BUDGET, FINANCE AND AUDIT COMMITTEE

August 10, 2021
Livestream: https://youtu.be/6eRvXur_qlQ

Approval of Minutes:

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Minutes: May 25, 2021</td>
<td>03</td>
</tr>
</tbody>
</table>

Action Items:

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. County FY’23-28 Capital Improvements Program Budget: Authorization to Submit County FY’23-28 Capital Improvements Program Budget</td>
<td>08</td>
</tr>
<tr>
<td>2. Wheaton Gateway, LLC and 8800 Brookville Road (Lyttonsville): Approval to Extend the Maturity Dates for the Draws on the PNC Bank Line of Credit which Financed the Acquisition of Lindsay Ford (Wheaton Gateway) and the Lyttonsville Site (8800 Brookville Road)</td>
<td>15</td>
</tr>
</tbody>
</table>
Minutes
For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Budget, Finance and Audit Committee was conducted via an online platform and teleconference on Tuesday, May 25, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:04 a.m. There was a livestream of the meeting held on YouTube, available for viewing here. Those in attendance were:

Present
Richard Y. Nelson, Jr., Chair – Budget, Finance and Audit Committee
Roy Priest – Commissioner

Absent
Frances Kelleher - Commissioner

Also Attending
Kayrine Brown, Deputy Executive Director
Cornelia Kent, Chief Financial Officer
Olumtomi Adebo, Assistant Budget Officer
Christina Autin
Emma Fiorentino
Nicolas Deandreis
Nathan Bovelle
Francisco Vega
Jay Berkowitz
Len Villicic
Marcus Ervin
Ellen Goff
Vivian Ikoro
Aisha Memon, General Counsel
Terri Fowler, Budget Officer
Eugenia Pascual, Controller
Claudia Wilson
Charnita Jackson
Zachary Marks
Millicent Anglin
Nilou Razeghi
Leidi Reyes
Victoria Dixon
Timothy Goetzinger
Niketa Patel
Jennifer Arrington
Patrice Birdsong, Spec. Asst. to Commission
Commissioner Nelson opened the meeting with a roll call of Commissioners who participate on the Committee, Richard Y. Nelson, Jr., Chair, and Roy Priest. Frances Kelleher was necessarily absent.

**APPROVAL OF MINUTES**

The minutes of May 11, 2021, were approved as submitted with a motion by Commissioner Priest and seconded by Commissioner Nelson. Affirmative votes were cast by Commissioners Nelson and Priest. Commissioner Kelleher was necessarily absent and did not participate in the vote.

**ACTION ITEMS**

1. **Fiscal Year 2021 (FY’21) Third Quarter Budget to Actual Statements:** Presentation of the FY’21 Third Quarter Budget to Actual Statements

   Cornelia Kent, Chief Financial Officer, introduced Olutomi Adebo, Assistant Budget Officer, who provided the presentation of the FY’21 Third Quarter Budget to Actual Statements.

   There was discussion among the Committee in regards to reporting utilization and use of reserves revenue. Staff suggested that they would follow up. A motion was made by Commissioner Priest and seconded by Commissioner Nelson to move forward to full Commission for approval. Commissioner Kelleher was necessarily absent and did not participate in the vote.

2. **Fiscal Year 2021 (FY’21) Third Quarter Un-Audited Financial Statements:** Presentation of the Un-Audited Financial Statements for the Third Quarter Ended March 31, 2021

   Cornelia Kent, Chief Financial Officer, introduced Francisco Vega, Assistant Controller, who provided a presentation of the un-audited financial statements. Staff addressed the questions of the Committee. There was no action required.

3. **Uncollectable Tenant Accounts Receivable:** Presentation of Request to Write-off Uncollectable Tenant Accounts Receivable (January 1, 2021 – March 31, 2021)

   Cornelia Kent, Chief Financial Officer, introduced Nilou Razeghi, Accounting Manager, who provided a presentation to request the Committee’s approval to recommend to the full Commission authorization to write-off uncollectible tenant accounts receivable.
There was discussion and an explanation provided in regards to tenants transferring units. A motion was made by Commissioner Priest and seconded by Commissioner Nelson to move forward to full Commission for approval. Commissioner Kelleher was necessarily absent and did not participate in the vote.

4. **Calendar Year 2020 Audits:** Presentation of Calendar Year 2020 Low Income Tax Credit Partnership and Limited Liability Company Audits

   Cornelia Kent, Chief Financial Officer, introduced Claudia Wilson, Accounting Manager, who provided a presentation to request the Committee’s approval to recommend to the full Commission acceptance of the 12 CY’2020 Tax Credit Partnership and CCL Multifamily, LLC audits.

   A motion was made by Commissioner Priest and seconded by Commissioner Nelson to move forward to full Commission for approval. Commissioner Kelleher was necessarily absent and did not participate in the vote. Commissioner Nelson suggested that the audit opinion letter be included for full Commission review.

5. **Extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions:** Extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties

   Cornelia Kent, Chief Financial Officer, introduced Eugenia Pascual, Controller, who provided a presentation to request the Committee’s approval to recommend to the full Commission the Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to finance Commission approved actions related to Montgomery Homes Limited Partnership VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, and Year 15 Low Income Housing Tax Credit (LIHTC) properties through June 30, 2022.

   A motion was made by Commissioner Priest and seconded by Commissioner Nelson to move forward to full Commission for approval. Commissioner Kelleher was necessarily absent and did not participate in the vote.

6. **The Oaks at Four Corners – Property Management Contract:** Presentation of request to Renew the Property Management Contracts at The Oaks at Four Corners
Cornelia Kent, Chief Financial Officer, introduced Jay Berkowitz, Asset Manager, who provided a presentation to request the Committee’s approval to recommend to the full Commission approval of the property management contract renewal with Edgewood Management for one year for the Oaks at Four Corners.

A motion was made by Commissioner Priest and seconded by Commissioner Nelson to move forward to full Commission for approval. Commissioner Kelleher was necessarily absent and did not participate in the vote.

7. **Fenton Silver Spring – Property Management Contract:** Presentation of request to Renew the Property Management Contract at Fenton Silver Spring

Cornelia Kent, Chief Financial Officer, introduced Millicent Anglin, Asset Manager, who provided a presentation to request the Committee’s approval to recommend to the full Commission approval of the property management contract renewal with Edgewood Management for Fenton Silver Spring through August 29, 2022. There was a discussion on occupancy and concessions.

A motion was made by Commissioner Priest and seconded by Commissioner Nelson to move forward to full Commission for approval. Commissioner Kelleher was necessarily absent and did not participate in the vote.

The meeting adjourned at 11:06 a.m. by Committee Chair Nelson. The next scheduled meeting is August 10, 2021.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb
Discussion Items
MEMORANDUM

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

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Cornelia Kent Division: Finance Ext. 9574
        Terri Fowler Ext. 9507
        Tomi Adebo Ext. 9472

RE: County FY’23-28 Capital Improvements Program Budget: Authorization to Submit County FY’23-28 Capital Improvements Program Budget

DATE: August 10, 2021

BACKGROUND:
This year, the Montgomery County Office of Management and Budget (OMB) will prepare the biannual Capital Improvements Program (CIP) Budget for presentation to the County Executive and County Council. HOC must submit requests for capital funding for the next six years to OMB by September 8, 2021.

The County operates its capital program with a six-year CIP, which is reviewed annually, but subject to significant modification on a biannual basis. If HOC wishes to continue to receive CIP funding for its ongoing CIP projects, it must submit requests at this time.

EXISTING CAPITAL PROJECTS

As in prior years, HOC must submit a CIP submission to renew its current level of funding in the two revolving loan funds and the bond guarantee projects. HOC’s current County CIP includes five projects:

1. **MPDU/Property Acquisition Fund (MPDU/PAF):** a revolving loan fund of $12.5 million available to HOC or its designees for interim financing for the acquisition of MPDUs, existing buildings and land;

2. **Opportunity Housing Development Fund (OHDF):** a revolving loan fund of $4.5 million available to HOC or its designees for interim financing for certain housing development costs;

3. **County Guaranteed Bond Projects:** General Obligation Bond guarantees authority in the amount of $50 million;

It is also prudent to remind the County of the importance in maintaining our current allocations in the following projects.
1) **Continued Support of $1,250,000 annually for Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements**

- 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 allow these funds to be used for “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 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 of which are 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, 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 FY’21 annual funding of $1.25 million was reduced by $125,000 in the FY’21 County Revised Spending Plan resulting in funding of $1.125 million.

- CIP funds are being used to focus on repairs and renovation of those units where renovations are required and the properties cannot support additional debt. The final scope for renovations has been developed and a new pool of contractors was selected to perform scattered site renovations. In FY’21, thirteen (13) scattered site units were fully renovated and roof, gutter and downspouts replacement was completed on 40 townhome units at Pond Ridge. Renovations are in process on 22 units that will be completed between August and December 2021 utilizing $1.38 million of available CIP funding for FY’22. Staff is currently working on a plan to perform additional full unit renovations utilizing available funding while also addressing critical repairs and other capital needs on severely distressed scattered site units.
• Staff anticipates utilizing all available scattered site funding by the end of FY’22.

• The average cost for units requiring full interior and exterior renovations has increased to approximately $73,000. The available funds, including the FY’22 funding, would allow for full renovations of approximately 50 units; however, more units may be addressed if full renovations are not required (fewer if scope and costs increase). Continued funding at the $1.25 million level will support approximately 15 units per year.

• This project is directly related to accomplishing the following County Executive priority outcomes:
  - An Affordable, Welcoming County for a Lifetime
  - Thriving Youth and Families
  - A Greener County
  - Effective, Sustainable Government
  - Safe Neighborhoods
  - A Growing Economy

2) Continued Funding for the Demolition Fund - $1,900,000

• The Commission and County previously approved $1,900,000 for demolition of the Ambassador Apartments ($1.3 million) and Emory Grove Village ($0.6 million).

• During the FY’20-25 CIP cycle, $500,000 of the total budget was moved to FY’21. It was agreed that HOC would fund the demolitions of both properties and be partially reimbursed by the County in FY’20 with the balance paid in FY’21. The $600,000 CIP funding for Emory Grove’s demolition was included in the FY’19 CIP budget and was extended to FY’22.

• During the FY’21-26 cycle, the scope of the Ambassador demolition was expanded to include the demolition of the adjacent vacant mattress store. Demolition of the Ambassador was completed in April 2020 and demolition of the mattress store was completed in September 2020. Following the demolition, fencing and panel boards were installed for security and site beautification until the property is redeveloped.

• The original Invitation for Bid ("IFB") for the demolition contractor for Emory Grove expired before the work commenced and a new IFB for a demolition contractor was issued in April 2021. The Commission approved the award of a new contract under the new IFB at the meeting of the Commission on July 7, 2021 and the contract is currently being executed.

• The demolition for Emory Grove Village is expected to start in August 2021 and should take approximately 60 days to complete. Once the demolition is complete, site fencing will be installed to secure the property.
• Staff anticipates utilizing all demolition funding by the end of the fiscal year.

• This project is directly related to accomplishing the following County Executive priority outcomes:
  
  o An Affordable, Welcoming County for a Lifetime
  o Thriving Youth and Families
  o A Greener County
  o Effective, Sustainable Government
  o Safe Neighborhoods
  o A Growing Economy

NEW CAPITAL PROJECT

There is one new capital project that staff requests the Commission consider for this year’s CIP submission:

1. **Washington Suburban Sanitary Commission (WSSC) Sewer and Storm Line Improvements at Elizabeth Square (ES): $705,000.**

2. There are two parts to the improvements:
   1. Increase WSSC sewer line capacity to 15-inch, and
   2. Install new temporary 15-inch storm line.

3. The original 2017 plans were approved by WSSC for Elizabeth Square and included the replacement of the 10-inch sewer line with 12-inch line. The sewer line to be replaced was on the west portion of the WMATA and CSX tracks and did not go under the tracks. The current proposed Purple Line Development sewer line replacement conflicted with the approved HOC sewer plan from 2017. The Purple Line was required to design an alternate route under the tracks. The Purple Line Plan (PLP) was approved by WSSC for this alternative route, and is a 10-inch line replacement. WSSC will no longer accept the HOC 2017 plans and is now requiring HOC to install a 15-inch sewer line to meet the capacity of the Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue. They have instructed HOC to work with the PLP to ensure the revised plans are in effect before the Elizabeth House III and the South County Regional Recreation and Aquatic Center (SCRRAC) building obtain occupancy permit.

4. The approved contract documents indicate the new Capital Crescent Trail (located in between Elizabeth House and CSX/WMATA tracks), including the associated retaining wall, trail and storm systems is to be completed by others. Per separate discussions/agreements, MTA/Purple Line is responsible for this work. HOC is to connect into these Capital Crescent Trail storm systems in order to achieve final inspections. However, MTA/Purple Line is not scheduled to install these Capital Crescent Trail storm systems until after HOC’s completion date. As a result, HOC
is considering installing a temporary 15-inch storm line to accommodate the Elizabeth House project until MTA/Purple Line completes its permanent work.

5. The total estimated projected costs for installing the upgraded sewer line and temporary storm line are as follow:

1. Install 15-inch sewer line:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Costs</td>
<td>$230,000</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$100,000</td>
</tr>
<tr>
<td>Contingency</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$430,000</strong></td>
</tr>
</tbody>
</table>

2. Install temporary 15-inch storm line:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Costs</td>
<td>$100,000</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$75,000</td>
</tr>
<tr>
<td>Contingency</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$275,000</strong></td>
</tr>
</tbody>
</table>

**TOTAL** $705,000

- The sewer upgrades work must be implanted prior to March 2022 in order to maintain the overall project schedule. If the CIP project is approved, HOC will have to temporarily fund the improvements and request reimbursement through the County CIP program after July 1, 2022, the beginning of the new CIP year.

**ISSUES FOR CONSIDERATION:**

1) Does the Commission wish to approve a $86,987,000 (Attachment) CIP submission for FY’23-28, which asks the County to:

- Continue funding our current projects in the amount of $83,782,000, to
- Add $1,250,000 annually for FY’27 and FY’28 for Deeply Subsidized Units, and to
- Add $705,000 in new funding for:
  - **WSSC Sewer and Storm Line Improvements at Elizabeth Square.**

2) Does the Budget, Finance and Audit Committee wish to join staff’s recommendation that the Commission grant its authorization to submit the County FY’23-28 Capital Improvements Program Budget, which requests that the County continue funding our current supplemental funds for Deeply Subsidized HOC Owned Units (formerly named Public Housing) at the $1,250,000 annual level for FY’23-28, and maintain the current $1,900,000 funding for the demolition of the Ambassador and Emory Grove?

---

1 *Quote provided by Garney Quote (Purple Line subcontractor)*
2 *Rough estimate by general contractor (Costello)*
BUDGET IMPACT:
There is no budget impact on the FY’22 Adopted Budget. Funds that are appropriated by the County Council will be included in the FY’23 Adopted Budget.

TIME FRAME:
For informal discussion at the August 10, 2021 Budget, Finance and Audit Committee meeting. For formal Commission action at the September 8, 2021 meeting.

The County FY’23-28 Capital Improvements Program Budget submission is due to the County by September 8, 2021.

RECOMMENDATION:
Staff recommends that the Budget, Finance and Audit Committee join its recommendation to the full Commission authorization to submit the County FY’23-28 Capital Improvements Program Budget, totaling $86,987,000.
## Attachment

**Summary**

Proposed FY'23-28 CIP Request ($000)

<table>
<thead>
<tr>
<th>Project</th>
<th>Total</th>
<th>Through FY'21</th>
<th>Est FY'22</th>
<th>6 year Total</th>
<th>FY'23</th>
<th>FY'24</th>
<th>FY'25</th>
<th>FY'26</th>
<th>FY'27</th>
<th>FY'28</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPDU/PAF Fund</td>
<td>$ 12,507</td>
<td>$ 12,507</td>
<td>$ 12,507</td>
<td>$ 12,507</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity Housing Development Fund</td>
<td>$ 4,500</td>
<td>$ 4,500</td>
<td>$ 4,500</td>
<td>$ 4,500</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G.O. Bonds</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements</td>
<td>$ 14,875</td>
<td>$ 8,625</td>
<td>$ 1,250</td>
<td>$ 5,000</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ongoing CIP Project Funding</td>
<td>$ 81,882</td>
<td>$ 75,632</td>
<td>$ 68,257</td>
<td>$ 72,007</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demolition Fund</td>
<td>$ 1,900</td>
<td>$ 1,104</td>
<td>$ 796</td>
<td></td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects Expected to Close-Out in FY'22</td>
<td>$ 1,900</td>
<td>$ 1,104</td>
<td>$ 796</td>
<td></td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal for CIP Project Funding for Current Projects</td>
<td>$ 83,782</td>
<td>$ 76,736</td>
<td>$ 69,053</td>
<td>$ 72,007</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension for Supplemental Funds for Deeply Subsidized HOC Owned Units</td>
<td>$ 2,500</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,500</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension of Existing Projects through FY'28</td>
<td>$ 2,500</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,500</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WSSC Sewer and Storm Line Improvements for ES</td>
<td>$ 705</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 705</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Project</td>
<td>$ 705</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 705</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FY'23-28 REQUEST</strong></td>
<td>$ 86,987</td>
<td>$ 76,736</td>
<td>$ 69,053</td>
<td>$ 75,212</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td>$ 1,250</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEMORANDUM

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

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Cornelia Kent  Division: Finance  Ext. 9754
       Eugenia Pascual  Ext. 9478

RE: **Wheaton Gateway, LLC and 8800 Brookville Road (Lyttonsville):** Approval to Extend the Maturity Dates for the Draws on the PNC Bank Line of Credit which Financed the Acquisition of Lindsay Ford (Wheaton Gateway) and the Lyttonsville Site (8800 Brookville Road)

DATE: August 10, 2021

BACKGROUND:
The Commission previously approved advances from the $60 million PNC Bank Line of Credit (“LOC”) to fund the acquisition and other costs incurred related to the acquisition of Lindsay Ford Holdings Site (Wheaton Gateway) and Lyttonsville (8800 Brookville Road). Staff requests approval to extend the current maturity dates through June 30, 2022. The Commission will borrow based on the LOC contractual rate with PNC Bank. The total unobligated amount under the PNC LOC is $7,002,184 as of June 30, 2021.

**Lindsay Ford Holdings Site (Wheaton Gateway)**
On January 9, 2019, the Commission approved a taxable draw of up to $11,635,000 from the PNC Bank LOC to fund the acquisition of the Lindsay Ford Holdings Site, costs related to the acquisition of the Lindsay Ford Holding Site, and reimbursement of costs incurred by the Commission related to title costs and earnest money deposits. The total amount drawn was $11,530,881.

**Lyttonsville (8800 Brookville Road)**
On November 7, 2018, the Commission approved a draw of up to $10,850,000 from the PNC Bank LOC to fund the acquisition of the approximately 10 acres at 8800 Brookville Road in Silver Spring. This site is available to relocate the existing users to clear the way for redevelopment. The original intent of the acquisition of this property was to provide a relocation site for WSSC’s nearby Lyttonsville maintenance depot. After a significant delay, WSSC has issued an RFP for the relocation of its Lyttonsville maintenance depot, and HOC has responded to the RFP, offering 8800 Brookville Road. A decision by WSSC is expected in the coming weeks. In the event no relocation of WSSC’s Lyttonsville maintenance depot to 8800 Brookville Road occurs, HOC would sell as developable industrial property. To date, $10,850,000 has been drawn and outstanding.

The table below indicates the current maturity dates, the outstanding principal amounts as of July 31, 2021 and the estimated annual cost under each of these loans.
The LOC matures on September 30, 2021; however, the Commission issued a request for proposal for banking services, which included renewal and expansion of LOC facilities, and awarded the contract to PNC Bank. The Commission is currently in negotiations with PNC Bank to renew and extend the LOC facilities, which will go beyond the requested maturity date.

**ISSUES FOR CONSIDERATION:**
Does the Budget, Finance and Audit Committee wish to join staff’s recommendation to the Commission that the Commission extend approval of the maturity dates to finance Commission approved actions related to Lindsay Ford Holdings Site (Wheaton Gateway) and Lyttonsville (8800 Brookville Road) through June 30, 2022?

**PRINCIPALS:**
HOC
PNC Bank, N.A.
HOC at Wheaton Gateway LLC
HOC - Lyttonsville 8800 Brookville Road

**BUDGET IMPACT:**
The amount of interest expense for FY 2022 is estimated to be $224,368. The interest expense will be paid through lease agreements held with third parties; Lindsay Ford for Wheaton Gateway and Chevy Chase Contractors and Ruppert Landscaping for 8800 Brookville Road.

**TIME FRAME:**
For deliberation by the Budget, Finance and Audit Committee at the August 10, 2021 meeting. For formal Commission action at the September 1, 2021 meeting.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Budget, Finance and Audit Committee join its recommendation to the Commission to extend the use of the LOC to finance Commission approved actions related to Lindsay Ford Holdings Site (Wheaton Gateway) and Lyttonsville 8800 Brookville Road through June 30, 2022.
MEMORANDUM

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

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz Division: Property Management Ext. 4857

RE: Spring Garden One Associates Limited Partnership - Property Management
    Contract: Presentation of Request to Renew the Property Management Contract for
    Spring Garden One Associates Limited Partnership

DATE: August 10, 2021

PURPOSE:
Staff is requesting a one-year renewal of the property management contract with Edgewood for Property Management services at Spring Garden One Associates Limited Partnership, through November 30, 2022. The Property Management contract for Spring Garden will expire on November 30, 2021.

BACKGROUND:
Spring Garden One Associates Limited Partnership (“Spring Garden” or “Property”) is an 82-unit garden style apartment community of 25-market rate and 57 affordable Low Income Housing Tax Credit units at 55% of the median income. Spring Garden is located in downtown Silver Spring, within walking distance of the Silver Spring Metro.

The Property is managed well by Edgewood and has received a score of 98A for its most recent REAC inspection, indicating sound physical condition. The Property has maintained an average occupancy of 98.5% over the last two years and has returned a debt service coverage ratio of 1.25 for the trailing 12-month period through May 2021, indicating sound fiscal performance for a LIHTC development. As well, there are no compliance issues at the property. Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest score of the six management companies surveyed.

Therefore, staff wishes to renew the property management contract for Spring Garden for one year with Edgewood Management.
The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining, after this renewal.

<table>
<thead>
<tr>
<th>Property</th>
<th>Units</th>
<th>Current Vendor</th>
<th>Current Vendor Start Date</th>
<th>Annual Renewal Contract Cost</th>
<th>Contract End Date</th>
<th>Proposed Renewal Period</th>
<th>Remaining Contract Renewals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spring Garden</td>
<td>82</td>
<td>Edgewood Management</td>
<td>December 2017</td>
<td>$41,328</td>
<td>11/30/2021</td>
<td>12/1/2021 - 11/30/2022</td>
<td>No renewals remaining</td>
</tr>
</tbody>
</table>

**ISSUES FOR CONSIDERATION:**
Will the Budget, Finance and Audit Committee join staff’s recommendation to the Housing Opportunities Commission of Montgomery County to renew the property management services contract with Edgewood Management for one year at Spring Garden?

**BUDGET IMPACT:**
The renewal of the property management contract for Spring Garden for one year will not have a budget impact as the costs associated with the services will be factored into the CY 2022 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC score.

**TIME FRAME:**
For discussion at the August 10, 2021 Budget, Finance & Audit Committee meeting. For formal Commission action at the September 1, 2021 meeting.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Budget, Finance and Audit Committee join its recommendation to the Commission to renew the property management contract with Edgewood Management for Spring Garden for one year through November 30, 2022.
TO: Housing Opportunities Commission of Montgomery County
Budget, Finance and Audit Committee

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz  Division: Property Management  Ext. 4857

RE:  The Willow Manor Properties – Property Management Contract: Presentation of
Request to Renew the Property Management Contract for The Manor at Cloppers
Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC.

DATE: August 10, 2021

PURPOSE:
Staff is requesting a one-year renewal of the property management contract with Habitat America,
LLC (“Habitat”), the current property management company for The Manor at Cloppers
Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC through October 31, 2022.

BACKGROUND:
The Manor at Cloppers Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC,
(“The Willow Manor Properties”) were purchased by HOC in November 2018. The properties were
built in 2004-2005 and have not been renovated since construction. All three properties are mid-rise
communities and are age restricted for senior 62 years and older. The properties were approved for
Low Income Housing Tax Credit syndication as of November 1, 2021 with renovation starting in 2021
and continuing through May 2023. The Commission has already approved the selection of a general
contractor along with the holding of 20 units vacant across all three properties. The properties are of
similar construction and design. The properties have been well maintained and are in good condition.
Property amenities include: fitness center, library, business center, community room, kitchen, billiards
room, movie room, health room, hospitality suite, laundry room and shuttle service. The properties
have maintained an average occupancy of 95% over the last two years and debt service coverage ratio
of 1.50 for the trailing 12-month period through June 2021, reflecting sound fiscal and occupancy
standards. There is currently no federal involvement; therefore, the properties are not subject to REAC
inspections.

Habitat scored 3.39 of 4.00 available points in a resident survey completed in March 2020, which
was the third highest score of the six management companies surveyed.

The Manor at Cloppers Mill community has 20 units at 40%, 20 at 50%, 42 at 60% and 20 market units
(which will be converted to 80% AMI on the Tax credit conversion).

The Manor at Colesville community contains 17 units at 40% and 66 at 60% AMI.
The Manor at Fair Hill Farm community contains 20 units at 40% and 81 at 60%.

Habitat is a woman-owned and operated third party property management firm with over 30 years of experience. Due to the staff’s familiarity with the current population and the upcoming syndication and renovation, it would be in the best interests of the residents that Habitat remain as the property management company.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

<table>
<thead>
<tr>
<th>Property</th>
<th>Units</th>
<th>Current Vendor</th>
<th>Current Vendor Start Date</th>
<th>Annual Renewal Contract Cost</th>
<th>Contract End Date</th>
<th>Proposed Renewal Period</th>
<th>Remaining Contract Renewals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willow Manor Properties</td>
<td>286</td>
<td>Habitat America</td>
<td>November 2019</td>
<td>$168,168</td>
<td>10/31/2021</td>
<td>11/1/2021 to 10/31/2022</td>
<td>One renewal remaining</td>
</tr>
</tbody>
</table>

**ISSUES FOR CONSIDERATION:**
Will the Budget, Finance and Audit Committee join staff’s recommendation to the Housing Opportunities Commission of Montgomery County to renew the property management services contract with Habitat America for the Willow Manor Properties?

**BUDGET IMPACT:**
The renewal of the property management contract for Willow Manor Properties for one year will not adversely impact the Commission’s FY2022 operating budget as the costs associated with the services will be factored into the CY2022 property budget.

**TIME FRAME:**
For informal discussion at the August 10, 2021 Budget, Finance & Audit Committee meeting. For Commission action at the September 1, 2021 meeting.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Budget, Finance and Audit Committee join its recommendation to the Commission that the Commission approve the property management contract renewal with Habitat America, LLC for the Willow Manor Properties through October 31, 2022.