

EXPANDED AGENDA

April 1, 2015

3:00 p.m.	I. Public Hearing	
3:30 p.m.	HOC Retirees & New Commissioners Welcome Reception	
4:30 p.m.	II. <u>CONSENT ITEMS</u>	
Page 3 17	A. Approval of Minutes of March 4, 2015 B. Authorization to Submit FY 2016 Annual PHA Plan	
4:35 p.m.	III. <u>INFORMATION EXCHANGE</u>	
Page 42 44	A. Report of the Executive Director B. Calendar and Follow-up Action C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report	
4:45 p.m.	IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 48 62	A. Development and Finance Committee – <i>Vacant, Chair</i> 1. Approval to Select R4 Capital and Boston Capital as Low Income Housing Tax Credit Investors for Waverly House and Arcola Towers 2. Approval of a Modified Financing Plan and Adoption of a Resolution Authorizing the Issuance of a Tax-Exempt Note for the Financing of The Crossing at Olde Towne Apartments	
4:55 p.m.	V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
Page 85	A. Approval to Extend the Term of the Management Agreement for Brookside Glen and Timberlawn Crescent	
	VI. <u>*FUTURE ACTION ITEMS</u>	
	VII. <u>INFORMATION EXCHANGE (continued)</u> A. Community Forum	
	VIII. <u>NEW BUSINESS</u>	
	IX. <u>EXECUTIVE SESSION FINDINGS</u>	
5:00 p.m.	<u>ADJOURN</u>	
5:05 p.m.	<u>EXECUTIVE SESSION</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 Patrice.birdsong@hocmc.org.

Consent Items

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

March 4, 2015

15-03

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, March 4, 2015 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:16 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Margaret McFarland
Pamela Lindstrom

Not Present

Jean Banks, Chair Pro Tem
Rick Nelson
Roberto Piñero

Also Attending

Stacy Spann, Executive Director
Gail Willison
Kayrine Brown
Vivian Benjamin
Bobbie DaCosta
Gina Smith
Belle Seyoum
Lynn Hayes
Fred Swan
Ugonna Ibebuchi

Kelly McLaughlin, General Counsel
Scott Ewart
Terri Fowler
Zachary Marks
Rita Harris
Richard Hanks
Ethan Cohen
Patrick Mattingly
Jim Atwell

Guest

Christopher Hatcher
Jorge Trejo, Resident

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

IT Support

Dominique Laws
Nick Monaco

The Consent Calendar was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Simon. Affirmative votes were cast by Commissioners Roman, Simon, Lindstrom and McFarland. Commissioners Banks, Nelson and Piñero were necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

- A. **Approval of Minutes of Regular Meeting of February 4, 2015** – The minutes were approved as submitted.
- B. **Ratification of Approval to Issue Commitment to Rosaria Communities, Inc. to Provide Funding in an Amount not to exceed \$800,568 for the Acquisition and Renovation of a Single Family Property for the Use and Operation by Jubilee Association of Maryland** - The following resolution was approved.

RESOLUTION: 15-16R

RE: Ratification of Approval to Issue Commitment to Rosaria Communities, Inc. to Provide Funding in an Amount not to exceed \$800,568 for the Acquisition and Renovation of a Single Family Property for the Use and Operation by Jubilee Association of Maryland

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing 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, at an Executive Session duly called and held on February 20, 2015, with a quorum being present, the Commission duly adopted Resolution 15-16ES (“Approval Resolution”), which authorized the Executive Director to issue a commitment letter to Rosaria Communities, Inc. to provide funding in an amount not to exceed \$800,568 for the acquisition and renovation of a single-family property to be used and operated by Jubilee Association of Maryland; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the Approval.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Approval Resolution is hereby ratified and affirmed.

- C. **Authorization to Submit the FFY 2015 Capital Fund Program Grant Annual Contributions Contract Amendment and Support Documentation** - The following resolution was approved.

RESOLUTION: 15-18

**RE: Authorization to Submit the
FFY 2015 Capital Fund Program
Grant Annual Contributions
Contract Amendment and
Supporting Documentation**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) will receive \$1,788,963 in FFY 2015 Capital Fund Program grant funds from the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, staff has identified \$1,788,963 in needs based upon the Commission’s Five Year Capital Fund Program Plan; and

WHEREAS, by submitting the FFY 2015 CFP Annual Statement, the CFP Five-Year Action Plan, and the signed FFY 2015 ACC Amendment, the Commission is agreeing that capital and management activities will be carried out in accordance with all HUD regulations.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director or his designee is hereby authorized to submit to the U.S. Department of Housing and Urban Development the FFY 2015 Annual Statement outlining how the Capital Fund Program grant funds will be expended to make improvements to public housing units during FFY 2015; HOC’s CFP Five-Year Action Plan outlining the Agency’s expectations for Capital Fund expenditures from FFY 2014-FFY 2018; the signed FFY 2015 Annual Contributions Contract Amendment in the amount of \$1,788,963; and the supporting Commission Resolution.

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized and directed to take all actions necessary and proper to accomplish the activity contemplated herein.

II. INFORMATION EXCHANGE

- A. **Report of the Executive Director** – No additional updates to the Executive Director’s written report. The Executive Director provided an update on properties experiencing weather-related issues that may cause adjustments to the budget.

- B. **Commissioner Exchange** – Commissioner McFarland extended an invitation to the University of Maryland Innovation and Real Estate Development Award Ceremony to be held March 31st from 6:00 p.m. – 9:00 p.m. Commissioner McFarland also shared that she participated on the Purple Line Coalition.
- C. **Resident Advisory Board** – None
- D. **Community Forum** – Jorge Trejo addressed the Board concerning his housing issue. Fred Swan and Jim Atwell were asked to assist Mr. Trejo and his wife.
- E. **Status Report** – None

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

A. **Budget, Finance and Audit Committee – Commissioner Roman, Chair**

1. **Acceptance of Second Quarter FY'15 Budget to Actual Statements**

Gail Willison, Chief Financial Officer, and Terri Fowler, Budget Officer, gave a presentation requesting acceptance of the Second Quarter FY '15 Budget to Actual Statements.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Simon, Lindstrom, and McFarland. Commissioners Banks, Nelson and Piñero were necessarily absent and did not participate in the vote.

Resolution: 15-19

**Re: Acceptance of Second Quarter
FY'15 Budget to Actual Statements**

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Second Quarter FY'15 Budget to Actual Statements during its March 4, 2015 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'15 Budget to Actual Statements

2. **Approval of FY '15 Second Quarter Budget Amendment**

Gail Willison, Chief Financial Officer, and Terri Fowler, Budget Officer, gave a presentation requesting approval of FY '15 Second Quarter Budget Amendment.

The following resolution was adopted, as amended, upon a motion by Vice Chair Simon and seconded by Commissioner Lindstrom. Affirmative votes were cast by Commissioners Roman, Lindstrom, McFarland and Simon. Commissioners Banks, Nelson and Piñero were necessarily absent and did not participate in the vote.

Resolution: 15-20

**Re: Approval of FY'15 Second
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'15 on June 4, 2014; and

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

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'15 Budget; and

WHEREAS, the net effect of the FY'15 Second Quarter Budget Amendment is a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'15 Operating Budget by increasing total revenues and expenses for the Agency from \$247.0 million to \$247.6 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'15 Capital Budget by increasing revenues and expenses for the Agency from \$94.1 million to \$94.4 million.

3. Approval of CY '15 First Quarter Budget Amendment

Gail Willison, Chief Financial Officer, and Terri Fowler, Budget Officer, gave a presentation requesting approval of CY '15 First Quarter Budget Amendment.

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

Resolution: 15-21

**Re: Approval of CY'15 First
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission ratified the CY'15 Budgets for Manchester Manor Apartments LP, The Metropolitan LP, and Strathmore Court LP on November 5, 2014; and

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

WHEREAS, the Commission has reviewed the proposed budget amendments to the CY'15 Capital Budgets for Manchester Manor Apartments LP, The Metropolitan LP, and Strathmore Court LP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the CY'15 Capital Budgets for Manchester Manor Apartments LP, The Metropolitan LP, and Strathmore Court LP by increasing revenues and expenses for the partnerships as follows:

- Manchester Manor - \$114,000
- The Metropolitan - \$17,946
- Strathmore Court - \$48,886.

B. Development and Finance Committee – Commissioner Lindstrom, Chair

1. Adoption of an Inducement Resolution for the Acquisition and Renovation of Lakeview House Apartments

Kayrine Brown, Chief Investment & Real Estate Officer, and Vivian Benjamin, Asst. Director of Mortgage Finance were presenters.

The following resolution was adopted, as amended, upon a motion by Vice Chair Simon and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Simon, Lindstrom and McFarland. Commissioners Banks, Nelson and Piñero were necessarily absent and did not participate in the vote.

RESOLUTION: 15-22

Re: Adoption of an Inducement Resolution for the Acquisition and Renovation of Lakeview House Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (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, is 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, one of the public purposes of the Commission is to promote the construction and acquisition of multifamily rental housing developments in Montgomery County to be occupied by eligible persons and families; and

WHEREAS, the Commission is authorized to issue tax-exempt bonds to provide for the acquisition, construction and permanent financing for such developments; and

WHEREAS, the Commission has been asked by Standard Property Company, Inc. to consider the issuance of tax-exempt bonds to finance a loan to acquire and renovate a multifamily rental housing development known as Lakeview House Apartments (a 152-unit development located at 10250 Westlake Drive, Bethesda, Montgomery County, Maryland 20817), which is intended for occupancy by independent elderly residents (the "Project"); and

WHEREAS, in the opinion of the Commission, this financing arrangement will serve as an opportunity to further its goals in meeting its public purposes.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the staff to proceed with the review and processing of the necessary financing application.

BE IT FURTHER RESOLVED that it is the intention of the Commission to issue tax-exempt bonds in the maximum principal amount of \$39,000,000 to provide financing for the acquisition and renovation of the Project.

BE IT FURTHER RESOLVED that the foregoing represents an expression of intent in order to satisfy the provision of Section 1.150-2 of the United States Income Tax Regulations and is not a commitment by the Commission to issue said bonds, and the issuance of said bonds shall: 1) be at the discretion of the Commission; 2) be subject to the final satisfactory underwriting and approval of all documents, provisions, covenants, and all other provisions as may be required by the Commission; and 3) be subject to final acceptance of the same by the owner of the Project.

2. Authorization for the Executive Director to Negotiate and Execute Master Leases for Rental MPDUs in Bethesda and Germantown

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

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

RESOLUTION: 15-23

RE: Authorization for the Executive Director to Negotiate and Execute Master Leases for Rental MPDUs in Bethesda and Germantown

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

WHEREAS, the newly constructed multifamily rental property at 7001 Arlington Road in Bethesda, Maryland, (“7001 Arlington”) owned by AERC 7001 Arlington Road, LLC has reserved 15% of its units as Moderately Priced Dwelling Units as defined by Montgomery County law (“MPDUs”) as part of the development’s Preliminary Plan approval; and

WHEREAS, the newly constructed multifamily rental property at 19520 Waters Road in Germantown, Maryland, (“Alta Liberty Mill”) owned by WDF-3 Liberty Mill Owner, LLC has reserved 12.5% of its units as MPDUs required by Montgomery County law; and

WHEREAS, HOC, as outlined by Montgomery County law, may reserve and control up to a third of MPDUs at a new property upon initial construction delivery of units; and

WHEREAS, HOC’s desire to control its allowable share of MPDUs at 7001 Arlington and Alta Liberty Mill (“HOC’s MPDUs”) is based on its need for relocation housing units to which residents, Project-Based Section 8 subsidy, or both, may be transferred from its existing Public Housing properties upon conversion from Public Housing via the US Department of Housing and Urban Development’s Rental Assistance Demonstration (“RAD”) program; and

WHEREAS, HOC’s MPDUs will be available for lease prior to the conversion of HOC’s existing Public Housing properties; and

WHEREAS, HOC must confirm its intent to control HOC’s MPDUs by March 6, 2015.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to sign all documents related to the creation of master leases for HOC’s MPDUs with owners or the owners designated operators of 7001 Arlington and Alta Liberty Mill.

BE IT FURTHER RESOLVED that:

1. The Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein; and
2. HOC authorizes interim funding in the amount of \$22,000 to pay the monthly rent on the MPDUs prior to the close of renovation financing for its Arcola Towers and Waverly House properties – with the source of the interim funding the Opportunity Housing Reserve Fund (“OHRF”) and the reimbursement of that interim funding to be paid from proceeds from the close of renovation financing for Arcola Towers and Waverly House.

3. Approval to Establish and Fund a Revolving Working Capital Facility to Support HOC’s Real Estate Acquisition and Development Activities

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

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

RESOLUTION: 15-24

RE: Approval to Establish and Fund a Revolving Working Capital Facility to Support HOC’s Real Estate Acquisition and Development Activities

WHEREAS, in December 2004, the Housing Opportunities Commission of Montgomery County (“HOC”) entered into two interest rate swap agreements with Merrill Lynch Capital Services (now Bank of America Merrill Lynch and hereinafter referred to as “BAML”) which were structured such that HOC had the unilateral right to terminate the agreements at par, beginning on January 1, 2015; and

WHEREAS, in December 2014, HOC agreed to sell back to BAML five years of optionality on these swap agreements so that the two affected swap agreements may now be terminated at par on January 1, 2019 instead of January 1, 2015 and, as a result, BAML paid the Commission \$1,958,000 as consideration; and

WHEREAS, the net proceeds in the amount of \$1,913,000 are available to HOC to use at its discretion and staff has identified three areas where a portion of these funds (\$1.4 million) may be directed to fund, on an interim basis, certain costs associated with real estate

acquisition and development activities including legal services, due diligence expenditures and other payments to facilitate real estate closings; and

WHEREAS, on May 7, 2014, the Commission created a pool of law firms to provide ongoing legal services in support of its real estate activities and allocated \$350,000 from the Opportunity Housing Reserve Fund (OHRF) which may now be released by allocating the equivalent amount from the payment received from BAML; and

WHEREAS, to cover feasibility studies prior to the approval of a development budget, it is requested that the Commission allocate \$300,000 from the BAML payment as working capital for preliminary studies such as: appraisals, physical needs assessments, surveys, and other related items; and

WHEREAS, as transactions approach closing and prior to the ability to spend mortgage proceeds, it is often necessary to wire funds to the title company to pay for various closing items for which staff is requesting that \$750,000 of the BAML payment be set aside.

NOW THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves establishing a revolving working capital fund for interim expenditures for legal fees and costs in the amount of \$350,000, due diligence costs in the amount of \$300,000, and closing expenses in the amount of \$750,000.

BE IT FURTHER RESOLVED that no single expenditure for due diligence cost shall exceed \$25,000 without prior Commission approval of a pre-development or other plan.

BE IT FURTHER RESOLVED that by establishing this working capital fund, the prior OHRF obligation in support of the real estate legal pool is hereby released.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take such other actions necessary and proper to accomplish the transaction contemplated herein, including, but not limited to, establishing a fund in HOC's name to be called the Real Estate Working Capital Fund, and depositing and crediting such Real Estate Working Capital Fund with \$1,400,000 from the BAML payment.

4. Approval to Select a Real Estate Development and Financing Consultant Pool Pursuant to RFQ #1938

Kayrine Brown, Chief Investment & Real Estate Officer, and Zachary Marks, Asst. Director of New Developments gave a presentation.

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

RESOLUTION: 15-25

**RE: Approval to Select a Real Estate
Development and Financing
Consultant Pool Pursuant to RFQ
#1938**

WHEREAS, the Housing Opportunities Commission of Montgomery County (Commission), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing 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, the Commission continues to review its real estate portfolio as well as pursue acquisition and development opportunities to expand and preserve the Montgomery County housing stock that is affordable to households of eligible income; and

WHEREAS, on September 16, 2014, the Commission solicited proposals from qualified firms or individuals to form a pool of professionals which would provide Development and Financing Consultant services to supplement the current staff of the Commission's Real Estate Division and obviate the need to add full time staff; and

WHEREAS, nine firms responded to the solicitation, and after review by members of the review panel comprised of representatives from various Commission divisions, one firm was disqualified due to the dissolution of the partnership since it submitted its proposal, one was determined to lack the depth and staffing needed for Development Services for which it applied, and seven were deemed to meet the requirements of the solicitation; and

WHEREAS, of the seven firms qualified for the pool, three firms applied as Financing Consultants only and four applied to serve as both Development and Financing; and

WHEREAS, Development Consultants will perform all the work necessary for acquisition, preservation, rehabilitation, or construction opportunities as well as provide accompanying Financing Consultant services and Financing Consultants will advise, source, and structure debt and equity to enhance the Commission's existing debt products, all under the direction of the Commission's real estate staff; and

WHEREAS, each Consultant will be selected as needed from the pool after it submits its proposal to the Commission in response to the requested scope of work and would be compensated accordingly from the respective Commission-approved project development budget, such approved project budget having gone through the normal Development and Finance Committee and Commission approval processes for a development.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and directs the Executive Director, without further action on their respective parts, to execute seven individual contracts with Audubon Enterprises, The Concourse Group, Mission First, Morrison Avenue Capital, Municipal Resources Advisors, TAG Associates, and Walker & Dunlop, for an aggregate amount of \$1 Million for an initial contract term of two years each with two optional one-year renewals for a maximum contract term of four years.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to assign and approve individual tasks of up to \$225,000 without further Commission approval or action.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take all actions necessary and proper to carry out the transactions as contemplated.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Approval to Issue a Commitment Letter for a Cash-flow Contingent Loan in the Amount of \$1,250,000 to Fund the Construction of Park View at Aspen Hill

Kayrine Brown, Chief Investment & Real Estate Officer, and Zachary Marks, Asst. Director of New Developments gave a presentation.

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

RESOLUTION: 15-26

RE: Approval to Issue a Commitment Letter for a Cash-flow Contingent Loan in the Amount of \$1,250,000 to Fund the Construction of Park View at Aspen Hill

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

WHEREAS, Shelter Development (“Developer”) has control, via an executed purchase and sale agreement, of a six-acre parcel – to be carved out of excess land owned by Wheaton Seventh Day Adventist Church – located in Aspen Hill, Maryland, along Bel Pre Drive; and

WHEREAS, the Developer proposes to construct a new, 120-unit independent senior living affordable rental apartment community called Park View at Aspen Hill (“PVAH”) for which it plans to submit an application to the Maryland Department of Housing and Community Development (“DHCD”) for an allocation of 4% Low Income Housing Tax Credits (“LIHTC”); and

WHEREAS, the total sources of funds already committed and otherwise projected are insufficient to fully finance the total development costs for PVAH and the shortfall in funds is projected to be as much as \$1,250,000; and

WHEREAS, HOC’s participation in the proposed development is based on its need of 40 units at PVAH as relocation housing to which residents and/or Project-Based Section 8 subsidy will be transferred from Holly Hall Apartments upon its conversion from Public Housing via the US Department of Housing and Urban Development’s Rental Assistance Demonstration (“RAD”) program; and

WHEREAS, a commitment for a cash-flow contingent loan of \$1,250,000 from HOC will enable the Developer to submit the LIHTC application to DHCD; and

WHEREAS, the funding of the loan shall be funded simultaneously with the closing and funding of the PVAH project’s LIHTC equity financing and other construction financing; and

WHEREAS, in the event that equity generated by the sale of the LIHTC, proceeds generated by the senior mortgage, or both equity and loan proceeds generated for the financing of the construction of PVAH exceed the amounts included in the LIHTC application submitted by the Developer to DHCD for funding for PVAH, less any increases in total development costs for PVAH over those included in the LIHTC application, the \$1,250,000 commitment would be reduced by the net amount of proceeds increase less cost increase; and

WHEREAS, the Developer has offered HOC a substantial interest of 9.9% in the general partner of the project in return for HOC’s financial support.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to issue a commitment letter to the Developer and its affiliate assignee for a cash-flow contingent loan for the Park View at Aspen Hill project in the amount of \$1,250,000, bearing interest at the long-term annual Applicable Federal Rate as of the time of the construction loan closing, which loan will be funded from the Opportunity Housing Reserve Fund and shall be funded simultaneously with the closing and/or funding of the project’s LIHTC equity and other construction financing.

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

V. FUTURE ACTION ITEMS

None

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

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 5:30 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

AUTHORIZATION TO SUBMIT FY 2016 ANNUAL PHA PLAN

April 1, 2015

- The Quality Housing and Work Responsibility Act of 1998 requires that Public Housing Agencies (PHAs) such as HOC draft Annual and Five-Year PHA Plans.
- The PHA Plan serves as a comprehensive guide to HOC's policies, programs, operations, and strategies for meeting local housing needs and goals. The Plan informs HUD, residents, and the public of HOC's mission for serving the needs of low-income and very low-income families as well as HOC's overarching strategy for addressing those needs.
- This year, HOC is submitting a Fiscal Year (FY) 2016 Annual PHA Plan, which will serve as an update on the Agency's progress toward meeting the goals outlined in its FY 2015-2019 Five-Year PHA Plan, which was submitted last year. The Annual Plan provides a description of the revisions made to the PHA Plan since last year as well as a description of the Agency's primary policies and plans for the voucher and public housing programs for the coming fiscal year. This is HOC's fifteenth Annual PHA Plan submission.
- The 45 day public comment period for the FY 2016 PHA Plan began on February 13, 2015.
- At this time, staff is requesting authorization to submit the FY 2016 PHA Plan to the U.S. Department of Housing and Urban Development (HUD) by April 17, 2015

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Ethan Cohen Division: Executive Ext. 9764
Staff: Kelly McLaughlin Division: Executive Ext. 9567

RE: Authorization to Submit FY 2016 Annual PHA Plan

DATE: April 1, 2015

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director to submit the FY 2016 Annual PHA Plan.

BACKGROUND:

The Quality Housing and Work Responsibility Act of 1998 (QHWRA) became law on October 21, 1998.

QHWRA, also known as the Public Housing Reform Law, created the Public Housing Agency (PHA) Plan, which requires PHAs to submit five-year and annual PHA plans. This year, HOC is submitting its fifteenth Annual PHA Plan, which will cover Fiscal Year (FY) 2016. HOC's Annual PHA Plan provides details about immediate operations, program participants, and programs and services, as well as the Agency's strategy for addressing the housing needs of Montgomery County residents in the upcoming fiscal year. HOC's fourth Five-Year PHA Plan was submitted last year, and covers the period of FY 2015-2019. The Five-Year PHA Plan describes HOC's mission as well as its long-range goals and objectives for achieving its mission over the five years addressed in the Plan.

HOC submitted its previous plans after presenting drafts to the Resident Advisory Board (RAB), making the drafts available to the public, holding a public hearing, and presenting final versions to the Commission.

Importantly, there are two changes to this FY 2016 PHA Plan from the Five-Year and Annual Plans submitted last year:

Firstly, as per HUD Notice PIH 2014-20 (HA), HOC has incorporated into this PHA Plan HUD's new rule regarding Equal Access to Housing in HUD Programs regardless of Sexual Orientation or Gender Identity. This Notice was issued on August 20, 2014 and applies to all HUD-assisted and HUD-insured housing. Accordingly, Sections 6.1(a) and 6.1(b) of the Plan have been

modified to contain statements in their discussions of Housing Choice Voucher and Public Housing eligibility, selection, and admissions criteria that reflect the changes in the definition of family and the requirement to provide equal access regardless of sexual orientation, gender identity, or marital status which were described in HUD Notice PIH 2014-20 (HA).

Secondly, the FY 2016 PHA Plan features an updated description of the impact of the Rental Assistance Demonstration (RAD) program on HOC's existing public housing stock. During HOC's Fiscal Year 2015, the Agency began using the Rental Assistance Demonstration (RAD) program to convert the vast majority of its Public Housing (PH) portfolio to Project-Based Rental Assistance (PBRA) units and Project-Based Voucher (PBV) units. As a result of the RAD conversion project, additional guidance discussing the goals, objectives, and program regulations specific to the converted RAD units have been added to this Annual Plan. At the completion of HOC's RAD conversions, only seven PH units will remain in HOC's portfolio, located at the Agency's Tobytown property. These seven remaining PH units will continue to function according to the PH goals, objectives, and program regulations identified in this Plan. As HOC's RAD conversion project progresses over the next few years, the PHA Plan content described herein regarding PH will cease to be applicable to the converted units. In place of the PH policies for these converted units will be the RAD conversion policies detailed in this Plan.

Staff released a draft of the FY 2016 PHA Plan to the public on February 13, 2015. Staff discussed the FY 2016 PHA Plan with the Resident Advisory Board (RAB) on February 9, 2015 and again on March 16, 2015. The RAB submitted comments in support of the FY 2016 PHA Plan which will be submitted along with the Plan to HUD. A public hearing on the FY 2016 PHA Plan was held on April 1, 2015. HOC has received no other comments on the FY 2016 PHA Plan.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director to submit the FY 2016 Annual PHA Plan to HUD?

PRINCIPALS:

Housing Resources Division
Property Management Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on March 24, 2015; for Commission action on April 1, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Legislative and Regulatory Committee to authorize the Executive Director to submit the FY 2016 Annual PHA Plan to HUD by April 17, 2015.

RESOLUTION: XX-XX

**RE: Authorization to Submit
FY 2016 Annual PHA Plan**

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

WHEREAS, the submission of the FY 2016 Annual PHA Plan is mandatory under law and regulation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the FY 2016 Annual PHA Plan and its submission to HUD no later than April 17, 2015, as required by federal regulation.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take all actions necessary and proper to accomplish the activity contemplated herein.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 1, 2015.

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**Patrice Birdsong
Special Assistant to the Commission**

PHA Plan Update

(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:

During HOC's Fiscal Year 2015, the Agency began using the Rental Assistance Demonstration (RAD) program to convert the vast majority of its Public Housing (PH) portfolio to Project-Based Rental Assistance (PBRA) units and Project-Based Voucher (PBV) units. As a result of the RAD conversion project, additional guidance discussing the goals, objectives, and program regulations specific to the converted RAD units have been added to this Annual Plan. At the completion of HOC's RAD conversions, only seven PH units will remain in HOC's portfolio, located at the Agency's Tobytown property. These seven remaining PH units will continue to function according to the PH goals, objectives, and program regulations identified in this Plan. As HOC's RAD conversion project progresses over the next few years, the PHA Plan content described herein regarding PH will cease to be applicable to the converted units. In place of the PH policies for these converted units will be the RAD conversion policies detailed in this Plan.

Additionally, as per HUD Notice PIH 2014-20 (HA), HOC is incorporating into this PHA Plan HUD's new rule regarding Equal Access to Housing in HUD Programs regardless of Sexual Orientation or Gender Identity. This Notice was issued August 20, 2014 and applies to all HUD-assisted and HUD-insured housing. Sections 6.1(a) and 6.1(b) below have been modified to contain statements in their discussions of HCV and PH eligibility, selection, and admissions that reflect the changes in the definition of family and the requirement to provide equal access regardless of sexual orientation, gender identity, or marital status which were described in HUD Notice PIH 2014-20 (HA).

(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.

The Public may view the PHA Plan, supporting documentation, and obtain information regarding any of the activities outlined in this plan at HOC's main administrative offices (10400 Detrick Avenue, Kensington, Maryland 20895) and at the following three satellite offices:

6.0

HOC Gaithersburg Customer Service Center
101 Lakeforest Blvd.
#200
Gaithersburg, Maryland 20877

HOC Silver Spring Customer Service Center
8241 Georgia Avenue
3rd Floor
Silver Spring, Maryland 20910

HOC East Deer Park Offices
231 East Deer Park Drive
Gaithersburg, Maryland 20877

Additional documents and supporting documents for this PHA Plan, that are also available for viewing at the above locations, are listed below:

- Form HUD-50077: PHA Certifications of Compliance with PHA Plans and Related Regulations (MD004a01.pdf)
- Form HUD-50070: Certification for a Drug-Free Workplace (MD004b01.pdf)
- Form HUD-50071: Certification of Payments to Influence Federal Transactions (MD004c01.pdf)
- Form SF-LLL: Disclosure of Lobbying Activities (MD004d01.pdf)
- Resident Advisory Board (RAB) comments on PHA Plan (MD004f01.pdf)
- Form HUD-50077-CR, Civil Rights Certifications (MD004j01.pdf)
- Form HUD-50077-SL, Certification by State or Local Office of PHA Consistency with the Consolidated Plan (MD004k01.pdf)

The Plan and its supporting documents are also available for review on HOC's web site: www.hocmc.org.

Staff met with the Resident Advisory Board (RAB) on February 9, 2015 to discuss this PHA Plan.

A public hearing regarding this PHA Plan will be held on April 1, 2015 at 3:00 p.m. in the Hearing Room at HOC's main administrative offices (10400 Detrick Avenue, Kensington, Maryland 20895).

Section 6 Continued:

Description of PHA Plan Elements (24 CFR Part 903.7):

1. Eligibility, Selection and Admissions Policies, including Deconcentration and Waiting List Procedures

(a) HOC's Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) programs are governed by HOC's Administrative Plan. The Administrative Plan derives its layout and much of its content from the Code of Federal Regulations (CFR), Title 24, Part 982 – Section 8 Tenant-Based Assistance: Housing Choice Voucher Program and Title 24, Part 983 – Project-Based Voucher Program. There have not been any updates to HOC's Administrative Plan since last year's Annual PHA Plan submission (FY 2015). There also have not been any updates to HOC's Administrative Plan since last year's Five-Year PHA Plan submission (FY 2015-2019). However, HOC's Administrative Plan will be revised during FY 2016 to include criteria specifically applicable to the units HOC has, and will continue to convert from PH to

PBV using the RAD program. These RAD specific Administrative Plan criteria are detailed in Section 6.1(c)(1)(I)(B) below. Additional PBV related changes from RAD are discussed in Section 7(e) of this Plan as well.

HOC's current HCV regulations regarding eligibility and selection, waiting list procedures, and admissions policies are as follows:

1. Eligibility and Selection Criteria

Eligibility for HOC's HCV program is determined when an applicant is called from the waiting list. HOC uses the following criteria for screening applicants:

- a. An applicant must be a "family".
- b. An applicant must be within the appropriate Income Limits.
- c. An applicant must furnish Social Security Numbers for all family members.
- d. An applicant must furnish Declaration of Citizenship or Eligible Immigrant Status and verification where required.
- e. At least the head of household or spouse of the applicant family must be either a U.S. citizen or have eligible immigration status before the PHA may provide any financial assistance.
- f. Criminal or drug related activity only to the extent required by law or regulation including criminal records from local and state law enforcement agencies. HOC checks national and state sex offender registries and will deny persons subject to lifetime registration. HOC will review, on a case by case basis, the issues related to any applicant who is registered as a sex offender for other than their lifetime.

On August 20, 2014 HUD issued a new rule regarding Equal Access to Housing in HUD Programs regardless of Sexual Orientation or Gender Identity. This statement affirms HOC's commitment of compliance with HUD's requirement to provide equal access to housing regardless of sexual orientation, gender identity, or marital status. Accordingly, HOC hereby clarifies the term "family" used above in HOC's HCV eligibility and selection criteria as follows:

The term "family" includes, but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

- (1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person or any other single person; or
- (2) A group of persons residing together and such group includes, but is not limited to:
 - a. A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
 - b. An elderly family;
 - c. A near-elderly family;
 - d. A disabled family;
 - e. A displaced family; and
 - f. The remaining member of a tenant family.

Additionally, HOC hereby affirms consistency with the definitions of sexual orientation and gender identity as defined the Code of Federal Regulations at 24 CFR 5.100, as follows:

- (1) Sexual orientation means homosexuality, heterosexuality or bisexuality.
- (2) Gender identity means actual or perceived gender-related characteristics.

2. Waiting List Procedures

Presently, HOC operates two HCV waiting lists: one for tenant-based voucher holders, and one for project-based voucher holders.

- a. The waiting list is evaluated yearly to decide whether to purge the list and re-open it, or to keep it closed.
- b. When the waiting list is open, interested persons may apply at HOC's main administrative office, site management offices, or through HOC's website, www.hocmc.org.
- c. The waiting list contains the following information for each applicant listed:
 - i. Applicant name
 - ii. Family unit size (number of bedrooms family qualifies for under PHA subsidy standards)
 - iii. Date of application
 - iv. Qualification for any local preference
 - v. Racial or ethnic designation of the head of household
 - vi. Targeted program qualifications

3. Admissions Policies

- a. HOC includes as a preference for admission the former Federal preference of Involuntary Displacement. This preference would be limited to no more than 30 HCV participants.
- b. HOC includes a preference for victims of, or witnesses to, crimes. A request for such a preference would come from the State's Attorney's office or similar office.
- c. HOC includes a preference for applicants who live, work, and/or participate in or have been graduated from training and education courses in the jurisdiction, local displacement and transitional housing preferences, and applicants unable to work due to age or disability.
- d. HOC includes a preference for medically vulnerable homeless individuals. This preference is limited to 10 HCV participants.
- e. First priority in admissions preference is by date and time.

- f. Second priority is given equally to the remaining preferences.
 - g. Among applicants with equal preference status, applicants are selected by drawing (lottery).
 - h. An applicant who has been called up because of a preference but screening indicates that the applicant does not otherwise qualify will be removed from the waiting list.
- HOC's policies for HCV admission eligibility are established in Chapter 2 of the HOC Administrative Plan.
 - HOC's policies for persons applying for HCV admission are established in Chapter 3 of the HOC Administrative Plan.
 - HOC's HCV waiting list and selection processes are established in Chapter 4 of the HOC Administrative Plan.
 - All of HOC's PBV policies are established in Chapter 22 of the HOC Administrative Plan.

As explained above, all PBV units added to HOC's portfolio via RAD will adhere to the RAD-specific Administrative Plan criteria, as described in Section 6.1(c)(1)(I)(B). Additional PBV related changes from RAD are discussed in Section 7(e) of this Plan as well.

(b) HOC's Public Housing (PH) is governed by HOC's Public Housing Admissions and Continued Occupancy Policy (ACOP). There have not been any updates to HOC's ACOP since last year's Annual PHA Plan submission (FY 2015). There also have not been any updates to HOC's ACOP since last year's Five-Year PHA Plan submission (FY 2015-2019).

HOC's current PH regulations regarding eligibility and selection, waiting list procedures, admissions policies, and deconcentration measures are as follows:

1. Eligibility and Selection Criteria

Eligibility for HOC's PH program is determined when an applicant is called from the waiting list. HOC uses the following criteria for screening applicants:

- a. Family status
- b. Income eligibility
- c. Citizenship/eligibility status
- d. Social Security Number documentation
- e. Signing consent forms
- f. Criminal or drug related activity only to the extent required by law or regulation including criminal records from local and state law enforcement agencies. HOC checks national and state sex offender registries and will deny persons subject to lifetime registration. HOC will review, on a case by case basis, the issues related to any applicant who is registered as a sex offender for other than their lifetime.

HOC uses rental history for screening all applicants.

HOC uses a credit check for screening all applicants.

On August 20, 2014 HUD issued a new rule regarding Equal Access to Housing in HUD Programs regardless of Sexual Orientation or Gender Identity. This statement affirms HOC's commitment of compliance with HUD's requirement to provide equal access to housing regardless of sexual orientation, gender identity, or marital status. Accordingly, HOC hereby clarifies the term "family" used above in HOC's HCV eligibility and selection criteria as follows:

The term "family" includes, but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

- (1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person or any other single person; or
- (2) A group of persons residing together and such group includes, but is not limited to:
 - a. A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
 - b. An elderly family;
 - c. A near-elderly family;
 - d. A disabled family;
 - e. A displaced family; and
 - f. The remaining member of a tenant family.

Additionally, HOC hereby affirms consistency with the definitions of sexual orientation and gender identity as defined the Code of Federal Regulations at 24 CFR 5.100, as follows:

- (1) Sexual orientation means homosexuality, heterosexuality or bisexuality.
- (2) Gender identity means actual or perceived gender-related characteristics.

2. Waiting List Procedures

Presently, HOC maintains sub-jurisdictional waiting lists for PH. An applicant can apply to up to two sub-jurisdictional lists for which they qualify. The sub-jurisdictional waiting lists cover different areas of Montgomery County and include approximately the same number of PH units in each list.

- a. The waiting list is evaluated frequently to decide whether to purge the list and re-open it, or to keep it closed.
- b. When the waiting list is open, interested persons may apply at HOC's main administrative office, site management offices, or through HOC's website, www.hocmc.org.

3. Assignment

- a. An applicant will be removed from the PH waiting list if the applicant rejects two vacant units without good cause.

4. Admissions Policies

- a. HOC includes as a preference for admission the former Federal preference of Involuntary Displacement. This preference is limited to no more than 10 PH participants.
- b. HOC also has a preference for admission for applicants who live, work, and/or participate in or have been graduated from training and education courses in the jurisdiction, local displacement and transitional housing preferences, and applicants unable to work due to age or disability.
- c. First priority in admissions preference is by date and time.
- d. Second priority is given equally to the remaining preferences.
- e. Among applicants with equal preference status, applicants are selected by drawing (lottery)
- f. An applicant who has been called up because of a preference but screening indicates that the applicant does not otherwise qualify will be removed from the waiting list
- g. The following are circumstances in which transfers take precedence over new admissions:
 - i. Emergencies
 - ii. Over housed
 - iii. Under housed
 - iv. Medical justification (e.g., reasonable accommodation)
 - v. Administrative reasons (e.g., to permit modernization work)

5. Deconcentration

It is HOC's policy to provide for deconcentration of poverty and to encourage income mixing by bringing higher income families into lower income developments and lower income families into higher income developments. Toward this end HOC may skip families on the waiting list to reach other families with a lower or higher income. HOC will accomplish this in a uniform and non-discriminating manner.

- HOC's policies for PH eligibility and admissions are established in Chapter 8 of the HOC ACOP.
- HOC's PH waiting list and selection processes are established in Chapters 9 and 10 of the HOC ACOP.

(c) As identified above, HOC is currently in the process of converting all of its existing PH units, other than seven (7) units, to either PBRA or PBV through HUD's RAD program. Of the 11 PH properties scheduled for conversion, the actual conversions will occur in a staggered format over approximately five years. HOC has received Commitments to Enter into Housing Assistance Payments Contracts ("CHAP") for eleven (11) public housing developments. These public housing properties are grouped into multiple Asset Management Projects (the "RAD AMPs"), as follows:

Properties Comprising RAD AMPs
Seneca Ridge (aka Middlebrook Square)
Parkway Woods and Ken Gar
Towne Centre Place and Sandy Spring Meadow
Washington Square and Emory Grove
Arcola Towers
Waverly House
Elizabeth House
Holly Hall

A number of these RAD AMPs will be re-grouped (consolidated and/or divided) into one or more properties under common ownership by an affiliate of HOC and under a common financing scheme (each a "RAD Property" and collectively, the "RAD Properties"). Further, some of the Assistance Transfer Units from some of the RAD AMPs or sites will be consolidated into another RAD Property. The following table illustrates some of these projected re-groupings.

RAD Properties
Seneca Ridge, Parkway Woods, Ken Gar, Towne Centre Place, Sandy Spring Meadow, and Washington Square
Emory Grove (scattered site single-family homes)
Arcola Towers
Waverly House
Elizabeth House
Holly Hall

As HOC's RAD conversion progresses over the next few years, subsequent PH content from this PHA Plan will become inapplicable to all but the seven (7) unconverted public housing units at Tobytown. Importantly, the following eligibility, selection, admissions policies, deconcentration, and waiting list procedures will apply to the units converting from PH units to either PBRA or PBV units through the RAD program.

1. RAD Eligibility and Selection Criteria Modifications

- I. Occupied Units to be Converted Under RAD. Any tenant residing in a PH unit at any of the RAD properties at the time of conversion, shall be eligible for tenancy in a post-conversion unit. These tenants will be eligible for either PBRA units or PBV units. The PBRA RAD units will be located either (i) on-site, after a rehabilitation of the property (the "On-Site PBRA Units"), or (ii) at a new location as new construction replacement units (the "Replacement RAD Units"). The PBV RAD units will be units for which the assistance is transferred to other properties owned by an affiliate of HOC (the "Assistance Transfer PBV Units", referenced jointly with the On-Site PBRA units and the Replacement RAD units as the "RAD units"). Beginning in FY 2015, HOC's plan was to convert 508 public housing units as On-Site PBRA units, convert 256 public housing units to Replacement RAD units (for the Elizabeth House and Holly Hall properties), and transfer assistance for 113 public housing units. In all cases, each of the 877 public housing units converted under RAD would continue to receive a subsidy.

During FY 2015, HOC completed the above described Assistance Transfer PBV Unit process with all 113 units that were planned to have their PH assistance transferred off-site to PBV assistance. Also during FY 2015, HOC completed the above described On-Site PBRA Unit process for 209 out of the 508 units that were planned to have their PH assistance transferred to on-site to PBRA assistance. This process included four RAD AMPs: (1) Seneca Ridge, (2) Parkway Woods and Ken Gar, (3) Towne Centre Place and Sandy Spring Meadow, and (4) Washington Square and Emory Grove.

Accordingly, the remaining RAD conversions that will take place over the next several years are as follows:

RAD AMP	Current Public Housing Units	On-Site PBRA Units	Replacement RAD Units	Assistance Transfer PBV Units
Arcola Towers	141	141	-	-
Waverly House	158	158	-	-
Elizabeth House	160	-	160	-
Holly Hall	96	-	96	-

Importantly, Arcola Towers and Waverly House are the two properties scheduled for conversion during the FY 2016 period covered in this Plan. During their conversion from PH to project-based rental subsidy programming, some subsidized units from these two properties may either be transferred fully offsite as Assistance Transfer PBV Units or be removed from the properties as a de minimis reduction in subsidized units at Arcola Towers and Waverly House.

- A. On-Site PBRA Units and Replacement RAD Units. This list enumerates the rights of those existing residents who occupy a RAD unit at the time of conversion and who either remain on-site at the RAD property after conversion or who relocate to a newly constructed Replacement RAD Unit. Occupants of these RAD units will receive PBRA. All PH units that are converting to PBRA through RAD will use Form HUD 90105-A Model Lease for Subsidized Programs with an initial lease term of one year. Complete information on these matters may be found under the heading of "Special Provisions Affecting Conversions to PBRA" in HUD's PIH Notice 2012-32 (Section 1.7.B & C), which are incorporated herein by reference and summarized below:
- a. No re-screening of tenants upon conversion.
 - b. Resident right to return to the property (or, in the case of Elizabeth House and Holly Hall, the newly constructed replacement property) if relocated as a result of conversion, irrespective of income level.
 - c. Phase-in of tenant rent increase: If the rent increase is the greater of 10% or \$25, the increase will be phased in over three (3) years or five (5) years, as determined by HOC.
 - d. Continued eligibility for Public Housing-Family Self-Sufficiency ("PH-FSS") and Resident Opportunities and Self-Sufficiency- Service Coordinators ("ROSS-SC") programs; provided, however, that these tenants will be given first priority for Assistance Transfer Units.
 - e. Resident Participation and Funding: Residents will have the right to establish and operate a resident organization and be eligible for resident participation funding (see Attachment 1B of PIH Notice 2012-032).
 - f. Termination notification: HOC must provide written notification of termination of lease within a reasonable time:
 - i. Not to exceed 30 days if health or safety of other tenants, HOC employees, or persons residing in the vicinity are threatened or in the event of drug-related or violent criminal activity or any felony conviction;
 - ii. 14 days for non-payment of rent; and
 - iii. In all other cases, the requirements at 24 CFR §880.603, as revised for RAD in PIH Notice 2012-32, the Multifamily HUD Model Lease and any other HUD multifamily administrative guidance shall apply.
 - g. Grievance process: See PIH Notice 2012-32 Section 1.7.B.6. In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD is incorporating resident procedural rights to comply with the requirements of section 6 of the United States Housing Act of 1937 (the "Act"). The RAD program will require that:
 - i. Residents be provided with notice of the specific grounds of the proposed owner adverse action, as well as their right to an informal hearing with HOC (as owner);
 - ii. Residents will have an opportunity for an informal hearing with an impartial member of HOC's staff (as owner) within a reasonable period of time;
 - iii. Residents will have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the owner as the basis for the adverse action. With reasonable notice to HOC

- (as owner), prior to a hearing and at the residents' own cost, the resident may copy any documents or records related to the proposed adverse action;
- iv. HOC (as owner) will provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action, and the evidence HOC (as owner) relied upon as the basis for the adverse action; and
 - v. HOC (as owner) will be bound by decisions from these hearings, except if the:
 - 1) Hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing.
 - 2) Decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.
 - 3) If HOC (as owner) determines that it is not bound by a hearing decision, HOC must promptly notify the resident of this determination, and of the reasons for the determination.
- h. Establishment of Waiting List. Waiting lists will be kept in accordance with PIH Notice 2012-32 Section 1.7.C.
- i. Earned Income Disregard ("EID"). Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 960.255. If a tenant requests that the EID cease, or upon the expiration of the EID for such tenants, the tenant will no longer receive the EID exclusion and the Owner will no longer be subject to the provisions of 24 CFR §960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described in Section 1.7.B.3; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time (please See PIH Notice 2012-32, Section 1.7.B.7).
- B. Assistance Transfer PBV Units. HOC has determined that it will be advantageous to transfer the assistance from some of the RAD AMPs to units of similar bedroom count located at other properties controlled by HOC (or its wholly owned affiliate). During FY 2015, HOC transferred the assistance of 113 units from four RAD AMPs to become PBV subsidized units. These RAD AMPs are: (1) Seneca Ridge, (2) Parkway Woods and Ken Gar, (3) Towne Centre Place and Sandy Spring Meadow, and (4) Washington Square and Emory Grove. For a specific breakdown of the units transferred from each AMP, please see the chart below:

RAD AMP	Units
Seneca Ridge (Middlebrook Square)	16
Parkway Woods and Ken Gar	4
Towne Centre Place and Sandy Spring Meadow	9
Washington Square and Emory Grove	84

Any resident of a RAD AMP (at time of conversion) who is offered and accepts the transfer of the rental assistance to an Assistance Transfer PBV Unit is entitled to the same rights as a current resident remaining at the converted RAD Property. The assistance available at Assistance Transfer PBV Units will be PBV. Complete information on these matters may be found under the heading of "Special Provisions Affecting Conversions to PBV" in HUD's PIH Notice 2012-32 (Section 1.6.C & D), which are incorporated herein by reference and summarized below:

- a. No re-screening of tenants upon conversion.
- b. Resident right to an assisted unit, irrespective of income level; residents of Assistance Transfer Units waive the right to return to their prior units.
- c. Phase-in of tenant rent increase: If the rent increase is the greater of 10% or \$25, the increase will be phased in over three (3) years or five (5) years, as determined by HOC.
- d. Continued eligibility for Public Housing-Family Self-Sufficiency ("PH-FSS") and Resident Opportunities and Self-Sufficiency- Service Coordinators ("ROSS-SC") programs.
- e. Resident Participation and Funding: Residents will have the right to establish and operate a resident organization and be eligible for resident participation funding (see Attachment 1B of PIH Notice 2012-032).
- f. Termination notification: HOC must provide written notification of termination of lease within a reasonable time:
 1. Not to exceed 30 days if health or safety of other tenants, HOC employees, or persons residing in the vicinity are threatened or in the event of drug-related or violent criminal activity or any felony conviction;
 2. 14 days for non-payment of rent; and
 3. In all other cases, the requirements at 24 CFR §880.603, as revised for RAD in PIH Notice 2012-32, the Multifamily HUD Model Lease and any other HUD multifamily administrative guidance shall apply.
- g. Grievance process. See PIH Notice 2012-32 Section 1.6.C.7.b. In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD is incorporating resident procedural rights to comply with the requirements of section 6 of the Act. RAD will require that:
 1. Residents be provided with notice of the specific grounds of the proposed owner adverse action, as well as their right to an informal hearing with the HOC (as owner);
 2. Residents will have an opportunity for an informal hearing with an impartial member of HOC's staff (as owner) within a reasonable period of time;
 3. Residents will have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the owner as the basis for the adverse action. With reasonable notice to the

- HOC (as owner), prior to hearing and at the residents' own cost, resident may copy any documents or records related to the proposed adverse action;
4. HOC (as owner) will provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action, and the evidence HOC (as owner) relied on as the basis for the adverse action.
 5. HOC (as owner) will be bound by decisions from these hearings, except if the:
 - i. Hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing.
 - ii. Decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.
 - iii. If HOC (as owner) determines that it is not bound by a hearing decision, HOC must promptly notify the resident of this determination, and of the reasons for the determination.
- h. Establishment of Waiting List. See PIH Notice 2012-32 Section 1.6.D.4.
- i. Earned Income Disregard ("EID"). Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 960.255. If a tenant requests that the EID cease, or upon the expiration of the EID for such tenants, the tenant will no longer receive the EID exclusion and the Owner will no longer be subject to the provisions of 24 CFR §960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described in Section 1.6.C.8; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time. (Please See PIH Notice 2012-32, Section 1.6.C.8)
- C. Relocation. There is no planned offsite relocation with the exception of the Assistance Transfer Units described above. During the rehabilitation of each RAD AMP, residents may be relocated to facilitate the rehabilitation work within the RAD AMP. All relocations will be subject to the Uniform Relocation Act ("URA") and HOC will arrange for and assume all costs of relocation either on-site or off-site.
- II. Vacant Units Converted Under RAD and New Tenants. After conversion under the RAD program, any new tenant of a vacant RAD Unit (whether an On-Site RAD Unit or an Assistance Transfer Unit), will be subject to the terms of HUD regulations for Project-Based Section 8. This includes the requirement that tenants have incomes no greater than eighty percent (80%) of AMI. These RAD units and their tenants will not be governed by HOC's Admissions and Continued Occupancy Policy ("ACOP") for its PH units. Each RAD Property will have its own Tenant Selection Plan developed to be consistent with efforts to Affirmatively Further Fair Housing and the provisions of HUD Handbook 4350.3 REV-1.
- Arcola Towers, Elizabeth House, and Waverly House are each designated for occupancy by only the elderly. Holly Hall is designated for occupancy by the elderly and/or non-elderly disabled (NED) families /individuals. Except with respect to these four properties the RAD properties and RAD units are not designated as elderly-only and there will be no age restrictions or other preferences in the admission for tenancy.
- Future applicants after the RAD conversion will be screened to ensure that they meet project eligibility requirements including citizenship requirements, disclosure and documentation of social security numbers, and income limitations. They will also be screened to determine that they will be responsible residents, which will include, but not be limited to, a review of references from previous landlords, credit history, and criminal and eviction history. In addition, Resident Selection Criteria incorporates screening requirements as established for the Section 8 program in HUD Handbook 4350.3, Occupancy Requirements for Subsidized Multi-Family Housing Programs.
- After conversion of the RAD Units, future applicants for units at each RAD Property will be placed on a waiting list, processed for immediate occupancy or rejected. All eligibility factors will be verified in writing and will be kept in the applicant's file. The following procedure will be used if an applicant is found to be unacceptable:
- A. The applicant will be immediately notified if it is found that the applicant is ineligible because their income exceeds the appropriate income limits or because the applicant's family size is not suitable for the size of the available unit(s).
 - B. If the applicant meets the eligibility criteria, they will be offered a unit or placed on a waiting list.
 - C. The applicant will be promptly notified, in writing, of the determination of their ineligibility. The letter will explain why the applicant is not eligible.
 - D. The rejection letter will advise the applicant that they have fourteen (14) days to respond in writing or request a meeting with a representative of the owner not involved in the original determination process.
 - E. The rejection letter will also inform the applicant that responding to the rejection letter does not preclude the applicant from exercising other avenues available if they feel they are being discriminated against.
 - F. If the applicant responds in writing and/or after a meeting is held, the applicant will be advised, in writing, whether or not the decision has changed. The letter will be sent within five (5) days from the date of the applicant's letter or from the date of the meeting.
- III. On-Site Unassisted Units. As a result of the transfer of assistance to off-site Assistance Transfer Units, there will be a commensurate number and type of non-RAD units located at the RAD Property (the "On-Site Unassisted Units"). The On-Site Unassisted Units allow HOC to make units at the RAD Properties available to tenants without rental assistance and, at HOC's discretion, without income restrictions, which not only promotes the economic viability of the converted properties, but also furthers HOC's goal to deconcentrate poverty. HOC has set an initial rent level for these On-Site Unassisted Units at or below the eighty percent (80%) AMI level. There will be no difference in unit quality or amenities between the On-Site RAD Units and the On-Site Unassisted Units. Additionally, HOC will not require any resident to move from a RAD Property. Subsidy will be transferred to the Assistance Transfer Units for those units which are currently occupied by families participating in the PH-FSS program and for vacant units. In the former case, HOC will pay the costs of relocation. As previously discussed with HUD, subsidy will be transferred to these off-site Assistance Transfer Units in the form of PBV. The Assistance Transfer Units were formerly part of one of HOC's scattered site public housing developments that recently

underwent disposition under Section 18 of the Act and are now owned by a wholly-owned affiliate of HOC. These scattered site units are currently undergoing substantial renovations. There is no external financing required for the renovation.

2. RAD Waiting List Modifications

HOC's Public Housing Waiting List for seniors reopened in 2012, however the non-elderly PH Waiting Lists have remained closed since 2008. All applicants on HOC's PH waiting lists will receive written notification that the lists are being purged and that they will be given priority on new site-based waiting lists for the converted RAD Properties, which will be developed based upon direction provided within and in conformity with HUD Notice PIH-2012-32 (HA), REV-1 Sections 1.6.D.4 and 1.7.C.3.

Currently, HOC's Public Housing waiting lists are not site-based or project specific, but are separated into four regional lists by bedroom size with preferences for families designated as "Federal Emergency Assisted" and residents who live and/or work, or have offered to work in the jurisdiction. The selection process for each list is by preference and then random selection by lottery. After the RAD conversion, there will be site-based waiting lists for the RAD Properties (or definable portion of such property, where geographic proximity is lacking). The waiting lists for each RAD Property will then be opened to the public. Opening of the RAD Properties' waiting list(s) will be announced on HOC's website and, where required, with a public notice stating that applications for the RAD Properties will be accepted. The public notice will state where, when, and how to apply. The public notice will be published in a local newspaper of general circulation and also by any available minority media. The public notice will state any limitations as to who may apply.

Once applications are received, date and time of receipt will be recorded. The applications will be evaluated using the criteria for admission. Any applications meeting the eligibility criteria will be placed on the waiting list. Application not meeting these requirements will be rejected and not placed on the waiting list. In the event that an applicant is rejected, the applicant will receive written notification. The applicant shall have fourteen (14) days from the date of the letter to respond in writing or to request a meeting to discuss the rejection. Each applicant's position on the waiting list will be determined by the date and time on which all of the applicant's application materials are received at the office; importantly however, acceptance to the waiting list does not automatically guarantee eligibility for a unit. Further screening as described under the eligibility section (above) will be completed at the time a unit is offered. Units will be rented to eligible applicants in accordance with the applicants' place on the waiting list.

3. RAD Assignment Modification

- A. All tenants currently participating and residing in PH units at the RAD AMPs will be admitted into converted RAD Units. After the RAD conversion, admission and selection of future tenants at these RAD Properties will be governed by HUD regulations as detailed above.
- B. Residents of RAD Units will be required to meet the following occupancy standards (as further depicted in the table below):
 - i. A single head of household or a head of household with a spousal relationship or significant other will be assigned one bedroom.
 - ii. Two members of the same gender, regardless of age, will be assigned one bedroom.
 - iii. A live-in aide will get a separate bedroom.

Unit Bedroom Size	Family Size
Efficiency	1 person
1 Bedroom	1 – 2 persons
2 Bedrooms	2 – 4 persons
3 Bedrooms	3 – 6 persons
4 Bedrooms	5 – 8 persons

- iv. Exceptions to normal bedroom size standards include the following:
 - a. Units smaller than assigned through the above guidelines – A family may request a smaller unit size than the guidelines allow. HOC will allow the smaller size unit so long as generally no more than two (2) people per bedroom are assigned.
 - b. Units larger than assigned through the above guidelines – A family may request a larger unit size than the guidelines allow. HOC will allow the larger size unit if the family provides a verified medical need that the family be housed in a larger unit.
 - c. If there are no families on the waiting list for a larger size, smaller families may be housed if they sign a release form stating they will transfer (at the family's own expense) to the appropriate sized unit when an eligible family needing the larger unit applies.
 - d. Larger units may be offered in order to improve the marketing of a development suffering a high vacancy rate.
- C. If a RAD unit with accessible features becomes vacant, management will offer the unit in the following order of priority: first, to a current resident of the RAD property who requires the accessible feature; then second, to an eligible qualified applicant on the RAD property's waiting list who requires the feature; and third, to an eligible qualified applicant on the RAD property's waiting list without a disability.

4. Deconcentration of Poverty

As a result of the transfer of assistance to off-site Assistance Transfer Units, there will be a commensurate number and type of On-Site Unassisted Units. These On-Site Unassisted Units allow HOC to make units at the RAD properties available to tenants

without rental assistance and, at HOC's discretion, without income restrictions, which not only promotes the economic viability of the converted properties, but also furthers HOC's goal to deconcentrate poverty.

2. Financial Resources

HOC adopted a two-year budget for FY 2015-2016 in June of 2014. The Agency is currently working on a budget amendment for FY 2016 based on the most recent funding information. The amendment will be available later in calendar year 2015. Included below is the FY 2016 budget information as it is known today.

Financial Resources: Planned Sources and Uses		
<u>Sources</u>	<u>Planned \$</u>	<u>Planned Uses</u>
1. Federal Grants (FY 2015 grants)		
a) Public Housing Operating Fund	4,798,979	Operations
b) Public Housing Capital Fund	1,788,963	Capital Improvements
c) Annual Contributions for Section 8 Tenant-Based Assistance	88,423,792	Operations
d) Family Self-Sufficiency Grants	550,371	Operations
e) HEARTH Grants (former McKinney / SPC)	3,551,229	
f) Ross	78,000	
2. Public Housing Dwelling Rental Income	879,664	Operations
TOTAL RESOURCES	100,070,998	

Importantly, these numbers are subject to change during FY 2016 as HOC continues through its RAD conversion process.

3. Rent Determination

(a) Public Housing:

Title 24 of the Code of Federal Regulations, Part 960, Section 253 explains that once a year, PHAs must offer each family the opportunity to choose between two methods for determining the amount of tenant rent payable monthly by the family. The family may choose to pay either a flat rent or an income-based rent. Except for in cases of financial hardship, families may not be offered this choice more than once a year. The PH minimum rent is \$50 per month.

1. Income-Based Rent:

Income-based rent is a tenant rent that is based on a family's income and HOC's rent policies for determination of such rents. As per 24 CFR, Part 5, Section 628, HOC uses the total tenant payment (TTP) amount of 30 percent of the family's monthly adjusted income, taking into account any utility allowance that may be granted to an assisted family. To determine income-based rents, HOC employs the payment standards allocated per bedroom size, deducts the TTP, and then pays the remaining amount as the PHA subsidy payment to the landlord.

Between income reexaminations tenants must report changes in income annually or changes in family composition.

2. Flat Rent:

Flat rent is a tenant rent that is pre-determined based on a unit's bedroom size and the locality in which it is located. Flat rents were designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families who are attempting to become economically self-sufficient. Typically, a family will choose to pay the flat rent if they have a high income and the flat rent is less than 30% of their household's income. Of course, if a tenant is paying the flat rent and at any time becomes unable to pay that amount because of a financial hardship, the tenant can ask to return to an income-based rent. This change can be done even mid-year.

Until June 1, 2014 HOC established its flat rents based on the market rent of comparable units in the private, unassisted rental market. HOC used a survey of like units in the neighborhood, an HCV rent reasonableness study, and County rental data.

As of June 1, 2014, however, HOC amended its flat rent policies to comply with the new statutory changes contained within, Public Law 113 – 76, the Fiscal Year 2014 Appropriation Act. Now, HOC will set the flat rent amount for each public housing unit to comply with the requirement that all flat rents be set at no less than 80 percent of the applicable Fair Market Rent (FMR) adjusted, if necessary, to account for reasonable utilities costs. The new flat rent amount will apply to all new program admissions effective September 11, 2014. For current program participants that pay the flat rent amount, the new flat rent amount will be offered, as well as the income-based rent amount, at the next annual rental option.

Importantly, HOC will place a cap on any increase in a family's single year rental payment that exceeds 35 percent, and is a result of changes to the flat rental amount as follows:

- a. Multiply the existing flat rental payment by 1.35 and compare that to the updated flat rental amount;
- b. The PHA will present two rent options to the family as follows:
 - i. The lower of the product of the calculation and the updated flat rental amount; and
 - ii. The income-based rent.

(b) Housing Choice Voucher:

HOC's Housing Choice Voucher program (HCV) offers only income-based rents. No flat rent option is provided for voucher program participants. Additionally, the HCV program employs no discretionary policies for determining income-based rents. HOC uses the total tenant payment (TTP) amount of 30 percent of the family's monthly adjusted income. To determine income-based rents, HOC employs the payment standards allocated per bedroom size, deducts the utility allowance, deducts the TTP, and then pays the remaining amount as the PHA subsidy payment to the landlord.

Annually, HOC reevaluates its payment standards. Currently HOC's payment standard is at 95% of the 2015 Fair Market Rents (FMR) for Montgomery County, Maryland. The HCV minimum rent is \$50.

4. Operation and Management

The Policies governing HOC's maintenance management can be located in the policy documents in the following list.

- (a) Public Housing
 - 1. HOC Policy for the Prevention and Eradication of Pest Infestation
 - 2. Admissions and Continued Occupancy Policy
 - 3. Housing Management On-Call Handbook
 - 4. Turnover Standard Operating Procedures
- (b) Section 8 Management
 - 1. Administrative Plan

5. Grievance Procedures

- (a) HOC has not established any written grievance procedures in addition to the federal requirements. Residents and applicants of the PH program should initiate contact in regards to HOC's grievance process at HOC's main administrative office.
- (b) HOC has not established any written informal review procedures for applicants or tenants of the HCV program in additional to the federal requirements. Residents and applicants of the HCV program should initiate contact in regards to HOC's informal review and informal hearing process at HOC's main administrative office.

6. Designated Housing for Elderly and Disabled Families

HOC has approved the following developments for Designated Housing:

Designation of Public Housing Activity Description
Development name: Holly Hall
Development (project) number: MD004511413
Designation type: Occupancy by only the elderly and persons with disabilities
Application status: Approved
Date this designation was Approved: 1/2015
Number of units affected: 92

Designation of Public Housing Activity Description
Development name: Arcola Towers
Development (project) number: MD004511415
Designation type: Occupancy by only the elderly
Application status: Approved
Date this designation was Approved: 1/2015
Number of units affected: 138

Designation of Public Housing Activity Description
Development name: Elizabeth House
Development (project) number: MD004511402
Designation type: Occupancy by only the elderly
Application status: Approved

Date this designation was Approved: 1/2015
Number of units affected: 158

Designation of Public Housing Activity Description
Development name: Waverly House
Development (project) number: MD004511417
Designation type: Occupancy by only the elderly
Application status: Approved
Date this designation was Approved: 1/2015
Number of units affected: 156

7. Community Service and Self-Sufficiency

(a) HOC operates a Family Self-Sufficiency (FSS) program which currently has 317 participants. Presently, the HCV program has 304 FSS participants and the PH program has 13 participants.

(b) Section 3

HOC developed a new Section 3 policy in March of 2014. This policy went into effect in April of 2014.

The Section 3 program was established by the Housing and Urban Development Act (HUD) of 1968 (as amended). Section 3 is a legislative directive for providing employment, training and contracting opportunities for low and very-low income residents in public housing projects and communities that receive HUD funding for projects. The regulations codifying the Section 3 program can be found at 24 CFR 135. As a public housing agency (PHA) and recipient of various sources of HUD funding, HOC has several responsibilities for developing and implementing a Section 3 policy and program. Below is a list of some, but not all, of HOC's responsibilities under the statute:

1. Implement procedures to monitor compliance with Section 3.
2. Notify contractors of Section 3 responsibilities.
3. Facilitate training and employment of Section 3 residents.
4. Facilitate award of contracts to Section 3 businesses.
5. Penalize non-compliance.
6. Submit Annual Section 3 Summary Report.

HOC's Section 3 policy is triggered when a covered project creates the need for new employment, contracting or training opportunities. Recipient agencies and their contractors are not required to hire Section 3 residents or award contracts to Section 3 businesses other than what is needed to complete covered projects. Section 3 covered trades include: carpentry, masonry, plumbing, electrical, and demolition work. Covered management and administrative work includes: architectural, engineering, legal, management and administrative support. A copy of the HOC Section 3 Policy can be obtained at the Kensington Avenue office.

8. Safety and Crime Prevention

(a) The need to ensure safety is based on providing safe housing to HOC residents. HOC has provided crime prevention activities targeted to at-risk youth, adults, and seniors and has implemented the housing provisions from the Violence Against Women Act of 2005 (VAWA). HOC has coordinated with the local police departments, including the police providing crime data to the housing authority for analysis and action. The police also offer a physical presence at housing authority properties and in some instances officers will live in residence. Police are also available to meet with HOC management and to testify and support eviction cases.

9. Pets

(a) The following are the Pet Ownership policies established by HOC for its PH units:

1. A \$200 refundable, non-interest-bearing deposit for a cat, dog, or ten-gallon aquarium, payable over three months. There is a \$10 monthly fee for these pets.
2. No deposits for caged animals.
3. Limit of one cat or dog per household.
4. Limit of adult weight of 25 pounds.
5. Resident must provide record of current vaccinations and registration in compliance with Montgomery County law. Records will be kept in the resident's file.
6. A dog or cat must be neutered or spayed before six months of age.
7. The pet will be allowed out of the premises only in designated areas and only under the complete control of the responsible human companion, and on a hand held leash or in a pet carrier.
8. Each dog or cat must wear a collar with identification.

9. Dangerous animals and potentially dangerous animals, as defined in Montgomery County Code Section 5, are not permitted. The County Code defines dangerous pets as any animal deemed dangerous by a local authority, one that has attacked unprovoked and inflicted injury outside the owner's property. HOC has the option to ban from its properties any animal it deems dangerous.
 10. Pet waste must be cleaned up and properly disposed of. Cat litter is not to be disposed of in toilets.
 11. Pet must be secured in a cage or separate room when HOC staff has scheduled access to the unit or needs to provide service to the unit.
 12. Residents must complete a Pet Applications/Registration form with their property manager. Residents must also sign a Pet Addendum to their lease.
- (b) This policy does not apply to animals that are used to assist persons with disabilities. Assistive animals are allowed in all public housing facilities with no restrictions other than those imposed on all tenants to maintain their units and associated facilities in a decent, safe, and sanitary manner and to refrain from disturbing their neighbors.

10. Civil Rights Certification

- (a) HOC regularly examines its existing and proposed programs to ensure that they are consistently compliant with fair housing policies and regulations. In so doing, HOC ensures that any impediments to fair housing choice that may exist within its existing or proposed programs are promptly addressed via removal of such practices from the program's regulations and administration. Towards this end, HOC works with Montgomery County on various different initiatives to affirmatively further fair housing.
- (b) HOC has taken the following steps to ensure consistency of this PHA Plan with the Consolidated Plan for the jurisdiction of Montgomery County, Maryland.
 1. During the development of this PHA Plan, HOC staff reviewed the current Consolidated Plan of Montgomery County to ensure HOC's PHA Plan will be consistent with Montgomery County's Consolidated Plan.
 2. Activities to be undertaken by HOC in the coming year are consistent with the initiatives contained in the Montgomery County Consolidated Plan. These include development, modernization, and preservation of affordable housing as well as the development of special needs housing.
 3. During the development of this PHA Plan, Montgomery County staff reviewed this PHA Plan, and offered their guidance and advice so as to ensure HOC's PHA Plan will be consistent with Montgomery County's Consolidated Plan.

11. Fiscal Year Audit

HOC was required to submit an audit to HUD. The results of that audit indicate HOC conforms to accepted accounting principles.

12. Asset Management

As per HUD's *Supplemental Guidance on Phase-in Management Fees*, HOC will maintain overhead allocations for overhead costs in lieu of fee-for-service through 2016. Therefore, HOC will not use Fee for Service, but HOC will bill its Central Office overhead at cost, utilizing a Cost Allocation Plan.

Through 2016, HOC will maintain overhead allocations and it will report that allocated overhead on the income statement for each project under a new FDS line item called "Allocated Overhead."

Other direct project costs, such as the salary of the maintenance staff or costs associated with administering the waiting list must be appropriately reflected on the project's income statement.

Allocated overhead expenses, as opposed to management fees, are covered under all applicable Federal program rules.

As per HUD regulations, HOC has created a Central Office Cost Center (COCC) to support the Agency's allocated overhead amounts.

13. Violence Against Women Act (VAWA)

To help meet the goals of the Violence Against Women Act (VAWA), HOC provides support and referrals to counseling for victims of domestic violence, sexual assault, or stalking. The County Department of Health and Human Services' Abused Persons Program (240-777-4673) provides 24 hour services, including access to counseling and shelter. HOC has adopted procedural language to ensure that victims retain housing assistance. HOC also assists victims with referrals to obtain restraining orders.

7.0	<p>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. <i>Include statements related to these programs as applicable.</i></p> <p>(a) Hope VI or Mixed Finance Modernization or Development</p> <p>HOC does not have any HOPE VI or Mixed Finance funding.</p> <p>(b) Demolition and/or Disposition of Public Housing:</p> <p>HOC received HUD approval for, and is in the process of disposing of, 669 units of public housing under Section 18 of the Housing Act. During FY 2015, 112 of these units became Assistance Transfer PBV Units under the RAD program (see Section 6.1(c)). At the time of this writing, only 12 of these 669 units remain subsidized as PH. HOC will complete their conversion prior to beginning of FY 2016 on July 1, 2015.</p> <p>(c) Conversion of Public Housing:</p>
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HOC's conversion of PH units to RAD Units under the RAD program was designed to entail (i) the renovation of 268 single family and townhome units in 3 RAD AMPs, (ii) the renovation of 141 units at two elderly properties in 2 RAD AMPs, (iii) the construction of 256 new units to replace the existing units which will be demolished at an elderly property and property designated for elderly and Non-Elderly Disabled (NED) residents in 2 RAD AMPs, and (iv) the transfer of assistance for 113 units from four separate RAD AMPs to newly renovated single-family homes.

During FY 2015, HOC completed the above described transfer of assistance step with all 113 units that were planned to have their PH assistance transferred off-site to PBV assistance. This process included four RAD AMPs: (1) Seneca Ridge, (2) Parkway Woods and Ken Gar, (3) Towne Centre Place and Sandy Spring Meadow, and (4) Washington Square and Emory Grove.

The remaining steps in this RAD conversion process are described below, grouped by RAD AMP or by specific property.

Arcola Towers		
Bedroom Size	# Units	Unit Type
1 Bedroom	141	Elderly
Total Units	141	

Arcola Towers is a 141 unit elderly high-rise property consisting of 141 one-bedroom units. It is located at 1135 University Boulevard in Silver Spring, MD 20902.

The Arcola Towers units will be substantially rehabilitated. The final scope for the rehabilitation will be developed in conjunction with HOC's selected architect. After construction, the building and housing units are expected to meet Enterprise Green Communities standards. All work to be performed will be completed under the International Existing Building Code (IEBC) and all applicable Montgomery County construction codes.

Waverly House		
Bedroom Size	# Units	Unit Type
1 Bedroom	156	Elderly
2 Bedroom	2	Elderly
Total Units	158	

Waverly House is a 158 unit elderly high-rise property consisting of 156 one-bedroom units and 2 two-bedroom units, originally constructed in 1978. It is located at 4521 East West Highway in Bethesda, MD 20814.

The Waverly House units will be substantially rehabilitated. The final scope for the rehabilitation will be developed in conjunction with HOC's selected architect. After construction, the building and housing units are expected to meet Enterprise Green Communities standards. All work to be performed will be completed under the International Existing Building Code (IEBC) and all applicable Montgomery County construction codes.

Elizabeth House		
Bedroom Size	# Units	Unit Type
Efficiencies	40	Elderly
1 Bedroom	100	Elderly
2 Bedroom	20	Elderly
Total Units	160	

Elizabeth House is a 160 unit elderly high-rise property consisting of 40 efficiencies, 100 one-bedroom units, and 20 two-bedroom units, originally constructed in 1970. It is located at 1400 Fenwick Avenue in Silver Spring, MD 20910.

The Elizabeth House units will be demolished and a replacement building will be constructed on an adjacent site. The final scope for the new construction will be developed in conjunction with HOC's selected architect. After construction, the building and housing units are expected to meet Enterprise Green Communities standards. All work to be performed will be completed under the International Existing Building Code (IEBC) and all applicable Montgomery County construction codes.

Holly Hall		
Bedroom Size	# Units	Unit Type
Efficiencies	1	Family
1 Bedroom	53	Family
2 Bedroom	42	Family
Total Units	96	

Holly Hall is a 96 unit property consisting of one efficiency unit, 53 one-bedroom units, and 42 two-bedroom units, originally constructed in 1965. It is located at 10110 New Hampshire Avenue in Silver Spring, MD 20903.

The public housing units at Holly Hall will be replaced with newly constructed units.

(d) Homeownership

HOC operates a Housing Choice Voucher Homeownership Program (HCVH). This program offers eligible participants in the HCVH program an option to own their own home, using their existing Housing Choice Voucher (HCV). The voucher for homeownership works similarly to the voucher for rental. The household spends approximately 30% of its income for the

	<p>mortgage payment and the voucher pays the difference. Importantly, the family using its voucher for homeownership must be able to qualify for a mortgage according to the accepted and prevailing industry loan qualification requirements.</p> <p>Per HOC regulations, HOC's HCVH program is only open to 25 households at a time. These 25 households are selected by HOC through a random selection process. When all 25 spots are full, the HCVH program will be listed as closed. A status of closed in this regard does not mean that the program is inactive, but rather that the program but is full and therefore not accepting new applicants at this time.</p> <p>Participating families in HOC's HCVH program are selected through a Commission approved random selection process and must meet all of the following criteria:</p> <ol style="list-style-type: none"> 1. A current HCV Program Recipient. 2. Minimum annual income of \$24,000. 3. The family must meet the minimum down payment of 3% of purchase price, 1% of which must come from the family's personal resources. 4. Family must work at least 30 hrs per week and be employed for at least one year (the elderly and disabled are eligible to apply for an exemption from this requirement). 5. Family must participate in HOC's Family Self Sufficiency Program (FSS) for at least two years (the elderly and disabled are eligible to apply for an exemption from this requirement). 6. Family must complete homeownership counseling provided by HOC or an agency approved by HUD and/or HOC prior to homeownership assistance. 7. Family cannot have any outstanding debt to HOC or any other housing agency. 8. Family must be a first time homebuyer, and no member of the household can have an ownership interest in a residence. 9. If previously married and you owned a home with your spouse, and now you are a single parent, displaced homemaker, you will be considered as a first time homebuyer. <p>(e) Project-Based Vouchers</p> <p>As explained above in Section 6.1(c), all but seven of HOC's existing PH units will be converted to PBRA and PBV over the next several years. In particular, the PBV RAD units were to be those that HOC had determined it would be advantageous to transfer the assistance from some of the RAD AMPs to units of similar bedroom count located at other properties controlled by HOC (or its wholly owned affiliate).</p> <p>During FY 2015, HOC completed the above described assistance transfer process with all 113 units that were planned to have their PH assistance transferred off-site to PBV assistance. This process included four RAD AMPs: (1) Seneca Ridge, (2) Parkway Woods and Ken Gar, (3) Towne Centre Place and Sandy Spring Meadow, and (4) Washington Square and Emory Grove. All existing residents of each of these four RAD AMPs at time of conversion, who were offered and accepted the transfer of the rental assistance to an Assistance Transfer Unit, are entitled to the same rights as a current resident remaining at the converted RAD Property.</p> <p>In this way, HOC expanded its use of the Project-Based Voucher program during FY 2015 and will continue to administer and utilize the PBV program in FY 2016 and the years to come. The use of PBVs gives HOC's tenants access to neighborhoods outside of high poverty areas as well as maintains their housing assistance even when transferred off-site during the RAD conversion. Prior to the RAD conversion, HOC had approximately 634 PBV units located in 33 different affordable housing projects located throughout Montgomery County. After the FY 2015 RAD conversion HOC's PBV portfolio increased to 747 PBV units in 40 different affordable housing projects in Montgomery County.</p>
8.0	<p>Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable.</p>
8.1	<p>Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i>, form HUD-50075.1, for each current and open CFP grant and CFFP financing.</p> <p>See HUD Form 50075.1, approved by HUD in March of 2015.</p>
8.2	<p>Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i>, form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.</p> <p>See HUD Form 50075.2, approved by HUD in March of 2015.</p>
8.3	<p>Capital Fund Financing Program (CFFP).</p> <p><input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.</p>

9.0	<p>Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.</p> <p>As identified in the Montgomery County Consolidated Plan, employment opportunities, strong schools, and a large array of quality amenities make Montgomery County a highly desirable place to live. Consequently, the County's population has grown significantly over the last decade and is projected to continue to grow at a rapid pace for at least the next 10 years. Along with this rapid level of population growth has come an increase in the housing demands placed on Montgomery County's existing supply. Within the sphere of affordable housing, these demographic trends have led to significant increases in the demand for affordable housing; demand that far exceeds the County's current supply of affordable housing options. Although Montgomery County and HOC programs beyond the federal programs are more widespread than those in many similar jurisdictions, HOC recognizes that more still needs to be done. With roughly 500 square miles and nearly one million people, Montgomery County is among the largest jurisdictions and is the most populous county in Maryland. Combined with one of the highest costs of living in the country, the present day and coming challenges to the provision of affordable housing in Montgomery County are particularly acute. As of February 2015, HOC had approximately 15,550 applicants on its Housing Choice Voucher waiting list and approximately 34,107 on its public housing waiting lists.</p> <p>In particular, HOC has identified the following specific housing needs of its low-income, very low-income, and extremely low-income residents that must be addressed over the next five years:</p> <ol style="list-style-type: none"> 1. Expansion and preservation of the supply of assisted housing in Montgomery County. 2. Continued improvement of the quality of HOC assisted housing. 3. Increased amount and variety of assisted housing choices. 4. Provision of an improved living environment. 5. Promotion of self-sufficiency and asset development of assisted households. 6. Assurance of equal opportunity and fairness in housing for all HOC residents. 7. Servicing the needs of children and adult victims of domestic violence, dating violence, sexual assault, or stalking.
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9.1	<p>Strategy for Addressing Housing Needs. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.</p> <p>So as to address the identified housing needs of HOC residents described in Section 9.0 above, the following strategies will be employed by HOC during the five years covered by this Plan:</p> <ol style="list-style-type: none"> 1. When available, HOC will apply for additional rental vouchers; reduce public housing vacancies; leverage private or other public funds to create additional housing opportunities; and acquire or build units or developments. 2. HOC will improve its public housing management, as measured by its PHAS score; improve voucher management, as measured by its SEMAP score; increase customer satisfaction; concentrate on efforts to improve specific management functions; renovate or modernize public housing units; demolish or dispose of obsolete public housing, if appropriate; and ensure that alternatives such as replacement public housing or replacement vouchers are available. 3. HOC will conduct outreach efforts to potential voucher landlords and continue its voucher homeownership program. 4. HOC will actively work to deconcentrate poverty by converting our existing PH properties into PBRA and PBV units using the RAD program; implement measures to promote income mixing in HOC owned properties by assuring access for lower-income families into higher income developments and adding market rate units into properties that were previously exclusive to low-income households; implement security improvements to our existing housing stock; and maintain existing designations of developments for particular resident groups. 5. HOC will continue to work to increase the number and percentage of employed persons in assisted families; provide or attract supportive services to improve assistance recipients' employability; provide or attract supportive services to increase independence for the elderly and/or families with disabilities. 6. HOC will continue to undertake affirmative measures to ensure access to assisted housing for all qualified applicants regardless of race, color, religion, national origin, sex, familial status, disability, or source of income; undertake affirmative measures to provide a suitable living environment for families living in assisted housing, regardless of race, color, religion, national origin, sex, familial status, disability, or source of income; undertake affirmative measures to ensure accessible housing is available to persons with all varieties of disabilities regardless of unit size required. 7. HOC will continue to follow and, as needed train staff on, procedures to ensure that to the maximum extent feasible victims of domestic violence, dating violence, sexual assault, or stalking will retain their housing assistance, develop and maintain effective relationships with providers of assistance, and support the children and adult victims of these terrible acts.
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Additional Information. Describe the following, as well as any additional information HUD has requested.

- (a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan.

HOC has met all of its goals described for Year 1 of its FY 2015-2019 Five-Year Plan. HOC has developed and is developing affordable, mixed-use developments in Montgomery County. HOC continued to utilize and improve its resident services and customer service through its two customer service centers, one down-County in Silver Spring and the second up-County in Gaithersburg. HOC has used the RAD program to begin disposing its PH portfolio, already converting seven former PH properties to PBRA and/or PBV assistance. HOC continues its efforts through newsletters and forums to reach out to landlords for the voucher program. HOC has reviewed and enhanced security and self-sufficiency efforts for its residents. HOC has continued to work with staff and other agencies on its fair housing efforts. During FY 2015, HOC conducted multiple trainings for both HOC staff and outside parties on fair housing, domestic violence, and other issues. HOC implemented policies and procedures to ensure full compliance with the Violence Against Women Act (VAWA). HOC expanded its allocations of Veterans Affairs Supportive Housing (VASH) and Non-Elderly Disabled (NED) vouchers.

- (b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification"

10.0

The following shall require the execution and submission to HUD of a Significant Amendment to this PHA Plan:

1. Any revision or addition to HOC policies covering demolition or disposition, designation, homeownership programs, or conversion activities; provided, however, that no Significant Amendment shall be required regarding the conversion of public housing units under RAD until HOC has detailed, property-specific plans and information on the conversion.
2. Changes to rent (excluding changes in flat rent schedules) or admissions policies or organization of the waiting lists.

The following shall require the execution and submission to HUD of a Significant Amendment to HOC's current CFP Five-Year Action Plan:

1. Any revision or addition to HOC policies including, but not limited to, proposed demolition, disposition, homeownership, development, or mixed finance proposals, that would constitute a material change in the allocations of CFP grant funds as identified in the current CFP Five-Year Action Plan.

The following shall not be deemed a Substantial Deviation from the PHA Plan:

1. The decision to convert to either PBRA or PBV assistance,
2. The date the Significant Amendment is submitted to HUD or posted to the PHA Plan website,
3. Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, irrespective of whether the proposed conversion will include the use of additional Capital Funds,
4. Changes to the construction and rehabilitation plan for each approved RAD conversion,
5. Changes to the financing structure for each approved RAD conversion, and
6. De minimus (less than ten percent (10%)) changes in the number of Assistance Transfer Units.

11.0

Required Submission for HUD Field Office Review. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. **Note:** Faxed copies of these documents will not be accepted by the Field Office.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations* (which includes all certifications relating to Civil Rights)
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace* (PHAs receiving CFP grants only)
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* (PHAs receiving CFP grants only)
- (d) Form SF-LLL, *Disclosure of Lobbying Activities* (PHAs receiving CFP grants only)
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* (PHAs receiving CFP grants only)
- (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations.
- (g) Challenged Elements
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (PHAs receiving CFP grants only)
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* (PHAs receiving CFP grants only)

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated there under at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information

Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory

Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type

Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia

Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan

Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan.

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

- (a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.
- (b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.
3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.
4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.
5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.
6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, and; **5)** the number of units affected.
7. **Community Service and Self-Sufficiency.** A description of: **(1)** Any programs relating to services and amenities provided or offered to assisted families; **(2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**
8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.
10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.
11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.
12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.
13. **Violence Against Women Act (VAWA).** A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

- (a) **Hope VI or Mixed Finance Modernization or Development.** 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>
- (b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: (1) A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed.
- (c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: 1) A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or

that the public housing agency plans to voluntarily convert; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>

- (d) **Homeownership.** A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.
- (e) **Project-based Vouchers.** If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 Capital Improvements. This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report. PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

- (a) To submit the initial budget for a new grant or CFFP;
- (b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and
- (c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;
2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and
3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 Capital Fund Program Five-Year Action Plan

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any

portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

- (a) **Progress in Meeting Mission and Goals.** PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**
- (b) **Significant Amendment and Substantial Deviation/Modification.** PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)**

- (c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace (PHAs receiving CFP grants only)*
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions (PHAs receiving CFP grants only)*
- (d) Form SF-LLL, *Disclosure of Lobbying Activities (PHAs receiving CFP grants only)*
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet (PHAs receiving CFP grants only)*
- (f) Resident Advisory Board (RAB) comments.
- (g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.1.
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.2.

Information Exchange



Report of the Executive Director
Stacy L. Spann
April 1, 2015

Finance

Finance Team Honored

I received notice this week that HOC has again been honored with a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. In recent years, HOC has consistently received such awards, and but such recognition isn't common. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting and represents a significant accomplishment for the agency.

Gail Willison, Belle Seyoum and the rest of the accounting team are congratulated on another success.

Real Estate

RAD Briefing Held for PHED Committee

On Monday, March 16th, Kayrine Brown, Richard Hanks and I presented a comprehensive update to the PHED Committee on the status of our RAD transactions and construction plans. Staff received compliments on the presentation from Council staff and I believe that the Committee was more than satisfied with the progress, timeframe and projected results of our work.

RAD Meetings Held

Staff continues to meet with clients residing in RAD properties to describe our progress through the conversion as it relates to each site. On Tuesday, March 24th, staff from Real Estate, Property Management and Public Affairs met with residents of Ken-Gar and Parkway Woods to present information on the moving process and answer client questions on unit finishes and relocation options.

Public Affairs

Town Hall Meeting

The first Town Hall Meeting of 2015 was held on Monday, March 9th at the National 4H Center. Commissioner Simon attended with more than 30 other clients to hear a presentation on RAD, HOC Academy and more. A robust Q&A session was also held and there were more than 15 staff members on hand to provide immediate assistance to clients.

The next Town Hall Meeting is scheduled for Monday, May 11th at Seneca Valley High School in Germantown.

Meeting with Councilmember Hucker

On Thursday, May 26th, Scott Ellinwood and I had a productive meeting with Councilmember Tom Hucker (District 5) to provide an overview orientation of HOC, our role in the community and current initiatives. Councilmember Hucker was elected to the County Council in November 2014 but is familiar with our work from his service in the State Delegation.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

April 2015

1	Public Hearing (<i>Roman</i>)	3:00 p.m.
1	HOC Retirees & New Commissioner Welcome Reception (<i>All</i>)	3:30 p.m.
1	HOC Regular Meeting (<i>All</i>)	4:30 p.m.
14	Town Center Board Meeting (<i>Simon</i>)	2:00 p.m.
17	Development and Finance Committee Meeting (<i>McFarland, Nelson, Simon</i>)	9:30 a.m.
20 - 21	Commission & Executive Staff Retreat (<i>All</i>) (<i>Strathmore Court, 5440 Marinelli Drive, N. Bethesda, MD 20852</i>)	
20	Resident Advisory Board (<i>Banks</i>)	7:00 p.m.
23	Budget, Finance and Audit Committee Meeting (<i>Piñero, Roman, Nelson</i>)	1:00 p.m.
23	Montgomery County Coalition for the Homeless 25 th Anniversary Gala (<i>All</i>)	6:30 – 9:30 p.m.
27	Agenda Formulation (<i>Roman, Simon</i>)	12:00 p.m.
29 – May 2	NALHFA Annual Conference (Miami, FL – Epic Miami Hotel)	

May 2015

6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
12	Legislative and Regulatory Committee Meeting (<i>Banks, Roman, Simon</i>)	2:00 p.m.
13	Budget, Finance and Audit Committee Meeting (<i>Roman, Piñero, Nelson</i>)	10:00 a.m.
15	Development and Finance Committee Meeting (<i>McFarland, Nelson, Simon</i>)	9:30 a.m.
15	Executive Session (<i>All</i>)	11:30 a.m.
18	Agenda Formulation (<i>Roman, Simon</i>)	12:00 p.m.
18	Resident Advisory Board (<i>Banks</i>)	7:00 p.m.
19	Budget, Finance and Audit Committee Meeting (<i>Roman, Piñero, Nelson</i>)	10:00 a.m.
19 - 22	MARC-NAHRO Conference (Clarion Resort Fontainebleau Hotel, Ocean City, MD)	

June 2015

3	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
11	Staff Appreciation Day (<i>All</i>)	
15	Resident Advisory Board (<i>Banks</i>)	7:00 p.m.
18	Tony Davis Scholarship Committee Meeting (<i>Vacant, Simon</i>)	11:00 a.m.
19	Development and Finance Committee Meeting (<i>McFarland, Nelson, Simon</i>)	9:30 a.m.
19	Executive Session (<i>All</i>)	11:30 a.m.
22	Agenda Formulation (<i>Roman, McFarland</i>)	12:00 p.m.

July 2015

1	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
13	Town Hall Meeting (<i>All</i>)	6:00 p.m.
20	Resident Advisory Board (<i>Banks</i>)	7:00 p.m.
21	Legislative and Regulatory Committee Meeting (<i>Banks, Roman, Simon</i>)	2:00 p.m.
24	Development and Finance Committee Meeting (<i>McFarland, Nelson, Simon</i>)	9:30 a.m.

24	Executive Session <i>(All)</i>	11:30 a.m.
27	Agenda Formulation <i>(Roman, McFarland)</i>	12:00 p.m.
30-Aug. 1	NAHRO Summer Conference (Austin, TX)	

August 2015

5	Tony Davis Scholarship Award Reception <i>(Award Presentation 4:00 p.m.)</i>	3:00 p.m.
5	HOC Regular Meeting <i>(All)</i>	4:30 p.m.
11	Budget, Finance and Audit Committee Meeting <i>(Roman, Piñero, Nelson)</i>	10:00 a.m.
21	Development and Finance Committee Meeting <i>(McFarland, Nelson, Simon)</i>	9:30 a.m.
21	Executive Session <i>(All)</i>	11:30 a.m.
24	Agenda Formulation <i>(Roman, Nelson)</i>	12:00 p.m.

September 2015

2	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
14	Town Hall Meeting	6:00 p.m.
15	Legislative and Regulatory Committee Meeting <i>(Banks, Roman, Simon)</i>	2:00 p.m.
18	Development and Finance Committee Meeting <i>(McFarland, Nelson, Simon)</i>	9:30 a.m.
18	Executive Session <i>(All)</i>	11:30 a.m.
21	Resident Advisory Board <i>(Banks)</i>	7:00 p.m.
22	Budget, Finance and Audit Committee Meeting <i>(Roman, Piñero, Nelson)</i>	10:00 a.m.
28	Agenda Formulation <i>(Roman, Nelson)</i>	12:00 p.m.

Activities of Interest	Hearing Board
TBD	Joint Meeting with Commission on People with Disabilities
01/15/2015	Joint Meeting with the Planning Board(done)
TBD	Property Tour III
04/20-21/2015	Commissioners & Executive Staff Retreat

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-03	April 2015	Status of HOC Reorganization	SS	Retreat
TD-14-04	April 2015	Annual Evaluation of the HUBs – what things are working and what needs improvement	GS/BD	Retreat
TD-14-05	April 2015	HOC Academy	GS	Retreat
TD-14-07	April 2015	Procurement Policy & Personnel Policy	KM-BA/PM	Retreat

Committee Reports and Recommendations for Action

**APPROVAL TO SELECT R4 CAPITAL AND BOSTON CAPITAL AS
LOW INCOME HOUSING TAX CREDIT INVESTORS FOR
WAVERLY HOUSE & ARCOLA TOWERS
BETHESDA & SILVER SPRING**



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
JAY SHEPHERD
ZACHARY MARKS**

April 1, 2015

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Arcola Towers and Waverly House are two (2) Public Housing-assisted age-restricted developments approved for participation in the Rental Assistance Demonstration (“RAD”) program, which converts Public Housing rental assistance to Project-Based Section 8 rental assistance. A requirement of conversion is the satisfaction of all building physical needs. This packet outlines Low Income Housing Tax Credit (“LIHTC”) equity offers to finance the renovations.

- Executive Summary.....3
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Executive Summary

The Commission approved the development plans for Arcola Towers and Waverly House on January 14, 2015. At the time, staff was still conducting due diligence related to potential syndicators of Low Income Housing Tax Credits (LIHTC) for both projects. Having completed that process, staff worked toward formal offers from four groups:



Boston Capital



Following the receipt of offers, staff met individually with representatives from the firms to evaluate the offers, discuss flexibility on terms, review relevant past experience, and introduce key members of HOC's project teams. This process yielded much more favorable terms than staff assumed as part of the development plans approved in January. All four partners expressed a strong desire to work with HOC on these projects and those likely additional projects in the offing.

R4 Capital	Boston Capital	Hudson Housing Capital	Raymond James
<ul style="list-style-type: none">• Arcola Towers: \$1.1500• Waverly House: \$1.1750	<ul style="list-style-type: none">• Arcola Towers: \$1.1500• Waverly House: \$1.1525	<ul style="list-style-type: none">• Arcola Towers: \$1.1300• Waverly House: \$1.1450	<ul style="list-style-type: none">• Arcola Towers: \$1.1500*• Waverly House: \$1.1500*

*Raymond James offer was contingent upon using specific debt structures where HOC could not be the lender. Those debt structures were less advantageous on net, despite its higher offered credit price, than debt structures where HOC was the lender.

Based mainly on the strength of the price offered, staff recommends the selection of **R4 Capital** as the investor for Waverly House and **Boston Capital** for Arcola Towers. Staff wishes to commend Raymond James and Hudson Housing Capital for their impressive bids and expects those firms to be competitive on future deals.

Offer Overview: R4 Capital

While only formed in 2012, R4 Capital is composed of principals and key team members whose collective history includes origination, underwriting, and management of more than \$12BN in LIHTC investments for more than 100 corporate investors. In 25 years, the team has cumulatively structured more than 2,000 transactions. As R4 Capital, this group has raised more than \$700MM in LIHTC equity from over 25 investors.



Proceeds Generated by Offer		
R4 Capital	PROJECTED	
<i>Project</i>	<i>Equity</i>	<i>Adv. To 2nd Best</i>
<i>Arcola Towers</i>	\$8,026,172	\$0
<i>Waverly House</i>	\$14,683,326	\$281,170



Not only did R4 Capital offer the highest per-unit price for the Waverly House transaction, the firm also had many positive and notable qualitative traits. As a smaller firm, R4 Capital will include principals and other senior team members on the project team. Additionally, those principals make the final decisions for the firm. Consequently, the process for approvals is much simpler and quicker than that of larger syndicators.

R4's offers (shown above) are not contingent on use of a particular debt structure. The other three firms initially submitted offers at equal or nearly equal the price offered by R4 Capital shown above. However, those equal or nearly equal offers were predicated on using debt structures where HOC could not be the lender. As the cost of debt was lower and the level of proceeds higher where HOC was lender than those where HOC was not the lender, equity offers had to be compared based on price where any debt structure could be used.

Two of the other three firms subsequently submitted non-contingent offers that, while still competitive, were not equal to R4's offer on Waverly House. Raymond James declined to submit an offer that was not contingent on use of debt.

Offer Overview: Boston Capital

One of the largest apartment owners in the country, Boston Capital has focused on providing equity and debt financing for the development, acquisition, and preservation of communities for people at all income levels. Its affordable housing group participated in the original development of the federal tax credit program 28 years ago and now has a housing portfolio of nearly \$16BN. Approximately 75% of its annual pipeline is with existing partners. Of the four firms, Boston Capital has done the most work in Maryland.

Boston Capital

Proceeds Generated by Offer		
<i>Project</i>	<i>Equity</i>	<i>Disadv. To Best</i>
<i>Arcola Towers</i>	\$8,026,172	\$0
<i>Waverly House</i>	\$14,402,156	(\$281,170)



Boston Capital is offering a price per credit equal to that of R4 Capital for Arcola Towers and second to that of R4 Capital for Waverly House at \$1.1500 and \$1.1525, respectively. Firm representatives worked extensively with HOC staff to gain comfort with and to derive viable deal structures for these two projects. As described in the development plans approved in January, both Arcola Towers and Waverly House stand to benefit from high appraised values but require sophisticated execution to do so. Boston Capital’s representatives engaged HOC staff before any other firm on these issues and was the first to confirm viability with its principals and counsel.

While Boston Capital and R4 Capital offered the same price per credit for Arcola Towers, staff recommends Boston Capital as the investor for the project as there is value to the Commission in awarding the two projects separately. First, should either investor back out of the deal, the other would be in relatively easy position to step in. Secondly, with many more LIHTC transactions to come, HOC needs to expand its network of investors.

Offer Overview: Hudson Housing

Founded in 1998, Hudson Housing Capital (“HHC”) specializes in placing equity in Low Income Housing Tax Credit (“LIHTC”) renovation and new construction projects throughout the country. HHC has significant project experience in Maryland, Northern Virginia, and the District of Columbia and, of course, the firm has been a good partner through two difficult, mission-oriented renovation projects with HOC.



Proceeds Generated by Offer		
Hudson	PROJECTED	
Project	Equity	Disadv. To Best
Arcola Towers	\$7,886,587	(\$139,586)
Waverly House	\$14,308,433	(\$374,893)



HHC equity offers were third highest and, for both deals, they were somewhat distant of the best offers. Still, there were qualitative merits to HHC’s offer. In particular, the firm brings experience in providing LIHTC equity on RAD transactions. HUD places considerable underwriting responsibilities with the capital partners on RAD transactions so, having experienced syndicators is of value to HOC.

HHC, like Boston Capital and Raymond James, had investors whose firms had interest in participating in the debt side of the transaction. It offered higher equity pricing – \$1.155 on both deals – in the event HOC would agree to use debt offered by those firms. However, the benefit of the higher equity pricing was more than offset by the higher cost of the debt offered by those firms, which generated much less in debt proceeds. Additionally, HOC would have lost out on financing fee under those scenarios.

In future deals where HOC cannot or chooses not to use its own debt resources, the Commission can expect more competitive offers from these firms. Their non-contingent offers were competitive nonetheless.

Offer Overview: Raymond James

Sponsoring affordable housing since 1969, Raymond James has raised more than \$5BN in equity for more than 1,600 properties across the country since the inception of the federal tax credit program in 1986. Raymond James is nearly always the largest syndicator by dollar volume. Approximately 85% of deals in its existing pipeline are with repeat clients. The firm boasts experience on RAD projects and, as such a large firm, HUD must reckon with them on many upcoming RAD projects.

Proceeds Generated by Offer		
Raymond James	PROJECTED	
<i>Project</i>	<i>Equity</i>	<i>Disadv. To Best</i>
<i>Arcola Towers</i>	N/A	N/A
<i>Waverly House</i>	N/A	N/A



Much as with Boston Capital, firm representatives from Raymond James worked extensively with HOC staff to gain comfort with and to derive viable deal structures for these two projects. In the final meeting between Raymond James representatives and HOC staff, the affordable housing team demonstrated a broad range of experience. Of particular note was the firm’s extensive work in high-rent, high-cost markets where delivery of true mixed-income properties (i.e., LIHTC transactions in which a majority of physical units available at market-rate rents) is critical to financial viability and social mission.

While its offers were strong, Raymond James made its offers contingent upon the participation of the equity investor’s firm in the debt placement. Unlike the other three firms, it declined to make equity offers where its investor’s firm could not participate as lender.

*Raymond James offer was contingent upon using specific debt structures where HOC could not be the lender. Those debt structures were less advantageous on net, despite its higher offered credit price, than debt structures where HOC was the lender.

Comparisons to Development Plan

The Commission approved the development plans for Arcola Towers and Waverly House on January 14, 2015. With three viable formal offers made by potential equity investors all outpacing staff assumptions as to proceeds from equity, it is likely that both deals will close at more favorable economics than that of the development plans.

Arcola Towers				
	Development Plan (DP)	R4 Capital	Boston Capital	Hudson Housing
EQUITY				
Total Equity Generated	7,327,511	8,026,172	8,026,172	7,886,587
Increase/(Decrease) over DP		698,661	698,661	559,076
Price per Credit	1.05	1.15	1.15	1.13

Waverly House				
	Development Plan (DP)	R4 Capital	Boston Capital	Hudson Housing
EQUITY				
Total Equity Generated	13,119,958	14,683,326	14,402,156	14,308,433
Increase/(Decrease) over DP		1,563,368	1,282,198	1,188,475
Price per Credit	1.0500	1.1750	1.1525	1.145

Arcola Towers realizes added equity proceeds of up to \$0.7MM and Waverly House realizes nearly \$1.6MM in additional equity proceeds. In the coming months, staff will present to the Commission a proposed debt structure for both Arcola Towers and Waverly house where HOC is the lender. Staff is projecting that this structure will also produce debt proceeds much higher than those of the approved development plans.

Commission Request & Next Steps

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee which met on March 20, 2015 and approve:

1. Selection of Boston Capital as the LIHTC investor for Arcola Towers?
2. Selection of R4 Capital as the LIHTC investor for Waverly House?

LIHTC Timing

The following depicts the project timeline through anticipated closing in June 2015.



Resolutions of support from Montgomery County Council received in July 2014.

Commission Request & Next Steps

Timing of Approval

Action at the April 1, 2015 Commission meeting.

Budget Impact

There is no impact on the agency's operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission approves the following:

1. Selection of Boston Capital as the LIHTC investor for Arcola Towers.
2. Selection of R4 Capital as the LIHTC investor for Waverly House.

RESOLUTION:

**RE: Approval to Select Boston Capital as
Low Income Housing Tax Credit Investor
for Arcola Towers Apartments**

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

WHEREAS, Arcola Towers Apartments (the “Property”) consists of 141 age-restricted, high-rise apartment units in a single building located on a 3.25-acre parcel in Silver Spring, Maryland; and

WHEREAS, the Property is wholly owned by the Housing Opportunities Commission; and

WHEREAS, there has been no major renovation to the buildings, originally constructed in 1972; and

WHEREAS, a development plan, approved on January 14, 2015, has been prepared to conduct a substantial renovation to the Property; and

WHEREAS, the renovation plan is proposed to be financed with a combination of 4% Low Income Housing Tax Credits and a permanent loan secured by the Property; and

WHEREAS, HOC expects to receive a Letter of Reservation of Federal Low Income Housing Tax Credits which will enable HOC to raise approximately \$8.0 million in equity to pay part of the development costs; and

WHEREAS, HOC received four proposals from prospective Low Income Housing Tax Credit (“LIHTC”) syndicators; and

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

WHEREAS, HOC intends to negotiate a limited partnership agreement with Boston Capital for the ownership of the property with HOC as the general partner.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of Boston Capital as the low income housing tax credit investor syndicator for the Property.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on April 1, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION:

RE: Approval to Select R4 Capital as Low Income Housing Tax Credit Investor for Waverly House Apartments

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

WHEREAS, Waverly House Apartments (the “Property”) consists of 158 age-restricted, high-rise apartment units in a single building located on a 40,000-square foot parcel in Bethesda, Maryland; and

WHEREAS, the Property is wholly owned by the Housing Opportunities Commission; and

WHEREAS, there has been no major renovation to the buildings, originally constructed in 1970; and

WHEREAS, a development plan, approved on January 14, 2015, has been prepared to conduct a substantial renovation to the Property; and

WHEREAS, the renovation plan is proposed to be financed with a combination of 4% Low Income Housing Tax Credits and a permanent loan secured by the Property; and

WHEREAS, HOC expects to receive a Letter of Reservation of Federal Low Income Housing Tax Credits which will enable HOC to raise approximately \$14.5 million in equity to pay part of the development costs; and

WHEREAS, HOC received four proposals from prospective Low Income Housing Tax Credit (“LIHTC”) syndicators; and

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

WHEREAS, HOC intends to negotiate a limited partnership agreement with R4 Capital for the ownership of the property with HOC as the general partner.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of R4 as the low income housing tax credit investor syndicator for the Property.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on April 1, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

**APPROVAL OF MODIFIED FINANCING PLAN AND ADOPTION OF A RESOLUTION
AUTHORIZING THE ISSUANCE OF A TAX-EXEMPT NOTE FOR THE FINANCING OF
THE CROSSING AT OLDE TOWNE
GAITHERSBURG, MD**



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
VIVIAN BENJAMIN
UGONNA IBEBUCHI**

April 1, 2015

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- Conclusion and Recommendation.....16

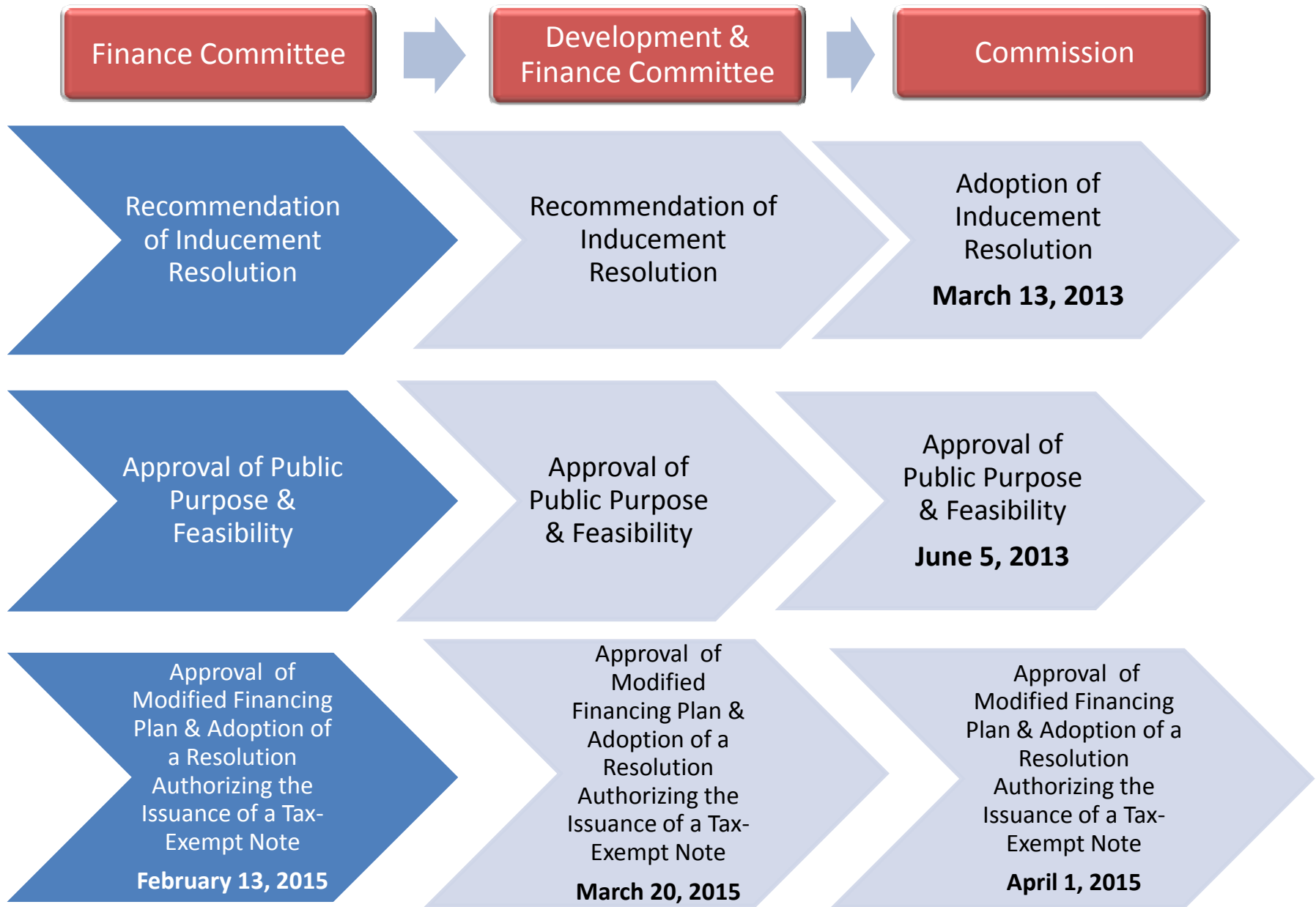
EXECUTIVE SUMMARY

- The project, to be known as The Crossing at Olde Towne, is located at 200 Olde Towne Avenue, Gaithersburg, MD 20877. RST Development, LLC will develop a five-story elevator building with adjoining parking structure. Citi Community Capital will provide a tax-exempt construction loan to HOC. As a government lender, HOC will use the proceeds of the loan to fund a construction loan, that converts to a permanent mortgage loan, to the developer. The project will qualify to receive an allocation of Low Income Housing Tax Credits (LIHTC). Wells Fargo will provide equity as the LIHTC investor.
- On March 13, 2013, the Commission adopted an Inducement Resolution in the amount of \$33 million for The Crossing at Olde Towne. On June 5, 2013, the Commission adopted a resolution for the approval of Feasibility and Public Purpose for the Crossing at Olde Towne; however, the development was not able to move forward at that time.
- In the fall of 2014, the developer brought the project back to HOC with a slightly different financing structure. The original financing plan included use of short-term tax-exempt bonds, LIHTC equity, proceeds from the sale of a Ginnie Mae (GNMA) security in the FHA insured mortgage amount, a seller note, and deferred developer fee. The current financing structure uses the back to back loan structure, where the construction loan will remain outstanding with interest only payments until conversion to a permanent loan at project stabilization, when amortizing payments will begin. The loan will continue as a tax-exempt transaction through the permanent loan period. There will be no GNMA or FHA involvement. The loan will be privately placed with Citibank.



Rendering of The Crossing at Olde Towne Apartments

TIMING



PROPERTY DESCRIPTION

Project Name	Construction Period	Product Type	Units
The Crossing at Olde Towne	18 Months	Mid-Rise Apartment	199

100% Affordable @ 60% AMI

Unit Type	Size (sf)	# of Units	Proposed Rents	Utility Allowance	% of Units
1BR	815	69	\$1,043	\$89	35%
2BR 1BTH	971	40	\$1,202	\$145	20%
2BR 2BTH	1,185	84	\$1,260	\$145	42%
3BR	1,437	6	\$1,480	\$149	3%
Total/Average	1,021	199	\$1,180		100%

- 4% LIHTC Equity : \$12,571,516
- HOC Tax-Exempt loan for construction financing of \$25,525,000 with a term of two years, converting to a permanent mortgage upon stabilization.



Rendering of the Crossing at Olde Towne Apartments

- County participates: Provided a 15-year PILOT (Payment In Lieu of Taxes)
- Developer's Equity : \$3,350,096

PROPERTY DESCRIPTION (Continued)

Utilities

- The subject property is to be served by public water and sewer services.
- Electrical, gas, telephone, and cable television service are reported to be available to the site.

Parking

- Structured parking facility proposed with 193 spaces.

Project Amenities

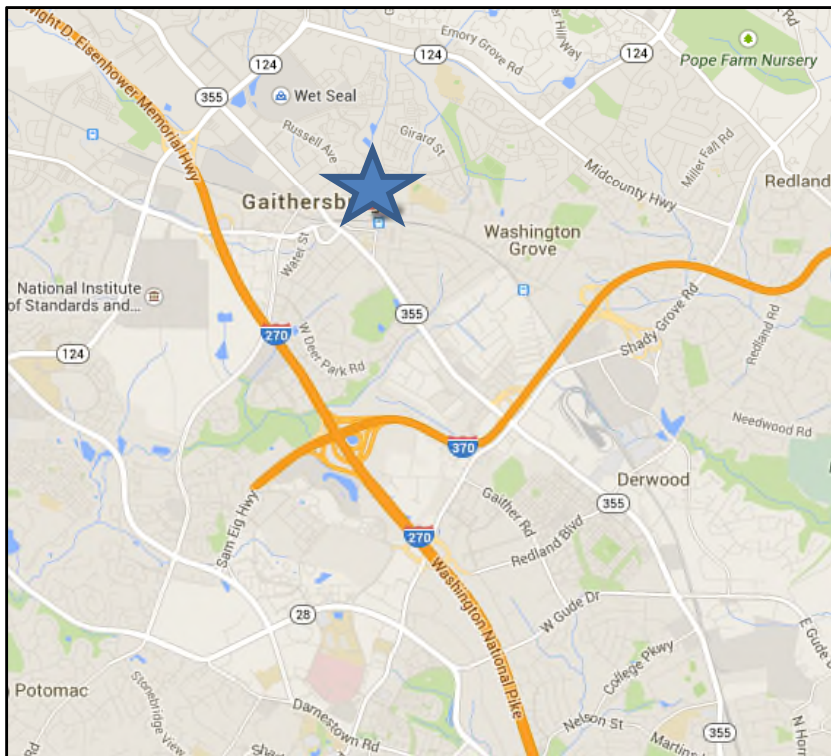
- Proposed amenities at the project include an outdoor pool, game room, exercise room, cyber café, and club room.
- The subject property is located in an area re-developed as “downtown” Gaithersburg and includes pedestrian friendly streets, restaurants and shops as well as the Gaithersburg MARC Train station less than a quarter mile away.



Rendering of the Crossing at Olde Towne Apartments

AERIAL VIEW

- The property is bordered by Old Towne Avenue to the south and east; the CSX railroad track bed to the north; and the Cedar Court mixed-use project to the east. It is approximately one block north of Route 355 and 1 mile east of I-270.



- The property is in close proximity to a Montgomery College campus, Gaithersburg City Hall, Gaithersburg City Police, Gaithersburg Elementary School and Gaithersburg Middle School.

CAPITAL STRUCTURE

SOURCES AND USES

SOURCES	AMOUNT	PER UNIT
First Mortgage	\$25,525,000	\$128,266
Tax Credit Equity	\$12,571,516	\$63,173
Seller Note	\$2,472,230	\$12,423
Citi Bank Secondary Financing	\$2,000,000	\$10,050
Deferred Developer Fee	\$1,298,738	\$6,526
Additional Developer Equity	\$2,051,058	\$10,307
(Excess)/Gap	\$0	\$0
TOTAL SOURCES	\$45,918,843	\$230,748
USES	AMOUNT	PER UNIT
Total Acquisition Cost	\$5,120,000	\$25,729
Total Construction Costs	\$31,931,310	\$160,459
Total Fees Related to Construction	\$2,975,000	\$14,950
Total Financing Expense	\$2,577,155	\$12,951
Total Development Fee	\$2,500,000	\$12,563
Total Settlement Costs	\$131,130	\$659
Total Misc. Dev. Costs & Soft Cost Contingency	\$684,248	\$3,438
TOTAL USES	\$45,918,843	\$230,748

- Citi will provide a tax-exempt construction loan to HOC for \$25,525,000 or no more than 80% of construction costs.
- HOC will use the proceeds of the Citi loan to fund a construction loan which will convert to permanent mortgage loan to RST Development, LLC (the sponsors/developers).
- Citi will also provide a subordinate loan for \$2,000,000 to the sponsors to loan conversion.
- Wells Fargo will provide \$12,571,516 in equity as the tax credit investor. Capital contributions will be provided in stages upon loan closing, 50% completion, stabilization, and the later of: satisfactory completion of an audit of LIHTC units OR LIHTC investor receipt of an executed 8609 form OR January 1, 2018.
- Developer fees total \$2,500,000 of which \$1,298,738 will be deferred.

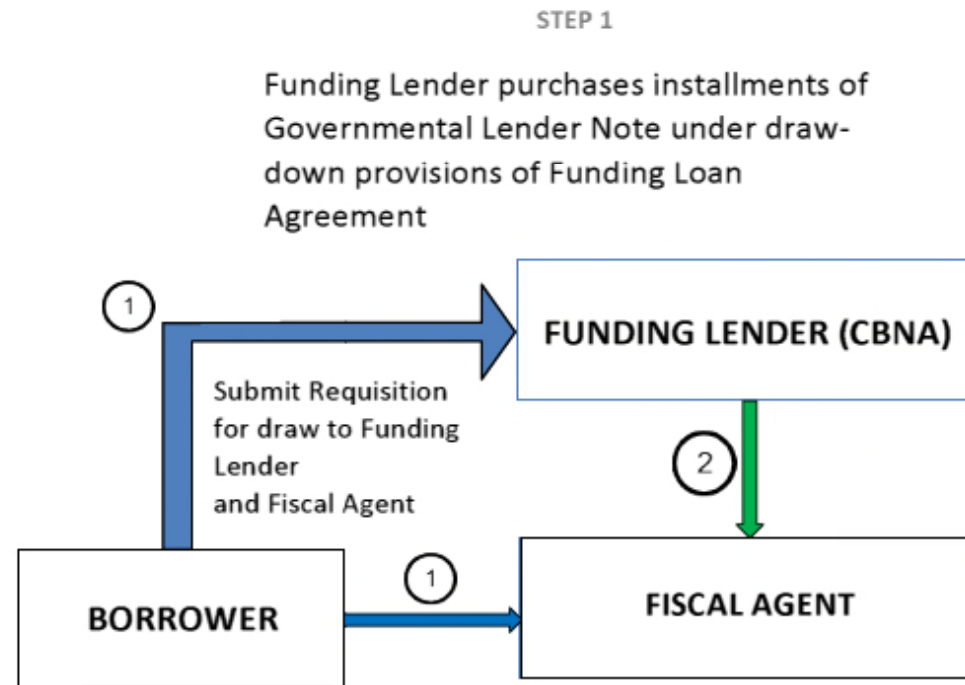
FLOW OF FUNDS

- **STEP ONE**- After the Borrower has submitted a Borrower Loan Advance requisition for the related draw, Citibank, N.A. (“CBNA” or the “Funding Lender”) advances the Funding Loan Advance to the Fiscal Agent on behalf of the Governmental Lender to fund the corresponding Advance on the Funding Loan.

CHART I

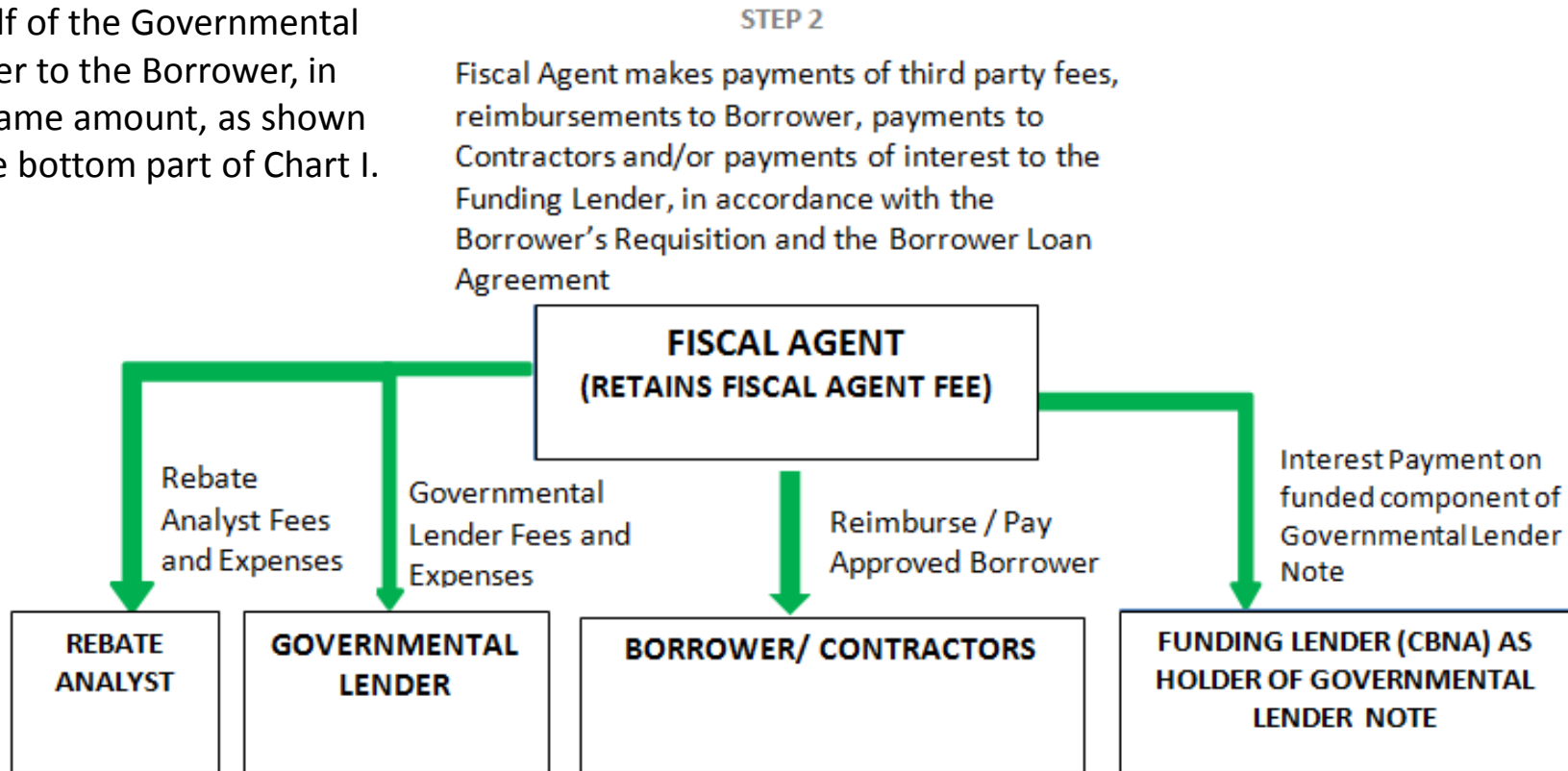
Tax-Exempt Back-to-Back Loan

Draw-Down Funding Structure – Funding of Draws and Borrower Note and Governmental Lender Note Payments – Construction Phase (with Fiscal Agent)



FLOW OF FUNDS

- **STEP TWO**- The Fiscal Agent makes the corresponding disbursement of the related Borrower Loan advance on behalf of the Governmental Lender to the Borrower, in the same amount, as shown in the bottom part of Chart I.

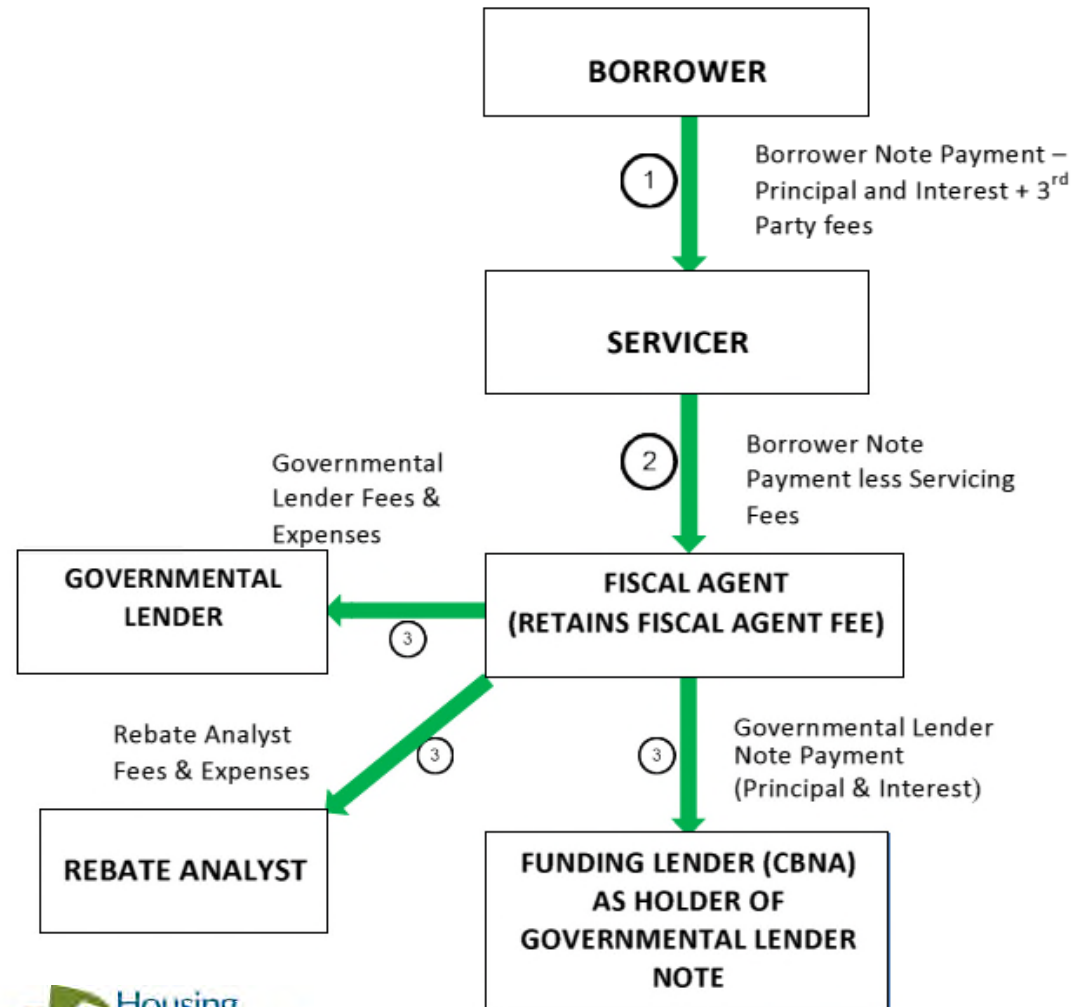


FLOW OF FUNDS

- **STEP THREE-** (Chart II), Once the Funding Loan and Borrower Loan have been fully funded, the only flows anticipated are monthly Borrower Loan payments by the Borrower which flow through the Servicer to the Fiscal Agent. The Fiscal Agent then uses those Borrower Loan Payments (net of servicing fees) to: 1) pay the principal and interest due on the Governmental Lender Note evidencing the Funding Loan; 2) cover the other ongoing payments to the Issuer and the Rebate Analyst; and, 3) pay any other ongoing third-party fees.

CHART II

Tax-Exempt Back to Back Loan on Borrower Note and Governmental Lender Note Payments – Permanent Phase (with Fiscal Agent and Servicer)



SUMMARY OF STABILIZED OPERATIONS

STABILIZED PROFORMA	YEAR 3 (2018)	PER UNIT
INCOME	\$2,931,019	\$14,729
EXPENSES	\$879,177	\$4,418
NOI	\$2,042,625	\$10,264
DEBT SERVICE	\$1,575,284	\$7,916
NET CASH FLOW	\$467,341	\$2,348
Debt Coverage Ratio (Year 3)	1.30	

- The first fully stabilized year is 2018 with occupancy projected at 95%, and rent & expense growth rates at 2% and 3%, respectively.
- Total Operating Expenses are projected to be \$4,418 per unit, including funding of annual replacement reserves of \$350 per unit per year and escalating at 3% annually.
- The project benefits from a 15-year PILOT resulting in significant reduction to operating expenses.
- Management Fees are 3% of Effective Gross Income.
- The Net Operating Income (NOI) of \$2,042,625 supports the permanent debt which is underwritten at 5.15% fixed. (Per the loan agreement, the interest rate is based on 18-year LIBOR swap rate plus a spread of 2%, currently 4.86%.)
- Target DSCR is 1.15x, per the Tax Credit Equity Agreement.

TRANSACTION RATIONALE

County Interest

- Montgomery County will provide a 15-year PILOT to the project which will significantly reduce the property's operating expenses. The PILOT is a full tax abatement for the first 10 years and will decrease to 50% in year 11, then to 40% in year 12, and will continue to decrease by 10% until phased out in year 15.

First Mortgage Lender & Tax Credit Investor

- The Citibank loan to HOC, as a government lender for a low-income housing development, will enable Citibank to receive Community Reinvestment Act (CRA) credit. Citibank N.A, one of the major international banks, is the consumer banking arm of Citigroup. Citibank has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citibank provides consumers, corporations, governments and institutions with a broad range of financial products and services including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management. Citi Community Capital (CCC) is the main avenue through which Citigroup works to finance affordable housing and community investment projects. CCC was also ranked number one among affordable housing lenders in the U.S. five out of the last six years.
- Wells Fargo will receive 99% of available LIHTC Tax Credits, valued at \$11,923,208. Wells Fargo & Company is a nationwide, diversified financial services company with \$1.6 trillion in assets. The company provides banking, insurance, investments, mortgage, consumer, and commercial finance, with more than 8,700 banking locations and operations in 36 countries. Wells Fargo Community Lending and Investment supports economic development in low-income communities through LIHTC, Historic Tax Credits, and New Market Tax Credit investments.
- No credit enhancement is required for the transaction as the note will not be marketed for resale.

TRANSACTION RATIONALE (Continued)

First Mortgage Loan

- \$25,525,000 – The loan proceeds from the Citibank loan will flow through HOC to fund the construction and permanent loans to the Sponsors/Developers.

Credit Enhancement

- The loan will not be marketed for resale and does not require credit enhancement.

LIHTC Equity

- \$12,571,516 – The tax credit equity will be paid-in over the construction loan period with the final payment used to fund reserves and the developer fee payments.
- The LIHTC investor is Wells Fargo Bank, N.A.

Subordinate Loan to Sponsors

- \$2,000,000 – Citibank will fund a subordinate loan to the Sponsors/Developers in one installment at conversion.

Developer's Equity

- \$3,350,096 – This is the developer's capital contribution. Of this amount, \$1,298,738 is considered deferred developer equity and will be paid back through property cash flow.

DEVELOPMENT TEAM

Developer/Sponsors

- RST Development, LLC
 - Sponsors Scott Copeland and Todd Copeland related/controlled entities have developed and/or own five tax-credit projects in Maryland.
 - The Developer is responsible for all aspects of the Project including site selection, purchasing of the land, zoning, design, construction, lease-up and on-going project operations.

General Contractor

- Triangle Construction – A wholly owned subsidiary of RST Development, LLC

Architect

- AR Meyers & Associates Architects, Inc.

Property Management

- Hercules Real Estate Services, Inc. – A wholly owned subsidiary of RST Development, LLC

Tax Credit Equity Provider

- Wells Fargo Community Lending and Investing

Syndicator

- N/A

CONCLUSION AND RECOMMENDATION

- Given the financial commitments to the project and operating projections, this project continues to be feasible and by providing 199 units at 60% AMI in a submarket that has recently experienced the development of a number of luxury market rate developments, the public purpose to be provided by the development is deemed appropriate.
- The investment facilitates the development of 199 new housing units for moderate income households, which are currently underserved in this area. Given the low vacancy rates of affordable units in the area, there seems to be a strong demand for moderate income units. A market study estimates that The Crossing at Olde Towne will lease at a pace of 25 units per month, reaching 95% leased in 7-8 months.
- The investment further generates \$1,340,063 in upfront & ongoing fees to the Commission that will assist in its furthering of its public purpose.
- A review of the projected stabilized operations concludes that the transaction is feasible as presented.

Committee Recommendation & Commission Action Needed

- The Development & Finance Committee recommends this to the Commission for approval of a modified financing approach and adoption of resolution for the issuance of a tax-exempt note in an amount not to exceed \$25,525,000 for The Crossing at Olde Towne transaction.

RESOLUTION No.:

**Re: Adoption of Bond Authorizing
Resolution for The Crossing at Olde
Towne Project**

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, AUTHORIZING THE EXECUTION AND DELIVERY BY THE COMMISSION OF ITS MULTIFAMILY HOUSING REVENUE NOTE, 2015 ISSUE A (THE CROSSING AT OLDE TOWNE) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,525,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT LOCATED IN MONTGOMERY COUNTY, MARYLAND AND INTENDED FOR OCCUPANCY, IN PART, BY PERSONS OF ELIGIBLE INCOME AND KNOWN AS THE CROSSING AT OLDE TOWNE; AUTHORIZING THE PUBLIC PURPOSE SET-ASIDE COVENANTS; AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THE BORROWER LOAN AGREEMENT, THE REGULATORY AGREEMENTS AND THE OTHER COMMISSION DOCUMENTS AS DESCRIBED HEREIN; AUTHORIZING ONGOING DETERMINATIONS BY THE EXECUTIVE DIRECTOR; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS NECESSARY TO DELIVERY OF THE GOVERNMENTAL LENDER NOTE; AUTHORIZING THE CHAIRMAN, THE VICE CHAIRMAN OR THE CHAIRMAN PRO TEM AND THE EXECUTIVE DIRECTOR OF THE COMMISSION TO PROCEED WITH THE DELIVERY OF THE GOVERNMENTAL LENDER NOTE TO CITIBANK, N.A. OR TO AN AFFILIATE THEREOF UPON THE EXECUTION OF THE REQUIRED TRANSFEREE REPRESENTATIONS; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE GOVERNMENTAL LENDER NOTE; RATIFYING AND APPROVING THE ACTIONS OF THE STAFF OF THE COMMISSION IN ACCORDANCE WITH THE COMMISSION'S PROCUREMENT POLICY TO SECURE A FISCAL AGENT AND THE APPOINTMENT BY THE EXECUTIVE DIRECTOR OF A FISCAL AGENT; APPROVING CERTAIN COMMISSION FEES; AND PROVIDING AN EFFECTIVE DATE.

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

WHEREAS, the Act declares that there exists within Montgomery County (the "County") a critical shortage of decent, safe, and sanitary housing that "persons of eligible income" (within the meaning of the Act) can afford to rent; and

WHEREAS, the Act empowers the Commission to make loans to qualified sponsors to provide for the acquisition, construction, rehabilitation, equipping and permanent financing of multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, at the request of Olde Towne Associates, LP, a Virginia limited partnership (the “Borrower”), and to provide a source of funds to fulfill its purposes authorized by and pursuant to the Act and that certain Funding Loan Agreement, dated as of April 1, 2015 (the “Funding Loan Agreement”), by and among the Commission, Citibank, N.A. (the “Funding Lender”) and Manufacturers and Traders Trust Company (the “Fiscal Agent”), the Funding Lender will advance funds in an aggregate amount not to exceed \$25,525,000 (the “Funding Loan”) to or for the account of the Commission; and

WHEREAS, to evidence the Funding Loan, the Commission will execute and deliver to the Funding Lender its Multifamily Housing Revenue Note 2015 Issue A (The Crossing at Olde Towne) (together with one or more related series of notes as may be required in the best interest of the Commission, the “Governmental Lender Note”); and

WHEREAS, the Commission will lend the proceeds of the Governmental Lender Note (the “Borrower Loan”) to the Borrower pursuant to that certain Borrower Loan Agreement, dated as of April 1, 2015 (the “Borrower Loan Agreement”), by and between the Commission and the Borrower, for the purpose of financing a portion of the costs of the acquisition, construction and equipping of an 199-unit multifamily residential rental development (consisting of _____ affordable units and _____ market rate units) to be owned and operated by the Borrower and occupied in substantial part by eligible persons, located in Montgomery County, Maryland, and known as The Crossing at Olde Towne (the “Project”); and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Commission a Multifamily Note (the “Borrower Note”) dated the date of delivery of the Governmental Lender Note (the “Closing Date”); and

WHEREAS, the obligations of the Borrower under the Borrower Note will be secured by a lien on and security interest in the Project pursuant to a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “Security Instrument”), made by the Borrower in favor of the Commission; and

WHEREAS, the Borrower Note and the Security Instrument will be endorsed and assigned, respectively, by the Commission to the Funding Lender to secure the performance by the Commission of its limited obligations under the Governmental Lender Note; and

WHEREAS, as set forth in the staff written presentation dated the date hereof, recommending to the Commission the adoption of this resolution, additional funds received from a tax credit investor and from a subordinate loan made by Citibank, N.A. to the Borrower will be applied to the financing of the Project; and

WHEREAS, the Borrower has covenanted to rent or hold available for rent at least 40% of the units in the Project to persons with incomes that do not exceed 60% of the Washington Metropolitan Statistical Area median income for the applicable family size (the “Public Purpose Set-Aside Covenants”); and

WHEREAS, compliance with the Public Purpose Set Aside Covenants will satisfy certain HUD and County requirements, and will cause the Project to constitute a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), a “qualified low-income housing project” as such phrase is utilized in Section 42(g)(1)(B) of the Code, and a “housing project for persons of eligible income” within the meaning of the Act; and

WHEREAS, the Commission has determined that the execution and delivery of the Governmental Lender Note, the application of the proceeds of the Borrower Loan to finance a portion of the costs of the acquisition, construction and equipping of the Project, and the Public Purpose Set-Aside Covenants are feasible and will accomplish a valid public purpose for the Commission; and

WHEREAS, in consideration of the execution and delivery of the Governmental Lender Note and the financing of the Project, the Borrower has agreed to make payments of principal and interest to the Funding Lender, as directed by the Commission in the Borrower Loan Agreement, in amounts fully sufficient to pay the principal of, premium, if any, and interest on the Governmental Lender Note as the same become due and payable; and

WHEREAS, in further consideration of the execution and delivery of the Governmental Lender Note and the financing of the Project, the Borrower has agreed to enter into and comply with the provisions of the Land Use Restriction Agreement, dated as of April 1, 2015, by and among the Commission, the Fiscal Agent and the Borrower (the “Land Use Restriction Agreement”), the Regulatory Agreement, dated as of April 1, 2015, by and between the Commission and the Borrower (the “Regulatory Agreement”) and the Tax Regulatory Agreement and No Arbitrage Certificate relating to the Governmental Lender Note (the “Tax Regulatory Agreement,” and collectively with the Land Use Restriction Agreement and the Regulatory Agreement, the “Regulatory Agreements”); and

WHEREAS, there will be prepared in connection with the financing documents to be entered into by the Commission in connection with the execution and delivery of the Governmental Lender Note and the financing of the Project, including but not limited to, (a) the Funding Loan Agreement, (b) the Borrower Loan Agreement and (c) the Regulatory Agreements (collectively, with all other documents to be executed by the Commission in connection with the execution and delivery of the Governmental Lender Note and the financing of the Project, the “Commission Documents”).

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

1. **The Governmental Lender Note.** The Governmental Lender Note is authorized to be issued pursuant to and under the Funding Loan Agreement in an aggregate principal amount not to exceed \$25,525,000 for the purpose of making funds available for the Borrower Loan for financing the costs of the acquisition, construction and equipping of the Project. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director (hereinafter, "Executive Director" shall be interpreted to include any Acting Executive Director appointed by the Commission) or the Authorized Representative (defined below) of the Commission are authorized to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rate on the Governmental Lender Note, all of the foregoing to be specified in the Funding Loan Agreement. The Governmental Lender Note shall be a limited obligation of the Commission, secured by and payable solely from security pledged therefor under the Funding Loan Agreement.

2. **Approval of Financing.** The Commission hereby approves the financing of the Project pursuant to the terms and conditions set forth in the Funding Loan Agreement, the Borrower Loan Agreement and such other Commission Documents approved hereby and executed and delivered pursuant to this resolution and hereby finds that such financing as approved hereby is feasible.

3. **Approval of Public Purpose Set-Aside Covenants.** The Commission hereby finds that the Public Purpose Set-Aside Covenants will accomplish a valid public purpose of the Commission under the Act, and, as such, the Commission hereby approves such Public Purpose Set-Aside Covenants.

4. **Commission Documents.** The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director are hereby authorized and directed to execute and deliver the Commission Documents in such forms as shall be prepared and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary of the Commission, or any other Authorized Officer of the Commission, is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

5. **Authorizing Ongoing Determinations under Commission Documents.** The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time pursuant to the terms of the Commission Documents, including, but not limited to, the determination of other terms to be in effect with respect to the Governmental Lender Note, the giving or withholding of consents, and the selection and removal of purchasers of the Governmental Lender Note and other professionals.

6. **Execution and Delivery of Governmental Lender Note.** The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the “Authorized Representative”) is authorized to proceed with the delivery of the Governmental Lender Note to the Funding Lender or to an affiliate thereof or to any other initial purchaser of the Governmental Lender Note as shall be determined to be in the best interest of the Commission, which Funding Lender shall be required to execute transferee representations in the form approved by the Commission to be attached to the Funding Loan Agreement.

7. **Other Action.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director and the Authorized Representative of the Commission are 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, the Commission Documents or relating to the execution and delivery or other disposition of the Governmental Lender Note and the financing and the ongoing operations of the Project, as the case may be.

8. **Appointment of Financial Advisor and Bond Counsel.** Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the execution and delivery of the Governmental Lender Note.

9. **Procurement of Fiscal Agent Services; Appointment of Fiscal Agent.** The actions of the staff of the Commission, in accordance with Section III.B. of the Commission’s Procurement Policy, adopted on October 9, 1991 and as amended on December 6, 2006, for the procurement of an entity to provide the professional services of Fiscal Agent under the Funding Loan Agreement, the selection by the Executive Director from the proposal submissions of entities for service as Fiscal Agent under the Funding Loan Agreement, and the appointment by the Executive Director of the entity to serve as Fiscal Agent as shall be determined to be in the best interest of the Commission are hereby ratified and approved. The Executive Director is hereby authorized to execute any such documents as shall be necessary to evidence such appointment.

10. **Financing Fee; Ongoing Monitoring Fee.** A fee (the “Financing Fee”) in an amount equal to 1% of the original principal amount of the Governmental Lender Note, to be paid by the Borrower to the Commission in connection with the execution and delivery of the Governmental Lender Note, is hereby approved. The Financing Fee shall be payable on the date of execution and delivery of the Governmental Lender Note. The Borrower pursuant to the requirements of the Regulatory Agreement shall also pay to the Commission a monitoring fee equal to 0.25% of the original principal amount of the Borrower Loan (the “Monitoring Fee”), which Monitoring Fee is hereby approved, or such

greater amount as shall be approved by the Commission and agreed to by the Borrower. The Monitoring Fee shall be payable annually, in monthly installments, on the first day of each month commencing with the first month following the Closing Date.

11. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the Governmental Lender Note, the Commission 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 Governmental Lender Note or be subject to personal liability or accountability by reason of the execution and delivery thereof.

12. **Action Approved and Confirmed.** All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the execution and delivery of the Governmental Lender Note and the financing of the Project approved hereby and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

13. **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.

14. **Effective Date.** This resolution shall take effect immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on April 1, 2015.

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Patrice Birdsong
Special Assistant to the Commission

Deliberation and/or Action

APPROVAL TO EXTEND THE TERM OF THE MANAGEMENT AGREEMENTS FOR BROOKSIDE GLEN AND TIMBERLAWN CRESCENT

April 1, 2015

- TPM Development Corporation, the owner entity for Timberlawn Crescent, is a single purpose entity wholly owned and controlled by the Housing Opportunities Commission of Montgomery County.
- Brookside Glen Limited Partnership, the owner entity for Brookside Glen Apartments Development Corporation, is a development corporation wholly controlled by the Housing Opportunities Commission.
- The Housing Opportunities Commission, as the owner entity for Brookside Glen and Timberlawn Crescent, is authorized to engage a third-party to manage the properties.
- The Commission authorized the Executive Director to execute a contract for Property Management Services (the “Management Agreement”) with The Bozzuto Group (“Bozzuto”) for Brookside Glen and Timberlawn Crescent.
- The current term of both Management Agreements expired March 31, 2015.
- Renovations are currently underway at both Brookside Glen and Timberlawn Crescent. It is not advisable to change management during renovations, especially when resident relocation is required, as is the case with Timberlawn Crescent.
- Staff is requesting that the Commission authorize the Executive Director of the Housing Opportunities Commission to approve an extension of the Management Agreements for Brookside Glen and Timberlawn Crescent for six months, with a single six month renewable term.

MEMORANDUM

TO: The Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management Staff: Bobbie DaCosta Ext: 9524
Division: Executive Staff: Gina Smith Ext: 9479

RE: Approval to Extend the Term of the Management Agreements for Brookside Glen and Timberlawn Crescent

DATE: April 1, 2015

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission to approve the extension of the Management Agreements for Brookside Glen and Timberlawn Crescent for six months, with a single six month renewable term.

BACKGROUND:

The Housing Opportunities Commission is the Asset Manager for Brookside Glen and Timberlawn Crescent and, as such, is authorized to enter into a third-party management agreement for the property.

The Commission authorized the Executive Director to execute a contract for Management Services (the "Management Agreement") with The Bozzuto Group ("Bozzuto") for both Brookside Glen and Timberlawn Crescent. The Management Agreements expired March 31, 2015.

Staff is requesting that the Commission authorize the Executive Director of the Housing Opportunities Commission to approve the extension of the term of the Management Agreements for Brookside Glen and Timberlawn Crescent for six months, with a single six month renewable term.

Staff was aware that the contract was approaching expiration, which coincided with the release of an RFP for Property Operations. In order to secure sufficient time to review the responses from the RFP, staff recommends an extension of the current Management Agreements for a six month term and a potential extension for an additional six months. No other substantial elements of the contracts will change, including the management fee of 4% of the adjusted gross revenue.

Further, we are in the midst of renovations for Timberlawn Crescent. Exterior renovations have been completed, but interior renovations are expected to begin this summer. Although renovations of Brookside Glen are nearing completion, renovations of the club room are in progress and window replacement is under consideration. From an operational standpoint, it is not advisable to change management during renovations, especially those that include resident relocations.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director of the Housing Opportunities Commission to approve the extension of the Management Agreements for Brookside Glen and Timberlawn Crescent for six months, with a single six month renewable term?

PRINCIPALS:

HOC
Bozzuto Group

BUDGET IMPACT:

There is no budget impact.

TIME FRAME:

For Commission action at its meeting of April 1, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff is recommending that the Commission authorize the Executive Director of the Housing Opportunities Commission to approve the extension of the Management Agreements for Brookside Glen and Timberlawn Crescent for six months, with a single six month renewable term.

RESOLUTION NO. _____

**RE: Approval to Extend the Term of
the Management Agreements of
Brookside Glen and Timberlawn Crescent**

WHEREAS, HOC as the Owner Entity for Brookside Glen and Timberlawn Crescent is authorized to enter into third-party Management Agreements for the properties; and

WHEREAS, the Commission authorized the Executive Director to execute a contract for Property Management Services (the "Management Agreements") with The Bozzuto Group ("Bozzuto") for Brookside Glen and Timberlawn Crescent; and

WHEREAS, the authorized contract terms expired; and

WHEREAS, staff is requesting that the Commission authorize the Executive Director of the Housing Opportunities Commission to approve the extension of the term of the Management Agreements for Brookside Glen and Timberlawn Crescent for six months, with a single six month renewable term.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director is hereby authorized to extend the term of the Management Agreements for Brookside Glen and Timberlawn Crescent for six months, with a single six month renewable term.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at its meeting conducted on April 1, 2015.

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Patrice Birdsong
Special Assistant to the Commission

Future Action

Information Exchange

New Business

Executive Session Findings

Adjourn

Executive Session