

**Rockville Housing Enterprises
Board of Commissioners Meeting Minutes
Wednesday, March 27, 2024, Board Meeting
The Board of Commissioners for Rockville Housing Enterprises Annual Meeting on
Wednesday, March 27, 2024, at 6:30 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, Kapres Meadows
Commissioner, Mayela Ngimbi

In Attendance

Christele Etienbla, RHE Staff Interim Executive Director
Tosha Dyson, RHE Staff Manager of Special Programs
Wynston Smith, RHE Project Manager
Rebecca Niaba, Voucher Program Manager
Jennifer Cohen, RHE Staff Asset Manager
Kurt Turner – Youth Build Grant Program Manager
Izola Shaw, Council Member City of Rockville
Rika Granger, Director for the Department of Housing Committee Development for the
City of Rockville
Hyunsuk Choi-CDC-Scarborough Square Consultant
Brain Kim -CDC- Scarborough Square Consultant

6:35 PM Call to Order

Chairman James Hedrick, Ph.D., called the Wednesday, March 27, 2024, meeting of the Rockville Housing Board of Commissioners Meeting to Order.

6:37 PM Consent items

Chairman James Hedrick, Ph.D., addressed the meeting minutes from the previous month, February. Commissioner Edward J. Duffy suggested that approval might be deferred to the April meeting, as not all board members present at the February meeting were in attendance on Wednesday, March 27, 2024.

6:40 PM Citizen Forum

Chairman James Hedrick, PhD called for the next item on the agenda, Executive Director's Report:

Rockville Housing Enterprises
Executive Director's Report
As of March 20, 2024

Activities during the month of February 2024

Meetings/Activities

- Monthly Property Management meetings for Parkside Landing were conducted.
- Weekly discussions focused on the submission of the Low-Income Housing Tax Credit application for Scarborough Square.
- The State grant approval of \$200,000 for the renovation project at the David Scull Community Center was received by RHE.
- In February, the Property Management Agreement with Grady was signed, with a commencement date set for March 1, 2024.
- A meeting about REACH with the City and HCI took place in February 2024, and the proposed contracts are currently undergoing legal review.
- RHE received \$155,992.24 for a tax refund in February 2024.

Financial Management (See Tab 3)

Housing Choice Voucher (HCV) Program (404 Regular Vouchers ;) FYB 10-1-2023

The Net Restricted Assets (HAP) for the month of February 2024 is negative (\$64,065). Year to date the HAP is a negative (\$208,477).

The Un-Restricted Net Assets (Administrative Expenses) for the month ending February 2024 is negative (\$3,260.93) due to three administrative pay periods. Year to date is a positive \$100,673.32.

Mainstream Vouchers (50 Mainstream) FYB 10-1-2023

The Net Restricted Assets (HAP) for the month of February 2024 is a positive \$2,797. Year to date is a positive \$4,778.

The Unrestricted Net Assets (Administrative Expenses) for the month ending February 2024 is a positive \$5,607.49. Year to date is a positive \$25,557.94.

Mod Rehab Program (5 Mod Vouchers) FYB 10-1-2023

The Program cash flow for the month of February 2024 is a positive \$1,400. Year to date is a positive \$7,819.

Public Housing Program (PH) (79 PH Units) FYB 10-1-2023

The Net Income on the PH Cash Flow Report for the month of February 2024 indicates a negative (\$51,799.42) due to three administrative pay periods, snow expenses, and a few building repair expenses to address the REAC inspection results. Year to date is a positive \$80,517.34.

RHE Properties Scattered (29 – Scattered Units) FYB 01-1-2024.

The Cash Flow Statement for the month ending February 2024 indicates a negative (\$3,010.37) due to three administrative pay periods. Year to date is a negative (\$21,765.37).

RELP – (56 Low-Income Housing Tax Credit Units) FYB 01-1-2024

The net income for RELP One for the month of February 2024 is positive \$17,493.92. Year-to-date net income is a positive \$29,878.24.

RHE Properties (4 – Affordable Units) FYB 01-1-2024

The Cash Flow Statement for the month ending February 2024 indicates a positive \$2,566.40. Year to date is a positive \$5,704.63.

RHE Corporation (the General Partnership entity for RELP One) FYB 01-1-2024

There was no activity for this entity during the month of February 2024. Year-to-date net income is \$0.

RHE Development Account (bank account that receives and holds non-federal funds) FYB-10-1-2024.

The Cash Flow Statement for the month ending February 2024 indicates a positive \$93,220.14. Year-to-date net income is negative (\$148,311.23).

RHE PARKSIDE LANDING FYB 01-2024

The Cash Flow Statement for the month ending February 2024 indicates a positive \$178,707.86. Year-to-date net income is a positive \$404,242.93.

RHE Scarborough Square FYB-01-1-2024

The Cash Flow Statement for the month ending February 2024 indicates a negative (\$19,041.11) due to two months of water/sewer, and snow expenses. Year-to-date net income is negative (\$11,824.95).

Asset Management February 2024 (See TAB 4 and TAB 6 of Board Report)

- PH Occupancy (David Scull) was as follows (76 units):
 - 96% for the month ending February – (3 vacancies)
 - Rent Collection Percentage 133%
- RHEP PBV Scattered Sites Occupancy (Scattered Sites) was as follows (29 units):
 - 100% for the month ending February - (0 vacancy)
 - Rent Collection Percentage 94%
- RELP One Occupancy was as follows (56 units):
 - 96% for the month ending February – (2 vacancies)
 - Rent Collection Percentage 105%
- RHEP Occupancy was as follows: (4 units):
 - 100% for the month ending February.
 - Rent Collection Percentage 76%
- RHE Scarborough Square Occupancy was as follows: (121 units):
 - 96% for the month ending February (5 vacancies)
 - Rent Collection Percentage 126%
- Fireside Occupancy was as follows:
 - Occupancy – 93% occupancy rate for the month ending February.

Maintenance Activity Summary for February 2024

Work orders.

- RHE maintenance staff completed 62 work orders in February.

Work Order Period Activity

Completed Date From 02/01/2024

Completed Date To: 02/29/2024

Period Date From: 02/01/2024

Period Date To: 02/29/2024

Approval Status:

Type: Work Order

Property	Opening Balance	Created	Closed	Closing Balance
David(david)	1.00	13.00	14.00	0.00
RELP LP (relp1)	5.00	10.00	15.00	0.00
RHE Property(rhep1)	0.00	1.00	1.00	0.00
RHE Scarborough Square (rhe-sq)	5.00	20.00	25.00	0.00
RHEP PBV SCATTERED SITE (rhep-sca)	0.00	6.00	6.00	0.00
Total	11.00	51.00	62.00	0.00

Pest Control

- RHE maintenance staff accompanied pest control on both **preventive and special request** appointments for David Scull and Scarborough Square. RELP1, Scattered Site, and RHEP properties receive pest control services as needed.
 1. Scarborough Square is currently on a weekly pest control schedule; **124** units were scheduled for pest control service during the month of February.
 2. David Scull is on a weekly pest control schedule; **76** units were scheduled for pest control service during the month of February.

HQS

- The maintenance department facilitated **0** HQS inspections in February.

Vacancy

- There were **five** move-ins and **two** move-outs in February. Vacant units are in the process of turnover.
 - David Scull: 2 move-ins. 1 move out.
 - RELP: 0 Move out.0 Move in
 - RHEP (Scattered and MPDU): none.

- RHE Scarborough: 3 move-ins. 1 move out.

Housing Choice Voucher Program (HCVP) Management

February 2024

- HCV Program voucher units leased for the month ending February 2024 was 85.08%, and the calendar year to date in February 2024 was 84.73%. HCV Program budget utilization for the month ending February 2024 was 102.78% and the calendar year to date in February 2024 was 102.88%.
RHE purposely keeps some vouchers utilized for various reasons. RHE purposely did not lease some vouchers for purposes such as unutilized project-based vouchers at Scarborough Square. RHE has also set aside vouchers for Foster Youth vouchers that only have a 3-year term. Once the 3 years are up RHE will issue the Foster Youth Voucher holders a regular RHE voucher. RHE is also required to issue PBV voucher holders a tenant-based voucher once they have lived in a PBV unit for at least 2 years. The units are purposely under-leased to ensure RHE has enough vouchers to meet future voucher issuance obligations.
- The 50-unit Mainstream Disabled Voucher program for which funds are allocated dollar for dollar based on utilization is 100% leased for the month of February 2024.
- The 5-unit Moderate Rehabilitation Single Room Occupancy (SRO) program, for which funds are allocated dollar for dollar based on utilization, is 100% leased for the month of February 2024.
- The 10 VASH vouchers are 90% leased. Two additional VASH vouchers have been issued and the clients are searching for a unit.

	Allocated	Utilized
Regular Voucher (TP, PBV, Port Out)	359	309
Additional Voucher	6	1
Vash	10	9
Scattered	29	29
Stability	5	0
Foster	20	17
Total	429	365

Mod Rehab	5	5
MS	50	50

Fostering Youth into Independence (FYI) Vouchers

RHE has received thirty-four (37) referrals from Montgomery County Child Welfare.

- RHE has been awarded twenty (20) Fostering Youth into Independence Vouchers.
- RHE has issued twenty (20) vouchers to youth transitioning into housing.
- Seventeen (17) youth has leased.
- One (1) port out
- One (1) is searching.
- Three (3) on waitlist
- Transitioning Youth Collaboration meeting
- Mentorship meeting with FYI participants

Parkside Landing

Reporting Period: February 2024

Sprinkler & Water Damage – Units 731-202 & 101: Response & repairs completed. The final total of \$49,071.95 was sent to FCO for collection.

HVAC condensation lines freezing: Adding pipe insulation. Replacing HVAC closet doors as needed.

DHCD Inspection findings: Completed- Proposal plan for the pool house submitted.

Lead Paint: Testing of building 713 completed; Certificate received 01/16/2024.

Water/Sewer

- City of Rockville 6” meter is “broken” - no ETA for replacement/repair.

Look-Ahead

- RHE conducts monthly transition progress/coordination calls with WINN management.
- Ongoing coordination with the management team to maintain both economic/physical vacancy goals for stabilization and conversation.

RHE Scarborough Square

Reporting Period: February 2024

- In February, the property successfully collected 126.0% of rent.
- The percentage of delinquent tenants with a balance this month has decreased from 19.0% in January to 16.1% in February because staff are currently processing evictions. The RHE team is working diligently to collect the rent on time.
- The dedicated efforts of the RHE team resulted in a positive trajectory for the property. Rental income saw an increase of \$1,187.84 in February 2024.

Look-Ahead

March/April 2024

- A. The Architect will submit the Building Permit drawings to the Ownership and the Ownership will submit the Building Permit application to the City of Rockville

April/May 2024

- A. Submission of the Combined Viability/Commitment Package

June/July 2024

- A. Submission of the Application package to HUD for Firm Commitment
- B. Issuance of Building Permit
- C. The Architect will issue the Construction Document Set

November 2024

- A. Estimated closing.

Family Self Sufficiency (FSS) /Resident Services Report-Period YTD: February 2024

- 25 Active Public Housing
- 6 Progress reports
- 47 Active HCV

- 4 Homeowners
- FSS Graduate 2 YTD
- Life Coaching Training Completed
- New Grantee Orientation

Resident Opportunities and Self-Sufficiency Services (ROSS) Detailed Report-Period YTD: February 2024

- 50 - Public Housing participant 6 - Progress Reports completed
- Attended the Community Services Award Brunch w/Interfaith

Community Events/Activities

- Street Outreach Network & RHE Community Youth Group

Client Services Detailed Report-Period: February 2024

- Laptop Distributions (continuous) -11 distributed
- Food Referrals -16 food referrals
- Mental Health referrals- 3 referrals
- Emergency Rental Assist. – 8 Referrals
- Community Resource Meeting with the City of Rockville
- Attended the Housing Stability Service Alignment Discus w/ Mont. Co.
- Webinar for Implementing Effective, Inclusive, and Evidence-Based Substance Abuse policies.

Youth Build Services Detailed Report

- Youth Build Bi-Weekly Call with Dept. of Labor
- PHA Feed Bank with DOL
- Outreach with Rockville Library (Continuous)

Monthly call for Parkside with WINN on the 3rd Wednesday of every month.

Monthly call for the VASH program with the Department of Veterans Affairs on the 10th of every month.

7:05 PM Actions and Discussion –

Commissioner Kapres Meadows inquired about the outreach efforts of YouthBuild.

Kurt Turner, YouthBuild Grant Program Manager, elaborated on the objectives of the YouthBuild program, emphasizing its role in assisting high school dropouts in obtaining their GED and acquiring trade skills applicable to the workforce. He noted that there are currently seven active youth participants in the program.

Christele Etienbla, Interim Executive Director, provided updates on Scarborough Square. She mentioned that a significant development arose with Orlo, the lender, expressing interest in converting debt to equity.

Brain Kim, Consultant for CDC-Scarborough Square, elaborated on the acquisition of Scarborough Square through the right of first refusal. The property was acquired for \$40 million. Orlo intends to exercise the debt-to-equity option, requiring a change in ownership structure from a nonprofit to a for-profit entity, with RHE remaining the majority owner. This transition typically exempts RHE from taxes. The shift from 100% ownership to 51% and from nonprofit to for-profit status does not adversely affect RHE. The primary risk lies in The City's approval of the new ownership structure.

The process is expected to conclude by June 2024, with final approval pending The City's response.

Commissioner Kapres Meadows inquired about the contingency plan if the Orlo deal falls through.

Brain Kim, Consultant for CDC-Scarborough Square, explained that if the Orlo deal does not materialize, RHE will need to maintain it as a loan. By November, RHE will initiate the refinancing process, transitioning the loan from Orlo to HUD, ensuring continuity of tax credits.

Commissioner Edward J. Duffy raised concerns about RHE's transition to for-profit status and its implications.

Brain Kim clarified that RHE's core status as a nonprofit entity remains unchanged, with the for-profit designation only applicable to this specific purpose entity.

Commissioner Edward J. Duffy suggested engaging an attorney to review the new structure for legal compliance.

Christele Etienbla, Interim Executive Director, recommended scheduling a call with Legal and the Board to address any legal queries regarding the Scarborough Square structure.

Brain Kim provided an update on the original transaction involving Scarborough Square, highlighting RHE's acquisition from the county and the protection it offers against financial liabilities.

Chairman James Hedrick, PhD, proposed moving into Executive Session. Commissioner Edward J. Duffy motioned to proceed, seconded by Commissioner Kapres Meadows. All present were in favor of Aye.

7:40 PM Commissioners comments

8:30 PM Adjourned

Chairman – James Hedrick, PhD made a motion to adjourn the meeting. Commissioner, Kapres Meadows moved this motion. Commissioner, Mayela Ngimbi seconded this motion. All present voted aye.