$176,129 | \$196,158 | \$180,087 | \$190,850 | \$168,950 |
| TOTAL OPERATING EXPENSES | \$1,999,881 | \$2,153,506 | \$2,769,909 | \$3,758,030 | \$4,101,480 |
| NET OPERATING INCOME | \$5,191,413 | \$6,232,198 | \$6,342,500 | \$10,275,460 | \$9,758,200 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$3,941,756 | \$0 | \$0 | \$0 | \$0 |
| TOTAL NON-OPERATING INCOME | \$3,941,756 | \$0 | \$0 | \$0 | \$0 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$3,914,432 | \$0 | \$0 | \$0 | \$0 |
| Debt Service, Operating and Replacement Reserves | \$0 | \$0 | \$0 | \$750,000 | \$250,000 |
| Transfer Out Between Funds | \$1,140,872 | \$1,170,531 | \$1,271,967 | \$1,300,380 | \$1,319,070 |
| TOTAL NON-OPERATING EXPENSES | \$5,055,304 | \$1,170,531 | \$1,271,967 | \$2,050,380 | \$1,569,070 |
| NET NON-OPERATING ADJUSTMENTS | (\$1,113,548) | (\$1,170,531) | (\$1,271,967) | (\$2,050,380) | (\$1,569,070) |
| NET CASH FLOW | \$4,077,865 | \$5,061,667 | \$5,070,533 | \$8,225,080 | \$8,189,130 |

Budget Overview—Property Management— Elderly Properties

The Recommended FY 2023 budgeted revenues for elderly properties are \$2.02 million and total

expenses in the Operating Budget are \$1.36 million. Non-operational expenses are \$0.49 million

Revenue and Expense Statement

| Property Management Division Elderly Properties | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|----------------------|----------------------|----------------------|--------------------|-----------------------|
| | Actual | Actual | Actual | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Tenant Income | \$4,885,594 | \$6,125,527 | \$6,628,887 | \$3,646,650 | \$1,996,750 |
| Non-Dwelling Rental Income | \$0 | \$2,100 | \$8,400 | \$0 | \$13,800 |
| Federal Grant | \$736,923 | \$644,450 | \$238,806 | \$0 | \$0 |
| Management Fees | \$945 | \$747 | \$976 | \$630 | \$250 |
| Miscellaneous Income | \$31,748 | \$44,572 | \$7,697 | \$2,310 | \$300 |
| TOTAL OPERATING INCOME | \$5,655,210 | \$6,817,396 | \$6,884,766 | \$3,649,590 | \$2,011,100 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$1,373,481 | \$1,472,772 | \$1,338,203 | \$955,920 | \$464,000 |
| Operating Expenses - Fees | \$663,584 | \$929,554 | \$839,259 | \$536,740 | \$281,470 |
| Operating Expenses - Administrative | \$163,071 | \$278,916 | \$362,867 | \$125,000 | \$48,320 |
| Bad Debt | \$4,728 | \$16,304 | \$15,934 | \$16,000 | \$6,980 |
| Tenant Services Expenses | \$114,328 | \$70,894 | \$68,067 | \$72,100 | \$66,530 |
| Protective Services Expenses | \$44,853 | \$146,877 | \$30,395 | \$14,580 | \$23,370 |
| Utilities Expenses | \$628,944 | \$734,664 | \$595,560 | \$367,450 | \$220,410 |
| Insurance and Tax Expenses | \$92,943 | \$163,440 | \$194,281 | \$154,850 | \$65,190 |
| Maintenance Expenses | \$782,707 | \$748,879 | \$543,758 | \$311,070 | \$188,410 |
| Housing Assistance Payments (HAP) | \$179,061 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$4,047,700 | \$4,562,300 | \$3,988,324 | \$2,553,710 | \$1,364,680 |
| NET OPERATING INCOME | \$1,607,510 | \$2,255,096 | \$2,896,442 | \$1,095,880 | \$646,420 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$14,410 | \$21,168 | \$1,870 | \$0 | \$0 |
| Transfer Between Funds | \$589,694 | \$359,508 | \$533,940 | \$114,770 | \$13,160 |
| TOTAL NON-OPERATING INCOME | \$604,104 | \$380,676 | \$535,810 | \$114,770 | \$13,160 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$849,887 | \$1,333,598 | \$1,026,640 | \$314,650 | \$58,150 |
| Mortgage Insurance | \$8,360 | \$7,490 | \$6,563 | \$5,570 | \$4,520 |
| Principal Payment | \$467,888 | \$729,176 | \$807,725 | \$452,200 | \$216,300 |
| Debt Service, Operating and Replacement Reserves | \$229,196 | \$257,796 | \$257,796 | \$200,600 | \$172,000 |
| Restricted Cash Flow | \$731,306 | \$412,599 | \$195,526 | \$0 | \$43,510 |
| Transfer Out Between Funds | \$0 | \$69,603 | \$333,680 | \$0 | \$0 |
| TOTAL NON-OPERATING EXPENSES | \$2,286,637 | \$2,810,262 | \$2,627,930 | \$973,020 | \$494,480 |
| NET NON-OPERATING ADJUSTMENTS | (\$1,682,533) | (\$2,429,586) | (\$2,092,120) | (\$858,250) | (\$481,320) |
| NET CASH FLOW | (\$75,023) | (\$174,490) | \$804,322 | \$237,630 | \$165,100 |

Budget Overview—Property Management— Family Properties

The Recommended FY 2023 budgeted revenues for family properties are \$76.20 million and total expenses in the Operating Budget are \$34.54

million. Non-operational expenses are \$39.06 million in FY 2023.

Revenue and Expense Statement

| Property Management Division Family Properties | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommended Budget |
|---|-----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| Operating Income | | | | | |
| Tenant Income | \$62,649,281 | \$67,153,447 | \$70,346,427 | \$73,641,680 | \$74,177,560 |
| Non-Dwelling Rental Income | \$930,374 | \$989,952 | \$1,565,716 | \$963,010 | \$1,008,260 |
| Federal Grant | \$42,065 | \$48,830 | \$40,645 | \$45,400 | \$45,800 |
| Management Fees | \$22,303 | \$4,965 | \$3,791 | \$6,760 | \$5,630 |
| Miscellaneous Income | \$202,512 | \$163,519 | \$274,763 | \$174,880 | \$76,750 |
| TOTAL OPERATING INCOME | \$63,846,535 | \$68,360,713 | \$72,231,342 | \$74,831,730 | \$75,314,000 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$7,706,998 | \$8,566,980 | \$9,581,476 | \$9,240,030 | \$9,328,180 |
| Operating Expenses - Fees | \$5,719,959 | \$6,309,257 | \$6,583,481 | \$6,752,530 | \$6,700,160 |
| Operating Expenses - Administrative | \$1,718,745 | \$2,099,012 | \$1,969,081 | \$1,990,730 | \$1,977,240 |
| Bad Debt | \$1,251,816 | \$1,020,917 | \$2,226,965 | \$1,788,230 | \$1,489,400 |
| Tenant Services Expenses | \$347,369 | \$276,651 | \$200,340 | \$400,770 | \$307,910 |
| Protective Services Expenses | \$687,135 | \$969,959 | \$893,410 | \$644,730 | \$793,690 |
| Utilities Expenses | \$4,755,473 | \$4,817,321 | \$5,819,691 | \$5,597,860 | \$5,755,350 |
| Insurance and Tax Expenses | \$1,430,289 | \$1,173,159 | \$1,529,054 | \$2,018,970 | \$1,780,570 |
| Maintenance Expenses | \$6,659,485 | \$6,424,881 | \$6,040,472 | \$6,431,130 | \$6,408,010 |
| TOTAL OPERATING EXPENSES | \$30,277,269 | \$31,658,137 | \$34,843,970 | \$34,864,980 | \$34,540,510 |
| NET OPERATING INCOME | \$33,569,266 | \$36,702,576 | \$37,387,372 | \$39,966,750 | \$40,773,490 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$15,179 | \$13,803 | (\$14,572) | \$0 | \$120 |
| Transfer Between Funds | \$1,470,854 | \$1,641,075 | \$1,636,715 | \$781,460 | \$882,900 |
| TOTAL NON-OPERATING INCOME | \$1,486,033 | \$1,654,878 | \$1,622,143 | \$781,460 | \$883,020 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$15,707,355 | \$17,442,770 | \$17,779,528 | \$19,878,870 | \$19,276,220 |
| Mortgage Insurance | \$782,556 | \$1,073,042 | \$1,072,729 | \$992,460 | \$943,560 |
| Principal Payment | \$6,734,234 | \$8,257,025 | \$9,157,965 | \$9,194,860 | \$9,633,050 |
| Debt Service, Operating and Replacement Reserves | \$3,006,664 | \$3,170,445 | \$3,079,956 | \$2,989,280 | \$3,008,300 |
| Restricted Cash Flow | \$4,081,584 | \$3,089,027 | \$3,183,852 | \$2,119,120 | \$2,524,300 |
| Miscellaneous Bond Financing Expenses | \$0 | \$69,304 | \$0 | \$0 | \$0 |
| Development Corporation Fees | \$3,507,620 | \$3,414,675 | \$3,406,420 | \$3,786,690 | \$3,673,200 |
| TOTAL NON-OPERATING EXPENSES | \$33,820,013 | \$36,516,288 | \$37,680,450 | \$38,961,280 | \$39,058,630 |
| NET NON-OPERATING ADJUSTMENTS | (\$32,333,980) | (\$34,861,410) | (\$36,058,307) | (\$38,179,820) | (\$38,175,610) |
| NET CASH FLOW | \$1,235,286 | \$1,841,166 | \$1,329,065 | \$1,786,930 | \$2,597,880 |

Budget Overview—Property Management— Scattered Site Properties

The Recommended FY 2023 budgeted revenues for scattered-site properties are \$24.30 million and total expenses in the Operating Budget are \$14.73 million.

Non-operational expenses are \$9.35 million in FY 2023.

Revenue and Expense Statement

| Property Management Division Scattered Site Properties | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommended Budget |
|---|----------------------|----------------------|----------------------|------------------------------|----------------------------------|
| Operating Income | | | | | |
| Tenant Income | \$22,500,472 | \$23,542,031 | \$23,321,205 | \$23,822,420 | \$23,797,960 |
| Non-Dwelling Rental Income | (\$14,187) | (\$52) | (\$1,400) | \$0 | \$0 |
| Management Fees | (\$17) | \$48 | \$108 | \$0 | \$0 |
| Miscellaneous Income | \$45,461 | \$15,702 | \$13,359 | \$0 | \$0 |
| TOTAL OPERATING INCOME | \$22,531,729 | \$23,557,729 | \$23,333,272 | \$23,822,420 | \$23,797,960 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$3,927,772 | \$4,120,806 | \$3,890,428 | \$3,558,700 | \$3,978,230 |
| Operating Expenses - Fees | \$6,063,962 | \$6,273,613 | \$6,849,099 | \$6,701,520 | \$6,983,560 |
| Operating Expenses - Administrative | \$366,593 | \$272,777 | \$147,745 | \$193,260 | \$140,120 |
| Bad Debt | \$575,836 | \$402,657 | \$1,082,056 | \$1,108,740 | \$752,720 |
| Tenant Services Expenses | \$280 | \$175 | \$25 | \$0 | \$0 |
| Protective Services Expenses | \$0 | \$150 | \$233 | \$0 | \$0 |
| Utilities Expenses | \$276,625 | \$253,239 | \$217,537 | \$220,260 | \$275,700 |
| Insurance and Tax Expenses | \$1,060,955 | \$995,758 | \$1,077,844 | \$1,205,000 | \$1,061,880 |
| Maintenance Expenses | \$1,519,114 | \$1,552,430 | \$1,496,129 | \$1,609,700 | \$1,536,920 |
| TOTAL OPERATING EXPENSES | \$13,791,137 | \$13,871,605 | \$14,761,096 | \$14,597,180 | \$14,729,130 |
| NET OPERATING INCOME | \$8,740,592 | \$9,686,124 | \$8,572,176 | \$9,225,240 | \$9,068,830 |
| Non-Operating Income | | | | | |
| Investment Interest Income | (\$2,422) | \$491 | \$54 | \$0 | \$0 |
| Transfer Between Funds | \$569,842 | \$849,786 | \$755,724 | \$513,480 | \$503,140 |
| TOTAL NON-OPERATING INCOME | \$567,420 | \$850,277 | \$755,778 | \$513,480 | \$503,140 |
| Non-Operating Expenses | | | | | |
| Interest Payment | \$2,550,358 | \$2,821,375 | \$2,625,963 | \$2,426,960 | \$3,530,690 |
| Mortgage Insurance | \$86,140 | \$86,884 | \$81,870 | \$77,500 | \$69,680 |
| Principal Payment | \$2,138,501 | \$2,016,204 | \$2,022,000 | \$2,590,580 | \$1,230,880 |
| Debt Service, Operating and Replacement Reserves | \$932,339 | \$895,056 | \$2,281,217 | \$2,385,320 | \$2,401,600 |
| Restricted Cash Flow | \$204,459 | \$793,725 | \$209,018 | \$75,310 | \$56,170 |
| Development Corporation Fees | \$2,830,403 | \$3,253,801 | \$1,937,319 | \$1,983,760 | \$2,064,800 |
| TOTAL NON-OPERATING EXPENSES | \$8,742,200 | \$9,867,045 | \$9,157,387 | \$9,539,430 | \$9,353,820 |
| NET NON-OPERATING ADJUSTMENTS | (\$8,174,780) | (\$9,016,768) | (\$8,401,609) | (\$9,025,950) | (\$8,850,680) |
| NET CASH FLOW | \$565,812 | \$669,356 | \$170,567 | \$199,290 | \$218,150 |

Capital Fund Program—Revenue and Expense Statement

| Property Management Division Capital Fund Program | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 | FY 2023 |
|--|-------------------|-------------------|-------------------|-------------------|-----------------------|
| | | | | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Federal Grant | \$44,639 | \$136,969 | \$0 | \$0 | \$0 |
| TOTAL OPERATING INCOME | \$44,639 | \$136,969 | \$0 | \$0 | \$0 |
| Operating Expenses | | | | | |
| Personnel Expenses | (\$243) | \$0 | \$0 | \$0 | \$0 |
| Operating Expenses - Fees | \$44,639 | \$21,635 | \$0 | \$0 | \$0 |
| Operating Expenses - Administrative | \$5,600 | \$0 | \$0 | \$0 | \$0 |
| Housing Assistance Payments (HAP) | \$16,690 | \$115,334 | \$0 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$66,686 | \$136,969 | \$0 | \$0 | \$0 |
| NET OPERATING INCOME | (\$22,047) | \$0 | \$0 | \$0 | \$0 |
| Non-Operating Income | | | | | |
| Transfer Between Funds | \$21,897 | \$0 | \$0 | \$0 | \$0 |
| TOTAL NON-OPERATING INCOME | \$21,897 | \$0 | \$0 | \$0 | \$0 |
| Non-Operating Expenses | | | | | |
| Transfer Out Between Funds | (\$150) | \$0 | \$0 | \$0 | \$0 |
| TOTAL NON-OPERATING EXPENSES | (\$150) | \$0 | \$0 | \$0 | \$0 |
| NET NON-OPERATING ADJUSTMENTS | \$22,047 | \$0 | \$0 | \$0 | \$0 |
| NET CASH FLOW | \$0 | \$0 | \$0 | \$0 | \$0 |

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Real Estate Development Division

Recommended Budget
April 6, 2022

Mission Statement

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

access to quality housing through stewardship of public resources.

Special points of interest:

Description

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

As HOC's existing portfolio of Opportunity Housing ages, there is an on-going need for modernization and renovation. The Division is providing development services to keep this housing in good condition including identifying new sources of funds, developing renovation scopes of work and engaging consultants to manage the redevelopment process.

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

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.

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 with an emphasis on amenity-rich, larger scale properties that are environmentally and financially stable. Achieving this objective will require existing portfolio analysis for redevelopment opportunities, prospecting for opportunities, building partnerships, and identifying alternative sources of equity.

Program Objectives

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

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 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 (2022) | % Complete | 2023 Projection | 2023 Projection vs. Target |
|--|---------------------------|-------------------------------------|-------------------------|-------------|-----------------|----------------------------|
| Getting People Housed | | | | | | |
| Multifamily | | | | | | |
| New Development – Seniors (Units) | 1,241 | 18% | 1,037 | 84% | 1,192 | 96% |
| New Development – Family (Units) | 1,989 | 30% | 775 | 39% | 1,087 | 55% |
| New Acquisition / Preservation (Units) | 750 | 11% | 2,134 | 285% | 2,284 | 305% |
| Total New Units | 3,980 | 59% | 3,946 | 100% | 4,563 | 114% |
| Keeping People Housed | | | | | | |
| Multifamily | | | | | | |
| Renovation /Preservation of Existing Units | 1,865 | 28% | 1,794 | 96% | 2,472 | 133% |
| Helping Customers Reach Their Fullest Potential | | | | | | |
| Multifamily | | | | | | |
| New Transit Oriented (Units) | 1,691 | 25% | 1,229 | 73% | 1,229 | 73% |

Budget Overview—Real Estate Division

The total Recommended FY 2023 budgeted revenues for the Real Estate Division are \$3.64 million and total expenses are \$2.69 million. Personnel costs comprise 87.74% of the total

operating expenses in FY 2023. Operating and other miscellaneous expenses account for the balance of the budget.

Revenue and Expense Statement

| Real Estate Division | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--------------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Actual | Actual | Amended Budget | Recommended Budget |
| Operating Income | | | | | |
| Management Fees | \$411,540 | \$1,824,352 | \$1,318,272 | \$1,625,380 | \$2,065,600 |
| TOTAL OPERATING INCOME | \$411,540 | \$1,824,352 | \$1,318,272 | \$1,625,380 | \$2,065,600 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$1,925,824 | \$1,936,918 | \$1,803,961 | \$2,239,910 | \$2,363,310 |
| Operating Expenses - Fees | \$2,242 | \$4,306 | \$2,888 | \$4,380 | \$4,020 |
| Operating Expenses - Administrative | \$201,042 | \$161,763 | \$75,732 | \$322,510 | \$324,190 |
| Tenant Services Expenses | \$500 | \$1,085 | \$0 | \$0 | \$0 |
| Insurance and Tax Expenses | \$3,684 | \$2,237 | \$182 | \$990 | \$1,110 |
| Maintenance Expenses | \$0 | \$0 | \$0 | \$1,000 | \$1,000 |
| TOTAL OPERATING EXPENSES | \$2,133,292 | \$2,106,309 | \$1,882,763 | \$2,568,790 | \$2,693,630 |
| NET OPERATING INCOME | (\$1,721,752) | (\$281,957) | (\$564,491) | (\$943,410) | (\$628,030) |
| Non-Operating Income | | | | | |
| Transfer Between Funds | \$1,496,000 | \$1,265,613 | \$1,098,600 | \$1,624,630 | \$1,570,910 |
| TOTAL NON-OPERATING INCOME | \$1,496,000 | \$1,265,613 | \$1,098,600 | \$1,624,630 | \$1,570,910 |
| Non-Operating Expenses | | | | | |
| TOTAL NON-OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET NON-OPERATING ADJUSTMENTS | \$1,496,000 | \$1,265,613 | \$1,098,600 | \$1,624,630 | \$1,570,910 |
| NET CASH FLOW | (\$225,752) | \$983,656 | \$534,109 | \$681,220 | \$942,880 |

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Resident Services Division

Recommended Budget
April 6, 2022

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 including focus groups, surveys and community forums.

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 Waverly House, Elizabeth House, Forest Oak Towers, Bauer Park, Arcola Towers, and Town Center Apartments 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.
- Connect customers to therapeutic services.

Specialty Programs/Services

- **HOC Academy** – Overall, the Academy is able to expand its youth services through new partnerships with Learning Undeafated, 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

Program Objectives

Education and Workforce Development services.

- **Fatherhood Initiative Program** supports fathers in every step along their journey. The program 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 2020 Actuals | FY 2021 Actuals | FY 2022 Projection | FY 2023 Goal |
|--|-----------------|-----------------|--------------------|--------------|
| Housing Stabilization (emergency assistance for rent and utility arrearages) | 283 | 360 | 300 | 325 |
| Youth & Family on-site programming | 1,229 | 536 | 615 | 700 |
| Senior on-site programming | 410 | 564 | 450 | 500 |
| Eviction/Termination prevention and intervention services | 279 | 218 | 250 | 275 |
| Housing Services for the Homeless (Federal) | 239 | 251 | 251 | 251 |
| Housing Assistance (County) | 415 | 266 | 234 | 300 |
| Counseling Services | 3,350 | 3,304 | 2,800 | 3,000 |
| Adult Education, Training & Employment Services | 120 | 271 | 320 | 350 |

Performance Measurement Results (cont.)

| FY 2022 Metrics | | |
|--|---|---------|
| Metric Description | Target/Goal | Actuals |
| Secure and maintain HOC housing for 10 individuals exiting institutions (“MUI”). | 10 Units set-aside 10 persons housed and provided with a subsidy | TBD |
| Secure and maintain HOC housing for 30 non-elderly disabled individuals under the Community Choice Homes Initiative (“CCH”). | 27-Units Set aside 27-Housed | TBD |
| Secure and maintain housing for five individuals who have exited foster care under the Youth Bridge Initiative (“YBI”). | 5 Persons housed/provided rent subsidies | TBD |
| Seventy HOC Academy tuition assistance recipients will complete at least 2 benchmarks toward completion of their workforce and/or education goals. | 70 Adults to achieve 2 Benchmarks | TBD |
| Achieve a high housing retention rate and recertification rates for participants in the McKinney supportive housing program. | 98% Housing Retention 98% Recertification | TBD |
| Increase resident participation in workforce development, youth education, and enrichment programs and services. | 60 Person Increase in Participation | TBD |
| Achieve goals for HOC operated programs at HOC properties/virtual. | 90% | TBD |
| Meet enrollment target for FY 2022 for the Fatherhood Initiative. | 356-Enrollees | TBD |
| Achieve successful outcomes for residents served through general counseling. | 90% of residents will achieve success outcomes | TBD |
| Achieve successful outcomes for residents served through eviction/termination prevention. | 90% of residents will achieve success outcomes | TBD |
| Achieve successful outcomes for residents served through eviction/termination intervention. | 90% of residents will achieve success outcomes | TBD |

Performance Measurement Results (cont.)

| FY 2023 Metrics | | |
|---|---------------|---------|
| Metric Description | Target/Goal * | Actuals |
| Secure and maintain HOC housing for 40 individuals under the Community Choice Homes Initiative (“CCH”). | TBD | TBD |
| Secure and maintain housing for five individuals who have exited foster care under the Youth Bridge Initiative (YBI”). | TBD | TBD |
| Seventy HOC Academy tuition assistance recipients will complete at least two benchmarks toward completion of their workforce and/or education goals | TBD | TBD |
| Achieve a high housing retention rate and recertification rates for participants in the McKinney supportive housing program. | TBD | TBD |
| Increase resident participation in workforce development, youth education, and enrichment programs and services. | TBD | TBD |
| Achieve goals for HOC operated programs at HOC properties/virtual. | TBD | TBD |
| Meet enrollment target for FY 2023 for the Fatherhood Initiative. | TBD | TBD |
| Achieve successful outcomes for residents served through general counseling. | TBD | TBD |
| Achieve successful outcomes for residents served through eviction/termination prevention . | TBD | TBD |
| Achieve successful outcomes for residents served through eviction/termination intervention . | TBD | TBD |

- FY 2023 Metrics will be developed in May 2022.

Budget Overview—Resident Services Division

The total Recommended FY 2023 budgeted revenues for the Resident Services Division are

\$17.30 million. Personnel costs comprise 43.06% of the FY 2023 Recommended operating expenses.

Revenue and Expense Statement

| Resident Services Division | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended Budget | FY 2023 Recommended Budget |
|--------------------------------------|---------------------|----------------------|----------------------|------------------------------|----------------------------------|
| Operating Income | | | | | |
| Tenant Income | \$824,848 | \$881,821 | \$871,502 | \$927,400 | \$820,070 |
| Federal Grant | \$4,630,462 | \$4,983,794 | \$4,569,083 | \$5,293,200 | \$5,556,500 |
| State Grant | \$24,370 | \$0 | \$0 | \$0 | \$0 |
| County Grant | \$8,117,316 | \$8,126,541 | \$9,579,772 | \$9,682,180 | \$10,504,440 |
| Miscellaneous Income | \$7,090 | \$9,409 | \$8,030 | \$133,000 | \$8,000 |
| TOTAL OPERATING INCOME | \$13,604,086 | \$14,001,565 | \$15,028,387 | \$16,035,780 | \$16,889,010 |
| Operating Expenses | | | | | |
| Personnel Expenses | \$5,137,647 | \$4,748,407 | \$4,537,466 | \$6,307,850 | \$6,726,250 |
| Operating Expenses - Fees | \$848,124 | \$790,712 | \$746,835 | \$932,740 | \$995,050 |
| Operating Expenses - Administrative | \$198,628 | \$200,704 | \$423,212 | \$218,920 | \$210,720 |
| Bad Debt | \$121,508 | \$44,877 | \$42,913 | \$40,200 | \$44,480 |
| Tenant Services Expenses | \$5,897,811 | \$5,761,238 | \$6,922,951 | \$7,457,370 | \$7,109,820 |
| Utilities Expenses | \$293,777 | \$286,113 | \$293,912 | \$346,010 | \$366,370 |
| Insurance and Tax Expenses | \$44,451 | \$45,157 | \$3,844 | \$2,970 | \$12,190 |
| Maintenance Expenses | \$121,287 | \$0 | \$402 | \$135,000 | \$155,990 |
| Housing Assistance Payments (HAP) | \$0 | \$0 | \$500 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$12,663,233 | \$11,877,208 | \$12,972,035 | \$15,441,060 | \$15,620,870 |
| NET OPERATING INCOME | \$940,853 | \$2,124,357 | \$2,056,352 | \$594,720 | \$1,268,140 |
| Non-Operating Income | | | | | |
| Investment Interest Income | \$774 | \$0 | \$19 | \$0 | \$0 |
| Transfer Between Funds | \$1,373,272 | \$843,710 | \$1,810,094 | \$387,110 | \$414,710 |
| TOTAL NON-OPERATING INCOME | \$1,374,046 | \$843,710 | \$1,810,113 | \$387,110 | \$414,710 |
| Non-Operating Expenses | | | | | |
| Restricted Cash Flow | \$1,934 | \$0 | \$69,864 | \$9,180 | \$467,690 |
| Transfer Out Between Funds | \$1,670,908 | \$2,202,851 | \$3,198,108 | \$138,600 | \$173,170 |
| TOTAL NON-OPERATING EXPENSES | \$1,672,842 | \$2,202,851 | \$3,267,972 | \$147,780 | \$640,860 |
| NET NON-OPERATING ADJUSTMENTS | (\$298,796) | (\$1,359,141) | (\$1,457,859) | \$239,330 | (\$226,150) |
| NET CASH FLOW | \$642,057 | \$765,216 | \$598,493 | \$834,050 | \$1,041,990 |

Section 3: **CAPITAL**

Tab

Capital Budget

Recommended Budget
April 6, 2022

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 2023 Capital Budget is \$252.9 million.

Capital Budget Summary Overview

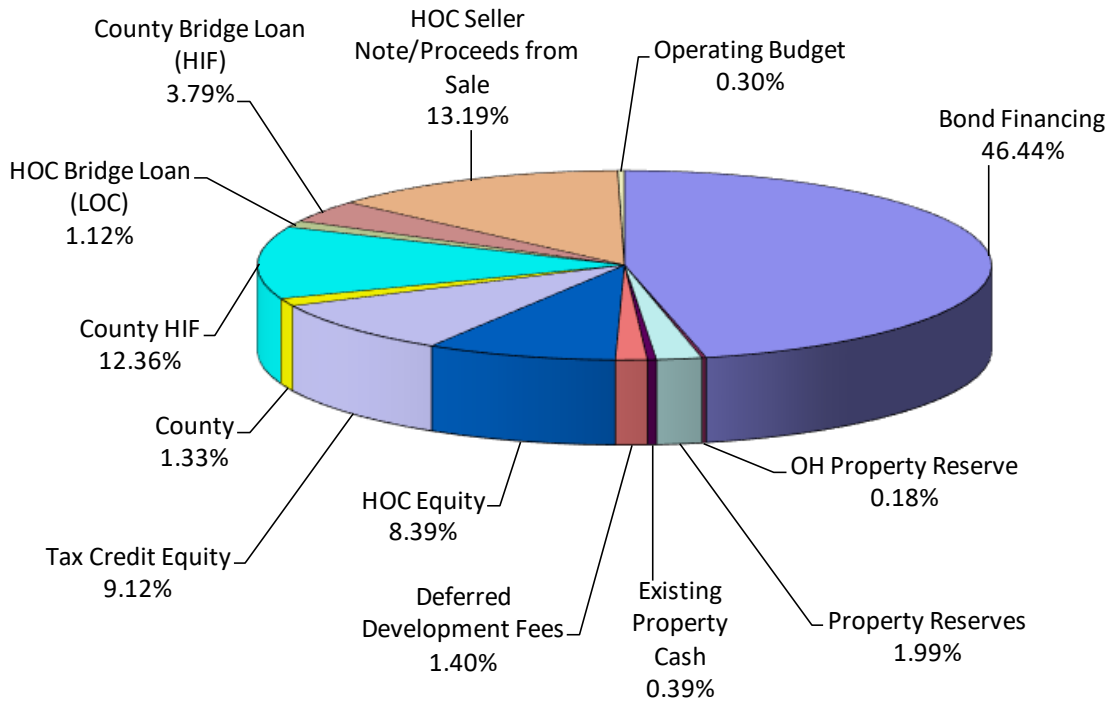
The total Recommended FY 2023 Capital Budget is \$252.9 million. The FY 2023 Capital Budget includes funds to maintain current Information Technology needs, as well as, improvements to the Kensington, 880 Bonifant and East Deer Park Offices. Funds have also been included for capital improvements to HOC's

Opportunity Housing and Development Corporation properties. The total Capital Improvements Budget is \$6.5 million for FY 2023.

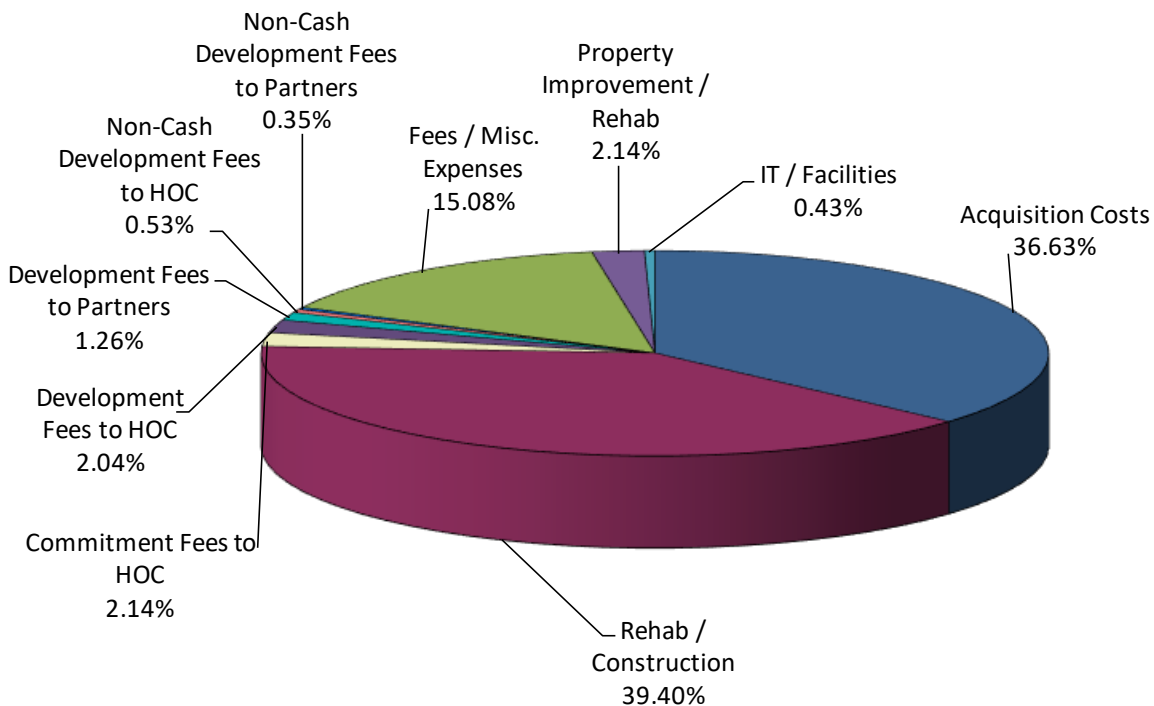
The Capital Development Budget includes funds for the construction, refinancing and/or renovations at twelve properties. The total development budget is \$246.4 million for FY 2023.

| Capital Budget Summary | FY 2023 Recommended Budget |
|---|----------------------------|
| Capital Improvements | |
| East Deer Park | \$112,000 |
| Kensington Office | \$100,000 |
| 880 Bonifant | \$50,000 |
| Information Technology | \$825,000 |
| Opportunity Housing Properties | \$5,408,900 |
| SUBTOTAL | \$6,495,900 |
| Capital Development Projects | |
| Bauer Park Apartments | \$3,257,530 |
| Deeply Affordable Units | \$1,250,000 |
| Elizabeth House III | \$3,653,410 |
| Georgian Court | \$9,963,270 |
| Hillandale Gateway - Senior | \$21,821,700 |
| Hillandale Gateway - Multifamily / Retail | \$43,065,370 |
| Metropolitan | \$108,988,210 |
| Shady Grove | \$11,034,900 |
| Stewartown Homes | \$4,776,680 |
| Upton II (now Residence on The Lane) | \$5,539,200 |
| Westside Shady Grove | \$22,637,380 |
| Willow Manor Resyndication | \$10,400,360 |
| SUBTOTAL | \$246,388,010 |
| TOTAL | \$252,883,910 |

FY 2023—Source of Funds



FY 2023—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 | | FY 2023 | | |
|--------------------------------------|-----------------------------------|--------------------|------------------|----------------------|
| Facilities & IT Department | | Recommended Budget | | |
| | | Revenue Sources | | |
| | | Total Expenses | Operating Budget | Replacement Reserves |
| Facilities | | | | |
| East Deer Park | | \$112,000 | \$112,000 | \$0 |
| Kensington | | \$100,000 | \$0 | \$100,000 |
| 880 Bonifant | | \$50,000 | \$50,000 | \$0 |
| | Subtotal - Facilities | \$262,000 | \$162,000 | \$100,000 |
| Information Technology (“IT”) | | | | |
| Computer Software | | \$480,000 | \$280,000 | \$200,000 |
| Computer Equipment | | \$345,000 | \$345,000 | \$0 |
| | Subtotal - IT Improvements | \$825,000 | \$625,000 | \$200,000 |
| | TOTAL | \$1,087,000 | \$787,000 | \$300,000 |

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 2023
Recommended Budget**

| | Total Expenses | Revenue Sources | | | FY 2023 RfR |
|-------------------------------|----------------|-------------------|------------------------------|------------------------|-------------|
| | | Property Reserves | OH Property Property Reserve | Existing Property Cash | |
| Alexander House Dev Corp | \$42,170 | \$42,170 | \$0 | \$0 | \$0 |
| Avondale Apartments | \$35,270 | \$35,270 | \$0 | \$0 | \$0 |
| Barclay Apartments Dev Corp | \$128,180 | \$128,180 | \$0 | \$0 | \$0 |
| Barclay Affordable | \$89,370 | \$89,370 | \$0 | \$0 | \$0 |
| Bradley Crossing | \$72,240 | \$67,860 | \$0 | \$0 | \$4,380 |
| Brookside Glen (The Glen) LP | \$81,600 | \$81,600 | \$0 | \$0 | \$0 |
| Camp Hill Square | \$10,100 | \$10,100 | \$0 | \$0 | \$0 |
| CDBG-NSP-NCI | \$21,170 | \$19,200 | \$0 | \$0 | \$1,970 |
| Chelsea Towers | \$14,800 | \$14,800 | \$0 | \$0 | \$0 |
| Cider Mill Apartments | \$430,990 | \$430,990 | \$0 | \$0 | \$0 |
| Dale Drive | \$33,870 | \$33,870 | \$0 | \$0 | \$0 |
| Diamond Square LP | \$107,530 | \$107,530 | \$0 | \$0 | \$0 |
| Fairfax Court | \$40,200 | \$40,200 | \$0 | \$0 | \$0 |
| Glenmont Crossing Dev Corp | \$88,800 | \$88,800 | \$0 | \$0 | \$0 |
| Glenmont Westerly Dev Corp | \$134,040 | \$134,040 | \$0 | \$0 | \$0 |
| Holiday Park | \$22,140 | \$20,040 | \$0 | \$0 | \$2,100 |
| Jubilee Falling Creek | \$7,800 | \$0 | \$5,800 | \$0 | \$2,000 |
| Jubilee Hermitage | \$12,500 | \$7,320 | \$3,180 | \$0 | \$2,000 |
| Jubilee Horizon Court | \$10,080 | \$0 | \$8,080 | \$0 | \$2,000 |
| Jubilee Woodedge | \$6,480 | \$6,480 | \$0 | \$0 | \$0 |
| King Farm Village Center | \$240 | \$240 | \$0 | \$0 | \$0 |
| Magruder's Discovery Dev Corp | \$102,110 | \$102,110 | \$0 | \$0 | \$0 |
| Manchester Manor Apartments | \$40,370 | \$0 | \$18,960 | \$0 | \$21,410 |
| McHome | \$44,640 | \$44,640 | \$0 | \$0 | \$0 |
| McKendree | \$25,580 | \$2,590 | \$11,790 | \$0 | \$11,200 |
| MetroPointe Dev Corp | \$99,910 | \$0 | \$69,910 | \$0 | \$30,000 |
| Metropolitan Dev Corp | \$89,740 | \$89,740 | \$0 | \$0 | \$0 |
| Metropolitan Affordable | \$6,690 | \$6,690 | \$0 | \$0 | \$0 |

Capital Improvement Budget—Opportunity Housing Properties (cont.)

Capital Improvements Budget
Opportunity Housing, LLC &
Development Corporations

FY 2023
Recommended Budget

| | Revenue Sources | | | | |
|--------------------------------------|--------------------|--------------------|------------------------------|------------------------|------------------|
| | Total Expenses | Property Reserves | OH Property Property Reserve | Existing Property Cash | FY 2023 RfR |
| (cont.) | | | | | |
| MHLP VII | \$47,730 | \$10,460 | \$23,270 | \$0 | \$14,000 |
| MHLP VIII | \$48,840 | \$41,310 | \$0 | \$0 | \$7,530 |
| MHLP IX - Pond Ridge | \$63,900 | \$53,130 | \$0 | \$0 | \$10,770 |
| MHLP IX - Scattered | \$90,190 | \$0 | \$59,790 | \$0 | \$30,400 |
| MHLP X | \$98,160 | \$0 | \$75,150 | \$0 | \$23,010 |
| Montgomery Arms Dev Corp | \$82,830 | \$82,830 | \$0 | \$0 | \$0 |
| MPDU 2007 - Phase II | \$7,150 | \$3,680 | \$0 | \$0 | \$3,470 |
| MPDU I (64) | \$59,760 | \$59,760 | \$0 | \$0 | \$0 |
| MPDU II (59) Dev Corp | \$77,400 | \$0 | \$59,700 | \$0 | \$17,700 |
| Oaks @ Four Corners Dev Corp | \$169,740 | \$169,740 | \$0 | \$0 | \$0 |
| Paddington Square Dev Corp | \$115,500 | \$115,500 | \$0 | \$0 | \$0 |
| Paint Branch | \$16,400 | \$3,510 | \$4,490 | \$0 | \$8,400 |
| Pooks Hill High-Rise Dev Corp | \$363,430 | \$363,430 | \$0 | \$0 | \$0 |
| Pooks Hill Mid-Rise | \$47,020 | \$47,020 | \$0 | \$0 | \$0 |
| RAD 6 - Ken Gar Dev Corp | \$20,770 | \$20,770 | \$0 | \$0 | \$0 |
| RAD 6 - Parkway Woods Dev Corp | \$4,000 | \$4,000 | \$0 | \$0 | \$0 |
| RAD 6 - Sandy Spring Meadow Dev Corp | \$14,200 | \$14,200 | \$0 | \$0 | \$0 |
| RAD 6 - Seneca Ridge Dev Corp | \$38,800 | \$38,800 | \$0 | \$0 | \$0 |
| RAD 6 - Towne Center Place Dev Corp | \$30,560 | \$30,560 | \$0 | \$0 | \$0 |
| RAD 6 - Washington Square Dev Corp | \$55,300 | \$55,300 | \$0 | \$0 | \$0 |
| Scattered Site One Dev Corp | \$180,240 | \$180,240 | \$0 | \$0 | \$0 |
| Scattered Site Two Dev Corp | \$45,000 | \$45,000 | \$0 | \$0 | \$0 |
| Sligo MPDU III Dev Corp | \$28,180 | \$20,670 | \$0 | \$0 | \$7,510 |
| Southbridge | \$22,900 | \$22,900 | \$0 | \$0 | \$0 |
| State Rental Partnership | \$236,640 | \$236,640 | \$0 | \$0 | \$0 |
| Strathmore Court | \$382,760 | \$80,600 | \$140,840 | \$0 | \$161,320 |
| Strathmore Court Affordable | \$125,540 | \$125,540 | \$0 | \$0 | \$0 |
| TPP LLC - Pomander Court | \$21,950 | \$21,950 | \$0 | \$0 | \$0 |
| TPP LLC - Timberlawn | \$172,250 | \$172,250 | \$0 | \$0 | \$0 |
| VPC One Dev Corp | \$222,100 | \$222,100 | \$0 | \$0 | \$0 |
| VPC Two Dev Corp | \$184,150 | \$184,150 | \$0 | \$0 | \$0 |
| Westwood Tower | \$296,000 | \$296,000 | \$0 | \$0 | \$0 |
| Willows of Gaithersburg | \$240,900 | \$240,900 | \$0 | \$0 | \$0 |
| TOTAL | \$5,408,900 | \$4,566,770 | \$480,960 | \$0 | \$361,170 |

Capital Development Budget

The Capital Development Budget contains the estimated expenses for constructing and/or acquiring additional housing stock. In accordance with the budget policy, the Commission authorizes only preliminary expenses for each property until a formal plan is approved. Therefore, the budgets included here for properties still in the planning phase are not final. The majority of funding for these properties comes from property specific housing revenue bonds. Debt service is shown in the operating budgets for each property in the form of mortgage payments. The Agency secures subsidies from Federal, State and County governments, which, combined with discretionary Opportunity Housing Reserve Funds (“OHRF”), are used to cover operating deficits resulting from below-market rents. All new

developments will have mixed income populations. The percentage of subsidized units and the level of incomes that can be served depends on available subsidies.

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 2023 Capital Development Budget anticipates development and/or renovations of the following properties: Deeply Affordable Units, Elizabeth House III, Georgian Court, Hillandale Gateway (Seniors and Multifamily/Retail), The Metropolitan, Shady Grove Apartments, Stewartown Homes, Westside Shady Grove, 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 renovations at the property in early FY 2021 to extend its useful life for at least another 36 years. The renovation includes the replacement of windows, interior and exterior doors, upgrade to a highly energy efficient, 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.

The planned level of investment in the property is

Capital Development Projects (cont.)

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 2021 | Estimated FY 2022 | FY 2023 |
|---|---------------------|---------------------|---------------------|--------------------|
| Acquisition Costs | \$17,020,800 | \$16,700,000 | \$0 | \$320,800 |
| Rehab / Construction | \$18,276,090 | \$10,477,560 | \$7,798,530 | \$0 |
| Commitment Fees to HOC | \$513,300 | \$513,300 | \$0 | \$0 |
| Development Fees to HOC (60%) | \$2,357,300 | \$707,190 | \$0 | \$1,650,110 |
| Development Fees to Victory Housing (40%) | \$1,571,540 | \$471,460 | \$0 | \$1,100,080 |
| Fees / Misc. Expenses | \$4,707,870 | \$1,652,070 | \$2,869,260 | \$186,540 |
| Total | \$44,446,900 | \$30,521,580 | \$10,667,790 | \$3,257,530 |

Funding Schedule

| Funding Source | Total | Through FY 2021 | Estimated FY 2022 | FY 2023 |
|---------------------------|---------------------|---------------------|---------------------|--------------------|
| Bond Financing | \$25,665,000 | \$19,834,980 | \$5,830,020 | \$0 |
| Tax Credit Equity | \$10,114,000 | \$3,573,910 | \$4,837,770 | \$1,702,320 |
| 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 | \$0 | \$320,800 |
| Deferred Development Fees | \$1,234,410 | \$0 | \$0 | \$1,234,410 |
| Total | \$44,446,900 | \$30,521,580 | \$10,667,790 | \$3,257,530 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2020 | CY2021 | CY 2023 | CY 2024 | CY 2025 | CY 2026 |
|------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operating Income | \$3,955,560 | \$207,280 | \$196,600 | \$848,980 | \$874,520 | \$900,680 | \$927,500 |
| Operating Expenses | (\$1,326,850) | (\$392,590) | (\$404,370) | (\$126,660) | (\$130,460) | (\$134,370) | (\$138,400) |
| Non-Operating Expenses | (\$5,009,610) | \$22,750 | \$21,200 | (\$1,261,120) | (\$1,262,600) | (\$1,264,130) | (\$1,265,710) |
| Total | (\$2,380,900) | (\$162,560) | (\$186,570) | (\$538,800) | (\$518,540) | (\$497,820) | (\$476,610) |

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, there are limited partnerships that 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 \$75,000. Continued funding at the \$1.25 million level will support an additional 15-20 units per year for FY’23-28.

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 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Rehab / Construction | \$7,500,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 |
| Total | \$7,500,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 |

Funding Schedule

| Funding Source | Total | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| County CIP | \$7,500,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 |
| Total | \$7,500,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$1,250,000 |

Elizabeth House III

Elizabeth House III will be the replacement building for the existing Elizabeth House and will be located on the site of the former Fenwick Professional Office Park. Elizabeth House III will house a mixed-income senior population and will have a

combination of affordable and market rate units. The building has been designed to be 16 stories and include a Senior Wellness Center run by Holy Cross Hospital and the South County Regional Recreational and Aquatic Center (“SCRRAC”).

The site is located between Fenwick Lane and Apple

Capital Development Projects (cont.)

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.

Elizabeth House III will also include relocation of residents from 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 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 and include a 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 Maryland National Capital Parks and Planning Commission unanimously approved the detail site plan on December 7, 2017.

The plan approved a proposed mixed-use project consisting of three buildings: the new Elizabeth House III building (senior housing), the new Elizabeth House IV building (multifamily), and the renovated Alexander House (completed in 2019). Elizabeth House III 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 below and on the next page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

Elizabeth House III

Expenditure Schedule

| Cost Element | Total | Through FY 2021 | Estimated FY 2022 | FY 2022 | FY 2023 |
|----------------------------------|----------------------|---------------------|---------------------|--------------------|--------------------|
| Acquisition Costs | \$3,351,670 | \$2,166,670 | \$515,000 | \$545,000 | \$125,000 |
| Rehab / Construction | \$94,548,440 | \$70,857,060 | \$23,378,870 | \$282,510 | \$30,000 |
| Commitment Fees to HOC | \$1,100,000 | \$1,100,000 | \$0 | \$0 | \$0 |
| Development Fees to HOC | \$2,386,540 | \$795,510 | \$0 | \$795,510 | \$795,520 |
| Non-Cash Development Fees to HOC | \$2,113,460 | \$2,113,460 | \$0 | \$0 | \$0 |
| Capital Reimbursement | \$3,580,000 | \$0 | \$0 | \$0 | \$3,580,000 |
| Fees / Misc. Expenses | \$16,080,070 | \$9,692,810 | \$2,465,090 | \$2,030,390 | \$1,891,780 |
| Total | \$123,160,180 | \$86,725,510 | \$26,358,960 | \$3,653,410 | \$6,422,300 |

Funding Schedule

| Funding Source | Total | Through FY 2021 | Estimated FY 2022 | FY 2022 | FY 2023 |
|---------------------------|----------------------|---------------------|---------------------|--------------------|--------------------|
| Bond Financing | \$51,420,000 | \$49,093,470 | \$2,326,530 | \$0 | \$0 |
| Tax Credit Equity | \$35,206,000 | \$1,760,300 | \$0 | \$3,520,600 | \$29,925,100 |
| Tax-Exempt Bonds (ST) | \$3,580,000 | \$3,580,000 | \$0 | \$0 | \$0 |
| County HIF | \$8,000,000 | \$8,000,000 | \$0 | \$0 | \$0 |
| HOC - Bridge Loan (LOC) | \$0 | \$0 | \$24,032,430 | \$132,810 | (\$24,165,240) |
| HOC Equity | \$22,178,280 | \$22,178,280 | \$0 | \$0 | \$0 |
| Interim Income | \$662,440 | \$0 | \$0 | \$0 | \$662,440 |
| Deferred Development Fees | \$2,113,460 | \$2,113,460 | \$0 | \$0 | \$0 |
| Total | \$123,160,180 | \$86,725,510 | \$26,358,960 | \$3,653,410 | \$6,422,300 |

Capital Development Projects (cont.)

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2023 | CY 2023 | CY 2023 | CY 2023 | CY 2023 | CY 2023 |
|------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating Income | \$26,646,420 | \$2,544,720 | \$4,631,350 | \$4,723,970 | \$4,818,450 | \$4,914,810 | \$5,013,120 |
| Operating Expenses | (\$11,107,650) | (\$1,610,030) | (\$1,788,920) | (\$1,842,590) | (\$1,897,860) | (\$1,954,800) | (\$2,013,450) |
| Non-Operating Expenses | (\$13,110,360) | (\$662,430) | (\$2,483,810) | (\$2,486,610) | (\$2,489,500) | (\$2,492,470) | (\$2,495,540) |
| Total | \$2,428,410 | \$272,260 | \$358,620 | \$394,770 | \$431,090 | \$467,540 | \$504,130 |

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 tot lot, grilling stations, and walking paths. A community room/leasing center is located at the entrance of the site.

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 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 on the next page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

Capital Development Projects (cont.)

Georgian Court

Expenditure Schedule

| Cost Element | Total | Estimated | FY 2023 | FY 2024 | FY 2025 |
|----------------------------------|---------------------|---------------------|--------------------|---------------------|------------------|
| Acquisition Costs | \$33,449,000 | \$33,279,000 | \$110,000 | \$60,000 | \$0 |
| Rehab / Construction | \$16,669,180 | \$5,870,680 | \$8,655,510 | \$2,142,990 | \$0 |
| Commitment Fees to HOC | \$602,720 | \$602,720 | \$0 | \$0 | \$0 |
| Development Fees to HOC | \$3,894,140 | \$180,060 | \$0 | \$2,785,560 | \$928,520 |
| Non-Cash Development Fees to HOC | \$748,450 | \$748,450 | \$0 | \$0 | \$0 |
| Capital Reimbursement | \$11,735,000 | \$0 | \$0 | \$11,735,000 | \$0 |
| Fees / Misc. Expenses | \$5,369,260 | \$2,159,110 | \$1,197,760 | \$2,012,390 | \$0 |
| Total | \$72,467,750 | \$42,840,020 | \$9,963,270 | \$18,735,940 | \$928,520 |

Funding Schedule

| Funding Source | Total | Estimated | FY 2023 | FY 2024 | FY 2025 |
|---------------------------|---------------------|---------------------|--------------------|---------------------|------------------|
| Bond Financing | \$17,255,000 | \$6,042,220 | \$9,963,270 | \$1,249,510 | \$0 |
| Tax Credit Equity | \$22,704,000 | \$4,540,600 | \$0 | \$17,234,880 | \$928,520 |
| Short Term Bonds | \$11,735,000 | \$11,735,000 | \$0 | \$0 | \$0 |
| GP Equity | \$100 | \$100 | \$0 | \$0 | \$0 |
| HOC Equity (existing RFR) | \$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 |
| Total | \$72,467,750 | \$42,840,020 | \$9,963,270 | \$18,735,940 | \$928,520 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY2022 | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
|------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Operating Income | \$347,080 | (\$310,180) | (\$305,190) | (\$810) | \$303,280 | \$320,920 | \$339,060 |
| Operating Expenses | \$670,790 | \$106,720 | \$134,830 | \$117,420 | \$100,880 | \$103,910 | \$107,030 |
| Non-Operating Expenses | (\$236,430) | \$411,760 | \$413,050 | \$414,390 | (\$492,500) | (\$491,880) | (\$491,250) |
| Total | \$781,440 | \$208,300 | \$242,690 | \$531,000 | (\$88,340) | (\$67,050) | (\$45,160) |

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 be comprised of 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, 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

Capital Development Projects (cont.)

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.

Construction is anticipated to begin in FY 2023 and be complete in FY 2027.

The charts below and on the next page depict the anticipated Expenditure and Funding Schedules.

Hillandale Gateway - Senior

Expenditure Schedule

| Cost Element | Total | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Rehab / Construction | \$63,842,920 | \$16,871,550 | \$19,585,040 | \$19,585,040 | \$6,213,050 | \$1,588,240 |
| Commitment Fees to HOC | \$862,020 | \$862,020 | \$0 | \$0 | \$0 | \$0 |
| Development Fees to HOC (20%) | \$1,506,780 | \$24,000 | \$364,690 | \$364,690 | \$364,700 | \$388,700 |
| Development Fees to Duffie (80%) | \$6,027,120 | \$96,000 | \$1,458,780 | \$1,458,780 | \$1,458,780 | \$1,554,780 |
| Fees / Misc. Expenses | \$11,041,890 | \$3,968,130 | \$1,604,180 | \$1,604,180 | \$1,604,180 | \$2,261,220 |
| Total | \$83,280,730 | \$21,821,700 | \$23,012,690 | \$23,012,690 | \$9,640,710 | \$5,792,940 |

Funding Schedule

| Funding Source | Total | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Bond Financing | \$43,101,160 | \$3,329,110 | \$18,686,110 | \$18,686,110 | \$1,845,340 | \$554,490 |
| Tax Credit Equity | \$17,462,980 | \$3,492,590 | \$0 | \$0 | \$3,492,600 | \$10,477,790 |
| HOC Equity | \$5,000,000 | \$5,000,000 | \$0 | \$0 | \$0 | \$0 |
| Energy Efficiency Rebates & Grants | \$500,000 | \$0 | \$0 | \$0 | \$0 | \$500,000 |
| County HIF | \$10,000,000 | \$10,000,000 | \$0 | \$0 | \$0 | \$0 |
| Seller Note | \$6,939,550 | \$0 | \$0 | \$0 | \$0 | \$6,939,550 |
| PNC Bridge Loan | \$0 | \$0 | \$4,326,580 | \$4,326,580 | \$4,302,770 | (\$12,955,930) |
| Deferred Development Fees | \$277,040 | \$0 | \$0 | \$0 | \$0 | \$277,040 |
| Total | \$83,280,730 | \$21,821,700 | \$23,012,690 | \$23,012,690 | \$9,640,710 | \$5,792,940 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2028 |
|------------------------|------------------|------------------|
| Operating Income | \$3,107,910 | \$3,107,910 |
| Operating Expenses | (\$988,830) | (\$988,830) |
| Non-Operating Expenses | (\$1,928,700) | (\$1,928,700) |
| Total | \$190,380 | \$190,380 |

Capital Development Projects (cont.)

Hillandale Gateway - Multifamily / Retail

Expenditure Schedule

| Cost Element | Total | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|----------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Rehab / Construction | \$120,229,980 | \$27,795,700 | \$38,443,620 | \$38,443,620 | \$13,696,360 | \$1,850,680 |
| Commitment Fees to HOC | \$2,536,220 | \$2,536,220 | \$0 | \$0 | \$0 | \$0 |
| Development Fees to HOC (20%) | \$1,229,560 | \$24,000 | \$295,390 | \$295,390 | \$295,390 | \$319,390 |
| Development Fees to Duffie (80%) | \$4,918,240 | \$96,000 | \$1,181,560 | \$1,181,560 | \$1,181,560 | \$1,277,560 |
| Fees / Misc. Expenses | \$29,054,540 | \$12,613,450 | \$5,810,910 | \$5,810,910 | \$2,033,820 | \$2,785,450 |
| Total | \$157,968,540 | \$43,065,370 | \$45,731,480 | \$45,731,480 | \$17,207,130 | \$6,233,080 |

Funding Schedule

| Funding Source | Total | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Construction/Perm Loan | \$126,810,940 | \$14,728,050 | \$45,731,480 | \$45,731,480 | \$17,207,130 | \$3,412,800 |
| HOC Equity | \$5,950,000 | \$5,950,000 | \$0 | \$0 | \$0 | \$0 |
| Permanent Mezzanine Loan | \$25,207,600 | \$0 | \$0 | \$0 | \$0 | \$25,207,600 |
| County HIF | \$0 | \$22,387,320 | \$0 | \$0 | \$0 | (\$22,387,320) |
| Total | \$157,968,540 | \$43,065,370 | \$45,731,480 | \$45,731,480 | \$17,207,130 | \$6,233,080 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | FY 2027 | FY 2028 |
|------------------------|--------------------|--------------------|--------------------|
| Operating Income | \$18,676,480 | \$9,245,780 | \$9,430,700 |
| Operating Expenses | (\$4,037,930) | (\$1,989,130) | (\$2,048,800) |
| Non-Operating Expenses | (\$12,392,100) | (\$6,193,390) | (\$6,198,710) |
| Total | \$2,246,450 | \$1,063,260 | \$1,183,190 |

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. The renovation plans will encompass increase to the efficiency of the building to reduce operating costs for both the property and the residents, replacement of roof and mechanical systems; including HVAC, hot water heaters, and water pipes, improve sustainability and energy efficiency through improvements such as a 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.

Capital Development Projects (cont.)

Construction is expected to begin in FY 2023 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 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|--------------------|
| 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 |
| Total | \$151,181,460 | \$108,988,210 | \$14,632,750 | \$14,632,750 | \$11,806,660 | \$1,121,090 |

Funding Schedule

| Funding Source | Total | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------------|----------------------|----------------------|---------------------|---------------------|---------------------|--------------------|
| Bond Financing | \$87,212,760 | \$56,911,290 | \$12,120,590 | \$12,120,590 | \$6,060,290 | \$0 |
| Tax Credit Equity | \$15,699,610 | \$1,569,960 | \$0 | \$0 | \$3,924,900 | \$10,204,750 |
| Short Term Bonds | \$13,688,520 | \$13,688,520 | \$0 | \$0 | \$0 | \$0 |
| 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 |
| Total | \$151,181,460 | \$108,988,210 | \$14,632,750 | \$14,632,750 | \$11,806,660 | \$1,121,090 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|------------------------|--------------------|----------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Operating Income | (\$7,556,600) | (\$2,658,890) | (\$2,652,210) | (\$2,644,840) | (\$888,010) | \$606,550 | \$680,800 |
| Operating Expenses | \$2,715,870 | \$0 | \$0 | \$693,150 | \$713,940 | \$644,720 | \$664,060 |
| Non-Operating Expenses | \$6,797,460 | \$1,522,540 | \$3,049,870 | \$3,049,200 | \$3,048,520 | (\$1,934,370) | (\$1,938,300) |
| Total | \$1,956,730 | (\$1,136,350) | \$397,660 | \$1,097,510 | \$2,874,450 | (\$683,100) | (\$593,440) |

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. 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 been replaced as well.

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,

Capital Development Projects (cont.)

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

Shady Grove Apartments

Expenditure Schedule

| Cost Element | Total | Estimated | FY 2023 | FY 2024 | FY 2025 |
|----------------------------------|---------------------|---------------------|---------------------|--------------------|------------------|
| Acquisition Costs | \$33,600,600 | \$33,315,200 | \$223,000 | \$62,400 | \$0 |
| Rehab / Construction | \$15,820,890 | \$5,132,460 | \$9,473,680 | \$1,214,750 | \$0 |
| Commitment Fees to HOC | \$596,680 | \$596,680 | \$0 | \$0 | \$0 |
| Development Fees to HOC | \$3,726,400 | \$250,000 | \$0 | \$3,290,990 | \$185,410 |
| Non-Cash Development Fees to HOC | \$908,800 | \$908,800 | \$0 | \$0 | \$0 |
| Fees / Misc. Expenses | \$6,405,910 | \$2,802,300 | \$1,338,220 | \$2,265,390 | \$0 |
| Total | \$61,059,280 | \$43,005,440 | \$11,034,900 | \$6,833,530 | \$185,410 |

Funding Schedule

| Funding Source | Total | Estimated | FY 2023 | FY 2024 | FY 2025 |
|---------------------------|---------------------|---------------------|---------------------|--------------------|------------------|
| Bond Financing | \$28,700,000 | \$28,700,000 | \$0 | \$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 Equity | \$0 | \$420,860 | \$11,034,900 | (\$11,455,760) | \$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 |
| Total | \$61,059,280 | \$43,005,440 | \$11,034,900 | \$6,833,530 | \$185,410 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2022 | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
|------------------------|--------------------|------------------|------------------|--------------------|--------------------|--------------------|-------------------|
| Operating Income | \$2,017,700 | \$56,900 | \$71,240 | \$290,300 | \$508,940 | \$532,870 | \$557,450 |
| Operating Expenses | \$7,810 | (\$39,610) | (\$11,260) | \$2,950 | \$18,030 | \$18,570 | \$19,130 |
| Non-Operating Expenses | \$489,390 | \$820,240 | \$819,940 | \$819,630 | (\$656,210) | (\$656,800) | (\$657,410) |
| Total | \$2,514,900 | \$837,530 | \$879,920 | \$1,112,880 | (\$129,240) | (\$105,360) | (\$80,830) |

Capital Development Projects (cont.)

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.

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 is scheduled to be completed in FY 2023. Kitchen and bathroom cabinets and counter tops, appliances, washer/dryer, water heater, HVAC unit, carpet and tile floors will be replaced in each unit during renovation. Leasing offices and the community room will be renovated as well.

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.

Stewartown Homes

Expenditure Schedule

| Cost Element | Total | Estimated FY 2022 | FY 2023 | FY 2024 |
|-------------------------|---------------------|---------------------|--------------------|--------------------|
| Acquisition Costs | \$15,400,000 | \$15,400,000 | \$0 | \$0 |
| Rehab / Construction | \$13,199,030 | \$10,764,630 | \$2,434,400 | \$0 |
| 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 | \$3,548,810 | \$1,840,610 | \$1,708,200 | \$0 |
| Total | \$35,641,130 | \$28,962,220 | \$4,776,680 | \$1,902,230 |

Funding Schedule

| Funding Source | Total | Estimated FY 2022 | FY 2023 | FY 2024 |
|------------------------------------|---------------------|---------------------|--------------------|--------------------|
| Bond Financing | \$16,044,900 | \$16,044,900 | \$0 | \$0 |
| Tax Credit Equity | \$10,551,790 | \$2,110,440 | \$1,962,620 | \$6,478,730 |
| GP Equity | \$100 | \$100 | \$0 | \$0 |
| Special Member Contribution (CREA) | \$100 | \$100 | \$0 | \$0 |
| HOC - Bridge Loan (LOC) | \$0 | \$1,762,440 | \$2,814,060 | (\$4,576,500) |
| Seller Note | \$9,044,240 | \$9,044,240 | \$0 | \$0 |
| Total | \$35,641,130 | \$28,962,220 | \$4,776,680 | \$1,902,230 |

Capital Development Projects (cont.)

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2021 | CY 2022 | CY 2023 | CY 2024 | CY 2025 | CY 2026 |
|------------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|
| Operating Income | \$147,930 | (\$30,390) | (\$68,570) | \$44,450 | \$55,730 | \$67,360 | \$79,350 |
| Operating Expenses | \$744,260 | \$36,900 | \$38,010 | \$159,990 | \$164,790 | \$169,740 | \$174,830 |
| Non-Operating Expenses | (\$665,250) | \$207,650 | \$354,810 | (\$22,870) | (\$401,110) | (\$401,610) | (\$402,130) |
| Total | \$226,940 | \$214,160 | \$324,250 | \$181,570 | (\$180,590) | (\$164,510) | (\$147,950) |

Upton II (now Residences on The Lane)

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 is expected to conclude in mid-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 “Residence on The Lane”)

Expenditure Schedule

| Cost Element | Total | Through FY 2021 | Estimated FY 2022 | FY 2023 |
|--|---------------------|---------------------|----------------------|--------------------|
| Acquisition Costs | \$6,000,000 | \$6,000,000 | \$0 | \$0 |
| Rehab / Construction | \$35,776,960 | \$21,517,010 | \$14,259,950 | \$0 |
| Commitment Fees to HOC | \$480,000 | \$480,000 | \$0 | \$0 |
| Development Fees to HOC (60%) | \$1,577,570 | \$0 | \$0 | \$1,577,570 |
| Development Fees to Victory Housing (40%) | \$1,051,710 | \$0 | \$0 | \$1,051,710 |
| Non-Cash Development Fees to HOC | \$1,335,930 | \$0 | \$0 | \$1,335,930 |
| Non-Cash Development Fees to Victory Housing | \$890,620 | \$0 | \$0 | \$890,620 |
| Fees / Misc. Expenses | \$4,311,290 | \$1,264,140 | \$2,363,780 | \$683,370 |
| Total | \$51,424,080 | \$29,261,150 | \$16,623,730 | \$5,539,200 |

Funding Schedule

| Funding Source | Total | Through FY 2021 | Estimated FY 2022 | FY 2023 |
|---------------------------|---------------------|---------------------|----------------------|--------------------|
| Bond Financing | \$24,000,000 | \$8,693,460 | \$15,306,540 | \$0 |
| Tax Credit Equity | \$14,672,750 | \$1,767,690 | \$1,246,470 | \$11,658,590 |
| County HIF | \$5,000,000 | \$5,000,000 | \$0 | \$0 |
| HOC Loan (OHRF) | \$4,627,250 | \$7,300,000 | \$0 | (\$2,672,750) |
| HOC - Bridge Loan (LOC) | \$0 | \$6,500,000 | \$70,720 | (\$6,570,720) |
| GP Equity | \$100 | \$0 | \$0 | \$100 |
| Interim Income | \$696,070 | \$0 | \$0 | \$696,070 |
| Deferred Development Fees | \$2,427,910 | \$0 | \$0 | \$2,427,910 |
| Total | \$51,424,080 | \$29,261,150 | \$16,623,730 | \$5,539,200 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2022 | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
|------------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| Operating Income | \$19,796,690 | \$3,086,290 | \$3,239,220 | \$3,289,850 | \$3,341,280 | \$3,393,500 | \$3,446,550 |
| Operating Expenses | (\$6,370,560) | (\$987,480) | (\$1,013,930) | (\$1,044,350) | (\$1,075,680) | (\$1,107,940) | (\$1,141,180) |
| Non-Operating Expenses | (\$9,088,840) | \$825,530 | (\$1,981,970) | (\$1,982,420) | (\$1,982,870) | (\$1,983,330) | (\$1,983,780) |
| Total | \$4,337,290 | \$2,924,340 | \$243,320 | \$263,080 | \$282,730 | \$302,230 | \$321,590 |

Capital Development Projects (cont.)

Westside Shady Grove

Westside Shady Grove 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 currently over 50% complete with major trades ongoing including windows, framing, HVAC, and other building elements.

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%) are affordable at 65% or less of AMI.

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 Fall of 2022 along with delivery of the CVS corner retail space, and final completion of the building is expected in February 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.

Westside Shady Grove

Expenditure Schedule

| Cost Element | Total | Through FY 2021 | Estimated FY 2022 | FY 2023 | FY 2024 |
|--|----------------------|---------------------|---------------------|---------------------|--------------------|
| Acquisition Costs | \$2,324,150 | \$2,324,150 | \$0 | \$0 | \$0 |
| Rehab / Construction | \$98,267,770 | \$16,436,030 | \$59,654,680 | \$18,805,430 | \$3,371,630 |
| Commitment Fees to HOC | \$1,985,000 | \$1,985,000 | \$0 | \$0 | \$0 |
| Development Fees to HOC (20%) | \$1,025,930 | \$414,830 | \$321,160 | \$208,720 | \$81,220 |
| Development Fee to EYA / Bozzuto (80%) | \$4,103,700 | \$1,659,320 | \$1,284,640 | \$834,860 | \$324,880 |
| Fees / Misc. Expenses | \$10,987,010 | \$4,029,340 | \$2,483,970 | \$2,788,370 | \$1,685,330 |
| Total | \$118,693,560 | \$26,848,670 | \$63,744,450 | \$22,637,380 | \$5,463,060 |

Funding Schedule

| Funding Source | Total | Through FY 2021 | Estimated FY 2022 | FY 2023 | FY 2024 |
|--------------------|----------------------|---------------------|---------------------|---------------------|--------------------|
| Bond Financing | \$104,276,870 | \$12,431,980 | \$63,744,450 | \$22,637,380 | \$5,463,060 |
| County HIF | \$6,694,450 | \$6,694,450 | \$0 | \$0 | \$0 |
| HOC Equity | \$5,486,300 | \$5,486,300 | \$0 | \$0 | \$0 |
| EYA/Bozzuto Equity | \$2,235,940 | \$2,235,940 | \$0 | \$0 | \$0 |
| Total | \$118,693,560 | \$26,848,670 | \$63,744,450 | \$22,637,380 | \$5,463,060 |

Capital Development Projects (cont.)

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2022 | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operating Income | \$35,048,780 | \$101,800 | \$3,520,980 | \$7,439,870 | \$7,778,020 | \$7,993,390 | \$8,214,720 |
| Operating Expenses | (11,311,140) | (\$444,090) | (\$1,925,100) | (\$2,139,650) | (\$2,200,440) | (\$2,266,770) | (\$2,335,090) |
| Non-Operating Expenses | (16,503,430) | \$0 | \$0 | (\$3,587,500) | (\$4,306,980) | (\$4,305,320) | (\$4,303,630) |
| Total | \$7,234,210 | (\$342,290) | \$1,595,880 | \$1,712,720 | \$1,270,600 | \$1,421,300 | \$1,576,000 |

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 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.)

Willow Manor Resyndication

Expenditure Schedule

| Cost Element | Total | Estimated FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|-------------------------|----------------------|----------------------|---------------------|---------------------|--------------------|
| Acquisition Costs | \$58,709,530 | \$58,012,220 | \$363,810 | \$333,500 | \$0 |
| Rehab / Construction | \$20,378,470 | \$5,622,610 | \$8,366,350 | \$6,332,560 | \$56,950 |
| Commitment Fees to HOC | \$1,027,800 | \$1,027,800 | \$0 | \$0 | \$0 |
| Development Fees to HOC | \$6,792,310 | \$1,698,080 | \$0 | \$0 | \$5,094,230 |
| Fees / Misc. Expenses | \$13,680,130 | \$6,413,150 | \$1,670,200 | \$4,138,940 | \$1,457,840 |
| Total | \$100,588,240 | \$72,773,860 | \$10,400,360 | \$10,805,000 | \$6,609,020 |

Funding Schedule

| Funding Source | Total | Estimated FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|-------------------|----------------------|----------------------|---------------------|---------------------|--------------------|
| Bond Financing | \$49,550,000 | \$49,090,580 | \$459,420 | \$0 | \$0 |
| Tax Credit Equity | \$30,394,400 | \$3,039,440 | \$0 | \$0 | \$27,354,960 |
| GP Equity | \$100 | \$100 | \$0 | \$0 | \$0 |
| Bridge Loan | \$0 | \$0 | \$9,940,940 | \$10,805,000 | (\$20,745,940) |
| County HIF | \$12,972,780 | \$12,972,780 | \$0 | \$0 | \$0 |
| Seller Note | \$7,670,960 | \$7,670,960 | \$0 | \$0 | \$0 |
| Total | \$100,588,240 | \$72,773,860 | \$10,400,360 | \$10,805,000 | \$6,609,020 |

Operating Budget Impact

| Impact Pos/(Neg) | Total | CY 2022 | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|------------------|
| Operating Income | \$865,530 | (\$72,200) | (\$166,160) | (\$38,500) | \$244,490 | \$381,850 | \$516,050 |
| Operating Expenses | (\$748,040) | (\$116,760) | (\$119,850) | (\$122,970) | (\$126,160) | (\$129,460) | (\$132,840) |
| Non-Operating Expenses | \$5,869,160 | \$2,180,320 | \$2,180,320 | \$2,180,320 | (\$222,650) | (\$223,920) | (\$225,230) |
| Total | \$5,986,650 | \$1,991,360 | \$1,894,310 | \$2,018,850 | (\$104,320) | \$28,470 | \$157,980 |

Opportunity Housing Reserve Fund (“OHRF”)

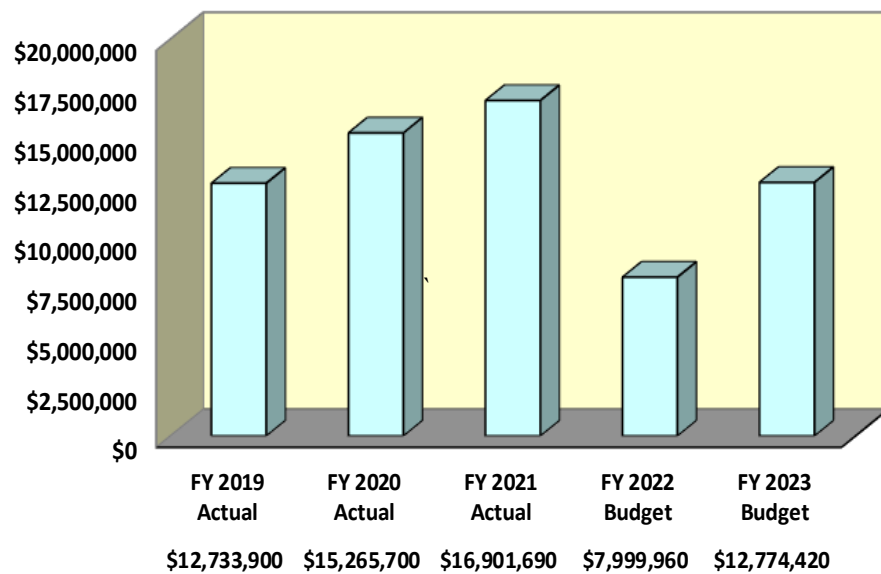
HOC established the OHRF in 1980 initially to address the use of revenues generated from the sale of bonds under the Single Family Mortgage Purchase Program. Today, the OHRF is a repository of proceeds from various HOC activities, whose primary purpose is the production of affordable housing.

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 2023 Recommended Budget projects a net increase in the OHRF of \$4.8 million resulting in a year-end balance of \$12.8 million.

OHRF Year-End Balance



Opportunity Housing Reserve Fund (“OHRF”) cont.

| Source of Capital | Total |
|-------------------|-------|
|-------------------|-------|

| | |
|------------------------------|--------------|
| Cash Balance as of 6/30/2021 | \$16,901,690 |
|------------------------------|--------------|

Source of Funds (FY 2021)

| | |
|--|---------------------|
| Development Fees - Park View at Aspen Hill | \$28,600 |
| Development Fees - Woodfield Commons | \$970 |
| Development Fees - 900 Thayer Ave | \$455,030 |
| Alexander House Dev Corp - Payment for Interest on \$2,274,865 Bridge Loan | \$64,570 |
| Development Fees - Westside Shady Grove | \$345,250 |
| Interest Refund to PH / OH / Non OH accounts 1st Qtr-FY 2022 | \$50 |
| Development Fees - Greenhills LP | \$143,560 |
| Development Fees - Alexander House | \$892,850 |
| Development Fees - Hillandale for CY 2020 | \$7,200 |
| Development Fees - Hillandale for CY 2021 | \$28,800 |
| Development Fees - Hillandale for CY 2022 | \$2,400 |
| Development Fees - Wheaton Gateway for CY 2021 | \$6,000 |
| HOC at Stewartown-- Reimbursement of Predev Expenses | \$466,790 |
| Commitment Fees - HOC at Stewartown | \$193,740 |
| Development Fees - HOC at Stewartown | \$380,440 |
| MV Affordable Hsg (Stewartown Homes) - Excess proceeds from sale | \$2,475,350 |
| Commitment Fees - Willow Manor Properties | \$616,680 |
| Development Fees - Willow Manor Properties | \$1,018,850 |
| Willow Manor Properties-- Reimbursement of Predev Expenses | \$388,900 |
| Commitment Fees - Georgian Court | \$361,630 |
| Development Fees - Georgian Court | \$108,040 |
| Georgian Court - Excess proceeds from sale | \$9,129,600 |
| Commitment Fees - Shady Grove | \$358,010 |
| Development Fees - Shady Grove | \$150,000 |
| Shady Grove - Excess proceeds from sale | \$17,900,820 |
| Repay OHRF from excess proceeds - Bradley Crossing | \$10,000 |
| Repay OFRF from excess proceeds - Aldon Properties | \$50,000 |
| Budgeted Commitment Fees (60% of Total) | \$3,457,830 |
| Fees Received through 2-28-2022 | (\$1,168,430) |
| Revised Timing of FY 2022 Commitment Fees | (\$1,927,770) |
| Budgeted Development Fees (60% of Total) | \$2,438,080 |
| Fees Received through 2-28-2022 | (\$3,821,570) |
| Revised Timing of FY 2022 Development Fees | \$893,160 |
| SUBTOTAL | \$35,455,430 |

Opportunity Housing Reserve Fund ("OHRF") cont.

| Source of Capital (Cont.) | Total |
|---|-----------------------|
| Use of Funds (FY 2021) | |
| Reimbursement to GF of Predev Expense - HOC at Shady Grove | (\$186,270) |
| Reimbursement to GF of Predev Expense - Wheaton Gateway | (\$477,940) |
| Reimbursement to GF of Predev Expense - HOC at 11250 Veirs Mill Road | (\$169,730) |
| Reimbursement to GF for exp. related to the Demolition of Holly Hall - 411-413h | (\$162,050) |
| Reimbursement to GF of Predev Expense - HOC at Georgian Court | (\$216,360) |
| Reimbursement to GF of Predev Expense - Willow Manor Properties | (\$388,900) |
| Repay MC MPDU/Property Acquisition Fund ("MPDU-PAF") - Bradley Crossing | (\$2,320,000) |
| Repay MC Opportunity Housing Dev. Fund ("OHDF") - Bradley Crossing | (\$1,880,000) |
| Reimbursement to GF of Predev Expense - Metropolitan Dev Corp | (\$466,060) |
| Reimbursement to GF of Predev Expense - Metropolitan LP | (\$198,780) |
| Purchase & Sale for Acquisition of real property 4516-4518 Avondale St. | (\$75,000) |
| Reimbursement GF - RED Admin Expenses for 1st Qtr 2022 | (\$285,390) |
| Reimbursement to GF of Predev Expense - Hillandale Gateway | (\$2,474,440) |
| Reimbursement to GF of Predev Expense - Emory Grove | (\$128,590) |
| Reimbursement to GF of Predev Expense - Holiday Inn Gaithersburg | (\$16,080) |
| Reimbursement to GF of Predev Expense - Sandy Spring Missing Middle | (\$260,350) |
| Repay RE Working Capital Fund for Comm. Fee & Appr. Cost- 2017 Acq. of WT | (\$40,700) |
| Reimbursement GF - RED Admin Expenses for 4th Qtr 2021 | (\$339,000) |
| Alexander House Dev Corp - Payment for Interest on \$2,274,865 Bridge Loan | (\$64,570) |
| Reimbursement GF - RED Admin Expenses for 2nd Qtr 2022 | (\$309,090) |
| Transfer Funds to CCL (The Lindley- Operating Acct. for Operating Deficits | (\$193,300) |
| SUBTOTAL | (\$10,652,600) |
| Current Obligations | |
| SUBTOTAL | (\$33,704,560) |
| Projected Cash Balance as of 6/30/2022 | |
| | \$7,999,960 |
| Source of Funds (FY 2023) | |
| Budgeted Development Fees (60% of Total) | \$3,098,400 |
| Budgeted Commitment Fees (60% of Total) | \$3,246,980 |
| SUBTOTAL | \$6,345,380 |
| Use of Funds (FY 2023) | |
| Personnel Expenses (Real Estate Division) | (\$1,270,920) |
| Pre-Development Fund (Real Estate Division) | (\$300,000) |
| SUBTOTAL | (\$1,570,920) |
| Projected Cash Balance as of 6/30/2023 | |
| | \$12,774,420 |

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Section 4:
PERSONNEL

Tab

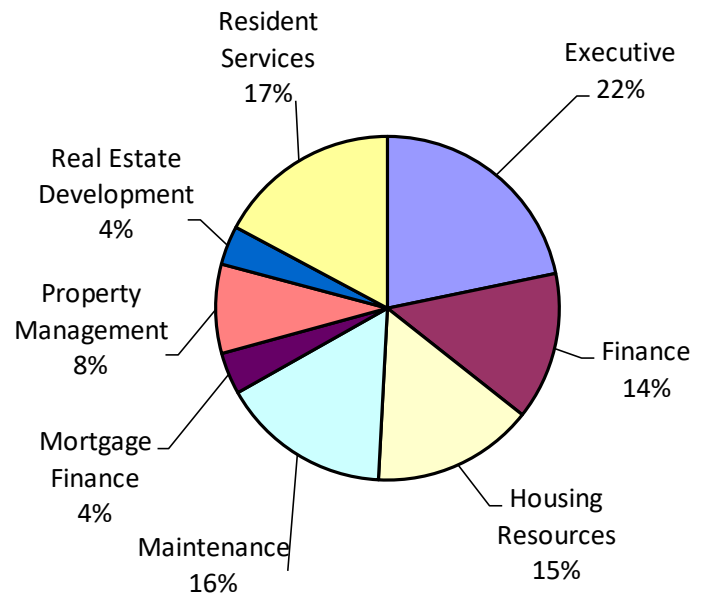
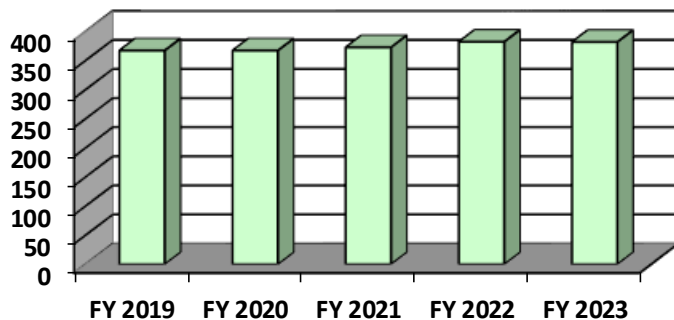
Personnel Assumptions

Personnel Complement

The FY 2023 Recommended Budget includes a total of 381.60 work years. This represents a net decrease of 0.40 Work Years from FY 2022.

Positions have been reassigned between divisions as functions were realigned. In addition, 0.40 work years were deleted for FY 2023.

| Divisions Full Time Equivalent (FTE) | Actual FY 2019 | Actual FY 2020 | Actual FY 2021 | Amended FY 2022 | Recommended FY 2023 | % Change |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|----------------|
| Executive | 80.50 | 73.50 | 78.00 | 83.00 | 83.00 | 0.00% |
| Finance | 52.00 | 52.00 | 52.00 | 53.00 | 53.00 | 0.00% |
| Housing Resources | 54.00 | 54.00 | 54.00 | 58.00 | 58.00 | 0.00% |
| Maintenance | 61.00 | 61.00 | 61.00 | 61.00 | 61.00 | 0.00% |
| Mortgage Finance | 14.00 | 14.00 | 14.00 | 15.00 | 15.00 | 0.00% |
| Property Management | 26.00 | 33.00 | 33.00 | 32.00 | 32.00 | 0.00% |
| Real Estate Development | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 0.00% |
| Resident Services | 65.60 | 65.60 | 66.60 | 66.00 | 65.60 | (0.61%) |
| Total | 367.10 | 367.10 | 372.60 | 382.00 | 381.60 | (0.10%) |



Compensation

FY 2023 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 2020 Salary Schedules due to the cessation of bargaining with MCGEO and the uncertain economic effect on Agency Operations due to the COVID-19 Pandemic. 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 | 58.5 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 58.5 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 2023 is \$15.00. This allowance is available to those employees who must attend evening meetings in connection with Commission business.

Tuition Assistance

The Employee Tuition Assistance Program is designed to assist employees with educational expenses toward an undergraduate or graduate degree such as AA, BS, BA, MS, etc. Program guidelines and eligibility requirements are available in the Human Resources Office. The maximum allowance for Tuition Assistance for a full-time employee is \$1,830 and for a part-time employee is \$915 for FY 2023.

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 2023 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 | Annual Salary | | | | Pay Grade | Hourly Wages | | | |
|-----------|---------------|-----------|-------------------------|-------------------------|-----------------|--------------|---------|-------------------------|-------------------------|
| | Minimum | Maximum | Longevity * 19 Years | Longevity * 24 Years | | Minimum | Maximum | Longevity * 19 Years | Longevity * 24 Years |
| Grade 8 | \$30,248 | \$48,768 | \$50,231 | \$51,738 | Grade 8 Hourly | \$14.54 | \$23.45 | \$24.15 | \$24.87 |
| Grade 9 | \$31,443 | \$51,000 | \$52,529 | \$54,105 | Grade 9 Hourly | \$15.12 | \$24.52 | \$25.25 | \$26.01 |
| Grade 10 | \$32,706 | \$53,408 | \$55,010 | \$56,661 | Grade 10 Hourly | \$15.72 | \$25.68 | \$26.45 | \$27.24 |
| Grade 11 | \$34,025 | \$55,920 | \$57,597 | \$59,325 | Grade 11 Hourly | \$16.36 | \$26.88 | \$27.69 | \$28.52 |
| Grade 12 | \$35,404 | \$58,564 | \$60,321 | \$62,131 | Grade 12 Hourly | \$17.02 | \$28.16 | \$29.00 | \$29.87 |
| Grade 13 | \$36,864 | \$61,339 | \$63,179 | \$65,074 | Grade 13 Hourly | \$17.72 | \$29.49 | \$30.37 | \$31.29 |
| Grade 14 | \$38,396 | \$64,260 | \$66,188 | \$68,174 | Grade 14 Hourly | \$18.46 | \$30.89 | \$31.82 | \$32.78 |
| Grade 15 | \$39,999 | \$67,315 | \$69,335 | \$71,415 | Grade 15 Hourly | \$19.23 | \$32.36 | \$33.33 | \$34.33 |
| Grade 16 | \$41,707 | \$70,532 | \$72,648 | \$74,827 | Grade 16 Hourly | \$20.05 | \$33.91 | \$34.93 | \$35.97 |
| Grade 17 | \$43,599 | \$73,907 | \$76,124 | \$78,408 | Grade 17 Hourly | \$20.96 | \$35.53 | \$36.60 | \$37.70 |
| Grade 18 | \$45,597 | \$77,454 | \$79,778 | \$82,171 | Grade 18 Hourly | \$21.92 | \$37.24 | \$38.35 | \$39.51 |
| Grade 19 | \$47,749 | \$81,171 | \$83,606 | \$86,114 | Grade 19 Hourly | \$22.96 | \$39.02 | \$40.20 | \$41.40 |
| Grade 20 | \$49,994 | \$85,077 | \$87,630 | \$90,259 | Grade 20 Hourly | \$24.04 | \$40.90 | \$42.13 | \$43.39 |
| Grade 21 | \$52,366 | \$89,178 | \$91,854 | \$94,610 | Grade 21 Hourly | \$25.18 | \$42.87 | \$44.16 | \$45.49 |
| Grade 22 | \$54,842 | \$93,488 | \$96,292 | \$99,181 | Grade 22 Hourly | \$26.37 | \$44.95 | \$46.29 | \$47.68 |
| Grade 23 | \$57,454 | \$98,017 | \$100,957 | \$103,986 | Grade 23 Hourly | \$27.62 | \$47.12 | \$48.54 | \$49.99 |
| Grade 24 | \$60,188 | \$102,760 | \$105,843 | \$109,018 | Grade 24 Hourly | \$28.94 | \$49.40 | \$50.89 | \$52.41 |
| Grade 25 | \$63,058 | \$107,747 | \$110,981 | \$114,310 | Grade 25 Hourly | \$30.32 | \$51.80 | \$53.36 | \$54.96 |

* 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 | \$30,248 | \$48,768 | \$50,231 | \$51,738 | Grade 8 Hourly | \$14.54 | \$23.45 | \$24.15 | \$24.87 |
| Grade 9 | \$31,443 | \$51,000 | \$52,529 | \$54,105 | Grade 9 Hourly | \$15.12 | \$24.52 | \$25.25 | \$26.01 |
| Grade 10 | \$32,706 | \$53,408 | \$55,010 | \$56,661 | Grade 10 Hourly | \$15.72 | \$25.68 | \$26.45 | \$27.24 |
| Grade 11 | \$34,025 | \$55,920 | \$57,597 | \$59,325 | Grade 11 Hourly | \$16.36 | \$26.88 | \$27.69 | \$28.52 |
| Grade 12 | \$35,404 | \$58,564 | \$60,321 | \$62,131 | Grade 12 Hourly | \$17.02 | \$28.16 | \$29.00 | \$29.87 |
| Grade 13 | \$36,864 | \$61,339 | \$63,179 | \$65,074 | Grade 13 Hourly | \$17.72 | \$29.49 | \$30.37 | \$31.29 |
| Grade 14 | \$38,396 | \$64,260 | \$66,188 | \$68,174 | Grade 14 Hourly | \$18.46 | \$30.89 | \$31.82 | \$32.78 |
| Grade 15 | \$39,999 | \$67,315 | \$69,335 | \$71,415 | Grade 15 Hourly | \$19.23 | \$32.36 | \$33.33 | \$34.33 |
| Grade 16 | \$41,707 | \$70,532 | \$72,648 | \$74,827 | Grade 16 Hourly | \$20.05 | \$33.91 | \$34.93 | \$35.97 |
| Grade 17 | \$43,599 | \$73,907 | \$76,124 | \$78,408 | Grade 17 Hourly | \$20.96 | \$35.53 | \$36.60 | \$37.70 |
| Grade 18 | \$45,597 | \$77,454 | \$79,778 | \$82,171 | Grade 18 Hourly | \$21.92 | \$37.24 | \$38.35 | \$39.51 |
| Grade 19 | \$47,749 | \$81,171 | \$83,606 | \$86,114 | Grade 19 Hourly | \$22.96 | \$39.02 | \$40.20 | \$41.40 |
| Grade 20 | \$49,994 | \$85,077 | \$87,630 | \$90,259 | Grade 20 Hourly | \$24.04 | \$40.90 | \$42.13 | \$43.39 |
| Grade 21 | \$52,366 | \$89,178 | \$91,854 | \$94,610 | Grade 21 Hourly | \$25.18 | \$42.87 | \$44.16 | \$45.49 |
| Grade 22 | \$54,842 | \$93,488 | \$96,292 | \$99,181 | Grade 22 Hourly | \$26.37 | \$44.95 | \$46.29 | \$47.68 |
| Grade 23 | \$57,454 | \$98,017 | \$100,957 | \$103,986 | Grade 23 Hourly | \$27.62 | \$47.12 | \$48.54 | \$49.99 |
| Grade 24 | \$60,188 | \$102,760 | \$105,843 | \$109,018 | Grade 24 Hourly | \$28.94 | \$49.40 | \$50.89 | \$52.41 |
| Grade 25 | \$63,058 | \$107,747 | \$110,981 | \$114,310 | Grade 25 Hourly | \$30.32 | \$51.80 | \$53.36 | \$54.96 |
| Grade 26 | \$66,081 | \$112,985 | \$116,375 | \$119,866 | Grade 26 Hourly | \$31.77 | \$54.32 | \$55.95 | \$57.63 |
| Grade 27 | \$69,222 | \$118,487 | \$122,042 | \$125,703 | Grade 27 Hourly | \$33.28 | \$56.96 | \$58.67 | \$60.43 |
| Grade 28 | \$71,906 | \$124,260 | \$127,987 | \$131,827 | Grade 28 Hourly | \$34.57 | \$59.74 | \$61.53 | \$63.38 |
| Grade 29 | \$75,595 | \$130,320 | \$134,230 | \$138,257 | Grade 29 Hourly | \$36.34 | \$62.65 | \$64.53 | \$66.47 |
| Grade 30 | \$79,027 | \$136,693 | \$140,794 | \$145,018 | Grade 30 Hourly | \$37.99 | \$65.72 | \$67.69 | \$69.72 |
| Grade 31 | \$82,627 | \$143,377 | \$147,678 | \$152,109 | Grade 31 Hourly | \$39.72 | \$68.93 | \$71.00 | \$73.13 |
| Grade 32 | \$86,406 | \$147,765 | \$152,197 | \$156,763 | Grade 32 Hourly | \$41.54 | \$71.04 | \$73.17 | \$75.37 |
| Grade 33 | \$90,372 | \$152,157 | \$156,721 | \$161,423 | Grade 33 Hourly | \$43.45 | \$73.15 | \$75.35 | \$77.61 |
| Grade 34 | \$94,539 | \$156,549 | \$161,245 | \$166,083 | Grade 34 Hourly | \$45.45 | \$75.26 | \$77.52 | \$79.85 |
| Grade 35 | \$98,921 | \$160,938 | \$165,766 | \$170,739 | Grade 35 Hourly | \$47.56 | \$77.37 | \$79.70 | \$82.09 |
| Grade 36 | \$103,519 | \$165,334 | \$170,293 | \$175,402 | Grade 36 Hourly | \$49.77 | \$79.49 | \$81.87 | \$84.33 |
| Grade 37 | \$108,340 | \$169,717 | \$174,808 | \$180,052 | Grade 37 Hourly | \$52.09 | \$81.59 | \$84.04 | \$86.56 |

* 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 | \$130,534 | \$189,869 |
| ELS 2 | \$148,336 | \$207,670 |

Section 5: **APPENDIX**

Tab

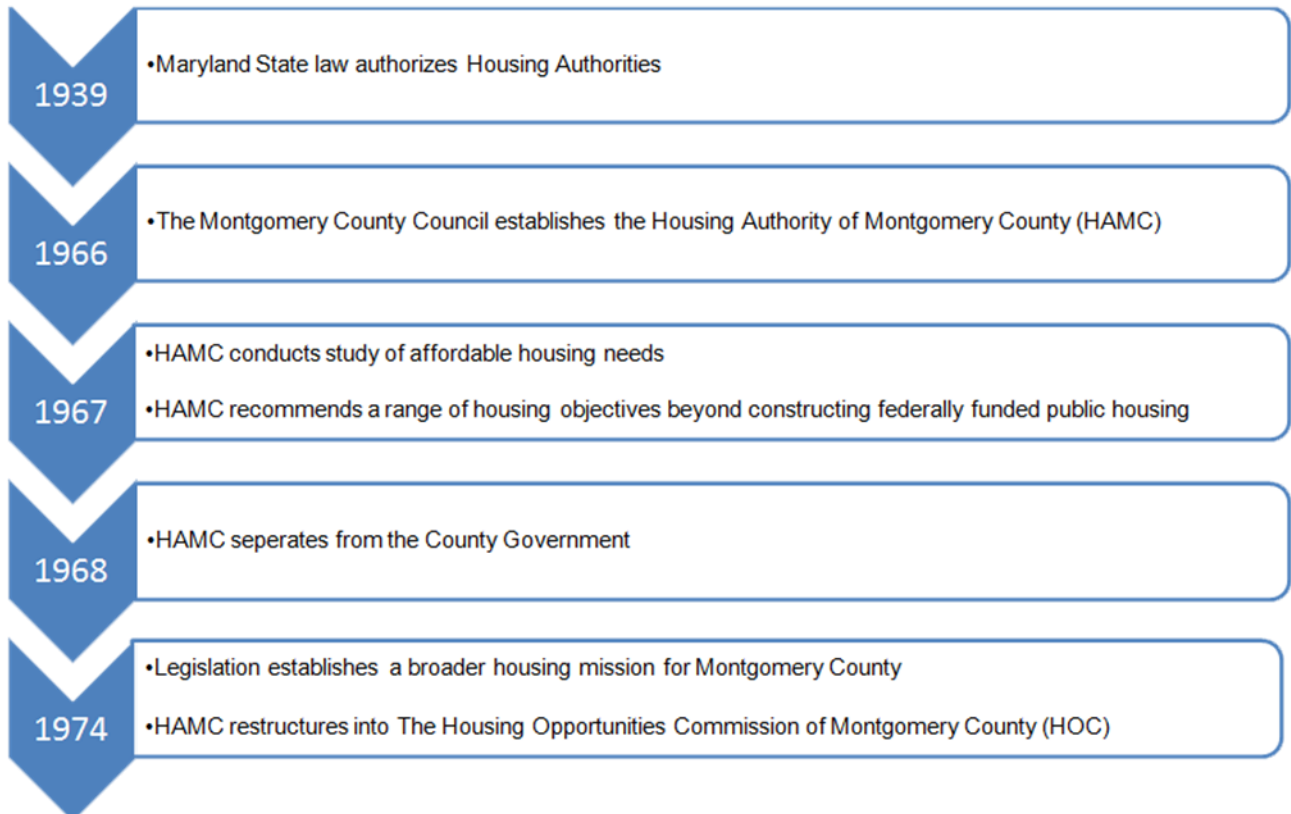


Program History

Program History

Recommended Budget
April 6, 2022

Legislative History



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

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

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

- Acquire, own, lease and operate housing,
- Construct or renovate housing,
- Borrow money, accept grants, and obtain other financial assistance from any public or private source for its housing activities, arrange for social services, including resident services and day care.

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

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

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

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

guarantees. In 1988, the County raised the limit to \$50 million.

Other County Laws Affecting HOC

Moderately Priced Dwelling Units (“MPDUs”): Passed in 1974, the MPDU law required developers constructing 50 units or more to set aside 15% as MPDUs. The requirement was later reduced to 12.5% with bonus density offered for up to 15% MPDUs. The threshold dropped to 20 units in 2005. 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.

Housing Preservation

Equally important to the delivery of affordable housing in by HOC its preservation. Therefore, HOC continually seeks opportunities for preserving naturally affordable housing ("NOAH") units that are risk 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. Using the County’s Right of First Refusal Ordinance or seeking out off market transactions, HOC should pursue preservation opportunities with equal vigor—it is part of the affordable housing solution.

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 46,000 applicants as of March 2022. 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 \$70,600, 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 2023 of about \$246 million in construction, rehabilitation and other related development activities will result in \$415 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 1,705 jobs with \$134 million total compensation. The investments are estimated to generate approximately \$10.7 million, \$9.7 million, and \$38.4 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 1.06 million people (July 2020 Census figure). 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 2019 median household income for Montgomery County was \$108,820.

- The Greater Washington Area Median Income for 2021 was \$129,000 for a household of four.
- 6.7% of the total population lives below the Federal Poverty Income guidelines of \$27,750 for a household of four down from 7.3% in 2019.
- The County's estimated labor force was 537,164 as of December 2021.
- The County had an unemployment rate of 3.6% as of December 2021 down from 5.7% as of December 2020 .
- 61.5% of individuals working in Montgomery County reside in the County, while 38.5% live outside the County.
- Average travel time to work for workers age 16 years and older is 34.4 minutes.
- 91.4% of adults age 25 and older are High School graduates, while 59.2% have obtained a Bachelor's degree or higher as of 2021.
- 23.1% of the population is under 18 years old, while 16.1% of the population is 65 or older.
- 51.6% of the population is female.
- 32.5% of County residents are foreign born in 2020.
- About 32.2% of Maryland's foreign born population resided in Montgomery County in 2019.
- Montgomery County's proportion of households in Maryland is expected to grow from 17.1% in 2010 to 22.8% in 2040.
- Between 2010 and 2040, Montgomery County will absorb 23.8% of the State's household growth.
- The average household size was 2.79 in 2019.
- 47% of renters pay more than 30% of their income on housing costs.
- 28.8% of homeowners pay more than 30% of their income on housing costs.
- The median sales price for all home types in Montgomery County was \$519,900 as of December 2021.
- Time on the market before a house is sold averages 10 days as of December 2021.
- Homeownership rate for 2019 was 65%.

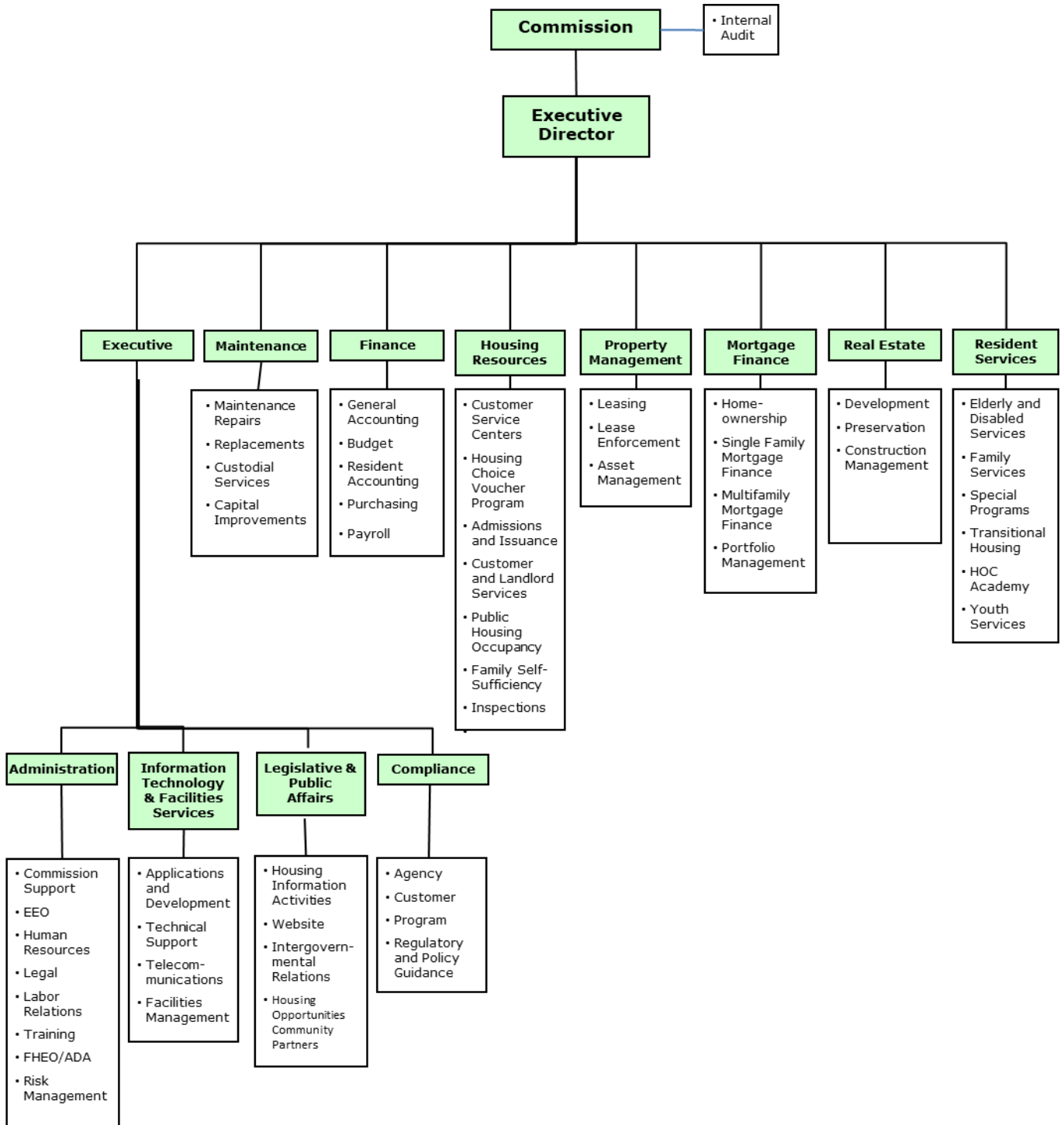
- 35% of households are renter occupied.
- Apartment rents continuing their upward trend from an average for a 2-bedroom apartment of \$1,714 in 2018 to an average of \$1,788 in 2021. With the exception of a 3-bedroom which declined (\$955) all other apartment types also saw small increases ranging from \$38 to \$61 .
- Average apartment rents in 2021:
 - * Efficiency \$1,439
 - * 1-Bedroom \$1,540
 - * 2-Bedroom \$1,788
 - * 3-Bedroom \$2,038
 - * 4-Bedroom \$1,910
- The hourly wage needed to afford a 2-bedroom apartment at Fair Market Value is \$33.94 (\$70,600 annually) for 2021.
- At minimum wage, 2.26 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 \$21.83 (\$45,406 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 May 12, 2021 January 2021, one-day census in Montgomery County counted 577 people who are homeless. Approximately 11% (roughly 63) are children.
- 14% of homeless people without children and 29% 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.

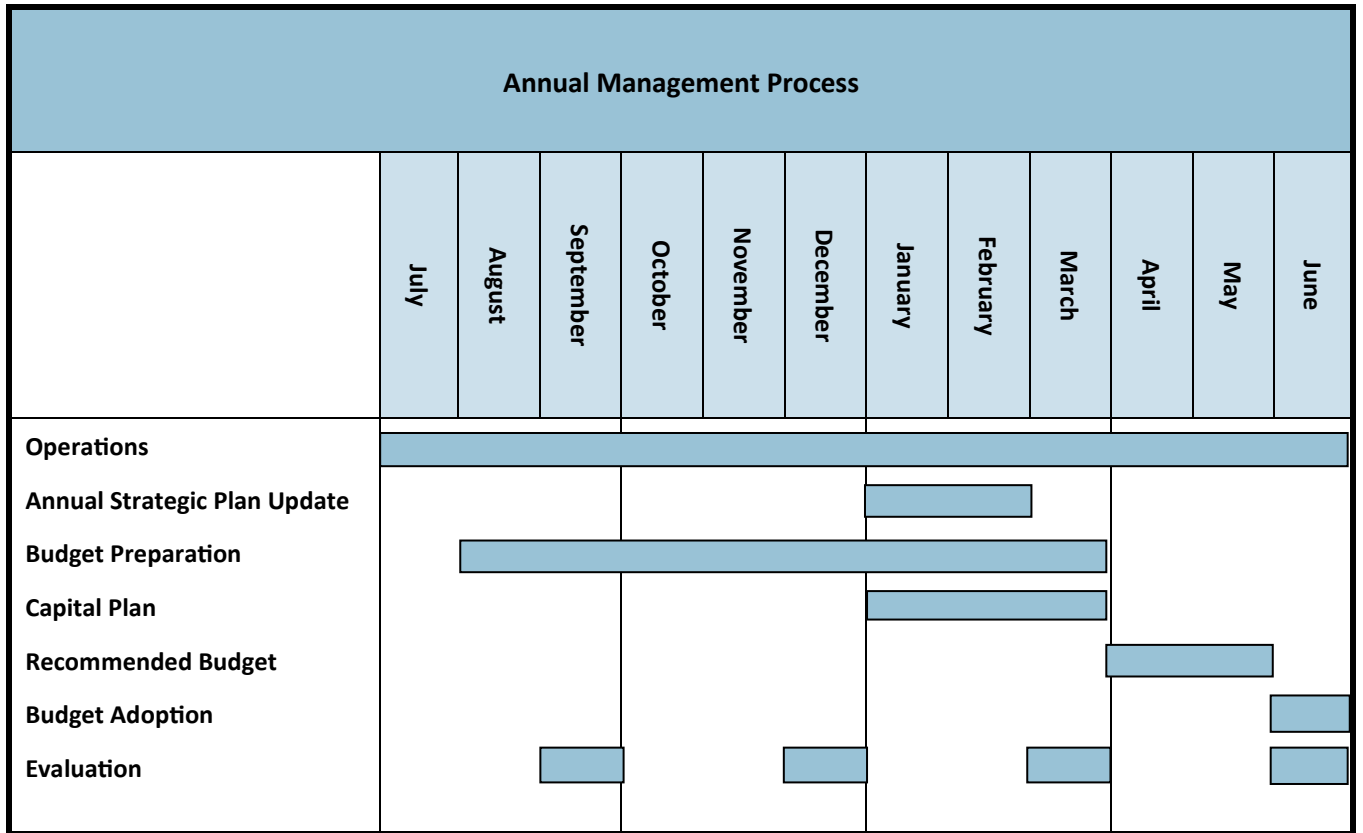
HOC's Annual Management Process (cont.)

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 6, 2022

Summary

| Housing Type | Actual As of 6/30/2020 | Actual As of 6/30/2021 | Projected As of 6/30/2022 | Budget As of 6/30/2023 |
|---|------------------------------|------------------------------|---------------------------------|------------------------------|
| Opportunity Housing & Development Corporations | | | | |
| HOC Managed | 2,297 | 2,314 | 2,327 | 2,221 |
| Contract Managed | 4,219 | 4,604 | 3,933 | 3,933 |
| Units Owned by HOC | 6,516 | 6,918 | 6,260 | 6,154 |
| Managed Properties | | | | |
| HOC Managed | 564 | 422 | 310 | 310 |
| Contract Managed | 965 | 1,107 | 1,928 | 2,339 |
| Subtotal | 1,529 | 1,529 | 2,238 | 2,649 |
| Units Administered | | | | |
| Rental Assistance Programs | 8,374 | 8,420 | 8,433 | 8,433 |
| Transitional Housing Programs | 240 | 239 | 239 | 239 |
| Special Programs | 374 | 288 | 400 | 400 |
| Subtotal | 8,988 | 8,947 | 9,072 | 9,072 |
| Units Managed or Administered | 10,517 | 10,476 | 11,310 | 11,721 |
| TOTAL - ALL UNITS | 17,033 | 17,394 | 17,570 | 17,875 |
| Total Units Managed by HOC | 2,861 | 2,736 | 2,637 | 2,531 |
| Total Units Contract Managed | 5,184 | 5,711 | 5,861 | 6,272 |
| Total Units Administered by HOC | 8,988 | 8,947 | 9,072 | 9,072 |

Part A: Units Owned by HOC

| Property No. | Property Name | Actual As of 6/30/2020 | Actual As of 6/30/2021 | Projected As of 6/30/2022 | Budget As of 6/30/2023 |
|---|-------------------------------|------------------------------|------------------------------|---------------------------------|------------------------------|
| OPPORTUNITY HOUSING & DEVELOPMENT CORPORATIONS | | | | | |
| Family Communities - HOC Managed | | | | | |
| 411-402 | Elizabeth House Interim RAD | 106 | 106 | 106 | 0 |
| 436-100 | Brooke Park Apts | 0 | 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 | 25 | 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 |
| Subtotal - Family HOC Managed | | 674 | 691 | 704 | 598 |
| Scattered Units - HOC Managed | | | | | |
| 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 |
| 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 |
| Subtotal - Scattered HOC Managed | | 1,623 | 1,623 | 1,623 | 1,623 |
| Subtotal-HOC Managed | | 2,297 | 2,314 | 2,327 | 2,221 |

Part A: Units Owned by HOC continued

| Property No. | Property Name | Actual As of 6/30/2020 | Actual As of 6/30/2021 | Projected As of 6/30/2022 | Budget As of 6/30/2023 |
|---|-----------------------------------|------------------------------|------------------------------|---------------------------------|------------------------------|
| OPPORTUNITY HOUSING & DEVELOPMENT CORPORATIONS (cont.) | | | | | |
| Family Communities - Contract Managed | | | | | |
| 414-460 | Fairfax Court | 18 | 18 | 18 | 18 |
| 418-476 | Pooks Hill Mid-Rise | 50 | 50 | 50 | 50 |
| 433-487 | Strathmore Court | 151 | 151 | 151 | 151 |
| 435-489 | Westwood Towers | 212 | 212 | 212 | 212 |
| 436-100 | Brooke Park Apts | 17 | 0 | 0 | 0 |
| 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 | 0 | 402 | 402 | 402 |
| 831-787 | Strathmore Court Affordable | 51 | 51 | 51 | 51 |
| 832-788 | Metropolitan Affordable | 92 | 92 | 92 | 92 |
| 833-741 | Manchester Manor Apts | 53 | 53 | 53 | 53 |
| 834-742 | Shady Grove Apartments | 144 | 144 | 0 | 0 |
| 835-743 | The Willows of Gaithersburg | 195 | 195 | 195 | 195 |
| 837-744 | Stewartown Affordable | 94 | 94 | 0 | 0 |
| 838-714 | Georgian Court Affordable | 147 | 147 | 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 |
| Subtotal - Family Contract Managed | | 3,813 | 4,198 | 3,813 | 3,813 |
| Elderly Communities - Contract Managed | | | | | |
| 499-910 | Manor at Fair Hill Farm, LLC | 101 | 101 | 0 | 0 |
| 499-911 | Manor at Cloppers Mill, LLC | 102 | 102 | 0 | 0 |
| 499-912 | Manor at Colesville, LLC | 83 | 83 | 0 | 0 |
| 911-475 | The Oaks at Four Corners Dev Corp | 120 | 120 | 120 | 120 |
| Subtotal - Elderly Contract Managed | | 406 | 406 | 120 | 120 |
| Subtotal-Contract Managed | | 4,219 | 4,604 | 3,933 | 3,933 |
| Total Opportunity Housing and Development Corporations | | 6,516 | 6,918 | 6,260 | 6,154 |

Part B: Units Managed and Administered by HOC

| Property No. | Property Name | Actual As of 6/30/2020 | Actual As of 6/30/2021 | Projected As of 6/30/2022 | Budget As of 6/30/2023 |
|--|--|------------------------------|------------------------------|---------------------------------|------------------------------|
| MANAGED PROPERTIES | | | | | |
| 236 Elderly Communities - HOC Managed | | | | | |
| 871-701 | Bauer Park | 142 | 0 | 0 | 0 |
| 872-703 | Town Center Apts. | 112 | 112 | 0 | 0 |
| Subtotal - Elderly HOC Managed | | 254 | 112 | 0 | 0 |
| Other Elderly Communities - HOC Managed | | | | | |
| 811-415 | Arcola Towers | 141 | 141 | 141 | 141 |
| 811-417 | Waverly House | 157 | 157 | 157 | 157 |
| Subtotal - Family HOC Managed | | 298 | 298 | 298 | 298 |
| Other Family Communities - HOC Managed | | | | | |
| 899-000 | Lasko Manor. LP | 12 | 12 | 12 | 12 |
| Subtotal - Family HOC Managed | | 12 | 12 | 12 | 12 |
| Subtotal-HOC Managed | | 564 | 422 | 310 | 310 |
| Family Communities - Contract Managed | | | | | |
| 813-402 | Elizabeth House III LP | 0 | 0 | 0 | 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 | 0 | 142 | 142 | 142 |
| 847-744 | HOC at Stewartown Homes LLC | 0 | 0 | 94 | 94 |
| 848-745 | HOC at Georgian Court LLC | 0 | 0 | 147 | 147 |
| 849-742 | HOC at Shady Grove Apartments LLC | 0 | 0 | 144 | 144 |
| 888-910 | HOC at Willow Manor LLC (Fair Hill Farm) | 0 | 0 | 101 | 101 |
| 888-911 | HOC at Willow Manor LLC (Cloppers Mill) | 0 | 0 | 102 | 102 |
| 888-912 | HOC at Willow Manor LLC (Colesville) | 0 | 0 | 83 | 83 |
| 899-704 | HOC at Upton II LLC | 0 | 0 | 150 | 150 |
| 899-904 | 900 Thayer LP (Fenton Silver Spring) | 124 | 124 | 124 | 124 |
| 899-910 | Westside Shady Grove | 0 | 0 | 0 | 144 |
| 899-200 | CCL Multifamily LLC (The Lindley) | 200 | 200 | 200 | 200 |
| Subtotal - Family Contract Managed | | 965 | 1,107 | 1,928 | 2,339 |
| Subtotal Contract Managed Properties | | 965 | 1,107 | 1,928 | 2,339 |
| Total Managed Properties | | 1,529 | 1,529 | 2,238 | 2,649 |

Part B: Units Managed and Administered by HOC continued

| Housing Type | Actual | Actual | Projected | Budget |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | As of 6/30/2020 | As of 6/30/2021 | As of 6/30/2022 | As of 6/30/2023 |
| UNITS ADMINISTERED | | | | |
| Rental Assistance Programs | | | | |
| Vouchers | 7,611 | 7,657 | 7,659 | 7,659 |
| Portables | 736 | 736 | 745 | 745 |
| Mod / Rehab | 27 | 27 | 29 | 29 |
| Subtotal-Rental Assistance | 8,374 | 8,420 | 8,433 | 8,433 |
| Transitional Housing Programs | | | | |
| Turnkey | 8 | 7 | 7 | 7 |
| McKinney X | 172 | 172 | 172 | 172 |
| McKinney X - EXPANSION | 15 | 15 | 15 | 15 |
| McKinney XIV | 45 | 45 | 45 | 45 |
| Subtotal-Transitional Housing | 240 | 239 | 239 | 239 |
| Specialized Programs | | | | |
| Rent Supplemental Programs | 259 | 241 | 300 | 300 |
| Housing Locator | 115 | 47 | 100 | 100 |
| Subtotal-Specialized Programs | 374 | 288 | 400 | 400 |
| Total Administered Properties | 8,988 | 8,947 | 9,072 | 9,072 |

Part C: HOC Financing

| PRIVATELY OWNED UNITS | | Actual | Actual | Projected | Budget |
|---|----------------------------------|--------------|--------------|--------------|--------------|
| FINANCED BY THE HOC | | As of | As of | As of | As of |
| PROPERTY NAME | | 6/30/2020 | 6/30/2021 | 6/30/2022 | 6/30/2023 |
| Private Bond-Financed Properties | | | | | |
| 1 | Amherst Square | 125 | 125 | 125 | 125 |
| 2 | Argent | 96 | 96 | 96 | 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 | Drings Reach | 104 | 0 | 0 | 0 |
| 9 | Hillside Senior Apartments | 0 | 140 | 140 | 140 |
| 10 | Lakeview | 152 | 152 | 152 | 152 |
| 11 | Oakfield Apartments | 371 | 0 | 0 | 0 |
| 12 | Lenox Park | 406 | 406 | 406 | 406 |
| 13 | Ring House | 248 | 248 | 248 | 248 |
| 14 | Rockville Housing Enterprises | 56 | 56 | 56 | 56 |
| 15 | Victory Court | 86 | 86 | 86 | 86 |
| 16 | Victory Forest | 181 | 181 | 181 | 181 |
| 17 | Woodfield | 84 | 84 | 84 | 84 |
| PRIVATE SUBTOTAL | | 2,594 | 2,259 | 2,259 | 2,163 |

Part D: HOC Financing

| NUMBER OF SINGLE FAMILY LOANS | Actual | Actual | Projected | Budget |
|---|-----------|-----------|-----------|-----------|
| | As of | As of | As of | As of |
| | 6/30/2020 | 6/30/2021 | 6/30/2022 | 6/30/2023 |
| CLOSING COST LOANS | | | | |
| Number of New Loans | 170 | 110 | 150 | 150 |
| Number of Loans Outstanding | 757 | 686 | 766 | 846 |
| | Actual | Actual | Actual | Budget |
| | As of | As of | As of | As of |
| | 6/30/2020 | 6/30/2021 | 6/30/2022 | 6/30/2023 |
| MORTGAGE PURCHASE PROGRAM | | | | |
| Number of New Loans | 172 | 103 | 130 | 150 |
| Number of Loans Outstanding - Whole Loans & MBS | 1,355 | 1,199 | 1,204 | 1,229 |

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General Financial Information

General Financial Information

Recommended Budget
April 6, 2022

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 1st). The budget reflects the priorities of the Commission as identified in the Strategic Plan and provides for the ongoing work of the Agency.

Internal Control

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

Investment Policy

All funds not needed for immediate expenditure are invested in interest bearing accounts or securities consistent with governing laws and regulations.

All investments are made to achieve the following 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

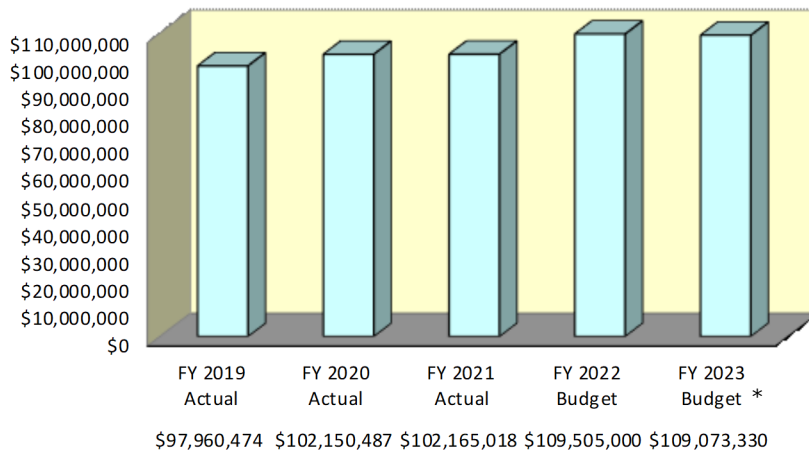
Federal Funds

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

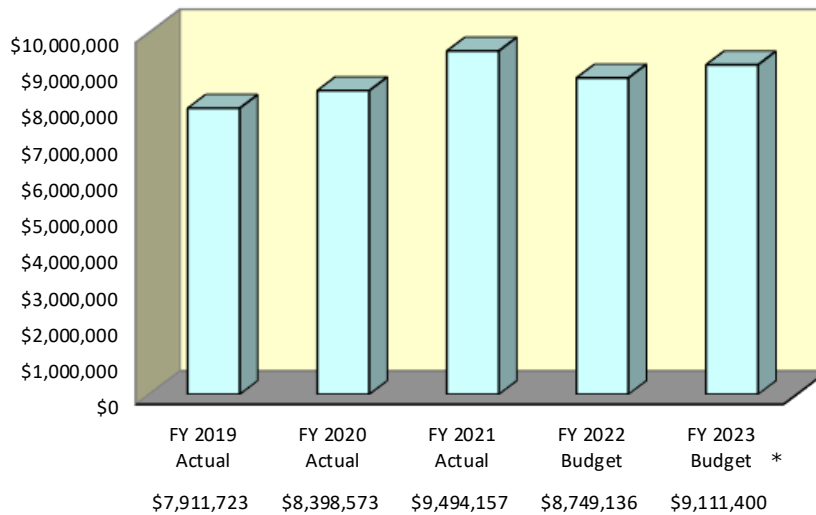
private landlords on behalf of HCV Program participants. To be eligible for this program, HCV recipients must have a gross household income below 50% of the area median income. The program requires that HCV recipients contribute 30% of their household income toward rent, with the HCV Program providing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

Housing Assist Payments (HAP)



**Represents 35.5% of Revenues for FY 2023.*

HCV Administrative Fees - Income



**Represents 3.0% of Revenues for FY 2023.*

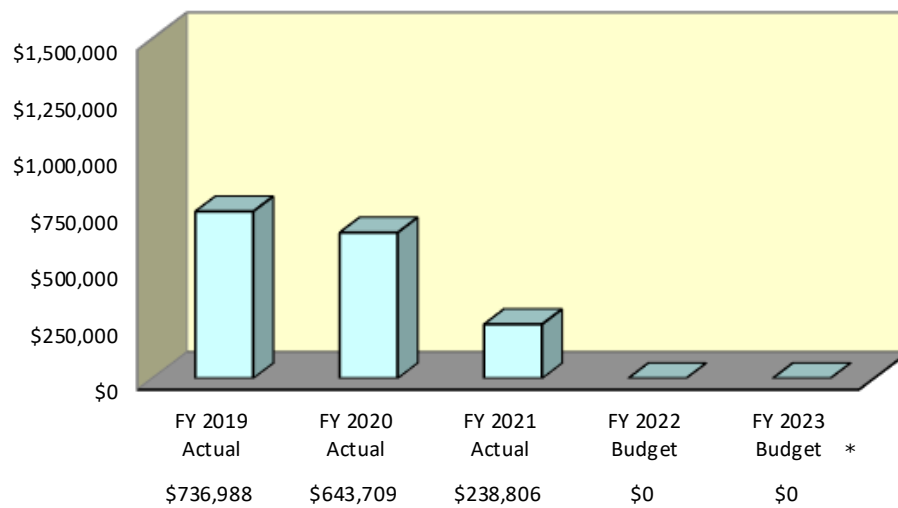
Public Housing Operating Subsidy

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 2023.*

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”)

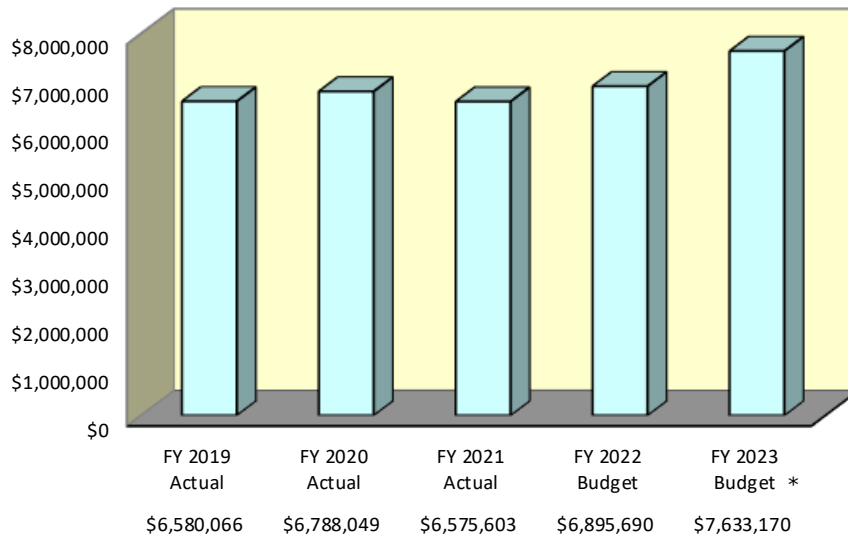
This fund was established by County law in 1988 to construct or acquire affordable housing units; buy and rehabilitate existing rental units that would otherwise be removed from the supply of affordable housing; and/or participate in mixed-use housing developments that will include affordable housing. 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 \$10.5 million in outstanding loans, which equals 62% of total authority.

County Operating Grant



**Represents 2.5% of Revenues for FY 2023.*

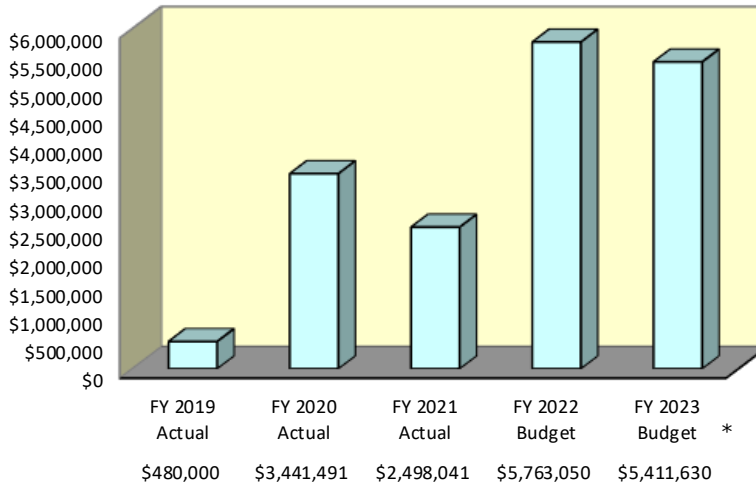
Mortgage Finance Activities

Multifamily Commitment Fees

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

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

Commitment Fees



**Represents 1.8% of Revenues for FY 2023.*

In FY 2023, 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.

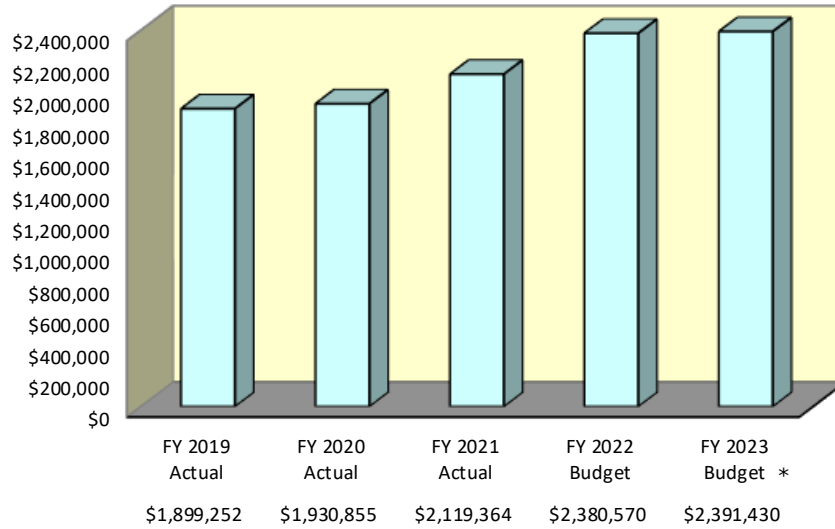
Mortgage Finance Activities (cont.)

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

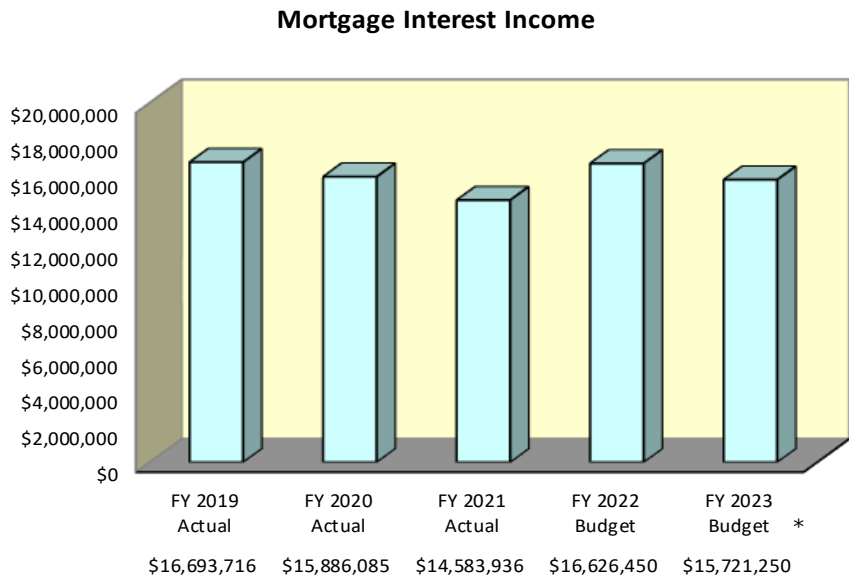


**Represents 0.8% of Revenues for FY 2023.*

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 5.1% of Revenues for FY 2023.*

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 2023 budget draws \$1,418,073 from 1979 Single Family Mortgage Revenue Bond (MRB) Indenture for the cost of program administration for the Single Family Mortgage Purchase Program, and \$2,128,912 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 December 31, 2021, \$180 million of single family and \$538 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.

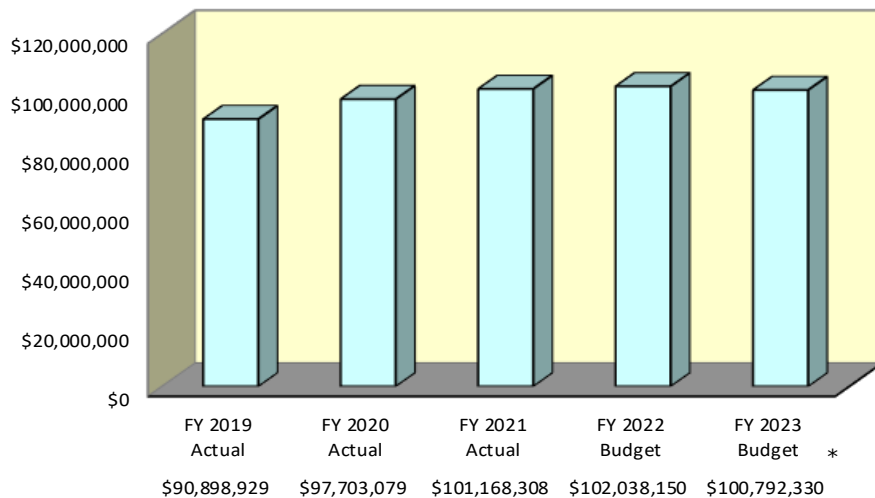
Rent is HOC’s largest single revenue source after the Housing Assistance Payments.

The FY 2023 budget made the following assumptions for rental rates at Opportunity Housing Properties:

Rent increase upon renewal budgeted at 1.4%.

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

Tenant Income



**Represents 32.8% of Revenues for FY 2023.*

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 2023 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 insurance risk-sharing agreement with HUD to provide for full mortgage insurance through the Federal Housing Administration of loans for affordable housing. The Commission was approved by HUD as both a Level I and Level II participant. Level I participants assume 50-90% of the risk of loss from mortgage default and Level II participants assume either 25% or 10% of the risk of loss from mortgage default.

Upon default of a mortgage and request of the Commission, HUD will pay the claim in full, so the

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

The Commission has the use of revolving funds from the County in the amount of \$17 million; these loans are used for interim financing and are repaid when HOC is reimbursed from the source of the permanent financing for the project. HOC also has a \$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, 2022.

Debt Summary (Estimate as of June 30, 2022)

| Bonds | Amount Issued | Amount Outstanding | Property Related | Amount Outstanding |
|----------------------------------|------------------------|----------------------|-------------------------------|------------------------|
| Single Family Fund | \$376,060,000 | \$166,936,232 | Intra-Commission Mortgages | \$261,777,335 |
| Multifamily Fund | \$770,916,992 | \$592,506,200 | Other Mortgages | \$766,013,589 |
| Total HOC Bonds | \$1,146,976,992 | \$759,442,432 | Total Mortgages | \$1,027,790,924 |
| Non-Obligated Multifamily Bonds | \$200,138,000 | \$142,974,382 | Notes Payable to County | \$86,561,292 |
| Total Non-Obligated Bonds | \$200,138,000 | \$142,974,382 | County Revolving Funds | \$6,689,629 |
| | | | Total Debt to County | \$93,250,921 |
| | | | Notes Payable to State | \$20,635,462 |
| TOTAL BONDS | \$1,347,114,992 | \$902,416,814 | TOTAL PROPERTY DEBT | \$1,141,677,307 |

Single Family Mortgage Revenue Bonds (Estimate as of June 30, 2022)

| 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 | \$8,795,000 |
| 2013 Series B | 7/1/2043 | \$14,825,000 | \$2,015,000 (1) |
| 2016 Series A | 7/1/2046 | \$32,805,000 | \$12,330,000 |
| 2016 Series B | 7/1/2022 | \$9,850,000 | \$1,025,000 |
| 2017 Series A | 7/1/2048 | \$22,000,000 | \$8,115,000 |
| 2017 Series B | 7/1/2030 | \$11,300,000 | \$7,540,000 |
| 2018 Series A | 7/1/2049 | \$29,435,000 | \$19,595,000 |
| 2018 Series B | 7/1/2039 | \$8,450,000 | \$8,310,000 |
| 2021 Series A | 1/1/2050 | \$22,820,000 | \$21,920,000 |
| 2021 Series B | 7/1/2029 | \$5,650,000 | \$5,440,000 |
| 2021 Series C | 7/1/2041 | \$10,000,000 | \$10,000,000 |
| Total Single Family Revenue Bonds | | \$235,980,000 | \$130,600,000 |
| SINGLE FAMILY HOUSING REVENUE BONDS (As of June 30, 2022) | | | |
| 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 | \$2,750,000 |
| 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 | \$2,250,000 |
| Total HOC Owned Bonds | | \$95,970,000 | \$7,370,000 |
| HOC PROGRAM REVENUE BOND (As of June 30, 2022) | | | |
| HOC PRB 2019A | 7/1/2049 | \$28,280,000 | \$17,125,000 |
| HOC PRB 2019A | 1/1/2033 | \$4,610,000 | \$2,485,000 |
| HOC PRB 2019A | 7/1/2039 | \$11,220,000 | \$6,040,000 |
| Total HOC Program Revenue Bonds | | \$44,110,000 | \$25,650,000 |
| Total HOC Owned Bonds | | \$376,060,000 | \$163,620,000 |
| Bonds Premium at 6/30/22 | | \$0 | \$3,316,232 |
| Total Single Family Bonds | | \$376,060,000 | \$166,936,232 |

(1) Includes Accreted Value

Multifamily Housing Bonds (Estimate as of June 30, 2022)

| Bond Series | Current Property Name | Owner | Final Maturity | Amount Issued | Amount Outstanding |
|--|---|-----------------|----------------|----------------------|----------------------|
| 1996 Stand Alone Bond - Multifamily Housing Development Bonds | | | | | |
| 2021 Series A | WSG (Green Bonds) | | 7/1/2052 | \$99,250,000 | \$99,250,000 |
| Series 2021 | 50M County | | 7/1/2041 | \$50,000,000 | \$50,000,000 |
| SUBTOTAL | | | | \$149,250,000 | \$149,250,000 |
| 1984 Open Indenture | | | | | |
| 1984 Series A | | | 7/1/2026 | \$5,521,992 | \$30,554 (1) |
| 1995 Series A | MPDU I | HOC | 7/1/2026 | \$23,910,000 | \$0 |
| SUBTOTAL | | | | \$29,431,992 | \$30,554 |
| 1996 Open Indenture | | | | | |
| 2004 Series A | Charter House | Private | 7/1/2036 | \$13,700,000 | \$9,445,000 |
| 2004 Series B | Rockville Housing | Non-Profit | 7/1/2045 | \$4,085,000 | \$3,190,000 |
| 2005 Series B | The Metropolitan Tax Credit | HOC | 7/1/2034 | \$5,440,000 | \$3,605,000 |
| 2005 Series C | The Metropolitan HOC | HOC | 7/1/2037 | \$28,630,000 | \$20,735,000 |
| 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 | \$29,360,000 |
| 2011 Series B | MetroPointe | HOC | 1/1/2049 | \$3,020,000 | \$2,660,000 |
| 2012 Series A | Ring House & Scattered Sites | Private/HOC | 7/1/2043 | \$24,935,000 | \$16,590,000 |
| 2012 Series B | TPM (redeem), Dring's Reach & Oaks | HOC/private/HOC | 7/1/2033 | \$18,190,000 | \$1,640,000 |
| 2012 Series C | Shady Grove, Manchester, Willows, Tax Cr 10, Stewartown, Georgian Crt | HOC | 7/1/2031 | \$24,230,000 | \$3,910,000 |
| 2012 Series D | Pooks Hill, Diamond Sq., Montgomery Arms | HOC | 7/1/2043 | \$34,975,000 | \$25,505,000 |
| 2014 Series A | RAD 6 - Seneca Ridge, Wash. Sq., Parkway Woods, Ken Gar, Sandy Spring, Towne Center | HOC | 7/1/2046 | \$24,000,000 | \$21,385,000 |
| 2015 Series A-1 | Arcola | HOC | 1/1/2053 | \$15,010,000 | \$14,050,000 |
| 2015 Series A-2 | Waverly | Private | 7/1/2018 | \$20,840,000 | \$0 |
| 2017 Series A | Greenhills | HOC | 7/1/2054 | \$12,000,000 | \$11,625,000 |
| 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 | \$6,965,000 |
| 2019 Series C | Barclay (Tx Cr) and Spring Garden | HOC | 7/1/2036 | \$9,840,000 | \$9,070,000 |
| 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 | \$24,180,000 |
| 2020 Series C | Forest Oak & Tax Cr 9/Pond Ridge | HOC | 7/1/2037 | \$16,410,000 | \$15,580,000 |
| 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 |
| SUBTOTAL | | | | \$566,435,000 | \$427,665,000 |

(1) Includes Accreted Value

| Bond Series | Current Property Name | Owner | Final Maturity | Amount Issued | Amount Outstanding |
|--|-----------------------|------------|----------------|----------------------|----------------------|
| Housing Development Bonds (Guaranteed by Montgomery County) | | | | | |
| 1998 Issue A | Landings Edge | Non-Profit | 7/1/2028 | \$12,900,000 | \$4,860,000 |
| SUBTOTAL | | | | \$12,900,000 | \$4,860,000 |
| Multiple Purpose Indenture | | | | | |
| Bond Discount Fee | | | | | (\$559,354) |
| SUBTOTAL | | | | \$0 | (\$559,354) |
| Multifamily Housing Bonds Indenture | | | | | |
| 2009 Series A-2 | Argent | | 1/1/2044 | \$8,040,000 | \$8,040,000 |
| 2010 Series A | Argent | | 1/1/2033 | \$4,860,000 | \$3,220,000 |
| SUBTOTAL | | | | \$12,900,000 | \$11,260,000 |
| Total Multifamily Bonds | | | | \$770,916,992 | \$592,506,200 |

Multifamily Housing Bonds (Estimate as of June 30, 2021)

| Bond Series | Current Property Name | Owner | Final Maturity | Amount Issued | Amount Outstanding |
|--|--|---------|----------------|----------------------|----------------------|
| Non-Obligation Bond Issues: | | | | | |
| <u>Multifamily Housing Revenue Bonds</u> | | | | | |
| 2004 Issue B | Blair Park | Private | 10/15/2036 | \$2,700,000 | \$1,524,106 |
| 2006 Issue A | Covenant Village | Private | 12/1/2048 | \$6,418,000 | \$5,702,928 |
| 2008 Issue A | Victory Forest | Private | 9/1/2045 | \$6,600,000 | \$1,155,757 |
| Series 2018 | Hillside Senior Living | Private | 2/1/2060 | \$26,270,000 | \$20,170,000 |
| <u>Multifamily Housing Revenue Refunding Bonds</u> | | | | | |
| 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 |
| <u>Variable Housing Revenue Bonds</u> | | | | | |
| 2005 Issue I | Oakfield | Private | 10/15/2039 | \$38,000,000 | \$0 |
| 2012 Issue A | Victory Court | Private | 10/1/2024 | \$8,400,000 | \$7,395,675 |
| <u>Non-Obligation Notes - (Multifamily Housing Revenue Bonds)</u> | | | | | |
| 2015 Issue A | The Crossings - Olde Towne Gaithersburg Apts (Y-Site) | Private | 4/1/2048 | \$25,525,000 | \$24,065,062 |
| 2015 Issue B | Lakeview House Apts. | Private | 7/1/2031 | \$34,225,000 | \$30,960,854 |
| SUBTOTAL | | | | \$200,138,000 | \$142,974,382 |

Property Related Debt (Estimate as of June 30, 2022)

| Property | Purpose | Amount Outstanding | Property | Purpose | Amount Outstanding |
|--|-------------------|----------------------|--|-------------------|---------------------|
| <u>Intra-Commission mortgages made from bond issues</u> | | | <u>Other Loans/OHRF</u> | | |
| Barclay Development Corporation | Mortgage | \$6,554,607 | 9845 Lost Knife road | Acquisition | \$50,000 |
| Barclay One Associates LP | Mortgage | \$4,229,961 | Alexander House Dev | Rehab | \$178,138 |
| Brookside Glen LP | Mortgage | \$3,661,454 | Ambassador | Rehab | \$47,129 |
| Diamond Square | Mortgage | \$934,729 | Bradley Crossing | Acquisition | \$14,796,677 |
| Magruder's Discovery | Mortgage | \$9,474,839 | Development in Process | Rehab | \$1,077,693 |
| Manchester Manor Apts | Mortgage | \$993,088 | Elizabeth House IV | Acquisition | \$1,782,300 |
| Metropolitan Bethesda LP | Mortgage | \$4,810,396 | HOC at Hillandale Gateway | Acquisition | \$2,328,473 |
| Metropolitan Development Corp. | Mortgage | \$20,235,656 | Metropolitan Bethesda LP | Acquisition | \$1,142,000 |
| MHLP IX-MPDU | Mortgage | \$1,238,153 | Montgomery Arms | Rehab | \$1,340,036 |
| MHLP IX-Pond Ridge | Mortgage | \$725,555 | MV Gateway , LLC (Cider Mill) | Acquisition | \$3,000,000 |
| MHLP X | Mortgage | \$1,805,449 | MV Affordable Housing LP (Stewartown) | Acquisition | \$466,889 |
| Montgomery Arms | Mortgage | \$5,879,069 | Paddington Square | Rehab | \$923,038 |
| Pooks Hill Highrise | Mortgage | \$13,993,299 | Shady Grove Apts LP | Acquisition | \$141,043 |
| Pooks Hill Midrise | Mortgage | \$1,124,145 | The Willows of Gaithersburg Assoc. LP | Acquisition | \$43,750 |
| RAD 6 | Mortgage | \$20,892,279 | Wheaton Metro Development Corporation | Rehab | \$1,379,283 |
| Scattered Site One Dev Corp | Mortgage | \$7,156,100 | | | |
| HOC at Westside Shady Grove LLC | Mortgage | \$33,977,703 | Subtotal | | \$28,696,449 |
| Strathmore Court at White Flint | Mortgage | \$11,222,798 | | | |
| Strathmore Court Associates LP | Mortgage | \$1,908,933 | <u>Notes Payable to State of Maryland</u> | | |
| The Oaks at Four Corners | Mortgage | \$914,533 | CDBG McAlpine Road | Rehab | \$107,493 |
| The Willows of Gaithersburg Assoc. LP | Mortgage | \$1,178,723 | Dale Drive | RHPP | \$600,000 |
| Wheaton Metro Development Corporation | Mortgage | \$27,616,400 | Diamond Square | RHPP | \$2,000,000 |
| HOC at Georgian Court LLC | Mortgage | \$28,999,000 | Montgomery Arms | RHPP | \$76,399 |
| HOC at Stewartown Homes LLC | Mortgage | \$16,045,000 | State Rental Consolidated | PHRP | \$8,795,567 |
| HOC at the Upton II | Mortgage | \$16,370,489 | State Rental VII | PHRP | \$4,712,863 |
| Bauer Park Apartments LP | Mortgage | \$19,834,976 | Brookside Glen ("The Glen") | RHPP | \$1,211,706 |
| | | | MetroPointe/Wheaton Metro LP | RHPP | \$1,530,000 |
| | | | Tanglewood and Sligo LP | RHPP | \$1,282,410 |
| Subtotal | | 261,777,335 | Lasko Manor (Hampden Lane) | RHPP | \$319,024 |
| | | | Subtotal | | \$20,635,462 |
| <u>Other Mortgages</u> | | | <u>Loans from Montgomery County Revolving Funds</u> | | |
| 9845 Lost Knife Road | Sandy Spring Bank | \$1,916,322 | Ambassador | Interim Financing | \$2,284,066 |
| MV Gateway II, LLC | Cafritz | \$12,048,970 | Bonifant Office | Interim Financing | \$4,304,000 |
| Paddington Square | Love Funding | \$18,030,838 | Holiday Park Townhouse | Interim Financing | \$101,563 |
| Scattered Site Two Dev Corp | PNC Bank | \$4,019,500 | Subtotal | | \$6,689,629 |
| VPC One Development Corporation | PNC Bank | \$27,615,401 | | | |
| VPC Two Development Corporation | PNC Bank | \$19,626,474 | | | |
| Westwood Tower | United Bank | \$20,400,000 | | | |
| Subtotal | | \$103,657,504 | | | |
| <u>Other Loans</u> | | | | | |
| 8800 Brookville Road | Acquisition | \$10,850,000 | | | |
| Alexander House Development Corp. | Construction-FFB | \$49,661,006 | | | |
| Avondale Apartments | Acquisition | \$7,037,704 | | | |
| Barclay Development Corporation | Rehab | \$2,460,917 | | | |
| Barclay One Associates LP | Rehab | \$2,891,404 | | | |

Property Related Debt (Estimate as of June 30, 2021) – (cont.)

| Property | Purpose | Amount Outstanding |
|--|--------------------|----------------------|
| Other Loans (cont.) | | |
| Bradley Crossing | Acquisition | \$81,200,000 |
| Brooke Park | Acquisition | \$3,111,145 |
| Development in process | Note Payable | \$18,999,098 |
| Development in process - Yrs 15 Properties | Note Payable | \$1,371,600 |
| Fairfax Court | Refinancing | \$316,352 |
| Glenmont Crossing | Rehab/Purchase-FFB | \$13,423,048 |
| Glenmont Westerly | Rehab/Purchase-FFB | \$13,327,849 |
| HOC Fenwick & Second Headquarters | Acquisition | \$1,445,296 |
| HOC at Veirs Mill East | Acquisition | \$649,144 |
| HOC at Wheaton Gateway | Acquisition | \$13,511,590 |
| Metropolitan Bethesda LP | Loan/advance | \$12,933,683 |
| CCL Multifamily LLC (The Lindley) | Acquisition | \$60,784,582 |
| 900 Thayer LP | Acquisition | \$15,405,155 |
| MPDU 64 | Refinancing | \$895,819 |
| MV Gateway , LLC (Cider Mill) | Acquisition - FFB | \$118,080,929 |
| Strathmore Court Associates LP | Loan/advance | \$2,052,911 |
| HOC at Willow Manor - Fair Hill Farm | Acquisition | \$14,277,452 |
| HOC at Willow Manor - Cloppers Mill | Acquisition | \$15,093,306 |
| HOC at Willow Manor - Colesville | Acquisition | \$11,421,961 |
| Greenhills Apartments LP | Acquisition | \$7,523,156 |
| 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 |
| Spring Garden One Assoc. LP | Acquisition | \$3,274,431 |
| Tanglewood and Sligo LP | Acquisition | \$3,190,411 |
| Wheaton Gateway LLC | Acquisition | \$341,557 |
| HOC at Stewartown Homes LLC | Acquisition | \$9,044,240 |
| HOC at Georgian Court LLC | Acquisition | \$19,773,652 |
| HOC at Shady Grove LLC | Acquisition | \$11,153,720 |
| Town Center Apts | Acquisition | \$196,957 |
| Wheaton Venture LLC | Acquisition | \$238,350 |
| HOC at Willow Manor - Fair Hill Farm | Acquisition | \$129,952 |
| HOC at Willow Manor - Cloppers Mill | Acquisition | \$131,239 |
| HOC at Willow Manor - Colesville | Acquisition | \$106,792 |
| HOC at the Upton II | Acquisition | \$14,078,299 |
| Hillandale Gateway, LLC | Acquisition | \$4,051,518 |
| Bauer Park Apartments LP | Acquisition | \$7,112,596 |
| Arcola Towers LP | Acquisition | \$13,346,330 |
| Waverly House LP | Acquisition | \$22,954,849 |
| Elizabeth House III Limited Partnership | Acquisition | \$20,935,667 |
| MetroPointe/Wheaton Metro LP | Acquisition | \$524,315 |
| TPP LLC - Pomander | Rehab-FFB | \$3,442,722 |
| TPP LLC - Timberlawn | Rehab-FFB | \$15,349,430 |
| VPC One Development Corporation | Rehab | \$2,446,912 |
| VPC Two Development Corporation | Rehab | \$1,713,088 |
| Metropolitan of Bethesda LP | | \$167,084 |
| Subtotal | | \$633,659,636 |

| Property | Purpose | Amount Outstanding |
|---|--------------------------|------------------------|
| Notes Payable to Montgomery County | | |
| Ambassador | Acquisition | \$2,000,000 |
| Brooke Park Apartments | Acquisition | \$4,959,179 |
| CDBG | Acquisition | \$604,275 |
| CDBG McAlpine Road | Acquisition | \$101,168 |
| Chelsea Towers | Acquisition | \$1,133,114 |
| 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 |
| Jubilee Housing | Predevelopment | \$965,231 |
| King Farm Village Center | Acquisition & Rehab | \$1,697,078 |
| Manchester Manor Apts | Housing Initiative Funds | \$682,882 |
| McHAF (MC Homeownership Assistance Fund) | Acquisition | \$4,500,000 |
| McHome | Acquisition & Rehab | \$2,005,645 |
| MHLP IX- MPDU | | \$800,000 |
| MHLP IX- Pond Ridge | | \$605,500 |
| MHLP X | | \$776,920 |
| Montgomery Arms | Acquisition & Rehab | \$1,699,307 |
| MV Gateway LLC | Acquisition | \$15,000,000 |
| NCI I | Acquisition & Rehab | \$4,039,753 |
| NSP I | Acquisition & Rehab | \$1,993,071 |
| Oaks @ Four Corners | Acquisition & Rehab | \$1,580,714 |
| Paddington Square | Acquisition | \$5,196,232 |
| Pooks Hill Midrise | Acquisition | \$200,863 |
| Scattered Site Two Development Corp | Acquisition | \$567,382 |
| Shady Grove Apts LP | Home Funds | \$3,072 |
| Southbridge | Acquisition & Rehab | \$5,974,031 |
| State rental combined | Acquisition | \$60,000 |
| State Rental VII | Acquisition | \$1,668,050 |
| The Glen | Acquisition | \$575,404 |
| HOC at Willow Manor - Fair Hill Farm | Acquisition | \$4,540,472 |
| HOC at Willow Manor - Cloppers Mill | Acquisition | \$4,799,927 |
| HOC at Willow Manor - Colesville | Acquisition | \$3,632,377 |
| The Willows of Gaithersburg Assoc. LP | Home Funds | \$562,161 |
| Wheaton Metro Dev Corp. | Rehab | \$2,984,721 |
| Subtotal | | \$86,561,292 |
| Total Property Related Debt | | \$1,141,677,307 |

Debt Summary By Fund

| Property Name | Total Debt Service | | | FY 2023 Recommended Budget | | | |
|---------------------------------|---------------------|---------------------|---------------------|----------------------------|--------------------|--------------------|---------------------|
| | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended | Interest Payments | Mortgage Insurance | Principal Payments | Total Debt Service |
| General Fund | | | | | | | |
| Interest Refund | \$58,292 | \$2,833 | \$4,600 | \$0 | \$0 | \$0 | \$0 |
| Customer Service Center | \$100,000 | \$96,000 | \$96,000 | \$0 | \$0 | \$96,000 | \$96,000 |
| LOC | \$0 | \$4,343 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Smith Village | \$21,817 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total General Fund | \$180,109 | \$103,176 | \$100,600 | \$0 | \$0 | \$96,000 | \$96,000 |
| Multifamily Bond Fund | \$10,851,297 | \$11,798,581 | \$11,461,130 | \$11,509,950 | \$0 | \$0 | \$11,509,950 |
| Single Family Bond Fund | \$5,928,668 | \$4,329,469 | \$5,774,400 | \$5,377,680 | \$790 | \$0 | \$5,378,470 |
| Opportunity Housing Fund | | | | | | | |
| Alexander House Dev Corp | \$1,547,547 | \$2,375,790 | \$2,375,790 | \$1,707,650 | \$0 | \$668,140 | \$2,375,790 |
| Ambassador | \$21,084 | \$8,912 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Avondale Apartments | \$104,860 | \$33,674 | \$33,820 | \$59,460 | \$0 | \$0 | \$59,460 |
| Barclay Apartments Dev Corp | \$675,740 | \$674,247 | \$672,570 | \$292,290 | \$32,700 | \$345,880 | \$670,870 |
| Barclay Affordable | \$292,301 | \$436,180 | \$436,590 | \$191,180 | \$19,960 | \$223,210 | \$434,350 |
| Bradley Crossing | \$0 | \$4,035 | \$2,943,500 | \$3,029,460 | \$0 | \$0 | \$3,029,460 |
| Brookside Glen (The Glen) LP | \$491,520 | \$459,550 | \$495,210 | \$187,430 | \$18,250 | \$288,220 | \$493,900 |
| Brookville Rd | \$278,214 | \$113,666 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CDBG Units | \$929 | \$929 | \$920 | \$920 | \$0 | \$0 | \$920 |
| Chelsea Towers | \$54,396 | \$52,034 | \$136,500 | \$56,370 | \$0 | \$77,720 | \$134,090 |
| Cider Mill Apartments | \$6,633,056 | \$6,667,211 | \$6,682,380 | \$4,778,510 | \$295,020 | \$1,688,980 | \$6,762,510 |
| Diamond Square LP | \$117,569 | \$117,302 | \$116,990 | \$43,590 | \$4,660 | \$68,410 | \$116,660 |
| Day Care at 9845 Lost Knife Rd | \$135,501 | \$105,779 | \$115,290 | \$76,100 | \$0 | \$39,290 | \$115,390 |
| Fairfax Court | \$26,085 | \$15,350 | \$23,740 | \$2,920 | \$0 | \$19,520 | \$22,440 |
| Georgian Court Affordable | \$273,591 | \$306,188 | \$147,630 | \$0 | \$0 | \$0 | \$0 |
| Glenmont Crossing Dev Corp | \$652,592 | \$675,965 | \$675,960 | \$437,780 | \$0 | \$238,190 | \$675,970 |
| Glenmont Westerly Dev Corp | \$553,223 | \$671,171 | \$671,170 | \$436,680 | \$0 | \$236,490 | \$673,170 |
| Holiday Park | \$101,563 | \$101,563 | \$101,560 | \$0 | \$0 | \$101,560 | \$101,560 |
| Magruder's Discovery Dev Corp | \$926,113 | \$924,849 | \$923,660 | \$607,060 | \$47,320 | \$267,980 | \$922,360 |
| Manchester Manor Apartments | \$252,592 | \$181,123 | \$220,380 | \$72,260 | \$4,940 | \$142,640 | \$219,840 |
| Manor at Clappers Mill, LLC | \$632,531 | \$551,743 | \$174,160 | \$0 | \$0 | \$0 | \$0 |
| Manor at Colesville, LLC | \$463,726 | \$404,498 | \$127,680 | \$0 | \$0 | \$0 | \$0 |
| Manor at Fair Hill Farm, LLC | \$692,064 | \$603,672 | \$190,550 | \$0 | \$0 | \$0 | \$0 |
| MetroPointe Dev Corp | \$1,946,560 | \$1,944,067 | \$1,941,460 | \$1,243,730 | \$137,960 | \$557,040 | \$1,938,730 |
| Metropolitan Dev Corp | \$2,301,957 | \$2,298,123 | \$2,294,040 | \$1,292,250 | \$100,980 | \$896,450 | \$2,289,680 |
| Metropolitan Affordable | \$364,714 | \$546,307 | \$545,330 | \$307,190 | \$24,010 | \$213,100 | \$544,300 |

Debt Summary By Fund (cont.)

| Property Name | Total Debt Service | | | FY 2023 Recommended Budget | | | |
|---------------------------------------|---------------------|---------------------|---------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| | FY 2020 Actual | FY 2021 Actual | FY 2022 Amended | Interest Payments | Mortgage Insurance | Principal Payments | Total Debt Service |
| (cont.) | | | | | | | |
| MHLP VII | \$30,437 | \$5,476 | \$39,650 | \$5,160 | \$0 | \$0 | \$5,160 |
| MHLP IX - Pond Ridge | \$238,097 | \$192,642 | \$241,100 | \$107,240 | \$3,600 | \$129,660 | \$240,500 |
| MHLP IX - Scattered | \$432,512 | \$355,863 | \$437,540 | \$200,030 | \$6,150 | \$230,330 | \$436,510 |
| MHLP X | \$305,465 | \$304,684 | \$464,940 | \$178,600 | \$8,990 | \$276,470 | \$464,060 |
| Montgomery Arms Dev Corp | \$685,601 | \$683,953 | \$682,230 | \$276,350 | \$22,090 | \$374,750 | \$673,190 |
| MPDU I (64) | \$226,859 | \$181,046 | \$225,190 | \$0 | \$0 | \$0 | \$0 |
| Oaks @ Four Corners Dev Corp | \$281,942 | \$281,015 | \$280,030 | \$58,150 | \$4,520 | \$216,310 | \$278,980 |
| Paddington Square Dev Corp | \$1,130,561 | \$1,129,120 | \$939,060 | \$531,190 | \$64,460 | \$315,900 | \$911,550 |
| Pooks Hill High-Rise Dev Corp | \$1,024,452 | \$1,022,162 | \$1,019,800 | \$451,930 | \$69,860 | \$495,600 | \$1,017,390 |
| Pooks Hill Mid-Rise | \$298,108 | \$278,734 | \$298,110 | \$58,920 | \$0 | \$239,190 | \$298,110 |
| RAD 6 - Ken Gar Dev Corp | \$103,190 | \$103,025 | \$102,850 | \$36,490 | \$7,140 | \$59,040 | \$102,670 |
| RAD 6 - Parkway Woods Dev Corp | \$116,733 | \$116,517 | \$116,320 | \$41,260 | \$8,080 | \$66,780 | \$116,120 |
| RAD 6 - Sandy Spring Meadow Dev Corp | \$260,914 | \$260,498 | \$260,060 | \$92,260 | \$18,060 | \$149,290 | \$259,610 |
| RAD 6 - Seneca Ridge Dev Corp | \$516,449 | \$515,493 | \$514,630 | \$182,570 | \$35,730 | \$295,440 | \$513,740 |
| RAD 6 - Towne Centre Place Dev Corp | \$174,936 | \$174,656 | \$174,360 | \$61,860 | \$12,100 | \$100,100 | \$174,060 |
| RAD 6 - Washington Square Dev Corp | \$335,695 | \$335,074 | \$334,510 | \$118,670 | \$23,230 | \$192,040 | \$333,940 |
| Scattered Sites One Dev Corp | \$563,201 | \$561,937 | \$560,800 | \$283,050 | \$35,730 | \$240,840 | \$559,620 |
| Scattered Sites Two Dev Corp | \$270,658 | \$270,937 | \$268,950 | \$142,730 | \$0 | \$126,200 | \$268,930 |
| Shady Grove Apartments | \$587,519 | \$575,677 | \$197,450 | \$0 | \$0 | \$0 | \$0 |
| Southbridge | \$125,218 | \$125,218 | \$125,220 | \$80,670 | \$0 | \$44,550 | \$125,220 |
| Stewarttown Affordable | \$136,931 | \$266,728 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Strathmore Court | \$1,183,123 | \$1,178,443 | \$1,174,470 | \$596,200 | \$0 | \$573,900 | \$1,170,100 |
| Strathmore Court Affordable | \$483,440 | \$729,839 | \$733,820 | \$304,180 | \$0 | \$434,000 | \$738,180 |
| TPP - LLC - Pomander Court | \$179,165 | \$179,165 | \$179,170 | \$131,960 | \$0 | \$47,200 | \$179,160 |
| TPP - LLC - Timberlawn | \$798,810 | \$798,810 | \$798,810 | \$588,360 | \$0 | \$210,450 | \$798,810 |
| VPC One Dev Corp | \$1,480,927 | \$1,491,212 | \$1,481,250 | \$1,481,250 | \$0 | \$0 | \$1,481,250 |
| VPC Two Dev Corp | \$1,053,893 | \$1,044,000 | \$1,053,960 | \$1,053,970 | \$0 | \$0 | \$1,053,970 |
| Westwood Towers | \$902,190 | \$899,725 | \$902,190 | \$902,190 | \$0 | \$0 | \$902,190 |
| Willows of Gaithersburg | \$300,510 | \$245,407 | \$280,300 | \$76,990 | \$12,220 | \$189,380 | \$278,590 |
| Total Opportunity Housing Fund | \$33,767,564 | \$34,580,984 | \$35,933,650 | \$22,865,060 | \$1,017,760 | \$11,080,240 | \$34,963,060 |
| TOTAL AGENCY | \$50,727,638 | \$50,812,210 | \$53,269,780 | \$39,752,690 | \$1,018,550 | \$11,176,240 | \$51,947,480 |

Agency Funds (Estimate as of June 30, 2022)

| | General Fund | Opportunity Housing Fund | Public Fund | Multifamily Bond Fund | Single Family Bond Fund | Eliminations | Total |
|--|----------------------|--------------------------|----------------------|-----------------------|-------------------------|-----------------------|----------------------|
| Beginning Fund Balance: 6/30/2021 | \$27,989,959 | \$137,465,944 | \$350,951 | \$33,925,246 | \$36,129,787 | \$0 | \$235,861,887 |
| Revenue: | | | | | | | |
| Housing Assistance Payments (HAP) | \$0 | \$0 | \$120,733,982 | \$0 | \$0 | \$0 | \$120,733,982 |
| HAP administrative fees | \$0 | \$0 | \$10,737,147 | \$0 | \$0 | \$0 | \$10,737,147 |
| Other grants | \$0 | \$0 | \$6,873,806 | \$0 | \$0 | \$0 | \$6,873,806 |
| State and County grants | \$0 | \$0 | \$14,114,281 | \$0 | \$0 | \$0 | \$14,114,281 |
| Investment income | \$0 | \$0 | \$0 | \$5,440,113 | \$3,336,193 | \$0 | \$8,776,306 |
| Unrealized Gains (Losses) on Investment | \$0 | \$0 | \$0 | (\$570,731) | (\$2,846,949) | \$0 | (\$3,417,680) |
| Interest on mortgage & construction loans receivable | \$0 | \$0 | \$0 | \$12,191,730 | \$1,614,052 | (\$7,871,394) | \$5,934,388 |
| Dwelling Rental | \$0 | \$106,297,040 | \$692,551 | \$0 | \$0 | \$0 | \$106,989,590 |
| Management fees and other income | \$18,135,200 | \$6,567,988 | \$78,694 | \$0 | \$0 | (\$11,570,986) | \$13,210,897 |
| Total Operating Income | \$18,135,200 | \$112,865,028 | \$153,230,461 | \$17,061,112 | \$2,103,296 | (\$19,442,380) | \$283,952,718 |
| Expenses: | | | | | | | |
| Housing Assistance Payments | \$0 | \$0 | \$122,960,728 | \$0 | \$0 | \$0 | \$122,960,728 |
| Administration | \$14,498,346 | \$16,180,711 | \$17,848,811 | \$2,653,657 | \$1,385,427 | (\$7,147,901) | \$45,419,051 |
| Maintenance | \$3,380,985 | \$25,721,561 | \$581,142 | \$0 | \$0 | \$0 | \$29,683,687 |
| Depreciation and amortization | \$408,536 | \$21,267,772 | \$199,656 | \$0 | \$0 | \$0 | \$21,875,964 |
| Utilities | \$152,847 | \$7,363,529 | \$252,882 | \$0 | \$0 | \$0 | \$7,769,259 |
| Fringe benefits | \$5,811,234 | \$3,032,703 | \$3,160,597 | \$202,461 | \$140,605 | \$0 | \$12,347,600 |
| Interest Expense | \$0 | \$22,827,833 | \$0 | \$14,246,137 | \$2,872,353 | (\$7,871,394) | \$32,074,929 |
| Other | \$1,351,462 | \$9,876,110 | \$1,440,030 | \$0 | \$0 | (\$4,423,085) | \$8,244,518 |
| Total Operating Expenses | \$25,603,410 | \$106,270,221 | \$146,443,846 | \$17,102,255 | \$4,398,384 | (\$19,442,380) | \$280,375,735 |
| Operating Income (loss) | (\$7,468,209) | \$6,594,807 | \$6,786,615 | (\$41,143) | (\$2,295,088) | \$0 | \$3,576,983 |
| Non-operating revenues (expense): | | | | | | | |
| Other Grants | \$0 | \$245,418 | \$801 | \$0 | \$0 | \$0 | \$246,220 |
| Investment income | \$562,282 | \$1,025,209 | \$0 | \$0 | \$0 | \$0 | \$1,587,491 |
| Interest on mortgage & construction loans receivable | \$9,255,231 | \$764,526 | \$0 | \$0 | \$0 | (\$6,905,777) | \$3,113,980 |
| Gain/(Loss) on Sale of Assets | \$0 | \$68,911,989 | \$0 | \$0 | \$0 | \$0 | \$68,911,989 |
| Interest Expense | (\$9,130,476) | (\$632,287) | \$0 | \$0 | \$0 | \$6,905,777 | (\$2,856,985) |
| Total Non-operating Income (Loss) | \$687,037 | \$70,314,856 | \$801 | \$0 | \$0 | \$0 | \$71,002,694 |
| Capital Contributions | \$0 | (\$62,793) | \$0 | \$0 | \$0 | \$0 | (62,793) |
| Operating transfers in (out) | \$207,500 | \$0 | \$0 | \$0 | (\$207,500) | \$0 | \$0 |
| Ending Fund Balance: 6/30/2022 est. | \$21,416,287 | \$214,312,814 | \$7,138,368 | \$33,884,103 | \$33,627,199 | \$0 | \$310,378,771 |
| Change in Fund Balance | (\$6,573,672) | \$76,846,870 | \$6,787,417 | (\$41,143) | (\$2,502,588) | \$0 | \$74,516,884 |
| Budgeted Fund Balance: 6/30/2023 est. | \$18,435,154 | \$217,293,947 | \$7,138,368 | \$36,992,864 | \$35,404,672 | \$0 | \$315,265,005 |
| Budgeted Change in Fund Balance for FY 2023 | (\$2,981,133) | \$2,981,133 | \$0 | \$3,108,761 | \$1,777,473 | \$0 | \$4,886,234 |



Glossary

Glossary

Recommended Budget
April 6, 2022

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 2021 area median income is \$129,000 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 3rd 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”)

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.)

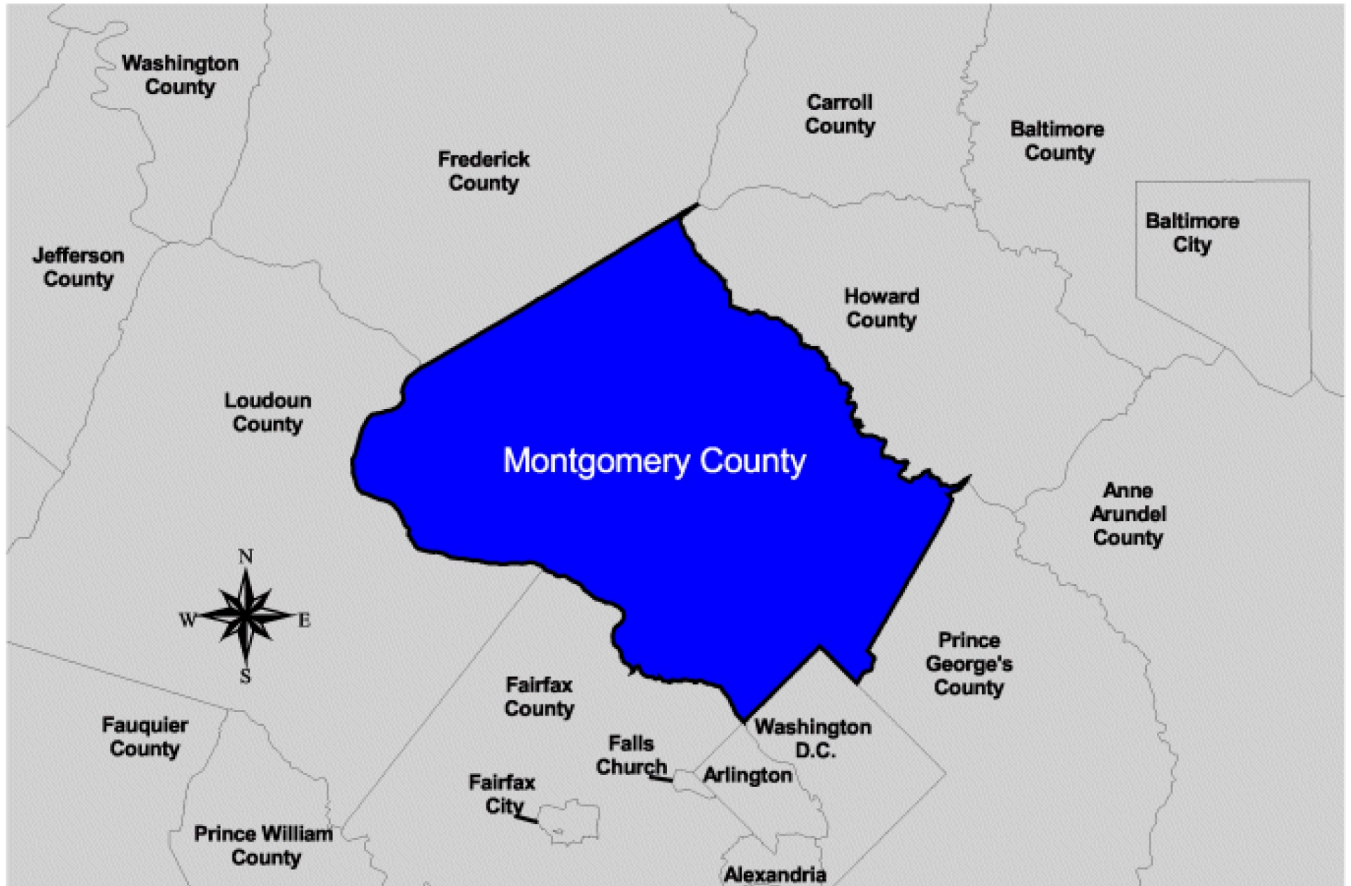
| | | | |
|-------|--|--------|---|
| NSP | Neighborhood Stabilization Program | RHPP | Rental Housing Production Program |
| OCAF | Operating Cost Adjustment Factor | RHW | Rental Housing Works |
| OHPR | Opportunity Housing Property Reserve | RIF | Reduction in Force |
| OHRF | Opportunity Housing 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 | | |

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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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