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Richard S. Keesecker
Board Chair

Providing decent, safe, affordable housing solutions that strengthen our community by focusing on local needs.

James W. Brown
Board Member

Judith E. Ferro
Board Member

January 17, 2012

Mark Goldsmith
Board Member

Tim O'Rourke
Board Member

HAWC Annual Report

Robert Coblentz
Board Member

Vacancy
Board Member

Richard Willson
Executive Director

The mission of the Housing Authority of Washington County (HAWC) puts our focus on housing solutions that are a good fit for our community. Before the end of this month, one of our public housing residents will be at a closing table making the transition from renter to homeowner. We feel that the way we have made a pathway to ownership part and parcel of each family tenancy we offer, is a great example of a sound housing solution for Washington County.

HAWC offers the opportunity to enroll in "Family Self-Sufficiency" (FSS) to its 35 renter families and the 490+ participants in the Section 8 rental assistance program. Through our partnerships with the Hagerstown Home Store and the Washington County Community Action Agency, HAWC "hires" the expertise of housing counselors who know intimately the programs and opportunities that relate to education, employment, credit repair and personal growth - all of the things families find they need to transition from subsidy to self-reliance.

HAWC has 37 FSS families meeting with case managers on a monthly basis providing an increasingly stable home environment for close to 100 children. Nineteen of these 37 families have seen increases in their income from wages since they first enrolled in the HAWC FSS program and the remaining 8 families are taking the first step of pursuing further education.

Partnerships

The expansion of HAWC's Rent-to-Own initiative for moderate income families we reported in our 2010 Annual Report resulted from a partnership initiated by our Board's Housing Subcommittee with a number of community leaders. The give and take of ideas that led to the RTO initiative came from the contributions of citizens like Harry Reynolds, then



County Commissioner James Kercheval and Roger Fairbourn along with guidance from Todd Hershey and Bill McKinley.

Operations

In 2011 HAWC made an agency move toward Self-Sufficiency we called Conversion. On November 8th the Department of Housing and Urban Development approved HAWC's application to remove the subsidy supporting its 80 public housing units, instead granting the current residents a tenant-based Section 8 voucher. Under Conversion the 28 senior units at Parkview Knoll, the 28 senior units at Blue Mountain Estates and our 24 three and four-bedroom family public housing units will go to a private market model, charging market rents that work within the Voucher program enabling the communities to build reserves to undertake needed repairs independent of the federal appropriations cycles. When the Conversion contract is finalized in the next couple of months, HAWC will be able to accept applications from families earning up to 80% of local median income. This will guarantee a healthy occupancy percentage for years to come with the added confidence that every one of our current residents will stay in place because we provide an outstanding rental product with super service.

Succession

With HAWC's executive director passing the age of 64, succession planning is a real and present strategic focus for HAWC. At our Commissioners' initiative, HAWC sent four participants to a 3-day training on succession planning at the end of May, 2011. The task of developing a succession plan was assigned to the HAWC Board's Personnel Committee, a crisis plan was approved in October and the goal was established to have adopted a full succession plan for the Executive Director at the June, 2012 meeting.

The Board

The seven-member County Commissioner-appointed citizen board responsible for HAWC is one of HAWC's secret assets. Though we had 6 meetings in 2010 with only six incumbents due to unfilled vacancies, our commissioners averaged 10 hours each in meeting time and 40 hours each in committee meetings, training events and community meetings representing HAWC. Our commissioner training investment in 2010 was just over \$4,600. At the end of 2010 this board of commissioners adopted board goals - a first in HAWC history - that included using personal contacts to find potential board members and to influence community acceptance of HAWC programs, completing staff evaluations in a systematic fashion, staff recognition and setting meeting dates and times that would best suit potential board volunteers.

Section 8 Turnover

In this era of diminishing federal resources, the only way we can help new families is when customers leave the program. In 2010 thirty-five families dropped off the program, but in 2011 this number increased to 49, as shown in the following table:

Reasons for leaving the Section 8 program 2010 and 2011:					
Favorable reasons			Unfavorable reasons		
	2010	2011		2010	2011
Assistance went down to \$0.00	1	3	Moving without any notice	3	4
Other favorable reasons with a proper notice given	10	11	Program non-compliance	4	9
Moved to another jurisdiction	6	9	Drugs	1	0
Nursing home	6	5			
Death	4	8			
Totals	27	36		8	13

What the increase in “unfavorable” drops from 23% (8÷35) to 27% (13÷49) does not reveal is that **all of the 2011 program non-compliance was discovered because of the alertness of HAWC staff**, and not as a result of complaints from the community.

Development Prospects

In 2010 HAWC learned that donations of goods or services to HAWC would be treated as exempt from taxation based on the public service test that would be applied to donations to any governmental body - as would a donation of land, for example, to Washington County government. This good news lowered the priority we had placed on formation of a subordinate 501 (c)(3) entity.

A February review of our pre-application to the State of Maryland for funding of Smithsburg’s Blue Mountain Estates expansion brought HAWC face to face with a rating and ranking system that favors a more urbanized area. Washington County has not encouraged developers who sought to utilize state or federal resources. In the late 1990's the Board of County Commissioners decided that “housing” was not an essential function of local government. Following that determination HAWC was spun off as an independent arm of local government with the responsibility for the Community Development Block Grant program falling to staff of the Economic Development office and the housing rehabilitation programs ultimately ending up at Community Action. Consequently HAWC’s development efforts will need to include elements of community

planning such as working with the County Planning department to obtain designation of revitalization areas.

It is likely that HAWC will have to go outside of the County to assemble a development team that will earn the State's highest "experience" rating or likewise to include the participation of minority and women-owned subcontractors. And with federal sources shrinking, we are going to have to be extremely creative to attract half of our financing from non-State sources.

On a more global note, Washington County needs to do everything it can to get State housing dollars spent here. We pay taxes every year and very little of the money that the State directs to housing programs makes it back here. It makes economic development sense for Washington County to identify the State-funded programs that can meet local needs and aggressively work to get them spent here at home. At the same time we can work to make sure we do housing in a way that fits local values. It should not be a question of "whether or not" to do these programs but "how" to do them. If 25 new homes at Hopewell Manor in the next year, that would represent a \$3.125 million investment. We believe Washington County can be clever enough to build housing that will earn community support. If the State's competitive criteria prove difficult for County undertakings, then our team needs to be working the political angles to get our share of the money spent here. With our community's strength in the area of cooperation, we believe government and the business community can pull this off.

Statistics

For background on HAWC programs and who we currently serve, the reader is directed to HAWC's 2010 Annual Report.

Matters Financial ...	June 30,		
	2009	2010	2011
Operating Revenues and Expenses			
Operating revenues – rents and other	\$869,967	\$946,595	\$1,059,956
Operating subsidies and grants	\$2,833,781	\$3,146,230	\$3,367,047
Depreciation expense	(\$454,455)	(\$436,561)	(\$472,843) ¹
Housing Assistance Payments	(\$2,526,303)	(\$2,713,113)	(\$2,911,069)
Other operating expenses	(\$1,134,906)	(\$1,261,101)	(\$1,323,601)
Total Operating Revenues and Expenses	<u>(\$411,916)</u>	<u>(\$317,950)</u>	<u>(\$280,510)</u>
Non-operating Revenues and Expenses			
Interest revenue	\$11,517	\$5,462	\$16,640
Interest expense	(\$42,254)	(\$44,442)	(\$74,932)
Capital contributions	\$128,714	\$965,058 ²	\$122,610
Gain (Loss) on Sale of Assets	\$0	\$0	
Total Non-operating Revenues and Expenses	<u>\$97,977</u>	<u>\$926,078</u>	<u>\$64,318</u>
Increase/(decrease) in net assets	(\$313,939)	\$608,128	(\$216,192)
Net Assets, beginning of year (Adjusted)	<u>\$11,510,979</u>	<u>\$11,197,040</u>	<u>\$11,805,168</u>
Net Assets, end of year	\$11,197,040	\$11,805,168	\$11,588,976

¹ Purchase of nine home with NCI and RTO funding made 2010 a banner year for building assets which increased depreciation in 2011.

² This is the 2010 bump in the value of assets.