

REVISED: March 2, 2021



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

**UPDATED NOTICE AND EXPANDED AGENDA**

March 3, 2021

**In order to continue to implement recommended social distancing guidelines, HOC will conduct its meetings via an online platform and teleconference call until further notice.**

		Res #
4:00 p.m. Page 05	<p><b>I. <u>INFORMATION EXCHANGE</u></b></p> <p>A. Report of the Executive Director</p> <ul style="list-style-type: none"> <li>• HOC Year in Review</li> </ul> <p>B. Commissioner Exchange</p> <p><b>*There will be no Community Forum at the March 3, 2021 Commission Meeting. HOC will reconvene the Community Forum at the April meeting.</b></p>	
4:30 p.m. 10 23	<p><b>II. <u>APPROVAL OF MINUTES</u></b></p> <p>A. Approval of Minutes of February 3, 2021</p> <p>B. Approval of Minutes of February 3, 2021 Closed Session</p> <p>C. Approval of Minutes of February 19, 2021 Special Session</p> <p>D. Approval of Minutes of February 19, 2021 Closed Session</p>	
4:40 p.m. Page 26	<p><b>III. <u>SPECIAL SESSION RATIFICATION</u></b></p> <p>A. Approval to Complete the Acquisition of Real Property Located in Chevy Chase, Maryland</p>	21-22R (pg. 27)
4:45 p.m. Page 30	<p><b>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b></p> <p><b>A. Budget, Finance and Audit Committee – Com. Nelson, Chair</b></p> <p>1. <b>Fiscal Year 2021 (FY'21) Second Quarter Budget to Actual Statements:</b> Acceptance of the Second Quarter FY'21 Budget to Actual Statements</p>	21-23 (pg. 38)

5:00 p.m. Page 45	2. <b>Fiscal Year 2021 (FY'21) Second Quarter Budget Amendment:</b> Approval of the FY'21 Second Quarter Budget Amendment	21-24 (pg. 50)
5:10 p.m. Page 52	3. <b>Uncollectable Tenant Accounts Receivable:</b> Authorization to Write-off Uncollectable Tenant Accounts Receivable	21-25 (pg. 57)
5:20 p.m. Page 58	4. <b>Forest Oak Towers – Property Management Contract:</b> Approval to Renew Property Management Contracts for Forest Oak Towers, Alexander House, Georgian Court, Stewartown Homes, Metropointe, Greenhills Apartments, Westwood Towers Apartments, and Cider Mill Apartments	21-26 (pg. 62)
5:25 p.m. Page 66	<b>B. Development and Finance Committee – Com. Simon, Chair</b> 1. <b>Jubilee:</b> Approval to Sell up to Three (3) Units from MPDU I/64 (MPDU 64) for the Renovation and Adaptive Reuse for Operation by Jubilee Association of Maryland, and Approval to Prepay the Existing MPDU I Mortgage using Funds from the PNC Bank, N.A. Line of Credit	21-31 <sub>A</sub> (pg. 74) 21-31 <sub>B</sub> (pg. 76)
5:30 p.m. Page 78	2. <b>Stewartown Homes:</b> Authorization to Select CREA, LLC as Tax Credit Investor and Authorization for the Executive Director to Negotiate and Execute an Operating Agreement	21-32 (pg. 90)
5:40 p.m. Page 92	3. <b>Stewartown Homes:</b> Amendment of the Financing Plan and Bond Authorizing Resolution for Stewartown Homes	21-33 <sub>A</sub> (pg. 96) 21-33 <sub>B</sub> (pg. 99) 21-33 <sub>C</sub> (pg.101)
5:50 p.m. Page 107	<b><u>CLOSING STATEMENT</u></b> Written Statement for Closing Meeting	
6:00 p.m.	<b><u>ADJOURN</u></b>	
6:15 p.m.	<b><u>DEVELOPMENT CORPORATION MEETINGS</u></b>	
6:20 p.m. Page 111	<b><u>Alexander House Development Corporation</u></b> • Approval to Renew the Property Management Contract for Alexander House Development Corporation	21-001 <sub>AH</sub> (pg. 114)
6:20 p.m.	<b><u>ADJOURN</u></b>	
6:21 p.m. Page 117	<b><u>Brookside Glen Development Corporation</u></b> • Approval to Renew the Property Management Contract for Brookside Glen Development Corporation	21-001 <sub>BG</sub> (pg. 120)
6:21 p.m.	<b><u>Adjourn</u></b>	

6:22 p.m. Page 123	<b><u>Glenmont Crossing Development Corporation</u></b> <ul style="list-style-type: none"> <li>Approval to Renew the Property Management Contract for Glenmont Crossing Development Corporation</li> </ul>	21-001 <sub>GC</sub> (pg. 126)
6:22 p.m.	<b><u>ADJOURN</u></b>	
6:23 p.m. Page 129	<b><u>Glenmont Westerly Development Corporation</u></b> <ul style="list-style-type: none"> <li>Approval to Renew the Property Management Contract for Glenmont Westerly Development Corporation</li> </ul>	21-001 <sub>GW</sub> (pg. 132)
6:23 p.m.	<b><u>ADJOURN</u></b>	
6:24 p.m. Page 135	<b><u>Wheaton Metro Development Corporation</u></b> <ul style="list-style-type: none"> <li>Approval to Renew the Property Management Contract for Wheaton Metro Development Corporation</li> </ul>	21-001 <sub>WM</sub> (pg. 138)
6:24 p.m.	<b><u>ADJOURN</u></b>	
6:25 p.m.	<b><u>Diamond Square Development Corporation</u></b>	
Page 141	<ul style="list-style-type: none"> <li>Approval to Renew the Property Management Contract for Diamond Square</li> </ul>	21-001 <sub>DS</sub> (pg. 144)
6:30 p.m.	<b><u>CLOSED SESSION</u></b> A closed session will be called to order pursuant to Section 3-305(b)(3) and Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland	

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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.

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# Information Exchange



### ***Family Self-Sufficiency Activities***

Emmanuel Brinklow Seventh Day Adventist Church conducted a virtual Financial Literacy workshop on February 17, 2021. Thirty-two participants attended the session. The presenter spoke about funding a college education. He spoke in detail about the Free Application for Federal Student Aid (FAFSA) and encouraged participants to explore all scholarship opportunities.

FSS and Resident Services will conduct a series of four monthly virtual workshops, "Manifesting a Growth Mindset in the Midst of a Pandemic." The first session will be held on February 24, 2021.

### ***Service Coordination Support and Rental Assistance Continue During COVID-19***

#### *Service Coordination*

The Service Coordination Unit continued to provide services to customers throughout January 2021. Services included assessments, information and referrals. Resident Counselors continued to engage customers to determine their needs. Customers were referred to our partners and received food and other assistance. Services are being offered via telephone and virtual platforms. Customers also continued to receive referrals to Housing Stabilization, unemployment assistance, TCA, SNAP, MEAP, EARP and other benefit programs.

Up-County Resident Counselors launched a workshop series in February, the "Fundamentals of Housing" series. This workshop series includes workshops covering the fundamentals of housing, resource sharing, financial literacy and energy savings. Other highlights include outreach to customers to assess the need for rental assistance, food assistance, employment and household items, referrals for services/resources, attending/participating in briefings, assisting seniors with registering for COVID-19 vaccinations, facilitating afterschool programs for youth, attending tenant association meetings, and providing food assistance to seniors.

Highlights for February activities of Down-County Resident Counselors include working with customers with rent delinquencies, providing resources for customers to bring down their rent balances and encouraging them to contact Property Management to create repayment agreements, partnering with Up-County Resident Counselors to facilitate the "Fundamentals of Housing" workshop series, attending/participating in briefings, working with family members of seniors to engage them in virtual programming, and assisting with relocation efforts at Bauer Park.

#### *Programming*

The Resident Services Division continues to provide food resources and other supports with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Rainbow Family Development Center, Montgomery County Senior Nutrition Lunch Program, Hungry Harvest and the Capital Area Food Bank's Senior Brown Bag and My Groceries To Go programs. In February, HOC served approximately 950 residents. With the financial assistance of HOCP, the Resident Services Division will host its second food distribution in March 2021. Staff will provide snack packs to approximately 150 youth; and prepared and curated produce boxes for approximately 1,000 families. In addition to providing essential needs to our customers, Resident Services staff hosted three (3) "Housing Fundamentals Workshops" (with 10 participants) and an "Arts for the Aging" virtual program for seniors (with eight participants). The Division has one ongoing after school virtual youth program that provides a three-day a week virtual experience for elementary-aged youth (with 12 participants). Activities

include mindfulness and meditation, homework assistance, life skills development, a girls' group, and cultural arts programming. Resident Services staff continues to coordinate programs for youth and seniors through virtual platforms.

### HOC Academy

The Small Business Strategy Course, hosted by ALSTNTEC, LLC, completed its sixth of ten sessions. Course administrators continue to conduct weekly mentorship sessions and students have been learning the following: Insurance Needs for Business Owners, Marketing, and Market Segmentation. We are now planning for the summer cohort, starting July 10, 2021. In addition to this course, HOC Academy has proposed a STEAM Forward Academy and is working on a proposal for an Electronic Business Cooperative. STEAM Forward Academy is a Saturday learning academy with a 4-week summer camp opportunity for middle and high school students. Each cohort will participate in a rigorous STEM curriculum with electives to include social entrepreneurship, public speaking, and creative writing. This academy will also offer internship opportunities and college STEM tours for high school participants. The Electronic Business Cooperative is a network for HOC customer business owners to expand their customer base and to receive group mentorship opportunities.

### Financial Literacy

The Financial Literacy Coach continued to work with HOC and waitlist customers on creating a financial foundation. In February, three credit repair workshops were held. There was a steady participation of approximately 35 participants in three workshops. Additionally, three Financial Literacy workshops were held with a total of 21 participants. Participants have been working on disputing inaccurate information on their credit reports and requesting removal of potentially negative items on the report seven years and older. One customer reported her credit score improved from the low 500s to 725 throughout the course of nine months.

### Supportive Housing

The Supportive Housing Program continued to provide support to program participants. Program staff continued to call clients weekly and deliver gift cards to assist with food and other essentials for those that were in need. Staff are working remotely primarily but do come into the office and visit clients as needed. The team has continued to enroll new clients into the program, house new clients and respond to critical needs for clients as they arise.

### Fatherhood Initiative Program

The Fatherhood Initiative Program continued in the planning phase of the newly awarded grant. During the month of February, staff worked to continue the recruitment process for a new Administrative Aide II position, awarded under the grant. Staff also worked to execute agreements and issue the RFP for case management services.

### COVID Rental Assistance Program

Residents Services staff continued to work with Compliance, LPA and Finance to close out the COVID-19 Rental Assistance Program. In February, Resident Services staff worked with Finance to issue the remaining payments under the program.

### **Maintenance**

In the month of February, Trades Maintenance Workers (TMW) in the Maintenance Division completed 1,361 work orders, 120 of which were emergencies. Year to date, the Maintenance Division has completed 12,805 total work orders, 1299 of which were emergencies. This month, the emergency work order response times decreased slightly from last month.

In February, the Maintenance Division worked diligently to battle icy and snowy conditions that occurred several times within the month. Additionally, major elevator upgrades began at Waverly House and Manchester Manor and are scheduled to be completed within the next several days. A major effort is ongoing to renovate vacant units in our inventory, with special attention being placed on the State Partnership units. Thirteen vacant units were renovated during the month, seven of which were State Partnership units.

Lastly, the Division worked with Property Management and the Finance Division to finalize and present the upcoming Fiscal Year budgets.

### ***Real Estate Development***

#### ***Hillandale Gateway Site Plan Approval***

On February 18, 2021, the Montgomery County Planning Board approved the Site Plan for Hillandale Gateway, a new mixed-use, mixed-income, multigenerational community proposed to be built on the site of the former Holly Hall Apartments. Hillandale Gateway will include 463 residential units in two buildings, with 155 age-restricted units for seniors and 308 multifamily units. Of the 463 units, 25% will be set aside as Moderately Priced Dwelling Units (MPDUs).

Hillandale Gateway is poised to be a catalyst in revitalizing eastern Montgomery County, bringing with it new residents, new amenities, new public space to the Hillandale community, and creating a sense of place. This mixed-use community will also provide commercial space for restaurant and retail establishments, public and private green space, a drive-thru coffee shop, and a parking garage.

Hillandale Gateway is an innovative development, with energy efficient approaches incorporated throughout the property. HOC and the Hillandale Gateway development team is striving for Net Zero for the age-restricted building and Passive House for the multifamily building, which aligns with Montgomery County's Climate Action Plan.

HOC is developing Hillandale Gateway with the Duffie Companies, a third-generation, Montgomery County-based, family-owned real estate owner, developer, and asset manager.

Hillandale Gateway's Site Plan approval is an important step toward obtaining building permits and beginning construction on the development. The Site Plan goes to Planning Department Staff for review of compliance with the conditions of approval from the Planning Board hearing, and then to the Planning Department Director or designee for signature. A Record Plat approval in connection with the Certified Site Plan will be subject to Planning Department Staff review, and final approval by the Planning Board, which is typically handled as part of the Board's consent agenda, without discussion. Finally, Hillandale Gateway's building permit application must be reviewed and approved by the Department of Permitting Services prior to construction start.

#### ***Bauer Park Renovation Update (Phase 1)***

Bauer Park Apartments, LP acquisition financing closed on September 1, 2020 with Low Income Housing Tax Credit ("LIHTC") equity (4% credits), private activity bonds, HOC equity and a seller note, completing the financing of the development. The property converted from a HUD Section 236-mortgage program and was previously owned by Banor Housing, Inc. The property, consisting of 142-units in three buildings with three floors in each building, will undergo an extensive renovation of complete interior finishes, common areas, and installation of the County's first Trigeration Building system in a new HVAC building. Hooten construction is the General Contractor, and the work is being done in strict compliance with the Davis Bacon Prevailing Wage Acts and Section 3.

### Phasing

The work is expected to be completed in May 2022 in six (6) phases, two per building. The first phase has delivered as of February 11, 2021. This included 15 units, a new accessible laundry room, and the first-floor common areas.

### Temporary Relocations

The first phase, consisting of 15 units, required that the existing residents in 12 occupied units on the first floor be relocated to un-renovated vacant units elsewhere at the property. These moves occurred without issue and the residents are now returning to their units.

### Current Operations

As of February 17, 2021, the General Contractor, Hooten Construction, LLC (“Hooten”), is also engaged in the Trigen Building construction with all equipment delivered, in place, and the final portion building (roof) is being finished around the new equipment. Residents have begun moving from the units for phase 2A and 2B, which includes 34 units on the second and third floors of Building #3. Some are relocating permanently to a finished unit on the first floor of Building #3, while most are being temporarily relocated into vacant unrenovated units in either Building #1 or #2. Select demolition has already begun on some of the vacant units in Phase 2 and delivery of these two floors, plus the completion of Building #3, is expected on time at the end of May 2021.

The construction team continues to monitor for COVID impacts and while cases nationally and specifically in the County have decreased significantly from the recent peak, risk remains elevated. The contractor has safety plans and procedures in place to avoid labor or material schedule delays.

# Minutes

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

February 3, 2021

21-02

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, February 3, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

**Present**

Roy Priest, Chair  
Frances Kelleher, Vice Chair  
Richard Y. Nelson, Jr., Chair Pro Tem  
Pamela Byrd  
Linda Croom  
Jeffrey Merkowitz  
Jackie Simon

**Also Attending**

Stacy L. Spann, Executive Director  
Aisha Memon, General Counsel  
Zachary Marks  
Charnita Jackson  
Lynn Hayes  
Jay Berkowitz  
Guidy Paula  
Terri Fowler  
Darcel Cox  
Nathan Bovelie  
Ian Hawkins  
Karlos Taylor

Kayrine Brown, Deputy Executive Director  
Eamon Lorincz, Deputy General Counsel  
Cornelia Kent  
Fred Swan  
Eugenia Pascual  
Kathryn Hollister  
Nicolas Deandreis  
Kristyn Greco  
Gio Kavidadze  
Jay Shepherd  
Renee Harris

**Resident Advisory Board**

Lakeyia Thompson, President

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

**Guest**

Karen Lundregan  
Marsha Coleman-Adebayo  
Rev. Adebayo  
Rian Adamian

Chair Priest opened the meeting welcoming all and acknowledging Black History month by reading a comment of Congressman James Clyburn.

I. **Information Exchange**

- **Resident Advisory Board (RAB)** – President Lakeyia Thompson provided an update of the RAB’s January, 2021 meeting. President Thompson started with a thank you to Executive Director Stacy Spann for providing laptops to the Board allowing members to maximize participation in the meetings. There was a presentation by Brian Selden and Paula Salazar, Public Information Specialist, Legislative and Public Affairs Division (LPA). A detailed discussion was held with an agreement from LPA in ensuring proper updates and accurate information will be placed on the RAB landing page. Some goals of the RAB is to make sure its existence is known to other residents to obtain new membership, share resources and serve as jump off page for other residents. Virtual links were sent out to members for monthly meeting. Compliance Division will be providing presentation for next month’s meeting (March).

Chair Priest thanked Ms. Thompson for the continued work the RAB does for the residents.

- **Community Forum** – Marsha Adebayo continues to address the Board regarding the Moses African American Cemetery and reminded Chair Priest of meeting to be scheduled to discuss. Ms. Adebayo requested clarity on information received from a whistleblower on Executive Director Spann’s contract renewal.

Chair Priest thanked Ms. Adebayo for her comments and indicated that he would reach out to her. He also indicated that he was not aware of whistleblower matter and stated that there is no process for providing public commentary related to renewal of any type of contract or personnel hiring. He stated that he would be willing to look into it.

Karen Lundregan continues to address the Board regarding her allegations of unfair treatment from certain HOC personnel in the termination of her housing.

Chair Priest expressed his apologies and asked if she was currently housed. He also acknowledged that the Board is listening to the complaints and is mindful of the importance to making sure that all residents are treated in a proper fashion.

Rev. Adebayo continues to express his concerns of the Moses Cemetery on behalf of the Macedonia Church.

Chair Priest acknowledged that prior to the pandemic there was engagements in meeting with the County Executive trying to affirm a way to proceed. Chair Priest suggested to work together in getting the meeting back on track.

Rian Adamian addressed the Board on his allegations of HOC’s inhuman treatment of its tenants, communities served and mismanagement. He also expressed his support of Macadonia Church in memorializing of the Moses African American Cemetery.

Chair Priest thanked him for his comments and participation. Chair Priest assured him that the Commission does take every comment that comes from the residents and citizens of Montgomery County seriously.

#### **Executive Director's Report**

- In addition to his written report, Executive Director Spann highlighted on the Housing Resources Division efforts in processing interims for housing choice vouchers. Resident Services Division interfacing with students, and providing paper goods, etc., to folks during the pandemic. Property Management team's hard work during the wintery weather and making sure that homes are maintained well in good repair. Real Estate team closing on the financing and construction of Westside Shady Grove.

#### **Commissioner Exchange**

Chair Priest acknowledged and summarized an opinion received from the State of Maryland Open Meetings Compliance Board regarding a complaint that was filed in December 2020 alleging that HOC failed to comply with various procedural requirements of the Open Meetings Act when meeting in closed session in year 2018. On January 27, 2021, the Open Meetings Compliance Board issued an opinion finding that HOC violated the Open Meeting Act for the following reasons:

- Section 3-302(b)(3) – meeting notices failed to indicate that all or some of the meetings would be held in closed session;
- Section 3-305(d)(1) – meeting in closed session without recording a vote in open session;
- Section 3-305(d)(2) – written closing statements, did not identify the topic to be discussed or reasons for excluding the public from that discussion;
- Section 3-305(d)(2) – written closing statements diverged from the Commissioners verbal vote to close the meeting; and
- Section 3-306(c)(2) – minutes of next open meeting did not provide the necessary disclosures about a closed meeting.

Chair Priest stated that HOC began rectifying these issues in 2019 and continues to modify its meeting procedures to ensure full compliance with the Open Meetings Act. HOC remains committed to transparency and encourages members of the public to reach out if they have any questions or concerns.

- II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Commissioner Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.
  - A. **Approval of Minutes of January 13, 2021**

- III. **CONSENT**

- A. **Housing Opportunities Commission Bylaws:** Approval to Temporarily Amend the Bylaws of The Housing Opportunities Commission of Montgomery County

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.



**Amended and Restated Bylaws of the Housing Opportunities Commission of Montgomery County**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized, and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and effectuate the purpose of providing affordable housing and is governed by the Act and its bylaws;

**WHEREAS**, the Commission’s bylaws provide that at the Annual Meeting, a quorum must consist of four (4) Commissioners physically present;

**WHEREAS**, the ongoing response to COVID-19 requires the community to participate in social distancing measures, which includes participating in meetings remotely;

**WHEREAS**, in order to adequately respond to the current state of emergency, staff recommends temporarily amending HOC’s bylaws to allow HOC to continue to operate and transact business;

**WHEREAS**, HOC’s bylaws shall be temporarily amended by adding the following provision: “Article III – MEETINGS, Section 11. *State of Emergency*. Notwithstanding anything in these Second Amended and Restated Bylaws to the contrary, in the event there is a federal, state, and/or local state of emergency, or other similar governmental emergency, all the Commissioners may participate and vote on matters by teleconference or electronic medium at the Annual Meeting as long as (i) a quorum of the Commission participates, and (ii) all Commissioners and staff (and, for open meetings, members of the public) can communicate and view all materials clearly” (the “Temporary Amendment”); and

**WHEREAS**, the Temporary Amendment shall automatically terminate as of March 1, 2021.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby approves and adopts the Temporary Amendment, which shall automatically terminate as of March 1, 2021.

**IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

**A. Budget, Finance, and Audit Committee – Com. Nelson, Chair**

- 1. County Fiscal Year 2022 – 2027 Capital Improvements Program Budget:** Authorization to Submit Reduced County Fiscal Year 2022 – 2027 Capital Improvements Program Budget

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

**RESOLUTION NO: 21-15**

**RE: County FY’22-27 Capital Improvements Program (CIP) Budget: Authorization to Submit Reduced County FY’22-27 Capital Improvements Program (CIP) Budget**

**WHEREAS**, the Capital Improvements Program (“CIP”) is a program administered by Montgomery County (the “County”) that provides funds for larger long-term investments in facilities, infrastructure, and affordable housing;

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) receives funds from the CIP to further its purpose in providing affordable housing;

**WHEREAS**, the County accepted amendments to the FY’ 22-27 CIP Budget, and requests were submitted to the Office of Management and Budget on September 9, 2020; and

**WHEREAS**, the County Office of Management and Budget requested that HOC submit a FY’22-27 CIP Budget reduction of \$125,000 in order to help close the County budget gap.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it authorizes staff to submit to the County a FY’22-27 CIP Budget reduction in the amount of \$125,000.

**B. Legislative and Regulatory Committee – Com. Kelleher, Chair**

- 1. Housing Choice Voucher Administrative Plan:** Authorization of Revisions to HOC’s Administrative Plan for the Housing Choice Voucher Program to add Coronavirus Disease 2019 (COVID-19) Related Waivers to the Plan in Accordance with HUD Notice PIH 2020-33

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

The following resolution was adopted upon a motion by Vice Chair Kellher and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

**RESOLUTION NO.: 21-16**

**RE: Revision of HOC’s Administrative Plan for the Housing Choice Voucher Program to Add Temporary Changes in Response to COVID-19 Pursuant to HUD PIH Notice 2020-33**

**WHEREAS**, in response to COVID 19, the U.S. Department of Housing and Urban Development issued Notice PIH 2020-33 (the “Notice”) on November 30, 2020 that established temporary waivers and alternative requirements for the Housing Choice Voucher Program;

**WHEREAS**, the Notice allowed a housing authority to adopt waivers and temporarily revise its administrative plan without board approval, provided that any informally adopted revisions are approved by its board no later than June 30, 2021;

**WHEREAS**, pursuant to the Notice, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) informally adopted many of the waivers in the Notice, and the Commission now desires to formally revise its Administrative Plan for the Housing Choice Voucher Program (the “Plan”) to add the temporary waivers; and

**WHEREAS**, the recommended revisions to the Plan are outlined in the attached Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County adopts the revisions to the Plan as identified in the attached Exhibit A.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, 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. Housing Choice Voucher Payment Standards:** Authorization to Implement Voucher Payment Standards Based on HUD Fiscal Year 2021 Small Area Fair Market Rents

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

The following resolution was adopted upon a motion by Vice Chair Kelleher and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwitz, and Simon.

**RESOLUTION NO.: 21-17**

**RE: Authorization to Implement Voucher Payment Standards Based on HUD FY 2021 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 the VPS must be 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 2021 as shown on Exhibit A.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, 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.

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

**1. Hillandale Gateway:** Approval to Select Renascent, Inc. as the Demolition Contractor for Holly Hall Apartments in Accordance with Information for Bid (“IFB”) #2222 and Authorization for the Executive Director to Negotiate and Execute a Contract for the Demolition

Kayrine Brown, Deputy Executive Director, and Kathryn Hollister, Senior Financial Analyst, were the presenters.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwitz, and Simon.

**RESOLUTION NO.: 21-18**

**RE: Approval to Select Renascent, Inc. as the Demolition Contractor for Holly Hall Apartments in Accordance with Information for Bid ("IFB") #2222 and Authorization for the Executive Director to Negotiate and Execute a Contract for the Demolition**

**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**, Holly Hall is currently vacant and the buildings on the site have reached the end of their useful life cycles; and

**WHEREAS**, in order to facilitate the development of Hillandale Gateway, a new mixed-use, mixed-income multigenerational community, HOC is seeking the services of a demolition contractor to demolish the existing buildings and prepare the site for redevelopment; and

**WHEREAS**, on November 4, 2020, the Commission approved a budget and funding in the amount of \$843,700 from HOC's Opportunity Housing Reserve Fund ("OHRF") for the demolition of Holly Hall, which includes pre-demolition work, demolition, and contingency; and

**WHEREAS**, on December 8, 2020, HOC issued Invitation for Bid No. 2222 ("IFB #2222") for the demolition of Holly Hall; and

**WHEREAS**, HOC received 12 bids, which ranged in price from \$379,950 to \$820,000; and

**WHEREAS**, pursuant to IFB #2222, the contract will be awarded to the responsive and responsible bidder offering the lowest base bid; and

**WHEREAS**, staff has determined that Renascent, Inc. ("Renascent") is a responsive and responsible bidder that offered the lowest bid of \$379,950; and

**WHEREAS**, the Commission desires to award IFB #2222 to Renascent and authorize the Executive Director to negotiate and execute a contract for the demolition of Holly Hall; and

**WHEREAS**, the award of IFB #2222 will be made from funds approved by the Commission on November 4, 2020.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the award of IFB #2222 to Renascent, Inc. and authorizes the Executive Director, or his designee, to negotiate and execute a contract with Renascent, Inc. for the demolition of Holly Hall.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, 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.

**2. Fenwick & Second – Housing Opportunities Commission Headquarters:** Authorization to Transmit to the Planning Board, the Second Phase of Mandatory Referral Submission; and Approval of and Full Funding of Revised Fiscal Year 2021 Predevelopment Budget Deliberation

Kayrine Brown, Deputy Executive Director, and Jay Shepherd, Senior Financial Analyst, were the presenters.

The following resolutions were adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

**RESOLUTION NO.: 21-19<sub>A</sub>**

**RE: HOC Headquarters: Authorization to Transmit to the Planning Board the Second Phase of Mandatory Referral Submission; and Approval of and Full Funding of the Revised FY21 Predevelopment Budget**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910 as the site of a new headquarters building, projected to be approximately 85,000 gross square feet or the maximum allowed by the current zoning regulations (the “New HQ”); and

**WHEREAS**, on September 5, 2018, the Commission approved a predevelopment budget in the amount of \$2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the \$60 million PNC Bank, N.A. Line of Credit (“PNC LOC”) to fund the first installment of predevelopment funding in the amount of \$264,500; and

**WHEREAS**, On April 3, 2019, the Commission approved to Enter into a Ground Lease with Fenwick Silver Spring, LLC and a Development Services Agreement with Promark Development, LLC for the Development and Ownership of HOC’s New Headquarters Building and Approval of the Architect Selected to Complete Design and Construction Management for the Development. The resolution also authorizes the Executive Director to negotiate and enter into a contract with Design Collective, Inc. for architectural services in an amount not to exceed \$1,100,000 from the PNC LOC.

**WHEREAS**, on May 6, 2020, in order to expedite the delivery of New HQ, reduce overall costs, and minimize development period risk, the Commission approved submitting an application for the two-step process of Mandatory Referral for the New HQ; and

**WHEREAS**, also on May 6, 2020, the Commission approved a revised predevelopment budget in the amount of \$2,650,150 and a second installment draw on PNC LOC for predevelopment funding of \$793,800 to cover costs attributable to a required traffic engineering study and permit and application fees for the initial feasibility design and entitlement of the New HQ; and

**WHEREAS**, on November 12, 2020 the Montgomery County Planning Board unanimously approved the New HQ Location Review Application and the Commission is now ready to submit the second step of the Mandatory Referral process for the New HQ; and

**WHEREAS**, the costs for calendar year 2021 have been projected and additional predevelopment expenses including telecom/audio visual and security design, acoustics/lighting and environmental graphics design, dry utility consulting, development fee and contingency requires the total predevelopment budget to be revised; and

**WHEREAS**, the current revised predevelopment budget for the New HQ is \$2,908,300 and the final installment of \$750,000 may be funded from the PNC Bank, N.A. Line of Credit.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the submission of the second step of the Mandatory Referral Application process for the New HQ.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves a revised total predevelopment budget of \$2,908,300 for the design and entitlement of the New HQ and the use of the PNC Bank, N.A. Line of Credit as the source to fund the final installment of \$750,000.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, 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.

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**RESOLUTION NO.: 21-19<sub>B</sub>**

**RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund a Third Installment of Predevelopment Funds for HOC's New Headquarters Building**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910, as the site of a new headquarters building projected to be approximately 85,000 gross square feet or the maximum allowed by the current zoning regulations (the "New HQ"); and

**WHEREAS**, on September 5, 2018, the Commission approved a predevelopment budget in the amount of \$2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the \$60 million PNC Bank, N.A. Line of Credit (the "PNC LOC") to fund the first installment of predevelopment funding in the amount of \$264,500; and

**WHEREAS**, on May 6, 2020, the Commission approved a revised predevelopment budget in the amount of \$2,650,150 and a second installment draw on PNC LOC for predevelopment funding of \$793,800 to cover costs attributable to a required traffic engineering study and permit and application fees for the initial feasibility design and entitlement of the New HQ; and

**WHEREAS**, the costs for calendar year 2021 have been projected and additional predevelopment expenses including telecom/audio visual and security design, acoustics/lighting and environmental graphics design, dry utility consulting, development fee and contingency requires the total predevelopment budget to be revised; and

**WHEREAS**, the current revised predevelopment budget for the New HQ is \$2,908,300 and the cost of the third and final installment of predevelopment funding is \$750,000; and

**WHEREAS**, the Commission may make draws on the PNC LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes a third draw in the amount of \$750,000 at a rate of one-month LIBOR plus 90 basis points on the PNC LOC to fund a third installment of the total predevelopment budget to be repaid, including cost of interest, from the proceeds of the New HQ’s construction-period financing, and that this draw shall have a due date that coterminous with the termination date of the PNC LOC, which is currently June 30, 2021.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, 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.

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

- 1. Brooke Park Apartments:** Approval to Draw on the Original PNC Bank, N.A. Line of Credit to Bridge Receipt of County Loan Funds for the Renovation of Brooke Park Apartments

Kayrine Brown, Deputy Executive Director, and Gio Kaviladze, Senior Financial Analyst, were the presenters.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

**RESOLUTION NO: 21-20**

**RE: Approval to Draw on the PNC Bank, N.A.  
Real Estate Line of Credit to Bridge Receipt of  
County Loan Funds for the Renovation of Brooke  
Park Apartments**

**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 affordable housing units in this location of the county that lacked affordable housing and risked demolition and redevelopment as luxury townhomes for the affluent, and the displacement of 18 low- and moderate-income families; and

**WHEREAS**, DHCA approved and funded 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**, in April 2020, DHCA provided a commitment letter to fund the net funding need of \$3,747,829 through a combination of HOME, HIF, and, potentially, energy-efficiency improvement related funding sources; and

**WHEREAS**, the new loan is not expected to close prior to the end of February 2021; and

**WHEREAS**, renovation activities, funded by the remaining balance of the original HIF loan, started in December 2019 and an interruption of construction activities would delay the completion of the renovation and would incur substantial additional costs to complete the renovation; and

**WHEREAS**, on July 1, 2020, the Commission authorized a \$1.8 million draw from the PNC Bank, N.A. Line of Credit to bridge receipt of County loan funds, \$1.63 million of which have already been expended; and

**WHEREAS**, based on the construction schedule, contract amount, and the projections supplied by the general contractor, staff expects the project to incur up to an additional \$1.6 million in construction and related costs through the project completion by the end of March 2021; and

**WHEREAS**, without funding, HOC must issue a work stoppage order; and

**WHEREAS**, bridge financing from the PNC Bank, N.A. Line of Credit would prevent interruption of construction and related activities; and

**WHEREAS**, the Commission may make draws on the PNC Bank, N.A. Real Estate Line of Credit at a taxable rate equal to London Interbank Offered Rate ("LIBOR") (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 58 basis points.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to draw up to \$1.6 million on the PNC Bank, N.A. Real Estate Line of Credit at a taxable rate of one-month LIBOR plus 58 basis points to bridge receipt of County loan funds for the renovation of Brooke Park Apartments, to be repaid, including cost of interest, from the proceeds of County loan funds, and that this draw shall have a due date of six months from the date of the first draw.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the term of the previous \$1.8 million authorization to draw on the PNC Bank, N.A. Line of Credit to bridge receipt of County loan funds, approved by the Commission on July 1, 2020, is extended by six months and shall have a due date of twelve months from the date of the first draw.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, 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.

## VI. FUTURE ACTION

1. **Housing Opportunities Commission Recapitalization:** Discussion of Sale of Holly Hall and Veirs Mill East and the Lease Back to The Housing Opportunities Commission



Zachary Marks, Chief Investment and Real Estate Officer, provided update on an offer received from the Duffie Company to purchase land owned by HOC. No action required.

### **Election of Officers**

Executive Director Spann opened the floor for nomination of the Officers (Chair, Vice Chair, and Chair Pro Tem) to the Housing Opportunities Commission Board. Motion was made by Commissioner Simon to re-elect Roy Priest to Chair, re-elect Frances Kelleher to Vice Chair, and re-elect Richard Y. Nelson, Jr., to Chair Pro Tem. The motion was seconded by Commissioner Byrd.

Executive Director Spann called for the vote to elect Roy Pries as Chair, Frances Kelleher as Vice Chair and Richard Y. Nelson, Jr., as Chair Pro Tem. The vote was unanimous.

Commissioners Simon, Croom, and Byrd thanked the Officers for the service and leadership. Chair Priest on behalf of the Officer expressed appreciation.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:30 p.m. and reconvened in closed session at approximately 5:47 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 February 3, 2021 at approximately 5:47 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3) and 3-305(b)(13) to discuss three topics: (1) the acquisition of real property located in Clarksburg, Maryland via a ground lease (pursuant to Section 3-305(b)(3)); (2) the acquisition of real property located in the southern portion of Montgomery County, Maryland (pursuant to Section 3-305(b)(3)); and (3) the confidential commercial and financial terms of real property acquisitions located in Clarksburg, southern Montgomery County, Silver Spring, and Wheaton, Maryland (pursuant to Section 3-305(b)(13)).

The meeting was closed and the closing statement dated February 3, 2021 was adopted on a motion made by Commissioner Simon, seconded by Vice Chair Kelleher, with Commissioners Priest, Kelleher, Nelson, Croom, Merkowitz, Byrd, and Simon unanimously voting in approval. The following persons were present during the closed session: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Jackie Simon, Stacy Spann, Kayrine Brown, Aisha Memon, Zachary Marks, Cornelia Kent, Gio Kaviladze, and Patrice Birdsong. Please note that Commissioners Pamela Byrd and Roy Priest left the meeting early and did not participate in any vote; Commissioner Merkowitz also left early and did not participate in some of the votes.

In closed session, the Commission discussed the below topics and took the following actions:

1. **Topic:** the acquisition of real property located in Clarksburg, Maryland via a ground lease (pursuant to Section 3-305(b)(3)).
  - a. **Action Taken:** With a quorum present, Commissioners Kelleher, Nelson, Simon, Croom, and Merkowitz approved taking no further action on the acquisition until additional information is obtained.

2. **Topic:** the acquisition of real property located in the southern portion of Montgomery County, Maryland (pursuant to Section 3-305(b)(3)).
  - a. **Action Taken:** With a quorum present, Commissioners Kelleher, Nelson, Simon, and Croom approved receiving an update on the staff's acquisition efforts.
  
3. **Topic:** the confidential commercial and financial terms of real property acquisitions located in Clarksburg, southern Montgomery County, Silver Spring, and Wheaton, Maryland (pursuant to Section 3-305(b)(13)).
  - a. **Actions Taken:** With a quorum present, Commissioners Kelleher, Nelson, Simon, Croom, and Merkowitz authorized (i) the Executive Director to begin drafting a non-binding letter of intent for the acquisition of real property located in Silver Spring, Maryland; and (ii) taking no further action on the acquisition of property located in Wheaton, Maryland until additional information is obtained. The actions taken regarding the properties located in Clarksburg and southern Montgomery County are summarized above.

The closed session was adjourned at 7:47 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Special Session Minutes**

**February 19, 2021**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Friday, February 19, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 12:18 p.m. Those in attendance were:

**Via Online/Teleconference**

Roy Priest, Chair  
Frances Kelleher, Vice Chair  
Richard Y. Nelson, Chair Pro Tem  
Jeffrey Merkowitz  
Jackie Simon

**Absent**

Pamela Byrd  
Linda Croom

**Also Attending via Online/Teleconference**

Stacy Spann, Executive Director  
Aisha Memon, General Counsel  
Eamon Lorinez, Deputy General Counsel  
Cornelia Kent  
Gio Kaviladze  
Hyunsuk Choi  
Claire Kim  
Kristyn Greco  
Matt Husman  
Kathryn Hollister

Kayrine Brown, Deputy Executive Director  
Zachary Marks  
Ellen Goff  
Jennifer Arrington  
Victoria Dixon  
Vivian Benjamin  
Fred Swan  
Marcus Ervin  
Nathan Bovel  
Charnita Jackson

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission. The sole item on the agenda was to conduct a vote to meet in closed session pursuant to

Section 3-305(b)(3) and Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland.

There being no further business to come before this session of the Commission, the open session adjourned at 12:21 p.m. and reconvened in closed session at approximately 12:25 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 February 19, 2021 at approximately 12:25 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3) and 3-305(b)(13) to discuss one topic: (1) the acquisition of real property located in southern Montgomery County (pursuant to Section 3-305(b)(3)), and confidential commercial and financial information related to the acquisition (pursuant to Section 3-305(b)(13)).

The meeting was closed and the closing statement dated February 19, 2021 was adopted on a motion made by Chair Priest, seconded by Chair Pro Tem Nelson, with Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon voting in approval. Commissioners Byrd and Croom were necessarily absent and did not participate in the vote. The following persons were present during the closed session: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Jeffrey Merkowitz, Jackie Simon, Stacy Spann, Kayrine Brown, Aisha Memon, Eamon Lorincz, Zachary Marks, Cornelia Kent, Fred Swan, Charnita Jackson, Nathan Bovel, Claire Kim, Matt Husman, Vivian Benjamin, Jennifer Arrington, Hyunsuk Choi, Gio Kaviladze, Ellen Goff, Kathryn Hollister, Victoria Dixon, Marcus Ervin, Kristyn Greco and Patrice Birdsong.

In closed session, the Commission discussed the below topic and took the following action:

1. **Topic:** the acquisition of real property located in southern Montgomery County (pursuant to Section 3-305(b)(3)), and confidential commercial and financial information related to the acquisition (pursuant to Section 3-305(b)(13)).
  - a. **Action Taken:** With a quorum present, the Commission duly adopted Resolution No. 21-22AS, with Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon voting in approval, which approved moving forward with the acquisition of real property located in Southern Montgomery County by a single-purpose entity that will ultimately be owned and controlled by HOC.

The closed session was adjourned at 1:07 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

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# Administrative and Special Session Ratifications

**RATIFICATION OF ACTION TAKEN IN CLOSED SPECIAL SESSION ON  
FEBRUARY 19, 2021:**

**APPROVAL TO COMPLETE THE ACQUISITION OF REAL PROPERTY  
LOCATED IN CHEVY CHASE, MARYLAND**

**MARCH 3, 2021**

- At a closed Special Session held on February 19, 2021, the Commission adopted Resolution 21-22AS in which the Commission approved acquiring real property located in Chevy Chase, Maryland.
- Consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action taken at the February 19, 2021 closed Special Session. Additionally, the Commission wishes to ratify any action taken since the Special Session with respect to the approved action.

**RESOLUTION: 21-22R**

**RE: Approval to Complete the Acquisition of Real Property Located in Chevy Chase, Maryland**

**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 authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition of rental housing properties which provide a public purpose;

**WHEREAS**, at a closed Special Session duly called and held on February 19, 2021, with a quorum participating, the Commission duly adopted Resolution 21-22AS, with Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon voting in approval, and Commissioners Byrd and Croom being necessarily absent and not participating in the vote;

**WHEREAS**, by adopting resolution 21-22AS, the Commission approved acquiring real property located in Chevy Chase, Maryland by a single-purpose entity that is ultimately owned and controlled by HOC; and

**WHEREAS**, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-22AS and any actions taken since February 19, 2021 to effectuate the actions contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 21-22AS and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 3, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

# Committee Reports and Recommendations for Action



# Budget, Finance & Audit Committee

**FISCAL YEAR 2021 (FY'21) SECOND QUARTER BUDGET TO  
ACTUAL STATEMENTS: ACCEPTANCE OF THE SECOND  
QUARTER FY'21  
BUDGET TO ACTUAL STATEMENTS**

**March 3, 2021**

- The Agency ended the quarter with a net cash flow surplus of \$2,110,749, which resulted in a second quarter budget to actual positive variance of \$1,049,813.
- At the end of the second quarter, several of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations as a result of the timing delay of establishing bad debt allowances in some of the unrestricted properties coupled with savings in expenses.
- The Public Housing Program ended the quarter with a small amount of expenses at Emory Grove for communication costs and solid waste tax.
- The Housing Choice Voucher (HCV) Program experienced a higher administrative surplus through December 31, 2020 as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses due largely to the timing of contract expenses.

**MEMORANDUM**

**TO:** Housing Opportunities Commission

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Cornelia Kent Division: Finance Ext. 9754  
Terri Fowler Ext. 9507  
Tomi Adebo Ext. 9472

**RE:** Fiscal Year 2021 (FY'21) Second Quarter Budget to Actual Statements: Acceptance of the FY'21 Second Quarter Budget to Actual Statements

**DATE:** March 3, 2021

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**OVERALL GOAL & OBJECTIVE:**

Acceptance of the Second Quarter FY'21 Budget to Actual Statements.

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**BACKGROUND:**

The Executive Director presented the budget to actual statements and amendments to the Budget, Finance and Audit Committee. Any proposed budget amendments and recommendations will be presented to the full Commission for formal action.

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**ISSUES FOR CONSIDERATION:**

To assess the financial performance of the Agency for the second quarter of FY'21 against the budget for the same period.

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**BUDGET IMPACT:**

A second quarter budget amendment was informally discussed with the Budget, Finance and Audit Committee at the February 23, 2021 meeting. The Commission will be asked to approve the second quarter budget amendment at the March 3, 2021 Commission meeting. Future amendments will be presented to the Commission as necessary.

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**TIME FRAME:**

The Budget, Finance and Audit Committee informally reviewed the Second Quarter Budget to Actual Statements at the February 23, 2021 Committee meeting. For formal Commission action at the March 3, 2021 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission formally accept the Second Quarter FY'21 Budget to Actual Statements.

## **DISCUSSION – SECOND QUARTER BUDGET TO ACTUAL STATEMENTS**

This review of the Budget to Actual Statements for the Agency through the second quarter of FY'21 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

### **HOC overall (see Attachment A)**

Please note the Agency's Audited Financial Statements are presented on the accrual basis which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis which is similar to the presentation of budgets by governmental organizations. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'21 Second Quarter Capital Budget to Actual Comparison.

The Agency ended the quarter with a net cash flow surplus of \$2,110,749. This surplus resulted in a second quarter budget to actual positive variance of \$1,049,813 when compared to the anticipated second quarter net cash flow surplus of \$1,060,936. The primary causes were higher cash flow in some of the unrestricted Opportunity Housing Properties, as a result of property performance (see Opportunity Housing Fund).

As discussed during the First Quarter Budget to Actual presentation, the FY'21 property budgets were developed to account for a COVID-19 Pandemic impact through the first quarter by reducing rental income based on the anticipated non-payments of rent. Any non-receipt of rental income due to COVID-19 is not reflected on the income statements until the payment is over 90 days in arrears at which time an allowance for bad debt is established. Therefore, the income on several of our properties is showing a positive income variance that most likely will be offset by additional bad debt expense.

The Bad Debt expense in the Opportunity Housing portfolio is just under two million dollars which represents an increase of 71% or \$833k since the first quarter. The non-receipt of rents has been partially offset through savings in maintenance expenses in many of the properties totaling approximately \$726k as well as the deferral of County Loan Payments of almost \$358k due to COVID 19. Staff does not anticipate that the full savings in maintenance expenses will be realized at year end.

In light of the continuation of the COVID-19 Pandemic and the continued impact on property

performance, staff developed a reforecast for the year that will be included in the FY'21 Second Quarter Budget Amendment that includes the additional anticipated impacts of COVID-19 on Rent Receipts and the corresponding impact to the Allowance for Bad Debt.

#### **Explanations of major variances by fund**

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of \$2,723,255, which resulted in a positive variance of \$1,383 when compared to the projected deficit of \$2,724,638.

As of December 31, 2020, income in the General Fund was \$1,624,000 lower than budgeted and expenses were \$1,625,383 lower than budgeted. The negative income variance was primarily the result of delayed fee income and lower draws from the Opportunity Housing Reserve Fund (OHRF) for Real Estate personnel and predevelopment costs. The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, utilities and tenant service expenses that were partially offset by overages in maintenance cost. A portion of these savings is the result of timing issues, staff does not anticipate the full savings to be realized at year end.

The **Multifamily Bond Fund** and **Single Family Bond Fund** are budgeted to balance each year. Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The Multifamily Bond Fund experienced a positive expense variance of \$24,509 as a result of small savings in various administrative accounts. The Single Family Bond Fund experienced a negative expense variance of \$4,743 as a result of small overages in various administrative accounts.

#### **The Opportunity Housing Fund**

**Attachment B** is a chart of the Development Corporation properties. This chart divides the properties into two groups.

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'21 Operating Budget. This group ended the quarter with cash flow of \$3,315,093 or \$293,248 less than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of \$462,481 as a result of slightly lower gross rents coupled with higher concessions, vacancy loss, and bad debt expense. Cash flow at **The Barclay Dev Corp** was \$92,829 lower than anticipated due to higher vacancies coupled with overages in utilities, maintenance, and bad debt expenses that were slightly offset by savings in administrative cost. **Glenmont Crossing Dev Corp** experienced a positive cash flow variance of \$68,817 as a result of savings in administrative and maintenance expenses that were partially offset by higher than anticipated utility and bad debt expense. **Glenmont Westerly Dev Corp** also experienced a positive cash flow variance of \$82,970 as a result of lower maintenance and administrative cost offset by higher utility expense. Cash flow at **Magruder's Discovery Dev Corp** was \$8,665 lower than anticipated due to higher maintenance, administrative, utility and insurance cost

that were partially offset by higher tenant income. **The Metropolitan Dev Corp** ended the quarter with a positive cash flow variance of \$178,180 as a result of savings throughout most expense categories coupled with higher than anticipated income from retail tenants. **Montgomery Arms Dev Corp** and **Pooks Hill High-Rise Dev Corp** experienced positive cash flow variances of \$60,418 and \$79,602, respectively, as a result of higher tenant income coupled with lower utility and maintenance costs that was offset partially by higher vacancy loss. **Scattered Site One Dev Corp** reported negative cash flow variances of \$92,294 primarily attributed to higher bad debt and maintenance expenses that were partially offset by savings in administrative cost. Cash flow at **Sligo Development Corp** was \$8,709 lower than anticipated due to lower gross rents and slightly higher vacancies. **VPC One Dev Corps** experienced a negative cash flow variance of \$55,566, as a result of higher concessions and bad debt expenses that exceeded the COVID-19 offset that was budgeted for loss of rent. **VPC Two Dev Corps** also experienced negative cash flow variance of \$58,819 due to lower gross rents coupled with higher bad debt expense.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 Operating Budget. Cash flow from this group of Development Corporation properties was \$42,481 greater than budgeted for the quarter. Cash flow at the **Oaks at Four Corners Dev Corp** was \$73,757 higher than anticipated due to savings in administrative, tenant services and maintenance costs coupled with higher than anticipated tenant rents that were partially offset by slightly higher bad debt, utilities and vacancy loss. The **RAD 6** properties experienced a negative cash flow variance of \$38,006 collectively, as a result of overages in various expense categories offset by higher tenant income. With the exception of **Parkway Woods** all of the RAD 6 properties experienced expense overages. Cash flow at **Ken Gar** was \$19,546 lower than anticipated due to lower tenant income and higher bad debt partially offset by small savings in administrative, utility and maintenance expenses. The planned deficit at **Seneca Ridge** was \$28,295 lower than anticipated primarily due to higher gross rents and lower than anticipated vacancy loss coupled with savings in utilities that were partially offset by overages in administrative, maintenance and bad debt expenses. **Washington Square** reported a negative cash flow variance of \$64,630, primarily attributed to higher bad debt, administrative, utility and maintenance expenses that were partially offset by higher tenant income and lower vacancy.

**Attachment C** is a chart of the Opportunity Housing properties. This chart divides the properties into two groups.

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'21 Operating Budget. This group ended the quarter with cash flow of \$1,518,911 or \$1,341,678 more than projected.

- **Barclay Affordable** experienced a positive cash flow variance of \$118,705 as a result of lower maintenance and administrative costs coupled with higher tenant income. **Camp Hill Square** reported a negative cash flow variance of \$12,282 primarily attributed to higher security and maintenance costs partially offset by higher tenant income. Cash flow at **Fairfax Court** was

\$21,643 lower than anticipated due to slightly lower tenant rent and higher concessions coupled with overages in maintenance expenses. **Holiday Park** reported a negative cash flow variance of \$42,396 primarily attributed to higher than anticipated maintenance, bad debt and utility costs. Cash flow at the three **Manor** properties was collectively \$68,122 (\$24,423 + \$31,669 + \$12,030) higher than anticipated due to saving related to the refinancing of loans on the properties coupled with higher gross rents that were partially offset by higher vacancies. **McHome** experienced a positive cash flow variance of \$20,436 as a result of savings in maintenance costs and slightly higher tenant income. **Metropolitan Affordable, MHLP VII, MHLP X, Shady Grove Apt, Westwood Towers and The Willows** experienced a positive cash flow variance of \$111,107, \$58,600, \$108,769, \$106,877, \$266,090 and \$192,794 respectively, as a result of saving in various expense categories and higher tenant income. **MHLP IX Scattered Sites** reported a positive cash flow variance of \$34,340 as a result of savings in various expense categories offset by lower tenant income. **Pooks Hill Mid-Rise** experienced a positive cash flow variance of \$33,440 as a result of savings in maintenance cost and debt payments partially offset by higher utilities cost. Cash flow at **Stewartown Affordable** was \$155,948 higher than anticipated due to higher gross rents and lower vacancies coupled with savings in administrative, tenant services and maintenance costs that were offset partially by higher utilities. **TPP LLC Timberlawn** experienced a positive cash flow variance of \$109,040 primarily as a result of higher gross rents coupled with savings in administrative and maintenance costs. **Strathmore Court** experienced a negative cash flow variance of \$50,651 as a result of higher security cost, bad debt and maintenance expenses.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was \$134,171 less than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of \$8,000 mainly driven by costs associated with the transfer of the property to Wheaton Gateway and taxes coupled with interest paid on the outstanding debt on the PNC Real Estate Line of Credit (RELOC). There are sufficient reserves at the property to cover the costs. **Cider Mill** reported a negative cash flow variance of \$116,809 primarily due to higher than anticipated bad debt, utilities, security cost and concessions that were largely offset by higher rents and lower vacancies coupled with savings in maintenance costs. The **Day Care at 9845 Lost Knife Road** experienced a negative cash flow variance of \$25,007 as a result of taxes that were not included in the budget. **Diamond Square** ended the quarter with a positive cash flow variance of \$89,058 largely the result of higher gross rents coupled with savings throughout most expense categories offset by higher bad debt expense. Cash flow at **Elizabeth House Interim RAD** was \$168,789 higher than anticipated due to higher subsidy payments that included the receipt of vacant unit subsidies that were partially offset by overages throughout most expense categories. **Georgian Court Affordable, the NCI units and the NSP units** experienced positive cash flow variances of \$102,259, \$20,178 and \$13,539, respectively, as a result of savings in most expense categories coupled with higher tenant income. **Holly Hall Interim RAD** which was vacated in November 2019 and therefore not budgeted has continued to experience maintenance costs for the building as well as cost for securing the vacant building totaling \$312,828. Cash flow

at **Paint Branch** was \$16,049 lower than anticipated due to lower rents and higher vacancy loss coupled with higher administrative and maintenance costs. **Southbridge** ended the quarter with a negative cash flow variance of \$11,367 as a result of higher vacancies coupled with overages in maintenance and security costs that were partially offset by savings in administrative expenses. **State Rental Combined** reported a negative cash flow variance of \$43,363 primarily attributed to higher vacancy loss and bad debt expense that were partially offset by higher gross rents coupled with savings in administrative and maintenance cost.

### **The Public Fund (Attachment D)**

- The FY'21 Budget was developed with no Public Housing property budgets. A small amount of expenses continued at **Emory Grove** for communication costs, utilities and solid waste tax.
- The Housing Choice Voucher Program (HCVP) ended the quarter with a shortfall of \$877,606. The shortfall was comprised of Housing Assistance Payment (HAP) payments that exceeded HAP revenue by \$1,557,960 offset by an administrative surplus of \$680,354. The HAP shortfall was funded from the HCVP reserve (NRP), which includes funds received in prior years that were recognized but not used. The program ended the period with a positive administrative variance of \$680,354 when compared to the projected surplus of \$17,236 as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses due largely to the timing of contract expenses. The higher administrative fee income was the result of a higher proration factor of 80% compared to the budgeted proration factor of 79% and higher administrative fees received on incoming portables coupled with the Department of Housing and Urban Development (HUD) providing additional administrative fees in July and September 2020 as a result of the reconciliation of fees earned based on actual utilization from January 1 through June 30 2020.

### **Tax Credit Partnerships**

The Tax Credit Partnerships have a calendar year end.

### **The Capital Budget (Attachment E)**

Attachment E is a chart of the Capital Improvements Budget for FY'21. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

The **CDBG units** exceeded the capital budget due to carpet replacement. **Georgian Court Affordable** has exceeded its FY'21 capital budget by \$208,966 mainly as a result of window replacements that will be funded by residual receipts held at the property. **Holiday Park** exceeded the capital budget due to work related to the hardwiring of Smoke and Carbon monoxide detectors that was required by County Inspectors. **Jubilee Hermitage** exceeded its capital budget due to grounds and landscaping work at the property that was not anticipated. **McKendree** overspent its capital budget as a result of HVAC work that was more than anticipated.



**Scattered Site One Dev Corp** exceeded its capital budget due to flooring and HVAC replacement. **VPC Two** nominally exceeded its capital budget for the year as a result of a needed HVAC replacement. **Washington Square** has exceeded its FY'21 capital budget as a result of delayed billing for supplies and materials.

The majority of the properties have sufficient property reserves to cover the overages. Where this is not the case, staff is reviewing the obligations from the Opportunity Housing Property Reserve (OHPR) to ensure sufficient funds are available to cover the balance of the overages.

**WHEREAS**, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that quarterly budget to actual statements will be reviewed by the Commission; and

**WHEREAS**, the Commission reviewed the Second Quarter FY’21 Budget to Actual Statements during its March 3, 2021 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY’21 Budget to Actual Statements.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY’21 Operating Budget by increasing total revenues and expenses for the Commission from \$280,052,3938 to \$280,052,393.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, March 3, 2021.

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Patrice Birdsong  
Special Assistant to the Commission

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## FY 21 Second Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(6 Months) Budget	(6 Months) Actual	Variance
<b>General Fund</b>			
General Fund .....	(\$2,724,638)	(\$2,723,255)	\$1,383
<b>Administration of Multifamily and Single Family Fund</b>			
Multifamily Fund .....	\$556,801	\$581,310	\$24,509
Draw from / (Restrict to) Multifamily Bond Fund .....	(\$556,801)	(\$581,310)	(\$24,509)
Single Family Fund .....	\$253,996	\$249,253	(\$4,743)
Draw from / (Restrict to) Single Family Bond Fund .....	(\$253,996)	(\$249,253)	\$4,743
<b>Opportunity Housing Fund</b>			
Opportunity Housing Properties .....	\$177,233	\$1,518,911	\$1,341,678
Development Corporation Property Income .....	\$3,608,341	\$3,315,093	(\$293,248)
<b>OHRF</b>			
OHRF Balance .....	\$2,597,302	\$593,689	(\$2,003,613)
Excess Cash Flow Restricted .....	(\$2,597,302)	(\$593,689)	\$2,003,613
Draw from existing funds .....	\$0	\$0	\$0
<b>Net -OHRF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing</b>	<b>\$1,060,936</b>	<b>\$2,110,749</b>	<b>\$1,049,813</b>
<b>Public Fund</b>			
Public Housing Rental (1) .....	\$0	(\$6,552)	(\$6,552)
Housing Choice Voucher Program HAP (2) .....	\$2,032,625	(\$1,557,960)	(\$3,590,585)
Housing Choice Voucher Program Admin (3) .....	\$17,236	\$680,354	\$663,118
<b>Total -Public Fund</b>	<b>\$2,049,861</b>	<b>(\$884,158)</b>	<b>(\$2,934,019)</b>
<b>Public Fund - Reserves</b>			
(1) Public Housing Rental - Draw from / Restrict to Program .....	\$0	\$6,552	\$6,552
(2) Draw from / Restrict to HCV Program Cash Reserves .....	(\$2,032,625)	\$1,557,960	\$3,590,585
(3) Draw from / Restrict to HCV Program Excess Admin Fee .....	(\$17,236)	(\$680,354)	(\$663,118)
<b>SUBTOTAL - Public Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL - All Funds</b>	<b>\$1,060,936</b>	<b>\$2,110,749</b>	<b>\$1,049,813</b>

## FY 21 Second Quarter Operating Budget to Actual Comparison

	Capital Expenses		Variance
	(12 Months) Budget	(6 Months) Actual	
<b>General Fund</b>			
880 Bonifant .....	\$255,000	\$2,236	\$252,764
East Deer Park .....	\$195,000	\$49,821	\$145,179
Kensington Office .....	\$50,000	\$20,568	\$29,432
Information Technology .....	\$532,440	\$229,509	\$302,931
<b>Opportunity Housing Fund</b>	<b>\$7,643,469</b>	<b>\$2,600,714</b>	<b>\$5,042,755</b>
<b>TOTAL - All Funds</b>	<b>\$8,675,909</b>	<b>\$2,902,848</b>	<b>\$5,520,297</b>

## FY 21 Second Quarter Operating Budget to Actual Comparison

### Development Corp Properties - Net Cash Flow

	(6 Months)	Variance		(6 Months)	Variance
	Net Cash Flow Budget	Income	Expense	Net Cash Flow Actual	
<b>Properties with unrestricted cash flow for FY21 operating budget</b>					
Alexander House Dev Corp .....	(\$85,010)	(\$368,717)	(\$93,764)	(\$547,491)	(\$462,481)
The Barclay Dev Corp .....	(\$608)	(\$19,780)	(\$73,049)	(\$93,437)	(\$92,829)
Glenmont Crossing Dev Corp .....	\$140,624	(\$5,664)	\$74,481	\$209,441	\$68,817
Glenmont Westerly Dev Corp .....	\$43,800	\$6,515	\$76,455	\$126,770	\$82,970
Magruder's Discovery Dev Corp .....	\$327,445	\$27,946	(\$36,611)	\$318,780	(\$8,665)
The Metropolitan Dev Corp .....	\$889,733	\$56,783	\$121,398	\$1,067,913	\$178,180
Montgomery Arms Dev Corp .....	\$135,881	\$31,148	\$29,271	\$196,299	\$60,418
TPM - MPDU II (59) Dev Corp .....	\$170,741	\$18,934	(\$9,235)	\$180,440	\$9,699
Paddington Square Dev Corp .....	\$154,215	\$56,536	(\$56,726)	\$154,025	(\$190)
Pooks Hill High-Rise Dev Corp .....	\$201,274	\$21,699	\$57,903	\$280,876	\$79,602
Scattered Site One Dev Corp .....	\$172,512	\$14,411	(\$106,704)	\$80,218	(\$92,294)
Scattered Site Two Dev Corp .....	(\$18,585)	(\$1,381)	\$8,000	(\$11,966)	\$6,619
Sligo MPDU III Dev Corp .....	\$15,333	(\$8,775)	\$66	\$6,624	(\$8,709)
VPC One Dev Corp .....	\$873,407	\$126,783	(\$182,348)	\$817,841	(\$55,566)
VPC Two Dev Corp .....	\$587,579	(\$24,761)	(\$34,058)	\$528,760	(\$58,819)
<b>Subtotal</b>	<b>\$3,608,341</b>	<b>(\$68,323)</b>	<b>(\$224,921)</b>	<b>\$3,315,093</b>	<b>(\$293,248)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
MetroPointe Dev Corp .....	(\$135,194)	\$13,303	(\$6,573)	(\$128,464)	\$6,730
Oaks at Four Corners Dev Corp .....	(\$32,358)	\$19,691	\$54,066	\$41,399	\$73,757
<b>RAD 6 Dev Corp Total</b> .....	<b>(\$224,715)</b>	<b>\$116,896</b>	<b>(\$154,904)</b>	<b>(\$262,721)</b>	<b>(\$38,006)</b>
Ken Gar Dev Corp .....	\$11,833	(\$14,206)	(\$5,340)	(\$7,713)	(\$19,546)
Parkway Woods Dev Corp .....	\$1,662	(\$11,016)	\$19,409	\$10,056	\$8,394
Sandy Spring Meadow Dev Corp .....	(\$8,538)	\$8,416	(\$2,289)	(\$2,411)	\$6,127
Seneca Ridge Dev Corp .....	(\$201,136)	\$54,539	(\$26,245)	(\$172,841)	\$28,295
Towne Centre Place Dev Corp .....	(\$7,965)	\$48,113	(\$44,759)	(\$4,611)	\$3,354
Washington Square Dev Corp .....	(\$20,571)	\$31,050	(\$95,680)	(\$85,201)	(\$64,630)
<b>Subtotal</b>	<b>(\$392,267)</b>	<b>\$149,890</b>	<b>(\$107,411)</b>	<b>(\$349,786)</b>	<b>\$42,481</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$3,216,074</b>	<b>\$81,567</b>	<b>(\$332,332)</b>	<b>\$2,965,307</b>	<b>(\$250,767)</b>

**FY 21 Second Quarter Operating Budget to Actual Comparison**  
**For Opportunity Housing Properties - Net Cash Flow**

	(6 Months)		Variance		(6 Months)	
	Net Cash Flow		Income	Expense	Net Cash Flow	
	Budget				Actual	Variance
<b>Properties with unrestricted cash flow for FY21 operating budget</b>						
MPDU I (64) .....	\$3,525	\$6,778	(\$5,293)		\$5,010	\$1,485
Avondale Apartments .....	\$80,121	(\$2,440)	\$6,287		\$83,968	\$3,847
Barclay Affordable .....	(\$1,764)	\$26,171	\$92,533		\$116,941	\$118,705
Brooke Park .....	\$0	\$0	(\$671)		(\$670)	(\$670)
Camp Hill Square .....	\$111,739	\$33,236	(\$45,518)		\$99,457	(\$12,282)
Chelsea Towers .....	(\$28,878)	\$6,240	\$46,647		\$24,009	\$52,887
Fairfax Court .....	\$42,602	(\$12,767)	(\$8,875)		\$20,959	(\$21,643)
Holiday Park .....	(\$13,224)	\$33	(\$42,430)		(\$55,620)	(\$42,396)
Jubilee Falling Creek .....	\$3,066	(\$3,268)	\$4,184		\$3,982	\$916
Jubilee Hermitage .....	(\$3,455)	(\$305)	\$5,581		\$1,821	\$5,276
Jubilee Horizon Court .....	(\$1,603)	\$6,345	\$3,775		\$8,517	\$10,120
Jubilee Woodedge .....	(\$160)	(\$4,024)	\$3,560		(\$623)	(\$463)
Manchester Manor .....	(\$5,372)	\$2,920	(\$9,760)		(\$12,212)	(\$6,840)
The Manor at Cloppers Mill .....	\$34,729	\$7,129	\$17,294		\$59,152	\$24,423
The Manor at Colesville .....	\$34,610	\$3,430	\$28,239		\$66,279	\$31,669
The Manor at Fair Hill Farm .....	\$25,065	(\$285)	\$12,316		\$37,095	\$12,030
McHome .....	\$37,060	\$6,602	\$13,834		\$57,496	\$20,436
McKendree .....	\$21,851	\$8,976	(\$13,302)		\$17,526	(\$4,325)
Metropolitan Affordable .....	(\$312,703)	\$22,298	\$88,809		(\$201,596)	\$111,107
MHLP VII .....	(\$12,439)	\$23,550	\$35,050		\$46,161	\$58,600
MHLP VIII .....	\$39,244	(\$13,366)	(\$7,186)		\$18,691	(\$20,553)
MHLP IX Pond Ridge .....	(\$29,472)	(\$18,839)	\$30,040		(\$18,271)	\$11,201
MHLP IX Scattered Sites .....	(\$125,230)	(\$35,609)	\$69,949		(\$90,890)	\$34,340
MHLP X .....	(\$57,970)	\$44,741	\$64,028		\$50,799	\$108,769
MPDU 2007 Phase II .....	\$5,727	\$8,429	\$4,446		\$18,602	\$12,875
Pooks Hill Mid-Rise .....	\$74,919	\$79	\$33,361		\$108,359	\$33,440
Shady Grove Apts .....	\$81,951	\$35,959	\$70,918		\$188,828	\$106,877
Stewartown Affordable .....	(\$22,709)	\$76,101	\$79,847		\$133,239	\$155,948
Strathmore Court .....	\$327,070	(\$3,744)	(\$46,906)		\$276,419	(\$50,651)
Strathmore Court Affordable .....	(\$290,565)	\$18,443	\$132		(\$271,990)	\$18,575
TPP LLC Pomander Court .....	\$41,559	(\$7,154)	\$7,205		\$41,610	\$51
TPP LLC Timberlawn .....	\$200,966	\$59,460	\$49,580		\$310,006	\$109,040
Westwood Tower .....	\$139,071	\$58,321	\$207,769		\$405,161	\$266,090
The Willows .....	(\$222,098)	\$44,777	\$148,017		(\$29,304)	\$192,794
<b>Subtotal</b>	<b>\$177,233</b>	<b>\$398,217</b>	<b>\$943,460</b>		<b>\$1,518,911</b>	<b>\$1,341,678</b>
<b>Properties with restricted cash flow (external and internal)</b>						
The Ambassador .....	\$0	\$0	(\$8,000)		(\$8,000)	(\$8,000)
Brookside Glen (The Glen) .....	\$28,217	\$27,513	(\$15,347)		\$40,383	\$12,166
CDBG Units .....	\$4,598	(\$4,797)	(\$2,233)		(\$2,432)	(\$7,030)
Cider Mill Apartments .....	(\$39,457)	\$417,180	(\$533,989)		(\$156,266)	(\$116,809)
Day Care at 9845 Lost Knife Road .....	\$18,226	\$0	(\$25,007)		(\$6,781)	(\$25,007)
Dale Drive .....	\$5,490	(\$55)	\$2,508		\$7,943	\$2,453
Diamond Square .....	\$116,688	\$47,071	\$41,987		\$205,746	\$89,058
Elizabeth House Interim RAD .....	(\$55,378)	\$376,505	(\$207,716)		\$113,411	\$168,789
Georgian Court Affordable .....	\$9,666	\$52,782	\$49,477		\$111,925	\$102,259
Holly Hall Interim RAD .....	\$0	(\$125)	(\$312,703)		(\$312,828)	(\$312,828)
NCI Units .....	(\$35)	\$5,846	\$14,332		\$20,143	\$20,178
NSP Units .....	(\$1,029)	\$2,737	\$10,802		\$12,510	\$13,539
Olney Sandy Spring Road .....	(\$3,620)	\$0	(\$974)		(\$4,594)	(\$974)
King Farm Village .....	\$2,300	(\$144)	(\$1,042)		\$1,114	(\$1,186)
Paint Branch .....	\$34,751	(\$13,651)	(\$2,398)		\$18,702	(\$16,049)
Southbridge .....	\$22,755	(\$6,732)	(\$4,636)		\$11,388	(\$11,367)
State Rental Combined .....	(\$29,247)	(\$26,473)	(\$16,891)		(\$72,610)	(\$43,363)
<b>Subtotal</b>	<b>\$113,925</b>	<b>\$877,657</b>	<b>(\$1,011,830)</b>		<b>(\$20,246)</b>	<b>(\$134,171)</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$291,158</b>	<b>\$1,275,874</b>	<b>(\$68,370)</b>		<b>\$1,498,665</b>	<b>\$1,207,507</b>

## FY 21 Second Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(6 Months) Budget	(6 Months) Actual	Variance
<b>Public Housing Rental</b>			
Revenue	\$0	\$26	\$26
Expenses	\$0	\$6,578	(\$6,578)
<b>Net Income</b>	<b>\$0</b>	<b>(\$6,552)</b>	<b>(\$6,552)</b>
 <b>Housing Choice Voucher Program</b>			
HAP revenue	\$50,359,244	\$51,393,707	\$1,034,463
HAP payments	\$48,326,619	\$52,951,667	\$4,625,048
<b>Net HAP</b>	<b>\$2,032,625</b>	<b>(\$1,557,960)</b>	<b>(\$3,590,585)</b>
Admin.fees & other inc.	\$3,981,333	\$4,345,543	\$364,210
Admin. Expense	\$3,964,097	\$3,665,189	\$298,908
<b>Net Administrative</b>	<b>\$17,236</b>	<b>\$680,354</b>	<b>\$663,118</b>
<b>Net Income</b>	<b>\$2,049,861</b>	<b>(\$877,606)</b>	<b>(\$2,927,467)</b>

**FY 21 Second Quarter Operating Budget to Actual Comparison**  
 For Public Housing Rental Programs - Net Cash Flow

	(6 Months)		Variance		(6 Months)	
	Net Cash Flow	Budget	Income	Expense	Net Cash Flow	Variance
Elizabeth House .....	\$0	\$0	\$0	\$0	\$0	\$0
Holly Hall .....	\$0	\$0	\$0	\$0	\$0	\$0
Emory Grove .....	\$0	\$26	(\$6,578)	(\$6,552)	(\$6,552)	(\$6,552)
<b>TOTAL ALL PROPERTIES</b>	<b>\$0</b>	<b>\$26</b>	<b>(\$6,578)</b>	<b>(\$6,552)</b>	<b>(\$6,552)</b>	<b>(\$6,552)</b>

**FY 21 Second Quarter Operating Budget to Actual Comparison  
For Capital Improvements**

	(12 Months) Budget	(6 Months) Actual	Variance
<b>General Fund</b>			
880 Bonifant .....	\$255,000	\$2,236	\$252,764
East Deer Park .....	\$195,000	\$49,821	\$145,179
Kensington Office .....	\$50,000	\$20,568	\$29,432
Information Technology .....	\$532,440	\$229,509	\$302,931
<b>Subtotal</b>	<b>\$1,032,440</b>	<b>\$302,134</b>	<b>\$730,306</b>
<b>Opportunity Housing</b>			
Ambassador .....	\$0	\$0	\$0
Alexander House Dev Corp .....	\$41,570	\$11,965	\$29,605
Avondale Apartments .....	\$27,900	\$1,643	\$26,257
The Barclay Dev Corp .....	\$83,900	\$70,272	\$13,628
Barclay Affordable .....	\$71,640	\$8,559	\$63,081
Brooke Park .....	\$0	\$0	\$0
Brookside Glen (The Glen) .....	\$57,000	\$48,591	\$8,409
Camp Hill Square .....	\$54,400	\$16,603	\$37,797
CDBG Units .....	\$500	\$3,002	(\$2,502)
Chelsea Towers .....	\$15,550	\$0	\$15,550
Cider Mill Apartments .....	\$794,092	\$411,406	\$382,686
Day Care at 9845 Lost Knife Road .....	\$0	\$1,825	(\$1,825)
Dale Drive .....	\$8,949	\$0	\$8,949
Diamond Square .....	\$398,180	\$56,000	\$342,180
Elizabeth House Interim RAD .....	\$10,100	\$0	\$10,100
Fairfax Court .....	\$56,800	\$26,932	\$29,868
Georgian Court Affordable .....	\$41,130	\$250,096	(\$208,966)
Glenmont Crossing Dev Corp .....	\$485,500	\$57,955	\$427,545
Glenmont Westerly Dev Corp .....	\$235,400	\$27,732	\$207,668
Holiday Park Interim RAD .....	\$27,500	\$34,510	(\$7,010)
Jubilee Falling Creek .....	\$0	\$0	\$0
Jubilee Hermitage .....	\$500	\$4,300	(\$3,800)
Jubilee Horizon Court .....	\$0	\$0	\$0
Jubilee Woodedge .....	\$500	\$0	\$500
Ken Gar Dev Corp .....	\$6,500	\$1,730	\$4,770
King Farm Village .....	\$1,800	\$0	\$1,800
Magruder's Discovery Dev Corp .....	\$68,630	\$11,789	\$56,841
Manchester Manor .....	\$22,332	\$16,540	\$5,792
Manor at Cloppers Mill .....	\$66,017	\$38,521	\$27,496
Manor at Colesville .....	\$136,726	\$38,883	\$97,843
Manor at Fair Hill Farm .....	\$89,579	\$84,886	\$4,693
McHome .....	\$100,000	\$13,180	\$86,820
McKendree .....	\$14,650	\$19,810	(\$5,160)
MetroPointe Dev Corp .....	\$483,760	\$20,556	\$463,204
The Metropolitan Dev Corp .....	\$556,084	\$111,795	\$444,289
Metropolitan Affordable .....	\$269,893	\$55,482	\$214,411
Montgomery Arms Dev Corp .....	\$113,726	\$10,760	\$102,966
MHLP VII .....	\$22,000	\$2,334	\$19,666
MHLP VIII .....	\$44,500	\$22,420	\$22,080
MHLP IX - Pond Ridge .....	\$69,516	\$23,531	\$45,985
MHLP IX - Scattered Sites .....	\$41,000	\$21,600	\$19,400
MHLP X .....	\$70,036	\$30,752	\$39,284
MPDU 2007 Phase II .....	\$4,000	\$475	\$3,525
617 Olney Sandy Spring Road .....	\$0	\$0	\$0
MPDU I (64) .....	\$57,355	\$14,331	\$43,024
TPM - MPDU II (59) Dev Corp .....	\$62,024	\$28,342	\$33,682
Oaks at Four Corners Dev Corp .....	\$306,892	\$66,609	\$240,283
NCI Units .....	\$2,000	\$905	\$1,095
NSP Units .....	\$2,000	\$116	\$1,884
Paddington Square Dev Corp .....	\$108,880	\$71,159	\$37,721
Paint Branch .....	\$5,900	\$0	\$5,900
Parkway Woods Dev Corp .....	\$45,040	\$3,955	\$41,085
Pooks Hill High-Rise Dev Corp .....	\$197,200	\$19,791	\$177,409
Pooks Hill Mid-Rise .....	\$66,100	\$7,949	\$58,151
Sandy Spring Meadow Dev Corp .....	\$21,500	\$7,404	\$14,096
Scattered Site One Dev Corp .....	\$63,000	\$142,549	(\$79,549)
Scattered Site Two Dev Corp .....	\$40,204	\$25,575	\$14,629
Seneca Ridge Dev Corp .....	\$33,345	\$16,131	\$17,214
Shady Grove Apts .....	\$107,105	\$26,086	\$81,019
Sligo MPDU III Dev Corp .....	\$22,492	\$7,895	\$14,597
Southbridge .....	\$25,904	\$3,408	\$22,496
State Rental Combined .....	\$177,996	\$68,918	\$109,078
Stewartown Affordable .....	\$21,994	\$12,416	\$9,578
Strathmore Court .....	\$258,463	\$114,579	\$143,884
Strathmore Court Affordable .....	\$91,343	\$14,315	\$77,028
Towne Centre Place Dev Corp .....	\$27,060	\$149	\$26,911
TPP LLC Pomander Court .....	\$16,796	\$0	\$16,796
TPP LLC Timberlawn .....	\$118,943	\$67,721	\$51,222
VPC One Dev Corp .....	\$103,512	\$70,066	\$33,446
VPC Two Dev Corp .....	\$71,860	\$73,762	(\$1,902)
Washington Square Dev Corp .....	\$18,500	\$22,601	(\$4,101)
Westwood Tower .....	\$744,580	\$133,851	\$610,729
The Willows .....	\$233,621	\$23,696	\$209,925
<b>Subtotal</b>	<b>\$7,643,469</b>	<b>\$2,600,714</b>	<b>\$5,042,755</b>
<b>TOTAL</b>	<b>\$8,675,909</b>	<b>\$2,902,848</b>	<b>\$5,773,061</b>



# **FISCAL YEAR 2021 (FY'21) SECOND QUARTER BUDGET AMENDMENT: APPROVAL OF FY'21 SECOND QUARTER BUDGET AMENDMENT**

**March 3, 2021**

- The net effect of the FY'21 Second Quarter Budget Amendment is a shortfall of \$818,652.
- The FY'21 Budget includes a projected draw of \$228,791 from the General Fund Operating Reserve (GFOR) to balance the budget. Staff recommends that the anticipated draw be increased by \$818,652 to \$1,047,443 in order to maintain a balanced budget.
- Total operating budget for the Agency has increased from \$280.1 million to \$285.2 million.
- Capital budget remains unchanged.
- Personnel Complement remains unchanged.
- No policy changes are reflected in the budget amendment.

**M E M O R A N D U M**

**TO:** Housing Opportunities Commission

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Cornelia Kent                  Division: Finance                  Ext. 9754  
                Terri Fowler    Ext. 9507  
                Tomi Adebo    Ext. 9472

**RE:** Fiscal Year 2021 (FY'21) Second Quarter Budget Amendment: Approval of the  
FY'21 Second Quarter Budget Amendment

**DATE:** March 3, 2021

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**OVERALL GOAL & OBJECTIVE:**

To amend the FY'21 Budget so that it reflects an accurate plan for the use of the Agency's financial resources for the remainder of the year.

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**BACKGROUND:**

The HOC Budget Policy provides that the Executive Director propose any budget amendments for the Commission to consider, which may better reflect the revenues and expenses for the remainder of the year.

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**ISSUES FOR CONSIDERATION:**

At the December 15, 2020 BF&A meeting, the Committee requested that staff re-forecast the FY'21 budget to address the continued impact of COVID 19 on rental income. Staff prepared a Re-forecast for FY'21 and informally presented it at the January 29, 2021 BF&A meeting. The FY'21 Second Quarter Budget amendment includes this re-forecast as well as the reduction in County funding resulting from the FY'21 County Savings Plan.

**Operating Budget Amendments:** Attachment 1 is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **General Fund:** Income in the General Fund will be decreased by a net \$399,125 consequent of increased fee income based on the latest schedule that was more than offset by the additional anticipated loss of revenue from the Development Corporation properties as a result of the continuing impacts on rental income due to COVID 19. (See Opportunity Housing Fund).
  - Commitment and Development Fee Income increased by \$936,247 and \$934,790, respectively, to reflect changes in the timing and amount of fees projected for FY'21.

Forty percent of the change in fees (or \$374,499 and \$373,916) is reflected in the General Fund. The balance of the increase (or \$561,748 and \$560,874) is in the OHRF.

- Development Corporation Fee Income, that represents the cash flow taken from the unrestricted Development Corporation properties, decreased by \$1,147,540 to reflect the additional impact of COVID 19 on rental income.

- **Opportunity Housing Fund:**

- **Opportunity Housing:** The FY'21 property budgets were developed to account for a COVID-19 Pandemic impact through the first quarter by reducing rental income based on the anticipated non-payment of rent. Any non-receipt of rental income due to COVID-19 is not reflected on the income statements until the payment is over 90 days in arrears at which time an allowance for bad debt is established. This budget amendment incorporates the anticipated impacts of COVID 19 through June 30. In addition, the original budgeted impact has been moved from income to expenses to better reflect how the actual financial transactions are recorded on the income statement.

- Total Income in Opportunity Housing increased by \$3,616,304 to reflect shifting the original \$2,870,865 non-receipt of rent from income to bad debt and the increased draws of \$817,781 from existing property cash to balance a portion of the additional anticipated impacts of COVID 19 on rental income. In addition, the projected draw from the General Fund Operating Reserve (GFOR) for the planned deficit at MetroPointe has been reduced by \$72,342 to reflect the lower anticipated impact of COVID 19 at the property.

- Total Expenses in Opportunity Housing increased by \$4,035,831 to reflect:

- Shifting the original \$2,870,865 non-receipt of rent from income to bad debt and the additional anticipated impact to bad debt of \$2,674,171.
- Reducing Development Corporation Fee expenses, that represent the cash flow paid to the General Fund from the unrestricted Development Corporation properties, by \$1,147,540 as a result of the lower income in the Development Corporation properties,
- Reducing restricted cash by \$332,722 as a result of the lower income in the restricted properties, and
- Reducing operating reserve contributions by \$28,943 as a result of the lower income in the foreclosure properties.

- Revenues increased in the **Opportunity Housing Reserve Fund** (OHRF) by \$1,122,622 as a result of increased overall Commitment and Development Fees. (See General Fund)

- **Public Fund:**

- **County Grant:** The County Executive requested that HOC participate in the FY'21 Revised Spending Plan by identifying opportunities to reduce spending in FY'21. HOC's original Maximum Allowable Request Ceiling (MARC) for FY'21 was \$6,824,693. The original request was for six (6) percent or \$409,482; however, the County Council reduced the amount to a reduction of \$205,000. In order to absorb the reduction, staff supporting the Housing Choice Voucher Program (HCVP) in the Customer Service Centers, that were charged to the County grant, are now being funded by additional HCVP Administrative Fee Income received to support COVID 19 related costs. Both income and expenses in the Public Fund will be decreased by \$205,000.
- **Housing Choice Voucher (HCV) Program:** HOC received additional HCVP Administrative Fee Income to pay for costs associated with COVID 19. Since the reductions in the County grant were based on loss of revenue due to COVID, costs related to staff in the Customer Service Centers were moved from the County Grant and are now being funded by the additional administrative fees. This budget amendment increases both income and expenses by \$205,000 to reflect the additional cost and funding.

For display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for administrative costs related to Customer Service Center staff to better reflect the anticipated federal funding shortfall for the HCVP administrative costs. As a result of the update to the County Grant funding and shifting of costs from the County Contract to the HCVP administrative budget, the required funding from the County to offset anticipated federal deficits was reduced by \$205,000 (See County Grants). This is reflected as an increase to revenue of \$205,000 resulting from the reduction of the aforementioned carve-out and corresponding decrease to the available contribution line.

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**BUDGET IMPACT:**

The net effect of the FY'21 Second Quarter Budget Amendment is a shortfall of \$818,652. The FY'21 Budget currently includes a projected draw of \$228,791 from the General Fund Operating Reserve (GFOR) to balance the budget. Staff recommends that the anticipated draw be increased by \$818,652 to \$1,047,443 in order to maintain a balanced budget.

The total FY'21 Operating Budget for HOC increased from \$280,052,393 to \$285,210,846. This is an increase of \$5,158,453. Approval by the Commission of any budget amendments will revise the FY'21 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

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**TIME FRAME:**

The Budget, Finance and Audit Committee informally reviewed the FY'21 Second Quarter Budget Amendment at the February 23, 2021 meeting. For formal Commission action at the March 3, 2021 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission formally approve of the proposed FY'21 Second Quarter Budget Amendment.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission") adopted a budget for FY'21 on June 3, 2020;

**WHEREAS**, the Commission's Budget Policy allows for amendments to the budget;

**WHEREAS**, the net effect of the FY'21 Second Quarter Budget Amendment is a shortfall of \$818,652 which will increase the anticipated draw from the General Fund Operating Reserve (GFOR) of \$228,791 by \$818,652 to \$1,047,443 in order to maintain a balanced budget;

**WHEREAS**, the total FY'21 Operating Budget increased from \$280,052,393 to \$285,210,846;

**WHEREAS**, approval of the budget amendments to revise the FY'21 budget will reflect an accurate plan for the use of the Commission's resources for the remainder of FY'21.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'21 Operating Budget by increasing total revenues and expenses for the Commission from \$280,052,393 to \$285,210,846.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 3, 2021.

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Patrice Birdsong  
Special Assistant to the Commission

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FY 2021 Operating Budget Second Quarter Amendment		Revenues	Expenses	First Quarter Budget Amendment	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Second Quarter Budget Amendment
<b>General Fund</b>									
	General Fund	\$23,836,639	\$26,795,714	(\$2,959,075)	(\$399,125)	\$0	\$23,437,514	\$26,795,714	(\$3,358,200)
	<b>Draw from GFOR to Balance Budget</b>	\$228,791	\$0	\$228,791	\$818,652	\$0	\$1,047,443	\$0	\$1,047,443
<b>Multifamily &amp; Single Family Bond Funds</b>									
	Multifamily Fund	\$16,281,454	\$16,281,454	\$0	\$0	\$0	\$16,281,454	\$16,281,454	\$0
	Single Family Fund	\$8,977,104	\$8,977,104	\$0	\$0	\$0	\$8,977,104	\$8,977,104	\$0
<b>Opportunity Housing Fund</b>									
	Opportunity Housing & Dev Corps	\$102,114,999	\$99,533,817	\$2,581,182	\$3,688,646	\$4,035,831	\$105,803,645	\$103,569,648	\$2,233,997
	<b>Draw from GFOR for MetroPointe Deficit</b>	\$149,102	\$0	\$149,102	(\$72,342)	\$0	\$76,760	\$0	\$76,760
	Opportunity Housing Reserve Fund	\$3,391,138	\$1,558,872	\$1,832,266	\$1,122,622	\$0	\$4,513,760	\$1,558,872	\$2,954,888
	<b>Restricted to OHRF</b>	\$0	\$1,832,266	(\$1,832,266)	\$0	\$1,122,622	\$0	\$2,954,888	(\$2,954,888)
<b>Public Fund</b>									
	Housing Choice Voucher Program	\$107,292,321	\$107,787,731	(\$495,410)	\$410,000	\$205,000	\$107,702,321	\$107,992,731	(\$290,410)
	<b>County Contributions towards HCVP Administration</b>	\$495,410	\$0	\$495,410	(\$205,000)	\$0	\$290,410	\$0	\$290,410
	Federal , State and Other County Grants	\$17,285,435	\$17,285,435	\$0	(\$205,000)	(\$205,000)	\$17,080,435	\$17,080,435	\$0
<b>TOTAL - ALL FUNDS</b>		<b>\$280,052,393</b>	<b>\$280,052,393</b>	<b>\$0</b>	<b>\$5,158,453</b>	<b>\$5,158,453</b>	<b>\$285,210,846</b>	<b>\$285,210,846</b>	<b>\$0</b>

Footnotes - explanation of changes recommended to adopted

GF R \$374,499 Increase Commitment Fee Income  
GF R \$373,916 Increase Development Fee Income  
GF R (\$1,147,540) Decrease in Development Corporation Fees from properties due to COVID 19  
**(\$399,125)**

GF E \$818,652 Increase draw from GFOR

OHRF R \$561,748 Increase Commitment Fee Income  
OHRF R \$560,874 Increase Development Fee Income  
**\$1,122,622**

OHRF E \$1,122,622 Restrict additional fees to OHRF

OH R \$2,870,865 Shift Impact of COVID 19 from income to bad debt  
OH R \$817,781 Adjust draws from existing property cash  
OH R (\$72,342) Increase draw from GFOR for deficit at Metropointe  
**\$3,616,304**

OH E \$2,870,865 Shift Impact of COVID 19 to bad debt from income  
OH E \$2,674,171 Add additional impact from COVID 19 on rents  
OH E (\$1,147,540) Dec.in Dev. Corp. expense on prop. due to COVID 19  
OH E (\$332,722) Dec. restricted cash on prop. due to COVID 19  
OH E (\$28,943) Dec. Op. Res. Cont. on Forecl. prop. due to COVID 19  
**\$4,035,831**

HCVP R \$205,000 Increase Fatherhood Grant for new Contract  
HCVP E \$205,000 Increase Fatherhood Grant for new Contract

Grants R (\$205,000) Increase Fatherhood Grant for new Contract  
Grants E (\$205,000) Increase Fatherhood Grant for new Contract

**UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE:  
AUTHORIZATION TO WRITE-OFF TENANT ACCOUNTS  
RECEIVABLE  
(OCTOBER 1, 2020 – DECEMBER 31, 2020)**

**March 3, 2021**

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances.
- The proposed write-off for the Second quarter of FY'21 totals \$49,684, a decrease of \$27,921 compared to the previous Quarter. This period's write off consists of \$45,974 from the Opportunity Housing properties which were largely attributable to VPC Two Corp. and State Rental Partnership, \$640 dollars from the Supportive Housing program, and \$3,070 from the RAD properties. The primary reasons for the write-offs across the all properties include tenants who skipped, voluntarily left their units, passed away, left due to job transfer, transferred within program, purchased a home, and ported out of Montgomery County no longer qualifying for the unit.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the period covered January 1, 2021 to March 30, 2021, and will be performed in the fourth quarter of FY'21.



**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: Cornelia Kent      Division: Finance      Ext. 9754  
                 Eugenia Pascual      Finance      Ext. 9478  
                 Nilou Razeghi      Finance      Ext. 9494  
                 Charnita Jackson      Property Management      Ext. 9776

**RE:** Uncollectible Tenant Accounts Receivable: Write-Off Uncollectible Tenant Accounts Receivable (October 1, 2020 – December 31, 2020)

**DATE:** March 3, 2021

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**BACKGROUND:**

The agency’s current policy is to provide for an allowance for any tenant accounts receivable balance more than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC’s Uncollectible Accounts Receivable Database as well as in the various individuals’ Equifax Credit Bureau files. This process updates the financial records to accurately reflect the receivables and provides greater potential for outstanding receivable collection.

HOC also maintains a relationship with rent collections firm, Rent Collect Global (RCG). All delinquent balances of \$200 or more are submitted to RCG for further pursuit. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a security bond, at a much lower rate, from the firm SureDeposit, Inc. instead of paying a traditional security deposit to the Agency. Moreover, the full value of the Surety Bond is available to HOC for recovery of any damage or other loss, just like a traditional security deposit. Through HOC’s collection efforts and the services of RCG and SureDeposit, HOC makes every effort to pursue all tenant outstanding receivables.

The last approved write-off on December 15, 2020 was for \$77,605, which covered the three-month period from July 1, 2020, through September 30, 2020.

The proposed write-off of former tenant accounts receivable balances for the second quarter October 1, 2020 through December 31, 2020 is \$49,684.

The \$49,684 second quarter write-off is primarily due to the Opportunity Housing properties. The RAD 6 properties and Supportive Housing also contributed small amounts to the write offs from former tenants. The primary reasons for the write-offs across the properties include tenants who skipped, voluntarily left their units, passed away, left due to job transfer,

transferred within program, purchased a home, ported out of Montgomery County and no longer qualifies for the unit.

The following table shows the write-offs by fund/program.

	Current	Prior			Fiscal Year 2021	Fiscal Year 2020
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Property Type	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
Public Housing	-	370	(370)	-100%	370	-
Opportunity Housing	45,974	40,603	5,371	13%	86,577	89,213
Supportive Housing	640	20,825	(20,185)	-97%	21,465	3,477
RAD Properties	3,070	15,807	(12,737)	-81%	18,877	14,758
Rental Asst Sec8 Repays	-	-	-	0%	-	4,108
	<b>49,684</b>	<b>77,605</b>	<b>(27,921)</b>	<b>-36%</b>	<b>127,289</b>	<b>111,556</b>

The following tables show the write-offs by fund and property.

	Current	Prior			Fiscal Year 2021	Fiscal Year 2020
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Public Fund	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
Former PH Tenants	\$ -	370	(370)	-100%	370	\$ -
<b>Total Public Fund</b>	<b>\$ -</b>	<b>\$ 370</b>	<b>\$ (370)</b>	<b>-100%</b>	<b>\$ 370</b>	<b>\$ -</b>

Within the public Housing portfolio, there were no write-offs to report in the second quarter of FY '21.

	Current	Prior			Fiscal Year 2021	Fiscal Year 2020
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Opportunity Housing (OH) Fund	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
Camp Hill Square	-	3,683	(3,683)	-100%	3,683	-
MHLP I/64	15	397	(382)	-96%	412	148
MHLP IX - MPDU	457	-	457	0%	457	7,392
MHLP IX - Pondridge	-	-	-	0%	-	2,435
MHLP VII	-	-	-	0%	-	3,404
MHLP VIII	870	-	870	0%	870	110
MHLP X	-	-	-	0%	-	3,766
NCI-1 - 13671 Harvest Glen Way	-	-	-	0%	-	9,104
Scattered Site One Dev Corp	186	11,798	(11,612)	-98%	11,984	2,868
State Rental Partnership	5,237	2,943	2,294	78%	8,180	409
TPM Dev Corp - MPDU II (59)	-	21,782	(21,782)	-100%	21,782	10,680
VPC One Corp	21	-	21	0%	21	41,744
VPC Two Corp	39,188	-	39,188	0%	39,188	7,153
<b>Total OH Fund</b>	<b>45,974</b>	<b>40,603</b>	<b>5,371</b>	<b>13%</b>	<b>86,577</b>	<b>89,213</b>

Within the Opportunity Housing portfolio, the \$45,974 write-off amount were largely attributable to VPC Two Corp. and State Rental Partnership. The write-offs were mainly due to one tenant who ported out, two tenants who skipped, two tenants who purchased a home, four tenants who voluntarily vacated their units, one tenant who no longer qualifies, one tenant left due to job transfer and one tenant who passed away.

	Current	Prior			Fiscal Year 2021	Fiscal Year 2020
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
<b>Supportive Housing</b>						
McKinney X - HUD	\$ 640	\$ 20,825	\$ (20,185)	-97%	\$ 21,465	\$ 3,477
<b>Total Supportive Housing</b>	<b>\$ 640</b>	<b>\$ 20,825</b>	<b>\$ (20,185)</b>	<b>-97%</b>	<b>\$ 21,465</b>	<b>\$ 3,477</b>

Within the Supportive Housing Program, the \$640 write-off amounts were due to two tenants who passed away.

	Current	Prior			Fiscal Year 2021	Fiscal Year 2020
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
<b>RAD Properties</b>						
Elizabeth House - Interim RAD	1,111	-	1,111	-	1,111	-
Holly Hall RAD	1,663	-	1,663	-	1,663	57
RAD 6 - Ken Gar	296	-	296	-	296	-
RAD 6 - Seneca Ridge	-	15,807	(15,807)	-100%	15,807	9,236
RAD 6 - Washington Square	-	-	-	-	-	3,258
Waverly House LP	-	-	-	-	-	2,207
<b>Total RAD Properties</b>	<b>3,070</b>	<b>15,807</b>	<b>(12,737)</b>	<b>-81%</b>	<b>18,877</b>	<b>14,758</b>

Within the RAD properties, the \$3,070 write-off amounts were mainly due to twelve tenants who transferred within program, one tenant who passed away, one tenant who voluntarily vacated their units.

	Current	Prior			Fiscal Year 2021	Fiscal Year 2020
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
<b>Rental Asst Sec8 Repays</b>						
Rental Asst Sec8 Repays	\$ -	\$ -	\$ -	-	\$ -	\$ 4,108
<b>Total Rental Asst Sec8 Repays</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>	<b>\$ -</b>	<b>\$ 4,108</b>

Within the Rental Assistant Sec8 Repays, there were no write-offs to report in the second quarter of FY '21.

The next anticipated write-off will be for the third quarter of FY'21, covering January 1, 2021, through March 31, 2021. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

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#### ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the write-off of uncollectible tenant accounts receivable?

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#### BUDGET IMPACT:

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write-off expense was recorded when the initial allowance was established because of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

**TIME FRAME:**

The Budget, Finance and Audit Committee informally reviewed the write-off of uncollectible tenant accounts receivable at the February 23, 2021 meeting. Formal action is requested at the March 3, 2021 meeting.

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**STAFF RECOMMENDATION:**

Staff recommends to the full Commission the authorization to write-off the uncollectible tenant accounts receivable balance of \$49,684.

**WHEREAS**, the current policy of the Housing Opportunities Commission of Montgomery County (“HOC”) is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances;

**WHEREAS**, staff periodically proposes the write-off of uncollected former tenant balances which updates the financial records to accurately reflect the receivables and the potential for collection; and

**WHEREAS**, the proposed write-off of former tenant accounts receivable balances for the period of October 1, 2020 – December 30, 2020 is \$49,684, consisting of \$45,974 from Opportunity Housing properties, \$640 from Supportive Housing, and \$3,070 from RAD Properties.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all actions necessary and proper to write off \$49,684 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, March 3, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

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**RENEWAL OF PROPERTY MANAGEMENT CONTRACTS FOR FOREST OAK TOWERS, ALEXANDER HOUSE, GEORGIAN COURT, STEWARTOWN HOMES, CIDER MILL APARTMENTS, GREENHILLS APARTMENTS, WESTWOOD TOWER, AND METROPOINTE APARTMENTS**

**March 3, 2021**

- The property management contracts for Forest Oak Towers, Alexander House, Georgian Court, Stewartown Homes, Cider Mill Apartments, Greenhills Apartments, Westwood Tower, and MetroPointe Apartments are expiring **June 30, 2021**.
- The contracts with Habitat America, Edgewood Management Corporation, Bozzuto Management Company, CAPREIT Residential Management, and Grady Management, Inc. provide for a one-year renewal period through **June 30, 2022**.
- Staff requests that the contracts be renewed through June 30, 2022.

**MEMORANDUM**

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Renewal of Property Management Contracts for Forest Oak Towers, Alexander House, Georgian Court, Stewartown Homes, Cider Mill Apartments, Greenhills Apartments, Westwood Tower, and MetroPointe Apartments

**DATE:** March 3, 2021

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**STATUS:** Committee Report: Deliberation   X  

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**BACKGROUND:**

Staff recommends renewing property management contracts for the properties listed below.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Forest Oak Towers	Gaithersburg	175	175	60% AMI	100%	99a
Alexander House LP	Silver Spring	122	122	60% AMI	96%	96c
Georgian Court	Silver Spring	147	147	60% AMI	92% <sup>1</sup>	97b
Stewartown Homes	Gaithersburg	94	94	60% AMI	93% <sup>1</sup>	95b
Cider Mill	Gaithersburg	864	345	60% AMI	94%	N/A <sup>2</sup>
Greenhills	Damascus	77	55	60% AMI	96%	N/A <sup>2</sup>
Westwood Tower	Bethesda	212	58	30% - 80% AMI	89% <sup>3</sup>	N/A <sup>2</sup>
MetroPointe (Wheaton Metro LP)	Wheaton	53	53	50% AMI	94%	98a

<sup>1</sup> Vacant units are held vacant to assist with on-site relocation during upcoming renovation.

<sup>2</sup> There has not been a REAC inspection during the current management company's tenure.

<sup>3</sup> Westwood Tower's vacancy has increased as residents relocate to less expensive submarkets. Management is increasing online advertising and tenant retention efforts to improve occupancy.

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Forest Oak Towers	Habitat America	July 2019	\$75,600	6/30/2021	7/1/2021-6/30/2022	One
Alexander House LP	Edgewood	Dec 2017	\$62,000	6/30/2021	7/1/2021-6/30/2022	One
Georgian Court	Edgewood	Jan 2006	\$70,000	6/30/2021	7/1/2021-6/30/2022	One
Stewartown Homes	Edgewood	July 2003	\$48,000	6/30/2021	7/1/2021-6/30/2022	One
Cider Mill	Grady	Jan 2019	\$403,000	6/30/2021	7/1/2021-6/30/2022	One
Greenhills	CAPREIT	July 2019	\$44,000	6/30/2021	7/1/2021-6/30/2022	One
Westwood Tower	CAPREIT	July 2019	\$131,000	6/30/2021	7/1/2021-6/30/2022	One
MetroPointe (Wheaton Metro LP)	Bozzuto	May 2008	\$49,000	6/30/2021	7/1/2021-6/30/2022	One

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**ISSUES FOR CONSIDERATION:**

Does the Commission authorize the Executive Director to execute a one-year renewal of the property management services contracts for Forest Oak Towers, Alexander House (Alexander House Apartments LP), Georgian Court, Stewartown Homes, Cider Mill Apartments, Greenhills Apartments, Westwood Tower, and MetroPointe Apartments (Wheaton Metro LP)?

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**BUDGET IMPACT:**

The renewal of the property management contracts will not have a budget impact as the costs associated with the services are included in the property budgets. Additionally, the contracts will be performance-based so fees will be lower if revenue declines below budgeted expectations or if a property receives less than an 80 on a REAC inspection.



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**TIME FRAME:**

For formal action at the March 3, 2021 meeting of the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission approve renewing the property management contracts with the respective management companies heretofore discussed, for Forest Oak Towers, Alexander House (Alexander House Apartments LP), Georgian Court, Stewartown Homes, Cider Mill Apartments, Greenhills Apartments, Westwood Tower, and MetroPointe Apartments (Wheaton Metro LP) for one year through June 30, 2022.

**RESOLUTION NO.: 21-26**

**RE: Approval to Renew Property Management Contracts for Forest Oak Towers, Alexander House, Georgian Court, Stewartown Homes, Metropointe, Greenhills Apartments, Westwood Towers Apartments, and Cider Mill Apartments**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of Forest Oak Towers Limited Partnership (“Forest Oak LP”), and Forest Oak LP owns the development known as Forest Oak Towers located in Gaithersburg, Maryland (“Forest Oaks”); and

**WHEREAS**, HOC is the sole member of Alexander House GP LLC, the general partner of Alexander House Apartments Limited Partnership (“Alexander House LP”), and Alexander House LP partly owns the development known as Alexander House located in Silver Spring, Maryland (“Alexander House”); and

**WHEREAS**, HOC is the general partner of Georgian Court Silver Spring Limited Partnership (“Georgian Court LP”), and Georgian Court LP owns the development known as Georgian Court located in Silver Spring, Maryland (“Georgian Court”); and

**WHEREAS**, HOC is the general partner and owner of MV Affordable Housing Associates Limited Partnership (“Stewartown LP”), and Stewartown LP owns the development known as Stewartown Homes located in Gaithersburg, Maryland (“Stewartown”); and

**WHEREAS**, HOC is the general partner of Wheaton Metro Limited Partnership (“Wheaton Metro LP”), and Wheaton Metro LP partly owns the development known as MetroPointe located in Wheaton, Maryland (“Metropointe”); and

**WHEREAS**, HOC is the sole member of Greenhills Apartments GP LLC, the general partner of Greenhills Apartments Limited Partnership (“Greenhills LP”), and Greenhills LP owns the development known as Greenhills Apartments located in Damascus, Maryland (“Greenhills”); and

**WHEREAS**, HOC owns the development known as Westwood Towers located in Bethesda, Maryland (“Westwood Towers”); and

**WHEREAS**, HOC is the sole member of MVG II, LLC, the sole member of MV Gateway LLC (“MV Gateway”), and MV Gateway owns the development known as Cider Mill Apartments located in Gaithersburg, Maryland (“Cider Mill”); and

**WHEREAS**, staff desires to renew the current property management contracts at Forest Oaks for one (1) year with Habitat America, LLC; and

**WHEREAS**, staff desires to renew the current property management contracts at Alexander House, Georgian Court, and Stewartown for one (1) year with Edgewood Management Corporation;

**WHEREAS**, staff desires to renew the current property management contracts at MetroPointe for one (1) year with Bozzuto Management Company; and

**WHEREAS**, staff desires to renew the current property management contracts at Greenhills and Westwood Towers for one (1) year with CAPREIT Residential Management; and

**WHEREAS**, staff desires to renew the current property management contracts at Cider Mill for one (1) year with Grady Management, Inc.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Forest Oak LP, as its general partner, that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Forest Oaks with Habitat America, LLC.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Alexander House LP, as its general partner, that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Alexander House with Edgewood Management Corporation.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Georgian Court LP, as its general partner, that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Georgian Court with Edgewood Management Corporation.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Stewartown LP, as its general partner, that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract as Stewartown with Edgewood Management Corporation.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Wheaton Metro LP, as its general partner, that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Metropointe with Bozzuto Management Company.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Greenhills LP, as its general partner, that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Greenhills with CAPREIT Residential Management.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Westwood Towers with CAPREIT Residential Management.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member MVG II, LLC, acting for itself and on behalf of MV Gateway, as its sole member, that the Executive Director, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Cider Mill with Grady Management, Inc.

**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 transactions contemplated herein.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 3, 2021.

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**Patrice M. Birdsong**  
**Special Assistant to the Commission**

# Development and Finance Committee

**DHMH GRANT: APPROVAL TO SELL THREE (3) UNITS FROM HOC FOR THE RENOVATION AND ADAPTIVE REUSE FOR OPERATION BY JUBILEE ASSOCIATION OF MARYLAND AND APPROVAL TO PREPAY THE EXISTING MPDU I MORTGAGE USING FUNDS FROM THE PNC BANK, N.A. LINE OF CREDIT**

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**Closeout of Program Legacy Funds**



**Stacy L. Spann, Executive Director**

**Kayrine Brown  
Jay Shepherd  
Zachary Marks**

**March 3, 2021**

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# Executive Summary

The Housing Opportunities Commission of Montgomery County (“HOC”) currently owns four single-family properties acquired and adapted to serve developmentally disabled people with services provided by Jubilee Association of Maryland, Inc. (“Jubilee”). Funds to acquire and retrofit the homes were from grants provided by Maryland Department of Health and Mental Hygiene (“DHMH”) Community Health Facilities Grant Program (“CHFGP”) and matching grants from Montgomery County’s Department of Housing and Community Affairs (“DHCA”). The most recent grant award of up to \$835,000 from DHMH was accepted by the Commission in December 2013, with a 25% local match from DHCA of \$223,000, a portion of which was used to acquire and renovate HOC’s fourth house. Combined there are \$1,033,228 of remaining commitment from the grants that are scheduled to expire on June 30, 2021 if not obligated. HOC has developed an Acquisition and Renovation Plan (“Plan”) that will support the expansion of housing affordably and suitably available for developmentally disabled citizens and will obligate the remaining fund balance before the June 30, 2021 deadline.

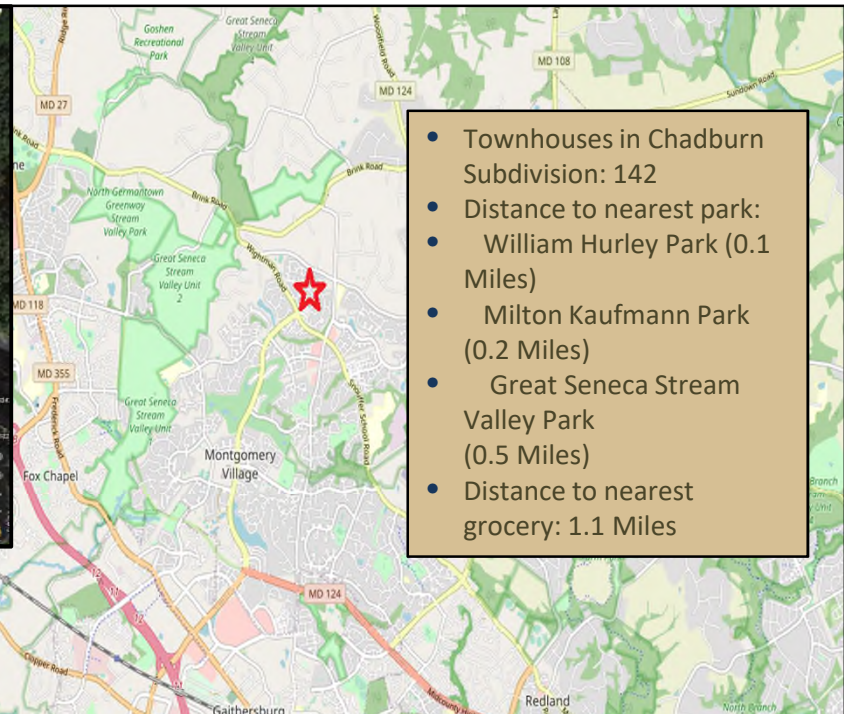
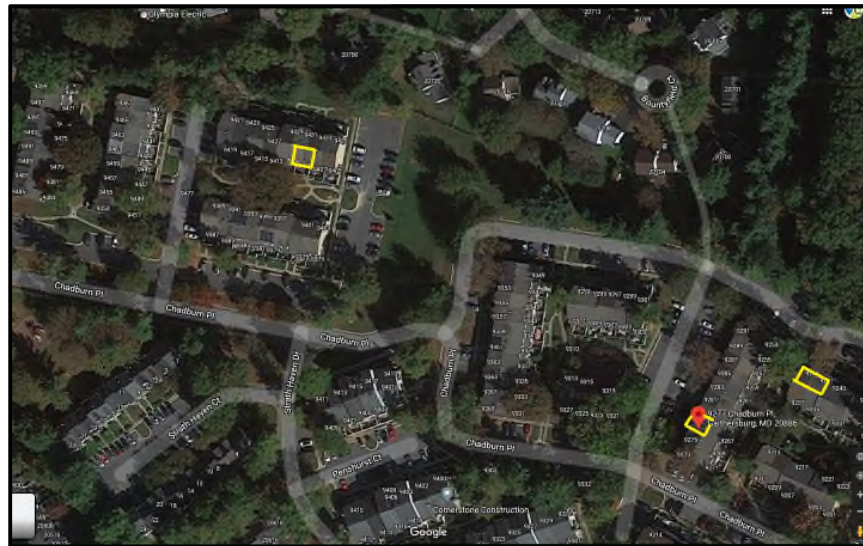
In 2016, staff was approached by a local non-profit operator, Rosaria Communities, Inc. (“Rosaria”), who expressed interest in assuming the ownership and operation of HOC’s existing four homes, unspent funds for future renovations, and funds committed for future acquisition and renovations. Though approved by the Maryland Board of Public Works on September 7, 2016, Rosaria withdrew its interest due to the perceived risk of long-term ownership and property operations.

HOC now seeks to restore the committed funds from DHMH and DHCA , which would allow it to acquire and renovate approximately three home for this special needs population. To spend the funds HOC will ask the BPW to reverse its approval in 2016 and will propose a Plan to acquire and renovate three townhouses that will each house one or two low-income, developmentally disabled adults and one live-on aide employed by Jubilee. Staff proposes to acquire the three units from HOC’s MPDU I (“MPDU 64”), a mortgage vehicle owned by HOC consisting of 64 scattered-site, townhouse and single family detached units primarily in Montgomery Village. Prior to the acquisition, the outstanding first mortgage debt of \$905,837.71 (as of February 1, 2021) will be retired so as to release the collateral. In addition, there are outstanding advances due to HOC totaling \$1,372,252. This amount is related to operating deficits, which HOC has paid on behalf of the property over the years and have not yet been reimbursed. The outstanding advances will remain as an outstanding obligation on the books of the MPDU I property and due to HOC.

Staff also requests approval to draw up to \$1,400,000 from the original \$60 million Line of Credit with PNC Bank, N.A. (“PNC LOC”). After the debt is retired and the sale of the three units, the Commission has several options for the remaining 61 units. Upon reimbursement by DHMH, funds used to prepay the mortgage will be returned to pay down the line for the three units acquired for the program. The estimated average sales price of each home is approximately \$202,000. When three are sold, approximately \$606,000 would be raised to offset the \$905,837.71 and any outstanding portion will be repaid over time from cash flow.



# Location



- Townhouses in Chadburn Subdivision: 142
- Distance to nearest park:
  - William Hurley Park (0.1 Miles)
  - Milton Kaufmann Park (0.2 Miles)
  - Great Seneca Stream Valley Park (0.5 Miles)
- Distance to nearest grocery: 1.1 Miles

- Three (3) Townhouses in the Chadburn Place Subdivision, Montgomery Village, Gaithersburg



# Jubilee MOU



Jubilee supports adults with developmental disabilities in Montgomery County, Maryland. Established in 1978, Jubilee provides tenant selection and social services for 142 men and women that promote independence, secure housing, and connect friends.

## HOC Roles and Responsibilities

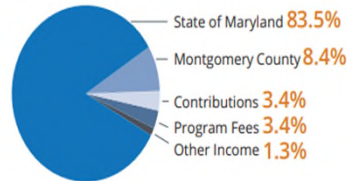
- Complying with all applicable procedures and requirements of MDH, DHCA, and any other sources of funding for the renovation/rehabilitation of the selected homes.
- Hiring professional contractors to carry out the renovation of the selected homes to address the accessibility and other disability-related needs of people with disabilities and ensure habitability and compliance with standards for safe and sanitary housing. HOC will ensure wheelchair accessibility to meet visitability standards and/or other renovations to accommodate the needs of the initial and future tenant population and will create living space for live-in staff where appropriate. Renovations will be planned and performed in consultation with Jubilee and within available financial resources.
- Serving as owner and landlord.
- Entering into individual leases with qualified tenants. HOC will not require payment of a security deposit from Jubilee or tenants. It is understood that eligibility criteria are certified by HOC initially and on a biennial basis.
- Conducting annual inspections of the homes and an inspection before or after a duly received notice of intent to vacate the premises by a tenant.
- Paying for applicable utility costs for electricity, natural gas, water, sewer, and trash disposal.
- Paying applicable property taxes and homeowners association fees.
- Maintaining property & liability insurance on the home.
- Receiving monthly rent payments from the tenants at no more than 30% of their income and initiating termination procedures as may be necessary for delinquent rents or other program or lease violations in accordance with State law and HOC policies.

## Jubilee by the Numbers

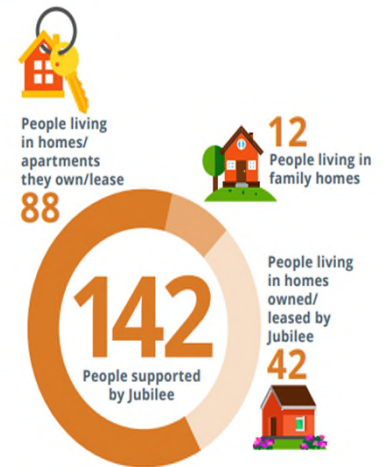
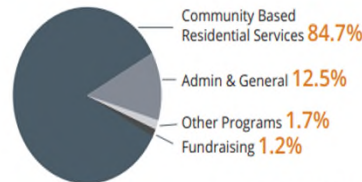
### FINANCIAL ACTIVITY

Combined revenue and expenditures of Jubilee Association of Maryland and Jubilee Foundation, fiscal year ending June 30, 2020.

### FY2020 REVENUE \$13,537,803



### FY2020 EXPENDITURES \$12,849,053



Jubilee Association of Maryland and Jubilee Foundation are audited by Mullen, Sondberg, Wimbish & Stone. Full financial statements are available upon request and on our website.

# 64 MPDU Mortgage Prepayment and Closeout

The Commission executed a Note with the Bank of New York, dated October 16, 1985 and secured by a Deed of Trust Security Agreement and Assignment of Rents for MPDU I/ 64. The Maryland Housing Fund (“MHF”) endorsed the Note for insurance. The bonds were refunded in the as 1995 Series A & B under the 1984 Bond Resolution and the Series A bonds and mortgage remain outstanding for the 64 MPDU property.

MORTGAGE	Balance as of January 31, 2021 is \$905,837.71 Note origination: October 16, 1985. Maturity: October 1, 2025.
BONDS	1985 Series A (Accretion) 7/1/2020 Value: \$320,422 1995 Series A 12/31/2020 Value: 650,000
ENDORSEMENT	Maryland Housing Fund (“MHF”) Policy is current and will be terminated at payoff.

## Procedural Flow of Funds

- To make the units available to the Jubilee program, staff proposes to a draw on the PNC LOC and repay the outstanding mortgage amount of \$905,837.71, which includes interest of \$4,431.91 and principal of \$901,405.80 (as of the February 1, 2021 payment).
- Subsequent to releasing the mortgage and cancellation of the MHF mortgage insurance, HOC may then sell three homes into the HOC-Jubilee program. Staff proposes the sale of the units at the tax assessed value for each home. The tax assessed value in SDAT is approximately \$202,000, which will be the price in the Purchase and Sale Agreement (“PSA”).
- Staff would then provide the acquisition documentation to DHMH for its approval and reimbursement for the acquisition.
- Funds received from DHMH for the acquisition would then be applied to repay the draw on the PNC LOC. From the \$905,837.71 loaned to prepay the mortgage, a portion would remain outstanding with the balance of the units serving as collateral.
- As it is not expected to repay the full amount used to repay the mortgage, HOC may direct operating cash flow for debt service of the now fully paid mortgage to repay the outstanding PNC LOC.
- A portion of the funds drawn on the PNC LOC will be used to complete the renovations and will be reimbursed by the DHMH /DHCA proceeds upon completion of the renovations and presentation by staff to DHMH for reimbursement.



# Grant Funds – Sources and Uses

On April 8, 2013, HOC was appropriated FY2014 grant funding under Community Health Facilities Grant Program (“CHFGP”) in the amount of \$835,000. With an additional \$250,000 of unspent funds from the FY2010 grant and the DHCA match of 25% of funds, the total of available sources was brought to \$1,362,568. The acquisition and renovation of 10 Horizon Court spent approximately \$304,568 of the available sources leaving \$1,033,228 unencumbered. Staff is proposing selling up to three units from its MPDU I /64 Portfolio for use as Jubilee serviced properties. Because there is debt on all 64 units in the portfolio, the outstanding debt must first be retired. Therefore, staff is recommending that the Commission authorize the following actions:

Drawing up to \$1,400,000 from the PNC LOC to:

1. Retire the outstanding first mortgage debt of \$905,837.71 for MPDU I/64 as pre-development financing to be repaid upon closing of the approved acquisitions;
2. Retain sufficient bridge funding to cover the short-term total renovation costs (renovation + soft costs) expected to be approximately \$423,928.

The PNC LOC had an available balance of \$3,246,098 as of end of December, 2020. The PNC LOC will be partially repaid from the combined sources of DHMH and DHCA of \$1,033,228. There will be a balance owed to PNC LOC of \$306,058, which HOC may retire over time from operating cash flow.

As stated previously, the accumulated advances due to HOC by MPDU 64 of approximately \$1,372,252 will remain an outstanding obligation by MPDU I.

Note: Staff will complete a renovation pricing exercise for four houses and will select the best combination of three houses to move forward with for acquisition into the program.

USES		
Acquisition		Amount
9241 Chadburn Place		\$202,900.00
9277 Chadburn Place		\$202,300.00
9409 Chadburn Place		\$204,100.00
9473 Chadburn Place (Optional)		\$0.00
Total Acquisition		\$609,300.00
<b>Renovation</b>		
9241 Chadburn Place		\$120,000.00
9277 Chadburn Place		\$115,000.00
9409 Chadburn Place		\$120,000.00
9473 Chadburn Place (Optional for pricing)		\$0.00
Hard Cost Contingency	3%	\$10,228.00
Total Renovation		\$365,228.00
<b>Soft Costs</b>		
Design		
Feasibility		\$5,000.00
Plans and Specs		\$15,000.00
Environmental		\$4,000.00
Closing Costs	2.00%	\$12,186.00
Permits	2.50%	\$9,750.00
Contingency (incl. interest)	27.79%	\$12,764.00
<b>Total Soft Costs</b>		<b>\$58,700.00</b>
<b>Total Uses</b>		<b>\$1,033,228.00</b>
<b>Sources</b>		
DHMH		\$768,728.00
DHCA		\$264,500.00
<b>Total Sources</b>		<b>\$1,033,228.00</b>

# Summary and Recommendations

## ISSUES FOR CONSIDERATION

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to:

1. Approve the prepayment of the outstanding first mortgage loan of \$905,837.71 for MPDU I/64 MPDU program, cancellation of the related Maryland Housing Fund mortgage insurance, and deferment of operating deficit funding of \$1,372,252 to facilitate the sale of three units to the Jubilee program?
2. Authorize the Executive Director to complete the acquisition of three (3) units from the MPDU I/ 64 program for renovation and adaptive reuse for operation by Jubilee?
3. Approve a temporary loan of up to \$1,400,000 from the revolving PNC LOC to complete the purchase and renovations of the properties with reimbursement repayment provided from the DHMH Grant and a loan from the Montgomery County Department of Housing and Community Affairs?

## BUDGET FISCAL/IMPACT

If approved, draws on the PNC LOC will bear interest at the contractual loan rate and will be payable from cash flow from the MPDU/64 MPDU property. The overall fiscal impact is a reduction in the Commission's borrowing capacity by any amount drawn on the PNC lines of credit.

## TIME FRAME

For action at the March 3, 2021, meeting of the Commission.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission:

1. Approve the prepayment of the outstanding first mortgage loan of \$905,837.71 for MPDU I/64 MPDU program, cancellation of the related Maryland Housing Fund mortgage insurance, and deferment of operating deficit funding of \$1,372,252 to facilitate the sale of three units to the Jubilee program.
2. Authorize the Executive Director to complete the acquisition of three (3) units from the MPDU I/ 64 program for renovation and adaptive reuse for operation by Jubilee.
3. Approve a temporary loan of up to \$1,400,000 from the revolving PNC LOC to complete the purchase and renovations of the properties with reimbursement repayment provided from the DHMH Grant and a loan from the Montgomery County Department of Housing and Community Affairs.

**RESOLUTION: 21-31<sub>a</sub>**

**RE: DHMH Grant: Approval to Sell Three (3) Units from HOC for the Renovation and Adaptive Reuse for Operation by Jubilee Association of Maryland and Approval to Prepay the Existing MPDU I Mortgage Using Funds from the PNC Bank, N.A. Line of Credit**

**WHEREAS**, in December 2013, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) authorized the Executive Director, in partnership with Jubilee Association of Maryland, Inc. (“Jubilee”), to accept a grant award of up to \$835,000 from the Maryland Department of Health and Mental Hygiene (“FY14 DHMH Grant”) to acquire and renovate at least two homes for adults with developmental disabilities, with final obligation of the funds required before June 30, 2021; and

**WHEREAS**, currently, \$768,728 in unspent funds (not including required additional matching funds from the Montgomery County Department of Housing and Community Affairs (“DHCA”)) remain eligible for additional acquisitions and renovation under the FY14 DHMH Grant; and

**WHEREAS**, staff have identified three (3) HOC-owned townhouse units in the Chadburn Place Subdivision (“Chadburn Units”) of Montgomery Village that can be acquired by a to-be created, wholly-owned special purpose entity (“SPE”) and subsequently renovated to suit the needs of low-income, developmentally disabled adults, to be operated by Jubilee; and

**WHEREAS**, for HOC to sell the Chadburn Units to the SPE, all debt and mortgage insurance obligations must be resolved, including prepayment of the outstanding mortgages; and

**WHEREAS**, for the SPE to acquire the Chadburn Units, HOC must secure interim funding until the FY14 DHMH Grant and DHCA required matching funds are received; and

**WHEREAS**, staff proposes a draw on the \$60 million PNC Bank, N.A. Line of Credit (“LOC”) in an amount up to \$1,400,000 to fund repayment of the outstanding mortgages, as well as the costs, permit fees, and construction administration expenses associated with the renovation of the Chadburn Units for use as required by the FY14 DHMH Grant; and

**WHEREAS**, the Commission may make draws on the LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the disposition of the Chadburn Units to the SPE.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the creation of the SPE and authorizes the SPE to acquire the Chadburn Units.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves repayment of the outstanding mortgages of the Chadburn Units using a draw on the LOC, not to exceed \$1,400,000.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves cancellation of the Maryland Housing Fund Mortgage Insurance related to the Chadburn Units' mortgage repayment and deferment of the outstanding operating deficit funding loan from HOC related to the same; and

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves a draw on the LOC to cover the repayment of the outstanding mortgages, and renovation, permit fees, and construction administration expenses related to the renovation of the Chadburn Units for use as required by the FY14 DHMH Grant, which will be repaid from the FY14 DHMH Grant and required matching DHCA funds upon receipt thereof.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, 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.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 3, 2021.

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Patrice Birdsong  
Special Assistant to the Commission

**RESOLUTION No. 21-31<sub>B</sub>**

**RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Prepay the MPDU I / 64 and Fund the Renovation and Adaptive Reuse for Operation by Jubilee Association of Maryland**

**WHEREAS**, in December 2013, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) authorized the Executive Director, in partnership with Jubilee Association of Maryland, Inc. (“Jubilee”), to accept a grant award of up to \$835,000 from the Maryland Department of Health and Mental Hygiene (“FY14 DHMH Grant”) to acquire and renovate at least two homes for adults with developmental disabilities, with final obligation of the funds required before June 30, 2021; and

**WHEREAS**, currently, \$768,728 in unspent funds (not including additional matching funds from the Montgomery County Department of Housing and Community Affairs (“DHCA”)) remain eligible for additional acquisitions and renovation under the FY14 DHMH Grant; and

**WHEREAS**, staff have identified three (3) HOC-owned townhouse units in the Chadburn Place Subdivision (“Chadburn Units”) of Montgomery Village that can be acquired by a to-be created wholly-owned special purpose entity (“SPE”) and subsequently renovated to suit the needs of at least three low-income, developmentally disabled adults, to be operated by Jubilee; and

**WHEREAS**, in order for HOC to sell the Chadburn Units to the SPE, all debt and insurance obligations must be resolved, including prepayment of the outstanding mortgages; and

**WHEREAS**, in order for the SPE to acquire the Chadburn Units, HOC must secure interim funding until the FY14 DHMH Grant and DHCA funds (required matching funds) are received; and

**WHEREAS**, staff proposes a draw on the \$60 million PNC Bank, N.A. Line of Credit (“LOC”) in an amount up to \$1,400,000 to fund repayment of the outstanding mortgages, as well as the costs related to the renovation, permit fees, and construction administration expenses associated with the development plan for the Chadburn Units; and

**WHEREAS**, the Commission may make draws on the LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes a draw in the amount of \$1,400,000 at a rate of one-month LIBOR plus 90 basis points on the LOC to fund repayment of the outstanding mortgages, as well as the costs related to the renovation, permit fees, and construction administration expenses associated with the development plan for the Chadburn Units, and that this draw shall have a



due date that coterminous with the termination date of the LOC, which is currently June 30, 2022.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, 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 March 3, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

# STEWARTOWN HOMES: AUTHORIZATION TO SELECT CREA, LLC AS TAX CREDIT INVESTOR AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE AN OPERATING AGREEMENT

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**STEWARTOWN HOMES**



**Stacy L. Spann, Executive Director**

**Kayrine Brown  
Zachary Marks  
Gio Kaviladze**

**March 3, 2021**

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# Previous Commission Approvals

**Resolution 17-23** - Approval to Advance Funds from the Opportunity Housing Reserve Fund (OHRF) to Fund Predevelopment Expenses for Bauer Park, Town Center, and Stewartown Homes through the Submission of Low Income Housing Tax Credit Applications

**Resolution 18-52** - Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgages for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows.

**Resolution 18-29** - Approval of Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes.

**Resolution 20-07** - Authorization to Select General Contractor for the Renovation of Stewartown Homes in Accordance with RFQ #2121 and RFP #2121-01; Approval to Freeze Leasing to Facilitate Renovation; and Approval of Request for Additional Predevelopment Funds

**Resolution 20-30:** - Authorization to Select Low Income Housing Tax Credit Syndicator for the Renovation of Stewartown Homes and Authorization for the Executive Director to Negotiate an Operating Agreement

**Resolution 20-85:** - Approval of Final Development Plan, Ratification of the Formation of Ownership Entities, Admission of Investor Member, Authorization for the Executive Director to Execute a Purchase and Sale Agreement and Close on the Purchase and Sale of the Property, and to Execute an Operating Agreement and General Contractor Contract for the Stewartown Homes Development.

# Executive Summary

- Stewartown (“Property”) was constructed in 1977 in Gaithersburg. The property contains 94 townhome units within 12 structures. Stewartown has not undergone any major renovation since 2000, other than replacements at failure and scheduled capital improvements.
- Stewartown has reached the end of its initial 15-year LIHTC compliance period and the project team is currently preparing for the property’s upcoming LIHTC re-syndication and comprehensive renovation. The transaction is projected to close in the fall of CY2020, with renovation to start soon after. Previous tax credit investor exit process has been concluded and the property is now fully owned by HOC.
- In January 2020 the Commission approved the selection of Harkins Builders as the General Contractor for the renovation. At the same time, the Commission also authorized the property to freeze leasing and hold any upcoming vacancies, up to 16 vacant units required for each phase of renovation, for the duration of the renovation.
- In February 2020, staff solicited proposals from 14 LIHTC investors/syndicators to select an equity investor. Three (3) syndicators’ Letters of Interest (“LOI”) were received: Boston Capital, Enterprise Community Investment, and R4 Capital. Staff recommended, and the Commission approved, selection Boston Capital as the tax credit equity syndicator for the project.
- In December 2020, the Commission approved the Final Development plan and authorized the Executive Director to sign a purchase and sale agreement between the current Property owner entity and the new Property owner entity and to complete the closing of the purchase and sale of the Property, to enter into a limited partnership agreement with the tax credit investor, and to sign the general contractor contract with Harkins Builders.
- During the transaction underwriting process, the tax credit investor sourced by Boston informed staff that the transaction would be subject to a maximum senior debt per unit limit of \$125,000. This restriction was not stated in the signed LOI between the parties. This restriction would prevent HOC from taking full advantage of the current favorable low interest rate underwriting environment and would preclude HOC from benefiting from the owner’s accumulated equity interest implicit in the \$15,400,00 appraised property value.
- To maximize the potential benefit to HOC from the transaction, staff, with the agreement from Boston Capital, began exploring the possibility of substituting the tax credit investor in the transaction. Staff solicited proposals from R4 Capital and CREA LLC.
- After the review of proposed pricing, equity pay-in timing, and transaction exit and other terms, Staff recommends approving CREA, LLC (“CREA”) as the tax credit equity syndicator for the project. CREA proposes to pay \$0.92 per dollar of tax credit and will contribute 20% of equity at closing, additional 20% at the completion of construction, and 55% at conversion to the permanent loan. R4 Capital proposed to pay \$0.88 per dollar of tax credit with similar pay-in terms.
- The projected Total Development Cost is approximately \$34.7 million, to be funded with HOC-issued tax-exempt bonds and FHA Risk Share mortgage (~\$15.8 million), HOC seller note (~\$8.65 million), and 4% Low Income Housing Tax Credit (“LIHTC”) equity (~\$10.3 million), and an up to \$4.5 million bridge loan to bridge the receipt of LIHTC equity funds at the completion of the renovation.

# Project Summary

<b>Project Name</b>	Stewartown Homes	<b>Units</b>	94	<b>Expected Closing Date</b>	Q4 FY20-Q1 FY21
<b>Location</b>	Gaithersburg, MD	<b>Average Unit Size (SF)</b>	972	<b>Stabilization Date</b>	Q4 FY2022
<b>Product Type</b>	Townhomes	<b>Occupancy (12/2019)</b>	100%	<b>Recapitalization Strategy</b>	Rehabilitation
<b>Year Built</b>	1977	<b>Total Rentable Sqft</b>	91,324	<b>Funding Strategy</b>	4% LIHTC/Bonds

Stewartown (“Property”) was constructed in 1977 in Gaithersburg. The property contains 94 townhome units within 12 structures. A community room/leasing is located on site. Units are outfitted with the typical amenities, all of which would be upgraded during the renovation. As a result of renovation, the property will see improvements to energy efficiency, the common areas and exterior grounds will be enhanced, and residents’ units will be modernized.



Stewartown has not undergone any major renovation, other than replacements at failure and scheduled capital improvements, since 2000, when HOC acquired the Property. Staff has developed a renovation scope that includes the following:

- Upgrading of interior kitchen and bathroom, including but not limited to energy efficient appliances, new cabinets, countertops, fixtures, flooring, painting, and lighting.
- Installation of modern HVAC units, hot water heaters, furnaces.
- Conversion of half baths in four bedroom units to full baths.
- Replacement of roofs not yet replaced by scheduled capital improvements.
- Replacement of siding, gutters, windows, and doors.
- Addition of five UFAS units to conform with LIHTC requirements.
- Improvements to the site including paving, site lighting, landscaping, a new playground, and signage.

# Syndicator Proposal Terms

Eligible Basis, Acquisition	\$14,886,450
Eligible Basis, Construction	\$13,108,938
<b>Total Eligible Basis</b>	<b>\$27,995,388</b>
Applicable Percentage	4.00%
<b>Max Tax Credit Equity</b>	<b>\$11,198,155</b>



- Founded in 2011. Since May 2012 raised more than \$1.6 billion of equity. Approximately 178 properties located in 39 states.
- Team has on average over 25 years of Housing Tax Credit experience with a track record that includes over \$15 billion of Housing Tax Credit investments on behalf of more than 200 corporate investors
- Commission approved R4 as the investor for Waverly House, Alexander House, and Elizabeth House III

	CREA	R4 Capital
<b>Tax Credit Pricing</b>	<b>\$0.920</b>	<b>\$0.880</b>
Tax Credit Amount	\$10,302,303	\$9,854,377
<b>TC Equity Value Loss Due to Pricing</b>	<b>\$895,852</b>	<b>\$1,343,779</b>

#### Equity Pay-In Schedule

	CREA	R4 Capital
Construction Closing	20.00%	20.00%
65% Construction Completion	0.00%	5.00%
Construction Completion	20.00%	20.00%
Rental Achievement	55.00%	50.00%
Form 8609	5.00%	5.00%

Present Value of Tax Credit Amount (Est)	\$10,036,032	\$9,606,983
<b>TC Equity Value Loss Due to Pay-In Timing</b>	<b>\$266,271</b>	<b>\$247,393</b>
<b>Total Equity Reduction due to Pricing and Timing</b>	<b>\$1,162,124</b>	<b>\$1,591,172</b>

#### Developer Fee Schedule

	CREA	R4 Capital
Construction Closing	20.00%	20.00%
50% Construction Completion	0.00%	15.00%
Construction Completion	20.00%	20.00%
Rental Achievement	43.30%	35.00%
Form 8609	16.70%	10.00%



- Founded in 2001. Since 2001 raised and closed over \$7 billion in LIHTC equity transactions in 47 states, 1 U.S. territories and DC, representing more than 55,000 affordable housing units.
- CREA has more than 657 properties in its portfolio with a 96% median occupancy.
- All acquisition, syndication, underwriting, and portfolio management and other related services are provided in-house.

- **CREA offered a higher credit price at \$0.92. R4 proposed price per credit of at \$0.88.** Each cent in pricing difference is worth about \$111,000 in tax credit equity proceeds.
- Both LOIs have comparable equity pay-in schedules. While R4 is proposing to pay in 5% of equity during the construction period, this small early equity contribution is not sufficient, in present value terms, to offset the price

disadvantage of R4's proposal. The difference in equity values in present value terms that can be attributed to the variations in pay-in schedules is relatively small at less than \$20,000, while the equity value loss attributable to the pricing differences is almost \$450K.

- Overall, CREA offers the smallest reduction of equity proceeds due to pricing and pay-in timing.
- Both syndicators have indicated that they are willing to consider HOC's interests when drafting the exit terms of the LOIs. Staff is working to have these preferences included in the final LOI.

# Comparison of Previous and Current Syndicator Terms

	CREA	Boston Capital	Δ
Price per Tax Credit Equity	\$0.920	\$0.965	\$0.045
<b>USES OF FUNDS</b>	<b>CREA</b>	<b>BC</b>	<b>Δ</b>
Construction Costs	\$10,688,646	\$10,688,646	\$0
Fees Related To Construction Costs	\$1,014,655	\$1,064,655	(\$50,000)
Financing Fees and Charges	\$2,153,123	\$2,215,382	(\$62,259)
Acquisition Costs - Senior Debt Repayment	\$1,480,510	\$1,480,510	\$0
Acquisition Costs - MCO HIF Loan Repayment	\$2,107,503	\$2,107,503	\$0
Acquisition Costs - HOC Loan Repayment	\$0	\$0	\$0
Acquisition Costs - Seller Proceeds	\$11,811,987	\$11,811,987	\$0
Acquisition Costs Other	\$329,000	\$329,000	\$0
Developer's Fees	\$3,064,670	\$3,075,599	(\$10,929)
Syndication Costs	\$177,500	\$177,500	\$0
Guarantees and Reserves	\$1,179,210	\$1,230,152	(\$50,942)
Short-Term Debt *	\$738,815	\$4,231,941	(\$3,493,127)
<b>TOTAL</b>	<b>\$34,745,619</b>	<b>\$38,412,875</b>	<b>(\$3,667,256)</b>
<b>SOURCES OF FUNDS</b>	<b>CREA</b>	<b>Boston Capital</b>	<b>Δ</b>
Tax-Exempt Bonds	\$15,052,741	\$11,753,094	\$3,299,647
Short-Term Debt (for 50% Test)	\$738,815	\$4,231,941	(\$3,493,127)
LIHTC Equity	\$10,302,303	\$10,947,132 *	-\$644,829 *
County HIF Loan	\$2,107,503	\$2,107,503	\$0
Interim Income	\$0	\$0	\$0
Seller Note	\$6,544,258	\$9,373,206	(\$2,828,948)
Property Cash	\$0	\$0	\$0
Deferred Developer's Fee	\$0	\$0	\$0
<b>Funding Gap / (Surplus)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$34,745,619</b>	<b>\$38,412,875</b>	<b>(\$3,667,256)</b>
<b>Bridge Loan</b>	<b>\$3,576,380</b>	<b>\$478,926</b>	<b>(\$3,097,454)</b>

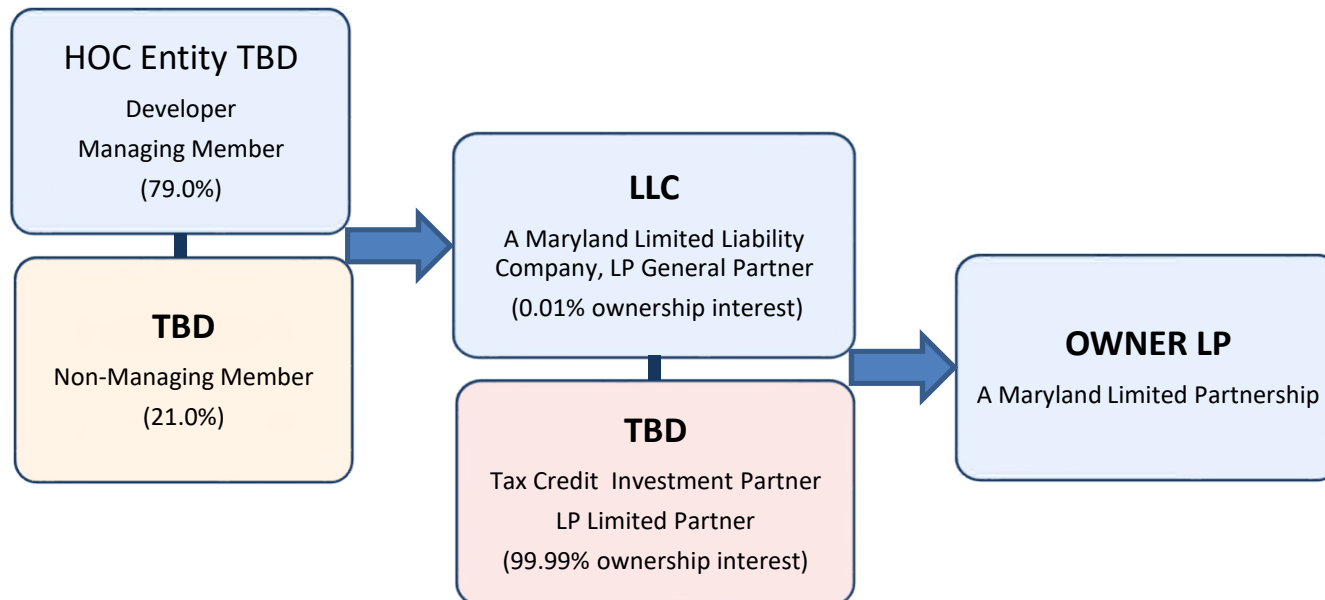
- At current interest rates, the Property's NOI can support senior permanent debt of \$15 million, or \$160K per unit. The need for short-term tax-exempt bonds needed to meet the 50% test is minimized, and HOC seller note is approximately \$6.55 million.
- Previous investor would impose a \$125K per unit senior debt limit. This limit would reduce the permanent senior debt size to \$11.75 million, increase the amount of short-term bonds needed to meet the 50% Test to \$4.23 million, and increase HOC seller note size from \$6.5 million to \$9.4 million.
- The previous investor was offering higher equity pricing at \$0.965 per credit. However, even if we assume that the price would not decrease under the 4% fixed applicable rate underwriting, an estimated additional equity of \$640K would be significantly outweighed by the \$3 million long-term deferral of the owner's equity proceeds.
- In addition, it is likely that at 4% fixed applicable percentage underwriting currently available to all 4% transactions, the credit pricing of the previous investor would also be reduced. All other syndicators have told staff that under 4% scenarios, credit prices would be at least \$0.03-0.04 lower to maintain investor yield. Boston Capital's \$0.965 price was based on a variable applicable percentage that was in effect at the time of the pricing of that offer. At a lower hypothetical price of \$0.935, Boston Capital's equity contribution advantage to CREA would be reduced by more than \$300K, and the overall CREA advantage would be even greater.
- While the new syndicator terms are significantly more favorable and enable HOC to realize the accumulated owner equity, the delayed equity contribution timing and higher seller proceeds also trigger the need for a bridge loan of up to \$4 million. This bridge loan would only be required during the later part of the construction period and would be repaid at the time of conversion to permanent financing.

\* Assumes that Boston Capital's equity pricing would remain the same at fixed 4% applicable rate. However, other syndicators have reduced equity prices by \$0.03-0.04 under 4% fixed scenarios. Boston Capital's equity amount advantage would be reduced by \$300K at \$0.0935 credit pricing.



# Ownership Structure

- HOC controlled single purpose entity (type TBD), together with non-managing member / partner, will form an LLC.
- The LLC, together with tax credit investment partner / syndicator's single purpose entity, will form the property owner limited partnership and be the General Partner of the limited partnership.
- Limited Partnership will be the single purpose entity that will own Stewartown Homes.
- Three-tiered ownership structure is needed for disaffiliating HOC from the property owner Limited Partnership and therefore making the seller note, deferred developer fee, and potentially other loans extended by HOC to the limited partnership non-recourse liabilities.
- This structure will allow the tax credit investor / limited partner to maximize future tax deductions related to loan interest costs and therefore enhance investor yield. Without such disaffiliation, investor yield on the transaction, and consequently tax credit equity price, will be lower.



# Sources and Uses of Funds

USES OF FUNDS	AMOUNT	PER UNIT
Construction Costs	\$10,688,646	\$113,709
Fees Related To Construction Costs	\$1,014,655	\$10,794
Financing Fees and Charges	\$2,153,123	\$22,906
Acquisition Costs - Senior Debt Repayment	\$1,480,510	\$15,750
Acquisition Costs - MCO HIF Loan Repayment	\$2,107,503	\$22,420
Acquisition Costs - HOC Loan Repayment	\$0	\$0
Acquisition Costs - Seller Proceeds	\$11,811,987	\$125,659
Acquisition Costs Other	\$329,000	\$3,500
Developer's Fees	\$3,064,670	\$32,603
Syndication Costs	\$177,500	\$1,888
Guarantees and Reserves	\$1,179,210	\$12,545
Short-Term Debt *	\$738,815	\$7,860
<b>TOTAL</b>	<b>\$34,745,619</b>	<b>\$369,634</b>

SOURCES OF FUNDS	AMOUNT	PER UNIT
Tax-Exempt Bonds	\$15,052,741	\$160,136
Short-Term Debt *	\$738,815	\$7,860
LIHTC Equity	\$10,302,303	\$109,599
County HIF Loan	\$0	\$0
Interim Income	\$0	\$0
Seller Note	\$8,651,760	\$92,040
Property Cash	\$0	\$0
Deferred Developer's Fee	\$0	\$0
<b>Funding Gap / (Surplus)</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$34,745,619</b>	<b>\$369,634</b>

\* Required for the 50% Test of TE Bond Financing

<b>Bridge Loan</b>
\$3,840,559

- Tax credit investor will pay \$0.92 per dollar of tax credit, which will result in approximately \$10.3 million tax credit equity contribution for the renovation.
- At current interest rates the Property's NOI can support senior permanent debt of up to \$16 million, or \$170K per unit. If the transaction were to be underwritten at this level, the need for short-term tax-exempt bonds needed to meet the 50% test could be eliminated, and the size of the HOC seller note could be reduced to \$5.6 million.
- However, to absorb any potential interest rate increases and other changes in underwriting conditions and assumptions, the summary presented here includes a 37 bps interest rate cushion, which reduced the maximum debt size to \$15 million and increases the seller loan amount to \$8.65 million.
- Up to \$1 million short-term debt may be needed to meet the 50% test. The final amount will depend on the bond interest rate and other underwriting conditions.
- 80% of the investor equity is scheduled to be contributed at the completion of construction, as is normal in such transactions. This delayed contribution of investor equity triggers the need for a bridge loan of up to \$4 million. This bridge loan would only be required during the later part of the construction period and would be repaid at the time of conversion to permanent financing.

	Property Value	Perm Debt LTV
As Is, Restricted	\$15,400,000	99.95%
As Renovated, Restricted	\$18,400,000	83.65%
As Renovated, Unrestricted	\$21,800,000	70.60%

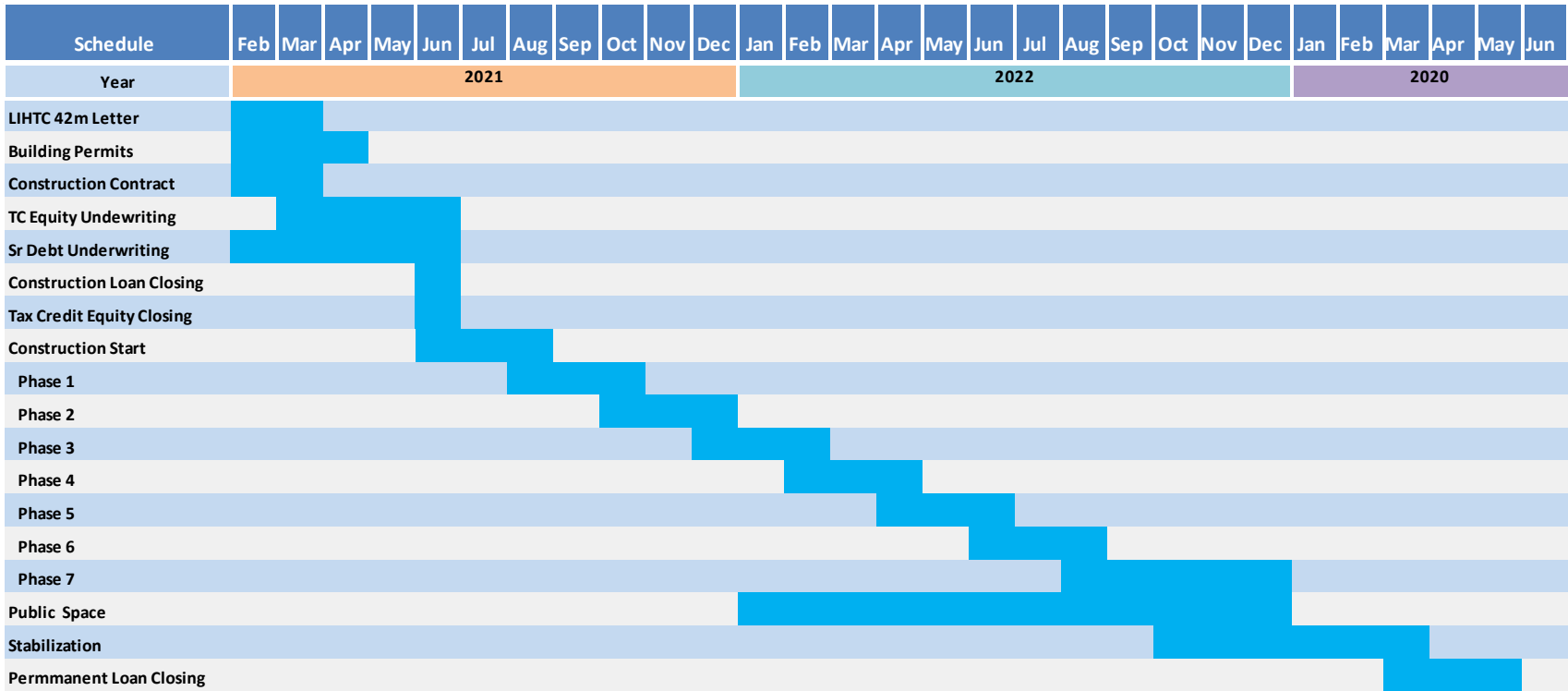
# Operating Proforma

OPERATING PERFORMANCE	Year 1	PER UNIT
<b>RENTAL INCOME</b>		
Rental Income	\$1,718,620	\$18,283
Other Income	\$4,125	\$44
Less: Vacancy Loss/Bad Debt	(\$120,592)	(\$1,283)
<b>NET RENTAL INCOME</b>	<b>\$1,602,153</b>	<b>\$17,044</b>
<b>TOTAL OPERATING EXPENSES</b>		
Admin & Operating Expenses	\$273,453	\$2,909
Maintenance Expenses	\$268,770	\$2,859
Contract Management Fee	\$51,763	\$551
Utility Expenses	\$117,408	\$1,249
Taxes & Insurance	\$62,063	\$660
Replacement Reserve Contribution	\$32,900	\$350
<b>TOTAL EXPENSES</b>	<b>\$806,357</b>	<b>\$8,578</b>
<b>NET OPERATING INCOME</b>	<b>\$795,796</b>	<b>\$8,466</b>
Debt Service Payments	\$691,775	\$7,359
<b>NET CASH FLOW</b>	<b>\$104,021</b>	<b>\$1,107</b>
DSCR	1.15	

- Rent and expense growth rates at 2% and 3%, respectively. The actual rent increases going forward will be based on the County's Voluntary Rent Guideline.
- Projected rental income includes additional revenue from 19 project based vouchers obtained by the staff under Component 2 of the RAD program in February 2019 and 15 low vacancy project based vouchers also obtained by the staff in 2019.
- Operating projections are based on recent operating performance of the property.
- The property's current annual operating expenses are approximately \$940,000 (almost \$10,000 per unit). This represents about 62% operating expense ratio, which is very high for any multifamily property. Typical operating expense ratios for multifamily properties ranges between 35% and 50%, depending on the age and condition.
- CDA underwriting guidelines require that per unit operating expenses for LIHTC properties should be between \$4,000 and \$7,000.

- During the due diligence process HOC Asset Management, Budget, Real Estate Development and other department staff have identified operating expense reduction opportunities and developed a plan to gradually, over the next two years, reduce the operating expense to make the Property's operation more sustainable in the long term while at the same time enabling the transaction underwriting to conform to the CDA standards.
- Replacement reserves will be funded at \$1,200 per unit at closing, plus \$350 per unit per year escalating at 3% annually.

# Development Plan – Timeline



- Current estimated construction closing Date is June 4, 2021.
- Construction is expected to conclude by November-December 2022.
- Estimated date of conversion to permanent financing is April-May 2023.

# Summary and Recommendations

## ISSUES FOR CONSIDERATION

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to approve:

- Selection of CREA LLC as Low Income Housing Tax Credit Investor for Stewartown Homes transaction?
- Authorization for the Executive Director to negotiate the terms of an operating agreement with the tax credit investor, to enter into an operating agreement with the tax credit investor, and to admit a tax credit investor as a 99.99% member of the new Property owner entity?

## TIME FRAME

Action at the March 3, 2021 meeting of the Commission.

## BUDGET / FISCAL IMPACT

There is no adverse impact for the Agency's FY2021 or FY2022 budgets.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission approve :

- Selection of CREA LLC as Low Income Housing Tax Credit Investor for Stewartown Homes transaction.
- Authorization for the Executive Director to negotiate the terms of an operating agreement with the tax credit investor, to enter into an operating agreement with the tax credit investor, and to admit a tax credit investor as a 99.99% member of the new Property owner entity.

**RESOLUTION No.: 21-32**

**RE: Authorization to Select Low Income Housing Tax Credit Syndicator for the Renovation of Stewartown Homes and Authorization for the Executive Director to Negotiate and Execute an Operating Agreement**

**WHEREAS**, Stewartown Homes (the “Property”), located at 9310 Merust Lane, Gaithersburg, was built in 1977 under the Section 236 Program and consists of 94 townhome units, 19 of which were subsidized by a RAP contract, in twelve (12) buildings on three (3) parcels totaling 15 acres of land; and

**WHEREAS**, the Property reached the end of its initial 15-year Low Income Housing Tax Credit (“LIHTC”) compliance period, and staff recommended re-syndicating in order to raise additional capital to finance the proposed renovation; and

**WHEREAS**, on December 9, 2020, HOC approved the Final Development Plan for the rehabilitation of the Property, which includes the delivery of 94 townhome units and the restriction of 100% of the units to those earning at or below an income averaged 60% of the area median income; and

**WHEREAS**, HOC formed and is currently the ultimate sole member of HOC at Stewartown Homes, LLC (“Stewartown LLC”), which will be the future owner entity of the Property. On December 9, 2020, the Commission ratified the formation of Stewartown LLC; and

**WHEREAS**, HOC formed and is currently the sole member of HOC MM Stewartown Homes, LLC, (“Stewartown MM LLC”), which is the current sole member and planned managing member of Stewartown LLC. On December 9, 2020, the Commission ratified the formation of Stewartown MM LLC; and

**WHEREAS**, on April 1, 2020, the Commission approved the selection of Boston Capital as the tax credit equity syndicator for the project; and

**WHEREAS**, during the underwriting process, the tax credit investor sourced by Boston Capital imposed maximum senior debt restriction on the transaction, which would prevent HOC from taking full advantage of the current favorable low interest rate underwriting environment; and

**WHEREAS**, to obtain best possible terms for HOC and for the transaction, staff solicited additional proposals from tax credit equity syndicators and received Letters of Interest from R4 Capital and CREA LLC; and

**WHEREAS**, CREA LLC submitted the most advantageous proposal in response to the solicitation, and staff recommends that CREA LLC be selected as the new LIHTC syndicator for the transaction, and that the Executive Director begin negotiating the terms of an operating agreement; and

**WHEREAS**, if the Commission approves the selection of CREA LLC as the new LIHTC syndicator for the transaction, HOC intends to negotiate an Operating Agreement with a tax credit investor affiliate of CREA LLC (the “Investor”) for the admission of the Investor as a non-managing investor member of Stewartown LLC with a 99.99% interest; and

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the selection of CREA LLC as the LIHTC syndicator for renovation of the Property, and authorizes the Executive Director to begin negotiating the terms of an operating agreement with CREA LLC.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Stewartown MM LLC, as its sole member, acting on behalf of itself and on behalf of Stewartown LLC, as its managing member, that it approves (1) the negotiation and execution of a Operating Agreement with the Investor for Stewartown LLC, (2) the admission of the Investor as a non-managing member of Stewartown LLC with a 99.99% interest, and (3) the execution of related documents, including without limitation tax credit recapture and other guarantees by Stewartown MM LLC and/or the Housing Opportunities Commission of Montgomery County as may be required by the Investor.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is authorized and directed, without further action on the part of the Commission, 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 approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on March 3, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

# STEWARTOWN HOMES: AMENDMENT OF THE FINANCING PLAN AND BOND AUTHORIZING RESOLUTION

**March 3, 2021**

- On January 13, 2021, the Commission approved the Financing Plan for Stewartown Homes, which totaled \$38.1 million and contemplated Boston Capital, as the Low Income Housing Tax Credit (“LIHTC”) Investor, with the following sources: (a) tax-exempt construction to permanent mortgage loan to fund acquisition and renovation of up to \$16 million (“Mortgage Loan”), which will be funded by the issuance of short-term and long-term tax-exempt bonds; b) LIHTC equity of approximately \$10,065,353 (\$0.89 per tax credit); c) subordinate County Loan; and d) a subordinate Seller’s Loan from MV Affordable Housing Associates Limited Partnership.
- On March 3, 2021, Real Estate Development staff presented to the Commission, a request to approve the selection of a new LIHTC investor for the transaction that provides more favorable terms and yielding a higher LIHTC equity raise and the Mortgage Loan. This change in LIHTC investor, affects the availability of scheduled sources, and creates the need for approximately \$4.6 million in bridge funding until receipt of all LIHTC contributions.
- Further, the transaction will require a bond debt reserve equal to six (6) months for a total of approximately \$320,000. When combining the bond debt reserve with that of the amount of Private Activity Bonds required for the transaction (approximately \$15.8 million), the Commission’s approved volume cap allocation and Bond Authorizing Resolution of up to \$16 million is insufficient.
- Therefore, staff with support of the Development and Finance Committee, recommends the Commission approve the following actions:
  1. Amend the Finance Plan to recognize the change in LIHTC Investor, approve and fund a bridge loan of up to \$4,600,000 from the PNC Bank, N.A. Real Estate Line of Credit, and increase the volume cap allocation from up to \$16,000,000 to \$16,500,000; and,
  2. Amend the Bond Authorizing Resolution to increase the amount of Private Activity Bonds to be issued to up to \$16,500,000, and to accurately reflect the correct bond series.



## MEMORANDUM

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Kayrine V. Brown                      Division: Executive                      Ext. 9480  
                 Jennifer H. Arrington                      Mortgage Finance                      Ext. 9589  
                 Victoria Dixon                      Mortgage Finance                      Ext. 8981

**RE:** **Stewartown Homes:** Amendment of the Financing Plan and Bond Authorizing Resolution

**DATE:** March 3, 2021

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**STATUS:** Committee Report    Deliberation   X  

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### OVERALL GOAL & OBJECTIVE:

To amend the Stewartown Homes' Financing Plan to recognize the change in Low Income Housing Tax Credit ("LIHTC") Investor, approve a new Bridge Loan of up to \$4,600,000, and increase the volume cap and Bond Authorizing Resolution for this transaction by \$500,000 for an up to amount of \$16.5 million.

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### BACKGROUND:

Stewartown Homes ("Stewartown" or the "Property") is an existing 94-unit, income restricted apartment community, in Gaithersburg, MD. The Property was originally built in 1976 and financed under HUD's Section 236 Rental Assistance Program ("236 Program"). In 2000, the Property was refinanced utilizing LIHTC equity and an FHA Risk Share permanent mortgage funded via bond proceeds under the 1996 Multifamily Housing Development Bond Resolution (the "1996 Indenture"). In January 2020, HOC, as managing member of the owner, acquired the limited partnership interests in the LIHTC entity, MV Affordable Housing Associates Limited Partnership (the "Seller"), from Wells Fargo.

On January 13, 2021, the Commission approved the Financing Plan for the Property, which totaled \$38.1 million and contemplated the following sources: (a) a tax-exempt construction to permanent, FHA Risk Share backed mortgage loan, made to HOC at Stewartown Homes, LLC (the "Borrower") for the acquisition and renovation of the Property in an amount up to \$16 million ("Mortgage Loan"), funded by the issuance of short-term and long-term tax-exempt bonds; (b) LIHTC equity of approximately \$10,065,353 (\$0.89 per tax credit); (c) a subordinate County Loan in the amount of \$2.1 million; and, (d) a subordinate Seller's note to the Borrower in the amount of up to \$12 million (the "Seller's Loan"). To meet the 50% test for LIHTC eligibility, the transaction is estimated to require approximately \$16 million of tax-exempt financing.

On February 19, 2021, Real Estate staff presented to the Development and Finance Committee, selection of a new LIHTC Investor for the transaction. The previous terms provided by Boston Capital included \$0.965 per tax credit, but restricted sizing of the Mortgage Loan to a maximum of \$11.7 million or \$125,000 per unit. Therefore, staff subsequently solicited revised bids for the transaction and received more favorable terms from CREA, LLC ("CREA") (formerly known as City Real Estate Advisors) at \$0.92 per credit with no Mortgage Loan limit.

With CREA as the new LIHTC investor, the current underwriting for the transaction now assumes a permanent Mortgage Loan of \$15,052,741 (\$160,136 per unit) at an estimated all-in interest rate of 3.369% (inclusive of a 30 basis points cushion). This represents an increase to the Mortgage Loan of approximately \$3.4 million and will reduce the amount of short-term bonds and Seller Loan needed for the transaction, as shown in the updated Sources and Uses below. The stabilized operating proforma still meets the required 1.15:1.00 Debt Service Coverage Ratio for the FHA Risk Share insurance.

SOURCES	Original	Revised	(+/-)	Revised \$/Unit
Tax-Exempt Mortgage Loan	\$ 11,694,000	\$ 15,052,741	3,358,741	\$ 160,136
Tax-Exempt Bonds (Short Term)	\$ 3,944,201	\$ 738,815	(3,205,386)	\$ 7,860
LIHTC Proceeds / Bridge	\$ 10,065,353	\$ 10,302,303	236,950	\$ 109,599
Seller Loan	\$ 10,327,724	\$ 8,651,661	(1,676,063)	\$ 92,039
GP Equity	\$ 100	\$ 100	0	\$ -
County Loan	\$ 2,107,503	\$ -	(2,107,503)	\$ -
<b>Total Sources</b>	<b>\$ 38,138,881</b>	<b>\$ 34,745,619</b>	<b>(3,393,262)</b>	<b>\$ 369,634</b>
USES	Original	Revised	(+/-)	\$/Unit
Tax-Exempt Bonds (ST)	\$ 3,944,201	\$ 738,815	(3,205,386)	\$ 7,860
Acquisition Cost	\$ 15,400,000	\$ 15,400,000	0	\$ 163,830
Construction Cost	\$ 10,688,646	\$ 10,688,646	0	\$ 113,709
Fees Related to Construction	\$ 1,064,655	\$ 1,014,655	(50,000)	\$ 10,794
Relocation Costs	\$ 329,000	\$ 329,000	0	\$ 3,500
Financing & Legal Costs	\$ 1,556,992	\$ 1,588,754	31,762	\$ 16,902
Construction Interest	\$ 1,114,166	\$ 886,224	(227,942)	\$ 9,428
Development Fees	\$ 3,057,698	\$ 3,064,670	6,972	\$ 32,603
Initial Replacement Reserves	\$ 112,800	\$ 112,800	0	\$ 1,200
Operating Reserves	\$ 870,723	\$ 922,055	51,332	\$ 9,809
<b>Total Uses</b>	<b>\$ 38,138,881</b>	<b>\$ 34,745,619</b>	<b>(3,393,262)</b>	<b>\$ 369,634</b>

Due to revisions to the scheduled availability of sources, the transaction is projected to require up to \$4,600,000 of bridge financing until repaid from receipt of LIHTC equity installments (“Bridge Loan”). Staff has confirmed that the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) has sufficient funds to satisfy the transaction’s need for the Bridge Loan, and proposes to utilize short-term, taxable draws on the RELOC to fund the Bridge Loan on a taxable basis with a maximum term of up to 30 months from closing. Repayment of the Bridge Loan via receipt of the LIHTC investor’s third installment should occur simultaneously with the conversion of the permanent conversion of the Mortgage Loan.

With respect to the existing volume cap allocation and the Bond Authorizing Resolution, both approved for up to \$16 million, the transaction will also require a bond debt reserve equal to six (6) months for approximately \$320,000. When combining the transaction’s revised short-term and long-term tax exempt bonds with the bond debt reserve, the total volume cap and Private Activity Bonds required for Stewartown totals \$16,111,556. While the Mortgage Loan has been sized to include a 30bps cushion in anticipation of higher interest rates, should bond rates hold and the cushion eliminated, the Mortgage Loan could increase to approximately \$15,750,000 and eliminate the need for short-term bonds. Nevertheless, the current approved volume cap allocation and Bond Authorizing Resolution would still be insufficient.

Therefore, staff recommends increasing the transaction’s volume cap allocation and Bond Authorizing Resolution from \$16,000,000 to \$16,500,000. The amended Bond Authorizing Resolution will also correct the series of bonds to be issued under the 1996 Indenture, from “2021 A Bonds” to “2021 B Bonds”.

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**ISSUES FOR CONSIDERATION:**

Will the Commission approve staff’s recommendation, which is supported by the Development and Finance Committee, of the following actions:

1. Amend the Financing Plan for Stewartown Homes to recognize the new LIHTC investor, approve and fund a taxable Bridge Loan of up to \$4,600,000 utilizing the RELOC, and increase the volume cap allocation to up to \$16,500,000?
2. Amend the Bond Authorizing Resolution for Stewartown Homes to increase the amount of Private Activity Bonds to be issued to up to \$16,500,000, and to accurately reflect the correct bond series?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
HOC at Stewartown Homes, LLC

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**BUDGET IMPACT:**

There is no adverse impact on the Commission’s operating budget.

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**TIMEFRAME:**

For formal action at the March 3, 2021 Commission meeting.

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**STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:**

Staff recommends that the Commission approve the following actions:

1. Amend the Financing Plan for Stewartown Homes to recognize the new LIHTC investor, approve the funding of and the Borrower to accept a taxable Bridge Loan of up to \$4,600,000 utilizing the RELOC, and increase the volume cap allocation to up to \$16,500,000; and,
2. Amend the Bond Authorizing Resolution for Stewartown Homes to increase the amount of Private Activity Bonds to be issued to up to \$16,500,000, and to accurately reflect the correct bond series, 2021 B.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or 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, as further provided in that certain Memorandum of Understanding by and between the Commission and Montgomery County, Maryland, dated June 29, 2018, the Commission is authorized to issue its notes and bonds from time to time to fulfill its corporate purposes, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing of multifamily rental housing properties which provide a public purpose; and

**WHEREAS**, Stewartown Homes (the “Property” or “Stewartown”) is an existing 94-unit income-restricted residential community located at 9310 Merust Lane, Gaithersburg, Maryland owned by MV Affordable Housing Associates Limited Partnership (“Seller”); and

**WHEREAS**, the Property will be acquired by in a single purpose entity known as HOC at Stewartown Homes, LLC (“Borrower”), which will be controlled by HOC MM Stewartown Homes, LLC (“Managing Member”) an entity controlled by HOC; and

**WHEREAS**, on January 13, 2021, the Commission approved a financing plan totaling an estimated \$38.1 million for the issuance of and the Borrower to accept the following contemplated sources: (a) a tax-exempt construction to permanent, FHA Risk Share backed mortgage loan for the acquisition and renovation of the Property in an amount up to \$16 million (“Mortgage Loan” or “Permanent Loan”), funded by the issuance of short-term and long-term tax-exempt bonds; (b) Low Income Housing Tax Credit (“LIHTC”) equity of approximately \$10,065,353 at \$0.89 per tax credit; (c) a subordinate County Loan in the amount of \$2.1 million; (d) a subordinate Seller’s note to the Borrower in the amount of up to \$12 million (the “Seller’s Loan”), and (e) a bond authorizing resolution for the associated bonds in an amount up to \$16,000,000 (together, the “Financing Plan”); and

**WHEREAS**, on March 3, 2021, the Commission approved an amended development plan with selection of a new LIHTC investor, CREA, LLC (“CREA”) for the transaction at \$0.92 per credit with no Mortgage Loan limit; and

**WHEREAS**, due to incorporation of the new LIHTC investor, revised scheduled availability of sources, and revised interest rate assumptions, amendment of the Financing Plan is proposed, as the transaction is now projected to (a) support a larger Mortgage Loan amount funded from long-term bond proceeds which will reduce the amount of short-term bonds and the Seller’s Loan for the transaction, (b) require funding of a bond debt reserve equal to six (6) months for approximately \$320,000, and (c) require up to \$4,600,000 of bridge financing during renovation and lease-up funded by way of draws on the Commission’s PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) until repaid from receipt of LIHTC equity installments (“Bridge Note”)(together, the “Amended Financing Plan”); and

**WHEREAS**, in order to fund the increased Mortgage Loan and bond debt reserve, the Property is projected to require an additional allocation of a portion of the Commission’s tax-exempt volume cap of \$500,000 to a revised total of \$16,500,000 to complete the transaction; and

**WHEREAS**, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible, and that by providing 94 units at or below 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income (“AMI”), the Property will provide significant public purpose supporting an increased allocation of tax-exempt volume cap.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the selection of CREA as the new LIHTC investor and the Amended Financing Plan, are approved and 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 allocation of tax-exempt volume cap in a revised amount not to exceed \$16,500,000 for the issuance of short and long-term bonds to finance the transaction and for the Commission, as conduit lender, to use those bond proceeds to make a tax-exempt Mortgage Loan to Borrower with a maximum term of up to 42 years to fund development of the Property, which will be subject to conversion to a Permanent Loan phase.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a commitment for the Mortgage Loan in an amount up to \$16,500,000, 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 25% of the risk while HUD shall assume 75% for the transaction.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a Bridge Note in an amount of up to \$4,600,000 to the Borrower, funded by way of short-term, taxable draws on the RELOC which shall be drawn as needed to bridge the receipt of LIHTC equity and shall be outstanding for no more than 30 months from the closing date.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of Borrower accepts the Mortgage Loan, Permanent Loan, and Bridge Note 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, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of Borrower, that the Executive Director, or a duly appointed designee of the Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents, including without limitation guarantees from HOC required by Borrower’s lenders, 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 actions contemplated herein.

**I HEREBY CERTIFY** that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 3, 2021.

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**Patrice M. Birdsong**  
**Special Assistant to the Commission**

**RESOLUTION No.: 21-33<sub>B</sub>**

**RE: Approval to Draw from the PNC Bank, N.A. Real Estate Line of Credit to Fund a Bridge Loan for Stewartown Homes in Accordance with the Amended 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 renovation of rental housing properties which provide a public purpose; and

**WHEREAS**, Stewartown Homes is an existing 94-unit income-restricted residential community located at 9310 Merust Lane, Gaithersburg, Maryland (the “Property” or “Stewartown”), and currently owned by MV Affordable Housing Associates Limited Partnership (“Seller”); and

**WHEREAS**, the Property will be acquired and operated by a single purpose entity known as HOC at Stewartown Homes, LLC (“Borrower”), which will be controlled by HOC MM Stewartown Homes, LLC (“Managing Member”) an entity controlled by HOC; and

**WHEREAS**, the Property will serve families with household incomes at or below 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income in keeping with implementation of the Low Income Housing Tax Credit (“LIHTC”) program set-asides for tax-exempt financing (“LIHTC Units”), including 19 units with Project Based Vouchers (“PBV”) and up to 15 units with Low Vacancy Vouchers (“LVV”); and

**WHEREAS**, on January 13, 2021 and as amended March 3, 2021, the Commission approved the final development plan with selection of CREA, LLC (“CREA”) as the LIHTC investor and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement to modify the ownership structure and admit CREA 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 13, 2021 and as amended March 3, 2021, staff proposed a Financing Plan totaling approximately \$34.7 million, which includes approximately \$27.4 million of acquisition and renovation costs; and

**WHEREAS**, HOC is pursuing a 4% LIHTC allocation for the Property, which will generate approximately \$10.3 million in LIHTC equity to be contributed according to an agreed upon pay-in schedule (“LIHTC Equity”); and

**WHEREAS**, due to the revisions to the scheduled availability of sources for the transaction, bridge financing of up to \$4,600,000 is projected to be required until repaid from receipt of LIHTC equity installments; and

**WHEREAS**, the Commission wishes to make taxable draws on the RELOC to complete the capital stack needed to close on the acquisition and renovation financing for Property until receipt of LIHTC Equity proceeds and permanent financing; and

**WHEREAS**, the Commission may make draws on the 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 RELOC is scheduled to mature September 30, 2021 unless extended or refinanced.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draws on the RELOC totaling up to \$4,600,000 which shall be drawn for acquisition and renovation costs as needed 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 on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of the Borrower, that HOC authorizes the funds (totaling up to \$4,600,000) be loaned to the Borrower with interest to accrue and be paid at a rate sufficient to pay the interest cost of the RELOC, herein estimated to be 2% annually and shall remain outstanding for a term of up to 30 months from closing and repaid from proceeds of LIHTC Equity and permanent financing.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of the Borrower, that it authorizes the Executive Director of HOC, or his duly appointed designee, without any further action on their respective parts, 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 March 3, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission



**RESOLUTION: 2021-33c**

**Re: Adoption of an Authorizing Resolution for the Issuance of 2021 Series B Multifamily Housing Development Bonds for the Financing of the Acquisition and Rehabilitation of the Stewartown Homes Development**

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AMENDING, RESTATING AND SUPERSEDING, IN ITS ENTIRETY, RESOLUTION 2021-11B ADOPTED BY THE COMMISSION ON JANUARY 13, 2021; AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2021 SERIES B (THE "2021 B BONDS"), IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,500,000 FOR THE PURPOSE OF FINANCING A MORTGAGE LOAN TO BE INSURED UNDER THE FHA RISK-SHARING PROGRAM FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF STEWARTOWN HOMES, A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HOC AT STEWARTOWN HOMES, LLC; AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES INDENTURE, CERTAIN TAX DOCUMENTS, A DISCLOSURE AGREEMENT AND ANY AND ALL RELATED DOCUMENTS; APPROVING THE PREPARATION, EXECUTION AND DISTRIBUTION OF PRELIMINARY AND FINAL OFFERING DOCUMENTS RELATING TO THE FINANCING; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE 2021 B BONDS AND THE ACCOMPLISHMENT OF 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 SALE OF THE 2021 B BONDS TO BOFA SECURITIES, INC. AND PNC CAPITAL MARKETS LLC, AS CO-SENIOR MANAGERS, AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS RELATING TO THE 2021 B BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2021 B BONDS; 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 Development 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, rehabilitation and 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**, pursuant to the Act and the Program, the Commission entered into the Trust Indenture, dated as of November 1, 1996, as supplemented and amended (the “Trust Indenture”), by and between the Commission and U.S. Bank National Association, as successor trustee, providing for the issuance of bonds (the “Bonds”) from time to time in accordance with the provisions thereof and of any series indenture specifically relating to any such series of Bonds issued thereunder; and

**WHEREAS**, the proceeds received from the issuance and sale of Bonds under the Trust Indenture are used to make, purchase or finance mortgage loans (each, a “Mortgage Loan,” and collectively, the “Mortgage Loans”) or finance Mortgage Loans through the purchase of guaranteed mortgage securities; and

**WHEREAS**, the pledges and assignments made pursuant to the Trust Indenture and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Commission are for the equal benefit, protection and security of the owners of any and all of the Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Trust Indenture; and

**WHEREAS**, the Commission has determined to issue its tax-exempt Multifamily Housing Development Bonds, 2021 Series B (the “2021 B Bonds”) pursuant to the Trust Indenture and the Series Indenture Providing for the Issuance of Multifamily Housing Development Bonds, 2021 Series B (the “2021 B Series Indenture”), (i) to make moneys available for the acquisition, rehabilitation and equipping of Stewartown Homes (the “Development”), to be owned and operated by HOC at Stewartown Homes, LLC (the “Borrower”), the managing member of which is controlled by the Commission, (ii) if necessary, to make a deposit to the Reserve Fund pursuant to the Trust Indenture and the 2021 B Series Indenture, and (iii) to fund the costs of issuance of the 2021 B Bonds in the amount set forth in the 2021 B Series Indenture and the Tax Documents (as defined herein), all in accordance with the financing plans approved by the Commission in connection with the Development on January 13, 2021 and amended on March 3, 2021 (together, the “Financing Plan”); and

**WHEREAS**, in connection with the issuance of the 2021 B Bonds and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to, the Series Indenture and, as hereinafter defined, the Offering Documents, the Contract of Purchase, the Tax Documents, the Disclosure Agreement and certain other documents relating to the sale of the 2021 B Bonds, and the financing of the Development; and

**WHEREAS**, on January 13, 2021, the Commission adopted Resolution 2021-11B which approved the issuance of bonds to finance the Development but assigned an existing series designation to said bonds, and the Commission desires to amend and restate, in its entirety, Resolution 2021-11B to establish “2021 Series B” as the series designation for the 2021 B Bonds;

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

1. **Amendment and Restatement.** This Resolution amends, restates and supersedes, in its entirety, Resolution 2021-11B adopted by the Commission on January 13, 2021. All references made to Resolution 2021-11B in the official records of the Commission shall be deemed to refer to this Resolution.

2. **2021 B Bonds.** The 2021 B Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$16,500,000 to carry out the purposes under the Program as

described above. The 2021 B Bonds shall be designated as set forth in the recitals hereto, or such additional series or subseries designations as approved by the Executive Director, in consultation with the Financial Advisor and Bond Counsel to the Commission. The 2021 B Bonds are to be issued pursuant to the terms of the Trust Indenture and the Series Indenture and shall be limited obligations of the Commission, secured by and payable solely from moneys and other assets pledged therefor under the Indenture and the Series Indenture, including, without limitation, the 2021 B Mortgage Loan.

3. **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 documents approved hereby.

4. **Series Indenture.** The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission or any authorized designee of the Executive Director are hereby authorized and directed to execute and deliver the Series Indenture in such form or forms as shall be approved by such officers, the execution of such Series Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (an "Authorized Officer"), is hereby authorized and directed to affix the seal of the Commission to the Series Indenture and to attest the same.

5. **Tax Documents.** The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents (collectively, the "Tax Documents") restricting the application of the proceeds of the 2021 B Bonds and the use and occupancy of the Development in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, the execution of the Tax Documents being conclusive evidence of such approval and of the approval of the Commission. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission is hereby further authorized and directed to execute and deliver on behalf of the Commission Internal Revenue Service Form 8038 relating to the 2021 B Bonds as prepared by Bond Counsel.

6. **Disclosure Agreement.** The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the 2021 B Bonds, in such form as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director of the Commission, their execution and delivery of the Disclosure Agreement constituting conclusive evidence of such officer's approval of the Disclosure Agreement and the approval of the Commission.

7. **2021 B Mortgage Loan; Real Estate Documents.** The Commission hereby authorizes and approves the financing of the 2021 B Mortgage Loan with the proceeds of the 2021 B Bonds which will be endorsed for federal insurance under the Risk-Sharing Agreement, pursuant to which the Commission will reimburse HUD for its losses under the 2021 B Mortgage Loan in an amount not greater than 25% of the outstanding principal balance of the 2021 B Mortgage Loan. The Commission hereby further authorizes and approves the preparation, execution and delivery of any and all real estate documents (the "Real Estate Documents") relating to the acquisition and

rehabilitation of the Development, in its capacity as issuer of the 2021 B Bonds and in its capacity as the owner of a membership interest in the managing member of the Borrower.

8. **Offering Documents.** The Commission hereby authorizes and approves the preparation and distribution of a preliminary offering document of the Commission and the preparation, execution and distribution of a final offering document (collectively, the “Offering Documents”), each relating to the 2021 B Bonds, in such forms as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director of the Commission, their execution and delivery of the Offering Documents constituting conclusive evidence of such officer’s approval of the Offering Documents and the approval of the Commission.

9. **Sale of 2021 B Bonds.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to proceed with the sale of the 2021 B Bonds to BofA Securities, Inc. and PNC Capital Markets LLC or such other underwriter or to any other entity as shall be in the best interest of the Commission as determined by the Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission.

10. **Contract of Purchase.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the “Contract of Purchase”) in connection with the issuance, purchase and sale of the 2021 B Bonds.

11. **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, registration privileges, security and other terms, and to approve the interest rates on the 2021 B Bonds, all of the foregoing to be specified in the Series Indenture. 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 2021 B Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the Series Indenture and any other documents relating to the 2021 B Bonds and the 2021 B Mortgage Loan, including, but not limited to, the giving and withholding of consents, the selection of certain providers, the determination to permit the prepayment of the 2021 B Mortgage Loan and the refunding and redemption of the 2021 B Bonds and/or other Bonds, and the Executive Director or other Authorized Representative of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

12. **Other Action.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director 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 2021 B Bonds and the accomplishment of the Financing Plan.

13. **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 2021 B Bonds.

14. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the 2021 B Bonds, the Series Indenture, the Contract of Purchase, the Tax Documents, the Offering Documents, the Disclosure Agreement, the Real Estate Documents, or in any other agreement or document executed on behalf of the Commission 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 2021 B Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

15. **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 issuance of the 2021 B Bonds 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.

16. **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.

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

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on March 3, 2021.

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**Patrice Birdsong**  
**Special Assistant to the Commission**

# Closing Statement

Written Statement for Closing a Meeting (“Closing Statement”)

**Date: March 3, 2021**

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

- 3.   X   “To consider the acquisition of real property for a public purpose and matters directly related thereto;”
- 13.   X   “To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.”

B. For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

Statutory Citation	Topic	Reason for closed-session discussion
§3-305(b)(3)	The acquisition of real property located in Clarksburg, Maryland via a ground lease.	The meeting must be closed to the public in order to protect HOC’s bargaining power. Public discussion of this item could result in less favorable acquisition terms.
§3-305(b)(13)	The confidential commercial and financial terms of real property acquisitions located in Clarksburg and Silver Spring, Maryland.	The Maryland Public Information Act prevents disclosure of confidential commercial or financial information obtained from a third-party. The meeting must be closed to the public in order to protect confidential commercial and financial information provided to HOC from private development partners. The information to be discussed is customarily and actually treated as private by the development partners and has been provided to HOC under an assurance of privacy.
§3-305(b)(13)	Confidential commercial and financial information related to selecting PNC Bank, N.A. for banking services.	The Maryland Public Information Act prevents disclosure of confidential commercial and financial information obtained from a third-party. The meeting must be closed to the public in order to protect confidential commercial and financial information provided to HOC from a PNC Bank, N.A. (a private financial partner) in connection with PNC’s provision of future services to HOC. The information to be discussed is customarily and actually treated as confidential by PNC Bank, N.A. and has been provided to HOC under assurances of privacy.

C. This statement is made by Commissioner Roy Priest, Chair.

D. Recorded vote to close the meeting:

- Date: March 3, 2021    Time: \_\_\_\_\_    Location: Zoom (Livestream on YouTube)
- Motion to close meeting made by: \_\_\_\_\_
- Motion seconded by: \_\_\_\_\_
- Commissioners in favor: \_\_\_\_\_
- Commissioners opposed: \_\_\_\_\_
- Commissioners abstaining: \_\_\_\_\_
- Commissioners absent: \_\_\_\_\_

Officer’s Signature: \_\_\_\_\_

# Adjourn



# Development Corporation Meetings

# Alexander House Development Corporation

## **RENEWAL OF PROPERTY MANAGEMENT CONTRACT FOR ALEXANDER HOUSE DEVELOPMENT CORPORATION**

**March 3, 2021**

- The property management contract for Alexander House Development Corporation is expiring on **June 30, 2021**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2022**.
- Staff requests that the contract be renewed through June 30, 2022.

**M E M O R A N D U M**

**TO:** Board of Directors of the Alexander House Development Corporation

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Renewal of Property Management Contract Alexander House Development Corporation

**DATE:** March 3, 2021

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**STATUS:** Committee Report: Deliberation   X  

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**BACKGROUND:**

Staff recommends renewing the property management contract with Edgewood Management Corporation (“Edgewood”) for Alexander House. The property is well-maintained and has stable occupancy. Amenities include a community room, business center, fitness room, and garage parking. Further detail is provided in the table below. Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest score of the six management companies surveyed. Staff continues to partner with Edgewood to improve operational results and customer service.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Alexander House Dev Corp.	Silver Spring	186	0	None	91%	96c

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Alexander House Dev Corp.	Edgewood	Dec 2017	\$96,000	6/30/2021	7/1/2021-6/30/2022	One

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of the Alexander House Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Alexander House?

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**BUDGET IMPACT:**

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

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**TIME FRAME:**

For formal action by the Board of Directors of Alexander House Development Corporation at its meeting on March 3, 2021.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Board of Directors of the Alexander House Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Alexander House through June 30, 2022.

**RESOLUTION NO.: 21-001AH**

**RE: Approval to Renew Property Management Contract for Alexander House**

**WHEREAS**, Alexander House Development Corporation owns 186 units in the development known as Alexander House located in Silver Spring, Maryland; and

**WHEREAS**, staff desires to renew the current property management contract at Alexander House with Edgewood Management Corporation for one (1) year through June 30, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Alexander House Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a renewal of the property management contact at Alexander House with Edgewood Management Corporation for one (1) year through June 30, 2022.

**BE IT FURTHER RESOLVED** by the Board of Directors of Alexander House Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, 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, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on March 3, 2021.

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**Patrice M. Birdsong**  
**Special Assistant to the Board of Directors**  
**of Alexander House Development**  
**Corporation**

# Adjourn

# Brookside Glen Apartments Development Corporation



## **RENEWAL OF PROPERTY MANAGEMENT CONTRACT FOR BROOKSIDE GLEN DEVELOPMENT CORPORATION**

**March 3, 2021**

- The property management contract for Brookside Glen Development Corporation is expiring on **June 30, 2021**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2022**.
- Staff requests that the contract be renewed through June 30, 2022.

**M E M O R A N D U M**

**TO:** Board of Directors of the Brookside Glen Development Corporation

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Renewal of Property Management Contract Brookside Glen Development Corporation

**DATE:** March 3, 2021

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**STATUS:** Committee Report: Deliberation   X  

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**BACKGROUND:**

Staff recommends renewing the property management contract with Edgewood Management Corporation for Brookside Glen. The property is well-maintained and has stable occupancy. Amenities include a community room and onsite parking. Further detail is provided in the table below. Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest score of the six management companies surveyed. Staff continues to partner with Edgewood to improve operational results and customer service.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Brookside Glen	Wheaton	90	45	35% - 55% AMI	96%	86c*

*\* Deductions were made due to building exterior (i.e. dry rot) and unit repairs (i.e. missing escutcheon ring around sprinkler head) that have since been completed.*

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Brookside Glen	Edgewood	July 2019	\$43,000	6/30/2021	7/1/2021-6/30/2022	One

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of the Brookside Glen Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Brookside Glen?

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**BUDGET IMPACT:**

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

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**TIME FRAME:**

For formal action by the Board of Directors of Brookside Glen Development Corporation at its meeting on March 3, 2021.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Board of Directors of the Brookside Glen Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Brookside Glen through June 30, 2022.

**RESOLUTION NO.: 21-001BG**

**RE: Approval to Renew Property Management Contract for Brookside Glen**

**WHEREAS**, Brookside Glen Development Corporation is the general partner of Brookside Glen Limited Partnership (“Brookside Glen LP”), and Brookside Glen LP owns the development known as Brookside Glen located in Wheaton, Maryland; and

**WHEREAS**, staff desires to renew the current property management contract at Brookside Glen with Edgewood Management Corporation for one (1) year through June 30, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Brookside Glen Development Corporation, acting for itself an on behalf of Brookside Glen LP, that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a renewal of the property management contact at Brookside Glen with Edgewood Management Corporation for one (1) year through June 30, 2022.

**BE IT FURTHER RESOLVED** by the Board of Directors of Brookside Glen Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, 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, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Development Corporation at a meeting conducted on March 3, 2021.

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**Patrice M. Birdsong**  
**Special Assistant to the Board of Directors**  
**of Brookside Glen Development Corporation**

# Adjourn

# Glenmont Crossing Development Corporation

## **RENEWAL OF PROPERTY MANAGEMENT CONTRACT FOR GLENMONT CROSSING DEVELOPMENT CORPORATION**

**March 3, 2021**

- The property management contract for Glenmont Crossing Development Corporation is expiring on **June 30, 2021**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2022**.
- Staff requests that the contract be renewed through June 30, 2022.

**MEMORANDUM**

**TO:** Board of Directors of the Glenmont Crossing Development Corporation

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Renewal of Property Management Contract Glenmont Crossing Development Corporation

**DATE:** March 3, 2021

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**STATUS:** Committee Report: Deliberation   X  

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**BACKGROUND:**

Staff recommends renewing the property management contract with Edgewood Management Corporation (“Edgewood”) for Glenmont Crossing. The property is well-maintained and has stable occupancy. Amenities include onsite parking. Further detail is provided in the table below. Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest score of the six management companies surveyed. Staff continues to partner with Edgewood to improve operational results and customer service.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Glenmont Crossing	Wheaton	97	50	50% - 80% AMI	99%	N/A*

*\*There has not been a REAC inspection since Edgewood began managing the property in July 2019.*

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Glenmont Crossing	Edgewood	July 2019	\$50,000	6/30/2021	7/1/2021-6/30/2022	One



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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of the Glenmont Crossing Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Glenmont Crossing?

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**BUDGET IMPACT:**

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

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**TIME FRAME:**

For formal action by the Board of Directors of Glenmont Crossing Development Corporation at its meeting on March 3, 2021.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Board of Directors of the Glenmont Crossing Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Glenmont Crossing through June 30, 2022.

**RESOLUTION NO.: 21-001GC**

**RE: Approval to Renew Property Management Contract for Glenmont Crossing**

**WHEREAS**, Glenmont Crossing Development Corporation owns the development known as Glenmont Crossing located in Wheaton, Maryland; and

**WHEREAS**, staff desires to renew the current property management contract at Glenmont Crossing with Edgewood Management Corporation for one (1) year through June 30, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Glenmont Crossing Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a renewal of the property management contact at Glenmont Crossing with Edgewood Management Corporation for one (1) year through June 30, 2022.

**BE IT FURTHER RESOLVED** by the Board of Directors of Glenmont Crossing Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, 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, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on March 3, 2021.

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**Patrice M. Birdsong**  
**Special Assistant to the Board of Directors**  
**of Glenmont Crossing Development**  
**Corporation**

# Adjourn

# Glenmont Westerly Development Corporation

## **RENEWAL OF PROPERTY MANAGEMENT CONTRACT FOR GLENMONT WESTERLY DEVELOPMENT CORPORATION**

**March 3, 2021**

- The property management contract for Glenmont Westerly Development Corporation is expiring on **June 30, 2021**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2022**.
- Staff requests that the contract be renewed through June 30, 2022.

**MEMORANDUM**

**TO:** Board of Directors of the Glenmont Westerly Development Corporation

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Renewal of Property Management Contract Glenmont Westerly Development Corporation

**DATE:** March 3, 2021

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**STATUS:** Committee Report: Deliberation   X  

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**BACKGROUND:**

Staff recommends renewing the property management contract with Edgewood Management Corporation (“Edgewood”) for Glenmont Westerly. The property is well-maintained and has stable occupancy. Amenities include onsite parking. Further detail is provided in the table below. Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest score of the six management companies surveyed. Staff continues to partner with Edgewood to improve operational results and customer service.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Glenmont Westerly	Wheaton	102	51	50% - 90% AMI	96%	N/A*

*\*There has not been a REAC inspection since Edgewood began managing the property in July 2019.*

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Glenmont Westerly	Edgewood	July 2019	\$52,000	6/30/2021	7/1/2021-6/30/2022	One

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of the Glenmont Westerly Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Glenmont Westerly?

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**BUDGET IMPACT:**

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

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**TIME FRAME:**

For formal action by the Board of Directors of Glenmont Westerly Development Corporation at its meeting on March 3, 2021.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Board of Directors of the Glenmont Westerly Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Glenmont Westerly through June 30, 2022.

**RESOLUTION NO.: 21-001GW**

**RE: Approval to Renew Property Management Contract for Glenmont Westerly**

**WHEREAS**, Glenmont Westerly Development Corporation owns the development known as Glenmont Westerly located in Wheaton, Maryland; and

**WHEREAS**, staff desires to renew the current property management contract at Glenmont Westerly with Edgewood Management Corporation for one (1) year through June 30, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Glenmont Westerly Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a renewal of the property management contact at Glenmont Westerly with Edgewood Management Corporation for one (1) year through June 30, 2022.

**BE IT FURTHER RESOLVED** by the Board of Directors of Glenmont Westerly Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, 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, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on March 3, 2021.

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**Patrice M. Birdsong**  
**Special Assistant to the Board of Directors**  
**of Glenmont Westerly Development**  
**Corporation**



# Adjourn

# Wheaton Metro Development Corporation Meeting

## **RENEWAL OF PROPERTY MANAGEMENT CONTRACT FOR WHEATON METRO DEVELOPMENT CORPORATION**

**March 3, 2021**

- The property management contract for Wheaton Metro Development Corporation is expiring on **June 30, 2021**. The contract with Bozzuto Management Company provides for a one-year renewal through **June 30, 2022**.
- Staff requests that the contract be renewed through June 30, 2022.

**MEMORANDUM**

**TO:** Board of Directors of the Wheaton Metro Development Corporation

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Renewal of Property Management Contract Wheaton Metro Development Corporation

**DATE:** March 3, 2021

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**STATUS:** Committee Report: Deliberation   X  

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**BACKGROUND:**

Staff recommends renewing the property management contract with Bozzuto Management Company (“Bozzuto”) for Wheaton Metro Development Corporation (MetroPointe Apartments). The property is well-maintained and has stable occupancy. Amenities include a community room, business center, exercise room, and garage parking (currently, 99 of 211 parking spaces are utilized). Further detail is provided in the table below. Bozzuto scored 3.45 of 4.00 available points in a resident survey completed in March 2020, which was the second highest score of the six management companies surveyed.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Wheaton Metro Dev Corp	Wheaton	120	0	None	94%	98a

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Wheaton Metro Dev Corp	Bozzuto	May 2008	\$108,000	6/30/2021	7/1/2021-6/30/2022	One

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of the Wheaton Metro Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Bozzuto for MetroPointe Apartments?

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**BUDGET IMPACT:**

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

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**TIME FRAME:**

For formal Wheaton Metro Development Corporation action at the March 3, 2021 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Board of Directors of the Wheaton Metro Development Corporation approve the property management contract renewal with Bozzuto for MetroPointe Apartments through June 30, 2022.

**RESOLUTION NO.: 21-001WM**

**RE: Approval to Renew Property Management Contract for Wheaton Metro Development Corporation**

**WHEREAS**, Wheaton Metro Development Corporation owns 120 units in the development known as MetroPointe Apartments located in Wheaton, Maryland; and

**WHEREAS**, staff desires to renew the current property management contract at MetroPointe Apartments with Bozzuto Management Company for one (1) year through June 30, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a renewal of the property management contact at MetroPointe Apartments with Bozzuto Management Company for one (1) year through June 30, 2022.

**BE IT FURTHER RESOLVED** by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, 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, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on March 3, 2021.

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**Patrice M. Birdsong  
Special Assistant to the Board of Directors  
of Wheaton Metro Development  
Corporation**

# Adjourn

# Diamond Square Development Corporation



**Diamond Square - Property Management Contract:  
Presentation of request to Renew the Property Management  
Contract at Diamond Square Apartments**

**March 3, 2021**

- The Property Management Contract with Diamond Square Limited Partnership (“Diamond Square”) is expiring June 30, 2021. The contract provides for two one-year renewals.
- Staff requests that the contract for Property Management Services for Diamond Square be renewed for one (1) year with Residential One Management.

**MEMORANDUM**

**TO:** Diamond Square Development Corporation

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Jay Berkowitz Division: Property Management Ext. 4857

**RE:** Renewal of the Property Management Contract for Diamond Square Limited Partnership.

**DATE:** March 3, 2021

**STATUS:** Committee Report: Deliberation  X

**BACKGROUND:**

Diamond Square Apartments is a 124-unit high-rise community consisting of 43 market and 81 units at or below 50% the Washington-Arlington-Alexandria, DC-VA-MD-WV Area Median Income (“AMI”), located in Gaithersburg. Diamond Square was constructed in 1985 as a mid-rise hotel, and was converted to apartment homes in 1991. The property was renovated from 2000-2005 and upgrades included construction of a community room and garden. Diamond Square offers fully furnished affordable units with income-based rents. The property has maintained an average occupancy of 99% over the last two years.

The property management contract for Diamond Square is expiring on June 30, 2021. Staff wishes to renew the property management contract for Diamond Square for one year with Residential One Management.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining. The management fee will be performance based.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Diamond Square	124	Residential One, LLC	\$55,800	6/30/2021	7/1/2021-6/30/2022	1 Renewal Remaining

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of Diamond Square Development Corporation wish to authorize the Executive Director of HOC to execute a one-year renewal of the property management services contract with Residential One Management for property management services at Diamond Square?

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**BUDGET IMPACT:**

The renewal of the property management contract for Diamond Square for one year will not have a budget impact as the costs associated with the services were factored into the FY2021 property budget. Additionally, the renewal will be performance based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

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**TIME FRAME:**

For formal action at the March 3, 2021 meeting of the Board of Directors.

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**STAFF RECOMMENDATION & ACTION NEEDED:**

Staff requests that the Board of Directors of Diamond Square Development Corporation approve the property management contract renewal with Residential One Management for one year at Diamond Square Apartments through June 30, 2022.

**RESOLUTION NO.: 21-001DS**

**RE: Approval to Renew Property Management Contract for Diamond Square Apartments**

**WHEREAS**, Diamond Square Development Corporation is the general partner of Diamond Square Limited Partnership (“Diamond Square LP”), and Diamond Square LP owns the development known as Diamond Square Apartments located in Gaithersburg, Maryland (“Diamond Square”); and

**WHEREAS**, staff desires to renew the current property management contract at Diamond Square for one (1) year with Residential One.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Diamond Square Development Corporation, acting for itself and on behalf of Diamond Square LP, as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract for Diamond Square.

**BE IT FURTHER RESOLVED** by the Board of Directors of Diamond Square Development Corporation that the Executive Director of the Housing Opportunities Commission, or his designee, 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 transactions contemplated herein, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at an open meeting conducted on March 3, 2021.

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**Patrice M. Birdsong**  
**Special Assistant to the Board of Directors of**  
**Diamond Square Development Corporation**

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# Closed Session