



Adopted Budget Fiscal Year 2022



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Housing Opportunities Commission of Montgomery Cty
Maryland**

For the Fiscal Year Beginning

July 01, 2020

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Housing Opportunities Commission of Montgomery County, Maryland for its Annual Budget for the fiscal year beginning July 1, 2020

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Budget Message

Adopted Budget
June 9, 2021

From Stacy L. Spann, Executive Director

The events of this past year have demonstrated that our nation is reckoning with several great challenges. Our attempts to grapple with the COVID-19 pandemic have made clear the imperative to address with intention the rampant social, racial, and economic inequities facing everyday people, including the customers we serve. Civil unrest exacerbated by the pandemic, racial justice movements, an insurrection on the Capitol, a transition in political parties – these events bear witness to a country healing from mass trauma. While that journey of healing has only begun, it is incumbent upon us to continue standing in the gap for this community, supporting the most vulnerable persons among us through these trying times. The way we do that is by staying true to who we are at our core – We Are Housers.

As Housers we focus our work on three principles:

- Getting people housed;
- Keeping people housed;
- And helping people reach their fullest potential.

We Are Housers – Home Matters

Where we live can determine the course of our lives. In our formative

years, our homes and communities can either support, or stunt, our individual growth and development. As adults, we know that proximity to resources, education, and good jobs can significantly impact our ability to build wealth and support a family. As we approach seniority, we look for access to quality, affordable healthcare and the ability to age safely in place.

In 2020, the concept of “home” has taken on new meaning – as a place of refuge from something we cannot see – the Coronavirus. COVID-19 has changed how we work, learn, play, and rest. It has changed the course of our lives. Most of us now spend more time in our homes than ever before, some closer to family, but some separated from loved ones for months on end.

Moreover, the COVID-19 pandemic laid bare the social, racial, and economic inequities facing the population we serve. We have seen some of the strongest advocacy in years for addressing those gaps: the fight to raise the national minimum wage; an infrastructure package that recognizes critical supports like senior and child care; the recent increase in the area median income limit in Montgomery County.



Special points of interest:

“What we hold true as Housers, and what the rest of the world has discovered, is that **home matters.**”

These changes attempt to address income inequity, but as Housers we know that addressing housing inequity also requires acknowledgement of the wealth gap. Many customers faced job and wage loss, underemployment, and financial hardship throughout this past year, and that has been reflected in people's ability to pay routine bills, like rent. These families have felt these impacts twofold because they lack the savings to help them weather an emergency or economic downturn.

We have seen bills at the state level start to address some of those gaps in housing equity, including introduction of a bill to help first time homeowners establish Individual Development Accounts ("IDAs") and build generational wealth through homeownership. We applaud these efforts and will use this progress to continue doing what we have always done – getting people housed, keeping them housed, and helping them reach their fullest potential.

What we hold true as Housers, and what the rest of the world has discovered, is that **home matters**. Home is more than where we rest our heads at night. It is, among other things, our classroom, our workplace, our foundation, and our safe harbor.

Ensuring that our customers could continue to feel secure in their homes and communities required a swift and significant shift by HOC staff. While many moved to remote work, still others stayed on the front lines to provide communities all across our great county with the services and supports they needed. We tackled new processes and a new work environment together. And while it was sometimes painful – for us – and inconvenient – for our customers – we have been able to keep the lights on by returning to our principles, ever striving to get people housed, keep them housed, and help them reach their fullest potential.

Getting People Housed

When it comes to getting people housed, as a Public Housing Authority, Housing Finance Agency, and developer, HOC is in a unique position to explore and implement innovative solutions to address racial and socioeconomic equity in housing.

At every stage, HOC works to remove barriers to access for our customers – it permeates every facet of our development process. Whether looking to improve access to opportunity through acquisition of transit-oriented sites located near quality public schools and employment opportunities or implementing passive house technologies to reduce our ecological footprint and create energy efficiency savings for our customers, we are always intentional in connecting the built environment to the needs and wellbeing of our customers.

However, our most successful strategy for creating access has and will continue to be our mixed income approach, ensuring every resident, regardless of income, can equitably access high-quality, stable, and affordable housing. Many individuals and families lost that stability when the pandemic hit. Employing our strategies to get people housed will mean our housing serves as both a safety net and a springboard to recovery for those hardest hit by COVID-19 and its lingering effects.

Keeping People Housed

In keeping people housed, HOC continues to deliver services and programming that support all individuals and families on their housing journey. In this most challenging time, HOC has worked with state and local governments, community partners, and other stakeholders to keep people connected to their homes in one of the most economically challenging periods in recent history. As concerns about evictions loom, we continue to explore every avenue and every funding stream to help families make rent, even amid record job losses, soaring medical bills, and other economic hardships.

Helping People Reach Their Fullest Potential

While getting and keeping people housed is a significant part of our work, our goal as Housers is to provide so much more than housing. Over the past decade, HOC has transformed to address the whole customer in its service delivery.

We find that our customers represent the full spectrum of need, and often represent some of the most marginalized populations. For many years, we have addressed this need by administering programs that meet our customers where they are at. Our supports represent best-in-class services, including but not limited to:

- Financial literacy classes and IDA savings programs,
- Adult and youth education programs with HOC Academy,
- Healthy familial relationships and career coaching with the Fatherhood Initiative,
- And financial planning and goal-setting with the Family Self-Sufficiency Program.

These opportunities have become increasingly more critical for our customer base as individuals experience underemployment and unemployment and students struggle with remote learning. While programs like Fatherhood and Academy push adults and children to reach new heights in learning, basic supports such as food and rental assistance and mental health services have helped parents take their mind off of survival and enabled them to focus on thriving.

Path Forward

We are hopeful, and cautiously optimistic, as our elected officials address our nation's burgeoning housing crisis. We know that in this economic downturn, it is very likely evictions and foreclosures will escalate. If we hope to continue serving our customers and community as effectively and efficiently as possible, HOC will need to continue to be innovative in its service delivery.

In FY 2022, HOC will continue to be a champion for affordable housing and related policies that positively impact those with the greatest need.

Crucial to this work are the partners – big and small; government, private, and nonprofit – who demonstrate an enduring commitment to bettering Montgomery County and serving its residents. Working together we are able to help more families and communities determine the trajectory of their own lives. Our ability to continue innovating and investing in Montgomery County requires strong partnerships and collaboration with the County Executive and County Council. Finally, with the steady guidance of our Commissioners and the hard work of our staff, HOC will continue to pursue a vision of Montgomery County where individuals can improve their economic status, remain stably housed and reach their definition of success.

The FY 2022 Operating Budget of \$292.9 million and Capital Budget of \$438.3 million supports these priorities and objectives and endeavors to honor the support we continue to receive from all of our partners.



Budget Highlights

Adopted Budget
June 9, 2021

FY 2022 Budget Highlights

Real Estate Development

In Fiscal Year 2022, the Real Estate Development (“RED”) division will commence construction on another wave of renovation projects and one new construction project. The volume of renovation projects largely stems from RED staff efforts around transitioning existing properties from other concluding subsidy programs – in particular, properties with expiring initial Low Income Housing Tax Credit (“LIHTC”) compliance periods and properties with expiring original Section 236 financing.

FY 2017 saw HOC’s first new construction start in a decade. In early FY 2017, HOC closed on the construction financing for and began building a new 11-story, 200-unit multifamily rental building on Chevy Chase Lake Drive in Chevy Chase, Maryland, called The Lindley. The \$74 million project delivered 40 new affordable housing units and 40 new workforce housing units to one of the most affluent parts of the county. The lease up of the Lindley is expected to achieve stabilization by the end of FY 2021.

In FY 2019, the comprehensive renovation of HOC’s 305-unit Alexander House, with a total project cost of \$70 million, concluded. Alexander House reached stabilized occupancy in FY 2020 and was the first phase of HOC’s Elizabeth Square project – the redevelopment of an entire downtown block of Silver Spring to be completed in three phases.

In FY 2020, HOC began construction of Elizabeth House III, the first of two new-construction phases of the redevelopment – including the transaction that completed HOC’s Rental Assistance Demonstration (“RAD”) portfolio conversion. Elizabeth House III will provide 267 Senior units and include a Senior Wellness Center, which will be operated by Holy Cross Hospital, and the South

County Regional Recreational Center (“SCRRAC”). Construction is expected to conclude in FY 2023.

HOC also concluded a second new construction project, Fenton Silver Spring, formerly known as 900 Thayer, which reached stabilized occupancy in FY 2021. The Fenton Silver Spring site was purchased fully entitled for 124 multifamily units during FY 2016. Construction was completed in FY 2020 and the property has served as relocation housing for the Commission’s 10th RAD conversion, Holly Hall. Designed as a market-rate rental property, the use of Fenton Silver Spring as relocation housing produced deeply subsidized but highly amenitized rental units in one of the most desirable parts of downtown Silver Spring.

In FY 2021, HOC broke ground on another new construction project, Westside at Shady Grove. The project will deliver 268 highly amenitized, mixed-income units steps from the Shady Grove Metro station. The property will also consolidate HOC’s Gaithersburg Customer Service Center into the retail portion of the development. Construction is anticipated to take 24 months with completion in FY 2023.

HOC will see another new construction start in FY 2022 when it breaks ground on Hillandale Gateway, a new mixed-use, mixed-income, intergenerational community that will include a total of 463 residential units. In addition to residential units, the site will have a drive-thru Starbucks, above-ground parking garage, commercial/retail/restaurant space, and public and private green space. Hillandale Gateway will be the first major multifamily investment in the East County in decades and will create its first destination mixed-use community.

HOC continues to expect to start at least one new construction project per fiscal year over the next

five years between FY 2022 and FY 2027. The advent of what is becoming the most productive period in HOC's history, coincident with the RAD program in response to the Public Housing funding crisis and Montgomery County's revision to several of its sector and master plans (usually done every 20 to 30 years).

As mentioned above, in FY 2019, HOC began to address another large set of vulnerable assets within its portfolio. These are properties which have come to the end of their 15-year initial compliance periods ("Year 15 Portfolio") related to their use of Low Income Housing Tax Credit ("LIHTC") equity in funding prior renovations. Much like the Public Housing properties, the Year 15 Portfolio requires a reinvestment plan that produces either a comprehensive renovation or a redevelopment strategy.

However, in addition to being substantially larger, the restructuring and recapitalization of the 1,839-unit Year 15 Portfolio also differs from the restructuring and recapitalization of the Public Housing portfolio in two important ways. First, each of the Year 15 properties has at least two existing debt obligations. Second, each has an existing limited partner investor. Ensuring that all physical capital needs are met, while still retiring all existing debt and maximizing value to HOC, will require implementing strategies that are possibly more challenging to produce but essential. The first Year 15 property to undergo recapitalization will be Stewartown followed by the three Willow Manor Senior properties, Shady Grove Apartments, Georgian Court and The Metropolitan all closing and starting renovations in FY22.

Owning property in nearly every Montgomery County sector and master plan, HOC has had several properties receive substantially increased density through the revision of zoning within those plans. Over the past eight (8) years, HOC has worked closely with the County to help shape its sector and master plans, resulting in approximately a dozen HOC properties receiving additional height and density – in many cases a multiple of its existing density.

The re-syndication and renovation of several of the Year 15 properties, the renovation of two expired Section 236 properties, one new construction start, and other related renovations, are expected to

generate approximately \$4.38 million in expected development fees in FY 2022.

Mortgage Finance

In FY 2022, the Mortgage Finance Division, which operates the Multifamily Lending Program and the Single Family Mortgage Purchase Program ("MPP") (together, the "Bond Program") for the Agency, by providing below market interest rate mortgages for multifamily acquisition and development activities and to households seeking homeownership, will continue to contribute Commitment Fees, Loan Management Fees, and other overhead revenue to the Agency's Operating Budget. These activities plus interest earned on single family mortgages, strengthen the Agency's fiscal position.

Between FY 2015 and FY 2020, the Multifamily Program has successfully financed the rehabilitation or renovation of all of the Agency's former Public Housing units, located in 11 multifamily developments. This was accomplished through the issuance of \$138 million in tax-exempt bonds, and utilizing the assistance of the U.S. Department of Housing and Urban Development's ("HUD") Rental Assistance Demonstration ("RAD") Program, which converts the Agency's Public Housing to a Project Based Rental Assistance ("PBRA") or Project Based Voucher ("PBV") subsidy. The FY 2021 and FY 2022 focus has shifted to completing the financing of several LIHTC communities that have reached the end of the initial 15-year compliance period and new construction transactions.

The Multifamily Program issues tax-exempt private activity bonds for LIHTC transactions or similarly structured affordable transactions (whereby volume cap is required) to provide the financing for the acquisition, construction or rehabilitation of affordable, low- or mixed-income communities. These mortgages are ultimately insured by the Federal Housing Administration's ("FHA") Housing Finance Agency ("HFA") Risk-Sharing Program ("Risk-Sharing Program"), providing credit enhancement to the bonds. During FY 2021, the Multifamily Program issued a total of \$141.2 million in tax-exempt private activity bonds to finance the acquisition and rehabilitation of Bauer Park (Rockville) and Stewartown Homes (Gaithersburg), and the construction and permanent financing of Westside Shady Grove (Rockville). And in FY 2022, the Multifamily Program will issue a total of

approximately \$238 million in tax-exempt private activity bonds to finance the acquisition and rehabilitation of two (2) communities with 100% restricted affordable units Georgian Court (Silver Spring) and Shady Grove (Derwood); three (3) senior income restricted communities Willow Manor at Cloppers Mill (Germantown), Willow Manor at Colesville (Silver Spring), Willow Manor at Fair Hill Farm (Olney); and, a mixed-income community (The Metropolitan (Bethesda). The tax-exempt private activity transactions will also include the construction and permanent financing of a new senior income restricted community Hillandale (Silver Spring).

The Multifamily Program may also issue tax-exempt governmental bonds to finance affordable or mixed-income communities that are also insured by the Risk-Sharing Program, so long as the community meets the required affordability requirements, whereby either 20% of the units' rents are restricted to 50% of the Area Median Income ("AMI") or 40% of the units' rents are restricted to 60% of AMI.

FY 2022 will continue to present challenges: a changed financial and real estate market landscape, especially in light of the COVID-19 pandemic; competition for development and acquisition opportunities in Montgomery County; pressures on tax exempt yields; limitations on available State volume cap; and, limited access to soft debt to support affordable housing. Further, interest rates are expected to continue to fluctuate, as the Federal Government works toward stabilizing the financial markets during the COVID-19 pandemic. The challenges notwithstanding, the Multifamily Program anticipates earning \$2.3 million in Commitment Fees in FY 2022.

With respect to Montgomery County's single family real estate market, while it has shown signs of improvement reflected in increased property values, resale prices, and shorter time periods on the market, the amount of available affordable for-sale options have decreased, as seen in the decline of affordable home closings. In addition, although foreclosures saw significant improvement in FY 2021, due to the U.S. Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which provides a moratorium on foreclosures and protection for homeowners with a federally backed mortgage loan by allowing mortgage forbearances through June 30,

2021, it is anticipated that in FY 2022 delinquencies may increase as borrowers, who are coming out of forbearance, may still experience a hardship, as unemployment still remains high and businesses are still determining the best course on how to reopen safely in light of the COVID-19 pandemic. Finally, while interest rates are at a record low, having varied affordable mortgage and down payment assistance options will continue to be necessary.

Since 2012, the Agency's Single Family Mortgage Purchase Program (MPP), which traditionally issued Mortgage Revenue Bonds ("MRB") under the Commission's 1979 Indenture and Housing Revenue Bonds (HRB) under the Commission's 2009 Indenture to fund its program, now also issues Mortgage Backed Securities ("MBS") to raise capital to fund its loan program. U.S. Bank National Association is the Master Servicer for the MBS program. Servicing rights and responsibilities are transferred to U.S. Bank, thereby reducing delinquency and foreclosure risks for the Commission, while continuing to provide low cost mortgages to Montgomery County residents. The Commission's MBS's are guaranteed by either Ginnie Mae for FHA insured loans, or Fannie Mae (since 2014) and Freddie Mac (since 2019) for conventional market loans.

In July 2019, the Commission authorized the creation of a new General Trust Indenture (hereinafter, the "2019 Indenture"), which issues Program Revenue Bonds ("PRB"), (which can be either tax-exempt private activity bonds or governmental bonds) for multiple purposes, including but not limited to, (1) financing or reimbursing the Commission for capital expenditures incurred in connection with the Program and (2) making, purchasing or financing (a) Single Family Loans satisfying the requirements set forth in the General Indenture for the purpose of financing Single Family Residences, (b) Multifamily Loans satisfying the requirements set forth in the General Indenture made to finance Multifamily Developments, or (c) Guaranteed Mortgage Securities issued by Fannie Mae, Freddie Mac, or Ginnie Mae. The 2019 Indenture allows the Commission flexibility for the Bond Program.

In FY 2020, the Single Family Program completed one (1) PRB issuance under the General Trust Indenture, which provided \$30 million of new monies to purchase MBS's or make mortgage loans, and in the fourth quarter of FY 2021, the Commission will close

on a \$38.4 million bond issuance under the 1979 Indenture that will generate approximately \$25 million of proceeds to make approximately 100 single family mortgages. The FY 2021 bond issuance also includes a refunding of several outstanding bonds of the Single Family Program, which will generate savings for the Commission, by lowering bond interest costs. The MPP will also continue to operate within the MBS To-Be-Announced market to sustain bond funds. A single issuance is also expected in FY 2022 for approximately \$33 million.

Toward the end of FY 2019, the Commission unveiled the Montgomery County Homeownership Assistance Fund ("McHAF"), which provides down payment and closing cost assistance loans for up to 40% of the household's qualifying income for a maximum of \$25,000. Montgomery County, Maryland (the "County") provided a \$1 million grant to the Agency in support of this much needed resource. Since then, the County has extended its commitment by providing an additional \$1 million grant to the McHAF annually. In FY 2022, the County will increase its grant to \$1.5 million. To date, the McHAF has assisted approximately 135 borrowers become new Montgomery County homeowners, and it is anticipated that in FY 2022, approximately 70 more borrowers will benefit from the fund.

Property Management Division

The Agency's focus is on improving customer service and increasing leasing efforts through improvements to processes. The Property Management staff continued to lease to applicants from Housing Path through the pandemic to increase and maintain steady occupancy. With the continuation of the COVID-19 pandemic, the Division continues to focus their efforts to ensure the safety and well-being of employees and residents alike. HOC continues to promote and follow Federal, State and Local guidelines related to disinfecting common areas, practicing social distancing and mask wearing at all multifamily properties. The Division has also prioritized establishing repayment agreements and connecting customers that have been financially impacted by the pandemic to rental assistance resources.

Property Maintenance Division

The Maintenance Division supervises and coordinates all HUB maintenance operations, fire

and safety programs, and equipment inventory control, and ensures that the condition and appearance of the properties meet HOC standards. To ensure housing stock is well maintained, the Maintenance Division addresses requests for emergency and routine repair requests, creates Requests for Proposals ("RFPs") and Invitations for BID ("IFBs"), generates new service contracts, and approves purchase requisitions for all HOC owned properties. As the units in our portfolio continue to age, annual budget adjustments are made to account for increased maintenance requirements, the replacement of capital items, and the turnover of vacant units within our portfolio.

Fiscal Year 2021 was a particularly challenging year, as the Maintenance Division was significantly affected by the Coronavirus pandemic. In order to better cope with the pandemic, COVID-19 protocols were instituted for the division. There was a tremendous effort to procure and issue personal protective equipment to all staff including but not limited to masks, gloves, face shields, sanitizers, shoe coverings and spray bottles or electrostatic sprayers. Safety vests were also issued instructing our customers to remain at least six feet away from maintenance staff at all times. Additionally, work order protocols were put in place to primarily focus on emergency and high priority work orders. Supervisors were given the discretion to assign other than emergency priority work orders based circumstances and staffing. These protocols were put in place to provide the highest protection possible to staff, to limit interaction with customers but to also provide critical services.

Despite these efforts, throughout the year nearly everyone in the Maintenance Division was quarantined because they came into contact with someone infected with Coronavirus, or actually contracted the virus themselves. Some were quarantined more than once. Our parts and service vendors also experienced these struggles. Additionally, the division dealt with supply shortages of critical materials such as appliances, and HVAC systems. In spite of these major challenges, the Maintenance Division completed 19,139 total work orders, 1,780 of which were emergencies. The Maintenance Division also renovated over one hundred fifty vacant units.

Housing Choice Voucher and Public Housing (Federally Funded Programs)

As Montgomery County's Public Housing Authority, HOC administers a Housing Choice Voucher ("HCV") Program and is authorized to provide 7,652 vouchers. The voucher assistance is provided to families throughout the County, in apartments, townhouses, single family homes, mid- and high-rise buildings, and senior apartment communities. HOC was required to implement the mandatory use of Small Area Fair Market Rents ("SAFMR") on April 1, 2018. Montgomery County includes 71 zip codes with varying payment standards by bedroom size. The Voucher Payment Standards ("VPS") are used to calculate the maximum subsidy that HOC will pay toward rent and utilities for rental units leased to HCV families in Montgomery County.

Housing Choice Voucher

HUD's allocation of vouchers includes Mainstream Disabled, Moderate Rehabilitation, Family Unification Program ("FUP"), Rental Assistance Demonstration ("RAD") and Veterans Affairs Supportive Housing ("VASH") vouchers. The voucher programs provide housing subsidy assistance through an array of categories such as Non-Elderly Disabled vouchers, Witness Protection vouchers and Opt-Out vouchers. HOC also administers a Project-Based Voucher ("PBV") Program wherein the subsidy is tied to the actual unit. PBV contracts cannot exceed 20% of HOC's program baseline of 7,652 units, granted through the Request for Proposal ("RFP") process. Additionally, HOC supports a Voucher Homeownership program which allows eligible voucher customers to use their voucher subsidy towards mortgage payments. The FY 2022 Adopted Budget was developed based on current utilization projections for FY 2021 and the anticipated funding levels provided by HUD for CY 2021 which projects a funding level for FY 2021 and FY 2022 of \$103.4 million and \$109.5 million, respectively. The 2014 Appropriations Act requires that HUD apply a re-benchmarking renewal formula based on validated leasing and cost data in the Voucher Management System ("VMS") for CY 2021 to calculate the PHA's renewal allocation. Staff anticipates allocations of new vouchers and associated funding will be limited to Emergency Housing Vouchers ("EHV") for homeless families, families at risk of becoming homeless, victims of

domestic violence or human trafficking. Additional awards for special projects, disposition of property, veterans and disabled families may be offered. HOC will continue to respond to funding opportunities as they are presented.

County Budget

Montgomery County remains an essential partner in the work of the Commission. The County provides both ongoing operating and capital support to the Commission. Most of the County's \$6.90 million funding supported social services and programs to customers and residents. Social services include homelessness prevention, information and referral, service linkage, and crisis intervention. Staff also provides a broad range of programs that promote self-sufficiency and wellness, such as monthly educational workshops for adults, after-school youth programs focusing on life skills, educational enrichment and wellness and senior programs that promote community engagement, wellness, and socialization. Specialized services include Financial Literacy workshops and coaching and Resource Services to assist people with disabilities to access critical resources and services. Not only does the funding create the fundamental infrastructure of that work, but it is also the foundation for HOC to apply for grants to expand the reach of its supportive services. HOC's Resident Services Division leverages the County's operating support. The County's appropriation also supports HOC's properties and the Customer Service Centers. Montgomery County has also been generous in providing capital support to HOC. For FY 2022, the County Executive's Adopted Capital Improvement Program includes \$1.25 million for capital improvements for HOC's deeply affordable units.

HOC Academy

HOC Academy began in 2014 with the expressed purpose of offering expanded customer services designed to help families and children break the cycle of intergenerational poverty. These services include an adult educational and workforce development program ("AEWD") that has provided over \$175,000 in scholarships for residents to pursue a degree/certification and training programs to advance career goals. In FY 2022, AEWD provided career and small business development training in collaboration with Career Catchers, WorkSource

Montgomery, and ALSTNTEC, LLC. In FY 2022, the workforce development opportunities include paid summer internships with Bozzuto Construction and KTG Architecture.

The youth enrichment program has offered over 50 camps and annual Back-to-School Fests since its inception accommodating over 600 youth annually. In response to the COVID-19 pandemic, HOC Academy was able to offer a virtual program option for all scheduled programs to include a STEM Camp for rising 3rd through 5th graders and a Young Science Explorers Camp (included at home science experiments) for 6th through 8th graders. In FY 2022, HOC Academy (“HOCA”) will host a modified version of its annual Back-to-School Fest with the goal of distributing backpacks filled with school supplies, masks, and hand sanitizer to 800 youth. Further, with the support of Housing Opportunities Community Partners and other grantees, HOCA will launch its new middle and high school initiative, STEAM Forward Academy, which will include Saturday STEM enrichment and HOC’s College Success Program administered in partnership with First Generation College Bound, Inc. (“FGCB”). The Saturday Academy is a vigorous STEM Curriculum and will include opportunities for youth to participate in related electives such as social entrepreneurship, technical writing and public speaking. The HOC College Success Program will work with 20 juniors and seniors in FY 2022 to provide college preparation and admission

assistance, mentoring and general support to those youth post-secondary education. The FGCB partnership allows Resident Services to track long-term success of our youth and families.

Fatherhood Initiative

HOC’s Fatherhood Initiative Program has served over 560 fathers since the 2016 inception. Strong relationships with our local community college and partners like the National Fatherhood Initiative Program and PNC Bank help connect fathers and families to career counseling, financial literacy workshops, parenting support groups, and more. The Fatherhood Initiative Program has awarded approximately \$150K in education/vocational training to approximately 100 fathers.

The Fatherhood Initiative Program has recently been selected out of 100 grantees to be one of the 15 to participate in the National Study - Strengthening the Implementation of Responsible Fatherhood Programs (“S.I.R.F”) Study. The Study works closely with programs to identify and overcome the challenges they face, such as recruiting fathers, enrolling them in services, and keeping them actively engaged in services so they can realize their goals. In the study, HOC’s Fatherhood Initiative Program will be focusing on case management and taking the coaching stance. As part of the study, \$125k has been awarded to the program for training as well as extra staff in efforts of implementation of the coaching stance.

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June 9, 2021

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Reader's Guide

Adopted Budget
June 9, 2021

Budget Document Organization

The Budget of the Housing Opportunities Commission (HOC) is a lengthy document that describes the Agency's Operating and Capital Budgets. This Reader's Guide has been provided to highlight the type of information contained in the budget and to inform the reader where to find particular information.

Page i Executive Director's Budget Message

The Budget Message addresses the challenges the Agency faces as we move from FY 2021 to FY 2022.

Page iv Budget Highlights

Page xiv Budget Overview

This section includes:

- Overview – Revenue and Expense Summary
- Fund Structure
- Agency Fund Description
- Budget Process
- Overview – Strategic Plan
- Operating Budget
- FY 2022 Revenue and Expense Statement

Page 1-1 Budget Summary Information

This section includes:

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

Page 2-1 Operating Budget

The Operating Budget highlights each of HOC's seven divisions – Executive, Finance, Housing Resources, Maintenance, Mortgage Finance, Property Management, , Real Estate, and Resident Services.

Each section includes the following:

- Mission Statement
- Description
- Program Objectives

- Performance Measurement
- Budget Overview
- Revenue and Expense Statement

Page 3-1 Capital Budget

The Capital Budget section consists of Capital Improvement budgets for the Facilities and IT Departments as well as the Opportunity Housing and Development Corporation Properties, and Capital Development budgets.

Page 4-1 Personnel Assumptions

This section includes personnel information relevant to the budget.

Page 5-1 Appendix

Program History

This section summarizes the Agency's legislative history and describes its major programs and the current economic environment in which they operate. A Functional Organization Chart is also included in this section.

Units

This section provides a summary of all Agency units segregated by type of unit.

General Financial Information

This section summarizes the Agency's financial information relevant to the budget process.

Glossary

This section gives a glossary of general terms and a glossary of housing terms.

Map

Map of Montgomery County, MD, and Vicinity

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Budget Overview

Adopted Budget
June 9, 2021

Overview—Revenue and Expense Summary

Fund Summary Overview	FY 2022 Adopted Budget		
	Revenues	Expenses	Net
General Fund	\$25,904,320	\$29,562,780	(\$3,658,460)
Draw from GFOR	\$1,434,620	\$0	\$1,434,620
Multifamily Bond Funds	\$17,101,760	\$17,101,760	\$0
Single Family Bond Funds	\$9,596,240	\$9,596,240	\$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund (OHRF)	\$5,895,910	\$1,624,630	\$4,271,280
Restrict to OHRF	\$0	\$4,271,280	(\$4,271,280)
Opportunity Housing & Development Corporation Properties	\$96,433,360	\$94,403,940	\$2,029,420
Draw from GFOR for MetroPointe Deficit	\$194,420	\$0	\$194,420
Public Fund			
Housing Choice Voucher Program (HCVP)	\$118,304,140	\$118,304,140	\$0
Federal and County Grants	\$18,046,630	\$18,046,630	\$0
TOTAL - ALL FUNDS	\$292,911,400	\$292,911,400	\$0

Revenues and Expenses include inter-company Transfers Between Funds.

Fund Structure

This section summarizes the Agency's FY 2022 Adopted Operating Budget by funding source. The Commission can review its complex finances in four different ways:

- By funding source (grants vs. bonds).
- By accounting category (personnel vs. maintenance).
- By division (Executive vs. Finance).
- By property (McHome vs. Metropolitan).

The Housing Opportunities Commission approved the FY 2022 Budget based on funding source. These funding groups are combined into the Agency's five funds for financial statement reporting.

By approving the budget at the funding source level, the Commission can be assured that the budget reflects the external restrictions placed on the use of approximately 70.09% of HOC's revenue sources for FY 2022 and can better analyze the relationship between the budget and the Agency's year-end financial statements. The five Funds are:

The **General Fund**, which includes all operations with the exception of publicly funded programs, opportunity housing and development corporation properties, and bond-funded activities. In general, there are no restrictions on the use of this fund.

The **Opportunity Housing Fund**, which includes all operating, capital improvements, and capital development activity related to the opportunity housing and development corporation properties.

The Opportunity Housing Reserve Fund (OHRF) is also included. The Commission reserves all funds in the OHRF for capital rather than operating expenditures.

The **Public Fund**, which includes all funds the Agency receives from Federal, State and County government agencies. This fund structure assists with the Single Audit report for the Federal single audit for all Federal expenditures during a given year. All public funds are restricted based on grant requirements from the various government agencies.

There are two separate Bond Funds:

- The **Multifamily Program Fund**, which includes all proceeds from mortgages made from bond issues for multifamily housing, debt service requirements on these housing bonds, and related bond costs. The mortgage payments received are restricted to cover the debt service on the housing bonds.
- The **Single Family Mortgage Purchase Program Fund**, which includes all proceeds from mortgages made from bond issues for first time homeowners, debt service requirements on these bonds, and related bond costs. The mortgage payments received are restricted to cover the debt service on the housing bonds.

Within the five large Agency Funds are smaller project and grant funds for the specific properties, grants, or bond issues that need to be budgeted and accounted for separately.

Agency Fund Description

General Fund	Opportunity Housing Fund	Public Fund	Bond Funds (Single & Multifamily)
Sources			
Loan Management Fees	Rental Income	Rental Income	Mortgage Interest Payments
Commitment Fees	Service Income	Service Income	Interest Income
Development Fees	Federal, State & County Rent Subsidies	Federal Subsidies & Grants	Financing Fees
Interest Income	Interest Income	County Grants	Cost of Issuance Fees
Management Fees	Miscellaneous Income	Interest Income	
Asset Management Fees			
Private Grants			
Miscellaneous Income			
Insurance Premiums			
Uses			
Executive	Opportunity Housing, LLC, and Development Corporation Property Operations	Housing Resources	Multifamily Mortgage Finance
Finance	Capital Development Projects	Resident Services	Single Family Mortgage Finance
Legislative & Public Affairs	Opportunity Housing Reserve Fund (OHRF)	Compliance (Partial)	Debt Service on Bonds
Compliance (Partial)	Opportunity Housing Property Reserve (OHPR)	Mortgage Finance (Partial)	
Real Estate (Partial)	Homeownership Revolving Loan Funds		
Mortgage Finance (Partial)	Mortgage Payments		
Property Management & Maintenance Administration	Required Reserve Contributions		
Tax Credit Development	Loan Management Fees		
Facilities & IT Capital Needs	Vehicle Lease Payments		
Vehicle Lease Payments	Insurance Reserve Payments		
Insurance & Retirement Reserve Contributions			
General Fund Operating Reserve (GFOR)			
Project / Grant funds included in each Agency Fund			
General	Opportunity Housing Properties	Housing Choice Voucher Programs	Multifamily Bonds
Central Office Cost Center (COCC)	Development Corporation Properties	Housing Choice Voucher Special Programs	Single Family Bonds
Intra-Agency Allocations	Limited Liability Corporations (LLC)	McKinney Grants	Intra-Agency Debt Service
General Partnerships		Other Federal Grants	
		County Main Grant	
		Other County Grants & Loans	
		State Pass-Through Grant	

Basis for Budgeting

Although the Commission's fund structure resembles that of a governmental entity, the Agency's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) on the accrual basis. The accrual method is required for the bond programs. The accrual basis of accounting recognizes transactions at the time they are incurred, as opposed to when the cash is received or spent. The Commission's budget is prepared on a modified accrual basis. A

modified accrual basis recognizes revenues in the period in which they become available and measurable; expenditures are reported when the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, net pension obligations, and compensated absences are recorded as expenditures when paid with available financial resources.

Budget Adoption and Amendment

The Executive Director presents a recommended budget to the Housing Opportunities Commission by the first meeting in April of each year. The recommended budget includes both an operating and capital budget. The recommended budget document presents the operating budgets by division and property as well as by major fund. The Commission has five Agency funds: General, Opportunity Housing, Public, Multifamily and Single Family.

Within each of these funds are groups of funds, called major funds. For example, the Public Housing Rental Fund is a major fund within the Public Fund. The Commission's approval process is at the major fund level. The recommended budget reflects the policy direction of the Commission as presented in the Strategic Plan. At the same time that it is presented to the Commission, the recommended budget document is sent to the County Council to fulfill state law. The recommended budget will include the submitted or approved program budgets that are funded by other agencies, (e.g., Public Housing and Housing Choice Voucher Program). These budgets will be submitted as required to the funding agencies.

The Budget, Finance and Audit Committee of the Housing Opportunities Commission will informally review the recommended budget that will be presented to the full Commission for formal adoption. The Budget, Finance and Audit Committee will also review the budgets of the properties including the various development corporations.

The **operating budget** is approved by major fund and includes **total sources and uses** for each major fund. The Commission approves any transfers between major funds. Subsequent to the original approval, the Commission may approve **amendments** to the budget, as needed, to reflect changes to total sources and uses for each major fund. Major changes to programs, activities, properties or projects that are needed during the year are addressed in budget amendments. Any **remaining budget authorization** at the end of each fiscal year will not be carried forward without Commission approval.

The **capital budget** is approved at the project level and includes **total sources and uses** for each property or project. The Commission approves any transfers between major funds. The Commission approves **amendments** to a capital budget, as needed, to reflect changes to total sources and uses for each property or project. All **remaining budget authorization** at the end of each fiscal year will, upon request, be carried forward to the next year without Commission approval.

Executive Director's Budget Authorization

The Executive Director is:

1. Responsible for keeping the budget in balance for each major fund in the operating budget.
2. Responsible for ensuring that there are sufficient sources of funds for each capital project budget.
3. Authorized to spend, without prior approval from the Commission, more than authorized in any major fund or for any specific capital project ONLY for one or more of the following reasons:
 - a. The increased uses are directly related and tied to increased funding for an existing program, activity, property or project (i.e., additional Housing Choice Voucher HAP payments),
 - b. The increased uses are directly related to a new or refinanced property and there is sufficient funding for the increased uses, or
 - c. There is an emergency.
4. Authorized to reallocate budgets within each major fund among divisions in response to unforeseen circumstances. The Executive Director may reallocate budget authorization within a major fund ONLY if one of the following occurs:
 - a. No new programs, activities, properties, or projects not approved by the Commission are started if such an effort has a continuing

effect on resource allocation requirements in future years,

- b. The reallocation of the budget does not prevent any division from achieving its approved goals and objectives.

The Executive Director will inform the Commission of any such expenditures and budget reallocations in conjunction with the next budget amendment. All such expenditures will be governed by the Purchasing Policy.

Reporting

The Executive Director will present budget-to-actual reports on a quarterly basis and for the year-end to the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The Budget, Finance and Audit Committee will informally review any proposed budget amendments that will be presented to the full Commission for formal approval.

Conclusion

This budget policy defines the Commission's role, responsibility and the authorization given to the Executive Director based on the various legal requirements.

Public Participation in the Budget Process

As a public corporation, the Housing Opportunities Commission is committed to involving citizens in the Agency's programs. The agenda for all meetings of the Commission is posted on the Agency's website at www.hocmc.org. In addition, the Commission operates an agenda information line which provides information to the public on the upcoming agenda, 240-627-9784. The Special Assistant to the Commission can be contacted directly at 240-627-9425. Civic associations are informed of

the agenda items related to their concerns prior to the Commission meeting where such concerns will be discussed. Public forums are held at each meeting of the Commission to allow for citizen comments. All regular Commission meetings are held in the late afternoon.

HOC's approved budget is provided to elected officials. In addition, the approved budget is made available electronically via the HOC website (www.hocmc.org).

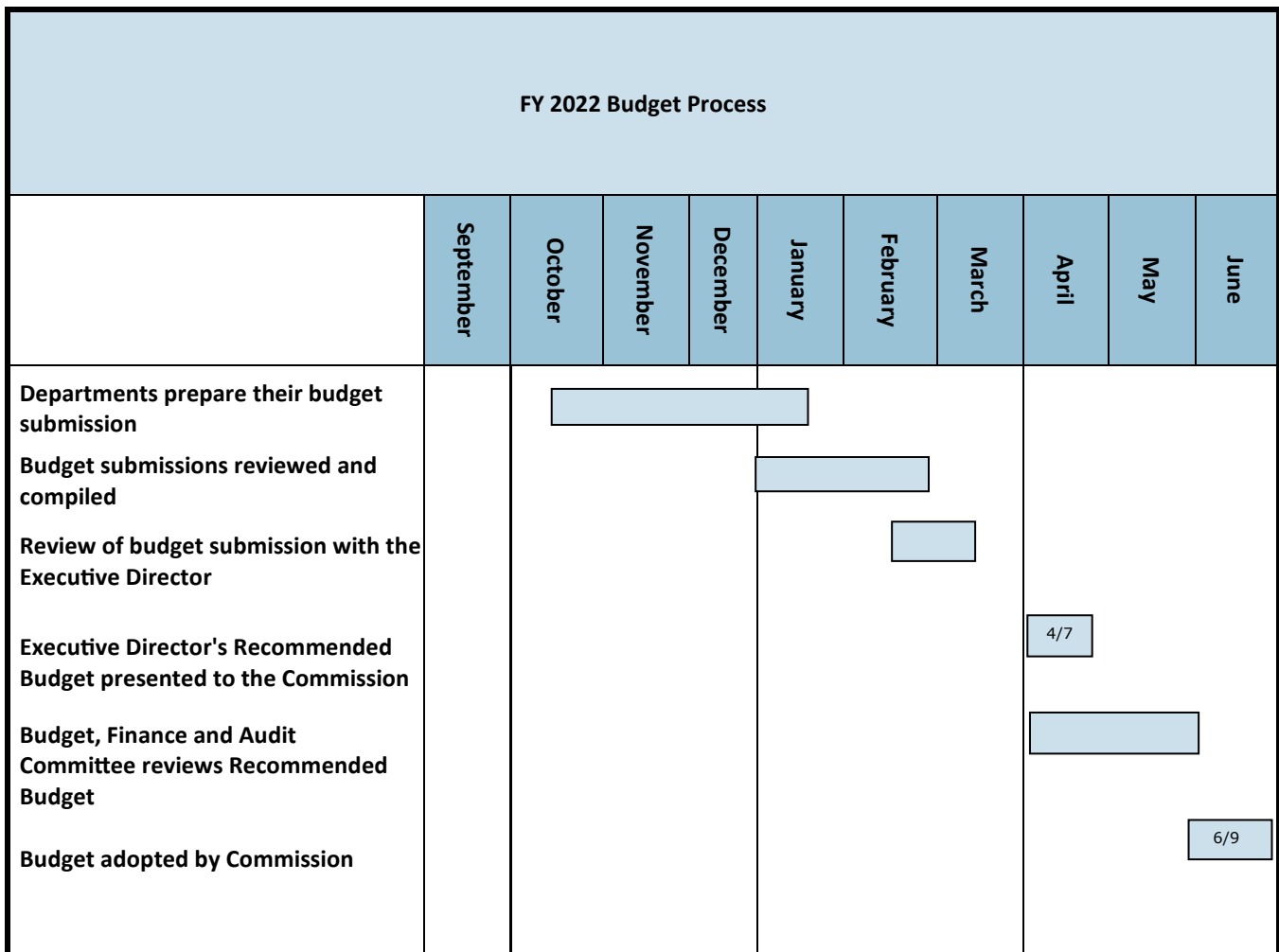
Budget Calendar—FY 2022

HOC's operating and capital budgets are prepared by staff in each of the Agency's seven functional units with the assistance of the Budget Office, reviewed by senior staff, and presented to the Commission by the Executive Director. The Commission adopts the final budget.

Each operation prepares a budget based on an estimate of revenues that will be available for their program. These estimates are based on assumptions about the availability of Federal, State

and County funds and the expected level of rents or bond activity. The budget for each operation is the financial part of the business plan for that operation. The business plan implements the program objectives, which come from the mission and vision statements for that operation. This organization enables senior staff and the Commission to see the financial impact of policy decisions for each operation.

FY 2022 Budget Process



Overview—Strategic Plan

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

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

The 2018-2022 Strategic Plan acknowledges the rapid pace at which HOC has pushed the boundaries of affordable housing development and calls for continuing this pace through a bold and thoughtful approach to our work. As in previous versions, this Strategic Plan contains an introduction that describes the economic, political, demographic and real estate environments in which the agency operates as well as the objectives on which the agency will concentrate its efforts.

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

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

- **Getting People Housed:** Increase the supply of affordable units in Montgomery County through development, financing, maximizing federal resources and advocacy at the Federal, state and local level.
- **Keeping People Housed:** Provide every high-risk customer with assessment and service coordination in an attempt to stem housing loss and keep our most vulnerable customers connected to housing and their community.
- **Helping Customers Reach Their Fullest Potential:** Extend enrichment and supportive services beyond nearly 15,000 households served by our current housing programs to some of the more than 33,000 households on our Housing Path wait list by making training available online.

Operating Budget—FY 2022 Adopted

HOC adopted an operating budget for FY 2022 of \$292.9 million on June 9, 2021. Revenues are generated in two ways:

- Grants, other funding sources, and the cash flow from HOC properties generate 88.89% of total revenues.
 - \$96.24 million (32.86%) is from property rents and service income.
 - \$135.11 million (46.13%) is from Federal and County grants.
 - \$123.98 million (42.33%) is from Federal grants, which includes \$109.5 million in HUD Housing Choice Voucher Assistance Payments that are passed through to Montgomery County landlords, for which HOC earns administrative fees.
 - \$11.13 million (3.80%) is from grants from Montgomery County for specific activities,

including the administration of the Closing Cost Assistance Program, various Resident Services programs, and Housing Resource Services.

- \$29.02 million (9.90%) is from management fees and miscellaneous income.
- Non-operational income derived from HOC's bond-financing operation, real estate financing fees and interest earned on investments generate 11.11% of total revenues.
 - \$23.48 million (8.02%) is from mortgage interest income which pays the debt service on HOC housing revenue bonds and interest earned on cash investments.
 - \$9.06 million (3.09%) is from miscellaneous bond financing operations and transfers between funds.

FY 2022 Adopted Revenue and Expense Statement

Operating Budget		Non-Operating Budget	
Operating Income		Non-Operating Income	
Tenant Income	\$94,979,310	Investment Interest Income	\$23,482,450
Non-Dwelling Rental Income	\$1,263,010	FHA Risk Sharing Insurance	\$891,350
Federal Grant	\$123,984,850	Transfer Between Funds	\$8,168,520
County Grant	\$11,126,350		
Management Fees	\$28,786,780		
Miscellaneous Income	\$228,780		
TOTAL OPERATING INCOME	\$260,369,080	TOTAL NON-OPERATING INCOME	\$32,542,320
Operating Expenses		Non-Operating Expenses	
Personnel Expenses	\$46,493,780	Interest Payment	\$36,916,260
Operating Expenses - Fees	\$18,792,670	Mortgage Insurance	\$1,076,400
Operating Expenses - Administrative	\$9,252,360	Principal Payment	\$12,333,630
Bad Debt	\$2,930,170	Debt Service, Operating and Replacement Reserves	\$14,414,500
Tenant Services Expenses	\$7,870,860	Restricted Cash Flow	\$5,483,830
Protective Services Expenses	\$725,320	Development Corporation Fees	\$5,770,450
Utilities Expenses	\$6,283,420	Miscellaneous Bond Financing Expenses	\$589,760
Insurance and Tax Expenses	\$3,149,280	FHA Risk Sharing Insurance	\$891,350
Maintenance Expenses	\$9,194,630	Transfer Out Between Funds	\$4,127,400
Housing Assistance Payments (HAP)	\$106,615,330		
TOTAL OPERATING EXPENSES	\$211,307,820	TOTAL NON-OPERATING EXPENSES	\$81,603,580
NET OPERATING INCOME	\$49,061,260	NET NON-OPERATING ADJUSTMENTS	(\$49,061,260)

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Section 1: **SUMMARY**

Tab

Summary

Adopted Budget
June 9, 2021

Mission and Vision Statements

Mission

The mission of the Housing Opportunities Commission is to provide affordable housing and supportive housing services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland so that:

- No one in Montgomery County lives in substandard housing;
- We strengthen families and communities as good neighbors;
- We establish an efficient and productive environment that fosters trust, open communication and mutual respect; and
- We work with advocates, providers

and community members to maintain support for all the work of the Commission.

Vision

It is our vision that everyone should live in quality housing that is affordable, with dignity and respect. At HOC we believe this vision can be achieved by ensuring amenity rich, community connected housing for all of Montgomery County's residents where all people can reach their fullest potential. We believe supportive programs, delivered through mission-aligned partnerships, help our customers improve their economic status, remain stably housed and reach the goals they hold for themselves and their families.

Special points of interest:

- Mission and Vision Statements
- Strategic Plan
- Operating Budget Fund Summary
- Revenue Restrictions
- General Fund Summary
- Grant Summary
- Public Housing Fund Summary
- Housing Choice Voucher Fund Summary
- Opportunity Housing & Development Corp.
- Property Listings
- Bond Program

Strategic Plan Goals

Getting People Housed

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

Measure:

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

Implementation Actions:

- Maximize the number of households served by the Housing Choice

Voucher program.

- Expand the supply of affordable housing by developing Community Connected Housing.
- Increase the number of affordable units in HOC's portfolio through development, redevelopment and acquisition.
- Preserve the current supply of affordable housing units through acquisition as well as investing in HOC's current portfolio to ensure units are not lost to obsolescence or disrepair.

- Increase the number of affordable units developed in the County by supporting the development of non-HOC-owned affordable units through bond issuances.
- Increase the number of mortgages provided to Montgomery County residents.
- Advocate for additional housing resources and supportive policies within the County through Housing Choice Vouchers, Tax Credits and other affordable housing tools.

Keeping People Housed

HOC will provide every high-risk customer with assessment and service coordination in an attempt to stem housing loss and keep our most vulnerable customers connected to housing and their community.

Measure:

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

Implementation Actions:

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

Helping Customers Reach Their Fullest Potential

HOC will extend enrichment and supportive services beyond the more than 14,000 households served by our current housing programs to some of the more than 33,000 households on our Housing Path wait list by making training available online.

Measure:

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

Implementation Actions:

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

Operating Budget

As described in the Fund Structure section on page xiv, HOC can manage and review its complex financial structure in a number of different ways:

- By the funding source,
- By the type of revenue and expense items (by accounting category),
- By division structure, and
- By the specific property or grant.

The following pages of this section highlight the Agency's FY 2022 Adopted Operating Budget.

The charts on pages 1-4 through 1-5 highlight the sources and uses of HOC Funds. HOC has identified two distinct components of income (sources) and expenses (uses). In order to more easily analyze budget to actual financial statements, operating and non-operating income and expenses have been segregated.

The chart on page 1-6 shows the FY 2022 Operating Budget by accounting classification. This chart summarizes all Agency Funds. The FY 2022 Operating Budget is balanced.

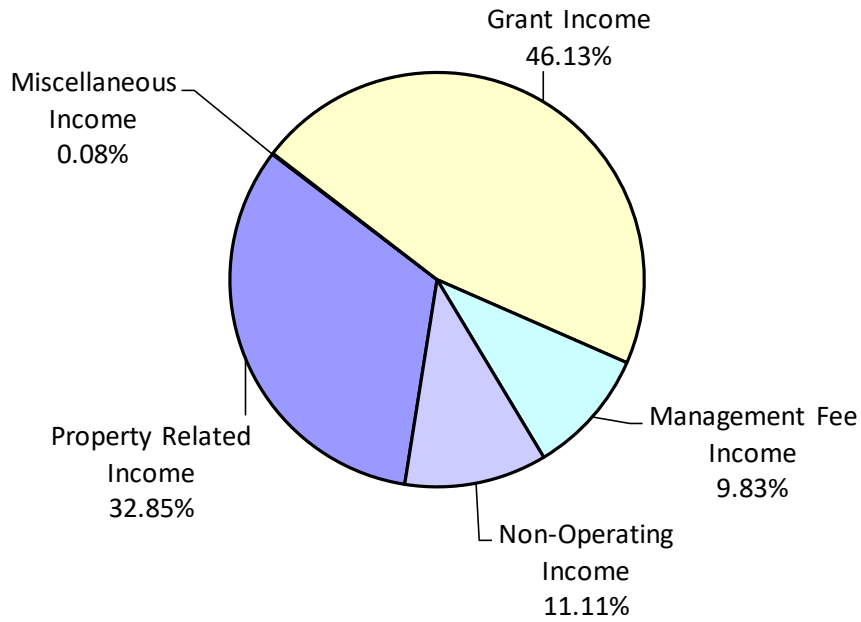
The charts on pages 1-9 illustrate the FY 2022 external as well as internal revenue restrictions. Although HOC has a \$292.9 million budget in FY 2022, only 9.06%, or \$26.6 million, may be used by the Commission for discretionary expenses.

The chart on page 1-10 summarizes the General Fund. In FY 2022 the General Fund generates a Net Operating Income deficit of \$3.1 million.

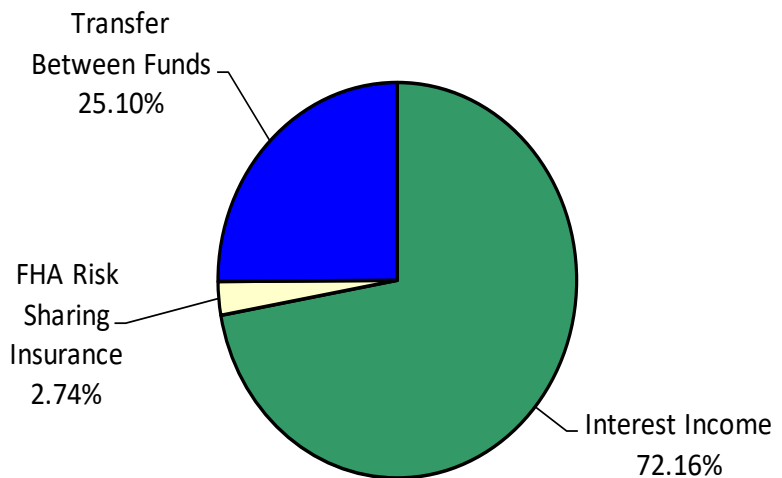
Charts are also included in this section which show the revenue, expense and net cash flow for the properties as well as the annual operating budget for each of the grants.

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

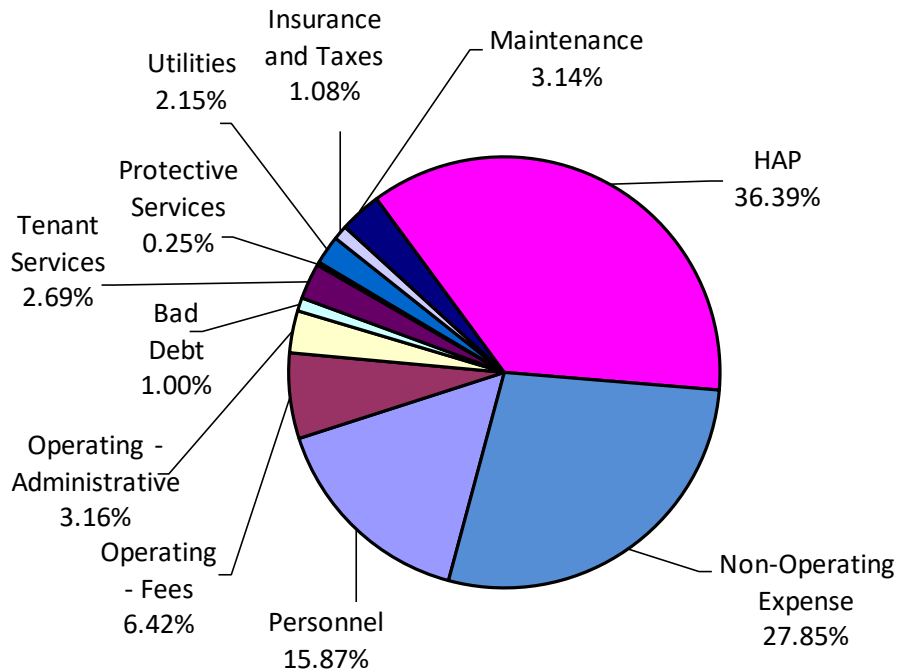
Source of Funds—FY 2022



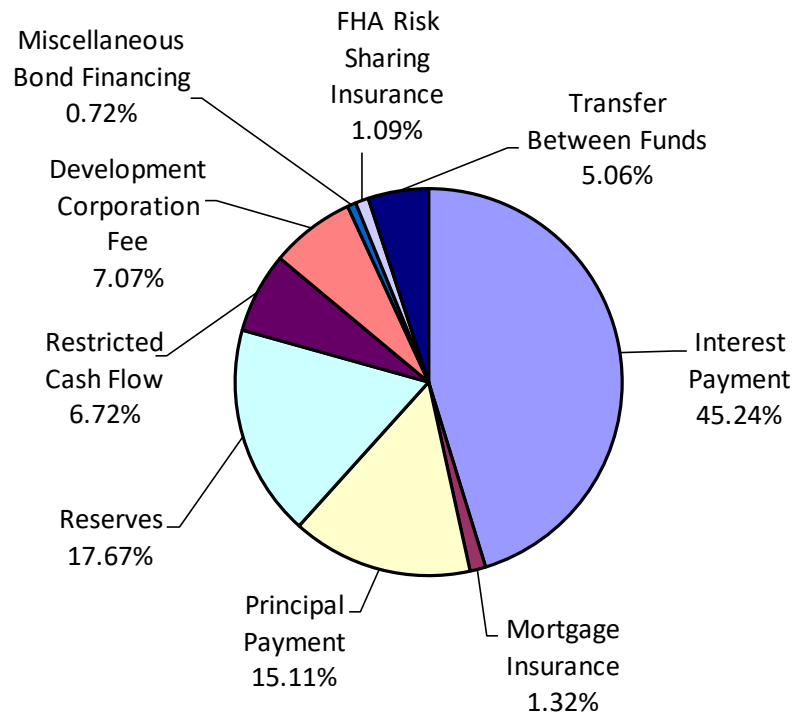
Non-Operating Income



Use of Funds—FY 2022



Non-Operating Expense

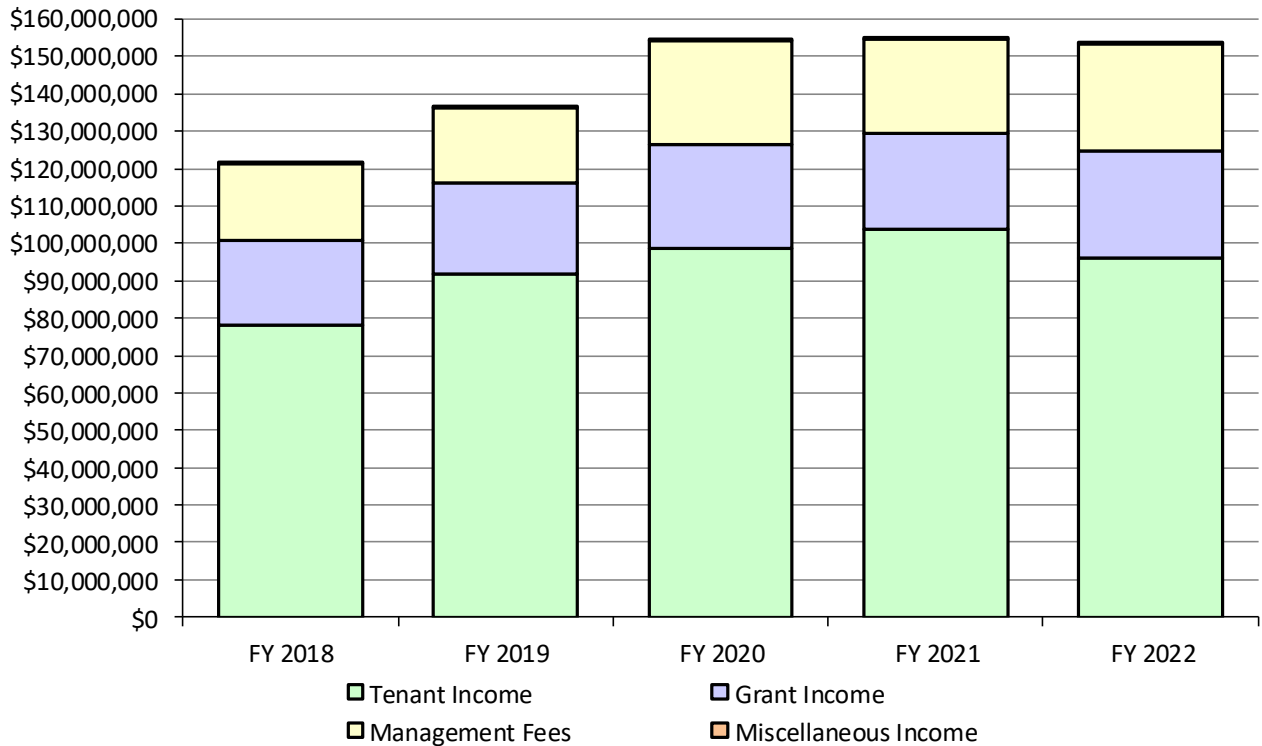


Total Agency—Revenue and Expense Statement

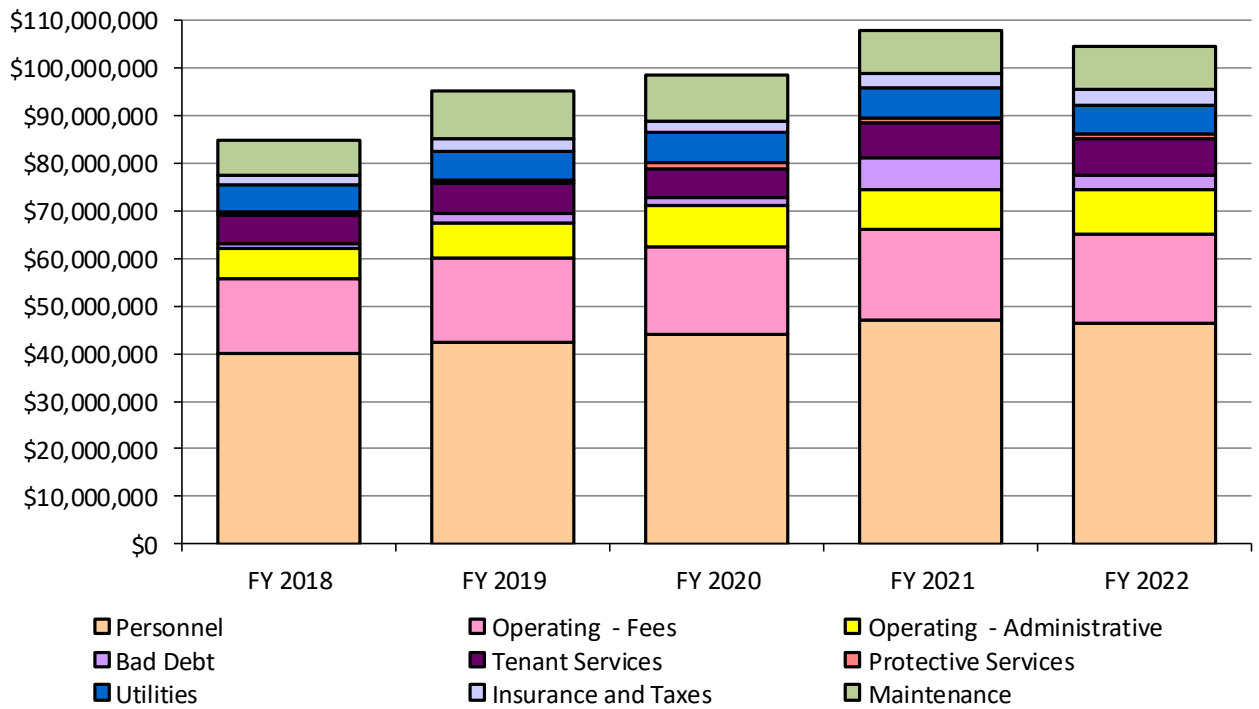
Total Revenue and Expense Statement	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Tenant Income	\$76,823,091	\$90,898,929	\$97,703,079	\$103,032,840	\$94,979,310
Non-Dwelling Rental Income	\$1,402,219	\$1,088,218	\$1,107,343	\$977,620	\$1,263,010
Federal Grant	\$103,892,095	\$111,759,315	\$116,933,119	\$113,362,240	\$123,984,850
State Grant	\$105,990	\$24,370	\$0	\$0	\$0
County Grant	\$9,750,971	\$10,063,003	\$10,089,325	\$10,785,570	\$11,126,350
Management Fees	\$20,493,087	\$20,146,249	\$27,581,348	\$25,266,770	\$28,786,780
Miscellaneous Income	\$181,601	\$496,816	\$346,691	\$134,200	\$228,780
TOTAL OPERATING INCOME	\$212,649,054	\$234,476,900	\$253,760,905	\$253,559,240	\$260,369,080
Operating Expenses					
Personnel Expenses	\$40,021,952	\$42,438,284	\$44,166,986	\$47,159,870	\$46,493,780
Operating Expenses - Fees	\$15,908,908	\$17,735,370	\$18,438,628	\$18,962,730	\$18,792,670
Operating Expenses - Administrative	\$6,208,073	\$7,224,321	\$8,648,832	\$8,370,180	\$9,252,360
Bad Debt	\$872,472	\$1,953,887	\$1,484,756	\$6,693,270	\$2,930,170
Tenant Services Expenses	\$6,146,396	\$6,390,914	\$6,123,707	\$7,311,990	\$7,870,860
Protective Services Expenses	\$812,364	\$789,721	\$1,369,695	\$930,730	\$725,320
Utilities Expenses	\$5,567,031	\$6,135,729	\$6,280,649	\$6,496,130	\$6,283,420
Insurance and Tax Expenses	\$1,846,557	\$2,706,517	\$2,455,978	\$3,062,660	\$3,149,280
Maintenance Expenses	\$7,605,304	\$9,974,062	\$9,787,285	\$9,130,070	\$9,194,630
Housing Assistance Payments (HAP)	\$91,157,649	\$97,568,970	\$99,329,069	\$98,532,500	\$106,615,330
TOTAL OPERATING EXPENSES	\$176,146,706	\$192,917,775	\$198,085,585	\$206,650,130	\$211,307,820
NET OPERATING INCOME	\$36,502,348	\$41,559,125	\$55,675,320	\$46,909,110	\$49,061,260
Non-Operating Income					
Investment Interest Income	\$24,414,275	\$29,740,649	\$26,017,802	\$22,442,670	\$23,482,450
FHA Risk Sharing Insurance	\$697,624	\$890,294	\$1,102,136	\$858,820	\$891,350
Transfer Between Funds	\$7,674,456	\$8,891,771	\$8,577,517	\$8,350,120	\$8,168,520
TOTAL NON-OPERATING INCOME	\$32,786,355	\$39,522,714	\$35,697,455	\$31,651,610	\$32,542,320
Non-Operating Expenses					
Interest Payment	\$33,006,794	\$42,540,438	\$38,556,309	\$38,832,450	\$36,916,260
Mortgage Insurance	\$832,655	\$881,485	\$1,168,924	\$1,218,140	\$1,076,400
Principal Payment	\$7,356,662	\$9,340,623	\$11,002,405	\$12,356,520	\$12,333,630
Debt Service, Operating and Replacement Reserves	\$8,216,656	\$9,998,074	\$15,441,521	\$11,268,960	\$14,414,500
Restricted Cash Flow	\$8,626,603	\$5,076,416	\$8,174,970	\$4,443,490	\$5,483,830
Development Corporation Fees	\$6,435,449	\$6,338,023	\$6,668,476	\$4,904,610	\$5,770,450
Miscellaneous Bond Financing Expenses	\$585,994	\$415,277	\$947,904	\$84,450	\$589,760
FHA Risk Sharing Insurance	\$618,857	\$890,294	\$1,102,136	\$858,820	\$891,350
Transfer Out Between Funds	\$3,790,711	\$5,429,173	\$5,530,873	\$4,593,280	\$4,127,400
TOTAL NON-OPERATING EXPENSES	\$69,470,381	\$80,909,803	\$88,593,518	\$78,560,720	\$81,603,580
NET NON-OPERATING ADJUSTMENTS	(\$36,684,026)	(\$41,387,089)	(\$52,896,063)	(\$46,909,110)	(\$49,061,260)
NET CASH FLOW	(\$181,678)	\$172,036	\$2,779,257	\$0	\$0

Operating Budget—Total Agency

Total Operating Income w/o HAP

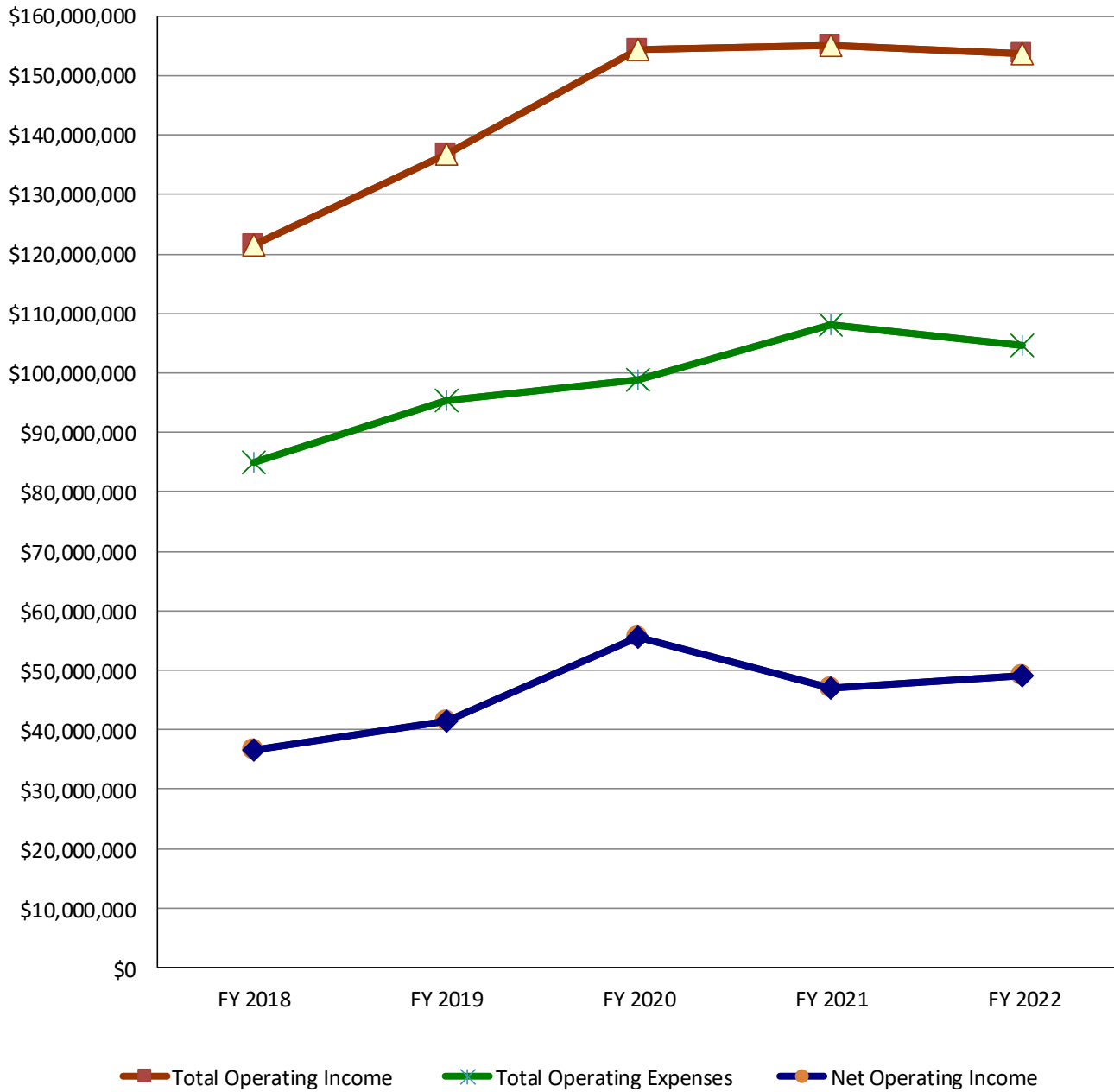


Total Operating Expenses w/o HAP



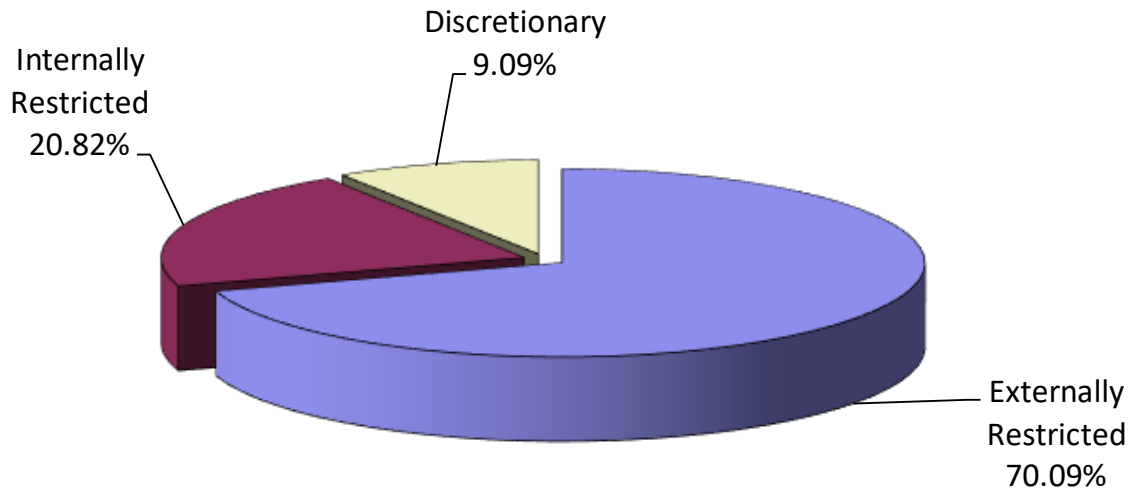
Operating Budget—Total Agency

Net Operating Income w/o HAP



FY 2022 Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2022 Adopted Budget			
	Externally	Internally	Discretionary	Total
	Restricted	Restricted		
Operating Income				
Property Related Income	\$38,906,170	\$55,102,310	\$2,233,840	\$96,242,320
Federal Grant	\$123,984,850	\$0	\$0	\$123,984,850
County Grant	\$11,126,350	\$0	\$0	\$11,126,350
Management Fees	\$0	\$5,895,910	\$22,890,870	\$28,786,780
Miscellaneous Income	\$177,250	\$0	\$51,530	\$228,780
TOTAL OPERATING INCOME	\$174,194,620	\$60,998,220	\$25,176,240	\$260,369,080
Non-Operating Income				
Interest Income	\$23,467,450	\$0	\$15,000	\$23,482,450
FHA Risk Sharing	\$891,350	\$0	\$0	\$891,350
Transfer Between Funds	\$6,733,900	\$0	\$1,434,620	\$8,168,520
TOTAL NON-OPERATING INCOME	\$31,092,700	\$0	\$1,449,620	\$32,542,320
TOTAL - ALL REVENUE SOURCES	\$205,287,320	\$60,998,220	\$26,625,860	\$292,911,400

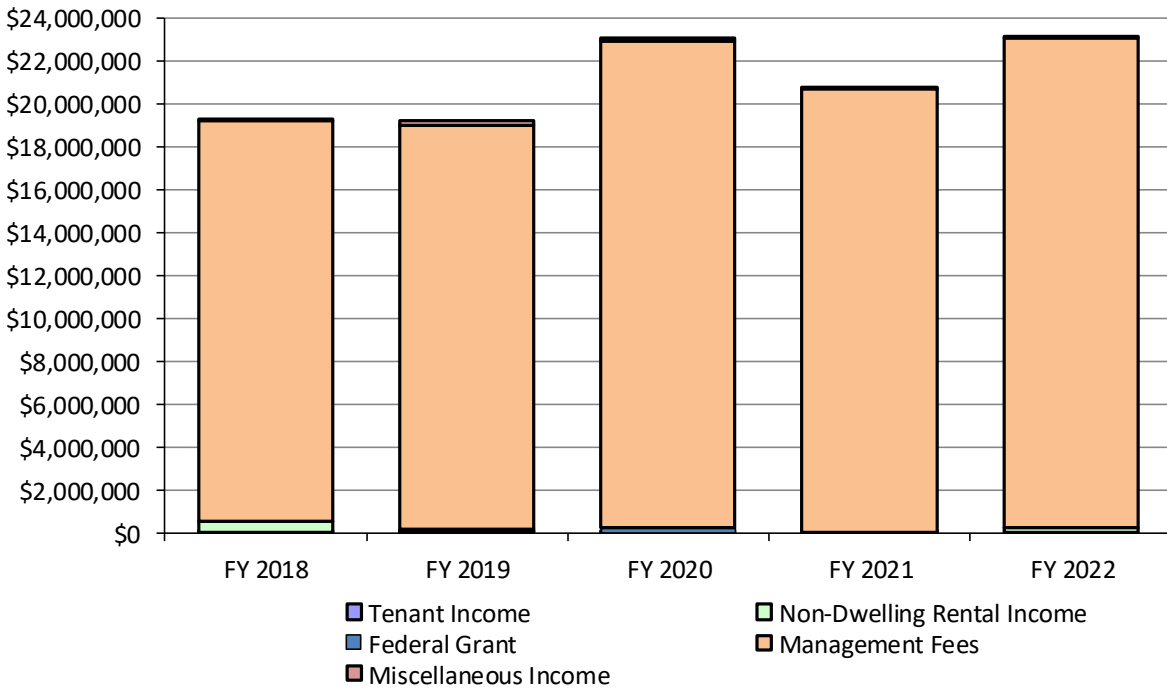


General Fund—Revenue and Expense Statement

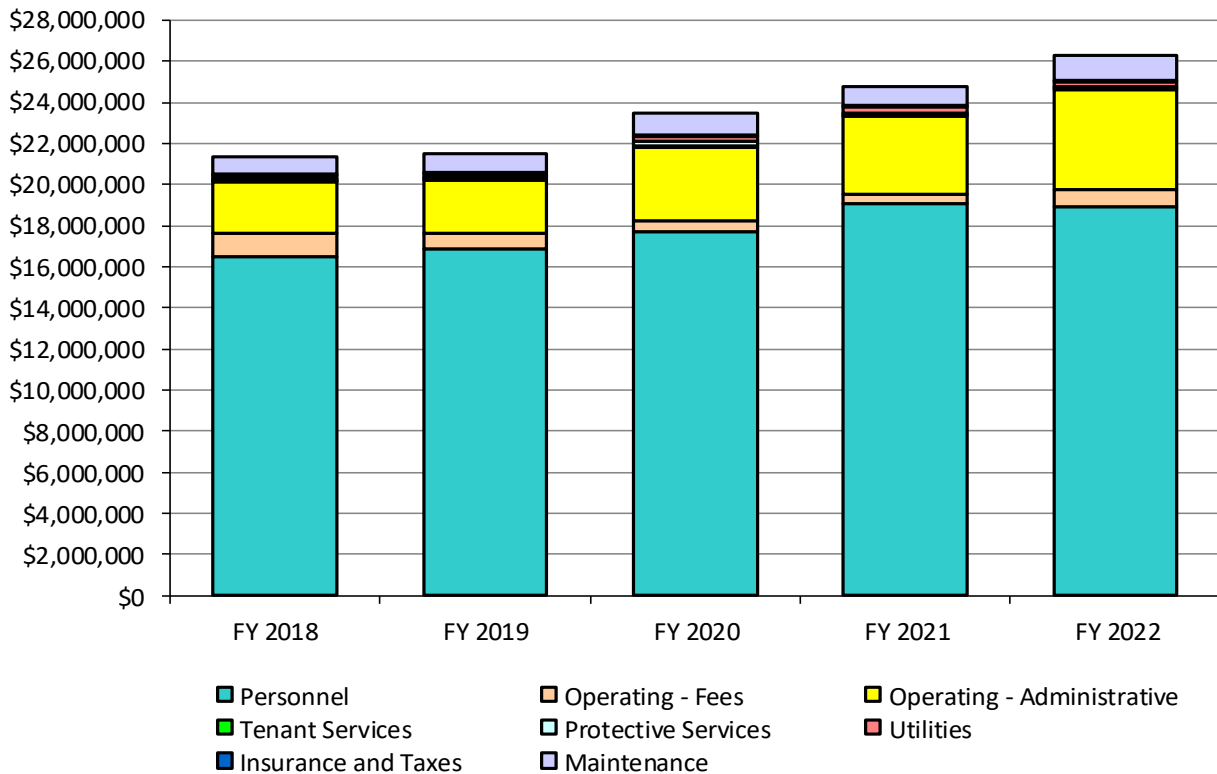
General Fund	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021	FY 2022
				Amended Budget	Adopted Budget
Operating Income					
Tenant Income	\$699	\$38,733	\$217	\$2,760	\$0
Non-Dwelling Rental Income	\$539,697	\$154,344	\$0	\$0	\$250,000
Federal Grant	\$0	\$0	\$224,638	\$0	\$0
Management Fees	\$18,669,643	\$18,843,579	\$22,743,052	\$20,738,450	\$22,883,480
Miscellaneous Income	\$39,182	\$211,095	\$114,898	\$7,500	\$51,530
TOTAL OPERATING INCOME	\$19,249,221	\$19,247,751	\$23,082,805	\$20,748,710	\$23,185,010
Operating Expenses					
Personnel Expenses	\$16,459,482	\$16,835,667	\$17,723,128	\$19,082,870	\$18,949,900
Operating Expenses - Fees	\$1,176,868	\$771,688	\$538,609	\$471,240	\$797,860
Operating Expenses - Administrative	\$2,455,697	\$2,632,509	\$3,547,508	\$3,742,070	\$4,869,760
Tenant Services Expenses	\$44,083	\$47,914	\$46,929	\$103,330	\$79,600
Protective Services Expenses	\$134,572	\$57,734	\$252,708	\$83,310	\$73,740
Utilities Expenses	\$191,009	\$180,909	\$189,312	\$253,750	\$238,680
Insurance and Tax Expenses	\$44,919	\$77,879	\$78,465	\$104,240	\$68,860
Maintenance Expenses	\$824,156	\$891,469	\$1,061,095	\$924,820	\$1,197,920
TOTAL OPERATING EXPENSES	\$21,330,786	\$21,495,769	\$23,437,754	\$24,765,630	\$26,276,320
NET OPERATING INCOME	(\$2,081,565)	(\$2,248,018)	(\$354,949)	(\$4,016,920)	(\$3,091,310)
Non-Operating Income					
Investment Interest Income	\$2,656,434	\$6,918,735	\$20,514	\$67,730	\$15,000
FHA Risk Sharing Insurance	\$697,624	\$890,294	\$1,102,136	\$858,820	\$891,350
Transfer Between Funds	\$1,306,283	\$1,627,473	\$2,049,091	\$2,809,700	\$3,247,580
TOTAL NON-OPERATING INCOME	\$4,660,341	\$9,436,502	\$3,171,741	\$3,736,250	\$4,153,930
Non-Operating Expenses					
Interest Payment	\$2,556,779	\$6,616,878	\$180,109	\$108,000	\$4,600
Principal Payment	\$0	\$0	\$0	\$0	\$96,000
Debt Service, Operating and Replacement Reserves	\$200,000	\$200,000	\$200,000	\$200,000	\$1,200,000
FHA Risk Sharing Insurance	\$618,856	\$890,293	\$1,102,136	\$858,820	\$891,350
Transfer Out Between Funds	\$113,125	\$1,035,352	\$891,322	\$863,270	\$1,094,510
TOTAL NON-OPERATING EXPENSES	\$3,488,760	\$8,742,523	\$2,373,567	\$2,030,090	\$3,286,460
NET NON-OPERATING ADJUSTMENTS	\$1,171,581	\$693,979	\$798,174	\$1,706,160	\$867,470
NET CASH FLOW	(\$909,984)	(\$1,554,039)	\$443,225	(\$2,310,760)	(\$2,223,840)

Operating Income and Operating Expenses—General Fund

Operating Income



Operating Expenses



Public Fund (Grants)—Income Summary

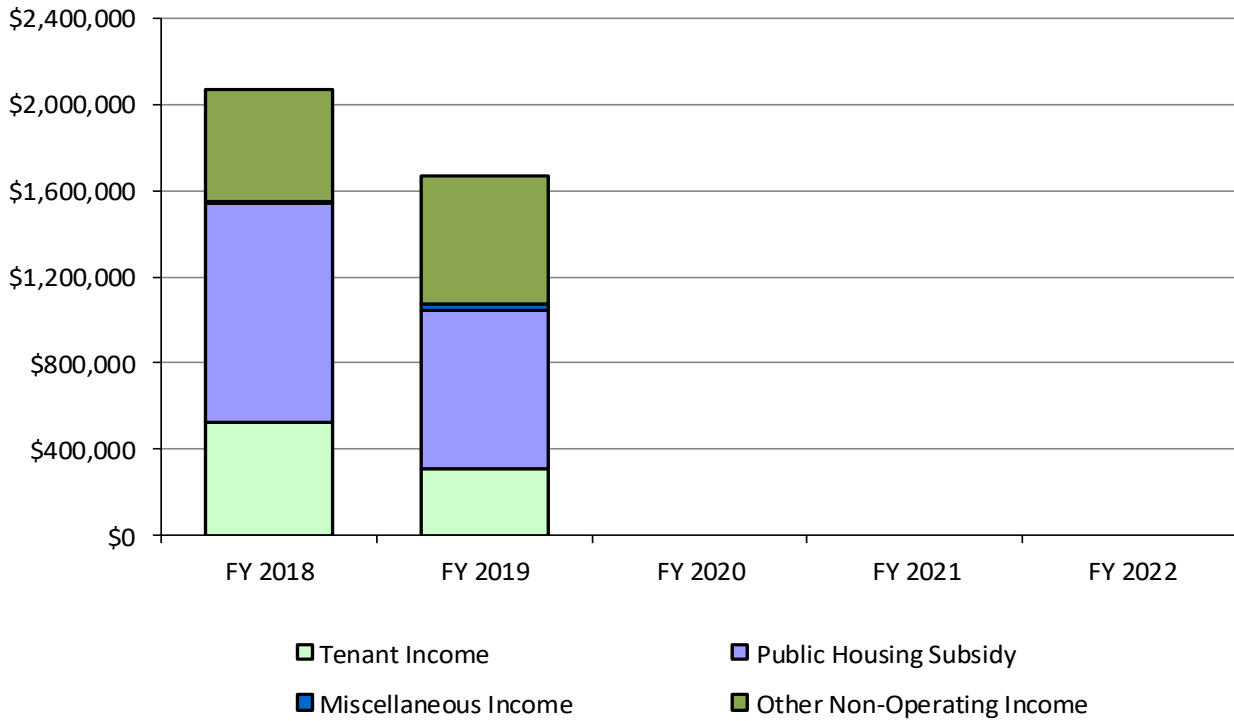
Public Fund				FY 2021	FY 2022
Federal, State and County Grants	FY 2018	FY 2019	FY 2020	Amended	Adopted
Income Summary	Actual	Actual	Actual	Budget	Budget
Federal Funds					
Comp Grant	\$195,293	\$44,639	\$136,969	\$0	\$0
HOC Family Program	\$523,691	\$604,258	\$625,673	\$922,270	\$998,000
McKinney Grants	\$3,968,803	\$4,026,204	\$4,358,121	\$4,073,130	\$4,295,200
ROSS Grants	\$428,257	\$360,353	\$343,978	\$392,110	\$392,110
TOTAL - FEDERAL FUNDS	\$5,116,044	\$5,035,454	\$5,464,741	\$5,387,510	\$5,685,310
State & County Funds					
County Main Grant	\$6,406,152	\$6,580,066	\$6,788,049	\$6,619,690	\$6,895,690
County Senior Nutrition	\$45,028	\$43,668	\$41,584	\$57,110	\$57,110
County Closing Cost Assistance Program	\$177,012	\$177,644	\$178,356	\$176,540	\$175,310
HOME-Rental Allowance Program	\$70,220	\$15,489	\$0	\$0	\$0
Housing Locator	\$136,911	\$85,000	\$82,623	\$87,550	\$87,550
Maryland Emergency Food Program	\$6,000	\$6,000	\$8,000	\$8,000	\$8,000
McKinney Grants	\$604,498	\$619,042	\$823,293	\$634,590	\$634,590
Recordation Tax - Rent Supplemental Program	\$1,734,486	\$1,779,546	\$1,650,400	\$2,056,550	\$2,118,250
Recordation Tax - Move-up Initiative	\$72,968	\$126,546	\$121,078	\$182,900	\$172,200
Recordation Tax - Community Choice Homes Initiative	\$58,056	\$213,792	\$131,833	\$679,310	\$669,690
Recordation Tax - Youth Bridge Initiative	\$9,980	\$95,383	\$73,926	\$91,470	\$86,100
Recordation Tax - Miscellaneous Programs	\$0	\$6,160	\$0	\$0	\$0
Service Coordinators - (Old SHRAP)	\$257,225	\$89,375	\$0	\$0	\$0
Turnkey	\$23,715	\$24,189	\$24,915	\$24,910	\$24,910
State RAP and RAP to Work	\$105,990	\$61,472	\$0	\$0	\$0
Service Linked Emergency Assistance	\$63,823	\$0	\$0	\$0	\$0
State Housing Counselor	\$36,916	\$0	\$0	\$0	\$0
Emergency Assistance	\$54,280	\$170,000	\$173,268	\$174,950	\$174,950
TOTAL - STATE & COUNTY FUNDS	\$9,863,260	\$10,093,372	\$10,097,325	\$10,793,570	\$11,104,350
TOTAL PUBLIC FUNDS	\$14,979,304	\$15,128,826	\$15,562,066	\$16,181,080	\$16,789,660

Public Housing Rental—Revenue and Expense Statement

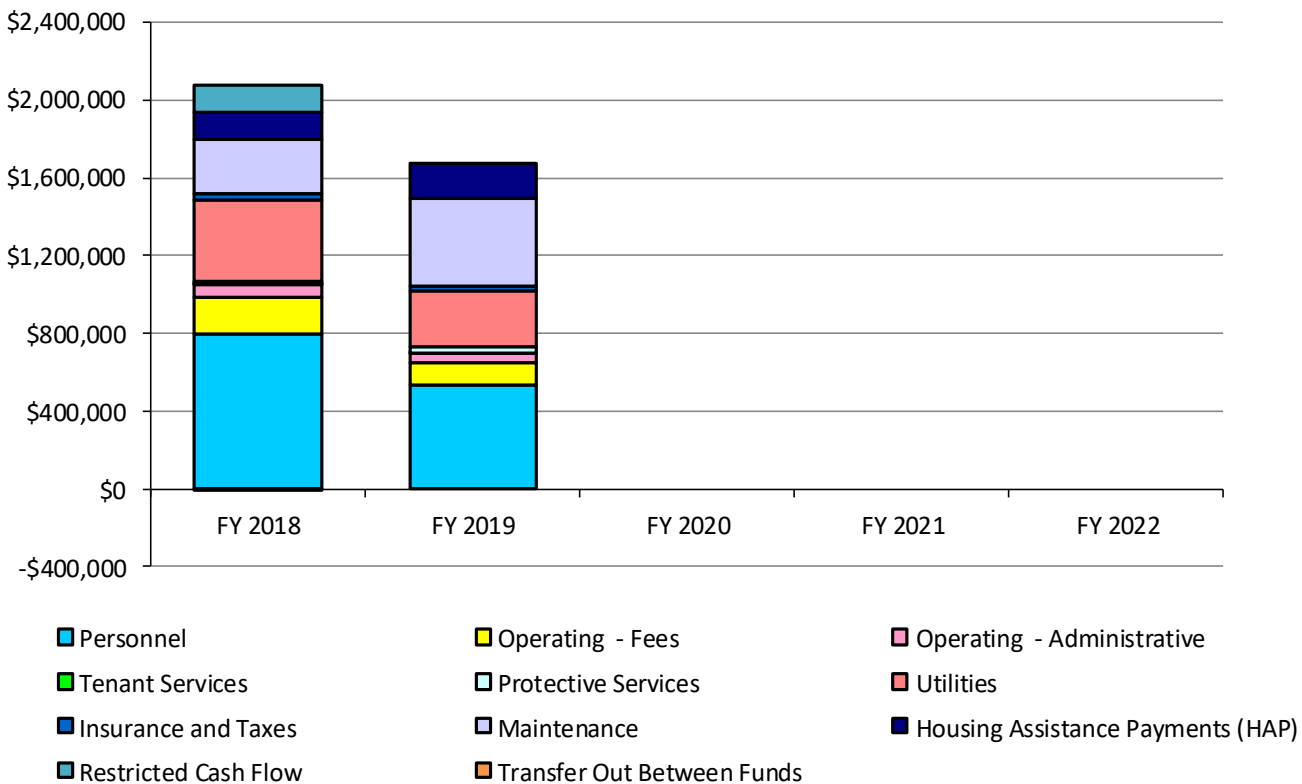
Public Housing Rental	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Actual	Actual	Actual	Amended Budget	Adopted Budget
Operating Income					
Tenant Income	\$524,650	\$310,151	\$0	\$0	\$0
Public Housing Operating Subsidy	\$1,018,753	\$736,923	\$0	\$0	\$0
Miscellaneous Income	\$8,923	\$27,264	\$0	\$0	\$0
TOTAL OPERATING INCOME	\$1,552,326	\$1,074,338	\$0	\$0	\$0
Operating Expenses					
Personnel Expenses	\$795,986	\$532,633	\$0	\$0	\$0
Operating Expenses - Fees	\$188,403	\$116,411	\$0	\$0	\$0
Operating Expenses - Administrative	\$66,130	\$47,932	\$0	\$0	\$0
Tenant Services Expenses	\$1,040	\$4,393	\$0	\$0	\$0
Protective Services Expenses	\$19,965	\$27,274	\$0	\$0	\$0
Utilities Expenses	\$411,785	\$292,113	\$0	\$0	\$0
Insurance and Tax Expenses	\$35,485	\$22,655	\$0	\$0	\$0
Maintenance Expenses	\$277,800	\$449,175	\$0	\$0	\$0
Housing Assistance Payments (HAP)	\$136,983	\$179,061	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$1,933,577	\$1,671,647	\$0	\$0	\$0
NET OPERATING INCOME	(\$381,251)	(\$597,309)	\$0	\$0	\$0
Non-Operating Income					
Investment Interest Income	\$11,493	\$17,119	\$0	\$0	\$0
Transfer Between Funds	\$506,999	\$580,190	\$0	\$0	\$0
TOTAL NON-OPERATING INCOME	\$518,492	\$597,309	\$0	\$0	\$0
Non-Operating Expenses					
Restricted Cash Flow	\$140,841	\$0	\$0	\$0	\$0
Transfer Out Between Funds	(\$3,600)	\$0	\$0	\$0	\$0
TOTAL NON-OPERATING EXPENSES	\$137,241	\$0	\$0	\$0	\$0
NET NON-OPERATING ADJUSTMENTS	\$381,251	\$597,309	\$0	\$0	\$0
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0

Total Income and Total Expenses—Public Housing Rental

Total Income



Total Expenses



Public Housing Homeownership—Revenue and Expense Statement

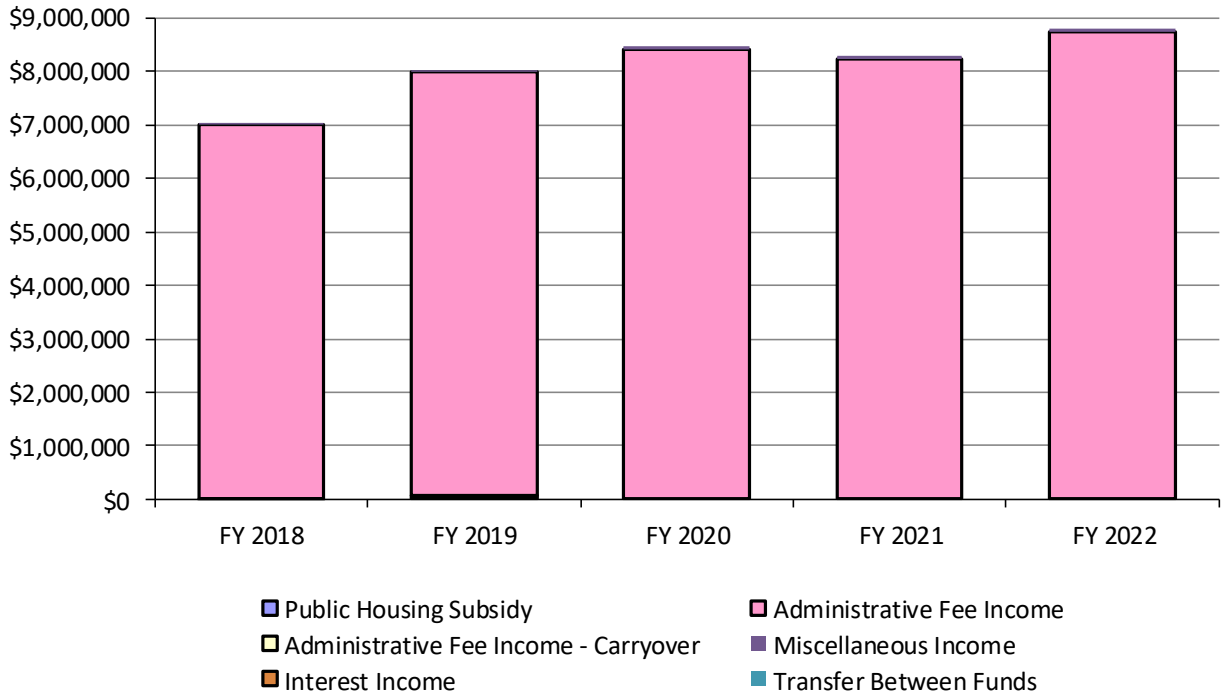
Public Housing Homeownership	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Actual	Actual	Actual	Amended Budget	Adopted Budget
Operating Income					
Tenant Income	\$12,098	\$0	\$0	\$0	\$0
Federal Grant	\$139,767	\$65	\$0	\$0	\$0
TOTAL OPERATING INCOME	\$151,865	\$65	\$0	\$0	\$0
Operating Expenses					
Personnel Expenses	\$15,159	(\$7,361)	\$0	\$0	\$0
Operating Expenses - Fees	\$8,023	\$476	\$0	\$0	\$0
Operating Expenses - Administrative	\$4,220	\$17,080	\$0	\$0	\$0
Tenant Services Expenses	\$10,204	\$0	\$0	\$0	\$0
Protective Services Expenses	\$521	\$0	\$0	\$0	\$0
Utilities Expenses	\$10,068	\$9,378	\$0	\$0	\$0
Insurance and Tax Expenses	\$2,471	\$205	\$0	\$0	\$0
Maintenance Expenses	\$185,196	\$458,124	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$235,862	\$477,902	\$0	\$0	\$0
NET OPERATING INCOME	(\$83,997)	(\$477,837)	\$0	\$0	\$0
Non-Operating Income					
Investment Interest Income	\$949	\$461	\$0	\$0	\$0
Transfer Between Funds - Rental License	\$308	\$0	\$0	\$0	\$0
TOTAL NON-OPERATING INCOME	\$1,257	\$461	\$0	\$0	\$0
Non-Operating Expenses					
Miscellaneous Bond Financing Expenses	\$44,684	\$0	\$0	\$0	\$0
TOTAL NON-OPERATING EXPENSES	\$44,684	\$0	\$0	\$0	\$0
NET NON-OPERATING ADJUSTMENTS	(\$43,427)	\$461	\$0	\$0	\$0
NET CASH FLOW	(\$127,424)	(\$477,376)	\$0	\$0	\$0

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

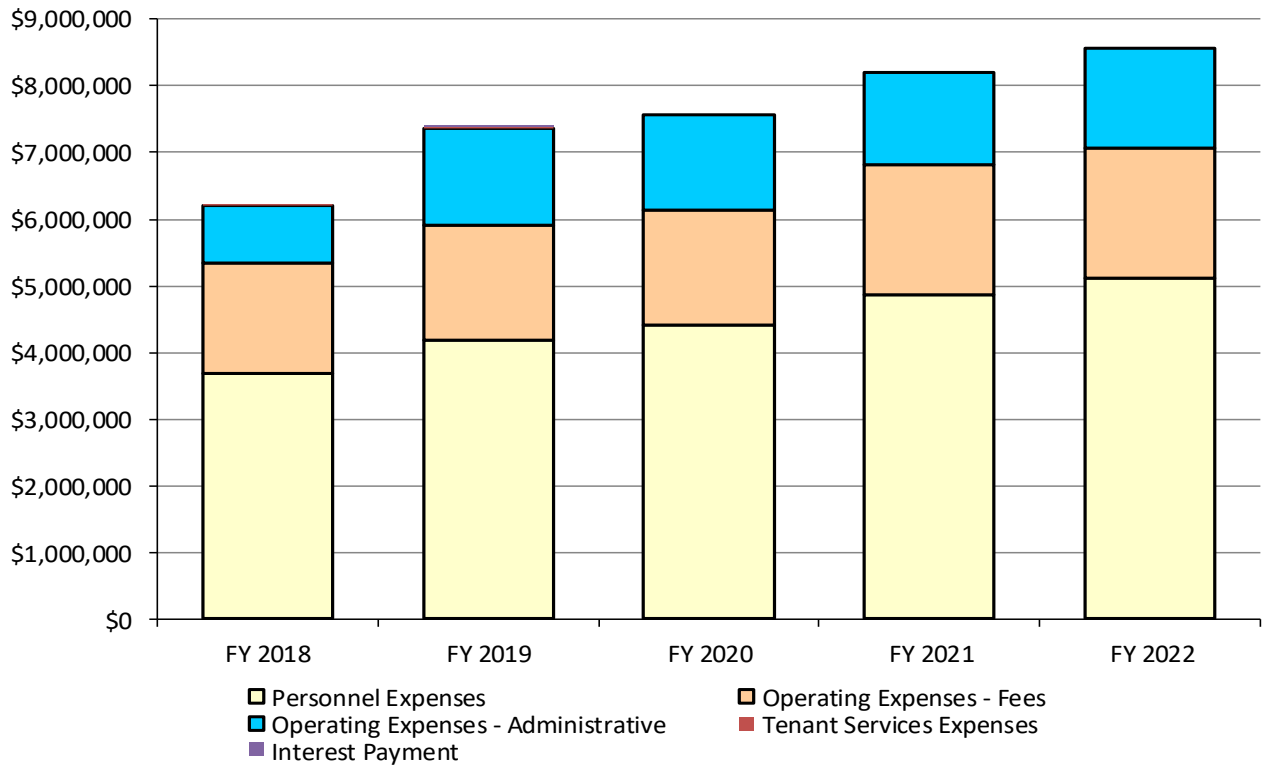
Housing Choice Voucher Program	FY 2018	FY 2019	FY 2020	FY 2021 Amended	FY 2022 Adopted
	Actual	Actual	Actual	Budget	Budget
Operating Income					
Housing Assistance Payments (HAP)	\$90,595,051	\$97,969,317	\$102,208,159	\$99,707,430	\$109,505,000
Public Housing Subsidy	\$0	\$71,276	\$0	\$0	\$0
Administrative Fee Income	\$6,998,217	\$7,913,123	\$8,399,973	\$8,225,300	\$8,749,140
Miscellaneous Income	\$17,737	\$8,843	\$57,707	\$60,000	\$50,000
TOTAL OPERATING INCOME	\$97,611,005	\$105,962,559	\$110,665,839	\$107,992,730	\$118,304,140
Operating Expenses					
Personnel Expenses	\$3,683,163	\$4,192,275	\$4,404,326	\$4,871,570	\$5,109,490
Operating Expenses - Fees	\$1,659,458	\$1,726,389	\$1,724,943	\$1,937,320	\$1,963,310
Operating Expenses - Administrative	\$854,113	\$1,453,789	\$1,438,029	\$1,395,640	\$1,481,410
Tenant Services Expenses	\$150	\$7,072	\$0	\$0	\$0
Housing Assistance Payments (HAP)	\$90,900,703	\$97,373,218	\$99,213,734	\$98,532,500	\$106,615,330
TOTAL OPERATING EXPENSES	\$97,097,587	\$104,752,743	\$106,781,032	\$106,737,030	\$115,169,540
NET OPERATING INCOME	\$513,418	\$1,209,816	\$3,884,807	\$1,255,700	\$3,134,600
Non-Operating Income					
Investment Interest Income	(\$2)	\$0	\$0	\$0	\$0
Draw from Housing Assistance Payments (HAP) Reserve	\$305,652	\$0	\$0	\$0	\$0
TOTAL NON-OPERATING INCOME	\$305,650	\$0	\$0	\$0	\$0
Non-Operating Expenses					
Interest Payment	\$0	\$19	\$0	\$0	\$0
Contribution to HAP Reserve (RNP)	\$0	\$596,098	\$2,994,424	\$1,174,940	\$2,759,150
Contribution to Admin Reserve (UNP)	\$819,068	\$613,699	\$890,383	\$80,760	\$375,450
TOTAL NON-OPERATING EXPENSES	\$819,068	\$1,209,816	\$3,884,807	\$1,255,700	\$3,134,600
NET NON-OPERATING ADJUSTMENTS	(\$513,418)	(\$1,209,816)	(\$3,884,807)	(\$1,255,700)	(\$3,134,600)
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0

Total Income and Total Expenses—HCV Program

Total Income w/o HAP



Total Expense w/o HAP

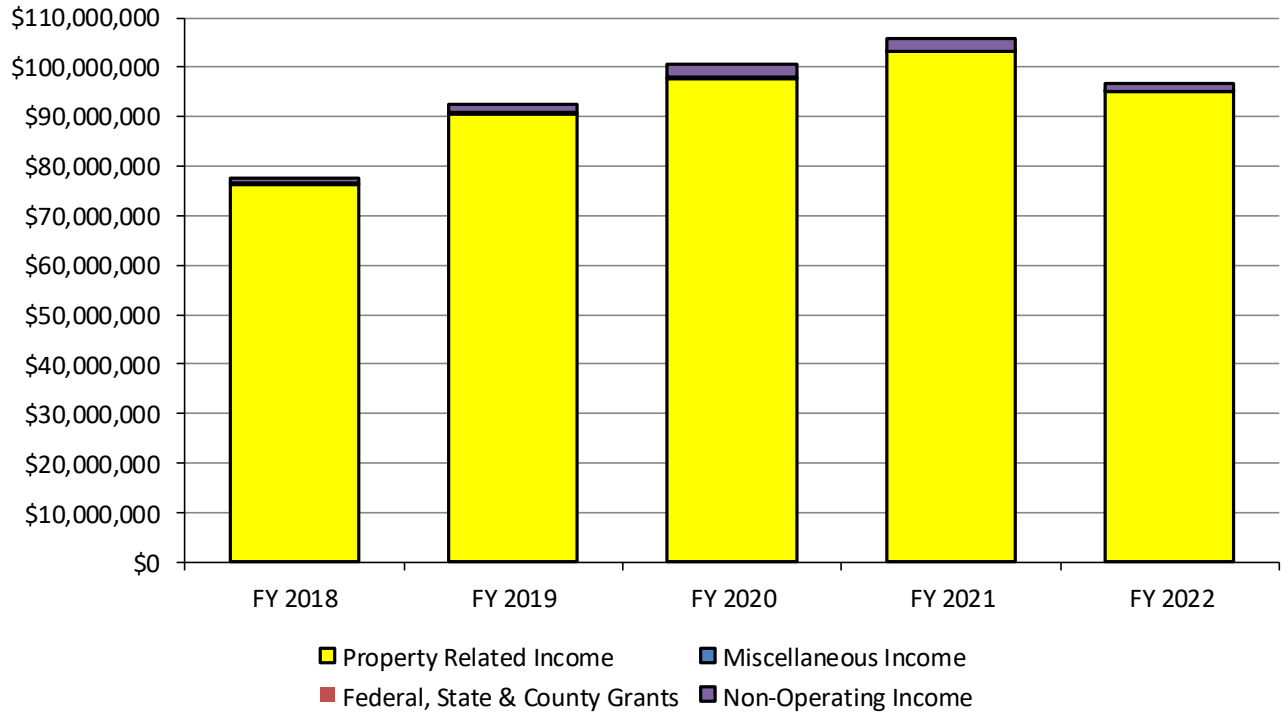


Opportunity Housing Fund and Development Corporations— Revenue and Expense Statement

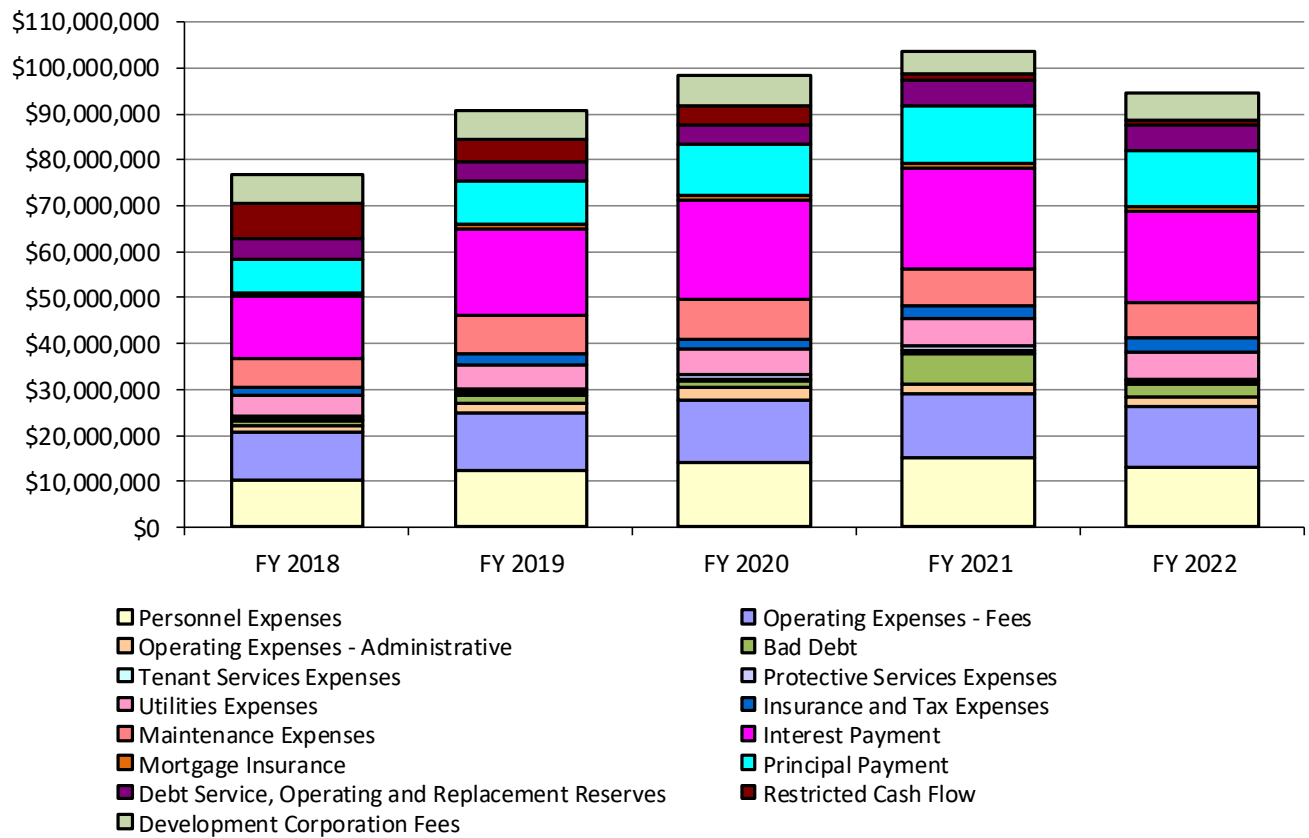
Opportunity Housing and Development Corporations	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Tenant Income	\$75,479,465	\$89,725,196	\$96,642,639	\$102,184,760	\$94,051,920
Non-Dwelling Rental Income	\$827,048	\$916,188	\$992,000	\$917,610	\$963,010
Federal Grant	\$42,000	\$42,000	\$49,571	\$42,000	\$45,390
Miscellaneous Income	\$170,371	\$275,689	\$229,554	\$133,260	\$176,640
TOTAL OPERATING INCOME	\$76,518,884	\$90,959,073	\$97,913,764	\$103,277,630	\$95,236,960
Operating Expenses					
Personnel Expenses	\$10,374,561	\$12,482,979	\$14,151,152	\$15,042,110	\$12,918,780
Operating Expenses - Fees	\$10,204,877	\$12,330,620	\$13,444,709	\$13,881,970	\$13,469,370
Operating Expenses - Administrative	\$1,681,031	\$2,183,397	\$2,689,619	\$2,233,170	\$1,967,490
Bad Debt	\$866,925	\$1,832,379	\$1,439,878	\$6,656,370	\$2,889,960
Tenant Services Expenses	\$390,066	\$457,584	\$347,720	\$686,680	\$472,870
Protective Services Expenses	\$657,307	\$704,714	\$1,087,234	\$847,420	\$651,590
Utilities Expenses	\$4,638,918	\$5,359,550	\$5,563,980	\$5,929,230	\$5,698,730
Insurance and Tax Expenses	\$1,725,157	\$2,561,327	\$2,317,868	\$2,934,430	\$3,077,450
Maintenance Expenses	\$6,317,881	\$8,054,009	\$8,443,371	\$7,887,800	\$7,861,710
TOTAL OPERATING EXPENSES	\$36,856,723	\$45,966,559	\$49,485,531	\$56,099,180	\$49,007,950
NET OPERATING INCOME	\$39,662,161	\$44,992,514	\$48,428,233	\$47,178,450	\$46,229,010
Non-Operating Income					
Investment Interest Income	\$61	\$9,439	\$13,537	\$3,050	\$0
Transfer Between Funds	\$1,147,222	\$1,572,824	\$2,715,279	\$2,599,720	\$1,390,810
TOTAL NON-OPERATING INCOME	\$1,147,283	\$1,582,263	\$2,728,816	\$2,602,770	\$1,390,810
Non-Operating Expenses					
Interest Payment	\$13,281,955	\$19,107,600	\$21,597,743	\$21,940,160	\$19,676,990
Mortgage Insurance	\$828,899	\$877,056	\$1,167,416	\$1,217,300	\$1,075,530
Principal Payment	\$7,356,662	\$9,340,623	\$11,002,405	\$12,356,520	\$12,237,630
Debt Service Reserve	\$1,513,440	\$677,649	\$645,623	\$2,054,520	\$2,054,520
Operating and Replacement Reserves	\$2,895,696	\$3,490,550	\$3,677,674	\$3,528,760	\$3,377,500
Restricted Cash Flow	\$7,769,037	\$5,017,201	\$4,061,680	\$1,468,590	\$1,203,360
Development Corporation Fees	\$6,435,449	\$6,338,023	\$6,668,476	\$4,904,610	\$5,770,450
TOTAL NON-OPERATING EXPENSES	\$40,081,138	\$44,848,702	\$48,821,017	\$47,470,460	\$45,395,980
NET NON-OPERATING ADJUSTMENTS	(\$38,933,855)	(\$43,266,439)	(\$46,092,201)	(\$44,867,690)	(\$44,005,170)
NET CASH FLOW	\$728,306	\$1,726,075	\$2,336,032	\$2,310,760	\$2,223,840

Total Income and Total Expenses— Opportunity and Development Corporations Portfolio

Total Income



Total Expenses



HOC Owned/Managed Properties—FY 2022 Net Cash Flow Statement

Opportunity Housing and Development Corps FY 2022 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2022 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2022 Net Cash Flow to HOC
Alexander House Dev Corp	\$3,724,780	\$1,416,150	\$2,308,630	\$2,375,790	\$67,300	\$195,800	(\$330,260)	\$0	\$0	(\$330,260)
Avondale Apartments	\$370,660	\$138,950	\$231,710	\$33,820	\$10,000	\$35,740	\$152,150	\$0	\$0	\$152,150
Barclay Apartments Dev Corp	\$1,238,790	\$557,240	\$681,550	\$672,570	\$22,800	\$81,310	(\$95,130)	\$0	\$0	(\$95,130)
Barclay Affordable	\$1,104,920	\$535,800	\$569,120	\$436,590	\$24,300	\$0	\$108,230	\$0	\$0	\$108,230
Brooke Park Apartments	\$202,290	\$84,930	\$117,360	\$0	\$5,950	\$18,190	\$93,220	\$93,220	\$0	\$0
Brookside Glen (The Glen) LP	\$1,543,230	\$699,620	\$843,610	\$495,210	\$72,400	\$96,290	\$179,710	\$179,710	\$0	\$0
Camp Hill Square	\$723,220	\$420,000	\$303,220	\$0	\$15,300	\$71,480	\$216,440	\$0	\$0	\$216,440
CDBG Units	\$46,520	\$29,760	\$16,760	\$920	\$15,840	\$0	\$0	\$0	\$0	\$0
Chelsea Towers	\$361,650	\$185,710	\$175,940	\$136,500	\$8,400	\$30,020	\$1,020	\$0	\$0	\$1,020
Cider Mill Apartments	\$12,888,420	\$5,276,290	\$7,612,130	\$6,682,380	\$302,400	\$616,930	\$10,420	\$10,420	\$0	\$0
Dale Drive	\$104,550	\$83,010	\$21,540	\$0	\$9,090	\$10,700	\$1,750	\$1,750	\$0	\$0
Day Care at 9845 Lost Knife Rd	\$125,730	\$27,880	\$97,850	\$115,290	\$5,000	\$0	(\$22,440)	\$0	\$0	(\$22,440)
Diamond Square LP	\$1,337,400	\$721,800	\$615,600	\$116,990	\$141,080	\$26,030	\$331,500	\$331,500	\$0	\$0
Elizabeth House Interim RAD	\$935,630	\$713,750	\$221,880	\$0	\$0	\$103,060	\$118,820	\$0	\$0	\$118,820
Fairfax Court	\$272,450	\$139,140	\$133,310	\$23,730	\$26,820	\$19,260	\$63,500	\$0	\$0	\$63,500
Georgian Court Affordable	\$588,350	\$296,010	\$292,340	\$147,630	\$17,190	\$18,530	\$108,990	\$0	\$0	\$108,990
Glenmont Crossing Dev Corp	\$1,869,710	\$632,870	\$1,236,840	\$675,960	\$58,200	\$103,780	\$398,900	\$128,290	\$270,610	\$0
Glenmont Westerly Dev Corp	\$1,628,860	\$657,990	\$970,870	\$671,170	\$61,200	\$109,130	\$129,370	\$129,370	\$0	\$0
Holiday Park	\$328,750	\$123,100	\$205,650	\$101,560	\$17,530	\$28,590	\$57,970	\$0	\$0	\$57,970
Jubilee Falling Creek	\$25,120	\$44,950	(\$19,830)	\$0	\$2,000	\$0	(\$21,830)	\$0	\$0	(\$21,830)
Jubilee Hermitage	\$23,310	\$22,140	\$1,170	\$0	\$2,000	\$0	(\$830)	\$0	\$0	(\$830)
Jubilee Horizon Court	\$26,220	\$28,970	(\$2,750)	\$0	\$2,000	\$0	(\$4,750)	\$0	\$0	(\$4,750)
Jubilee Woodedge	\$31,820	\$24,650	\$7,170	\$0	\$2,000	\$0	\$5,170	\$0	\$0	\$5,170
King Farm Village Center	\$17,650	\$11,640	\$6,010	\$0	\$1,200	\$0	\$4,810	\$4,810	\$0	\$0
Magruder's Discovery Dev Corp	\$2,679,520	\$656,000	\$2,023,520	\$923,660	\$42,880	\$90,050	\$966,930	\$0	\$966,930	\$0
Manchester Manor Apartments	\$803,620	\$504,440	\$299,180	\$220,380	\$21,410	\$62,840	(\$5,450)	\$0	\$0	(\$5,450)
Manor at Clappers Mill, LLC	\$482,250	\$228,250	\$254,000	\$174,160	\$10,200	\$36,010	\$33,630	\$0	\$0	\$33,630
Manor at Colesville, LLC	\$398,050	\$190,270	\$207,780	\$127,680	\$8,300	\$29,310	\$42,490	\$0	\$0	\$42,490
Manor at Fair Hill Farm, LLC	\$497,990	\$218,990	\$279,000	\$190,550	\$10,100	\$35,660	\$42,690	\$0	\$0	\$42,690
McHome	\$457,930	\$318,150	\$139,780	\$0	\$16,400	\$0	\$123,380	\$0	\$0	\$123,380
McKendree	\$186,190	\$142,200	\$43,990	\$0	\$11,200	\$0	\$32,790	\$0	\$0	\$32,790
MetroPointe Dev Corp	\$2,594,310	\$808,590	\$1,785,720	\$1,941,460	\$30,000	\$8,680	(\$194,420)	\$0	\$0	(\$194,420)
Metropolitan Dev Corp	\$6,633,310	\$2,056,340	\$4,576,970	\$2,294,030	\$97,200	\$119,100	\$2,066,640	\$225,360	\$1,336,450	\$504,830
Metropolitan Affordable	\$805,590	\$704,740	\$100,850	\$545,330	\$41,400	\$18,950	(\$504,830)	\$0	\$0	(\$504,830)
MHLP VII	\$478,570	\$346,290	\$132,280	\$39,650	\$14,000	\$0	\$78,630	\$0	\$0	\$78,630
MHLP VIII	\$681,060	\$514,320	\$166,740	\$0	\$20,000	\$0	\$146,740	\$0	\$0	\$146,740
MHLP IX - Pond Ridge	\$546,280	\$374,110	\$172,170	\$241,100	\$16,000	\$0	(\$84,930)	\$0	\$0	(\$84,930)
MHLP IX - Scattered	\$1,107,670	\$744,890	\$362,780	\$437,540	\$30,400	\$0	(\$105,160)	\$0	\$0	(\$105,160)
MHLP X	\$1,154,740	\$708,040	\$446,700	\$464,950	\$23,000	\$0	(\$41,250)	\$0	\$0	(\$41,250)

HOC Owned/Managed Properties—FY 2022 Net Cash Flow Statement (cont.)

Opportunity Housing and Development Corps FY 2022 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2022 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2022 Net Cash Flow to HOC
(cont.)										
Montgomery Arms Dev Corp	\$1,975,820	\$741,920	\$1,233,900	\$682,230	\$46,200	\$138,020	\$367,450	\$0	\$367,450	\$0
MPDU 2007 - Phase II	\$85,680	\$65,610	\$20,070	\$0	\$5,400	\$0	\$14,670	\$0	\$0	\$14,670
MPDU I (64)	\$827,700	\$515,830	\$311,870	\$225,190	\$27,540	\$0	\$59,140	\$0	\$0	\$59,140
MPDU II (59) Dev Corp	\$844,990	\$469,570	\$375,420	\$0	\$17,700	\$0	\$357,720	\$0	\$357,720	\$0
NCI Units	\$188,460	\$110,350	\$78,110	\$0	\$78,110	\$0	\$0	\$0	\$0	\$0
NSP Units	\$98,780	\$54,430	\$44,350	\$0	\$44,350	\$0	\$0	\$0	\$0	\$0
Oaks @ Four Corners Dev Corp	\$1,421,880	\$870,030	\$551,850	\$280,030	\$171,990	\$128,390	(\$28,560)	\$0	\$0	(\$28,560)
617 Olney Sandy Spring Road	\$110	\$6,610	(\$6,500)	\$0	\$1,200	\$0	(\$7,700)	\$0	\$0	(\$7,700)
Paddington Square Dev Corp	\$2,967,390	\$1,220,730	\$1,746,660	\$939,060	\$57,750	\$104,470	\$645,380	\$0	\$645,380	\$0
Paint Branch	\$201,400	\$97,680	\$103,720	\$0	\$8,400	\$20,010	\$75,310	\$75,310	\$0	\$0
Pooks Hill High-Rise Dev Corp	\$2,871,690	\$952,980	\$1,918,710	\$1,019,790	\$176,640	\$247,720	\$474,560	\$0	\$474,560	\$0
Pooks Hill Mid-Rise	\$922,360	\$293,290	\$629,070	\$298,110	\$55,860	\$53,500	\$221,600	\$0	\$0	\$221,600
RAD 6 - Ken Gar Dev Corp	\$201,360	\$121,290	\$80,070	\$102,850	\$10,380	\$18,470	(\$51,630)	\$0	(\$51,630)	\$0
RAD 6 - Parkway Woods Dev Corp	\$309,560	\$146,450	\$163,110	\$116,320	\$13,100	\$23,330	\$10,360	\$0	\$10,360	\$0
RAD 6 - Sandy Spring Meadow Dev Corp	\$671,330	\$354,340	\$316,990	\$260,060	\$30,040	\$53,470	(\$26,580)	\$0	(\$26,580)	\$0
RAD 6 - Seneca Ridge Dev Corp	\$1,158,020	\$706,460	\$451,560	\$514,630	\$38,770	\$69,030	(\$170,870)	\$0	(\$170,870)	\$0
RAD 6 - Towne Centre Place Dev Corp	\$545,880	\$341,920	\$203,960	\$174,360	\$26,760	\$47,640	(\$44,800)	\$0	(\$44,800)	\$0
RAD 6 - Washington Square Dev Corp	\$862,860	\$484,870	\$377,990	\$334,520	\$27,300	\$48,610	(\$32,440)	\$0	(\$32,440)	\$0
Scattered Sites One Dev Corp	\$2,586,000	\$1,638,740	\$947,260	\$560,800	\$114,000	\$23,000	\$249,460	\$0	\$249,460	\$0
Scattered Sites Two Dev Corp	\$748,590	\$475,720	\$272,870	\$268,960	\$74,400	\$0	(\$70,490)	\$0	\$0	(\$70,490)
Shady Grove Apartments	\$903,640	\$328,650	\$574,990	\$197,460	\$22,800	\$57,870	\$296,860	\$0	\$0	\$296,860
Sligo MPDU III Dev Corp	\$245,460	\$240,750	\$4,710	\$0	\$9,200	\$0	(\$4,490)	\$0	\$0	(\$4,490)
Southbridge	\$464,090	\$262,720	\$201,370	\$125,220	\$10,800	\$41,730	\$23,620	\$23,620	\$0	\$0
State Rental Partnership	\$1,552,710	\$1,652,910	(\$100,200)	\$0	\$87,100	\$0	(\$187,300)	\$0	\$0	(\$187,300)
Strathmore Court	\$3,344,710	\$1,231,520	\$2,113,190	\$1,174,460	\$161,320	\$161,560	\$615,850	\$0	\$0	\$615,850
Strathmore Court Affordable	\$658,710	\$386,440	\$272,270	\$733,820	\$57,400	\$0	(\$518,950)	\$0	\$0	(\$518,950)
TPP LLC - Pomander Court	\$446,440	\$151,810	\$294,630	\$179,170	\$11,240	\$34,310	\$69,910	\$0	\$0	\$69,910
TPP LLC - Timberlawn	\$2,293,510	\$724,640	\$1,568,870	\$798,810	\$50,090	\$114,480	\$605,490	\$0	\$0	\$605,490
VPC One Dev Corp	\$6,679,590	\$3,361,180	\$3,318,410	\$1,481,250	\$1,027,390	\$0	\$809,770	\$0	\$809,770	\$0
VPC Two Dev Corp	\$4,590,490	\$2,225,780	\$2,364,710	\$1,053,960	\$702,670	\$0	\$608,080	\$0	\$608,080	\$0
Westwood Towers	\$4,398,450	\$2,030,800	\$2,367,650	\$902,190	\$905,630	\$226,820	\$333,010	\$0	\$0	\$333,010
Willows of Gaithersburg	\$2,118,990	\$1,549,330	\$569,660	\$280,300	\$78,000	\$226,760	(\$15,400)	\$0	\$0	(\$15,400)
TOTAL	\$96,213,760	\$45,203,320	\$51,010,440	\$32,990,150	\$5,432,020	\$3,804,630	\$8,783,640	\$1,203,360	\$5,770,450	\$1,809,830
From reserves planned to fund specific property operating deficits										
Manchester Manor Apartments							\$3,740			\$3,740
MetroPointe Dev Corp							\$194,420			\$194,420
Oaks @ Four Corners Dev Corp							\$28,560			\$28,560
State Rental Partnership							\$187,300			\$187,300
Net Cash Flow - All Properties							\$9,197,660			\$2,223,850

Bond Program—Revenue and Expense Statement

Bond Fund	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
				Amended	Adopted
				Budget	Budget
	Actual	Actual	Actual		
Operating Expenses					
Personnel Expenses	\$1,669,703	\$1,786,842	\$1,713,034	\$1,799,990	\$2,036,790
Operating Expenses - Fees	\$1,060,870	\$1,134,151	\$1,099,590	\$947,430	\$1,066,240
Operating Expenses - Administrative	\$169,470	\$136,724	\$176,666	\$188,740	\$252,980
Trustee Fees	\$103,516	\$94,509	\$95,618	\$124,350	\$129,250
Financial Services	\$471,369	\$366,111	\$367,503	\$289,440	\$264,950
Cost of Issuance Expense	\$215,704	\$245,142	\$244,025	\$0	\$180,000
Underwriter Fee Expense	\$249,580	\$0	\$341,468	\$0	\$230,000
Lender Services Fees	\$324,229	\$337,176	\$67,385	\$558,380	\$121,000
Loan Management Fees	\$260,768	\$263,798	\$536,298	\$250,670	\$353,620
TOTAL OPERATING EXPENSES	\$4,525,209	\$4,364,453	\$4,641,587	\$4,159,000	\$4,634,830
NET OPERATING INCOME	(\$4,525,209)	(\$4,364,453)	(\$4,641,587)	(\$4,159,000)	(\$4,634,830)
Non-Operating Income					
Investment Interest Income	\$21,744,721	\$22,788,079	\$25,869,547	\$22,371,890	\$23,467,450
Transfer Between Funds	\$2,859,097	\$3,044,238	\$3,098,947	\$2,886,670	\$3,230,550
TOTAL NON-OPERATING INCOME	\$24,603,818	\$25,832,317	\$28,968,494	\$25,258,560	\$26,698,000
Non-Operating Expenses					
Interest Payment	\$17,168,060	\$16,815,941	\$16,778,456	\$16,784,300	\$17,234,660
Mortgage Insurance	\$3,755	\$4,428	\$1,508	\$840	\$870
Debt Service, Operating and Replacement Reserves	\$2,788,452	\$4,420,079	\$7,033,418	\$4,229,970	\$4,647,880
Restricted Cash Flow	\$42,315	\$57,281	\$220,417	\$0	\$0
Miscellaneous Bond Financing Expenses	\$76,027	\$170,135	\$293,108	\$84,450	\$179,760
TOTAL NON-OPERATING EXPENSES	\$20,078,609	\$21,467,864	\$24,326,907	\$21,099,560	\$22,063,170
NET NON-OPERATING ADJUSTMENTS	\$4,525,209	\$4,364,453	\$4,641,587	\$4,159,000	\$4,634,830
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0

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Section 2: **OPERATING**

Tab

Division Summaries

Adopted Budget
June 9, 2021

Agency Divisions

This section discusses the operations of the Agency divisions. Information on the other non-divisions can be found in the summary section of this document. Each section outlines the division's:

- Mission Statement;
- Description;
- Program Objectives;
- Performance Measurement;
- Budget Overview; and
- Revenue and Expense Statement.

Special points of interest:

Operating Budget

- Executive
- Finance
- Housing Resources
- Maintenance
- Mortgage Finance
- Property Management
- Real Estate Development
- Resident Services

Agency Revenues by Division

Division Summary	FY 2022		
	Adopted Budget		
	Revenues	Expenses	Net
Divisions			
Executive Division	\$350,000	\$13,877,610	(\$13,527,610)
Finance Division	\$15,000	\$5,507,370	(\$5,492,370)
Housing Resources Division	\$118,797,050	\$117,359,600	\$1,437,450
Maintenance Division	\$0	\$660,960	(\$660,960)
Mortgage Finance Division	\$9,034,530	\$4,500,360	\$4,534,170
Property Management Division	\$110,468,310	\$100,212,340	\$10,255,970
Real Estate Development Division	\$3,250,010	\$2,568,790	\$681,220
Resident Services Division	\$16,297,890	\$16,071,070	\$226,820
SUB-TOTAL	\$258,212,790	\$260,758,100	(\$2,545,310)
Other Non-Divisions			
Agency Wide Revenue and Expenses	\$11,231,160	\$8,685,850	\$2,545,310
Bond Funds	\$23,467,450	\$23,467,450	\$0
TOTAL - ALL FUNDS	\$292,911,400	\$292,911,400	\$0

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

Performance data is collected by HOC for two primary reasons:

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

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

The following programs are in this category:

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

- Housing Choice Voucher Program Administration;
- Family Resource Centers (FRC);
- Multifamily Bond Issuance;
- Mortgage Purchase Program;
- Family Self Sufficiency Program (FSS); and
- Programming for Youth, Families and Seniors.

Individual performance measurement results are contained within respective division summaries (pages 2-3 through 2-50).

Executive Division

Adopted Budget
June 9, 2021

Mission Statement

The Executive Division’s mission is to provide the critical link in implementing HOC’s mission to provide affordable housing, to create and maintain an environment that ensures nondiscrimination and equal opportunity in housing and employment, to ensure fulfillment of the Commission’s five roles: policy direction, resource

allocation, accountability, advocacy, and selection of certain professionals, to give HOC reliable management information hardware and software that is compatible with business and government standards, and to provide the staff skills necessary to identify needs and meet those requirements.

Special points of interest:

The Executive Division provides the critical link in implementing HOC’s mission.

Description

The Executive offices are responsible for the Agency direction and coordination, Commissioner support, equal employment, Human Resource administration, labor relations, Agency-wide training, performance-based management, Agency records, office

facility management, legal counsel, internal audits, Compliance, Information Technology (IT) systems, Legislative and Public Affairs, and Housing Information Activities (formerly Housing Resource Services).

Program Objectives

Human Resources -

Maintain a Quality Workforce

- Support the Agency, Divisions, and supervisors in developing strategies to apply existing work rules and make modifications where necessary in response to the continuing effects of the COVID-19 Pandemic and assist in the development of a Return to Work strategy post-COVID.
- Engage with the Finance Division for the smooth implementation of HOC’s new Payroll and Human Resources Information System.
- Develop recruitment strategies to assist divisions in efficient, effective and timely recruitment of qualified candidates.
- Administer and monitor pre-employment drug testing program for new employees and alcohol and drug testing program for new and existing staff.
- Create, implement, and monitor a comprehensive New Employee Training Plan as part of Performance Management to enhance employee development and increase job skills.

- Provide continuing education and technical assistance for HOC employees and supervisors on policies and practices governing the Commission and its work activities.
- Administer the Labor Agreements with Municipal and County Government Employee Organization (MCGEO).
- Reopen collective bargaining negotiations with MCGEO to ensure standards governing HOC's represented employees.

Ensure Compliance with EEO, and ADA Regulations

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

Continuous Improvement and Operational Efficiency of HOC

- Monitor and improve the disaster recovery guidelines and identify resources and strategies that will help HOC to recover from a major business interruption.
- Determine ways to increase cost effectiveness for administrative services.
- Provide continuous communication to staff on relevant items of interest concerning Benefits, Training and Development, Rules and Regulations, the Collective Bargaining Agreement, Wellness Initiatives, Secondary Employment Requirements and other information to increase awareness of each area to maximize staff engagement.

Staff Training

- Coordinate and monitor In-Service Training classes offered continuously that can be used for both new and current HOC staff, as well as externally managed HUB staff where applicable.
- Assist Divisions with coordination of staff training (e.g. HQS Inspections Training, Low Income Housing Tax Credit Training). Training class topics include:

- Aurora online training,
- Business Writing,
- Collective Bargaining Agreement for Supervisors Transition to Working from Home,
- Effectively Supervise a Remote Work Team,
- Emergency Preparedness,
- Employee Tour,
- Fair Housing and ADA,
- Performance Plan and Review for Supervisors, and
- Working with Difficult Customers.

Facilities Management

- Provide for the safety and security of HOC staff and Customers.
- Provide a variety of administrative services and support to HOC departments and staff throughout the Agency.
- Provide and administer records management services using HOC's records management vendor. Continue to support HOC divisions as they upgrade their records data and records retention procedures.
- Provide support to agency management to identify developing facilities requirements at HOC's Kensington Headquarters as well as at East Deer Park and the Customer Service Centers.
- Continue the ongoing multiyear capital improvements program at the Detrick Avenue building in order to maintain and upgrade the building systems, equipment, and finishes as needed to serve as the long-term HOC headquarters facility.
- Provide the Maintenance Division the necessary supplies to maintain our units at a high standard.
- Oversee the Agency's fleet program to include all aspects of vehicle management, including safety, training and finance.

Internal Audit

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

Compliance Department

The Compliance Department is the unit within HOC which ensures that the Agency adheres to applicable laws, regulations, and rules connected to HOC's daily activities. This includes federal, state, county, and other locally specific laws and regulations. The Compliance Department provides support to each division and department within HOC by supplying regulatory expertise and conducting quality control and other monitoring of

departmental activities. In these ways, the Compliance Department assists with risk mitigation helping to preserve the integrity and reputation of HOC as well as its legal ability to function on a daily basis.

More specifically, the duty, objective, and responsibility of the Compliance Department are:

- **DUTY** - The Compliance Department has a duty to work with management and staff to identify and manage regulatory risk. The Compliance Department is also tasked with federal program submission and fair housing compliance across the Agency.
- **OBJECTIVE** - The overarching objective of the Compliance Department is to ensure that HOC consistently, efficiently, and accurately reviews the tasks, which employees complete, to appropriately measure and manage the risks that the Agency faces .
- **RESPONSIBILITY** - The general responsibility of the Compliance Department is to provide an in-house service that effectively supports the Agency's various divisions and departments in their duty to comply with relevant laws, regulations, and internal procedures.

To accomplish the aforementioned mission, the Compliance Department performs the following five actions:

- **IDENTIFICATION** - Identifies the risks HOC faces,
- **PREVENTION** - Designs and implements controls to protect HOC from the identified risks,
- **MONITORING and DETECTION** - Monitors and reports on the effectiveness of the controls in managing HOC's exposure to the identified risks,
- **RESOLUTION** - Works with the relevant Divisions and Departments within HOC to resolve compliance issues as they occur and,
- **ADVISORY** - Advise HOC regarding regulations and controls.

Information Technology

- Provide and maintain a high quality, open architecture, service-based information technology infrastructure.

- Update the technology infrastructure to allow for improved telecommunications operations and network capabilities.
- Enhance customer service initiatives to HOC customers through the use of Kiosks and online (web based) systems.
- Improve technology-related security through the addition of systems, tools and policies.
- Expand technology-related services throughout all aspects of operations to provide enhancements and operational improvements.
- Advance, facilitate and maintain technology services and equipment to optimize remote work operations.

Legislative and Public Affairs—

Government Relations Activities

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

Public Affairs Activities

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

Housing Information Activities

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

Risk Management

- Identify, assess and prioritize possible risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events that could lead to a deficiency in cash flow and higher insurance rates for the Agency, as well as possible litigation. This includes measuring and managing insurable or hazard risks, developing reports and plans, and analyzing risk/insurance problems and defining and/or overseeing the implementation of the risk solutions that help optimize operations.
- Directs the purchase of insurance programs, management of claims and loss control activities, management of relationships with third party service providers including brokers and insurers, preparing loss analyses and budgets, identifying exposures, recommending solutions, implementing approved programs, promoting loss prevention, updating and monitoring compliance with insurance procedures..

Legal

The Legal department provides legal guidance and support to the Commission and the various departments at the Agency.

This includes:

- Managing and responding to litigation impacting the Agency,
- Reviewing contracts and Agency policies,
- Commission governance,
- Facilitating various Real Estate transactions, and
- Protecting the Agency from exposure to liabilities.

Performance Measurement Results

Human Resources

- Expanded communication to staff by incorporating topics in the areas of: Safety, Training and Development, Information, Rules and Regulations, Employee Wellness, the Collective Bargaining Agreement, and Secondary Employment with the aim of ensuring compliance with HOC standards, protocol and operating procedures.
- Supporting, Coordinating and Monitoring In-Service Training and Development activities for HOC staff to provide all employees with opportunities for continuing growth and development in various areas. Training class topics include:
 - Fair Housing Laws,
 - Cyber Security Training,
 - Disability Awareness and Sensitivity Training,
 - Diversity & Inclusion Training,
 - Preventing Workplace Harassment,
 - Emergency Preparedness,
 - Customer Service,
 - Google Essential,
 - Fundamentals of Project Management,
 - HCV and Tax Credit Certification training,
 - Transitioning to Supervisor from Staff,
 - Collective Bargaining Agreement,
 - Performance Plan and Review for Supervisors,
 - Business Writing,
 - Working with Difficult Customers, and
 - Administrative Professionals Conference.
- Administer the *Collective Bargaining Agreement*.

Compliance Department

The Compliance Department performs quality control (QC) reviews on many HOC activities. These QC reviews were historically conducted on a monthly basis. Compliance has transitioned to a quarterly QC process starting with QCs performed during the month of January 2021. As Compliance receives

these QC results, the Department initiates a dialogue with the relevant HOC Divisions and Departments to assist them with resolution and future prevention.

The following tables display a high-level breakdown of the QC results from Fiscal Years 2020 and 2021 as well as projections for Fiscal Year 2022.

QC Statistics for FY 2019 (July 1, 2019 – June 30, 2020)				
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	% Passed
Housing Resources Division	429	270	159	37%
Property Management (EMC HUBs)	3	3	0	0%
Property Management (HOC Housing Specialists)	105	96	9	9%
Resident Services	124	81	43	35%
Inspection Services	417	154	263	63%
Mortgage Finance	6	0	6	100%
Total	1,084	604	480	44%

Performance Measurement Results (cont.)

QC Statistics for FY 2020 (July 1, 2020 – June 30, 2021)				
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	% Passed
Housing Resources Division	423	160	263	62%
Property Management ((Third Party File Reviews)*	513	205	308	60%
Property Management (HOC Housing Specialists)	83	62	21	25%
Resident Services	121	63	58	48%
Inspection Services	381	80	301	79%
Mortgage Finance	12	0	12	100%
Housing Path Wait List (All Programs)^	52	31	21	40%
Total	1,585	601	984	62%

* This metric was changed from “Property Management (EMC HUBs)” to “Property Management (Third Party File Reviews)” because the Compliance Specialists do file reviews for our third party managed properties during their internal audits. This metric now accounts for all third party properties/companies.

^ This metric is new with FY 2021 forward. This metric monitors usage of HOC’s Housing Path electronic wait list for all HOC staff and third party management companies.

QC Statistics for FY 2020 (July 1, 2021 – June 30, 2022)				
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	% Passed
Housing Resources Division	420	210	210	50%
Property Management ((Third Party File Reviews)	411	151	260	63%
Property Management (HOC Housing Specialists)	80	66	14	17%
Resident Services	120	70	50	42%
Inspection Services	380	110	270	71%
Mortgage Finance	24	0	24	100%
Housing Path Wait List (All Programs)	120	72	48	40%
Total	1,555	679	876	56%

Housing Information Activities (Formerly Housing Resource Services)

The Housing Resource Services (HRS) began operations in December of 1998. Its objective was to respond quickly to information requests

regarding HOC programs, and to be an accurate and reliable source of information for affordable housing in Montgomery County. HRS also served as the ‘switchboard’ for HOC’s headquarters in Kensington. HRS provided referrals to other

Performance Measurement Results (cont.)

housing providers when appropriate, particularly for the elderly and the disabled, as well as for those seeking emergency assistance. Trained volunteers assisted the HRS office. HRS also provided service through community meetings, HOC's website, e-mail, and US Mail. HOC's Office of Legislative and Public Affairs has incorporated HRS' functions into its operations.

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

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

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

While some of the previous performance metrics for Housing Information Activities no longer capture the breadth of business objectives currently held by the Office of Legislative and Public Affairs, some of the objectives have been incorporated into the broader set of business

objectives adopted by Legislative and Public Affairs, in particular, overarching performance measurements around customer service.

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

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

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

Performance Measurement Results (cont.)

government, identifying specific barriers to HOC and our customers, and advocate for changes that help HOC achieve its mission and increase access to affordable housing. This includes increased participation in national, state and local policy discussions and organizations to engage and partner on shared issues of interest.

- Expand opportunities for customers and wait list applicants to participate in HOC training

and programming by recording and producing sessions and making them available online.

- Increase our presence online, encourage increased engagement with the agency online, and work with our nonprofit affiliate – Housing Opportunities Community Partners – to fundraise for and support programming as well as technological equipment that enables adults and children to continue remote learning and training.

Information Technologies (IT)

Over the years, HOC has become more reliant on computers and technology to improve services to our Customers. One measurement of this use is reflected in the number of Help Desk Tickets issued during a given year. The chart below

reflects changes in equipment, service, and staffing made throughout 2021. Our storage and phone system updates have allowed for fewer down times to lower our ticket count. Software changes will increase the ticket count while adjusting to new work flows; but it should be at a lower rate than FY 2018.

Information Technologies					
Measurement	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 estimate
Number of Closed Help Desk Tickets	7,822	5,667	6,117	5,278	5,000 est.

Budget Overview—Executive Division

The total Adopted FY 2022 Budget for the Executive Division is \$13.88 million, which represents a increase of 3.84% over the FY 2021 Budget. Personnel costs comprise 56.53% of the FY 2022 Budget. Operating expenses account for 25.12% in FY 2022. Maintenance and other miscellaneous expenses account for 9.28% in FY 2022. The

remaining 9.07% in FY 2021 is comprised of Reserve for Replacements (RfR) contribution expenses for the Information Technology (IT) and Facilities, and the repayments to the County MPDU/PAF Revolving Fund for the purchase of 880 Bonifant in Silver Spring.

Revenue and Expense Statement

Executive Division	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Management Fees	\$0	\$15,800	\$0	\$0	\$0
Miscellaneous Income	\$5,232	\$186,856	\$85,755	\$0	\$250,000
TOTAL OPERATING INCOME	\$5,232	\$202,656	\$85,755	\$0	\$250,000
Operating Expenses					
Personnel Expenses	\$6,820,694	\$7,346,145	\$7,156,951	\$8,268,770	\$7,845,170
Operating Expenses - Fees	\$554,160	\$458,549	\$319,835	\$279,990	\$558,640
Operating Expenses - Administrative	\$2,393,548	\$2,842,832	\$2,714,067	\$2,782,990	\$2,926,870
Tenant Services Expenses	\$7,182	\$17,260	\$4,880	\$1,600	\$2,350
Protective Services Expenses	\$120,679	\$40,590	\$65,051	\$69,810	\$51,750
Utilities Expenses	\$133,118	\$133,080	\$135,199	\$187,550	\$171,190
Insurance and Tax Expenses	\$13,254	\$28,282	\$43,787	\$71,470	\$58,970
Maintenance Expenses	\$635,506	\$716,136	\$864,937	\$768,170	\$1,003,670
TOTAL OPERATING EXPENSES	\$10,678,141	\$11,582,874	\$11,304,707	\$12,430,350	\$12,618,610
NET OPERATING INCOME	(\$10,672,909)	(\$11,380,218)	(\$11,218,952)	(\$12,430,350)	(\$12,368,610)
Non-Operating Income					
Transfer Between Funds	\$188,070	\$100,000	\$517,560	\$100,000	\$100,000
TOTAL NON-OPERATING INCOME	\$188,070	\$100,000	\$517,560	\$100,000	\$100,000
Non-Operating Expenses					
Interest Payment	\$0	\$0	\$100,000	\$96,000	\$0
Principal Payment	\$0	\$0	\$0	\$0	\$96,000
Debt Service, Operating and Replacement Reserves	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Out Between Funds	\$88,070	\$1,005,313	\$721,004	\$637,440	\$963,000
TOTAL NON-OPERATING EXPENSES	\$288,070	\$1,205,313	\$1,021,004	\$933,440	\$1,259,000
NET NON-OPERATING ADJUSTMENTS	(\$100,000)	(\$1,105,313)	(\$503,444)	(\$833,440)	(\$1,159,000)
NET CASH FLOW	(\$10,772,909)	(\$12,485,531)	(\$11,722,396)	(\$13,263,790)	(\$13,527,610)

Finance Division

Adopted Budget
June 9, 2021

Mission Statement

The mission of the Finance Division is to enhance the effective and efficient operations of HOC by safeguarding the Commission’s assets, ensuring the long term financial health of the organization

by maintaining fiscal integrity, and providing the Commission and Agency with necessary financial information and analysis on a timely basis to enable the implementation of sound fiscal policies.

Special points of interest:

The Finance Division safeguards the assets of the Commission.

Description

The Finance Division is responsible for Agency financial management, cash management, rent collection, accounts

payable, payroll, budgeting, purchasing, and the oversight of the Agency’s portfolio.

Program Objectives

- Safeguard the Commission’s assets and ensure the short and long term financial health of the organization by adhering to the following guidelines:
 - All cash invested in accordance with the investment policy.
 - Accurate reporting and active pursuit of all receivables.
 - 75% of invoices paid within 30 days of receipt of a complete package of authorized documentation and 95% paid within 60 days.
 - Receive a standard unqualified opinion on each of its annual audits.
 - Meet all reporting requirements for lenders.
 - Ensure HOC’s funding supports financial growth and stability.
 - Monitor HOC’s financial health
- so we can continue to receive an “A” rating from Moody’s.
- Ensure all grant money is properly accounted for and in compliance with grant program regulations.
- Assure Minority/Female/Disabled-Outreach (MFD) firms participate in HOC purchasing.
- Provide vendors payment options via Automated Clearing House (ACH) payments or a Procurement Card Program.
- Provide on-line rent payment for tenants living in HOC owned and managed dwelling units.

Performance Measurement Results

The charts below depict several ongoing performance measurement results that are currently tracked in the Finance Division. Staff is continuing to develop additional measurements.

Accounting					
Measurement	FY 2018 * Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Goal	FY 2022 Goal
Received Standard Unqualified Audit Opinion:					
Agency Audit	Yes	Yes	Yes	Yes	Yes
HOC Owned Property Audits	Yes	Yes	Yes	Yes	Yes
Non-HOC Owned Property Audits	Yes	Yes	Yes	Yes	Yes
A-133 Audit	No *	Yes	Yes	Yes	Yes
Number of consecutive years receiving GFOA Certificate of Achievement for Excellence in Financial Reporting	10	11	12	13	14

* The Agency received Unmodified Opinion except for the Housing Vouchers Cluster Program which received a qualified opinion in FY 2018.

Budget					
Measurement	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Goal
Number of consecutive years receiving GFOA Best Budget Award	12	13	14	15	16

Procurement					
Measurement	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Goal
Number of Contracts Awarded	445	600	592	600	630
Percent of Dollars issued to Minority/ Female/Disabled-Outreach (MFD) firms	13%	6%	21.35%	20%	25%
Number of Purchase Orders (POs) issued	11,479	11,416	10,618	11,000	11,550

Budget Overview—Finance Division

The total Adopted FY 2022 Budget for the Finance Division is \$5.50 million. Personnel costs comprise 93.85% of total operating expenses in FY 2022. Fees,

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

Revenue and Expense Statement

Finance Division	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Miscellaneous Income	\$0	\$166	\$542	\$0	\$0
TOTAL OPERATING INCOME	\$0	\$166	\$542	\$0	\$0
Operating Expenses					
Personnel Expenses	\$4,620,872	\$4,521,850	\$4,988,882	\$5,129,760	\$5,168,740
Operating Expenses - Fees	\$120,745	\$125,562	\$149,161	\$121,850	\$165,670
Operating Expenses - Administrative	\$146,458	\$140,195	\$147,520	\$182,380	\$167,860
Tenant Services Expenses	\$0	\$800	\$119	\$430	\$500
Insurance and Tax Expense	\$0	\$0	(\$1,140)	\$0	\$0
Maintenance Expenses	\$0	(\$1,006)	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$4,888,075	\$4,787,401	\$5,284,542	\$5,434,420	\$5,502,770
NET OPERATING INCOME	(\$4,888,075)	(\$4,787,235)	(\$5,284,000)	(\$5,434,420)	(\$5,502,770)
Non-Operating Income					
Investment Interest Income	\$20,023	\$23,482	\$20,327	\$67,730	\$15,000
TOTAL NON-OPERATING INCOME	\$20,023	\$23,482	\$20,327	\$67,730	\$15,000
Non-Operating Expenses					
Interest Payment	\$11,744	\$97,126	\$58,292	\$12,000	\$4,600
TOTAL NON-OPERATING EXPENSES	\$11,744	\$97,126	\$58,292	\$12,000	\$4,600
NET NON-OPERATING ADJUSTMENTS	\$8,279	(\$73,644)	(\$37,965)	\$55,730	\$10,400
NET CASH FLOW	(\$4,879,796)	(\$4,860,879)	(\$5,321,965)	(\$5,378,690)	(\$5,492,370)

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Housing Resources Division

Adopted Budget
June 9, 2021

Mission Statement

The mission of the Housing Resources Division is to provide quality customer service while determining housing assistance subsidy eligibility for customers participating in the Housing Choice Voucher (HCV) program. The Division educates and supports customers, landlords, and the citizens of the County on the program operations, and maintains the highest compliance possible within

Federal, State and County statutes and regulations. In addition, the Division operates Customer Service Centers in Gaithersburg and Silver Spring. Finally, the Division also offers a federally mandated voluntary Family Self Sufficiency Program (FSS) to assist participants in building assets and promoting achievement of personal and professional goals.

Special points of interest:

The Housing Resources Division provides quality customer service through fair and accurate delivery of affordable subsidies.

Description

The HCV Program is the Federal Government's principal rental assistance program available to extremely low and very low-income families, the elderly and the disabled.

The Housing Resources Division is responsible for administering the Housing Choice Voucher (HCV) Program. These operations include:

- Maintaining program waiting lists of interested families,

- Determining family eligibility,
- Calculating subsidy levels (family's rent share and the Housing Assistance Payment),
- Reviewing the reasonableness of rents, and
- Re-evaluating the family's income on an annual basis.

Program Objectives

- To improve customer service and program operations through better utilization of staff and technology.
- To maintain a High Performer ranking in Section Eight Management Assessment Program (SEMAP).
- To ensure that income reporting of all participants is accurate using the Enterprise Income Verification (EIV) system.
- To ensure that program rent payments are reasonable.
- To fully utilize the CY 2021 and CY 2022 HUD funding allocations and effectively serve as many program-eligible families as possible.
- To provide expert information to members of the Agency's staff on federally regulated programs.
- To ensure the Agency's compliance, for both the programs and customers, with the U.S. Department of Housing and Urban Development (HUD) regulations.

Performance Measurement Results

The Housing Resources Division (HRD) established departmental metrics to monitor the progress towards Agency goals of getting people housed, keeping people housed and helping them reach their fullest potential. The metrics are monitored monthly and provide objective, real time data regarding overall performance and efficiency. The HRD Management Team tracks trends, challenges and training needs based on the monthly data.

The Coronavirus Disease (COVID-19) pandemic was declared a national pandemic on March 13, 2020. As a result, operational and staffing challenges affect the monthly metrics. Additionally, HUD has established COVID waivers to lessen direct customer interaction and streamline operations through December 31, 2021. The HUD waivers may be further extended during the pandemic.

Area of Focus	Performance Measure	% Goal	YTD%
Annual Recertification	Complete Annual Recertifications at least 30 days prior to the effective date.	95%	84%
	90% of Client files reviewed must have correct calculation of the tenant share and the HAP.	84%	85%
Interims	Complete Interim Recertifications within 30 days of Date received.	80%	80%
	90% of Client files reviewed must have correct calculation of the tenant share and the HAP.	85%	81%
Rent Increases	Complete Annual Rent Increase requests within 30 days prior to Effective Date.	92%	85%
Certifications	Complete Initial certification within 10 days of receipt.	94%	97%
	Client files have EIV income reports within 90 days of Initial certification.	96%	96%
Contracts	How many contracts were generated within 10 days of receipt of the Yardi task.	79%	83%
FSS	Percentage of graduating clients with no initial employment with increased earnings of \$25,000 or more.	100%	100%
	Percentage of graduating clients with initial employment with increased earnings of \$25,000 or more.	88%	100%

Performance Measurement Results (cont.)

SEMAP

The Section Eight Management Assessment Program (SEMAP) was designed by HUD as a tool to measure the performance of a Public Housing Authority's (PHA) administration of the Housing Choice Voucher (HCV) program and the Family Self-Sufficiency (FSS) component of the HCV program. SEMAP is a performance measurement tool designed to:

- Assess if the program is assisting eligible families to afford housing at the correct subsidy level,
- Measure performance in key areas to ensure program integrity and accountability,
- Identify management capabilities and deficiencies to better target technical assistance,
- Assist housing authorities in assessing and improving their program operations, and
- Evaluate whether the PHA advances fair housing opportunities.

SEMAP is composed of 14 performance indicators and one bonus indicator. Each performance indicator represents a critical component for operating a well-run HCV Program. PHAs with a SEMAP score of at least 90% shall be rated as High Performers. PHAs with a SEMAP score of 60% to 89% shall be rated as Standard Performers. PHAs with a SEMAP score of less than 60% shall be rated Troubled Performers.

HOC has maintained a high performer rating since 2011. The COVID-19 pandemic presented significant challenges for HUD and PHA's. HUD did not issue a SEMAP score for FY 2020 and will not issue a SEMAP score for FY 2021. They will one again carry forward the most recent SEMAP score on record. HOC will maintain its high performer designation for FY 2021, with a preliminary score of 143 points out of a possible 145 for an overall rating of 99 percent.

Performance Measurement Results (cont.)

SEMAP Score								
SEMAP Component	Actual Score FY 2019	Max. Score FY 2019	Actual Score FY 2020	Max. Score FY 2020	Actual Score FY 2021	Max. Score FY 2021	Prelim. Score FY 2022	Max. Score FY 2022
Selection from the Waiting List	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Reasonable Rent	15.0	20.0	15.0	20.0	15.0	20.0	15.0	20.0
Adjusted Income Determination	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Utility Allowance Schedule	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
HQS Quality Control Inspection	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
HQS Enforcement	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Expanding Housing Opportunities	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Fair Market Rent "FMR" Limit and Payment Standard (PS)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Annual Re-Examination	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Correct Tenant Rent Calculations	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Pre-Contract Housing Quality Standards (HQS) Inspections	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Annual HQS Inspections	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Lease-Up	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Family Self-Sufficiency (FSS) Enrollment with Escrow Accounts	8.0	10.0	8.0	10.0	8.0	10.0	10.0	10.0
Program Subtotal	138.0	145.0	138.0	145.0	138.0	145.0	140.0	145.0
De-concentration Bonus *	5.0	–	5.0	–	5.0	–	–	–
Overall	143.0	145.0	143.0	145.0	143.0	145.0	145.0	145.0

* The De-concentration bonus does not change the Maximum Score Scale.

Performance Measurement Results (cont.)

Family Self-Sufficiency (FSS) Program

FSS is a federally mandated voluntary program to assist Housing Choice Voucher (HCV) families achieve economic self-sufficiency within five to seven years. A unique feature of FSS is the establishment of escrow savings accounts resulting from higher earned incomes yielding higher rent payments. Intensive goal-oriented case management service and the escrow funds coupled with job training, education, child care and transportation underlie the program's significant success. HOC's FSS Program began in 1993 and has been repeatedly cited by HUD as one of the best in the country. FSS lacks sufficient funding from HUD

and relies on the County to fill the gap. They assist with funds to subsidize staffing costs, provide transportation, tuition, books, and child care for FSS participants.

Seventy-five percent of HOC's FSS Program participants are single mothers. The majority of participants fall within the age range of 31-50. Eleven percent lacked a GED/high school diploma and 45% of the enrolled participants were unemployed when they began FSS. The number of graduates decreased in FY 2021 as a result of the ongoing pandemic. Conversely the number of enrollments increased significantly.

Family Self-Sufficiency Program (FSS)							
Measurement	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Est. FY 2022
Mandated Participants	441	441	441	441	441	441	441
Enrolled Participants	343	247	229	244	253	332	400
Applicants in Enrollment Process	10	70	89	80	44	59	68
Graduates	39	37	17	13	24	11	38
% Graduating	13%	15%	7%	5%	9%	4%	10%
% Employed Participants upon Graduation	100%	100%	100%	100%	100%	100%	100%
% Employed Participants before Graduation	68%	77%	76%	64%	79%	91%	66%
% of Graduates who completed College, Tech, GED or other training	87%	92%	100%	100%	100%	100%	100%
Participants who withdrew, terminated, or unsuccessful in FSS	74	32	24	49	40	18	15
Number of Homebuyers	2	2	2	0	0	3	5
% of Participants with Escrow Accounts	52%	70%	55%	61%	56%	61%	61%
Other Family Members currently Enrolled	17	2	0	0	1	0	0

Budget Overview—Housing Resources Division

Total projected operating expenses in the FY 2022 Adopted Budget for the Housing Resources Division not related to HAP is \$7.51

million; 64.26% of which represent personnel costs. Other expenses account for the remainder of the budget.

Revenue and Expense Statement

Housing Resources Division	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Federal Grant	\$98,003,788	\$106,305,226	\$110,894,437	\$108,324,840	\$118,646,250
County Grant	\$782,377	\$657,209	\$634,216	\$390,410	\$100,000
Miscellaneous Income	\$35,474	\$17,685	\$115,379	\$60,000	\$50,000
TOTAL OPERATING INCOME	\$98,821,639	\$106,980,120	\$111,644,032	\$108,775,250	\$118,796,250
Operating Expenses					
Personnel Expenses	\$4,286,706	\$4,498,405	\$4,415,557	\$4,770,690	\$4,824,850
Operating Expenses - Fees	\$1,753,641	\$1,803,457	\$1,805,243	\$1,999,400	\$1,963,060
Operating Expenses - Administrative	\$264,192	\$671,816	\$692,210	\$625,640	\$703,510
Tenant Services Expenses	\$3,747	\$8,943	\$3,415	\$19,200	\$17,450
Housing Assistance Payments (HAP)	\$90,900,703	\$97,373,218	\$99,213,734	\$98,532,500	\$106,615,330
TOTAL OPERATING EXPENSES	\$97,208,989	\$104,355,839	\$106,130,159	\$105,947,430	\$114,124,200
NET OPERATING INCOME	\$1,612,650	\$2,624,281	\$5,513,873	\$2,827,820	\$4,672,050
Non-Operating Income					
Investment Interest Income	(\$2)	\$0	\$0	\$0	\$0
Transfer Between Funds	\$305,652	\$16,229	\$1,270	\$10	\$800
TOTAL NON-OPERATING INCOME	\$305,650	\$16,229	\$1,270	\$10	\$800
Non-Operating Expenses					
Interest Payment	\$0	\$19	\$0	\$0	\$0
Debt Service, Operating and Replacement Reserves	\$819,068	\$1,209,797	\$3,884,807	\$1,255,700	\$3,134,600
Transfer Out Between Funds	\$100,000	\$116,229	\$101,270	\$100,010	\$100,800
TOTAL NON-OPERATING EXPENSES	\$919,068	\$1,326,045	\$3,986,077	\$1,355,710	\$3,235,400
NET NON-OPERATING ADJUSTMENTS	(\$613,418)	(\$1,309,816)	(\$3,984,807)	(\$1,355,700)	(\$3,234,600)
NET CASH FLOW	\$999,232	\$1,314,465	\$1,529,066	\$1,472,120	\$1,437,450

Maintenance Division

Adopted Budget
June 9, 2021

Mission Statement

The mission of the Maintenance Division is to properly maintain a diverse portfolio of affordable and market rate residential communities, while striving to create a positive living environment by providing responsive customer service

that gives our residents a sense of home. This is accomplished by completing work orders on time, and maintaining our properties in a manner that meets or exceeds community standards.

Special points of interest:

The Maintenance Division ensures that the condition and appearance of the properties meet HOC standards.

Description

The Maintenance Division was established as a separate division, distinct from Property Management in the beginning of 2016 under the direction of a Chief Maintenance Officer, a Maintenance Manager and four Maintenance Supervisors. The Maintenance Division maintains ten regional HUBs consolidated in four areas of service covering 491 square miles of Montgomery County and containing 3,261 units. The Maintenance Division supervises and coordinates all HUB maintenance operations, fire and safety programs, equipment inventory control, vendor management and ensures that the condition and appearance of the properties meet HOC Standards. The Maintenance Division is responsible for timely unit turnover, as well as on-call services provided after hours.

The Maintenance Supervisors work closely with the Real Estate Development Team (RED) team to evaluate the physical condition and needs of their portfolios and determine how to best service and preserve HOC's assets.

The Division:

- Provides technical support to the Property Management team in every aspect of maintenance operations.
- Provides outstanding customer service to our customers.
- Ensures that all dwelling units are maintained at or above community and regulatory norms, and in compliance with Federal Uniform Physical Condition Standards (UPCS), Housing Quality Standards (HQS) and local housing codes.
- Responds to emergency maintenance needs and ensures that all emergency work is abated within 24 hours.
- Ensures timely work order completion by abating all emergency priority work within 24 hours and completing high and regular priority work within an average of five (5) days and less than fifteen (15) days respectively.
- Ensures that high quality unit turnover is completed and delivered on time for Property Management

lease inventory within an average of less than fourteen (14) days after receiving the assignment.

- Coordinates, directs, and monitors maintenance related vendors.
- Division Director or designee serves as a Contract Administrator for all Maintenance related projects, working with the Procurement Department - Requests for Proposals (RFPs) and

Invitations for Bid (IFBs), generates new service contracts and approves purchase requisitions.

- Develops and implements successful Preventive Maintenance program to ensure that all properties are maintained in optimal condition.
- Coordinates with the Property Management Division to keep the grounds and common areas clean and well appointed.

Program Objectives

The Maintenance Division is actively reinvigorating its efforts to deliver outstanding customer service to our customers. The new structure is designed to serve our customers and communities in a more conscientious and timely manner. The Division is also focused on operating in a transparent and financially accountable manner. The following is a list of measureable outcomes the division is currently seeking to achieve:

- Complete all emergency work order within 24 hours.
- Complete all high priority work orders within an average of five (5) to seven (7) days.
- Complete all regular priority work orders within an average of less than fifteen (15) days.
- Complete all unit turnovers within an average of less than 14 days after being assigned.

- Complete annual Preventive Maintenance Inspections.
- Reduce reliance on outside contractors.
- Complete and secure Division tool inventory and key control systems.

Maintenance activities include but are not limited to:

- Unit turnover.
- Unit rehab.
- Emergency and routine (high and priority) work orders.
- Property appearance.
- Preventive maintenance inspections.
- Follow-up and complete all necessary repairs for Federal, State and local HQS, Chapter 26 and HOA inspections.

Performance Measurement Results

Performance Measure	Goal	FY 2021 Outcome *
Address all emergency work orders within 24 hours	99%	<ul style="list-style-type: none"> • 1,780 emergency work orders were performed. • 1,018 were completed in less than 24 hours amounting to 57%. • The overall average to complete all emergency work orders during FY 2021 was 39.63 Hours. • This metric was greatly affected by frequent COVID-19 quarantines experienced by Maintenance Division staff throughout the Fiscal Year.
Complete all high priority and regular priority work orders.	<ul style="list-style-type: none"> • High Priority - 100% within and average of 5 – 7 days. • Regular Priority – 100% completed within an average of less than (15)0 days. 	<ul style="list-style-type: none"> • This metric was not applied for Fiscal Year 2021 due to COVID-19 Maintenance Division Protocols. • The average time to complete all High Priority and Regular Priority work orders was 16 and 27 days respectively.
Increase number of work orders completed in House vs. Contractors.	Increase 20%	<ul style="list-style-type: none"> • The software to measure this metric has not yet been developed. •
Complete Preventive Maintenance Inspections biannually for Multi-family buildings and Scattered Sites be on rolling schedule throughout the year .	<ul style="list-style-type: none"> • Biannually for Multi-family – 100%. • Rolling schedule throughout the year for Scattered Site – 70%. 	<ul style="list-style-type: none"> • For FY 2021, this metric was not applied due to COVID-19 Maintenance Division Protocols.
Complete regular unit turnover within 14 days after being assigned (excluding renovations and major upgrades or repairs).	90%	<ul style="list-style-type: none"> • For FY 2021, this metric was not measured due to COVID-19 Maintenance Protocols. • Additionally, the software used to measure this metric has not yet been developed.

Budget Overview—Maintenance

The total Adopted FY 2022 Budget for the Maintenance Division Administration is \$0.66 million. Personnel costs comprise 87.28% of the budget in

FY 2022. Operating expenses and other miscellaneous expenses account for 12.72% of the budget in FY 2022.

Revenue and Expense Statement

Maintenance Division	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Actual	Actual	Actual	Amended Budget	Adopted Budget
Operating Income					
Miscellaneous Income	\$2,016	\$0	\$0	\$0	\$0
TOTAL OPERATING INCOME	\$2,016	\$0	\$0	\$0	\$0
Operating Expenses					
Personnel Expenses	\$417,499	\$300,223	\$269,619	\$512,240	\$576,860
Operating Expenses - Fees	\$19,228	\$2,336	\$4,370	\$9,460	\$25,740
Operating Expenses - Administrative	\$41,916	\$34,234	\$39,268	\$61,520	\$52,010
Insurance and Tax Expenses	\$1,100	\$3,718	\$3,332	\$5,400	\$3,950
Maintenance Expenses	\$0	\$152	\$0	\$0	\$2,400
TOTAL OPERATING EXPENSES	\$479,743	\$340,663	\$316,589	\$588,620	\$660,960
NET OPERATING INCOME	(\$477,727)	(\$340,663)	(\$316,589)	(\$588,620)	(\$660,960)
Non-Operating Income					
TOTAL NON-OPERATING INCOME	\$0	\$0	\$0	\$0	\$0
Non-Operating Expenses					
TOTAL NON-OPERATING EXPENSES	\$0	\$0	\$0	\$0	\$0
NET NON-OPERATING ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0
NET CASH FLOW	(\$477,727)	(\$340,663)	(\$316,589)	(\$588,620)	(\$660,960)

Mortgage Finance Division

Adopted Budget
June 9, 2021

Mission Statement

The mission of the Mortgage Finance Division is to raise capital by utilizing traditional and innovative methods, to preserve and create decent, safe and affordable rental and home ownership

housing in Montgomery County, to assure continued availability of such housing and to generate revenue to benefit HOC programs.

Special points of interest:

The Mortgage Finance Division raises capital through traditional and innovative methods, enabling HOC to provide below market rate mortgages for homeownership and to fund affordable rental housing developments.

Description

The Mortgage Finance Division is the housing finance arm of the Housing Opportunities Commission, as well as the HFA for Montgomery County. It raises funds in the capital markets through the issuance of tax-exempt bonds for Single Family and Multifamily programs. It also provides taxable bond financing to transactions where a tax-exempt structure is not appropriate. Through its financing activity, the Mortgage Finance Division enables HOC to provide below market interest rate mortgages for homeownership, finances HOC's multifamily acquisition and development activities, and finances the acquisition and development of private projects that

include an affordable housing component. Additional sources of capital are also tapped to leverage bond funds more efficiently, including Federal, State, and County programs. The FHA insurance programs utilized to enhance the Multifamily bond financing program include HUD Section 542(c) or Risk Share, 221(d)(4) and 223(f). The Mortgage Finance Division is further responsible for managing the loan portfolio, assisting residents in subsidized housing to become homebuyers, and managing the Montgomery County and HOC's Closing Cost Assistance programs.

Program Objectives

The Mortgage Finance Division has four functional areas: Multifamily Underwriting and Loan Origination, Multifamily Portfolio Management,

Single Family Programs and Loan Management, and the HOC Home Ownership Program.

Multifamily Programs

The Multifamily Underwriting and Loan Origination section is responsible for two to four bond issues each year. The proceeds from these bond issues fund mortgages for multifamily rental developments for HOC and its affiliates as well as for private for-profit and non-profit developers. The Multifamily Underwriting section also administers the FHA Risk Sharing Program, a HFA/FHA insurance program. This section also administers the allocation and utilization of bond cap for housing that is allocated annually to Montgomery County and allows HOC to issue private activity bonds for multifamily developments that are owned by private entities and single family issuances.

The Multifamily Portfolio Management section monitors the fiscal and physical health of the portfolio to ensure program and tax law compliance for all multifamily developments financed by HOC and that affordability is maintained in compliance with regulatory requirements.

Multifamily Underwriting and Loan Origination

- Underwrite and prepare multifamily developments for tax-exempt or taxable bond, FFB, GNMA or conventional financing by providing timely reviews and thorough evaluation of loan risk.
- Administer the FHA Risk Sharing Program that provides credit enhancement to worthy developments while minimizing risk to the Commission and FHA.
- Negotiate the refinancing and restructuring of loans that may be otherwise financed by the conventional market rate.
- Evaluate HOC's bond financed properties and seek opportunities to lower borrowing costs by restructuring the financing.
- Identify additional sources of equity capital and debt for affordable housing.

FHA Fully-Insured Mortgage Programs

- Utilize the full reach and range of FHA insured loan products (i.e. HUD Section 221(d)(4), 223 (f)) for new construction, renovation or the refinancing of multifamily and affordable

housing by partnering, where applicable, with FHA approved MAP Lenders that have the capacity to issue taxable GNMA's. Depending on the circumstances of the transactions, these programs may have more flexible underwriting requirements than FHA Risk Sharing, allowing our assets to take advance of larger loans at lower interest rates.

- With HOC's bond capacity, participate in transactions that combine taxable GNMA sales with short-term, cash backed tax-exempt bonds and 4% Low Income Housing Tax Credits. This participation assists the project by dramatically reducing the long-term borrowing rate and negative arbitrage associated with affordable housing projects financed with FHA insured mortgage loans.

Portfolio Management

- Manage and oversee the Commission's Multifamily loan portfolio, which consists of over 60 multifamily loans, to identify issues and opportunities related to the furtherance of the Commission's goals.
- Review the multifamily portfolio to ensure program compliance while addressing issues of financial performance, property condition, and market conditions.
- Manage the portfolio to identify adverse trends within the property and intervene to avoid default condition and to ensure that bond ratings are maintained.
- Provide timely and accurate service while safeguarding the loan portfolio and the related bond issues.
- Maintain a "Watch List" of all properties that are experiencing subpar financial and occupancy performance, or risk refinance and conversion to market rate properties eliminating the affordability component.
- Monitor the rental and homeownership market trends to identify conditions that could adversely affect the portfolio.

Single Family Mortgage Purchase Programs

The Single Family Mortgage Purchase Program is responsible for activities that extend and afford homeownership opportunities to first time homebuyers in Montgomery County by generating below market financing and administering various programs which provide special assistance to eligible buyers.

- Complete one or two bond redemptions per year, to reduce overall borrowing cost in the program.
- Make approximately 150 first mortgages to first time homebuyers using Mortgage Backed Securities (MBS) and the TBA secondary market.
- Offer governmental FHA backed financing and conventional financing through the Fannie Mae Preferred Loan Program and the Freddie Mac HFA Advantage Program.
- Administer various programs that provide down payment and closing cost assistance.
- Oversee the servicing of the active loan portfolio of approximately 500 first mortgages by 11 servicers and approximately 500 County closing cost assistance loans.
- Operate the HOC Homeownership Program (HOC/HOP) which prepares HOC residents for homeownership by providing direct counseling and homebuyer education classes.
- Manage the lending process for the Housing Choice Voucher Homeowner participants.

Mortgage Backed Securities

On May 2, 2012, the Commission adopted a resolution approving the implementation of a MBS program for the Single Family MPP, thereby transitioning the MPP from a whole loan program to an MBS program. Whole loans are owned by HOC and carry the risk of foreclosures and delinquencies. Loans in the MBS program are not owned by HOC but rather by its master servicer, U.S. Bank. MBS loans are either guaranteed by Ginnie Mae for FHA insured mortgages, or Fannie Mae or Freddie Mac for conventional loans. The loans being originated for securitization in the MBS model comply with all of the same rules and requirements as those loans previously purchased by the MPP as whole loans.

The risk of foreclosures and delinquencies is borne by the master servicer, not HOC.

Precedent to implementing the MBS program, HOC operated a whole loan program which it retained in its portfolio and is serviced by third-party mortgage loan servicers. No new whole loans are being originated currently.

Fannie Mae HFA Preferred Loan Program

In July 2014, HOC along with four (4) local HFAs were approved to participate in the Fannie Mae HFA Preferred program that was previously only available to state agencies. This allowed the MPP to expand into the conventional mortgage space and include MBS that are guaranteed by Fannie Mae. One key element of the program is the ability to make loans to eligible homebuyers with a loan-to-value ratio of 97%.

Freddie Mac HFA Advantage Program & the Take Advantage Affordable Income Subsidy Grant

In October 2018, the Commission approved a further expansion into the conventional mortgage space by adding the Freddie Mac HFA Advantage Program. Freddie Mac offers a 30-year fixed rate mortgage with a loan to value up to 97%. The Freddie Mac program includes MBS that are guaranteed by Freddie, and will also work with the MPP's down payment assistance and closing cost programs.

Closing Cost Assistance Program

In March 2005, the County Council approved the program design and financial management plan for a new Revolving County Closing Cost Assistance Program. This program provides closing cost and down payment assistance for first time home buyers in the County. The assistance is a secured second mortgage. Borrower's monthly repayments are made through automatic withdrawal from a bank account, minimizing the delinquencies in the program.

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

And in FY 2019, the Commission announced the Montgomery County Homeownership Assistance Fund (McHAF), which provides loans for up to 40% of the household's qualifying income for a maximum of \$25,000. The McHAF has since been through a \$1 million grant annually from Montgomery County, Maryland. In FY 2022, the County's grant will increase to \$1.5 million. Used in combination with an HOC MPP first mortgage loan, the McHAF loan is a secured 10-year deferred loan effective from the settlement date. No interest shall accrue on the loan and no monthly installments shall be due. A pro-rata portion will be due upon a sale during the first 10 years. The loan will be forgiven after 10 years, and may be subordinated with a refinance only.

The Commission is designated as the administrator of these closing cost programs.

HOC Homeownership Programs

The HOC Home Ownership Program (HOC/HOP) is a homeownership program open to all HOC residents. The program is designed to assist HOC residents become first-time homebuyers. A HOC resident is someone who participates in a HOC program and/or lives in a property owned or managed by HOC.

- The HOC/HOP Program assists qualified HOC residents to purchase new Moderately Priced Dwelling Units (MPDUs) through the County's Department of Housing and Community Affairs.
- Provides educational opportunities to residents, who are preparing to become homeowners, on budgeting, analyzing credit, and the home purchase process.
- Administers Federal and local programs that provide purchase opportunities for HOC residents.

Performance Measurement Results

Multifamily Bond Issuance

Developments financed with tax-exempt bonds must set aside at least 20% of the units for households with incomes at or below 50% AMI or 40% of the units for households with incomes at or below 60% AMI. Because the desires of a private developer and the Commission are different, one maximizing the profit it may earn from each development and the other providing the maximum affordable housing, it is the Commission's practice to demand a higher level of public purpose for transactions. This is especially true for transactions that require the use of private activity volume cap. Therefore, it is customary for the Commission to impose more restrictive affordability requirements at median income levels that exceed any Federal,

State or Local Government standards.

Traditionally, the Commission supports developments that provide a mix of both market rate and affordable housing units to avoid creating pockets of poverty and stigma for a particular community. The result is that a low- or moderate-income household is often indistinguishable from a market rate household. The overall benefit is economic and social integration of communities throughout the County as well as financial stability from the cross subsidy provided by the market rate units.

Performance Measurement Results cont.

Multifamily Bond Issuance					
	FY 2018 *	FY 2019 *	FY 2020 *	FY 2021 *	FY 2022 Projection
Number of Loans	3	1	6	7	6
Total Units	1,073	150	932	504	1,040
Total Affordable Units	644	135	615	295	765
% of Affordable Units	40%	90%	66%	59%	74%
Total Bond Issuance (\$ millions)	\$157.0	\$24.0	\$192.0	\$141.2	\$282.0
% of Area Median Income Served	60%	40-80%	30-80%	50-60%	30-80%

* Includes FFB/FHA Risk Share mortgages.

Activities in the Single Family Mortgage Purchase Program

The following table illustrates the activities in the MPP for the past four fiscal years. The MPP is

rebuilding after a significant refinancing and prepayment trend over the past few years, as homeowners capitalized on the period of historically low mortgage interest rates.

Mortgage Purchase Program					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 Projection
Number of Bond Issues	1	NA	1	1	1
Total MPP Loans Funded (\$millions)	\$27.7	\$33.1	\$38.5	\$33.0	\$38.0
# Loans Made (MBS+Bonds)	140	152	172	115	140
Average Loan	\$234,310	\$240,593	\$256,834	\$277,611	\$270,000
Average Household Income (for average household size of 2)	\$71,745	\$73,469	\$77,477	\$80,389	\$80,000
% of Area Median Income	74%	76%	77%	78%	78%
Number of Closing Cost Loans (includes County Closing Cost and 3% Purchase Assistance Loans)	145	174	170	115	140
Total Closing Cost Provided	\$955,887	\$2,053,785	\$2,533,357	\$1,600,000	\$2,500,000

Budget Overview—Mortgage Finance

The total Adopted FY 2022 budgeted revenues for the Mortgage Finance Division are \$9.03 million and total expenses in the FY 2022 Budget are \$4.50 million. Personnel costs is

comprised of 53.18% in FY 2022. Operating expenses and other miscellaneous expenses account for 26.99% while non-operating expenses account for the remaining 19.83%.

Revenue and Expense Statement

Mortgage Finance Division	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
County Grant	\$177,012	\$177,645	\$178,356	\$176,540	\$175,310
Management Fees	\$2,311,620	\$2,091,252	\$3,276,337	\$3,208,990	\$4,685,790
Miscellaneous Income	\$16,442	\$23,125	\$27,378	\$7,500	\$51,530
TOTAL OPERATING INCOME	\$2,505,074	\$2,292,022	\$3,482,071	\$3,393,030	\$4,912,630
Operating Expenses					
Personnel Expenses	\$1,945,053	\$2,126,013	\$2,023,454	\$2,130,980	\$2,393,350
Operating Expenses - Fees	\$1,081,460	\$1,156,471	\$1,121,610	\$987,610	\$1,088,140
Operating Expenses - Administrative	\$108,457	\$63,059	\$141,569	\$120,410	\$126,650
TOTAL OPERATING EXPENSES	\$3,134,970	\$3,345,543	\$3,286,633	\$3,239,000	\$3,608,140
NET OPERATING INCOME	(\$629,896)	(\$1,053,521)	\$195,438	\$154,030	\$1,304,490
Non-Operating Income					
FHA Risk Sharing Insurance	\$697,624	\$890,294	\$1,102,136	\$858,820	\$891,350
Investment Interest Income	\$2,387,694	\$2,830,090	\$0	\$0	\$0
Transfer Between Funds	\$2,859,097	\$3,044,238	\$3,098,995	\$2,886,670	\$3,230,550
TOTAL NON-OPERATING INCOME	\$5,944,415	\$6,764,622	\$4,201,131	\$3,745,490	\$4,121,900
Non-Operating Expenses					
Interest Payment	\$2,459,059	\$2,542,522	\$0	\$0	\$0
Mortgage Insurance	\$3,755	\$4,428	\$1,508	\$840	\$870
FHA Risk Sharing Insurance	\$618,857	\$890,294	\$1,102,136	\$858,820	\$891,350
Restricted Cash Flow	\$53,548	\$57,281	\$220,417	\$0	\$0
TOTAL NON-OPERATING EXPENSES	\$3,135,219	\$3,494,525	\$1,324,061	\$859,660	\$892,220
NET NON-OPERATING ADJUSTMENTS	\$2,809,196	\$3,270,097	\$2,877,070	\$2,885,830	\$3,229,680
NET CASH FLOW	\$2,179,300	\$2,216,576	\$3,072,508	\$3,039,860	\$4,534,170

Property Management Division

Adopted Budget
June 9, 2021

Mission Statement

The mission of the Property Management Division is to manage a diverse portfolio of affordable and market rate energy efficient residential communities for low and moderate income households, while striving to

create a positive living environment by providing responsive customer service, establishing community partnerships, and maintaining our properties to meet or exceed community standards.

Special points of interest:

The Property Management Division has moved from a centralized operations model to 10 regional HUB offices.

Description

The Property Management Division manages the Agency's assets by providing operational and financial oversight and management of the operating budgets and capital budgets for the Agency's portfolios. The Property Management team is now comprised of two Asset Managers and a Scattered Sites Team, who oversee the performance of the properties by; monitoring compliance, coordinating maintenance, conducting regular property inspections, coordinating communication from the properties to the HOC corporate office, and preparing reports or analyses to evaluate and improve property performance.

Contracted property management firms including Bozzuto Management, Edgewood Management, Residential One, CAPREIT, Habitat America, Aldon Management and Grady Management manage the multifamily properties. Property Management and HOC Maintenance staff at the HUB offices provide an

extensive menu of services to all HOC residents including resolving maintenance issues, conducting annual unit inspections, and performing re-certifications. Residents living in scattered communities and units travel to East Deer Park or the Silver Spring Customer service center to pay rent, complete re-certifications, and meet with management staff. HOC also maintains a web portal that allows residents to submit rent payments and work orders online.

Asset Managers work closely with the Real Estate Development Team (RED) team to evaluate the physical condition and needs of their portfolios and determine how to best manage the assets. The RED Team provides consultation on needed capital repairs, modernization efforts and the overall physical needs of our properties. In the event there are opportunities to comprehensively renovate or reposition a property, this determination is made in coordination with the Asset

Managers, the Chief of Maintenance and the RED Team.

The Property Management Division:

- Ensures lease-up of qualified households under numerous Federal, State, and local affordable housing programs.
- Collects and posts rent and rent-related fees.
- Ensures that all dwelling units are maintained at or above community norms, and in compliance with Federal Uniform Physical Condition Standards (UPCS) and local housing codes.
- Enforces compliance with the conditions of residents' leases.
- In coordination with the Maintenance Division, responds to emergency maintenance needs and ensures that all units are in good repair and compliant with community standards.
- Keeps the grounds and common areas clean and well appointed.
- Assures high satisfaction levels and services as required.
- Delivers quality services to a diverse population with a variety of programs and housing types.

In its role as Montgomery County's Public Housing Authority, HOC owns 8,485 units of housing including, but not limited to housing supported by Project Based Rental Assistance (PBRA) and Project Based Vouchers (PBV). Of the units that HOC owns, 5,861 units are managed by a third party property manager, and 2,624 are managed by HOC. Included in these units, HOC provides housing utilizing a number of Federal and State programs including HOME funds, State Partnership, Neighborhood Stabilization, Low Income Housing Tax Credits (LIHTC), and bond financed housing.

The properties within the agency portfolio originate from a wide variety of programs with complex regulatory requirements and many have multiple financing sources. In total, HOC oversees 8,485 units of housing across the entire 507 square miles of Montgomery County. These units are found in a number of configurations including clustered family communities, senior housing in mid- and high-rise buildings, various types of apartments, townhouses, and single family homes scattered throughout the County.

A summary of the types of programs and number of units are listed below. Many are included in more than one program or category.

HUD Project Based Section 8 (Rent Subsidies -less than 40% AMI) – **7 properties** – Bauer Park, Forest Oak Towers, Town Center Apartments, Chelsea Tower, Magruder's Discovery, Paint Branch, and Shady Grove – **742 units**

RAD Renovations (Rent Subsidies-less than 40% AMI) - **9 properties** – Arcola Towers, Elizabeth House, Ken Gar, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, Washington Square, Waverly House and Parkway Woods - **672 units**

Special Programs - State, Local & HOC (Rent Subsidies-less than 40% AMI) – **10 properties** – McHome, Southbridge (formerly Aspen Ct.), 527 Dale Drive, Lasko Manor, King Farm, 617 Olney Sandy Spring Drive, and Scattered Sites (Jubilee: Hermitage, Woodedge, Falling Creek, and Horizon) – **113 units**

Moderate Income - Tax Credit (Subsidized & Market Rate Rent – 41%-60% of AMI) - **11 properties** – Greenhills, Spring Garden, Tanglewood and Sligo, Stewartown Affordable, Fenton Silver Spring, Georgian Court, Shady Grove (50% AMI) , Manor at Colesville, Manor at Fair Hill Farm, Manor at Cloppers (40-50-60-80% AMI), Bauer Park (60% AMI) **1,228 units**

Other Moderate Income (Subsidized & Market Rate Rent – 41%-60% of AMI) – **35 properties** – Brooke Park, Camp Hill Square, Diamond Square, Fairfax Court, Brookside Glen (The Glen), Georgian Court Affordable, Glenmont Crossing, Glenmont Westerly, , Manchester Manor, McKendree, Montgomery Arms, The Oaks at Four Corners, Pomander Court, Pooks Hill Midrise, Timberlawn Crescent, Sligo Dev Corp-MPDU III, The Willows, VPC One, VPC Two, Cider Mill, MHLP VII, MHLP VIII, MHLP IX—Pond Ridge, MHLP IX—MPDU, MHLP X, State Partnership Properties Combined, Holiday Park, CDBG, NSP 1, NCI 1, MPDU I (64), MPDU 2007 Phase II, MPDU II (59), Scattered Site One, Scattered Site Two – **3,788 units**

High & Mixed Income (HOC Subsidized & Market Rate Rent – above 61% of AMI) – **1 property** – Avondale Apartments – **25 units**

High & Mixed Income (Third Party Subsidized & Market Rate Rent – above 61% of AMI) – **10 properties**— Alexander

House, The Barclay, The Metropolitan, Pooks Hill High Rise, Strathmore Court, MetroPointe, Westwood Towers, Paddington Square, Aldon of Chevy Chase, and the Lindley – **2,313 units**

Properties in the portfolio that are not part of HOC's FY 2022 Operating Budget but are on a calendar year include Tax Credit Units and the Lindley.

Rental income from our Opportunity Housing properties is a primary source of funding for HOC's operations. We look to the properties to generate sufficient revenue to be self-supporting. At the same time, HOC's market rate units also contribute to the support of the units which are affordable to lower income households.

In units that are subsidized by a voucher, residents pay no more than 30% of their gross income. Each year, HUD pays a Housing Assistance Payment (HAP) to bridge the gap between the 30% residents pay and the market rate rent of the housing unit.

Program Objectives

The Property Management Division is actively engaged in reinvigorating its efforts to deliver focused service to our residents. The structure described is intended to empower the third-party management companies and property management staff to serve our customers and communities in a more conscientious and timely manner. The Division is also focused on operating in a transparent and financially accountable manner. Measureable outcomes the division seeks to achieve are to:

- Collect at least 95% of rent due no later than the 10th of every month.
- Process and receive all purchase orders within 30 days.
- Achieve and maintain physical occupancy of 96% or better for all properties, excluding those

undergoing redevelopment.

- Achieve and maintain economic occupancy of 98% or better for all properties, excluding those undergoing redevelopment.
- Maintain tenant turnover of 5% or less.
- Reduce operation expense variances to within 10% of budget.
- Submit RFR requests to Mortgage Finance within 30 days after quarter-end.

Performance Measurement Results

Real Estate Assessment Center (REAC)

Nearly 4 million families live in rental housing that is owned, insured, or subsidized by HUD. To ensure that these families have housing that is decent, safe, sanitary, and in good repair, HUD's Real Estate Assessment Center (REAC) conducts approximately 20,000 physical inspections on properties each year. There are a considerable number of HOC owned and managed properties that are subject to REAC inspections.

Properties scoring a 90 or above are required to be inspected every three years. Properties scoring 80-89 are subject to inspections every two years. Properties scoring below 80 will be inspected every year. Eleven HOC properties were inspected in FY 2020 with scores ranging from 74c to 99b, with an average score of 93 and over half of the properties scoring in the 90s.

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

REAC Scores		
	Date	Score
REAC Inspections Completed for 2019		
Barclay Apartments	6/12/2019	78c
Brookside Glen LP (The Glen)	11/19/2019	86c
Georgian Court	11/4/2019	97b
Stewartown Homes	11/26/2019	95b
Timberlawn Crescent	9/4/2019	89c
REAC Inspections Completed 2021		
Paint Branch	7/7/2021	95b
Pond Ridge	Anticipated by 11/30/2021	
Scattered Site One Dev Corp	9/7/2021	62c
Anticipated Future REAC Inspections Scheduled for 2022		
Barclay Apartments	TBD	
Pooks Hill Highrise	TBD	
Shady Grove	TBD	
The Willows	TBD	

Budget Overview—Property Management—Administrative

The Adopted FY 2022 budgeted revenues for Property Management Division Administration are \$13.84 million and total operating expenses are \$3.76 million. Personnel costs comprise 56.24% of

the Operating Budget in FY 2022. Other Operating costs constitute the remainder of the operating budget.

Revenue and Expense Statement

Property Management Division Administration	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Tenant Income	\$591	\$2,202	\$217	\$2,760	\$0
County Grant	\$1,058,745	\$1,110,834	\$1,150,213	\$1,168,860	\$1,168,860
Management Fees	\$5,453,668	\$6,078,399	\$7,235,274	\$7,112,350	\$12,671,670
Miscellaneous Income	\$1,207	(\$141)	\$0	\$0	\$0
TOTAL OPERATING INCOME	\$6,514,211	\$7,191,294	\$8,385,704	\$8,283,970	\$13,840,530
Operating Expenses					
Personnel Expenses	\$1,591,932	\$1,497,096	\$2,001,009	\$2,204,450	\$2,113,420
Operating Expenses - Fees	\$43,416	\$50,382	\$56,912	\$46,980	\$32,170
Operating Expenses - Administrative	\$127,758	\$168,642	\$803,894	\$1,057,800	\$1,327,170
Tenant Services Expenses	\$0	\$208	\$250	\$0	\$0
Protective Services Expenses	\$13,892	\$17,143	\$187,658	\$13,500	\$21,980
Utilities Expenses	\$57,891	\$47,830	\$54,114	\$66,200	\$67,490
Insurance and Tax Expenses	\$19,029	\$42,451	\$29,649	\$24,670	\$4,950
Maintenance Expenses	\$186,997	\$176,129	\$196,158	\$155,650	\$190,850
TOTAL OPERATING EXPENSES	\$2,040,915	\$1,999,881	\$3,329,644	\$3,569,250	\$3,758,030
NET OPERATING INCOME	\$4,473,296	\$5,191,413	\$5,056,060	\$4,714,720	\$10,082,500
Non-Operating Income					
Investment Interest Income	\$25,393	\$3,941,756	\$0	\$0	\$0
TOTAL NON-OPERATING INCOME	\$25,393	\$3,941,756	\$0	\$0	\$0
Non-Operating Expenses					
Interest Payment	\$30,525	\$3,914,432	\$0	\$0	\$0
Debt Service, Operating and Replacement Reserves	\$0	\$0	\$0	\$0	\$750,000
Transfer Out Between Funds	\$1,083,799	\$1,140,872	\$1,170,531	\$1,394,690	\$1,300,380
TOTAL NON-OPERATING EXPENSES	\$1,114,324	\$5,055,304	\$1,170,531	\$1,394,690	\$2,050,380
NET NON-OPERATING ADJUSTMENTS	(\$1,088,931)	(\$1,113,548)	(\$1,170,531)	(\$1,394,690)	(\$2,050,380)
NET CASH FLOW	\$3,384,365	\$4,077,865	\$3,885,529	\$3,320,030	\$8,032,120

Budget Overview—Property Management— Elderly Properties

The Adopted FY 2022 budgeted revenues for elderly properties are \$3.76 million and total expenses in

the Operating Budget are \$2.55 million. Non-operational expenses are \$0.97 million

Revenue and Expense Statement

Property Management Division Elderly Properties	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Tenant Income	\$1,958,847	\$4,885,594	\$6,125,527	\$6,335,730	\$3,646,650
Non-Dwelling Rental Income	\$0	\$0	\$2,100	\$0	\$0
Federal Grant	\$896,959	\$736,923	\$644,450	\$0	\$0
Management Fees	\$1,110	\$945	\$747	\$980	\$630
Miscellaneous Income	\$8,866	\$31,748	\$44,572	\$6,890	\$2,310
TOTAL OPERATING INCOME	\$2,865,782	\$5,655,210	\$6,817,396	\$6,343,600	\$3,649,590
Operating Expenses					
Personnel Expenses	\$1,111,356	\$1,373,481	\$1,472,772	\$1,390,470	\$955,920
Operating Expenses - Fees	\$387,781	\$663,584	\$929,554	\$873,070	\$536,740
Operating Expenses - Administrative	\$70,057	\$163,071	\$278,916	\$171,610	\$125,000
Bad Debt	\$8,693	\$4,728	\$16,304	(\$290)	\$16,000
Tenant Services Expenses	\$56,074	\$114,328	\$70,894	\$83,380	\$72,100
Protective Services Expenses	\$36,181	\$44,853	\$146,877	\$21,080	\$14,580
Utilities Expenses	\$538,839	\$628,944	\$734,664	\$467,200	\$367,450
Insurance and Tax Expenses	\$64,395	\$92,943	\$163,440	\$188,270	\$154,850
Maintenance Expenses	\$427,606	\$782,707	\$748,879	\$443,770	\$311,070
Housing Assistance Payments (HAP)	\$136,872	\$179,061	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$2,837,854	\$4,047,700	\$4,562,300	\$3,638,560	\$2,553,710
NET OPERATING INCOME	\$27,928	\$1,607,510	\$2,255,096	\$2,705,040	\$1,095,880
Non-Operating Income					
Investment Interest Income	(\$5,346)	\$14,410	\$21,168	\$0	\$0
Transfer Between Funds	\$521,758	\$589,694	\$359,508	\$132,090	\$114,770
TOTAL NON-OPERATING INCOME	\$516,412	\$604,104	\$380,676	\$132,090	\$114,770
Non-Operating Expenses					
Interest Payment	\$116,465	\$849,887	\$1,333,598	\$1,383,380	\$314,650
Mortgage Insurance	\$9,177	\$8,360	\$7,490	\$64,820	\$5,570
Principal Payment	\$157,987	\$467,888	\$729,176	\$778,530	\$452,200
Debt Service, Operating and Replacement Reserves	\$171,996	\$229,196	\$257,796	\$257,800	\$200,600
Restricted Cash Flow	\$92,315	\$731,306	\$412,599	\$57,820	\$0
Transfer Out Between Funds	(\$3,600)	\$0	\$69,603	\$0	\$0
TOTAL NON-OPERATING EXPENSES	\$544,340	\$2,286,637	\$2,810,262	\$2,542,350	\$973,020
NET NON-OPERATING ADJUSTMENTS	(\$27,928)	(\$1,682,533)	(\$2,429,586)	(\$2,410,260)	(\$858,250)
NET CASH FLOW	\$0	(\$75,023)	(\$174,490)	\$294,780	\$237,630

Budget Overview—Property Management— Family Properties

The Adopted FY 2022 budgeted revenues for family properties are \$68.53 million and total expenses in the Operating Budget are \$31.86 million. Non-operational expenses are \$34.88 million in FY 2022.

Revenue and Expense Statement

Property Management Division Family Properties	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Tenant Income	\$53,948,739	\$62,649,281	\$67,153,447	\$71,190,790	\$66,582,850
Non-Dwelling Rental Income	\$816,420	\$930,374	\$989,952	\$917,620	\$963,010
Federal Grant	\$181,767	\$42,065	\$48,830	\$42,000	\$45,400
Management Fees	\$64,022	\$22,303	\$4,965	\$13,580	\$6,760
Miscellaneous Income	\$86,440	\$202,512	\$163,519	\$111,810	\$166,930
TOTAL OPERATING INCOME	\$55,097,388	\$63,846,535	\$68,360,713	\$72,275,800	\$67,764,950
Operating Expenses					
Personnel Expenses	\$6,579,974	\$7,706,998	\$8,566,980	\$9,528,960	\$8,404,160
Operating Expenses - Fees	\$4,502,149	\$5,719,959	\$6,309,257	\$6,490,720	\$6,231,110
Operating Expenses - Administrative	\$1,720,035	\$1,718,745	\$2,099,012	\$1,840,010	\$1,649,230
Bad Debt	\$576,148	\$1,251,816	\$1,020,917	\$3,038,010	\$1,765,220
Tenant Services Expenses	\$344,724	\$347,369	\$276,651	\$603,300	\$400,770
Protective Services Expenses	\$640,700	\$687,135	\$969,959	\$826,340	\$637,010
Utilities Expenses	\$4,333,232	\$4,755,473	\$4,817,321	\$5,304,520	\$5,111,020
Insurance and Tax Expenses	\$1,023,497	\$1,430,289	\$1,173,159	\$1,559,020	\$1,717,600
Maintenance Expenses	\$5,091,435	\$6,659,485	\$6,424,881	\$6,272,880	\$5,940,940
TOTAL OPERATING EXPENSES	\$24,511,894	\$30,277,269	\$31,658,137	\$35,463,760	\$31,857,060
NET OPERATING INCOME	\$30,585,494	\$33,569,266	\$36,702,576	\$36,812,040	\$35,907,890
Non-Operating Income					
Investment Interest Income	\$9,653	\$15,179	\$13,803	\$3,050	\$0
Transfer Between Funds	\$932,599	\$1,470,854	\$1,641,075	\$1,748,500	\$762,570
TOTAL NON-OPERATING INCOME	\$942,252	\$1,486,033	\$1,654,878	\$1,751,550	\$762,570
Non-Operating Expenses					
Interest Payment	\$11,327,835	\$15,707,355	\$17,442,770	\$17,725,740	\$16,935,370
Mortgage Insurance	\$754,640	\$782,556	\$1,073,042	\$1,070,440	\$992,460
Principal Payment	\$6,119,940	\$6,734,234	\$8,257,025	\$9,448,810	\$9,194,860
Debt Service, Operating and Replacement Reserves	\$2,013,293	\$3,006,664	\$3,170,445	\$3,068,040	\$2,846,100
Restricted Cash Flow	\$7,463,574	\$4,081,584	\$3,089,027	\$1,333,510	\$1,128,050
Miscellaneous Bond Financing Expenses	\$44,684	\$0	\$69,304	\$0	\$0
Development Corporation Fees	\$3,619,940	\$3,507,620	\$3,414,675	\$3,578,060	\$3,786,690
TOTAL NON-OPERATING EXPENSES	\$31,343,906	\$33,820,013	\$36,516,288	\$36,224,600	\$34,883,530
NET NON-OPERATING ADJUSTMENTS	(\$30,401,654)	(\$32,333,980)	(\$34,861,410)	(\$34,473,050)	(\$34,120,960)
NET CASH FLOW	\$183,840	\$1,235,286	\$1,841,166	\$2,338,990	\$1,786,930

Budget Overview—Property Management— Scattered Site Properties

The Adopted FY 2022 budgeted revenues for scattered-site properties are \$24.34 million and total expenses in the Operating Budget are \$14.60 million.

Non-operational expenses are \$9.54 million in FY 2022.

Revenue and Expense Statement

Property Management Division Scattered Site Properties	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Tenant Income	\$20,108,627	\$22,500,472	\$23,542,031	\$24,658,230	\$23,822,420
Non-Dwelling Rental Income	\$10,628	(\$14,187)	(\$52)	\$0	\$0
Federal Grant	\$121,794	\$0	\$0	\$0	\$0
Management Fees	(\$274)	(\$17)	\$48	\$0	\$0
Miscellaneous Income	\$19,130	\$45,461	\$15,702	\$0	\$0
TOTAL OPERATING INCOME	\$20,259,905	\$22,531,729	\$23,557,729	\$24,658,230	\$23,822,420
Operating Expenses					
Personnel Expenses	\$3,494,377	\$3,927,772	\$4,120,806	\$4,122,980	\$3,558,700
Operating Expenses - Fees	\$5,511,373	\$6,063,962	\$6,273,613	\$6,518,180	\$6,701,520
Operating Expenses - Administrative	\$255,742	\$366,593	\$272,777	\$221,550	\$193,260
Bad Debt	\$287,631	\$575,836	\$402,657	\$3,618,540	\$1,108,740
Tenant Services Expenses	\$511	\$280	\$175	\$0	\$0
Protective Services Expenses	\$912	\$0	\$150	\$0	\$0
Utilities Expenses	\$188,701	\$276,625	\$253,239	\$157,510	\$220,260
Insurance and Tax Expenses	\$675,220	\$1,060,955	\$995,758	\$1,187,140	\$1,205,000
Maintenance Expenses	\$1,261,835	\$1,519,114	\$1,552,430	\$1,170,850	\$1,609,700
Housing Assistance Payments (HAP)	\$111	\$0	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$11,676,413	\$13,791,137	\$13,871,605	\$16,996,850	\$14,597,180
NET OPERATING INCOME	\$8,583,492	\$8,740,592	\$9,686,124	\$7,661,380	\$9,225,240
Non-Operating Income					
Investment Interest Income	\$8,195	(\$2,422)	\$491	\$0	\$0
Transfer Between Funds	\$327,596	\$569,842	\$849,786	\$719,130	\$513,480
TOTAL NON-OPERATING INCOME	\$335,791	\$567,420	\$850,277	\$719,130	\$513,480
Non-Operating Expenses					
Interest Payment	\$1,837,655	\$2,550,358	\$2,821,375	\$2,831,040	\$2,426,960
Mortgage Insurance	\$65,081	\$86,140	\$86,884	\$82,030	\$77,500
Principal Payment	\$1,078,735	\$2,138,501	\$2,016,204	\$2,129,190	\$2,590,580
Debt Service, Operating and Replacement Reserves	\$2,223,847	\$932,339	\$895,056	\$2,257,450	\$2,385,320
Restricted Cash Flow	\$353,989	\$204,459	\$793,725	\$77,260	\$75,310
Development Corporation Fees	\$2,815,510	\$2,830,403	\$3,253,801	\$1,326,550	\$1,983,760
TOTAL NON-OPERATING EXPENSES	\$8,374,817	\$8,742,200	\$9,867,045	\$8,703,520	\$9,539,430
NET NON-OPERATING ADJUSTMENTS	(\$8,039,026)	(\$8,174,780)	(\$9,016,768)	(\$7,984,390)	(\$9,025,950)
NET CASH FLOW	\$544,466	\$565,812	\$669,356	(\$323,010)	\$199,290

Capital Fund Program—Revenue and Expense Statement

Property Management Division	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Capital Fund Program	Actual	Actual	Actual	Amended Budget	Adopted Budget
Operating Income					
Federal Grant	\$195,293	\$44,639	\$136,969	\$0	\$0
TOTAL OPERATING INCOME	\$195,293	\$44,639	\$136,969	\$0	\$0
Operating Expenses					
Personnel Expenses	\$6,511	(\$243)	\$0	\$0	\$0
Operating Expenses - Fees	\$28,886	\$44,639	\$21,635	\$0	\$0
Operating Expenses - Administrative	\$39,933	\$5,600	\$0	\$0	\$0
Housing Assistance Payments (HAP)	\$119,963	\$16,690	\$115,334	\$0	\$0
TOTAL OPERATING EXPENSES	\$195,293	\$66,686	\$136,969	\$0	\$0
NET OPERATING INCOME	\$0	(\$22,047)	\$0	\$0	\$0
Non-Operating Income					
Transfer Between Funds	\$0	\$21,897	\$0	\$0	\$0
TOTAL NON-OPERATING INCOME	\$0	\$21,897	\$0	\$0	\$0
Non-Operating Expenses					
Transfer Out Between Funds	\$0	(\$150)	\$0	\$0	\$0
TOTAL NON-OPERATING EXPENSES	\$0	(\$150)	\$0	\$0	\$0
NET NON-OPERATING ADJUSTMENTS	\$0	\$22,047	\$0	\$0	\$0
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0

Real Estate Development Division

Adopted Budget
June 9, 2021

Mission Statement

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

access to quality housing through stewardship of public resources.

Special points of interest:

Description

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

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

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

The division acquires existing multifamily housing to create and preserve low- to moderate-income market rate housing and to avoid the loss of subsidies for properties developed with federal assistance. The Division also develops new multifamily rental housing, typically for residents with a wide range of incomes. These developments are part of HOC's Opportunity Housing portfolio and serve low-, moderate-income, and market rate households.

The division is integral to the vision of HOC as a real estate company. Therefore, its activities will focus on expanding its approach and ability to develop mixed-income housing with an emphasis on amenity-rich, larger scale properties that are environmentally and financially stable. Achieving this objective will require existing portfolio analysis for redevelopment opportunities, prospecting for opportunities, building partnerships, and identifying alternative sources of equity.

Program Objectives

Operating under the new Strategic Plan, The Real Estate Development Division will use its development capacity to expand its approach and ability to develop mixed-income housing with an emphasis on amenity-rich, larger scale properties that are environmentally and financially stable.

Achieving this objective will require:

- Prospecting for opportunities,
- Building partnerships, and
- Identifying alternative sources of debt and equity.

Performance Measure Results

Setting metrics and defining measurable goals for Real Estate Development can be challenging as the planning and execution of the work is very dynamic. We plan, but we expect market opportunities will change those plans including unanticipated real estate environment, changes in local, state and federal policies/laws, Right of First Refusal opportunities, financial market conditions and changes in HOC's Strategic Plans. Real Estate Development projects also occur over a longer period of time.

Real Estate Development established metrics of: i.) Getting People Housed through acquisition and new construction efforts, ii.) Keeping People Housed by working to enhance the long-term physical durability of our properties through renovation and iii.) Helping People Reach their Fullest Potential by targeting acquisition and new construction properties in sought after communities of opportunity that are transit-oriented and contain a variety of amenities and recreational opportunities.

Category	5 Year Performance Target	Target as % of HOC's 2017 Portfolio	Progress to Date (2021)	% Complete	2022 Projection	2022 Projection vs. Target
Getting People Housed						
Multifamily						
New Development – Seniors (Units)	1,241	18%	749	60%	904	73%
New Development – Family (Units)	1,989	30%	476	24%	803	40%
New Acquisition / Preservation (Units)	750	11%	1,763	235%	1,763	235%
Total New Units	3,980	59%	2,988	75%	3,470	87%
Keeping People Housed						
Multifamily						
Renovation /Preservation of Existing Units	1,865	28%	1,624	87%	1,932	104%
Helping Customers Reach Their Fullest Potential						
Multifamily						
New Transit Oriented (Units)	1,691	25%	1,210	72%	1,210	72%

Budget Overview—Real Estate Division

The total Adopted FY 2022 budgeted revenues for the Real Estate Division are \$3.25 million and total expenses are \$2.57 million. Personnel costs

comprise 87.2% of the total operating expenses in FY 2022. Operating and other miscellaneous expenses account for the balance of the budget.

Revenue and Expense Statement

Real Estate Division	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Actual	Actual	Actual	Amended Budget	Adopted Budget
Operating Income					
Management Fees	\$769,312	\$411,540	\$1,824,352	\$1,905,720	\$1,625,380
TOTAL OPERATING INCOME	\$769,312	\$411,540	\$1,824,352	\$1,905,720	\$1,625,380
Operating Expenses					
Personnel Expenses	\$1,683,962	\$1,925,824	\$1,936,918	\$2,059,290	\$2,239,910
Operating Expenses - Fees	\$10,933	\$2,242	\$4,306	\$4,310	\$4,380
Operating Expenses - Administrative	\$184,819	\$201,042	\$161,763	\$329,610	\$322,510
Tenant Services Expenses	\$0	\$500	\$1,085	\$0	\$0
Insurance and Tax Expenses	\$1,100	\$3,684	\$2,237	\$2,700	\$990
Maintenance Expenses	\$844	\$0	\$0	\$1,000	\$1,000
TOTAL OPERATING EXPENSES	\$1,881,658	\$2,133,292	\$2,106,309	\$2,396,910	\$2,568,790
NET OPERATING INCOME	(\$1,112,346)	(\$1,721,752)	(\$281,957)	(\$491,190)	(\$943,410)
Non-Operating Income					
Transfer Between Funds	\$1,118,213	\$1,496,000	\$1,265,613	\$1,558,870	\$1,624,630
TOTAL NON-OPERATING INCOME	\$1,118,213	\$1,496,000	\$1,265,613	\$1,558,870	\$1,624,630
Non-Operating Expenses					
TOTAL NON-OPERATING EXPENSES	\$0	\$0	\$0	\$0	\$0
NET NON-OPERATING ADJUSTMENTS	\$1,118,213	\$1,496,000	\$1,265,613	\$1,558,870	\$1,624,630
NET CASH FLOW	\$5,867	(\$225,752)	\$983,656	\$1,067,680	\$681,220

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Resident Services Division

Adopted Budget
June 9, 2021

Mission Statement

The mission of Resident Services is to maximize housing stability, promote self-sufficiency and improve the quality of life for HOC customers through the provision

of: assessment and intervention services; housing assistance; service coordination; and, education and enrichment programs.

Special points of interest:

The Resident Services Division provides care and supportive services to families and households served by HOC.

Description

The Resident Services Division is responsible for providing services to residents and participants in HOC's programs. Core services include the following service coordination, housing stabilization and supportive services:

- Eviction prevention and intervention.
- Complaint resolution, crisis intervention, lease compliance assistance.
- Stabilization and support for individuals with disabilities.
- Information and referral to community resources.
- Assessment, counseling and service coordination.
- On-site education, recreation, life skills and wellness programming for youth and seniors.
 - * Community Engagement.
 - * Financial Literacy services: budgeting, credit repair, and money management assistance.

Other services include:

- Administration of Federal Housing Programs for homeless and disabled single adults and families.
- Administration of County funded Housing Assistance Program to eliminate homelessness while stabilizing residents in affordable housing.
- Housing Counseling and Housing Location services.

Program Objectives

Core Services to Families and Elderly

- Reduce non-compliance among HOC residents through workshops on financial literacy, housekeeping and re-certification.
- Provide assessment, crisis intervention, counseling information, and referral services to HOC residents to assist them with responsibly maintaining their housing, and moving towards self-sufficiency.
- Connect residents to community-based support services and financial resources to address financial, medical, and social barriers.
- Maximize resident involvement in HOC programs by facilitating community engagement activities including focus groups, surveys and community forums.

Program Services

- Develop and operate programs that promote self-sufficiency and stabilize communities, and offer activities that motivate and improve personal well-being at elderly and multifamily HOC properties.
- Provide nutritious meals and social interaction to avoid isolation during weekdays for senior residents at Waverly House, Elizabeth House, Forest Oak Towers, Bauer Park, Arcola Towers, and Town Center Apartments through operation of the Senior Nutrition Program.
- Enroll at-risk youth in clubs and social/recreational programs.
- Establish and maintain partnerships to involve youth and seniors in a variety of constructive activities encompassing nutrition, youth groups, exercise programs, and more.
- Provide assistance to disabled individuals and families to ensure adequate housing placements and opportunities to live independently and to make self-determined choices that promote responsibility and community inclusion.
- Screen applications, determine eligibility, and issue of housing stabilization assistance in response to housing crises.

Federal and County Funded Supportive Housing Programs for Homeless Households

- Effectively operate programs designed to prevent and end homelessness including: (1) the HUD funded Permanent Supportive Housing Program, and (2) the County funded Rent Supplemental Program which provides a subsidy for eligible households in multifamily buildings.
- Provide ongoing case management and supportive resources including furnishings, transportation, medication assistance, child care and other critical needs to allow program participants to stabilize, live independently, and move toward self-sufficiency.
- Continue collaboration with the Department of Health & Human Services (DHHS) under the Housing First Initiative to eliminate homelessness in the County by: (1) administering County grants providing emergency financial assistance to HOC residents for rent delinquencies and/or utility disconnections, (2) providing service coordination and ongoing case management to homeless households placed in housing to ensure retention of housing, and (3) providing Housing Location services to search out and locate landlords and vacant units where homeless households can be placed.
- Provide shallow rental assistance to approximately 300 households with incomes between 20-40% of Area Median Income. This program will help prevent homelessness of very economically vulnerable individuals and families.
- Connect customers to therapeutic services.

Specialty Programs/Services

- **HOC Academy** – Overall, the Academy is able to expand its youth services through new partnerships with Learning Undefeated, Washington Suburban Sanitary Commission (WSSC), Gap Buster, Inc. and other organizations dedicated to youth development in STEM. Other collaborations with WorkSource Montgomery, Montgomery College, and Alston Tech, LLC are imperative in the expansion in Academy Adult

Program Objectives

Education and Workforce Development services.

- **Fatherhood Initiative Program** supports fathers in every step along their journey. The program serves fathers who receive housing assistance

from HOC, as well as fathers with children in HOC households and even fathers looking for housing on our Housing Path waitlist. HOC's Fatherhood Initiative Program believes that in strengthening fathers, we strengthen families and communities.

Performance Measurement Results

The charts below depict ongoing performance measurement results that are currently tracked in the Resident Services Division. Staff continues to

develop additional measurements as programs are added.

Program/Service Provision (# of Residents Served)	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Goal
Housing Stabilization (emergency assistance for rent and utility arrearages)	250	283	360	360
Youth & Family on-site programming	375	1,229	536	1,229
Senior on-site programming	402	410	564	564
Eviction/Termination prevention and intervention services	375	279	218	279
Housing Services for the Homeless (Federal)	232	239	251	239
Housing Assistance (County)	415	266	271	271
Counseling Services	3,950	3,304	5,641	5,641
Adult Education, Training & Employment Services	120	271	207	271

Performance Measurement Results (cont.)

FY 2021 Metrics		
Metric Description	Target/Goal	Actuals
Achieve a high rent collection, housing retention rate and recertification rate for participants in the McKinney Supportive Housing Program.	93% Rent Collection 98% Housing Retention 98% Recertification	82% Rent Collection 100% Housing Retention 67% Recertification
Identify HOC units and have them modified as accessible to house persons with disabilities who are existing in institutions.	10-units set aside 10-persons housed	10-units set aside 8-persons housed
Identify HOC units and have them modified as accessible to house non-elderly persons with disabilities.	5-units set aside 5-persons housed	18-units set aside 18-persons housed
House and provide rent subsidies to young adults who have recently aged out of foster care.	5-persons housed	4-persons housed
Increase resident participation in workforce development, youth education and enrichment programs and/or services.	1,240	305
Expand financial literacy services to persons on the HOC Housing Path Waitlist.	Serve 300 people	106- People served
Achieve goals for HOC operated programs at HOC properties.	95% Site Goals met	92% of Site Goals met
Achieve a high success rate for seniors and residents with disabilities that are served who are at imminent risk of termination due to non-compliance with the recertification process.	98% success rate	100% success rate
Achieve successful outcomes for residents served through general counseling.	97%	99%
Achieve successful outcomes for residents served through eviction/termination prevention .	90%	93%
Achieve successful outcomes for residents served through eviction/termination intervention .	90%	100%

Performance Measurement Results (cont.)

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

Budget Overview—Resident Services Division

The total Adopted FY 2022 budgeted revenues for the Resident Services Division are \$16.30 million.

Personnel costs comprise 42.63% of the FY 2022 Adopted operating expenses.

Revenue and Expense Statement

Resident Services Division	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended Budget	FY 2022 Adopted Budget
Operating Income					
Tenant Income	\$806,180	\$824,848	\$881,821	\$845,330	\$927,400
Federal Grant	\$4,492,494	\$4,630,462	\$4,983,794	\$4,995,400	\$5,293,200
State Grant	\$105,990	\$24,370	\$0	\$0	\$0
County Grant	\$7,732,837	\$8,117,316	\$8,126,541	\$9,049,760	\$9,682,180
Miscellaneous Income	\$6,300	\$7,090	9,409	\$8,000	\$8,000
TOTAL OPERATING INCOME	\$13,143,801	\$13,604,086	\$14,001,565	\$14,898,490	\$15,910,780
Operating Expenses					
Personnel Expenses	\$5,750,264	\$5,477,395	\$5,060,995	\$5,456,760	\$6,787,660
Operating Expenses - Fees	\$877,407	\$910,635	\$835,422	\$831,220	\$999,370
Operating Expenses - Administrative	\$390,696	\$284,583	\$371,446	\$380,880	\$272,900
Bad Debt	\$0	\$121,508	\$44,877	\$36,900	\$40,200
Tenant Services Expenses	\$5,716,464	\$5,897,811	\$5,761,238	\$6,557,890	\$7,339,170
Utilities Expenses	\$315,250	\$293,777	\$286,113	\$313,150	\$346,010
Insurance and Tax Expenses	\$38,525	\$44,451	\$45,157	\$23,990	\$2,970
Maintenance Expenses	\$1,082	\$121,287	\$0	\$317,740	\$135,000
TOTAL OPERATING EXPENSES	\$13,089,688	\$13,151,447	\$12,405,248	\$13,918,530	\$15,923,280
NET OPERATING INCOME	\$54,113	\$452,639	\$1,596,317	\$979,960	(\$12,500)
Non-Operating Income					
Investment Interest Income	\$287	\$774	\$0	\$0	\$0
Transfer Between Funds	\$1,421,472	\$1,373,272	\$843,710	\$157,410	\$387,110
TOTAL NON-OPERATING INCOME	\$1,421,759	\$1,374,046	\$843,710	\$157,410	\$387,110
Non-Operating Expenses					
Restricted Cash Flow	\$502	\$1,934	\$0	\$20,010	\$9,190
Transfer Out Between Funds	\$1,404,229	\$1,670,908	\$2,202,851	\$902,270	\$138,600
TOTAL NON-OPERATING EXPENSES	\$1,404,731	\$1,672,842	\$2,202,851	\$922,280	\$147,790
NET NON-OPERATING ADJUSTMENTS	\$17,028	(\$298,796)	(\$1,359,141)	(\$764,870)	\$239,320
NET CASH FLOW	\$71,141	\$153,843	\$237,176	\$215,090	\$226,820

Section 3: **CAPITAL**

Tab

Capital Budget

Adopted Budget
June 9, 2021

Capital Budget Description

The Capital Budget has two parts: the Capital Improvements Budget and the Capital Development Projects. Because of the long-term nature of capital development projects, capital

development budgets are cumulative, meaning they include both the previous budget authorization and any additional authorization needed to complete each project.

Special points of interest:

The FY 2022 Capital Budget is \$438.3 million.

Capital Budget Summary Overview

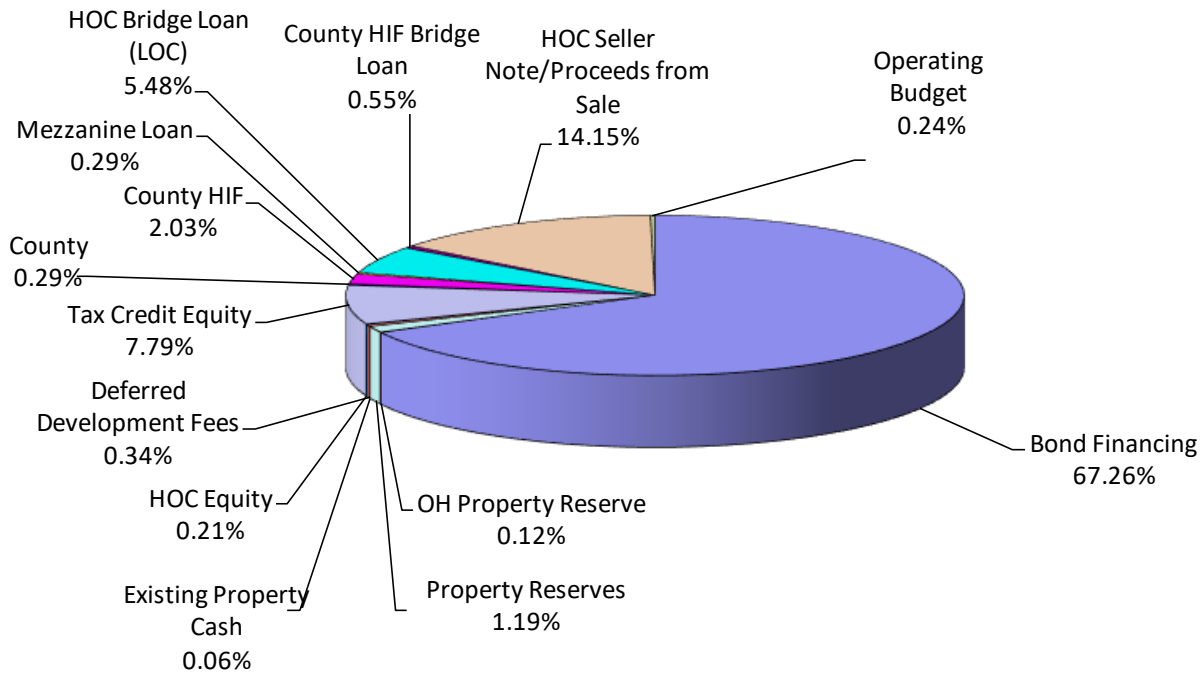
The total Adopted FY 2022 Capital Budget is \$438.3 million. The FY 2022 Capital Budget includes funds to maintain current Information Technology needs, as well as, improvements to the Kensington, 880 Bonifant and East Deer Park Offices. Funds have also been included for capital improvements to HOC's

Opportunity Housing and Development Corporation properties. The total Capital Improvements Budget is \$7.1 million for FY 2022.

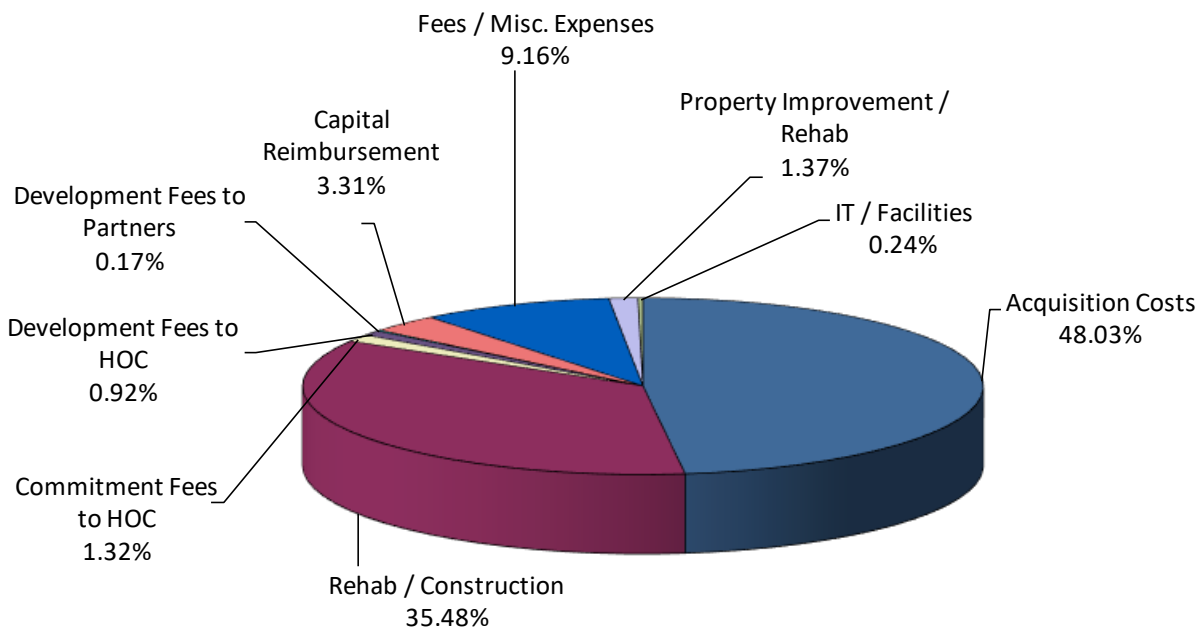
The Capital Development Budget includes funds for the construction, refinancing and/or renovations at twelve properties. The total development budget is \$431.3 million for FY 2022.

Capital Budget Summary	FY 2022 Adopted Budget
Capital Improvements	
East Deer Park	\$95,000
Kensington Office	\$100,000
880 Bonifant	\$82,000
Information Technology	\$781,000
Opportunity Housing Properties	\$5,998,050
SUBTOTAL	\$7,056,050
Capital Development Projects	
Bauer Park Apartments	\$9,094,460
Deeply Affordable Units	\$1,250,000
Elizabeth House III	\$26,358,960
Georgian Court	\$29,113,150
Hillandale Gateway	\$19,614,760
Metropolitan	\$112,604,940
Shady Grove	\$42,420,590
Stewartown	\$8,360,330
Upton II	\$16,285,100
Westside Shady Grove	\$63,061,090
Westwood Towers	\$42,750,000
Willow Manor Resyndication	\$60,341,180
SUBTOTAL	\$431,254,560
TOTAL	\$438,310,610

FY 2022—Source of Funds



FY 2022—Use of Funds



Impact of Capital Budget on Operating Budget

The Capital Budget impacts the Agency's operating budget in the following ways:

- The non-routine capital expenditures affect current and future operating budgets and services that the entity provides for the following reasons:
 - When non-routine mechanical capital items are not addressed as needed, the lack of such attention creates deferred maintenance. Deferred maintenance leads to additional expense in the form of ongoing and repeated repairs that cause inconveniences and distress to residents which deteriorates resident relations and confidence; additional workload for maintenance personnel that often causes employees to feel overwhelmed and generates frustration among staff members; additional ongoing maintenance expense and administrative time; loss of income due to less effective leasing and marketing resulting from "word of mouth" dissatisfaction of residents and lack of resident referrals.
 - When deferral of non-routine capital items directly involves curb appeal, common areas, features or amenities, the positioning of the property in the market place may be significantly affected. When a property loses its position due to lack of such (non-routine) capital items, the property cannot compete well with neighboring apartment communities. Because of this, it is critical that HOC continue to invest in the portfolio through capital expenditures. If such items are deferred for too long a period of time, repositioning of the property often requires premature renovation.
- Capital development costs are primarily financed through mortgage proceeds and payments are made out of property operating (rental) income. Higher development costs and/or higher interest rates translate into higher operating costs due to a larger mortgage. Initial operating deficits are projected throughout the development phase and documented in the capital development budget. Funds are committed through the State, the County and the Agency's Opportunity Housing Reserve Fund (OHRF) prior to financing and construction to cover initial operating deficits. The positive effects on the operating budget resulting from the capital development budget will be realized in future years.

Capital Improvement Budget—Facilities and IT Department

Facilities and Information Technology (IT) Improvements

The Capital Budget for Facilities includes capital improvements for the Kensington, 880 Bonifant and East Deer Park offices. The Capital Budget for

Information Technology includes purchases of software, hardware and equipment to maintain a high quality, open architecture, service based information technology infrastructure.

Capital Improvement Budgets

Facilities & IT Department

FY 2022

Adopted Budget

Facilities

East Deer Park

Kensington

880 Bonifant

Subtotal - Facilities

Information Technology (IT)

Computer Software

Computer Equipment

Subtotal - IT Improvements

TOTAL

	Revenue Sources	
Total Expenses	Operating Budget	
\$95,000	\$95,000	
\$100,000	\$100,000	
\$82,000	\$82,000	
\$277,000	\$277,000	
\$451,000	\$451,000	
\$330,000	\$330,000	
\$781,000	\$781,000	

\$1,058,000

\$1,058,000

Capital Improvement Budget—Opportunity Housing Properties

Opportunity Housing and Development Corporation Property Improvements

Improvements to Opportunity Housing, Limited Liability Corporations (LLC), and Development Corporation properties are funded through property replacement reserves. Each property sets aside a certain amount of operating income for future replacement and rehabilitation work. The amount of replacement reserves is determined annually as a part of a multiyear projection of operations and capital improvements. However, if a property does not have sufficient replacement reserves or does not generate

sufficient operating cash for the current fiscal year to increase reserves, the capital improvements will be funded from the Opportunity Housing (OH) Property Reserve.

The Capital Budget for Opportunity Housing, LLC, and Development Corporation properties reflects the projected capital improvements for each property. These improvements help maintain the property over the long term, preventing more costly deferred maintenance, and may also reduce certain short term operating costs (e.g., energy efficiency).

Capital Improvements Budget Opportunity Housing, LLC & Development Corporations

FY 2022
Adopted Budget

	Revenue Sources				
	Total Expenses	Property Reserves	OH Property Property Reserve	Existing Property Cash	FY 2022 RfR
Alexander House Dev Corp	\$36,200	\$36,200	\$0	\$0	\$0
Avondale Apartments	\$31,390	\$31,390	\$0	\$0	\$0
Barclay Apartments Dev Corp	\$132,420	\$117,560	\$0	\$0	\$14,860
Barclay Affordable	\$105,370	\$105,370	\$0	\$0	\$0
Brookside Glen (The Glen) LP	\$88,750	\$88,750	\$0	\$0	\$0
Camp Hill Square	\$48,310	\$48,310	\$0	\$0	\$0
CDBG-NSP-NCI	\$69,800	\$66,160	\$0	\$0	\$3,640
Chelsea Towers	\$16,050	\$16,050	\$0	\$0	\$0
Cider Mill Apartments	\$772,660	\$772,660	\$0	\$0	\$0
Dale Drive	\$8,920	\$8,920	\$0	\$0	\$0
Day Care at Lost Knife Road	\$6,000	\$6,000	\$0	\$0	\$0
Diamond Square LP	\$360,520	\$360,520	\$0	\$0	\$0
Elizabeth House Interim RAD	\$5,950	\$0	\$5,950	\$0	\$0
Fairfax Court	\$49,600	\$49,600	\$0	\$0	\$0
Georgian Court Affordable	\$3,420	\$3,420	\$0	\$0	\$0
Glenmont Crossing Dev Corp	\$368,840	\$368,840	\$0	\$0	\$0
Glenmont Westerly Dev Corp	\$150,920	\$150,920	\$0	\$0	\$0
Holiday Park	\$19,980	\$13,440	\$0	\$0	\$6,540
Jubilee Falling Creek	\$9,650	\$6,760	\$890	\$0	\$2,000
Jubilee Hermitage	\$8,600	\$8,600	\$0	\$0	\$0
Jubilee Horizon Court	\$9,220	\$6,940	\$280	\$0	\$2,000
Jubilee Woodedge	\$8,560	\$8,560	\$0	\$0	\$0
King Farm Village Center	\$2,300	\$2,300	\$0	\$0	\$0
Magruder's Discovery Dev Corp	\$69,150	\$69,150	\$0	\$0	\$0
Manchester Manor Apartments	\$31,090	\$5,610	\$4,070	\$0	\$21,410
Manor At Cloppers Mill, LLC	\$25,040	\$25,040	\$0	\$0	\$0
Manor At Colesville, LLC	\$15,740	\$15,740	\$0	\$0	\$0
Manor At Fair Hill Farm, LLC	\$40,300	\$40,300	\$0	\$0	\$0
McHome	\$74,500	\$0	\$58,100	\$0	\$16,400
McKendree	\$31,250	\$18,450	\$1,600	\$0	\$11,200
MetroPointe Dev Corp	\$535,140	\$0	\$261,540	\$243,600	\$30,000
Metropolitan Dev Corp	\$41,000	\$41,000	\$0	\$0	\$0
Metropolitan Affordable	\$17,580	\$0	\$0	\$0	\$17,580

Capital Improvement Budget—Opportunity Housing Properties (cont.)

Capital Improvements Budget
Opportunity Housing, LLC &
Development Corporations

FY 2022
Adopted Budget

	Revenue Sources				FY 2022 RfR
	Total Expenses	Property Reserves	OH Property Property Reserve	Existing Property Cash	
(cont.)					
MHLP VII	\$43,340	\$10,510	\$18,830	\$0	\$14,000
MHLP VIII	\$49,000	\$0	\$29,000	\$0	\$20,000
MHLP IX - Pond Ridge	\$71,030	\$0	\$55,030	\$0	\$16,000
MHLP IX - Scattered	\$76,250	\$58,660	\$0	\$0	\$17,590
MHLP X	\$93,600	\$67,120	\$3,470	\$0	\$23,010
Montgomery Arms Dev Corp	\$84,020	\$10,520	\$27,300	\$0	\$46,200
MPDU 2007 - Phase II	\$10,300	\$6,920	\$0	\$0	\$3,380
MPDU I (64)	\$64,600	\$64,600	\$0	\$0	\$0
MPDU II (59) Dev Corp	\$82,670	\$0	\$64,970	\$0	\$17,700
Oaks @ Four Corners Dev Corp	\$183,830	\$183,830	\$0	\$0	\$0
617 Olney Sandy Spring	\$2,270	\$1,500	\$0	\$0	\$770
Paddington Square Dev Corp	\$101,360	\$101,360	\$0	\$0	\$0
Paint Branch	\$7,800	\$7,800	\$0	\$0	\$0
Pooks Hill High-Rise Dev Corp	\$56,200	\$56,200	\$0	\$0	\$0
Pooks Hill Mid-Rise	\$49,900	\$49,900	\$0	\$0	\$0
RAD 6 - Ken Gar Dev Corp	\$15,270	\$15,270	\$0	\$0	\$0
RAD 6 - Parkway Woods Dev Corp	\$26,320	\$24,350	\$0	\$0	\$1,970
RAD 6 - Sandy Spring Meadow Dev Corp	\$15,350	\$15,350	\$0	\$0	\$0
RAD 6 - Seneca Ridge Dev Corp	\$51,200	\$51,200	\$0	\$0	\$0
RAD 6 - Towne Center Place Dev Corp	\$15,960	\$15,960	\$0	\$0	\$0
RAD 6 - Washington Square Dev Corp	\$56,240	\$56,240	\$0	\$0	\$0
Scattered Site One Dev Corp	\$211,150	\$211,150	\$0	\$0	\$0
Scattered Site Two Dev Corp	\$47,000	\$47,000	\$0	\$0	\$0
Shady Grove Apartments	\$12,730	\$12,730	\$0	\$0	\$0
Sligo MPDU III Dev Corp	\$23,550	\$11,560	\$2,790	\$0	\$9,200
Southbridge	\$28,180	\$28,180	\$0	\$0	\$0
State Rental Partnership	\$201,350	\$201,350	\$0	\$0	\$0
Strathmore Court	\$157,540	\$157,540	\$0	\$0	\$0
Strathmore Court Affordable	\$74,960	\$74,960	\$0	\$0	\$0
TPP LLC - Pomander Court	\$23,220	\$23,220	\$0	\$0	\$0
TPP LLC - Timberlawn	\$85,660	\$85,660	\$0	\$0	\$0
VPC One Dev Corp	\$210,400	\$210,400	\$0	\$0	\$0
VPC Two Dev Corp	\$191,400	\$191,400	\$0	\$0	\$0
Westwood Tower	\$196,800	\$78,940	\$0	\$0	\$117,860
Willows of Gaithersburg	\$183,380	\$183,380	\$0	\$0	\$0
TOTAL	\$5,998,050	\$4,807,320	\$533,820	\$243,600	\$413,310

Capital Development Budget

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

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

The Commission believes that its acquisition and rehabilitation efforts create strong communities and contribute to the overall economic well-being of Montgomery County. The FY 2022 Capital Development Budget anticipates development and/or renovations of the following properties: Bauer Park, Deeply Affordable Units, Elizabeth House III, Georgian Court, Hillandale Gateway Seniors, The Metropolitan, Shady Grove Apartments, Stewartown, Upton II, Westside Shady Grove, and the Willow Manor Properties.

Capital Development Projects

Bauer Park Apartments

Bauer Park Apartments is a senior housing apartment community originally constructed in 1977 and located at 14639 Bauer Drive in Rockville. Bauer Park is a complex of three-story buildings across the street from Rock Creek Village Shopping Center and a County Community Center. The property has 142 efficiency, one-bedroom and two-bedroom apartments.

The property was originally financed under HUD's Section 236 program. The property's 236 mortgage matured on August 1, 2018. The property historically received Rental Assistance Payment (RAP) subsidy and interest reduction payments. On June 30, 2019 the existing RAP subsidy expired and on July 1, 2019, the property entered into a new Housing Assistance Payment contract for Project-Based Rental Assistance for 56 of the property's 142 units. This conversion was made possible via the US Department of Housing and Urban Development's ("HUD") Rental Assistance Demonstration Second Component program (the "RAD 2 Program") which presented Bauer Park with the opportunity to secure Project-based Section 8 subsidy providing for their rehabilitation and permanent financing. The property also secured subsidy for another 65

households in FY 2020 via a Tenant-Protection Voucher set-aside for certain at-risk households in low-vacancy areas ("Low Vacancy Vouchers").

Under the RAD 2 Program, HOC began renovations at the property in early FY 2021 to extend its useful life for at least another 36 years. The renovation includes the replacement of windows, interior and exterior doors, upgrade to a highly energy efficient, combined heat and power, tri-generation HVAC system, sunroom addition and newly renovated common areas and tenant amenity spaces. Interior work also includes full replacement of kitchens and bathrooms (appliances, cabinets, fixtures, and finishes), lighting, flooring, and painting.

The renovations are funded primarily from the proceeds of approximately \$10.1 million Low Income Housing Tax Credit equity; private activity, tax-exempt bonds of approximately \$25.7 million; and a seller note of approximately \$4.9 million. Of the total project costs, \$17.3 million was used to acquire the Property. An additional \$17.2 million funds renovation, and the remaining \$6.2 million will fund financing, reserves and other soft costs and development fees. Bauer Park is now owned by a limited partnership in which HOC serves as the managing general partner.

Capital Development Projects (cont.)

The planned level of investment in the property is consistent with those of the ongoing and planned renovations of other HOC RAD conversion properties (e.g. Arcola Towers and Waverly House). The property will see significant improvements to energy efficiency, the common areas and exterior grounds will be enhanced, and residents' units will be modernized. The planned improvements will provide a standard of high quality, well designed, amenity rich, energy efficient affordable housing and strong

supportive services for Montgomery County that is financially sustainable and competitive within the rental marketplace. It is anticipated that, post-renovation, the Bauer Park utility costs and overall property maintenance costs will be reduced.

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

Bauer Park Apartments

Expenditure Schedule

Cost Element	Total	Estimated FY 2021	FY 2022	FY 2023
Acquisition Costs	\$17,304,600	\$17,216,250	\$88,350	\$0
Rehab / Construction	\$17,058,950	\$10,694,500	\$6,364,450	\$0
Commitment Fees to HOC	\$513,300	\$513,300	\$0	\$0
Development Fees to HOC (60%)	\$2,357,300	\$707,190	\$0	\$1,650,110
Development Fees to Victory Housing (40%)	\$1,571,540	\$471,460	\$0	\$1,100,080
Fees / Misc. Expenses	\$5,641,210	\$2,814,510	\$2,641,660	\$185,040
Total	\$44,446,900	\$32,417,210	\$9,094,460	\$2,935,230

Funding Schedule

Funding Source	Total	Estimated FY 2021	FY 2022	FY 2023
Bond Financing	\$25,665,010	\$20,731,130	\$4,224,420	\$709,460
Tax Credit Equity	\$10,113,990	\$3,018,180	\$4,870,040	\$2,225,770
GP Equity	\$100	\$100	\$0	\$0
County	\$2,220,170	\$2,220,170	\$0	\$0
Land Contribution	\$4,892,420	\$4,892,420	\$0	\$0
Seller Note	\$320,800	\$320,800	\$0	\$0
Property Cash	\$1,234,410	\$1,234,410	\$0	\$0
Total	\$44,446,900	\$32,417,210	\$9,094,460	\$2,935,230

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$2,989,330	\$9,940	\$552,220	\$573,480	\$595,300	\$617,700	\$640,690
Operating Expenses	\$788,790	\$0	\$148,570	\$153,030	\$157,620	\$162,350	\$167,220
Non-Operating Expenses	(\$6,136,330)	(\$1,800)	(\$1,222,520)	(\$1,224,640)	(\$1,226,840)	(\$1,229,100)	(\$1,231,430)
Total	(\$2,358,210)	\$8,140	(\$521,730)	(\$498,130)	(\$473,920)	(\$449,050)	(\$423,520)

Deeply Affordable Units

Historically, this project was used to supplement the funds received from the Department of Housing and Urban Development (HUD) for improvements to our Public Housing stock. In 2014, HOC requested that the original project title, "Supplemental Funds for

Public Housing Improvements", be expanded to "Deeply Subsidized HOC Owned Unit Improvements" to allow the funds to be used on the Public Housing units both pre- and post- conversion.

The project was further expanded to allow the funds to be used on HOC and Affiliate Owned income-restricted scattered site units.

Capital Development Projects (cont.)

The Commission’s portfolio includes hundreds of income-restricted scattered site units throughout the County, most approximately 30 years of age. Many of these units were acquired into a Low Income Housing Tax Credit (“LIHTC”) limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, there are limited partnerships that are expected to contribute units to HOC and, upon doing so, HOC becomes the sole owner of these units. Finally, other units are simply older Moderately Priced Dwelling Units (MPDUs) that continue to be restricted to low- and moderate-income households.

These units are in need of renovation in order to continue to serve eligible households. With significant debt remaining on these units, the net operating income from the affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a

comprehensive scope of renovation which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.

The average cost for units requiring full interior and exterior renovations is approximately \$70,000. Continued funding at the \$1.125 million level will support an additional 15-20 units per year for FY’22-27.

The improvements will reduce maintenance costs and should reduce utility costs for residents as HOC does not pay utilities on any of these units. The units are in multiple entities and there should not be any impact on rents. Real Estate staff will be overseeing the projects utilizing these funds.

The charts below depict the anticipated Expenditure and Funding Schedules.

Deeply Affordable Units

Expenditure Schedule

Cost Element	Total	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rehab / Construction	\$7,500,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Total	\$7,500,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000

Funding Schedule

Funding Source	Total	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
County CIP	\$7,500,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Total	\$7,500,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000

Elizabeth House III

Elizabeth House III will be the replacement building for the existing Elizabeth House and will be located on the site of the former Fenwick Professional Office Park. Elizabeth House III will house a mixed-income senior population and will have a combination of affordable and market rate units. The building has been designed to be 16 stories and include a Senior Wellness Center run by Holy Cross Hospital and the South County Regional Recreational Center (SCRRAC).

The site is located between Fenwick Lane and Apple Avenue, west of the intersection of Colesville Road and Georgia Avenue on the west side of

Downtown Silver Spring in southeast Montgomery County, and is part of Elizabeth Square development.

Elizabeth House III will also include relocation of residents from Elizabeth House Senior community which participated in the U.S. Department of Housing & Urban Development Rental Assistance Demonstration Program. This participation converted Public Housing rental assistance to Project-Based Rental Assistance for 106 relocating households, 26 units of which were converted to Project-Based Vouchers (PBVs) using a non-competitive selection under a Section 18 Disposition. As required, all 106 units will serve households earning less than 30% AMI. In addition,

Capital Development Projects (cont.)

14 units will serve households earning less than 60% AMI, 118 units will serve households earning less than 80% AMI, and 29 units will serve as market-rate units. The amenity package will be extensive and include a public recreational indoor pool, community room, exercise room and several other activity areas. All units are planned and will have a full appliance package including dishwashers, microwaves, washers and dryers.

The Maryland National Capital Parks and Planning Commission unanimously approved the detail site plan on December 7, 2017.

The plan approved a proposed mixed-use project

consisting of three buildings: the new Elizabeth House III building (senior housing), the new Elizabeth House IV building (multifamily), and the renovated Alexander House (completed in 2019). Elizabeth House III is the first phase of new construction, which commenced in FY 2020 and will be completed in FY 2023. Elizabeth IV is scheduled to start construction in 2025 with an estimated two-year construction period.

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

Elizabeth House III

Expenditure Schedule

Cost Element	Total	Through FY 2020	Estimated FY 2021	FY 2022	FY 2023	FY 2024
Acquisition Costs	\$3,351,670	\$1,666,670	\$500,000	\$515,000	\$545,000	\$125,000
Rehab / Construction	\$94,548,440	\$36,670,600	\$34,186,460	\$23,378,870	\$282,510	\$30,000
Commitment Fees to HOC	\$1,100,000	\$1,100,000	\$0	\$0	\$0	\$0
Development Fees to HOC	\$2,386,530	\$795,510	\$0	\$0	\$795,510	\$795,510
Non-Cash Development Fees to HOC	\$2,113,460	\$2,113,460	\$0	\$0	\$0	\$0
Capital Reimbursement	\$3,580,000	\$0	\$0	\$0	\$0	\$3,580,000
Fees / Misc. Expenses	\$16,080,070	\$7,872,530	\$1,820,280	\$2,465,090	\$2,030,390	\$1,891,780
Total	\$123,160,170	\$50,218,770	\$36,506,740	\$26,358,960	\$3,653,410	\$6,422,290

Funding Schedule

Funding Source	Total	Through FY 2020	Estimated FY 2021	FY 2022	FY 2023	FY 2024
Bond Financing	\$51,420,000	\$12,586,730	\$36,506,740	\$2,326,530	\$0	\$0
Tax Credit Equity	\$35,206,000	\$1,760,300	\$0	\$0	\$3,520,600	\$29,925,100
Tax-Exempt Bonds (ST)	\$3,580,000	\$3,580,000	\$0	\$0	\$0	\$0
County HIF	\$8,000,000	\$8,000,000	\$0	\$0	\$0	\$0
HOC - Bridge Loan	\$0	\$0	\$0	\$24,032,430	\$132,810	(\$24,165,240)
HOC Equity	\$22,178,280	\$22,178,280	\$0	\$0	\$0	\$0
Interim Income	\$662,430	\$0	\$0	\$0	\$0	\$662,430
Deferred Development Fees	\$2,113,460	\$2,113,460	\$0	\$0	\$0	\$0
Total	\$123,160,170	\$50,218,770	\$36,506,740	\$26,358,960	\$3,653,410	\$6,422,290

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$21,633,300	\$2,544,720	\$4,631,340	\$4,723,970	\$4,818,450	\$4,914,820
Operating Expenses	(\$9,094,210)	(\$1,610,030)	(\$1,788,920)	(\$1,842,590)	(\$1,897,870)	(\$1,954,800)
Non-Operating Expenses	(\$10,614,830)	(\$662,440)	(\$2,483,810)	(\$2,486,610)	(\$2,489,500)	(\$2,492,470)
Total	\$1,924,260	\$272,250	\$358,610	\$394,770	\$431,080	\$467,550

Capital Development Projects (cont.)

Georgian Court

Georgian Court was constructed in 1975 on 6.75 acres on the south side of Bel Pre Rd. near the intersection of Georgia Ave. The property contains a total of 147-units within 12 all-brick garden-style apartment structures ranging from 3-4 stories in height. Each unit has a fully-equipped kitchen. Property amenities include a tot lot, grilling stations, and walking paths. A community room/leasing center is located at the entrance of the site.

Georgian Court has not undergone any major renovations within the last 10 years, other than capital replacements at failure and scheduled capital improvements. The scope of renovation includes: upgrading of interior kitchen and bathroom, including but not limited to energy efficient appliances, new cabinets, countertops, fixtures, flooring, painting, and lighting;

replacement of in-unit HVAC units and central hot water heaters not yet replaced by scheduled capital improvements; opening up of kitchens into living/dining areas to create more modern layouts; exterior enhancements to provide a cleaner and improved visual impact; replacement of roofs not yet replaced by scheduled capital improvements; and, creation of UFAS units to conform with LIHTC requirements.

These improvements will not only address curb appeal but also, and more importantly, increase energy efficiency and extend the Property's useful life. Closing is expected FY 2022 with a 24-month construction schedule.

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

Georgian Court

Expenditure Schedule

Cost Element	Total	FY 2022	FY 2023	FY 2024
Acquisition Costs	\$18,847,000	\$18,748,000	\$84,000	\$15,000
Rehab / Construction	\$18,009,170	\$7,237,650	\$10,071,660	\$699,860
Commitment Fees to HOC	\$366,660	\$366,660	\$0	\$0
Development Fees to HOC	\$3,895,360	\$779,070	\$0	\$3,116,290
Fees / Misc. Expenses	\$4,103,600	\$1,981,770	\$847,180	\$1,274,650
Total	\$45,221,790	\$29,113,150	\$11,002,840	\$5,105,800

Funding Schedule

Funding Source	Total	FY 2022	FY 2023	FY 2024
Bond Financing	\$18,287,970	\$13,137,810	\$5,150,160	\$0
Tax Credit Equity	\$13,698,100	\$2,739,620	\$0	\$10,958,480
Short Term Bonds	\$45,050	\$45,050	\$0	\$0
GP Equity	\$100	\$100	\$0	\$0
HOC LOC (Bridge Loan)	\$0	\$0	\$5,852,680	(\$5,852,680)
HOC Equity (existing RFR)	\$900,000	\$900,000	\$0	\$0
Seller Note	\$12,290,570	\$12,290,570	\$0	\$0
Total	\$45,221,790	\$29,113,150	\$11,002,840	\$5,105,800

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$1,673,930	(\$145,510)	\$327,230	\$345,070	\$363,390	\$382,210	\$401,540
Operating Expenses	\$342,490	\$30,630	\$58,740	\$60,500	\$62,320	\$64,190	\$66,110
Non-Operating Expenses	(\$2,165,860)	\$420,220	(\$514,030)	(\$515,580)	(\$517,170)	(\$518,810)	(\$520,490)
Total	(\$149,440)	\$305,340	(\$128,060)	(\$110,010)	(\$91,460)	(\$72,410)	(\$52,840)

Capital Development Projects (cont.)

Hillandale Gateway

Hillandale Gateway will be a new mixed-use, mixed-income, intergenerational community that will include a total of 463 residential units, of which 20% will be affordable to households earning 50% of the Washington, Arlington-Alexandria, VA-MD-WV Statistical Area Median Income (“AMI”) and 10% will be MPDUs. Hillandale Gateway will comprise of two residential buildings – one, a 155-unit Net Zero Energy, mixed-income senior building; the other, a 308-unit Passive House, mixed-income multifamily building. In addition to residential units, the site will have a drive-thru Starbucks, above-ground parking garage, commercial/retail/restaurant space, and public and private green space. Hillandale Gateway will be the first major multifamily investment in the East County in decades and will create its first destination mixed-use community.

Hillandale Gateway will incorporate a variety of

methodologies in an effort to set new benchmarks for sustainability and high-performance development in the Hillandale Community and beyond. By using Passive House construction methodologies, the energy consumption of the building will be significantly reduced. At the same time, the site will include a renewable energy system (in the form of rooftop solar on both the senior and multifamily building and on the parking garage) that the Development Team anticipates will be sufficient to allow Senior building to become Zero-Net Energy – producing as much energy as it consumes. In this way, Hillandale Gateway will promote energy efficiency while supporting the energy needs of the senior and affordable portions of the Project.

Construction is anticipated to begin in FY 2022 and be complete in FY 2025.

The charts below depict the anticipated Expenditure and Funding Schedules.

Hillandale Gateway

Expenditure Schedule

Cost Element	Total	FY 2022	FY 2023	FY 2024	FY 2025
Acquisition Costs	\$1,931,990	\$1,931,990	\$0	\$0	\$0
Rehab / Construction	\$60,205,920	\$12,705,920	\$23,000,000	\$23,000,000	\$1,500,000
Commitment Fees to HOC	\$960,000	\$960,000	\$0	\$0	\$0
Development Fees to HOC (20%)	\$516,860	\$103,370	\$0	\$258,430	\$155,060
Development Fees to Duffie (80%)	\$2,067,410	\$413,480	\$0	\$1,033,710	\$620,220
Fees / Misc. Expenses	\$6,490,000	\$3,500,000	\$500,000	\$490,000	\$2,000,000
Total	\$72,172,180	\$19,614,760	\$23,500,000	\$24,782,140	\$4,275,280

Funding Schedule

Funding Source	Total	FY 2022	FY 2023	FY 2024	FY 2025
Bond Financing	\$48,000,000	\$6,443,940	\$23,500,000	\$17,968,790	\$87,270
Tax Credit Equity	\$13,726,700	\$2,725,340	\$0	\$6,813,350	\$4,188,010
County HIF	\$1,000,000	\$1,000,000	\$0	\$0	\$0
Seller Note	\$9,445,480	\$9,445,480	\$0	\$0	\$0
Total	\$72,172,180	\$19,614,760	\$23,500,000	\$24,782,140	\$4,275,280

The Metropolitan

The Metropolitan was constructed in 1997. The Property is a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda. The Metropolitan currently provides 92 affordable units and 216 market rate units. The 216 market rate units

underwent minor renovations in 2013, but the affordable units have not been updated since they were initially placed in service.

The Property is built above the Montgomery County-owned Metropolitan Public Parking Garage 49 and legal title is structured as an air rights condominium. The County receives a portion of cash

Capital Development Projects (cont.)

flow at the end of each fiscal year based on the formula set forth in the Air Rights lease documents.

Since the Property was first occupied, the market and affordable units have integrated seamlessly, and there have not been any issues raised by residents on either side. This is merely one of the success stories of HOC's history of mixed-income development in Montgomery County.

The Project will replace, update and upgrade building so that The Metropolitan remains attractive, marketable and competitive with comparable properties, increase the efficiency of the building to reduce operating costs to both property and residents, replace roof & mechanical systems; including HVAC, hot water heaters, and

water pipes, improve sustainability and energy efficiency through improvements such as a Cogeneration system, replace elevator cab finishes, equipment, and software, Update and upgrade clubroom , fitness room, penthouse bathrooms (showers, saunas and locker), and upgrade pool equipment & surface. These improvements will not only address curb appeal, but also – and more importantly – increase energy efficiency, extend the property's useful life, and allow the property to better compete in the marketplace. Construction is expected to begin in FY 2022 and conclude in FY 2025.

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

The Metropolitan

Expenditure Schedule

Cost Element	Total	FY 2022	FY 2023	FY 2024	FY 2025
Acquisition Costs	\$87,369,600	\$87,000,000	\$184,800	\$184,800	\$0
Rehab / Construction	\$34,210,000	\$5,131,500	\$17,105,000	\$11,973,500	\$0
Commitment Fees to HOC	\$2,002,300	\$2,002,300	\$0	\$0	\$0
Development Fees to HOC	\$1,966,320	\$693,260	\$0	\$636,530	\$636,530
Non-Cash Development Fees to HOC	\$1,500,000	\$0	\$0	\$0	\$1,500,000
Capital Reimbursement	\$14,529,770	\$14,529,770	\$0	\$0	\$0
Fees / Misc. Expenses	\$5,946,340	\$3,248,110	\$2,000,000	\$698,230	\$0
Total	\$147,524,330	\$112,604,940	\$19,289,800	\$13,493,060	\$2,136,530

Funding Schedule

Funding Source	Total	FY 2022	FY 2023	FY 2024	FY 2025
Bond Financing	\$85,585,040	\$65,163,740	\$15,289,800	\$5,131,500	\$0
Tax Credit Equity	\$15,621,890	\$5,123,800	\$0	\$8,361,560	\$2,136,530
Short Term Bonds	\$14,529,760	\$10,529,760	\$4,000,000	\$0	\$0
GP Equity	\$100	\$100	\$0	\$0	\$0
Seller Note	\$30,287,540	\$30,287,540	\$0	\$0	\$0
Deferred Development Fees	\$1,500,000	\$1,500,000	\$0	\$0	\$0
Total	\$147,524,330	\$112,604,940	\$19,289,800	\$13,493,060	\$2,136,530

Operating Budget Impact

Impact Pos/(Neg)	Total	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Income	(\$5,301,160)	\$56,720	(\$2,937,740)	(\$2,938,690)	\$111,100	\$172,250	\$235,200
Operating Expenses	\$2,304,520	\$0	\$0	\$0	\$745,580	\$767,950	\$790,990
Non-Operating Expenses	\$2,827,650	(\$4,160)	\$3,302,970	\$3,302,970	(\$1,255,750)	(\$1,258,020)	(\$1,260,360)
Total	(\$168,990)	\$52,560	\$365,230	\$364,280	(\$399,070)	(\$317,820)	(\$234,170)

Capital Development Projects (cont.)

Shady Grove

Shady Grove was constructed in 1977 on two parcels totaling 11.87 acres (per assessment record) on the east and west side of Crabbs Branch Road, just east of the Shady Grove Metro Station. All of the 144 units at the garden-style multifamily community are assisted by a Project Based Section 8 contract. Property amenities include two (2) laundry rooms, two (2) playgrounds, walking paths, substantial private outdoor space and adjacent bus service. A community room and leasing center are located on-site. Units are outfitted with the typical amenities, all of which would be upgraded during the renovation. Two (2) roof replacements and replacement of all windows were completed within the last five (5) years. Less than five (5) of the central hot water heaters have been replaced as well.

With the exception of the replacement of windows, Shady Grove has not undergone any major renovations within the last 10 years, other than capital replacements at failure and scheduled capital improvements. Staff has developed a

renovation scope that includes the following: upgrading of interior kitchen and bathroom, including but not limited to energy efficient appliances, new cabinets, countertops, fixtures, flooring, painting, and lighting; replacement of in-unit HVAC units and central hot water heaters not yet replaced by scheduled capital improvements; opening up of kitchen into living/dining area to create more modern layout; exterior enhancements to provide a cleaner and improved visual impact; replacement of roofs not yet replaced by scheduled capital improvements; and, creation of UFAS units to conform with LIHTC requirements.

These improvements will not only address curb appeal but also, and more importantly, increase energy efficiency and extend the Properties' useful life.

Closing is expected in FY 2022 with a 24-month construction schedule.

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

Shady Grove Apartments

Expenditure Schedule

Cost Element	Total	FY 2022	FY 2023	FY 2024
Acquisition Costs	\$31,262,030	\$31,163,030	\$84,000	\$15,000
Rehab / Construction	\$17,939,170	\$7,113,150	\$10,129,660	\$696,360
Commitment Fees to HOC	\$673,230	\$673,230	\$0	\$0
Development Fees to HOC	\$4,659,240	\$931,850	\$0	\$3,727,390
Fees / Misc. Expenses	\$6,188,770	\$2,539,330	\$1,441,670	\$2,207,770
Total	\$60,722,440	\$42,420,590	\$11,655,330	\$6,646,520

Funding Schedule

Funding Source	Total	FY 2022	FY 2023	FY 2024
Bond Financing	\$33,661,280	\$29,000,480	\$4,660,800	\$0
Tax Credit Equity	\$17,051,310	\$3,410,260	\$0	\$13,641,050
Bank Loan	\$0	\$0	\$6,994,530	(\$6,994,530)
Seller Note	\$10,009,850	\$10,009,850	\$0	\$0
Total	\$60,722,440	\$42,420,590	\$11,655,330	\$6,646,520

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$2,973,750	(\$96,520)	\$563,400	\$588,050	\$613,360	\$639,370	\$666,090
Operating Expenses	(\$181,800)	\$0	(\$34,240)	(\$35,270)	(\$36,330)	(\$37,420)	(\$38,540)
Non-Operating Expenses	(\$3,257,680)	\$734,920	(\$795,400)	(\$796,920)	(\$798,470)	(\$800,080)	(\$801,730)
Total	(\$465,730)	\$638,400	(\$266,240)	(\$244,140)	(\$221,440)	(\$198,130)	(\$174,180)

Capital Development Projects (cont.)

Stewartown

Originally built in 1977, Stewartown is located in Montgomery County, near Montgomery Village (exit 11 off Interstate 270 to Route 124). The property is in the unincorporated Montgomery County adjacent to Montgomery Village and is 5 minutes from Lake Forest Mall, The ICC, Route 355 and I-270. Stewartown consists of 14 garden-townhome buildings totaling 94 units. The mix includes 14 – 2 bedroom 1 baths (854 square feet), 66 – 3 bedroom 2 baths (948 square feet) and 14 – 4 bedroom 2 baths (1,200 square feet). The Property is managed by Edgewood Management Corporation. All units are restricted to households with less than 60% of the Area Median Income ("AMI"). All 94 units have numbered parking spaces which provide one space per unit, 56 reserved parking spaces, 32 visitor parking spaces and 1 handicap parking space. A/C, heat and individual hot water heaters are provided for each unit. The units have wall to wall carpet, vinyl tiles, vertical blinds, kitchens with oak wood cabinets and appliances including a dishwasher, refrigerator, range stove and a stacked washer/dryer. A community center is located on site that includes a computer lab and activity rooms for all residents, children's after-school programs and

summer camp programs, a playground and a picnic spot.

The property was financed under HUD 236 program. The 236 mortgage matured in 2017, and the associated RAP contract subsidy for 19 households expired in December 2018. In January 2019, RAP subsidy was converted to PBV assistance under Component Two of the HUD's Rental Assistance Demonstration ("RAD 2") program, which is a subsidy program that funds to full HOC voucher payment standard. HOC was also awarded Low Vacancy Voucher subsidy for 35 additional households at the property in FY 2020.

Extensive interior and exterior renovations were last completed in 2001. A Renovation Plan has been completed. The renovation is scheduled to start in FY 2022. Kitchen and bathroom cabinets and counter tops, appliances, washer/dryer, water heater, HVAC unit, carpet and tile floors will be replaced in each unit during renovation. Leasing offices and the community room will be renovated as well.

The charts below and on the following page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

Stewartown Homes

Expenditure Schedule

Cost Element	Total	Estimated FY 2021	FY 2022	FY 2023
Acquisition Costs	\$15,729,000	\$15,419,350	\$232,240	\$77,410
Rehab / Construction	\$11,703,300	\$771,640	\$7,506,550	\$3,425,110
Commitment Fees to HOC	\$316,710	\$316,710	\$0	\$0
Development Fees to HOC	\$3,074,810	\$614,960	\$0	\$2,459,850
Fees / Misc. Expenses	\$4,658,180	\$1,046,830	\$621,540	\$2,989,810
Total	\$35,482,000	\$18,169,490	\$8,360,330	\$8,952,180

Funding Schedule

Funding Source	Total	Estimated FY 2021	FY 2022	FY 2023
Bond Financing	\$14,562,670	\$5,516,510	\$8,360,330	\$685,830
Tax Credit Equity	\$10,332,940	\$2,066,590	\$0	\$8,266,350
Short-Term Bonds	\$1,273,000	\$1,273,000	\$0	\$0
Interest Income	\$9,313,390	\$9,313,390	\$0	\$0
Total	\$35,482,000	\$18,169,490	\$8,360,330	\$8,952,180

Capital Development Projects (cont.)

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$579,770	\$66,480	\$78,050	\$89,980	\$102,280	\$114,960	\$128,020
Operating Expenses	\$858,790	\$132,770	\$136,750	\$140,850	\$145,080	\$149,430	\$153,910
Non-Operating Expenses	(\$2,465,690)	(\$408,380)	(\$409,370)	(\$410,380)	(\$411,430)	(\$412,510)	(\$413,620)
Total	(\$1,027,130)	(\$209,130)	(\$194,570)	(\$179,550)	(\$164,070)	(\$148,120)	(\$131,690)

Upton II

HOC at the Upton II, LLC, is an affiliate of HOC and the project is being developed by HOC and Victory Housing, Inc. (VHI) in collaboration with Duball, LLC. Duball serves as the Project's master developer. HOC and VHI are co-general partners and, as the sponsors, submitted an application for and secured Low Income Housing Tax Credits. Equity raised from the syndication of the LIHTCs provides more than a quarter of the total funding for the Project. VHI is a Montgomery County-based non-profit with decades of experience in the development and operation of affordable senior housing.

HOC at the Upton II started construction in April 2019 and is projected to reach substantial completion in September 2021. Once complete, it will contain 150 apartments: 23 units will serve households with incomes at or below 80% Area Median Income ("AMI"), 88 units will serve households with incomes at or below 60% AMI, 24 units will serve households with incomes at or below 40% AMI and 15 will be market rate. There will be 22 units subsidized via a Project-Based Section 8 Housing Assistance Payment contract

(PBRA).

The project will replace HOC's existing Town Center Apartments age-restricted, affordable rental building located one block to the south of the site. Town Center Apartments includes 112 affordable senior apartments whose occupants will relocate to the Project upon delivery; therefore, limiting the lease-up risk of the Project to the 38 market rate units.

HOC placed a \$24 million acquisition and construction loan. Loan proceeds are paired with a \$5 million County subordinate cash-flow loan, approximately \$14.7 million in LIHTC equity and \$14.6 million of HOC equity to develop a \$51.4 million age-restricted apartment building within Rockville Town Center Phase II. Land and loan closing occurred in March 2019 and over construction and building stabilization is expected to conclude in FY 2022.

The charts on the following page depict the anticipated Expenditure and Funding Schedules as well as the anticipated impact on the Operating Budget.

Capital Development Projects (cont.)

Upton - Phase II

Expenditure Schedule

Cost Element	Total	Through	Estimated	FY 2022	FY 2023
Acquisition Costs	\$6,142,800	\$6,000,000	\$0	\$142,800	\$0
Rehab / Construction	\$34,295,140	\$6,644,330	\$14,674,470	\$12,976,340	\$0
Commitment Fees to HOC	\$480,000	\$480,000	\$0	\$0	\$0
Development Fees to HOC (60%)	\$1,307,190	\$0	\$0	\$522,880	\$784,310
Development Fees to Victory House (40%)	\$871,450	\$0	\$0	\$348,580	\$522,870
Non-Cash Development Fees to HOC	\$1,456,750	\$0	\$0	\$0	\$1,456,750
Non-Cash Development Fees to Victory Housing	\$971,170	\$0	\$0	\$0	\$971,170
Fees / Misc. Expenses	\$5,899,580	\$1,448,230	\$327,560	\$2,294,500	\$1,829,290
Total	\$51,424,080	\$14,572,560	\$15,002,030	\$16,285,100	\$5,564,390

Funding Schedule

Funding Source	Total	Through	Estimated	FY 2022	FY 2023
Bond Financing	\$24,000,000	\$50,000	\$8,075,740	\$7,579,620	\$8,294,640
Tax Credit Equity	\$14,672,760	\$1,467,280	\$400,000	\$8,705,480	\$4,100,000
County HIF	\$5,000,000	\$5,000,000	\$0	\$0	\$0
HOC Loan (OHRF)	\$4,627,340	\$7,300,000	\$0	\$0	(\$2,672,660)
HOC Line of Credit	\$0	\$755,280	\$6,526,290	\$0	(\$7,281,570)
Interest Income	\$696,070	\$0	\$0	\$0	\$696,070
Deferred Development Fees	\$2,427,910	\$0	\$0	\$0	\$2,427,910
Total	\$51,424,080	\$14,572,560	\$15,002,030	\$16,285,100	\$5,564,390

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$14,975,730	\$1,719,900	\$2,569,490	\$2,609,690	\$2,650,530	\$2,692,000	\$2,734,120
Operating Expenses	(\$5,936,410)	(\$940,920)	(\$940,920)	(\$969,150)	(\$998,230)	(\$1,028,170)	(\$1,059,020)
Non-Operating Expenses	(\$7,835,010)	(\$711,010)	(\$1,422,020)	(\$1,423,370)	(\$1,424,760)	(\$1,426,190)	(\$1,427,660)
Total	\$1,204,310	\$67,970	\$206,550	\$217,170	\$227,540	\$237,640	\$247,440

Westside Shady Grove

Westside Shady Grove will be a 268-unit luxury mixed-use community steps away from the Washington Metropolitan Area Transit Authority's ("WMATA") Red Line-Shady Grove Station. HOC closed on the land acquisition in FY 2020 and construction began in FY 2021.

The development will feature a five-story wood-frame residential building over a concrete podium and a five-story above-grade parking structure. Featuring open and inviting spaces from the entrance and throughout the common areas, the development seeks to maximize the resident

experience through its superior design. Twenty-Five percent of the units are affordable at 50% or less of AMI and five percent (5%) are affordable at 65% or less of AMI.

The property is the first project in Montgomery County to utilize the newly created Housing Production Fund (HPF) that will repay a Montgomery County Department of Housing and Community Development (DHCA) interim construction loan of \$14.3 million.

The development marks the second multifamily phase in the dramatic 90-acre master-planned redevelopment of Montgomery County's County

Capital Development Projects (cont.)

Service Park. In addition to the thousands of life sciences jobs near the development, this transit-oriented site provides residents convenient multi-modal access to Gaithersburg, Rockville, Bethesda, downtown Washington, D.C. and other regional employment and entertainment hubs. The community will stand out among Washington D.C.

Metro’s suburban developments as a unique, price competitive, transit-oriented, urban-style community.

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

Westside Shady Grove

Expenditure Schedule

Cost Element	Total	Estimated FY 2021	FY 2022	FY 2023	FY 2024
Acquisition Costs	\$2,338,160	\$2,338,160	\$0	\$0	\$0
Rehab / Construction	\$97,319,420	\$13,999,980	\$60,618,560	\$19,136,260	\$3,564,620
Commitment Fees to HOC	\$1,985,000	\$1,985,000	\$0	\$0	\$0
Development Fees to HOC (20%)	\$1,025,940	\$307,790	\$0	\$0	\$718,150
Development Fee to EYA / Bozzuto (80%)	\$4,103,700	\$1,231,110	\$0	\$0	\$2,872,590
Fees / Misc. Expenses	\$15,267,860	\$5,507,180	\$2,442,530	\$2,492,900	\$4,825,250
Total	\$122,040,080	\$25,369,220	\$63,061,090	\$21,629,160	\$11,980,610

Funding Schedule

Funding Source	Total	Estimated FY 2021	FY 2022	FY 2023	FY 2024
Bond Financing	\$99,250,000	\$3,859,930	\$61,780,300	\$21,629,160	\$11,980,610
Mezzanine Loan / Private Equity	\$15,067,840	\$13,787,050	\$1,280,790	\$0	\$0
HOC Equity	\$5,486,300	\$5,486,300	\$0	\$0	\$0
EYA/Bozzuto Equity	\$2,235,940	\$2,235,940	\$0	\$0	\$0
Total	\$122,040,080	\$25,369,220	\$63,061,090	\$21,629,160	\$11,980,610

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$35,048,790	\$101,800	\$3,520,990	\$7,439,870	\$7,778,020	\$7,993,390	\$8,214,720
Operating Expenses	(11,311,140)	(\$444,090)	(\$1,925,100)	(\$2,139,650)	(\$2,200,440)	(\$2,266,770)	(\$2,335,090)
Non-Operating Expenses	(16,503,440)	\$0	\$0	(\$3,587,510)	(\$4,306,980)	(\$4,305,320)	(\$4,303,630)
Total	\$7,234,210	(\$342,290)	\$1,595,890	\$1,712,710	\$1,270,600	\$1,421,300	\$1,576,000

Westwood Towers

Renovations have been put on hold until further notice.

Willow Manor Properties

In FY 2019, HOC acquired Willow Manor at Clappers Mill, Willow Manor at Fair Hill Farm and Willow Manor at Colesville (collectively, the

“Willow Manor Properties”), located in Germantown, Olney and Silver Spring, MD. The acquisitions added 286 units of LIHTC and market-rate Senior apartment units to HOC’s portfolio. Of the 286 units, 57 are restricted to households with incomes at or below 40% of the area median income (AMI); 20 are restricted to households with incomes at or below 50% AMI; and

Capital Development Projects (cont.)

189 are restricted to households with incomes at or below 60% AMI. The remaining 20 units are market-rate.

While the properties have been well maintained, the properties are 15 years old and in need of updates and repairs in order to remain marketable and sustainable. Renovations will be financed in part from the proceeds of a LIHTC resyndication and private activity bond issuance, and will include replacement or upgrading of aging finishes, fixtures, equipment and systems that are nearing the end of their useful life. The Willow Manor

Properties will be syndicated as a single scattered site transaction. As part of the syndication, HOC will increase the affordability of the Properties by restricting the market rate units to households earning at or below 80% AMI. Construction is expected to begin in FY 2022 and conclude in FY 2024.

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

Willow Manor Resyndication

Expenditure Schedule

Cost Element	Total	FY 2022	FY 2023	FY 2024
Acquisition Costs	\$50,300,000	\$49,982,350	\$317,650	\$0
Rehab / Construction	\$12,441,410	\$4,147,140	\$7,879,560	\$414,710
Commitment Fees to HOC	\$905,870	\$905,870	\$0	\$0
Development Fees to HOC	\$5,025,170	\$1,005,030	\$3,517,620	\$502,520
Fees / Misc. Expenses	\$6,451,180	\$4,300,790	\$1,075,190	\$1,075,200
Total	\$75,123,630	\$60,341,180	\$12,790,020	\$1,992,430

Funding Schedule

Funding Source	Total	FY 2022	FY 2023	FY 2024
Bond Financing	\$45,293,630	\$43,476,130	\$1,817,500	\$0
Tax Credit Equity	\$21,945,040	\$6,583,510	\$10,972,520	\$4,389,010
State	\$0	\$2,396,580	\$0	(\$2,396,580)
County HIF	\$7,884,960	\$7,884,960	\$0	\$0
Total	\$75,123,630	\$60,341,180	\$12,790,020	\$1,992,430

Operating Budget Impact

Impact Pos/(Neg)	Total	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Operating Income	\$3,558,230	\$229,990	\$238,110	\$555,730	\$703,460	\$845,820	\$985,120
Operating Expenses	(\$819,690)	(\$126,720)	(\$130,520)	(\$134,440)	(\$138,470)	(\$142,630)	(\$146,910)
Non-Operating Expenses	(\$487,840)	\$1,501,390	\$1,501,390	(\$870,450)	(\$871,890)	(\$873,380)	(\$874,900)
Total	\$2,250,700	\$1,604,660	\$1,608,980	(\$449,160)	(\$306,900)	(\$170,190)	(\$36,690)

Opportunity Housing Reserve Fund (OHRF)

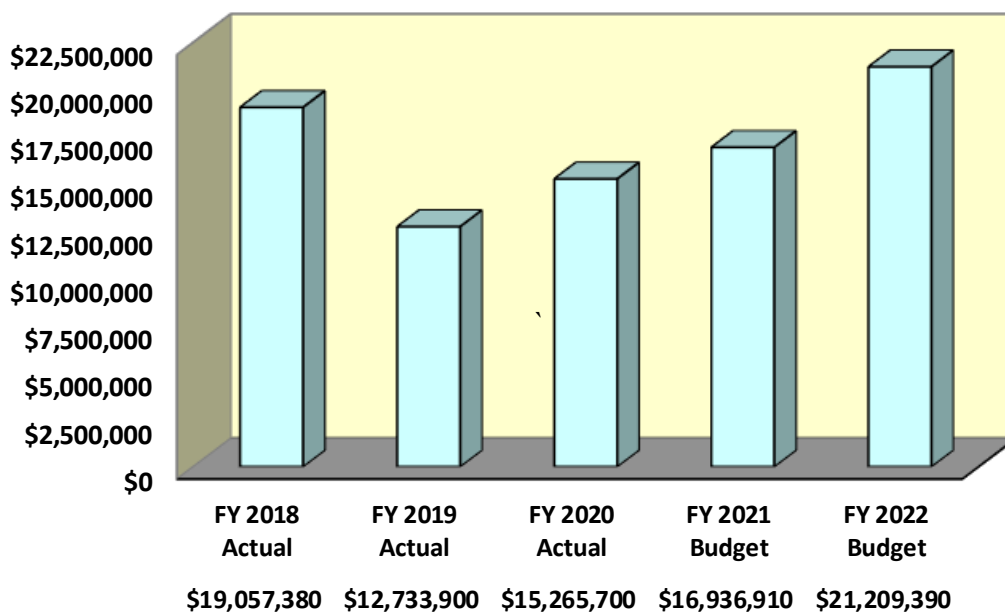
HOC established the OHRF in 1980 initially to address the use of revenues generated from the sale of bonds under the Single Family Mortgage Purchase Program. Today, the OHRF is a repository of proceeds from various HOC activities, whose primary purpose is the production of affordable housing.

The Commission makes final decisions about how funds from the OHRF are spent. By policy, the Commission has chosen to use the OHRF primarily for future affordable housing production.

The OHRF is usually used in conjunction with State and/or local County subsidies to write down the capital costs or to provide a reserve fund for projected operating deficits in the early years. These funds are transferred by the Commission to the property reserve of a particular Opportunity Housing property if needed.

The FY 2022 Adopted Budget projects a net increase in the OHRF of \$4.3 million resulting in a year-end balance of \$21.2 million.

OHRF Year-End Balance



Opportunity Housing Reserve Fund (OHRF)

Source of Capital	Total
Cash Balance as of 6/30/2020	\$15,265,700
Source of Funds (FY 2021)	
Waverly - Development fee	\$181,400
Bank Interest Income	\$80
Hillandale Gateway - Reversal of Draw	\$520
900 Thayer - Development Fee 2nd Installment	\$240,000
Bank Interest Income	\$50
Bauer Park - Pay back OHRF Loan	\$440,610
Bauer Park - Pay back OHRF Loan	\$8,000,000
Bauer Park - Commitment fee 60% of \$513,300	\$307,980
Bauer Park - Develop Fee 60% of \$707,192	\$424,320
Bauer Park - Predevelopment Cost	\$818,340
Wheaton Gateway - Development Fee	\$21,600
EH III LP - Reversal of Predevelopment Expense	\$36,260
Greenhills Apartment LP - Pay back OHRF loan	\$211,300
Greenhills Apartment LP - Pay back OHRF loan	\$511,300
Budgeted Commitment Fees (60% of Total)	\$1,655,180
Fees Received through 12-31-2020	(\$307,980)
Revise Timing of FY 2020 Commitment Fees	\$33,830
Budgeted Development Fees (60% of Total)	\$2,858,580
Fees Received through 12-31-2020	(\$867,320)
Revise Timing of FY 2020 Development Fees	\$245,550
SUBTOTAL	\$14,811,600
Use of Funds (FY 2021)	
Real Estate Division Administrative Expense 4th Qtr FY 2020	(\$273,210)
Real Estate Division Administrative Expense 1st Qtr FY 2021	(\$178,190)
AH - Reimbursement to GF for Alex House Dev Corp and renov exp HOC Equity	(\$72,050)
AH - Reimbursement to GF for development expenses	(\$106,090)
CCL Multifamily - Repay principal on PNC \$90MM	(\$542,210)
Hillandale Gateway - Reimbursement to GF for pre-development expenses	(\$500,000)
Hillandale Gateway - Reimbursement to GF for pre-development expenses	(\$51,450)
Hillandale Gateway - Reimbursement to GF for pre-development expenses	(\$20,630)
Holiday Inn Gaithersburg - Reimbursements to GF for pre-development expenses	(\$23,920)
Stewartown- Reimbursement to GF for pre-development expenses	(\$95,250)
Greenhills LP - Correction Developer Fee included in Seller Note	(\$211,300)
Greenhills LP - Correction Developer Fee included in Seller Note	(\$511,300)
SUBTOTAL	(\$2,585,600)
Current Obligations	(\$10,554,790)
SUBTOTAL	(\$10,554,790)
Projected Cash Balance as of 6/30/2021	\$16,936,910
Source of Funds (FY 2022)	
Budgeted Development Fees (60% of Total)	2,438,080
Budgeted Commitment Fees (60% of Total)	3,457,830
SUBTOTAL	\$5,895,910
Use of Funds (FY 2022)	
Personnel Expenses (Real Estate Division)	(1,323,430)
Pre-Development Fund (Real Estate Division)	(300,000)
SUBTOTAL	(\$1,623,430)
Projected Cash Balance as of 6/30/2022	\$21,209,390

Section 4:
PERSONNEL

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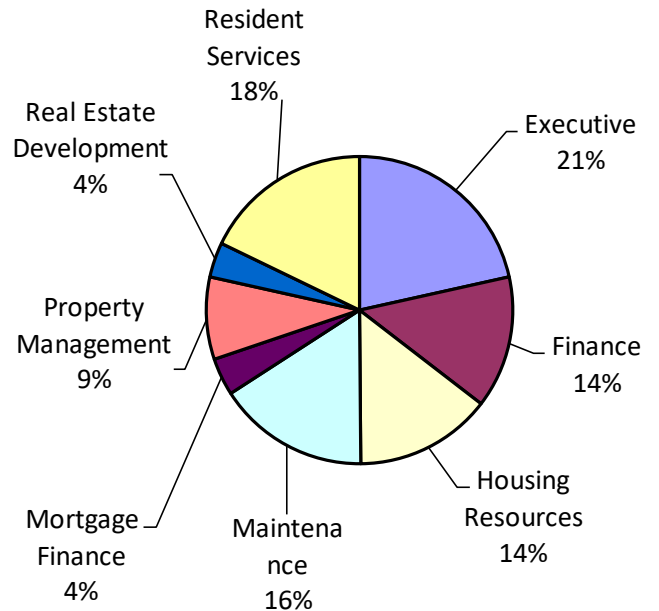
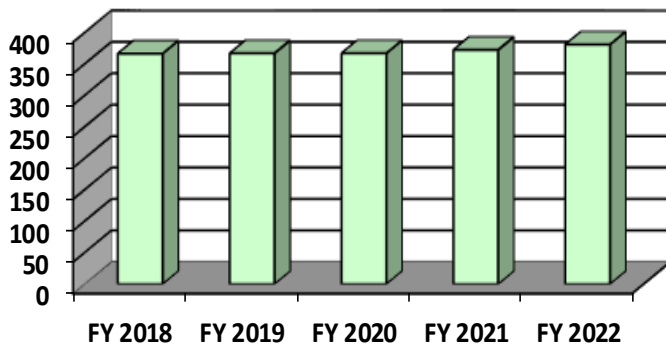
Personnel Assumptions

Personnel Complement

The FY 2022 Adopted Budget includes a total of 381.00 work years. This represents an increase of 8.40 Work Years over FY2021. Positions have been

reassigned between divisions as functions were realigned. In addition, 8.40 work years were added for FY 2021 in response to the growing needs of the Agency.

Divisions Full Time Equivalent (FTE)	Actual FY 2018	Actual FY 2019	Actual FY 2020	Amended FY 2021	Adopted FY 2022	% Change
Executive	77.00	80.50	73.50	78.00	82.00	5.13%
Finance	50.00	52.00	52.00	52.00	53.00	1.92%
Housing Resources	51.00	54.00	54.00	54.00	55.00	1.85%
Maintenance	63.00	61.00	61.00	61.00	61.00	0.00%
Mortgage Finance	14.00	14.00	14.00	14.00	15.00	7.14%
Property Management	24.00	26.00	33.00	33.00	33.00	0.00%
Real Estate Development	14.00	14.00	14.00	14.00	14.00	0.00%
Resident Services	73.60	65.60	65.60	66.60	68.00	2.10%
Total	366.60	367.10	367.10	372.60	381.00	2.25%



Compensation

FY 2022 General Salary Schedule

The General Salary Schedules, which are used to determine pay for all Career and Term positions have not been increased over the FY2020 Salary Schedules due to the cessation of bargaining with MCGEO and the uncertain economic effect on Agency Operations due to the COVID-19 Pandemic. All salary schedules are located at the end of this section.

Maintenance On-Call

The Weekday On-call Rate is \$40.00 per day (Monday through Friday). The On-Call Rate for

Saturdays, Sundays, and holidays is \$50.00 per day.

Multilingual Pay

The Multilingual Pay provision provides two skill certification categories: Basic and Advanced. Eligible employees certified with Basic Multilingual Skills will receive a pay differential of \$1.15 per hour. Eligible employees certified with Advanced Multilingual skills will receive a pay differential of \$1.35 per hour.

Lead Worker

The Lead Worker pay differential is \$3.00 per hour.

Employee Reimbursements

Mileage Reimbursement

HOC provides mileage reimbursement to employees for the use of personal vehicles in conducting Agency business. Reimbursement rates vary depending on the total number of miles reimbursed during a Fiscal Year as provided in the following table:

Miles	Reimbursement Rate
1–1,000	56 cents per mile*
1,001–7,500	IRS rate + 15 cents per mile
7,501 and above	IRS rate + 25 cents per mile

* The Internal Revenue Service (IRS) sets the standard reimbursement rates for mileage. The current IRS rate for mileage is 56 cents per mile. Should the IRS increase the reimbursement rate during the fiscal year, HOC will also increase the base mileage rate.

Automobile Insurance and Scheduled Maintenance Reimbursement

Employees who use their personal vehicle for HOC business in excess of 7,500 miles during the fiscal year may be reimbursed up to \$1,000 annually for automobile insurance and regularly scheduled maintenance.

Meal Allowance

The Meal Allowance rate for FY 2022 is \$15.00. This allowance is available to those employees who must attend evening meetings in connection with Commission business.

Tuition Assistance

The Employee Tuition Assistance Program is designed to assist employees with educational expenses toward an undergraduate or graduate degree such as AA, BS, BA, MS, etc. Program guidelines and eligibility requirements are available in the Human Resources Office. The maximum allowance for Tuition Assistance for a full-time employee is \$1,830 and for a part-time employee is \$915 for FY 2022.

The Tuition Assistance may also be used by employees to receive certifications which relate to their current job or is related to the same job series. Certifications are funded up to a maximum of \$1,000 for full time employees and \$500 for part time employees.

Fitness Reimbursement

The FY 2022 Fitness Reimbursement for employees toward the cost of membership in a health club, exercise program, or weight management program is \$200.00.

2022 Pay Grade Schedule—Represented Employees

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

* Longevity of 3% is paid for both 19 and 24 completed years of service and at the pay grade maximum

2022 Pay Grade Schedule—Unrepresented Employees

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

* Longevity of 3% is paid for both 19 and 24 completed years of service and at the pay grade maximum

2022 Pay Grade Schedule—Executive Leadership Service

Pay Grade	Minimum	Maximum
ELS 1	\$130,534	\$189,869
ELS 2	\$148,336	\$207,670

Section 5: **APPENDIX**

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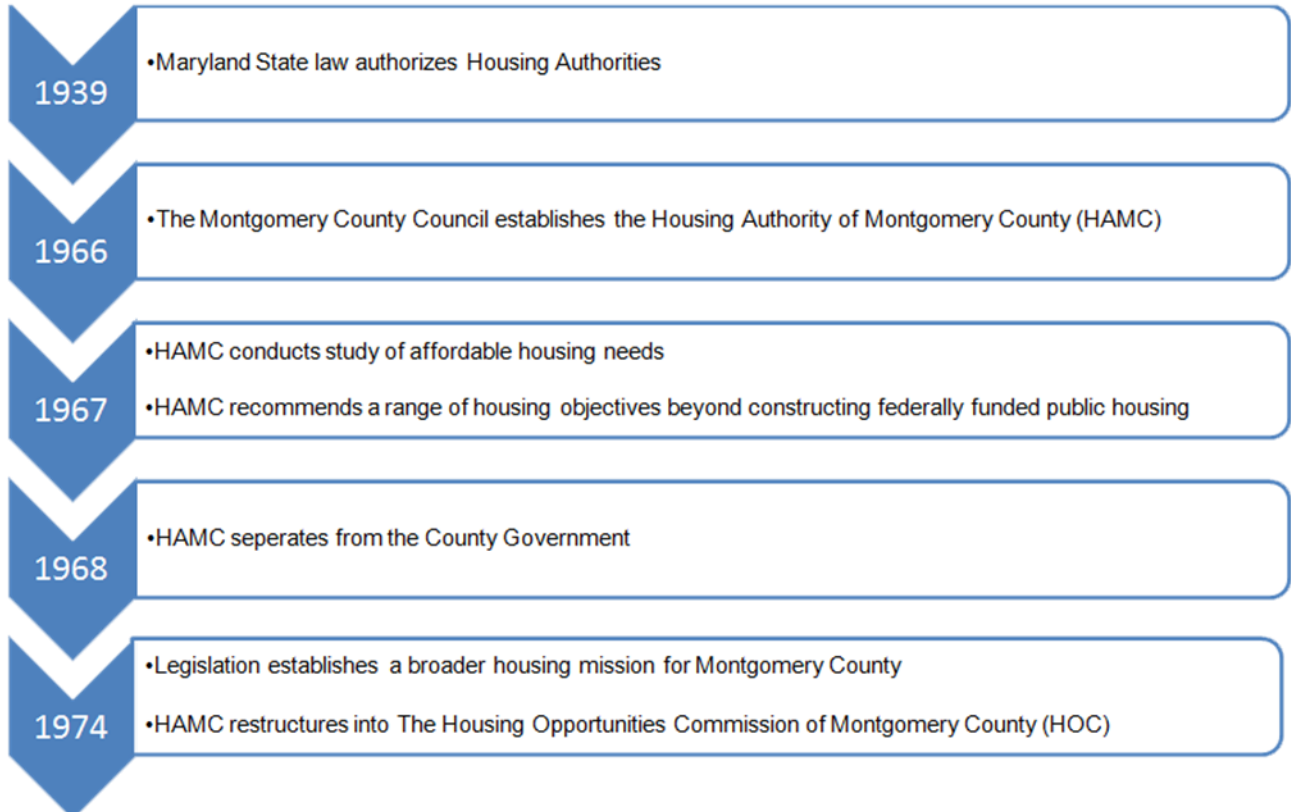


Program History

Program History

Adopted Budget
June 9, 2021

Legislative History



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

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

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

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

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

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

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

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

the amount of bonds issued that the County guarantees. In 1988, the County raised the limit to \$50 million.

Other County Laws Affecting HOC

Moderately Priced Dwelling Units (MPDUs): Passed in 1974, the MPDU law required developers constructing 50 units or more to set aside 15% as MPDUs. The requirement was later reduced to 12.5% with bonus density offered for up to 15% MPDUs. The threshold dropped to 20 units in 2005. County legislation passed in 2018 updated several requirements of the program including: (i) requiring a minimum 15% MPDUs in planning areas in which at least 45 percent of the U.S. Census tracts have a median household income of at least 150% of the countywide household and (ii) allowing the MPDU requirement to be calculated based on floor area ratio of a property versus a percentage of the total number of units. The law also specifies that HOC may purchase up to one-third of the MPDUs. Non-profit organizations may purchase any units HOC does not purchase and additional units up to 40% of the total. HOC has used Federal Public Housing Acquisition without Rehabilitation (AWOR) funds, State Partnership Rental Program Funds, equity contributions from limited partners in tax credit partnerships, bond funds, and Housing Initiative Funds (HIF) to purchase MPDUs. The County’s Department of Housing and Community Affairs administers the MPDU program. Among its responsibilities is establishing the price of the units and maintaining the waiting list of eligible purchasers.

Condominium conversion: Enacted in 1979, the law confers on HOC a right of first refusal to purchase rental facilities being converted to condominium units.

Tenant Displacement: Enacted in 1981, the law provides Montgomery County, HOC or certified tenants’ organizations the right of first refusal to purchase rental units before they are sold and ‘converted’. The term ‘converted’ in this context implies any change that has the effect of displacing tenants of 33% or more of the occupied units within a 12-month period.

Growth Policy: The County Council enacted significant changes to the Growth Policy in November 2007. The Council increased impact taxes

on most forms of housing, with the school impact taxes ranging from \$4,127 for a multifamily high rise unit to \$20,456 for a single family detached home. In residential development projects with 30% or more affordable units, the impact tax on the market rate units is 50% the normal rate. Transportation impact taxes also increased by about 70% across the board. Units near transit stations, including certain MARC stations, are charged lower rates. Affordable housing units are exempt from both impact taxes, and senior housing pays a rate of zero on the school impact tax. Development in State-designated Enterprise Zones, currently the Wheaton and Silver Spring Center Business Districts, is also exempt from both taxes. The Council also tightened school and transportation adequacy tests so that more development projects will have increased requirements to offset the students and automobile trips that they generate.

Payment in Lieu of Taxes (PILOT): HOC receives indirect funding assistance from the County through its property tax treatment. There are specific PILOT agreements for each of the properties that HOC manages but does not own, like the tax credit partnerships. HOC has a separate PILOT agreement for all Opportunity Housing properties and Development Corporations. This represents an additional non-cash subsidy from the County for Opportunity Housing properties. Furthermore, in 2018 the Maryland state legislature passed a bill clarifying that properties used as affordable housing for eligible families and owned or controlled by an HOC entity remain exempt from State and County taxes and should be subject to PILOT agreements consistent with County-level law and policy.

HOC Affordable Housing Investment Initiatives

The arrival of the 21st century brought no relief from the major challenges in the affordable housing arena.

In the 1990s, a strong national and local economy escalated housing costs and priced thousands of low-to-middle-income earners out of the housing market. Section 8 landlords started to opt out of subsidized affordable housing programs when they had the chance. In a market where the vacancy rate hovered near two percent, landlords had no trouble finding market-rate renters to replace their

affordable housing residents. Landlords opting out of the Federal program became a major factor in the affordable housing squeeze.

Following the slowdown in the economy in 2001 and a subsequent recession, layoffs increased. Low-wage earners, who were typically paying more than 50 percent of their incomes in rent, now found themselves facing lower wages or no wages at all. Employees in the service industries were particularly hard hit.

The economic recession that began in 2007 and escalated in the fall of 2008 had a profound impact on every level of government. Shortfalls affected a wide range of service agencies, including HOC. Unemployment rose following the Great Recession and reached 10% at one point during 2009. Loss of income affected mortgage holders, landlords and renters alike and more families struggled to make mortgage or rent payments and more families are facing homelessness.

When HOC opened the waiting lists for the Housing Choice Voucher and Public Housing programs in December 2008, more than 33,000 applications were received. The need for affordable housing is unprecedented, and, with funding under increasing annual scrutiny, HOC is renewing its effort as the county's designated Public Housing Authority and Housing Finance Agency, working to maximize public benefit by delivering the highest quality, amenity-rich affordable housing options to eligible individuals and families in Montgomery County. In furtherance of this mission, HOC embarked on a monumental recapitalization effort to preserve its entire former public housing portfolio. In the absence of this investment, Montgomery County very likely would have begun to lose important deeply affordable assets to disrepair and an overwhelming backlog of capital needs - as has been the national story.

In 2012, Congress and the U.S. Department of Housing and Urban development (HUD) made available a new tool called the Rental Assistance Demonstration (RAD) program. At its outset, the program was only available to 185,000 units across the country - which represented only slightly more than 1 percent of all public housing units nationwide. By acting quickly, HOC was able to undertake significant modernization and redevelopment for nine of its eleven deeply affordable properties, and poised to complete redevelopment of all eleven with

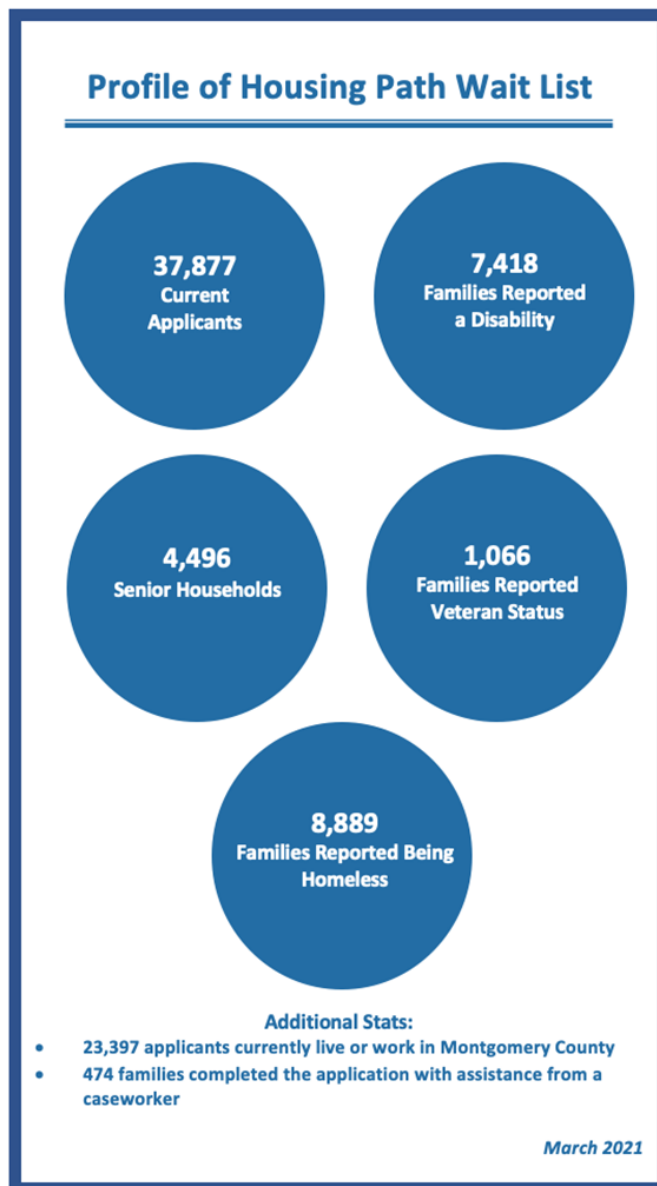
the conversion of its last two public housing properties. Moving swiftly has not only enabled HOC to make certain that the long-term public benefit endures, but has positioned HOC as a national leader in effective and sustainable conversion under RAD. HOC has converted its previous public housing developments, using ownership structures that retain full public control. Many of the financings continue to be supported by mortgage insurance under FHA’s Risk Sharing program and Low Income Tax Credits issued by the State. It is worth noting that undertaking this scale of investment also means that in fifteen years, a majority of the properties will need to re-syndicate and raise new capital for renovations.

Beyond its public housing recapitalization efforts, HOC is supporting its mission by not only preserving, but increasing the supply of affordable housing in the County. As the long-term holder/owner of numerous housing developments in Montgomery County, HOC is availing itself of opportunities presented through several master plan updates in Montgomery County. It is doing so through the redevelopment of some of its real estate assets that have been conveyed additional density through zoning changes.

While HOC’s affordable housing investment efforts are aggressive, there is much more to be done to meet the needs of the more than 37,800 low-income applicants on its wait list.

Montgomery County Statistics

The affordable housing need in the County is well documented. HOC’s Housing Path portal, which opened on August 2015, currently more than 37,800 applicants. The majority of the applicants report incomes at or below 30 percent of the area median income. The Housing Path wait list is always open and allows people to apply and update their information online to ensure HOC can effectively serve applicants. The graphic summary to the right provides a more detailed profile of the individuals and families on the wait list and demonstrates the need across populations in Montgomery County.



Beyond the need reflected through HOC’s Housing Path waitlist, the Maryland Department of Commerce website compiles and presents county-level comparative statistics using the most recently available sources. The data is clear: as the state’s most populous jurisdiction and main economic engine, all signs point toward an increasing need for affordable housing in the county. Maryland Department of Commerce reports that Montgomery

Source: U.S. Census Bureau, Date of Data: 2018 ; <http://commerce.maryland.gov/about/rankings-and-statistics/data-explorer>.

Source: Maryland Department of Labor, Licensing and Regulation, Date of Data: 2019

Source: Maryland Department of Commerce, Date of Data: 2018

Source: U.S. Census Bureau, Date of Data: 2018

Source: National Low income Housing Coalition, Date of Data: 2019

Source: U.S. Department of Health & Human Services, Date of Data 2019

County has the largest population, largest labor force, scores highest on a Quality of Life Index. Montgomery County, the most populous county in Maryland since 1990, crossed a demographic milestone of over one million residents in 2012. It is one of only two counties in the Washington Metropolitan Area—Fairfax being the other—and part of the less than 2 percent of all counties across the nation with a million-plus population. Concurrently, 38% of renter households in the county earn below 50 percent of the Area Median Income and 60 percent of those households are severely cost burdened, paying more than 30% of their income toward rent. With a 4.93 percent vacancy rate and increasing rents, demand for affordable housing will continue to increase.

Montgomery County, Maryland has some of the highest housing costs in the nation. According to the National Low Income Housing Coalition, the annual income needed to afford a modest two-bedroom unit is \$70,600, far above the average \$31,200 a person working full-time at minimum wage earns annually.

When quality affordable housing is developed, everyone benefits. Affordable housing supports economic development not only by generating jobs but easing pressure within the rental market, allowing more people to live in the communities in which they work, reducing transit needs and its impact on the environment.

HOC contributes to the economic activity of the county by creating access to affordable housing for workers in Montgomery County and creating employment opportunities through the financing and production of affordable housing. We estimate that HOC's investment of about \$275 million in construction, rehabilitation and other related development activities will result in \$414 million of total economic output in the County. Through the multiplier effect, these investments are estimated to create new as well as sustain existing jobs and generate significant tax revenues for the local and state economies. We further estimate that HOC's investments will help to create 3,209 jobs with \$233 million total compensation. The investments are estimated to generate approximately \$7.9 million, \$8.6 million, and \$38.7 million in County, State, and

Federal taxes, respectively. This activity will provide new business opportunities to architects, engineers, market analysts, and general contractors who in turn hire a variety of professional and paraprofessionals. The result adds to the local tax base and that of the state generally.

Other Current Housing-Related Demographics in Montgomery County

Montgomery County is the most populous county in Maryland with an estimated population of 1.06 million people (July 2020 Census figure). It is located on 50 square miles of land north of Washington, DC, and is one of several Maryland and Virginia counties surrounding the District which make up the Washington DC metropolitan area for statistical reporting. It is home to almost 20 percent of the Washington, DC area's households, second only to Fairfax County, Virginia. According to the 2017 Census data, the Washington Metropolitan area is the sixth largest area.

Other demographic items of note are:

- The 2019 median household income for Montgomery County was \$108,820.
- The Greater Washington Area Median Income for 2021 was \$129,000 for a household of four.
- 7.3% of the total population lives below the Federal Poverty Income guidelines of \$26,500 for a household of four down from 7.5% in 2016.
- The County's estimated labor force was 546,409 as of December 2020.
- The County had an unemployment rate of 5.7% as of December 2020.
- 61.5% of individuals working in Montgomery County reside in the County, while 38.5% live outside the County.
- Average travel time to work for workers age 16 years and older is 34.7 minutes.
- 91% of adults age 25 and older are High School graduates, while 58.9% have obtained a Bachelor's degree or higher as of 2019.
- 23.1% of the population is under 18 years old, while 16.1% of the population is 65 or older.

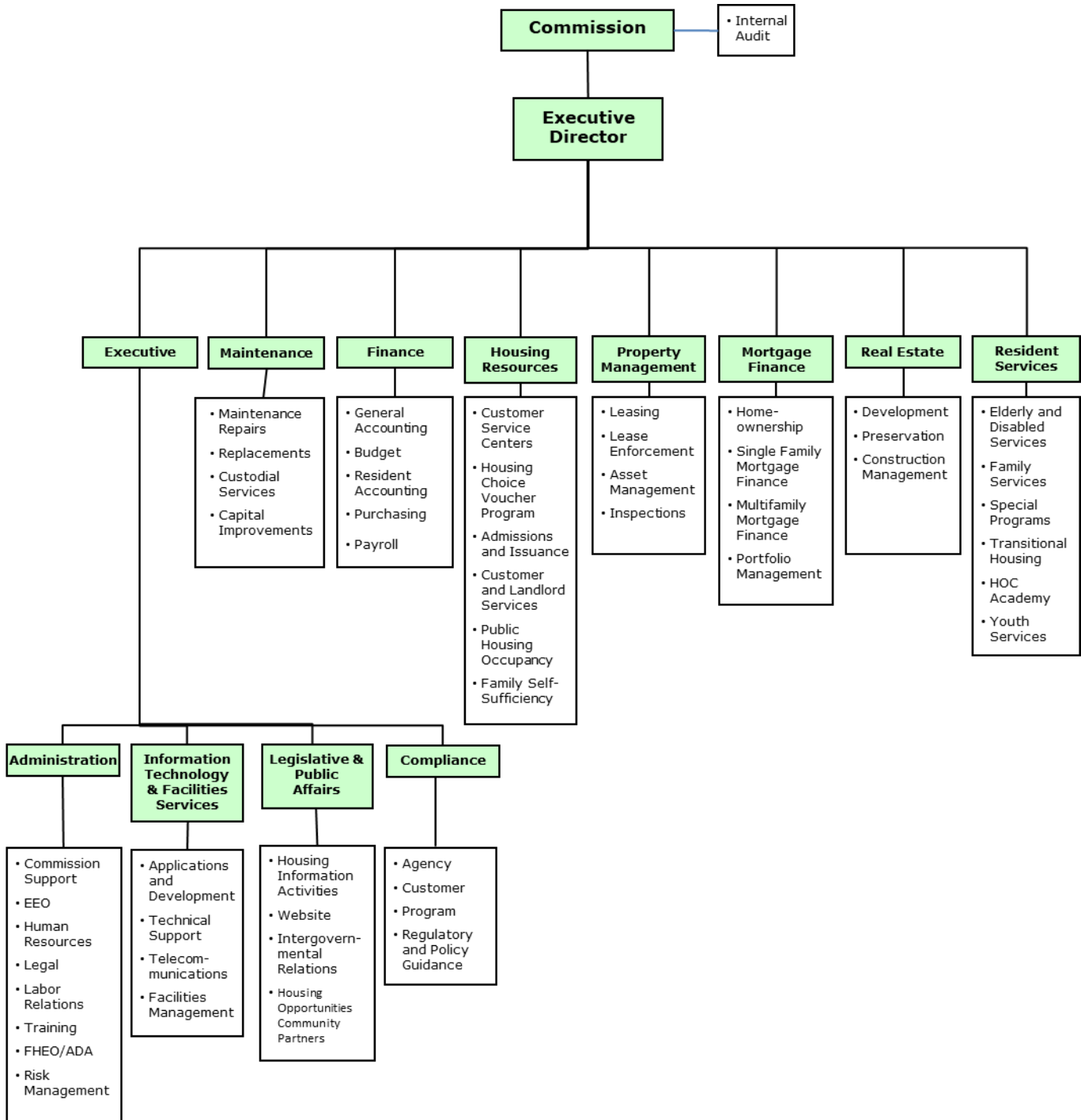
- 51.6% of the population is female.
- 32.3% of County residents are foreign born in 2019.
- About 32.8% of Maryland's foreign born population resided in Montgomery County in 2019.
- Montgomery County's proportion of households in Maryland is expected to grow from 17.1% in 2010 to 18.0% in 2040.
- Between 2010 and 2040, Montgomery County will absorb 21.5% of the State's household growth.
- The average household size was 2.79 in 2019.
- 49.4% of renters pay more than 30% of their income on housing costs.
- 28.8% of homeowners pay more than 30% of their income on housing costs.
- The median sales price for all home types in Montgomery County was \$555,000 as of June 2021.
- Time on the market before a house is sold averages 14 days as of June 2021.
- Homeownership rate for 2019 was 65.4%.
- 35% of households are renter occupied.
- Apartment rents continuing their upward trend from an average for a 2-bedroom apartment of \$1,714 in 2018 to an average of \$1,788 in 2021. However, all other apartment types saw a small decline from 2020 to 2021.
- Average apartment rents in 2021:
 - * Efficiency \$1,439
 - * 1-Bedroom \$1,540
 - * 2-Bedroom \$1,788
 - * 3-Bedroom \$2,038
 - * 4-Bedroom \$1,910
- The hourly wage needed to afford a 2-bedroom apartment at Fair Market Value is \$33.94 (\$70,595 annual) for 2021.
- At minimum wage, 2.42 full-time jobs would be needed to afford a 2-bedroom apartment at Fair Market Value.
- Renter Households earn an estimated average hourly wage of \$21.83 (\$45,406 annually).
- At the average hourly wage, 1.6 full-time jobs would be required to afford a 2-bedroom apartment at Fair Market Rent in Montgomery County.
- As of May 12, 2021 January 2021, one-day census in Montgomery County counted 577 people who are homeless. Approximately 17% (roughly 97) are children.
- 17% of homeless people without children and 29% of homeless people with children in Montgomery County have jobs but still cannot afford housing.

Description of Current Programs

HOC administers a wide variety of housing programs, including:

- The Housing Choice Voucher Program (formerly Section 8) sponsored by the U.S. Department of Housing and Urban Development (HUD) assists eligible persons to secure rental housing in the private marketplace. This program allows eligible families to pay up to 40% of their monthly income for rent.
- The Opportunity Housing Program encompasses a variety of local rental housing programs owned by HOC for families of eligible income and for market rate households.
- The HUD 236 Program provides housing for eligible tenants. HOC manages these developments for their non-profit owners.
- Tax Credit Partnerships provide rental housing for low- and moderate-income households. HOC manages these partnerships and is a 1% general partner.
- The Development Corporations are non-profit owners of HOC-financed properties that are insured under the FHA Risk Sharing Program.
- Single Family Mortgage Revenue Bonds provide below-market interest rate mortgage loans for the purchase of single family homes for moderate-income families.
- Multifamily Housing Revenue Bonds provide below-market rental units within multifamily developments for low-to moderate-income families.
- The Housing Resource Service provides customer service for citizens seeking affordable housing, specialized housing for the elderly and those with disabilities, and round-the-clock housing information through the HOC website.
- These programs are supported by an array of resident services funded by Federal and County agencies.

Housing Opportunities Commission Functional Organization Chart



Organizational Structure and Staff

The powers of the Commission are vested in six volunteer Commissioners appointed by the County Executive and confirmed by the County Council. The current Commissioners are: Roy O. Priest, Chair; Fran Kelleher, Vice Chair; Richard Y. Nelson, Jr. , Chair Pro Tem; Pamela Byrd, Linda Croom, and Jackie Simon.

Commissioners appoint an Executive Director to operate the Agency. HOC is organized into six operational units and the Executive and Finance Division. (See the Division Summaries from pages 2-3 through 2-50.)

HOC's Annual Management Process

HOC's annual management process includes four functions: Strategic Planning, Budget Preparation, Operations, and Evaluation.

Strategic Planning

An opportunity for the Commission to focus on long term HOC direction, a strategic plan is prepared for a five-year period with annual updates as deemed appropriate. Commissioners consider how current economic and public policy issues might affect the Commission's work, including potential impacts on HOC's residents. Using this information, the Commission evaluates what, if any, changes to current plans and policies need to be made. The Commission endorses (or updates) the strategic plan in November in order to guide staff in budget preparation.

Budget Preparation

The budget preparation process begins in August of each year. It involves the preparation of the Recommended and Adopted Budgets which include the operational and capital plans for the Agency that express the priorities of the Strategic Plan. The process begins with the preparation of Budget Templates which contain key data points provided by the Finance Department. The templates are then provided to the Divisions/Departments to prepare their initial input based on internal analysis of their operational and capital needs. The initial input is reviewed internally at three levels which include the Division Director review before submission, the Budget Office review, and the Executive Director review resulting in potential revisions or adjustments that will ultimately lead to the development of the Executive Director's Recommended Budget.

The capital plan includes the Capital Improvements Budget to maintain the office facilities, Information Technology systems, and properties, as well as long term Capital Development Budgets for producing

more affordable housing and renovating our current housing stock. The Capital Development Budgets are incorporated into the Agency Budget; however, the approval process for the long term funding needs and sources for each project are informally discussed with the Development and Finance Committee and presented to the full Commission for approval separately.

The Executive Director's Recommended Budget is presented, for information purposes, to the full Commission in April. The Budget, Finance and Audit Committee informally reviews the details of Recommended Budget in a series of committee meetings in April and May. The annual budget which reflects the priorities of the Commission, as identified in the Strategic Plan, is adopted by the full Commission in June for the fiscal year beginning July 1. The Adopted Budget becomes the financial and operational plan for the coming year.

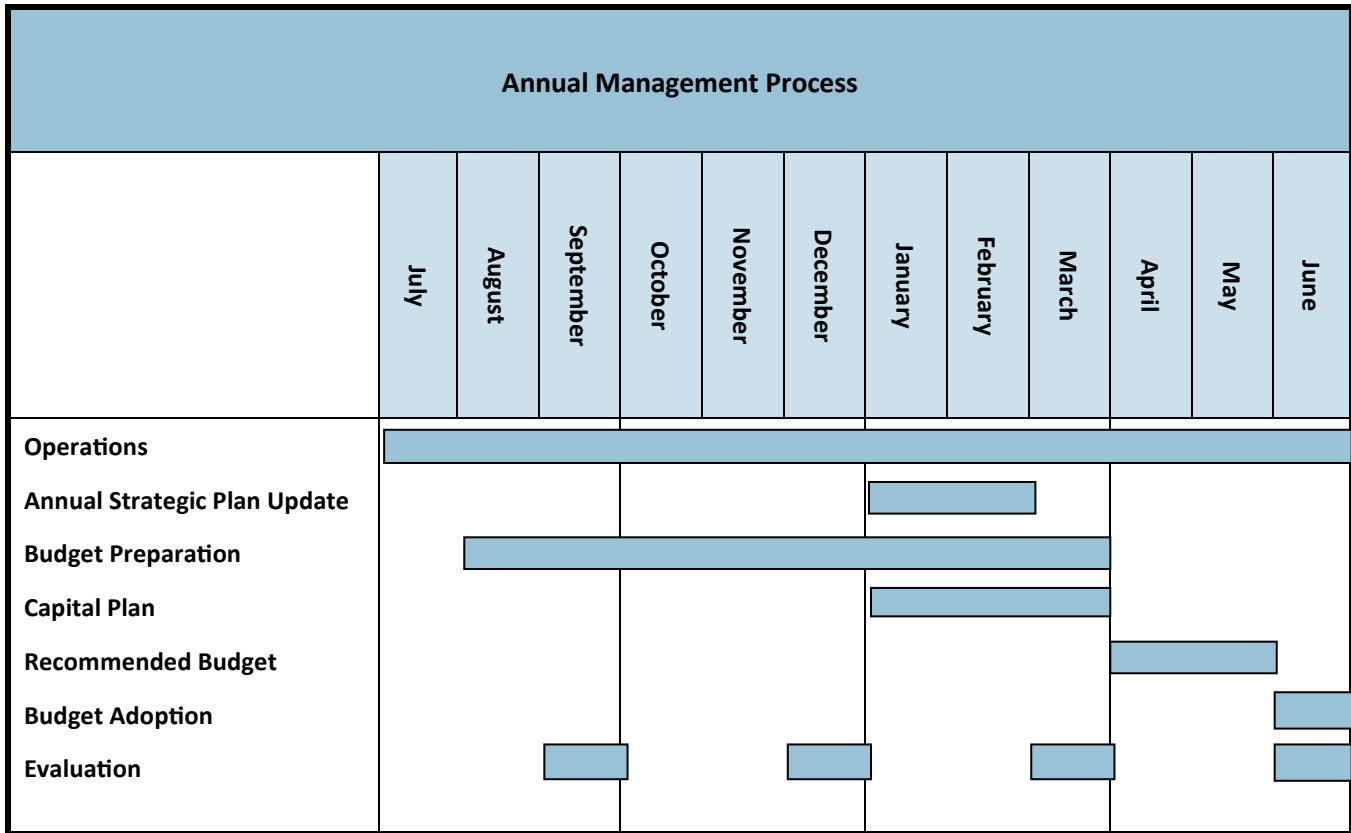
Operations

Once the fiscal year begins, each Division/Department has the primary responsibility of implementing the financial and operational plan laid out in the annual budget which includes specific program objectives used to evaluate each division's performance over the year. Budget to Actual reports are reviewed regularly and explanations of key variances are provided to the Budget Office.

Evaluation

In accordance with the Commission's budget policy, the Executive Director presents the budget to actual statements and/or amendments to the Budget, Finance and Audit Committee on a quarterly basis for informal review. Acceptance of the budget to actual statements and recommendations for budget amendment are then presented to the full Commission for formal approval.

Annual Management Process Chart





Units

Units Summary

Adopted Budget
June 9, 2021

Summary

Housing Type	Actual As of 6/30/2019	Actual As of 6/30/2020	Actual As of 6/30/2021	Budget As of 6/30/2022
Public Housing Rental				
HOC Managed	136	0	0	0
Opportunity Housing & Development Corps.				
HOC Managed	2,311	2,297	2,314	2,314
Contract Managed	3,754	4,219	4,604	3,933
Units Owned by HOC	6,201	6,516	6,918	6,247
Managed Properties				
HOC Managed	564	564	422	310
Contract Managed	1,306	965	1,107	1,928
Subtotal	1,870	1,529	1,529	2,238
Units Administered				
Rental Assistance Programs	7,808	7,934	7,778	8,077
Transitional Housing Programs	243	240	239	239
Special Programs	378	374	288	347
Subtotal	8,429	8,548	8,305	8,663
Units Managed or Administered	10,299	10,077	9,834	10,901
TOTAL - ALL UNITS	16,500	16,593	16,752	17,148
Total Units Managed by HOC	3,011	2,861	2,736	2,624
Total Units Contract Managed	5,060	5,184	5,711	5,861
Total Units Administered by HOC	8,429	8,548	8,305	8,663

Part A: Units Owned by HOC

Property No.	Property Name	Actual As of 6/30/2019	Actual As of 6/30/2020	Actual As of 6/30/2021	Budget As of 6/30/2022
PUBLIC HOUSING RENTAL					
Elderly Communities					
511-402	Elizabeth House	136	0	0	0
Subtotal - Elderly		136	0	0	0
Subtotal-Public Housing Rental		136	0	0	0
Total Public Housing Units (all HOC Managed)		136	0	0	0
OPPORTUNITY HOUSING & DEVELOPMENT CORPORATIONS					
Family Communities - HOC Managed					
411-402	Elizabeth House Interim RAD	24	106	106	106
411-413	Holly Hall Interim RAD	96	0	0	0
436-100	Brooke Park Apts	0	0	17	17
469-471	Chelsea Towers	21	21	21	21
499-500	Jubilee Hermitage	3	3	3	3
499-501	Jubilee Woodedge	3	3	3	3
499-502	Jubilee Falling Creek	3	3	3	3
499-503	Jubilee Horizon	3	3	3	3
499-903	Avondale Apartments	25	25	25	25
499-906	Pomander Court, LLC	24	24	24	24
874-705	Camp Hill Square	50	50	50	50
911-405	Washington Square (Dev. Corp.)	50	50	50	50
911-414	Seneca Ridge (Dev. Corp.)	71	71	71	71
911-422	Ken Gar (Dev. Corp.)	19	19	19	19
911-426	Parkway Woods (Dev. Corp.)	24	24	24	24
911-430	Towne Centre Place (Dev. Corp.)	49	49	49	49
911-432	Sandy Spring (Dev. Corp.)	55	55	55	55
965-480	Magruder's Discovery (Dev. Corp.)	134	134	134	134
Subtotal - Family HOC Managed		654	640	657	657
Scattered Units - HOC Managed					
443-100	King Farm Village Center	1	1	1	1
452-469	McHome	38	38	38	38
454-451	Holiday Park	20	20	20	20
461-464	Paint Branch	14	14	14	14
462-466	McKendree	13	13	13	13
463-467	MPDU I	64	64	64	64
470-450	State Rental Combined	196	196	196	196
488-000	CDBG Units	3	3	3	3
489-000	NSP Units	7	7	7	7
490-000	NCI Units	14	14	14	14
499-900	MPDU 2007 - Phase II	6	6	6	6
499-902	617 Olney Sandy Spring Road	1	1	1	1
817-720	MHLP VII Scattered Sites	35	35	35	35
818-721	MHLP VIII Scattered Sites	49	49	49	49
819-711	MHLP IX (Pond Ridge)	40	40	40	40
819-712	MHLP IX Scattered Sites	76	76	76	76
820-713	MHLP X Scattered Sites	75	75	75	75
913-484	MPDU III (Dev. Corp.)	23	23	23	23
915-468	MPDU II (Dev. Corp.)	59	59	59	59

Part A: Units Owned by HOC continued

Property No.	Property Name	Actual As of 6/30/2019	Actual As of 6/30/2020	Actual As of 6/30/2021	Budget As of 6/30/2022
OPPORTUNITY HOUSING & DEVELOPMENT CORPORATIONS (cont.)					
Scattered Units - HOC Managed (cont.)					
921-100	Scattered Site One (Dev. Corp.)	190	190	190	190
921-200	Scattered Site Two (Dev. Corp.)	54	54	54	54
922-100	VPC One (Dev. Corp.)	399	399	399	399
922-200	VPC Two (Dev. Corp.)	280	280	280	280
Subtotal - Scattered HOC Managed		1,657	1,657	1,657	1,657
Subtotal-HOC Managed		2,311	2,297	2,314	2,314
Family Communities - Contract Managed					
414-460	Fairfax Court	18	18	18	18
418-476	Pooks Hill Mid-Rise	50	50	50	50
433-487	Strathmore Court @ White Flint	151	151	151	151
435-489	Westwood Towers	212	212	212	212
436-100	Brooke Park Apts	17	17	0	0
437-100	Cider Mill Apartments	861	861	861	861
441-485	Brookside Glen (The Glen)	90	90	90	90
442-473	Diamond Square	124	124	124	124
499-200	Dale Drive	10	10	10	10
499-400	Southbridge	39	39	39	39
499-907	Timberlawn, LLC	107	107	107	107
499-922	Bradley Crossing LLC	0	0	402	402
831-787	Strathmore Court Affordable	0	51	51	51
832-788	Metropolitan Affordable	0	92	92	92
833-741	Manchester Manor Apts	53	53	53	53
834-742	Shady Grove Apartments	144	144	144	0
835-743	The Willows of Gaithersburg	195	195	195	195
837-744	Stewartown Affordable	0	94	94	0
838-714	Georgian Court Affordable	0	147	147	0
839-746	Barclay Affordable	0	81	81	81
912-479	Alexander House (Dev. Corp.)	183	183	183	183
914-488	The Metropolitan (Dev. Corp.)	216	216	216	216
917-477	Pooks Hill High-Rise (Dev. Corp.)	189	189	189	189
917-478	Montgomery Arms (Dev. Corp.)	129	129	129	129
918-100	MetroPointe (Dev. Corp.)	120	120	120	120
919-200	Paddington Square (Dev. Corp.)	165	165	165	165
920-400	Barclay (Dev. Corp.)	76	76	76	76
923-480	Glenmont Crossing (Dev. Corp.)	97	97	97	97
923-481	Glenmont Westerly (Dev. Corp.)	102	102	102	102
Subtotal - Family Contract Managed		3,348	3,813	4,198	3,813
Elderly Communities - Contract Managed					
499-910	Manor at Fair Hill Farm, LLC	101	101	101	0
499-911	Manor at Cloppers Mill, LLC	102	102	102	0
499-912	Manor at Colesville, LLC	83	83	83	0
911-475	The Oaks (Dev. Corp.)	120	120	120	120
Subtotal - Elderly Contract Managed		406	406	406	120
Subtotal-Contract Managed		3,754	4,219	4,604	3,933
Total Opportunity Housing and Development Corporations		6,065	6,516	6,918	6,247

Part B: Units Managed and Administered by HOC

Property No.	Property Name	Actual As of 6/30/2019	Actual As of 6/30/2020	Actual As of 6/30/2021	Budget As of 6/30/2022
MANAGED PROPERTIES					
236 Elderly Communities - HOC Managed					
871-701	Bauer Park	142	142	0	0
872-703	Town Center Apts.	112	112	112	0
Subtotal - Elderly HOC Managed		254	254	112	0
Other Elderly Communities - HOC Managed					
811-415	Arcola Towers	141	141	141	141
811-417	Waverly House	157	157	157	157
Subtotal - Family HOC Managed		298	298	298	298
Other Family Communities - HOC Managed					
899-000	Lasko Manor. LP	12	12	12	12
Subtotal - Family HOC Managed		12	12	12	12
Scattered Units - HOC Managed					
819-711	MHLP IX (Pond Ridge)	0	0	0	0
819-712	MHLP IX Scattered Sites	0	0	0	0
820-713	MHLP X Scattered Sites	0	0	0	0
Subtotal - Scattered HOC Managed		0	0	0	0
Subtotal-HOC Managed		564	564	422	310
Family Communities - Contract Managed					
818-100	Wheaton Metro LP (MetroPointe)	53	53	53	53
827-490	Greenhills Apartments LP	77	77	77	77
831-787	Strathmore Court LP	51	0	0	0
832-788	The Metropolitan of Bethesda LP	92	0	0	0
837-744	MV Affordable Housing Associates LP	94	0	0	0
838-714	HOC at Georgian Court LLC	147	0	0	0
839-746	Barclay One Associates LP	81	0	0	0
840-747	Spring Garden One Associates LP	82	82	82	82
842-749	Forest Oak Towers LP	175	175	175	175
843-750	Tanglewood and Sligo LP	132	132	132	132
844-741	Alexander House LP	122	122	122	122
845-701	Bauer Park Apartments LLC	0	0	142	142
847-744	HOC at Stewartown Homes LLC	0	0	0	94
848-745	HOC at Georgian Court LLC	0	0	0	147
849-742	HOC at Shady Grove Apartments LLC	0	0	0	144
888-910	HOC at Willow Manor LLC (Fair Hill Farm)	0	0	0	101
888-911	HOC at Willow Manor LLC (Cloppers Mill)	0	0	0	102
888-912	HOC at Willow Manor LLC (Colesville)	0	0	0	83
899-704	HOC at Upton II LLC	0	0	0	150
899-904	900Thayer LP (Fenton Silver Spring)	0	124	124	124
899-200	CCL Multifamily LLC (The Lindley)	200	200	200	200
Subtotal - Family Contract Managed		1,306	965	1,107	1,928
Subtotal Contract Managed Properties		1,306	965	1,107	1,928
Total Managed Properties		1,870	1,529	1,529	2,238

Part B: Units Managed and Administered by HOC continued

Housing Type	Actual	Actual	Actual	Budget
	As of	As of	As of	As of
	6/30/2019	6/30/2020	6/30/2021	6/30/2022
UNITS ADMINISTERED				
Rental Assistance Programs				
Vouchers	7,091	7,174	7,003	7,298
Portables	691	733	748	750
Mod / Rehab	26	27	27	29
Subtotal-Rental Assistance	7,808	7,934	7,778	8,077
Transitional Housing Programs				
McKinney III	10	0	0	0
Turnkey	11	8	7	7
McKinney X	172	172	172	172
McKinney X - EXPANSION	15	15	15	15
McKinney XIV *	0	45	45	45
McKinney XII	35	0	0	0
Subtotal-Transitional Housing	243	240	239	239
Specialized Programs				
Rent Supplemental Programs	278	259	241	300
Housing Locator	100	115	47	47
Subtotal-Specialized Programs	378	374	288	347
Total Administered Properties	8,429	8,548	8,305	8,663

* Note: McKinney XIV has replaced McKinney III & XII.

Part C: HOC Financing

PRIVATELY OWNED UNITS FINANCED BY THE HOC PROPERTY NAME	Actual As of 6/30/2019	Actual As of 6/30/2020	Actual As of 6/30/2021	Budget As of 6/30/2022
Private Bond-Financed Properties				
1 Amherst Square	125	125	125	125
2 Argent	96	96	96	96
3 Blair Park	52	52	52	52
4 Charter House	212	212	212	212
5 Churchill Senior Living Phase II	133	133	133	133
6 Clopper Mill Manor *	102	0	0	0
7 Covenant Village	89	89	89	89
8 The Crossings @ Olde Towne	199	199	199	199
9 Drings Reach	104	104	104	104
10 Lakeview	152	152	152	152
11 Oakfield Apartments	371	371	371	371
12 Lenox Park	406	406	406	406
13 Olney Manor *	100	0	0	0
14 Randolph Manor *	83	0	0	0
15 Ring House	248	248	248	248
16 Rockville Housing Enterprises	56	56	56	56
17 Victory Court	86	86	86	86
18 Victory Forest	181	181	181	181
19 Woodfield	84	84	84	84
PRIVATE SUBTOTAL	2,879	2,594	2,594	2,594

NOTE:

* Units were purchased on 11/1/2018 and are now owned by entities of HOC.

Part D: HOC Financing

NUMBER OF SINGLE FAMILY LOANS	Actual	Actual	Actual	Budget
	As of	As of	As of	As of
	6/30/2019	6/30/2020	6/30/2021	6/30/2022
CLOSING COST LOANS				
Number of New Loans	174	170	110	150
Number of Loans Outstanding	885	757	686	686
	Actual	Actual	Actual	Budget
	As of	As of	As of	As of
	6/30/2019	6/30/2020	6/30/2021	6/30/2022
MORTGAGE PURCHASE PROGRAM				
Number of New Loans	178	172	103	150
Number of Loans Outstanding - Whole Loans & MBS	1,464	1,355	1,210	1,235

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General Financial Information

General Financial Information

Adopted Budget
June 9, 2021

Financial Policies

Budget Policy

The Housing Opportunities Commission of Montgomery County (HOC) budget policy is established to maintain effective management of the Agency's financial resources. A comprehensive annual budget is prepared for all funds expended by HOC.

The purpose of the budget is to allocate resources to ensure adequate funding for the Housing Opportunities Commission's policies, goals, programs and properties.

HOC must adopt annual operating and capital budgets prior to the beginning of each fiscal year (July 1st). The budget reflects the priorities of the Commission as identified in the Strategic Plan and provides for the ongoing work of the Agency.

Internal Control

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

Investment Policy

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

All investments are made to achieve the following objectives: safety of principal, liquidity and yield.

Investment of HOC funds are limited to:

1. Obligations for which the United States has pledged its full faith and credit for payment of principal and interest.
2. Obligations that a Federal agency issues in accordance with an act of Congress.
3. Investments or deposits of any type that are insured by the Federal government as to principal and interest.
4. Repurchase agreements with banking institutions that maintain the highest short term deposit rating from Standard & Poor's (A-1) and/or Moody's (P-1) or a long term deposit rating no lower than AA from either Moody's or Standard & Poor's.
 - a. Repurchase agreements must be collateralized by one of the following:
 - U.S. government obligations backed by the full faith and credit of the U.S. Government, or
 - Federal agency obligations backed by the full faith and credit of the U.S. Government.
 - b. Value of the underlying repurchase collateral must be equal to or greater than 102% of the principal and interest amount of the investment.

Financial Policies cont.

- c. Prior to negotiating repurchase trades with any financial institution, a repurchase agreement contract mutually acceptable to both HOC and the financial institutions must be executed.
 - d. Collateral must be held by a third party custodian.
5. Certificates of Deposit of financial institutions are subject to the following conditions:
- a. The deposit must be interest bearing.
 - b. The Certificates of Deposit must be fully insured by the Federal government (FDIC) for both principal and interest, or
 - c. The financial institution provides collateral as outlined in 4a. above, which has a market value that equals or exceeds 102% of the amount by which the certificate exceeds the deposit insurance. A third party custodian must hold the collateral.
6. Shares in investment companies rated by either Moody's or Standard & Poor's in its highest rating category, 95% of the assets of which must consist of obligations described in items one and two.
7. Other investments which are in accordance with Maryland law and which receive the express written approval of the Executive Director. The Budget, Finance and Audit Committee will be made aware of all such investments at their next regular meeting.

HOC will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of HOC's total investment portfolio will be invested in a single security type or with a single financial institution.

All security transactions, including collateral for repurchase agreements, entered into by HOC shall be conducted on a "Delivery-Versus-Payment (DVP)" basis.

The Executive Director reports quarterly to the Commission's Budget, Finance and Audit Committee

on the status of Agency funds, the investment portfolio and the results of the quarter actuals compared against the budget. The Executive Director shall report to the Commission any instance(s) in which the principal of any HOC investment has been lost in whole or part.

Petty Cash Policy

Petty Cash Funds have been established so that HOC Divisions/Departments may have a Petty Cash Fund to make purchases for items less than \$50 without going through the standard purchasing process. Purchases great than \$50 must go through HOC's procurement process. Note: Petty Cash Funds were established for efficiency of payment reasons, not to circumvent HOC purchasing policies.

The basic operating principle of the petty cash fund is that, at any time, the total cash on hand, plus receipts for items purchased, equals the original amount of the Fund. Periodically, the receipts are submitted to Accounts Payable and a check is produced, cashed, and the fund is replenished. There is a Petty Cash Officer assigned to each petty cash fund. The petty cash officer is typically an HOC employee specifically designated, in writing, by their division and approved by the HOC Controller. The Petty Cash Officer maintains physical control of the cash and all related documents and is responsible for submitting a Petty Cash Reconciliation form to Accounts Payable on a periodic basis.

Each Petty Cash Fund is assigned to a Petty Cash Officer, an HOC employee specifically designated, in writing, by their Division and approved by the HOC Controller. The Petty Cash Officer maintains physical control of the cash and all related documents and is responsible for submitting a Petty Cash Reconciliation form to Accounts Payable on a monthly and quarterly basis.

The Petty Cash Fund, which includes cash and all related documents, must be kept in a secure Cash Box under lock and key at all times.

HOC Management or the Compliance Department has the right to conduct an audit of the Petty Cash Fund at any time and without notice.

Financial Policies cont.

Procurement Policy

Purchases of all types, as feasible, are based on competitive bidding from an adequate number of qualified bidders. All procurements must comply with the provisions of the Affirmative Action Plan. Goods or services acquired under inter-governmental supply agreements are exempt from the competition requirements of this policy.

Procurements under \$50,000 are bid competitively in accordance with established procedures which allow fewer restrictions on smaller purchases.

Procurements under \$150,000 and over \$50,000 are bid competitively in accordance with established procedures, which allow fewer restrictions on smaller purchases, require solicitation of the full bidders list and posting of an internet announcement.

For Procurements of more than \$100,000 but less than \$150,000, there shall be a public notice. The public notice shall run for not less than once for a week and/or be continuously posted on HOC's website.

Procurements over \$150,000 require formal advertising, solicitation of the full bidders list and posting an internet announcement.

Procurements of goods and services over \$250,000 are approved by the Commission; those below this amount are approved by the Executive Director or the Executive Director's designee.

Procurements of professional services over \$250,000 are approved by the Commission; those below this amount are approved by the Executive Director or the Executive Director's designee.

Procurements for HUD-funded activities shall follow the HUD procurement requirements.

Rental Income Collection Policy

Rents may be paid by personal checks, money orders, certified checks, County government checks, or via the on-line rent payment system. No cash is accepted or handled by staff. Rent payments are collected via mail, and through drop boxes located at the HUB locations during business hours.

Rent is due on the first day of every month, and is considered late after 5pm on the tenth day of the month. If a resident pays the rent late, the payment must be in the form of a guaranteed payment. No personal checks are accepted after 5pm on the tenth of the month. There is a late fee of 5% of the total rental amount (not just amount outstanding) if the delinquent balance exceeds 10% of the total rental amount. After the tenth of the month, the account goes into legal status and Resident Accounting begins legal proceedings to collect the past due rent and late fees. A monthly Delinquency Report showing accounts that are in legal status is generated. The law now allows landlords to file for current rent due and for the next month's rent if the court date falls in the next month, because the court date and judgment will usually occur in the following month.

The Property Manager may approve adjustments up to \$500 and the Division Director for anything above \$500.

Description of Major Revenue Sources

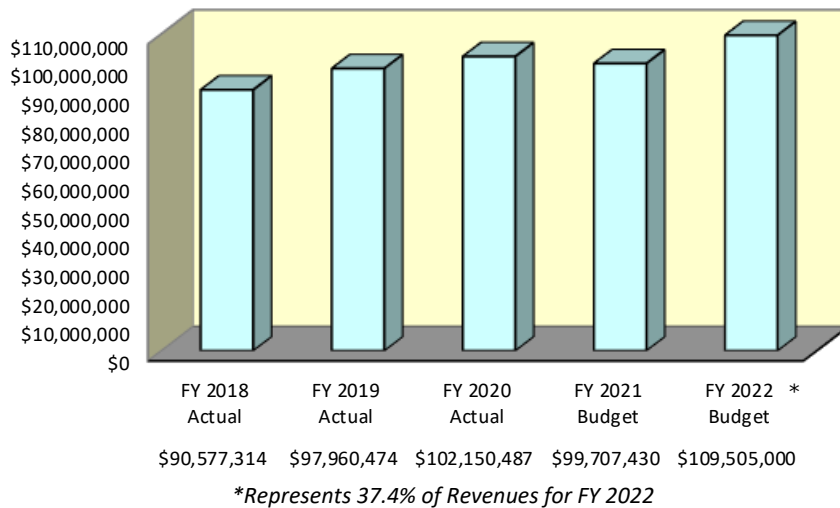
Federal Funds

Housing Assistance Payments (HAP) and Housing Choice Voucher (HCV) Program Administrative Fees

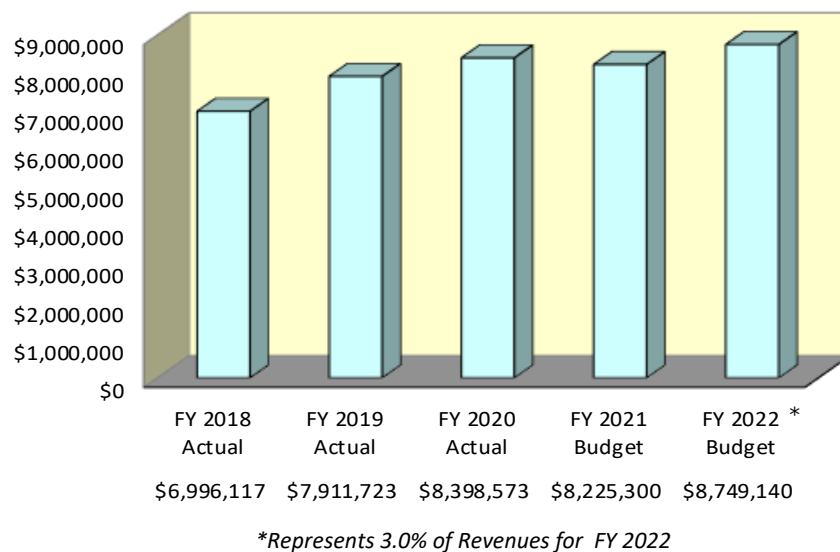
HAP is rent subsidy payments that HOC receives from the Federal Department of Housing and Urban Development (HUD) and passes onto the private landlords on behalf of HCV Program participants. To be eligible for this program, HCV

recipients must have a gross household income below 50% of the area median income. Rent subsidy certificates are held by program participants who choose rental units in the private market, provided that the rent is less than a maximum Fair Market Rent (FMR) established by HUD. The program requires that HCV recipients contribute 30% of their household income toward rent, with the HCV Program providing the balance up to the federally determined rent ceiling.

Housing Assist Payments (HAP)



HCV Administrative Fees - Income



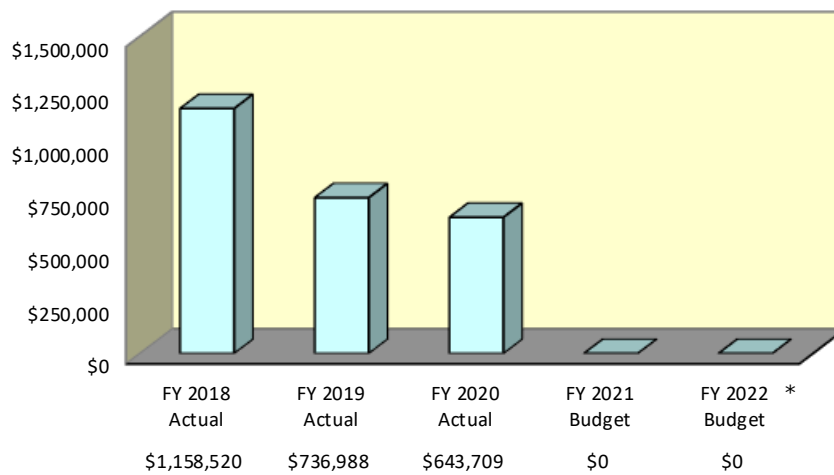
Public Housing Operating Subsidy

HOC historically received an annual grant from HUD for operating Public Housing units called the Public Housing Operating Subsidy (PHOS). The subsidy each year was funded as part of the Public Housing budget submission to HUD. The subsidy was awarded on a calendar year basis. Prior to CY 2008, the subsidy was calculated at the Agency level. Beginning in CY 2008, the subsidy was calculated for each Asset Management Project or AMP.

HOC began conversion of its Public Housing assets in 2013 through use of the Section 18 Demolition and Disposition Program and the Rental Assistance Demonstration (RAD) Program. As HOC transitioned out of Public Housing, declining revenues in Public Housing subsidy was replaced by increased revenues from resident rent and subsidy from project based Rental Assistance and Project-Based vouchers.

The Agency has converted all Public Housing assets effective March 31, 2020. Therefore, the FY 2021 and 2022 budgets do not reflect the receipt of subsidy.

Public Housing Operating Subsidy



**Represents 0.0% of Revenues for FY 2022*

McKinney Funds

HOC receives funds from HUD for homeless programs through the Stewart B. McKinney Act. Currently, the Agency administers two multi-year grants to provide supportive housing and services to homeless households.

Other HUD Grants

HOC has received several smaller grants from HUD for services to residents in subsidized housing.

County Funds

County Operating Grant

Most direct funding received from Montgomery County is in the form of an annual grant. The majority of the grant funds are used for services to residents in assisted housing. The County grant also reimburses rental license fees charged by the County, offsets rising utility and Home Owner Association (HOA) Fees at our low-income and affordable properties, and supplements funding for Housing Resource Services and the Customer Service Centers.

Montgomery Housing Initiative Fund (HIF)

This fund was established by County law in 1988 to construct or acquire affordable housing units; buy and rehabilitate existing rental units that would otherwise be removed from the supply of affordable housing; and/or participate in mixed-use housing developments that will include affordable

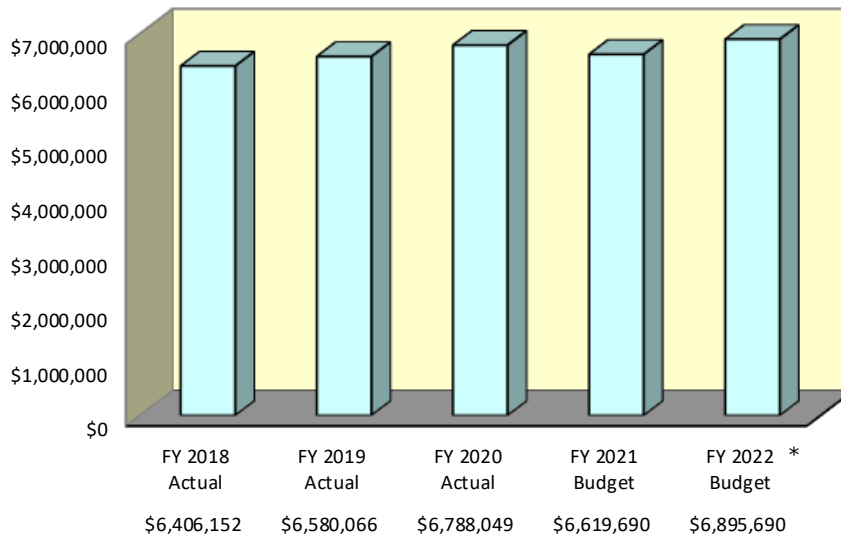
housing. HOC requests funds from the HIF on a specific basis.

County Revolving Funds

Montgomery County's Capital Improvements Program (CIP) includes two revolving funds that HOC is authorized to use as a source of short term financing. The Opportunity Housing Development Fund (OHDF) and the Moderately Priced Dwelling Unit/Property Acquisition Fund (MPDU/PAF). HOC has a loan limit of \$4.5 million from OHDF and a loan limit of \$12.5 million from the MPDU/Property Acquisition Fund. The use of either fund requires joint approval from the County Department of Finance and Department of Housing and Community Affairs (DHCA).

As of June 30, 2021, HOC had \$10.5 million in outstanding loans, which equals 62% of total authority.

County Operating Grant



**Represents 2.4% of Revenues for FY 2022*

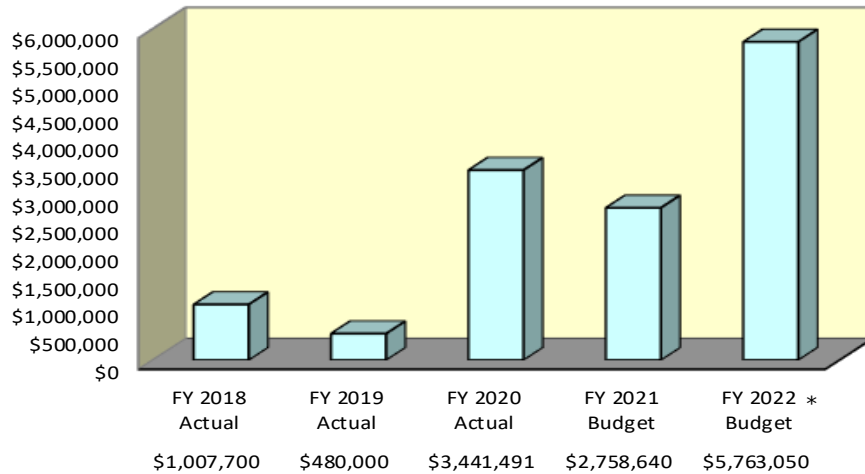
Mortgage Finance Activities

Multifamily Commitment Fees

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

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

Commitment Fees



**Represents 2.0% of Revenues for FY 2022*

In FY 2022, 40% of all commitment fees collected will be used to support the Agency’s operations. The other 60% of the fees will go to the Opportunity Housing Reserve Fund (OHRF) to fund future affordable housing development.

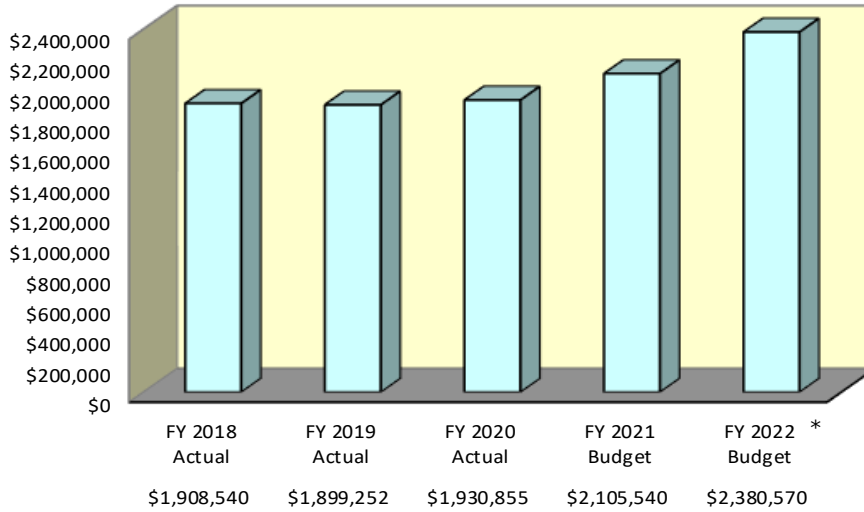
Mortgage Finance Activities (cont.)

Multifamily Loan Management Fees

HOC charges an ongoing loan management fee on multifamily mortgage loans. The loan management fee is based on 0.25% of the original mortgage for as long as the bonds remain outstanding or the

project requires compliance monitoring to satisfy its legal requirements. The Multifamily Loan Management Fee revenues are used to support the Agency's operating budget and have been a steady source of income to the Agency.

Loan Management Fees

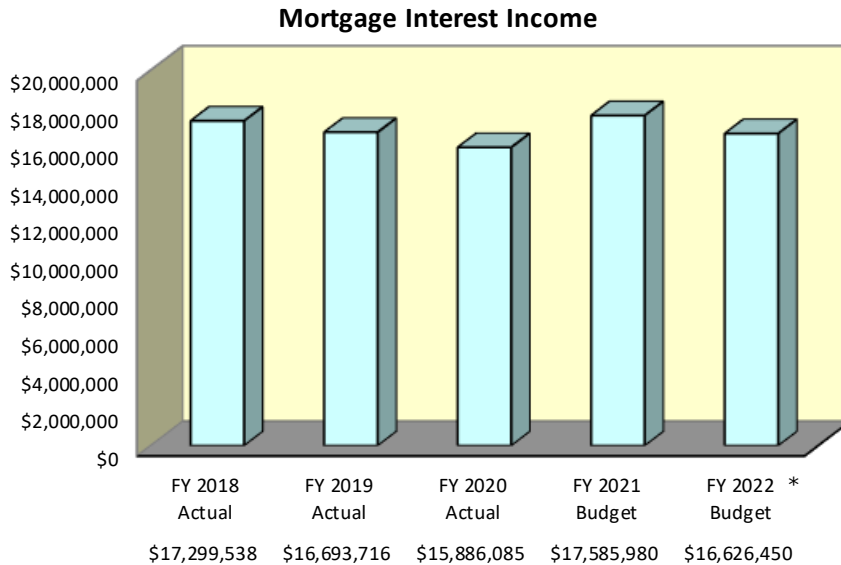


**Represents 0.8% of Revenues for FY 2022*

Mortgage Interest Income

In accordance with HOC’s mission to increase affordable housing in Montgomery County, HOC issues bonds to be used for the purchase of single family mortgages and the origination of multifamily properties. When bonds are issued, mortgage interest income will increase. Simultaneously, HOC

actively seeks opportunities to lower borrowing costs by refunding bonds which results in reduced mortgage interest income. This ongoing activity of issuing and refunding bonds to support our mission results in the fluctuating mortgage interest income as depicted in the chart below. The mortgage interest income earned on the bond funds is restricted to the program.



**Represents 5.7% of Revenues for FY 2022*

Bond Funds for Program Administration

The majority of the activities in these bond funds are related to the collection of mortgage loan repayments, investment income, and the payment of debt service on the bonds. These activities are regulated by the bond indentures and administered by the trustee. The Commission approves administration costs for these programs when it approves the Agency’s annual operating budget. Administration costs are incurred in the Mortgage Finance and Finance Divisions and are covered by revenue in the Single Family and Multifamily bond funds.

The FY 2022 budget draws \$1,280,866 from 1979 Single Family Mortgage Revenue Bond (MRB) Indenture for the cost of program administration for the Single Family Mortgage Purchase Program, and \$1,949,687 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture for the program administration costs of the Multifamily program.

The Commission’s financial advisor confirms annually to the Commission that the bond funds can maintain these draws without impairing the programs’ bond ratings.

Tax-exempt Mortgage Revenue Bonds

The largest revenue source for the capital development budget is mortgage revenue bonds. HOC has the authority to issue two types of revenue bonds: Single Family bonds and Multifamily bonds. Single Family bonds are sold to fund mortgages made to qualified purchasers of single family homes. Multifamily bonds are sold to fund mortgages for the purchase of developments of qualified multifamily rental properties. Typically, interest rates on both types of mortgages are below the interest rates on comparable conventional mortgages since issuers pay a lower rate to bond holders due to the tax-exempt status of the bonds.

The purpose of the tax exemption is to induce private investors to participate in the creation of

affordable housing. The tax exemption provides lower interest rates to help to make homeownership and rental housing more affordable to low and moderate income households. The tax-exempt status carries a host of restrictions regarding qualified buyers, properties and renters that requires ongoing compliance monitoring.

HOC is one of the most active local issuers of mortgage revenue bonds in the country. Since 1979, HOC has issued about \$4.5 billion of securities and currently has about \$1.0 billion of securities

outstanding. HOC has been one of a few local issuers that have remained active since 1986 when the Federal Government placed a limit on the volume of private activity bonds issued within a state. There is no federally imposed limit on the amount of essential purpose bonds. However, an annual ceiling of \$150 million is imposed by the State for bonds that are issued to fund developments that will be owned by non-profit corporations. The HOC Capital Development Budget relies heavily upon the issuance of essential purpose bonds.

Property Management Activities

Rents and Related Income from Properties

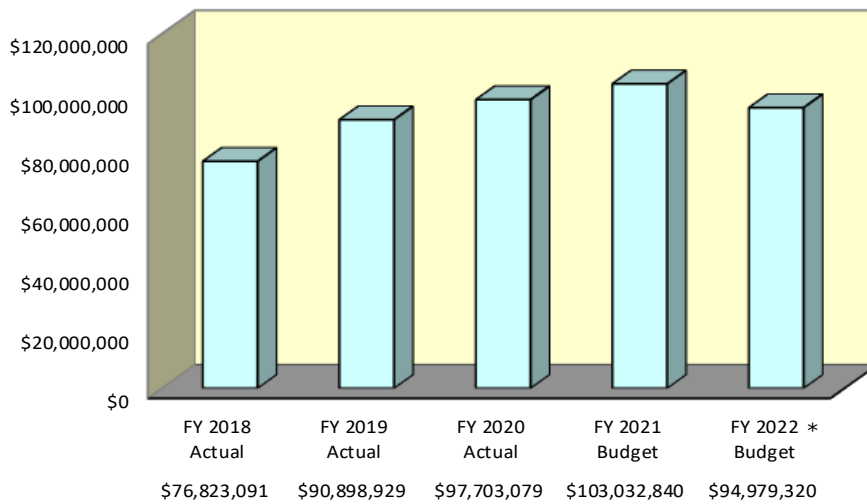
Rent assumptions for the Opportunity Housing Program are property specific and are based on a combination of subsidy requirements and market conditions. The Commission reviews rent assumption for the Opportunity Housing properties annually during the budget development process. Rent is HOC’s largest single revenue source after the Housing Assistance Payments.

The FY 2022 budget made the following assumptions for rental rates at Opportunity Housing Properties:

Rent increase upon renewal budgeted at 1.4%. Starting January 2022.

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

Tenant Income



**Represents 32.4% of Revenues for FY 2022.*

Opportunity Housing Property Reserves

Each Opportunity Housing property sets aside a planned amount of replacement reserves from operating income for future rehabilitation needs.

The annual amount is based on management agreements as well as the needs identified in the five year capital plan that is prepared for each property annually.

The FY 2022 Capital Improvement Budget for Opportunity Housing properties is funded from the replacement reserves that are set aside each year in the operating budget as well as Opportunity Housing Property Reserves, when necessary.

Management Fees

HOC charges fees to its properties and revenue generating divisions for central administration, property management administration, and asset management based on an indirect cost study that is updated annually.

Management Fees (non-Property): Many of HOC's non-Property revenue generating divisions have specific management fee guidelines that determine the fees charged to these programs. For programs that do not have specific guidelines, fees are charged based on a percentage of direct salary and benefit costs as calculated by the Indirect Cost Study.

Allocated Overhead Fees: The fees charged to the properties that HOC manages but does not own is based on a management agreement with the owners. The fee charged to the properties HOC owns and manages is based on allocating the full overhead costs as calculated by the Indirect Cost Study based on a per unit basis.

Other Income

Interest Income

Interest income is reflected throughout the Agency's funds based on the cash balances of its funds. The Agency has an investment policy that it follows to manage its cash investments.

Opportunity Housing Reserve Fund (OHRF)

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

The Commission makes final decisions about how funds from the OHRF are spent. By policy, the Commission has chosen to use OHRF primarily for capital development projects. The OHRF is usually used in conjunction with State and/or County subsidies to write down the capital costs or to provide a reserve fund for projected operating deficits in the early years. These funds are transferred by the Commission to the property reserves of a particular opportunity housing property, if needed.

Debt Management

Bonds issued by the Commission include Single Family Mortgage Revenue Bonds and Multifamily Housing Revenue Bonds. Single Family Mortgage Revenue Bonds provide below-market interest rate mortgage loans for the purchase of single family homes for low to moderate income families on an equal opportunity basis. The Multifamily Housing Revenue Bonds provide below-market rental units within multifamily developments for low to moderate income families.

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multifamily Housing Revenue Bonds constitute a liability or obligation, either direct or indirect, of Montgomery County, the State of Maryland or any political subdivision thereof.

Mortgage payments on Opportunity Housing properties are paid from the properties' accounts; these payments are not backed by the full faith and credit of the Agency.

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

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

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

The Commission has the use of revolving funds from the County in the amount of \$17 million; these loans are used for interim financing and are repaid when HOC is reimbursed from the source of the permanent financing for the project. HOC also has a \$70 million working capital line of credit; a \$60

million unsecured line of credit; and a \$90 million Real Estate Line of Credit with PNC Bank. The \$60 million and \$90 million lines of credit are also used for interim financing of development activity, or other purposes if approved by the Commission and the Bank.

In FY 1995, Moody's assigned HOC an A2 bond rating. The Agency continues to maintain this rating. HOC was the first local housing agency in the country to seek and attain such a rating.

Legal Debt Limit

HOC is not limited in the amount of debt it can incur. However, each financing plan is reviewed by Moody's to ensure that our A bond rating is maintained. The following table summarizes the total indebtedness of the Agency as of June 30, 2021.

Debt Summary (As of June 30, 2021)

Bonds	Amount Issued	Amount Outstanding	Property Related	Amount Outstanding
Single Family Fund	\$376,060,000	\$223,214,405	Intra-Commission Mortgages	\$162,090,081
Multifamily Fund	\$631,881,992	\$443,198,446	Other Mortgages	\$467,949,948
Total HOC Bonds	\$1,007,941,992	\$666,412,851	Total Mortgages	\$630,040,029
Non-Obligated Multifamily Bonds	\$200,138,000	\$181,616,664	Notes Payable to County	\$100,085,472
Total Non-Obligated Bonds	\$200,138,000	\$181,616,664	County Revolving Funds	\$6,892,755
			Total Debt to County	\$106,978,227
			Notes Payable to State	\$17,512,207
TOTAL BONDS	\$1,208,079,992	\$848,029,515	TOTAL PROPERTY DEBT	\$754,530,463

Single Family Mortgage Revenue Bonds (As of June 30, 2021)

Bond Series	Final Maturity	Amount Issued	Amount Outstanding
2007 Series E	1/1/2038	\$13,000,000	\$8,315,000 (1)
2008 Series D	7/1/2039	\$17,200,000	\$17,200,000
2013 Series A	1/1/2031	\$38,645,000	\$13,010,000
2013 Series B	7/1/2043	\$14,825,000	\$2,040,000 (1)
2016 Series A	7/1/2046	\$32,805,000	\$18,285,000
2016 Series B	7/1/2022	\$9,850,000	\$3,035,000
2017 Series A	7/1/2048	\$22,000,000	\$16,140,000
2017 Series B	7/1/2030	\$11,300,000	\$8,385,000
2018 Series A	7/1/2049	\$29,435,000	\$24,115,000
2018 Series B	7/1/2039	\$8,450,000	\$8,450,000
2021 Series A	1/1/2050	\$22,820,000	\$22,750,000
2021 Series B	7/1/2029	\$5,650,000	\$5,650,000
2021 Series C	7/1/2041	\$10,000,000	\$10,000,000
Total Single Family Revenue Bonds		\$235,980,000	\$157,375,000
SINGLE FAMILY HOUSING REVENUE BONDS (As of June 30, 2021)			
NIBP 2009 Series A	7/1/2026	\$10,000,000	\$0
NIBP 2009 Series B	7/1/2039	\$15,000,000	\$0
NIBP 2009 Series C-1	7/1/2041	\$9,000,000	\$4,890,000
NIBP 2009 Series C-2	7/1/2041	\$16,170,000	\$7,850,000
NIBP 2009 Series C-3	7/1/2029	\$2,450,000	\$1,960,000
NIBP 2009 Series C-4	1/1/2041	\$9,770,000	\$4,120,000
NIBP 2009 Series C-5	7/1/2031	\$2,610,000	\$2,370,000
NIBP 2010 Series A	1/1/2027	\$6,000,000	\$800,000
NIBP 2011 Series A	7/1/2027	\$12,425,000	\$2,325,000
NIBP 2012 Series A	1/1/2043	\$12,545,000	\$3,660,000
Total HOC Owned Bonds		\$95,970,000	\$27,975,000
HOC PROGRAM REVENUE BOND (As of June 30, 2021)			
HOC PRB 2019A	7/1/2049	\$28,280,000	\$22,670,000
HOC PRB 2019A	1/1/2033	\$4,610,000	\$3,510,000
HOC PRB 2019A	7/1/2039	\$11,220,000	\$8,525,000
Total HOC Program Revenue Bonds		\$44,110,000	\$34,705,000
Total HOC Owned Bonds		\$376,060,000	\$220,055,000
Bonds Premium at 6/30/21		\$0	\$3,159,405
Total Single Family Bonds		\$376,060,000	\$223,214,405
(1) Includes Accreted Value			

Multifamily Housing Bonds (As of June 30, 2021)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
1996 Stand Alone Bond - Multifamily Housing Development Bonds					
2021 Series A	WSG (Green Bonds)		7/1/2052	\$99,250,000	\$99,250,000
SUBTOTAL				\$99,250,000	\$99,250,000
1984 Open Indenture					
1984 Series A			7/1/2026	\$5,521,992	\$338,446 (1)
1995 Series A	MPDU I	HOC	7/1/2026	\$23,910,000	\$0
SUBTOTAL				\$29,431,992	\$338,446
1996 Open Indenture					
2004 Series A	Charter House	Private	7/1/2036	\$13,700,000	\$9,645,000
2004 Series B	Rockville Housing	Non-Profit	7/1/2045	\$4,085,000	\$3,225,000
2005 Series B	The Metropolitan Tax Credit	HOC	7/1/2034	\$5,440,000	\$3,705,000
2005 Series C	The Metropolitan HOC	HOC	7/1/2037	\$28,630,000	\$21,170,000
2007 Series A	Forest Oak	HOC	7/1/2037	\$19,055,000	\$0
2007 Series C-1	Tx Cr 9, Tx Cr Pond Ridge	Non-Profit/HOC	7/1/2028	\$5,110,000	\$0
2010 Series A	Magruders	HOC	7/1/2041	\$12,375,000	\$0
2011 Series A	MetroPointe	HOC	1/1/2049	\$33,585,000	\$29,630,000
2011 Series B	MetroPointe	HOC	1/1/2049	\$3,020,000	\$2,685,000
2012 Series A	Ring House & Scattered Sites	Private/HOC	7/1/2043	\$24,935,000	\$17,085,000
2012 Series B	TPM (redeem), Dring's Reach (redeem) & Oaks	HOC/private/HOC	7/1/2033	\$18,190,000	\$1,765,000
2012 Series C	Shady Grove, Manchester, Willows, Tax Cr 10, Stewartown, Georgian Crt	HOC	7/1/2031	\$24,230,000	\$10,215,000
2012 Series D	Pooks Hill, Diamond Sq., Montgomery Arms, The Glen	HOC	7/1/2043	\$34,975,000	\$26,095,000
2014 Series A	RAD 6 - Senca Ridge, Wash. Sq., Parkway Woods, Ken Gar, Sandy Spring, Towne Center	HOC	7/1/2046	\$24,000,000	\$21,655,000
2015 Series A-1	Arcola	HOC	1/1/2053	\$15,010,000	\$14,175,000
2015 Series A-2	Waverly	Private	7/1/2018	\$20,840,000	\$0
2017 Series A	Greenhills	HOC	7/1/2054	\$12,000,000	\$11,730,000
2019 Series A-1	Elizabeth House III	HOC	7/1/2064	\$51,420,000	\$51,420,000
2019 Series A-2	Elizabeth House III	HOC	1/1/2025	\$3,580,000	\$3,580,000
2019 Series B	Barclay (HOC)	HOC	7/1/2036	\$7,565,000	\$7,165,000
2019 Series C	Barclay (Tx Cr) and Spring Garden	HOC	7/1/2036	\$9,840,000	\$9,330,000
2020 Series A	Bauer Park	HOC	1/1/2063	\$25,665,000	\$25,665,000
2020 Series B	Magruders and Strathmore (both)	HOC	7/1/2041	\$25,270,000	\$24,735,000
2020 Series C	Forest Oak & Tax Cr 9/Pond Ridge	HOC	7/1/2037	\$16,410,000	\$16,000,000
2021 Series B	Stewartown	HOC	7/1/2063	\$16,145,000	\$16,145,000
SUBTOTAL				\$455,075,000	\$326,820,000
Housing Development Bonds (Guaranteed by Montgomery County)					
1998 Issue A	Landings Edge	Non-Profit	7/1/2028	\$12,900,000	\$5,430,000
SUBTOTAL				\$12,900,000	\$5,430,000
Multiple Purpose Indenture					
2002 Series A	Strathmore Court	HOC	11/1/2033	\$22,325,000	\$0
SUBTOTAL				\$22,325,000	\$0
Multifamily Housing Bonds Indenture					
2009 Series A-2	Argent		1/1/2044	\$8,040,000	\$8,040,000
2010 Series A	Argent		1/1/2033	\$4,860,000	\$3,320,000
SUBTOTAL				\$12,900,000	\$11,360,000
Total Multifamily Bonds				\$631,881,992	\$443,198,446

(1) Includes Accreted Value

Multifamily Housing Bonds (As of June 30, 2021)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Non-Obligation Bond Issues:					
<u>Multifamily Housing Revenue Bonds</u>					
2004 Issue B	Blair Park	Private	10/15/2036	\$2,700,000	\$1,559,343
2006 Issue A	Covenant Village	Private	12/1/2048	\$6,418,000	\$5,742,610
2008 Issue A	Victory Forest	Private	9/1/2045	\$6,600,000	\$1,166,795
Series 2018	Hillside Senior Living	Private	2/1/2060	\$26,270,000	\$20,170,000
<u>Multifamily Housing Revenue Refunding Bonds</u>					
2001 Issue A	Draper Lane	Private	3/1/2040	\$35,000,000	\$35,000,000
2001 Issue B	Draper Lane	Private	3/1/2040	\$11,000,000	\$11,000,000
2001 Issue C	Draper Lane	Private	3/1/2040	\$6,000,000	\$6,000,000
<u>Variable Housing Revenue Bonds</u>					
2005 Issue I	Oakfield	Private	10/15/2039	\$38,000,000	\$38,000,000
2012 Issue A	Victory Court	Private	10/1/2024	\$8,400,000	\$7,480,360
<u>Non-Obligation Notes - (Multifamily Housing Revenue Bonds)</u>					
2015 Issue A	The Crossings - Olde Towne Gaithersburg Apts (Y-Site)	Private	4/1/2048	\$25,525,000	\$24,250,994
2015 Issue B	Lakeview House Apts.	Private	7/1/2031	\$34,225,000	\$31,246,562
SUBTOTAL				\$200,138,000	\$181,616,664

Property Related Debt (As of June 30, 2021)

Property	Purpose	Amount Outstanding	Property	Purpose	Amount Outstanding
<u>Intra-Commission mortgages made from bond issues</u>			<u>Other Loans/OHRF</u>		
Barclay Development Corporation	Mortgage	\$7,056,484	9845 Lost Knife road	Acquisition	\$50,000
Barclay One Associates LP	Mortgage	\$4,568,381	Alexander House Dev	Rehab	\$178,138
Brookside Glen LP	Mortgage	\$4,049,675	Ambassador	Rehab	\$197,612
Diamond Square	Mortgage	\$1,033,838	Barclay Development Corporation	Rehab	\$119,765
Georgian Court Silver Spring LP	Mortgage	\$2,285,363	Bradley Crossing	Acquisition	\$1,000,000
Magruder's Discovery	Mortgage	\$9,858,107	Development in Process	Rehab	\$1,077,693
Manchester Manor Apts	Mortgage	\$1,159,963	Elizabeth House IV	Acquisition	\$1,782,300
Metropolitan Bethesda LP	Mortgage	\$4,950,230	Georgian Court	Rehab	\$133,639
Metropolitan Development Corp.	Mortgage	\$21,517,986	HOC at Hillandale Gateway	Acquisition	\$2,328,473
MHLP IX-MPDU	Mortgage	\$1,539,858	Metropolitan Bethesda LP	Acquisition	\$1,142,000
MHLP IX-Pond Ridge	Mortgage	\$902,352	Montgomery Arms	Rehab	\$1,340,036
MHLP X	Mortgage	\$2,065,567	MV Gateway , LLC (Cider Mill)	Acquisition	\$3,000,000
Montgomery Arms	Mortgage	\$6,442,905	MV Affordable Housing LP (Stewartown)	Acquisition	\$466,889
Pooks Hill Highrise	Mortgage	\$14,758,245	Paddington Square	Rehab	\$923,038
Pooks Hill Midrise	Mortgage	\$1,478,687	Shady Grove Apts LP	Acquisition	\$141,043
RAD 6	Mortgage	\$21,667,688	The Willows of Gaithersburg Assoc. LP	Acquisition	\$43,750
Scattered Site One Dev Corp	Mortgage	\$7,506,988	Wheaton Metro Development Corporation	Rehab	\$1,379,283
Shady Grove Apts LP	Mortgage	\$3,601,687	Subtotal		\$15,303,659
Strathmore Court at White Flint	Mortgage	\$12,104,864	<u>Notes Payable to State of Maryland</u>		
Strathmore Court Associates LP	Mortgage	\$2,416,537	CDBG McAlpine Road	Rehab	\$107,493
The Oaks at Four Corners	Mortgage	\$1,240,478	Dale Drive	RHPP	\$600,000
The Willows of Gaithersburg Assoc. LP	Mortgage	\$1,416,530	Diamond Square	RHPP	\$2,000,000
Wheaton Metro Development Corporation	Mortgage	\$28,467,668	Montgomery Arms	RHPP	\$84,578
Subtotal		\$162,090,081	State Rental Consolidated	PHRP	\$8,795,567
			State Rental VII	PHRP	\$4,712,863
			The Glen	RHPP	\$1,211,706
			Subtotal		\$17,512,207
			<u>Loans from Montgomery County Revolving Funds</u>		
			Ambassador	Interim Financing	\$2,284,066
			Bonifant Office	Interim Financing	\$4,304,000
			Holiday Park Townhouse	Interim Financing	\$304,689
			Subtotal		\$6,892,755

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

Property	Purpose	Amount Outstanding	Property	Purpose	Amount Outstanding
(cont.)					
<u>Other Mortgages</u>			<u>Notes Payable to Montgomery County</u>		
9845 Lost Knife Road	Sandy Spring Bank	\$1,884,422	Ambassador	Acquisition	\$2,000,000
MV Gateway II, LLC	Cafritz	\$12,048,970	Bradley Crossing	Acquisition	\$4,200,000
Paddington Square	Love Funding	\$18,636,412	Brooke Park Apartments	Acquisition	\$4,959,179
Scattered Site Two Dev Corp	PNC Bank	\$4,089,700	CDBG	Acquisition	\$604,275
Southbridge	Sandy Spring Bank	\$1,841,059	CDBG McAlpine Road	Acquisition	\$101,168
The Manor At Cloppers Mill LLC	PNC Bank	\$10,427,606	Chelsea Towers	Acquisition	\$1,034,225
The Manor At Colesville LLC	PNC Bank	\$7,613,209	Chelsea Towers	Home Funds	\$225,000
The Manor At Fair Hill Farm LLC	PNC Bank	\$11,408,209	County Revolving CCAP	Acquisition	\$1,583,158
VPC One Development Corporation	PNC Bank	\$28,622,261	Dale Drive	Construction	\$1,738,012
VPC Two Development Corporation	PNC Bank	\$20,340,295	Diamond Square	Rehab	\$2,746,344
Westwood Tower	United Bank	\$20,400,000	Glenmont Crossing	Rehab	\$2,850,000
Subtotal		\$137,312,143	Glenmont Westerly	Rehab	\$1,510,250
<u>Other Loans</u>			Georgian Court SilverSpring LP		\$1,391,238
8800 Brookville Road	Acquisition	\$10,850,000	HOC/HOP	Acquisition/Rehab	\$156,163
Alexander House Development Corp.	Construction-FFB	\$50,626,628	Jubilee Housing	Predevelopment	\$965,231
Ambassador	Line of Credit	\$1,862,495	King Farm Village Center	Acquisition & Rehab	\$1,697,078
Avondale Apartments	Acquisition	\$7,037,704	Manchester Manor Apts	Housing Initiative Funds	\$714,770
Barclay Development Corporation	Rehab	\$2,341,154	McHAF (MC Homeownership Assistance Fund)	Acquisition	\$3,000,000
Barclay One Associates LP	Rehab	\$2,891,404	Mchome	Acquisition & Rehab	\$2,005,645
Bradley Crossing	Acquisition	\$9,596,677	MHLP IX- MPDU		\$800,000
Brooke Park	Acquisition	\$2,903,688	MHLP IX- Pond Ridge		\$605,500
Development in process	Note Payable	\$19,038,113	MHLP X		\$800,000
Development in process - Yrs 15 Properties	Note Payable	\$1,371,600	Montgomery Arms	Acquisition & Rehab	\$1,699,307
Fairfax Court	Refinancing	\$316,251	MV Affordable Housing LP (Stewartown)		\$2,107,503
Glenmont Crossing	Rehab/Purchase-FFB	\$13,767,941	MV Gateway LLC	Acquisition	\$15,000,000
Glenmont Westerly	Rehab/Purchase-FFB	\$13,670,296	NCI I	Acquisition & Rehab	\$4,039,753
HOC Fenwick & Second Headquarters	Acquisition	\$1,186,016	NSP I	Acquisition & Rehab	\$1,993,071
HOC at Veirs Mill East	Acquisition	\$3,000,000	Oaks @ Four Corners	Acquisition & Rehab	\$1,580,714
HOC at Wheaton Gateway	Acquisition	\$8,530,881	Paddington Square	Acquisition	\$5,196,232
Metropolitan Bethesda LP	Loan/advance	\$12,933,683	Pooks Hill Midrise	Acquisition	\$235,030
MHLP IX- MPDU- Note payable	Acquisition	\$1,322,038	Scattered Site Two Development Corp	Acquisition	\$609,108
MHLP IX- Pond Ridge- HOC Note payable	Acquisition	\$414,446	Shady Grove Apts LP	Home Funds	\$267,996
MHLP VII	Refinancing	\$522,725	Southbridge	Acquisition & Rehab	\$5,974,031
MHLP X- Note payable	Acquisition	\$1,138,645	State rental combined	Acquisition	\$60,000
MPDU 64	Refinancing	\$895,819	State Rental VII	Acquisition	\$1,668,050
MV Affordable Housing LP (Stewartown)	Acquisition	\$1,527,035	The Glen	Acquisition	\$607,089
MV Gateway , LLC (Cider Mill)	Acquisition - FFB	\$120,549,874	The Manor At Fair Hill Farm LLC	Acquisition	\$6,576,505
Strathmore Court Associates LP	Loan/advance	\$2,187,703	The Manor At Cloppers Mill LLC	Acquisition	\$7,345,532
The Manor At Cloppers Mill LLC (HOC Mortgage)	Acquisition	\$435,200	The Manor At Colesville LLC	Acquisition	\$5,879,550
The Manor At Colesville LLC (HOC Mortgage)	Acquisition	\$319,057	The Willows of Gaithersburg Assoc. LP	Home Funds	\$573,994
The Manor At Fair Hill Farm LLC (HOC Mortgage)	Acquisition	\$476,161	Wheaton Metro Dev Corp.	Rehab	\$2,984,721
The Willows of Gaithersburg Assoc. LP	Rehab/purchase	\$293,182	Subtotal		\$100,085,472
TPP LLC - Pomander	Rehab-FFB	\$3,511,528	Total Property Related Debt		
TPP LLC - Timberlawn	Rehab-FFB	\$15,656,202	\$754,530,463		
VPC One Development Corporation	Rehab	\$2,446,912			
VPC Two Development Corporation	Rehab	\$1,713,088			
Subtotal		\$315,334,146			

Debt Summary By Fund

Property Name	Total Debt Service			FY 2022 Adopted Budget			
	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended	Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
General Fund							
Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IT	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Refund	\$97,126	\$58,292	\$12,000	\$4,600	\$0	\$0	\$4,600
Customer Service Center	\$0	\$100,000	\$96,000	\$0	\$0	\$96,000	\$96,000
LOC	\$6,497,934	\$0	\$0	\$0	\$0	\$0	\$0
Smith Village	\$21,817	\$21,817	\$0	\$0	\$0	\$0	\$0
Total General Fund	\$6,616,877	\$180,109	\$108,000	\$4,600	\$0	\$96,000	\$100,600
Multifamily Bond Fund	\$10,938,440	\$10,851,297	\$11,396,840	\$11,461,130	\$0	\$0	\$11,461,130
Single Family Bond Fund	\$5,881,930	\$5,928,668	\$5,388,300	\$5,773,530	\$870	\$0	\$5,774,400
Opportunity Housing Fund							
Alexander House Dev Corp	\$0	\$1,547,547	\$2,375,790	\$1,730,200	\$0	\$645,590	\$2,375,790
Ambassador	\$37,284	\$21,084	\$0	\$0	\$0	\$0	\$0
Avondale Apartments	\$140,884	\$104,860	\$33,810	\$33,820	\$0	\$0	\$33,820
Barclay Apartments Dev Corp	\$677,223	\$675,740	\$674,190	\$307,320	\$34,390	\$330,860	\$672,570
Barclay Affordable	\$0	\$292,301	\$437,620	\$202,700	\$22,190	\$211,700	\$436,590
Brookside Glen (The Glen) LP	\$498,802	\$491,520	\$496,460	\$200,180	\$19,560	\$275,470	\$495,210
Brookville Rd	\$189,273	\$278,214	\$0	\$0	\$0	\$0	\$0
CDBG Units	\$929	\$929	\$920	\$920	\$0	\$0	\$920
Chelsea Towers	\$56,727	\$54,396	\$138,890	\$44,460	\$0	\$92,030	\$136,490
Cider Mill Apartments	\$6,004,241	\$6,633,056	\$6,613,730	\$4,751,470	\$299,180	\$1,631,730	\$6,682,380
Diamond Square LP	\$117,906	\$117,569	\$117,310	\$46,690	\$5,000	\$65,300	\$116,990
Day Care at 9845 Lost Knife Rd	\$55,960	\$135,501	\$117,130	\$77,560	\$0	\$37,730	\$115,290
Fairfax Court	\$24,402	\$26,085	\$26,780	\$3,280	\$0	\$20,460	\$23,740
Georgian Court Affordable	\$0	\$273,591	\$443,750	\$50,700	\$5,560	\$91,370	\$147,630
Glenmont Crossing Dev Corp	\$828,913	\$652,592	\$675,960	\$445,410	\$0	\$230,550	\$675,960
Glenmont Westerly Dev Corp	\$538,833	\$553,223	\$671,170	\$442,250	\$0	\$228,920	\$671,170
Holiday Park	\$101,563	\$101,563	\$101,560	\$0	\$0	\$101,560	\$101,560
Magruder's Discovery Dev Corp	\$927,100	\$926,113	\$924,880	\$623,630	\$48,620	\$251,410	\$923,660
Manchester Manor Apartments	\$171,376	\$252,592	\$220,890	\$78,780	\$5,480	\$136,120	\$220,380
Manor at Clopper's Mill, LLC	\$368,988	\$632,531	\$692,070	\$86,070	\$0	\$88,100	\$174,170
Manor at Colesville, LLC	\$270,543	\$463,726	\$532,970	\$63,100	\$0	\$64,590	\$127,690
Manor at Fair Hill Farm, LLC	\$403,792	\$692,064	\$720,770	\$94,170	\$0	\$96,390	\$190,560
MetroPointe Dev Corp	\$1,948,945	\$1,946,560	\$1,944,070	\$1,268,200	\$140,690	\$532,570	\$1,941,460
Metropolitan Dev Corp	\$2,305,555	\$2,301,957	\$2,298,120	\$1,347,480	\$105,330	\$841,230	\$2,294,040
Metropolitan Affordable	\$0	\$364,714	\$546,310	\$320,320	\$25,040	\$199,980	\$545,340

Debt Summary By Fund (cont.)

Property Name	Total Debt Service			FY 2022 Adopted Budget			
	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended	Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
(cont.)							
MHLP VII	\$29,342	\$30,437	\$27,840	\$5,470	\$0	\$34,180	\$39,650
MHLP IX - Pond Ridge	\$202,199	\$238,097	\$241,660	\$114,940	\$4,200	\$121,950	\$241,090
MHLP IX - Scattered	\$366,815	\$432,512	\$438,490	\$213,450	\$7,170	\$216,920	\$437,540
MHLP X	\$255,116	\$305,465	\$420,400	\$192,290	\$9,870	\$262,780	\$464,940
Montgomery Arms Dev Corp	\$687,175	\$685,601	\$683,960	\$293,260	\$31,120	\$357,840	\$682,220
MPDU I (64)	\$227,622	\$226,859	\$226,050	\$45,130	\$3,750	\$176,310	\$225,190
Oaks @ Four Corners Dev Corp	\$282,813	\$281,942	\$280,920	\$71,320	\$5,570	\$203,130	\$280,020
Paddington Square Dev Corp	\$1,132,326	\$1,130,561	\$1,127,630	\$552,700	\$66,840	\$319,520	\$939,060
Pooks Hill High-Rise Dev Corp	\$1,026,668	\$1,024,452	\$1,022,160	\$467,630	\$72,300	\$479,860	\$1,019,790
Pooks Hill Mid-Rise	\$298,108	\$298,108	\$298,110	\$69,780	\$0	\$228,330	\$298,110
RAD 6 - Ken Gar Dev Corp	\$103,243	\$103,190	\$103,030	\$60,520	\$7,320	\$35,020	\$102,860
RAD 6 - Parkway Woods Dev Corp	\$116,882	\$116,733	\$116,520	\$68,440	\$8,280	\$39,600	\$116,320
RAD 6 - Sandy Spring Meadow Dev Corp	\$261,315	\$260,914	\$260,500	\$153,020	\$18,510	\$88,540	\$260,070
RAD 6 - Seneca Ridge Dev Corp	\$517,110	\$516,449	\$515,490	\$302,800	\$36,630	\$175,200	\$514,630
RAD 6 - Towne Centre Place Dev Corp	\$175,204	\$174,936	\$174,620	\$102,590	\$12,410	\$59,360	\$174,360
RAD 6 - Washington Square Dev crop	\$336,125	\$335,695	\$335,070	\$196,820	\$23,810	\$113,880	\$334,510
Scattered Sites One Dev Corp	\$564,081	\$563,201	\$561,750	\$292,360	\$36,910	\$231,530	\$560,800
Scattered Sites Two Dev Corp	\$271,994	\$270,658	\$268,820	\$147,250	\$0	\$121,700	\$268,950
Shady Grove Apartments	\$590,484	\$587,519	\$593,580	\$64,190	\$5,870	\$127,390	\$197,450
Southbridge	\$125,218	\$125,218	\$125,220	\$82,660	\$0	\$42,560	\$125,220
Stewarttown Affordable	\$0	\$136,931	\$281,420	\$0	\$0	\$0	\$0
Strathmore Court	\$1,186,171	\$1,183,123	\$1,178,440	\$621,460	\$0	\$553,010	\$1,174,470
Strathmore Court Affordable	\$0	\$483,440	\$729,840	\$335,790	\$0	\$398,030	\$733,820
TPP - LLC - Pomander Court	\$220,524	\$179,165	\$179,170	\$133,740	\$0	\$45,430	\$179,170
TPP - LLC - Timberlawn	\$966,771	\$798,810	\$798,810	\$596,260	\$0	\$202,550	\$798,810
VPC One Dev Corp	\$1,482,915	\$1,480,927	\$1,481,330	\$751,480	\$0	\$729,770	\$1,481,250
VPC Two Dev Corp	\$1,052,297	\$1,053,893	\$1,053,890	\$534,700	\$0	\$519,260	\$1,053,960
Westwood Towers	\$906,666	\$902,190	\$902,190	\$902,190	\$0	\$0	\$902,190
Willows of Gaithersburg	\$270,854	\$300,510	\$281,920	\$86,050	\$13,930	\$180,320	\$280,300
Total Opportunity Housing Fund	\$29,325,277	\$33,767,564	\$35,513,980	\$19,677,000	\$1,075,530	\$12,237,630	\$32,990,160
TOTAL AGENCY	\$52,762,524	\$50,727,638	\$52,407,120	\$36,916,260	\$1,076,400	\$12,333,630	\$50,326,290

Agency Funds (As of June 30, 2021)

Shown below is the agency's projected income statement and impact on fund balance for all funds for FY 2021 based on the accrual basis. The agency's budgets are adopted under the modified cash basis. This chart is prepared to help in converting the cash based budgets to the agency's accrual based financial statements.

	General Fund	Opportunity Housing Fund	Public Fund	Multifamily Bond Fund	Single Family Bond Fund	Eliminations	Total
Beginning Fund Balance: 6/30/20	\$29,887,073	\$105,919,838	\$5,586,200	\$39,689,274	\$33,808,500	\$0	\$214,890,885
Revenue:							
Housing Assistance Payments (HAP)	\$0	\$0	\$117,845,040	\$0	\$0	\$0	\$117,845,040
HAP administrative fees	\$0	\$0	\$9,205,546	\$0	\$0	\$0	\$9,205,546
Other grants	\$0	\$0	\$5,234,049	\$0	\$0	\$0	\$5,234,049
State and County grants	\$0	\$0	\$10,860,677	\$0	\$0	\$0	\$10,860,677
Investment income	\$0	\$0	\$0	\$5,148,157	\$2,155,570	\$0	\$7,303,727
Unrealized Gains (Losses) on Investment	\$0	\$0	\$0	(\$5,283,301)	(\$807,731)	\$0	(\$6,091,031)
Interest on mortgage & construction loans receivable	\$0	\$0	\$0	\$2,249,583	\$12,435,953	(\$8,392,519)	\$6,293,017
Dwelling Rental	\$160	\$98,003,473	\$759,542	\$0	\$0	\$0	\$98,763,174
Dwelling units sale/loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management fees and other income	\$16,355,634	\$3,807,685	\$94,143	\$0	\$0	(\$10,520,003)	\$9,737,459
Total Operating Income	\$16,355,794	\$101,811,158	\$143,998,996	\$2,114,439	\$13,783,793	(\$18,912,522)	\$259,151,658
Expenses:							
Housing Assistance Payments	\$0	\$0	\$120,329,139	\$0	\$0	\$0	\$120,329,139
Administration	\$13,476,225	\$15,024,822	\$16,616,750	\$1,043,286	\$2,022,571	(\$6,806,029)	\$41,377,624
Maintenance	\$2,932,658	\$22,784,596	\$17,376	\$0	\$0	\$0	\$25,734,630
Depreciation and amortization	\$491,308	\$19,679,553	\$293,650	\$0	\$0	\$0	\$20,464,510
Utilities	\$175,341	\$7,319,450	\$301,675	\$0	\$0	\$0	\$7,796,466
Fringe benefits	\$4,655,140	\$3,375,546	\$2,501,919	\$114,255	\$195,749	\$0	\$10,842,609
Interest Expense	\$0	\$23,604,842	\$0	\$4,153,501	\$11,340,266	(\$8,392,519)	\$30,706,090
Other	\$3,010,707	\$10,754,434	\$1,677,023	\$244,623	\$0	(\$3,713,974)	\$11,972,813
Total Operating Expenses	\$24,741,380	\$102,543,241	\$141,737,531	\$5,555,665	\$13,558,585	(\$18,912,522)	\$269,223,881
Operating Income (loss)	(\$8,385,586)	(\$732,084)	\$2,261,465	(\$3,441,226)	\$225,208	\$0	(\$10,072,223)
Non-operating revenues (expense):							
Other Grants	\$0	\$293,994	\$0	\$0	\$0	\$0	\$293,994
State and County grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment income	\$485,448	\$365,245	\$5,717	\$0	\$0	\$0	\$856,410
Unrealized Gains (Losses) on Investment	\$0	(\$3,257,324)	\$0	\$0	\$0	\$0	(\$3,257,324)
Interest on mortgage & construction loans receivable	\$10,758,487	\$743,082	\$0	\$0	\$0	(\$7,869,766)	\$3,631,803
Interest Expense	(\$9,210,604)	(\$843,049)	\$0	\$0	\$0	\$7,869,766	(\$2,183,887)
Total Non-operating Income (Loss)	\$2,033,331	(\$2,698,052)	\$5,717	\$0	\$0	\$0	(\$659,004)
Real Estate Equity transfer in/(out)	\$0	\$166,727	\$0	\$0	\$0	\$0	\$166,727
Capital Contributions	\$0	\$15,274,182	\$0	\$0	(\$447,770)	\$0	14,826,412
Operating transfers in (out)	(\$950,285)	\$950,285	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance: 6/30/21	\$22,584,533	\$118,880,897	\$7,853,382	\$36,248,048	\$33,585,938	\$0	\$219,152,797
Change in Fund Balance *	(\$7,302,540)	\$12,961,059	\$2,267,182	(\$3,441,226)	(\$222,562)	\$0	\$4,261,912
Budgeted Fund Balance: 6/30/22 est.	\$20,360,688	\$121,104,742	\$7,853,382	\$39,335,764	\$35,146,102	\$0	\$223,800,677
Budgeted Change in Fund Balance for FY 2022	(\$2,223,845)	\$2,223,845	\$0	\$3,087,716	\$1,560,164	\$0	\$4,647,880

* **General Fund:** The change in Fund Balance is a result of the current and budgeted operating loss.

Opportunity Housing Fund (OH): The change is due to the transfer of former tax credit properties to OH portfolio.

Public Fund/Multifamily Bond Fund/Single Family Bond Fund: The change in Fund Balance is due to current year operating income.



Glossary

Glossary

Adopted Budget
June 9, 2021

List of Commonly Used Terms

9% Tax Credit

Credits against income tax granted competitively by allocation from state housing agencies in return for the production or preservation of housing affordable to specified income levels over 10 years; one of two low income housing tax credits (LIHTC).

501(c)(3)

A non-profit and tax-exempt organization which is organized under Section 501(c)(3) of the Federal Tax Code. A 501(c)(3) Bond can be used to provide single family housing without the need for Private Activity Volume Cap.

Accreted Value

The theoretical price a bond would sell at if market interest rates were to remain at current levels.

Accrual Basis

A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Acquisition Without Rehabilitation (AWOR)

The portion of the Federal Public Housing rental program which provides funds for the acquisition of new or existing units to be rented to eligible households.

Acronym

An abbreviation (such as FBI) formed from initial letters.

Administrative Fees

Revenue earned in the Housing Choice Voucher program based on the number of vouchers under contract the first of the month.

Administrative Plan (HCV Program)

Establishes policies for carrying out the Voucher programs in a manner consistent with HUD requirements and local goals and objectives contained in the Agency Plan.

Admissions & Occupancy Policy (A & O Policy)

All HOC housing programs (except Public Housing) are administered with a program specific A&O Policy describing program advertising, eligibility, applicant processing procedures, resident selection, and occupancy standards.

Admissions and Continued Occupancy Policy (ACOP)

Defines the policies for the operation of HOC's Public Housing Program, incorporating Federal, State and local law.

Agency

One of the various local and state government entities having relevance to the Commission such as the major components of Montgomery County government; namely Executive departments, Legislative offices and boards.

American Dream Down-payment Initiative (ADDI)

ADDI is a special closing cost and down-payment assistance effort funded with HUD HOME funds provided to the County.

Americans with Disabilities Act (ADA)

Title II of the ADA prohibits discrimination based on disability in programs, services, and activities provided or made available by public entities. HUD enforces Title II when it relates to state and local public housing, housing assistance and housing referrals. Generally, the ADA applies to the publicly accessible areas of housing. Section 504 and the Fair Housing Act (see below) provide more extensive

protections for individuals.

Annual Growth Policy

A Montgomery County law regulating commercial and residential growth according to the availability of adequate public facilities.

Appropriation

Money set apart for or assigned to a particular purpose or use.

Arbitrage

The difference in price on the same security, commodity, or currency when traded in different markets. HOC sells bonds and pays a bondholder an interest rate. HOC invests the proceeds from the sale of the bonds in mortgages or approved investments. If the cost of funds, what HOC pays the bondholder, is equivalent to the yield from the investments, arbitrage is neutral. If HOC earns more return from its investments than it must pay the bondholders, there is positive arbitrage. If investment rates are low and mortgage production is slow, negative arbitrage occurs because HOC has to pay the bondholder more than it makes on its investment. Positive arbitrage must be returned to the Federal Government. To the extent possible, bonds are structured to minimize negative arbitrage.

Arbitrage Rebate

In single family mortgage revenue bond transactions, the Issuer is only allowed to keep investment earnings calculated at a rate equal to the bond yield. If the overall return on an issue's investments is greater than the bond yield, the excess investment earnings have to be rebated to the Treasury Department. Such excesses are called arbitrage rebate.

Area Median Income

Washington-Arlington-Alexandria, DC-VA-MD-WV area median income as defined by the Department of Housing and Urban Development (HUD). The 2021 area median income is \$129,000 for a family of four.

Asset

Any possession that has value in an exchange.

Balanced Budget

A budget in which revenues equal expenses.

Basis Point

A measure of interest rates or yield equal to 0.01% (or .0001).

Bond

A written promise to pay (debt) a specified sum of money (principal) at a specified future date (maturity date) along with periodic interest paid at a percentage of the principal.

Bond Cap

The Federal Tax Code places a cap on the volume of "private activity" bonds that may be issued in each state each year. Volume cap is a limited resource. Each state receives an annual allotment of cap based upon population. The County's share of the state's allocation annually comes to HOC. HOC's authority to issue bonds is limited by the amount of volume cap it has access to. Various IRS rules apply to the issuance and disposition of bonds.

Bond Proceeds

The amount of the funds that an Issuer receives from the Underwriters in a public offering, or from an investor in a private placement, in exchange for the Issuer's bonds.

Bond Purchase Agreement

The legal document which explains the Underwriters' (in a public offering) or the Investors' (in a private offering) obligation to purchase the bonds and the Issuer's obligation to deliver the bonds on the agreed-upon closing date.

Bond Rating

An evaluation by investor advisory services indicating the probability of timely repayment of principal and interest on bonded indebtedness. These ratings significantly influence the interest rate that must be paid on bond issues.

Budget

A financial plan for a specified period of time to determine the distribution of scarce resources.

CAFR

Comprehensive Annual Financial Report - State and Local governments issue an annual financial report called the Comprehensive Annual Financial Report (CAFR, pronounced cay-fer). The CAFR has three sections: an introductory section, a financial section,

and a statistical section. Some but not all of what goes into the CAFR is shaped by the Governmental Accounting Standards Board (GASB), which is the current authoritative source for governmental Generally Accepted Accounting Principles (GAAP).

Capital Budget

A budget of capital expenses and means of financing enacted as part of an annual budget. HOC's capital budget is comprised of two sections, developments and improvements to existing properties.

Capital Expenses

The expenses related to the purchase of equipment. Equipment means an article of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of a) the capitalization level established by the government unit for financial statement purposes or b) \$5,000. Capital expenses do not include operating expenses that are eligible to use capital funds.

Capital Fund Program

A HUD grant for Public Housing modernization funds awarded on a five-year formula.

Capital Improvements Program (CIP)

The comprehensive presentation of capital project expenditure estimates, funding requirements, capital budget requests, operating budget impact, and program data for the construction of all public buildings, roads, and other facilities planned by County agencies over a six-year period. The CIP constitutes both a fiscal plan for proposed project expenditures and funds and an annual capital budget for appropriations to fund project activity during the first fiscal year of the plan.

Capital Plan

The long-term (ten-year) plan to produce additional housing and improve the Agency's existing housing stock.

Carryover

The process in which certain funds for previously approved encumbrances and obligations at the end of one fiscal year are carried forward to the next fiscal year. Budgeted amounts are carried over for nonrecurring, one-time expenditures such as major capital expenditures.

Cash Flow Analysis

A quantitative analysis which demonstrates that the invested funds, mortgage loans, or mortgage-backed securities will provide sufficient cash flow to pay the principal and interest on the bonds and all expenses. Typically, a cash flow analysis will consist of several different cash flow projections utilizing several different sets of assumptions.

Closed Indenture

Single bond issuance whereby the security for the issued bonds cannot be used as security for other series of issued bonds.

Closing Cost Assistance Program

A County-funded program to provide short-term loans for closing costs to assist first time homebuyers.

Commission

Term used to refer to the seven volunteer Commissioners appointed by the Montgomery County Executive and confirmed by the County Council. The Commissioners are responsible for hiring HOC's Executive Director, setting policies, overseeing the operations, and approving the budget.

Commitment Fees

Fees earned primarily from bond financed transactions completed by the HOC.

Community Development Block Grant Program (CDBG)

Annual funding from the Federal Government (Department of Housing and Urban Development) for use in capital projects or operating programs such as neighborhood or business area revitalization, housing rehabilitation, and activities on behalf of older and low-income areas of the County. HOC applies to Montgomery County for funding for particular projects from the County's allocation.

Community Partners

Housing Opportunities Community Partners, Inc., (Community Partners, Inc.) is a non-profit 501(c) (3) corporation, established in 1999 to provide services exclusively to low-income individuals and families receiving housing subsidies through various HOC housing programs. Community Partners, Inc. actively

recruits volunteers, secures grants, facilitates programming and solicits donations in an effort to provide needed social services and resources to HOC residents.

Compensation

Payment made to employees in return for services performed. Total compensation includes salaries, wages, employee benefits (Social Security, employer-paid insurance premiums, disability coverage, and retirement contributions), and other forms of payment when these have a stated value.

Congregate Housing

A State-funded program providing meals, housekeeping, and other services to help elderly individuals live independently.

Contingency

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Continuing Disclosure Agreement

An agreement between the Issuer and the Underwriters in which the Issuer agrees to comply with the requirements of SEC rule.

Conventional Mortgage

A mortgage loan that is neither FHA insured nor VA guaranteed; not a government loan. All conventional loans in HOC's Mortgage Purchase Program must have pool insurance. Loans above 80% loan-to-value are also required to be covered by private mortgage insurance.

Cost of Issuance (COI)

The costs associated with the issuance of single family and multifamily bonds. Costs of Issuance typically include Bond Counsel Fees, Financial Advisory Fees, Issuer Counsel Fees, Trustee's Fees, and Trustee's Counsel Fees.

Cost of Living Adjustment (COLA)

A percentage increase to the salary schedule to counter the adverse effect of inflation on compensation.

Coupon

The interest rate on a bond that the Issuer promises to pay the holder until maturity, expressed as a percentage of face value. The term derives from the

small, detachable piece of a bearer bond which, when presented to the Issuer, entitles the holder to the interest on that date.

Coupon Rate

The part of the bond that denotes the amount of interest due.

Credit Enhancement

A bond insurance policy, security or a letter of credit which provides a guaranty to investors that they will receive the agreed-upon principal and interest payments on the bonds.

Davis-Bacon

The Davis-Bacon Act and related Labor Laws require the payment of prevailing wage rates (determined by the US Dept. of Labor) to all laborers and mechanics on Federal Government construction projects (including alteration, repair, painting and decorating of public buildings and public works) in excess of \$2,000, and other construction activities funded with federal financial assistance.

Default (Bond)

Breach of some covenant, promise, or duty imposed by the Bond. The most serious default occurs when the Issuer fails to pay principal or interest (or both) when due. Other "technical" defaults result when specifically defined events of default occur, such as failure to meet covenants. If the Issuer defaults in the payment of principal, interest, or both, or if a technical default is not cured within a specified period of time, the bondholders or trustee may exercise legally available rights and remedies for enforcement.

Department of Business and Economic Development (DBED)

To generate jobs in Maryland, the Department attracts new businesses, encourages the expansion and retention of existing facilities, and provides financial assistance and training. The Department publicizes Maryland's attributes, and markets local products at home and abroad to stimulate economic development, international trade, and tourism. The Department also invests in the arts and promotes film production in Maryland. DBED also has responsibility for allocating bond cap to the DHCD and local municipalities for housing and economic development.

Department of Housing & Community Affairs (DHCA)

A Montgomery County department that coordinates inter-agency efforts to produce and improve housing and communities.

Department of Housing and Community Development (DHCD)

The Department of Housing and Community Development is dedicated to improving the quality of life in Maryland by working with its partners to revitalize communities and expand homeownership and affordable housing opportunities.

Department of Housing and Urban Development (HUD)

The Federal department which funds and administers the bulk of the Federal Government's housing and economic development programs. HOC's Public Housing, Housing Choice Voucher and McKinney programs are funded through HUD.

Debt Service

The annual payment of principal and interest on bonded indebtedness.

Deficit

An excess of expenditure over revenue.

Designated Plan

In 1995, HUD approved HOC's plan to designate its 3 Senior Housing properties as Senior Only.

Designated Plan Vouchers

In 1998 and 2000, HOC received housing vouchers classified as Designated Plan Vouchers which are used to provide assistance to Non-Elderly Disabled persons selected from the Public Housing Waiting list who cannot be served in HOC's Designated Senior Only properties.

Development Corporation

A business organization with limited liability to its owners or members. In HOC parlance, it consists of a nonstock membership corporation whose members are the Commissioners primarily used to provide an ownership structure for FHA Risk Sharing financed developments which require a single purpose entity as an owner.

Development Fees

Fees earned from acquisition and/or new construction projects undertaken by HOC.

Draw Down

A mechanism in the single family program which preserves volume cap and helps to reduce bond debt by accelerating the pay-off of higher cost bonds. The draw down is a separate indenture (agreement) with Merrill Lynch (ML) which allows HOC to borrow directly from ML to pay off bondholders instead of using prepayments from mortgages to do so.

Due Diligence

A process of thorough investigation by the underwriter(s) and other parties to a bond issuance to fully disclose all material facts related to the issuer, the use of the bond proceeds, the security of the bonds or any other factors which might affect the issuer and/or the ability to repay.

Economic Occupancy

Gross Rent Potential minus Vacancy Loss, Rent Concessions and Bad Debt.

Electronic Funds Transfer

An electronic form of fund disbursement or payment.

Enterprise Income Verification (EIV)/Upfront Income Verification (UIV) System

The HUD Enterprise Income Verification (EIV)/Upfront Income Verification (UIV) system is the preferred method of verifying income of Public Housing, Housing Choice Voucher, and HUD Multifamily programs. HUD's database provides housing providers information on earned and unearned income of program participants.

Equal Employment Opportunity (EEO)

The application of laws and regulations that ban discrimination in employment based on race, color, creed, sex, marital status, religion, political or union affiliation, national origin, or physical or mental handicap.

Equal Housing Opportunity (EHO)

The application of laws and regulations banning discrimination in housing based on race, color, creed, religion, national origin, ancestry, sex, sexual

orientation, marital status, presence of children, or physical or mental handicap.

Equity Capital

Money received in exchange for ownership interest of a property.

Existing Property Acquisition

Preservation of existing low- and moderate-income housing through purchase by HOC using various financing and subsidy mechanisms.

Expenditure

A decrease in net financial resources due to the acquisition of goods and services, the payment of salaries and benefits, and the payment of debt service.

Face Amount

Par value (principal or maturity value) of a bond appearing on the face of the instrument.

Fair Housing Act

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status, and handicap (disability).

Fair Market Rent (FMR)

The allowable rent that a landlord can charge in the Housing Choice Voucher programs. The administrative fees to the Agency are based on a percentage of the two bedroom FMR.

Family Self-Sufficiency (FSS)

A mandated HUD program focused on employment and educational skill development to targeted Housing Choice Voucher and Public Housing residents.

Family Self-Sufficiency Mentoring Project

A private grant providing job training, childcare, transportation, and supportive service for families in the HOC self-sufficiency program.

Family Unification Program (FUP)

A Federal program aimed at preventing the separation of parents and their children, providing housing subsidies to keep the family living in the same household.

Fannie Mae

The Federal National Mortgage Association is one of two private corporations whose charter is authorized and guaranteed by (on an annual appropriations basis) the Federal Government. Their charge is to provide liquidity to mortgage lenders by providing a guaranty to mortgage loans, which gives them liquidity in the secondary mortgage market.

Federal Housing Administration (FHA)

The Federal Housing Administration is an agency of the Federal Government whose charge it is to assist in providing housing to underprivileged citizens of the United States.

FHA Mortgage

A mortgage loan that is insured by FHA. FHA establishes its maximum loan amount and has its own set of underwriting guidelines for approval. FHA does not make the loan but insures the lender against potential losses due to default by the borrower.

FHA Risk Sharing Program

A co-insurance partnership between the Department of Housing and Urban Development (HUD) and Housing Finance Agencies (HFA) provided for under Section 542 of the Housing and Community Development Act of 1992 whereby a form of credit enhancement is provided for multifamily housing developments. The program splits the risk on multifamily mortgages between HUD and participating HFAs and enables the development of affordable housing throughout the country. HFAs are approved on two levels: Level I, wherein HFAs may use their own underwriting standards and loan terms and may take 50-90% of the risk or Level II, wherein they may use underwriting standards and loan terms approved by HUD.

Fiscal Year

The 12-month period to which the annual operating budget and appropriations apply. HOC's fiscal year begins July 1 and ends June 30 as established by the State of Maryland for all political subdivisions.

Flexible Subsidy Program (Section 201)

The Flexible Subsidy Program is part of HUD's effort to preserve affordable housing developed under

federal government programs. It provides loans to owners of troubled federally assisted low-and moderate-income multifamily rental projects. It has two components: The Operating Assistance Program (OAP) provides temporary funding to replenish project reserves, cover operating costs and pay for limited physical improvements; The Capital Improvement Loan Program (CILP) pays for the cost of major repairs or replacement of building components that cannot be funded out of project reserves. Both components are designed to help restore the properties' physical and financial soundness in order to maintain the use of the property for low- and moderate-income persons. The program allows rents to remain affordable.

Freddie Mac

The Federal Home Loan Mortgage Corporation (FHLMC) is one of two private corporations whose charter is authorized and guaranteed by (on an annual appropriations basis) the Federal Government. Their charge is to provide liquidity to mortgage lenders by providing a guaranty to mortgage loans, which gives them liquidity in the secondary mortgage market.

Free Cash Flow

The amount of cash left after expenses and debt payments are subtracted from operating income.

Full-time Equivalent (FTE)

Montgomery County uses this term as a standardized measurement of student enrollment, as in reference to community college, to account for attendance on less than a full-time basis. As a result, HOC follows Montgomery County's terminology of a work year as a standardized measurement of personnel effort and costs.

Fund

A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations and constituting an independent fiscal and accounting entity.

Fund Balance

The cumulative difference between revenues and expenditures over the life of a fund. A negative fund balance is usually referred to as a deficit.

Governmental Accounting Standards Board (GASB)

The Governmental Accounting Standards Board (GASB) was organized in 1984 as an operating entity of the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities. The Foundation's Trustees are responsible for selecting the members of the GASB and its Advisory Council, funding their activities and exercising general oversight with the exception of the GASB's resolution of technical issues.

General Obligation (GO) Bonds

A bond secured by the pledge of the Issuer's full faith, credit, and, usually, taxing power. The taxing power may be an unlimited ad valorem tax or a limited tax, usually on real estate and personal property.

General Partner

A member of a partnership who has authority to bind the partnership and shares in the profits and losses and is personally liable for the acts and contracts of the partnership. A partnership must have at least one general partner (and may have more) as well as limited partners.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles as determined through common practice or as declared by the Governmental Accounting Standards Board, Financial Accounting Standards Board, or various other accounting standard setting bodies.

Geographical Information Systems (GIS)

An overall term encompassing the entire field of computerized mapping. GIS is also generally considered a specific subset to the overall field, referring to high end computerized mapping systems.

GFOA

Government Finance Officers Association.

GNMA

The Government National Mortgage Association (GNMA) is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development. GNMA is charged with providing a guaranty to mortgage-backed securities that are backed by a pool of mortgage loans insured by FHA, VA or USRD.

Good Neighbor Policy

An HOC initiative to forge a strong partnership with the community.

Grant

A county, state, or federal financial assistance award making payment in cash or in kind for a specified program.

Gross Rent Potential

The contract rent charged to residents without concession or deduction, plus vacant unit rent charged at current market rent, Area Median Rent or other program rent.

Guaranteed Investment Contract (GIC)

A contract between two parties which guarantees a specific rate of return on the invested capital over a specific period of time. HOC uses GICs to invest bond proceeds in the single family program for a higher rate of return than money markets, for example, but also allows funds to be withdrawn weekly to use for purchasing mortgages.

HCV Program Utilization

The variance of vouchers under contract verses a determined HUD baseline, or the variance of HAP expenditures verses HAP funding.

Health & Human Services, Department of Montgomery County (HHS)

A department in the County Government that provides services addressing the health and human service needs of Montgomery County residents.

Heating, Ventilation and Air Conditioning (HVAC)

An acronym common in facilities and property management projects.

HOC/HOP

A revolving fund of \$2,500,000 created by the Commission to purchase MPDUs for resale to

low-income homebuyers.

HOC Works Program

HOC program established to guarantee that HOC employment and other economic opportunities located within Montgomery County are directed toward low- and very-low income persons, particularly those who participate in HOC housing programs.

HOME

A Federal grant created under Title II of the National Affordable Housing Act of 1990 and administered by the County's DHCA to increase the stock of affordable housing through loans for rehabilitation, new housing production and rental assistance subsidies.

Homeownership Assistance Loan Fund (HALF)

A revolving fund of \$365,000 created by the Commission to assist low-income homebuyers with homeownership by offering loans for closing costs and mortgages.

Housing Assistance Payments (HAP)

Government payments to private landlords on behalf of low- or moderate-income households. Housing Assistance Payments are made under the Federal Housing Choice Voucher program and project Based Rental Assistance (PBRA) programs, and the State Rental Allowance Program (RAP).

Housing Choice Voucher (HCV) Program

A Federal housing program which subsidizes the rent of eligible households in the private market. The government makes Housing Assistance Payments to private landlords on behalf of low or moderate-income households.

Housing Finance Agency (HFA)

A state agency which offers a limited amount of below-market-rate home financing for low-and moderate-income households.

Housing Initiative Fund (HIF)

A Montgomery County fund for producing affordable housing, administered by the Department of Housing and Community Affairs (DHCA).

Housing Initiative Program (HIP)

Montgomery County and DHHS program designed to reduce the incidence of homelessness in the county by providing permanent supportive housing.

Housing Opportunities for Persons with HIV/AIDS (HOPWA)

A rent subsidy program for persons with AIDS that includes Housing Assistance Payments, emergency assistance payments for security deposits and some other housing need costs a family or individual may have.

Housing Quality Standards (HQS)

HUD criteria establishing the minimum quality necessary for the health and safety of program participants.

Housing Path

HOC's online wait list for its housing programs and properties.

Housing Resource Service (HRS)

HOC's information center provides enhanced customer service and disseminates program and market information to citizens of Montgomery County.

Indenture

An Agreement between the Trustee representing the Investors and the Issuer which specifies all of the terms under which the bond proceeds will be utilized and the terms under which the bonds will be repaid.

Indirect Cost

A cost that is not identifiable with a specific product, function, or activity.

Individual Development Account

Savings accounts that help individuals and families save towards a specific goal, typically with a matching funds component.

Internal Rate of Return

The rate of return of an uneven cash flow.

Letter of Credit

A form of credit enhancement in which funds are reserved in a prescribed amount which can be drawn down as necessary to provide for cash flow deficiencies.

Leverage

Using existing resources in exchange for a greater benefit.

Limited Partnership

A business organization in which there is at least one general partner responsible for management and personally liable for the acts of the partnership and at least one limited partner who serves as an investor and is liable to the extent of its investment. HOC uses limited partnerships as vehicles for its tax credit transactions with 3rd party investors as limited partners.

Low Income Public Housing (LIPH—see Public Housing)**Low-Income Tax Credit**

A tax credit under the 1986 Tax Reform Act granted to owners of low-income housing by state agencies to subsidize the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants.

Maturity Date

The stated date on which the principal amount of a bond is due and payable.

McHOME Program

A locally developed program in which MPDUs are purchased with a combination of HOC and County funds and rented to eligible participants.

McKinney-Vento Homeless Assistance Act

A Federal grant program administered by HUD to provide transitional and permanent housing for the homeless. HOC's McKinney programs include the Supportive Housing Program and Shelter Plus Care Program.

Minority/Female/Disabled (MFD)

HUD regulation requiring affirmative action be taken to recruit and advance qualified minorities, women, persons with disabilities, and covered veterans.

Mission Statement

Statement of what the Agency does and why and for whom it does it; the Agency's reason for existence.

Moderately Priced Dwelling Unit (MPDU) Law

A County law that requires up to 15% of all housing developments of over 35 units be affordable to, and occupied by, moderate-income households. A third of the moderately priced units must be offered to HOC for purchase before the general public. HOC uses MPDUs for a variety of rental and homeownership programs.

Modified Accrual Basis

A basis of accounting under which revenues are recorded in the period in which they become available and measurable; expenditures are reported when the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, net pension obligation, and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Mortgage-Backed Securities (MBS)

Securities which are backed by pools of mortgage loans and are guaranteed by GNMA, Fannie Mae or Freddie Mac.

Mortgage Purchase Program (MPP)

An HOC program that provides below-market mortgages to moderate-income, first-time homebuyers or displaced homemakers. Interest rate is usually one or two points below market. Funding for MPP comes from issuance of tax-exempt mortgage revenue bonds.

Multifamily Mortgage Revenue Bonds

Tax-exempt housing revenue bonds issued by HOC, the proceeds of which are used to finance mortgages for new or existing multifamily housing in which a portion of the units are occupied by low- and moderate-income families.

National Association of Housing and Redevelopment Officials (NAHRO)

One of several organizations that represent Public Housing Authorities in the legislative and rule-making process.

Net Operating Income (NOI)

The monetary result of subtracting operating expenses from Gross Operating Income.

Non-Elderly Disabled (NED) Housing

Housing Choice Voucher allocation to be used to provide housing assistance to the Non-Elderly Disabled population.

Open Indenture (also known as Parity Indenture)

All assets of the indenture are pledged as security for all bonds in the indenture. An open indenture also outlines the terms & conditions for issuing more than one series of bonds, it is governed by a general or master indenture, and transactions in the indenture possess similar characteristics.

Operating Budget

A comprehensive plan by which operating programs are funded for a single fiscal year. The operating budget includes descriptions of programs, resource allocations, and estimated revenue sources, as well as related program data and information on the fiscal management of HOC.

Operating Expenses

Expenses related to the ongoing operation of the Agency in the current period.

Opportunity Housing

Housing developed or acquired by HOC using a variety of locally designed and financed programs, which generally serve low- and moderate-income households.

Opportunity Housing Property Reserves (OHPR)

The operating, repair and replacement reserves for the opportunity housing units.

Opportunity Housing Reserve Fund (OHRF)

Commission-restricted fund which is reserved for the planning, acquisition, or development of new housing units.

Opt-Out

A voluntary action taken by a property owner of not renewing a long standing funding contract with HUD, usually results in Enhanced or Opt-Out Vouchers for customers affected by the action.

Opt-Out Vouchers

Also known as conversion vouchers, provide assistance to families living in section 8 projects for which the owner is opting out of the Housing

Assistance Payment contract. HUD will allocate HOC tenant-based vouchers for the families that are affected by the opt-out if the family meets all other program requirements. HOC will administer these vouchers as part of its larger tenant-based program.

Par Value

The face amount or principal amount appearing on the face of the bond.

Paradigm

A philosophical or theoretical framework of any kind.

Parity Indenture

See Open Indenture.

Partnership Rental Housing Program (PRHP)

A State-run program that provides grants to local jurisdictions to acquire or build low-income housing. Local jurisdiction provides the operating subsidies if needed.

Pay Grade

Salary level or range for each personnel classification.

Payment in Lieu of Taxes (PILOT)

A payment from a tax-exempt property owner (including a governmental jurisdiction) to help compensate for the revenue lost for government purposes because the property is tax-exempt. The payment is in recognition of the governmental costs for providing infrastructure and public services that benefit the tax-exempt property owner.

Performance Measures

Quantified indication of results obtained from budgeted activities.

Personnel Complement

A list of all approved positions and position grades in the annual budget.

Personal Living Quarters (PLQ)

A single room occupancy with private sleeping quarters, but shared bathroom and kitchen.

Planning Board

Part of the bi-County Maryland-National Capital Park and Planning Commission. The five politically appointed board members are responsible for

preparation of all local master plans, recommendations on zoning amendments, administration of subdivision regulations, and general administration of parks in Montgomery County.

Pool Insurance

A form of mortgage insurance on conventional mortgages for the HOC Mortgage Purchase Program. It is a second level of coverage after the primary policy to defray potential losses caused by a foreclosure. The single family indenture requires such a policy for each bond issue with aggregate coverage to be 10% of the original loan amounts of the pool of conventional mortgages made in a program.

Pre-Ullman

In 1979, Congressman Al Ullman introduced legislation severely restricting the issuance of tax exempt bonds financing housing. The Ullman Act took effect in 1981 establishing certain restrictions on bond financing including first time homeownership, arbitrage, sales price and income limits. The legislation is named after the Congressman who introduced it. Pre-Ullman bonds are bonds issued prior to 1981.

Present Value

The value today of a sum at a future date.

Price (Bond)

The measure of value of a bond at a certain time. When bonds are sold for a price higher than the stated principal amount or par value, the bond is said to be sold at a premium. When bonds are sold for a price that is less than the stated principal amount or par value, the bond is said to be sold at a discount.

Principal

The face amount of a bond (par value) that is payable at maturity.

Proforma

A comprehensive financial analysis of a project.

Program Budget

A budget which structures budget choices and information in terms of programs and their related work activities.

Program Objective

Intended results or outcomes.

Property Assessment Tool (PAT)

Application allowing the Agency to accurately assist in evaluating and optimizing the portfolio based on actual performance data.

Project Based Rental Assistance (PBRA)

A Federal housing program that subsidizes the rent of eligible households who live in specific housing developments or units. Also referred to as Project-Based Section 8.

Project Based Vouchers (PBV)

Rental assistance for eligible families who live in specific housing developments or units.

Public Housing

A federally funded HUD program established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Eligible households pay 30% of their income for rent. The homeownership component of this program allows residents to accumulate a down payment and purchase their units. The Federal Government funds the acquisition or development of the units and provides an annual operating subsidy.

Public Housing Assessment Tool (PHAS)

HUD system designed to measure the management performance of all Public Housing Authorities.

Public Housing Homeownership Reserves

A program of reserved funds for replacements, repairs, and operating losses at Federal Public Housing properties.

Public Housing Management Assessment Program (PHMAP)

A national set of performance indicators for Public Housing agencies.

Quasi

Having some resemblance, usually by possession of certain attributes.

Rating Agency

A private corporation that analyzes bond issues and assigns a rating to indicate to prospective bondholders the investment quality of the issue.

There are currently three nationally recognized rating agencies: Standard & Poor's Corporation, Moody's Investors Services, and Fitch Investor's Services.

REAC

The Real Estate Assessment Center's (REAC) mission is to provide and promote the effective use of accurate, timely and reliable information assessing the condition of HUD's portfolio; to provide information to help ensure safe, decent and affordable housing; and to restore the public trust by identifying fraud, abuse and waste of HUD resources. REAC is improving the quality of HUD housing through: The first-ever **Physical Inspections** of all HUD housing. Analysis of the Financial Soundness of **public** and **multifamily** assisted housing.

Rebate

See Arbitrage rebate.

Redemption

The paying in full of a bond from principal repayments of mortgagors therefore, canceling the debt. Volume cap is lost when this is done.

Redemption Provision (Bond)

The terms of the bond giving the Issuer the right or requiring the Issuer to redeem or call all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specified price, usually at or above par.

Refunding

Paying bonds in full by issuing new bonds using principal repayments, i.e., recycling of funds. This refunding process preserves volume cap. The 10-year rule erodes this technique because it requires certain bonds to be redeemed with prepayments subject to the rule. When prepayments are used to redeem bonds, the volume cap associated with the bonds disappears.

Rental Allowance Program (RAP)

A State program which provides emergency rental subsidies for very low-income households (under \$15,000).

Rental Assistance Demonstration (RAD)

HUD program that allows Public Housing Agencies (PHAs) to preserve public housing by providing PHAs

with access to more stable funding to make needed improvements to properties.

Rental Housing Production Program (RHPP)

A State program providing loans or grants for acquisition, rehabilitation, new construction, or rental subsidies. Participating households must meet program income guidelines.

Rental Housing Works (RHW)

DHCD program providing funding for up to 20 affordable housing projects and support for more than 1,100 jobs.

Request for Proposal (RFP)

Solicitation made, often through a bidding process, by an agency or company interested in procurement of a commodity or service.

Reserve

An account used to indicate that a portion of a fund's balance is restricted to a specific purpose.

Resident Advisory Board (RAB)

The umbrella organization to the Commission on resident related issues. RAB provides forums for resident input on HOC policies and practices, participates in the planning of programs, services, and activities benefiting residents, and prepares testimony, makes recommendations and acts as advocate on behalf of HOC residents and low-income and moderate-income County residents.

Revenue Bond

A bond on which the debt service is payable solely from the revenue generated from the operation of the project being financed.

Salary Lapse

An estimated reduction from total personnel costs to account for savings due to employee turnover and delayed hiring for new positions.

Salary Schedule

A listing of minimum and maximum hourly wages and salaries for each grade level in a classification plan for merit system positions.

Section 202

A Federally funded program providing capital and rent assistance to non-profits for housing meant for

very low-income elderly and persons with disabilities.

Section 221(d)(3)

This Federal program provided market financing and mortgage insurance for privately owned multi-family housing. The Federal Government must approve rehabilitation of these properties.

Section 236

A Federal housing program that uses an interest rate subsidy to provide affordable rents to low-income households. The Federal subsidy is in the form of mortgage insurance and an interest reduction payment to the owners of the properties. Property owners in this program make mortgage payments that are based on a 1% mortgage interest rate. HUD then provides a subsidy to their lender to cover the difference between 1% and the market interest rate on the property's loan. Eligible households are required to pay rent equal to the greater of 30% of their adjusted annual income (not to exceed the market rent), or the basic rent amount set by HUD for that particular property. Any amount paid by the household that is more than basic rent is considered excess rent, which the owner usually pays back to HUD in repayment of the subsidy.

Section 3

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 which requires that recipients of certain HUD financial assistance provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Section 5(h) Program

The section 5(h) program is authorized in the United States Housing Act of 1937. The program permits a PHA to sell all or part of a public housing project to its residents without impacting the Federal Government's commitment to pay annual subsidies for that project. HUD approved HOC's 5(h) plan in December 1994. HOC converted 31 Turnkey III Units to the 5(h) program for the purpose of selling them to residents. The 5(h) program includes or has included units at Bel Pre Square, Hermitage Park, Tobytown, and two scattered-site developments.

Section 504

Section 504 of the Rehabilitation Act of 1973

prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency, including HUD. Section 504 provides the legal basis for a reasonable accommodation for a participant in or an applicant to HOC's federally assisted programs.

Section Eight Management Assessment Program (SEMAP)

The Section Eight Management Assessment Program (SEMAP) was designed by the United States Department of Housing and Urban Development (HUD) as a tool to measure the performance of Public Housing Authority's administering the Housing Choice Voucher (HCV) program and the Family Self-Sufficiency (FSS) component of the voucher program.

Sectional Map Amendment (SMA)

A comprehensive rezoning, initiated by the Planning Board or County Council, covering a section of the County and usually including several tracts of land.

Servicing Agreement

The Agreement between the Issuer, the Trustee, and the Lenders which explains the terms under which mortgage loans will be purchased by the Servicer or Master Servicer as well as the responsibilities of the Servicer throughout the life of the mortgage loans.

Service-Linked Housing

A State grant providing intensive on-site counseling and social services to residents to reduce potential homelessness and increase self-sufficiency.

Single Family Mortgage Purchase Program (SFMP)

A program providing mortgage loans at below market rates to eligible borrowers. HOC issues tax-exempt mortgage revenue bonds and purchases mortgages from lenders with the proceeds of the bond issue.

Single Room Occupancy (SRO)

A form of housing in which one or two people are housed in individual rooms within a multiple-tenant building.

Stabilization

The condition that exists post renovation, acquisition or new construction when rent projections are achieved, operational expenses are in line with

projections and the property achieves the projected debt coverage ratio (most commonly referred to as the first stabilized year).

State Partnership Rental Housing Program

Shorthand for the Partnership Rental Housing Program (PRHP), a State-run program that provides grants to local jurisdictions to acquire or build low-income housing. Local jurisdiction provides the operating subsidies if needed.

Strategic Plan

HOC's multi-year planning document, updated annually. The plan forecasts projected revenue and expenses over a three- to six-year time frame.

Supportive Housing Program

A Federal program funded through the McKinney-Vento Homeless Assistance Act that provides monies for the development and operation of transitional and permanent housing.

Tax credit

A direct dollar-for-dollar reduction in tax allowed for investing in affordable housing.

Tax Credit Partnership

A limited partnership set up to acquire low-income housing in accordance with the Federal low-income tax credit program.

Tax Exempt Bonds

Issued securities for which the interest paid to the holders are not subject to Federal income taxes.

Taxable Bonds

Issued securities for which the interest paid to the holders are subject to Federal income taxes.

Ten Year Rule

A 1989 IRS rule which requires principal payments received 10 years or more after the date of issuance of the bonds originally providing funds for the mortgages to be applied to the redemption of the bonds issued to finance the mortgages. Each year more and more principal payments become subject to the 10 year Rule, decreasing the funds available for new mortgage loans by means of refunding.

Thirty–Two Year (32) Rule

An IRS rule added to the Federal Tax Code in 1986. It applies to all bond issues that are not pre-Ullman, i.e. issued prior to 1981. Under this rule, the final maturity of refunding bonds can be no longer than 32 years after the original issuance date of the original bond issue. This creates a mismatch between the maturity of a 30-year mortgage loan and the permitted maturity of new refunded bonds. For example, the final maturity of a new 30-year mortgage would be 20xx while the final maturity of bonds issued to refund bonds that trace back to 1985 would be 2017. The structuring techniques used to lengthen the maturity of bonds are: (1) issuing new bonds using an allocation of volume cap; (2) refunding bonds tracing back to pre-Ullman bonds (a diminishing supply); and (3) issuing taxable bonds.

Turnkey

The Turnkey program is an old HUD program that enabled a potential “homebuyer” to lease the unit while building equity. The family pays 30% of their income as rent and a portion of the payment is placed in various escrow accounts to be used towards purchase. The premise is that, overtime, the HUD Loan amortizes, incomes go up, and equity builds, allowing the house can be purchased.

Turnkey Debt Forgiveness

Proceeds from the sale of the Public Housing homeownership units. The Federal Government forgives the debt on these units but restricts the use of the proceeds to Public Housing and other affordable housing projects.

Underwriter’s Fee

The compensation paid to the underwriting team for structuring and marketing a bond issue. The underwriter’s fee is sometimes paid as a separate fee or sometimes as a discount on the purchase price paid by the underwriters for the bonds.

Underwriting

In general, an evaluation process to approve or reject a loan. It involves the review of the borrower’s credit, employment, assets and the property. HOC also has an underwriting team which sells the bonds it issues.

United Black Fund

A United Way-related agency which provides grants

to organizations helping African-Americans.

Unrealized Gains or Losses

An increase/decrease in the value of an asset that is not “real” because the asset has not been sold.

User Fees

Fees paid for direct services, i.e., day care fees.

VASH

Veterans Affairs Supportive Housing program, an allocation of Housing Choice Vouchers used in conjunction with the Department of Veterans Affairs.

Volume Bond Cap (See Bond Cap)

Voucher Management System (VMS)

HUD system to provide a central system to monitor and manage the Public Housing Agencies use of vouchers.

Violence Against Women Act (VAWA)

Among other provisions addressing violence prevention programs and services, VAWA, reauthorized by Congress in 2005, prohibits housing providers from denying admission to, terminating, or evicting a household solely based on the fact that a family member is a victim of domestic violence. HOC has adopted specific policies that are in compliance with VAWA.

Workforce Housing Program (Montgomery County)

A county program that promotes the construction of housing that will be affordable to households with incomes at or below 120% of the area-wide median.

Workforce Housing (HOC)

An affordable housing program developed by HOC to provide affordable housing to households with moderate incomes, specifically to individuals and families earning between 61% and 100% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Area Median Income.

Work Year (WY)

Approximately 2,080 hours or 260 days. This is the number of hours of work for a full-time position.

Yield

The return on an investment, stated as a percentage of price.

Frequently Used Acronyms

A & O	Policy Admissions and Occupancy Policy	HAP	Housing Assistance Payments
ACH	Automated Clearing House	HCV	Housing Choice Voucher Program
ACOP	Admissions and Continued Occupancy Policy	HFA	Housing Finance Agency
ADA	The Americans with Disabilities Act	HIF	Housing Initiatives Fund
AGP	Annual Growth Policy	HIP	Housing Initiative Program
ARRA	American Recovery and Reinvestment Act	HK4E	House Keys for Employees
AWOR	Acquisition Without Rehabilitation	HO&C	Housing Opportunities and Concepts
CDBG	Community Development Block Grant	HOC	Housing Opportunities Commission
CFP	Capital Fund Program	HOC/HOP	HOC Home Ownership Program
CIP	Capital Improvements Program	HOPWA	Housing Opportunities for Persons with HIV/ AIDS
COI	Cost of Issuance	HQS	Housing Quality Standards
COLA	Cost of Living Adjustment	HRS	Housing Resource Service
CY	Calendar Year	HUD	Department of Housing and Urban Development
DBED	Department of Business and Economic Development	IDA	Individual Development Account
DHCA	Department of Housing and Community Affairs	IFB	Invitation for Bid
DHCD	Department of Housing and Community Development	IT	Information Technology
DHHS	Department of Health and Human Services of Montgomery County	LIHTC	Low Income Housing Tax Credit
EEO	Equal Employment Opportunity	LIPH	Low income Public Housing
EHO	Equal Housing Opportunity	LMRC	Labor Management Relations Committee
EIV/UIV	Enterprise Income Verification (EIV)/Upfront Income Verification (UIV)	LVV	Low Vacancy Vouchers
FHA	Federal Housing Administration	MAP	Multifamily Accelerated Processing
FMR	Fair Market Rent	MBS	Mortgage Backed Securities
FSS	Family Self Sufficiency	MCGEO	Municipal and County Government Employees Organization
FTE	Full Time Equivalent - See WY	MFD	Minority/Female/Disabled
FUP	Family Unification Program	MHDB	Multifamily Housing Development Bond
FY	Fiscal Year	MPDU	Moderately Priced Dwelling Unit
GAAP	Generally Accepted Accounting Principles	MPP	Mortgage Purchase Program
GASB	Governmental Accounting Standards Board	MRB	Mortgage Revenue Bond
GIC	Guaranteed Investment Contract	NAHRO	National Association of Housing and Redevelopment Officials
GIS	Geographical Information System	NED	Non-Elderly Disabled
HALF	Homeownership Assistance Loan Fund	NOI	Net Operating Income
		NSP	Neighborhood Stabilization Program

Frequently Used Acronyms (cont.)

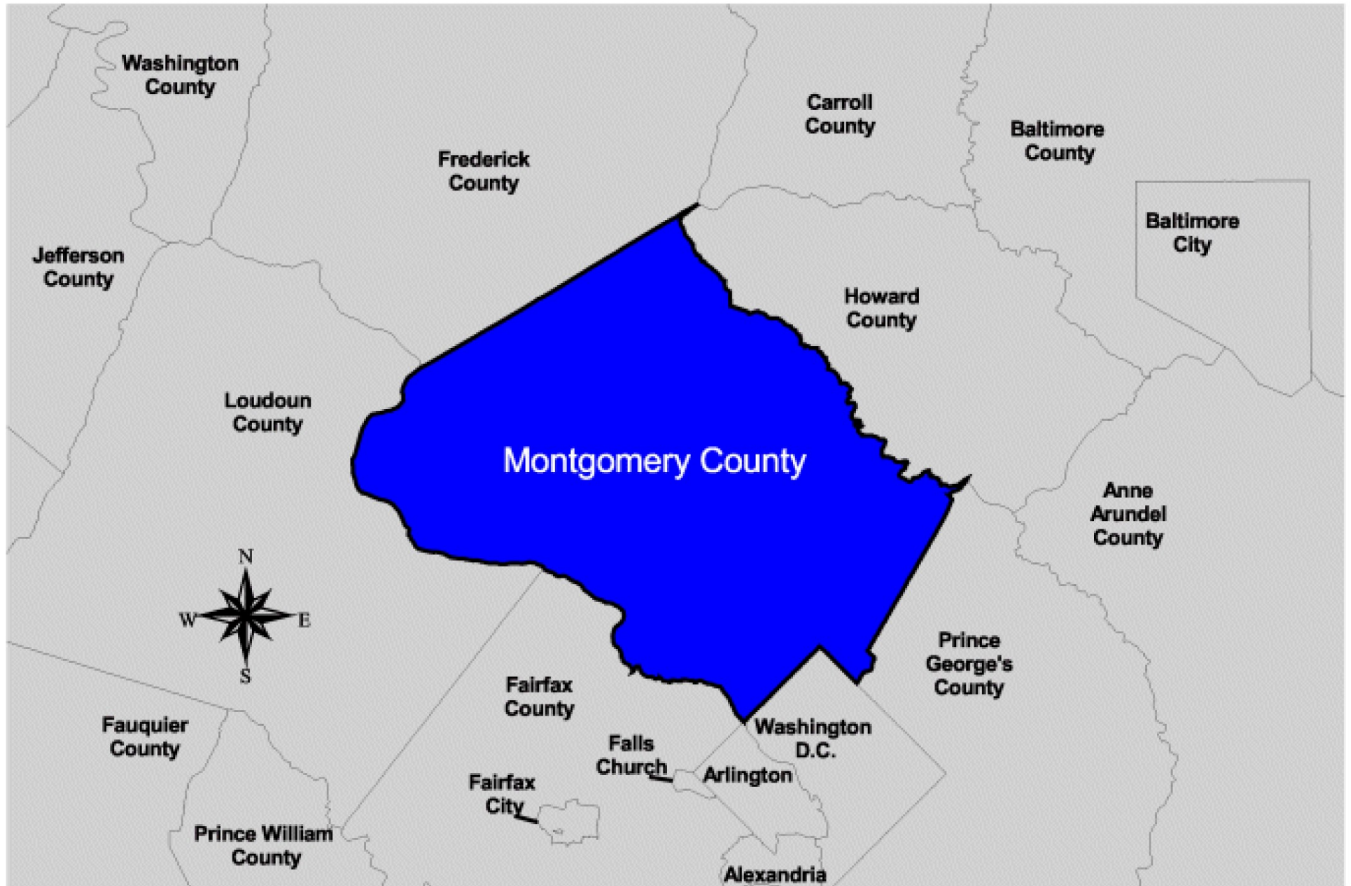
OCAF	Operating Cost Adjustment Factor	RIF	Reduction in Force
OHRF	Opportunity Housing Reserve Fund	ROSS	Resident Opportunities Self Sufficiency
PAT	Property Assessment Tool	RUIT	Rent, Utilities, Insurance, and Taxes
PBRA	Project Based Rental Assistance	SEMAP	Section Eight Management Assessment Program
PBV	Project Based Voucher	SFMPP	Single Family Mortgage Purchase Program
PHAS	Public Housing Assessment System	SIRF	Responsible Fatherhood Programs Study
PHMAP	Public Housing Management Assessment Program	SMA	Sectional Map Amendment
PIC	HUD Public and Indian Housing Information Center	SRO	Single Room Occupancy
PILOT	Payment in Lieu of Taxes	TCLP	Temporary Credit and Liquidity Program
PLQ	Personal Living Quarters	TEMHA	Transitional, Emergency, Medical and
PRHP	Partnership Rental Housing Program	/RAP	Housing Assistance/Rental Allowance Program
RAB	Resident Advisory Board	TIP	Tenant Integrity Program
RAD	Rental Assistance Demonstration	UPCS	Uniform Physical Condition Standards
RAP	Rental Allowance Program	VASH	Veterans Affairs Supportive Housing
REAC	Real Estate Assessment Center	VAWA	Violence Against Women Act
RED	Real Estate Development	VMS	Voucher Management System
RFP	Request for Proposal	WY	Work Year
RFQ	Request for Quote		
RfR	Replacement for Reserves		
RHPP	Rental Housing Production Program		
RHW	Rental Housing Works		

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Map



Montgomery County, MD and Vicinity



Legend
■ Montgomery County Boundary
■ MD and VA Counties

10 0 10 Miles

Map Produced By:
Geographic Information Systems
Dept. of Information Systems
and Telecommunications
Montgomery County, Maryland
Date: February 18, 2000



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