



EXPANDED AGENDA

April 6, 2016

3:30 p.m.	<p>I. <u>Public Hearings</u></p> <ul style="list-style-type: none"> •Authorization to Submit HOC’s FY 2017 Annual PHA Plan •Authorization to Revise HOC’s Administrative Plan to Change the Inspection Policy to Biennial Inspections and Require Owner/Tenant Certification for Non-Emergency Deficiencies 	Res. No.
4:00 p.m.	<p>II. <u>CONSENT ITEMS</u></p>	
<p>Page 4 14 44 49</p>	<ul style="list-style-type: none"> A. Approval of Minutes of March 2, 2016 B. Authorization to Submit HOC’s FY 2017 Annual PHA Plan C. Authorization to Transfer the Arcola Towers and Waverly House Sale Proceeds from the General Fund to the Opportunity Housing Reserve Fund (OHRF) D. Approval of New Participating Lender for the Single Family Mortgage Purchase Program 	<p>16-18 16-19 16-20</p>
4:05 p.m.	<p>III. <u>INFORMATION EXCHANGE</u></p>	
<p>Page 55 58</p>	<ul style="list-style-type: none"> 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 	
4:15 p.m.	<p>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></p>	
<p>Page 63 Page 73 82 102</p>	<ul style="list-style-type: none"> A. Development and Finance Committee – Com. Simon, Chair <ul style="list-style-type: none"> 1. Approval to Amend and Fund the Development Plan by Drawing up to \$35,000 by the Commission from the County Revolving MPDU/Property Acquisition Fund (“MPDU/PAF”) and the Commission’s Advance of Such Funds to TPM Development Corporation (“TPM”), for the Renovation of Timberlawn Crescent and Pomander Court 2. Authorization to Expend Additional Predevelopment Funds of up to \$1.5 million of Opportunity Housing Reserve Funds for the Submission of the Detail Site Plan for Elizabeth House III and Elizabeth House IV to N-NCPPC and Montgomery County and to Complete Design Development Plans for Elizabeth House III 3. Approval of Development Plan and Additional Predevelopment Funding for 900 Thayer Avenue and Authorization to Select and Fund Financing Consultant Costs B. Legislative and Regulatory Committee – Com. Hatcher, Chair <ul style="list-style-type: none"> 1. Authorization to Partner with The Maryland Department of Housing and Community Development Under the Money Follows the Person Bridge Program 	<p>16-21 16-22 16-23 16-24</p>
4:35 p.m.	<p>V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u></p>	
<p>Page 108</p>	<ul style="list-style-type: none"> A. Presentation of the Executive Director’s FY17-18 Recommended Budget 	
	<p>VI. <u>*FUTURE ACTION ITEMS</u></p> <ul style="list-style-type: none"> A. 	

	VII. <u>INFORMATION EXCHANGE (continued)</u> A. Community Forum	
	VIII. <u>NEW BUSINESS</u>	
	IX. <u>EXECUTIVE SESSION FINDINGS</u>	
4:50 p.m.	<u>ADJOURN</u>	
4:50 p.m. Page 136	<u>VPC ONE CORPORATION MEETING</u> • Approval of Minutes March 2, 2016 Meeting	
Page 141	<u>VPC TWO CORPORATION MEETING</u> • Approval of Minutes March 2, 2016 Meeting	
4:55 p.m. Page 146	<u>TPM DEVELOPMENT CORPORATION MEETING</u> • Approval to Amend the Development Plan for TPM Development Corporation to Complete Additional Renovation Scope at Timberlawn Crescent and Pomander Court and Authorization to Accept Additional Interim Loan Funds of up to \$358,000 from the Housing Opportunities Commission of Montgomery County	16-002 _{TPM}
5:00 p.m. Page 156	<u>Alexander House Development Corporation Meeting</u> • Authorization to Submit the Detail Site Plan for Alexander House by HOC to M-NCPPC and Montgomery County on Behalf of Alexander House Development Corporation	16-002 _{AH}
	<u>ADJOURN</u>	
5:00 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 commissioners@hocmc.org.

Consent Items

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

March 2, 2016

16-03

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, March 2, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Christopher Hatcher
Linda Croom

Absent

Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Bobbie DaCosta
Kayrine Brown
Saundra Boujai
Gail Willison
Lola Knights
Ellen Goff
Shaina Francis
Fred Swan
Gio Kaviladze
Bonnie Hodge

Kelly McLaughlin, General Counsel
Clarence Landers
Lynn Hayes
Jim Atwell
Dean Tyree
Ethan Cohen
Tiffany Jackson
Angela McIntosh-Davis
Jennifer Arrington
Bill Anderson
Shauna Sorrells

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Guest

None

IT Support

Dominique Laws

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

I. CONSENT ITEMS

- A. Approval of Minutes of Annual Meeting of February 3, 2016** – The minutes were approved as submitted.
- B. Authorization to Submit the FFY 2016 Capital Fund Program Grant Annual Contributions Contract Amendment and Supporting Documentation**

RESOLUTION: 16-13

**RE: Authorization to Submit the
FFY 2016 Capital Fund Program
Grant Annual Contributions
Contract Amendment and
Supporting Documentation**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) will receive \$593,944 in FFY 2016 Capital Fund Program grant funds from the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, staff has identified \$593,944 in needs based upon the Commission’s Five Year Capital Fund Program Plan; and

WHEREAS, by submitting the FFY 2016 CFP Annual Statement, the CFP Five-Year Action Plan, and the signed FFY 2016 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 2016 Annual Statement outlining how the Capital Fund Program grant funds will be expended to make improvements to public housing units during FFY 2016; HOC’s CFP Five-Year Action Plan outlining the Agency’s expectations for Capital Fund expenditures from FFY 2015-FFY 2019; the signed FFY 2016 Annual Contributions Contract Amendment in the amount of \$593,944; 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** –In addition to the Executive Director’s written report, Stacy Spann announced that two (2) participants in the STEM Programs were accepted to the West Point STEM Initiative. HOC was awarded a \$47,000 Grant from the Motorola Foundation for its STEM Initiative. This will be released in the HOC Action Alert and, at the request of the Commissioners, the Legislative and Public Affairs Office will work on a press release, contact the County Council, and PHED Committee. Mr. Spann also announced that the FY 17 & 18 Budget would be presented at the April 6, 2016 meeting.
- B. **Calendar and Follow-up Action** – None
- C. **Commissioner Exchange** – Vice Chair Simon acknowledged that everyone was doing a wonderful job. Chair Roman reported that she and Commissioner Nelson have been meeting with a few of the County Councilmembers on the Westbard Master Plan. Chair Roman reported that she thinks the meetings have gone well in the interest of HOC. She reported that staff has been working tremendously hard in getting out letters to include language that HOC wants included in the Plan.
- D. **Resident Advisory Board (RAB)** – None
- E. **Community Forum** – None
- F. **Status Report** – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

- A. **Budget, Finance and Audit Committee – Com. Nelson, Chair**
1. **Acceptance of Second Quarter FY’16 Budget to Actual Statements**

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Acting Budget Officer, were presenters.

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

RESOLUTION No. 16-14:

RE: Acceptance of Second Quarter FY’16 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'16 Budget to Actual Statements during its March 2, 2016 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'16 Budget to Actual Statements.

2. Approval of FY'16 Second Quarter Budget Amendment

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Acting Budget Officer, were presenters.

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

RESOLUTION No. 16-15:

RE: Approval of FY'16 Second Quarter Budget Amendment

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'16 on June 3, 2015; 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'16 Budget; and

WHEREAS, the net effect of the FY'16 Second Quarter Budget Amendment is a shortfall of (\$3,930) which will be covered by increasing the anticipated draw of \$344,985 that was to be taken from the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'16 Operating Budget by increasing total revenues and expenses for the Agency from \$238.4 million to \$238.9 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'16 Capital Budget by increasing revenues and expenses for the Agency from \$129.5 million to \$129.7 million.

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

- 1. Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)
Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two” and together with VPC One, the “Corporations”) as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)**

Kayrine Brown, Chief Investment & Real Estate Officer, was the presenter. Prior to the discussion, Vice Chair Simon abstained from the discussion of the item presented due to her son’s participation in the program.

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

RESOLUTION No.: 16-16A

RE: Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)

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, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition the 669 Property under Section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”); and

WHEREAS, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

WHEREAS, on March 6, 2012, HUD approved HOC's Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

WHEREAS, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the "LOC"); and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per-unit renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC.

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

1. Approves a revised development budget of \$41.5MM to complete the rehabilitation of the 669 Property.
2. Approves continued funding for the renovation of the 669 Property by authorizing (a) taxable draws on the LOC in an amount not to exceed \$41.5MM, bearing interest at the contractual rate of the London Interbank Offered Rate ("LIBOR") plus 90 basis points for a maximum term of 24 months, and (b) the loan of such funds, on the same terms, to VPC One Corporation and VPC Two Corporation for the rehabilitation of the 669 Property in such amounts and to the extent needed by each to fully fund renovation costs for the

portion of the 669 Property owned by such entity, so long as the aggregate amount loaned to VPC One Corporation and VPC Two Corporation does not exceed \$41.5MM.

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

RESOLUTION NO.: 16-16B

RE: Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two” and together with VPC One, the “Corporations”) as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)

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, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (collectively, the 669 Property”) under Section 18 of the US Housing Act of 1937, as amended (“Section 18”); and

WHEREAS, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

WHEREAS, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One (390 units) and VPC Two (279 units);

WHEREAS, on October 1, 2014, HOC approved loans to the Corporations in an aggregate amount not to exceed \$38,500,000 (\$23,010,000 to VPC One and \$15,490,000 to VPC Two), reflecting the revised rehabilitation budget for the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”); and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per units renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC. and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC; and

WHEREAS, HOC presently intends and reasonably expects to finance certain property improvements for the 669 Property with moneys drawn from the LOC in accordance with the revised development plan.

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

1. Approves a draw on the LOC in an aggregate amount of up to \$41.5MM to fund the full renovation of the 669 Property.
2. Approves interim loans to the Corporations of an aggregate amount up to \$41.5MM from funds drawn on the LOC (the "Loans") wherein the final loan amount to each Corporation will reflect the total renovation cost of such Corporation's respective units in the 669 Property and the Loans shall be for a maximum term of 24 months and will bear interest at the contractual rate of the LOC equal to the 30-day London Interbank Offered Rate (LIBOR) plus 90 basis points.
3. Affirms that all of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution, except preliminary expenditures related to the VPC One Property as such preliminary expenditures are defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

4. Affirms that it is the intention of HOC to issue tax-exempt obligations for the purpose of repaying the LOC, reimbursing capital expenditures incurred with respect to the Corporations, and paying future capital expenditures incurred with regard to the Corporations.
5. Affirms that all prior acts and doings of the officials, agents, and employees of HOC which are in conformity with the purpose and intent of this Resolution, and in furtherance thereof, shall be and the same hereby are in all respects ratified, approved, and confirmed.
6. Affirms that all other resolutions of HOC, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

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

C. Legislative and Regulatory Committee – Com. Hatcher, Chair

1. Authorization to Implement the Community Choice Homes Pilot Project

Fred Swan, Director of Resident Services was the presenter.

The following resolution was tabled and then rejected by the Board. Instead, the Board requested that the matter be reconsidered by the Legislative and Regulatory Committee for the submission of a new plan for consideration and adoption at the next Board meeting.

RESOLUTION: 16-17

**RE: Authorization to Implement the
Community Choice Homes Pilot
Project**

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) is seeking authorization to enter into an agreement with the Maryland Department of Housing and Community Development (DHCD) to set aside ten (10) units for participants in the Money Follows the Person (MFP) Bridge Program; and

WHEREAS, the MFP Bridge Program provides housing subsidies for three (3) years to low-income residents exiting institutions such as hospitals and nursing homes; and

WHEREAS, HOC is also seeking authorization to enter into a Memorandum of Understanding and a Regulatory Agreement with the Maryland Department of Disabilities (MDOD) to set aside 60 units for the non-elderly disabled and ensure that all 70 units, inclusive of the 10 MFP Bridge Program units, are utilized for these respective populations and remain accessible for up to 30 years; and

WHEREAS, HOC is proposing to allocate these units over a four (4) year period, allocating 20 units in year one and 15 -20 units in each of the succeeding three (3) years; and

WHEREAS, HOC is proposing the implementation of the Community Choice Homes Pilot (CCHP) Project that will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for up to 30 years.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes the implementation of the Community Choice Pilot Project as set forth above for low- income and non-elderly disabled residents.

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

IV. ITEMS REQUIRING DELIBERATION and/or ACTION
None

- V. FUTURE ACTION ITEMS**
- FY 17 & 18 Budget Presentation
 - Community Choice Home Pilot Program

VI. INFORMATION EXCHANGE (CONT'D)
None

VII. NEW BUSINESS

VIII. EXECUTIVE SESSION FINDINGS
None

Based upon this report and there being no further business to come before this session of the Commission, a motion was made to adjourn the meeting of the Housing Opportunities Commission at 4:50 p.m. to convene meetings of the VPC One and VPC Two Corporation.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

AUTHORIZATION TO SUBMIT HOC'S FY 2017 ANNUAL PHA PLAN

April 6, 2016

- The Quality Housing and Work Responsibility Act of 1998 requires that Public Housing Agencies (“PHAs”), such as the Housing Opportunities Commission of Montgomery County (“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 the U.S. Department of Housing and Urban Development (“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) 2017 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 two years ago. 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 Housing Choice Voucher and Public Housing programs for the coming fiscal year. This is HOC’s 18th Annual PHA Plan submission.
- The 45 day public comment period for the FY 2017 PHA Plan began on February 19, 2016.
- At this time, staff is requesting authorization to submit the FY 2017 PHA Plan to HUD by April 17, 2016.

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 HOC's FY 2017 Annual PHA Plan

DATE: April 6, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director, or his designee, to submit the Fiscal Year (FY) 2017 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 18th Annual PHA Plan, which will cover HOC's Fiscal Year ("FY") 2017. 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 two years ago, 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 will submit its FY 2017 Annual PHA Plan after presenting drafts to the Resident Advisory Board ("RAB"), making the drafts available to the public, holding a public hearing, and presenting the final version to the Commission.

The only substantive change to this year's FY 2017 PHA Plan from the Annual Plan submitted last year are to the sections discussing HOC's use of the Rental Assistance Demonstration ("RAD") program. Taking into account the progress made by HOC over the last two years of RAD conversions, the FY 2017 PHA Plan features an updated description of the RAD accomplishments from this past year as well as those expected for the coming year. As a result of the RAD conversion project, additional guidance discussing the goals, objectives, and

program regulations specific to the converted RAD units are described in this Annual Plan. At the completion of HOC's RAD conversions, only seven public housing ("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 content described in the PHA Plan 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 2017 PHA Plan to the public on February 19, 2016. Staff discussed the FY 2017 PHA Plan with the RAB on February 22, 2016. In the coming weeks, the RAB will submit their letter of endorsement for the PHA Plan which will be submitted along with the Plan to HUD prior to April 17, 2016. To date, HOC has received no public comments on the FY 2017 PHA Plan. A public hearing on the FY 2017 PHA Plan will be held on April 6, 2016.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to submit the FY 2017 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 15, 2016 and recommended it for Commission action on April 6, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to submit the FY 2017 Annual PHA Plan to HUD by April 17, 2016.

RESOLUTION: 16-18

**RE: Authorization to Submit HOC's
FY 2017 Annual PHA Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") seeks 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 2017 Annual PHA Plan has been prepared in accordance with 24 CFR Part 903 regulations and requirements for submission to HUD; and

WHEREAS, HOC has worked in collaboration with the Resident Advisory Board to obtain recommendations in the development of the proposed Annual PHA Plan Submission; and

WHEREAS, HOC has obtained certification from local government officials that the proposed Annual PHA Plan Submission is consistent with the jurisdiction's Consolidated Plan; and

WHEREAS, HOC will conduct a Public Hearing on April 6, 2016 to obtain public comments regarding the proposed Annual PHA Plan Submission; and

WHEREAS, HOC has considered all comments and recommendations received and has incorporated all relevant changes in the proposed Annual PHA Plan Submission.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Opportunities Commission of Montgomery County that it approves the FY 2017 Annual PHA Plan and its submission to HUD no later than April 17, 2016, 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 6, 2016.

S
E
A
L

Patrice Birdsong
Special Assistant to the Commission

Annual PHA Plan <i>(Standard PHAs and Troubled PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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Purpose. 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, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.																																
A.1	<p> PHA Name: _____ PHA Code: _____ PHA Type: <input type="checkbox"/> Standard PHA <input type="checkbox"/> Troubled PHA PHA Plan for Fiscal Year Beginning: (MM/YYYY): _____ PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Public Housing (PH) Units _____ Number of Housing Choice Vouchers (HCVs) _____ Total Combined Units/Vouchers _____ PHA Plan Submission Type: <input type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission </p> <p> Availability of Information. PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection 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 their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. </p> <p> <input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below) </p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 25%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 15%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 25%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 10%;">PH</th> <th style="width: 15%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																							
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		PH	HCV																														
Lead PHA:																																	

B.5	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.</p>
B.6	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input type="checkbox"/></p> <p>(c) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>
B.7	<p>Certification by State or Local Officials.</p> <p>Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
B.8	<p>Troubled PHA.</p> <p>(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?</p> <p>Y N N/A <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe:</p>
<p>C. Statement of Capital Improvements. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).</p>	
C.1	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.</p>

Instructions for Preparation of Form HUD-50075-ST Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section.

A.1 Include the full **PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type,** and the **Availability of Information,** specific location(s) of all information relevant to the public hearing and proposed PHA Plan. ([24 CFR §903.23\(4\)\(e\)](#))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. ([24 CFR §943.128\(a\)](#))

B. Annual Plan. All PHAs must complete this section.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.” ([24 CFR §903.7](#))

Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. ([24 CFR §903.7\(a\)\(1\)](#)) 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. ([24 CFR §903.7\(a\)\(2\)\(ii\)](#))

Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see [24 CFR 903.2](#). ([24 CFR §903.23\(b\)](#)) Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. ([24 CFR §903.7\(b\)](#)) Describe the PHA’s procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. ([24 CFR §903.7\(b\)](#)). A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. ([24 CFR §903.7\(b\)](#)) Describe the unit assignment policies for public housing. ([24 CFR §903.7\(b\)](#))

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. ([24 CFR §903.7\(c\)](#))

Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. ([24 CFR §903.7\(d\)](#))

Operation and Management. A statement of the rules, standards, and policies of the PHA governing maintenance and 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. ([24 CFR §903.7\(e\)](#))

Grievance Procedures. A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. ([24 CFR §903.7\(f\)](#))

Homeownership Programs. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. ([24 CFR §903.7\(k\)](#))

Community Service and Self Sufficiency Programs. Describe how the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. ([24 CFR §903.7\(l\)](#)) A description of: **1)** Any programs relating to services and amenities provided or offered to assisted families; and **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. ([24 CFR §903.7\(l\)](#))

Safety and Crime Prevention. Describe the PHA’s plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (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. ([24 CFR §903.7\(m\)](#)) 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. (24 CFR §903.7(m)(5))

Pet Policy. Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

Asset Management. State 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. (24 CFR §903.7(q))

Substantial Deviation. PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

Significant Amendment/Modification. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD's website at: [Notice PIH 1999-51](#). (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

Hope VI or Choice Neighborhoods. 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

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 Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for 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>. (Notice PIH 2010-30)

Demolition and/or Disposition. Describe any public housing projects owned by the PHA and subject to ACCs (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. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. 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. (24 CFR §903.7(h))

Designated Housing for Elderly and Disabled Families. Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. 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. **Note:** The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received 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>. (24 CFR §903.7(j))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to project-based assistance under RAD. See additional guidance on HUD's website at: [Notice PIH 2012-32](#)

Occupancy by Over-Income Families. A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7](#). (24 CFR 960.503) (24 CFR 903.7(b))

Occupancy by Police Officers. The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7](#). (24 CFR 960.505) (24 CFR 903.7(b))

Non-Smoking Policies. The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD's website at: [Notice PIH 2009-21](#). (24 CFR §903.7(e))

Project-Based Vouchers. Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan. (24 CFR §903.7(b))

Units with Approved Vacancies for Modernization. The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with [24 CFR §990.145\(a\)\(1\)](#).

Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

B.3 Civil Rights Certification. Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the 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. (24 CFR §903.7(o))

B.4 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.7(p))

B.5 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

B.6 Resident Advisory Board (RAB) comments. If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

B.7 Certification by State or Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

B.8 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." (24 CFR §903.9)

C. Statement of Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR 903.7 (g))

C.1 Capital Improvements. In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: "See HUD Form- 50075.2 approved by HUD on XX/XX/XXXX."

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 the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 9.2 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 thereunder 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.

Fiscal Year (FY) 2017 Annual Public Housing Agency (PHA) Plan Submission
Housing Opportunities Commission of Montgomery County

Narrative and Additional Information

A. 1 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:

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-ST-HCV-HP: PHA Certifications of Compliance with the PHA Plans and Related Regulations (MD004a01.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 Official of PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan (MD004k01.pdf)

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

Staff will meet with the Resident Advisory Board (RAB) on March 21, 2016 to discuss this PHA Plan and receive any comments from the RAB.

A public hearing regarding this PHA Plan will be held on April 6, 2016 at 3:30 p.m. in the Hearing Room at HOC’s main administrative offices (10400 Detrick Avenue, Kensington, Maryland 20895).

B.1 Revision of PHA Plan Elements

(b) 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, and Part 983 – Project-Based Voucher Program.

- 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.

HOC’s Public Housing (PH) program is governed by HOC’s Public Housing Admissions and Continued Occupancy Policy (ACOP).

- 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.

1. HCV 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.

2. PH 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.

3. In July of 2015, HOC submitted to HUD of a Significant Amendment to its FY 2016 PHA Plan describing the changes the Agency would be making to its waiting list. These changes were made in order to prepare for HOC's opening of its waiting list in August of 2015. While some of HOC's many waiting lists had sporadic openings and closings throughout the previous seven years, many had remained closed altogether since 2008. Paramount among HOC's goals in opening its waiting lists was to create a single list that is dynamic, exclusively electronic, and never closing. In order to launch such a complex and unprecedented waiting list system, HOC needed to significantly change the policies and procedures governing the waiting lists of its housing programs. These policies and procedures are delineated in Chapter 4 of HOC's Administrative Plan for the Housing Choice Voucher Program ("Administrative Plan") and Chapter 9 of HOC's Admissions and Continued Occupancy Policy for the Public Housing program ("ACOP").

In order to achieve such a waiting list, the waiting list policies in HOC's Administrative Plan and ACOP were changed as follows:

- a. Previously, selection from HOC's waiting lists was done by random lottery. When HOC opens the waiting list in summer 2015, it will continue to operate the list as a lottery. However, on the one-year anniversary of the opening, the new waiting list will be based exclusively on the date and time of application and any applicable preferences that the Agency has adopted in its Administrative Plan or ACOP.
- b. Previously, applicants were required to apply to HOC's waiting lists in person at an HOC office. The new waiting list will be exclusively electronic allowing for internet based application only. Applicants without access to the internet may use computer terminals located in HOC's offices and at other satellite kiosks that the Agency intends to install and operate at various other locations, such as the public libraries, public schools, and County offices, in order to apply to the waiting list online. To the extent an applicant requires assistance, upon request, staff from the Housing Opportunities Commission will be available to assist with electronic submissions.
- c. Previously, HOC maintained multiple separate waiting lists for its different housing programs, some of its different properties, and for those with specific preferences such as the elderly or disabled. The new waiting list will be only one list for all housing programs, properties, and preference groups; however applicants will be able to indicate specific preferences within their entry on the list. HOC is required to maintain property-based waiting lists for some of its properties, most notably those properties that are included in the Rental Assistance Demonstration (RAD) program. The Agency will create sub lists for those properties that are subject to this requirement.
- d. Previously, HOC would frequently close its waiting lists when they became unreasonably long. The new waiting list will remain open indefinitely, barring something uniquely unforeseen.

- e. Previously, applicant information on HOC's waiting lists would grow stale over time, necessitating closings of the list and lengthy purging processes in order to update applicant information. The new waiting list will use internet-based and other electronic communication to require applicants to update their application information at regular intervals, eliminating the storage of stale information and the need for future purges. To the extent an applicant requires assistance, upon request, staff from the Housing Opportunities Commission will be available to assist with electronic submissions and may issue postcard notification of the need to certify continued interest in housing programs.

As per 24 CFR Part 903, Significant Amendments to the HOC's PHA Plan require a 45-day public comment period which is concluded with a public hearing on the Plan Amendment. Both were executed and completed for the waiting list changes described herein. During the comment period, HOC made the draft of the waiting list changes proposed for the Administrative Plan and ACOP available on HOC's website as well as in hard copy form at all four of the Agency's offices. Also during the comment period, HOC staff met and discussed these waiting list changes with the HOC Resident Advisory Board (RAB), and received the RAB's endorsement of these proposed changes on June 29, 2015. Notice of the comment period and public hearing were advertised in local newspapers in Montgomery County.

- 4. In September of 2015 HOC revised its Administrative Plan to add a preference for up to 10 Housing Choice Vouchers to be reserved for homeless veterans and their families. The motivation for this change was the larger federal initiative to end homelessness, called the "Zero: 2016 Campaign". The Zero: 2016 Campaign is an initiative to end homelessness, but departs from its parent "100,000 Homes Campaign" in that it specifically targets homeless military veterans throughout the United States. The Montgomery County Government specifically sought out HOC's assistance with this initiative and worked with its other partners to collectively end veteran homelessness in Montgomery County by the close of 2015. To assist with this effort, Montgomery County requested that HOC target homeless veterans and their families who are in need of supportive services with these 10 vouchers. Montgomery County was ultimately successful in its efforts to end veteran homelessness in the County prior to December 31, 2015, and HOC is honored to have been a part of this important achievement.
- 5. In January of 2016, HOC revised its Administrative Plan and ACOP to comply with HUD Notice PIH 2014-20 (HA), which is HUD's new rule regarding Equal Access to Housing in HUD Programs regardless of Sexual Orientation or Gender Identity. These changes included replacing the previous definition of family and added definitions for gender identity and sexual orientation so as to further ensure equal access to HOC housing. These new definitions are as follows:

FAMILY. 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. (24 CFR 5.403)

GENDER IDENTITY. Actual or perceived gender-related characteristics. (24 CFR 5.100)

SEXUAL ORIENTATION. Homosexuality, heterosexuality, or bisexuality. (24 CFR 5.100)

- 6. In January of 2016, HOC changed its Pet Policy for the Agency's Low Income Housing Tax Credit (LIHTC), Project-Based Rental Assistance (PBRA), Opportunity Housing (OH), and Market Rate housing programs (excluding scattered-site properties). The purpose of this new pet guideline is to establish clear rules for ownership of common household pets and to ensure that no applicant or resident is discriminated against regarding admission or continued occupancy because of ownership of pets. It also establishes reasonable rules governing the keeping of service and assistive animals consistent with the Americans with Disabilities Act and Section 504. Importantly, these changes did not affect HOC's Public Housing or Housing Choice Voucher residents.

HOC's Public Housing Pet Policy remains consistent with its ACOP as follows:

- a. 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.
- b. No deposits for caged animals.
- c. Limit of one cat or dog per household.
- d. Limit of adult weight of 25 pounds.
- e. Resident must provide record of current vaccinations and registration in compliance with Montgomery County law. Records will be kept in the resident's file.
- f. A dog or cat must be neutered or spayed.
- g. 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.
- h. Each dog or cat must wear a collar with identification.
- i. 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.
- j. Pet waste must be cleaned up and properly disposed of. Cat litter is not to be disposed of in toilets.
- k. 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.

- I. Residents must complete a Pet Applications/Registration form with their property manager. Residents must also sign a Pet Addendum to their lease.

HOC's Public Housing Pet 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.

7. Also during FY 2016 HOC updated its criteria for determining a Significant Amendment or Modification to its Five-Year and Annual PHA Plan. HOC written statement defining Significant Amendment or Modification is as follows:

The following shall require the execution and submission to the U.S. Department of Housing and Urban Development (HUD) of a Significant Amendment to HOC's current PHA Plan:

- a. 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.
- b. Changes to rent (excluding changes in flat rent schedules), admissions policies, and/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:

- a. 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 current PHA Plan or the current CFP Five-Year Action Plan:

- a. The decision to convert to either PBRA or PBV assistance,
- b. The date the Significant Amendment is submitted to HUD or posted to the PHA Plan website,
- c. 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,
- d. Changes to the construction and rehabilitation plan for each approved RAD conversion,
- e. Changes to the financing structure for each approved RAD conversion, and
- f. De minimus (less than ten percent (10%)) changes in the number of Assistance Transfer Units.

- (c) HOC's Public Housing Deconcentration Policy is described in Chapter 10 of the Agency's Admissions and Continued Occupancy Policy (ACOP). More specifically, Sections 10.4 and 10.5 state the following:

10.4 DECONCENTRATION POLICY

It is the Housing Opportunities Commission's policy to provide for deconcentration of poverty and encourage income mixing by bringing higher income families into lower income developments and lower income families into higher income developments. Toward this end, we may skip families on the waiting list to reach other families with a lower or higher income. Additionally, the Housing Opportunities Commission may use flat rents to encourage higher-income eligible residents to lease or remain in a public housing unit. We will accomplish this in a uniform and non-discriminating manner.

The Housing Opportunities Commission will affirmatively market our housing to all eligible income groups. Lower income residents will not be steered toward lower income developments and higher income people will not be steered toward higher income developments.

10.5 DECONCENTRATION INCENTIVES

Subject to its annual deconcentration analysis, the Housing Opportunities Commission may offer one or more incentives to encourage applicant families whose income classification would help to meet the deconcentration goals of a particular development.

Various incentives may be used at different times, or under different conditions, but will always be provided in a consistent and nondiscriminatory manner.

B.2 New Activities

(b) Beginning in 2014, HOC started 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.

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 all 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 converted and 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 units that were planned to have their PH assistance converted to on-site 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.

During FY 2016, HOC completed the conversion of all of the units at Arcola Towers (141) and Waverly House (145) RAD AMPs to PBRA.

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
Elizabeth House	160	-	160	-
Holly Hall	96	-	96	-

Importantly, Holly Hall is the property scheduled for conversion during the FY 2017 period covered in this Plan. During its conversion from PH to project-based rental subsidy programming, all of the units from this property will be transferred fully offsite as Replacement RAD Units.

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 opened its Waiting List in August of 2015. In advance of the opening of the Waiting List, HOC undertook a comprehensive process of combining all of the Agency's waiting lists into one single list for all HOC programs. Prior to the opening of the new Waiting List, all applicants on HOC's PH waiting lists received notification that the lists were 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. HOC's new waiting list policies are described in Chapter 4 of HOC's Administrative Plan for the Housing Choice Voucher Program and in Chapter 9 of HOC's Admissions and Continued Occupancy Policy (ACOP).

Previously, HOC's Public Housing waiting lists were not site-based or project specific, but 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 was by preference and then random selection by lottery. After the RAD conversions, 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. Applications 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.

<u>Unit Bedroom Size</u>	<u>Family Size</u>
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.

5. Conversion of Public Housing

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.

During FY 2016, HOC completed the conversion of all of the units at Arcola Towers (141) and Waverly House (158) RA D AMPs to PBRA.

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 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.

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

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.

6. Designated Housing for Elderly and or 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: 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

7. Project-Based Vouchers

HOC currently operates a Project-Based Voucher (PBV) program within its Housing Choice Voucher (HCV) program. The rules governing HOC’s PBV program are enumerated in Chapter 22 of HOC’s Administrative Plan for the Housing Choice Voucher Program. As described in HOC’s

Administrative Plan, the program goals for the Project-Based Voucher (PBV) Program are as follows:

- a. To contribute to the improvement and long-term viability of the area’s housing stock.
- b. To increase the supply of affordable housing and location choice for very low-income households.
- c. To integrate housing and supportive services such as education, case management, job training, and day care to help families and individuals achieve stability and self-reliance.
- d. To promote the coordination and leveraging of resources of public, semi-public, or nonprofit agencies with compatible missions.

During FY 2016, HOC posted a Request for Proposals (RFP) for its PBV program. HOC received requests for a total of 252 units, of which 158 were approved. This competitive selection process utilized the selection criteria described in HOC’s Administrative Plan ensuring compliance with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 24 CFR 983.57 and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions for the Housing Choice Voucher program.

As per the Code of Federal Regulations (CFR) at 24 CFR 983.6 and HOC’s Administrative Plan, the maximum amount of PBV assistance that HOC may provide is up to 20 percent of the amount of budget authority allocated to the Agency by HUD. Including the 158 newly approved PBV units, HOC currently has 743 PBV units located throughout Montgomery County, Maryland, including Silver Spring, Bethesda, Montgomery Village, Gaithersburg, Rockville, Germantown, Chevy Chase, Wheaton, Takoma Park, Clarksburg, and Boyds.

B.4 Most Recent Fiscal Year Audit

(b) There was one finding in HOC's most recent FY Audit. All recommendations have been followed to remedy this finding. Excerpted below are the details of this finding:

1. Condition/Context:

Two files out of 40 were not uploaded to the PIC system within the appropriate amount of time (60 days) that HUD allows from the eligibility date of the HUD-50058.

Recommendation:

We recommend that management review their procedures for PIC uploads and establish a method that ensures compliance.

HOC Response:

The Commission acknowledges the discovery of timing errors in the monthly report submission of the HUD 50058 Form. Two client actions were retroactively processed, resulting in a delay of the report submissions to HUD. One action was processed late due to staff turnover.

The regulation requires that the reports must be submitted to HUD within 60 calendar days from the effective date of any action. The two noted client reports were submitted within 30 days of the processed date, though greater than 60 days from the effective date.

Effective immediately staff will generate a weekly report that identifies the effective date of any non-transmitted 50058 form. Any action that is approaching the 60 day deadline will be immediately transmitted to the Public and Indian Housing Information Center (PIC).

B.5 Progress Report

HOC continues to make positive strides toward meeting the mission and goals described in its FY 2015-2019 Five-Year Plan. Below are some highlights of HOC's efforts over this past year:

- 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 nine 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 continued to work with staff, other local agencies, and outside partners to enhance its fair housing efforts.

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. HOC's partner, the Montgomery County Department of Health and Human Services, features an Abused Persons Program (240-777-4673) which provides 24-hour services, including access to counseling and shelters. HOC has adopted procedural language to ensure that victims retain their housing assistance. HOC also assists victims with referrals to obtain restraining orders.

AUTHORIZATION TO TRANSFER THE ARCOLA TOWERS AND WAVERLY HOUSE SALE PROCEEDS FROM THE GENERAL FUND TO THE OPPORTUNITY HOUSING RESERVE FUND (OHRF)

April 6, 2016

- On September 2, 2015, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) adopted a Bond Authorizing Resolution for the issuance of up to \$40 million of private activity, tax-exempt bonds to fund the acquisition and renovation of Arcola Towers and Waverly House by the newly formed Low Income Housing Tax Credit (LIHTC) partnerships, Arcola Towers RAD Limited Partnership and Waverly House RAD Limited Partnership, post-RAD conversion.
- On December 22 and December 23, 2015, the Waverly House and Arcola Towers real estate acquisition, LIHTC equity and FHA Risk Share mortgage transactions closed.
- Considering that the properties were unencumbered by existing debt and sold into the Partnerships as arm-length transactions (per the requirements of LIHTC regulation), the transactions generated equity cash proceeds at settlement of \$3,946,082 for Waverly House and \$1,114,562 for Arcola Towers.
- In an effort to ensure that these proceeds are reserved for the future financing of the Elizabeth Square development transaction, which was stated as a goal in the Commission approved Development Plan dated January 14, 2015, staff recommends that the Commission authorize the transfer of equity sale cash proceeds for the transactions that were paid at settlement, totaling a combined \$5,060,644, from the HOC General Fund to the Opportunity Housing Reserve Fund (OHRF).

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Mortgage Finance
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589
Jennifer Arrington, Assistant Director of Bond Management Ext. 9760

RE: Authorization to Transfer the Arcola Towers and Waverly House Sale Proceeds from the General Fund to the Opportunity Housing Reserve Fund (OHRF)

DATE: April 6, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To obtain Commission authorization to transfer the Arcola Towers and Waverly House equity sale proceeds from the General Fund to the OHRF to reserve for the future financing of the Elizabeth Square development transaction.

BACKGROUND:

On September 2, 2015, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") adopted a Bond Authorizing Resolution for the issuance of up to \$40 million of private activity, tax-exempt bonds to fund the acquisition and renovation of Arcola Towers and Waverly House by the newly formed Low Income Housing Tax Credit (LIHTC) partnerships, Arcola Towers RAD Limited Partnership (ATRLP) and Waverly House RAD Limited Partnership (WHRLP), post-RAD conversion. In accordance with this resolution, on December 2, 2015, the Commission issued \$35,850,000 of short-term and long-term bonds, which provided \$8,425,487 of permanent mortgage proceeds for WHRLP and \$6,116,778 for ATRLP; the balance (\$21,007,735) funded construction loans and bond debt service reserves.

On December 22 and December 23, 2015, the Waverly House and Arcola Towers real estate acquisition, LIHTC equity and FHA Risk Share mortgage transactions closed. Given that the properties were unencumbered by existing debt and sold into the Partnerships as arms-length transactions (per the requirements of LIHTC regulation), both transactions generated equity proceeds at settlement in the amount of \$3,946,082 and \$1,114,562, respectively. Please see the below summary of the Seller's (HOC's) closing statement:

	Waverly House	Arcola Towers
Purchase Price	\$ 27,240,000	\$ 12,720,000
Seller's Take-Back Note	\$ (22,954,849)	\$ (11,448,000)
Recording/Settlement Charges	\$ (339,069)	\$ (157,438)
Total Equity Sale Proceeds	\$ 3,946,082	\$ 1,114,562

In an effort to ensure that these proceeds are reserved for the funding of future real estate development transactions, in particular Elizabeth Square, which was stated as a goal in the Commission approved Development Plan dated January 14, 2015, staff recommends that the Commission authorize the transfer of equity sale proceeds for each transaction from the HOC General Fund to the OHRF.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the transfer of Arcola Towers and Waverly House equity sale proceeds paid at settlement from the General Fund to the OHRF to reserve for the future financing of the Elizabeth Square development transaction?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County

BUDGET/FISCAL IMPACT:

There is no direct impact on the HOC FY16 Operating Budget.

TIME FRAME:

Action at the meeting of the Commission on April 6, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the transfer of Arcola Towers and Waverly House equity sale proceeds paid at settlement in the combined amount of \$5,060,644 from the General Fund to the OHRF.

RESOLUTION NO. 16-19:

RE: Authorization to Transfer the Arcola Towers and Waverly House Equity Sale Proceeds from the General Fund to the Opportunity Housing Reserve Fund (OHRF)

WHEREAS, on September 2, 2015, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") adopted a Bond Authorizing Resolution for the issuance of up to \$40 million of tax-exempt private activity bonds to fund the acquisition and renovation of Arcola Towers and Waverly House by newly formed Low Income Housing Tax Credit (LIHTC) partnerships, Arcola Towers RAD Limited Partnership and Waverly House RAD Limited Partnership; and

WHEREAS, on December 22 and December 23, 2015, the Waverly House and Arcola Towers real estate acquisition, LIHTC equity and FHA Risk Share mortgage transactions closed, which generated equity sale proceeds in the amount of \$3,946,082 and \$1,114,562, respectively; and

WHEREAS, equity sale proceeds from the real estate transactions closings were deposited into HOC's General Fund, unrestricted; and

WHEREAS, as part of the Development Plan that was approved on January 14, 2015, the Commission approved the use of the equity sale proceeds from the Waverly House and Arcola Towers transactions for the future financing of the Elizabeth Square transaction.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, hereby authorizes the transfer of equity sale proceeds in the combined amount of \$5,060,644 from HOC's General Fund to the Opportunity Housing Reserve Fund (OHRF).

BE IT FURTHER RESOLVED that the funds will be restricted for the future financing needs of Elizabeth Square.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, hereby authorizes 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 and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on April 6, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

**APPROVAL OF NEW PARTICIPATING LENDER
FOR THE SINGLE FAMILY
MORTGAGE PURCHASE PROGRAM**

April 6, 2016

- The Commission has approved continuous lender participation in the Mortgage Purchase Program (MPP) and continuous lender solicitation for new lender participation. Currently, 36 lenders are approved for participation in the MPP. Of the 36 lenders, 32 are US Bank-approved MBS lenders as per Attachment 1.
- Continuous lender participation permits lenders to register only once for participation in the Mortgage Purchase Program and remain a participant until they withdraw or are no longer approved to participate in the program.
- With the entry of the MPP into the Mortgage Backed Securities (MBS) market in 2012, all lenders are required to be approved by U.S. Bank, N.A. (U.S. Bank) which has been approved by the Commission as Master Servicer for the MBS Program.
- The approved MPP lenders are the only lenders who have access to the Revolving County Closing Cost Assistance Program; they also prequalify MPDU applicants.
- New America Financial Corporation has applied for participation in the MPP.
- Staff recommends approval of New America Financial Corporation as a MPP participating lender.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Mortgage Finance
Staff: Kayrine Brown, Chief Investment and Real Estate Officer Ext. 9589

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

DATE: April 6, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To provide mortgage financing to low-to-moderate income first time homebuyers in Montgomery County at below market rates.

BACKGROUND:

The Commission has approved the continuous participation of lenders from program to program and an ongoing admission of new lenders to the Mortgage Purchase Program (MPP). As lenders apply for participation in the MPP, the requests are submitted to the Commission for approval. Increasing lender participation broadens the exposure to the Commission's Single Family Mortgage Product as well as to the Revolving County Closing Cost Assistance Program because the closing cost assistance loan must be used in conjunction with a MPP first mortgage.

The criteria for participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name and 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A. (U.S. Bank), HOC's master servicer for the Mortgage Backed Securities (MBS) program. New America Financial Corporation ("NAFC") has submitted a request to participate in the MPP. NAFC meets the criteria for approval.

Currently, 36 lenders are approved for participation in the MPP. Of the 36 lenders, 32 have cleared the U.S. Bank approval process bringing the approved MBS lenders to 32 per Attachment 1. With the approval of NAFC, the total lenders approved to participate in the MBS/MPP will increase to 33.

Approved lenders receive training from HOC staff and U.S. Bank before they are allowed to begin originating and closing loans in the MPP. Under the MBS program, HOC underwrites for program compliance and the lenders underwrite for credit worthiness.

Lender approval will apply to both the 1979 Single Family Mortgage Revenue Bond Resolution and the 2009 Single Family Housing Revenue Bond Resolution.

NEW AMERICA FINANCIAL CORPORATION (“NAFC”)

New American Financial was established in 2006. Their offices are located in Gaithersburg, MD where the entire lending process will be conducted. New America Financial Corporation’s mission is to assist homeowners with a low cost, easily accessible and hassle free residential mortgage loans.

New America Financial participates in the Maryland CDA program, the City of Gaithersburg Down Payment Assistance Program, the PG County My Home II and the Rockville REACH Program for down payment assistance. NAFC is a licensed Mortgage Lender in several states along the East Coast from New Jersey to Florida.

NAFC’s goal in 2016 is to increase marketing of the various HFA programs to include radio, print and mail campaigns as well as holding training seminars for their realtor referral partners. NAFC has an experienced group of Hispanic loan officers, processors and offer TTY Relay service.

New America Financial Corporation is a FHA approved lender and its application as a seller servicer for Freddie Mac is pending. NAFC is an approved lender with U.S. Bank’s Mortgage Revenue Bond Program (MRBP) division.

Servicing

Under the HOC MBS Program, lenders will release servicing and receive a loan origination fee of between 2% and 0% based on the time lapse between loan origination and purchase. Lenders receive a higher origination fee the earlier the loan is purchased. Servicing is handled through U.S. Bank, which the Commission has approved as the Master Servicer.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve New America Financial Corporation for participation in the Mortgage Purchase Program?

PRINCIPALS:

New America Financial Corporation
Housing Opportunities Commission

BUDGET IMPACT:

None.

TIME FRAME:

Action at the April 6, 2016 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends approval of New America Financial Corporation for participation in the Mortgage Purchase Program.

RESOLUTION No 16-20:

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

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

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

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

WHEREAS, New America Financial Corporation has applied for participation in the Mortgage Purchase Program; and

WHEREAS, New America Financial Corporation has satisfied the required criteria for admittance to the Mortgage Purchase Program.

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on April 6, 2016.

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

Attachment 1

<u>Approved HOC/U.S. Bank Lenders</u>	
1.	ACADEMY MORTGAGE CORPORATION
2.	APEX HOME LOANS, INC.
3.	BAY CAPITAL MORTGAGE CORPORATION
4.	C & F MORTGAGE CORPORATION
5.	CALIBER FUNDING LLC
6.	CORRIDOR MORTGAGE GROUP
7.	EAGLE BANK
8.	EMBRACE HOME LOANS
9.	FIRST HOME MORTGAGE
10.	FIRST MARINER BANK
11.	HOMEBRIDGE FINANCIAL SERVICES, INC. <i>(Formerly Real Estate Mortgage Network)</i>
12.	HOMESIDE FINANCIAL, LLC
13.	HOMESTEAD FUNDING CORP.
14.	INTEGRITY HOME MORTGAGE CORPORATION
15.	K. HOVNIANIAN AMERICAN MORTGAGE, LLC
16.	loanDepot.com LLC dba MORTGAGE MASTER, INC.
17.	MONARCH MORTGAGE
18.	NVR MORTGAGE
19.	MOVEMENT MORTGAGE, LLC
20.	PEOPLES HOME MORTGAGE, a division of Peoples Bank
21.	PRESIDENTIAL BANK, FSB
22.	PRIMELENDING
23.	PROSPECT MORTGAGE
24.	PROSPERITY HOME MORTGAGE, LLC (PHM)
25.	SANDY SPRING BANK
26.	SOUTHERN TRUST MORTGAGE
27.	STEARNS LENDING, INC.
28.	THE WASHINGTON SAVINGS BANK
29.	UNION MORTGAGE
30.	UNIVERSAL AMERICAN MORTGAGE CO.
31.	WEICHERT FINANCIAL SERVICES
32.	WELLS FARGO HOME MORTGAGE

Information Exchange

HOC Events

Success Through RAD



On Friday, March 4, 2016, HOC held our first Success Through RAD event to update the agency's RAD projects and recognize the support of our partners including HUD, Montgomery County, Harkins Builders and HOC staff who have worked tremendously hard on financing, development and resident outreach for each RAD property.

The event was live-streamed from Waverly House to HOC offices in Kensington, Gaithersburg and Silver Spring. Speakers included HOC Chair Sally Roman; Montgomery

County Councilmember Hans Riemer; Suzanne Lofhjelm from Rep. Chris Van Hollen's office; Marvin Turner, Director of HUD's D.C. field office; Tom Davis, Director of HUD's Office of Recapitalization; Kayrine Brown, HOC Chief Investment and Real Estate Officer; Paul Connolly from R4 Capital; and Rich Mazzocchi from Boston Capital.

The event concluded with the commencement of renovations at Waverly House by knocking down doors, cabinets and fixtures inside one unit with golden sledgehammers. Renovations at Waverly House and Arcola Towers (which started in February) should be completed in 16 to 18 months.

General Staff Meeting

On Tuesday, March 15, HOC held a General Staff Meeting (GSM) at the F. Scott Fitzgerald Theatre in Rockville. This event provides an opportunity to bring staff together and discuss agency initiatives, programs and other important information.

I reviewed metrics for each division which enable the agency and staff to set goals and measure our progress throughout the year.



These goals aim high and will require hard work and dedication. But Team HOC has a winning record of not only meeting goals but surpassing them. I believe 2016 will be a tremendous year for the agency and our staff.

During the GSM, we recognized several staff members who have demonstrated outstanding leadership. Members of the Real Estate and Towne Centre Place teams were singled out for their hard work and excellent service to clients. During the RAD renovations last summer, they assisted residents with relocation, provided transportation and some gave residents money every week to help them wash their clothes at the hotel. I'm sure you'll join me in applauding their dedication to the mission of HOC in going above and beyond to support our customers.

HOC Academy

Nationally recognized STEM program selects two HOC students

In February, HOC Academy offered students an opportunity to apply for the United States Military Academy at West Point's Summer STEM Workshop. The program brings together 6th and 7th graders from across the country to participate in a Robotics camp hosted by West Point professors and cadets.

I am pleased to report that two HOC students have been selected to participate this summer. Shaylyn Woods (pictured) and LeVar Tyson-Ames III were standouts in HOC Academy's Robotics Camp at Seneca Ridge last summer. In their applications to West Point, both students discussed their interest in STEM and future aspirations. Levar Tyson-Ames III wrote that he hopes to use his education to help cancer patients improve their mobility with robotics.



West Point will cover their tuition, meals and housing expenses during the summer workshop while HOC will cover travel costs for students and their guardians. This unique summer program offers students a hands-on learning experience and I know both HOC students will excel in this workshop.

Building Trades Construction Course Graduation



On Friday, March 11, HOC Academy held a graduation ceremony for its third class of the Building Trades Construction Course. Participants received their CPR/ First Aid/ Automated External Defibrillator (AED) and OSHA 10 certifications during the course.

Of the five graduates, two are employed, one was recently offered a job and two are receiving tuition assistance through HOC Academy to continue their construction training. HOC Academy is providing

clients with new opportunities and, as you can see, these opportunities are paying off in a big way.

Girls Got IT!

I am pleased to announce that HOC Academy was recently notified by the National Center for Women and Information Technology (NCWIT) that it has received two additional grants for the Girls Got IT! program. The grants will enable HOC Academy to launch a summer program at Magruder's Discovery and Stewartown, bringing the total number of program sites to three. The Girls Got IT! program is currently held on weekends at MetroPointe.

Housing Resources

FSS and HOC Connects

HOC Connects continues to assist clients in our Family Self-Sufficiency (FSS) program. This week, HOC distributed 43 Acer laptops to FSS participants. HOC Connects and FSS allow program participants in good standing who are pursuing educational goals to purchase a laptop for the low price of \$50.

Access to technology and the internet are essential to get ahead in an increasingly high-tech world. These laptops will better enable clients to take advantage of academic and employment resources.

After the distribution, several FSS participants thanked HOC and indicated that the laptops will be helpful as they work to achieve their goals. This program is an important contribution to the goals of HOC and HOC Academy as we help clients realize their personal goals and increase their self-sufficiency.

Legislative & Public Affairs

HUD Housing Study



You may have noticed a new banner on HOC's website promoting a housing study by HUD.

The study focuses on renters: how they search for a new residence and any obstacles they face. Participants call a toll-free number where someone will ask them a series of questions. It takes approximately 30 minutes to complete and participants receive a \$50 gift card.

HUD will use information from this study to reform fair housing enforcement and the design of its methodology for future studies of discrimination in the rental housing market. Additionally, it will be used to develop potential programs to help disadvantaged renters overcome obstacles during their housing search process.

HUD aims to recruit 500 to 700 people who have recently moved or who are currently looking for rental housing. Recruitment has been difficult which is why HOC is assisting with their efforts.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

April 2016

6	Public Hearing – <i>(Roman)</i> re: HOC’s Proposed Fiscal Year 2017 Annual Public Housing Agency Plan	3:30 p.m.
6	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
10-12	NAHRO – Washington Conference <i>(All)</i> (Crystal Gateway Marriott, 1700 Jefferson Davis Hwy., Arlington, VA 22202)	
11	HOC Town Hall Meeting <i>(All)</i> (Tilden Middle School, 11211 Old Georgetown Rd., Rockville, MD 20852)	6:00 p.m.
13	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman)</i>	12:30 p.m.
13	Town Center Board Meeting <i>(Simon, Roman)</i> (Kensington Hearing Room)	2:30 p.m.
13-16	NALHFA 2016 Annual Conference (Dallas Fairmont, 1717 N. Akard St., Dallas, TX 75201)	
18	Resident Advisory Board Meeting <i>(Croom)</i>	6:00 p.m.
19	Bauer (Banor) Board Meeting <i>(Hatcher, Nelson)</i>	7:30 p.m.
21	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman)</i>	10:00 a.m.
22	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	9:30 a.m.
22	Status/Lunch Meeting w/Executive Director <i>(All)</i> – Location TBD	12:00 noon
24-27	MARC/NAHRO Conference & Trade Show <i>(All)</i> (Resorts Hotel & Casino, 1133 Boardwalk, Atlantic City, NJ 08401)	
25	Agenda Formulation <i>(Roman, Nelson)</i>	12:00 noon
26	Presidential Primary and State Primary Elections	7:00 a.m. – 8:00 p.m.
28-29	National Housing Conference <i>(All)</i> (Baruch College, 55 Lexington Ave., New York, NY 10010)	

May 2016

4	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
5	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman)</i>	10:00 a.m.
11	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman)</i>	12:30 p.m.
13	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	9:30 a.m.
16	Affordable Housing Conference Summit 2016 <i>(All)</i> (Bethesda North Marriott, 5701 Marinelli Rd., Bethesda, MD 20850)	8:00 a.m. – 3:00 p.m.
16	Agenda Formulation <i>(Roman, Nelson)</i> (reschedule)	12:00 noon
16	Resident Advisory Board Meeting <i>(Croom)</i>	6:00 p.m.
17	Agenda Formulation <i>(Roman, Nelson)</i>	12:00 noon
18	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman)</i>	10:00 a.m.
18-20	MAHRA 2016 Spring Conference <i>(All)</i> (Clarion Resort – Fountainbleau, 10100 Coastal Highway, Ocean City, MD 21842)	
18	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman)</i>	10:00 a.m.
24	Legislative and Regulatory Committee Meeting <i>(Hatcher, Croom, Simon)</i>	3:30 p.m.
30	Memorial Day (HOC Offices Closed)	

June 2016

1	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
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2	HOC Staff Appreciation Day <i>(All)</i> – High Point Farms, 23730 Frederick Rd., Clarksburg, MD 20871	11:00 a.m.
10	Tony Davis Scholarship Committee Meeting <i>(Simon)</i>	10:00 a.m.
10	Status/Lunch Meeting w/Executive Director <i>(All)</i> – Location TBD	12:00 noon
13	Town Hall Meeting <i>(All)</i> – Montgomery Village Middle School, 19300 Watkins Mill Rd., Montgomery Village, MD 20866	6:30 p.m.
17	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	9:30 a.m.
20	Resident Advisory Board Meeting <i>(Croom)</i>	6:00 p.m.
27	Agenda Formulation <i>(Roman, McFarland)</i>	12:00 p.m.

July 2016

4	Independence Day (HOC Offices Closed)	
13	Tony Davis Award Reception <i>(All)</i> – Kensington Atrium	3:00 p.m.
13	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
18	Resident Advisory Board Meeting <i>(Croom)</i>	6:00 p.m.
19	Legislative and Regulatory Committee Meeting <i>(Hatcher, Croom, Simon)</i>	3:30 p.m.
22	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	9:30 a.m.
25	Agenda Formulation <i>(Roman, McFarland)</i>	12:00 noon

August 2016

2	National Night Out <i>(All)</i>	5:00 p.m. – 9:00 p.m.
3	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
8	Town Hall Meeting – <i>(All)</i> Brookhaven Elementary School, 4610 Renn St., Rockville, MD 20853	6:00 p.m. – 7:30 p.m.
9	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman)</i>	10:00 a.m.
19	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	9:30 a.m.
19	Status/Lunch Meeting w/Executive Director <i>(All)</i> – Location TBD	12:00 noon
29	Agenda Formulation <i>(Roman, Hatcher)</i>	12:00 noon

Activities of Interest

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-07	Spring 2016	Procurement Policy	Willison	In Progress
TD-15-01	Spring 2016	Property Tour Part II – RAD 6 Properties	Brown/Birdsong	In Progress
TD-15-02	Spring 2016	Update Administrative Guide for Commissioners and Staff	Spann	In Progress
TD-15-03	Spring 2016	Worksession – Assisted Housing and Family Self-Sufficiency Program (May 18 th BF&A)	Sorrells	In Progress
TD-15-04	Spring 2016	Mortgage Finance: Research Items <ul style="list-style-type: none"> • Loan Limit Testing • FHA Troubled Access Recovery 	Brown	To Be Scheduled
TD 16-02	Fall 2016	Personnel Policy	Mattingly	In Progress

Committee Reports and Recommendations for Action

Development and Finance Committee

**APPROVAL TO AMEND THE DEVELOPMENT PLAN FOR TPM DEVELOPMENT
CORPORATION TO COMPLETE ADDITIONAL RENOVATION SCOPE AND
AUTHORIZATION OF ADDITIONAL FUNDING FROM THE COUNTY REVOLVING
MPDU/PROPERTY ACQUISITION FUND**



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
SHERYL HAMMOND

April 6, 2016

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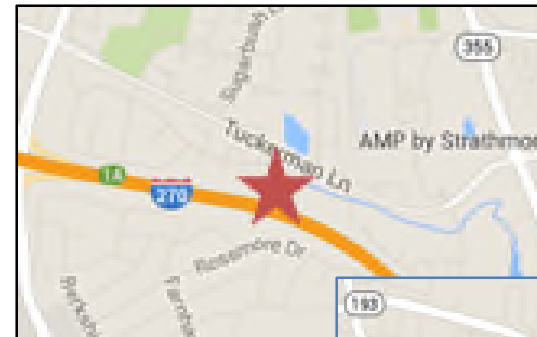
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Executive Summary and Recommendations

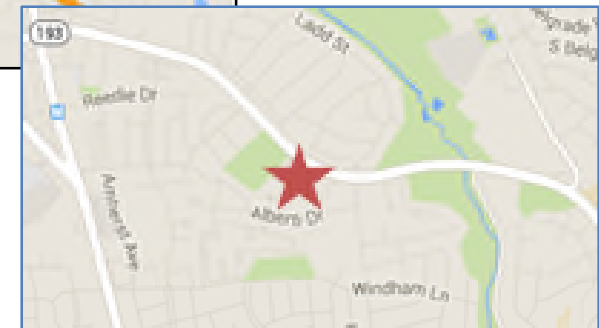
- TPM Development Corporation (“Corporation”) – an entity wholly controlled by the Housing Opportunities Commission of Montgomery County (“HOC”) – consists of Timberlawn Crescent (“Timberlawn”), a 107-unit development located in North Bethesda; Pomander Court (“Pomander”), a 24-unit, clustered-townhome community located in Silver Spring; and MPDU II, a collection of 59 scattered site units.
- In April 2013, staff was alerted to structural deficiencies throughout the outdoor decking system at Timberlawn. Since the property was in need of a more comprehensive renovation in general, staff proposed as part of the remediation of these issues, an update to the building envelope. As a result, on January 8, 2014, TPM Development Corporation approved the acceptance of an HOC subordinate loan to fund pre-development and exterior renovation cost. The exterior renovation of the 107 units at Timberlawn Crescent (exclusive of exterior doors) was completed in FY 2015.
- On May 6, 2015, TPM Development Corporation approved the final development plan and the interim funding of the interior renovations cost at Timberlawn and Pomander by a loan from HOC funded by draws on the PNC Bank, N.A. Real Estate Line of Credit (the “RELOC”). The interior renovation of Timberlawn and Pomander started in FY 2016 and are estimated to be completed in fall of 2016.
- Timberlawn requires additional improvements for parking lots, tree removal, sprinkler system update, rerouting Verizon wires from the exterior to the interior and bench replacements throughout the property.
- Pomander requires additional improvements for parking lots, storm water management, and exterior work to include gutter, downspout and wood trim replacement, as well as the removal of aged entry door canopies.
- Staff recommends the approval of inclusion of the additional capital improvements funded by additional loan funds from the MPDU Property Acquisition Fund (“MPDU/PAF”) of approximately \$358,000. All loans will be repaid from permanent financing proceeds in 2016, which are anticipated to be funded from permanent mortgage proceeds in 2016, anticipated to be funded from the issuance of tax-exempt bonds.

Locations, Descriptions and Transaction Rationale

- Timberlawn Crescent is located in North Bethesda off Tuckerman Lane across from Georgetown Preparatory School. It consists of 107 garden style apartments that are made up of 53 affordable and 54 market rate units.
- Pomander Court is located on University Blvd between Georgia Avenue and Arcola Avenue. It is a 24-unit clustered townhome community that consists of five affordable units and 19 market rate units.
- When the interior renovations are completed, the units will offer new energy efficient appliances, building systems and new finishes throughout that are competitive in the marketplace.
- Renovation of the 59 scattered MPDUs is not contemplated as staff is evaluating the best strategy for those units.



**Timberlawn
Crescent**



**Pomander
Court**

- During renovations additional renovation scope was identified for:
 1. Timberlawn, which requires additional tree removal, parking lot repairs and the replacement of the polybutylene pipes used for the sprinkler lines when a portion of the property was built.
 2. Pomander, which requires storm water management control, parking lot repairs, and exterior work to the townhome units to include replacing rotten wood trim and aged canopies, gutters and downspouts.

Financing Summary

Additional Scope

Sources	Amount
MPDU Property Acquisition Fund	\$2,355,000.00
PNC \$90MM RELOC	\$7,500,000.00
Total Sources	\$9,855,000.00
Uses	Amount
Timberlawn and Pomander Architect (Completed)	\$36,462.44
Timberlawn Exterior Renovations (Completed)	\$1,914,698.80
Timberlawn Playground and Lighting (Obligated)	\$293,966.20
Pomander Interior Renovations (Underway)	\$1,881,752.00
Timberlawn Interior Renovations (Underway)	\$5,480,100.00
Total Uses	\$9,606,979.44
Estimated Cost Savings	(\$248,020.56)
Proposed Additional Scope	Amount
Timberlawn Additional Scope (Proposed)	\$363,500.00
Pomander Additional Scope (Proposed)	\$216,000.00
Total Proposed	\$579,500.00
Estimated Cost Savings	(\$248,020.56)
Subtotal Funds Required	\$331,479.44
Contingency (8%)	\$26,518.36
Total Additional Funds Required	\$357,997.80
Proposed Loan Request	Amount
Proposed Loan Request	\$358,000.00

- Approximately \$110,000 remain from the previously approved MPDU/PAF loan funds and approximately \$138,000 remains from the loan from the \$90MM RELOC.
- Additional scope of work items were projected over then next five years for a total of \$579,500.
- Estimated cost savings of \$248,020 plus an additional \$358,000 (including an 8% contingency) will be required to complete the additional work.
- Staff proposes an additional loan from the MPDU/PAF in the amount of \$358,000 that will be repaid at the time of permanent financing.

Financing Summary

Financial Impact

- The additional scope items are estimated to yield a monthly rent increase for the market rate units equivalent to \$20 per unit.
- The permanent financing from the issuance of new tax-exempt bonds is projected to occur in the fall of 2016.
- Current projections show that the property will generate sufficient revenue to deliver new mortgage proceeds that repays all interim loans to Timberlawn Crescent, Pomander Court, as well as the 59MPDU properties.
- The mortgage proceeds will also fund all related financing cost; however, no developer fee is projected.

Overall Financial Impact

Sources	Original	Revised
Tax-Exempt Mortgage	\$17,929,873	\$18,519,168
Total Sources	\$17,929,873	\$18,519,168
Uses	Amount	Amount
Outstanding Balance (PNC-RELOC (Bond)	\$7,252,687	\$7,252,687
Repay County Revolving Fund	\$2,355,000	\$2,355,000
Construction Cost (PNC-RELOC)	\$7,200,000	\$7,500,000
Additional Scope	0	\$358,000
Reimbursement of Capital Expenses	\$122,842	\$32,231
Financing Expenses	\$448,247	\$462,979
Soft Costs	\$357,348	\$364,522
Reserves	\$193,750	\$193,750
Total Uses	\$17,929,873	\$18,519,168

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept recommendation of the Development and Finance Committee and approve the amendments to the final development plan for TPM Development Corporation? By approving the amendments, the Commission would approve the following:

1. Additional scope of work items for Timberlawn Crescent and Pomander Court.
2. Use of cost savings achieved during contract negotiation at Pomander Court to fund these renovations.
3. Additional interim loan of \$358,000 to the TPM Development Corporation drawn from the County Revolving MPDU/Property Acquisition Fund whose current obligated balance is \$3,994,084 as of March 31, 2016.

Time Frame

For action at the April 6, 2016 Commission Meeting

Budget and Fiscal Impact

There is no adverse impact for the Agency's FY 2016 operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve of the amendments to the final development plan for TPM Development Corporation. By approving the amendments, the Commission would also approve the following:

1. Additional scope of work items for Timberlawn Crescent and Pomander Court.
2. Use of cost savings achieved during contract negotiation at Pomander Court to fund these renovations.

Staff also recommends the approval of an additional interim loan of \$358,000 to the TPM Development Corporation drawn from the Revolving MPDU/Property Acquisition Fund, whose current obligated balance is \$3,994,084 as of March 31, 2016. The loan, along with funds previously drawn, will be outstanding for no more than 12 months and repaid from permanent loan proceeds in the fall of 2016.

RESOLUTION No. 16-21:

RE: Approval to Amend and Fund the Development Plan by Drawing up to \$358,000 by the Commission from the County Revolving MPDU/Property Acquisition Fund (“MPDU/PAF”) and the Commission’s Advance of Such Funds to TPM Development Corporation (“TPM”), for the Renovation of Timberlawn Crescent and Pomander Court

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 construction, rehabilitation and/or financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, the Commission entered into an Agreement with Montgomery County, Maryland (the “County”), effective July 1, 2015, as amended (together, the “Act”), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate and public purposes; and

WHEREAS, Timberlawn Crescent, a 107-unit development located in North Bethesda and Pomander Court, a 24-unit clustered townhome community located in Silver Spring (together, the “Projects”) are two properties owned by TPM, a wholly controlled corporate instrumentality of the Commission, and are in need of renovation and rehabilitation; and

WHEREAS, on July 17, 2013, the Commission approved a preliminary renovation and rehabilitation plan for the Projects, including exterior renovation at Timberlawn Crescent which was funded from an interim loan from the MPDU/PAF; and

WHEREAS, the HOC and TPM have been presented with an amendment to the final development plan which includes additional scope items for the Projects; and

WHEREAS, the Commission is authorized to use the MPDU/PAF to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC staff requests additional interim loan funds from the Commission funded by a draw on the MPDU/Property Acquisition Fund an amount not to exceed \$358,000 and the Commission’s advance of such funds TPM Development Corporation, to be repaid by TPM Development Corporation upon its future refinancing of the Projects.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the amendment to the development plan to complete the renovation of Timberlawn Crescent and Pomander Court.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a loan draw not to exceed \$358,000 from the County Revolving MPDU/Property Acquisition Fund for a term not to exceed 12 months.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it will advance the funds drawn from the County Revolving MPDU/Property Acquisition Fund to TPM Development Corporation, to be repaid by TPM Development Corporation upon its future refinancing of the Projects.

BE IT FURTHER RESOLVED the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director of the Housing Opportunities Commission of Montgomery County who serves as the Secretary of TPM Development Corporation, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it affirms that it is the intention of TPM Development Corporation to issue tax-exempt obligations in the maximum principal amount of approximately \$20,000,000 as part of the Project's projected permanent financing for the purpose of repaying any and all outstanding amounts drawn from the RELOC, repaying the County Revolving Fund, reimbursing capital expenditures and other financing costs incurred with respect to the Projects, and paying future capital expenditures incurred with regard to the Projects

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of TPM Development Corporation, that it affirms all prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance thereof, the same are hereby in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of TPM Development Corporation that all other

resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of TPM Development Corporation, at a regular open meeting conducted on April 6, 2016.

Patrice M. Birdsong
Special Assistant to the Commission

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AUTHORIZATION TO EXPEND ADDITIONAL PREDEVELOPMENT FUNDS OF UP TO \$1,500,000 OF OPPORTUNITY HOUSING RESERVE FUNDS FOR THE SUBMISSION OF THE DETAIL SITE PLAN FOR ELIZABETH HOUSE III AND ALEXANDER HOUSE TO M-NCPPC AND MONTGOMERY COUNTY AND TO COMPLETE DESIGN DEVELOPMENT PLANS FOR ELIZABETH HOUSE III



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN

ZACHARY MARKS

BRIAN KIM

HYUNSUK CHOI

April 6, 2016

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Executive Summary

- On October 7, 2015 the Commission approved a revised development plan including project funding of \$4,500,000 to complete the design and engineering documents for Elizabeth Square, issuance of permits for Elizabeth House III, and the closing on the construction financing for Elizabeth House III. The funding request is divided into four installments, each requiring separate Commission approval.
- On October 7, 2015 the Commission approved the first installment of predevelopment funding totaling \$750,000 to begin work for submission of the site plan.
- Staff anticipates submission of a detailed site plan for Elizabeth House III and Alexander House on May 9, 2016.
- Staff anticipates design development plans for Elizabeth House III to be completed by May 23, 2016.
- Staff anticipates bringing the final development plan for approval to the Commission by July 2016.



- 1 Phase I - EH III**
 - 267 Units
 - 15 Stories
 - Senior Housing
- 2 Phase II – EH IV**
 - 274 Units
 - 19 Stories
 - Family Housing
- 3 Alexander House**
 - 305 Units
 - 16 Stories
 - Family Housing



Projected Predevelopment Budget

- Previous Funding Requests.

Approval Date	Amount	Funds Remaining	Use of Funds
March 6, 2014	\$730,000	\$0	Project and preliminary plan preparation
September 3, 2014	\$910,949	\$0	Begin site plan - SD Phase (Elizabeth Square)
August 5, 2015	\$600,000	\$0	Continue site plan - SD Phase (Elizabeth Square)
October 7, 2015	\$750,000	\$367,106.74	Continue site plan – Completed SD Phase (EH III)
TOTAL	\$2,990,949		

Note: SD – Schematic Design

- Estimated total funding required for approval of site plan, permits, and closing loan - \$4.5MM.

- **\$750,000** - First installment of predevelopment funding needed by **October 2015** to begin the site plan application process for the revised plan (including EHIV). Approved on October 7, 2015



- **\$1,500,000** – Second installment of predevelopment funding needed by **April 2016** to submit site plan and complete design development plans.
- **\$1,500,000** – Third tranche of predevelopment funding needed by **July 2016** to prepare construction document bid sets.
- **\$750,000** – Fourth tranche of predevelopment funding needed by **January 2017** to close on construction loan.

Projected Predevelopment Budget

Discipline	16-Jan	16-Feb	16-Mar	16-Apr	16-May	16-Jun	16-Jul	16-Aug	16-Sep	16-Oct	16-Nov	16-Dec	17-Jan	17-Feb	17-Mar	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, Elevator)	\$95,003	\$95,003	\$95,003	\$95,003	\$180,958	\$180,958	\$180,958	\$180,958	\$180,958	\$180,958	\$180,958	\$221,674	\$221,674	\$221,674	\$221,674	\$2,533,415
Legal (Zoning)	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917				\$275,000
Civil Engineering	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042				\$852,500
Construction Management (Preconstruction)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$75,000
Third Party Consultants									\$18,000				\$10,000			\$28,000
Legal (Contract, Tax Credit(Application, Structuring & LOI Negotiation)					\$30,000			\$30,000								\$60,000
Tax Credit Application, Reservation Fee, Allocation Fee and Due Diligence Tasks								\$2,500	\$5,000					\$95,000		\$102,500
Permit Fees															\$380,000	\$380,000
County Fibernet													\$85,000			\$85,000
Total Costs	\$193,961	\$193,961	\$193,961	\$193,961	\$309,916	\$279,916	\$279,916	\$315,417	\$302,916	\$279,916	\$279,916	\$320,632	\$236,674	\$406,674	\$606,669	\$4,391,415

- The above schedule outlines the likely predevelopment expenditures through closing. To prepare for closing during 1st Quarter of 2017, staff will have to engage legal services to prepare contract documents, third-party professionals, third-party reports, architectural services to begin permit/construction drawings for the new construction plan, and prepare LIHTC application to CDA.
- The unobligated balance in the OHRF as of February 29, 2016 is \$8,641,168. If approved, the unobligated OHRF balance is \$7,141,168.

Request a second installment of pre-development fund: \$1,500,000

All OHRF funds reimbursed at close of financing (projected for 1st Quarter of 2017)

Projected Schedules

Projected Site Plan Schedule	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
Site Plan Pre-Screen Submission										
Site Plan Initial Submission										
Site Plan Final Submission										
Development Review Committee (DRC) Meeting										
Planning Board Meeting										

- Staff will have a community outreach meeting on March 16, 2016 to show the new design before submitting the site plan-- submission end of June 2016.
- On May 9, 2016, staff will submit the initial site plan to the County.
- Staff projects the planning board meeting November 3, 2016.

Architecture Schedule	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Schematic Design														
Design Development														
Permit Documents														
Construction Documents														

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee to approve an additional \$1,500,000 of predevelopment funds to submit a Site Plan for Elizabeth House III and Alexander House and to complete the design development plans for Elizabeth House III?

Time Frame

Action at the meeting of the Commission on April 6, 2016.

Budget Impact

There is no adverse impact for the Agency's FY 2016 operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve an additional \$1,500,000 of predevelopment funds to submit a site plan for Elizabeth House III and Alexander House and to complete the design development plans for Elizabeth House III.

RESOLUTION No. 16-22:

RE: AUTHORIZATION TO EXPEND ADDITIONAL PREDEVELOPMENT FUNDS OF UP TO \$1,500,000 OF OPPORTUNITY HOUSING RESERVE FUNDS FOR THE SUBMISSION OF THE DETAIL SITE PLAN FOR ELIZABETH HOUSE III AND ELIZABETH HOUSE IV TO M-NCPPC AND MONTGOMERY COUNTY AND TO COMPLETE DESIGN DEVELOPMENT PLANS FOR ELIZABETH HOUSE III

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South, consisting of three discrete properties; Alexander House, owned by Alexander House Development Corporation (“Alexander House”); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) and Fenwick Professional Park owned by Lee Development Group (“LDG”); and

WHEREAS, on February 18, 2014, HOC entered into a pre-development agreement and preliminary plan submittal phase with LDG, Inc., an affiliate of LDG, as authorized by Resolution 14-13, adopted on February 18, 2014 and ratified by Resolution 14-13-R, adopted on March 5, 2014; and

WHEREAS, on May 28, 2014, the Commission passed Resolution 14-34 approving the essential business terms of the ground lease and land development agreement and authorizing the Executive Director to negotiate and execute the land development agreement (“Agreement”), which Resolution 14-34 was ratified by the Commission on June 4, 2014 by Resolution 14-34-R; and

WHEREAS, HOC and LDG entered into the Agreement as of July 31, 2014; and

WHEREAS, on July 23, 2015, the preliminary and project plans for Elizabeth Square were unanimously approved by the County Planning Department; and

WHEREAS, preliminary and project plans approved up to 766,046 square feet of residential development with up to 907 dwelling units, up to 6,032 square feet of non-residential uses, and up to 63,896 square feet of public use facilities; and

WHEREAS, HOC has now completed the feasibility phase of Elizabeth Square and is prepared to develop the detail site plan for improvements along the street frontage of Alexander House and the construction of both Elizabeth House III, which will be constructed on the Fenwick Professional Park site, and Elizabeth House IV, which will be constructed on the existing Elizabeth House site; and

WHEREAS, as part of the detail site plan phase, the development consultants are prepared to initiate the site plan process by submitting an application to M-NCPPC and the County Planning Department; and

WHEREAS, the Commission previously approved predevelopment funding totaling \$2,990,949; and

WHEREAS, staff seeks approval for additional predevelopment funding estimated to cost \$4,500,000 to carry the development through the completion of design and engineering documents for Elizabeth House III, Alexander House and Elizabeth House IV, issuance of permits for Elizabeth House III, and the closing on the construction financing for Elizabeth House III, with the additional funding request to be divided into four installments, each requiring Commission approval; and

WHEREAS, the first installment of \$750,000 was funded out of the Opportunity Housing Reserve Fund from monies yielded by the sale of certain scattered site units and reserved for investment in multifamily development opportunities.

WHEREAS, the second installment of \$1,500,000 can be funded out of the Opportunity Housing Reserve Fund for the submission of the detail site plan for Elizabeth House III and Elizabeth House IV to M-NCPPC and Montgomery County and to complete design development plan for Elizabeth House III.

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

1. it hereby authorizes up to ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) in costs for the detail site plan, which shall be funded from the Opportunity Housing Reserve Fund; and
2. the Executive Director is authorized to execute all applications and submissions necessary for the approval of a detail site plan for the development of Elizabeth House III and Elizabeth House IV, and to file such applications and submissions with all of the required regulatory agencies, including the Maryland-National Capital Park and Planning Commission and the County Planning Department.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on April 6, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

**APPROVAL OF DEVELOPMENT PLAN AND ADDITIONAL PREDEVELOPMENT FUNDING
FOR 900 THAYER AVENUE AND AUTHORIZATION TO SELECT AND FUND FINANCING
CONSULTANT COSTS**

MIXED-INCOME, RAD-RELOCATION FAMILY COMMUNITY



Stacy L. Spann, Executive Director

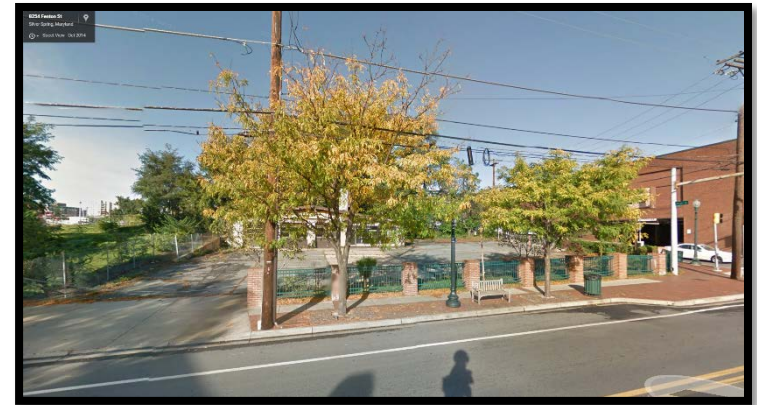
**Kayrine Brown
Zachary Marks**

April 6, 2016

Executive Summary

On March 16, 2016, the Commission acquired 28,526 square feet of land at the southwest corner of Thayer Avenue and Fenton Street (“900 Thayer”). The property already has Site Plan approval for 124 residential units with 5,267 square feet of ground-floor retail. Staff originally presented, and the Commission deferred, a plan to develop the site as relocation housing for 70 current Elizabeth House households. The balance of the units was to include 29 (non-RAD) Low Income Housing Tax Credit units and 25 market rate units. While 900 Thayer was originally designed to be a market rate multifamily deal, staff presented a repositioning of the project as an age-restricted community.

In the interim, several key events have occurred that present both greater urgency and enhanced opportunity for the immediate development of 900 Thayer. Under this revised plan, 900 Thayer would be delivered as a mixed-income family community and RAD relocation housing for the entirety of Holly Hall.



Key Events

Increased RAD
Program Complexity

Loss of Churchill II as
Relocation Housing

New HUD Mandate on
Partial Conversions

Determination of Holly
Hall as Family PH

- As the program has matured, HUD has continually added new requirements in the face of greater legal scrutiny.
- It is increasingly important to complete conversion of all Public Housing assets.
- Discovery of incompatibility between Project Based Section 8 subsidy and existing FHA Section 231 insurance.
- Churchill II was to provide 43 RAD relocation units for Holly Hall.
- HUD has begun to require that partial conversions be accompanied by full-asset conversion plans.
- With phased conversion planned for Elizabeth House, a single solution for Holly Hall becomes very valuable.
- In determining the post-conversion nature of subsidy, HUD has defaulted to using the PIC listing.
- Holly Hall is listed as a “General Occupancy” property in PIC.

Executive Summary

The newly configured 900 Thayer will include 74 one-bedroom units and 50 two-bedroom units. Of the 124 total units at which the site's development approvals are capped, there will be 96 RAD PBRA units spread throughout the property. All of these 96 RAD PBRA units will come from Holly Hall and allow for the full conversion of Holly Hall all at once at the end of 2016.

Under the previous recommendation from staff that presented 900 Thayer as an age-restricted project, there were some concerns that, with the delivery of The Bonifant and the start of Elizabeth House III in early 2017, adding 900 Thayer to the pipeline could test the depth of the senior affordable housing market in downtown Silver Spring.

Delivering 900 Thayer as a family community would eliminate market concerns and should appeal to Montgomery County Council, which recently expressed a desire for additional affordable family units in downtown Silver Spring.

As noted in the October 2, 2015 closed session, 900 Thayer could begin construction within four to six months needing only some changes to the unit mix and acquisition of building permits. Using 900 Thayer as part of HOC's push to complete its remaining two RAD conversions will allow the \$6.5MM in OHRF money, that would otherwise be indefinitely diverted, to fund more than a third of the remaining RAD relocation need. It would also give the redevelopment of Holly Hall a definitive timeline to start.

UNIT MIX, SIZE, & RENT				
Unit Type	Afford. Overlay	Unit Size	Unit Count	
1 BR	RAD-PBRA	640	54	
1 BR	LIHTC	640	0	
1 BR	MARKET	640	20	
2 BR	RAD-PBRA	910	42	
2 BR	LIHTC	910	0	
2 BR	MARKET	910	8	
				124

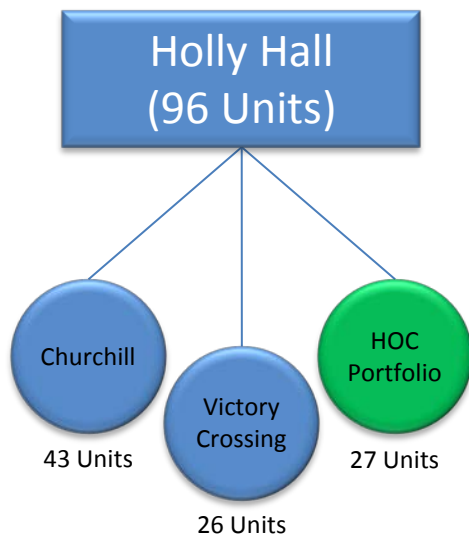
SOURCES OF FUNDS	AMOUNT	USES OF FUNDS	AMOUNT
Tax-Exempt Bonds	\$12,111,513	Construction Costs	\$21,871,201
Low Income Housing Tax Credits	\$7,334,321	Architecture & Engineering	\$1,712,431
Deferred Developer's Fee	\$1,250,000	Acquisition Costs	\$5,550,000
Gap Funding	\$14,150,118	Financing Fees and Charges	\$809,035
		Developer's Fees	\$2,500,000
		Other Soft Costs	\$1,526,639
		Guarantees and Reserves	\$876,646
TOTAL	\$34,845,952	TOTAL	\$34,845,952

The projected gap funding needed to complete the construction financing capital stack is approximately \$14.15MM (of which the \$6.5MM used to purchase the property would be a part). The additional \$7.65MM would come from OHRF monies.



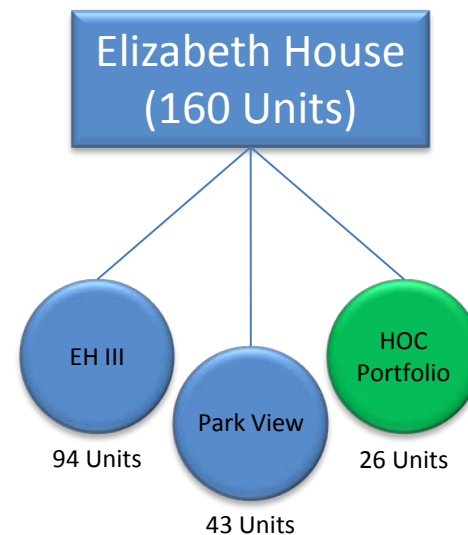
Final RAD Conversions

Old Plan



Project Approvals		
Relocation Project	Approval	Approval
	Level	Date
Park View	Commission	2/20/2015
HOC Portfolio	Commission	7/8/2015
Victory Crossing	Commission	8/5/2015
Elizabeth House	Commission*	10/7/2015
Churchill	D&F Comm.	1/22/2016

*Approved through site plan submission.



As January 2016 concluded, HOC moved toward finalization of the conversion plans for its final two Public Housing (“PH”) assets (“Old Plan”). While sound, the plans contained a number of distinct challenges. First, each property would see transfers of assistance to multiple properties. Though HUD had just released formalized protocol for phasing transfers to new construction properties, HUD continued to struggle with converting components of an asset at different times. Additionally, given the high occupancy within the HOC portfolio (as well as its ongoing permanent relocation efforts of other non-PH assets), placement of 53 RAD units would likely require the involvement of several assets.

Each RAD placement would be a separate transaction and would require navigating existing financing to which the RAD Use Agreement and HAP contract would have to be made senior. Nevertheless, staff felt the plan navigable.


Final RAD Conversions

The total RAD-attributable cost outlay of the Old Plan stood at \$20MM, assuming a present value of the on-going master lease payment at Churchill and of the lost revenue from the 53 portfolio units at which RAD Project Based Section 8 vouchers (“PBVs”) would be placed.

The cost of the use of HOC’s portfolio units is based upon existing market rate rents at Alexander House. While actual implementation may include some less expensive units, any unit used would have to pass RAD site and neighborhood standards as well as physical condition thresholds.

HOLLY HALL						ELIZABETH HOUSE					
Relo. Property	1BR	2BR	Total	Cost (\$)	Cost (\$/Unit)	Relo. Property	1BR	2BR	Total	Cost (\$)	Cost (\$/Unit)
Churchill	12	31	43	\$3,343,092	\$77,746	EH III	94	0	94	\$7,000,000	\$74,468
Victory Crossing	17	9	26	\$1,800,000	\$46,154	Park View	20	20	40	\$1,250,000	\$32,051
HOC Portfolio	25	2	27	\$3,307,314	\$122,493	HOC Portfolio	26	0	26	\$3,161,801	\$121,608
	54	42	96	\$8,450,407	\$88,025		140	20	160	\$11,411,801	\$71,324

COSTS: \$19,862,208

 = Present value (however, this relocation opportunity will require on-going payments)

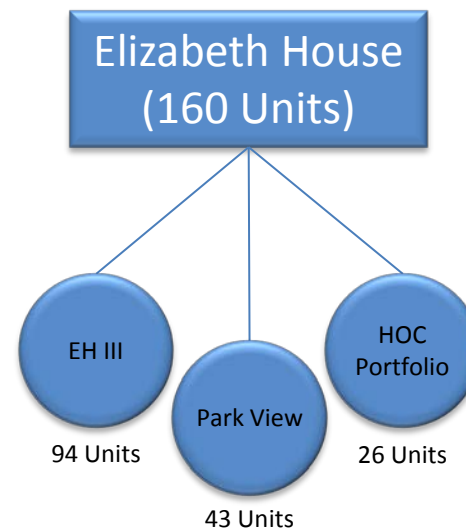
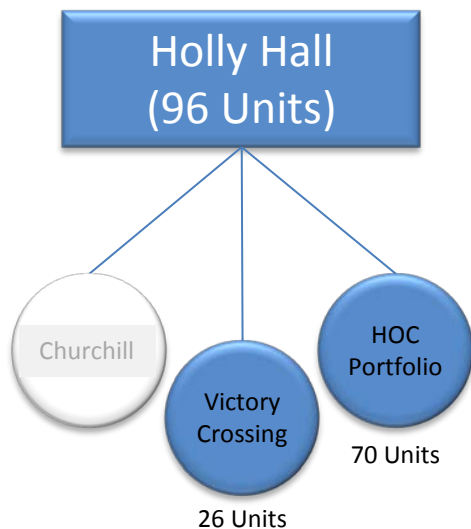
In addition to being the most complicated execution of transfer of assistance conversions, the HOC portfolio units are also the most expensive. This difference in cost has been cemented as HUD has recently provided notice that transfer of RAD assistance to existing affordable (i.e., LIHTC) units is unlikely to be approved.

HOC is making application to Montgomery County’s Housing Initiative Fund (“HIF”) for \$7MM to offset the cost of placing RAD units, over and above the cost of placing LIHTC units, in such a highly desirable location and new community. The appeal of the master lease at Churchill and the use of HOC portfolio units is the lack of up-front capital required. With so many other capital intensive projects closing over the next 12 months, staff developed this plan – sacrificing simplicity – with reduction of immediate capital outlays in mind.

However, though the Development & Finance Committee voted to recommend to the full Commission the master lease at Churchill, its members expressed reluctance in doing so (as the commitment was open ended).

Final RAD Conversions

Old Plan (Revised)



Toward the end of February, HOC staff determined (after months of discussion with HUD's Office of Recapitalization, FHA, and HOC's counsel and consultants) that the Section 231 loan used to finance the construction of Phase II of Churchill Senior Living was incompatible with Section 8 subsidy of any kind. This forced the 43 units at Churchill to which HOC had planned to transfer RAD assistance from Holly Hall to be absorbed by HOC's portfolio.

This would increase the utilization of HOC's portfolio over the Old Plan by 80% (from 53 total units to 96 total units), increasing the expense and complexity of the overall conversion.

Final RAD Conversions

With 43 additional units needing to be absorbed by the HOC portfolio, the total RAD-attributable cost outlay of the Old Plan increases to more than \$22MM (“Revised Old Plan”). The use of HOC’s portfolio for 96 units is significantly above the 51 units approved by Commission resolution in July 2015.

Should the Commission wish to stay the course following the Revised Old Plan, HOC staff would recommend that Victory Crossing be shifted to Elizabeth House and the 26 HOC portfolio units that were to receive transfers of assistance from Elizabeth House be shifted to Holly Hall.

HOLLY HALL						ELIZABETH HOUSE					
Relo. Property	1BR	2BR	Total	Cost (\$)	Cost (\$/Unit)	Relo. Property	1BR	2BR	Total	Cost (\$)	Cost (\$/Unit)
Churchill	0	0	0	\$0	\$0	EH III	94	0	94	\$7,000,000	\$74,468
Victory Crossing	17	9	26	\$1,800,000	\$46,154	Park View	20	20	40	\$1,250,000	\$32,051
HOC Portfolio	37	33	70	\$8,906,982	\$127,243	HOC Portfolio	26	0	26	\$3,161,801	\$121,608
	54	42	96	\$10,706,982	\$111,531		140	20	160	\$11,411,801	\$71,324

COSTS: \$22,118,783

= Present value (however, this relocation opportunity will require on-going payments)

To absorb 96 units into HOC’s portfolio would likely require it to use at least a half dozen properties. The implications of this path are several:

- Staff Bandwidth
- Conversion Risk
- HOC Portfolio
- Redevelopment Delay

With at least a half dozen properties likely needed to convert these 96 units, the number of discrete RAD transactions will more than double.

The increased number of conversion will introduce greater risk of conversion failure due to timing, complexity, and availability of viable relocation properties.

Placement of RAD Use Agreements at HOC properties over which HUD currently has no control runs counter to HOC’s RAD goal of reducing regulatory oversight.

The timing of the redevelopment (and thus capitalization) of the unencumbered Holly Hall and Elizabeth House sites is made less predictable and is potentially delayed.

Final RAD Conversions

New Plan



The final new development in February 2016 was the discovery that Holly Hall is listed in the Public and Indian Housing Information Center (“PIC”), the central repository for a Public Housing Authority’s inventory of Public Housing assets, as for general occupancy. This likely stems from a failure of HOC to renew (perhaps about five years ago) Holly Hall’s designation as for Elderly and Non-Elderly Disabled residents only. Failure to renew is a very common event across the country, and HUD rarely makes any changes in its systems other than PIC when a previously designated property fails to renew.

HOC could make a strong case to HUD that the erstwhile designation should be honored. Still, like any additional request of HUD related to RAD, this will likely introduce uncertainty and delay. In any event, HUD is always supportive of an expansion of access to post-conversion subsidy. Staff views treating Holly Hall as a general occupancy property as good tactical approach.

Final RAD Conversions

Staff recommends reintroducing the development of 900 Thayer as a mixed-income family property. Pairing 900 Thayer with Holly Hall and treating Holly Hall as a general occupancy property dramatically simplifies both the Holly Hall and Elizabeth House conversions.

First, Holly Hall can be converted all at once to a new construction property wholly owned by HOC, and the conversion can be completed this calendar year. Second, Victory Crossing can be used for Elizabeth House relocation housing, meaning that all remaining 256 units of Public Housing will see assistance transferred to newly constructed units. Third, no HOC portfolio units are needed for the two final RAD conversions.

Vacancy at Elizabeth House and Holly Hall is such that any elderly households at Holly Hall that wish to will be able to opt out of 900 Thayer and select from the other age-restricted opportunities. The NEDs residents of Holly Hall will be successfully reintegrated into multifamily living at 900 Thayer guaranteeing those households a new construction solution.

HOLLY HALL						ELIZABETH HOUSE					
Relo. Property	1BR	2BR	Total	Cost (\$)	Cost (\$/Unit)	Relo. Property	1BR	2BR	Total	Cost (\$)	Cost (\$/Unit)
900 Thayer	54	42	96	\$7,435,764	\$77,456	EH III	94	0	94	\$7,000,000	\$74,468
	54	42	96	\$7,435,764	\$77,456	Park View	29	11	40	\$1,000,000	\$25,641
						Victory Crossing	17	9	26	\$1,800,000	\$69,231
							140	20	160	\$9,800,000	\$61,250

COSTS: \$17,235,764

Use of 900 Thayer as a part of HOC’s RAD conversion effort is also more cost effective at nearly \$5MM less in RAD-attributable costs. It delivers a mixed-income multifamily community in a highly desirable part of downtown Silver Spring. Just as HOC staff plans to apply for a HIF commitment on Elizabeth House III for the RAD-attributable costs, staff will also do the same for 900 Thayer. At the February 22, 2015, meeting of the County’s Planning, Housing, and Economic Development (“PHED”) committee, Councilmembers and Council staff expressed a strong desire for affordable family units in downtown Silver Spring.

This development plan also eliminates all open-ended HOC commitments related to its RAD conversions. As noted above, the Development & Finance committee members expressed reluctance to the master lease at Churchill because of its open-ended nature. HOC’s non-Federal portfolio is left unmingled with RAD Use Agreements, and HOC’s conversion of its final two RAD properties are made simpler as the destination properties all have HOC demonstrably in control.

Final RAD Conversions

HOC will close a number of new construction transactions in calendar years 2016 and 2017. So, the need for construction equity will be sizable. While staff understood the Commission’s intent in approving the acquisition of 900 Thayer was simply to secure a property with notable opportunity, that opportunity is not sacrificed by advancing the development of 900 Thayer as a family RAD relocation transaction. Further, and as importantly, it activates \$6.5MM in OHRF monies for the purpose of completing HOC’s RAD conversion. This development plan markedly decreases the demands on HOC resources both because the RAD-attributable cost per unit is lower (900 Thayer vs. HOC Portfolio) and because the resources needed to complete the RAD conversion must be spent now.

Plan Comparison			
Relocation Project	Old	New	Cost
	Plan (v2)	Plan	Change
Holly Hall	\$10,706,982	\$7,435,764	(\$3,271,219)
Elizabeth House	\$11,411,801	\$9,800,000	(\$1,611,801)
	\$22,118,783	\$17,235,764	(\$4,883,019)

Demands on HOC Resources			
HOC Opportunity	Old	Old	New
	Plan (v1)	Plan (v2)	Plan
Holly Hall	\$8,450,407	\$10,706,982	\$14,150,118
Elizabeth House	\$11,411,801	\$11,411,801	\$9,800,000
Thayer (Land Bank)	\$6,610,000	\$6,610,000	\$0
	\$26,472,208	\$28,728,783	\$23,950,118

If there are misgivings on opportunity cost about utilizing 900 Thayer for significant RAD relocation use, those should be outweighed by the resources saved and the existing HOC portfolio properties left unencumbered by this development plan. Many other opportunities currently exist – in downtown Silver Spring and elsewhere. The soundest way to pursue these opportunities is through the most efficient and cost-effective completion of the RAD conversion.

Development Expenditures

Should the Commission wish to proceed with the development of 900 Thayer, staff recommends approaching Montgomery County's Department of Housing and Community Affairs to secure HIF money to offset the RAD-related costs of the transaction. Staff recommends requesting \$3.75MM: half of the RAD-related costs of placing RAD units in this new community. Because these units are coming from Hillandale, this is truly new affordable family housing opportunity in downtown Silver Spring – opportunity that delivers much sooner than Elizabeth House IV.

Development Cost	At closing	4/1/2016	5/1/2016	6/1/2016	7/1/2016	8/1/2016	9/1/2016	10/1/2016	11/1/2016	12/1/2016	
Acquisition*	\$6,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500,000
Brokerage Fee	\$65,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,000
Phase I	\$3,250	\$0	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0	\$13,250
Phase II	\$9,325	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,325
Reliance Letter (Survey & Site Plan)	\$550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$550
Appraisals	\$8,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,500	\$0	\$17,100
ALTA Survey	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000	\$0	\$12,000
Market Study	\$7,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,500	\$0	\$15,200
Architecture & Engineering	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0	\$600,000
Interior Design	\$0	\$0	\$0	\$30,000	\$30,000	\$35,000	\$35,000	\$0	\$0	\$0	\$130,000
Legal (Land Use)	\$4,000	\$0	\$2,500	\$2,500	\$5,000	\$5,000	\$2,500	\$0	\$0	\$0	\$21,500
Legal (Organization-Transactional)	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$32,000	\$11,000	\$5,000	\$58,000
Legal (Tax Credit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$80,000	\$90,000
Permits & County Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$734,000	\$0	\$0	\$734,000
Closing Costs	\$17,655	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,655
Real Estate Taxes	\$12,659	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,659
Title & Recording	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000
Sustainability Consultant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$0	\$35,000
Development Consultant	\$9,800	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$234,800
Contingency	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$180,000
	\$6,638,539	\$155,000	\$147,500	\$177,500	\$180,000	\$195,000	\$182,500	\$816,000	\$124,000	\$205,000	\$8,821,039
										\$2,182,500	

*Includes approximately \$1MM in architectural work.

The above schedule outlines the likely development expenditures through closing. On March 16, 2016, staff closed the transaction with \$6,638,539 in OHRF funds on 900 Thayer. As building permits are the only remaining requirement for construction, staff projects that it can secure 4% LIHTC equity and close by the end of the calendar year. The \$2,182,500 in development costs needed to reach closing at the end of the year would all be reimbursed to the OHRF at closing (or could be converted to equity to account for a portion of the \$7.65MM in gap financing needed over and above the \$6.5MM acquisition).

Development Consultant Selection

To assure that pursuit of 900 Thayer would not create issues of bandwidth, staff solicited bids from the three development-focused firms within HOC’s Development & Financing Consultant Pool: Audubon Enterprises, Mission First, and The Concourse Group, LLC (“TCG”). All three firms submitted bids. Not only was The Concourse Group’s bid the most competitive, it also recently hired Don Hague,

former head of new development for Home Properties. Mr. Hague has extensive new construction experience in downtown Silver Spring and is, in fact, a resident of downtown Silver Spring.

TCG is a specialized real estate consulting firm with a 13-year history of successfully supporting its clients’ real estate development projects. Since its inception in 2001, TCG’s expertise in real estate finance, development, and analysis has resulted in consulting on over three billion dollars’ worth of successful development projects – consisting of over 9,000 mixed income, affordable housing units, and four million square feet of office and mixed-use space across 37 states. TCG has two offices: one in Washington, DC and the other in Annapolis.

Within the prior five years alone, TCG has been the lead consultant assisting public sector clients on affordable housing projects totaling over 2,500 units. Since inception, TCG has consulted on over \$3 billion worth of successful developments that include over 9,000 affordable housing units and four million square feet of office and mixed-use space across 37 states. It is also currently supporting the RAD conversion of the entire portfolio of 6,000+ units for the Housing Authority of The City of El Paso. TCG’s clients include Alexandria Redevelopment and Housing Authority (ARHA), the Richmond Redevelopment and Housing Authority (RRHA), the North Little Rock Housing Authority (NLRHA), the Housing Authority of the City of El Paso (HACEP), The University of Massachusetts Building Authority, the US Air Force (housing), the Department of Veterans Affairs (housing), the US Army (housing) and the FBI (office, mixed-use).

Development Consultant	Effective Proposals				
	Monthly Fee*	Dev. Fee Split	Debt Fee	Equity Fee	Total Cost
Audubon Enterprises	\$75,000	\$0	\$158,433	\$92,322	\$325,755
Mission First	\$100,000	\$625,000	\$0	\$0	\$725,000
The Concourse Group	\$242,600	\$0	\$0	\$0	\$242,600
<i>*Assumes 10-month engagement.</i>					

900 Thayer – Property Overview

The future community at 900 Thayer will be an attractive, amenity-rich, energy-efficient family rental property located two blocks from the location of The Bonifant. Entitled under the CBD-1 zoning designation, the site currently bears a surface parking lot and a small auto service building on the site. Both a Phase I and Phase II commissioned by staff indicate no significant environmental risk. Removal of components of the auto service station must be carefully done and risk to accidents will be mitigated through the use of qualified remediation firms. The exterior of the future building has both ground floor amenities – including an inset

plaza entrance and outdoor seating terrace behind the building – and rooftop amenities – including a terrace and two wrap-around balconies atop the fourth residential floor (the fifth floor is set back). The building is full of windows, including shop-front windows along the ground floor. Adjacent to 900 Thayer is the approved Studio Plaza redevelopment. Most of those aggregated holdings are currently surface lots. Both the surface lots and future parking decks could be used to reduce parking in the 900 Thayer building.



Staff met with the Maryland-National Capital Park and Planning Commission’s (the “Planning Commission”) staff on July 28, 2015, where HOC’s potential involvement was met with enthusiasm. The Planning Commission’s staff confirmed that the building had all necessary approvals and could move to apply for permits. The Planning Commission’s staff also confirmed that 1) the 66 parking spaces in the current design could be reduced, 2) the retail space could be combined, and 3) the unit mix could be changed so long as the number of units remained equal to or less than 124. According to the Planning Commission’s staff, the neighborhood is in support of the project and would also support increased affordability.

900 Thayer – Property Overview

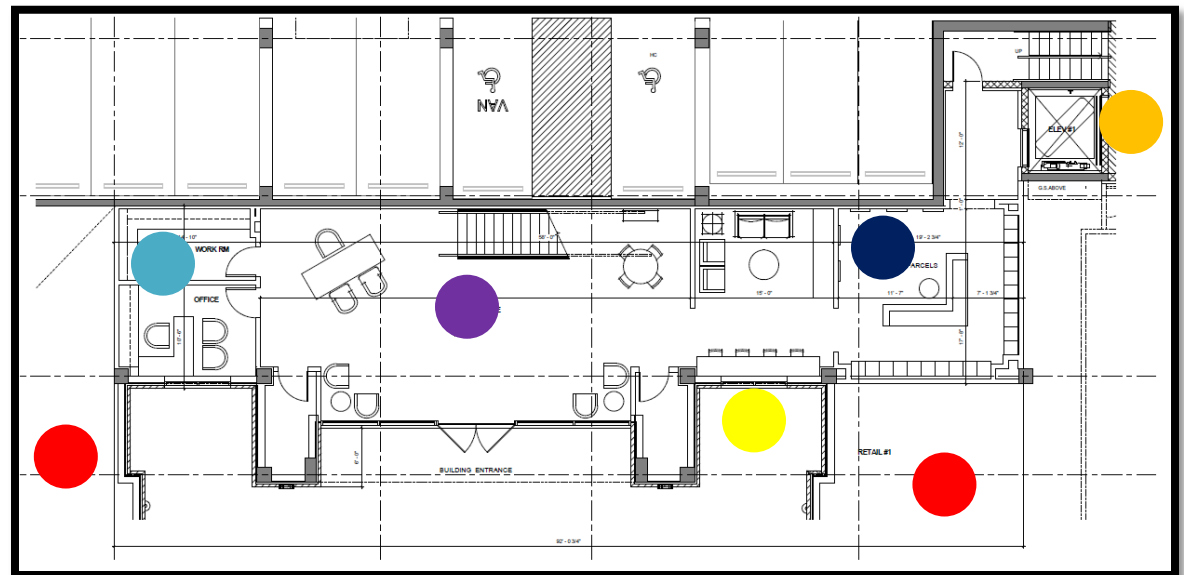
The building is currently designed to include a number of studio units, 30 two-bedroom units, and differing sizes for what were to be the market rate units and MPDUs. Staff will direct the architect to alter each floor plate plan – making all units the same size, reducing the two-bedroom unit count by two, and upsizing all studio units to one-bedroom units. Unit sizes at 900 Thayer will be larger than those of existing Holly Hall units.

UNIT MIX, SIZE, & RENT							
Unit Type	Afford. Overlay	Unit Size	Unit Count	Gross Rent	Utility Allowance	Net Rent	
1 BR	RAD-PBRA	640	54	\$787	(\$82)	\$705	
1 BR	LIHTC	640	0	\$1,229	(\$82)	\$1,147	
1 BR	MARKET	640	20	\$1,500	\$0	\$1,500	
2 BR	RAD-PBRA	910	42	\$895	(\$105)	\$790	
2 BR	LIHTC	910	0	\$1,475	(\$105)	\$1,370	
2 BR	MARKET	910	8	\$1,900	\$0	\$1,900	

Current one-bedroom Holly Hall residents will see a square-foot increase of more than 30%; two-bedroom households will see an increase of more than 35%. The projected affordability mix yields 77% RAD relocation units and 23% market rate units.

Staff consulted with two retail development groups who both enthusiastically endorsed the retail space planned for 900 Thayer. Both thought the spaces would fetch up to \$40 per square foot. Staff is assuming \$35 per square foot (and 10% vacancy) in the pro forma.

- Lobby & Greeting Center
- Manager's Office
- Mailboxes & Packages
- Elevator
- Business Center
- Commercial Spaces









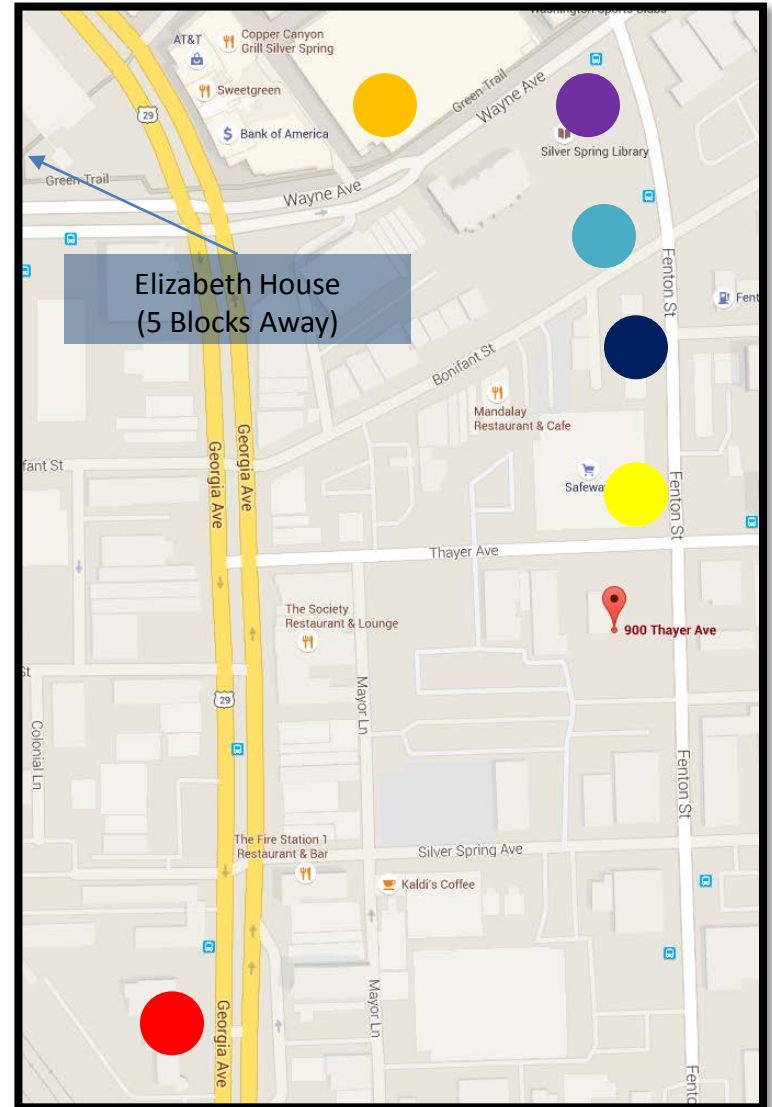
900 Thayer – Neighborhood Overview

While 900 Thayer is two blocks from the southern edge of redeveloped Downtown Silver Spring, it has good pedestrian access to all of these shops and services. Further, the new Silver Spring Library and The Bonifant have filled in one of the two blocks with new development. Between The Bonifant and 900 Thayer are a new condominium project and a Safeway that is ripe for eventual redevelopment as well.

Current Holly Hall residents only have bus access and are penned in by Interstate 495 and New Hampshire Avenue. Relocation to 900 Thayer will avail Holly Hall residents of substantial new multimodal transportation options. The just-approved future Purple Line station will be two blocks away.

The proximity of the Silver Spring Fire Station ensures quick fire, rescue, and paramedical response time.

-  Future Purple Line Station
-  New Silver Spring Library/The Bonifant
-  Loft 24 Condominiums
-  Downtown Commercial Core
-  Safeway Grocery Store
-  Silver Spring Fire Station



Development Team

The seller has assembled a first rate team (excluding development consultant) for the planning, design and approval of 900 Thayer Ave. Staff would like the Commission to authorize accepting assignment of contracts for architectural, structural & MEP, civil engineer & landscape services, interior design services and any other professionals previously engaged for the original development and approve any exceptions to the HOC Procurement Policy to facilitate such assignment.

Development Consultant

- The Concourse Group (TCG) is a specialized real estate consulting firm with a 13-year history of successfully supporting its clients' real estate development projects (from HOC Development and Financing Consultants pool).

Architect

- KTGy located in Tyson Corner, Virginia is an international full-service architecture and planning firm delivering innovation and artistry.
- Mark Drake, who is a principal at KTGy worked with HOC on the Wheaton Metro project when he was at Torti Gallas and Partners.

Structural Engineer & MEP

- Alliance Engineers located in Reston, Virginia is an experienced engineering firm, skilled with in producing cost-effective and efficient structural design – both on time and on budget.

Civil Engineer & Landscape

- Macris, Hendricks and Glascock (MHG) is located in Montgomery Village, Maryland. Since its establishment in October 1978, the firm has built a solid reputation for providing professional civil engineering, surveying, land planning and landscape architecture services to both public and private sector clients.

Summary and Recommendations

ISSUES FOR DISCUSSION & STAFF RECOMMENDATION (WHERE APPLICABLE)

1. Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the development plan for 900 Thayer as a 124-unit new construction family transaction to include 96 RAD PBRA units?
2. Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize a predevelopment loan of \$2,182,500 from the Opportunity Housing Reserve Fund to pay for development expenses related to this development plan for 900 Thayer?
 - The unencumbered balance in the OHRF as of March 2, 2016 is \$7.1MM (assuming approval of the Elizabeth House III request).
 - Staff will pursue gap funding sources that reduces the OHRF funding requirement.
3. Does the Commission wish to accept assignment of existing contracts for architectural, structural & MEP, civil engineer & landscape service, interior design services and any other professionals previously engaged for the original development and approve any exceptions to the HOC Procurement Policy to facilitate such assignment?
4. Does the Commission approve the selection of The Concourse Group as development consultant and authorize HOC to enter into a contract with The Concourse Group for \$250,000?

BUDGET IMPACT

No impact for the current Agency operating budget.

TIME FRAME

Action at the April 6, 2016 meeting of the Commission.

STAFF RECOMMENDATION

Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and :

1. Approve the development plan for 900 Thayer as a 124-unit new construction family transaction to include 96 RAD PBRA units.
2. Authorize a predevelopment loan of \$2,182,500 from the Opportunity Housing Reserve Fund to pay for development expenses related to this development plan for 900 Thayer.
3. Authorize acceptance of existing contracts for architectural, structural, MEP, civil engineer services, landscape service, interior design services and any other professionals previously engaged for the original development and approve any exceptions to the HOC Procurement Policy to facilitate such assignment.
4. Select The Concourse Group as development consultant and authorize HOC to enter into a contract with The Concourse Group for \$250,000.

RESOLUTION No.: 16-23

RE: Approval of Development Plan and Additional Predevelopment Funding for 900 Thayer Avenue and Authorization to Select and Fund Financing Consultant Costs

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

WHEREAS, the Commission wished to avail itself of opportunities to acquire land in downtown Silver Spring for future development of affordable housing, including the potential development of an alternative relocation option for the residents of HOC’S remaining Public Housing properties in concert with the conversion of and transfer of subsidy from those Public Housing properties via the Rental Assistance Demonstration (RAD) program; and

WHEREAS, on August 5, 2015, as ratified on September 2, 2015, the Commission authorized the execution of a Purchase and Sale Agreement with 900 Thayer Avenue LLC (the “Seller”) to purchase 28,526 square feet of land at the southwest corner of Thayer Avenue and Fenton Street (the “Property”), including design documents, design consulting contracts, and all other related due diligence; and

WHEREAS, pursuant to a Purchase and Sale contract which was executed on August 7, 2015, the Commission acquired the Property on March 16, 2016; and

WHEREAS, the property already has Site Plan approval for 124 residential units with 5,267 square feet of ground-floor retail; and

WHEREAS, when the development opportunity was presented to the Commission in October 2015, it deferred a plan to develop the site as relocation housing for 70 current Elizabeth House households, with the balance to include 29 (non-RAD) Low Income Housing Tax Credit units and 25 market rate units; and

WHEREAS, the Property was originally designed to be a market rate multifamily development; however, several key events have occurred that present both greater urgency and enhanced opportunity for the immediate development of 900 Thayer under a revised plan that would deliver it as a mixed-income family community and RAD relocation housing for the entire 96 units of Holly Hall; and

WHEREAS, the newly configured 900 Thayer will include 74 one-bedroom units and 50 two-bedroom units, including 96 RAD Project Based Rental Assistance (“PBRA”) units spread throughout the property and 28 market rate units; and

WHEREAS, to assure that the pursuit of 900 Thayer does not create capacity issues, staff has solicited bids from among the Commission-approved Development and Financing pool of professionals and is now recommending the selection of The Concourse Group (“TCG”) as the development consultant based on its proposed pricing of approximately \$242,600 and its experience as a specialized real estate

consulting firm that has successfully supported clients' real estate development projects with over 2,500 units in the last five years alone; and

WHEREAS, subject to approval by the Commission, the development team will be led by TCG but would include professionals who are members of the original transaction team and whose contracts will be assigned to HOC pursuant to the terms of the August 7, 2015 purchase agreement; and

WHEREAS, staff in concert with TCG had previously developed a predevelopment budget of \$2.18 million for architectural and engineering, legal, permitting, development consultant, and Low Income Tax Credit Application fees, among other related predevelopment expenditures, with such costs to be incorporated into the overall development budget, which is estimated to be \$34.8 million.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the development plan for the Property as well as the a predevelopment budget of \$2.18 million, which is to be funded as loan from the Opportunity Housing Reserve Fund ("OHRF") to be outstanding for 18 months but will be repaid from the construction loan closing projected to occur by December 31, 2016.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the selection of The Concourse Group as the Development Consultant for the transaction and approves funding of up to \$250,000 for engaging TCG to complete the development of the Property through project stabilization.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes accepting assignment of contracts for architectural services, mechanical, electrical and plumbing services (MEP), civil engineering services, interior design services and other professionals previously engaged by the Seller for its original development plan and approves exceptions to the HOC Procurement Policy to facilitate such assignment, where it is in the best interest of the development.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes 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 and actions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open session conducted on April 6, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

Legislative and Regulatory Committee

**AUTHORIZATION TO PARTNER WITH THE MARYLAND DEPARTMENT
OF HOUSING AND COMMUNITY DEVELOPMENT
UNDER THE MONEY FOLLOWS THE PERSON BRIDGE PROGRAM**

April 6, 2016

- The partnership with the Maryland Department of Housing and Community Development (DHCD) will entail setting aside 10 housing units that will be utilized to house participants in the Money Follows the Person Bridge Program (MFPB) for a period of up to 15 years.
- The Housing Opportunities Commission of Montgomery County is proposing to partner with DHCD to provide 10 dedicated units for MFPB participants.
- The Housing Opportunities Commission of Montgomery County will receive a subsidy for the 10 MFPB participants for three (3) years. Additionally, MFPB participants will pay 30% of their monthly income in rent (it is assumed that most will have SSI or SSDI income only).
- The Housing Opportunities Commission of Montgomery County will utilize its standard lease with an addendum to reflect needed differences in lease provisions based on the structure of the partnership and short-term subsidy.
- The Housing Opportunities Commission of Montgomery County anticipates that up to five of the 10 units will require some level of retrofitting to address the needs of those with physical mobility challenges. The Housing Opportunities Commission of Montgomery County is partnering with the Maryland Department of Disabilities, who is currently exploring funding resources for the retrofitting of these units.
- This resolution replaces resolution 16-17. Resolution 16-17 was tabled and or pulled due to concerns regarding the anticipated long-term loss of rent revenue for the units proposed to be set aside.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Division: Resident Services Staff: Fred Swan Extension: 9732

RE: Authorization to Partner with the Maryland Department of Housing and Community Development under the Money Follows the Person Bridge Program

DATE: April 6, 2015

STATUS: COMMITTEE: Committee Report X

OVERALL GOAL & OBJECTIVE:

The Housing Opportunities Commission of Montgomery County (“Agency”) is committed to addressing the housing needs of low-income residents of Montgomery County. Additionally, the Agency is aware of the challenges that low-income residents face in accessing housing after exiting institutions such as a hospital or nursing home. Understanding the barriers to accessing and maintaining housing for these sub-populations, the Agency is seeking authorization to partner with the Maryland Department of Housing and Community Development (DHCD) and set aside 10 housing units for these participants in the Money Follows the Person Bridge Program (MFPB). The 10 units that will be set aside will be exclusively utilized by this population for a period of up to 15 years.

BACKGROUND:

Accessing and maintaining housing for low-income residents in Montgomery County is a significant challenge. However, there are distinct sub-populations of low-income residents that typically face additional barriers beyond affordability. County residents exiting institutions such as hospitals and nursing homes, as well as, the non-elderly disabled face significant barriers in accessing housing. These include accessing and completing the application process for housing programs, qualifying and finding available housing units that meet their specific needs.

The Agency is proposing to partner with DHCD and provide 10 dedicated units to MFPB participants who are residents of Montgomery County. The Agency’s general vacancy rate is five (5) percent. There is no income generated from these vacancies. The intention of the Agency is to utilize these vacancies for the 10 units set aside. This will minimize costs, allow for some income generation and provide housing to residents in units that would otherwise remain vacant.

The Agency will receive a subsidy for the 10 MFPB participants for three (3) years. Additionally, MFPB participants will pay 30% of their monthly income in rent (it is assumed that most will have SSI or SSDI income only). Though some of these residents will qualify for and receive a non-MFPB subsidy after the initial three (3) year period, a subsidy is not required for occupancy (i.e., required rent payment will always be based on 30% of the resident's income). To offset the potential loss of rent revenue after the three (3) year subsidy period, the 10 residents occupying these units will be enrolled into the Rent Supplement Program (RSP). The RSP provided up to \$600 per month in long-term rental assistance. Based on eligibility criteria for the RSP (e.g., income no more than 40% of AMI and six months residency at designated program property), it is anticipated that all residents occupying these units will qualify and receive the maximum \$600 monthly rental assistance. The 10 units that will be set aside will be at HOC properties that are currently RSP designated properties (e.g., Montgomery Arms, Diamond Square, Tanglewood, Paddington Square, Green Hills, The Oaks and Westwood Towers).

The Agency anticipates that approximately five of the 10 units will require some level of retrofitting to address the needs of those with physical mobility challenges. The Agency is currently working with the Maryland Department of Disabilities, who is currently exploring funding resources for the retrofitting of these units. The estimated high-end cost for retrofitting each unit is \$10,000. Based on the properties identified for these units, it is anticipated that existing accessible units can be utilized. The Agency will utilize its standard lease with an addendum to reflect needed differences in lease provisions based on the structure of the partnership and short-term subsidy. The set-aside units will be managed and maintained (based on HUB location) through the Agency's existing property management and maintenance or structures (i.e., no additional management or maintenance infrastructure costs assumed).

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to execute an agreement with DHCD to set aside housing units for low- income residents who are participating in the MFPB?

PRINCIPALS:

Real Estate Development, Property Management, and Resident Services

BUDGET IMPACT:

The high-end estimated cost for retrofitting the projected five units is \$50,000. The continuous costs of the project will be the ongoing maintenance and capital costs for maintaining the units. These are costs the Agency would assume with the units remaining vacant as well. These costs will increase due to the units being occupied. However, the rental revenue that will be generated should offset these increased costs.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on March 15, 2016, and recommended it for Commission action on April 6, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee to enter into an agreement with DHCD for the purposes of setting aside 10 housing units that will be exclusively utilized by MFPB participants for a period of up to 15 years.

RESOLUTION: 16-24

RE: Authorization to Partner with the Maryland Department of Housing and Community Development under the Money Follows the Person Bridge Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) is seeking authorization to enter into an agreement with the Maryland Department of Housing and Community Development (DHCD) to set aside ten (10) units for participants in the Money Follows the Person Bridge Program (MFPB); and

WHEREAS, the MFPB provides housing subsidies for three (3) years to low-income residents exiting institutions such as hospitals and nursing homes; and

WHEREAS, HOC is also seeking authorization to ensure that all 10 units are utilized for this population and remain accessible for up to 15 years; and

WHEREAS, this resolution replaces Resolution 16-17.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes the execution of an agreement with DHCD as set forth above.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 6, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

Deliberation and/or Action

PRESENTATION OF THE EXECUTIVE DIRECTOR'S FY'17-18 RECOMMENDED BUDGET

April 6, 2016

- **The Executive Director's FY'17-18 Recommended Budget reflects the Housing Opportunities Commission of Montgomery County's ("HOC", the "Commission", or the "Agency") priorities and strategic objectives.**
- **The Recommended Operating Budgets for FY'17-18 are \$244.28 million and \$244.29 million, respectively.**
- **The Recommended Capital Budgets for FY'17-18 are \$295.7 million and \$183.2 million, respectively.**
- **The Budget, Finance and Audit Committee will review this budget proposal in detail and recommend the FY'17-18 Budgets, as amended, to the full Commission for adoption at the June 1, 2016 Commission meeting.**

resources across Montgomery County reflect quality housing options worthy of the region and the Agency's customers. Through the use of HUD's Section 18 Disposition and Rental Assistance Demonstration (RAD) Programs, HOC continues to reposition its former public housing which has rejuvenated its approach to providing affordable housing. HOC completed the first phase of re-imagining the way it approaches housing people – by focusing on real property assets as a platform for serving customers.

HOC has successfully converted its entire public housing scattered site portfolio and nine of the 11 public housing multifamily properties to a more secure voucher based subsidy. This has allowed the Commission to leverage the assets, thereby, affording the opportunity to renovate units where the lack of federal dollars had resulted in capital work being deferred for many years. The rewards of this financing will be realized for many years to come. The agency is increasing the value of its assets and, most importantly, is giving residents a modern, comfortable place to call home.

The continued success of this effort relies on focused and disciplined property management and property maintenance efforts. As new and rehabilitated housing is brought on line, the Property Maintenance team is critical in ensuring that the useful life is maximized and that the Agency liaises with its residents to provide the proper support. To better augment our efforts, Property Management and Property Maintenance have been organized as two separate divisions.

HOC re-invented what it means to advance its mission in support of customers and the community by using technology to make it easier to access housing opportunities in Montgomery County. Over the past year, HOC customers benefited as the Agency launched the award winning HOC Housing Path, the Agency's paperless waitlist management system. HOC is one of the first public housing authorities in the nation to offer such a service – open twenty-four hours a day.

HOC also had to re-imagine client and resident services and how the agency assists customers who are working hard to reach their vision of success for their families, by extending access to greater opportunities through employment training, educational access, internet connectivity and by unlocking opportunity wherever there is a closed door. The county's economic competitiveness depends on providing children and youth – especially those growing up in poverty – with an education that will enable them to succeed.

Through HOC Academy, HOC aims to improve educational outcomes for its customers by partnering with nonprofit organizations, schools, and other agencies to ensure stronger connections to high-quality early learning programs, effective adult education and workforce training, as well as broadband Internet, and other technology. HOC Academy gives clients the tools and training to take an active role in improving their future and their family's future.

Another example of how HOC leverages its resources to invest in the lives of residents is HOC Works. With this effort, the agency leverages its economic engine to ensure job-training, employment and contracting opportunities are provided to our customers. Historically, similar efforts have been used to ensure statutory compliance under the Public Housing program, often referred to as Section 3. While borne out of necessity, HOC Works goes further. Currently, HOC has few statutory obligations under Section 3 given the conversion of public housing under RAD, and none by the end of FY2018. However, HOC Works is expanding.

HOC spent 2015 re-positioning its real estate for the long term, re-inventing how it serves, and re-imagining how it creates greater access to opportunity for its customers. HOC could not serve its customers and the residents of Montgomery County, some of whom are among the most vulnerable in this community, without the passion and commitment of all of its partners and volunteers in general. Vital to this work is the leadership of its Commissioners and the hard work of each and every HOC staff member - all in service to families and individuals who are at risk in this community

FY 2016 continued to propel HOC's mission forward as an agency. However, we cannot be satisfied. We will explore new ways to breathe new life and new energy into our work. Our ability to do so will require the on-going support of the Montgomery County Executive and County Council. To that end, HOC looks forward to working collaboratively to address the affordable housing needs of this community.

This budget supports the Agency's priorities and objectives.

ISSUES FOR CONSIDERATION:

The Recommended Operating Budget for FY'17-18 is \$244.3 million and \$244.3 million, respectively. In addition, the Capital Budget for FY'17-18 is \$295.7 million and \$183.2 million, respectively.

The FY'17-18 Recommended Budget reflects the Agency's commitment to the five-year strategic plan implemented at the outset of FY'13. Through aggressive and thoughtful development activity, the Agency continues to re-position the real estate portfolio to move forward financially stable and physically sustainable. Moreover, the Agency recognizes that Property Management and Maintenance are paramount to realizing the benefits of the substantial investment in its portfolio. To this end, the FY'17-18 budget reflects ongoing investment in personnel and systems to successfully manage and maintain our properties. In addition to the Agency's focus on efficiently developing, managing and maintaining our real estate portfolio, we continue to deliver cutting-edge services to our clients through HOC Academy and HOC Works.

The Agency's development activities continue to generate commitment and development fees that support the Agency's operations and the Opportunity Housing Reserve Fund (OHRF), which provides funding for future development activities. It should be noted that the FY'17-18 budget relies on development and commitment fees to fund operations. Furthermore, a portion of the FY'17 development and commitment fees which are not needed to balance the FY'17 budget is restricted to fund FY'18 operations. Redevelopment and renovation of HOC's aging mixed-income properties continue to improve the ability to attract market rate renters, which offset the affordable units and support the financial viability of the Agency's portfolio.

Detailed discussions will be held with the Budget, Finance and Audit Committee during April and May. During these meetings, the specifics of each division and/or department will be discussed. It should be noted that we anticipate significant changes between the Recommended Budget and the Adopted Budget.

BUDGET IMPACT:

None for FY'16. This budget, when adopted on June 1, 2016, will set the financial plan for the Agency for FY'17-18.

TIME FRAME:

During April and May, the Budget, Finance and Audit Committee will review this budget proposal in detail and recommend the FY'17-18 Budget, as amended, to the full Commission for adoption at the June 1, 2016 Commission meeting. The Commission must adopt a budget for FY'17-18 before the fiscal year begins on July 1, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

No action is asked of the Commission at this meeting. The following is the meeting schedule for the review and adoption of the FY'17-18 Budget:

- April 13th,
- April 21st,
- May 5th, and
- May 11th.

All meetings will be held in the Hearing Room.

The Budget, Finance and Audit Committee will present the revised FY'17-18 Budget to the full Commission for adoption at the June 1, 2016 Commission Meeting.

Spreadsheets Highlighting FY'17-18 Recommended Operating and Capital Budgets

Enclosure 1

Overview - Revenue and Expense Summary

Fund Summary Overview		FY 2017 Recommended Budget		
		Revenues	Expenses	Net
General Fund		\$23,301,180	\$23,800,360	(\$499,180)
	Restrict to GFOR	\$0	\$1,144,770	(\$1,144,770)
Multifamily Bond Funds		\$20,043,890	\$20,043,890	\$0
Single Family Bond Funds		\$13,004,730	\$13,004,730	\$0
Opportunity Housing Fund				
	Opportunity Housing Reserve Fund (OHRF)	\$5,749,040	\$1,125,340	\$4,623,700
	Restrict to OHRF	\$0	\$4,623,700	(\$4,623,700)
	Opportunity Housing & Development Corporation Properties	\$72,990,540	\$71,552,700	\$1,437,840
	Draw from GFOR for MetroPointe Deficit	\$243,340	\$0	\$243,340
Public Fund				
	Public Housing Fund	\$1,640,580	\$1,841,670	(\$201,090)
	County Contributions towards Public Housing	\$201,090	\$0	\$201,090
	Housing Choice Voucher Program	\$90,742,880	\$91,648,820	(\$905,940)
	County Contributions towards HCVP Administration	\$868,710	\$0	\$868,710
	Federal, State and County Grants	\$15,491,710	\$15,491,710	\$0
TOTAL - ALL FUNDS		\$244,277,690	\$244,277,690	\$0

FY 2017 Revenue and Expense Statement

Operating Budget		Non-Operating Budget	
Operating Income		Non-Operating Income	
Tenant Income	\$72,807,840	Investment Interest Income	\$30,105,690
Non-Dwelling Rental Income	\$1,053,280	FHA Risk Sharing Insurance	\$497,300
Federal Grant	\$95,736,500	Transfer Between Funds	\$7,417,340
State Grant	\$174,100		
County Grant	\$9,654,770		
Management Fees	\$26,726,060		
Miscellaneous Income	\$104,810		
TOTAL OPERATING INCOME	\$206,257,360	TOTAL NON-OPERATING INCOME	\$38,020,330
Operating Expenses		Non-Operating Expenses	
Personnel Expenses	\$40,359,500	Interest Payment	\$32,849,810
Operating Expenses - Fees	\$13,984,500	Mortgage Insurance	\$856,900
Operating Expenses - Administrative	\$7,354,340	Principal Payment	\$7,208,200
Tenant Services Expenses	\$5,521,240	Operating and Replacement Reserves	\$12,444,330
Protective Services Expenses	\$598,450	Restricted Cash Flow	\$12,012,500
Utilities Expenses	\$4,960,740	Development Corporation Fees	\$7,611,040
Insurance and Tax Expenses	\$1,470,340	Miscellaneous Bond Financing Expenses	\$943,560
Maintenance Expenses	\$6,703,410	FHA Risk Sharing Insurance	\$497,300
Housing Assistance Payments (HAP)	\$84,769,110	Transfer Out Between Funds	\$4,132,420
TOTAL OPERATING EXPENSES	\$165,721,630	TOTAL NON-OPERATING EXPENSES	\$78,556,060
NET OPERATING INCOME	\$40,535,730	NET NON-OPERATING ADJUSTMENTS	(\$40,535,730)

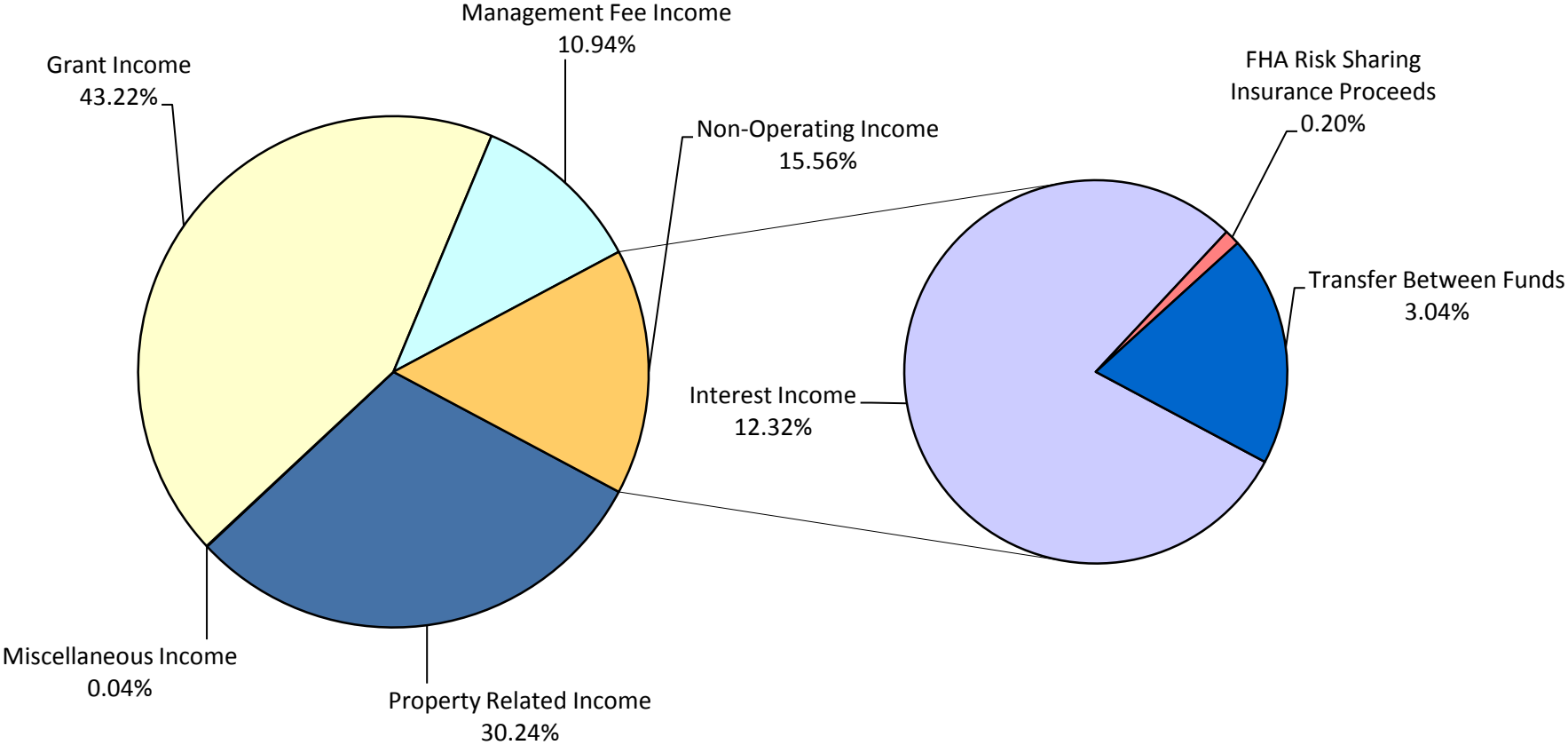
Overview - Revenue and Expense Summary

Fund Summary Overview		FY 2018 Recommended Budget		
		Revenues	Expenses	Net
General Fund		\$21,147,790	\$23,938,350	(\$2,790,560)
	Draw from GFOR	\$1,035,050	\$0	\$1,035,050
Multifamily Bond Funds		\$19,780,630	\$19,780,630	\$0
Single Family Bond Funds		\$12,966,700	\$12,966,700	\$0
Opportunity Housing Fund				
	Opportunity Housing Reserve Fund (OHRF)	\$1,856,990	\$1,182,610	\$674,380
	Restrict to OHRF	\$0	\$674,380	(\$674,380)
	Opportunity Housing & Development Corporation Properties	\$74,836,000	\$73,246,920	\$1,589,080
	Draw from GFOR for MetroPointe Deficit	\$188,680	\$0	\$188,680
Public Fund				
	Public Housing Fund	\$1,659,230	\$1,928,930	(\$269,700)
	County Contributions towards Public Housing	\$269,700	\$0	\$269,700
	Housing Choice Voucher Program	\$93,956,970	\$94,847,930	(\$890,960)
	County Contributions towards HCVP Administration	\$868,710	\$0	\$868,710
	Federal, State and County Grants	\$15,727,840	\$15,727,840	\$0
TOTAL - ALL FUNDS		\$244,294,290	\$244,294,290	\$0

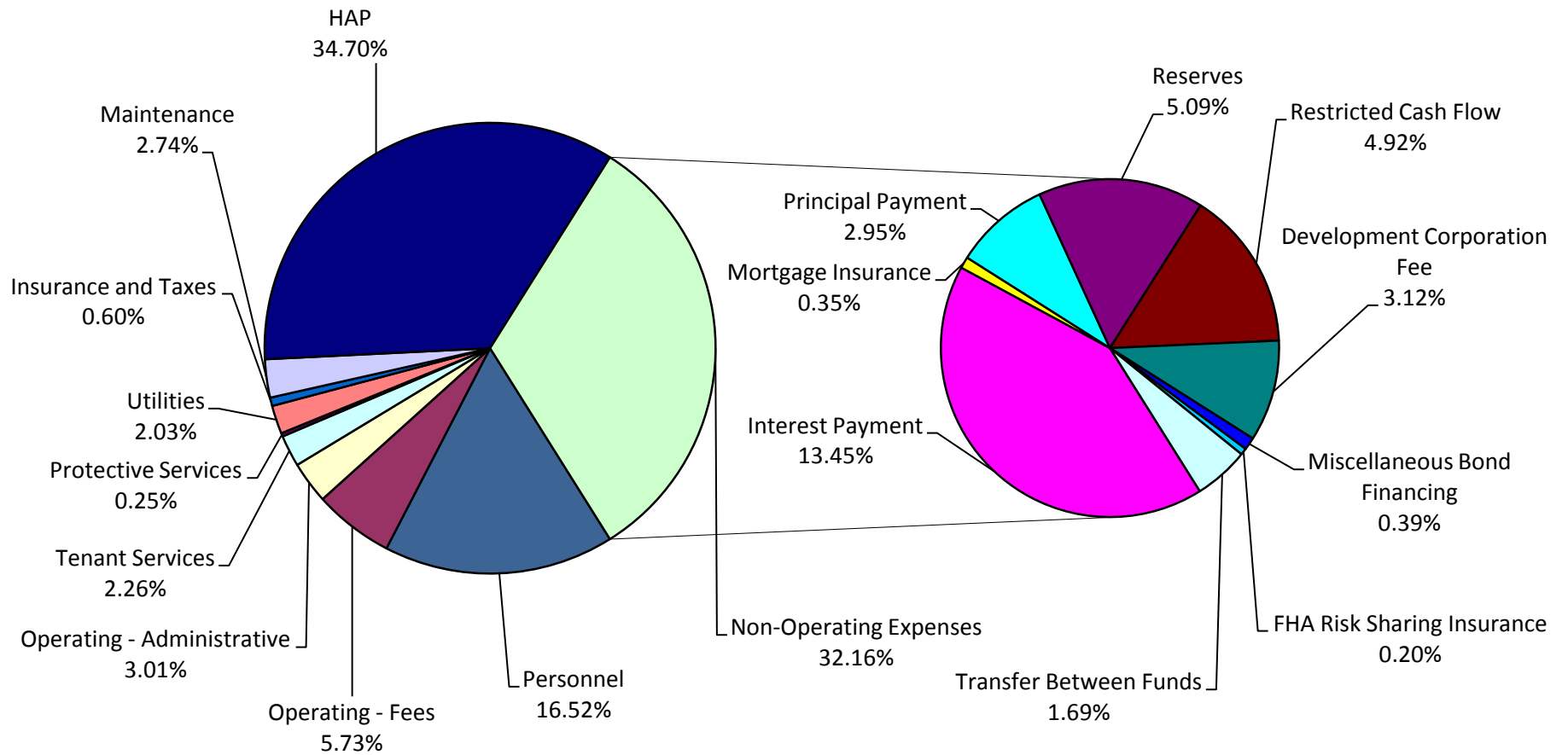
FY 2018 Revenue and Expense Statement

Operating Budget		Non-Operating Budget	
Operating Income		Non-Operating Income	
Tenant Income	\$74,614,500	Investment Interest Income	\$29,620,480
Non-Dwelling Rental Income	\$1,120,510	FHA Risk Sharing Insurance	\$733,380
Federal Grant	\$99,561,650	Transfer Between Funds	\$8,117,470
State Grant	\$174,100		
County Grant	\$9,886,460		
Management Fees	\$20,319,970		
Miscellaneous Income	\$145,770		
TOTAL OPERATING INCOME	\$205,822,960	TOTAL NON-OPERATING INCOME	\$38,471,330
Operating Expenses		Non-Operating Expenses	
Personnel Expenses	\$42,489,990	Interest Payment	\$33,202,710
Operating Expenses - Fees	\$14,368,250	Mortgage Insurance	\$909,610
Operating Expenses - Administrative	\$8,117,660	Principal Payment	\$7,625,460
Tenant Services Expenses	\$5,497,870	Operating and Replacement Reserves	\$12,463,950
Protective Services Expenses	\$588,610	Restricted Cash Flow	\$7,349,250
Utilities Expenses	\$4,992,290	Development Corporation Fees	\$7,249,160
Insurance and Tax Expenses	\$1,517,390	Miscellaneous Bond Financing Expenses	\$469,080
Maintenance Expenses	\$6,888,730	FHA Risk Sharing Insurance	\$733,380
Housing Assistance Payments (HAP)	\$86,870,350	Transfer Out Between Funds	\$2,960,550
TOTAL OPERATING EXPENSES	\$171,331,140	TOTAL NON-OPERATING EXPENSES	\$72,963,150
NET OPERATING INCOME	\$34,491,820	NET NON-OPERATING ADJUSTMENTS	(\$34,491,820)

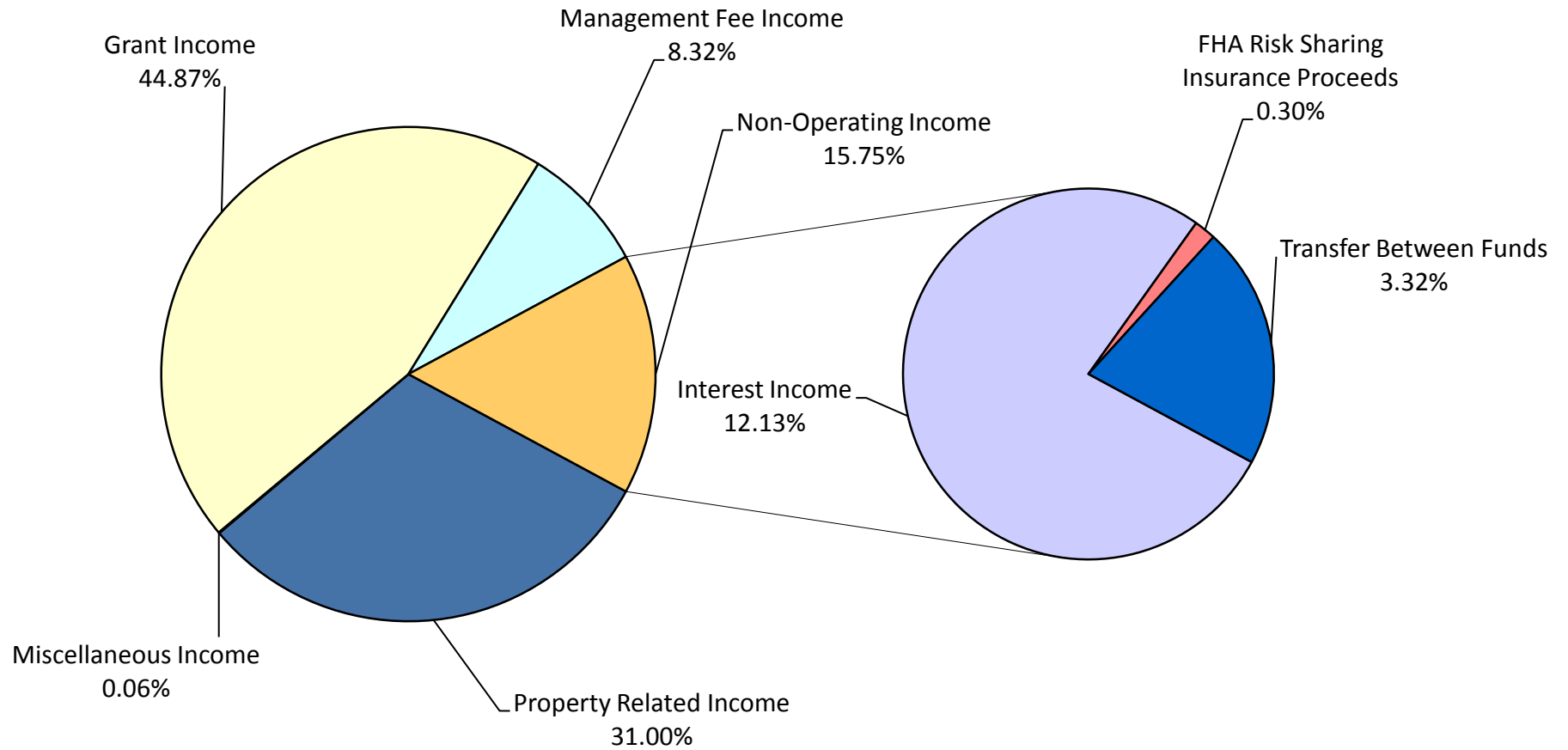
FY 2017 Operating Budget Source of Funds



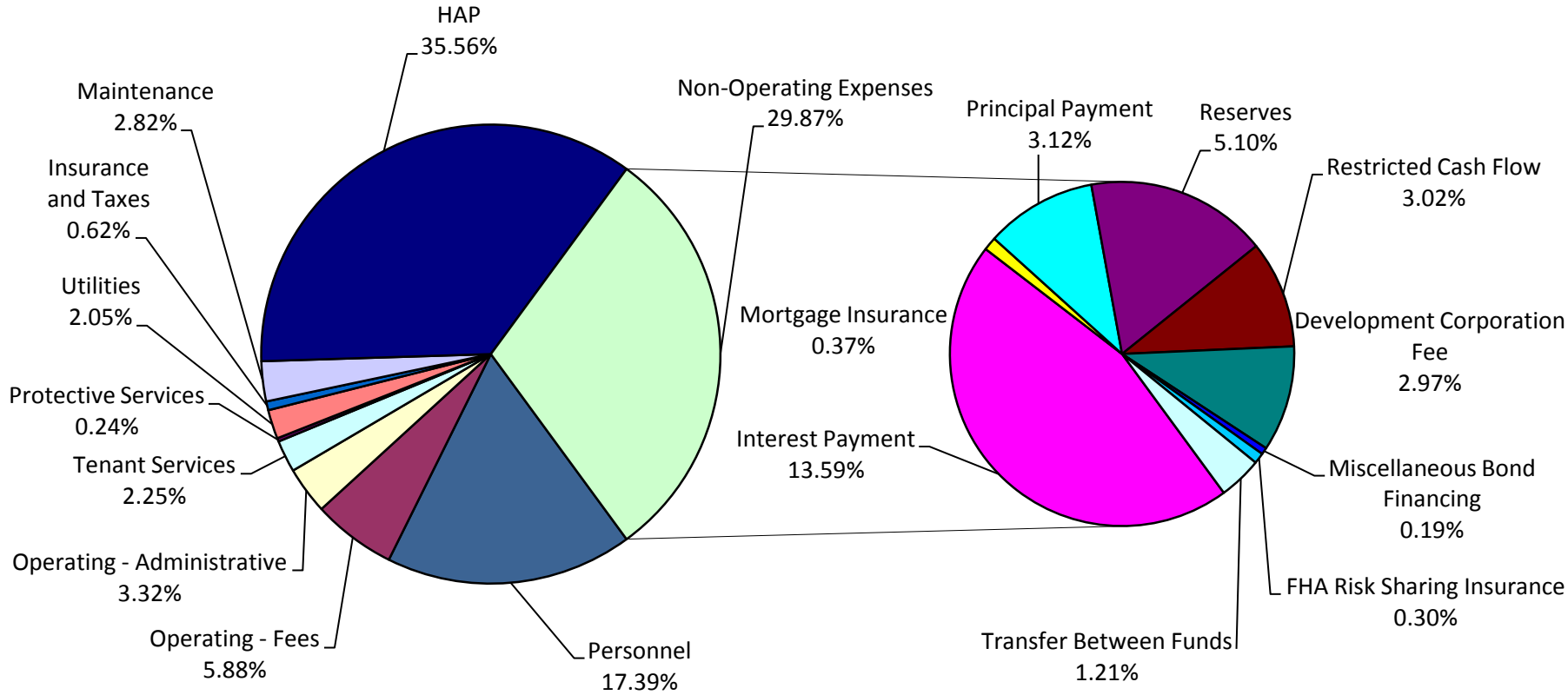
FY 2017 Operating Budget Use of Funds



FY 2018 Operating Budget Source of Funds

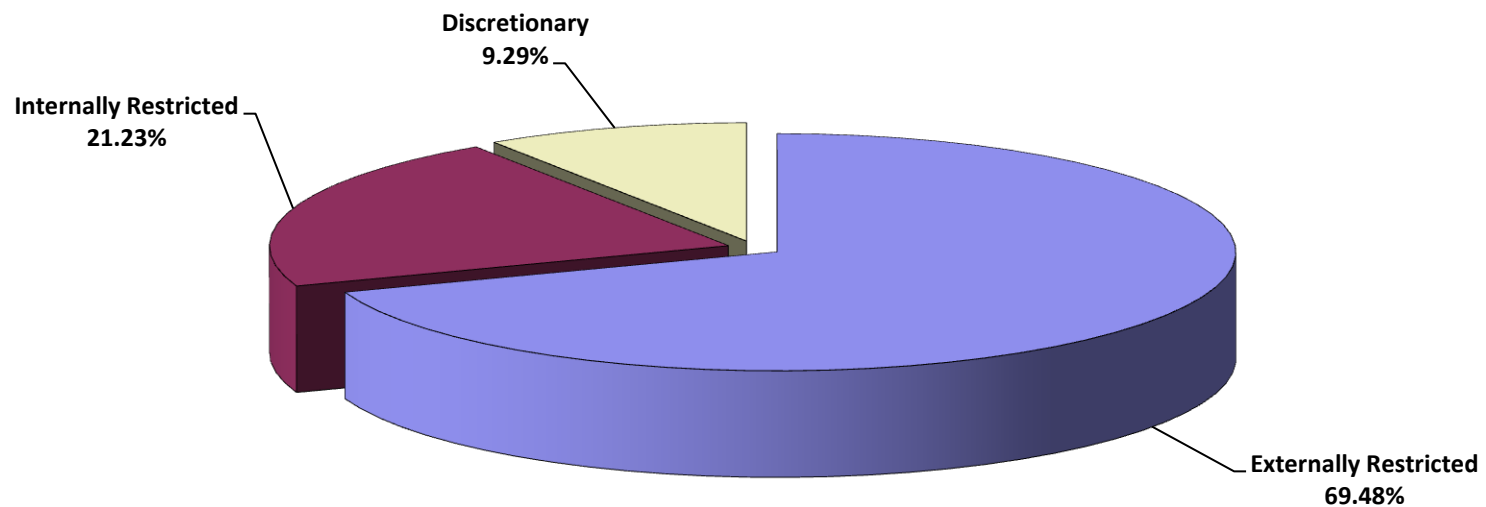


FY 2018 Operating Budget Use of Funds

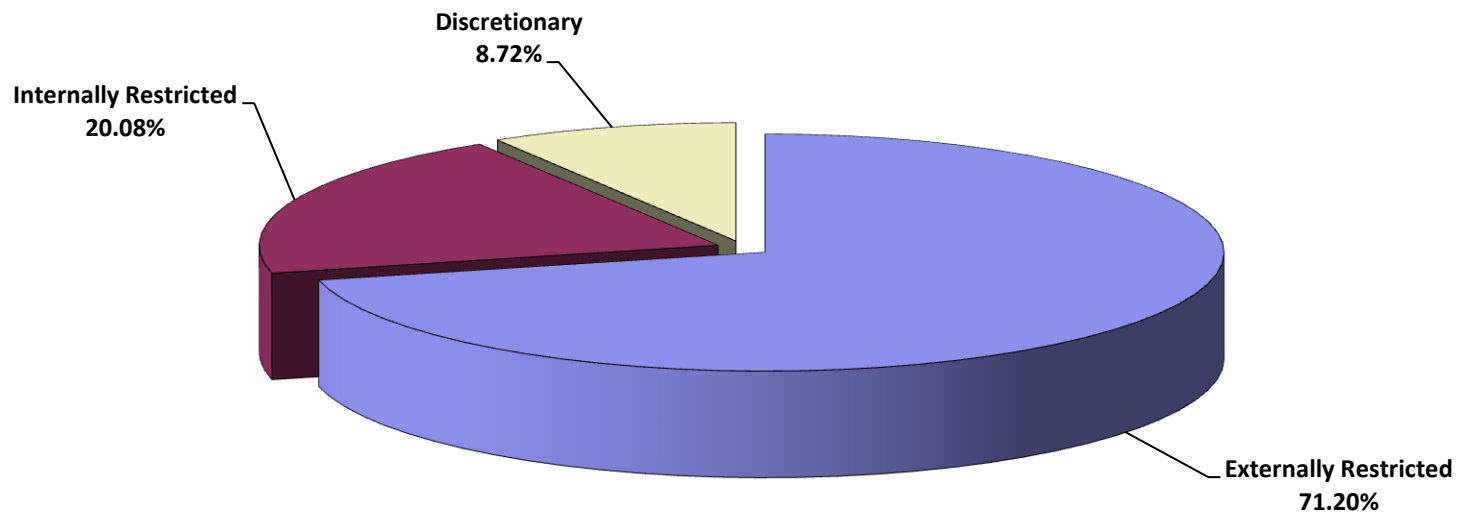


Total Revenue and Expense Statement	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Actual	Actual	Amended Budget	Recommended Budget	Recommended Budget
Operating Income					
Tenant Income	\$64,924,114	\$67,678,833	\$71,283,280	\$72,807,840	\$74,614,500
Non-Dwelling Rental Income	\$1,016,295	\$1,005,425	\$1,348,630	\$1,053,280	\$1,120,510
Federal Grant	\$89,606,794	\$97,290,034	\$96,232,740	\$95,736,500	\$99,561,650
State Grant	\$170,530	\$194,723	\$186,130	\$174,100	\$174,100
County Grant	\$8,897,145	\$9,306,964	\$9,345,520	\$9,654,770	\$9,886,460
Management Fees	\$14,860,051	\$17,913,663	\$19,293,930	\$26,726,060	\$20,319,970
Miscellaneous Income	\$409,486	\$272,085	\$365,000	\$104,810	\$145,770
TOTAL OPERATING INCOME	\$179,884,415	\$193,661,727	\$198,055,230	\$206,257,360	\$205,822,960
Operating Expenses					
Personnel Expenses	\$36,581,466	\$35,299,016	\$38,133,670	\$40,359,500	\$42,489,990
Operating Expenses - Fees	\$13,803,034	\$14,307,255	\$14,055,240	\$13,984,500	\$14,368,250
Operating Expenses - Administrative	\$7,514,629	\$7,504,008	\$7,576,310	\$7,354,340	\$8,117,660
Tenant Services Expenses	\$4,261,201	\$4,540,828	\$5,288,100	\$5,521,240	\$5,497,870
Protective Services Expenses	\$833,486	\$717,915	\$689,390	\$598,450	\$588,610
Utilities Expenses	\$5,343,528	\$5,830,514	\$5,258,200	\$4,960,740	\$4,992,290
Insurance and Tax Expenses	\$1,962,893	\$1,585,782	\$1,460,410	\$1,470,340	\$1,517,390
Maintenance Expenses	\$7,181,026	\$6,656,200	\$6,843,860	\$6,703,410	\$6,888,730
Housing Assistance Payments (HAP)	\$81,304,364	\$81,437,288	\$84,864,900	\$84,769,110	\$86,870,350
TOTAL OPERATING EXPENSES	\$158,785,627	\$157,878,806	\$164,170,080	\$165,721,630	\$171,331,140
NET OPERATING INCOME	\$21,098,788	\$35,782,921	\$33,885,150	\$40,535,730	\$34,491,820
Non-Operating Income					
Investment Interest Income	\$29,028,028	\$27,728,465	\$33,176,420	\$30,105,690	\$29,620,480
FHA Risk Sharing Insurance	\$568,827	\$623,236	\$535,500	\$497,300	\$733,380
Transfer Between Funds	\$16,557,111	\$10,697,853	\$7,122,680	\$7,417,340	\$8,117,470
TOTAL NON-OPERATING INCOME	\$46,153,966	\$39,049,554	\$40,834,600	\$38,020,330	\$38,471,330
Non-Operating Expenses					
Interest Payment	\$32,610,291	\$29,690,973	\$34,640,630	\$32,849,810	\$33,202,710
Mortgage Insurance	\$814,342	\$769,092	\$749,460	\$856,900	\$909,610
Principal Payment	\$7,471,025	\$6,946,832	\$6,716,100	\$7,208,200	\$7,625,460
Operating and Replacement Reserves	\$7,841,662	\$10,850,742	\$12,349,480	\$12,444,330	\$12,463,950
Restricted Cash Flow	\$8,498,817	\$12,366,439	\$6,207,840	\$12,012,500	\$7,349,250
Development Corporation Fees	\$4,496,256	\$6,049,249	\$7,383,690	\$7,611,040	\$7,249,160
Miscellaneous Bond Financing Expenses	\$32,842	\$23,752	\$1,350,630	\$943,560	\$469,080
FHA Risk Sharing Insurance	\$568,827	\$563,236	\$535,500	\$497,300	\$733,380
Transfer Out Between Funds	\$4,555,575	\$6,818,483	\$4,786,420	\$4,132,420	\$2,960,550
TOTAL NON-OPERATING EXPENSES	\$66,889,637	\$74,078,798	\$74,719,750	\$78,556,060	\$72,963,150
NET NON-OPERATING ADJUSTMENTS	(\$20,735,671)	(\$35,029,244)	(\$33,885,150)	(\$40,535,730)	(\$34,491,820)
NET CASH FLOW	\$363,117	\$753,677	\$0	\$0	\$0

Revenue Restriction (Showing externally placed restrictions)	FY 2017 Recommended Budget			Total
	Externally Restricted	Internally Restricted	Discretionary	
Operating Income				
Property Related Income	\$26,065,420	\$46,114,520	\$1,681,180	\$73,861,120
Federal Grant	\$95,736,500	\$0	\$0	\$95,736,500
State Grant	\$174,100	\$0	\$0	\$174,100
County Grant	\$9,654,770	\$0	\$0	\$9,654,770
Management Fees	\$0	\$5,749,030	\$20,977,030	\$26,726,060
Miscellaneous Income	\$97,110	\$0	\$7,700	\$104,810
TOTAL OPERATING INCOME	\$131,727,900	\$51,863,550	\$22,665,910	\$206,257,360
Non-Operating Income				
Interest Income	\$30,082,090	\$0	\$23,600	\$30,105,690
FHA Risk Sharing	\$497,300	\$0	\$0	\$497,300
Transfer Between Funds	\$7,417,340	\$0	\$0	\$7,417,340
TOTAL NON-OPERATING INCOME	\$37,996,730	\$0	\$23,600	\$38,020,330
TOTAL - ALL REVENUE SOURCES	\$169,724,630	\$51,863,550	\$22,689,510	\$244,277,690



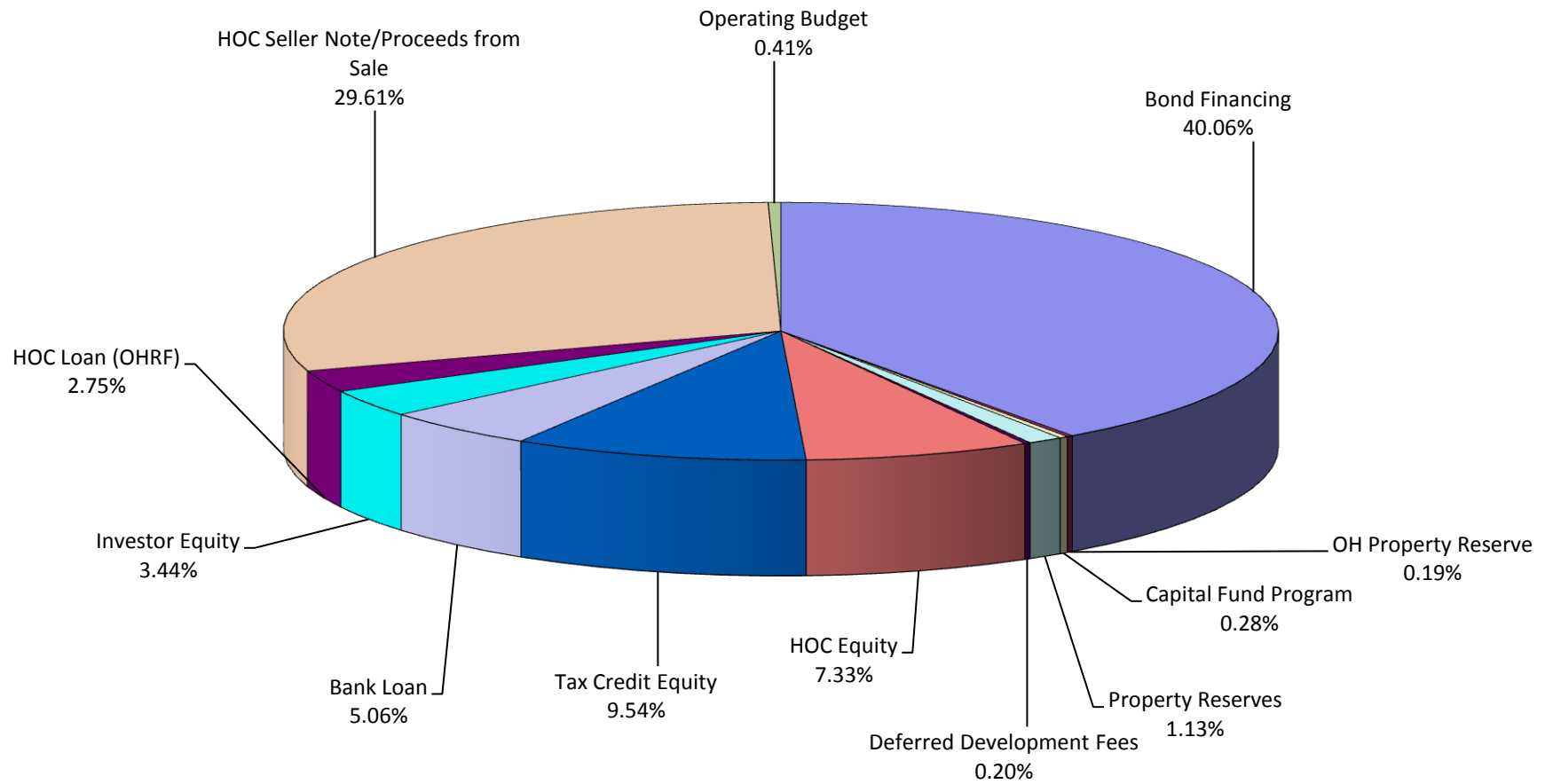
Revenue Restriction (Showing externally placed restrictions)	FY 2018 Recommended Budget			Total
	Externally Restricted	Internally Restricted	Discretionary	
Operating Income				
Property Related Income	\$26,771,840	\$47,185,410	\$1,777,760	\$75,735,010
Federal Grant	\$99,561,650	\$0	\$0	\$99,561,650
State Grant	\$174,100	\$0	\$0	\$174,100
County Grant	\$9,886,460	\$0	\$0	\$9,886,460
Management Fees	\$0	\$1,856,980	\$18,462,990	\$20,319,970
Miscellaneous Income	\$138,070	\$0	\$7,700	\$145,770
TOTAL OPERATING INCOME	\$136,532,120	\$49,042,390	\$20,248,450	\$205,822,960
Non-Operating Income				
Interest Income	\$29,601,480	\$0	\$19,000	\$29,620,480
FHA Risk Sharing	\$733,380	\$0	\$0	\$733,380
Transfer Between Funds	\$7,082,420	\$0	\$1,035,050	\$8,117,470
TOTAL NON-OPERATING INCOME	\$37,417,280	\$0	\$1,054,050	\$38,471,330
TOTAL - ALL REVENUE SOURCES	\$173,949,400	\$49,042,390	\$21,302,500	\$244,294,290



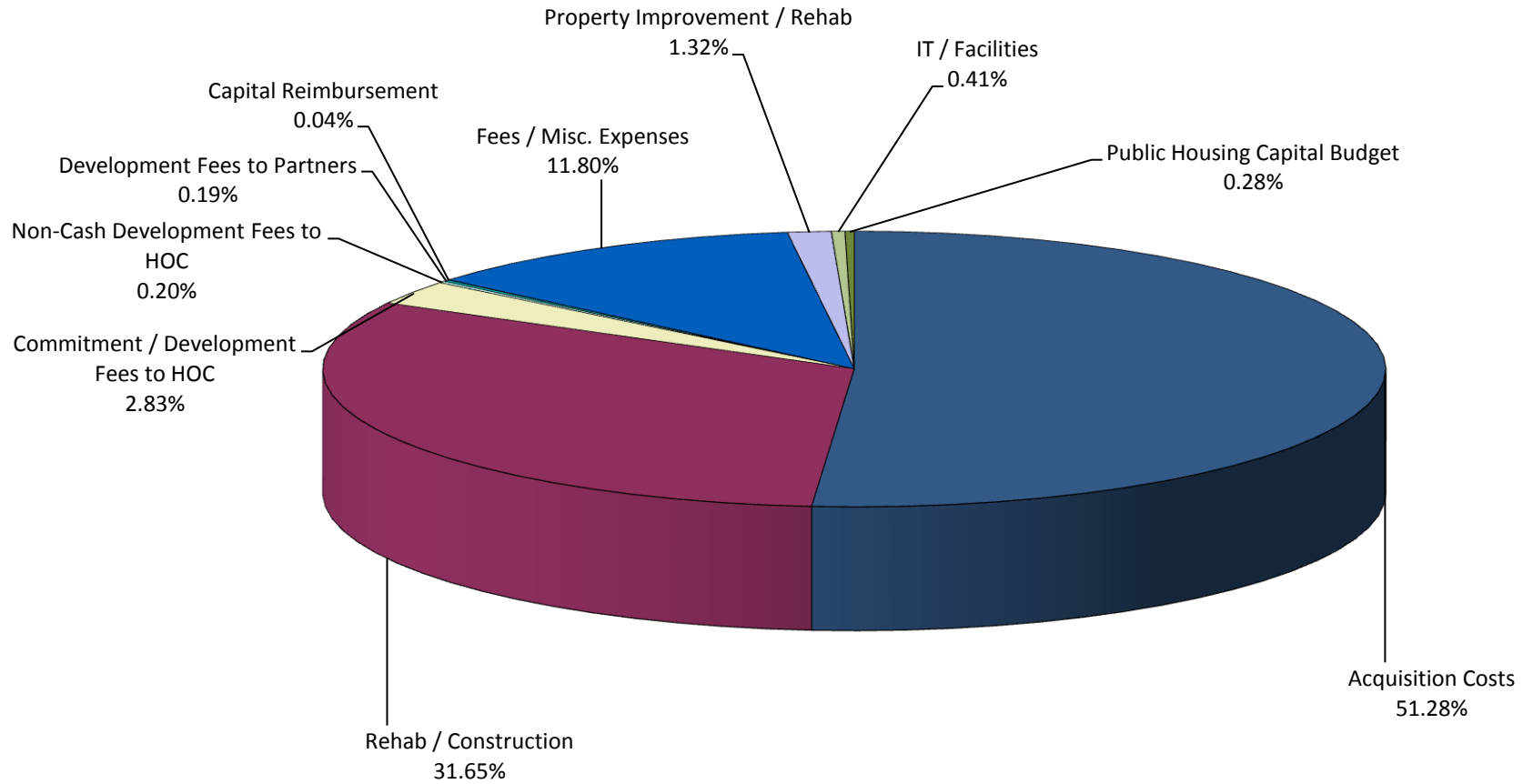
Capital Budget Summary	FY 2017 Recommended Budget	FY 2018 Recommended Budget
Capital Improvements		
East Deer Park	\$152,400	\$152,400
Kensington Office	\$250,000	\$250,000
Information Technology	\$810,000	\$810,000
Opportunity Housing Properties	\$3,916,330	\$3,987,070
Public Housing Properties	\$831,370	\$610,000
SUBTOTAL	\$5,960,100	\$5,809,470
Capital Development Projects		
Timberlawn / Pomander Court	\$17,929,870	\$0
Greenhills Apartments	\$22,721,970	\$5,238,800
Arcola Towers	\$7,809,170	\$0
Waverly House	\$13,031,780	\$1,033,430
Chevy Chase Lake	\$31,154,920	\$39,181,610
900 Thayer	\$18,475,830	\$14,370,120
Alexander House	\$86,199,280	\$14,272,960
Ambassador	\$0	\$44,036,500
Bauer Park Apartments	\$22,491,480	\$6,955,010
Elizabeth House III	\$21,765,600	\$41,655,650
Stewartown	\$14,888,720	\$4,604,020
Town Center Apartments	\$33,240,620	\$6,085,450
SUBTOTAL	\$289,709,240	\$177,433,550
TOTAL	\$295,669,340	\$183,243,020

FY 2017 Capital Budget

Source of Funds

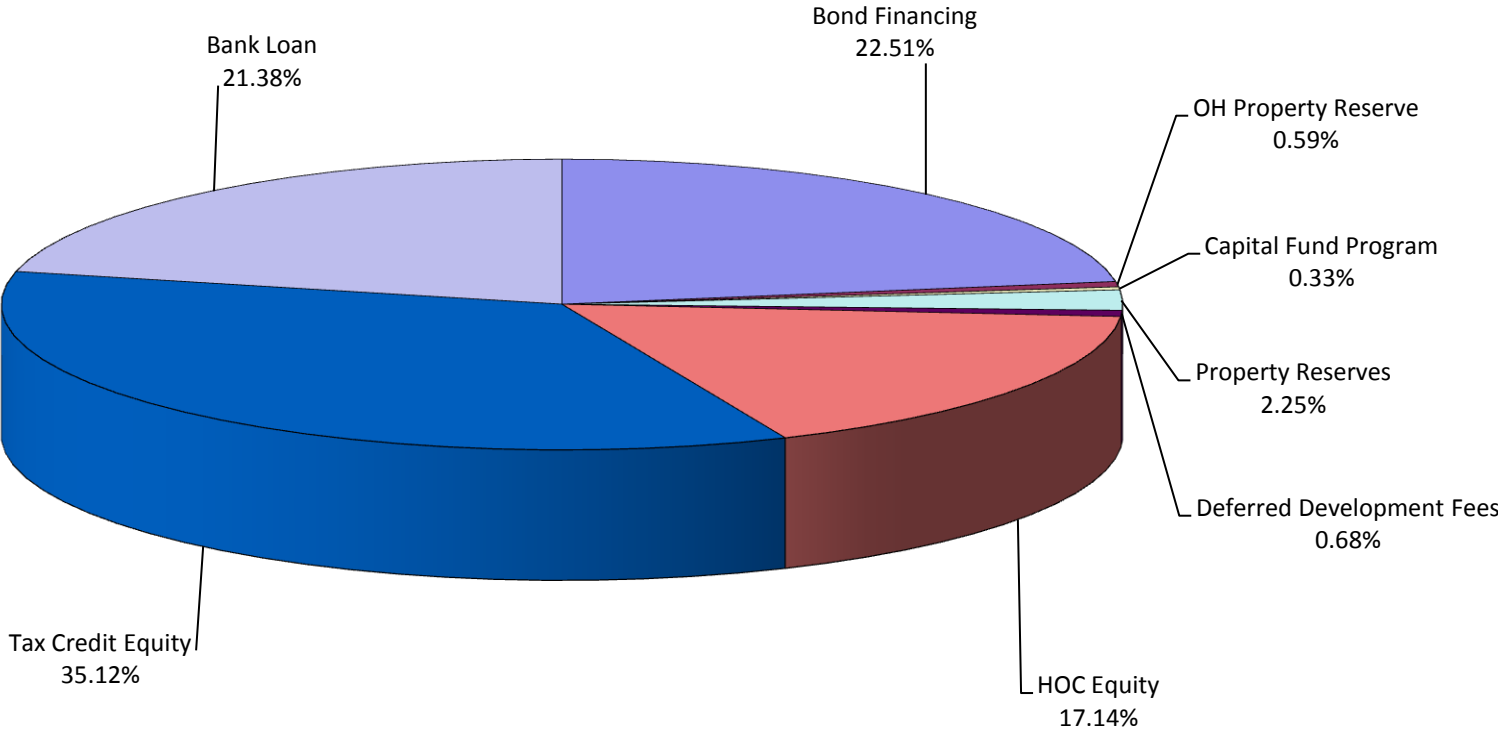


FY 2017 Capital Budget Use of Funds

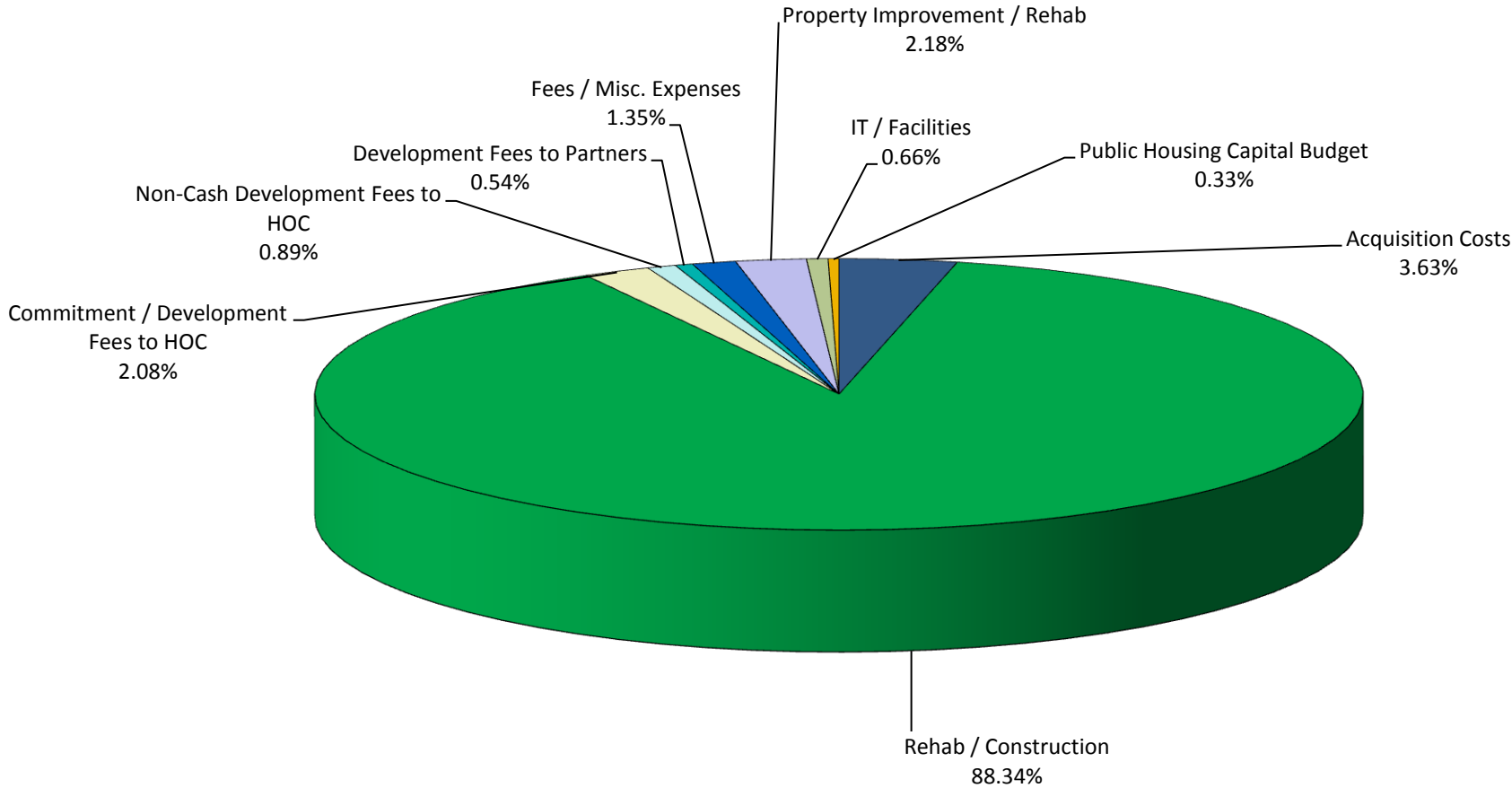


FY 2018 Capital Budget

Source of Funds



FY 2018 Capital Budget Use of Funds



Future Action

Information Exchange

New Business

Executive Session Findings

Adjourn

VPC One Development Corporation

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

Minutes
March 2, 2016

16-00

A meeting of the VPC One Corporation was conducted on Wednesday, March 2, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:50 p.m. Those in attendance were:

Present

Sally V. Roman
Jackie Simon
Richard Y. Nelson, Jr.
Christopher Hatcher
Linda Croom

Absent

Margaret McFarland

Also Attending

Stacy Spann, HOC Executive Director
Bobbie DaCosta
Kayrine Brown
Saundra Boujai
Gail Willison
Lola Knights
Ellen Goff
Shaina Francis
Fred Swan
Gio Kaviladze
Bonnie Hodge

Kelly McLaughlin, HOC General Counsel
Clarence Landers
Lynn Hayes
Jim Atwell
Dean Tyree
Ethan Cohen
Tiffany Jackson
Angela McIntosh-Davis
Jennifer Arrington
Bill Anderson
Shauna Sorrells

VPC One Corp. Support

Patrice Birdsong, Special Assistant

Guest

None

IT Support

Dominique Laws

I. ITEMS REQUIRING DELIBERATION and/or ACTION

- Approval of a Revised Budget to Complete the Renovation of the Scattered Site Units for VPC One Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations

Kayrine Brown, Chief Investment & Real Estate Officer, was the presenter.

The following resolution was approved upon a motion by Richard Y. Nelson, Jr., and seconded by Christopher Hatcher. Affirmative votes were cast by Sally Roman, Richard Y. Nelson, Jr., Linda Croom, and Christopher Hatcher. Jackie Simon abstained from the vote. Margaret McFarland was necessarily absent and did not participate in the vote.

RESOLUTION No.: 16-002VP₁

RE: Approval of Revised Budget to Complete the Renovation of the Scattered Site Units for VPC One Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations

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, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (“669 Property”) under section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”); and

WHEREAS, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

WHEREAS, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”);and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far has been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per-unit renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41,500,000, an increase of \$3 million over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the PNC Bank, N.A. line of credit and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the PNC Line.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC One Corporation:

1. Approves a revised development budget of \$41,500,000 to complete the rehabilitation of the 669 Property, including the units that are owned by VPC One Corporation.
2. Approves the acceptance of additional loan funds to the extent necessary to complete renovations, provided however, that such loan funds when taken together with the loan to VPC Two Corporation shall not exceed \$41,500,000 in the aggregate, to be funded from taxable draws by HOC which will bear interest at the contractual rate of the London Interbank Offered Rate ("LIBOR") plus 90 basis points for a maximum term of 24 months, and which loan will be repaid from the issuance of tax-exempt bonds or such other financing that repays the draws on the LOC or any other HOC eligible costs.

BE IT FURTHER RESOLVED that the Board of Directors of VPC One Corporation authorizes the Executive Director of HOC who serves as the Secretary of VPC One Corporation, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto

VPC One Corporation

March 2, 2016

Page 4 of 4

Based upon this report and there being no further business to come before this session of the Corporation, a motion was made to adjourn the meeting of the VPC One Corporation at 4:52 p.m. to convene the meeting of the VPC Two Corporation.

Respectfully submitted,

Stacy L. Spann
Secretary-VPC Corporation

/pmb

VPC Two Corporation

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

Minutes
March 2, 2016

16-00

A meeting of the VPC Two Corporation was conducted on Wednesday, March 2, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:52 p.m. Those in attendance were:

Present

Sally V. Roman
Jackie Simon
Richard Y. Nelson, Jr.
Christopher Hatcher
Linda Croom

Absent

Margaret McFarland

Also Attending

Stacy Spann, HOC Executive Director
Bobbie DaCosta
Kayrine Brown
Saundra Boujai
Gail Willison
Lola Knights
Ellen Goff
Shaina Francis
Fred Swan
Gio Kaviladze
Bonnie Hodge

Kelly McLaughlin, HOC General Counsel
Clarence Landers
Lynn Hayes
Jim Atwell
Dean Tyree
Ethan Cohen
Tiffany Jackson
Angela McIntosh-Davis
Jennifer Arrington
Bill Anderson
Shauna Sorrells

VPC Two Corp. Support

Patrice Birdsong, Special Assistant

Guest

None

IT Support

Dominique Laws

I. ITEMS REQUIRING DELIBERATION and/or ACTION

- Approval of Revised Budget to Complete the Renovation of the Scattered Site Units for VPC Two Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations

Kayrine Brown, Chief Investment & Real Estate Officer, was the presenter.

The following resolution was approved upon a motion by Richard Y. Nelson, Jr., and seconded by Christopher Hatcher. Affirmative votes were cast by Sally Roman, Richard Y. Nelson, Jr., Linda Croom, and Christopher Hatcher. Jackie Simon abstained from the vote. Margaret McFarland was necessarily absent and did not participate in the vote.

RESOLUTION No.: 16-002VP₂

RE: Approval of Revised Budget to Complete the Renovation of the Scattered Site Units for VPC Two Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations

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, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (“669 Property”) under section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”); and

WHEREAS, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

WHEREAS, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”);and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining

units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far has been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per-unit renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41,500,000, an increase of approximately \$3 million over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the PNC Bank, N.A. line of credit and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the PNC Line.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC Two Corporation:

1. Approves a revised development budget of \$41,500,000 to complete the rehabilitation of the 669 Property, including the units that are owned by VPC Two Corporation.
2. Approves the acceptance of additional loan funds to the extent necessary to complete renovations, provided however, that such loan funds when taken together with the loan to VPC One Corporation shall not exceed \$41,500,000 in the aggregate, to be funded from taxable draws by HOC which will bear interest at the contractual rate of the London Interbank Offered Rate ("LIBOR") plus 90 basis points for a maximum term of 24 months, and which loan will be repaid from the issuance of tax-exempt bonds or such other financing that repays the draws on the LOC or any other HOC eligible costs.

BE IT FURTHER RESOLVED that the Board of Directors of VPC Two Corporation authorizes the Executive Director of HOC who serves as the Secretary of VPC Two Corporation, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto

VPC Two Corporation
March 2, 2016
Page 4 of 4

Based upon this report and there being no further business to come before this session of the Corporation, a motion was made to adjourn the meeting of the VPC Two Corporation at 4:55 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-VPC Two Corporation

/pmb

TPM Development Corporation

APPROVAL TO AMEND THE DEVELOPMENT PLAN FOR TPM DEVELOPMENT CORPORATION TO COMPLETE ADDITIONAL RENOVATION SCOPE AND AUTHORIZATION TO ACCEPT ADDITIONAL INTERIM FUNDS FROM THE HOUSING OPPORUNITIES COMMISSION OF MONTGOMERY COUNTY



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
SHERYL HAMMOND

April 6, 2016

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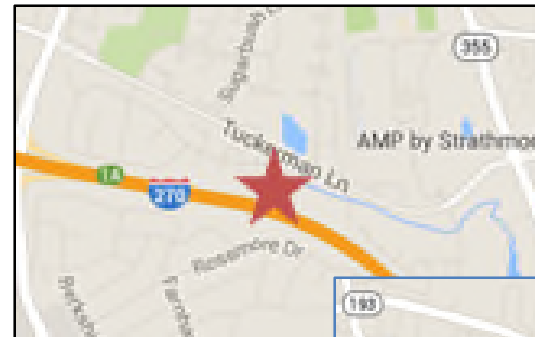
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Financing Summary	5
Summary and Recommendations.....	7

Executive Summary and Recommendations

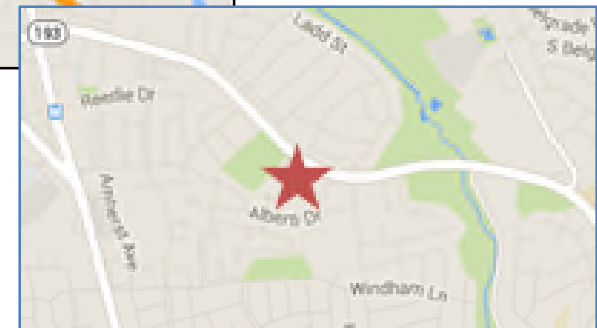
- TPM Development Corporation (“Corporation”) – an entity wholly controlled by the Housing Opportunities Commission of Montgomery County (“HOC”) – consists of Timberlawn Crescent (“Timberlawn”), a 107-unit development located in North Bethesda; Pomander Court (“Pomander”), a 24-unit, clustered-townhome community located in Silver Spring; and MPDU II, a collection of 59 scattered site units.
- In April 2013, staff was alerted to structural deficiencies throughout the outdoor decking system at Timberlawn. Since the property was in need of a more comprehensive renovation in general, staff proposed as part of the remediation of these issues, an update to the building envelope. As a result, on January 8, 2014, TPM Development Corporation approved the acceptance of an HOC subordinate loan to fund pre-development and exterior renovation cost. The exterior renovation of the 107 units at Timberlawn Crescent (exclusive of exterior doors) was completed in FY 2015.
- On May 6, 2015, TPM Development Corporation approved the final development plan and the interim funding of the interior renovations cost at Timberlawn and Pomander by a loan from HOC funded by draws on the PNC Bank, N.A. Real Estate Line of Credit (the “RELOC”). The interior renovation of Timberlawn and Pomander started in FY 2016 and are estimated to be completed in the fall of 2016.
- Timberlawn requires additional improvements for parking lots, tree removal, sprinkler system update, rerouting Verizon wires from the exterior to the interior and bench replacements throughout the property.
- Pomander requires additional improvements for parking lots, storm water management, and exterior work to include gutter, downspout and wood trim replacement, as well as the removal of aged entry door canopies.
- Staff recommends to the TPM Development Corporation the approval of the inclusion of additional capital improvements funded by additional loan funds from the MPDU Property Acquisition Fund (“MPDU/PAF”) of approximately \$358,000. All loans will be repaid from permanent mortgage proceeds in 2016, anticipated to be funded from the issuance of tax-exempt bonds.

Locations, Descriptions and Transaction Rationale

- Timberlawn Crescent is located in North Bethesda off Tuckerman Lane across from Georgetown Preparatory School. It consists of 107 garden style apartments that are made up of 53 affordable and 54 market rate units.
- Pomander Court is located on University Blvd between Georgia Avenue and Arcola Avenue. It is a 24-unit clustered townhome community that consists of five affordable units and 19 market rate units.
- When the interior renovations are completed, the units will offer new energy efficient appliances, building systems and new finishes throughout that are competitive in the marketplace.
- Renovation of the 59 scattered MPDUs is not contemplated as staff is evaluating the best strategy for those units.



**Timberlawn
Crescent**



**Pomander
Court**

- During renovations additional renovation scope was identified for:
 1. Timberlawn, which requires additional tree removal, parking lot repairs and the replacement of the polybutylene pipes used for the sprinkler lines when a portion of the property was built.
 2. Pomander, which requires storm water management control, parking lot repairs, and exterior work to the townhome units to include replacing rotten wood trim and aged canopies, gutters and downspouts.

Financing Summary

Additional Scope

Sources	Amount
MPDU Property Acquisition Fund	\$2,355,000.00
PNC \$90MM RELOC	\$7,500,000.00
Total Sources	\$9,855,000.00
Uses	Amount
Timberlawn and Pomander Architect (Completed)	\$36,462.44
Timberlawn Exterior Renovations (Completed)	\$1,914,698.80
Timberlawn Playground and Lighting (Obligated)	\$293,966.20
Pomander Interior Renovations (Underway)	\$1,881,752.00
Timberlawn Interior Renovations (Underway)	\$5,480,100.00
Total Uses	\$9,606,979.44
Estimated Cost Savings	(\$248,020.56)

Proposed Additional Scope	Amount
Timberlawn Additional Scope (Proposed)	\$363,500.00
Pomander Additional Scope (Proposed)	\$216,000.00
Total Proposed	\$579,500.00
Estimated Cost Savings	(\$248,020.56)
Subtotal Funds Required	\$331,479.44
Contingency (8%)	\$26,518.36
Total Additional Funds Required	\$357,997.80
Proposed Loan Request	Amount
Proposed Loan Request	\$358,000.00

- Approximately \$110,000 remain from the previously approved MPDU/PAF loan funds and approximately \$138,000 remains from the loan from the \$90MM RELOC.
- Additional scope of work items were projected over then next five years for a total of \$579,500.
- Estimated cost savings of \$248,020 plus an additional \$358,000 (including an 8% contingency) will be required to complete the additional work.
- Staff proposes an additional loan from the MPDU/PAF in the amount of \$358,000 that will be repaid at the time of permanent financing.

Financing Summary

Financial Impact

- The additional scope items are estimated to yield a monthly rent increase for the market rate units equivalent to \$20 per unit.
- The permanent financing from the issuance of new tax-exempt bonds is projected to occur in the fall of 2016.
- Current projections show that the property will generate sufficient revenue to deliver new mortgage proceeds that repays all interim loans to Timberlawn Crescent, Pomander Court, as well as the 59MPDU properties.
- The mortgage proceeds will also fund all related financing cost; however, no developer fee is projected.

Overall Financial Impact

Sources	Original	Revised
Tax-Exempt Mortgage	\$17,929,873	\$18,519,168
Total Sources	\$17,929,873	\$18,519,168
Uses	Amount	Amount
Outstanding Balance (PNC-RELOC (Bond)	\$7,252,687	\$7,252,687
Repay County Revolving Fund	\$2,355,000	\$2,355,000
Construction Cost (PNC-RELOC)	\$7,200,000	\$7,500,000
Additional Scope	0	\$358,000
Reimbursement of Capital Expenses	\$122,842	\$32,231
Financing Expenses	\$448,247	\$462,979
Soft Costs	\$357,348	\$364,522
Reserves	\$193,750	\$193,750
Total Uses	\$17,929,873	\$18,519,168

Summary and Recommendations

Issues for Consideration

Does the Board of Directors of TPM Development Corporation wish to approve amendments to the final development plan for TPM Development Corporation for Timberlawn and Pomander? By approving the amendments, the Board of Directors would also approve the following:

1. Additional scope of work items for Timberlawn Crescent and Pomander Court.
2. Use of cost savings achieved during contract negotiation at Pomander Court to fund these renovations.
3. The acceptance of an additional interim loan from the Housing Opportunities Commission of Montgomery County in an amount not to exceed \$358,000 which is to be repaid at permanent financing, which is estimated to be in the fall of 2016.

Time Frame

For action at the April 6, 2016 TPM Development Corporation Meeting

Budget and Fiscal Impact

There is no adverse impact for the corporation's FY 2016 operating budget.

Staff Recommendation and Action Needed

Staff recommends the Board of Directors approve the amendments to the final development plan for TPM Development Corporation, including: 1) additional scope of work items for Timberlawn Crescent and Pomander Court, 2) use of cost savings achieved during contract negotiation at Pomander Court to fund these renovations, and 3) acceptance of an additional interim loan from the Housing Opportunities Commission of Montgomery County not to exceed \$358,000 which is to be repaid from future permanent mortgage proceeds in the fall of 2016.

RESOLUTION No. 16-002TPM:

RE: Approval to Amend the Development Plan for TPM Development Corporation to Complete Additional Renovation Scope at Timberlawn Crescent and Pomander Court and Authorization to Accept Additional Interim Loan Funds of up to \$358,000 from the Housing Opportunities Commission of Montgomery County

WHEREAS, Timberlawn Crescent, a 107-unit development located in North Bethesda and Pomander Court, a 24-unit clustered townhome community located in Silver Spring (together, the “Properties”) are two properties owned by TPM Development Corporation (“TPM”), a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (the “Commission”), and are in need of renovation and rehabilitation; and

WHEREAS, the Commission is authorized to use the Moderately Priced Dwelling Unit/Property Acquisition Fund (MPDU/PAF) to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, on July 17, 2013, the TPM approved a preliminary renovation and rehabilitation plan for the Properties, including exterior renovation at Timberlawn Crescent which was funded from an interim loan from the MPDU/PAF; and

WHEREAS, the Commission and TPM have been presented with an amendment to the final development plan which includes additional scope items for the Properties; and

WHEREAS, a permanent financing plan is not proposed at this time; however, it is necessary to again access interim funding to complete the additional renovation scope for the Projects; and

WHEREAS, the Commission has approved an advance of the funds drawn from the MPDU/PAF, to be repaid by TPM upon its future refinancing of the Projects, which is expected to occur in the fall of 2016.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of TPM Development Corporation that it approves the amendment to the development plan to complete the renovation of Timberlawn Crescent and Pomander Court.

BE IT FURTHER RESOLVED by the Board of Directors of TPM Development Corporation that it approves the acceptance of additional loan funds from the Commission in an amount not to exceed \$358,000, to be funded by the Commission’s MPDU/Property Acquisition Fund for a term not to exceed 12 months, and which loan is intended to be repaid from the issuance of tax-exempt bonds or such other financing that repays the loan from the Commission.

BE IT FURTHER RESOLVED the Board of Directors of TPM Development Corporation that it authorizes the Executive Director of the Housing Opportunities Commission of Montgomery County who serves as the Secretary of TPM Development Corporation, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

BE IT FURTHER RESOLVED by the Board of Directors of TPM Development Corporation that it affirms all prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance thereof, the same are hereby in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Board of Directors of TPM Development Corporation that all other resolutions of the TPM Development Corporation or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of TPM Development Corporation at its meeting on April 6, 2016.

Patrice M. Birdsong
Special Assistant to the TPM Development Corporation

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Alexander House Development Corporation

AUTHORIZATION TO SUBMIT THE DETAIL SITE PLAN FOR ALEXANDER HOUSE BY HOC TO M-NCPPC AND MONTGOMERY COUNT ON BEHALF ALEXANDER HOUSE DEVELOPMENT CORPORATION



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
BRIAN KIM
HYUNSUK CHOI

April 6, 2016

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Executive Summary

- On October 7, 2015 the Commission approved a revised development plan including project funding of \$4,500,000 to complete the design and engineering documents for Elizabeth Square, issuance of permits for Elizabeth House III, and the closing on the construction financing for Elizabeth House III. The funding request is divided into four installments, each requiring separate Commission approval.
- On October 7, 2015 the Commission approved the first installment of predevelopment funding totaling \$750,000 to begin work for submission of the site plan.
- Staff anticipates submission of a detailed site plan for Elizabeth House III and Alexander House on May 9, 2016.
- Staff anticipates design development plans for Elizabeth House III to be completed by May 23, 2016.
- Staff anticipates bringing the final development plan for approval to the Commission by July 2016.



- 1 Phase I - EH III**
 - 267 Units
 - 15 Stories
 - Senior Housing
- 2 Phase II – EH IV**
 - 274 Units
 - 19 Stories
 - Family Housing
- 3 Alexander House**
 - 305 Units
 - 16 Stories
 - Family Housing



Projected Predevelopment Budget

- Previous Funding Requests.

Approval Date	Amount	Funds Remaining	Use of Funds
March 6, 2014	\$730,000	\$0	Project and preliminary plan preparation
September 3, 2014	\$910,949	\$0	Begin site plan - SD Phase (Elizabeth Square)
August 5, 2015	\$600,000	\$0	Continue site plan - SD Phase (Elizabeth Square)
October 7, 2015	\$750,000	\$367,106.74	Continue site plan – Completed SD Phase (EH III)
TOTAL	\$2,990,949		

Note: SD – Schematic Design

- Estimated total funding required for approval of site plan, permits, and closing loan - \$4.5MM.

- **\$750,000** - First installment of predevelopment funding needed by **October 2015** to begin the site plan application process for the revised plan (including EHIV). Approved on October 7, 2015



- **\$1,500,000** – Second installment of predevelopment funding needed by **April 2016** to submit site plan and complete design development plans.

- **\$1,500,000** – Third tranche of predevelopment funding needed by **July 2016** to prepare construction document bid sets.

- **\$750,000** – Fourth tranche of predevelopment funding needed by **January 2017** to close on construction loan.

Projected Predevelopment Budget

Discipline	16-Jan	16-Feb	16-Mar	16-Apr	16-May	16-Jun	16-Jul	16-Aug	16-Sep	16-Oct	16-Nov	16-Dec	17-Jan	17-Feb	17-Mar	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, Elevator)	\$95,003	\$95,003	\$95,003	\$95,003	\$180,958	\$180,958	\$180,958	\$180,958	\$180,958	\$180,958	\$180,958	\$221,674	\$221,674	\$221,674	\$221,674	\$2,533,415
Legal (Zoning)	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917	\$22,917				\$275,000
Civil Engineering	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042	\$71,042				\$852,500
Construction Management (Preconstruction)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$75,000
Third Party Consultants									\$18,000				\$10,000			\$28,000
Legal (Contract, Tax Credit(Application, Structuring & LOI Negotiation)					\$30,000			\$30,000								\$60,000
Tax Credit Application, Reservation Fee, Allocation Fee and Due Diligence Tasks								\$2,500	\$5,000					\$95,000		\$102,500
Permit Fees															\$380,000	\$380,000
County Fibernet													\$85,000			\$85,000
Total Costs	\$193,961	\$193,961	\$193,961	\$193,961	\$309,916	\$279,916	\$279,916	\$315,417	\$302,916	\$279,916	\$279,916	\$320,632	\$236,674	\$406,674	\$606,669	\$4,391,415

- The above schedule outlines the likely predevelopment expenditures through closing. To prepare for closing during 1st Quarter of 2017, staff will have to engage legal services to prepare contract documents, third-party professionals, third-party reports, architectural services to begin permit/construction drawings for the new construction plan, and prepare LIHTC application to CDA.
- The unobligated balance in the OHRF as of February 29, 2016 is \$8,641,168. If approved, the unobligated OHRF balance is \$7,141,168.

Request a second installment of pre-development fund: \$1,500,000

All OHRF funds reimbursed at close of financing (projected for 1st Quarter of 2017)

Projected Schedules

Projected Site Plan Schedule	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
Site Plan Pre-Screen Submission										
Site Plan Initial Submission										
Site Plan Final Submission										
Development Review Committee (DRC) Meeting										
Planning Board Meeting										

- Staff will have a community outreach meeting on March 16, 2016 to show the new design before submitting the site plan-- submission end of June 2016.
- On May 9, 2016, staff will submit the initial site plan to the County.
- Staff projects the planning board meeting November 3, 2016.

Architecture Schedule	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Schematic Design														
Design Development														
Permit Documents														
Construction Documents														

Summary and Recommendations

Issues for Consideration

Does the Board of Directors of Alexander House Development Corporation wish to authorize HOC to submit the Detail Site Plan for Alexander House to M-NCPPC and Montgomery County on behalf on its behalf?

Time Frame

Action at the meeting of the Board of Directors of Alexander House Development Corporation on April 6, 2016.

Budget Impact

There is no adverse impact for the Corporation's FY 2016 operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Board of Directors of Alexander House Development Corporation authorizes HOC to submit the Detail Site Plan for Alexander House to M-NCPPC and Montgomery County on its behalf.

RESOLUTION No.16-002_{AH} :

**RE: AUTHORIZATION FOR HOC TO SUBMIT THE
DETAIL SITE PLAN FOR ALEXANDER HOUSE TO
M-NCPPC AND MONTGOMERY COUNTY ON
BEHALF OF ALEXANDER HOUSE DEVELOPMENT
CORPORATION**

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South, consisting of three discrete properties: Alexander House, owned by Alexander House Development Corporation (“Alexander House”); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”); and Fenwick Professional Park, owned by Lee Development Group (“LDG”); and

WHEREAS, on July 23, 2015, the preliminary and project plans for Elizabeth Square were unanimously approved by the County Planning Department; and

WHEREAS, preliminary and project plans approved up to 766,046 square feet of residential development with up to 907 dwelling units, up to 6,032 square feet of non-residential uses, and up to 63,896 square feet of public use facilities; and

WHEREAS, HOC has now completed the feasibility phase of Elizabeth Square and is prepared to develop the detail site plan for improvements along the street frontage of Alexander House and the construction of both Elizabeth House III, which will be constructed on the Fenwick Professional Park site, and Elizabeth House IV, which will be constructed on the existing Elizabeth House site; and

WHEREAS, as part of the detail site plan phase, the development consultants are prepared to initiate the site plan process by submitting an application to M-NCPPC and the County Planning Department.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that

1. HOC’s Executive Director, as Secretary of the Alexander House Development Corporation, is authorized to execute all applications and submissions necessary for the approval of a detail site plan for the development of Alexander House, and to file such applications and submissions with all of the required regulatory agencies, including the Maryland-National Capital Park and Planning Commission and the County Planning Department.

BE IT FURTHER RESOLVED by the Alexander House Development Corporation that HOC’s Executive Director, as Secretary of the Alexander House Development Corporation, is authorized, without any further action on its part other than the subsequent written approval

provided for herein, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Board of Directors of the Alexander House Development Corporation at a regular meeting on April 6, 2016.

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

Adjourn

Executive Session