



Strategic Plan

FY 2013-17



Reimagine. Reposition. Reinvent.

Reimagine.

Reposition.

Reinvent.



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Special acknowledgement is given to Maryann Dillon, Lynn Hayes, Les Kaplan and Tedi Osias for their contributions to the strategic planning process.



Reimagine.

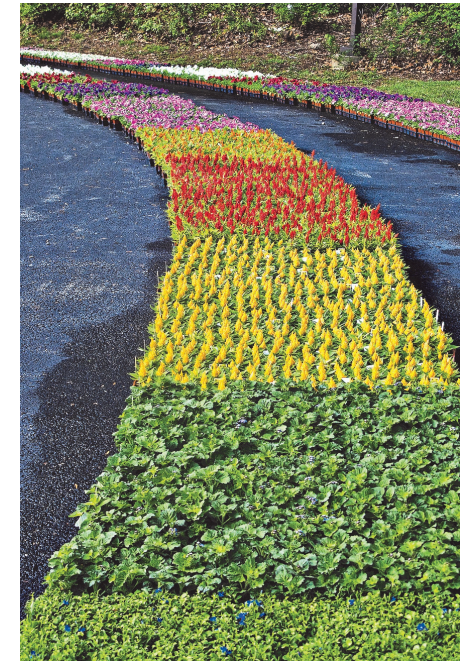
Reposition.

Reinvent.

Strategic Plan FY 2013-2017

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Flower flats brighten up the homes of Public Housing residents, and are distributed through the annual Flower & Mulch Giveaway.

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Message from the Chair and the Executive Director

Over the last decade, our country has experienced a staggering degree of economic change. Our financial markets have been in distress, and we have suffered both high unemployment rates and rising foreclosures. In response, elected officials at all levels of government have been forced to make painful funding cuts to programs that serve our most vulnerable, just as their needs have risen to new levels. In short, the Great Recession has shaken the foundation of affordable housing and many other areas of social service.

It is clear that in the current economic environment, the traditional models of service delivery are no longer effective in meeting the increasing needs of our community. The FY 2013-17 Strategic Plan represents new approaches for a new era, and the four objectives detailed in this document will guide the agency as we reimagine, reposition and reinvent HOC.

We will reimagine our role in the community through identifying and capitalizing on opportunities for innovation. These opportunities exist in many forms. We will exploit emerging technologies to improve efficiency and eliminate waste and bureaucracy. We will seek creative financing and development models. We will align the types and scope of services we provide with the needs of our community.

We will reposition the agency for success in this challenging fiscal environment. The agency must acknowledge that reliance on public funding alone is no longer a financially viable approach. HOC must boldly expand our partnerships in the non-profit and private sectors, leveraging these additional resources for the benefit of our clients and our bottom line. We will ensure that affordable housing is fully considered and represented in the political process. We will accept and relish the opportunity to advocate on behalf of our clients.

These initiatives will reinvent the way we develop properties, render services and manage our portfolio. HOC has a rich history and national reputation of innovation and leadership in affordable housing, but tomorrow's reputation will be built *today*.

With the leadership of a strong Commission, a committed staff and disciplined adherence to the principles outlined here, HOC will rise to new heights. We invite you to explore our vision of the new HOC—reimagined, repositioned and reinvented.



Roberto Piñero
Chair



Stacy L. Spann
Executive Director

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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 is living 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.
- We work with advocates, providers and community members to maintain support for all the work of the Commission.

HOC's pursuit of its mission has never been easy. Over time, more Montgomery County families have needed affordable housing than HOC could provide. The picture painted by the [2010 Census](#) illustrates sharply increased demand from two groups in particular, the elderly and minorities, just as the Great Recession has left governments at all levels with resources significantly more stretched than before 2008.

Business Principles

We at HOC recognize the delicate and necessary balance among our clients, our community, and our employees. The bedrock of this series of relationships is certain business principles that govern our work, our commitment, and our integrity. Without these basic principles, there can be no sustained success. If we hold true to these principles, we can provide the best housing opportunities and services to our community.

Overall Commitment

- Be open and honest with ourselves, our colleagues, our clients and our communities
- Foster an environment of respect and inclusiveness
- Design and maintain the best systems and operations
- Eliminate waste and bureaucracy
- Maintain a strong system of internal governance and controls
- Innovate, test and learn
- Work to be the best
- Demand and maintain strong financial discipline, managing well through good times and bad
- Manage our brands in such a way as to convey a commitment to quality and integrity
- Conserve, use responsibly, and protect assets and information
- Comply with all appropriate regulatory and statutory requirements

Commitment to our Clients

- Focus our efforts on clients and employees, consistently delivering the best housing opportunities and services in a cost-effective way

Commitment to our Employees

- Measure performance through a complete and balanced scorecard
- Build a great and winning culture
- Train and retain great people
- Protect the health and safety of all employees to the extent reasonable and practicable
- Have fun

Commitment to our Community

- Develop world-class businesses and service lines
- Make service a priority
- Execute efficiently and crisply
- Operate with the highest standards of integrity
- Focus on results while working together
- Give back to our communities

INTRODUCTION

[HOC](#) launches the FY 2013 - 2017 Strategic Plan with a new [Executive Director](#) and a renewed commitment to its mission as a real estate enterprise offering both housing and services to Montgomery County residents, especially those most in need. As HOC begins the next phase in its evolution, the environment presents new obstacles and new opportunities.

The Strategic Plan describes the environment and the four initiatives that will guide the agency as it meets those challenges. The four initiatives are:

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

DEMOGRAPHIC, ECONOMIC, REAL ESTATE AND POLITICAL LANDSCAPES

In the 38 years since [HOC](#) opened its doors, Montgomery County's population has increased significantly and also become more diverse and less affluent. The County's land use patterns are now more urban, more mixed-use, and more oriented toward transit than when it was primarily the suburban bedroom community for Washington, D.C. The Great Recession buffeted the county's fiscal wellbeing and limited its capacity for supporting HOC's programs and other county programs that support our participants and our activities. The housing crisis, characterized by extensive foreclosures and steep declines in property values, has eroded wealth nationally and locally. In addition, the Great Recession sent shockwaves through the country's political structure, driving elected officials at all levels of government to focus on deficit reduction and the very definition of the role of government in the lives of its citizens.

The following information highlights Montgomery County residents' need for HOC's products now more than ever when the public sector has significantly diminished resources available to meet the increased need.

Demographic Landscape

Montgomery County has changed substantially, and much of the change occurred in the past decade. One result of the changes is increased demand for HOC housing opportunities and services.

The [2010 Census](#) shows a sharp increase in Montgomery County's elderly and minority populations. Further, both groups are disproportionately represented at the lower income end of the economic spectrum.

Americans are living longer, and the leading edge of the Baby Boom has aged beyond 65 years of age. From 2000 - 2010, the proportion of the Montgomery County population which is 65 and older increased from 11.2% to 12.3%, an increase of 21,612 residents and nearly 10%. Also, the age cohort 45 - 64 increased by 61,450 to 272,462, a 28% increase, signaling an even larger increase in the 65 and older age group in the next decade (see *Figure A*).

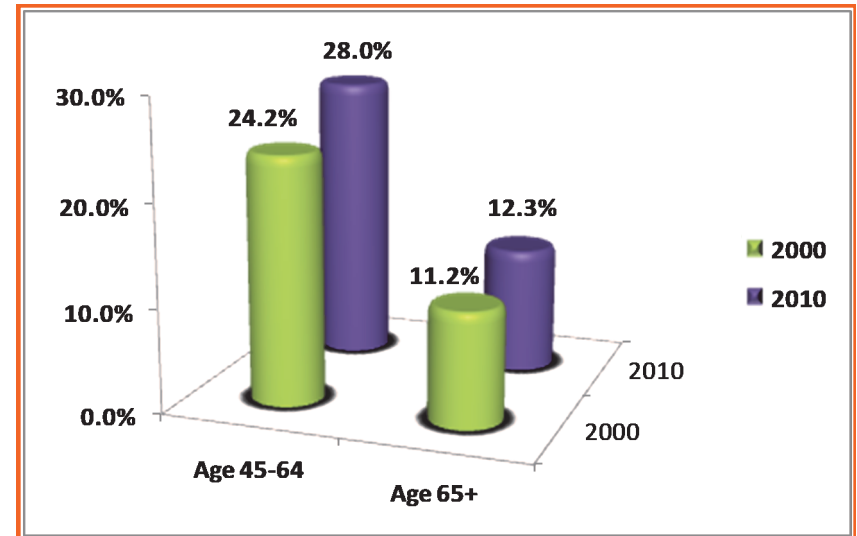


Figure A: Change in percentage of Montgomery County population aged 45-64 and 65 and over between 2000-2010.

In the U.S., housing is the largest expenditure for 65+ households, and nearly half pay more than 50% of their incomes for it. Further, 40% of those in this age group have incomes below 50% AMI, which for Montgomery County is \$107,500 for 2012 for a family of four. Nationally, the typical income for 40% of those 65 and older is \$14,000. For those in the bottom two income quintiles (from 0 to \$20,000 and \$20,000 to \$38,040 per year) Social Security provides more than 80% of household income.

Poverty rates increase with age, and they rise more for minorities in the 65+ group. Examination of the needs of the 65+ population reveals greatly increased demand among this population. And the other significant demographic shift poses an even greater challenge.

Montgomery County's minority population increased dramatically in the past decade, and the county is now a majority-minority jurisdiction. The largest increase between 2000 and 2010 was in the Hispanic population (64.4%, 64,794 residents), but Asian and Pacific Islander (37%, 36,910 residents) and Black (25%, 35,059 residents) populations also increased substantially (see *Figure B*).

Consistent with national trends, the county's median income fell between 2007 and 2010, with the sharpest declines in the highest and lowest income brackets. Households earning more than \$200,000 per year dropped from 16.5% to 14.9% of all households, and those earning less than \$15,000 increased from 4% to 6.7%. Minority households suffered the largest decreases in income (Black: -10.3% and Hispanic: -4.1%) with Asian households alone posting gains (7.7%). Furthermore, for Hispanic and Black households, median income is lower than the county overall. Median income for Hispanic households is \$65,314 and \$60,063 for Black households.

Finally, across all households, the proportion of families renting rather than owning increased from 29% to 33% in the last half of the decade, and their median income (\$53,369) is less than half that of owner households (\$115,709). Of particular note, families headed by single women increased from 9.5% to 19% in just three years between 2007-2010 (see *Figure C*, page 6). These are the households in which poverty is the most pronounced. The majority of [HOC's](#) households (80%) are headed by women.

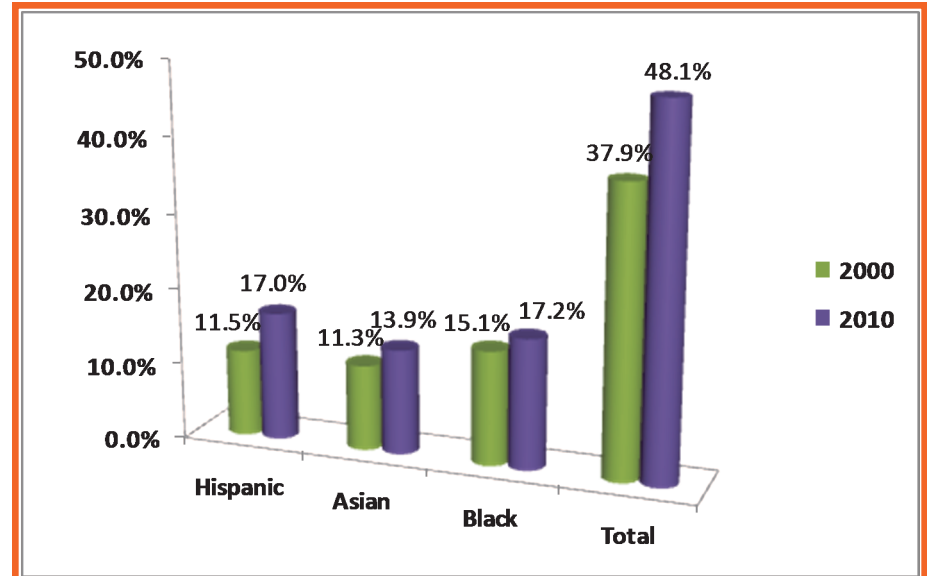


Figure B: Change in percentage of selected minority households in Montgomery County between 2000-2010. Source: American Community Survey (2000-10)

A short list of some of the other demographic changes follows.

- In 2000, Montgomery County's poverty rate was 5.1%. By 2010, it was 7.5%, with 74,700 residents living in poverty, including 33,808 households.
- Nearly one-third of the population is foreign born.

The demographic profile of families in HOC's programs has remained consistent in terms of race, size of households and the proportion headed by women (approximately 80%). Incomes of families in [Public Housing](#) and the [Housing Choice Voucher](#) program have risen marginally, and the proportion of families with earned income has also increased.

- For [Public Housing](#), the median income for families is now \$21,879 and for elderly it is \$10,945. Forty percent of the households have earned income.
- In the [Housing Choice Voucher](#) program, the median income is \$16,443 with 47% of the families having earned income.

Economic Landscape

The country's slow recovery from the Great Recession shapes the economic landscape and is likely to do so for several years to come.

- The County's median income for all households peaked in 2007 at \$96,422 and dropped to \$89,155 in 2010. The median household size in Montgomery County is 2.6.
- In 2010, the County's median income for a household of four was \$130,007.
- For 2010, the Area Median Income (AMI) was \$103,500 for a family of four. For 2012, the AMI is \$107,500 for a family of four.
- The 2012 self-sufficiency standard for a family of 3 (one adult, one preschooler and one grade school student) is \$36.90/hour or \$77,933/year. Forty percent of the county's households fall below this standard.
- The 2012 Federal Poverty Level is \$19,090 for a three-person household and \$23,054 for a four-person household.
- [HOC's](#) grant from the County funds a significant portion of the Resident Services program, and it has declined from \$6.1 million in 2010 to \$5.5 million in 2012, a decrease of 10%.
- Funding for Montgomery County's housing trust fund, the Housing Initiative Fund, decreased from \$28.7 million in 2008 to \$15.3 million in 2012 (-46%).
- Federal funding for Housing Choice Voucher administration fees declined 25% from FY 11 to FY 12.
- HOC's Public Housing Capital Fund allocation was \$2.2 million in FY 08, rose to \$2.6 million in FY 10, and declined to \$2.0 million in FY 12.

While the Great Recession affected the state of Maryland less than the rest of the nation, unemployment increased for a time and state revenues declined significantly. Federal Government cutbacks in defense and biomedical research funding will continue to have negative effects on Montgomery County's fortunes. The impact of increases in other areas of federal funding, such as homeland security and cyber security, is unknown at this time.

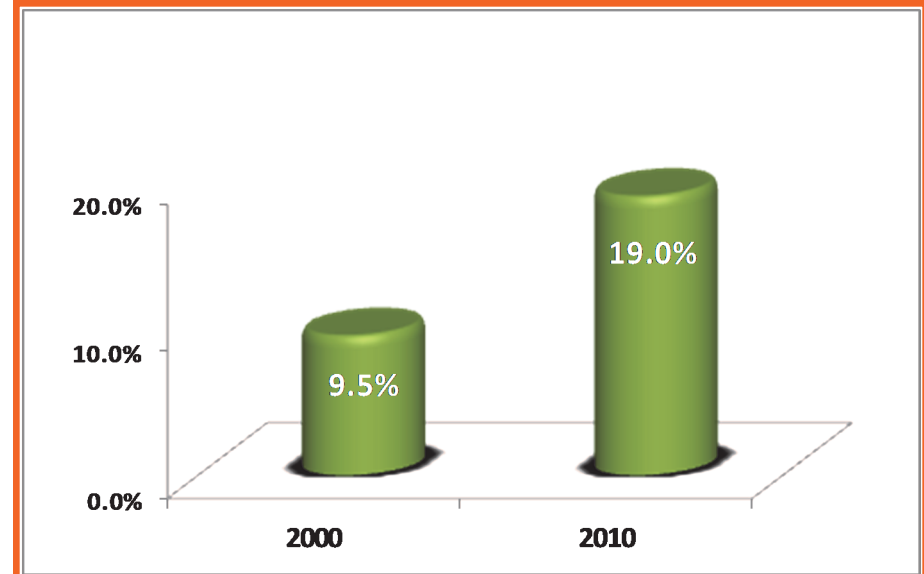


Figure C: Change in percentage of households headed by single women in Montgomery County between 2007-2010.

Real Estate Landscape

Many county residents have shifted their focus from homeownership to rental as a lifestyle choice. The trend is especially visible among younger residents, many of whom do not see the economic benefits of homeownership as a wealth builder and cannot afford to purchase homes despite declining prices. The foreclosure crisis has also forced many from homeownership to rental, placing even greater pressure on the rental market.

- Land remains a scarce resource with only 4% of buildable land still available for development, according to the [Planning Department](#).
- Increased demand for rental units has shrunk vacancies and put upward pressure on rents.
- Developers see Montgomery County as one of the few national bright spots in multifamily development, adding increased competition for site control of prime parcels.
- There has been a move toward higher density housing rich in amenities and close to public transit, putting upward pressure on land prices near transit.
- Limited delivery of new multi-family housing in the last few years has led to lower vacancy rates and higher rents.
- The pipeline of new multi-family housing grew considerably in 2011, and the units it will produce will begin to appear on the market in 2013.
- Increases in inventory as well as a projected slow down in employment in the Washington area are expected to ease pressure on rents until these new units are absorbed.

Political Landscape

Local elected officials have had to make painful cuts to many useful and important programs in the past four years. To the extent possible, they continue to shield programs that support the most vulnerable county residents including low income families, adults, the elderly, the homeless and the disabled. Fiscal realities, however, have forced reductions in these programs, and [HOC](#) has suffered cuts to its supportive services programs as a result.

Regarding pro-affordable housing policy, both elected and appointed officials have been reluctant to create new programs and expand existing ones for the purpose of increasing the supply of homes that would be affordable to working families. Development in the county is now focused on transit areas. Policymakers understand the need to provide below-market housing and to preserve affordability in these new development areas, but they have not yet acted on that understanding.

On fiscal matters at the state level, a dynamic similar to that in the county has resulted in reductions in the budget. However, the impact on HOC has been smaller because Maryland provides a small share of HOC's funding.

At the federal level, multi-year reductions have the potential to have the greatest impact on HOC's operations. Deficit reduction occupies a central place in the national political debate. Mid-term elections in 2010 changed the face of Congress, delivering a House majority dedicated to severely reducing federal spending and the role of the federal government. Congress cut social welfare programs like [Public Housing](#) and the [Housing Choice Voucher](#) Program and other aspects of the discretionary domestic portion of federal appropriations. With the country facing large deficits for the foreseeable future, observers predict that the federal government's expenditures for discretionary domestic programs are unlikely to grow.

The upcoming Presidential and Congressional elections in November may answer the question about the long-range trajectory of the federal government's role in social welfare programs.

While public sector resources remain severely constrained as they are now and as they are likely to remain for the foreseeable future, HOC can expect federal support for its central programs to decline. As described in this Strategic Plan, HOC will make its plans accordingly.

Organizational Restructuring

[HOC](#) is a real estate enterprise delivering both housing and superior support services. Is the current organizational structure the best way to operate? How should staff and divisions be organized to effectuate the transformation from an organization perceived to be primarily focused on administering federal subsidized housing programs to one with a primary focus on real estate development and management?

It is a question of emphasis. HOC has long been a multi-faceted, multi-functional agency. The possible restructuring is to achieve a nimble, efficient organization that functions like a private sector real estate company, even as it administers the [Public Housing](#) and [Housing Choice Voucher](#) Programs and the other housing and social service programs that benefit the County's lowest income residents.

Organizational Culture

HOC operates within a culture of service, and the organization has many facets. It is a social welfare agency, a finance agency, a real estate developer and a property management company. This multi-faceted structure sets HOC apart from hundreds of housing authorities across the country. The time has come for others to recognize that HOC is a business. Perhaps it is a business with a heart, but a business nonetheless. Like any business, HOC must make fiscally sound decisions and always make the fiscal health of the agency its first priority. HOC's ability to fulfill its mission, providing affordable housing and supportive services to the county's most vulnerable residents, depends on its ability to make good business decisions and to have a strong financial foundation.

HOC's longstanding commitment to go beyond the federal subsidized housing programs has led the agency to emphasize the development of mixed income properties. At the same time, HOC has been averse to generating revenue from the upper income element of its portfolio. HOC needs to examine its resources and the revenue generating potential bound up in them. In mixed-income buildings, should market tenants pay market rents? Should HOC emphatically embrace its identity as the "Robin Hood of Real Estate?" If the upper income element of HOC's mixed-income portfolio achieved its potential to generate revenue, then HOC could enhance its capacity to expand housing affordable to lower income families.

A Standard of Excellence

HOC will rededicate itself to a standard of excellence in all its activities. Whether it is front line staff providing service to

clients or HOC's in-house developers negotiating a deal or HOC staff working together, only a commitment to excellence will result in HOC's reaching its potential.

Equality in housing, regardless of income, is the hallmark of HOC's properties. Dedication to that foundational mission will result in the highest standards of housing and client service delivery. HOC's goal is to develop, own and manage high quality housing opportunities using a mixed income model, which will help [HOC](#) bring the highest quality living standards to the lowest-income, most vulnerable residents of Montgomery County.

Furthermore, HOC must embrace an approach to decision-making that focuses on the financial, the social and the environmental effects of its actions. In other words, HOC's decisions should respect the triple bottom line. The agency has tried to follow conservative, prudent business practices. At times, however, the agency has pursued its mission so diligently that it has been unwilling to make difficult decisions, despite the economic consequences, if those decisions had the potential to damage service delivery, facilities or other programs. HOC must acknowledge that it cannot singlehandedly solve all the problems it sees. HOC's streamlining of its internal organization and insisting on crisp operations will support the agency's efforts to stretch its limited dollars. The fiscal health of the agency is paramount if HOC is to continue to serve the needs of the county's most vulnerable citizens.

Permeating all of HOC's business practices is the recognition that state of the art technology can enhance the agency's effectiveness, efficiency, and standard of excellence. Among the questions the agency will address are how technology can be employed to improve the client experience, to streamline practices and to promote collaboration both inside the agency and with outside partners.

Strategic planning provides the opportunity to examine an organization's existing functions and how they should be augmented or modified. The appointment of a new [Executive Director](#) with a new vision of HOC places even more emphasis on those aspects of strategic planning. HOC needs to communicate this vision of a real estate company offering superior client services to its broader audience.

HOC's dedication to those we serve is unwavering. Expressing that dedication takes a myriad of forms, and prominent among them is excellent client service. Respect for the participants in our programs is fundamental, and it carries over into how HOC functions internally as well.

OBJECTIVES

Objective 1:

Communicate a vision of HOC as a real estate company that provides superior housing and services to residents in a wide range of market segments.

[HOC](#) will develop outreach and marketing strategies to transform the perception of HOC from a provider of subsidized housing to a state of the art real estate company with a social mission. Integral to that effort is conveying the message that HOC's business activities support its mission to serve lower income families and individuals.

Implementation Actions:

- Execute a communications plan to convey a new vision of HOC.
- Establish and create an identity for specific properties separate and distinct from HOC by creating property-specific websites and marketing materials.
- Promote HOC's mixed income strategy as a vehicle that can generate market-rate revenue to subsidize deeper affordability throughout its portfolio.
- Strive to generate more revenue and eliminate capital backlog in our [Public Housing](#) portfolio.
- Deepen and realign partnerships consistent with a new vision of HOC.
- Strengthen HOC's relationships with homeowners associations (HOAs) and community groups.
- Create a positive experience for the public by providing excellent customer service at every opportunity.



The Metropolitan, Bethesda, MD

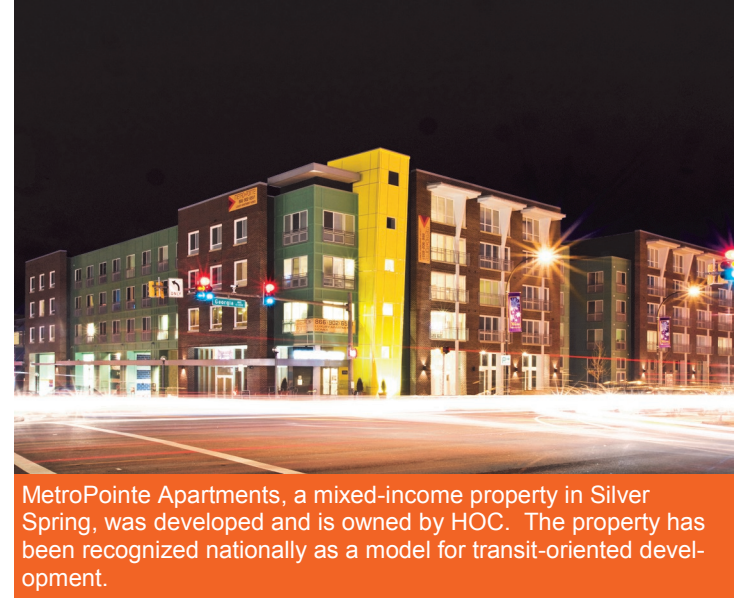
Objective 2:

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

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

Implementation Actions:

- Develop a vision for an optimal mix of housing types and locations.
- Review HOC's housing inventory to determine each property's market position and consistency with the real estate portfolio strategy.
- Identify properties within HOC's inventory that are primed for redevelopment, especially if there is the potential to add additional density.
- Tap into "locked" equity in HOC owned assets through refinancing, improved performance and selective dispositions that can create capital dedicated to new acquisitions.
- Create bold partnerships with private and nonprofit developers, including corporate, military and religious organizations, to attract private capital and to develop larger scale mixed use, mixed income communities.
- Broaden the type of housing HOC develops by exploring other ownership structures such as cooperatives and sweat equity.
- Use a fiscally disciplined approach by allocating resources efficiently and developing cost-effective scopes of work.
- Ensure the early participation of key stakeholders within HOC by creating specific project committees to develop recommendations.
- Aggressively prospect for development opportunities by identifying underutilized parcels and other off-market deals appropriate for redevelopment.



MetroPointe Apartments, a mixed-income property in Silver Spring, was developed and is owned by HOC. The property has been recognized nationally as a model for transit-oriented development.

Objective 3:

Develop a strategic plan of social service delivery.

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

Implementation Actions:

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



Calvion Morrison drives the lane during the annual Public Housing basketball tournament.



Families gather for the annual Thanksgiving meal at Waverly House in Bethesda.



Students show off new backpacks acquired through the annual School Supply Drive.

Objective 4:

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

[HOC](#) will be in the forefront of local, state and federal housing legislation, regulations and public policy.

Implementation Actions:

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



Senator Ben Cardin (D-MD) meets with FSS participants and staff during an advocacy visit on Capitol Hill.



County Executive Isiah Leggett joined HOC Executive Director Stacy Spann at the annual FSS Family Fun Day.

Housing Opportunities Commission

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