



10400 Detrick Avenue
Kensington, MD 20895-2484
(240) 627-9425



DEVELOPMENT AND FINANCE COMMITTEE

July 22, 2022

10:00 a.m.

Livestream: <https://youtu.be/kebLdxxWyyA>

Approval of Minutes:

Title	Page
1. Minutes: Approval of Development and Finance Committee Minutes of June 24, 2022	3

Discussion/Action Items:

Title	Page
1. Westwood Tower Apartments: Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit (RELOC) to Provide Interim Financing for Westwood Tower Apartments	7

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Development and Finance Committee Minutes

June 24, 2022

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Development and Finance Committee was conducted via an online platform and teleconference on Friday, June 24, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:07 a.m., available for viewing [here](#). Those in attendance were:

Present

Jackie Simon, Chair – Development and Finance Committee
Richard Y. Nelson, Jr. – Commissioner

Via Zoom

Jeffrey Merkwowitz – Commissioner

Also Attending

Kayrine Brown, Acting Executive Director
Zachary Marks
Hyunsuk Choi
Leidi Reyes
John Broullire

Aisha Memon, General Counsel
Timothy Goetzinger
Nathan Bovellev
Marcus Ervn
Gio Kaviladz

Also Attending Via Zoom

Paulette Dudley
Karlos Taylor
Paige Gentry
Matt Husman
Fozia Malik

Daejauna Donahue
Eugenia Pascual
Gail Willison
Kathryn Hollister

IT Support

Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

Commissioner Simon opened the meeting with a welcome and introduction of the Commissioners participating on the Committee.

APPROVAL OF MINUTES

The minutes of the May 27, 2022 Development and Finance Committee open session meeting was approved upon a motion by Commissioner Nelson and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Simon, Nelson, and Merkowitz.

DISCUSSION ITEMS

1. Single Family: Approval of New Participating Lender for Single Family Mortgage Purchase Program

Paulette Dudley, Program Specialist, provided a presentation requesting that the Development and Finance Committee recommend to the full Commission approval of Celebrity Home Loan, LLC for participation in the Single Family Mortgage Purchase Program.

Staff addressed the questions of the Commissioners. A motion was made by Commissioner Nelson and seconded by Commissioner Merkowitz to recommend to the full Commission for approval at the July 13, 2022 monthly meeting. Affirmative votes were cast by Commissioners Simon, Nelson, and Merkowitz.

2. HOC at Wheaton Gateway, LLC – Wheaton Gateway: Approval and Selection of an Architect, Civil Engineer, and Approval of an Amended Predevelopment Budget and Funding

Marcus Ervin, Director of Real Estate Development, Daejauna Donahue, Project Manager, and Zachary Marks, Chief Investment and Real Estate Officer, provided a presentation requesting that the Development and Finance Committee join staff's recommendation to the full Commission to (1) approve the CY22 Pre-development Budget (2) approve a loan to fund the ongoing predevelopment cost for the full entitlement of the site for Phase 1 construction documents and permitting (3) approve the selection of Torti Gallas and Partners for architectural services, and (4) approve the selection of Charles P. Johnson and Associates for civil engineering services.

There was detailed discussion and staff addressed the questions of the Commissioners as it related to affordability, location, design, as well as explanation of the rating selection criteria for architectural services. No action was taken.

3. Elizabeth House III, LP – EH III: Selection of a Property Name in Accordance with HOC's Naming Guidelines

Marcus Ervin, Director of Real Estate Development, and Hyunsuk Choi, Housing Acquisitions Manager, provided a presentation requesting that the Development and Finance Committee join staff's recommendation to approve the permanent name "The Leggett" for the Elizabeth House III development.

Staff addressed the questions of the Commissioners. Commissioner Nelson noted for the record his concern with naming properties after individuals and for staff to ensure that this is not a precedent. Commissioners Simon and Merkowitz concurred. A motion was made by Commissioner Nelson and seconded by Commissioner Simon to recommend to the full Commission for approval at the July 13, 2022 monthly meeting. Affirmative votes were cast by Commissioners Simon and Nelson. Commissioner Merkowitz abstained.

Based upon this report and there being no further business to come before this session of the Development and Finance Committee the meeting adjourned at 12:09 p.m.

Kayrine Brown
Acting Secretary/Treasurer

/pmb

Discussion/Action Items

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County
Development and Finance Committee

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Zachary Marks, Chief Real Estate Officer Ext. 9613
Marcus Ervin, Director of Development Ext. 9752
Kathryn Hollister, Senior Financial Analyst Ext. 9551

RE: **Westwood Tower Apartments:** Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Provide Interim Financing for Westwood Tower Apartments

DATE: July 22, 2022

STATUS: Consent _____ Deliberation X Status Report _____ Future Action _____

OVERALL GOAL & OBJECTIVE:

To authorize a draw on the PNC Bank, N.A. \$150 Million Real Estate Line of Credit (“RELOC”) to provide interim financing for Westwood Tower Apartments.

BACKGROUND:

HOC entered into a 99-year master lease (“Lease Agreement”) on Westwood Tower (the “Property”) on March 14, 1997. Under the Lease Agreement, HOC had an option to purchase the Property during the 20th lease year. The initial lease was by and between Laszlo N. Tauber, M.D. & Associates and the Housing Opportunities Commission of Montgomery County (“HOC”). In 2013, Equity One acquired the Property and all rights and interests in the Lease Agreement. In 2017, Regency Centers acquired all of Equity One’s holdings, including Westwood Towers and all rights and interests in the Lease Agreement.

HOC completed the acquisition of the Property in accordance with the terms of the Lease Agreement on December 14, 2017 (the 20th lease year). On March 26, 2018, HOC refinanced the Property using a conventional bank loan with a three-year term (“Acquisition Loan”). On March 26, 2021, HOC extended the Acquisition Loan maturity date by 90 days, from March 26, 2021 to June 26, 2021. HOC subsequently extended the Acquisition Loan four (4) additional times, each for a term of 90-days, extending the maturity date to June 26, 2022.

On June 22, 2022, the lender of the Acquisition Loan informed HOC that it would provide one final 60-day extension, extending the maturity date to August 26, 2022 (“Maturity Date”).

Staff requests that the Commission authorize a draw on its \$150 Million RELOC with PNC (“RELOC” or “Interim Financing”) to repay the Property’s Acquisition Loan on or before the Maturity Date. As of July 13, 2022, the available unobligated balance on the RELOC is \$27,502,124.

Staff recommends that HOC provide the Interim Financing for a term that is coterminous with the expiration of the RELOC facility, and allow the Commission and staff time to evaluate permanent financing options while the current litigation is in process, and anticipated to be resolved sometime in CY2023. The

RELOC expires on September 30, 2024. Both the RELOC facility and Interim Financing can be extended by Commission approval.

ISSUES FOR CONSIDERATION:

Will the Development and Finance Committee support staff's recommendation that the Commission:

1. Authorize Interim Financing for Westwood Tower Apartments in an amount up to \$20.4 million?
2. Authorize a draw on the \$150MM PNC RELOC as a source for the Interim Financing, for a term that is coterminous with the RELOC facility on September 30, 2024?

BUDGET IMPACT:

The draw on the RELOC will pay interest only at the contractual rate for the facility, based on the London Interbank Offered Rate ("LIBOR") plus a spread or the replacement index for LIBOR. The FY 2023 budget includes a debt service payment by the Property assuming the current bank financing, plus payment to a Westwood Tower reserve account, which was anticipated to continue until the Property is permanently financed. The current debt service and reserve payments will continue and are sufficient to service the RELOC draw with no adverse impact on the FY2023 operating budget.

TIME FRAME:

For discussion at the July 22, 2022 meeting of the Development and Finance Committee and formal action at the August 10, 2022 open meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Development and Finance Committee supports its recommendation that the Commission:

1. Authorize Interim Financing for Westwood Tower Apartments in an amount up to \$20.4 million.
2. Authorize a draw on the \$150MM PNC RELOC as a source for the Interim Financing, for a term that is coterminous with the RELOC facility on September 30, 2024.