

**Rockville Housing Enterprises
Board of Commissioners Meeting Minutes
Wednesday, April 24, 2024, Board Meeting 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

Chair, James Hedrick, PhD
Commissioner, Edward J. Duffy
Commissioner, Kapres Meadows
Commissioner, Mayela Ngimbi
Commissioner, Stacy Kaplowitz

In Attendance

Christele Etienbla, RHE Staff Executive Director
Tosha Dyson, RHE Staff Manager of Special Programs
Wynston Smith, RHE Project Manager
Kurt Turner – Youth Build Grant Program Manager
Monique Ashton, Mayor of the City of Rockville
Izola Shaw, City of Rockville
Rika Granger, Director for the Department of Housing Committee Development for the City of
Rockville
Brian Kim – RHE Consultant
Ronald Bell – RHE Legal Consultant

6:33 PM Call to Order

Chair James Hedrick, Ph.D., called the Wednesday, April 24, 2024, meeting of the Rockville Housing Board of Commissioners Meeting to Order. Chair James Hedrick, Ph.D., announced that RHE now has a full board and disclosed his intention to step down from his position as Chair. He further acknowledged his nomination of Commissioner Stacy Kaplowitz to assume the role of Chair for Rockville Housing Enterprises. Commissioner Edward J. Duffy proposed the motion, which was seconded by Commissioner Kapres Meadows. All in favor voted "aye." Chair James Hedrick, Ph.D., expressed his appreciation to RHE and the board, reflecting on his tenure and confirming his presence for the duration of the meeting.

6:42 PM Consent items

Chair Stacy Kaplowitz moved to adopt the minutes from February and March. Commissioner Edward J. Duffy seconded this motion. All in favor voted "aye."

6:44 PM Citizen Forum

Chair Stacy Kaplowitz called for the next item on the agenda, Executive Director's Report:

Rockville Housing Enterprises
Executive Director's Report
As of April 19, 2024

Activities during the month of March 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 first meeting with the contractor for the community center construction took place on March 21, 2024, marking the commencement of planning discussions. Renovation activities were scheduled to commence on April 15, 2024.
- On March 19, 2024, discussions were held with the City of Rockville regarding potential grant opportunities, aiming to explore avenues for additional funding.

Financial Management (See Tab 3)

Housing Choice Voucher (HCV) Program (400 Regular Vouchers ;) FYB 10-1-2023

The Net Restricted Assets (HAP) for the month of March 2024 is negative (\$41,157). Year to date the HAP is a negative (\$249,634).

The Un-Restricted Net Assets (Administrative Expenses) for the month ending March 2024 is positive \$41,742.55. Year to date is a positive \$142,415.87.

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

The Net Restricted Assets (HAP) for the month of March 2024 is a positive \$5,294. Year to date is a positive \$10,072.

The Unrestricted Net Assets (Administrative Expenses) for the month ending March 2024 is a positive \$4,561.06. Year to date is a positive \$30,119.

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

The Program cash flow for the month of March 2024 is a positive \$817. Year to date is a positive \$8,636.

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

The Net Income on the PH Cash Flow Report for the month of March 2024 indicates a positive \$3,828.17. Year to date is a positive \$93,792.64.

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

The Cash Flow Statement for the month ending March 2024 indicates a positive \$6,906.56. Year to date is negative (\$14,858.81).

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

The net income for RELP One for the month of March 2024 is a positive \$337.91. Year-to-date net income is a positive \$30,216.15.

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

The Cash Flow Statement for the month ending March 2024 indicates a positive \$1,912.31. Year to date is a positive \$7,616.94.

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

There was no activity for this entity during the month of March 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 March 2024 indicates a negative (\$135,714) due to Scarborough Square predevelopment expenses. Year-to-date net income is negative (\$284,025.23).

RHE PARKSIDE LANDING FYB 01-2024

The Cash Flow Statement for the month ending March 2024 indicates a positive \$157,948.57. Year-to-date net income is positive \$562,191.50.

RHE Scarborough Square FYB-01-1-2024

The Cash Flow Statement for the month ending March 2024 indicates a negative (\$64,816.32) due to two months of garbage invoices, two-unit turnovers, seven plumbing expenses, and a new property management asset management fee. Year-to-date net income is negative (\$83,485.27).

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

- PH Occupancy (David Scull) was as follows (76 units):
 - 98.68% for the month ending March – (1 vacancy)
 - Rent Collection Percentage 113.94%
- RHEP PBV Scattered Sites Occupancy (Scattered Sites) was as follows (29 units):
 - 100% for the month ending March - (0 vacancy)
 - Rent Collection Percentage 94.50%
- RELP One Occupancy was as follows (56 units):
 - 94.64% for the month ending March – (3 vacancies)
 - Rent Collection Percentage 82.50%
- RHEP Occupancy was as follows: (4 units):
 - 100% for the month ending March.
 - Rent Collection Percentage 102.69%
- RHE Scarborough Square Occupancy was as follows: (121 units):
 - 92.5% for the month ending March (9 vacancies)
 - Rent Collection Percentage 110%
- Fireside Occupancy was as follows:
 - Occupancy – 94% occupancy rate for the month ending March.

Maintenance Activity Summary for March 2024

Work orders.

- RHE maintenance staff completed 62 work orders in March.

Work Order Period Activity

Completed Date From 03/01/2024

Completed Date To: 03/31/2024

Period Date From: 03/01/2024

Period Date To: 03/31/2024

Approval Status:

Type: Work Order

Property	Opening Balance	Created	Closed	Closing Balance
David(david)	0.00	19.00	19.00	0.00
RELP LP (relp1)	5.00	16.00	21.00	0.00
RHE Property(rhep1)	0.00	1.00	1.00	0.00
RHE Scarborough Square (rhe-sq)	2.00	15.00	17.00	0.00
RHEP PBV SCATTERED SITE (rhep-sca)	3.00	1.00	4.00	0.00
Total	10.00	52.00	62.00	0.00

Pest Control

- RHE maintenance staff accompanied pest control on **preventive and special requests (residents who requested pest control outside of customarily scheduled preventive Pest control)** 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; **121 units** were scheduled for pest control service in March.
 2. David Scull is on a weekly pest control schedule; **76** units were scheduled for pest control service during March for David. Special request RELP 1-**1** Carpet Beetles, Scattered Sites **1** Roach/Mice. Total of **78**.

HQS

- The maintenance department facilitated **2** HQS inspections in March.

Vacancy

- There were **4** move-ins and **6** move-outs in March. Vacant units are in the process of turnover.
 - David Scull: 2 move-ins. 0 move out.
 - RELP: 1 move-ins. 2 move-outs.
 - RHEP (Scattered and MPDU): none.
 - RHE Scarborough: 1 move-in. 4 move-outs.

Housing Choice Voucher Program (HCVP) Management

March 2024

- HCV Program voucher units leased for the month ending March 2024 was 84.61%, and the calendar year to date in March 2024 was 84.69%. HCV Program budget utilization for the month ending March 2024 was 99.85% and the calendar year to date in March 2024 was 101.85%.

RHE purposely keeps some vouchers utilized for various reasons. There are vouchers purposely not leased so they can be reserved 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 March 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 March 2024.
- The 10 VASH vouchers are 80% 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	307
Additional Voucher	6	1
Vash	10	8
Scattered	29	29
Stability	5	0
Foster	20	18
Total	429	363
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.
- Eighteen (18) 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: March 2024

Key Fobs: Completed but need to address aluminum frame flexing issues.

Sprinkler & Water Damage (update) – Units 731-202 & 101: Response & repairs completed. The final total of \$49,071.95 was sent to FCO for collection. Received \$5,000 payment.

HVAC: Five units require compressor replacement. Residents have heat but will not have A/C as temperatures rise. Replacement cost = \$4,800 per unit.

Pool Opening - Prepping for pool season with Premier Pool.

Project Tax Returns completed and submitted to PNC for review.

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: March 2024

- In March, the property successfully collected 110% of rent.
- The percentage of delinquent tenants with a balance this month has increased from 16.1% in February to 18.2% in March and staff is 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 \$3,343.92 in March 2024.

Look-Ahead

March/April/May 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

May/June 2024

- A. Submission of the Combined Viability/Commitment Package

June/July/August 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: March 2024

- 25 Active Public Housing
- 5 Progress reports
- 47 Active HCV
- 4 Homeowners
- FSS Graduate 3 YTD
- Meeting with St. Raphael’s Church

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

50 - Public Housing participant

12 - Progress Reports completed

Community Events/Activities

- VITA Tax Preparation
- 1st Time Homebuyer Workshop

Client Services Detailed Report-Period: March 2024

- Laptop Distributions (continuous) -8 distributed
- Food Referrals -11 food referrals
- Mental Health referrals- 2 referrals
- Emergency Rental Assist. – 4 Referrals
- Community Resource Meeting with the City of Rockville
- Housing Stability Service Alignment Discuss w/ Mont. Co.
- Training on Participant Individual Record Layout
- Meeting on the lease-up process to improve access to and delivery of services to prevent housing instability.
- Training in Harm Reduction & Providing low-barrier homeless service.
- Meeting with SWE to discuss camps and after-school programming.
- Project Improvement for David Scull Park

Youth Build Services Detailed Report

- Youth Build Bi-Weekly Call with Dept. of Labor
- Outreach at Rockville Library, MCPS
- Meeting with Evan Glass Staff
- Community Service with So What Else
- Attended the Tanglewood Community Resource Fair with HOC

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.

Chair Stacy Kaplowitz raised a couple of inquiries during the meeting. She inquired about the target regarding grant dollars for solar initiatives when discussing RHE matters.

Christele Etienbla, RHE Staff Executive Director, stated that the objective is to explore available options and assess their benefits for our properties.

Chair Stacy Kaplowitz also inquired about the possibility of developing a scope to present to a funding agency, considering a recent visit to our properties by a representative.

Christele Etienbla, RHE Staff Executive Director, mentioned that the Grant Manager from the city of Rockville expressed interest in familiarizing themselves with RHE properties to recommend suitable grant opportunities.

Chair Stacy Kaplowitz further questioned whether Premier Pool had been utilized for Parkside Landing previously or if they were a new vendor.

Christele Etienbla, RHE Staff Executive Director, clarified that Premier Pool has consistently served as the vendor for Parkside Landing.

6:55 PM City of Rockville Report

Rika Granger, representing the City of Rockville, shared updates regarding the Montgomery Clean Energy Center (MCEC), which received funding for the Solar for All low-income solar grant from the EPA. Out of 60 applicants selected for the solar program, the Maryland Solar for all Program application was chosen to receive \$62 million to establish a new grant or expand the low-income solar program. The City

intends to participate in this initiative and collaborate with RHE to provide solar access for low-income families.

Additionally, Rika Granger reported that interviews for the Director position have concluded, and the City Manager and his team are currently evaluating candidates for selection. The Department has completed the budget presentation to the Mayor and Council, with adoption scheduled for the first or second week of May.

There has been a rise in evictions, prompting the County to offer assistance to prevent eviction and utility shut offs. Numerous landlord-tenant complaints were reported in April, with heating and air conditioning issues being the most common. Other concerns include security deposits and rent increases. The City is presently developing best practices for affordable housing, which will be presented to the Mayor and Council in June. Additionally, the City plans to provide a report on Youth programming in July, highlighting offerings from both the City and County. Furthermore, efforts are underway for the Holiday Drive initiative.

7:05 PM Actions and Discussion –

Christele Etienbla, Executive Director of RHE Staff, presented to the board the proposition of converting Scarborough Square debt into equity. Brian Kim, a Consultant from CDC, elaborated on the potential structural aspects, prompting the board to decide to consult legal advice.

Brian Kim, Consultant from CDC, addressed the board regarding inquiries raised in the previous meeting concerning the structure of the new entity, if applicable. He informed the board of Mr. Ronald Bell, RHE Legal Counsel's presence on the call to provide clarification. Additionally, he mentioned the board's request for 50% reimbursement of the loan extension fee, which ORLO, the private lender for RHE Scarborough Square, countered with 33%. They agreed to cover all incurred legal fees for the ownership structure change. He highlighted ongoing efforts with Montgomery County to transfer the \$770,000 property escrow to RHE. Moreover, there is an additional \$1.19 million in tax escrow slated to be held separately by RHE, with any tax liability addressed. After the seventh year, this money will return to RHE.

Ronald Bell, Legal Consultant for RHE, clarified that the sole query presented pertained to the impact on income taxes. He explained that currently, since October of last year, RHE has operated as a partnership for tax purposes. Therefore, the proposed transaction wouldn't generate any income tax concerns for RHE Corporation. As a nonprofit

organization, RHE Corporation is currently exempt from federal income tax under Section 115 of the code. Hence, any income arising from this transaction would not incur tax liability for RHE Corporation.

Rika Granger, representing the City of Rockville, mentioned that the city attorney requires clarification from ORLO regarding how this situation affects the city's interests before approval.

Ronald Bell, Legal Consultant for RHE, explained that technically, the loan issued by the City constituted a debt obligation of the LLC. With an affiliate of ORLO joining as a member of the LLC, the existing debt obligations should remain unchanged unless there is a significant alteration, of which he is unaware. The current understanding is that a portion of ORLO's debt is being converted from debt to equity, with no anticipated impact on other debts.

Commissioner Kapres Meadows inquired about Orlo's ownership percentage following the conversion.

Brian Kim responded with 49%.

Chair Stacy Kaplowitz questioned the rationale behind resisting the 33% loan origination fee.

Brian Kim explained that it was a negotiation strategy and a counteroffer. RHE could propose a counteroffer if desired.

Chair Stacy Kaplowitz asked if they should reassert the request for 50%.

Commissioner Edward J. Duffy opted not to pursue this and supported the counteroffer previously made.

Commissioner Kapres Meadows queried about potential tax credit implications.

Brian Kim confirmed there were none.

Rika Granger, representing the City of Rockville, reiterated the City Attorney's requirement for the arrangement to proceed.

Brian Kim offered to facilitate direct contact with ORLO if provided with the attorney's contact information.

Mayor Monique Ashton sought clarification on the rationale behind the conversion to ensure that the Mayor and Council are kept informed and to facilitate a smoother approval process, if necessary.

7:40 PM Commissioners comments

Chair Stacy Kaplowitz acknowledged the significant changes within the board but expressed enthusiasm for the future of RHE.

Christelle Etienbla, RHE Staff Executive Director, introduced Dominick Bonomolo, the Asset Manager for Parkside Landing, and informed the board that Dominick will be present at all future board meetings.

7:45 PM Adjourned

Chair Stacy Kaplowitz made a motion to adjourn the meeting. Commissioner, Kapres Meadows moved this motion. Commissioner, Edward Duffy seconded this motion. All in favor voted "aye."