

**RENTAL ASSISTANCE PROGRAM STATISTICS**

ACTIVITY	10/2009	11/2009	12/2009	1/2010
Applications	62	56	30	51
Walk-in/Appointments	259	231	180	248

WAIT LIST	9/2009	10/2009	11/2009	12/2009	1/2010
Section 8 Vouchers (498)*	701/627	750/669	737/655	925/816	852/756
Parkview Knoll (28)	54	59	59	59	61
Blue Mountain Estates (28)	42	46	46	46	50
Scattered Sites (24)	30	28	31	37	37
Schoolhouse Manor (32)	31	33	31	29	30
Monterey House (24)	5	5	5	5	6
Francis Murphy Apartments (120)	69	64	67	69	72
Springfield Manor (36)	47	53	52	52	54

\* Where two numbers are shown, the first is total applications and the second is persons free of debts or criminal records that would bar them from participation.

Vouchers	9/2009	10/2009	11/2009	12/2009	1/2010	YTD Proj
Available	498	498	498	498	498	498
Utilized	495	496	486	492	497	497
Occupancy	99.40%	99.60%	97.59%	98.80%	99.80%	99.80%

PUBLIC HOUSING	11/2009	12/2009	1/2010	Vacancy	Occupancy	Move in	Move Out
PVK	28	28	28	0	100%	0	0
BME	27	28	28	0	100%	0	0
Scattered	24	24	24	0	100%	0	0

RENTAL PARTNERSHIP	11/2009	12/2009	1/2010	Vacancy	Occupancy	Move In	Move Out
SHM	31	32	32	0	100%	0	0
Monterey	24	22	24	0	100%	2	0
Francis Murphy	119	119	120	0	100%	1	0
Springfield Manor	36	36	35	1	98%	1	0

## I. Reports

- A. Education Subcommittee - Customer surveys were delivered to all of our seniors and mailed to our scattered site residents in mid-January. So far we have received 183 responses: 28 from Springfield Manor; 14 from PVK; 23 from BME; 38 from Schoolhouse Manor; 7 from Scattered; and 75 from Francis Murphy. We will have responses entered into a database by the next Education Subcommittee meeting to facilitate evaluation of the feedback we are collecting. We have received lots of positive notes and anecdotes which will be useful in public relations efforts. One tenant wrote, "... We were living in a ... housing complex and there were drug dealers and shootings outside our door. We were there about 19 months when someone told me about HAWC. Within 2 months we were called for this house and the relief in moving to such a nice, safe place set the pace for the peace of mind we have living here. Thank you."

Staff are also revising agency brochures and working to create brochures for each of our housing communities.

(This month we removed "social media" from the Board agenda, thinking it may more appropriately reside as a Education Committee topic for investigation and recommendation to the full Board.)

Staff have incorporated the most recent changes to the Strategic Plan and have merged it with the Authority's Management Plan document for presentation purposes. Review of the format will be run by the Education Committee at their next meeting (and copies will be made available at Thursday's Board meeting).

- B. Board Calendar - In the "staff and board only" section of the Authority web site we have placed a Google calendar that focuses on Board dates. It contains monthly meetings, committee meetings, dates the office is closed and dates the Executive Director or Accounting Officer will be out of the office. You will notice that Board calendar items are displayed in dark red, while staff dates appear in blue. On the web, the default view is the month's calendar. In the upper right-hand corner you can select the Agenda view. A copy of two pages from the agenda view for a calendar year are enclosed in the management report packet. (If you want more than a 10-day view you have to go to the "current year" date range in the print menu, and then only print the pages of interest!)

Please review the calendar for completeness and to identify things that the Board needs to do to be ready to meet its responsibilities prior to the meeting. If you see something the agenda preparers may have omitted, call Dick Keesecker or Richard Willson prior to the meeting if possible, or bring it up during the agenda review. At the end of our meetings we will set aside a few minutes to make sure we have noted things from the present meeting that will have created new or modified calendar entries.

Using a shared calendar for Board business will help us plan meetings and keep up with programs the Board decides to pursue. For example, the June meeting agenda will show that the Board needs to do its annual evaluation of the Executive Director, which in turn will create

some earlier events like appointment of a Personnel Committee and that committee's meetings.

- C. Vouchering Out - February 5<sup>th</sup> was the deadline for completion of the valuation of our 80 public housing properties. A complete valuation was one of the elements of the conversion process. It comes as no surprise that the highest and best use determined for our twenty-four scattered site homes and our two 28-unit senior communities is the present income-producing use. The total value of our properties if sold today would be \$6,653,000. For comparison purposes, we insure our low-rent public housing properties for \$7,652,180. Lucky for us, we aren't selling today!
- D. Preferred words - In a discussion at the last Education Committee meeting, it was decided that as we work together to frame the discussion of how to provide homes citizens of Washington County can afford, we need to keep a list of words and phrases to avoid. The following table exercise provides some of the "Not so good" words and some possible alternatives. Please add your own "No-no" words so we can complete our table at the meeting.

NO-NO WORDS AND PHRASES	POSITIVE ALTERNATIVES
Development	Community
Project	Community
Housing	Homes
Elderly	Seniors
Households	Families
Affordable housing	Homes within reach of working families
Income limits/guidelines	

II. Action Items

- A. Rent-to-Own program applicant suitability - Richard Keesecker and Richard Willson met on January 28, 2010, to review the items the Board members had identified as "qualifiers" in an effort to insure program success with our first bond financing. They reviewed the key elements a bank would use to qualify borrowers and the materials that had already been made public. It was noted that suitability criteria that already exist

include eligible income, acceptable landlord references, housekeeping and in cases where there is doubt about suitability, further research which could include pulling a credit report. It was decided that additional financial factors could be added to the suitability criteria that would make the program successful. Resolution 2010-6 was then drafted by staff to incorporate these recommendations as follows:

*WHEREAS the Housing Authority of Washington County by Resolution 2010-3 has implemented a Rent-to-Own program for Workforce families seeking to become homeowners in Washington County.*

*AND WHEREAS the Authority in consultation with local lenders has determined that there are financial suitability factors that should be employed to select families for participation.*

*NOW THEREFORE BE IT RESOLVED that the following minimum financial criteria be used to determine suitability for all Rent-to-Own applicants :*

- 1. Credit score of 600 or above;*
- 2. At least 3 years on current job;*
- 3. Average length of time in current residence of 5 years over past 15 years;*
- 4. Number of persons to occupy the home does not exceed two persons per bedroom.*

- B. Rent-to-Own program - One of the steps toward closing the Lease Purchase loan with Centra Bank involves specialized legal opinions that enable Centra to make the loan "bank qualified," or as we have been terming it, tax-exempt. Centra reached out to Mr. Emory McRill to begin this conversation, and Tim Henry, Mark Harrell, Emory and I met on December 8th to lay out the process. If the Authority agrees, Centra will also use McGuire Woods. Centra will also use them as counsel for the loan documents and closing. On Tuesday, January 19th we met in our offices to review the draft loan documents (about 100 pages and counting!). If there are changes to the enabling resolution that follows, a corrected copy will be presented at the meeting (there are no such changes as of COB on 1/5/2010). The current version of the language needed to formally put this program in place, formatted as Resolution 2010-3 is as follows:

*HOUSING AUTHORITY OF WASHINGTON COUNTY, MARYLAND*

*A resolution approving the implementation and administration of the lease/purchase program by the Housing Authority of Washington County, Maryland including the purchase and renovation of single family houses as more particularly described herein; authorizing the sale, issuance and delivery of a fully registered bond of the Authority to finance the costs of such program and to pay related financing costs; authorizing the execution of a financing agreement relating to the issuance of such bonds; designating Authorized Authority Representatives; and authorizing other action and determining other matters with respect to the program and the sale, issuance and delivery of the bond.*

## RECITALS

1. *Housing Authority of Washington County, Maryland (the "Authority") is empowered under Title 12 and Section 21-101 to 21-106, inclusive, of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the "Act"), to prepare, carry out, acquire, own, lease and operate housing projects, and provide for the construction, reconstruction, improvement, alteration or repair of housing projects in Washington County, and to issue revenue bonds for any of its corporate purposes and secure any of its bonds by pledging any revenue or mortgage on a housing project or other property of the Authority.*
2. *The Authority has determined to implement and administer its Lease/Purchase Program (the "Program") pursuant to which the Authority will acquire and renovate single family houses (the "Program Houses"), lease the Program Houses to moderate income families and assist the families to successfully transition from renting to ownership.*
3. *The Authority wishes to finance the acquisition of the Program Houses through the issuance of the Authority's bond in an aggregate principal amount not to exceed \$2,000,000 (the "Bond"). The Bond will be issued pursuant to a financing agreement (the "Financing Agreement") between the Authority and the Bank (hereinafter defined). The Bond will be payable from funds made available by the Authority, including rental payments received from Program House tenants.*
4. *In order to further secure the payment of the principal of and the interest on Bond, (i) the Authority will pledge a first mortgage lien on each Program House and will also pledge cash collateral in the amount of \$100,000 to secure the Bond and (ii) the Board of County Commissioners of Washington County will pledge cash collateral in the amount of \$400,000 to secure the Bond.*
5. *Centra Bank (the "Bank") has agreed to purchase the Bond in accordance with the terms and conditions set forth in the Bank letter dated November 20, 2009 (the "Bank Letter", attached hereto as Exhibit B and incorporated herein by reference).*
6. *The implementation and administration of the Program and the financing of the Program Houses with the Authority's bonds will serve to accomplish the essential governmental function of the Authority of ensuring the availability of safe, sanitary and decent housing for low and moderate income citizens of the County.*

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF WASHINGTON COUNTY, MARYLAND:**

*Section 1 . Capitalized terms used in this Resolution shall have the meanings provided in the Recitals to this Resolution or elsewhere in this Resolution.*

*Section 2 . The Recitals to this Resolution are hereby incorporated by reference and are declared to be, and shall at all times and for all purposes be deemed to be, the findings of the Authority in connection with its decision to implement and administer the Program and to issue the Bond.*

*Section 3 . The implementation and administration of the Program, as described in the Recitals to this Resolution and the Program description which is attached hereto as Exhibit A is hereby approved, ratified and confirmed.*

*Section 4 . Pursuant to the Act, the Authority hereby approves the issuance of the Authority's bonds as a fully registered bond in an aggregate principal amount of Two Million Dollars (\$2,000,000), to be designated "Housing Authority of Washington County, Maryland Lease/Purchase Program Bond, Series 2010" (the "Bond"), for the purpose of (i) paying the costs of acquiring and rehabilitating the Program Houses and (ii) paying related financing costs. The Bond shall be issued pursuant to the Financing Agreement and shall bear interest, be dated, be in such denominations, mature and be payable at such times and in such places, be subject to redemption prior to maturity and contain such other provisions as provided in the Financing Agreement.*

*Section 5 . The Bond shall be a general obligation of the Authority, the principal of and interest on which shall be payable from the revenues and receipts of the Authority available to pay the Bond, including the revenues realized from the rental of the Program Houses and any amounts in certain funds and accounts established under the Financing Agreement, to the extent and as provided in the Financing Agreement. Neither the Bond, nor the interest thereon, shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the State of Maryland or Washington County within the meaning of any constitutional or charter provision or statutory limitation and neither shall ever constitute an indebtedness for purposes of a constitutional or statutory debt limitation or restriction of the State of Maryland or Washington County or constitute or give rise to any pecuniary liability of the State of Maryland or Washington County. The Bond and the interest thereon shall be payable solely from payments made by the Authority and from any other moneys made available for such purpose. In accordance with Section 12-702(b) of the Act, neither the members of the Authority nor any person executing the Bond or any agreement entered into by the Authority under the Act, nor any employee of the Authority, Washington County or the State of Maryland shall be liable personally on the Bond or any other agreement, or be subject to any personal liability or accountability by reason of the issuance, execution or delivery thereof.*

*Section 6 . The Chairperson of the Authority (the "Chairperson") is hereby authorized to execute (manually or by facsimile) and deliver the Bond, on behalf of the Authority. The Secretary-Treasurer of the Authority (the "Secretary-Treasurer") is hereby authorized to affix, imprint or otherwise reproduce the official seal of the Authority on the Bond, and attest such seal (manually or in facsimile), on behalf of the Authority.*

*Section 7 . The Chairperson of the Authority is hereby authorized to execute and deliver the Financing Agreement. The Bond and the Financing Agreement shall have such terms and conditions as shall be approved by the Chairperson provided such terms are consistent in form and substance with the terms set forth in the Bank Letter set forth as Exhibit B to this Resolution and made a part hereof, which Bank Letter is hereby approved, ratified and confirmed. The Authority's approval of the terms of the Bond and the Financing Agreement shall be evidenced conclusively by the execution and delivery thereof by the Chairperson.*

*Section 8 . The Authority hereby determines that it is in the best interests of the Authority to sell the Bond at private (negotiated) sale to the Bank for the purchase price of par.*

*Section 9 . The Authority hereby authorizes the Authorized Authority Representatives to deposit or cause to be deposited with the Bank, cash collateral of the Authority in the amount of \$100,000 (the "Authority Pledge") as security for the repayment of the Bond. In order to evidence the Authority Pledge, the Authorized Authority Representatives are hereby authorized and directed to execute and deliver a security and account control agreement or similar instrument for the benefit of the Bank.*

*Section 10 . The Authority hereby authorizes the Authorized Authority Representatives to cause to be deposited with the Bank, cash collateral of the County in the amount of \$400,000 (the "County Pledge") as security for the repayment of the Bond. In order to evidence the County Pledge, the Authorized Authority Representatives are hereby authorized and directed to execute and deliver a security agreement or similar instrument with the County and the Bank, pursuant to which the parties shall agree, among other things, that (a) the County Pledge shall expire on the eighth (8th) anniversary of the issue date of the Bond, (b) the County Pledge shall be applied to pay debt service on the Bond only after the Authority Pledge and all other funds of the Authority available to pay debt service shall be exhausted, (c) tenant participants in the Program shall have income of between 80% and 120% of the County's median income, (d) the total cost for acquiring any single Program House (including acquisition, rehabilitation and fix up charges) shall not exceed \$200,000 and (e) tenant participants of the Program who purchase Program Houses shall finance the purchase with fixed rate mortgages.*

*Section 11 . The Authority hereby approves the pledge of first mortgage liens on each Program House as security for the Bond. The Authorized Authority Representatives are hereby authorized and directed to execute and deliver a deed of trust and security agreement or comparable instrument to and for the benefit of the Bank with respect to each Program House.*

*Section 12 . The Chairperson and the Secretary-Treasurer of the Authority are hereby each designated as an Authorized Authority Representative and are authorized to take all actions as an Authorized Authority Representative which are required or permitted under the terms of the Financing Agreement and this Resolution.*

*Section 13 . The Authority hereby covenants that it will take, or refrain from taking, any and all actions necessary to comply with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code"), and the Income Tax Regulations thereunder, in order to preserve the status of the interest on the Bond as excluded from gross income for Federal income tax purposes. Without limiting the generality of the foregoing covenant, (a) the Authority will not use or permit the use of any of the proceeds of the Bond or any of the funds of the Authority in such manner as would cause the interest on the Bond to be included in gross income for Federal income tax purposes, (b) the Authority will regulate the investment of the proceeds of the Bond so as not to cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Income Tax Regulations thereunder, (c) the Authority will, if and to the extent necessary, make periodic determinations of the rebate amount and timely pay any rebate amount, or installment thereof, to the United States of America, (d) the Authority will prepare and timely file Internal Revenue Service Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, and (e) the Chairperson and/or the Secretary-Treasurer are hereby authorized and directed to prepare or cause to be prepared and to execute any certificate or other document which may be required in order to assure compliance with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Code, and the Income Tax Regulations thereunder. The Bond is hereby designated a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.*

*Section 14 . Without limitation of the foregoing, the members, officers and employees of the Authority are hereby authorized to take any and all further actions necessary or appropriate in connection with the issuance and sale of the Bond, the execution, delivery and performance of the documents described above, and/or the carrying out of the transactions contemplated by this Resolution.*

*Section 15 . This Resolution shall take effect immediately upon its adoption.*

- C. Rent-to-Own Program Policies - The Rent-to-Own program for moderate income families builds on our experience as a landlord of units we can sell to the occupants. So to an extent, our lease, tenant rules, policies and procedures will be the same, and in several respects, nothing is the same! In the program we are creating, the tenants will pay a market rent. This eliminates annual income certifications, regulation of what bedroom size unit the family “qualifies” for, and to a degree, the way we view how the family decorates their space. Staff have prepared all of the policy documents for the program, but to simplify the Board’s review and approval, are recommending Resolution 2010-4 as follows:

*WHEREAS the Housing Authority of Washington County incorporates organizational values, operating procedures and regulations in its Admissions and Occupancy Policies for each rental housing community; and*

*WHEREAS the Lease Purchase program will use a market-based rent that is not subsidized by the taxpayer; and*

*WHEREAS the Housing Authority of Washington County has determined that the following policy choices are most consistent with past practices for the Lease Purchase program:*

<i>Policy Choice</i>	<i>Rent-to-Own program adaptation</i>
<i>Fair Housing, Reasonable Accommodation, barring sex-offenders from participation and Violence Against Women provisions</i>	<i>No change</i>
<i>Sections dealing with rental assistance including closing waiting lists, utility allowances, ongoing reporting of changes in income, use of income exclusions and income deductions on admission, annual verifications and electronic matching</i>	<i>All to be dropped from consideration</i>
<i>Citizenship</i>	<i>Required, but without the use of HUD forms</i>
<i>Preference on waiting list</i>	<i>First come, first served among eligible families</i>
<i>Rents</i>	<i>Based only on market factors such as the number of bedrooms</i>
<i>Transfers between units</i>	<i>None</i>
<i>Visitors</i>	<i>Courtesy notification of visits longer than two weeks</i>
<i>Inspections</i>	<i>Once a year</i>

<i>Car repairs</i>	<i>OK if completed in less than two days</i>
<i>Wall decorations</i>	<i>Allowed with written approval</i>
<i>Scheduling of repairs</i>	<i>To suit tenant as part of the "teaching" program</i>
<i>Smoking tobacco products</i>	<i>Not allowed</i>

*NOW THEREFORE BE IT RESOLVED that the Lease, Admissions and Occupancy Policy, Tenant Handbook and other forms and procedures for the Rent-to-Own program be adapted by staff from the policy and procedures in use in the Public Housing program.*

A separate manilla envelop was included in the mailing to Commissioners for the January meeting that included the documents developed to implement the policy directions in resolution 2010-4.

D. Rent-to-Own program home sale prices - When we presented the Rent-to-Own program to the Board of County Commissioners in April and December, we had determined that homes needed to be sold at the then current fair market value in order for us to be able to revolve the proceeds into the purchase of replacement homes. When the bond underwriting was completed it became clear that loans needed to be repaid as homes were sold. To buy new homes we will need to float additional bond increments. This being the case, there is no longer a tie between the sale price and the ability to continue the program.

Several Board of County Commissioners members urged us to consider ways to lower the sales price, perhaps even selling the homes for what we invested. Dick Keesecker and Richard Willson are proposing adoption of Resolution 2010-8 as follows:

*WHEREAS the Housing Authority of Washington County can improve the success of Rent-to-Own families by lowering the sale prices of units.*

*AND WHEREAS the Authority can raise resources to support other efforts to build homes within the reach of working families by selling Rent-to-Own homes at the current fair market value at the time of the sale.*

*NOW THEREFORE BE IT RESOLVED that if Rent-to-Own homes appraise for more than the Authority's investment amount at the time a tenant is ready to finalize their purchase, the sale price shall be the Authority's investment plus 50% of any appreciation.*

The Authority's investment will be interpreted to include our purchase price plus the cost of capital improvements that are made to the home before and during the lease period. For example, if we purchase a home for \$140,000, do \$20,000 worth of improvements and four years later our tenant is ready to buy, we order an appraisal from a firm acceptable to the purchaser's bank. That appraisal comes in at \$170,000. The appraisal has come in \$10,000 above our total investment amount of \$160,000, consequently we split the appreciation with the tenant and sell

for \$165,000. Our sales concession makes it easier for our tenant to line up financing, because they now have \$5,000 in instant equity.

- E. Rent-to-Own Saving Incentives - Based on feedback from staff who felt the original proposal to match the savings deposits by families who attain the \$100/month level with an additional \$100 deposit, staff developed a model that was somewhat less aggressive. That formula was incorporated into the draft brochure that was circulated to the Commissioners. To implement this provision staff recommend adoption of Resolution 2010-9 as follows:

*WHEREAS the Housing Authority of Washington County wishes to encourage the habit of saving among their Rent-to-Own program participants.*

*AND WHEREAS the Authority has determined that the Rent-to-Own programs will generate sufficient cash flow to cover administration and the creation of a savings incentive program.*

*NOW THEREFORE BE IT RESOLVED that the Authority will match tenant deposits into a down-payment escrow account of up to \$100 per month on a dollar-for-dollar basis during their tenancy.*

*AND BE IT FURTHER RESOLVED that for every deposit the tenant makes at the \$100/month level, the Authority will provide a bonus equal to 1.5% of the tenant's gross annual income in the previous tax year, not to exceed an additional \$100/month.*

- F. Smoking in units we own - At the January, 2010, Board meeting Commissioners directed staff to proceed with implementation of a no-smoking policy in Authority owned properties. Accordingly staff recommend adoption of resolution 2010-5 as follows:

*WHEREAS the Housing Authority of Washington County has determined that units occupied by persons who have smoked are several times more expensive to prepare for new tenants; that it is more difficult to rent units that have smoking neighbors; and that the likelihood of fire-related damage is higher where smoking is allowed;*

*AND WHEREAS the Authority has determined that adoption of any no-smoking policy should be implemented in the lease with a generous public comment period;*

*NOW THEREFORE BE IT RESOLVED that the leases used by the Authority for properties we own shall incorporate no-smoking provisions;*

*AND BE IT FURTHER RESOLVED that the public notice process shall include a 30-day notice of new language to all present tenants; a public hearing at the May, 2010, Board meeting; and new leases being offered to tenants beginning in January, 2011, calling for a no-smoking effective date of January 1, 2012.*