Housing Opportunities Commission OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
240-627-9425

EXPANDED AGENDA

YouTube Link: https://www.youtube.com/watch?v=TMjMYUZSpu8

June 14, 2023

The public is invited to attend HOC's June 14, 2023 Monthly Commission meeting in-person. HOC's Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person online participation).

		Res #
4:00p.m.	**I. INFORMATION EXCHANGE** A. Community Forum B. Report of the Executive Director C. Commissioner Exchange	
4:50p.m. Pg. 16 Pg. 67	**II. APPROVAL OF MINUTES** A. Approval of Minutes of May 3, 2023 B. Approval of Minutes of May 3, 2023 Closed Session	
5:00p.m. Pg. 70 Pg. 77	**III. Consent** A. Approval of 2023 Tony S. Davis Memorial Scholarship Award Winners B. Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations	 23-32 Pg. 73 23-33 Pg. 78
	IV. COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION	
	A. Budget, Finance and Audit Committee-Com. Nelson, Chair	
Pg. 82	**1. Fiscal year 2023 (FY'23 Third Quarter Budget to Actual Statements:** Acceptance of Third Quarter FY'23 Budget to Actual Statements	23-34 Pg. 91
Pg. 97	**2. Uncollectible Tenant Accounts Receivable:** Authorization to Write-Off Uncollectible Tenant Accounts Receivable (January 1, 2023 – March 31, 2023)	23-35 Pg. 102
Pg. 103	**3. Calendar Year 2022 Audits.** Acceptance of Calendar Year 2022 Low Income Tax Credit Partnership and Limited Liability Company Audits	23-36 Pg. 107
Pg. 149	**4. Calendar Year 2023 (CY'23) Budget Amendment for The Leggett (Elizabeth House III Limited Partnership):** Commission Approval of	23-37 Pg. 153

	CY'23 Budget Amendment for The Leggett (Elizabeth House III Limited Partnership)	
Pg. 154	**5. Calendar Year 2023 (CY'23) Budget Amendment for The Laureate (HOC at Westside Shady Grove, LLC):** Commission Approval of CY'23 Budget Amendment for The Laureate (HOC at Westside Shady Grove, LLC)	23-38 Pg. 159
Pg. 160	**6. Procurement of Property Management Services**: Approval Additional Extension of Property Management Contracts Expiring June 30, 2023 for: Cider Mill Apartments, Fenton Silver Spring, Forest Oaks Towers, Georgian Court, Greenhill Apartments, Stewartown Homes, and Westwood Tower; and Approval Additional Extension of Property Management Contracts Expiring September 30, 2023 for: Camp Hill Square, Pooks Hill Court, Residences on the Lane, Shady Grove Apartments, Spring Garden, and The Willows of Gaithersburg	23-39 Pg. 165
Pg. 170	**7. Adoption of the Fiscal Year 2024 Budget**	23-40A Pg. 181 23-40B Pg. 182
	B. Development & Finance Committee- Com. Simon, Chair	
Pg. 202	**1. Scattered Sites Financing:** Approval to Accept the Refinancing Plan for Montgomery Homes Limited Partnership X ("MHLP X"), Authorization of the Issuance of the Commission's Multiple Purpose Bonds to Refinance Various Scattered Site Developments, and Selection of Jeffries LLC as Senior Manager	23-41A Pg. 218 23-41B Pg. 223
	<u>RECESS</u>	
	A. <u>DEVELOPMENT CORPORATION ANNUAL MEETINGS AND ADOPTION OF FY 2024 BUDGETS</u>	
Pg. 227 Pg. 234	**1) <u>Alexander House Development Corporation</u>** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for Alexander House	23-001AH Pg. 232 23-002AH Pg. 237
Pg. 239	**2) Barclay Apartments Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	23-001BC Pg. 244
Pg. 247 Pg. 254	**3) Brookside Glen Apartments Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for Brookside Glen Apartments Limited Partnership	23-001BG Pg. 252 23-002BG Pg. 257

 Pg. 258 Pg. 266	**4) Diamond Square Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for Diamond Square Limited Partnership	 23-001DS Pg. 264 23-002DS Pg. 269
 Pg. 271 Pg. 278	**5) Glenmont Crossing Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for Glenmont Crossing Development Corporation	 23-001GC Pg. 276 23-002GS Pg. 281
 Pg. 283 Pg. 290	**6) Glenmont Westerly Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for Glenmont Westerly	 23-001GW Pg. 288 23-002GW Pg. 293
 Pg. 295	**7) Magruder's Discovery Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	 23-001MD Pg. 300
 Pg.303	**8) The Metropolitan Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	 23-001ME Pg. 308
 Pg. 311	**9) Montgomery Arms Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	 23-001MA Pg. 316
 Pg. 318	**10) Paddington Square Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	 23-001PS Pg. 324
 Pg. 327 Pg. 334	**11) Pooks Hill Development Corporation** a) Annual Meeting and Adoption of FY 2024Operating and Capital Budgets b) b. Approval of Additional Extension of the Property Management Contract for Pooks Hill Tower	 23-001PH Pg. 332 23-002PH Pg. 337
 Pg. 339 Pg. 351	**12) RAD 6 Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for RAD6 Properties	 23-001RAD6 Pg. 339 23-002RAD6 Pg. 355
 Pg. 357	**13) Scattered Site One Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	 23-001SS1 Pg. 362
 Pg. 365 Pg. 372	**14) Scattered Site Two Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval to Accept the Refinancing Plan for Scattered Site II Development Corporation	 23-001SS2 Pg. 370 23-002SS2 Pg. 387
 Pg. 390	**15) Sligo Hills Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	 23-001SH Pg. 395
 Pg. 398	**16) TPM Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets	 23-001TPM Pg. 403

Pg. 406 Pg. 413	**17) VPC One Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval to Accept the Refinancing Plan for VPC One Development Corporation	23-001VPC1 Pg.411 23-002VPC1 Pg. 428
Pg. 431 Pg. 438	**18) VPC Two Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval to Accept the Refinancing Plan for VPC Two Development Corporation	23-001VPC2 Pg. 436 23-002VPC2 Pg. 453
Pg. 456 Pg. 463	**19) The Oaks at Four Corners Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for The Oaks at Four Corners	23-001OC Pg. 461 23-002OC Pg. 466
Pg. 468 Pg. 475	**20) Wheaton Metro Development Corporation** a) Annual Meeting and Adoption of FY 2024 Operating and Capital Budgets b) Approval of Additional Extension of the Property Management Contract for Wheaton Metro Development Corporation	23-001WM Pg. 473 23-002WM Pg. 478
	RECONVENE HOC MONTHLY MEETING	
	CLOSING STATEMENT Vote to close meeting	
	ADJOURN	
6:00p.m.	**CLOSED SESSION** *The closed session meeting will be called to order pursuant to Section 3-305(b)(9) of the General Provisions Article of the Annotated Code of Maryland*	

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing
3. ***Times are approximate and may vary depending on length of discussion***.
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9421 or email Jocelyn.Koon@hocmc.org.

Information Exchange

Report of the Executive Director

Chelsea J. Andrews

HOC AT-A-GLANCE: May 2023

During the month of May, HOC continued to engage in its core activities providing support and enrichment programming to our clients, fulfilling our HUD required obligations, and enhancing our clients' experience. This month we spotlight the official launch of HOC's strategic planning process, a key agency-wide initiative that will chart our course for the next five years. We also recognize HOC's FY 2022 Continuum of Care Competition and Noncompetitive Award of Youth Homeless Demonstration Program Renewal and Replacement Grants for $4 million+.

We continue to provide highlights from our Office of Resident Services, updates from our Housing Resources and Mortgage Finance Divisions, as well as key Real Estate Development activities.

HOC LAUNCHES NEW STRATEGIC PLANNING PROCESS

This month we are excited to announce the kickoff of HOC's five-year strategic planning process. HOC selected the firm Public Works to guide in the process of:

- Defining the future of the agency by charting a clear path for the next five years. This includes outlining HOC's vision, mission, priorities, goals and objectives for 2023 – 2028.
- Positioning the agency within the broader affordable and public housing ecosystems. This includes understanding how the plan connects/intersects/has interplay with those on the local, state and federal levels (as applicable), as well as incorporates relevant sector and cross-sector related policies, priorities and strategic guidance.
- Supporting HOC in addressing Montgomery County's critical affordable housing needs and creating positive outcomes for HOC's clients.

Representatives from the strategic planning consulting firm's team joined HOC's internal planning team (including Chelsea Andrews, Kayrine Brown, Ken Silverman and Tia Blount) in-person to kick off their engagement and learn more about HOC, including participating in a tour of numerous HOC communities. The firm ended their visit with a meet and greet with HOC Commissioners and Executive leadership team. HOC is excited to get the planning process underway and will be providing monthly progress reports via the Executive Director Report.

HUD AWARDS HOC A FY2022 GRANT FOR RESIDENT SERVICES

We are also delighted to report HUD's Notice of Funding Opportunity (NOFO) for Fiscal Year ("FY") 2022 Continuum of Care Competition ("CoC") and Noncompetitive Award of Youth Homeless Demonstration Program Renewal and Replacement Grants for a total of $4,111,879. The CoC Program is an important part of HUD's mission to improve the lives of men, women, and children through their local planning efforts, and through the direct housing and service programs funded under the FY 2022 CoC Program Competition. HOC will specifically use these resources to pay for McKinney Permanent Supportive Housing staff salaries, client rents, utilities and all expenses related to moving. We will also provide ongoing client support and assist with transportation, furniture and basic supplies for living inside.

RESIDENT SERVICES UPDATE

Service Coordination and Programming

The Service Coordination and Programming Units provide assessment, counseling, information, referrals and program services to HOC customers. During the month of May 2023, staff continued to provide services virtually and in person. Resident Counselors continued to engage with HOC customers to determine their needs. Customers were referred to our partners to receive food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID Rental Assistance Program, the Emergency Rental Assistance Program, and the Housing Stabilization Program.

HOC's customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process applications for rental assistance. Resident Counselors have also attended the Housing Resources Division's virtual briefings for new voucher recipients to provide information on the services that Resident Services offer. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

May activities and highlights include:

1. **Workshops**
   - Resident Counselors facilitated the Fundamentals of Housing workshop on **May 17**.
   - Resident Services staff also facilitated a Resource Sharing workshop on **May 24** at Washington Square. The workshop offered information about our Resident Services programs and services, financial assistance resources available at HOC, as well as resources available in the community (i.e., WSSC, Maryland Energy Assistance Program, Interfaith Works and the Salvation Army).

2. **Resident Well Being**
   <u>*Activities for Youth*</u>
   - **After-School Programs:** The Montgomery County Department of Health and Human Services' Street Outreach Network continued to facilitate the Safe Zones program at Cider Mill in May. Safe Zones is an after school initiative that provides safe places and programming for youth. The goal of the initiative is to prevent violence in the community. The program operates on Fridays, with expanded programming on Saturdays that began this month.

Activities for Youth and Families

- **Meet and Greets**: Resident Services staff facilitated meet and greet activities at Towne Center Place (**May 10**), Seneca Ridge (**May 16**), Residents on the Lane (**May 26**), as well as Sandy Spring and Pond Ridge Communities (both on **May 31**). Several of the events incorporated an ice cream social, which allowed residents to enjoy ice cream from Rita's Ice while building relationships with their respective Resident Counselors; receiving information on services offered by HOC and within the community; as well as engaging in other activities such as arts and crafts and giveaways.
- **Community Pop-Up Events:** Resident Counselors hosted a series of community pop-up and resource sharing events designed to bring the community together around an activity; to build rapport with Counselors; and to introduce residents to upcoming programs and services. The events also featured a myriad of vendors providing community resources and information. The Resident Services Division hosted five pop-up events in May, at Bauer Park **(May 12)**, Stewartown Homes **(May 18),** Paddington Square **(May 19),** Washington Square **(May 24)** and Arcola Towers **(May 25).**
- **Recreation:** Resident Counselors engaged in a range of recreational activities across our communities including:
    - **"We're Back, Ready to Serve":** HOC's Resident Counselor hosted a community event entitled, "We're Back, Ready to Serve" at Washington Square/Camp Hill on **May 24, 2023**. The event included vendors from the Maryland Energy Assistance Program, Montgomery County Recreation Department, and Montgomery Workforce Development Mobile Bus. The event also provided food, giveaways, and engagement activities designed to allow new residents to meet, and older residents to re-engage with, the Resident Counselor.
    - **Community Engagement Bingo:** Staff held bingo at Tanglewood (**May 3**), Magruders (**May 4**), Forest Oak Towers (**May 11** and **May 18**), and Waverly House (**May 18**).
    - **Excursion Trip:** On **May 17**, staff took residents from Forest Oak Towers on an excursion to the Illusion Museum.

Activities for Seniors

- **Arts for the Aging:** Arts for the Aging hosted several engaging programs for seniors at several HOC communities including:
    - **"I've Got to Be Me: Portrait Fan"** at Arcola Towers on **May 4 and 18**.
    - **"Moving with the World"** at Waverly House on **May 24**.
    - The Tacy Foundation hosted **"Foundation Musical"** at Waverly House on **May 25**.
- **Health and Wellness Services:** Resident Services, in collaboration with Holy Cross Health, hosted a Diabetes Prevention Workshop Series at Arcola Towers on **May 9, 16 and 23**. The workshops included three 90-minute classes that helped participants understand how blood sugar is connected to diabetes; how to improve their movement; how to make healthy food choices; how to manage stress; and methods for smoking cessation.

- **Food and Nutrition:** Manna Food and Senior Brown Bag distributions were held at Residences at the Lane on **May 12**. Resident Counselors at Washington Square also held a Food Preservation 101 (Episode 2) virtual presentation for seniors on **May 18**.

3. **Relocation and Re-Certification Assistance**
   - The Resident Services Division continued to assist customers on an ongoing basis with relocations and other needs related to renovation projects at Residences on the Lane, Stewartown Homes, Shady Grove Apartments, Willow Manor Apartments, Bauer Park, Town Center Olney, Sandy Spring, Willow Manor and Georgian Court.
   - Staff provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

4. **Rental Assistance**
   - Staff also provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

The Resident Services Division develops and implements programs that provide meals, educational, recreational and enrichment opportunities for HOC's customers. Listed below are highlights of programming activities for May 2023.

The Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, Capital Area Food Bank's Senior Brown Bag, and My Groceries To Go Programs. In May, 474 HOC customers were provided with food. The Resident Services staff also continued to facilitate the Senior Nutrition Program, which provides meals and opportunities for seniors to socialize.

HOC Academy

The HOC Academy is an HOC initiative developed to help its customers reach their fullest potential by providing educational, enrichment, job training and job placement opportunities to youth and adults. The program specifically focuses on education and enrichment for youth education and workforce development for adults. Listed below are highlights from May 2023.

Youth Education/Enrichment

HOC Academy staff hosted Mother's Day activities across several communities including Cider Mill **(May 11)**, Forest Oak **(May 12)**, Tanglewood **(May 13)**, Paddington Square **(May 14)** and Fenton Silver Spring **(May 19)**.

The Tanglewood event added a special touch with the incorporation of their end of year "Piano Pals" recital hosted by the Tacy Foundation. The Foundation provided free piano lessons to 12 youth at Tanglewood and to older adults at Waverly. These lessons culminated in the Mother's Day recital with 45 participants in attendance.

<u>*Adult Education and Workforce Development*</u>

Small Business Strategy Course ("SBSC") alumni continue to report their progress and new business ventures. Below are four milestones from May 2023:

- The current SBSC 2023 cohort #1 completed the 10-week course with six (6) participants completing their final business presentations on May 9, 2023.
- HOC Academy staff at Stewartown hosted a Workforce Development Mobile Event on May 18, 2023. During the event, WorkSource Montgomery ("WSM") introduced the Maryland Workforce Exchange website and assisted residents with registration. WSM utilized their Mobile Bus, equipped with 14 computer devices, to allow residents to use computers for resume building and job applications. Other vendors and employers present at the event included College Bound, Case De Maryland, HOC Academy, We Achieve (formerly known as CHI, Inc.), Latin American Youth Center, Equus Workforce Solutions, etc.
- SBSC alumni Wane Mendoza hosted a grand opening event for his business Be Mighty Fitness, LLC, on May 20 in downtown Silver Spring.
- The Tuition Assistance Program and Adult Education and Workforce Development program participants engaged with Montgomery College for a 25-hour Microsoft 365 training. The training included resume building, as well as training on Excel, Word, and PowerPoint. Eleven (11) customers completed the training series and received a Certificate of Completion.

Financial Literacy

The Financial Literacy Coach continued to work with HOC's customers and individuals on the Housing Path waitlist on creating a financial foundation. During May, the Financial Literacy Coach provided one-on-one financial literacy coaching to 22 HOC customers and five (5) individuals from the HousingPath waitlist. The coaching sessions continued to cover topics including: creating a working budget, identifying disposable income, reading one's credit report, and creating and accomplishing monthly financial goals. During May, the Financial Literacy Coach also facilitated financial literacy workshops. Ten (10) HOC customers and three (3) individuals from the waitlist attended the workshops.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to participants who are formerly homeless with disabilities. The program services some of the most vulnerable residents of the county. In May, the program served 237 participants. Throughout the month program staff continued to conduct home visits with program participants, provide case management services, and pay rent and utilities. Additionally, program staff also continued to help Emergency Voucher recipients secure housing by providing housing location services, as well as financial assistance for application fees, security deposits, moving expenses and household items.

Program staff also continued to implement the Rent Supplement Program ("RSP"), which provides a shallow rental subsidy (up to $600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. Program turnover has created a challenge in achieving full program utilization; however, staff increased program participation to 297 this month, only three shy of the 300 person target for the program. Staff will continue to monitor program expenditures to determine if additional participants can be served.

Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a 'best practice' model. HOC was awarded an additional grant and is currently in year three of the new grant period. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. On May 25, 2023, the program graduated 16 fathers from the May cohort. For the month of May, 26 fathers were enrolled.

HOUSING RESOURCES UPDATE

Housing Choice Voucher ("HCV") Program

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The utilization rate increased to 97% in May. Currently, 158 families with issued vouchers are searching for suitable units to rent and 128 contracts are pending execution. Three hundred and five (305) families were selected from the HCV waitlist last month.

During May, the Housing Resources Division received one request for a voucher extension beyond the initial 90-day period. The request included a search record reflecting the efforts made to secure housing during the voucher term and the landlords who were contacted. The extension request did not warrant a referral to the Human Rights Commission nor the Commission on Civil Rights for possible discrimination.

RENTCafé Used to Support Online Annual Recertifications

This month, HOC used RENTCafé to assist with annual recertifications. Customers with recertifications effective May 1, were required to submit their annual recertification paperwork electronically. Staff enlisted the IT division to provide technical support to customers requiring assistance with the submission of recertification materials. Overall, 315 out of 650 customers submitted their paperwork electronically. We will continue to accept mailed submissions from customers who do not have email or who prefer to submit information by mail. We anticipate that more families will utilize the online portal as they become more comfortable with the technology.

One hundred and thirty-seven (137) customers were recommended for program termination effective May 1, 2023. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why recertifications were not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and to provide assistance. They were able to assist 127 families with the recertification requirement and overturn the termination. Termination proceedings will continue for 10 families for the following reasons:

- 2 - Deceased
- 1 - Vacated unit
- 1 - Ported voucher to another PHA
- 6 - No Response

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

Emergency Housing Vouchers ("EHVs")

HOC has an allocation of 118 Emergency Housing Vouchers. Currently 101 families have successfully leased units. Eight (8) families with issued vouchers are searching for suitable units to rent. Staff are reviewing six (6) certification packets to determine program eligibility. HOC requested three (3) additional referrals from HHS for the EHV Program.

Family Self Sufficiency ("FSS") Update

This month FSS staff continued their recruitment efforts, with current enrollment consisting of 360 families. Five (5) new families enrolled into the FSS program this month, with three graduations occurring in May. Amongst the three graduates, earned income increased significantly, ranging from $18,318 to $37,440. The graduates obtained careers in the following fields: Clinical Assistance, Community Living Assistance, and Retail Operations Management.

FSS staff attended the FSS Office Hours with HUD this month. There are a number of changes in conjunction with the Housing Opportunity through Modernization Act regulations scheduled for implementation in January 2024. FSS will be scheduling a Financial Workshop on Homeownership to address these changes and will cover topics ranging from the real estate market; how to qualify for a loan; closing cost 101; and the pre-approval process and settlement.

FSS participants remain committed to the alliances formed with the FSS Case Managers. Due to the ongoing COVID-19 pandemic, all meetings are conducted virtually. Case Managers continue to work with customers on their self-sufficiency goals and offer integrated strategies for self-care, personal goal fulfillment and emotional support. Community partnerships continue to be a capstone of the program. In conjunction with person-centered planning efforts, Case Managers solicit feedback from customers to determine the effectiveness of previously provided resources. Maintaining continuous feedback ensures that referrals to external partners continue to meet individual goals and exceed expectations.

MORTGAGE FINANCE UPDATE

Mortgage Finance is pleased to announce that HOC's sale of the SFMRB 2023AB bonds was met with positive reception from both retail and institutional investors, with over four times as many orders as bonds available. Maryland retail orders were first priority, and made up 40% of all retail allotments. This is excellent news given the negative financial news that was looming and market volatility while the bonds were pre-marketed. It also speaks to HOC's strong credit and name recognition that both retail and institutional investors have come to rely upon. Both pre-marking and HOC strong credit have resulted in competitive borrowing costs and the ability to lower the yields of the bonds from pre-marketing levels, and to allow HOC to continue to offer low rate mortgages to low- and moderate-income prospective homeowners in the county. The overall yield for the bond issuance was 4.76%. Closing on the bonds is scheduled for June 29, 2023. Kudos to Single-Family, Legal, as well as our Financial Advisor and investment banking teams for another successful sale of HOC bonds.

REAL ESTATE DEVELOPMENT UPDATE

Sandy Spring Missing Middle Pilot Project Gains Approval

The HOC real estate development team has gained approval for a Missing Middle pilot initiative, a new infill housing development project consistent with the goals identified in the 2019 Missing Middle Housing study, Thrive Montgomery, and the ongoing Attainable Housing Strategies initiative. The plan demonstrates how a creative mix of housing typology and configuration can be successfully integrated into an existing community of mostly single-family detached homes. Architecturally, the buildings reflect the form, scale and appearance of single-family homes while containing four (4) townhouse units or a duplex unit. With front porches, traditional architecture, sidewalk connections, ample landscaping, and hidden parking, the missing middle pilot project enhances the Sandy Spring Village Center, increases affordable housing, and provides a successful application of the missing middle housing concept.

Community Outreach

HOC staff conducted two (2) meetings with the general public prior to submitting an application for site plan approval. The Maryland-National Capital Park and Planning Commission ("M-NCPPC") staff received one community comment from the Patuxent Watershed Protective Association in support of the plan and development. At the hearing, a member of the community voiced verbal support of the project and thought a higher density at the site should have been approved. No written correspondence was received by staff.

- **Location/Address:** In the northeast quadrant of the intersection of Olney Sandy Spring Road (MD 108) and Skymeadow Way, approximately 450 feet east of Brooke Road
- **Master Plan:** 2015 Sandy Spring Rural Village Plan
- **Zone:** R-60
- **Property Size:** 3.27 acres
- **Applicant:** Housing Opportunities Commission and RAD 6 Development Corporation

Summary of Planning Approvals

- On April 26, 2023, the M-NCPPC Planning Board unanimously approved the following preliminary and site plan amendments:
    - **Preliminary Plan Amendment 11982180A:** To remove Parcel B and Lot Nos. 7 to 11, Block A from the Sandy Spring Meadow subdivision.
    - **Site Plan Amendment 81982092A:** To reduce the overall density, green space, and parking for the Sandy Spring Meadow subdivision.
    - **Preliminary Plan 120220050:** To create three (3) new lots for 12 townhouse living units, four (4) lots for three (3) new duplexes (two-unit living), 11 lots for eleven (11) existing single-family detached dwelling units, three open space parcels and one parcel for a shared private driveway.
    - **Site Plan 820220090:** To allow the development of 18 new dwelling units consisting of 12 townhouse living units and three (3) duplex (two-unit living) units, including 27.7 percent MPDUs (minimum required is 25%). Current Plan is to provide six (6) units or 33.33%. Eleven existing single-family detached units will remain and one (1) will be removed.

Sandy Spring Meadow Update

HOC recently completed a half court basketball court at Sandy Spring Meadow using a grant from a Capital Projects Grant from the Maryland Board of Public Works. HOC worked closely with the Office of Senator Craig J. Zucker on this project and is happy to report its completion and overall community acceptance.

Hillandale Gateway Receives FY23 Resilient Maryland Award

HOC is proud to announce that we have been selected to receive an FY23 Resilient Maryland award in the amount of $100,000 for our Area of Interest (“AOI”) 1: Feasibility and Planning application submission, from the Maryland Energy Administration. Award funds are provided to help with the costs needed to complete feasibility analysis and preconstruction planning for HOC’s Hillandale Gateway multifamily affordable housing community in Silver Spring.

Minutes

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

Minutes
May 3, 2023

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform (with some participating in-person and some participating online/via teleconference) on Wednesday, May 3, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:03 p.m. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Jeffrey Merkowitz
Rick Nelson
Jackie Simon
Linda Croom

Via Zoom
Pamela Byrd

Also Attending

Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Paulette Dudley
Sean Asberry
Richard Congo
Lynn Hayes
Aisha Memon, General Counsel
Paige Gentry, Deputy General Counsel
Zachary Marks
John Wilhoit
Jennifer Hines Washington
Timothy Goetzinger

Also attending via Zoom

Monte Stanford
John Broullire
Matt Husman

IT Support
Irma Rodriquez
Aries "AJ" Cruz

Commission Support
Jocelyn Koon, Senior Executive Assistant

Chair Priest opened the meeting with the introduction of the Commission.

I. **Information Exchange**

Community Forum

- There were no speakers who signed up to address the Board.

Executive Director's Report

- Chelsea Andrews, Executive Director, provided a presentation of the written report. Ms. Andrews also shared updates regarding HOC activities and spotlights for the month of April 2023.

Commissioner Exchange

- Commissioner Merkowitz congratulated Chelsea Andrews, Executive Director, on the Laureate and inquired if we have been able to move in and lease to any of the restricted units. Marcus Ervin, Director of Development, mentioned we have begun leasing some of the affordable subset apartments as well special set aside units for another program managed through our Resident Services department. The program is ongoing.
- Commissioner Croom inquired about the twenty-nine participants who were terminated in the voucher program and inquired about methods used to contact participants prior to termination. Chelsea Andrews, Executive Director, mentioned every resident and voucher holder has been contacted by several forms of communication methods which includes multiple notices, phone calls and via email. Participants who are advanced through termination are offered the opportunity to go through a grievances process that allows them to not have to pursue termination.
- Commissioner Croom inquired further about the Summer Youth Program in June. Chelsea Andrews, Executive Director, mentioned the very robust agenda of activities for our Summer Youth and she will gather further information regarding Summer Youth employment activities at HOC.
- Chair Priest commented on the Laureate and the progress in transit oriented developments and asked if there was an increase in the demand for food from our residences. Executive Director, Chelsea Andrews, mentioned we have been able to provide continuous nutritional support to our residences and will inquire with our residents' service team.
- Chair Priest thanked Commissioner Kelleher for providing real time information to the Commission.
- Commissioner Simon reported she was at the MHP Groundbreaking on Georgia Avenue and they are very excited about what is happening in Forest Glenn and the County Executive discussed the great relationship and work that HOC is doing.
- Chair Priest mentioned there will be a ribbon cutting and naming of the Leggett.

II. **Approval of Minutes** – The minutes were approved as submitted with a motion by Commissioner Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Merkowitz, Kelleher, Nelson, Byrd, Croom and Simon.

A. **Approval of Minutes of April 5, 2023**
B. **Approval of Minutes of April 5, 2023 Closed Session**
C. **Approval of Minutes of April 21, 2023 Special Session**

III. CONSENT

A. Westwood Tower: Approval of Additional Funding for the Continuation of Litigation Services

Chair Priest introduced the Consent Item and asked for a motion to approve. The following resolution was adopted upon a motion by Commissioner Simon and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Priest, Merkowitz, Kelleher, Nelson, Byrd, Croom and Simon.

RESOLUTION No.: 23-29 **RE: Approval of Additional Funding for the Continuation of Litigation Services for Westwood Tower Apartments**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the owner of a multifamily building located at 5401 Westbard Avenue, Bethesda known as Westwood Tower Apartments ("Westwood Tower" or the "Property"); and

WHEREAS, on January 8, 2020, HOC entered into an agreement for services ("Agreement") with Douglas & Boykin PLLC ("Douglas"), which included HOC's ability to request that Douglas represent HOC in the event any litigation was filed; and

WHEREAS, on July 2, 2021, the Commission authorized the sale of Westwood Tower to a private purchaser; and

WHEREAS, on August 10, 2021, HOC was named as a defendant in a Complaint for Writ of Mandamus filed in the Circuit Court for Montgomery County, Maryland (Case No. 486734-V) by the Bethesda African Cemetery Coalition, Reverend Olusegun Adebayo, Darold Cuba, Geneva Nanette Hunter, and Montani Wallace, and shortly thereafter, staff engaged Douglas to represent HOC in the litigation; and

WHEREAS, on November 3, 2021, the Commission approved the use of Westwood Tower's existing property cash to fund legal costs and fees provided by Douglas in an amount not to exceed
$270,000; and

WHEREAS, litigation services rendered through the conclusion of the appellate process is anticipated to exceed the $270,000 previously authorized; and

WHEREAS, the Commission wishes to approve the use of Westwood Tower's existing property cash to fund additional legal costs and fees associated the continuation of litigation services provided by Douglas in an amount not to exceed $50,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the use of Westwood Tower's existing property cash to fund additional legal costs and fees associated with the continuation of litigation services provided by Douglas in an amount not to exceed $50,000.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County authorizes the Executive Director, or her authorized designee, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on May 3, 2023.

IV. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**

A. Development & Finance Committee- Com. Simon, Chair

1. **Single Family Lending:** Approval of New Participating Lender for the Single Family Mortgage Purchase Program

Commissioner Simon gave an introduction and opened the floor to the Executive Director, Chelsea Andrews, who introduced Jennifer Washington, Assistant Director of Bond Management, who provided the presentation.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Priest, Merkowitz, Kelleher, Nelson, Byrd, Croom and Simon.

RESOLUTION No: 23-30

RE: Approval of New Participating Lenders for the Single Family Mortgage Purchase Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") approves lenders to participate in the Single Family Mortgage Purchase Program ("MPP"); and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the MPP;
and

WHEREAS, Vellum Mortgage, Inc. and Primary Residential Mortgage, Inc. have applied for participation in the MPP; and

WHEREAS, Vellum Mortgage, Inc. and Primary Residential Mortgage, Inc. have satisfied the required criteria for admittance into the MPP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Vellum Mortgage, Inc. and Primary Residential Mortgage, Inc. are approved for participation in the MPP, effective immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 3, 2023.

2. **Single Family: Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolution(s) for the Issuance of Single Family Mortgage Revenue Bonds**

Commissioner Kelleher gave an introduction and opened the floor to Executive Director, Chelsea Andrews, who introduced Elliot Rule, Compliance Analyst, who provided the presentation.

The following resolution was adopted upon a motion by Commissioner Kelleher and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Merkowitz, Kelleher, Nelson, Byrd, Croom and Simon.

RESOLUTION: 2023-31A Re: Approval of Structure, Cost of Issuance Budget and Adoption of Series Resolution for Mortgage Revenue Bonds in One or More Series or Subseries for the Purpose of Financing New Mortgage Loans and Refunding Prior Bonds of the Commission

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the "Bond Resolution"), a portion of which are currently outstanding; and

WHEREAS, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Single Family Program"); and

WHEREAS, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, Maryland first time homebuyers; and

WHEREAS, financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

WHEREAS, the Commission has determined to carry out the Single Family Program by issuing its 2023 Single Family Mortgage Revenue Bonds as tax-exempt and/or taxable, fixed rate and/or variable rate obligations, in one or more series with such designations as shall be determined in the Series Resolution (as hereinafter defined) (collectively, the "2023 Series Bonds") in a total aggregate principal amount not to exceed $40,000,000; and

WHEREAS, any 2023 Series Bond that is "private activity bond" as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended (the "Code"), must be allocated volume cap pursuant to Section 146 of the Code and applicable provisions of Maryland law, subject to exceptions set forth in the Code; and

WHEREAS, in connection with the proposed issuance of the 2023 Series Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolution(s) to be adopted prior to the issuance of the 2023 Series Bonds (individually and collectively, the "Series Resolution"), and the initial draft of the preliminary official statement to be provided to prospective purchasers of the 2023 Series Bonds (the "Preliminary Official Statement," and following the sale of the 2023 Series Bonds and the appropriate revisions reflecting the final pricing and terms of the 2023 Series Bonds, the "Official Statement");

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Opportunities Commission of Montgomery County that:

1. ***The 2023 Series Bonds; Volume Cap***. The 2023 Series Bonds are authorized to be issued in a principal amount not to exceed $40,000,000 (i) to make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), (ii) to refund and redeem certain bonds outstanding under the Bond Resolution (the "Prior Bonds"), and (iii) if necessary, to fund certain required reserves. The Commission hereby approves an allocation of volume cap for the 2023 Series Bonds in an amount not to exceed $15,000,000.

2. ***Approval of the Series Resolution and the Structure of the 2023 Series Bonds***. The 2023 Series Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution, which have been provided to the Commission. The Commission hereby approves the current provisions of the Series Resolution and the structure of and the security for the 2023 Series Bonds set forth therein and in the Preliminary Official Statement. The Executive Director is hereby authorized to approve the final provisions of the Series Resolution, the Preliminary Official Statement and the Official Statement prior to the issuance of the 2023 Series Bonds.

3. ***Commission Documents***. The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are each hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement and any such other documents and agreements to be prepared in connection with the issuance of the 2023 Series Bonds (collectively, the "Commission Documents") in such forms as shall be approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents, where applicable, and to attest the same.

4. ***Authorizing Ongoing Determinations under Commission Documents***. The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the 2023 Series Bonds as shall be set forth in the Commission Documents.

5. ***Other Action***. The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") are each hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2023 Series Bonds, (ii) for the financing of new Mortgage Loans under the Single Family Program, (iii) for the refunding and redemption or repayment of the Prior Bonds, (iv) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the Preliminary Official Statement, the Official Statement and any other Commission Documents relating to the issuance of the 2023 Series Bonds, and (v) for the entire period during which the 2023 Series Bonds are outstanding following the issuance thereof, including without limitation, any novation thereof, shall remain in effect.

6. ***Approval of Cost of Issuance***. The Commission approves the cost of issuance budget in an amount up to $610,000 to be incurred by the Commission in connection with the issuance of the 2023 Series Bonds.

7. ***Appointment of Financial Advisor and Bond Counsel***. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2023 Series Bonds.

8. ***Action Approved and Confirmed***. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the issuance and sale of the 2023 Series Bonds, the financing of newly originated Mortgage Loans approved hereby, the refunding and redemption of the Prior Bonds, the funding of reserves and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

9. ***Severability***. If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

10. ***Effective Date***. This resolution shall take effect immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 3, 2023.

By: ______________________________

Chelsea J. Andrews
Secretary-Treasurer and Executive Director
[SEAL]

KUTAK ROCK LLP

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Resolution No. 2023-31B

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF

$[______________________] PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2023 SERIES A OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

$[______________________] PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2023 SERIES B OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

and

$[______________________] PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2023 SERIES C OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2023

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Resolution No. 2023-__ABC

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF

$[______________________] PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2023 SERIES A OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

$[______________________] PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2023 SERIES B OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

and

$[______________________] PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2023 SERIES C OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2023

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") has previously issued certain Bonds to purchase Mortgage Loans from Mortgage Lenders pursuant to its single family mortgage program under the provisions of Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County, 1974, as amended, known as the Housing Opportunity Act, and the Memorandum of Understanding by and between the Commission and Montgomery County, Maryland, effective June 29, 2018, as amended from time to time (the "Acts"); and

WHEREAS, the Commission adopted a Single Family Mortgage Revenue Bond Resolution on March 28, 1979, and adopted resolutions amending said Bond Resolution on December 15, 1982, as of August 1, 1983, as of June 1, 1986, as of June 26, 1991, on May 17, 1995, on June 9, 1999, on May 3, 2000, on September 18, 2002, as of December 1, 2005, on April 2, 2008, on December 7, 2011 and on June 5, 2013 (the "Bond Resolution"); and

WHEREAS, in order to obtain funds with which to refund and redeem certain prior outstanding bonds of the Commission to make certain moneys available to finance additional Mortgage Loans it is deemed necessary and advisable to issue a series of Single Family Mortgage Revenue Bonds of the Commission as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, as follows:

ARTICLE I DEFINITIONS

Definitions. (a) Except as provided in subsection (b) hereof, all defined terms contained in the Bond Resolution when used in this 2023 Series ABC Resolution shall have the same meanings as set forth in the Bond Resolution.

(b) As used in this 2023 Series ABC Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Bond Counsel*" means one or more attorneys or firms of attorneys with a nationally recognized standing in the field of municipal bond financings selected by the Commission.

"*Business Day*" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York or in which the designated corporate trust office of the Trustee is located, are authorized by law to close, or a day on which the New York Stock Exchange is closed.

"*Electronic Means*" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"*Flow of Funds Memorandum*" means the memorandum attached hereto as Exhibit C dated June [_], 2023 directing the Trustee with respect to the deposit and transfer of proceeds of the 2023 Series Bonds and the refunding of the Series AB Refunded Bonds, and the debit of assets from and credit of assets to various funds and accounts related to the 2023 Series Bonds and the Series AB Refunded Bonds.

"*Interest Payment Date*" means each January 1 and July 1, commencing January 1, 2024.

"*1954 Code*" means the Internal Revenue Code of 1954, as amended, and the regulations of the United States Department of Treasury thereunder.

"*1986 Code*" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of Treasury thereunder.

"*No Arbitrage Certificate*" means the No Arbitrage Certificate, dated June [_], 2023 relating to the 2023 Series A Bonds and the 2023 Series B Bonds.

"*Record Date*" means the 15th day of the calendar month next preceding each Interest Payment Date.

"*Series AB Refunded Bonds*" means the bonds (as defined in the Act) of the Commission being refunded by the 2023 Series AB Bonds of the series and in the amounts set forth in the Flow of Funds Memorandum.

"*Single Family Residence*" has the meaning ascribed to such term in the Financing Agreement.

"*2023 Series A Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2023 Series A, in the aggregate principal amount of $[________________________], authorized under this 2023 Series ABC Resolution.

"*2023 Series A PAC Bonds*" has the meaning ascribed to such term in Section 2.11(c) hereof.

"*2023 Series AB Bonds*" means, collectively, the 2023 Series A Bonds and the 2023 Series B Bonds.

"*2023 Series AB Rebate Account*" means the Account created pursuant to Section 3.02 hereof.

"*2023 Series AB Refunding Account*" means the Account created pursuant to Section 3.02 hereof.

"*2023 Series ABC Bonds*" means, collectively, the 2023 Series A Bonds, the 2023 Series B Bonds and the 2023 Series C Bonds.

"*2023 Series ABC Resolution*" means this Series Resolution authorizing the issuance of the 2023 Series ABC Bonds.

"*2023 Series ABC Mortgage Loan Account*" means the Account created pursuant to Section 3.01 hereof.

"*2023 Series ABC Reserve Account*" means the Account created pursuant to Section 3.08 hereof.

"*2023 Series B Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2023 Series B, in the aggregate principal amount of $[________________________].

"*2023 Series Bonds*" means, collectively, the 2023 Series A Bonds, the 2023 Series B Bonds and the 2023 Series C Bonds.

"*2023 Series C Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2023 Series C, in the aggregate principal amount of $[________________________].

The terms "hereby," hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2023 Series ABC Resolution, refer to this 2023 Series ABC Resolution.

Authority for This 2023 Series ABC Resolution. This 2023 Series ABC Resolution is adopted pursuant to the provisions of the Acts and the Bond Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF 2023 SERIES ABC BONDS

Authorization of Bonds, Principal Amount, Designation and Series. In order to provide sufficient funds necessary to finance newly originated Mortgage Loans or Guaranteed Mortgage Securities and for the refunding and redemption of the Series AB Refunded Bonds to finance Mortgage Loans or Guaranteed Mortgage Securities, in each case pursuant to the Acts and in accordance with and subject to the terms, conditions and limitations established in the Bond Resolution and this 2023 Series ABC Resolution, the 2023 Series ABC Bonds are hereby authorized to be issued. The 2023 Series A Bonds in the aggregate principal amount of $[______________] will be entitled "Single Family Mortgage Revenue Bonds," and such Series of Bonds shall bear the additional designation "2023 Series A" and each Bond as so designated shall be entitled "Single Family Mortgage Revenue Bond, 2023 Series A." The 2023 Series A Bonds are to be substantially in the form attached to this 2023 Series ABC Resolution as Exhibit B, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution. The 2023 Series B Bonds in the aggregate principal amount of $[____] will be entitled "Single Family Mortgage Revenue Bonds," and such Series of Bonds shall bear the additional designation "2023 Series B" and each Bond as so designated shall be entitled "Single Family Mortgage Revenue Bond, 2023 Series B." The 2023 Series B Bonds are to be substantially in the form attached to this 2023 Series ABC Resolution as Exhibit B, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution. The 2023 Series C Bonds in the aggregate principal amount of $[ ] will be entitled "Single Family Mortgage Revenue Bonds," and such Series of Bonds shall bear the additional designation "2023 Series C" and each Bond as so designated shall be entitled "Single Family Mortgage Revenue Bond, 2023 Series C." The 2023 Series C Bonds are to be substantially in the form attached to this 2023 Series ABC Resolution as Exhibit B, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution.

Purposes. The purposes for which the 2023 Series ABC Bonds are being issued is to provided funds in the amount of $[___________] to finance Mortgage Loans or Guaranteed Mortgage Securities and to refund and redeem $[___________] aggregate principal amount of the Series AB Refunded Bonds.

A more detailed description of the use of proceeds of the 2023 Series AB Bonds is included in the Commission's No Arbitrage Certificate relating to the 2023 Series AB Bonds, dated June [__], 2023.

Issue Date and Payment. The 2023 Series ABC Bonds shall be dated the date of delivery and authentication thereof. The 2023 Series ABC Bonds will bear interest from the date of delivery thereof, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2024. Interest on the 2023 Series ABC Bonds shall be paid by check to the registered owners at their addresses as they appear as of the close of business on the Record Date on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee") or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such registered owners on or prior to the Record Date or, upon timely written request of a registered owner of 2023 Series ABC Bonds and payment of any applicable transfer fee, by wire transfer from the Trustee to the registered owner thereof. Principal of, redemption premium, if any, and interest due at maturity or upon redemption or purchase of the 2023 Series ABC Bonds will be payable at the designated corporate trust office of the Trustee at maturity or earlier redemption or purchase.

The 2023 Series ABC Bonds.

(a) Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2023 Series ABC Bonds shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as follows:

2023 Series A Bonds

$[__________] Serial Bonds

Year	Amount	Interest Rate
[July 1, 2027	$	%
January 1, 2028		
July 1, 2032		
January 1, 2033]		

$[__________] Term Bonds

Year	Amount	Interest Rate
[July 1, 2042	$	%
July 1, 2052]		

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2023 Series B Bonds

$[______________] Serial Bonds

Year	Amount	Interest Rate
[January 1, 2027]	$	%

$[______________] Term Bonds

Year	Amount	Interest Rate
[July 1, 2038]	$[_________________]	%

2023 Series C Bonds

$[______________] Serial Bonds

Year	Amount	Interest Rate
[January 1, 2024	$	%
July 1, 2024		
January 1, 2025		
July 1, 2025		
January 1, 2026		
July 1, 2026		
July 1, 2028		
January 1, 2029		
July 1, 2029		
January 1, 2030		
July 1, 2030		
January 1, 2031		
July 1, 2031		
January 1, 2032		
July 1, 2033		
January 1, 2034		
July 1, 2034]		

$[______________] Term Bonds

Year	Amount	Interest Rate
[July 1, 2038]	$[_________________]	%

Original Reoffering Price. The Original Reoffering Price of the 2023 Series A Bonds shall be $[______________]. The Original Reoffering Price of the 2023 Series B Bonds shall be $[______________]. The Original Reoffering Price of the 2023 Series C Bonds shall be $[______________].

Denominations, Numbers and Letters. The 2023 Series ABC Bonds shall be issued as fully registered Bonds without coupons. The 2023 Series ABC Bonds shall be issued in the denominations of $5,000 each or any integral multiple thereof. The 2023 Series A Bonds, the 2023 Series B Bonds and the 2023 Series C Bonds shall be numbered consecutively from one upwards with the prefix RA, RB and RC, respectively, preceding each number.

Exchange of 2023 Series ABC Bonds. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, the 2023 Series ABC Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the registered owner thereof, for a like aggregate principal amount of registered 2023 Series ABC Bonds without coupons of other authorized denominations of the same Series and the same maturity. None of the 2023 Series ABC Bonds may be exchanged for coupon Bonds.

Trustee, Registrar and Paying Agent. The Bank of New York Mellon Trust Company, N.A., is hereby appointed the Trustee, Registrar and Paying Agent of the 2023 Series ABC Bonds.

Redemption from Special Redemption Account. (a) The 2023 Series ABC Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, from moneys deposited in the 2023 Series ABC Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, at a price equal to, (i) for the 2023 Series A PAC Bonds, at the respective redemption prices (expressed as percentages of the respective principal amounts thereof) set forth in Exhibit A attached hereto, plus accrued interest thereon, if any, to the date fixed for redemption, and (ii) for all other 2023 Series ABC Bonds, at the principal amount thereof plus accrued interest, if any, to the redemption date without premium, calculated as of the redemption date. If the 2023 Series Bonds are redeemed from moneys deposited in the 2023 Series ABC Mortgage Loan Account, then the amount of the 2023 Series A PAC Bonds redeemed will be proportional to the total amount of 2023 Series Bonds being redeemed.

The 2023 Series ABC Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, at a price equal to the principal amount thereof plus accrued interest thereon, if any, to the date fixed for redemption, from Revenues relating to any Series of Bonds (primarily payments of principal and interest and Prepayments of principal on Mortgage Loans and Guaranteed Mortgage Securities and earnings on Permitted Investments) and any amounts available as a result of a reduction in the reserve requirements established pursuant to the Resolutions, which are in excess of the amount required to pay principal of and interest on the Bonds in the then current year.

To comply with certain provisions of federal tax law, up to $[____________________] of the funds deposited in the 2023 Series ABC Mortgage Loan Account, to the extent that such amounts constitute proceeds of the 2023 Series A Bonds, including premium thereon, are required to be applied to the redemption of the 2023 Series A Bonds no later than [December 28, 2025] to the extent that, on or before such date, such amount has not been applied to the purchase of Mortgage Loans and Guaranteed Mortgage Securities or to the earlier redemption of the 2023 Series A Bonds. In addition, the following percentages of scheduled payments and Prepayments of principal of Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2023 Series A Bonds and the 2023 Series B Bonds received on or after the following dates, are required to be applied no later than the close of the first semi-annual period beginning after the date of receipt to the retirement of the 2023 Series A Bonds or the 2023 Series B Bonds through the payment thereof at maturity or upon redemption.

Date	Percent	Date	Percent
June [__], 2023	%		

The Commission may redeem the 2023 Series ABC Bonds, including the 2023 Series A PAC Bonds (but only to the extent as described herein), in amounts greater than such percentages from available amounts in the Revenue Fund.

(b) An amount equal to 100% of Prepayments of Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2023 Series Bonds will be applied at least once during each semi-annual period to the redemption of the 2023 Series A PAC Bonds at par in an amount up to the cumulative amounts set forth in the following table, prior to the redemption of other 2023 Series Bonds.

Semi-Annual Period Ending	Cumulative Amount	Semi-Annual Period Ending	Cumulative Amount
July 1, 2023	$	July 1, 2027	$
January 1, 2024		January 1, 2028	
July 1, 2024		July 1, 2028	
January 1, 2025		January 1, 2029	
July 1, 2025		July 1, 2029	
January 1, 2026		January 1, 2030	
July 1, 2026		July 1, 2030	
January 1, 2027		January 1, 2031	

The cumulative amounts set forth in the table above are derived from certain assumptions related to the Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2023 Series Bonds, including the assumptions that all such newly purchased Mortgage Loans and Guaranteed Mortgage Securities are purchased by [________________________] and Prepayments on all such Mortgage Loans and Guaranteed Mortgage Securities are received at a rate equal to 100% of the Securities Industry and Financial Markets Association Standard Prepayment Model (the "SIFMA Model," as described below) and that 100% of such Prepayments will be used to redeem the 2023 Series A PAC Bonds. Prepayments of Mortgage Loans and Guaranteed Mortgage Securities will be applied to the redemption of the 2023 Series A PAC Bonds, but only to the extent that such redemptions do not exceed the cumulative amounts set forth in the above table (provided that such prepayments may be applied to the redemption of 2023 Series A PAC

Bonds in excess of such cumulative amounts if such redemption is necessary to preserve the tax-exempt status of the 2023 Series A Bonds and the 2023 Series B Bonds). If the 2023 Series Bonds are redeemed from moneys deposited in the 2023 Series ABC Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, then the amount of the 2023 Series A PAC Bonds redeemed will be proportional to the total amount of 2023 Series Bonds being redeemed, and each cumulative amount set forth in the table above will be recalculated to be equal to the product of (1) such amount and (2) the fraction whose numerator is equal to the remainder of (a) the total amount originally deposited in the 2023 Series ABC Mortgage Loan Account less (b) the cumulative amount of the proceeds of the 2023 Series Bonds that have been used to so redeem the 2023 Series Bonds, and whose denominator is equal to the total amount originally deposited in the 2023 Series ABC Mortgage Loan Account. If the amount available for such redemption is less than $100,000, the Commission may delay redemption of the 2023 Series A PAC Bonds until the amount of Prepayments available totals $100,000 or more.

Prepayments of Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2023 Series Bonds in excess of the aggregate amounts set forth in the table above and up to the cumulative amounts set forth in the following table, will be applied to the redemption at par of the 2023 Series Bonds, excluding the 2023 Series A PAC Bonds (provided that such prepayments may be used to redeem the 2023 Series A PAC Bonds, if such redemption is necessary to preserve the tax-exempt status of the 2023 Series A Bonds and the 2023 Series B Bonds). Prepayments in excess of cumulative amounts set forth in the following table may be applied by the Commission to the redemption of the 2023 Series Bonds, including the 2023 Series A PAC Bonds. The cumulative amounts in the following table are derived from certain assumptions related to Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2023 Series Bonds including the assumptions that newly-purchased Mortgage Loans and Guaranteed Mortgage Securities, or participations therein, are purchased by [__] and prepayments on all such Mortgage Loans and Guaranteed Mortgage Securities are received at a rate equal to 400% of the SIFMA Model. If the 2023 Series Bonds are redeemed from moneys deposited in the 2023 Series ABC Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, each cumulative amount set forth in the table below will be recalculated to be equal to the product of
(1) such amount and (2) the fraction whose numerator is equal to the remainder of (a) the total amount originally deposited in the 2023 Series ABC Mortgage Loan Account less (b) the cumulative amount of the proceeds of the 2023 Series Bonds that have been used to so redeem the 2023 Series Bonds, and whose denominator is equal to the total amount originally deposited in the 2023 Series ABC Mortgage Loan Account.

Semi-Annual Period Ending	Cumulative Amount	Semi-Annual Period Ending	Cumulative Amount
July 1 ,2023	$	January 1, 2028	$
January 1, 2024		July 1, 2028	
July 1, 2024		January 1, 2029	
January 1, 2025		July 1, 2029	
July 1, 2025		January 1, 2030	
January 1, 2026		July 1, 2030	
July 1, 2026		January 1, 2031	
July 1, 2027			

Redemption from Optional Redemption Account. (a) The 2023 Series ABC Bonds maturing on or after [January 1, 2033] are subject to redemption or purchase in lieu of redemption, at the option of the Commission, from moneys in the Optional Redemption Account in the Redemption Fund, in whole or in part, at any time on or after [July 1, 2032], at one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon, if any, to the redemption or purchase date, plus accrued interest, if any to the redemption date, except the 2023 Series A PAC Bonds, which will be redeemed at a premium that retains the same yield through [July 1, 2032] as the original purchase price thereof, plus accrued interest, if any, to but not including the redemption date.

To exercise the option to purchase the 2023 Series ABC Bonds in lieu of redemption pursuant to this section, the Commission shall deliver written notice thereof to the Trustee no later than 12:00 Noon, New York City Time, on the date the 2023 Series ABC Bonds would otherwise have been redeemed (the “Purchase-in-Lieu Date”), and the Commission shall transfer or cause to be transferred to the Trustee the moneys required to purchase the 2023 Series ABC Bonds no later than 12:00 Noon, New York City Time, on such Purchase-in-Lieu Date. If notice of redemption has been given as required under the Bond Resolution, no additional notice to the Bondholders shall be required to be given of the exercise by the Commission of the option to purchase 2023 Series ABC Bonds pursuant to this Section. All 2023 Series ABC Bonds shall be deemed to have been purchased on the Purchase-in-Lieu Date provided funds sufficient to purchase the 2023 Series ABC Bonds on the Purchase-in-Lieu Date have been deposited with the Trustee, and from and after such Purchase-in-Lieu Date, interest shall cease to accrue on the 2023 Series ABC Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such 2023 Series ABC Bonds except to receive payment of the purchase price thereof and accrued interest to the Purchase-in-Lieu Date. Notwithstanding such purchase, the 2023 Series ABC Bonds shall remain Outstanding for all purposes under this 2023 Series ABC Resolution and the Bond Resolution. Failure to mail the related notice of redemption or any defect therein shall not affect the validity of the purchase of the 2023 Series ABC Bonds. The Commission’s notice of purchase in lieu of redemption may be conditioned upon receipt of funds by the Trustee or may be withdrawn at any time as specified therein. The Commission’s notice of purchase in lieu of redemption may be given in conjunction with a notice of redemption given pursuant to the Bond Resolution, in which case it shall so state and shall provide that a withdrawal of the purchase notice will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

Section II.11. ***Redemption from Sinking Fund Installments***. (a) The 2023 Series A Bonds maturing on [July 1, 2042] are subject to mandatory redemption in part by lot on [January 1, 2039] and on each July 1 and January 1 thereafter, to and including [July 1, 2042], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

	Principal Amount	Principal Amount		Principal Amount	Principal Amount
Year	(January)	(July)	Year	(January)	(July)
2039	$	$	2041	$	$
2040			2042		(maturity)

(b) The 2023 Series A Bonds maturing on [July 1, 2052] are subject to mandatory redemption in part by lot on [January 1, 2049] and on each July 1 and January 1 thereafter, to and including [July 1, 2052], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

	Principal Amount	Principal Amount		Principal Amount	Principal Amount
Year	(January)	(July)	Year	(January)	(July)
2049	$	$	2051	$	$
2050			2052		(maturity)

(b) The 2023 Series B Bonds maturing on [July 1, 2038] are subject to mandatory redemption in part by lot on [January 1, 2035] and on each July 1 and January 1 thereafter, to and including [July 1, 2038], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

Year	Principal Amount (January)	Principal Amount (July)	Year	Principal Amount (January)	Principal Amount (July)
2035	$	$	2037	$	$
2036			2038		(maturity)

Section II.12. ***Reserved***.

Issue and Sale of 2023 Series ABC Bonds. The 2023 Series ABC Bonds authorized to be issued herein shall be sold to BofA Securities, Inc., PNC Capital Markets LLC, Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, and Wells Fargo Bank, National Association (together, the "Underwriters") at the aggregate price of $[__________________] on the terms and conditions set forth in the Contract of Purchase dated June [_], 2023, by and between the Underwriters and the Commission (the "Contract of Purchase"). The Underwriters will receive an underwriting fee of $[_____________________________] relating to the sale of the 2023 Series ABC Bonds. Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2023 Series ABC Bonds.

Delivery of 2023 Series ABC Bonds. (a) The 2023 Series ABC Bonds shall be delivered, upon compliance with the provisions of the Bond Resolution to the order of the Underwriters named in Section 2.13 hereof, at such time and place as provided in, and subject to, the provisions of the Contract of Purchase.

(b) The Commission adopts the expectations, beliefs, assumptions and representations expressed and made on behalf of the Commission made in the Preliminary Official Statement relating to the 2023 Series Bonds, dated May [_], 2023, and in the Official Statement relating to the 2023 Series Bonds, dated June [__], 2023 (the "Official Statement"), and hereby ratifies the Underwriters' use and distribution of the Preliminary Official Statement in selling the 2023 Series Bonds.

(c) The execution and distribution of the Official Statement and the execution of the Contract of Purchase are hereby approved and ratified.

(d) The Executive Director, the Executive Director, Chair, Vice-Chair or Chair pro tem are authorized to make such changes, deletions and additions to the provisions of this 2023 Series ABC Resolution, consistent with the purposes of this 2023 Series ABC Resolution, as they deem necessary or advisable to issue the 2023 Series ABC Bonds.

Further Authority. The Chair, Vice-Chair, Chair pro tem, Executive Director, Executive Director, Deputy Executive Director and Chief Financial Officer of the Commission are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as they or either of them deem necessary or advisable to provide for the issuance, sale and delivery of the 2023 Series ABC Bonds.

Trustee Authority to Facilitate Use of Securities Depository. The authorized officers of the Trustee are, and each of them is, hereby authorized to do or perform such acts and to execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the 2023 Series ABC Bonds; provided that neither the Trustee nor the Commission may assume: (i) any obligations to such securities depository or beneficial owners of Bonds that are inconsistent with their obligations to any registered bondholder under this 2023 Series ABC Resolution or the Bond Resolution or (ii) any obligation which would directly or indirectly create obligations on the part of the Trustee or the Commission to persons who own 2023 Series ABC Bonds or interests therein but who are not registered owners of 2023 Series ABC Bonds, unless the Commission shall have consented in writing to such obligations.

Special Procedures Relating to Partial Redemptions. Notwithstanding the provisions of Section 4.05 of the Bond Resolution, the Commission, with the prior written consent of the Trustee, may enter into an agreement with an owner of any 2023 Series Bond having a denomination greater than $5,000 providing that such registered owner is authorized to effect a reduction in the face amount of such 2023 Series Bond by making a notation indicating the principal amount of such redemption and the date thereof on the payment grid attached to such 2023 Series Bond in lieu of surrendering such 2023 Series Bond to the Trustee for cancellation and the issuance of a new bond or bonds in the amount of the unredeemed portion thereof in accordance with Section 4.05 of the Bond Resolution. If the Commission and an owner enter into such an agreement, the records of the Trustee shall be conclusive in determining the outstanding principal amount of any 2023 Series Bond affected by the agreement, notwithstanding the failure of the owner to make any notation on the payment grid attached to such 2023 Series Bond of the redemption of a portion thereof, and shall be binding upon the owner, any heirs, personal representatives, successors or assigns, or any transferee or purchaser of such 2023 Series Bond. If the Commission enters into such an agreement with such an owner of any 2023 Series Bond, a notation of the effect of such agreement may be inserted in the form of any 2023 Series Bond to be delivered to such owner.

ARTICLE III

2023 SERIES ABC BONDS; ESTABLISHMENT OF CERTAIN ACCOUNTS

Establishment of 2023 Series ABC Mortgage Loan Account. There is hereby established an account designated as the 2023 Series ABC Mortgage Loan Account, moneys in which shall be used for the purposes and as authorized by Section 5.03 of the Bond Resolution and this 2023 Series ABC Resolution. In addition, the Commission acknowledges that the 2023 Series Bonds have been structured to have certain redemption priorities and protections, and the Commission covenants to apply moneys in the 2023 Series ABC Mortgage Loan Account to effect such priorities and protections as described in the Flow of Funds Memorandum.

Establishment of 2023 Series AB Refunding Account and 2023 Series AB Rebate Account.

(a) There is hereby established a special account separate from all other funds and accounts, irrevocably in trust for, and assigned to, the Holders of the Series AB Refunded Bonds, designated as the 2023 Series AB Refunding Account, moneys in which shall be used to pay the principal of the Series AB Refunded Bonds upon redemption as provided in Section 3.04 hereof and for such other purposes as authorized by the Bond Resolution and this 2023 Series ABC Resolution.

(b) There is hereby established a special account separate from all other funds and accounts, designated as the 2023 Series AB Rebate Account, as authorized by Section 5.01 of the Bond Resolution, moneys in which shall be used to pay rebate to the United States as provided in Section 3.05 hereof.

Application of Proceeds of the 2023 Series ABC Bonds. (a) The Trustee shall apply the proceeds of the 2023 Series ABC Bonds as directed in the Flow of Funds Memorandum.

(b) [No amount of the proceeds of the 2023 Series ABC Bonds shall be deposited in the Debt Service Reserve Fund.]

(c) No amount of the proceeds of the 2023 Series ABC Bonds shall be deposited in the Mortgage and Special Hazard Reserve Fund.

(d) The Commission covenants to use its best efforts to apply the proceeds relating to the 2023 Series ABC Bonds in the 2023 Series ABC Mortgage Loan Account to make or purchase Mortgage Loans or Guaranteed Mortgage Securities, provided, however, that nothing herein shall prohibit the Commission's use of moneys in any Mortgage Loan Account if necessary to maintain the tax-exempt status of the 2023 Series AB Bonds or to best achieve the objectives of the Program.

(e) No amount of the proceeds of the 2023 Series ABC Bonds shall be used to pay the costs of issuing the 2023 Series ABC Bonds.

Refunding and Redemption. (a) The Commission hereby authorizes the Trustee, in its capacity as trustee for such Series AB Refunded Bonds as are identified in the Flow of Funds Memorandum, to apply the amounts on deposit in the 2023 Series AB Refunding Account as directed in the Flow of Funds Memorandum.

(b) The Commission hereby notifies the Trustee that sufficient moneys are being deposited on the date of issuance of the 2023 Series AB Bonds into the 2023 Series AB Refunding Account so that such moneys will be sufficient to pay the principal of the Series AB Refunded Bonds being redeemed on [July 1, 2023].

Restriction as to "Arbitrage Bonds." The Commission shall not use or direct or permit the use of the proceeds of the 2023 Series AB Bonds or any other moneys held under the Bond Resolution or this 2023 Series ABC Resolution in any manner that would cause the 2023 Series AB Bonds to be "arbitrage bonds" within the meaning ascribed to such quoted term in the 1986 Code. The Commission covenants that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the 1986 Code. This covenant shall survive payment in full or defeasance of the 2023 Series AB Bonds. Money shall be deposited to the 2023 Series AB Rebate Account by the Commission or by the Trustee at the written direction of the Commission and shall be held by the Trustee to the extent required to make the necessary payments in connection with the 2023 Series AB Bonds to the United States pursuant to Section 148(f) of the 1986 Code. Upon receipt of the Commission's written directions, the Trustee shall remit part or all of the balances in the 2023 Series AB Rebate Account to the United States as so directed. Any funds remaining in the 2023 Series AB Rebate Account after redemption and payment of all of the 2023 Series AB Bonds and payment and satisfaction of any requirement to make payment to the United States pursuant to Section 148(f) of the 1986 Code, or provision for payment made satisfactory to the Trustee, shall be withdrawn and remitted to the Commission.

Special Tax Covenants. (a) The Commission hereby covenants: (i) to take all steps and actions necessary to assure the successful operation of the Program in a manner consistent with the preservation of the exclusion of the interest payable on the 2023 Series AB Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code, (ii) to take all steps and actions necessary to preserve the exclusion of the interest payable on the 2023 Series AB Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code and (iii) to refrain from taking any steps or actions that would impair or call into question the exclusion of the interest payable on the 2023 Series AB Bonds from gross income under Sections 103 or 143(e) and (f) of the 1986 Code or 103A of the 1954 Code.

(b) The Commission covenants not to use the proceeds of the 2023 Series A Bonds to finance a Single Family Residence unless:

(1) The acquisition cost (within the meaning of Section 143(e) of the 1986 Code) of such Single Family Residence does not exceed 90% of the average area purchase price applicable to such Single Family Residence at the time of the financing of the Mortgage Loan, which average area purchase prices are set forth in Revenue Procedure 2022-21 or any more recent applicable revenue procedure relating to average area purchase price, unless such Single Family Residence is located in a Targeted Area, in which case the acquisition cost (within the meaning of Section 143 of the 1986 Code) may not exceed 110% of the average area purchase price applicable to such Single Family Residence; and

(2) The current annual income of the family using or intending to use the Single Family Residence as its principal residence does not exceed either (i) for a family of 3 or more persons, 115% (140% if the residence is located in a Targeted Area) of the median gross income for the area in which such Single Family Residence is located, and adjusted for being in a high housing cost area as provided in Section 143(f)(5) of the Internal Revenue Code of 1986, or (ii) for a family of less than 3 persons, 100% (120% if the residence is located in a Targeted Area) of the median gross income for the area in which such Single Family Residence is located, and adjusted for being in a high housing cost area as provided in Section 143(f)(5) of the Internal Revenue Code of 1986, in accordance with determinations of annual income established pursuant to regulations issued under Section 8 of the United States Housing Act of 1937.

These covenants may be modified from time to time pursuant to written instructions as delivered to the Trustee by the Commission, accompanied by an opinion of Bond Counsel permitting such modifications.

Section III.08. ***Covenant for Use of Prepayments***. Subject to the provisions of Section 2.09 hereof, the Commission will apply repayments and prepayments of principal of Mortgage Loans or Guaranteed Mortgage Securities financed from the issuance of the 2023 Series ABC Bonds that, under the Code, are not permitted to be used to finance additional Mortgage Loans or Guaranteed Mortgage Securities to the redemption of the 2023 Series ABC Bonds.

Reserved.

ARTICLE IV

DETERMINATIONS REQUIRED BY THE BOND RESOLUTION

Determination Concerning the Debt Service Reserve Fund. In compliance with Section 2.02 of the Bond Resolution, the Commission determines that no amounts are to be deposited in the Debt Service Reserve Fund on the Closing Date and that the amounts on deposit are sufficient to maintain a balance therein equal to the Debt Service Reserve Requirement computed with reference to all Outstanding Bonds and to the 2023 Series ABC Bonds authorized hereunder.

Determination Concerning the Issuance of the 2023 Series ABC Bonds. In compliance with Section 2.02 of the Bond Resolution, the Commission determines that the 2023 Series ABC Bonds will not adversely affect the ability of the Commission to purchase Mortgage Loans or Guaranteed Mortgage Securities with the proceeds of Outstanding Bonds previously issued.

ARTICLE V [RESERVED]

ARTICLE VI MISCELLANEOUS

Continuing Disclosure. The Commission agrees to comply with and carry out the provisions of the Continuing Disclosure Agreement dated as of June [_], 2023 by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, and any other information filings required by federal securities laws.

Unclaimed Moneys. In the event any 2023 Series Bond is not presented for payment when the principal of any such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such 2023 Series Bond have been deposited with the Trustee for the benefit of the owners of such Bond and have remained unclaimed for 5 years after such principal has become due and payable, either at the stated maturity date thereof or by call for earlier redemption, then such amounts shall, at the request of the Commission, be repaid by the Trustee to the Commission, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Commission for the payment of such 2023 Series ABC Bonds, as the case may be; provided, however, that the Trustee, before being required to make any such payment to the Commission shall, at the expense of the Commission, cause to be published, at least twice, at an interval of not less than 7 days between publications, in Authorized Newspapers, notice that such moneys remain unclaimed and that, after a date specified in such notice, which will not be less than 30 days from the date of such publication, any unclaimed balance of such moneys then remaining will be paid to the Commission. The obligation of the Trustee under this Section to pay any such amounts to the Commission will be subject to any provisions of law applicable to the Trustee or to such amounts providing other requirements for disposition of unclaimed property.

Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Bond Resolution and this Series Resolution and delivered using Electronic Means; provided, however, that the Commission shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Commission whenever a person is to be added or deleted from the listing. If the Commission elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Commission understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Commission shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Commission and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Commission. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Commission agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Commission; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Severability. If any provision of this 2023 Series ABC Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Applicable Provisions of Law. This 2023 Series ABC Resolution shall be governed by and construed in accordance with the laws of the State of Maryland.

HOUSING OPPORTUNITIES COMMISSION
MONTGOMERY COUNTY

[SEAL]

By: ______________________________
Roy O. Priest
Chair

ATTEST:

By: ______________________________
Chelsea J. Andrews
Secretary-Treasurer

[SIGNATURE PAGE TO 2023 SERIES ABC RESOLUTION]

EXHIBIT A

REDEMPTION PRICE TABLE FOR CERTAIN REDEMPTIONS

The 2023 Series A PAC Bonds that are redeemed from unexpended proceeds as set forth in Section 2.09 of the foregoing Series Resolution will be redeemed at the respective redemption prices (expressed as percentages of the principal amounts) set forth below.

Redemption Dates

Redemption Prices

Date of Delivery	%
January 1, 2024	
July 1, 2024	
January 1, 2025	
July 1, 2025	
January 1, 2026	
July 1, 2026	
January 1, 2027	
July 1, 2027	
January 1, 2028	
July 1, 2028	
January 1, 2029	
July 1, 2029	
January 1, 2030	
July 1, 2030	
January 1, 2031	

[The applicable redemption price for any date other than those above will be determined by the Commission using straight-line interpolation between the respective redemption prices for the immediately preceding and succeeding dates, based on the number of days between such dates.]

EXHIBIT B

FORM OF 2023 SERIES ABC BONDS

[FORM OF 2023 SERIES A BOND]

UNITED STATES OF AMERICA STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond 2023 Series A

NO. RA- $

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%	June [__], 2023		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year, commencing January 1, 2024 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2023 Series A Bonds in the aggregate principal amount of $[__________________] (the “2023 Series A Bonds”). The 2023 Series A Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the “Mortgage Loans”) for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2023 Series A Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2023 Series B in the aggregate principal amount of $[_____________________________________] (the “2023 Series B Bonds”) and its Single Family Mortgage Revenue Bonds, 2023 Series C in the aggregate principal amount of $[___________] (the “2023 Series C Bonds,” and together with the 2023 Series A Bonds and the 2023 Series B Bonds, the “2023 Series ABC Bonds”).

The 2023 Series ABC Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission’s Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2023 Series ABC Resolution, adopted by the Commission as of June 1, 2023 (collectively, the “Bond Resolution”). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2023 Series A Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2023 Series A Bonds and the terms upon which the 2023 Series A Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2023 Series A Bonds are issuable as registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2023 Series A Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2023 Series A Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2023 Series A Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2023 Series A Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2023 Series A Bonds or portions thereof to be redeemed will be given by the Trustee by transmitting a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2023 Series A Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2023 Series A Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, as amended.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. The Commission has no taxing power. The 2023 Series A Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the

2023 Series A Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2023 Series A Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2023 Series A Bonds shall be liable personally on the 2023 Series A Bonds by reason of the issuance thereof. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2023 Series A Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2023 Series A Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2023 Series A Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2023 Series A Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2023 Series A Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

[SEAL]

By: ________________________________
Roy O. Priest
Chair

Attest:

By: ________________________
Chelsea J. Andrews
Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
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______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________
______	________	________	____________________

[If any of the 2023 Series A Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of any 2023 Series A Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Single Family Mortgage Revenue Bonds, 2023 Series A of the Housing Opportunities Commission of Montgomery County.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., TRUSTEE

By: ______________________________

Authorized Signatory

Date of Authentication: ______________________

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ________________________________ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints ____________________________ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: ___________

Signature: ________________________ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP).)

Please insert social security or other identifying number of assignee: ____________

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * * * * * * *

[End of Form of 2023 Series A Bond]

[FORM OF 2023 SERIES B BOND]

UNITED STATES OF AMERICA STATE OF
MARYLAND
HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond 2023 Series B

NO. RB-	$

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%		June [__], 2023	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year, commencing January 1, 2024 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2023 Series B Bonds in the aggregate principal amount of $[___________________] (the "2023 Series B Bonds"). The 2023 Series B Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2023 Series B Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2023 Series A in the aggregate principal amount of $[______________________________________] (the "2023 Series A Bonds") and its Single Family Mortgage Revenue Bonds, 2023 Series C in the aggregate principal amount of $[___________] (the "2023 Series C Bonds," and together with the 2023 Series A Bonds and the 2023 Series B Bonds, the "2023 Series ABC Bonds").

The 2023 Series ABC Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2023 Series ABC Resolution, adopted by the Commission as of June 1, 2023 (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2023 Series B Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2023 Series B Bonds and the terms upon which the 2023 Series B Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2023 Series B Bonds are issuable as registered 2023 Series B Bonds without coupons in the denomination of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2023 Series B Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2023 Series B Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2023 Series B Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2023 Series B Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2023 Series B Bonds or portions thereof to be redeemed will be given by the Trustee by transmitting a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2023 Series B Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2023 Series B Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, as amended.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. <u>The Commission has no taxing power. The 2023 Series B Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2023 Series B Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2023 Series B Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2023 Series B Bonds shall be liable personally on the 2023 Series B Bonds by reason of the issuance thereof</u>. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2023 Series B Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2023 Series B Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2023 Series B Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2023 Series B Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2023 Series B Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

[SEAL]

By: ______________________________
Roy O. Priest
Chair

Attest:

By: ______________________________
Chelsea J. Andrews
Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature
______	________	________	____________________
______	________	________	____________________
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______	________	________	____________________
______	________	________	____________________
______	________	________	____________________

[If any of the 2023 Series B Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of any 2023 Series B Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Single Family Mortgage Revenue Bonds, 2023 Series B of the Housing Opportunities Commission of Montgomery County.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., TRUSTEE

By: ______________________________

Authorized Signatory

Date of Authentication: ____________________

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ________________________________ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____________________________ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: ___________

Signature: ________________________ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP).)

Please insert social security or other identifying number of assignee: ____________

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * * * * * * *

[End of Form of 2023 Series B Bond]

[FORM OF 2023 SERIES C BOND]

UNITED STATES OF AMERICA STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond 2023 Series C

NO. RC- $

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%		June [__], 2023	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year, commencing January 1, 2024 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2023 Series C Bonds in the aggregate principal amount of $[__________________] (the "2023 Series C Bonds"). The 2023 Series C Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2023 Series C Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2023 Series A in the aggregate principal amount of $[_____________________________________] (the "2023 Series A Bonds") and its Single Family Mortgage Revenue Bonds, 2023 Series B in the aggregate principal amount of $[__________] (the "2023 Series B Bonds," and together with the 2023 Series A Bonds and the 2023 Series C Bonds, the "2023 Series ABC Bonds").

The 2023 Series ABC Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2023 Series ABC Resolution, adopted by the Commission as of June 1, 2023 (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2023 Series C Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2023 Series C Bonds and the terms upon which the 2023 Series C Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2023 Series C Bonds are issuable as registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2023 Series C Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2023 Series C Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2023 Series C Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2023 Series C Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2023 Series C Bonds or portions thereof to be redeemed will be given by the Trustee by transmitting a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2023 Series C Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2023 Series C Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, as amended.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. The Commission has no taxing power. The 2023 Series C Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2023 Series C Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2023 Series C Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2023 Series C Bonds shall be liable personally on the 2023 Series C Bonds by reason of the issuance thereof. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2023 Series C Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2023 Series C Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2023 Series C Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2023 Series C Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2023 Series C Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 3, 2023.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Kelleher seconded the motion, with Commissioners Priest, Merkowitz, Kelleher, Nelson, Simon, Byrd, and Croom voting in approval.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 4:52 p.m., and reconvened in closed session at 5:03 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on May 3, 2023 at approximately 5:03 p.m. via a hybrid model (with some participating in-person and others participating online/via teleconference) with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3), 3-305(b)(7), and 3-305(b)(13) to discuss two topics: (A) the potential acquisition and/or financing of real property located in Silver Spring, Maryland (pursuant to Sections 3-305(b)(3), 3-305(b)(7), and 3-305(b)(13)); and (B) HOC's potential participation in a multifamily funding consortium (pursuant to Sections 3-305(b)(7) and 3-305(b)(13)).

The meeting was closed and the closing statement dated May 3, 2023 was adopted on a motion made by Chair Priest, seconded by Vice Chair Kelleher, with Commissioners Priest, Merkowitz, Kelleher, Nelson, Simon, Byrd, and Croom voting in approval of the motion. The following persons were present: Roy Priest, Frances Kelleher, Richard Nelson, Pamela Byrd, Jeffrey Merkowitz, Jackie Simon, Linda Croom, Chelsea Andrews, Kayrine Brown, Aisha Memon, Paige Gentry, Zachary Marks, Marcus Ervin, Timothy Goetzinger and Jocelyn Koon.

In closed session, the Commission discussed the below topics and took the following actions:

1. **Topic**: The potential acquisition and/or financing of real property located in Silver Spring, Maryland (pursuant to Sections 3-305(b)(3), 3-305(b)(7), and 3-305(b)(13)).

    a. **Action Taken**: The Commission received preliminary information about the potential transaction. The Commission declined to take formal action until more information is available.

2. **Topic**: HOC's potential participation in a multifamily funding consortium (pursuant to Sections 3-305(b)(7) and 3-305(b)(13)).

    a. **Action Taken**: The Commission received preliminary information about the potential funding consortium. The Commission declined to take formal action until more information is available.

The closed session was adjourned at 7:02p.m.

Respectfully submitted,

Chelsea Andrews,
Secretary-Treasurer

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

Closed Session Minutes

May 3, 2023

A Closed Session of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid model (with some participating in person and others participating online/via teleconference) May 3, 2023 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 5:03 p.m. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Jeffrey Merkowitz, Chair Pro Tem
Richard Y. Nelson, Jr.
Jackie Simon
Linda Croom

Via Zoom
Pamela Byrd

Also Attending
Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Aisha Memon, General Counsel
Paige Gentry, Deputy General Counsel
Zachary Marks
Marcus Ervin
Timothy Goetzinger

Commission Support
Jocelyn Koon, Senior Executive Assistant

Pursuant to Sections 3-305(b) and (d) of the General Provisions Articles of the Annotated Code of the State of Maryland, the Closed Session was called to order pursuant to Sections 3-305(b)(3) to consider the acquisition of real property for a public purpose and matters directly related thereto; 3-305(b)(7) to consult with counsel to obtain legal advice; and 3-305(b)(13) to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.

The Closed Session convened and Chair Priest opened the floor to the Executive Director, Chelsea Andrews, to provide an overview on the closed session agenda items – (1) the potential purchase and/or financing of real property located in Silver Spring; and (2) HOC's potential participation in a multifamily funding consortium. Executive Director, Chelsea Andrews, introduced Chief Real Estate Office, Zachary Marks, to provide the presentation to the Commission. The Commission asked questions and discussed the next steps with staff. After deliberation, the Commissioners informally agreed to postpone taking an action on both items until more information can be provided.

Based upon this report and there being no further business to come before this Closed Session of the Commission, the meeting adjourned at 7:02 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Consent Items

APPROVAL OF 2023 TONY S. DAVIS MEMORIAL SCHOLARSHIP AWARD WINNERS

June 14, 2023

- Tony S. Davis Memorial Scholarship applications were accepted from January 2023 - March 2023. The scholarship review panel has reviewed applicants' submissions and evaluated each candidate on academic merit, innovation, personal drive, and involvement in extracurricular activities. All candidates reside in developments, which are owned by the Housing Opportunities Commission of Montgomery County or its affiliates and/or receive assistance through one of its housing programs.

- Ten (10) applications were received and the review panel now proposes the award of three Tony S. Davis Memorial Scholarships for an award of $5,000 each. All awardees demonstrate high academic achievements, with significant contributions to school and community, received exceptional references; and confirmed acceptance to four-year colleges.

- Commission approval is requested for the following 2023 Tony S. Davis Memorial Scholarship awards: three first place scholarships of $5,000 to Yasin Ibrahim, Siloe-Noah Ngoula Selebangue and Aviance Wall.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Rita Harris, Special Assistant to Director of Resident Services Ext. 9735

RE: Approval of 2023 Tony S. Davis Memorial Scholarship Award Winners

DATE: May 22, 2023

STATUS: Consent __X__ Deliberation ____ Status Report ___Future Action____

OVERALL OBJECTIVE:
To approve the 2023 Tony S. Davis Memorial Scholarship recipients to enterprising high school seniors who reside in housing developments that are HOC-owned and/or receive rental assistance.

BACKGROUND:
HOC established the Tony S. Davis Scholarship Award to honor the memory of Tony S. Davis, a dedicated HOC employee who was tragically killed in 2000. Mr. Davis was well known and recognized for his extensive volunteer work in the Seneca Ridge community (formerly Middlebrook Square), as a coach and counselor to many children. The scholarships provide high school seniors who demonstrate excellent academic achievement, active participation in extracurricular activities, and have contributed to their communities through volunteer work. Candidates were required to submit two one-page essays, high school transcripts, list of extracurricular/volunteer activities, references, and a letter of acceptance to a college or university.

The scholarship review panel received and reviewed ten (10) applications and have presented the following three (3) qualified applicants for the Tony S. Davis Memorial Scholarships and recommendation for a monetary aware of $5,000 each:

1. Yasin Ibrahim
2. Siloe-Noah Ngoula Selebangue
3. Aviance Wall

ISSUES:
Does the Commission wish to approve the award of three $5,000 Tony Davis Scholarships?

BUDGET IMPACT:

The FY23 Agency budget allocates $15,000 for the Scholarship Awards Program.

TIME FRAME:

For formal action at the June 14, 2023 meeting of the Commission.

RECOMMENDATION:

Staff recommends that the Commission approve Yasin Ibrahim, Siloe-Noah Ngoula Selebangue and Aviance Wall as the three (3) winners of the 2023 Tony S. Davis Memorial Scholarship, and award each with a scholarship $5,000 each.

RESOLUTION NO.: 23-32 **RE: Approval of 2023 Tony S. Davis Memorial Scholarship Award Winners**

WHEREAS, in recognition of the many accomplishments and extensive community volunteer work performed by Tony Davis, a former Housing Opportunities Commission of Montgomery County ("HOC") employee who was tragically killed in 2000, HOC established the Tony S. Davis Memorial Scholarship Awards Program (the "Scholarship Program") in his memory; and

WHEREAS, since its inception, the Scholarship Program has annually provided scholarship awards to high school seniors who are residents of or participants in HOC's affordable housing programs and who also demonstrate excellent academic achievement and school attendance, participate in extracurricular and community activities, and have been accepted by a college or university; and

WHEREAS, the selection group considered academic records, recommendations from school personnel and HOC staff, personal essays written by the applicants, pandemic resilience, school and community activities, and college acceptance information; and

WHEREAS, the selection group recommends three (3) outstanding candidates, Yasin Ibrahim, Siloe-Noah Ngoula Selebangue and Aviance Wall for $5,000 Tony S. Davis Scholarship Program awards; and

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County affirms the recommendation of the Tony S. Davis Scholarship Awards Selection Panel for Yasin Ibrahim, Siloe-Noah Ngoula Selebangue and Aviance Wall to each receive a $5,000 scholarship award.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Executive Director

2023 TONY S. DAVIS MEMORIAL SCHOLARSHIP AWARDEES

$5,000 Award Winner

Yasin Ibrahim

Yasin Ibrahim is a senior at Springbrook High School in Silver Spring, Maryland. He has a 4.70 Weighted GPA and has excelled in a curriculum of challenging subjects such as AP Physics, AP Computer Science JAVA, Computer Science Principles and Foundation, AP Government Politics, Honors Biology, Honors Algebra & Geometry, Honors English, and Honors Spanish. He is the co-founder of the Finance Club, Captain of the Makerspace Club, Member of the Key Club, Member of the Muslim Student Association, and a National Technical Honors Society member. During his tenure at Springbrook High School, he has assisted in the recreation of their website, Chap Application, Weather Application, and many small web applications.

Yasin has successfully interned at the Youth Activism Project, where he collaborated with the Operational Team on data management, communication, and public relations. He has also interned with Urban Alliance, TWOCDERS, NAF, and the Comet Flight Test, all using his advanced computer science experience.

In 2022, Yasin was recognized for his outstanding academic achievements by Omega Psi Phi Fraternity Mu Nu and recognized for Excellence in Academic Achievement as a National African American Scholar. He has been on the Honor Roll since 2016 and, in 2019, was awarded the Outstanding Academic Excellence by the President's Education Program. Yasin pays all his students' academic excellence and leadership skills forward by volunteering with MD Tutorials, the Islamic Community Center of Potomac Inc., and an organization called "So What Else."

Yasin sees failure as an opportunity to learn and grow, and he has learned through failure, the importance of persistence and extensive research. He has been accepted to the University of Maryland College Park (UMD) and will attend in Fall 2023.

$5,000 Award Winner

Siloe-Noah Ngoula Selebangue

Siloe-Noah Ngoula Selebangue is an enthusiastic 2023 graduate of Colonel Zadok Magruder High School in Derwood, MD, with a Weighted GPA of 4.59. As a servant leader, religion is at the core of Siloe-Noah's foundation. He founded the Bible Study Club at his school, where he is the spokesperson, advisor, mentor, and in charge of their social media page. Leading this club has been a true sacrifice for him. However, through this club, he "created a community of believers where a person's faith and identity are not obsolete, but celebrated and used to find one's purpose."

Siloe-Noah's goal is his desire "to change his home County, the Central African Republic, from a Country filled with corruption into a place of beauty and peace." He knows his academic excellence will help him become a world influencer and engage in the future. He plans to study engineering, and through the lens of technological advancement and innovation, he hopes to initiate change through the reformation of aviation and aerospace.

Siloe-Noah has been described by his teacher and mentor as "friendly, personable, pleasant, and well respected by his peers." He is the Vice-President of his school's National Technology Honor Society and Aviation Club. He serves as a PEAC Scholar, a member of ACES (Achieving Collegiate Excellence & Success), and a member of Project Lead the Way. Siloe-Noah is also a student-athlete who is the Team Captain of Varsity Gridiron football. To add to these accomplishments, it is noteworthy that Siloe-Noah's charity extends to the Food Distribution Program at his Church and picking up trash in his neighborhood to ensure a clean and healthy environment for the members of his community. He has been accepted to Virginia Tech, Penn State University and the University of Maryland College Park. However, Siloe-Noah committed to the University of Maryland (UMD) where he will major in Aerospace Engineering. Due to space limitations, UMD welcomed Siloe-Noah into their Fall of 2023 Freshman Class.

$5,000 Award Winner

Aviance Wall

Aviance Wall is a Colonel Zadok Magruder High School senior and is in her second year of the Achieving Collegiate Excellence & Success Program. Aviance has challenged herself with rigorous academic course loads and maintained a weighted GPA of 4.43 throughout her high school career. Aviance will be completing her studies at Magruder in the Academy of Health Professions (AOHP), a four-credited career pathway. With her experience in the AOHP program, Aviance has been able to explore career fields in medical and clinical settings by taking credit courses related to the STEM pathway and completing her senior year AOHP internship with certifications. Aviance has a desire to pursue pre-medical or criminal justice. She has been engaged in taking multiple courses in STEM (biology, chemistry, physics, human anatomy, pharmacy), and the social sciences.

Aviance has been an active leader and member of numerous clubs and organizations within high school and locally. She has held a student leadership role in the JROTC Leadership and Academic Bowl team. As a student athlete she has engaged with the Magruder's Drama Tech Crew, MHS Outdoor Track, and Winter Cheerleading. Outside of school, Aviance has maintained a balance by working over the summer of 2022 at a Maryland restaurant called Miss Shirley's Diner. In service to her community, this school year she is finishing her internship with an Autism Program at Magruder’s.

Aviance has been accepted to the University of Maryland Eastern Shore (UMES). Based on Aviance's outstanding academic credentials, she has been referred for scholarship consideration and UMES Honors Program.

APPROVAL TO APPOINT COMMISSIONERS TO THE BOARD OF DIRECTORS OF VARIOUS DEVELOPMENT CORPORATIONS

JUNE 14, 2023

- The Development Corporations are special purpose entities that hold various HOC properties.

- The Bylaws of the Development Corporations provide that the Board of Directors shall be selected annually by the Housing Opportunities Commission of Montgomery County.

- This action seeks the Commission's approval to appoint the current HOC Commissioners to the Board of Directors of each Development Corporation.

RESOLUTION No.: 23-33 **RE: Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") owns various properties through wholly-controlled corporate instrumentalities, including: Alexander House Development Corporation, Barclay Apartments Development Corporation, Brookside Glen Apartments Development Corporation, Diamond Square Development Corporation, Glenmont Crossing Development Corporation, Glenmont Westerly Development Corporation, Magruder's Discovery Development Corporation, The Metropolitan Development Corporation, Montgomery Arms Development Corporation, Oaks at Four Corners Development Corporation, Paddington Square Development Corporation, Pooks Hill Development Corporation, Rad 6 Development Corporation, Scattered Site One Development Corporation, Scattered Site Two Development Corporation, Sligo Hills Development Corporation, TPM Development Corporation, VPC One Corporation, VPC Two Corporation, and Wheaton Metro Development Corporation (together, the "Corporations");

WHEREAS, the Bylaws of the Corporations provide that the Board of Directors of the Corporations shall be selected annually by HOC;

WHEREAS, the Commission desires to appoint Roy O. Priest, Fran Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, Jackie Simon, and Jeffrey Merkowitz (each an "Appointee") to the Board of Directors of the Corporations;

WHEREAS, when an Appointee is no longer an HOC Commissioner (through death, resignation, or otherwise), such Appointee shall be automatically removed from the Board of Directors of the Corporations; and

WHEREAS, in the event a successor Commissioner is appointed to HOC, such Commissioner shall automatically be appointed to the Board of Directors of the Corporations.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County appoints Roy O. Priest, Fran Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, Jackie Simon, and Jeffrey Merkowitz to the Board of Directors of the Corporations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that when an Appointee is no longer an HOC Commissioner (through death, resignation, or otherwise), such Appointee shall be automatically removed from the Board of Directors of the Corporations, and in the event a successor Commissioner is appointed to HOC, such Commissioner shall automatically be appointed to the Board of Directors of the Corporations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery

County that the Executive Director, or their designee, is authorized to take any and all other actions necessary and proper to carry out the actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Executive Director

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

FISCAL YEAR 2023 (FY'23) THIRD QUARTER BUDGET TO ACTUAL STATEMENTS: ACCEPTANCE OF THE THIRD QUARTER FY'23 BUDGET TO ACTUAL STATEMENTS

June 14, 2023

- The Agency ended the third quarter of fiscal year 2023 with a net cash flow surplus of $239,461, which resulted in a third quarter budget to actual negative variance of ($1,156,012).

- The General Fund experienced a negative income variance, due to delayed Commitment and Development Fee income and lower draws on the Opportunity Housing Reserve Fund ("OHRF"), which was more than offset by savings in various expense categories.

- At the end of the third quarter, several of the unrestricted properties in the Opportunity Housing Fund underperformed budget expectations as a result of overages in various expense categories coupled with lower tenant income.

- The Housing Choice Voucher ("HCV") Program experienced an administrative surplus through March 31, 2023, due to higher than anticipated administrative fee income coupled with a positive variance in administrative expenses.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Commission accept the third quarter of fiscal year 2023 budget to actual statements.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Fiscal Year 2023 (FY'23) Third Quarter Budget to Actual Statements:** Acceptance of Third Quarter FY'23 Budget to Actual Statements

DATE: June 14, 2023

OVERALL GOAL & OBJECTIVE:
Commission acceptance of the Third Quarter FY'23 Budget to Actual Statements.

BACKGROUND:
The Executive Director presented the Third Quarter Budget to Actual statements to the Budget, Finance and Audit Committee for informal review. Recommendations are being presented to the full Commission for formal action.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Housing Opportunities Commission of Montgomery County ("Agency") for the third quarter of FY'23 against the budget for the same period.

BUDGET IMPACT:
None for FY'23.

TIME FRAME:
For formal Commission action at the June 14, 2023 meeting.

The Budget, Finance and Audit Committee informally discussed the Third Quarter FY'23 Budget to Actuals at the May 19, 2023, meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Commission formally accept the Third Quarter FY'23 Budget to Actual Statements.

DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the third quarter of FY'23 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Housing Choice Voucher ("HCV") Programs and all Capital Improvements Budgets.

HOC Overall (see Attachment A)

The Agency's Audited Financial Statements are presented on an 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'23 Third 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'23 Third Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the quarter with a net cash flow surplus of $239,461. This surplus resulted in a third quarter budget to actual negative variance of ($1,156,012) when compared to the anticipated third quarter net cash flow surplus of $1,395,473. The primary causes were lower unrestricted cash flow in some of the unrestricted Opportunity Housing properties as a result of property performance (see Opportunity Housing Fund) coupled with lower income in the General Fund partially offset by savings in various expense categories in the fund (see General Fund).

It is worth noting that the Bad Debt expense in the Opportunity Housing portfolio was $2.7 million at December 31, 2022, which was $1.3 million more than anticipated in the budget. At the end of the third quarter, the bad debt expense was reduced by a net $300 thousand to $2.4 million, which produced a smaller negative variance of approximately $567 thousand when compared to the budget for the same period. Staff anticipates that this number will continue to decrease as the remaining rental assistance is applied against the rent arrearages and the Allowances for Bad Debt at the properties are adjusted.

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 ($5,992,781), which resulted in a positive variance of $810,858, when compared to the projected deficit of ($6,803,639).

As of March 31, 2023, income in the General Fund was $3,091,006 lower than budgeted and expenses were $3,901,864 lower than budgeted. The negative income variance was primarily the result of delays in the receipt of the Commitment and Development Fees. The budgeted Commitment Fees for Hillandale and the Metropolitan, as well as the Development Fee for the Metropolitan, will not be received during FY'23 since the anticipated financings have moved to December 2023 and March 2024, respectively. Development Fees for Bauer Park and The Leggett have also moved from FY'23 to FY'24 based on the expected achievement of certain milestones. The Development Fee for Residences on the Lane, which is based on achieving stabilized operations, originally budgeted to be received in December 2022 is now anticipated before June 30, 2023. The fees that will not be received this fiscal year have now been incorporated into the FY'24 proposed budget. In addition to the lower fees, there are lower draws from the Opportunity Housing Reserve Fund ("OHRF") for Real Estate personnel and predevelopment costs. The lower income was partially offset by the receipt of Federal Emergency Management Agency ("FEMA") reimbursements of approximately $680 thousand for COVID-19 related expenses. A portion of the income will be transferred to the properties that incurred reimbursable expenses.

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 savings in capital projects, which resulted in lower transfers from the operating budget to cover the cost of the 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 Multifamily and Single Family Bond Funds experienced positive expense variances of $115,694 and $156,489, respectively, as a result of salary and benefit lapse coupled with savings in financial services and legal expense.

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'23 Operating Budget. This group ended the quarter with cash flow of $4,391,167 or $1,022,702 lower than projected.

- **Alexander House Dev Corp** ended the quarter with a deficit of ($594,668), which resulted in a negative cash flow variance of $449,819 when compared to the projected deficit primarily from greater than anticipated maintenance, bad debt, and utility expenses coupled with higher vacancy loss partially offset by savings in administrative costs. **The Barclay Dev Corp** negative cash flow was $22,741 more than anticipated due to overages in maintenance, utilities, and administrative expenses partially offset by slightly higher gross rents and lower concessions and bad debt expense. **Glenmont Crossing Dev Corp** experienced a negative cash flow variance of $138,343 resulting from higher bad debt, utility and maintenance expenses coupled with higher vacancy loss partially offset by savings in administrative expense. **Glenmont Westerly Dev Corp** experienced a negative cash flow variance of $99,701 resulting from higher utility and maintenance expenses coupled with slightly higher vacancy loss. Cash flow for **Magruder's Discovery Dev Corp** was $172,896 lower than budget through the third quarter primarily based on higher vacancy loss coupled with overages in maintenance expenses and slightly higher bad debt expense partially offset by savings in administrative costs. The **Metropolitan Dev Corp** ended the quarter with a negative cash flow variance of $153,385 primarily based on a delay in the renovations, which resulted in the continuation of debt service payments and reserve contributions. In addition, the property experienced higher vacancy loss and lower retail space income as well as overages in administrative expenses and slightly higher security expense partially offset by savings in utility costs and the receipt of a settlement payment from a previous retail tenant for vacating early. **Metropolitan Affordable** also experienced a negative cash flow variance of $32,769 based on the delay in renovations, which resulted in the continuation of debt service payments and reserve contributions coupled with higher vacancy loss and overages in administrative costs that were partially offset by savings in utility and maintenance costs. Cash flow at **Montgomery Arms Dev Corp** was $116,300 lower than anticipated primarily due to higher utility, maintenance, bad debt, and security expenses coupled with lower gross rents and higher concessions, which were partially offset by savings in administrative costs and lower vacancy loss. **MPDU 59 Dev Corp** experienced a negative cash flow variance of $77,635 due to greater than anticipated bad debt and administrative expenses coupled with higher vacancy loss partially offset by savings in maintenance costs. Cash flow for **Pooks Hill High-Rise** was $28,565 less than budget primarily due to overages in maintenance, bad debt, and utility expenses partially offset by savings in administrative costs coupled with the FEMA reimbursement for COVID-19 expenses. **Scattered Site One Dev Corp** ended the quarter with a positive cash flow variance of $133,507 largely due to the reduction in bad debt expense based on the receipt of rental assistance for rent arrearages coupled with slightly lower vacancy loss that more than offset the overages in maintenance and administrative costs and lower gross tenant rents. Cash flow at **VPC One Dev Corp** experienced a negative cash flow variance of $218,619 due to greater than anticipated bad debt, maintenance, administrative, and tax expenses partially offset by higher gross rents, lower concessions, and lower vacancy loss. **VPC Two Dev Corp** experienced a positive cash flow variance of $295,705 due to higher gross rents and lower vacancy loss coupled with savings in maintenance, administrative, and utility expenses partially offset by overages in bad debt expense.

The second group consists of properties whose cash flow will not be used for the Agency's FY'23 Operating Budget. Cash flow from this group of Development Corporation properties was $145,526 less than budgeted through March 2023.

- **MetroPointe** experienced a positive cash flow variance of $113,347 resulting from higher gross rents and lower vacancy loss coupled with savings in maintenance and administrative costs that were partially offset by overages in utility, bad debt, and security expenses. Cash flow at the **Oaks at Four Corners Dev Corp** was $81,620 higher than anticipated due to savings throughout most expense categories coupled with lower vacancy loss. The **RAD 6 Dev Corp** properties ended the quarter with a shortfall of ($608,804), which resulted in a negative cash flow variance of $340,493 when compared to the projected shortfall of ($268,311). Collectively, this resulted from overages in maintenance and bad debt expenses coupled with higher vacancy loss partially offset by savings in administrative expenses.

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'23 Operating Budget. This group ended the quarter with cash flow of $1,841,075 or $944,168 less than projected.

- Cash flow at **MPDU I (64)** was $183,666 lower than anticipated because of overages in bad debt and maintenance expenses coupled with higher vacancy loss and lower gross rents. **Avondale Apartments** reported a negative cash flow variance of $109,433 based on higher maintenance costs and debt service, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), coupled with higher vacancy loss partially offset by slightly higher gross tenant rents and lower bad debt and administrative expenses. **Barclay Affordable** experienced a positive cash flow variance of $80,625 resulting from savings in utility expenses and lower bad debt expense coupled with higher gross rents partially offset by overages in maintenance and administrative costs. A portion of the savings in utilities is related to the split of costs with Barclay Dev Corp that is being reviewed by the management company to determine if a correction is warranted. **Bradley Crossing** ended the quarter with a negative variance of $325,182 as a result of lower gross rents and higher vacancy loss coupled with overages in utility costs and debt expenses due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), that were partially offset by savings in administrative, maintenance, and bad debt expenses. **Camp Hill Square** experienced a negative cash flow variance of $87,546 because of higher vacancy loss coupled with higher maintenance expenses that were partially offset by higher gross rents and lower administrative, utility, and bad debt expenses. **Georgian Court Affordable** and **Shady Grove Apartments,** which were resyndicated as Low Income Housing Tax Credit ("LIHTC") properties in December 2021, incurred audit expenses related to the CY'21 audit. Cash flow for **Holiday Park** was $25,664 less than budgeted as a result of lower gross rents and higher vacancy loss coupled with overages in bad debt and maintenance expenses that were partially offset by savings in utility, tax and administrative expenses. **Jubilee Hermitage** experienced a negative cash flow variance of $10,904 due to overages in maintenance costs coupled with unanticipated vacancy loss. **Manchester Manor** reported a negative cash flow variance of $97,942 due to overages in most expense categories coupled with slightly lower gross rents and higher vacancy loss. Cash flow for

McHome was $40,687 lower than budget based on higher vacancy loss and slightly lower gross rents coupled with overages in maintenance, bad debt, and utility expenses that were partially offset by savings in administrative costs. Cash flow for **MHLP VII** was $100,545 lower than projected as a result of higher vacancy loss coupled with overages in bad debt, utility, and administrative expenses partially offset by savings in maintenance cost. **MHLP IX Scattered Sites** experienced a negative cash flow variance of $94,370 mainly due to overages maintenance, bad debt, and utility expenses countered by slightly higher gross rents. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of $67,583 primarily as a result of higher security expense, resulting from a fire watch at the property due to a faulty fire panel that has since been replaced, and overages in utility and maintenance costs coupled with higher vacancy loss partially offset by higher gross rents and lower concessions. **Westwood Towers** experienced a positive cash flow variance of $44,574 because of lower vacancy loss and higher parking income coupled with savings in debt service payments, tenant services and utility costs that were partially offset by higher administrative, maintenance, bad debt, and security expenses coupled with higher concessions. Cash flow at **The Willows** was $80,926 lower than anticipated due to overages in maintenance, utility, and bad debt expenses that were partially offset by higher gross rents and lower vacancy loss coupled with savings in administrative expenses.

The second group consists of properties whose cash flow will not be used for the Agency's FY'23 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 $802,567 less than budgeted.

- The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of $41,911 driven by interest paid on the outstanding debt on the PNC RELOC. There are sufficient reserves at the property to cover the costs. **Battery Lane**, which was acquired on May 25, 2022 ended the quarter with a negative cash flow variance of $26,193 largely due to lower gross rents and higher vacancy loss coupled with higher debt service expenses, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), maintenance, and bad debt expenses that were partially offset by savings in administrative, tenant services, and utility expenses. **Brooke Park** experienced a negative cash flow variance of $131,610, mainly resulting from a delay in occupying the units post renovation coupled with small overages in most expense categories. Cash flow at **Brookside Glen** was $13,352 lower than anticipated due to higher maintenance, utility, and security expenses coupled with lower gross rents that were partially offset by savings in administrative costs and lower vacancy loss. **Cider Mill** reported a negative cash flow variance of $346,207 due to higher vacancy loss coupled with higher security, bad debt, and administrative expenses partially offset by savings in maintenance and utility expenses. **Diamond Square** ended the quarter with a negative cash flow variance of $110,789 primarily resulting from overages in maintenance and utility costs coupled with higher vacancy loss and slightly lower gross rents that were partially offset by savings in bad debt expenses. A portion of the overage in utility costs is due to a delay in the posting of reimbursements from the City of Gaithersburg. Cash flow for the **NCI** units collectively was $60,249 lower than budget due to three of the fourteen units remaining vacant through February 2023 coupled with overages in maintenance, utility, and bad debt expenses. **Paint Branch** experienced a negative cash flow variance of $6,604 due to lower gross tenant rents coupled with slightly higher vacancy loss and bad debt expense partially offset by savings in maintenance, administrative, and utility costs. **State Rental Combined** experienced a negative cash flow variance of $109,143 because of higher vacancy loss coupled with overages in bad debt and utility expenses that were countered by savings in maintenance and administrative expenses.

<u>The Public Fund</u> (Attachment D)

- The Housing Choice Voucher Program ("HCVP") ended the quarter with a surplus of $881,778. The surplus was comprised of an administrative surplus of $1,513,732 countered by Housing Assistance Payment ("HAP") payments that exceeded HAP revenue by $631,954. The HAP shortfall will be covered by a draw from 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 a higher proration factor that was changed from 88% to 89.2% coupled with the increased utilization rate and fees received to support the Emergency Housing vouchers.

<u>Tax Credit Partnerships</u>

The Tax Credit Partnerships have a calendar year end.

<u>The Capital Budget</u> (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'23. 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 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.

Barclay Affordable exceeded its capital budget due to unanticipated replacements of HVAC and heat pump units. **Bradley Crossing** overspent its capital budget due to appliance replacements and elevator repairs. **Brookside Glen** exceeded its capital budget because of the unbudgeted replacement of the hot water heater. **Camp Hill Square**, **Holiday Park**, and **Parkway Woods** overspent their respective capital budgets due to unplanned appliance replacements. **Cider Mill Apartments** exceeded its capital budget as a result of the approved roof replacements that were not finalized for the adopted budget. **Manchester Manor** has exceeded its capital budget due to work required for the Real Estate Assessment Center ("REAC") inspection. **Metropolitan Dev Corp** and **Metropolitan Affordable** spent more than budgeted because of the unanticipated replacement of the building water heater. The **NCI units** overspent their combined budgets due to unanticipated HVAC, appliance, window, and flooring replacements. **Pooks Hill Midrise** exceeded its capital budget due to the cost of replacing a faulty fire panel. **Paddington Square** overspent because of unanticipated pipe replacements and turnover costs to assist Friendly Gardens (site of the 2021 building explosion). **Sandy Spring Meadow** exceeded its capital budget because of HVAC replacements in two units. **Scattered Site One Dev Corp** overspent its capital budget as a result of HVAC, appliance, and flooring replacements. There were also nominal overages at **Brooke Park**, **Camp Hill Square**, **Elizabeth House RAD**, **MHLP VIII**, **MHLP X**, and **617 Olney Sandy Spring Road**.

The majority of the properties have sufficient property reserves to cover the overages. Where this is not the case, staff are reviewing the obligations from the Opportunity Housing Property Reserve ("OHPR") to ensure sufficient funds are available to cover the balance of the overages.

Resolution No. 23-34 : **Re: Acceptance of the Third Quarter FY'23 Budget to Actual Statements**

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Third Quarter FY'23 Budget to Actual Statements during its June 14, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'23 Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Executive Director

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FY 2023 Third Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (9 Months) Budget	Unrestricted Net Cash Flow (9 Months) Actual	Variance
General Fund			
General Fund	($6,803,639)	($5,992,781)	$810,858
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$578,086	$693,780	$115,694
Draw from / (Restrict to) Multifamily Bond Fund	($578,086)	($693,780)	($115,694)
Single Family Fund	$379,939	$536,428	$156,489
Draw from / (Restrict to) Single Family Bond Fund	($379,939)	($536,428)	($156,489)
Opportunity Housing Fund			
Opportunity Housing Properties	$2,785,243	$1,841,075	($944,168)
Development Corporation Property Income	$5,413,869	$4,391,167	($1,022,702)
OHRF			
OHRF Balance	$4,854,235	($221,001)	($5,075,236)
Excess Cash Flow Restricted	($4,854,235)	$0	$4,854,235
Draw from existing funds	$0	$221,001	$221,001
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$1,395,473**	**$239,461**	**($1,156,012)**
Public Fund			
(1) Housing Choice Voucher Program HAP	($3,912,945)	($631,954)	$3,280,991
(2) Housing Choice Voucher Program Admin	($182,413)	$1,513,732	$1,696,145
Total -Public Fund	**($4,095,358)**	**$881,778**	**$4,977,136**
Public Fund - Reserves			
(1) Draw from / Restrict to HCV Program Cash Reserves	$3,912,945	$631,954	($3,280,991)
(2) Draw from / Restrict to HCV Program Excess Admin Fee	$182,413	($1,513,732)	($1,696,145)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$1,395,473**	**$239,461**	**($1,156,012)**

FY 2023 Third Quarter Operating Budget to Actual Comparison

	Capital Expenses (12 Months) Budget	Capital Expenses (9 Months) Actual	Variance
General Fund			
880 Bonifant	$50,000	$4,483	$45,517
East Deer Park	$207,000	$0	$207,000
Kensington Office	$100,000	$33,123	$66,877
Information Technology	$915,000	$336,674	$578,326
Opportunity Housing Fund	$6,321,728	$5,026,472	$1,295,256
TOTAL - All Funds	**$7,593,728**	**$5,400,752**	**$2,147,459**

FY 2023 Third Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	($144,849)	($133,186)	($316,634)	($594,668)	($449,819)
The Barclay Dev Corp	($97,412)	$57,389	($80,130)	($120,153)	($22,741)
Glenmont Crossing Dev Corp	$315,168	($32,633)	($105,710)	$176,825	($138,343)
Glenmont Westerly Dev Corp	$148,903	($7,600)	($92,101)	$49,202	($99,701)
Magruder's Discovery Dev Corp	$607,864	($106,858)	($66,038)	$434,968	($172,896)
The Metropolitan Dev Corp	$1,458,686	$60,564	($213,949)	$1,305,301	($153,385)
Metropolitan Affordable	($262,979)	$16,140	($48,909)	($295,748)	($32,769)
Montgomery Arms Dev Corp	$315,648	($32,425)	($83,875)	$199,348	($116,300)
MPDU II (59) Dev Corp	$290,699	($55,769)	($21,866)	$213,064	($77,635)
Paddington Square Dev Corp	$451,013	$16,440	($3,736)	$463,718	$12,705
Pooks Hill High-Rise Dev Corp	$424,525	$16,005	($44,570)	$395,960	($28,565)
Scattered Site One Dev Corp	$69,921	($32,358)	$165,865	$203,428	$133,507
Scattered Site Two Dev Corp	($66,095)	($19,312)	$27,558	($57,848)	$8,247
Sligo MPDU III Dev Corp	($38,873)	$2,389	$35,519	($966)	$37,907
VPC One Dev Corp	$1,201,455	$25,242	($243,860)	$982,836	($218,619)
VPC Two Dev Corp	$740,195	$142,715	$152,990	$1,035,900	$295,705
Subtotal	**$5,413,869**	**($83,257)**	**($939,446)**	**$4,391,167**	**($1,022,702)**
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	($178,155)	$108,274	$5,073	($64,808)	$113,347
Oaks at Four Corners Dev Corp	$42,116	$27,603	$54,017	$123,736	$81,620
RAD 6 Dev Corp Total	**($268,311)**	**($211,638)**	**($128,855)**	**($608,804)**	**($340,493)**
Ken Gar Dev Corp	$4,330	($20,924)	$18,044	$1,450	($2,880)
Parkway Woods Dev Corp	$30,478	($5,828)	$17,126	$41,776	$11,298
Sandy Spring Meadow Dev Corp	($16,991)	$1,651	$13,690	($1,650)	$15,341
Seneca Ridge Dev Corp	($199,053)	($134,766)	($52,991)	($386,810)	($187,757)
Towne Centre Place Dev Corp	($49,307)	$60,214	($56,636)	($45,729)	$3,578
Washington Square Dev Corp	($37,768)	($111,985)	($68,088)	($217,841)	($180,073)
Subtotal	**($404,350)**	**($75,761)**	**($69,765)**	**($549,876)**	**($145,526)**
TOTAL ALL PROPERTIES	**$5,009,519**	**($159,018)**	**($1,009,211)**	**$3,841,291**	**($1,168,228)**

FY 2023 Third Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY22 operating budget					
MPDU I (64)	$169,158	($55,290)	($128,375)	($14,508)	($183,666)
Avondale Apartments	$155,319	($29,011)	($80,422)	$45,886	($109,433)
Barclay Affordable	$51,608	$30,979	$49,645	$132,233	$80,625
Bradley Crossing	$962,339	($281,579)	($43,604)	$637,157	($325,182)
Camp Hill Square	$50,030	($43,000)	($44,546)	($37,516)	($87,546)
Chelsea Towers	$45,669	$52,884	($43,459)	$55,094	$9,425
Day Care at Lost Knife Road	($25,020)	$6,327	($5,611)	($24,304)	$716
Elizabeth House Interim RAD	$281,689	$341,626	($327,101)	$296,214	$14,525
Fairfax Court	$65,474	$4,316	($3,970)	$65,820	$346
Georgian Court Affordable	$0	$0	($7,500)	($7,500)	($7,500)
Holiday Park	($26,065)	($18,279)	($7,385)	($51,729)	($25,664)
Jubilee Falling Creek	($3,110)	($3,644)	$4,433	($2,321)	$789
Jubilee Hermitage	($13,115)	($3,271)	($7,633)	($24,019)	($10,904)
Jubilee Horizon Court	($1,020)	($344)	$2,709	$1,345	$2,365
Jubilee Woodedge	($12,026)	($722)	$6,678	($6,070)	$5,956
Manchester Manor	($11,718)	($26,868)	($71,074)	($109,660)	($97,942)
McHome	$49,146	($33,961)	($6,726)	$8,459	($40,687)
McKendree	$35,153	($594)	($3,012)	$31,547	($3,606)
MHLP VII	$21,108	($48,008)	($52,537)	($79,437)	($100,545)
MHLP VIII	$36,084	$50,665	($28,142)	$58,607	$22,523
MHLP IX Pond Ridge	($133,106)	$39,887	($13,881)	($107,100)	$26,006
MHLP IX Scattered Sites	($122,828)	$14,442	($108,812)	($217,198)	($94,370)
MHLP X	($47,780)	($13,732)	$21,921	($39,592)	$8,188
MPDU 2007 Phase II	$13,410	($5,511)	$6,911	$14,810	$1,400
Olney Sandy Spring Road	($5,625)	($114)	$198	($5,541)	$84
Pooks Hill Mid-Rise	$154,576	$18,702	($86,286)	$86,993	($67,583)
Shady Grove Apts	$0	$0	($8,190)	($8,190)	($8,190)
Strathmore Court	$33,967	$101,119	($83,838)	$51,249	$17,282
TPP LLC Pomander Court	($12,886)	($4,387)	$33,194	$15,922	$28,808
TPP LLC Timberlawn	$418,388	$18,122	$17,842	$454,352	$35,964
Westwood Tower	$417,357	$107,649	($63,075)	$461,931	$44,574
The Willows	$239,067	$51,040	($131,966)	$158,141	($80,926)
Subtotal	**$2,785,243**	**$269,443**	**($1,213,614)**	**$1,841,075**	**($944,168)**
Properties with restricted cash flow (external and internal)					
The Ambassador	$0	$0	($41,911)	($41,911)	($41,911)
Battery Lane	$347,125	($200,998)	$174,805	$320,932	($26,193)
Brooke Park	$117,707	($106,065)	($25,545)	($13,903)	($131,610)
Brookside Glen (The Glen)	$60,110	($7,439)	($5,912)	$46,758	($13,352)
CDBG Units	$2,551	($631)	$7,379	$9,299	$6,748
Cider Mill Apartments	$647,812	($197,526)	($148,681)	$301,605	($346,207)
Dale Drive	($3,576)	$59	$12,612	$9,095	$12,671
Diamond Square	$284,246	($55,902)	($54,887)	$173,457	($110,789)
NCI Units	$27,078	($22,480)	($37,769)	($33,171)	($60,249)
NSP Units	$13,094	($3,494)	$8,148	$17,748	$4,654
King Farm Village	$2,372	$0	$447	$2,819	$447
Paint Branch	$37,970	($24,413)	$17,809	$31,366	($6,604)
Southbridge	$20,781	$8,347	$10,624	$39,752	$18,971
State Rental Combined	($204,468)	($112,873)	$3,730	($313,611)	($109,143)
Subtotal	**$1,352,802**	**($723,415)**	**($79,151)**	**$550,235**	**($802,567)**
TOTAL ALL PROPERTIES	**$4,138,045**	**($453,972)**	**($1,292,765)**	**$2,391,310**	**($1,746,735)**

FY 2023 Third Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(9 Months) Budget	(9 Months) Actual	Variance
Housing Choice Voucher Program			
HAP revenue	$84,393,405	$87,097,922	$2,704,517
HAP payments	$88,306,350	$87,729,876	($576,474)
Net HAP	**($3,912,945)**	**($631,954)**	**$3,280,991**
Admin.fees & other inc.	$7,260,062	$8,452,337	$1,192,275
Admin. Expense	$7,442,475	$6,938,605	$503,870
Net Administrative	**($182,413)**	**$1,513,732**	**$1,696,145**
Net Income	**($4,095,358)**	**$881,778**	**$4,977,136**

Attachment D

FY 2023 Third Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(9 Months) Actual	Variance
General Fund			
880 Bonifant	$50,000	$4,483	$45,517
East Deer Park	$207,000	$0	$207,000
Kensington Office	$100,000	$33,123	$66,877
Information Technology	$915,000	$336,674	$578,326
Subtotal	**$1,272,000**	**$374,280**	**$897,720**
Opportunity Housing			
Ambassador	$0	$0	$0
Alexander House Dev Corp	$42,170	$34,537	$7,633
Avondale Apartments	$35,266	$29,809	$5,457
The Barclay Dev Corp	$128,184	$125,113	$3,071
Barclay Affordable	$89,368	$93,420	($4,052)
Battery Lane	$56,000	$51,278	$4,722
Bradley Crossing	$72,240	$99,798	($27,558)
Brooke Park	$0	$478	($478)
Brookside Glen (The Glen)	$81,600	$97,241	($15,641)
Camp Hill Square	$10,097	$26,729	($16,632)
CDBG Units	$5,180	$755	$4,425
Chelsea Towers	$14,800	$2,161	$12,639
Cider Mill Apartments	$1,312,992	$1,436,368	($123,376)
Dale Drive	$8,700	$411	$8,289
Diamond Square	$107,530	$81,046	$26,484
Elizabeth House Interim RAD	$0	$620	($620)
Fairfax Court	$40,196	$26,767	$13,429
Glenmont Crossing Dev Corp	$88,800	$81,509	$7,291
Glenmont Westerly Dev Corp	$134,040	$73,595	$60,445
Holiday Park	$22,140	$29,645	($7,505)
Jubilee Falling Creek	$7,800	$406	$7,394
Jubilee Hermitage	$12,500	$4,459	$8,041
Jubilee Horizon Court	$10,080	$451	$9,629
Jubilee Woodedge	$6,480	$72	$6,408
Ken Gar Dev Corp	$20,770	$13,693	$7,077
King Farm Village	$240	$0	$240
Magruder's Discovery Dev Corp	$102,108	$47,805	$54,303
Manchester Manor	$40,368	$93,751	($53,383)
McHome	$44,640	$13,722	$30,918
McKendree	$25,584	$21,171	$4,413
MetroPointe Dev Corp	$99,913	$44,686	$55,227
The Metropolitan Dev Corp	$89,742	$97,349	($7,607)
Metropolitan Affordable	$6,689	$33,603	($26,914)
Montgomery Arms Dev Corp	$82,832	$51,751	$31,081
MHLP VII	$47,730	$17,414	$30,316
MHLP VIII	$48,840	$48,883	($43)
MHLP IX - Pond Ridge	$63,900	$62,806	$1,094
MHLP IX - Scattered Sites	$90,192	$83,635	$6,557
MHLP X	$98,160	$98,271	($111)
MPDU 2007 Phase II	$7,155	$0	$7,155
617 Olney Sandy Spring Road	$0	$72	($72)
MPDU I (64)	$59,760	$33,518	$26,242
MPDU II (59) Dev Corp	$77,400	$56,779	$20,621
Oaks at Four Corners Dev Corp	$169,737	$108,844	$60,893
NCI Units	$600	$14,082	($13,482)
NSP Units	$15,388	$6,319	$9,069
Paddington Square Dev Corp	$115,500	$156,950	($41,450)
Paint Branch	$16,396	$9,143	$7,253
Parkway Woods Dev Corp	$4,000	$8,487	($4,487)
Pooks Hill High-Rise Dev Corp	$363,436	$151,751	$211,685
Pooks Hill Mid-Rise	$47,020	$55,356	($8,336)
Sandy Spring Meadow Dev Corp	$14,201	$21,140	($6,939)
Scattered Site One Dev Corp	$180,240	$235,796	($55,556)
Scattered Site Two Dev Corp	$45,000	$33,110	$11,890
Seneca Ridge Dev Corp	$38,800	$22,928	$15,872
Sligo MPDU III Dev Corp	$28,176	$16,344	$11,832
Southbridge	$22,896	$2,074	$20,822
State Rental Combined	$236,640	$147,310	$89,330
Strathmore Court	$508,303	$237,838	$270,465
Towne Centre Place Dev Corp	$30,563	$8,118	$22,445
TPP LLC Pomander Court	$21,948	$4,234	$17,714
TPP LLC Timberlawn	$172,250	$52,502	$119,748
VPC One Dev Corp	$222,100	$166,711	$55,389
VPC Two Dev Corp	$184,152	$92,836	$91,316
Washington Square Dev Corp	$55,300	$26,815	$28,485
Westwood Tower	$296,000	$257,552	$38,448
The Willows	$240,896	$74,655	$166,241
Subtotal	**$6,321,728**	**$5,026,472**	**$1,295,256**
TOTAL	**$7,593,728**	**$5,400,752**	**$2,192,976**

UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE: AUTHORIZATION TO WRITE-OFF UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE (JANUARY 1, 2023 – MARCH 31, 2023)

June 14, 2023

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days.
- Additionally, HOC periodically proposes the write-off of uncollected former residents' balances.
- The proposed write-off for the third quarter of Fiscal Year 2023 totaled $76,237, an increase of $26,981 compared to the previous quarter.
- The primary reasons for the write-offs across the properties include tenants who passed away, left due to a job transfer, needed more space, purchased a home, skipped, voluntarily vacated their units and transferred to a different program.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balances will be for the fourth quarter of FY'23, which will cover the period from April 1, 2023 to June 30, 2023.
- The Budget, Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff in its recommendation to approve the proposed write-off of uncollectible former residents' balances for the third quarter of FY'23, which totaled $76,237.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Eugenia Pascual, Controller
Nilou Razeghi, Accounting Manager
Ellen Goff, Acting Director of Property Management

RE: **Uncollectible Tenant Accounts Receivable**: Authorization to Write-off Uncollectible Tenant Accounts Receivable (January 1, 2023 – March 31, 2023)

DATE: June 14, 2023

BACKGROUND:

HOC's current policy is to provide for an allowance for any tenant accounts receivable balance, which are 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 reflect accurately the receivables and provides greater potential for outstanding receivable collection.

The last approved write-off of former tenant accounts receivable balances on March 8, 2023 was for $49,256, which covered the three-month period from October 1, 2022 through December 31, 2022 (the second quarter of fiscal year 2023).

The proposed write-off of former tenant accounts receivable balances for the third quarter of fiscal year 2023, covering January 1, 2023 through March 31, 2023 is $76,237.

The $76,237 third quarter write-off is attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing properties, and LITHC/RAD properties. The primary reasons for the write-offs across the properties include tenants who passed away ($15,393), left due to a job transfer ($1,359), needed more space ($1,826), obtained HCV ($1,506), purchased a home ($8,215), skipped ($3,033), voluntarily vacated/abandoned their units ($44,894) and transferred to a different program ($11).

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

	Current Write-offs	Prior Write-offs	$ Change	% Change	Fiscal Year 2023 Year-to-Date	Fiscal Year 2022 Year-to-Date
Property Type	01/01/23 - 03/31/23	10/01/22 - 12/31/22	01/01/23 - 03/31/23	01/01/23 - 03/31/23	07/01/22 - 03/31/23	07/01/21 - 03/31/22
Opportunity Housing	53,546	14,669	38,877	265.03%	80,869	173,410
Supportive Housing	11,393	30,342	(18,949)	-62.45%	41,735	11,993
RAD Properties	11,298	104	11,194	10763.46%	11,402	33,440
236 Properties	-	4,141	(4,141)	-100.00%	4,141	2,762
	$ 76,237	**$ 49,256**	**$ 26,981**	**54.78%**	**$ 138,147**	**$ 221,605**

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

Opportunity Housing Fund

	Current Write-offs	Prior Write-offs	$ Change	% Change	Fiscal Year 2023 Year-to-Date	Fiscal Year 2022 Year-to-Date
	01/01/23 - 03/31/23	10/01/22 - 12/31/22	01/01/23 - 03/31/23	01/01/23 - 03/31/23	07/01/22 - 03/31/23	07/01/21 - 03/31/22
Opportunity Housing (OH) Fund						
Avondale	$ 1,359	$ -	$ 1,359	0.00%	$ 1,359	$ 2,663
Brooke Park Apts	-	-	-	0.00%	-	1,318
Camp Hill Square	1,826	-	1,826	0.00%	1,826	-
Jubilee - Hermitage	-	-	-	0.00%	-	346
Magruders Discovery	-	9,560	(9,560)	-100.00%	9,560	-
McHome	-	-	-	0.00%	-	8,392
MHLP IX - MPDU	1,209	-	1,209	0.00%	1,209	3,203
MHLP VII	-	-	-	0.00%	-	1,475
MHLP VIII	-	-	-	0.00%	-	37
MHLP X	-	-	-	0.00%	-	15,134
MPDU I/64	-	-	-	0.00%	800	41,084
NCI-1 - 13304 Lydia St	-	-	-	0.00%	-	524
Paintbranch	-	-	-	0.00%	153	-
Scattered Site One Dev Corp	7,313	-	7,313	0.00%	18,153	73,404
Scattered Site Two Dev Corp	3,810	-	3,810	0.00%	3,810	858
State Rental Partnership	2,966	-	2,966	0.00%	3,600	6,685
TPM Dev Corp - MPDU II (59)	-	769	(769)	-100.00%	769	4,035
VPC One Corp	26,623	4,340	22,283	513.43%	30,963	14,252
VPC Two Corp	8,440	-	8,440	0.00%	8,667	-
Total OH Fund	**$ 53,546**	**$ 14,669**	**$ 38,877**	**265.03%**	**$ 80,869**	**$ 173,410**

Within the Opportunity Housing portfolio, the $53,546 write-off amount was attributable to Avondale, Camp Hill Square, MHLP IX – MPDU, Scattered Site One Development Corp, Scattered Site Two Development Corporation, VPC One Corporation and VPC Two Corporation. The write-offs were due to one tenant who left due to a job transfer ($1,359), one tenant who needed more space ($1,826), four tenants who purchased a home ($8,215), six tenants who voluntarily vacated their units ($42,135), and one who transferred to a different program ($11).

Supportive Housing

	Current Write-offs 01/01/23 - 03/31/23	Prior Write-offs 10/01/22 - 12/31/22	$ Change 01/01/23 - 03/31/23	% Change 01/01/23 - 03/31/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 03/31/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22
Supportive Housing						
McKinney X - HUD	$ 2,474	$ 15,621	$ (13,147)	-84.16%	$ 18,095	$ 11,993
McKinney XIV - HUD	8,919	14,721	(5,802)	-39.41%	23,640	-
Total Supportive Housing	**$ 11,393**	**$ 30,342**	**$ (18,949)**	**-62.45%**	**$ 41,735**	**$ 11,993**

Within the Supportive Housing program, there were two tenants who passed away ($9,887) and one tenant who obtained HCV (1,506).

LIHTC/RAD Properties

	Current Write-offs 01/01/23 - 03/31/23	Prior Write-offs 10/01/22 - 12/31/22	$ Change 01/01/23 - 03/31/23	% Change 01/01/23 - 03/31/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 03/31/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22
LIHTC/RAD Properties						
Arcola Towers LP	$ 4,741	$ -	$ 4,741	0.00%	$ 4,741	$ 3,409
Elizabeth House - Interim RAD	-	-	-	0.00%	-	1,324
RAD 6 - Sandy Spring	-	-	-	0.00%	-	46
RAD 6 - Seneca Ridge	-	-	-	0.00%	-	25,786
RAD 6 - Towne Centre Place	-	-	-	0.00%	-	2,691
RAD 6 - Washington Square	3,033	-	3,033	0.00%	3,033	-
Waverly House LP	3,524	104	3,420	3288.46%	3,628	184
Total RAD Properties	**$ 11,298**	**$ 104**	**$ 11,194**	**10763.46%**	**$ 11,402**	**$ 33,440**

Within the LITHC/RAD properties, there were three tenants who passed away ($5,506), one tenant who skipped ($3,033), one tenant who abandoned/vacated the unit ($594), and two tenants who voluntarily left their unit ($2,165).

HUD Section 236 Properties

	Current Write-offs 01/01/23 - 03/31/23	Prior Write-offs 10/01/22 - 12/31/22	$ Change 01/01/23 - 03/31/23	% Change 01/01/23 - 03/31/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 03/31/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22
236 Properties						
Town Center Apts	$ -	$ 4,141	$ (4,141)	-100.00%	$ 4,141	$ 2,762
Total 236 Properties	**$ -**	**$ 4,141**	**$ (4,141)**	**-100.00%**	**$ 4,141**	**$ 2,762**

Within the 236 properties, there were no write-offs to report in the third quarter of FY ’23.

These write-offs will be reported to Assurant Global Housing, HOC’s collection company, as per the procedures listed below.

Finance Write-Off and Recovery Procedures

1. After a tenant vacates, Resident Accounting ("RA") receives clearance from HOC Property Management ("PM") to post the deposit accounting in Yardi.
2. If a balance is owed, RA prepares a letter to the resident with the balance owed. PM signs and mails the letter to the resident.
3. If a resident purchased a surety bond, PM submits a claim to the bond company to collect the balance owed up to the amount of the bond. Payments made by the bond company are posted to the resident's ledger.
4. If a balance is still owed (at the time of write-off review), it is submitted for consideration to be written-off. Once approved, the write-off is posted in Yardi.
5. PM informs Compliance of the write-off and reports outstanding balances to a collection company.

The next anticipated write-off will be for the fourth quarter of FY'23 covering April 1, 2023 through June 30, 2023. 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:

Does the Commission wish to accept staff's recommendation, which is supported by the Budget, Finance and Audit Committee, to authorize the write-off of uncollectible tenant accounts receivable for the third quarter of fiscal year 2023, totaling $76,237?

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 formal action at the June 14, 2023 Commission meeting.

The Budget, Finance and Audit Committee informally discussed the Uncollectible Tenant Accounts Receivable at its meeting on May 19, 2023 and supports staff's recommendation.

STAFF RECOMMENDATION:

Staff requests that the Commission authorize the write-off of uncollectible tenant accounts receivable of $76,237 for the period covering January 1, 2023 to March 31, 2023.

RESOLUTION NO. 23-35 **RE: Authorization to Write-Off Uncollectible Tenant Accounts Receivable**

WHEREAS, the current policy of the Housing Opportunities Commission of Montgomery County ("HOC") is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances; and

WHEREAS, staff periodically proposes the write-off of uncollected former tenant balances, which updates the financial records to accurately reflect the receivables and the potential for collection; and

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period of January 1, 2023 – March 31, 2023 is $76,237, which is all attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing properties, and LIHTC/RAD properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or her designee, without further action on its part, to take any and all actions necessary and proper to write off $76,237 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 14, 2023.

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Chelsea Andrews
Executive Director

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CALENDAR YEAR 2022 (CY’22) LOW INCOME HOUSING TAX CREDIT (LIHTC) PARTNERSHIP AND LIMITED LIABILITY COMPANY (LLC) AUDITS: ACCEPTANCE OF CY’22 LIHTC PARTNERSHIP AND LLC AUDITS

June 14, 2023

- The Finance Division is responsible for completing the 16 LIHTC partnership and two LLC audits for CY’22.

- Property audits for 15 CY’22 LIHTC partnerships, CCL Multifamily LLC and HOC at West Side Shady Grove LLC have been finalized. All received a standard unqualified audit opinion from the respective independent certified public accounting firms that the completed the audits.

- The property audit for 900 Thayer LP is not yet finalized and is awaiting investor approval. The final audit is expected to receive a standard unqualified audit opinion from the independent certified public accounting firm, which performed the audit.

- The Budget, Finance and Audit Committee reviewed the request to accept the 12 completed CY’22 LIHTC partnership, CCL Multifamily LLC and HOC at West Side Shady Grove LLC audits at its meeting on May 19, 2023.

- The audits for HOC at Stewartown Homes LLC, HOC at Willow Manor LLC and Spring Garden One Associates LP were completed after the May 19, 2023 Budget, Finance and Audit Committee meeting and have been added to this Commission packet. The audit for 900 Thayer LP, once completed will be presented to the Commission for acceptance, which is expected to occur at July 13, 2023 meeting.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting CFO
Eugenia Pascual, Controller
Claudia Wilson, Accounting Manager
Niketa Patel, Accounting Manager

RE: **Calendar Year 2022 (CY'22) Low Income Housing Tax Credit (LIHTC) Partnership and Limited Liability Company (LLC) Audits:** Acceptance of CY'22 LIHTC Partnership and LLC Audits

DATE: June 14, 2023

BACKGROUND:

The Housing Opportunities Commission of Montgomery County ("HOC or Commission") is the Managing Partner in 17 LIHTC partnerships, which operate on a calendar year basis. Sixteen (16) of the 17 LIHTC entities require the preparation of year-end audits for CY'22. One entity, Elizabeth House III LP ("The Leggett"), is currently under construction and does not yet require an annual audit.

HOC also has four (4) calendar year LLC properties, CCL Multifamily LLC ("The Lindley"), Hillandale Gateway LLC, Wheaton Gateway LLC and HOC at West Side Shady Grove LLC ("The Laureate"). The CY'22 audits of CCL Multifamily LLC and HOC at West Side Shady Grove LLC are presented in this request. Hillandale Gateway LLC and Wheaton Gateway LLC are in pre-development phases and do not require an audit for CY'22.

For ease of review, the full list of LIHTC and LLC entities that require an audit for the period ended December 31, 2022, is provided on the following table:

Calendar Year 2022 Audit			
	Low Income Housing Tax Credit ("LIHTC")		
	Entity/Property Name	**Units**	**Location**
1	4913 Hampden Lane Limited Partnership ("Lasko Manor")	12	Bethesda
2	900 Thayer limited Partnership ("Fenton Silver Spring")	124	Silver Spring
3	Alexander House Limited Partnership	122	Silver Spring
4	Arcola Towers RAD Limited Partnership	141	Silver Spring
5	Bauer Park Apartments Limited Partnership	142	Rockville
6	Forest Oak Towers Limited Partnership	175	Gaithersburg
7	Greenhills Apartments Limited Partnership	78	Damascus
8	HOC at Georgian Court LLC	147	Silver Spring

9	HOC at Shady Grove LLC	144	Silver Spring/Aspen Hill
10	HOC at Stewartown Homes LLC	94	Montgomery Village
11	HOC at The Upton II LLC ("Residences on the Lane")	150	Rockville
12	HOC At Willow Manor LLC	286	Silver Spring, Olney, Germantown
13	Spring Garden One Associates Limited Partnership	83	Silver Spring
14	Tanglewood and Sligo Limited Partnership	132	Silver Spring/Longbranch
15	Waverly House RAD Limited Partnership	158	Bethesda
16	Wheaton Metro Limited Partnership	53	Wheaton

Limited Liability Company ("LLC")			
1	CCL Multifamily LLC ("The Lindley")	200	Chevy Chase
2	HOC at West Side Shady Grove LLC ("The Laureate")	268	Rockville/Shady Grove

Property audits for 15 CY'22 LIHTC partnerships, CCL Multifamily LLC ("The Lindley"), and HOC at West Side Shady Grove LLC ("The Laureate") have been finalized. They received a standard unqualified audit opinion from the independent certified public accounting firms that performed the audits. The audits for HOC at Stewartown Homes LLC, HOC at Willow Manor LLC and Spring Garden One Associates LP were completed after the May 19, 2023 Budget, Finance and Audit Committee meeting and were added to this Commission packet. The final audit draft for 900 Thayer LP is awaiting investor approval, and is expected to receive a standard unqualified audit opinion. The audit for 900 Thayer LP, once completed will be presented to the Commission for acceptance, which is expected to occur at July 13, 2023 meeting.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept the staff's recommendation, which the Budget, Finance and Audit Committee supports, to accept the 15 CY'22 LIHTC partnership, CCL Multifamily LLC and HOC at West Side Shady Grove LLC audits?

BUDGET IMPACT:

There is no budget impact related to acceptance of the 15 CY'22 LIHTC partnership, CCL Multifamily LLC and HOC at West Side Shady Grove LLC audits.

TIME FRAME:

For formal action at the June 14, 2023 Commission meeting.

- The Budget, Finance and Audit Committee informally discussed the 12 CY'22 LIHTC partnerships, CCL Multifamily LLC and HOC at West Side Shady Grove LLC audits at the May 19, 2023 meeting.

- The audits for HOC at Stewartown Homes LLC, HOC at Willow Manor LLC and Spring Garden One Associates LP were completed after the May 19, 2023 Budget, Finance and Audit Committee meeting and were added to this Commission packet.

- The final audit draft for 900 Thayer LP is awaiting investor approval, and is expected to receive a standard unqualified audit opinion. The audit for 900 Thayer LP, once completed will be presented to the Commission for acceptance, which is expected to occur at July 13, 2023 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that Commission accept the 15 CY'22 LIHTC partnership, CCL Multifamily LLC and HOC at West Side Shady Grove LLC audits.

RESOLUTION No.: 23-36

RE: Acceptance of Calendar Year 2022 Low Income Housing Tax Credit Partnerships and Limited Liability Company Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission"), or its wholly-owned and controlled affiliate, is the managing general partner in certain Low Income Housing Tax Credit partnerships, including: 900 Thayer Limited Partnership, 4913 Hampden Lane Limited Partnership, Alexander House Limited Partnership, Arcola Towers RAD Limited Partnership, Bauer Park Apartments LP, Forest Oak Towers Limited Partnership, Greenhills Apartments Limited Partnership, Spring Garden One Associates Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership and Wheaton Metro Limited Partnership (together, the "Tax Credit Partnerships");

WHEREAS, the Commission is the ultimate managing member of CCL Multifamily LLC, HOC at Westside Shady Grove, LLC, HOC at Georgian Court, LLC, HOC at Shady Grove, LLC, HOC at Stewartown Homes, LLC, HOC at the Upton II, LLC, and HOC at Willow Manor, LLC (together, the Tax Credit LLCs");

WHEREAS, the calendar year annual audits for the Tax Credit Partnerships and the Tax Credit LLCs have been completed;

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for all of the Tax Credit Partnerships; and

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for the Tax Credit LLCs.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the Calendar Year 2022 audits for the Tax Credit Partnerships and the Tax Credit LLCs.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 14, 2023.

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Chelsea Andrews
Executive Director

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NOVOGRADAC & COMPANY LLP®

April 1, 2023

To the Partners of
4913 Hampden Lane Limited Partnership:

We have audited the financial statements of 4913 Hampden Lane Limited Partnership (the "Partnership") as of and for the year ended December 31, 2022, and have issued our report thereon dated April 1, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted accounting standards, *Government Auditing Standards*, and the *Consolidated Audit Guide for Audits of HUD Programs,* which is adhered to by Maryland's Department of Housing and Community Development, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Partnership are described in Note 2 to the financial statements. The Partnership adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Partnership during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment, the amortization period of deferred charges, and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment, the amortization period of intangible assets, and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosures of the notes payables, and related party transactions in Notes 5 and 6 to the financial statements are sensitive because they make up a large portion of the liabilities on the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 1, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The cash flow and distribution calculation, status of prior audit findings, questioned costs, and recommendations, mortgagor's (owner's) certification, and the managing agent's certification have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them. We have read these schedules and have noted no material inconsistencies with the audited financial statements.

This information is intended solely for the use of the Partners and management of the Partnership and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

March 2, 2023

To the Partners
Alexander House Apartments Limited Partnership

We have audited the financial statements of Alexander House Apartments Limited Partnership for the year ended December 31, 2022, and have issued our report thereon dated March 2, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audits. We have communicated such information in our letter to you dated November 23, 2022. Professional standards also require that we communicate to you the following information related to our audits.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alexander House Apartments Limited Partnership are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the depreciation and amortization expense is based on their knowledge and experience in the industry. We evaluated the key factors and assumptions used to develop the depreciation and amortization expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audits

We encountered no significant difficulties in dealing with management in performing and completing our audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 2, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audits of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board and management of Alexander House Apartments Limited Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

SC+H attest services, P.C.

Arcola Towers RAD Limited Partnership
(Entity name)
December 31, 2022
(Financial Statement Period End Date)
April 26, 2023
(Date of communication)
Timothy Goetzinger, CFO
(Name of person, persons or group to whom communication being made)

The Auditor's Communication With Those Charged With Governance

This communication is being provided to you in connection with our audit of Arcola Towers RAD Limited Partnership's 2022 financial statements. This communication reflects those matters that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

General

Those charged with governance

Those charged with governance means the person or persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. In some cases, those charged with governance are responsible for approving the entity's financial statements (in other cases management has this responsibility). For entities with a board of directors, this term encompasses the term board of directors or audit committee used elsewhere in generally accepted auditing standards.

Management

Management means the person or persons responsible for achieving the objectives of the entity and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management is responsible for the financial statements, including designing, implementing, and maintaining effective internal control over financial reporting.

Where the general partner or managing member owns the management company we consider those charged with governance and management to be the same people. As a result, we would normally suggest that this form be provided to the person who signed our engagement letter with a request that it be shared with other owners as appropriate. However, as indicated below, it is not necessary to repeat previous communications. If those charged with governance are involved in managing the entity, this will be indicated below.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with the entity's financial reporting framework. These responsibilities have been communicated to you through our engagement letter.

Timing of the audit

We perform certain procedures at an interim date. These procedures include planning, risk assessment, obtaining and understanding of internal controls, tests of compliance, where applicable, and limited substantive tests. The bulk of our substantive procedures are performed at year end. The timing of the audit is discussed verbally with management in order to facilitate the audit. The exact procedures are not communicated to ensure the effectiveness is not compromised.

Significant risks of material misstatement

Whenever we identify significant risks of material misstatement we extend our procedures. Our process for identification of risks of material misstatement include assessing fraud opportunities, internal controls, the accounting issues faced by the entity and the entity's expertise and experience relative to such issues. Such issues include such items as impairment, going concern considerations, recording the building cost following acquisition or cost certification, involuntary conversions, derivatives and changes in management companies. In the event one or more of these items is encountered we will be required to perform additional auditing procedures which will likely result in additional cost of the audit which cannot be avoided. When such additional auditing is required we will communicate such matters to you as part of our communication of significant matters encountered during the audit.

Our approach is to obtain an understanding of internal controls and to determine whether key internal controls that might affect our audit procedures have been implemented. We do not typically perform tests to determine the effectiveness of internal controls unless we are required to report on internal controls for regulatory purposes or we believe such tests will improve our efficiency.

Materiality

We use a calculated materiality limit in designing the extent of our tests. This materiality limit takes into consideration to amount of total assets and total revenues of the entity. In planning our tests we use various thresholds based on a percentage of the calculated materiality.

Internal audit function

It is our understanding that the entity does not have an internal audit function.

Accounting practices

<u>Existing accounting practices</u>

We have no comments to make on existing practices.

<u>Newly adopted accounting practices</u>

Newly adopted accounting practices were adopted. They are considered appropriate for the entity.

As disclosed in the financials, new accounting guidance related to Leases (Topic 842) was implemented during the current year.

Significant difficulties

No significant difficulties were encountered during the audit.

Uncorrected misstatements

Schedule of uncorrected misstatements provided to management separately. None of the uncorrected misstatements were material in our judgment.

Disagreements with management

No disagreements with management occurred.

Other findings or issues

No other findings or issues were encountered that we wish to communicate.

Independence

Generally accepted auditing standards require independence for all audits. Relevant matters to consider in reaching a conclusion about independence include circumstances or relationships that create threats to auditor independence and the related safeguards that have been applied to eliminate those threats or reduce them to an acceptable level.

We have maintained our independence throughout the period under audit and during the course of performing our audit in accordance with the rules set forth by the AICPA. Where required, we have also met the independence requirements of any other regulatory bodies that have oversight of the audit function.

We may also perform non-audit services for the entity audited. However, such services have not impaired our independence with respect to the audit and our performance of such non-audit services have been previously communicated.

We have no other matters to communicate to you on independence.

Restricted use of communication

This communication is intended solely for the information and use of those charged with governance and, if appropriate, management and is not intended to be and should not be used by anyone other than those specified parties.

Questions or further discussion

If you have any questions or wish to discuss any matters communicated further please contact the representative below.

Lucas Matesa, CPA
(Name of CohnReznick representative to contact)

April 24, 2023

To the Partners of
Bauer Park Apartments, LP:

We have audited the financial statements of Bauer Park Apartments, LP (the "Partnership") as of and for the year ended December 31, 2022, and have issued our report thereon dated April 24, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Partnership are described in Note 2 to the financial statements. The Partnership adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Partnership during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

> The disclosure of related party transactions in Note 5 to the financial statements is sensitive because they make up a large portion of Partnership liabilities and expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 24, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Partners and management of the Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

April 10, 2023

To the Members and members of management of
CCL Multifamily LLC:

We have audited the financial statements of CCL Multifamily LLC (the "Company") as of and for the year ended December 31, 2022, and have issued our report thereon dated April 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. As described in Note 2, the Company changed accounting policies related to leases by adopting FASB Accounting Standards Update No. 2016-02, Leases (Subtopic 842), in 2022. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosures of Note Payable in Note 5 and Related Party Transactions in Note 6 to the financial statements are sensitive because they make up a large portion of the liabilities on the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The following material misstatement detected as a result of audit procedures was corrected by management:

- The client incorrectly recorded preferred return.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the Company as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Company's internal control to be significant deficiencies:

The client did not record preferred return as a distribution.

This information is intended solely for the use of the Members and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

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NOVOGRADAC & COMPANY LLP®

March 17, 2023

To the Partners of
Forest Oak Towers LP:

We have audited the financial statements of Forest Oak Towers LP (the "Partnership") as of and for the year ended December 31, 2022, and have issued our report thereon dated March 17, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted accounting standards, *Government Auditing Standards*, and the *Consolidated Audit Guide for Audits of HUD Programs*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Partnership are described in Note 2 to the financial statements. The Company adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Partnership during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment, the amortization period of intangible assets, and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment, the amortization period of intangible assets, and related party transactions in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of Mortgages Payable in Note 5 to the financial statements are sensitive since they make up a large portion of the liabilities on the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 17, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The status of prior audit findings, questioned costs, and recommendations, certification of partner, and the managing agent's certification have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them. We have read these schedules and have noted no material inconsistencies with the audited financial statements.

This information is intended solely for the use of the Partners and management of the Partnership and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

April 10, 2023

To the Partners of
Greenhills Apartments Limited Partnership:

We have audited the financial statements of Greenhills Apartments Limited Partnership (the "Partnership") as of and for the year ended December 31, 2022, and have issued our report thereon dated April 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Partnership are described in Note 2 to the financial statements. The Partnership adopted changes in FASB ASC 842 related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Partnership during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of depreciable lives and estimated residual value of property and equipment, deferred charges, and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment, and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosures of related party transactions in Note 5 to the financial statements are sensitive since they make up a significant portion of the liabilities on the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Partners and management of the Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

NOVOGRADAC & COMPANY LLP®

May 3, 2023

To the Members of
HOC at Georgian Court, LLC:

We have audited the financial statements of HOC at Georgian Court, LLC (the "Company") as of and for the year ended December 31, 2022, and have issued our report thereon dated May 3, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. The Company adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

> The disclosure of related party transactions in Note 5 to the financial statements is sensitive because they make up a large portion of Company liabilities and expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 3, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Members and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

May 8, 2023

To the Members of
HOC at Shady Grove, LLC:

We have audited the financial statements of HOC at Shady Grove, LLC (the "Company") as of and for the year ended December 31, 2022, and have issued our report thereon dated May 8, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. The Company adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

> The disclosure of related party transactions in Note 5 to the financial statements is sensitive because they make up a large portion of Company liabilities and expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 8, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Members and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

NOVOGRADAC & COMPANY LLP®

May 8, 2023

To the Partners of
HOC at the Upton II LLC:

We have audited the financial statements of HOC at the Upton II LLC (the "Company") as of and for the year ended December 31, 2022, and have issued our report thereon dated May 8, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. The Partnership adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

> The disclosures of mortgage payable in Note 5 and related party transactions in Note 6 to the financial statements are sensitive because they make up a large portion of Partnership liabilities and expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 8, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Partners and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

NOVOGRADAC & COMPANY LLP®

May 3, 2023

To the Members and members of management of
HOC at Westside Shady Grove, LLC:

We have audited the financial statements of HOC at Westside Shady Grove, LLC (the "Company") as of and for the year ended December 31, 2022, and have issued our report thereon dated May 3, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. As described in Note 2, the Company changed accounting policies related to leases by adopting FASB Accounting Standards Update No. 2016-02, Leases (Subtopic 842), in 2022. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of depreciation and amortization expense is based on the estimated useful life of the related assets. We evaluated the key factors and assumptions used to develop depreciation and amortization expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

> The disclosure related party transactions in Note 5 to the financial statements is sensitive because they make up a large portion of Company liabilities and expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The following material misstatement detected as a result of audit procedures was corrected by management:

- Fixed assets and accounts payable were materially misstated as client did not record contractor payable relating to pay application number 22.
- Fixed assets and accounts payable were materially misstated due to the client not recording Draw 21.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 3, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the Company as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Company's internal control to be material weaknesses:

Fixed assets and accounts payable were materially misstated as client did not record contractor payable relating to pay application number 22.

This information is intended solely for the use of the Members and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

March 8, 2023

To The Partners And Management
Tanglewood and Sligo Limited Partnership

We have audited the financial statements of Tanglewood and Sligo Limited Partnership for the year ended December 31, 2022, and have issued our report thereon dated March 8, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 23, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tanglewood and Sligo Limited Partnership are described in Note 1 to the financial statements.. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Partnership during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of depreciation and amortization expense is based on their knowledge and experience in the industry. We evaluated the key factors and assumptions used to develop the depreciation and amortization expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 8, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Tanglewood and Sligo Limited Partnership and management of Tanglewood and Sligo Limited Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

SC+H attest services, P.C.

WAVERY HOUSE RAD LIMITED PARTNERSHIP
(A MARYLAND LIMITED PARTNERSHIP)

FOR YEAR ENDED DECEMBER 31, 2022

AUDIT COMMUNICATIONS

Group CPAs & Consultants

AUDIT COMMUNICATIONS WITH MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

March 06, 2023

To the Partners of
Waverly House RAD Limited Partnership,
Housing Opportunities Commission of Montgomery County

We have audited the financial statements of Waverly House RAD Limited Partnership (the "Partnership") for the year ended December 31, 2022 and will issue our report thereon dated March 06, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices:

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Partnership are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Partnership during the year for which there is a lack of authoritative guidance or consensus All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit:

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 06, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management of the Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

MK Group CPAs & Consultants LLC

MK Group CPAs & Consultants LLC
Certified Public Accountants
Oakbrook, Illinois

The Auditor's Communication With Those Charged With Governance

Communication Date: February 9, 2023

This communication is being provided to you in connection with our audit of Wheaton Metro Limited Partnership's December 31, 2022, financial statements. This communication reflects those matters that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

This communication is intended for those charged with governance, which means the person or persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. In some cases, those charged with governance are responsible for approving the entity's financial statements, and in other cases, management has this responsibility. For entities with a board of directors, this term encompasses the term board of directors or audit committee used elsewhere in generally accepted auditing standards.

Where ownership responsible for management of the entity owns the management company we consider those charged with governance and management to be the same. As a result, we would normally suggest that this communication be provided to the person who signed our engagement letter with a request that it be shared with other owners as appropriate. However, as indicated below, it is not necessary to repeat previous communications.

Auditor's Responsibilities With Regard to the Financial Statement Audit

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with the entity's financial reporting framework. These responsibilities have been communicated to you through our engagement letter.

The entity has received government assistance and is also subject to regulatory reporting requirements. As a result, the annual financial statements also include required supplementary information and auditor reports on internal controls and compliance with government regulations.

We performed our audit in accordance with US generally accepted auditing standards (GAAS). In addition, because the financial statements include regulatory reporting requirements, we performed our audit in accordance with government audit standards (GAGAS), which require us to perform tests of compliance with regulatory requirements applicable to the entity's government programs.

Planned Scope and Timing of the audit

We perform certain procedures at an interim date. These procedures include planning, risk assessment, obtaining and understanding of internal controls, tests of compliance, where applicable, and limited substantive tests. The bulk of our substantive procedures are performed at year end. The timing of the audit is discussed verbally with management in order to facilitate the audit. The exact procedures are not communicated to ensure the effectiveness of those procedures is not compromised.

Whenever we identify significant risks of material misstatement we extend our procedures. Our process for identification of risks of material misstatement include assessing fraud opportunities, internal controls, the accounting issues faced by the entity and the entity's expertise and experience relative to such issues. Such issues include such items as impairment, going concern considerations, recording the building cost following acquisition or cost certification, involuntary conversions, derivatives and changes in management companies. In the event one or more of these items is encountered we will be required to perform additional auditing procedures which will likely result in additional cost of the audit which cannot be avoided. When such additional auditing is required we will communicate such matters to you as part of our communication of significant matters encountered during the audit.

Our approach is to obtain an understanding of internal controls and to determine whether key internal controls that might affect our audit procedures have been implemented. We do not typically perform tests to determine the effectiveness of internal controls unless we are required to report on internal controls for regulatory purposes or we believe such tests will improve our efficiency.

The Auditor's Communication With Those Charged With Governance

Communication Date: February 9, 2023

We use a calculated planning materiality limit in designing the extent of our tests. This planning materiality limit takes into consideration various factors, including the number of rental units, the location of the property, the amount of total assets and total revenues of the entity. In planning our tests we use various thresholds based on a percentage of the calculated planning materiality. Once we have completed our testing, we evaluate whether any factors, such as adjustments or other qualitative items, indicate we need to adjust the calculated planning materiality amount, which might impact the extent of testing needed to complete the audit.

Select comment from above pulldown list

Auditor Independence

Generally accepted auditing standards require independence for all audits. Relevant matters to consider in reaching a conclusion about independence include circumstances or relationships that create threats to auditor independence and the related safeguards that have been applied to eliminate those threats or reduce them to an acceptable level.

We have maintained our independence throughout the period under audit and during the course of performing our audit in accordance with the rules set forth by the AICPA. Where required, we have also met the independence requirements of any other regulatory bodies that have oversight of the audit function.

We performed limited nonattest services for the entity. However, such services have not impaired our independence with respect to the audit and our performance of such nonattest services has been previously communicated.

We have no other matters to communicate to you on independence.

Open matters

As of the date of this communication, no significant audit matters remain open.

Significant Findings or Issues From The Audit

This section includes significant matters arising during the audit of the financial statements which resulted in additional auditing procedures and / or additional audit evidence and need to be communicated to you. Each subsection below addresses a different area of significance.

Significant Accounting practices

We have no comments to make on existing practices.

Significant Unusual Transactions

The entity changed its method of accounting as described in the paragraph below.

As disclosed in the financials, new accounting guidance related to Leases (Topic 842) was implemented during the current year.

Significant Difficulties

We did not encounter any significant, unexpected difficulties during the performance of our audit.

Disagreements With Management

We did not encounter any disagreements with management which need to be communicated to you.

Circumstances Which Affected the Form and Content of Auditor's Report

The matters communicated in this subsection represent those circumstances, if any, which resulted in changes to the form and content of our auditor's report.

Difficult or Contentious Matters On Which We Consulted With Others

The Auditor's Communication With Those Charged With Governance

Communication Date: February 9, 2023

Other Findings or Issues

We have no material weaknesses or significant deficiencies in the entity's internal controls over financial reporting which need to be communicated to you.

A copy of all posted adjustments to correct misstatements noted during the audit have been separately provided to management.

We have no other significant audit findings or issues which we need to communicate to you.

Uncorrected Misstatements

This section includes our views of the effects of any uncorrected misstatements on the financial statements. The summary schedule below is designed to provide you with the overall monetary effect of uncorrected misstatements on each category presented in the schedule. Separately, we have provided management with details of those adjustments needed to correct uncorrected misstatements noted during the audit, if any. Our consideration of uncorrected misstatements does not include items we believe to be trivial.

We found uncorrected misstatements during the audit which have been reflected in the summary schedule below. These uncorrected misstatements have been evaluated both individually and in the aggregate, and do not materially misstate the audited financial statements.

	Report Amount	Misstatement Amount	Percentage
Assets	8,533,517	-	0%
Liabilities	8,871,323	133,300	2%
Equity	(337,806)	(126,114)	37%
Revenue	810,387	-	0%
Operating expenses	501,159	-	0%
Related party expenses	26,470	-	0%
Other, including rent expense	-	-	0%
Interest expense	219,669	(3,593)	-2%
Depreciation and amortization	559,861	-	0%
Net income (loss)	(496,772)	3,593	-1%

Restricted use of communication

This communication is intended solely for the information and use of those charged with governance and, if appropriate, management and is not intended to be and should not be used by anyone other than those specified parties.

Questions or further discussion

If you have any questions or wish to discuss any matters communicated further please contact the engagement partner named below.

Lucas G. Matesa, CPA

Engagement Partner

Spring Garden One Associates Limited Partnership

(Entity name)

December 31, 2022

(Financial Statement Period End Date)

June 8, 2023

(Date of communication)

Timothy Goetzinger

(Name of person, persons or group to whom communication being made)

The Auditor's Communication With Those Charged With Governance

This communication is being provided to you in connection with our audit of Spring Garden One Associates Limited Partnership's 2022 financial statements. This communication reflects those matters that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

General

Those charged with governance

Those charged with governance means the person or persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. In some cases, those charged with governance are responsible for approving the entity's financial statements (in other cases management has this responsibility). For entities with a board of directors, this term encompasses the term board of directors or audit committee used elsewhere in generally accepted auditing standards.

Management

Management means the person or persons responsible for achieving the objectives of the entity and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management is responsible for the financial statements, including designing, implementing, and maintaining effective internal control over financial reporting.

Where the general partner or managing member owns the management company we consider those charged with governance and management to be the same people. As a result, we would normally suggest that this form be provided to the person who signed our engagement letter with a request that it be shared with other owners as appropriate. However, as indicated below, it is not necessary to repeat previous communications. If those charged with governance are involved in managing the entity, this will be indicated below.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with the entity's financial reporting framework. These responsibilities have been communicated to you through our engagement letter.

Timing of the audit

We perform certain procedures at an interim date. These procedures include planning, risk assessment, obtaining and understanding of internal controls, tests of compliance, where applicable, and limited substantive tests. The bulk of our substantive procedures are performed at year end. The timing of the audit is discussed verbally with management in order to facilitate the audit. The exact procedures are not communicated to ensure the effectiveness is not compromised.

Significant risks of material misstatement

Whenever we identify significant risks of material misstatement we extend our procedures. Our process for identification of risks of material misstatement include assessing fraud opportunities, internal controls, the accounting issues faced by the entity and the entity's expertise and experience relative to such issues. Such issues include such items as impairment, going concern considerations, recording the building cost following acquisition or cost certification, involuntary conversions, derivatives and changes in management companies. In the event one or more of these items is encountered we will be required to perform additional auditing procedures which will likely result in additional cost of the audit which cannot be avoided. When such additional auditing is required we will communicate such matters to you as part of our communication of significant matters encountered during the audit.

Our approach is to obtain an understanding of internal controls and to determine whether key internal controls that might affect our audit procedures have been implemented. We do not typically perform tests to determine the effectiveness of internal controls unless we are required to report on internal controls for regulatory purposes or we believe such tests will improve our efficiency.

Materiality

We use a calculated materiality limit in designing the extent of our tests. This materiality limit takes into consideration to amount of total assets and total revenues of the entity. In planning our tests we use various thresholds based on a percentage of the calculated materiality.

Internal audit function

It is our understanding that the entity does not have an internal audit function.

Accounting practices

Existing accounting practices

We have no comments to make on existing practices.

Newly adopted accounting practices

Newly adopted accounting practices were adopted. They are considered appropriate for the entity.

As disclosed in the financials, new accounting guidance related to Leases (Topic 842) was implemented during the current year.

Significant difficulties

No significant difficulties were encountered during the audit.

Uncorrected misstatements

Schedule of uncorrected misstatements provided to management separately. None of the uncorrected misstatements were material in our judgment.

Disagreements with management

No disagreements with management occurred.

Other findings or issues

No other findings or issues were encountered that we wish to communicate.

Independence

Generally accepted auditing standards require independence for all audits. Relevant matters to consider in reaching a conclusion about independence include circumstances or relationships that create threats to auditor independence and the related safeguards that have been applied to eliminate those threats or reduce them to an acceptable level.

We have maintained our independence throughout the period under audit and during the course of performing our audit in accordance with the rules set forth by the AICPA. Where required, we have also met the independence requirements of any other regulatory bodies that have oversight of the audit function.

We may also perform non-audit services for the entity audited. However, such services have not impaired our independence with respect to the audit and our performance of such non-audit services have been previously communicated.

We have no other matters to communicate to you on independence.

Restricted use of communication

This communication is intended solely for the information and use of those charged with governance and, if appropriate, management and is not intended to be and should not be used by anyone other than those specified parties.

Questions or further discussion

If you have any questions or wish to discuss any matters communicated further please contact the representative below.

Lucas Matesa, CPA
(Name of CohnReznick representative to contact)

NOVOGRADAC & COMPANY LLP®

May 17, 2023

To the Partners of
HOC at Stewartown Homes, LLC:

We have audited the financial statements of HOC at Stewartown Homes, LLC (the "Company") as of and for the year ended December 31, 2022, and have issued our report thereon dated May 17, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 4, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. The Company adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter. With respect to leases, FASB ASC 842 did not have a material impact on the financial statements. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

> The disclosures of mortgage payable in Note 5 and related party transactions in Note 5 to the financial statements are sensitive because they make up a large portion of Partnership liabilities and expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 17, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Partners and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

NOVOGRADAC & COMPANY LLP®

May 31, 2023

To the Members of
HOC at Willow Manor, LLC:

We have audited the financial statements of HOC at Willow Manor, LLC (the "Company") as of and for the period December 17, 2021 (admission of Limited Partner) to December 31, 2022, and have issued our report thereon dated May 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 4, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. No new accounting policies were adopted during 2022. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives and estimated residual value of property and equipment, the amortization period of deferred charges, and related party transactions are based on industry standards. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value of property and equipment, the amortization period of intangible assets, and related party transactions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of related party transactions in Note 5 are sensitive because they address a material portion of the liabilities.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

You have corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 31, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

CALENDAR YEAR 2023 (CY'23) BUDGET AMENDMENT FOR THE LEGGETT (ELIZABETH HOUSE III LIMITED PARTNERSHIP): COMMISSION APPROVAL OF CY'23 BUDGET AMENDMENT FOR THE LEGGETT (ELIZABETH HOUSE III LIMITED PARTNERSHIP)

June 14, 2023

- In FY 2020, HOC began construction of The Leggett, which consists of 267 units that will serve seniors aged 62 years and older, and affordable at income levels between 30% and 80% of the Washington, DC Metropolitan area median income.

- The substantial completion date was March 7, 2023 and occupancy began the week of May 15, 2023.

- This requested budget amendment incorporates a budget for the period of January 1 through December 31, 2023.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Commission approve the calendar year 2023 Budget Amendment for The Leggett.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Calendar Year 2023 (CY'23) Budget Amendment for The Leggett (Elizabeth House III Limited Partnership):** Commission Approval of CY'23 Budget Amendment for The Leggett (Elizabeth House III Limited Partnership)

DATE: June 14, 2023

OVERALL GOAL & OBJECTIVE:
To approve the CY'23 Budget Amendment for The Leggett (Elizabeth House III Limited Partnership).

BACKGROUND:
As Managing General Partner, HOC has a fiduciary responsibility for each of the Low Income Housing Tax Credit Partnerships ("Tax Credit Partnerships"). The current HOC budget policy stipulates that the financial performance and budgets of the Tax Credit Partnerships should be reviewed on the same fiscal year as its partners (December 31). The Tax Credit Partnership Budgets require adoption by the Commission, separate from the Agency's general budget process. On November 16, 2022, the Commission adopted the CY'23 budgets for the Tax Credit Partnerships that owned the 16 multifamily properties, and The Lindley, a Limited Liability Company, which operate on a calendar year basis.

ISSUES FOR CONSIDERATION:

- **The Leggett:** In FY 2020, HOC began construction of The Leggett. The Leggett is owned by Elizabeth House III Limited Partnership, which is ultimately controlled by HOC. The Leggett consists of 267 units that will serve seniors aged 62 years and older. The property provides replacement housing for residents from the existing Elizabeth House Senior community, which participated in the U.S. Department of Housing and Urban Development's ("HUD") Rental Assistance Demonstration Program ("RAD"). This participation converted Public Housing rental assistance to Project-Based Rental Assistance ("PBRA") for 106 relocating households, 26 units of which were converted to Project-Based Vouchers ("PBVs") using a non-competitive selection under a Section 18 Disposition. As required, all 106 units will serve households earning less than 30% of the Area Median Income ("AMI"). In addition, 14 units will serve households earning less than 60% AMI, 118 units will serve households earning less than 80% AMI, and 29 units will serve as market-rate units. The substantial completion date was March 7, 2023 and occupancy began the week of May 15, 2023. This requested budget amendment incorporates a budget for the period of January 1 through December 31 2023.

Our 3rd-party property manager's lease-up reporting and accounting follow standard industry practices. Using vacancy loss to account for the differences between Gross Potential Revenue and actual revenue is an appropriate measure that allows on-site staff to measure and track month-over-month changes throughout the lease-up process. Generally, once a property reaches stabilization, often described as occupancy at 93% or higher for three consecutive months, then vacancy loss stabilizes and can fluctuate as occupancy, concessions, and turnover is accounted for within the financials.

- The table that follows summarizes the proposed CY’23 budget for the Leggett. Rents are largely unchanged from those used in the original underwriting.

  The budget assumes that the property will begin generating positive monthly cash flow by July 2023 and achieve a combined physical occupancy above 90% by December 2023 based on the early lease-up of the affordable units. Stabilization is projected by April 2024. Expense numbers are based on in-place maintenance contracts and staff salaries as well as assumed first year expenses in the proforma.

CY 2023 The Leggett (Elizabeth House III LP) Budget Amendment

	1/1/2023 - 12/31/2023
Total Revenue	**$1,549,836**
Gross Rents	$3,288,824
Concessions	($59,136)
Vacancy Loss	($1,710,601)
Other Revenue	$30,749
Total Operating Expenses	**$930,680**
Administrative	$489,191
Utilities	$194,672
Maintenance	$194,915
Other	$51,902
Net Operating Income	**$619,156**
Annual RfR Contribution	$0
Excess Cash Flow Restricted	$619,156
Annual Debt Service	$0
Total Non-Operating Expenses	**$619,156**
Cash Flow / (Deficit)	**$0**
Capital	**$25,000**

BUDGET IMPACT:
Approval by the Commission will establish this as the CY'23 operating and capital budget for The Leggett (Elizabeth House III Limited Partnership).

TIME FRAME:
For formal Commission action at the June 14, 2023 meeting.

The Budget, Finance and Audit Committee informally discussed the CY'23 Budget Amendment for The Leggett (Elizabeth House III Limited Partnership) at the May 19, 2023 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission approve the proposed CY'23 Budget Amendment for The Leggett (Elizabeth House III Limited Partnership).

Resolution No. 23-37 **Re: Approval of CY'23 Budget Amendment for The Leggett (Elizabeth House III Limited Partnership)**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") began construction of The Leggett (the "Property") in FY 2020 using, among other sources, Low Income Housing Tax Credit (LIHTC) equity; and

WHEREAS, the Property is owned by Elizabeth House III Limited Partnership (the "Partnership"), and HOC is the sole member of EH III GP LLC ("Managing Member"), the Partnership's managing member;

WHEREAS, HOC's budget policy requires a budget be prepared and adopted for the Property; and

WHEREAS, the CY'23 Budget Amendment for the Property will incorporate a budget for the period of January 1, 2023 through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Managing Member, acting on behalf of itself and on behalf of the Partnership, hereby approves the CY'23 Budget Amendment for the Property.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 14, 2023.

Chelsea J. Andrews
Executive Director

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CALENDAR YEAR 2023 (CY'23) BUDGET AMENDMENT FOR THE LAUREATE (HOC AT WESTSIDE SHADY GROVE, LLC): COMMISSION APPROVAL OF CY'23 BUDGET AMENDMENT FOR THE LAUREATE (HOC AT WESTSIDE SHADY GROVE, LLC)

June 14, 2023

- In FY 2021, HOC broke ground on construction of The Laureate, formerly known as Westside at Shady Grove. The project delivered 268 highly amenitized, mixed-income units, steps from the Shady Grove Metro station. Construction is complete and occupancy began the week of April 10, 2023.

- This requested budget amendment incorporates a budget for the period of January 1 through December 31, 2023.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Commission approve the calendar year 2023 Budget Amendment for The Laureate.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Calendar Year 2023 (CY'23) Budget Amendment for The Laureate (HOC at Westside Shady Grove, LLC):** Commission Approval of CY'23 Budget Amendment for The Laureate (HOC at Westside Shady Grove, LLC)

DATE: June 14, 2023

OVERALL GOAL & OBJECTIVE:
To approve the CY'23 Budget Amendment for The Laureate (HOC at Westside Shady Grove, LLC)

BACKGROUND:
As Managing Member, HOC has a fiduciary responsibility for each of the Low Income Housing Tax Credit Partnerships ("Tax Credit Partnerships"). The current HOC budget policy stipulates that the financial performance and budgets of the Tax Credit Partnerships should be reviewed on the same fiscal year as its partners (December 31). The Tax Credit Partnership Budgets require adoption by the Commission, separate from the Agency's general budget process. On November 16, 2022, the Commission adopted the CY'23 budgets for the Tax Credit Partnerships that owned the 16 multifamily properties, and The Lindley, a Limited Liability Company, which operate on a calendar year basis .

ISSUES FOR CONSIDERATION:

- **The Laureate:** In FY 2021, HOC broke ground on construction of The Laureate. The Laureate is owned by HOC Westside Shady Grove, LLC, which is ultimately controlled by HOC. The project delivered 268 highly-amenitized, mixed-income units, steps from the Shady Grove Metro station. Twenty-five percent of the units are affordable at 50% or less of Area Median Income ("AMI") and five percent (5%) are affordable at 65% or less of AMI. The property will also consolidate HOC's Gaithersburg Customer Service Center into the retail portion with a first-level lobby entrance and approximately 7,000 square feet of flexible office space above. Construction is complete and occupancy began the week of April 10, 2023. This requested budget amendment incorporates a budget period of January 1 through December 31 2023.

  Please note that the budget for the Customer Service Center is incorporated in the proposed Agency FY’24 budget that will be presented to the Commission for adoption at the June 14, 2023 meeting.

Our 3rd-party property manager's lease-up reporting and accounting follow standard industry practices. Using vacancy loss to account for the differences between Gross Potential Revenue and actual revenue is an appropriate measure that allows on-site staff to measure and track month-over-month changes throughout the lease-up process. Generally, once a property reaches stabilization, often described as occupancy at 93% or higher for three consecutive months, then vacancy loss stabilizes and can fluctuate as occupancy, concessions, and turnover is accounted for within the financials.

- The table that follows summarizes the proposed CY’23 budget for the Laureate. Market rents are based on the approved rent schedule from latest development proforma, which has increased slightly since the initial rent study based on changes in the market. Affordable rents are based on the Moderately Priced Dwelling Unit (“MPDU”) and Workforce housing rates established by Montgomery County for the respective AMI limits.

  The budget assumes that the property will begin generating positive monthly cash flow by September 2023 and achieve physical occupancy of 65% and 73% for market and affordable units, respectively, by December 2023. Stabilization is projected by July 2024. Expense numbers are based on in-place maintenance contracts and staff salaries as well as the assumed first year expenses in the proforma.

CY 2023 The Laureate (HOC at Westside Shady Grove, LLC) Budget Amendment	1/1/2023 - 12/31/2023
Total Revenue	**$1,737,666**
Gross Rents	$5,087,334
Concessions	($268,024)
Vacancy Loss	($3,571,005)
Other Revenue	$489,361
Total Operating Expenses	**$1,910,262**
Administrative	$1,031,770
Utilities	$275,739
Maintenance	$493,190
Other	$109,563
Net Operating Income	**($172,596)**
Annual RfR Contribution	$0
Asset Management Fee	$0
Draw from Operating Deficit Reserve	($172,596)
Annual Debt Service	$0
Total Non-Operating Expenses	**($172,596)**
Cash Flow / (Deficit)	**$0**
Capital	**$15,000**

BUDGET IMPACT:

Approval by the Commission will establish this as the CY'23 operating and capital budget for The Laureate (HOC at Westside Shady Grove, LLC).

TIME FRAME:

For formal Commission action at the June 14, 2023 meeting.

The Budget, Finance and Audit Committee informally discussed the CY'23 Budget Amendment for The Laureate (HOC at Westside Shady Grove, LLC) Budget Amendment at the May 19, 2023 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the proposed CY'23 Budget Amendment for The

Laureate (HOC at Westside Shady Grove, LLC).

Resolution No. 23-38 **Re: Approval of CY’23 Budget Amendment for The Laureate (HOC at Westside Shady Grove, LLC)**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) began construction of The Laureate (the “Property”) in FY 2021; and

WHEREAS, the Property is owned by HOC at Westside Shady Grove, LLC (“Owner”), and HOC is the sole member of HOC MM Westside Shady Grove, LLC (“Managing Member”), the managing member of HOC EYA/BC Westside Shady Grove, LLC (“EYA/BC”), the Owner’s sole member;

WHEREAS, HOC’s budget policy requires a budget be prepared and adopted for the Property; and

WHEREAS, the CY’23 Budget Amendment for the Property will incorporate a budget for the period of January 1, 2023 through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Managing Member, acting on behalf of itself and on behalf of EYA/BC, acting on behalf of itself and on behalf of Owner, hereby approves the CY’23 Budget Amendment for the Property.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Executive Director

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ADDITIONAL EXTENSION OF PROPERTY MANAGEMENT CONTRACTS EXPIRING JUNE 30, 2023 FOR: ALEXANDER HOUSE LP, CIDER MILL APARTMENTS, FOREST OAKS TOWERS, GEORGIAN COURT, GREENHILLS APARTMENTS, METROPOINTE LP, STEWARTOWN HOMES, AND WESTWOOD TOWER; AND

ADDITIONAL EXTENSION OF PROPERTY MANAGEMENT CONTRACT EXPIRING AUGUST 29, 2023 FOR: FENTON SILVER SPRING; AND

ADDITIONAL EXTENSION OF PROPERTY MANAGEMENT CONTRACTS EXPIRING SEPTEMBER 1, 2023 FOR: CAMP HILL SQUARE, POOKS HILL COURT, RESIDENCES ON THE LANE, SHADY GROVE APARTMENTS, SPRING GARDEN, AND THE WILLOWS OF GAITHERSBURG.

June 14, 2023

- The property management contracts for Alexander House LP, Cider Mill Apartments, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Stewartown Homes, and Westwood Tower expire June 30, 2023. The property management contract for Fenton Silver Spring expires August 29, 2023.

- The property management contracts for Camp Hill Square, Pooks Hill Court, Residences on The Lane, Shady Grove Apartments, Spring Garden, and The Willows of Gaithersburg expire on September 1, 2023.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Commission accept the recommendation to extend the property management contracts with Grady Management, Edgewood Management, Bozzuto Management, Residential One, CAPREIT, and Habitat America for scattered interval renewal extensions through **January 31, 2024**, for Alexander House LP, Cider Mill Apartments, Fenton Silver Spring, Forest Oaks Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Stewartown Homes, and Westwood Tower, Camp Hill Square, Pooks Hill Court, Residences on the Lane, Shady Grove Apartments, Spring Garden, and The Willows of Gaithersburg

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager — Division: Property Management
Ellen Goff, Acting Director — Division: Property Management

RE: **Procurement of Property Management Services:** Extension of Property Management Contracts

DATE: June 14, 2023

STATUS: Committee Report Deliberation __X___

BACKGROUND:

In accordance with Appendix IV of the Housing Opportunity Commission of Montgomery County's ("HOC") Procurement Policy of June 7, 2017, staff is submitting property management contracts to the Budget, Finance and Audit Committee in support of staff's recommendation to the Commission for extension. No renewal options are available for the contracts listed below; therefore, the request is for approval to extend the term of each contract.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees.

The following tables identify the affected properties and provide property information, including the current property management company, annual contract cost, current contract end date, proposed extension start and end date, and contract terms remaining.

Each contract extension is requested for the sooner of the execution of a new contract or six (6) months. For contracts with a current expiration date of June 30, 2023, July 31, 2023, August 29, 2023 or September 30, 2023, the extension period is through December 31, 2023, February 28, 2024 and March 31, 2024 respectively. Current management fees are not expected to change as a result of these extensions.

Table 1. Contracts Expiring June 30, 2023

Count	Property	Type	Current Vendor	Contract Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period
1	Alexander House LP	Family	Edgewood	7/1/2019	$94,800	6/30/2023	7/1/2023 – 12/31/2023
2	Cider Mill Apartments	Family	Grady	7/1/2019	$396,324	6/30/2023	7/1/2023 – 12/31/2023
3	Fenton Silver Spring[1]	Family	Edgewood	8/30/2019	$62,000	6/30/2023	8/30/2023 – 2/28/2024
4	Forest Oak Towers	Senior	Habitat	7/1/2019	$75,600	6/30/2023	7/1/2023 – 12/31/2023
5	Georgian Court	Family	Edgewood	7/1/2019	$62,400	6/30/2023	7/1/2023 – 12/31/2023
6	Greenhills Apartments	Family	CAPREIT	7/1/2019	$44,499	6/30/2023	7/1/2023 – 12/31/2023
7	MetroPointe LP	Family	Bozzuto	7/1/2019	$129,850	6/30/2023	7/1/2023 – 12/31/2023
8	Stewartown Homes	Family	Edgewood	7/1/2019	$43,044	6/30/2023	7/1/2023 – 12/31/2023
9	Westwood Tower	Family	CAPREIT	7/1/2019	$139,548	6/30/2023	7/1/2023 – 12/31/2023

[1] *The contract for Fenton Silver Spring expires on August 29, 2023, but is included with this list for extension. The packet presented at the Budget Finance & Audit meeting stated that the contract renewal for Fenton Silver Spring was July 1, 2023; however, the current contract expires on August 29, 2023 so the renewal for this property will be effective August 30, 2023.*

Table 2. Contracts Expiring September 1, 2023[2]

Count	Property	Type	Current Vendor	Contract Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period
10	Camp Hill Square	Family	Edgewood	1/1/2021	$13,295	9/1/2023	9/1/2023 – 3/31/2024
11	Pooks Hill Court	Family	Edgewood	12/23/2016	$25,402	9/1/2023	9/1/2023 – 3/31/2024
12	Residences on the Lane	Family	Edgewood	7/1/2021	$75,600	9/1/2023	9/1/2023 – 3/31/2024
13	Shady Grove Apartments	Family	Edgewood	1/16/2017	$55,176	9/1/2023	9/1/2023 – 3/31/2024
14	Spring Garden	Family	Edgewood	12/1/2017	$39,396	9/1/2023	9/1/2023 – 3/31/2024
15	The Willows of Gaithersburg	Family	Edgewood	1/16/2017	$85,800	9/1/2023	9/1/2023 – 3/31/2024

[2] *The packet presented at the Budget Finance & Audit meeting stated that the contracts expire on September 30, 2023 with the renewal date of October 1, 2023; however, the current contracts expires on September 1, 2023 so the renewal for these properties will be effective September 1, 2023.*

This submittal includes contracts for fifteen (15) properties managed by six (6) different property management companies. Those companies include Grady Management, Edgewood Management, Bozzuto Management, Residential One, CAPREIT, and Habitat America. These companies have provided property management services to HOC over several years. Their history with HOC is as follows:

Grady Management – The company has managed 600,000 square feet of commercial retail and office space, managed 50,000 units in more than 160 locations, and performed more than $57MM in apartment interior modernizations. Grady currently manages one property for HOC (Cider Mill).

Edgewood Management – The company is a well-known property management company that has been providing property management services in the Metropolitan area since 1971. Edgewood has a long history with HOC and manages several properties in our portfolio, including senior, multifamily, and scattered sites. They have provided services to some of the most challenging entities in our portfolio.

Bozzuto – The company has developed, acquired, and built more than 45,000 homes and apartments. Currently, it manages more than 70,000 apartments and 2.2 million square feet of retail space. Bozzuto is currently managing four HOC properties. The company is our development partner and will be the management company for The Laureate (HOC at Westside Shady Grove). Bozzuto has begun lease-up and marketing for the new HOC property that was be ready for occupancy in January 2023.

Residential One – The company is an award-winning property management firm with close to 10,000 units. They represent third parties including individual owners, non-profit and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

Habitat America – The company was founded in 1988 and provides property management services in Maryland, Washington DC, Virginia and Delaware. They are a woman-owned company that specializes in age-restricted, market-rate and affordable housing. They currently manage four (4) properties for HOC and were most recently awarded the HOC property management contract for The Leggett (Elizabeth House III).

CAPREIT – A nationwide property management company founded in 1993. Its executive office is in Washington DC. They provide high quality property management services to HOC and are responsive to our customers.

The chart below provides some general information regarding the fifteen (15) properties that are included in this extension submission:

Count	Property	Location	Total Units	Current Occupancy
1	Alexander House LP	Silver Spring	122	98%
2	Cider Mill Apartments	Montgomery Village	864	92%
3	Fenton Silver Spring	Silver Spring	124	93%
4	Forest Oak Towers	Gaithersburg	175	100%
5	Georgian Court	Silver Spring	147	85%
6	Greenhills Apartments	Damascus	78	96%

Count	Property	Location	Total Units	Current Occupancy
7	MetroPointe LP	Wheaton	53	96%
8	Stewartown Homes	Montgomery Village	94	93%
9	Westwood Tower	Bethesda	212	88%
10	Camp Hill Square	Gaithersburg	51	75%
11	Pooks Hill Court	Bethesda	50	96%
12	Residences on the Lane	Rockville	150	96%
13	Shady Grove Apartments	Derwood	144	80%
14	Spring Garden	Silver Spring	82	91%
15	The Willows of Gaithersburg	Gaithersburg	195	93%

ISSUES FOR CONSIDERATION:

Does the Commission accept staff's recommendation, which is supported by the Budget Finance and Audit Committee to authorize the Executive Director to execute extension of the property management services contracts with Grady Management, Edgewood Management, Bozzuto Management, Residential One, CAPREIT and Habitat America for fifteen (15) entities that include: Alexander House LP, Cider Mill Apartments, Fenton Silver Spring, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Stewartown Homes, and Westwood Tower, Camp Hill Square, Pooks Hill Court, Residences on the Lane, Shady Grove Apartments, Spring Garden, and The Willows of Gaithersburg?

BUDGET IMPACT:

The extension of the property management contracts will not have an adverse budget impact for the fiscal year 2023 operating budget. The costs associated with the services are included in the property budgets.

When approved on June 14, 2024, the costs associated with these extensions, where applicable, will be approved in the fiscal 2024 operating budgets.

TIME FRAME:

For formal action at the June 14, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the Executive Director to execute extension of the property management services contracts with the respective management companies heretofore discussed, for Alexander House, Cider Mill Apartments, Fenton Silver Spring, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Stewartown Homes, and Westwood Tower, Camp Hill Square, Pooks Hill Court, Residences on the Lane, Shady Grove Apartments, Spring Garden, and The Willows of Gaithersburg.

RESOLUTION NO. 23-39 **RE: Renewal of Property Management Contracts for Alexander House LP, Cider Mill Apartments, Fenton Silver Spring, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Stewartown Homes, and Westwood Tower, Camp Hill Square, Pooks Hill Court, Residences on the Lane, Shady Grove Apartments, Spring Garden, and The Willows of Gaithersburg**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the sole member of Alexander House GP LLC, the general partner of Alexander House Apartments Limited Partnership ("Alexander House LP"), and Alexander House LP partly owns the development known as Alexander House located in Silver Spring, Maryland ("Alexander House");

WHEREAS, HOC is the sole member of MVG II, LLC, the sole member of MV Gateway LLC ("MV Gateway"), and MV Gateway owns the development known as Cider Mill Apartments located in Montgomery Village, Maryland ("Cider Mill");

WHEREAS, HOC is the sole member of 900 Thayer GP LLC, the general partner of 900 Thayer Limited Partnership ("900 Thayer LP"), and 900 Thayer LP owns the development known as Fenton Silver Spring located in Silver Spring, Maryland ("Fenton Silver Spring");

WHEREAS, HOC is the general partner of Forest Oak Towers Limited Partnership ("Forest Oak LP"), and Forest Oak LP owns the development known as Forest Oak Towers located in Gaithersburg, Maryland ("Forest Oaks");

WHEREAS, HOC is the sole member of HOC MM Georgian Court, LLC, the managing member of HOC at Georgian Court, LLC ("Georgian Court LLC"), and Georgian Court LLC owns the development known as Georgian Court located in Silver Spring, Maryland ("Georgian Court");

WHEREAS, HOC is the sole member of Greenhills Apartments GP LLC, the general partner of Greenhills Apartments Limited Partnership ("Greenhills LP"), and Greenhills LP owns the development known as Greenhills Apartments located in Damascus, Maryland ("Greenhills");

WHEREAS, HOC is the general partner of Wheaton Metro Limited Partnership ("Wheaton Metro LP"), and Wheaton Metro LP partly owns the development known as MetroPointe located in Wheaton, Maryland ("MetroPointe");

WHEREAS, HOC is the sole member of HOC MM Stewartown Homes, LLC, the managing member of HOC at Stewartown Homes, LLC ("Stewartown Homes LLC"), and Stewartown Homes LLC owns the development known as Stewartown Homes located in Gaithersburg, Maryland ("Stewartown Homes");

WHEREAS, HOC owns the development known as Westwood Towers located in Bethesda, Maryland (“Westwood Towers”);

WHEREAS, HOC owns the development known as Camp Hill Square in Gaithersburg, Maryland (“Camp Hill Square”);

WHEREAS, HOC owns the development known as Pooks Hill Court in Bethesda, Maryland (“Pooks Hill Court”);

WHEREAS, HOC is the managing member of HOC MM Upton II, LLC, the managing member of HOC at the Upton II, LLC (“HOC at Upton II LLC”), and HOC at Upton II LLC owns the development known as Residences on the Lane located in Rockville, Maryland (“Residences on The Lane”);

WHEREAS, is the sole member of HOC MM Shady Grove, LLC, the managing member of HOC at Shady Grove, LLC (“Shady Grove LLC”), and HOC at Shady Grove LLC owns the development known as Shady Grove Apartments in Derwood, Maryland (“Shady Grove Apartments”);

WHEREAS, HOC is the general partner of Spring Garden One Associates Limited Partnership (“Spring Garden LP”), and Spring Garden LP owns the development known as Spring Garden One Associates Limited Partnership located in Silver Spring, Maryland (“Spring Garden”);

WHEREAS, HOC is the general partner of The Willows of Gaithersburg Associates Limited Partnership (“The Willows LP”), and The Willows LP owns the development known as The Willows (“The Willows”)

WHEREAS, staff desires to extend the current property management contract at Cider Mill until December 31, 2023 with Grady Management;

WHEREAS, staff desires to extend the current property management contracts at Alexander House, Georgian Court, and Stewartown Homes until December 31, 2023 with Edgewood Management Corporation;

WHEREAS, staff desires to extend the current property management contract MetroPointe until December 31, 2023 with Bozzuto Management Company;

WHEREAS, staff desires to extend the current property management contract at Forest Oaks until December 31, 2024 with Habitat America;

WHEREAS, staff desires to extend the current property management contracts at Greenhills and Westwood Tower until December 31, 2024 with CAPREIT;

WHEREAS, staff desires to extend the current property management contract at Fenton Silver Spring until February 28, 2024 with Edgewood Management Corporation; and

WHEREAS, staff desires to extend the current property management contracts at Camp Hill Square, Pooks Hill Court, Residences on the Lane, Shady Grove Apartments, Spring Garden, and The Willows until March 31, 2024 with Edgewood Management Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of Alexander House GP LLC, acting on behalf of itself and as the general partner of Alexander House LP, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Alexander House with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member MVG II, LLC, acting for itself and on behalf of MV Gateway, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Cider Mill with Grady Management.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of 900 Thayer GP LLC, acting on behalf of itself and as the general partner of 900 Thayer LP, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Fenton Silver Spring with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Forest Oak LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Forest Oaks with Habitat America.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of HOC MM Georgian Court, LLC, acting on behalf of itself and on behalf of Georgian Court LLC, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Georgian Court with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Greenhills LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Greenhills with CAPREIT.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Wheaton Metro LP, as its general partner, that the

Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at MetroPointe with Bozzuto Management.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC MM Stewartown Homes, LLC, acting on behalf of itself and on behalf of Stewartown Homes, LLC, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Stewartown Homes with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Westwood Tower with CAPREIT.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Camp Hill Square with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Pooks Hill Court with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC MM Upton II, LLC, acting on behalf of itself and on behalf of HOC at Upton II LLC, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Residences on the Lane with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC MM Shady Grove, LLC, acting on behalf of itself and on behalf of Shady Grove LLC, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Shady Grove Apartments with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Spring Garden LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Spring Garden with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of The Willows LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at The Willows with Edgewood Management Corporation.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Executive Director

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FISCAL YEAR 2024 (FY'24) BUDGET: ADOPTION OF THE FY'24 BUDGET

June 14, 2023

- The Budget, Finance and Audit Committee has reviewed the Executive Director's FY'24 Recommended Budget and additional changes included in the proposed budget.
- The Proposed Operating Budget for FY'24 is $339.3 million.
- The FY'24 budget includes a restriction to the General Fund Operating Reserve ("GFOR") of $1,105,853 to maintain a balanced budget.
- The Proposed Capital Budgets for FY'24 is $255.2 million.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Fiscal Year 2024 (FY'24) Budget:** Adoption of the FY'24 Budget

DATE: June 14, 2023

STATUS: Committee Reports: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Adoption of the FY'24 Budget.

BACKGROUND:
The Executive Director's FY'24 Recommended Budget for the Housing Opportunities Commission of Montgomery County ("HOC" or "Agency") was presented at the April 5, 2023 Commission meeting. Since then, the Budget, Finance and Audit Committee met with staff two times to review and discuss the budget in detail. They have completed their review and the proposed budget for FY'24 is now before the full Commission for adoption.

ISSUES FOR CONSIDERATION:
The Proposed Operating Budget for FY'24 is $339,312,133, which represents an increase of $7,492,507 or 2.26% from the Recommended Budget of $331,819,626 presented on April 5, 2023.

The Proposed Capital Budget for FY'24 is $255,186,004, which represents a decrease of approximately ($272,168) or (.01%) from the Recommended Budget of $255,458,172 presented on April 5, 2023.

The FY'24 Proposed Budget reflects the Agency's commitment to the use of ***new* technology**, ***new* approaches** to deliver on its mission, and the deployment of ***new* sources of capital** to support increased housing production in the County. Under ***new* leadership**, the Agency budget includes a continued commitment to improving processes, addressing the backlog of deferred maintenance that resulted from the pandemic, and renewing its investment in one of its most valuable assets – the staff.

The rental arrearages and rising costs have presented challenges in balancing the budget; however, the increased county voluntary rent guideline has served to provide the opportunity to generate additional rental revenue to support HOC's efforts. Key to this is assisting our residents reestablish consistent rental payments. It is crucial to stabilize property income going forward by identifying key property metrics to monitor and boost performance. Property Management in conjunction with our newly established Asset Management team will focus on these efforts to maximize rental receipts and contain costs.

We are also looking to invest in technology and systems to create a more agile and data-driven decision-making environment. We expect that these measures will respond to the aforementioned issues and positively impact property and agency financial performance and improve our customers' experience in accessing resources and assistance.

The Agency's development and financing activities continue to generate Commitment and Development fees that support the Agency's operations and the Opportunity Housing Reserve Fund ("OHRF"), which provides funding for future housing development activities. The FY'24 Proposed Budget continues to rely on these fees that are one time in nature to support operations. The amount of these fees and the timing of their receipt is dependent upon the ever changing development landscape, which can impact revenue received during a specific fiscal year. Nevertheless, production and preservation must continue to meet HOC's goals as well as those set forth by Montgomery County.

In addition to the Agency's focus on developing, managing and maintaining its real estate portfolio, HOC continues to deliver superior services to its customers that have adapted to the constantly changing environment. These services are provided through various programs including those offered through HOC Academy.

The major differences in the Proposed Operating Budget from the Executive Director's FY'24 Recommended Budget, which are shown in Enclosure 1, are discussed in the following:

General Fund:

Revenues increased in the **General Fund** (Attachment 1-1) by $3,752,132. There are several reasons for the change.

- Commitment Fee Income increased by $3,404,933 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent (40%) of the change in fees, or $1,361,973, is reflected in the General Fund. The balance of the increase, or $2,042,960 is in the Opportunity Housing Reserve Fund ("OHRF") (See Opportunity Housing Reserve Fund).

- Development Fee Income increased by $3,040,833 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent (40%) of the change in fees, or $1,216,333, is reflected in the General Fund. The balance of the increase, or $1,824,500 is in the OHRF (See Opportunity Housing Reserve Fund).
- Management Fee Income from the Housing Choice Voucher Program ("HCVP") is calculated using either a $12 fee per utilized unit or 20% of the administrative income received, whichever is greater. Historically the Agency has used the fee per unit methodology. Based on the increase in administrative income, the calculation using 20% of administrative income received will now be implemented, which results in increased management fees of $872,114 received in the General Fund (see Housing Choice Voucher Program).
- The Indirect Cost Model that calculates the allocation of Agency Overhead to the income generating programs was updated to reflect the current expense structure and properties of the Agency. As a result, Management Fee Income in the General Fund was increased by $624,210. The majority of the increase, or $569,820 (see Opportunity Housing), is the result of increased fees received from the Opportunity Housing portfolio which are calculated based on a per unit per month ("PUPM") rate applied to each unit. In addition, fees from the two bond funds and a few County grants increased by $54,390 as a result of updates to the Indirect Cost Model and personnel complement used to calculate the fees.
- Development Corporation Fee Income, that represents the cash flow taken from the unrestricted Development Corporation properties, decreased by a net of ($301,052) primarily to reflect the increased management fee expenses based on the updated Indirect Cost Model and the update to the personnel complement (See Opportunity Housing).
- Finally, the update to the Agency personnel complement resulted in a decrease of ($21,446) in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs (See Opportunity Housing Reserve Fund).

Expenses increased in the General Fund (Attachment 1-1) by $783,478.

- Based on the higher management fees charged to the HCVP, a decision was made to move the $255,750 Yardi Maintenance costs for the program from the direct administrative costs of the HCV program to the General Fund. The additional management fee income will more than cover the additional cost in the General Fund.
- The budgeted contribution to the General Fund Operating Reserve ("GFOR") was increased by $250,000 to better position the reserve to address future operational needs.
- The budgeted contribution to the Opportunity Housing Property Reserve ("OHPR") was increased by $250,000 to replenish the reserve to fund the shortfalls for capital needs

that can be expected in FY'23 and FY'24.

- Finally, personnel expenses increased by $27,728 as a result of an update of the personnel complement. The portion of the adjustment related to Real Estate personnel funded by the OHRF was a decrease of ($21,446) ($49,174 + ($21,446) = $27,728).

The Recommended Budget assumed a draw from the General Fund Operating Reserve ("GFOR") of $1,559,302 to balance the budget. The net impact of the General Fund changes and changes in the Opportunity Housing Fund was an increase of $2,665,155 in available cash for Agency operations.

As a result, the projected draw of $1,559,302 from the GFOR was removed and a contribution of $1,105,853 was added to return to a balanced budget (($1,559,302) + $2,665,155 = $1,105,853).

Change from Recommended to Proposed Budget

	Income	Expenses	Net
Changes in General Fund			
Changes to Income	$3,752,132		$3,752,132
Changes to Expenses		$783,478	($783,478)
Total changes to General Fund	**$3,752,132**	**$783,478**	**$2,968,654**
Changes in Opportunity Housing Fund			
Changes to Income	$921,546		$921,546
Changes to Expenses		$1,225,045	($1,225,045)
Total changes to Opportunity Housing Fund	**$921,546**	**$1,225,045**	**($303,499)**
Total Changes to Unrestricted Cash	**$4,673,678**	**$2,008,523**	**$2,665,155**

Multifamily Bond Funds:

Expenses in the **Multifamily Bond Fund** increased by $38,530 to reflect the increased Management Fee charged for overhead that is based on the update to the Indirect Cost Model and the update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Multifamily programs.

Single Family Bond Funds:

Expenses in the **Single Family Bond Fund** increased by $18,960 to reflect the increased

Management Fee charged for overhead based on the update to the Indirect Cost Model.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Single Family programs.

Opportunity Housing Fund:

Revenues increased in the **Opportunity Housing and Development Corporation** properties by $921,546.

- A budget of $844,175 was added for the retail space located at 8800 Brookville Road.
- As a result of higher fees charged to the properties based on the update to the Indirect Cost Model, the transfers from existing property cash to fund the budgeted shortfalls at State Rental Combined and Dale Drive were increased by $69,073.
- Income for one of the Neighborhood Stabilization Program ("NSP") foreclosure properties was increased by $8,698 to reflect the recent occupancy of the unit.
- Finally, the draw from the GFOR for the projected deficit at MetroPointe was reduced by ($400).

Expenses in the portfolio increased by $1,225,045. There are several reasons for the change.

- A budget of $844,175 was added for the retail space located at 8800 Brookville Road.
- Expenses increased by $569,820 based on the update to the Indirect Cost Model resulting in higher PUPM fees charged to the properties (See General Fund)
- Expenses for the Metropolitan properties increased by a net of $1,020 due to anticipated delay in the renovations coupled with the update to the anticipated Air Rights payment to the County ($471,294 + $23,100 + $71,177 + ($564,551) = ($93,060)).
    - Debt Service for the Metropolitan properties was increased based on extending the payments through February 2024 resulting in additional payments of $471,294 that will be paid by the property prior to renovations.
    - Replacement for Reserve (“RfR”) Contributions of $23,100 will also increase for the same period.
    - Development Corporation Fee expenses, that represents the cash flow paid to the General Fund from the property increased by $71,177.
    - Restricted Cash Flow for the Metropolitan Development Corporation was decreased by ($564,551) to adjust the anticipated Air Rights payment to the County and restriction of cash for the affordable units.

- Personnel expenses increased by $211,857 as a result of an update of the personnel complement.
- Refinements were made to the anticipated debt service payments for Montgomery Arms resulting in an increase to expenses of $4,726.
- Finally, the allocation of the County Property Insurance to Opportunity Housing decreased by ($21,210) based on a correction to the calendar year units that will be online in FY'24.
- The distribution of cash flow from the properties was changed as follows based on the net impact to income and expenses:
    - Development Corporation Fee expenses, that represents the cash flow paid to the General Fund from the unrestricted Development Corporation properties, decreased by a net of ($301,052), which includes reductions of ($372,229) coupled with the $71,177 increase noted previously for the Metropolitan (($372,229) + $71,177 = ($301,052)) .
        - The FY'24 Recommended Budget included a combined total of $6,040,789 in Development Corporation Fees to be paid to the General Fund. As a result of the changes, the new total is a combined $5,739,737 in fees to be paid to the General Fund ($6,040,789 - $301,052 = $5,739,737)
    - The restriction of cash flow at restricted properties decreased by ($16,772).
    - Finally, the contributions to the Operating Reserves at the Foreclosure Homes were increased by $3,658 to reflect changes in the income and expenses at the properties.

Revenues increased in the **Opportunity Housing Reserve Fund ("OHRF")** by $3,867,460 as a result of the increased Commitment and Development Fees of $2,042,960 and $1,824,500, respectively (See General Fund). Expenses decreased in the OHRF decreased by ($21,446) to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of $5,450,422 that were to be restricted to the OHRF. As a result of the increase to income and slight decrease to expenses, the restricted cash has increased by $3,888,906, resulting in a budgeted restriction of $9,339,328 to the OHRF ($3,867,460 + $21,446 = $3,888,906).

Public Fund:

Revenues increased in the **Housing Choice Voucher Program** ("HCVP") by $443,248.

- Administrative Fee Income increased by $443,248 as a result of the increase in rates for CY'23 coupled with a higher pro-ration rate of 89.5% compared to the prior 89% pro-ration rate.

Expenses in the program increased by $573,274.

- Management Fee Income charged to the Housing Choice Voucher Program ("HCVP") is calculated using either a $12 fee per utilized unit or 20% of the administrative income received, whichever is greater. Historically the Agency has used the fee per unit methodology. Based on the increase in administrative income, the calculation using 20% of administrative income received will now be implemented, which results in increased management fees of $872,114 expensed to the program (see General Fund).
- Based on the higher management fees paid by the HCVP, a decision was made to move the ($255,750) Yardi Maintenance costs for the program from the direct administrative costs of the HCV program to the General Fund.
- Updates to the personnel complement decreased personnel costs by ($43,090).

The Recommended Budget also included a restriction of $132,685 to the Administrative Fee Reserve, which includes fees received but not spent in prior years. As a result of the increased Administrative expenses that exceeded the increase in Administrative Fee income, the budgeted restriction will be decreased by ($130,026), resulting in a projected restriction of $2,659 ($132,685 – $130,026 = $2,659).

Change from Recommended to Proposed Budget

	Income	Expenses	Net
Recommended HCVP Administrative Budget before Balancing	**$10,788,662**	**$10,655,977**	**$132,685**
Add restriction to Administrative Reserve		$132,685	($132,685)
Balanced Recommended HCVP Administrative Budget	**$10,788,662**	**$10,788,662**	**$0**
Increase Administrative Income based on higher pro-ration and utilization	$443,248		$443,248
Adjust Management Fees paid to General Fund		$872,114	($872,114)
Shift Yardi maintenacost for the program from HCVP to General Fund		($255,750)	$255,750
Update Personnel Complement		($43,090)	$43,090
Net changes to HCVP Administrative Budget	$443,248	$573,274	($130,026)
Proposed HCVP Administrative Budget	**$11,231,910**	**$11,361,936**	**($130,026)**

Federal and County Grants increased by a net $9,933. There were several factors that contributed to the decrease:

- County funding for the McKinney X Grant was increased by $7,093; however, expenses were increased by $8,067 ($5,699 + $2,308 + $60 = $8,067), which resulted in a shortfall of ($974). The Recommended Budget assumed a draw from the McKinney reserve of $26,252 to balance the McKinney XIV Grant. The project draw will be increased by $974 to $27,226 to maintain a balanced grant ($26,252 + $974 = $27,226).
- There was a net increase of $2,246 in the transfers from the main County Contract to balance the smaller County contracts, due to changes in expenses, which increased both income and expense in the grants.
- The County Closing Cost funding was reduced by ($380) to reflect a decrease in personnel costs of ($380).
- The Personnel Complement update decreased overall expenses in the remaining grants by ($21,235).
- The management fees paid to the agency by the grants was decreased by a net of ($13,020) as a result of updates to the personnel complement and grant restrictions on allowable fees which includes the increased fee charged to the McKinney Grants of $60 ($60 + ($13,080)) = $13,020.
- Miscellaneous expenses or restricted cash were increased by $34,315 to balance the restricted grants.

Capital Budget (Attachment 1-2)**:**

The FY'24 Proposed Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meetings during April and May. The Proposed Capital Budget for FY'24 is $255,186,004, and reflects a decrease of ($272,168) or (.01%) from the Recommended Budget of $255,458,172 presented on April 5, 2023.

- **Capital improvements Budget:**

  The capital improvements budget decreased by ($1,627,247), which included decreases to four properties and an increase to one property which were based on a review by Asset Management. (Attachment 1-2)

($300,000)	Revise Alexander House Capital Budget
($506,664)	Revise Cider Mill Capital Budget
($285,700)	Revise Oaks @ Four Corners Capital Budget
($659,883)	Revise Strathmore Court Affordable Capital Budget
$125,000	Revise Westwood Towers Capital Budget
($1,627,247)	

- **Capital Development Budget:**

  The capital development budgets increased by $1,355,079 to reflect timing and scope changes in three development projects. (Attachment 1-2)

$707,194	Revise Bauer Park Apartments
$795,514	Revise The Leggett
($147,629)	Revise The Metropolitan
$1,355,079	

Enclosure 2 includes the updated charts from the Summary and Capital Budget sections of the FY'24 Recommended Budget reflecting the proposed budgets.

BUDGET IMPACT:
Adoption of the FY'24 Budget will set the financial plan for the next fiscal year. Quarterly reviews will keep it updated and relevant.

TIME FRAME:
Adoption of the FY'24 Budget at the June 14, 2023 meeting will allow time for staff to implement the budget for the beginning of the fiscal year, July 1, 2023. The Commission must adopt a budget for FY'24 before the fiscal year begins on July 1, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends to the Commission, the adoption of the FY'24 Operating and Capital Budgets and related resolutions by approving the attached resolutions (Enclosure 3).

ADOPTION OF THE FY’24 BUDGET RESOLUTIONS

A - Adoption of the FY’24 Budgets, Bond Draw Downs and Transfers

B - Adoption of FY’24 Reimbursement Resolution

RESOLUTION NO. 23-40[A]

RE: Adoption of the FY'24 Budget, Bond Draw Downs and Transfers

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "Agency") is required to adopt a budget based on the current chart of accounts in use before July 1, 2023; and

WHEREAS, the Commission is required to approve the transfer of equity between Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'24 of $339.3 million by fund as attached.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

- $2,568,761 from the 1996 Multifamily Housing Development Bond ("MHDB") Indenture; and
- $1,644,894 from the 1979 Single Family Mortgage Revenue Bond ("MRB") Indenture.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

- Up to $2,965,343 for FY'24 from the combined cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'24 of $255.2 million as attached.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Executive Director

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RESOLUTION NO. 23-40 [B] **RE:** Reimbursement Resolution

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission"), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of the multifamily rental housing properties which provide a public purpose; and

WHEREAS, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed $260,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing for such projects named in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT:

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 24 Capital Budget attached, including **Alexander House, Avondale Apartments, The Barclay Apartments, Bauer Park Apartments, Battery Lane, Bradley Crossing, Brooke Park, Brookside Glen, Camp Hill Square Apartments,**

CDBG-NSP-NCI, Chelsea Towers, Cider Mill Apartments, Dale Drive, Day Care at Lost Knife Road, Deeply Affordable Unit Renovation, Diamond Square Apartments, Elizabeth House III (newly named The Leggett), Fairfax Court, Georgian Court Apartments, Glenmont Crossing, Glenmont Westerly, Hillandale Gateway – Senior, Hillandale Gateway – Multifamily/Retail, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, King Farm Village Center, Magruder's Discovery, Manchester Manor, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MHLP IX-Pond Ridge, MHLP IX-Scattered, MHLP X, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III (Sligo), The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove Apartments, Southbridge, State Rental Combined, Strathmore Court, Stewartown Homes, Timberlawn Crescent, Upton II (newly named Residences on The Lane), VPC One, VPC Two, West Side Shady Grove (newly named The Laureate), Westwood Tower, Willow Manor Properties Resyndication, and The Willows and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. ***Dates of Capital Expenditures.*** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

Section 3. ***Issuance of Bonds or Notes.*** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $260,000,000 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. ***Confirmation of Prior Acts.*** All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. ***Repeal of Inconsistent Resolutions.*** All other resolutions (other than prior reimbursement resolutions adopted by the Commission for the same Projects included herein) of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. ***Effective Date of Resolution.*** This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED at a regular meeting held this 14th day of June.

Chelsea J. Andrews
Executive Director

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ENCLOSURES:

1) Charts highlighting major budget changes from FY'24 Recommended Operating and Capital Budgets

2) Revised charts from Summary and Capital Budget sections of the FY'24 Recommended Budget

Charts Highlighting Major Budget Changes from FY’24 Recommended Operating and Capital Budgets (Enclosure 1)

FY 2024 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$28,833,067	$33,661,211	**($4,828,144)**	$3,752,132	$783,478	$32,585,199	$34,444,689	**($1,859,490)**
Draw from General Fund Operating Reserve("GFOR")	$1,559,302	$0	**$1,559,302**	($1,559,302)	$0	$0	$0	**$0**
Restrict to GFOR	$0	$0	**$0**	$0	$1,105,853	$0	$1,105,853	**($1,105,853)**
Restrict to OHPR	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OPEB Reserve	$0	$0	**$0**			$0	$0	**$0**
Multifamily & Single Family Bond Funds								
Multifamily Fund	$20,083,529	$20,083,529	**$0**	$38,530	$38,530	$20,122,059	$20,122,059	**$0**
Single Family Fund	$8,753,600	$8,753,600	**$0**	$18,960	$18,960	$8,772,560	$8,772,560	**$0**
Opportunity Housing Fund								
Opportunity Housing Reserve Fund ("OHRF")	$7,062,108	$1,611,686	**$5,450,422**	$3,867,460	($21,446)	$10,929,568	$1,590,240	**$9,339,328**
Draw from OHRF	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OHRF	$0	$5,450,422	**($5,450,422)**	$0	$3,888,906	$0	$9,339,328	**($9,339,328)**
Opportunity Housing & Development Corps	$110,433,909	$107,292,402	**$3,141,507**	$921,946	$1,225,045	$111,355,855	$108,517,447	**$2,838,408**
Draw from GFOR for MetroPointe Deficit	$127,335	$0	**$127,335**	($400)	$0	$126,935	$0	**$126,935**
Public Fund								
Housing Choice Voucher Program ("HCVP")	$135,453,598	$135,141,813	**$311,785**	$443,248	$573,274	$135,896,846	$135,715,087	**$181,759**
Draw from HCVP HAP Reserve	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Draw from HCVP Administrative Reserve	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to HCVP HAP Reserve	$0	$179,100	**($179,100)**	$0	$0	$0	$179,100	**($179,100)**
Restrict to HCVP Administrative Reserve	$0	$132,685	**($132,685)**	$0	($130,026)	$0	$2,659	**($2,659)**
Federal and County Grants	$19,513,178	$19,513,178	**$0**	$9,933	$9,933	$19,523,111	$19,523,111	**$0**
TOTAL - ALL FUNDS	**$331,819,626**	**$331,819,626**	**$0**	**$7,492,507**	**$7,492,507**	**$339,312,133**	**$339,312,133**	**$0**

Footnotes - explanation of changes

GF R	$1,361,973	Adjust Commitment Fee income for timing and scope changes
GF R	$1,216,333	Adjust Development Fee income for timing and scope changes
GF R	$872,114	Adjust HCVP Management Fee Income for change to 20% of Administrative Fee
GF R	$624,210	Adjust Fee Income based on updated Indirect Cost Model
GF R	($301,052)	Adjust Development Corporation Fee Income from properties
GF R	($21,446)	Decrease transfer from OHRF for increase in Real Estate Development Personnel cost
	$3,752,132	
GF E	$255,750	Move Yardi Maintenance for Voucher Program from HCVP to General Fund
GF E	$250,000	Increase budgeted contribution to GFOR
GF E	$250,000	Increase budgeted contribution to Opportunity Housing Property Reserve ("OHPR")
GF E	$49,174	Update Personnel Complement
GF E	($21,446)	Adjust personnel cost for Real Estate personnel
	$783,478	
GF	**($1,559,302)**	**Remove Draw from General Fund Operating Reserve ("GFOR")**
GF	**$1,105,853**	**Add Restriction to General Fund Operating Reserve ("GFOR")**
MF R	**$38,530**	Increase draw from indenture to fund administrative costs
MF E	$42,930	Adjust Management Fee based on change to Complement and updated Indirect Cost Model
MF E	($4,400)	Update Personnel Complement
	$38,530	
SF R	**$18,960**	Decrease draw from indenture to fund administrative costs
SF E	$24,480	Adjust Management Fee based on updated Indirect Cost Model
SF E	($5,520)	Update Personnel Complement
SF E	**$18,960**	

OHRF R	$2,042,960	Adjust Commitment Fee income for timing and scope changes
OHRF R	$1,824,500	Adjust Development Fee income for timing and scope changes
OHRF R	**$3,867,460**	
OHRF E	**($21,446)**	Decrease transfer to GF to fund Real Estate Development personnel cost
OHRF	**$3,888,906**	**Increase excess cash flow restriction to OHRF**
OH R	$844,175	Add budget for 8800 Brookville Road
OH R	$69,073	Adjust draws from existing property cash
OH R	$8,698	Adjust occupancy for Neighborhood Stabilization Program ("NSP") foreclosure property
OH R	($400)	Adjust draws from GFOR for deficit at MetroPointe
	$921,546	
OH E	$844,175	Add budget for 8800 Brookville Road
OH E	$569,820	Adjust Management Fee based on updated Indirect Cost Model
OH E	$471,294	Adjust Debt Service for Metropolitan properties for delay in renovations
OH E	$211,857	Update Personnel Complement
OH E	$71,177	Adjust Development corporation Fee Expense for Metropolitan
OH E	$23,100	Adjust Replacement Reserve Contributions for Metropolitan properties for delay in renovations
OH E	$4,726	Update Debt service for Montgomery Arms
OH E	$3,658	Increase contributions to Operating Reserves at Foreclosure Homes
OH E	($564,551)	Adjust restricted cash for Metropolitan
OH E	($372,229)	Adjust Development Corporation Fee Expense on properties
OH E	($21,210)	Adjust County Insurance Allocation
OH E	($16,772)	Adjust restrictions of cash for restricted properties
	$1,225,045	

FY 2024 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$28,833,067	$33,661,211	**($4,828,144)**	$3,752,132	$783,478	$32,585,199	$34,444,689	**($1,859,490)**
Draw from General Fund Operating Reserve("GFOR")	$1,559,302	$0	**$1,559,302**	($1,559,302)	$0	$0	$0	**$0**
Restrict to GFOR	$0	$0	**$0**	$0	$1,105,853	$0	$1,105,853	**($1,105,853)**
Restrict to OHPR	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OPEB Reserve	$0	$0	**$0**			$0	$0	**$0**
Multifamily & Single Family Bond Funds								
Multifamily Fund	$20,083,529	$20,083,529	**$0**	$38,530	$38,530	$20,122,059	$20,122,059	**$0**
Single Family Fund	$8,753,600	$8,753,600	**$0**	$18,960	$18,960	$8,772,560	$8,772,560	**$0**
Opportunity Housing Fund								
Opportunity Housing Reserve Fund ("OHRF")	$7,062,108	$1,611,686	**$5,450,422**	$3,867,460	($21,446)	$10,929,568	$1,590,240	**$9,339,328**
Draw from OHRF	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OHRF	$0	$5,450,422	**($5,450,422)**	$0	$3,888,906	$0	$9,339,328	**($9,339,328)**
Opportunity Housing & Development Corps	$110,433,909	$107,292,402	**$3,141,507**	$921,946	$1,225,045	$111,355,855	$108,517,447	**$2,838,408**
Draw from GFOR for MetroPointe Deficit	$127,335	$0	**$127,335**	($400)	$0	$126,935	$0	**$126,935**
Public Fund								
Housing Choice Voucher Program ("HCVP")	$135,453,598	$135,141,813	**$311,785**	$443,248	$573,274	$135,896,846	$135,715,087	**$181,759**
Draw from HCVP HAP Reserve	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Draw from HCVP Administrative Reserve	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to HCVP HAP Reserve	$0	$179,100	**($179,100)**	$0	$0	$0	$179,100	**($179,100)**
Restrict to HCVP Administrative Reserve	$0	$132,685	**($132,685)**	$0	($130,026)	$0	$2,659	**($2,659)**
Federal and County Grants	$19,513,178	$19,513,178	**$0**	$9,933	$9,933	$19,523,111	$19,523,111	**$0**
TOTAL - ALL FUNDS	**$331,819,626**	**$331,819,626**	**$0**	**$7,492,507**	**$7,492,507**	**$339,312,133**	**$339,312,133**	**$0**

Footnotes - explanation of changes

HCV R	$443,248	Increase HCV Administrative Fees based on increased rate and pro-ration
	$443,248	
HCV R	**($130,026)**	**Reduce restriction to HCV Administrative Reserves**
HCV E	$872,114	Adjust HCVP Management Fee Income for change to 20% of Administrative Fee
HCV E	($255,750)	Move Yardi Maintenance for Voucher Program to General Fund from HCVP
HCV E	($43,090)	Update Personnel Complement
	$573,274	

Grants R	$7,093	Increase funding for McKinney X Grant
Grants R	$2,246	Adjust transfers from main County Contract to balance grants
Grants R	$974	Increase draw from McKinney Reserves to balance McKinney XIV Grant
Grants R	($380)	Decrease County Closing Cost Funding based on change in expenses
	$9,933	
Grants E	$34,315	Balance Grants
Grants E	$5,699	Adjust expenses for McKinney X Grant
Grants E	$2,308	Update Personnel Complement for McKinney Grants
Grants E	$2,246	Adjust transfers from main County Contract to balance grants
Grants E	$60	Update McKinney Grant Management Fees paid to General Fund
Grants E	($21,235)	Update Personnel Complement
Grants E	($13,080)	Adjust Management Fees paid to General Fund
Grants E	($380)	Update Personnel Complement for County Closing Cost Grant
	$9,933	

FY 2024 Proposed Capital Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
Capital Improvements									
	East Deer Park	$50,000	$50,000	**$0**	$0	$0	$50,000	$50,000	**$0**
	Kensington Office	$100,000	$100,000	**$0**	$0	$0	$100,000	$100,000	**$0**
	880 Bonifant	$50,000	$50,000	**$0**	$0	$0	$50,000	$50,000	**$0**
	Information Technology	$600,000	$600,000	**$0**	$0	$0	$600,000	$600,000	**$0**
	Opportunity Housing Properties	$9,886,613	$9,886,613	**$0**	($1,627,247)	($1,627,247)	$8,259,366	$8,259,366	**$0**
		$10,686,613	**$10,686,613**	**$0**	**($1,627,247)**	**($1,627,247)**	**$9,059,366**	**$9,059,366**	**$0**
Capital Development Projects									
	Bauer Park Apartments	$2,818,331	$2,818,331	**$0**	$707,194	$707,194	$3,525,525	$3,525,525	**$0**
	Deeply Affordable Units	$1,250,000	$1,250,000	**$0**	$0	$0	$1,250,000	$1,250,000	**$0**
	Elizabeth House III (now The Leggett)	$9,776,311	$9,776,311	**$0**	$795,514	$795,514	$10,571,825	$10,571,825	**$0**
	Georgian Court	$17,486,428	$17,486,428	**$0**	$0	$0	$17,486,428	$17,486,428	**$0**
	Hillandale Gateway - Senior	$27,038,333	$27,038,333	**$0**	$0	$0	$27,038,333	$27,038,333	**$0**
	Hillandale Gateway - Multifamily / Retail (Market)	$36,084,523	$36,084,523	**$0**	$0	$0	$36,084,523	$36,084,523	**$0**
	Hillandale Gateway - Multifamily / Retail (Tax Credit)	$13,915,194	$13,915,194	**$0**	$0	$0	$13,915,194	$13,915,194	**$0**
	Metropolitan	$108,988,214	$108,988,214	**$0**	($147,629)	($147,629)	$108,840,585	$108,840,585	**$0**
	Shady Grove	$9,140,961	$9,140,961	**$0**	$0	$0	$9,140,961	$9,140,961	**$0**
	Stewartown Homes	$3,735,486	$3,735,486	**$0**	$0	$0	$3,735,486	$3,735,486	**$0**
	Upton II (now Residences on The Lane)	$250,000	$250,000	**$0**	$0	$0	$250,000	$250,000	**$0**
	West Side Shady Grove (now The Laureate)	$7,797,506	$7,797,506	**$0**	$0	$0	$7,797,506	$7,797,506	**$0**
	Willow Manor Resyndication	$6,490,272	$6,490,272	**$0**	$0	$0	$6,490,272	$6,490,272	**$0**
		$244,771,559	**$244,771,559**	**$0**	**$1,355,079**	**$1,355,079**	**$246,126,638**	**$246,126,638**	**$0**
	TOTAL - ALL FUNDS	**$255,458,172**	**$255,458,172**	**$0**	**($272,168)**	**($272,168)**	**$255,186,004**	**$255,186,004**	**$0**

Footnotes - explanation of changes

CI R

($300,000)	Revise Alexander House Capital Budget
($506,664)	Revise Cider Mill Capital Budget
($285,700)	Revise Oaks @ Four Corners Capital Budget
($659,883)	Revise Strathmore Court Affordable Capital Budget
$125,000	Revise Westwood Towers Capital Budget
($1,627,247)	

CI E

($300,000)	Revise Alexander House Capital Budget
($506,664)	Revise Cider Mill Capital Budget
($285,700)	Revise Oaks @ Four Corners Capital Budget
($659,883)	Revise Strathmore Court Affordable Capital Budget
$125,000	Revise Westwood Towers Capital Budget
($1,627,247)	

CD R

$707,194	Revise Bauer Park Apartments
$795,514	Revise The Leggett
($147,629)	Revise The Metropolitan
$1,355,079	

CD E

$707,194	Revise Bauer Park Apartments
$795,514	Revise The Leggett
($147,629)	Revise The Metropolitan
$1,355,079	

Revised Charts
From Summary and Capital Budget Sections
of the FY'24 Recommended Budget
(Enclosure 2)

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Commission Meeting

FY 2024 Proposed Budget

June 14, 2023

FY 2024 – Budget Overview

Proposed Budget

Fund Summary Overview	FY 2024 Proposed Budget		
	Revenues	Expenses	Net
General Fund	$32,585,199	$34,444,689	($1,859,490)
Restrict to General Fund Operating Reserve ("GFOR")	$0	$1,105,853	($1,105,853)
Multifamily Bond Funds	$20,122,059	$20,122,059	$0
Single Family Bond Funds	$8,772,560	$8,772,560	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund ("OHRF")	$10,929,568	$1,590,240	$9,339,328
Restrict to OHRF	$0	$9,339,328	($9,339,328)
Opportunity Housing & Development Corporation Properties	$111,355,855	$108,517,447	$2,838,408
Draw from GFOR for MetroPointe Deficit	$126,935	$0	$126,935
Public Fund			
Housing Choice Voucher Program ("HCVP")	$135,896,846	$135,896,846	$0
Federal and County Grants	$19,523,111	$19,523,111	$0
TOTAL - ALL FUNDS	**$339,312,133**	**$339,312,133**	**$0**

*** Revenues and Expenses include inter-company Transfer Between Funds**

FY 2024 – Revenue and Expense Summary

Proposed Budget

FY 2024 Revenue and Expense Statement

Operating Budget

Operating Income	
Tenant Income	$108,834,885
Non-Dwelling Rental Income	$1,424,777
Federal Grant	$141,783,338
County Grant	$12,425,836
Management Fees	$40,547,631
Miscellaneous Income	$163,791
TOTAL OPERATING INCOME	**$305,180,258**
Operating Expenses	
Personnel Expenses	$57,806,660
Operating Expenses - Fees	$22,637,997
Operating Expenses - Administrative	$9,004,969
Bad Debt	$3,453,290
Tenant Services Expenses	$7,542,248
Protective Services Expenses	$1,404,562
Utilities Expenses	$7,648,781
Insurance and Tax Expenses	$3,494,796
Maintenance Expenses	$11,136,899
Housing Assistance Payments ("HAP")	$124,451,780
TOTAL OPERATING EXPENSES	**$248,581,982**
NET OPERATING INCOME	**$56,598,276**

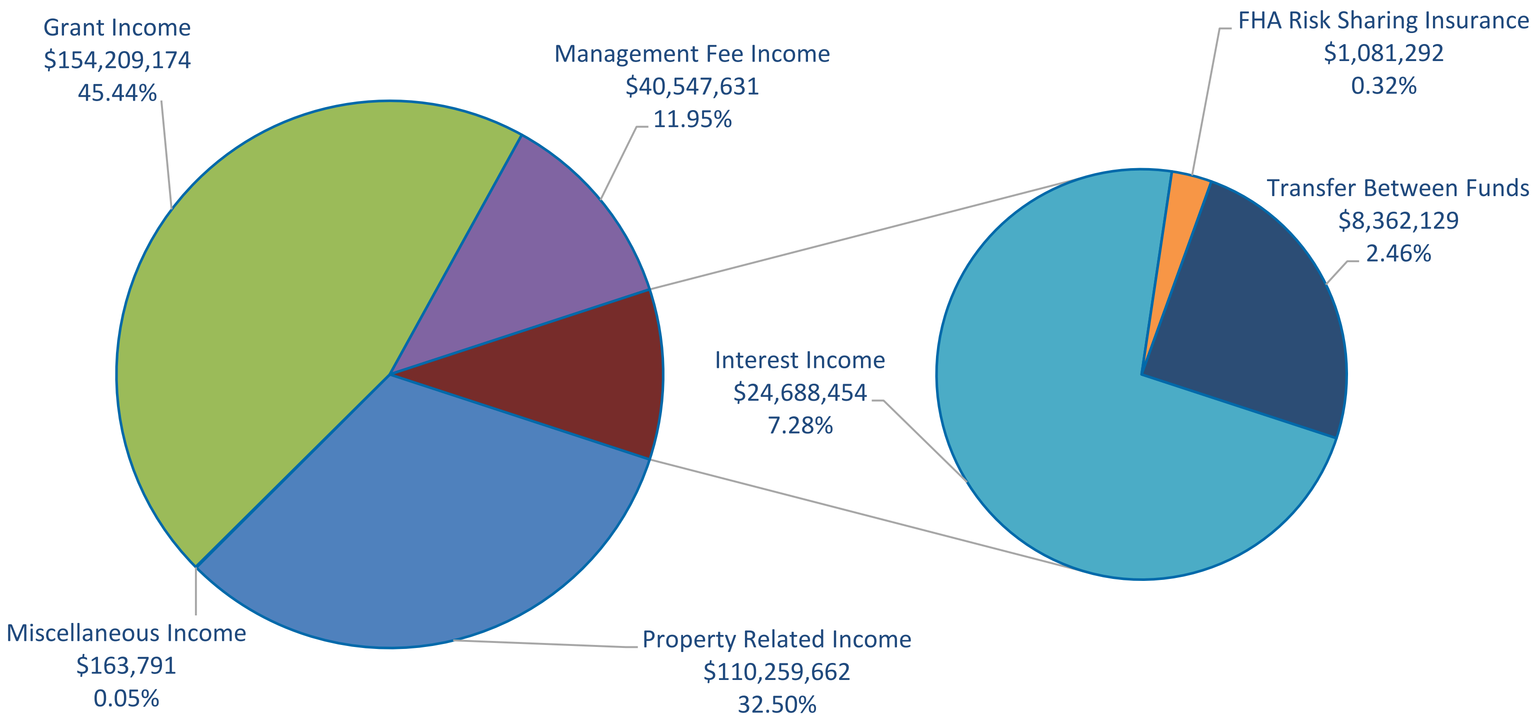
Non-Operating Budget

Non-Operating Income	
Investment Interest Income	$24,688,454
FHA Risk Sharing Insurance	$1,081,292
Transfer Between Funds	$8,362,129
TOTAL NON-OPERATING INCOME	**$34,131,875**
Non-Operating Expenses	
Interest Payment	$42,515,107
Mortgage Insurance	$889,688
Principal Payment	$11,212,130
Debt Service, Operating and Replacement Reserves	$12,962,171
Restricted Cash Flow	$11,983,786
Development Corporation Fees	$5,739,737
Miscellaneous Bond Financing Expenses	$865,965
FHA Risk Sharing Insurance	$1,081,292
Transfer Out Between Funds	$3,480,275
TOTAL NON-OPERATING EXPENSES	**$90,730,151**
NET NON-OPERATING ADJUSTMENTS	**($56,598,276)**

FY 2024 – Operating Budget: Source of Funds

Total Income – Proposed – $339,312,133

Operating Income	Non-Operating Income
$305,180,258	$34,131,875



FY 2024 – Operating Budget: Use of Funds

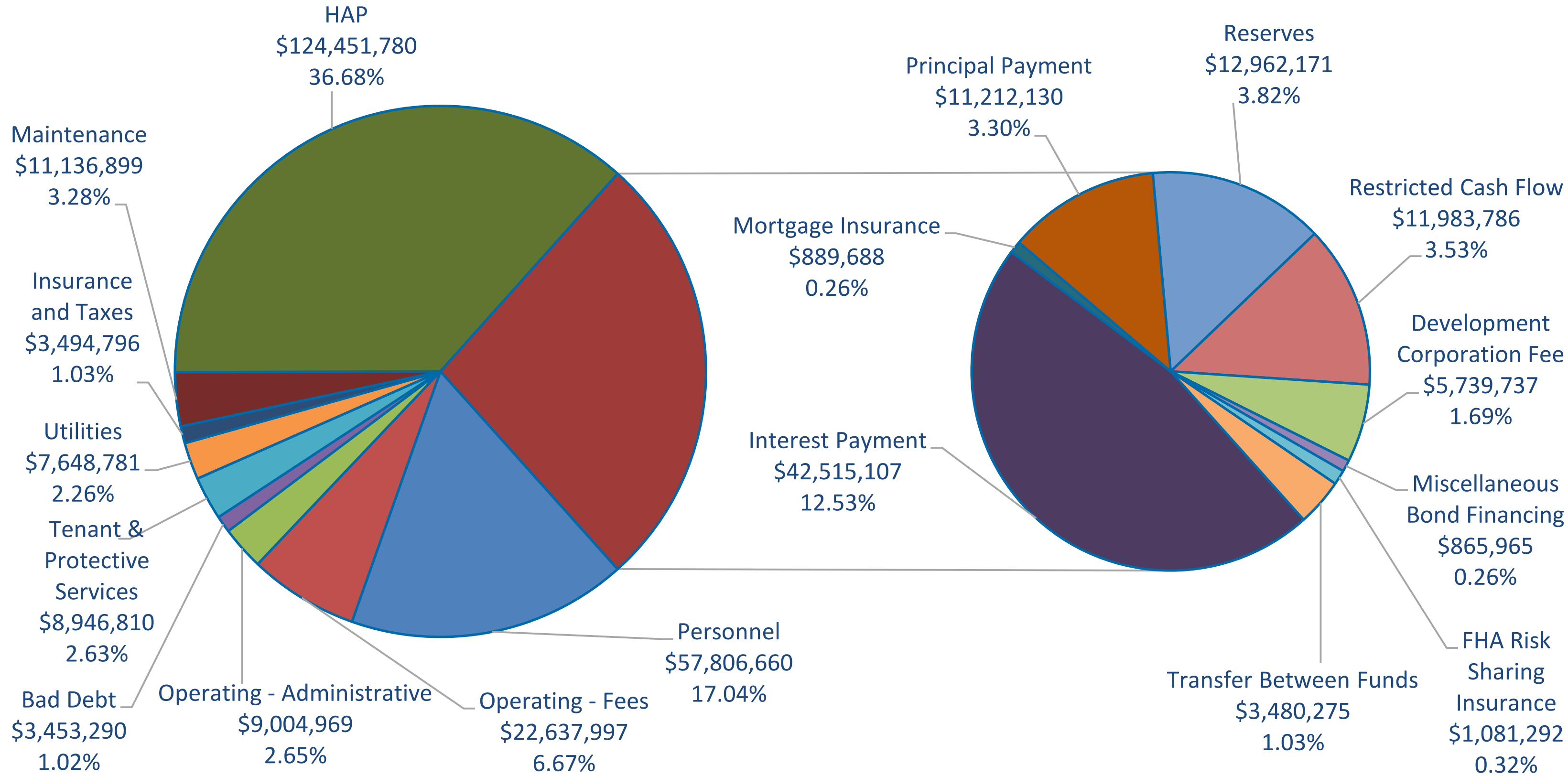
Total Expenses – Proposed – $339,312,133

Operating Expenses

$248,581,982

Non-Operating Expenses

$90,730,151



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Housing Opportunities Commission OF MONTGOMERY COUNTY

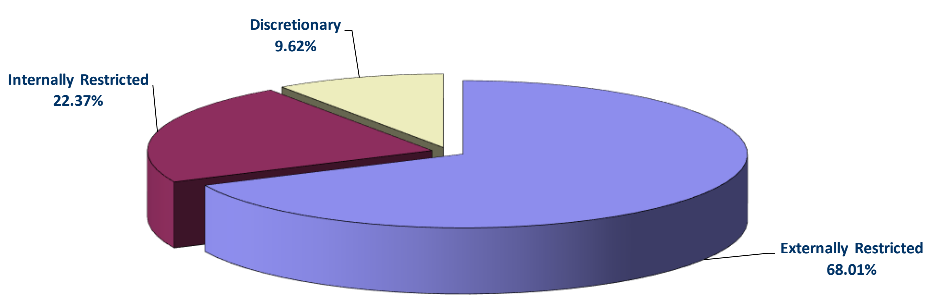
Total Agency Operating Budget Summary – FY 2020 through FY 2024

Total Revenue and Expense Statement

Total Revenue and Expense Statement	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Amended Budget	FY 2024 Proposed Budget
Operating Income					
Tenant Income	$97,703,079	$101,168,308	$103,433,803	$105,009,219	$108,834,885
Non-Dwelling Rental Income	$1,107,343	$1,971,505	$2,058,635	$1,327,065	$1,424,777
Federal Grant	$116,933,119	$117,108,381	$127,363,866	$129,545,949	$141,783,338
County Grant	$10,089,325	$11,036,409	$10,252,657	$12,060,085	$12,425,836
Management Fees	$27,581,348	$24,469,222	$28,047,755	$30,094,733	$40,547,631
Miscellaneous Income	$346,691	$571,402	$762,552	$137,957	$163,791
TOTAL OPERATING INCOME	**$253,760,905**	**$256,325,227**	**$271,919,268**	**$278,175,008**	**$305,180,258**
Operating Expenses					
Personnel Expenses	$44,166,986	$43,941,599	$45,747,066	$52,200,276	$57,806,660
Operating Expenses - Fees	$18,438,628	$18,960,653	$19,521,060	$21,185,992	$22,637,997
Operating Expenses - Administrative	$8,648,832	$7,948,761	$8,683,282	$9,460,901	$9,004,969
Bad Debt	$1,484,756	$3,367,868	$2,617,060	$2,322,476	$3,453,290
Tenant Services Expenses	$6,123,707	$7,207,120	$6,674,634	$7,596,316	$7,542,248
Protective Services Expenses	$1,369,695	$1,003,501	$1,043,235	$896,481	$1,404,562
Utilities Expenses	$6,280,649	$7,084,450	$8,132,602	$7,182,239	$7,648,781
Insurance and Tax Expenses	$2,455,978	$2,911,833	$2,572,404	$3,099,510	$3,494,796
Maintenance Expenses	$9,787,285	$9,239,238	$12,007,908	$10,024,226	$11,136,899
Housing Assistance Payments ("HAP")	$99,329,069	$105,640,697	$110,334,874	$118,671,144	$124,451,780
TOTAL OPERATING EXPENSES	**$198,085,585**	**$207,305,720**	**$217,334,125**	**$232,639,561**	**$248,581,982**
NET OPERATING INCOME	**$55,675,320**	**$49,019,507**	**$54,585,143**	**$45,535,447**	**$56,598,276**
Non-Operating Income					
Investment Interest Income	$26,017,802	$22,053,438	$26,195,521	$23,554,840	$24,688,454
FHA Risk Sharing Insurance	$1,102,136	$1,518,820	$1,659,452	$1,076,667	$1,081,292
Transfer Between Funds	$8,577,517	$12,245,244	$8,448,970	$13,574,722	$8,362,129
TOTAL NON-OPERATING INCOME	**$35,697,455**	**$35,817,502**	**$36,303,943**	**$38,206,229**	**$34,131,875**
Non-Operating Expenses					
Interest Payment	$39,497,844	$37,662,266	$41,457,628	$41,156,950	$42,515,107
Mortgage Insurance	$1,168,924	$1,162,254	$1,083,430	$977,508	$889,688
Principal Payment	$11,002,405	$11,987,690	$12,041,042	$11,107,474	$11,212,130
Debt Service, Operating and Replacement Reserves	$14,499,986	$12,140,601	$14,873,859	$10,876,089	$12,962,171
Restricted Cash Flow	$8,174,970	$6,262,226	$6,651,537	$8,608,516	$11,983,786
Development Corporation Fees	$6,668,476	$5,343,739	$5,758,672	$5,217,052	$5,739,737
Miscellaneous Bond Financing Expenses	$947,904	$674,756	$580,009	$710,648	$865,965
FHA Risk Sharing Insurance	$1,102,136	$1,502,780	$1,739,677	$1,076,667	$1,081,292
Transfer Out Between Funds	$5,530,873	$6,858,867	$5,691,231	$4,010,772	$3,480,275
TOTAL NON-OPERATING EXPENSES	**$88,593,518**	**$83,595,179**	**$89,877,085**	**$83,741,676**	**$90,730,151**
NET NON-OPERATING ADJUSTMENTS	**($52,896,063)**	**($47,777,677)**	**($53,573,142)**	**($45,535,447)**	**($56,598,276)**
NET CASH FLOW	**$2,779,257**	**$1,241,830**	**$1,012,001**	**$0**	**$0**

FY 2024 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2024 Proposed Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
Operating Income				
Property Related Income	$42,321,310	$64,973,009	$2,965,343	**$110,259,662**
Federal Grant	$141,783,338	$0	$0	**$141,783,338**
County Grant	$12,425,836	$0	$0	**$12,425,836**
Management Fees	$0	$10,929,568	$29,618,063	**$40,547,631**
Miscellaneous Income	$113,531	$0	$50,260	**$163,791**
TOTAL OPERATING INCOME	**$196,644,015**	**$75,902,577**	**$32,633,666**	**$305,180,258**
Non-Operating Income				
Interest Income	$24,681,504	$0	$6,950	**$24,688,454**
FHA Risk Sharing	$1,081,292	$0	$0	**$1,081,292**
Transfer Between Funds	$8,362,129	$0	$0	**$8,362,129**
TOTAL NON-OPERATING INCOME	**$34,124,925**		**$6,950**	**$34,131,875**
TOTAL - ALL REVENUE SOURCES	**$230,768,940**	**$75,902,577**	**$32,640,616**	**$339,312,133**

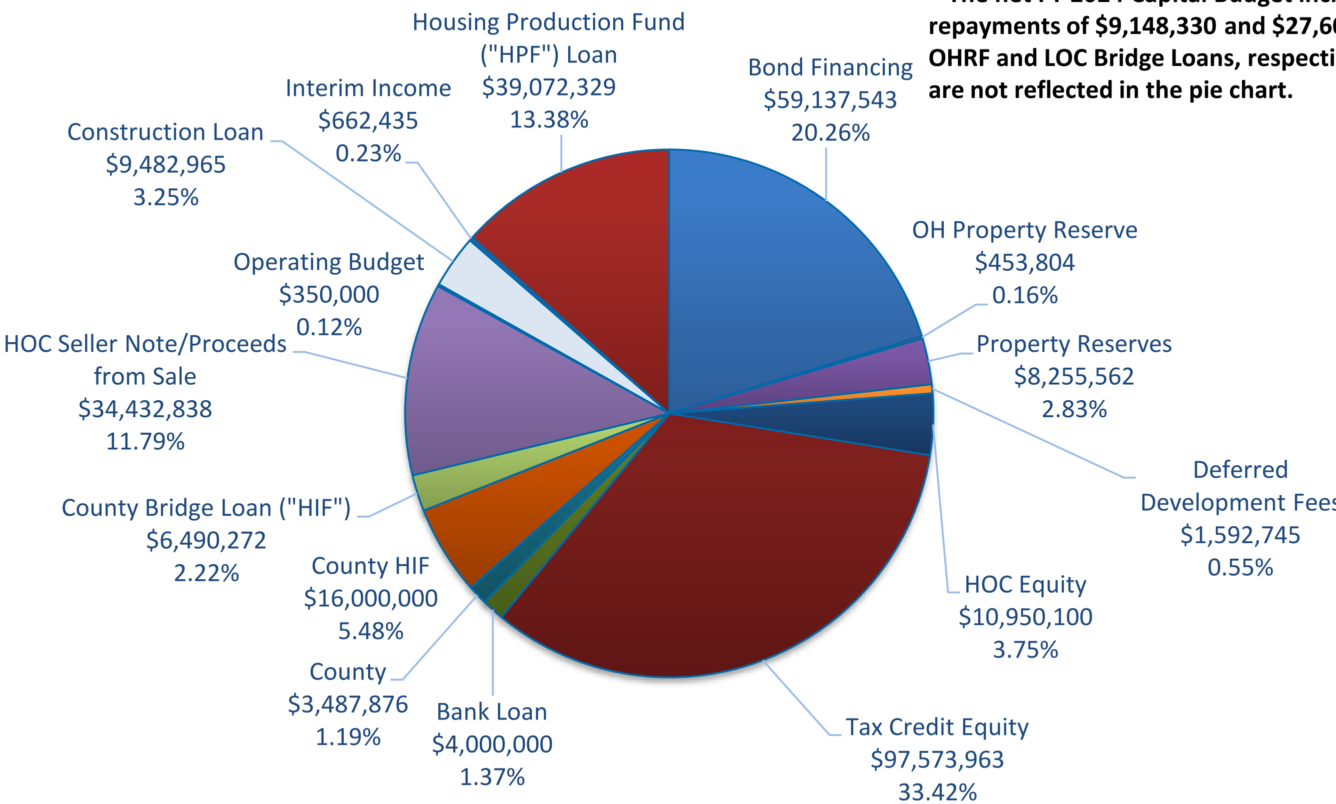


FY 2024 – Capital Budget Overview

Capital Budget Summary	FY 2024 Proposed Budget
Capital Improvements	
East Deer Park	$50,000
Kensington Office	$100,000
880 Bonifant	$50,000
Information Technology	$600,000
Opportunity Housing Properties	$8,259,366
Subtotal	**$9,059,366**
Capital Development Projects	
Bauer Park Apartments	$3,525,525
Deeply Affordable Units	$1,250,000
Elizabeth House III (now The Leggett)	$10,571,825
Georgian Court	$17,486,428
Hillandale Gateway - Senior	$27,038,333
Hillandale Gateway - Multifamily / Retail (Market)	$36,084,523
Hillandale Gateway - Multifamily / Retail (Tax Credit)	$13,915,194
Metropolitan	$108,840,585
Shady Grove	$9,140,961
Stewartown Homes	$3,735,486
Upton II (now Residences on The Lane)	$250,000
West Side Shady Grove (now The Laureate)	$7,797,506
Willow Manor Resyndication	$6,490,272
Subtotal	**$246,126,638**
TOTAL	**$255,186,004**

FY 2024 – Capital Budget

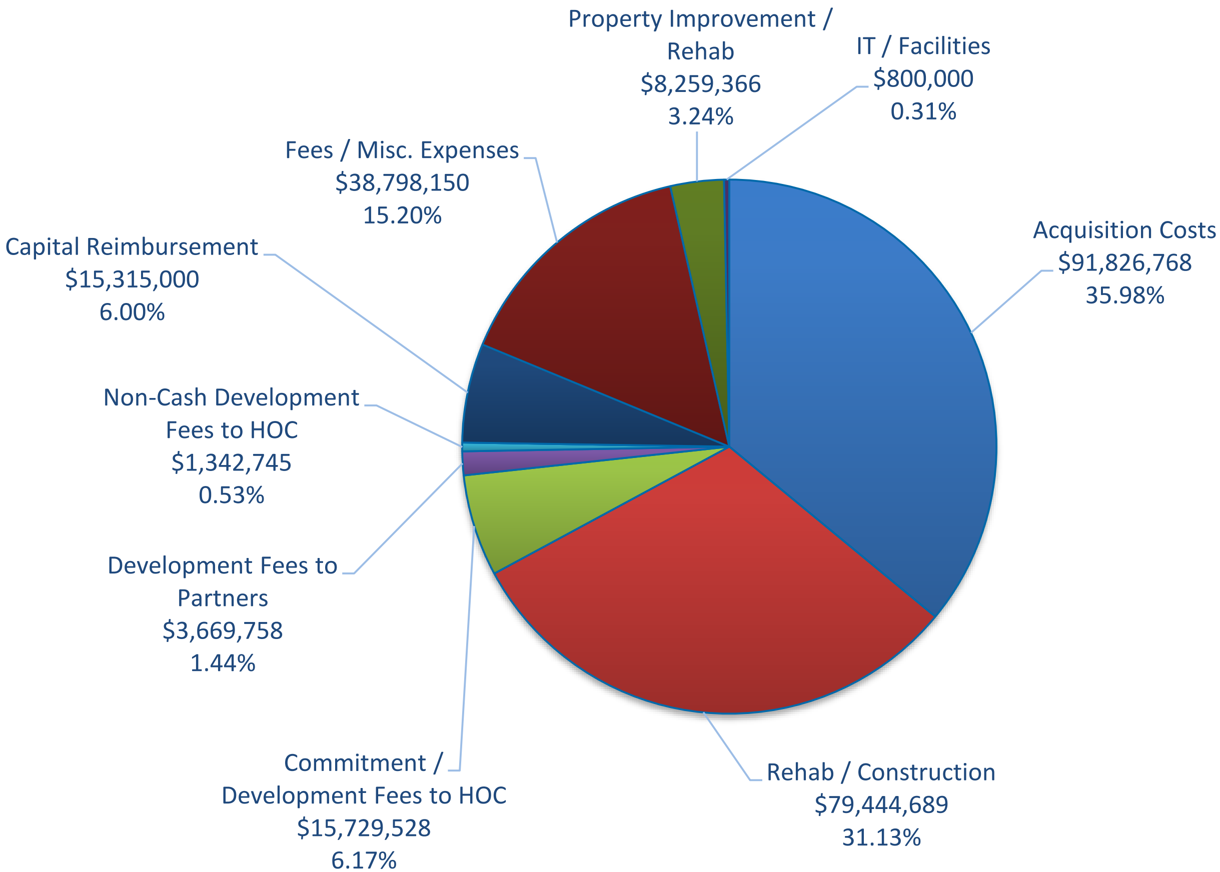
Source of Funds - Proposed – $255,186,004



*** The net FY 2024 Capital Budget includes repayments of $9,148,330 and $27,608,098 for OHRF and LOC Bridge Loans, respectively, that are not reflected in the pie chart.**

FY 2024 – Capital Budget

Use of Funds – Proposed - $255,186,004



Development & Finance Committee

SCATTERED SITES REFINANCING: APPROVAL TO ACCEPT THE REFINANCING PLAN FOR MONTGOMERY HOMES LIMITED PARTNERSHIP X ("MHLP X"), AUTHORIZATION OF THE ISSUANCE OF THE COMMISSION'S MULTIPLE PURPOSE BONDS TO REFINANCE VARIOUS SCATTERED SITE DEVELOPMENTS, AND SELECTION OF JEFFRIES LLC AS SENIOR MANAGER

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE
JEREMIAH BATTLE, SENIOR MULTIFAMILY UNDERWRITER

June 14, 2023

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EXECUTIVE SUMMARY

BACKGROUND

- **Scattered Site Portfolio**
  - The Housing Opportunities Commission of Montgomery County ("Commission" or "HOC") owns through various instrumentalities 1,796 of scattered site units located throughout Montgomery County.
  - Ownership types include HOC direct ownership or instrumentalities of HOC.
  - Portfolio accumulated over decades through various acquisition methods, including the Moderately Priced Dwelling Unit ("MPDU") Right of First Refusal ("ROFR"), and U.S. Housing and Urban Development ("HUD") Section 18 Disposition.
  - Staff is proposing to finance 808 of the units (four projects discussed below) with new tax-exempt and taxable bond debt and repay approximately $53 million in related senior debt and approximately $3.75 million of subordinate debt.

CURRENT FINANCING

- **VPC One and VPC Two:** Consists of 679 units, 669 of which are former public housing units, which units were acquired by HOC through HUD's Section 18 Disposition program and 10 units through strategic portfolio acquisitions between 2015 and 2016. After two rounds of financing, first with EagleBank in December 2017, the VPC One and VPC Two Corporations' Board of Directors and the Commission approved a five-year loan from PNC Bank, N.A. ("the PNC Facility"); extended to August 2023.
- **Scattered Site II:** Consists of 54 units made up of former units of MHLP I and MPDUs transferred into the corporation between December 2012 and January 2013. For a number of tax law reasons, its financing at the time could not be tax-exempt; therefore, PNC Bank also provided taxable financing of $4,900,000 for this portfolio, with a maturity date of August 2023.
- **Montgomery Homes Limited Partnership X ("MHLP X"):** This is a 75-unit former LIHTC project with extended covenants through 2030. Currently financed with tax-exempt bonds and insured with an FHA Risk Share mortgage, MHLP X generates sufficient net operating income to allow a refinancing of the outstanding bonds ($1.5 million) and raise additional debt for HOC's purposes.

CURRENT REQUEST

- With additional details to follow, staff requests approval of a financing plan totaling $66 million which includes among other sources, authorization to issue tax-exempt and taxable bonds of up to $61,000,000 under the Commission's Multiple Purpose Indenture to refinance mortgages for VPC One, VPC Two, Scattered Site Dev. Corp. II, and MHLP X, to retire outstanding first liens and subordinate finance and to fund related financing expenditures.

EXECUTIVE SUMMARY

KEY ELEMENTS OF THE SCATTERED SITE PORTFOLIO

Regulatory Constraints

- Thirty-seven percent (669 units) are encumbered by a HUD Use Agreement; however, there are other covenants, Regulatory Agreements, Land Use Restriction Agreements, etc. that restrict rent increases, limit incomes or the ability to dispose of units for 146 of the remaining units.

- **Capital Needs**
  - Despite regulatory constraints, increased maintenance costs and deferred maintenance are major concerns.
  - Some properties have been renovated in the past 10-15 years, others have not. Internal due diligence to assess needs is in process.
  - A collaboration among Asset Management, Real Estate, Finance, Property Management and Maintenance divisions is on-going to determine the capital needs among the portfolio over the next three (3) to five (5) years.

- **Public Purpose**
  - The Scattered Sites properties provide significant public purpose in that the majority serve households earning between 30% and 80% of the area median income ("AMI").
  - Additionally, the majority are townhomes, which provide affordable housing to families in dispersed locations across the county.

EXECUTIVE SUMMARY

1,796	Total Units in Scattered Sites Portfolio
(201)	Small Multifamily ranging from 10-40 units with either debt that is impractical to refinance or with long-term, favorable financing already in place
(196)	State Partnership Rental Program Units- existing debt with no debt service required, but interest accruing and all outstanding debt due upon sale or refinance, restricting new financing
(591)	Remaining units with either Ownership Restrictions, Regulatory restrictions, restrictive covenants, no existing debt or the net operating income ("NOI") is insufficient to support permanent debt
808	**Included in Permanent Refinancing Plan**

- **Select Scattered Sites Considered For Financing**
  - Several other challenges exist that impact the development of a overall Comprehensive Plan and permanent financing of the entire Scattered Site Portfolio that have been discussed with Real Estate, Asset Management, Property Management, and Finance divisions.
    - Inability to execute a LIHTC transaction.
    - Some of the properties are unable to support themselves solely.
    - Impact of policy changes around evictions.
  - Staff has developed a two-phase Comprehensive Plan that addresses the refinancing of select properties (Phase 1), and illustrates a re-development plan for the balance of the portfolio to be developed by Real Estate and Asset Management divisions (Phase 2).
  - In Phase 1 of the Comprehensive Plan, all units were evaluated based on the status of their existing debt, ownership and regulatory constraints. Upon conclusion of the analysis, 808 units were included that generated sufficient net operating income to support the financing, which are considered the "Core Scattered Sites" units.

EXECUTIVE SUMMARY

PROPOSED REFINANCING PLAN

- As stated previously, the proposed refinancing plan includes VPC One Corporation, VPC Two Corporation, Scattered Site Two Development Corporation and MHLP X (the "Core Scattered Sites").
- Funding sources for the plan include: a) governmental bonds issued in the Multiple Purpose Indenture (2002 Indenture), backed by a pledge of the Commission's general obligation, the proceeds of which will fund permanent loans to the existing ownership entities to refinance existing debt, finance or reimburse capital expenditures, as applicable, and finance related transaction costs and costs of issuing the bonds; b) existing reserves held for the benefit of the Developments, which will be returned to the Commission; and, c) existing replacement reserve funds held by the four entities.

CORE SCATTERED SITES AND CURRENT RECOMMENDATION

- The following projects, highlighted in BLUE (1-3), make up the Core Scattered Sites.
- Debt amounts shown are as of March 2023.

	Project Name	*Ownership*	*# of Units*	*%*	*Senior Debt*	*HOC Debt*	*County Debt*
1.	VPC1 & VPC2	VPC One Corporation VPC Two Corporation	679	66%	$47,576,432	-	-
2.	Scattered Sites 2	Scattered Site Two Development Corporation	54	5%	$3,874,500	-	$585,474
3.	MHLP X	Montgomery Homes LP	75	7%	$1,569,473	$1,073,578	$703,796
4.	MPDU I	HOC	64	6%	-	$895,000	-
5.	MPDU II	TPM Development Corp	59	6%	-	-	-
6.	MPDU III	Sligo Hills Development Corp.	23	2%	-	-	-
7.	MHLP VII	HOC	35	3%	-	$489,000	-
8.	MHLP VIII	HOC	49	5%	-	-	-
		TOTAL	**1,038**		**$53,020,405**	**$2,457,947**	**$1,289,270**

EXECUTIVE SUMMARY

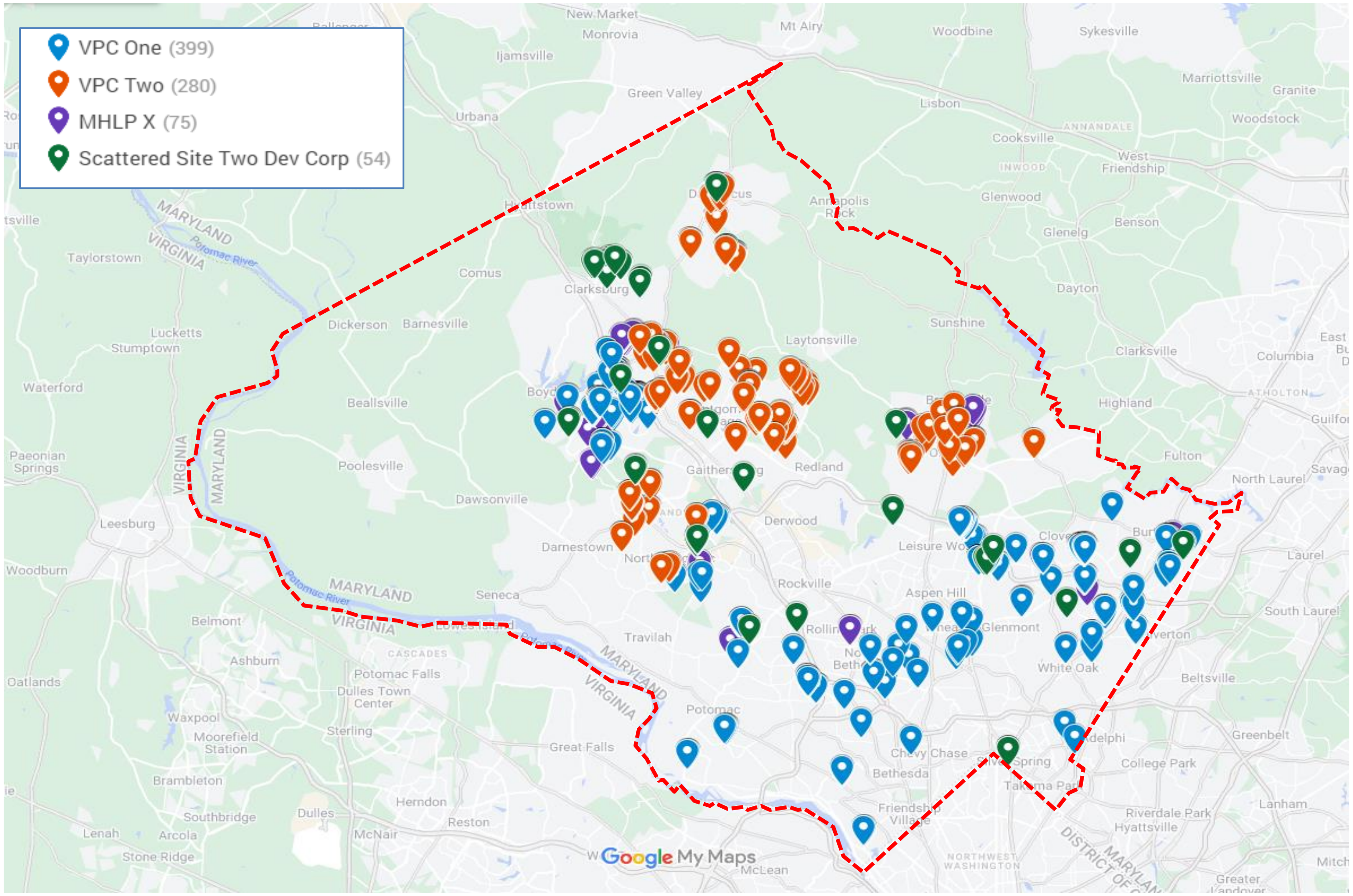
CORE SCATTERED SITES AND CURRENT RECOMMENDATION (CONT'D)

- Mortgage Finance staff evaluated permanent financing strategies for the Core Scattered Sites, and received indicative financing quotes from Berkadia and PNC Bank, N.A. ("PNC"). These quotes were compared to an HOC bond issuance, structured by Jefferies, LLC (one of the Commission's approved bond underwriters)(hereinafter "Jefferies").
- Staff's analysis has determined that the structure most advantageous for HOC, both financially and fiscally, is HOC's issuance of tax-exempt and taxable bonds to fund permanent mortgage loan(s) for a 35-year term.
- The properties' Net Operating Income of $5.2 million will support permanent mortgage amounts aggregating $59.6 million with an estimated 4.950% blended interest rate (both tax-exempt and taxable), achieving a Debt Service Coverage Ratio of 1.45:1.00, thus proving to be feasible.

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023, that the Commission:

1. Approve a financing plan, which includes a) the the Issuance of governmental bonds issued in the 2002 Indenture, backed by a pledge of the Commission's general obligation, the proceeds of which will a) fund permanent loans to the existing ownership entities to refinance existing debt, finance or reimburse capital expenditures, as applicable, and finance and pay related transaction costs and costs of issuing the bonds; b) the use of existing reserves held for the benefit of the Developments, which will be returned to the Commission; and, c) the use of existing replacement reserve funds held by the four ownership entities to fund new replacement reserve accounts;
2. Authorize the selection of Jefferies, LLC, among the Commission's bond underwriters, as the Senior Manager for the bond issuance;
3. Adopt a Bond Authorizing Resolution for the issuance and delivery of tax-exempt and taxable indebtedness in an aggregate principal amount not to exceed $61 million to fund permanent loans for the Developments of up to $60 million; and
4. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

LOCATION MAP AND UNIT TYPES



Single Family	Townhouse	Walk Up Condo	High Rise Condo	Total Units
76	587 (73%)	134	11	808

Housing Opportunities Commission OF MONTGOMERY COUNTY

PERMANENT REFINANCING PLAN

The properties included in the current proposed refinancing plan (808 units) are presented below and represent the Core Scattered Sites to be refinanced.

HOC Analysis					
Property	VPC1	VPC2	SS2	MHLP10	Total
Units	399	280	54	75	**808**
% of Units	49%	35%	7%	9%	**100%**
Existing PNC Debt Service Reserves[1]	$2,446,912	$1,713,088	$0	$0	**$4,160,000**
Notes Payable - HOC	$0	$0	$0	$1,073,578	**$1,073,578**
Notes Payable-County	$0	$0	$585,474	$703,796	**$1,289,270**
Mortgage Payable	$27,059,184	$20,517,249	$3,874,500	$1,569,473	**$53,020,405**
Total Outstanding Debt	$27,059,184	$20,517,249	$4,459,974	$3,346,847	**$55,383,254**
% of Total Overall Debt	49%	37%	8%	6%	**100%**
Net Operating Income (NOI)	2,477,420	2,156,155	168,350	422,831	**5,224,756**
% of Total NOI	47%	41%	3%	8%	**100%**

[1]Funded from and will be returned to the FHA Risk Share Account

Mortgage Finance's due diligence included analyzing historical income and expenses, normalizing assumptions by adjusting for the financial effects of COVID, identifying opportunities for operational efficiencies, and ensuring that the sizing and structure of any new financing will not have an adverse impact on HOC's fiscal 2024 budget, which will be approved on June 14, 2024.

Page 10 shows Underwriting Assumptions for the new financing. The properties' Net Operating Income of $5.2 million will support a permanent mortgage amount of $59.6 million at an estimated blended interest rate of 4.95% (to be confirmed at the time the bonds are priced), achieving a Debt Service Coverage Ratio of 1.45:1.00.

The cash flow from the Core Scattered Sites, specifically VPC One and VPC Two will continue post financing. The transaction is underwritten based on the trailing 13-month financial results from March 2023.

PERMANENT REFINANCING PLAN: UNDERWRITING ASSUMPTIONS

UW Assumptions	
Bad Debt	5.10%
Concessions	0.47%
Physical Vacancy	5.61%
Rental Income	
Gross Rental Income	$13,907,585
Vacancy, Bad Debt, Concessions	-$1,554,007
Net Rental Income	**$12,353,578**
Operating Expenses	
Administrative	$198,594
Allocated Overhead	$1,830,703
General Expenses (Other Taxes)	$291,588
HOA	$1,582,774
Insurance	$203,418
Maintenance	$1,011,230
Payroll	$1,496,023
Replacement Reserves Contribution	$418,571
Real Estate Taxes	$3,163
Tenant Services	$3,521
Utilities	$89,236
Total Operating Expenses	**$7,128,821**
Net Operating Income	**$5,224,756**
Debt Service	$3,603,280
DSC	1.45

- Operating projections are based on five (5) years of operating data for the properties that are being financed.
- Per unit operating expenses are $8,820, which are high but not unexpected for the scattered site portfolio.
- Debt Service Coverage at 1.45 gives sufficient cushion to operations; therefore, this financing is not expected to adversely impact HOC's fiscal position or budget.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Non-AMT or Tax-Exempt				
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Par Amount of Bonds	48,685,000	48,685,000	48,685,000	48,685,000
Bond Yield	4.594%	4.729%	5.380%	3.567%
Annual Debt Service	3,006,135	2,859,235	3,564,635	2,959,290
DSC Required	1.45x	1.45x	1.25x	1.25x
DSC Non-AMT only	1.74x	1.83x	1.47x	1.77x
Annual NOI for Required DSC	4,358,896	4,145,891	4,455,794	5,224,756
Taxable				
Type of Financing	Public Offering	Public Offering	n.a.	n.a.
Structure	Fixed	Fixed		
Amortization (Years)	30	35		
Bond Yield	5.866%	5.933%		
Remaining Annual NOI	865,860	1,078,865		
Annual Debt Service Combined	3,603,280	3,603,280		
DSC Non-AMT and Taxable Combined	1.450	1.450		
Par Amount of Bonds	8,385,000	10,920,000	-	-
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**

INDICATIVE FINANCING OPTIONS OBTAINED

Mortgage Finance staff received indicative quotes from Berkadia and PNC, and reviewed them against an HOC bond issuance, structured by Jefferies. Caine Mitter Associates (hereinafter "Caine Mitter"), the Commission's Financial Advisor, assisted with a comparative analysis of all of the indicative quotes.

Shown here and on the next page is a comparison of the viable quotes and the financing outcomes. Outlined in green is staff's proposal (Option 3), which is an HOC bond issuance, structured by Jefferies, a member of the Commission's bond underwriting team.

This option provides the best value to HOC through the permanent financing solution, given its long-term amortization, and the amount of proceeds raised for the repayment of existing subordinate debt, and anticipated renovations to be performed in Phase Two of the Comprehensive Plan.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**
Payoffs/Net Cash				
VPC 1 Bonds/Loans Payable	27,059,184	27,059,184	27,059,184	27,059,184
VPC 2 Bonds/Loans Payable	20,517,249	20,517,249	20,517,249	20,517,249
SS2 Bonds/Loans Payable	3,820,200	3,820,200	3,820,200	3,820,200
MHLP10 Bonds/Loans Payable	1,111,137	1,111,137	1,111,137	1,111,137
Notes Payable - HOC*	1,073,578	1,073,578	1,073,578	1,073,578
Notes Payable - County*	1,289,270	1,289,270	1,289,270	1,289,270
Net Balance - Gap/(Surplus)	2,199,382	4,734,382	(6,185,618)	(6,185,618)
Additional Contribution				
Equity Contribution Cost of Issuance	730,000	750,000	950,000	563,485
Equity Contribution DSRF	n.a	n.a.	3,786,902	3,184,285
Total Contribution Requirement	730,000	750,000	4,736,902	3,747,770
Net Cash to HOC (Before Financing and Commitment Fees)	**1,469,382**	**3,984,382**	**(10,922,520)**	**(9,933,388)**

PERMANENT REFINANCING PLAN: SOURCES & USES

SOURCES	
Senior Loan	$59,605,000
Existing PNC Reserves	$4,160,000
Existing Replacement Reserves	$2,239,338
TOTAL SOURCES	**$66,004,338**
USES	
Debt Repayment	$54,870,618
Repayment of HOC Loan/Refund FHA Risk Share Reserve	$4,160,000
Replacement Reserves	$2,239,338
Financing Fees and Charges	$2,682,225
TOTAL USES*	**$63,952,181**
Funding Gap / (Surplus)	**($2,052,157)**

[1]Financing Fees and Charges are estimated at 4.5% of senior loan, including an HOC Commitment Fee (and Cost of Issuance). Unused funds will increase the Surplus to HOC.

**Uses of Funds are higher and Surplus is lower than those presented to the D&FC due to the $4.1M reserves now being shown as a Use of Funds*

- Assumptions on interest rates per CMA are 4.729% on the tax-exempt debt and 5.993% on the taxable debt, for a blended rate of approximately 4.950%.
- Rates are as of March 2023; however, the current rate environment is volatile and final rates will not be determined until the bonds are priced. This is expected to occur the end of July 2023.
- The **New Permanent Mortgage** for each entity will be allocated so that each meet a 1.45 Debt Service Coverage Ratio upon initial sizing.
- The **Existing PNC Reserves** that were required for the 2017 funding in lieu of HOC's general obligation pledge. The amount reflects 8% of the then loan amount of $52 million, which was funded from the Commission's FHA Risk Share account. Upon closing of the proposed financing, the funds will be returned to the account. It is therefore shown as a source and use of funds.
- The **Existing Replacement Reserve** is a Source and a Use of funds.
- A DSCR of 1.45 was used as a minimum in order to avoid impacting HOC's Moody's rating with a 0.05 cushion.
- A portion of the estimated **Restricted Surplus** is available to fund capital or other needs of the Commission.

PERMANENT REFINANCING PLAN: CLOSING TIMELINE

Date	Milestone
6/14/2023	Approve Refinancing Plan
7/19/2023	Clear Preliminary Official Statement ("POS")
8/2/2023	Bond Pricing/Sale
8/7/2023	Clear Official Statement ("OS")
8/23/2023	Bond Closing
8/24/2023	Mortgage Loan Closing
8/30/2023	Existing Debt Payoff

ISSUES FOR CONSIDERATION

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, and:

1) Approve a financing plan totaling $66 million, which includes a) the issuance of governmental bonds in the 2002 Indenture, backed by a pledge of the Commission's general obligation, the proceeds of which will fund permanent loans to the existing ownership entities to refinance existing debt, finance or reimburse capital expenditures, as applicable, and finance and pay related transaction costs and costs of issuing the bonds; b) the use of existing reserves held for the benefit of the Developments, which will be returned to the Commission; and, c) the use of existing replacement reserve funds held by the four ownership entities to fund new replacement reserve accounts;

2) Authorize the selection of Jefferies, LLC, among the Commission's bond underwriters, as the Senior Manager for the upcoming bond issuance;

3) Authorize the adoption of a Bond Authorizing Resolution for the issuance and delivery of tax-exempt and taxable indebtedness in an aggregate principal amount not to exceed $61 million to fund permanent loans for the Developments of up to $60 million; and

4) Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents?

TIME FRAME

For formal action of the Commission at its monthly meeting on June 14, 2023

BUDGET/FISCAL IMPACT

The debt service of the proposed new permanent financing is an increase of approximately $400,000 when compared to the proposed FY 2024 budget. However, previously imposed annual debt service reserve contributions for VPC One and VPC Two will be removed, which has the potential to result in increased annual cash flow to HOC. Costs associated with closing on permanent refinancing will be paid from the projected Costs of Issuance budget.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023 that the Commission:

1. Approve a financing plan totaling $66 million, which includes a) the Issuance of governmental bonds issued in the Multiple Purpose Indenture (2002 Indenture), backed by a pledge of the Commission GO, the proceeds of which will a) fund permanent loans to the existing ownership entities to refinance existing debt, finance or reimburse capital expenditures, as applicable, and finance and pay related transaction costs and costs of issuing the bonds; b) the use of existing reserves held for the benefit of the Developments, which will be returned to the Commission; and, c) the use of existing replacement reserve funds held by the four ownership entities to fund new replacement reserve accounts;
2. Authorize the selection of Jefferies, LLC, among the Commission's bond underwriters, as the Senior Manager for the upcoming bond issuance;
3. Authorize the adoption of a Bond Authorizing Resolution for the issuance and delivery of tax-exempt and taxable indebtedness in an aggregate principal amount not to exceed $61 million to fund permanent loans for the Developments of up to $60 million; and
4. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

RESOLUTION: 23-41A

Re: Authorization of the Issuance of the Commission's Multiple Purpose Bonds to Refinance Various Scattered Site Developments

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES OF MULTIPLE PURPOSE BONDS 2023 SERIES A, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $61,000,000 (THE "BONDS"); AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, CERTAIN TAX-RELATED DOCUMENTS, A DISCLOSURE AGREEMENT AND ANY AND ALL OTHER RELATED DOCUMENTS; APPROVING THE PREPARATION, EXECUTION AND DISTRIBUTION OF PRELIMINARY AND FINAL OFFERING DOCUMENTS RELATING TO THE BONDS; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE SALE OF THE BONDS TO JEFFERIES LLC, AS SENIOR MANAGING UNDERWRITER, AND/OR TO ANY OTHER UNDERWRITERS OR TO ANY OTHER INITIAL PURCHASERS AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS OF THE BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Act declares that there exists within Montgomery County (the "County") a critical shortage of decent, safe and sanitary dwelling accommodations available to rent, which "persons of eligible income" (within the meaning of the Act) can afford; and

WHEREAS, the Act empowers the Commission to make mortgage loans to qualified sponsors to provide for the construction, rehabilitation, equipping, and long-term financing of multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program (the "Program") to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds; and

WHEREAS, pursuant to the Act and the Program, the Commission authorized the issuance of its Multiple Purpose Bonds (the "Bonds") pursuant to the Multiple Purpose Indenture of Trust (the "Multiple Purpose Indenture"), dated as of April 1, 2002, by and between the Commission and The Bank of New York Trust Company, N.A. (formerly, SunTrust Bank), as trustee (the "Trustee") and one or more supplemental indentures (each, a "Supplemental Indenture," and collectively with the Multiple Purpose Indenture, the "Indenture"); and

WHEREAS, the Commission desires to issue its Multiple Purpose Bonds 2023 Series A (the "Bonds"), in one or more taxable and/or tax-exempt series, for the purpose of (a) financing permanent mortgage loans (each, a "Permanent Mortgage Loan") to (i) refinance existing indebtedness of (A) VPC One Corporation and VPC Two Corporation ("VPC1&2 Corporations"), owners of the VPC1 & VPC2 development ("VPC1&2"), (B) Scattered Sites Two Development Corporation, owner of the Scattered Sites 2 development ("Scattered Sites 2"), and (C) Montgomery Homes LP (collectively with VPC1&2 Corporations and Scattered Sites Two Development Corporation, the "Borrowers"), owner of MHLP X (together with VPC1&2 and Scattered Sites 2, the "2023 Scattered Site Developments"), (ii) reimburse or finance capital expenditures, as applicable, for the 2023 Scattered Site Developments and (iii) finance related transaction costs and (b) paying certain costs of issuing the Bonds (collectively, the "Financing Plan"); and

WHEREAS, the Commission wholly owns, directly or indirectly, and controls each of the Borrowers; and

WHEREAS, the Commission has determined to pledge as security for the Bonds the full faith and credit of the Commission, payable from any of the Commission's revenues, assets or moneys, including, without limitation, available revenues, assets or moneys from the 2023 Scattered Site Developments, subject only to agreements made with holders of indebtedness of the Commission for the payment thereof or as may be restricted by applicable federal laws; and

WHEREAS, the Commission has determined that the issuance and sale of the Bonds and the application of the proceeds as described above will facilitate the financing of the 2023 Scattered Site Developments and will accomplish a valid public purpose of the Commission; and

WHEREAS, in connection with the issuance of the Bonds and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to, one or more Supplemental Indentures, preliminary and final Offering Documents, a Disclosure Agreement, a Contract of Purchase, the Tax-Related Documents (as defined herein), certain loan and real estate security documents (the "Real Estate Documents") and certain other documents relating to the Bonds and the Financing Plan (each such capitalized term not heretofore defined shall have the meaning as hereinafter set forth).

NOW, THEREFORE BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, as follows:

1. ***Bonds***. The Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed $61,000,000 to carry out the purposes of the Program as described above. Subject to the following sentence, the Bonds shall be separately designated "2023 Series A." Notwithstanding the foregoing, the Executive Director is hereby authorized to approve, in consultation with the Financial Advisor and Bond Counsel to the Commission, such greater number of series of Bonds to be issued in connection with the Financing Plan and to determine the designations therefor. The Bonds are to be issued pursuant to the terms of the Indenture. The Bonds shall be general obligations of the Commission for which its full faith and credit are pledged, payable from any of the Commission's revenues, assets or moneys, including, without limitation, available revenues, assets or moneys from the 2023 Scattered Site Developments, subject only to agreements made with holders of indebtedness of the Commission for the payment thereof or as may be restricted by applicable federal laws. The Bonds shall be issued as obligations the interest on which is excludable from gross income for federal income tax purposes (the "Tax Exempt Bonds") and/or as obligations the interest on which is includable in gross income for federal income tax purposes, subject to the approval of the Executive Director, in consultation with the Financial Advisor and Bond Counsel to the Commission.

2. ***Approval of Financing Plan.*** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions set forth in the Indenture and such other documents approved hereby.

3. ***Supplemental Indenture***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, or any authorized designee of the Executive Director, is hereby authorized and directed to execute and deliver the Supplemental Indenture in such form as shall be approved by such officer, the execution of such Supplemental Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (each, an "Authorized Officer"), is hereby authorized and directed to affix the seal of the Commission to the Supplemental Indenture and to attest the same.

4. ***Tax-Related Documents***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission is hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents relating to the Tax-Exempt Bonds (collectively, the "Tax-Related Documents") restricting the application of the proceeds of the Tax-Exempt Bonds in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution of the Tax-Related Documents constituting conclusive evidence of such approval and of the approval of the Commission.

5. ***Disclosure Agreement***. The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the Bonds, in such form as may be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, the execution and delivery of the Disclosure Agreement constituting conclusive evidence of such approval of the Disclosure Agreement and of the approval of the Commission.

6. Permanent Mortgage Loan; Real Estate Documents. The Commission hereby authorizes and approves the financing of each Permanent Mortgage Loan with the proceeds of the Bonds. The Commission hereby further authorizes and approves the preparation, execution and delivery of any and all loan and real estate security documents (the "Real Estate Documents") relating to the 2023 Scattered Site Developments and each Permanent Mortgage Loan, in its capacity as issuer of the Bonds and in its capacity as the owner, directly or indirectly, of each of the Borrowers.

7. ***Offering Documents***. The Commission hereby authorizes and approves the preparation and distribution of one or more preliminary offering documents of the Commission and the preparation, execution and distribution of one or more final offering documents (collectively, the "Offering Documents"), each relating to the Bonds, in such forms as may be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, the execution and delivery of the Offering Documents constituting conclusive evidence of such approval of the Offering Documents and of the approval of the Commission.

8. ***Sale of Bonds***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to proceed with the sale of the Bonds to Jefferies LLC, as senior managing underwriter, and/or such other underwriters as may be designated by the Commission, or to any other entity as shall be in the best interest of the Commission as determined by the Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission.

9. ***Contract of Purchase***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the "Contract of Purchase") in connection with the issuance, purchase and sale of the Bonds.

10. ***Terms; Ongoing Determinations***. The Executive Director or other Authorized Officer of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rates on the Bonds, all of the foregoing to be specified in the related Supplemental Indenture. The Executive Director or other Authorized Officer of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, is hereby authorized, from time to time during the period the Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the related Supplemental Indenture and any other financing documents relating to the Bonds, including, but not limited to, the giving and withholding of consents, the selection of certain providers and the refunding and redemption of the Bonds, and the Executive Director or other Authorized Officer of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

11. ***Other Action***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is hereby authorized and

directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution relating to the issuance and sale of the Bonds and the accomplishment of the Financing Plan.

12. ***Appointment of Financial Advisor and Bond Counsel***. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor to the Commission, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the Bonds.

13. ***No Personal Liability***. No stipulation, obligation or agreement herein contained or contained in the Bonds, the Supplemental Indenture, the Contract of Purchase, the Tax-Related Documents, the Offering Documents, the Disclosure Agreement, the Real Estate Documents or in any other agreement or document executed on behalf of the Commission shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

14. ***Action Approved and Confirmed***. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Bonds and the accomplishment of the Financing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

15. ***Severability***. If any provision of this Resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision hereof or cause any other provision hereof to be invalid, inoperative or unenforceable to any extent whatsoever.

16. ***Effective Date***. This Resolution shall take effect immediately.

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I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June ___, 2023.

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Chelsea J. Andrews
Secretary-Treasurer and Executive Director

RESOLUTION No: 23-41B **RE: Approval to Accept the Refinancing Plan for Montgomery Homes Limited Partnership X**

WHEREAS, Montgomery Homes Limited Partnership X ("MHLP X"), Scattered Site Two Development Corporation ("SS Two"), VPC One Corporation ("VPC One"), and VPC Two Corporation ("VPC Two," together with MHLP X, SS Two, and VPC One, the "Corporations"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery ("HOC" or the "Commission"); and

WHEREAS, MHLP X owns 75 units that were acquired in April 1996, SS Two owns 54 units that were transferred between December 2012 and January 2013, VPC One owns 389 of 669 units that were former Public Housing properties ("669 Sites") and an additional nine (9) units that were acquired between December 2014 and December 2015, and VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016; and

WHEREAS, on May 17, 2000, HOC adopted a bond authorizing resolution for the issuance of bonds for the purpose of making loans to several properties, including MHLP X, of which the original principal amount was $4 million, and on August 16, 2000, HOC approved MHLP X entering into new loans with the Commission and Montgomery County, Maryland in the original principal amounts of $1,138,644 and $800,000, respectively; and

WHEREAS, on November 17, 2017, VPC One, VPC Two, and HOC approved the refinancing of the VPC One and VPC Two existing debt with a new loan from PNC Bank, N.A. (the "PNC Facility"); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to VPC One and VPC Two in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity; and

WHEREAS, on December 7, 2022, VPC One, VPC Two, and HOC approved extending the maturity on the PNC Facility to August 2023 in order to allow more time to evaluate permanent financing strategies of HOC's entire scattered site portfolio, totaling 1,796 units; and

WHEREAS, a permanent Refinancing Plan totaling $66 million for the Corporations has been developed that includes the Commission issuing governmental bonds from its Multiple Purpose Indenture ("2002 Indenture"), backed by a pledge of the Commission's general obligation, which will 1) fund new permanent loans for the Corporations to refinance existing debt, 2) finance or reimburse capital expenditures, as applicable, for the Corporations, and 3) finance related transaction costs (the "Refinancing Plan"); and

WHEREAS, on June 14, 2023, the Commission approved the Bond Authorizing Resolution No. 23-41A in connection with the Refinancing Plan for the Corporations.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and as the general partner of MHLP X, approves and accepts the Refinancing Plan; provided that when combined with SS Two, VPC One, and VPC Two, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and as the general partner of MHLP X, authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing Resolution was adopted by Housing Opportunities Commission of Montgomery County at an open meeting on June 14, 2023.

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Chelsea J. Andrews
Executive Director

Development Corporation Annual Meetings And Approval of FY 24 Budgets

Alexander House Development Corporation

Alexander House Development Corporation

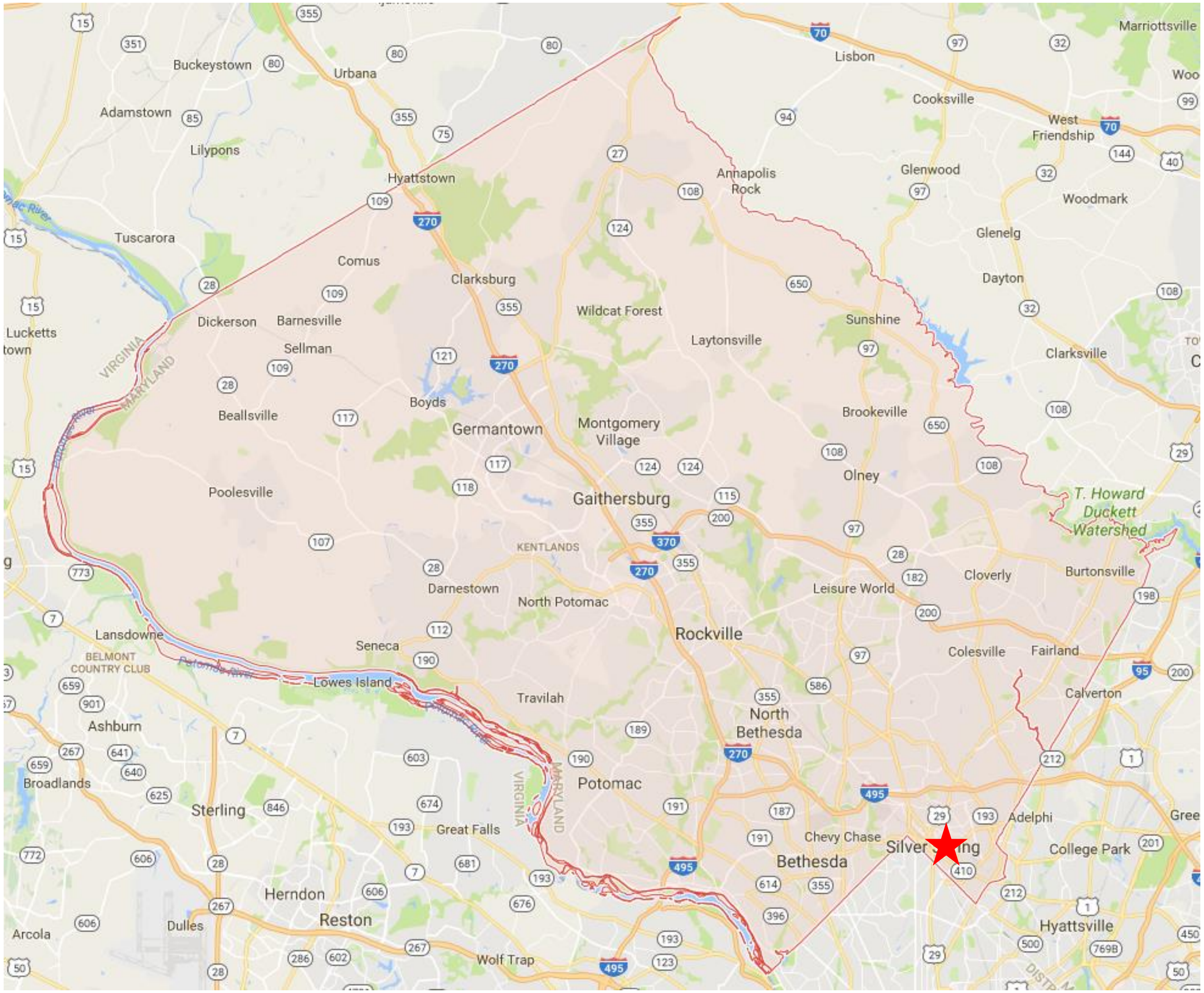
Annual Meeting and Adoption of FY 2024 Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Alexander House Development Corporation



Property Snapshot:

- Located in Downtown Silver Spring.
- Originally constructed in 1992.
- Refinanced on January 31, 2017.
- Comprehensive renovations were completed in 2019.

Alexander House Development Corporation – FY 2024 Overview

Background

- **November 6, 1996** - Commission authorized the creation of Alexander House Development Corporation (the "Corporation") and approved the Articles of Incorporation.
- **December 11, 1996** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected HOC's seven Commissioners as the officers.
- **January 22, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation and presentation into the HOC budget process.
- **January 31, 2017 -** Alexander House was refinanced using tax exempt bond financing in the amount of $70,495,686. The property now consists of two entities: Alexander House Development Corporation - 183 market rate units, and Alexander House Apartments Limited Partnership - 122 affordable tax credit units.
- **October 3, 2019 –** Construction loan converted to permanent financing.

8560 2nd Avenue, Silver Spring, MD 20910
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	25	7	32
1BR	86	75	161
2BR	72	40	112
Total Units	**183**	**122**	**305**

The Regulatory Agreement restricts 122 units at or below 60% AMI. The property also includes three commercial spaces.

Alexander House Development Corporation – FY 2024 Update

Property Management

- Physical occupancy averaged 90.33% for 2022; however, delinquency greatly affected operations, as with the lack of an eviction system, economic occupancy averaged 20% less than physical occupancy for the year. Property turnover increased by 6% partly due to housing temporary residents from neighboring properties undergoing renovation.

Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
41%	90.33%	87.63%

Maintenance

- The largest volume of work order tickets in CY 2022 was for plumbing and appliance repairs. There was a decrease in the number of work tickets of 100 work orders year over year.

Total Work Orders CY 2022	Average Days to Close
575	4

Capital Improvements

- A replacement reserve was established for unit turnover and other needed replacements. FY 2024 does not have major repairs scheduled to take place due to recent renovation, however there is a need for boiler/chiller repairs in the future.

Redevelopment/Refinancing

- The renovation of Alexander House was completed in 2019. Improvements included updates to unit fixtures and finishes, a new lobby and community room, a new cyber lounge, and a new fitness center.

Alexander House Development Corporation – FY 2024 Budget Summary

Alexander House Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	$4,110,114	$3,860,598	$3,612,751	$3,410,222	$3,417,347
Expenses:					
Operating - Admin	$294,205	$327,683	$250,081	$353,544	$309,494
Operating - Fees	$118,782	$119,612	$141,008	$116,513	$119,898
Bad Debt	$108,000	$202,800	$103,348	$226,098	$18,587
Tenant & Protective Services	$149,877	$134,890	$138,470	$116,587	$113,997
Taxes, Insurance & Utilities	$325,702	$293,437	$324,055	$278,337	$258,535
Maintenance	$371,771	$370,223	$393,682	$385,863	$369,498
Subtotal - Operating Expenses	$1,368,337	$1,448,645	$1,350,644	$1,476,942	$1,190,009
Net Operating Income ("NOI")	$2,741,777	$2,411,953	$2,262,107	$1,933,280	$2,227,338
Debt Service	$2,375,790	$2,375,792	$2,375,790	$2,375,790	$1,547,547
Replacement Reserves	$71,390	$69,308	$67,291	$65,331	$42,700
Asset Management Fees	$267,630	$252,300	$195,800	$195,800	$195,920
Development Corporation Fees	$26,967	$0	$0	$0	$265,000
Excess Cash Flow Restricted	$0	$0	$0	$0	$176,171
Subtotal - Expenses Below NOI	$2,741,777	$2,697,400	$2,638,881	$2,636,921	$2,227,338
NET INCOME	$0	($285,447)	($376,774)	($703,641)	$0

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Appliance Supplies	$0	$0	$3,447	$0	$0
Windows and Glass	$0	$0	$424	$0	$0
Doors	$0	$0	$899	$0	$12,889
Flooring and Carpeting	$0	$16,470	$11,405	$10,692	$3,284
Plumbing Equipment	$0	$0	$2,042	$0	$300
HVAC Equipment	$100,000	$0	$816	$1,480	$0
Appliance Equipment	$0	$3,200	$4,646	$0	$192
Miscellaneous Equipment	$0	$0	$4,668	$0	$0
Appliance Contracts	$7,500	$0	$2,838	$0	$0
Plumbing Contracts	$0	$0	$0	$7,891	$450
Windows/Glass Contracts	$0	$0	$22,154	$9,601	$1,399
Flooring/Carpet Contracts	$13,200	$0	$17,868	$0	$1,464
Asphalt/Concrete Contracts	$100,000	$0	$0	$0	$0
Miscellaneous Contracts	$0	$22,500	$0	$0	$8,399
Total Capital Budget	$220,700	$42,170	$71,207	$29,664	$28,377

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Property cash flow is budgeted at $26,967.
- Capital is budgeted at $220,700.
- DSCR is 1.12.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Alexander House Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-00AH **RE: Alexander House Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Alexander House Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Alexander House Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITIONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

ALEXANDER HOUSE DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for Alexander House Development Corporation is expiring on **June 30, 2023**.
- An extension of the current contract is needed to allow for sufficient time to complete a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of Alexander House Development Corporation accept the recommendation to extend the property management contract for Alexander House through **December 31, 2023**.

M E M O R A N D U M

TO: Board of Directors of the Alexander House Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager — Division: Property Management
Ellen Goff, Interim Director — Division: Property Management

RE: **Procurement of Property Management Services**: Approval of Additional Extension of the Property Management Contract for Alexander House Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X__

BACKGROUND:

Staff recommends extending the property management contract with Edgewood Management Corporation ("Edgewood") for Alexander House.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following tables detail property information, including current vendor, annual contract cost, current extension contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy
Alexander House	Silver Spring	186	88%

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
Alexander House	Edgewood	July 2019	$94,800	6/30/2023	7/1/2023-12/31/2023

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Alexander House Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Edgewood Management Corporation for Alexander House?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

For formal action by the Board of Directors of Alexander House Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Alexander House Development Corporation approve the property management contract extension with Edgewood Management Corporation for Alexander House through December 31, 2023.

RESOLUTION NO.: 23-002$_{AH}$ **RE: Approval of Additional Extension of the Property Management Contract for Alexander House**

WHEREAS, Alexander House Development Corporation partially owns the development known as Alexander House located in Silver Spring, Maryland; and

WHEREAS, staff desires to extend the current property management contract at Alexander House with Edgewood Management Corporation through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Alexander House Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at Alexander House with Edgewood Management Corporation through December 31, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Alexander House Development Corporation that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Barclay Apartments Development Corporation

BARCLAY APARTMENTS DEVELOPMENT CORPORATION

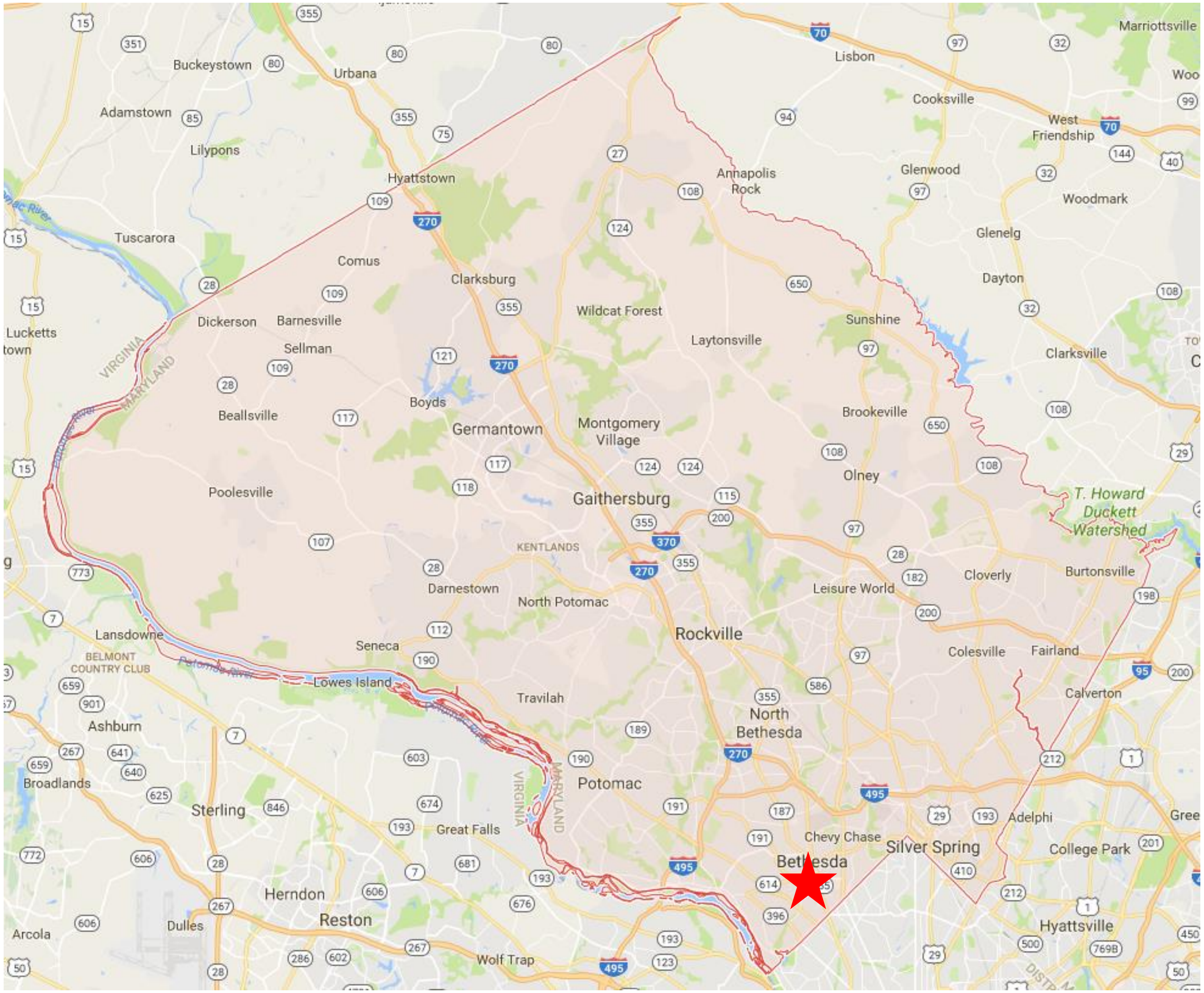
ANNUAL MEETING AND ADOPTION OF FY 2024
OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Barclay Development Corporation



Property Snapshot:

- Located in Chevy Chase, near Bethesda's Central Business District.
- Constructed in 1955, interiors updated in 2005.
- Amenities include a Community Room, Fitness Room, Business Center, Controlled Building Access, and 24 Hour Laundry Facilities.

Barclay Development Corporation – FY 2024 Overview

Background

- **July 7, 2004** – Commission established Barclay One Associates Limited Partnership (the "Partnership"). The Commission also authorized the creation of Barclay Apartments Development Corporation (the "Corporation") and approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **June 13, 2007 -** Corporation approved the purchase of 76 units from the Partnership and authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget, 90 days prior to the commencement of each fiscal year. The Board also approved a resolution that allowed for the incorporation of the Barclay Apartments annual budget preparation and presentation into the HOC budget process.
- The Barclay consists of 157 units which are distributed as follows:
  - 81 tax credit units owned by Barclay One Associates LP with HOC as the General Partner.
  - 76 units owned by Barclay Development Corporation.
- In November 2019, the Barclay tax credit units were purchased by HOC and are now included in Opportunity Housing.

4716 Bradley Blvd., Chevy Chase, MD 20815
Manager: Residential One

Unit Mix	Market	Affordable	Total
Studio	11	13	24
1BR	40	51	91
2BR	25	17	42
Total Units	76	81	157

The regulatory agreement restricts 25 units at or below 30% AMI and 56 units at or below 55% AMI.

Barclay Development Corporation – FY 2024 Update

Property Management

- Average occupancy declined from 2018 to 2020, reaching a low of 89%, as residents moved out of Bethesda in favor of lower cost submarkets such as Gaithersburg and Germantown. Concessions increased as management worked to stabilize occupancy. Occupancy has increased from 2021 to current by 8%.

Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
21%	94%	97%

Maintenance

- The majority of work orders were designated to plumbing.

Total Work Orders CY 2021	Average Days to Close
99	4

Capital Improvements

- The capital budget includes funding for unit turnover activity including flooring and appliances along with tub fixture replacements and reglazings.

Redevelopment/Refinancing

- Staff is currently evaluating operational and financial integration with the neighboring Bradley Crossing properties.

Barclay Development Corporation – FY 2024 Budget Summary

Barclay Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$1,316,278**	**$1,200,358**	**$1,247,107**	**$1,157,559**	**$1,230,796**
Expenses:					
Operating - Admin	$133,812	$106,860	$146,401	$103,570	$144,102
Operating - Fees	$52,230	$53,404	$51,730	$51,496	$48,562
Bad Debt	$59,016	$57,300	($34,250)	$52,289	$62,232
Tenant & Protective Services	$11,292	$10,968	$657	$5,626	$20,307
Taxes, Insurance & Utilities	$173,515	$142,114	$118,579	$152,020	$94,110
Maintenance	$248,910	$193,356	$277,010	$197,433	$159,274
Subtotal - Operating Expenses	**$678,775**	**$564,002**	**$560,127**	**$562,434**	**$528,587**
Net Operating Income ("NOI")	**$637,503**	**$636,356**	**$686,980**	**$595,125**	**$702,209**
Debt Service	$669,102	$670,874	$672,568	$674,247	$675,740
Replacement Reserves	$22,800	$22,800	$22,800	$22,800	$22,800
Asset Management Fees	$111,150	$104,780	$81,310	$81,310	$81,370
Development Corporation Fees	$0	$0	$0	$0	($77,701)
Subtotal - Expenses Below NOI	**$803,052**	**$798,454**	**$776,678**	**$778,357**	**$702,209**
NET INCOME	**($165,549)**	**($162,098)**	**($89,698)**	**($183,232)**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$1,884	$0	$157	$1,399	$1,882
Electrical Supplies	$408	$0	$0	$0	$0
Plumbing Supplies	$0	$0	$0	$0	$1,618
Grounds/Landscaping Sup.-Cap.	$2,844	$2,760	$7,750	$5,619	$2,759
Locks, Keys	$1,356	$0	$0	$0	$0
Windows and Glass	$6,996	$5,000	$6,950	$182	$0
Doors	$8,004	$0	$0	$24,614	$0
HVAC Supplies	$6,168	$0	$0	$0	$0
Flooring and Carpeting	$6,600	$6,228	$11,297	$3,927	$8,538
Miscellaneous Supplies	$0	$0	$0	$4,594	$17,741
Electrical Equipment	$0	$0	$2,992	$934	$4,715
Plumbing Equipment	$26,496	$25,000	$14,187	$3,993	$0
HVAC Equipment	$11,004	$6,000	$17,693	$27,261	$0
Appliance Equipment	$9,996	$9,000	$4,728	$7,141	$8,915
Plumbing Contracts	$42,000	$55,296	$0	$0	$0
Windows/Glass Contracts	$0	$0	$0	$0	$6,927
HVAC Contracts	$18,912	$0	$4,150	$0	$0
Flooring/Carpet Contracts	$20,040	$18,900	$8,969	$8,705	$845
Paint/Wallcovering Int. Cont.	$996	$0	$0	$0	$0
Elevator Contracts	$12,804	$0	$0	$0	$1,370
Security System	$0	$0	$0	$5,690	$18,145
Total Capital Budget	**$176,508**	**$128,184**	**$78,873**	**$94,059**	**$73,455**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8%, but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($165,549). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $176,508.
- DSCR is 0.92.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001BC **RE: Barclay Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Barclay Apartments Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Barclay Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Barclay Apartments Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Barclay Apartments Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Brookside Glen Apartments Development Corporation

Brookside Glen Limited Partnership

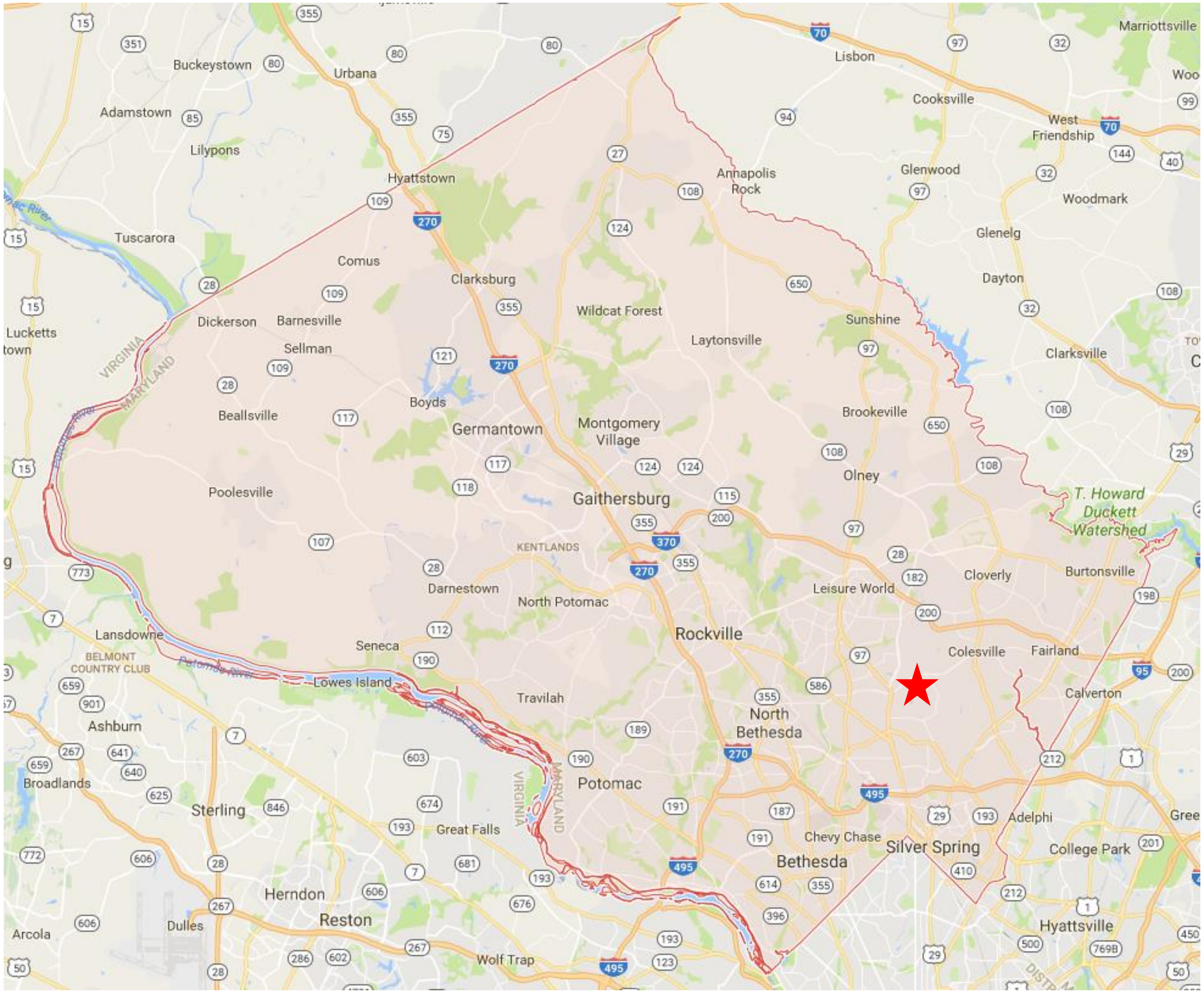
Annual Meeting and Adoption of FY 2024 Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Brookside Glen Limited Partnership



Property Snapshot:

- Located in Wheaton, Maryland.
- Constructed in 1995; comprehensive renovation completed in 2015.
- Garden-style community with 84 townhome style units and six 2-BR flats.
- Amenities include a Club Room, Washer/Dryer in the Unit, Free Onsite Parking, Decks/Patios, and a Business Center.

Brookside Glen Limited Partnership – FY 2024 Overview

Background

- **June 20, 2003** - Commission established Brookside Glen Limited Partnership (the "Partnership").
  - HOC, as limited partner, owns 99.9% of the partnership interest.
  - Brookside Glen Apartments Development Corporation, as general partner, owns .1% of the interest in the Partnership.
- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.
- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **June 20, 2003 –** Partnership authorized the execution of the Asset Management Agreement, which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year. The Partnership also approved a resolution that allowed for the incorporation of the Brookside Glen annual budget preparation and presentation into the HOC budget process.

2399 Jones Lane, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
2BR	23	32	55
3BR	22	13	35
Total Units	**45**	**45**	**90**

Home Regulatory Agreement dated June 23, 1994 requires restricted income/rents for 29 units at 40% of area median and 16 units at 50% of area median.

Brookside Glen Limited Partnership – FY 2024 Update

Property Management

- Brookside Glen maintained occupancy of 97% for the CY 2022 by keeping one of the lowest turnover rates in the portfolio.

Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
3%	97%	95%

Maintenance

- The property had an slight decrease in work orders over the prior year. Work order volume is historically driven by plumbing and leak issues, followed by HVAC.

Total Work Orders CY 2022	Average Days to Close
505	4

Capital Improvements

- The property maintains a capital reserve for needed replacements. The FY 2024 Capital budget is primarily for flooring, plumbing, HVAC and appliance replacements.

Redevelopment/Refinancing

- A comprehensive renovation was completed in 2015. There are no further plans underway for redevelopment or refinancing for Brookside Glen.

Brookside Glen Limited Partnership – FY 2024 Budget Summary

Brookside Glen Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$1,632,624**	**$1,557,538**	**$1,501,868**	**$1,531,102**	**$1,517,102**
Expenses:					
Operating - Admin	$170,602	$184,549	$166,889	$156,982	$179,857
Operating - Fees	$59,650	$60,782	$55,307	$54,897	$54,747
Bad Debt	$100,992	$108,000	$101,164	$50,848	$22,434
Tenant & Protective Services	$9,000	$13,200	$13,379	$3,122	$6,251
Taxes, Insurance & Utilities	$241,362	$226,774	$211,765	$208,632	$149,726
Maintenance	$253,875	$223,507	$335,841	$197,627	$191,373
Subtotal - Operating Expenses	**$835,481**	**$816,812**	**$884,345**	**$672,108**	**$604,388**
Net Operating Income ("NOI")	**$797,143**	**$740,726**	**$617,523**	**$858,994**	**$912,714**
Debt Service	$492,530	$493,897	$495,228	$459,550	$491,521
Operating Reserves	$16,248	$16,248	$16,250	$17,604	$16,250
Replacement Reserves	$58,872	$57,552	$56,148	$107,484	$102,360
Asset Management Fees	$131,620	$124,080	$96,290	$96,290	$96,350
Excess Cash Flow Restricted	$97,873	$48,949	$0	$178,066	$206,233
Subtotal - Expenses Below NOI	**$797,143**	**$740,726**	**$663,916**	**$858,994**	**$912,714**
NET INCOME	**$0**	**$0**	**($46,393)**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$629	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$0	$83
Windows and Glass	$0	$0	$1,733	$819	$1,662
Doors	$0	$0	$0	$0	$2,700
Flooring and Carpeting	$19,224	$36,000	$52,104	$16,676	$24,216
Plumbing Equipment	$52,760	$0	$55,005	$63,969	$73,992
HVAC Equipment	$11,770	$15,600	$0	$1,535	$0
Appliance Equipment	$26,900	$12,000	$39,010	$24,782	$38,235
Plumbing Contracts	$0	$18,000	$0	$0	$0
Miscellaneous Contracts	$0	$0	$2,250	$0	$0
Total Capital Budget	**$110,654**	**$81,600**	**$150,731**	**$107,781**	**$140,888**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $97,873 and will be restricted to the property.
- Capital is budgeted at $110,654.
- DSCR is 1.50.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Brookside Glen Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Board of Directors.

RESOLUTION NO.: 23-001BG **RE: Brookside Glen Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Brookside Glen Apartments Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Brookside Glen Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Brookside Glen Apartments Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITIONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

BROOKSIDE GLEN DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for Brookside Glen Development Corporation is expiring on **June 30, 2023**.
- An extension of the current contract is needed to allow sufficient time to complete a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of Brookside Glen Development Corporation accept the recommendation to extend the property management contract for Brookside Glen through **December 31, 2023**.

MEMORANDUM

TO: Board of Directors of the Brookside Glen Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager — Division: Property Management
Ellen Goff, Interim Director — Division: Property Management

RE: **Procurement of Property Management Services**: Approval of Additional Extension of the Property Management Contract Brookside Glen Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X___

BACKGROUND:

Staff recommends extending the property management contract with Edgewood Management Corporation "Edgewood" for Brookside Glen.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following tables detail property information, including current vendor, annual extension contract cost, current contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy
Brookside Glen	Wheaton	90	93%

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
Brookside Glen	Edgewood	July 2019	$42,240	6/30/2023	7/1/2023-12/31/2023

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Brookside Glen Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Edgewood for Brookside Glen?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

For formal action by the Board of Directors of Brookside Glen Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Brookside Glen Development Corporation approve the property management contract extension with Edgewood for Brookside Glen through December 31, 2023.

RESOLUTION NO.: 23-002BG **RE: Approval of Additional Extension of the Property Management Contract for Brookside Glen**

WHEREAS, Brookside Glen Development Corporation is the general partner of Brookside Glen Limited Partnership ("Brookside Glen LP"), and Brookside Glen LP owns the development known as Brookside Glen located in Wheaton, Maryland; and

WHEREAS, staff desires to extend the current property management contract at Brookside Glen with Edgewood through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Brookside Glen Development Corporation, acting on behalf of itself and on behalf of Brookside Glen LP, that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at Brookside Glen with Edgewood through December 31, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Brookside Glen Development Corporation, acting on behalf of itself and on behalf of Brookside Glen LP, that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Diamond Square Development Corporation

Diamond Square Limited partnership

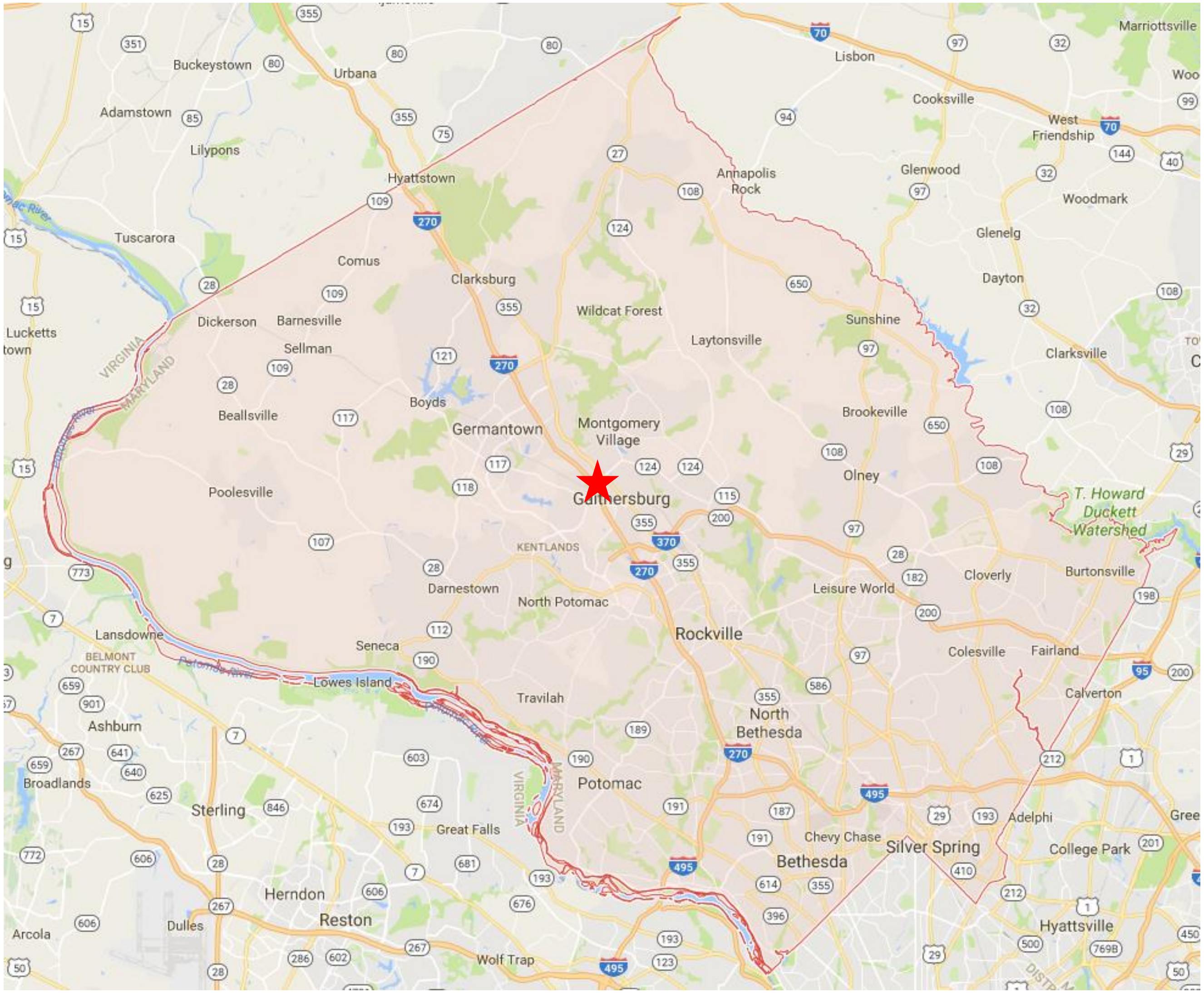
Annual Meeting and Adoption of FY 2024 Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Diamond Square Limited Partnership



Property Snapshot

- Located in Gaithersburg, Maryland.
- Five-story midrise constructed in 1985 as a Quality Inn Hotel.
- Renovated in 1991 to 120 single room occupancy ("SRO") units and two 1-BR units.
- Main Lobby, Offices, Community Room.

Diamond Square Limited Partnership – FY 2024 Overview

Background

- **June 6, 1990** - Agreement executed with Montgomery County, the City of Gaithersburg, and the Housing Opportunities Commission ("HOC") to jointly acquire the Quality Inn Hotel located in Gaithersburg. Per Agreement, Montgomery County assigned its contract to purchase the property to HOC. The City contributed $500,000 for its share of the purchase price, with title to the property held by HOC.

- **2003** - Commission established Diamond Square Limited Partnership.
  - HOC, as limited partner, owns 99.9% of the partnership interest.
  - Diamond Square Development Corporation, as general partner, owns .1% of the interest in the Partnership.

- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation serves as the general partner.

- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

80 Bureau Dr, Gaithersburg, 20878
Manager : Residential One

Unit Mix	Market	Affordable	Total
Studio	41	81	122
1BR	2	0	2
Total Units	**43**	**81**	**124**

The regulatory agreement restricts 41 units at or below 50% AMI, and the Partnership Rental Housing Program (PRHP) loan restricts 40 units at or below 45% of state median income.

Diamond Square Limited Partnership – FY 2024 Update

Property Management

- The property operates under guidance from the Board of Governance ("BOG"), which consists of one representative each from Montgomery County, the City of Gaithersburg, and HOC.
- Property occupancy is historically high and maintained above 95%
- Property has a history of high REAC scores.

Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
19%	96%	94%

Maintenance

- The majority of service requests in CY 2022 are related to plumbing and HVAC

Total Work Orders CY 2022	Average Days to Close
480	2

Capital Improvements

- The Capital Budget includes replacement of carpet, HVAC and appliances in units on turnover. The property is currently working on the replacement of the elevators that was approved in the previous years capital budget

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing of Diamond Square.

Diamond Square Limited Partnership – FY 2024 Budget Summary

Diamond Square Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$1,386,158**	**$1,356,078**	**$1,325,384**	**$1,340,508**	**$1,342,727**
Expenses:					
Operating - Admin	$155,454	$145,848	$157,890	$164,154	$162,836
Operating - Fees	$69,210	$76,761	$76,021	$66,130	$73,043
Bad Debt	$31,176	$11,500	$41,954	$33,788	$4,442
Tenant & Protective Services	$11,388	$7,200	$26,070	$2,339	$179,131
Taxes, Insurance & Utilities	$278,494	$208,776	$257,623	$191,980	$194,861
Maintenance	$330,544	$253,417	$307,818	$255,155	$221,135
Subtotal - Operating Expenses	**$876,266**	**$703,502**	**$867,376**	**$713,546**	**$835,448**
Net Operating Income ("NOI")	**$509,892**	**$652,576**	**$458,008**	**$626,962**	**$507,279**
Debt Service	$116,305	$116,656	$116,992	$117,302	$117,569
Operating Reserves	$19,920	$19,920	$14,940	$19,920	$19,920
Replacement Reserves	$131,040	$126,003	$121,158	$116,494	$112,020
Asset Management Fees	$27,610	$26,810	$26,030	$25,270	$24,530
Excess Cash Flow Restricted	$215,017	$363,187	$178,888	$347,976	$233,240
Subtotal - Expenses Below NOI	**$509,892**	**$652,576**	**$458,008**	**$626,962**	**$507,279**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Computer Equipment	$1,596	$1,524	$0	$0	$0
Kitchen and Bath Supplies	$12,600	$12,000	$0	$0	$0
Doors	$2,556	$2,436	$0	$0	$0
Miscellaneous Supplies	$4,240	$4,056	$0	$0	$0
Plumbing Equipment	$0	$0	$0	$0	$514
HVAC Equipment	$0	$15,262	$1,468	$15,053	$0
Appliance Equipment	$86,616	$24,132	$3,452	$5,675	$0
Tools	$2,772	$2,640	$0	$0	$0
Electrical Contracts	$0	$0	$0	$0	$319
Plumbing Contracts	$12,792	$12,180	$0	$56,000	$12,009
Cleaning/Janitorial Contracts-Cap.	$16,140	$0	$0	$0	$140
HVAC Contracts	$0	$5,880	$0	$0	$0
Flooring/Carpet Contracts	$12,480	$22,812	$3,005	$0	$0
Fencing Contracts	$0	$0	$0	($4,990)	$4,990
Asphalt/Concrete Contracts	$4,836	$4,608	$0	$0	$0
Total Capital Budget	**$156,628**	**$107,530**	**$7,925**	**$71,738**	**$17,972**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $215,017 and will be restricted to the property.
- Capital is budgeted at $156,628.
- DSCR is 3.26.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Diamond Square Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting. The Governing Board approved the FY 2024 budget on May 19, 2023.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Diamond Square Limited Partnership by the Board of Directors.

RESOLUTION NO.: 23-001DS | **RE: Diamond Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Diamond Square Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Diamond Square Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Diamond Square Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

DIAMOND SQUARE DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for Diamond Square Development Corporation is expiring on **June 30, 2023**.
- An extension of the current contract is needed to allow sufficient time to complete a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of Diamond Square Development Corporation accept the recommendation to extend the property management contract for Diamond Square through **December 31, 2023**.

M E M O R A N D U M

TO: Board of Directors of the Diamond Square Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Alex Torton, Asset Manager Division: Property Management
Ellen Goff, Interim Director Division: Property Management

RE: **Procurement of Property Management Services**: Approval of Additional Extension of the Property Management Contract Diamond Square Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X__

BACKGROUND:
Staff recommends renewing the property management contract with Residential One for Diamond Square.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following tables detail property information, including current vendor, annual extension contract cost, current contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy
Diamond Square	Gaithersburg	124	94%

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
Diamond Square	Residential One	July 2019	$62,881	6/30/2023	7/1/2023-12/31/2023

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Diamond Square Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Residential One for Diamond Square?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

For formal action by the Board of Directors of Diamond Square Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Diamond Square Development Corporation approve the property management contract extension with Residential One for Diamond Square through December 31, 2023.

RESOLUTION NO.: 23-002DS **RE: Approval of Additional Extension of the Property Management Contract for Diamond Square**

WHEREAS, Diamond Square Development Corporation the general partner of Diamond Square Limited Partnership ("Diamond Square LP"), and Diamond Square LP owns the development known as Diamond Square located in Gaithersburg, Maryland ("Diamond Square"); and

WHEREAS, staff desires to extend the current property management contract at Diamond Square with Residential One through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Diamond Square Development Corporation, acting for itself and on behalf of Diamond Square LP, that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at Diamond Square with Residential One through December 31, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Diamond Square Development Corporation, acting for itself and on behalf of Diamond Square LP, that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Glenmont Crossing Development Corporation

GLENMONT CROSSING DEVELOPMENT CORPORATION

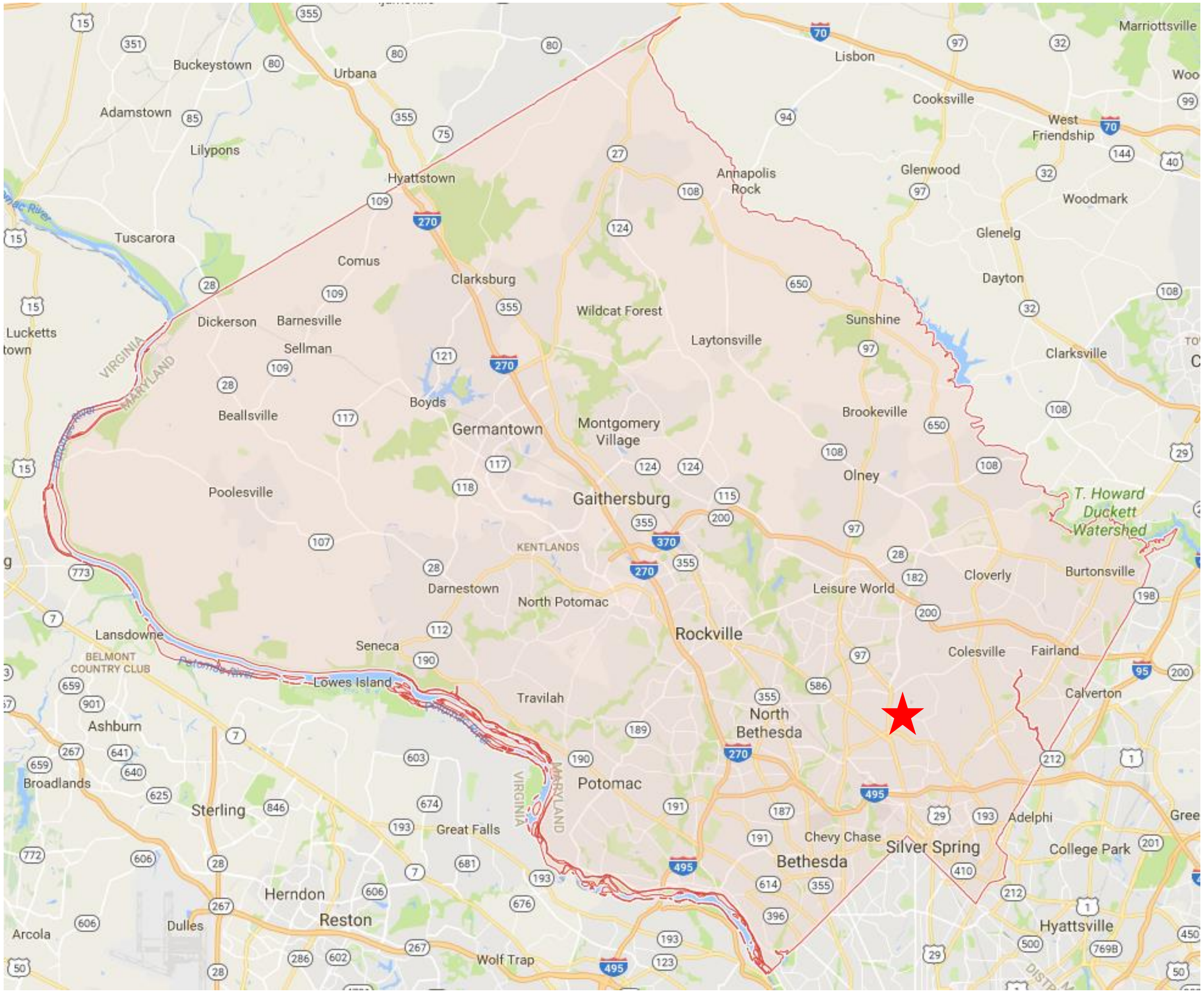
ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Glenmont Crossing Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Amenities include Washer/Dryer in Unit, Free Onsite Parking, and Outdoor Community Space.
- Loan refinancing was completed in 2019.

Glenmont Crossing Development Corporation – FY 2024 Overview

Background

- **October 3, 2012 -** Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly) using the County's Right of First Refusal Ordinance for the purpose of preservation by acquisition.

- **November 20, 2012 -** Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as "Woodberry" and the second parcel containing 102 garden units referred to as "Westerly" was acquired by Glenmont Westerly Development Corporation.

- **December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation, and elected the seven Commissioners as the officers.

- **December 31, 2012 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.

- **March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Crossing annual budget preparation and presentation into the HOC budget process.

- **November 1, 2019**- Glenmont Crossing Development Corporation loan was refinanced. A new $14.1 million loan from Federal Financing Bank paid off the CBRE Fannie Mae loan

2309 Shorefield Road, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
2BR	9	12	21
3BR	38	38	76
Total Units	**47**	**50**	**97**

The regulatory agreement restricts 20 units at or below 50% AMI and 30 units at or below 80% AMI.

Glenmont Crossing Development Corporation – FY 2024 Update

Property Management

- Glenmont Crossing has a history of high occupancy due to low turnover. Turnover has decreased annually since 2020 from 16% to 3.11% in 2022.

Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
3.11%	97%	96%

Maintenance

- The largest volume of work order tickets was related to electrical, appliances and plumbing repairs, which have increased each of the last three years, however the time of completion has decreased from 7 days open to 4 days on average.

Work Orders CY 2022	Average Days to Close
812	4

Capital Improvements

- Capital costs consist primarily of appliance and flooring replacements at turnover or as needed.

Redevelopment/Refinancing

- Refinancing of Glenmont Crossing was completed in 2019.

Glenmont Crossing Development Corporation – FY 2024 Budget Summary

Glenmont Crossing Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$1,972,784**	**$1,898,019**	**$1,873,114**	**$1,872,031**	**$1,887,294**
Expenses:					
Operating - Admin	$172,091	$159,441	$152,322	$140,515	$138,995
Operating - Fees	$60,260	$63,881	$61,779	$61,943	$60,066
Bad Debt	$31,200	$31,200	$21,089	$37,460	$27,168
Tenant & Protective Services	$1,716	$0	$1,432	$1,300	$45,801
Taxes, Insurance & Utilities	$148,613	$158,428	$273,347	$227,138	$158,735
Maintenance	$215,500	$220,797	$228,915	$146,949	$138,668
Subtotal - Operating Expenses	**$629,380**	**$633,747**	**$738,884**	**$615,305**	**$569,433**
Net Operating Income ("NOI")	**$1,343,404**	**$1,264,272**	**$1,134,230**	**$1,256,726**	**$1,317,861**
Debt Service	$675,965	$675,967	$675,965	$675,964	$652,592
Replacement Reserves	$80,886	$78,535	$58,200	$58,200	$58,200
Asset Management Fees	$141,860	$133,730	$103,780	$103,780	$103,850
Development Corporation Fees	$444,693	$376,040	$296,285	$290,493	$146,850
Excess Cash Flow Restricted	$0	$0	$0	$128,289	$356,369
Subtotal - Expenses Below NOI	**$1,343,404**	**$1,264,272**	**$1,134,230**	**$1,256,726**	**$1,317,861**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$361	$0	$0
Grounds/Landscaping Sup. -Cap.	$0	$0	$0	$0	$83
Windows and Glass	$0	$0	$0	$1,502	$1,069
Doors	$0	$0	$99	$192	$0
Flooring and Carpeting	$18,360	$18,000	$58,369	$34,980	$29,046
Plumbing Equipment	$0	$0	$7,638	$0	$0
HVAC Equipment	$0	$0	$0	$2,305	$4,974
Appliance Equipment	$16,050	$18,000	$39,915	$42,592	$32,760
Miscellaneous Equipment	$0	$0	$0	$90	$0
HVAC Contracts	$5,587	$52,800	$0	$0	$0
Miscellaneous Contracts	$0	$0	$1,050	$60	$0
Total Capital Budget	**$39,997**	**$88,800**	**$107,432**	**$81,721**	**$67,932**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive’s voluntary rent guideline is 5.8%.
- Market rents will be increased 5.8%, but upon turnover will be increased to the prevailing “market rate”.
- Property cash flow is budgeted at $444,693.
- Capital is budgeted at $39,997.
- DSCR is 1.87.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Glenmont Crossing Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001GC **RE: Glenmont Crossing Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Glenmont Crossing Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Glenmont Crossing Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Crossing Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITIONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

GLENMONT CROSSING DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for Glenmont Crossing Development Corporation is expiring on **June 30, 2023**.
- An extension of the current contract is needed to allow sufficient time to complete a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of Glenmont Crossing Development Corporation accept the recommendation to extend the property management contract for Glenmont Crossing through **December 31, 2023**.

M E M O R A N D U M

TO: Board of Directors of the Glenmont Crossing Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager Division: Property Management
Ellen Goff, Interim Director Division: Property Management

RE: **Procurement of Property Management Services:** Approval of Additional Extension of the Property Management Contract Glenmont Crossing Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X__

BACKGROUND:

Staff recommends extending the property management contract with Edgewood Management Corporation ("Edgewood") for Glenmont Crossing.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

P e P a po e ff e me fo f m o e po
A o aff o e a ea g f a e a a o effo a p epa e ma e a fo omm ee a Commission consideration,
P epa e a ego a e e o a a
ff oa a /o o oa ma ageme ompa e a a p ope -level employees

The following tables detail property information, including current vendor, annual extension contract cost, current contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy
Glenmont Crossing	Wheaton	199	94%

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
Glenmont Crossing	Edgewood	July 2019	$42,240	6/30/2023	7/1/2023-12/31/2023

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Glenmont Crossing Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Edgewood Management Corporation for Glenmont Crossing?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

For formal action by the Board of Directors of Glenmont Crossing Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Glenmont Crossing Development Corporation approve the property management contract extension with Edgewood Management Corporation for Glenmont Crossing through December 31, 2023.

RESOLUTION NO.: 23-002GC | **RE: Approval of Additional Extension of the Property Management Contract for Glenmont Crossing**

WHEREAS, Glenmont Crossing Development Corporation owns the development known as Glenmont Crossing located in Silver Spring, Maryland; and

WHEREAS, staff desires to extend the current property management contract at Glenmont Crossing with Edgewood Management Corporation through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Glenmont Crossing Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at Glenmont Crossing with Edgewood Management Corporation through December 31, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Glenmont Crossing Development Corporation that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Glenmont Westerly Development Corporation

GLENMONT WESTERLY DEVELOPMENT CORPORATION

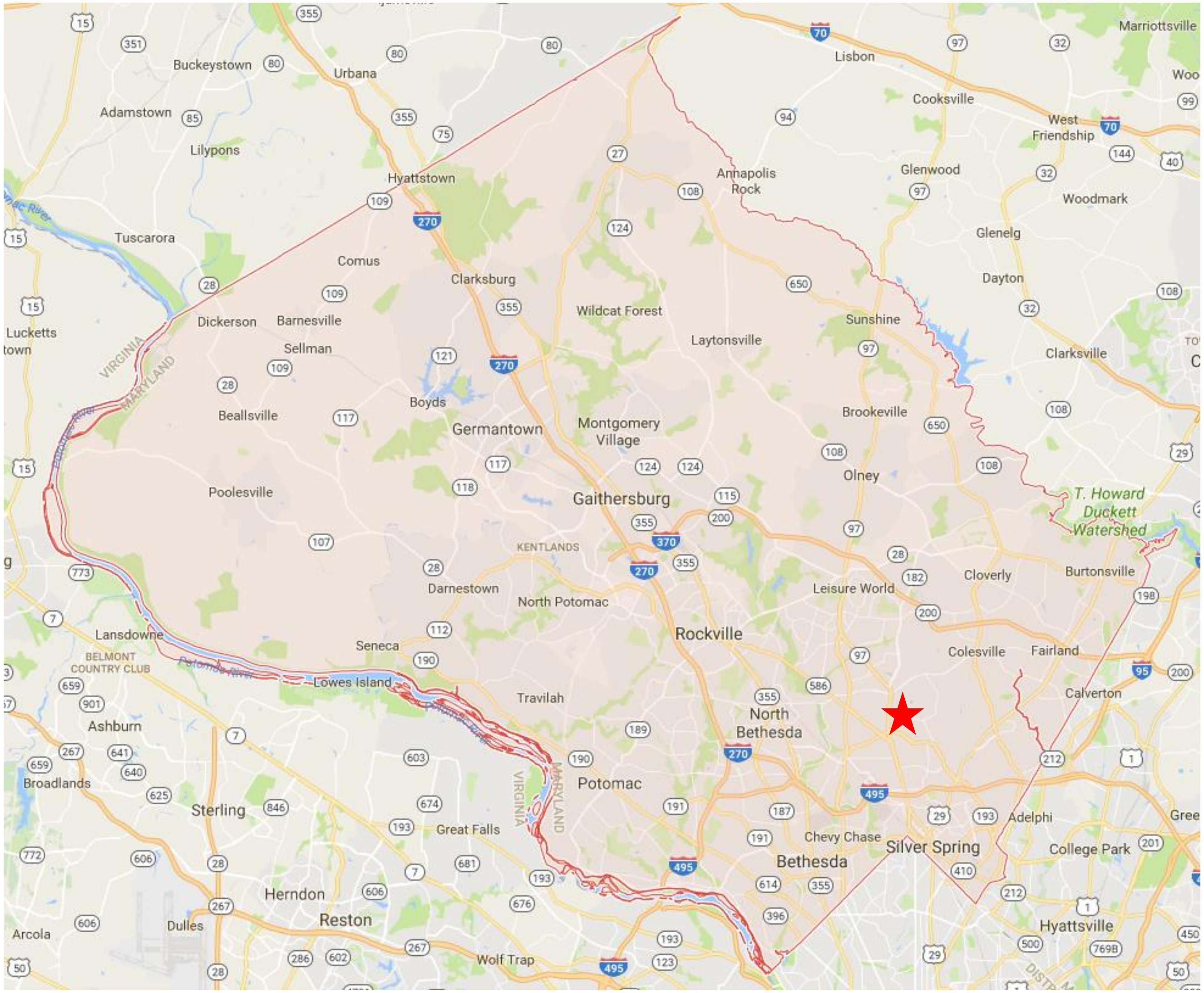
ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Glenmont Westerly Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Washer/Dryer in Unit, Free Onsite Parking, Outdoor Community Space.
- Loan refinancing was completed in 2019.

Glenmont Westerly Development Corporation – FY 2024 Overview

Background

- **October 3, 2012 -** Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly) using the County's Right of First Refusal Ordinance for the purpose of preservation by acquisition.
- **November 20, 2012 -** Glenmont Westerly Development Corporation was formed to acquire the 102 garden unit portion of the project, referred to as "Westerly" and the second parcel containing 97 townhome units referred to as "Woodberry" was acquired by Glenmont Crossing Development Corporation.
- **December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **December 31, 2012 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Westerly annual budget preparation and presentation into the HOC budget process.
- **November 1, 2019** - Glenmont Westerly Development Corporation loan was refinanced. A new $14 million loan from Federal Financing Bank paid off the CBRE Fannie Mae loan.

2309 Shorefield Road, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	7	12	19
2BR	44	39	83
Total Units	**51**	**51**	**102**

The regulatory agreement restricts 21 units at or below 50% AMI and 30 units at or below 90% AMI.

Glenmont Westerly Development Corporation – FY 2024 Update

Property Management

- Glenmont Westerly's average occupancy is historically high. Turnover rate was reduced by almost 10%.

Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
3%	97%	96%

Maintenance

- The largest volume of work orders for 2022 relate to plumbing, HVAC, and appliance repairs.

Work Orders CY 2022	Average Days to Close
687	4

Capital Improvements

- Primary capital costs in 2024 Budget included flooring, appliance and HVAC replacements.

Redevelopment/Refinancing

- Refinancing of Glenmont Westerly was completed in 2019.

Glenmont Westerly Development Corporation – FY 2024 Budget Summary

Glenmont Westerly Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$1,709,680**	**$1,649,432**	**$1,664,551**	**$1,649,105**	**$1,667,275**
Expenses:					
Operating - Admin	$196,312	$172,474	$177,781	$163,185	$171,293
Operating - Fees	$63,158	$67,128	$62,525	$66,538	$60,426
Bad Debt	$33,132	$39,600	$47,771	$40,943	$22,142
Tenant & Protective Services	$2,700	$2,400	$5,180	$2,227	$52,423
Taxes, Insurance & Utilities	$133,295	$137,107	$132,748	$156,612	$88,058
Maintenance	$203,795	$191,813	$248,397	$173,923	$156,850
Subtotal - Operating Expenses	**$632,392**	**$610,522**	**$674,402**	**$603,428**	**$551,192**
Net Operating Income ("NOI")	**$1,077,288**	**$1,038,910**	**$990,149**	**$1,045,677**	**$1,116,083**
Debt Service	$671,170	$673,172	$671,170	$671,171	$553,222
Replacement Reserves	$72,015	$69,916	$61,200	$61,200	$61,200
Asset Management Fees	$149,170	$140,630	$109,130	$109,130	$109,200
Development Corporation Fees	$116,972	$87,231	$80,688	$39,926	$186,398
Excess Cash Flow Restricted	$67,961	$67,961	$67,961	$164,250	$206,063
Subtotal - Expenses Below NOI	**$1,077,288**	**$1,038,910**	**$990,149**	**$1,045,677**	**$1,116,083**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$2,552	$226	$605
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$0	$83
Windows and Glass	$0	$0	$0	$1,216	$901
Flooring and Carpeting	$23,100	$12,000	$37,243	$23,742	$26,866
Plumbing Equipment	$10,285	$0	$4,916	$4,042	$0
HVAC Equipment	$11,174	$114,240	$1,940	$225	$7,350
Appliance Equipment	$12,200	$7,800	$34,273	$27,671	$40,718
Miscellaneous Equipment	$0	$0	$0	$94	$0
Paint/Wallcovering Int. Cont.	$0	$0	$1,050	$600	$0
Miscellaneous Contracts	$0	$0	$900	$420	$0
Total Capital Budget	**$56,759**	**$134,040**	**$82,874**	**$58,236**	**$76,523**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $184,933, of which $67,961 will be restricted.
- Capital is budgeted at $56,759.
- DSCR is 1.50.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Glenmont Westerly Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001GW **RE: Glenmont Westerly Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Glenmont Westerly Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Glenmont Westerly Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Westerly Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

GLENMONT WESTERLY DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for Glenmont Westerly Development Corporation is expiring on **June 30, 2023**.
- An extension of the current contract is needed to allow sufficient time to complete a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of Glenmont Westerly Development Corporation accept the recommendation to extend the property management contract for Glenmont Westerly through **December 31, 2023**.

MEMORANDUM

TO: Board of Directors of the Glenmont Westerly Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager Division: Property Management
Ellen Goff, Interim Director Division: Property Management

RE: **Procurement of Property Management Services**: Approval of Additional Extension of the Property Management Contract Glenmont Westerly Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X___

BACKGROUND:

Staff recommends extending the property management contract with Edgewood Management Corporation ("Edgewood") for Glenmont Westerly.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following tables detail property information, including current vendor, annual extension contract cost, current contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy
Glenmont Westerly	Wheaton	199	94%

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
Glenmont Westerly	Edgewood	July 2019	$42,240	6/30/2023	7/1/2023-12/31/2023

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Glenmont Westerly Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Edgewood Management Corporation for Glenmont Westerly?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

For formal action by the Board of Directors of Glenmont Westerly Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Glenmont Westerly Development Corporation approve the property management contract extension with Edgewood Management Corporation for Glenmont Westerly through December 31, 2023.

RESOLUTION NO.: 23-002GW **RE: Approval of Additional Extension of the Property Management Contract for Glenmont Westerly**

WHEREAS, Glenmont Westerly Development Corporation owns the development known as Glenmont Westerly located in Silver Spring, Maryland; and

WHEREAS, staff desires to extend the current property management contract at Glenmont Westerly with Edgewood Management Corporation through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Glenmont Westerly Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at Glenmont Westerly with Edgewood Management Corporation through December 31, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Glenmont Westerly Development Corporation that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Magruder's Discovery Development Corporation

MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION

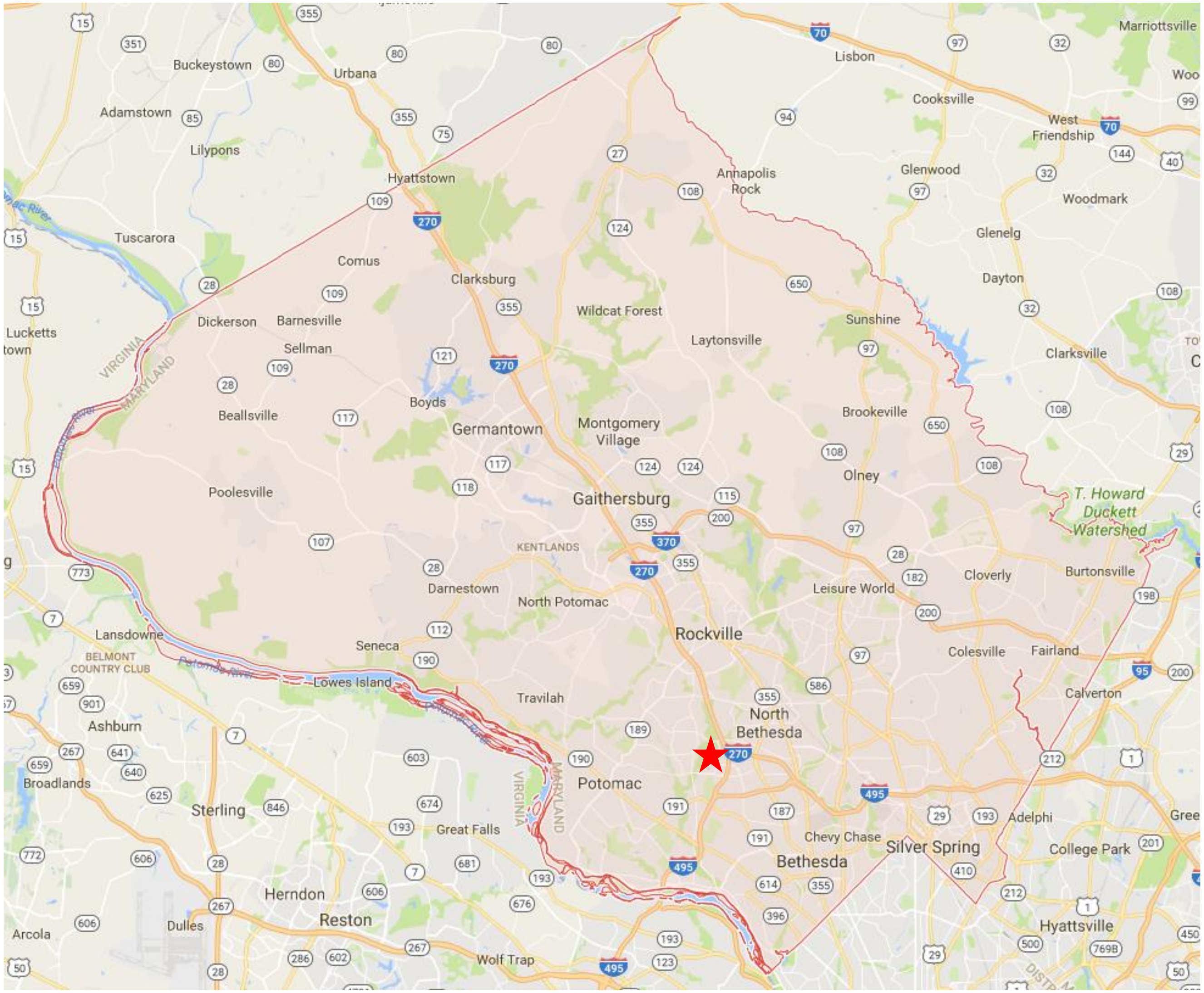
ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Magruder's Discovery Development Corporation



Property Snapshot:

- Located in Bethesda.
- Consists of two-story and terrace level buildings constructed in 1980.
- Interiors updated in 2007.
- Amenities include a Community Room, Recreation Center, Controlled Building Access, and onsite laundry.
- Two playgrounds and ample green space.

Magruder's Discovery Development Corporation – FY 2024 Overview

Background

- **August 2008** - Commission authorized the establishment of Magruder's Discovery Development Corporation, a wholly controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.

- **June 3, 2009** - the Board adopted the By-laws and elected Directors. The property was transferred to Magruder's Discovery Development Corporation on June 17, 2010 and was refinanced with a new loan in the amount of $11,780,518 secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.

- The Corporation executed an Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.

- Magruder's Discovery Development Corporation consists of 134 units all of which are Project-Based/New Construction.

10508 Westlake Dr., Bethesda, MD 20817
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	0	36	36
2BR	0	98	98
Total Units	0	134	134

Magruder's Discovery Development Corporation – FY 2024 Update

Property Management

- Occupancy at this property has been consistently high over the years, until the last quarter of CY 2022. The property uses a Housing Path waitlist that has appeared to grown stale recently. Property Management is working on a plan to increase qualified applicants.
- Property receives high REAC scores historically.

Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
13.4%	96.62%	91.04%

Maintenance

- The largest volume of work tickets was for plumbing, appliance repairs, and Electrical.
- Tickets increased by 137 work orders YOY.

Total Work Orders CY 2022	Average Days to Close
918	8

Capital Improvements

- Budget for FY 2024 includes turnover expenses.

Redevelopment/Refinancing

- There are currently no plans for redevelopment or refinancing for Magruder's Discovery.

Magruder's Discovery Development Corporation – FY 2024 Budget Summary

Magruders Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	$2,774,578	$2,734,606	$2,597,176	$2,570,919	$2,429,068
Expenses:					
Operating - Admin	$219,060	$144,519	$135,894	$124,576	$114,122
Operating - Fees	$65,743	$71,593	$73,204	$72,927	$52,925
Bad Debt	$7,250	$0	$1,161	($32,822)	$0
Tenant & Protective Services	$0	$0	($351)	$40,378	$41,316
Taxes, Insurance & Utilities	$197,054	$196,323	$206,830	$185,364	$166,308
Maintenance	$372,251	$340,315	$295,969	$307,467	$266,516
Subtotal - Operating Expenses	$861,358	$752,750	$712,707	$697,890	$641,187
Net Operating Income ("NOI")	$1,913,220	$1,981,856	$1,884,469	$1,873,029	$1,787,881
Debt Service	$920,971	$922,356	$923,685	$924,849	$926,113
Replacement Reserves	$45,048	$43,944	$42,876	$41,832	$40,812
Asset Management Fees	$90,050	$90,050	$90,050	$90,050	$90,050
Development Corporation Fees	$857,151	$925,506	$827,858	$816,298	$721,858
Excess Cash Flow Restricted	$0	$0	$0	$0	$9,048
Subtotal - Expenses Below NOI	$1,913,220	$1,981,856	$1,884,469	$1,873,029	$1,787,881
NET INCOME	$0	$0	$0	$0	$0

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$0	$0	$854
Electrical Supplies	$0	$0	$0	$0	$1,078
Appliance Supplies	$0	$0	$0	$0	$1,136
Plumbing Supplies	$0	$0	$0	$0	$463
Windows and Glass	$0	$3,600	$3,700	$0	$0
Hardware Supplies	$0	$0	$0	$2,553	$0
HVAC Supplies	$0	$0	$0	$0	$2,775
Flooring and Carpeting	$0	$6,900	$0	$0	$3,296
Paint and Wallcoverings	$0	$0	$1,740	$0	$2,810
Miscellaneous Supplies	$0	$0	$0	$0	$176
Electrical Equipment	$0	$0	$319	$0	$0
Plumbing Equipment	$0	$0	$0	$0	$425
HVAC Equipment	$45,000	$31,500	$0	$0	$470
Appliance Equipment	$0	$16,608	$24,594	$13,783	$11,080
Electrical Contracts	$0	$0	$0	$0	$254
Plumbing Contracts	$30,000	$30,000	$57,500	$23,000	$0
Cleaning/Janitorial Contracts-Cap.	$0	$0	$150	$0	$2,000
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$200
Windows/Glass Contracts	$0	$0	$0	$0	$1,120
Roofing/Gutter Contracts	$0	$4,500	$0	$0	$6,365
HVAC Contracts	$0	$0	$4,400	$0	$0
Flooring/Carpet Contracts	$7,200	$9,000	$0	$0	$10,901
Paint/Wallcovering Int. Cont.	$0	$0	$0	$0	$10,661
Paint/Wallcovering Ext. Cont	$0	$0	$0	$0	$19,940
Asphalt/Concrete Contracts	$0	$0	$0	$0	$5,130
Total Capital Budget	$82,200	$102,108	$92,403	$39,336	$81,134

Issues for Consideration

- Rent increases upon lease renewal budgeted at 6.6% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 5.8%.
- Property cash flow is budgeted at $857,151.
- Capital is budgeted at $82,200.
- DSCR is 2.03.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Magruder's Discovery Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001MD **RE: Magruder's Discovery Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Magruder's Discovery Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Magruder's Discovery Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Magruder's Discovery Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Magruder's Discovery Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

The Metropolitan Development Corporation

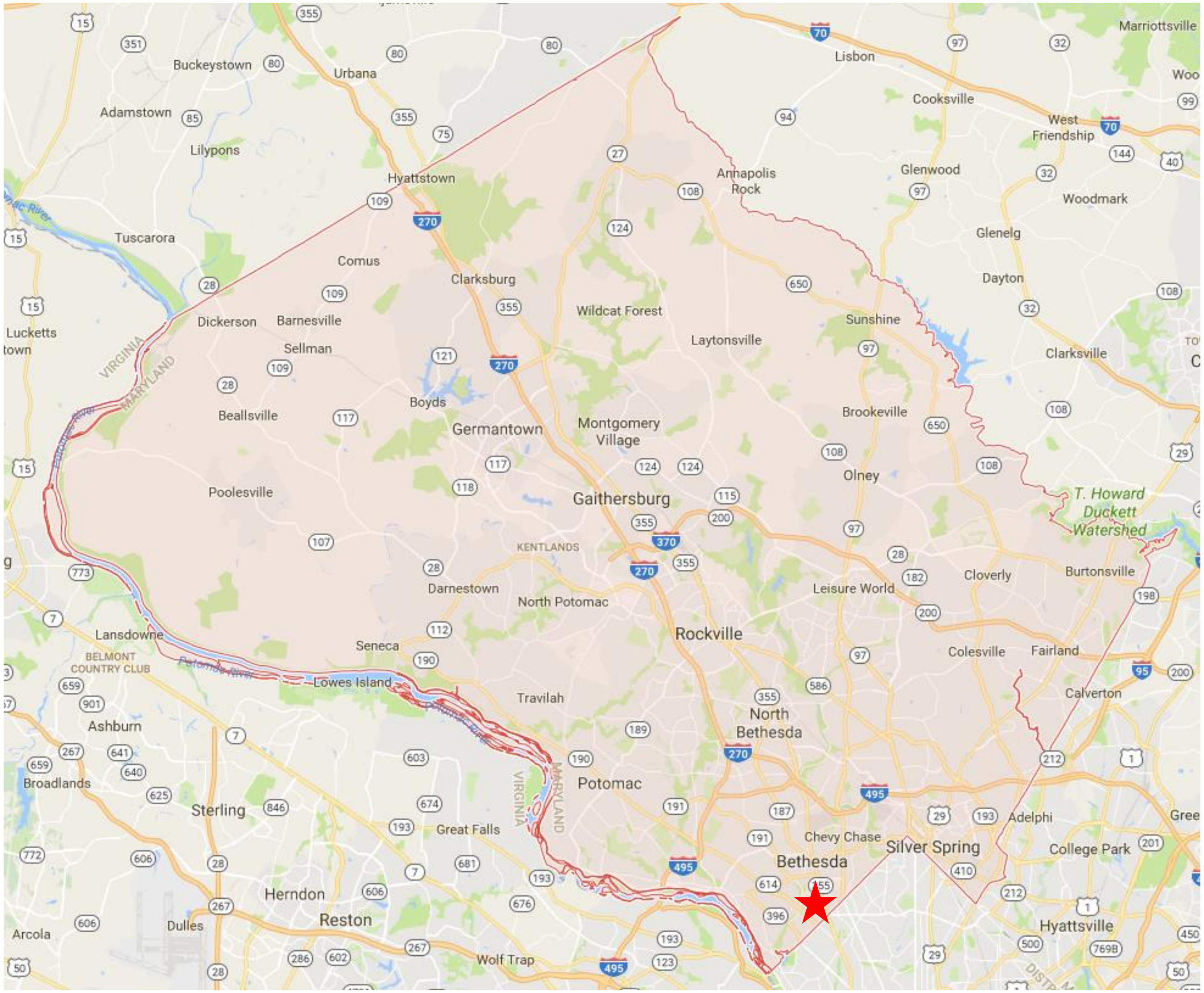
METROPOLITAN DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance
June 14, 2023

Metropolitan Development Corporation



Property Snapshot:

- Located in Downtown Bethesda.
- Luxury High-Rise community.
- Constructed in 1998.
- Renovations of market units completed 2012. A renovation of the entire property is expected to begin in 2024.
- Amenities include a Club Room, Fitness Center, Business Center, Garage Parking, Onsite Storage, 24-hour Concierge and Rooftop Swimming Pool.

Metropolitan Development Corporation – FY 2024 Overview

Background

- **May 28, 1997 -** Commission authorized the creation of a wholly- controlled corporate instrumentality known as The Metropolitan Development Corporation, adopted By-laws which provide for the operations and functions of the Corporation, and approved the appointment of the Commissioners as the Corporation's Board of Directors.

- **August 27, 1997 -** Board approved the purchase of The Metropolitan Apartment Development (216 units) from HOC and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC. Board authorized the execution of the Asset Management Agreement which requires submission of an annual budget to the Owner 90 days prior to each fiscal year and approved a resolution that allowed for incorporation of the annual budget preparation and presentation into the HOC budget process.

- The Metropolitan consists of 308 units distributed as follows:
  - 92 tax credit units owned by the Metropolitan of Bethesda LP with HOC as the General Partner.
  - 216 units owned by the Metropolitan Development Corporation, including five retail spaces.

- **In November 2019**, the Metropolitan tax credit units were purchased by HOC and are now included in Opportunity Housing.

7620 Old Georgetown Road, Bethesda, 20814
Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Market	Affordable	Total
Efficiency	13	23	36
1BR	113	43	156
2BR	78	24	102
3BR	12	2	14
Total Units	**216**	**92**	**308**

The regulatory agreement restricts 43 units at or below 30% AMI, 30 units at or below 40% AMI, and 19 units at or below 50% AMI. The property also includes 6 commercial spaces.

Metropolitan Development Corporation – FY 2024 Update

Property Management

- Occupancy remains stable and has begun to show a higher demand for high-rise, dense downtown locations. Using Yieldstar's dynamic pricing system helped keep occupancy above 96% while maintaining rent growth.

Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
38%	98%	96%

Maintenance

- The largest volume of work order tickets was related to appliances, lighting, and plumbing.

Total Work Orders CY 2022	Average Days to Close
877	3

Capital Improvements

- Capital improvements were kept to a minimum due to the upcoming renovation. Historically, capital costs included necessary replacements of flooring, plumbing, and HVAC replacements.

Redevelopment/Refinancing

- A re-syndication of the affordable units under the Low Income Housing Tax Credit ("LIHTC") program and a refinancing of both the affordable and market units was expected to occur in 2024.
- As part of the re-syndication and refinancing, a comprehensive renovation of all units and common areas, along with a major upgrade to all systems and water piping, is planned.

Metropolitan Development Corporation – FY 2024 Budget Summary

Metropolitan Development Corporation
FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$6,516,233**	**$6,166,286**	**$6,592,908**	**$6,605,339**	**$6,471,644**
Expenses:					
Operating - Admin	$681,381	$681,581	$706,519	$734,664	$724,389
Operating - Fees	$212,515	$182,674	$212,047	$238,096	$195,318
Bad Debt	$14,400	$14,400	$18,956	$16,957	$320
Tenant & Protective Services	$31,822	$66,937	$68,408	$98,471	$103,599
Taxes, Insurance & Utilities	$507,082	$494,362	$505,712	$472,004	$490,133
Maintenance	$493,708	$538,055	$568,166	$536,240	$543,802
Subtotal - Operating Expenses	**$1,940,908**	**$1,978,009**	**$2,079,808**	**$2,096,432**	**$2,057,561**
Net Operating Income ("NOI")	**$4,575,325**	**$4,188,277**	**$4,513,100**	**$4,508,907**	**$4,414,083**
Debt Service	$1,523,896	$1,526,957	$2,294,037	$2,298,123	$2,301,957
Replacement Reserves	$64,800	$64,800	$97,200	$97,200	$97,200
Asset Management Fees	$64,060	$60,340	$65,470	$65,470	$63,630
Loan Management Fees	$42,672	$44,628	$46,461	$55,609	$49,793
Development Corporation Fees	$1,136,508	$681,161	$1,336,457	$1,226,636	$842,289
Excess Cash Flow Restricted	$1,546,691	$1,578,340	$222,535	$314,961	$715,651
Subtotal - Expenses Below NOI	**$4,378,627**	**$3,956,226**	**$4,062,160**	**$4,057,999**	**$4,070,520**
NET INCOME	**$196,698**	**$232,051**	**$450,940**	**$450,908**	**$343,563**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Computer Equipment	$0	$9,190	$0	$891	$0
Kitchen and Bath Supplies	$1,500	$750	$380	$380	$0
Doors	$59,802	$59,802	$0	$8,953	$0
HVAC Equipment	$2,000	$2,000	$0	$36,038	$37,365
Appliance Equipment	$8,000	$8,000	$13,632	$5,899	$21,467
Miscellaneous Equipment	$0	$0	$0	$0	$12,576
Electrical Contracts	$0	$0	$0	$0	$897
Plumbing Contracts	$0	$0	$2,160	$8,994	$22,480
Grounds/Landscaping Contr-Cap.	$0	$0	$3,499	$0	$3,048
Roofing/Gutter Contracts	$0	$0	$0	$0	$6,637
HVAC Contracts	$0	$0	$0	$0	$2,150
Flooring/Carpet Contracts	$10,000	$10,000	$30,578	$30,289	$41,260
Asphalt/Concrete Contracts	$0	$0	$0	$70,203	$0
Miscellaneous Contracts	$0	$0	$0	$0	$25,935
Security System	$0	$0	$0	$4,289	$1,134
Total Capital Budget	**$81,302**	**$89,742**	**$50,249**	**$165,936**	**$174,949**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $2,879,897 of which $600,000 is restricted to pay Montgomery County pursuant to the Air Rights Lease Agreement, $946,691 is restricted to support green roof replacement and $196,698 will offset the anticipated operating losses of The Metropolitan Affordable property.
- Capital is budgeted at $81,302.
- DSCR is 2.88.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Metropolitan Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001ME **RE: The Metropolitan Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, The Metropolitan Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of The Metropolitan Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by The Metropolitan Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Montgomery Arms Development Corporation

MONTGOMERY ARMS DEVELOPMENT CORPORATION

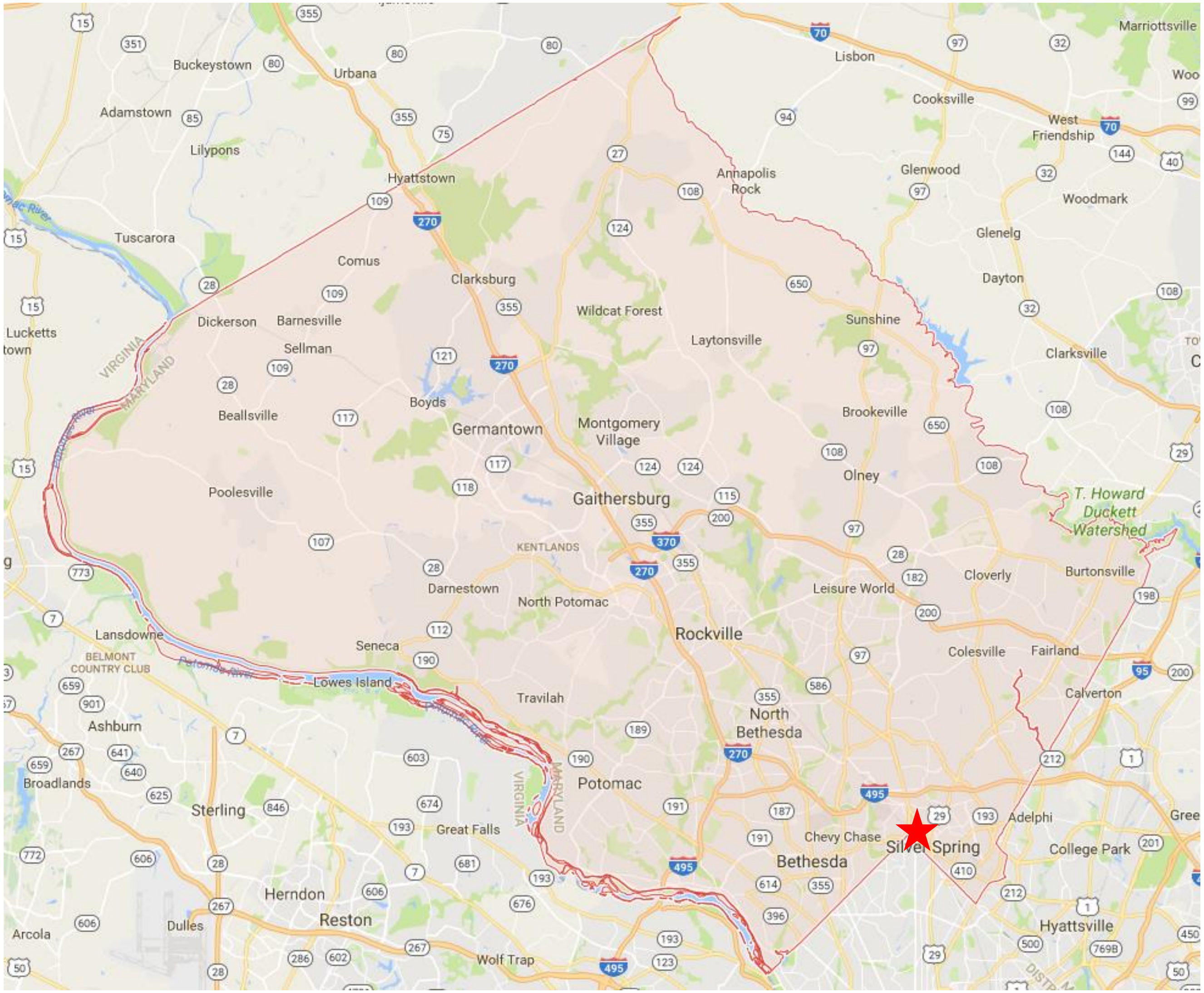
ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Montgomery Arms Development Corporation



Property Snapshot:

- Located in Downtown Silver Spring.
- Historic apartment community constructed in 1941, restored in 1992, and renovated in 2005.
- Community Room, Fitness Room, and Limited Free Parking.

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Montgomery Arms Development Corporation – FY 2024 Overview

Background

- **July 17, 2002 -** Commission authorized the creation of Montgomery Arms Development Corporation and passed a resolution approving the Articles of Incorporation for the Montgomery Arms Development Corporation and By-laws.

- **May 21, 2003 -** Commission priced and sold its Multi-family Housing Development Bonds to finance a mortgage of $10,400,000 for the Montgomery Arms Apartments Development.

- **June 11, 2003** – Commission adopted a resolution authorizing the transfer of the property and the assignment of all assets and liabilities associated with the property to the Montgomery Arms Development Corporation. The resolution further authorized the Executive Director of the Commission to issue a loan commitment to the Montgomery Arms Development Corporation to finance a loan for the property and allowed for the incorporation of Montgomery Arms annual budget preparation and presentation into the HOC budget process.

9711 Washingtonian Blvd.. Suite-200
Gaithersburg, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	4	3	7
1BR	40	59	99
2BR	13	10	23
Total Units	**57**	**72**	**129**

The regulatory agreement restricts 20 units at or below 30% AMI and 52 units at or below 60% AMI. Restricted units include 10 Project-Based Section 8 units and 10 McKinney units.

Montgomery Arms Development Corporation– FY 2024 Update

Property Management

- The property maintained 98% occupancy for CY2022 in a competitive market in downtown Silver Spring. Montgomery Arms has a sister property located in close proximity - Fenton Silver Spring. The two properties assist each other in referrals.
- The property scored a 99A on its most recent REAC inspection.

Turnover	Avg. Occupancy CY 2022	Current Occupancy
13%	98%	94%

Maintenance

- Inspection and make ready (32%), plumbing (18%), electrical and lighting (10.%); general maintenance – hardware, drywall, flooring, etc. and appliances (22%).
- There was an increase of 100 tickets year over year.

Total Work Orders CY 2022	Average Days to Close
925	1

Capital Improvements

- Most of the proposed capital funding is to support routine turnover activity to include replacement of kitchen countertops, cabinets, vanities, carpet/flooring and appliances.

Redevelopment/ Refinancing

- There are currently no plans underway for redevelopment or refinancing for Montgomery Arms.

Montgomery Arms Development Corporation – FY 2024 Budget Summary

Montgomery Arms Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$2,077,646**	**$1,996,470**	**$1,946,025**	**$1,930,855**	**$1,922,207**
Expenses:					
Operating - Admin	$202,608	$197,653	$248,268	$245,855	$225,139
Operating - Fees	$76,716	$81,629	$80,992	$75,972	$80,084
Bad Debt	$42,000	$36,000	$65,365	$3,184	$4,740
Tenant & Protective Services	$4,400	$1,899	$3,717	$2,766	$2,261
Taxes, Insurance & Utilities	$207,635	$171,729	$195,073	$158,499	$149,099
Maintenance	$269,271	$247,960	$299,241	$249,204	$244,889
Subtotal - Operating Expenses	**$802,630**	**$736,870**	**$892,656**	**$735,480**	**$706,212**
Net Operating Income ("NOI")	**$1,275,016**	**$1,259,600**	**$1,053,369**	**$1,195,375**	**$1,215,995**
Debt Service	$676,387	$673,196	$682,226	$683,953	$685,601
Replacement Reserves	$46,200	$46,200	$46,200	$46,200	$46,200
Asset Management Fees	$188,650	$177,850	$138,020	$138,020	$138,110
Development Corporation Fees	$363,779	$362,354	$186,923	$327,202	$330,370
Excess Cash Flow Restricted	$0	$0	$0	$0	$15,714
Subtotal - Expenses Below NOI	**$1,275,016**	**$1,259,600**	**$1,053,369**	**$1,195,375**	**$1,215,995**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$2,960	$1,783	$1,490	$2,530
Appliance Supplies	$0	$5,100	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$5,000	$0	$0	$0
Windows and Glass	$0	$0	$82	$0	$0
Doors	$0	$2,940	$1,900	$1,900	$7,810
Flooring and Carpeting	$6,000	$32,004	$39,593	$15,010	$40,880
Plumbing Equipment	$0	$0	$5	$0	$0
HVAC Equipment	$72,000	$18,828	$19,261	$10,972	$19,727
Appliance Equipment	$9,000	$0	$11,376	$13,394	$19,930
Miscellaneous Equipment	$0	$6,500	$1,825	$823	$2,221
Miscellaneous Contracts	$0	$0	$106	$0	$14,075
Security System	$0	$9,500	$0	$0	$0
Total Capital Budget	**$87,000**	**$82,832**	**$75,931**	**$43,589**	**$107,173**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive’s voluntary rent guideline is 5.8%.
- Market rents will be increased 5.8%, but upon turnover will be increased to the prevailing “market rate”.
- Property cash flow is budgeted at $363,779.
- Capital is budgeted at $87,000.
- DSCR is 1.82.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001MA | **RE: Montgomery Arms Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Montgomery Arms Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Montgomery Arms Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Montgomery Arms Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea Andrews
Secretary-Treasurer of the Corporation

Paddington Square Development Corporation

PADDINGTON SQUARE DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2024

OPERATING & CAPITAL BUDGETS

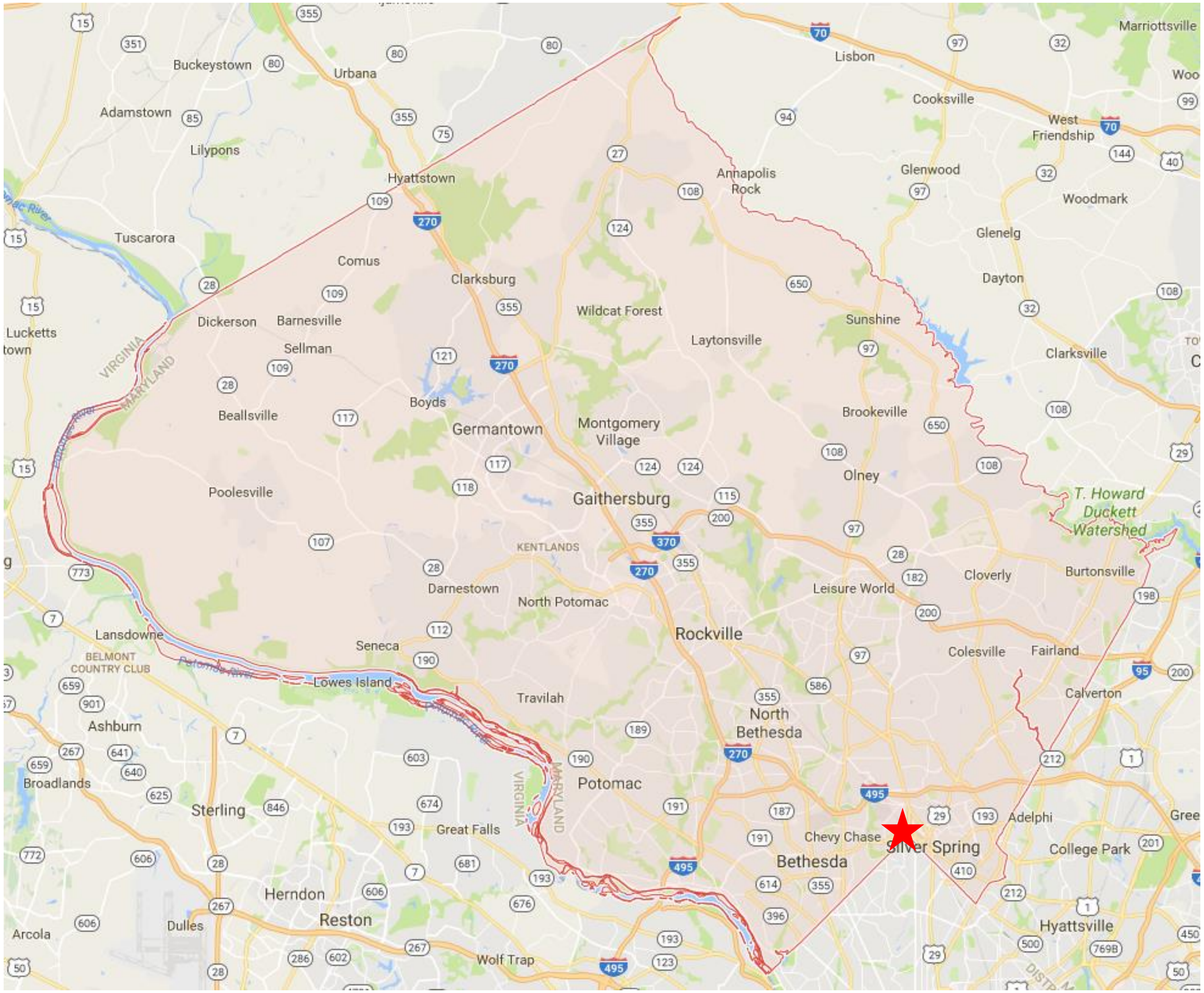
Housing Opportunities Commission
OF MONTGOMERY COUNTY

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Paddington Square Development Corporation



Property Snapshot:

- Located in Silver Spring.
- 165 unit garden-style apartment community constructed in 1960.
- Renovated in 2011.
- Business Center, Conference Room, Free Parking, and Swimming Pool.
- Situated on 7.94 acres in a neighborhood among single family homes and multifamily garden and high rise communities.

Paddington Square Development Corporation – FY 2024 Overview

Background

- **February 4, 2004** - The Articles of Incorporation for the Paddington Square Development Corporation approved with the purpose of acquiring, owning, operating and maintaining the Paddington Square Apartments. The Board of Directors adopted the By-laws, and final settlement for the acquisition of Paddington Square Apartments occurred on March 5, 2004.

- **December 6, 2011 -** A comprehensive renovation of Paddington Square Apartments was completed to include window replacement, masonry repairs and building façade detail, replacement of individual unit HVAC systems, redesign of the leasing office and community center with handicap accessibility, and renovation of unit interiors and common areas. Repaving of the parking areas and landscape upgrades were completed prior to the close of FY'12.

- **December 18, 2014** - With Commission approval, Paddington Square Development Corporation closed on a permanent mortgage in the amount of $20,741,700, issued by Love Funding Corporation and insured by FHA's Section 223(f) program. The mortgage has a loan term of 35 years, amortizing for 35 years, with a fixed interest rate of 3.60%. Proceeds from the $20.7 million loan funded the repayment of $20 million in debt to HOC's PNC Bank Line of Credit, HOC's OHRF, HOC's County Revolving Fund, and DHCA's Housing Initiative Fund.

- The FHA 223(f) senior loan for Paddington Square was refinanced in February 24, 2022.

- Residential One (formerly Equity Management) has managed the property since its selection in 2013. HOC staff has responsibility for the maintenance of the property.

- Paddington Square consists of 165 units which are distributed as follows:
    - 67 units affordable units at or below 50%/60% of median under the County HIF program
    - 98 Market units

8800 Lanier Drive, Silver Spring, MD 20910
Manager: Residential One

Unit Mix	Market	Affordable	Total
2BR	87	65	152
3BR	11	2	13
Total Units	**98**	**67**	**165**

The regulatory agreement restricts 14 units at or below 50% AMI and 53 units at or below 60% AMI.

Paddington Square Development Corporation – FY 2024 Update

Property Management

- With its close proximity to downtown Silver Spring and the benefit of residents with long-term tenancy, current occupancy is at 98%. The property maintains occupancy with a low turnover rate.

Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
6.6%	98%	98%

Maintenance

- The largest volume of work tickets was for plumbing, appliances, and HVAC

Total Work Order CY 2022	Average Days to Close
1,414	7

Capital Improvements

- Capital budgeted for 6 HVAC units, turnover, jetting pipes twice a year, and replacing aging pipes.

Redevelopment/Refinancing

- The FHA 223(f) senior loan for Paddington Square was refinanced in February 2022. By refinancing with an FHA 223(a)(7) loan, the property will save 72 basis points on its interest rate and 10 basis points for mortgage insurance premium. The refinance of the mortgage was aimed at taking advantage of low interest rates, thereby, lowering the cost of funds for the property, and improving cash flow.

Paddington Square Development Corporation – FY 2024 Budget Summary

Paddington Square Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$3,175,107**	**$3,049,385**	**$3,005,343**	**$2,915,564**	**$2,994,646**
Expenses:					
Operating - Admin	$273,756	$259,476	$230,942	$251,857	$243,158
Operating - Fees	$113,298	$127,187	$116,489	$112,907	$94,134
Bad Debt	$205,200	$37,500	($28,312)	$95,844	$15,777
Tenant & Protective Services	$7,140	$5,700	$2,537	$44,538	$46,919
Taxes, Insurance & Utilities	$378,624	$359,077	$366,859	$393,691	$283,573
Maintenance	$649,962	$576,135	$552,947	$524,838	$584,874
Subtotal - Operating Expenses	**$1,627,980**	**$1,365,075**	**$1,241,462**	**$1,423,675**	**$1,268,435**
Net Operating Income ("NOI")	**$1,547,127**	**$1,684,310**	**$1,763,881**	**$1,491,889**	**$1,726,211**
Debt Service	$847,093	$911,553	$979,480	$1,129,120	$1,130,561
Replacement Reserves	$52,800	$52,800	$51,700	$57,750	$57,750
Asset Management Fees	$104,470	$104,470	$104,470	$104,470	$104,470
Development Corporation Fees	$542,764	$615,487	$628,231	$200,549	$426,443
Excess Cash Flow Restricted	$0	$0	$0	$0	$6,987
Subtotal - Expenses Below NOI	**$1,547,127**	**$1,684,310**	**$1,763,881**	**$1,491,889**	**$1,726,211**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$18,600	$18,000	$11,313	$11,262	$8,178
Electrical Supplies	$0	$0	$0	$0	$3,282
Appliance Supplies	$25,260	$21,600	$19,325	$17,704	$16,156
Grounds/Landscaping Sup.-Cap.	$10,000	$10,000	$3,550	$6,335	$36,075
Doors	$5,004	$4,500	$1,379	$2,112	$3,594
Roofing Materials	$6,324	$4,800	$4,160	$3,865	$735
HVAC Supplies	$0	$0	$0	$32	$0
Flooring and Carpeting	$0	$0	$5,968	$8,909	$1,053
Paint and Wallcoverings	$0	$0	$280	$0	$0
Miscellaneous Supplies	$40,278	$20,000	$2,425	$10,285	$4,964
Plumbing Equipment	$4,000	$4,000	$4,129	$9,871	$0
Tools	$1,780	$0	$0	$0	$0
Appliance Contracts	$0	$0	$444	$0	$0
Plumbing Contracts	$37,464	$5,000	$2,000	$4,000	$43,000
HVAC Contracts	$29,400	$14,400	$12,000	$8,114	$12,900
Flooring/Carpet Contracts	$33,504	$13,200	$45,694	$34,835	$31,220
Fencing Contracts	$0	$0	$0	$0	$14,900
Miscellaneous Contracts	$0	$0	$6,174	$0	$1,500
Total Capital Budget	**$211,614**	**$115,500**	**$118,841**	**$117,324**	**$177,557**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $542,764.
- Capital is budgeted at $211,614.
- DSCR is 1.76.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Paddington Square Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001$_{PS}$ **RE: Paddington Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Paddington Square Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Paddington Square Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Paddington Square Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Pooks Hill Development Corporation

POOKS HILL DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2024

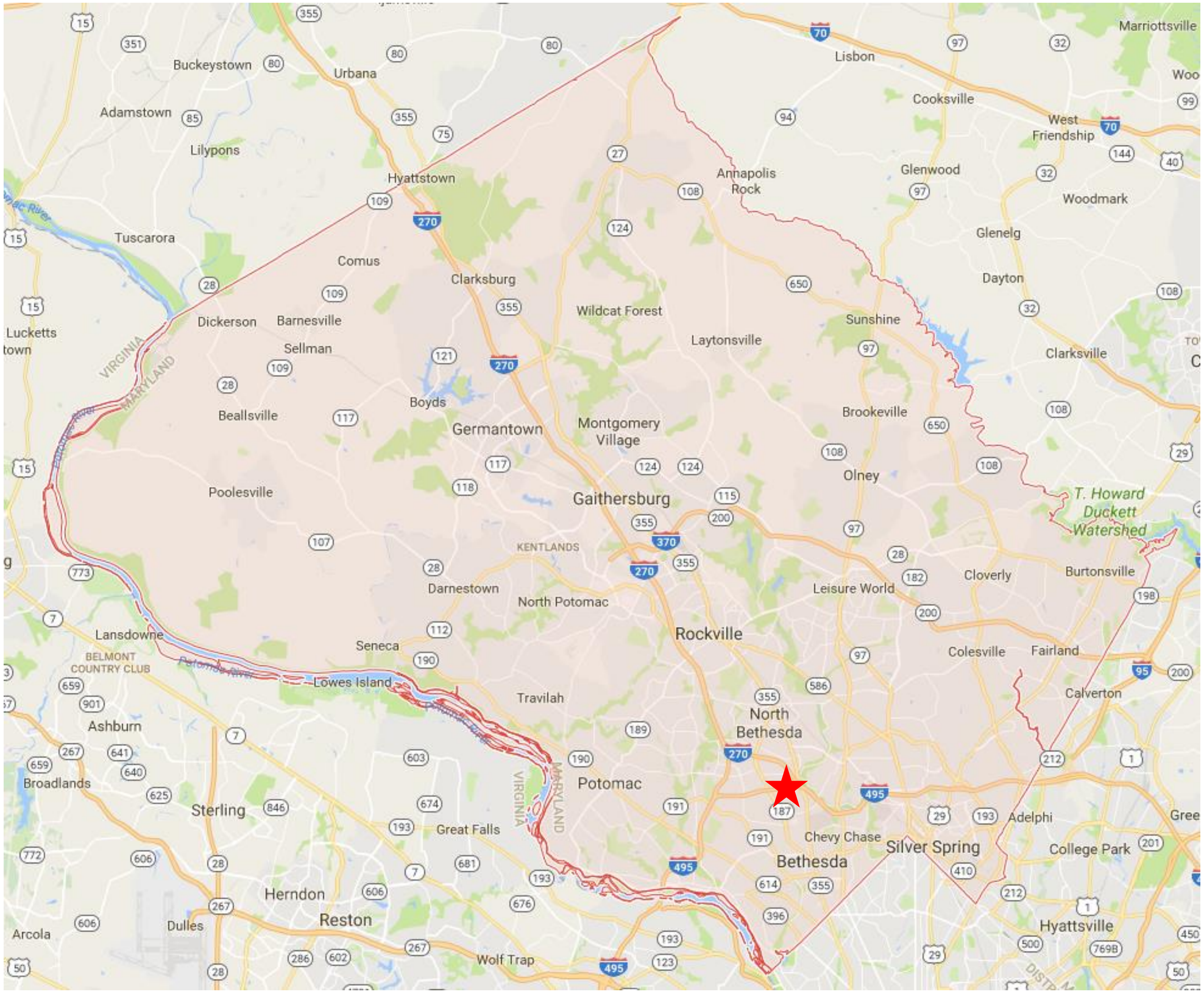
OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Pooks Hill Development Corporation



Property Snapshot:

- Located in Bethesda.
- 189 unit high-rise building.
- Constructed in 1946 as the first high rise building in Montgomery County.
- Renovations completed in 2011.
- Controlled Access Building, Free Onsite Parking , Spacious Floor Plans, Ten-Foot Ceilings, Shared Pool with Pooks Hill Court.

Pooks Hill Development Corporation – FY 2024 Overview

Background

- **1992** - HOC purchased Pooks Hill Apartments through the issuance of tax-exempt fixed rate bonds. When the Commission constructed the Pooks Hill midrise development, it created a land condominium dividing the parcel of land on Pooks Hill Road into two condominium units. This allowed for separate ownership and financing of the high rise building on one parcel and the midrise on another. When the Commission determined to renovate the Pooks Hill high rise, it authorized the creation of Pooks Hill Development Corporation to provide a separate single purpose entity to own that land condominium unit.

- **June 2006 thru May 2010** - The property received multi-phased renovations substantially renovating unit interiors, common areas and upgrading and replacing major building systems. However, current finishes are not competitive with other class B properties in the submarket.

- **October – December 2012** - the Articles of Incorporation for the Pooks Hill Development Corporation were approved by the Maryland Department of Assessments and Taxation. At its meeting on December 5, 2012, the Board of Directors and officers were elected and the By-laws were adopted. Financing completed with FHA Risk Sharing insurance provided a loan of $18,200,000 to assist with renovation costs, pay off outstanding debt and permanently finance the property over 30 years.

- **2013** - Exterior repairs and site work continued involving landscaping to address water flow across the property and replacement of the front steps to the building to remediate water infiltration.

3 Pooks Hill Road, Bethesda, MD 20814
Manager: Vantage/Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	53	2	55
1BR	46	51	97
2BR	21	16	37
Total Units	**120**	**69**	**189**

The regulatory agreement restricts 5 units at or below 30% AMI, 58 units at or below 50% AMI, 6 units at or below 60% AMI, and 57 units workforce housing between 80% and 120% of AMI.

Pooks Hill Development Corporation – FY 2024 Update

Property Management

- Pooks Hill Tower's occupancy decreased over the course of the year continuing the downward trend through the end of 2022.

Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
22%	94%	92%

Maintenance

- The largest volume of work tickets was for electrical and plumbing repairs.
- Tickets reduce by 20% in 2022.

Total Work Orders CY 2022	Average Days to Close
853	2

Capital Improvements

- Capital replacements are completed at unit turnover or as needed. FY 2024 capital budget includes a new camera system.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing of Pooks Hill Tower.

Pooks Hill Development Corporation – FY 2024 Budget Summary

Pooks Hill High-rise Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$3,053,736**	**$2,959,592**	**$2,877,687**	**$2,828,513**	**$2,953,549**
Expenses:					
Operating - Admin	$300,049	$271,748	$288,560	$260,424	$271,176
Operating - Fees	$117,683	$122,946	$119,806	$116,496	$122,335
Bad Debt	$43,200	$9,096	$7,106	$3,448	$16,874
Tenant & Protective Services	$8,200	$14,400	$11,345	$16,039	$22,339
Taxes, Insurance & Utilities	$260,316	$229,463	$247,820	$192,703	$209,907
Maintenance	$333,751	$337,314	$352,549	$292,722	$288,253
Subtotal - Operating Expenses	**$1,063,199**	**$984,967**	**$1,027,186**	**$881,832**	**$930,884**
Net Operating Income ("NOI")	**$1,990,537**	**$1,974,625**	**$1,850,501**	**$1,946,681**	**$2,022,665**
Debt Service	$1,014,834	$1,017,388	$1,019,798	$1,022,163	$1,024,452
Replacement Reserves	$187,404	$196,266	$176,640	$171,492	$161,533
Asset Management Fees	$276,400	$260,570	$202,210	$202,210	$202,340
Loan Management Fees	$45,504	$45,504	$45,500	$45,500	$45,500
Development Corporation Fees	$466,395	$454,897	$406,353	$505,316	$573,168
Excess Cash Flow Restricted	$0	$0	$0	$0	$15,672
Subtotal - Expenses Below NOI	**$1,990,537**	**$1,974,625**	**$1,850,501**	**$1,946,681**	**$2,022,665**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$355	$950	$8,695
Windows and Glass	$0	$0	$0	$0	$7
Doors	$0	$0	$311	$945	$1,650
Flooring and Carpeting	$30,000	$131,500	$2,411	$7,215	$16,034
Plumbing Equipment	$14,000	$11,436	$8,003	$3,598	$6,425
HVAC Equipment	$24,000	$12,000	$6,942	$1,540	$8,798
Appliance Equipment	$14,400	$3,500	$6,664	$1,693	$1,427
Miscellaneous Equipment	$0	$0	$0	$1,764	$0
Windows/Glass Contracts	$0	$0	$918	$0	$0
Paint/Wallcovering Int. Cont.	$0	$40,000	$0	$0	$0
Paint/Wallcovering Ext. Cont	$0	$40,000	$0	$0	$0
Asphalt/Concrete Contracts	$0	$80,000	$0	$0	$23,529
Miscellaneous Contracts	$0	$0	$0	$0	$12,372
Security System	$60,000	$45,000	$0	$0	$0
Total Capital Budget	**$142,400**	**$363,436**	**$25,604**	**$17,705**	**$78,937**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive’s voluntary rent guideline is 5.8%.
- Market rents will be increased 5.8%, but upon turnover will be increased to the prevailing “market rate”.
- Property cash flow is budgeted at $466,395.
- Capital is budgeted at $142,400.
- DSCR is 1.70.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Pooks Hill Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001PH **RE: Pooks Hill Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Pooks Hill Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Pooks Hill Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Pooks Hill Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITIONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

POOKS HILL TOWERS DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for Pooks Hill Tower Development Corporation is expiring on September 30, **2023**.
- An extension of the current contract is needed to allow sufficient time to complete a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of Pooks Hill Tower Development Corporation accept the recommendation to extend the property management contract for Pooks Hill Tower through **March 31, 2024**.

MEMORANDUM

TO: Board of Directors of the Pooks Hill Tower Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager — Division: Property Management
Ellen Goff, Interim Director — Division: Property Management

RE: **Procurement of Property Management Services:** Approval of Additional Extension of the Property Management Contract Pooks Hill Tower Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X___

BACKGROUND:

Staff recommends extending the property management contract with Edgewood Management Corporation ("Edgewood") for Pooks Hill Tower.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following tables detail property information, including current vendor, annual extension contract cost, current contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy	Latest REAC Score
Pooks Hill Tower	Bethesda	190	93%	99a

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
Pooks Hill Tower	Edgewood	December 2016	$95,256	9/30/2023	10/1/2023-3/31/2024

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Pooks Hill Tower Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Edgewood Management Corporation for Pooks Hill Tower?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

For formal action by the Board of Directors of Pooks Hill Towers Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Pooks Hill Towers Development Corporation approve the property management contract extension with Edgewood Management Corporation for Pooks Hill Tower through March 31, 2024.

RESOLUTION NO.: 23-002PH **RE: Approval of Additional Extension of the Property Management Contract for Pooks Hill Tower**

WHEREAS, Pooks Hill Tower Development Corporation owns the development known as Pooks Hill Tower located in Bethesda, Maryland; and

WHEREAS, staff desires to extend the current property management contract at Pooks Hill Tower with Edgewood Management Corporation through March 31, 2024.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Pooks Hill Towers Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at Pooks Hill Tower with Edgewood Management Corporation through March 31, 2024.

BE IT FURTHER RESOLVED by the Board of Directors of Pooks Hill Tower Development Corporation that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Tower Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

RAD 6 Development Corporation

RAD 6 DEVELOPMENT CORPORATION

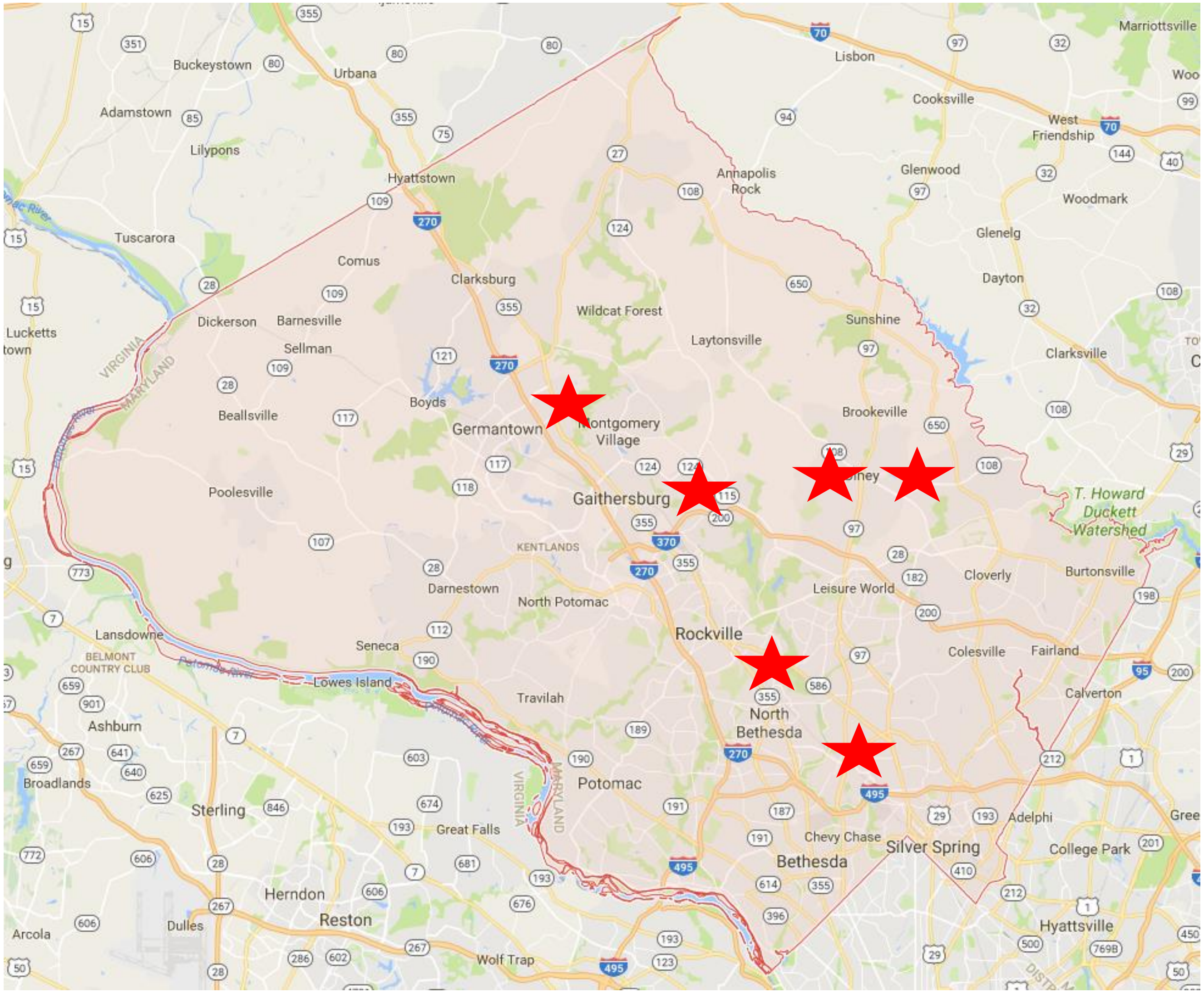
ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

RAD 6 Development Corporation



Property Snapshot:

- 209 affordable units at or below 50% of the Washington Metropolitan Statistical Area Median Income (AMI) and 59 market rate units.
- Renovations, completed in 2016, included both interior and exterior upgrades to finishes. Interior renovations include the replacement of kitchen and bathroom (appliances, cabinet fixtures and finishes), flooring and painting, HVAC systems and electrical modifications.
- The exterior work included the replacement of windows, roofs, gutters and downspouts, siding, and storm water management improvements. Work was also completed on the sidewalks, stoops, fencing and concrete walks.

RAD 6 Development Corporation – FY 2024 Overview

Background

- **June 4, 2014 -** Commission authorized the creation of RAD 6 Development Corporation (the "Corporation") to own and operate Ken Gar Apartments, Parkway Woods, Sandy Spring Meadows, Towne Centre Place, Seneca Ridge, and Washington Square (collectively, the "RAD 6 Development") and approved the Articles of Incorporation.

- **August 6, 2014 -** The Board of Directors for the Development Corporation adopted By-laws which provide for the operations and functions of the Corporation, elected the seven Commissioners as the officers and incorporated the Corporation's annual budget preparation and presentation in the HOC budget process. The Commission also approved the Final Development Plan for the properties which envisioned the creation of high quality, well designed, amenity rich, energy efficient affordable housing with strong supportive services.

- **November 6, 2014** - Commission approved the Financing Plan which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration (FHA) under its Risk Sharing Program. Tax-exempt bonds were issued by HOC in the amount of $24,000,000. HOC has assumed 50% of the insurance risk.
- The 268 units in the RAD 6 Development Corporation are distributed as follows:
  - 209 affordable units at or below 50% of the area median income.
  - 59 market rate units.

Ken Gar Apartments consists of a 14-townhome cluster and five single family detached homes in the historic Ken-Gar section of Kensington. The townhomes are three buildings, two story units originally constructed in 1979. There are seven two-bedroom units, five three-bedroom units, and seven four-bedroom units.

Parkway Woods is a 24-unit townhome community located on 2.0 acres in Rockville, MD. It was constructed in 1981 and consists of four buildings with nine two-bedroom units, nine three-bedroom units and six four-bedroom units.

Sandy Spring Meadow is located on 14.2 acres in Sandy Spring, MD. It was originally constructed in 1980 and is a 55-unit community consisting of 25 townhomes and 30 single family homes. All townhomes have two bedrooms and the single family homes have three or four bedrooms.

Towne Centre Place is a 49-unit townhome community located in Olney. The property was built in 1986 and consists of 14 one-bedroom units, 20 two-bedroom units, and 15 three-bedroom units. This community is on a 6.5 acre site.

Seneca Ridge is a 71-unit townhome community located in Germantown. It has two one-bedroom units, nine two-bedroom units, 40 three-bedroom units and 20 four-bedroom units. This community was constructed in 1970 and underwent renovations in 2008. It is located on 8.5 acres and is principally located at Scenery Drive in Germantown, MD.

Washington Square is a 50-unit townhome community consisting of 10 two-bedroom units, 32 three-bedroom units, and eight four-bedroom units originally constructed in 1968 and renovated in 2002. It is located on 4.08 acres in Gaithersburg, MD.

RAD 6 Development Corporation – FY 2024 Overview

Property Management

- RAD 6 occupancy remains relatively stable, with the exception of occupancy challenges at Washington Square and Seneca Ridge which have been a result of staff turnover, a stale waitlist, and extensive turnover time on heavily damaged units.

Property	Annual Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
Washington Square	12%	87%	86%
Seneca Ridge	7%	88%	92%
Ken Gar	5%	95%	95%
Parkway Woods	0%	99%	96%
Towne Centre Place	10%	95%	86%
Sandy Spring Meadow	5%	98%	96%
Average	**6.5%**	**94%**	**92%**

Maintenance

- The largest volume of work order tickets was for appliance and plumbing.

Property	Annual Work Orders CY 2021	Avg. Days to Close
Washington Square	595	16
Seneca Ridge	518	12
Ken Gar	121	26
Parkway Woods	155	6
Towne Centre Place	337	36
Sandy Spring Meadows	361	26
Average	**347**	**20**

Capital Improvements

- The replacement reserve will be used primarily for flooring, appliance, and HVAC/Plumbing replacements in FY 2024.

Redevelopment/Refinancing

- The property completed renovation work in 2016 and no further redevelopment or refinancing is being considered at this time.

RAD 6 Development Corporation – FY 2024 Budget Summary – Ken Gar

RAD 6: Ken Gar

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$289,380**	**$262,715**	**$298,762**	**$221,433**	**$261,252**
Expenses:					
Operating - Admin	$15,958	$14,875	$20,494	$20,531	$14,684
Operating - Fees	$8,481	$10,660	$8,189	$11,563	$8,554
Bad Debt	$17,460	$19,356	($1,871)	($2,609)	$11,397
Tenant & Protective Services	$0	$0	($50)	$6,100	$6,330
Taxes, Insurance & Utilities	$20,515	$16,770	$15,644	$13,636	$12,223
Maintenance	$64,939	$59,573	$58,510	$53,514	$54,436
Subtotal - Operating Expenses	**$127,353**	**$121,234**	**$100,916**	**$102,735**	**$107,624**
Net Operating Income ("NOI")	**$162,027**	**$141,481**	**$197,846**	**$118,698**	**$153,628**
Debt Service	$102,491	$102,674	$102,854	$103,026	$103,190
Replacement Reserves	$11,004	$10,678	$10,380	$9,852	$9,282
Asset Management Fees	$20,110	$19,720	$18,470	$18,470	$18,070
Subtotal - Expenses Below NOI	**$133,605**	**$133,072**	**$131,704**	**$131,348**	**$130,542**
NET INCOME	**$28,422**	**$8,409**	**$66,142**	**($12,650)**	**$23,086**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Employee Uniforms	$0	$0	$2	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$3,800	$0	$0
Flooring and Carpeting	$0	$400	$1,101	$0	$0
Paint and Wallcoverings	$0	$4,200	$0	$0	$0
Appliance Equipment	$0	$1,800	$6,360	$0	$2,808
Electrical Contracts	$0	$0	$4,995	$0	$0
Plumbing Contracts	$0	$0	$0	$9,390	$0
Grounds/Landscaping Contr-Cap.	$0	$3,990	$0	$2,850	$0
HVAC Contracts	$0	$7,800	$3,597	$325	$0
Flooring/Carpet Contracts	$0	$2,580	$0	$1,730	$4,801
Miscellaneous Contracts	$0	$0	$0	$0	$1,500
Total Capital Budget	**$0**	**$20,770**	**$19,855**	**$14,295**	**$9,109**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 6.6% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $28,422
- Capital is budgeted at $0.
- DSCR is 1.47.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2024 Budget Summary – Parkway Woods

RAD 6: Parkway Woods

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$338,371**	**$333,618**	**$329,271**	**$317,306**	**$308,449**
Expenses:					
Operating - Admin	$28,934	$28,077	$23,552	$17,521	$14,173
Operating - Fees	$10,459	$12,273	$10,567	$13,876	$9,837
Bad Debt	$0	$7,104	$3,158	$7,052	$11,715
Tenant & Protective Services	$0	$0	$1,438	$4,455	$5,081
Taxes, Insurance & Utilities	$28,690	$23,765	$23,787	$24,160	$25,820
Maintenance	$83,743	$64,310	$72,678	$52,646	$61,259
Subtotal - Operating Expenses	**$151,826**	**$135,529**	**$135,180**	**$119,710**	**$127,885**
Net Operating Income ("NOI")	**$186,545**	**$198,089**	**$194,091**	**$197,596**	**$180,564**
Debt Service	$115,908	$116,119	$116,323	$116,517	$116,733
Replacement Reserves	$13,896	$13,488	$13,104	$12,444	$11,725
Asset Management Fees	$25,410	$24,900	$23,330	$23,330	$22,830
Subtotal - Expenses Below NOI	**$155,214**	**$154,507**	**$152,757**	**$152,291**	**$151,288**
NET INCOME	**$31,331**	**$43,582**	**$41,334**	**$45,305**	**$29,276**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Appliance Supplies	$0	$500	$0	$0	$8
Employee Uniforms	$0	$0	$0	$9	$0
Flooring and Carpeting	$0	$0	$3,927	$0	$0
Plumbing Equipment	$0	$0	$0	$0	$785
HVAC Equipment	$6,000	$0	$0	$836	$0
Appliance Equipment	$10,850	$1,000	$9,576	$4,203	$809
Electrical Contracts	$0	$0	$0	$3,660	$0
Plumbing Contracts	$0	$500	$0	$0	$485
Cleaning/Janitorial Contracts-Cap.	$0	$1,000	$0	$0	$0
HVAC Contracts	$0	$0	$0	$0	$1,901
Flooring/Carpet Contracts	$0	$1,000	$1,078	$0	$0
Exterminating Contracts	$0	$0	$0	$295	$0
Miscellaneous Contracts	$0	$0	$0	$0	$3,000
Security System	$47,000	$0	$4,500	$0	$0
Total Capital Budget	**$63,850**	**$4,000**	**$19,081**	**$9,003**	**$6,988**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 6.6% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $31,331.
- Capital is budgeted at $63,850.
- DSCR is 1.49.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2024 Budget Summary – Sandy Spring Meadow

RAD 6: Sandy Spring Meadow

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	$772,404	$693,683	$692,251	$694,334	$663,335
Expenses:					
Operating - Admin	$69,212	$72,235	$72,547	$63,891	$66,257
Operating - Fees	$27,870	$31,555	$24,145	$28,719	$23,056
Bad Debt	$43,740	$14,004	$6,661	$13,681	$7,078
Tenant & Protective Services	$0	$0	($94)	$11,972	$9,606
Taxes, Insurance & Utilities	$53,198	$55,155	$42,896	$65,120	$32,810
Maintenance	$196,828	$188,224	$173,459	$156,283	$142,275
Subtotal - Operating Expenses	$390,848	$361,173	$319,614	$339,666	$281,082
Net Operating Income ("NOI")	$381,556	$332,510	$372,637	$354,668	$382,253
Debt Service	$259,139	$259,609	$260,063	$260,498	$260,915
Replacement Reserves	$31,860	$30,910	$30,036	$28,512	$26,870
Asset Management Fees	$58,230	$57,070	$53,470	$53,470	$52,310
Subtotal - Expenses Below NOI	$349,229	$347,589	$343,569	$342,480	$340,095
NET INCOME	$32,327	($15,079)	$29,068	$12,188	$42,158

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$942	$0	$0
Electrical Supplies	$0	$50	$0	$124	$16
Appliance Supplies	$0	$0	$0	$0	$37
Plumbing Supplies	$0	$150	$0	$128	$8
Cleaning/Janitorial Supplies	$0	$50	$0	$5	$0
Windows and Glass	$0	$100	$0	$162	$0
Hardware Supplies	$0	$0	$0	$220	$2
Flooring and Carpeting	$6,571	$155	$0	$6,420	$3,035
Miscellaneous Supplies	$0	$0	$0	$4	$0
HVAC Equipment	$0	$200	$0	$37	$0
Appliance Equipment	$9,504	$12,996	$12,284	$5,499	$7,308
Miscellaneous Equipment	$0	$0	$0	$0	$312
Grounds/Landscaping Contr-Cap.	$22,000	$0	$0	$0	$12,400
Windows/Glass Contracts	$0	$500	$0	$350	$0
Roofing/Gutter Contracts	$0	$0	$0	$0	$3,147
Flooring/Carpet Contracts	$0	$0	$0	$0	$5,487
Miscellaneous Contracts	$0	$0	$0	$0	$1,500
Total Capital Budget	$38,075	$14,201	$13,226	$12,949	$33,252

Issues for Consideration

- Rent increases upon lease renewal budgeted at 6.6% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $32,327.
- Capital is budgeted at $38,075.
- DSCR is 1.35.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2024 Budget Summary – Town Centre Place

RAD 6: Towne Centre Place

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$673,564**	**$556,745**	**$578,500**	**$622,586**	**$537,023**
Expenses:					
Operating - Admin	$80,056	$81,898	$111,361	$72,705	$68,367
Operating - Fees	$23,537	$26,158	$21,025	$24,564	$19,659
Bad Debt	$15,168	$12,996	$5,592	$11,275	($34,482)
Tenant & Protective Services	$0	$0	($79)	$10,836	$7,129
Taxes, Insurance & Utilities	$45,658	$46,103	$37,946	$85,090	$41,660
Maintenance	$237,297	$196,078	$210,003	$161,570	$142,704
Subtotal - Operating Expenses	**$401,716**	**$363,233**	**$385,848**	**$366,040**	**$245,037**
Net Operating Income ("NOI")	**$271,848**	**$193,512**	**$192,652**	**$256,546**	**$291,986**
Debt Service	$173,745	$174,063	$174,365	$174,656	$174,936
Replacement Reserves	$28,368	$27,538	$26,760	$25,392	$23,939
Asset Management Fees	$51,870	$50,840	$47,640	$47,640	$46,600
Subtotal - Expenses Below NOI	**$253,983**	**$252,441**	**$248,765**	**$247,688**	**$245,475**
NET INCOME	**$17,865**	**($58,929)**	**($56,113)**	**$8,858**	**$46,511**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Electrical Supplies	$0	$0	$0	$87	$0
Appliance Supplies	$0	$0	$350	$149	$0
Plumbing Supplies	$0	$0	$0	$85	$0
Windows and Glass	$0	$0	$0	$59	$0
Hardware Supplies	$0	$135	$0	$131	$0
HVAC Supplies	$0	$208	$0	$205	$0
Flooring and Carpeting	$0	$5,297	$3,300	$5,043	$783
Miscellaneous Supplies	$0	$0	$0	$4	$0
Plumbing Equipment	$0	$0	$700	$0	$0
HVAC Equipment	$0	$8,900	$0	$8,890	$0
Appliance Equipment	$13,500	$8,823	$5,113	$6,695	$3,843
Electrical Contracts	$0	$0	$605	$0	$0
Plumbing Contracts	$0	$7,200	$0	$16,267	$750
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$12,200
Windows/Glass Contracts	$0	$0	$0	$0	$235
Flooring/Carpet Contracts	$0	$0	$352	$0	$6,558
Exterminating Contracts	$0	$0	$70	$0	$0
Miscellaneous Contracts	$10,000	$0	$0	$0	$1,850
Total Capital Budget	**$23,500**	**$30,563**	**$10,490**	**$37,615**	**$26,219**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 6.6% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $17,865.
- Capital is budgeted at $23,500.
- DSCR is 1.40.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2024 Budget Summary – Seneca Ridge

RAD 6: Seneca Ridge

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	$1,237,372	$1,348,491	$1,141,404	$1,237,897	$1,014,076
Expenses:					
Operating - Admin	$92,223	$81,949	$79,627	$131,611	$134,460
Operating - Fees	$27,527	$35,670	$30,729	$35,601	$27,447
Bad Debt	$46,500	$24,000	$28,443	$32,981	$4,529
Tenant & Protective Services	$2,340	$840	$2,922	$18,495	$19,516
Taxes, Insurance & Utilities	$306,260	$283,974	$274,960	$266,099	$270,268
Maintenance	$346,191	$347,412	$463,762	$276,162	$251,543
Subtotal - Operating Expenses	$821,041	$773,845	$880,443	$760,949	$707,763
Net Operating Income ("NOI")	$416,331	$574,646	$260,961	$476,948	$306,313
Debt Service	$512,804	$513,739	$514,634	$515,493	$516,449
Replacement Reserves	$41,112	$39,902	$38,772	$36,792	$34,682
Asset Management Fees	$75,160	$73,670	$69,030	$69,030	$67,530
Subtotal - Expenses Below NOI	$629,076	$627,311	$622,436	$621,315	$618,661
NET INCOME	($212,745)	($52,665)	($361,475)	($144,367)	($312,348)

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$0	$425	$325
Electrical Supplies	$0	$550	$1,480	$527	$2,315
Plumbing Supplies	$0	$150	$592	$176	$136
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$44
Grounds/Landscaping Sup.-Cap.	$9,360	$0	$10,027	$0	$0
Locks, Keys	$0	$0	$0	$156	$772
Windows and Glass	$0	$25	$199	$24	$487
Doors	$0	$600	$98	$894	$0
Hardware Supplies	$0	$175	$825	$66	$54
HVAC Supplies	$0	$0	$0	$1,675	$661
Flooring and Carpeting	$0	$5,900	$17,149	$0	$21,680
Paint and Wallcoverings	$0	$0	$0	$450	$0
Miscellaneous Supplies	$0	$0	$587	$8	$165
HVAC Equipment	$0	$0	$32	$1,322	$3
Appliance Equipment	$32,856	$6,500	$17,925	$4,101	$12,453
Appliance Contracts	$0	$300	$0	$275	$0
Plumbing Contracts	$0	$0	$0	$1,275	$752
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$0	$1,203
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$9,500
Windows/Glass Contracts	$0	$300	$590	$265	$265
Roofing/Gutter Contracts	$0	$0	$0	$2,350	$560
HVAC Contracts	$0	$6,000	$13,845	$1,300	$0
Flooring/Carpet Contracts	$0	$12,600	$6,929	$14,788	$6,180
Paint/Wallcovering Int. Cont.	$0	$4,200	$0	$8,262	$615
Snow Removal Contracts	$0	$1,500	$0	$1,188	$0
Fencing Contracts	$0	$0	$0	$140	$0
Miscellaneous Contracts	$0	$0	$0	$0	$2,717
Security System	$30,000	$0	$4,500	$0	$0
Total Capital Budget	$72,216	$38,800	$74,778	$39,667	$60,887

Issues for Consideration

- Rent increases upon lease renewal budgeted at 6.6% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($212,745).
- Capital is budgeted at $72,216.
- DSCR is 0.73.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

Housing Opportunities Commission OF MONTGOMERY COUNTY

RAD 6 Development Corporation – FY 2024 Budget Summary – Washington Square

RAD 6: Washington Square

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$974,980**	**$966,926**	**$866,113**	**$883,062**	**$764,245**
Expenses:					
Operating - Admin	$68,827	$67,422	$94,574	$111,102	$116,738
Operating - Fees	$26,042	$26,480	$23,387	$26,353	$20,063
Bad Debt	$81,996	$10,104	$60,989	$72,278	$26,131
Tenant & Protective Services	$0	$0	($76)	$16,683	$10,662
Taxes, Insurance & Utilities	$152,093	$141,582	$130,100	$122,342	$94,194
Maintenance	$301,462	$284,701	$269,728	$238,714	$233,342
Subtotal - Operating Expenses	**$630,420**	**$530,289**	**$578,702**	**$587,472**	**$501,130**
Net Operating Income ("NOI")	**$344,560**	**$436,637**	**$287,411**	**$295,590**	**$263,115**
Debt Service	$333,329	$333,935	$334,516	$335,075	$335,695
Replacement Reserves	$28,944	$28,100	$27,300	$25,920	$24,427
Asset Management Fees	$52,930	$51,880	$48,610	$48,610	$47,560
Subtotal - Expenses Below NOI	**$415,203**	**$413,915**	**$410,426**	**$409,605**	**$407,682**
NET INCOME	**($70,643)**	**$22,722**	**($123,015)**	**($114,015)**	**($144,567)**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$3,720	$0	$4,857	$2,467
Electrical Supplies	$0	$0	$250	$209	$1,419
Appliance Supplies	$8,400	$0	$0	$0	$56
Plumbing Supplies	$0	$240	$0	$68	$1,248
Employee Uniforms	$0	$0	$0	$50	$0
Cleaning/Janitorial Supplies	$0	$0	$0	$339	$40
Locks, Keys	$0	$0	$0	$0	$257
Windows and Glass	$0	$0	$0	$52	$373
Doors	$0	$0	$0	$0	$204
Hardware Supplies	$0	$0	$99	$177	$1,061
HVAC Supplies	$0	$6,000	$0	$1,972	$0
Flooring and Carpeting	$0	$25,740	$0	$12,558	$8,378
Miscellaneous Supplies	$0	$0	$4	$136	$646
Plumbing Equipment	$0	$0	$6,150	$875	$0
HVAC Equipment	$0	$0	$0	$3	$14
Appliance Equipment	$18,396	$4,800	$22,554	$5,889	$23,464
Electrical Contracts	$0	$10,800	$0	$1,144	$2,266
Cleaning/Janitorial Contracts-Cap.	$0	$0	$350	$0	$0
Windows/Glass Contracts	$0	$0	$0	$0	$550
Roofing/Gutter Contracts	$0	$0	$4,800	$3,149	$0
HVAC Contracts	$0	$0	$5,698	$0	$0
Flooring/Carpet Contracts	$0	$4,000	$4,222	$11,001	$17,674
Exterminating Contracts	$4,000	$0	$0	$55	$0
Miscellaneous Contracts	$15,000	$0	$0	$0	$1,500
Total Capital Budget	**$45,796**	**$55,300**	**$44,127**	**$42,534**	**$61,617**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 6.6% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($70,643).
- Capital is budgeted at $45,796.
- DSCR is 0.95.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001RAD6 | **RE: RAD 6 Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the RAD 6 Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of RAD 6 Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the RAD 6 Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of RAD 6 Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

RAD 6 DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for RAD 6 Development Corporation is expiring on **September 30, 2023**.

  An extension of the current contract is needed to allow sufficient time to complete a formal procurement of property management services.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Commission accept the recommendation to extend the property management contract with Edgewood Management through **March 31, 2024**, for RAD 6 Development Corporation.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager — Division: Property Management
Ellen Goff, Interim Director — Division: Property Management

RE: **Procurement of Property Management Services:** Approval of Additional Extension of the Property Management Contract for RAD 6 Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X__

BACKGROUND:
Staff recommends extending the property management contract with Edgewood Management Corporation ("Edgewood") for the RAD6 properties, which include: Ken Gar, Washington Square, Parkway Woods, Towne Centre Place, Seneca Ridge, and Sandy Spring Meadows.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following table identifies the affected properties and provides property information, including the current vendor, annual extension contract cost, current contract end date, and proposed extension start and end date.

Property	Type	Current Vendor	Contract Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
Ken Gar	Family	Edgewood	1/1/2021	$6,060	9/30/2023	10/1/2023-3/31/2024
Parkway Woods	Family	Edgewood	1/1/2021	$7,896	9/30/2023	10/1/2023-3/31/2024
Sandy Spring Meadow	Family	Edgewood	1/1/2021	$18,108	9/30/2023	10/1/2023-3/31/2024
Seneca Ridge	Family	Edgewood	1/1/2021	$18,132	9/30/2023	10/1/2023-3/31/2024
Towne Centre Place	Family	Edgewood	1/1/2021	$16,140	9/30/2023	10/1/2023-3/31/2024
Washington Square	Family	Edgewood	1/1/2021	$15,456	9/30/2023	10/1/2023-3/31/2024

This submittal includes one (1) contract for six (6) properties managed Edgewood Management.

The chart below provides some general information regarding the six (6) properties that are included in this submission:

Property	Location	Total Units	AMI Restrictions	Current Occupancy
Ken Gar	Kensington	19	50% AMI	95%
Parkway Woods	Rockville	24	50% AMI	99%
Sandy Spring Meadow	Sandy Spring	55	50% AMI	98%
Seneca Ridge	Germantown	71	50% AMI	88%
Towne Centre Place	Olney	49	50% AMI	98%
Washington Square	Gaithersburg	50	50% AMI	85%
RAD 6 Dev Corp		**268**		**93%**

Property Summary:

Ken Gar Apartments consists of a 14-townhome cluster and five single family detached homes in the historic Ken-Gar section of Kensington. The townhomes are three buildings, two story units originally constructed in 1979. There are seven two-bedroom units, five three-bedroom units, and seven four-bedroom units.

Parkway Woods is a 24-unit townhome community located on 2.0 acres in Rockville, MD. It was constructed in 1981 and consists of four buildings with nine two-bedroom units, nine three-bedroom units and six four-bedroom units.

Sandy Spring Meadow is located on 14.2 acres in Sandy Spring, MD. It was originally constructed in 1980 and is a 55-unit community consisting of 25 townhomes and 30 single family homes. All townhomes have two bedrooms and the single family homes have three or four bedrooms.

Towne Centre Place is a 49-unit townhome community located in Olney. The property was built in 1986 and consists of 14 one-bedroom units, 20 two-bedroom units, and 15 three-bedroom units. This community is on a 6.5 acre site.

Seneca Ridge is a 71-unit townhome community located in Germantown. It has two one-bedroom units, nine two-bedroom units, 40 three-bedroom units and 20 four-bedroom units. This community was constructed in 1970 and underwent renovations in 2008. It is located on 8.5 acres and is principally located at Scenery Drive in Germantown, MD.

Washington Square is a 50-unit townhome community consisting of 10 two-bedroom units, 32 three-bedroom units, and eight four-bedroom units originally constructed in 1968 and renovated in 2002. It is located on 4.08 acres in Gaithersburg, MD. Washington Square has several units being rehabilitated in order to lease and improve occupancy above 95%.

ISSUES FOR CONSIDERATION:
Does the Board of Directors of the RAD 6 Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Edgewood Management Corporation for the RAD 6 properties?

BUDGET IMPACT:
The extension of the property management contracts will not have an adverse budget impact for the FY2024 operating budget. The costs associated with the services are included in the property budgets, which are being presented on June 14, 2023.

TIME FRAME:
For formal action at the June 14, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Board of Directors of RAD 6 Development Corporation approve the extension of the property management services contract with Edgewood Management Corporation for the RAD 6 properties through March 31, 2024.

RESOLUTION NO.: 23-002RAD6 **RE: Approval of Additional Extension of the Property Management Contract for RAD6 Development Corporation**

WHEREAS, RAD 6 Development Corporation owns various properties located in Montgomery County, Maryland; and

WHEREAS, staff desires to extend the current property management contract for the properties owned by RAD 6 Development Corporation with Edgewood Management Corporation through March 31, 2024.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of RAD 6 Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contract with Edgewood Management Corporation through March 31, 2024.

BE IT FURTHER RESOLVED by the Board of Directors of RAD 6 Development Corporation that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of RAD 6 Development Corporation at a meeting conducted on June 14, 2023.

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A **Chelsea J. Andrews**

L **Secretary-Treasurer of the Corporation**

Scattered Site One Development Corporation

Scattered Site One Development Corporation

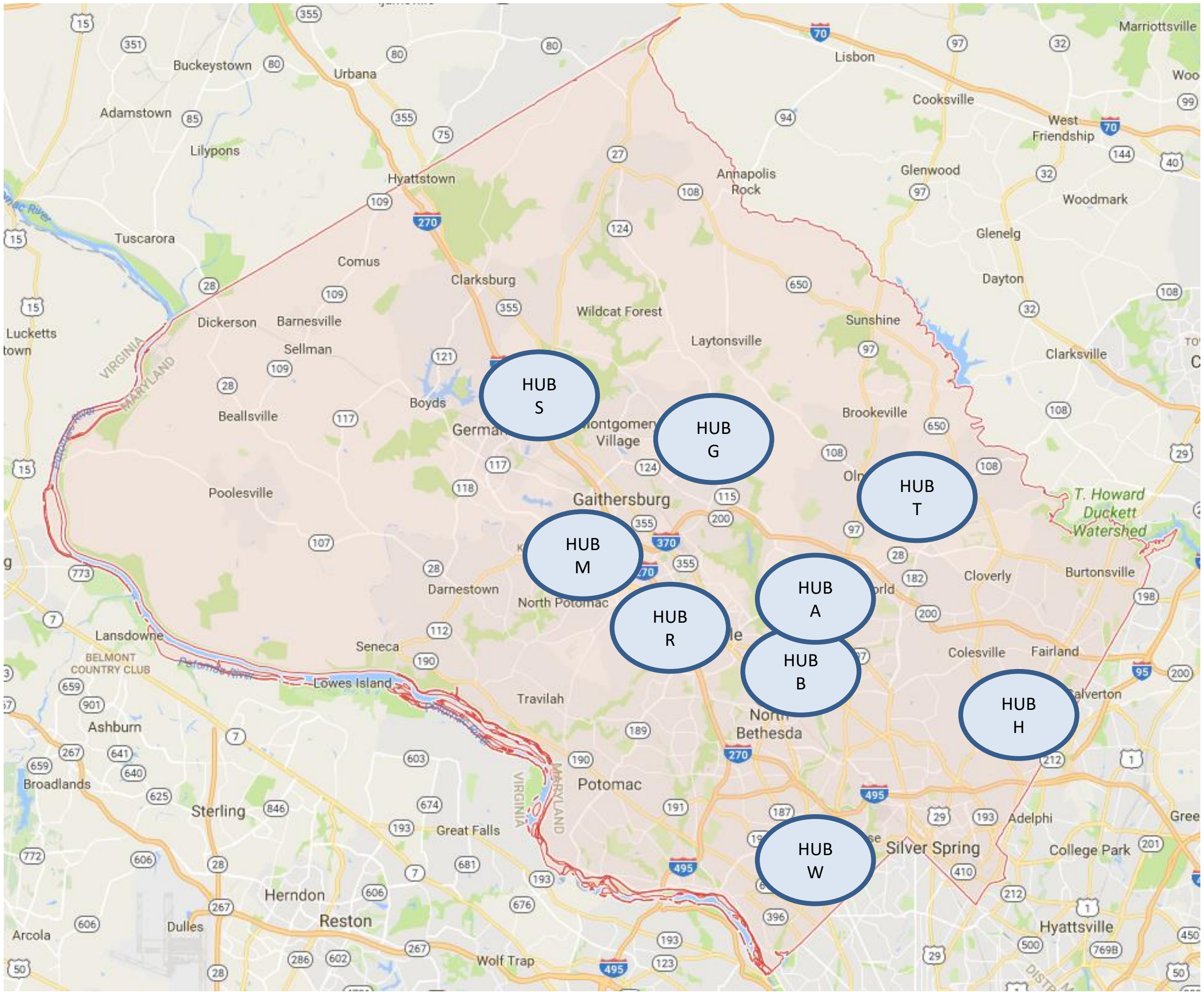
Annual Meeting and Adoption of FY 2024 Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Scattered Site One Development Corporation



Property Snapshot:

- 190 units scattered across nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes, ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site One Development Corporation range from 1987 to 2012.
- Real Estate Development in concert with Property Management and Mortgage Finance will develop a renovation, if necessary, and refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

Scattered Site One Development Corporation – FY 2024 Overview

Background

- **October 5, 2011 -** The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site One Development Corporation, a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.

- **November 2, 2011** - The Board adopted the By-laws and elected Directors. The 190 scattered site units were transferred to Scattered Site One Development Corporation.

- **July 2012** – The Scattered Site One Development Corporation was financed with a loan in the amount of $9,200,000 and secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.

- **February 2013** - A comprehensive renovation plan of Scattered Site One began. Depending on need, renovations included roof and window replacements, painting and re-carpeting, new kitchen and bath upgrades and new energy efficient appliances. The renovation plan, established before the Commission created its new renovation standards, was determined to be inadequate in its scope and only approximately 25% of the units were renovated. Staff suspended renovations and reconfigured the standards so that the remaining units could be completed in a similar fashion as VPC One and Two.

- Scattered Site One Development Corporation consists of 190 units, which are distributed as follows:

Unit Mix	Market	Affordable	Total
1BR	4	11	15
2BR	11	10	21
3BR	49	93	142
4BR	0	12	12
Total Units	**64**	**126**	**190**

The regulatory agreement restricts 24 units at or below 50% AMI and 102 units at or below 60% AMI.

Scattered Site One Development Corporation – FY 2024 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy CY 2022	Current Occupancy
3.35%	88.89%	91.58%

Maintenance

- The largest volume of work tickets was for general maintenance – HVAC (8%), plumbing (20%) and appliances (15%).

- Due to COVID 19 protocol, mainly priority and emergency work orders were performed since March 2020 which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2022	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
982	30	36.38

Capital Improvements

- Capital replacements for appliances, roofing and flooring are done at turnover and as needed.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing of Scattered Site One.

Scattered Site One Development Corporation – FY 2024 Budget Summary

Scattered Site One Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$2,835,872**	**$2,725,961**	**$2,679,033**	**$2,630,284**	**$2,634,787**
Expenses:					
Operating - Admin	$197,865	$155,725	$128,419	$140,960	$139,359
Operating - Fees	$919,725	$853,693	$825,073	$831,693	$743,296
Bad Debt	$229,332	$297,348	$260,472	$179,216	$46,754
Tenant & Protective Services	$0	$0	($427)	$50,816	$51,119
Taxes, Insurance & Utilities	$126,415	$114,248	$95,662	$85,193	$82,348
Maintenance	$583,435	$492,181	$494,672	$453,279	$482,853
Subtotal - Operating Expenses	**$2,056,772**	**$1,913,195**	**$1,803,871**	**$1,741,157**	**$1,545,729**
Net Operating Income ("NOI")	**$779,100**	**$812,766**	**$875,162**	**$889,127**	**$1,089,058**
Debt Service	$558,389	$559,616	$560,800	$561,937	$563,201
Replacement Reserves	$114,000	$114,000	$114,000	$114,000	$114,000
Loan Management Fees	$23,004	$23,004	$23,000	$23,000	$23,000
Development Corporation Fees	$83,707	$116,146	$177,362	$105,909	$313,350
Excess Cash Flow Restricted	$0	$0	$0	$84,281	$75,507
Subtotal - Expenses Below NOI	**$779,100**	**$812,766**	**$875,162**	**$889,127**	**$1,089,058**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$18,000	$18,000	$38,354	$16,814	$18,297
Electrical Supplies	$2,400	$2,400	$935	$0	$1,576
Appliance Supplies	$600	$0	$382	$282	$377
Plumbing Supplies	$2,400	$2,400	$2,327	$1,667	$1,783
Employee Uniforms	$0	$0	$2	$0	$0
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$195
Locks, Keys	$0	$0	$0	$0	$143
Windows and Glass	$5,600	$9,600	$64	$0	$16,019
Doors	$1,200	$1,440	$3,883	$4,775	$2,640
Roofing Materials	$0	$0	$0	$0	$3,191
Hardware Supplies	$600	$0	$873	$0	$962
HVAC Supplies	$6,000	$4,800	$0	$5,561	$202
Flooring and Carpeting	$4,000	$0	$13,380	$15,346	$9,923
Paint and Wallcoverings	$8,200	$0	$250	$0	$0
Miscellaneous Supplies	$500	$0	$1,868	$1,017	$803
Plumbing Equipment	$0	$0	$0	$0	$675
HVAC Equipment	$10,800	$10,800	$42	$0	$31,165
Appliance Equipment	$43,776	$0	$75,338	$43,426	$12,559
Electrical Contracts	$6,000	$6,000	$1,740	$3,294	$1,000
Appliance Contracts	$1,755	$0	$1,800	$1,820	$1,646
Plumbing Contracts	$1,500	$15,000	$35,437	$21,614	$22,662
Cleaning/Janitorial Contracts-Cap.	$3,000	$0	$0	$0	$0
Grounds/Landscaping Contr-Cap.	$1,300	$6,000	$6,350	$4,663	$900
Windows/Glass Contracts	$11,000	$17,400	$6,565	$24,160	$17,535
Roofing/Gutter Contracts	$15,400	$26,400	$4,925	$28,332	$23,461
HVAC Contracts	$45,000	$48,000	$23,061	$52,596	$4,246
Flooring/Carpet Contracts	$30,000	$12,000	$54,800	$43,763	$14,360
Paint/Wallcovering Int. Cont.	$8,000	$0	$13,723	$445	$0
Exterminating Contracts	$0	$0	$0	$0	$192
Fencing Contracts	$0	$0	$0	$1,185	$0
Asphalt/Concrete Contracts	$0	$0	$0	$0	$2,000
Total Capital Budget	**$227,031**	**$180,240**	**$286,099**	**$270,760**	**$188,512**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% and remain the same upon turnover.
- Property cash flow is budgeted at $83,707.
- Capital is budgeted at $227,031.
- DSCR is 1.14.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001SS1 **RE: Scattered Site One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Scattered Site One Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Scattered Site One Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Scattered Site One Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site One Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Scattered Site Two Development Corporation

Scattered Site Two Development Corporation

Annual Meeting and Adoption of FY 2024

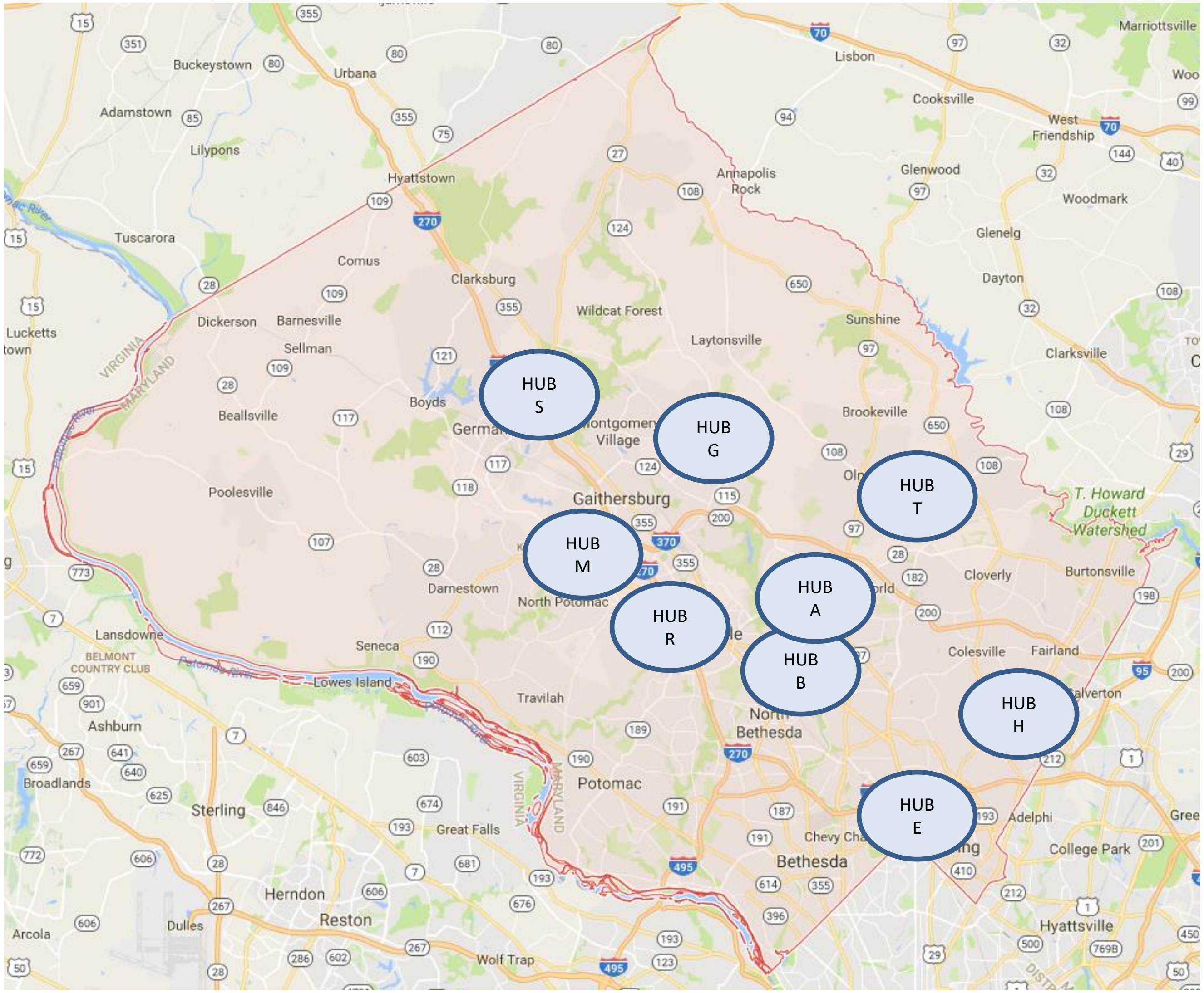
Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Scattered Site Two Development Corporation



Property Snapshot:

- 54 units located in nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums , townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community .
- The age of the properties in Scattered Site Two Development Corporation range from 1987 to 2006.
- Real Estate Development in concert with Property Management and Mortgage Finance will develop a renovation, if necessary, and refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

Scattered Site Two Development Corporation – FY 2024 Overview

Background

- **December 5, 2012 -** The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site Two Development Corporation, a wholly controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.

- **January 9, 2013 -** The Board adopted the By-laws and elected Directors. The 54 scattered site units were transferred to Scattered Site Two Development Corporation. The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

- **June 13, 2013** – The property was financed with a new taxable loan from PNC Bank N.A. for $4,900,000 guaranteed by HOC.

- **January – March 2014 -** A comprehensive renovation plan was put on hold to reconfigure the standards so that units could be completed in a similar fashion as the newly renovated VPC units.

- Scattered Site Two Development Corporation consists of 54 units, which are distributed as follows:

    - 16 expired Low Income Housing Tax Credit units with no extended use covenant.

    - 38 units, formerly part of MPDU 2004; eight units affordable under a County HOME loan.

Unit Mix	Market	Affordable	Total
1BR	0	3	3
2BR	2	8	10
3BR	10	26	36
4BR	3	1	4
5BR	1	0	1
Total Units	**16**	**38**	**54**

The regulatory agreement restricts 7 units at or below 40% AMI, 1 unit at or below 50% AMI, and 30 units of workforce housing between 80% and 120% of AMI.

Scattered Site Two Development Corporation – FY 2024 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy CY 2022	Current Occupancy
3.7%	88.89%	87.04%

Maintenance

- The largest volume of work tickets was for general maintenance – HVAC (10%), appliances (14%) and plumbing (15%).

- Due to COVID-19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2022	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
317	30	25.71

Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.

- Significant capital expense has been undertaken to update aging flooring, appliances and systems in these units.

Redevelopment/Refinancing

- Real Estate Development in concert with Property Management and Mortgage Finance will develop a renovation, if necessary, and refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

Scattered Site Two Development Corporation – FY 2024 Budget Summary

Scattered Site Two Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$794,069**	**$758,201**	**$743,083**	**$746,246**	**$793,743**
Expenses:					
Operating - Admin	$60,655	$46,429	$37,749	$39,555	$41,362
Operating - Fees	$268,175	$251,189	$259,057	$235,990	$220,835
Bad Debt	$22,600	$22,620	$42,644	$29,212	($2,392)
Tenant & Protective Services	$0	$0	($136)	$15,615	$16,058
Taxes, Insurance & Utilities	$33,763	$27,745	$29,866	$22,373	$19,175
Maintenance	$152,506	$149,407	$117,334	$117,398	$113,423
Subtotal - Operating Expenses	**$537,699**	**$497,390**	**$486,514**	**$460,143**	**$408,461**
Net Operating Income ("NOI")	**$256,370**	**$260,811**	**$256,569**	**$286,103**	**$385,282**
Debt Service	$268,256	$268,930	$271,008	$270,937	$270,658
Replacement Reserves	$74,400	$74,400	$74,400	$74,400	$74,400
Excess Cash Flow Restricted	$0	$0	$0	$0	$40,224
Subtotal - Expenses Below NOI	**$342,656**	**$343,330**	**$345,408**	**$345,337**	**$385,282**
NET INCOME	**($86,286)**	**($82,519)**	**($88,839)**	**($59,234)**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$4,000	$3,000	$5,051	$3,086	$8
Electrical Supplies	$300	$300	$0	$61	$821
Appliance Supplies	$0	$0	$0	$0	$145
Plumbing Supplies	$1,500	$600	$474	$1,150	$221
Cleaning/Janitorial Supplies	$750	$1,500	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$0	$140
Windows and Glass	$600	$600	$0	$86	$0
Doors	$877	$540	$1,360	$1,271	$0
Hardware Supplies	$0	$0	$0	$7	$49
HVAC Supplies	$3,000	$3,000	$0	$5,701	$0
Flooring and Carpeting	$2,894	$0	$7,295	$0	$1,387
Miscellaneous Supplies	$0	$0	$0	$93	$0
Electrical Equipment	$900	$900	$0	$0	$0
Plumbing Equipment	$1,440	$1,440	$0	$0	$0
HVAC Equipment	$6,600	$6,600	$0	$3	$0
Appliance Equipment	$7,200	$7,200	$20,042	$9,597	$6,336
Electrical Contracts	$6,000	$3,000	($2,818)	$0	$648
Plumbing Contracts	$2,632	$0	$1,254	$5,135	$1,506
Cleaning/Janitorial Contracts-Cap.	$0	$0	$4,992	$0	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$900	$0
Windows/Glass Contracts	$4,500	$0	$0	$265	$0
Roofing/Gutter Contracts	$4,272	$4,800	$0	$600	$12,223
HVAC Contracts	$6,000	$7,920	$8,150	$5,469	$0
Flooring/Carpet Contracts	$16,932	$3,600	$36,622	$5,509	$8,655
Paint/Wallcovering Int. Cont.	$2,713	$0	$6,012	$0	$2,125
Exterminating Contracts	$0	$0	$0	$0	$782
Total Capital Budget	**$73,110**	**$45,000**	**$88,434**	**$38,933**	**$35,046**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($86,286). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $73,110.
- DSCR is 0.68.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001SS2 | **RE: Scattered Site Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Scattered Site Two Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Scattered Site Two Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Scattered Site Two Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

SCATTERED SITE TWO DEVELOPMENT CORPORATION MEETING

SCATTERED SITES REFINANCING: APPROVAL TO ACCEPT THE REFINANCING PLAN FOR SCATTERED SITES TWO DEVELOPMENT CORPORATION(“SS 2”)

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE
JEREMIAH BATTLE, SENIOR MULTIFAMILY UNDERWRITER

June 14, 2023

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Housing Opportunities Commission OF MONTGOMERY COUNTY

EXECUTIVE SUMMARY

BACKGROUND

- **Scattered Site Portfolio**
  - The Housing Opportunities Commission of Montgomery County (“Commission” or “HOC”) owns through various instrumentalities 1,796 of scattered site units located throughout Montgomery County.
  - Ownership types include HOC direct ownership or instrumentalities of HOC.
  - Portfolio accumulated over decades through various acquisition methods, including the Moderately Priced Dwelling Unit (“MPDU”) Right of First Refusal (“ROFR”), and U.S. Housing and Urban Development (“HUD”) Section 18 Disposition.
  - Staff is proposing to finance 808 of the units (four projects discussed below) with new tax-exempt and taxable bond debt and repay approximately $53 million in related senior debt and approximately $3.75 million of subordinate debt.

CURRENT FINANCING

- **VPC One and VPC Two:** Consists of 679 units, 669 of which are former public housing units, which units were acquired by HOC through HUD’s Section 18 Disposition program and 10 units through strategic portfolio acquisitions between 2015 and 2016. After two rounds of financing, first with EagleBank in December 2017, the VPC One and VPC Two Corporations’ Board of Directors and the Commission approved a five-year loan from PNC Bank, N.A. (“the PNC Facility”); extended to August 2023.
- **Scattered Site II:** Consists of 54 units made up of former units of MHLP I and MPDUs transferred into the corporation between December 2012 and January 2013. For a number of tax law reasons, its financing at the time could not be tax-exempt; therefore, PNC Bank also provided taxable financing of $4,900,000 for this portfolio, with a maturity date of August 2023.
- **Montgomery Homes Limited Partnership X (“MHLP X”):** This is a 75-unit former LIHTC project with extended covenants through 2030. Currently financed with tax-exempt bonds and insured with an FHA Risk Share mortgage, MHLP X generates sufficient net operating income to allow a refinancing of the outstanding bonds ($1.5 million) and raise additional debt for HOC’s purposes.

CURRENT REQUEST

- With additional details to follow, staff requests approval of a financing plan totaling $66 million which includes among other sources, authorization to issue tax-exempt and taxable bonds of up to $61,000,000 under the Commission’s Multiple Purpose Indenture to refinance mortgages for VPC One, VPC Two, Scattered Site Dev. Corp. II, and MHLP X, to retire outstanding first liens and subordinate finance and to fund related financing expenditures.

EXECUTIVE SUMMARY

KEY ELEMENTS OF THE SCATTERED SITE PORTFOLIO

Regulatory Constraints

- Thirty-seven percent (669 units) are encumbered by a HUD Use Agreement; however, there are other covenants, Regulatory Agreements, Land Use Restriction Agreements, etc. that restrict rent increases, limit incomes or the ability to dispose of units for 146 of the rema ing units.

- **Capital Needs**
  - Despite regulatory constraints, increased maintenance costs and deferred maintenance are major concerns.
  - Some properties have been renovated in the past 10-15 years, others have not. Internal due diligence to assess needs is in process.
  - A collaboration among Asset Management, Real Estate, Finance, Property Management and Maintenance divisions is on-going to determine the capital needs among the portfolio over the next three (3) to five (5) years.

- **Public Purpose**
  - The Scattered Sites properties provide significant public purpose in that the majority serve households earning between 30% and 80% of the area median income ("AMI").
  - Additionally, the majority are townhomes, which provide affordable housing to families in dispersed locations across the county.

EXECUTIVE SUMMARY

1,796	Total Units in Scattered Sites Portfolio
(201)	Small Multifamily ranging from 10-40 units with either debt that is impractical to refinance or with long-term, favorable financing already in place
(196)	State Partnership Rental Program Units- existing debt with no debt service required, but interest accruing and all outstanding debt due upon sale or refinance, restricting new financing
(591)	Remaining units with either Ownership Restrictions, Regulatory restrictions, restrictive covenants, no existing debt or the net operating income ("NOI") is insufficient to support permanent debt
808	**Included in Permanent Refinancing Plan**

○ **Select Scattered Sites Considered For Financing**

- Several other challenges exist that impact the development of a overall Comprehensive Plan and permanent financing of the entire Scattered Site Portfolio that have been discussed with Real Estate, Asset Management, Property Management, and Finance divisions.
  - Inability to execute a LIHTC transaction.
  - Some of the properties are unable to support themselves solely.
  - Impact of policy changes around evictions.
- Staff has developed a two-phase Comprehensive Plan that addresses the refinancing of select properties (phase 1), and illustrates a re-development plan for the balance of the portfolio to be developed by Real Estate and Asset Management divisions (phase 2).
- In Phase 1 of the Comprehensive Plan, all units were evaluated based on the status of their existing debt, ownership and regulatory constraints. Upon conclusion of the analysis, 808 units were included that generated sufficient net operating income to support the financing, which are considered the "Core Scattered Sites" units.

EXECUTIVE SUMMARY

PROPOSED REFINANCING PLAN

- As stated previously, the proposed refinancing plan includes VPC One Corporation, VPC Two Corporation, Scattered Site Two Development Corporation and MHLP X (the "Core Scattered Sites").
- Funding sources for the plan include: a) governmental bonds issued in the Multiple Purpose Indenture (2002 Indenture), backed by a pledge of the Commission's general obligation, the proceeds of which will fund permanent loans to the existing ownership entities to refinance existing debt, finance or reimburse capital expenditures, as applicable, and finance related transaction costs and costs of issuing the bonds; b) existing reserves held for the benefit of the Developments, which will be returned to the Commission; and, c) existing replacement reserve funds held by the four entities.

CORE SCATTERED SITES AND CURRENT RECOMMENDATION

- The following projects, highlighted in BLUE (1-3), make up the Core Scattered Sites.
- Debt amounts shown are as of March 2023.

	Project Name	*Ownership*	*# of Units*	*%*	*Senior Debt*	*HOC Debt*	*County Debt*
1.	VPC1 & VPC2	VPC One Corporation VPC Two Corporation	679	66%	$47,576,432	-	-
2.	Scattered Sites 2	Scattered Site Two Development Corporation	54	5%	$3,874,500	-	$585,474
3.	MHLP X	Montgomery Homes LP	75	7%	$1,569,473	$1,073,578	$703,796
4.	MPDU I	HOC	64	6%	-	$895,000	-
5.	MPDU II	TPM Development Corp	59	6%	-	-	-
6.	MPDU III	Sligo Hills Development Corp.	23	2%	-	-	-
7.	MHLP VII	HOC	35	3%	-	$489,000	-
8.	MHLP VIII	HOC	49	5%	-	-	-
		TOTAL	**1,038**		**$53,020,405**	**$2,457,947**	**$1,289,270**

Housing Opportunities Commission OF MONTGOMERY COUNTY

CORE SCATTERED SITES AND CURRENT RECOMMENDATION (CON'T)

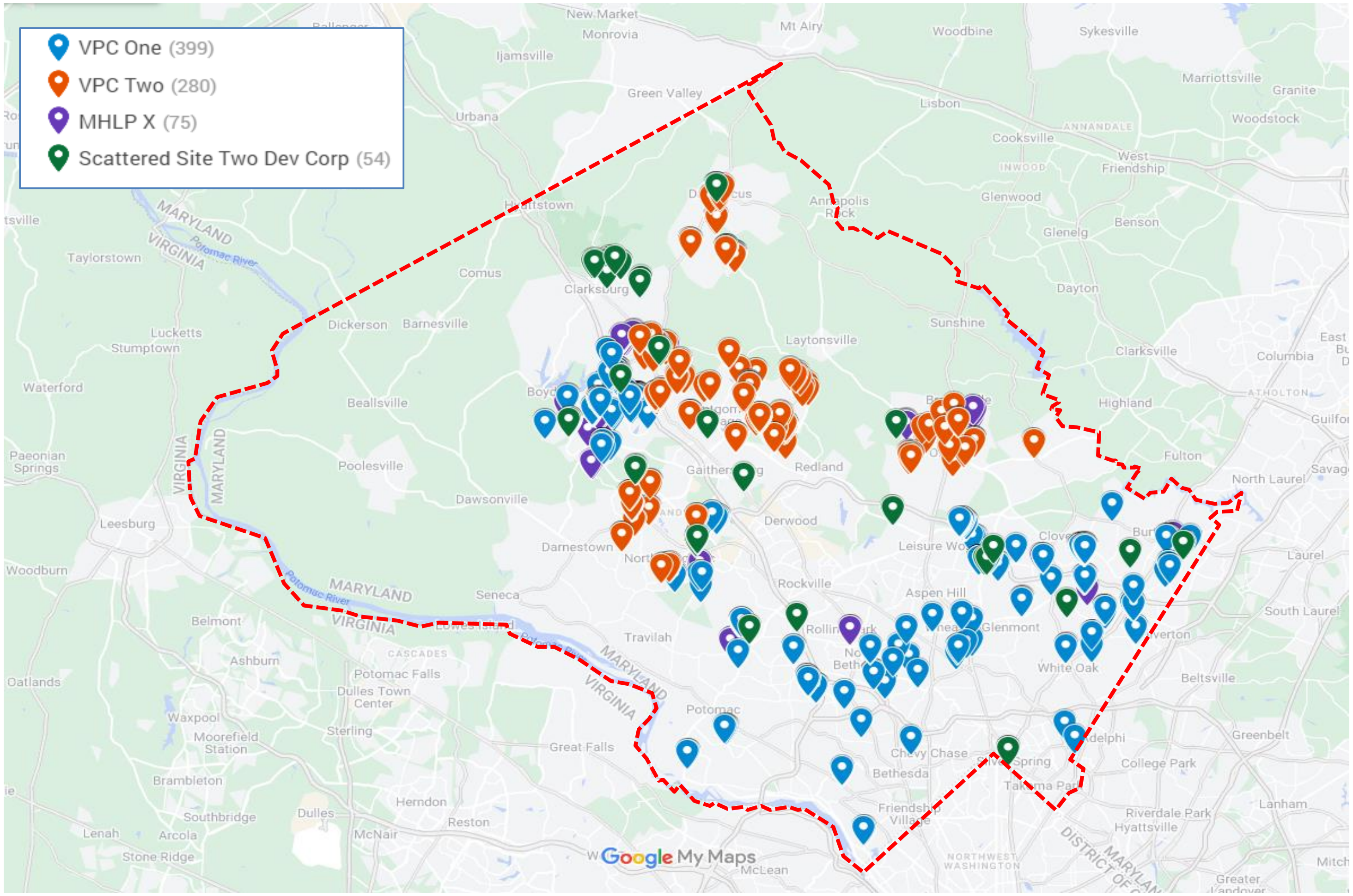
- Mortgage Finance staff evaluated permanent financing strategies for the Core Scattered Sites, and received indicative financing quotes from Berkadia and PNC Bank, N.A. ("PNC"). These quotes were compared to an HOC bond issuance, structured by Jefferies, LLC (one of the Commission's approved bond underwriters)(hereinafter "Jefferies").
- Staff's analysis has determined that the structure most advantageous for HOC, both financially and fiscally, is HOC's issuance of tax-exempt and taxable bonds to fund permanent mortgage loan(s) for a 35-year term.
- The properties' Net Operating Income of $5.2 million will support permanent mortgage amounts aggregating $59.6 million with an estimated 4.950% blended interest rate (both tax-exempt and taxable), achieving a Debt Service Coverage Ratio of 1.45:1.00, thus proving to be feasible.

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023, that the Corporation:

1. Approves and accepts the financing plan described herein, which when combined with VPC One, VPC Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting, the requisite reserves are funded, and the capital expenditures are funded or reimbursed as applicable, and pay related transaction costs;

2. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

LOCATION MAP AND UNIT TYPES



Single Family	Townhouse	Walk Up Condo	High Rise Condo	Total Units
76	587 (73%)	134	11	808

Housing Opportunities Commission OF MONTGOMERY COUNTY

PERMANENT REFINANCING PLAN

The properties included in the current proposed refinancing plan (808 units) are presented below and represent the Core Scattered Sites to be refinanced.

HOC Analysis					
Property	**VPC1**	**VPC2**	**SS2**	**MHLP10**	**Total**
Units	399	280	54	75	**808**
% of Units	49%	35%	7%	9%	**100%**
Existing PNC Debt Service Reserves[1]	$2,446,912	$1,713,088	$0	$0	**$4,160,000**
Notes Payable - HOC	$0	$0	$0	$1,073,578	**$1,073,578**
Notes Payable-County	$0	$0	$585,474	$703,796	**$1,289,270**
Mortgage Payable	$27,059,184	$20,517,249	$3,874,500	$1,569,473	**$53,020,405**
Total Outstanding Debt	$27,059,184	$20,517,249	$4,459,974	$3,346,847	**$55,383,254**
% of Total Overall Debt	49%	37%	8%	6%	**100%**
Net Operating Income (NOI)	2,477,420	2,156,155	168,350	422,831	**5,224,756**
% of Total NOI	47%	41%	3%	8%	**100%**

[1]Funded from and will be returned to the FHA Risk Share Account

Mortgage Finance’s due diligence included analyzing historical income and expenses, normalizing assumptions by adjusting for the financial effects of COVID, identifying opportunities for operational efficiencies, and ensuring that the sizing and structure of any new financing will not have an adverse impact on HOC’s fiscal 2024 budget, which will be approved on June 14, 2024.

Page 10 shows Underwriting Assumptions for the new financing. The properties’ Net Operating Income of $5.2 million will support a permanent mortgage amount of $59.6 million at an estimated blended interest rate of 4.95% (to be confirmed at the time the bonds are priced), achieving a Debt Service Coverage Ratio of 1.45:1.00.

The cash flow from the Core Scattered Sites, specifically VPC One and VPC Two will continue post financing. The transaction is underwritten based on the trailing 13-month financial results from March 2023.

PERMANENT REFINANCING PLAN: UNDERWRITING ASSUMPTIONS

UW Assumptions	
Bad Debt	5.10%
Concessions	0.47%
Physical Vacancy	5.61%
Rental Income	
Gross Rental Income	$13,907,585
Vacancy, Bad Debt, Concessions	-$1,554,007
Net Rental Income	**$12,353,578**
Operating Expenses	
Administrative	$198,594
Allocated Overhead	$1,830,703
General Expenses (Other Taxes)	$291,588
HOA	$1,582,774
Insurance	$203,418
Maintenance	$1,011,230
Payroll	$1,496,023
Replacement Reserves Contribution	$418,571
Real Estate Taxes	$3,163
Tenant Services	$3,521
Utilities	$89,236
Total Operating Expenses	**$7,128,821**
Net Operating Income	**$5,224,756**
Debt Service	$3,603,280
DSC	1.45

- Operating projections are based on five (5) years of operating data for the properties that are being financed.
- Per unit operating expenses are $8,820, which are high but not unexpected for the scattered site portfolio.
- Debt Service Coverage at 1.45 gives sufficient cushion to operations; therefore, this financing is not expected to adversely impact HOC’s fiscal position or budget.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Non-AMT or Tax-Exempt				
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Par Amount of Bonds	48,685,000	48,685,000	48,685,000	48,685,000
Bond Yield	4.594%	4.729%	5.380%	3.567%
Annual Debt Service	3,006,135	2,859,235	3,564,635	2,959,290
DSC Required	1.45x	1.45x	1.25x	1.25x
DSC Non-AMT only	1.74x	1.83x	1.47x	1.77x
Annual NOI for Required DSC	4,358,896	4,145,891	4,455,794	5,224,756
Taxable				
Type of Financing	Public Offering	Public Offering	n.a.	n.a.
Structure	Fixed	Fixed		
Amortization (Years)	30	35		
Bond Yield	5.866%	5.933%		
Remaining Annual NOI	865,860	1,078,865		
Annual Debt Service Combined	3,603,280	3,603,280		
DSC Non-AMT and Taxable Combined	1.450	1.450		
Par Amount of Bonds	8,385,000	10,920,000	-	-
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**

INDICATIVE FINANCING OPTIONS OBTAINED

Mortgage Finance staff received indicative quotes from Berkadia and PNC, and reviewed them against an HOC bond issuance, structured by Jefferies. Caine Mitter Associates (hereinafter “Caine Mitter”), the Commission’s Financial Advisor, assisted with a comparative analysis of all of the indicative quotes.

Shown here and on the next page is a comparison of the viable quotes and the financing outcomes. Outlined in green is staff’s proposal (Option 3), which is an HOC bond issuance, structured by Jefferies, a member of the Commission’s bond underwriting team.

This option provides the best value to HOC through the permanent financing solution, given its long-term amortization, and the amount of proceeds raised for the repayment of existing subordinate debt, and anticipated renovations to be performed in Phase Two of the Comprehensive Plan.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**
Payoffs/Net Cash				
VPC 1 Bonds/Loans Payable	27,059,184	27,059,184	27,059,184	27,059,184
VPC 2 Bonds/Loans Payable	20,517,249	20,517,249	20,517,249	20,517,249
SS2 Bonds/Loans Payable	3,820,200	3,820,200	3,820,200	3,820,200
MHLP10 Bonds/Loans Payable	1,111,137	1,111,137	1,111,137	1,111,137
Notes Payable - HOC*	1,073,578	1,073,578	1,073,578	1,073,578
Notes Payable - County*	1,289,270	1,289,270	1,289,270	1,289,270
Net Balance - Gap/(Surplus)	2,199,382	4,734,382	(6,185,618)	(6,185,618)
Additional Contribution				
Equity Contribution Cost of Issuance	730,000	750,000	950,000	563,485
Equity Contribution DSRF	n.a.	n.a.	3,786,902	3,184,285
Total Contribution Requirement	730,000	750,000	4,736,902	3,747,770
Net Cash to HOC (Before Financing and Commitment Fees)	**1,469,382**	**3,984,382**	**(10,922,520)**	**(9,933,388)**

Housing Opportunities Commission OF MONTGOMERY COUNTY

PERMANENT REFINANCING PLAN: SOURCES & USES

SOURCES	
Senior Loan	$59,605,000
Existing PNC Reserves	$4,160,000
Existing Replacement Reserves	$2,239,338
TOTAL SOURCES	**$66,004,338**
USES	
Debt Repayment	$54,870,618
Repayment of HOC Loan/Refund FHA Risk Share Reserve	$4,160,000
Replacement Reserves	$2,239,338
Financing Fees and Charges	$2,682,225
TOTAL USES*	**$63,952,181**
Funding Gap / (Surplus)	**($2,052,157)**

[1]*Financing Fees and Charges are estimated at 4.5% of senior loan, including an HOC Commitment Fee (and Cost of Issuance). Unused funds will increase the Surplus to HOC.*

**Uses of Funds are higher and Surplus is lower than those presented to the D&FC due to the $4.1M reserves now being shown as a Use of Funds*

- Assumptions on interest rates per CMA are 4.729% on the tax-exempt debt and 5.993% on the taxable debt, for a blended rate of approximately 4.950%.
- Rates are as of March 2023; however, the current rate environment is volatile and final rates will not be determined until the bonds are priced. This is expected to occur the end of July 2023.
- The **New Permanent Mortgage** for each entity will be allocated so that each meet a 1.45 Debt Service Coverage Ratio upon initial sizing.
- The **Existing PNC Reserves** that were required for the 2017 funding in lieu of HOC's general obligation pledge. The amount reflects 8% of the then loan amount of $52 million, which was funded from the Commission's FHA Risk Share account. Upon closing of the proposed financing, the funds will be returned to the account. It is therefore shown as a source and use of funds.
- The **Existing Replacement Reserve** is a Source and a Use of funds.
- A DSCR of 1.45 was used as a minimum in order to avoid impacting HOC's Moody's rating with a 0.05 cushion.
- A portion of the estimated **Restricted Surplus** is available to fund capital or other needs of the Commission.

PERMANENT REFINANCING PLAN: CLOSING TIMELINE

Date	Milestone
6/14/2023	Approve Refinancing Plan
7/19/2023	Clear Preliminary Official Statement ("POS")
8/2/2023	Bond Pricing/Sale
8/7/2023	Clear Official Statement ("OS")
8/23/2023	Bond Closing
8/24/2023	Mortgage Loan Closing
8/30/2023	Existing Debt Payoff

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023 that the Corporation:

1. Approves and accepts the financing plan described herein, which when combined with VPC One, VPC Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting, the requisite reserves are funded, and the capital expenditures are funded or reimbursed as applicable, and pay related transaction costs;
2. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

RESOLUTION No: 23-002$_{SS2}$ **RE: Approval to Accept the Refinancing Plan for Scattered Sites Two Corporation**

WHEREAS, Scattered Site Two Development Corporation ("SS Two"), VPC One Corporation ("VPC One"), VPC Two Corporation ("VPC Two"), and Montgomery Homes Limited Partnership X ("MHLP X," together with SS Two, VPC One, and VPC Two, the "Corporations"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery ("HOC" or the "Commission"); and

WHEREAS, SS Two owns 54 units that were transferred between December 2012 and January 2013, VPC One owns 389 of 669 units that were former Public Housing properties ("669 Sites") and an additional nine (9) units that were acquired between December 2014 and December 2015, VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016, and MHLP X owns 75 units that were acquired in April 1996; and

WHEREAS, on January 19, 2013, SS Two and HOC approved entering into a new loan with PNC Bank, N.A. for an original principal amount of $4.9 million, and on January 21, 2014, SS Two assumed from HOC a loan from Montgomery County, Maryland in the original principal amount of $812,000; and,

WHEREAS, on November 17, 2017, VPC One, VPC Two, and HOC approved the refinancing of the VPC One and VPC Two existing debt with a new loan from PNC Bank, N.A. (the "PNC Facility"); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to VPC One and VPC Two in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity; and

WHEREAS, on December 7, 2022, VPC One, VPC Two, and HOC approved extending the maturity on the PNC Facility to August 2023 in order to allow more time to evaluate permanent financing strategies of HOC's entire scattered site portfolio, totaling 1,796 units; and

WHEREAS, a permanent Refinancing Plan totaling $66 million for the Corporations has been developed that includes the Commission issuing governmental bonds from its Multiple Purpose Indenture ("2002 Indenture"), backed by a pledge of the Commission's general obligation, which will 1) fund new permanent loans for the Corporations to refinance existing debt, 2) finance or reimburse capital expenditures, as applicable, for the Corporations, and 3) finance related transaction costs (the "Refinancing Plan"); and

WHEREAS, on June 14, 2023, the Commission approved the Bond Authorizing Resolution No. 23-41A in connection with the Refinancing Plan for the Corporations.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Scattered Site Two Development Corporation approves and accepts the Refinancing Plan; provided that when combined with VPC One, VPC Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting.

BE IT FURTHER RESOLVED that the Board of Directors of Scattered Site Two Development Corporation authorizes and directs the Executive Director of HOC, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at an open meeting on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Sligo Hills Development Corporation Meeting

SLIGO HILLS DEVELOPMENT CORPORATION

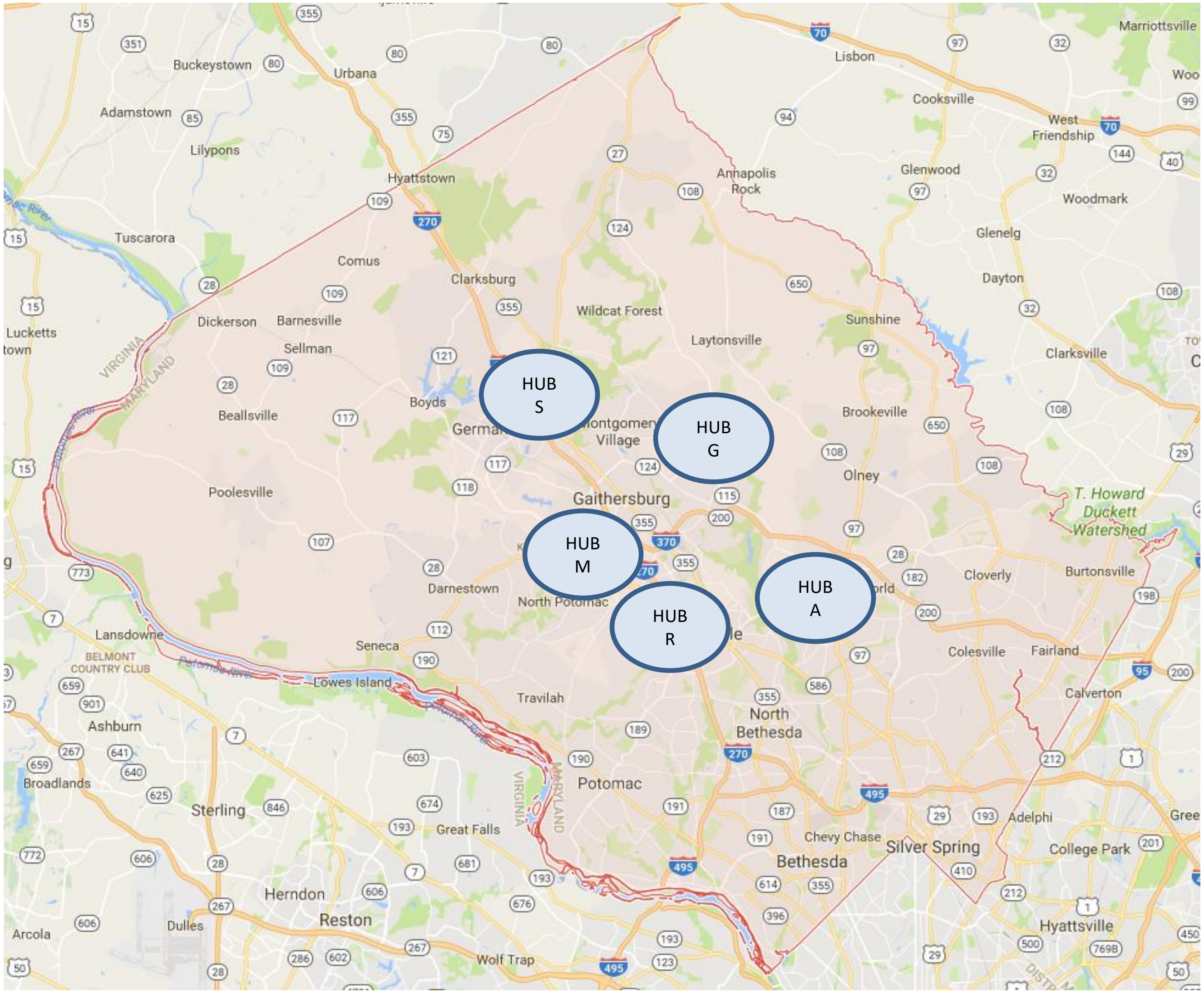
ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Sligo Hills Development Corporation



Property Snapshot:

- 23 scattered units across five HUBs from Silver Spring to Germantown.
- 7 three-bedroom townhomes, 6 one-bedroom and 10 two-bedroom condo units.
- Affordability is 50% of AMI.
- The properties are managed by Housing Opportunities Commission with assistance from Edgewood Management.

Sligo Hills Development Corporation – FY 2024 Overview

Background

- **December 11, 1996 -** Commission authorized the creation of a wholly- controlled corporate instrumentality known as Sligo Hills Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation.

- **June 11, 1997 -** Board approved the purchase of Sligo Hills Apartments & MPDU III, subject to an outstanding $300,000 note to Montgomery County. The Board authorized the execution of documents to purchase the properties and the loan from HOC, and the execution of an Asset Management Agreement by and between Sligo Hills Development Corporation and HOC.

- **June 23, 1997 -** the Corporation approved a resolution which allowed for the incorporation of the Sligo Hills Development Corporation annual budget preparation, presentation and approval process into the HOC budget process.

- **August 1, 1997** - Documents signed transferring the properties from HOC to the Sligo Hills Development Corporation. The new mortgage in the amount of $3,443,568 (provided by funds obtained through the issuance of tax exempt bonds) is insured under the FHA Risk Sharing Program.

- **October 3 2012** - A newly formed LIHTC limited partnership entity, Tanglewood and Sligo LP, was approved to purchase Sligo Hills Apartments from Sligo Hills Development Corporation. The Corporation retains the lien free title to MPDU III (23 scattered sites); therefore, the budget reflects only the operations of the 23 scattered site MPDUs.

Unit Mix	Market	Affordable	Total
1BR	0	6	6
2BR	0	10	10
3BR	0	7	7
Total Units	**0**	**23**	**23**

The regulatory agreement restricts 15 units at or below 50% AMI and 8 units of workforce housing between 80% and 120% of AMI.

Sligo Hills Development Corporation – FY 2024 Overview

Property Management

- Vacant units are being actively marketed to families on HOC's Housing Path waiting list. Occupancy has increased by 9% since last report. Team reports bi-weekly on progress with leasing.

Turnover Rate	Avg. Occupancy CY 2022	Current Occupancy
13.04%	79.86%	86.96%

Maintenance

- The largest volume of work tickets was for appliances (14%), plumbing (23%) and exterior (12.8%.)
- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2021	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
144	34	20.60

Capital Improvements

- Capital replacements for appliances, roofing, flooring done at unit turnover and as needed.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing of Sligo Hills.

Sligo Hills Development Corporation – FY 2024 Budget Summary

Sligo Hills Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	$281,731	$253,367	$260,242	$270,376	$271,229
Expenses:					
Operating - Admin	$21,833	$22,381	$29,329	$18,076	$17,441
Operating - Fees	$150,520	$143,093	$139,553	$139,250	$130,388
Bad Debt	$18,396	$57,756	$18,397	$8,669	$883
Tenant & Protective Services	$0	$0	($54)	$6,377	$6,546
Taxes, Insurance & Utilities	$11,162	$10,989	$7,237	$7,784	$7,327
Maintenance	$63,345	$58,621	$69,079	$52,272	$46,707
Subtotal - Operating Expenses	$265,256	$292,840	$263,541	$232,428	$209,292
Net Operating Income ("NOI")	$16,475	($39,473)	($3,299)	$37,948	$61,937
Replacement Reserves	$9,204	$9,204	$9,198	$9,200	$9,192
Development Corporation Fees	$7,271	$0	$0	$25,248	$38,389
Excess Cash Flow Restricted	$0	$0	$0	$3,500	$14,356
Subtotal - Expenses Below NOI	$16,475	$9,204	$9,198	$37,948	$61,937
NET INCOME	$0	($48,677)	($12,497)	$0	$0

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$4,020	$3,996	$1,681	$9,744	$650
Appliance Supplies	$324	$600	$528	$109	$0
Plumbing Supplies	$216	$0	$450	$116	$0
Employee Uniforms	$0	$0	$1	$0	$0
Windows and Glass	$732	$1,200	$0	$265	$0
Doors	$768	$360	$1,910	$0	$0
Hardware Supplies	$0	$0	$47	$86	$0
HVAC Supplies	$0	$900	$0	$0	$0
Flooring and Carpeting	$3,036	$2,640	$4,553	$2,805	$1,747
Miscellaneous Supplies	$0	$600	$0	$637	$0
HVAC Equipment	$3,000	$1,800	$6,389	$0	$0
Appliance Equipment	$3,360	$3,600	$5,535	$4,069	$475
Appliance Contracts	$0	$0	$350	$0	$0
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$0	$640
Windows/Glass Contracts	$0	$1,440	$0	$0	$0
Roofing/Gutter Contracts	$0	$5,040	$0	$4,744	$0
HVAC Contracts	$0	$6,000	$9,762	$0	$0
Flooring/Carpet Contracts	$1,680	$0	$3,596	$1,071	$350
Paint/Wallcovering Int. Cont.	$0	$0	$0	$0	$1,550
Paint/Wallcovering Ext. Cont	$0	$0	$0	$0	$2,825
Asphalt/Concrete Contracts	$0	$0	$0	$275	$0
Total Capital Budget	$17,136	$28,176	$34,802	$23,921	$8,237

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% and upon turnover will remain the same.
- Property cash flow is budgeted at $7,271.
- Capital is budgeted at $28,176.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001SH **RE: Sligo Hills Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Sligo Hills Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Sligo Hills Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Sligo Hills Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Sligo Hills Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

TPM Development Corporation

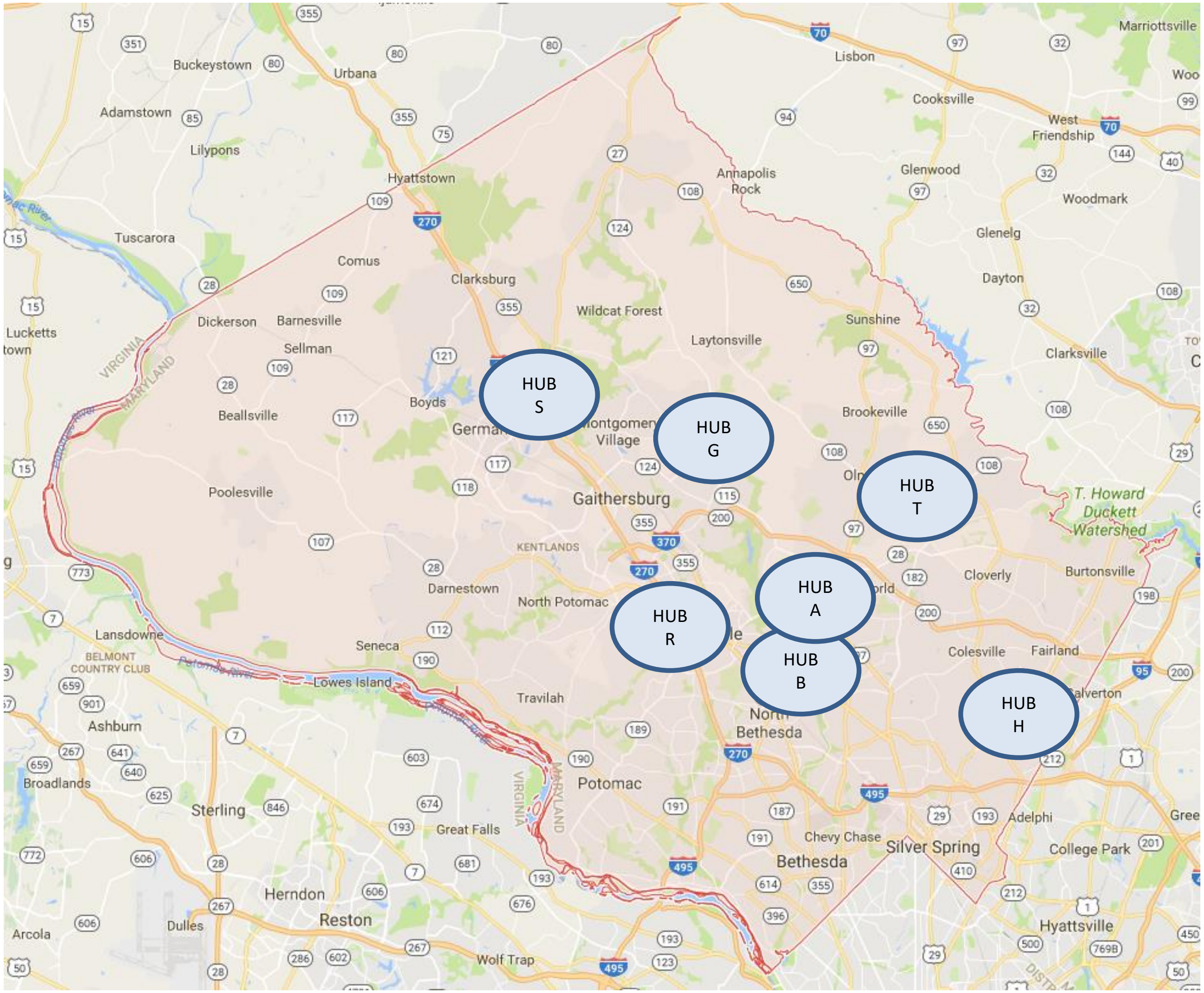
TPM Development Corporation

Annual Meeting and Adoption of FY 2024 Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023



Property & Submarket Snapshot:

- Consists of 59 scattered site units in MPDU II .
- 59 scattered site units across seven HUBs from Silver Spring to Damascus.

TPM Development Corporation – FY 2024 Overview

Background

- **<u>1998</u>** - Commission authorized and approved the creation of a wholly- controlled corporate instrumentality known as TPM Development Corporation (the "Corporation").
- **<u>1999</u>** - Board approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission.
- **<u>2015</u>** - HOC drew funds from its PNC $90 million Real Estate Line of Credit to repay the outstanding FHA first mortgage as part of the interim refinancing plan approved by the Commission on May 6, 2015. Staff expects to present a recommendation to the Board which will retire all existing interim debt for all three properties.
- **<u>2016</u>** - The Board approved an amended renovation plan for Timberlawn Crescent to include additional exterior work and clubhouse renovations.
- **<u>2017</u>** – Renovations were completed at Pomander Court and Timberlawn Crescent. Both properties were refinanced and sold to the newly formed Timberlawn Pomander Properties, LLC. The only properties remaining in the Development Corporation are the 59 scattered site units in MPDU II.

MPDU II

MPDU II contains 59 scattered site units that were acquired by HOC between 1986 and 1989. The units are located in Rockville, Silver Spring, Burtonsville, Germantown, Gaithersburg and Olney. The MPDUs consist of seven back-to-back units, five single family units and 47 townhouse units. No major renovation work is planned for the MPDU II units.

Unit Mix	Market	Affordable	Total
MPDU II	41	18	59
Total Units	**41**	**18**	**59**

TPM Development Corporation – FY 2024 Overview

Property Management

- Occupancy driven by 2 units in modernization and 6 additional vacant units. All lead sources come from the Housing Path waiting list and staff reports bi-weekly on leasing efforts.

Turnover Rate	Avg. Occupancy CY 2022	Current Occupancy
5.08%	88.91%	86.44%

Maintenance

- The largest volume of work tickets was for general maintenance – plumbing (19%), appliances (17%).
- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2022	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
273	24	31.22

Capital Improvements

- The current capital improvement plans at MPDU II are for HVAC replacements.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing of TPM.

TPM Development Corporation – FY 2024 Budget Summary Consolidated

TPM Dev Corp-MPDU II/59

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$881,502**	**$885,852**	**$847,117**	**$853,991**	**$896,115**
Expenses:					
Operating - Admin	$59,428	$46,602	$33,554	$31,531	$45,394
Operating - Fees	$241,220	$209,395	$214,115	$198,403	$190,134
Bad Debt	$18,648	$18,648	$22,857	$24,986	$20,925
Tenant & Protective Services	$0	$0	($145)	$16,101	$16,131
Taxes, Insurance & Utilities	$43,901	$36,192	$31,570	$37,565	$25,589
Maintenance	$173,885	$161,633	$147,240	$152,998	$139,139
Subtotal - Operating Expenses	**$537,082**	**$472,470**	**$449,191**	**$461,584**	**$437,312**
Net Operating Income ("NOI")	**$344,420**	**$413,382**	**$397,926**	**$392,407**	**$458,803**
Replacement Reserves	$17,700	$17,700	$17,700	$17,700	$17,700
Development Corporation Fees	$326,720	$395,682	$380,226	$374,707	$425,118
Excess Cash Flow Restricted	$0	$0	$0	$0	$15,985
Subtotal - Expenses Below NOI	**$344,420**	**$413,382**	**$397,926**	**$392,407**	**$458,803**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$8,959	$6,000	$8,959	$10,941	$3,597
Electrical Supplies	$0	$0	$0	$1,985	$0
Appliance Supplies	$0	$0	$0	$272	$4,350
Plumbing Supplies	$1,800	$1,800	$466	$1,820	$7,093
Employee Uniforms	$0	$0	$1	$1	$0
Cleaning/Janitorial Supplies	$0	$0	$0	$55	$0
Windows and Glass	$0	$0	$0	$220	$4,500
Doors	$600	$600	$565	$2,620	$975
Hardware Supplies	$0	$0	$0	$1,138	$0
HVAC Supplies	$0	$3,600	$0	$0	$1,754
Flooring and Carpeting	$0	$0	$0	$0	$5,310
Paint and Wallcoverings	$0	$0	$885	$0	$0
Miscellaneous Supplies	$0	$0	$0	$753	$0
HVAC Equipment	$3,300	$6,600	$1,375	$150	$5,591
Appliance Equipment	$13,200	$6,600	$15,543	$13,824	$6,087
Plumbing Contracts	$0	$0	($1,910)	$9,277	$7,830
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$3,240	$2,000
Windows/Glass Contracts	$0	$10,800	$0	$12,124	$0
Roofing/Gutter Contracts	$15,000	$15,000	$785	$9,955	$15,903
HVAC Contracts	$14,400	$14,400	$30,819	$0	$6,453
Flooring/Carpet Contracts	$12,000	$12,000	$13,075	$19,998	$2,598
Paint/Wallcovering Int. Cont.	$1,740	$0	$0	$1,756	$1,720
Paint/Wallcovering Ext. Cont	$0	$0	$0	$490	$220
Fencing Contracts	$3,276	$0	$3,975	$2,580	$0
Total Capital Budget	**$74,275**	**$77,400**	**$74,538**	**$93,199**	**$75,981**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will remain the same.
- Property cash flow is budgeted at $326,720.
- Capital is budgeted at $74,275.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for TPM Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001TPM **RE: TPM Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the TPM Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of TPM Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the TPM Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

VPC One Development Corporation

VPC One Development Corporation

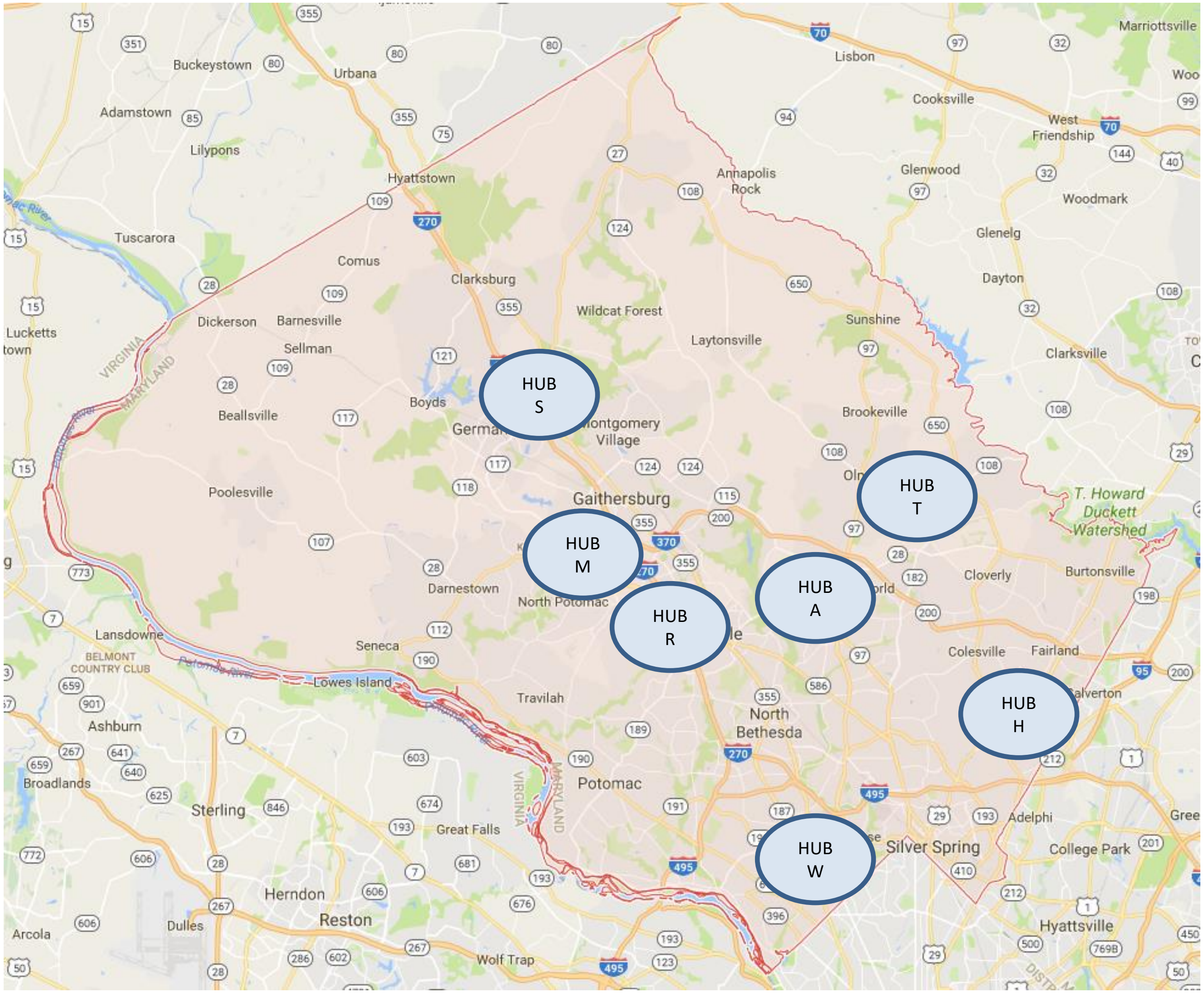
Annual Meeting and Adoption of FY 2024 Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

VPC One Development Corporation



Property Snapshot:

- 399 units scattered across seven HUBs throughout Montgomery County.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 55 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, affordability of the remaining units is restricted to 80% of AMI. Eight market units were purchased by the corporation and do not share the same AMI restrictions.
- The Property is managed by the Housing Opportunities Commission.

Housing Opportunities Commission OF MONTGOMERY COUNTY

VPC One Development Corporation – FY 2024 Overview

Background

- **July 18, 2012 -** Commission authorized and approved the establishment of VPC One Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.

- **June 5, 2013 -** Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of $20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.

- **March 2, 2016 -** HOC approved a revised development budget for both Corporations of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A.

- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a $65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately $22 million.

- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of $43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than $35.4 million.

- **March 9, 2017 -** The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for $32,400,000.

- **November 17, 2017 –** The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of $60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of $1,200 per unit.

- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	8	10	18
2BR	0	104	103
3BR	0	241	241
4BR	0	34	34
5BR	0	2	2
Total Units	**8**	**391**	**399**

The regulatory agreement restricts 64 units at or below 50% AMI and 327 units at or below 80% AMI.

VPC One Development Corporation – FY 2024 Overview

Property Management

- Occupancy has been impacted by higher move outs & staffing changes. A plan to manage leasing has been implemented . The two top sources for applicants continue to be Housing Path, HVC voucher holders and PBV participants.

Turnover	Avg. Occupancy CY 2022	Current Occupancy
9.02%	94%	87%

Capital Improvements

- Capital replacements for appliance, roofing and flooring are done at turnover and as needed.

Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (19%), (Appliance (21%), HVAC (10%) and Electrical (7%)

- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2022	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
2,248	33	31.27

Redevelopment/Refinancing

- The property completed renovation work in 2017. Real Estate Development in concert with Property Management and Mortgage Finance will develop a refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

VPC One Development Corporation – FY 2024 Budget Summary

VPC One Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$7,095,725**	**$6,633,954**	**$6,785,155**	**$6,743,909**	**$6,679,641**
Expenses:					
Operating - Admin	$302,786	$271,730	$255,865	$168,435	$217,272
Operating - Fees	$1,980,724	$1,899,691	$1,823,221	$1,796,972	$1,648,248
Bad Debt	$300,000	$34,608	$251,250	$303,947	$116,005
Tenant & Protective Services	$0	$0	($987)	$113,986	$114,481
Taxes, Insurance & Utilities	$278,427	$265,293	$207,893	$208,483	$214,034
Maintenance	$906,893	$876,693	$907,482	$765,655	$853,320
Subtotal - Operating Expenses	**$3,768,830**	**$3,348,015**	**$3,444,724**	**$3,357,478**	**$3,163,360**
Net Operating Income ("NOI")	**$3,326,895**	**$3,285,939**	**$3,340,431**	**$3,386,431**	**$3,516,281**
Debt Service	$1,481,256	$1,481,252	$1,482,833	$1,491,212	$1,480,927
Debt Service Reserves	$838,668	$838,668	$838,668	$828,708	$0
Replacement Reserves	$188,724	$188,724	$188,724	$119,700	$119,700
Development Corporation Fees	$818,247	$777,295	$830,206	$946,811	$1,617,890
Excess Cash Flow Restricted	$0	$0	$0	$0	$297,764
Subtotal - Expenses Below NOI	**$3,326,895**	**$3,285,939**	**$3,340,431**	**$3,386,431**	**$3,516,281**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$12,000	$12,000	$4,030	$5,010	$4,022
Electrical Supplies	$1,200	$1,200	$2,729	$9	$6,221
Appliance Supplies	$5,400	$5,400	$0	$59	$158
Plumbing Supplies	$0	$0	$7,381	$3,990	$4,004
Employee Uniforms	$0	$0	$4	$0	$0
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$71
Locks, Keys	$0	$0	$0	$0	$107
Windows and Glass	$3,600	$3,600	$1,881	$0	$803
Doors	$3,600	$3,600	$1,210	$927	$1,331
Hardware Supplies	$0	$0	$957	$75	$2,273
HVAC Supplies	$7,200	$7,200	$8,470	$3,037	$2,635
Flooring and Carpeting	$2,400	$2,400	$37,580	$10,639	$11,095
Paint and Wallcoverings	$0	$0	$7,641	$3,487	$1,795
Miscellaneous Supplies	$0	$0	$519	$8	$354
Plumbing Equipment	$0	$0	$2,945	$1,650	$915
HVAC Equipment	$24,000	$24,000	$21,547	$3,977	$9,101
Appliance Equipment	$30,000	$30,000	$111,509	$54,287	$46,133
Electrical Contracts	$6,000	$6,000	$3,170	$0	$1,988
Appliance Contracts	$5,500	$0	$0	$0	$0
Plumbing Contracts	$6,000	$6,000	$3,447	$9,099	$13,532
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$250	$0
Grounds/Landscaping Contr-Cap.	$9,600	$9,600	$11,935	$9,950	$8,250
Windows/Glass Contracts	$5,500	$5,500	$1,300	$795	$290
Roofing/Gutter Contracts	$36,000	$36,000	$5,575	$2,120	$19,854
HVAC Contracts	$33,600	$33,600	$22,304	$1,036	$13,056
Flooring/Carpet Contracts	$36,000	$36,000	$7,192	$13,461	$42,974
Paint/Wallcovering Int. Cont.	$0	$0	$250	$2,817	$12,101
Paint/Wallcovering Ext. Cont	$24,000	$0	$9,210	$177	$450
Fencing Contracts	$6,000	$0	$4,989	$0	$1,050
Asphalt/Concrete Contracts	$0	$0	$1,920	$1,075	$2,411
Miscellaneous Contracts	$0	$0	$8,100	$0	$78
Total Capital Budget	**$257,600**	**$222,100**	**$287,795**	**$127,935**	**$207,052**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $818,247.
- Capital is budgeted at $257,600.
- DSCR is 2.12.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for VPC One Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for VPC One by the Board of Directors.

RESOLUTION NO.: 23-001$_{VPC1}$ **RE: VPC One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the VPC One Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of VPC One Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the VPC One Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC One Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

VPC ONE CORPORATION MEETING

SCATTERED SITES REFINANCING: APPROVAL TO ACCEPT THE REFINANCING PLAN FOR VPC ONE CORPORATION(“VPC 1”)

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE
JEREMIAH BATTLE, SENIOR MULTIFAMILY UNDERWRITER

June 14, 2023

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Housing Opportunities Commission OF MONTGOMERY COUNTY

EXECUTIVE SUMMARY

BACKGROUND

- **Scattered Site Portfolio**
  - The Housing Opportunities Commission of Montgomery County (“Commission” or “HOC”) owns through various instrumentalities 1,796 of scattered site units located throughout Montgomery County.
  - Ownership types include HOC direct ownership or instrumentalities of HOC.
  - Portfolio accumulated over decades through various acquisition methods, including the Moderately Priced Dwelling Unit (“MPDU”) Right of First Refusal (“ROFR”), and U.S. Housing and Urban Development (“HUD”) Section 18 Disposition.
  - Staff is proposing to finance 808 of the units (four projects discussed below) with new tax-exempt and taxable bond debt and repay approximately $53 million in related senior debt and approximately $3.75 million of subordinate debt.

CURRENT FINANCING

- **VPC One and VPC Two:** Consists of 679 units, 669 of which are former public housing units, which units were acquired by HOC through HUD’s Section 18 Disposition program and 10 units through strategic portfolio acquisitions between 2015 and 2016. After two rounds of financing, first with EagleBank in December 2017, the VPC One and VPC Two Corporations’ Board of Directors and the Commission approved a five-year loan from PNC Bank, N.A. (“the PNC Facility”); extended to August 2023.
- **Scattered Site II:** Consists of 54 units made up of former units of MHLP I and MPDUs transferred into the corporation between December 2012 and January 2013. For a number of tax law reasons, its financing at the time could not be tax-exempt; therefore, PNC Bank also provided taxable financing of $4,900,000 for this portfolio, with a maturity date of August 2023.
- **Montgomery Homes Limited Partnership X (“MHLP X”):** This is a 75-unit former LIHTC project with extended covenants through 2030. Currently financed with tax-exempt bonds and insured with an FHA Risk Share mortgage, MHLP X generates sufficient net operating income to allow a refinancing of the outstanding bonds ($1.5 million) and raise additional debt for HOC’s purposes.

CURRENT REQUEST

- With additional details to follow, staff requests approval of a financing plan totaling $66 million which includes among other sources, authorization to issue tax-exempt and taxable bonds of up to $61,000,000 under the Commission’s Multiple Purpose Indenture to refinance mortgages for VPC One, VPC Two, Scattered Site Dev. Corp. II, and MHLP X, to retire outstanding first liens and subordinate finance and to fund related financing expenditures.

EXECUTIVE SUMMARY

KEY ELEMENTS OF THE SCATTERED SITE PORTFOLIO

Regulatory Constraints

- Thirty-seven percent (669 units) are encumbered by a HUD Use Agreement; however, there are other covenants, Regulatory Agreements, Land Use Restriction Agreements, etc. that restrict rent increases, limit incomes or the ability to dispose of units for 146 of the rema   ing units.

- **Capital Needs**
  - Despite regulatory constraints, increased maintenance costs and deferred maintenance are major concerns.
  - Some properties have been renovated in the past 10-15 years, others have not. Internal due diligence to assess needs is in process.
  - A collaboration among Asset Management, Real Estate, Finance, Property Management and Maintenance divisions is on-going to determine the capital needs among the portfolio over the next three (3) to five (5) years.

- **Public Purpose**
  - The Scattered Sites properties provide significant public purpose in that the majority serve households earning between 30% and 80% of the area median income (“AMI”).
  - Additionally, the majority are townhomes, which provide affordable housing to families in dispersed locations across the county.

EXECUTIVE SUMMARY

1,796	Total Units in Scattered Sites Portfolio
(201)	Small Multifamily ranging from 10-40 units with either debt that is impractical to refinance or with long-term, favorable financing already in place
(196)	State Partnership Rental Program Units- existing debt with no debt service required, but interest accruing and all outstanding debt due upon sale or refinance, restricting new financing
(591)	Remaining units with either Ownership Restrictions, Regulatory restrictions, restrictive covenants, no existing debt or the net operating income ("NOI") is insufficient to support permanent debt
808	**Included in Permanent Refinancing Plan**

- **Select Scattered Sites Considered For Financing**
  - Several other challenges exist that impact the development of a overall Comprehensive Plan and permanent financing of the entire Scattered Site Portfolio that have been discussed with Real Estate, Asset Management, Property Management, and Finance divisions.
    - Inability to execute a LIHTC transaction.
    - Some of the properties are unable to support themselves solely.
    - Impact of policy changes around evictions.
  - Staff has developed a two-phase Comprehensive Plan that addresses the refinancing of select properties (phase 1), and illustrates a re-development plan for the balance of the portfolio to be developed by Real Estate and Asset Management divisions (phase 2).
  - In Phase 1 of the Comprehensive Plan, all units were evaluated based on the status of their existing debt, ownership and regulatory constraints. Upon conclusion of the analysis, 808 units were included that generated sufficient net operating income to support the financing, which are considered the "Core Scattered Sites" units.

EXECUTIVE SUMMARY

PROPOSED REFINANCING PLAN

- As stated previously, the proposed refinancing plan includes VPC One Corporation, VPC Two Corporation, Scattered Site Two Development Corporation and MHLP X (the “Core Scattered Sites”).
- Funding sources for the plan include: a) governmental bonds issued in the Multiple Purpose Indenture (2002 Indenture), backed by a pledge of the Commission’s general obligation, the proceeds of which will fund permanent loans to the existing ownership entities to refinance existing debt, finance or reimburse capital expenditures, as applicable, and finance related transaction costs and costs of issuing the bonds; b) existing reserves held for the benefit of the Developments, which will be returned to the Commission; and, c) existing replacement reserve funds held by the four entities.

CORE SCATTERED SITES AND CURRENT RECOMMENDATION

- The following projects, highlighted in BLUE (1-3), make up the Core Scattered Sites.
- Debt amounts shown are as of March 2023.

	Project Name	*Ownership*	*# of Units*	*%*	*Senior Debt*	*HOC Debt*	*County Debt*
1.	VPC1 & VPC2	VPC One Corporation VPC Two Corporation	679	66%	$47,576,432	-	-
2.	Scattered Sites 2	Scattered Site Two Development Corporation	54	5%	$3,874,500	-	$585,474
3.	MHLP X	Montgomery Homes LP	75	7%	$1,569,473	$1,073,578	$703,796
4.	MPDU I	HOC	64	6%	-	$895,000	-
5.	MPDU II	TPM Development Corp	59	6%	-	-	-
6.	MPDU III	Sligo Hills Development Corp.	23	2%	-	-	-
7.	MHLP VII	HOC	35	3%	-	$489,000	-
8.	MHLP VIII	HOC	49	5%	-	-	-
		TOTAL	**1,038**		**$53,020,405**	**$2,457,947**	**$1,289,270**

EXECUTIVE SUMMARY

CORE SCATTERED SITES AND CURRENT RECOMMENDATION (CON'T)

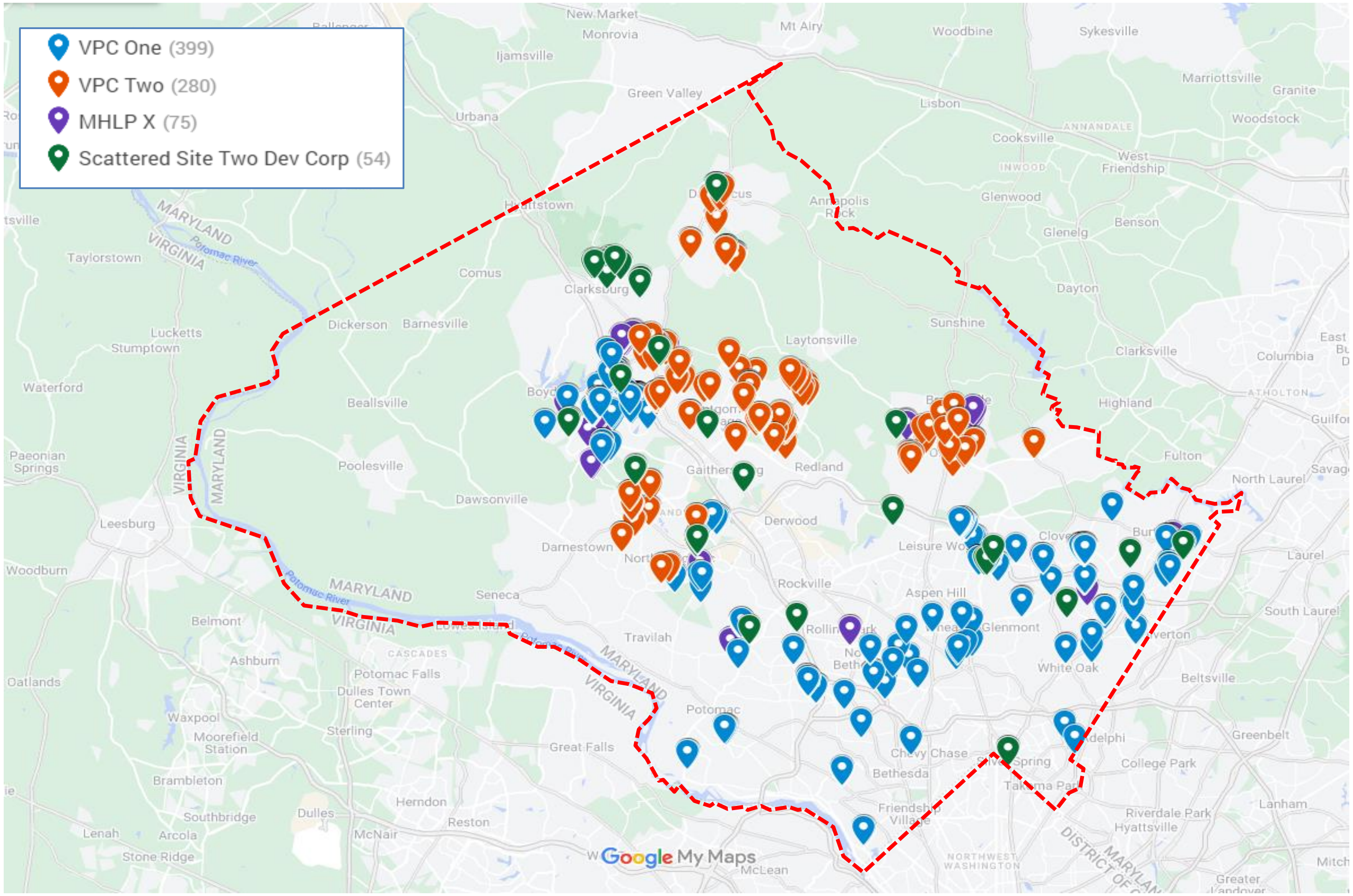
- Mortgage Finance staff evaluated permanent financing strategies for the Core Scattered Sites, and received indicative financing quotes from Berkadia and PNC Bank, N.A. ("PNC"). These quotes were compared to an HOC bond issuance, structured by Jefferies, LLC (one of the Commission's approved bond underwriters)(hereinafter "Jefferies").
- Staff's analysis has determined that the structure most advantageous for HOC, both financially and fiscally, is HOC's issuance of tax-exempt and taxable bonds to fund permanent mortgage loan(s) for a 35-year term.
- The properties' Net Operating Income of $5.2 million will support permanent mortgage amounts aggregating $59.6 million with an estimated 4.950% blended interest rate (both tax-exempt and taxable), achieving a Debt Service Coverage Ratio of 1.45:1.00, thus proving to be feasible.

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023, that the Corporation:

1. Approves and accepts the financing plan described herein, which when combined with Scattered Sites Two, VPC Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting, the requisite reserves are funded, and the capital expenditures are funded or reimbursed as applicable, and pay related transaction costs;

2. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

LOCATION MAP AND UNIT TYPES



Single Family	Townhouse	Walk Up Condo	High Rise Condo	Total Units
76	587 (73%)	134	11	808

Housing Opportunities Commission OF MONTGOMERY COUNTY

PERMANENT REFINANCING PLAN

The properties included in the current proposed refinancing plan (808 units) are presented below and represent the Core Scattered Sites to be refinanced.

HOC Analysis					
Property	VPC1	VPC2	SS2	MHLP10	Total
Units	399	280	54	75	**808**
% of Units	49%	35%	7%	9%	**100%**
Existing PNC Debt Service Reserves[1]	$2,446,912	$1,713,088	$0	$0	**$4,160,000**
Notes Payable - HOC	$0	$0	$0	$1,073,578	**$1,073,578**
Notes Payable-County	$0	$0	$585,474	$703,796	**$1,289,270**
Mortgage Payable	$27,059,184	$20,517,249	$3,874,500	$1,569,473	**$53,020,405**
Total Outstanding Debt	$27,059,184	$20,517,249	$4,459,974	$3,346,847	**$55,383,254**
% of Total Overall Debt	49%	37%	8%	6%	**100%**
Net Operating Income (NOI)	2,477,420	2,156,155	168,350	422,831	**5,224,756**
% of Total NOI	47%	41%	3%	8%	**100%**

[1]Funded from and will be returned to the FHA Risk Share Account

Mortgage Finance's due diligence included analyzing historical income and expenses, normalizing assumptions by adjusting for the financial effects of COVID, identifying opportunities for operational efficiencies, and ensuring that the sizing and structure of any new financing will not have an adverse impact on HOC's fiscal 2024 budget, which will be approved on June 14, 2024.

Page 10 shows Underwriting Assumptions for the new financing. The properties' Net Operating Income of $5.2 million will support a permanent mortgage amount of $59.6 million at an estimated blended interest rate of 4.95% (to be confirmed at the time the bonds are priced), achieving a Debt Service Coverage Ratio of 1.45:1.00.

The cash flow from the Core Scattered Sites, specifically VPC One and VPC Two will continue post financing. The transaction is underwritten based on the trailing 13-month financial results from March 2023.

PERMANENT REFINANCING PLAN: UNDERWRITING ASSUMPTIONS

UW Assumptions	
Bad Debt	5.10%
Concessions	0.47%
Physical Vacancy	5.61%
Rental Income	
Gross Rental Income	$13,907,585
Vacancy, Bad Debt, Concessions	-$1,554,007
Net Rental Income	**$12,353,578**
Operating Expenses	
Administrative	$198,594
Allocated Overhead	$1,830,703
General Expenses (Other Taxes)	$291,588
HOA	$1,582,774
Insurance	$203,418
Maintenance	$1,011,230
Payroll	$1,496,023
Replacement Reserves Contribution	$418,571
Real Estate Taxes	$3,163
Tenant Services	$3,521
Utilities	$89,236
Total Operating Expenses	**$7,128,821**
Net Operating Income	**$5,224,756**
Debt Service	$3,603,280
DSC	1.45

- Operating projections are based on five (5) years of operating data for the properties that are being financed.
- Per unit operating expenses are $8,820, which are high but not unexpected for the scattered site portfolio.
- Debt Service Coverage at 1.45 gives sufficient cushion to operations; therefore, this financing is not expected to adversely impact HOC’s fiscal position or budget.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Non-AMT or Tax-Exempt				
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Par Amount of Bonds	48,685,000	48,685,000	48,685,000	48,685,000
Bond Yield	4.594%	4.729%	5.380%	3.567%
Annual Debt Service	3,006,135	2,859,235	3,564,635	2,959,290
DSC Required	1.45x	1.45x	1.25x	1.25x
DSC Non-AMT only	1.74x	1.83x	1.47x	1.77x
Annual NOI for Required DSC	4,358,896	4,145,891	4,455,794	5,224,756
Taxable				
Type of Financing	Public Offering	Public Offering	n.a.	n.a.
Structure	Fixed	Fixed		
Amortization (Years)	30	35		
Bond Yield	5.866%	5.933%		
Remaining Annual NOI	865,860	1,078,865		
Annual Debt Service Combined	3,603,280	3,603,280		
DSC Non-AMT and Taxable Combined	1.450	1.450		
Par Amount of Bonds	8,385,000	10,920,000	-	-
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**

INDICATIVE FINANCING OPTIONS OBTAINED

Mortgage Finance staff received indicative quotes from Berkadia and PNC, and reviewed them against an HOC bond issuance, structured by Jefferies. Caine Mitter Associates (hereinafter "Caine Mitter"), the Commission's Financial Advisor, assisted with a comparative analysis of all of the indicative quotes.

Shown here and on the next page is a comparison of the viable quotes and the financing outcomes. Outlined in green is staff's proposal (Option 3), which is an HOC bond issuance, structured by Jefferies, a member of the Commission's bond underwriting team.

This option provides the best value to HOC through the permanent financing solution, given its long-term amortization, and the amount of proceeds raised for the repayment of existing subordinate debt, and anticipated renovations to be performed in Phase Two of the Comprehensive Plan.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**
Payoffs/Net Cash				
VPC 1 Bonds/Loans Payable	27,059,184	27,059,184	27,059,184	27,059,184
VPC 2 Bonds/Loans Payable	20,517,249	20,517,249	20,517,249	20,517,249
SS2 Bonds/Loans Payable	3,820,200	3,820,200	3,820,200	3,820,200
MHLP10 Bonds/Loans Payable	1,111,137	1,111,137	1,111,137	1,111,137
Notes Payable - HOC*	1,073,578	1,073,578	1,073,578	1,073,578
Notes Payable - County*	1,289,270	1,289,270	1,289,270	1,289,270
Net Balance - Gap/(Surplus)	2,199,382	4,734,382	(6,185,618)	(6,185,618)
Additional Contribution				
Equity Contribution Cost of Issuance	730,000	750,000	950,000	563,485
Equity Contribution DSRF	n.a.	n.a.	3,786,902	3,184,285
Total Contribution Requirement	730,000	750,000	4,736,902	3,747,770
Net Cash to HOC (Before Financing and Commitment Fees)	**1,469,382**	**3,984,382**	**(10,922,520)**	**(9,933,388)**

PERMANENT REFINANCING PLAN: SOURCES & USES

SOURCES	
Senior Loan	$59,605,000
Existing PNC Reserves	$4,160,000
Existing Replacement Reserves	$2,239,338
TOTAL SOURCES	**$66,004,338**
USES	
Debt Repayment	$54,870,618
Repayment of HOC Loan/Refund FHA Risk Share Reserve	$4,160,000
Replacement Reserves	$2,239,338
Financing Fees and Charges	$2,682,225
TOTAL USES*	**$63,952,181**
Funding Gap / (Surplus)	**($2,052,157)**

[1]*Financing Fees and Charges are estimated at 4.5% of senior loan, including an HOC Commitment Fee (and Cost of Issuance). Unused funds will increase the Surplus to HOC.*

**Uses of Funds are higher and Surplus is lower than those presented to the D&FC due to the $4.1M reserves now being shown as a Use of Funds*

- Assumptions on interest rates per CMA are 4.729% on the tax-exempt debt and 5.993% on the taxable debt, for a blended rate of approximately 4.950%.
- Rates are as of March 2023; however, the current rate environment is volatile and final rates will not be determined until the bonds are priced. This is expected to occur the end of July 2023.
- The **New Permanent Mortgage** for each entity will be allocated so that each meet a 1.45 Debt Service Coverage Ratio upon initial sizing.
- The **Existing PNC Reserves** that were required for the 2017 funding in lieu of HOC's general obligation pledge. The amount reflects 8% of the then loan amount of $52 million, which was funded from the Commission's FHA Risk Share account. Upon closing of the proposed financing, the funds will be returned to the account. It is therefore shown as a source and use of funds.
- The **Existing Replacement Reserve** is a Source and a Use of funds.
- A DSCR of 1.45 was used as a minimum in order to avoid impacting HOC's Moody's rating with a 0.05 cushion.
- A portion of the estimated **Restricted Surplus** is available to fund capital or other needs of the Commission.

PERMANENT REFINANCING PLAN: CLOSING TIMELINE

Date	Milestone
6/14/2023	Approve Refinancing Plan
7/19/2023	Clear Preliminary Official Statement ("POS")
8/2/2023	Bond Pricing/Sale
8/7/2023	Clear Official Statement ("OS")
8/23/2023	Bond Closing
8/24/2023	Mortgage Loan Closing
8/30/2023	Existing Debt Payoff

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023 that the Corporation:

1. Approves and accepts the financing plan described herein, which when combined with Scattered Sites Two, VPC Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting, the requisite reserves are funded, and the capital expenditures are funded or reimbursed as applicable, and pay related transaction costs;
2. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

RESOLUTION No: 23-002$_{VPC1}$ **RE: Approval to Accept the Refinancing Plan for VPC One Corporation**

WHEREAS, VPC One Corporation ("VPC One"), VPC Two Corporation ("VPC Two"), Scattered Site Two Development Corporation ("SS Two"), and Montgomery Homes Limited Partnership X ("MHLP X," together with VPC One, VPC Two, and SS Two, the "Corporations"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery ("HOC" or the "Commission"); and

WHEREAS, VPC One owns 389 of 669 units that were former Public Housing properties ("669 Sites") and an additional nine (9) units that were acquired between December 2014 and December 2015, VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016, SS Two owns 54 units that were transferred between December 2012 and January 2013, and MHLP X owns 75 units that were acquired in April 1996; and

WHEREAS, on November 17, 2017, VPC One, VPC Two, and HOC approved the refinancing of the VPC One and VPC Two existing debt with a new loan from PNC Bank, N.A. (the "PNC Facility"); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to VPC One and VPC Two in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity; and

WHEREAS, on December 7, 2022, VPC One, VPC Two, and HOC approved extending the maturity on the PNC Facility to August 2023 in order to allow more time to evaluate permanent financing strategies of HOC's entire scattered site portfolio, totaling 1,796 units; and

WHEREAS, a permanent Refinancing Plan totaling $66 million for the Corporations has been developed that includes the Commission issuing governmental bonds from its Multiple Purpose Indenture ("2002 Indenture"), backed by a pledge of the Commission's general obligation, which will 1) fund new permanent loans for the Corporations to refinance existing debt, 2) finance or reimburse capital expenditures, as applicable, for the Corporations, and 3) finance related transaction costs (the "Refinancing Plan"); and

WHEREAS, on June 14, 2023, the Commission approved the Bond Authorizing Resolution No. 23-41A in connection with the Refinancing Plan for the Corporations.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC One Corporation approves and accepts the Refinancing Plan; provided that when combined with VPC Two, SS Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting.

BE IT FURTHER RESOLVED that the Board of Directors of VPC One Corporation authorizes and directs the Executive Director of HOC, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Directors of VPC One Corporation at an open meeting on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

VPC Two Development Corporation

VPC Two Development Corporation

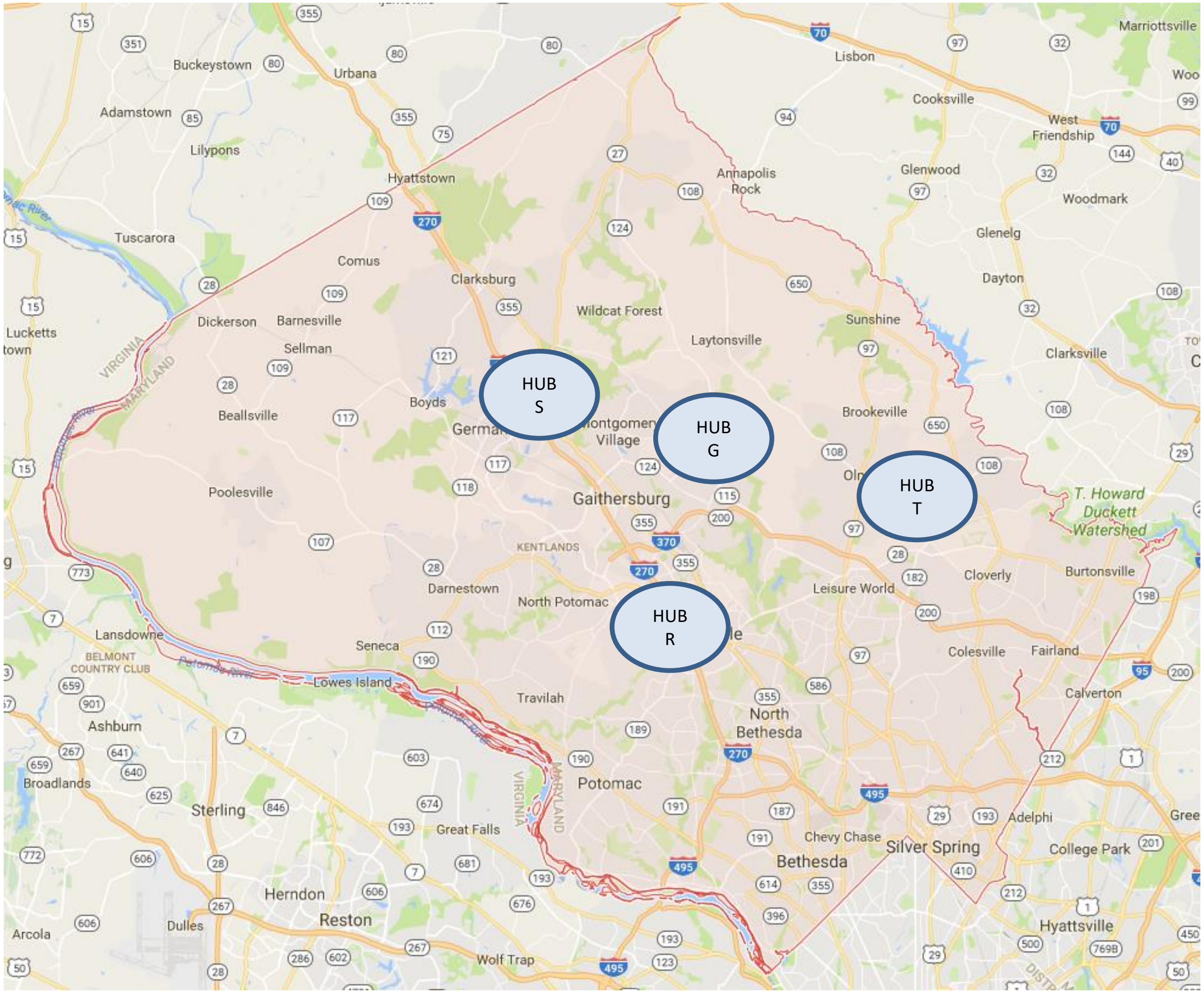
Annual Meeting and Adoption of FY 2024 Operating & Capital Budgets

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

VPC Two Development Corporation



Property Snapshot:

- 280 units scattered across four HUBs throughout Montgomery County from Olney to Damascus.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 58 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.
- The Property is managed by the Housing Opportunities Commission.

VPC Two Development Corporation – FY 2024 Overview

Background

- **August 7, 2013 -** Commission authorized and approved: the establishment of VPC Two Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.

- **June 5, 2013 -** Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of $20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.

- **March 2, 2016 -** HOC approved a revised development budget for both Corporations of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A.

- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a $65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately $22 million.

- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of $43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than $35.4 million.

- **March 9, 2017 -** The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for $32,400,000.

- **November 7, 2017 –** The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of $60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of $1,200 per unit.

- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	1	14	15
2BR	0	37	37
3BR	0	192	192
4BR	0	35	35
5BR	0	1	1
Total Units	**1**	**280**	**280**

The regulatory agreement restricts 75 units at or below 50% AMI and 204 units at or below 80% AMI.

VPC Two Development Corporation – FY 2024 Overview

Property Management

- Housing Path and Voucher holders are the top two sources of traffic and leases. The team reports bi-weekly on leasing efforts.

Turnover	Avg. Occupancy CY 2022	Current Occupancy
5.7%	99.77%	96.07%

Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (19%), Appliance (22%) , Electrical (7%), HVAC (8%)

- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2022	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
1,643	19	44.51

Capital Improvements

- Capital replacements for appliance and flooring are done at turnover and as needed.

Redevelopment/Refinancing

- The property completed renovation work in 2017. Real Estate Development in concert with Property Management and Mortgage Finance will develop a refinancing plan for the properties for the Commission's and Development Corporation's approval prior by the end of FY 2023.

VPC Two Development Corporation – FY 2024 Budget Summary

VPC Two Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$4,997,908**	**$4,611,782**	**$4,755,688**	**$4,550,800**	**$4,475,872**
Expenses:					
Operating - Admin	$280,756	$297,268	$292,148	$250,536	$232,427
Operating - Fees	$1,153,953	$1,086,984	$1,058,905	$1,024,550	$944,792
Bad Debt	$215,172	$54,168	$215,169	$251,364	$109,655
Tenant & Protective Services	$0	$0	($406)	$61,284	$59,148
Taxes, Insurance & Utilities	$206,883	$197,331	$144,019	$136,600	$167,875
Maintenance	$835,949	$794,150	$706,110	$633,634	$746,394
Subtotal - Operating Expenses	**$2,692,713**	**$2,429,901**	**$2,415,945**	**$2,357,968**	**$2,260,291**
Net Operating Income ("NOI")	**$2,305,195**	**$2,181,881**	**$2,339,743**	**$2,192,832**	**$2,215,581**
Debt Service	$1,053,960	$1,053,956	$1,052,240	$1,044,000	$1,053,894
Debt Service Reserves	$570,228	$570,228	$546,977	$580,188	$0
Replacement Reserves	$132,444	$132,444	$132,444	$84,000	$84,000
Development Corporation Fees	$548,563	$425,253	$608,082	$484,644	$859,054
Excess Cash Flow Restricted	$0	$0	$0	$0	$218,633
Subtotal - Expenses Below NOI	**$2,305,195**	**$2,181,881**	**$2,339,743**	**$2,192,832**	**$2,215,581**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$4,152	$7,500	$4,460	($99)	$8,395
Electrical Supplies	$1,620	$1,800	$943	$2,424	$805
Appliance Supplies	$132	$300	$250	$75	$181
Plumbing Supplies	$5,196	$1,200	$2,140	$1,465	$1,603
Cleaning/Janitorial Supplies	$384	$0	$35	$0	$380
Grounds/Landscaping Sup.-Cap.	$2,832	$0	$3,435	$2,840	$0
Locks, Keys	$0	$360	$0	$0	$0
Windows and Glass	$540	$4,992	$671	$702	$367
Doors	$3,312	$1,800	$4,394	$1,868	$4,745
Roofing Materials	$192	$0	$1,045	$385	$0
Hardware Supplies	$492	$0	$779	$648	$326
HVAC Supplies	$8,664	$7,500	$1,723	$52	$3,390
Flooring and Carpeting	$21,468	$15,000	$22,733	$22,816	$20,121
Miscellaneous Supplies	$516	$0	$532	$600	$436
Plumbing Equipment	$1,704	$0	$2,054	$2,531	$875
HVAC Equipment	$10,548	$7,500	$24,867	$14,565	$6,523
Appliance Equipment	$47,244	$42,000	$56,753	$45,006	$49,472
Electrical Contracts	$7,080	$4,200	$0	$2,252	$11,897
Appliance Contracts	$156	$0	$0	$0	$306
Plumbing Contracts	$12,660	$15,000	$3,810	$10,575	$14,750
Grounds/Landscaping Contr-Cap.	$9,816	$4,800	$17,710	$13,425	$6,200
Windows/Glass Contracts	$4,548	$6,000	$540	$1,490	$7,610
Roofing/Gutter Contracts	$13,560	$15,000	$10,950	$5,123	$22,004
HVAC Contracts	$13,992	$18,000	$10,475	$0	$3,742
Flooring/Carpet Contracts	$17,868	$15,000	$3,383	$13,122	$22,615
Paint/Wallcovering Int. Cont.	$2,856	$0	$1,800	$0	$5,703
Paint/Wallcovering Ext. Cont	$2,724	$0	$0	$0	$5,457
Fencing Contracts	$1,512	$6,600	$7,185	$1,845	$1,180
Asphalt/Concrete Contracts	$4,524	$9,600	$3,270	$4,510	$4,545
Total Capital Budget	**$200,292**	**$184,152**	**$185,937**	**$148,220**	**$203,628**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will remain at the current "market rate".
- Property cash flow is budgeted at $548,563.
- Capital is budgeted at $200,292.
- DSCR is 2.06.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for VPC Two Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for VPC Two Corporation by the Board of Directors.

RESOLUTION NO.: 23-001$_{VPC2}$ **RE: VPC Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the VPC Two Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of VPC Two Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the VPC Two Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC Two Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

VPC TWO CORPORATION MEETING

SCATTERED SITES REFINANCING: APPROVAL TO ACCEPT THE REFINANCING PLAN FOR VPC TWO CORPORATION("VPC 2")

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE
JEREMIAH BATTLE, SENIOR MULTIFAMILY UNDERWRITER

June 14, 2023

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Housing Opportunities Commission OF MONTGOMERY COUNTY

EXECUTIVE SUMMARY

BACKGROUND

- **Scattered Site Portfolio**
  - The Housing Opportunities Commission of Montgomery County ("Commission" or "HOC") owns through various instrumentalities 1,796 of scattered site units located throughout Montgomery County.
  - Ownership types include HOC direct ownership or instrumentalities of HOC.
  - Portfolio accumulated over decades through various acquisition methods, including the Moderately Priced Dwelling Unit ("MPDU") Right of First Refusal ("ROFR"), and U.S. Housing and Urban Development ("HUD") Section 18 Disposition.
  - Staff is proposing to finance 808 of the units (four projects discussed below) with new tax-exempt and taxable bond debt and repay approximately $53 million in related senior debt and approximately $3.75 million of subordinate debt.

CURRENT FINANCING

- **VPC One and VPC Two:** Consists of 679 units, 669 of which are former public housing units, which units were acquired by HOC through HUD's Section 18 Disposition program and 10 units through strategic portfolio acquisitions between 2015 and 2016. After two rounds of financing, first with EagleBank in December 2017, the VPC One and VPC Two Corporations' Board of Directors and the Commission approved a five-year loan from PNC Bank, N.A. ("the PNC Facility"); extended to August 2023.
- **Scattered Site II:** Consists of 54 units made up of former units of MHLP I and MPDUs transferred into the corporation between December 2012 and January 2013. For a number of tax law reasons, its financing at the time could not be tax-exempt; therefore, PNC Bank also provided taxable financing of $4,900,000 for this portfolio, with a maturity date of August 2023.
- **Montgomery Homes Limited Partnership X ("MHLP X"):** This is a 75-unit former LIHTC project with extended covenants through 2030. Currently financed with tax-exempt bonds and insured with an FHA Risk Share mortgage, MHLP X generates sufficient net operating income to allow a refinancing of the outstanding bonds ($1.5 million) and raise additional debt for HOC's purposes.

CURRENT REQUEST

- With additional details to follow, staff requests approval of a financing plan totaling $66 million which includes among other sources, authorization to issue tax-exempt and taxable bonds of up to $61,000,000 under the Commission's Multiple Purpose Indenture to refinance mortgages for VPC One, VPC Two, Scattered Site Dev. Corp. II, and MHLP X, to retire outstanding first liens and subordinate finance and to fund related financing expenditures.

EXECUTIVE SUMMARY

KEY ELEMENTS OF THE SCATTERED SITE PORTFOLIO

Regulatory Constraints

- Thirty-seven percent (669 units) are encumbered by a HUD Use Agreement; however, there are other covenants, Regulatory Agreements, Land Use Restriction Agreements, etc. that restrict rent increases, limit incomes or the ability to dispose of units for 146 of the rema ing units.

- **Capital Needs**
  - Despite regulatory constraints, increased maintenance costs and deferred maintenance are major concerns.
  - Some properties have been renovated in the past 10-15 years, others have not. Internal due diligence to assess needs is in process.
  - A collaboration among Asset Management, Real Estate, Finance, Property Management and Maintenance divisions is on-going to determine the capital needs among the portfolio over the next three (3) to five (5) years.

- **Public Purpose**
  - The Scattered Sites properties provide significant public purpose in that the majority serve households earning between 30% and 80% of the area median income ("AMI").
  - Additionally, the majority are townhomes, which provide affordable housing to families in dispersed locations across the county.

EXECUTIVE SUMMARY

1,796	Total Units in Scattered Sites Portfolio
(201)	Small Multifamily ranging from 10-40 units with either debt that is impractical to refinance or with long-term, favorable financing already in place
(196)	State Partnership Rental Program Units- existing debt with no debt service required, but interest accruing and all outstanding debt due upon sale or refinance, restricting new financing
(591)	Remaining units with either Ownership Restrictions, Regulatory restrictions, restrictive covenants, no existing debt or the net operating income ("NOI") is insufficient to support permanent debt
808	**Included in Permanent Refinancing Plan**

- **Select Scattered Sites Considered For Financing**
  - Several other challenges exist that impact the development of a overall Comprehensive Plan and permanent financing of the entire Scattered Site Portfolio that have been discussed with Real Estate, Asset Management, Property Management, and Finance divisions.
    - Inability to execute a LIHTC transaction.
    - Some of the properties are unable to support themselves solely.
    - Impact of policy changes around evictions.
  - Staff has developed a two-phase Comprehensive Plan that addresses the refinancing of select properties (phase 1), and illustrates a re-development plan for the balance of the portfolio to be developed by Real Estate and Asset Management divisions (phase 2).
  - In Phase 1 of the Comprehensive Plan, all units were evaluated based on the status of their existing debt, ownership and regulatory constraints. Upon conclusion of the analysis, 808 units were included that generated sufficient net operating income to support the financing, which are considered the "Core Scattered Sites" units.

EXECUTIVE SUMMARY

PROPOSED REFINANCING PLAN

- As stated previously, the proposed refinancing plan includes VPC One Corporation, VPC Two Corporation, Scattered Site Two Development Corporation and MHLP X (the "Core Scattered Sites").
- Funding sources for the plan include: a) governmental bonds issued in the Multiple Purpose Indenture (2002 Indenture), backed by a pledge of the Commission's general obligation, the proceeds of which will fund permanent loans to the existing ownership entities to refinance existing debt, finance or reimburse capital expenditures, as applicable, and finance related transaction costs and costs of issuing the bonds; b) existing reserves held for the benefit of the Developments, which will be returned to the Commission; and, c) existing replacement reserve funds held by the four entities.

CORE SCATTERED SITES AND CURRENT RECOMMENDATION

- The following projects, highlighted in BLUE (1-3), make up the Core Scattered Sites.
- Debt amounts shown are as of March 2023.

	Project Name	*Ownership*	*# of Units*	*%*	*Senior Debt*	*HOC Debt*	*County Debt*
1.	VPC1 & VPC2	VPC One Corporation VPC Two Corporation	679	66%	$47,576,432	-	-
2.	Scattered Sites 2	Scattered Site Two Development Corporation	54	5%	$3,874,500	-	$585,474
3.	MHLP X	Montgomery Homes LP	75	7%	$1,569,473	$1,073,578	$703,796
4.	MPDU I	HOC	64	6%	-	$895,000	-
5.	MPDU II	TPM Development Corp	59	6%	-	-	-
6.	MPDU III	Sligo Hills Development Corp.	23	2%	-	-	-
7.	MHLP VII	HOC	35	3%	-	$489,000	-
8.	MHLP VIII	HOC	49	5%	-	-	-
		TOTAL	**1,038**		**$53,020,405**	**$2,457,947**	**$1,289,270**

CORE SCATTERED SITES AND CURRENT RECOMMENDATION (CON'T)

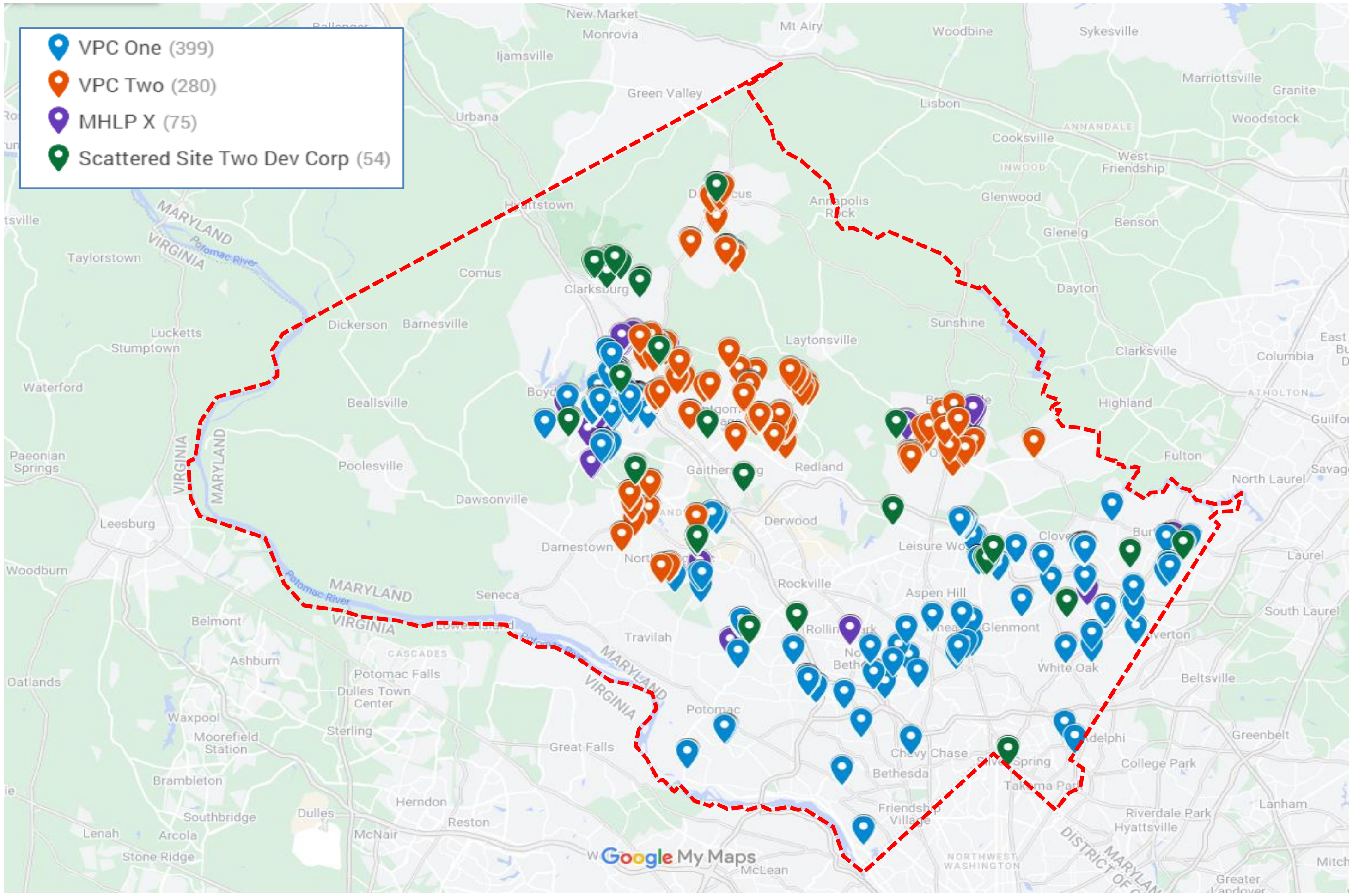
- Mortgage Finance staff evaluated permanent financing strategies for the Core Scattered Sites, and received indicative financing quotes from Berkadia and PNC Bank, N.A. ("PNC"). These quotes were compared to an HOC bond issuance, structured by Jefferies, LLC (one of the Commission's approved bond underwriters)(hereinafter "Jefferies").
- Staff's analysis has determined that the structure most advantageous for HOC, both financially and fiscally, is HOC's issuance of tax-exempt and taxable bonds to fund permanent mortgage loan(s) for a 35-year term.
- The properties' Net Operating Income of $5.2 million will support permanent mortgage amounts aggregating $59.6 million with an estimated 4.950% blended interest rate (both tax-exempt and taxable), achieving a Debt Service Coverage Ratio of 1.45:1.00, thus proving to be feasible.

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023, that the Corporation:

1. Approves and accepts the financing plan described herein, which when combined with VPC One, Scattered Sites Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting, the requisite reserves are funded, and the capital expenditures are funded or reimbursed as applicable, and pay related transaction costs;

2. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

LOCATION MAP AND UNIT TYPES



Single Family	Townhouse	Walk Up Condo	High Rise Condo	Total Units
76	587 (73%)	134	11	808

Housing Opportunities Commission
OF MONTGOMERY COUNTY

PERMANENT REFINANCING PLAN

The properties included in the current proposed refinancing plan (808 units) are presented below and represent the Core Scattered Sites to be refinanced.

HOC Analysis					
Property	**VPC1**	**VPC2**	**SS2**	**MHLP10**	**Total**
Units	399	280	54	75	**808**
% of Units	49%	35%	7%	9%	**100%**
Existing PNC Debt Service Reserves[1]	$2,446,912	$1,713,088	$0	$0	**$4,160,000**
Notes Payable - HOC	$0	$0	$0	$1,073,578	**$1,073,578**
Notes Payable-County	$0	$0	$585,474	$703,796	**$1,289,270**
Mortgage Payable	$27,059,184	$20,517,249	$3,874,500	$1,569,473	**$53,020,405**
Total Outstanding Debt	$27,059,184	$20,517,249	$4,459,974	$3,346,847	**$55,383,254**
% of Total Overall Debt	49%	37%	8%	6%	**100%**
Net Operating Income (NOI)	2,477,420	2,156,155	168,350	422,831	**5,224,756**
% of Total NOI	47%	41%	3%	8%	**100%**

[1]Funded from and will be returned to the FHA Risk Share Account

Mortgage Finance's due diligence included analyzing historical income and expenses, normalizing assumptions by adjusting for the financial effects of COVID, identifying opportunities for operational efficiencies, and ensuring that the sizing and structure of any new financing will not have an adverse impact on HOC's fiscal 2024 budget, which will be approved on June 14, 2024.

Page 10 shows Underwriting Assumptions for the new financing. The properties' Net Operating Income of $5.2 million will support a permanent mortgage amount of $59.6 million at an estimated blended interest rate of 4.95% (to be confirmed at the time the bonds are priced), achieving a Debt Service Coverage Ratio of 1.45:1.00.

The cash flow from the Core Scattered Sites, specifically VPC One and VPC Two will continue post financing. The transaction is underwritten based on the trailing 13-month financial results from March 2023.

PERMANENT REFINANCING PLAN: UNDERWRITING ASSUMPTIONS

UW Assumptions	
Bad Debt	5.10%
Concessions	0.47%
Physical Vacancy	5.61%
Rental Income	
Gross Rental Income	$13,907,585
Vacancy, Bad Debt, Concessions	-$1,554,007
Net Rental Income	**$12,353,578**
Operating Expenses	
Administrative	$198,594
Allocated Overhead	$1,830,703
General Expenses (Other Taxes)	$291,588
HOA	$1,582,774
Insurance	$203,418
Maintenance	$1,011,230
Payroll	$1,496,023
Replacement Reserves Contribution	$418,571
Real Estate Taxes	$3,163
Tenant Services	$3,521
Utilities	$89,236
Total Operating Expenses	**$7,128,821**
Net Operating Income	**$5,224,756**
Debt Service	$3,603,280
DSC	1.45

- Operating projections are based on five (5) years of operating data for the properties that are being financed.
- Per unit operating expenses are $8,820, which are high but not unexpected for the scattered site portfolio.
- Debt Service Coverage at 1.45 gives sufficient cushion to operations; therefore, this financing is not expected to adversely impact HOC’s fiscal position or budget.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Non-AMT or Tax-Exempt				
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Par Amount of Bonds	48,685,000	48,685,000	48,685,000	48,685,000
Bond Yield	4.594%	4.729%	5.380%	3.567%
Annual Debt Service	3,006,135	2,859,235	3,564,635	2,959,290
DSC Required	1.45x	1.45x	1.25x	1.25x
DSC Non-AMT only	1.74x	1.83x	1.47x	1.77x
Annual NOI for Required DSC	4,358,896	4,145,891	4,455,794	5,224,756
Taxable				
Type of Financing	Public Offering	Public Offering	n.a.	n.a.
Structure	Fixed	Fixed		
Amortization (Years)	30	35		
Bond Yield	5.866%	5.933%		
Remaining Annual NOI	865,860	1,078,865		
Annual Debt Service Combined	3,603,280	3,603,280		
DSC Non-AMT and Taxable Combined	1.450	1.450		
Par Amount of Bonds	8,385,000	10,920,000	-	-
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**

INDICATIVE FINANCING OPTIONS OBTAINED

Mortgage Finance staff received indicative quotes from Berkadia and PNC, and reviewed them against an HOC bond issuance, structured by Jefferies. Caine Mitter Associates (hereinafter "Caine Mitter"), the Commission's Financial Advisor, assisted with a comparative analysis of all of the indicative quotes.

Shown here and on the next page is a comparison of the viable quotes and the financing outcomes. Outlined in green is staff's proposal (Option 3), which is an HOC bond issuance, structured by Jefferies, a member of the Commission's bond underwriting team.

This option provides the best value to HOC through the permanent financing solution, given its long-term amortization, and the amount of proceeds raised for the repayment of existing subordinate debt, and anticipated renovations to be performed in Phase Two of the Comprehensive Plan.

PERMANENT REFINANCING PLAN: COMPARATIVE ANALYSIS

	OPTION 2 HOC GO Bonds	OPTION 3 HOC GO Bonds	OPTION 4 PNC	OPTION 5 PNC
Type of Financing	Public Offering	Public Offering	Private Placement	LOC Supported VRDN
Structure	Fixed	Fixed	Fixed	Variable/Swap
Amortization (Years)	30	35	25	25
Balloon Year	n.a.	n.a.	n.a.	n.a.
Total Bonds	**57,070,000**	**59,605,000**	**48,685,000**	**48,685,000**
Payoffs/Net Cash				
VPC 1 Bonds/Loans Payable	27,059,184	27,059,184	27,059,184	27,059,184
VPC 2 Bonds/Loans Payable	20,517,249	20,517,249	20,517,249	20,517,249
SS2 Bonds/Loans Payable	3,820,200	3,820,200	3,820,200	3,820,200
MHLP10 Bonds/Loans Payable	1,111,137	1,111,137	1,111,137	1,111,137
Notes Payable - HOC*	1,073,578	1,073,578	1,073,578	1,073,578
Notes Payable - County*	1,289,270	1,289,270	1,289,270	1,289,270
Net Balance - Gap/(Surplus)	2,199,382	4,734,382	(6,185,618)	(6,185,618)
Additional Contribution				
Equity Contribution Cost of Issuance	730,000	750,000	950,000	563,485
Equity Contribution DSRF	n.a.	n.a.	3,786,902	3,184,285
Total Contribution Requirement	730,000	750,000	4,736,902	3,747,770
Net Cash to HOC (Before Financing and Commitment Fees)	**1,469,382**	**3,984,382**	**(10,922,520)**	**(9,933,388)**

PERMANENT REFINANCING PLAN: SOURCES & USES

SOURCES	
Senior Loan	$59,605,000
Existing PNC Reserves	$4,160,000
Existing Replacement Reserves	$2,239,338
TOTAL SOURCES	**$66,004,338**
USES	
Debt Repayment	$54,870,618
Repayment of HOC Loan/Refund FHA Risk Share Reserve	$4,160,000
Replacement Reserves	$2,239,338
Financing Fees and Charges	$2,682,225
TOTAL USES*	**$63,952,181**
Funding Gap / (Surplus)	**($2,052,157)**

[1]*Financing Fees and Charges are estimated at 4.5% of senior loan, including an HOC Commitment Fee (and Cost of Issuance). Unused funds will increase the Surplus to HOC.*

**Uses of Funds are higher and Surplus is lower than those presented to the D&FC due to the $4.1M reserves now being shown as a Use of Funds*

- Assumptions on interest rates per CMA are 4.729% on the tax-exempt debt and 5.993% on the taxable debt, for a blended rate of approximately 4.950%.
- Rates are as of March 2023; however, the current rate environment is volatile and final rates will not be determined until the bonds are priced. This is expected to occur the end of July 2023.
- The **New Permanent Mortgage** for each entity will be allocated so that each meet a 1.45 Debt Service Coverage Ratio upon initial sizing.
- The **Existing PNC Reserves** that were required for the 2017 funding in lieu of HOC's general obligation pledge. The amount reflects 8% of the then loan amount of $52 million, which was funded from the Commission's FHA Risk Share account. Upon closing of the proposed financing, the funds will be returned to the account. It is therefore shown as a source and use of funds.
- The **Existing Replacement Reserve** is a Source and a Use of funds.
- A DSCR of 1.45 was used as a minimum in order to avoid impacting HOC's Moody's rating with a 0.05 cushion.
- A portion of the estimated **Restricted Surplus** is available to fund capital or other needs of the Commission.

PERMANENT REFINANCING PLAN: CLOSING TIMELINE

Date	Milestone
6/14/2023	Approve Refinancing Plan
7/19/2023	Clear Preliminary Official Statement ("POS")
8/2/2023	Bond Pricing/Sale
8/7/2023	Clear Official Statement ("OS")
8/23/2023	Bond Closing
8/24/2023	Mortgage Loan Closing
8/30/2023	Existing Debt Payoff

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on May 26, 2023 that the Corporation:

1. Approves and accepts the financing plan described herein, which when combined with VPC One, Scattered Sites Two, and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting, the requisite reserves are funded, and the capital expenditures are funded or reimbursed as applicable, and pay related transaction costs;
2. Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

RESOLUTION No:23-002$_{VPC2}$ **RE: Approval to Accept the Refinancing Plan for VPC Two Corporation**

WHEREAS, VPC One Corporation ("VPC One"), VPC Two Corporation ("VPC Two"), Scattered Site Two Development Corporation ("SS Two"), and Montgomery Homes Limited Partnership X ("MHLP X," together with VPC One, VPC Two, and SS Two, the "Corporations"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery ("HOC" or the "Commission"); and

WHEREAS, VPC One owns 389 of 669 units that were former Public Housing properties ("669 Sites") and an additional nine (9) units that were acquired between December 2014 and December 2015, VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016, SS Two owns 54 units that were transferred between December 2012 and January 2013, and MHLP X owns 75 units that were acquired in April 1996; and

WHEREAS, on November 17, 2017, VPC One, VPC Two, and HOC approved the refinancing of the VPC One and VPC Two existing debt with a new loan from PNC Bank, N.A. (the "PNC Facility"); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to VPC One and VPC Two in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity; and

WHEREAS, on December 7, 2022, VPC One, VPC Two, and HOC approved extending the maturity on the PNC Facility to August 2023 in order to allow more time to evaluate permanent financing strategies of HOC's entire scattered site portfolio, totaling 1,796 units; and

WHEREAS, a permanent Refinancing Plan totaling $66 million for the Corporations has been developed that includes the Commission issuing governmental bonds from its Multiple Purpose Indenture ("2002 Indenture"), backed by a pledge of the Commission's general obligation, which will 1) fund new permanent loans for the Corporations to refinance existing debt, 2) finance or reimburse capital expenditures, as applicable for the Corporations, and 3) finance related transaction costs (the "Refinancing Plan"); and

WHEREAS, on June 14, 2023, the Commission approved the Bond Authorizing Resolution No. 23-41A in connection with the Refinancing Plan for the Corporations.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC Two Corporation approves and accepts the Refinancing Plan; provided that when combined with VPC One, SS Two and MHLP X, the total permanent loan shall not exceed $60 million and the debt will be allocated on a proportional basis between the Corporations so that each Corporation meets a 1.45 debt service coverage ratio operationally at initial underwriting.

BE IT FURTHER RESOLVED that the Board of Directors of VPC Two Corporation authorizes and directs the Executive Director of HOC, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Directors of VPC Two Corporation at an open meeting on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

The Oaks at Four Corners Development Corporation

OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2024
OPERATING & CAPITAL BUDGETS

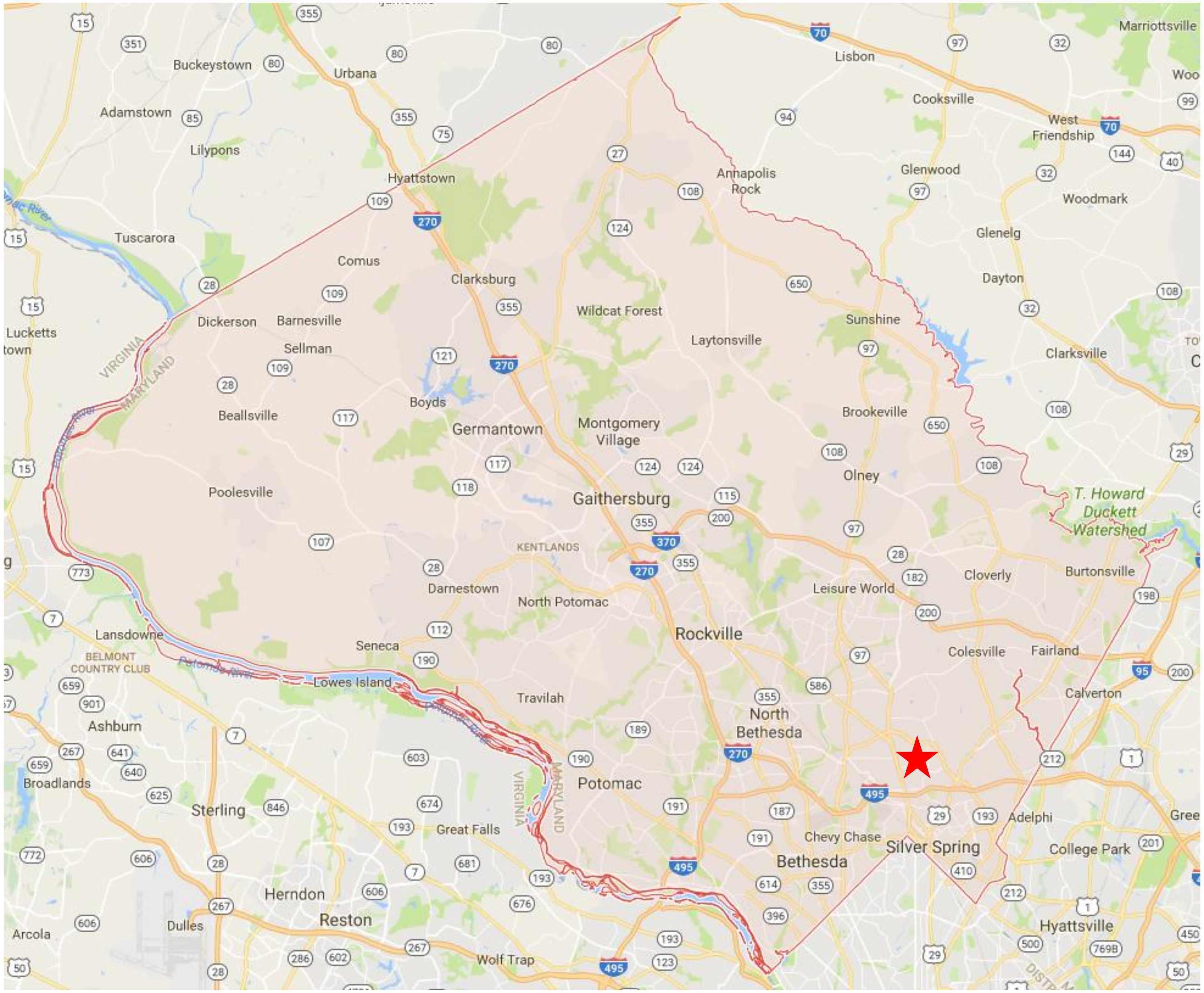
Housing Opportunities Commission
OF MONTGOMERY COUNTY

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Oaks at Four Corners Development Corporation



Property Snapshot:

- Located in West Silver Spring.
- Low-rise apartment community constructed in 1985 for residents 62 years of age or older.
- Community Room, Business Center, Free Parking, Outdoor Recreational Space, Pet Friendly.

Oaks at Four Corners Development Corporation – FY 2024 Overview

Background

- **August 21, 1996 -** Commission authorized the creation of The Oaks at Four Corners Corporation and passed a resolution approving the Articles of Incorporation for the Development and By-laws.

- **September 3, 1996** - The Housing Opportunities Commission (HOC) executed a Contract of Sale Agreement with the Corporation whereby the Corporation purchased the improvements known as The Oaks at Four Corners together with a ground lease.

- **December 11, 1996** - The Board of Directors for The Oaks at Four Corners Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

- **March 26, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.

- **April 23, 1997 -** Board of Directors approved a resolution that allowed for the incorporation of The Oaks at Four Corners annual budget preparation and presentation into the HOC budget process.

- The Oaks is an apartment building for seniors, age 62 or older.

321 University Boulevard, Silver Spring, MD 20910
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	56	35	91
2BR	16	13	29
Total Units	**72**	**48**	**120**

The regulatory agreement restricts 48 units at or below 60% AMI.

Oaks at Four Corners Development Corporation – FY 2024 Update

Property Management

- Property historically scores high 90's on REACS and is well-maintained.
- There has been a decline in average occupancy from 2021 to 2022 as a result of residents moving out to be with family members; however, strong leasing efforts after the turnover has brought the property to zero vacancy.

Turnover	Avg. Occupancy CY 2022	Current Occupancy
20%	91%	100%

Maintenance

- Maintenance Tickets performed during the year were mainly preventative, plumbing, and HVAC.

Total Work Orders CY 2022	Average Days to Close
1,350	1-2 days

Capital Improvements

- Most of the proposed capital funding is for the replacement of Fascia and gutters, painting of the siding along with the replacement of Carpet/Flooring and Appliances on turns.

Redevelopment/Refinancing

- The property is in the Real Estate Development pipeline for refinance and renovation in the next 24 months.

Oaks at Four Corners Development Corporation – FY 2024 Budget Summary

Oaks at Four Corners Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	**$1,534,284**	**$1,437,179**	**$1,431,229**	**$1,421,151**	**$1,407,634**
Expenses:					
Operating - Admin	$235,402	$223,136	$210,428	$229,227	$196,536
Operating - Fees	$78,073	$77,811	$76,469	$69,768	$71,637
Bad Debt	$5,238	$6,984	$5,659	$6,958	$4,151
Tenant & Protective Services	$84,752	$82,776	$65,890	$62,803	$69,081
Taxes, Insurance & Utilities	$166,212	$144,399	$150,647	$138,700	$121,134
Ground Rent	$0	$0	$300	$0	$0
Maintenance	$258,321	$278,503	$290,963	$244,350	$338,459
Subtotal - Operating Expenses	**$827,998**	**$813,609**	**$800,356**	**$751,806**	**$800,998**
Net Operating Income ("NOI")	**$706,286**	**$623,570**	**$630,873**	**$669,345**	**$606,636**
Debt Service	$277,859	$278,978	$280,029	$281,016	$281,942
Replacement Reserves	$171,996	$171,996	$171,996	$171,996	$171,996
Asset Management Fees	$175,490	$165,440	$128,390	$128,390	$129,405
Excess Cash Flow Restricted	$80,941	$7,156	$50,458	$87,943	$23,293
Subtotal - Expenses Below NOI	**$706,286**	**$623,570**	**$630,873**	**$669,345**	**$606,636**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$8,730	$9,888	$9,218	$13,455	$14,842
Electrical Supplies	$0	$0	$445	$3,589	$2,868
Grounds/Landscaping Sup.-Cap.	$4,500	$3,750	$0	$3,550	$3,536
Doors	$4,300	$3,500	$6,903	$1,060	$3,250
Flooring and Carpeting	$23,100	$18,036	$24,993	$18,870	$28,820
Plumbing Equipment	$9,100	$3,960	$8,158	$2,280	$6,910
HVAC Equipment	$16,500	$13,500	$2,460	$4,200	$1,854
Appliance Equipment	$12,250	$8,336	$4,490	$10,534	$5,852
Miscellaneous Equipment	$11,400	$14,027	$24,841	$10,835	$0
Windows/Glass Contracts	$18,200	$12,240	$18,054	$12,165	$17,435
Roofing/Gutter Contracts	$0	$45,000	$3,175	$0	$0
Paint/Wallcovering Int. Cont.	$0	$25,000	$0	$0	$31,783
Fencing Contracts	$0	$5,000	$0	$1,975	$6,890
Asphalt/Concrete Contracts	$0	$7,500	$0	$0	$75,200
Miscellaneous Contracts	$45,000	$0	$2,720	$39,980	$6,194
Total Capital Budget	**$153,080**	**$169,737**	**$105,457**	**$122,493**	**$205,434**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8% effective January 2023; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- The projected cash flow is $80,941 which will be restricted to the property.
- Capital is budgeted at $153,080.
- DSCR is 1.92.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023, Board action is requested at the June 14, 2023 meeting.

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Oaks at Four Corners Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001$_{OC}$ **RE: Oaks at Four Corners Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Oaks at Four Corners Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Oaks at Four Corners Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Oaks at Four Corners Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Oaks at Four Corners Development Corporation at a meeting conducted on June 14, 2022

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITIONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

THE OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION

June 14, 2023

- The property management contract for The Oaks at Four Corners Development Corporation is expiring on July 31, **2023**.
- An extension of the current contract is needed to allow sufficient time to complete a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of The Oaks at Four Corners Development Corporation accept the recommendation to extend the property management contract for The Oaks at Four Corners through **January 31, 2024**.

M E M O R A N D U M

TO: Board of Directors of the The Oaks at Four Corners Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager Division: Property Management
Ellen Goff, Interim Director Division: Property Management

RE: **Procurement of Property Management Services:** Approval of Additional Extension of the Property Management Contract The Oaks at Four Corners Development Corporation

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X___

BACKGROUND:

Staff recommends extending the property management contract with Edgewood Management Corporation ("Edgewood") for The Oaks at Four Corners.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following tables detail property information, including current vendor, annual contract cost, current extension contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy
The Oaks at Four Corners	Silver Spring	129	97%

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
The Oaks at Four Corners	Edgewood	August 2019	$59,868	7/31/2023	8/1/2023-1/31/2024

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the The Oaks at Four Corners Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Edgewood Management Corporation for The Oaks at Four Corners?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

For formal action by the Board of Directors of The Oaks at Four Corners Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the The Oaks at Four Corners Development Corporation approve the property management contract extension with Edgewood Management Corporation for The Oaks at Four Corners through January 31, 2024.

RESOLUTION NO.: 23-002$_{OC}$ **RE: Approval of Additional Extension of the Property Management Contract for Oaks at Four Corners**

WHEREAS, The Oaks at Four Corners Development Corporation owns the development known as The Oaks at Four Corners located in Silver Spring, Maryland; and

WHEREAS, staff desires to extend the current property management contract at The Oaks at Four Corners with Edgewood Management Corporation through January 31, 2024.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Oaks at Four Corners Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at The Oaks at Four Corners with Edgewood Management Corporation through January 31, 2024.

BE IT FURTHER RESOLVED by the Board of Directors of The Oaks at Four Corners Development Corporation that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Oaks at Four Corners Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Wheaton Metro Development Corporation

WHEATON METRO DEVELOPMENT CORPORATION

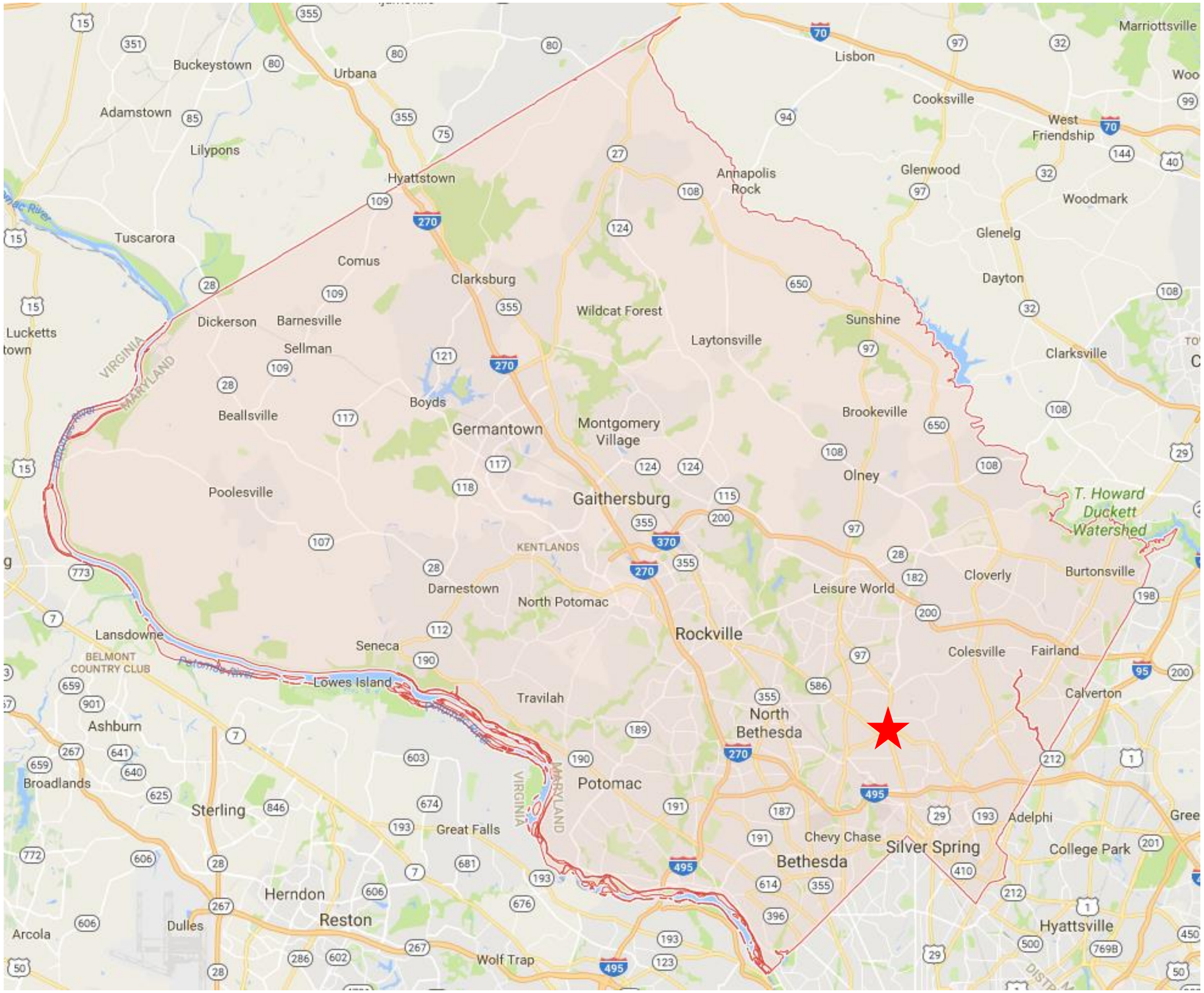
ANNUAL MEETING AND ADOPTION OF FY 2024 OPERATING & CAPITAL BUDGETS

Chelsea Andrews, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 14, 2023

Wheaton Metro Development Corporation



Property Snapshot:

- Located in Silver Spring.
- Constructed in 2008.
- Situated on top of a metro station and close to shopping and restaurants.
- Amenities include a Fitness Center, Business Center, Club Room, Garage Parking, Onsite Retail.

Wheaton Metro Development Corporation – FY 2024 Overview

Background

- **2003** – Commission authorized the creation of a wholly controlled corporate instrumentality known as Wheaton Metro Development Corporation and adopted By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers .
- **May 2005** - Commission authorized the establishment of Wheaton Metro Limited Partnership in which HOC is the general partner for the apartment facility, certain retail space and a parking garage above the Wheaton Metro station.
- **March 1, 2007 -** A condominium was created and 120 units, the retail space and parking garage were transferred to the Corporation pursuant to a Contract of Sale.
- **December 31, 2010 -** Corporation executed the Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.
- Wheaton Metro consists of 173 units distributed as follows:
  - 53 tax credit units owned by Wheaton Metro LP with HOC as the General Partner.
  - 120 units owned by Wheaton Metro Development Corporation.

11175 Georgia Avenue, Silver Spring, MD 20902
Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Market	Affordable	Total
1BR	85	34	119
2BR	34	16	50
3BR	1	3	4
Total Units	**120**	**53**	**173**

The regulatory agreement restricts 53 units at or below 50% AMI, 18 of which are Project Based Section 8 units. The property also has two commercial spaces.

Wheaton Metro Development Corporation – FY 2024 Update

Property Management

- Occupancy remained stable in 2022. Net rents were within 2.1% of the budget as significant concessions were not needed to maintain occupancy.

Turnover CY 2022	Avg. Occupancy CY 2022	Current Occupancy
36%	96%	93%

Maintenance

- The largest volume of work order tickets for CY 2022 were related to plumbing, appliances, and electrical.

Total Work Orders CY 2022	Average Days to Close
851	20

Capital Improvements

- FY 2024 Capital budget has replacement two trash compactors and CCTV system.

Redevelopment/Refinancing

- There are currently plans underway for the renovation and refinancing of MetroPointe.

Wheaton Metro Development Corporation – FY 2024 Budget Summary

Metropointe Development Corporation

FY 2024 Operating and Capital Budgets

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Total Revenue	$2,826,684	$2,618,915	$2,643,151	$2,567,947	$2,595,068
Expenses:					
Operating - Admin	$304,091	$289,463	$302,810	$285,556	$244,088
Operating - Fees	$148,690	$146,314	$147,713	$143,012	$124,012
Bad Debt	$97,500	$30,000	$30,574	$16,682	$14,534
Tenant & Protective Services	$34,921	$37,963	$38,834	$25,283	$28,058
Taxes, Insurance & Utilities	$116,102	$105,908	$108,142	$93,307	$125,872
Maintenance	$277,760	$275,400	$268,847	$254,248	$259,473
Subtotal - Operating Expenses	$979,064	$885,048	$896,920	$818,088	$796,037
Net Operating Income ("NOI")	$1,847,620	$1,733,867	$1,746,231	$1,749,859	$1,799,031
Debt Service	$1,935,875	$1,938,730	$1,949,414	$1,944,066	$1,946,561
Replacement Reserves	$30,000	$30,000	$30,000	$30,000	$30,000
Asset Management Fees	$8,680	$8,680	$8,680	$8,680	$8,680
Subtotal - Expenses Below NOI	$1,974,555	$1,977,410	$1,988,094	$1,982,746	$1,985,241
NET INCOME	($126,935)	($243,543)	($241,863)	($232,887)	($186,210)

	FY 2024 Proposed Budget	FY 2023 Amended Budget	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Capital Budget:					
Computer Equipment	$0	$0	$935	$0	$0
Kitchen and Bath Supplies	$0	$0	$120	$230	$0
Doors	$0	$0	$0	$0	$5,682
Paint and Wallcoverings	$0	$0	($884)	$3,054	$0
HVAC Equipment	$26,700	$24,000	$0	$0	$3,231
Appliance Equipment	$10,800	$6,000	$10,721	$8,617	$2,645
Miscellaneous Equipment	$0	$0	$5,949	$8,997	$9,297
Plumbing Contracts	$660	$6,300	$4,364	$1,037	$0
HVAC Contracts	$0	$0	$8,350	$80,440	$0
Flooring/Carpet Contracts	$20,004	$18,000	$19,951	$26,380	$33,684
Miscellaneous Contracts	$39,070	$45,613	$1,564	$0	$211,898
Security System	$90,400	$0	$0	$0	$0
Total Capital Budget	$187,634	$99,913	$51,070	$128,755	$266,437

Issues for Consideration

- Rent increases upon lease renewal budgeted at 5.8%; the County Executive's voluntary rent guideline is 5.8%.
- Market rents will be increased by 5.8% but upon turnover will be increased to the current "market rate".
- The property's ($126,935) operating deficit will be funded with a draw from the Agency's General Fund Operating Reserve.
- Capital is budgeted at $187,634
- DSCR is 1.00.

Time Frame

The FY 2024 Proposed Operating and Capital Budgets for Wheaton Metro Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2023. Board action is requested at the June 14, 2023 meeting

Budget Impact

The FY 2024 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2024 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Board of Directors.

RESOLUTION NO.: 23-001WM **RE: Wheaton Metro Development Corporation Annual Meeting: Election of Officers and Adoption of FY'24 Operating and Capital Budgets**

WHEREAS, the Wheaton Metro Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Wheaton Metro Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'24 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2023;

WHEREAS, the Corporation has reviewed and desires to approve the FY'24 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC, or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Wheaton Metro Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'24 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF ADDITIONAL EXTENSION OF THE PROPERTY MANAGEMENT CONTRACT FOR

METROPOINTE (WHEATON METRO DEVELOPMENT CORPORATION)

June 14, 2023

- The property management contract for MetroPointe, which is owned by Wheaton Metro Development Corporation, is expiring on **June 30, 2023**.
- An extension of the current contract is needed to allow sufficient time to completion a formal procurement of property management services.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 19, 2023, and joins staff's recommendation that the Board of Directors of Wheaton Metro Development Corporation accept the recommendation to extend the property management contract for MetroPointe through **December 31, 2023**.

MEMORANDUM

TO: Board of Directors of the Wheaton Metro Development Corporation

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Alex Torton, Asset Manager Division: Property Management
Ellen Goff, Interim Director Division: Property Management

RE: **Procurement of Property Management Services:** Approval of Additional Extension of the Property Management Contract for MetroPointe

DATE: June 14, 2023

STATUS: Committee Report: Deliberation __X___

BACKGROUND:
Staff recommends extending the property management contract with Bozzuto Management for MetroPointe.

Staff has worked with the HOC's Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals ("RFP") of the Commission. The development of the template is now complete, but additional time is needed to accomplish the following:

- Publish the RFPs and provide sufficient time for firms to respond,
- Allow staff to undertake a significant evaluation effort and prepare material for Committee and Commission consideration,
- Prepare and negotiate new contracts, and
- Offboard and/or onboard management companies and any property-level employees

The following tables detail property information, including current vendor, annual extension contract cost, current contract end date, and proposed extension start and end date.

Property	Location	Total Units	Current Occupancy
MetroPointe	Wheaton	173	93%

Property	Current Vendor	Current Vendor Start Date	Annual Extension Contract Cost	Current Contract End Date	Proposed Extension Period
MetroPointe	Bozzuto	July 2019	$129,850	6/30/2023	7/1/2023-12/31/2023

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Wheaton Metro Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute an extension of the property management services contract with Bozzuto Management Corporation for MetroPointe?

BUDGET IMPACT:

The extension of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

For formal action by the Board of Directors of Wheaton Metro Development Corporation at its meeting on June 14, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Wheaton Metro Development Corporation approve the property management contract extension with Bozzuto Management Corporation for MetroPointe through December 31, 2023.

RESOLUTION NO.: 23-002WH — **RE: Approval of Additional Extension of the Property Management Contract for MetroPointe**

WHEREAS, Wheaton Metro Development Corporation an owner in the development known as MetroPointe located in Silver Spring, Maryland; and

WHEREAS, staff desires to extend the current property management contract at MetroPointe with Bozzuto Management Corporation through December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC"), or their designee, is hereby authorized and directed to execute an extension of the property management contact at MetroPointe with Bozzuto Management Corporation through December 31, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director of HOC, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 14, 2023.

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Chelsea J. Andrews
Secretary-Treasurer of the Corporation

Closing Statement

Written Statement for Closing a Meeting (“**Closing Statement**”)
Date: June 14, 2023

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

9. **_X_** “To conduct collective bargaining negotiations or consider matters that relate to the negotiations.”

B. For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

Statutory Citation	**Topic**	**Reason for closed-session discussion**
§3-305(b)(9)	To discuss the status of current negotiations with the union (MCGEO).	This meeting must be closed to the public to protect the confidentiality of the negotiations.

C. This statement is made by Roy Priest, Chair.

D. Recorded vote to close the meeting:

- Date: June 14, 2023 Time: ________________
- Location: HOC’s Kensington Office (10400 Detrick Avenue, Kensington, MD 20895), Zoom, & Livestream (YouTube).
- Motion to close meeting made by: ____
- Motion seconded by: ____
- Commissioners in favor: ____
- Commissioners opposed: ____
- Commissioners abstaining: ____
- Commissioners absent: ____

Officer’s Signature: ___________________________________

Adjourn

Closed Session