

EXPANDED AGENDA

November 6, 2013

4:00 p.m.	I. <u>CONSENT ITEMS</u>	
Page 4 29 32 35 56 62	<ul style="list-style-type: none"> A. Approval of Minutes of October 2, 2013 B. Adoption of Retirement Resolution for Dorel Cazacu C. Adoption of Retirement Resolution for Lynn Manning D. Ratification of Recommendation Adopted by the Budget, Finance and Audit Committee on October 11, 2013: Approval of CY'14 Tax Credit Partnership Budgets E. Approval of New Participating Lender for the Single Family Mortgage Purchase Program F. Approval of Assignment of Property Management Contracts for Greenhills Apartment and Townhomes, Westwood Tower, and Brooke Park Apartments 	
4:15 p.m.	II. <u>INFORMATION EXCHANGE</u>	
67	<ul style="list-style-type: none"> A. Report of the Executive Director B. Calendar and Follow-up Action C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report 	
4:25 p.m.	III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 72 76 82 86	<ul style="list-style-type: none"> A. Budget, Finance & Audit Committee – <i>Com. Kator, Chair</i> <ul style="list-style-type: none"> 1. Authorization to Submit FY'15 County Operating Budget Statement 2. Approval of FY'14 First Quarter Budget Amendment 3. Approval of CY'13 Third Quarter Budget Amendment 4. Acceptance of HOC FY'13 Audited Financial Statements, Single Audit Report (A-133), and Management Letter 	
4:45 p.m.	IV. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
Page 109 113	<ul style="list-style-type: none"> A. Authorization to Maintain Current Voucher Payment Standards B. Approval of Feasibility Budgets for the Rental Assistance Demonstration Portfolio 	
4:55 p.m.	V. <u>*FUTURE ACTION ITEMS</u>	
5:00 p.m.	VI. <u>INFORMATION EXCHANGE (continued)</u>	
	A. Community Forum	
5:05 p.m.	VII. <u>NEW BUSINESS</u>	
5:05 p.m.	VIII. <u>EXECUTIVE SESSION FINDINGS</u>	
5:15 p.m.	<u>ADJOURN</u>	
	<u>RECESS</u>	
5:20 p.m. Page 126 130	<p><u>Development Corporation Meeting</u></p> <ul style="list-style-type: none"> • Alexander House Development Corporation – Approval of Assignment of Property Management Contract for Alexander House • Chevy Chase Lake Development Corporation - Approval of Assignment of 	

134	Property Management Contract for Chevy Chase Lake Apartments	
138	<ul style="list-style-type: none"> • Glenmont Crossing Development Corporation - Approval of Assignment of Property Management Contract for Glenmont Crossing • Glenmont Westerly Development Corporation - Approval of Assignment of Property Management Contract for Glenmont Westerly 	
143	<p><u>Limited Partnership Meeting</u></p> <ul style="list-style-type: none"> • Diamond Square Limited Partnership – Approval of Assignment of Property Management Contract for Diamond Square Apartments 	
	<u>EXECUTIVE SESSION</u>	

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) 627-9425 or email commissioners@hocmc.org.

Consent Items

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

October 2, 2013

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, October 2, 2013 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Roberto Piñero, Chair
Sally Roman, Vice Chair
Michael Kator, Chair Pro Tem
Jean Banks
Pamela Lindstrom
Rick Edson

Absent

Michael Wienczek

Also Attending

Stacy Spann, Executive Director
Ifang Navintranonth
Gail Willison
Patricia Oliver
Sue Swierdsiol
Scott Ewart
Scott Ellinwood
Tara Whicker
Lorie Seal
Diana Bird
Eugene Spencer
Nancy Scull
Moustapha Diop
Kenneth Thomas
Sal Dangamuwa
Jim Atwell
Belle Seyoum
Andrew Oxendine
Denise Sadler
Gail Gunod-Green

Ken Tecler, Staff Counsel
Susan Smith
Cathy Kramer
Dean Tyree
Katie Duffy
Ellen Brown
Milca Acevedo
Margaret Blassingame
Tom Debrine
Geraldine DeMesme
Claudia Wilson
Fran Jamieson-Unger
John Vass
Kenneth Miller
Heather Zetscher
Lynn Manning
Zachary Smith
Chienying Wang
Michele Henderson
Yvette Williams

Tonya Clark
Joy Flood
Marsha Smith
Rose Matthews
Kitty McCoy
Richard Hanks
Jim Atwell
Jay Shepherd
Lola Knights

Carrie Smith
Maria Montero
Wilson Choi
Emily Dorfman
Antonia Whitfield
Gina Smith
Clarence Landers
Christopher Donald

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

IT Support

Dominique Laws
Irma Rodriguez

Prior to the meeting convening, Chair Piñero and Commissioner Banks recognized Norman Dreyfuss, former HOC Commissioner and current Montgomery County Planning Board Member, for his exceptional and ongoing commitment to HOC families, particularly his generous donation to a summer camp fund allowing 66 children to participate in summer camps during 2013. Patrick Mattingly, Human Resources Director, along with Division Directors, presented Resolutions to employees retiring effective September 30, 2013.

The Consent Calendar, items A-O, was approved upon a motion by Vice Chair Roman and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, and Lindstrom. Commissioner Wiencek was necessarily absent and did not participate in the vote. At the request of the Commission, Consent Item P was moved to Deliberation.

I. CONSENT ITEMS

A. Approval of Minutes

- **Approval of Minutes of Regular Meeting of September 11, 2013** – The minutes were approved as submitted.

B. Adoption of Retirement Resolution for Milca Acevedo – The following resolution was approved.

RESOLUTION: 13-84

RE: Adoption of Retirement Resolution for Milca Acevedo

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Milca Acevedo for 24 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Milca began her career with HOC in 1989 as Day Care Assistant II at Timberlawn Crescent; and

WHEREAS, during Milca's "first" career with HOC, she did an excellent job working with children in a day care setting, planning and implementing a daily learning program for a group of children, maintaining a safe and orderly learning environment and maintaining good rapport with parents; and

WHEREAS, in 1994, Milca's career took a new turn when HOC daycare centers closed. She was reassigned to Resident Accounting Clerk Trainee in the Finance Division; and

WHEREAS, in 1996, Milca successfully completed the trainee program and was promoted to Resident Accounting Clerk. In 1999, she was promoted again to Resident Accounting Clerk II and to Resident Accounting Specialist I in 2003; and

WHEREAS, Milca processed deposits, tenant refunds, rent receivable postings, and portable voucher payments. She provided excellent customer service to HOC residents, staff and co-workers, responding quickly to requests, emails and questions. She was known as the "go to" person for all Spanish-speaking clients wanting to discuss their rent issues; and

WHEREAS, Milca consistently provided patient and knowledgeable assistance to clients, particularly during upgrades to HOC financial systems. During HOC's transition to an online rent payment system, she worked closely with clients to make sure they understood how the system functioned; and

WHEREAS, Milca's can-do attitude and willingness to help co-workers contributed to a positive work environment and ensured prompt and accurate processing of payments; and

WHEREAS, Milca did an excellent job training junior and temporary staff on HOC financial processes and systems, including processing rent payments, charge batches, NSF processing and others. Milca also trained and worked closely with staff from other divisions, working with the Housing Resource Division and Federal Programs to resolve and report any discrepancies; and

WHEREAS, Milca established a good working relationship with the Agency's bank and was extremely helpful in resolving issues related to deposits; and

WHEREAS, Milca was always willing to go the extra mile to help the Agency's financial team when challenges arose. During periods when the office was short-staffed, she cheerfully filled in for others when needed; and

WHEREAS, Milca earned numerous employee awards over the years for her outstanding service in HOC's child care program, for her initiative and teamwork in accepting additional responsibilities to support the Resident Accounting Office, and for significant contributions and support in the conversion of the accounting system to Yardi.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Milca for her many contributions and wishes her health and happiness in her retirement.

C. Adoption of Retirement Resolution for Margaret Blassingame – The following resolution was approved.

RESOLUTION: 13-85

**RE: Adoption of Retirement Resolution
for Margaret Blassingame**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Margaret Blassingame for 28 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Margaret began her career with HOC in 1985 as Daycare Teacher for the Middlebrook Preschool Center; and

WHEREAS, in 1988, Margaret was promoted to Daycare Center Director I at Emory Grove. She was promoted again in 1992 to Center Director II with the consolidation of the Emory Grove and Washington Square daycare programs; and

WHEREAS, in 1994, Margaret was reassigned to Resident Counselor Trainee and successfully completed her training program in 1995. She was promoted to Resident Counselor III; and

WHEREAS, Margaret was deeply committed to serving the needs of HOC clients, providing information, referrals, crisis intervention, counseling and other supportive services at the Gaithersburg Customer Service Center and, earlier in her career, at HOC's Day Care Center. Her extensive knowledge of Federal, County, State, private and nonprofit organizations enabled her to quickly find resources and services for people in need and earned her the title "Referral Guru" among her colleagues; and

WHEREAS, Margaret was meticulous in her delivery of services to clients. She had expertise in assessing problems and working with clients to develop realistic solutions, providing follow-up and help to ensure their success; and

WHEREAS, Margaret coordinated with team members to plan and produce holiday food and gift drives for clients, special events for children, educational workshops for clients, helped clients apply for college scholarships and worked closely with resident associations, developing positive working relationships with clients; and

WHEREAS, over the years, thousands of HOC clients benefitted from Margaret's assistance in finding appropriate financial, educational and psychological services when needed; and

WHEREAS, Margaret routinely worked after hours and on weekends if it was necessary to help her clients and co-workers; and

WHEREAS, Margaret earned many employee awards over the years for her teamwork in taking on additional caseloads to help out whenever the office was understaffed, for exceptional service delivery to the Parkway Woods community, and for her contributions to the Pay for Performance working group.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Margaret for her many contributions and wishes her health and happiness in her retirement.

D. Adoption of Retirement Resolution for Ellen Brown – The following resolution was approved.

RESOLUTION: 13-86

**RE: Adoption of Retirement
Resolution for Ellen Brown**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Ellen Brown for 24 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Ellen began her career with HOC in 1989 as a Program Aide II for the Agency's Congregate Housing Program which provided support and assistance to seniors living at Leafy House, Arcola Tower, Elizabeth House, Waverly House, Bethany House and Holly Hall. She provided housekeeping services and served lunch and dinner to the residents; and

WHEREAS, during a 1996 winter blizzard, with little regard for her own safety, Ellen traveled to Arcola Towers to grocery shop and prepare meals for the seniors for a week, even staying at Arcola Towers to make sure all of the residents were cared for and fed; and

WHEREAS, in 2001, the Congregate Housing Program ended and Ellen transferred to the Towne Centre Place Family Resource Center in Olney as a Community Aide. She helped plan and facilitate Family Resource Center activities for HOC clients including a cooking class and a sewing program; and

WHEREAS, Ellen single handedly managed and distributed food deliveries and pickups from local restaurants, food bank services and the summer lunch program for HOC clients; and

WHEREAS, Ellen earned numerous employee awards for her exceptional customer service to residents and for her outstanding teamwork in accepting additional responsibilities to assist with the operation of the Congregate Housing Services Program. Ellen was also recognized for her contributions in organizing sign-in sheets and inputting data in spreadsheets in preparation of a biannual report for the Sandy Spring and Towne Centre Place communities.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Ellen for her many contributions and wishes her health and happiness in her retirement.

E. Adoption of Retirement Resolution for Thomas Debrine – The following resolution was approved.

RESOLUTION: 13-87

**RE: Adoption of Retirement
Resolution for Thomas Debrine**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Thomas (“Tom”) Debrine for 32 years of loyal service and dedication to the Agency and to the citizens of Montgomery County; and

WHEREAS, Tom began his career with HOC in 1981 as Mortgage Loan Underwriter. In 1985 Tom accepted a career opportunity outside HOC and returned to the Agency in 1986 as Single Family Underwriter in the Mortgage Finance office; and

WHEREAS, Tom was promoted to Single Family Loan Management Coordinator in 1989 and again to Single Family Loan Management Supervisor in 1997; and

WHEREAS, since 1997 and under Tom’s management, the Single Family program issued 121 series of new and refunding bonds totaling \$1.17 billion and used \$410 million to create 2,530 new low cost mortgages for first time home buyers in Montgomery County; and

WHEREAS, over the past several years, HOC’s mortgage programs thrived -- in spite of a challenging economy -- largely due to innovations which Tom helped to implement at HOC, including adding new lenders to the Mortgage Purchase Program, implementing increases in income limits for the Program, conducting specialized lender training sessions, helping the County implement a new county employee closing cost assistance program and implementing a closing cost assistance program for the city of Gaithersburg which generated revenue for HOC; and

WHEREAS, in 2012 Tom helped HOC transition the HOC Mortgage Purchase Program into the Mortgage Backed Securities business which will enable HOC’s homebuyer programs to remain in the business of providing mortgages to first time homebuyers in an environment of low mortgage rates and uncompetitive bond rates. Tom led the effort to select and implement new software to manage the homebuyer programs and select a loan reservation system in support of the MBS business; and

WHEREAS, Tom managed the HOC Home Ownership Program, which helps HOC residents purchase their first homes; and

WHEREAS, Tom’s customer service excellence increased the high regard the lending community has for HOC Homeownership Programs and HOC staff; and

WHEREAS, Tom earned numerous employee awards over the years for development and implementation of the Agency's Closing Cost Assistance Program in 1997; exceptional management of significant changes to the Single Family Mortgage Purchase Program in 2003 and 2004, making HOC a competitive force as a lender and contributing to the financial health of the Agency; and for his integral role in implementation of the U.S. Treasury Department, Fannie Mae and Freddie Mac Initiative for Housing Finance Agencies which responded to the municipal market collapse of 2008 and enabled HOC to issue bonds in escrow at low rates that were converted into long-term bonds for the benefit of first-time homebuyers in Montgomery County; and

WHEREAS, Tom's legacy will be his contributions to 32 years of an HOC program which was only two years old when he joined it and one that experienced many boom and bust cycles of the real estate housing market and survived one of the worst financial crisis in the nation's history, but one that remains healthy and continues to serve the citizens of Montgomery County. Tom will also be remembered as a fixture at the Montgomery County Agricultural Fair, the Affordable Housing Conference, the County Housing Fair, and the National Association of Local Housing Finance Agencies conferences where he interacted with community groups, housing advocates, realtors, lenders and trade groups, always promoting the Single Family Mortgage Purchase Program and learning new ideas and trends to enhance the program.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Tom for his many contributions and wishes him health and happiness in his retirement.

F. Adoption of Retirement Resolution for Geraldine DeMesme – The following resolution was approved.

RESOLUTION: 13-88

**RE: Adoption of Retirement
Resolution for Geraldine DeMesme**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Geraldine DeMesme for 23 years of loyal and dedicated service to the Agency and the citizens of Montgomery County; and

WHEREAS, Gerri began her career with HOC in 1990 as Accounting Assistant; and

WHEREAS, Gerri was promoted to Accountant I in 1993 and to Accountant II in 1994;
and

WHEREAS, Gerri worked closely with other HOC departments and outside management companies to review and analyze Agency property financial statements, review audited financial statements, prepare annual property tax returns, prepare and analyze bank

reconciliations prepared by management companies and assist with REAC reporting requirements; and

WHEREAS, Gerri is a self-starter who often volunteered for new projects that benefitted her entire office; and

WHEREAS, Gerri's expertise and understanding of HOC's financial reporting requirements and her thoroughness in preparing and reviewing reports benefitted HOC and contributed to the financial community's high regard for HOC's financial reporting; and

WHEREAS, Gerri is recognized for her professionalism, reliability, excellent organizational and time management skills and as a valued team player; and

WHEREAS, Gerri earned numerous employee awards over the years for her contributions to year-end tax credit audits and at times when the Finance Division was understaffed or property management companies changed. Gerri worked closely with the new management companies to explain HOC policies and accounting procedures and ensured that all properties had back-up for the Year 2000 conversion. Gerri was also recognized for taking on additional work projects, for her role as Acting Managed Property Accountant, and for training new employees and temporary staff.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Gerri for her many contributions and wishes her health and happiness in her retirement.

G. Adoption of Retirement Resolution for Gonzalo Guerra – The following resolution was approved.

RESOLUTION: 13-89

**RE: Adoption of Retirement
Resolution for Gonzalo Guerra**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Gonzalo Guerra for 21 years of dedicated service to the Agency and the citizens of Montgomery County; and

WHEREAS, Gonzalo began his career with HOC in 1991 as Trades Maintenance Worker II at the Upper County Facility; and

WHEREAS, Gonzalo's expertise in plumbing, HVAC installation and repairs, appliance installation and repairs, carpentry, cabinetry, electrical installation and other critical property maintenance skills kept HOC properties well maintained and in good running order. Gonzalo was praised by HOC clients and coworkers for his abilities; and

WHEREAS, over the years, Gonzalo has helped remodel hundreds of kitchens and bathrooms for HOC, exhibiting excellent workmanship; and

WHEREAS, Gonzalo was well-known for his positive attitude and customer service skills and could always be counted on to do the job right the first time; and

WHEREAS, Gonzalo is recognized for his professionalism, reliability, excellent organizational and time management skills and as a valued team player; and

WHEREAS, Gonzalo earned numerous employee awards over the years and was designated East Deer Park Employee of the Month on two occasions. In 1998, Gonzalo earned a Special Project Award for his skilled craftsmanship in constructing a Wood Working Shop at the East Deer Park Office, saving the Agency over \$4,000 in outside contracting work. Gonzalo was also recognized for his contributions to repairs and replacement of HVAC systems, again with savings of thousands of dollars in contractor's costs.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Gonzalo for his many contributions and wishes him health and happiness in his retirement.

H. Adoption of Retirement Resolution for Kenneth Miller – The following resolution was approved.

RESOLUTION: 13-90

**RE: Adoption of Retirement
Resolution for Kenneth Miller**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Kenneth Miller for 25 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Kenny began his career with HOC in 1987 as Trades Maintenance Apprentice II in the Upper County office; and

WHEREAS, in 1989, Kenny was promoted to Procurement and Inventory Assistant. Later that year, he was promoted to Facilities Maintenance Worker in the Housing Management Division; and

WHEREAS, Kenny transferred to the Executive Division as Records Management Clerk II in 1993; and

WHEREAS, Kenny assisted with special courier and delivery services including the transport of rent check pouches to designated site locations. He also processed Section 8 checks and vendor checks for Accounts Payable, along with processing receipts for rent payments and billing requests for the Tenant Accounting Department; and

WHEREAS, Kenny was always cheerful and flexible as HOC procedures changed over the years. Kenny helped the Agency move to a computerized database for records management and helped other HOC staff learn the new system; and

WHEREAS, Kenny was reliable and always willing to help out other staff with a wide range of projects and duties; and

WHEREAS, Kenny earned numerous employee awards over the years for his exemplary support of the Facilities Department's workload during staff shortages and relocation of the Records Center. Kenny was also recognized for his contributions in converting the office supply system to a computerized system and for his courage and support of the Facilities Department during the September 11, 2001 national crisis. At the time, many mail couriers and postal facilities were concerned with the implications of Anthrax and the safety and health of staff and clients. HOC implemented significant changes to security protocol in the mail room. Kenny never wavered in his responsibility to handle HOC's mail in a safe and secure manner.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Kenny for his many contributions and wishes him health and happiness in his retirement.

I. **Adoption of Retirement Resolution for Andrew Oxendine** – The following resolution was approved.

RESOLUTION: 13-91

**RE: Adoption of Retirement
Resolution for Andrew Oxendine**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Andrew Oxendine for 26 years of loyal and dedicated service to the Agency and the citizens of Montgomery County; and

WHEREAS, Andrew began his career with HOC in 1986 as Trades Maintenance Worker I for Arcola Towers; and

WHEREAS, in 1989, Andrew was promoted to Lead Trades Maintenance Worker. Through his diligence and outstanding performance, Andrew was again promoted in 1995 to Resident Manager III of Arcola Towers where he excelled at managing the property including reducing turnover, maintaining a low vacancy rate, managing maintenance staff, improving the landscaping of the building and reaching out to community partners to bring new services and improvements to residents; and

WHEREAS, in 1997, Andrew was promoted to Property Manager where he oversaw the management of numerous HOC properties and assumed management functions in the Property Management Division. Andrew conducted asset management of several HOC properties including ensuring that the physical plants, residents, communities and regulatory and financial viability needs of the properties were met. Andrew had a "vision" for the communities under his management. He successfully implemented the Drug Elimination grant program, started and planned major renovations at Camp Hill Square, Emory Grove and Washington Square and assumed responsibility for a new Agency security program; and

WHEREAS, Andrew was promoted in 2001 to Senior Property Manager. Andrew excelled in managing a large staff at the Agency's East Deer Park office where he improved accountability and set high standards for his employees. Andrew was able to bring out the best in his staff, quickly recognizing potential and supporting staff in their training needs and work goals. He was well liked and well respected throughout HOC; and

WHEREAS, in 2007, Andrew was promoted to Assistant Director of Housing Management. He served as Acting Director of Property Management from February 2011 to February 2012 and, again, from October 2012 through September 2013; and

WHEREAS, Andrew was an outstanding leader always willing to work with his employees on almost any chore, rolling up his sleeves to lead his staff. His strong leadership skills helped HOC and the community during the difficult days and weeks that followed the 2000 murder of Tony Davis, an HOC employee working at an HOC property in Germantown; and

WHEREAS, during his tenure Andrew successfully reached out to political, government and community leaders in support of HOC clients and their communities. One example of his involvement is Tobytown. Andrew was the liaison between Tobytown and the Agency, ensuring swift and equitable resolutions to disputes; and

WHEREAS, Andrew was always willing to take on extra tasks including representing HOC on a local cable TV channel and meeting with a group of graduate students seeking information on HOC; and

WHEREAS, Andrew had one of the most challenging and complex jobs in the Agency and succeeded with finesse and tact, epitomizing the total professional in carrying out his responsibilities; and

WHEREAS, Andrew is recognized for his professionalism, reliability, excellent organizational and time management skills and as a valued team player; and

WHEREAS, Andrew earned numerous employee awards over the years for developing a Resident Translation Handbook in 1992; for exemplary performance and commitment to a Pay for Performance Working Group which led to the formulation of a new Pay for Performance Policy in 1999; for his dedication and support of Agency staff in the midst of a tragic accident at Middlebrook Square in 2000; for going above and beyond to assist the elderly and ensure their safety and well being and for arranging for a new chiller to be delivered, installed and operating in nine days as well as installation of 150 portable air conditioners; and for his vision and innovation in negotiating an exclusive agreement with Comcast that resulted in \$240,000 in revenue for the Commission.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Andrew for his many contributions and wishes him health and happiness in his retirement.

J. Adoption of Retirement Resolution for Larry Swartz – The following resolution was approved.

RESOLUTION: 13-92

**RE: Adoption of Retirement
Resolution for Larry Swartz**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Larry Swartz for five years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Larry began his career with HOC in 2007 as Inventory Control Assistant for the Scattered Sites Program; and

WHEREAS, in 2008, Larry was promoted to Inventory and Control Specialist; and

WHEREAS, Larry ensured that the Agency's warehouse was supplied at all times with the parts and materials needed by property maintenance staff. He filled requests efficiently and tracked orders through the Agency's computer system. Larry was also responsible for maintaining the East Deer Park facility and assisted with vehicle maintenance; and

WHEREAS, Larry was attentive to the needs of the Agency's maintenance workers and excelled in anticipating the needs of maintenance staff and helping them get the correct material to get the job done; and

WHEREAS, Larry helped train coworkers on using the Agency's IWIN system and was a dedicated team member; and

WHEREAS, Larry earned an employee award for his outstanding customer service and support of the East Deer Park facility during times when the office was understaffed. Larry went above and beyond to ensure that the East Deer Park warehouse continued to run smoothly, often working extra hours so that maintenance staff would have the necessary parts to complete their work orders.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Larry for his many contributions and wishes him health and happiness in his retirement.

K. Adoption of Retirement Resolution for Fran Jamieson-Unger – The following resolution was approved.

RESOLUTION: 13-93

**RE: Adoption of Retirement
Resolution for Fran Jamieson-Unger**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Fran Jamieson-Unger for 27 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Fran began her career with HOC in 1986 as Resident Counselor III; and

WHEREAS, Fran assisted hundreds of Housing Choice Voucher clients each year, helping to approve security deposit loans, provide short-term counseling and supportive services and provide information and referrals; and

WHEREAS, Fran is well known for her competency in helping clients in a caring and compassionate manner. During her career at HOC, she went all out to assist her clients, staying in touch with them, assessing their needs and helping them. During the Thanksgiving and Christmas holidays, Fran was especially helpful, coordinating, holiday food and gift donations and other special projects; and

WHEREAS, Fran played a leading role in serving the needs of HOC's Spanish-speaking clients, providing help that included interpreting, crisis intervention and case management; and

WHEREAS, Fran helped develop the Participant Education Awareness Program (PEAT), a very helpful tool used to provide education to Housing Choice Voucher participants and Waiting List applicants; and

WHEREAS, Fran earned many employee awards over the years including for her teamwork in achieving a 95% goal for the Housing Choice Voucher program lease-up effort mandated by HUD in 2003.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Fran for her many contributions and wishes her health and happiness in her retirement.

L. **Adoption of Retirement Resolution for Chienying Wang** – The following resolution was approved.

RESOLUTION: 13-94

**RE: Adoption of Retirement
Resolution for Chienying Wang**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Chienying (“Chien”) Wang for 13 years of loyal and dedicated service to the Agency and the citizens of Montgomery County; and

WHEREAS, Chien began her career with HOC in 2000 as Accounting Clerk I in the Finance Division; and

WHEREAS, in 2006, Chien was promoted to Payroll Assistant in the Executive Division; and

WHEREAS, over the course of her employment, Chien consistently did her job well, exceeding expectations and exhibiting dedication and perseverance when faced with new tasks or challenges; and

WHEREAS, as Accounts Payable Clerk, Chien provided oversight for HOC’s purchase order/payment process ensuring, among other tasks, that invoices and purchases orders were paid accurately and on time including payment of more than 2,000 HOA fees for which HOC is responsible. In carrying out her work, Chien applied her extensive knowledge of accounting to suggest procedural changes that enabled HOC to save money; and

WHEREAS, Chien’s high level of performance set a high standard for her division. She often volunteered for difficult projects and gladly took on additional duties during a coworker’s absence for several months; and

WHEREAS, when Chien was promoted to Payroll Assistant in the Executive Division, she quickly mastered a set of complex payroll processes to ensure that employees were paid accurately and on time, as well as making sure employee leave was accounted for correctly. Chien patiently and conscientiously worked with supervisors and employees to resolve any discrepancies; and

WHEREAS, Chien is recognized for her professionalism, reliability, excellent organizational and time management skills and as a valued team player; and

WHEREAS, Chien earned numerous employee awards over the years for her exemplary work in paying HOA fees timely and eliminating late fees, monitoring vendor invoices to avoid double billing, and implementing an inventory list of units managed by HOA management companies to verify units owned by HOC and ensure against overpaid or underpaid HOA fees. Chien was also recognized for her outstanding performance in the completion of various payroll projects and for conversion to a new payroll system in 2010.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Chien for her many contributions and wishes her health and happiness in her retirement.

M. Adoption of Retirement Resolution for Yvette Williams – The following resolution was approved.

RESOLUTION: 13-95

**RE: Adoption of Retirement
Resolution for Yvette Williams**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Yvette Williams for 11 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Yvette began her career with HOC in 2002 as Program Assistant in the Rental Assistance Division; and

WHEREAS, Yvette was promoted to Administrative Assistant to the Director of Resident Services later that year; and

WHEREAS, Yvette provided excellent customer service to the Resident Services Division and provided a range of valuable services including editing and proofreading monthly staff reports, Commission packet items, newsletters and letters and coordinating Resident Services Division meetings; and

WHEREAS, for many years, Yvette served as a point of contact for the Resident Advisory Board, keeping the Board apprised of meeting dates, processing Board travel vouchers and arranging catering for Resident Advisory Board events; and

WHEREAS, Yvette enthusiastically took on many new projects that exceeded her core responsibilities including Resident Services event planning, facilitating the campaign to choose a new logo for the Resident Advisory Board and serving as a trainer to help staff on using new software such as Tracking At A Glance; and

WHEREAS, Yvette was a valued team member and was always eager to help co-workers with special project requests, often under short deadlines; and

WHEREAS, Yvette earned employee awards for her contributions to the design, administration and improvement of an Agency training database designed to capture training data and allocate budgeted training funds for Division staff. Yvette was also recognized for her dedication and expertise in designing and implementing a gift card distribution system for residents in need of food, clothing and school supplies.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Yvette for her many contributions and wishes her health and happiness in her retirement.

N. Approval of Wages for Unrepresented Staff and the Approval of Wages for Represented Staff for FY'14 Wage Re-opener Negotiations – The following resolution was approved.

RESOLUTION: 13-96

RE: Approval of Wages for Unrepresented Staff and the Approval of Wages for Represented Staff for FY'14 Wage Re-opener Negotiations

WHEREAS, the Housing Opportunities Commission of Montgomery County is required by law to enter into a collective bargaining agreement for those employees of the Commission who are covered under the Collective Bargaining Law that went into effect as of October 1, 1999; and

WHEREAS, the Commission and the Municipal County Government Employees Organization (MCGEO), who is the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades (SLT) and Office, Professional, and Technical (OPT), have successfully negotiated the Collective Bargaining Agreement which is a three-year agreement for the period of July 1, 2012 through June 30, 2015; and

WHEREAS, the Collect Bargaining Agreement stipulates that there will be wage reopener negotiations for years two and three of the Agreement to address wage adjustments; and

WHEREAS, the wage reopener negotiations for wage adjustments for the second year of the Agreement began on April 1, 2013 and was completed on September 6, 2013; and

WHEREAS, the Union membership ratified the reopener negotiated wage adjustments for FY 2014 and FY 2015 in a meeting held on September 18, 2013 by a vote of 156 to 1.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the Fiscal Year 2014 Wage Reopener Agreement and that the Agreement will become effective July 1, 2013. Effective the first pay period after July 1, 2013, each actively employed bargaining unit member, at the time of payment, shall receive a three percent (3.00%) general wage adjustment. Effective the first full pay period after July 1, 2014, each actively employed bargaining unit member, at the time of payment, shall receive a three percent (3.00%) general wage adjustment. All actively employed part time bargaining unit members shall receive a pro rata wage adjustment based on the work year designation of each individual position computed on a full time equivalent salary.

BE IT FURTHER RESOLVED that bargaining unit members who receive a fully satisfactory FY 2013 performance evaluation shall receive a two and three-quarter percent (2.75%) annual pay increment effective the first pay date in September 2013. Bargaining unit members who receive a fully satisfactory FY 2014 performance evaluation shall receive a two and three-quarter percent (2.75%) annual pay increment effective the first pay date in September 2014. An employee who fails to obtain fully satisfactory performance evaluation shall receive a pro-rated amount of the two and three-quarter percent (2.75%) annual pay increment from the date that the bargaining unit member successfully completes a performance improvement plan.

BE IT FURTHER RESOLVED that in Fiscal Year 2014, HOC will pay a one-half (0.5%) lump sum payment to all actively employed bargaining unit members who reached the top of grade as of September 1, 2013 and who receive a fully satisfactory FY 2013 performance evaluation. In Fiscal Year 2015, HOC will pay a one-half (0.5%) lump sum payment to all actively employed bargaining unit members who reached the top of grade as of September 1, 2014 and who receive a fully satisfactory FY 2014 performance evaluation.

BE IT FURTHER RESOLVED that the Wage Reopener Agreement extends the duration of the current Collective Bargaining Agreement from June 30, 2015 to June 30, 2016 and provides for a Wage Reopener for the final year of the contract with negotiations to begin no later than April 1, 2015.

O. Approval of FY 2014 Compensation for Non-represented Merit System Staff for the Period July 1, 2013 Through June 30, 2014 – The following resolution was approved.

RESOLUTION: 13-97

**RE: Approval of FY 2014 Compensation
For Non-represented Merit System
Staff for the Period July 1, 2013
Through June 30, 2014**

WHEREAS, the Housing Opportunities Commission of Montgomery County approved the Collective Bargaining Agreement Wage Reopener for second year at a regular meeting on October 2, 2012; and

WHEREAS, the Commission wishes to award a compensation package for non-represented staff for FY2014 that is fair, equitable and consistent with that of represented employees.

NOW, THEREFORE, BE IT RESOLVED that effective the first pay period after July 1, 2013, each actively employed non-represented merit system staff member, at the time of payment, shall receive a three percent (3.00%) general wage adjustment. All actively employed part time non-represented merit system employees shall earn a pro rata wage adjustment based on the work year designation of each individual position computed on a full time equivalent salary.

BE IT FURTHER RESOLVED that non-represented merit system staff who receive a fully satisfactory FY 2013 performance evaluation shall receive a two and three-quarter percent (2.75%) annual pay increment effective the first pay date in September 2013. An employee who fails to obtain fully satisfactory performance evaluation shall receive a pro-rated amount of the two and three-quarter percent (2.75%) annual pay increment from the date that the merit system employee successfully completes a performance improvement plan.

BE IT FURTHER RESOLVED that in Fiscal Year 2014, HOC will pay a one-half percent (0.5%) lump sum payment to all actively employed non-represented merit system employees who reached the top of grade as of September 1, 2013 and who receive a fully satisfactory FY 2013 performance evaluation.

- P. **Ratification of Action Taken in Executive Session for the Acquisition of Brooke Park Apartments** - was moved from Consent Calendar to Deliberation at the request of Chair Piñero.

II. **INFORMATION EXCHANGE**

- A. **Report of the Executive Director** – Mr. Spann reported that a banner was placed on HOC's website to remind clients that the Federal Government continues to be closed due to furlough. On September 27th, Eakin, Youngentob & Associates (EYA) Foundation sponsored a volunteer event at Parkway Woods, a property in Rockville. They committed over 80-volunteers and \$15,000 to a property renovation. The Family Self-Sufficiency's (FSS) 20th Anniversary Graduation Ceremony will be held on October 16th at the Silver Spring Civic Center. There are 28 graduates and County Executive Isiah Leggett will be delivering remarks.
- B. **Calendar** – Vice Chair Roman inquired about the Friends of HOC event. Mr. Spann report that it is postponed until next October 2014.
- C. **Commissioner Exchange** – Commissioner Lindstrom attended a panel discussion in Baltimore, MD featuring the Head of the Department for Housing Research and International Relations for the City of Vienna, Austria. HOC along with other Affordable Housing Agencies will be working on setting up a meeting with the speaker when he returns to the Metropolitan area in November 2013.

Chair Pro Tem Kator was concerned with the number of turnover in the Resident Services Department. Executive Director Spann assured him that it was nothing to be concerned about. The new Director, Fred Swan, would be coming on board soon. Being that this is one of three (3) retirement ceremonies, Resident Services Division may have had more retirees honored at this event.

- D. **Resident Advisory Board** – None

E. **Community Forum** – None

F. **Status Report** – None

III. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

A. **Budget, Finance & Audit Committee – Commissioner Kator, Chair**

1. **Acceptance of Fourth Quarter FY'13 Budget to Actual Statement**

Gail Willison, Chief Financial Officer and Terri Fowler, Budget Officer, reported that in FY'13, the Agency ended in a surplus due to savings of the General Fund. Most of the properties did meet their budget expectations. The Public Housing program ended with a surplus in operating funds.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, and Lindstrom. Commissioners Banks and Wiencek were necessarily absent and did not participate in the vote.

Resolution: 13-98

**Re: Acceptance of Fourth Quarter
FY'13 Budget to Actual
Statements**

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly Budget to Actual Statements will be reviewed by the Commission; and

WHEREAS, the Budget, Finance and Audit Committee reviewed the Fourth Quarter FY'13 Budget to Actual Statements during its September 18, 2013 meeting; and

WHEREAS, the Agency ended the year with a surplus of \$66,801; and

WHEREAS, the Commission authorized the restriction of \$66,801 to the Opportunity Housing Fund Property Reserve (OHPR) to help fund the shortfall for capital needs that can be expected during the FY'15 budget season.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Fourth Quarter FY'13 Budget to Actual Statements and corresponding restriction of the FY'13 surplus.

2. **Approval of Loans and Advances to Non-HOC Owned Entities as of June 30, 2013**

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller, gave a brief report on the approval of transfers of HOC funds to any properties that HOC does not own. Ms. Willison explained that this item is included in the Budget Policy for Board's approval because there are funds that are spent during the year.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, and Lindstrom. Commissioners Banks and Wiencek were necessarily absent and did not participate in the vote.

RESOLUTION: 13-99

**RE: Approval of Loans and
Advances to Non-HOC Owned
Entities as of June 30, 2013**

WHEREAS, in accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties HOC does not own; and

WHEREAS, at the October 3, 2012 meeting, the Commission approved \$35,530,117 in loans and advances to tax credit partnerships and \$1,164,631 to 236 properties as of June 30, 2012; and

WHEREAS, total advances to the tax credit partnerships increased by \$4,927,203 from \$35,530,117 on June 30, 2012 to \$40,457,320 as of June 30, 2013; and

WHEREAS, total advances to the 236 properties decreased by \$127,753, from \$1,164,631 on June 30, 2012 to \$1,036,878 as of June 30, 2013.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that \$40,457,320 in loans and advances to the tax credit partnerships and \$1,036,878 in advances to the 236 properties is approved as of June 30, 2013.

3. Approval to Submit FFY 2014 Public Housing Operating Subsidy Calculations to HUD for the Period January 1, 2014 through December 31, 2014

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, and Lindstrom. Commissioners Banks and Wiencek were necessarily absent and did not participate in the vote.

Resolution: 13-100

**Re: Approval to Submit FFY 2014
Public Housing Operating Subsidy
Calculations to HUD for the Period
January 1, 2014 through
December 31, 2014**

WHEREAS, HOC is required by HUD to submit a calculation of its Public Housing Operating Subsidy for each Asset Management Project (AMP) for the period January 1, 2014 through December 31, 2014.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Chair or his designee is hereby authorized to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2014 through December 31, 2014.

4. Approval of a Bridge Loan to Tanglewood & Sligo LP to Complete the Rehabilitation of Tanglewood and Sligo Hills Apartments

Kayrine Brown, Director of Mortgage Finance/Real Estate and Richard Hanks, Real Estate, requested Board's approval of a Bridge Loan for Tanglewood and Sligo Hills to complete the project.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, and Lindstrom. Commissioners Banks and Wiencek were necessarily absent and did not participate in the vote.

RESOLUTION: 13-101

**RE: Approval of a Bridge Loan to
Tanglewood & Sligo LP to Complete
the Rehabilitation of Tanglewood and
Sligo Hills Apartments**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission"), is the general partner in a limited partnership known as Tanglewood and Sligo LP (the "Partnership"); and

WHEREAS, the Partnership was established to provide the benefit of low income housing tax credits to certain property known as Tanglewood and Sligo Apartments located in Silver Spring pursuant to Section 42 of the Internal Revenue Code of 1986; and

WHEREAS, on January 2, 2013, construction began on the renovation of the property with a planned completion date of late March 2014; and

WHEREAS, based on the contractor's formal and informal time delay/extension requests, it is estimated that the work on the Property would not be finished before July 2014; and

WHEREAS, in addition, the renovation work on the Property has experienced significant unanticipated expenses relating to implementation of a Davis Bacon wage scale and changes in the work due to conditions on the Property that were not reflected on plans and drawings; and

WHEREAS, in an effort to reduce cost overruns and avoid delayed completion, the contractor has accelerated the schedule of the work on the property with the aim that the project be substantially completed by December 31, 2013; and

WHEREAS, it is estimated that the total impact of construction/hard cost adjustments that exceed the budgeted contingency (including acceleration of the progress schedule to substantially complete all the work by December 31, 2013) is approximately \$1.8 million, approximately half of which can be paid for through savings in other categories; and

WHEREAS, The Commission as the general partner and guarantor of the Partnership has obligations to assure that the work on the property is completed properly, that the tax credits are delivered as intended and that the property is occupied by qualified residents as quickly as possible; and

WHEREAS, given the circumstances, it is appropriate for the Commission to identify sources of funding to cover project costs beyond the current budgeted amount to complete the work on the property.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a loan to the Partnership of up to \$1.2 million from the OHRF account to be utilized to pay project costs beyond that amount provided for in the current budget to complete the renovations of the Property with repayment anticipated to be made by September 30, 2014 with funds from the permanent financing of the Property and/or the development fee to be paid by the Partnership to the Commission.

B. Development & Finance Committee – Commissioner Lindstrom, Chair

1. Approval to Select a Consultant to Provide Advisory Services in Support of HOC's Participation in HUD's Rental Assistance Demonstration (RAD) Program

Kayrine Brown, Director of Mortgage Finance/Real Estate Development, and Zachary Marks, Assistant Director of New Development, requested the Board's approval to select a consultant to manage the regulatory and conversion processes.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Chair Pro Tem Kator. Affirmative votes were cast by Commissioners Piñero,

Roman, Kator, Edson, and Lindstrom. Commissioners Banks and Wiencek were necessarily absent and did not participate in the vote.

RESOLUTION: 13-102

RE: Approval to Select a Consultant to Provide Advisory Services in Support of HOC's Participation in HUD's Rental Assistance Demonstration (RAD) Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) has undertaken feasibility analysis as to the possible disposition of the Public Housing assets under its management via the Rental Assistance Demonstration (RAD) program; and

WHEREAS, the Commission solicited proposals from qualified consultants interested in and capable of providing expertise in support of HOC's potential disposition efforts by a Request for Qualifications (RFP No. 1883) (the "RFQ") on May 10, 2013; and

WHEREAS, the proposals received in response to the RFQ were evaluated, assigning numerical values to the firms' related experience and expertise, capacity, expertise and analysis, and pricing structure; and

WHEREAS, applying the criteria described above, the highest overall score was received by Morrison Avenue Capital Partners; and

WHEREAS, payment of the fee for each property would be made incrementally based on successful achievement in reaching three milestones: 1) receipt of the Commitment to enter into a Housing Assistance Payment contract ("CHAP"), 2) submission of the financing plan; and, 3) receipt of a RAD conversion commitment.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to execute a contract with Morrison Avenue Capital Partners to provide technical assistance and expertise as defined in RFQ #1883 with a fee of \$600 per unit converted successfully through the RAD Program to be paid in increments based on achievement of milestones.

BE IT FURTHER RESOLVED that the contract with Morrison Avenue Capital Partners provides for performance of services for the 11 multifamily Public Housing properties currently under HOC ownership and that authorization to proceed with the application and processing under the RAD Program on any given property shall be based on task orders issued by HOC from time to time.

BE IT FURTHER RESOLVED that funding for the services of Morrison Avenue Capital Partners with respect to any property to obtain a CHAP will come, in part, from Capital Fund Program monies with the sources of additional funding for subsequent services to be determined by the Commission promptly after achievement of this milestone.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Ratification of Action Taken in Executive Session for the Acquisition of Brooke Park Apartments – *this item was moved from Consent to Deliberation*

Kayrine Brown, Director of Mortgage Finance/Real Estate Development, and Christopher Donald, Housing Acquisitions Manager, gave a brief presentation and requested the Board’s approval to ratify the acquisition of Brooke Park Apartments.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, and Kator. Commissioners Edson and Lindstrom voted against. Commissioners Banks and Wiencek were necessarily absent and did not participate in the vote.

RESOLUTION: 13-103

RE: Ratification of Action Taken in Executive Session for the Acquisition of Brooke Park Apartments

WHEREAS, Montgomery County has exercised its rights under Article 53A of the Montgomery County Code by matching the terms of a contract for the purchase (the “Contract”) of the Brooke Park Apartments consisting of 18 units located at 6301-6307 MacArthur Boulevard in Bethesda (the “Property”); and

WHEREAS, the County proposes to assign its rights under the Contract to the Housing Opportunities Commission; and

WHEREAS, the current rents on the Property do not exceed 50% of Area Median Income (AMI) and, as proposed, the units will be rented to households with incomes at or below 65% AMI; and

WHEREAS, the County has provided a commitment for a loan to the Commission in the amount of \$5,200,000 (the “Loan”) to cover acquisition and renovation costs for the Property; and

WHEREAS, after completing a thorough examination of the needs of the Property and determining the best options for permanent financing, the Commission will establish a Development Plan prior to beginning renovation of the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the assignment of the PSA and acquisition of Brooke Park Apartments.

BE IT FURTHER RESOLVED that the Commission authorizes the Executive Director to:

1. Execute an assignment of the Purchase and Sale Agreement from Montgomery County for the acquisition of Brooke Park Apartments located at 6301-6309 MacArthur Blvd in Bethesda, MD for \$3.5 million.
2. Execute the commitment letter from Montgomery County for the Loan in the amount of \$5,200,000 from the Housing Initiative Fund for acquisition and construction costs.
3. Execute the note, deed of trust, regulatory agreement and related loan documents to obtain the Loan from Montgomery County and those documents necessary to acquire the Property including a closing statement, applicable affidavits and certifications to consummate the purchase.

V. FUTURE ACTION ITEMS

None

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

Based upon this report and there being no further business to come before this session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 6:03 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

**ADOPTION OF RETIREMENT RESOLUTION FOR
DOREL CAZACU**

November 6, 2013

- Dorel Cazacu retired effective October 31, 2013.

RESOLUTION: 13-

**RE: Adoption of Retirement
Resolution for Dorel Cazacu**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Dorel Cazacu for 25 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Dorel began his career with HOC in 1988 as Custodian in the Housing Management Division; and

WHEREAS, in 1989, Dorel was promoted to Courier. In 1996, he was reassigned to the Executive Division and promoted to Mail and Supply Technician; and

WHEREAS, Dorel processed and delivered mail, managed the Agency's inventory of office supplies including envelopes, letterhead, printer and ink supplies, produced postal use reports, assisted with records management, processed resident and vendor checks for Accounts Payable and maintained mailroom vehicles and mailroom equipment; and

WHEREAS, over the years, Dorel's careful oversight of the purchasing accounts under his purview saved the Agency considerable amounts of money due to occasional overcharges by vendors; and

WHEREAS, Dorel was reliable and well liked throughout the Agency. He was a team player always ready to help out, often with last-minute requests for special projects; and

WHEREAS, Dorel earned many employee awards over the years for his exemplary support of the Facilities Department workload during staff shortages and for his courage and support during the September 11, 2001 national crisis. At the time, many mail couriers and postal facilities were concerned with the implications of Anthrax and the safety and health of staff and clients. While HOC implemented significant changes to security protocol in the mail room, Dorel never wavered in his responsibility to handle HOC's mail in a safe and secure manner. Dorel also monitored an account with Office Depot for Agency office supplies and was recognized for his contributions toward a cost savings of over \$3,000 to HOC.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Dorel for his many contributions and wishes him good health and happiness in his retirement.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on November 6, 2013.

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Patrice Birdsong
Special Assistant to the Commission

**ADOPTION OF RETIREMENT RESOLUTION FOR
LYNN MANNING**

November 6, 2013

- Lynn Manning retired effective October 31, 2013.

RESOLUTION: 13-

**RE: Adoption of Retirement
Resolution for Lynn Manning**

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Lynn Manning for 24 years of loyal service and dedication to the Agency and the citizens of Montgomery County; and

WHEREAS, Lynn began his career with HOC in 1988 as Communications Technician in the Housing Management Division; and

WHEREAS, Lynn was promoted to Mail and Supply Technician in 1994 and assigned to the Executive Division; and

WHEREAS, Lynn was responsible for all HOC mail operations, including in-house mail pick-up, sorting and delivery, copy services, delivery of paper and supplies to various Agency departments, and operating and maintaining mailroom equipment. Lynn was well known throughout the Agency and his friendly manner made him a welcome visitor to every HOC office he visited; and

WHEREAS, regardless of the weather, Lynn made sure mail was delivered to more than 50 scattered sites that comprised his route. Lynn was reliable and could be counted on to do his work despite any challenges that arose; and

WHEREAS, Lynn was a valued team member and was always eager to help his co-workers with special projects, often under short deadlines and particularly with last minute courier requests and assistance with Staff Appreciation Day activities; and

WHEREAS, Lynn's oversight of the Kensington office vehicles ensured they were well-maintained and safe to drive; and

WHEREAS, Lynn earned many employee awards over the years including recognition of his volunteer work in coordinating donation pick-ups from Wal-Mart in 1997 and for his courage and support of the Facilities Department during the September 11, 2001 national crisis. At the time, many mail couriers and postal facilities were concerned with the implications of Anthrax and the safety and health of staff and clients. HOC implemented significant changes to security protocol in the mail room. Lynn never wavered in his responsibility to handle HOC's mail in a safe and secure manner.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County expresses sincere thanks and appreciation to Lynn for his many contributions and wishes him good health and happiness in his retirement.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on November 6, 2013.

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Patrice Birdsong
Special Assistant to the Commission

**RATIFICATION OF RECOMMENDATION ADOPTED BY THE BUDGET, FINANCE
AND AUDIT COMMITTEE ON OCTOBER 11, 2013: APPROVAL OF CY'14
TAX CREDIT PARTNERSHIP BUDGETS**

November 6, 2013

- The Budget, Finance and Audit Committee reviewed and approved the Tax Credit Partnership Budgets during the October 11, 2013 meeting.
- The budgets for the two MPDU Tax Credit Partnerships, Hampden Lane LP (Lasko Manor), Forest Oak Towers LP, Wheaton Metro LP (MetroPointe), Manchester Manor Apartments LP, Tanglewood/Sligo Hills LP, Barclay One LP, Georgian Court Silver Spring LP, MV Affordable Housing Associates LP (Stewartown), Shady Grove Apartments LP, Spring Garden One Associates LP, and The Willows of Gaithersburg Associates LP generate \$470,374 in net cash flow to the Agency for CY'14 which is comprised of \$286,248 in Ground Rent and \$184,126 in Partnership Management Fees.
- Rent increases for all properties are within the guidelines of HOC's current Rent Policy.
- The partnership documents for the tax credit portions of Strathmore Court and The Metropolitan provided for a partnership fiscal year that coincides with HOC's. Therefore, these budgets are not included with the calendar year partnership budgets.
- Resolution confirms action taken at the Budget, Finance and Audit Committee on October 11, 2013.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext. 9480
Terri Fowler Ext. 9507
María Montero Ext. 9612

RE: Ratification of Recommendation Adopted by the Budget, Finance and Audit Committee on October 11, 2013: Approval of CY'14 Tax Credit Partnership Budgets

DATE: November 6, 2013

STATUS: Consent [X]

OVERALL GOAL & OBJECTIVE:

To ratify action taken in Budget, Finance and Audit Committee on October 11, 2013: Approval of CY'14 Tax Credit Partnership Budgets.

As Managing General Partner, HOC has a fiduciary responsibility for each of the 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.

The partnerships that own the scattered site properties MHLP IX, MHLP X and the eleven multifamily properties are calendar year-end properties:

- Hampden Lane Apartments LP (Lasko Manor);
- Forest Oak Towers LP;
- Wheaton Metro LP (MetroPointe);
- Manchester Manor Apartments LP;
- Tanglewood /Sligo Hills LP;
- Barclay One Associates LP;
- Georgian Court Silver Spring LP;
- MV Affordable Housing Associates LP (Stewartown);
- Shady Grove Apartments LP;
- Spring Garden One Associates LP; and,
- The Willows of Gaithersburg Associates LP.

As general partner, HOC is responsible for submitting final copies of the CY'14 Budgets to the limited partners by November 1.

The tax credit compliance period for both **MHLP VII** and **MHLP VIII** ended in December of 2010 and 2011, respectively. The properties are no longer included with the tax credit budgets. The limited partners assigned their interest in the partnerships to HOC effective July 1, 2013. The properties have been transferred, with an effective date of July 1, 2013, to the Opportunity Housing portfolio and will no longer be reported here. The extended use after the compliance period for both properties is 15 years. Staff began the process for **MHLP IX (Pond Ridge)**, **MHLP IX (MPDU Units)**, and **MHLP X** in anticipation of the 2013 and 2015 compliance period end dates. **Attachment 1** displays the compliance period end dates, status of charitable donation of property to HOC, and extended use after the compliance period for all our CY Tax Credit partnership properties.

The partnership agreements for The Metropolitan and Strathmore Court provide for a fiscal year consistent with HOC's fiscal year and, therefore, are exceptions to the tax credit process outlined herein. Their budgets are adopted with the budgets for the balance of HOC's properties.

ISSUES FOR CONSIDERATION:

The budget forecasts the collection of \$286,248 in ground rent fees from MHLP IX and MHLP X, and asset and partnership management fees of \$84,181 and \$184,126, respectively, from the multifamily properties (**Attachment 2**). At year end, the asset management fees are paid to the limited partner. If sufficient funds remain, the partnership management fees are paid to the general partner (HOC). All unpaid fees are accrued for payment in future years.

As the Managing General Partner, HOC is responsible for funding any cash deficits that occur in the operation of the tax credit projects. **Lasko Manor** is projecting a negative operating cash flow of \$25,024 for CY'14. The loss will be restricted from the projected ground rent fees during the FY'15 budget process. It should be noted that a portion of this deficit results from the Management Fee paid to HOC.

Scattered site Tax Credit Partnerships

In CY'14, the projected ground rent for the portfolio is \$270,655 less than the CY'13 projection of \$556,903. The decrease in projected ground rent is the direct result of MHLP VII and MHLP VIII being transferred to the Opportunity Housing portfolio. This reduction is partially offset by increases in rents.

Rent increases for all scattered site properties are budgeted according to a rent calculation model with a 4% increase on renewal months. Although Area Median Income (AMI) did not increase from the 2012 level of \$107,500, the County Guideline for rental increases is 4.0%. The rent policy allows for in-place AMI unit rental increases based on the higher of the County Guideline or the percentage of increase in AMI. Staff believes an increase of 4.0% is both achievable and reasonable. The CY'14 Budget for the scattered site properties projects a slight increase in operating income for both **MHLP IX** and **MHLP X** on a Per Unit Per Annum (PUPA) basis (**Attachment 3**).

Operating expenses on a PUPA basis for the scattered site properties have remained flat for **MHLP IX** and increased slightly for **MHLP X** in the CY'14 Budget when compared to the CY'13 Budget (**Attachment 4**). The increase in **MHLP X** is primarily due to increased maintenance costs.

The net effect is that Net Operating Income (NOI) on a PUPA basis increased for each property in the portfolio (**Attachment 5**).

The minimum Debt Service Coverage Ratio (DSC) requirement of 1.10 or higher is achieved for the scattered sites. The debt coverage ratio for the scattered sites has gone up for both **MHLP IX** and **MHLP X** from CY'13, driven by increases in NOI (**Attachment 6**).

Attachment 7 shows the history of PUPA Replacement for Reserves (RfR) contributions for scattered sites MHLP IX and MHLP X. As you can see, the base required contribution has not changed over the years; however, the age of the portfolio has required additional pay-go contributions each year to meet the capital needs of the portfolio. The CY'14 projection for RfR deposits by property, including the base and pay-go amounts, is depicted on **Attachment 8**.

Multifamily Tax Credit Partnerships

As stated earlier, the rent policy for FY'14 allows for in-place AMI unit rental increases based on the higher of the County Guideline or the percentage of increase in AMI. However, this portfolio includes several properties that fall under superseding rental increase guidelines. Forest Oak Towers, which is a Project Based Section 8 property, rent increase is based on the change in the Operating Cost Adjustment Factor (OCAF). In addition, Georgian Court, Stewartown, and The Willows are all HUD 236 properties that by HUD regulations allow for rent increases to cover the cost of operating the property. Staff believes that the budgeted increases for each of the multifamily properties, which range from 0% for The Willows to a high of 3.5% for Stewartown are both achievable and reasonable. It should be noted that rent increases for both The Willows and Stewartown are based on the HUD 236 calculation.

The CY'14 Budget for the multifamily properties projects increases in operating income on a PUPA basis for all multifamily properties except for **MetroPointe**, which projects a 2% decrease (**Attachment 9**). Although **MetroPointe** projects a decrease when compared to the CY'13 Budget, rents are actually projected to increase 1% when compared to the annualized actuals as of August 2013. Income from this portfolio is restricted to the properties. The only money that comes to HOC is in the form of a Partnership Management Fee, which for CY14 is projected to pay \$184,126.

Operating expenses on a PUPA basis for the multifamily properties are projected to increase or remain flat in the CY'14 Budget with the exception of **Tanglewood Sligo Hills LP** which is projecting a reduction in utility costs driven by the sub-metering of electricity to the tenants (**Attachment 10**). Across the portfolio, administrative expenses have increased due to the ongoing maintenance of resident services computer labs and the upgrade to Cloud Computing which is charged directly to the properties. In addition, several properties are projecting

increases in other expense categories that are in line with history. Finally, operating expenses at **Lasko Manor** increased due to the inclusion of the Management Fee paid to HOC that was inadvertently missed in the CY'13 budget. This fee will be added in the CY'13 Third Quarter Budget Amendment.

The net impact of the changes in operating income and expenses is reflected in the net operating income (NOI) for the Multifamily Tax Credit Portfolio (**Attachment 11**). With the exception of **Lasko Manor** and **MetroPointe**, the multifamily properties are projecting higher NOIs in CY'14.

The minimum Debt Service Coverage Ratio (DSC) requirement of 1.10 or higher is achieved for all multifamily properties, with the exception of Tanglewood/Sligo Hills LP at 1.01 for CY'14. Overall, the DSC ratios have increased when compared to CY'13 (**Attachment 12**).

Attachment 13 shows the history of PUPA Replacement for Reserves (RfR) contributions for the multifamily portfolio. As you can see, the base required contribution amount has fluctuated based on required increases and changes in the composition of the portfolio. In some years, a few properties in the portfolio have required pay-go increases in their annual contributions as well as the use of residual cash to meet their capital needs. The CY'14 projection for RfR deposits by property, including the base and pay-go amounts, is depicted on **Attachment 14**.

Capital

As was presented and discussed with the Commission during the past several budget discussions, the age and condition of our portfolio continues to bring capital needs and the funding of those needs to the forefront.

MHLP IX – X, Manchester Manor, Georgian Court, Stewartown, Shady Grove, and The Willows are relying on increased current year RfR deposits to fund their capital needs (**Attachment 15**). Though the reliance on current year RfR deposits is lower in CY'14 than CY'13, it will directly impact the amount of ground rent fees available to HOC. In addition, these properties will not have sufficient reserves available to meet capital needs beyond CY'14.

BUDGET IMPACT:

Approval by the Commission of these budgets will allow the Tax Credit Partnerships to begin operations on January 1, the beginning of their calendar year.

TIME FRAME:

The budgets were due to the limited partners by November 1, 2013. The CY'14 Budgets were reviewed and approved by the Budget, Finance and Audit Committee at the October 11, 2013 meeting. Staff requests Commission ratification of this action at the November 6, 2013 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

To ratify action taken in Budget, Finance and Audit Committee to approve the CY'14 Budgets for the Tax Credit Partnerships.

RESOLUTION NO.

Re: Ratification of Recommendation Adopted by the Budget, Finance and Audit Committee on October 11, 2013: Approval of CY'14 Tax Credit Partnership Budgets

WHEREAS, the Housing Opportunities Commission of Montgomery County is the General Partner who manages the business and is liable for the debts of 13 Tax Credit Partnerships; and

WHEREAS, the limited partners in these 13 Tax Credit Partnerships have contributed money and share in profits but take no part in running the business and incur no liability with respect to the partnership beyond their contributions; and

WHEREAS, the Tax Credit Partnerships are unique within the Housing Opportunities Commission's property portfolio since they are not HOC entities but managed properties and have no separate Boards; and

WHEREAS, the Housing Opportunities Commission has a financial obligation to cover all debts, has an interest in the successful performance of these partnerships and, as such, should review their performances and approve their budgets; and

WHEREAS, as the budgets were due to the limited partners by November 1, 2013, the Budget, Finance and Audit Committee reviewed and approved the CY'14 Budgets at the October 11, 2013 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby ratifies the action taken by the Budget, Finance and Audit Committee to approve the CY'14 Operating Budgets for the 13 Tax Credit Partnerships shown on Attachment 1 of this resolution.

Patrice Birdsong
Special Assistant to the Commission

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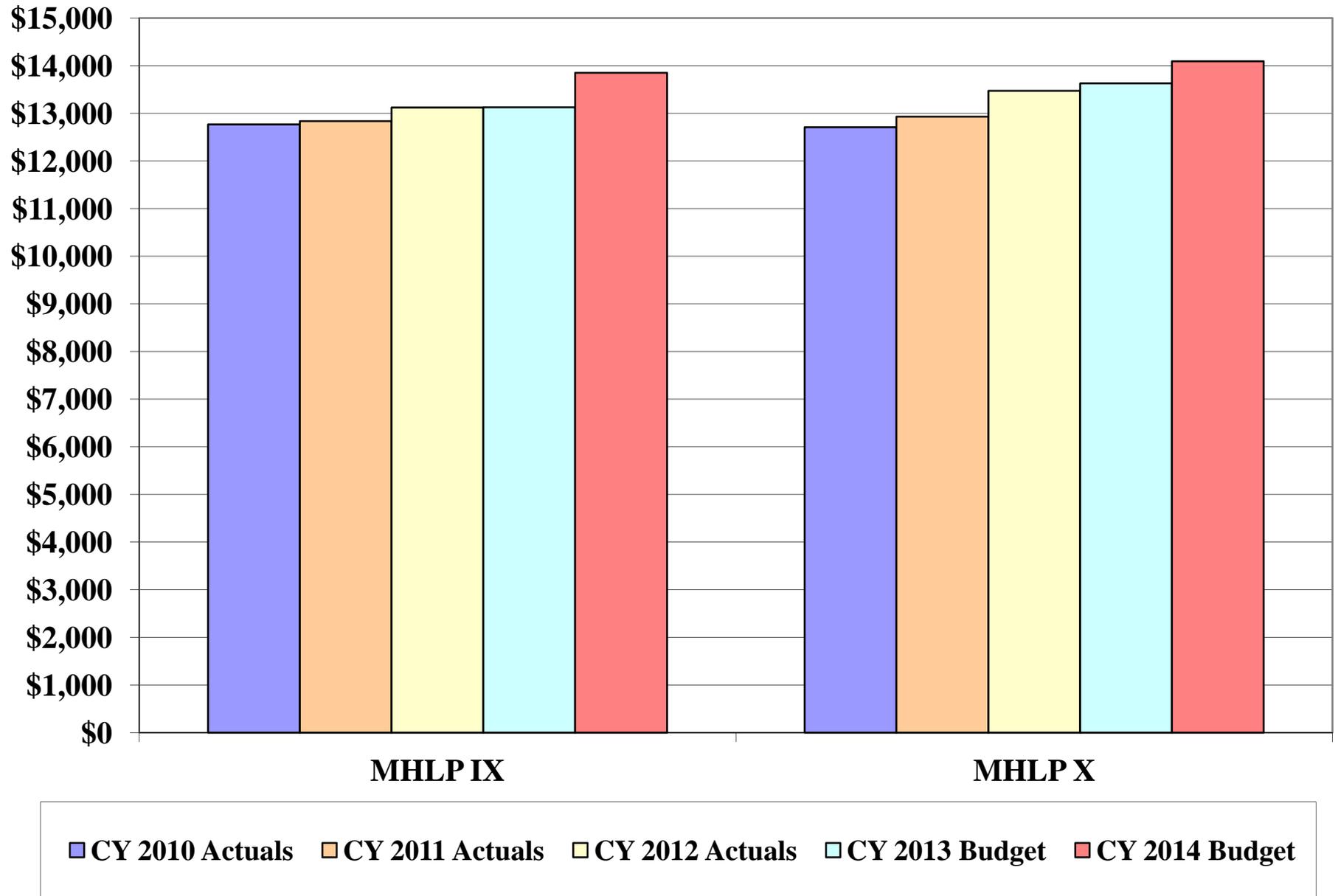
TAX CREDIT COMPLIANCE PERIOD as October 8, 2013

PROPERTIES	# of Units	END DATE: December	Status of Charitable Donation of Property to HOC	Extended Use after Compliance Period
MHLP IX -Pond Ridge	40	2013	Beginning stages - conducted preliminary analysis and determining next steps in process.	84 Yrs
MHLP IX -MPDU Units	76	2013	Beginning stages - conducted preliminary analysis and determining next steps in process.	84 Yrs
MHLP X	75	2015	Beginning stages - conducted preliminary analysis and determining next steps in process.	30 Yrs
Manchester Manor Apts. LP	53	2015		15 Yrs
Hampden Lane Apts. LP (Lasko Manor)	12	2026		25 Yrs
Shady Grove Apts. LP	144	2014	Beginning stages - conducting internal review of documentation and determining next steps in process.	15 Yrs
The Willows of Gaithersburg Assoc. LP	195	2014	Beginning stages - conducting internal review of documentation and determining next steps in process.	15 Yrs
MV Affordable Housing Assoc. LP (Stewartown)	94	2017		15 Yrs
Georgian Court Silver Spring LP	147	2016		15 Yrs
Barclay One Assoc. LP	81	2021		40 Yrs
Spring Garden One Assoc. LP	83	2021		25 Yrs
Forest Oak Towers LP	175	2022		25 Yrs
Wheaton Metro LP (MetroPointe)	53	2023		25 Yrs

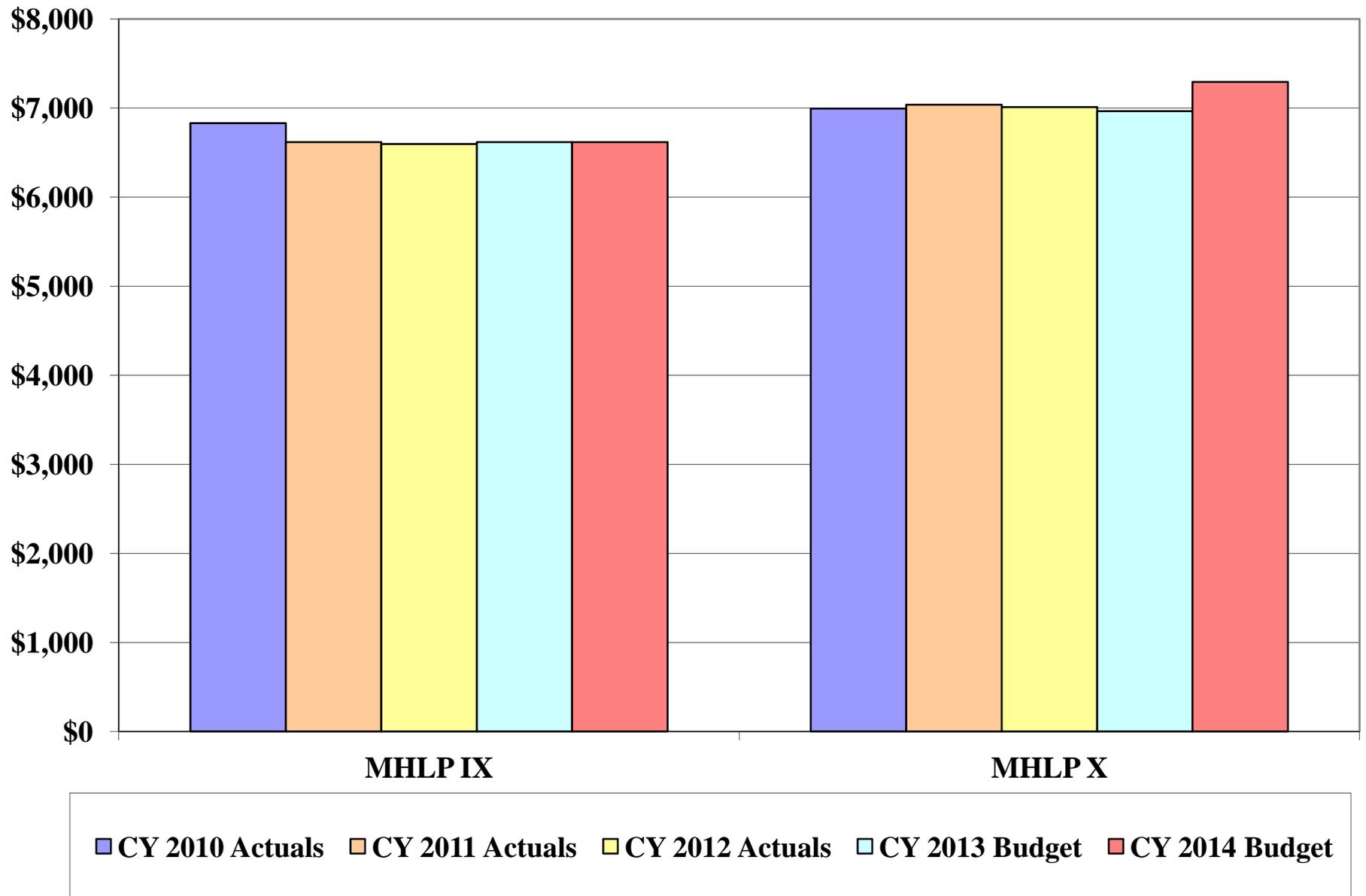
Tax Credit CY14 Operating Budget	# of Units	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Required Annual Escrow for RfR	Additional Escrow for RfR	Cash Flow Before Distribution	Ground Rent to General Fund	Net Cash Flow
MHLP IX	116	\$1,606,567	\$767,599	\$838,968	\$479,644	\$46,400	\$97,206	\$215,718	\$215,718	(\$0)
MHLP X	75	\$1,056,697	\$546,989	\$509,708	\$308,991	\$30,324	\$99,863	\$70,530	\$70,530	\$0
TOTAL MHL P	191	\$2,663,264	\$1,314,588	\$1,348,676	\$788,635	\$76,724	\$197,069	\$286,248	\$286,248	(\$0)

Tax Credit CY14 Operating Budget	# of Units	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Required Annual Escrow for RfR	Additional Escrow for RfR	Partners Tax Expense	Loan Management Fees	Cash Flow Before Distribution	Asset Management/ Investor Service Fees	Partnership Management Fees	Net Cash Flow
Hampden Lane Apts. LP (Lasko Manor)	12	\$188,751	\$209,936	(\$21,185)	\$0	\$3,839	\$0	\$0	\$0	(\$25,024)	\$0	\$0	(\$25,024)
Forest Oak Towers LP	175	\$2,690,821	\$1,042,481	\$1,648,340	\$1,235,383	\$70,000	\$300,834	\$0	\$0	\$42,123	\$9,839	\$32,284	\$0
Wheaton Metro LP (MetroPointe)	53	\$681,588	\$441,519	\$240,069	\$222,998	\$13,248	\$0	\$0	\$0	\$3,823	\$3,823	\$0	\$0
Manchester Manor Apts. LP	53	\$713,575	\$450,487	\$263,088	\$170,385	\$21,412	\$39,442	\$0	\$6,133	\$25,716	\$7,564	\$18,152	\$0
Tanglewood / Sligo Hills LP	132	\$1,722,816	\$749,740	\$973,076	\$923,680	\$39,600	\$0	\$0	\$0	\$9,796	\$5,000	\$4,796	\$0
Barclay One Assoc. LP	81	\$1,085,682	\$484,823	\$600,859	\$443,427	\$33,252	\$97,841	\$0	\$0	\$26,339	\$16,423	\$9,916	\$0
Georgian Court Silver Spring LP	147	\$1,685,854	\$921,154	\$764,700	\$547,957	\$43,176	\$89,619	\$0	\$16,000	\$67,948	\$7,545	\$60,403	\$0
MV Affordable Housing Assoc. LP (Stewartown)	94	\$1,559,977	\$839,575	\$720,402	\$532,614	\$37,600	\$119,793	\$0	\$13,395	\$17,000	\$5,000	\$12,000	\$0
Shady Grove Apts. LP	144	\$2,021,141	\$973,873	\$1,047,268	\$584,721	\$68,400	\$328,067	\$19,270	\$21,094	\$25,716	\$7,564	\$18,152	\$0
Spring Garden One Assoc. LP	83	\$1,083,752	\$473,157	\$610,595	\$449,045	\$37,768	\$90,936	\$0	\$0	\$32,846	\$16,423	\$16,423	\$0
The Willows of Gaithersburg Assoc. LP	195	\$2,168,466	\$1,225,364	\$943,102	\$644,969	\$78,000	\$184,997	\$0	\$18,136	\$17,000	\$5,000	\$12,000	\$0
TOTAL - FAMILY	1,169	\$15,602,422	\$7,812,109	\$7,790,313	\$5,755,179	\$446,295	\$1,251,528	\$19,270	\$74,758	\$243,283	\$84,181	\$184,126	(\$25,024)

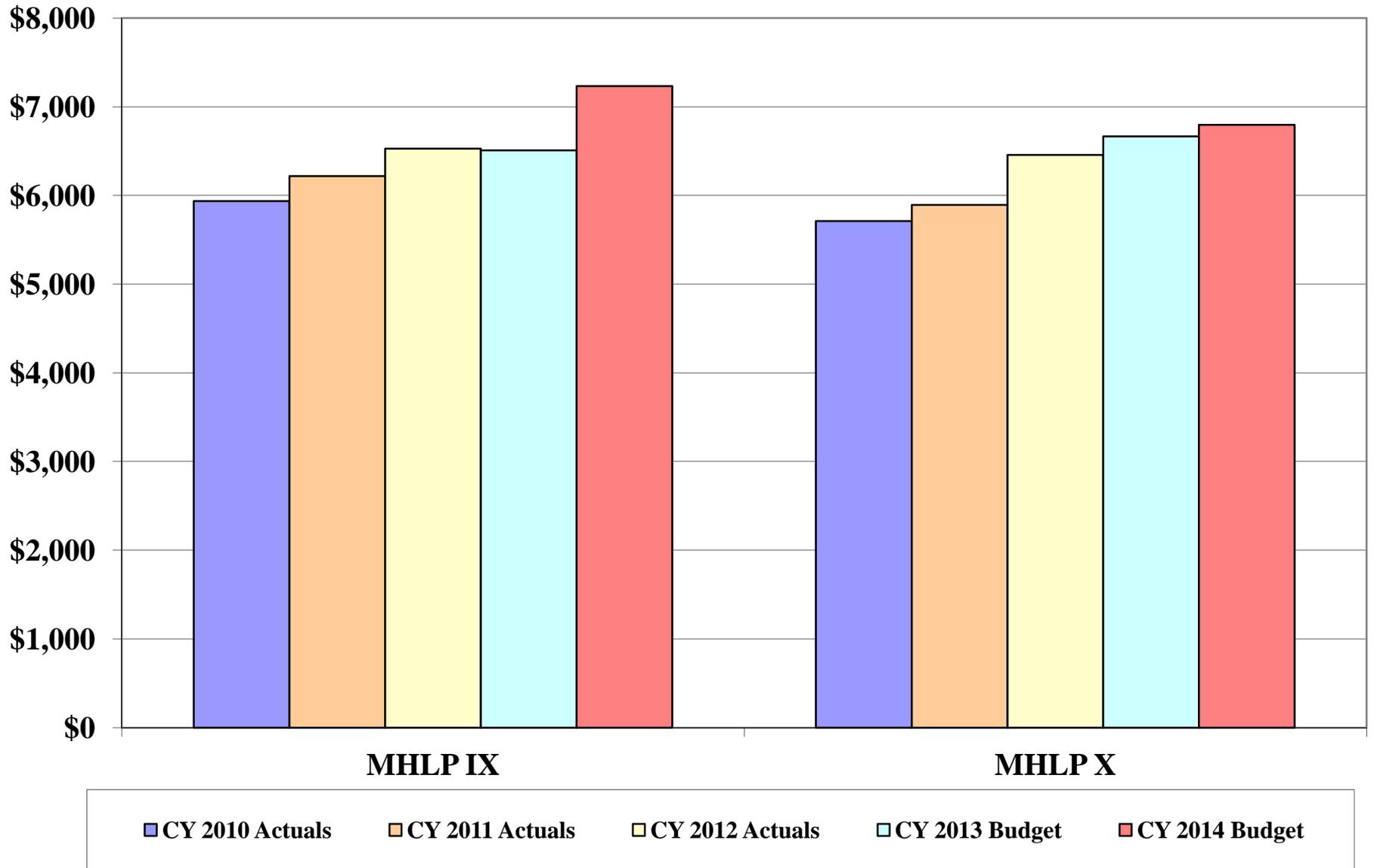
Operating Income (PUPA)



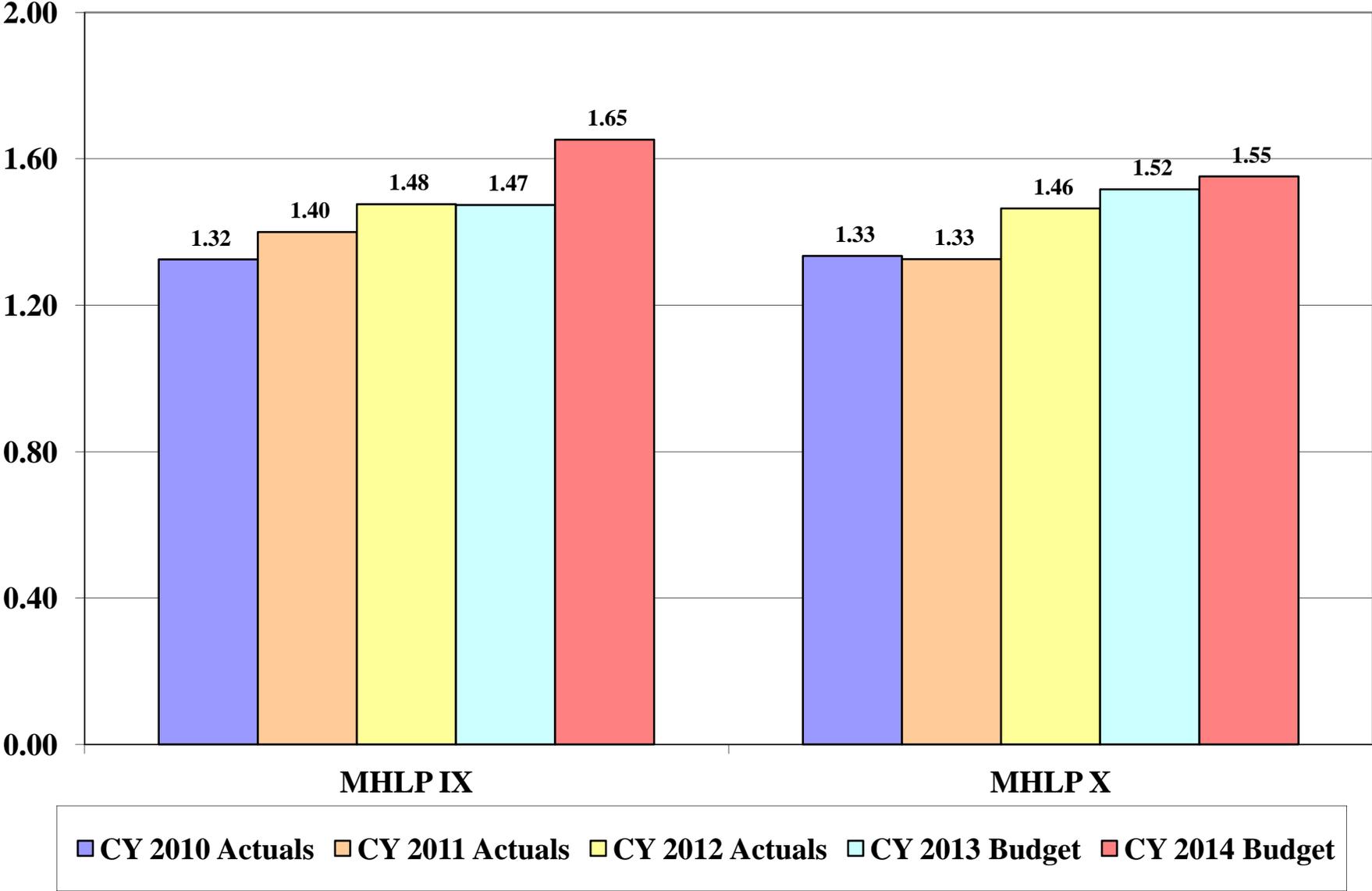
Operating Expenses (PUPA)



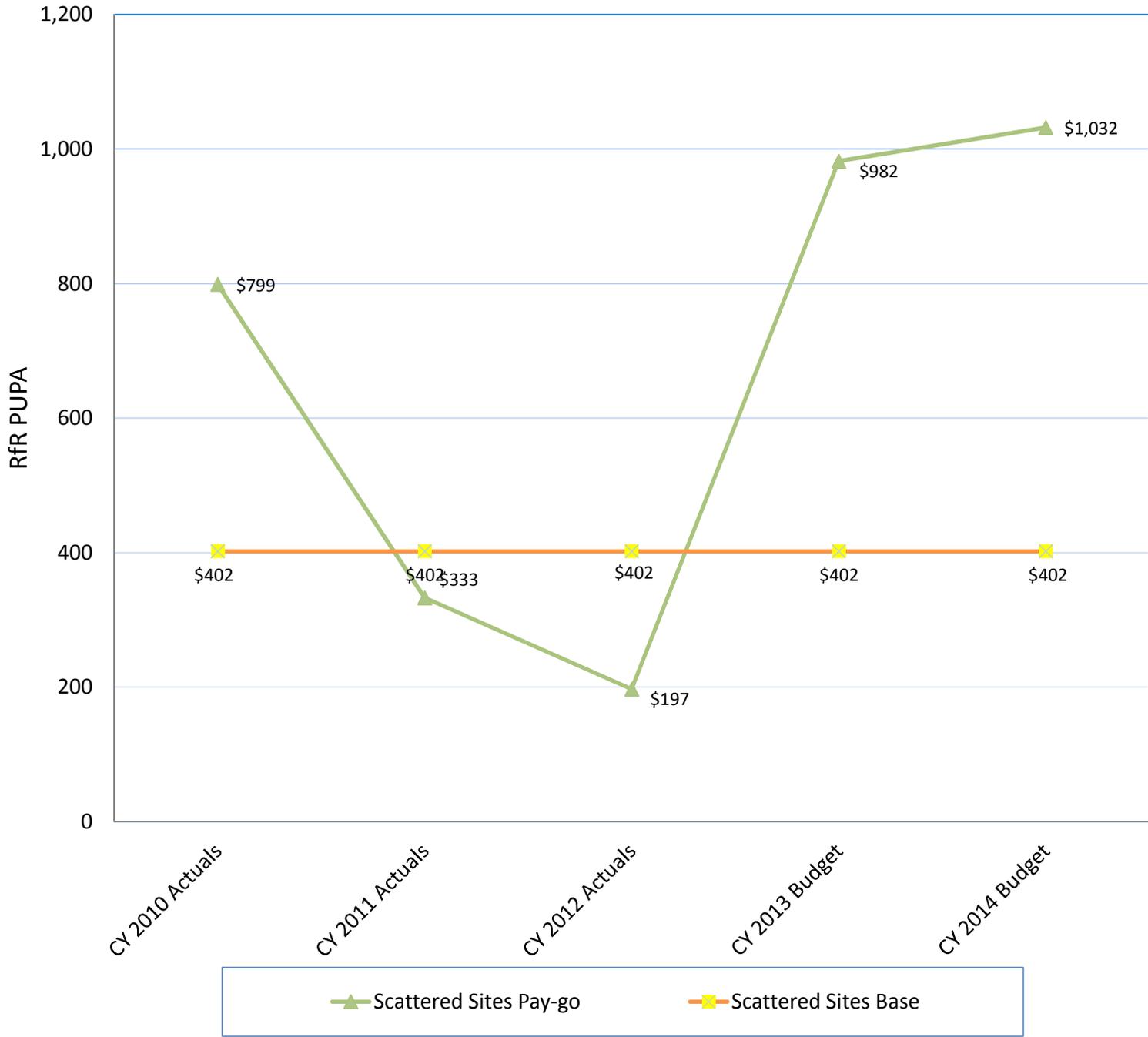
Net Operating Income (PUPA)



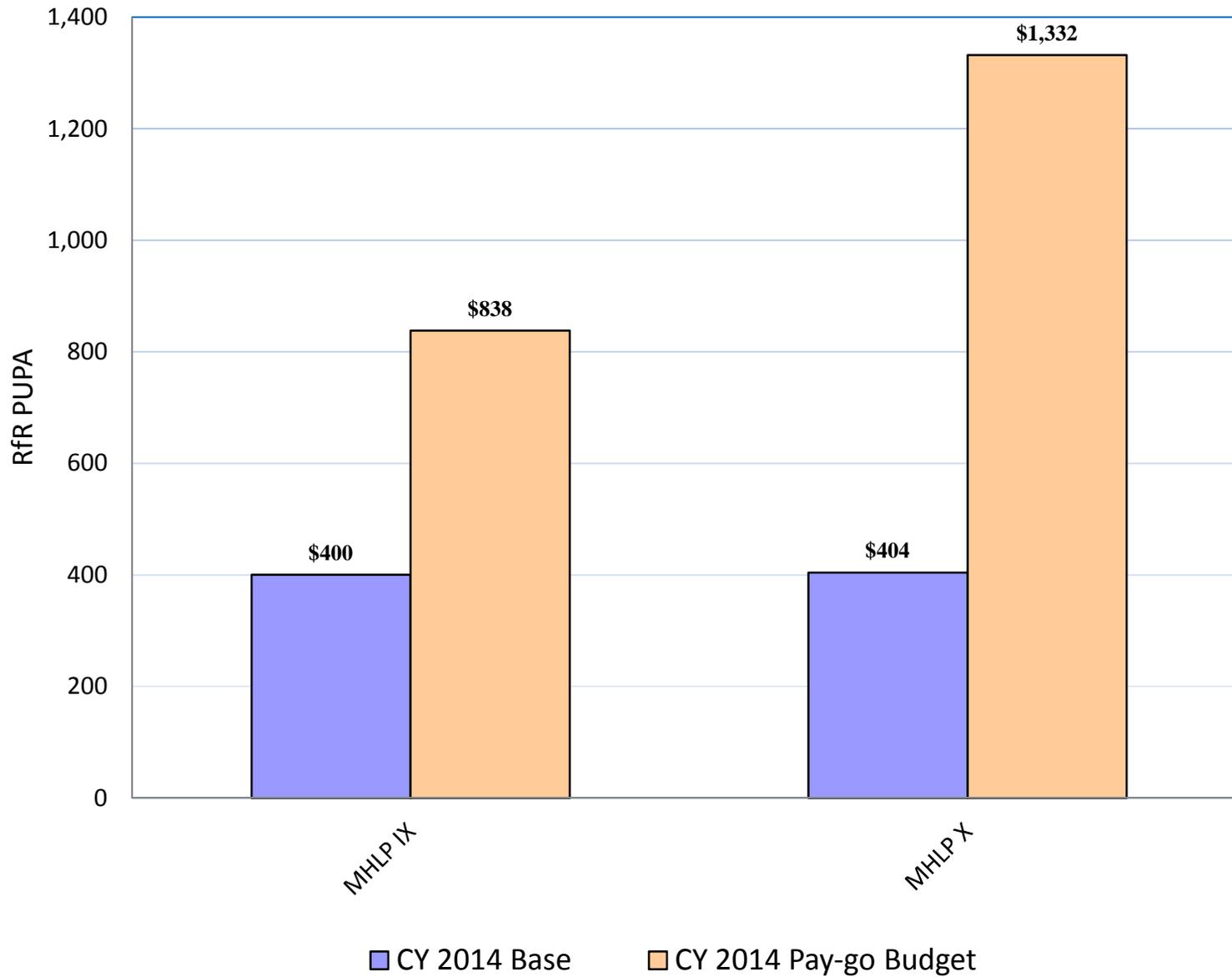
Debt Service Coverage Ratios (DSC) - Scattered Sites



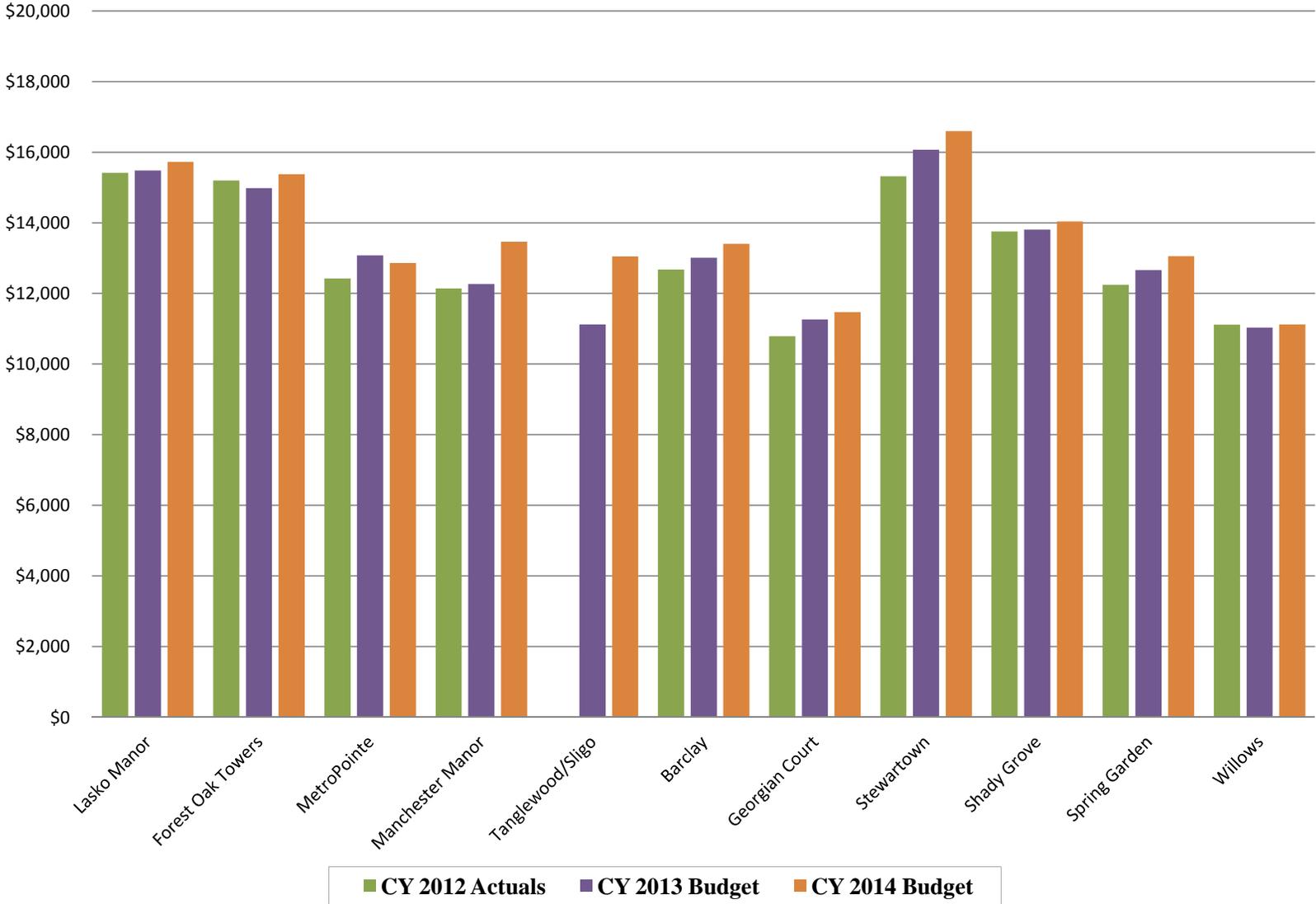
RfR Contributions PUPA - for Scattered Site Portfolio



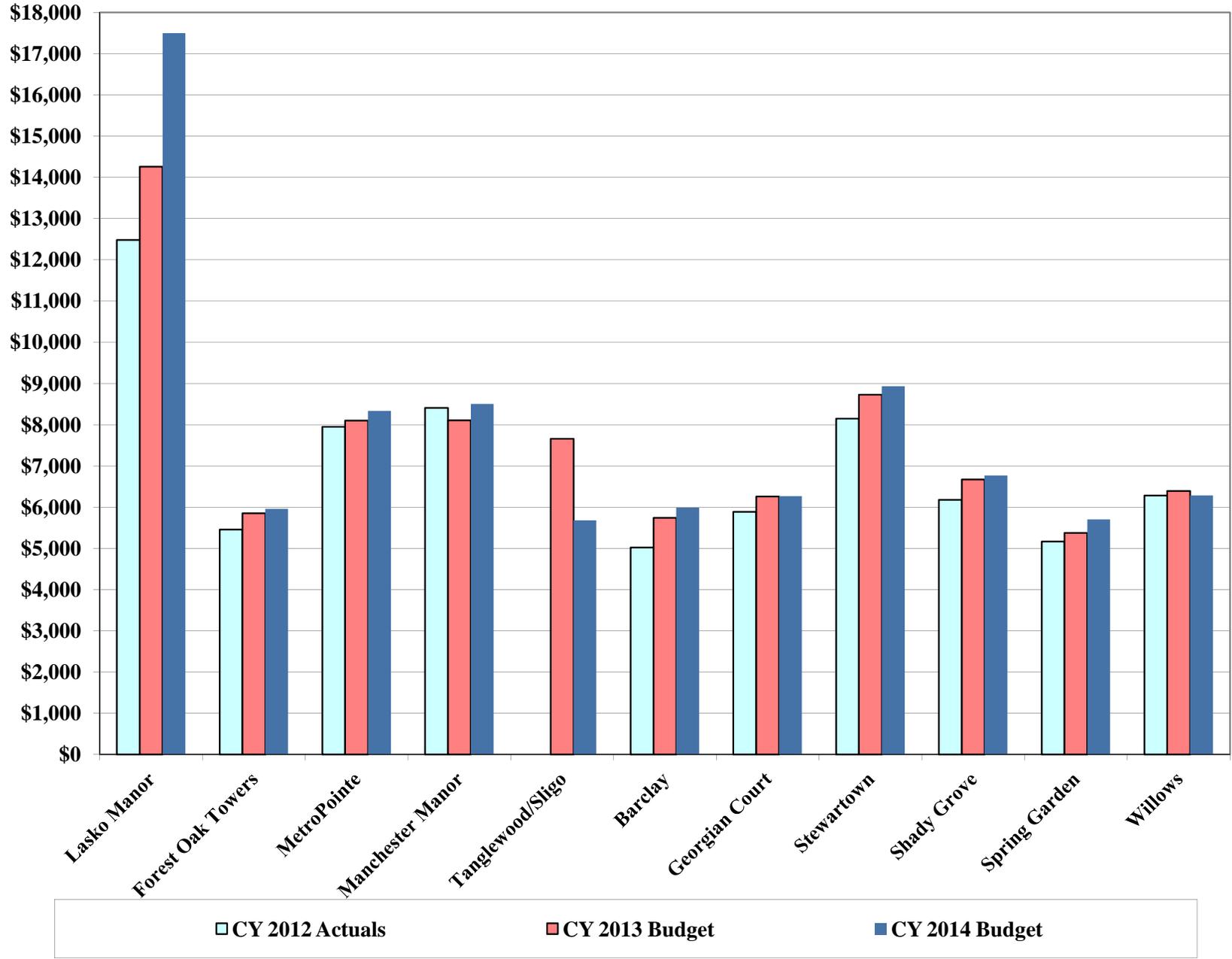
2014 RfR Contributions PUPA - Scattered Site Properties



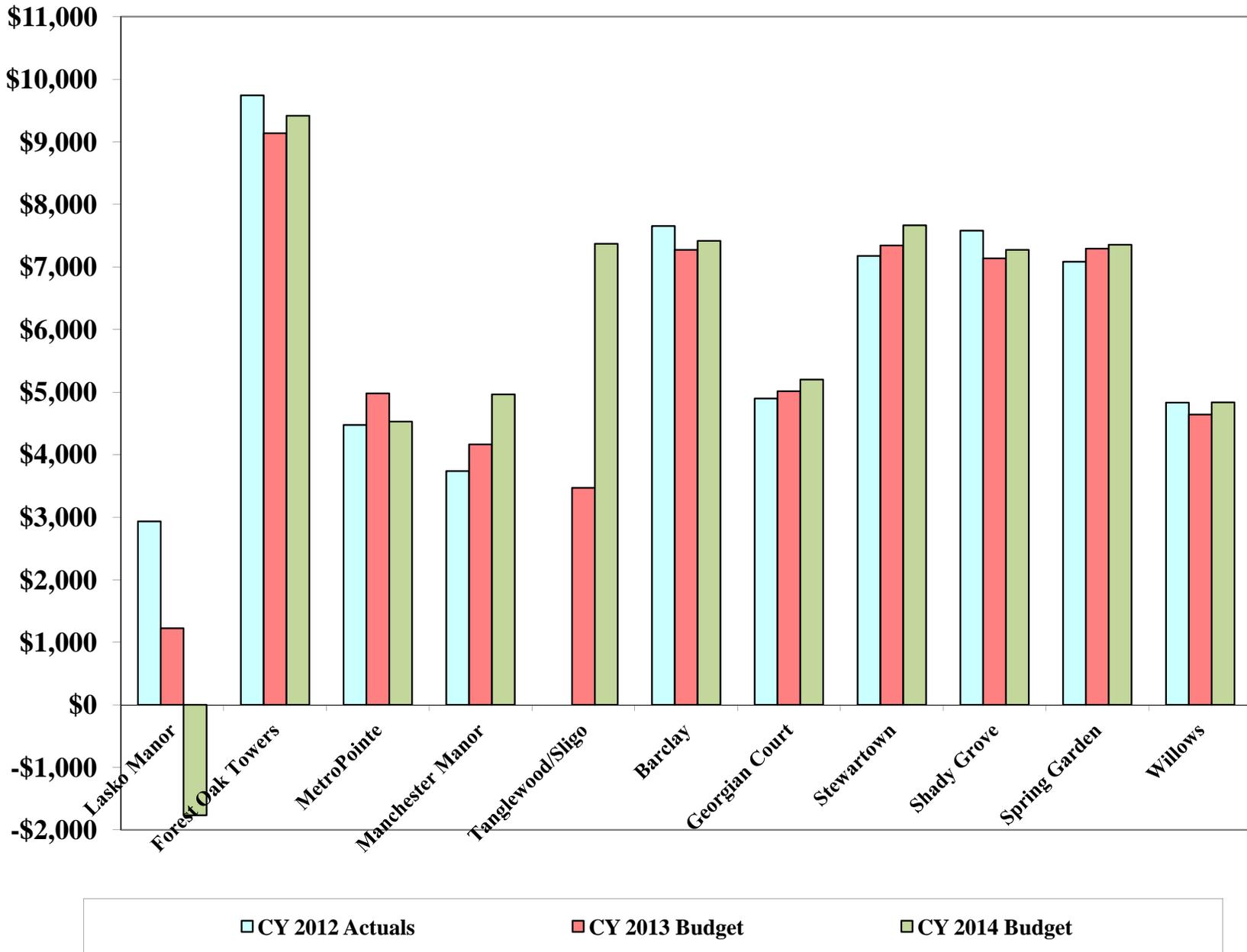
Operating Income (PUPA)



Operating Expenses (PUPA)



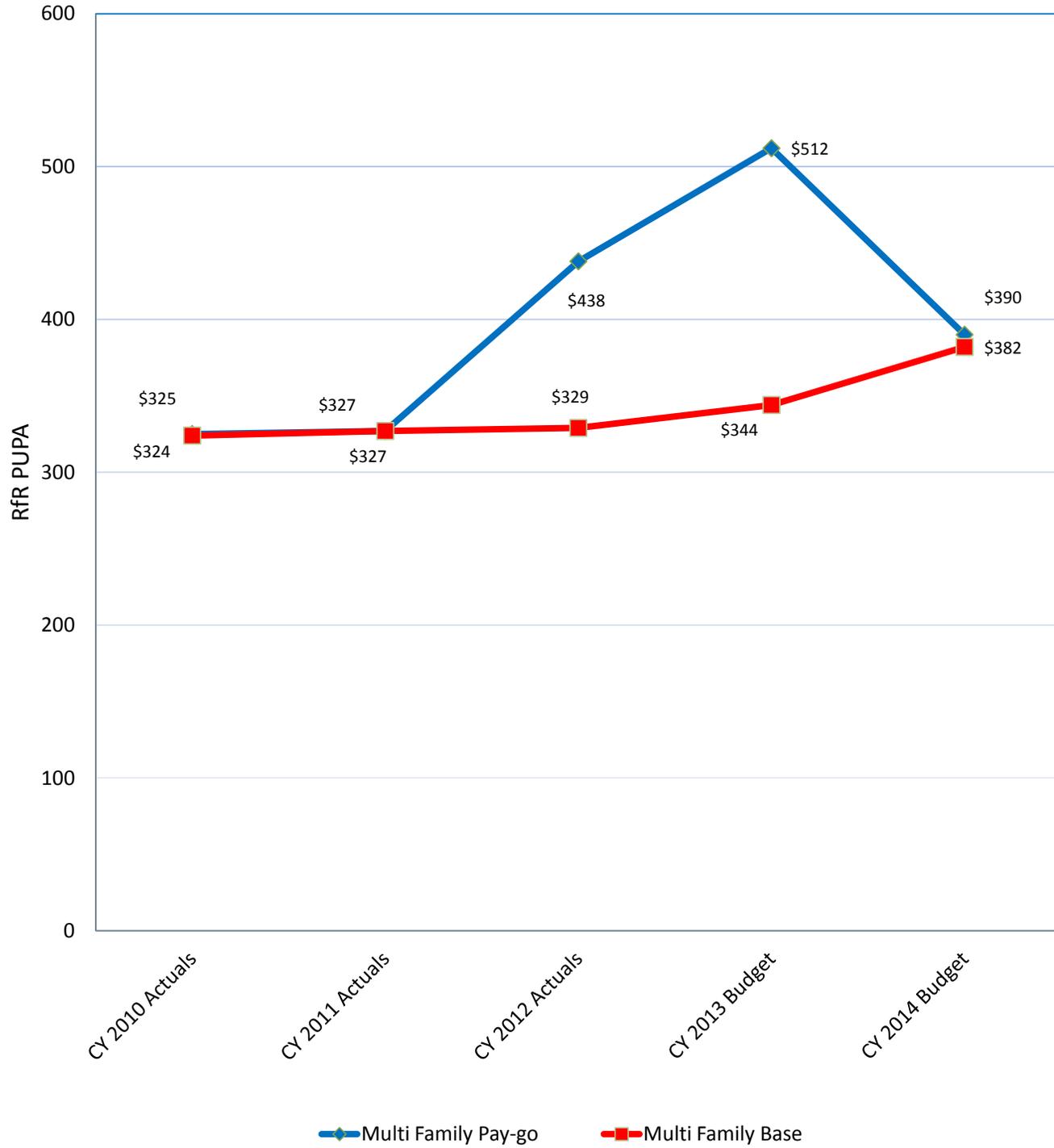
Net Operating Income (PUPA)



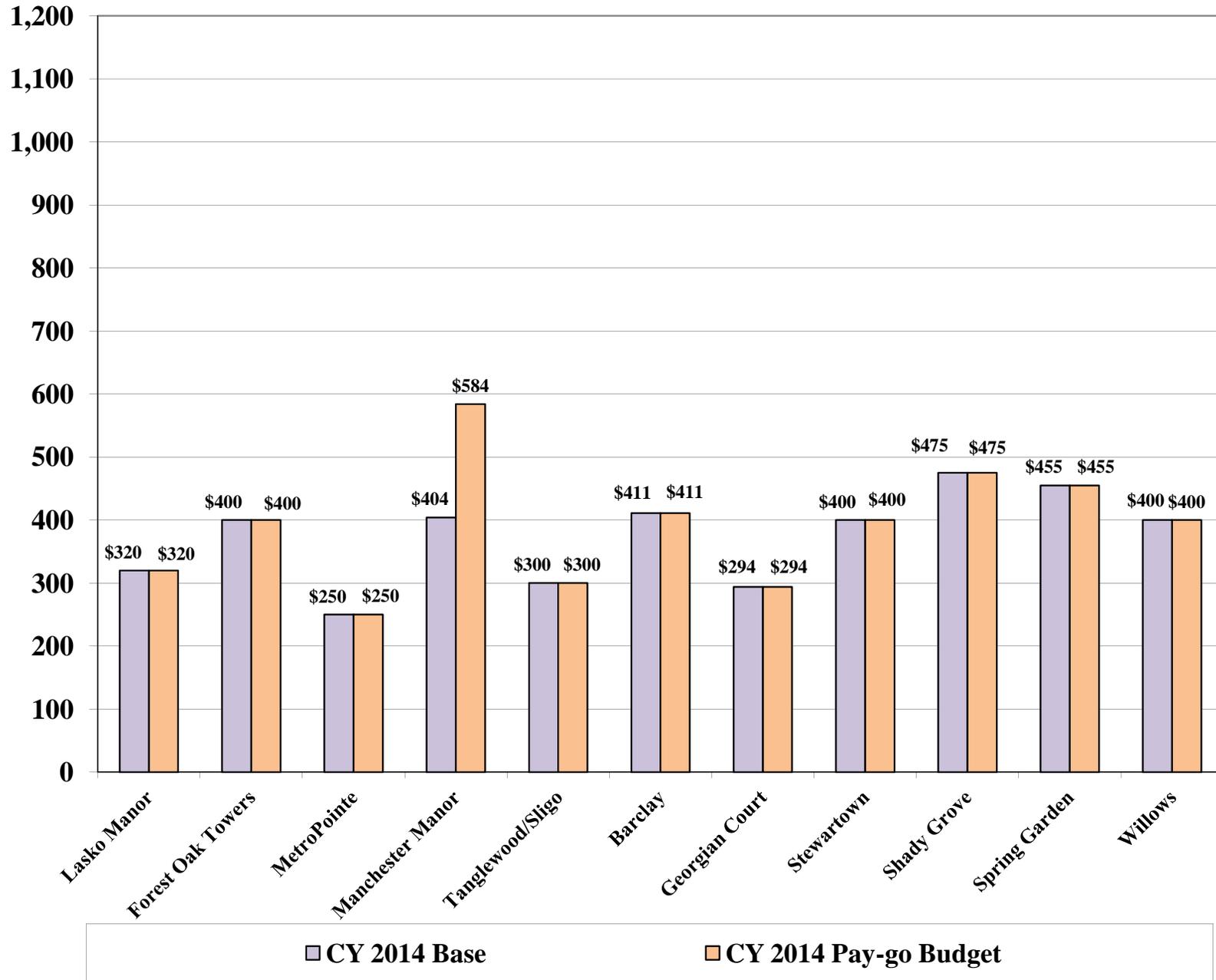
Debt Service Coverage Ratios (DSC) - Multifamily



RfR Contributions PUPA - for Multifamily Portfolio



2014 RfR Contributions PUPA - Multifamily Properties



Tax Credit CY14 Capital Budget	Total Expenses	Revenue Sources		
		Property Reserves	OH Fund Property Reserve Loan	Current Year RfR Deposit
MHLP IX	\$176,825	\$63,275	\$0	\$113,550
MHLP X	\$137,825	\$7,638	\$0	\$130,187
TOTAL VII-X	\$314,650	\$70,913	\$0	\$243,737

Tax Credit CY14 Capital Budget	Total Expenses	Revenue Sources		
		Property Reserves	Residual Cash	Current Year RfR Deposit
Hampden Lane Apts. LP (Lasko Manor)	\$1,000	\$1,000	\$0	\$0
Forest Oak Towers LP	\$235,284	\$235,284	\$0	\$0
Wheaton Metro LP (MetroPointe)	\$6,375	\$6,375	\$0	\$0
Manchester Manor Apts. LP	\$18,168	\$0	\$0	\$18,168
Tanglewood / Sligo Hills LP	\$8,520	\$8,520	\$0	\$0
Barclay One Assoc. LP	\$77,256	\$77,256	\$0	\$0
Georgian Court Silver Spring LP	\$182,146	\$159,668	\$0	\$22,478
MV Affordable Housing Assoc. LP (Stewartown)	\$189,981	\$154,042	\$0	\$35,939
Shady Grove Apts. LP	\$369,705	\$340,441	\$0	\$29,264
Spring Garden One Assoc. LP	\$82,971	\$82,971	\$0	\$0
The Willows of Gaithersburg Assoc. LP	\$165,405	\$126,735	\$0	\$38,670
TOTAL - FAMILY	\$1,336,811	\$1,192,292	\$0	\$144,519

APPROVAL OF NEW PARTICIPATING LENDER FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

November 6, 2013

- The Commission has approved continuous lender participation in the Mortgage Purchase Program (MPP) and continuous lender solicitation for new lender participation. Currently, 25 lenders are approved for participation in the MPP.
- Continuous lender participation permits lenders to register only once for participation in the Mortgage Purchase Program and remain a participant without the issuance of bonds or from bond issue to bond issue.
- With the entry of the MPP into the Mortgage Backed Securities (MBS) market, all lenders are required to be approved by U.S. Bank, N.A. (U.S. Bank) which has been approved by the Commission as Master Servicer for the MBS Program.
- Nineteen of the previously approved MPP lenders have also been approved by U.S. Bank and one is pending approval.
- The approved MPP lenders are the only lenders who have access to the Revolving County Closing Cost Assistance Program; they also prequalify MPDU applicants.
- Movement Mortgage LLC has applied for participation in the MPP and has satisfied the criteria for admission.
- Staff recommends approval of Movement Mortgage LLC as a MPP participating lender, bringing the total of approved lenders to 26.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Kayrine Brown, Director Division: Mortgage Finance Ext. 9589

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

DATE: November 6, 2013

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To provide mortgage financing to low-to-moderate income first time home buyers in Montgomery County at below market rates.

BACKGROUND:

The Commission has approved the continuous participation of lenders from program to program and an ongoing admission of new lenders to the Mortgage Purchase Program (MPP). As lenders apply for participation in the MPP, the requests are submitted to the Commission for approval. Increasing lender participation broadens the exposure to the Commission's mortgage product as well as to the Revolving County Closing Cost Assistance Program because the closing cost assistance loan must be used in conjunction with a MPP first mortgage.

The criteria for participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name and 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A. (U.S. Bank), HOC's master servicer for the Mortgage Backed Securities (MBS) program. Lenders not already approved by U.S. Bank must receive HOC approval before they are able to apply to U.S. Bank for approval. Movement Mortgage LLC has submitted a request to participate in the MPP.

The Commission has approved 25 lenders to participate in the MPP. Of that group, 19 have been approved by U.S. Bank and one is pending U.S. Bank approval (see Attachment). Three lenders have been rejected by U.S. Bank, two have not applied for approval with U.S. Bank and one has withdrawn from the program. With the approval of Movement Mortgage LLC, the total number of lenders to participate in the MBS/MPP will increase to 21 with one pending approval by U.S. Bank.

Approved lenders receive training from HOC staff and U.S. Bank before they are allowed to begin originating and closing loans in the MPP. Under the MBS program, HOC underwrites for compliance and the lenders underwrite for credit worthiness.

Lender approval will apply to both the 1979 Single Family Bond Resolution and the 2009 Single Family Bond Resolution.

Movement Mortgage LLC (Movement)

Established in 2008, Movement Mortgage is headquartered in Virginia Beach, VA with an area branch located in Columbia, MD, and plan to open a branch in Montgomery County. They are a relatively newcomer to the Maryland area; however, the company conducts business with several real estate and builder partners within Montgomery County. Movement Mortgage's participation in the MPP will allow HOC access to those partners.

The principal vision of Movement has been to be the largest privately held mortgage bank in the country within ten years. In just over four years, they have grown from a business of only eight employees to a company of nearly 1,000 dedicated mortgage professionals focused on providing personalized and streamlined mortgage experience in the industry. This dedication earned Movement, formerly New American Mortgage, the honor of being named 2012's fastest growing mortgage bank in the country by Inc. Magazine. Movement's stated mission is to be the premier REALTOR®-centric mortgage bank, focusing on building a company that is tailored to best serve any and all REALTOR® communities across the United States.

Movement Mortgage currently originates loans with IN Next Home, MD CDA MMP, NC Home Advantage, NCHFA, NV Housing, NV Rural, SC Housing, THDA, TSHAC and VHDA. They were recently approved for DC Open Doors and have submitted approval for HPAP. Movement Mortgage is a FHA, Fannie Mae, and Freddie Mac approved lender. Movement is already an approved lender with U.S. Bank's MRBP division.

Within the Washington D.C. area, Movement Mortgage has originated 593 loans with VHDA since 2010 and 19 loans under the MD CDA Program since 2012, with 20% of that lending activity among members of the minority population. Movement Mortgage is willing to market its lending programs in conjunction with the HOC Mortgage Purchase Program. They have a variety of learning tools, one of their most popular events, called "Lunch and Learn," offers a closer look at topics such as first-time home buying.

Servicing

Under the HOC MBS Program, lenders will release servicing and receive a loan origination fee of between 2% and 0% based on when the loan is purchased. Lenders receive a higher origination fee the earlier the loan is purchased. Servicing is handled through U.S. Bank which the Commission has approved as the Master Servicer.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve Movement Mortgage LLC for participation in the Mortgage Purchase Program?

PRINCIPALS:

Movement Mortgage LLC
Housing Opportunities Commission

BUDGET IMPACT:

None.

TIME FRAME:

A decision at the November 6, 2013 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends approval of Movement Mortgage LLC for participation in the Mortgage Purchase Program.

RESOLUTION:

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

WHEREAS, the Housing Opportunities Commission of Montgomery County approves lenders to participate in the Mortgage Purchase Program; 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 Mortgage Purchase Program; and

WHEREAS, Movement Mortgage LLC has applied for participation in the Mortgage Purchase Program; and

WHEREAS, Movement Mortgage LLC has satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Movement Mortgage LLC is approved for participation in the Mortgage Purchase Program, effective immediately.

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**Patrice M. Birdsong
Special Assistant to the Commission**

Attachment 1

<u>Approved HOC/U.S. Bank Lenders</u>
APEX HOME LOANS, INC.
C & F MORTGAGE CORPORATION
CALIBER FUNDING LLC
EAGLE BANK (pending bond division approval)
FIRST HOME MORTGAGE
HOMESTEAD FUNDING CORP.
MORTGAGE MASTER, INC.
MONARCH MORTGAGE
NVR MORTGAGE
PRESIDENTIAL BANK, FSB
PRIMELENDING
PROSPECT MORTGAGE (formerly Fidelity & Trust)
PROSPERITY MORTGAGE
REAL ESTATE MORTGAGE NETWORK, INC. (REMNI)
STEARNS LENDING, INC.
THE WASHINGTON SAVINGS BANK
UNION MORTGAGE
UNIVERSAL AMERICAN MORTGAGE CO.
WELLS FARGO HOME MORTGAGE
WEICHERT FINANCIAL SERVICES

APPROVAL OF ASSIGNMENT OF PROPERTY MANAGEMENT CONTRACTS FOR GREENHILLS APARTMENTS AND TOWNHOMES, WESTWOOD TOWER AND BROOKE PARK APARTMENTS

November 6, 2013

- HOC owns Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments and has employed a management company to provide property management services for these properties.
- The Commission authorized the Executive Director to execute contracts for Property Management Services (the “Management Agreements”) with McShea Residential Services, Inc. (“McShea”) for Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments.
- The term and expiration date of each of the Management Agreements is as follows:

Greenhills Apartments and Townhomes	Three years, expires 10/22/2016
Westwood Tower	Three years, expires 10/22/2016
Brooke Park Apartments	Three years, expires 10/5/2013
- Avison Young, a large independently-owned Canadian-based real estate services firm, is in the process of acquiring McShea.
- HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC’s multi-family managed portfolio.
- Staff is requesting that the Commission authorize the Executive Director to approve the assignment of the existing Management Agreements with McShea to Avison Young for the remainder of the term of the existing agreements.

McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing management agreements to a new entity that will be owned by Avison Young.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to approve the assignment of Property Management Contracts for Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments from McShea Residential, Inc. to an entity that will be owned by Avison Young?

PRINCIPALS:

HOC
McShea Residential Services, Inc.
Avison Young

BUDGET IMPACT:

None

TIME FRAME:

For Commission action at its meeting of November 6, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the Executive Director to approve the assignment of Property Management Contracts for Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments from McShea Residential Services, Inc. to an entity that will be owned by Avison Young for the duration of the contracts.

RESOLUTION NO. _____

RE: Approval of Assignment of Property Management Contracts for Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments

WHEREAS, HOC owns Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments and employs a management company directly without a separate asset management agreement; and

WHEREAS, the Commission authorized the Executive Director to execute contracts for Property Management Services (the "Management Agreements") with McShea Residential Services ("McShea") for Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments; and

WHEREAS, the authorized contract terms are for three (3) years and expire in October 2016; and

WHEREAS, Avison Young is in the process of acquiring McShea Residential Services, Inc.; and

WHEREAS, McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing Management Agreements to a new entity that will be owned by Avison Young.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director is hereby authorized to take any and all necessary actions and execute all documents needed to approve the assignment of Management Agreements for Greenhills Apartments and Townhomes, Westwood Tower and Brooke Park Apartments from McShea Residential Services, Inc. to a new entity that will be owned by Avison Young through the duration of the contract.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at its meeting conducted on November 6, 2013.

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Patrice Birdsong
Special Assistant to the Commission

Information Exchange

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

November 2013

5	Town Center, Inc. Board Meeting (<i>Banks, Wiencek</i>) (Commissioners' Lounge – Kensington)	4:00 p.m.
6	HOC Regular Meeting	4:00 p.m.
6	Budget Finance and Audit Committee (<i>Kator, Piñero, Roman</i>)	2:00 p.m.
11	Veterans Day Holiday (HOC Closed)	
12	Legislative and Regulatory Committee (<i>Roman, Banks, Lindstrom</i>) Canceled	2:00 p.m.
12	Wolfgang Förster – A Dialogue on the Housing Program of the City of Vienna, Austria (<i>Bethesda North Marriott</i>)	2:00 p.m.
14	Development and Finance Committee (<i>Lindstrom, Edson, Wiencek</i>)	11:30 a.m.
18	Agenda Formulation (<i>Piñero, Edson</i>)	1:00 p.m.
18	Resident Advisory Board (<i>Banks</i>)	7:00 p.m.
20	Information and Communication Committee (<i>Banks</i>)	12:30 p.m.
22	Budget Finance and Audit Committee (<i>Kator, Piñero, Roman</i>) Conference Call – re: Property Management – Contract Management	10:00 a.m.
28-29	Thanksgiving Holiday (HOC Closed)	

December 2013

4	Longevity Reception (<i>All</i>) (Atrium)	3:00 p.m.
4	HOC Regular Meeting	4:00 p.m.
12	Budget Finance and Audit Committee (<i>Kator, Piñero, Roman</i>)	10:00 a.m.
13	Status/Lunch Meeting w/Executive Director (<i>All</i>) (Location TBD)	12:00 noon
16	Agenda Formulation (<i>Piñero, Wiencek</i>)	1:00 p.m.
16	Resident Advisory Board (<i>Banks</i>)	7:00 p.m.
18	Information and Communication Committee (<i>Banks</i>)	12:30 p.m.
19	Development and Finance Committee (<i>Lindstrom, Edson, Wiencek</i>)	11:30 a.m.
24-31	Christmas Holiday (HOC Closed)	

January 2014

1	New Year's Day Holiday (HOC Closed)	
8	HOC Regular Meeting	4:00 p.m.
15	Information and Communication Committee (<i>Banks</i>)	12:30 p.m.
20	Martin Luther King, Jr. Day (HOC Closed)	
21	Legislative and Regulatory Committee (<i>Roman, Banks, Lindstrom</i>)	2:00 p.m.
23	Development and Finance Committee (<i>Lindstrom, Edson, Wiencek</i>)	11:30 a.m.
27	Agenda Formulation (<i>Piñero, Wiencek</i>)	1:00 p.m.

February 2014

5	HOC Annual Meeting (HOC Annual Meeting Reception, 3:00 p.m.)	4:00 p.m.
17	President's Day (HOC Closed)	
18	Budget Finance and Audit Committee (2 nd Quarter) (<i>Kator, Piñero, Roman</i>)	10:00 a.m.
20	Development and Finance Committee (<i>Lindstrom, Edson, Wiencek</i>)	11:30 a.m.

24	Agenda Formulation (<i>Piñero, Roman</i>)	1:00 p.m.
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March 2014

5	HOC Regular Meeting	4:00 p.m.
20	Development and Finance Committee (Lindstrom, Edson, Wiencek)	11:30 a.m.
18	Legislative and Regulatory Committee (Roman, Banks, Lindstrom)	2:00 p.m.
24	Agenda Formulation (<i>Piñero, Roman</i>)	1:00 p.m.

April 2014

2	HOC Regular Meeting	4:00 p.m.
10	Budget Finance and Audit Committee (Kator, Piñero, Roman)	10:00 a.m.
15	Development and Finance Committee (Lindstrom, Edson, Wiencek)	11:30 a.m.
28	Agenda Formulation (<i>Piñero, Lindstrom</i>)	

Activities of Interest

TBD	Joint Meeting with Commission on People with Disabilities
TBD	Joint Meeting with the Planning Board

Hearing Board

Oct. – Nov. (*Wiencek*)
Dec. – Jan. (*Edson*)

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-283	TBD	<u>Resident Advisory Board (RAB) Training</u> <ul style="list-style-type: none"> • Pursue Visit from Resident Commissioner with the Chicago Housing Authority to Meet with RAB (Banks, Commission Mtg., Nov. 2, 2011) 	GS	In Progress
TD-286	First Quarter 2014	Rationale for HOC Managed Properties vs. Contract Managed (Kator, Commission Mtg., Jan. 11, 2012)	RM	Status Report
TD-291	First Quarter 2014	Utility Consultation for Client Accounts (Kator – HOC Meeting, July 18, 2012)	JF/TC	Status Report

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

**AUTHORIZATION TO SUBMIT
FY'15 COUNTY OPERATING BUDGET**

November 6, 2013

- **The FY'15 County Operating Budget submission is due to the County Office of Management and Budget (OMB) on November 7, 2013.**
- **The Agency is required to submit a base budget or Maximum Agency Request Ceiling (MARC) for FY'15 not to exceed \$6,376,480 which is based on the current FY'14 MARC of \$6,093,310 plus an adjustment for health and retirement benefits of \$283,170.**

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Finance: Gail Willison Ext. 9480
Terri Fowler Ext. 9507
Maria Montero Ext. 9612

RE: Authorization to Submit FY'15 County Operating Budget

DATE: November 6, 2013

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:

Authorization to submit FY'15 County Operating Budget.

BACKGROUND:

The FY'15 Operating Budget submission is due to the County Office of Management and Budget (OMB) on November 7, 2013. The Agency is required to submit a base budget or Maximum Agency Request Ceiling (MARC) for FY'15 not to exceed \$6,376,480. The MARC is based on the FY'14 approved MARC of \$6,093,310 plus an adjustment for salary, health and retirement benefits of \$283,170.

For FY'15, OMB is not accepting competition list requests except to include programmatic obligations not already reflected in the MARC or to respond to legal mandates.

The County continues to face a constrained fiscal environment. Revenues are forecasted to grow slower than known cost obligations including debt service, Maintenance of Effort spending for Montgomery County Public Schools (MCPS) and Montgomery College, retiree health insurance, and rebuilding services. Unless these fundamentals change in updated forecasts later this year, the County will have to make difficult choices to balance the budget.

The initial baseline targets were released with the expectation that specific budget reductions and other guidance, if necessary, would be provided after the Department of Finance updates its revenue forecast at the end of November. Similar to last year, any target reduction proposals will be due within two to three weeks.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the submission of the FY'15 County Budget MARC of \$6,376,480?

BUDGET IMPACT:

The County's Operating Grant is the primary funding source for the Agency's Resident Services Division. The County Operating Grant also funds a large part of the Housing Resources Division.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the proposed FY'15 County Operating Budget submission at the October 11, 2013 meeting. Action is requested at the November 6, 2013 Commission meeting. Once approved, the FY'15 County Operating Budget will be submitted to the County.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the submission of the proposed FY'15 County Operating Budget of \$6,376,480 at the November 6, 2013 meeting in order to meet the submission deadline of November 7, 2013 for the County Operating Budget process.

RESOLUTION NO:

**RE: Authorization to Submit
FY'15 County Operating Budget**

WHEREAS, the Housing Opportunities Commission (HOC) of Montgomery County wishes to submit a request for County funds for FY'15; and

WHEREAS, the County has instructed HOC to submit a base budget or "MARC" of \$6,376,480 for FY'15 by November 7, 2013.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby submits a request for FY'15 County funds in the amount of \$6,376,480.

Patrice Birdsong
Special Assistant to the Commission

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APPROVAL OF FY'14 FIRST QUARTER BUDGET AMENDMENT

November 6, 2013

- **The net effect of the FY'14 First Quarter Budget Amendment is a balanced budget.**
- **Total operating budget for the Agency has increased from \$229.3 million to \$229.9 million.**
- **Total capital budget for the Agency has increased from \$40.4 million to \$40.9 million.**
- **Personnel Complement remains unchanged.**
- **No policy changes are reflected in the budget amendment.**

- **Public Fund:**

- **Housing Locator for Medically Vulnerable:** The County established a contract, under the “Housing First” Program, with HOC to provide a Housing Locator to identify housing opportunities in Montgomery County communities that accommodate or, are adaptable to the housing needs of clients referred by the County. The contract amount is \$77,200. The position for the locator will be covered by an existing work year within Resident Services that will not be utilized in FY’14. Both income and expenses in the Public Fund will increase by \$77,200 to reflect the funding and expenditures related to the contract.

Capital Budget Amendments: Attachment I is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **Capital Improvements:**

- **Capital Roll Over for Facilities (General Fund):** All planned capital expenses for Facilities were not completed in FY’13. Therefore, Facilities has requested that \$143,034 be rolled forward and included in the FY’14 Budget.
- **Capital Roll Over for Information Technologies (General Fund):** All planned capital expenses for Information Technologies (IT) were not completed in FY’13. Therefore, IT has requested that \$362,155 be rolled forward and included in the FY’14 Budget.
- **Capital Roll Over for Opportunity Housing Fund Properties:** Each year, Property Management reviews capital budgets at year end and requests capital funds to roll forward to the next year. This is necessary as there are always capital projects that have not been completed by year end. This year, Property Management has requested that \$61,000 for two properties be rolled forward and included in the FY’14 Budget. This work will be funded from property replacement reserves and the Opportunity Housing Fund Property Reserve.
 - Magruder’s Discovery - \$26,000
 - Paint Branch - \$35,000

BUDGET IMPACT:

The net effect of the FY’14 First Quarter Budget Amendment maintains a balanced budget. The total FY’14 Operating Budget for HOC increased from \$229,321,978 to \$229,904,367. This is an increase of \$582,389. The total FY’14 Capital Budget for HOC has increased from \$40,360,283 to \$40,926,472. This is an increase of \$566,189. Approval by the Commission of any budget amendments will revise the FY’14 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

The FY'14 First Quarter Budget Amendment was reviewed by the Budget, Finance and Audit Committee at the October 11, 2013 meeting. Action is requested at the November 6, 2013 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the proposed amendments to the FY'14 Budget.

Resolution No.

**Re: Approval of FY'14 First
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'14 on June 5, 2013; and

WHEREAS, the Commission's Budget Policy allows for amendments to the budget; and

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'14 Budget; and

WHEREAS, the net effect of the FY'14 First Quarter Budget Amendment is a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'14 Operating Budget by increasing total revenues and expenses for the Agency from \$229.3 million to \$229.9 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'14 Capital Budget by increasing revenues and expenses for the Agency from \$40.4 million to \$40.9 million.

Patrice Birdsong
Special Assistant to the Commission

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FY 2014 Adopted Operating Budget First Quarter Amendment			Adopted Budget	Net Changes				First Quarter Budget Amendment
	Revenues	Expenses		To Revenue	To Expenses	Revenues	Expenses	
General Fund								
General Fund	\$18,759,774	\$19,344,306	(\$584,532)	\$505,189	\$505,189	\$19,264,963	\$19,849,495	(\$584,532)
Restricted to GFOR	\$0	\$250,000	(\$250,000)	\$0	\$0	\$0	\$250,000	(\$250,000)
Multi-Family & Single Family Bond Funds								
Multi-Family Fund	\$24,702,801	\$24,702,801	\$0	\$0	\$0	\$24,702,801	\$24,702,801	\$0
Single Family Fund	\$15,924,834	\$15,924,834	\$0	\$0	\$0	\$15,924,834	\$15,924,834	\$0
Opportunity Housing Fund								
Opportunity Housing Reserve Fund (OHRF)	\$868,340	\$1,067,867	(\$199,527)	\$0	\$0	\$868,340	\$1,067,867	(\$199,527)
Opportunity Housing & Development Corps	\$58,990,130	\$57,580,083	\$1,410,047	\$0	\$0	\$58,990,130	\$57,580,083	\$1,410,047
Draw from GFOR for Metropointe Deficit	\$151,137	\$0	\$151,137	\$0	\$0	\$151,137	\$0	\$151,137
Draw from OHRF	\$199,527	\$0	\$199,527	\$0	\$0	\$199,527	\$0	\$199,527
Public Fund								
Public Housing Fund	\$12,228,796	\$12,285,986	(\$57,190)	\$0	\$0	\$12,228,796	\$12,285,986	(\$57,190)
Draw from Public Housing Reserves	\$57,190	\$0	\$57,190	\$0	\$0	\$57,190	\$0	\$57,190
Housing Choice Voucher Program	\$83,336,913	\$84,063,565	(\$726,652)	\$0	\$0	\$83,336,913	\$84,063,565	(\$726,652)
Federal , State and Other County Grants	\$14,102,536	\$14,102,536	\$0	\$77,200	\$77,200	\$14,179,736	\$14,179,736	\$0
TOTAL - ALL FUNDS	\$229,321,978	\$229,321,978	\$0	\$582,389	\$582,389	\$229,904,367	\$229,904,367	\$0

FY 2014 Adopted Capital Budget First Quarter Amendment			Adopted Budget	Net Changes				First Quarter Budget Amendment
	Revenues	Expenses		To Revenue	To Expenses	Revenues	Expenses	
Capital Improvements								
East Deer Park	36,000	36,000	\$0	\$0	\$0	\$36,000	\$36,000	\$0
Kensington Office	\$464,725	\$464,725	\$0	\$143,034	\$143,034	\$607,759	\$607,759	\$0
Information Technology	\$1,387,100	\$1,387,100	\$0	\$362,155	\$362,155	\$1,749,255	\$1,749,255	\$0
Opportunity Housing Properties	\$5,449,406	\$5,449,406	\$0	\$61,000	\$61,000	\$5,510,406	\$5,510,406	\$0
Public Housing Properties	\$4,650,000	\$4,650,000	\$0	\$0	\$0	\$4,650,000	\$4,650,000	\$0
Capital Development Projects								
Greenhills Apartments	\$9,327,890	\$9,327,890	\$0	\$0	\$0	\$9,327,890	\$9,327,890	\$0
Scattered Site One Development Corporation	\$1,731,098	\$1,731,098	\$0			\$1,731,098	\$1,731,098	\$0
Scattered Site Two Development Corporation	\$701,413	\$701,413	\$0			\$701,413	\$701,413	\$0
Tanglewood/Sligo Hills Apartments	\$8,706,576	\$8,706,576	\$0	\$0	\$0	\$8,706,576	\$8,706,576	\$0
TPM-Timberlawn	\$7,906,075	\$7,906,075	\$0	\$0	\$0	\$7,906,075	\$7,906,075	\$0
TOTAL - ALL FUNDS	40,360,283	40,360,283	\$0	\$566,189	\$566,189	40,926,472	40,926,472	\$0

Footnotes - explanation of changes

GF I Add draw from cash restricted for Facilities & IT capital rollover - \$505,189

GF E Add transfer of cash restricted for Facilities & IT capital rollover - \$501,189

PF E Add Contract for Housing Locator for Medically Vulnerable - \$77,200

PF E Add Contract for Housing Locator for Medically Vulnerable - \$77,200

Capital Improvements

GF E Add roll over budgets from FY 2013 for Facilities - \$143,034

Add roll over budgets from FY 2013 for IT - \$362,155

OH E Add roll over budgets from FY 2012 - \$61,000

Magruder's Discovery - \$26,000

Paint Branch - \$35,000

APPROVAL OF CY'13 THIRD QUARTER BUDGET AMENDMENT

November 6, 2013

- **When the CY'13 Tax Credit Budgets were adopted, the management fee paid by Hampden Lane LP (Lasko Manor) to HOC was inadvertently excluded from the property budget.**
- **The CY'13 Third Quarter Budget Amendment increases expenses for the property by \$8,724 resulting in a projected deficit of \$7,928.**
- **Any deficit at year end will be covered by the Agency through a return of a portion of the management fee.**

TIME FRAME:

The CY'13 Third Quarter Budget Amendment was reviewed by the Budget, Finance and Audit Committee at the October 11, 2013 meeting. Action is requested at the November 6, 2013 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the proposed amendment to the CY'13 Budget for Hampden Lane LP (Lasko Manor).

Resolution No.

**Re: Approval of CY'13 Third
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission ratified CY'13 Budget for Hampdon Lane LP (Lasko Manor) on November 7, 2012; and

WHEREAS, the Commission's Budget Policy allows for amendments to the budget; and

WHEREAS, the Commission has reviewed the proposed budget amendment to the CY'13 Budget for Hampden Lane LP (Lasko Manor).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the CY'13 budget for Hampden Lane LP (Lasko Manor).

Patrice Birdsong
Special Assistant to the Commission

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Acceptance of HOC FY'13 Audited Financial Statements, Single Audit Report (A-133), and Management Letter

November 6, 2013

- At the November 6, 2013 Budget, Finance and Audit Committee meeting, CliftonLarsonAllen, LLP, an independent public accounting firm, presented the FY'13 Financial Statement Audit, Single Audit Report (A-133), and Management Letter.
- HOC received an unqualified audit opinion on the Financial Statement Audit.
- HOC received an unqualified audit opinion on the Single Audit Report (A-133) with no instances of material weaknesses identified related to internal control over financial reporting or major programs. However, there are four significant deficiencies identified within the internal controls over major programs which are reported as Federal Award Findings and Questioned Costs.
- HOC received a Management Letter with four items: (1) Accounts Payable; (2) Capital Assets; (3) Housing Choice Voucher Portability; and (4) Housing Choice Voucher Single Audit Testing.

The final draft audited financial statements for FY'13 will be sent to the Committee under separate cover. The signed bound copies will be distributed by CliftonLarsonAllen, LLP at the Budget, Finance and Audit Committee on November 6, 2013. No further changes are expected. The Commission received an unqualified audit opinion for the year ended June 30, 2013.

The financial statements for HOC's tax credit component units are presented in a separate column. The information is based on each tax credit's audited financial statement as of December 31, 2012 with the exception of the Strathmore Court Limited Partnership and The Metropolitan Limited Partnership which are presented as of June 30, 2013.

Single Audit Report (A-133)

Attached is the final draft Single Audit Report for FY'13. The signed bound copies will be distributed by CliftonLarsonAllen, LLP at the Budget, Finance and Audit Committee on November 6, 2013. No changes are expected. There are no instances of material internal control weaknesses identified. HOC received an unqualified audit opinion and is qualified as a low-risk audit. However, there is one significant deficiency within the internal control over major programs which is reported as a Federal Award Finding.

Finding 2013-01: Housing Choice Voucher Program, CFDA 14.871

Condition/Context

A sample of 7 quality control inspections found that 2 were performed more than 3 months after the date of the most recent completed housing quality standards inspection performed on the unit.

Management's Response:

Response

The Commission recognizes the need for timely completion of Quality Control Inspections. The HUD regulations in 24 CFR 982 state the inspections should be completed within a reasonable time period and the HUD Housing Choice Voucher Guidebook recommends within 3 months. The Commission agrees the Quality Control Inspection process allows for management to provide oversight while evaluating the condition of contract units. The Commission works to perform Quality Control Inspections within one month of the initial inspection. The staff completed more than the required number of Quality Control Inspections. The Commission will continue to ensure that Quality Control Inspections are completed through a random selection and done within a reasonable time period in order to support both the program integrity and SEMAP reporting.

Joy Flood is the contact responsible for this correction action and the expected completion date is March 31, 2014.

Finding 2013-02: Housing Choice Voucher Program, CFDA 14.871

Condition/Context

A sample of 40 new tenants tested for compliance with Housing Choice Voucher reasonable rent requirements had exceptions in 2 files as described below.

- In 1 file the reasonable rent determination form was not completed prior to the effective date of the rent increase.
- In 1 file the rent determination form did not document why the approved contract rent to the owner exceeded the reasonable rent determined.

A separate sample of 40 files with contract rent changes had exceptions in 4 files because the reasonable rent determination form was not completed prior to the effective date of the rent increase.

Management's Response:

Response

The Commission acknowledges the discovery of timing errors in the process of completing rent reasonable testing related to requested rent increases. However, the sample did not identify a systemic issue but rather clerical mistakes.

The process and procedures surrounding the rent reasonableness testing for rent increases has resulted in noticeable improvements. The Commission is processing rent increases based on the principle of a sixty day advance notice to both the client and the Commission. Landlords are notifying HOC of rent increase requests through a central email location. Requests are tracked through a reporting system which allows for monitoring of both the request and the completion.

Joy Flood is the contact responsible for this corrective action and the expected completion date is March 31, 2014.

Finding 2013-03: Supportive Housing Program, CFDA 14.235

Condition/Context

A sample of 20 tenants tested for compliance with Supportive Housing eligibility requirements had exceptions in 13 files including the following. Some files contained multiple exceptions.

- 3 files did not document support for the tenant rent or the rent was miscalculated.
- 12 files did not properly update tenant assets reported on the recertifications or the amounts listed on the bank accounts did not agree to the information reported on the recertification.

- 3 files did not document support for expenses listed on the recertification.
- 1 file did not document the recertification so the correct tenant rent portion could not be determined.

Management's Response:

Response

The Commission acknowledges the discovery of multiple exceptions with regard to eligibility requirements in the Supportive Housing Program tenant files. The Commission has implemented a system that is now in place which consists of a supervisory review of each recertification. All staff are now required to review and complete a check list as each recertification is documented. At the end of each month all recertifications completed during the month are reviewed for accuracy.

Fred Swan is the contact responsible for this corrective action and it has been implemented as of October 31, 2013.

Finding 2013-04: Supportive Housing Program, CFDA 14.235

Condition/Context

The Commission could not provide support for 20 of 20 tenant files selected to show that they verified the rent paid to the landlord was comparable to other unassisted units.

Management's Response:

Response

Prior to FY 2013, the Supportive Housing Program was a leasing program and not a rental assistance program. As such, the Commission believed it was not required to document reasonable rent after initial move in. If rent increases were requested, staff approved rent increases based upon fair market rents (FMRs) that were two years old, in order to ensure that rents did not exceed reasonable rent paid in comparison to other unassisted units.

The Commission has implemented a corrective action plan retroactive to July 1, 2013. Rent reasonableness is now completed when participants move into the program and upon each subsequent rent change. The Supportive Housing Program is utilizing a HUD approved program through Novagradic to document rent reasonableness.

Fred Swan is the contact responsible for this corrective action and it was implemented retroactive to July 1 2013.

Finding 2012-01, 2011-03: Housing Choice Voucher Program, CFDA 14.871

Condition/Context

We selected a sample of 40 tenants with contract rent changes to test for compliance with Housing Choice Voucher reasonable rent requirements. We noted exceptions in 8 out of the 40 files tested for contract rent changes. In each case the reasonable rent determination form was not completed prior to the effective date of the rent increase.

Status

This issue was still noted in the current year and is reported as finding 2013-02.

Management Letter

A requirement when performing an audit of an entity's financial statements is to write a Management Letter which communicates audit related findings related to internal controls to Management's Commission as required by SAS No. 112.

The Commission received Management Letter comments in the following areas: Accounts Payables, Capital Assets, Housing Choice Voucher Portability, Housing Choice Voucher Single Audit Testing: SEMAP and Eligibility. Please see attached letter and management's response.

BUDGET IMPACT:

None. A funding source for the audit is budgeted during the HOC budget cycle each year.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the FY'13 Audited Financial Statements, Single Audit Report (A-133), and Management Letter at its November 6, 2013 meeting. Staff requests acceptance by the Commission at the November 6, 2013 meeting. The Audited Financial Statements must be published by December 1, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends the Commission accept the FY'13 Audited Financial Statements, Single Audit Report (A-133), and Management Letter.

RESOLUTION NO.

RE: Acceptance of HOC FY'13
Audited Financial Statements
Single Audit Report (A-133),
and Management Letter

WHEREAS, the independent auditors, CliftonLarsonAllen, LLP, presented their report for FY'13 to the Budget, Finance and Audit Committee; and

WHEREAS, at a meeting held on November 6, 2013, the Budget, Finance and Audit Committee reviewed the FY'13 Audited Financial Statements, Single Audit Report (A-133), and Management Letter.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accepts the FY'13 Audited Financial Statements, Single Audit Report (A-133), and Management Letter prepared by CliftonLarsonAllen, LLP.

Patrice Birdsong
Special Assistant to the Commission

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Draft Audited Financial Statements
to be sent under separate cover

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)**

**SINGLE AUDIT REPORT
June 30, 2013**

*Draft - Preliminary
For Discussion Purposes Only
Subject to Change
Not to be Reproduced
October 30, 2013*

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**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Federal Expenditures
U.S. Department of Housing and Urban Development		
Section 8 Housing Choice Vouchers	14.871	\$ 89,251,344
5 Year Mainstream Vouchers	14.879	<u>150,454</u>
Total Housing Choice Vouchers Cluster		89,401,798
Public Housing Capital Fund	14.872	1,517,799
Public and Indian Housing	14.850	6,427,436
Supportive Housing Program	14.235	2,602,834
Shelter Plus Care	14.238	762,115
Section 8 Moderate Rehabilitation	14.856	350,799
Resident Opportunity and Supportive Services	14.870	235,404
Pass-through Department of Housing and Urban Development via Montgomery County Department of Health and Human Services: Home Investment Partnerships Program	14.239	<u>75,099</u>
Total Department of Housing and Urban Development		<u>101,373,284</u>
Department of Health and Human Services		
Pass-through Department of Health and Human Services via State Office on Aging and Montgomery County Department of Family Resources: Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	<u>43,564</u>
Department of Energy		
Pass-through Department of Energy via Montgomery County Department of Environmental Protection: Montgomery County Energy Efficiency and Conservation Block Grant - ARRA	81.128	<u>321,432</u>
Total Federal Financial Awards		<u>\$ 101,738,280</u>

See accompanying note to the schedule.

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some of the amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies or other entities are included in the schedule.

Draft - Preliminary
For Discussion Purposes Only
Subject to Change
Not to be Reproduced
October 30, 2013

This information is an integral part of the accompanying schedule.

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes _____ No

Identification of Major Programs

Name of Federal Program	CFDA Number	Expenditures
Section 8 Housing Voucher Cluster	14.HCV	\$ 89,401,798
Supportive Housing Program	14.235	2,602,834

Dollar threshold used to distinguish between type A and type B programs \$3,000,000

Auditee qualified as low-risk auditee? X Yes _____ No

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

Finding 2013-01: Housing Choice Voucher Program, CFDA 14.871

Federal Agency: U.S. Department of Housing and Urban Development
Compliance Requirement: Special Tests and Provisions (Inspections)
Type of Finding: Internal Control, Noncompliance, Significant Deficiency

Condition/Context

A sample of 7 quality control inspections found that 2 were performed more than 3 months after the date of the most recent completed housing quality standards inspection performed on the unit.

Criteria

Section 10.9 of the Housing Choice Voucher Guidebook (7420.10G) states that completed HQS inspections used in the SEMAP sample of quality control reinspections should be no older than 3 months.

Cause

The Commission did not maintain all documentation required to support the quality control inspections.

Effect

The Commission is not in compliance with certain applicable federal regulations. This increases the possibility that payments made to landlords are not appropriate if housing quality standards were not met.

Questioned Costs

Unable to determine.

Recommendation

We recommend the Commission review their quality control process to ensure it is working as expected and supervisors are conducting an appropriate number of reviews.

Response

The Commission recognizes the need for timely completion of Quality Control Inspections. The HUD regulations in 24 CFR 982 state the inspections should be completed within a reasonable time period and the HUD Housing Choice Voucher Guidebook recommends within 3 months. The Commission agrees the Quality Control Inspection process allows for management to provide oversight while evaluating the condition of contract units. The Commission works to perform Quality Control Inspections within one month of the initial inspection. The staff completed more than the required number of Quality Control Inspections. The Commission will continue to ensure that Quality Control Inspections are completed through a random selection and done within a reasonable time period in order to support both the program integrity and SEMAP reporting.

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Joy Flood is the contact responsible for this correction action and the expected completion date is March 31, 2014.

Finding 2013-02: Housing Choice Voucher Program, CFDA 14.871

Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Special Tests and Provisions, Reasonable Rent
Type of Finding:	Internal Control, Noncompliance, Significant Deficiency

Condition/Context

A sample of 40 new tenants tested for compliance with Housing Choice Voucher reasonable rent requirements had exceptions in 2 files as described below.

- In 1 file the reasonable rent determination form was not completed prior to the effective date of the rent increase.
- In 1 file the rent determination form did not document why the approved contract rent to the owner exceeded the reasonable rent determined.

A separate sample of 40 files with contract rent changes had exceptions in 4 files because the reasonable rent determination form was not completed prior to the effective date of the rent increase.

Criteria

25 CFR 982.507(a) states that a PHA may not approve a lease until the PHA has determined that the initial rent or any increase in rent to the owner is reasonable.

Cause

During the audit period the Commission generally forwarded incoming rent increase requests to the appropriate housing specialist. The housing specialist was responsible for completing the reasonableness determination prior to the effective date of the annual/interim recertification. It appears that the Commission did not have a method to monitor all rent increase requests to ensure completion in a timely manner.

Effect

The Commission is not in compliance with the applicable federal regulations regarding rent increases to landlords. Completing the reasonableness determinations late increases the risk that rent paid to the owner is not reasonable. In some instances, the rent to owner was deemed reasonable even though the determination was performed late. In other instances, a lack of documentation precludes an accurate determination of rent reasonableness.

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Questioned Costs

Unable to determine.

Recommendation

We recommend that the Commission develop a plan to monitor the incoming rent increase requests from owners and ensure the reasonableness determination is properly documented before the effective date of the annual/interim recertification.

Response

The Commission acknowledges the discovery of timing errors in the process of completing rent reasonable testing related to requested rent increases. However, the sample did not identify a systemic issue but rather clerical mistakes.

The process and procedures surrounding the rent reasonableness testing for rent increases has resulted in noticeable improvements. The Commission is processing rent increases based on the principle of a sixty day advance notice to both the client and the Commission. Landlords are notifying HOC of rent increase requests through a central email location. Requests are tracked through a reporting system which allows for monitoring of both the request and the completion.

Joy Flood is the contact responsible for this corrective action and the expected completion date is March 31, 2014

Finding 2013-03: Supportive Housing Program, CFDA 14.235

Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Eligibility
Type of Finding:	Internal Control, Noncompliance, Significant Deficiency

Condition/Context

A sample of 20 tenants tested for compliance with Supportive Housing eligibility requirements had exceptions in 13 files including the following. Some files contained multiple exceptions.

- 3 files did not document support for the tenant rent or the rent was miscalculated.
- 12 files did not properly update tenant assets reported on the recertifications or the amounts listed on the bank accounts did not agree to the information reported on the recertification.
- 3 files did not document support for expenses listed on the recertification.
- 1 file did not document the recertification so the correct tenant rent portion could not be determined.

Criteria

24 CFR 583.5 and Part 4 of the OMB A-133 Compliance Supplement state that tenant eligibility should be determined by obtaining third-party documentation of expected income, assets, unusual medical expenses and other pertinent information.

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Cause

The Commission did not maintain all documentation required to support the tenant eligibility and rent determination. In some instances information relating to assets was not updated for several years although current asset information was located in the tenant file.

Effect

The Commission cannot document compliance with certain program requirements including tenant eligibility and rent determination.

Questioned Costs

Unable to determine.

Recommendation

We recommend the Commission implement a quality control review process to ensure the recertifications meet all requirements and contain all documentation to support amounts reported. A manager or supervisor should perform reviews of certain files and the Commission should consider utilizing a checklist of required information.

Response

The Commission acknowledges the discovery of multiple exceptions with regard to eligibility requirements in the Supportive Housing Program tenant files. The Commission has implemented a system that is now in place which consists of a supervisory review of each recertification. All staff are now required to review and complete a check list as each recertification is documented. At the end of each month all recertifications completed during the month are reviewed for accuracy.

Fred Swan is the contact responsible for this corrective action and it has been implemented as of October 31, 2013.

Finding 2013-04: Supportive Housing Program, CFDA 14.235

Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Special Tests and Provisions, Reasonable Rent
Type of Finding:	Internal Control, Noncompliance, Significant Deficiency

Condition/Context

The Commission could not provide support for 20 of 20 tenant files selected to show that they verified the rent paid to the landlord was comparable to other unassisted units.

Criteria

24 CFR 583.115 states that the rent paid must be reasonable in relation to rents being charged for comparable units taking into account relevant features. In addition, the rents may not exceed rents currently being charged by the same owner for comparable unassisted units, and the portion of rents paid with grant funds may not exceed HUD-determined fair market rents.

Cause

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

The Supportive Housing program utilized the fair market rent schedules from 2 years prior to the effective date with the intention that those amounts would not decrease and therefore comparable unit rates would be higher than the rent paid.

Effect

The Commission cannot show that the rents paid to landlords are comparable to other unassisted units in the area. This could lead the program to pay more rent than necessary from program funds.

Questioned Costs

Unable to determine

Recommendation

We recommend the Commission implement a procedure to ensure they review the rent paid to landlords upon a tenant's initial move-in and upon each subsequent rent change to verify the rent paid is reasonable in comparison to other unassisted units.

Response

Prior to FY 2013, the Supportive Housing Program was a leasing program and not a rental assistance program. As such, the Commission believed it was not required to document reasonable rent after initial move in. If rent increases were requested, staff approved rent increases based upon fair market rents (FMRs) that were two years old, in order to ensure that rents did not exceed reasonable rent paid in comparison to other unassisted units.

The Commission has implemented a corrective action plan retroactive to July 1, 2013. Rent reasonableness is now completed when participants move into the program and upon each subsequent rent change. The Supportive Housing Program is utilizing a HUD approved program through Novagradic to document rent reasonableness.

Fred Swan is the contact responsible for this corrective action and it was implemented retroactive to July 1 2013.

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Finding 2012-01, 2011-03: Housing Choice Voucher Program, CFDA 14.871

Condition/Context

We selected a sample of 40 tenants with contract rent changes to test for compliance with Housing Choice Voucher reasonable rent requirements. We noted exceptions in 8 out of the 40 files tested for contract rent changes. In each case the reasonable rent determination form was not completed prior to the effective date of the rent increase.

Status

This issue was still noted in the current year and is reported as finding 2013-02.

Draft - Preliminary
For Discussion Purposes Only
Subject to Change
Not to be Reproduced
October 30, 2013

Management
Housing Opportunities Commission of Montgomery County
Kensington, Maryland

In planning and performing our audit of the financial statements of Housing Opportunities Commission of Montgomery County as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated _____, 2013, contains our written communication of significant deficiencies in the entity's internal control. This letter does not affect our communication dated _____, 2013.

Accounts Payable

Several samples of subsequent disbursements for amounts below our materiality level contained items that were not properly accrued at June 30, 2013. Discussion with the accounting staff revealed that an Agency wide reorganization had taken place over the last year. A critical part of this reorganization included the creation of HUBs that support all normal areas of property management as well as rent collections, accounts payable, inventory control, etc. At year end, staff personnel at the HUBs did not forward all invoices to the Finance Division in a timely manner for accrual. Upon further review of the disbursements the Commission prepared an adjustment to accrue additional amounts. We recommend the Commission continue training staff to ensure that invoices are forwarded timely so invoiced amounts are properly accrued at year end.

Commission Response

The Commission has hired a new Director of Property Management and on-going training of staff continues. The importance of forwarding invoices in a timely manner to Finance has been emphasized.

Capital Assets

Several items capitalized as fixed assets in both the General Fund and the Opportunity Housing Fund appeared to be repair and maintenance items. Following a discussion with the accounting staff they reviewed the capitalizations for these funds and made any necessary adjustments. The Commission has multiple funding sources available that can be used for repairs and maintenance as well as capitalized assets. It appears that not all property accountants understand that the same funding source may be recorded as a repair and maintenance expense or a capital asset. We recommend additional training to staff as additional funding sources become available to the Commission.

Commission Response

Finance has implemented an on-going review of the various funding sources. Additionally, the Accounting Supervisors are now required to review quarterly all capitalized items. Accounting Managers will also review capitalized items for quality control.

Housing Choice Voucher Portability

The Commission receives cash from other housing authorities on a monthly basis for housing choice voucher portability tenants. In many cases the initiating authority does not indicate the tenant information which prevents the Commission from properly applying the payment against the tenant account. Additionally, the initiating authority does not always send the full Housing Assistance Payment (HAP) billed by the Commission. Until late in FY 2013, the Yardi software utilized by the Commission did not allow the application of cash receipts against receivables unless the amounts matched. This caused the balance of unapplied cash receipts to increase by approximately \$1.6 million during the past year. Although the Commission maintains the cash separately and also maintains documentation of the receipts until the cash is applied and offsets the receivable amount, they should continue their procedures to determine how to apply the receipts. In some cases the initiating authority may have overpaid in which case the Commission would owe money back. The Commission recently implemented a new module in Yardi that allows for partial collection of receivables. We encourage the Commission to promptly research these amounts and determine whether they owe money back to other housing authorities.

Commission Response

Finance and Housing Resources continue to work together to research variances that occur when housing authorities make payments that do not agree with the Commission's records. Finance has dedicated a staff accountant full-time to accounting for HCV Portable Vouchers. Housing Resources has identified a specific staff member who will assist with resolving questions. The implementation of the new Yardi module will also greatly assist in decreasing the unapplied cash.

Housing Choice Voucher Single Audit Testing

The Commission submitted their SEMAP report indicating that approximately 86% of families with children reside in low poverty census tracts. Testing of the underlying documentation showed the amount was approximately 80%. Any amount above 50% does not impact the Commission's score on the report, but we recommend the Commission review the documentation used to determine the percentage on future reports to ensure they accurately report the information.

A sample of 40 tenants tested for compliance with housing choice voucher eligibility requirements had exceptions in 2 files. 1 file did not contain birth certificates of Declaration of Section 214 status forms for all household members and did not contain support for assets reported on the HUD-50058. 1 file contained a bank statement but the assets were not reported on the HUD-50058. We recommend the Commission continue to stress to housing specialists the importance of obtaining and maintain documentation in the tenant files.

Commission Response

After reviewing the documentation used to determine the Deconcentration Indicator Bonus Points calculation used for the Agency's SEMAP submission, it was discovered that a group of units classified as "Unknown Census Tract" was erroneously included in the calculation. Management will be working with staff to ensure that all units are properly coded to report accurately on the Voucher Census Tract Demographics report, thereby, eliminating units being assigned as an "Unknown Census Tract" unit.

The Commission places a high emphasis on the quality of the work performed in the federal programs. The requirement for extensive documentation is reinforced through improved operational structure and training.

HOC, in conjunction with our industry partners, continued to work with HUD to address reducing or streamlining the reporting burden

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

[City, State]

Draft - Preliminary
For Discussion Purposes Only
Subject to Change
Not to be Reproduced
October 28, 2013

Deliberation
and/or
Action

AUTHORIZATION TO MAINTAIN CURRENT VOUCHER PAYMENT STANDARDS

November 6, 2013

- HUD notified Public Housing Authorities of the 2014 Fair Market Rents on October 3, 2013.
- Due to regulatory issues, the revised Fair Market Rents for the Washington, DC area were considerably lower than those for 2012 which HUD approved HOC could use to establish the 2013 Voucher Payment Standards.
- HOC is required to establish the Voucher Payment Standards, which are used in the Housing Choice Voucher and Section 8 programs, from the 2014 Fair Market Rents.
- HOC may establish the Voucher Payment Standards between 90-110% of the Fair Market Rents. Staff is presenting a recommendation to maintain the Voucher Payment Standards at the current level.
- Staff will advise the Resident Advisory Board of the activity at the RAB's convenience.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Joy Flood Division: Housing Resources Ext. 9621

RE: Authorization to Maintain Current Voucher Payment Standards

DATE: November 6, 2013

STATUS: Deliberation X

OVERALL GOAL & OBJECTIVE:

To establish and implement new Voucher Payment Standards used in the Housing Choice Voucher and Section 8 programs.

BACKGROUND:

HUD publishes Fair Market Rents (FMR) annually for use in determining the Voucher Payment Standards for the Housing Choice Voucher and Section 8 programs. HUD has published the 2014 FMRs. These new rents will be used to amend the schedules used to determine the Voucher Payment Standards.

HUD is required to publish new FMRs by October 1st of each year. HOC is required to implement the new FMRs and corresponding Voucher Payment Standards. HUD calculated the area FMRs using the 40th percentile of those rents surveyed versus the 50th percentile which has been used since 2009.

Staff is proposing that HOC maintain the current Voucher Payment Standards (VPS). Staff recognizes the VPS is slightly below market; however, program funding limitations require maintaining a conservative approach to program expenditures.

The following chart is a comparison of Voucher Payment Standards:

	0 BR	1 BR	2 BR	3 BR	4 BR
2012 FMRs	\$1,166	\$1,328	\$1,506	\$1,943	\$2,542
2013 FMRs	\$1,231	\$1,297	\$1,538	\$2,058	\$2,586
2014 FMRs	\$1,176	\$1,239	\$1,469	\$1,966	\$2,470
Current HOC VPS	\$1,169	\$1,232	\$1,461	\$1,955	\$2,457

ISSUES FOR CONSIDERATION:

Does the Commission support maintaining the current Voucher Payment Standards?

PRINCIPALS:

Housing Resources, Resident Services

BUDGET IMPACT:

None

TIME FRAME:

For action at the November 6, 2013 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends the Commission authorize maintaining the current Voucher Payment Standards for 2014.

RESOLUTION:

**RE: Authorization to Maintain the
Current Voucher Payment
Standards**

WHEREAS, Federal regulations require HUD to publish Fair Market Rents periodically but not less than annually, adjusted to be effective on October 1st of each year; and

WHEREAS, HOC has been notified of the Fair Market Rents on October 3, 2013; and

WHEREAS, HOC will use these rents to determine the Voucher Payment Standards used in the Housing Choice Voucher and Section 8 programs; and

WHEREAS, the Voucher Payment Standards for 2014 will remain equal to the 2013 standards.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission authorizes the continued use of the Voucher Payment Standards previously established.

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**Patrice M. Birdsong
Special Assistant to the Commission**

APPROVAL OF FEASIBILITY BUDGETS FOR THE RENTAL ASSISTANCE DEMONSTRATION PORTFOLIO

November 6, 2013

- The Commission has authorized staff to pursue a portfolio disposition of its multifamily and senior public housing portfolio through the HUD administered Rental Assistance Demonstration Project (“RAD”).
- Staff has completed and submitted the initial applications for the substantial rehabilitation properties (2) and the stabilization properties (5). The final four applications for the demolition/redevelopment properties will be submitted by the end of November 2013.
- A number of the buildings were constructed in the late 1960s and 1970s and have significant deferred maintenance and the infrastructure has far exceeded their useful lives.
- The Commission has authorized staff to explore whether the disposition of the entire Public Housing portfolio is advantageous and strategically accretive for the Commission.
- Staff is working together to create a viable plan for each property in the portfolio and is requesting the approval of feasibility funding for the RAD portfolio.
- Staff recommends that the Commission authorize the Executive Director to utilize Capital Fund Program proceeds to pay for the feasibility period studies of up to \$500,000.

extent that debt can be applied to these properties in a responsible and sustainable way, the Commission will have an opportunity to generate capital to be reinvested elsewhere.

- 2) **Stabilization (5 – Ken Gar, Parkway Woods, Seneca Ridge, Sandy Spring Meadow, Towne Centre Place):** These properties will be acquired and undergo nominal rehabilitation.
- 3) **Demolition and Redevelopment (4 – Elizabeth House, Holly Hall, Emory Grove, Washington Square):** These properties are strategically located and are a part of an existing and/or revised master plan area that presents the Commission an opportunity to pursue a mixed-income/mixed use project that will be self-sustaining and produce cash flows that will advance the Commission's mission in other areas of the County.

Since the Commission was originally notified of the RAD process in July, staff has held 19 resident meetings to ensure that clients are aware of the process and how it will impact their families. These sessions have been highly productive and residents have shared a lot of useful information about challenges that need to be addressed and about what they would like to see at the end of the process.

In addition to meeting with the residents directly, staff has also met with the Resident Advisory Board (RAB). This line of communication has been critically important and will continue to be a forum to share important information and to collaborate with resident leadership on how to successfully implement the execution of this plan pending HUD and Commission review and approval. Meetings with the RAB will continue throughout the process.

Applications for the first seven properties (517 units) were submitted to HUD on September 27, 2013. As a result, the Commission has reserved the right to submit its entire portfolio. As staff awaits the response from HUD, the next step is to begin to create the initial development plans.

This process will include:

- 1) **Property Needs Assessments (PNA)** – Required by HUD in the RAD process. The PNAs will provide staff with critical information about what the properties will require during the renovation process and ensure that the proposed program is feasible. This work would begin once the Commitment for Housing Assistance Payment contract (CHAP) is issued.
- 2) **Preliminary Scope of Work** – The RED staff will need to begin to develop a preliminary scope of work for each property. This will be done in concert with the maintenance and property management staff to ensure that existing operations challenges and needs are contemplated in each of the final development solutions.
- 3) **Initial RAD Consultant Payments** – Based on the Commission October 2, 2013 approval, the consultant will be paid 25% of its fees once the Commitment to Housing Assistance Payment contract is received. This was estimated to be 30 days from submission but will likely be delayed given the recent federal government shutdown. Staff expects to hear back in late November/early December time frame.
- 4) **Preliminary Underwriting** – Staff is developing financial models for each property to understand the capital requirements of the RAD process. These numbers will be continuously refined as staff receive third party reports and debrief the operations team to gather historical data.
- 5) **Resident Advisory Board Collaboration** – Staff has briefed and will continue to work with Resident Advisory Board leadership as the RAD process progresses. The RAB will be able to contribute insight as staff develops the scope of renovations and new amenities selected for properties.

- 6) **Resident Updates** – Staff will continue to hold meetings with residents in advance of any renovations. Staff will also work on producing quarterly newsletters that provide important information and updates about the process. If a redevelopment is approved by the Commission, staff will present the final development plans and final program to residents prior to the start of construction.

Estimated Feasibility Costs

Based on staff’s initial discussions with the Commission, this process will follow the timeline below. Currently, HOC is in the feasibility process.

Staff has identified the Capital Fund Program (CFP) as a funding source for the proposed feasibility costs below. According to both the RAD consultant (Morrison Avenue Capital) and Ballard Spahr (Legal Counsel), the Commission can use up to \$100,000 CFP funds per property for feasibility and predevelopment costs. Based on staff’s preliminary review of the CFP budget for Year 22 (FY’14), there is approximately \$1.8 million available. This initial request is for \$500M and can be easily accommodated based on the available funds in the budget.

Below, please find a list of each of the first seven properties (Substantial Rehabilitation and Stabilization). Staff has also included feasibility funding for both Elizabeth House and Holly Hall which will be discussed separately.

Property	# Units	RAD Fees*	PNA	A&E	Legal	Total
Arcola	141	21,150	8,281	21,055	5,000	55,486
Waverly	158	23,700	8,281	18,100	5,000	55,081
Parkway Woods	24	3,600	5,660	1,723	1,000	11,983
Ken Gar	19	2,850	5,660	4,214	1,000	13,724
Seneca Ridge	71	10,650	6,400	3,625	1,000	21,675
Sandy Spring	55	8,250	6,160	2,864	1,000	18,274
Towne Centre	49	7,350	6,160	2,703	1,000	17,213
Elizabeth House	160	24,000		46,000	30,000	100,000
Holly Hall	96	14,400		55,600	30,000	100,000
Emory Grove	54	8,100				8,100
Washington Square	50	7,500				7,500
Contingency						90,964
TOTAL	877	131,550	46,602	155,884	75,000	500,000

**RAD Fees were approved on October 2, when the Commission approved the selection of Morrison Avenue Capital as the RAD Consultant. They are included here to show the total costs incurred during the feasibility phase. RAD Fees will not be expended until a CHAP (Commitment for Housing Assistance Payment contract) is issued.*

The feasibility request will cover the costs for the initial studies including but not limited to PNAs, initial RAD fees and preliminary scope development. The studies will then be used to refine the underwriting projections and create a final development plan for the Commission's review and approval.

ISSUES FOR CONSIDERATION:

Does the Commission wish to advance to Phase II: Feasibility by authorizing staff to conduct feasibility studies for each asset?

Does the Commission wish to utilize Capital Fund Program proceeds to finance the feasibility studies? (The utilization of CFP minimizes the immediate financial risk for the Commission of exploring the RAD process, however, in the event that the Commission does not approve continuing with the RAD Program, any CFP funds spent will not be available for capital expenditures for these properties.)

PRINCIPALS:

Housing Opportunities Commission of Montgomery County (HOC)
Housing and Urban Development (HUD)

FISCAL / BUDGET IMPACT:

There is no immediate fiscal impact on the Commission's FY' 14 fiscal budget. If the Commission proceeds to the next phase, individual development plans will be presented which may require Commission resources to proceed.

TIME FRAME:

Presented for action at November 6, 2013 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve up to \$500,000 in feasibility funding for the RAD portfolio of Public Housing from Capital Funds Program (CFP).

RESOLUTION:

RE: Approval of Feasibility Budgets
for the Rental Assistance
Demonstration Portfolio

WHEREAS, HOC manages and controls all the public housing assets through an agency plan filed with HUD; and

WHEREAS, on July 30, 2013 the Commission approved participation in the RAD program; and

WHEREAS, the Commission has authorized evaluation of a portfolio disposition of its entire public housing program in multifamily and senior developments; and

WHEREAS, HOC manages and controls all the public housing assets through an agency plan filed with HUD; and

WHEREAS, the majority of the public housing assets have not been comprehensively rehabilitated since their construction due to limited federal funding; and

WHEREAS, in pursuing the RAD approval, feasibility studies are needed to develop a viable scope of work and financing plan that will meet the portfolio's immediate and long-term physical needs.

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

1. Performance of a feasibility analysis of each property in the public housing inventory of the Commission is authorized to determine the ultimate scope of work to be conducted in the redevelopment of these properties; and
2. A maximum of \$500,000 from the CFP funds may be utilized to pay for feasibility studies and RAD related fees; and
3. RAD fees are to be released for each property contingent upon receipt of the Commitment for a Housing Assistance Payment contract (CHAP); and
4. The Executive Director is authorized to take any actions and execute any documents to conduct the feasibility analysis for each of the properties including, subject to requirements of the Procurement Policy, execution of contracts with consultants and advisors to provide the information necessary to determine the correct scope of work and financing for redevelopment of the public housing portfolio.

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Patrice Birdsong
Special Assistant to the Commission

Future Action

Information Exchange

New Business

Executive Session Findings

ADJOURN

Recess

Development Corporation Meetings

ALEXANDER HOUSE DEVELOPMENT CORPORATION

APPROVAL OF ASSIGNMENT OF PROPERTY MANAGEMENT CONTRACT FOR ALEXANDER HOUSE

November 6, 2013

- The owner entity of Alexander House has entered into an Asset Management Agreement with HOC, which authorizes HOC to engage a third-party to manage the property.
- The Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the "Management Agreement") with McShea Residential Services, Inc. ("McShea") for Alexander House.
- The term of the Management Agreement is four (4) years and the expiration date is August 31, 2015.
- Avison Young, a large, independently-owned Canadian-based real estate services firm, is in the process of acquiring McShea.
- HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC's multi-family managed portfolio.
- Staff is requesting that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the existing Management Agreement with McShea to Avison Young for the remainder of the term of the existing agreement.

MEMORANDUM

TO: The Board of Directors of Alexander House Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management Staff: Bobbie DaCosta Ext: 9524
Regina Stone-Mitchell Ext: 9522

RE: Approval of Assignment of Property Management Contract for Alexander House

DATE: November 6, 2013

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Alexander House from McShea Residential Services, Inc. to Avison Young.

BACKGROUND:

The Housing Opportunities Commission is the Asset Manager for Alexander House and, as such, is authorized to enter into a third-party management agreement for the property.

The Board of Directors authorized the Executive Director to execute a contract for Management Services (the "Management Agreement") with McShea Residential Services, Inc. ("McShea") for Alexander House. The Management Agreement carries a four-year term and expires August 31, 2015.

Avison Young is a large, independently-owned commercial real estate services firm in Canada. Founded in 1978, Avison Young is headquartered in Toronto but has 43 offices in many major U.S. cities, including small local offices in Washington, DC and Virginia. Their primary focus is commercial real estate, but they also offer services in project and construction management, industrial and retail management, investment and asset management, mortgage services and consulting. Owned and operated by its principals, Avison Young employs 1300 staff and is looking to expand into residential multi-family property management in U.S. markets.

HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there be will no measurable effect on the management of HOC's multi-family managed portfolio.

McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing management agreement to a new entity that will be owned by Avison Young.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Alexander House from McShea Residential, Inc. to an entity that will be owned by Avison Young?

PRINCIPALS:

HOC
McShea Residential Services, Inc.
Avison Young
Alexander House Development Corporation

BUDGET IMPACT:

None

TIME FRAME:

For Board action at its meeting of November 6, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Alexander House from McShea Residential Services, Inc. to an entity that will be owned by Avison Young for the duration of the contract.

ALEXANDER HOUSE DEVELOPMENT CORPORATION

RESOLUTION NO. _____

RE: Approval of Assignment of Property Management Contract for Alexander House

WHEREAS, HOC is the Asset Manager for Alexander House and, therefore, authorized to enter into a third-party management agreement for the property; and

WHEREAS, the Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the "Management Agreements") with McShea Residential Services, Inc. ("McShea") for Alexander House; and

WHEREAS, the authorized contract term is for four (4) years and expires August 31, 2015; and

WHEREAS, Avison Young is in the process of acquiring McShea Residential Services, Inc.; and

WHEREAS, McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing Management Agreement to a new entity that will be owned by Avison Young.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that the Executive Director of the Housing Opportunities Commission is hereby authorized to take any and all necessary actions and execute all documents needed to approve the assignment of the Management Agreement for Alexander House from McShea Residential Services, Inc. to a new entity that will be owned by Avison Young through the duration of the contract.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of the Alexander House Development Corporation at its meeting conducted on November 6, 2013.

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Secretary to the Board of Alexander House Development Corporation

CHEVY CHASE LAKE DEVELOPMENT CORPORATION

APPROVAL OF ASSIGNMENT OF PROPERTY MANAGEMENT CONTRACT FOR CHEVY CHASE LAKE APARTMENTS

November 6, 2013

- The owner entity of Chevy Chase Lake Apartments has entered into an Asset Management Agreement with HOC, which authorizes HOC to engage a third-party to manage the property.
- The Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the "Management Agreement") with McShea Residential Services, Inc. ("McShea") for Chevy Chase Lake Apartments.
- The term of the Management Agreement is three years and the expiration date is October 22, 2016.
- Avison Young, a large, independently-owned Canadian-based real estate services firm, is in the process of acquiring McShea.
- HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC's multi-family managed portfolio.
- Staff is requesting that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the existing Management Agreement with McShea to Avison Young for the remainder of the term of the existing agreement.

MEMORANDUM

TO: The Board of Directors of Chevy Chase Lake Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management Staff: Bobbie DaCosta Ext: 9524
Regina Stone-Mitchell Ext: 9522

RE: Approval of Assignment of Property Management Contract for Chevy Chase Lake Apartments

DATE: November 6, 2013

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Chevy Chase Lake Apartments from McShea Residential Services, Inc. to Avison Young.

BACKGROUND:

The Housing Opportunities Commission is the Asset Manager for Chevy Chase Lake Apartments and, as such, is authorized to enter into a third-party management agreement for the property.

The Board of Directors authorized the Executive Director to execute a contract for Management Services (the "Management Agreement") with McShea Residential Services, Inc. ("McShea") for Chevy Chase Lake Apartments. The Management Agreement carries a three-year term and expires October 22, 2016.

Avison Young is a large, independently-owned commercial real estate services firm in Canada. Founded in 1978, Avison Young is headquartered in Toronto but has 43 offices in many major U.S. cities, including small local offices in Washington, DC and Virginia. Their primary focus is commercial real estate, but they also offer services in project and construction management, industrial and retail management, investment and asset management, mortgage services and consulting. Owned and operated by its principals, Avison Young employs 1300 staff and is looking to expand into residential multi-family property management in U.S. markets.

HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there be will no measurable effect on the management of HOC's multi-family managed portfolio.

McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing management agreement to a new entity that will be owned by Avison Young.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Chevy Chase Lake Apartments from McShea Residential, Inc. to an entity that will be owned by Avison Young?

PRINCIPALS:

HOC
McShea Residential Services, Inc.
Avison Young
Chevy Chase Lake Development Corporation

BUDGET IMPACT:

None

TIME FRAME:

For Board action at its meeting of November 6, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Chevy Chase Lake Apartments from McShea Residential Services, Inc. to an entity that will be owned by Avison Young for the duration of the contract.

CHEVY CHASE LAKE DEVELOPMENT CORPORATION

RESOLUTION NO. _____

RE: Approval of Assignment of Property Management Contract for Chevy Chase Lake Apartments

WHEREAS, HOC is the Asset Manager for Chevy Chase Lake Apartments and, therefore, authorized to enter into a third-party management agreement for the property; and

WHEREAS, the Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the "Management Agreements") with McShea Residential Services, Inc. ("McShea") for Chevy Chase Lake Apartments; and

WHEREAS, the authorized contract term is for three (3) years and expires October 22, 2016; and

WHEREAS, Avison Young is in the process of acquiring McShea Residential Services, Inc.; and

WHEREAS, McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing Management Agreement to a new entity that will be owned by Avison Young.

NOW, THEREFORE, BE IT RESOLVED by the Chevy Chase Lake Development Corporation that the Executive Director of the Housing Opportunities Commission is hereby authorized to take any and all necessary actions and execute all documents needed to approve the assignment of the Management Agreement for Chevy Chase Lake Apartments from McShea Residential Services, Inc. to a new entity that will be owned by Avison Young through the duration of the contract.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of the Chevy Chase Lake Development Corporation at its meeting conducted on November 6, 2013.

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Secretary to the Board of Chevy Chase Lake Development Corporation

GLENMONT CROSSING DEVELOPMENT CORPORATION

APPROVAL OF ASSIGNMENT OF PROPERTY MANAGEMENT CONTRACT FOR GLENMONT CROSSING

November 6, 2013

- The owner entity of Glenmont Crossing has entered into an Asset Management Agreement with HOC, which authorizes HOC to engage a third-party to manage the property.
- The Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the “Management Agreement”) with McShea Residential Services, Inc. (“McShea”) for Glenmont Crossing.
- The Property Management Agreement with McShea was assigned to the owner entity of Glenmont Crossing Development Corporation upon its purchase by HOC, with an expiration date of June 1, 2014, with possible one-year renewals.
- Avison Young, a large, independently-owned Canadian-based real estate services firm, is in the process of acquiring McShea.
- HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC’s multi-family managed portfolio.
- Staff is requesting that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the existing Management Agreement with McShea to Avison Young for the remainder of the term of the existing agreement.

MEMORANDUM

TO: The Board of Directors of Glenmont Crossing Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management Staff: Bobbie DaCosta Ext: 9524
Regina Stone-Mitchell Ext: 9522

RE: Approval of Assignment of Property Management Contract for Glenmont Crossing

DATE: November 6, 2013

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Glenmont Crossing from McShea Residential Services, Inc. to Avison Young.

BACKGROUND:

The Housing Opportunities Commission is the Asset Manager for Glenmont Crossing and, as such, is authorized to enter into a third-party management agreement for the property.

The Board of Directors authorized the Executive Director to execute a contract for Management Services (the "Management Agreement") with McShea Residential Services, Inc. ("McShea") for Glenmont Crossing. The Management Agreement expires June 1, 2014, with possible one-year renewals.

Avison Young is a large, independently-owned commercial real estate services firm in Canada. Founded in 1978, Avison Young is headquartered in Toronto but has 43 offices in many major U.S. cities, including small local offices in Washington, DC and Virginia. Their primary focus is commercial real estate, but they also offer services in project and construction management, industrial and retail management, investment and asset management, mortgage services and consulting. Owned and operated by its principals, Avison Young employs 1300 staff and is looking to expand into residential multi-family property management in U.S. markets.

HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC's multi-family managed portfolio.

McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing management agreement to a new entity that will be owned by Avison Young.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Glenmont Crossing from McShea Residential, Inc. to an entity that will be owned by Avison Young?

PRINCIPALS:

HOC
McShea Residential Services, Inc.
Avison Young
Glenmont Crossing Development Corporation

BUDGET IMPACT:

None

TIME FRAME:

For Board action at its meeting of November 6, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Glenmont Crossing from McShea Residential Services, Inc. to an entity that will be owned by Avison Young for the duration of the contract.

GLENMONT CROSSING DEVELOPMENT CORPORATION

RESOLUTION NO. _____

RE: Approval of Assignment of Property Management Contract for Glenmont Crossing

WHEREAS, HOC is the Asset Manager for Glenmont Crossing and, therefore, authorized to enter into a third-party management agreement for the property; and

WHEREAS, the Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the "Management Agreements") with McShea Residential Services, Inc. ("McShea") for Glenmont Crossing; and

WHEREAS, the authorized contract term is for one (1) year and expires June 1, 2014, with possible one-year renewals; and

WHEREAS, Avison Young is in the process of acquiring McShea Residential Services, Inc.; and

WHEREAS, McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing Management Agreement to a new entity that will be owned by Avison Young.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Crossing Development Corporation that the Executive Director of the Housing Opportunities Commission is hereby authorized to take any and all necessary actions and execute all documents needed to approve the assignment of the Management Agreement for Glenmont Crossing from McShea Residential Services, Inc. to a new entity that will be owned by Avison Young through the duration of the contract.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of the Glenmont Crossing Development Corporation at its meeting conducted on November 6, 2013.

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Secretary to the Board of Glenmont Crossing Development Corporation

GLENMONT WESTERLY DEVELOPMENT CORPORATION

APPROVAL OF ASSIGNMENT OF PROPERTY MANAGEMENT CONTRACT FOR GLENMONT WESTERLY

November 6, 2013

- The owner entity of Glenmont Westerly has entered into an Asset Management Agreement with HOC, which authorizes HOC to engage a third-party to manage the property.
- The Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the “Management Agreement”) with McShea Residential Services, Inc. (“McShea”) for Glenmont Westerly.
- The Property Management Agreement with McShea was assigned to the owner entity of Glenmont Westerly Development Corporation upon its purchase by HOC, with an expiration date of June 1, 2014, with possible one-year renewals.
- Avison Young, a large, independently-owned Canadian-based real estate services firm, is in the process of acquiring McShea.
- HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC’s multi-family managed portfolio.
- Staff is requesting that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the existing Management Agreement with McShea to Avison Young for the remainder of the term of the existing agreement.

MEMORANDUM

TO: The Board of Directors of Glenmont Westerly Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management Staff: Bobbie DaCosta Ext: 9524
Regina Stone-Mitchell Ext: 9522

RE: Approval of Assignment of Property Management Contract for Glenmont Westerly

DATE: November 6, 2013

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Glenmont Westerly from McShea Residential Services, Inc. to Avison Young.

BACKGROUND:

The Housing Opportunities Commission is the Asset Manager for Glenmont Westerly and, as such, is authorized to enter into a third-party management agreement for the property.

The Board of Directors authorized the Executive Director to execute a contract for Management Services (the "Management Agreement") with McShea Residential Services, Inc. ("McShea") for Glenmont Westerly. The Management Agreement expires June 1, 2014, with possible one-year renewals.

Avison Young is a large, independently-owned commercial real estate services firm in Canada. Founded in 1978, Avison Young is headquartered in Toronto but has 43 offices in many major U.S. cities, including small local offices in Washington, DC and Virginia. Their primary focus is commercial real estate, but they also offer services in project and construction management, industrial and retail management, investment and asset management, mortgage services and consulting. Owned and operated by its principals, Avison Young employs 1300 staff and is looking to expand into residential multi-family property management in U.S. markets.

HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC's multi-family managed portfolio.

McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing management agreement to a new entity that will be owned by Avison Young.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Glenmont Westerly from McShea Residential, Inc. to an entity that will be owned by Avison Young?

PRINCIPALS:

HOC
McShea Residential Services, Inc.
Avison Young
Glenmont Westerly Development Corporation

BUDGET IMPACT:

None

TIME FRAME:

For Board action at its meeting of November 6, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Board of Directors authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Glenmont Westerly from McShea Residential Services, Inc. to an entity that will be owned by Avison Young for the duration of the contract.

GLENMONT WESTERLY DEVELOPMENT CORPORATION

RESOLUTION NO. _____

RE: Approval of Assignment of Property Management Contract for Glenmont Westerly

WHEREAS, HOC is the Asset Manager for Glenmont Westerly and, therefore, authorized to enter into a third-party management agreement for the property; and

WHEREAS, the Board of Directors authorized the Executive Director to execute a contract for Property Management Services (the "Management Agreements") with McShea Residential Services, Inc. ("McShea") for Glenmont Westerly; and

WHEREAS, the authorized contract term is for one (1) year and expires June 1, 2014, with possible one-year renewals; and

WHEREAS, Avison Young is in the process of acquiring McShea Residential Services, Inc.; and

WHEREAS, McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing Management Agreement to a new entity that will be owned by Avison Young.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Westerly Development Corporation that the Executive Director of the Housing Opportunities Commission is hereby authorized to take any and all necessary actions and execute all documents needed to approve the assignment of the Management Agreement for Glenmont Westerly from McShea Residential Services, Inc. to a new entity that will be owned by Avison Young through the duration of the contract.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of the Glenmont Westerly Development Corporation at its meeting conducted on November 6, 2013.

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Secretary to the Board of Glenmont Westerly Development Corporation

Limited Partnership Meeting

DIAMOND SQUARE LIMITED PARTNERSHIP

APPROVAL OF ASSIGNMENT OF PROPERTY MANAGEMENT CONTRACT FOR DIAMOND SQUARE APARTMENTS

November 6, 2013

- Diamond Square Development Corporation, an entity wholly controlled by HOC is the general partner of Diamond Square Limited Partnership, the owner of Diamond Square Apartments.
- As the general partner, Diamond Square Development Corporation is authorized to engage a third-party to manage the property.
- The General Partner authorized the Executive Director, on behalf of the limited partnership, to execute a contract for Property Management Services (the “Management Agreement”) with McShea Residential Services, Inc. (“McShea”) for Diamond Square.
- The term of the Management Agreement is three (3) years and the expiration date is October 22, 2016.
- Avison Young, a large, independently-owned Canadian-based real estate services firm, is in the process of acquiring McShea.
- HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC’s multi-family managed portfolio.
- Staff is requesting that the Limited Partnership authorize the General Partner to authorize the Executive Director of the Housing Opportunities Commission to approve the assignment of the existing Management Agreement with McShea to Avison Young for the remainder of the term of the existing agreement.

HOC has received assurances from McShea and the Chief Operating Officer of Avison Young that all McShea staff will become part of the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there will be no measurable effect on the management of HOC's multi-family managed portfolio.

McShea has requested HOC's consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing management agreement to a new entity that will be owned by Avison Young.

ISSUES FOR CONSIDERATION:

Does the Limited Partnership wish to authorize the general partner through the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Diamond Square Apartments from McShea Residential, Inc. to an entity that will be owned by Avison Young?

PRINCIPALS:

HOC
McShea Residential Services, Inc.
Avison Young
Diamond Square Limited Partnership

BUDGET IMPACT:

None

TIME FRAME:

For Board action at its meeting of November 6, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Limited Partnership authorize the General Partner through the Executive Director of the Housing Opportunities Commission to approve the assignment of the Property Management Contract for Diamond Square Apartments from McShea Residential Services, Inc. to an entity that will be owned by Avison Young for the duration of the contract.

DIAMOND SQUARE LIMITED PARTNERSHIP

RESOLUTION NO. _____

RE: Approval of Assignment of Property Management Contract for Diamond Square Apartments

WHEREAS, Diamond Square Development Corporation (the “General Partner”), an entity wholly controlled by the Housing Opportunities Commission, is the General Partner for Diamond Square Limited Partnership and, therefore, authorized to enter into a third-party management agreement for the property; and

WHEREAS, the General Partner authorized the Executive Director to execute a contract for Property Management Services (the “Management Agreements”) with McShea Residential Services, Inc. (“McShea”) for Diamond Square Apartments; and

WHEREAS, the authorized contract term is for three (3) years and expires October 22, 2016; and

WHEREAS, Avison Young is in the process of acquiring McShea Residential Services, Inc.; and

WHEREAS, McShea has requested HOC’s consent and approval to assign its rights, claims, privileges, obligations and responsibilities under the existing Management Agreement to a new entity that will be owned by Avison Young.

NOW, THEREFORE, BE IT RESOLVED by the Diamond Square Limited Partnership that the General Partner, by the Executive Director of the Housing Opportunities Commission is hereby authorized to take any and all necessary actions and execute all documents needed to approve the assignment of the Management Agreement for Diamond Square Apartments from McShea Residential Services, Inc. to a new entity that will be owned by Avison Young for the duration of the contract.

I HEREBY CERTIFY that the foregoing resolution was adopted by Diamond Square Limited Partnership at its meeting conducted on November 6, 2013.

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Secretary to the Board of Diamond Square Limited Partnership

Executive Session