

**Rockville Housing Enterprises
Board of Commissioners Meeting Minutes
Friday, April 7, 2023, Board Meeting**

**The Board of Commissioners for Rockville Housing Enterprises Annual Meeting on
Friday, April 7, 2023, at 4:00 p.m.**

MEETING TO BE HELD VIA ZOOM/ TELECONFERENCE

To Join via Zoom Video Conference:

<https://zoom.us/join> Meeting ID: 92765065009 Passcode: 226657

To Join via Zoom Telephone Conference:

Dial In: 301-715-8592 Meeting ID: 927 6506 5009 Passcode: 226657

Present

Chairman – James Hedrick, PhD
Commissioner- Edward J. Duffy
Commissioner – Nathan Robbins
Commissioner – Steve Marr

In Attendance

Jessica Anderson, Executive Director RHE
Asmara Habte, Director of DHCD, City of Rockville
Wynston Smith, RHE Project Manager

4:03 PM Call to Order

Chairman – James Hedrick, Ph.D., called the March 22, 2023, meeting of the Rockville Housing Board of Commissioners Meeting to Order.

4:05 PM Actions and Discussion –

Pilot Position

Chairman – James Hedrick, Ph.D., has no issue supporting the pilot as it would provide more affordable housing.

Commissioner- Edward J. Duffy supports the pilot as well. There was an informal policy for years that only RHE should get PILOTS.

Asmara Habte, Director of DHCD, City of Rockville, stated that 270 units would be made affordable if the PILOT for the developer for King Farm is approved.

Commissioner Steve Marr asked if the one half of the property that is not affordable would be included in the PILOT exemption.

Asmara Habte, Director of DHCD, City of Rockville, said if the property were given a PILOT, the City of Rockville would be forgoing the tax revenue for the entire property for the PILOT t's term, which is 15 years.

Jessica Anderson, Executive Director RHE, inquired about the City of Rockville's current budget situation because PILOTs are not free and must be paid for. The question asked was, "If the city approves this PILOT and RHE needs a PILOT, will there be money for RHE to get a PILOT? What is the Policy on who receives the PILOT if there is insufficient money for both?"

Asmara Habte, Director of DHCD, City of Rockville, said, based on the budgetary discussion, that no revenue in 2025 and beyond would support a pilot. Therefore, if RHE or any other project requests a pilot, no money would be available moving forward.

Jessica Anderson, Executive Director RHE, stated that based on the unofficial policy, PILOT were only given to RHE, but now, possibly, PILOTs may be given to others; what is the City's approach in that regard? Also, what are the PILOT rules since now the city will give PILOT to others, and not to RHE exclusively?

Asmara Habte, Director of DHCD, City of Rockville, said there had been discussion about having a similar policy to the Montgomery County. The County deals with the subject of appropriation. For instance, you have to be owned and operated by a nonprofit.

Chairman – James Hedrick, Ph.D., suggests that RHE support the PILOT for the King Farm developer with stipulations that there be some condition on the future application of the PILOT program to other nonprofits.

Jessica Anderson, Executive Director RHE, agrees with Chairman – James Hedrick, Ph.D., supporting the PILOT but with stipulations.

Rent Caps

Chairman – James Hedrick, Ph.D., given other things we are trying to accomplish, RHE shouldn't have an opinion on rent caps. However, he recommends supporting the anti-gauging 15-23 bill if we decide to take a position.

Commissioner – Steve Marr discusses that there is a point where expenses are outpacing taxes, energy costs, capital improvement, and other things that properties that need to be maintained. This can lead to the property being neglected, but some owners did not make improvements since they are under rent control.

Commissioner- Edward J. Duffy stated that the Montgomery County Council had added numerous requirements. For example, changing the elevator code, changing the fire code all these things cost landlords money that they can't recoup under rent control.

Chairman – James Hedrick, Ph.D., stated that if the rent caps lead to being too much for developers, the investment will move to another jurisdiction in the area.

Jessica Anderson, Executive Director RHE stated that rent caps do not work in the long term. Also gave an example “What if I can't raise my rent and I can't meet my debt service coverage requirements?” A lender can default you even if you're making payments if you're not meeting your DCR. So if rents have to be raised, RHE will have to do that. Jessica Anderson, Executive Director RHE, stated that she is not for rent caps.

Jessica Anderson, Executive Director RHE, prefers to avoid political fights. Chairman – James Hedrick, Ph.D., believes RHE should not be involved and should stay out. Commissioner – Steve Marr agrees that RHE should stay out unless RHE is dragged into it. He also adds that we should decline to comment. Commissioner – Nathan Robbins agrees that RHE should stay out of it. Commissioner- Edward J. Duffy thinks we should send a letter saying there is no position but make certain PHAs are exempt. Chairman – James Hedrick, Ph.D., agreed and stated that regardless of what bill passes, we would like to send a letter to ensure an exemption for public housing authorities. It was decided that RHE would not take a position but work to ensure there is a carve out for PHAs in the event a rent cap bill passes.

5:01 PM Adjourned

Chairman – James Hedrick, Ph.D., called for a motion to adjourn. Commissioner- Edward J. Duffy moved to adjourn; Commissioner – Steve Marr seconded the motion. All present voted Aye.