



EXPANDED AGENDA

January 11, 2023

YouTube Link: https://youtu.be/7Pdo_XuwMS8

In order to continue to implement recommended social distancing guidelines, HOC will conduct its January 11, 2023 monthly meeting through a hybrid model. HOC’s Board of Commissioners and certain staff will participate in-person. The public will continue to participate via an online platform and teleconference call until further notice.

		Res #
4:00 p.m. Page 4	I. <u>INFORMATION EXCHANGE</u> A. Community Forum B. Report of the Executive Director C. Commissioner Exchange	
4:30 p.m. Page 13 Page 22	II. <u>APPROVAL OF MINUTES</u> A. Approval of Minutes of December 7, 2022 B. Approval of Minutes of December 20, 2022 Special Session	
4:35 p.m.	III. <u>CONSENT</u> A. None	
4:40 p.m.	IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 27	A. Budget, Finance and Audit Committee – Com. Nelson, Chair 1. Fiscal Year 2023 First Quarter Budget to Actual Statements: Presentation of First Quarter FY’23 Budget to Actual Statements	23-01 (pg. 34)
5:00 p.m. Page 40	2. Uncollectible Tenant Accounts Receivable: Authorization to Write-off Uncollectible Tenant Accounts Receivable (July 1, 2022 – September 30, 2022)	23-02 (pg. 45)
5:20 p.m. Page 46	3. Procurement of Property Management Services: Extension of Property Management Contract for Elizabeth House	23-03 (pg. 49)
5:40 p.m. Page 50	4. Revision of Fiscal Year 2022 Fourth Quarter Budget to Actual Statements: Acceptance of the Revised FY’22 Fourth Quarter Budget to Actual Statements	23-04 (pg. 33)
5:40 p.m. Page 55	B. Development and Finance Committee – Com. Simon, Chair 1. Mortgage Finance: Approval to Extend Contracts of the Bond Underwriting Team Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers, in Accordance with the Procurement Policy	23-05 (pg. 59)
6:00 p.m. Page 61	2. HOC Headquarters: Approval to Select and Negotiate a Guaranteed Maximum Price (“GMP”) contract with Paradigm Contractors, LLC for HOC’s New Headquarters Building	23-06 (pg. 72)
6:20 p.m. Page 74	3. Hillandale Gateway: Authorization for the Executive Director to Execute a Contract with CBG Building Group for an amount not to Exceed \$11.5 Million and to Provide a Limited Notice to Proceed (“NTP”) for the Early Start Work;	23-07 (pg. 87)

6:40 p.m. Page 90	<p>Approval of an Early Start Budget for Hillandale Gateway in an amount not to exceed \$14.5 Million; and Authorization of the Housing Production Fund (“HPF”) as a source for the Early Start Work in an amount not to exceed \$14.5 Million</p> <p>4. Hillandale Gateway: Approval of a Loan from the Housing Production Fund to Hillandale Gateway, LLC</p>	23-08 (pg. 95)
7:00 p.m.	<u>ADJOURN</u>	
	<u>DEVELOPMENT CORPORATION MEETINGS</u>	
7:05 p.m. Page 100	<u>VPC One Corporation</u> <ul style="list-style-type: none"> • Approval of Minutes of December 7, 2022 	
7:10 p.m.	<u>ADJOURN</u>	
7:10 p.m. Page 105	<u>VPC Two Corporation</u> <ul style="list-style-type: none"> • Approval of Minutes of December 7, 2022 	
7:15 p.m.	<u>ADJOURN</u>	

NOTES:

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

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

Information Exchange

HOC AT-A-GLANCE: DECEMBER 2022

During the month of December, HOC continued to engage in its core activities providing support and enrichment programming to our clients, fulfilling our federal obligations and enhancing our clients' experience. This month we spotlight an important broadband initiative resulting from HOC's partnership with Montgomery Connects to help bridge the digital divide among County residents. We continue to highlight services provided by our Office of Resident Services in addition to special holiday-related activities, updates from our Housing Resources and Information Technology Divisions, as well as key Real Estate Development activities and Legislative updates.

HOC BROADBAND INITIATIVE

HOC partnered with Montgomery Connects to host a two-day event designed to help address the County's digital divide by providing ready access to computers and the internet.

On December 3, 2022, HOC and Montgomery County staff held the first event at the Gaithersburg Library. The purpose of this event was to enroll County residents into the Affordable Connectivity Program ("ACP") to receive up to \$45 credit in internet services, and to complete pre-registration for free laptops. Our efforts resulted in 153 households receiving assistance with ACP broadband applications, of which an estimated 114 were HOC customers. Prior to this event, 151 customers reported not having discounted internet services.

The second event—held December 10, 2023 at Lakeforest Mall—involved distributing free computers to 382 Montgomery County residents, of which 287 were HOC customers. Ninety-three percent (93%) of HOC customers who received a free computer reported not having a laptop prior to the event and 74% of customers were using their smartphone as a computer.

Discussions are underway with Montgomery Connects to provide similar programs in the near future.

LEGISLATIVE UPDATE

General Updates

The Maryland General Assembly will convene with the swearing in of members at noon on Wednesday, January 11, 2023, beginning the 90-day session that will adjourn on April 10, 2023.

The inauguration of Governor-Elect Wes Moore and Lt. Governor-Elect Miller will be held on Wednesday, January 18, 2023.

The County Council will return from its winter recess and resume weekly Council sessions on January 17, 2023.

County Bill 33-22: Capital Improvements Program – Affordable Housing Feasibility Study – Required (Sponsor: Friedson)

Under current law, the County Executive is required to complete an affordable housing assessment for each applicable capital project as part of facility planning. This bill would require the County Executive to submit to the Council an affordable housing feasibility study prior to facility planning, development of the program of requirements, site selection, or land acquisition of any eligible capital project. The Council would then have 30 days to approve or disapprove of the County Executive’s analysis and conclusions. This bill was introduced in November 2022, and the Public Hearing is scheduled for January 17, 2023.

RESIDENT SERVICES UPDATE

Service Coordination and Programming

The Service Coordination and Programming Units provide assessment, counseling, information, referrals and program services to HOC customers. During December 2022, staff continued to provide services virtually and in person. Resident Counselors continued to engage with HOC customers to determine their needs. Customers were referred to our partners to receive food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID Rental Assistance Program, the Emergency Rental Assistance Program, and the Housing Stabilization Program.

HOC’s customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process applications for rental assistance. Resident Counselors have also attended the Housing Resources Division’s virtual briefings for new voucher recipients to provide information on the services that Resident Services offer. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights for December activities of Resident Counselors include the following:

1. Cider Mill

- a.** Distributed gift cards to customers to provide holiday assistance.
- b.** The Montgomery County Department of Health and Human Services’ Street Outreach Network (“SON”) continued to facilitate the Safe Zones program at Cider Mill. Safe Zones is an afterschool initiative that provides safe places and programming for youth. The goal of the initiative is to prevent violence in the community.
- c.** Continued to assist Property Management staff to address rent delinquencies by conducting outreach, assessments, and providing referrals for customers who have rent arrearages.
- d.** Attended Watkins Mills Cluster Collaboration meeting on December 2 to share information and determine the best ways to assist students living at Cider Mill and the surrounding communities.

2. Seneca Ridge

- a. "SON" kicked off the Safe Zones program at Seneca Ridge by hosting a Christmas party and by distributing gifts for families on December 16.

3. Workshops

- a. Facilitated the Fundamentals of Housing workshops on December 21 and December 22.
- b. Facilitated Resource Sharing workshops on December 27 and December 29.

4. Resident Well Being

- a. In partnership with Legislative and Public Affairs, facilitated a "Holiday Shop" event on December 9 in the Kensington gym. The event provided over 50 youth from Magruder's and Seneca Ridge with "HOC bucks" to purchase donated gifts for their parents. Additionally, youth enjoyed food, music, games, wrapping gifts and making holiday ornaments.
- b. Facilitated a holiday luncheon for customers at Bauer Park on December 10.
- c. Distributed toys to youth and gift cards to parents from Town Centre Place on December 10.
- d. In partnership with Olney Moms, distributed gifts to families from Town Centre Place on December 15.
- e. In partnership with Arts for the Aging, facilitated a holiday luncheon for customers at Arcola Towers on December 16.
- f. Facilitated a "Celebrating Good Times" holiday event for customers at The Fenton on December 16.
- g. Facilitated a holiday party for customers at Residences on the Lane on December 16.
- h. Referred families from various properties to receive bicycles through the Emmanuel Brinklow Church Bicycle Distribution held on December 17.
- i. Facilitated a holiday dinner party for customers at Forest Oak Towers on December 18.
- j. Facilitated holiday gift card distributions for families at Southbridge on December 6; Paddington Square on December 15; Stewartown and Shady Grove on December 17; Spring Garden on December 10 and Georgian Court on December 20.
- k. Facilitated an International Potluck Holiday Dinner/Celebration for customers at Waverly House on December 20.
- l. Facilitated a family photo booth and Christmas party for families at Tanglewood on December 20.
- m. In partnership with the Rainbow Christian Development Center, facilitated the annual holiday basket distribution on December 21 for families at Tanglewood.
- n. In partnership with the Community Foundation, facilitated a holiday party for youth at the Willows on December 21.
- o. Facilitated an Ice Cream Social and Holiday Door Decorating Contest for customers at Washington Square on December 22.
- p. In partnership with Omega Psi Phi Fraternity, facilitated a holiday event which included toy giveaways for youth at Town Centre Place and Sandy Spring on December 23.

5. Relocation and Re-Certification Assistance

- a. Assisted customers on an ongoing basis with relocations and other needs for RAD and renovation projects at Residences on the Lane, Stewartown Homes, Shady Grove Apartments, Willow Manor Apartments, Bauer Park Apartments, Town Center Olney, Sandy Spring Meadows, Willow Manor and Georgian Court Apartments.
- b. Provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

6. Rental Assistance

- a. Continued to conduct outreach to customers to provide information on, and assist them in applying for rental assistance through the Community Development Block Grant (“CDBG”) Program, as well as the Emergency Rental Assistance Program (“ERAP”).

The Resident Services Division develops and implements programs that provide meals, educational, recreational and enrichment opportunities for HOC’s customers. Listed below are highlights of programming activities for December 2022.

The Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, Capital Area Food Bank’s Senior Brown Bag, and My Groceries To Go Programs. In December, 375 HOC customers were provided with food. The Resident Services staff also continued to facilitate the Senior Nutrition Program, which provides meals and opportunities for seniors to socialize.

HOC Academy

The HOC Academy is an HOC initiative developed to help its customers reach their fullest potential by providing educational, enrichment, job training, and job placement opportunities to youth and adults. The program focuses on education and enrichment for youth education and workforce development for adults. Listed below are highlights for December 2022.

Youth Education/Enrichment

- **HOC Academy staff hosted an iFLY Family STEM Night for youth and their families on December 16. The youth enjoyed indoor skydiving, dinner, and STEM-themed gear.**
- Participants in the First-generation College Bound program continued to work with their coach during the month of December.
- **The “STEAMsational” Lab program continued during the month of December and focused on activities, challenges, and a Gingerbread House STEAM project.**

Adult Education and Workforce Development

Small Business Strategy Course (“SBSC”) alumni continue to report their progress and new business ventures. Below are participant highlights from the Tuition Assistance Program (TAP):

- Krystal Rodriguez reported new employment at Gabes.
- Twenty-three (23) TAP participants successfully completed the fall 2022 academic semester at Montgomery College and other educational and training institutions.

Financial Literacy

The Financial Literacy Coach continued to work with HOC’s customers and individuals on the Housing Path waitlist on creating a financial foundation. During December, the Financial Literacy Coach provided one-on-one financial literacy coaching to 17 HOC customers and eight (8) individuals from the HousingPath waitlist. The coaching sessions continued to cover topics including: creating a working budget, identifying disposable income, reading one’s credit report, and creating and accomplishing monthly financial goals. During December, the Financial Literacy Coach did not facilitate financial literacy workshops; however, they will resume in January 2023.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to participants who are formerly homeless with disabilities. The program services some of the most vulnerable residents of the county. In December, the program served 230 participants. Throughout the month program staff continued to conduct home visits, provide case management services, and pay rent and utilities. Additionally, program staff also continued to help Emergency Voucher recipients secure housing by providing housing location services, as well as financial assistance for application fees, security deposits, moving expenses and household items.

Program staff also continued to implement the Rent Supplement Program (“RSP”), which provides a shallow rental subsidy (up to \$600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. During December, program staff exceeded the target number of 275 participants, serving 278 families. Based on subsidy levels, this number can be financially maintained. The total number of families served will fluctuate based on the average amount of subsidy paid for all program participants.

Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a ‘best practice’ model. HOC was awarded an additional grant and is currently in year [Year of Grant] of the new grant period. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. On December 2nd, **the program graduated 13 fathers from the November cohort**. For the month of December, 35 fathers were enrolled for the cohort that will begin in January 2023.

HOUSING RESOURCES UPDATE

Housing Choice Voucher (“HCV”) Program

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The utilization rate has increased to 96%. Currently, 193 families with issued vouchers are searching for suitable units to rent; and 103 contracts are pending execution. Two-hundred and ten (210) families were selected from the HCV waitlist last month.

During December, the Housing Resources Division received eight requests for voucher extensions beyond the initial 90-day period. The requests included search records reflecting efforts made to secure housing during the voucher term and the landlords who were contacted. The extension requests did not warrant a referral to the Human Rights Commission nor the Commission on Civil Rights for possible discrimination.

On December 14, 2022, staff met with the Elder Law Section of the Montgomery County Bar Association to provide an overview of the Housing Choice Voucher Program. The presentation included information regarding eligibility criteria, the application process, and HOC contacts. Moreover, the presentation was tailored to provide information regarding special programs for low-income seniors and non-elderly disabled households. Approximately 15 attorneys were present.

RENTCafé Used to Support Online Annual Recertifications

This month, HOC introduced the use of RENTCafé to assist with annual recertifications. Customers with recertifications effective December 2022, were required to submit their annual recertification paperwork electronically. Staff enlisted the IT Division to provide technical support to customers requiring assistance with the submission of recertification materials. Overall, 473 out of 728 customers submitted their paperwork electronically. We will continue to accept mailed submissions from customers who do not have email or who prefer to submit information by mail. We anticipate that more families will utilize the online portal as they become more comfortable with the technology.

Ninety-four (94) customers were recommended for program termination effective December 30, 2022. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why recertifications were not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and to provide assistance. They were able to assist eighty-five (85) families with the recertification requirement and overturn the termination. Termination proceedings will continue for nine families for the following reasons:

- 2 - Deceased
- 2 - Skip
- 1 - Evicted
- 4 - Failed to respond to Counselor outreach

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

Emergency Housing Vouchers (“EHVs”)

HOC has an allocation of 118 Emergency Housing Vouchers. Currently 92 families have successfully leased units. Fifteen (15) families with issued vouchers are searching for suitable units to rent. Staff are reviewing two (2) certification packets to determine program eligibility. HOC requested nine (9) additional referrals from HHS for the EHV Program.

Family Self Sufficiency (“FSS”) Update

During December, FSS staff continued recruitment efforts. Four (4) new families enrolled in the FSS program, resulting in a total of 362 program participants. Forty (40) current FSS families expressed interest in changing to the new FSS Contract of Participation, approved by HUD in November 2022. The new contract allows the family greater flexibility, including the designation of any adult household member as the FSS head of household, and being free of welfare assistance at the time of graduation. Staff are in the process of completing the contract transfers.

Staff met with members of Emmanuel Brinklow Church to establish the upcoming calendar of financial literacy seminars. The first seminar is anticipated to commence in February 2023, and will include topics such as student debt forgiveness, credit restoration, crypto currency, and peer to peer cash sharing changes in Zelle, Cash App and Venmo.

FSS participants remain committed to the alliances formed with the FSS Case Managers. Due to the ongoing COVID-19 pandemic, all meetings are conducted virtually. FSS Case Managers continue to work with customers on their long- and short-term self-sufficiency goals. During monthly remote meetings, Case Managers offer integrated strategies for self-care, personal goal fulfillment and emotional support.

Community partnerships continue to be a capstone of the program. In conjunction with person-centered planning efforts, Case Managers solicit feedback from customers to determine the effectiveness of previously provided resources. Maintaining continuous feedback ensures that referrals to external partners continue to meet individual goals and exceed expectations.

INFORMATION TECHNOLOGY UPDATE

Yardi PHA Client Portal for RENTCafé

The Housing Choice Voucher program participants' utilization of the Yardi PHA Client Portal for RENTCafé continues to grow. The total population of registered HCV participants and participants who have been contacted to enroll in the system decreased from 2,817 to 2,672 over last month. Below are recent statistics which reflect participation from November 29, 2022 - January 5, 2023.

Status of HCV Participant System Enrollment and Recertification	11/29/2022	1/5/2023	Rate of Increase
Completed registration	2,176	2,489	+14.4 %
Contacted for enrollment	641	283	-56%
Completed annual recertification online	1,798	1,650	-8.2%

Sixty-six percent (66%) of registered participants have completed their annual recertification online through the portal. There was a notable decrease in this measure from last month's report, which may have resulted from the transmission of annual recertifications which were fully reviewed and processed by HOC's Housing Specialists to the U.S. Department of Housing and Urban Development ("HUD"). Once the annual recertifications are transmitted to HUD, they are no longer active in RENTCafé. The months of November 2022 - April 2023 are presently available for registered participants to complete their online annual recertification.

Written and electronic communications continue to be sent to the members of the first and second cohorts of HCV program participants who have not registered or have registered, but have not started their online annual recertification process for follow up. One hundred twenty-two (122) requests for extended technical assistance were fielded by User Technical Support in the Information Technology Division for the month of December 2022.

REAL ESTATE DEVELOPMENT UPDATE

Project Updates

The Metropolitan Apartments, Bethesda, MD

Work continues at the 308-unit Metropolitan Apartments development. Work includes green roof repairs, excavation of existing soil and waterproofing removal. Work began on September 19, 2022 with estimated project completion slated for September 2023. Related to the larger renovation of the community, staff held a Request for Proposals (“RFP”) pre-proposal conference on January 4, 2023 to identify a general contractor to renovate the property. Contractor selection may occur between the first and second quarters of calendar year 2023.

Heritage Emory Grove Community Event

On December 19, 2023, members of my staff and I met with representatives of the Heritage Emory Grove United Methodist Church Development Committee at the site of Main Street Inclusive Apartments. The purpose of the meeting was to discuss broader redevelopment plans for Emory Grove, HOC’s background, and our role. The meeting was well attended by members of the community, Emory Grove Church, and other key stakeholders who learned how they too would be instrumental in determining the path forward for this exciting redevelopment.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

December 7, 2022

22-12

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, December 7, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:08 p.m. Those in attendance were:

Present

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

Via Zoom

Pamela Byrd

Also Attending

Chelsea Andrews, Executive Director
Aisha Memon, General Counsel
Guidy Paul
Zachary Marks
Ken Silverman
Tia Blount
Bonnie Hodge
Matt Husman
Timothy Goetzinger

Kayrine Brown, Deputy Executive Director
Lynn Hayes
Jennifer Washington
Jeremiah Battle
Marcus Ervin
John Vass
Paige Gentry
Fred Swan

Also Attending via Zoom

Kashif Paul
Nitin Gupta
David Brody
John Broullire

Jay Shepherd
Darcel Cox

IT Support

Irma Rodriguez
Aries "AJ" Cruz
Genio Etienne

Commission Support

Patrice Birdsong, Special Assistant to the Commission

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating.

I. **Information Exchange**
Community Forum

- There were no speakers who signed up to address the Board.

Executive Director

- Chelsea Andrews, Executive Director, provided an overview of the written report as well as a slide presentation of events.

Commissioner Exchange

- Chair Priest announce that the inauguration of County Executive was held on December 5, 2022.

II. **Approval of Minutes** – The minutes were approved as submitted with 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.

A. Approval of Minutes of November 16, 2022

B. Approval of Minutes of November 16, 2022 Closed Session

III. **CONSENT**

A. Approval of the Appointment of Lexan McDowell to the Board of Directors of Housing Opportunities Community Partners, Inc.

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

RESOLUTION NO.: 22-80

**RE: Approval of the Appointment of
Lexan McDowell to the Board of Directors of
Housing Opportunities Community Partners, Inc.**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) approved the creation of the non-profit organization, Housing Opportunities Community Partners, Inc. (“HOCP”), in 1999 to support the residents and programs of HOC; and

WHEREAS, HOC is required, by the HOCP bylaws, to approve nominees to the HOCP Board of Directors; and

WHEREAS, the HOCP Board of Directors unanimously nominated Lexan McDowell to serve on the Board for a three-year term.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the nomination of Lexan McDowell to serve on the HOC Board of Directors is approved.

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

B. Recognition of Retirement for Patrice Birdsong

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.: 22-81

RE: Recognition of Retirement for Patrice Birdsong

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) wishes to express its sincere gratitude and thanks to Patrice Birdsong (“Ms. Birdsong) for her 32 years of service to the agency and the community;

WHEREAS, Ms. Birdsong began her career with HOC on July 30, 1990 in the role of Administrative Assistant III;

WHEREAS, over the years, Ms. Birdsong filled many roles at the agency, including Program Assistant, Administrative Assistant to the Chief of Staff, Administrative Assistant to the Labor Relations Manager, and finally ending as the Special Assistant to the Commission;

WHEREAS, in the role as Special Assistant to the Commission, Ms. Birdsong played a pivotal role in facilitating Commission communications and meetings, including collaborating with the Executive Director and staff in agenda formulation; preparing Committee and Commission briefbooks; maintaining the minutes, resolutions, and historical records of the Commission; and assisting in ensuring the Commission complied with various legal requirements; and

WHEREAS, Ms. Birdsong’s consistently positive attitude, immeasurable kindness, and assiduous execution of her job responsibilities earned her numerous awards, certificates of appreciation, and recognition throughout the agency, and made her invaluable to the Commission and staff.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County extends its wholehearted appreciation to Ms. Birdsong for her innumerable contributions to the agency, and wishes her peace, happiness, and joy in her retirement.

IV. COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION

A. Development and Finance Committee – Com. Simon, Chair

- 1. Emory Grove: Approval of a Predevelopment Budget and for HOC to Fund a Predevelopment Loan to Emory Grove United Methodist Church (“EGUMC”) for Design, Entitlement, and Permitting of the Aggregated EGUMC Parcel**

Commissioner Simon opened the floor to Executive Director Andrews who provided an overview and introduction of Marcus Ervin, Director of Real Estate Development, and Zachary Marks, Chief Real Estate Investment Officer, to provide the presentation.

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

RESOLUTION NO.: 22-83

RE: Authorization of the Executive Director to Negotiate and Enter into a Development Advisory Services Agreement with EGUMC; Approval of a Predevelopment Loan to EGUMC; and Approval of an Initial Predevelopment Budget for the EGUMC Assemblage

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “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, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, on April 1, 2020, the Commission approved exploring a joint development concept with Emory Grove United Methodist Church (“EGUMC”) to explore the aggregation and redevelopment of certain properties owned by HOC, EGUMC, Montgomery County (“County”), and the Maryland-National Capital Park and Planning Commission (“M-NCPPC”) near HOC’s Emory Grove Village (“EGV”) and Camp Hill Square (“CHS”) located in Gaithersburg, Maryland (collectively, “Heritage Emory Grove”); and

WHEREAS, all of the properties were once part of a unified, 300-acre community begun by freed slaves and EGUMC was the historical center of that community; and

WHEREAS, on October 6, 2021, the Commission approved an amended acquisition loan from HOC to EGUMC in the amount of \$720,000 with a maturity date of November 29, 2026 for EGUMC to acquire the house located at 17810 Washington Grove Lane, Gaithersburg, Maryland (“17810 WGL”) and permit EGUMC to pay off a mortgage for their property located at 17812 Washington Grove Lane, Gaithersburg, Maryland (“17812 WGL”); and

WHEREAS, each of 17810 WGL and 17812 WGL are located adjacent to the other properties EGUMC owns surrounding its primary location at 8200 Emory Grove Road, Gaithersburg, Maryland (together with 17810 WGL and 17812 WGL, “Current Holdings”); and

WHEREAS, EGUMC seeks HOC’s advice and assistance in designing, entitling, and permitting the redevelopment of the Current Holdings and any other property that may be included in the development application for the Current Holdings (“EGUMC Assemblage”) and the Commission desires to provide such advice and assistance; and

WHEREAS, EGUMC and HOC wish to enter into a development advisory services agreement to establish the terms of the development advisory services to be provided to EGUMC for the development of the EGUMC

Assemblage (a “DASA”), which DASA will have an initial term of one year with four annual renewals, and pursuant to which in exchange for development advisory services provided by HOC, EGUMC will pay HOC the accrued cost of HOC staff time and reasonable related expenses at the construction financing; and

WHEREAS, HOC staff projects an initial budget of \$1.65MM to design, entitle, and permit the development of the EGUMC Assemblage (“Development Budget”); and

WHEREAS, EGUMC seeks HOC’s financial assistance in funding the initial budget of \$1.65MM via a predevelopment loan from HOC (“Predevelopment Loan”); and

WHEREAS, in exchange for providing EGUMC with the Predevelopment Loan, HOC would receive a first lien on the EGUMC Assemblage; HOC would require a minimum of 30% of all constructed units to be restricted at or below 65% of the area median income (“AMI”) for the Washington Metropolitan Statistical Area; and HOC would hold sole approval rights over all amendments to the Development Budget; and

WHEREAS, the Predevelopment Loan would expire the sooner of November 29, 2026, or the closing of construction financing for the EGUMC Assemblage; would carry accrued interest payments equivalent to the higher of the midterm Applicable Federal Rate and the actual cost of funds to HOC; and would be fully repaid from the construction financing for the EGUMC Assemblage.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to negotiate and execute a development advisory services agreement with EGUMC consistent with the terms presented to the Commission at today’s meeting.

BE IT FURTHER RESOLVED that the Commission approves an initial budget of \$1.65MM for the design, entitlement, and permitting of the EGUMC Assemblage.

BE IT FURTHER RESOLVED that the Commission approves a predevelopment loan by HOC to EGUMC of \$1.65MM on terms consistent with those presented to the Commission at today’s meeting to be funded from the Opportunity Housing Reserve Fund.

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

2. VPC One and VPC Two: Authorization to Reissue Tax Exempt Indebtness

Commissioner Simon opened the floor to Executive Director Andrews who provided an overview, introducing Jennifer Washington, Acting Director of Mortgage Finance, and Jeremiah Battle, Senior Multifamily Underwriter, who provided the presentation.

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

RESOLUTION NO.: 22-84

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, AUTHORIZING AN EXTENSION OF AN EXISTING TAX-EXEMPT LOAN CURRENTLY OUTSTANDING IN THE PRINCIPAL AMOUNT NOT EXCEEDING \$48,000,000 UNDER A LOAN AGREEMENT WITH PNC BANK, NATIONAL ASSOCIATION, WHICH LOAN REFINANCED CERTAIN CAPITAL EXPENDITURES OF VPC ONE CORPORATION AND VPC TWO CORPORATION AND PROVIDED FUNDS TO THE COMMISSION TO FINANCE CERTAIN OTHER CAPITAL EXPENDITURES, AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS TO EFFECT SUCH TRANSACTION.

WHEREAS, VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two” and together with VPC One, the “Corporations”), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery (“HOC”); and

WHEREAS, VPC One and VPC Two own 399 and 280 units, respectively, for a combined total of 679 scattered site properties throughout Montgomery County; and

WHEREAS, on December 7, 2016, HOC approved a Final Financing Plan for the Corporations to complete renovations, repay all renovation funds drawn on the PNC line of credit (the “PNC LOC”), repay draws from the Opportunity Housing Development Fund (“OHDF”), establish an initial replacement reserve escrow of \$1,200 per unit, provide a permanent financing facility (up to 10 years) for the Corporations by way of an EagleBank working capital non-revolving Line of Credit (“Eagle LOC”); and

WHEREAS, on March 7, 2017, the Corporations closed on the Eagle LOC for a combined loan amount of \$55,800,000, which required the establishment of a deposit account with no less than \$8.37 million (15% of the commitment amount of \$55.8 million); and

WHEREAS, HOC entered into a Loan Agreement dated December 21, 2017 (the “PNC Loan Agreement”) with PNC Bank, National Association (“PNC”) and the Corporations, under which PNC provided a tax-exempt loan to HOC of \$52,000,000 (the “PNC Loan”); and

WHEREAS, HOC loaned the proceeds of the PNC Loan to the Corporations (together, the “HOC Loan”), in connection with the “Refinancing Plan” presented to HOC on November 17, 2017, to provide funds (1) to refinance certain capital expenditures of the Corporations, by repaying certain outstanding draws under the PNC LOC and the Eagle LOC, and (2) to return to HOC the excess proceeds of the HOC Loan (after repayment of the draws described in (1)), and such excess proceeds were used to finance certain capital expenditures of HOC as eligible under tax regulations applicable to tax-exempt obligations; and

WHEREAS, the PNC Loan is a limited obligation of HOC, payable solely from payments to be made by the Corporations to HOC under the HOC Loan; and

WHEREAS, the PNC Loan is currently outstanding in the approximate amount of \$47,576,432 and currently matures on December 21, 2022; and

WHEREAS, in conjunction with the “Amended Refinancing Plan” for VPC One and VPC Two presented to HOC on this date, staff has determined that an extension of the PNC Loan to approximately August 2023 would allow HOC to refinance two different loans from PNC in a single transaction,

specifically the PNC Loan and a separate loan from PNC related to scattered sites owned by the Scattered Sites Two Development Corporation; and

WHEREAS, in order to accommodate the time needed for approval and documentation of the extension of PNC Loan to approximately August 2023, PNC has agreed to waive collection of the amount due on the original maturity date for approximately 30 days.

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

1. Approval of Financing. The Commission hereby approves (i) the extension of the PNC Loan and the HOC Loan and the related amendments to the PNC Loan documents, including amendments to the payment and interest rate terms, provided that the re-issuance of the tax-exempt PNC Loan will not exceed \$48 million, and the other documents approved hereby and executed and delivered pursuant to this Resolution and in connection with the Amended Refinancing Plan and (ii) the payment of all related costs and expenses of such extension and amendment of the PNC Loan from funds in the VPC Debt Service Reserve Fund held in the OH Bond Fund.

2. HOC Documents. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission is hereby authorized and directed to execute and deliver the amendments to the PNC Loan Agreement, the note evidencing obligations under the PNC Loan, and all other documents and certificates to be executed by the Commission in connection with the amendments to the PNC Loan Agreement, the PNC Loan and the HOC Loan (collectively, the "HOC Documents"), including without limitation, all tax documents in connection with the extension, amendment and tax reissuance of the PNC Loan, all in such forms as shall be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, the execution and delivery of such HOC Documents constituting conclusive evidence of such approval, and the Secretary of HOC, or any other Authorized Officer of HOC, is hereby authorized and directed to affix the seal of HOC to the HOC Documents and to attest the same, as necessary.

3. Terms; Ongoing Determinations. The Executive Director or other Authorized Officer 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, terms of payment, registration privileges, security and other terms, and to approve the interest rates on the PNC Loan, as amended, all of the foregoing to be specified in the related HOC Documents. The Executive Director or other Authorized Officer 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, is hereby authorized, from time to time during the period the PNC Loan is outstanding, to make ongoing determinations, pursuant to the terms of the financing documents relating to the PNC Loan, including, but not limited to, the giving and withholding of consents, the selection of providers and the refinancing and repayment of the PNC Loan, and the Executive Director or other Authorized Officer of the Commission, as the case maybe, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

4. Other Action. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer 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 PNC Loan and the accomplishment of the Amended Refinancing Plan.

5. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in the HOC 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 PNC Loan or be subject to personal liability or accountability by reason of the issuance thereof.

6. 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 amendments to the PNC Loan and the accomplishment of the Amended Refinancing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

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

8. Effective Date. This Resolution shall take effect immediately.

B. Administrative and Regulatory Committee – Com. Kelleher, Chair

1. Housing Resources – Voucher Payment Standards: Authorization to Implement Voucher Payment Standards Based on HUD FY 2023 Small Area Fair Market Rents

Commissioner Simon opened the floor to Executive Director Andrews who provided an overview introducing Lynn Hayes, Director of Housing Resources, and Guidy Paul, Assistant Director of Housing Resources, to provide the presentation.

The following resolutions were 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.: 22-82

RE: Authorization to Implement Voucher Payment Standards Based on HUD FY 2023 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” or “Commission”) 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, or 111 and 120 percent with an approved waiver from HUD, of the 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 2023 as shown on Exhibit A, subsequent to HUD's waiver approval.

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

Based upon this report and there being no further business to come before this session of the Commission, the meeting was adjourned with a motion by Vice Chair Kelleher and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon. The meeting adjourned at 5:18 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

December 20, 2022

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Tuesday, December 20, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:12 p.m. Those in attendance were:

Present

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

Absent

Linda Croom

Also Attending

Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Aisha Memon, General Counsel
Zachary Marks
Marcus Ervin
Timothy Goetzinger
Ellen Goff
Paige Gentry
Leidi Reyes
Ken Silverman

IT Support

Irma Rodriguez
Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

- I. **ITEMS REQUIRING DELIBERTION and/or ACTION**
 - A. **Second Discussion on Evaluation and Scoring Metrics for Property Management RFPs**

Chair Priest opened the meeting welcoming all to the Special Session convening to continue discussions on evaluation and scoring metrics for Property Management RFPs. Chair Priest opened the floor to Executive Director Chelsea Andrews.

Executive Director Andrews along with select staff provided a presentation highlighting changes to the RFP requested by the Commission and incorporated by staff, and feedback on the scoring metrics.

There was detailed discussion between the Board and staff. Questions and comments were addressed throughout the presentation.

No formal action was required.

B. HOC Five (5) Year Strategic Plan Overview and Timeline (2022 – 2028)

Executive Director Andrews provided a presentation outlining the approach and timeline of the Five Year Strategic Plan.

There was detailed discussion between the Board and staff. Questions and comments were addressed throughout the presentation.

No formal action was required.

Based upon this report and there being no further business to come before this special session of the Commission, the meeting was adjourned with a motion by Vice Chair Kelleher and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

The meeting adjourned at 6:08 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Consent Items

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

FISCAL YEAR 2023 (FY'23) FIRST QUARTER BUDGET TO ACTUAL STATEMENTS: ACCEPTANCE OF THE FIRST QUARTER FY' 2023 BUDGET TO ACTUAL STATEMENTS

January 11, 2023

- The Agency ended the first quarter of fiscal year 2023 with a net cash flow deficit of **(\$1,783,019)**, which resulted in a first quarter budget to actual negative variance of \$243,433.
- The General Fund experienced a negative income variance due to delayed Development Fee income and lower draws on the Opportunity Housing Reserve Fund ("OHRF") that was more than offset by savings in various expense categories.
- At the end of the first quarter, several of the unrestricted properties in the Opportunity Housing Fund underperformed budget expectations as a result of overages in various expense categories coupled with lower tenant income.
- The Housing Choice Voucher ("HCV") Program experienced an administrative surplus through September 30, 2022, as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses.
- The Budget Finance and Audit Committee reviewed this request at its meeting on December 21, 2022, and joins staff's recommendation that the Commission accept the first quarter of fiscal year 2023 budget to actual statements.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Fiscal Year 2023 (FY'23) First Quarter Budget to Actual Statements:** Acceptance of First Quarter FY'23 Budget to Actual Statements

DATE: January 11, 2023

OVERALL GOAL & OBJECTIVE:

Commission acceptance of the First Quarter FY'23 Budget to Actual Statements.

BACKGROUND:

The Executive Director presented the First Quarter FY'23 Budget to Actual Statements to the Budget, Finance and Audit Committee for informal review. Recommendations are being presented to the full Commission for formal action.

ISSUES FOR CONSIDERATION:

To assess the financial performance of the Housing Opportunities Commission of Montgomery County ("Agency") for the first quarter of FY'23 against the budget for the same period.

TIME FRAME:

For formal Commission action at the January 11, 2023 meeting.

The Budget, Finance and Audit Committee informally discussed the First Quarter FY'23 Budget to Actuals at the December 21, 2022, meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission formally accept the First Quarter FY'23 Budget to Actual Statements.

DISCUSSION – FIRST QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the first quarter of FY'23 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Housing Choice Voucher (“HCV”) Programs and all Capital Improvements Budgets.

HOC Overall (see Attachment A)

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 revenues, 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 FY'23 First Quarter Operating Budget to Actual Comparison (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'23 First Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the quarter with a net cash flow deficit of **(\$1,783,019)**. This deficit resulted in a first quarter budget to actual negative variance of \$243,433 when compared to the anticipated first quarter net cash flow deficit of **(\$1,539,586)**. The primary causes were lower unrestricted cash flow in some of the unrestricted Opportunity Housing properties as a result of property performance (see Opportunity Housing Fund) coupled with lower income in the General Fund partially offset by savings in various expense categories in the fund (see General Fund).

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 **(\$3,332,261)**, which resulted in a positive variance of \$903,023, when compared to the projected deficit of **(\$4,235,284)**.

As of September 30, 2022, income in the General Fund was \$1,002,980 lower than budgeted and expenses were \$1,906,003 lower than budgeted. The negative income variance was primarily the result of delay in the receipt of the Development Fee for Residences on the Lane due to delays in the lease-up that is now anticipated to be received in mid-2023 based upon achieving stabilized operations 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, maintenance contracts, COVID-19 expense and savings in capital projects, which resulted in lower transfers from the operating budget to cover the cost of the projects.

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 positive expense variance in both Bond Funds is a result of lapse in salary and benefits.

The Opportunity Housing Fund

Attachment B is a chart of the Net Cash Flow for 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'23 Operating Budget. This group ended the quarter with cash flow of \$1,282,691 or \$485,936 lower than projected.

- **Alexander House Dev Corp** ended the quarter with a deficit of **(\$248,776)**, which resulted in a negative cash flow variance of \$253,332 primarily as a result of greater than anticipated bad debt and maintenance expense. Cash flow at **The Barclay Dev Corp** was \$27,715 lower than anticipated due to overages in maintenance and administrative expenses that were partially offset by slightly higher gross rents and lower concessions. The **Metropolitan Dev Corp** ended the quarter with a positive cash flow variance of \$127,382 resulting from lower vacancy loss and the receipt of a settlement payment from a previous retail tenant for vacating early. Cash flow at **Montgomery Arms Dev Corp** was \$54,510 lower than anticipated primarily due to higher maintenance, utility and bad debt expenses coupled with a delay in the receipt of grant income for the McKinney units at the property that were partially offset by lower vacancy loss. **MPDU 59 Dev Corp** experienced a negative cash flow variance of \$39,202 as a result of greater than anticipated bad debt and maintenance expense coupled with higher vacancy loss. **Paddington Square Dev Corp** reported a negative variance of \$96,443 due to higher bad debt, maintenance and administrative expenses coupled with slightly lower gross tenant rents that were partially offset by lower vacancy loss. Cash flow for **Pooks Hill High-Rise** was \$308,448 more than budget primarily due to the receipt of an insurance claim from FY'21 that was partially offset by overages in maintenance and bad debt expenses. Cash flow at **Scattered Site One Dev Corp** was \$95,446 lower than anticipated due to higher bad debt and maintenance costs coupled with lower gross rents that were partially offset by lower vacancy loss. **Scattered Site Two Dev Corp** ended the quarter with a larger shortfall than was anticipated resulting in a negative cash flow variance of \$38,695 as a result of higher than anticipated Housing Association ("HOA") Fees, due to payments for prior periods, bad debt and utility expense coupled with lower gross rents that were partially offset by savings in maintenance costs. **VPC One Dev Corp** experienced a negative cash flow

variance of \$233,445 due to greater than anticipated bad debt, maintenance, HOA and tax expenses that were partially offset by slightly higher gross rents and lower vacancy loss. **VPC Two Dev Corp** experienced a negative variance of \$84,188 due to overages in bad debt expense that was partially offset by savings in maintenance, administrative and utility expenses coupled with lower vacancy loss and slightly higher gross rents

- The second group consists of properties whose cash flow will not be used for the Agency's FY'23 Operating Budget. Cash flow from this group of Development Corporation properties was \$166,549 less than budgeted for the quarter. **MetroPointe** experienced a positive cash flow variance of \$27,763 as a result of higher gross rents and lower vacancy loss coupled with savings in administrative and maintenance costs that were partially offset by overages in bad debt and security expenses. Cash flow at the **Oaks at Four Corners Dev Corp** was \$58,308 higher than anticipated due to savings throughout most expense categories coupled with lower vacancy loss. The **RAD 6 Dev Corp** properties ended the quarter with a shortfall of **(\$370,188)**, which resulted in a negative cash flow variance of \$252,620 when compared to the projected shortfall of **(\$117,568)**. Collectively, this resulted from overages in bad debt and maintenance expenses coupled with higher vacancy loss partially offset by savings in administrative expenses.

Attachment C is a chart of the Net Cash Flow for 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'23 Operating Budget. This group ended the quarter with cash flow of \$266,551 or \$660,520 less than projected. Cash flow at **MPDU I (64)** was \$86,824 lower than anticipated as a result of overages in bad debt and maintenance expenses coupled with higher vacancy loss. **Avondale Apartments** reported a negative cash flow variance of \$22,438 primarily due to higher vacancy loss coupled with higher maintenance and bad debt expenses that were partially offset by higher gross tenant rents and administrative savings. **Barclay Affordable** experienced a negative cash flow variance of \$44,026 as a result of overages in maintenance and administrative costs that were partially offset by savings in utilities and slightly higher gross rents. **Bradley Crossing** ended the quarter with a negative variance of \$126,532 as a result of lower gross rents and higher vacancy loss coupled with overages in utility, maintenance and debt expenses, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), that were partially offset by savings in administrative and bad debt expenses. **Camp Hill Square** experienced a negative cash flow variance of \$31,768 as a result of higher vacancy loss coupled with higher maintenance and bad debt expenses that were partially offset by slightly higher gross rents and lower administrative and utility costs. **Elizabeth House Interim RAD** ended the quarter with a positive cash flow variance of \$138,248 as a result of higher tenant income that was partially countered by overages in most expenses categories. **Fairfax Court** ended the quarter with negative cash flow variances of \$36,098 as a result of higher than anticipated maintenance, bad debt and administrative expenses. **Georgian Court Affordable** and **Shady Grove Apartments**, which were

resyndicated as Low Income Housing Tax Credit (“LIHTC”) properties in December 2021, incurred audit expense related to the CY’21 audit. **Manchester Manor** reported a negative cash flow variance of \$72,851 due to overages in most expense categories. **McKendree** experienced a negative cash flow variance of \$14,569 as a result of overages in bad debt and maintenance expenses. Cash flow for **MHLP VII** was \$43,264 lower than projected as a result of higher vacancy loss coupled with overages in bad debt and administrative expenses partially offset by savings in maintenance cost. Cash flow for **MHLP IX Pond Ridge** was \$30,020 lower than budget as a result of overages in bad debt, tax and utility expenses that was partially offset by savings in maintenance cost. **MHLP IX Scattered Sites** experienced a negative cash flow variance of \$101,712 mainly due to overages throughout most expense categories coupled with higher vacancy loss. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of \$16,931 primarily as a result of higher security expense resulting from a fire watch at the property due to a faulty fire panel that has since been replaced. **Strathmore Court** experienced a negative cash flow variance of \$44,186 as a result of overages in most expense categories coupled with higher concessions partially offset by higher gross rents and lower vacancy loss. **Westwood Towers** experienced a negative cash flow variance of \$66,027 as a result of higher administrative, maintenance, security and bad debt expenses coupled with higher concessions that were partially offset by lower vacancy loss and higher parking income coupled with savings in utility costs. Cash flow at **The Willows** was \$20,087 lower than anticipated due to overages in maintenance, bad debt and utility expenses that were partially offset by higher gross rents and lower vacancy loss coupled with savings in administrative and tenant service expenses.

- The second group consists of properties whose cash flow will not be used for the Agency’s FY’23 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 \$452,231 less than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of \$9,373 mainly driven by interest paid on the outstanding debt on the PNC RELOC and taxes. There are sufficient reserves at the property to cover the costs. **Battery Lane**, which was acquired on May 25, 2022 ended the quarter with a negative cash flow variance of \$32,275 largely due to lower gross rents coupled with overages in utility, maintenance and debt service that were partially offset by savings in administrative and tenant services expenses. **Brooke Park** experienced a negative cash flow variance of \$43,014, mainly resulting from a delay in occupying the units post renovation coupled with overages in maintenance expenses. Cash flow at **Brookside Glen** was \$41,309 lower than anticipated due to higher maintenance, utility, and security expenses coupled with lower gross rents that were partially offset by savings in administrative costs and lower vacancy loss. **Cider Mill** reported a negative cash flow variance of \$138,562 due to higher vacancy loss coupled with higher bad debt, utility and security expenses that were partially offset by savings in maintenance and administrative expenses. **Dale Drive** ended the quarter with a shortfall of **(\$11,197)** resulting in a negative cash flow variance of \$14,863 as a result of overages in utility costs based on bill corrections. **Diamond Square** ended the quarter with a negative cash flow variance of \$104,069 primarily as a result of overages in maintenance

and utility costs coupled with slightly lower gross rents and higher vacancy loss that were partially offset by savings in administrative and bad debt expenses. **Paint Branch** experienced a negative cash flow variance of \$17,317 due to lower gross tenant rents coupled slightly higher vacancy loss and bad debt expense partially offset by small saving in maintenance, administrative and utility costs. **State Rental Combined** experienced a negative cash flow variance of \$56,012 as a result of higher vacancy loss coupled with overages in bad debt expense that were countered by savings in maintenance and administrative expenses.

The Public Fund (Attachment D)

- The Housing Choice Voucher Program (“HCVP”) ended the quarter with a shortfall of \$382,875. The shortfall was comprised of Housing Assistance Payments (“HAP”) that exceeded HAP revenue by \$469,665 countered by an administrative surplus of \$86,790. The HAP shortfall will be covered by a draw from the HCVP reserve known as the Net Restricted Position (“NRP”), which includes funds received in prior years that were recognized but not used. The administrative surplus was the result of higher than anticipated administrative fee income coupled with savings in administrative expenses due largely to staff turnover. The higher administrative fee income was primarily the result of a higher proration factor that was changed from 88% to 89.2% coupled with the increased utilization rate.

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’23. 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.

- **Manchester Manor** has exceeded its FY’23 capital budget due to work required for the Real Estate Assessment Center (“REAC”) inspection. **Paddington Square** overspent as a result of unanticipated pipe replacements and turnover costs for Friendly Gardens (site of the 2021 building explosion). There were also nominal overages at **Brooke Park**, **Metropolitan Affordable**, **617 Olney Sandy Spring Road**, the **NCI** units and **Sandy Spring Meadow**.

Resolution No. 23-01:

**Re: Acceptance of the First Quarter
FY'23 Budget to Actual Statements**

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 First Quarter FY’23 Budget to Actual Statements during its January 11, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the First Quarter FY’23 Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on January 11, 2023.

Chelsea Andrews
Executive Director

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FY 2023 First Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(3 Months) Budget	(3 Months) Actual	Variance
General Fund			
General Fund	(\$4,235,284)	(\$3,332,261)	\$903,023
Administration of Multifamily and Single Family Fund			
Multifamily Fund	\$671,331	\$705,889	\$34,558
Draw from / (Restrict to) Multifamily Bond Fund	(\$671,331)	(\$705,889)	(\$34,558)
Single Family Fund	\$417,749	\$473,014	\$55,265
Draw from / (Restrict to) Single Family Bond Fund	(\$417,749)	(\$473,014)	(\$55,265)
Opportunity Housing Fund			
Opportunity Housing Properties	\$927,071	\$266,551	(\$660,520)
Development Corporation Property Income	\$1,768,627	\$1,282,691	(\$485,936)
OHRF			
OHRF Balance	\$949,513	(\$186,041)	(\$1,135,554)
Excess Cash Flow Restricted	(\$949,513)	\$0	\$949,513
Draw from existing funds	\$0	\$186,041	\$186,041
Net -OHRF	\$0	\$0	\$0
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	(\$1,539,586)	(\$1,783,019)	(\$243,433)
Public Fund			
Housing Choice Voucher Program HAP (2)	(\$986,910)	(\$469,665)	\$517,245
Housing Choice Voucher Program Admin (3)	(\$298,099)	\$86,790	\$384,889
Total -Public Fund	(\$1,285,009)	(\$382,875)	\$902,134
Public Fund - Reserves			
(1) Draw from / Restrict to HCV Program Cash Reserves	\$986,910	\$469,665	(\$517,245)
(2) Draw from / Restrict to HCV Program Excess Admin Fee	\$298,099	(\$86,790)	(\$384,889)
SUBTOTAL - Public Funds	\$0	\$0	\$0
TOTAL - All Funds	(\$1,539,586)	(\$1,783,019)	(\$243,433)

FY 2023 First Quarter Operating Budget to Actual Comparison

	Capital Expenses		Variance
	(12 Months) Budget	(3 Months) Actual	
General Fund			
880 Bonifant	\$50,000	\$4,483	\$45,517
East Deer Park	\$112,000	\$0	\$112,000
Kensington Office	\$100,000	\$9,395	\$90,605
Information Technology	\$825,000	\$122,975	\$702,025
Opportunity Housing Fund	\$6,328,008	\$2,258,059	\$4,069,949
TOTAL - All Funds	\$7,415,008	\$2,394,912	\$4,974,579

FY 2023 First Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(3 Months)	Variance		(3 Months)	Variance
	Net Cash Flow	Income	Expense	Net Cash Flow	
	Budget			Actual	
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	\$4,556	(\$8,854)	(\$244,477)	(\$248,776)	(\$253,332)
The Barclay Dev Corp	(\$13,601)	\$20,182	(\$47,897)	(\$41,316)	(\$27,715)
Glenmont Crossing Dev Corp	\$127,821	(\$22,601)	\$15,282	\$120,502	(\$7,319)
Glenmont Westerly Dev Corp	\$87,221	(\$3,853)	(\$4,934)	\$78,434	(\$8,787)
Magruder's Discovery Dev Corp	\$197,247	(\$2,828)	\$11,848	\$206,267	\$9,020
The Metropolitan Dev Corp	\$438,659	\$127,505	(\$122)	\$566,041	\$127,382
Metropolitan Affordable	(\$95,588)	\$4,833	\$1,263	(\$89,493)	\$6,095
Montgomery Arms Dev Corp	\$144,081	(\$11,842)	(\$42,668)	\$89,571	(\$54,510)
MPDU II (59) Dev Corp	\$85,409	(\$16,153)	(\$23,049)	\$46,207	(\$39,202)
Paddington Square Dev Corp	\$169,517	(\$2,882)	(\$93,561)	\$73,074	(\$96,443)
Pooks Hill High-Rise Dev Corp	\$189,850	\$329,913	(\$21,465)	\$498,298	\$308,448
Scattered Site One Dev Corp	(\$3,741)	(\$15,482)	(\$79,964)	(\$99,187)	(\$95,446)
Scattered Site Two Dev Corp	(\$29,980)	(\$6,453)	(\$32,242)	(\$68,675)	(\$38,695)
Sligo MPDU III Dev Corp	(\$12,889)	\$3,351	(\$1,149)	(\$10,688)	\$2,201
VPC One Dev Corp	\$300,932	\$50,502	(\$283,946)	\$67,487	(\$233,445)
VPC Two Dev Corp	\$179,133	\$47,442	(\$131,630)	\$94,945	(\$84,188)
Subtotal	\$1,768,627	\$492,780	(\$978,711)	\$1,282,691	(\$485,936)
MetroPointe Dev Corp	(\$63,850)	\$31,066	(\$3,303)	(\$36,087)	\$27,763
Oaks at Four Corners Dev Corp	\$44,795	\$8,760	\$49,548	\$103,103	\$58,308
RAD 6 Dev Corp Total	(\$117,568)	(\$73,796)	(\$178,824)	(\$370,188)	(\$252,620)
Ken Gar Dev Corp	(\$314)	\$1,344	(\$3,852)	(\$2,822)	(\$2,508)
Parkway Woods Dev Corp	\$9,487	\$60	(\$17,802)	(\$8,255)	(\$17,742)
Sandy Spring Meadow Dev Corp	(\$15,151)	(\$2,443)	(\$30,170)	(\$47,764)	(\$32,613)
Seneca Ridge Dev Corp	(\$75,324)	(\$59,392)	(\$40,882)	(\$175,598)	(\$100,274)
Towne Centre Place Dev Corp	(\$19,944)	\$20,527	(\$44,416)	(\$43,833)	(\$23,889)
Washington Square Dev Corp	(\$16,322)	(\$33,892)	(\$41,702)	(\$91,916)	(\$75,594)
Subtotal	(\$136,623)	(\$33,970)	(\$132,579)	(\$303,172)	(\$166,549)
TOTAL ALL PROPERTIES	\$1,632,004	\$458,810	(\$1,111,290)	\$979,519	(\$652,485)

FY 2023 First Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(3 Months)	Variance		(3 Months)	
	Net Cash Flow	Income	Expense	Net Cash Flow	
	Budget			Actual	Variance
Properties with unrestricted cash flow for FY22 operating budget					
MPDU I (64)	\$48,059	(\$20,498)	(\$66,326)	(\$38,765)	(\$86,824)
Avondale Apartments	\$42,680	(\$14,301)	(\$8,137)	\$20,242	(\$22,438)
Barclay Affordable	\$14,037	\$5,559	(\$49,585)	(\$29,989)	(\$44,026)
Bradley Crossing	\$348,668	(\$93,224)	(\$33,308)	\$222,136	(\$126,532)
Camp Hill Square	\$15,418	(\$12,645)	(\$19,123)	(\$16,350)	(\$31,768)
Chelsea Towers	\$28,801	(\$84)	\$2,701	\$31,418	\$2,617
Day Care at Lost Knife Road	(\$26,027)	\$240	(\$5,363)	(\$31,150)	(\$5,123)
Elizabeth House Interim RAD	\$141,224	\$208,306	(\$70,058)	\$279,472	\$138,248
Fairfax Court	\$30,021	(\$863)	(\$35,235)	(\$6,077)	(\$36,098)
Georgian Court Affordable	\$0	\$0	(\$7,500)	(\$7,500)	(\$7,500)
Holiday Park	(\$83,163)	(\$5,476)	(\$2,867)	(\$91,506)	(\$8,343)
Jubilee Falling Creek	(\$1,286)	(\$2,166)	\$1,747	(\$1,705)	(\$419)
Jubilee Hermitage	(\$4,570)	(\$2,046)	(\$2,378)	(\$8,994)	(\$4,424)
Jubilee Horizon Court	(\$476)	(\$117)	\$1,443	\$850	\$1,326
Jubilee Woodedge	(\$4,310)	\$261	\$481	(\$3,568)	\$742
Manchester Manor	\$6,802	(\$1,768)	(\$71,083)	(\$66,049)	(\$72,851)
McHome	\$10,175	(\$9,184)	\$2,197	\$3,188	(\$6,987)
McKendree	\$9,638	(\$507)	(\$14,062)	(\$4,931)	(\$14,569)
MHLP VIII	(\$53,657)	\$9,414	(\$9,892)	(\$54,135)	(\$478)
MHLP IX Pond Ridge	(\$48,061)	\$11,493	(\$41,513)	(\$78,081)	(\$30,020)
MHLP IX Scattered Sites	(\$63,354)	(\$5,504)	(\$96,208)	(\$165,066)	(\$101,712)
MHLP X	(\$34,009)	(\$6,173)	(\$2,700)	(\$42,882)	(\$8,873)
MPDU 2007 Phase II	\$3,222	(\$411)	\$518	\$3,329	\$107
Olney Sandy Spring Road	(\$2,032)	\$0	(\$280)	(\$2,312)	(\$280)
Pooks Hill Mid-Rise	\$59,035	\$7,233	(\$24,164)	\$42,104	(\$16,931)
Shady Grove Apts	(\$1)	\$0	(\$8,189)	(\$8,190)	(\$8,189)
Strathmore Court	\$45,198	\$13,884	(\$58,070)	\$1,012	(\$44,186)
TPP LLC Pomander Court	(\$7,180)	(\$21)	(\$3,496)	(\$10,697)	(\$3,517)
TPP LLC Timberlawn	\$170,402	\$5,612	\$2,294	\$178,308	\$7,906
Westwood Tower	\$202,221	(\$18,702)	(\$47,325)	\$136,194	(\$66,027)
The Willows	\$118,488	\$19,648	(\$39,735)	\$98,401	(\$20,087)
Subtotal	\$927,071	\$80,357	(\$740,877)	\$266,551	(\$660,520)
Properties with restricted cash flow (external and internal)					
The Ambassador	\$0	\$0	(\$9,373)	(\$9,373)	(\$9,373)
Battery Lane	\$144,222	(\$20,969)	(\$11,306)	\$111,947	(\$32,275)
Brooke Park	\$42,843	(\$32,406)	(\$10,608)	(\$171)	(\$43,014)
Brookside Glen (The Glen)	\$47,444	(\$4,488)	(\$36,821)	\$6,135	(\$41,309)
CDBG Units	(\$251)	(\$252)	\$1,274	\$771	\$1,022
Cider Mill Apartments	\$57,716	(\$73,540)	(\$65,022)	(\$80,846)	(\$138,562)
Dale Drive	\$3,666	\$31	(\$14,894)	(\$11,197)	(\$14,863)
Diamond Square	\$106,295	(\$13,913)	(\$90,155)	\$2,226	(\$104,069)
Holly Hall Interim RAD	\$0	\$0	(\$17)	(\$17)	(\$17)
NCI Units	\$5,554	(\$7,572)	(\$9,699)	(\$11,717)	(\$17,271)
NSP Units	\$1,030	(\$282)	\$2,428	\$3,176	\$2,146
King Farm Village	\$661	\$0	\$1,326	\$1,987	\$1,326
Paint Branch	\$10,172	(\$12,096)	(\$5,221)	(\$7,145)	(\$17,317)
Southbridge	\$16,978	\$3,017	\$14,340	\$34,335	\$17,357
State Rental Combined	(\$95,712)	(\$31,290)	(\$24,722)	(\$151,724)	(\$56,012)
Subtotal	\$340,618	(\$193,760)	(\$258,470)	(\$111,613)	(\$452,231)
TOTAL ALL PROPERTIES	\$1,267,689	(\$113,403)	(\$999,347)	\$154,938	(\$1,112,751)

FY 2023 First Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(3 Months) Budget	(3 Months) Actual	Variance
Housing Choice Voucher Program			
HAP revenue	\$27,483,438	\$28,043,627	\$560,189
HAP payments	\$28,470,348	\$28,513,292	\$42,944
Net HAP	(\$986,910)	(\$469,665)	\$517,245
Admin.fees & other inc.	\$2,400,317	\$2,596,955	\$196,638
Admin. Expense	\$2,698,416	\$2,510,165	\$188,251
Net Administrative	(\$298,099)	\$86,790	\$384,889
Net Income	(\$1,285,009)	(\$382,875)	\$902,134

FY 2023 First Quarter Operating Budget to Actual Comparison
For Capital Improvements

	(12 Months) Budget	(3 Months) Actual	Variance
General Fund			
880 Bonifant	\$50,000	\$4,483	\$45,517
East Deer Park	\$112,000	\$0	\$112,000
Kensington Office	\$100,000	\$9,395	\$90,605
Information Technology	\$825,000	\$122,975	\$702,025
Subtotal	\$1,087,000	\$136,853	\$950,147
Opportunity Housing			
Alexander House Dev Corp	\$42,170	\$25,664	\$16,506
Avondale Apartments	\$35,266	\$22,220	\$13,046
The Barclay Dev Corp	\$128,184	\$62,362	\$65,822
Barclay Affordable	\$89,368	\$53,436	\$35,932
Battery Lane	\$56,000	(\$1,180)	\$57,180
Bradley Crossing	\$72,240	\$45,274	\$26,966
Brooke Park	\$0	\$478	(\$478)
Brookside Glen (The Glen)	\$81,600	\$25,564	\$56,036
Camp Hill Square	\$10,097	\$875	\$9,222
CDBG Units	\$5,180	\$217	\$4,963
Chelsea Towers	\$14,800	\$1,211	\$13,589
Cider Mill Apartments	\$1,312,992	\$653,073	\$659,919
Dale Drive	\$8,700	\$0	\$8,700
Diamond Square	\$107,530	\$18,835	\$88,695
Fairfax Court	\$40,196	\$9,610	\$30,586
Glennont Crossing Dev Corp	\$88,800	\$28,224	\$60,576
Glennont Westerly Dev Corp	\$134,040	\$21,851	\$112,189
Holiday Park	\$22,140	\$5,385	\$16,755
Jubilee Falling Creek	\$7,800	\$72	\$7,728
Jubilee Hermitage	\$12,500	\$996	\$11,504
Jubilee Horizon Court	\$10,080	\$72	\$10,008
Jubilee Woodedge	\$6,480	\$72	\$6,408
Ken Gar Dev Corp	\$20,770	\$6,374	\$14,396
King Farm Village	\$240	\$0	\$240
Magruder's Discovery Dev Corp	\$102,108	\$8,038	\$94,070
Manchester Manor	\$40,368	\$84,723	(\$44,355)
McHome	\$44,640	\$7,593	\$37,047
McKendree	\$25,584	\$5,738	\$19,846
MetroPointe Dev Corp	\$99,913	\$20,803	\$79,110
The Metropolitan Dev Corp	\$89,742	\$23,831	\$65,911
Metropolitan Affordable	\$6,689	\$7,775	(\$1,086)
Montgomery Arms Dev Corp	\$82,832	\$29,099	\$53,733
MHLP VII	\$47,730	\$9,235	\$38,495
MHLP VIII	\$48,840	\$28,345	\$20,495
MHLP IX - Pond Ridge	\$63,900	\$23,614	\$40,286
MHLP IX - Scattered Sites	\$90,192	\$15,363	\$74,829
MHLP X	\$98,160	\$43,452	\$54,708
MPDU 2007 Phase II	\$7,155	\$0	\$7,155
617 Olney Sandy Spring Road	\$0	\$72	(\$72)
MPDU I (64)	\$59,760	\$18,173	\$41,587
MPDU II (59) Dev Corp	\$77,400	\$16,198	\$61,202
Oaks at Four Corners Dev Corp	\$169,737	\$10,307	\$159,430
NCI Units	\$600	\$3,210	(\$2,610)
NSP Units	\$15,388	\$507	\$14,881
Paddington Square Dev Corp	\$115,500	\$131,811	(\$16,311)
Paint Branch	\$16,396	\$5,973	\$10,423
Parkway Woods Dev Corp	\$4,000	\$2,864	\$1,136
Pooks Hill High-Rise Dev Corp	\$363,436	\$88,811	\$274,625
Pooks Hill Mid-Rise	\$47,020	\$4,575	\$42,445
Sandy Spring Meadow Dev Corp	\$14,201	\$15,103	(\$902)
Scattered Site One Dev Corp	\$180,240	\$103,042	\$77,198
Scattered Site Two Dev Corp	\$45,000	\$18,256	\$26,744
Seneca Ridge Dev Corp	\$38,800	\$11,406	\$27,394
Sligo MPDU III Dev Corp	\$28,176	\$8,297	\$19,879
Southbridge	\$22,896	\$0	\$22,896
State Rental Combined	\$236,640	\$72,824	\$163,816
Strathmore Court	\$508,303	\$96,860	\$411,443
Towne Centre Place Dev Corp	\$30,563	\$3,758	\$26,805
TPP LLC Pomander Court	\$21,948	\$2,674	\$19,274
TPP LLC Timberlawn	\$172,250	\$25,016	\$147,234
VPC One Dev Corp	\$222,100	\$32,040	\$190,060
VPC Two Dev Corp	\$184,152	\$46,054	\$138,098
Washington Square Dev Corp	\$61,580	\$5,766	\$55,814
Westwood Tower	\$296,000	\$203,614	\$92,386
The Willows	\$240,896	\$42,554	\$198,342
Subtotal	\$6,328,008	\$2,258,059	\$4,069,949
TOTAL	\$7,415,008	\$2,394,912	\$5,020,096

**UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE:
AUTHORIZATION TO WRITE-OFF UNCOLLECTIBLE TENANT
ACCOUNTS RECEIVABLE (July 1, 2022 – September 30, 2022)**

January 11, 2023

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days.
- Additionally, HOC periodically proposes the write-off of uncollected former resident balances.
- The proposed write-off for the first quarter of Fiscal Year 2023 total \$12,654, a decrease of \$4,022 compared to the same time the previous year.
- The primary reasons for the write-offs across the properties include tenants who failed to complete their annual recertification, had a job transfer, no longer qualify for their respective housing program, purchased a home, or transferred to a different program.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balances will be for the second quarter of FY'23, which will cover the period from October 1, 2022 to December 31, 2022.
- The Budget Finance and Audit Committee reviewed this request at its meeting on December 21, 2022, and joins staff in its recommendation to approve the proposed write-off of uncollectible former residents' balances for the first quarter of FY'23, which total \$12,654.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews Executive Director

FROM: Staff: Tim Goetzinger, Acting Chief Financial Officer
Eugenia Pascual, Controller
Nilou Razeghi, Accounting Manager
Ellen Goff, Acting Director of Property Management

RE: **Uncollectible Tenant Accounts Receivable:** Authorization to Write-off
Uncollectible Tenant Accounts Receivable (July 1, 2022 – September 30, 2022)

DATE: January 11, 2023

BACKGROUND:

HOC's current policy is to provide for an allowance for any tenant accounts receivable balance, which are older 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.

The last approved write-off of former tenant accounts receivable balances on October 5, 2022 was for \$127,482, which covered the three-month period from April 1, 2022 through June 30, 2022.

The proposed write-off of former tenant accounts receivable balances for the first quarter July 1, 2022 through September 30, 2022 is \$12,654.

The \$12,654 first quarter write-off is attributable to former tenants within HOC's Opportunity Housing properties. The primary reasons for the write-offs across the properties include tenants who failed to complete their annual recertification, had a job transfer, no longer qualify for their respective housing program, purchase a home, or transferred to a different program.

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

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Property Type	07/01/22 - 09/30/22	04/01/22 - 06/30/22	06/30/22 - 09/30/22	06/30/22 - 09/30/22	07/01/22 - 09/30/22	07/01/21 - 09/30/21
Opportunity Housing	12,654	101,847	(89,193)	-87.58%	12,654	13,684
Supportive Housing	-	23,773	(23,773)	-100.00%	-	-
LIHTC/RAD Properties	-	1,862	(1,862)	-100.00%	-	230
236 Properties	-	-	-	0.00%	-	2,762
	\$ 12,654	\$ 127,482	\$ (114,828)	-90.07%	\$ 12,654	\$ 16,676

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

Opportunity Housing Fund

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	\$ Change	Year-to-Date	Year-to-Date
	07/01/22 - 09/30/22	04/01/22 - 06/30/22	06/30/22 - 09/30/22	06/30/22 - 09/30/22	07/01/22 - 09/30/22	07/01/21 - 09/30/21
Opportunity Housing (OH) Fund						
617 Olney Sandy Spring Rd	\$ -	\$ 879	\$ (879)	-100.00%	\$ -	\$ -
Avondale	-	4,675	(4,675)	-100.00%	-	-
McHome	-	15,670	(15,670)	-100.00%	-	8,392
MHLP IX - MPDU	-	-	-	0.00%	-	2,356
MHLP IX - Pondridge	-	2,069	(2,069)	-100.00%	-	-
MHLP VII	-	3,394	(3,394)	-100.00%	-	-
MHLP X	-	-	-	0.00%	-	556
MPDU #64	800	-	800	0.00%	800	-
Paintbranch	153	-	153	0.00%	153	-
Scattered Site One Dev Corp	10,840	-	10,840	0.00%	10,840	-
State Rental Partnership	634	-	634	0.00%	634	2,157
VPC One Corp	-	68,515	(68,515)	-100.00%	-	223
VPC Two Corp	227	6,645	(6,418)	-96.58%	227	-
Total OH Fund	\$ 12,654	\$ 101,847	\$ (89,193)	-87.58%	\$ 12,654	\$ 13,684

Within the Opportunity Housing portfolio, the \$12,654 write-off amounts were primarily attributable to the Scattered Site One Dev Corp. The write-offs were mainly due to one tenants who failed to complete their annual recertification, one tenant who had a job transfer, one tenant who no longer qualifies for their respective housing program, two tenants who purchased a home and one tenant who transferred to a different program.

Supportive Housing

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
Supportive Housing	07/01/22 - 09/30/22	04/01/22 - 06/30/22	06/30/22 - 09/30/22	06/30/22 - 09/30/22	07/01/22 - 09/30/22	07/01/21 - 09/30/21
McKinney X - HUD	\$ -	\$ 23,773	\$ (23,773)	-100.00%	\$ -	\$ -
Total Supportive Housing	\$ -	\$ 23,773	\$ (23,773)	-100.00%	\$ -	\$ -

Within the Supportive Housing Program, there were no write-offs to report in the first quarter of FY '23.

LIHTC/RAD Properties

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	07/01/22 - 09/30/22	04/01/22 - 06/30/22	06/30/22 - 09/30/22	06/30/22 - 09/30/22	07/01/22 - 09/30/22	07/01/21 - 09/30/21
LIHTC/RAD Properties						
Holly Hall RAD	\$ -	\$ 1,862	\$ (1,862)	-100.00%	\$ -	\$ -
RAD 6 - Sandy Spring	-	-	-	0.00%	-	46
Waverly House LP	-	-	-	0.00%	-	184
Total LIHTC/RAD Properties	\$ -	\$ 1,862	\$ (1,862)	-100.00%	\$ -	\$ 230

Within the LIHTC/RAD properties, there were no write-offs to report in the first quarter of FY '23.

236 Properties

	Current	Prior			Fiscal Year 2023	Fiscal Year 2022
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	07/01/22 - 09/30/22	04/01/22 - 06/30/22	06/30/22 - 09/30/22	06/30/22 - 09/30/22	07/01/22 - 09/30/22	07/01/21 - 09/30/21
236 Properties						
Town Center Apts	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 2,762
Total 236 Properties	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 2,762

Within the 236 properties, there were no write-offs to report in the first quarter of FY '23.

HOC recently procured a new collections vendor and will begin its collections procedures in which all delinquent balances of \$200 or more are to be submitted to the collections vendor for further pursuit.

Please note that the Statute of Limitations on rent collection in Maryland is three years, so the delay in procuring a firm should not impact the Agency. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a surety bond, at a low rate, from the firm Sure Deposit, Inc., in lieu of paying a traditional security deposit to HOC.

Furthermore, 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 effort and the services of the new collections vendor and Sure Deposit, HOC makes every effort to pursue all tenant outstanding receivables. The write-off recovery process is outlined below for your reference.

Finance Division Write-Off and Recovery Procedures

1. After a tenant vacates, Resident Accounting ("RA") receives clearance from HOC Property Management ("PM") to post the deposit accounting in Yardi.
2. If a balance is owed, RA prepares a letter to the resident with the balance owed. PM signs and mails the letter to the resident.
3. If a resident purchased a surety bond, PM submits a claim to the bond company to collect the balance owed up to the amount of the bond. Payments made by the bond company are posted to the resident's ledger.

4. If a balance is still owed (at the time of write-off review), it is submitted for consideration to be written-off. Once approved, the write-off is posted in Yardi.
5. PM informs Compliance of the write-off and reports outstanding balances to a collection company.

The next anticipated write-off will be for the second quarter of FY'23 covering October 1, 2022 through December 31, 2022. 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.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff's recommendation, which is supported by the Budget Finance and Audit Committee, to authorize the write-off of uncollectible tenant accounts receivable for the first quarter of fiscal year 2023, totaling \$12,654?

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 to reflect 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:

For formal action at the January 11, 2023 meeting of the Commission.

The Budget, Finance and Audit committee informally discussed the Uncollectible Tenant Accounts Receivable at the December 21, 2022 meeting and supports staff's recommendation.

STAFF RECOMMENDATION:

Staff requests that the Commission authorize the write-off of uncollectible tenant accounts receivable of \$12,654 for the period covering July 1, 2022 to September 30, 2022.

RESOLUTION NO.: 23-02

**RE: Authorization to Write-Off Uncollectible
Tenant Accounts Receivable**

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; and

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 July 1, 2022 – September 30, 2022 is \$12,654 and were all within the Opportunity Housing properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or her designee, without further action on its part, to take any and all actions necessary and proper to write off \$12,654 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 January 11, 2023.

Chelsea Andrews
Executive Director

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PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: EXTENSION OF PROPERTY MANAGEMENT CONTRACT FOR ELIZABETH HOUSE

January 11, 2023

- The property management contract for Elizabeth House expires on January 31, 2023.
- The Budget, Finance and Audit Committee reviewed this request at its meeting on December 21, 2022, and joins staff's recommendation that the Commission accept the recommendation for a short-term extension of the property management contract with Edgewood Management for through **June 30, 2023**, for Elizabeth House Apartments.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Ellen Goff, Acting Director of Property Management
Alex Torton, Asset Manager

RE: **Procurement of Property Management Services:** Extension of Property Management Contract for Elizabeth House

DATE: January 11, 2023

STATUS: Committee Report Deliberation X

BACKGROUND:

In accordance with Appendix IV of the Housing Opportunity Commission of Montgomery County’s (“HOC”) Procurement Policy of June 7, 2017, staff is submitting management contracts to the Commission for extension.

On January 1, 2021, HOC (as owner of Elizabeth House) entered into an Agreement for Property Management Services with Edgewood Management Corporation (“Edgewood”) for the management of Elizabeth House Apartments. The initial contract term expired on December 31, 2021, and the contract was extended for one year effective January 1, 2022. The current contract will expire on January 31, 2023. Staff did not anticipate that an extension would be necessary as the Elizabeth House property was planned to be vacated upon delivery of, and relocation of the current residents to the newly constructed development, The Leggett.

With the delays in the delivery of The Leggett and vacating the Elizabeth House building, staff now anticipates that Edgewood will need to continue to manage the property through the end of June 2023, which mainly involves closing out work orders and purchase orders and completing the reconciliation and clearing of tenant accounts.

The following table provides property information, including the current Property Management Company, annual contract cost, current contract end date, proposed extension start and end date and contract terms remaining:

Count	Property	Type	Current Vendor	Contract Start Date	5 Month Extension Contract Cost	Current Contract End Date	Proposed Extension Period
1	Elizabeth House	Senior	Edgewood	1/1/2022	\$7,840.00	1/31/2023	2/1/2023-6/30/2023

The history with HOC is as follows:

Edgewood Management – Edgewood is a well-known property management company that has been providing property management services in the Metropolitan area since 1971. Edgewood has a long history with HOC and manages several properties in our portfolio, including senior and multifamily sites.

Property Summary:

Elizabeth House Apartments – Located in downtown Silver Spring, Elizabeth House Apartments has 160 total units and the current occupancy is at 32% (52 units), as the property stopped leasing with the anticipated closure and relocation of residents to The Leggett. This former Public Housing property for seniors converted from Public Housing under the Rental Assistance Demonstration (“RAD”) program in April 2020, with the transfer of assistance to The Leggett.

Staff is requesting a five-month extension at the current established terms so that Edgewood can continue to manage the property until all residents have relocated to The Leggett, and the building is vacant. Though it is not expected to be needed, HOC would have the option to add up to six (6) months of extensions on a monthly basis to ensure that the closure process is completed.

ISSUES FOR CONSIDERATION:

Does the Commission accept staff’s recommendation, which is supported by the Budget, Finance and Audit Committee to authorize the Executive Director to execute an extension of the property management services contract with Edgewood Management for Elizabeth House?

BUDGET IMPACT:

The extension of the property management contract will not have an adverse budget impact for the 2023 operating budget. The costs associated with the services will be covered by rental income for occupied units. Additionally, the contract is based on occupancy, which will continue to decrease as residents relocate to The Leggett.

TIME FRAME:

For formal action at the January 11, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the Executive Director to execute extension of the property management services contract with Edgewood Management for Elizabeth House for five (5) months through June 30, 2023, with up to an additional six (6) months of extensions on a monthly basis.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of Elizabeth House, located in Silver Spring, Maryland; and

WHEREAS, staff desires to extend the current property management contract at Elizabeth House through June 30, 2023 with Edgewood Management with the option to add up to six (6) months of extensions on a monthly basis to ensure that the closure process is completed; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Elizabeth House, as its sole member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a extension of the property management contract at Elizabeth House with Edgewood Management.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 11, 2023.

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Chelsea Andrews
Executive Director

REVISED FISCAL YEAR 2022 (FY'22) FOURTH QUARTER BUDGET TO ACTUAL STATEMENTS: COMMISSION ACCEPTANCE OF THE REVISED FY'22 FOURTH QUARTER BUDGET TO ACTUAL STATEMENTS

January 11, 2023

- The Commission formally accepted the FY'22 Fourth Quarter Budget to Actual Statements on October 5, 2022.
- Subsequent to the acceptance, it was determined that \$727,195 of Housing Choice Voucher Program ("HCVP") Housing Assistance Payment ("HAP") funding for the Emergency vouchers was booked as HCVP administrative fees resulting in a reported shortfall in HAP funding and an overstatement of the HCVP administrative surplus at year end.
- The funding has been credited to the correct account resulting in total HAP revenue that exceeded total HAP payments by \$327,376 and an administrative surplus of \$1,861,159.
- There is no impact to the Agency surplus reported at year-end, as the HCV program is fully restricted.
- The Budget Finance and Audit Committee reviewed this request at its meeting on December 21, 2022, and joins staff's recommendation that the Commission accept the Revised FY'22 Fourth Quarter Budget to Actual Statements.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Revised Fiscal Year 2022 (FY'22) Fourth Quarter Budget to Actual Statements:**
Acceptance of the Revised FY'22 Fourth Quarter Budget to Actual Statements

DATE: January 11, 2023

OVERALL GOAL & OBJECTIVE:

Commission acceptance of the Revised FY'22 Fourth Quarter Budget to Actual Statements.

BACKGROUND:

The Executive Director presented the revised FY'22 Fourth quarter budget to actual statements to the Budget, Finance and Audit Committee for informal review. Recommendations are being presented to the full Commission for formal action.

ISSUES FOR CONSIDERATION:

Subsequent to the Commission's acceptance of the FY'22 Fourth Quarter Budget to Actual Statements on October 5, 2022, it was determined that \$727,195 of Housing Choice Voucher Program ("HCVP") Housing Assistance Payment ("HAP") funding for the Emergency vouchers was booked as HCVP administrative fees. This resulted in a reported shortfall in HAP funding and an overstatement of the HCVP administrative surplus at year end. The funding has been credited to the correct account resulting in total HAP revenue that exceeded total HAP payments by \$327,376 and an administrative surplus of \$1,861,159. The HAP surplus will be restricted to the HCVP reserve known as the Net Restricted Position ("NRP"), which includes funds received in prior years that were recognized but not used. The administrative surplus will be restricted for future administrative use in the program.

The tables on the following page reflect the original position reported and the revised position, shaded in green, based on the correction.

	(12 Months) Budget	(12 Months) Actual	Variance
Housing Choice Voucher Program			
HAP revenue	\$109,505,004	\$109,865,394	\$360,390
HAP payments	\$106,615,332	\$110,265,213	\$3,649,881
Net HAP	\$2,889,672	(\$399,819)	(\$3,289,491)
Restrict to HAP Reserves	(\$2,889,672)		
Admin.fees & other inc.	\$8,799,136	\$11,481,718	\$2,682,582
Admin. Expense	\$8,554,208	\$8,893,364	(\$339,156)
Net Administrative	\$244,928	\$2,588,354	\$2,343,426
Restric to Admin Reserves	(\$244,928)		
Net Income	\$244,928	\$2,188,535	(\$946,065)

	(12 Months) Budget	(12 Months) Revised Actual	Variance
Housing Choice Voucher Program			
HAP revenue	\$109,505,004	\$110,592,589	\$1,087,585
HAP payments	\$106,615,332	\$110,265,213	\$3,649,881
Net HAP	\$2,889,672	\$327,376	(\$2,562,296)
Restrict to HAP Reserves	(\$2,889,672)		
Admin.fees & other inc.	\$8,799,136	\$10,754,523	\$1,955,387
Admin. Expense	\$8,554,208	\$8,893,364	(\$339,156)
Net Administrative	\$244,928	\$1,861,159	\$1,616,231
Restrict to Admin Reserves	(\$244,928)		
Net Income	\$244,928	\$2,188,535	(\$946,065)

There is no impact to the Agency surplus reported at year-end, as the HCV program is fully restricted.

TIME FRAME:

For formal Commission action at the January 11, 2023 meeting.

The Budget, Finance and Audit Committee informally discussed the Revised FY'22 Fourth Quarter Budget to Actual Statements at the December 21, 2022, meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission formally accept the Revised FY'22 Fourth Quarter Budget to Actual Statements.

Resolution No. 23-04

Re: Acceptance of the Revised FY'22 Fourth Quarter Budget to Actual Statements

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 formally accepted the FY'22 Fourth Quarter Budget to Actual Statements during its October 5, 2022 meeting; and

WHEREAS, the Commission reviewed the Revised FY'22 Fourth Quarter Budget to Actual Statements during its January 11, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Revised FY'22 Fourth Quarter Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on January 11, 2023.

Chelsea Andrews
Executive Director

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Development & Finance Committee

MORTGAGE FINANCE: APPROVAL TO EXTEND THE EXISTING CONTRACTS OF THE BOND UNDERWRITING TEAM, CONSISTING OF A SENIOR MANAGER, CO-SENIOR MANAGER, AND CO-MANAGERS, IN ACCORDANCE WITH THE PROCUREMENT POLICY

January 11, 2023

- On January 29, 2019, the Commission executed contracts with the bond underwriting team for its multifamily and single family bond programs. The contracts were for a term of two (2) years with two (2) optional one-year renewals for a total of four (4) years. On September 9, 2020 and on September 1, 2021, respectively, the Commission approved the first and second optional one-year renewal through January 2023, in accordance with the current contracts and Procurement Policy.
- Underwriters help to structure HOC's bond issuances and market the bonds to obtain the most favorable pricing so that the loans made with the proceeds of the bonds promote the financial feasibility of HOC's single family and multifamily financing programs. They commit to the Commission to purchase HOC bonds at an agreed upon price prior to the time of the sale regardless of whether they have successfully placed the bonds with investors.
- The six (6) firms within the underwriting team are Bank of America Merrill Lynch, PNC Capital Markets, LLC, Jefferies, LLC, Morgan Stanley, RBC Capital Markets, and Wells Fargo Company.
- To avoid disruption to plans for an upcoming Commission multifamily bond issuance, scheduled for mid-February 2023, staff recommends that the existing contracts for the existing team of underwriters be extended for up to four (4) months to allow for any slippage in the closing of the bonds.
- In response to the Commission's Request for Proposal #2353 to serve as Managing Underwriter, issued October 31, 2022, work to establish a new team of bond underwriters is underway. Based upon the current schedule of the Evaluation Team, consisting of select Commissioners, the Executive Director, Mortgage Finance and Finance staff, and the Commission's Financial Advisor, interviews for qualified respondents will conclude in January 2023, and the final selection and recommendation of the new team of Underwriters will be presented at the March 2023 meeting of the Commission.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Jennifer H. Washington, Acting Director Mortgage Finance

RE: **Mortgage Finance:** Approval to Extend the Existing Contracts of the Bond Underwriting Team, Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers, in Accordance with the Procurement Policy

Date: January 11, 2023

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:

To extend the term of the underwriter services contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Jefferies, LLC, Morgan Stanley, RBC Capital Markets, and Wells Fargo Bank, N.A. (the "Underwriters") for up to four (4) months in order to not disrupt work on an upcoming bond issuance, while staff completes a new procurement.

BACKGROUND:

On January 29, 2019, the Housing Opportunities Commission of Montgomery County (the "Commission") executed a contract with seven (7) firms to perform managing underwriting services. These firms were selected by a then Evaluation Committee (the "Committee") that comprised of two (2) Commissioners, the Executive Director, staff of the Mortgage Finance, Finance, and Executive divisions, and Caine Mitter & Associates Incorporated ("Financial Advisor"). The contracts were for an initial two-year term with two (2) optional one-year renewals for a maximum term of four (4) years. Each renewal to extend the contract requires the Commission's approval in accordance with the Procurement Policy.

On June 29, 2020, M&T Securities ("M&T") notified HOC that its parent company, M&T Bank, had undertaken a thorough evaluation of its business to ensure its product and service offerings align with the strategic imperatives of both M&T Securities and M&T Bank. As a result, M&T no longer participates in the underwriting of public offerings of fixed-rate municipal bonds and has been removed from the HOC underwriting team, effective July 1, 2020.

On September 9, 2020, the Commission approved the first one-year renewal for the six (6) remaining Underwriters, and on September 1, 2021, the Commission approved the second and final of the two (2) renewals, which extend the contract through January 2023.

The Underwriters

Firm	Role
Bank of America Merrill Lynch	Senior Manager
PNC Capital Markets, LLC	Co-Senior Manager
Jefferies LLC	Co-Manager
Morgan Stanley	Co-Manager
RBC Capital Markets, LLC	Co-Manager
Wells Fargo Company	Co-Manager

The Underwriters help to structure HOC's bond issuances and market the bonds to retail and institutional investors to obtain the most favorable pricing so that the loans made with the proceeds of the bonds promote the financial feasibility of HOC's single family and multifamily financing programs. They commit to the Commission to purchase HOC bonds at an agreed upon price prior to the time of the sale regardless of whether they have successfully placed the bonds with investors.

The current group of Underwriters include a senior manager, a co-senior manager and four (4) co-managers. The senior manager leads the syndicate and, with the co-managers, sets the prices for the different series of bonds, takes orders from co-managers and the selling group, and allocates the bonds to investors and the underwriting team. This is known as "running the book" or managing the syndicate. All of the managers and the selling group are expected to sell bonds and are compensated by receiving a fee known as the "takedown" for the bonds they actually place with investors. Institutional investors generally place orders through the senior manager and designate which manager(s) will receive the takedown. Additionally, the senior manager receives a management fee and is reimbursed for certain expenses. The managers are also expected to present new financial structures and ideas that will enhance the Commission's ability to fund mortgage loans. Any member of the team that brings unique financing ideas that enhance the Commission's programs may be elevated to the role of senior manager for a bond issuance. Since the new contracts were executed, Jefferies, PNC and Wells Fargo have been elevated as senior manager for three (3) separate bond issuances.

Request to Extend Existing Underwriter Contracts

With the Commission's approval on November 16, 2022, staff is working in earnest on an approximate \$29 million multifamily bond issuance for Upton II or Residences on the Lane (the "Property") that will fund an estimated \$27.5 million permanent FHA Risk Share mortgage loan. Pricing of the bonds is expected to occur the week of February 6, 2023, bond closing will be on or about February 16, 2023, and the FHA Risk Share mortgage loan is expected to close the following day. The existing contract of our current Underwriter team expires on January 28, 2023. To avoid disruption to plans to fund the permanent financing of the Residences on the Lane transaction and the on-going work of the existing Underwriters, staff proposes that the existing contracts for the existing team of Underwriters be extended for up to four (4) months to allow for any slippage in the closing of the bonds.

Work to establish a new team of Underwriters is underway. In response to our Request for Proposal #2353 to serve as Managing Underwriter, on November 22, 2022, HOC received responses from 12 firms, and among them are the Commission's six (6) existing Underwriters. An Evaluation Team consisting of select Commissioners, the Executive Director, Mortgage Finance and Finance staff, and the Commission's Financial Advisor will recommend the new team of Underwriters to receive a new contract to the full board of the Commission. Based upon the current schedule of the Evaluation Team, interviews for qualified respondents will conclude in January 2023, and the final selection and recommendation of the new team of Underwriters will be presented at the March 2023 meeting of the Commission.

ISSUES FOR CONSIDERATION:

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, and grant its approval to extend the existing contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Morgan Stanley, RBC Capital Markets, Jefferies, LLC, and Wells Fargo Bank, N.A. for up to four (4) months?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Bank of America Merrill Lynch
Jefferies, LLC
Morgan Stanley
PNC Capital Markets, LLC
RBC Capital Markets
Wells Fargo Company

BUDGET IMPACT:

There is no direct impact on HOC's operating budget. Underwriters are compensated from the proceeds of a bond issuance or from revenues in the respective bond indentures.

TIME FRAME:

For formal action at the January 11, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

With the acknowledgement that a new procurement is underway, staff recommends the Commission approve an extension for up to four (4) months of the existing contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Morgan Stanley, RBC Capital Markets, Jefferies, LLC, and Wells Fargo Bank, N.A. to continue to serve as Underwriters to the Housing Opportunities Commission pursuant to the terms of the original contract of January 2019 and in accordance with the Procurement Policy.

RESOLUTION NO.: 23-05

RE: Approval to Extend the Existing Contracts of the Bond Underwriting Team, Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers, in Accordance with the Procurement Policy

WHEREAS, to advance its mission and operate a successful bond financing program, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) engages the services of a number of industry professionals, including a team of investment banking firms (underwriters) to help structure HOC’s bond issuances and market the bonds to obtain the most favorable pricing; and

WHEREAS, on January 9, 2019, after completing a new procurement for underwriter services, the Commission selected eight firms, approved a structure that consists of a Senior Manager, a Co-Senior Manager, and six (6) Co-Managers, and authorized the Executive Director to execute Letter Agreements (“Contracts”) with each firm with initial terms of two (2) years with two (2) one-year renewals that must be approved by the Commission in accordance with the Procurement Policy; and

WHEREAS, the eight (8) firms were Bank of America Merrill Lynch, Citigroup Global Markets, Jefferies, LLC, Morgan Stanley, PNC Capital Markets, LLC, RBC Capital Markets, Wells Fargo Company, and M&T Securities, but Citigroup did not finalize its Contract and was not eligible to join the team, and M&T Securities terminated its Contract, leaving six (6) active underwriting firms on the team; and

WHEREAS, on September 9, 2020 and on September 1, 2021, the Commission approved the first and second one-year renewal, respectively, for the six (6) underwriters, which expires on January 28, 2023; and

WHEREAS, in order to continue the on-going work of the existing underwriting team on an upcoming multifamily bond issuance, scheduled to close mid-February 2023, staff recommends that the Commission extend the existing Contracts for the team of underwriters for up to four (4) months to allow for any slippage in the closing of the bonds.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves a four (4) month extension of each of the existing Contracts with the following six (6) Underwriters (with the structure unchanged and incorporating the terms of the original Contracts):

Senior Manager:	Bank of America Merrill Lynch, New York NY
Co-Senior Manager	PNC Capital Markets, LLC, Pittsburgh, PA
Co-Managers:	Jefferies LLC, New York, NY
	Morgan Stanley, New York, NY
	RBC Capital Markets, New York, NY
	Wells Fargo Company, San Francisco, CA

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or her designee, without any further action on its part, to execute such documents and to take any and all other actions, in each case as necessary and proper, in the Executive Director’s judgment, to carry out the 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 January 11, 2023.

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Chelsea J. Andrews
Executive Director

**HOC HEADQUARTERS: APPROVAL TO SELECT AND NEGOTIATE A GUARANTEED
MAXIMUM PRICE CONTRACT WITH PARADIGM CONTRACTORS, LLC FOR HOC'S NEW
HEADQUARTERS BUILDING**

PURPOSE-BUILT HEADQUARTERS



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

**Zachary Marks, Chief Real Estate Officer
Marcus Ervin, Director of Development
Jay Shepherd, Housing Acquisitions Manager**

January 11, 2023

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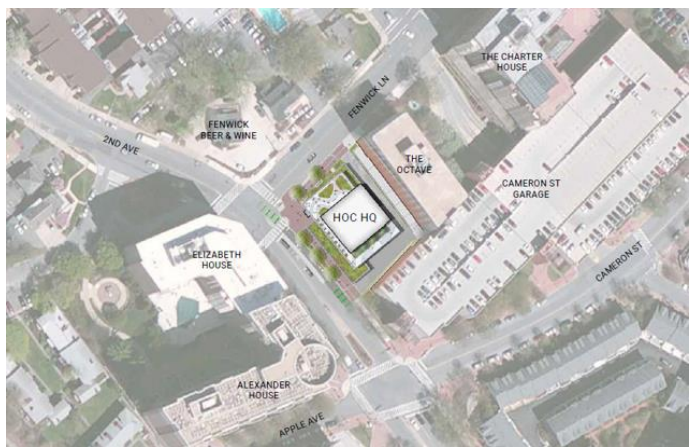
Executive Summary

The Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), a public body subject to the statutory provisions for mandatory referral review under Sections 20-301, et. of the Land Use Article of the Maryland Code (2012, as amended), is planning to construct its new headquarters office building ("Building" or "HOC HQ") at the southeast corner of the intersection of Second Avenue and Fenwick Lane in Downtown Silver Spring.

The proposed nine (9) story building is designed with the top floor as a +/- 3,500 square foot amenity floor for all building occupants. The main entrance to the lobby is at the corner of Fenwick Lane & Second Avenue. Overall building height is set to be approximately 132 feet. On April 3, 2019, HOC authorized the Executive Director to execute a Development Agreement and Ground Lease with Promark Development, LLC for the joint development of Property, engaged Design Collective, Inc. for architectural services to design and entitle, and administer construction for the HOC HQ, and subsequently, on May 6, 2020, approved pursuing site development approval for the New HQ under Mandatory Referral.

On August 7, 2020, the first application of the two-step Mandatory Referral process, the Location Review Application, was submitted to Montgomery County Planning Board, and on November 12, 2020, it was unanimously approved. Subsequently, the Mandatory Referral Site Design and Architecture Application were approved on April 15, 2021, and the Administrative Subdivision Plan was approved on May 17, 2021. Finally, on May 4, 2022, the Commission approved a revised total predevelopment budget of \$5,020,756 for the design and entitlement of the new HQ and the Approval of the Construction Manager to negotiate and enter into a contract with JLL for construction management services that obligates HOC only for the pre-construction phase.

Staff will continue the exploration of incorporating solar into the project indirectly through a potential partnership with Montgomery County via the Community Solar subscriber model. to ensure these triple-bottom-line benefits help offset and lower HOCs long-term operational costs.



General Contractor Selection

The design team has completed Construction Development documents and submitted them for Building Permits to finalize permitting and start construction in the second quarter of 2023.

Staff are working on the Final Development and Financing Plans and will return to the Commission in the first quarter of 2023.

Staff solicited through RFP #2340 a request for general contracting services to construct HOC HQ, including advance review of the Contracts and Early Start Agreement drafts.

Staff Recommendation: Approval to select Paradigm Contractors, LLC as the General Contractor ("GC") and authorize the Executive Director to negotiate a Guaranteed Maximum Price ("GMP") Contract.

Selection of a General Contractor - Criteria

HOC's Procurement Office issued a Request for Proposal (RFP #2340) for general contracting services for HOC Headquarters in accordance with HOC's Procurement Policy. RFP #2340 was released on August 24, 2022, with a due date of November 4, 2022. The RFP was posted to HOC's website and distributed to more than 300 vendors registered in the Montgomery County Central Vendor Registration System ("CVRS"). The applicable vendors receive a notification via the system that there is a solicitation for their review and potential response. In addition, a pre-proposal meeting and conference were held virtually on August 31, 2022. Eight (8) firms attended the pre-bid conference. However, the pre-bid discussion does not reveal whether a firm intends to submit a response to the RFP.

The scope of work outlined in RFP #2340 included the base building construction and HOC's office interior fit-out. The General Contractor Scoring Team, which consisted of staff from the Risk Management, Facilities, and Real Estate divisions, and a Promark Development, LLC representative, received written instructions before scoring and reviewed the responses on November 21, 2022. After corresponding with some of the firms in attendance at the pre-bid conference, they stated that they did not respond to the solicitation due to the lack of capacity. The proposals were scored on five (5) evaluation criteria. The maximum points a proposal could receive is 100.

Qualifications/Exp. (Max. 45 Points)	Price (Max. 30 Points)	Additional MFD Participation (Max. 15 Points)	References (Max. 5 Points)	Financial Strength (Max. 5 Points)
Demonstrated experience with projects involving: i) high-rise commercial and/or projects of similar complexity, ii) achieving energy standards beyond code requirements, iii) high performance construction standards and certifications, iv) experience on projects in the Baltimore-Washington Metropolitan area with a preference for Montgomery County.	Lowest priced bid reflecting full project scope shall be awarded full percentage point (30%). For each percentage point that a bid exceeds the lowest full scope bid, that comparative bid's score shall be reduced by 2% (i.e. if a comparative bid is 6% higher than the lowest bid, that comparative bid shall lose 12% in this selection criterion).	The 15% of MFD scoring shall be subdivided in two areas. The first is the GC's direct MFD efforts (5% Direct MFD). All firms can receive 5% MFD effort and any respondents that are a certified MFD firm are awarded the full 5% as well. The second area is MFD subcontractors (10% MFD Subcontracting). Respondents who meet the MFD requirement (i.e., 25%) will score 0%, >25% – 29% will receive 5%, and 30% or above will receive the full 10%.	Reference checks were conducted to evaluate and verify past performance regarding ability for on-time completion and change order management.	Provide confirmation of Respondent performance and payment bond ability for the project from a surety of AM Best class "IX" or higher bearing a minimum AM Best "A" rating or better.

In response to RFP# 2340, HOC received two (2) responsive proposals by the deadline of November 4, 2022, at 12:00 pm, which are listed below. Two (2) additional bids were deemed non-responsive due to their proposal being submitted after the deadline and the completeness of materials.

Paradigm Contractors, LLC (“Paradigm”)

Paradigm has over 30 years of experience in construction. They share with their clients the desire to construct the highest quality buildings in the most timely and cost-effective manner, offering a distinct competitive advantage. Moreover, Paradigm has provided general contracting services for the HOC project Residences on the Lane, formerly HOC at the Upton II. Paradigm’s total value of work billed by the organization in each of the last three (3) years is listed below:

(Values rounded to the nearest \$10,000.)

2021: \$ 110,730,000

2020: \$ 120,070,000

2019: \$ 203,010,000



Southway Builders, Inc. (“Southway”)

Southway is a construction management firm serving public, private, and non-profit clients throughout the Mid-Atlantic. Founded in 1991, Southway delivers award-winning historic restoration, commercial, multifamily, adaptive reuse, and institutional projects. Headquartered in Baltimore, the firm is strongly rooted in the communities it serves. Southway’s total value of work billed by the organization in each of the last three (3) years is listed below:

(Values rounded to the nearest \$10,000.)

2021: \$ 152,303,000

2020: \$ 107,430,000

2019: \$ 105,646,000



General Contractor RFP and Selection - Scoring

Paradigm scored higher with 91 points. The scores below reflect the average of the individual scores from each General Contractor Scoring Team member. The results of the Scoring Team are summarized below.

Rank	General Contractor	Qualifications (Maximum 45 Points)	Additional MFD Participation (Maximum 15 Points)	References (Maximum 5 Points)	Financial Strength (Maximum 5 Points)	Price (Maximum 30 Points)	Total (Maximum 100 Points)
1	Paradigm	43	10	5	5	28	91
2	Southway	27	5	4	5	30	71

Qualifications:

- Paradigm’s proposal included high-rise new construction projects predominantly within the area with energy goals beyond the code minimum, resulting in the highest score.
- Southway’s proposal did not demonstrate projects of similar complexity or high-rise new construction. However, its proposal included many projects in the area with energy goals beyond the code minimum.

MFD Participation:

- Paradigm’s subcontractor plan included 25.31% MFD participation.
- Southway’s subcontractor plan included 15.94% MFD participation.
- Both respondents demonstrated direct MFD efforts as specified within the RFP.

References:

- HOC has experience with Paradigm at Residences on the Lane, formerly Upton II. The references also spoke highly of Paradigm’s expertise and knowledge regarding the ability for on-time completion, change order history, and quality assurance and control.
- HOC has yet to gain prior experience with Southway. The references spoke well regarding its ability for on-time completion and change order history; however, there was some concern with quality assurance and control.

Financial Strength:

- Paradigm and Southway demonstrated financial strength, including the payment and performance bond letter from the surety.

General Contractor RFP and Selection – MFD and Pricing

General Contractor	Direct MFD Efforts	MFD Subcontracting	MFD Contract Amount	Pricing
Paradigm	<ul style="list-style-type: none"> Demonstrated commitment to employ MFD personnel MFD related commitments, which include evidence of training and internship programs 	25.31%	\$12,463,055	\$49,248,083
Southway	<ul style="list-style-type: none"> Demonstrated commitment to employ MFD personnel MFD related commitments, which include evidence of training and internship programs 	15.94%	\$7,791,366	\$48,892,380

MFD Participation:

- Both respondents demonstrated direct MFD employment efforts for the first area of consideration, which was worth five (5) points.
- Paradigm’s subcontractor plan included 25.31% MFD participation, which was worth five (5) points for the second area of consideration.
- Southway’s subcontractor plan included 15.94%, which was worth zero (0) points.
- Therefore, Paradigm achieved 10 points, and Southway earned 5 points for the Additional MFD participation.

Pricing:

- Both respondents scored very high regarding the pricing criteria, as their costs differed by less than 1% or \$355,703.
- Southway achieved 30 points with the lowest pricing, and Paradigm scored 28 points per the RFP scoring criteria.

Development Budget – Comparison

HOC HQ: DEVELOPMENT BUDGET SUMMARY

	Total Predevelopment	Total during Construction	Total (\$)	Per GSF	4/28/2022	Change
HARD COSTS						
CONSTRUCTION						
Base Building & Site Work, including Tenant Fit-out	-	49,250,000	49,250,000	599.00	33,049,480	16,200,520
Equipment - Low Voltage	-	1,201,900	1,201,900	14.62	850,000	351,900
FF&E	-	2,472,500	2,472,500	30.07	2,150,000	322,500
FF&E - Artwork	-	205,550	205,550	2.50	184,995	20,555
Signage (outside GC contract)	-	172,500	172,500	2.10	150,000	22,500
Garage 7 Solar Project	-	-	-	-	0	0
HazMat Abatement	-	-	-	-	0	0
Total CONSTRUCTION	-	53,302,450	53,302,450	648.29	36,384,475	16,917,975
Total OFF-SITE WORK	-	665,000	665,000	8.09	500,000	165,000
Total UTILITY FEES	1,025,121	-	1,025,121	12.47	988,541	36,580
Hard Cost Contingency	-	2,749,629	2,749,629	33.44	2,272,381	477,248
Hard Cost Escalation	-	1,649,777	1,649,777	20.07	3,029,841	(1,380,064)
TOTAL HARD COSTS	1,025,121	58,366,856	59,391,977	722.35	43,175,238	16,216,738
SOFT COSTS						
Total ARCHITECTURAL & ENGINEERING, CONSULTANTS	2,175,125	340,000	2,515,125	30.59	2,470,125	45,000
Total PERMITS & FEES	1,051,189	30,000	1,081,189	13.15	1,081,189	-
Total INSPECTIONS & TESTING	-	400,000	400,000	4.86	400,000	-
Total MARKETING	-	-	-	-	-	-
Total OTHER SOFT COSTS - CONSTRUCTION MANAGER	60,000	554,440	614,440	7.47	450,000	164,440
Total LEGAL	360,000	-	360,000	4.38	360,000	-
Total GENERAL & ADMINISTRATIVE	421	9,579	10,000	0.12	10,000	-
Total INSURANCE	190,000	80,000	270,000	3.28	200,000	70,000
Total TAXES DURING CONSTRUCTION	-	180,909	180,909	2.20	180,909	-
Soft Cost Contingency	78,900	247,000	325,900	3.96	309,133	16,766
Total Soft Costs Before Development Fee	3,915,635	1,841,928	5,757,563	70.03	5,461,357	296,206
Development Fee	-	3,257,477	3,257,477	39.62	2,431,830	825,647
TOTAL SOFT COSTS BEFORE FINANCING	3,915,635	5,099,405	9,015,040	109.65	7,893,187	1,121,854
TOTAL DEVELOPMENT COSTS BEFORE FINANCING	4,990,756	63,466,261	68,457,017	832.61	51,118,425	17,338,592
FINANCING COSTS						
TOTAL FINANCING COSTS	30,000	2,445,996	2,475,996	30.11	1,869,145	606,851
TOTAL DEVELOPMENT COSTS	5,020,756	65,912,257	70,933,013	862.72	52,987,570	17,945,443

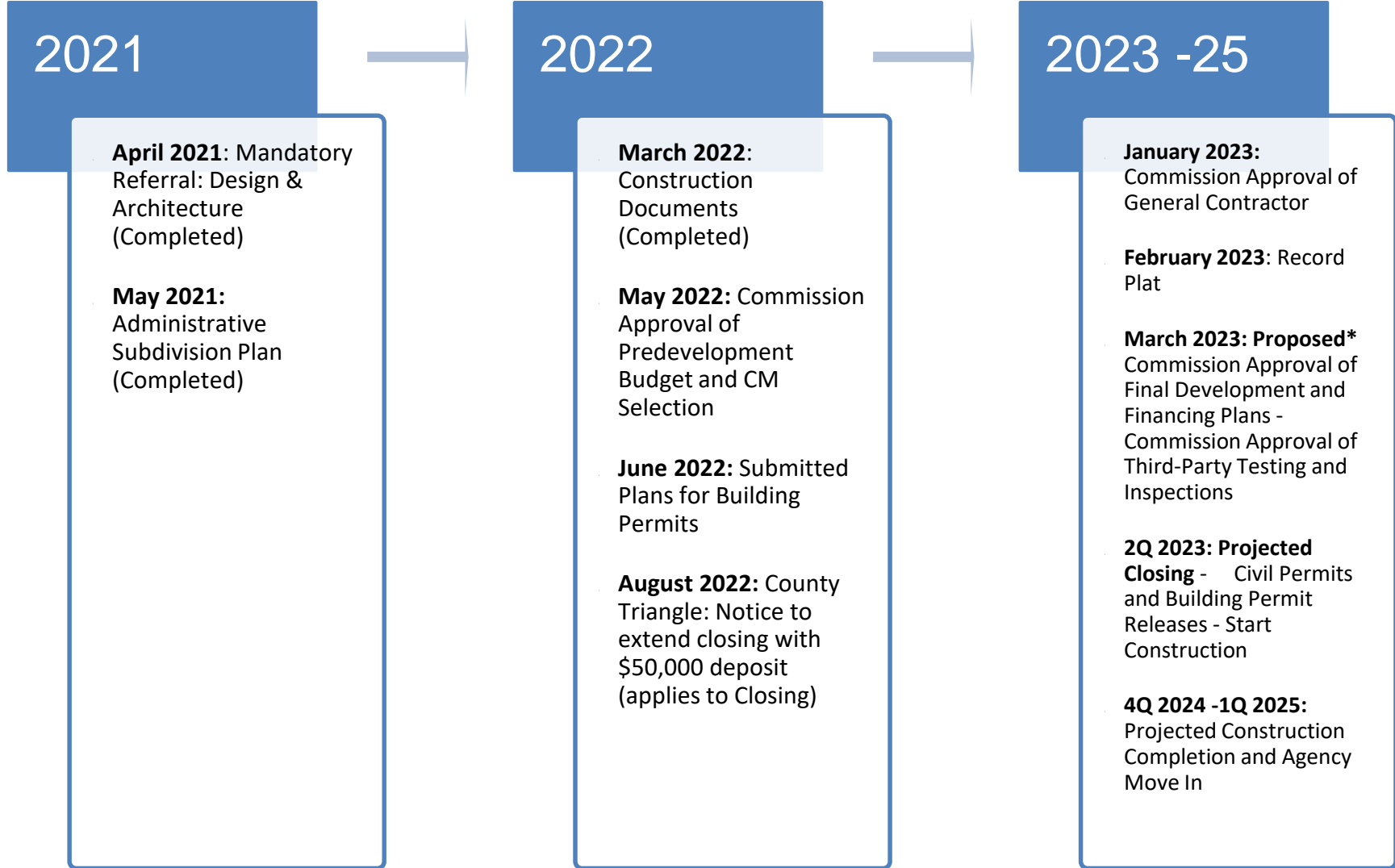
See notes regarding cost increase below.

Budget includes 5% Hard Cost Contingency and 3% Escalation Contingency

"Other Soft Costs" include both CM and Relocation.

Hard Cost increases are \$16.2MM and result from increased material and labor costs, omissions in the GC pre-construction budget, greater allowances for contingencies, and change to an all-concrete structure from a post-tensioned concrete system (Commission gains the flexibility to convert to housing in the future). The Base Building & Site Work cost includes Tenant Fit-out. The total cost per GSF overall is comparable to currently projected Class A buildings in the metropolitan area with similar floorplate size, height, and type of construction material. **Soft Cost** increases are \$1.1MM and are primarily driven by permits, fee requirements, and continued market price inflation. **Financing Cost** increases are \$600,000 and are expectations for higher interest rates in the calculations. It is still contemplated that the Commission will issue tax-exempt governmental bonds under the 2002 Multiple Purpose Indenture to finance a construction and permanent mortgage.

Development Timeline



Prior Commission Actions Related to HOC HQ

RESOLUTION No. 18-69AS – On September 5, 2018, the Commission approved the Predevelopment Budget in the amount of \$2,116,000 for the Design and Entitlement of Fenwick & Second; and Approval to Draw on the \$60 million PNC Bank, N.A. Line of Credit (the “PNC \$60MM LOC”) to Fund the First Installment of Predevelopment Funding in the amount of \$264,500.

RESOLUTION No. 19-45AS₁ – On April 3, 2019, the Commission approved entering 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 \$60MM PNC Bank, N.A. Line of Credit.

RESOLUTION No. 20-37A – On May 6, 2020, the Commission approved the submission of a Mandatory Referral Application for the New HQ, revised the FY21 predevelopment budget for the New HQ to \$2,650,150, and approved the expenditures for CY20 under the second installment of predevelopment funding for \$793,800.

RESOLUTION No. 21-19 (A & B) – On February 3, 2021, the Commission approved 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.

RESOLUTION No. 22-33 (A & B) – On May 4, 2022, the Commission approved a revised total predevelopment budget of \$5,020,756 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 \$2,112,456; and Approval of the Construction Manager Selected to Complete Construction Management for the Development. The resolution also authorized the Executive Director to negotiate and enter into a contract with JLL for construction management services that obligates HOC only for the pre-construction phase.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to accept staff's recommendation, which is supported by the Development & Finance Committee, to:

1. Approve the selection of Paradigm Contractors, LLC as the general contractor for the redevelopment of the Fenwick and Second parcel known as the HOC HQ site, and
2. Authorize the Executive Director to negotiate Guaranteed Maximum Price ("GMP") contract with Paradigm Contractors, LLC?

BUDGET/FISCAL IMPACT

There is no adverse impact on the Commission's FY2023 Operating Budget.

TIME FRAME

For formal action, in an open meeting of the Commission, on January 11, 2023.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

As these approvals would allow HQ to maintain its development timeline and better position the development team to manage construction cost risk, staff is recommending that the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, to:

1. Approve The selection of Paradigm Contractors, LLC as the general contractor for the redevelopment of the Fenwick and Second parcel known as the HOC HQ site, and
2. Authorize the Executive Director to negotiate a contract with Paradigm Contractors, LLC.

RESOLUTION No. 23-06

RE: Approval to Select and Negotiate a Guaranteed Maximum Price (“GMP”) Contract with Paradigm Contractors, LLC 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 (the “Property”), as the site of a new headquarters building, projected to be approximately 83,000 gross square feet or the maximum allowed by the current zoning regulations (the “New HQ”); and

WHEREAS, on April 3, 2019, HOC authorized the Executive Director to execute a Development Agreement and Ground Lease with Promark Development, LLC for the joint development of Property, engaged Design Collective, Inc. for architectural services to design and entitle, and administer construction for the New HQ, and subsequently, on May 6, 2020, approved pursuing site development approval; and

WHEREAS, on HOC has received all required approvals for the design of the plan from the Montgomery County Planning Board, specifically, HOC received approval of the Mandatory Referral Location Review Application on November 12, 2020, the Mandatory Referral Site Design and Architecture Application on April 15, 2021, and the Administrative Subdivision Plan on May 17, 2021; and

WHEREAS, with the required approvals in hand, the Commission desires to select a general contractor to construct the building and therefore issued request for proposals for general contracting services (“RFP #2340”); and

WHEREAS, the Commission issued request for proposals for general contracting services (“RFP #2340”) and construction management services (“RFP #2340”) for the New HQ; and

WHEREAS, Paradigm Contractors, LLC (“Paradigm”) received the highest score among respondents to RFP #2340; and

WHEREAS, the Commission desires to select Paradigm as the general contractor for the New HQ and authorize the Executive Director to negotiate a construction contract with Paradigm, including an early start agreement.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself, that it approves the selection of Paradigm as the general contractor for the new Headquarters Building and authorizes the Executive Director to negotiate a construction contract with Paradigm.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery

County that the Executive Director, or her 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.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 11, 2023.

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Chelsea Andrews
Executive Director

HILLANDALE GATEWAY: AUTHORIZATION TO EXECUTE A CONTRACT WITH CBG BUILDING GROUP AND PROVIDE LIMITED NOTICE TO PROCEED FOR EARLY START CONSTRUCTION WORK; APPROVAL OF EARLY START BUDGET AND FUNDING

10100, 10110, 10120, AND 10140 NEW HAMPSHIRE AVE, SILVER SPRING, MD



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

**Kathryn Hollister, Senior Financial Analyst
Gio Kaviladze, Senior Financial Analyst
Marcus Ervin, Director of Development
Zachary Marks, Chief Real Estate Officer**

January 11, 2023
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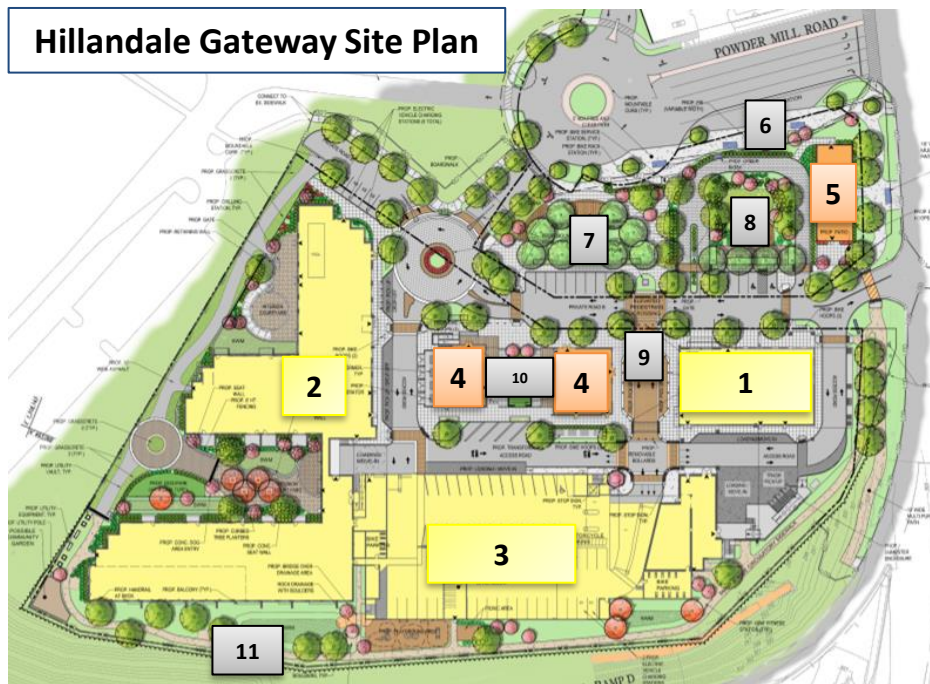
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Background

Hillandale Gateway will be a new mixed-use, mixed-income, multigenerational community located at 10100, 10110, 10120, and 10140 New Hampshire Avenue in Silver Spring, MD, on the site of Holly Hall Apartments, a former 96-unit Public Housing community. Hillandale Gateway will be the first major multifamily investment in the East County in decades and will create its first destination mixed-use community. Hillandale Gateway will also set the bar for innovation and energy efficiency in residential development in the mid-Atlantic.

Hillandale Gateway will include a total of 463 residential units. The development will comprise two residential buildings – one, a 155-unit Net Zero Energy, age-restricted (age 62+) senior building (“AR Building”); the other, a 308-unit Passive House, non-age restricted multifamily building (“NAR Building”). In addition to residential units, the site will have a drive-thru coffee shop, an above-ground parking garage, commercial/retail/restaurant space, and public and private green space.



KEY

Buildings:

1. 155-unit Senior Building “AR”
2. 308-unit Multifamily Building “NAR”
3. Parking Garage
4. Retail Pads
5. Drive-thru Coffee Shop

Site:

6. Transit station
7. Open green with amphitheater/ event stage
8. Urban plaza and natural area
9. Festival street with removable bollards
10. Flexible lawn space and dining terraces
11. Perimeter loop path

Development Highlights

- **Affordability:** Hillandale Gateway will be a contemporary, amenity-rich mixed-income development in a location with convenient access to major arterials, services, recreational activities and amenities. Hillandale Gateway will provide a full spectrum of affordability, not only site-wide, but in the AR and NAR Buildings individually.
- **Economic Development:** Hillandale Gateway will bring worthy new amenities and improvements to the Hillandale neighborhood and eastern Montgomery County, and is intended to be the catalyst for achieving broader transformations in Hillandale, attracting the new restaurants, new shops, new residents, new businesses, and new jobs that the White Oak Science Gateway Master Plan specifically seeks to encourage.
- **Sustainability:** Hillandale Gateway will incorporate a variety of methodologies in an effort to set new benchmarks for sustainability and high-performance development in Montgomery County. By using Passive House construction methodologies, the energy consumption of the buildings will be significantly reduced. At the same time, the site will include a renewable energy system (in the form of rooftop solar on both the senior and multifamily building and on the parking garage), which the Development Team anticipates will be sufficient to allow the AR building to become a Zero-Net Energy building – producing as much energy as it consumes.
- **Resiliency:** During periods of grid outage, Hillandale Gateway will be used to provide a resiliency center for residents and the surrounding neighborhood. Resiliency hubs are designed to provide emergency heating and cooling capability; refrigeration of temperature sensitive medications; plug power for charging of cell phone, computer batteries, and certain durable medical equipment; and emergency lighting.
- **Public Open Space:** At the entrance of Hillandale Gateway will be a centralized green space (“Central Green”), usable by the public as well as residents, consisting of approximately 17,000 square feet of contiguous open space. This public open space will include an amphitheater and will be a centerpiece and foreground for the development, establishing a focal point for the multi-building project. The site will provide additional open space, walkable sidewalks, a "loop path", streetscaping, a programmable “Festival Street”, landscaping and other site improvements, all of which will be dispersed throughout the entirety of the site.
- **Transportation:** The Development Team intends to design and construct more than \$1 million in Local Area Transportation Improvement Program (“LATIP”) improvements along the frontage of the site on Powder Mill Road. The Development Team has worked closely with MCDOT to design a new bus transit center featuring a pedestrian-friendly drop-off area, bus shelters, restroom facilities for bus drivers, and other related infrastructure improvements. Another transportation feature is that the site will provide 70 electric vehicle (“EV”) charging stations within the structured parking garage, with the ability to electrify the entire garage (661 parking spaces) in the future.
- **Digital Equity:** HOC is partnering with the County to provide MoCoNet (free internet service) to residents in the AR Building; staff is also exploring providing this service to low-income residents at the NAR Building.

Executive Summary

General Contractor (“GC”) Contract

- It is common practice for HOC to enter into early start agreements (“Early Start Agreements”) with general contractors for its new construction and renovation transactions. An Early Start Agreement allows for a limited scope of construction to proceed prior to the full construction closing, and can help reduce overall development duration and project costs.
 - Examples of recent projects with Early Starts include: Willow Manor Properties, Georgian Court, Shady Grove, The Leggett (formerly known as Elizabeth House III) and Fenton Silver Spring (formerly known as 900 Thayer).
- Typically with Early Start Agreements, the Commission approves the full GC contract value (“Guaranteed Maximum Price” or “GMP” contract value) at the same time it approves the Early Start Agreement. In the case of Hillandale Gateway, staff is requesting approval of the portion of the general contract that covers the Early Start phase **only** and will return to the Commission in mid-2023 for approval of the full GMP contract value. Reasons for this two-step approach include:
 - Hillandale Gateway’s last repricing exercise (in June 2022) was at the height of historical construction cost increases and was based on Hillandale Gateway’s previous structural system design (Prescient). Per the September 14, 2022 Commission approval, Hillandale Gateway is currently being redesigned to a concrete structure. The redesigned permit set is expected to be approved in Q2-2023, and the switch to concrete is estimated to result in significant construction cost savings.
 - Construction prices are stabilizing, and there are early signs that prices may start to come down.
 - The closer the pricing is to the date the actual work will be performed, the more aggressive subcontractors will be in their bids. There is a substantial amount of site work and long lead time items required prior to vertical construction, and repricing the vertical portion of the work closer to when the site is ready for vertical construction is expected to yield more competitive subcontractor bids.
- Staff is in the process of negotiating the major points of the two-phase contract with the GC (CBG Building Group). The cost of the Early Start work would not exceed \$11.5M.
- **Staff Recommendation: Execute a contract with CBG Building Group and provide a Limited Notice to Proceed with Early Start construction work for an amount not to exceed \$11.5M.**

Executive Summary

Early Start Budget and Funding

- For Hillandale Gateway, the benefits of an Early Start include:
 - 1) **maintaining the current development path, and**
 - 2) **positioning the development team to best manage construction cost risk.**
- The Early Start scope of work proposed for Hillandale Gateway consists of all work needed to bring the site ready for vertical construction and includes buying out critical path trades and long lead items.
- The cost of the Early Start is \$14.5M and includes hard construction costs (\$11.5M, as discussed on the previous slide), soft costs, and contingency.
 - Only 50% of the Early Start costs are projected to be drawn before the full construction closing; however, staff is requesting the entire Early Start budget be obligated in case the construction closing is significantly delayed.
- Staff recommends using the Housing Production Funds (“HPF”) as the source for the Early Start, as Hillandale Gateway meets the funding and affordability requirements of the program.
- **Staff Recommendation: Approve the Early Start budget for Hillandale Gateway and authorize the use of the HPF as the Early Start funding source.**

Project Status & Current Development Path

At the September 14, 2022, Commission meeting, the Commission approved the change in Hillandale Gateway’s structural system from Prescient to concrete. As discussed at that meeting, the switch pushed back the building permit approval by 6-8 months but does not impact the overall start date for vertical construction, given the extent of site work and long lead-time items that must precede vertical construction (see the table below on the right). Approval of an Early Start allows the development timeline to stay on schedule and has the added benefit of allowing the development team to manage construction costs, as it provides time for construction prices, which have seen historical increases over the past 12+ months, to cool. CBG has seen construction prices stabilize over the past month and there are early signs that prices may start to come down. Certain materials like lumber have already seen price reductions. Other indicators that costs may come down include reduction in material lead times and subcontractors proactively reaching out to GCs for work.



Early Start Keeps Vertical Construction Timeline on Track

	Site Work Start	Site Work End	Permit Issuance	Vertical Start	Vertical Start Delay
Stay with Prescient	1-2023	11-2023	9-2022	12-2023	0 Months
Switch to Concrete	1-2023	11-2023	6-2023	12-2023	0 Months

Since the September Commission meeting, the development team has been working toward revising Hillandale Gateway’s permit set and is on track to resubmit it to the Department of Permitting Services (“DPS”) in January 2023. Building permits are expected to be approved in Q2 2023.

Staff requests an Early Start approval to ensure the shortest development duration and yield project timing and cost management advantages.

Proposed Predevelopment Timeline



GC Contract

In March 2022, the Commission approved the selection of CBG Building Company (“CBG”) as the general contractor (“GC”) for Hillandale Gateway and authorized negotiation of the contract.

Staff has negotiated the significant points of a two-phase contract and is requesting approval to execute the contract once negotiations are finalized. The contract would allow for a limited notice to proceed (“LNTP”) for early start construction work (“Early Start”) in an amount not to exceed \$11.5M. The cost of the Early Start construction work as of December 6, 2022 (\$11,036,258 or 4.26% of total budget) is shown on the top right.

The contract’s LNTP will authorize CBG to prepare the site for vertical construction. The Early Start scope of work includes, but is not limited to: mobilization, buying out critical path materials and subcontractors, site grading, sediment control measures, installation of dry and wet utilities, and road improvements.

Staff will return to the Commission in mid-2023 for approval of a Guaranteed Maximum Price for the GC contract (“GMP Amendment”) and to authorize a full notice to proceed (“NTP”) for the vertical construction of the project as part of the Final Development Plan. The development team believes the timing of the GMP will be beneficial to the project, as construction prices are stabilizing and there are early signs that prices may start to come down.

Sources and uses for the development of Hillandale Gateway is shown on the bottom right. Staff will bring the Hillandale Gateway Finance Plan to the Commission for approval prior to full construction closing.

Early Start Construction Contract Breakdown

Description of Work		Total Cost
Code	Item	
190-00	Net Construction Costs (021-00 Through 180-00)	\$8,961,693
200-00	Builder's General Overhead	\$1,077,548
210-00	Bond Premium (Sub Bonds - GC Bond Not Incl)	\$92,669
220-00	Builder's Profit	\$449,919
230-00	Other (Insurance)	\$132,060
010-00	General Requirements (from page 1)	\$119,200
230-01	Contractor Contingency	\$203,169
240-00	Total Construction Costs	\$11,036,258

Sources and Uses

USES OF FUNDS	AMOUNT	PER UNIT
Construction Contract	\$176,552,078	\$381,322
Construction Contingency	\$4,553,247	\$9,834
Construction Related Costs	\$13,969,775	\$30,172
Design & Engineering	\$9,157,487	\$19,779
Other Development Costs	\$26,017,609	\$56,194
Financing Fees & Charges	\$2,195,000	\$4,741
Construction Interest: Senior Loan	\$16,339,633	\$35,291
Construction Interest: Other Loans	\$7,201,273	\$15,554
Capitalized Operating Costs	\$1,023,915	\$2,211
Guarantees & Reserves	\$1,500,000	\$3,240
TOTAL USES OF FUNDS	\$258,510,017	\$558,337
SOURCES OF FUNDS	AMOUNT	PER UNIT
Senior Loan	\$150,938,366	\$326,001
HOC Equity	\$10,950,000	\$23,650
Tax Credit Equity	\$45,621,651	\$98,535
HIF Loan	\$16,000,000	\$34,557
HPF Loan	\$35,000,000	\$75,594
TOTAL SOURCES OF FUNDS	\$258,510,017	\$558,337

Early Start Budget and Funding

Early Start Budget

Staff is requesting approval of an Early Start budget and funding not to exceed \$14.5M. The Early Start scope of work proposed for Hillandale Gateway consists of all work needed to bring the site “ready” for vertical construction. It includes buying out critical path trades (earthwork, dry and wet utilities, etc.) and long lead times items (precast parking garage design, ductile iron pipes, etc.).

Early Start Budget	Cost
Hard Construction Costs (GC Contract Value)	\$11,500,000
Soft Costs	\$1,000,000
Contingency	\$2,000,000
TOTAL	\$14,500,000

The Early Start budget includes: 1) hard construction costs in an amount not to exceed \$11.5M (the GC contract amount, as discussed on the previous slide), 2) soft costs related to the Early Start work (such a governmental and utility fees), and 3) contingency for unforeseen conditions.

Funding and HPF Requirements

Staff proposes that the Early Start budget be funded by a loan from the Housing Production Fund (“HPF”). The HPF was the first-ever collaboration of its kind between the County and HOC. It created an innovative revolving source of construction financing that will help expand affordable housing in the County and is replicable for other localities.

The HPF can be used for new construction projects in which 20% of the units are affordable to households earning 50% of AMI, and 10% of the units are MPDUs. Hillandale Gateway exceeds these affordability requirements (in April 2022, the Commission approved a site-wide affordability mix of 25% at or below 50% AMI and, 16% at MPDU levels). Additional program requirements are listed to the right.

Required Affordability

- 10% of project units at MPDU rents (65% and 70% for garden and high rise, respectively)
- 20% of project units at 50% AMI

Project Interest Payments

- Rate fixed at 5%, interest only
- Projected payments fully capitalized
- Developer remits semi-annual interest payments to Trustee

Term of Investment

- Not longer than five years
- Repaid as part of refinancing

Program Control

- HOC determines target developments
- Each loan approval by an internal HOC Investment Committee
- Annual reporting to Council

County Payments

- Remits semi-annual to Trustee per Funding Agreement
- Receives semi-annual payments from Trustee (developer interest)

Commission Ownership

- Projects funded by the HPF owned or controlled by HOC or an affiliate
- Takeout financing will be presented with each HPF loan approval

Early Start: Benefits and Risks

Benefits

- Allows development activities to move forward—specifically, site work and long lead-time items that must precede vertical construction—while building permits are finalized in Q2 2023 (as discussed in more detail on slide 7).
- Reduces overall time until the project is built, stabilized and permanently financed, reducing carrying costs (e.g. ground lease payments, monthly project fees, etc.). In the case of Hillandale Gateway, an Early Start would result in approximately **\$450K in cost savings**, versus if construction did not mobilize until full construction closing (discussed in more detail on slide 12).
- Reduces the full construction financing duration of the project, making the project more attractive to construction lenders and LIHTC investors.
 - For example, even a 1 cent (\$0.01) increase in LIHTC pricing would generate an additional **\$500,000 in LIHTC equity** proceeds for the development.
- HPF is a competitively-priced financing source (fixed annual interest at 5%) and is almost on par with the Applicable Federal Rate.
- Use of the HPF allows other HOC sources (OHRF, RELOC, etc.) to be used for projects that may not qualify for HPF (renovations, acquisitions, projects that have not yet reached feasibility/entitlement, etc.).
- Unforeseen site conditions (e.g. underground issues that are uncovered during site work that must be mitigated prior to vertical construction) have the potential to significantly impact project costs and schedule. Uncovering these issues (if present) earlier in the process and prior to full construction closing brings more certainty to the development budget and timeline moving forward.

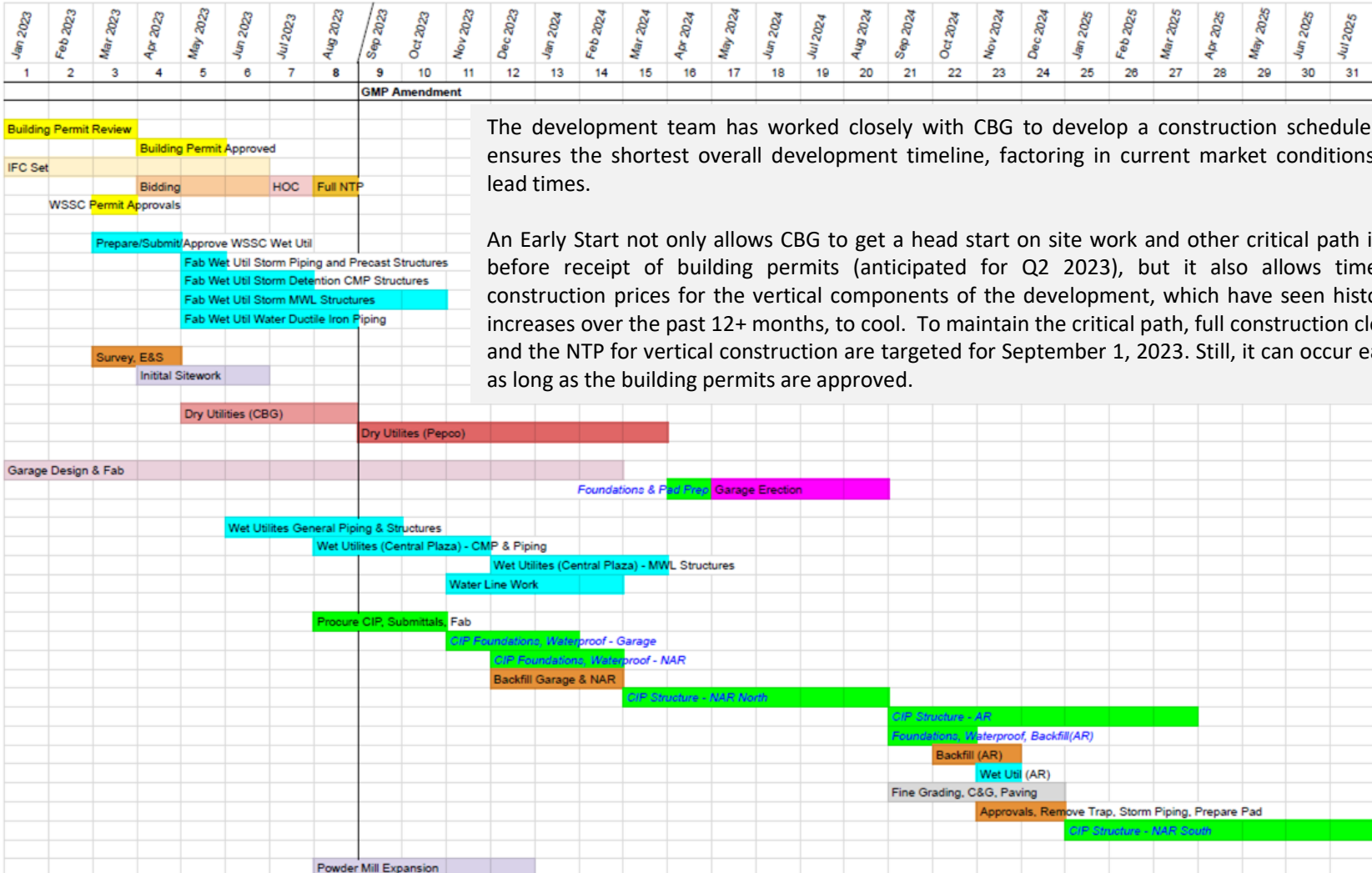
Risks

- Staff requests obligating funding for the full Early Start budget, even though it is not projected to be spent before construction finance closing. However, this risk is mitigated by the fact that the value of the site “as ready” for vertical construction (after completion of the Early Start scope of work) is more than the cost of the Early Start work and predevelopment costs combined. The “as-is” value of the leasehold interest in the land (the market value based on its current condition without any of the Early Start work completed) is approximately \$24M.
- HPF principal must be paid within five years from when it is drawn. If the permanent conversion is delayed, HOC would need to identify a source to repay the HPF.

Construction Schedule

Hillandale Gateway
Early Start Scope

— CBG
Sequencing & Schedule Summary

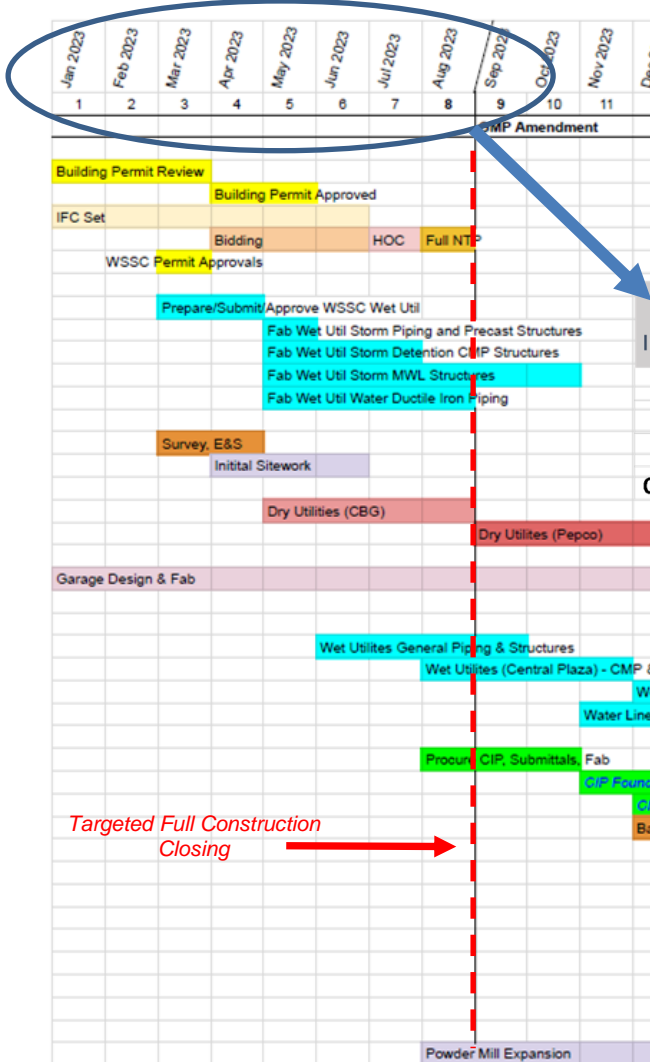


The development team has worked closely with CBG to develop a construction schedule that ensures the shortest overall development timeline, factoring in current market conditions and lead times.

An Early Start not only allows CBG to get a head start on site work and other critical path items before receipt of building permits (anticipated for Q2 2023), but it also allows time for construction prices for the vertical components of the development, which have seen historical increases over the past 12+ months, to cool. To maintain the critical path, full construction closing and the NTP for vertical construction are targeted for September 1, 2023. Still, it can occur earlier as long as the building permits are approved.

HPF Draw Schedule

Hillandale Gateway Early Start Scope



While staff is requesting that the Commission obligate \$14.5M in HPF funds for the full Early Start budget, it is anticipated that only \$7.2M (~50%) would be drawn before September 1, 2023, which is the targeted full construction closing date. Interest expense on the Early Start draws total approximately \$123K through August 2023 and can be paid from previously approved and obligated predevelopment funds.

HPF Draw and Interest Projections	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Monthly Draws	\$435,739	\$1,112,038	\$708,841	\$703,551	\$964,549	\$1,105,327	\$1,074,689	\$1,115,121	\$1,091,379
Cumulative Draws	\$435,739	\$1,547,778	\$2,256,619	\$2,960,170	\$3,924,718	\$5,030,045	\$6,104,734	\$7,219,855	\$8,311,234
Monthly Interest	\$1,816	\$6,449	\$9,403	\$12,334	\$16,353	\$20,959	\$25,436	\$30,083	\$34,630
Cumulative Interest	\$1,816	\$8,265	\$17,667	\$30,001	\$46,354	\$67,313	\$92,749	\$122,832	\$157,462

Note:* The potential cost savings due to a shortened overall development period are approximately \$458,500.

PROJECTED SAVINGS DUE TO EARLY START	Per Month	Total*
Ground Lease Payments	\$29,750	\$178,500
Development Fees	\$20,000	\$120,000
Project Management Fees	\$6,667	\$40,000
Preconstruction Construction Management	\$20,000	\$120,000
TOTAL	\$76,416.67	\$458,500

*Compared to a scenario where there is no Early Start, and construction begins 30 days after receipt of building permits.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to accept staff's recommendation, which is supported by the Development & Finance Committee, that it:

- Authorize the Executive Director to execute a contract with CBG for an amount not to exceed \$11.5MM and to provide a Limited Notice to Proceed ("LNTP") for the Early Start work?
- Approve an Early Start budget for Hillandale Gateway in an amount not to exceed \$14.5M?
- Authorize the Housing Production Fund ("HPF") as a source for the Early Start work in an amount not to exceed \$14.5M?

BUDGET/FISCAL IMPACT

There is no adverse impact on the Commission's FY2023 Operating Budget. The HPF has sufficient unobligated funds to meet this request.

TIME FRAME

For formal action in an open meeting of the Commission on January 11, 2023.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

As these approvals would allow Hillandale Gateway to maintain its development timeline and better position the development team to manage construction cost risk, staff is recommending that the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, to:

- Authorize the Executive Director to execute a contract with CBG for an amount not to exceed \$11.5MM and to provide a Limited Notice to Proceed ("NTP") for the Early Start work?
 - The contract would allow CBG to perform Early Start work under a Limited Notice to Proceed ("LNTP").
 - Staff will return to the Commission for approval of an amended GC contract for full construction of the project in the summer of 2023.
- Approve an Early Start budget for Hillandale Gateway in an amount not to exceed \$14.5M.
 - The Early Start budget includes hard construction costs (GC contract amount), soft costs, and contingency.
- Authorize the Housing Production Fund ("HPF") as a source for the Early Start work in an amount not to exceed \$14.5M.

RESOLUTION No.: 23-07

RE: Authorization to Execute a Contract with CBG Building Group and Provide Limited Notice to Proceed for Early Start Construction Work; Approval of Early Start Budget and Funding

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC, the entity that will redevelop approximately 5.15 acres of land at 10110 and 10140 New Hampshire Avenue, Silver Spring, MD 20903 (such site formerly known as “Holly Hall” and to be known during and after development as “Hillandale Gateway”); and

WHEREAS, on March 2, 2022, the Commission approved the selection of CBG Building Company (“CBG”) as the general contractor (“GC”) for the Holly Hall Site and authorized negotiation of the contract (“GC Contract”); and

WHEREAS, the Commission desires to approve the execution of the GC Contract, which would allow the GC to perform a limited scope of construction work (“Early Start Work”) under a limited notice to proceed (“LNTP”) in an amount not to exceed \$11,500,000; and

WHEREAS, the Commission desires to approve an early start budget (“Early Start Budget”) in the amount of \$14,500,000, which includes \$11,500,000 in hard construction costs (the GC Contract value), \$1,000,000 in soft costs, and \$2,000,000 in contingency; and

WHEREAS, the Commission desires to approve a loan from the Housing Production Fund (“HPF”) to Hillandale Gateway, LLC in the amount of \$14,500,000 to fund the Early Start Budget; and

WHEREAS, pursuant to Treasury Regulation §1.150-2, the Commission desires to declare its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance “original expenditures” (as defined in Treasury Regulation §1.150-2) for the new construction located at the Holly Hall Site (the “Development”); and

WHEREAS, all or a portion of such future tax-exempt borrowings may be allocated to reimburse the Commission for original expenditures paid or to be paid subsequent to the date which is 60 days prior to the date hereof, such reimbursement allocation to occur not later than 18 months after the later of the date of payment of such original expenditures or the date on which the Development is placed in service or abandoned (but in no event more than three (3) years after the date of payment of the related original expenditures); and

WHEREAS, this reimbursement resolution is being adopted with regard to the entire \$200,000,000 of anticipated capital expenditures to be incurred with regard to the Hillandale Gateway project (the “Project”) that will be financed, in part, with proceeds of tax-exempt bonds, and this resolution is intended to qualify as a reimbursement resolution pursuant to Section 1.150-2 of the U.S. Treasury Department Income Tax Regulations (the “Regulations”).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the execution of the GC Contract, which would allow the GC to perform Early Start Work under a LTNP in an amount not to exceed \$11,500,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it approves an Early Start Budget in the amount of \$14,500,000, which includes \$11,500,000 in hard construction costs (the GC Contract value), \$1,000,000 in soft costs, and \$2,000,000 in contingency.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes a loan to Hillandale Gateway, LLC from the HPF in the amount of \$14,500,000 to fund the Early Start Budget.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that the Executive Director of HOC, or her designee, is authorized 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 to the GC Contract or Hillandale Gateway, LLC's acceptance of the loan from the HPF in an amount up to \$14,500,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of the redevelopment of the Holly Hall Site located in the Hillandale area of Montgomery County, with moneys currently contained in its Opportunity Housing Reserve Fund and any other funds of the Commission so designated for use by the Commission.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it declares its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance original expenditures for Hillandale Gateway.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that any original expenditures for Hillandale Gateway may be reimbursed with proceeds of tax-exempt borrowings if such original expenditures are paid or to be paid no earlier than 60 days prior to the date of this Resolution, except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it is the intention of the Commission that the resolutions contained herein qualify as a reimbursement resolution and a declaration of "official intent" within the meaning of Section 1.150-2 of the Regulations.

I **HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 11, 2023.

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Chelsea Andrews
Executive Director

HILLANDALE GATEWAY: APPROVAL OF A LOAN FROM THE HOUSING PRODUCTION FUND TO HILLANDALE GATEWAY, LLC

January 11, 2023

- On May 5, 2021, the Commission approved a Revolving Housing Production Fund Program (the “Housing Production Fund”) and adopted Resolution 21-46, which authorized the Resolution for a New Master Resolution to implement the Housing Production Fund, and approved the structure, Cost of Issuance budget, and adopted the Series Resolution for the issuance of Limited Obligation Bonds, Series 2021 to provide funding for the Housing Production Fund.
- Staff recommends, with the support of the Development and Finance Committee, which reviewed this request at its meeting on December 16, 2022, approval of a loan from the Housing Production Fund in an amount not to exceed \$14.5 million for the Hillandale Gateway development. Proceeds of the loan will be used to fund early start work.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Tim Goetzinger, Chief Development Funds Officer and Acting Chief Financial Officer

RE: **Hillandale Gateway:** Approval of a Loan from the Housing Production Fund to Hillandale Gateway, LLC

Date: January 11, 2023

STATUS: Committee Report Deliberation X

OVERALL GOAL & OBJECTIVE:

To obtain approval of a \$14.5 million loan from the Housing Production Fund (“HPF”) to provide early start financing for the 463-unit mixed-income and mixed-use Hillandale Gateway development, which upon completion will contain 117 units (25%) affordable to households earning at or below 50% AMI, and 75 units (16%) that are affordable at Moderately Priced Dwelling Unit (“MPDU”) levels for high-rise buildings (at or below 70% AMI).

BACKGROUND:

On August 17, 2021, the Housing Opportunities Commission (“HOC”) closed on the issuance of \$50,000,000 in Limited Obligation Bonds (Housing Production Fund) Series 2021 (Federally Taxable), sold by the Commission to PNC Capital Markets, LLC and Wells Fargo Bank, National Association, as underwriters.

The bond issuance was unique in that it was the first-ever collaboration of its kind between the County and HOC that created an innovative revolving source of construction financing that will help to expand affordable housing in the County, and is replicable for other localities.

The HPF is utilized in conjunction with additional HOC investment, private investment, and conventional construction debt to finance construction and lease-up phases for new-construction developments. Permanent financing repays the initial HPF investment, which is subsequently returned to the fund for investment into the next HPF development. Developments funded by the HPF are “30/70” new construction developments, so that no less than thirty percent of a project’s total units are affordable to low- and moderate-income residents and no more than seventy percent are market-rate units. The affordable units are set at two (2) affordability levels. Ten percent (10%) of a project’s units are at Moderately Priced Dwelling Unit (“MPDU”) rents, and twenty percent (20%) of project’s units are at 50% of the AMI.

Hillandale Gateway is a proposed 463-unit, mixed-income, mixed-use, and multigenerational new construction development located in the Hillandale neighborhood of Silver Spring. Of the 463 units, 117 units (25%) will be affordable to households earning at or below 50% AMI, and 75 units (16%) will be affordable at MPDU high-rise levels (at or below 70% AMI). A more detailed breakdown of Hillandale Gateway’s affordability is below:

Hillandale Gateway Affordability		
Affordability (AMI%)	Units	Percentage
30%	25	5%
40%	25	5%
50%	67	14%
60%	50	11%
70%	25	5%
80%	56	12%
Market	215	46%
TOTAL	463	100%

The development predominantly consists of one- and two-bedroom units with eleven (11) three-bedroom units. Per HPF guidelines, funds must be repaid within five (5) years and pay interest at a rate of five percent (5%).

Full construction closing for Hillandale Gateway is expected in Q3 CY2023, and construction, lease-up and stabilization is expected to be completed by the end of CY2027, at which time the project would convert to permanent financing. At full construction closing, the HPF loan to the Hillandale development would increase to approximately \$35 million and a new five-year term established to comply with requirements of the fund.

The loan would be evidenced by a Deed of Trust, Loan Agreement, Regulatory Agreement and Promissory Note.

Summary of Past Approvals:

Date	Res.	Description
October 7, 2015	15-79	Approval of a predevelopment budget to fund the first 15 months of predevelopment activity related to the redevelopment of Holly Hall.
March 1, 2017	17-18	Design update and approval of a revised budget for 12 months of predevelopment activity related to the redevelopment of Holly Hall.
January 9, 2019	19-10	Design update and approval of a revised budget to fund predevelopment work.
May 8, 2019	19-56	Approval of site design and submission of an application to the Planning Board for Site and Subdivision Plan approval.
February 5, 2020	20-13	Approval of redesigned site plan for submission to the Planning Board, a revised predevelopment budget, and CY2020 predevelopment funding.
November 4, 2020	20-78	Approval of a revised predevelopment budget and funding.
May 5, 2021	21-46	Approval of a revolving Housing Production Fund Program.
March 2, 2022	22-20	Approval of a preliminary development plan for the Age-Restricted Building and approval of the selection of a general contractor and construction manager for Hillandale Gateway.
April 2, 2022	22-25	Approval of a preliminary development plan for the Non Age-Restricted Building and revised affordability mix for the Age-Restricted Building.
September 14, 2022	22-67	Updated preliminary development plan and change in structural system; approval of revised predevelopment budget and additional predevelopment funding.

ISSUES FOR CONSIDERATION:

Does the Commission wish to join staff’s recommendation with the support of the Development and Finance Committee and approve a loan to Hillandale Gateway, LLC from the Housing Production Fund in an amount not to exceed \$14.5 million for the Hillandale Gateway development?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Hillandale Gateway, LLC

FISCAL/BUDGET IMPACT:

There is no impact on the agency’s 2022 operating budget.

TIMEFRAME:

For formal action at the January 11, 2023 open meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve a loan from the Housing Production Fund to Hillandale Gateway, LLC in an amount not to exceed \$14.5 million for the Hillandale Gateway development. Proceeds of the loan will be used to fund early start work.

RESOLUTION: 23-08

**Re: Approval of a Loan from the
Housing Production Fund to
Hillandale Gateway, LLC**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the sole member of HOC at Hillandale Gateway, LLC, which is a member and the manager of Hillandale Gateway, LLC, the entity that will redevelop approximately 5.15 acres of land at 10110 and 10140 New Hampshire Avenue, Silver Spring, MD 20903 (such site formerly known as “Holly Hall” and to be known during and after development as “Hillandale Gateway”); and

WHEREAS, on May 5, 2021, the Commission adopted Resolution 2021-46, which approved a Revolving Housing Production Fund Program (the “Housing Production Fund”); and

WHEREAS, the Commission wishes to approve a loan from the Housing Production Fund to Hillandale Gateway, LLC in an amount not to exceed \$14.5 million for early start work related to the Hillandale Gateway development; and

WHEREAS, the loan from the Housing Production Fund will carry a maximum term of five (5) years, an interest rate of five percent (5%) and will be repaid on or before permanent financing, which is expected to occur by the fourth quarter of calendar year 2027; and

WHEREAS, pursuant to Treasury Regulation §1.150-2, the Commission desires to declare its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance “original expenditures” (as defined in Treasury Regulation §1.150-2) for the new construction located at the Holly Hall Site (the “Development”); and

WHEREAS, all or a portion of such future tax-exempt borrowings may be allocated to reimburse the Commission for original expenditures paid or to be paid subsequent to the date which is 60 days prior to the date hereof, such reimbursement allocation to occur not later than 18 months after the later of the date of payment of such original expenditures or the date on which the Development is placed in service or abandoned (but in no event more than three (3) years after the date of payment of the related original expenditures); and

WHEREAS, this reimbursement resolution is being adopted with regard to the entire \$200,000,000 of anticipated capital expenditures to be incurred with regard to the Hillandale Gateway project (the “Project”) that will be financed, in part, with proceeds of tax-exempt bonds, and this resolution is intended to qualify as a reimbursement resolution pursuant to Section 1.150-2 of the U.S. Treasury Department Income Tax Regulations (the “Regulations”).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a Housing Production Fund Loan of up to \$14.5 million to Hillandale Gateway, LLC.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves the execution of a Housing Production Fund Deed of Trust, Loan Agreement, Regulatory Agreement, and Promissory Note.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that HOC's Executive Director, or her designee, is authorized 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 to HOC's provision, or Hillandale Gateway, LLC's acceptance, of a Housing Production Fund Loan in an amount up to \$14,500,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it declares its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance original expenditures for Hillandale Gateway.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that any original expenditures for Hillandale Gateway may be reimbursed with proceeds of tax-exempt borrowings if such original expenditures are paid or to be paid no earlier than 60 days prior to the date of this Resolution, except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it is the intention of the Commission that the resolutions contained herein qualify as a reimbursement resolution and a declaration of "official intent" within the meaning of Section 1.150-2 of the Regulations.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 11, 2023.

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Chelsea Andrews
Executive Director

Adjourn

Development Corporation Meetings

VPC One Corporation Meeting

VPC ONE CORPORATION

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

Minutes

December 7, 2022

22-002

Chair Priest convened the meeting of the VPC One Corporation on December 7, 2022 at 5:28 p.m. via a hybrid platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland. Those in attendance were:

Present

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

Via Zoom

Pamela Byrd

Also Attending

Chelsea Andrews, Executive Director
Aisha Memon, General Counsel
Guidy Paul
Zachary Marks
Ken Silverman
Tia Blount
Bonnie Hodge
Matt Husman
Timothy Goetzinger

Kayrine Brown, Deputy Executive Director
Lynn Hayes
Jennifer Washington
Jeremiah Battle
Marcus Ervin
John Vass
Paige Gentry
Fred Swan

Attending via Zoom

Kashif Paul
Nitin Gupta
David Brody
John Broullire
Jay Shepherd
Darcel Cox

IT Support

Aries "AJ Cruz
Genio Etienne
Irma Rodriques

Support to the Corporation

Patrice Birdsong, Special Assistant

Chair Priest called to order the meeting of the VPC One Corporation and opened the floor to Executive Director Andrews to request approval of the single item on the agenda.

A. VPC One Corporation: Approval to Accept Amended Refinancing Plan

The following resolution was adopted upon a motion by Commissioner Croom and seconded by Vice Chair Kelleher. Affirmative votes were cast by Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkwowitz, and Jackie Simon.

RESOLUTION NO.: 22-002VPC1

RE: Approval to Accept the Amended Refinancing Plan for VPC One Corporation

WHEREAS, VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two” and together with VPC One, the “Corporations”), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery (“HOC” or the “Commission”); and

WHEREAS, VPC One owns 389 of the 669 units that were former Public Housing properties (“669 Sites”) and an additional nine (9) units that were acquired between December 2014 and December 2015, and VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016; and

WHEREAS, on November 17, 2017, the Corporations’ Board of Directors and HOC approved the refinancing of the Corporations’ existing debt with a new loan from PNC Bank, N.A. (the “PNC Facility”); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to the Corporations in an amortizing loan amount of \$52 million, as sized to avoid any reduction in the Commission’s general obligation borrowing capacity (“Refinance Plan”); and

WHEREAS, the PNC Facility is scheduled to mature on December 21, 2022 and a short-term extension of up to eight (8) months (“PNC Facility Extension”) is being requested to allow more time to evaluate permanent financing strategies; and

WHEREAS, in order to accommodate the time needed for approval and documentation of the PNC Facility Extension to approximately August 2023, PNC Bank, N.A. has agreed to waive collection of the amount due on the original maturity date for approximately 30 days; and

WHEREAS, the PNC Facility Extension will change the payment terms of the original PNC Facility to include interest-only payments at a higher interest rate (the “Amended Payment Terms”), and these Amended Payment Terms will trigger a technical re-issuance of the tax-exempt loan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC One Corporation approves amending the Refinance Plan to allow for the PNC Facility Extension, and approves the revised terms including the Amended Payment Terms, provided that when combined with VPC Two refinance plan, the re-issuance of tax-exempt indebtedness will not exceed \$48 million.

BE IT FURTHER RESOLVED that the Board of Directors of VPC One Corporation authorizes and directs the Executive Director of HOC, 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.

Based upon this report and there being no further business to come before the Board of the VPC One Corporation the meeting adjourned at 5:28 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Adjourn

VPC Two Corporation Meeting

VPC TWO CORPORATION

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

Minutes

December 7, 2022

22-002

Chair Priest convened the meeting of the VPC Two Corporation on December 7, 2022 at 5:29 p.m. via a hybrid platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland. Those in attendance were:

Present

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

Via Zoom

Pamela Byrd

Also Attending

Chelsea Andrews, Executive Director
Aisha Memon, General Counsel
Guidy Paul
Zachary Marks
Ken Silverman
Tia Blount
Bonnie Hodge
Matt Husman
Timothy Goetzinger

Kayrine Brown, Deputy Executive Director
Lynn Hayes
Jennifer Washington
Jeremiah Battle
Marcus Ervin
John Vass
Paige Gentry
Fred Swan

Attending via Zoom

Kashif Paul
Nitin Gupta
David Brody
John Broullire
Jay Shepherd
Darcel Cox

IT Support

Aries "AJ Cruz
Genio Etienne
Irma Rodriques

Support to the Corporation

Patrice Birdsong, Special Assistant

Chair Priest called to order the meeting of the VPC Two Corporation and opened the floor to Executive Director Andrews to request approval of the single item on the agenda.

A. VPC Two Corporation: Approval to Accept Amended Refinancing Plan

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkwowitz, and Jackie Simon.

RESOLUTION NO.: 22-002VPC2

RE: Approval to Accept the Amended Refinancing Plan for VPC Two Corporation

WHEREAS, VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two” and together with VPC One, the “Corporations”), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery (“HOC” or the “Commission”); and

WHEREAS, VPC One owns 389 of the 669 units that were former Public Housing properties (“669 Sites”) and an additional nine (9) units that were acquired between December 2014 and December 2015, and VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016; and

WHEREAS, on November 17, 2017, the Corporations’ Board of Directors and HOC approved the refinancing of the Corporations’ existing debt with a new loan from PNC Bank, N.A. (the “PNC Facility”); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to the Corporations in an amortizing loan amount of \$52 million, as sized to avoid any reduction in the Commission’s general obligation borrowing capacity (“Refinance Plan”); and

WHEREAS, the PNC Facility is scheduled to mature on December 21, 2022 and a short-term extension of up to eight (8) months (“PNC Facility Extension”) is being requested to allow more time to evaluate permanent financing strategies; and

WHEREAS, in order to accommodate the time needed for approval and documentation of the PNC Facility Extension to approximately August 2023, PNC Bank, N.A. has agreed to waive collection of the amount due on the original maturity date for approximately 30 days; and

WHEREAS, the PNC Facility Extension will change the payment terms of the original PNC Facility to include interest-only payments at a higher interest rate (the “Amended Payment Terms”), and these Amended Payment Terms will trigger a technical re-issuance of the tax-exempt loan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC Two Corporation approves amending the Refinance Plan to allow for the PNC Facility Extension, and approves the revised terms including the Amended Payment Terms, provided that when combined with VPC One refinance plan, the re-issuance of tax-exempt indebtedness will not exceed \$48 million.

BE IT FURTHER RESOLVED that the Board of Directors of VPC Two Corporation authorizes and directs the Executive Director of HOC, 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.

Based upon this report and there being no further business to come before the Board of the VPC One Corporation the meeting adjourned at 5:29 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Adjourn