Housing Opportunities Commission OF MONTGOMERY COUNTY

Recommended Budget
Fiscal Year 2025

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished
Budget Presentation
Award

PRESENTED TO

Housing Opportunities Commission of Montgomery County
Maryland

For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morrill
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, 2023.

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.

FY 2025

Budget Message

Recommended Budget
April 3, 2024

From Chelsea Andrews, President/Executive Director

Charting Our Course

Expanding, Enhancing and Excelling in Everything We Do

With the adoption of a new Five-Year Strategic Plan in FY 2024, HOC is poised to advance on its renewed vision and mission through three main goals:

EXPAND Affordable Housing in Montgomery County,

ENHANCE the Lives We Touch through Supportive Services & Partnerships,

EXCEL as a World-Class Organization.

As such, the FY 2025 budget reflects investments needed to support the successful implementation of our new strategic plan and commitment to our new mission and vision statements and for the first time, core values.

Vision: It is our vision that everyone in Montgomery County has access to the safe, affordable, high-quality housing, and attendant services that they need to reach their fullest potential.

Mission: HOC exists to provide people with low and moderate incomes the opportunity to live in high-quality, safe, and affordable housing in Montgomery County. We strengthen families by offering opportunities for personal and economic growth through partnerships and supportive services.

Core Values:

1. People-First with Dignity & Respect | Our Staff
2. People-First with Dignity & Respect | Our Customers
3. Innovative and Entrepreneurial
4. Equity in Everything We Do
5. Power of Partnerships
6. Community-Enhanced Housing Stewardship

Lingering Impacts of COVID-19

Notwithstanding the continued impact of the COVID-19 pandemic on both the agency and our communities, HOC has stayed the course and remains resilient. We are optimistic as we **chart our course** of expanding affordability, enhancing

Special points of interest:

"The FY 2025 budget reflects investments needed to support the successful implementation of our new strategic plan and commitment to our new mission and vision statements and for the first time, core values.

programs and supportive services, and delivering agency excellence — all with the goal of positively impacting the lives of our residents.

Nearly five years after the devastation caused by the COVID-19 pandemic, there are still lingering impacts on many industries. In particular, for the affordable housing industry, COVID hardship meets already burdened populations with an inability to pay rent, utilities, and other basic housing expenses.

We worked in partnership with local, state and federal government, community partners, and other stakeholders to leverage new programs and resources to assist residents. We are grateful to the County, as well as state and federal agencies that have made funds available to our residents. During this difficult time, and in alignment with our mission to support the county's most vulnerable residents, we took steps to avoid displacement of our residents. As such, HOC was amongst the last property management owners and managers in the county to pursue lease enforcement activities for rental delinquency.

Acknowledging that the decision would have an adverse fiscal impact on our agency, in FY 2024 and FY 2025 we are now moving forward with lease enforcement and eviction proceedings to address past and growing rental arrearages to ensure that we can continue to provide high-quality housing and services. Simultaneously, however, we are working to identify other local, state and federal resources to support residents that are facing eviction.

Moreover, during the pandemic, HOC had limited ability to access many rental units to assess their conditions. This limited access resulted in deferred maintenance at several properties, including our scattered sites. With the addition of new leadership in HOC's Asset Management, Property Management and Maintenance divisions, we have been actively assessing the portfolio and creating a comprehensive Capital Improvement Plan to address property renovations, preventive maintenance, as well as Third-Party property management oversight. The results of these efforts will include investments in renovating and bringing vacant scattered site units back online to serve larger families across the county; changing management companies at several HOC communities; and shoring up our multifamily rental portfolio to bring in revenue that was lost during COVID and the county's rent moratorium.

Accomplishments

Celebrating 50 years of HOC and 25 years of HOCP!

Calendar year 2024 is the 50th anniversary of the founding of HOC (as the Housing Agency of Montgomery County) and the 25th anniversary of our non-profit affiliate Housing Opportunities Community Partners (HOCP). It promises to be a year full of celebration of our many years of serving Montgomery county residents and providing innovative solutions for inclusive affordable housing.

As previously stated, HOC will be rolling out a comprehensive Capital Improvement Plan to renovate several units across our scattered site portfolio. HOC has received County funds, via the Capital Improvements Program, and will begin the renovation of 10 properties, followed by 10 additional properties that were recently approved. We are also preparing to request approval for two additional rounds of 10 units, increasing the total to ***40 newly substantially renovated homes*** for larger families in the County.

In our efforts to ***expand affordable housing*** in the County, HOC successfully funded the first Housing Production Fund loan to develop **The Laureate**, a 268-unit, mixed-income, mixed-use ***new construction project*** located in Rockville, just steps away from the Shady Grove Metro station. Twenty-five percent of the units were set aside for households at 50% of the area median income ("AMI") and 5% as Moderately Priced Dwelling Units ("MPDUs"). This building which leased up quickly and ahead of schedule is currently over 95% occupied, reflective of pent up demand for this housing resource at this transit location. In FY 2024 HOC also opened the doors of our ***new*** **HOC Service Center,** which is co-located at The Laureate. The new center ***enhances our services*** to those in the Gaithersburg, Rockville and Derwood areas.

The Leggett is another example of HOC's success in ***expanding housing*** **while preserving affordability for seniors**. A component of the broader Elizabeth Square investment, The Leggett is a 267-unit, 16-story high-rise development for seniors aged 62 and above. The property provides 106 Rental Assistance Demonstration replacement units (converted from Public Housing) set aside for current Elizabeth House residents at 30% of the AMI, with the balance serving residents up to 80% of the AMI. Twenty-nine units lease at market rate with no restrictions. This mixed-income, mixed-use community began lease up in FY 2024 and is currently 71.52% occupied.

This community is also the home of the new County-owned Silver Spring Recreation and Aquatic Center (SSRAC) and the Holy Cross Wellness Center. The Holy Cross facility serves the broader surrounding community, in addition to residents of Elizabeth Square. This complex, along with its community-serving amenities and services, allows us to ***enhance the lives of the residents we serve***.

HOC, in collaboration with the County Council and Department of Housing and Community Affairs, has created a **new Non-Profit Preservation Fund ("NPPF") to** ***preserve affordable housing*** in our County. The NPPF is envisioned as a revolving acquisition fund to finance the purchase of Naturally Occurring Affordable Housing ("NOAH"). This is yet another HOC financing innovation for the preservation of affordable housing. The NPPF will provide 7-10 year, low-cost acquisition financing. After acquisition, permanent financing would need to be obtained so that the fund can be repaid in 7-10 years and revolve into another qualified project. The formal NPPF proposal was introduced by Council Member Andrew Friedson and approved by the Council in FY 2024.

Key elements of the NPPF include:

- Initial funding of $20 million to come from recent repayments of outstanding County affordable housing loans, with the anticipation of receiving additional funding in future years. County Executive Marc Elrich has proposed adding an additional $30 million in his FY 2025 budget, which would bring the total fund to $50 million.
- HOC staff will provide underwriting assistance, but loans would be approved by DHCA's loan committee. HOC would receive a 1% origination fee to cover administrative expenses, except for loans made to HOC.

- HOC is eligible for NPPF funding, but is limited to 25% of the fund.

Fueling Future Progress

HOC's success with new construction, substantial renovation, and preservation initiatives are made possible by its ability to finance mortgages as Montgomery County's designated **Housing Finance Agency**. The Mortgage Finance Division operates the **Multifamily Lending Program** (Multifamily Program) and the **Single Family Mortgage Purchase Program** (Single Family Program). Known collectively as the Bond Program, they have issued more than $6 billion in securities for the agency since the program began in the 1970s. HOC's Multifamily Program had **$786 million** outstanding in various types of bonds and financing instruments that it issued to finance developments owned by the Commission as of June 30, 2024, or those owned by private or nonprofit developers. Through these financing activities, the Mortgage Finance program contributes Commitment Fees to the operating budget and generates capital to reinvest in the future production and preservation of affordable housing.

In FY 2024, $362.2 million in tax-exempt and taxable indebtedness were issued (a) to refinance a portion of HOC's scattered site portfolio and (b) to provide the construction financing for Hillandale Gateway. Hillandale Gateway is a visionary, marquis development that will be a mixed-use, mixed-income, intergenerational community including 463 residential units within two buildings. One will be a 155-unit age-restricted (age 62+) senior building (Radia); the other will be a 308-unit non-age restricted multifamily building (Lumina), comprised of 215 unrestricted market rate units (NAR Market) and 93 income-restricted units (NAR LIHTC). The closing will occur in April 2024. Construction is projected to last four years and stabilization is expected in 2028. Fifty-four percent (54%) of the overall development will be affordable at a range of income levels from 30% - 80% of the area median income. The Hillandale transaction will send fees to HOC that will be allocated to meet its mission and margin.

HOC also invested in the **future home of HOC** by funding its own headquarters office construction by issuing $74 million in tax-exempt essential function bonds in October 2023. With a planned 2026 completion date, the building will provide a state-of-the-art customer service center, Commission meeting auditorium for the public, and office space to consolidate HOC's staff and functions.

In FY 2025, the Multifamily Program will continue to focus on financing new construction, Low-Income Housing Tax Credit ("LIHTC") resyndication projects, and affordable preservation transactions. It expects to issue $242.8 million in tax-exempt private activity and taxable bonds to fund mortgages for several HOC developments: Building B at Westside Shady Grove (Derwood), The Metropolitan (Bethesda), MetroPointe (Wheaton), and Garnkirk (Clarksburg).

The **Single Family Program** historically finances $30 - $40 million of low-cost, single-family home mortgages for approximately 120 new first-time homebuyers, and upwards of $2.5 million in closing cost assistance annually for moderate-income families. These efforts are accomplished through our **Mortgage Purchase Program ("MPP"),** a key resource for qualified first-time home buyers purchasing in Montgomery County. The MPP is funded through a combination of the Commission's sale of taxable or tax-exempt mortgage revenue bonds and **Mortgage-Backed Securities (“MBS”).** Fiscal year 2024 was unusually active with approximately 180 new first mortgages originating from $29.4 million of bond proceeds issued at the end of FY 2023 and another $30 million issued in FY 2024. These efforts were aided by the Closing Cost Funds, comprised of the **Revolving County Closing Cost Assistance Program, Purchase Assistance Program,** and the **Montgomery County Homeownership Assistance Fund, and Down Payment Assistance (bonds)**, which funded 147 closing cost mortgages of approximately $3.2 million in proceeds.

Another key to the program’s success is the portion of the annual state ceiling volume cap that is allocated to the MPP. HOC must balance the use of volume cap between its single family and multifamily financing programs. As the demand for homeownership opportunities grows, so does the demand for more volume cap for the single family program. This program is critical to ensuring HOC’s fiscal health, while increasing opportunities ***for homeownership*** among moderate-income households and incentivizing them to remain in the County and contribute to the County’s tax base.

HUD Related Activities

The Quality Housing and Work Responsibility Act of 1998 (“QHWRA”) requires HOC to develop a PHA Plan, which consists of a Five-Year Plan and Annual Plans as updates. The purpose of the PHA Plan is o inform HUD, residents, and the public of HOC's mission to serve the needs of low-income and very-low income families, highlighting its Housing Choice Voucher (“HCV”) and Public Housing (“PH”) programs.

The **FY 2025 Five-Year PHA Plan** under development covers the FY 2025-FY 2029 period. The Plan outlines HOC's goals and objectives over that five-year period, as well as the progress the Agency has made over the previous five-year period (FY 2020-FY 2024). The proposed plan was posted on HOC's website for a public comment period starting Feb. 16, 2024. It also is subject to review by HOC's Resident Advisory Board (“RAB”) prior to going to the Commission for approval. HOC will then submit Annual PHA Plans to update progress on achieving the goals outlined on the Five-Year Plan.

HUD also has recently enacted new requirements for inspections and multiple program modifications for the voucher program and multifamily programs through both **NSPIRE and HOTMA** regulations. HOC will update its administrative plan and programs, and communicate these updates to residents, landlords and key stakeholders.

Resident Services Programming

HOC’s commitment to ***enhancing the lives we touch*** is being further fortified by a **newly elected RAB**. The RAB was founded in February 1985 and functions according to a set of bylaws that govern its internal operations. The purpose of the Board is to assist HOC in carrying out its mission by bringing residents’ voices into deliberations and decisions. The RAB provides the residents with a forum for sharing information and making recommendations on the Public Housing Administrative Plan and other matters that affect their wellbeing.

The **HOC Academy (“HOCA”)** is the keystone of HOC’s commitment to help our families build a better life for themselves and **enhance** their children’s potential to excel in school and beyond. HOCA connects, in one place, a multitude of services/linkages in adult education, workforce development programs, small business development, counseling resources for adults and several enrichment programs for children of all ages. HOCA works closely with HOC's non-profit affiliate, the **HOCP,** which provides the much-needed financial support of targeted programs for adults and children through grants and private contributions.

Each year, HOCA's **Adult Education and Workforce Development Program ("AEWD")** provides career and small business development training in collaboration with several partners in the community. An important component of AEWD programs is a specialized 10-week Small Business Strategies Course, which teaches our customers everything about small business, from legalization and licensing to marketing and long-term business planning. For those seeking degrees and/or vocational certifications, HOCA provides tuition assistance to propel our customers closer to employment with greater earning potential. HOCA will continue to provide education and career training, tuition assistance and small business development opportunities to HOC customers in FY 2025.

HOCA's **youth enrichment programs** offer a wide variety of Science, Technology, Engineering, and Math ("STEM") and Science, Technology, Engineering, Arts, and Math ("STEAM") programming opportunities for children in all school grade levels. The cornerstone of our youth programming is our STEM Summer Day Camp program, which provides a variety of field trips and activities in robotics, engineering, chess, cultural arts, and other engaging STEM subjects. Students who participate in these activities demonstrate a better understanding of various STEM subjects and express increased interest in STEM subjects at school. The majority of participants report a growing desire to pursue careers in the ever-expanding STEM job market.

In FY 2025, as the implementation phase of our new five-year strategic plan takes shape, HOCP and HOCA will work to **enhance** our existing programs and develop exciting new programming for both adults and youth.

HOC's **Fatherhood Initiative Program ("FIP")** continues to **enhance** the lives of hundreds of fathers and their children each year. HOC is the **only public housing authority** in the United States to receive funding from the U.S. Department of Health and Human Services Office of Family Assistance ("OFA") Fatherhood F.I.R.E. Grant ("Fatherhood Family-focused, Interconnected, Resilient and Essential"). Our FIP program truly enhances the lives of our resident fathers in a very comprehensive manner. FIP participants complete a rigorous course of training and self-improvement and are taught by award-winning experts in responsible fatherhood education and healthy marriage training. The fathers also complete courses in workforce development and financial literacy. FIP equips these fathers to become better dads, who support their children, emotionally, developmentally, and economically. Since 2015, approximately 1,500 fathers have successfully completed the program. The program is in its ninth year and is well-positioned to continue to have a positive impact on the lives of many fathers and their families.

HOC's **Family Self Sufficiency ("FSS") Program** continues to help **Housing Choice Voucher ("HCV")** participants build wealth by providing direct financial assistance, savings into escrow accounts, employment assistance, financial and homeownership education, career training and assistance, educational opportunities, and more over the course of a five-year case management period. The education and skills that FSS participants attain significantly help them compete in the ever-changing job market. As of January 2024, 368 HOC customers were actively working toward their individualized milestones and goals outlined in their FSS contract of participation. Each year, many FSS participants successfully graduate and receive the funds they earned and saved in their escrow account, which they can use for home purchase, small business development or any other aspirations toward greater self-sufficiency. Later this year, we look forward to congratulating 30 participants on their FSS graduation.

Moving Forward in FY 2025

Along with the development of **HOC's new headquarters**, the Real Estate Development division is poised to make significant progress in FY 2025 on four major projects. The Site Plan Amendment for **Building B at Westside Shady Grove** has been accepted, advancing development plans for the mixed-use, mixed-income 413-unit building across from The Laureate in the Derwood community of Rockville. Located just a block away from the Shady Grove Metro station, the building will feature a 7,000 square-foot library/retail space, a rooftop lounge and offer LEED, solar and universal design opportunities.

The Lumina and The Radia at Hillandale Gateway in Silver Spring will be new mixed-use, mixed-income communities located on the site of Holly Hall Apartments, a former 96-unit Public Housing complex off New Hampshire Avenue near the Capital Beltway (the "Community"). The Community will consist of 155 senior apartments (The Radia), 308 multifamily apartments (The Lumina), retail, and parking. The senior apartment building will utilize income averaging to provide 113-units at 50% of AMI and 42-units at 80% of AMI. The building will strive to achieve Zero Net Energy through Passive House construction techniques, energy-efficient mechanical systems, and installing solar panels on the site.

Located within the 392-unit Garnkirk Square community in Clarksburg, **Garnkirk Square** will be a 184-unit family rental development located at Shawnee Lane and Observation Drive. The development will complement the classic and current architecture of the community while introducing modern elements and amenities designed to meet LEED Platinum and Energy Star Indoor Air Quality Plus certifications. The property will be comprised of studio, one-, two- and three-bedroom units. Of the total 184 units, 53 (29% of total units) will be three-bedrooms and 51 (28%) will be two-bedrooms, each having two bathrooms, which are more suitable for families. The development will include a 301-space parking structure, at least 19 of which will be designated for electric vehicles. HOC is pursuing an allocation of 9% Low Income Housing Tax Credits, which if achieved will result in at least 120 units being restricted at or below 60% of the Area Median Income.

HOC also has two multi-phase redevelopment projects in design and entitlement. The first is **Wheaton Gateway**, which is the assemblage of HOC's former Ambassador Apartments and Lindsay Ford's Wheaton dealership site on the west side of Veirs Mill Road. Wheaton Gateway is a planned 800-unit mixed-income, mixed-use development that presents the opportunity to add over 230 affordable units across three phases of construction. HOC submitted the project its Site Plan approval in March 2024 and expects to break ground by the end of 2025. The second redevelopment in design and entitlement is HOC's redevelopment of the Park & Ride lot at the **Forest Glen** Metro station. As proposed, Forest Glen would deliver more than 1,000 units in four phases, with at least 300 being affordable units. The redevelopment would include a large community central green, neighborhood retail, and would integrate the existing WMATA facilities.

In addition to HOC's goals of expanded affordable housing and enhanced programs and services, we are also making several major investments into our systems, technology and our workforce with the goal of ***excelling as a world class organization***.

We are investing in ***new technology*** such as our new budget and procurement systems; expanding the use of our payroll systems; and revamping our Customer Relationship Management ("CRM") system to ensure we have access to real-time data to make well-informed decisions and provide additional resources to our customers. We are also working to bring all HOC properties into our Yardi Property Management system, a move that will allow for more direct access to our data, and a sole source for that data irrespective of the property. Finally, we are investing in RentCafe as a payment and maintenance request platform across our portfolio to streamline the services available to all residents and third-party property managers.

Equally important, HOC is investing in our workforce. We will be hosting a range of innovative programs and resource sharing opportunities for our existing staff, including: speed networking to ensure newer and veteran employees have a greater understanding and appreciation of each other's roles and our rich menu of services; employee service days; additional training, benefits and wellness fairs and more.

Finally, HOC is investing in **elevating the customer service experience** by ensuring adequate staffing levels and resources and providing customer-facing staff with extensive training. We will also explore the use of trained volunteers to assist customers with navigating HOC programs and services.

We are excited about the year ahead and look forward to investing in ***Charting Our Course*** for a successful FY 2025!

The FY 2025 Recommended Operating Budget of $348.4 million and Recommended Capital Budget of $339.0 million supports these priorities and objectives and strives to honor the support we continue to receive from all our partners.

Budget Highlights

Recommended Budget
April 3, 2024

FY 2025 Budget Highlights

Real Estate Development

In Fiscal Year 2025, the Real Estate Development ("RED") division will begin construction of more new construction projects and finance more total development activity than in any year in its history. This includes construction of Westside at Shady Grove, Building B and of Garnkirk Farms Apartments. HOC has reached this new echelon of production in chief part because of the increase of the Housing Production Fund from $50MM to $100MM in 2022. As usual, Low Income Housing Tax Credit ("LIHTC") renovations will also be a large component of the delivered pipeline with four transactions projected. These include the renovation of two major HOC assets in the Metropolitan and MetroPointe, as well as two other senior communities.

In FY 2024, HOC completed construction of The Leggett, formerly known as Elizabeth House III, the first of two (2) new-construction phases of the redevelopment of Elizabeth Square in downtown Silver Spring, MD – including the transaction that completed HOC's Rental Assistance Demonstration ("RAD") portfolio conversion. The Leggett provides 267 senior units and includes a senior wellness center and urgent care facility, which are operated by Holy Cross Hospital, and the South County Regional Recreational Center ("SCRRAC"), which opened in February 2024.

HOC also completed a second major new construction project in FY2024: the Laureate. Formerly known as Westside at Shady Grove, the project offers 268 highly-amenitized, mixed-income units steps from the Shady Grove Metro station. The Property also consolidated HOC's Gaithersburg Customer Service Center into the retail portion of the new property with a first-level lobby entrance and approximately 7,000 square feet of flexible office space above. Residential occupancy hit stabilization within 7 months of its doors opening.

HOC's first FY 2024 construction start was Hillandale Gateway, a new sustainable 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, an 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, creating its first destination mixed-use community. HOC also commenced construction of its new 9-story headquarters in downtown Silver Spring across from the Elizabeth Square development.

For FY 2025, HOC expects to finance and commence construction of a highly-sustainable and mixed-income multifamily community built to similar energy standards as Hillandale Gateway in Clarksburg known as Garnkirk Farms (184-units). With no current holdings in Clarksburg, HOC will expand housing choice into this affluent part of Montgomery County. HOC will also begin construction on Westside at Shady Grove, Building B, which builds upon the success of the Laureate. This 413-unit rental community will be the capstone of the Westside redevelopment, completing the multifamily buildout of the larger development.

HOC will have completed a majority of the comprehensive capital reinvestment in the properties within its portfolio that have come to the end of their 15-year initial compliance periods ("Year 15 Portfolio"). Coupled with the completion of the RAD conversion of all of its Public Housing to Project-based Section 8, HOC will have addressed the second of three large sets of economically vulnerable assets within its portfolio.

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 (2) important ways. First, each of the Year 15 properties has at least two (2) existing debt obligations. Second, each has an existing limited partner ("LP") investor. Ensuring that all physical capital needs are met, while still retiring all existing debt and maximizing value to HOC, has required implementing strategies that are possibly more challenging to produce but essential.

In FY 2024, several Year 15 properties have completed recapitalization including the 94-unit townhome community known as Stewartown Homes, the three (3) Willow Manor Senior properties (266 units), Shady Grove Apartments (144 units), and Georgian Court (147 units) – all of which closed and started renovations in FY 2022. In the coming fiscal year, HOC will close and start renovations on Metropolitan, MetroPointe, and Forest Oak Towers. The key remaining Year 15 Portfolio properties that still require formal plans are the Barclay Apartments, Strathmore Court, and the Willows.

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 ten (10) 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. HOC expects the Willows to be upzoned in FY 2025 as part of the County's revision to the Great Seneca Science Corridor Master Plan.

The re-syndication and renovation of three (3) Year 15 properties, the renovation of a senior property, two (2) new construction starts, in addition to ongoing construction and renovation projects begun previous to FY 2025, are expected to generate approximately $14.2 million in expected development fees in FY 2025.

Mortgage Finance

The Mortgage Finance Division (the "Division") operates HOC's Multifamily Lending Program (the "Multifamily Program") and the Single Family Mortgage Purchase Program (the "Single Family Program") (together, the "Bond Program") for the Agency, by providing tax-exempt interest rate mortgages for (1) multifamily acquisition and development activities, and (2) to households seeking first-time homeownership. In doing so, it performs the Housing Finance Agency ("HFA") function of Montgomery County. In FY 2025, the Division continues 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 first trust mortgages and investments, will continue to strengthen the Agency's fiscal position.

Multifamily Program

From FY 2021 to FY 2025, the Multifamily Program will issue almost a billion in mortgage loans to finance the acquisition, construction, rehabilitation and/or permanent funding of 4,193 multifamily units throughout Montgomery County. Of these units, 2,624 or 63% are restricted and affordable to households mostly earning up to 80% of the Area Median Income ("AMI"). These mortgage loans are funded with proceeds from (1) the issuance of tax-exempt private activity bonds, or (2) taxable Ginnie Mae-like securitized transactions offered by the U.S. Treasury's Federal Financing Bank ("FFB"). The bonds are paired with equity raised from the syndication of Low Income Housing Tax Credit ("LIHTC"), requiring the allocation of state ceiling volume cap, whereby the FFB loans do not; however, both of these mortgage loans are credit enhanced by the Federal Housing Administration's ("FHA") Risk-Sharing Program (hereinafter "FHA Risk-Sharing Program"). FFB/FHA Risk-Sharing Program transactions finance mortgages for stabilized and moderately rehabilitated developments. FFB re-opened in FY 2022, and builds on the success of the FHA Risk-Sharing Program by reducing the interest rate for affordable multifamily apartments and provides long-term financing at rates benchmarked to a Ginnie Mae execution. Its sunset date of 2024 was extended indefinitely in February 2024.

The Multifamily Program may also issue tax-exempt governmental bonds to finance affordable or mixed-income communities. Each community must meet the required affordability requirements, whereby either 20% of the units' rents are restricted to and the units occupied by households with incomes at or below 50% of the AMI or 40% at or below 60% of the AMI.

Highlights of the Multifamily Program include the successful financing and renovation of HOC's former Public Housing units, located in 10 multifamily developments throughout Montgomery County.

The conversion from Public Housing was completed in FY 2020 and was accomplished through (1) issuance of tax-exempt bonds, and (2) utilizing the assistance of HUD's Rental Assistance Demonstration ("RAD") Program, which converts Public Housing to Project Based Rental Assistance ("PBRA") or Project Based Voucher ("PBV") subsidy.

Between FY 2021 and FY 2023, the Multifamily Program focused on financing by resyndication several LIHTC communities or the construction of new mixed-income developments.

- FY 2021 – a total of $182.74 million in tax-exempt private activity bonds were issued to finance the acquisition, rehabilitation and permanent funding of Bauer Park Apartments (Rockville), Stewartown Homes (Gaithersburg), and the construction and permanent financing of a new mixed-income community, Westside Shady Grove (Rockville). Of the $182.74 million issued in FY 2021, $41.68 million was issued to refund several outstanding bonds of existing communities, thereby reducing the interest cost of the Commission.
- FY 2022 – a total of $111.36 million in tax-exempt private activity bonds were issued to finance the acquisition and rehabilitation of two (2) communities with 100% restricted affordable units – Georgian Court (Silver Spring) and Shady Grove (Derwood); and three (3) senior income restricted communities – Willow Manor at Clopper's Mill (Germantown), Willow Manor at Colesville (Silver Spring), and Willow Manor at Fair Hill Farm (Olney).
- FY 2023 – a total of $28.5 million in tax-exempt, variable rate private activity bonds were issued to finance the acquisition and construction of Residences on the Lane (Rockville), a senior income restricted community with 90% affordable units.
- FY 2024 – a total of $61 million in tax-exempt and taxable multiple purpose bonds were issued to refinance the conventional loans on VPC One, VPC Two, Scattered Sites One, and the bond-financed MHLP X under one issue. The Multifamily Program expects to issue $47 million of tax-exempt private activity notes that will be funded by Wells Fargo Securities to construct and equip Hillandale Gateway age-restricted LIHTC development, a 155-unit apartment building for seniors in Silver Spring. The Multifamily Program expects to issue up to $30 million of tax-exempt private activity bonds to fund the acquisition, construction and equipping of the LIHTC portion of the Hillandale Gateway non age-restricted multifamily development at Hillandale Gateway, which with the market rate units in the building that are funded by a Citi loan to the government lender to the project, will deliver 308 non age-restricted multifamily units to the market place. Altogether, the Hillandale development will deliver 463 total units to the marketplace and the Multifamily Program would have issued with a total of $167 million in tax-exempt and taxable bonds and notes to fund the transaction.
- FY 2024 – a total of $74.6 million of fixed-rate essential purpose multiple purpose bonds were issued to fund the construction and equipping of HOC's headquarters in the Silver Spring. Though not issued for residential housing, having a place from which to operate serves HOC in meeting its mission of delivering affordable housing to its customers and the community.

For FY 2025, the Multifamily program will continue to focus on financing new construction, LIHTC resyndication, and affordable preservation transactions. The Multifamily Program expects to issue $26 million in tax-exempt private activity bonds for the rehabilitation of The Metropolitan (Bethesda), and $15 million for the rehabilitation of MetroPointe (Wheaton). A total of $161 million financing is expected for the construction and permanent financing of two new mixed-income communities, Garnkirk Farms (Clarksburg) and Building B at Westside Shady Grove (Rockville). An additional $129.7 million in FFB funding is anticipated for the permanent financing of Bradley Crossing and Battery Lane, two naturally affordable, preservation communities located in Bethesda, Maryland, purchased by the Commission in 2022 and 2023, respectively.

FY 2025 will continue to present challenges: a changed financial and real estate market landscape, especially in light of the impact of the COVID-19 pandemic and unprecedented rise in inflation, which forced the federal government to take drastic measures to curb inflation through monetary and interest rate actions. After a several years of extremely low interest rates, beginning in March 2022, aggressive rate increases by the Federal Open Market Committee to achieve a targeted inflation rate of 2%, has resulted in many real estate transactions stalling. Where challenges exist in the real estate market, they present opportunities for HOC; however, the Multifamily Program continues to be constrained by pressures on tax exempt yields; limited availability of State ceiling volume cap; and, limited access to soft debt to support affordable housing. The challenges notwithstanding, the Multifamily Program anticipates earning $7.5 million in Commitment Fees in FY 2025. The recent indefinite extension of the Federal Financing Bank lending program in February 2024, will allow long-term competitive financing when the rate environment makes those opportunities favorable.

Single Family Program

From FY 2019 to FY 2025, it is anticipated that the Single Family Program will have funded approximately $200 million in single family first mortgage loans and approximately $13 million in single family secondary down payment and closing cost loans, thereby assisting approximately 1,005 households to become first-time homebuyers in Montgomery County.

As of FY 2022, the average single family first mortgage loan within the Single Family Program was $266,551 for a three-person household with incomes averaging $76,091 or 59% of the AMI. The median sales price was $251,000. FY 2022 loan production for the Single Family Program was down slightly (only 1%) when compared to FY 2021 and by 42% when compared to FY 2020. The decrease was due mostly to the COVID-19 pandemic, which impaired most sectors of the U.S. economy and suppressed many households' ability to purchase its first home, along with a shortage of affordable single family inventory. According to Bright MLS, the real estate multiple listing service for Montgomery County, Maryland, the FY 2022 and the FY 2021 median home sale price for Montgomery County was $549,000 and $509,000, respectively.

As of FY 2023, the average single family first mortgage loan within the Single Family Program was $281,713 for a household size of three (3) with an average household income of $85,721 or 65% of the 2023 AMI. The median sales price was $302,500.

At the end of the FY 2023, data from Bright MLS showed that the County's average sales price for both the single family and townhome market increased by 13.1% and 3.5%, respectively. The Single Family Mortgage Purchase Program ("MPP") also saw an increase in its average sales price by 10%. Bright MLS data also showed that the County's overall single family home and townhome settlements increased by 56.3% and 37.3%, respectively. The median sales price for the County's overall single family home and townhome was $630,000 and $473,000, respectively.

In FY 2024 and FY 2025, it is anticipated that affordable single family inventory will remain low, and prices and interest rates will continue to trend upward. Thus, having varied affordable single family mortgage and down payment assistance options will continue to be necessary and in high demand.

Since the creation of the Single Family Program in 1979, the Commission has issued multiple series of bonds under the Single Family Mortgage Revenue Bond Resolution (the "1979 Indenture") to provide low-interest rate mortgages to first-time homebuyers. The Commission may also issue bonds under the Single Family Housing Revenue Bond Resolution (the "2009 Indenture") and under the newly formed Program Revenue Bond Resolution (the "2019 Indenture"). In addition, the Commission has utilized the practice of issuing refunding bonds in the Program to (i) recycle and extend the life of volume cap it allocates to each bond issue ("Replacement Refunding") and/or (ii) refinance its outstanding bond debt at a lower bond yield, thus lowering costs of the Single Family Program ("Economic Refunding").

Emerging from the financial crisis of 2008, the Single Family Program began issuing Mortgage Backed Securities ("MBS") in 2012, to raise additional capital to fund its loan program and manage the risk to the Commission's balance sheet. 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 single family mortgages to Montgomery County residents. All single family first trust mortgage loans, whether backed by bond funds or MBS's, are guaranteed by either FHA, Fannie Mae and/or Freddie Mac.

In FY 2022, the Single Family Program completed one (1) bond issuance totaling $32 million under the 1979 Indenture, which provided new monies to purchase MBS's and fund new mortgage loans. Bond proceeds from the FY 2022 issuance, along with any remaining funds within the Single Family Program, allowed 98 households to become first-time homebuyers. Bond funds were also utilized to issue 17 secondary Down-Payment Assistance ("DPA") loans, which provide borrowers three-percent of the sales price.

In FY 2023, the Single Family Program completed one (1) bond issuance totaling $29.4 million under the 1979 Indenture, which provided new monies to purchase MBS's and fund new mortgage loans. Bond proceeds from the FY 2023 issuance, along with any remaining funds within the Single Family Program, allowed 125 households to become first-time homebuyers. Bond funds were also utilized to issue 14 secondary DPA loans, which provide borrowers three-percent of the sales price.

Not funded by bond proceeds, the Single Family Program also administers two additional closing cost programs. The Montgomery County Revolving Closing Cost Assistance Program ("RCCAP"), which provides homebuyers with five-percent of the sales price or up to $10,000, as a secured, second mortgage, funded a total of 9 loans in FY 2023. The Montgomery County Homeownership Assistance Fund ("McHAF"), which provides down payment and closing cost assistance, as a 10-year deferred loan, for up to 40% of the household's qualifying income for a maximum of $25,000, funded 64 loans in FY 2023. This program funded by the County has been the main source of closing cost and down payment assistance.

In FY 2023 and FY 2024, it is anticipated that the Single Family Program will complete one (1) bond issuance annually of approximately $35 million and $42 million, respectively, and the Single Family closing cost programs will fund a combined amount of approximately $2.5 million each fiscal year. In FY 2024, the County will increase its McHAF grant from $1.5 million to approximately $3 million and has budgeted $1.5 million for FY 2025.

Property Management Division

The Property Management Division has consistently prioritized the enhancement of customer service and augmentation of leasing initiatives through improvements to processes. As we continue to recover from the COVID 19 pandemic, we have intensified our commitment to providing excellent customer service and meeting the needs of our residents. Specifically, heightened attention is being directed towards unit inspections, program compliance, deferred maintenance, and rent collection.

Leasing our vacant homes continues to be a focus and we continue to source our applicants from the Housing Path waitlist or those who have submitted applications directly to properties, as deemed appropriate. In doing so, we expect to make significant progress towards improving our occupancy levels throughout our portfolio and ensuring that all low- and moderate-income units are fully utilized and our market rate units are optimized.

During the pandemic, eviction moratoria had precluded lease enforcement actions while the agency offered rental assistance to eligible residents. The Division is now focused on lease enforcement since the expiration of the eviction moratoria with the goal of ensuring our tenants are paying the rents as per their lease. In the meantime, we continue to offer resources to those tenants who are unable to pay their rents by working with various county resources.

In collaboration with the Maintenance Division, deferred maintenance is a high priority while ensuring routine maintenance meets all local and federal codes. As well, there is renewed efforts by the Division to update policies and procedures as well as train staff in areas of program compliance. Finally, with fully staffed Asset Management Director, a heightened focus on operational oversight is anticipated, contributing to improved outcomes for the Division. This comprehensive approach reflects our unwavering commitment to excellence and resilience in the face of evolving challenges.

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.

Like FY 2022, FY 2023 continued to be a particularly challenging year. The Maintenance Division was significantly impacted with the large influx of inspections as multiple agencies resumed work following the shut down due to the Pandemic. The COVID-19 Maintenance Protocols that were put in place in Fiscal Year 2021 were completely lifted and staff has begun working on the over 2,500 deferred maintenance work orders accumulated during the shutdown period. Aggressive efforts to reduce this backlog, has resulted in a decrease in this backlog of work orders. This will assist the HOC Maintenance Division in better serving its customers in a more efficiently and timely manner.

During the COVID-19 pandemic and proceeding years we experienced a negative effect on supplies across the nation resulting in significant price increases in our materials and equipment products such as HVAC units, stoves, refrigerators, microwaves, hot water heaters and even plywood. The increase in these prices combined with the increase in maintenance work effort and the additional wear and tear on our units has caused increases in maintenance expenses during this fiscal year. These increases also apply to supplies and appliances used for turn-over of vacant units. There is however hope in sight! Supply chains continue to improve, operations have gotten better, with a better balance supply and demand environment. Supplier have benefited from lessons learned during COVID-19 resulting in better communication, collaboration and transparency. This has resulted in better deliver times and additional products and supplies readily available. This will assist the HOC Maintenance Division in better servicing its customers in a more efficient time line.

Housing Choice Voucher (Federally Funded Program)

As Montgomery County's Public Housing Authority, HOC administers a Housing Choice Voucher ("HCV") Program and is authorized to provide 7,771 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. HOC obtained HUD approval to establish VPSs at 117% of the published SAFMRs to allow HOC families with greater access to housing in all parts of the county.

Housing Choice Voucher

HUD's allocation of vouchers includes Mainstream Disabled ("MSD"), Moderate Rehabilitation ("MR"), Family Unification Program ("FUP"), Rental Assistance Demonstration ("RAD"), Veterans Affairs Supportive Housing ("VASH"), Stability Vouchers ("SV") and Emergency Housing Vouchers ("EHV"). 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 7,771 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 2025 Recommended Budget was developed based on current utilization projections for FY 2025 and the anticipated funding levels provided by HUD for CY 2024 which projects a funding level for FY 2024 and FY 2025 of $120 million and $130 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 2023 to calculate the PHA's renewal allocation. Staff is unaware of any projected voucher allocations but will continue to respond to funding opportunities as they are presented.

<u>Resident Services</u>

The Resident Services Division provides 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 as well as Resource Services to assist people with disabilities to access critical resources and services.

HOC Academy

HOC Academy ("HOCA") 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 Education and Workforce Development Program ("AEWD") and Youth Enrichment Services ("YES").

AEWD has provided approximately $293,000 in scholarships for residents to pursue a degree/ certification and training programs to advance career goals. In FY 2024, AEWD provided career and small business development training in collaboration with Career Catchers, WorkSource Montgomery, and ALSTNTEC, LLC. The Small Business Development Opportunities began in 2019, and now includes small business training courses. To date, HOCA has assisted residents with legalizing 45 businesses. In FY 2024, the workforce development opportunities include a collaboration with WorkSource Montgomery's Mobile Bus that will provide workforce development assistance and referrals. HOC Academy plans to continue to provide education and career training, small business development opportunities, training and employment referrals in FY 2025.

YES offers STEM and STEAM programming opportunities via after-school camps, summer programs, and special events. In FY 2024, YES hosted five camps (Mad Science Camp, Chess Camp, Sphero Engineering Camp, Audio Engineering Camp, and Drone Soccer Camp), five field trips (Microsoft, Top golf, Tesla, iFly, and UMD Chemistry), and two large events (Esport event and Dads and Drone Event). Additionally, the annual Back to School STEM Carnival served over 600 participants and a new program - the Dare to Dream ESTEAM program was offered.

With the support of Housing Opportunities Community Partners and other grantors, YES will continue to provide resources and services to middle and high school students participating in STEAM Forward Academy (SFA), which supports students with serious STEM/STEAM aspirations through providing scholarships for field related programs. SFA is an active community for youth who have a serious interest in STEAM/STEM and live in a household that participates in one of HOC's housing programs. SFA includes scholarship opportunities to participate in regional STEM/STEAM learning opportunities. Participants receive up to $700 per calendar year to participate in accredited/ vetted enrichment programs of their choice.

Fatherhood Initiative

HOC's Fatherhood Initiative Program has served over 1,700 (as of 02/28/2024) fathers since the 2015 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 $533K in education/ vocational training to over 600 fathers.

The funding in the new grant cycle has increased from $695,177 to $998,000. This is an increase of $302,823. Along with the increase in funding the Fatherhood Initiative Program has increased its target enrollment numbers. In the previous grant cycle, the program had an annual enrollment target of 150 fathers and now it is 356 fathers. The annual enrollment target has more than doubled which can be attributed not only to the amount of funding received but also performing and serving fathers on such a high level.

In continuation of MDRC's Strengthening the Implementation of Responsible Fatherhood Programs ("SIRF") study which the Fatherhood

Initiative Program was selected for in 2020, in FY 2024 the Fatherhood Initiative was selected to participate on a second National study - Testing Identified Elements for Success in Fatherhood Programs (Fatherhood TIES). Building on the insights gained from the SIRF Study, the Fatherhood TIES Study will identify and test the essential functions, principles, elements, and components that are most effective at improving the lives of fathers who participate in fatherhood programs and their children. HOC's project will study the impact of financial incentives, financial coaching, and case management. As part of the study, HOC will receive an award of almost $300k for implementation.

County Operating 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 $7.97 million funding supported social services and programs to customers and residents. The funding received from Montgomery County not only creates the fundamental infrastructure of this work, but it is also the foundation for HOC to apply for grants to expand the reach of its supportive services. 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 2025, the County Executive's Recommended Capital Improvement Program includes $1.25 million for capital improvements for HOC's deeply affordable units.

Table of Contents

Recommended Budget
April 3, 2024

FY 2025 Recommended Budget

*** Please access Hyperlinks by selecting the title of the section you are trying to view.**

A Bookmark has been added to return you to the Table of Contents.

This page intentionally left blank.

Reader's Guide

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 **President/Executive Director's Budget Message**

The Budget Message addresses the challenges the Agency faces as we move from FY 2024 to FY 2025.

Page ix **Budget Highlights**

Page xxi **Budget Overview**

This section includes:

- Overview – Revenue and Expense Summary
- Fund Structure
- Agency Fund Description
- Budget Process
- Overview – Strategic Plan
- Operating Budget
- FY 2025 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

This page intentionally left blank.

Budget Overview

Recommended Budget
April 3, 2024

Overview—Revenue and Expense Summary

Fund Summary Overview	FY 2025 Recommended Budget		
	Revenues	Expenses	Net
General Fund	$33,985,450	$36,495,230	($2,509,780)
Draw from General Fund Operating Reserve ("GFOR")	$854,060	$0	$854,060
Restrict to General Fund Operating Reserve ("GFOR")	$0	$0	$0
Multifamily Bond Funds	$23,163,370	$23,163,370	$0
Single Family Bond Funds	$8,451,710	$8,451,710	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund ("OHRF")	$12,970,450	$1,779,950	$11,190,500
Restrict to OHRF	$0	$11,190,500	($11,190,500)
Opportunity Housing & Development Corporation Properties	$110,532,650	$108,898,970	$1,633,680
Draw from GFOR for MetroPointe Deficit	$22,040	$0	$22,040
Public Fund			
Housing Choice Voucher Program ("HCVP")	$139,722,090	$139,722,090	$0
Federal and County Grants	$18,653,980	$18,653,980	$0
TOTAL - ALL FUNDS	**$348,355,800**	**$348,355,800**	**$0**

Revenues and Expenses include inter-company Transfers Between Funds.

Fund Structure

This section summarizes the Agency's FY 2025 Recommended 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 2025 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 68.10% of HOC's revenue sources for FY 2025 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			
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		
Asset Management	Required Reserve Contributions		
Property Management & Maintenance Administration (Partial)	Loan Management Fees		
Resident Services (Partial)	Vehicle Lease Payments		
Tax Credit Development			
Facilities & IT Capital Needs			
Vehicle Lease Payments			
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 President/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., 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.

President/Executive Director's Budget Authorization

The President/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 Housing Assistance Payments ("HAP")),
   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 President/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 President/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 President/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 President/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.

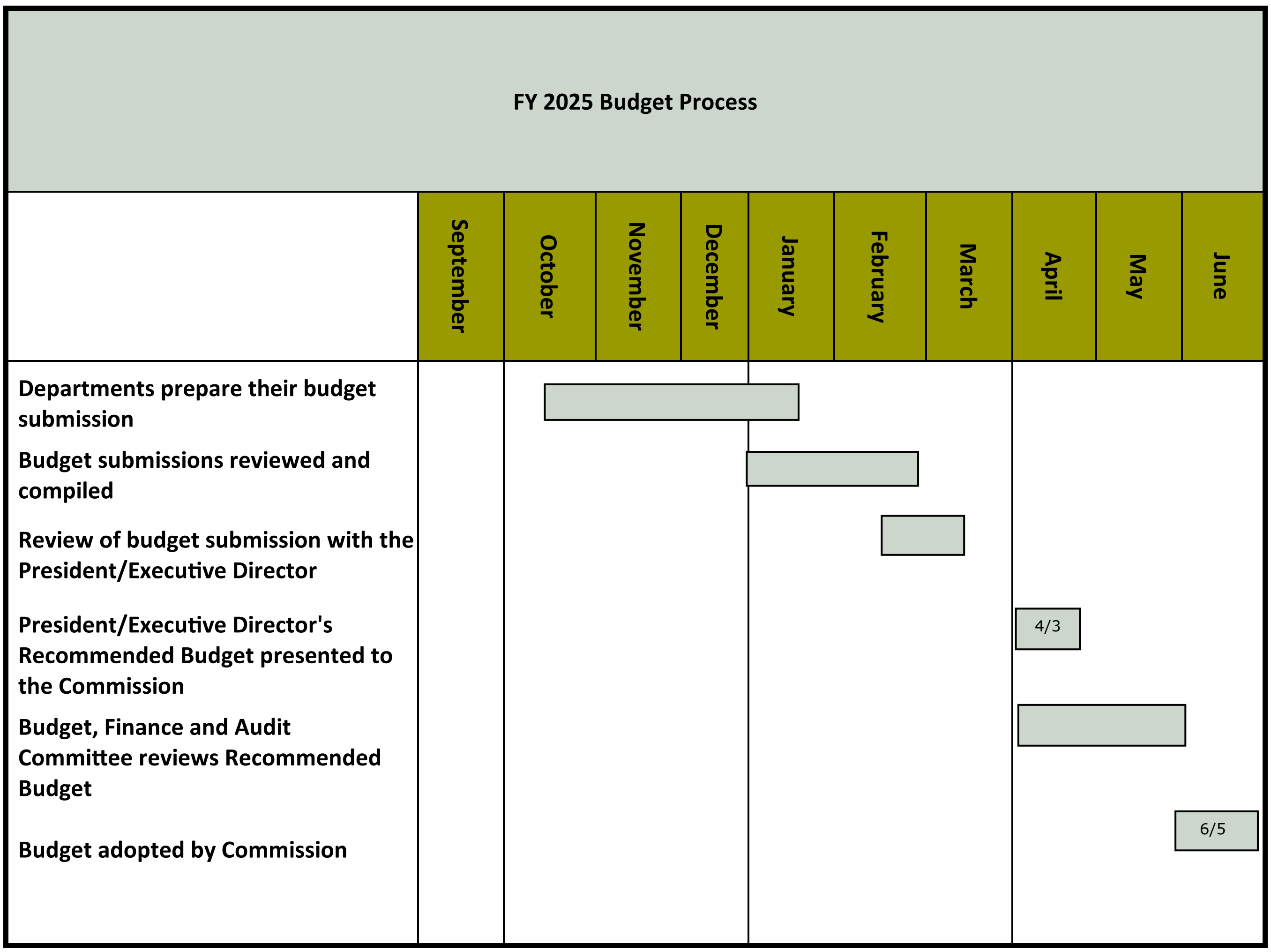
HOC's approved budget is provided to elected officials. In addition, the approved budget is made available electronically via the HOC website (www.hocmc.org).

Budget Calendar—FY 2025

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 President/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 2025 Budget Process



Overview—Strategic Plan

HOC underwent an extensive strategic planning process that began in FY 2023 and concluded in FY 2024. That process, facilitated by consultants at Public Works, LLC, involved a range of internal and external analyses all designed to support HOC in making decisions about the agency's current and future state. The process also included a robust stakeholder engagement process involving surveys, focus groups, interviews and town halls. That process yielded perspectives from over 2,400 stakeholders including HOC's Board, leadership and staff, County leadership, vendors and partners, customers, as well as the general public. HOC's President/Executive Director – with support from the Board of Commissioners, HOC leadership and staff – led the process through to its formal adoption at the March Commission meeting. HOC's 2024 - 2029 strategic plan includes new vision and mission statements for the agency, a set of core values, as well as three high -level goals that will govern our work over the next five years.

<u>Vision and Mission Statements</u>

Vision: It is our vision that everyone in Montgomery County has access to the safe, affordable, high-quality housing, and attendant services that they need to reach their fullest potential.

Mission: HOC exists to provide people with low and moderate incomes the opportunity to live in high-quality, safe, and affordable housing in Montgomery County. We strengthen families by offering opportunities for personal and economic growth through partnerships and supportive services.

<u>HOC's Core Values</u>

The Commission makes explicit for the first time in this Strategic Plan the values that will guide its, and HOC's staff's, pursuit of these goals. The Commission has specified seven Core Values that have shaped the strategies and policies it will implement over the next five years. These are:

1. People-First with Dignity & Respect | Our Staff
2. People-First with Dignity & Respect | Our Customers
3. Innovative and Entrepreneurial
4. Equity in Everything We Do
5. Power of Partnerships
6. Community-Enhanced Housing.
7. Stewardship

Strategic Plan Goals (2024 – 2029)

The Commission effectuates its vision and mission statements through three main operational goals:

I. EXPAND Affordable Housing in Montgomery County.

II. ENHANCE the Lives We Touch through Supportive Services & Partnerships.

III. EXCEL as a World-Class Organization.

Operating Budget — FY 2025 Recommended Budget

HOC's Recommended operating budget for FY 2025 of $348.35 million. Revenues are generated in two ways:

1. Grants, other funding sources, and the cash flow from HOC properties generate 89.0% of total revenues.
   - $108.73 million (31.2%) is from property rents and service income.
   - $157.42 million (45.2%) is from Federal and County grants.
     - $145.10 million (41.7%) is from Federal grants, which includes $127.1 million in HUD Housing Choice Voucher Assistance Payments that are passed through to Montgomery County landlords, for which HOC earns administrative fees.
     - $12.32 million (3.5%) 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.
   - $43.83 million (12.6%) is from management fees and miscellaneous income.
2. Non-operational income derived from HOC's bond-financing operation, real estate financing fees and interest earned on investments generate 11.0% of total revenues.
   - $27.57 million (7.9%) is from mortgage interest income which pays the debt service on HOC housing revenue bonds and interest earned on cash investments.
   - $10.80 million (3.1%) is from miscellaneous bond financing operations and transfers between funds.

FY 2025 Recommended Revenue and Expense Statement

Operating Budget		Non-Operating Budget	
Operating Income		**Non-Operating Income**	
Tenant Income	$107,544,410	Investment Interest Income	$27,567,160
Non-Dwelling Rental Income	$1,188,790	FHA Risk Sharing Insurance	$1,205,250
Federal Grant	$145,097,830	Transfer Between Funds	$9,592,900
State Grant	$0		
County Grant	$12,326,650		
Management Fees	$43,631,070		
Miscellaneous Income	$201,740		
TOTAL OPERATING INCOME	**$309,990,490**	**TOTAL NON-OPERATING INCOME**	**$38,365,310**
Operating Expenses		**Non-Operating Expenses**	
Personnel Expenses	$62,464,550	Interest Payment	$44,386,980
Operating Expenses - Fees	$23,340,340	Mortgage Insurance	$996,810
Operating Expenses - Administrative	$9,556,930	Principal Payment	$11,892,300
Bad Debt	$2,363,640	Debt Service, Operating and Replacement Reserves	$11,826,710
Tenant Services Expenses	$7,305,330	Restricted Cash Flow	$12,584,820
Protective Services Expenses	$1,397,170	Development Corporation Fees	$4,801,720
Utilities Expenses	$7,489,130	Miscellaneous Bond Financing Expenses	$800,820
Insurance and Tax Expenses	$3,724,530	FHA Risk Sharing Insurance	$1,205,250
Maintenance Expenses	$12,567,990	Transfer Out Between Funds	$3,406,760
Housing Assistance Payments ("HAP")	$126,244,020		
TOTAL OPERATING EXPENSES	**$256,453,630**	**TOTAL NON-OPERATING EXPENSES**	**$91,902,170**
NET OPERATING INCOME	**$53,536,860**	**NET NON-OPERATING ADJUSTMENTS**	**($53,536,860)**

Section 1:
SUMMARY
Tab

Summary

Recommended Budget
April 3, 2024

Mission, Vision and Core Value Statements

Mission

- HOC exists to provide people with low and moderate incomes the opportunity to live in high-quality, safe, and affordable housing in Montgomery County. We strengthen families by offering opportunities for personal and economic growth through partnerships and supportive services.

Vision

It is our vision that everyone in Montgomery County has access to the safe, affordable, high-quality housing, and attendant services that they need to reach their fullest potential.

Core Values

The Commission makes explicit for the first time in this Strategic Plan the values that will guide its, and HOC's staff's, pursuit of these goals. The Commission has specified seven Core Values that have shaped the strategies and policies it will implement over the next five years. These are:

1. People-First with Dignity & Respect | Our Staff
2. People-First with Dignity & Respect | Our Customers
3. Innovative and Entrepreneurial
4. Equity in Everything We Do
5. Power of Partnerships
6. Community-Enhanced Housing.
7. Stewardship

Special points of interest:

Strategic Plan Goals

EXPAND Affordable Housing in Montgomery County

A. Expand HOC's Portfolio of High-Quality Affordable Housing.

B. Expand Housing Supply in Montgomery County.

C. Expand and Optimize Rental Assistance.

ENHANCE the Lives We Touch Through Supportive Services & Partnerships

A. Enhance HOC's Resident Services Programs.

B. Enhance Partnerships with Government and Non-Profit Partners to Provide More Services.

C. Enhance Wealth-Creation and Homeownership Programs to Further Housing Equity.

D. Enhance Opportunities for Applicants on HOC's Wait List.

EXCEL as a World-Class Organization

A. Excel as a World-Class Place to Work.

B. Excel by Providing World-Class Customer Service.

Strategic Plan Goals cont.

C. Excel through Modern Technology and Data Systems.

D. Excel with Transparent and Accountable Implementation of this Plan.

Operating Budget

As described in the Fund Structure section on page xxvii, 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 2025 Recommended 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 2025 Operating Budget by accounting classification. This chart summarizes all Agency Funds. The FY 2025 Operating Budget is balanced.

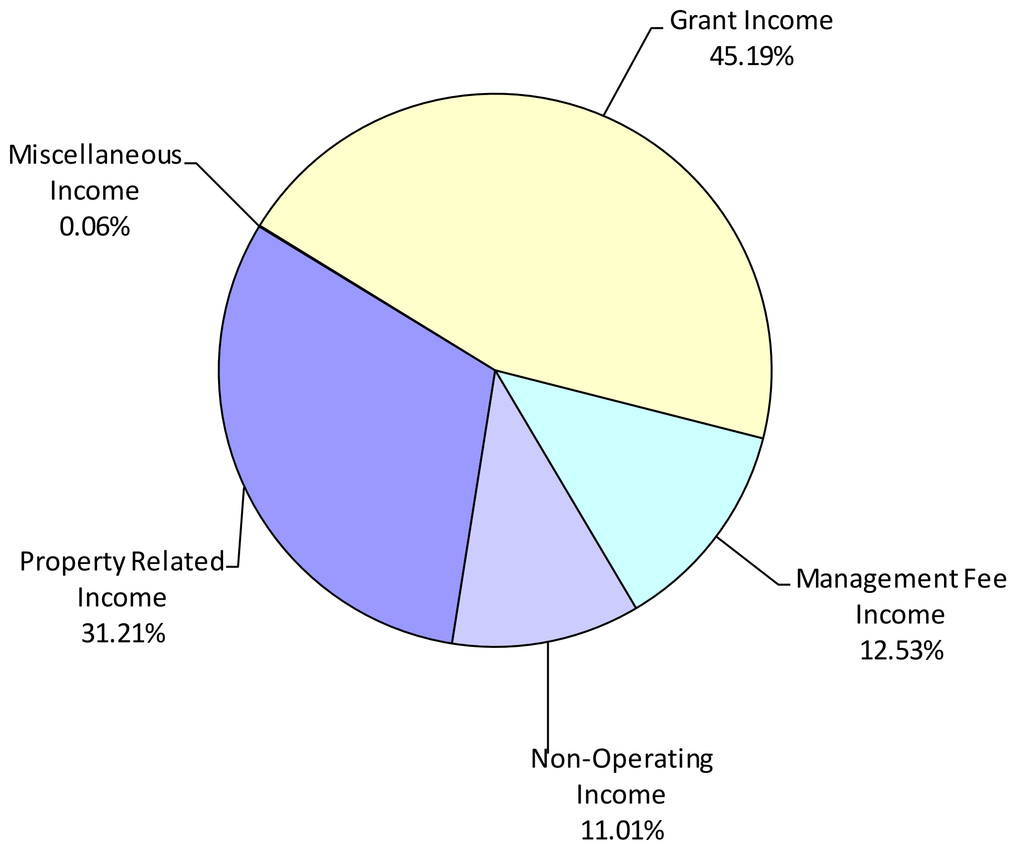
The charts on pages 1-9 illustrate the FY 2025 external as well as internal revenue restrictions. Although HOC has a $348.4 million budget in FY 2025, only 9.59%, or $33.4 million, may be used by the Commission for discretionary expenses.

The chart on page 1-10 summarizes the General Fund. In FY 2025 the General Fund generates a Net Operating Income deficit of $3.8 million.

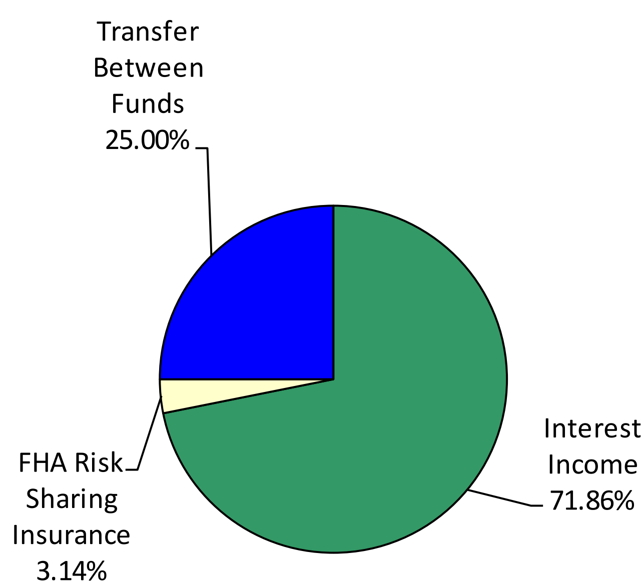
Charts are also included in this section which show the revenue, expense and net cash flow for the properties as well as the annual operating budget for each of the grants.

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

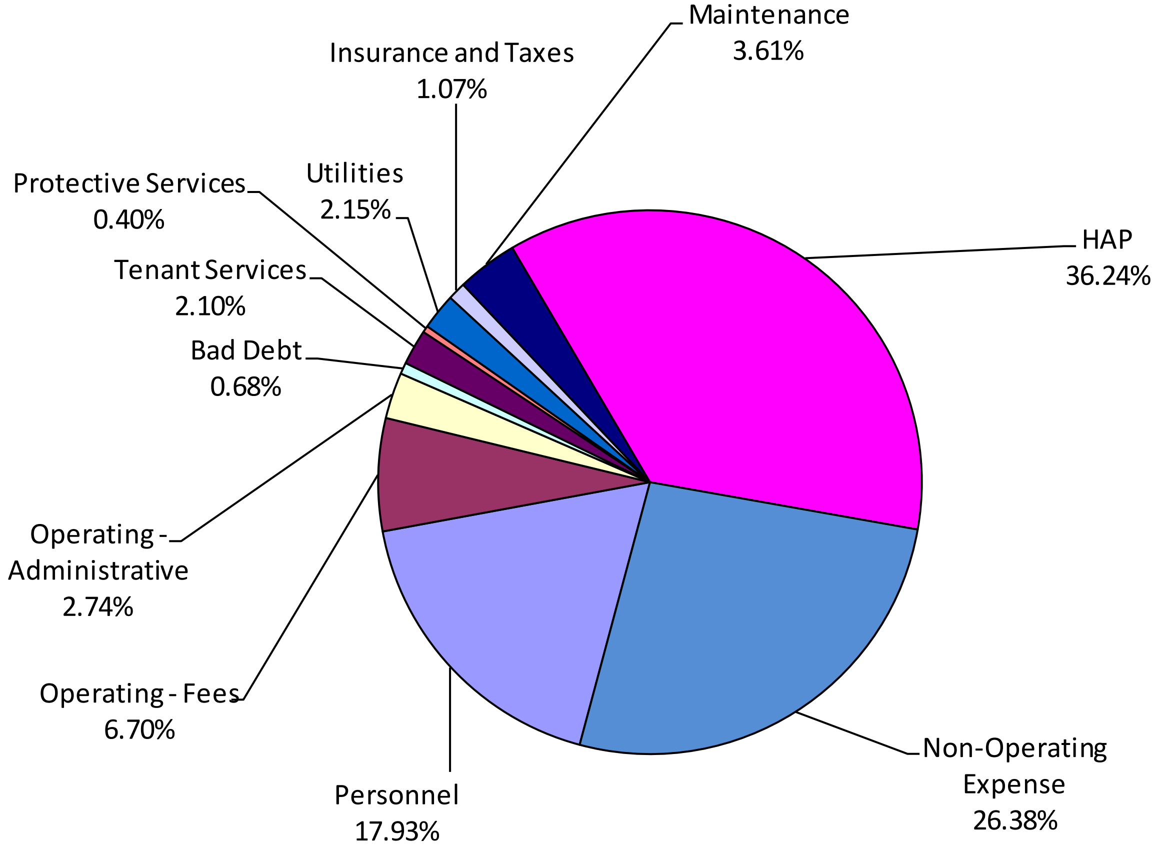
Source of Funds—FY 2025



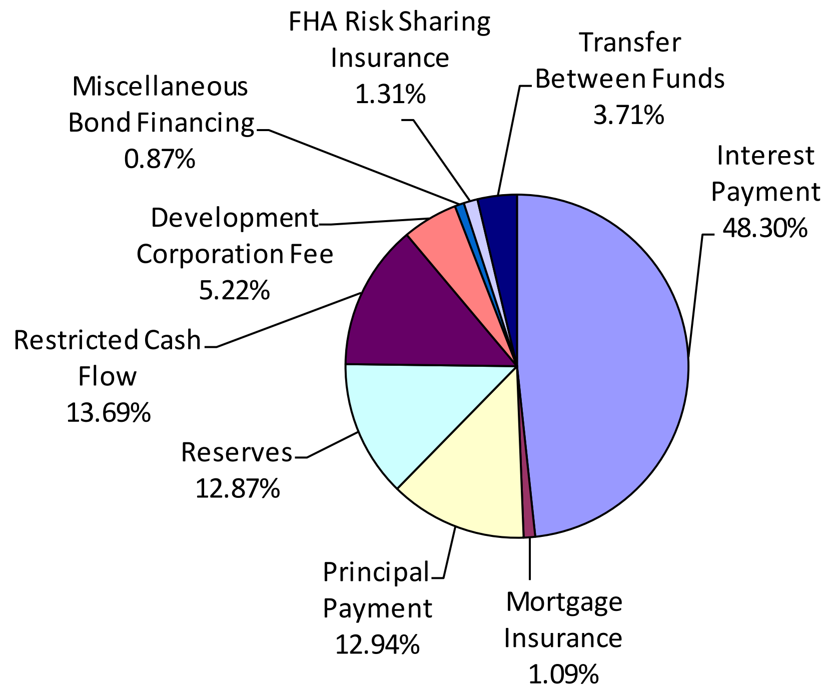
Non-Operating Income



Use of Funds—FY 2025



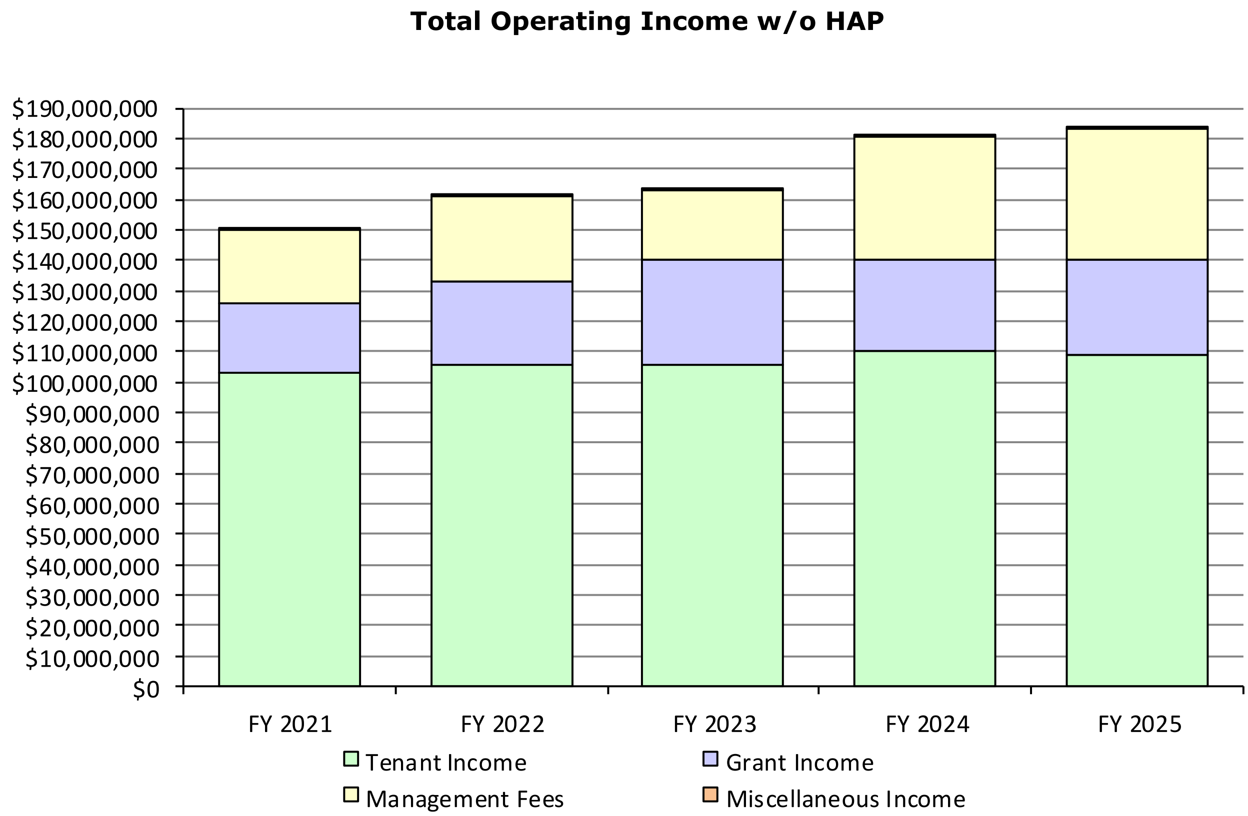
Non-Operating Expense

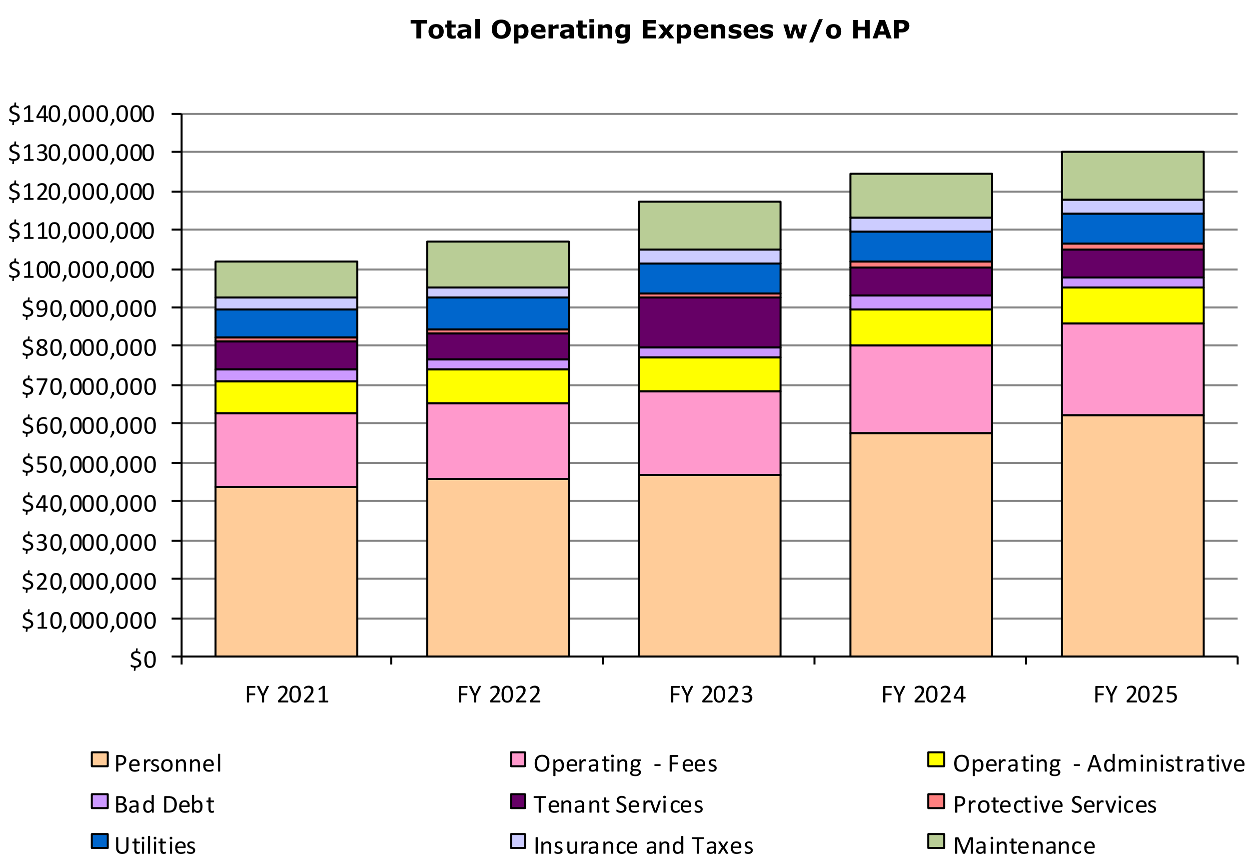


Total Agency—Revenue and Expense Statement

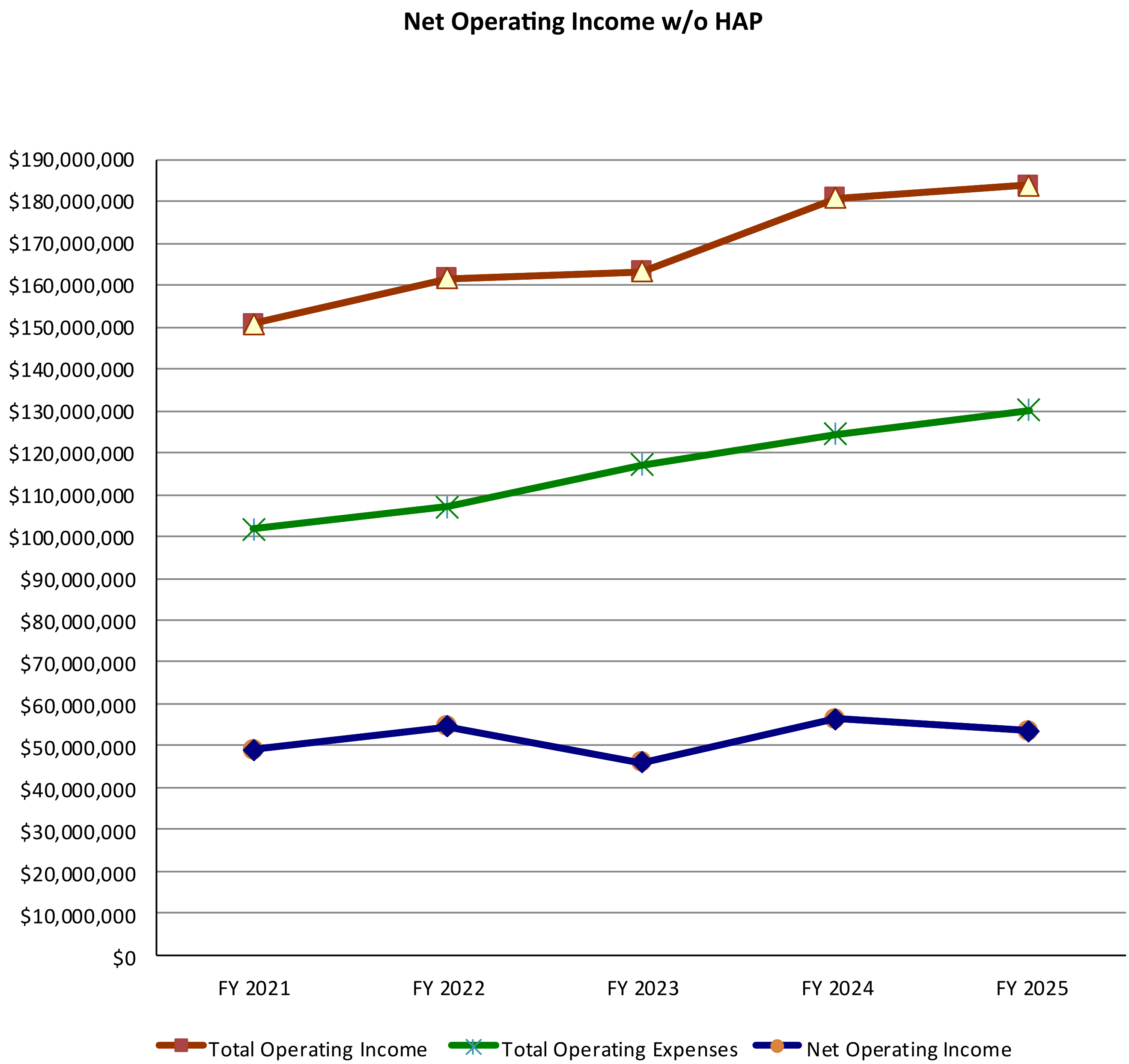
Total Revenue and Expense Statement	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$101,168,308	$103,433,803	$103,594,913	$108,834,890	$107,544,410
Non-Dwelling Rental Income	$1,971,505	$2,058,635	$2,046,252	$1,424,780	$1,188,790
Federal Grant	$117,108,381	$127,363,866	$135,428,095	$141,783,340	$145,097,830
County Grant	$11,036,409	$10,252,657	$17,208,744	$12,455,400	$12,326,650
Management Fees	$24,469,222	$28,047,755	$22,866,681	$40,548,060	$43,631,070
Miscellaneous Income	$571,402	$762,552	$250,645	$163,790	$201,740
TOTAL OPERATING INCOME	**$256,325,227**	**$271,919,268**	**$281,395,330**	**$305,210,260**	**$309,990,490**
Operating Expenses					
Personnel Expenses	$43,941,599	$45,747,066	$46,582,370	$57,806,660	$62,464,550
Operating Expenses - Fees	$18,960,653	$19,521,060	$21,822,650	$22,638,430	$23,340,340
Operating Expenses - Administrative	$7,948,761	$8,683,282	$8,856,780	$9,005,510	$9,556,930
Bad Debt	$3,367,868	$2,617,060	$2,544,165	$3,453,290	$2,363,640
Tenant Services Expenses	$7,207,120	$6,674,634	$12,646,310	$7,547,050	$7,305,330
Protective Services Expenses	$1,003,501	$1,043,235	$1,299,586	$1,564,560	$1,397,170
Utilities Expenses	$7,084,450	$8,132,602	$7,539,425	$7,648,780	$7,489,130
Insurance and Tax Expenses	$2,911,833	$2,572,404	$3,491,840	$3,494,790	$3,724,530
Maintenance Expenses	$9,239,238	$12,007,908	$12,267,404	$11,136,900	$12,567,990
Housing Assistance Payments ("HAP")	$105,640,697	$110,334,874	$118,319,029	$124,451,780	$126,244,020
TOTAL OPERATING EXPENSES	**$207,305,720**	**$217,334,125**	**$235,369,559**	**$248,747,750**	**$256,453,630**
NET OPERATING INCOME	**$49,019,507**	**$54,585,143**	**$46,025,771**	**$56,462,510**	**$53,536,860**
Non-Operating Income					
Investment Interest Income	$22,053,438	$26,195,521	$33,932,154	$24,688,450	$27,567,160
FHA Risk Sharing Insurance	$1,518,820	$1,659,452	$1,092,425	$1,081,290	$1,205,250
Transfer Between Funds	$12,245,244	$8,448,970	$8,454,045	$8,611,110	$9,592,900
TOTAL NON-OPERATING INCOME	**$35,817,502**	**$36,303,943**	**$43,478,624**	**$34,380,850**	**$38,365,310**
Non-Operating Expenses					
Interest Payment	$37,662,266	$41,457,628	$47,353,103	$42,515,110	$44,386,980
Mortgage Insurance	$1,162,254	$1,083,430	$1,039,524	$889,690	$996,810
Principal Payment	$11,987,690	$12,041,042	$11,393,366	$11,212,130	$11,892,300
Debt Service, Operating and Replacement Reserves	$12,140,601	$14,873,859	$16,825,291	$12,802,600	$11,826,710
Restricted Cash Flow	$6,262,226	$6,651,537	$2,547,080	$12,007,590	$12,584,820
Development Corporation Fees	$5,343,739	$5,758,672	$5,131,472	$5,739,740	$4,801,720
Miscellaneous Bond Financing Expenses	$674,756	$580,009	$708,020	$865,960	$800,820
FHA Risk Sharing Insurance	$1,502,780	$1,739,677	$1,027,290	$1,081,290	$1,205,250
Transfer Out Between Funds	$6,858,867	$5,691,231	$4,608,275	$3,729,250	$3,406,760
TOTAL NON-OPERATING EXPENSES	**$83,595,179**	**$89,877,085**	**$90,633,421**	**$90,843,360**	**$91,902,170**
NET NON-OPERATING ADJUSTMENTS	**($47,777,677)**	**($53,573,142)**	**($47,154,797)**	**($56,462,510)**	**($53,536,860)**
NET CASH FLOW	**$1,241,830**	**$1,012,001**	**($1,129,026)**	**$0**	**$0**

Operating Budget—Total Agency



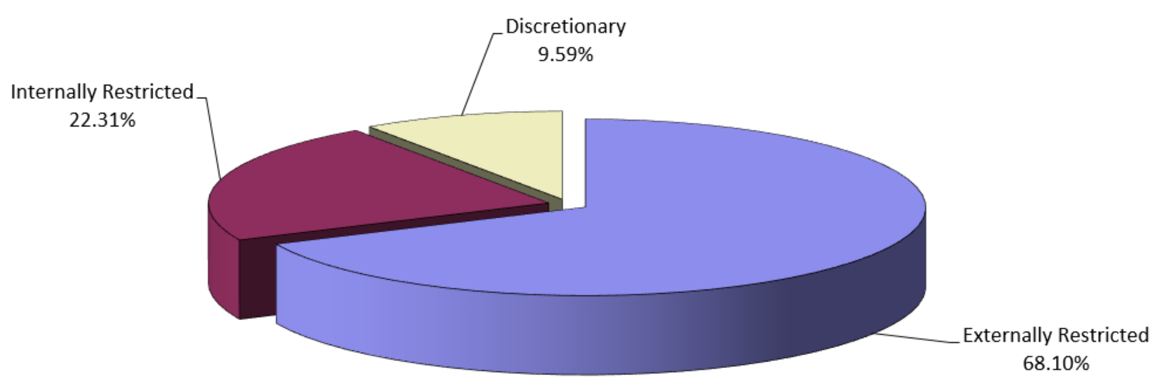


Operating Budget—Total Agency



FY 2025 Revenue Restrictions

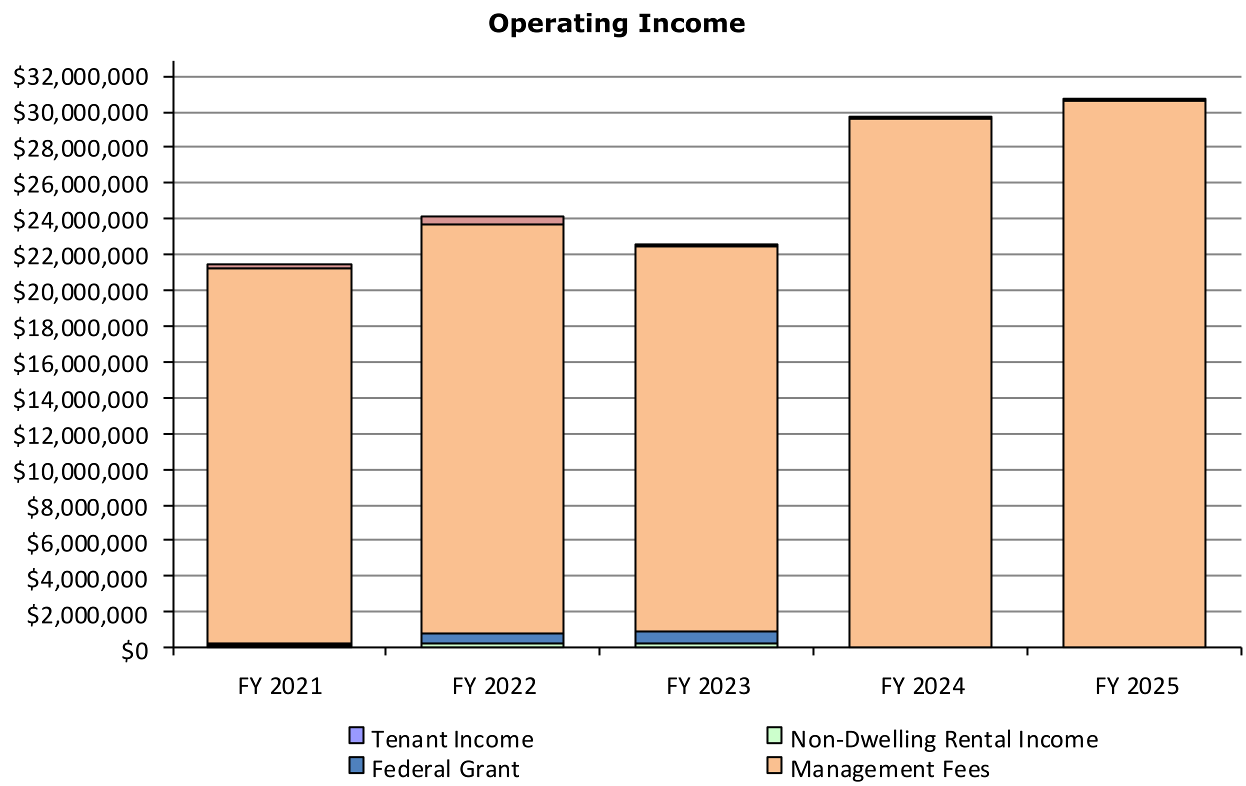
Revenue Restriction (Showing externally placed restrictions)	FY 2025 Recommended Budget Externally Restricted	Internally Restricted	Discretionary	Total
Operating Income				
Property Related Income	$42,338,940	$64,738,540	$1,655,720	$108,733,200
Federal Grant	$145,097,830	$0	$0	$145,097,830
County Grant	$12,326,650	$0	$0	$12,326,650
Management Fees	$0	$12,970,450	$30,660,620	$43,631,070
Miscellaneous Income	$152,150	$0	$49,590	$201,740
TOTAL OPERATING INCOME	**$199,915,570**	**$77,708,990**	**$32,365,930**	**$309,990,490**
Non-Operating Income				
Interest Income	$27,372,690	$0	$194,470	$27,567,160
FHA Risk Sharing	$1,205,250	$0	$0	$1,205,250
Transfer Between Funds	$8,738,840	$0	$854,060	$9,592,900
TOTAL NON-OPERATING INCOME	**$37,316,780**	**$0**	**$1,048,530**	**$38,365,310**
TOTAL - ALL REVENUE SOURCES	**$237,232,350**	**$77,708,990**	**$33,414,460**	**$348,355,800**

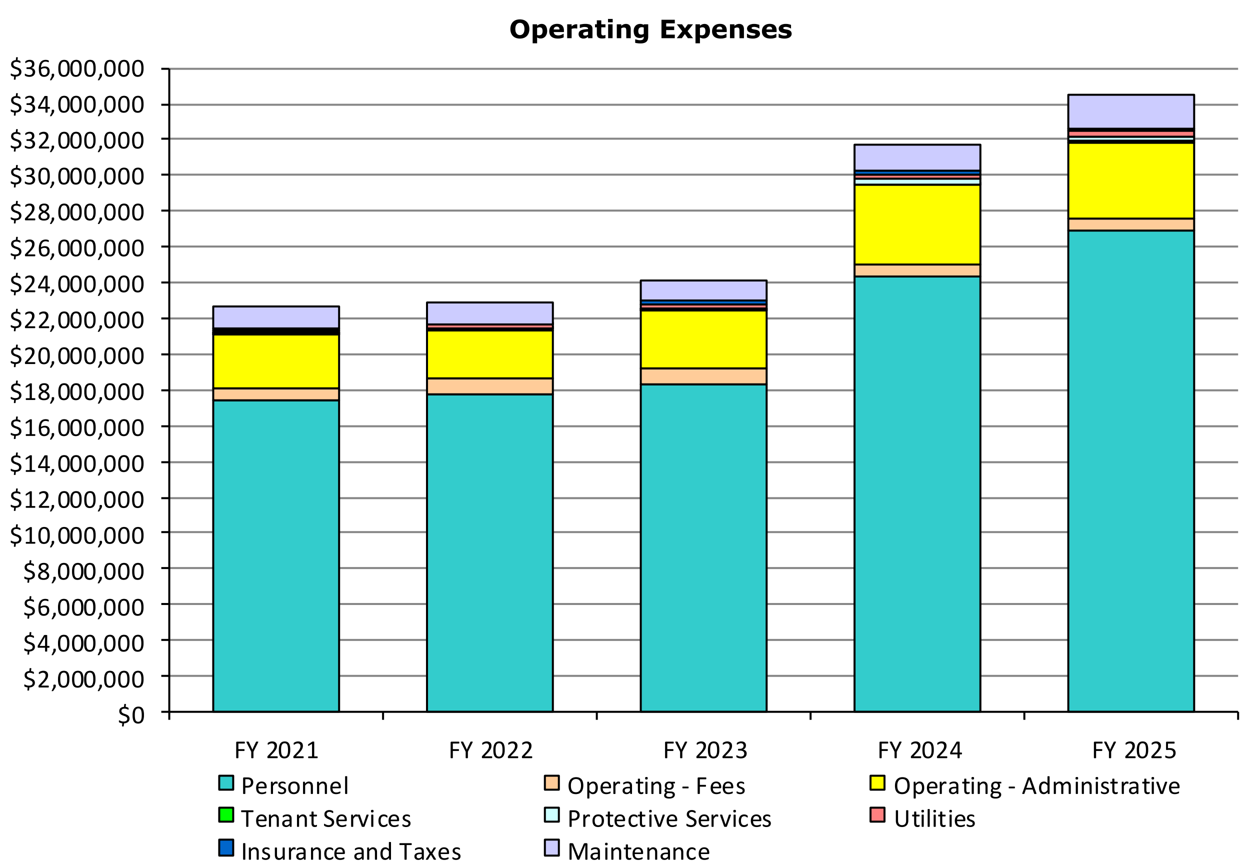


General Fund—Revenue and Expense Statement

General Fund	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$288	$0	$24	$0	$0
Non-Dwelling Rental Income	$88,930	$250,000	$250,000	$0	$0
Federal Grant	$138,814	$582,979	$680,147	$0	$0
Management Fees	$20,987,957	$22,881,120	$21,510,208	$29,610,620	$30,656,200
Miscellaneous Income	$267,583	$404,768	$59,376	$50,260	$49,590
TOTAL OPERATING INCOME	**$21,483,572**	**$24,118,867**	**$22,499,755**	**$29,660,880**	**$30,705,790**
Operating Expenses					
Personnel Expenses	$17,444,374	$17,759,266	$18,310,277	$24,296,330	$26,886,240
Operating Expenses - Fees	$619,850	$896,531	$893,650	$677,310	$693,980
Operating Expenses - Administrative	$3,023,247	$2,659,593	$3,193,076	$4,486,030	$4,272,890
Tenant Services Expenses	$43,943	$77,301	$64,200	$42,640	$67,250
Protective Services Expenses	$79,463	$46,296	$65,749	$261,120	$285,940
Utilities Expenses	$157,752	$191,380	$205,382	$280,000	$261,260
Insurance and Tax Expenses	$106,810	$60,002	$246,303	$177,880	$157,920
Maintenance Expenses	$1,158,478	$1,168,285	$1,107,736	$1,496,090	$1,916,500
TOTAL OPERATING EXPENSES	**$22,633,917**	**$22,858,654**	**$24,086,373**	**$31,717,400**	**$34,541,980**
NET OPERATING INCOME	**($1,150,345)**	**$1,260,213**	**($1,586,618)**	**($2,056,520)**	**($3,836,190)**
Non-Operating Income					
Investment Interest Income	$80,686	$7,254	($9,771)	$6,950	$194,470
FHA Risk Sharing Insurance	$1,518,820	$1,659,452	$1,092,425	$1,081,290	$1,205,240
Transfer Between Funds	$1,307,870	$1,685,166	$1,634,679	$2,095,330	$2,734,010
TOTAL NON-OPERATING INCOME	**$2,907,376**	**$3,351,872**	**$2,717,333**	**$3,183,570**	**$4,133,720**
Non-Operating Expenses					
Interest Payment	$103,176	$1,240	$96,000	$0	$0
Principal Payment	$0	$0	$96,000	$96,000	$96,000
Debt Service, Operating and Replacement Reserves	$200,000	$1,200,000	$200,000	$2,306,280	$450,000
Restricted Cash Flow	$0	$0	$250,000	$0	$0
FHA Risk Sharing Insurance	$1,502,780	$1,739,677	$1,027,290	$1,081,290	$1,205,250
Transfer Out Between Funds	$1,013,199	$1,252,748	$941,071	$608,820	$202,000
TOTAL NON-OPERATING EXPENSES	**$2,819,155**	**$4,193,665**	**$2,610,361**	**$4,092,390**	**$1,953,250**
NET NON-OPERATING ADJUSTMENTS	**$88,221**	**($841,793)**	**$106,972**	**($908,820)**	**$2,180,470**
NET CASH FLOW	**($1,062,124)**	**$418,420**	**($1,479,646)**	**($2,965,340)**	**($1,655,720)**

Operating Income and Operating Expenses—General Fund





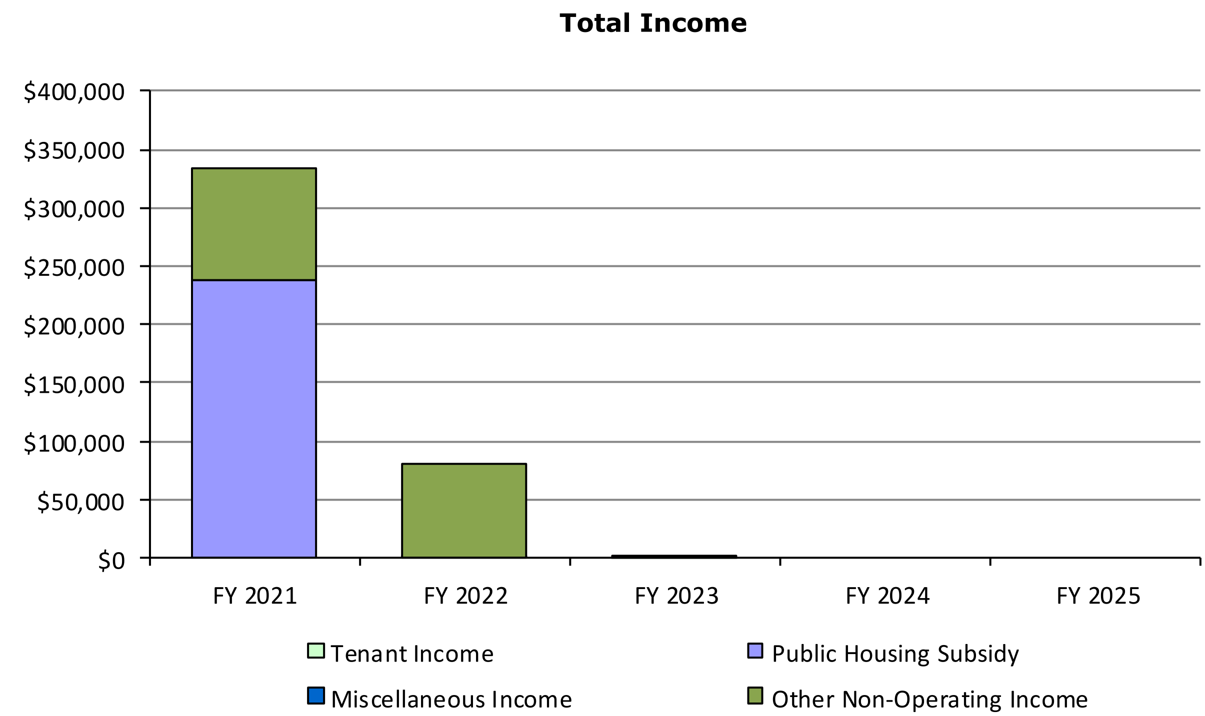
Public Fund (Grants)—Income Summary

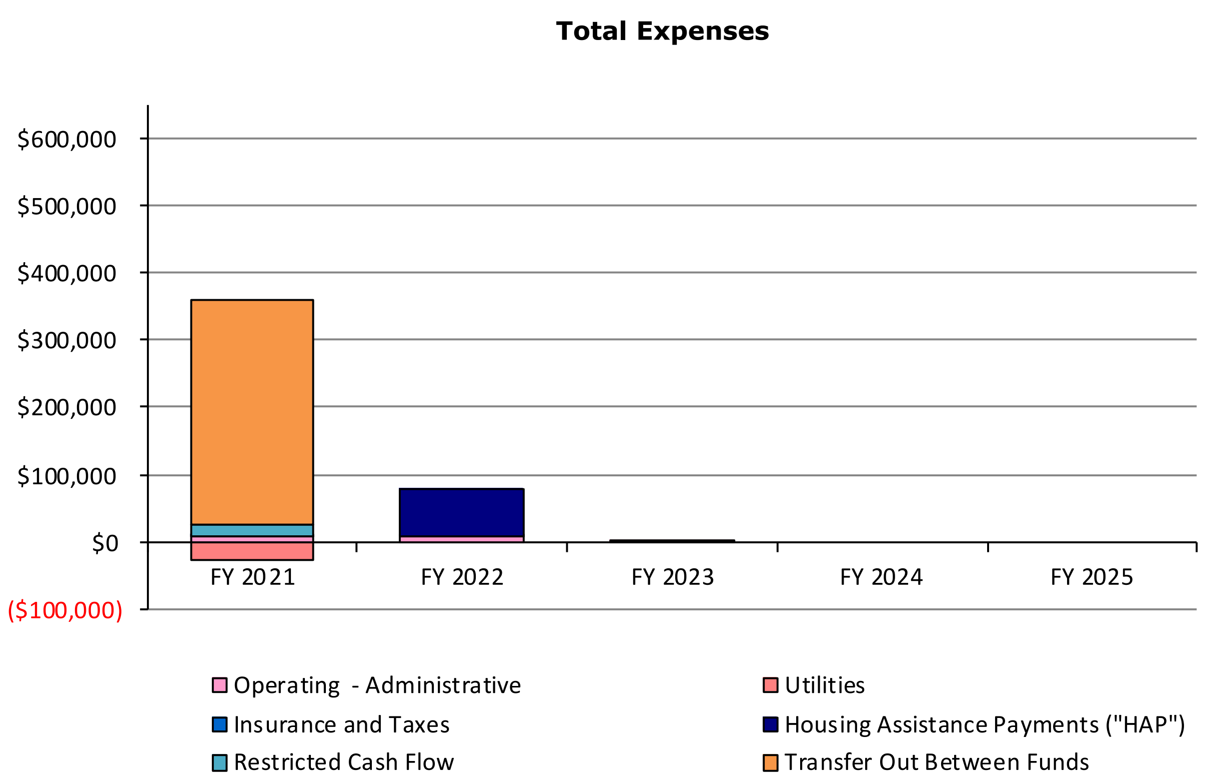
Public Fund Federal and County Grants Income Summary	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Federal Funds					
HOC Family Program	$495,950	$767,848	$789,489	$998,000	$998,000
McKinney Grants	$4,073,133	$4,295,205	$4,333,065	$4,333,070	$4,215,690
ROSS Grants	$382,079	$405,968	$316,658	$547,480	$574,860
TOTAL - FEDERAL FUNDS	**$4,951,162**	**$5,469,021**	**$5,439,212**	**$5,878,550**	**$5,788,550**
County Funds					
County Main Grant	$6,575,603	$6,861,987	$7,632,610	$7,972,500	$7,972,500
County Main Rental Assistance	$0	$0	$2,822,783	$0	$0
County Senior Nutrition	$37,014	$39,904	$19,401	$57,350	$57,350
County Closing Cost Assistance Program	$169,654	$172,571	$184,166	$208,960	$214,000
COVID 19 CDBG	$1,302,338	$0	$760,068	$0	$0
Housing Locator	$82,530	$90,177	$84,314	$100,310	$100,310
Maryland Emergency Food Program	$8,000	$8,000	$8,000	$8,000	$8,000
McKinney Grants	$634,586	$653,986	$702,744	$728,600	$728,600
Recordation Tax - Rent Supplemental Program	$1,555,054	$1,542,299	$1,824,357	$2,039,000	$1,957,430
Recordation Tax - Move-up Initiative	$116,633	$111,792	$116,590	$320,160	$307,350
Recordation Tax - Community Choice Homes Initiative	$316,261	$514,767	$673,445	$720,670	$691,850
Recordation Tax - Youth Bridge Initiative	$48,553	$62,878	$70,083	$88,680	$85,130
Recordation Tax - HIF Rental Assistance RAAP	$0	$0	$2,106,899	$0	$0
Turnkey	$24,915	$25,662	$27,715	$27,710	$28,550
Emergency Assistance	$173,268	$176,634	$183,568	$191,460	$183,570
TOTAL - COUNTY FUNDS	**$11,044,409**	**$10,260,657**	**$17,216,743**	**$12,463,400**	**$12,334,640**
TOTAL PUBLIC FUNDS	**$15,995,571**	**$15,729,678**	**$22,655,955**	**$18,341,950**	**$18,123,190**

Public Housing Rental—Revenue and Expense Statement

Public Housing Rental	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$0	$0	($275)	$0	$0
Public Housing Operating Subsidy	$238,806	$532	$0	$0	$0
TOTAL OPERATING INCOME	**$238,806**	**$532**	**($275)**	**$0**	**$0**
Operating Expenses					
Operating Expenses - Administrative	$10,099	$10,093	$845	$0	$0
Utilities Expenses	($25,969)	$0	$0	$0	$0
Insurance and Tax Expenses	$878	$934	$0	$0	$0
Housing Assistance Payments ("HAP")	$0	$69,661	$0	$0	$0
TOTAL OPERATING EXPENSES	**($14,992)**	**$80,688**	**$845**	**$0**	**$0**
NET OPERATING INCOME	**$253,798**	**($80,156)**	**($1,120)**	**$0**	**$0**
Non-Operating Income					
Investment Interest Income	$35	$0	$0	$0	$0
Transfer Between Funds	$94,874	$80,156	$1,120	$0	$0
TOTAL NON-OPERATING INCOME	**$94,909**	**$80,156**	**$1,120**	**$0**	**$0**
Non-Operating Expenses					
Restricted Cash Flow	$15,027	$0	$0	$0	$0
Transfer Out Between Funds	$333,680	$0	$0	$0	$0
TOTAL NON-OPERATING EXPENSES	**$348,707**	**$0**	**$0**	**$0**	**$0**
NET NON-OPERATING ADJUSTMENTS	**($253,798)**	**$80,156**	**$1,120**	**$0**	**$0**
NET CASH FLOW	**$0**	**$0**	**$0**	**$0**	**$0**

Total Income and Total Expenses—Public Housing Rental





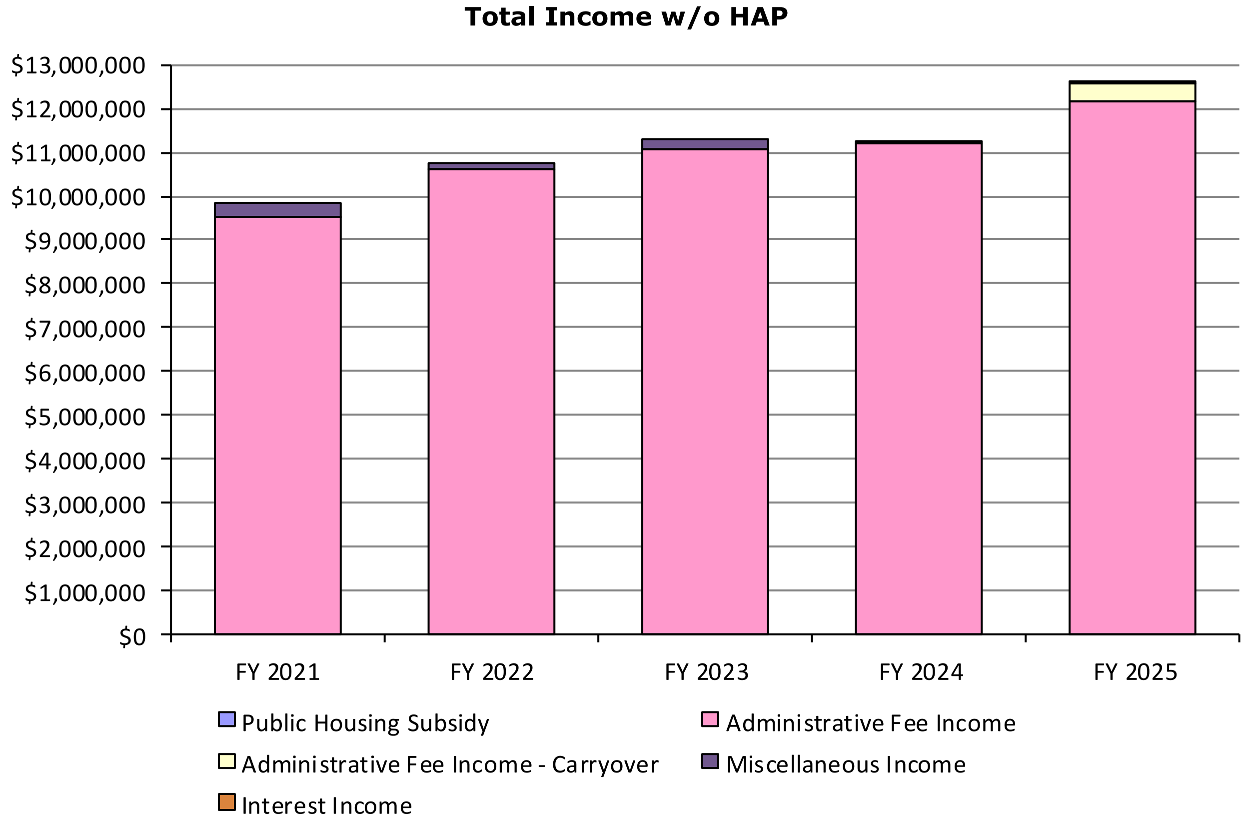
Public Housing Homeownership—Revenue and Expense Statement

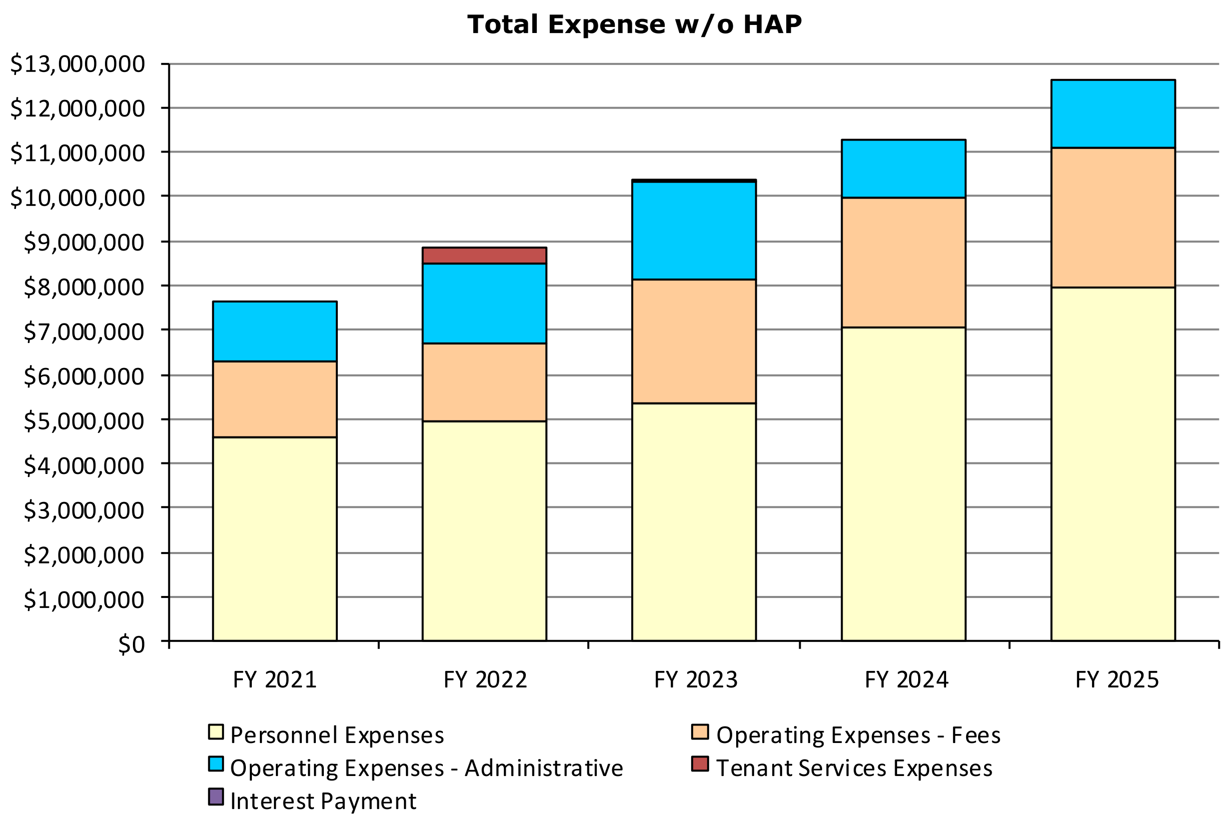
Public Housing Homeownership	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$0	$0	$179	$0	$0
Non-Dwelling Rental Income	$0	($70)	$0	$0	$0
TOTAL OPERATING INCOME	**$0**	**($70)**	**$179**	**$0**	**$0**
Operating Expenses					
Personnel Expenses	$0	$465	$137	$0	$0
Operating Expenses - Fees	$390	$0	$0	$0	$0
Operating Expenses - Administrative	$169	$69	$22	$0	$0
Protective Services Expenses	$72	$0	$0	$0	$0
Utilities Expenses	$8,014	$8,451	$3,567	$0	$0
Insurance and Tax Expenses	$223	$245	$288	$0	$0
Maintenance Expenses	$12,188	$28,360	$33,932	$0	$0
TOTAL OPERATING EXPENSES	**$21,055**	**$37,590**	**$37,947**	**$0**	**$0**
NET OPERATING INCOME	**($21,055)**	**($37,660)**	**($37,768)**	**$0**	**$0**
Non-Operating Income					
Investment Interest Income	$62	$0	$0	$0	$0
TOTAL NON-OPERATING INCOME	**$62**	**$0**	**$0**	**$0**	**$0**
NET NON-OPERATING ADJUSTMENTS	**$62**	**$0**	**$0**	**$0**	**$0**
NET CASH FLOW	**($20,993)**	**($37,660)**	**($37,768)**	**$0**	**$0**

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

Housing Choice Voucher Program	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Housing Assistance Payments ("HAP")	$102,216,697	$110,592,588	$118,245,713	$124,630,880	$127,114,130
Administrative Fee Income	$9,542,757	$10,634,727	$11,055,517	$11,231,910	$12,153,160
Miscellaneous Income	$289,358	$119,797	$244,194	$34,060	$35,000
TOTAL OPERATING INCOME	**$112,048,812**	**$121,347,112**	**$129,545,424**	**$135,896,850**	**$139,302,290**
Operating Expenses					
Personnel Expenses	$4,571,253	$4,957,978	$5,358,945	$7,039,680	$7,962,390
Operating Expenses - Fees	$1,732,945	$1,720,699	$2,777,651	$2,937,880	$3,144,000
Operating Expenses - Administrative	$1,342,689	$1,832,541	$2,198,667	$1,285,750	$1,501,560
Tenant Services Expenses	$0	$357,982	$8,021	$0	$0
Maintenance Expenses	$0	$24,165	$14,625	$0	$0
Housing Assistance Payments ("HAP")	$105,640,197	$110,265,213	$118,319,029	$124,451,780	$126,244,020
TOTAL OPERATING EXPENSES	**$113,287,084**	**$119,158,578**	**$128,676,938**	**$135,715,090**	**$138,851,970**
NET OPERATING INCOME	**($1,238,272)**	**$2,188,534**	**$868,486**	**$181,760**	**$450,320**
Non-Operating Income					
Draw from Housing Assistance Payments ("HAP") Reserve	$3,423,500	$0	$73,316	$0	$0
Administrative Fee Income - Carryover	$0	$0	$0	$0	$419,800
TOTAL NON-OPERATING INCOME	**$3,423,500**	**$0**	**$73,316**	**$0**	**$419,800**
Non-Operating Expenses					
Contribution to HAP Reserve ("NRP")	$0	$327,375	$0	$179,100	$870,120
Contribution to Admin Reserve ("UNP")	$2,185,228	$1,861,159	$941,802	$2,660	$0
TOTAL NON-OPERATING EXPENSES	**$2,185,228**	**$2,188,534**	**$941,802**	**$181,760**	**$870,120**
NET NON-OPERATING ADJUSTMENTS	**$1,238,272**	**($2,188,534)**	**($868,486)**	**($181,760)**	**($450,320)**
NET CASH FLOW	**$0**	**$0**	**$0**	**$0**	**$0**

Total Income and Total Expenses—HCV Program

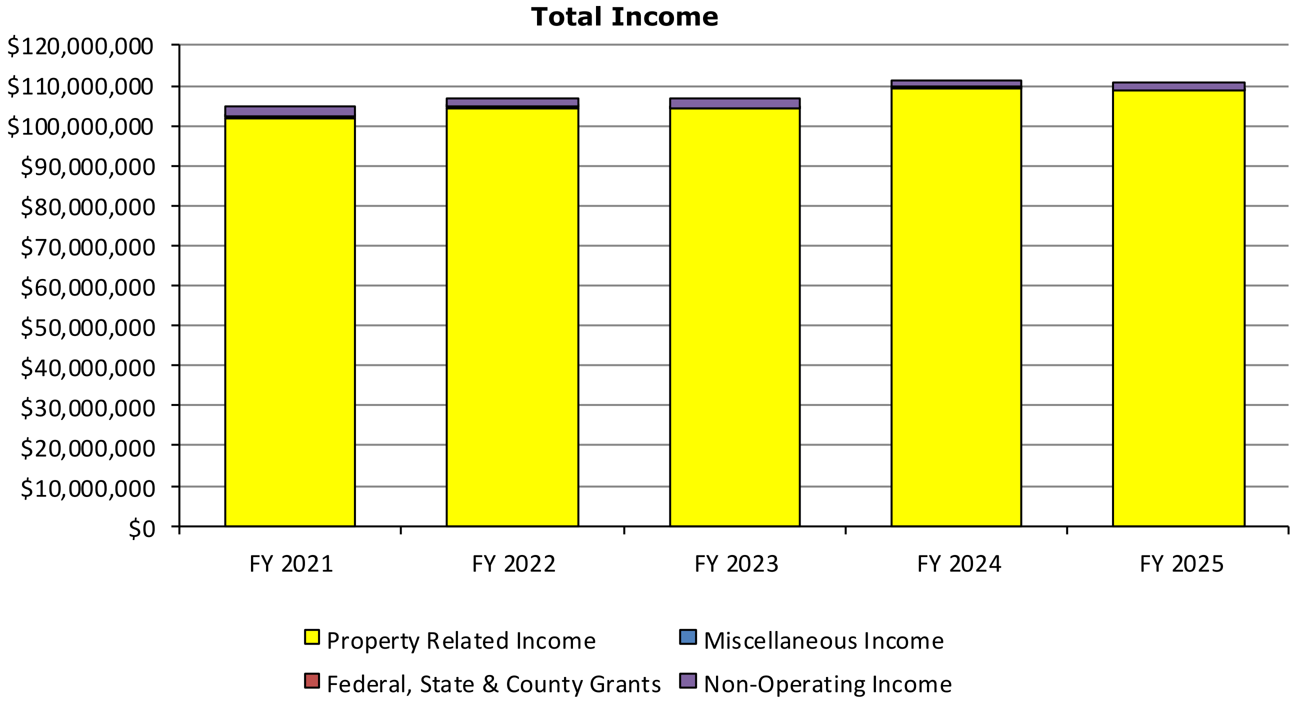


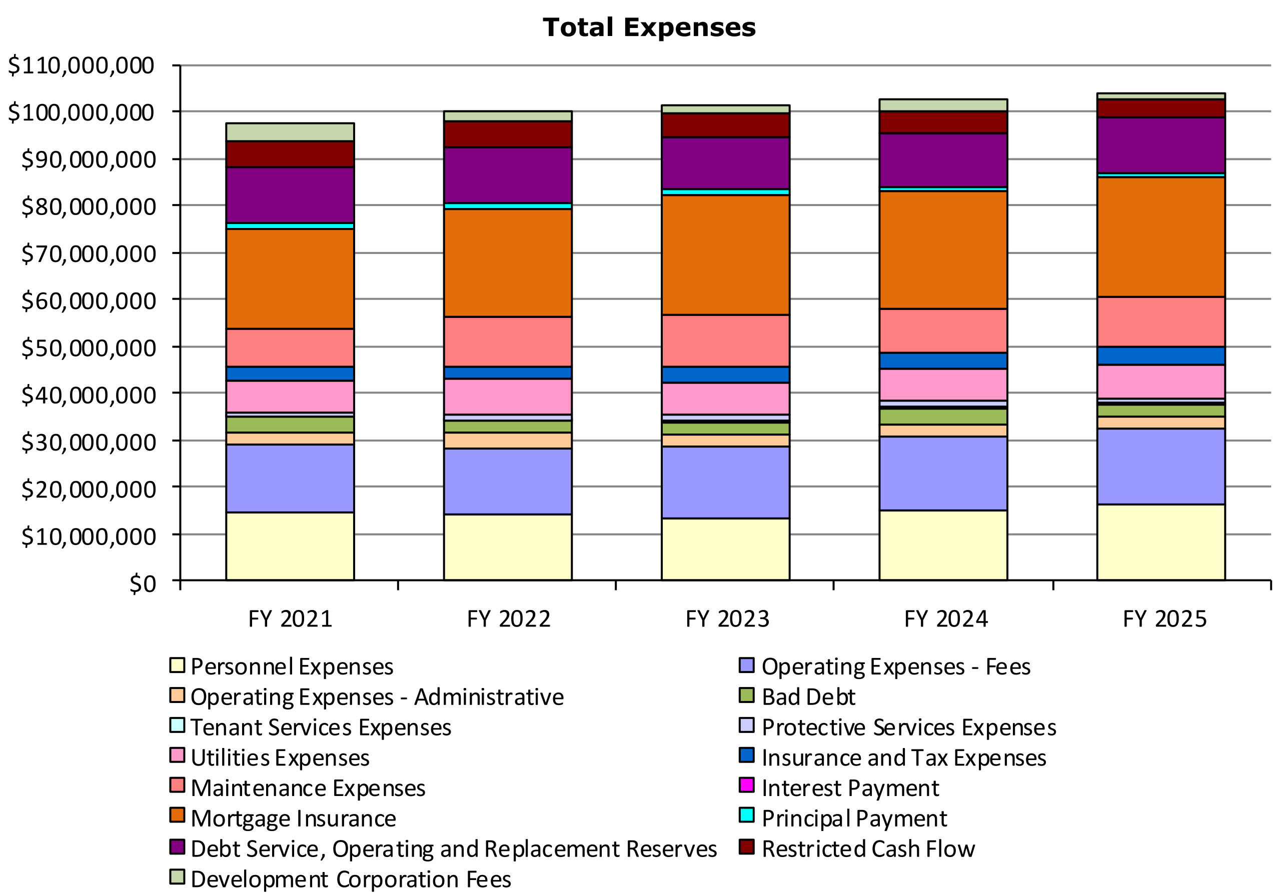


Opportunity Housing Fund and Development Corporations—Revenue and Expense Statement

Opportunity Housing and Development Corporations	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$100,296,519	$102,603,695	$102,760,004	$108,010,770	$107,442,120
Non-Dwelling Rental Income	$1,572,716	$1,733,768	$1,520,564	$1,390,720	$1,153,790
Federal Grant	$40,645	$44,859	$42,100	$42,000	$42,000
Miscellaneous Income	$300,694	$358,796	$208,254	$113,410	$148,570
TOTAL OPERATING INCOME	**$102,210,574**	**$104,741,118**	**$104,530,922**	**$109,556,900**	**$108,786,480**
Operating Expenses					
Personnel Expenses	$14,810,109	$14,117,954	$13,425,830	$15,262,440	$16,296,100
Operating Expenses - Fees	$14,271,450	$14,328,060	$15,243,612	$15,719,640	$16,160,380
Operating Expenses - Administrative	$2,469,423	$3,176,748	$2,537,848	$2,235,240	$2,569,420
Bad Debt	$3,324,955	$2,510,454	$2,546,224	$3,399,290	$2,363,650
Tenant Services Expenses	$268,432	$224,750	$291,018	$388,950	$542,510
Protective Services Expenses	$923,967	$996,939	$1,233,836	$1,303,440	$1,111,220
Utilities Expenses	$6,650,743	$7,628,136	$7,019,782	$6,961,620	$7,195,750
Insurance and Tax Expenses	$2,800,079	$2,506,574	$3,232,031	$3,307,050	$3,490,810
Maintenance Expenses	$8,068,170	$10,782,297	$11,111,110	$9,484,820	$10,634,140
TOTAL OPERATING EXPENSES	**$53,587,328**	**$56,271,912**	**$56,641,291**	**$58,062,490**	**$60,363,980**
NET OPERATING INCOME	**$48,623,246**	**$48,469,206**	**$47,889,631**	**$51,494,410**	**$48,422,500**
Non-Operating Income					
Investment Interest Income	($12,746)	$180	$1,446	$540	$250
Transfer Between Funds	$2,810,515	$1,838,470	$2,223,629	$1,925,350	$1,767,960
TOTAL NON-OPERATING INCOME	**$2,797,769**	**$1,838,650**	**$2,225,075**	**$1,925,890**	**$1,768,210**
Non-Operating Expenses					
Interest Payment	$21,432,131	$23,193,443	$25,671,218	$25,145,140	$25,728,380
Mortgage Insurance	$1,161,162	$1,082,601	$1,039,524	$888,770	$995,800
Principal Payment	$11,987,691	$12,041,042	$11,297,366	$11,116,130	$11,796,300
Debt Service, Operating and Replacement Reserves	$5,618,970	$5,391,870	$4,996,004	$5,011,270	$3,818,460
Restricted Cash Flow	$3,573,368	$2,246,647	$1,628,501	$2,553,910	$1,394,330
Development Corporation Fees	$5,343,739	$5,758,672	$5,131,472	$5,739,740	$4,801,720
TOTAL NON-OPERATING EXPENSES	**$49,117,061**	**$49,714,275**	**$49,764,085**	**$50,454,960**	**$48,534,990**
NET NON-OPERATING ADJUSTMENTS	**($46,319,292)**	**($47,875,625)**	**($47,539,010)**	**($48,529,070)**	**($46,766,780)**
NET CASH FLOW	**$2,303,954**	**$593,581**	**$350,621**	**$2,965,340**	**$1,655,720**

Total Income and Total Expenses—
Opportunity and Development Corporations Portfolio





HOC Owned/Managed Properties—FY 2025 Net Cash Flow Statement

Opportunity Housing and Development Corps FY 2025 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2025 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2025 Net Cash Flow to HOC
Avondale Apartments	$595,630	$284,090	**$311,540**	$253,940	$10,000	$76,050	**($28,450)**	$0	$0	**($28,450)**
Brookside Glen (The Glen) LP	$1,543,950	$898,300	**$645,650**	$491,080	$76,590	$131,620	**($53,640)**	$0	$0	**($53,640)**
Brookville Road	$185,590	$2,320	**$183,270**	$287,100	$0	$0	**($103,830)**	$0	$0	**($103,830)**
Camp Hill Square	$661,530	$576,130	**$85,400**	$0	$15,300	$100,070	**($29,970)**	$0	$0	**($29,970)**
Chelsea Towers	$382,430	$264,170	**$118,260**	$7,240	$8,400	$0	**$102,620**	$0	$0	**$102,620**
Cider Mill Apartments	$13,623,200	$6,085,500	**$7,537,700**	$6,868,500	$311,470	$562,950	**($205,220)**	$0	$0	**($205,220)**
Day Care at 9845 Lost Knife Rd	$131,420	$42,990	**$88,430**	$115,400	$5,000	$0	**($31,970)**	$0	$0	**($31,970)**
Elizabeth House Interim RAD	$0	$0	**$0**	$0	$0	$0	**$0**	$0	$0	**$0**
Fairfax Court	$297,140	$167,840	**$129,300**	$21,080	$26,820	$26,320	**$55,080**	$0	$0	**$55,080**
Glenmont Crossing Dev Corp	$1,913,000	$739,720	**$1,173,280**	$675,960	$83,310	$141,860	**$272,150**	$0	$272,150	**$0**
Holiday Park	$336,430	$267,870	**$68,560**	$0	$19,720	$0	**$48,840**	$0	$0	**$48,840**
Jubilee Falling Creek	$23,170	$31,010	**($7,840)**	$0	$2,000	$0	**($9,840)**	$0	$0	**($9,840)**
Jubilee Woodedge	$13,190	$24,290	**($11,100)**	$0	$2,000	$0	**($13,100)**	$0	$0	**($13,100)**
King Farm Village Center	$0	$14,200	**($14,200)**	$0	$1,200	$0	**($15,400)**	$0	$0	**($15,400)**
Manchester Manor Apartments	$780,670	$620,610	**$160,060**	$218,680	$21,410	$83,640	**($163,670)**	$0	$0	**($163,670)**
McHome	$448,890	$415,130	**$33,760**	$0	$16,420	$0	**$17,340**	$0	$0	**$17,340**
MetroPointe Dev Corp	$2,921,010	$971,480	**$1,949,530**	$1,932,890	$30,000	$8,680	**($22,040)**	$0	$0	**($22,040)**
MHLP VII	$496,870	$447,590	**$49,280**	$35,870	$14,000	$0	**($590)**	$0	$0	**($590)**
MHLP VIII	$733,940	$601,610	**$132,330**	$0	$20,000	$0	**$112,330**	$0	$0	**$112,330**
MHLP IX - Pond Ridge	$581,760	$381,490	**$200,270**	$239,160	$16,000	$0	**($54,890)**	$0	$0	**($54,890)**
MHLP IX - Scattered	$1,144,340	$776,340	**$368,000**	$434,030	$30,400	$0	**($96,430)**	$0	$0	**($96,430)**
MHLP X	$1,201,380	$792,420	**$408,960**	$311,060	$42,180	$12,340	**$43,380**	$0	$0	**$43,380**
MPDU 2007 - Phase II	$85,570	$62,390	**$23,180**	$0	$5,400	$0	**$17,780**	$0	$0	**$17,780**
MPDU I (64)	$827,050	$662,810	**$164,240**	$56,890	$27,540	$0	**$79,810**	$0	$0	**$79,810**
MPDU II (59) Dev Corp	$857,930	$572,730	**$285,200**	$0	$17,700	$0	**$267,500**	$0	$267,500	**$0**
NCI Units	$178,070	$139,380	**$38,690**	$0	$38,690	$0	**$0**	$0	$0	**$0**
NSP Units	$93,400	$54,610	**$38,790**	$0	$38,790	$0	**$0**	$0	$0	**$0**
617 Olney Sandy Spring Road	$0	$0	**$0**	$0	$0	$0	**$0**	$0	$0	**$0**
Paddington Square Dev Corp	$3,137,800	$1,529,160	**$1,608,640**	$909,270	$52,800	$104,470	**$542,100**	$0	$542,100	**$0**
Paint Branch	$207,430	$139,090	**$68,340**	$0	$8,400	$0	**$59,940**	$59,940	$0	**$0**

HOC Owned/Managed Properties—FY 2025 Net Cash Flow Statement (cont.)

Opportunity Housing and Development Corps FY 2025 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual Escrow for RfR	Asset & Loan Management Fees	FY 2025 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2025 Net Cash Flow to HOC
(cont.)										
Pooks Hill High-Rise Dev Corp	$3,146,680	$1,105,360	$2,041,320	$1,012,230	$193,030	$321,900	$514,160	$0	$514,160	$0
Pooks Hill Mid-Rise	$965,740	$376,910	$588,830	$298,110	$55,860	$73,120	$161,740	$0	$0	$161,740
RAD 6 - Ken Gar Dev Corp	$235,080	$178,530	$56,550	$102,290	$11,330	$20,110	($77,180)	$0	$0	($77,180)
RAD 6 - Parkway Woods Dev Corp	$337,460	$224,140	$113,320	$115,690	$14,320	$25,410	($42,100)	$0	$0	($42,100)
RAD 6 - Sandy Spring Meadow Dev Corp	$693,960	$396,980	$296,980	$258,650	$32,810	$58,230	($52,710)	$0	$0	($52,710)
RAD 6 - Seneca Ridge Dev Corp	$1,188,160	$933,760	$254,400	$511,830	$42,350	$75,160	($374,940)	$0	$0	($374,940)
RAD 6 - Towne Centre Place Dev Corp	$576,240	$406,120	$170,120	$173,410	$29,220	$51,870	($84,380)	$0	$0	($84,380)
RAD 6 - Washington Square Dev Corp	$897,060	$728,860	$168,200	$332,690	$29,820	$52,930	($247,240)	$0	$0	($247,240)
Scattered Sites One Dev Corp	$2,865,930	$2,036,690	$829,240	$557,110	$114,000	$23,000	$135,130	$0	$135,130	$0
Sligo MPDU III Dev Corp	$290,990	$293,070	($2,080)	$0	$9,200	$0	($11,280)	$0	$0	($11,280)
Southbridge	$517,790	$333,940	$183,850	$125,220	$10,800	$57,040	($9,210)	$0	$0	($9,210)
State Rental Partnership	$1,687,460	$2,103,280	($415,820)	$0	$87,100	$0	($502,920)	$0	$0	($502,920)
Strathmore Court	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Strathmore Court Affordable	$4,393,220	$1,742,480	$2,650,740	$1,936,140	$75,190	$329,550	$309,860	$0	$0	$309,860
TPP LLC - Timberlawn	$2,461,930	$902,270	$1,559,660	$798,810	$54,740	$156,480	$549,630	$0	$0	$549,630
VPC Two Dev Corp	$4,805,070	$2,589,080	$2,215,990	$1,485,640	$157,460	$62,930	$509,960	$0	$509,960	$0
Willows of Gaithersburg	$2,449,910	$1,729,910	$720,000	$274,900	$78,000	$303,310	$63,790	$0	$0	$63,790
TOTAL	$109,800,920	$55,646,900	$54,154,020	$38,520,480	$3,818,460	$4,717,080	$7,098,000	$1,394,330	$4,801,720	$901,950
From reserves planned to fund specific property operating deficits										
Brookside Glen (The Glen) LP							$53,640			$53,640
Brookville Road							$103,830			$103,830
Dale Drive							$27,300			$27,300
MetroPointe Dev Corp							$22,040			$22,040
Oaks @ Four Corners Dev Corp							$34,830			$34,830
Southbridge							$9,210			$9,210
State Rental Partnership							$502,920			$502,920
Net Cash Flow - All Properties							$7,851,770			$1,655,720

Bond Program—Revenue and Expense Statement

Bond Fund	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Expenses					
Personnel Expenses	$1,668,969	$1,715,726	$2,002,836	$2,448,940	$2,459,640
Operating Expenses - Fees	$947,430	$1,066,240	$1,433,770	$1,614,960	$1,621,680
Operating Expenses - Administrative	$62,078	$381,349	$177,696	$305,830	$349,810
Trustee Fees	$89,364	$86,499	$129,102	$152,410	$174,010
Financial Services	$439,177	$309,869	$352,191	$296,710	$322,430
Cost of Issuance Expense	$0	$220,640	$219,162	$154,870	$146,580
Underwriter Fee Expense	$236,040	$190,482	$239,519	$410,860	$368,590
Lender Services Fees	$155,777	$167,025	$28,731	$121,000	$121,000
Loan Management Fees	$353,798	$353,798	$369,839	$414,630	$417,960
Loan Losses	$0	$0	$0	$0	$0
TOTAL OPERATING EXPENSES	**$3,952,633**	**$4,491,628**	**$4,952,846**	**$5,920,210**	**$5,981,700**
NET OPERATING INCOME	**($3,952,633)**	**($4,491,628)**	**($4,952,846)**	**($5,920,210)**	**($5,981,700)**
Non-Operating Income					
Investment Interest Income	$21,985,260	$26,188,087	$33,940,478	$24,680,960	$27,372,440
Transfer Between Funds	$2,886,671	$3,230,553	$3,833,035	$4,213,660	$4,242,650
TOTAL NON-OPERATING INCOME	**$24,871,931**	**$29,418,640**	**$37,773,513**	**$28,894,620**	**$31,615,090**
Non-Operating Expenses					
Interest Payment	$16,126,958	$18,262,946	$21,585,885	$17,369,960	$18,658,590
Mortgage Insurance	$1,092	$829	$0	$920	$1,010
Debt Service, Operating and Replacement Reserves	$4,136,403	$6,093,456	$10,687,486	$5,303,290	$6,688,140
Restricted Cash Flow	$216,128	$400,894	$297,958	$0	$0
Miscellaneous Bond Financing Expenses	$438,717	$168,887	$249,338	$300,240	$285,650
TOTAL NON-OPERATING EXPENSES	**$20,919,298**	**$24,927,012**	**$32,820,667**	**$22,974,410**	**$25,633,390**
NET NON-OPERATING ADJUSTMENTS	**$3,952,633**	**$4,491,628**	**$4,952,846**	**$5,920,210**	**$5,981,700**
NET CASH FLOW	**$0**	**$0**	**$0**	**$0**	**$0**

Section 2:
OPERATING
Tab

Division Summaries

Recommended Budget
April 3, 2024

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 2025 Recommended Budget		
	Revenues	Expenses	Net
Divisions			
Executive Division	$200,000	$21,463,880	**($21,263,880)**
Finance Division	$194,470	$7,209,920	**($7,015,450)**
Housing Resources Division	$140,316,590	$139,212,890	**$1,103,700**
Maintenance Division	$0	$870,580	**($870,580)**
Mortgage Finance Division	$11,435,880	$5,911,340	**$5,524,540**
Property Management Division	$125,306,100	$112,691,860	**$12,614,240**
Real Estate Development Division	$7,444,370	$3,052,450	**$4,391,920**
Resident Services Division	$16,481,640	$15,474,840	**$1,006,800**
SUB-TOTAL	**$301,379,050**	**$305,887,760**	**($4,508,710)**
Other Non-Divisions			
Agency Wide Revenue and Expenses	$19,604,310	$15,095,600	**$4,508,710**
Bond Funds	$27,372,440	$27,372,440	**$0**
TOTAL - ALL FUNDS	**$348,355,800**	**$348,355,800**	**$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:

- Compliance;
- Information Technologies;
- Finance —
    - Accounting,
    - Budget,
    - Procurement;
- Housing Choice Voucher Program Administration;
- Family Self Sufficiency Program ("FSS");
- Maintenance;
- Multifamily Bond Issuance;
- Mortgage Purchase Program;
- Real Estate Development; and
- Programming for Youth, Families and Seniors.

Individual performance measurement results are contained within respective division summaries (pages 2-3 through 2-51).

Executive Division

Recommended Budget
April 3, 2024

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

The operational goals and objectives which have informed the development of the Recommended FY 2025 Human Resources Department ("HR") operational budget include, but are not limited to, the following:

- Develop and implement a comprehensive Talent Acquisition strategy.
- Conceptualize and implement a Talent Acquisition model which includes proactive sourcing protocols and utilization of up-to-date/best-in-class online sourcing and outreach options for the Talent Acquisition staff.
- Conduct an Agency-wide Staffing Assessment.
- Develop and implement a comprehensive Talent Retention Strategy.
- Monitor and report employee exit trends and take remedial coaching and training actions to reduce turnover.
- Conclude the negotiation and ratification of the full Collective Bargaining Agreement Contract to

ensure standards governing HOC's represented employees and administer the Labor Agreements.

- Collaborate with the union where possible in the rollout of staff-related training, activities, continued participation in new hire orientation, and work to ensure collegial labor management meetings are convened pursuant to the provisions of the CBA.
- Administer staff morale booster activities and initiatives to position HOC as "Best Place to Work" (BPW) and Employer of Choice.
- Develop a comprehensive Employee Recognition proposal for implementation in the 2024 performance year.
- Maintain the administration and monitoring of pre-employment drug testing programs for new employees and alcohol and drug testing programs for new and existing staff.
- Create, implement, and monitor a comprehensive 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").
- Complete a comprehensive assessment of the HR department structure and staffing levels to include best practices operational recommendations. Ramp up HR staffing levels and implement structural enhancements. Implement professional development and morale building opportunities for the HR staff.
- Revamp the New Employee Onboarding and Off boarding Experience and process.
- Ensure Compliance with applicable employment and labor-related regulations.
- Launch an HR communication campaign to ensure employees are fully educated, take advantage of the wealth of benefits that HOC offers, and are kept informed of key events and operational activities.
- Implement the Applicant Tracking System module within ADP Workforce Now and explore implementation of other available features such as data analytics, and employee self-service to provide greater efficiencies and alignment with best practices for the employees and the HR and Payroll teams.
- Continue with post implementation enhancements to the Yardi Aspire Learning Management System. Customize training plans and content libraries by job function i.e supervisors, employee, new hire etc. to ensure a continuous learning environment for current and new employees, as part of the employee onboarding and immersion programs and the broader HOC Learning & Development Strategy.
- Assess, measure, and track training quality via post training feedback mechanisms and pulse surveys to determine employee engagement and ROI.
- Lead the Annual Performance Management process, update forms/templates and training materials, and deliver performance management training.
- Expand, develop, and coordinate mandatory training classes that encompass a variety of business, compliance and soft skills topics as specified in the HOC Training Plan.

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.
- 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 multi-year capital improvement programs, at the East Deer Park ("EDP") and Bonifant Street office locations, in order to maintain and upgrade the building systems, equipment, and finishes as needed to serve HOC staff and its customers.

- Oversee the Agency's fleet program to include all aspects of vehicle management, including safety, training and finance.
- Participate in the planning of space that is ideal for staff and accessible to customers.
- Improve and endorse energy efficiency in all spaces that are currently occupied or are to be occupied by HOC.
- Manage adverse office conditions. Set up preventive maintenance schedules so that cleaning and sanitization is performed on a regular basis.

Logistics

- Provide and deliver the necessary supplies to the Maintenance Division in order to maintain our units at the highest standard.
- Provide mail and delivery services throughout the Agency including metered U.S. Mail, HOC Mail Runs, Federal Express, courier services, shipping and receiving, and special deliveries.
- Facilitate the automation of all inbound and outbound mail.
- Assist the Agency in special event set ups.

Compliance Department

The Compliance Department is the unit within HOC which ensures the Agency adheres to applicable laws, regulations, and rules connected to 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 ("QC") 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 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 - Collaborate with 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

The agency has reimagined its Office of Legislative & Public Affairs ("LPA") and, since last fiscal year, decided to divide the division into two functions: Legislative & Governmental Affairs and Public Affairs and Communications.

The Office of Legislative & Governmental Affairs ("LGA") is responsible for:

- Working with staff, stakeholders and Commission to develop Legislative Priorities that are:
    - Guided by the Strategic Plan,
    - For annual discussion and adoption by Commission each fall.
- Serving as a liaison between HOC and executive & legislative branches at federal, state & local government levels to:
    - Inform policymakers about affordable housing needs and challenges and coordinate responses to requests for information or constituent issues,
    - Advocate for increased budget and resources, and legislative & regulatory changes that improve HOC's ability to accomplish its mission,
    - Monitor for and analyze potential legislative & regulatory changes that may impact HOC.
- Serving as a liaison with key allied community partners and trade groups at federal, state and local levels.
- Support the internal policymaking process.

The Office of Public Affairs & Communications ("PAC") is responsible for:

- Developing and implementing a comprehensive program for internal and external communications including publications, website and social media management, events, etc.
- Raising public awareness of HOC's goals and objectives, portfolio, programs, and initiatives.
- Managing and promoting the agency's brand related to written and visual communications.
- Working to coordinate responses to requests for information and disseminating that information to the media, residents, and the public.
- Planning and executing a range of high-profile corporate, community and staff events that celebrate the work of the agency and its staff.
- Supporting HOC's nonprofit affiliate Housing Opportunities Community Partners.

Asset Management

HOC's Asset Management acts as the owner's representative for the Commission. Asset management maximizes the financial performance of the Commission's multifamily and scattered site properties concurrent with assuring the physical integrity of the assets long-term.

Asset Management partners with property management in that each has an integral part in performance management for individual assets. Property Management focuses on the day-to-day operations of individual assets. Asset Management has a long-term view, first on individual assets and their operational integrity, second on how unique assets fit into the portfolio of assets held by the Commission over time.

The role of Asset Management is to implement operational and financing strategies for HOC-owned real estate and recommend actions based on those strategies, to maximize HOC and investor returns and values. In addition, Asset Management retains a view of individual assets to ascertain their long-term viability and capital investment and planning needs.

The Asset Management Team undertakes a long-term view of individual assets and their place within the portfolio of assets held by the Commission. This review considers the length of regulatory commitments, tax credit exit strategies, financing, re-financing, capital expenditure planning, asset repositioning, redevelopment, dispositions, and high-and-best-use.

Asset Management considers geographic dispersion, competitive and comparative market dynamics, asset viability, and operational integrity.

Property management ensures real-time property compliance with regulatory and lender requirements.

Risk Management

- Risk Management's core focus is on reducing preventable financial loss as well as injuries to staff, residents, and other individuals. The department sets out to manage the risk by Avoidance, Limitation, Transfer, and/or Acceptance .

- Avoidance is achieved in concert by coordination with various departments to identify risks that can be avoided and implementing processes to circumvent the exposure.
- Limitation is also collaboratively established by working with legal, and various parts within operations, to train staff on how to perform our mission as safely as possible.
- Transfer is most often done via contractual risk transfer by assisting legal with a focus on insurance policies, indemnification, scope of work, limitations of liability, and insurance requirements.
- Acceptance allows for HOC to take on certain risks to loss and is best done when everyone is aware of the risks and exposures.

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,
- Protecting the Agency from exposure to liabilities., and
- Processing reasonable accommodation requests from employees and customers.

Performance Measurement Results

Human Resources

Attainment of operational HR goals and objectives is guided by the following measurements and approaches:

- Establishment of major departmental Strategic long-term and Tactical-short-term goals as set forth in collaboration with the President and informed by the HOC Mission and Strategic Plan.
- Utilization of SMART performance goals i.e. **S**pecific, **M**easurable, **A**ttainable/Achievable, **R**elevant/Realistic, and **T**ime-bound criteria.
    - The creation of specific goals and objectives which are detailed, focused, well-defined, trackable and action-oriented.
- All HR operational goals and objectives are transformational, data-driven, and focus on the achievement, accomplishment, and structural delivery of key people-related functional areas.

Facilities Management

- The Facilities Management Division’s goal is to deliver utility savings through energy sustainability. Currently, it is not possible to measure these achievements at HOC given the age and inefficiency at its headquarters and other building; However, future energy performance measurements will be possible when the new headquarters building is delivered.
- Beginning in FY 2023, the percentage of work orders completed per quarter has been recorded as this is indicative of the facilities impact in delivering parts and equipment for repairs and maintenance of residential units.
- The table on the following page displays the results including the percentage of work orders requiring parts from the EDP office inventory.

Performance Measurement Results (cont.)

Facilities Management						
Measurement	FY 2023 Qtr 1	FY 2023 Qtr 2	FY 2023 Qtr 3	FY 2023 Qtr 4	FY 2024 Qtr 1	FY 2024 Qtr 2
Work Orders Closed	4,254	3,522	3,727	4,337	4,414	3,071
Work Orders that needed parts From EDP to complete	641	646	676	448	956	499
Percent of Work Orders that needed parts from EDP	15%	18%	18%	10%	22%	16%

Compliance Department

The Compliance Department performs QC reviews on many HOC activities. These QC reviews were historically conducted on a monthly basis. Compliance moved to a quarterly schedule to build in a random sample of internal department QC reviews and collaboration with respective divisions prior to reporting out to assist with resolution. However, this frequency may be adjusted based on agency needs.

The tables below and on the following page display a high-level breakdown of the QC results from Fiscal Year ("FY") 2023 as well as projections for FY 2024 and goals for FY 2025.

QC Statistics for FY 2023 (July 1, 2022 – June 30, 2023)						
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	# of Overturned Reviews	# of Cured Reviews	% Passed
Housing Resources Division	166	57	109	22	37	66%
Property Management (Third Party File Reviews)-Site Visits	118	25	93	N/A	N/A	79%
Property Management (HOC Housing Specialists-Annual Recertifications)	13	13	0	0	0	0%
Property Management (HOC Housing Specialists-Move-In)	50	33	17	N/A	N/A	34%
Resident Services	73	33	40	5	12	55%
Inspection Services	259	75	184	30	4	71%
Housing Path Wait List (All Programs)	84	25	59	1	29	70%
Total	**763**	**261**	**502**	**58**	**82**	**66%**

QC Projections for FY 2024 (July 1, 2023 – June 30, 2024)						
Division	# of Total Reviews	# of Failed Reviews	# of Passed Reviews	# of Overturned Reviews	# of Cured Reviews	% Passed
Housing Resources Division	266	90	176	35	59	66%
Property Management (Third Party File Reviews)-Edgewood HUB @	10	TBD	TBD	TBD	TBD	TBD
Property Management (Third Party File Reviews)-Site Visits	565	119	446	N/A	N/A	79%
Property Management (HOC Housing	18	18	0	0	0	0%
Property Management (HOC Housing Specialists-Move-Ins)	20	13	7	N/A	N/A	35%
Resident Services	93	42	51	7	15	55%
Inspection Services	177	65	112	21	4	63%
Housing Path Wait List (All Programs)	92	28	64	1	32	70%
Total	1,241	375	856	**64**	**110**	-

@ This item refers to Project Based Rental Assistance file reviews conducted using the Quality Control Database. These are primarily the HUB structured properties, which Edgewood Management currently manages. Compliance is scheduled to resume these QC reviews during FY 2024, but does not have any recent historical data to compare.

Performance Measurement Results (cont.)

QC Goals/Projections for FY 2025 (July 1, 2024 – June 30, 2025)						
Division	**# of Total Reviews**	**# of Failed Reviews**	**# of Passed Reviews**	**# Overturned Reviews**	**# of Cured Reviews**	**% Passed**
Housing Resources Division	380	110	270	49	84	71%
Property Management (Third Party File Reviews)-Edgewood HUB @	60	TBD	TBD	TBD	TBD	TBD
Property Management (Third Party File Reviews)-Site Visits	561	90	471	N/A	N/A	84%
Property Management (HOC Housing Specialists-Annual Re-certifications)	20	19	1	0	0	5%
Property Management (HOC Housing Specialists-Move-Ins)	50	30	20	N/A	N/A	40%
Resident Services	140	56	84	10	22	60%
Inspection Services	220	53	167	26	4	76%
EMMA-Mortgage Finance &	60	0	60	N/A	N/A	100%
Housing Path Wait List (All Programs)	140	35	105	1	49	75%
Contractor Background Screening #	60	TBD	TBD	N/A	N/A	TBD
Total	1,691	393	1,178	86	159	-

& Mortgage Finance QCs will be on hold through FY 2024, but are expected to resume during FY 2025.

Contractor Background Screening QCs are new and there is no previous data to use for projections. Reviews are currently on hold and are expected to resume during FY 2025.

Note: Pass rates for FY 2025 are based on the last full year (FY 2023) with a 5% increase. During FY 2024 Compliance began increasing follow-up with divisions on taking action to remedy the issues discovered and expects the pass rates to increase as a result.

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 has been adjusted to reflect additional services and tools that have resulted in more Tickets to help track HOC resources effectively. While technology has improved, along with change comes "How Do I' questions and needs. Software changes and increased demand on Business Information ("BI") will increase the ticket count while adjusting to new work flows. Over time, as Staff become more acclimated, the numbers should level-off.

Information Technologies					
Measurement	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024 Pro-jection**	**FY 2025 Projection**
Number of Closed Help Desk Tickets	5,278	9,100	11,620	6,500 est.	4,097 est.

Legislative and Public Affairs

The newly bifurcated LPA division began working in FY 2023 to develop goals, objectives and key performance indicators and will be working in FY 2024 to refine those goals and legislative priorities and ensure their integration with the new strategic plan.

Legislative and Government Affairs ("LGA") Priorities:

- **Goal 1:** Support development of HOC's legislative agenda and manage HOC's external advocacy.

Performance Measurement Results (cont.)

- **Goal 2:** Provide research, context, and coordination to assist internal HOC policymaking.
- **Goal 3:** Build and maintain strong relationships between HOC and key external partners.

Public Affairs & Communications ("PAC") Goals and Key Performance Indicators

- **Goal 1:** Build and strengthen the PAC team to support HOC's internal and external communications.
- **Goal 2:** Improve PAC's internal and external communications function through adequate processes, systems, tools, metrics and training.
  - **Performance Indicator:** The PAC division receives thousands of requests on an annual basis. These requests range in nature from urgent/priority requests from the Executive team, event planning support, materials development and design, print requests, web support, requests for funding and grant writing, etc. In addition, we also receive requests from external stakeholders (i.e., the media, partners, County agencies, County Council, etc.). In FY 2024, the PAC division will begin to track the number of internal requests through a newly created LPA Request Form. All HOC staff received training on the form and it was officially rolled out in February 2024. LPA will begin tracking the number of requests but more importantly closed requests as a measure of customer satisfaction.

PAC Requests	
Measurement	**FY 2025 Projection**
Total number of LPA Requests completed	2,335

- **Goal 3:** Strengthen HOC's brand through the development of brand guidelines, tools, training, etc., to support the agency's internal and external reputation.
- **Goal 4:** Increase awareness of and support for the agency and its nonprofit among key audiences (e.g., donors, general public, customers, business leaders).
- **Performance Indicator:** One of the ways HOC seeks to expand awareness is through media engagement and positive coverage. Beginning in FY 2024, HOC began a series of media outreach efforts to proactively tell the story of our portfolio of projects and several innovative programs. HOC is also working to develop a media relations plan that supports proactive outreach on a quarterly basis (at a minimum).

Media Impressions	
Measurement	**FY 2025 Projection**
Number of Positive Media Mentions	12

- **Goal 5:** Improve customer service across the agency through enhanced training and resources.

Performance Measurement Results (cont.)

Number of Inquiries by Origin	
Measurement	**FY 2025 Projection**
Phone Call Answered	48,229
Emails Addressed	11,532
Web Requests Addressed	1,600
Total	**61,361**

Top Three Types of Inquiries	
Measurement	**FY 2025 Projection**
Housing Path Wait List	**20,367**
HCV/PBV	18,145
Maintenance	6,680
Total	**43,192**

- **Goal 6:** Support HOC's transparency and accountability by providing regular strategic plan reports to key stakeholders .

Asset Management

- Asset Management met its goal for hiring in FY 2024 Q1.
- Capex budget to actual spending is reviewed quarter to advance deployment of approved funding.
- Asset Management ("AM") has selected a vendor for implementation of the AM software platform for performance measurement.
- FY 2025 budget reviews occurred per an outlined schedule with Asset Management and Property Management staff reviewing operating and capex budgets for delivery to the Budget Office.

Risk Management

- Audit current processes and suggest changes where it makes sense.
- Measure the frequency of preventable losses or lawsuits.
- Ensure that contracts entered into by HOC affords the appropriate risk transfer to third parties, including insurance carriers.
- Ensure that the insurance policies that we control are broad in coverage language, exhaustive in the exposures that are covered and comparably at a lower cost when compared to our peers.
- Retain this best-in-class level of coverage and pricing by decreasing the risk via policies, training, audits, drills, check-lists, loss control site visits, pre-acquisition consultation, and various other proactive methodologies.

Legal

- Responding timely to third parties (e.g., courts, compliance boards, etc.) to ensure the Agency's interests are protected and no penalties are incurred.
- Assisting in real estate transactions to ensure projects close within deadlines to prevent the loss of funding.
- Responding timely to reasonable accommodation requests to ensure compliance with applicable laws, including the ADA.

Budget Overview—Executive Division

The total Recommended FY 2025 Budget for the Executive Division is $21.46 million, which represents an increase of 11.68% over the FY 2024 Budget. Personnel costs comprise 67.18% of the FY 2025 Budget. Operating expenses account for 18.08% in FY 2025. Maintenance and other miscellaneous expenses account for 11.96% in FY 2025. The remaining 2.78.% in FY 2025 is comprised of Reserve for Replacements ("RfR") contribution expenses for the Information Technology ("IT") and Facilities, partial funding of the FY 2025 capital budgets for IT, and the annual repayment to the County MPDU/PAF Revolving Fund for the purchase of 880 Bonifant in Silver Spring.

Revenue and Expense Statement

Executive Division	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
County Grant	$100,000	$100,000	$100,000	$100,000	$100,000
Management Fees	$560	$0	$0	$0	$0
Miscellaneous Income	$289,767	$450,990	$250,594	$0	$0
TOTAL OPERATING INCOME	**$390,327**	**$550,990**	**$350,594**	**$100,000**	**$100,000**
Operating Expenses					
Personnel Expenses	$7,511,188	$7,716,058	$8,458,794	$12,135,060	$14,419,430
Operating Expenses - Fees	$561,495	$655,144	$659,354	$466,490	$458,950
Operating Expenses - Administrative	$2,310,350	$2,277,028	$2,680,185	$3,437,260	$3,421,120
Tenant Services Expenses	$1,350	$4,161	$1,277	$2,890	$22,500
Protective Services Expenses	$30,071	$46,296	$65,749	$261,120	$285,940
Utilities Expenses	$157,751	$188,658	$197,628	$270,700	$250,530
Insurance and Tax Expenses	$64,075	$52,982	$176,545	$169,710	$149,570
Maintenance Expenses	$1,132,233	$1,158,497	$1,087,981	$1,470,240	$1,857,840
TOTAL OPERATING EXPENSES	**$11,768,513**	**$12,098,824**	**$13,327,513**	**$18,213,470**	**$20,865,880**
NET OPERATING INCOME	**($11,378,186)**	**($11,547,834)**	**($12,976,919)**	**($18,113,470)**	**($20,765,880)**
Non-Operating Income					
Transfer Between Funds	$100,000	$421,408	$285,000	$358,820	$100,000
TOTAL NON-OPERATING INCOME	**$100,000**	**$421,408**	**$285,000**	**$358,820**	**$100,000**
Non-Operating Expenses					
Interest Payment	$96,000	$0	$96,000	$0	$0
Principal Payment	$0	$0	$96,000	$96,000	$96,000
Debt Service, Operating and Replacement Reserves	$200,000	$200,000	$200,000	$200,000	$200,000
Transfer Out Between Funds	$865,108	$1,141,126	$627,822	$708,820	$302,000
TOTAL NON-OPERATING EXPENSES	**$1,161,108**	**$1,341,126**	**$1,019,822**	**$1,004,820**	**$598,000**
NET NON-OPERATING ADJUSTMENTS	**($1,061,108)**	**($919,718)**	**($734,822)**	**($646,000)**	**($498,000)**
NET CASH FLOW	**($12,439,294)**	**($12,467,552)**	**($13,711,741)**	**($18,759,470)**	**($21,263,880)**

Finance Division

Recommended Budget
April 3, 2024

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, 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 2021 Actual**	**FY 2022 Actual**	**FY 2023 Actual**	**FY 2024 Goal**	**FY 2025 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
Single Audit	Yes	No*	Yes	Yes	Yes
Number of consecutive years receiving GFOA Certificate of Achievement for Excellence in Financial Reporting	13	14	15	16	17

* The Agency received Unmodified Opinion except for the Section 8 Project Based Cluster Program, which received a qualified opinion in FY 2022.

Budget					
Measurement	**FY 2021 Actual**	**FY 2022 Actual**	**FY 2023 Actual**	**FY 2024 Actual**	**FY 2025 Goal**
Number of consecutive years receiving GFOA Best Budget Award	15	16	17	18	19

Procurement					
Measurement	**FY 2021 Actual**	**FY 2022 Actual**	**FY 2023 Actual**	**FY 2024 Goal**	**FY 2025 Goal**
Number of Contracts Awarded	561	635	705	710	720
Percent of Dollars issued to Minority/ Female/Disabled-Outreach (“MFD”) firms	16%	36%	4%	25%	25%
Number of Purchase Orders (“POs”) issued	11,281	11,232	10,610	10,000	10,000

Budget Overview—Finance Division

The total Recommended FY 2025 Budget for the Finance Division is $7.21 million. Personnel costs comprise 95.14% of total operating expenses in FY 2025. Fees, Administrative expenses, and Interest Payments account for the balance of the budget.

Revenue and Expense Statement

Finance Division	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Miscellaneous Income	$384	$6,753	$1,379	$0	$0
TOTAL OPERATING INCOME	**$384**	**$6,753**	**$1,379**	**$0**	**$0**
Operating Expenses					
Personnel Expenses	$4,776,605	$5,118,427	$5,462,973	$6,326,170	$6,859,570
Operating Expenses - Fees	$145,806	$263,910	$279,139	$270,970	$192,160
Operating Expenses - Administrative	$133,152	$194,251	$215,311	$125,040	$157,690
Tenant Services Expenses	$116	$0	$0	$500	$500
Insurance and Tax Expense	$40,497	$0	$53,647	$0	$0
Maintenance Expenses	$1,948	$0	$0	$0	$0
TOTAL OPERATING EXPENSES	**$5,098,124**	**$5,576,588**	**$6,011,070**	**$6,722,680**	**$7,209,920**
NET OPERATING INCOME	**($5,097,740)**	**($5,569,835)**	**($6,009,691)**	**($6,722,680)**	**($7,209,920)**
Non-Operating Income					
Investment Interest Income	$9,771	$7,254	($9,771)	$6,950	$194,470
TOTAL NON-OPERATING INCOME	**$9,771**	**$7,254**	**($9,771)**	**$6,950**	**$194,470**
Non-Operating Expenses					
Interest Payment	$2,833	$1,240	$0	$0	$0
TOTAL NON-OPERATING EXPENSES	**$2,833**	**$1,240**	**$0**	**$0**	**$0**
NET NON-OPERATING ADJUSTMENTS	**$6,938**	**$6,014**	**($9,771)**	**$6,950**	**$194,470**
NET CASH FLOW	**($5,090,802)**	**($5,563,821)**	**($6,019,462)**	**($6,715,730)**	**($7,015,450)**

This page intentionally left blank.

Housing Resources Division

Recommended Budget
April 3, 2024

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 Derwood 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 2023 and CY 2024 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.

As we continue to conduct a hybrid of in-person and virtual operations, we have increased the program utilization rate to 96%. Additionally, the implementation of Rent Café, Yardi's online recertification portal, began on July 1 ,2022. Rent Café allows customers to upload recertification materials including third party verifications directly into our system of record, which will streamline operations and minimize potential audit findings.

Performance Measurement Results (cont.)

Area of Focus	Performance Measure	FY 2024 * Actual	FY 2024 % Goal	FY 2025 Projection	FY 2025 % Goal
Utilization	Percentage of Allotted Vouchers utilized.	98%	95%	N/A	95%
Certifications	Percentage of Initial Certifications received and processed within 10 days of receipt.	70%	90%	N/A	90%
Landlord Receivable	Balance reduced by 20%.	16%	20%	N/A	20%
Annual Recertification	Complete Annual Recertifications at least 30 days prior to the effective date.	75%	90%	N/A	90%
	90% of Client files reviewed must have correct calculation of the tenant share and the HAP.	80%	90%	N/A	90%
Interims	Complete Interim Recertifications within 30 days of Date received.	70%	90%	N/A	90%
	90% of Client files reviewed must have correct calculation of the tenant share and the HAP.	80%	90%	N/A	90%
Rent Increases	Complete Annual Rent Increase requests within 30 days prior to Effective Date.	70%	90%	N/A	90%
FSS *	Increase FSS Enrollment Outreach by contacting a minimum of 120 customers per month.	100%	100%	N/A	100%
	Increase FSS Program enrollment by 10 participants per month until program baseline is met (441).	51%	100%	N/A	100%
	Percentage of graduating clients with **no initial employment** with increased earnings of $25,000 or more.	100%	50%	N/A	50%
	Percentage of graduating clients with **initial employment** with increased earnings of $25,000 or more.	100%	50%	N/A	50%

* The decline in performance can be attributed to the many staff vacancies this year. Post COVID, recruitment efforts to fill open positions have been challenging, with an average of 8 throughout the year .

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. HOC received a score of 133 points out of a possible 145 for an overall rating of 92% for FY 2023.

Performance Measurement Results (cont.)

SEMAP Score								
SEMAP Component	**Actual Score FY 2022**	**Max. Score FY 2022**	**Actual Score FY 2023**	**Max. Score FY 2023**	**Preliminary Score FY 2024**	**Max. Score FY 2024**	**Preliminary Score FY 2025**	**Max. Score FY 2025**
Selection from the Waiting List	15.0	15.0	15.0	15.0	N/A	15.0	N/A	15.0
Reasonable Rent	15.0	20.0	15.0	20.0	N/A	15.0	N/A	15.0
Adjusted Income Determination	15.0	20.0	20.0	20.0	N/A	20.0	N/A	20.0
Utility Allowance Schedule	5.0	5.0	5.0	5.0	N/A	5.0	N/A	5.0
HQS Quality Control Inspection	5.0	5.0	5.0	5.0	N/A	5.0	N/A	5.0
HQS Enforcement	0.0	10.0	0.0	10.0	N/A	10.0	N/A	10.0
Expanding Housing Opportunities	5.0	5.0	5.0	5.0	N/A	5.0	N/A	5.0
Fair Market Rent “FMR” Limit and Payment Standard (“PS”)	5.0	5.0	5.0	5.0	N/A	5.0	N/A	5.0
Annual Re-Examination	10.0	10.0	10.0	10.0	N/A	10.0	N/A	10.0
Correct Tenant Rent Calculations	5.0	5.0	5.0	5.0	N/A	5.0	N/A	5.0
Pre-Contract Housing Quality Standards (“HQS”) Inspections	5.0	5.0	5.0	5.0	N/A	5.0	N/A	5.0
Annual HQS Inspections	10.0	10.0	10.0	10.0	N/A	10.0	N/A	10.0
Lease-Up	20.0	20.0	20.0	20.0	N/A	20.0	N/A	20.0
Family Self-Sufficiency (“FSS”) Enrollment with Escrow Accounts	10.0	10.0	8.0	10.0	N/A	10.0	N/A	10.0
Program Subtotal	**125.0**	**145.0**	**128.0**	**145.0**	N/A	**145.0**	N/A	**145.0**
*De-concentration Bonus **	5.0	–	5.0	–	N/A	-	N/A	-
Overall	**130.0**	**145.0**	**133.0**	**145.0**	N/A	**145.0**	N/A	**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.

The Department of Housing and Urban Development ("HUD") mandated numerous changes to the FSS Program under the Streamlining and Implementation of Economic Growth, Regulatory Relief and Consumer Protection Act effective June 16, 2022. Under the new rule, HOC can no longer use forfeited escrow funds for Housing Assistance ("HAP") Payments. Additionally, FSS families may continue to accrue escrow earnings with earned income up to 80% of the Area Median Income ("AMI").

Ninety 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 43% of the enrolled participants were unemployed when they began FSS.

Family Self-Sufficiency Program ("FSS")							
Measurement	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**Goal FY 2025**
Mandated Participants	441	441	441	441	441	441	441
Enrolled Participants	244	253	332	369	360	363	370
Applicants in Enrollment Process	80	44	59	87	14	22	40
Graduates	13	24	11	21	23	58	40
% Graduating	5%	9%	3%	6%	6%	7%	9%
% Employed Participants upon Graduation	100%	100%	100%	100%	100%	100%	100%
% Employed Participants before Graduation	64%	79%	91%	100%	100%	100%	100%
% of Graduates who completed College, Tech, GED or other training	100%	100%	100%	100%	100%	100%	100%
Participants who withdrew, terminated, or unsuccessful in FSS	49	40	18	28	2	7	15
Number of Homebuyers	0	0	3	4	2	4	6
% of Participants with Escrow Accounts	61%	56%	62%	64%	78%	63%	68%
Other Family Members currently Enrolled	0	1	0	0	0	0	0

Budget Overview—Housing Resources Division

Total projected operating expenses in the FY 2025 Recommended Budget for the Housing Resources Division not related to HAP is $12.08 million; 62.41% of which represent personnel costs. Other expenses account for the remainder of the budget.

Revenue and Expense Statement

Housing Resources Division	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Non-Dwelling Rental Income	$206,500	$0	$206,500	$0	$0
Federal Grant	$112,121,033	$121,672,443	$129,583,294	$136,410,270	$139,842,150
County Grant	$62,212	$0	$0	$0	$0
Miscellaneous Income	$103,358	$80,637	$72,288	$34,060	$35,000
TOTAL OPERATING INCOME	**$112,493,103**	**$121,753,080**	**$129,862,082**	**$136,444,330**	**$139,877,150**
Operating Expenses					
Personnel Expenses	$4,758,300	$5,158,489	$5,373,238	$7,287,770	$7,537,930
Operating Expenses - Fees	$1,732,945	$1,720,699	$2,777,651	$2,937,630	$3,143,700
Operating Expenses - Administrative	$1,169,416	$1,589,574	$2,082,634	$1,261,910	$1,367,000
Tenant Services Expenses	$194	$358,826	$21,976	$16,590	$30,480
Insurance and Tax Expenses	$0	$1,680	$1,028	$0	$0
Maintenance Expenses	$0	$24,165	$14,625	$0	$0
Housing Assistance Payments ("HAP")	$105,640,197	$110,265,213	$118,319,029	$124,451,780	$126,244,020
TOTAL OPERATING EXPENSES	**$113,301,052**	**$119,118,646**	**$128,590,181**	**$135,955,680**	**$138,323,130**
NET OPERATING INCOME	**($807,949)**	**$2,634,434**	**$1,271,901**	**$488,650**	**$1,554,020**
Non-Operating Income					
Transfer Between Funds	$3,423,500	$0	$73,316	$3,640	$439,440
TOTAL NON-OPERATING INCOME	**$3,423,500**	**$0**	**$73,316**	**$3,640**	**$439,440**
Non-Operating Expenses					
Debt Service, Operating and Replacement Reserves	$2,185,228	$2,188,534	$941,802	$181,760	$870,120
Restricted Cash Flow	$417	$0	$0	$0	$0
Transfer Out Between Funds	$0	$0	$0	$3,640	$19,640
TOTAL NON-OPERATING EXPENSES	**$2,185,645**	**$2,188,534**	**$941,802**	**$185,400**	**$889,760**
NET NON-OPERATING ADJUSTMENTS	**$1,237,855**	**($2,188,534)**	**($868,486)**	**($181,760)**	**($450,320)**
NET CASH FLOW	**$429,906**	**$445,900**	**$403,415**	**$306,890**	**$1,103,700**

Maintenance Division

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 Vice President of Maintenance, a Deputy Director of Maintenance and four Maintenance Supervisors. The Maintenance Division, which is responsible for the maintenance operations, will be based on four Regional Teams consolidated in four areas of service, covering 507 square miles of Montgomery County. These four regions contain approximately 148 Multifamily Units and 1,591 scattered site units for a total of 1,739 units. The Maintenance Division supervises and coordinates all regional 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 regular priority work within an average of three (3) 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. 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 continuing its efforts to deliver outstanding customer service to our customers. 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:

- Remove the high priority work order category by first quarter FY 2025.
- Complete all emergency work order within 24 hours.
- Complete all regular priority work orders within an average of 72 hours.
- Complete bi-annual preventive maintenance inspections at multi-family and scattered sites.

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, Local Chapter 26, HQS and HOA inspections.

Performance Measurement Results

Performance Measure	FY 2023 Goal	FY 2023 Outcome	FY 2024 Goal	FY2025 Goal
Address Emergency Work Orders within 24 hours.	Complete within an Agency average of 24 hours or less.	For this Fiscal Year, through June 30, 2023, emergency work orders were closed within an average of 17.42 hours.	The goal for the remainder of FY 2024 is an emergency work order closure rate of 15 hours or less. When the new the new Regional Maintenance Structure is implemented these number will decrease even further. FY25 should be a significant year for the Maintenance Division.	The goal for FY 2025 is to complete emergencies as they are received or within the 8-hour work day.
Complete High priority and Regular priority work orders in 3-5 days and less than 15 days, respectively.	**High Priority** – Complete within an Agency average of 5 – 7 days for all work orders in this priority. **Regular Priority** – Complete within an Agency average of less than 15 days for all work orders in this priority.	For this Fiscal Year, through June 30, 2023, High and Regular priority work orders were closed within an average of 15 and 17 days, respectively. These times are slightly elevated due primarily due to the continued closing of back log tickets creating during the pandemic and increased unit inspections. We anticipate this trend to drop to marginally during the first quarter and second quarter of FY 2024.	HOC Maintenance Division currently has three work order status (1) Emergency; (2) High and (3) Regular. The goal is to eliminate the High Priority status thereby leaving only two categories Emergency and Routine. This is industry standard. The goal is to have this fully implemented between the first and second quarter FY25.	The goal for FY 2025 is to implement two work order categories (1) Emergency and (2) Regular. Emergency work orders will have a completion time of 24 hours with the goal of having them completed as they are received and within the 8-hour work day. Regular work orders will have a 24-48 hour completion rate with the goal of completing them within 24-hours of receipt.
Complete Preventive Maintenance Inspections for Multifamily buildings and Scattered Sites on rolling schedule throughout the year.	Complete preventive maintenance inspections in 95% of all units.	In FY 2023, Preventive Maintenance Inspections were not performed. A new preventive maintenance plan has been developed that will begin in March 2024.	The goal for FY 2024 and proceeding years is to conduct bi-annual preventive maintenance inspections on all scattered sites and HOC managed multifamily sites bi-annually. This will preserve these assets and aid in budget planning.	The goal for FY 2025 is to complete the first round of preventive maintenance inspections of all scattered site and HOC Managed Multi-family units.

Budget Overview—Maintenance

The total Recommended FY 2025 Budget for the Maintenance Division Administration is $0.87 million. Personnel costs comprise 86.46% of the budget in FY 2025. Operating expenses and other miscellaneous expenses account for 13.54% of the budget in FY 2025. The cost of Maintenance staff that are charged directly to the properties are reflected in the respective Property Management section charts.

Revenue and Expense Statement

Maintenance Division Administration	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
TOTAL OPERATING INCOME	**$0**	**$0**	**$0**	**$0**	**$0**
Operating Expenses					
Personnel Expenses	$510,995	$515,534	$442,680	$622,950	$752,670
Operating Expenses - Fees	$6,725	$25,089	$13,304	$8,480	$6,980
Operating Expenses - Administrative	$19,618	$45,072	$60,498	$89,050	$78,540
Insurance and Tax Expenses	$364	$3,950	$9,970	$2,190	$2,390
Maintenance Expenses	$1,027	$0	$6,572	$11,760	$30,000
TOTAL OPERATING EXPENSES	**$538,729**	**$589,645**	**$533,024**	**$734,430**	**$870,580**
NET OPERATING INCOME	**($538,729)**	**($589,645)**	**($533,024)**	**($734,430)**	**($870,580)**
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	**($538,729)**	**($589,645)**	**($533,024)**	**($734,430)**	**($870,580)**

Mortgage Finance Division

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 of Montgomery County and as the Housing Finance Agency ("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 bonds financing 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 (2) to four (4) bond issuances each year. The proceeds from these bond issuances 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 state ceiling volume cap for housing. Volume cap is allocated annually to Montgomery County and allows HOC to issue private activity bonds for multifamily developments that are owned by private developers and to fund single family mortgages.

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 GNMAs. Depending on the circumstances of the transactions, these programs may have more flexible underwriting requirements than FHA Risk Sharing, allowing our assets to take advantage 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 67 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.
- Closely monitor all properties that are experiencing financial and occupancy results below underwriting standards or risk refinance (private developer owned) and conversion to market rate properties, thereby 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. It also completes one (1) or two (2) 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") funded with bond proceeds 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 350 first mortgages by 7 servicers and approximately 650 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 an MBS program for the Single Family MPP, thereby transitioning the MPP from a whole loan 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. Therefore, the risk of foreclosures and delinquencies is borne by the master servicer, not HOC. 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.

Precedent to implementing the MBS program, HOC operated a whole loan program, which it retained in its portfolio and engaged third-party mortgage loan servicers for servicing of the loans. 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 ("DPA") and closing cost programs.

Closing Cost Assistance Program

Since the inception of the Single Family Program, DPA loans have been made available through bond proceeds and may be combined with the RCCAP. The MPP charges a higher mortgage interest rate for this loan product than for a loan without this assistance. This assistance is a deferred (silent) second loan of 3% of the sales price. Any prepayment of the first mortgage within the first five (5) years currently requires a pro rata repayment of this loan (no repayment is necessary, if the MPP first mortgage repaid after five (5) years).

In March 2005, the County Council approved the program design and financial management plan for the RCCAP. 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.

And in FY 2019, the Commission announced the McHAF, which provides loans for up to 40% of the household's qualifying income for a maximum of $25,000. Originally, the McHAF was funded via a $1 million grant annually from Montgomery County, Maryland. In FY 2022, the County's grant was increased to $1.5 million. In FY 2023, the program received two $1.5 million ($3 million) allocation to support the MPP through FY 2024—the second appropriation came from excess American Rescue Plan Act ("ARPA") funds held by the County. The County's FY 2025 budget now includes $1.5 million for closing cost. 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 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:

- Offers new MPDUs selected by HOC to be purchased by qualified HOC residents directly from builders and/or assists qualified HOC residents to purchase new MPDU units through the Montgomery County 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 in the Housing Choice Voucher program.

Performance Measurement Results

Multifamily Bond Issuance

Developments financed with tax-exempt bonds and enhanced with FHA mortgage insurance or involve the use of LIHTC equity, 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 2021	**FY 2022**	**FY 2023**	**FY 2024 Projection**	**FY 2025 Goal**
Number of Loans	3	3	1	4	6
Total Units	504	577	150	1,271	1,691
Total Affordable Units	316	557	135	1,048	568
% of Affordable Units	63%	100%	90%	82%	34%
Total Bond Issuance ($ millions)	$182.7	$114.4	$28.5	$228.0	$436.3
% of Area Median Income Served	50-65%	40-60%	40-80%	30-80%	30-80%

Note: FY 2021 includes bond refundings, which do not create new loans. Units from these are excluded in the Unit count.

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 2021	**FY 2022**	**FY 2023**	**FY 2024 Projection**	**FY 2025 Goal**
Number of Bond Issues	1	1	1	1	1
Total First Trust Loans Funded ($ in millions)	$27.0	$26.1	$32.9	$30.0	$35.0
# First Trust Loans Made (MBS+Bonds)	99	98	123	150	125
Average Loan	$272,483	$266,551	$268,070	$289,619	$289,619
Average Household Income (for average household size of 2)	$80,079	$76,091	$81,386	$89,933	$89,933
% of Area Median Income	69%	59%	57%	59%	59%
Total of Closing Cost Loans Provided (includes County Closing Cost and 3% Purchase Assistance Loans)	$1,600,000	$1,778,400	$1,776,096	$3,133,313	$1,696,455
# Closing Cost Loans Provided	110	104	91	130	95

Budget Overview—Mortgage Finance

The total Recommended FY 2025 budgeted revenues for the Mortgage Finance Division are $11.44 million and total expenses in the FY 2025 Budget are $5.91 million. Personnel costs comprise 48.99% of the budget in FY 2025. Operating expenses and other miscellaneous expenses account for 30.60% while non-operating expenses account for the remaining 20.41%.

Revenue and Expense Statement

Mortgage Finance Division	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
County Grant	$169,654	$172,571	$184,166	$208,960	$214,000
Management Fees	$3,118,684	$3,400,607	$2,337,610	$5,318,100	$5,724,400
Miscellaneous Income	$66,332	$97,025	$57,378	$50,260	$49,590
TOTAL OPERATING INCOME	**$3,354,670**	**$3,670,203**	**$2,579,154**	**$5,577,320**	**$5,987,990**
Operating Expenses					
Personnel Expenses	$1,964,868	$2,020,323	$2,326,115	$2,864,020	$2,895,950
Operating Expenses - Fees	$969,610	$1,088,140	$1,458,430	$1,641,430	$1,648,650
Operating Expenses - Administrative	$137,991	$113,481	$164,241	$148,840	$160,490
TOTAL OPERATING EXPENSES	**$3,072,469**	**$3,221,944**	**$3,948,786**	**$4,654,290**	**$4,705,090**
NET OPERATING INCOME	**$282,201**	**$448,259**	**($1,369,632)**	**$923,030**	**$1,282,900**
Non-Operating Income					
FHA Risk Sharing Insurance	$1,518,820	$1,659,452	$1,092,425	$1,081,290	$1,205,240
Investment Interest Income	$5,933	$0	$0	$0	$0
Transfer Between Funds	$2,886,671	$3,230,619	$3,833,035	$4,213,660	$4,242,650
TOTAL NON-OPERATING INCOME	**$4,411,424**	**$4,890,071**	**$4,925,460**	**$5,294,950**	**$5,447,890**
Non-Operating Expenses					
Interest Payment	$4,343	$0	$0	$0	$0
Mortgage Insurance	$1,092	$829	$0	$920	$1,010
FHA Risk Sharing Insurance	$1,502,780	$1,739,677	$1,027,290	$1,081,290	$1,205,240
Miscellaneous Bond Financing Expenses	$0	$68	$0	$0	$0
Restricted Cash Flow	$216,128	$400,894	$297,958	$0	$0
TOTAL NON-OPERATING EXPENSES	**$1,724,343**	**$2,141,468**	**$1,325,248**	**$1,082,210**	**$1,206,250**
NET NON-OPERATING ADJUSTMENTS	**$2,687,081**	**$2,748,603**	**$3,600,212**	**$4,212,740**	**$4,241,640**
NET CASH FLOW	**$2,969,282**	**$3,196,862**	**$2,230,580**	**$5,135,770**	**$5,524,540**

Property Management Division

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

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 comprised of four Regional Managers overseeing the Contract Managed Properties and Scattered Site Teams, 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, 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. Customers 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.

Regional Managers work closely with the Real Estate Development Team ("RED") team, Asset Management, and the Maintenance Division to evaluate the physical condition and needs of their portfolios and determine how to best manage the assets. The RED Team, Asset Management, and the Maintenance Division provide 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 Vice President of Maintenance and the RED Team.

Special points of interest:

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 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, during FY 2025 HOC will own 9,138 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, 6,608 units will be managed by a third party property manager, and 2,530 will be managed by HOC, which includes multifamily properties under a Property Assistance contract. 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 9,138 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) –**18 Properties/1,787 Units** – Arcola Towers, Bauer Park, Camp Hill Square, Chelsea Tower, Fenton Silver Spring, Forest Oak, Ken Gar, The Leggett, McGruder's Discovery, Paint Branch, Parkway Woods, Residences on the Lane, Sandy Spring Meadow, Seneca Ridge, Shady Grove Apartments, Towne Centre Place, Washington Square, Waverly House.

Special Programs - State, Local & HOC (Rent Subsidies-less than 40% AMI) – **9 Properties/112 Units** – 527 Dale Drive, King Farm, Lasko Manor, McHome, Scattered Sites (Jubilee: Hermitage, Woodedge, Falling Creek, and Horizon), and Southbridge (formerly Aspen Ct.)

Moderate Income - Tax Credit (Subsidized & Market Rate Rent – 41%-60% of AMI) - **16 Properties/ 2,119 Units** – Arcola Towers, Bauer Park, Fenton Silver Spring, Forest Oak Towers, Georgian Court, Greenhills, The Leggett, Residences on the Lane, Shady Grove Apartments, Spring Garden, Stewartown, Tanglewood and Sligo, Waverly House, Willow Manor at Colesville, Willow Manor at Fair Hill Farm, and Willow Manor at Cloppers

Other Moderate Income (Subsidized & Market Rate Rent – 41%-60% of AMI) – **34 Properties/3,640\ Units** – Brooke Park, Camp Hill Square, CDBG, Cider Mill, Diamond Square, Fairfax Court, Brookside Glen (The Glen), Glenmont Crossing, Glenmont Westerly, Holiday Park, Manchester Manor, McKendree, MHLP VII, MHLP VIII, MHLP IX—Pond Ridge, MHLP IX—MPDU, MHLP X, Montgomery Arms, MPDU 2007 Phase II, MPDU I (64), MPDU II (59), NCI 1, NSP 1, The Oaks at Four Corners, Pomander Court, Pooks Hill Midrise, Scattered Site One, Scattered Site Two, Sligo Dev Corp-MPDU III, State Partnership Properties, Timberlawn Crescent, VPC One, VPC Two, The Willows

High & Mixed Income (Subsidized & Market Rate Rent – above 61% of AMI) – **19 Properties/3,098 Units** – Alexander House, Avondale Apartments, The Barclay, Battery Lane, Bradley Crossing, Ken Gar, The Laureate, The Lindley, MetroPointe, The Metropolitan, Paddington Square, Parkway Woods, Pooks Hill High Rise, Sandy Spring Meadow, Seneca Ridge, Strathmore Court, Towne Centre Place, Washington Square, Westwood Towers.

Properties in the portfolio that are not part of HOC's FY 2025 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 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 93% or better for all properties, excluding those undergoing redevelopment.
- Achieve and maintain economic occupancy of 95% or better for all properties, excluding those undergoing redevelopment.
- Maintain tenant turnover of 15% 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. HOC has three properties below the 80 threshold, with an average score of 94 at the other 15 properties.

REAC Scores		
	Date	**Score**
Most Recent REAC Inspection Scores as of FY 2023		
Spring Garden	9/12/2022	99a
Timberlawn Crescent	5/19/2022	99a
Shady Grove	9/17/2019	98a
Magruder's Discovery	10/07/2022	98b
Georgian Court	11/5/2019	97b
Oaks at Four Corners	11/17/2022	99a
Brookside Glen LP (The Glen)	06/02/2022	87b
Stewartown Homes	11/26/2019	95b
Arcola Towers	8/24/2022	83c
Tanglewood	9/19/2022	86b
Paint Branch	7/7/2021	95b
Scattered Site One Dev Corp	9/21/2022	72c
Camp Hill Square	10/31/2022	47c
Cider Mill	3/21/2023	42c
Diamond Square	3/10/2022	97b
Pond Ridge	4/20/2022	82c
The Willows	4/28/2022	95b
Timberlawn Crescent	5/29/2022	99a

Budget Overview—Property Management—Administrative

The Recommended FY 2025 budgeted revenues for Property Management Division Administration are $14.75 million and total operating expenses are $3.79 million. Personnel costs comprise 77.13% of the Operating Budget in FY 2025. Other Operating costs constitute the remainder of the operating budget.

Revenue and Expense Statement

Property Management Division Administration	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$288	$0	$24	$0	$0
County Grant	$1,124,772	$1,125,156	$1,455,438	$1,263,840	$1,263,840
Management Fees	$7,987,349	$13,425,303	$13,180,954	$14,434,630	$13,487,580
TOTAL OPERATING INCOME	**$9,112,409**	**$14,550,459**	**$14,636,416**	**$15,698,470**	**$14,751,420**
Operating Expenses					
Personnel Expenses	$1,127,445	$1,120,772	$953,933	$1,388,520	$1,757,910
Operating Expenses - Fees	$12,936	$14,730	$15,214	$14,970	$14,980
Operating Expenses - Administrative	$268,834	$47,783	$92,772	$367,840	$463,060
Tenant Services Expenses	$77	$151	$0	$0	$0
Protective Services Expenses	$49,392	$0	$0	$0	$0
Utilities Expenses	$0	$0	$7,754	$9,300	$10,730
Insurance and Tax Expenses	$1,092	$1,480	$4,430	$4,880	$4,770
Maintenance Expenses	$23,270	$9,788	$13,183	$13,040	$27,600
TOTAL OPERATING EXPENSES	**$1,483,046**	**$1,194,704**	**$1,087,286**	**$1,798,550**	**$2,279,050**
NET OPERATING INCOME	**$7,629,363**	**$13,355,755**	**$13,549,130**	**$13,899,920**	**$12,472,370**
Non-Operating Income					
TOTAL NON-OPERATING INCOME	**$0**	**$0**	**$0**	**$0**	**$0**
Non-Operating Expenses					
Debt Service, Operating and Replacement Reserves	$0	$750,000	$0	$500,000	$250,000
Transfer Out Between Funds	$1,127,870	$1,428,569	$1,455,438	$1,263,840	$1,263,840
TOTAL NON-OPERATING EXPENSES	**$1,127,870**	**$2,178,569**	**$1,455,438**	**$1,763,840**	**$1,513,840**
NET NON-OPERATING ADJUSTMENTS	**($1,127,870)**	**($2,178,569)**	**($1,455,438)**	**($1,763,840)**	**($1,513,840)**
NET CASH FLOW	**$6,501,493**	**$11,177,186**	**$12,093,692**	**$12,136,080**	**$10,958,530**

Budget Overview—Property Management—Elderly Properties

The Recommended FY 2025 budgeted revenues for elderly properties are $1.60 million and total expenses in the Operating Budget are $1.15 million. Non-operational expenses are $0.45 million.

Revenue and Expense Statement

Property Management Division Elderly Properties	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$6,628,887	$4,484,013	$2,532,104	$1,507,410	$1,533,550
Non-Dwelling Rental Income	$8,400	$8,400	$10,800	$9,900	$9,900
Federal Grant	$238,806	$532	$0	$0	$0
Management Fees	$976	$1,560	$0	$980	$0
Miscellaneous Income	$7,697	$3,765	$45,508	$9,760	$11,200
TOTAL OPERATING INCOME	**$6,884,766**	**$4,498,270**	**$2,588,412**	**$1,528,050**	**$1,554,650**
Operating Expenses					
Personnel Expenses	$1,338,203	$932,575	$532,690	$299,720	$416,250
Operating Expenses - Fees	$839,259	$567,070	$324,922	$253,560	$256,000
Operating Expenses - Administrative	$362,867	$223,620	$213,588	$34,690	$35,120
Bad Debt	$15,934	$10,709	$708	$5,240	$5,400
Tenant Services Expenses	$68,067	$60,947	$64,141	$67,080	$70,180
Protective Services Expenses	$30,395	$28,430	$28,093	$17,670	$18,640
Utilities Expenses	$595,560	$547,016	$354,012	$117,650	$111,270
Insurance and Tax Expenses	$194,281	$148,551	$95,956	$48,570	$50,520
Maintenance Expenses	$543,758	$447,230	$270,267	$159,310	$183,680
Housing Assistance Payments ("HAP")	$0	$69,661	$0	$0	$0
TOTAL OPERATING EXPENSES	**$3,988,324**	**$3,035,809**	**$1,884,377**	**$1,003,490**	**$1,147,060**
NET OPERATING INCOME	**$2,896,442**	**$1,462,461**	**$704,035**	**$524,560**	**$407,590**
Non-Operating Income					
Investment Interest Income	$1,870	$0	$0	$0	$0
Transfer Between Funds	$533,940	$150,684	$73,709	$6,240	$41,070
TOTAL NON-OPERATING INCOME	**$535,810**	**$150,684**	**$73,709**	**$6,240**	**$41,070**
Non-Operating Expenses					
Interest Payment	$1,026,640	$435,551	$58,147	$44,120	$29,180
Mortgage Insurance	$6,563	$5,576	$4,525	$3,410	$2,210
Principal Payment	$807,725	$577,503	$216,305	$230,330	$245,270
Debt Service, Operating and Replacement Reserves	$257,796	$214,896	$171,996	$172,000	$172,000
Restricted Cash Flow	$195,526	$50,458	$81,323	$80,940	$0
Transfer Out Between Funds	$333,680	$0	$0	$0	$0
TOTAL NON-OPERATING EXPENSES	**$2,627,930**	**$1,283,984**	**$532,296**	**$530,800**	**$448,660**
NET NON-OPERATING ADJUSTMENTS	**($2,092,120)**	**($1,133,300)**	**($458,587)**	**($524,560)**	**($407,590)**
NET CASH FLOW	**$804,322**	**$329,161**	**$245,448**	**$0**	**$0**

Budget Overview—Property Management—Family Properties

The Recommended FY 2025 budgeted revenues for family properties are $84.00 million and total expenses in the Operating Budget are $41.74 million. Non-operational expenses are $40.75 million in FY 2025.

Revenue and Expense Statement

Property Management Division Family Properties	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$70,793,597	$75,018,474	$77,284,760	$81,900,070	$81,795,560
Non-Dwelling Rental Income	$1,565,716	$1,726,978	$1,510,072	$1,380,820	$1,143,900
Federal Grant	$40,645	$44,859	$42,100	$42,000	$42,000
Management Fees	$3,791	$7,560	$24,985	$6,900	$4,420
Miscellaneous Income	$269,515	$343,101	$139,970	$95,770	$132,950
TOTAL OPERATING INCOME	**$72,673,264**	**$77,140,972**	**$79,001,887**	**$83,425,560**	**$83,118,830**
Operating Expenses					
Personnel Expenses	$9,636,205	$9,873,485	$9,615,591	$10,439,420	$11,136,930
Operating Expenses - Fees	$6,621,455	$6,834,267	$7,600,217	$7,817,220	$8,002,750
Operating Expenses - Administrative	$1,984,595	$2,743,000	$2,131,188	$2,025,470	$2,163,900
Bad Debt	$2,236,198	$1,444,960	$1,766,410	$2,319,580	$1,798,900
Tenant Services Expenses	$200,340	$163,696	$222,113	$321,860	$472,330
Protective Services Expenses	$893,626	$968,509	$1,205,743	$1,285,770	$1,092,600
Utilities Expenses	$5,816,996	$6,750,899	$6,365,320	$6,531,040	$6,726,870
Insurance and Tax Expenses	$1,553,143	$1,553,029	$2,058,168	$2,120,650	$2,203,830
Maintenance Expenses	$6,078,019	$8,323,448	$8,619,803	$7,696,550	$8,140,890
TOTAL OPERATING EXPENSES	**$35,020,577**	**$38,655,293**	**$39,584,553**	**$40,557,560**	**$41,739,000**
NET OPERATING INCOME	**$37,652,687**	**$38,485,679**	**$39,417,334**	**$42,868,000**	**$41,379,830**
Non-Operating Income					
Investment Interest Income	($14,566)	$180	$1,446	$540	$250
Transfer Between Funds	$1,645,582	$1,190,031	$1,440,385	$1,210,320	$883,280
TOTAL NON-OPERATING INCOME	**$1,631,016**	**$1,190,211**	**$1,441,831**	**$1,210,860**	**$883,530**
Non-Operating Expenses					
Interest Payment	$17,911,498	$20,181,786	$22,919,883	$21,636,140	$22,158,030
Mortgage Insurance	$1,088,696	$1,018,825	$980,539	$834,800	$934,490
Principal Payment	$9,229,571	$9,439,927	$9,505,581	$9,719,310	$10,207,620
Debt Service, Operating and Replacement Reserves	$3,094,236	$2,813,903	$2,784,189	$2,439,070	$2,684,790
Restricted Cash Flow	$3,165,489	$2,151,218	$1,489,622	$2,413,850	$1,334,390
Development Corporation Fees	$3,406,420	$3,762,795	$2,922,236	$3,955,230	$3,432,520
TOTAL NON-OPERATING EXPENSES	**$37,895,910**	**$39,368,454**	**$40,602,050**	**$40,998,400**	**$40,751,840**
NET NON-OPERATING ADJUSTMENTS	**($36,264,894)**	**($38,178,243)**	**($39,160,219)**	**($39,787,540)**	**($39,868,310)**
NET CASH FLOW	**$1,387,793**	**$307,436**	**$257,115**	**$3,080,460**	**$1,511,520**

Budget Overview—Property Management—Scattered Site Properties

The Recommended FY 2025 budgeted revenues for scattered-site properties are $24.96 million and total expenses in the Operating Budget are $17.48 million. Non-operational expenses are $7.33 million in FY 2025.

Revenue and Expense Statement

Property Management Division Scattered Site Properties	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$22,874,035	$23,101,208	$22,943,044	$24,603,290	$24,113,000
Non-Dwelling Rental Income	($1,400)	($1,680)	($308)	$0	$0
Management Fees	$108	($108)	$0	$0	$0
Miscellaneous Income	$18,607	$2,918	($2,210)	$0	$0
TOTAL OPERATING INCOME	**$22,891,350**	**$23,102,338**	**$22,940,526**	**$24,603,290**	**$24,113,000**
Operating Expenses					
Personnel Expenses	$3,835,700	$3,312,358	$3,277,686	$4,523,300	$4,742,910
Operating Expenses - Fees	$6,811,125	$6,926,725	$7,318,472	$7,648,850	$7,901,630
Operating Expenses - Administrative	$132,230	$220,292	$193,939	$175,080	$370,390
Bad Debt	$1,072,823	$1,054,785	$779,107	$1,074,470	$559,350
Tenant Services Expenses	$25	$107	$4,765	$0	$0
Protective Services Expenses	$17	$0	$0	$0	$0
Utilities Expenses	$220,231	$338,671	$304,016	$312,940	$357,610
Insurance and Tax Expenses	$1,053,755	$806,173	$1,078,196	$1,137,830	$1,236,460
Maintenance Expenses	$1,458,582	$2,039,980	$2,254,972	$1,628,960	$2,309,580
TOTAL OPERATING EXPENSES	**$14,584,488**	**$14,699,091**	**$15,211,153**	**$16,501,430**	**$17,477,930**
NET OPERATING INCOME	**$8,306,862**	**$8,403,247**	**$7,729,373**	**$8,101,860**	**$6,635,070**
Non-Operating Income					
Investment Interest Income	$47	$0	$0	$0	$0
Transfer Between Funds	$746,857	$615,570	$748,422	$708,780	$843,600
TOTAL NON-OPERATING INCOME	**$746,904**	**$615,570**	**$748,422**	**$708,780**	**$843,600**
Non-Operating Expenses					
Interest Payment	$2,493,993	$2,576,105	$2,693,188	$3,464,880	$3,541,170
Mortgage Insurance	$65,903	$58,200	$54,460	$50,560	$59,100
Principal Payment	$1,950,394	$2,023,612	$1,575,480	$1,166,490	$1,343,410
Debt Service, Operating and Replacement Reserves	$2,266,937	$2,363,070	$2,039,818	$2,400,200	$961,670
Restricted Cash Flow	$227,380	$44,970	$57,556	$59,120	$59,930
Development Corporation Fees	$1,937,319	$1,995,877	$2,209,236	$1,784,510	$1,369,200
TOTAL NON-OPERATING EXPENSES	**$8,941,926**	**$9,061,834**	**$8,629,738**	**$8,925,760**	**$7,334,480**
NET NON-OPERATING ADJUSTMENTS	**($8,195,022)**	**($8,446,264)**	**($7,881,316)**	**($8,216,980)**	**($6,490,880)**
NET CASH FLOW	**$111,840**	**($43,017)**	**($151,943)**	**($115,120)**	**$144,190**

Real Estate Development Division

Recommended Budget
April 3, 2024

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:

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

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 high-quality affordable housing and increases the capacity of other sponsors to provide affordable housing.

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.

As HOC's existing portfolio of Opportunity Housing ages, there is an ongoing 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 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 emphasizing 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 and funding.

Program Objectives

- Operating under the current 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 the following:
- Prospecting for opportunities,
- Building partnerships, and
- Identifying alternative sources of debt and equity.

Performance Measure Results

Performance Measures for Real Estate Development are being modified to align with the newly adopted Strategic plan and will be added at a later date.

Budget Overview—Real Estate Division

The total Recommended FY 2025 budgeted revenues for the Real Estate Division are $7.44 million and total expenses are $3.05 million. Personnel costs comprise 85.80% of the total operating expenses in FY 2025. Operating and other miscellaneous expenses account for the balance of the budget.

Revenue and Expense Statement

Real Estate Division	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Management Fees	$1,318,272	$2,418,376	$863,659	$4,312,490	$5,664,420
TOTAL OPERATING INCOME	**$1,318,272**	**$2,418,376**	**$863,659**	**$4,312,490**	**$5,664,420**
Operating Expenses					
Personnel Expenses	$1,803,961	$1,943,804	$1,772,623	$2,481,690	$2,619,110
Operating Expenses - Fees	$2,888	$4,288	$4,020	$4,020	$109,020
Operating Expenses - Administrative	$75,732	$84,990	$56,094	$320,620	$322,070
Insurance and Tax Expenses	$182	$990	$1,110	$1,100	$1,190
Maintenance Expenses	$0	$0	$0	$1,060	$1,060
TOTAL OPERATING EXPENSES	**$1,882,763**	**$2,034,072**	**$1,833,847**	**$2,808,490**	**$3,052,450**
NET OPERATING INCOME	**($564,491)**	**$384,304**	**($970,188)**	**$1,504,000**	**$2,611,970**
Non-Operating Income					
Transfer Between Funds	$1,098,600	$1,153,627	$975,690	$1,590,240	$1,779,950
TOTAL NON-OPERATING INCOME	**$1,098,600**	**$1,153,627**	**$975,690**	**$1,590,240**	**$1,779,950**
Non-Operating Expenses					
TOTAL NON-OPERATING EXPENSES	**$0**	**$0**	**$0**	**$0**	**$0**
NET NON-OPERATING ADJUSTMENTS	**$1,098,600**	**$1,153,627**	**$975,690**	**$1,590,240**	**$1,779,950**
NET CASH FLOW	**$534,109**	**$1,537,931**	**$5,502**	**$3,094,240**	**$4,391,920**

This page intentionally left blank.

FY 2025

Resident Services Division

Recommended Budget
April 3, 2024

Mission Statement

The Resident Services Division strives to enhance the lives of HOC customers by coordinating and implementing a vast array of high-quality programs, services, and resources. Through collaborative partnerships with Montgomery County, the federal government, and various community-based organizations, Resident Services is able to offer comprehensive service coordination, impactful resident programs, and robust supportive housing services to individuals and families who reside in HOC owned-managed properties or receive HOC housing subsidies, as well as applicants on HOC's waitlist. The services provided by Resident Services help individuals and families to achieve goals in seven pivotal areas including: (1) housing stability, (2) food security, (3) education, (4) career, (5) economic mobility and financial empowerment, (6) health and wellness, and (7) social connection.

Special points of interest:

The Resident Services Division strives to enhance the lives of HOC customers by coordinating and implementing a vast array of high-quality programs, services, and resources.

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, and lease compliance assistance.
- Stabilization and support for individuals with disabilities.
- Information and referral to community resources.
- Assessment, counseling and service coordination.
- Education, recreation, life skills and wellness programming.
  - 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.

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 Forest Oak Towers, Bauer Park and Arcola Towers 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 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.

Specialty Programs/Services

- **HOC Academy** – Overall, the Academy is able to expand its youth services through new partnerships with Learning Undefeated, First Generation College Bound, Inc., Montgomery College, Gap Buster, Inc. and other organizations dedicated to youth development in STEM. Other collaborations with WorkSource Montgomery, Montgomery College, and ALSTNTEC, LLC are imperative in the expansion in Academy Adult Education and Workforce Development services.
- **Fatherhood Initiative Program** supports fathers in every step along their journey. The program

Program Objectives

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 2022 Actuals**	**FY 2023 Actuals**	**FY 2024 Projection**	**FY 2025 Goal**
Housing Stabilization (emergency assistance for rent and utility arrearages)	300	170	200	200
Youth & Family on-site (and virtual) programming	615	500	800	800
Senior on-site (and virtual) programming	450	385	625	625
Eviction/Termination prevention and intervention services	250	450	300	300
Housing Services for the Homeless (Federal)	251	239	220	217
Housing Assistance (County)	234	365	290	300
Counseling Services	2,800	2,500	2,000	2,000
Adult Education, Training & Employment Services	320	353	300	300

Performance Measurement Results (cont.)

FY 2023 Metrics		
Metric Description	**Target/Goal**	**Actuals**
Secure and maintain HOC housing for 40 individuals under the Community Choice Homes Initiative ("CCH").	40 - Housed	37 - Housed
Will achieve a high percentage of Supportive Housing participants that obtain and or maintain income.	85% obtained and/or maintained income	99% obtained and/or maintained income
Achieve a high housing retention rate for participants in the McKinney supportive housing program.	90%	100%
Serve residents in workforce development, youth education and enrichment programs and /or services.	1,000 persons served	754 persons served
Achieve goals for HOC operated programs at HOC properties/virtual.	90% of goals achieved	100% of goals achieved
Meet enrollment target for FY 2023 for the Fatherhood Initiative Program.	356 Enrolled	357 Enrolled
Achieve successful outcomes for residents served through general counseling.	90% of residents will achieve successful outcomes	100% of residents have achieved successful outcomes
Achieve successful outcomes for residents served through eviction/termination **prevention**.	90% of residents will achieve successful outcomes	95% of residents have achieved suc-cessful outcomes
Achieve successful outcomes for residents served through eviction/termination **intervention.**	90% of residents will achieve successful outcomes	100% of residents have achieved successful outcomes

Performance Measurement Results (cont.)

FY 2024 Metrics		
Metric Description	**Target/Goal**	**Actuals**
Secure and maintain HOC housing for 40 individuals under the Community Choice Homes Initiative ("CCH").	40 - Housed	N/A
Will achieve a high percentage of Supportive Housing participants that obtain and or maintain income.	85% obtained and/or maintained income	N/A
Achieve a high housing retention rate for participants in the McKinney supportive housing program.	90%	N/A
Serve residents in workforce development, youth education and enrichment programs and /or services.	750 persons served	N/A
Tuition Assistance Participants will achieve at least two benchmarks toward overall education/career goal.	75%	N/A
Achieve goals for HOC operated after school and summer enrichment programs at HOC properties/virtual.	80% of goals achieved	N/A
Meet enrollment target for FY 2024 for the Fatherhood Initiative Program.	356 Enrolled	N/A
Achieve successful outcomes for residents served through general counseling.	90% of residents will achieve successful outcomes	N/A
Achieve successful outcomes for residents served through eviction/termination **prevention**.	90% of residents will achieve successful outcomes	N/A
Achieve successful outcomes for residents served through eviction/termination **intervention.**	90% of residents will achieve successful outcomes	N/A

Performance Measurement Results (cont.)

FY 2025 Metrics		
Metric Description	**Target/Goal**	**Actuals**
Secure and maintain HOC housing for 40 individuals under the Community Choice Homes Initiative (“CCH”).	40 - Housed	N/A
Will achieve a high percentage of Supportive Housing participants that obtain and or maintain income.	85% obtained and/or maintained income	N/A
Achieve a high housing retention rate for participants in the McKinney supportive housing program.	90%	N/A
Serve residents in workforce development, youth education and enrichment programs and /or services.	750 persons served	N/A
Tuition Assistance Participants will achieve at least two benchmarks toward overall education/career goal.	75%	N/A
Achieve goals for HOC operated after school and summer enrichment programs at HOC properties/virtual.	80% of goals achieved	N/A
Meet enrollment target for FY 2025 for the Fatherhood Initiative Program.	356 Enrolled	N/A
Achieve successful outcomes for residents served through general counseling.	90% of residents will achieve successful outcomes	N/A
Achieve successful outcomes for residents served through eviction/termination **prevention**.	90% of residents will achieve successful outcomes	N/A
Achieve successful outcomes for residents served through eviction/termination **intervention.**	90% of residents will achieve successful outcomes	N/A

Budget Overview—Resident Services Division

The total Recommended FY 2025 budgeted revenues for the Resident Services Division are $16.48 million. Personnel costs comprise 47.30% of the FY 2025 Recommended operating expenses.

Revenue and Expense Statement

Resident Services Division	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Amended Budget	FY 2025 Recommended Budget
Operating Income					
Tenant Income	$871,502	$824,408	$831,881	$824,110	$102,300
Federal Grant	$4,569,083	$5,063,053	$5,122,554	$5,331,070	$5,213,690
County Grant	$9,579,772	$8,854,930	$15,469,140	$10,882,600	$10,748,810
Miscellaneous Income	$8,030	$108,000	$8,025	$8,000	$8,000
TOTAL OPERATING INCOME	**$15,028,387**	**$14,850,391**	**$21,431,600**	**$17,045,780**	**$16,072,800**
Operating Expenses					
Personnel Expenses	$4,537,466	$6,058,648	$6,418,794	$7,273,290	$7,300,730
Operating Expenses - Fees	$746,835	$900,177	$973,357	$1,039,160	$1,066,450
Operating Expenses - Administrative	$423,212	$162,703	$204,540	$212,100	$231,610
Bad Debt	$42,913	$106,606	($2,059)	$54,000	$0
Tenant Services Expenses	$6,922,951	$6,071,746	$12,317,039	$7,138,120	$6,709,340
Utilities Expenses	$293,912	$304,635	$310,694	$407,160	$32,120
Insurance and Tax Expenses	$3,844	$2,970	$12,190	$9,870	$75,800
Maintenance Expenses	$402	$4,800	$0	$155,990	$17,350
Housing Assistance Payments (“HAP”)	$500	$0	$0	$0	$0
TOTAL OPERATING EXPENSES	**$12,972,035**	**$13,612,285**	**$20,234,555**	**$16,289,690**	**$15,433,400**
NET OPERATING INCOME	**$2,056,352**	**$1,238,106**	**$1,197,045**	**$756,090**	**$639,400**
Non-Operating Income					
Investment Interest Income	$19	$0	$0	$0	$0
Transfer Between Funds	$1,810,094	$1,687,031	$1,024,488	$519,400	$408,840
TOTAL NON-OPERATING INCOME	**$1,810,113**	**$1,687,031**	**$1,024,488**	**$519,400**	**$408,840**
Non-Operating Expenses					
Restricted Cash Flow	$69,864	$0	$264,822	$114,350	$110
Transfer Out Between Funds	$3,198,108	$1,756,286	$1,136,076	$162,710	$41,330
TOTAL NON-OPERATING EXPENSES	**$3,267,972**	**$1,756,286**	**$1,400,898**	**$277,060**	**$41,440**
NET NON-OPERATING ADJUSTMENTS	**($1,457,859)**	**($69,255)**	**($376,410)**	**$242,340**	**$367,400**
NET CASH FLOW	**$598,493**	**$1,168,851**	**$820,635**	**$998,430**	**$1,006,800**

Section 3:

CAPITAL

Tab

Capital Budget

Recommended Budget
April 3, 2024

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.

Capital Budget Summary Overview

The total Recommended FY 2025 Capital Budget is $339.0 million. The FY 2025 Capital Budget includes funds to maintain current Information Technology needs, as well as, improvements to the Kensington and East Deer Park offices, and the 880 Bonifant and Derwood Service Centers. Funds have also been included for capital improvements to HOC's Opportunity Housing and Development Corporation properties. The total Capital Improvements Budget is $9.9 million for FY 2025.

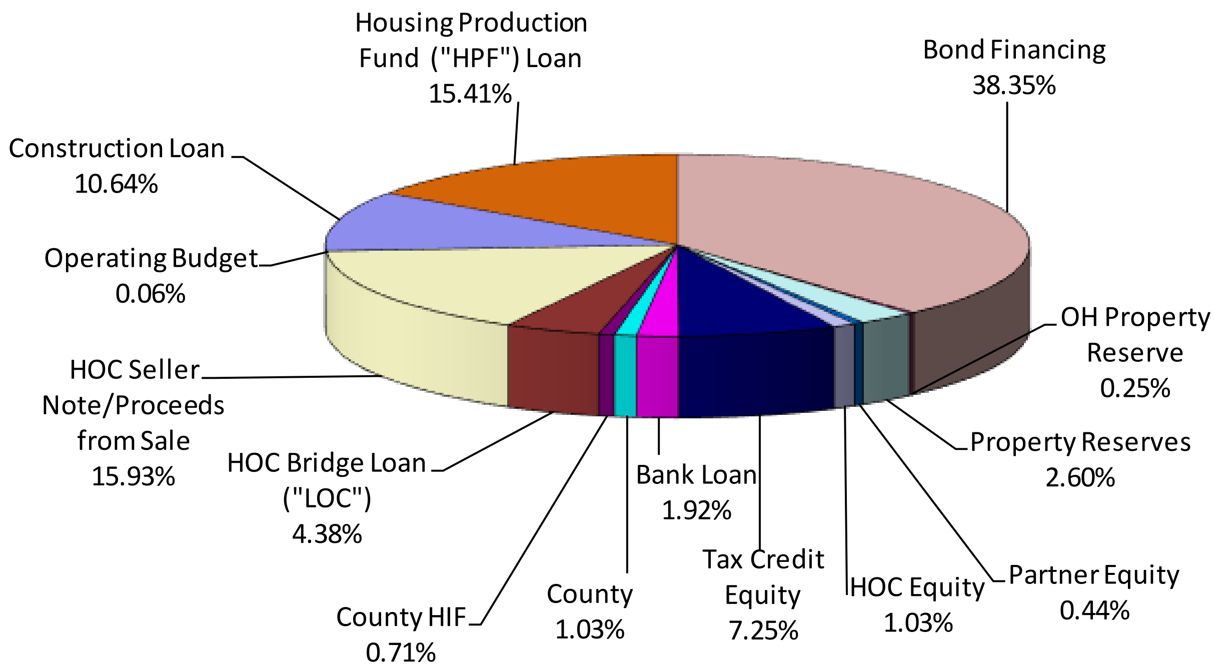
The Capital Development Budget includes funds for the construction, refinancing and/or renovations at twelve properties. The total development budget is $329.1 million for FY 2025.

Special points of interest:

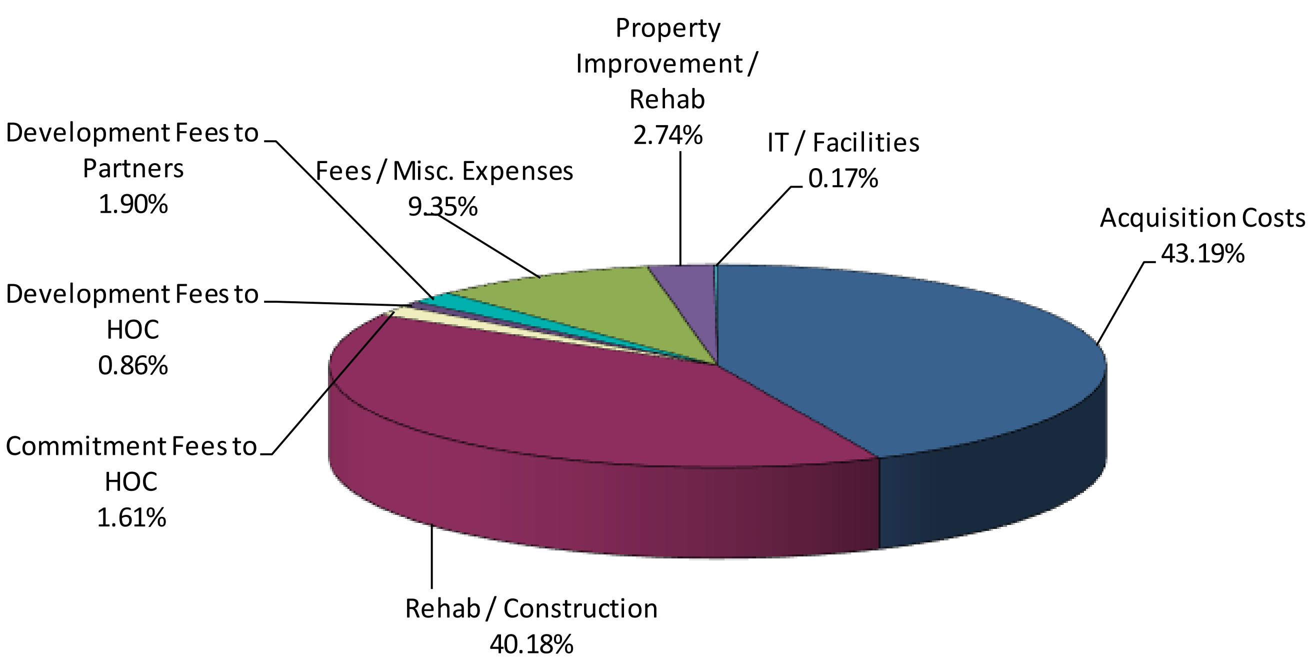
The FY 2025 Capital Budget is $339.0 million.

	Capital Budget Summary	FY 2025 Recommended Budget
Capital Improvements		
	East Deer Park	$50,000
	Kensington Office	$100,000
	880 Bonifant Service Center	$90,000
	Derwood Service Center	$15,000
	Information Technology	$317,000
	Opportunity Housing Properties	$9,298,740
	SUBTOTAL	**$9,870,740**
Capital Development Projects		
	Deeply Affordable Units	$1,250,000
	Garnkirk Farms	$22,089,150
	Headquarters	$13,264,720
	Hillandale Gateway - Senior	$26,236,070
	Hillandale Gateway - Multifamily / Retail (Market)	$38,389,480
	Hillandale Gateway - Multifamily / Retail (Tax Credit)	$13,430,960
	Metropolitan	$108,988,210
	MetroPointe	$61,217,410
	Building B at West Side Shady Grove	$44,237,130
	SUBTOTAL	**$329,103,130**
	TOTAL	**$338,973,870**

FY 2025—Source of Funds



FY 2025—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 and East Deer Park offices, and the 880 Bonifant and Derwood Service Centers. 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 & Information Technology Department	FY 2025 Recommended Budget		
		Revenue Sources	
	Total Expenses	Operating Budget	Replacement Reserves
Facilities			
East Deer Park	$50,000	$0	$50,000
Kensington	$100,000	$0	$100,000
880 Bonifant Service Center	$15,000	$0	$15,000
Derwood Service Center	$90,000	$0	$90,000
Subtotal - Facilities	**$255,000**	**$0**	**$255,000**
Information Technology ("IT")			
Computer Software	$45,000	$0	$45,000
Computer Equipment	$272,000	$202,000	$70,000
Subtotal - IT Improvements	**$317,000**	**$202,000**	**$115,000**
TOTAL	**$572,000**	**$202,000**	**$370,000**

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 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 Property Reserve ("OHPR").

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 2025 Recommended Budget

		Revenue Sources		
	Total Expenses	Property Reserves	OH Property Property Reserve	FY 2025 RfR
Alexander House Dev Corp	$88,000	$88,000	$0	$0
Avondale Apartments	$17,600	$17,600	$0	$0
Barclay Apartments Dev Corp	$209,180	$99,600	$86,780	$22,800
Barclay Affordable	$95,790	$95,790	$0	$0
Battery Lane	$149,800	$104,400	$0	$45,400
Bradley Crossing	$167,650	$167,650	$0	$0
Brooke Park	$5,840	$5,840	$0	$0
Brookside Glen ("The Glen") LP	$127,500	$127,500	$0	$0
Camp Hill Square	$53,820	$53,820	$0	$0
CDBG-NSP-NCI	$27,770	$27,770	$0	$0
Chelsea Towers	$4,320	$4,320	$0	$0
Cider Mill Apartments	$2,232,390	$1,660,340	$260,580	$311,470
Dale Drive	$4,870	$4,870	$0	$0
Diamond Square LP	$534,990	$534,990	$0	$0
Fairfax Court	$136,760	$136,760	$0	$0
Glenmont Crossing Dev Corp	$77,650	$77,650	$0	$0
Glenmont Westerly Dev Corp	$71,780	$71,780	$0	$0
Holiday Park	$56,240	$56,240	$0	$0
Jubilee Falling Creek	$2,510	$2,510	$0	$0
Jubilee Hermitage	$750	$750	$0	$0
Jubilee Horizon Court	$2,060	$2,060	$0	$0
Jubilee Woodedge	$2,060	$2,060	$0	$0
Magruder's Discovery Dev Corp	$72,800	$72,800	$0	$0
Manchester Manor Apartments	$171,000	$22,030	$127,560	$21,410
McHome	$35,460	$35,460	$0	$0
McKendree	$30,390	$30,390	$0	$0
MetroPointe Dev Corp	$236,250	$184,050	$22,200	$30,000
Metropolitan Dev Corp	$104,930	$104,930	$0	$0
Metropolitan Affordable	$60,250	$60,250	$0	$0

Capital Improvement Budget—Opportunity Housing Properties (cont.)

Capital Improvements Budget
Opportunity Housing, LLC &
Development Corporations

FY 2025
Recommended Budget

		Revenue Sources		
	Total Expenses	Property Reserves	OH Property Property Reserve	FY 2025 RfR
(cont.)				
MHLP VII	$45,600	$45,600	$0	$0
MHLP VIII	$60,520	$60,520	$0	$0
MHLP IX - Pond Ridge	$95,220	$95,220	$0	$0
MHLP IX - Scattered	$94,360	$94,360	$0	$0
MHLP X	$113,220	$113,220	$0	$0
Montgomery Arms Dev Corp	$60,900	$60,900	$0	$0
MPDU 2007 - Phase II	$1,200	$1,200	$0	$0
MPDU I (64)	$69,900	$57,370	$0	$12,530
MPDU II (59) Dev Corp	$81,010	$81,010	$0	$0
Oaks @ Four Corners Dev Corp	$203,020	$203,020	$0	$0
Paddington Square Dev Corp	$108,350	$108,350	$0	$0
Paint Branch	$14,700	$14,700	$0	$0
Pooks Hill High-Rise Dev Corp	$167,400	$167,400	$0	$0
Pooks Hill Mid-Rise	$19,000	$19,000	$0	$0
RAD 6 - Ken Gar Dev Corp	$12,000	$12,000	$0	$0
RAD 6 - Parkway Woods Dev Corp	$31,800	$31,800	$0	$0
RAD 6 - Sandy Spring Meadow Dev Corp	$29,850	$29,850	$0	$0
RAD 6 - Seneca Ridge Dev Corp	$39,400	$39,400	$0	$0
RAD 6 - Towne Center Place Dev Corp	$33,760	$33,760	$0	$0
RAD 6 - Washington Square Dev Corp	$31,860	$31,860	$0	$0
Scattered Site One Dev Corp	$287,700	$287,700	$0	$0
Scattered Site Two Dev Corp	$60,670	$60,670	$0	$0
Sligo MPDU III Dev Corp	$25,700	$25,700	$0	$0
Southbridge	$29,820	$29,820	$0	$0
State Rental Partnership	$294,780	$294,780	$0	$0
Strathmore Court Affordable	$899,150	$899,150	$0	$0
TPP LLC - Pomander Court	$18,360	$18,360	$0	$0
TPP LLC - Timberlawn	$214,300	$214,300	$0	$0
VPC One Dev Corp	$283,980	$283,980	$0	$0
VPC Two Dev Corp	$148,800	$148,800	$0	$0
Westwood Tower	$361,100	$361,100	$0	$0
Willows of Gaithersburg	$580,900	$158,180	$344,720	$78,000
TOTAL	**$9,298,740**	**$7,935,290**	**$841,840**	**$521,610**

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. Most 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 2025 Capital Development Budget anticipates development and/ or renovations of the following properties: Deeply Affordable Units, Garnkirk Farms, HOC Headquarters, Hillandale Gateway (Seniors and Multifamily/Retail), The Metropolitan, MetroPointe, and Building B at West Side Shady Grove.

Capital Development Projects

Deeply Affordable Units

Historically, this project was used to supplement the funds received from the U.S. 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. 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, limited partnerships 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 $120,000. Continued funding at the $1.25 million level will support an additional 10 units per year for FY 2025—2030.

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 on the following page depict the anticipated Expenditure and Funding Schedules.

Capital Development Projects (cont.)

Deeply Affordable Units

Expenditure Schedule

Cost Element	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
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 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
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**

Garnkirk Farms

Garnkirk Farms, located at Shawnee Lane Observation Drive in Clarksburg, is a fully entitled, 184-unit, wood frame apartment community wrapped around a 254-unit structured parking deck. The apartment community is the final phase of the Garnkirk Farms subdivision, which consists otherwise of 18 single-family detached units and 190 townhouses. The property will be contained in a four -story, midrise building.

Garnkirk Farms will incorporate a variety of methodologies in an effort to set new benchmarks for sustainability and high-performance development in the Clarksburg area and beyond. By using Passive House construction methodologies, the energy consumption of the building will be significantly reduced.

The charts below depict the anticipated Expenditure and Funding Schedules.

Garnkirk Farms

Expenditure Schedule

Cost Element	Total	FY 2025	FY 2026	FY 2027	FY 2028
Rehab / Construction	$75,059,160	$15,453,760	$22,528,990	$31,178,560	$5,897,850
Commitment Fees to HOC	$793,550	$793,550	$0	$0	$0
Development Fees to HOC	$2,301,790	$659,380	$238,520	$238,520	$1,165,370
Development Fees to Duffie	$7,485,130	$915,480	$954,090	$954,090	$4,661,470
Fees / Misc. Expenses	$20,074,220	$4,266,980	$3,012,040	$5,318,430	$7,476,770
Total	**$105,713,850**	**$22,089,150**	**$26,733,640**	**$37,689,600**	**$19,201,460**

Funding Schedule

Funding Source	Total	FY 2025	FY 2026	FY 2027	FY 2028
Owner Equity	$100	$100	$0	$0	$0
Tax Credit Equity	$31,970,240	$3,197,020	$0	$0	$28,773,220
Construction Loan	$5,309,330	$5,309,330	$0	$0	$0
Bridge Loan	$68,434,180	$13,582,700	$26,733,640	$28,117,840	$0
Bridge Loan Repayments	$0	$0	$0	$9,571,760	($9,571,760)
Total	**$105,713,850**	**$22,089,150**	**$26,733,640**	**$37,689,600**	**$19,201,460**

Capital Development Projects (cont.)

HOC Headquarters

In FY 2024, HOC began construction of its new headquarters office building ("Building" or "HOC HQ") at the southeast corner of the intersection of Second Avenue and Fenwick Lane in Downtown Silver Spring. The proposed nine (9) story building is designed with the top floor as a +/- 3,500 square foot amenity floor for all building occupants. The main entrance to the lobby is at the corner of Fenwick Lane & Second Avenue. Overall building height is set to be approximately 132 feet. The new building will completely relocate staff from HOC's Detrick Avenue headquarters and 880 Bonifant service center and administrative building.

Construction of the HOC HQ, which will be entirely owned and occupied by HOC, completes HOC's transition of all customer service and administrative facilities from leases to fee simple ownership. By constructing the HOC HQ, HOC will have fixed debt service payments, rather than lease escalations. Ownership of its entire corporate headquarters will establish HOC's administrative location for many decades to come, where the building will come to be identified with the agency. As the County's foremost affordable housing provider and a public benefit organization relied upon by thousands of families within our community, it is in the interest of serving our constituents to provide the organization with a place, a home, that delivers long-term operational continuity; and whose location is widely known.

The HQ was funded from the issuance of governmental bonds whose debt service will be an operating cost to the agency upon the opening of the building. HOC recently broke ground on the HQ site and is expected to complete construction in Q4 of calendar 2025 with agency move in in Q1 of calendar 2026.

The charts below depict the anticipated Expenditure and Funding Schedules.

HOC Headquarters

Expenditure Schedule

Cost Element	Total	Estimated FY 2024	FY 2025	FY 2026
Rehab / Construction	$74,996,700	$7,709,900	$13,264,720	$54,022,080
Total	**$74,996,700**	**$7,709,900**	**$13,264,720**	**$54,022,080**

Funding Schedule

Funding Source	Total	Estimated FY 2024	FY 2025	FY 2026
Tax Exempt Bonds	$74,996,700	$7,709,900	$13,264,720	$54,022,080
Total	**$74,996,700**	**$7,709,900**	**$13,264,720**	**$54,022,080**

Capital Development Projects (cont.)

Hillandale Gateway

Hillandale Gateway, located at 10100, 10110 and 10120 New Hampshire Avenue in Silver Spring, on the former site of Holly Hall Apartments, will be a new mixed-use, mixed-income, intergenerational community that will include a total of 463 residential units, of which a minimum of 30% will be affordable. Hillandale Gateway will comprise 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, an 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 buildings and on the parking garage) that the Development Team anticipates will be sufficient to allow the 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 its residents.

Site work began in early FY 2024, and vertical construction is slate to begin in late FY 2024. Construction is projected to be completed in FY 2027.

The charts below and on the following page depict the anticipated Expenditure and Funding Schedules.

Hillandale Gateway - Senior

Expenditure Schedule

Cost Element	Total	Estimated FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Acquisition Costs	$0	$0	$0	$0	$0	$0
Rehab / Construction	$73,750,640	$11,395,580	$24,108,590	$31,449,170	$6,714,910	$82,390
Development Fees to HOC (20%)	$1,242,930	$132,230	$124,290	$360,450	$310,730	$315,230
Development Fees to Duffie (80%)	$4,572,100	$495,400	$997,860	$997,860	$1,323,430	$757,550
Capital Reimbursement	$10,378,080	$0	$0	$0	$25,708,530	($15,330,450)
Fees / Misc. Expenses	$12,347,410	$4,031,690	$1,005,330	$2,474,610	$4,053,100	$782,680
Total	**$102,291,160**	**$16,054,900**	**$26,236,070**	**$35,282,090**	**$38,110,700**	**($13,392,600)**

Funding Schedule

Funding Source	Total	Estimated FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Construction Loan	$27,091,650	$0	$17,321,160	$9,770,490	$0	$0
Tax Credit Equity	$33,698,080	$3,369,810	$0	$0	$26,789,970	$3,538,300
Tax Exempt Short Term Bonds	$19,901,430	$0	$0	$19,901,430	$0	$0
HOC Equity	$5,000,000	$5,000,000	$0	$0	$0	$0
MCO Green Bank Loan	$6,500,000	$0	$6,500,000	$0	$0	$0
Energy Efficiency Rebates & Grants	$100,000	$100,000	$0	$0	$0	$0
County HIF	$10,000,000	$7,585,090	$2,414,910	$0	$0	$0
PNC Bridge Loan	$0	$0	$0	$5,610,170	$11,320,730	($16,930,900)
Total	**$102,291,160**	**$16,054,900**	**$26,236,070**	**$35,282,090**	**$38,110,700**	**($13,392,600)**

Capital Development Projects (cont.)

Hillandale Gateway - Multifamily / Retail (Market)

Expenditure Schedule

Cost Element	Total	Estimated FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rehab / Construction	$103,920,910	$17,375,990	$33,392,930	$43,430,560	$9,606,110	$115,320
Commitment Fees to HOC	$1,809,360	$1,809,360	$0	$0	$0	$0
Development Fees to HOC (20%)	$1,304,510	$138,780	$130,450	$378,310	$326,130	$330,840
Development Fees to Duffie (80%)	$5,329,500	$519,950	$1,559,850	$1,559,850	$1,559,860	$129,990
Fees / Misc. Expenses	$28,928,600	$8,145,660	$3,306,250	$6,265,810	$9,596,540	$1,614,340
Total	**$141,292,880**	**$27,989,740**	**$38,389,480**	**$51,634,530**	**$21,088,640**	**$2,190,490**

Funding Schedule

Funding Source	Total	Estimated FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Construction Loan	$100,317,940	$0	$25,404,280	$51,634,530	$21,088,640	$2,190,490
HOC Equity	$5,950,000	$5,950,000	$0	$0	$0	$0
State	$320,000	$320,000	$0	$0	$0	$0
HPF Loan	$34,704,940	$21,719,740	$12,985,200	$0	$0	$0
Total	**$141,292,880**	**$27,989,740**	**$38,389,480**	**$51,634,530**	**$21,088,640**	**$2,190,490**

Hillandale Gateway - Multifamily / Retail (Tax Credit)

Expenditure Schedule

Cost Element	Total	Estimated FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rehab / Construction	$36,867,840	$6,406,720	$11,806,280	$15,402,130	$3,211,960	$40,750
Commitment Fees to HOC	$494,610	$494,610	$0	$0	$0	$0
Development Fees to HOC (20%)	$584,630	$62,200	$58,460	$169,540	$146,160	$148,270
Development Fees to Duffie (80%)	$2,375,540	$233,020	$543,660	$543,660	$699,070	$356,130
Capital Reimbursement	$1,759,840	$0	$0	$0	$14,578,400	($12,818,560)
Fees / Misc. Expenses	$9,665,930	$3,259,350	$1,022,560	$1,948,560	$2,859,740	$575,720
Total	**$51,748,390**	**$10,455,900**	**$13,430,960**	**$18,063,890**	**$21,495,330**	**($11,697,690)**

Funding Schedule

Funding Source	Total	Estimated FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Construction Loan	$18,407,150	$945,300	$13,430,960	$4,030,890	$0	$0
Tax Credit Equity	$17,497,970	$10,500	$0	$0	$15,165,490	$2,321,980
Tax Exempt Short Term Bonds	$6,343,170	$0	$0	$6,343,170	$0	$0
HOC Equity	$100	$100	$0	$0	$0	$0
MCO Green Bank Loan	$3,500,000	$3,500,000	$0	$0	$0	$0
County HIF	$6,000,000	$6,000,000	$0	$0	$0	$0
HOC - Bridge Loan ("LOC")	$0	$0	$0	$7,689,830	$6,329,840	($14,019,670)
Total	**$51,748,390**	**$10,455,900**	**$13,430,960**	**$18,063,890**	**$21,495,330**	**($11,697,690)**

Capital Development Projects (cont.)

The Metropolitan

The Metropolitan was constructed in 1997, and 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 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 renovation will result in comprehensive replacements and upgrades to the building to address curb appeal, extend the property's useful life, and ensure that The Metropolitan remains attractive, marketable and competitive with comparable properties in the Bethesda submarket. In addition to approaching the residential units with a similar aesthetic to the other properties within the portfolio, the renovation plans will include increases to the efficiency of the building to reduce operating costs for both the property and the residents, replacement of the roof and mechanical systems; including HVAC, hot water heaters, and water pipes; improve sustainability and energy efficiency through improvements such as a potential Cogeneration system; replacement of elevator cab finishes, equipment, and software; update and upgrade of the clubroom , fitness room, penthouse bathrooms (showers, saunas and locker); and upgrade of the pool equipment and surface. Construction is expected to begin in FY 2025 and conclude in FY 2027.

The charts below depict the anticipated Expenditure and Funding Schedules .

The Metropolitan

Expenditure Schedule

Cost Element	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Acquisition Costs	$91,369,600	$91,061,600	$123,200	$123,200	$61,600	$0
Rehab / Construction	$34,210,000	$5,702,000	$11,403,000	$11,403,000	$5,702,000	$0
Commitment Fees to HOC	$1,437,690	$1,437,690	$0	$0	$0	$0
Development Fees to HOC	$4,083,430	$1,026,100	$0	$824,370	$1,748,830	$484,130
Fees / Misc. Expenses	$20,080,740	$9,760,820	$3,106,540	$2,282,180	$4,294,240	$636,960
Total	**$151,181,460**	**$108,988,210**	**$14,632,740**	**$14,632,750**	**$11,806,670**	**$1,121,090**

Funding Schedule

Funding Source	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Bond Financing	$87,212,760	$56,911,290	$12,120,580	$12,120,590	$6,060,300	$0
Tax Credit Equity	$13,688,520	$13,688,520	$0	$0	$0	$0
Short Term Bonds	$15,699,610	$1,569,960	$0	$0	$3,924,900	$10,204,750
GP Equity	$100	$100	$0	$0	$0	$0
County	$0	$2,237,870	$2,512,160	$2,512,160	$1,821,470	($9,083,660)
Seller Note	$34,580,470	$34,580,470	$0	$0	$0	$0
Total	**$151,181,460**	**$108,988,210**	**$14,632,740**	**$14,632,750**	**$11,806,670**	**$1,121,090**

Capital Development Projects (cont.)

MetroPointe

MetroPointe was constructed in 2008 and is a four-story, 173-unit mid-rise apartment building located at 1175 Georgia Avenue, Wheaton. MetroPointe currently provides 53 affordable units and 120 market rate units. Approximately half (26) of the affordable units operate with project-based vouchers, six of which are designated for persons with physical disabilities.

The Property is built within a lease of the air rights related to the Wheaton Metro Kiss & Ride parking lot. Prior to the construction of MetroPointe, the site was a Metro Kiss & Ride surface parking lot. The construction of MetroPointe was originally funded by LIHTC equity provided by a limited partner investor. In FY2024, HOC purchased the limited partner investor interest.

Delivered in 2008, just before the Global Financial Crisis, MetroPointe has consistently struggled to maintain positive net operating income. HOC typically has to provide annual funding to the property to address operating shortfalls. A major focus of the prospective resyndication of the property will be eliminating these annual shortfalls and putting MetroPointe onto a sound financial path.

The resyndication and renovation of the property is still in the predevelopment stage. However, HOC plans to reposition the asset by replacing any systems near or at the end of their useful life, upgrading the amenities and units, and refinishing the exteriors. Construction is expected to begin in FY 2025 and conclude in FY 2028.

The charts below depict the anticipated Expenditure and Funding Schedules.

MetroPointe

Expenditure Schedule

Cost Element	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Acquisition Costs	$51,321,240	$51,148,240	$69,200	$69,200	$34,600	$0
Rehab / Construction	$19,215,360	$3,202,750	$6,404,930	$6,404,930	$3,202,750	$0
Commitment Fees to HOC	$807,530	$807,530	$0	$0	$0	$0
Development Fees to HOC	$2,768,430	$576,350	$0	$463,040	$1,457,110	$271,930
Fees / Misc. Expenses	$10,804,300	$5,482,540	$1,744,910	$1,281,870	$1,937,210	$357,770
Total	**$84,916,860**	**$61,217,410**	**$8,219,040**	**$8,219,040**	**$6,631,670**	**$629,700**

Funding Schedule

Funding Source	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Bond Financing	$48,986,390	$31,966,410	$6,807,990	$6,807,990	$3,404,000	$0
Tax Credit Equity	$7,688,680	$7,688,680	$0	$0	$0	$0
Short Term Bonds	$8,818,290	$881,830	$0	$0	$2,204,570	$5,731,890
GP Equity	$60	$60	$0	$0	$0	$0
HOC - Bridge Loan ("LOC")	$0	$1,256,990	$1,411,050	$1,411,050	$1,023,100	($5,102,190)
Seller Note	$19,423,440	$19,423,440	$0	$0	$0	$0
Total	**$84,916,860**	**$61,217,410**	**$8,219,040**	**$8,219,040**	**$6,631,670**	**$629,700**

Capital Development Projects (cont.)

Building B at West Side Shady Grove

Building B will be a newly constructed mixed-use, rental community of 413 residential units, 7,000 SF of library and retail space, as well as a rooftop lounge. It is conveniently located across from The Laureate, is one block from the Shady Grove Metro station, and offers LEED, solar and universal design opportunities. The project will add over 120 affordable units within a sustainable, mixed-income development in an established Metro neighborhood, offering flexibility in the unit mix and programming to meet the community's needs.

Building B is the final multifamily component in the Westside at Shady Grove master development. It completes the envisioned buildout around the central roundabout; and, by bringing more than 400 new households to the neighborhood, Building B adds additional vitality and retail demand. Pedestrian access to the Metro and the remaining public amenities are also delivered upon construction of Building B. The project is fully entitled and groundbreaking is expected to occur in the first half of FY 2025 and be complete in FY 2028.

With the success of the Laureate, the Commission enthusiastically approved HOC's entrance once again into a partnership with EYA. Just as with the Laureate, Building B had already been designed and entitled prior to HOC's involvement. Building B is an ideal development to utilize the Housing Production Fund ("HPF") given its high unit count and strong market positioning. As an HPF transaction, Building B will provide a minimum of 30% of units at restricted affordable rents.

The charts below depict the anticipated Expenditure and Funding Schedules.

Building B at West Side Shady Grove

Expenditure Schedule

Cost Element	Total	FY 2025	FY 2026	FY 2027	FY 2028
Acquisition Costs	$4,181,800	$4,181,800	$0	$0	$0
Rehab / Construction	$143,068,990	$28,008,930	$47,438,980	$59,105,160	$8,515,920
Commitment Fees to HOC	$2,440,360	$2,440,360	$0	$0	$0
Development Fees to HOC (20%)	$1,300,570	$325,140	$545,850	$429,580	$0
Development Fee to EYA / Bozzuto (80%)	$5,441,380	$2,434,300	$1,718,330	$1,288,750	$0
Fees / Misc. Expenses	$26,664,800	$6,846,600	$3,402,700	$7,069,590	$9,345,910
Total	**$183,097,900**	**$44,237,130**	**$53,105,860**	**$67,893,080**	**$17,861,830**

Funding Schedule

Funding Source	Total	FY 2025	FY 2026	FY 2027	FY 2028
Construction Loan	$115,593,360	$0	$29,838,450	$67,893,080	$17,861,830
County HPF	$50,000,000	$39,237,130	$10,762,870	$0	$0
HOC - Bridge Loan ("LOC")	$12,504,540	$0	$12,504,540	$0	$0
HOC Equity	$3,500,000	$3,500,000	$0	$0	$0
EYA/Bozzuto Equity	$1,500,000	$1,500,000	$0	$0	$0
Total	**$183,097,900**	**$44,237,130**	**$53,105,860**	**$67,893,080**	**$17,861,830**

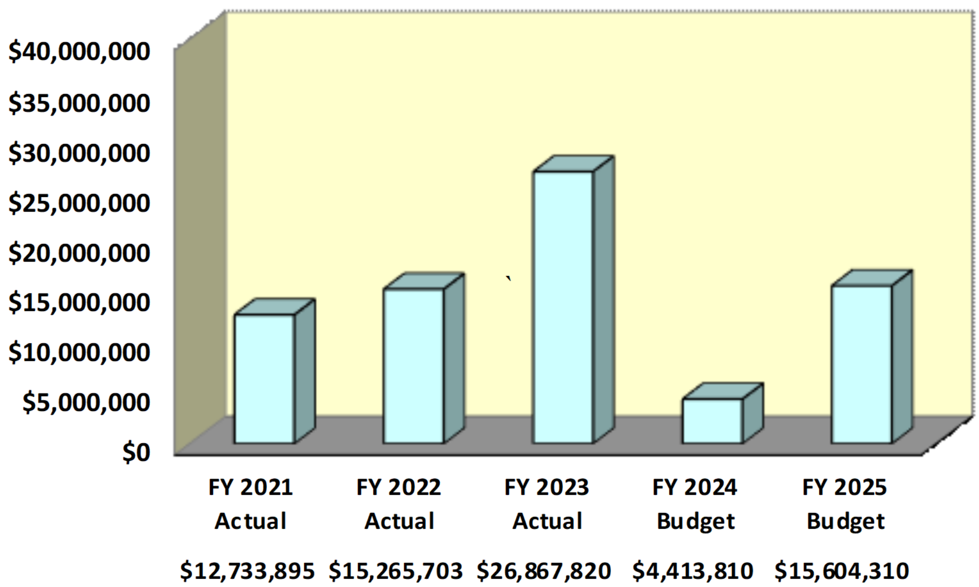
Opportunity Housing Reserve Fund ("OHRF")

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 2025 Recommended Budget projects a net increase in the OHRF of $11.19 million resulting in a year-end balance of $15.6 million.



Opportunity Housing Reserve Fund ("OHRF") cont.

Source of Capital	Total
Cash Balance as of 6/30/2023	**$26,867,820**
FY 2023	
Source of Funds	$2,318,140
Use of Funds	($13,635,040)
Cash Balance as of 2/28/2023	**$15,550,920**
Current Obligations	**($16,126,270)**
Future Source of Funds	
Anticipated Commitment Fees (60% of Total)	$1,382,380
Anticipated Development Fees (60% of Total)	$3,606,780
	$4,989,160
Projected Cash Balance as of 6/30/2024	**$4,413,810**
Source of Funds (FY 2025)	
Budgeted Commitment Fees (60% of Total)	$4,473,810
Budgeted Development Fees (60% of Total)	$8,496,640
SUBTOTAL	**$12,970,450**
Use of Funds (FY 2025)	
Personnel Expenses (Real Estate Division)	($1,374,950)
Pre-Development Fund (Real Estate Division)	($300,000)
Commitment Feeon PNC LOC and RELOC	($105,000)
SUBTOTAL	**($1,779,950)**
Projected Cash Balance as of 6/30/2025	**$15,604,310**

Section 4:
PERSONNEL
Tab

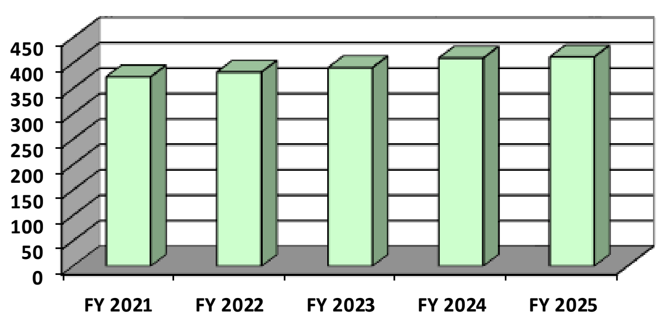
Personnel Assumptions

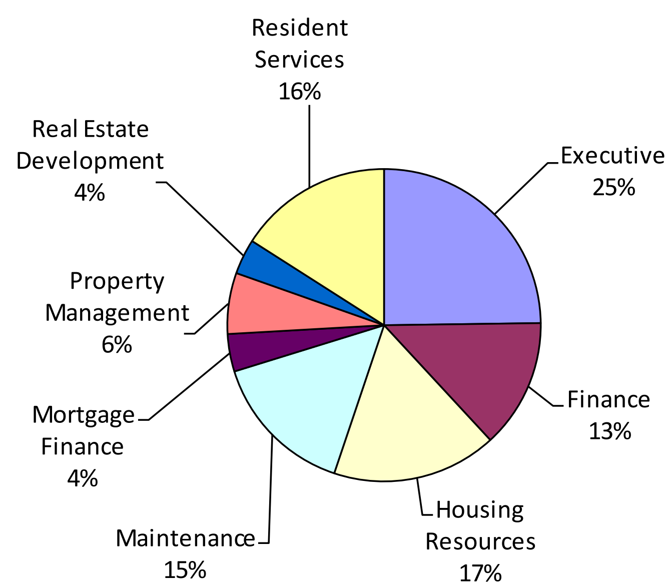
Recommended Budget
April 3, 2024

Personnel Complement

The FY 2025 Recommended Budget includes a total of 411.60 work years. This represents a net increase of 2 Work Years from FY 2024 to address the growing programmatic needs of the Agency. Positions have also been reassigned between divisions as functions were realigned.

Divisions Full Time Equivalent ("FTE")	Actual FY 2021	Actual FY 2022	Actual FY 2023	Amended FY 2024	Recommended FY 2025	% Change
Executive	78.00	83.00	88.00	100.00	102.00	2.00%
Finance	52.00	53.00	53.00	55.00	55.00	0.00%
Housing Resources	54.00	63.00	65.00	70.00	70.00	0.00%
Maintenance	61.00	61.00	62.00	62.00	62.00	0.00%
Mortgage Finance	14.00	15.00	16.00	16.00	16.00	0.00%
Property Management	33.00	27.00	26.00	26.00	26.00	0.00%
Real Estate Development	14.00	14.00	14.00	15.00	15.00	0.00%
Resident Services	66.60	66.00	66.60	65.60	65.60	0.00%
Total	**372.60**	**382.00**	**390.60**	**409.60**	**411.60**	**0.49%**





Compensation

FY 20245General Salary Schedule

The General Salary Schedules, which are used to determine pay for all Career and Term positions have not been increased over the FY 2023 Salary Schedules. Pay Grade schedules will be updated after bargaining and arbitration with MCGEO ends. 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	67.0 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 67.0 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 2025 is $15.00. This allowance is available to those employees who must attend evening meetings in connection with Commission business.

Professional Membership Payments

The reimbursement for professional membership payment is $125 for FY 2025. HOC will reimburse one professional membership paid by an employee each year, provided the membership is job related and beneficial to HOC.

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 2025.

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 2025 Fitness Reimbursement for employees toward the cost of membership in a health club, exercise program, or weight management program is $200.00.

2023 Pay Grade Schedule—Represented Employees

Annual Salary

Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years
Grade 8	$36,096	$54,616	$56,254	$57,942
Grade 9	$37,291	$56,848	$58,553	$60,310
Grade 10	$38,554	$59,256	$61,034	$62,865
Grade 11	$39,873	$61,768	$63,621	$65,530
Grade 12	$41,252	$64,412	$66,344	$68,334
Grade 13	$42,712	$67,187	$69,203	$71,279
Grade 14	$44,244	$70,108	$72,211	$74,377
Grade 15	$45,847	$73,163	$75,358	$77,619
Grade 16	$47,555	$76,380	$78,671	$81,031
Grade 17	$49,447	$79,755	$82,148	$84,612
Grade 18	$51,445	$83,322	$85,822	$88,397
Grade 19	$53,597	$87,183	$89,799	$92,493
Grade 20	$55,842	$91,241	$93,979	$96,798
Grade 21	$58,214	$95,502	$98,367	$101,318
Grade 22	$60,690	$99,980	$102,979	$106,068
Grade 23	$63,302	$104,685	$107,825	$111,060
Grade 24	$66,036	$109,612	$112,901	$116,288
Grade 25	$68,906	$114,793	$118,237	$121,784

Hourly Wages

Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years
Grade 8 Hourly	$17.35	$26.26	$27.05	$27.86
Grade 9 Hourly	$17.93	$27.33	$28.15	$29.00
Grade 10 Hourly	$18.54	$28.49	$29.34	$30.22
Grade 11 Hourly	$19.17	$29.70	$30.59	$31.50
Grade 12 Hourly	$19.83	$30.97	$31.90	$32.85
Grade 13 Hourly	$20.53	$32.30	$33.27	$34.27
Grade 14 Hourly	$21.27	$33.71	$34.72	$35.76
Grade 15 Hourly	$22.04	$35.17	$36.23	$37.32
Grade 16 Hourly	$22.86	$36.72	$37.82	$38.96
Grade 17 Hourly	$23.77	$38.34	$39.49	$40.68
Grade 18 Hourly	$24.73	$40.06	$41.26	$42.50
Grade 19 Hourly	$25.77	$41.92	$43.17	$44.47
Grade 20 Hourly	$26.85	$43.87	$45.18	$46.54
Grade 21 Hourly	$27.99	$45.91	$47.29	$48.71
Grade 22 Hourly	$29.18	$48.07	$49.51	$50.99
Grade 23 Hourly	$30.43	$50.33	$51.84	$53.39
Grade 24 Hourly	$31.75	$52.70	$54.28	$55.91
Grade 25 Hourly	$33.13	$55.19	$56.84	$58.55

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

2023 Pay Grade Schedule—Unrepresented Employees

Annual Salary

Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years
Grade 8	$36,096	$54,616	$56,254	$57,942
Grade 9	$37,291	$56,848	$58,553	$60,310
Grade 10	$38,554	$59,256	$61,034	$62,865
Grade 11	$39,873	$61,768	$63,621	$65,530
Grade 12	$41,252	$64,412	$66,344	$68,334
Grade 13	$42,712	$67,187	$69,203	$71,279
Grade 14	$44,244	$70,108	$72,211	$74,377
Grade 15	$45,847	$73,163	$75,358	$77,619
Grade 16	$47,555	$76,380	$78,671	$81,031
Grade 17	$49,447	$79,755	$82,148	$84,612
Grade 18	$51,445	$83,322	$85,822	$88,397
Grade 19	$53,597	$87,183	$89,799	$92,493
Grade 20	$55,842	$91,241	$93,979	$96,798
Grade 21	$58,214	$95,502	$98,367	$101,318
Grade 22	$60,690	$99,980	$102,979	$106,068
Grade 23	$63,302	$104,685	$107,825	$111,060
Grade 24	$66,036	$109,612	$112,901	$116,288
Grade 25	$68,906	$114,793	$118,237	$121,784
Grade 26	$71,929	$120,235	$123,842	$127,557
Grade 27	$75,070	$125,951	$129,730	$133,622
Grade 28	$77,754	$131,949	$135,907	$139,984
Grade 29	$81,443	$138,244	$142,392	$146,664
Grade 30	$84,956	$144,865	$149,211	$153,687
Grade 31	$88,696	$151,809	$156,364	$161,055
Grade 32	$92,622	$156,368	$161,059	$165,891
Grade 33	$96,742	$160,931	$165,759	$170,732
Grade 34	$101,071	$165,494	$170,458	$175,572
Grade 35	$105,624	$170,053	$175,155	$180,410
Grade 36	$110,401	$174,620	$179,859	$185,255
Grade 37	$115,409	$179,174	$184,549	$190,085

Hourly Wages

Pay Grade	Minimum	Maximum	Longevity * 19 Years	Longevity * 24 Years
Grade 8 Hourly	$17.35	$26.26	$27.05	$27.86
Grade 9 Hourly	$17.93	$27.33	$28.15	$29.00
Grade 10 Hourly	$18.54	$28.49	$29.34	$30.22
Grade 11 Hourly	$19.17	$29.70	$30.59	$31.50
Grade 12 Hourly	$19.83	$30.97	$31.90	$32.85
Grade 13 Hourly	$20.53	$32.30	$33.27	$34.27
Grade 14 Hourly	$21.27	$33.71	$34.72	$35.76
Grade 15 Hourly	$22.04	$35.17	$36.23	$37.32
Grade 16 Hourly	$22.86	$36.72	$37.82	$38.96
Grade 17 Hourly	$23.77	$38.34	$39.49	$40.68
Grade 18 Hourly	$24.73	$40.06	$41.26	$42.50
Grade 19 Hourly	$25.77	$41.92	$43.17	$44.47
Grade 20 Hourly	$26.85	$43.87	$45.18	$46.54
Grade 21 Hourly	$27.99	$45.91	$47.29	$48.71
Grade 22 Hourly	$29.18	$48.07	$49.51	$50.99
Grade 23 Hourly	$30.43	$50.33	$51.84	$53.39
Grade 24 Hourly	$31.75	$52.70	$54.28	$55.91
Grade 25 Hourly	$33.13	$55.19	$56.84	$58.55
Grade 26 Hourly	$34.58	$57.81	$59.54	$61.33
Grade 27 Hourly	$36.09	$60.55	$62.37	$64.24
Grade 28 Hourly	$37.38	$63.44	$65.34	$67.30
Grade 29 Hourly	$39.16	$66.46	$68.46	$70.51
Grade 30 Hourly	$40.84	$69.65	$71.74	$73.89
Grade 31 Hourly	$42.64	$72.99	$75.18	$77.43
Grade 32 Hourly	$44.53	$75.18	$77.43	$79.76
Grade 33 Hourly	$46.51	$77.37	$79.69	$82.08
Grade 34 Hourly	$48.59	$79.56	$81.95	$84.41
Grade 35 Hourly	$50.78	$81.76	$84.21	$86.74
Grade 36 Hourly	$53.08	$83.95	$86.47	$89.06
Grade 37 Hourly	$55.49	$86.14	$88.73	$91.39

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

2023 Pay Grade Schedule—Executive Leadership Service

Pay Grade	Minimum	Maximum
ELS 1	$138,467	$200,110
ELS 2	$156,961	$218,603
ELS 3	$177,966	$238,829

Section 5:
APPENDIX
Tab

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Program History

Program History

Legislative History

1939
- Maryland State law authorizes Housing Authorities

1966
- The Montgomery County Council establishes the Housing Authority of Montgomery County (HAMC)

1967
- HAMC conducts study of affordable housing needs
- HAMC recommends a range of housing objectives beyond constructing federally funded public housing

1968
- HAMC seperates from the County Government

1974
- Legislation establishes a broader housing mission for Montgomery County
- HAMC restructures into The Housing Opportunities Commission of Montgomery County (HOC)

Fifty 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"), which was 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, who are nominated by the County Executive and confirmed 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

<u>Moderately Priced Dwelling Units (MPDUs):</u> 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 ("DHCA") administers the MPDU program. Among its responsibilities is establishing the price of the units and maintaining the waiting list of eligible purchasers.

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

<u>Tenant Displacement</u>: 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.

<u>Growth & Infrastructure Policy</u>: The Growth & Infrastructure Policy describes how the County implements its Adequate Public Facilities Ordinance, which requires that new development be supported

by critical infrastructure, such as schools and transportation. The County Council updates the Growth & Infrastructure Policy every four years. Provisions of the Growth & Infrastructure Policy exempt affordable units from Impact Taxes and provide incentives for the development of affordable housing, particularly near transit.

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. The PILOT agreement was amended in December 2021 to establish a minimum PILOT for properties owned or operated by HOC and any other housing development, and to remove the annual maximum aggregate amount of all payments in lieu of taxes initially approved under the PILOT agreement.

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 were faced with homelessness.

When HOC opened the waiting lists for the Housing Choice Voucher and Public Housing programs in December 2008, it received more than 33,000 applications. The need for affordable housing was unprecedented, and, with funding under increasing annual scrutiny, HOC renewed 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 story nationwide.

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 one percent of all public housing units nationwide. By acting quickly, HOC was able to undertake significant modernization and redevelopment of all 11 of its Public Housing properties. Moving swiftly has not only enabled HOC to make certain that the long-term public benefit endures, but it 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 15 years, a majority of the properties will need to re-syndicate and raise new capital for renovations, reducing the reliance on annual federal appropriations.

Beyond its public housing recapitalization efforts, HOC is supporting its mission by not only preserving, but by 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 applicants on its Wait List.

The Housing Production Fund (HPF)

Montgomery County has a shortage of all housing, but in particular affordable housing. The County has tools to support the development of new affordable housing but must find new and innovative ways to leverage funds to increase production in a high cost area with changing market dynamics. The Montgomery County Council has adopted Resolution 19-284, to Support Metropolitan Washington Council of Governments' Regional Housing Targets for Montgomery County.

In an attempt to meet these targets, the Council partnered with HOC to develop a financing plan that would allow HOC to develop mixed-income housing beyond what could be created through existing subsidy programs like the Low Income Housing Tax Credit. On March 23, 2021, the Montgomery County Council established a $50 million Housing Production Fund ("HPF") to provide revolving, low-cost, construction-period financing to HOC's developments. The County began annual appropriations of $3.4 million and entered into a funding agreement with HOC to provide that funding to pay the principal and interest on HOC-issued bonds, subject to the Council's appropriation each year. Backed by that funding agreement, HOC was able to issue a $50 million bond, which will be paid back over 20 years. HOC uses the funds raised by the bond issuance to issue 5-year construction loans to fund HOC developments. After the project is completed and leased up, permanent financing is attained and the construction loan is repaid to the HPF, so it can be available for another development. These construction loans pay 5% interest, which is returned to the County to offset the cost of debt service on the bond. After 20 years, the bonds will be paid off, and the fund will continue to revolve at no additional cost to the County. The HPF is utilized in conjunction with additional HOC investment, private investment, and conventional construction debt.

All projects funded by the HPF must include a minimum of 20% of homes affordable to households earning 50% of Area Median Income ("AMI") or below, and an additional 10% at the County's MPDU standard (generally 65% AMI or below). For each project, the Commission pushes to include more affordable homes both by stretching the pro forma and by seeking to layer other subsidy sources with the HPF.

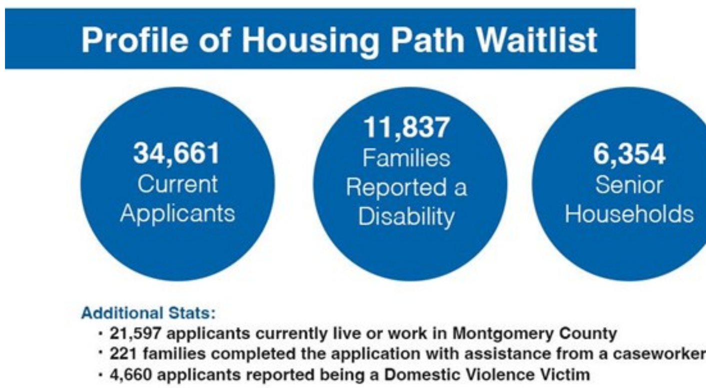
The $50 million fund was quickly committed to two projects, and in May of 2022 the Council approved a second $50 million bond issuance, bringing the total fund to $100 million. The Commission has identified seven HPF projects which are projected to begin construction before 2030, producing almost 3,000 new homes. This new financing tool has received national attention, with multiple states and municipalities seeking to duplicate it, including the State of Maryland. It has received media coverage in the New York Times, Bloomberg, Vox, Fast Company, and many other publications and President Biden, in part inspired by the HPF, has proposed a new $20 billion grant program to assist local governments in developing innovative housing programs.

Housing Preservation

Equally important to the delivery of affordable housing is preservation. Therefore, HOC continually seeks opportunities for preserving Naturally Occurring Affordable Housing ('NOAH") units that risk the displacement of low- and moderate-income households in the county by their sale to investors who are driven by high yields of return or who seek redevelopment opportunities in lucrative markets such as Montgomery County. The most at-risk NOAH units rarely serve existing households who would qualify for a restricted version of their unit.

In a recent presentation to the County Council, using data provided by DHCA, HOC staff estimated that 45% of the total multifamily dwellings of 5+ units (~97,600 units) in the county or approximately 43,900 units are priced to rent below 65% of the area median income. Of these, 18,000 units have deed restrictions and 25,900 units do not; therefore, they are NOAH and at risk. Pursuing at-risk listed properties, using the County's Right of First Refusal Ordinance when necessary, and seeking out off-market transactions when possible, HOC should pursue preservation opportunities with equal vigor — as it is an essential part of the affordable housing solution particularly in the near term. HOC is also actively working with the County and its non-profit partners to develop new preservation financing tools to allow for an elevated volume of acquisition preservation transactions consistent with the need.

To further this effort, HOC has partnered with the County Council and DHCA to develop a new Non-Profit Preservation Fund ("NPPF"). Initially funded with $20 million, with an additional $30 million proposed for FY 2025, the NPPF would provide 7-10 year revolving acquisition loans for the acquisition and preservation of NOAH by HOC and nonprofit developers in the County. DHCA will manage the fund and issue the loans, with HOC staff providing underwriting support.



Montgomery County Statistics

The affordable housing need in the County is well documented. HOC's Housing Path portal, which opened on August 2015, currently counts more than 31,700 applicants as of April 2023. 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 (below) 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 County has the largest population, largest labor force, and 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 two 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 $71,406, 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 by easing pressure within the rental market, by allowing more people to live in the communities in which they work, by reducing transit needs and by 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 for FY 2024 of about $245 million in construction, rehabilitation and other related development activities will result in $417 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 1,694 jobs with $135 million total compensation. The investments are estimated to generate approximately $11.2 million, $10.4 million, and $16 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 1,052,521 million people as of July 2023. It is located on 491 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 2022 median household income for Montgomery County was $118,323.
- The Greater Washington Area Median Income for 2023 was $152,100 for a household of four.
- 7.9% of the total population lives below the Federal Poverty Income guidelines of $31,200 for a household of four up from 6.7% in 2019.
- The County's estimated labor force was 550,371 as of October 2023.
- The County had an unemployment rate of 1.9% as of October 2023 down from 2.8% as of December 2022.
- 35.1% of individuals working in Montgomery County reside in the County, while 64.9% live outside the County.
- Average travel time to work for workers age 16 years and older is 33.0 minutes.
- 91.3% of adults age 25 and older are High School graduates, while 60.0% have obtained a Bachelor's degree or higher as of 2022.
- 22.5% of the population is under 18 years old, while 17.2% of the population is 65 or older.
- 51.2% of the population is female.
- 32.7% of County residents are foreign born in 2022.
- About 32.5% of Maryland's foreign born population resided in Montgomery County in 2022.
- 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 23.8% of the State's household

growth.

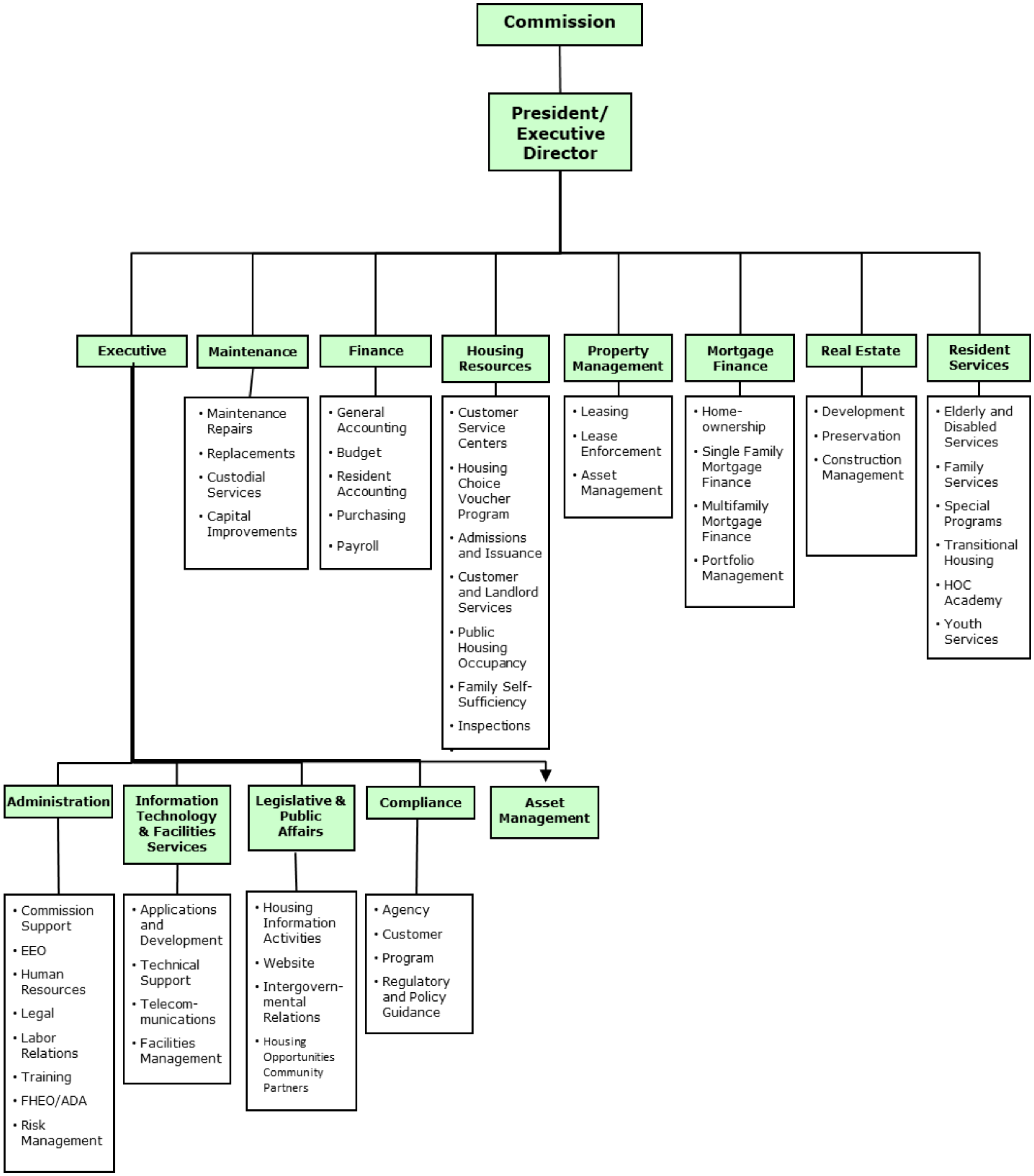
- The average household size was 2.72 in 2022.
- 51% of renters pay more than 30% of their income on housing costs.
- 67.0% of homeowners pay more than 30% of their income on housing costs.
- The median sales price for all home types in Montgomery County was $555,000 as of February 2024.
- Time on the market before a house is sold averages 21 days as of February 2024.
- Homeownership rate for 2022 was 65.5%.
- 32.5% 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 $2,098 in 2022, an increase of $384. All other apartment types also saw increases ranging from $162 for an efficiency to $523 for a 3-Bedroom .
- Average apartment rents in 2022:
  * Efficiency $1,529
  * 1-Bedroom $1,739
  * 2-Bedroom $2,098
  * 3-Bedroom $2,516
- The hourly wage needed to afford a 2-bedroom apartment at Fair Market Value is $40.35 ($83,920 annually) for 2023.
- At minimum wage, 2.69 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 $28.88 ($60,070 annually).
- At the average hourly wage, 1.8 full-time jobs would be required to afford a 2-bedroom apartment at Fair Market Rent in Montgomery County.
- As of January 25, 2023, one-day census in Montgomery County counted 894 people who are homeless. This number representes a 54% increase over the number of 581 reported January 27, 2022. Approximately 19% (roughly 168) are children.
- 35% of homeless single adults and 14% of homeless adults in families 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; Jeff Merkowitz, Vice Chair; Robin Salomon, Chair Pro Tem; Pamela Byrd, Linda Croom, and Fran Kelleher. Commissioners appoint a President/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 2-512.)

HOC's Annual Management

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. HOC underwent an extensive strategic planning process that began in FY 2023 and concluded in FY 2024. That process, facilitated by consultants at Public Works, LLC, involved a range of internal and external analyses all designed to support HOC in making decisions about the agency's current and future state. The process also included a robust stakeholder engagement process involving surveys, focus groups, interviews and town halls. That process yielded perspectives from over 2,400 stakeholders including HOC's Board, leadership and staff, County leadership, vendors and partners, customers, as well as the general public. HOC's President/Executive Director – with support from the Board of Commissioners, HOC leadership and staff – led the process through to its formal adoption at the March Commission meeting. HOC's 2024 - 2029 strategic plan includes new vision and mission statements for the agency, a set of core values, as well as three high-level goals that will govern our work over the next five years. .

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 President/Executive Director review resulting in potential revisions or adjustments that will ultimately lead to the development of the President/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 President/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

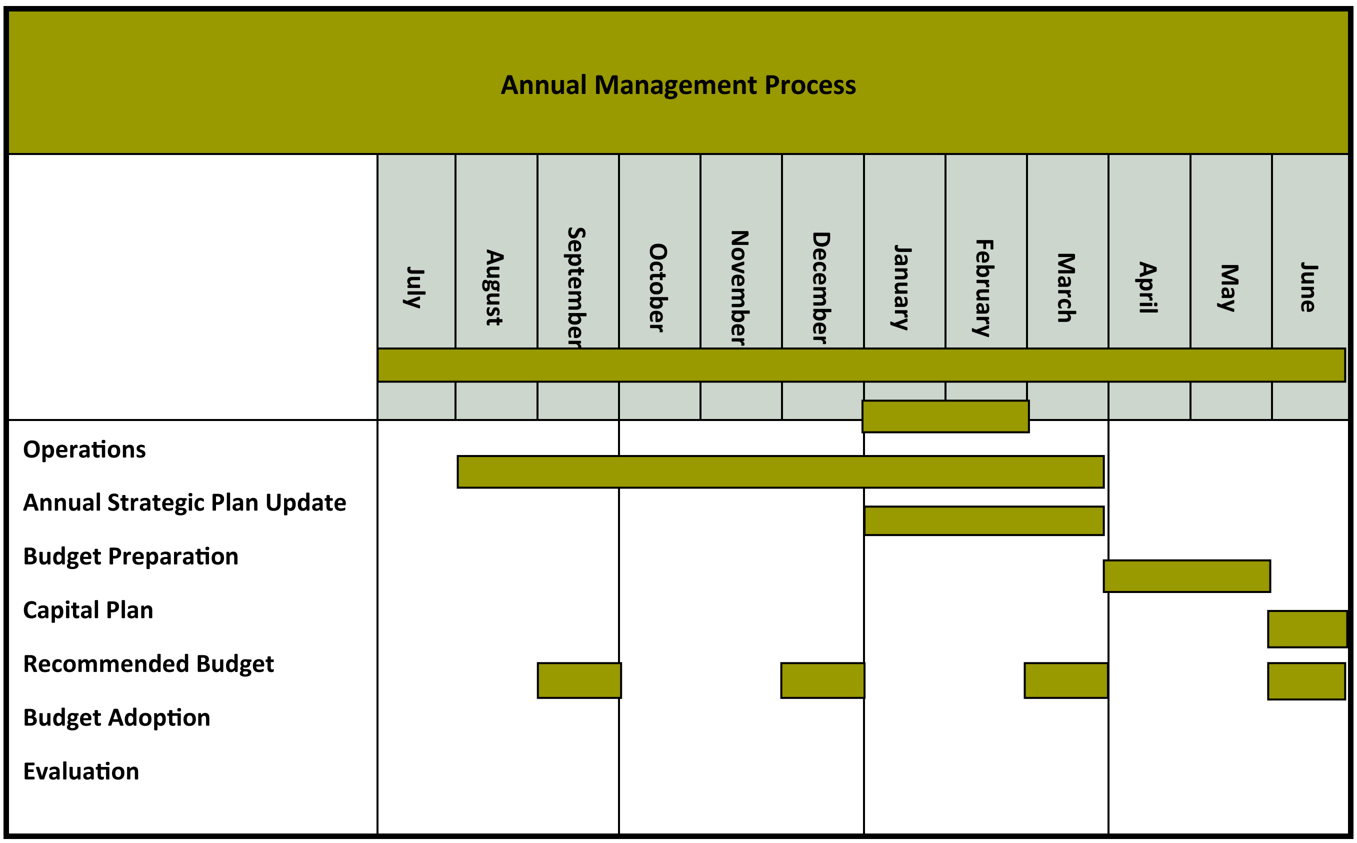
HOC’s Annual Management Process (cont.)

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 President/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



This page intentionally left blank.

Housing Opportunities Commission OF MONTGOMERY COUNTY

Units

FY 2025

Units Summary

Recommended Budget
April 3, 2024

Summary

Housing Type	Actual As of 6/30/2022	Actual As of 6/30/2023	Projected As of 6/30/2024	Budget As of 6/30/2025
Opportunity Housing & Development Corps.				
HOC Managed	2,327	2,221	2,220	2,220
Contract Managed	4,145	4,145	4,198	4,198
Units Owned by HOC	**6,472**	**6,366**	**6,418**	**6,418**
Managed Properties				
HOC Managed	420	310	310	310
Contract Managed	1,928	2,463	2,410	2,410
Subtotal	**2,348**	**2,773**	**2,720**	**2,720**
Units Administered				
Rental Assistance Programs	8,433	8,542	8,465	8,465
Transitional Housing Programs	239	239	217	217
Special Programs	367	400	400	400
Subtotal	**9,039**	**9,181**	**9,082**	**9,082**
Units Managed or Administered	**11,387**	**11,954**	**11,802**	**11,802**
TOTAL - ALL UNITS	**17,859**	**18,320**	**18,220**	**18,220**
Total Units Managed by HOC	**2,747**	**2,531**	**2,530**	**2,530**
Total Units Contract Managed	**6,073**	**6,608**	**6,608**	**6,608**
Total Units Administered by HOC	**9,039**	**9,181**	**9,082**	**9,082**

Part A: Units Owned by HOC

Property No.	Property Name	Actual As of 6/30/2022	Actual As of 6/30/2023	Projected As of 6/30/2024	Budget As of 6/30/2025
OPPORTUNITY HOUSING & DEVELOPMENT CORPORATIONS					
Family Communities - HOC Managed					
411-402	Elizabeth House Interim RAD	106	0	0	0
436-100	Brooke Park Apts	17	17	17	17
454-451	Holiday Park	20	20	20	20
461-464	Paint Branch	14	14	14	14
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	38	38	38	38
499-906	TPP LLC - Pomander Court	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	**704**	**598**	**598**	**598**
Scattered Units - HOC Managed					
443-100	King Farm Village Center	1	1	1	1
452-469	McHome	38	38	38	38
462-466	McKendree	13	13	13	13
463-467	MPDU I (64)	64	64	64	64
470-450	State Rental Partnership	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	0	0
817-720	MHLP VII	35	35	35	35
818-721	MHLP VIII	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	75	75	75	75
913-484	Sligo MPDU III Dev Corp	23	23	23	23
915-468	MPDU II (59) Dev Corp	59	59	59	59
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	**1,623**	**1,623**	**1,622**	**1,622**
	Subtotal-HOC Managed	**2,327**	**2,221**	**2,220**	**2,220**

Part A: Units Owned by HOC continued

Property No.	Property Name	Actual As of 6/30/2022	Actual As of 6/30/2023	Projected As of 6/30/2024	Budget As of 6/30/2025
OPPORTUNITY HOUSING & DEVELOPMENT CORPORATIONS (cont.)					
Family Communities - Contract Managed					
414-460	Fairfax Court	18	18	18	18
418-476	Pooks Hill Mid-Rise	50	50	50	50
435-489	Westwood Towers	212	212	212	212
437-100	Cider Mill Apartments	861	861	861	861
441-485	Brookside Glen LP (The Glen)	90	90	90	90
442-473	Diamond Square LP	124	124	124	124
499-200	Dale Drive	10	10	10	10
499-400	Southbridge	39	39	39	39
499-907	TPP LLC - Timberlawn	107	107	107	107
499-922	Bradley Crossing LLC	402	402	402	402
499-925	HOC at Battery Lane LLC	212	212	212	212
818-100	MetroPointe Affordable	0	0	53	53
831-787	Strathmore Court LP	202	202	202	202
832-788	Metropolitan Affordable	92	92	92	92
833-741	Manchester Manor Apts	53	53	53	53
835-743	The Willows of Gaithersburg	195	195	195	195
839-746	Barclay Affordable	81	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 Apartments 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	**4,025**	**4,025**	**4,078**	**4,078**
Elderly Communities - Contract Managed					
911-475	The Oaks at Four Corners Dev Corp	120	120	120	120
	Subtotal - Elderly Contract Managed	**120**	**120**	**120**	**120**
	Subtotal-Contract Managed	**4,145**	**4,145**	**4,198**	**4,198**
Total Opportunity Housing and Development Corporations		**6,472**	**6,366**	**6,418**	**6,418**

Part B: Units Managed and Administered by HOC

Property No.	Property Name	Actual As of 6/30/2022	Actual As of 6/30/2023	Projected As of 6/30/2024	Budget As of 6/30/2025
	MANAGED PROPERTIES				
236 Elderly Communities - HOC Managed					
873-704	Town Center Apts.	110	0	0	0
	Subtotal - Elderly HOC Managed	**110**	**0**	**0**	**0**
Other Elderly Communities - HOC Managed					
811-415	Arcola Towers LP	141	141	141	141
811-417	Waverly House LP	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**
	Subtotal-HOC Managed	**420**	**310**	**310**	**310**
Family Communities - Contract Managed					
813-402	Elizabeth House III LP	0	267	267	267
818-100	Wheaton Metro LP (MetroPointe)	53	53	0	0
827-490	Greenhills Apartments LP	77	77	77	77
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	142	142	142	142
847-744	HOC at Stewartown Homes LLC	94	94	94	94
848-745	HOC at Georgian Court LLC	147	147	147	147
849-742	HOC at Shady Grove Apartments LLC	144	144	144	144
888-910	HOC at Willow Manor LLC (Fair Hill Farm)	101	101	101	101
888-911	HOC at Willow Manor LLC (Cloppers Mill)	102	102	102	102
888-912	HOC at Willow Manor LLC (Colesville)	83	83	83	83
899-704	HOC at Upton II LLC	150	150	150	150
899-904	900 Thayer LP (Fenton Silver Spring)	124	124	124	124
899-910	Westside Shady Grove	0	268	268	268
899-200	CCL Multifamily LLC (The Lindley)	200	200	200	200
	Subtotal - Family Contract Managed	**1,928**	**2,463**	**2,410**	**2,410**
	Subtotal Contract Managed Properties	**1,928**	**2,463**	**2,410**	**2,410**
	Total Managed Properties	**2,348**	**2,773**	**2,720**	**2,720**

Part B: Units Managed and Administered by HOC continued

Housing Type	Actual As of 6/30/2022	Actual As of 6/30/2023	Projected As of 6/30/2024	Budget As of 6/30/2025
UNITS ADMINISTERED				
Rental Assistance Programs				
Vouchers	7,659	7,703	7,771	7,771
Portables	745	810	665	665
Mod / Rehab	29	29	29	29
Subtotal-Rental Assistance	**8,433**	**8,542**	**8,465**	**8,465**
Transitional Housing Programs				
Turnkey	7	7	5	5
McKinney X	172	172	157	157
McKinney X - EXPANSION	15	15	10	10
McKinney XIV	45	45	45	45
Subtotal-Transitional Housing	**239**	**239**	**217**	**217**
Specialized Programs				
Rent Supplemental Programs	300	300	300	300
Housing Locator	67	100	100	100
Subtotal-Specialized Programs	**367**	**400**	**400**	**400**
Total Administered Properties	**9,039**	**9,181**	**9,082**	**9,082**

Part C: HOC Financing

PRIVATELY OWNED UNITS FINANCED BY THE HOC PROPERTY NAME		Actual As of 6/30/2022	Actual As of 6/30/2023	Projected As of 6/30/2024	Budget As of 6/30/2025
Private Bond-Financed Properties					
1	Amherst Square	125	125	125	125
2	Argent	96	0	0	0
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	Covenant Village	89	89	89	89
7	The Crossings @ Olde Towne	199	199	199	199
8	Hillside Senior Apartments	140	140	140	140
9	Lakeview	152	152	152	152
10	Lenox Park	406	406	406	406
11	Ring House	248	248	248	248
12	Rockville Housing Enterprises	56	56	56	56
13	Victory Court	86	86	86	86
14	Victory Forest	181	181	181	181
15	Woodfield	84	84	84	84
PRIVATE SUBTOTAL		**2,259**	**2,163**	**2,163**	**2,163**

Part D: HOC Financing

NUMBER OF SINGLE FAMILY LOANS	Actual As of 6/30/2022	Actual As of 6/30/2023	Projected As of 6/30/2024	Budget As of 6/30/2025
CLOSING COST LOANS				
Number of New Loans	104	87	130	95
Number of Loans Outstanding	633	638	768	863

	Actual As of 6/30/2022	Actual As of 6/30/2023	Actual As of 6/30/2024	Budget As of 6/30/2025
MORTGAGE PURCHASE PROGRAM				
Number of New Loans	98	125	150	125
Number of Loans Outstanding - Whole Loans & MBS	1,140	1,232	1,382	1,500

This page intentionally left blank.

Housing Opportunities Commission
OF MONTGOMERY COUNTY

General Financial Information

General Financial Information

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 President/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 President/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 President/ 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 President/Executive Director or the President/Executive Director's designee.

Procurements of professional services over $250,000 are approved by the Commission; those below this amount are approved by the President/Executive Director or the President/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.

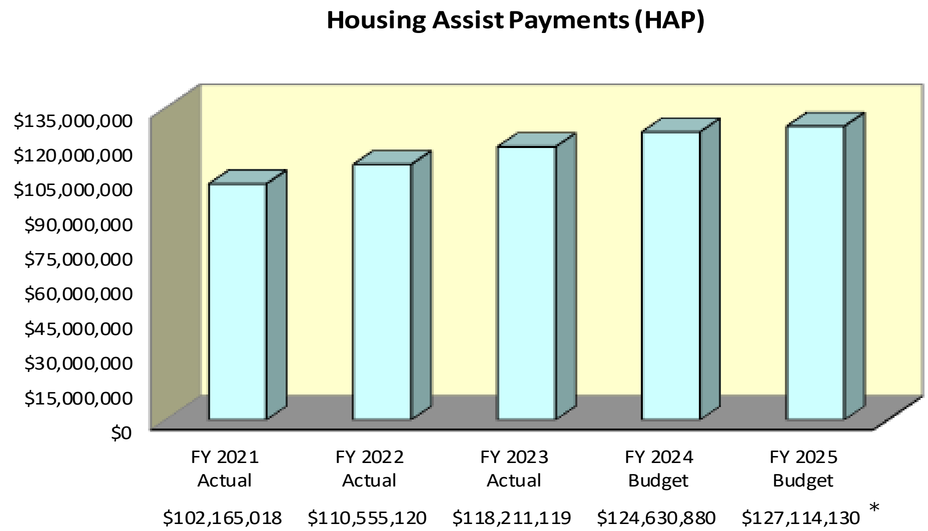
The Property Manager may approve adjustments up to $500 and the Division Director for anything above $500.

Description of Major Revenue Sources

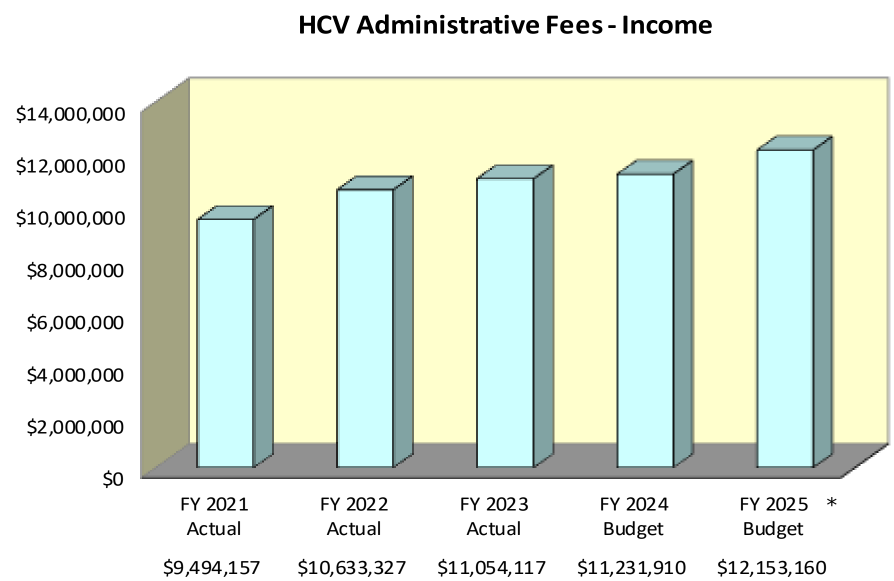
Federal Funds

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. 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.



Represents 36.5% of Revenues for FY 2025.



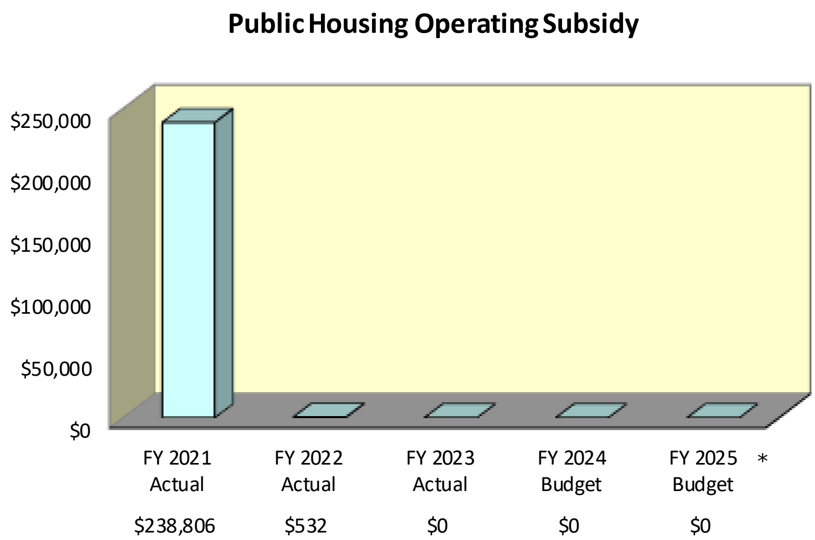
Represents 3.5% of Revenues for FY 2025.

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 budget does not reflect the receipt of subsidy.



**Represents 0.0% of Revenues for FY 2025.*

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.

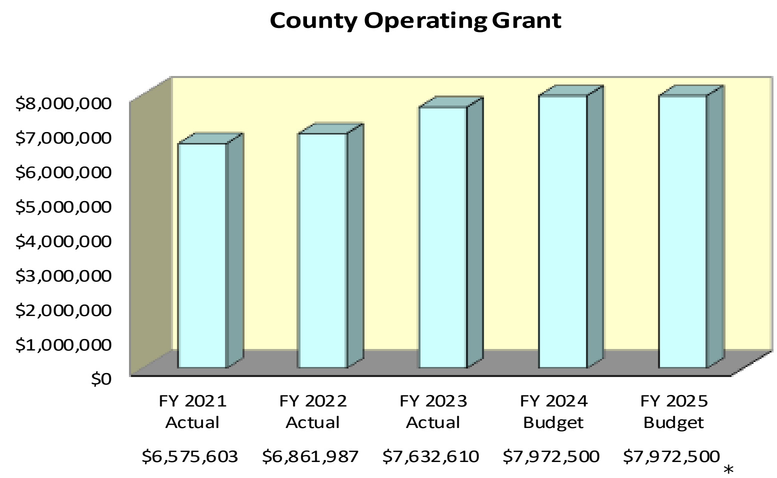
Other HUD Grants

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 the Customer Service Centers.



**Represents 2.3% of Revenues for FY 2025.*

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.

As of June 30, 2023, HOC had $13.4 million in outstanding loans, which equals 79% of total authority.

HOC County Guaranteed Bond Projects

HOC is permitted to issue up to $50 million of Mortgage Revenue Bonds at any one time that are guaranteed by Montgomery County's General Obligation as provided in HOC's enabling legislation. An application must be made to the County for review and approval by the County Executive and the County Council. The proceeds of a bond issuance may be used for housing construction and permanent mortgage financing. County guarantee on these HOC revenue bonds may provide coinsurance with appropriate Federal, State, and private insurer on HOC revenue bonds and notes issued to finance new or existing residential units.

As of June 30, 2023, HOC had $2.9 million in outstanding loans, which equals 6% of total authority.

County Funds (cont.)

Housing Production Fund

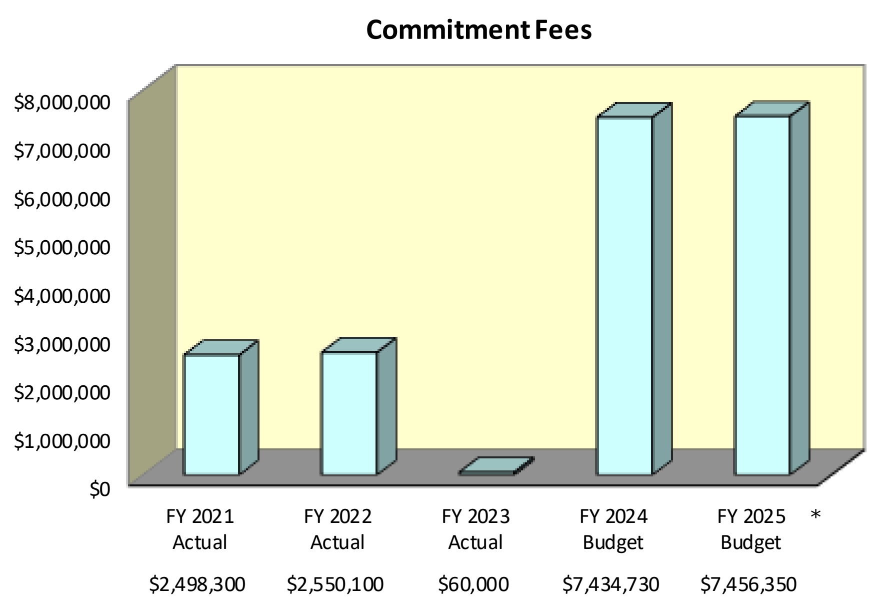
In 2021, the County Council approved a new funding source for HOC, the Housing Production Fund (“HPF”), to provide an additional source of construction period funds to expand the production of multifamily developments in the County. The first tranche of County funding would yield $50 million of bond proceeds to be issued by HOC, and the second tranche, when issued, another $50 million for a total of $100 million of available and revolving construction subordinate loans (replacement equity). The County would fund annual debt service (principal and interest) to bondholders. Projects that receive funding would pay 5% in annual interest only, which are returned to the County, thereby offsetting the total annual debt service cost to the County. Each loan funded to a project has a maximum term of five years before it revolves into another project. After 20 years, the bonds are repaid and the initial $100 million continue to work to fund housing developments.

As of June 30, 2023, $50 million of bonds had been issued and committed to development projects.

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. Currently, a portion of the commitment fee revenue (40%) is used to support the Agency’s operating budget and to fund a capital reserve account.



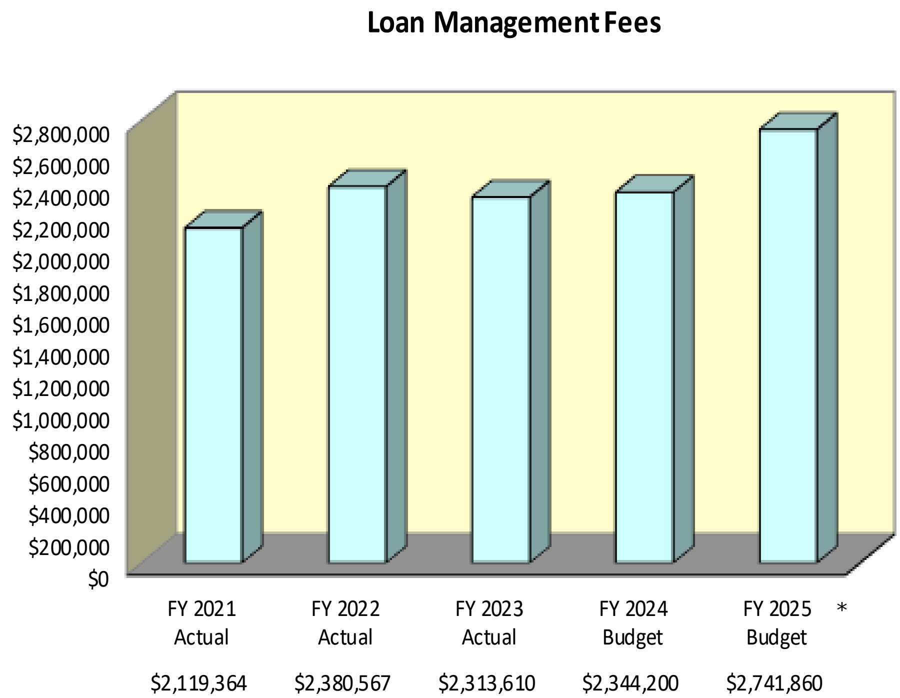
**Represents 2.1% of Revenues for FY 2025.*

In FY 2025, 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 .

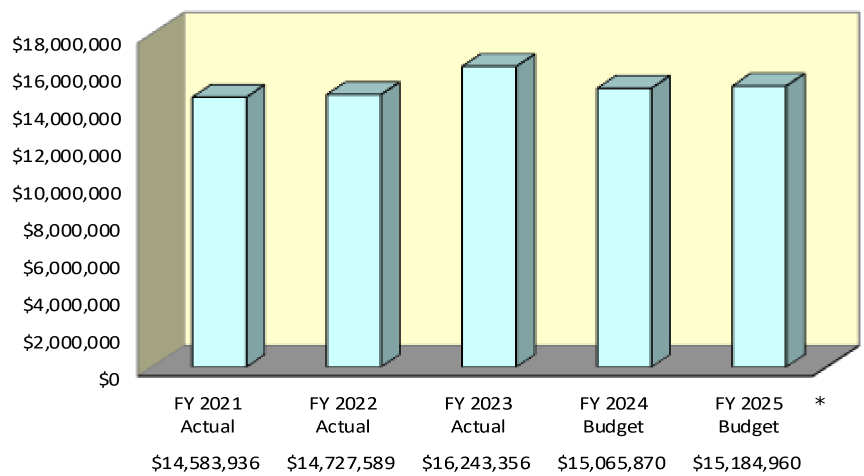


**Represents 0.8% of Revenues for FY 2025.*

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.

Mortgage Interest Income



**Represents 4.4% of Revenues for FY 2025.*

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 2025 budget draws $1,680,400 from 1979 Single Family Mortgage Revenue Bond (MRB) Indenture for the cost of program administration for the Single Family Mortgage Purchase Program, and $2,562,252 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.

The Commission has been providing mortgage loan financing through the issuance of revenue bonds since 1979. Throughout its history, the Commission has sold or remarketed approximately $6 billion of bonds to fund and maintain its single family and multifamily housing programs. The issued securities consist of short-term and long-term bonds, draw down bonds, tax-exempt and taxable bonds, and fixed- and floating-rate bonds. As of July 1, 2023, $177.3 million of single family and $585.9 million of multifamily bonds were 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

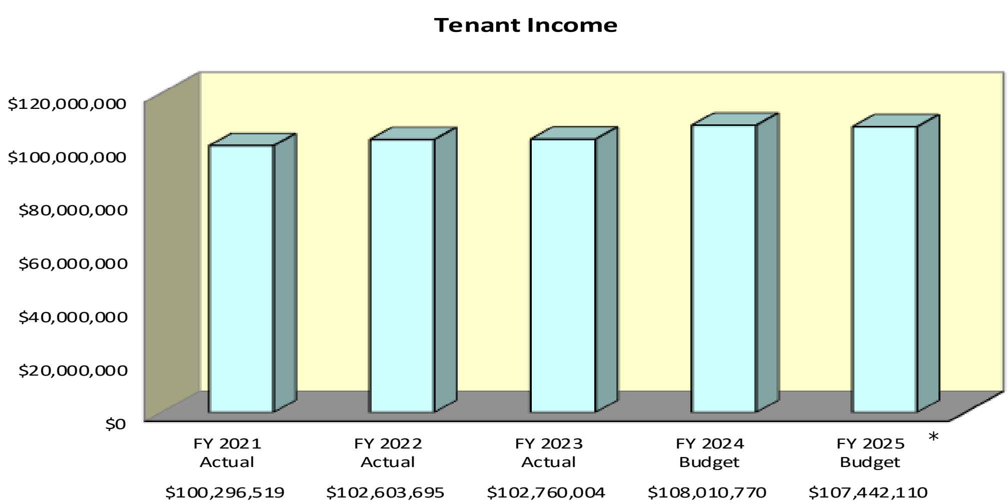
Rents and Related Income from Properties

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 2025 budget made the following assumptions for rental rates at Opportunity Housing Properties:

Rent increase upon renewal budgeted at3%.

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



**Represents 30.8% of Revenues for FY 2025.*

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 2025 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 ("OHPR"), 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 risk-sharing agreement with HUD to provide for full mortgage insurance through the Federal Housing Administration ("FHA") 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% or more, in 10% increments 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.

The Commission also participates in the HUD / Federal Financing Bank ("FFB') Risk Sharing Initiative

Program, under which FFB provides capital for multifamily loans insured under FHA's Risk Sharing program. The program is available to Housing Finance Agencies ("HFAs") that a) participate in 542(c) Risk Sharing lending at Level I; b) are in good standing with HUD; c) have and maintain an independent agency rating of "A" or better; and d) agree to assume 50 percent of the risk on all loans originated under the FFB initiative. Loans are available at significantly lower interest rates than tax-exempt bond financing.

Upon default of a mortgage and the filing of a claim with FHA by 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 with HUD for the full amount of the claim within 30 calendar days of the initial claim payment. The instrument will be dated as of the date that the initial claim payment is issued. The debenture shall have a term of five (5) years. The Commission will agree to reimburse HUD the full amount of the debenture upon maturity. The Commission must pay annual interest on the debenture at HUD's published debenture rate as of the earlier of the initial endorsement date or the final endorsement date. Upon the sale of the project and settlement of the claim, the Commission will assume a portion of the loss based on the proportion of risk borne by the Commission.

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 $60 million unsecured line of credit; and a $150 million Real Estate Line of Credit with PNC Bank. The $60 million and $150 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 projected indebtedness of the Agency as of December 31, 2023.

Debt Summary (Estimate as of December 31, 2023)

Bonds	Amount Issued	Amount Outstanding
Single Family Fund	$437,065,000	$180,912,992
Multifamily Fund	$935,413,687	$720,202,135
Total HOC Bonds	**$1,372,478,687**	**$901,115,127**
Non-Obligated Multifamily Bonds	$200,138,000	$140,073,616
Total Non-Obligated Bonds	**$200,138,000**	**$140,073,616**
TOTAL BONDS	**$1,572,616,687**	**$1,041,188,743**

Property Related	Amount Outstanding
Intra-Commission Mortgages	$273,973,061
Other Mortgages	$515,384,715
Total Mortgages	**$789,357,776**
Notes Payable to County	$87,539,101
County Revolving Funds	$6,396,066
Total Debt to County	**$93,935,167**
Notes Payable to State	**$17,558,288**
TOTAL PROPERTY DEBT	**$900,851,231**

Single Family Mortgage Revenue Bonds (Estimate as of December 31, 2023)

Bond Series	Final Maturity	Amount Issued	Amount Outstanding	
2007 Series E	1/1/2038	$13,000,000	$0	(1)
2008 Series D	7/1/2039	$17,200,000	$11,840,000	
2013 Series A	1/1/2031	$38,645,000	$2,520,000	
2013 Series B	7/1/2043	$14,825,000	$2,015,000	(1)
2016 Series A	7/1/2046	$32,805,000	$7,175,000	
2016 Series B	7/1/2022	$9,850,000	$0	
2017 Series A	7/1/2048	$22,000,000	$4,625,000	
2017 Series B	7/1/2030	$11,300,000	$6,235,000	
2018 Series A	7/1/2049	$29,435,000	$16,000,000	
2018 Series B	7/1/2039	$8,450,000	$7,870,000	
2021 Series A	1/1/2050	$22,820,000	$19,670,000	
2021 Series B	7/1/2029	$5,650,000	$4,305,000	
2021 Series C	7/1/2041	$10,000,000	$10,000,000	
2022 Series A	7/1/2052	$14,660,000	$14,555,000	
2022 Series B	7/1/2038	$2,940,000	$2,940,000	
2022 Series C	7/1/2034	$3,000,000	$3,000,000	
2022 Series D	7/1/2049	$11,000,000	$11,000,000	
2023 Series A	7/1/2054	$21,405,000	$21,405,000	
2023 Series B	1/1/2039	$8,000,000	$8,000,000	
Total Single Family Revenue Bonds		**$296,985,000**	**$153,155,000**	
SINGLE FAMILY HOUSING REVENUE BONDS (As of December 31, 2023)				
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	$0	
NIBP 2009 Series C-2	7/1/2041	$16,170,000	$0	
NIBP 2009 Series C-3	7/1/2029	$2,450,000	$0	
NIBP 2009 Series C-4	1/1/2041	$9,770,000	$1,510,000	
NIBP 2009 Series C-5	7/1/2031	$2,610,000	$2,370,000	
NIBP 2010 Series A	1/1/2027	$6,000,000	$0	
NIBP 2011 Series A	7/1/2027	$12,425,000	$0	
NIBP 2012 Series A	1/1/2043	$12,545,000	$720,000	
Total HOC Owned Bonds		**$95,970,000**	**$4,600,000**	
HOC PROGRAM REVENUE BOND (As of December 31, 2023)				
HOC PRB 2019A	7/1/2049	$28,280,000	$12,895,000	
HOC PRB 2019A	1/1/2033	$4,610,000	$1,945,000	
HOC PRB 2019A	7/1/2039	$11,220,000	$4,720,000	
Total HOC Program Revenue Bonds		**$44,110,000**	**$19,560,000**	
Total HOC Owned Bonds		**$437,065,000**	**$177,315,000**	
Bonds Premium at 12/31/23		**$0**	**$3,597,992**	
Total Single Family Bonds		**$437,065,000**	**$180,912,992**	

(1) Includes Accreted Value

Multifamily Housing Bonds (Estimate as of December 31, 2023)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
1996 Stand Alone Bond - Multifamily Housing Development Bonds					
2021 Series A	WSG		7/1/2052	$99,250,000	$99,250,000
Series 2021	50M County		7/1/2041	$50,000,000	$45,385,000
SUBTOTAL				**$149,250,000**	**$144,635,000**
1984 Open Indenture					
1984 Series A			7/1/2026	$5,521,992	$38,031 (1)
1995 Series A	MPDU I	HOC	7/1/2026	$23,910,000	$0
SUBTOTAL				**$29,431,992**	**$38,031**
1996 Open Indenture					
2004 Series A	Charter House	Private	7/1/2036	$13,700,000	$8,595,000
2004 Series B	Rockville Housing	Non-Profit	7/1/2045	$4,085,000	$3,030,000
2005 Series B	The Metroplitan Tax Credit	HOC	7/1/2034	$5,440,000	$3,180,000
2005 Series C	The Metroplitan HOC	HOC	7/1/2037	$28,630,000	$18,915,000
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	$28,220,000
2011 Series B	MetroPointe	HOC	1/1/2049	$3,020,000	$2,560,000
2012 Series A	Ring House & Scattered Sites	Private/HOC	7/1/2043	$24,935,000	$14,515,000
2012 Series B	TPM (redeem), Dring's Reach & Oaks @ Four Corners	HOC/private/HOC	7/1/2033	$18,190,000	$1,125,000
2012 Series C	Shady Grove, Manchester, Willows, Tax Cr 10, Stewartown, Georgian Crt	HOC	7/1/2031	$24,230,000	$1,470,000
2012 Series D	Pooks Hill, Diamond Sq., Montgomery Arms,	HOC	7/1/2043	$34,975,000	$23,080,000
2014 Series A	RAD 6 - Senca Ridge, Wash. Sq., Parkway Woods, Ken Gar, Sandy Spring, Towne Center	HOC	7/1/2046	$24,000,000	$20,270,000
2015 Series A-1	Arcola	HOC	1/1/2053	$15,010,000	$13,545,000
2015 Series A-2	Waverly	Private	7/1/2018	$20,840,000	$0
2017 Series A	Greenhills	HOC	7/1/2054	$12,000,000	$11,205,000
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	$6,155,000
2019 Series C	Barclay (Tx Cr) and Spring Garden	HOC	7/1/2036	$9,840,000	$8,010,000
2020 Series A	Bauer Park	HOC	1/1/2063	$25,665,000	$25,465,000
2020 Series B	Magruders and Strathmore (both)	HOC	7/1/2041	$25,270,000	$21,830,000
2020 Series C	Forest Oak & Tax Cr 9/Pond Ridge	HOC	7/1/2037	$16,410,000	$13,790,000
2021 Series B	Stewartown	HOC	7/1/2063	$16,145,000	$16,145,000
2021 Series C	Willows Manor, Shady, GA Crt	HOC	1/1/2051	$104,245,000	$104,245,000
2021 Series D	Willows Manor and DSR	HOC	1/1/2030	$7,115,000	$7,115,000
2023 Series A	Upton II	HOC	1/1/2063	$28,500,000	$28,430,000
SUBTOTAL				**$594,935,000**	**$435,895,000**

(1) Includes Accreted Value

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Housing Development Bonds (Guaranteed by Montgomery County)					
1998 Issue A	Landings Edge	Non-Profit	7/1/2028	$12,900,000	$3,640,000
SUBTOTAL				**$12,900,000**	**$3,640,000**
Multiple Purpose Indenture					
2023 Series A	VPC 1&2, SS2 & Tx Cr 10			$57,355,000	$57,355,000
2023 Series B				$3,645,000	$3,645,000
2023 Series C	HOC HQ			$74,240,000	$74,240,000
Bond Discount Fee	HOC HQ			$756,695	$756,695
Bond Discount Fee-2023 SC - Amort.	HOC HQ				($2,591)
SUBTOTAL				**$135,996,695**	**$135,994,104**
Multifamily Housing Bonds Indenture					
2009 Series A-2	Argent		1/1/2044	$8,040,000	$0
2010 Series A	Argent		1/1/2033	$4,860,000	$0
SUBTOTAL				**$12,900,000**	**$0**
Total Multifamily Bonds				**$935,413,687**	**$720,202,135**

Multifamily Housing Bonds (Estimate as of December 31, 2023)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Non-Obligation Bond Issues:					
Multifamily Housing Revenue Bonds					
2004 Issue B	Blair Park	Private	10/15/2036	$2,700,000	$1,372,986
2006 Issue A	Covenant Village	Private	12/1/2048	$6,418,000	$5,531,232
2008 Issue A	Victory Forest	Private	9/1/2045	$6,600,000	$1,108,186
Series 2018	Hillside Senior Living	Private	2/1/2060	$26,270,000	$19,987,244
Multifamily Housing Revenue Refunding Bonds					
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
Variable Housing Revenue Bonds					
2005 Issue I	Oakfield	Private	10/15/2039	$38,000,000	$0
2012 Issue A	Victory Court	Private	10/1/2024	$8,400,000	$7,035,175
Non-Obligaton Notes - (Multifamily Housing Revenue Bonds)					
2015 Issue A	The Crossings - Olde Towne Gaithersburg Apts (Y-Site)	Private	4/1/2048	$25,525,000	$23,280,019
2015 Issue B	Lakeview House Apts.	Private	7/1/2031	$34,225,000	$29,758,774
	SUBTOTAL			**$200,138,000**	**$140,073,616**

Property Related Debt (Estimate as of December 31, 2023)

Property	Purpose	Amount Outstanding
Intra-Commission mortgages made from bond issues		
Barclay Development Corporation	Mortgage	$6,200,956
Barclay One Associates LP	Mortgage	$4,003,339
Brookside Glen LP	Mortgage	$3,387,212
Diamond Square	Mortgage	$864,718
HOC Headquarters	Mortgage	$74,996,695
Magruder's Discovery	Mortgage	$9,198,165
Manchester Manor Apts	Mortgage	$880,406
Metropolitan Bethesda LP	Mortgage	$4,590,410
Metropolitan Development Corporation	Mortgage	$19,310,247
MHLP IX-MPDU	Mortgage	$1,020,626
MHLP IX-Pond Ridge	Mortgage	$598,083
MHLP X	Mortgage	$4,923,959
Montgomery Arms	Mortgage	$5,500,816
Pooks Hill Highrise	Mortgage	$13,489,686
Pooks Hill Midrise	Mortgage	$894,049
RAD 6	Mortgage	$20,348,082
Scattered Site One Dev Corp	Mortgage	$6,910,462
Scattered Site Two Dev Corp	Mortgage	$1,960,472
Strathmore Court Associates LP	Mortgage	$12,188,068
The Oaks at Four Corners	Mortgage	$691,322
The Willows of Gaithersburg Assoc. LP	Mortgage	$1,009,585
VPC One Corporation	Mortgage	$28,850,094
VPC Two Corporation	Mortgage	$25,108,894
Wheaton Metro Development Corp.	Mortgage	$27,046,715
Subtotal		**$273,973,061**
Other Mortgages		
9845 Lost Knife Road	Sandy Spring Bank	$1,834,931
Bradley Crossing	Eagle Bank	$81,200,000
HOC at Battery Lane	Eagle Bank	$48,450,000
MV Gateway II, LLC	Cafritz	$12,048,970
Paddington Square	Love Funding	$18,110,942
Southbridge	Sandy Spring Bank	$1,716,858
Subtotal		**$163,361,701**

Property	Purpose	Amount Outstanding
Other Loans/OHRF		
9845 Lost Knife Road	Acquisition	$50,000
Alexander House Development Corporation	Rehab	$178,138
Ambassador	Rehab	$197,612
Barclay One Associates LP	Rehab	$123,050
Bradley Crossing	Acquisition	$5,200,000
Development in Process	Rehab	$948,487
Elizabeth House IV	Acquisition	$1,782,300
Emory Grove Redevelopment	Rehab	$150,000
HOC at Avondale LLC	Acquisition	$337,500
HOC at CCL MF-member	Acquisition	$3,383,124
HOC at Hillandale Gateway	Acquisition	$2,328,473
HOC at Wheaton Gateway LLC	Acquisition	$1,980,709
HOC Headquarters	Construction	$935,719
Holly Hall Interim	Rehab	$464,914
Metropolitan Bethesda LP	Acquisition	$1,175,775
Metropolitan Development Corporation	Rehab	$466,057
Montgomery Arms	Rehab	$1,340,037
MV Gateway , LLC (Cider Mill)	Acquisition	$3,000,000
Paddington Square	Rehab	$923,038
Sandy Spring Middle	Acquisition	$394,129
The Willows of Gaithersburg Assoc. LP	Acquisition	$43,750
Westwood Tower	Rehab	$40,700
Wheaton Metro Development Corporation	Rehab	$2,129,283
Subtotal		**$27,572,795**
Notes Payable to State of Maryland		
CDBG McAlpine Road	Rehab	$101,168
Dale Drive	RHPP	$600,000
Diamond Square	RHPP	$2,000,000
Montgomery Arms	RHPP	$71,027
State Rental Consolidated	PHRP	$8,861,522
State Rental VII	PHRP	$4,712,864
The Glen	RHPP	$1,211,707
Subtotal		**$17,558,288**
Loans from Montgomery County Revolving Funds		
Ambassador	Interim Financing	$2,284,066
Bonifant Office	Interim Financing	$4,112,000
Subtotal		**$6,396,066**

Property Related Debt (Estimate as of December 31, 2023) – (cont.)

Property	Purpose	Amount Outstanding
(cont.)		
Other Loans		
8800 Brookville Road	Acquisition	$10,850,000
Alexander House Development Corporation	Construction-FFB	$48,970,125
Ambassador	Refinancing	$1,862,495
Avondale Apartments	Acquisition	$5,824,451
Barclay Development Corporation	Rehab	$2,341,154
Barclay One Associates LP	Rehab	$2,891,404
Bradley Crossing	Acquisition	$9,596,677
Development in process	Note Payable	$16,878,337
Emory Grove Redevelopment	Rehab	$70,484
Fairfax Court	Refinancing	$286,598
Glenmont Crossing	Rehab/Purchase-FFB	$13,177,171
Glenmont Westerly	Rehab/Purchase-FFB	$13,083,716
HOC at Battery Lane	Acquisition	$4,410,000
HOC at CCL MF LLC-Member	Acquisition	$1,211,677
HOC at Garnkirk Farms LLC	Acquisition	$1,866,098
HOC at Wheaton Gateway	Acquisition	$11,530,881
Metropolitan Bethesda LP	Loan/advance	$13,651,479
MHLP IX-MPDU	Acquisition	$1,275,361
MHLP IX-Pond Ridge	Acquisition	$400,287
MHLP VII	Refinancing	$488,549
MPDU 64	Refinancing	$895,819
MV Gateway , LLC (Cider Mill)	Acquisition - FFB	$116,362,580
Strathmore Court Associates LP	Loan/advance	$1,958,977
The Manor At Cloppers Mill LLC (HOC Mortgage)	Acquisition	$435,200
The Manor At Colesville LLC (HOC Mortgage)	Acquisition	$319,057
The Manor At Fair Hill Farm LLC (HOC Mortgage)	Acquisition	$476,161
The Willows of Gaithersburg Assoc. LP	Rehab/Purchase	$293,182
TPP LLC - Pomander	Rehab-FFB	$2,053,731
TPP LLC - Timberlawn	Rehab-FFB	$16,475,794
VPC One Development Corporation	Rehab	$2,446,912
VPC Two Development Corporation	Rehab	$1,713,088
Westwood Tower	Refinancing	$20,352,774
Subtotal		**$324,450,219**

Property	Purpose	Amount Outstanding
Notes Payable to Montgomery County		
Ambassador	Acquisition	$2,000,000
Brooke Park Apartments	Acquisition	$8,686,856
CDBG	Acquisition	$604,275
CDBG McAlpine Road	Acquisition	$107,785
Chelsea Towers	Acquisition	$1,080,114
Chelsea Towers	Home Funds	$225,000
County Revolving CCAP	Acquisition	$1,583,158
Dale Drive	Construction	$1,738,012
Diamond Square	Rehab	$2,746,344
Glenmont Crossing	Rehab	$2,850,000
Glenmont Westerly	Rehab	$1,510,250
Georgian Court Silver spring LP	Rehab	$23,001
HOC At Avondale LLC	Acquisition	$7,500,000
Jubilee Housing	Predevelopment	$965,231
King Farm Village Center	Acquisition & Rehab	$1,697,078
Manchester Manor Apts	Housing Initiative Funds	$634,219
McHAF (MC Homeownership Assistance Fund)	Acquisition	$9,000,000
McHome	Acquisition & Rehab	$2,005,646
MHLP IX- MPDU	Acquisition & Rehab	$800,000
MHLP IX- Pond Ridge	Acquisition & Rehab	$605,500
Montgomery Arms	Acquisition & Rehab	$1,699,307
MV Gateway LLC	Acquisition	$15,000,000
NCI I	Acquisition & Rehab	$4,039,752
NSP I	Acquisition & Rehab	$1,993,071
Oaks @ Four Corners	Acquisition & Rehab	$1,278,968
Paddington Square	Acquisition	$5,196,232
Pooks Hill Midrise	Acquisition	$165,016
Scattered Site Two Development Corp	Acquisition	$23,686
Southbridge	Acquisition & Rehab	$5,974,031
State Rental Combined	Acquisition	$60,000
State Rental VII	Acquisition	$1,668,050
The Glen	Acquisition	$557,460
The Willows of Gaithersburg Assoc. LP	Home Funds	$536,338
Wheaton Metro Dev Corporation	Rehab	$2,984,721
Subtotal		**$87,539,101**
Total Property Related Debt		**$900,851,231**

Debt Summary By Fund

Property Name	FY 2023 Actual	Total Debt Service FY 2023 Actual	FY 2024 Amended	FY 2025 Recommended Budget Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
General Fund							
Interest Refund	$1,240	$0	$0	$0	$0	$0	$0
Customer Service Center	$0	$192,000	$96,000	$0	$0	$96,000	$96,000
Total General Fund	**$1,240**	**$192,000**	**$96,000**	**$0**	**$0**	**$96,000**	**$96,000**
Multifamily Bond Fund	**$15,290,929**	**$16,552,094**	**$12,960,780**	**$14,547,200**	**$0**	**$0**	**$14,547,200**
Single Family Bond Fund	**$2,972,846**	**$5,033,791**	**$4,410,100**	**$4,111,400**	**$1,010**	**$0**	**$4,112,410**
Opportunity Housing Fund							
Alexander House Dev Corp	$2,375,790	$2,375,790	$2,375,790	$1,660,170	$0	$715,620	$2,375,790
Ambassador	$9,267	$62,551	$0	$0	$0	$0	$0
Avondale Apartments	$32,722	$195,612	$191,380	$253,940	$0	$0	$253,940
Barclay Apartments Dev Corp	$672,568	$670,873	$669,100	$260,160	$29,070	$378,010	$667,240
Barclay Affordable	$436,585	$435,500	$434,360	$171,800	$18,780	$242,600	$433,180
Bradley Crossing	$3,032,131	$3,310,642	$3,029,460	$3,426,290	$0	$0	$3,426,290
Battery Lane	$0	$2,219,040	$2,003,410	$2,099,410	$0	$0	$2,099,410
Brookside Glen (The Glen) LP	$495,228	$493,926	$492,530	$160,110	$15,430	$315,530	$491,070
Brookville Road	$104,527	$488,492	$817,210	$287,100	$0	$0	$287,100
CDBG Units	$929	$930	$930	$930	$0	$0	$930
Chelsea Towers	$64,119	$107,466	$7,240	$7,240	$0	$0	$7,240
Cider Mill Apartments	$6,703,540	$6,732,204	$6,767,330	$4,772,670	$286,270	$1,809,560	$6,868,500
Diamond Square LP	$116,992	$116,655	$116,300	$36,940	$3,940	$75,060	$115,940
Day Care at 9845 Lost Knife Rd	$115,395	$115,395	$115,390	$72,800	$0	$42,600	$115,400
Fairfax Court	$23,466	$33,193	$20,580	$12,240	$0	$8,840	$21,080
Georgian Court Affordable	$184,517	$0	$0	$0	$0	$0	$0
Glenmont Crossing Dev Corp	$675,965	$675,965	$675,970	$421,750	$0	$254,210	$675,960
Glenmont Westerly Dev Corp	$671,171	$671,171	$671,170	$418,770	$0	$252,400	$671,170
Holiday Park	$101,563	$101,563	$101,560	$0	$0	$0	$0
Magruder's Discovery Dev Corp	$923,685	$922,357	$920,970	$570,570	$44,450	$304,470	$919,490
Manchester Manor Apartments	$220,381	$219,844	$219,280	$59,170	$3,780	$155,730	$218,680
Manor at Cloppers Mill, LLC	$261,244	$0	$0	$0	$0	$0	$0
Manor at Colesville, LLC	$191,525	$0	$0	$0	$0	$0	$0
Manor at Fair Hill Farm, LLC	$285,832	$0	$0	$0	$0	$0	$0
MetroPointe Dev Corp	$1,949,414	$1,938,730	$1,935,880	$1,191,380	$132,120	$609,390	$1,932,890
Metropolitan Dev Corp	$2,294,036	$2,281,376	$1,523,900	$1,170,690	$91,390	$1,018,010	$2,280,090
Metropolitan Affordable	$545,335	$544,300	$362,260	$278,290	$21,730	$242,000	$542,020

Debt Summary By Fund (cont.)

Property Name	Total Debt Service FY 2023 Actual	FY 2023 Actual	FY 2024 Amended	FY 2025 Recommended Budget Interest Payments	Mortgage Insurance	Principal Payments	Total Debt Service
(cont.)							
MHLP VII	$39,177	$21,996	$37,060	$20,830	$0	$15,040	$35,870
MHLP IX - Pond Ridge	$241,101	$240,489	$239,850	$90,320	$2,270	$146,580	$239,170
MHLP IX - Scattered	$437,354	$436,509	$435,420	$170,600	$3,890	$259,540	$434,030
MHLP X	$462,283	$461,391	$460,450	$237,790	$19,720	$53,550	$311,060
Montgomery Arms Dev Corp	$682,226	$680,418	$676,390	$240,090	$25,440	$411,010	$676,540
MPDU I (64)	$8,630	$40,332	$44,800	$56,890	$0	$0	$56,890
Oaks @ Four Corners Dev Corp	$280,028	$278,977	$277,860	$29,180	$2,210	$245,270	$276,660
Paddington Square Dev Corp	$979,480	$900,868	$847,090	$512,490	$62,180	$334,610	$909,280
Pooks Hill High-Rise Dev Corp	$1,019,798	$1,017,356	$1,014,830	$418,960	$64,740	$528,540	$1,012,240
Pooks Hill Mid-Rise	$317,482	$297,952	$298,110	$35,530	$0	$262,580	$298,110
RAD 6 - Ken Gar Dev Corp	$102,854	$102,675	$102,490	$55,910	$6,760	$39,620	$102,290
RAD 6 - Parkway Woods Dev Corp	$116,323	$116,120	$115,910	$63,240	$7,650	$44,810	$115,700
RAD 6 - Sandy Spring Meadow Dev Corp	$260,063	$259,610	$259,140	$141,370	$17,090	$100,180	$258,640
RAD 6 - Seneca Ridge Dev Corp	$514,633	$513,737	$512,800	$279,760	$33,830	$198,240	$511,830
RAD 6 - Towne Centre Place Dev Corp	$174,365	$174,061	$173,750	$94,790	$11,460	$67,160	$173,410
RAD 6 - Washington Square Dev crop	$334,515	$333,933	$333,330	$181,850	$21,990	$128,860	$332,700
Scattered Sites One Dev Corp	$560,800	$559,617	$558,390	$263,280	$33,220	$260,610	$557,110
Scattered Sites Two Dev Corp	$271,008	$270,920	$268,260	$94,680	$0	$21,320	$116,000
Shady Grove Apartments	$245,068	$0	$0	$0	$0	$0	$0
Southbridge	$125,218	$125,218	$125,220	$76,420	$0	$48,800	$125,220
Stewartown Affordable	($906)	$0	$0	$0	$0	$0	$0
Strathmore Court	$1,076,411	$0	$0	$0	$0	$0	$0
Strathmore Court Affordable	$813,847	$1,961,689	$1,908,280	$776,170	$27,860	$1,132,120	$1,936,150
TPP - LLC - Pomander Court	$179,165	$179,165	$179,160	$128,210	$0	$50,950	$179,160
TPP - LLC - Timberlawn	$798,810	$798,810	$798,810	$571,630	$0	$227,180	$798,810
VPC One Dev Corp	$1,482,833	$1,279,255	$1,481,260	$1,393,260	$0	$313,730	$1,706,990
VPC Two Dev Corp	$1,052,240	$910,126	$1,053,960	$1,212,590	$0	$273,050	$1,485,640
Westwood Towers	$970,974	$1,050,300	$1,218,640	$1,192,670	$0	$0	$1,192,670
Willows of Gaithersburg	$283,379	$283,009	$276,790	$57,460	$8,530	$208,920	$274,910
Total Opportunity Housing Fund	**$36,317,086**	**$38,008,108**	**$37,150,050**	**$25,728,390**	**$995,800**	**$11,796,300**	**$38,520,490**
TOTAL AGENCY	**$54,582,101**	**$59,785,993**	**$54,616,930**	**$44,386,990**	**$996,810**	**$11,892,300**	**$57,276,100**

Agency Funds (Estimate as of June 30, 2024)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Bond Fund	Multifamily Bond Fund	Eliminations	Total
Beginning Fund Balance: 6/30/2023	**$39,649,420**	**$193,257,240**	**$5,581,374**	**$18,067,340**	**$40,238,704**	**$0**	**$296,794,078**
Revenue:							
Housing Assistance Payments ('HAP")			$139,061,396				**$139,061,396**
HAP administrative fees			$13,527,580				**$13,527,580**
Other grants			$5,640,548				**$5,640,548**
State and County grants			$13,772,987				**$13,772,987**
Investment income				$7,056,369	$12,368,534		**$19,424,903**
Unrealized Gains (Losses) on Investment				$1,015,811	($150,092)		**$865,719**
Interest on mortgage & construction loans receivable				$1,421,397	$16,559,545	($8,894,968)	**$9,085,974**
Dwelling Rental							**$0**
Dwelling units sale/loss	$0	$97,262,561	$699,521	$0	$0	$0	**$97,962,082**
Management fees and other income	$19,825,004	$4,150,851	$128,099	$0	$0	($15,148,208)	**$8,955,745**
Total Operating Income	**$19,825,004**	**$101,413,412**	**$172,830,131**	**$9,493,577**	**$28,777,987**	**($24,043,176)**	**$308,296,935**
Expenses:							
Housing Assistance Payments	$0	$0	$142,200,879	$0	$0	$0	**$142,200,879**
Administration	$19,281,124	$22,159,331	$19,938,427	$1,250,760	$2,889,844	($9,966,620)	**$55,552,867**
Maintenance	$2,344,163	$28,681,057	$2,431	$0	$0	$0	**$31,027,650**
Depreciation and amortization	$332,075	$20,566,374	$0	$0	$0	$0	**$20,898,449**
Utilities	$184,418	$7,657,884	$350,212	$0	$0	$0	**$8,192,514**
Fringe benefits	$2,838,630	$2,831,452	$2,805,569	$162,159	$282,506	$0	**$8,920,317**
Interest Expense	$0	$28,421,831	$0	$5,839,517	$19,790,034	($8,894,968)	**$45,156,414**
Other	$1,517,066	$9,919,493	$1,619,570	$0	$0	($5,181,588)	**$7,874,541**
Total Operating Expenses	**$26,497,476**	**$120,237,423**	**$166,917,088**	**$7,252,436**	**$22,962,385**	**($24,043,176)**	**$319,823,631**
Operating Income (loss)	**($6,672,472)**	**($18,824,011)**	**$5,913,043**	**$2,241,141**	**$5,815,603**	**$0**	**($11,526,697)**
Non-operating revenues (expense):							
Investment income	$1,414,535	$4,145,192	$138,407	$0	$0	$0	**$5,698,134**
Interest on mortgage & construction loans receivable	$17,097,269	$1,363	$0	$0	$0	($11,156,257)	**$5,942,376**
Interest Expense	($16,277,431)	($1,264,574)	$0	$0	$0	$11,156,257	**($6,385,748)**
Other Grants	$0	$215,774	$0	$0	$0	$0	**$215,774**
Gain/(Loss) on Sale of Assets							**$0**
							$0
Total Non-operating Income (Loss)	**$2,234,374**	**$3,097,755**	**$138,407**	**$0**	**$0**	**$0**	**$5,470,536**
Transfer to/from Discrete Component Units							**$0**
Capital Contributions(Distributions)							**$0**
Operating transfers in (out)	($1,990,711)	$1,990,711					**$0**
Ending Fund Balance: 6/30/2024	**$33,220,611**	**$179,521,694**	**$11,632,824**	**$20,308,481**	**$46,054,307**	**$0**	**$290,737,917**
Change in Fund Balance *	**($6,428,809)**	**($13,735,546)**	**$6,051,450**	**$2,241,141**	**$5,815,603**	**$0**	**($6,056,161)**
Budgeted Fund Balance: 6/30/2025 est.	**$32,366,553**	**$192,106,520**	**$12,083,139**	**$25,547,854**	**$47,503,071**	**$0**	**$309,607,137**
Budgeted Change in Fund Balance for FY 2025 **	**($854,058)**	**$12,584,826**	**$450,315**	**$5,239,373**	**$1,448,764**	**$0**	**$18,869,220**

* **General Fund:** The decrease is mainly attributed to a decrease in management fees and other income and an increase in administration expenses.
Opportunity Housing Fund: The decrease is largely due to a decrease in dwelling rental income, increase in administrative and maintenance expenses.
Public Fund: The increase is primarily due to an increase in Housing Assistance Payments (HAP) revenue, HAP administrative fees income and County Grants.
** **Multifamily Bond Fund/Single Family Bond Fund:** The change in Fund Balance is due to changes in unrealized gain/(loss) on investments, an increase in investment and interest income partially offset by an increase in interest expense.

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Glossary

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.

ACFR

Annual Comprehensive Financial Report - State and Local governments issue an annual financial report called the Annual Comprehensive Financial Report ("ACFR"). The ACFR has three sections: an introductory section, a financial section, and a statistical section. Some but not all of what goes into the ACFR is shaped by the Governmental Accounting Standards Board ("GASB"), which is the current authoritative source for governmental Generally Accepted Accounting Principles ("GAAP").

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 ("AMI")

Washington-Arlington-Alexandria, DC-VA-MD-WV area median income as defined by the Department of Housing and Urban Development (HUD). The 2022 area median income is $142,300 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.

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 President/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.

Emergency Housing Vouchers ("EHV")

The Emergency Housing Voucher ("EHV") program is available through the American Rescue Plan Act ("ARPA"). EHVs make Housing Choice Voucher ("HCV") assistance available to Public Housing Authorities ("PHAs") in partnership with local Continuum's of Care and/or Victim Service Providers to assist households to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

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 20 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 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 ("SFMPP")

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.

Stability Voucher ("SV")

The Stability Voucher initiative makes Housing Choice Voucher ("HCV") assistance available to Public Housing Agencies PHAs in partnership with local Continuum's of Care and/or Victim Service Providers to assist households experiencing or at risk of homelessness, those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, human trafficking, and veterans and families that include a veteran family member that meets one of the proceeding criteria.

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
ACH	Automated Clearing House
ACOP	Admissions and Continued Occupancy Policy
ADA	The Americans with Disabilities Act
ACAF	Annual Comprehensive Financial Report
AGP	Annual Growth Policy
ARRA	American Recovery and Reinvestment Act
AWOR	Acquisition Without Rehabilitation
CDBG	Community Development Block Grant
CFP	Capital Fund Program
CIP	Capital Improvements Program
COI	Cost of Issuance
COLA	Cost of Living Adjustment
CY	Calendar Year
DBED	Department of Business and Economic Development
DHCA	Department of Housing and Community Affairs
DHCD	Department of Housing and Community Development
DHHS	Department of Health and Human Services of Montgomery County
EEO	Equal Employment Opportunity
EHO	Equal Housing Opportunity
EIV/UIV	Enterprise Income Verification (EIV)/Upfront Income Verification (UIV)
EHV	Emergency Housing Vouchers
FHA	Federal Housing Administration
FMR	Fair Market Rent
FSS	Family Self Sufficiency
FTE	Full Time Equivalent - See WY
FUP	Family Unification Program
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOR	General Fund Operating Reserve
GIC	Guaranteed Investment Contract
GIS	Geographical Information System
HALF	Homeownership Assistance Loan Fund
HAP	Housing Assistance Payments
HCV	Housing Choice Voucher Program
HFA	Housing Finance Agency
HIF	Housing Initiatives Fund
HIP	Housing Initiative Program
HK4E	House Keys for Employees
HO&C	Housing Opportunities and Concepts
HOC	Housing Opportunities Commission
HOC/HOP	HOC Home Ownership Program
HOPWA	Housing Opportunities for Persons with HIV/AIDS
HPF	Housing Production Fund
HQS	Housing Quality Standards
HRS	Housing Resource Service
HUD	Department of Housing and Urban Development
IDA	Individual Development Account
IFB	Invitation for Bid
IT	Information Technology
LIHTC	Low Income Housing Tax Credit
LIPH	Low income Public Housing
LMRC	Labor Management Relations Committee
LVV	Low Vacancy Vouchers
MAP	Multifamily Accelerated Processing
MBS	Mortgage Backed Securities
MCGEO	Municipal and County Government Employees Organization
MFD	Minority/Female/Disabled
MHDB	Multifamily Housing Development Bond
MPDU	Moderately Priced Dwelling Unit
MPP	Mortgage Purchase Program
MRB	Mortgage Revenue Bond
NAHRO	National Association of Housing and Redevelopment Officials
NED	Non-Elderly Disabled

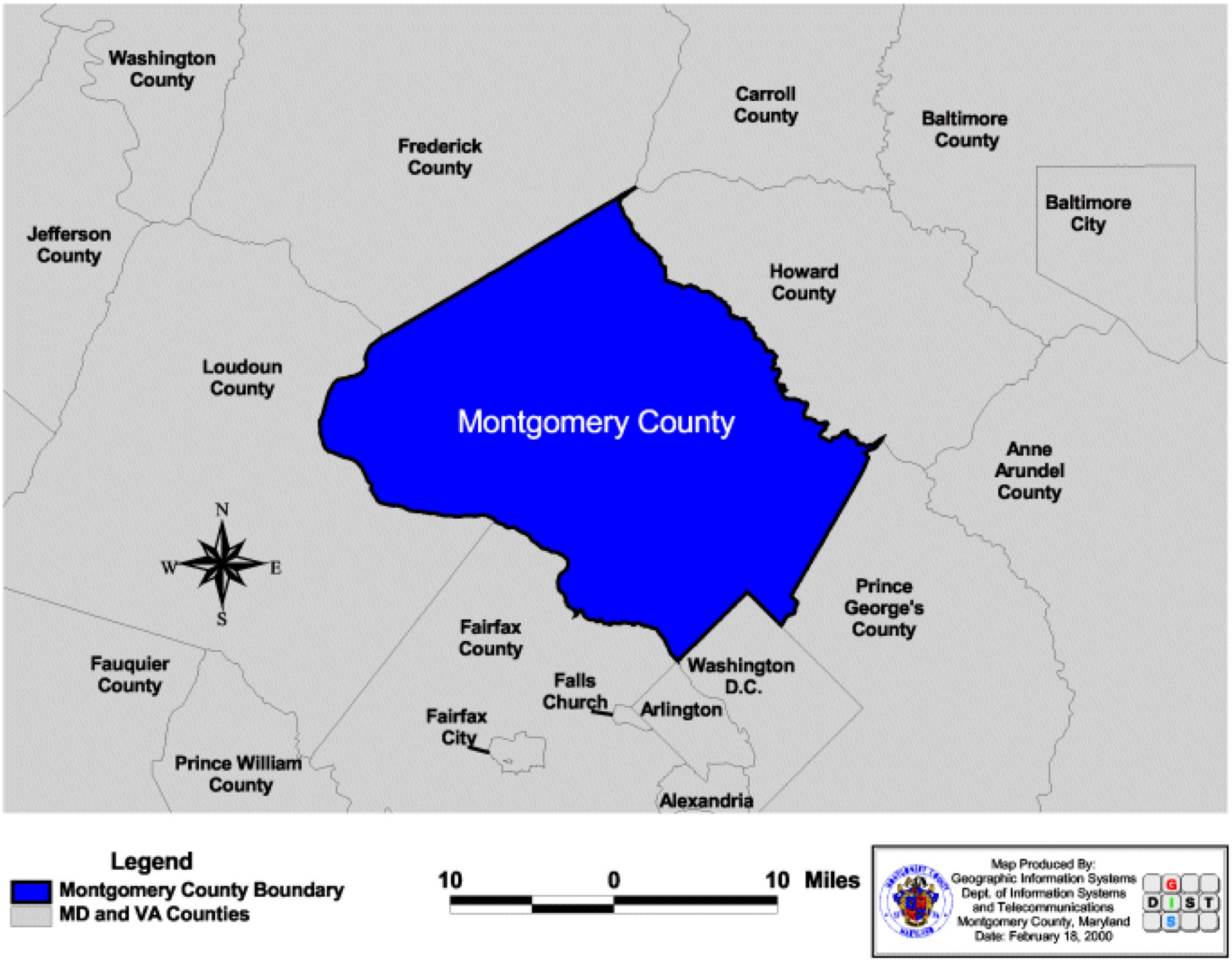
Frequently Used Acronyms (cont.)

NOAH	Naturally Occurring Affordable Housing
NOI	Net Operating Income
NPPF	Non-Profit Preservation Fund
NSP	Neighborhood Stabilization Program
OCAF	Operating Cost Adjustment Factor
OHPR	Opportunity Housing Property Reserve
OHRF	Opportunity Housing Reserve Fund
PAT	Property Assessment Tool
PBRA	Project Based Rental Assistance
PBV	Project Based Voucher
PHAS	Public Housing Assessment System
PHMAP	Public Housing Management Assessment Program
PIC	HUD Public and Indian Housing Information Center
PILOT	Payment in Lieu of Taxes
PLQ	Personal Living Quarters
PRHP	Partnership Rental Housing Program
RAB	Resident Advisory Board
RAD	Rental Assistance Demonstration
RAP	Rental Allowance Program
REAC	Real Estate Assessment Center
RED	Real Estate Development
RFP	Request for Proposal
RFQ	Request for Quote
RfR	Replacement for Reserves
RHPP	Rental Housing Production Program
RHW	Rental Housing Works
RIF	Reduction in Force
ROSS	Resident Opportunities Self Sufficiency
RUIT	Rent, Utilities, Insurance, and Taxes
SEMAP	Section Eight Management Assessment Program
SFMPP	Single Family Mortgage Purchase Program
SIRF	Responsible Fatherhood Programs Study
SMA	Sectional Map Amendment
SRO	Single Room Occupancy
TCLP	Temporary Credit and Liquidity Program
TEMHA	Transitional, Emergency, Medical and
HA/RAP	Housing Assistance/Rental Allowance Program
TIP	Tenant Integrity Program
UPCS	Uniform Physical Condition Standards
VASH	Veterans Affairs Supportive Housing
VAWA	Violence Against Women Act
VMS	Voucher Management System
WY	Work Year

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Map

Montgomery County, MD and Vicinity



This page intentionally left blank.