

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

August 3, 2016

16-08

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, August 3, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:08 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Christopher Hatcher
Linda Croom
Pamela Byrd

Via Phone

Richard Y. Nelson, Jr.

Absent

Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Shauna Sorrells
Kayrine Brown
Sheryl Hammond
Patrick Mattingly
Arthur Tirsky
Mary Ellen Ewing
Bonnie Hodge
Eugene Spencer
Angela McIntosh-Davis
Gail Gunod-Green
Cathy Kramer
Ugonna Ibebuchi
Alison Garraway
Mary Ellison
Darcel Cox
Jennifer Arrington

Kelly McLaughlin, General Counsel
Gail Willison
Lynn Hayes
Bobbie DaCosta
Ian Williams
Shala Rafiq
Zachary Marks
Gio Kaviladze
Rita Harris
Tiffany Jackson
Kitty McCoy
Ethan Cohen
Shaina Francis
Mary Ellison
Lecia Stein
Danette Lawrence
Brian Kim

Attendees Cont'd

Susan Smith
Hyunsuk "Wilson" Choi
Anita Inman
Yolanda Jackson
Brenda Tyer

IT Support

Dominique Laws

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

Resident Advisory Board (RAB)

Yvonne Caughman

The meeting began with approval of the Consent Calendar. The Consent Calendar was adopted upon a motion by Vice Chair Simon and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, Croom and Byrd. Commissioner McFarland was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

- A. Approval of Minutes of June 17, 2016** - The minutes were approved as submitted
- B. Approval of Minutes of July 1, 2016 Special Session** – The minutes were approved as submitted
- C. Approval of Minutes of July 13, 2016** – The minutes were approved as submitted
- D. Authorization to Submit FY 2016 Section Eight Management Assessment Program (SEMAP) Certification to HUD**

RESOLUTION: 16-56

**RE: Authorization to Submit FY 2016
Section Eight Management
Assessment Program (SEMAP)
Certification to HUD**

WHEREAS, U.S. Department of Housing and Urban Development (HUD) regulations require that the Housing Opportunities Commission of Montgomery County (HOC) submit the Section Eight Management Assessment Program (SEMAP) certification annually; and

WHEREAS, the SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for Fiscal Year 2016, must be submitted to HUD within 60 days of the end of the fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to submit the Fiscal Year 2016 SEMAP Certification to HUD.

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

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

RESOLUTION No: 16-57

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

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

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

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

WHEREAS, Howard Bank Mortgage has applied for participation in the Mortgage Purchase Program; and

WHEREAS, Howard Bank Mortgage has satisfied the required criteria for admittance to the Mortgage Purchase Program.

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

II. INFORMATION EXCHANGE

- A. Report of the Executive Director** – The Executive Director, in addition to his written reported, added that there had been few reports of air condition outages during the warm summer months due to Arthur Tirskey, Chief Maintenance Officer, and the maintenance team. Mr. Spann also acknowledged and thanked staff who assisted the maintenance team with timely reports of any issues that occurred in the field offices.
- B. Calendar and Follow-up Action – None**
- C. Commissioner Exchange** – Chair Roman congratulated Vice Chair Simon in completing all her requirements for her certification as a Commissioner. Commissioners Byrd and Croom also attended the Commissioners Training at NAHRO’s Summer Conference in Portland, OR held on July 14 – 16, 2016.
- D. Resident Advisory Board (RAB)** – Ms. Yvonne Caughman, President of the Resident Advisory Board, reported that the Memorandum of Understanding (MOU) is complete and will provide information at the September 2016 meeting.

E. Community Forum – None

F. Status Report – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

1. **Approval to Advance Funds to Wheaton Associates Limited Partnership (the “Ambassador”) to Prepay a Rental Housing Production Program (“RHPP”) Loan to the Maryland Department of Housing and Community Development (“DHCD”), Fund Carrying Costs, and Reimburse the General Fund for Relocation Cost at the Property**

Kayrine Brown, Chief Investment & Real Estate Officer, and Zachary Marks, Asst. Director of New Development, were presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, Croom, and Byrd. Commissioner Nelson abstained. Commissioner McFarland was necessarily absent and did not participate in the vote.

RESOLUTION: 16-58

RE: Approval to Advance Funds to Wheaton Associates Limited Partnership (the “Ambassador”) to Prepay a Rental Housing Production Program (“RHPP”) Loan to the Maryland Department of Housing and Community Development (“DHCD”), Fund Carrying Costs, and Reimburse the General Fund for Relocation Cost at the Property

WHEREAS, Ambassador Apartments (the “Property”) consists of 162 apartments that are 100% income restricted within the residential condominium components of a seven-story high rise, mixed-use condominium building located in Wheaton (the “Building”); and

WHEREAS, the Property is owned by Wheaton-University Boulevard Limited Partnership (“WUBLP”) and the retail condominium components of the Building are owned by Wheaton Commercial Center Associates Limited Partnership, an affiliate of Willco Development; and

WHEREAS, in December 1992, the WUBLP financed the renovation of the Property using Low Income Housing Tax Credits (LIHTC) and the use of that capital source came with a 15-year initial compliance period (“Initial Compliance Period”) and a subsequent 15-year extended compliance period (“Extended Compliance Period”) during which time the Property is to be operated as a moderate income housing project; and

WHEREAS, in 2005, HOC Ambassador, Inc. (the “General Partner”), a corporation whose stock is wholly-owned by the Housing Opportunities Commission of Montgomery County (“HOC”), acquired the general partnership interest in WUBLP; and

WHEREAS, in June 2010, HOC approved a feasibility/predevelopment budget of up to \$75,000 to consider options for redevelopment of the Property and Building site; and

WHEREAS, in July 2010, after the expiration of the Property’s 15-year tax-credit compliance period, M&T Bank, the 99% limited partner in WUBLP, donated its interest in WUBLP to HOC; and

WHEREAS, the Property’s Initial Compliance Period expired in 2008, and the Extended Compliance Period ends in 2023; and

WHEREAS, over the past 24 months, the physical viability of the Property has been called into question through events of systems failures and a discovery of structural deficiencies which required the evacuation of the building and temporary relocation of residents; and

WHEREAS, on June 3, 2015, HOC approved a relocation plan aimed at relocating the remaining residents at the Property to housing that is safe and more appropriate; and

WHEREAS, the Montgomery County Department of Housing and Community Affairs (“DHCA”) has committed to reimburse HOC for relocation costs of up to \$500,000 and the Commission has approved acceptance of DHCA’s funds, but despite having expended these funds, DHCA has delayed the release of the funds to HOC until the matters with DHCD concerning the extended use Covenant have concluded; and

WHEREAS, given the Property was completely vacated on July 1, 2016 but it is expected that there will be certain costs associated with a vacant building estimated at \$171,151 for approximately seven months; and

WHEREAS, the Letter Agreement requires the prepayment of the State’s RHPP loan, which has a balance of \$195,603 as of July 1, 2016, and HOC wishes to prepay the loan since no operating revenues are being produced from a decommissioned building.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, it approves the advance of \$346,628 from the Opportunity Housing Reserve Fund to pay approximately seven months of operating expenses (\$151,025) and to prepay the DHCD RHPP loan (\$195,603) at Ambassador Apartments.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that it authorize the use the property’s replacement reserves, once returned to the Owner, to reimburse the OHRF for any related advance and to fund any ongoing expenses at the vacant building.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that it authorize advance of \$500,000 from the OHRF to the general funds to replenish its cash until DHCA releases its funds to reimburse HOC for costs associated with the relocation of the Ambassador residents.

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

2. Approval to Select R4 Capital as Low Income Housing Tax Credit Syndicator for Alexander House Apartments Limited Partnership

Kayrine Brown, Chief Investment & Real Estate Officer, and Brian Kim, Development Associate, were presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, Croom, and Byrd. Commissioner Nelson abstained. Commissioner McFarland was necessarily absent and did not participate in the vote.

RESOLUTION: 16-59

RE: Approval to Select R4 Capital as Low Income Housing Tax Credit Syndicator for Alexander House Apartments Limited Partnership

WHEREAS, the Alexander House Development Corporation (the "Corporation") is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), which currently holds title to all the condominium units and common areas in Alexander House Apartments; and

WHEREAS, the Alexander House Apartments (the "Property" or "Development") was originally constructed in 1992 at 8560 Second Avenue, near the Silver Spring Metro Station as a single sixteen-story building with 311 units, 203 parking spaces in a tri-level underground parking garage, management offices, maintenance and engineering rooms, as well as a common outdoor pool shared with Elizabeth House Apartments, the property adjacent to the north which is also owned by HOC; and

WHEREAS, the Development is an important element of the redevelopment of Elizabeth Square; and

WHEREAS, the preliminary and project plan for Elizabeth Square, which was approved on July 23, 2015, includes amendments to the Development; and

WHEREAS, minor site plan amendment approval was achieved for the Development on June 9, 2015, incorporating it seamlessly into the overall plan for Elizabeth Square; and

WHEREAS, on February 3, 2016, the Corporation approved the selection of an architectural firm to complete the interior design work in preparation for the renovation of the Property and must now select a general contractor to complete said renovation work at the Property; and

WHEREAS, on May 4, 2016, the Corporation approved the selection of general contractor contract with CBP Constructors LLC for the renovations of the Development; and

WHEREAS, the approved Preliminary Development Plan and plan of renovation plan includes HOC's creation of Alexander House Apartments Limited Partnership (the "Partnership") to acquire 40% of the Property in order to avail of equity raised by the syndication of 4% Low Income Housing Tax Credits and a permanent loan funded from the sale of tax-exempt bonds, insured by FHA pursuant to its Risk Share agreement with HOC, and secured by 40% of the Property; and

WHEREAS, Alexander House Apartments Limited Partnership was created on July 7, 2016, with HOC as the general partner and the Corporation as the initial limited partner; and

WHEREAS, HOC and the Partnership expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development which will enable the Partnership to raise approximately \$15.2 million in equity to pay part of its development costs; and

WHEREAS, after soliciting investment proposals from the top Low Income Housing Tax Credit (LIHTC) syndicators, HOC received four proposals detailing interest in purchasing the tax credits allocated to the Partnership and being admitted as its investor limited partner; and

WHEREAS, after review of all the submissions and further inquiries of the investors, R4 Capital has been determined to be the strongest LIHTC syndicator among the four respondents; and

WHEREAS, HOC intends to negotiate an amended and restated limited partnership agreement with R4 Capital for the admission of R4 Capital as a limited partner, the withdrawal of the Corporation as a limited partner, and the continued role of HOC or its affiliate as the general partner of the Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments

Limited Partnership as its current general partner, that it approves the selection of R4 as the low income housing tax credit investor syndicator for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its current general partner, that the Executive Director is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

3. Authorization of the Executive Director to Execute a Contract for Consulting Services with Morrison Avenue Capital Partners and Censeo Related to the Acquisition of Full Ownership of Tax Credit Properties and other Investor Exit Strategies and Interim Funding of the Contract from the Real Estate Line of Credit

Kayrine Brown, Chief Investment & Real Estate Officer, and Zachary Marks, Asst. Director of New Development, were presenters.

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

RESOLUTION No. 16-60A

RE: Authorization of the Executive Director to Execute a Contract for Consulting Services with Morrison Avenue Capital Partners and Censeo Related to the Acquisition of Full Ownership of Tax Credit Properties and other Investor Exit Strategies and Interim Funding of the Contract from the Real Estate Line of Credit

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HO C” or the “Commission”) issued RFP #1938 on September 16, 2014 to solicit proposals from and to create a pool of qualified consultants capable of providing expertise in support of HOC’s development and financing activities; and

WHEREAS, the Commission approved the selection of six offers as prequalified consultants to be included in the pool, including the joint Morrison Avenue Capital Partners/Censeo team (“MACP & C”); and

WHEREAS, the MACP & C has demonstrated significant knowledge and experience related to properties financed by Low Income Housing Tax Credit (“LIHTC”) equity and has

presented HOC with a proposal to evaluate, negotiate, and complete limited partners' exits;
and

WHEREAS, HOC is the general partner in a number of limited partnerships ("LIHTC Partnerships") that own and operate affordable properties financed by LIHTC equity where the initial 15-year compliance periods associated with the LIHTC financing for these properties have expired (collectively, the "Year 15 Properties"); and

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

WHEREAS, the Commission wishes to supplement staff expertise and human resources with a qualified consultant with knowledge and experience related to these matters.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a contract for consulting services with Morrison Avenue Capital Partners and Censeo related to the acquisition of full ownership of the Year 15 Properties and other investor exit strategies, with an aggregate contract amount not to exceed \$1.6MM for services in connection with no more than 10 Year 15 Properties and their respective LIHTC Partnerships.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes draws on its Real Estate Line of Credit ("RELOC") with PNC Bank, N.A. in an aggregate amount not to exceed \$1.6MM as an interim source of funding for the payment of the contract amount, with the RELOC to be repaid as part of the total project costs for the eventual recapitalization of the Year 15 Properties.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, without further action on its part, is hereby authorized and directed to take any and all other actions necessary and proper to carry out the transaction contemplated herein including but not limited to the execution of any amendment to the original service contract issued under RFQ 1938.

The following resolution was approved upon a motion by Commissioner Croom and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, Croom, and Byrd. Commissioner McFarland was necessarily absent and did not participate in the vote.

RESOLUTION NO: 16-60B

RE: Approval of Aggregate Draws of up to \$1.6MM from the \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A. as an interim source of funding for Consulting Services Related to the Acquisition of

**Full Ownership of Certain Tax Credit Properties, with
the RELOC Repaid Through the Eventual
Recapitalization of Such Properties**

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

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

WHEREAS, the Commission wishes to supplement staff expertise and human resources by means of a qualified consultant (“Consultant”) with knowledge and experience related to these matters; and

WHEREAS, the Commission may make draws on the \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A. at a taxable rate equal to an interest rate at an optional London Interbank Offered Rate (LIBOR) (1-month, 3-month, 6-month, or 12-month) plus 58 basis points; and

WHEREAS, the Commission wishes to authorize a taxable draw on the RELOC for the purpose of paying the Consultant.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draws on the RELOC in an aggregate amount not to exceed \$1.6MM as an interim source of funding for consulting services related to the acquisition of full ownership of Year 15 Properties, which shall be outstanding for no more than 24 months from the date of the first draw and repaid as part of the total project costs for the eventual recapitalization of Year 15 Properties.

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

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. None

V.FUTURE ACTION ITEMS

None

VI.INFORMATION EXCHANGE (CONT'D)

- A. Video Presentation by Shauna Sorrells, Director of Legislative and Public Affairs.
- B. Slide Presentation of programs in the Resident Services Division by Rita Harris, Special Assistant to Director of Resident Services.

VII.NEW BUSINESS

None

VIII. EXECUTIVE SESSION FINDINGS

None

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

The meeting adjourned at 5:02 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: 2016Sept07