

BUDGET, FINANCE AND AUDIT COMMITTEE

**December 21, 2021
10:00 a.m. – via Zoom**

Approval of Minutes:

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Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Budget, Finance and Audit Committee Minutes

November 17, 2021

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Budget, Finance and Audit Committee was conducted via an online platform and teleconference on Wednesday, November 17, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 11:02 a.m. There was a livestream of the meeting held on YouTube, available for viewing [here](#). Those in attendance were:

Present

Richard Y. Nelson, Jr., Chair – Budget, Finance and Audit Committee
Frances Kelleher – Commissioner
Jeffrey Merkowitz - Commissioner

Also Attending

Cornelia Kent, Chief Financial Officer
Christina Autin, Director of Legislative & Public Affairs

Heather Grendze, Associate General Counsel
Eugenia Pascual, Controller

IT Support
Aries Cruz

Commission Support
Patrice Birdsong, Spec. Asst. to Commission

Commissioner Nelson opened the meeting with a roll call of Commissioners who participate on the Committee.

APPROVAL OF MINUTES

The minutes of October 12, 2021, were approved as submitted with a motion by Commissioner Kelleher and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Nelson, Kelleher, and Merkowitz.

ACTION ITEMS

1. **Vote to Close Meeting:** Closing Statement - The Budget, Finance and Audit Committee conducted a vote to meet in closed session pursuant to Section 3-305(b)(14) of the General Provisions Article of the Annotated Code of Maryland.

Committee Chair Nelson read the Written Closing Statement. Commissioner Kelleher seconded the motion, with Commissioners Nelson, Kelleher and Merkowitz voting in approval.

Based upon this report and there being no further business to come before this session of the Budget, Finance and Audit Committee, the Committee adjourned the open session at 11:03 a.m. and reconvened in closed session at 11:08 a.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Budget, Finance, and Audit Committee's closed session held on November 17, 2021 at approximately 11:08 a.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(14) to discuss the proposals submitted by firms in response to RFP #2252 for professional auditing services for HOC.

The meeting was closed and the closing statement dated November 17, 2021 was adopted on a motion made by Richard Y. Nelson, Jr., seconded by Frances Kelleher, with Jeffrey Merkowitz voting in favor of the motion. The following persons were present: Richard Y. Nelson, Jr., Frances Kelleher, Jeffrey Merkowitz, Kayrine Brown, Cornelia Kent, Heather Grendze, Timothy Goetzinger, Gail Willison, and Patrice Birdsong.

In closed session, the Committee discussed the below topic and took the following action:

1. **Topic:** The proposals submitted by firms in response to RFP #2252 for professional auditing services (pursuant to Section 3-305(b)(14)).
 - a. **Action Taken:** With a quorum present, Commissioners Nelson, Kelleher, and Merkowitz voted in favor of staff proceeding with the recommendation of CliftonLarsonAllen, LLC as the agency audit firm and to move forward for full Commission approval at the December 8, 2021 meeting.

The closed session was adjourned at 11:37 a.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Discussion Items

DISCUSSION – FIRST QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the first quarter of FY'22 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (“HCV”) Programs and all Capital Improvements Budgets.

HOC Overall (see Attachment A)

Please note the Agency’s Audited Financial Statements are presented on the accrual basis, which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis, which is similar to the presentation of budgets by governmental organizations. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenues, expenses, and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The FY'22 First Quarter Operating Budget to Actual Comparison (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'22 First Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the quarter with a net cash flow deficit of \$333,902. This deficit resulted in a first quarter budget to actual positive variance of \$1,576,709 when compared to the anticipated first quarter net cash flow deficit of \$1,910,611. The primary causes were savings in various expense categories in the General Fund (see General Fund) countered by slightly lower cash flow in some of the unrestricted Opportunity Housing Properties as a result of property performance (see Opportunity Housing Fund).

Explanations of Major Variances by Fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of \$2,572,382 which resulted in a positive variance of \$1,866,750 when compared to the projected deficit of \$4,439,132.

As of September 30, 2021, income in the General Fund was \$281,214 lower than budgeted and expenses were \$2,147,964 lower than budgeted. The negative income variance was primarily the result of delay in the receipt of Commitment Fee income and lower draws from the Opportunity Housing Reserve Fund (OHRF) for Real Estate personnel and predevelopment costs that was partially offset by the receipt of the final Development Fee from 900 Thayer that was originally budgeted to be received in April 2021. The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, maintenance contracts, COVID-19 expense and transfers to cover capital projects. A portion of these savings is the result of timing issues and staff does not anticipate the full savings to be

realized at year end.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year.

Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The FY'22 Second Quarter Budget Amendment includes a reduction to the draws for each program based on the accumulated savings at the end of FY'21 in the respective Bond Program which will be used towards the FY'22 administrative costs. The positive expense variance in the Bond Funds is a result of small savings in various administrative accounts.

The Opportunity Housing Fund

Attachment B is a chart of the Net Cash Flow for the Development Corporation Properties. This chart divides the properties into two groups.

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'22 Operating Budget. This group ended the quarter with cash flow of \$1,618,853 or \$284,212 lower than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of \$28,410 as a result of higher concessions and bad debt expense that were partially offset by lower vacancy loss and savings in administrative and security cost. Cash flow at **The Barclay Dev Corp** was \$45,352 higher than anticipated due to savings in various expense categories and lower vacancy that was partially offset by lower gross tenant income. **Glenmont Crossing Dev Corp** and **Glenmont Westerly Dev Corp** experienced negative cash flow variances of \$55,596 and \$27,254, respectively, as a result of higher maintenance and bad debt expenses partially offset by lower vacancy. Glenmont Crossing also experienced higher utility costs. **Magruder's Discovery Dev Corp** experienced a negative cash flow variance of \$37,789 as a result of lower gross rents and slightly higher vacancy. Cash flow at **Montgomery Arms Dev Corp** was \$36,278 lower than anticipated primarily due to higher bad debt and maintenance expenses. **MPDU 59 Dev Corp** experienced a positive cash flow variance of \$32,155 as a result of lower administrative, maintenance and bad debt expense coupled with lower vacancy loss. **Paddington Square Dev Corp** reported a negative variance of \$103,725 due to higher debt service payments, as a result of a delay in the planned refinancing, coupled with higher liability insurance, maintenance and bad debt expenses as well as lower gross tenant rents, unanticipated concessions and slightly higher vacancy. **Pooks Hill High-Rise Dev Corp** ended the quarter with a positive cash flow variance of \$19,691 as a result of slightly higher gross tenant rents and lower vacancy that was partially offset by higher concession. The property also experienced savings in maintenance expense that was offset by overages in COVID-19 related cost and bad debt expense. Cash flow at **Scattered Site One Dev Corp** was \$61,627 lower than anticipated due to higher bad debt, maintenance and utility costs partially offset by savings in administrative costs and higher tenant rental income. **Scattered Site Two Dev Corp** reported a positive cash flow variance \$15,772 mostly due to lower bad debt and administrative expenses. **Sligo MPDU III Dev Corp** ended the quarter with a negative cash

flow variance of \$16,778 as a result of higher bad debt and maintenance expense offset by savings in administrative cost. Cash flow at **VPC One Dev Corp** was \$18,435 higher than anticipated due to savings throughout most expense categories that was partially offset by lower gross rents and higher concessions. **VPC Two Dev Corp** experienced a negative variance of \$53,653 due to overages in maintenance expenses and lower gross rents countered by lower vacancy.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 Operating Budget. Cash flow from this group of Development Corporation properties was \$1,008,995 more than budgeted for the quarter. Cash flow at the **Oaks at Four Corners Dev Corp** was \$68,792 higher than anticipated due to savings in maintenance, utility and administrative costs. The **RAD 6 Dev Corp** properties ended the quarter with a surplus of \$737,619 resulting in a positive cash flow variance of \$936,477 largely due to the receipt of prior period subsidies. The positive variance in subsidy payments was \$865,251. If the additional subsidy income was not received, the portfolio would have experienced a positive cash flow variance of \$71,226 ($\$936,477 - \$865,251 = \$71,226$). The positive variance at **Seneca Ridge** was minimally offset by higher maintenance expense at the property.

Attachment C is a chart of the Net Cash Flow for the Opportunity Housing Properties. This chart divides the properties into two groups.

- The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'22 Operating Budget. This group ended the quarter with cash flow of \$619,627 or \$5,829 less than projected. Cash flow at **MPDU I (64)** was \$60,245 higher than anticipated as a result of lower debt service payments, due to the payoff of the mortgage in March 2021 that was not incorporated into the budget, administrative cost and bad debt partially offset by overages in maintenance. **Avondale Apartments** reported a negative cash flow variance of \$58,975 primarily due to higher bad debt and maintenance expense coupled with higher concessions and vacancy loss. **Barclay Affordable** experienced a negative cash flow variances of \$41,906 as a result of lower gross rents and higher vacancies coupled with overages in bad debt that were partially offset by savings in administrative and maintenance expenses. **Camp Hill Square** experienced a negative cash flow variance of \$23,798 as a result of lower gross rents and higher vacancy loss coupled with overage in bad debt that were partially offset by savings in maintenance, utility and administrative cost. **Chelsea Towers** experienced a positive cash flow variance of \$18,103 due to savings in Housing Association ("HOA") Fees. **Cider Mill** reported a negative cash flow variance of \$7,100 due to higher utilities and maintenance costs offset by lower bad debt and vacancy loss and the receipt of rents from ex-residents. **Elizabeth House Interim RAD** ended the quarter with positive cash flow variances of \$43,526 as a result of higher gross rents countered by overages in utilities and maintenance. **Fairfax Court** ended the quarter with positive cash flow variances of \$11,410 as a result of higher gross rents and lower vacancy loss coupled with savings in maintenance costs that was partially offset by higher bad debt. **Georgian Court Affordable** ended the quarter with a positive cash flow variance of \$35,246 due to savings in administrative cost and real estate tax, due to the receipt of a state Payment in Lieu of Taxes

("PILOT"), partially offset by overages in utilities. **Holiday Park** reported a negative cash flow variance of \$24,186 primarily due to overages in maintenance and utilities partially offset by lower bad debt. **Jubilee Hermitage** experienced a negative cash flow variance of \$6,302 largely due to the payment for utility bills from prior periods. Cash flow for **Jubilee Woodedge** was \$2,196 lower than projected mainly resulting from lower tenant rents and subsidy payments. **Manchester Manor** reported a negative variance of \$31,362 due to overages throughout most expense categories coupled with slightly higher vacancy. Cash flow at the three **Manor** properties was collectively \$70,483 (**(\$12,851) + (\$35,726) + (\$21,906)**) lower than anticipated due to higher vacancies to support the upcoming renovations coupled with overages in maintenance expenses at **Fair Hill Farm** and **Clappers Mill** and utility overages at **Colesville**. **McHome** experienced a positive cash flow variance of \$8,219 as a result of savings in maintenance and bad debt expenses that were partially offset by higher vacancies. Cash flow at **McKendree** was \$10,004 higher than anticipated due to lower bad debt expense partially offset by higher maintenance costs. **Metropolitan Affordable** ended the quarter with a positive variance of \$30,871 as a result of higher gross tenant rents and lower vacancy loss coupled with savings in maintenance, administrative and utility expenses that were partially offset by security contract costs for testing. Cash flow at **MHLP VII** was \$17,077 higher than anticipated due to savings in administrative and maintenance expenses that were partially offset by lower gross rents and higher vacancies. **MHLP VIII** experienced a negative variance of \$32,272 due to lower gross rents and higher vacancies coupled with overages in maintenance offset by lower bad debt expense. **MHLP IX Pond Ridge** reported a \$10,376 positive variance due to savings in front foot benefit charge, solid waste and real estate taxes that was partially offset by higher vacancy loss. **MHLP IX Scattered Sites** experienced positive cash flow variances of \$75,088 mainly due to savings in real estate tax resulting from the state PILOT agreement that has been established for the property resulting in a savings in taxes that was offset by overages in maintenance costs and slightly higher vacancy loss. **MHLP X** experienced positive cash flow variance of \$64,361 mainly due to savings in real estate tax resulting from the state PILOT agreement that has been established for the property coupled with savings in administrative and maintenance expenses that were partially offset by greater than anticipated bad debt expenses and vacancy loss. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of \$17,212 as a result of higher COVID-19, bad debt and utility expenses coupled with slightly higher vacancy loss and concession that were partially offset by savings in maintenance. **Strathmore Court** experienced a negative cash flow variance of \$20,200 as a result of higher maintenance, COVID-19, and utility costs coupled with lower gross rents that were partially offset by lower vacancy loss and savings in administrative expenses. **TPP LLC Pomander Court** experienced a negative cash flow variance of \$31,335 primarily as a result of higher bad debt and maintenance expense. Cash flow for **TPP LLC Timberlawn** was \$15,185 lower than budget as a result of higher COVID-19, maintenance, and utility costs that were partially offset by slightly higher gross rents and lower vacancy loss. **Westwood Towers** experienced a negative cash flow variance of \$48,876 as a result of higher administrative, maintenance, security and utility expenses coupled with higher concessions that were partially offset by lower vacancy loss. Cash flow at **The Willows** was \$22,566 higher than anticipated due to higher gross rents

coupled with savings in administrative, tenant services, maintenance and tax expenses that were partially offset by overages in COVID 19, utility and bad debt expenses.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was \$175,476 less than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of \$2,261 mainly driven by interest paid on the outstanding debt on the PNC Bank, N.A. Real Estate Line of Credit ("RELOC") and taxes. There are sufficient reserves at the property to cover the costs. **Bradley Crossing** ended the quarter with a negative variance of \$105,392 as a result of higher vacancy loss coupled with overages in utility, maintenance, bad debt, and debt expenses that were partially offset by savings in administrative and tax expenses. **Brooke Park** experienced a negative cash flow variance of \$42,805 largely resulting from a delay in occupying the units post renovation. Cash flow at **Brookside Glen** was \$40,806 lower than anticipated due to higher bad debt offset by savings in administrative cost and lower vacancy. **Diamond Square** ended the year with a positive cash flow variance of \$32,088 as a result of savings in utilities, taxes and bad debt that were partially offset by overages in maintenance. **Holly Hall Interim RAD**, which was vacated in November 2019 and therefore not budgeted, has continued to experience a small amount of expense for solid waste tax expense of \$1,660 which will be covered by unrestricted cash in the Opportunity Housing portfolio. **Paint Branch** experienced a negative cash flow variance of \$19,780 due to higher maintenance costs and slightly higher vacancy loss. **Southbridge** ended the year with a positive cash flow variance of \$9,997 due to savings in utility and administrative costs partially offset by overages in maintenance. **State Rental Combined** experienced a positive cash flow variance of \$13,188 as a result of lower concessions and vacancy loss coupled with savings in administrative cost that was countered by overages in bad debt and maintenance. **Stewartown Affordable** converted to the tax credit portfolio on June 30, 2021. Staff is working on reclassing the entries to the appropriate property code.

The Public Fund (Attachment D)

- The FY'22 Budget was developed with no Public Housing property budgets. **Elizabeth House** receive additional Rental Assistance Demonstration ("RAD") vacant unit subsidies last fiscal year that were subsequently transferred to the Elizabeth House RAD property in the first quarter of FY'22. A small amount of expenses continued at **Emory Grove** for communication costs and solid waste tax.
- The Housing Choice Voucher Program ("HCVP") ended the quarter with a surplus of \$962,601. The surplus was comprised of Housing Assistance Payment ("HAP") revenue that exceeded HAP payments by \$69,318 coupled with an administrative surplus of \$893,283. The HAP surplus will be restricted to the HCVP reserve known as the Net Restricted Position (NRP), which includes funds received in prior years that were recognized but not used. The administrative surplus was the result of higher than anticipated administrative fee income coupled with savings in administrative expenses due largely to staff turnover. The higher administrative fee income was primarily the result of the administrative fee income received

to support the emergency and COVID 19 vouchers.

Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end.

The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'22. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

- The **Manor at Cloppers Mill** has exceeded its FY'22 capital budget due to HVAC replacement. The **Manor at Fair Hill Farm** overspent as a result of unanticipated plumbing and HVAC expenditures and replacement of trash compactor. **Stewartown Affordable** converted to the tax credit portfolio on June 30, 2021. Staff is working on reclassing the entries to the appropriate property code.

FY 2022 First Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(3 Months) Budget	(3 Months) Actual	Variance
General Fund			
General Fund	(\$4,439,132)	(\$2,572,382)	\$1,866,750
Administration of Multifamily and Single Family Fund			
Multifamily Fund	\$456,983	\$518,070	\$61,087
Draw from / (Restrict to) Multifamily Bond Fund	(\$456,983)	(\$518,070)	(\$61,087)
Single Family Fund	\$445,302	\$510,334	\$65,032
Draw from / (Restrict to) Single Family Bond Fund	(\$445,302)	(\$510,334)	(\$65,032)
Opportunity Housing Fund			
Opportunity Housing Properties	\$625,456	\$619,627	(\$5,829)
Development Corporation Property Income	\$1,903,065	\$1,618,853	(\$284,212)
OHRF			
OHRF Balance	\$115,122	\$207,435	\$92,313
Excess Cash Flow Restricted	(\$115,122)	(\$207,435)	(\$92,313)
Draw from existing funds	\$0	\$0	\$0
Net -OHRF	\$0	\$0	\$0
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	(\$1,910,611)	(\$333,902)	\$1,576,709
Public Fund			
Public Housing Rental (1)	\$0	(\$73,101)	(\$73,101)
Housing Choice Voucher Program HAP (2)	\$810,909	\$69,318	(\$741,591)
Housing Choice Voucher Program Admin (3)	\$27,856	\$893,283	\$865,427
Total -Public Fund	\$838,765	\$889,500	\$50,735
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	\$0	\$73,101	\$73,101
(2) Draw from / Restrict to HCV Program Cash Reserves	(\$810,909)	(\$69,318)	\$741,591
(3) Draw from / Restrict to HCV Program Excess Admin Fee	(\$27,856)	(\$893,283)	(\$865,427)
SUBTOTAL - Public Funds	\$0	\$0	\$0
TOTAL - All Funds	(\$1,910,611)	(\$333,902)	\$1,576,709

FY 2022 First Quarter Operating Budget to Actual Comparison

	Capital Expenses		Variance
	(12 Months) Budget	(3 Months) Actual	
General Fund			
880 Bonifant	\$277,000	\$19,849	\$257,151
East Deer Park	\$95,000	\$897	\$94,103
Kensington Office	\$160,000	\$0	\$160,000
Information Technology	\$844,580	\$109,051	\$735,529
Opportunity Housing Fund	\$6,510,745	\$1,706,133	\$4,804,612
TOTAL - All Funds	\$7,887,325	\$1,835,930	\$5,794,244

FY 2022 First Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(3 Months)	Variance		(3 Months)	Variance
	Net Cash Flow Budget	Income	Expense	Net Cash Flow Actual	
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	(\$56,438)	(\$15,547)	(\$12,864)	(\$84,848)	(\$28,410)
The Barclay Dev Corp	(\$22,334)	\$17,178	\$28,174	\$23,018	\$45,352
Glenmont Crossing Dev Corp	\$123,939	\$1,790	(\$57,386)	\$68,343	(\$55,596)
Glenmont Westerly Dev Corp	\$61,501	\$4,376	(\$31,629)	\$34,247	(\$27,254)
Magruder's Discovery Dev Corp	\$202,708	(\$40,507)	\$2,717	\$164,919	(\$37,789)
The Metropolitan Dev Corp	\$539,975	(\$17,855)	\$23,348	\$545,468	\$5,493
Montgomery Arms Dev Corp	\$139,011	(\$2,877)	(\$33,401)	\$102,733	(\$36,278)
MPDU II (59) Dev Corp	\$77,312	\$7,677	\$24,478	\$109,467	\$32,155
Paddington Square Dev Corp	\$165,459	(\$36,759)	(\$66,966)	\$61,734	(\$103,725)
Pooks Hill High-Rise Dev Corp	\$146,599	\$14,390	\$5,301	\$166,290	\$19,691
Scattered Site One Dev Corp	\$29,879	\$29,526	(\$91,153)	(\$31,748)	(\$61,627)
Scattered Site Two Dev Corp	(\$26,860)	\$911	\$14,861	(\$11,088)	\$15,772
Sligo MPDU III Dev Corp	(\$4,315)	\$1,222	(\$18,000)	(\$21,093)	(\$16,778)
VPC One Dev Corp	\$300,122	(\$29,595)	\$48,029	\$318,557	\$18,435
VPC Two Dev Corp	\$226,507	(\$17,828)	(\$35,825)	\$172,854	(\$53,653)
Subtotal	\$1,903,065	(\$83,898)	(\$200,316)	\$1,618,853	(\$284,212)
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	(\$55,494)	\$10,070	(\$6,344)	(\$51,768)	\$3,726
Oaks at Four Corners Dev Corp	\$22,280	\$2,648	\$66,145	\$91,072	\$68,792
RAD 6 Dev Corp Total	(\$198,858)	\$911,759	\$24,719	\$737,619	\$936,477
Ken Gar Dev Corp	(\$16,779)	\$97,693	\$3,953	\$84,867	\$101,646
Parkway Woods Dev Corp	(\$4,092)	\$126,395	\$9,428	\$131,731	\$135,823
Sandy Spring Meadow Dev Corp	(\$17,063)	\$173,996	\$10,411	\$167,344	\$184,407
Seneca Ridge Dev Corp	(\$105,369)	\$246,735	(\$16,865)	\$124,501	\$229,870
Towne Centre Place Dev Corp	(\$19,050)	\$222,176	\$16,353	\$219,478	\$238,528
Washington Square Dev Corp	(\$36,505)	\$44,764	\$1,439	\$9,698	\$46,203
Subtotal	(\$232,072)	\$924,477	\$84,520	\$776,923	\$1,008,995
TOTAL ALL PROPERTIES	\$1,670,993	\$840,579	(\$115,796)	\$2,395,776	\$724,783

FY 2022 First Quarter Operating Budget to Actual Comparison
For Opportunity Housing Properties - Net Cash Flow

	(3 Months)		Variance		(3 Months)	
	Net Cash Flow		Income	Expense	Net Cash Flow	
	Budget				Actual	Variance
Properties with unrestricted cash flow for FY22 operating budget						
MPDU I (64)	\$4,492	(\$183)	\$60,428		\$64,737	\$60,245
Avondale Apartments	\$30,475	(\$21,757)	(\$37,218)		(\$28,500)	(\$58,975)
Barclay Affordable	\$22,727	(\$42,350)	\$445		(\$19,179)	(\$41,906)
Camp Hill Square	\$39,682	(\$13,454)	(\$10,344)		\$15,884	(\$23,798)
Chelsea Towers	(\$36,029)	\$1,233	\$16,870		(\$17,926)	\$18,103
Cider Mill Apartments	\$67,179	\$211,372	(\$218,472)		\$60,079	(\$7,100)
Day Care at Lost Knife Road	(\$25,913)	\$0	\$1,384		(\$24,529)	\$1,384
Elizabeth House Interim RAD	\$14,148	\$81,135	(\$37,609)		\$57,674	\$43,526
Fairfax Court	\$16,916	\$7,279	\$4,131		\$28,326	\$11,410
Georgian Court Affordable	\$94,508	(\$2,053)	\$37,299		\$129,754	\$35,246
Holiday Park	(\$75,518)	(\$2,370)	(\$21,817)		(\$99,704)	(\$24,186)
Jubilee Falling Creek	(\$5,659)	\$0	\$2,369		(\$3,290)	\$2,369
Jubilee Hermitage	(\$2,955)	\$27	(\$6,329)		(\$9,257)	(\$6,302)
Jubilee Horizon Court	(\$2,192)	\$0	\$2,834		\$642	\$2,834
Jubilee Woodedge	(\$821)	(\$5,283)	\$3,087		(\$3,017)	(\$2,196)
Manchester Manor	\$16,105	(\$2,515)	(\$28,847)		(\$15,257)	(\$31,362)
The Manor at Cloppers Mill	\$63,520	(\$20,951)	\$8,100		\$50,669	(\$12,851)
The Manor at Colesville	\$63,585	(\$11,896)	(\$23,830)		\$27,859	(\$35,726)
The Manor at Fair Hill Farm	\$65,253	(\$10,006)	(\$11,901)		\$43,347	(\$21,906)
McHome	\$13,068	(\$5,647)	\$13,866		\$21,287	\$8,219
McKendree	\$2,438	\$582	\$9,422		\$12,442	\$10,004
Metropolitan Affordable	(\$119,115)	\$17,760	\$13,111		(\$88,244)	\$30,871
MHLP VII	(\$39,526)	(\$8,550)	\$25,627		(\$22,449)	\$17,077
MHLP VIII	(\$44,579)	(\$22,789)	(\$9,483)		(\$76,851)	(\$32,272)
MHLP IX Pond Ridge	(\$65,444)	(\$11,218)	\$21,594		(\$55,068)	\$10,376
MHLP IX Scattered Sites	(\$174,957)	(\$27,273)	\$102,360		(\$99,869)	\$75,088
MHLP X	(\$70,239)	(\$8,792)	\$73,153		(\$5,878)	\$64,361
MPDU 2007 Phase II	(\$1,366)	\$0	\$7,802		\$6,436	\$7,802
Olney Sandy Spring Road	(\$2,099)	(\$1,462)	(\$163)		(\$3,724)	(\$1,625)
Pooks Hill Mid-Rise	\$77,326	(\$6,320)	(\$10,892)		\$60,114	(\$17,212)
Shady Grove Apts	\$275,777	\$11,021	(\$1,394)		\$285,404	\$9,627
Strathmore Court	\$200,725	\$8,488	(\$28,688)		\$180,525	(\$20,200)
Strathmore Court Affordable	(\$137,241)	(\$962)	(\$2,962)		(\$141,165)	(\$3,924)
TPP LLC Pomander Court	\$8,854	\$1,824	(\$33,160)		(\$22,481)	(\$31,335)
TPP LLC Timberlawn	\$184,795	\$26,050	(\$41,235)		\$169,610	(\$15,185)
Westwood Tower	\$133,576	\$85,446	(\$134,323)		\$84,700	(\$48,876)
The Willows	\$33,960	\$22,976	(\$409)		\$56,526	\$22,566
Subtotal	\$625,456	\$249,362	(\$255,194)		\$619,627	(\$5,829)
Properties with restricted cash flow (external and internal)						
The Ambassador	\$0	\$0	(\$2,671)		(\$2,671)	(\$2,671)
Bradley Crossing	\$354,015	(\$94,996)	(\$10,395)		\$248,623	(\$105,392)
Brooke Park	\$27,902	(\$50,373)	\$7,568		(\$14,903)	(\$42,805)
Brookside Glen (The Glen)	\$66,400	\$4,392	(\$45,198)		\$25,594	(\$40,806)
CDBG Units	(\$999)	\$0	\$5,144		\$4,145	\$5,144
Dale Drive	\$6,253	(\$13)	\$3,611		\$9,851	\$3,598
Diamond Square	\$90,878	\$930	\$31,158		\$122,966	\$32,088
Holly Hall Interim RAD	\$0	\$0	(\$1,660)		(\$1,660)	(\$1,660)
NCI Units	(\$3,112)	(\$1,014)	\$4,782		\$656	\$3,768
NSP Units	\$1,708	(\$4,916)	\$2,310		(\$898)	(\$2,606)
King Farm Village	\$1,021	\$0	\$152		\$1,173	\$152
Paint Branch	\$13,265	(\$2,481)	(\$17,298)		(\$6,515)	(\$19,780)
Southbridge	\$17,058	(\$504)	\$10,481		\$27,035	\$9,977
State Rental Combined	(\$85,964)	\$36,993	(\$23,805)		(\$72,776)	\$13,188
Stewartown Affordable	\$0	\$135	(\$27,806)		(\$27,671)	(\$27,671)
Subtotal	\$488,425	(\$111,847)	(\$63,627)		\$312,949	(\$175,476)
TOTAL ALL PROPERTIES	\$1,113,881	\$137,515	(\$318,821)		\$932,576	(\$181,305)

FY 2022 First Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(3 Months) Budget	(3 Months) Actual	Variance
Public Housing Rental			
Revenue	\$0	\$0	\$0
Expenses	\$0	\$73,101	(\$73,101)
Net Income	\$0	(\$73,101)	(\$73,101)
Housing Choice Voucher Program			
HAP revenue	\$27,304,767	\$26,578,241	(\$726,526)
HAP payments	\$26,493,858	\$26,508,923	\$15,065
Net HAP	\$810,909	\$69,318	(\$741,591)
Admin.fees & other inc.	\$2,153,054	\$2,841,900	\$688,846
Admin. Expense	\$2,125,198	\$1,948,617	\$176,581
Net Administrative	\$27,856	\$893,283	\$865,427
Net Income	\$838,765	\$962,601	\$123,836

FY 2022 First Quarter Operating Budget to Actual Comparison
 For Public Housing Rental Programs - Net Cash Flow

	(3 Months) Net Cash Flow		Variance		(3 Months) Net Cash Flow	
	Budget	Income	Expense	Actual	Variance	
Elizabeth House	\$0	\$0	(\$69,661)	(\$69,661)	(\$69,661)	(\$69,661)
Emory Grove	\$0	\$0	(\$3,424)	(\$3,424)	(\$3,424)	(\$3,424)
TOTAL ALL PROPERTIES	\$0	\$0	(\$73,101)	(\$73,101)	(\$73,101)	(\$73,101)

**FY 2022 First Quarter Operating Budget to Actual Comparison
For Capital Improvements**

	(12 Months) Budget	(3 Months) Actual	Variance
General Fund			
880 Bonifant	\$277,000	\$19,849	\$257,151
East Deer Park	\$95,000	\$897	\$94,103
Kensington Office	\$160,000	\$0	\$160,000
Information Technology	\$844,580	\$109,051	\$735,529
Subtotal	\$1,376,580	\$129,797	\$1,246,783
Opportunity Housing			
Alexander House Dev Corp	\$36,196	\$15,604	\$20,592
Avondale Apartments	\$31,390	\$26,666	\$4,724
The Barclay Dev Corp	\$132,423	\$28,022	\$104,401
Barclay Affordable	\$105,372	\$27,995	\$77,377
Bradley Crossing	\$80,323	\$5,221	\$75,102
Brookside Glen (The Glen)	\$88,752	\$40,236	\$48,516
Camp Hill Square	\$48,312	\$1,714	\$46,598
CDBG Units	\$10,320	\$0	\$10,320
Chelsea Towers	\$16,050	\$458	\$15,592
Cider Mill Apartments	\$772,656	\$233,162	\$539,494
Day Care at 9845 Lost Knife Road	\$6,000	\$0	\$6,000
Dale Drive	\$8,916	\$1,303	\$7,613
Diamond Square	\$635,524	\$0	\$635,524
Elizabeth House Interim RAD	\$5,950	\$0	\$5,950
Fairfax Court	\$49,596	\$18,965	\$30,631
Georgian Court Affordable	\$3,420	\$180	\$3,240
Glenmont Crossing Dev Corp	\$368,845	\$23,132	\$345,713
Glenmont Westerly Dev Corp	\$150,924	\$5,704	\$145,220
Holiday Park	\$19,983	\$1,191	\$18,792
Jubilee Falling Creek	\$9,650	\$0	\$9,650
Jubilee Hermitage	\$8,600	\$1,199	\$7,401
Jubilee Horizon Court	\$9,219	\$0	\$9,219
Jubilee Woodedge	\$8,560	\$0	\$8,560
Ken Gar Dev Corp	\$15,271	\$12,392	\$2,879
King Farm Village	\$2,300	\$0	\$2,300
Magruder's Discovery Dev Corp	\$69,147	\$23,120	\$46,027
Manchester Manor	\$31,092	\$16,658	\$14,434
Manor at Cloppers Mill	\$25,040	\$34,228	(\$9,188)
Manor at Colesville	\$15,740	\$9,162	\$6,578
Manor at Fair Hill Farm	\$40,300	\$98,997	(\$58,697)
McHome	\$74,500	\$15,599	\$58,901
McKendree	\$31,250	\$5,106	\$26,144
MetroPointe Dev Corp	\$673,671	\$17,749	\$655,922
The Metropolitan Dev Corp	\$41,000	\$20,739	\$20,261
Metropolitan Affordable	\$17,576	\$9,066	\$8,510
Montgomery Arms Dev Corp	\$84,017	\$23,861	\$60,156
MHLP VII	\$43,346	\$20,582	\$22,764
MHLP VIII	\$49,000	\$14,711	\$34,289
MHLP IX - Pond Ridge	\$71,034	\$47,096	\$23,938
MHLP IX - Scattered Sites	\$76,250	\$45,913	\$30,337
MHLP X	\$93,600	\$55,900	\$37,700
MPDU 2007 Phase II	\$10,296	\$1,039	\$9,257
617 Olney Sandy Spring Road	\$2,268	\$0	\$2,268
MPDU I (64)	\$64,604	\$12,742	\$51,862
MPDU II (59) Dev Corp	\$82,670	\$17,358	\$65,312
Oaks at Four Corners Dev Corp	\$183,826	\$8,648	\$175,178
NCI Units	\$49,920	\$16,492	\$33,428
NSP Units	\$9,558	\$727	\$8,831
Paddington Square Dev Corp	\$101,356	\$31,207	\$70,149
Paint Branch	\$7,796	\$253	\$7,543
Parkway Woods Dev Corp	\$26,316	\$4,235	\$22,081
Pooks Hill High-Rise Dev Corp	\$56,204	\$2,865	\$53,339
Pooks Hill Mid-Rise	\$49,904	\$14,627	\$35,277
Sandy Spring Meadow Dev Corp	\$15,352	\$5,788	\$9,564
Scattered Site One Dev Corp	\$211,150	\$68,328	\$142,822
Scattered Site Two Dev Corp	\$47,000	\$10,019	\$36,981
Seneca Ridge Dev Corp	\$51,204	\$22,313	\$28,891
Shady Grove Apts	\$12,734	\$4,915	\$7,819
Sligo MPDU III Dev Corp	\$23,550	\$12,946	\$10,604
Southbridge	\$28,176	\$3,499	\$24,677
State Rental Combined	\$201,350	\$115,636	\$85,714
Stewartown Affordable	\$0	\$1,149	(\$1,149)
Strathmore Court	\$163,280	\$64,525	\$98,755
Strathmore Court Affordable	\$88,058	\$15,362	\$72,696
Towne Centre Place Dev Corp	\$15,964	\$2,406	\$13,558
TPP LLC Pomander Court	\$23,222	\$1,029	\$22,193
TPP LLC Timberlawn	\$85,656	\$18,960	\$66,696
VPC One Dev Corp	\$210,400	\$73,554	\$136,846
VPC Two Dev Corp	\$191,400	\$55,822	\$135,578
Washington Square Dev Corp	\$56,236	\$12,334	\$43,902
Westwood Tower	\$196,800	\$141,564	\$55,236
The Willows	\$183,380	\$64,160	\$119,220
Subtotal	\$6,510,745	\$1,706,133	\$4,804,612
TOTAL	\$7,887,325	\$1,835,930	\$6,051,395

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County Budget, Finance and Audit Committee

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Timothy Goetzinger Division: Finance Ext. 4836
 Eugenia Pascual Finance Ext. 9478
 Francisco Vega Finance Ext. 4873
 Claudia Wilson Finance Ext. 9474
 Niketa Patel Finance Ext. 9584
 Nilou Razeghi Finance Ext. 9494

RE: Fiscal Year 2022 (FY'22) First Quarter Un-Audited Financial Statements: Presentation of the Unaudited Financial Statements for the First Quarter Ended September 30, 2021

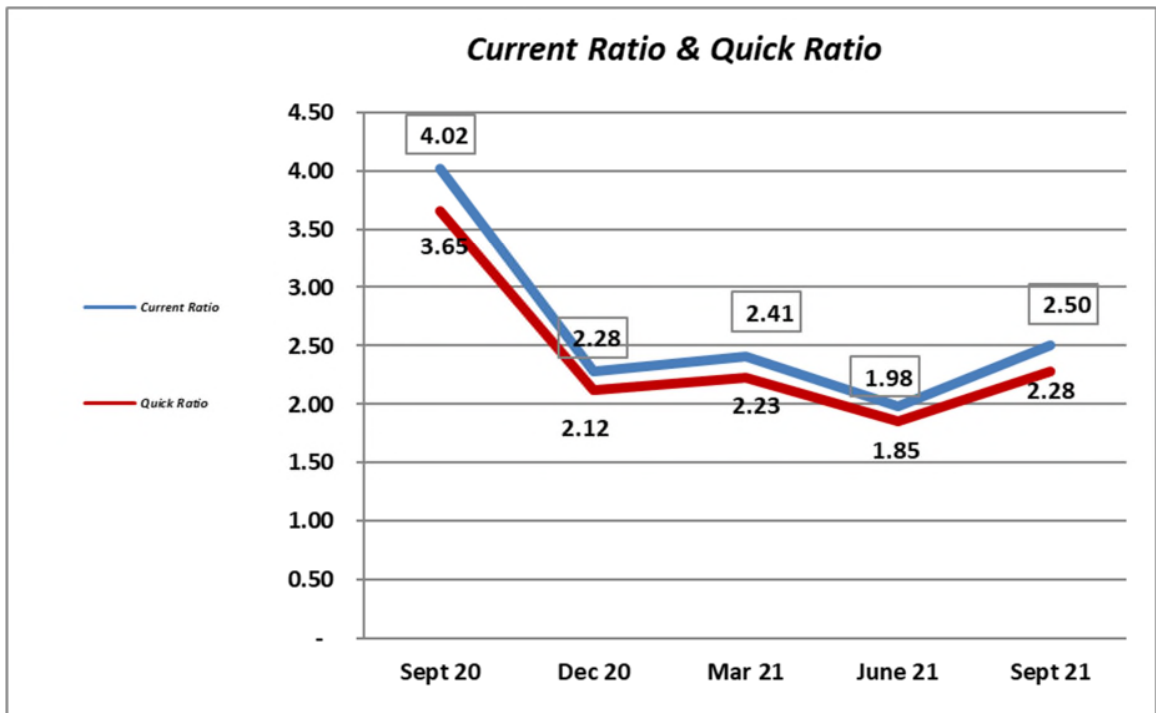
DATE: December 21, 2021

Attached, please find the un-audited consolidated financial statements for the Housing Opportunities Commission of Montgomery County ("HOC") for the first quarter ended September 30, 2021.

Financial Highlights

- The Commission's net position increased slightly by \$396,883 or about 0.2%, attributed primarily to the current period net income.

- The Commission's current ratio (ratio of current assets to current liabilities) increased from 1.98 in June 2021 to 2.50 in September 2021. The quick ratio (the ratio is an indicator of liquidity, reflecting current assets that can be converted to cash within 90 days) also increased from 1.85 in June 2021 to 2.28 in September 2021. The increase is primarily due to a decrease in current maturing bonds payable within the Single Family Bond Fund, attributed to scheduled and early bond redemptions.



- The Commission’s total assets excluding the deferred outflows of resources decreased by \$7.3 million or 0.4% since June 30, 2021. This is largely due to a decrease in unrestricted cash and cash equivalents, mortgage and construction loans receivable and net capital assets.
- The decrease in cash and cash equivalents is attributed primarily to a decrease in General Fund due to the payment to the County of the FY’22 Self Insurance contribution, rental license fees, real estate taxes and FY’22 Other Postemployment Benefits (“OPEB”) prefunding contribution, as well as the timing of the reimbursements of capital expenses from several properties under construction. The decrease in the General Fund is partially offset by the receipt of proceeds from the Stewartown Homes transactions and operating expense reimbursements from the Single Family Bond Fund and Multifamily Bond Fund. The Opportunity Housing Fund contributed to the decrease as well, largely due the repayment of the Bradley County loans from the Opportunity Housing Reserve Fund (“OHRF”), partly reduced by a net increase in cash at the property level.
- The overall net decrease in total mortgage and construction loans receivable is mainly attributed to a decrease in the Single Family Bond Fund due to sixteen (16) mortgage loan payoffs as well as scheduled amortization and prepayments of principal.

- The decrease in net capital assets is primarily attributable to the FY'22 first quarter normal depreciation of assets.
- The decrease in restricted long-term investments is primarily due to the Single Family Bond Fund and driven by scheduled bond principal and interest payments and twenty-four mortgage backed securities (“MBS”) closings.
- The Multifamily Bond Fund outstanding bonds payable increased due to the issuance of \$50 million in 2021 Housing Production Fund (“HPF”) Limited Obligation Bond. The HPF will provide construction bridge financing for residential rental developments in the HOC’s pipeline.
- The MF Bond Fund redeemed and retired bonds for \$4.8 million under the Multifamily Housing Development Bonds (1996 Indenture), \$0.6 million under the Stand Alone Bond 1998 Issue, \$0.3 million under the Multifamily Housing Revenue Bonds (1984 Indenture) and \$0.1 million under the Multifamily Housing Bonds (2009 Indenture).
- The SF Bond Fund redeemed and retired bonds of about \$16.3 million under the 1979 Indenture, \$20.2 million under the 2009 Indenture, and \$3.7 million under the 2019 Indenture.
- The amount of U.S. Department of Housing and Urban Development (“HUD”) Housing Choice Voucher Program, Housing Assistance Revenue received by the Commission increase by 17.36% from \$26.4 million in FY'21 to \$31 million in FY'22.

Overall Agency Net Income (Loss)

The Housing Opportunities Commission (“HOC”) has a net income of \$396,883 as of first quarter ending September 30, 2021 compared to a net income of \$8.9 million for the same period last year. However, after adjusting the net income (loss) for the recording of capital contributions in FY'21, and unrealized (gain)/loss on investments, HOC ended the period with a net income of \$1 million as compared to a net loss of \$4.6 million for the same period last fiscal year.

	<u>FY 2022</u>	<u>FY 2021</u>
Net Income (Loss)	\$ 396,883	\$ 8,919,795
Less:		
Capital Contributions	-	(14,681,926)
Unrealized (Gain)/Loss on Investments	617,011	1,125,151
Adjusted Net Income (Loss)	<u>\$ 1,013,894</u>	<u>\$ (4,636,980)</u>
Amount of Increase (Decrease)	\$ 5,650,874	

The unrealized (gains)/losses on investments in both bond funds reflect the hypothetical (gains)/losses on investments that would have been received or lost if those investments had been sold on the last day of the reporting period. HOC does not actively trade in securities; however, if planned properly or held to maturity, no recognized gain or loss should result from the investments.

Major contributors to HOC's adjusted net income of \$1 million as of the first quarter ending September 30, 2021 are as follows:

	<u>FY 2022</u> <u>(in millions)</u>	<u>FY 2021</u> <u>(in millions)</u>	<u>Variance</u>
Housing Assistance Payments (HAP) Income	\$ 30.9	\$ 26.4	\$ 4.5
Other Federal/State & County Grants	4.6	3.6	1.0
Investment Income	1.9	1.6	0.3
Interest on Mortgage and Construction			
Loans Receivable Income	1.6	1.5	0.1
Dwelling Rental Income	27.0	24.3	2.7
HAP Expense	(30.4)	(30.2)	(0.2)
Administration Expense	(11.0)	(10.0)	(1.0)
Maintenance Expense	(7.3)	(6.0)	(1.3)
Utilities Expense	(2.1)	(1.9)	(0.2)
Fringe Benefits	(3.4)	(2.7)	(0.7)
Interest Expense	(8.8)	(9.1)	0.3
Depreciation and amortization	(5.5)	(5.2)	(0.3)
Other Income Net of Other Expenses	3.5	3.1	0.4
Adjusted Net Income (Loss)	\$ 1.0	\$ (4.6)	\$ 5.6

The higher Housing Assistance Payments (HAP) – revenue in FY'22 as compared to the same period in FY'21 is primarily attributed to reduced funding from HUD in July 2020 to offset the excess HAP revenue as of December 31, 2019 and transition the excess funds to HUD-held reserve. The increase in the Incoming Portables partially offset by a decrease in the COVID-19 Main Voucher Program and the 2017 Mainstream Program also contributed to the increase in HAP revenue in FY'22. The HAP Expense did not change materially between FY'22 and FY'21.

The increase in the State and County grants is mainly due to the County Capital Improvement Programs ("CIP") and the County Main Grant.

The increase in investment income is primarily attributed to the Multifamily Housing Development Bond ("MHDB") 2021 Series A Westside Shady Grove investment income. This increase is partially offset by a decrease in the Single Family Bond Fund, due to a decrease in MBS purchases (mortgage-backed securities) and lower interest rates.

The increase in dwelling rental income is mainly due to Bradley Crossing, LLC, which was acquired in June 2021. The increase from the RAD 6 properties (Seneca Ridge, Ken-Gar, Towne Centre Place, Sandy Spring Meadow, and Parkway Woods), Shady Grove Apartments LP and Elizabeth House RAD Interim property also contributed to higher rental income in FY'22. The increase was offset by Bad Debt expense in the Opportunity Housing portfolio. Bad debt expense for the three-month period July 2021 to September 2021 amounts to about \$1 million. As of September 30, 2021, the tenant receivable balance has increased by \$383,861 from June 30, 2021, totaling \$6,307,449. Staff does anticipate that a portion of this amount will result in additional allowances and the potential for additional allowances to be set up in subsequent months to reflect the continuation of non-payments during the COVID-19 pandemic.

The increase in administrative expense is mainly driven by an increase in administrative salaries, Fatherhood Program tuition assistance, and other operating services contract within the Public Fund, cost of issuance related to Housing Production Fund ("HPF") Series 2021 Limited Obligation Bonds within the Multifamily Bond Fund and an increase in rental license fees within the Opportunity Housing Fund.

The increase in maintenance expense is mainly driven by an increase in the Opportunity Housing Fund expenses for paint, wallcoverings, appliance equipment, flooring/carpeting, roofing/gutter, asphalt concrete contracts, plumbing supplies, cleaning/janitorial/landscaping and other miscellaneous contracts.

The increase in utilities is mainly due to water usage at Glenmont Crossing Development Corp, Bradley Crossing LLC, HOC – Cider Mill Apartments, Glenmont Westerly Dev Corp, and Manchester Manor Apartments.

The increase in fringe benefits is largely due to FY'22 amortization of unfunded actuarial accrued pension liability paid to the County, partially offset by a decrease in accrued leave expense.

The decrease in interest expense is driven by a decrease in the Single Family bonds payable due to scheduled and early redemptions, partially offset by an increase in Multifamily Bond fund due to MHDB 2021 Series A-WSSG (Westside Shady Grove) issuance.

The net increase in other income is primarily due to an increase in HAP administrative fees and management fees and a decrease in other expenses, partly reduced by a decrease in non-operating revenue.

Adjusted Operating Revenue

The revenues from operations, when adjusted for HAP income and unrealized (gain)/loss on investments, increased \$4.3 million for the first quarter ending September 30, 2021, when compared to first quarter ending September 30, 2020.

	<u>FY 2022</u>	<u>FY 2021</u>
Total Operating Revenue	\$ 69,518,096	\$ 60,084,586
Less:		
Housing Assistance Revenue	(30,988,937)	(26,404,919)
Unrealized (Gain)/Loss on Investments	617,011	1,125,151
Adjusted Total Operating Revenue	<u>\$ 39,146,170</u>	<u>\$ 34,804,818</u>
Amount of Increase (Decrease)	\$ 4,341,352	

All of the income categories contributed to the increase in the total adjusted operating revenue. The dwelling rental income contributed the largest share, accounting for about 63% of the overall net increase in the total adjusted operating revenue.

Adjusted Operating Expenses

The operating expenses, when adjusted for HAP expense increased by \$4.9 million for the first quarter ending September 30, 2021 when compared to the same period last fiscal year.

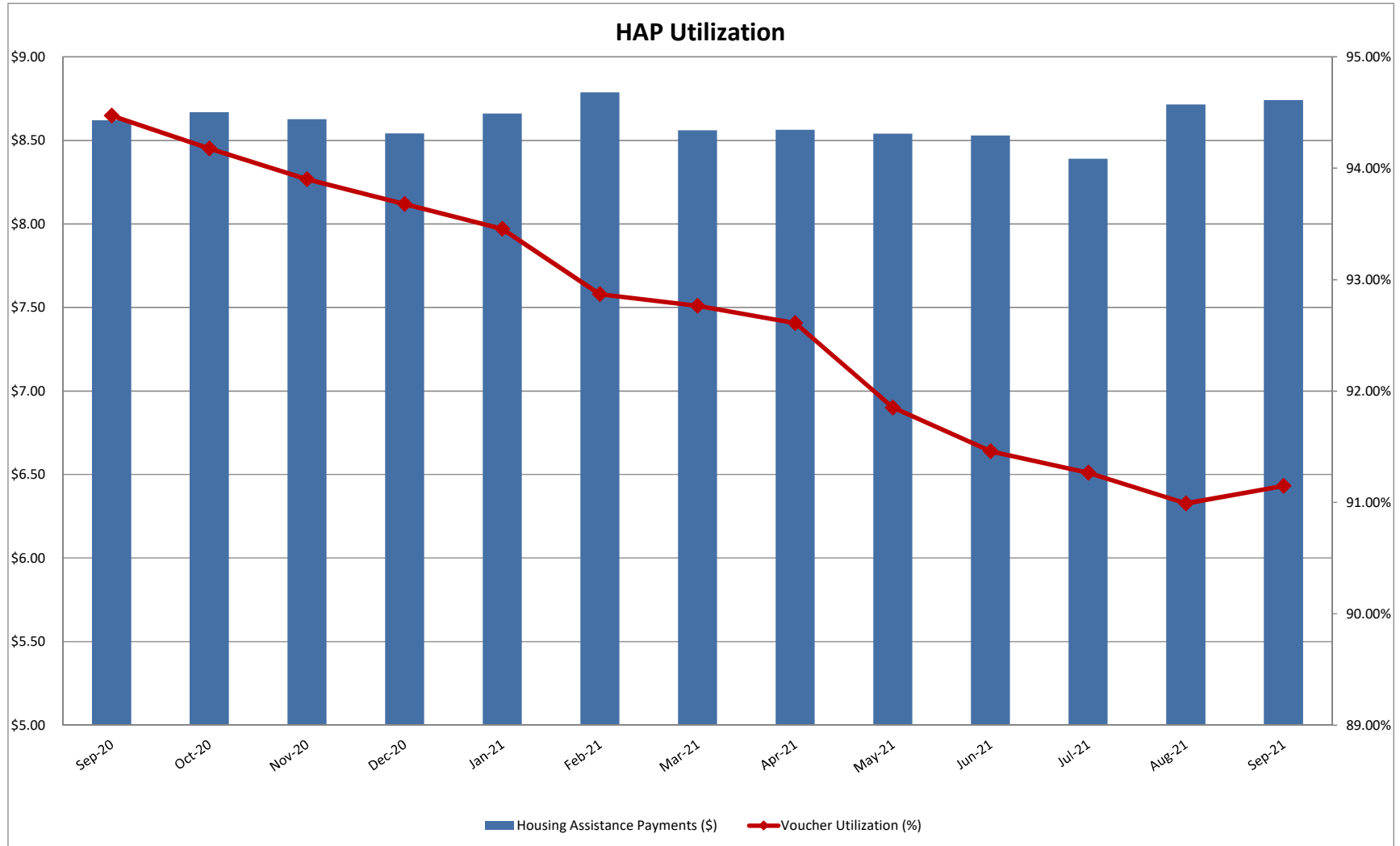
	<u>FY 2022</u>	<u>FY 2021</u>
Total Operating Expenses	\$ 69,050,482	\$ 63,952,521
Less:		
Housing Assistance Payments (HAP)	(30,423,590)	(30,203,777)
Adjusted Total Operating Expenses	<u>\$ 38,626,892</u>	<u>\$ 33,748,744</u>
Amount of Increase (Decrease)	\$ 4,878,148	

All of the expense categories contributed to the increase in adjusted operating expenses except other expenses. Interest expense, maintenance and administration are the major contributors and accounted for about 65% of the net increase in total adjusted operating expenses.

Non-operating Revenue (Expenses)

The non-operating expenses net of non-operating revenues totaled (\$70,731) for the first quarter ending September 30, 2021 as compared to (\$1.9) million for the same period last year. The decrease is primarily attributed to a decrease in non-operating interest expense and a decrease in non-operating interest income.

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Housing Assistance Payments (\$)	\$8,619,755	\$8,668,612	\$8,626,193	\$8,541,232	\$8,659,612	\$8,786,922	\$8,560,105	\$8,563,257	\$8,538,786	\$8,529,026	\$8,388,952	\$8,713,940	\$8,740,936
Voucher Utilization (%)	94.47%	94.18%	93.90%	93.68%	93.46%	92.87%	92.76%	92.61%	91.85%	91.46%	91.27%	90.99%	91.15%
UNITS under LEASE	7,194	7,196	7,175	7,158	7,141	7,097	7,103	7,091	7,033	7,003	6,990	6,969	6,981
HUD Authorized BASE LINE	7,615	7,641	7,641	7,641	7,641	7,642	7,657	7,657	7,657	7,657	7,659	7,659	7,659



Housing Opportunities Commission of Montgomery County, Maryland
Combined Statements of Net Position
As of September 30, 2021 and June 30, 2021

	Note Num.	9/30/2021	6/30/2021	Dollar Variance	Percentage Variance
Assets and Deferred Outflows					
Current Assets					
Unrestricted:					
Cash and cash equivalents	-1.a.-	\$ 104,967,049	\$ 114,255,018	\$ (9,287,969)	(8.13%)
Advances to component units	-1.b.-	9,970,639	2,292,242	7,678,397	334.97%
Accounts receivable and other assets	-1.c.-	29,740,047	29,193,066	546,981	1.87%
Accrued interest receivable	-1.d.-	10,511,114	10,229,505	281,609	2.75%
Mortgage and construction loans receivable - cur	-1.e.-	5,696,510	8,404,989	(2,708,479)	(32.22%)
Total unrestricted current assets		160,885,360	164,374,820	(3,489,460)	(2.12%)
Restricted cash and cash equivalents and investments:					
Restricted cash and cash equivalents	-1.f.-	268,266,194	223,822,777	44,443,417	19.86%
Restricted short-term investments	-1.g.-	5,955,341	6,590,395	(635,054)	(9.64%)
Cash for current bonds payable	-1.h.-	22,238,472	62,991,620	(40,753,148)	(64.70%)
Customer deposits		5,295,617	5,165,927	129,690	2.51%
Total restricted cash and cash equivalents and investments		301,755,624	298,570,719	3,184,905	1.07%
Total current assets		462,640,984	462,945,539	(304,555)	(0.07%)
Noncurrent Assets					
Restricted long-term investments	-1.i.-	164,885,074	167,277,397	(2,392,323)	(1.43%)
Mortgage and construction loans receivable	-1.e.-	510,804,607	511,248,638	(444,031)	(0.09%)
Capital assets, net of depreciation	-1.j.-	687,091,455	691,208,857	(4,117,402)	(0.60%)
Investment in Component Units		33,441,524	33,441,589	(65)	(0.00%)
Total noncurrent assets		1,396,222,660	1,403,176,481	(6,953,821)	(0.50%)
Total Assets		1,858,863,644	1,866,122,020	(7,258,376)	(0.39%)
Deferred Outflows of Resources					
Derivative Instrument	-1.k.-	21,270,199	21,902,486	(632,287)	(2.89%)
Fair value of hedging derivatives	-1.k.-	8,679,652	9,606,640	(926,988)	(9.65%)
Employer -Related Pension Activities	-1.k.-	43,170,695	43,170,695	-	0.00%
Employer -Related OPEB Activities	-1.k.-	6,329,917	6,329,917	-	(0.00%)
Total Assets and Deferred Outflows		\$ 1,938,314,107	\$ 1,947,131,758	\$ (8,817,651)	(0.45%)
Liabilities and Net Position					
Current Liabilities					
Accounts payable and accrued liabilities	-1.l.-	\$ 27,444,690	\$ 22,879,628	\$ 4,565,062	19.95%
Undrawn Mortgage Proceeds Payable	-1.m.-	96,391,225	103,957,909	(7,566,684)	(7.28%)
Accrued interest payable	-1.n.-	9,244,547	9,753,133	(508,586)	(5.21%)
Loans payable to Montgomery County - current		445,437	445,585	(148)	(0.03%)
Mortgage notes and loans payable - current	-1.o.-	26,179,337	26,284,984	(105,647)	(0.40%)
Total current unrestricted liabilities		159,705,235	163,321,239	(3,616,004)	(2.21%)
Current Liabilities payable from restricted assets:					
Customer deposit payable		4,452,865	4,240,817	212,048	5.00%
Accrued interest payable	-1.p.-	3,966,184	7,896,462	(3,930,278)	(49.77%)
Bonds payable - current	-1.q.-	17,188,302	55,095,158	(37,906,856)	(68.80%)
Total current liabilities payable from restricted assets		25,607,350	67,232,437	(41,625,087)	(61.91%)
Total current liabilities		185,312,585	230,553,676	(45,241,091)	(19.62%)
Noncurrent Liabilities					
Bonds payable	-1.q.-	653,373,575	612,121,337	41,252,238	6.74%
Mortgage notes and loans payable	-1.o.-	605,670,586	608,388,948	(2,718,362)	(0.45%)
Loans payable to Montgomery County		101,528,328	104,585,051	(3,056,723)	(2.92%)
Unearned Revenue		29,564,182	28,374,987	1,189,195	4.19%
Escrow and other deposits		17,385,544	17,098,349	287,195	1.68%
Net Pension liability		21,355,806	21,355,806	-	0.00%
Net OPEB liability		19,893,438	19,893,438	-	0.00%
Derivative investment - hedging		8,679,652	9,606,640	(926,988)	(9.65%)
Total noncurrent liabilities		1,457,451,112	1,421,424,555	36,026,557	2.53%
Total Liabilities		1,642,763,697	1,651,978,231	(9,214,534)	(0.56%)
Deferred Inflows of Resources					
Unamortized Pension Net Difference	-1.k.-	44,832,002	44,832,002	-	0.00%
Unamortized OPEB Net Difference	-1.k.-	14,459,637	14,459,637	-	0.00%
Total Deferred Inflows of Resources		59,291,640	59,291,640	-	0.00%
Net Position					
Net investment in capital assets		(130,824,286)	(131,205,426)	381,140	(0.29%)
Restricted		118,537,233	114,389,842	4,147,391	3.63%
Unrestricted		248,545,823	252,677,471	(4,131,648)	(1.64%)
Total Net Position		236,258,770	235,861,887	396,883	0.17%
Total Liabilities and Net Position		\$ 1,938,314,107	\$ 1,947,131,758	\$ (8,817,651)	(0.45%)

Housing Opportunities Commission of Montgomery County, Maryland

Combined Statements of Revenues and Expenses
As of September 30, 2021 and September 30, 2020

	Note Num.	FY22	FY21	Dollar Variance	Percentage Variance
Operating Revenues					
Dwelling rental	-1.aa.-	\$ 26,982,123	\$ 24,250,246	\$ 2,731,877	11.27%
Investment income	-1.bb.-	1,853,684	1,587,936	265,748	16.74%
Unrealized gains (losses) on investment	-1.cc.-	(617,011)	(1,125,151)	508,140	(45.16%)
Interest on mortgage and construction loans receivable		1,586,957	1,534,884	52,073	3.39%
Management fees and other income	-1.dd.-	1,733,345	1,552,560	180,785	11.64%
U.S. Department of Housing and Urban Development grants:					
Housing Assistance Payments (HAP)	-1.ee.-	30,988,937	26,404,919	4,584,018	17.36%
HAP administrative fees		2,380,919	2,246,549	134,370	5.98%
Other grants		1,807,318	1,362,868	444,450	32.61%
State and County grants	-1.ff.-	2,801,823	2,269,775	532,048	23.44%
Total operating revenues		69,518,096	60,084,586	9,433,510	15.70%
Operating Expenses					
Housing Assistance Payments (HAP)	-1.ee.-	30,423,590	30,203,777	(219,813)	(0.73%)
Administration	-1.gg.-	11,003,926	10,039,513	(964,413)	(9.61%)
Maintenance	-1.hh.-	7,324,739	5,975,269	(1,349,470)	(22.58%)
Depreciation and amortization		5,481,141	5,165,021	(316,120)	(6.12%)
Utilities		2,063,805	1,859,798	(204,007)	(10.97%)
Fringe benefits	-1.ii.-	3,387,549	2,704,415	(683,134)	(25.26%)
Interest expense	-1.jj.-	7,705,221	5,759,080	(1,946,141)	(33.79%)
Other expense		1,660,512	2,245,648	585,136	26.06%
Total operating expenses		69,050,482	63,952,521	(5,097,961)	(7.97%)
Operating income (loss)		467,614	(3,867,935)	4,335,549	(112.09%)
Nonoperating Revenues (Expenses)					
Investment Income		307,810	177,590	130,220	73.33%
Interest on mortgage and construction loans receivable		680,698	1,322,787	(642,089)	(48.54%)
Interest expense	-1.jj.-	(1,125,991)	(3,394,573)	2,268,582	(66.83%)
Other grants		66,751	-	66,751	100.00%
Total nonoperating revenues (expense)		(70,731)	(1,894,196)	1,823,465	(96.27%)
Income (loss) before capital contributions		396,883	(5,762,131)	6,159,014	(106.89%)
Transfer from Discrete Component Units		-	-	-	
Capital contributions		-	14,681,926	(14,681,926)	(100.00%)
Net income (loss)		396,883	8,919,795	(8,522,912)	(95.55%)

Housing Opportunities Commission of Montgomery County

Combined Statement of Net Position
As of September 30, 2021

Assets	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Elimination	9/30/2021 Total Funds with Elimination	6/30/2021 Total Funds with Elimination
Current Assets								
Unrestricted:								
Cash and Cash Equivalents	\$ 42,894,398	\$ 51,436,503	\$ 8,205,596	\$ 480,866	\$ 1,949,687	\$ -	\$ 104,967,049	\$ 114,255,018
Interfund Receivable	-	20,431,711	-	259,245	413,367	(21,104,323)	-	-
Advances to Component Units	9,882,783	87,856	-	-	-	-	9,970,639	2,292,242
Accounts Receivable and Other Assets	6,587,061	14,518,287	8,295,749	338,909	42	-	29,740,047	29,193,066
Accrued Interest Receivable	5,023,207	4,239,572	-	742,604	1,460,676	(954,946)	10,511,114	10,229,505
Mortgage & Construction Loans Receivable, Current	4,883,771	1,423,792	-	1,296,673	9,960,875	(11,868,600)	5,696,510	8,404,989
Total Unrestricted Current Assets	69,271,219	92,137,722	16,501,344	3,118,297	13,784,647	(33,927,869)	160,885,360	164,374,820
Restricted Cash and Cash Equivalents and Investments:								
Restricted Cash and Cash Equivalents	4,156,109	45,381,582	1,043,399	62,798,200	154,886,904	-	268,266,194	223,822,777
Restricted Short-Term Investments	-	-	-	5,955,341	-	-	5,955,341	6,590,395
Restricted for Current Bonds Payable	-	-	-	6,547,975	15,690,498	-	22,238,472	62,991,620
Restricted for Customer Deposits	-	3,480,805	1,814,812	-	-	-	5,295,617	5,165,927
Total Restricted Cash and Cash Equivalents for Investments	4,156,109	48,862,386	2,858,211	75,301,516	170,577,402	-	301,755,624	298,570,719
Total Current Assets	73,427,328	141,000,108	19,359,555	78,419,813	184,362,049	(33,927,869)	462,640,984	462,945,539
Noncurrent assets:								
Restricted Long - Term Investments	-	-	-	100,159,638	64,725,436	-	164,885,074	167,277,397
Mortgage & Construction Loans Receivable, Net of Current Portion	460,207,315	130,901,688	2,005,615	43,181,641	372,826,772	(498,318,424)	510,804,607	511,248,638
Capital Assets, Net of Depreciation	10,691,468	670,111,249	6,288,738	-	-	-	687,091,455	691,208,857
Investment in Component Units	2,073,221	31,368,303	-	-	-	-	33,441,524	33,441,589
Total Noncurrent Assets	472,972,004	832,381,240	8,294,352	143,341,279	437,552,208	(498,318,424)	1,396,222,660	1,403,176,481
Deferred Outflows of Resources								
Derivative Instrument	-	21,270,199	-	-	-	-	21,270,199	21,902,486
Fair Value of Hedging Derivatives	-	2,181,714	-	595,151	5,902,787	-	8,679,652	9,606,640
Employer -Related Pension Activities	24,568,210	4,210,972	14,391,513	-	-	-	43,170,695	43,170,695
Employer -Related OPEB Activities	4,577,769	318,331	1,433,817	-	-	-	6,329,917	6,329,917
Total Assets and Deferred Outflows	575,545,311	1,001,362,565	43,479,237	222,356,243	627,817,044	(532,246,293)	1,938,314,107	1,947,131,758

Housing Opportunities Commission of Montgomery County

Combined Statement of Net Position
As of September 30, 2021

	<u>General Fund</u>	<u>Opportunity Housing Fund</u>	<u>Public Fund</u>	<u>Single Family Fund</u>	<u>Multi Family Fund</u>	<u>Elimination</u>	<u>9/30/2021 Total Funds with Elimination</u>	<u>6/30/2021 Total Funds with Elimination</u>
Liabilities and Net Position								
Liabilities								
Current Liabilities								
Accounts Payable and Accrued Liabilities	12,701,769	12,049,155	1,705,853	870,086	117,826	-	27,444,690	22,879,628
Undrawn Mortgage Proceeds Payable	-	-	-	-	96,391,225	-	96,391,225	103,957,909
Interfund Payable	20,848,291	-	256,032	-	-	(21,104,323)	-	-
Accrued Interest Payable	-	10,199,492	-	-	-	(954,946)	9,244,547	9,753,133
.Loans Payable to Montgomery County - Current	-	445,437	-	-	-	-	445,437	445,585
.Mortgage Notes and Loans Payable-Current	4,134,628	33,913,309	-	-	-	(11,868,600)	26,179,337	26,284,984
Total Current Unrestricted Liabilities	<u>37,684,688</u>	<u>56,607,394</u>	<u>1,961,885</u>	<u>870,086</u>	<u>96,509,051</u>	<u>(33,927,869)</u>	<u>159,705,235</u>	<u>163,321,239</u>
Current Liabilities Payable from Restricted Assets:								
Customer Deposits Payable	-	3,074,499	1,378,366	-	-	-	4,452,865	4,240,817
.Accrued Interest Payable	-	-	-	1,083,987	2,882,196	-	3,966,184	7,896,462
Bonds Payable-Current	-	-	-	4,380,000	12,808,302	-	17,188,302	55,095,158
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>3,074,499</u>	<u>1,378,366</u>	<u>5,463,987</u>	<u>15,690,498</u>	<u>-</u>	<u>25,607,350</u>	<u>67,232,437</u>
Total Current Liabilities	<u>37,684,688</u>	<u>59,681,893</u>	<u>3,340,251</u>	<u>6,334,073</u>	<u>112,199,549</u>	<u>(33,927,869)</u>	<u>185,312,585</u>	<u>230,553,676</u>
Non-Current Liabilities								
Bonds Payable	-	-	-	179,358,162	474,015,414	-	653,373,575	612,121,337
Mortgage Notes and Loans payable	394,289,118	709,699,892	-	-	-	(498,318,424)	605,670,586	608,388,948
Loans payable to Montgomery County	27,671,224	73,857,104	-	-	-	-	101,528,328	104,585,051
Unearned Revenue	17,233,018	9,061,024	3,270,141	-	-	-	29,564,182	28,374,987
Escrow and Other Deposits	15,137,169	-	-	-	2,248,376	-	17,385,544	17,098,349
Net Pension liability	12,621,634	2,072,755	6,661,417	-	-	-	21,355,806	21,355,806
Net OPEB liability	9,250,335	1,179,857	9,463,245	-	-	-	19,893,438	19,893,437
Derivative Investment - Hedging	-	2,181,714	-	595,151	5,902,787	-	8,679,652	9,606,640
Total Noncurrent Liabilities	<u>476,202,498</u>	<u>798,052,345</u>	<u>19,394,804</u>	<u>179,953,313</u>	<u>482,166,576</u>	<u>(498,318,424)</u>	<u>1,457,451,112</u>	<u>1,421,424,555</u>
Total Liabilities	<u>513,887,186</u>	<u>857,734,238</u>	<u>22,735,055</u>	<u>186,287,386</u>	<u>594,366,125</u>	<u>(532,246,293)</u>	<u>1,642,763,697</u>	<u>1,651,978,231</u>
Deferred Inflows of Resources								
Unamortized Pension Net Difference	28,416,318	3,554,192	12,861,492	-	-	-	44,832,002	44,832,002
Unamortized OPEB Net Difference	8,218,784	1,104,204	5,136,650	-	-	-	14,459,637	14,459,638
Total Deferred Inflows of Resources	<u>36,635,102</u>	<u>4,658,396</u>	<u>17,998,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,291,640</u>	<u>59,291,640</u>
Net Position								
Net investment in Capital assets	10,691,468	(147,804,492)	6,288,738	-	-	-	(130,824,286)	(131,205,426)
Amounts Restricted for:								
Debt Service	-	45,381,582	-	35,587,991	31,501,232	-	112,470,804	110,183,032
Customer deposits and other	-	406,305	-	-	-	-	406,305	2,337,567
Closing cost assistance program and other	4,180,278	-	1,479,845	-	-	-	5,660,123	1,869,243
Unrestricted (deficit)	10,151,277	240,986,535	(5,022,542)	480,866	1,949,687	-	248,545,823	252,677,471
Total net position	<u>25,023,023</u>	<u>138,969,931</u>	<u>2,746,041</u>	<u>36,068,857</u>	<u>33,450,919</u>	<u>-</u>	<u>236,258,770</u>	<u>235,861,887</u>
Total Liabilities, Deferred Inflows and Net Position	<u>575,545,311</u>	<u>1,001,362,565</u>	<u>43,479,237</u>	<u>222,356,243</u>	<u>627,817,044</u>	<u>(532,246,293)</u>	<u>1,938,314,107</u>	<u>1,947,131,758</u>

Housing Opportunities Commission of Montgomery County
Housing Opportunities Commission of Montgomery County, Maryland
Combining Statement of Revenue and Expenses
For the Quarter Ended September 30, 2021 (with comparative totals for the Quarter Ended September 30, 2021)

	<u>General Fund</u>	<u>Opportunity Housing Fund</u>	<u>Public Fund</u>	<u>Single Family Fund</u>	<u>Multi Family Fund</u>	<u>Elimination</u>	<u>9/30/2021 Total Funds with Elimination</u>	<u>9/30/2020 Total Funds with Elimination</u>
Operating Revenues								
Dwelling Rental	\$ -	\$ 26,811,009	\$ 171,114	\$ -	\$ -	\$ -	\$ 26,982,123	\$ 24,250,246
Investment Income	-	-	-	834,085	1,019,600	-	1,853,684	1,587,936
Unrealized Gains (Losses) on Investments	-	-	-	(503,810)	(113,201)	-	(617,011)	(1,125,151)
Interest on Mortgage & Construction Loans Receivable	-	-	-	449,637	3,132,173	(1,994,853)	1,586,957	1,534,884
Management Fees and Other Income	2,978,231	690,648	21,088	-	-	(1,956,622)	1,733,345	1,552,560
U.S. Department of Housing and Urban Development Grants:								
Housing Assistance Payments (HAP)	-	-	30,988,937	-	-	-	30,988,937	26,404,919
HAP Administrative Fees	-	-	2,380,919	-	-	-	2,380,919	2,246,549
Other Grants	-	-	1,807,318	-	-	-	1,807,318	1,362,868
State and County Grants	-	-	2,801,823	-	-	-	2,801,823	2,269,775
Total Operating Revenues	2,978,231	27,501,656	38,171,200	779,912	4,038,572	(3,951,475)	69,518,096	60,084,586
Operating Expenses								
Housing Assistance Payments	-	-	30,423,590	-	-	-	30,423,590	30,203,777
Administration	3,425,266	3,826,053	4,319,780	400,920	820,077	(1,788,169)	11,003,926	10,039,513
Maintenance	762,419	6,543,024	19,296	-	-	-	7,324,739	5,975,269
Depreciation and amortization	108,166	5,323,061	49,914	-	-	-	5,481,141	5,165,021
Utilities	45,685	1,940,126	77,994	-	-	-	2,063,805	1,859,798
Fringe Benefits	1,716,483	723,941	845,433	44,245	57,447	-	3,387,549	2,704,415
Pension & OPEB Expense	-	-	-	-	-	-	-	-
Interest expense	-	5,876,522	-	395,676	3,427,875	(1,994,853)	7,705,221	5,759,080
Other Expense	312,524	1,476,116	40,325	-	-	(168,453)	1,660,512	2,245,648
Total operating expenses	6,370,542	25,708,842	35,776,331	840,842	4,305,399	(3,951,475)	69,050,482	63,952,521
Operating Income (loss)	(3,392,311)	1,792,814	2,394,869	(60,930)	(266,827)	-	467,614	(3,867,935)
Nonoperating Revenues (Expenses)								
Investment Income	157,488	150,101	221	-	-	0	307,810	177,590
Interest on Mortgage and Construction Loans Receivable	2,314,592	126,608	-	-	-	(1,760,501)	680,698	1,322,787
Interest Expense	(2,254,205)	(632,287)	-	-	-	1,760,501	(1,125,991)	(3,394,573)
Real Estate Equity Transfer	-	-	-	-	-	-	-	-
Other Grants	-	66,751	-	-	-	-	66,751	-
State and County Grants	-	-	-	-	-	-	-	-
Gain/(Loss) on Sale of Assets	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	217,875	(288,827)	221	-	-	-	(70,731)	(1,894,196)
Income (loss) before capital contributions and transfers	(3,174,436)	1,503,987	2,395,090	(60,930)	(266,827)	-	396,883	(5,762,131)
Transfer To/(From) Discrete Component Units	-	-	-	-	-	-	-	-
Capital contributions/(distributions)	-	-	-	-	-	-	-	14,681,926
Operating transfers in (out)	207,500	-	-	-	(207,500)	-	-	-
Change in Net Position	\$ (2,966,936)	1,503,987	\$ 2,395,090	\$ (60,930)	\$ (474,327)	\$ -	\$ 396,883	\$ 8,919,795

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Notes to Financial Statements
September 30, 2021

Note 1 – Discussion of specific lines of the Combined Statements of Net Position and the Combined Statements of Revenue and Expenses

	FY'22	FY'21	Dollar Variance	Percentage Variance
-1.a. - Cash and cash equivalents	104,967,049	114,255,018	(9,287,969)	(8.13%)
<p>The decrease in cash and cash equivalents is attributed primarily to a decrease in General Fund due to the payment to the County of the FY2022 Self Insurance contribution, rental license fees, real estate taxes and FY2022 OPEB prefunding contribution, as well as the timing of the reimbursements of capital expenses from several properties under construction. The decrease in the General Fund is partially offset by the receipt of proceeds from the Stewartown Homes transactions and operating expense reimbursements from the Single Family Bond Fund and Multifamily Bond Fund. The Opportunity Housing Fund contributed to the decrease as well, largely due the repayment of the Bradley County loans from the OHRF, partly reduced by a net increase in cash at the property level.</p>				
- 1.b. - Advances to Component Units	9,970,639	2,292,242	7,678,397	334.97%
<p>The increase in advances to component units is mainly due to Elizabeth House III LP, HOC at Westside Shady Grove LLC, Bauer Park Apartments LP and Hillandale Gateway LLC due to the timing of the payment and reimbursement of capital expenditures to the General Fund.</p>				
- 1.c. - Accounts receivable and other assets	29,740,047	29,193,066	546,981	1.87%
<p>The increase in accounts receivable and other assets is largely due to an increase in receivables within the Public Fund from Incoming Portable vouchers and prepaid insurance and inventory within the General Fund. This is partially offset by a decrease in the Opportunity Housing Fund receivables due to the timing of the remittance of funds to PNC Bank from the settlement company to pay off the Stewartown PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) draw.</p>				
- 1.d. - Accrued interest receivable	10,511,114	10,229,505	281,609	2.75%
<p>The accrued interest receivable did not change materially from the previous period.</p>				
- 1.e. - Mort. & const. loans receivable – current	5,696,510	8,404,989	(2,708,479)	(32.22%)
- 1.e. - Mort. & const. loans receivable – non-current	<u>510,804,607</u>	<u>511,248,638</u>	<u>(444,031)</u>	<u>(0.09%)</u>
Total	<u>516,501,117</u>	<u>519,653,627</u>	<u>(3,152,510)</u>	<u>(0.61%)</u>

The overall net decrease in total mortgage and construction loans receivable is mainly attributed to a decrease in the Single Family Bond Fund due to sixteen (16) mortgage loan payoffs as well as scheduled amortization and prepayments of principal.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Notes to Financial Statements

	FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.f. - Restricted cash and cash equivalents	268,266,194	223,822,777	44,443,417	19.86%

The increase in restricted cash and cash equivalents is mainly due to Multifamily Bond Fund attributable to the bond proceeds not yet drawn from the Housing Production Fund.

- 1.g. - Restricted short-term investments	5,955,341	6,590,395	(635,054)	(9.64%)
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The Single Family Bond Fund accounted for the decrease in restricted short-term investments.

- 1.h. - Cash for current bonds payable	22,238,472	62,991,620	(40,753,148)	(64.70%)
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The decrease in cash for current bonds payable is due to a decrease in current maturing bonds within the Single Family Bond Fund.

-1.i.- Restricted long-term investments	164,885,074	167,277,397	(2,392,323)	(1.43%)
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The decrease in restricted long-term investments is primarily due to the Single Family Bond Fund driven by scheduled bond principal and interest payments and twenty-four mortgage backed securities ("MBS") closings.

-1.j.- Capital assets, net of depreciation	687,091,455	691,208,857	(4,117,402)	(0.60%)
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The decrease in capital assets is primarily attributed to the normal depreciation of assets for the first quarter of the fiscal year.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Notes to Financial Statements

	FY'22	FY'21	Dollar Variance	Percentage Variance
-1.k.- Deferred outflows – Derivatives	21,270,199	21,902,486	(632,287)	(2.89%)
-1.k.- Deferred outflows – Hedging Derivatives	8,679,652	9,606,640	(926,988)	(9.65%)
-1.k.- Deferred outflows – Employer Pension	43,170,695	43,170,695	0	0.00%
-1.k.- Deferred outflows – OPEB Contribution	<u>6,329,917</u>	<u>6,329,917</u>	<u>(0)</u>	<u>(0.00%)</u>
Total	<u>79,450,463</u>	<u>81,009,738</u>	<u>(1,559,275)</u>	<u>(1.92%)</u>

As of September 30, 2021, all of HOC's interest rate swaps were deemed effective hedges. Therefore, under GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the changes in fair values of hedging derivative instruments are reported as either deferred inflows or outflows in the Statements of Net Position. HOC's interest rate swaps consists of \$595,151 in the Single Family Bond Fund, \$5,902,787 in the Multifamily Bond Fund and \$2,181,714 in the Opportunity Housing Fund (\$384,671 Upton II Construction Loan, \$1,797,043 Elizabeth House III).

The interest swaps on CCL Multifamily and Alexander House were terminated on September 1, 2019, which required HOC swap termination payments of \$12,701,474 and \$12,590,000, respectively. These payments are included in the deferred outflows, hedging derivatives and are being amortized to interest expense on a straight-line basis over the 40-year term of the Federal Financing Bank loans. The unamortized balance of the swap termination payment is \$21,270,199, reported as deferred outflows of resources as of September 30, 2021.

In accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, HOC is required to report deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits (OPEB).

-1.l. -	Accounts payable and accrued liabilities	27,444,690	22,879,628	4,565,062	19.95%
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The increase in accounts payable and accrued liabilities is largely due to temporary OHRF receivable from General Fund for funds from the Stewartown Homes closing, which were received and temporarily held in the General Fund. The funds will be transferred to OHRF after the reporting period.

-1.m. -	Undrawn Mortgage Proceeds Payable	96,391,225	103,957,909	(7,566,684)	(7.28%)
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The decrease in undrawn mortgage proceeds payable is largely attributable to proceeds drawn for Westside Shady Grove, Bauer Park, and Stewartown Homes.

-1.n. -	Accrued interest payable – unrestricted	9,244,547	9,753,133	(508,586)	(5.21%)
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The decrease in accrued interest payable - unrestricted is largely attributable to Bradley Crossing LLC, MV Gateway LLC ("Cider Mill"), The Manor at Cloppers Mill LLC, The Manor at Fair Hill Farm LLC, and The Manor at Colesville LLC.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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	FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.o. - Mortgage notes and loans payable - current	26,179,337	26,284,984	(105,647)	(0.40%)
- 1.o. - Mortgage notes and loans payable - noncurrent	<u>605,670,586</u>	<u>608,388,948</u>	<u>(2,718,362)</u>	<u>(0.45%)</u>
Totals	<u>631,849,923</u>	<u>634,673,932</u>	<u>(2,824,009)</u>	<u>(0.44%)</u>

The decrease in total mortgage notes and loans payable is largely due to the payoff of the PNC Bank, N.A. RELOC loan of Stewartown Homes and amortization of principal on the Federal Financing Bank (“FFB”) loan of several Opportunity Housing and Real Estate Partnership properties. The FFB loan borrowers include 900 Thayer LP, Alexander House (development corporation and tax credit), TPP Timberlawn Pomander LLC, CCL Multifamily LLC (“The Lindley”), Glenmont Crossing Development Corp., Glenmont Westerly Development Corp., Cider Mill and Woodfield Commons.

-1.p. - Accrued interest payable – restricted	3,966,184	7,896,462	(3,930,278)	(49.77%)
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The decrease in accrued interest payable - restricted is mainly due to scheduled and early bond redemptions as well the normal bond amortization in the Single Family and Multifamily Bond Funds.

- 1.q. - Bonds payable – current	17,188,302	55,095,158	(37,906,856)	(68.80%)
- 1.q. - Bonds payable – noncurrent	<u>653,373,575</u>	<u>612,121,337</u>	<u>41,252,238</u>	<u>6.74%</u>
Totals	<u>670,561,877</u>	<u>667,216,495</u>	<u>3,345,382</u>	<u>0.50%</u>

The net increase in the total outstanding bonds payable is primarily due to the issuance of Housing Production Fund (“HPF”) Series 2021 Limited Obligation Bonds for \$50 million in the Multifamily Bond Fund in order to provide construction bridge financing for multifamily residential rental developments in HOC’s pipeline. This increase is partially offset by the scheduled bond redemptions including bond premium/discount amortization for \$40.8 million under the Single Family Bond Fund and \$5.8 million under the Multifamily Bond Fund.

1.aa. Dwelling Rental	26,982,123	24,250,246	2,731,877	11.27%
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The increase in dwelling rental income is mainly due to Bradley Crossing, LLC, which was acquired in June 2021. The increase from the RAD 6 properties (Seneca Ridge, Ken-Gar, Towne Centre Place, Sandy Spring Meadow, and Parkway Woods), Shady Grove Apartments LP and Elizabeth House RAD Interim property also contributed to higher rental income in FY2022. The increase was offset by Bad Debt expense in the Opportunity Housing portfolio. Bad debt expense for the three-month period July 2021 to September 2021 amounts to about \$1 million. As of September 30, 2021, the tenant receivable balance has increased by \$383,861 from June 30, 2021, totaling \$6,307,449. Staff does anticipate that a portion of this amount will result in additional allowances and the potential for additional allowances to be established in subsequent months to reflect the continuation of non-payments resulting from the COVID-19 pandemic.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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	FY'22	FY'21	Dollar Variance	Percentage Variance
-1.bb. - Investment Income	1,853,684	1,587,936	265,748	16.74%
<p>The increase in investment income is primarily attributed to the Multifamily Housing Development Bond (“MHDB”) 2021 Series A for Westside Shady Grove LLC. The increase is partly reduced by a decrease in the Single Family Bond Fund due to a decrease in MBS purchases and lower interest rates.</p>				
-1.cc. - Unrealized gains (losses) on investment	(617,011)	(1,125,151)	508,140	(45.16%)
<p>Unrealized gains (losses) on investment reflect the hypothetical gains and/or losses on investments HOC would have received if those investments had been sold on the last day of the reporting period. If planned properly and held to maturity, no recognized gain or loss should result from the investments.</p>				
-1.dd. - Management fees and other income	1,733,345	1,552,560	180,785	11.64%
<p>The increase in management fees and other income is mainly due to development fee income from 900 Thayer LP funded from the final LIHTC equity installment. The increase is partially offset by a decrease in commitment fee income and loan management fee income.</p>				
- 1.ee. - Housing Assistance Payments – Revenue	30,988,937	26,404,919	4,584,018	17.36%
- 1.ee. - Housing Assistance Payments – Expense	30,423,590	30,203,777	219,813	0.73%
<p>The higher Housing Assistance Payments (HAP) – revenue in FY2022 as compared to FY2021 is primarily attributed to reduced funding in FY2021, due to the offset against the July 2020 HAP funding of the excess HAP revenue as of December 31, 2019. HOC received all of the scheduled HAP funding for the first quarter of FY2022. The increase in Incoming Portables partly offset by a decrease in the COVID-19 HCV Main Program and HCV Mainstream Program also contributed to the increase in HAP revenue. The HAP Expense did not change materially between the first quarters of FY2021 and FY2022.</p>				
-1.ff. - State and County Grants	2,801,823	2,269,775	532,048	23.44%
<p>The increase in the State and County grants is mainly due to Capital Improvement Programs (“CIP”) and the County Main Grant.</p>				
-1.gg. - Administration	11,003,926	10,039,513	964,413	9.61%
<p>The increase in administrative expense is mainly driven by an increase in administrative salaries, Fatherhood Program tuition assistance, and other operating services contract within the Public Fund, cost of issuance within the Multifamily Bond Fund related to Series 2021 (Housing Production Fund – Limited Obligation Bonds) and an increase in rental license fees within the Opportunity Housing Fund.</p>				
-1.hh. - Maintenance	7,324,739	5,975,269	1,349,470	22.58%
<p>The increase in maintenance expense is mainly driven by an increase in the Opportunity Housing Fund expenses for paint wallcoverings, appliance equipment, flooring/carpeting, roofing/gutter, asphalt concrete contracts, plumbing supplies, cleaning/janitorial/landscaping and other miscellaneous contracts.</p>				

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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	FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.ii. - Fringe benefits	3,387,549	2,704,415	683,134	25.26%
<p>The increase in fringe benefits is largely due to FY2022 amortization of unfunded actuarial accrued pension liability paid to the County, partially offset by a decrease in accrued leave expense.</p>				
- 1.jj. - Interest Expense – operating	7,705,212	5,759,080	1,946,132	33.79%
- 1.jj. - Interest Expense – non-operating	<u>1,125,991</u>	<u>3,394,573</u>	<u>(2,268,582)</u>	<u>(66.83%)</u>
Totals	<u>8,831,212</u>	<u>9,153,653</u>	<u>(322,441)</u>	<u>(3.52%)</u>

The decrease in interest expense is driven by a decrease in the Single Family bonds payable due to scheduled and early redemptions, partially offset by an increase in Multifamily Bond fund due to 2021 Series A-WSSG (Westside Shady Grove) issuance.

- **Capital Improvements:**

- **The Metropolitan:** The property is supplied by two central hot water heaters, one of which has completely failed since the end of summer 2021. While staff is planning for the substantial renovation of the property, a final scope and plan has not yet been presented or approved by the Commission. To avoid a potential catastrophic failure during the winter months, staff proposes to amend the capital budget for the property and replace the non-functioning hot water heater now, using funds from the property's Replacement Reserve accounts. The estimated cost of repairing the unit is close to the cost of a full replacement. This budget amendment will increase the capital budgets for the Metropolitan Market and Metropolitan Affordable properties by \$21,728 and \$9,312, respectively, to proceed with the replacement of the hot water heaters. There are sufficient funds in the two Metropolitan replacement reserves to pay for this expense. The replacement of the second hot water heater will be included in the scope of the property's renovation.
- **Cider Mill:** Six of Cider Mill's roofs need to be replaced immediately and the cost will be \$845,000 which includes a base price of \$700,000 per the bid plus a 10% contingency of \$70,000 and \$75,000 for engineering and inspections. This budget amendment will increase the FY'22 Capital Budget for Cider Mill by \$845,000 to proceed with the roof replacements. There are sufficient funds in Cider Mill's replacement reserve to pay for this expense.

BUDGET IMPACT:

The net effect of the FY'22 Second Quarter Budget Amendment maintains a balanced operating budget.

The total FY'22 Operating Budget for HOC remains at \$300,440,652. The total FY'22 Capital Budget for HOC increased from \$439,141,889 to \$440,017,929. This is an increase of \$876,040. Approval by the Commission of any budget amendments will revise the FY'22 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

For informal discussion at the December 21, 2021 Budget, Finance and Audit Committee meeting.
For formal Commission action at the January 12, 2022 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the full Commission approval of the proposed FY'22 Second Quarter Budget Amendment.

FY 2022 Operating Budget Second Quarter Amendment			First Quarter Budget Amendment	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Second Quarter Budget Amendment
General Fund								
	General Fund	\$26,540,864	\$30,006,365	(\$3,465,501)	\$0	\$26,540,864	\$30,006,365	(\$3,465,501)
	Draw from GFOR to Balance Budget	\$1,241,656	\$0	\$1,241,656	\$0	\$1,241,656	\$0	\$1,241,656
Multifamily & Single Family Bond Funds								
	Multifamily Fund	\$17,101,758	\$17,101,758	\$0	\$0	\$17,101,758	\$17,101,758	\$0
	Single Family Fund	\$9,596,244	\$9,596,244	\$0	\$0	\$9,596,244	\$9,596,244	\$0
Opportunity Housing Fund								
	Opportunity Housing & Dev Corps	\$103,519,025	\$101,489,601	\$2,029,424	\$0	\$103,519,025	\$101,489,601	\$2,029,424
	Draw from GFOR for MetroPointe Deficit	\$194,421	\$0	\$194,421	\$0	\$194,421	\$0	\$194,421
	Opportunity Housing Reserve Fund	\$5,895,910	\$1,624,626	\$4,271,284	\$0	\$5,895,910	\$1,624,626	\$4,271,284
	Restricted to OHRF	\$0	\$4,271,284	(\$4,271,284)	\$0	\$0	\$4,271,284	(\$4,271,284)
Public Fund								
	Housing Choice Voucher Program	\$118,304,140	\$115,169,540	\$3,134,600	\$0	\$118,304,140	\$115,169,540	\$3,134,600
	Restrict to HCVP HAP Reserve	\$0	\$2,889,672	(\$2,889,672)	\$0	\$0	\$2,889,672	(\$2,889,672)
	Restrict to HCVP Administrative Reserve	\$0	\$244,928	(\$244,928)	\$0	\$0	\$244,928	(\$244,928)
	Federal , State and Other County Grants	\$18,046,634	\$18,046,634	\$0	\$0	\$18,046,634	\$18,046,634	\$0
TOTAL - ALL FUNDS		\$300,440,652	\$300,440,652	\$0	\$0	\$300,440,652	\$300,440,652	\$0

Footnotes - explanation of changes recommended to adopted

- MF R** (\$133,516) Reduce Multifamily Bond Fund draw by FY'19 accumulated savings
MF R \$133,516 Add carryover of cumulative savings
- SF R** (\$82,613) Reduce Single Family Bond Fund draw by FY'19 accumulated savings
SF R \$82,613 Add carryover of cumulative savings

FY 2022 Capital Budget Second Quarter Amendment		Revenues	Expenses	First Quarter Amendment	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Second Quarter Amendment
Capital Improvements									
	East Deer Park	\$155,000	\$155,000	\$0	\$0	\$0	\$155,000	\$155,000	\$0
	Kensington Office	\$100,000	\$100,000	\$0	\$0	\$0	\$100,000	\$100,000	\$0
	880 Bonifant	\$277,000	\$277,000	\$0	\$0	\$0	\$277,000	\$277,000	\$0
	Information Technology	\$844,580	\$844,580	\$0	\$0	\$0	\$844,580	\$844,580	\$0
	Opportunity Housing Properties	\$6,510,745	\$6,510,745	\$0	\$876,040	\$876,040	\$7,386,785	\$7,386,785	\$0
		\$7,887,325	\$7,887,325	\$0	\$876,040	\$876,040	\$8,763,365	\$8,763,365	\$0
Capital Development Projects									
	Bauer Park Apartments	\$9,094,460	\$9,094,460	\$0	\$0	\$0	\$9,094,460	\$9,094,460	\$0
	Deeply Affordable Units	\$1,250,000	\$1,250,000	\$0	\$0	\$0	\$1,250,000	\$1,250,000	\$0
	Elizabeth House III	\$26,358,960	\$26,358,960	\$0	\$0	\$0	\$26,358,960	\$26,358,960	\$0
	Georgian Court	\$29,113,153	\$29,113,153	\$0	\$0	\$0	\$29,113,153	\$29,113,153	\$0
	Hillandale Gateway	\$19,614,762	\$19,614,762	\$0	\$0	\$0	\$19,614,762	\$19,614,762	\$0
	Metropolitan	\$112,604,941	\$112,604,941	\$0	\$0	\$0	\$112,604,941	\$112,604,941	\$0
	Shady Grove	\$42,420,591	\$42,420,591	\$0	\$0	\$0	\$42,420,591	\$42,420,591	\$0
	Stewartown	\$8,360,330	\$8,360,330	\$0	\$0	\$0	\$8,360,330	\$8,360,330	\$0
	Upton II	\$16,285,095	\$16,285,095	\$0	\$0	\$0	\$16,285,095	\$16,285,095	\$0
	West Side Shady Grove	\$63,061,089	\$63,061,089	\$0	\$0	\$0	\$63,061,089	\$63,061,089	\$0
	Westwood Towers	\$42,750,000	\$42,750,000	\$0	\$0	\$0	\$42,750,000	\$42,750,000	\$0
	Willow Manor Resyndication	\$60,341,183	\$60,341,183	\$0	\$0	\$0	\$60,341,183	\$60,341,183	\$0
		\$431,254,564	\$431,254,564	\$0	\$0	\$0	\$431,254,564	\$431,254,564	\$0
TOTAL - ALL FUNDS		\$439,141,889	\$439,141,889	\$0	\$876,040	\$876,040	\$440,017,929	\$440,017,929	\$0

Footnotes - explanation of changes

OH R \$21,728 Amend Budget for Metropolitan Market

OH E \$21,728 Amend Budget for Metropolitan Market

OH R \$9,312 Amend Budget for Metropolitan Affordable

OH E \$9,312 Amend Budget for Metropolitan Affordable

OH R \$845,000 Amend Budget for Cider Mill

OH E \$845,000 Amend Budget for Cider Mill

M E M O R A N D U M

TO: Housing Opportunities Commission Budget, Finance and Audit Committee

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Tim Goetzinger Division: Finance Ext. 4836
 Eugenia Pascual Finance Ext. 9478
 Nilou Razeghi Finance Ext. 9494
 Charnita Jackson Property Management Ext. 9776

RE: **Uncollectible Tenant Accounts Receivable:** Presentation of Request to Write-off
Uncollectible Tenant Accounts Receivable (July 1, 2021 – September 30, 2021)

DATE: December 21, 2021

BACKGROUND:

HOC’s current policy is to provide for an allowance for any tenant accounts receivable balance older than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC’s Uncollectible Accounts Receivable Database as well as in the various individuals’ Equifax Credit Bureau files. This process updates the financial records to accurately reflect the receivables and provides greater potential for outstanding receivable collection.

HOC also maintains a relationship with the rent collections firm, Rent Collect Global (“RCG”). All delinquent balances of \$200 or more are submitted to RCG for further pursuit. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a surety bond, at a much lower rate, from the firm SureDeposit, Inc., instead of paying a traditional security deposit to HOC. Furthermore, the full value of the surety bond is available to HOC for recovery of any damage or other loss, just like a traditional security deposit. Through HOC’s collection efforts and the services of RCG and SureDeposit, HOC makes every effort to pursue all tenant outstanding receivables.

The last approved write-off of former tenant accounts receivable balances on September 21, 2021 was for \$50,389, which covered the three-month period from April 1, 2021, through June 30, 2021.

The proposed write-off of former tenant accounts receivable balances for the first quarter July 1, 2021 through September 30, 2021 is \$16,676.

The \$16,676 first quarter write-off is primarily attributable to former tenants within HOC’s Opportunity Housing properties, Town Center Apartments, RAD6 - Sandy Spring and Waverly House LP. The primary reasons for the write-offs across the properties include tenants who

voluntarily left their units, passed away, purchased a home, no longer qualify, went to a nursing home and left due to a job transfer.

The following table shows the write-offs by fund/program.

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Property Type	07/01/21 - 09/30/21	04/01/21 - 06/30/21	06/30/21 - 09/30/21	06/30/21 - 09/30/21	07/01/21 - 09/30/21	07/01/20 - 09/30/20
Public Housing	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 370
Opportunity Housing	13,684	34,362	(20,678)	-60.18%	13,684	40,603
Supportive Housing	-	15,149	(15,149)	-100.00%	-	20,825
RAD Properties	230	878	(648)	-73.80%	230	15,807
Rental Asst Sec8 Repays	-	-	-	0.00%	-	-
236 Properties	2,762	-	2,762	0.00%	2,762	-
	\$ 16,676	\$ 50,389	\$ (33,713)	-66.91%	\$ 16,676	\$ 77,605

The following tables show the write-offs by fund and property.

Public Fund

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Public Fund	07/01/21 - 09/30/21	04/01/21 - 06/30/21	06/30/21 - 09/30/21	06/30/21 - 09/30/21	07/01/21 - 09/30/21	07/01/20 - 09/30/20
Former PH Tenants	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 370
Total Public Fund	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 370

Within the public Housing portfolio, there were no write-offs to report in the first quarter of FY '22.

Opportunity Housing Fund

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Opportunity Housing (OH) Fund	07/01/21 - 09/30/21	04/01/21 - 06/30/21	06/30/21 - 09/30/21	06/30/21 - 09/30/21	07/01/21 - 09/30/21	07/01/20 - 09/30/20
Camp Hill Square	\$ -	\$ 17,288	\$ (17,288)	-100.00%	\$ -	\$ 3,683
Holiday Park	-	40	(40)	-100.00%	-	-
Magruder's Discovery	-	847	(847)	-100.00%	-	-
McHome	8,392	749	7,643	1020.43%	8,392	-
MHLP I/64	-	-	-	0.00%	-	397
MHLP IX - MPDU	2,356	-	2,356	0.00%	2,356	-
MHLP IX - Pondridge	-	-	-	0.00%	-	-
MHLP X	556	150	406	270.67%	556	-
NCI-1 - 60 Catoctin Court	-	1,458	(1,458)	-100.00%	-	-
Scattered Site One Dev Corp	-	2,519	(2,519)	-100.00%	-	11,798
Sligo Dev Corp MPDU III	-	9,858	(9,858)	-100.00%	-	-
State Rental Partnership	2,157	266	1,891	710.90%	2,157	2,943
TPM Dev Corp - MPDU II (59)	-	-	-	0.00%	-	21,782
VPC One Corp	223	-	223	0.00%	223	-
VPC Two Corp	-	1,187	(1,187)	-100.00%	-	-
Total OH Fund	\$ 13,684	\$ 34,362	\$ (20,678)	-60.18%	\$ 13,684	\$ 40,603

Within the Opportunity Housing portfolio, the \$13,684 write-off amount were attributable to McHome, MHLP IX-MPDU, MHLP IX-Pondridge, MHLP X, State Rental Partnership and VPC One

Corp. The write-offs were mainly due to three tenants who no longer qualifies, two tenants who voluntarily vacated their units, one tenant who purchased a home and one tenant who left due to a job transfer.

Supportive Housing

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	07/01/21 - 09/30/21	04/01/21 - 06/30/21	06/30/21 - 09/30/21	06/30/21 - 09/30/21	07/01/21 - 09/30/21	07/01/20 - 09/30/20
Supportive Housing						
McKinney X - HUD	\$ -	\$ 14,082	\$ (14,082)	-100.00%	\$ -	\$ 20,825
McKinney XIV - HUD	-	1,067	(1,067)	-100.00%	-	-
Total Supportive Housing	\$ -	\$ 15,149	\$ (15,149)	-100.00%	\$ -	\$ 20,825

Within the Supportive Housing Program, there were no write-offs to report in the first quarter of FY '22.

LIHTC/RAD Properties

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	07/01/21 - 09/30/21	04/01/21 - 06/30/21	06/30/21 - 09/30/21	06/30/21 - 09/30/21	07/01/21 - 09/30/21	07/01/20 - 09/30/20
RAD Properties						
RAD 6 - Sandy Spring	\$ 46	\$ -	\$ 46	0.00%	\$ 46	\$ -
RAD 6 - Seneca Ridge	-	-	-	0.00%	-	15,807
Waverly House LP	184	878	(694)	-79.04%	184	-
Total RAD Properties	\$ 230	\$ 878	\$ (648)	-73.80%	\$ 230	\$ 15,807

Within the RAD properties, the \$230 write-off amounts were due to two tenants who are deceased.

236 Properties

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	07/01/21 - 09/30/21	04/01/21 - 06/30/21	06/30/21 - 09/30/21	06/30/21 - 09/30/21	07/01/21 - 09/30/21	07/01/20 - 09/30/20
236 Properties						
Town Center Apartments	\$ 2,762	\$ -	\$ 2,762	0.00%	\$ 2,762	\$ -
Total 236 Properties	\$ 2,762	\$ -	\$ 2,762	0.00%	\$ 2,762	\$ -

Within the 236 properties, the \$2,762 write-off amounts were due to one tenant who are deceased and one tenant who went to a nursing home.

The next anticipated write-off will be for the second quarter of FY'22, covering October 1, 2021, through December 31, 2021. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

ISSUES FOR CONSIDERATION:

Will the Budget, Finance and Audit Committee join staff's recommendation to the Commission to authorize the write-off of uncollectible tenant accounts receivable for the first quarter of fiscal year 2022, totaling \$16,676?

BUDGET IMPACT:

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write-off expense was recorded when the initial allowance was established because of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

TIME FRAME:

For information discussion at the December 21, 2021 Budget, Finance and Audit Committee meeting. For formal Commission action at the January 12, 2022 meeting.

STAFF RECOMMENDATION:

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission authorizing the write-off of uncollectible tenant accounts receivable of \$16,676.