

EXPANDED AGENDA

May 8, 2019

		Res #
3:30 p.m.	Public Hearing <ul style="list-style-type: none"> • Revisions to HOC’s Administrative Plan for the Housing Choice Voucher Program to Update Formatting, Correct Typographical Errors, and Add Clarity to Chapters 2 and 10 of the Plan 	
4:00 p.m.	I. <u>INFORMATION EXCHANGE</u> <ul style="list-style-type: none"> A. Resident Advisory Board B. Community Forum 	
4:30 p.m. Page 5 26	II. <u>APPROVAL OF MINUTES</u> <ul style="list-style-type: none"> A. Approval of Minutes of April 3, 2019 B. Approval of Minutes of April 3, 2019 Administrative Session C. Approval of Minutes of April 19, 2019 Special Session 	
	III. <u>CONSENT</u> <ul style="list-style-type: none"> A. None 	
4:35 p.m. Page 32	IV. <u>INFORMATION EXCHANGE (CONTINUED)</u> <ul style="list-style-type: none"> A. Report of the Executive Director B. Commissioner Exchange 	
4:45 p.m.	V. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u> <ul style="list-style-type: none"> A. None 	
4:50 p.m.	VI. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 39	A. Legislative and Regulatory Committee – <i>Com. Byrd, Chair</i> <ul style="list-style-type: none"> 1. Revisions of HOC’s Administrative Plan for the Housing Choice Voucher Program to Update Formatting, Correct Typographical Errors, and Add Clarity to Chapter 2 and 10 of the Plan 	19-49 (pg 42)
5:00 p.m. Page 56	B. Development and Finance Committee – <i>Com. Simon, Chair</i> <ul style="list-style-type: none"> 1. Approval of the Financing Plan for 900 Thayer (the “Property”); Authorization to Issue Loans to 900 Thayer Limited Partnership (the “Borrower”) for the Acquisition and Construction Financing; Approval of Bond Authorizing Resolution for the Financing and to Fund the Bond Issuance by way of Tax-Exempt Draws on the PNC Bank N.A. Real Estate Line of Credit to Substitute Previously Authorized Taxable Draws; Authorization to Issue Commitments for Permanent Financing; Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Construction and Permanent Loans 	19-50 (pg 80) 19-50 ^A (pg 84) 19-50 ^B (pg 86)
91	<ul style="list-style-type: none"> 2. Approval to Extend the Financial Advisor Contract with Caine-Mitter and Associates Incorporated (“CMA”) and Response to the Commission Regarding the Use of CMA’s Cash Flow Preparation Software 	19-51 (pg 97)
99	<ul style="list-style-type: none"> 3. Authorization to Select General Contractor for Renovation of Brooke Park Apartments in Accordance with RFP #2149 and Authorization for the Executive Director to Negotiate and Execute a Contract to Complete the Planned Renovations at the Property 	19-52 (pg 111)

Page 113	4. Approval to Select Demolition Services, Inc. (DSI) as the Demolition Contractor for Ambassador Apartments and Neuber Environmental Services, Inc. as the Demolition Contractor for Emory Grove Apartments Pursuant to IFB #2154; Authorization for the Executive Director to Execute Contracts, and Approval for Staff to Complete the Demolition of the Properties	19-53 _(pg 123)
125	5. Approval of the Acceptance of a Refinancing Loan from Sandy Spring Bank to Partially Repay a Draw on the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) for the Acquisition of 9845 Lost Knife and Approval to draw from HOC Debt Reserve Fund to Repay the Balance of the RELOC Draw	19-54 _(pg 131)
133	6. Approval to Create a Pool of Contractors to Provide Moving, Parking and Storage Services Pursuant to IFB #2152	19-55 _(pg 141)
143	7. Approval of Affordability Mix and Site Design and Authorization to Submit Site Plan for Hillandale Gateway	19-56 _(pg 168)
	VII. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
	1. None	
	VIII. <u>*FUTURE ACTION ITEMS</u>	
	None	
6:15 p.m.	<u>ADJOURN</u>	
6:30 p.m.	<u>ADMINISTRATIVE SESSION</u> <i>A closed Administrative Session will be called to order pursuant to Section 3-305(b)(3) of the General Provisions Article of the Annotated Code of Maryland</i>	

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. ***Times are approximate and may vary depending on length of discussion.***
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

INFORMATION EXCHANGE

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes

April 3, 2019

19-04

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, April 3, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:03 p.m. Those in attendance were:

Present

Richard Y. Nelson, Vice Chair
Roy Priest, Chair Pro Tem
Linda Croom
Pamela Byrd
Frances Kelleher

Absent

Jackie Simon, Chair
Edgar Rodriguez

Also Attending

Stacy L. Spann, Executive Director
Ceciley Padget
Kayrine Brown
Charlotte Mbouma
Christina Autin
Cornelia Kent
Sheryl Hammond
Derrick Thompson
Ellen Goff
Rita Harris
Ian-Terrell Hawkins
Jay Shepherd
Ian Williams

Aisha Memon, Acting General Council
Jennifer Arrington
Bonnie Hodge
Lorie Seals
Lynn Hayes
Marcus Ervin
Hyunsuk Choi
Patrick Mattingly
Ethan Cohen
Fred Swan
Sherraine Rawlins
Shauna Sorrells
Terri Fowler

Resident Advisory Board

Yvenne Caughman, Vice Chair

IT Support

Irma Rodriguez
Gabriel Taube

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Guest

Lawrence Robinson
Marsha Adebayo
Rev. Adebayo
Harvey Matthews
Mary Rooker
Bill Cook
Phillip Hough
Frank Anderson

Vice Chair Richard Y. Nelson convene the meeting due to delay of Chair Jackie Simon.

I. **Information Exchange**

Resident Advisory Board

- Yvonne Caughman, Vice Chair reported on the current activities of the Resident Advisory Board.

Community Forum

- No participants present

II. **Approval of Minutes**

- A. **Approval of Minutes of March 6, 2019** - The minutes were approved as submitted with a motion by Commissioner Kelleher and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

III. **CONSENT ITEMS**

A. Approval New Participating Lender for the Single Family Mortgage Purchase Program

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO: 19-34

RE: Approval of New Participating Lender for the Single Family Mortgage Purchase Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") approves lenders to participate in the Mortgage Purchase Program ("MPP"); and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the MPP; and

WHEREAS, Blue Ridge Bank, N.A. has applied for participation in the MPP; and

WHEREAS, Blue Ridge Bank, N.A. has satisfied the required criteria for admittance to the MPP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Blue Ridge Bank, N.A. is approved for participation in the Mortgage Purchase Program, effective immediately.

IV. **Information Exchange Continued**

Report of the Executive Director

- In addition to the Executive Director's written report, Mr. Spann informed the Board of HOC's testimony on County Bill 515. He also gave a brief update on the State's Opportunity Zone Legislation. Vice Chair Nelson requested to have a report on the Opportunity Zone at the next Development and Finance Committee meeting.

Commissioner Exchanger

- Vice Chair Nelson reported on HUD's new guidelines on Section 3. He wanted to know whether this would have any impact on HOC.
- Com. Priest had a question on HUD's RFP Moving to Work Demonstration and its impact on HOC. Mr. Spann informed the Board that Shauna Sorrells, Chief Operating Officer, and Lynn Hayes, Director of Housing Resources, have been following the implications of the procedures, and gave a brief summary.

Community Forum – Vice Chair Nelson reconvened

- Lawrence Robinson – addressed the Board concerning his status on Wait List and preference for disabled person house-whole. Lynn Hayes, Director of Housing Resources, explained the program process as it applies to preference to non-elderly disabled house-whole applicants. Further assistance was provided to Mr. Robinson in a closed meeting.
- Marsha Coleman-Adebayo – addressed the Board with a written statement regarding Macedonia Baptist Church/Moses African-American Cemetery and the conveying of the property. During her remarks Mrs. Coleman-Adebayo stated that she had received and reviewed Chair Simon's prepared remarks from the March Commission meeting and believed that Chair Simon stated that HOC had conveyed Parcel 175 to another entity. Vice Chair Nelson and Executive Director Spann stated that HOC had not conveyed Parcel 175.

Vice Chair Nelson's response, for the record...Staff reviewed the February and March Commission videos, as well as the final written statement delivered by Chair Simon at the February meeting and subsequently shared with Mrs. Coleman-Adebayo on February 13, 2019. No statement was made by the Commission about conveyance of Parcel 175 in any of those communications.

A copy of the February 6, 2019 Remarks are included as an attachment to this report.

V. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance & Audit Committee – Com. Nelson, Chair

1. Approval to Renew the Property Assistance Contract with Edgewood Management Corporation for Property Management Services at the Five HUBs for 20 Months

Charnita Jackson, Acting Property Management Director, and Sherraine Rawlins, Asset Manager, were the presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Priest and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-35

**RE: Approval to Renew Property Assistance
Contract for 20 Months**

WHEREAS, the **Housing Opportunities Commission of Montgomery County (“HOC”)** has contracted with Edgewood-Vantage Management to perform certain property assistance functions for units within five (5) HUBs, including HUB A (Arcola Towers), HUB G (Emory Grove), HUB S (Seneca Ridge), HUB T (Towne Center Place), and HUB W (Waverly House) (together, the “Property”);

WHEREAS, staff desires to renew the current property assistance contract at the Property for twenty (20) months, with a contract end date of December 31, 2020;

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute a twenty-month renewal of the property assistance contract at the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

B. Development and Finance Committee – *Com. Simon, Chair*

1. Approval to Issue a Notice to Proceed with Commencement of Construction at Elizabeth House III and the South County Regional Recreational and Aquatic Center Prior to Closing of the Construction Loan

Kayrine Brown, Chief Investment and Real Estate Officer, and Hyunsuk Choi, Senior Analyst, were the presenters.

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-36

**RE: Approval to Issue a Notice to Proceed with
Commencement of Construction at Elizabeth House III
and the South County Regional Recreational and
Aquatic Center Prior to Closing of the Construction
Loan**

WHEREAS, Elizabeth House III is a planned mixed-use residential building with mixed-income housing and public amenities ("EH III") that is one part of a larger planned mixed-use development known as Elizabeth Square; and

WHEREAS, the fee interest in EH III is owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group ("Acorn") and subject to a condominium regime (the "Condominium") that established three separate condominium units: (1) a unit comprised of the market rate apartments (the "Market Rate Condo"), (2) a unit comprised of the affordable apartments (the "LIHTC Condo"), and (3) a unit comprised of the South County Regional Recreation and Aquatic Center, a public recreational facility totaling 120,000 square feet (the "SCRRAC"), which will be operated by Montgomery County Department of Recreation, and approximately 7,411 square feet of ground floor retail intended to be leased to Holy Cross Hospital for a senior resource center and primary care facility and parking (the "Aquatic Center Condo"); and

WHEREAS, Acorn has leased (1) the Market Rate Condo to Elizabeth House III LLC, which is wholly owned by the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), (2) the LIHTC Condo to Elizabeth House III Limited Partnership, which is currently wholly owned by HOC (with the intent that a tax credit investor will ultimately be admitted as a limited partner), and (3) the Aquatic Center Condo to EH III Recreational Center LLC, which is wholly owned by HOC; and

WHEREAS, on January 10, 2018, the Commission approved \$2,957,802 of additional predevelopment funds to expedite the overall construction schedule by starting early work, which will save approximately three months in the construction schedule; and

WHEREAS, on November 7, 2018, the Commission authorized the Executive Director to sign the general contractor contract with Costello Construction ("Costello") for an amount not to exceed \$125 million for the construction of the EH III and the SCRRAC; and

WHEREAS, the selection of Costello was based on a hard bid process that allowed the most competitive pricing from bidders and their subcontractors, which assuming on a Notice to Proceed ("NTP") is incurred by April 2019; and

WHEREAS, on March 5, 2019, the Montgomery County Council approved an amendment to increase funding to HOC for the SCRRAC by \$7,076,290, which increased the County's total project commitment to HOC to \$62,346,290; and

WHEREAS, the inclusion of the SCRRAC into the overall development requires the execution of a General Development Agreement ("GDA") between the County and HOC; and

WHEREAS, staff is currently negotiating the GDA and anticipates it to be finalized by mid-April 2019, with projected execution of the GDA by the County by early June 2019; and

WHEREAS, HOC cannot close on the construction financing until the GDA is executed; and

WHEREAS, if the NTP is not provided to Costello in April 2019, Costello will not be obligated to hold their hard bid pricing; and

WHEREAS, based on the current construction environment, the hard bid pricing from Costello could increase due to the tight labor market, construction demand in the Washington Metro area, and trade tariffs; and

WHEREAS, staff is requesting approval to issue a NTP for the commencement of construction at EH III and the SCRRAC prior to closing of the construction loan in order to maintain Costello's hard bid pricing; and

WHEREAS, staff anticipates that additional funds will be required to fund the early start work completed between execution of the NTP and closing of the construction loan, and recommends that any such costs be funded from Alexander House Apartments' financing proceeds, which were previously committed to EH III by the Commission.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Elizabeth House III LLC, Elizabeth House III Limited Partnership, and EH III Recreational Center LLC, approves:

1. Issuing a Notice to Proceed to Costello Construction for the commencement of construction at Elizabeth House III and the South County Regional Recreational and Aquatic Center prior to closing of the construction loan; and
2. Funding costs incurred during the period between execution of the Notice to Proceed and closing on the construction loan from the financing proceeds from Alexander House Apartments;

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Elizabeth House III LLC, Elizabeth House III Limited Partnership, and EH III Recreational Center LLC, that the Executive Director of HOC is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

2. Approval of Structure, Cost of Issuance Budget, and Adoption of A Series Resolution for 2019 Series A and 2019 Series B Single Family Mortgage Revenue Bonds for the Purpose of Issuing New Debt and Replacement Refunding Single Family Mortgage Revenue Bonds

Kayrine Brown, Chief Investment and Real Estate Officer, and Jennifer Arrington, Assistant Director of Bond Management, were the presenters.

The following resolution was adopted upon a motion by Commissioner Kelleher and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-37

RE: Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolutions for 2019 Series A and 2019 Series B Single Family Mortgage Revenue Bonds for the Purpose of Issuing New Debt and Replacement Refunding Single Family Mortgage Revenue Bonds

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Commission has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the "Bond Resolution"), a portion of which are currently outstanding; and

WHEREAS, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Single Family Program"); and

WHEREAS, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, Maryland first time homebuyers; and

WHEREAS, financial market conditions are favorable for the Commission to issue replacement refunding bonds to recycle and preserve volume cap; and

WHEREAS, the Commission has determined to carry out the Single Family Program by issuing its 2019 Single Family Mortgage Revenue Bonds in one or more series beginning with 2019 Series A and 2019 Series B, and with each subsequent series, if any, to follow in alphabetical order (collectively, the "2019 Bonds") in a total aggregate principal amount not to exceed \$40,000,000; and

WHEREAS, the use of Private Activity Volume Cap for new debt and satisfaction of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) will be required; and

WHEREAS, in connection with the proposed issuance of the 2019 Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolutions to be adopted prior to the issuance of the 2019 Bonds (collectively, the "Series Resolution"), and the preliminary official statement to be provided to prospective purchasers of the 2019 Bonds (the "POS," and following the sale of the 2019 Bonds and the appropriate revisions reflecting the final pricing and terms of the 2019 Bonds, the "Official Statement");

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and/or authorizes the following:

1. The 2019 Bonds. The 2019 Bonds are authorized to be issued in a principal amount not to exceed \$40,000,000 to (i) replacement refund and redeem certain bonds outstanding under the Bond Resolution, (ii) make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), and (iii) if necessary, fund certain required reserves.

2. Approval of the Series Resolution and the Structure of the 2019 Bonds. The 2019 Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution which have been provided to the Commission. The Commission hereby approves the current provisions of the Series Resolution and the structure of and the security for the 2019 Bonds set forth therein and in the POS. The Executive Director is hereby authorized to approve the final form of the Series Resolution, the POS and the Official Statement prior to the issuance of the 2019 Bonds.

3. Commission Documents. The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement and any such other documents and agreements to be prepared in connection with the issuance of the 2019 Bonds (the "Commission Documents") in such forms as shall be prepared and approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission and the Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

4. Authorizing Ongoing Determinations under Commission Documents. The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the 2019 Bonds as shall be set forth in the Commission Documents.

5. Other Action. The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2019 Bonds, (ii) for the replacement refunding and redemption or repayment of prior bonds (the "Prior Bonds"), (iii) for the financing of new Mortgage Loans under the Single Family Program, (iv) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the POS, the Official Statement and any other financing documents relating to the issuance of the 2019 Bonds, and (v) for the entire period during which the 2019 Bonds are outstanding following the issuance thereof.

6. Approval of Allocation of Volume Cap. The Commission approves the allocation of approximately \$30,000,000 of Private Activity Volume Cap to complete the transaction.

7. Approval of Cost of Issuance. The Commission approves the cost of issuance budget in an amount up to \$577,000 to be incurred by the Commission in connection with the issuance of the 2019 Bonds.

8. Appointment of Financial Advisor and Bond Counsel. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2019 Bonds.

9. Action Approved and Confirmed. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the issuance and sale of the 2019 Bonds, the refunding and redemption of the Prior Bonds and the financing of newly originated Mortgage Loans approved hereby and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

10. Severability. If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

11. Effective Date. This resolution shall take effect immediately.

The following resolution was adopted upon a motion by Commissioner Kelleher and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-37^A

RE: Approval of Series Resolution Providing for the Issuance and Sale of Single Family Mortgage Revenue Bonds, 2019 Series A of The Housing Opportunities Commission of Montgomery County

The following resolution was adopted upon a motion by Chair Pro Tem Priest and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-37^B

RE: Approval of Series Resolution Providing for the Issuance and Sale of Single Family Mortgage Revenue Bonds, 2019 Series B of The Housing Opportunities Commission of Montgomery County

3. Approval to Create a Pool of General Contractors for Renovations, Unit Turns and Repairs and Replacements at Various Multifamily Properties in Accordance with RFQ #2141

Kayrine Brown, Chief Investment and Real Estate Officer, and Sheryl Hammond, Planner, were the presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Priest and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-38

RE: Approval to Create a Pool of General Contractors for Renovations, Unit Turns and Repairs & Replacements at Various Multifamily Properties In Accordance with RFQ #2141

WHEREAS, in furtherance of its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland to ensure that no one in Montgomery County is living in substandard housing, the Housing Opportunities Commission of Montgomery County, Maryland (“HOC”) is establishing a pool of pre-qualified General Contractors to perform renovations, unit turns, and repairs and replacements on an as needed basis at various multifamily units (“Multifamily Units”); and

WHEREAS, HOC owns and operates various multifamily properties throughout Montgomery County, which require differing level of rehabilitation, including full unit renovation (“Unit Renovations”); and

WHEREAS, all Multifamily Units in the portfolio will require some level of renovation upon tenant turnover to prepare the unit for new leases (“Unit Turns”), but such renovation is not expected to be comprehensive nor be completed at the level anticipated for Unit Renovations; and

WHEREAS, all Multifamily Units in the portfolio will require some level of repairs and replacements of various items throughout occupancy and upon tenant turnover to prepare the unit for new leases (“Repairs & Replacements”), but such renovation is not expected to be comprehensive nor be completed at the level anticipated for Unit Renovations or Unit Turns; and

WHEREAS, to meet the comprehensive Unit Renovations and the ongoing Unit Turns and Repair & Replacement maintenance needs of the Multifamily Units, staff proposed creating a pool of General Contractors to perform required construction services, and as a consequence issued Request for Qualifications No. 2141 (the “RFQ”) on November 21, 2018, soliciting proposals from General Contractors interested in providing these services on an as-needed basis; and

WHEREAS, proposals were timely received from 19 firms and evaluated with numerical points allocated as outlined in the RFQ for Qualifications (50%), Management & Operations Skills (40%), Brochures & Supporting Material (10%); and

WHEREAS, applying the criteria described above to the Unit Renovations submissions, the following 17 firms received a score of 50 or higher: CBG Building Company, LLC; Centennial Contractors Enterprises; D&A Contractors, Inc.; Taurus Renovation & Construction; Visionary Construction Consultants; Colossal Contractors, Inc.; Moseley Construction Group; Inspection Experts, Inc. (IEI); CBP Constructors, LLC; SNG Engineering, Inc.; Consolidated Commercial Services, LLC; JB Contracting, Inc.; OMF Contractors, Inc.; Sago

Building Management, LLC; SFMS, LLC t/a Superior Facilities Management Services; Atlantida Builders, Inc., and Kinzo, Inc.; and

WHEREAS, applying the criteria described above to the Unit Turns submissions, the following 14 firms received a score of 50 or higher: D&A Contractors, Inc.; Taurus Renovation & Construction; Visionary Construction Consultants; Colossal Contractors, Inc.; Moseley Construction Group; Inspection Experts, Inc. (IEI); SNG Engineering, Inc.; Consolidated Commercial Services, LLC; JB Contracting, Inc.; OMF Contractors, Inc.; Sago Building Management, LLC; SFMS, LLC t/a Superior Facilities Management Services; Atlantida Builders, Inc., and Kinzo, Inc.; and

WHEREAS, applying the criteria described above to the Repairs & Replacements submissions, the following 16 firms received a score of 50 or higher: D&A Contractors, Inc.; Taurus Renovation & Construction; Visionary Construction Consultants; Colossal Contractors, Inc.; Moseley Construction Group; Inspection Experts, Inc. (IEI); SNG Engineering, Inc.; Consolidated Commercial Services, LLC; JB Contracting, Inc.; OMF Contractors, Inc.; Sago Building Management, LLC; SFMS, LLC t/a Superior Facilities Management Services; BM Contracting, LLC; Atlantida Builders, Inc., Kinzo, Inc.; and Fayffer & Son's Construction Co., Inc.; and

WHEREAS, staff will then solicit bids from contractors within the appropriate pool based on the following criteria: pricing; project schedule; firm's capacity and staff availability; prior experience with the Agency; prior experience with Section 3; and certification(s) for MWE/MBE/DBE/SBE acceptable to the Commission; and

WHEREAS, funding will be from the respective properties' current and future Commission-approved capital and operating budgets.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to negotiate and execute contracts with: CBG Building Company, LLC; Centennial Contractors Enterprises; D&A Contractors, Inc.; Taurus Renovation & Construction; Visionary Construction Consultants; Colossal Contractors, Inc.; Moseley Construction Group; Inspection Experts, Inc. (IEI); CBP Constructors, LLC; SNG Engineering, Inc.; Consolidated Commercial Services, LLC; JB Contracting, Inc.; OMF Contractors, Inc.; Sago Building Management, LLC; SFMS, LLC t/a Superior Facilities Management Services; Atlantida Builders, Inc., and Kinzo, Inc.; to create a pool of General Contractors to provide Unit Renovations services as-needed for annual zero-dollar contracts, and that such contracts shall be for an initial two-year term with three optional one year renewals for a maximum term of five years.

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to negotiate and execute contracts with: D&A Contractors, Inc.; Taurus Renovation & Construction; Visionary Construction Consultants; Colossal Contractors, Inc.; Moseley Construction Group; Inspection Experts, Inc. (IEI); SNG Engineering, Inc.; Consolidated Commercial Services, LLC; JB Contracting, Inc.; OMF Contractors, Inc.; Sago Building Management, LLC; SFMS, LLC t/a Superior Facilities Management Services; Atlantida Builders, Inc., and Kinzo, Inc.; to create a pool of General Contractors to provide Unit Turns services as-needed for annual zero-dollar contracts, and that such contracts shall be for an initial two-year term with three optional one year renewals for a maximum term of five years.

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to negotiate and execute contracts with: D&A Contractors, Inc.; Taurus Renovation & Construction; Visionary Construction Consultants; Colossal Contractors, Inc.; Moseley Construction Group; Inspection Experts, Inc. (IEI); SNG Engineering, Inc.; Consolidated Commercial Services, LLC; JB Contracting, Inc.; OMF Contractors, Inc.; Sago Building Management, LLC; SFMS, LLC t/a Superior Facilities Management Services; BM Contracting, LLC; Atlantida Builders, Inc., Kinzo, Inc.; and Fayffer & Son's Construction Co., Inc.; to create a pool of General Contractors to provide Repair & Replacement services as-needed for annual zero-dollar contracts, and that such contracts shall be for an initial two-year term with three optional one year renewals for a maximum term of five years.

BE IT FURTHER RESOLVED that The Housing Opportunities Commission of Montgomery County authorizes staff to solicit bids from contractors within the appropriate pool based on the following criteria: pricing; project schedule; firm's capacity and staff availability; prior experience with the Agency; prior experience with Section 3; and certification(s) for MWE/MBE/DBE/SBE acceptable to the Commission.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the funding from current and future Commission-approved capital and operating budgets for each property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that if a General Contractor's proposed aggregate scope of work for Unit Renovations exceeds the Executive Director's \$250,000 authorization limit, staff must return to the Commission for approval prior to awarding a contract.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

4. Approval to Create and Select Firms for A Qualified Pool of Real Estate Counsel in Accordance with RFQ #2150; Authorization to Execute Agreements for Service with Selected Firms; Approval to Engage Selected Firms; and Authorization to Pay for Services

Aisha Memon, Acting General Counsel, was the presenter.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, Byrd, and Kelleher. Commissioner Rodriguez was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-39

RE: Approval to Create and Select Firms for A Qualified Pool of Real Estate Counsel in Accordance with RFQ #2150; Authorization to Execute Agreements for Service with Selected Firms; Approval to Engage Selected Firms; and Authorization To Pay for Services

WHEREAS, in May 2014, HOC approved the creation of a pool of legal counsel for real estate legal services to ensure efficient and effective management of its real estate legal concerns, and authorized staff to enter into contracts for a two-year period with three one-year renewals, which will expire as early as May 2019;

WHEREAS, HOC continues to engage in numerous real estate transactions that are time-sensitive in nature and require additional legal support from outside firms;

WHEREAS, in order to continue to have adequate legal support and in accordance with HOC's Procurement Policy staff issued a Request for Qualifications for Real Estate Legal Services (RFQ #2150) on February 9, 2019 (the "**RFQ**");

WHEREAS, the RFQ requested that firms submit qualifications to perform legal services in at least one of the following areas of service: (1) General Real Estate Transactions, (2) Land Use and Zoning, (3) Construction, (4) Real Estate Finance and Lending, (5) Environmental, (6) General Tax, (7) Affordable Housing, (8) Real Estate Transactions Utilizing Tax Credits, (9) Business and Corporate Transactions, (10) Tax-Exempt Bond Transactions, and (11) Fair Housing Law ("**Area of Service**");

WHEREAS, thirteen firms responded to the RFQ and an Evaluation Committee comprised of three (3) staff members evaluated the proposals based on a numerical scoring system outlined in the RFQ;

WHEREAS, the Evaluation Committee recommends that a total of twelve (12) firms (each a "**Qualified Firm**", together the "**Qualified Firms**") be included in a qualified pool of real estate legal counsel that is separated into each Area of Service (the "**Qualified Pool**");

WHEREAS, staff recommends that for each Area of Service preference be given to Qualified Firms selected for such Area of Service, but that staff retain flexibility to select a Qualified Firm not listed in an Area of Service if cost, time, or other efficiencies exist;

WHEREAS, staff recommends that the Commission enter into an Agreement for Service with each Qualified Firm for a term of two years with three one-year renewals to enable staff to engage the Qualified Firms on an as-needed basis throughout all phases of a project's development and operations; and

WHEREAS, Qualified Firms engaged by HOC staff will be paid from either a project's approved development budget or, if a budget as not yet been approved, from the Real Estate Working Capital Operating Fund (up to \$350,000), which will be repaid once a development budget has been approved.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the creation of the Qualified Pool and the selection of the Qualified Firms into each Area of Service as shown below:

- A. General Real Estate:
 - Kutak Rock LLP
 - Holland & Knight LLP
 - Reno & Cavanaugh PLLC
 - Gallagher Evelius & Jones LLP
 - Ballard Spahr LLP
 - Shulman Rogers

Lerch, Early & Brewer, Chtd.
Klein Hornig LLP
Linowes and Blocher LLP
Selzer Gurvitch Rabin Wertheimer Polott & Obecny, P.C.

- B. Land Use and Zoning:
Lerch, Early & Brewer, Chtd.
Linowes and Blocher LLP
Shulman Rogers
Ballard Spahr LLP
Schnader Harrison Segal & Lewis LLP
- C. Construction:
Kutak Rock LLP
Shulman Rogers
Schnader Harrison Segal & Lewis LLP
- D. Real Estate Finance and Lending:
Kutak Rock LLP
Hessel, Aluise and Neun, PC
Reno & Cavanaugh PLLC
Ballard Spahr LLP
Gallagher Evelius & Jones LLP
Holland & Knight LLP
Klein Hornig LLP
Selzer Gurvitch Rabin Wertheimer Polott & Obecny, P.C.
Lerch, Early & Brewer, Chtd.
Linowes and Blocher LLP Shulman Rogers
- E. Environmental:
Kutak Rock LLP
Schnader Harrison Segal & Lewis LLP
Linowes and Blocher LLP
Holland & Knight LLP
Ballard Spahr LLP
- F. General Tax:
Kutak Rock LLP
Ballard Spahr LLP
Gallagher Evelius & Jones LLP
Selzer Gurvitch Rabin Wertheimer Polott & Obecny, P.C.
Lerch, Early & Brewer, Chtd.
Klein Hornig LLP
Holland & Knight LLP
Shulman Rogers
- G. Affordable Housing:
Reno & Cavanaugh LLP
Hessel, Aluise and Neun, PC Ballard Spahr LLP

Gallagher Evelius & Jones LLP

- H. Real Estate Transactions Utilizing Tax Credits:
 - Reno & Cavanaugh LLP
 - Kutak Rock LLP
 - Ballard Spahr LLP
 - Klein Hornig LLP
 - Gallagher Evelius & Jones LLP
 - Holland & Knight LLP

- I. Business and Corporate Transactions:
 - Holland & Knight LLP
 - Kutak Rock LLP
 - Selzer Gurvitch Rabin Wertheimer Polott & Obecny, P.C.
 - Ballard Spahr LLP
 - Shulamn Rogers
 - Reno & Cavanaugh LLP
 - Gallagher Evelius & Jones LLP

- J. Tax-Exempt Bond Transactions:
 - Kutak Rock LLP
 - Holland & Knight LLP
 - Ballard Spahr LLP
 - Reno & Cavanaugh LLP

- K. Fair Housing Law:
 - Ballard Spahr LLP
 - Klein Hornig LLP
 - Reno & Cavanaugh LLP

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves that preference be given to Qualified Firms selected for each Area of Service, but that staff retain flexibility to select a Qualified Firm not listed in an Area of Service if cost, time, or other efficiencies exist.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to execute an Agreement for Services with each Qualified Firm for a term of two years with three one-year renewals.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes staff to engage Qualified Firms from the Qualified Pool on an as-needed basis for legal services required by a project throughout all phases of development or operation of such project.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes payment for engaged legal services from the Qualified Pool from either a project's approved development budget or, if a budget has not yet been approved, from the revolving Real Estate Working Capital Operating Fund (up to \$350,000), to be repaid once a development budget is approved.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

5. Authorization for the Executive Director to Enter into a Contract with Hooten Construction Company for the Renovation of 880 Bonifant Street Property to Serve as the new Silver Spring Customer Service Center

Zachary Marks, Director of Development, and Marcus Ervin, Housing Acquisition Manager, were the presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Priest and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Croom, Byrd, and Kelleher. Vice Chair Nelson abstained. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-40

RE: Authorization for the Executive Director to Enter Into a Contract with Hooten Construction Company for the Renovation of 880 Bonifant Street Property to Serve as the New Silver Spring Customer Service Center

WHEREAS, in furtherance of its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland, the Housing Opportunities Commission of Montgomery County (“HOC”) intends to renovate the property known as 880 Bonifant (the “Property”) to serve as the new Silver Spring Customer Service Center; and

WHEREAS, the Property, located at 880 Bonifant Street, Silver Spring, MD, consists of an existing 4-story 12,000 square foot office building on 3,720 square feet of land near the intersection of Bonifant and Fenton Streets in Silver Spring, MD; and

WHEREAS, on May 2, 2018, the Commission approved funding up to \$4,500,000 from the County Revolving MPDU/PAF fund for the acquisition of the Property (the “Initial Funding”); and

WHEREAS, On August 20, 2018, the Commission completed the acquisition of the Property and proceeded with the design, entitlement, and procurement for a general contractor; and

WHEREAS, staff developed a scope of work with its architect, Karl Riedel Architecture, PC, to demolish existing partitions and finishes, fit out for new office spaces, improve the building’s façade, construct an accessible entry ramp, and other miscellaneous work; and

WHEREAS, due to the time sensitive nature of the project (requiring relocation of staff into 880 Bonifant by August-2019), the total budget expiring County building permits, and other factors staff engaged in an emergency procurement in accordance with HOC’s procurement policy; and

WHEREAS, pursuant to the emergency procurement, Hooten Construction Company (“Hooten”) was found to have the best value and delivery method, and staff recommends entering into a contract with Hooten for up to \$1,127,900; and

WHEREAS, there are insufficient funds remaining in the Initial Funding to complete the renovation of the Property, and staff requests that the Commission draw an additional \$55,279 from the County Revolving MPDU/PAF fund.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the scope of work for renovation of the Property is approved and the Executive Director is authorized to award a contract to Hooten Construction Company as contractor for the proposed renovations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to execute a contract with Hooten Construction Company for an amount up to \$1,127,900 and that such funding will be partially provided from previously secured funding under the County Revolving MPDU/PAF fund.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to draw an additional \$55,279 from the County Revolving MPDU/PAF fund to complete the Property renovations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, without limitation, the negotiation and execution of related documents.

C. Legislative and Regulatory Committee – Com. Byrd, Chair

1. Revisions to HOC’s Administrative Plan for the housing Choice Voucher Program to Update Formatting, Contract Typographical Errors, and Add Clarity to Chapter 1, 2, 5, and 6 of the Plan

Ethan Cohen, Housing Programs Coordinator, and Lynn Hayes, Director of Housing Resources,, were the presenters.

The following resolution was adopted upon a motion by Commissioner Croom and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-41

RE: Revisions to HOC’s Administrative Plan for the Housing Choice Voucher Program to Update Formatting, Correct Typographical Errors, and Add Clarity to Chapters 1, 2, 5, and 6 of the Plan

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) desires to revise its Administrative Plan for the Housing Choice Voucher Program (the “Plan”) to update formatting, correct typographical errors, and add clarity to Chapters 1, 2, 5, and 6 of the Plan (the “Revisions”), as identified in the revised Plan attached hereto as Exhibit A; and

WHEREAS, a public comment period for the Revisions began on February 4, 2019 and concluded on April 3, 2019 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the Revisions, as identified in the revised Plan attached hereto as Exhibit A;

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the actions contemplated herein.

2. Authorization to Submit HOC's Fiscal Years 2020-2024 Five Year Public Housing Agency Plan

Ethan Cohen, Housing Programs Coordinator, was the presenter.

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Nelson, Priest, Croom, Byrd, and Kelleher. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-42

**RE: Authorization to Submit HOC's
Fiscal Years 2020-2024 Five-Year Public
Housing Agency Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") seeks to implement the mandatory Annual and Five-Year PHA Plan requirements of the Quality Housing and Work Responsibility Act of 1998 (QHWRA); and

WHEREAS, the submission of the FY 2020-2024 Five-Year PHA Plan was prepared in accordance with 24 CFR Part 903 regulations and requirements for submission to the U.S. Department of Housing and Urban Development ("HUD"); and

WHEREAS, HOC worked in collaboration with HOC's Resident Advisory Board to obtain recommendations in the development of the proposed Five-Year PHA Plan Submission; and

WHEREAS, HOC obtained certification from local government officials that the proposed Five-Year PHA Plan Submission is consistent with the jurisdiction's Consolidated Plan; and

WHEREAS, HOC will conduct a Public Hearing on April 3, 2019 to obtain public comments regarding the proposed Five-Year PHA Plan Submission; and

WHEREAS, HOC has considered all comments and recommendations received and has incorporated all relevant changes in the proposed Five-Year PHA Plan Submission.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the FY 2020-2024 Five-Year PHA Plan and its submission to HUD no later than April 17, 2019, as required by federal regulation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the activities contemplated herein.

VI. **ITEMS REQUIRING DELIBERATION and/or ACTION**

1. **Presentation of the Executive Director's FY 20 Recommended Budget** – Cornelia Ken, Chief Financial Officer, and Terri Fowler, Budget Officer, presented to the Board the recommended Budget. No action necessary.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:07 p.m. and reconvened in closed session at approximately 5:15 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on April 3, 2019 at approximately 5:15 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section(s) 3-305(b)(13) to discuss the funding, structuring, and development of a potential real estate transaction, and the organization, structuring, and operation of another potential real estate transaction..

The meeting was closed on a motion by Chair Pro Tem Priest, seconded by Commissioner Croom, with Commissioners Nelson, Priest, Croom, Byrd, and Kelleher unanimously voting in approval. Commissioners Simon and Rodriguez were necessarily absent and did not participate in the vote. The following persons were present during the closed session: Jackie Simon (arrived late), Richard Y. Nelson, Jr., Roy Priest, Linda Croom, Pamela Byrd, Frances Kelleher, Stacy Spann, Shauna Sorrells, Aisha Memon, Eamon Lorinez, Kayrine Brown, Christina Autin, Kathryn Hollister, Zachary Marks, Marcus Ervin, Cornelia Kent, Jay Shepherd, and Patrice Birdsong.

In closed session, the Commission discussed the following topic: the funding, structuring, and development of a potential real transaction, and the organization, structuring, and operation of another potential real estate transaction. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 19-45AS¹ and Resolution 19-45AS² with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Linda Croom, and Frances Kelleher voting in approval, which approved the following: execution of a ground lease for property located in Silver Spring, MD; execution of an agreement to provide for the oversight of design, development, and construction services ; the selection of an architect; a loan from the Opportunity Housing Reserve Fund (OHRF) to be secured by a first deed of trust on the land underlying the ground lease; and to draw on the PNC Bank, N.A. line of credit to fund the architect contact. Commissioner Pamela Byrd abstained. Commissioner Edgar Rodriguez was necessarily absent and did not participate in the vote.

2. With a quorum present, the Commission duly adopted Resolution 19-46AS with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Linda Croom, Pamela Byrd, and Frances Kelleher voting in approval, which approved the following: formation of a joint redevelopment entity; execution of the operating agreement for the joint redevelopment entity; formation of a single-purpose entity; transfer of property title to the single-purpose entity; and the contribution and assignment of ownership interests to the joint redevelopment entity. Commissioner Edgar Rodriguez was necessarily absent and did not participate in the vote.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Attachment

1 – February 2019 Commission Meeting Remarks – Chair Simon



Commission Meeting – February 6, 2019
Commissioner Simon Remarks

As we begin tonight's Commission meeting, we reiterate our support for memorialization of the Moses Cemetery. While the Macedonia Baptist Church and its supporters would like the parcel to be turned over, this is not the course of action that HOC proposes.

For HOC's part, we believe there are more viable options for memorialization, and we reaffirm our commitment to working with the Church and other stakeholders such as the Parks Department, prospective owner of a parcel that was once part of the Moses Cemetery and we know that they too support and intend to memorialize the cemetery. The form of memorialization has not been determined. For our part, we strongly believe that the path forward, should be a unified one.

HOC strongly believes we are all capable of and should work together to develop a plan.

In hope of successful collaboration on this issue, staff has asked the Church to suggest dates to meet. As you are aware, Staff has a request to the County Executive to convene the stakeholders and help move the dialogue forward.

As always, the Commission provides time on its agenda for members of the public to present to Commissioners.

While we welcome and value community participation, we ask everyone to recognize the time boundaries of this meeting and the 3-minute limit for each speaker so that we can carry out the affordable housing items on tonight's agenda.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Special Session Minutes

April 19, 2019

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted on Friday, April 19, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 12:39 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Vice Chair
Roy Priest, Chair Pro Tem
Pamela Byrd
Frances Kelleher

Absent

Linda Croom
Edgar Rodriguez (resigned effective April 8, 2019)

Also Attending

Stacy Spann, Executive Director
Cornelia Kent
Kayrine Brown
Erik Smith
Bonnie Hodge
Kathryn Hollister
Marcus Ervin

Aisha Memon, Acting General Council
Eamon Lorinez
Zachary Marks
Lynn Hayes
Ellen Goff
Vivian Benjamin

I. COMMITTEE REPORTS and RECOMMENDATION FOR ACTION

A. Legislative and Regulatory Committee – *Com. Byrd, Chair*

1. Authorization to Implement Voucher Payment Standards Based on HUD FY 2019 Small Area Fair Market Rents

Lynn Hayes, Director of Housing Resources, was the presenter.

The foregoing resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Byrd, and Kelleher. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-43

**RE: Authorization to Implement
Voucher Payment Standards Based on HUD FY 2019
Small Area Fair Market Rents**

WHEREAS, the regulations of the U.S. Department of Housing and Urban Development (“HUD”) require that the Housing Opportunities Commission of Montgomery County (“HOC”) establish and implement new Voucher Payment Standards (“VPS”) annually for use in HOC’s administration of the Housing Choice Voucher Program; and

WHEREAS, the establishment of these VPS must be based upon a percentage between 90 and 110 percent of the HUD Small Area Fair Market Rents (SAFMR) for the given fiscal year.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County establishes the Voucher Payment Standards for FY 2019 as shown on Exhibit A.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the activities contemplated herein.

II. ITEMS REQUIRING DELIBERATION and/or ACTION

- 1. Approval to Buyout the Limited Partnership (“LP”) Interest from M&T Bank for The Metropolitan, Strathmore Court, Georgian Court, and The Barclay Apartments and Authorization to Use Funds Previously Approved for The Metropolitan to Complete the Buyback of the LP Interest for all Four Properties**

Marcus Ervin, Housing Acquisition Manager, was the presenter.

The foregoing resolution was adopted upon a motion by Vice Chair Nelson and seconded by Chair Pro Tem Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Byrd, and Kelleher. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-47

RE: Approval to Buyout the Limited Partnership (“LP”) Interests from M&T Bank for The Metropolitan, Strathmore Court, Georgian Court, and The Barclay Apartments, and Authorization to Use Funds Previously Approved for The Metropolitan to Complete the Buyback of the LP Interests for the Four Properties

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), or its wholly-owned and controlled affiliate, serve as the general partner (the “HOC GPs”) in a number of partnerships that own and operate affordable properties financed by LIHTC equity, where the initial 15-year compliance periods associated with the properties’ LIHTC financing have expired or are expiring in the near future (“Year 15 Properties”); and

WHEREAS, HOC wishes to acquire full ownership of the Year 15 Properties so that it may reinvest in and preserve the inventory of affordable housing at these locations, and so that it may eliminate its ongoing financial exposure under the current limited partnership agreements between HOC GPs and the LIHTC investors; and

WHEREAS, the Commission has negotiated an acquisition price of \$750,000, plus legal expenses in the amount of \$5,000, for the limited partner (“LP”) interests currently held by M&T Bank (“M&T”) in four (4) Year 15 Properties where HOC is the general partner: Strathmore Court (“Strathmore”), Georgian Court (“Georgian”), The Metropolitan (“Metropolitan”), and Barclay Apartments (“Barclay”) (collectively referred to herein as “the Properties”); and

WHEREAS, HOC desires to acquire the LP interest of the Properties through a previously formed wholly-owned Commission single purpose entity known as HOC YR15 LLC; and

WHEREAS, in order to fund the acquisition of the LP interests of the Properties, HOC wishes to utilize cash previously set aside to buy back the Metropolitan LP interest, and increase the amount by \$25,000 to a total of \$750,000, all of which will come from the Metropolitan Development Corporation cash reserves;

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on its own behalf and on behalf of HOC YR15 LLC, that it approves acquiring the limited partner interests in Strathmore, Georgian, Metropolitan and Barclay for \$750,000 plus \$5,000 in legal expenses.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves utilizing cash previously set aside to buy back the Metropolitan limited partner interest, and increase the amount by \$25,000 to a total of \$750,000, all of which will come from the Metropolitan Development Corporation cash reserves.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the general partner of Strathmore, Georgian, Metropolitan, and Barclay, approves amending, if necessary, the existing limited partnership agreements at the Properties to reflect the new ownership structure.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that the Executive Director is authorized, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

Special Session
April 19, 2019
Page 4 of 4

Based upon this report and there being no further business to come before this Special Session of the Commission, a motion was made and unanimously adopted to adjourn.

The meeting adjourned at 12:58 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Consent

INFORMATION EXCHANGE

HOC and Partners Celebrate Topping Out at 900 Thayer



On Thursday, April 11, 2019, HOC and partners celebrated the topping out of 900 Thayer. The topping out ceremony celebrates the placement of the building’s highest beam, representing a significant milestone in construction.

On track for completion by late 2019, 900 Thayer is a transit-oriented, mixed-income property located in the heart of Silver Spring, Maryland. Positioned just steps from the proposed Purple Line light rail and less than half a mile from the Silver Spring Transit Center, 900 Thayer will connect families to some

of the best educational, recreational and employment opportunities that Montgomery County has to offer.

HOC Commission Chair Jackie Simon, Commissioner Fran Kelleher, Executive Director Stacy Spann and HOC staff were on-site for the topping out ceremony and joined by members of the 900 Thayer development team, including representatives from the Concourse Group, CBG Building and KTGy.

When 900 Thayer opens later this year, 84 of the 124 units will be deeply affordable and serve as relocation housing for Public Housing residents through HUD’s Rental Assistance Demonstration program. We look forward to the completion of 900 Thayer and the connections it will provide to families living in downtown Silver Spring – recognized by Harvard academics as a leading community for offering low-income children the greatest opportunity for upward economic mobility.



HOC and Partners Celebrate Upton II Groundbreaking

On Monday, April 29, 2019, community leaders and partners joined with HOC to celebrate the groundbreaking of Upton II, Phase II of the Rockville Town Center. Located less than a block from the Rockville metro station, Upton II is a prime example of how HOC collaborates with community partners and developers to preserve and increase amenity rich affordable housing in Montgomery County.

Representatives from partnering entities as well as government officials participated in the groundbreaking ceremony. Among those offering remarks were Montgomery County Executive Mark Elrich, City of Rockville



Mayor Bridget Donnell Newton, HOC Chair Jackie Simon, and Joan Kleinman who represents the office of Senator Chris Van Hollen. Also present were representatives from Duball, LLC, Daiwa House Group and Victory Housing.

Situated on a 1.5-acre lot, the 18-story Upton II will be a mixed-use development that brings 135 affordable residential units for seniors to the heart of downtown Rockville. Units at the Upton II will provide replacement housing for residents at the aging Town Center Apartments located only blocks away. The

development will also feature a multifamily component with 250 market-rate units, 600 parking spaces and some 19,000 square feet of ground-level retail. For HOC, the groundbreaking of Upton II is a significant milestone that demonstrates the power of collaboration and aligns with the agency's mission to increase and preserve affordable housing in mixed-income communities. Upton II is scheduled for completion in the third quarter of 2021 and will complete the centerpiece of downtown Rockville.

After School Youth STEM Activities Wrap Up

In April, HOC Academy afterschool STEM programs concluded the school year with activities that allowed students to showcase all they had learned. The STEM Club at Georgian Court, which ended April 3, provided weekly opportunities for STEM-excelling high school students from Richard Montgomery High School to engage younger students in science based learning projects. The STEAM Pop-Up program, presented in partnership with Mad Science, provided elementary and middle school students with age-appropriate learning activities designed to increase their understanding of chemistry, biology and other science subjects. Also, students in grades 8 – 10 in HOC's Media Club wrote, directed, recorded and acted in their own short films. Media Club participants also had the opportunity to direct, film and produce interviews. Through these programs, HOC Academy not only provides a supervised atmosphere for young people after school, but also reinforces STEM education outside of the classroom. Moreover, the cost of STEM camps and programs is often out of reach for families served by HOC. These camps make low- to no-cost STEM programming available throughout the year at locations convenient to our communities, helping to close the learning gap and increase educational equity here in Montgomery County.

HOC Academy Hosts Weekend STEM Workshop for Students



On Saturday, April 6, 2019, HOC Academy hosted a STEM robotics workshop for middle school students. The workshop was presented in partnership with the Metro Warriors STEM Organization, which provided the curriculum, equipment, and facilitated the learning experiences.

Metro Warriors administers programs that expose often underrepresented students to STEM. They help students learn how Science, Technology, Engineering and Math relate to the world around them and discover the excitement of self-development, academic excellence, leadership, technical development, project-based learning and teamwork.

Students spent five hours learning to code and build robots, then spent two hours in interactive competitions with their robots. This event, designed to spark interest in robotics, coding and engineering, is yet another example of HOC's commitment to making STEM programming accessible to students regardless of their socioeconomic circumstances. Early exposure to STEM programming is key for students who later attend college and pursue technical degrees and careers.

Bring Your Child to Work Day



On Thursday, April 25, 2019, HOC welcomed more than 60 youth to Kensington Headquarters for Bring Your Child to Work Day. The national event provides an opportunity for youth to see what a parent or mentor in their lives does during the work day.

In preparation for the event, HOC staff created programming for young people with the theme, "Workforce Development." On the day of the event, youth were separated into younger and older age groups, and were encouraged to meet and interact with peers.

Participants created and presented career vision boards, illustrated poster boards that described how they hope to serve their community, and also participated in an interactive workplace email etiquette workshop. In addition, HOC provided breakfast, lunch and youth answered trivia questions to win HOC bucks to be exchanged for prizes.

Bring Your Child to Work Day helps children across the nation discover the power and possibilities associated with a balanced work and family life, as well as reinforces HOC's commitment to being a family-friendly employer. This national, public education program connects what children learn at school with the working world. Many thanks to all staff volunteers who participated to make this event a success and enjoyable for our young visitors.

Fall Prevention Program Emphasizes Senior Mobility

On Monday, April 15, 2019, HOC concluded a three-session Stepping On workshop at Forest Oak Towers' Community Room. Presented in partnership with Montgomery County's Department of Health and Human Services, the workshops were facilitated by English and Mandarin-speaking instructors. Workshop facilitators discussed safety, strengthening exercises, mobility and balance improvement. More than 30 residents attended each of the three sessions, and on the final session, each participant shared two best practices that they have learned and how they can incorporate what they have learned into their daily lifestyles. Maintaining an active lifestyle is key to sustaining independence, especially for seniors, who often experience mobility limitations. Senior activities are an integral part of the programming at HOC, helping position aging customers for continued independent living through on-site opportunities for socialization and recreation.

Smart Phone and Computer Navigation Workshop

HOC hosted a series of computer coaching and smart phone navigation workshops in April at Forest Oak Towers' computer lab. The workshops were open to HOC customers, and afforded participants the opportunity to learn basic computer skills and smart phone functions, such as sending emails, browsing the Internet and how to use some of today's most popular applications. HOC resident counselors provided participants with general tips and also connected them with resources to troubleshoot technology challenges. Many residents were able to get specific challenges addressed in a judgment-free zone, and learned how technology can help them accomplish goals associated with day-to-day life. Increasing tech savviness helps users, including many seniors, feel safer and take advantage of health tracking and other useful apps.

Administrative and Special Session Ratifications

Committee Reports and Recommendations for Action

Legislative and Regulatory Committee

**REVISIONS OF HOC'S ADMINISTRATIVE PLAN
FOR THE HOUSING CHOICE VOUCHER PROGRAM
TO UPDATE FORMATTING, CORRECT TYPOGRAPHICAL ERRORS, AND
ADD CLARITY TO CHAPTERS 2 AND 10 OF THE PLAN.**

MAY 8, 2019

- The Code of Federal Regulations (CFR) requires Public Housing Agencies (PHAs) to adopt written plans and policies that describe the federal regulations and establish local policies for administration of the voucher programs of the given PHA. For the Housing Choice Voucher (HCV) program, this governing document is the Administrative Plan.
- The CFR also requires that PHAs revise their Administrative Plan as needed in order to comply with federal requirements. Optional changes unique to a specific PHA may also be added, provided they do not conflict with federal regulations.
- At this time, HOC has developed proposed revisions to its Administrative Plan that will update formatting, correct typographical errors, and add clarity to Chapters 2 and 10 of the Plan.
- A public comment period for this proposed revision began on April 1, 2019 and will conclude on May 8, 2019 with a public hearing at HOC's Kensington office.
- Staff is requesting that the Commission adopt the proposed revisions to HOC's Administrative Plan.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Lynn Hayes Division: Housing Resources Ext. 9622
 Renee Harris Client Services Ext. 9641
 Ethan Cohen Compliance Ext. 9764
 Darcel Cox Compliance Ext. 9427

RE: Revisions to HOC’s Administrative Plan for the Housing Choice Voucher Program to Update Formatting, Correct Typographical Errors, and Add Clarity to Chapters 2 and 10 of the Plan.

DATE: May 8, 2019

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To request that the Housing Opportunities Commission of Montgomery County accept the recommendation of the Legislative and Regulatory Committee to adopt revisions to HOC’s Administrative Plan for the Housing Choice Voucher program to update formatting, correct typographical errors, and add clarity to Chapters 2, and 10 of the Plan (the “Revisions”), and authorize the Executive Director, or his designee, to implement the revisions to the Administrative Plan for the Housing Choice Voucher Program (“Administrative Plan”).

BACKGROUND:

As policies and provisions change at the federal, state, and local levels, HOC revises its Administrative Plan for the Housing Choice Voucher program. These revisions ensure that HOC’s voucher program remains in compliance with the regulations governing its jurisdiction, Montgomery County. As a result of this revision process, most changes to the Administrative Plan are made on an as-needed and piece-meal basis. This has left the language in the various chapters of the Administrative Plan somewhat disjointed and incongruous.

To help correct the disorder which exists in the Administrative Plan, staff from HOC’s Housing Resources Division and Compliance Department are beginning a long-term project to update the entirety of the Plan. Accordingly, at this time, staff proposes the attached revisions to update formatting, correct typographical errors, and add clarity to Chapters 2 and 10 of the Administrative Plan. The detailed changes are provided in Exhibit A.

As part of the process for making revisions to a PHA's Administrative Plan, public comment is required. Accordingly, HOC provided a 30-day public comment period which concludes with a public hearing on May 8, 2019, on the Administrative Plan revisions. During the comment period, HOC made a draft of the proposed revisions to the Administrative Plan available on the Agency's website as well as in hard copy form at all four of HOC's primary offices. Also during the comment period, HOC staff met and discussed these proposed revisions with HOC's Resident Advisory Board (RAB), seeking the RAB's comments and endorsement of these proposed changes. Notice of the comment period and public hearing were advertised in a local newspaper in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to accept the recommendation of the Legislative and Regulatory Committee to adopt revisions to HOC's Administrative Plan for the Housing Choice Voucher program to update formatting, correct typographical errors, and add clarity to Chapters 2 and 10 of the Plan (the "Revisions"), and authorize the Executive Director, or his designee, to implement the revisions to the Administrative Plan for the Housing Choice Voucher Program ("Administrative Plan")?

PRINCIPALS:

Housing Resources Division
Client Services Department
Compliance Department

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on March 20, 2019. For Commission action on May 8, 2019.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County accept the recommendation of the Legislative and Regulatory Committee to adopt revisions to HOC's Administrative Plan for the Housing Choice Voucher program to update formatting, correct typographical errors, and add clarity to Chapters 2 and 10 of the Plan (the "Revisions"), and authorize the Executive Director, or his designee, to implement the revisions to the Administrative Plan for the Housing Choice Voucher Program ("Administrative Plan").

RESOLUTION: 19-49

RE: Revisions to HOC’s Administrative Plan for the Housing Choice Voucher Program to Update Formatting, Correct Typographical Errors, and Add Clarity to Chapters 2 and 10 of the Plan

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) desires to revise its Administrative Plan for the Housing Choice Voucher Program (the “Plan”) to update formatting, correct typographical errors, and add clarity to Chapters 2 and 10 of the Plan (the “Revisions”), as identified in the revised Plan attached hereto as Exhibit A; and

WHEREAS, a public comment period for the Revisions began on April 1, 2019 and concluded on May 8, 2019 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the Revisions, as identified in the revised Plan attached hereto as Exhibit A;

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the actions contemplated herein.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on May 8, 2019.

S
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A
L

Patrice Birdsong
Special Assistant to the Commission

EXHIBIT A

Revised Administrative Plan for the Housing Choice Voucher Program

[attached]

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK** and proposed changes are in **RED**.

Chapter 2

ELIGIBILITY FOR ADMISSION

[24 CFR Part 5, Subparts B, D & E; Part 982, Subpart E]

Live-in Aides

A Family may include a live-in aide provided that such live-in aide:

Is determined by HOC to be essential to the care and well-being, ~~on a twenty-four (24) hour basis,~~ of an elderly person, a near-elderly person, or a person with disabilities;

Is not obligated for the support of the person(s) whom they assist; ~~and~~

Would not be living in the unit except to provide care for the person(s) whom they assist; ~~and-~~

Meets the relevant occupancy requirements of the housing program (see Chapter 5 of this Administrative Plan for the Occupancy Requirements of the Housing Choice Voucher program).

A live-in aide is treated differently than family members, as follows:

Income of the live-in aide is not counted for purposes of determining eligibility or level of benefits;

Live-in aides are not subject to the Non-Citizen Rule requirements; and

Live-in aides are not eligible for consideration as a remaining member of the tenant family.

Relatives are not automatically excluded from serving as live-in aides, but they must meet all of the criteria of the live-in aide definition described above.

A live-in aide may only reside in a unit with a reasonable accommodation approval from HOC. Written verification is required from a reliable, knowledgeable health provider, such as a medical doctor, social worker, therapist, or caseworker. The health verification provider must certify that a live-in aide is needed for the care of the family member who is elderly (62+), near-elderly (50-61), and/or disabled. The health provider must also list the number of hours for which the

elderly, near-elderly, and/or disabled household member requires assistance from the aide each day.

HOC periodically requires families with live-in aides to submit documentation to support the continued need for their live-in attendant.

At any time, HOC can refuse to approve a particular person as a live-in aide or may withdraw such approval, in accordance with 24 CFR 982.316, if:

The aide commits fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program;

The person commits drug-related criminal activity or violent criminal activity; and/or

The person currently owes rent or other amounts to HOC or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act.

If a specific live-in aide is disqualified, they must move out of the unit. Importantly, disqualification of a specific live-in aide does not remove the original live-in aide approval from HOC. Rather, the household member for whom the aide assistance is required needs only to submit the name and information of a new person to take over the role of live-in aide. A new reasonable accommodation request is not needed for this purpose.

Chapter 10

HOUSING QUALITY STANDARDS AND INSPECTIONS

[24 CFR 982.401]

INTRODUCTION

Housing Quality Standards (HQS) are the U.S. Department of Housing and Urban Development's (HUD) minimum quality standards for tenant-based programs. All voucher units are required to meet HQS standards ~~are required~~ both at initial occupancy and during the term of the lease. HQS standards apply to the building and premises, as well as to the unit. Newly leased units must pass the HQS inspection before the beginning date of the assisted lease and Housing Assistance Payment (HAP) contract.

~~The PHA will~~HOC inspects each unit under contract with one of its voucher families at least annually. ~~The PHA will~~HOC also has ~~ve~~ an inspection supervisor perform quality control inspections on the number of files required for file sampling by for the Section Eight Management Assessment Program (SEMAP) annually to maintain ~~the PHA HOC's~~ required standards and to assure consistency in ~~the PHA HOC's~~ program. A separate sample, also meeting SEMAP thresholds, of any owner-certified repairs following a failed inspection ~~will be~~is subject to quality control review by an HOC inspections supervisor. This Chapter describes ~~the PHA HOC's~~ procedures for performing HQS and other types of inspections, and PHA HOC's standards for the timeliness of deficiency repairs following a failed inspection. ~~It This Chapter~~ also explains the responsibilities of the owner and the family in the inspections process, and the consequences of non-compliance with HQS requirements for both families and owners. The use of the term "HQS" in this Administrative Plan refers to the combination of both HUD and PHA HOC's requirements. ~~Please s~~See the additions to HQS listed under "Acceptability Criteria and Exceptions to HQS" later in this chapter for more information about HOC's additions to HUD's HQS criteria.

A. GUIDELINES/ TYPES OF INSPECTIONS [24 CFR 982.401(a), 982.405]

~~Efforts will be made~~At all times, ~~to~~HOC encourages owners to provide housing above HQS minimum standards. ~~The PHA will~~HOC does not promote any additional acceptability criteria which is likely to adversely affect the health or safety of participant families, or severely restrict housing choice.

All utilities must be active and in service prior to the HOC's inspection of the unit. If the utilities are not in service at the time of inspection, the inspector ~~will~~ notifies the tenant or owner (whomever is responsible for the utilities according to the Request for Tenancy Approval of Tenancy [RFTAT]) and requests that to have the utilities are turned on. The inspector ~~will then~~ schedules a re-inspection.

~~If the tenant is responsible for supplying the stove and/or the refrigerator, the PHA will~~HOC allows placement of the stove and refrigerator to be placed in the unit after the unit has passed all of the

~~other HQS. The family must then certify that the appliances are in the unit and working, following their move-in and connections. The PHA will~~HOC conducts a re-inspection.

There are five types of inspections ~~the PHA will~~which HOC performs:

1. Initial/Move-in: Conducted upon receipt of ~~Request for Approval of Tenancy~~RFTAAT;
2. Annual: ~~Must be e~~Conducted within ~~twelve~~12 months of the last annual inspection;
- ~~3. Move-Out/Vacate (for pre 10/2/95 contracts where there could be damage claims): An inspection requested by the landlord to demonstrate tenant caused damages;~~
- ~~4.3. Special/Complaint: At the request of an owner, family, or an agency, or third-party; and.~~
4. Quality Control: Conducted by HOC's inspection lead or supervisor; and.
5. Move-Out/Vacate: An inspection requested by the landlord to demonstrate tenant-caused damages.

B. INITIAL HQS INSPECTION [24 CFR 982.401(a)]

Timely Initial HQS Inspection

~~The PHA will~~HOC inspects the unit, determines whether the unit satisfies ~~the~~HQS and notifies the family and owner of the determination in writing within 15 days unless ~~the PHA~~HOC determines that it is unable to do so in the stated timeframe; ~~in which case the file will be~~is appropriately documented to explain the delayed notification.

~~The PHA will~~HOC makes every reasonable effort to conduct initial HQS inspections for the family and owner in a manner that is time efficient and indicative of good customer service.

~~The PHA will~~HOC periodically reviews the average time required for a family and owner to have a unit inspected from the time the ~~RFTAAT~~RFTAAT is submitted by the family and owner to ~~the PHA~~HOC.

If ~~the PHA~~HOC determines after a periodic review of files that the average time for a family and owner to obtain an initial inspection is longer than 15 days, ~~the PHA~~HOC will review staffing needs relevant to HQS inspection and make improvements.

The Initial Inspection ~~will be~~is conducted to:

Determine if the unit and property meet the HQS defined in this Administrative Plan.

Document the current condition of the unit as to assist in future evaluations whether the condition of the unit exceeds normal wear and tear.

Document the information ~~to be~~used for determination of rent-reasonableness.

If the unit fails the initial HQS inspection, the owner ~~will be~~ advised to notify ~~the PHA/HOC~~ once repairs are completed.

On an initial inspection, the owner ~~will be~~ given up to 30 days to correct the items noted as ~~Fail/failed~~, at the ~~i~~nspector's discretion, depending on the amount and complexity of work to be done.

The owner ~~will be~~ allowed up to one re-inspection for repair work to be completed. At its discretion, HOC may accept owner certification that the repairs were completed as detailed in the initial inspection.

If the time period given by the ~~i~~nspector to correct the repairs ~~has elapsed~~, or the maximum number of failed re-inspections ~~has occurred~~, then the family must select another unit.

Families ~~will be~~ not ~~be~~ adversely impacted by the failure of ~~the a~~ unit to pass the initial HQS inspection. Instead, HOC extends tThe remaining time on the voucher ~~will be~~ suspended ing the voucher timeline from the date of ~~the PHA/HOC~~'s receipt of the RFTA until notification to select another unit. This is known as tolling time.

C. ANNUAL HQS INSPECTIONS [24 CFR 982.405(a)]

~~The PHA/HOC~~ conducts an unit inspection in accordance with HQS at least annually. These annual inspections are scheduled for 60 days prior to the anniversary of the last annual inspection, so that the inspections are conducted at least annually, as required by the Section Eight Management Assessment Program (SEMAP). Special inspections may be scheduled between anniversary dates.

Landlords must correct any HQS deficiencies that cause a unit to fail ~~must be corrected by the landlord~~ unless it is a fail for which the tenant is responsible.

The family must allow ~~the PHA/HOC~~ to inspect the unit at reasonable times with reasonable notice. [24 CFR 982.51 (d)]

Inspections ~~will be~~ conducted on business days only.

Reasonable hours to conduct an inspection are between ~~8:30-9:00~~ a.m. and 4:00 p.m.

~~The PHA will~~HOC notifies the family in writing at least ~~three~~3 days prior to the inspection.

First Inspection: The family and the owner are notified of the date and time of the inspection appointment in writing using by-postal or electronic mail. The family is required to provide access to the unit for any inspection. If the family is unable-wants to participate and is unable to ~~be present~~ otherwise arrange access, they must reschedule the appointment. Rescheduling must occur within 72 hours of the initial scheduled inspection date. HOC permits only one such rescheduling per year.

If the family fails to provide access to the unit, ~~the PHA will~~HOC considers the family to have violated a Family Obligation and their assistance may be terminated in accordance with the termination procedures in ~~this~~ Administrative Plan. ~~The PHA~~HOC will reschedule up to one HQS inspection, due to a missed appointment, as long as the inspection ~~will be~~is completed within scheduling requirements.

Re-inspection: The family and owner are provided a notice of any re-inspection appointment by postal or electronic mail. HOC may accept owner certification that the repairs were completed as detailed in the initial inspection. If the family is not at home for the re-inspection appointment, a card ~~will be~~is left at the unit. The appointment letter contains a warning of abatement and a notice of the owner's responsibility. After this point, responsibility to open the unit for the inspector falls on the unit owner or landlord.

The family is also notified that it is a Family Obligation to allow ~~the PHA~~HOC to inspect the unit. If the family ~~was~~is responsible for a breach of HQS identified in the "Denial or Termination of Assistance" chapter of this Administrative Plan, they will be advised of their responsibility to correct.

Time Standards for Repairs

Emergency items which endanger the family's health or safety must be corrected by the owner within 24 hours of notification. (See Emergency Repair Items section.)

For non-emergency items, repairs ~~must be made~~are required within 30 days.

Failure by either the family or the owner to provide access to the unit for re-inspection ~~will~~does not extend the 30-day time frame to complete repairs, and HOC will abate the unit.

For major repairs, ~~the Lead Inspector~~HOC may approve a written request from the owner for an extension beyond 30 days.

Rent Increases: ~~HOC may not approve r~~Rent to owner increases ~~may not be approved~~ if the unit is in a failed condition.

D. — MOVE OUT/ VACATE

~~A move out inspection will be performed only at the landlord's request if claim is to be submitted for contracts effective before 10/2/95. We need to include a fee~~

DE. SPECIAL/COMPLAINT INSPECTIONS [24 CFR 982.405(c)]

If at any time the family or owner notifies ~~the PHA~~HOC that the unit does not meet ~~Housing Quality Standards~~HQS, ~~the PHA~~HOC will conduct an inspection to verify the condition of the unit.

~~The PHA/HOC~~ may also conduct a special inspection based on information from third parties such as neighbors or public officials.

~~The PHA/HOC~~ will inspect only the items which were reported, but if the Inspector notices additional deficiencies that would cause the unit to fail HQS, the responsible party will be required to make the necessary repairs following the special inspection.

If the annual inspection date is within 120 days of a special inspection, and as long as all items are inspected that are included in an annual inspection, the special inspection ~~will~~ may be categorized, as the annual inspection and all annual procedures will be followed at that time.

EF. QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b)]

Quality Control inspections ~~will be~~ performed by the Housing Inspections Supervisor, or another designated official, on the number of files required by SEMAP for the given fiscal year. The purpose of Quality Control inspections is to ~~ascertain~~ confirm that each inspector is conducting accurate and complete inspections, and to ensure that there is consistency among inspectors in application of the HQS.

The sampling of files for the Quality Control inspections ~~will~~ includes recently completed inspections (within the prior 90 days), a cross-section of neighborhoods, and a cross-section of inspectors.

F. MOVE OUT/ VACATE

A move out inspection is performed only at the landlord's request. HOC may charge the landlord a fee in order to conduct these inspections.

G. ACCEPTABILITY CRITERIA AND EXCEPTIONS TO HQS [24 CFR 982.401 (a)]

~~The PHA/HOC~~ strictly adheres to the acceptability criteria in the Housing Choice Voucher program regulations at 24 CFR, Section 982. ~~The PHA/~~However, HOC amends the acceptability criteria to require that an owner participating in the HOC's voucher program comply with the local government rental licensing requirements in Montgomery County, Maryland. ~~The PHA will~~HOC allows an ~~owners~~ adequate time to obtain the required license(s). However, HOC will not enter into a HAP contract with an unlicensed owner. ~~the PHA/HOC~~ may hold HAP from ~~the an~~ owner under contract when ~~the PHA/HOC~~ is notified by ~~local government~~Montgomery County that the owner ~~has~~ failed to ~~obtain~~ maintain the appropriate rental license(s).

Modifications

Modifications or adaptations to a unit due to a disability must meet all applicable HQS and building codes.

Extension for repair items not required by HQS ~~will~~ may be granted for modifications/ adaptations to the unit if agreed to by the tenant and the landlord. ~~PHA/HOC~~ will allow execution of the HAP

contract if the unit meets all requirements and the modifications do not affect the livability of the unit.

H. EMERGENCY REPAIR ITEMS [24 CFR 982.401(a)]

The following items are considered of an emergency nature and ~~must be require corrected repair~~ by the owner or tenant (whoever is responsible) within 24 hours of notice by the ~~i~~Inspector:

- Lack of security for the unit;
- Waterlogged ceiling in imminent danger of falling;
- Major plumbing leaks or flooding;
- Natural gas leaks or fumes;
- Electrical problems which could result in shock or fire;
- No heat when the outside temperature is below 10 degrees Fahrenheit and the temperature inside the unit is below 68 degrees Fahrenheit;
- Utilities not in service;
- No running hot water;
- Broken glass where someone could be injured;
- Obstacle which prevents tenant's entrance or exit;
- Lack of functioning toilet; and
- Non-working smoke detector or missing smoke detector, as required.

~~The PHA/HOC~~ may give a short extension (not more than 48 additional hours) ~~whenever if~~ immediate notification of the responsible party ~~cannot be notified is delayed~~ or if it is impossible to ~~affect make~~ the repair within the 24-hour period.

In those cases where there is leaking gas, ~~or~~ potential of for fire, or other threat to public safety, and the responsible party cannot be notified immediately or it is impossible to make the repair within 24 hours, HOC will notify the proper authorities ~~will be notified by the PHA.~~

If the emergency repair item(s) are not corrected in the time period required by ~~the PHA/HOC~~, and the owner is responsible, ~~the housing assistance payments to the owner are~~ will be abated and the HAP contract ~~will be is~~ terminated.

If the emergency repair item(s) are not corrected in the time period required by ~~the PHA/HOC~~, and it is an HQS breach that is a family obligation, ~~the PHA will HOC~~ terminate^s the assistance to the family.

Smoke Detectors

Inoperable smoke detectors are a serious health and safety threat and ~~will be are~~ treated by ~~the PHA/HOC~~ as an emergency (24-hour) fail item.

~~The PHA/HOC~~ will issue a written warning to any family determined to have purposely disconnected ~~at the~~ unit's smoke detector. ~~The w~~Warning will state that deliberate disconnection of the unit's smoke detector is a health and fire hazard and is considered a violation of ~~the~~ HQS.

I. CONSEQUENCES IF OWNER IS RESPONSIBLE (NON-EMERGENCY ITEMS) [24 CFR 982.405, 982.453]

~~When it has been determined that~~If a unit ~~on the program~~ fails to meet HQS due to an owner-caused deficiency at the re-inspection, and the owner is responsible for completing the necessary repair(s) in the time period specified by the PHA, the ~~assistance payment~~HAP to the owner ~~will be is~~ abated.

Abatement

A Notice of Abatement ~~will be is~~ sent to the owner, explaining that and the abatement ~~will be is~~ effective from the day after the date of the failed inspection. The notice is ~~generally~~ for 30 days; ~~depending on the nature of the repair(s) needed~~.

~~The PHA/HOC~~ will inspect abated units within 15 days of the owner's notification that the repair work ~~has been is~~ completed.

If the owner makes repairs during the abatement period, payment ~~will resume s~~ on the day the unit passes inspection.

~~The PHA will advise owners of their responsibility to notify the tenant of when the re-inspection will take place.~~

No retroactive payments ~~will be are~~ made to the owner for the abatement period ~~of time the rent was abated and the unit did not comply with HQS~~. The notice of abatement states that the tenant is not responsible for ~~the PHA/HOC's~~ portion of rent ~~that is abated during the abatement~~. However, the tenant must continue to pay their portion of the rent even during the abatement period.

Reduction of Payments

~~The PHA will HOC~~ may grant an extension in lieu of abatement in the following cases:

- The owner is experiencing extenuating circumstances and has a good history of HQS compliance.

~~The failed items are minor in nature.~~

- There is an unavoidable delay in completing repairs due to difficulties in obtaining parts or contracting for services.
- The owner makes a good faith effort to make the repairs.
- The repairs are expensive (such as exterior painting or roof repair) and the owner needs time to obtain the necessary funds.
- The repairs ~~must be~~ are delayed due to climate conditions.

Owners must provide supporting documentation to request abatement extension. ~~The E~~ Extensions ~~will be~~ are made for a period of time not to exceed 30 days. At the end of that time, at ~~the~~ PHAHOC's discretion, if the work is not completed, ~~the PHAHOC~~ will begin the abatement.

Termination of Contract

If the owner is responsible for repairs, and fails to correct all of the deficiencies cited prior to the end of the abatement period (which is ~~normally thirty~~ 30 days), the owner and the tenant ~~will be~~ are sent a HAP Contract Proposed Termination Notice. The tenant ~~will is~~ also ~~be~~ notified of a scheduled relocation appointment. The proposed termination notice ~~will be~~ is a ~~sixty~~ 60-day notice. The family ~~will be~~ is required to begin the process to relocate from the unit or ~~possibly be~~ is terminated ~~ed~~ from the program. Prior to the effective date of the termination, if the repairs are not completed, the abatement ~~will~~ remains in effect.

If repairs are completed before the effective termination date, the termination may be rescinded by ~~the PHAHOC~~ if the tenant chooses to remain in the unit. Only one ~~Housing Quality Standards~~ HQS inspections ~~will be~~ is conducted after the termination notice is issued.

J. DETERMINATION OF RESPONSIBILITY [24 CFR 982.404, 982.54(d)(14)]

Certain HQS deficiencies are considered the responsibility of the family, such as:

- Tenant-paid utilities not in service
- Failure to provide or maintain family-supplied appliances
- Damage to the unit, or premises, caused by a household member or guest beyond normal wear and tear
 - "Normal wear and tear" is defined as items which could be charged against the tenant's security deposit under state law or court practice.

- Vermin infestation in a rented single-family home or other detached unit.

The owner is responsible for all other HQS violations.

The owner is responsible for any vermin infestation ~~for multifamily and non-detached units even if caused by the family's living habits~~. However, if such infestation is caused by the family's living habits and is serious and repeated, it may be considered a lease violation. ~~and the~~ The owner may then evict the family for ~~serious or repeated~~ violation of the lease. ~~The PHA/HOC~~ may choose to terminate the family's assistance on that basis as well.

~~The inspector will make a determination of owner or family responsibility during the inspection. The owner or tenant may appeal this determination to a Hearing Officer within 10 days of the inspection.~~

If the family is responsible but the owner carries out the repairs, the owner ~~will be~~ is encouraged to bill the family for the cost of the repairs. ~~and the family's file will be noted.~~

K. CONSEQUENCES IF FAMILY IS RESPONSIBLE [24 CFR 982.404(b)]

If the family is responsible for any emergency or non-emergency violations of HQS ~~are determined to be the responsibility of the family, the PHA will require then~~ the family is responsible to work with the owner or landlord to make any repair(s) or corrections within 24 hours or 30 days, as appropriate. If the repair(s) or correction(s) are not made in this time period, ~~the PHA/HOC~~ will terminate assistance to the family, after providing an opportunity for an informal hearing. Extensions in these cases ~~must be~~ require ~~approval~~ approved by the Housing Inspector Supervisor or another designated official. The owner's rent ~~will is~~ is not ~~be~~ abated for items that are the family's responsibility.

If the tenant is responsible and corrections are not made, the HAP Contract ~~will is~~ is ~~terminated~~ when the assistance to the family is terminated. ~~and HOC will provide~~ the owner ~~will be provided~~ with adequate notice (no less than ~~thirty~~ 30 days) of the termination date of the HAP. Contract cancelation due to tenant-caused HQS deficiencies does not preclude the owner from immediately executing a new HAP with HOC for another voucher tenant.

Development and Finance Committee

APPROVAL OF THE FINANCING PLAN FOR 900 THAYER; AUTHORIZATION TO ISSUE LOANS TO 900 THAYER LIMITED PARTNERSHIP FOR THE ACQUISITION AND CONSTRUCTION FINANCING; APPROVAL OF TAX EXEMPT LOAN AUTHORIZING RESOLUTION FOR THE FINANCING AND TO FUND THE ISSUANCE BY WAY OF TAX-EXEMPT DRAWS ON THE PNC BANK N.A. REAL ESTATE LINE OF CREDIT TO SUBSTITUTE PREVIOUSLY AUTHORIZED TAXABLE DRAWS; AUTHORIZATION TO ISSUE COMMITMENTS FOR PERMANENT FINANCING, INCLUDING AUTHORIZATION TO HEDGE INTEREST RATE RISK; AND AUTHORIZATION FOR THE BORROWER TO ACCEPT CONSTRUCTION AND PERMANENT LOANS

900 THAYER, SILVER SPRING, MD



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
VIVIAN BENJAMIN
VICTORIA DIXON
LEN VILICIC**

April 19, 2019

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EXECUTIVE SUMMARY

900 Thayer (“900 Thayer” or the “Property”) is a 124-unit, income restricted apartment community with 5,169 square feet of ground-floor retail space, currently under construction in Silver Spring, MD.

The Property is an important element in HOC’s portfolio as it will provide 84 relocation housing units for households currently residing at the nearby Holly Hall and Elizabeth House properties under HUD’s Rental Assistance Demonstration (“RAD”) / Project Based Rental Assistance (“PBRA”) programs. In accordance with income averaging requirements of the Low Income Housing Tax Credit (“LIHTC”) program, 40% of units will be restricted to serve households with incomes up to 80% of area median income (“AMI”), such that the average does not exceed 60% of AMI.

The Property was acquired on March 16, 2016 initially as a land bank opportunity but on April 26, 2016, the Commission approved a Final Development Plan for the Property activating it for development.

During 2017, the Commission approved an amended Final Development Plan using \$10.2 million of funds from the Opportunity Housing Reserve Fund (“OHRF”) for acquisition, utility work, and predevelopment expenses of the Property. In addition, to facilitate the RAD conversion, the Commission approved an Interim Financing Plan to loan up to \$25 million of taxable proceeds on the \$90 million PNC Real Estate Line of Credit (PNC RELOC), \$5 million from the Opportunity Housing Bond Fund (“OHBF”), and \$5 million from the County Revolving Moderately Priced Dwelling Unit and Property Acquisition Fund (“MPDU/PAF”) to begin construction of the property. On May 2, 2018, the \$5.0 million of MPDU/PAF proceeds were replaced by \$4.5 million from the County Revolving Fund, Opportunity Housing Development Fund (“OHDF”).

Construction of the Property is projected to be completed by September 2019 and the Property has applied for 4% tax credits. On December 5, 2018, the Commission approved Wells Fargo Community Lending and Investment as LIHTC investor and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement. The projected capital contribution from the LIHTC investor is approximately \$16.2 million comprising both LIHTC and solar credits.

The proposed Financing Plan totals \$55.1 million to include combined use of proceeds from: the issuance of short-term, tax-exempt indebtedness to retire existing funds drawn on the PNC RELOC and fund remaining construction costs, which will be subject to a permanent take out commitment from the Federal Financing Bank (“FFB”) with credit enhancement by FHA under its Risk Share Agreement with HOC (“FHA/FFB Financing”); bridge funding during construction by way of short-term, tax-exempt draws on the PNC RELOC; LIHTC equity and solar credits; a subordinate County loan; a loan from HOC; deferred developer fees; and interim property income. To mitigate interest rate risk, a forward starting hedge may be obtained. Closing is expected to occur by June 2019. Stabilization of the Property is expected to occur by April 2020 for conversion to permanent debt by July 2020.



EXECUTIVE SUMMARY

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Date	Res.	Description of Commission Resolutions
August 5, 2015	15-68(ES)	Approval to execute a \$6.5 million purchase and sale contract for acquisition of 900 Thayer and loan \$50,000 from the OHRF for the initial deposit.
October 7, 2015	15-82(ES)	Approval to use funds from the OHRF to complete acquisition of the Property (\$6,596,215); (b) loan \$250,000 from the OHRF for an additional deposit which would be returned at the time of acquisition; and (c) execute any such other related documents including assumption of design consulting contracts.
November 3, 2015	& 15-82R	
April 6, 2016	16-23	Approval of a development plan with (a) a predevelopment budget of \$2.18 million to be funded as a loan from the OHRF for up to 18 months until December 31, 2016; (b) The Concourse Group as Development Consultant with approved costs of up to \$250,000; (c) assumption of architectural services contract with KTG Group, Inc.
September 7, 2016	16-67	Approval to select, negotiate, and execute a contract with CBG Building Company as General Contractor.
October 5, 2016	16-70	Approval of a contract with Edgewood Management for pre-construction consulting and property management services for one initial year, with two 1-year renewal options.
March 1, 2017	17-19	Approval (a) to extend the Concourse Group contract by 6 months with additional costs of \$145,560 to be funded from the previous predevelopment loan; (b) deliver 84 RAD PBRA units at 900 Thayer as part of the RAD Financing Plan to be submitted to the US Department of Housing and Urban Development.
August 9, 2017	17-52	Approval of (a) a Final Development Plan; (b) authorization to execute a general contractor contract not to exceed \$26,000,000; (c) a loan of \$680,273 for completion of underground utilities and \$700,000 of additional predevelopment funding from the OHRF.
September 15, 2017	17-62 & 17-62a	Approval of Construction Financing Plan including \$5,000,000 to be loaned from the OHBF and \$5,000,000 from the MPDU / PAF for no interest, and up to \$25,000,000 on a taxable basis from the PNC RELOC for up to 12 months at an interest rate of 2%, to be repaid from permanent financing expected to include LIHTC equity, a permanent loan, and a draw on the Opportunity Housing Reserve Fund.
January 10, 2018	18-001(TY) & 18-06	Approval to organize and execute condominium ownership structure in pursuit of 4% and 9% tax credits.
May 2, 2018	18-34AS	The \$5.0 million of MPDU/PAF proceeds were replaced by \$4.5 million from the OHDF.
December 5, 2018	18-97	Approval of Wells Fargo Community Lending and Investment as LIHTC Investor and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement.

EXECUTIVE SUMMARY

Staff has completed its underwriting and recommends the Development and Finance Committee approve and recommend to the Commission the following:

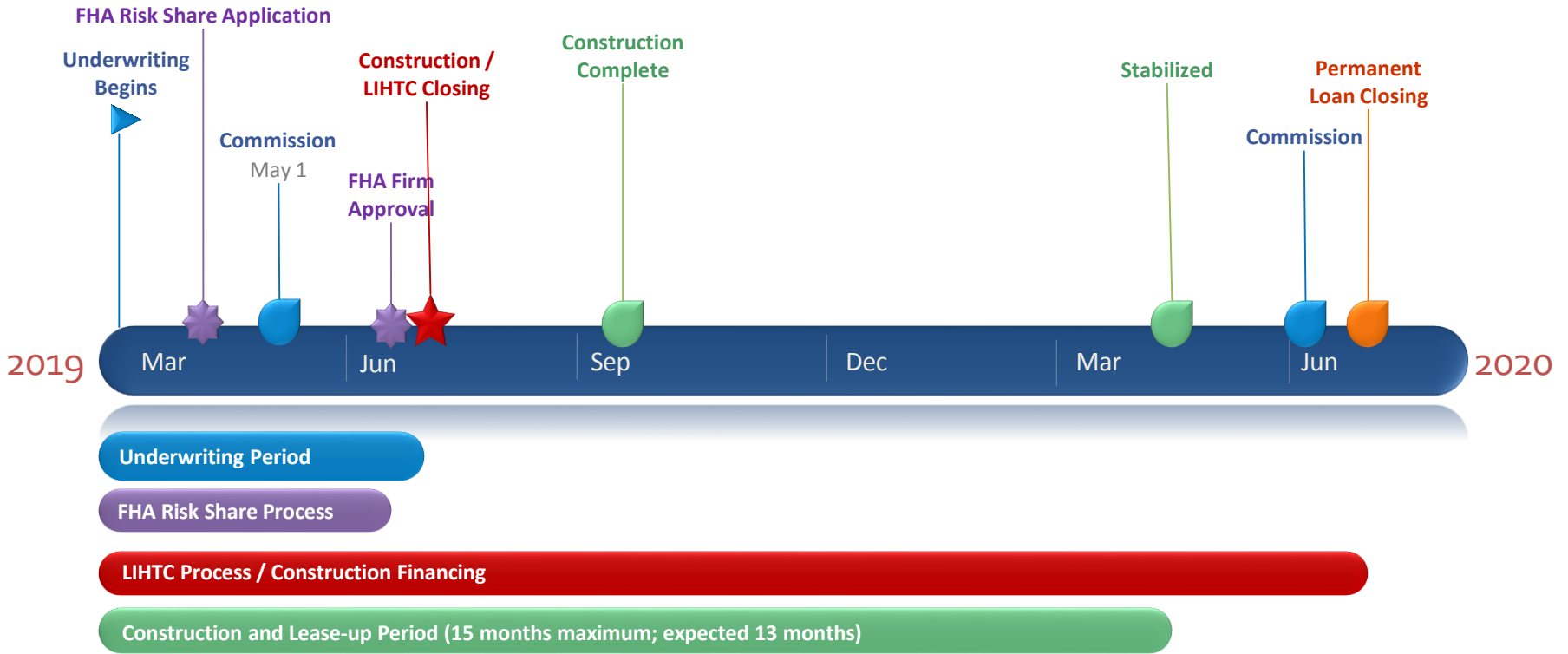
- 1) Approval of 900 Thayer’s Financing Plan totaling \$55.1 million that includes the following sources: a) tax-exempt loan to fund construction, which will be repaid by FHA/FFB Financing; b) bridge funding during construction by way of taxable draws on the PNC Bank, N.A. Real Estate Line of Credit; c) LIHTC equity and solar credits; d) a subordinate County loan; e) loans from HOC; f) deferred developer fees; and g) interim income.
- 2) Approval of the feasibility and public purpose for 900 Thayer, and the allocation of up to \$24 million in volume cap for the transaction.
- 3) Approval of a resolution authorizing the making and delivery of a Tax-Exempt Loan in an amount not to exceed \$24 million to 900 Thayer Limited Partnership (“Borrower”) for the acquisition, construction, and equipping of the property (“Construction Loan”) utilizing HOC’s \$90 million PNC RELOC for a term of 18 months. Such tax-exempt loan is not a new obligation but will replace the previously approved taxable loan of up to \$25 million from the PNC RELOC.
- 4) Approval for HOC to loan up to \$5 million to the Borrower during construction by way of short-term, taxable draws on the PNC RELOC which shall be drawn when needed to bridge the receipt of LIHTC equity proceeds (“Bridge Loan”) with a maximum term up to 18 months from closing, subject to availability of funds and the extension of the maturity or replacement of the PNC RELOC, which currently has a maturity date of June 30, 2020.
- 5) Approval for HOC to loan up to \$13.65 million to the Borrower towards acquisition and construction costs for 43 years from the Opportunity Housing Reserve Fund (“OHRF”)(“HOC Loan”).
- 6) Approval for HOC to negotiate and execute a Master Lease with the Borrower to guarantee payments of underwritten retail rents to the transaction for up to 17 years and not to exceed \$130,509 annually.
- 7) Approval to accept prepayment of 17-years worth of loan management fees (\$543,267 net present value, discounted at 3%) to be deposited in the OHRF with monthly payments commencing in year 18 from available cash flow.
- 8) Authorization for HOC to issue a Financing Commitment for an FHA/FFB funded 40-year, taxable mortgage loan in an amount of up to \$16.6 million (“Permanent Loan”), with HOC assuming 50% of the risk and HUD to assume 50% for the transaction (“Mortgage Insurance”).
- 9) Approval for the Borrower to accept the proposed Construction Loan, Bridge Loan, HOC Loan, County loan, and Permanent Loan.
- 10) Approval for the Executive Director to enter into an interest rate hedge agreement with one of the following counterparties (Royal Bank of Canada, Barclays Bank PLC, Wells Fargo Bank, N.A., Bank of America, N.A. or PNC Bank, N.A.) to manage interest rate risk until conversion to the permanent loan.

EXECUTIVE SUMMARY

Borrower	900 Thayer Limited Partnership	
Units/Affordability	124 Units 100% Affordable	
	44	≤ 30% AMI
	40	≤ 60% AMI
	40	≤ 80% AMI
Volume Cap / Short-Term, Tax-Exempt Financing (up to, to meet the 50% test)	\$24,000,000 Tax-Exempt Draws on PNC RELOC	
Permanent Financing/First Mortgage (up to)	\$16,600,000 Federal Financing Bank / FHA Risk Share Mortgage	
Mortgage Insurance	FHA Risk Share - 50% HOC / 50% FHA	
Construction Bridge Loan (up to)	\$5,000,000 Taxable Draws on PNC RELOC	
HOC Equity Loan (up to)	\$13,650,000 Opportunity Housing Reserve Fund	
Permanent Interest Rate	3.768% includes 50bps cushion	
Amortization	40 Years	
Debt Service Coverage Ratio	1.15	
County Participation	(a) HIF Loan for up to \$1,000,000 (b) Payment-in Lieu of Taxes (PILOT) Agreement Estimated Value of PILOT \$91,159 at stabilization	

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FINANCING SCHEDULE



PROPERTY OVERVIEW

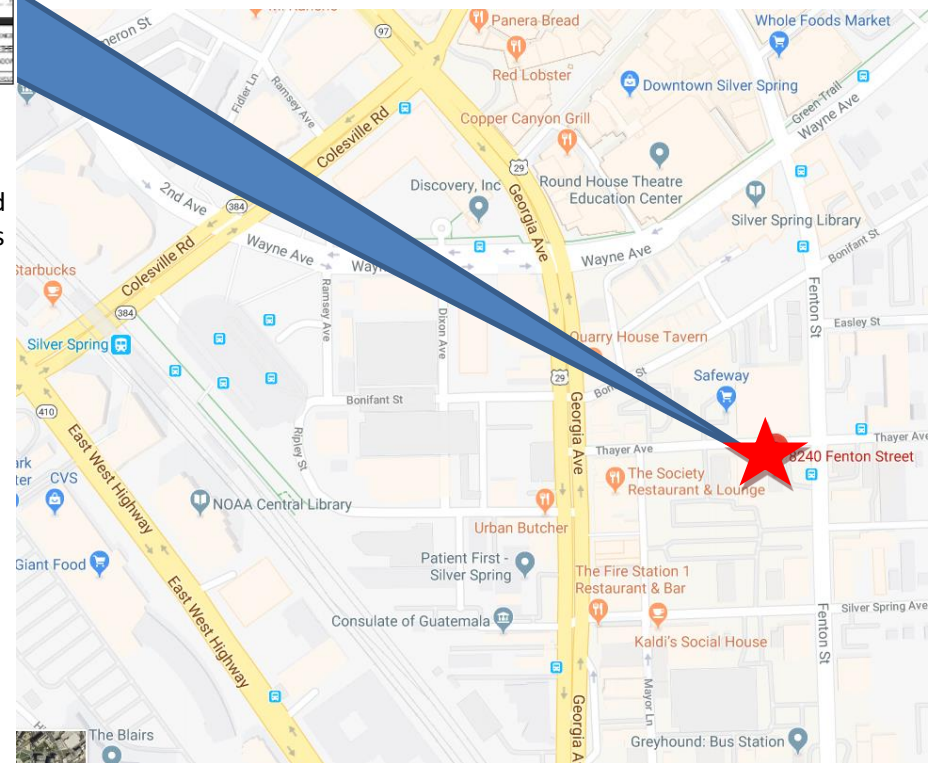


Location	8240 Fenton Street, Silver Spring
Owner	Housing Opportunities Commission
Property Manager	Edgewood Management Corporation
Total Units	124
Unit Mix	73 unit – 1BR/1BA 51 units – 2BR/2BA

Public Purpose 900 Thayer will be a mixed income community with 44 RAD/PBRA units for households earning up to 30% of AMI; 40 RAD/PBRA units for those up to 60% of AMI; and 40 units for those up to 80% of AMI. Ten (10) of the units will conform to Uniform Federal Accessibility Standards (UFAS) and 11 units will be set aside for persons with disabilities.

Amenities 5,098 SF of ground floor retail, rooftop terrace, clubhouse, coffee and cyber lounge. Neighborhood amenities include theaters, Silver Spring Library, various restaurants, services, and retailers including Safeway, with additional connectivity via the Silver Spring MARC Station and WMATA Metro Station (Red Line).

Planned Construction The proposed construction is a six-story, wood frame on concrete podium, with concrete/brick façade.



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TRANSACTION HIGHLIGHTS

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Public Purpose	900 Thayer provides 84 (68%) of affordable units via RAD conversion and an additional 40 units for households between 30 – 80% of AMI or less.
County Interest	Construction of the Property will preserve and add quality, affordable housing for individuals and families in the County. HOC has received commitment for \$1 million of subordinate debt and a Payment in Lieu of Taxes (“PILOT”) agreement from the County for 84 of the restricted units, which is estimated to be valued at \$91,159 at stabilization (CY 2020).
Volume Cap Allocation	No more than \$24 million in volume cap will be required for tax-exempt bond financing. See page 17 for HOC’s Volume Cap Need/Uses matrix.
Bond Financing	Up to \$24 million – the privately placed, tax-exempt construction loan will be repaid from proceeds of a taxable FHA / FFBI Permanent Loan at an estimated rate of 3.77% interest and 40-year amortization.
Credit Enhancement	The Permanent Loan will be enhanced with FHA Risk Share mortgage insurance. No credit enhancement is required during the construction period. HOC will share 50% of the risk; FHA 50%.
Construction Bridge Loan	\$5 million – short-term, PNC RELOC taxable draws at 68.5% of 1 Month LIBOR plus 58 basis points. Draws will be repaid with LIHTC equity and net cash flow. The PNC RELOC currently has a maturity date of June 30, 2020; therefore, outstanding draws for 900 Thayer will be subject to extension of the line or refinance.
LIHTC Equity & Solar Credits	Approximately \$16.2 million – The tax credit equity and solar credits will be paid in stages: 1) loan closing (14.2%); 2) construction completion (53.5%); 3) cost certification and stabilized occupancy (30.8%); and, 4) issuance of the final 8609s (1.5%).
Developer Fee	The developer’s fee will be \$3,500,000; however, approximately \$1,602,930 will be deferred and repaid from available cash flow during the LIHTC compliance period.
Development Team	<p>Owner/Developer: 900 Thayer Limited Partnership / HOC</p> <p>General Contractor: CBG Building Company</p> <p>Architect: KTG Group, Inc.</p> <p>Property Management: Edgewood Management Corporation</p> <p>LIHTC Syndicator/Investor: Wells Fargo Community Lending and Investment</p> <p>Trustee: TBD for construction loan; US Bank for permanent loan under the 1996 Multi Family Development Bond Resolution.</p>

STABILIZED PRO FORMA

Stabilized Proforma	CY 2020	Per Unit
Gross Residential Revenue	\$1,648,880	\$13,297
Retail Net Revenue (20% vacancy)	\$130,509	\$1,052
Vacancy, Concessions, Bad Debt	(\$87,391)	\$705
Effective Gross Income (EGI)	\$1,691,998	\$13,645
Operating Expenses	\$729,230	\$5,881
Replacement Reserves	\$43,400	\$350
Net Operating Income (NOI)	\$919,367	\$7,414
Debt Service	\$799,414	\$6,447
Cash Flow Before Distributions	\$119,953	\$967
Debt Service Coverage Ratio	1.15	

- Post-construction, the Property is expected to reach 93% occupancy by April 2020. Rent and expense annual growth rates are projected at 2% and 3%, respectively.
- Retail income is underwritten at \$32 square feet (“S.F.”) triple net lease (“NNN”) and 20% vacancy with approximately \$447,605 included in project costs for a retail lease up reserve (6 months income) and potential tenant improvement costs (\$75 PSF).
- The Property will benefit from a continuing 68% Payment in Lieu of Taxes (“PILOT”) Agreement from Montgomery County for those 84 affordable units at 60% of AMI or below.

- Cash flow will be distributed in the following order to: (a) County Loan; (b) Limited Partner Asset Management Fee; (c) replenish Operating Reserves; (d) Deferred Developer Fee; (e) General Partner Asset Management Fee; (f) Seller Note; (g) other soft loans; (h) Operating Deficit Loans; (i) 10% to Limited Partner investor; (h) Incentive Management Fee; and (i) General Partner.
- Subject to interest rate movements, staff anticipates that the Property will support a loan of up to \$16.5 million loan with a DSCR of 1.15. Sizing is based on an estimated interest rate of 3.768% (including MIP and 50bps cushion, excluding LMF).
- **Loan Management Fee (“LMF”):** Prepayment of 17 years’ worth of loan management fees (net present value discounted at 3%) will be accepted at closing with monthly payments (25 bps) commencing Year 18 from available cash flow.
- An interest rate hedge to mitigate interest rate risk for the Permanent Loan will be obtained.
- Given risks associated with retail leases, a discussion of those risks and mitigants follow on page 11.

STABILIZED PRO FORMA

Retail Risks	Mitigants
Design / Location	<ul style="list-style-type: none"> The subject retail space totals 5,098 square feet ("S.F."), split into three bays. The bay sizes range from 1,181 to 2,231 S.F., which is typical for neighborhood retail and attractive for new fast-casual restaurants, beauty salons, and bank branches. Two of the spaces could be combined in future to total 2,867 S.F. Although the Property does not offer on-site parking, the retail faces a busy street with metered parking in downtown Silver Spring, is pedestrian friendly and proximate to the future Purple Line station, and only two blocks from a County parking garage.
Initial Lease-up	<ul style="list-style-type: none"> Retail income is underwritten at \$32 / S.F. NNN and 20% vacancy. Current market research estimates achievable rents between \$35-40 /S.F. NNN for new product like this Property and the submarket vacancy was at 4.5% as of March 31, 2019. The underwritten rental rate at \$32 / S.F. NNN represents an 8.6% discount from the possible \$35 NNN achievable for the space. HOC will have an expected lease-up period of nine (9) months from delivery of the retail space from September 2019 to closing the Permanent Loan by July 2020. Brokers estimate lease-up to take between 6-12 months for the space. Typical lease terms for similar space are 5 – 10 years and include \$70 / S.F. for tenant improvements if the space is delivered as cold dark shell. Such tenant improvement cost can be reduced through negotiating to a lower effective rental rate or delivery of space as a warm vanilla shell. HOC expects to deliver the retail space to warm vanilla shell condition, however, has also included \$382,350 (\$75 / S.F.) for potential tenant improvement costs in project costs.
Renewal	<ul style="list-style-type: none"> Underwriting the retail space at 20% vacancy is the equivalent of 2.4 months of rent annually, or cumulatively 12 months over a five-year lease. To mitigate renewal risk, approximately \$65,255 is included in project costs as a retail lease up reserve (six months income). In addition, any prior savings from unused tenant improvement costs (\$75 / S.F.) would be available as well as additional income from the sale of solar credits estimated to generate \$258,000 during the first 10 years.
Master Retail Lease	<ul style="list-style-type: none"> The LIHTC investor has requested HOC to execute a Master Retail Lease for the duration of the LIHTC investment period (17 years), for the net retail income of \$130,509 annually in case HOC is unsuccessful at leasing the space. This risk to HOC is mitigated by the typical operating deficit guaranty provided by the Commission in LIHTC transactions, which is limited to \$794,141 for the first 48 months and reduced subject to maintaining a \$379,071 operating reserve and the Property maintaining a 1.10x DSC.

FINANCING PLAN

The 900 Thayer transaction contemplates: a) short-term, tax-exempt Construction Loan of up to \$24 million of which up to \$16.6 million will be converted to a permanent loan; b) bridge funding during construction by way of short-term, taxable draws on the PNC RELOC to bridge receipt LIHTC equity; c) LIHTC equity and solar credits, which will mostly be contributed upon construction completion and permanent conversion; d) a subordinate County loan; e) an HOC Loan for up to 42 years; f) deferral of 46% of the developer's fee; and g) interim property income.

As of March 2019, approximately \$20.2 million has been advanced for construction costs using taxable proceeds from HOC's OHRF, OHBF, OHDF, and PNC RELOC, which will be partially repaid by the subject transaction, leaving up to \$13.65 million to be funded from both already committed and newly committed funds from the OHRF.

The subject Construction Loan will be funded by way of short-term, tax-exempt draws on HOC's PNC RELOC in an amount up to \$24 million, which will replace the previously approved use of the RELOC for taxable draws of up to \$25 million. Private activity bond volume cap of up to \$24 million will be allocated at the outset for closing of the Construction Loan.

900 Thayer requires up to \$24 million of tax-exempt financing to qualify for 4% tax credits and meet the 50% test. The transaction is expected to generate approximately \$16.4 million in tax credit equity and solar credits, which will be contributed in stages.

During the construction period, a Bridge Loan of approximately \$5 million to bridge receipt of LIHTC proceeds will be needed, which staff recommends be funded by way of short-term, taxable draws on the PNC RELOC. Upon construction completion, permanent conversion, and issuance of the 8609s, the Bridge Loan and developer fee will be paid from LIHTC equity contributions and available net cash flow.

The subordinate County loan is expected to be funded from the County's Housing Initiative Fund ("HIF") and will have a 32 year term at an interest rate of 1%, no interest will accrue for the first 24 months, then a 12 month interest only period will commence with amortization thereafter over the remaining 29-year term.

Sources	Amount	Per Unit
Tax-Exempt Mortgage Loan	\$ 16,135,170	\$ 130,122
Tax-Exempt Bonds (Short Term)	\$ 6,443,396	\$ 51,963
LIHTC Proceeds (Short Term Tax-Exempt Draws)	\$ 16,121,976	\$ 130,016
Subordinate County Loan	\$ 1,000,000	\$ 8,065
HOC Loan (OHRF)	\$ 13,603,238	\$ 109,704
Deferred Developer Fee	\$ 1,602,930	\$ 12,927
Interim Operating Income	\$ 152,005	\$ 1,226
Total Sources	\$ 55,058,715	\$ 444,022
Uses	Amount	Per Unit
Land Acquisition Cost	\$ 6,820,000	\$ 55,000
Construction Cost	\$ 31,073,506	\$ 250,593
Fees Related to Construction	\$ 3,566,764	\$ 28,764
Financing & Legal Costs	\$ 2,115,089	\$ 17,057
Tax-Exempt Bonds (ST)	\$ 6,443,396	\$ 51,963
Construction Interest	\$ 1,019,001	\$ 8,218
Development Fees	\$ 3,500,000	\$ 28,226
Initial Replacement Reserves	\$ 62,000	\$ 500
Operating Reserves	\$ 458,959	\$ 3,701
Total	\$ 55,058,715	\$ 444,022

FINANCING PLAN – HOC RESOURCES

HOC's resources currently committed to the subject transaction for construction of the property are outlined below.

CURRENT HOC RESOURCES - As of 3/20/2019				
Source	Res.	Committed	Spent to Date	Remaining
OHRF	15-68ES	\$ 50,000	\$ 50,000	\$ -
OHRF	15-82ES	\$ 6,596,215	\$ 6,596,215	\$ -
OHRF	16-23	\$ 2,180,000	\$ 2,179,999	\$ 1
OHRF	17-52	\$ 700,000	\$ 700,000	\$ -
County Revolving Fund (OHDF)	18-34AS	\$ 4,500,000	\$ 3,999,832	\$ 500,168
OHBF	17-62	\$ 5,000,000	\$ 5,000,000	\$ -
PNC RELOC (taxable)	17-62a	\$ 25,000,000	\$ 1,608,829	\$ 23,391,171
Total		\$ 44,026,215	\$ 20,134,875	\$ 23,891,340

In conjunction with the proposed financing plan, staff requests:

- (a) switching usage of the PNC RELOC from currently taxable to tax-exempt draws, which will be repaid from permanent financing proceeds;
- (b) providing a Bridge Loan using the PNC RELOC on a taxable basis to bridge the receipt of LIHTC equity; and,
- (c) increasing usage of the OHRF by approximately \$4,123,785, from the current committed \$9,526,215 to a maximum \$13,650,000 ("HOC Loan"), which will remain in the transaction in order to repay funds previously used from the OHDF and OHBF and pay additional construction costs. The additional funds will be utilized as funds become available.

FINANCING PLAN – HOC RESOURCES (PNC RELOC)

The Commission previously approved taxable draws of up to \$25 million from the PNC RELOC on an interim basis to fund the construction. In conjunction with the proposed financing plan, staff requests (a) switching usage of the PNC RELOC from taxable to tax-exempt, which will be repaid from permanent financing, and (b) providing a Bridge Loan using the PNC RELOC on a taxable basis to bridge the receipt of LIHTC equity. There are currently sufficient funds available for these commitments.

The RELOC is currently scheduled to expire in June 2020. HOC and PNC are working to extend the RELOC to June 2021.

PROJECT	Current	Proposed	Variance
900 Thayer (taxable)	\$ 25,000,000	\$ 5,000,000	\$ (20,000,000)
900 Thayer (tax-exempt)	\$ -	\$ 24,000,000	\$ 24,000,000
Other Properties	\$ 51,092,265	\$ 51,092,265	\$ -
SubTotal	\$ 76,092,265	\$ 80,092,265	\$ 4,000,000
PNC RELOC	\$ 90,000,000	\$ 90,000,000	
Uncommitted	\$ 13,907,735	\$ 9,907,735	\$ (4,000,000)

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PERMANENT FINANCING PLAN: FIRST MORTGAGE

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	Taxable FHA/FFB Loan	Tax-Exempt Bond Loan
Amount	\$16,505,000	\$16,505,000
Term	40	40
Amortization	40	40
Base Interest Rate	2.997%	4.050%
MIP	0.25%	0.25%
Custodian Fee	0.02%	0.02%
Loan Management Fee*	0.00%	0.00%
Cushion	0.50%	0.50%
All-In Rate	3.768%	4.821%
Stabilized Operations		
Stabilized NOI	\$919,367	\$919,367
Annual Debt Service	\$799,423	\$931,678
DSCR	1.15	0.99
Total Interest Payments (10 years)	\$5,842,420	\$7,574,024
FFB Interest Savings (over 10 years)	\$1,731,604	
Estimated Financing Costs		
Cost of Issuance	\$180,000	\$280,000
Upfront MIP	\$41,263	\$41,263
Financing Fee	\$330,100	\$330,100
Total Costs of Financing	\$551,363	\$651,363
FFB Financing Cost Savings	\$100,000	
FFB Net Savings or Income	\$1,831,604	

Staff has evaluated two options for funding of the first mortgage: (a) use of traditional tax-exempt private activity bonds; and, (b) a loan from the Federal Financing Bank. Both would be backed by FHA Risk Share mortgage insurance.

- For calculation of interest savings, the loan amounts for each scenario are represented as the same. However, the debt sizing is subject to satisfying a 1.15x debt service coverage ratio. A tax-exempt bond loan at current interest rates would not satisfy the 1.15x, which would only support a \$14.16 million loan.
- An FHA/FFB Financing would provide a lower interest rate compared to a Tax-Exempt Bond Loan, resulting in savings on interest payments of approximately \$1.7 million during the life of the loan.
- An FFB execution would also result in lower financing costs of approximately \$100,000.
- Both financing options are assumed to close in July 2020, creating interest rate risk for the transaction which will be mitigated by entering into interest rate hedging instruments.

*LMF prepaid for 17-years and payable from cash flow thereafter

MITIGATING PERMANENT LOAN INTEREST RATE RISK: SWAP STRUCTURE

- Closing of the Permanent Loan for 900 Thayer will not occur until after the construction and lease up period (up to 12 months) is completed. During this time, the development will be exposed to interest rate risk.
- Given the short term nature, current macro economic trends, and favorable pricing on PNC’s RELOC, staff considers it to be financially beneficial and of nominal risk for the transaction to remain unhedged during construction.
- However, to mitigate interest rate risk in underwriting the permanent FHA/FFB Financing, staff proposes the execution of an interest rate swap (the “Swap” or “Hedge”) (similar to the Alexander House transaction) designed to hedge against upward interest rate movement over the next year. If approved, HOC will enter into the hedge with a qualified counterparty such as Royal Bank of Canada (“RBC”), Barclay’s, Wells Fargo, Bank of America or PNC Bank, N.A.
- Such Hedge would not perfectly match the interest rate on the Permanent Loan but would be designed to mitigate HOC’s risk exposure. The Swap would be structured with a notional amount not to exceed the expected Permanent Loan amount and would be subject to mandatory termination at conversion to the permanent loan which may require a termination payment to exit the swap. If long-term interest rates move, the changes in termination payment amount would be offset by opposite changes in sizing of the loan at that time.

INTEREST RATE SENSITIVITY			
UW Rate	% Change	Max Loan Amt	Loan Change
3.268%	-0.50%	\$ 17,832,276	\$ 1,326,552
3.518%	-0.25%	\$ 17,149,660	\$ 643,935
3.768%	0.00%	\$ 16,505,724	\$ -
4.018%	+0.25%	\$ 15,897,886	\$ (607,838)
4.268%	+0.50%	\$ 15,323,751	\$ (1,181,973)
4.518%	+0.75%	\$ 14,781,097	\$ (1,724,627)
4.768%	+1.00%	\$ 14,267,865	\$ (2,237,859)

- In underwriting the Permanent Loan, staff is using an all-in rate of 3.65% based on current swap rates and includes a 50bps cushion to further mitigate interest rate or termination payment risk.
- In obtaining the permanent hedge, HOC will incur closing costs of approximately \$127,500 if rates are unchanged at conversion. The actual cost of the hedge will not be known until the swap agreement is concluded. Hedge premiums and swap provider fees related to the swap will be built into the fixed swap rate and will not be charged at closing. The cost of the hedge is not expected to impact HOC’s current or future operating budgets.



VOLUME CAP NEED/USES (\$'000)

Year	2018	Projected 2019	Projected 2020
Balance Carried Forward	\$23,053	\$6,000	(\$158,071)
Annual Bond Cap Allocation	\$37,986	\$37,929	\$38,749
	6.6%	-0.1%	1.0%
TOTAL BOND CAP AVAILABLE	\$61,039	\$43,929	(\$119,322)
Special Allocation		\$57,000	
HOC PROGRAMS			
Single Family*	\$28,769	\$30,000	\$30,000
Upton II		\$24,000	
Elizabeth House III*		\$55,000	
900 Thayer*		\$24,000	
Bauer Park *		\$27,000	
Metropolitan*		\$0	\$10,000
Shady Grove *		\$24,000	
Georgian Court*		\$18,000	
Stewartown *		\$14,000	
Willow Manor at Clopper's Mill*			\$13,000
Willow Manor at Fair Hill Farm*			\$12,000
Willow Manor at Colesville*			\$9,000
TOTAL HOC PROGRAMS	\$28,769	\$216,000	\$74,000
PRIVATE DEVELOPERS			
Knights Bridge I*		\$43,000	
Hillside Senior Living	\$26,270		
TOTAL PRIVATE ACTIVITY	\$26,270	\$43,000	\$0
TOTAL BOND CAP REMAINING (SHORTFALL)	\$6,000	(\$158,071)	(\$193,322)

*Estimated allocations for deals not yet closed

- **Available Volume Cap:** HOC had a remaining balance of \$6 million in volume cap, at the end of CY2018. The Commission was allocated \$37.9 million in volume cap in CY2019. After the closing of Upton II, the remaining available bond cap is \$19.9 million.
- The projected volume cap usage for CY2019 is approximately \$235 million (\$192 million for HOC programs, and \$43 million for private deals), which exceeds estimated available bond cap for the year.
- **Requests for Additional Bond Cap:** HOC meets with Maryland's Community Development Association ("CDA") annually to review its annual volume cap needs.
- HOC may request additional bond cap from the Maryland Department of Commerce, the state agency responsible for the allocation of bond cap.
- Prior year unused volume cap carried forward by CDA can only be used by CDA.
- HOC met with CDA on February 21, 2019, and it has agreed to provide HOC a Special Allocation of approximately \$57 million of volume cap from its 2019 allocation.
- The Special Allocation of \$57 million combined with HOC's current available bond cap of \$19.9 million will be sufficient to finance 900 Thayer (\$24MM).

BOND CAP MATRIX

The Bond Cap Matrix was developed to measure and compare qualitative and quantitative variables of all tax-exempt bond transactions of the Commission. The indices were first introduced in 2002 with the expectation that the analysis would gain relevance over time as more projects are compared. By itself, an index has little meaning unless it can be measured against the results for other transactions.

Qualitative variables were introduced with quantitative variables to provide support for the allocation of volume cap, should the pure numbers suggest otherwise. The variables measured relate to pricing, feasibility, and public purpose for not only 900 Thayer, but for the preceding 21 other properties that were evaluated for HOC financing.

#	Name of Property	Year	Score
1	900 Thayer	2019	92%
2	Elizabeth House III	2019	85%
3	Upton II	2018	81%
4	Hillside Senior Living	2008	77%
5	Greenhills	2017	83%
6	Alexander House	2017	90%
7	Waverly House	2015	94%
8	Arcola Towers	2015	94%
9	Lakeview House	2015	81%
10	Olde Towne Apartments	2015	88%
11	Churchill Senior Living Phase II	2014	85%
12	Galaxy Apartments	2010	83%
13	Victory Forest	2008	88%
14	Forest Oak Towers	2007	77%
15	Covenant Village	2006	96%
16	Oakfield Apartments	2005	85%
17	Stratford Place Apartments	(Not financed)	
18	Clopper's Mill Manor	2004	88%
19	Charter House	(No cap allocation)	
20	Blair Park Apartments	2004	94%
21	Olney Manor Apartments	2004	88%
22	Randolph Manor Apartments	2002	88%

BOND CAP MATRIX: QUALITATIVE VARIABLES

Factors	Score	Comments
Public Purpose	+	<p>With income averaging, 100% of the 124 units will be restricted for households earning between 30% - 80% of AMI, with the average at or below 60% AMI. Eighty-four (84) units (68%) will be supported by project-based rental assistance ("PBRA") units via RAD, adding housing stock to the area, and for which a PILOT will be obtained. Ten (10) of the 124 residential units will conform with Uniform Federal Accessibility Standards (UFAS) and 11 units will be set aside for persons with disabilities.</p> <p>The development will spur economic activity in the County and boost economic impact state-wide. 900 Thayer will result in nearly \$53 million total economic output in the County and create approximately 326 jobs (direct, indirect, induced). This activity is estimated to generate \$976,278 in tax revenue for the County, as well as \$2.1 million and \$4.4 million in state/local and federal taxes, respectively, through the multiplier effect of these investments.</p>
Fees	+	A financing fee at permanent closing estimated at \$454,883 and \$543,267 present value of ongoing loan management fees (17 year compliance period)
Structure – Term of Affordability	+	LIHTC transaction with extended use provision for 30 years of affordability. A Use Restriction Agreement will be executed and made effective for the term of the FFB/FHA Financing (40 years).
Credit Enhancement – Risk to HOC	+	The FFB/FHA Financing will be supported by FHA mortgage insurance pursuant to the Risk Share Agreement with HOC
Readiness to Proceed	+	Construction underway; financing approvals pending. Closing planned mid 2019.
Need to Use Bond Cap	N/A	Volume cap supports the development of the project and generates fees for HOC.
Geography	+	Located in downtown Silver Spring, a high density area near schools, convenient retail and transportation links with excess demand vs. supply for affordable housing.
Developer Experience	+	Experienced regional development team with HOC as Developer.
Project Design	+	The development will be a Class A property with handicap accessibility, on-site retail, and appropriate amenities. Located in a high-density area near public transportation, the property does not offer parking.
Apartment Type	+	Elevator Mid-Rise, the community is a handicap accessible.
Bedroom Mix	+	The unit mix of 73 one-bedrooms and 51 two-bedroom units, appears appropriate for a downtown location.
Cost per Unit	+	\$446,251 per unit (\$55,323 acquisition cost and \$231,732 construction cost, not including contingency.)
Delivery Date	+	Construction to finish by fourth quarter of 2019.
HOC Ownership	N/A	HOC will retain managing ownership; majority ownership by limited partner investors.
Community Needs	+	Moderate to High. The current supply of affordable stabilized rental units in the 900 Thayer market area has a low vacancy rate of less than 1%, per an January 2019 appraisal, indicating excess demand for new rental units.

BOND CAP MATRIX: QUANTITATIVE VARIABLES

Factors	Score	Comments
Tax Exempt Savings Index	+	For every dollar of savings to the developer, we achieve \$4.44 of public purpose.
Cap Usage Index	+	For every dollar of bond cap allocated, we achieve \$0.58 in public purpose.
Public Purpose Index	-	The percentage of the total market potential that is devoted to public purpose is 49% for this transaction.
Unit Cap Cost Index	+	For every dollar of cost per unit, \$0.43 is provided in volume cap.

The current projections for the Property anticipate public purpose that exceeds the basic LIHTC requirement. Tax-exempt, bond financed transactions require a minimum 20% of units to be reserved for households with incomes at or below 50% of area median income or 40% of the units to be reserved for households with incomes at or below 60% of Washington DC/MD/VA AMI. Of the 124 units planned for construction, utilizing income averaging, 100% of units at the property will be restricted for households earning an average 60% or less of the AMI, which permits offering 40 units for households earning 80% of AMI or less in order to offset the deeper subsidy for 44 units restricted for households making 30% or less of the AMI. The construction of the Property will preserve safe, quality, affordable housing for individuals and families in the County.

The property is providing a substantial public purpose by providing 68% of its units to households earning 60% or less of AMI, which exceeds the minimum required for Tax-exempt bond financed transactions. It also generates fees to the Commission which enable it to continue to realize its public purpose mission.

Taken together, the combined qualitative and the quantitative variables score of 92% supports an allocation of up to \$24 million of bond cap for this transaction. This is due mostly to the deep public purpose relative to the market, upfront fees earned by HOC, the greater than 15-year term on affordability, and a sound project in terms of design, location and delivery schedule.

SUMMARY OF BOND AUTHORIZING RESOLUTION

The Bond Authorizing Resolution prepared by the Commission's Bond Counsel, Kutak Rock, LLP, outlines key elements of the transaction which the Commission must authorize to enable the financing to proceed. A summary of the main approvals is outlined below:

1. Issuance of short-term, stand-alone, tax-exempt bonds, a tax-exempt loan or other evidences of tax-exempt indebtedness in one or more series, as applicable, which may be structured as draw down bonds (the "Tax-Exempt Indebtedness") to fund a construction loan to the Borrower in a amount not to exceed \$24,000,000.
2. Execution and delivery of a trust indenture, funding loan agreement or other document securing the Tax-Exempt Indebtedness.
3. Execution of any documents related to the issuance and delivery of the Tax-Exempt Indebtedness, the security for the Tax-Exempt Indebtedness, and the construction of the project, including, without limitation, purchase documents, credit and/or liquidity documents, swap documents, disclosure agreements, if any, real estate documents and related tax documents.
4. Approval for Chairman, Vice Chairman, Chairman Pro Tem, and Executive Director, or one or more of their designees, to proceed with the issuance and delivery of the Tax-Exempt Indebtedness.
5. Establishment of terms relating to the Tax-Exempt Indebtedness and the security therefor and authority for the Executive Director or his designee to make ongoing determinations relating thereto including dates, maturities, interest payment dates, denominations, terms of redemption, and other terms of the Tax-Exempt Indebtedness.
6. Selection of Trustee or Fiscal Agent (if any), Financial Advisor and Bond Counsel.
7. Acknowledgment of future plan for the Commission to secure FFB financing for the purchase of a permanent, mortgage-secured risk-share loan from the Commission to the Borrower in connection with the permanent financing for the project.

ISSUES FOR CONSIDERATION

Does the Development and Finance Committee wish to accept the recommendation of staff and recommend the Commission to approve the following for 900 Thayer?

- 1) Approval of 900 Thayer's Financing Plan totaling \$55.1 million that includes the following sources: a) tax-exempt loan to fund construction, which will be repaid by FHA/FFB Financing; b) bridge funding during construction by way of taxable draws on the PNC Bank, N.A. Real Estate Line of Credit; c) LIHTC equity and solar credits; d) a subordinate County loan; e) loans from HOC; f) deferred developer fees; and g) interim income?
- 2) Approval of the feasibility and public purpose for 900 Thayer, and the allocation of up to \$24 million in volume cap for the transaction?
- 3) Approval of a Resolution authorizing the making and delivery of a Tax-Exempt Loan in an amount not to exceed \$24 million to 900 Thayer Limited Partnership ("Borrower") for the acquisition, construction, and equipping of the property ("Construction Loan") utilizing HOC's \$90 million PNC RELOC for a term of 18 months? Such tax-exempt loan is not a new obligation but will replace the previously approved taxable loan of up to \$25 million from the PNC RELOC.
- 4) Approval for HOC to loan up to \$5 million to the Borrower during construction by way of short-term, taxable draws on the PNC RELOC which shall be drawn when needed to bridge the receipt of LIHTC equity proceeds ("Bridge Loan") with a maximum term up to 18 months from closing, subject to availability of funds and the extension of the maturity or replacement of the PNC RELOC, which currently has a maturity date of June 30, 2020?
- 5) Approval for HOC to loan up to \$13.65 million to the Borrower towards acquisition and construction costs for 43 years from the Opportunity Housing Reserve Fund ("OHRF")("HOC Loan")?
- 6) Approval for HOC to negotiate and execute a Master Lease with the Borrower to guarantee payments of underwritten retail rents to the transaction for up to 17 years and not to exceed \$130,509 annually?
- 7) Approval to accept prepayment of 17-years worth of loan management fees (\$543,267 net present value, discounted at 3%) to be deposited in the OHRF with monthly payments (25 bps) commencing in year 18 from available cash flow?
- 8) Authorization for HOC to issue a Financing Commitment for an FHA/FFB funded 40-year, taxable mortgage loan in an amount of up to \$16.6 million ("Permanent Loan"), with HOC assuming 50% of the risk and HUD to assume 50% for the transaction ("Mortgage Insurance")?
- 9) Approval for the Borrower to accept the proposed Construction Loan, Bridge Loan, HOC Loan, County loan, and Permanent Loan?
- 10) Approval for the Executive Director to enter into an interest rate hedge agreement with one of the following counterparties (Royal Bank of Canada, Barclays Bank PLC, Wells Fargo Bank, N.A., Bank of America, N.A. or PNC Bank, N.A.) to manage interest rate risk until conversion to the permanent loan?

TIME FRAME

For action at the May 8, 2019 meeting of the Commission.

FISCAL/ BUDGET IMPACT

- HOC’s budget currently reflects no revenue in FY2019; therefore there is no impact on the FY2019 budget. The FY2020 budget currently projects a \$313,349 Commitment Fee, \$40,000 loan management fee, and \$1,897,070 Development Fee to be collected for this transaction. Current underwriting of the transaction projects collection of a \$454,883 commitment fee, \$543,267 loan management fee (NPV of 17 years worth), and \$1,852,930 of the Development Fee, \$600,661 higher than budgeted for FY2020.
- The Commission’s 2% commitment fee will be divided, 40% to the Commission’s General Fund and 60% to the Opportunity Housing Reserve Fund (“OHRF”).
- The upfront loan management fee in 2020 of \$543,267 is proposed to be contributed to the OHRF. Thereafter, commencing in FY2036, the Commission will begin collecting an ongoing loan management fee to the General Fund of approximately \$41,262 per year from available cash flow.
- As of March 20, 2019, \$9,526,214 of funds from the OHRF, \$3,999,831 from the OHDF, \$5,000,000 from the OHBF, and \$1,608,829 of taxable draws from the PNC RELOC have been used to pay construction costs. At closing of the subject transaction, funds drawn from the OHDF and OHBF will be repaid by drawing approximately \$3,973,000 of additional proceeds from the OHRF and \$5,706,320 on the PNC RELOC on a tax-exempt basis. This will have a net impact to reduce HOC’s cash holdings by \$3,973,000.
- When fully drawn, the switch of using the PNC RELOC for a \$24 million tax-exempt Construction Loan and \$5 million Bridge Loan will reduce HOC’s general obligation borrowing capacity by a net amount of \$4 million.

COMMITTEE CONSIDERATION

At the April 24, 2019 meeting of the Development & Finance Committee, the Committee approved for recommendation to the Commission, approval of the proposed Financing Plan for 900 Thayer and to enter into an Interest Rate Hedge for the transaction.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends that the Commission accepts the recommendation of the Development and Finance Committee and approve the following for recommendation to the Commission:

- 1) Approval of 900 Thayer's Financing Plan totaling \$55.1 million that includes the following sources: a) tax-exempt loan to fund construction, which will be repaid by FHA/FFB Financing; b) bridge funding during construction by way of taxable draws on the PNC Bank, N.A. Real Estate Line of Credit; c) LIHTC equity and solar credits; d) a subordinate County loan; e) loans from HOC; f) deferred developer fees; and g) interim income.
- 2) Approval of the feasibility and public purpose for 900 Thayer, and the allocation of up to \$24 million in volume cap for the transaction.
- 3) Approval of a Resolution authorizing the making and delivery of a Tax-Exempt Loan in an amount not to exceed \$24 million to 900 Thayer Limited Partnership ("Borrower") for the acquisition, construction, and equipping of the property ("Construction Loan") utilizing HOC's \$90 million PNC RELOC for a term of 18 months. Such tax-exempt loan is not a new obligation but will replace the previously approved taxable loan of up to \$25 million from the PNC RELOC.
- 4) Approval for HOC to loan up to \$5 million to the Borrower during construction by way of short-term, taxable draws on the PNC RELOC which shall be drawn when needed to bridge the receipt of LIHTC equity proceeds ("Bridge Loan") with a maximum term up to 18 months from closing, subject to availability of funds and the extension of the maturity or replacement of the PNC RELOC, which currently has a maturity date of June 30, 2020.
- 5) Approval for HOC to loan up to \$13.65 million to the Borrower towards acquisition and construction costs for 43 years from the Opportunity Housing Reserve Fund ("OHRF")("HOC Loan").
- 6) Approval for HOC to negotiate and execute a Master Lease with the Borrower to guarantee payments of underwritten retail rents to the transaction for up to 17 years and not to exceed \$130,509 annually.
- 7) Approval to accept prepayment of 17-years worth of loan management fees (\$543,267 net present value, discounted at 3%) to be deposited in the OHRF with monthly payments (25 bps) commencing in year 18 from available cash flow.
- 8) Authorization for HOC to issue a Financing Commitment for an FHA/FFB funded 40-year, taxable mortgage loan in an amount of up to \$16.6 million ("Permanent Loan"), with HOC assuming 50% of the risk and HUD to assume 50% for the transaction ("Mortgage Insurance").
- 9) Approval for the Borrower to accept the proposed Construction Loan, Bridge Loan, HOC Loan, County loan, and Permanent Loan.
- 10) Approval for the Executive Director to enter into an interest rate hedge agreement with one of the following counterparties (Royal Bank of Canada, Barclays Bank PLC, Wells Fargo Bank, N.A., Bank of America, N.A. or PNC Bank, N.A.) to manage interest rate risk until conversion to the permanent loan.

RESOLUTION No.:19-50

RE: Approval of the Financing Plan for 900 Thayer; Authorization to Issue Loans to 900 Thayer Limited Partnership for Acquisition and Construction Financing; Authorization to Issue Commitments for up to \$16.6 Million in Permanent Financing, Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Acquisition and Construction Loans

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of multifamily rental housing properties which provide a public purpose; and

WHEREAS, 900 Thayer is a development under construction in Silver Spring to deliver 5,098 square feet of ground floor retail and up to 124 apartments (the "Property"), which is currently owned by HOC subsidiaries under a condominium regime and, prior to closing of the financing described herein, shall be owned and will be operated by a single purpose entity known as 900 Thayer Limited Partnership ("Borrower"); and

WHEREAS, HOC is currently the sole member of 900 Thayer GP LLC (the "Managing Member"), which in turn is the sole member of the Borrower; and

WHEREAS, the Property will serve families across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit ("LIHTC") program, which will allow households with income from 30% up to 80% of the Washington DC Area Median Income ("AMI") or less, provided that the low income set-asides for the tax-exempt financing will be observed; and

WHEREAS, on August 9, 2017, the Commission approved the development plan for the Property as a new construction, community containing 124 income and rent restricted units (the "LIHTC Units"), of which 84 will be Project Based Rental Assistance (PBRA) units through the conversion and transfer of assistance of 84 Public Housing units at Holly Hall via the Rental Assistance Demonstration ("RAD") program, and 5,098 square feet of retail space (the "Final Development Plan"); and

WHEREAS, on September 15, 2017, the Commission approved loans of \$5,000,000 from the Opportunity Housing Bond Fund, \$5,000,000 from the Moderately Priced Dwelling Unit and Property Acquisition Fund ("MPDU/PAF"), and \$25,000,000 by way of short-term, taxable draws from the Commission's \$90,000,000 Real Estate Line of Credit with PNC Bank, N.A. ("RELOC") to be used for construction of the Property; and

WHEREAS, on May 2, 2018, the Commission authorized a loan of \$4,500,000 from the Opportunity Housing Development Fund to replace the \$5,000,000 loan from the MPDU/PAF; and

WHEREAS, on December 5, 2018, the Commission approved the selection of Wells Fargo Community Lending and Investment (“Wells Fargo”) as low income tax credit investor and authorized the Executive Director to negotiate a Limited Partnership Agreement to modify the ownership structure and admit Wells Fargo as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the managing member of the Managing Member entity; and

WHEREAS, on January 9, 2019, the Commission approved an initial construction financing plan for the Property, which is proposed to be replaced by the below financing plan; and

WHEREAS, to replace and repay prior sources of financing, staff explored a variety of options for the estimated \$55.1 million acquisition, construction and permanent financing for the Property, and determined to use a number of sources including: a) short-term, tax-exempt draws on the Commission’s RELOC, the proceeds of which will be loaned to the Borrower to fund construction costs (“Construction Loan”), which will be repaid by a FHA Risk Share permanent loan; b) bridge funding during acquisition/construction by way of draws on the Commission’s PNC Bank, N.A. Real Estate Line of Credit (“Bridge Loan”); c) LIHTC equity; d) a subordinate loan from Montgomery County, Maryland (“County Loan”); e) a sponsor loan from the Commission that consolidates the previous financing provided by the Commission to HOC subsidiaries that currently own the condominium units at the Property (“HOC Loan”); f) deferred developer fees; and, g) interim operating income (collectively, the “Financing Plan”); and

WHEREAS, the Commission and Borrower wish to secure a permanent takeout loan for the Property in the form of a forward commitment to insure and finance the permanent loan in an amount of up to \$16,600,000, based on a projected interest rate of 3.768%, using financing from the Federal Financing Bank, which proceeds will fund a mortgage loan insured by the FHA Risk Share Program (“Permanent Loan”); and

WHEREAS, to protect the transaction from potential Permanent Loan interest rate increases, the Commission wishes to purchase an interest rate hedge (the “Swap”) in the form of an interest rate swap to mitigate the risk of a potential rise in interest rates prior to the time the rate can be fixed for the Permanent Loan, the Swap to be evidenced by such agreements, certifications, and other documents as shall be deemed necessary and as shall be agreed upon by the Commission and the provider of the Swap (the “Swap Documents”); and

WHEREAS, the Swap will permit the Commission to pay a fixed interest rate to the Swap provider and will obligate the Swap provider to pay a variable interest rate to the Commission, in each case, based on a specified notional amount not to exceed the estimated Permanent Loan amount (taking into account the amortization schedule); and

WHEREAS, Commission and the Partnership expect to receive a Letter of Reservation/Determination for LIHTC from the Maryland Department of Housing and Community Development, which will enable the Borrower to raise approximately \$16.2 million in equity to pay part of its acquisition and development costs; and

WHEREAS, the retail space is expected to generate net revenues of approximately \$130,509 annually to the Borrower and the LIHTC investor has requested the Commission to enter into a master lease for the retail space to protect against leasing risk in underwriting the transaction (“Master Lease”).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Financing Plan as described herein, is hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the following:

1. Issuance of a tax-exempt, Construction Loan to the Borrower for up to \$24,000,000 funded by way of draws on the RELOC, which shall be drawn for acquisition and construction costs as needed and shall be outstanding for no more than 18 months from the closing date; and
2. Issuance of an HOC Loan to the Borrower for up to \$13,650,000 for up to 42 years to pay acquisition and construction costs and to be funded from the Commission's Opportunity Housing Reserve Fund (OHRF), with principal repayment intended to be payable from available property cash flow; and
3. The funding a Bridge Loan at closing, of up to \$5 million by way of short-term, taxable draws on the RELOC, which shall be drawn when needed to bridge the receipt of LIHTC equity and shall be outstanding for no more than 18 months from the closing date.
4. Acceptance of prepayment of 17 years' worth of loan management fees (Net Present Value discounted at 3%, estimated at \$543,267) to the OHRF, thereafter the annual 0.25% loan management fee will commence in FY2037, payable monthly from available cash flow.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a forward commitment for a Permanent Loan in an amount up to \$16.6 million, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development ("HUD"), of which the Commission shall assume 50% of the risk while HUD shall assume 50% for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, approves negotiation and execution of a Master Lease for the retail space in an annual amount not to exceed \$130,509, subject to 2% annual escalation, and for a term up to 18.5 years.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, approves the Borrower's acceptance of the Construction Loan, County Loan, Bridge Loan, LIHTC equity, HOC Loan, Permanent Loan, and Master Lease for the financing closing, which may occur separate and apart from the LIHTC equity closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution and delivery of the Swap and Swap Documents with a qualified counterparty to mitigate against a rise in interest rates.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director, or a duly appointed designee of the Executive Director, is hereby authorized, without any further action on their respective parts, to negotiate the terms of the Swap and complete the blanks therein as necessary to complete the transaction contemplated herein.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director, or a duly appointed designee of the Executive Director, is hereby authorized, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the Financing Plan and the transaction and action contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of 900 Thayer GP LLC, acting in its capacity and for and on behalf of 900 Thayer Limited Partnership at a regular meeting conducted on May 8, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION No.: 19-50^A

**RE: Approval to Draw from the PNC Bank, N.A.
Real Estate Line of Credit to Fund a
Construction and Bridge Loan for 900 Thayer in
Accordance with the Approved Financing Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing financing for the acquisition and construction of rental housing properties which provide a public purpose; and

WHEREAS, 900 Thayer is a development under construction in Silver Spring to deliver 5,098 square feet of ground floor retail and up to 124 apartments (the “Property”), which is owned and will be operated by a single purpose entity known as 900 Thayer Limited Partnership (“Borrower”); and

WHEREAS, HOC is currently the sole member of 900 Thayer GP, LLC (the “Managing Member”), which in turn is the sole member of the Borrower; and

WHEREAS, the Property will serve families across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit (“LIHTC”) program, which will allow households with income from 30% up to 80% of the Washington DC Area Median Income (“AMI”) or less, provided that the low income set-asides for the tax-exempt financing will be observed; and

WHEREAS, as part of the development plan, 900 Thayer will contain 84 Project Based Rental Assistance (“PBRA”) units through conversion and transfer of assistance of 84 Public Housing units at Holly Hall via the Rental Assistance Demonstration (“RAD”) program; and

WHEREAS, on August 9, 2017, the Commission approved the development plan for the Property as a new construction, community containing 124 income and rent restricted units (the “LIHTC Units”) and 5,098 square feet of retail space (the “Final Development Plan”); and

WHEREAS, on December 5, 2018 the Commission approved the selection of Wells Fargo Community Lending and Investment as LIHTC investor and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement to modify the ownership structure and admit Wells Fargo as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the managing member of the Managing Member entity; and

WHEREAS, on April 19, 2019, staff proposed a Financing Plan totaling approximately \$55.1 million, which includes approximately \$31.1 million in construction costs; and

WHEREAS, HOC is pursuing a 4% LIHTC allocation for the Property, which will generate approximately \$16.2 million in LIHTC equity to be contributed according to an agreed upon pay-in schedule (“LIHTC Equity”); and

WHEREAS, the Commission has approved funding of up to \$13,650,000 from its own cash resources, using available funds from the Opportunity Housing Reserve Fund (“OHRF”) (“Local Funds”), to fund the acquisition and construction of the Property; and

WHEREAS, the Commission wishes to make tax-exempt and taxable draws on the \$90 million PNC Bank, N.A. Real Estate Line of Credit (“PNC RELOC”) to complete the capital stack needed to close on the acquisition and construction financing for Property until receipt of LIHTC Equity proceeds and permanent financing; and

WHEREAS, the Commission may make draws on the PNC RELOC at either a taxable rate equal to an interest rate at an optional London Interbank Offered Rate (“LIBOR”) (1-month, 3-month, 6-month, or 12-month) plus 58 basis points, or a tax-exempt rate of 68.5% of LIBOR plus 38 basis points; and

WHEREAS, the PNC RELOC is scheduled to mature June 30, 2020 unless extended or refinanced.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes tax-exempt draws on the PNC RELOC totaling up to \$24,000,000 (as further authorized under Commission Resolution 19-50^A adopted on the date hereof), which shall be drawn for acquisition and construction costs as needed until repaid from permanent financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission that it authorizes reduction of the taxable draws permitted on the PNC RELOC according to Commission Resolution 17-62a from \$25,000,000 to \$5,000,000 to bridge the receipt of LIHTC Equity proceeds for financing of the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that it authorizes the funds be loaned to the Borrower with interest to accrue and be paid at a rate sufficient to pay the interest cost of the PNC RELOC, herein estimated to be 2% annually and shall remain outstanding for a term of up to 18 months from the Property’s first draw and repaid from proceeds of LIHTC Equity and permanent financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director, or his duly appointed designee, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on May 8, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION: 19-50^B Re: Adoption of an Authorizing Resolution for One or More Tax-Exempt Drawings on the PNC Bank, National Association Real Estate Revolving Line of Credit to Finance the Acquisition, Construction and Equipping of the 900 Thayer Project

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING ONE OR MORE TAX-EXEMPT DRAWINGS ON THE PNC BANK, NATIONAL ASSOCIATION REAL ESTATE REVOLVING LINE OF CREDIT (COLLECTIVELY, THE “2019 TAX-EXEMPT OBLIGATIONS”) IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$24,000,000 FOR THE PURPOSE OF FINANCING A CONSTRUCTION LOAN TO FUND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF 900 THAYER (THE “PROJECT”), A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY 900 THAYER LIMITED PARTNERSHIP, ALL AS SHALL BE NECESSARY FOR THE FINANCING OF THE ABOVE-DESCRIBED PROJECT; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONSTRUCTION LOAN AGREEMENT, A LAND USE RESTRICTION AGREEMENT, A REGULATORY AGREEMENT, A TAX REGULATORY AGREEMENT AND NO ARBITRAGE CERTIFICATE, AND ANY OTHER DOCUMENTS NECESSARY FOR THE 2019 TAX-EXEMPT OBLIGATIONS AND/OR NECESSARY TO ACCOMPLISH THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE INITIAL DRAWING ON THE 2019 TAX-EXEMPT OBLIGATIONS AND TO ESTABLISH THE TERMS RELATING THERETO AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2019 TAX-EXEMPT OBLIGATIONS; AUTHORIZING THE EXECUTIVE DIRECTOR TO APPOINT A FISCAL AGENT OR TRUSTEE, IF NECESSARY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) is a public body corporate and politic duly organized under Division II of the Housing and Community Project Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the “Act”), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Act declares that there exists within Montgomery County (the “County”) a critical shortage of decent, safe and sanitary dwelling accommodations available to rent which “persons of eligible income” (within the meaning of the Act) can afford; and

WHEREAS, the Act empowers the Commission to make mortgage loans to qualified sponsors to provide for the construction, construction, long-term and short-term financing of

multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program (the “Program”) to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds; and

WHEREAS, the Commission has determined to make one or more tax-exempt drawings on its PNC Bank, National Association Real Estate Revolving Line of Credit (the “PNC RELOC”) pursuant to the provisions of the Revolving Loan Agreement, dated as of July 1, 2014, by and between the Commission and PNC Bank, National Association, as amended on June 1, 2017 (the “PNC Revolving Loan Agreement”), for the funding of a short-term construction loan (i) to make moneys available for the acquisition, construction and equipping of a development known as 900 Thayer (the “Project”), to be owned and operated by 900 Thayer Limited Partnership (the “Borrower”), the general partner of whom is wholly-controlled by the Commission and (ii) if necessary, to reimburse the Commission for prior expenditures of Commission funds to finance the acquisition, construction and equipping of the Project, all in accordance with the financing plans approved by the Commission in connection with the Project under the separate resolutions adopted by the Commission on September 15, 2017, as amended by this Resolution, and in accordance with the additional financing plans set forth in this Resolution and other resolutions adopted by the Commission on the date hereof (collectively, the “Financing Plan”); and

WHEREAS, in connection with draws on the PNC RELOC under the Revolving Loan Agreement, such draws to be evidenced by one or more promissory notes in the form attached to the Revolving Loan Agreement (collectively, the “2019 Tax-Exempt Obligations”), and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to a construction loan agreement between the Commission and the Borrower, a Land Use Restriction Agreement, a Regulatory Agreement, a Tax Regulatory Agreement and No Arbitrage Certificate, and any other documents necessary for the 2019 Tax-Exempt Obligations and/or to accomplish the Financing Plan (collectively, the “Financing Documents”); and

WHEREAS, the Commission hereby acknowledges that the development plan for the Project contemplates the refinancing of the 2019 Tax-Exempt Obligations following completion of construction of the Project with a FHA Risk-Share insured mortgage loan (or such other source of refinancing as shall be available to the Commission and economically advantageous at that time) which will be purchased by the Federal Financing Bank and that such refinancing will be presented to the Commission for approval at such time as the construction of the Project is complete and the Construction Loan converts to a permanent, FHA Risk-Share insured mortgage loan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County:

1. ***Approval of Financing Plan.*** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions to be set forth in the Financing Documents approved hereby.

2. ***2019 Tax-Exempt Obligations.*** The 2019 Tax-Exempt Obligations are hereby authorized to be executed and delivered in an aggregate principal amount not to exceed \$24,000,000 to carry out the purposes under the Program as described above. Notwithstanding the foregoing, the Executive Director is hereby authorized to approve, in consultation with the Financial Advisor and Bond Counsel to the Commission, such greater number or amount of 2019 Tax-Exempt Obligations required to accomplish the Financing Plan and to determine and establish the terms thereof. The 2019 Tax-Exempt Obligations will be executed and delivered in accordance with the provisions of the Revolving Loan Agreement and the Financing Documents.

3. ***Financing Documents.*** The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission (each, an “Authorized Officer”) or any duly appointed and authorized designee of the Executive Director (an “Authorized Representative”) are hereby authorized and directed to execute and deliver the Financing Documents in such form as shall be approved by such officers, the execution of such Financing Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any Authorized Officer is hereby authorized and directed to affix the seal of the Commission to the Financing Documents, as may be necessary, and to attest the same.

4. ***Internal Revenue Service Form 8038; Private Activity Volume Cap.*** Each Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the Commission Internal Revenue Service Form 8038-G relating to the 2019 Tax-Exempt Obligations as prepared by Bond Counsel. Private activity bond volume cap in the amount of the final principal amount of the 2019 Tax-Exempt Obligations will be allocated to the draw and delivery of the 2019 Tax-Exempt Obligations.

5. ***Terms; Ongoing Determinations.*** The Executive Director or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the dates, maturities, interest payment dates, denominations, terms of redemption or prepayment, registration privileges, security and other terms, and to approve the interest rates the 2019 Tax-Exempt Obligations and the Construction Loan, all of the foregoing to be specified, as applicable, in the Financing Documents. The Executive Director or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, and is hereby authorized, from time to time during the period the 2019 Tax-Exempt Obligations are outstanding, to make ongoing determinations, as may be required by the terms of the Financing Documents and any other documents relating to the 2019 Tax-Exempt Obligations, the Project, the Construction Loan and any additional related loans, including, but not limited to, the giving and withholding of consents, the selection of certain providers, the determination to permit the prepayment of the Construction Loan and the refinancing and repayment or

prepayment of the 2019 Tax-Exempt Obligations and/or other related obligations of the Commission, and the Executive Director or other Authorized Representative, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

6. ***Other Action.*** Each Authorized Officer or other Authorized Representative of the Commission is hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution relating to the 2019 Tax-Exempt Obligations and the accomplishment of the Financing Plan.

7. ***Appointment of Financial Advisor and Bond Counsel; Trustee or Fiscal Agent.*** Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor to the Commission, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2019 Tax-Exempt Obligations. The Executive Director is hereby authorized to designate a trustee or fiscal agent for the 2019 Tax-Exempt Obligations upon a determination that the services of a trustee or fiscal agent shall be necessary to effectuate the transactions contemplated by the Financing Plan.

8. ***No Personal Liability.*** No stipulation, obligation or agreement herein contained or contained in or contemplated by the 2019 Tax-Exempt Obligations, the Construction Loan or the Financing Documents or in any other agreement or document executed on behalf of the Commission in connection with the 2019 Tax-Exempt Obligations or in its capacity as general partner the limited partnership owner of the Project, shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the 2019 Tax-Exempt Obligations or be subject to personal liability or accountability by reason of the issuance thereof.

9. ***Action Approved and Confirmed.*** All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the 2019 Tax-Exempt Obligations and the accomplishment of the Financing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

10. ***Severability.*** If any provision of this Resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision hereof or cause any other provision hereof to be invalid, inoperative or unenforceable to any extent whatsoever.

11. ***Effective Date.*** This Resolution shall take effect immediately.

RESOLUTION: 19-50^B

Page 5 of 5 pages

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 9, 2019.

Patrice Birdsong
Special Assistant to the Commission

APPROVAL TO EXTEND THE FINANCIAL ADVISOR CONTRACT WITH CAINE MITTER AND ASSOCIATES INCORPORATED (“CMA”) AND TO RESPOND TO THE COMMISSION REGARDING THE USE OF CMA’S CASH FLOW PREPARATION SOFTWARE

May 8, 2019

- The Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) serves as the Housing Finance Agency of Montgomery County. To advance its mission and operate a successful bond financing program, the Commission engages the services of a number of industry professionals, one of which is a financial advisor.
- Caine Mitter & Associates Incorporated (“CMA”) has successfully served the Commission since 1979 as its Financial Advisor and was awarded a new contract in June 2017 for an initial two-year term with three optional one-year renewals, each of which requires approval by the Commission.
- CMA continues to provide satisfactory financial advisory services to the Commission and the Commission now wishes to renew the contract for one year under the terms of the original contract and in accordance with the current Procurement Policy.
- Given the length of time that CMA has served as sole Financial Advisor to the Commission and the use of its proprietary software for preparation of bond cash flows, the Commission directed staff to evaluate the system it uses against a market product.
- Staff’s response to the Commission confirmed that, 1) the data used as inputs for cash flow preparation are generated by HOC staff and reconciled with the indenture trustee and the financial advisor for accuracy, 2) the rating agency, in this case Moody’s Investors Services, reviews the cash flows to confirm that its methodologies are correctly reflected in the cash flow, 3) bond counsel reviews the cash flows for tax law and arbitrage yield compliance, and 4) there have been no irregularities or issues with the bond cash flows.
- The Development and Finance Committee which met on April 19, 2019 evaluated staff’s recommendation for contract renewal and the response to the Commission’s 2017 directive and is satisfied that no further action is warranted.
- Staff therefore recommends that the Commission accept the recommendation of the Development and Finance and approve the renewal of the financial advisor service contract with Caine Mitter & Associates Incorporated for one year with the renewal term ending July 2, 2020, subject to a maximum annual contract amount of \$500,000.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Brown/Benjamin/Arrington Division: Mortgage Finance Ext. 9589/9590/9760

RE: Approval to Extend the Financial Advisor Contract with Caine Mitter and Associates Incorporated (“CMA”) and to Respond to the Commission Regarding the Use of CMA’s Cash Flow Preparation Software

Date: May 8, 2019

COMMITTEE REPORT: Deliberation X

OVERALL GOAL & OBJECTIVE:

To renew the term of the financial advisory services contract with Caine Mitter and Associates Incorporated (“CMA”) and respond to specific questions and issues that were raised by the Financial Advisor Evaluation Committee (“Committee”) concerning the cash flow preparation software used by CMA.

BACKGROUND:

On May 18, 2017, the Commission approved a new contract for CMA after completing a new procurement. An evaluation committee comprised of three Commissioners, staff and the Executive Director reviewed the proposals that were submitted by two firms (CMA and CSG Advisors (“CSG”)) and made the recommendation to the Commission for a new two-year contract with CMA plus three optional one-year renewals that must be approved by the Commission in accordance with the current Procurement Policy.

The Financial Advisor

CMA is an independent financial advisory firm that, acting through its personnel, has been in the business of providing financial advisory and quantitative services to state and local housing finance agencies for over 40 years, specializing in single family and multifamily housing finance as well as the fiscal management for local and state housing finance agencies. Its principal, Thomas P. Caine, has been in the business for over 42 years. CMA also acts as swap advisor and investment bidding agent for both single family and multifamily programs and provides a broad array of services to its clients.

Financial advisors are heavily regulated and the principal regulator is the Municipal Securities Rulemaking Board (“MSRB”). The MSRB develops rules for financial professionals designed to ensure a fair and efficient market by preventing fraud and other unfair practices, establishing professional qualifications, supporting market transparency, and applying uniform practices to the industry. Among these rules are those that regulate the activities of municipal advisors and clarify their obligations to the state and local governments and other municipal entities that engage their services.

All municipal financial advisors must be registered with the MSRB and any of the advisors' staff that provides financial advisory services must have passed the Series 50 examination. CMA is a registered municipal advisor within the context of the MSRB.

An effective financial advisor to the Commission is expected to among other things, provide advice for the structuring and management of its municipal housing finance programs to optimize the Commission's resources. At the transaction level, it structures bond issuances, prepares quantitative cash flow analyses for each transaction, and provides annual analysis for its parity indentures under which single family and multifamily housing bonds are issued. This ensures that rating-agency-required cash flow stress runs are successful and that the issued securities are yield compliant within the meaning of the Internal Revenue Code ("IRC"). If cash flow services and program structuring are not provided by the financial advisor, they would need to be contracted out. Further, the financial advisor generally informs the Commission of current market conditions and financing techniques being employed to optimize these conditions.

ISSUES RAISED BY THE EVALUATION COMMITTEE

During the selection process in May 2017, the Committee discussed the proprietary software used by CMA in its preparation of bond cash flows and other bonds analytics as well as the length of the CMA representation as the Commission's sole financial advisor. CMA has acted as sole financial advisor since the inception of its bond financing program in 1979. As a result, the approval of a new term was contingent upon staff's review of a consultant's evaluation of CMA's software system used to prepare cash flows and other analytical services used in its delivery of municipal financial advice to the Commission.

CMA has effectively represented the Commission as financial advisor for over 40 years. The Committee was concerned that all of its financial information related to its bond programs were with a single firm; therefore, it believed it prudent to engage a third party to audit the information. The Committee argued that since CMA and CSG are the two top firms that provide holistically, these specialized services, it would be good practice to know about another company and possibly learn to work with them.

CMA distinguishes itself from CSG in that its technology involves the use of a proprietary software system, developed and maintained in-house, making it more flexible with the capability to adjust to clients' needs and market dynamics. CSG provides its quantitative services via a third party through a licensing arrangement with DBC Software. Given the use of CMA's own software developed and maintained in-house, the Committee expressed concerns about verification of the cash flows and to what degree of certainty we could confirm the accuracy of the cash flows and other analytical services used in its delivery of municipal financial advice to the Commission. The Committee directed staff to engage a third party to evaluate the two systems as an evaluation rather than a forensic audit. This was intended to confirm that the Commission has and continues to receive the best representation available in the market place.

STAFF'S RESPONSE

DBC Software Review

DBC family of solutions from SS&C Technologies, Inc., delivers technology for structuring and reporting on municipal finance, general obligation and revenue bond issues, including asset-backed housing and student loan securitizations.

Underwriters, investment banks, municipal issuers and financial advisors use DBC solutions for structuring new issues, securitizations, strategic planning and asset/liability management. All DBC solutions are backed by specialized, dedicated support teams. It is popular in the municipal finance industry and is readily available in the market place. However, it is less popular in the housing sector of the industry because of (1) limitations in producing cash flows for large parity bond indentures, like HOC's indentures and (2) lack of responsiveness of DBC staff to making changes in the software to reflect changes in housing bond structures. CMA uses its own proprietary software "Flow" to prepare HOC's cash flows and yield calculations. A majority of state housing finance agency cash flows are run on proprietary software, like CMA's software, and not on DBC.

Staff agrees that the use of a proprietary software built for a single user makes it harder to identify flaws in the financial analyses; however, CMA represents 25 state and local issuer clients whose cash flows are prepared for publicly rated and issued securities and such cash flows have been accepted by the rating agencies as having followed their prescribed methodologies, bond counsel having issued opinions, and investors or purchasers of the bonds. Additionally, CMA has used its software to produce cash flows for all of the Commission's issuances since program inception and there has not been a single discrepancy in any calculation or any difficulty in paying debt service on any of HOC's bonds.

Finally, CMA reports that Fitch, one of the three major rating agencies (S&P and Moody's are the others) reviewed its software in 2013 and found no issues with the software.

Given the Committee's desire to confirm accuracy of the cash flows, instead of an evaluation of DBC versus Flow, staff discussed with the Development and Finance Committee, the following:

1. Protocol used to generate data used in the preparation of cash flows;
2. Rating agency assumptions and methodologies applied in the cash flow analysis;
3. Tax law assumptions and review by bond counsel for arbitrage and yield compliance; and
4. Cash flow verification involving the testing for mathematical accuracy of the calculations used in the cash flows, which involves engaging a third party consultant to review, analyze, and confirm accuracy of calculations. This process not currently used by the Commission; however, the concern is for accuracy of the cash flows, which staff believes can be confirmed through this process.

Data Generation – HOC Staff

HOC's bond accounting staff prepares financial tables to provide data to CMA for cash flow preparation. Staff also provides draft copies of the indenture audits with all audit schedules at or around the end of October of each year. Additionally, mortgage balances, accrued interest schedules, foreclosure information, approved bond draw, and program expenses are provided during this process. Furthermore, these scheduled are now included in the indenture audits, adding another layer of review. It is important to underscore that CMA does not generate data for cash flow preparation, but that the data is created by HOC staff and reconciled among staff, CMA and Trustees to confirm an accurate starting point.

Testing Assumptions – Rating Agency

Moody's Investors Services rates all of the Commission's publicly issued bonds. Therefore, it reviews all cash flows prior to issuing or affirming a rating based on its established rating methodology and to confirm that the cash flows accurately reflect its rating methodologies.

Because bonds are primarily repaid with mortgage and investment revenues, cash flow projections incorporating stresses of mortgage prepayments, originations and investment earnings are a key consideration. For a program with variable rate debt exposure, Moody's reviews additional cash flow scenarios incorporating stress from high and low rate environments, remarketing spreads and bank bonds to assess the program's ability to meet payment obligation in these stressful settings.

As Moody's reviews each of the scenarios and projections, they assess how program revenues cover payment obligations and the projected asset to debt ratios of the program going forward. Cash flows which demonstrate deficiencies or weak asset to debt ratios may result in assignment of a lower rating, as detailed in the methodology. The methodology includes certain assumptions for bond interest rate, expenses, redemption, mortgage loan, investments, Guaranteed Investment Contracts ("GIC") and counterparties.

Testing Assumptions –Bond Counsel

HOC's Bond Counsel, Kutak Rock, LLP, reviews the cash flows for all transactions issued under the Commission's parity indentures. Bond Counsel reviews the cash flow results for compliance with indenture covenants, review rating confirmation letters and reports, viewing rating confirmations (and, impliedly, satisfaction of rating agency criteria) as probative of satisfaction of indenture covenants, and finally reviews arbitrage yield runs, weighted average maturity runs, and other financial and statistical calculations evidencing satisfaction of applicable tests imposed under the Internal Revenue Code

Mathematical Accuracy/ Third Party Engagement

Third party verifications are sometimes required by bond documents usually as part of a bond defeasance. Since issuers of housing bonds rarely defease their bonds, verifications are not common in this sector of the municipal market. However, the Commission may engage a third party to confirm the accuracy of the cash flow calculations, but based on the successful history of the bonds program, the Development and Finance Committee did not believe it necessary to incur program costs for these services at this time. If at any time these services were deemed necessary, there are firms that specialize in providing such services to issuers or municipal securities.

These firms do not test assumptions, as the rating agency and Bond Counsel perform those tasks for rating and tax law compliance. However, these firms will review the assumptions and run their financial analyses to determine mathematical accuracy of the cash flow calculations. They will review certain financial information such as the investments, payment of bonds and determine if based on the assumptions, there will be sufficient monies under the indenture to pay the bonds.

ISSUES FOR CONSIDERATION:

1. Does the Commission wish to accept the recommendation of the Development and Finance Committee and grant its approval to renew the current financial advisor services contract with Caine Mitter and Associates Incorporated for one year?

CMA possesses in-depth knowledge of HOC, its mission, financial condition, and operational framework; and continues to provide a high level of professionalism and industry expertise. CMA provides a full array of financial advisory and sophisticated quantitative services to HOC and it structures financing programs to maximize HOC's resources and profitability within the confines of the tax code, which results in stronger single family and multifamily housing programs. CMA is responsive, innovative, and employs a team approach to its coverage of the HOC account, ensuring that issues can be addressed by any member of the staff.

Staff also notes that during CMA's long tenure of providing financial advisory services to HOC, each CMA team member assigned to assist HOC in its program endeavors has consistently reflected the requisite expertise, diligence, and commitment necessary to allow HOC to achieve its desired program goals.

2. Does the Commission wish to accept the recommendation of the Development and Finance Committee to accept staff's response to questions and issues raised by the Committee in 2017 and direct staff to take no further action toward evaluating cash flow preparation software systems?

PRINCIPALS:

Housing Opportunities Commission
Caine Mitter & Associates Incorporated

BUDGET IMPACT:

There is no impact to the Commission's operating budget, in general. The Financial Advisor is paid from revenues in the Single Family Indenture and from proceeds of each multifamily financing. Fees paid to the Financial Advisor are included in the cost of issuance budget for each transaction and approved by the Commission. Additionally, the cost for engaging a third party firm will be paid from revenue in the indentures.

TIME FRAME:

For action at the May 8, 2019 meeting of the Commission.

COMMITTEE RECOMMENDATION:

The Development and Finance Committee met on April 19, 2019 and unanimously voted to accept staff's response and to recommend to the full Commission that no further action was required by staff.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee approve the renewal of the financial advisor services contract with Caine Mitter and Associates Incorporated for one year and pursuant to terms of the original contract of June 2017 and in accordance with the Procurement Policy.

Staff further recommends that the Commission accepts staff's response to the questions and issues raised by the Committee concerning the cash flow preparation software and that no further action is needed by staff.

Resolution No.: 19-51

Re: Approval to Extend the Financial Advisor Contract with Caine Mitter and Associates Incorporated (“CMA”) and Respond to the Commission Regarding the Use of CMA’s Cash Flow Preparation Software

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and the Memorandum of Understanding by and between the Housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the “County”), dated June 20, 2018, and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, to advance its mission and operate a successful bond financing program, the Commission engages the services of a number of industry professionals, one of which is a financial advisor; and

WHEREAS, Caine Mitter & Associates Incorporated (“CMA”) has successfully served the Commission since 1979 and was selected on June 7, 2017, to continue to serve the Commission as its financial advisor for a new contract term after completion of a new procurement, initially for two years with three optional one year renewals for a maximum term of five years; and

WHEREAS, CMA continues to provide satisfactory financial advisory services to the Commission and the Commission wishes to renew the contract for one year in accordance with the current Procurement Policy; and

WHEREAS, the Commission had substantial and compelling reasons to retain the services of Caine Mitter & Associates Incorporated, but given the length of time that CMA has served as sole financial advisor to the Commission and the use of its proprietary software for preparation of bond cash flows, the Commission directed staff to evaluate the system it uses against a market product; and

WHEREAS, in response to the Commission’s directive, staff concludes that, 1) the data used as inputs for cash flow preparation are generated by HOC staff and reconciled with the indenture trustee and the financial advisor for accuracy, 2) the rating agency reviews the cash flows to confirm that its methodologies are correctly reflected in the cash flow, 3) bond counsel reviews the cash flows for tax law and arbitrage yield compliance, and 4) there have been no irregularities or issues with the bond cash flows, all pointing to the integrity of the data and methodologies employed by the CMA cash flow preparation software.

NOW THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the renewal of current contract with Caine Mitter & Associates Incorporated to continue to serve the Commission as Financial Advisor for one-year in accordance with terms provided in the current contract in accordance with the Procurement Policy and that no further evaluation of CMA or its software system is needed at this time.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 8, 2019.

Patrice M. Birdsong
Special Assistant to the Commission

[SEAL]

**AUTHORIZATION TO SELECT GENERAL CONTRACTOR FOR
RENOVATION OF BROOKE PARK APARTMENTS IN
ACCORDANCE WITH RFP #2149 AND AUTHORIZATION FOR
THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A
CONTRACT TO COMPLETE THE PLANNED RENOVATIONS AT
THE PROPERTY
BETHESDA**



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
GIO KAVILADZE

May 8, 2019

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Transaction History

Project Name:	Brooke Park Apts	Total Sq. ft.:	20,790	Estimated Construction Start:	Q4 FY2019
Location:	Bethesda, MD	Average Unit Size (SF):	871	Estimated Completion:	Q3 FY2020
Product Type:	Garden	Units:	17	Recap Strategy:	Rehab
Year Built (Renovated):	1956	Occupancy:	Vacant	Funding Strategy:	HIF/Private Loan
Property Address:	6400, 6402, 6404, 6406 Brookes Lane (previously 6301, 6303, 6305, 6307 Macarthur Blvd)				

- In 2013 the Montgomery County DHCA exercised its right of first refusal and assigned the right to HOC to purchase Brooke Park Apartments to preserve affordability for 18 units at 65% AMI; however, only 17 legal units are permitted at the site.
- DHCA provided acquisition and development funding of \$5.2M, with the understanding that after final development costs are determined, additional funding would be requested if needed.
- Prior to the purchase of Brooke Park, the property was planned for demolition, to be replaced with 10 luxury townhomes.
- HOC had to undergo a lengthy entitlement process of amending the preliminary plan and revising the plat to obtain approval to revert to the 17 apartment units at the site.
- Planning Board approved Preliminary Plan amendment in July 2018. After meeting the conditions for the approval, HOC obtained amended Plan certification in March 2019.
- The process of re-platting is currently underway and is expected to be completed within the next 30-60 days.
- In addition to the acquisition cost of \$3.6 million, approximately \$400K has been spent on site entitlement costs, leaving a balance of about \$1 million from the original \$5.2 million loan for property renovation (including tenant relocation costs).
- Project design team has completed construction drawing and is currently in the process of obtaining construction permits. Construction permits are also expected to be finalized in 30-60 days.
- All tenants have been relocated to other HOC properties until after the renovation is completed.

DHCA Loan Balance	\$5,200,000
Acquisition Cost	(\$3,603,283)
Site Entitlement and Design: Architectural and Engineering Fees	(\$231,395)
Site Entitlement: Legal	(\$50,000)
Site Entitlement: Third Party Consultants	(\$77,100)
Site Entitlement: Record Plat	(\$9,500)
Site Entitlement and Permit Fees	(\$45,489)
Tenant Relocation (Est)	(\$125,285)
Net Funding Available	\$1,057,947

Existing Condition



Renovation Plan



Renovation Scope

Building Exterior and Site Work

- The scope includes correction of significant site issues related to parking, grading, storm water management, and landscaping.
- New retaining wall will be constructed to address the parking area condition.
- Paving, concrete repairs, new signage, new trash enclosures.
- A new driveway and frontage improvements to Brookes Lane and Sangamore Road.
- Some areas will be re-graded to improve storm water flows and address existing water penetration issues.
- Tree protection measures will be implemented; some existing trees will be removed.
- New storm water management facility will be constructed between the parking area and the building.
- New landscaping will be added.
- Two (2) accessible units will be added, including a new pedestrian bridge from the parking area to the second floor of the building.
- Existing balconies will be removed and replaced with Juliet balconies.
- Exterior wall furring and insulation will be added.
- The building will have a new façade that is more fitting to the surrounding community.
- Roof, gutters and downspouts will be replaced.

Building Interior / Units Renovation

- Windows and doors will be replaced.
- Sprinkler fire protection will be added to the building.
- HVAC and hot water systems will be converted from central to individual units.
- Kitchen and bathroom upgrades including but not limited to new energy efficient appliances, cabinets, and countertops.
- Washer and dryer units will be provided within each unit.
- New fixtures and energy efficient lighting.
- New electrical distribution systems.
- Currently all of the utility systems are centralized except for electricity. By individually metering the units and updating the systems, the property will operate more efficiently.

Construction is estimated to take eight (8) to 12 months.

General Contractor Procurement

- a. On February 12, 2019, HOC issued RFP #2149 for general contracting services at Brooke Park Apartments.
- b. On January 15, 2019, a pre-bid meeting was held at the property.
- c. Question submission deadline was initially set for February 14, 2019, and proposal submission deadline was set for February 26, 2019. However, to allow general contractors sufficient time to request and receive accurate pricing data from sub-contractors, Addendum #1 to the RFP was issued on February 25, 2019, extending the deadlines to February 28, 2019 for question submission and March 12, 2019 for proposal submission.
- d. Addendum #2 was issued on March 5, 2019 to respond to GC questions and to provide building and retaining wall drawings.
- e. Three (3) qualified bids were received by the HOC Procurement Office by the deadline of March 12, 2019.
- f. HOC evaluation team completed scoring on March 26, 2019.

Selection Criteria

- a. **Experience with government agencies and housing authorities** in the Baltimore-Washington Metropolitan area with a preference for Montgomery County (10%)
- b. **Demonstrated ability for on-time completion** (5%)
- c. **Financial Strength** (15%)
- d. **Contractor Qualifications** (40%), showing experience with similar project types (garden style apartment renovations), and References Sheet
- e. **Price Proposal** (30%). Range of Values will be from 0 to 30. Lowest Price will score thirty percent (30%) and the highest price will score zero percent (0%).

Bidder List

Hooten Construction, LLC

6200 Old Dobbin Lane, Suite 190
Columbia, MD 21045
Phone: (410) 465-8260

Winmar, Inc.

1010 Wisconsin Ave NW, Suite 150
Washington, DC 20007
Phone: (202) 464-8750

D&A Contractors, Inc.

8655 Cherry Lane
Laurel, MD 20707
Phone: (301) 498-4304

General Contractor Selection

- Even though D&A Contractors submitted the lowest priced bid at \$2.9 million, the firm did not demonstrate past experience with multifamily residential renovations and therefore received low score in the Contractor Qualification category.
- Hooten Construction scored highest in the Contractor Qualification category. Included in their experience is a proven history of successful work for HOC. The price proposal submitted by Hooten Construction is also not significantly higher than the D&A's lowest bid, resulting in the second highest score for Hooten in the Price Proposal category.
- Other scoring categories did not significantly influence the outcome.
- The combination of the highest score in the Contractor Qualification category and a competitive price proposal resulted in Hooten's selection with overall highest score at **89.50**.

	Licenses	Certificate of Insurance	Bid Bond	Acknowledgements	Bid Amount
Winmar, Inc	Provided	Provided	Provided	Provided	\$5,595,332
Hooten	Provided	Provided	Provided	Provided	\$3,190,300
D&A Contractors, Inc	Provided	Provided	Provided	Provided	\$2,898,000

	Experience with Government Agencies and Housing Authorities	Demonstrated Ability for On-Time Completion	Financial Strength	Contractor Qualification	Price Proposal	Total Points
Maximum Points	10	5	15	40	30	100
Winmar, Inc	7.00	5.00	9.33	33.33	0.00	54.67
Hooten	10.00	5.00	15.00	36.67	22.83	89.50
D&A Contractors, Inc	7.00	5.00	13.33	20.00	30.00	75.33

Construction Cost Summary

Facility Construction	Total Budget	Per Unit
Division 02 - Existing Conditions	\$92,515	\$5,442
Division 03 - Concrete	\$71,950	\$4,232
Division 04 - Masonry	\$10,000	\$588
Division 06 - Wood, Plastics, and Composites	\$131,610	\$7,742
Division 07 - Thermal and Moisture Protection	\$109,528	\$6,443
Division 08 - Openings	\$118,969	\$6,998
Division 09 - Finishes	\$301,278	\$17,722
Division 10 - Specialties	\$44,691	\$2,629
Division 11 - Equipment	\$71,795	\$4,223
Division 12 - Furnishings	\$3,145	\$185
	\$955,481	\$56,205

Facility Services (MEP)	Total Budget	Per Unit
Division 21 - Fire Suppression	\$67,500	\$3,971
Division 22 - Plumbing	\$375,020	\$22,060
Division 23 - Heating Ventilating and Air Conditioning	\$181,050	\$10,650
Division 26 - Electrical	\$291,550	\$17,150
	\$915,120	\$53,831

Site and Infrastructure	Total Budget	Per Unit
Division 31 - Earthwork	\$287,497	\$16,912
Division 32 - Exterior Improvements	\$468,784	\$27,576
Division 33 - Utilities	\$119,430	\$7,025
	\$875,711	\$51,512

Total Direct Cost	\$2,746,312	\$161,548
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General Conditions	\$247,168	\$14,539
Fee	\$151,919	\$8,936
General Liability	\$44,902	\$2,641
	\$443,989	\$26,116

Total Cost	\$3,190,301	\$187,664
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- Total per unit cost of the renovation is projected to be \$187,664
- Of this amount, unit renovation costs are about \$56K, and MEP costs are additional \$54K per unit. This includes complete unit renovations, systems replacement, roof replacement, exterior wall repairs, and common area renovation.
- Site and infrastructure work adds about \$51K per unit to the cost; this includes earthwork and grading, wet and dry utilities, paving, driveway and access improvements, new retaining wall construction, storm water management facility construction, and new landscaping.

Operating Proforma

RESIDENTIAL (AFFORDABLE)	Year 1	PER UNIT
RENTAL INCOME		
Rental Income	\$248,652	\$14,627
Less: Concession to Existing Tenants	(\$44,460)	(\$2,615)
Other Income	\$7,460	\$439
Less: Vacancy Loss/Bad Debt	(\$11,641)	(\$685)
Less: Concessions	\$0	\$0
NET RENTAL INCOME	\$200,011	\$11,765
TOTAL OPERATING EXPENSES		
Admin & Operating Expenses	\$10,287	\$605
Maintenance Expenses	\$20,400	\$1,200
Contract Management Fee	\$8,500	\$500
Utility Expenses	\$29,932	\$1,761
Taxes & Insurance	\$2,613	\$154
Replacement Reserve Contribution	\$5,950	\$350
TOTAL EXPENSES	\$77,682	\$4,570
NET OPERATING INCOME	\$122,328	\$7,196

Debt Service Payments (HIF Loan)	\$122,328	\$7,196
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Residential Income	Unit Size	Residential Units	Net Rent	Annual Revenue
1BR	695	4	\$1,093	\$52,464
1BR	741	4	\$1,093	\$52,464
2BR	872	7	\$1,308	\$109,872
2BR	1,390	1	\$1,308	\$15,696
3BR	1,570	1	\$1,513	\$18,156
	871	17	\$1,219	\$248,652

- Unit mix includes two (2) accessible units
- Most of the existing 8 residents that will be returning to the property after the completion of renovation currently pay rents that are significantly lower than 65% AMI limits.
- Operating proforma assumes that these residents will continue paying lower rents. This assumption is reflected in the \$44,460 “Concession to the Existing Tenants” reduction of the rental income.

Sources and Uses

DHCA Loan	\$5,200,000
Acquisition Cost	(\$3,603,283)
Site Entitlement and Design: Architectural and Engineering Fees	(\$231,395)
Site Entitlement: Legal	(\$50,000)
Site Entitlement: Third Party Consultants	(\$77,100)
Site Entitlement: Record Plat	(\$9,500)
Site Entitlement and Permit Fees	(\$45,489)
Tenant Relocation (Est)	(\$125,285)
Net Funding Available / (Needed) to Date	\$1,057,947

Construction Hard Cost	(\$3,365,300)
Construction Cost Contingency	(\$319,030)
Construction Period Interest	(\$60,000)
Guarantees and Reserves	(\$117,000)
Net Funding Available / (Needed) to Complete Renovation	(\$2,803,383)

USES OF FUNDS	AMOUNT	PER UNIT
Construction Costs	\$3,711,867	\$218,345
Fees Related To Construction Costs	\$511,232	\$30,072
Acquisition Costs	\$3,603,283	\$211,958
Financing Fees and Charges	\$60,000	\$3,529
Developer's Fees	\$0	\$0
Guarantees and Reserves	\$117,000	\$6,882
TOTAL	\$8,003,383	\$470,787

SOURCES OF FUNDS	AMOUNT	PER UNIT
Tax-Exempt Bonds	\$0	\$0
FHA Mortgage	\$0	\$0
County HIF Loan	\$5,200,000	\$305,882
Conventional Debt	\$0	\$0
Other Cash Flow Financing and Grants	\$0	\$0
Deferred Developer's Fee	\$0	\$0
Interim Income	\$0	\$0
Funding Gap / (Surplus)	\$2,803,383	\$164,905
TOTAL	\$8,003,383	\$470,787

- In addition to the original \$5.2 million DHCA loan, \$2.8 million is needed to complete renovation.
- DHCA has provided verbal commitment that it will provide additional funding as needed to complete the renovation.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to grant:

1. Authorization for the Executive Director, pursuant to RFP #2149, to select Hooten Construction (formerly CBP Constructors LLC) as the general contractor for the renovation of Brooke Park Apartments?
2. Authorization the Executive Director to negotiate and execute a contract with Hooton Construction for an amount not to exceed \$3,190,300 to provide General Contracting services for the planned renovation at Brooke Park apartments?

Time Frame

For approval and action at the May 8, 2019 meeting of the Commission.

Budget/Fiscal Impact

No impact to the Agency fiscal year 2019 operating budget. General Contractor Cost will be paid from DHCA Loan and/or other financing sources.

Committee Recommendation

On April 19, 2019, the Development and Finance Committee considered this request and it unanimously approved the request for recommendation to the Commission.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and:

1. Authorize the Executive Director, pursuant to RFP #2149, to select Hooten Construction (formerly CBP Constructors LLC) as the general contractor for the renovation of Brooke Park Apartments.
2. Authorize Executive Director to negotiate and execute a contract with Hooton Construction for an amount not to exceed \$3,190,300 to provide General Contracting services for the planned renovation at Brooke Park apartments, but that staff will undertake value engineering efforts to reduce the overall cost of the renovation. Further, in order to execute a contract, staff will secure additional funding from DHCA.

RESOLUTION No: 19-52

RE: AUTHORIZATION TO SELECT GENERAL CONTRACTOR FOR RENOVATION OF BROOKE PARK APARTMENTS IN ACCORDANCE WITH RFP # 2149 AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A CONTRACT TO COMPLETE THE PLANNED RENOVATIONS

WHEREAS, in 2013 the Montgomery County Department of Housing and Community Affairs (“DHCA”) exercised its right of first refusal and assigned the right to the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) to purchase Brooke Park Apartments (“the Property”) to preserve affordability; and

WHEREAS, DHCA provided an acquisition and development loan of \$5,200,000 at the time of the acquisition and committed to provide additional funding as needed to complete the renovation; and

WHEREAS, prior to the acquisition by HOC, the Property was planned for demolition, to be replaced with 10 townhomes.

WHEREAS, HOC underwent a lengthy entitlement process to amend the Preliminary Plan to preserve 17 apartment units; and

WHEREAS, the Planning Board approved the Preliminary Plan amendment in July 2018, and the renovation entitlement process and construction permits are expected to be finalized in the near future; and

WHEREAS, on February 12, 2019, HOC issued RFP #2149 for general contracting services for the renovation of the Property and received three (3) qualified bids from Winmar, Inc. (\$5,595,332), Hooten Construction (formerly CBP Constructors LLC) (\$3,190,300), and D&A Contractors, Inc. (\$2,898,000); and

WHEREAS, staff evaluated the bids based on five (5) selection criteria: experience with government agencies and housing authorities (10% of the score), demonstrated ability for on-time completion (5% of the score), financial strength (15% of the score), contractor qualifications (40% of the score) and price proposal (30% of the score); and

WHEREAS, based on its evaluation, staff recommends proceeding with the selection of Hooten Construction to complete the renovation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to select Hooten Construction as the general contractor pursuant to RFP #2149 and to negotiate and execute a contract with Hooten Construction for an amount not to exceed \$3,190,300 for the renovation of the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein including, without limitation, the negotiation and execution of related documents.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 8, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO SELECT DEMOLITION SERVICES, INC. (DSI) AS THE DEMOLITION CONTRACTOR FOR AMBASSADOR APARTMENTS AND NEUBER ENVIRONMENTAL SERVICES, INC. AS THE DEMOLITION CONTRACTOR FOR EMORY GROVE APARTMENTS PURSUANT TO IFB #2154; AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE CONTRACTS; AND APPROVAL FOR STAFF TO COMPLETE THE DEMOLITION OF THE PROPERTIES



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
PAUL VINCIGUERRA
SHERYL HAMMOND

May 8, 2019

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EXECUTIVE SUMMARY

HOC has identified two properties, Ambassador Apartments and Emory Grove Village Apartments, to be demolished, both having reached the end of their useful life cycles. Both properties are vacant. HOC has secured \$1,900,000 in funding via Montgomery County’s Capital Improvement Program (“CIP”) to demolish both properties, of which \$96,772 has been spent to date on pre-demolition expenses, leaving \$1,803,228 available to funds the demolition.

HOC initially solicited bids from demolition contractors to perform the work by issuing IFB # 2143 on December 13, 2018. A non-mandatory pre-bid meeting was held on December 19, 2018, at both Emory Grove and Ambassador Apartments, during which the contractors were instructed to submit all bids to HOC no later than January 03, 2019.

During the time, staff obtained the approved permit from the Department of Permitting Services; however, due to the development agreement with Willco, LLC and The Duffie Companies, the Limit of Disturbance (“LOD”) as identified on the permit was re-negotiated in order to accommodate the development partners and allow Mattress Warehouse access to two driveways and continue its business operations.

The winning bidder (Reclaim) from IFB # 2143 could not guarantee its price based on the changed LOD; therefore, staff cancelled IFB # 2143 on February 15, 2019 and issued IFB # 2154 on March 8, 2019 with a revised LOD. A non-mandatory pre-bid meeting was held on March 15, 2019, at both Emory Grove and Ambassador Apartments, during which the contractors were instructed to submit all bids to HOC no later than March 29, 2019.

HOC received nine bids from the following contractors:

Property	Aceco, LLC	The Berg Corporation	Rodgers Brothers Custodial Services, Inc.	Neuber Environmental Services, Inc.	Terra Technical Services, Inc.	Demolition Services, Inc. (DSI)	Goel Services, Inc.	Reclaim Company, LLC	Ritter & Paratore Contracting, Inc.
Demolition of Ambassador Apartments	\$755,000.00	\$810,887.00	\$1,322,973.00	\$775,320.00	\$1,145,300.00	\$679,787.00	\$933,066.00	\$1,300,000.00	\$1,559,970.00
Demolition of Emory Grove Apartments	\$675,000.00	\$517,782.00	\$876,220.00	\$500,000.00	\$1,433,900.00	\$508,213.00	\$885,184.00	\$900,888.00	\$847,000.00

Based on the IFB results HOC staff recommends that the Commission approve the selection of:

- **Demolition Services, Inc. (DSI)** to perform the demolition of Ambassador Apartments for **\$679,787** and
- **Neuber Environmental Services, Inc.** for Emory Grove Apartments for **\$500,000**

Both engagements will include a 20% contingency that is not part of the contract amount.

Ambassador Apartments

Ambassador Apartments was constructed in 1960; and, despite annual maintenance over the years, the amount of capital improvements required to repair the building to habitable condition exceeds the value of the improvements; and thus it has reached the end of its life cycle. The property was vacated and secured in 2016. HOC has secured \$1.3MM in funding via Montgomery County's Capital Improvement Program ("CIP") to fund the demolition the property. HOC is recommending that the demolition contract be awarded to **Demolition Services, Inc.** pursuant to IFB #2154.



- Exterior view of the 162 units at Ambassador.
- Originally constructed as a Howard Johnson Hotel, the property in later years suffered severe structural problems: spalling concrete and garage column deterioration.
- The entire residential building was vacated in July 2016 and all retail units are now vacant.
- The retail condominium owner, Willco, LLC, executed a Consent for Agreement for the demolition on March 4, 2019, without which the demolition could not occur.

Emory Grove Apartments

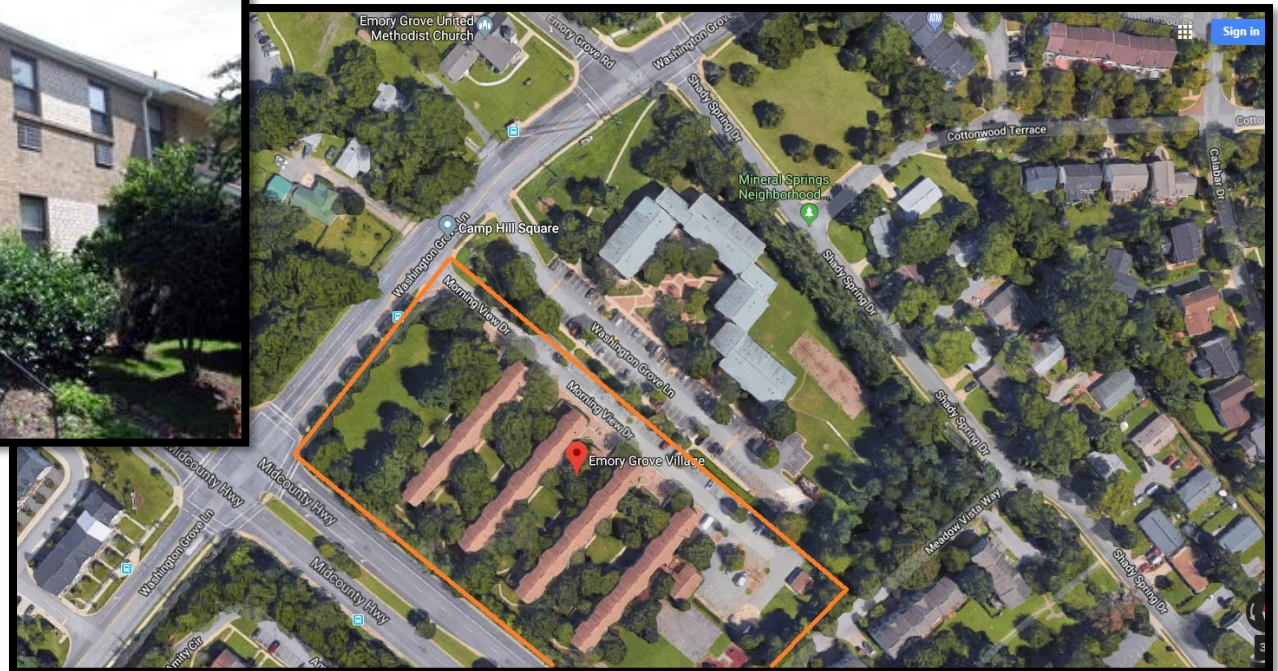
Emory Grove Apartments is a 54 unit townhome community in Gaithersburg that was constructed in the 1960's and was one of HOC's multifamily Public Housing properties that converted under the Rental Assistance Demonstration (RAD) program. Despite annual maintenance over the years, the amount of capital improvements required to repair the buildings to habitable condition exceeds the value of the improvements and thus this property too has reached the end of its useful life. The property was vacated and secured in 2015 as part of the RAD conversion. All residents were relocated to the newly renovated, HOC-owned VPC One and VPC Two units along with the transfer of their subsidy.

HOC Maintenance Division continues to use three small outbuildings (small office, shed, and garage) for operations and the garage and shed will remain in use post demolition. HOC has secured \$600,000 in funding via Montgomery County's CIP to demolish the property. HOC is recommending that the demolition contract be awarded to **Neuber Environmental Services, Inc.** pursuant to IFB #2154.



Exterior view of one of the 54 units at Emory Grove.

Aerial view of the 54 units and three outbuildings at Emory Grove. Camp Hill Square is adjacent to the northeast of the property.



Method of Procurement

HOC Procurement Policy, Section 5.3, allows for a Sealed Bid, also referred to as an Invitation for Bid (“IFB”), to be used for procurement of these demolition services. Under the Sealed Bid/ IFB process, HOC publicly solicits bids and awards a firm a fixed price contract to the qualified and responsive bidder offering the lowest price. A Sealed Bid/IFB is generally the preferred method for procuring construction, supplies, and other well defined services in excess of \$150,000.

A Sealed Bid/Invitation for Bid is generally used in situations meeting the following requirements:

- A complete and accurate statement of work, specifications, and conditions of purchase are available;
- Multiple responsible bidders are willing and able to compete for the work;
- The scope of work is such that the bidders can submit a firm fixed price and the contract can be awarded based upon a fixed price;
- The selection of the successful bidder can be made principally on the basis of price.

The Invitation for Bids procurement process includes the following steps:

- HOC publicly issues an Invitation for Bid, which includes all specifications, contractual terms, and other conditions defining the services that HOC requires. The IFB includes a statement that the work will be awarded to the responsive and responsible bidder offering the lowest price. An exact date and time is specified for all bids to be received by HOC.
- At the bid opening time, all bids that have been received by HOC are publicly opened and read aloud. Bids that are not received by the required time are disqualified and not considered.
- HOC staff evaluates all the bids that have been received to determine that they are responsive to the requirements of the IFB and that the bidder is capable of performing the work. The bidder who meets these requirements and offers the lowest price is selected to perform the work.

Scope of Work

The scope of work for the demolition of the two properties includes:

- Work with utility companies to disconnect and abandon connections for electricity, gas, water and sewer, and phone service to the property; document utility disconnect process per County and utility requirements;
- Remove and dispose of all hazardous materials in compliance with County and State of Maryland regulations;
- Provide documentation and apply for demolition permits required by Montgomery County to perform the demolition work;
- Provide onsite protection, storm water and dust management, and all other requirements per the demolition permit and the building inspector's directions;
- Manage, supervise, and carry out the demolition work; stabilize the site as required in the contract documents;
- Obtain and document all required inspections necessary to complete the permit process.

Bid Evaluations

All bids were opened by members of the Procurement Office with four contractors present. Members of the Construction Management team and the Procurement Office selected the winning bid.

Ambassador – Demolition Services Inc. (DSI)

Demolition Services, Inc. (DSI) operates out of Culpepper, Virginia. The company carries out projects involving: Complete Building Demolition, Interior Demolition, Historical Selective Demolition, High-Risk Demolition, Structural Demolition/Implosion, Tank Removal, Dismantling, Heavy Concrete Demolition, Site Restoration & Excavation, Railroad Car/Ship Dismantlement, LEED Projects – Monthly Documentation Submittal, Mobile Crushers/Screening Plants, Abatement of: Asbestos, Lead and Hazardous Materials (Hazmat/CERCLA).

DSI provides demolition services to government and commercial clients throughout the Mid-Atlantic Region and more specifically Virginia, D.C. and Maryland. DSI has over fifty years combined experience in structural, selective, marine, and implosive demolition. DSI also has extensive experience in hazardous materials and asbestos remediation.

DSI was the lowest bidder for IFB #2154 with a bid of \$679,787. The bid results included nine bids within a range of \$679,787 to \$1,559,970.

HOC staff has evaluated their bid and its references and found the company and their bid to be responsive and responsible and recommend that they be awarded the contract for this project.

Emory Grove – Neuber Demolition and Environmental Services

Neuber Demolition and Environmental Services operates out of Phoenixville, Pennsylvania. The company carries out projects involving: Demolition of obsolete structures that include older office buildings, manufacturing facilities and industrial complexes with site specific demolition practices to ensure maximum safety. All due consideration is placed on environmental impact, public safety, employee hazards and the recycling process.

Neuber provides demolition services to government and commercial clients throughout the Mid-Atlantic Region and more specifically Virginia, D.C. and Maryland. With over twenty-five years of experience.

Neuber Demolition and Environmental Services was the lowest bidder for IFB #2154 with a bid of \$500,000. The bid results included nine bids within a range of \$500,000 to \$ 1,433,900.

HOC staff has evaluated their bid and its references and found the company and their bid to be responsive and responsible and recommend that they be awarded the contract for this project.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to grant its approval or authorization for:

1. The selection of Demolition Services, Inc. (DSI) as the demolition contractor of Ambassador Apartments for an amount of \$679,787.00?
2. The selection of Neuber Environmental Services, Inc. as the demolition contractor of Emory Grove Apartments for an amount of \$500,000.00?
3. The Executive Director to execute contracts with the Contractors noted above and that such contracts shall not exceed \$1,179,787 in accordance with the Commission's Procurement Policy?
 - The total demolition cost is projected to be \$1,667,231, which includes pre-demolition costs (estimated and incurred to date) of \$209,572, contract costs \$1,179,787, and a 20% contingency of \$277,872.
4. Staff to take all actions and secure all the necessary approvals from Montgomery County and complete the demolition of the Properties?

Time Frame

Action at the May 8, 2019 meeting of the Commission.

Budget/Fiscal Impact

There is no adverse impact for the Agency's FY 2019 operating budget. The cost of the demolition for both properties will be funded by monies approved and appropriated in the Montgomery County Capital Improvement Program (\$1,900,000).

Summary and Recommendations

Committee Recommendation

On April 19, 2019, the Development and Finance Committee considered this request and it unanimously approved staff's request to recommend the Commission to move forward with the selection. The Committee directed staff to track the effectiveness of having the Pools and to report quarterly activity within the contract report prepared by the Procurement Office.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and grant its approval or authorization for:

1. The selection of Demolition Services, Inc. (DSI) as the demolition contractor of Ambassador Apartments for an amount of \$679,766.00.
2. The selection of Neuber Environmental Services, Inc. as the demolition contractor of Emory Grove Apartments for an amount of \$500,000.00.
3. The Executive Director to execute contracts with the Contractors noted above and that such contracts shall not exceed \$1,179,787 in accordance with the Commission's Procurement Policy.
 - The total demolition cost is projected to be \$1,667,231, which includes pre demolition costs (estimated and incurred to date) of \$209,572, contract costs \$1,179,787, and a 20% contingency of \$277,872.
4. Staff to take all actions and obtain all the necessary approvals from Montgomery County and complete the demolition of the Properties.

RESOLUTION No.: 19-53

RE: Approval to Select Demolition Services, Inc. as the Demolition Contractor for Ambassador Apartments and Neuber Environmental Services, Inc. as the Demolition Contractor for Emory Grove Apartments Pursuant to IFB #2154; Authorization for the Executive Director to Execute Contracts; and Approval for Staff to Complete the Demolition of the Properties

WHEREAS, in furtherance of its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland and to ensure that no one in Montgomery County is living in substandard housing, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) has begun the demolition process of Ambassador Apartments and Emory Grove Apartments; and

WHEREAS, Ambassador Apartments is a 162 unit multifamily residential apartment building built around 1960 and located at 2715 University Blvd. W. Silver Spring, MD (“Ambassador Apartments”) that has been vacated due to numerous physical and structural concerns and must now be demolished to make way for the redevelopment of the site; and

WHEREAS, Emory Grove Village Apartments is a 54 unit multifamily two story townhome apartment community located at 8107 Morning View Dr. Gaithersburg, MD (“Emory Grove Apartments,” together with Ambassador Apartments, the “Properties”) that was built in 1970 as a public housing community and was later converted to Rental Assistance Demonstration program units, but due to its physical condition, it has been vacated and must also be demolished to make way for the redevelopment of the site; and

WHEREAS, Montgomery County, via its Capital Improvement Program (“CIP”) has appropriated \$1,900,000 in funding to HOC for the demolition of Ambassador Apartments and Emory Grove Apartments, of which \$65,000 has been spent on pre-demolition expenses, leaving \$1,835,000 available for use by HOC to fund the demolition of the Properties; and

WHEREAS, HOC issued Invitation to Bid (“IFB”) # 2154 to solicit bids from qualified demolition contractors interested in providing demolition services for the Properties; and

WHEREAS, bids were timely received from nine (9) firms that were all determined to be responsive; and

WHEREAS, Demolition Services, Inc., a demolition, abatement and HAZMAT contractor located in Virginia, was determined to have submitted the lowest bid for the demolition of Ambassador Apartments for a total cost of \$ 747,766; and

WHEREAS, Neuber Environmental Services, Inc., a demolition and environmental contractor located in Pennsylvania, was determined to have submitted the lowest bid for the demolition of Emory Grove Apartments for a total cost of \$ 550,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of Demolition Services, Inc. as the contractor to complete the demolition of Ambassador Apartments and the selection of Neuber Environmental Services, Inc. to complete the demolition of Emory Grove Apartments, both to be funded with the remaining CIP appropriation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to execute a contract with Demolition Services, Inc. in the amount of \$747,766 for the demolition of Ambassador Apartments, and a contract with Neuber Environmental Services, Inc. in the amount of \$550,000 for the demolition of Emory Grove Apartments, for an aggregate amount not to exceed \$1,297,766 (including a 10% contingency).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that staff is hereby authorized to proceed with taking all necessary actions and obtaining any necessary approvals from related parties, including the Montgomery County Department of Permitting Services, to complete the demolition of Ambassador Apartments and Emory Grove Apartments.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on May 8, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

**APPROVAL OF THE ACCEPTANCE OF A REFINANCING LOAN
FROM SANDY SPRING BANK TO PARTIALLY REPAY A DRAW ON
THE PNC BANK, N.A. REAL ESTATE LINE OF CREDIT (“RELOC”)
FOR THE ACQUISITION OF 9845 LOST KNIFE AND APPROVAL
TO DRAW FROM HOC DEBT RESERVE FUND TO REPAY THE
BALANCE OF THE RELOC DRAW**

9845 LOST KNIFE ROAD



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE BROWN
ZACHARY MARKS
GIO KAVILADZE**

May 8, 2019

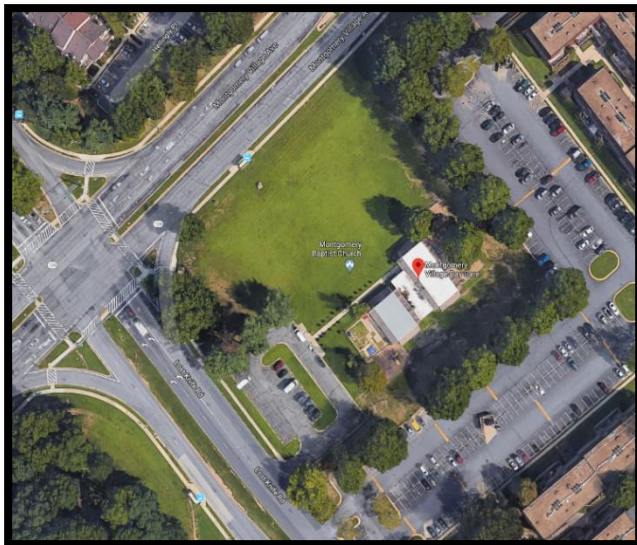
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Transaction History

HOC purchased the 864-unit Cider Mill property in February 2018, in an effort to preserve existing affordability for 864 low- and moderate-income households. In addition to the inevitable increase in rents on the existing property that the acquisition by a private buyer would have precipitated, displacement would necessarily occur if redevelopment were undertaken by a private developer.

Prior to the Cider Mill acquisition, the Executive Director and HOC staff met with the Montgomery Village Board (“MV Board”) to discuss HOC’s purchase of Cider Mill. At the time, the MV Board expressed a desire to see Cider Mill ultimately redeveloped. The MV Board also identified a neighboring parcel, 9845 Lost Knife Road (“Lost Knife Property”), that held importance for the board as bearing redevelopment potential and sitting at a main point of entry to Montgomery Village.



The Lost Knife Property came to market last year and HOC secured the opportunity to control the three-acre property for \$3.5MM. There were two other bidders for the purchase of the property – both developers. Those developers offered \$4.5MM and higher but were requiring full entitlement contingencies. HOC secured discounted price and completed the acquisition of 9845 Lost Knife property in December 2018. This acquisition was financed with a PNC Bank, N.A. Real Estate Line of Credit (“PNC RELOC”) draw.

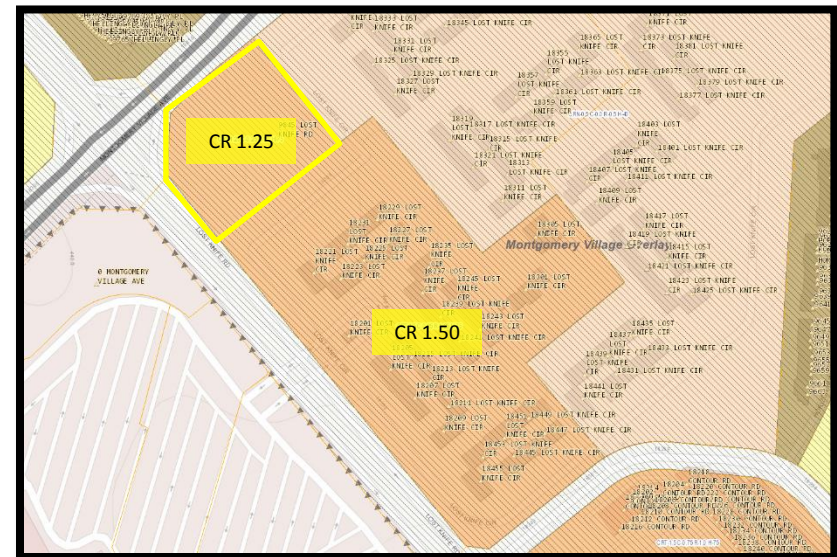
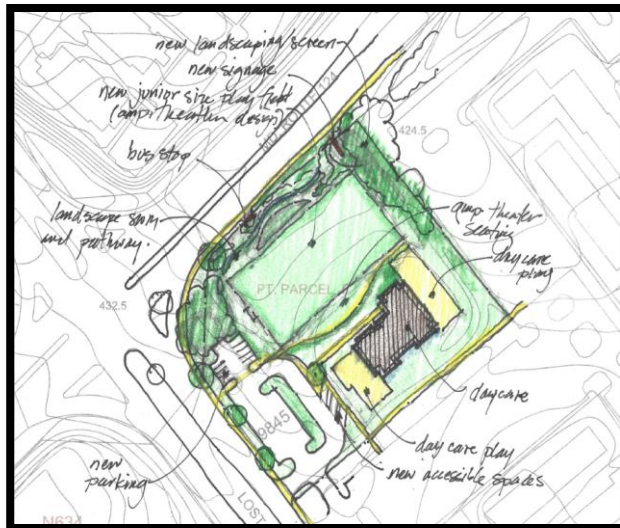
At the time of the acquisition, a new 2-year lease was put in place with Montgomery Village Day Care (“MV Day Care”). MV Day Care pays \$10,013 per month in 2019. The day care rent revenue has been covering the line of credit interest expense on acquisition funding. MV Day Care is responsible for all utilities, cleaning and waste charges, plumbing, building heating equipment, lighting fixtures, common area maintenance charge covering landscaping, snow removal, and outside maintenance.

Potential Use

The Lost Knife Property makes a natural extension of the CR-zoned parcels that are a part of Cider Mill. It would give that redevelopment corner prominence. It would also provide vacant land upon which to start a wider redevelopment, which would improve HOC's ability to avoid temporary displacement of residents.

Some of the potential improvements that could attract grants, additional revenue, build good will for HOC, or simply create additional value for Cider Mill are:

- New sports fields that can replace the small sporting area on the Cider Mill property, which is better used as a pocket park.
- A community food garden with rentable plots, free training and education, and coordination with nutrition and wellness programs.
- A Montgomery Village gateway monument at the corner of Lost Knife Road and Montgomery Village Avenue.



Staff is evaluating the site for these and other potential interim improvements, such as additional parking, improved accessibility, landscaping, lighting, walking paths, and more practical day care play areas.

Permanent Financing Plan

It was always staff's intention to solicit financing from a local community bank to fund a portion of the acquisition cost. Furthermore and as discussed with the Commission, staff proposed the use of funds in the Debt Service Reserve Account, to fund the remainder of the acquisition cost. These two sources together would repay the entire amount of the acquisition cost drawn on the RELOC. Staff solicited and received a loan term sheet from Sandy Spring Bank. Because of the small size of the loan, and because Sandy Spring Bank's loan terms are competitive and reasonable, no competing proposals were solicited from other banks.

Sandy Spring Bank Loan Terms

Loan Amount: up to \$2,000,000
Interest Rate: 10-year Treasury + 2.00%
Loan Term: 10 years, 30-Yr amortization
Origination Fee: 0.50%

Sandy Spring Bank's proposed term sheet would allow the property to obtain a permanent loan of about \$2,000,000.

Staff proposes to refinance the \$3.58 million acquisition draw from RELOC with a combination of a permanent bank loan from Sandy Spring Bank and a draw from HOC's Debt Reserve Fund.

Net of the \$2 million loan from Sandy Spring Bank, approximately \$1.6 million remaining balance of the original RELOC draw would be refinanced from HOC debt reserve fund proceeds.

Closing Costs (Est.)

Loan Origination Fee	\$9,881
Appraisal and Environmental	\$5,000
Other Bank Charges and Fees	\$500
Legal Fees	\$10,000
Total Closing Costs	\$25,381

Loan Amount

Existing Lease Revenue	\$120,156
Interest Rate (Estimated)	4.50%
Amortization Term (Years)	30
Loan Amount (Estimated)	\$1,976,177

REFINANCING SOURCES & USES

USES

Repayment of HOC RELOC Draw \$3,581,907

SOURCES

Sandy Spring Bank Loan \$1,976,177
 HOC Debt Reserve Fund Draw \$1,605,730

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to grant:

1. Authorization to obtain permanent loan of up to \$2,000,000 from Sandy Spring Bank to partially repay HOC RELOC draw used for the acquisition of 9845 Lost Knife Road Property?
2. Authorization to draw up to \$1,800,000 from HOC Debt Service Reserve Fund to repay the balance of HOC RELOC draw used for the acquisition of 9845 Lost Knife Road Property?

BUDGET IMPACT

No impact to the Agency fiscal year 2019 operating budget. The existing operations at the property produce sufficient revenue to service interest cost on the permanent loan. The refinancing proceeds returns funds will reduce the overall obligations on the RELOC.

TIME FRAME

Action at the May 8 , 2019, meeting of the Commission.

Committee Consideration

On April 19, 2019 Development and Finance Committee considered this request and approved the request for recommendation to the Commission. Two commissioners voted for and one against the request.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and :

1. Authorization to obtain permanent loan of up to \$2,000,000 from Sandy Spring Bank to partially repay HOC RELOC draw used for the acquisition of 9845 Lost Knife Road Property?
2. Authorization to draw up to \$1,800,000 from HOC Debt Service Reserve Fund to repay the balance of HOC RELOC draw used for the acquisition of 9845 Lost Knife Road Property? The unobligated balance as of March 31, 2019 is \$3,500,000

RESOLUTION No.:19-54

RE: Approval of the Acceptance of a Refinancing Draw from Sandy Spring Bank to Partially Repay a Draw on the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) for the Acquisition of 9845 Lost Knife Road and Approval to Draw from the HOC Debt Reserve Fund to Repay the Balance of the RELOC Draw

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) recently acquired 9845 Lost Knife Road, Gaithersburg, Maryland 20866 (the “Property”) for Three Million Five Hundred Thousand Dollars (\$3,500,000.00); and

WHEREAS, the Property is zoned CR 1.5 and is currently improved with a 7,952-square foot commercial building and related premises that is leased to Hope Grows Child Development Center, LLC, a Maryland limited liability company (“Day Care Center”); and

WHEREAS, the Day Care Center serves households within Cider Mill Apartments and the Property presents the Commission with a long-term development opportunity, which may add to Montgomery County’s inventory of affordable housing; and

WHEREAS, the Commission drew \$3,581,907 from the \$90MM PNC Bank, N.A. Real Estate Line of Credit (“PNC RELOC”) to fund the acquisition of the Property, costs related to the acquisition of the Property, and reimbursement of costs incurred by the Commission related to due diligence for the Property; and

WHEREAS, the Commission, at the time of the acquisition, agreed with the staff’s intention to obtain permanent financing from a local community bank and to use the proceeds from such financing, together with a draw from HOC Debt Service Reserve Fund, to refinance the acquisition draw from PNC RELOC; and

WHEREAS, staff solicited and received a loan term sheet from Sandy Spring Bank that will allow the property to obtain a permanent loan of up to \$2,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the staff to obtain permanent loan of up to \$2,000,000 from Sandy Spring Bank to partially repay the PNC RELOC draw used for the acquisition of the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the staff to draw up to \$1,800,000 from the HOC Debt Service Reserve Fund to repay the balance of the PNC RELOC draw used for the acquisition of the Property that remains after the partial repayment from the proceeds of permanent loan from Sandy Spring Bank.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular Commission meeting conducted on May 8, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO CREATE A POOL OF CONTRACTORS TO PROVIDE MOVING, PACKING AND STORAGE SERVICES PURSUANT TO IFB #2152

VARIOUS HOC PROPERTIES



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ELLEN GOFF

May 8, 2019

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Executive Summary

- HOC is currently seeking to develop a new pool of qualified moving, packing, and storage companies to move HOC resident households at various properties to newly designated units either at the same property or a different property, on a permanent or temporary basis, or to off-site storage.
- HOC established a pool of five moving contractors in 2017 and four moving companies renewed their contracts in 2018.
- In anticipation of an increased number of renovation projects at multifamily properties in the next couple of years, as well as the completion of new construction properties, HOC staff decided to issue a new IFB in an effort to increase the number of moving companies in its pool to facilitate the renovations.
- Due to the extensive renovation scopes, tenant in-place renovation is not always feasible. This requires permanent or temporary tenant relocation. In rare cases, packing assistance is provided on an as needed basis for elderly and disabled residents upon request. Tenant in-place renovation requires providing the resident with packing supplies and taking items to offsite-storage which includes labor and storage fees for the removal and return of resident items.
- Moving services are currently typically utilized by the Real Estate Division, the Resident Services Supportive Housing Program and Property Management as needed.
- In accordance with HOC's current Procurement Policy, on March 8, 2019, Invitation for Bid (IFB) #2152 was issued to solicit moving, packing, and storage services and responses were due on April 1, 2019.
- Upon receipt of the IFB responses, staff reviewed and evaluated the bids to ensure that the companies met the minimum qualifications and to make a recommendation for the selection of multiple vendors for all or some of the services specified in the bid.
- Approved contracts will be for a one year term and shall be renewable for up to three additional one-year periods from the date of contract award in accordance with the Commission's Procurement Policy.
- Approval of the contract has no financial impact on the Agency's operating budget as there is sufficient funding for resident relocation in each project's development budget or in the Division's operating budgets.

Minimum Qualifications and MFD Business Firm Participation

HOC issued an Invitation for Bid (“IFB”) # 2152 for moving, packing and storage services at HOC properties within Montgomery County. Staff completed its review of the responses on April 4, 2019 and selection for the pool was made based on the following minimum qualifications:

- Satisfactory evidence of, and references for, completion of projects of similar scope with aggregate Contract values within the last five (5) years of at least One Hundred Thousand Dollars, (\$100,000.00).
- proof of all necessary licensing including insurance certificates for the Company, storage facilities if applicable, and its employees.
- Evidence that the Contractor has successfully conducted similar operations as stated in the scope of work for a period of not less than the previous Five (5) years.
- Evidence that the company can provide all necessary equipment to perform all work as described in the scope of work.
- All six companies who submitted bids met the minimum qualifications and are being recommended for the Moving, Packing and Storage Pool.

Minority/Female/Disabled (MFD) Business Firm Participation

HOC encourages the participation of minority/female/disabled (MFD) firms by seeking responses from both minority-owned firms and non-minority owned firms with a record of employing minority persons in positions of responsibility. All bidders were required to identify if they were a Minority Business Firm and include their certifying agency and number.

- Four of the six firms that responded were certified as Minority, Female or Disabled Business Firms.
- All four of the certified as MFD Business Firms were the lowest bidders and all were in the prior Moving, Packing and Storage Pool.

Pricing Summary and Ranking by Service

Pricing Summary

Moving Company Rates Comparison	Allen & Son Moving & Storage	Blake & Sons Moving & Storage	Johnsons Moving & Storage	Moving Unlimited	R & A Movers	Walters Relocations
Moving Labor Rate (Per Man Hour)	\$ 40.00	\$ 55.00	\$ 37.10	\$ 49.00	\$ 37.50	\$ 32.00
Packing Labor Rate (Per Man Hour)	\$ 25.00	\$ 55.00	\$ 34.98	\$ 39.00	\$ 25.00	\$ 32.00
Storage Rate (Per Square Foot)	\$ 1.27	\$ 1.66	\$ 1.66	N/A	\$ 2.19	\$ 1.33
Relocation Comparison						
Packing Materials (Per Unit)	\$ 243.75	\$ 223.50	\$ 209.82	\$ 425.00	\$ 254.75	\$ 401.25
Moving Labor (20 Man Hrs)	\$ 800.00	\$ 1,100.00	\$ 742.00	\$ 980.00	\$ 750.00	\$ 640.00
Total Supplies & Moving¹	\$ 1,043.75	\$ 1,323.50	\$ 951.82	\$ 1,405.00	\$ 1,004.75	\$ 1,041.25
Storage Comparison						
Monthly Storage (@ 80 sq ft Per Unit)	\$ 101.59	\$ 132.57	\$ 132.80	\$ -	\$ 175.00	\$ 106.67
Total Move to Storage	\$ 1,145.34	\$ 1,456.07	\$ 1,084.62	\$ 1,405.00	\$ 1,179.75	\$ 1,147.92

Ranking of Pricing by Service Provided (1 = Lowest Price and 6 = Highest Price)

RESPONDENTS	Average Move w/ Supplies ¹	Moving Labor	Packing Labor	Materials	Overall Rank
Allen & Son Moving & Storage	4	4	1	3	3
Blake & Sons Moving & Storage	5	6	6	2	5
Johnsons Moving & Storage	1	2	4	1	1
Moving Unlimited	6	5	5	6	6
R & A Movers	2	3	1	4	2
Walters Relocations	3	1	3	5	3

¹ Average move is representative of a typical move which consist of 5 hours of and moving labor and 3 dish boxes, 6 small boxes, 10 medium, large, x-large boxes.

Respondent Summary

Respondent	Comments
Allen & Sons Moving & Storage	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation and prior experience with HOC * Well liked by HOC staff and very responsive and accommodating to changing move schedules * Minority Business Firm certified by State of Maryland * Packing rate was one of the lowest among all companies
Blake & Sons Moving & Storage	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation and was in the HOC moving pool * Did not renew HOC contract for second year because we could not increase their pricing beyond the CPI * Very eager to work with HOC again and were able to apply for the new pool with increased pricing * References were positive and they were well liked by HOC staff * Hourly packing and moving rates are the highest among all companies
Johnsons Moving & Storage	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation and in the current HOC moving pool * Lowest overall total bid among all moving companies considered * References were very positive and they were highly recommended * Small business and not always available to accommodate our move schedule
Moving Unlimited	<ul style="list-style-type: none"> * New company being added to the pool * Hourly rate for packing and moving was second highest among all moving companies * References were positive
R & A Movers	<ul style="list-style-type: none"> * Good work history with HOC— very responsive and flexible to short notice and scheduling changes * In the current HOC moving pool and they are the current HOC contractor for Eviction Services * Minority Business Firm certified by MDOT * References were positive
Walters Relocations	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation and in the current HOC moving pool * Was in the prior HOC moving pool and was well liked by HOC staff * Lowest moving rate among all moving companies considered * Minority Business Firm certified by MDOT * References were very positive and they were highly recommended

Selection of Moving Companies Pursuant to IFB #2152

- Staff has evaluated all of the respondents based on the minimum qualifications, the cost analysis and the number of anticipated moves.
- All respondents had appropriate experience with residential moves and have worked under government contracts.
- Based on the cost analysis, staff has proposed the selection of six companies to be included in a pool of multiple moving companies to provide on-time project specific moving, packing, and storage services.
- Funding will be based on specific project budgets for each Real Estate Development project as well as Resident Services Supportive Housing Program and Property Management operating budgets.
- The contract terms will comply with the Commission's Procurement Policy.
- Selection of moving companies for individual moves will be based on pricing for the service required and availability of the company to provide the needed services.

Summary and Recommendations

Issues for Consideration

Does the Commission approve the selection of a pool of moving companies to include Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson's Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation for moving, packing, and storage services at HOC properties within Montgomery County?

Time Frame

Action at the May 8, 2019 meeting of the Commission.

Fiscal / Budget Impact

There is no direct impact on HOC's operating budget. Services will be sought on as needed project specific basis and paid for from respective real estate development project budgets that have been approved by the Commission, as well as the Resident Services Supportive Housing Program and Property Management budgets.

Committee Consideration

The Development and Finance Committee met on April 19, 2019 and unanimously approved the selection of a pool of six moving companies and the authorization to execute six individual contracts for moving, packing and storage services.

Staff Recommendation

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and:

1. Approve the selection of a pool of moving companies to include Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson's Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation and authorize the Executive Director to execute a contract with the six moving and storage companies. The contracts will be for an initial one year term and shall be renewable for up to three additional one-year periods in accordance with the Commission's Procurement Policy.
2. Authorize the Executive Director, without further action on its part, to execute six individual contracts for moving, packing and storage services, as described by IFB #2152, with Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson's Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation, for an aggregate amount of \$1,000,000.00, and an initial contract term of one year each with an option to extend for three additional one-year terms as permitted under HOC's procurement policy.

RESOLUTION No.: 19-55

**RE: Approval to Create a Pool of
Contractors to Provide
Moving, Packing and Storage Services
Pursuant to IFB #2152**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) continues to review its entire real estate portfolio and anticipates that it will continue to undertake rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire and this will require operational support as well as assistance with resident relocation; and

WHEREAS, tenant in-place renovations require providing residents with packing supplies and the moving of items to offsite storage, and the return of those items upon completion of renovations; and

WHEREAS, due to the extensive renovation required at some properties, tenant in-place renovation is not always feasible, requiring permanent or temporary tenant relocation; and

WHEREAS, packing assistance is provided on an as-needed-basis for elderly and disabled residents upon request; and

WHEREAS, there is or will be sufficient funding for resident relocation in each project’s approved development budget; and

WHEREAS, resident relocation is also needed for the Resident Supportive Housing Program and Property Management, and there is sufficient funding in their operating budgets; and

WHEREAS, to ensure the availability of adequate moving services and to facilitate timely and cost-effective resident relocation, on March 8, 2019, the Commission issued an Invitation for Bid (IFB) #2152 to solicit bids from qualified moving and storage companies to form a pool of moving companies to provide moving, packing and storage services (the “Moving Pool”) for resident relocation; and

WHEREAS, six companies submitted bids and selection for the pool was made based on established minimum qualification criteria, including experience with similar residential relocation, qualification of staff, and size and scope of all operations; and

WHEREAS, all companies who submitted bids met the minimum qualifications described above and the six moving and storage companies selected for the Moving Pool are: Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson’s Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation; and

WHEREAS, each moving company will be selected as needed from the Moving Pool and will be held to their bid pricing for the services to be provided.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it:

1. Authorizes the creation of a pool of moving companies to include Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson’s Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation to provide moving, packing and storage services.
2. Authorizes and directs the Executive Director, without further action on its part, to execute six individual contracts for moving, packing and storage services, as described by IFB #2152, with Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson’s Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation, for an aggregate amount of \$1,000,000.00, and an initial contract term of one year each with an option to extend for three additional one-year terms as permitted under HOC’s procurement policy.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on May 8, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

Approval of Affordability Mix and Site Design and Authorization to Submit Site Plan Hillandale Gateway



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN
ZACHARY MARKS
KATHRYN HOLLISTER

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Background



Background

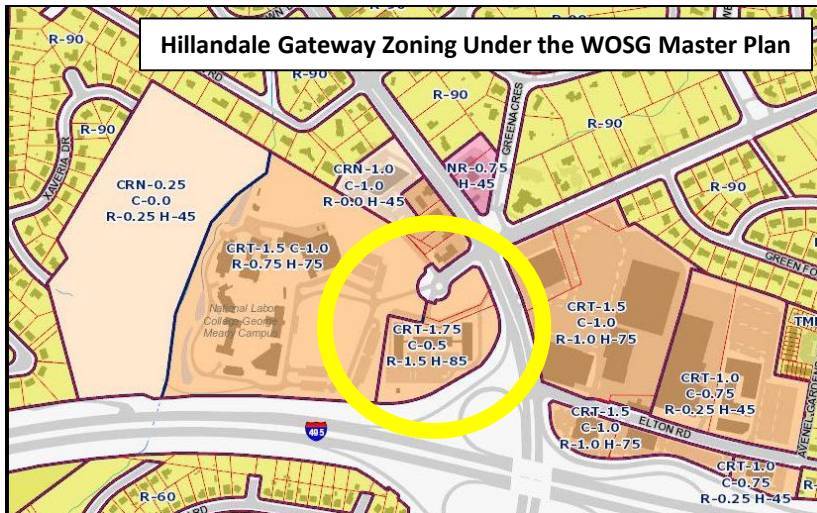
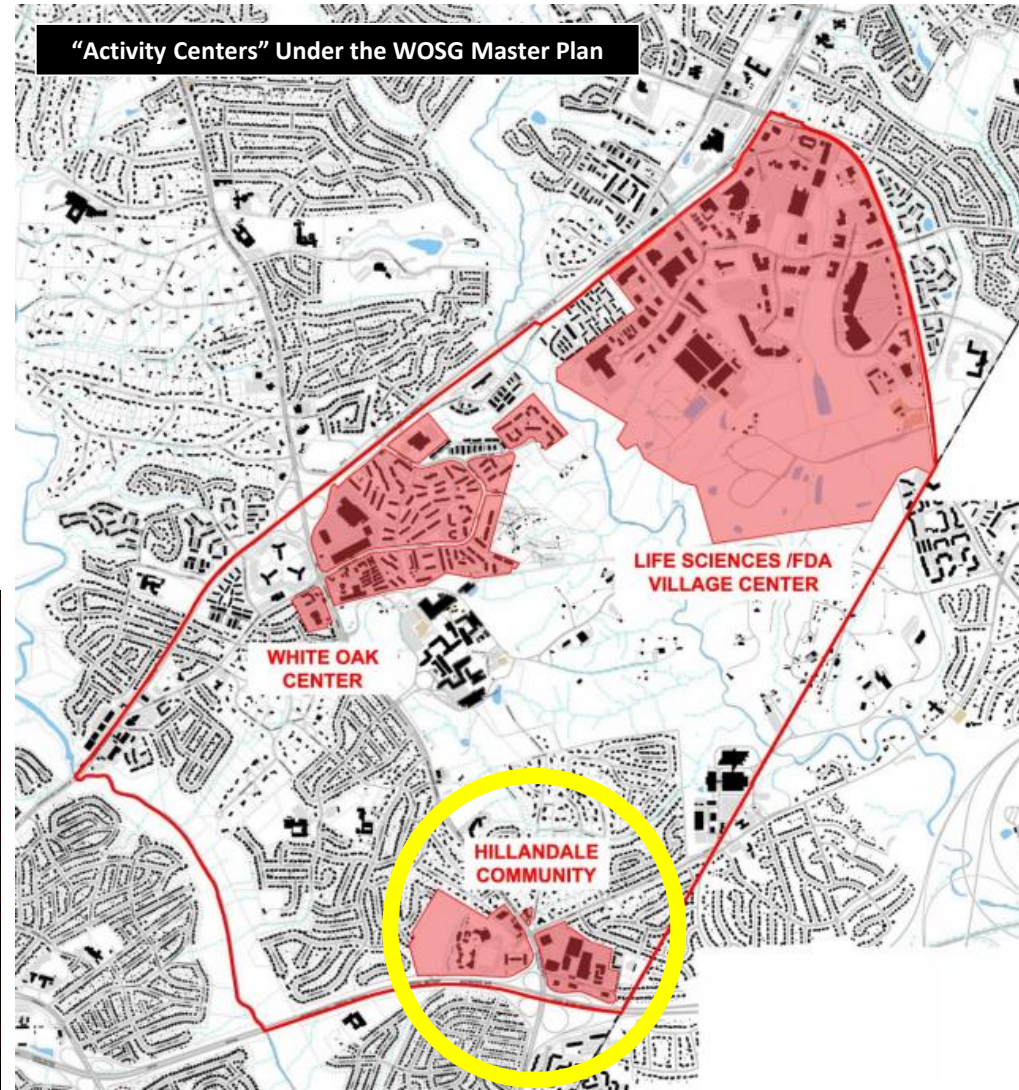


Hillandale Gateway will be a new mixed-use, mixed-income property located on the site of Holly Hall Apartments (“Holly Hall”), a former 96-unit Public Housing community on 4.35 acres located at the northwest corner of the intersection of Interstate 495 and New Hampshire Avenue in the Hillandale neighborhood of Silver Spring. The disposition of Holly Hall from the Public Housing program, the permanent off-site relocation of residents (along with their rental assistance) to the newly-constructed Victory Crossing and to-be-delivered 900 Thayer, and the provision of additional density at the site via the White Oak Science Gateway Master Plan provide HOC with an entirely unencumbered property with significant redevelopment potential.

Background

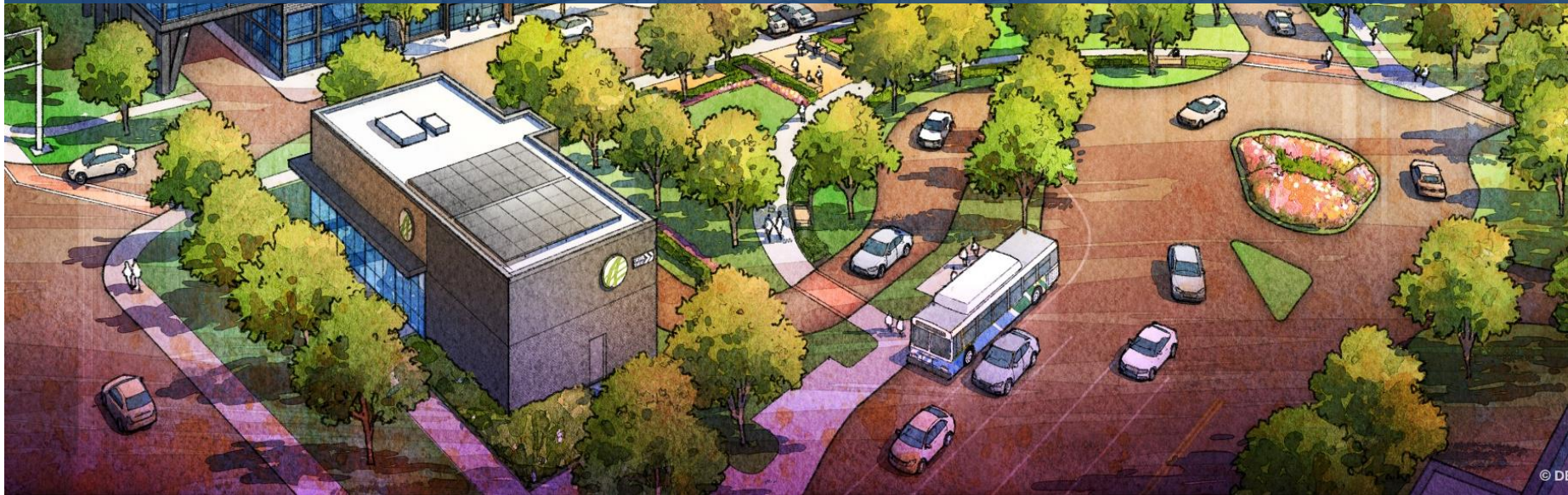
In July 2014, the Montgomery County Council approved the White Oak Science Gateway Master Plan (“WOSG Master Plan”), which increased the residential and commercial density in three “activity centers” in the greater White Oak area of Silver Spring: 1) White Oak Center, 2) Hillandale Community and 3) the Life Sciences/FDA Village Center (see map to the right).

Additional density was provided to the Hillandale Community to allow for mixed-use development and create the greatest incentive for redevelopment. The WOSG Master Plan seeks to change and transform Hillandale into a sustainable, complete community over time, with the support of a future BRT system. Mixed-use developments with walkable centers that bring employment, housing, and shopping opportunities together are desirable. Redevelopment that does not include a significant commercial component would not be consistent with the WOSG Master Plan.





Site and Building Design



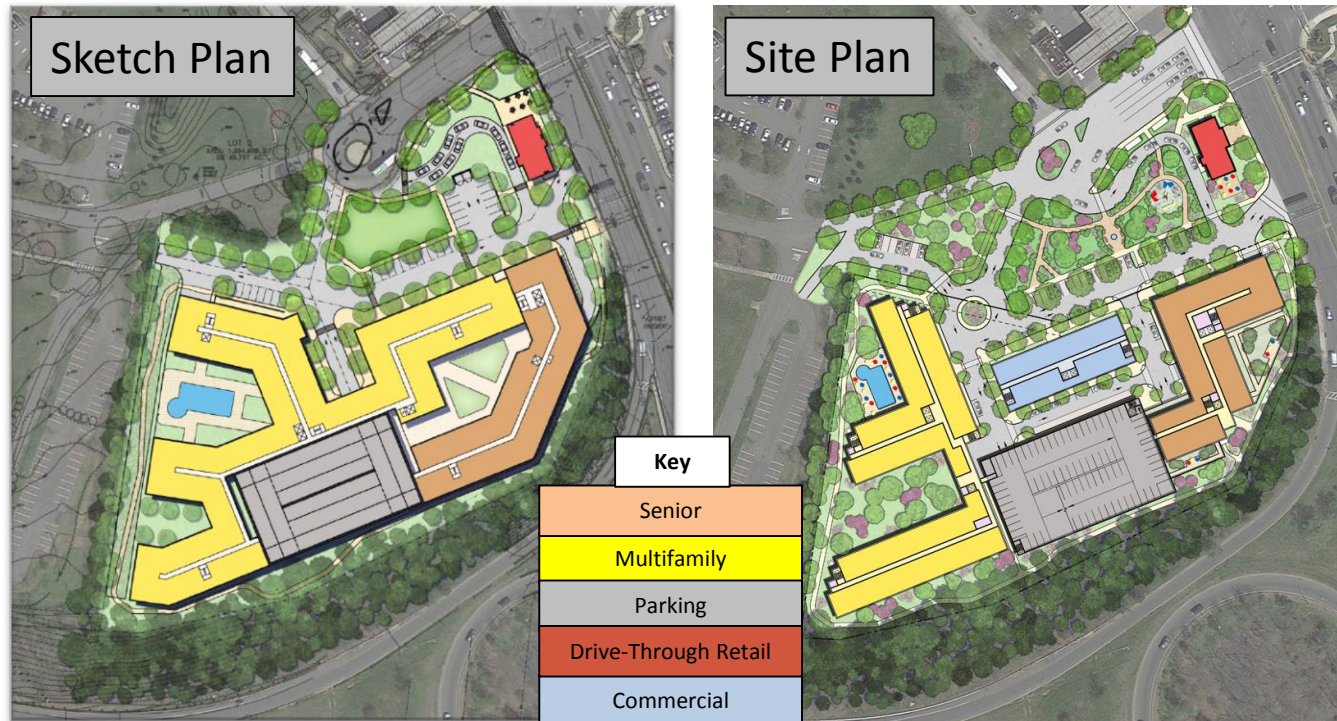
Design Evolution

The Sketch Plan submitted for Hillandale Gateway included a total maximum gross floor area of 454,675 square feet of mixed-use development comprising 430,175 square feet of multifamily residential, with 500 units and 24,500 square feet of retail space, including 2,500 square feet as a free-standing building with a Drive-Thru. The Sketch Plan gives the senior building a prominent, visible location within the redevelopment and shows a feature tower along New Hampshire Avenue to further enhance the building's appeal and value.

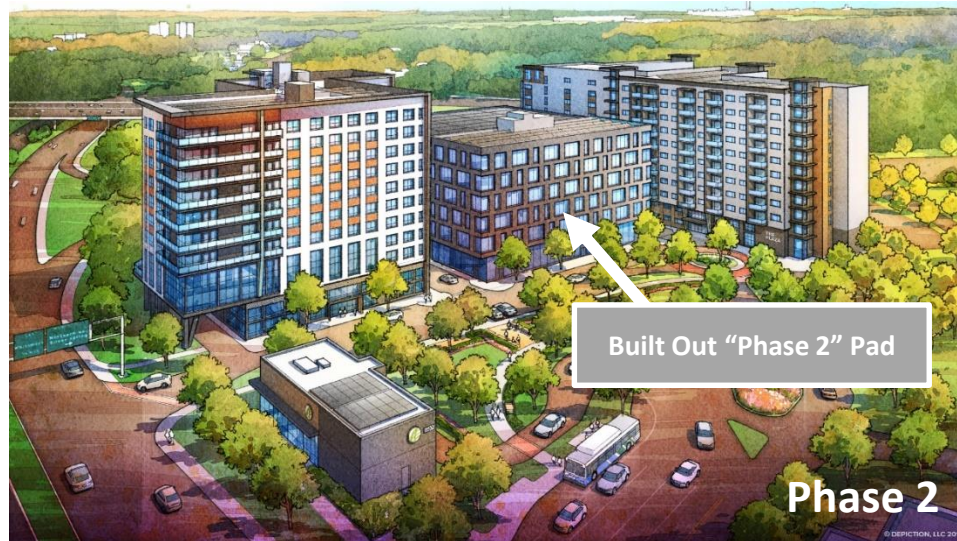
Since Sketch Plan submission, two key developments have shaped the potential design of Hillandale Gateway.

First, on October 9, 2018, an important policy change regarding “Bonus Density”—additional residential density provided to developments that meet certain MPDU thresholds—was adopted by the County Council, paving the way for even more residential units on the Hillandale site. Second, the County informed the HOC-Duffie team that a “loop” fire road would be required around any wood-frame development on the Hillandale site, which would be costly to build and maintain, and an eye sore for the community. As a result, the option of wood-over-concrete construction became less viable and desirable for the Hillandale development. HOC-Duffie team has spent considerable time and energy exploring a new construction system, Prescient, that would allow for taller multifamily buildings at a similar per-unit cost as wood-over-concrete construction. The revised concept design shown above to the right illustrate what could be built using the Prescient system.

Most notably, the revised design would allow for 463 residential units to be built in Phase 1, while preserving a “Phase 2” footprint for future development—retail or commercial development (currently allowed) or additional residential development (would need additional density)—or open space.



Development Phases



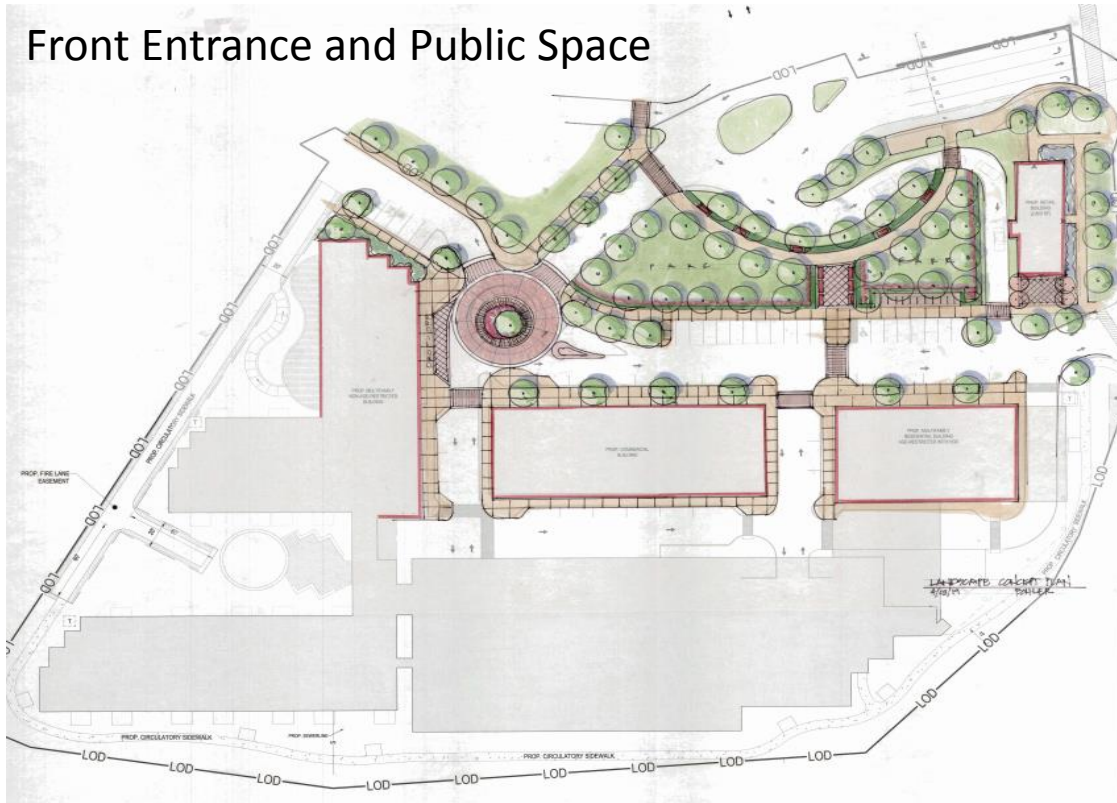
The illustrations to the left show the sequencing of the Hillandale Gateway development.

Phase 1 includes the build out of the Senior building, Multifamily building, parking garage, free-standing retail building with drive-through and public and private green spaces.

Phase 2 includes construction of the commercial/retail building in between the Senior and Multifamily buildings. While the parking built during Phase 1 will be sufficient in meeting code requirements for Phase 2; additional parking may be built to meet demand.

Hardscape and Landscape

Front Entrance and Public Space



The Hillandale Gateway development will have both publicly-accessible and private green space. The rendering above illustrates the public green space, which is flanked by Powder Mill Rd to the North, the stand-alone retail building with drive-through and New Hampshire Avenue to the East, the Residential and Phase Two buildings to the South and the ATU to the West. The rendering also shows the site's traffic circulation and drop-off/pick-up areas.

The rendering to the right illustrates the private green space for the Multifamily building. A bike path / walking trail will also encircle the south half of the development, from the northeast corner of the Senior building to the northwest corner of the Multifamily building.

Multi-Family Courtyards



Other Design Elements



ACCESSIBILITY

The HOC-Duffie development team has engaged Steven Winter Associates (“SWA”) to provide accessibility design, compliance and consulting services for Hillandale Gateway. With the help of SWA, HOC and Duffie will take a “whole building approach” to accessibility, ensuring the Hillandale Gateway provides safe, usable and accessible spaces for residents of all abilities. Former SWA Projects include:

- **Liberty Harbor East, Baltimore, MD.** A 22-story, multifamily mixed-use tower with 282 apartments, 35 condominiums, a 50,000-square-foot Whole Foods Market and 3,500-square feet of retail. SWA conducted plan reviews and field inspections/construction services of the project to determine compliance with design and construction requirements of the Fair Housing Act, the Americans with Disabilities Act, and state and local accessibility laws and codes.
- **City Market at O Street, Washington, DC.** O Street Market, a historic landmark in Washington, DC, was recently restored into an award winning mixed-use community that spans two city blocks with nearly 600 residential units and 87,000 square feet of retail space, including a Giant Supermarket. SWA conducted plan reviews and field inspections/construction services of the project to determine compliance with design and construction requirements of the Fair Housing Act, the Americans with Disabilities Act, and state and local accessibility laws and codes.

ENERGY EFFICIENCY

The HOC-Duffie development team is committed to making Hillandale Gateway a leader in sustainable and energy efficiency residential multifamily development in the Mid-Atlantic region. The team has hired consultants NK Architects and Redwood Energy to assist in the team’s drive toward Net Zero/Passive House standards.

N K A R C H I T E C T S



Redwood Energy

Foremost Zero Net Energy Specialists in Multifamily Housing



Hillandale By the Numbers



Hillandale by the Numbers

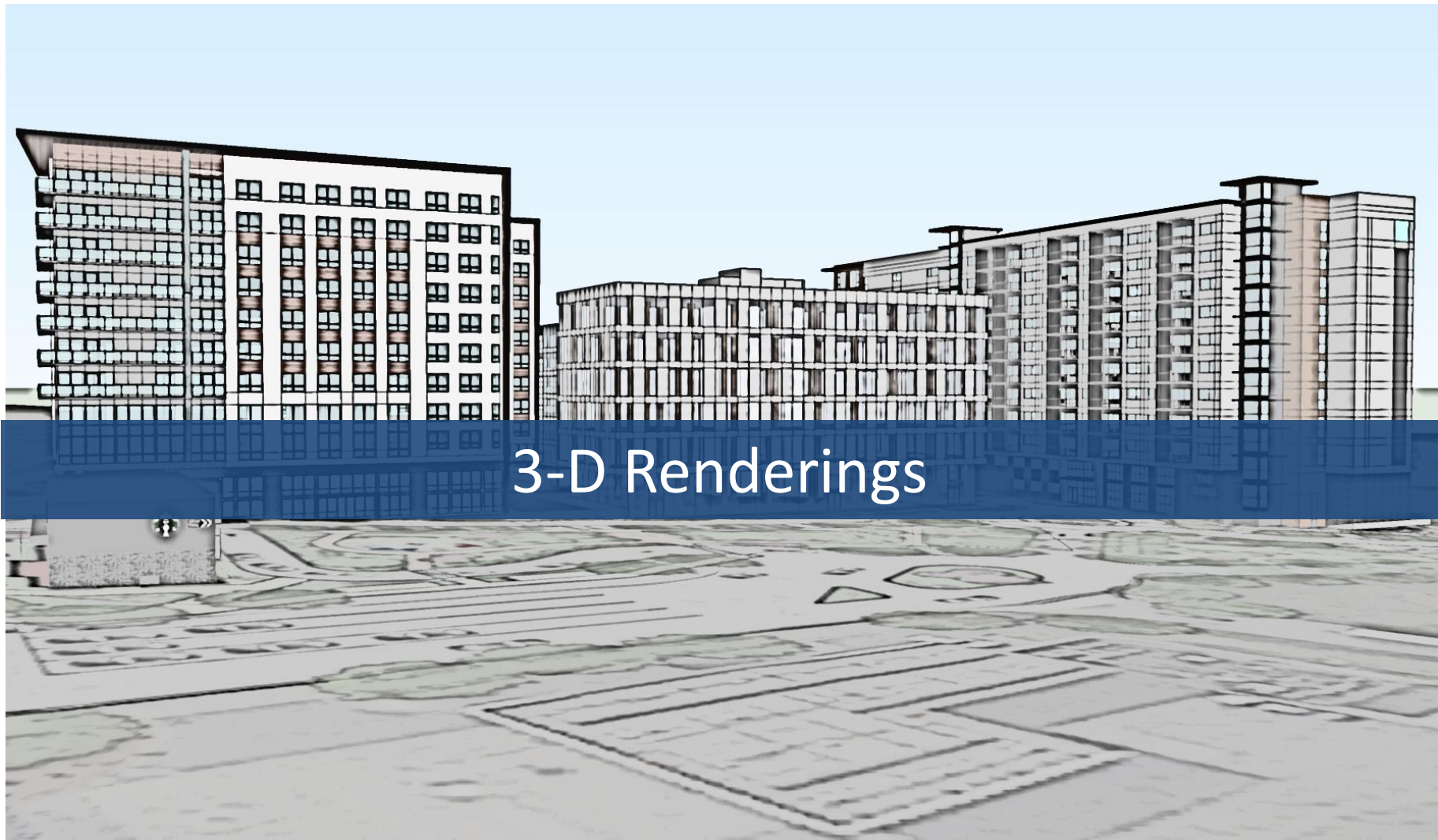
<u>UNIT TYPE</u>	<u>SENIOR</u>	<u>MULTIFAMILY</u>	<u>TOTAL</u>
1 BR - Market	38	178	216
1 BR - Affordable	78	14	92
<u>1 BR - Total</u>	<u>116</u>	<u>192</u>	<u>308</u>
<i>Percentage Affordable</i>	67%	7%	30%
2 BR - Market	21	80	101
2 BR - Affordable	18	25	43
<u>2 BR - Total</u>	<u>39</u>	<u>105</u>	<u>144</u>
<i>Percentage Affordable</i>	46%	24%	30%
3 BR - Market	0	7	7
3 BR - Affordable	0	4	4
<u>3 BR - Total</u>	<u>0</u>	<u>11</u>	<u>11</u>
<i>Percentage Affordable</i>	0%	36%	36%
TOTAL MARKET	59	265	324
TOTAL AFFORDABLE	96	43	139
TOTAL UNITS	155	308	463
<i>Percentage Affordable</i>	62%	14%	30%

The Hillandale Gateway development will be 30% affordable. At least 25% of Hillandale Gateway's units will be restricted to households earning 60% AMI or less and the remainder of the affordable units will be restricted to households earning 80% AMI or less. Most of the development's affordability will be housed in the Senior building; this is because as part of the property's rezoning, 96 affordable senior units must be replaced as a part of any redevelopment. The Site Plan includes 59 market rate senior units such that the senior rental component has a mix of incomes. The remainder of the development's affordable units will be housed in the multifamily building.

Hillandale's Site Plan will propose a total of 654,174 square feet of mixed-use development, almost 200,000 square feet more than the 454,675 square feet that was proposed during Sketch Plan.

Site Plan will propose a total maximum gross floor area of 654,154 SF comprising 582,218 SF of residential and 71,936 SF of retail and commercial space including a 2,600 free-standing retail building with drive-through. The proposed Site Plan will maximize the site's allowable commercial FAR, which is consistent with the WOSG Master Plan. The proposed residential FAR will be 464 square feet shy of the maximum allowed under the WOSG Master Plan and Bonus Density.

<u>GROSS SQUARE FEET</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>TOTAL</u>
Proposed FAR			
<i>Phase 1</i>			
Multifamily Building	398,897		398,897
Senior Building	183,321	10,362	193,683
Drive Through Retail		2,600	2,600
<i>Phase 2</i>			
Commercial/Retail		58,974	58,974
TOTAL	582,218	71,936	654,154
Allowable FAR	582,682	71,936	654,618
<i>FAR Difference</i>	464	0	464

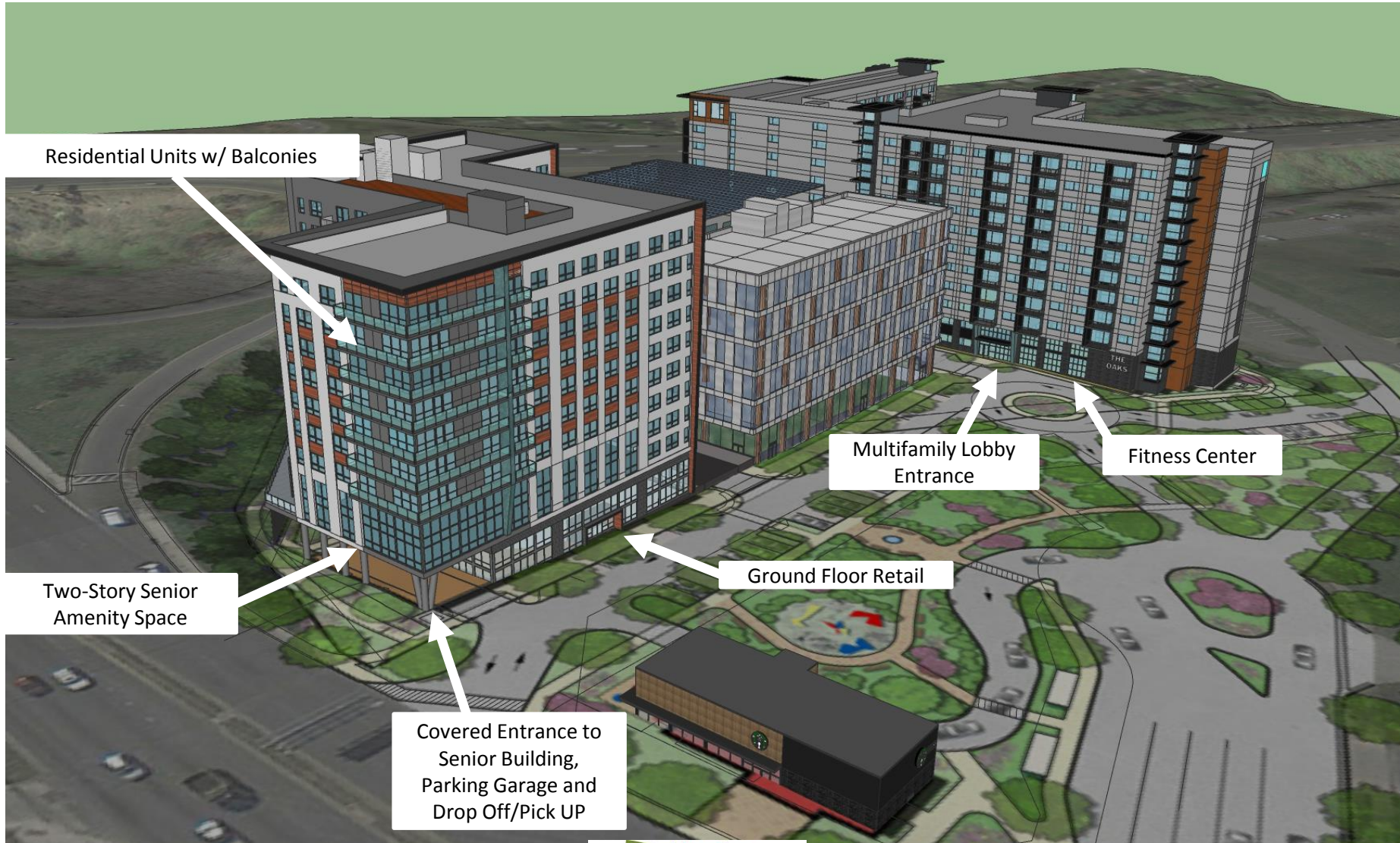


3-D Renderings

3-D Renderings

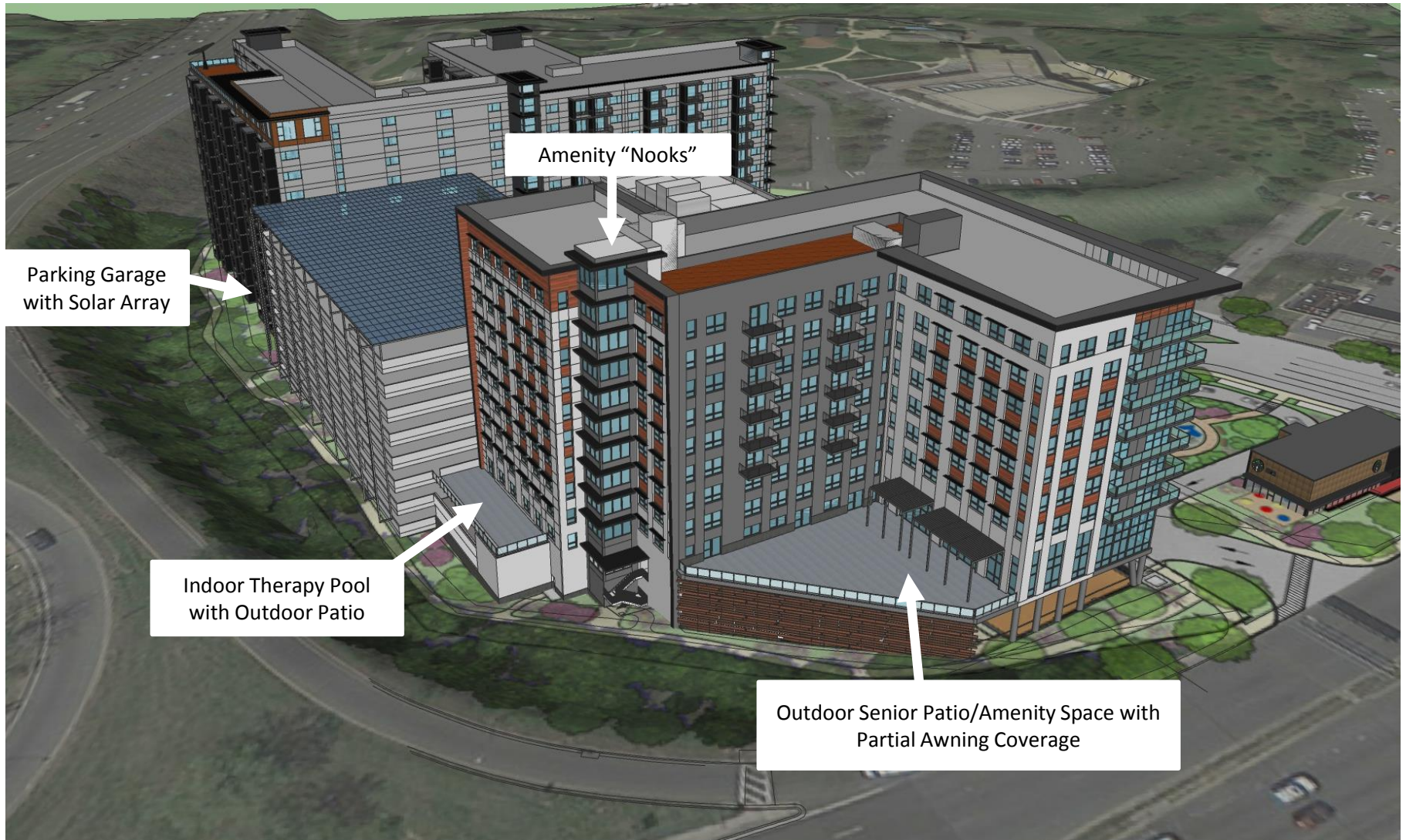


3-D Renderings

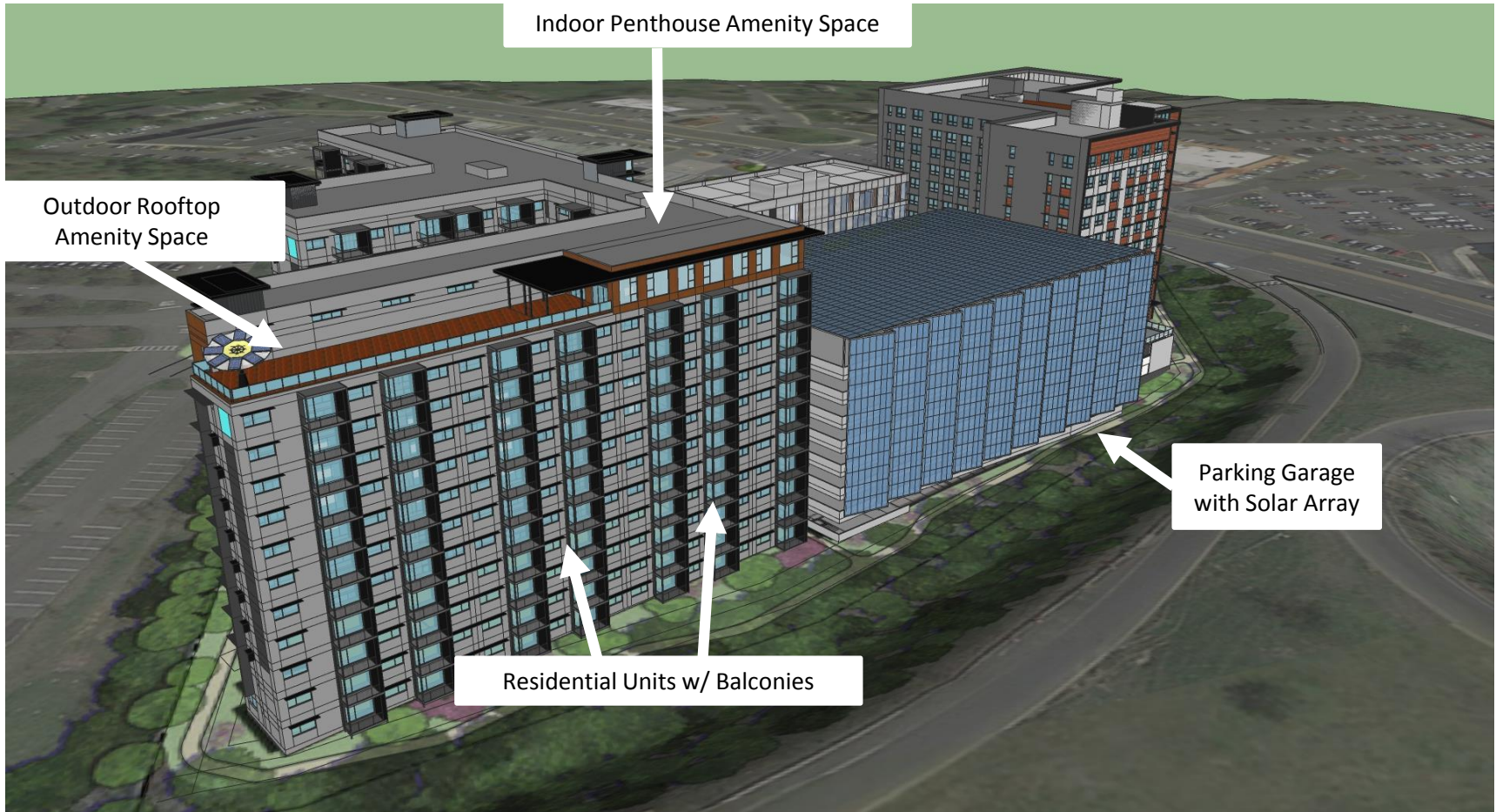


May 8, 2019

3-D Renderings

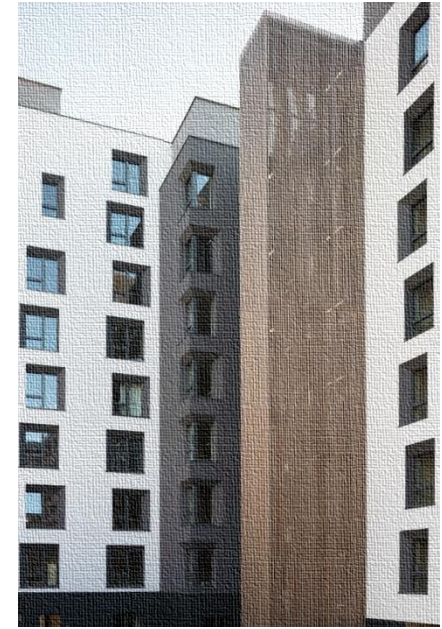
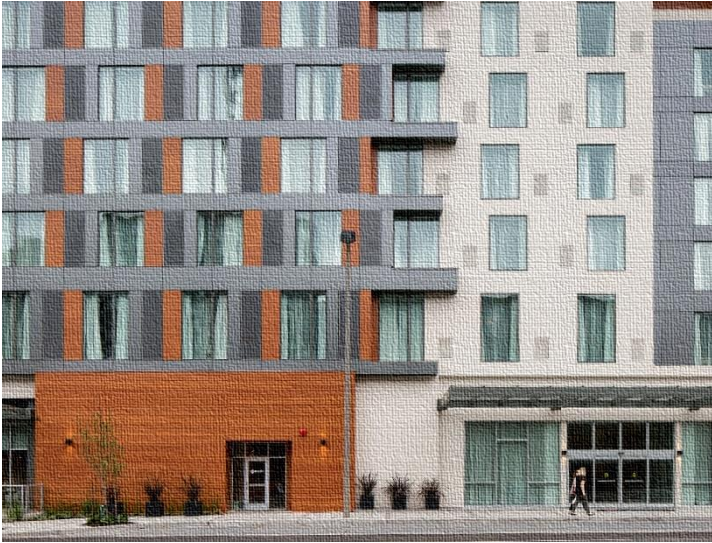


3-D Renderings



3-D Renderings



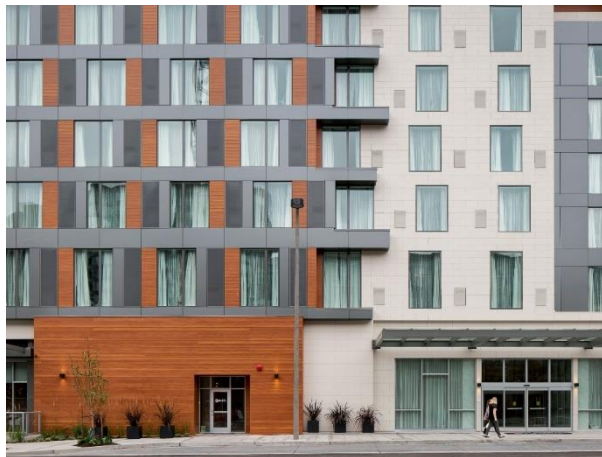


Exterior Aesthetic

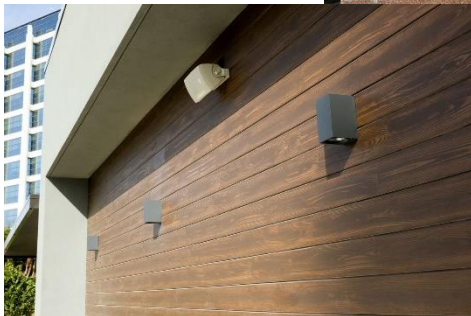


Exterior Aesthetic

While the exterior design of the Senior and Multifamily will differ, color, material and accents will tie the buildings together into one cohesive development. Grey tones, natural accents (such as wood, copper patina and split face rock and/or brick), and dark grey/black metal details (for balconies, window frames, etc.) will be used on both buildings.



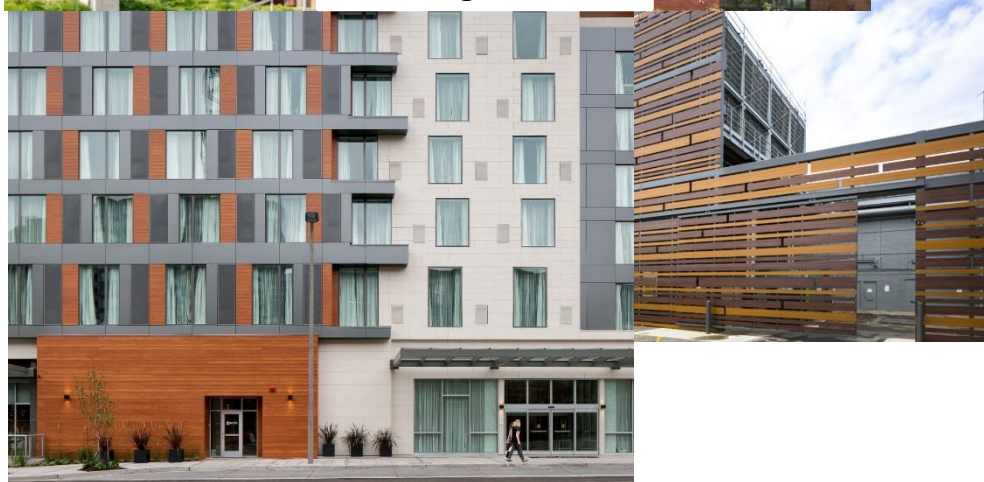
Potential Exterior Materials



EIFS (Exterior Insulation Finish System), and is a modern alternative to stucco. Benefits include:

- **Air Quality and Energy Efficiency:** EIFS can reduce air infiltration by as much as 55% compared to standard brick or wood construction. EIFS also adds to the "R-value" of a building. R-value is a measurement of the resistance to heat flow; the higher the R-value, the better the material's insulating value.
- **Design and Construction:** EIFS come in virtually limitless colors and a wide variety of textures, but they also can be fashioned into virtually any shape or design. EIFS can be manufactured to specific drawings and installation also use less labor than typical

Potential Accent Materials



Prior Commission Action

- On October 7, 2015, the Commission approved a predevelopment budget to fund the first 15 months of predevelopment activity related to the redevelopment of Holly Hall. (RESOLUTION 15-79)
- On December 16, 2016, Staff presented a Hillandale design update to the Commission in advance of Concept Plan submission.
- On March 1, 2017, Staff provided a Hillandale design update to the Commission and the Commission approved a revised budget for 12 months of predevelopment activity related to the redevelopment of Holly Hall. (RESOLUTION 17-18)
- On June 12, 2017, Staff presented a Hillandale design update to the Commission in advance of Sketch Plan submission.
- On January 9, 2019, Staff presented a Hillandale design update to the Commission and the Commission approved a revised budget to fund predevelopment work through closing of construction financing. (RESOLUTION 19-10)
- On March 6, Staff presented a Hillandale design update in advance of Hillandale's pre-submission community meeting.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to:

1. Approve that 30% of Hillandale Gateway's units are affordable; specifically, at least 25% of the development's units are restricted to households earning 60% or less of AMI and the remainder of the affordable units are restricted to households earning 80% or less of AMI?
2. Approve the site design for Hillandale Gateway?
3. Authorize the submission of Hillandale Gateway's Site and Subdivision Plan to the Montgomery County Planning Board?

TIME FRAME

Action at the May 8, 2019 meeting of the Commission.

BUDGET/FISCAL IMPACT

No impact.

COMMITTEE RECOMMENDATION

On the April 24, 2019, two of the three Commissioners present on the Development and Finance Committee considered and approved the request for recommendation to the Commission.

Summary and Recommendations

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission:

1. Approve that 30% of Hillandale Gateway's units are affordable; specifically, at least 25% of the development's units are restricted to households earning 60% or less of AMI and the remainder of the affordable units are restricted to households earning 80% or less of AMI.
2. Approve the site design for Hillandale Gateway.
3. Authorize the submission of Hillandale Gateway's Site and Subdivision Plan to the Montgomery County Planning Board.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of a 96-unit rental property in Hillandale known as Holly Hall Apartments located on approximately 4.35 acres of land at 10110 New Hampshire Avenue, Silver Spring, MD 20903 (“Holly Hall”); and

WHEREAS, HOC is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

WHEREAS, on July 11, 2014, HOC purchased a 43,671 square foot parcel of land located at the southwest corner of Powder Mill Road and New Hampshire Avenue (the “CONA Site”) from Capital One Bank, N.A.; and

WHEREAS, on July 8, 2015, the Commission authorized the creation of a joint venture between The Duffie Companies (“Duffie”) and HOC (together, the “Development Team”) to redevelop Holly Hall and the CONA Site (together, the “Redevelopment Properties”), where HOC contributed the Redevelopment Properties and Duffie contributed cash, both purchasing respective ownership interests (70% to HOC and 30% to Duffie) in the venture; and

WHEREAS, on January 3, 2017 and on August 14, 2017 the Development Team submitted Concept Plan and Sketch Plan applications, respectively, to the Montgomery County Planning Board (“Planning Board”) for the Redevelopment Properties; and

WHEREAS, on November 16, 2017, the Planning Board approved the Sketch Plan application for the Redevelopment Properties; and

WHEREAS, on February 14, 2019, the Commission sold its seventy percent (70%) interest in the CONA Site to Duffie, contingent on the CONA Site remaining a part of the combined development approval for the Redevelopment Properties; and

WHEREAS, the Commission desires that thirty percent (30%) of the Redevelopment Properties’ residential units be affordable (“Affordable Units”); specifically, that at least twenty-five percent (25%) of the Redevelopment Properties’ units are affordable to households earning sixty percent (60%) or less of the area median income for the Washington-Arlington-Alexandria Metropolitan Statistical Area (“AMI”) and the remainder of the Affordable Units are affordable to households earning eighty percent (80%) or less of AMI; and

WHEREAS, the Commission wishes to secure financing or pursue other strategies to offset the cost of restricting the remainder of the Affordable Units to households earning eighty percent (80%) or less of AMI, but in no event will dilute Duffie’s ownership interest in the venture; and

WHEREAS, the Commission desires to approve the site design (the “Site Design”) for the Redevelopment Properties, which is comprised of one age-restricted apartment building, one non-age-restricted apartment building, one parking garage, one free standing retail building with drive-through

(together, "Phase One"), and one commercial building ("Phase Two"), totaling no more than 582,682 square feet of residential floor area and 71,936 square feet of commercial floor area (the maximum density allowed for the site); and

WHEREAS, the Commission desires to authorize the Development Team to submit an application to the Planning Board for Site and Subdivision Plan approval for the Redevelopment Properties.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves that thirty percent (30%) of the Redevelopment Properties' units are affordable; specifically, at least twenty five percent (25%) of the Redevelopment Properties' units are affordable to households earning 60% or less of AMI and the remainder of the Affordable Units are affordable to households earning eighty percent (80%) or less of AMI.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves securing financing or pursuing other strategies to offset the cost of restricting the remainder of the Affordable Units to households earning eighty percent (80%) or less of AMI, but in no event will dilute Duffie's ownership interest in the venture.

BE IT FURTHER RESOLVED, by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves the Site Design for the Redevelopment Properties and authorizes the Development Team to submit an application to the Planning Board for Site and Subdivision Plan approval for the Redevelopment Properties.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized, without any further action on its part, to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on May 8, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

Deliberation

and/or

Action

Future Action

Adjourn

Administrative Session