



Committee: PHP
Committee Review: Completed
Staff: Eunice Jeong, Legislative Analyst; Naeem Mia, Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: #HOC

AGENDA ITEM #7
 May 12, 2023
Action

SUBJECT

Housing Opportunities Commission NDA FY24 Operating Budget

EXPECTED ATTENDEES

None

FY24 COUNTY EXECUTIVE RECOMMENDATION

Housing Opportunities Commission NDA	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
Total Expenditures	\$ 7,633,168	\$ 7,972,501	4.44%

COMMITTEE RECOMMENDATIONS

The Committee Recommendations are as follows:

- Incremental FY24 Compensation: High Priority on the reconciliation list, 3-0.

All other changes were approved as submitted by the County Executive.

This report contains:

- Staff Memo © 1-3
- CE Recommended FY24 Operating Budget © 4
- CE Recommended FY24 Non-departmental Accounts budget, p. 73-11 (HOC) © 5

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Worksession

MEMORANDUM

April 17, 2023

TO: Planning, Housing, and Parks (PHP) Committee

FROM: Eunice Jeong, Legislative Analyst
Naeem Mia, Legislative Analyst

SUBJECT: Housing Opportunities Commission (HOC) NDA FY24 Operating Budget

PURPOSE: Make recommendations for Council consideration

4/19 update: Line Item “Increase Cost: FY24 Rental License Fee Increase (\$5 per unit) plus additional 112 Units at Battery Lane” has been indicated as a “required” change

Expected Participants

- Chelsea Andrews, Executive Director, Housing Opportunities Commission (HOC)
- Kayrine Brown, Deputy Executive Director, HOC
- Ken Silverman, Director of Government and Legislative Affairs, HOC
- Tim Goetzinger, Chief Development Funds Officer, HOC
- Terri Fowler, Budget Officer, HOC
- Anita Aryeetey, Office of Management and Budget (OMB)

Summary of CE Recommended FY24 Budget:

Housing Opportunities Commission NDA	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
Total Expenditures	\$ 7,633,168	\$ 7,972,501	4.44%

1. Overview

The Housing Opportunities Commission of Montgomery County (HOC) was established in 1974 to better respond to the County’s need for affordable housing. HOC is authorized to acquire,

own, lease, and operate housing; to provide for the construction or renovation of housing; obtain financial assistance from any public or private source to assist its housing activities; and arrange for social services, resident services and day care. HOC is a Public Housing Authority (PHA) which administers various federal and state programs such as Housing Choice Vouchers.

The FY24 Recommended appropriation in the Non-Departmental Account for services to be provided by the HOC is \$7,972,501. The Department of Finance reflects the amount as a transfer in the County's financial statements. This amount represents an increase of \$339,333 from the FY23 approved budget of \$7,633,168, or an increase of 4.44%. In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

2. Expenditure Changes in FY24 Budget

The following is a list of FY24 adjustments and recommended priority type to guide councilmembers' decisions.

Adjustments	Expenditures	FTEs	Priority type
Increase Cost: FY24 Rental License Fee Increase (\$5 per unit) plus additional 112 Units at Battery Lane – <i>recurring</i>	\$56,767	0.0	Required
Increase Cost: Incremental FY24 Compensation	\$282,566	0.0	Priority
Delta over FY23 Approved	\$339,333	0.0	

The cost increase for “FY24 Rental License Fee Increase (\$5 per unit) plus additional 112 Units at Battery Lane” is due to the increase in rental license fees from DHCA, which in turn increases the fee obligation accordingly for HOC (HOC is reimbursed for these fees). HOC is contractually obligated to pay these fees. The 112 Units at Battery Lane were purchased in the last fiscal year to preserve naturally occurring affordable housing. This item is a recurring expense (once every year) and will affect all HOC units/properties.

HOC staff compensation structures are overseen by HOC. The requested increase is to cover anticipated salary and benefit increases for FY24.

3. HOC FY24 Budget

Because HOC is an external organization, the County’s contribution to the NDA goes into HOC’s Public Fund and makes up only a portion of its total revenue. HOC’s full FY24 recommended operating budget is \$331.8M. A majority of HOC’s revenue comes from grants (including those from the County), other funding sources, and cash flow from HOC properties. Remaining revenues come from non-operational income from HOC’s bond-financing operation, real estate financing fees, and interest earned on investments.

Council staff recently received HOC’s full FY24 budget and is still in the process of completing a thorough review. Any major issues, should they come up, will be brought forth in future correspondence or during the May 1 follow-up session.

For reference, HOC’s full FY24 Budget is attached.

4. Racial Equity and Social Justice

Because the HOC NDA represents an external organization, they did not undergo an analysis from the Office of Racial Equity and Social Justice (ORESJ). However, equity remains a key guiding principle of HOC’s mission, and their programming continues to outreach to and serve minority, low-income, senior, and other underserved populations in Montgomery County.

This packet contains:

	<u>Pages</u>
CE Recommended FY24 HOC Budget	© 1
CE Recommended FY24 Non-Departmental Accounts Budget, pg. 73-11 (HOC)	© 2
HOC Recommended Budget Fiscal Year 2024	© 3-206



Housing Opportunities Commission

MISSION STATEMENT

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

- no one in the County lives in substandard housing;
- families and communities are strengthened;
- an efficient and productive environment that fosters trust, open communication, and mutual respect is established; and
- advocates, providers, and community members can collaborate to maintain support for all the work of the Commission.

BUDGET OVERVIEW

Complete information regarding the budget of the HOC is available by contacting the Legislative and Public Affairs Division of the Commission at 240.627.9400. Copies of the budget are available online at www.hocmc.org.

The FY24 Recommended appropriation in the Non-Departmental Account for services to be provided by the HOC is \$7,972,501. The Department of Finance reflects the amount as a transfer in the County's financial statements. This amount represents an increase of \$339,333 from the FY23 approved budget of \$7,633,168.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

PROGRAM CONTACTS

Contact Terri Fowler of the Housing Opportunities Commission at 240.627.9507 or Anita Aryeetey of the Office of Management and Budget at 240.777.2784 for more information regarding this agency's operating budget.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	2,563,502	1.00
Enhance: Guaranteed Income Pilot Expenses	734,843	0.00
FY24 Recommended	3,298,345	1.00

Historical Activities

This NDA provides funding for the Historical Society to support the Society's Education Program staff, educational and outreach programs for County residents, and to maintain the Historical Society's research library and museums.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	162,000	0.00
Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts	4,860	0.00
FY24 Recommended	166,860	0.00

Homeowners' Association Road Maintenance Reimburse

This NDA provides a partial reimbursement to homeowners' associations (HOAs) for their maintenance of certain privately-owned roadways. The payment is currently restricted to through roadways, accessible to the public, which are one-quarter mile or longer and which provide vehicular access to more than four dwelling units. In FY97, an Executive Regulation was enacted allowing homeowners' associations to request that their roadways be deemed "private maintenance roads." This designation qualifies the HOAs for State reimbursement of their roadway maintenance costs. The County annually submits to the State its estimate of reimbursable miles, including those accepted as private maintenance roads. The State then reimburses the County and, subsequently, the County forwards the funds to HOAs.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	62,089	0.00
FY24 Recommended	62,089	0.00

Housing Opportunities Commission

The Housing Opportunities Commission of Montgomery County (HOC) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, commonly known as the Housing Authorities Law. The Commission acts as a builder, developer, financier, owner, and manager of housing for people of low- and moderate- (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	7,633,168	0.00
Increase Cost: Incremental FY24 Compensation	282,566	0.00
Increase Cost: FY24 Rental License Fee Increase (\$5 per unit) plus additional 112 Units at Battery Lane	56,767	0.00
FY24 Recommended	7,972,501	0.00

Inauguration and Transition