

**EXPANDED AGENDA**

**January 10, 2018**

			<b><u>Res. #</u></b>
4:00 p.m.	<b>I. <u>CONSENT ITEMS</u></b>		
Page 4 16	A. Approval of Minutes of November 1, 2017 B. Approval of Minutes of December 6, 2017		
4:10 p.m.	<b>II. <u>INFORMATION EXCHANGE</u></b>		
Page 28 31	A. Community Forum B. Report of the Executive Director C. Calendar D. Commissioner Exchange E. Resident Advisory Board		
4:25 p.m.	<b>III. <u>ADMINISTRATIVE AND SPECIAL SESSIONS ACTIONS</u></b>		
Page 34  36  38  40	A. Ratification of Action Taken in Administrative Session on December 6, 2017: Approval to Acquire and Finance the Acquisition of Westwood Towers Apartment B. Ratification of Action Taken in Administrative Session on December 6, 2017: Approval to Draw up to \$20,500,000 on the Existing Real Estate Line of Credit with PNC Bank, N.A. for the Acquisition of Westwood Towers Apartment C. Ratification of Action Taken in Administrative Session on December 6, 2017: Approval of an Authorizing Resolution for the Issuance of Convertible Option Bonds D. Ratification of Action Taken in Administrative Session on December 15, 2017: Approval of Tax-Exempt Loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations")	<b>17-89R</b> <sub>(pg 35)</sub>  <b>17-90R</b> <sub>(pg 37)</sub>  <b>17-91R</b> <sub>(pg 39)</sub>  <b>17-93R</b> <sub>(pg 41)</sub>	
4:35 p.m.	<b>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b>		
Page 44 60 68  72	<b>A. Budget, Finance and Audit Committee – <i>Com. Nelson, Chair</i></b> 1. Acceptance of First Quarter FY 18 Budget to Actual Statements 2. Approval of FY'18 First Quarter Budget Amendment 3. Approval to Submit FFY 18 Public Housing Operating Subsidy Calculations to HUD for the Period January 1, 2018 through December 31, 2018 4. Approval to Submit Additional Target Reductions for the FY'19 County Operating Budget	<b>18-01</b> <sub>(pg 53)</sub> <b>18-02</b> <sub>(pg 65)</sub> <b>18-03</b> <sub>(pg 71)</sub>  <b>18-04</b> <sub>(pg 75)</sub>	
5:05 p.m. Page 77	<b>B. Development and Finance Committee – <i>Com. Simon, Chair</i></b> 1. Approval to Draw Second Installment of Previously Approved Predevelopment Funding for Completing Architectural Drawings for Elizabeth House III, Elizabeth House IV, and the South County Regional Recreation and Aquatic Center ("SCRRAC") and Authorization to Increase Predevelopment Budget and Funding to Commence Underground Utilities Prior to the Closing of the Construction Loan	<b>18-05</b> <sub>(pg 88)</sub>	
5:15 p.m.	<b>V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u></b>		
Page 91	1. Approval of Actions Related to 900 Thayer (the "Property"): 1) Sale of the Property to 900 Thayer Development Corporation, 2)	<b>18-06</b> <sub>(pg 96)</sub>	

	Issuance of a Seller Note for \$9,249, 111.11 to Complete the Sale of the Property, 3) Assignment of all Contracts, 4) Creation of Two Low Income Tax Credit Entities to Facilitate the Permanent Financing and the Purchase of Portions of the Property		
	<b>VII. *<u>FUTURE ACTION ITEMS</u></b> None		
	<b>VIII. <u>NEW BUSINESS</u></b> None		
5:20 p.m.	<b><u>ADJOURN</u></b>		
5:21 p.m.  Page 104	<b><u>DEVELOPMENT CORPORATION MEETING</u></b> <b>900 Thayer Development Corporation</b> <ul style="list-style-type: none"> <li>Approval to Purchase 900 Thayer (the "Property") from the Housing Opportunities Commission of Montgomery County for \$9,249,111.11 and to Accept as a Seller Note for the Purchase Price, Approval to take Assignment of all Contracts and to Sell Portions of the property to 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership</li> </ul>		18-001 <sub>TY</sub> (pg 109)
5:31 p.m.	<b><u>ADMINISTRATIVE SESSION</u></b> Pursuant to Section 3-305(b)(3) and (5) of the General Article of the Annotated Code of the State of Maryland, this Administrative Session will be called to order to consider the acquisition of real property for a public purpose and matters directly related thereto; and to consider the investment of public funds.		

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**

November 1, 2017

17-11

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, November 1, 2017 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:30 p.m. Those in attendance were:

**Present**

Jackie Simon, Chair  
Richard Y. Nelson, Jr., Chair Pro Tem  
Margaret McFarland  
Linda Croom  
Pamela Byrd  
Edgar Rodriguez

**Absent**

Christopher Hatcher, Vice Chair

**Also Attending**

Stacy L. Spann, Executive Director  
Erik Smith  
Clarence Landers  
Bonnie Hodge  
Saundra Boujai  
Pedro Martin  
Ellen Goff  
Christina Autin  
Lynn Hayes  
Tiffany Jackson  
Vivian Benjamin  
Jay Shepherd  
Nilou Razeghi  
Douglas Brooks  
Cathy Kramer  
John Vass  
Jennifer Hamm  
Garrett Jackson

Nowelle Ghahhari, General Counsel  
Rita Harris  
Fred Swan  
Natalie Craver  
Ian Williams  
Kayrine Brown  
Ethan Cohen  
Zachary Marks  
Maria Montero  
Charnita Jackson  
Melody Stanford  
Jim Atwell  
Joan McGuire  
Mary Phillips  
Gail Willison  
Deirdre Harris  
Patrick Mattingly  
Francisco Vega

Eugene Spencer  
Darcel Cox  
Tara Whicker  
Amber Queen  
Eugenia Pascual  
Kathryn Hollister

Lorie Seals  
Ali Khademian  
Lauren Williams  
Toni Johnson  
Ugonna Ibebuchi

**Resident Advisory Board**

None

**Commission Support**

Patrice Birdsong

**Guest**

Marsha Coleman-Adebayo  
Rev. Segum Adebayo  
Kevin Berends  
Robert Stubblefield  
Keren Cabral  
Peter Burr  
Jennifer Odintz  
Laurel Hoa  
Brian Ulmer

**IT Support**

Irma Rodriguez  
Carlton Boujai  
  
Troy Jackson  
Roger Hall  
Saundra DeMoraes  
Marta Melgar  
Mindy Melgar

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

**I. CONSENT ITEMS**

- A. Approval of Minutes of September 6, 2017** – The minutes were approved as submitted.
- B. Approval of Minutes of October 4, 2017** – The minutes were approved as submitted.
- C. Approval of Minutes of October 17, 2017 Administrative Session** – The minutes were approved as submitted.

**II. INFORMATION EXCHANGE**

**A. Community Forum**

- Brian Ulmer, Landlord, address the Board regarding tenant. Fred Swan, Director of Resident Services was asked assist Mr. Ulmer.

- Troy Jackson, Landlord, address the Board regarding tenant. Garrett Jackson, Special Assistant to the Executive Director was designated to assist Mr. Jackson.
- Roger Hall, Alexander House Resident, address the Board with his concerns of the property management company.
- Sandra DeMoraes, Alexander House Resident, address the Board regarding concerns at the property.
- Marta Melgar and daughter addressed the Board regarding issues with her unit and harassment by neighbors.
- Laurel Hoa, Dr. Marsha Coleman-Adebayo, Rev. Segun Adebayo, Kevin Berends, Robert Stubblefield, Keren Cabral, Peter Burr, and Jennifer Odintz – Macedonia Baptist Church, and addressed the Board regarding preservation of the Historical African-American Burial ground associated with the Macedonia Baptist Church.

**B. Executive Director Report**

- Executive Director Spann reported that there was nothing additional to add to his written report.

**C. Commissioner Exchange**

- Commissioner Nelson reported on a Bill being introduced to modify MPDU Program.

**D. Resident Advisory Board**

- No Report

**III. ADMINISTRATIVE AND SPECIAL SESSIONS ACTIONS**

**A. Ratification of Action Taken in Administrative Session on October 17, 2017:  
Approval of Predevelopment Funding and Authorization to Enter into a  
Predevelopment Agreement for Affordable Housing Units**

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

**RESOLUTION NO.: 17-70R**

**RE: Ratification of Action Taken in Administrative  
Special Session on October 17, 2017  
Approving Predevelopment Funding and  
Authorization to Enter into a  
Predevelopment Agreement for Affordable  
Housing Units**

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

**WHEREAS**, at an Administrative Special Session duly called and held on October 17, 2017, with a quorum present, the Commission duly adopted Resolution 17-70AS, which approved predevelopment funding and authorized entering into a predevelopment agreement for certain affordable housing units.

**WHEREAS**, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 17-70AS and any action taken since October 17 2017 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 17-70AS and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**  
**A. Budget, Finance and Audit Committee – Com. Nelson, Chair**  
**1. Approval of CY'18 Tax Credit Partnership Budgets**

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

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

**RESOLUTION NO.: 17-71**

**Re: Approval of CY'18 Tax Credit Partnership**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County is the General Partner who manages the business and is liable for the debts of 15 Tax Credit Partnerships; and

**WHEREAS**, the limited partners in these 15 Tax Credit Partnerships have contributed money and share in profits but take no part in running the business and incur no liability with respect to the partnership beyond their contributions; and

**WHEREAS**, the Tax Credit Partnerships are unique within the Housing Opportunities Commission's property portfolio since they are not HOC entities but managed properties and have no separate Boards; and

**WHEREAS**, the Housing Opportunities Commission has a financial obligation to cover all debts, has an interest in the successful performance of these partnerships and, as such, should review their performances and approve their budgets; and

**WHEREAS**, the Budget, Finance and Audit Committee reviewed the CY'17 Budgets at the October 17, 2017 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby approves the CY'18 Operating Budgets for the 15 Tax Credit Partnerships shown on Attachment 1 of this resolution.

## **2. Authorization to Submit FY'19 County Operating Budget**

Tiffany Jackson, Budget Officer, and Nilou Razeghi, Assistant Budget Officer, were presenters.

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

**RESOLUTION NO.: 17-72**

**RE: Authorization to Submit FY'19 County Operating Budget**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County wishes to submit a request for County funds for FY'19; and

**WHEREAS**, the County has instructed HOC to submit a base budget or "MARC" of \$6,508,067 for FY'19 by November 9, 2017.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby submits a request for FY'19 County funds in the amount of \$6,508,067.

## **3. Approval to Extend the Banking Services Contract with PNC Bank, N.A.**

Gail Willison, Chief Financial Officer, was the presenter.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Nelson,



McFarland, Croom, and Byrd. Commissioner Rodriguez abstained. Commissioner Hatcher was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 17-73**

**RE: Approval to Extend Banking Services Contract  
with PNC Bank, N.A.**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, 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 multifamily rental housing properties for persons of eligible income which provide a public purpose; and

**WHEREAS**, in furtherance of its mission, the Commission uses the services of commercial banks pursuant to which, PNC Bank, N.A. (PNC Bank) has served the Commission as its primary bank since 2008 and in addition to its Treasury Management services has provided the Commission with a menu of services that includes capital markets, real estate financing, and other financial services; and

**WHEREAS**, the current Banking Services Contract with PNC Bank will expire on September 30, 2018; however, the contract may be extended for two additional years; and

**WHEREAS**, an extension of the current Banking Services Contract must be requested of the Commission, which in its sole discretion may grant that extension but if such extension is not granted, a new procurement process must commence which would require up to one year for procurement and switching to a new bank; therefore, staff seeks action from the Commission at this time; and

**WHEREAS**, PNC Bank has established a mutually beneficial relationship with the Commission and continues to provide services at competitive cost in support of its mission.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to extend the contract for banking services with PNC Bank, N.A. for one year through September 2019.

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

**4. Approval of Extension of Property Assistance Contract**

Clarence Landers, Acting Director of Property Management, was the presenter.

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

**RESOLUTION NO.: 17-74**

**Re: Authorization to extend the  
Property Assistance Contract with Edgewood  
Management Company**

**WHEREAS**, the Housing Opportunities Commission issued a Request for Proposals (the "RFP") to property management firms to provide certain services in marketing and operating the Units utilizing the brand of the private company; and

**WHEREAS**, responses were received from several management companies and after review of the written submissions and direct interviews with Commission staff, it was determined that Edgewood/Vantage Management ("Edgewood") was the most responsive bidder in terms of fee, expertise in marketing to a broad segment of the market, recognized brand, knowledge of Commission requirements, and capabilities for training staff and potential residents under the Section 3 program; and

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to extend the two-year contract for an additional year.

**5. Approval of Management Contract for Spring Garden**

Clarence Landers, Acting Director of Property Management, and Charnita Jackson, Asset Manager, were the presenters.

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

**RESOLUTION NO.: 17-75**

**RE: Approval of Management Contract  
for Spring Garden Apartments**

**WHEREAS**, the Housing Opportunities Commission issued a Request for Proposals (RFP) for management for Spring Garden Apartments; and

**WHEREAS**, based on the criteria included in the RFP and pricing from five responding companies, a panel of HOC staff from Property Management, Mortgage Finance and Compliance scored the results and determined that Edgewood/Vantage Management is the most qualified to manage Spring Garden Apartments.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission that the Executive Director is hereby authorized to negotiate and execute a contract for the term of two (2) years with three (3) one (1) year renewal options with Edgewood/Vantage Management for property management services at Spring Garden Court Apartments.

**6. Approval of Contract for Barclay Square and Fairfax Court**

Clarence Landers, Acting Director of Property Management, and Pedro Martin, Acting Asset Manager, were the presenters.

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

**RESOLUTION NO. 17-76**

**RE: Approval of Management Contract  
Contract for The Barclay and Fairfax  
Court Apartments**

**WHEREAS**, the Housing Opportunities Commission issued a Request for Proposals (RFP) for management of The Barclay and Fairfax Court Apartments; and

**WHEREAS**, based on the criteria included in the RFP and pricing from each of the five companies, a panel of HOC staff from Property Management, Mortgage Finance and Compliance scored the results and determined that Edgewood Management Corporation is the most qualified to manage The Barclay and Fairfax Court Apartments.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission that the Executive Director is hereby authorized to negotiate and execute a contract for the term of two (2) years with two (2) one-year renewable terms with Edgewood Management Corporation for property management services at The Barclay and Fairfax Court Apartments.

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

**1. Adoption of an Inducement Resolution for Acquisition and Renovation of the Hillside Senior Living Transportation**

Kayrine Brown, Chief Investment and Real Estate Office, Vivian Benjamin, Assistant Director Mortgage Finance, Ugonna Ibebuchi, Financial Analyst, and Erik Smith, Junior Financial Analyst, were presenters.

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

**RESOLUTION NO.: 17-77**

**Re: Adoption of an Inducement  
Resolution for Hillside Senior Living  
Transaction**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, 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 multifamily rental housing properties for persons of eligible income which provide a public purpose; and

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

**WHEREAS**, the Commission has been asked to consider the issuance of a maximum amount of \$28,897,000 in tax-exempt bonds to finance the acquisition and rehabilitation loan for a multifamily rental housing development, Hillside Senior Living (the "Development"), a 140-unit development located at 200 Skidmore Boulevard, Gaithersburg, Montgomery County, Maryland 20788, which is intended for occupancy by independent elderly residents; and

**WHEREAS**, the Commission sees this financing arrangement as an opportunity to further its goals in meeting said public purpose.

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

**BE IT FURTHER RESOLVED** that it is the intention of the Commission to issue tax-exempt bonds in the maximum principal amount of \$28,897,000 to provide financing for the acquisition and construction financing of the Development. The foregoing represents an expression of intent in order to satisfy the provision of 24 C.F.R. §1.150-2 of the United States Income Tax Regulations, and is not a commitment by the Commission to issue said bonds. Issuance of said bonds shall: 1) be at the discretion of the Commission, 2) shall be subject to the final satisfactory underwriting and approval of all documents, provisions, covenants, and all other provisions as may be required by the Commission and 3) shall be subject to final acceptance of same by the owner of the project.

**V. ITEMS REQUIRING DELIBERATION and/or Action**

1. Acceptance of HOC FY'17 Audited Financial Statements, Single Audit Report, and Management Letter

Gail Willison, Chief Financial Officer, and Eugenia Pascual, Controller, were the presenters.

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

**RESOLUTION NO.: 17-78**

**RE: Acceptance of HOC FY'17  
Audited Financial Statements Single  
Audit Report, and Management Letter**

**WHEREAS**, the independent auditors, CliftonLarsonAllen LLP (CLA), presented their report for FY'17 to the Commission; and

**WHEREAS**, at a meeting held on November 1, 2017, the Commission reviewed the HOC FY'17 Audited Financial Statements, Single Audit Report, and Management Letter.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Commission accepts the HOC FY'17 Audited Financial Statements, Single Audit Report, and Management Letter prepared by CliftonLarsonAllen LLP.

**2. Approval of Renovation Budget and Scope of Work for Public Housing Common Area Amenities at Tobytown and Authorization to Select General Contractor for Renovation of Tobytown Community Clubhouse in Accordance with IFB #2082**

Kayrine Brown, Chief Investment and Real Estate Officer, and Jay Shepherd, Senior Financial Analyst, were the presenters.

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

**RESOLUTION NO.: 17-79**

**RE: Approval of Renovation Budget and  
Scope of Work for Public Housing  
Common Area Amenities at Tobytown  
and Authorization to Select General  
Contractor for Renovation of Tobytown  
Community Clubhouse in Accordance  
With IFB #2082**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") receives funding from the Department of Housing and Urban

Development (“HUD”) under its Capital Funds Program (“CFP”) for use by HOC at its Public Housing properties; and

**WHEREAS**, Tobytown is a 26-unit residential townhouse development principally located at 12600 Tobytown Drive in Potomac and was developed by HOC around 1972 under the former HUD Turnkey III Public Housing Homeownership program; and

**WHEREAS**, the HUD Turnkey III program was designed to encourage self-sufficiency through homeownership whereby during the period of tenancy, the family made equity payments based on their household income and maintained their own property such that when a family's income and equity accounts increased to the point where it could obtain permanent financing for the unit, or when the equity account equaled the unamortized debt and closing costs, ownership passed to the family; and

**WHEREAS**, HUD began phasing out the Turnkey III program in 1999 and by May 31, 2017, ownership had transferred from HOC to the respective families in 19 of the 26 units at Tobytown (73% of the units) and in June 2017, as part of the disposition process, the Commission approved a contract award with CBP Constructors, LLC for the renovations contemplated under IFB #2072 to the seven (7) remaining units and in September 2017 the work commenced; and

**WHEREAS**, aside from these remaining seven units, HOC owns common areas including a 3,295 square foot community clubhouse, a cemetery, and a playground which were originally built in the early 1970's, and although the clubhouse received intermittent renovation work over the previous 45 years it requires substantial renovation to meet code compliance, current resident usage expectations, and to allow HOC to fully exit the Public Housing regulatory environment; and

**WHEREAS**, in the CFP Year 23 (federal fiscal year 2014) Federal Capital Funds Program (CFP), HUD authorized \$1,762,821, of which \$784,848 is available for use at Tobytown to renovate HOCs remaining assets, and up to \$496,088,000 available in the Public Housing Asset Repositioning funds to cover additional expenses to renovate and convert the Common area amenities; and

**WHEREAS**, renovations include code-required work to the clubhouse for front entrance and canopy, loft meeting space, systems, and finish replacements; and

**WHEREAS**, staff has solicited competitive Invitation-to-Bid (IFB) procurement (IFB #2082 RENOVATION OF TOBYTOWN COMMUNITY CLUBHOUSE IN TOBYTOWN) targeted at small-businesses in Montgomery County and received several compliant responses from seven firms; and

**WHEREAS**, staff recommends proceeding with the selection of the lowest responsible and responsive bidder, Visionary Construction Consultants, LLC to complete the

renovation and fund the contract from residual dedicated CFP and Public Housing Asset Repositioning funds; and

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Scope of Work for common areas at the Tobytown community is approved and the Executive Director is authorized to award a contract to Visionary Construction Consultants, LLC as contractor for the renovations contemplated under IFB #2082.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to execute a contract with Visionary Construction Consultants LLC for \$560,000 plus additional costs, if any, to reflect design changes with final contract numbers to be reported to the Commission when they are known and that such funding will be provided from budgeted HUD Capital Fund Program and Public Housing Asset Repositioning Fee for use by HOC at its Public Housing properties.

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

**V. FUTURE ACTION ITEMS**

**None**

**VI. NEW BUSINESS**

**None**

**VII. ADMINISTRATIVE SESSION FINDING**

**None**

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

The open session adjourned at 6:04 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

December 6, 2017

17-12

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, December 6, 2017 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

**Present**

Jackie Simon, Chair  
Richard Y. Nelson, Jr., Chair Pro Tem  
Linda Croom  
Pamela Byrd  
Edgar Rodriguez

**Absent**

Margaret McFarland

**Also Attending**

Stacy L. Spann, Executive Director  
Gail Willison  
Arthur Tirsky  
Clarence Landers  
Ethan Cohen  
Zachary Marks  
Fred Swan  
Hyunsuk Choi  
Jim Atwell  
Ali Khademian  
Jennifer Hamm  
Francisco Vega  
Natalie Craver  
Darcel Cox  
Victoria Dixon

Nowelle Ghahhari, General Counsel  
Patrick Mattingly  
Sherraine Rawlins  
Shauna Sorrells  
Kayrine Brown  
Sheryl Hammond  
Paulette Dudley  
Maria Montero  
Christina Autin  
Joan McGuire  
Nilou Razeghi  
Angelia McIntosh-Davis  
Eugenia Pascual  
Lauren Williams  
Saundra Boujai

**Resident Advisory Board**

Yvonne Caughman



**Guest**

Warren Dungee, Edgewood Mgmt  
Cheryl Ross  
Marsha Coleman-Adebago  
Laurel Hoa  
Robert Stubbfield  
Harvey Martin  
Monica Goldberg  
Endrias Bekele  
Marta Melgar  
Mindy Melgar

**Commission Support**

Patrice Birdsong

**IT Support**

Karlos Taylor  
Irma Rodriguez  
Gabriel Taube

**I. INFORMATION EXCHANGE**

**A. Executive Director Report**

- Executive Director Spann reported that there was nothing additional to add to his written report. He reminded them of the Giving Tuesday campaign.

**B. Commissioner Exchange**

- None

**C. Resident Advisory Board**

- Ms. Caughman reported that Zachary Marks, Director of Real Estate Development and Lynn Hayes, Director of Housing Resources, gave individual division presentations to the Resident Advisory Board.

**D. Community Forum**

- Endrias Bekele addressed the Board regarding issues with property management company. Clarence Landers, Acting Director of Property Management, Charnita Jackson, Asset Manager, and Warren Dungee, Regional Manger-Edgewood/Vantage, were asked to assist Mr. Bekele.
- Cheryl Ross addressed the Board regarding emergency housing assistance. Fred Swan, Director of Resident Services was asked to assist Ms. Ross.
- Marta Milgar and daughter Mindy Melgar thanked the Commission for the assistance she received regarding issues with her unit. She wanted to inform the Commission that she and her daughter are still being harassed by their neighbor. Lynn Hayes, Director of Housing Resources was asked to assist Ms. Melgar.
- Dr. Marsha Coleman-Adebago addressed the Board on behalf of the Macedonia Church group.

**II. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS**

**A. Ratification of Action Taken in Administrative Session on November 17, 2017:  
Authorization to Exercise the Right of First Refusal to a Multifamily Development  
and Fund Earnest Money Deposit**

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

**RESOLUTION NO.: 17-81R**

**RE: Authorization to Enter Into a Contract  
of Sale and Fund an Earn Money Deposit for  
the Acquisition of a Multifamily Development**

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

**WHEREAS**, at a closed Administrative Special Session duly called and held on November 17, 2017, with a quorum present, the Commission duly adopted Resolution 17-81AS authorizing entering into a contract of sale and an earnest money deposit for the acquisition of a multifamily development; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 17-81AS and any action taken since November 17, 2017 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 17-81R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**B. Ratification of Action Taken in Administrative Session on November 17, 2017:  
Authorization to Fund Debt Service Reserve for VPC One and VPC Two  
Corporations**

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

**RESOLUTION NO.: 17-82R**

**RE: Ratification of Approval to Draw up**

**to \$3,000,000 from the PNC Bank, N.A. Real Estate Line of Credit to Fund the Earnest Money Deposit for the Acquisition of a Multifamily Development**

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

**WHEREAS**, at a closed Administrative Special Session duly called and held on November 17, 2017, with a quorum present, the Commission duly adopted Resolution 17-82AS authorizing the Commission to draw up to \$3,000,000 on the \$90 million PNC Bank, N.A. Real Estate Line of Credit “(RELOC)” to fund the Earnest Money Deposit for the acquisition of a multifamily development; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 17-82R and any action taken since November 17, 2017 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 17-82R Resolution and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

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

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

**1. Authorization to Accept a Grant from the Montgomery County Department of Housing and Community Affairs to Establish the Montgomery County Homeownership Assistance Fund**

Kayrine Brown, Chief Investment and Real Estate Officer, and Paulette Dudley, Program Specialist, were presenters.

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

**RESOLUTION NO.: 17-83**

**RE: Authorization to Accept a Grant from the Montgomery County Department of Housing and Community Affairs to Establish the**

**Montgomery County Homeownership  
Assistance Fund**

**WHEREAS**, the Single Family Mortgage Purchase Program (the “Program” or “MPP”) for the Housing Opportunities Commission of Montgomery County (“Commission”) currently administers a Closing Cost Program that includes two (2) options: 1) a down payment assistance deferred loan at zero percent (0%) interest for up to three-percent (3%) of the sales price; and 2) for those borrowers working in Montgomery County, a Revolving Closing Cost Assistance Program (“RCCAP”) loan equal to five-percent (5%) of sales price or up to \$10,000 at five-percent (5%) interest over a 10-year term, as a second mortgage; and

**WHEREAS**, with rising home sale prices across the nation, within the State of Maryland and in Montgomery County in particular, it has become a challenge for many first-time homebuyers to have the necessary funds for down payment and/or closing cost assistance; and

**WHEREAS**, in April and October of 2017 the Montgomery County Department of Housing and Community Affairs (DHCA) partnered with Maryland’s Department of Housing and Community Development (DHCD), and provided a \$1 million grant to broaden available resources for eligible first-time homebuyers in Montgomery County; and

**WHEREAS**, DHCA has offered to provide the Commission the same grant of \$1 million to be used to establish a new closing cost option for the MPP, the Montgomery County Homeownership Assistance Fund (the “Fund” or “McHAF”), that would provide down payment or closing cost assistance loan of up to 40% of the household’s qualifying income for a maximum of \$25,000 per household; and

**WHEREAS**, an MPP McHAF loan must be used with an MPP first mortgage product; will be a 10-year deferred loan at zero percent (0%) interest with a pro rata amount due only upon sale or refinance during the first 10-years; and, can be combined with an RCCAP loan.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts a \$1 million grant from the Montgomery County Department of Housing and Community Affairs to establish the Montgomery County Homeownership Assistance Fund.

**BE IT FURTHER RESOLVED** that the Fund will provide down payment or closing cost assistance loans under the following terms:

- Each McHAF loan will be for up to 40% of the household’s qualifying income for a maximum of \$25,000 per household;
- Each McHAF loan must be used with an MPP first mortgage product;
- Each McHAF loan will be a 10-year deferred loan at zero percent (0%) interest with a pro rata amount due only upon sale or refinance during the first 10-years; and,
- Each McHAF loan may be combined with an RCCAP loan, so long as the borrower works in Montgomery County.

**BE IT FURTHER RESOLVED** that any repayment received by a borrower upon sale or refinance during the first 10-years will be deposited in the RCCAP to further fund revolving closing cost loans and that the Mortgage Finance Single Family staff will administer the Fund.

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

**2. Approval to Create a Pool of Architects and Accessibility Consultants Pursuant to RFQ 2080**

Kayrine Brown, Chief Investment and Real Estate Officer, and Paulette Dudley, Program Specialist, were presenters.

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

**RESOLUTION NO.: 17-84**

**RE: Approval to Create a Pool of Architects and Accessibility Consultants Pursuant To RFQ 2080.**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (HOC) has an ongoing need to undertake due diligence and evaluate potential acquisition, renovation, and development of properties for preliminary planning through construction administration; and

**WHEREAS**, the due diligence and evaluation of the potential acquisitions, renovations, and new construction transactions require the services of qualified architects and accessibility consultants; and

**WHEREAS**, to ensure the availability of qualified architects and accessibility consultants, HOC issued Request for Qualifications (RFQ No. 2080) (the "RFQ") on August 14, 2017, soliciting proposals from architectural firms interested in providing these services on an as-needed basis; and

**WHEREAS**, 19 proposals were timely received in response to the RFQ; and

**WHEREAS**, the RFQ attached a weight of 30% for Experience with Affordable Projects, Firm & Personnel Resumes, 20% for Initial Programming and Entitlement Process, 20% for Construction Administration & Observation, and 15% for Schematic Design & Design Development, 15% for Construction Documents and Bidding; and

**WHEREAS**, each proposal was evaluated and assigned numerical values for the firms' experience with affordable and publicly funded housing transactions, sustainability, accessibility, single and multifamily renovation and/or new construction, and feasibility and site plan evaluation; and

**WHEREAS**, applying the criteria described above, the following 16 firms were given the highest overall scores: Architecture by Design, Bennett Frank McCarthy Architects, Inc., Davis, Carter, Scott Ltd, Design Collective, Gensler, Grimm and Parker Architects, Hord Coplan Macht, Karl Riedel Architecture, P.C., KGD Architecture, KTG Architecture and Planning, Lothrop Associates, LLP, Mimar Architects & Engineers, Inc., Miner Feinstein Architects, LLC, Niles Bolten Associates, Inc., Torti Gallas and Partners, and Zavos Architecture and Design, LLC; and

**WHEREAS**, HOC Staff recommends that the Commission enter into contracts for consulting services on an as-needed basis with the 16 highest overall scoring applicants.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to negotiate and execute contracts with: Architecture by Design, Bennett Frank McCarthy Architects, Inc., Davis, Carter, Scott Ltd, Design Collective, Gensler, Grimm and Parker Architects, Hord Coplan Macht, Karl Riedel Architecture, P.C., KGD Architecture, KTG Architecture and Planning, Lothrop Associates, LLP, Mimar Architects & Engineers, Inc., Miner Feinstein Architects, LLC, Niles Bolten Associates, Inc., Torti Gallas and Partners, and Zavos Architecture and Design, LLC, to create a pool of architects to provide consulting services as-needed for an annual zero-dollar contracts with annual aggregate cap of \$1,000,000.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to select and retain the same architect for all phases of a transaction, under the same terms of the pool contract and that each architect will be selected competitively from members of the pool based on the Commission's needs, the required scope of work, the tasks to be completed, and the specialty of each firm.

**BE IT FURTHER RESOLVED** that if an Architect's proposed aggregate scope per transaction exceeds the Executive Director's \$250,000 authorization limit, staff must return to the Commission for approval prior to awarding the contract.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to execute contracts with the architects noted above and that such contracts would be issued for a period of one year from the date of contract award with up to four one-year renewals with change orders issued on a per transaction, as needed basis in accordance with the Commission's Procurement Policy.

**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.

**B. Legislative and Regulatory Committee – Com. Pamela Byrd, Chair**

**1. Authorization to Submit the Federal Fiscal Year 2017 Capital Fund Program Grant Five-Year Action Plan**

Ethan Cohen, Housing Program Coordinator, was the presenter.

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

**RESOLUTION NO.: 17-85**

**RE: Authorization to Submit the  
Federal Fiscal Year 2017  
Capital Fund Program Grant  
Five-Year Action Plan**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission”) will submit the Federal Fiscal Year (FFY) 2017 Capital Fund Program (CFP) grant Five-Year Action Plan and the supporting Commission Resolution to the U.S. Department of Housing and Urban Development (HUD); and

**WHEREAS**, by submitting the Federal Fiscal Year (FFY) 2017 Capital Fund Program (CFP) grant Five-Year Action Plan and the supporting Commission Resolution, 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 Federal Fiscal Year (FFY) 2017 Capital Fund Program (CFP) grant Five-Year Action Plan and the supporting Commission Resolution.

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

**2. Authorization to Revise HOC’s Administrative Plan for the Housing Choice Voucher Program to Add Wait List Related Changes to the Admissions Process**

Ethan Cohen, Housing Program Coordinator, was the presenter.

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

**RESOLUTION NO.: 17-86**

**RE: Authorization to Revise HOC's  
Administrative Plan for the  
Housing Choice Voucher Program  
to Add Wait List Related Changes  
to the Admissions Process**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add wait list related changes to the admissions process; and

**WHEREAS**, a public comment period for these proposed revisions began on September 15, 2017 and concluded on December 6, 2017 with a public hearing.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves and authorizes this revision and new addition to its Administrative Plan for the Housing Choice Voucher Program to add wait list related changes to the admissions process.

**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.

**3. Authorization to Partner with the Maryland Department of Disabilities under the Community Choice Homes Initiative**

Fred Swan, Director of Resident Services, was the presenter.

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

**RESOLUTION NO.: 17-87**

**RE: Authorization to Partner with the  
Maryland Department of Disabilities under the  
Community Choice Homes Initiative**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (HOC) is seeking authorization to enter into an agreement with the Maryland Department of Disabilities (MDOD) to set aside ten (30) units for participants in the Community Choice Homes Initiative (CCHI); and



**WHEREAS**, the CCHI will provide accessible housing units and housing subsidies for non-elderly disabled residents; and

**WHEREAS**, HOC is also seeking authorization to ensure that all 30 units are utilized for this population and remain accessible for up to 15 years.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves and authorizes the execution of an agreement with MDOD 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.

**4. Authorization to Implement Voucher Payment Standards Based on HUD FY 2018 Fair Market Rents**

Ethan Cohen, Housing Program Coordinator, and Lynn Hayes, Director of Housing Resources, were the presenters.

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

III. **FUTURE ACTION ITEMS**  
**None**

IV. **NEW BUSINESS**  
**Authorization to Submit and Implement FY'18 County Savings Plan**

Gail Willison, Chief Financial Officer, was the presenter.

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

V. **ADMINISTRATIVE SESSION FINDING**  
**None**

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

The open session adjourned at 5:20 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

# INFORMATION EXCHANGE

*HOC and Partners Celebrate “Topping Out” at The Lindley*



On Thursday, December 21, 2017, HOC and its partners celebrated the “topping out” of The Lindley, a transit-oriented, mixed-income property in the heart of Chevy Chase. “Topping out” refers to the placing of a building’s highest beam, representing a significant benchmark in construction. The Lindley, slated to open in fall 2018, will be perhaps the first affordable housing property in the nation to include private equity as a source of development funds.

HOC Commissioners Jackie Simon and Richard Nelson, as well as several HOC staff members attended the ceremony. The Lindley is the result of an innovative collaboration that brings together world-class design and community development expertise. A public-private partnership with EYA Developers and the Morris and Gwendolyn Cafritz Foundation enables HOC to build community-connected housing that will help satisfy the need for high-quality affordable housing in areas of opportunity within the county. We are excited to celebrate this milestone which marks the culmination of many months of hard work.



Once complete, The Lindley will house 200 units, 40 of which will be affordable to households at 60 percent of the Area Median Income (AMI) and below, and 40 will be workforce housing. The property will be adjacent to the Purple Line and include a half-acre park as a nexus for socializing and encouraging community connection.

### *Fatherhood Initiative Graduates 8<sup>th</sup> Cohort*

The Fatherhood Initiative graduated its 8<sup>th</sup> cohort (Theta) near the end of November. There was a combination of both fathers and mothers who participated in the program. The graduation was held at the Sky Lounge at The Exchange in Wheaton.

Sixty-five people attended the ceremony, including 18 graduates and their families. One of the Fatherhood Initiative's fall graduates, Mr. Oswaldo Montoya, received tuition assistance from HOC Academy to pursue Project Management training at Montgomery College. As of December 2017, Mr. Montoya passed the national exam to become a Certified Project Management Professional and has significantly increased his career skills and earning potential. His success is another example of how connecting customers to HOC's basket of services can help people reach their fullest potential and achieve the goals they have for themselves and their families.



The Fatherhood Initiative continues to offer programming to individuals who are on the HOC HousingPath wait list and will start its 9<sup>th</sup> cohort (Iota) in January.

### *Branch Out Tutors Program Resumes at HOC Properties*



In December, HOC Academy re-launched its tutoring program with non-profit partner Branch Out Tutors. Branch Out Tutors is a team of students from across Montgomery County focused on mentoring and creating academically-engaging activities for youth in the community. Last year, HOC partnered with Branch Out Tutors to provide tutoring, homework help, and after-school activities to students at five HOC properties. This year, their volunteers will tutor more than 30 students at our Magruder's Discovery and Stewartown properties through the remainder of the school year. In January, the program will be extended to students at Seneca Ridge.

## *HOC Testifies at County Hearing on MPDU Program*



On Wednesday, December 5, 2017, I testified before the Montgomery County Council to express HOC’s general support for two bills related to the county’s Moderately Priced Dwelling Units (MPDU) program: Bill 34-17 sponsored by Councilmember Nancy Floreen and Bill 38-17 sponsored by Council President Hans Riemer.

On behalf of HOC, I applauded the Council’s efforts to update the law and ensure it keeps pace with the changing development landscape. The bills propose different updates and improvements to the law intended to provide greater program flexibility and increase the overall number of MPDUs in the county. While both proposals already include commendable elements, we believe they can benefit from further input and discussion from organizations like HOC, who are deeply invested in this work. We look forward to participating in the upcoming work sessions on both bills and working together with County partners to ensure changes reflect Montgomery County’s longstanding history of inclusionary zoning best practices.

# HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

## January 2018

1	New Year's Day Holiday ( <i>HOC Offices Closed</i> )	
10	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
15	Martin Luther King, Jr. Holiday ( <i>HOC Offices Closed</i> )	
16	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
17	Development and Finance Committee Worksession - Re: MPDU Laws ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
22	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
26	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
29	Agenda Formulation ( <i>Simon, Rodriguez</i> )	12:00 noon

## February 2018

7	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
19	President's Day ( <i>HOC Offices Closed</i> )	
20	Budget, Finance and Audit Committee Meeting - 2 <sup>nd</sup> Quarter ( <i>Nelson, Simon</i> )	10:00 a.m.
23	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
23	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
26	Agenda Formulation ( <i>Simon, Nelson</i> )	12:00 noon
26	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.

## March 2018

7	HOC Annual Meeting ( <i>All</i> )	4:00 p.m.
19	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
20	Budget, Finance and Audit Committee Meeting – re: Rents ( <i>Nelson, Simon</i> )	10:00 a.m.
20	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
23	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
26	Agenda Formulation ( <i>Simon, Nelson</i> )	12:00 noon

## April 2018

4	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
18	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
20	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
20	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
23	Agenda Formulation ( <i>Simon, Nelson</i> )	12:00 noon
23	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
24	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
30	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.

## May 2018

2	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
8	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
15	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
15	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.

18	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	10:00 a.m.
21	Agenda Formulation (Simon, McFarland)	12:00 noon
21	Resident Advisory Board (Croom)	6:00 p.m.
22	Budget, Finance and Audit Committee Meeting – re: Budget (Nelson, Simon)	10:00 a.m.
28	Memorial Day Holiday (HOC Offices Closed)	

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**June 2018**

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6	HOC Regular Meeting (All)	4:00 p.m.
22	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	10:00 a.m.
22	Status/Lunch Meeting w/Executive Director (All) – Location TBD	12:00 noon
25	Agenda Formulation (Simon, McFarland)	

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Activities of Interest

- 1 – Follow-up Meeting w/Housing for People with Disabilities Group
  - 2 – Property Tour
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# Administrative and Special Sessions Actions

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION  
ON DECEMBER 6, 2017:**

**APPROVAL TO ACQUIRE AND FINANCE THE ACQUISITION OF  
WESTWOOD TOWERS APARTMENTS**

**January 10, 2018**

- At a closed Administrative Session on December 6, 2017, the Commission adopted Resolution 17-89AS which approved the acquisition of the Westwood Towers Apartments for \$20,000,000, and the financing of the acquisition through either loan proceeds up to \$20,500,000 from United Bank or a draw on the Real Estate Line of Credit from PNC Bank, N.A.
- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the December 6, 2017 closed Administrative Session any action taken since then with respect to the approved transaction.

**RESOLUTION: 17-89R**

**RE:** Ratification of Action Taken in Administrative Session on December 6, 2017: Approval to Acquire and Finance the Acquisition of Westwood Towers Apartments

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

**WHEREAS**, at a closed Administrative Session duly called and held on December 6, 2017, with a quorum present, the Commission duly adopted Resolution 17-89AS authorizing the acquisition of Westwood Towers Apartments for Twenty Million and 00/100 Dollars (\$20,000,000), and approving the financing of the acquisition through either loan proceeds from United Bank in amount up to \$20,500,000, or a draw on the PNC, N.A. Real Estate Line of Credit; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 17-89R and any action taken since December 6, 2017 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 17-89R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 10, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION  
ON DECEMBER 6, 2017:**

**APPROVAL TO DRAW UP TO \$20,500,000 ON THE EXISTING REAL  
ESTATE LINE OF CREDIT WITH PNC BANK, N.A. FOR THE ACQUISITION  
OF WESTWOOD TOWERS APARTMENTS**

**January 10, 2018**

- At a closed Administrative Session on December 6, 2017, the Commission adopted Resolution 17-90AS which approved a draw on the Real Estate Line of Credit from PNC Bank, N.A. for the acquisition of the Westwood Towers Apartments.
- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the December 6, 2017 closed Administrative Session any action taken since then with respect to the approved transaction.

**RESOLUTION: 17-90R**

**RE:** Ratification of Action Taken in Administrative Session on December 6, 2017: Approval to Draw up to \$20,500,000 on the Existing Real Estate Line of Credit with PNC Bank, N.A. for the Acquisition of Westwood Towers Apartments

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

**WHEREAS**, at a closed Administrative Session duly called and held on December 6, 2017, with a quorum present, the Commission duly adopted Resolution 17-90AS authorizing a draw on the Real Estate Line of Credit from PNC Bank, N.A. in an amount not to exceed \$20,500,000 for the acquisition of the Westwood Towers Apartments; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 17-90R and any action taken since December 6, 2017 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 17-90R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 10, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE  
SESSION ON DECEMBER 6, 2017:**

**APPROVAL OF AN AUTHORIZING RESOLUTION FOR THE  
ISSUANCE OF CONVERTIBLE OPTION BONDS**

**JANUARY 10, 2018**

- At an Administrative Session on December 6, 2017, HOC authorized the issuance of convertible option bonds.
- Pursuant to HOC's Amended and Restated Bylaws, HOC must ratify and affirm, in an open meeting with the quorum physically present, the action undertaken at the December 6, 2017 Administrative Session and any action taken since then with respect to the approved transaction.

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

**WHEREAS**, at a closed Administrative Session duly called and held on December 6, 2017, with a quorum present, the Commission duly adopted Resolution 2017-91AS authorizing the issuance of Convertible Option Bonds; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 17-91R and any action taken since December 6, 2017 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 17-91R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 10, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE  
SESSION ON DECEMBER 15, 2017:**

**APPROVAL OF TAX-EXEMPT LOANS TO VPC ONE  
CORPORATION AND VPC TWO CORPORATION (TOGETHER,  
THE “CORPORATIONS”)**

**January 10, 2018**

- At a closed Administrative Session on December 15, 2017, the Commission adopted Resolution 17-93AS which approved a tax-exempt loan to HOC, for the purpose of lending those funds to the Corporations.
- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the December 15, 2017 closed Administrative Session and any action taken since then with respect to the approved transaction.



**RESOLUTION: 17-93R**

**Re: Ratification of Action Taken in Administrative Session on December 15, 2017: Approval of Tax-Exempt Loans to VPC One Corporation and VPC Two Corporation (together, the “Corporations”)**

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

**WHEREAS**, at a closed Administrative Session duly called and held on December 15, 2017, with a quorum present, the Commission duly adopted Resolution 17-93AS which approved a tax-exempt loan to HOC, for the purpose of lending those funds to the Corporations; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 17-93R and any action taken since December 15, 2017 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 17-93R and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 10, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

# Committee Reports and Recommendations for Action

# Budget, Finance & Audit Committee

## **ACCEPTANCE OF FIRST QUARTER FY'18 BUDGET TO ACTUAL STATEMENTS**

**January 10, 2018**

- The Agency ended the first quarter with a net cash deficit of \$1,381,347 which resulted in a first quarter budget to actual negative variance of \$1,184,606.
- The General Fund experienced delays in the receipt of anticipated fee income coupled with slightly higher expenses through the first quarter.
- At the end of the first quarter, almost half of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations; however, the recognizable cash flow to the Agency did not meet budget due to shortfalls in some of the unrestricted properties.
- The Public Housing Program ended the quarter with a smaller than anticipated deficit primarily as a result of greater than anticipated subsidy due to a higher pro-ration factor coupled with the continued receipt of Asset Repositioning Fees for units in Scattered Site North that converted to the VPC Two Corporation.
- The Housing Choice Voucher (HCV) Program experienced a slightly higher administrative surplus through September 30, 2017 as a result of savings in expenses that were partially offset by lower administrative fees. The surplus will be restricted to the program.



## **DISCUSSION – FIRST QUARTER BUDGET TO ACTUAL STATEMENTS**

This review of the Budget to Actual Statements for the Agency through the first quarter of FY'18 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

### **HOC overall (see Attachment A)**

Please note the Agency's Audited Financial Statements are presented on the accrual basis which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis which is similar to how other governmental organizations present their budgets. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'18 First Quarter Capital Budget to Actual Comparison.

The Agency ended the first quarter with a net cash deficit of \$1,381,347. This deficit resulted in a first quarter budget to actual negative variance of \$1,184,606 when compared to the anticipated first quarter net cash deficit of \$196,741. The primary cause was lower than anticipated income in the General Fund (see General Fund) coupled with lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund).

### **Explanations of major variances by fund**

The General Fund consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of \$2,973,199 which resulted in a negative variance of \$449,693 when compared to the projected deficit of \$2,523,506.

As of September 30, 2017, income in the General Fund was \$381,322 less than budgeted. The FY'18 budget anticipated receipt of commitment and development fees totaling \$994,618 in the first quarter; however, delays in the receipt of funds for Arcola Towers, Bauer Park and Stewartown have resulted in a negative timing variance that was slightly offset by the unbudgeted fees of \$73,500 received for Woodfield. Staff anticipates the receipt of the development fee for Arcola Towers in January 2018; however, the fees related to Bauer Park and Stewartown are not anticipated to occur before year-end. These negative variances were partially offset by the interest income of \$291,486 received by properties with debt on the Real Estate Line of Credit (RELOC). These funds are paid by the properties to the General Fund and then reflected as interest expense in the General Fund when paid to PNC. Ideally, the timing of

the receipt of interest income from the properties and the interest expense paid to PNC from the General Fund should offset one another and are therefore not budgeted.

Expenses in the General Fund were \$68,371 more than budgeted primarily as the result of higher than anticipated tax credit losses, that are covered by the General Fund, due to the expiration of the reduced PILOT at the end of the LIHTC compliance period for MHLP IX and MHLP X and debt service payments on the MHLP IX County loan coupled with the unbudgeted interest income paid to PNC for outstanding property debt on the RELOC. As stated above, the interest expense paid to PNC is funded from the properties. The negative variances were almost entirely offset by positive variances in employee retirement and health care benefits based on turnover, and savings in Computer Software and On-Line Information Services due to timing of billing related to payments for Yardi and On Base. Staff does not anticipate the full savings to be realized at year end.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year. Income (the bond draw downs that finance the operating costs for these funds) is in line with the budget. There is a positive expense variance in the Bond Funds as a result of administrative salary lapse.

#### The Opportunity Housing Fund

Attachment B is a chart of the Development Corporation properties. This chart divides the properties into two groups.

- The first group includes properties that we budgeted to provide unrestricted net cash flow toward the Agency's FY'18 Operating Budget. This group ended the quarter with cash flow of \$2,164,641 or \$70,663 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. Almost half of the properties in this portfolio exceeded budgeted cash flow; however, when we exclude the extra income earned on properties exceeding their budgets, the quarter's recognizable cash flow is \$1,536,718 or \$698,586 below budget.

**Unrestricted Development Corporations**

	<b>(3 Months)</b>	<b>(3 Months)</b>		<b>(3 Months)</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Adjusted</u></b>
Alexander House .....	\$645,625	\$260,227	(\$385,398)	\$260,227
The Barclay .....	\$11,173	\$41,681	\$30,508 <sup>(1)</sup>	\$11,173
Glenmont Westerly .....	\$72,097	\$92,708	\$20,611 <sup>(1)</sup>	\$72,097
RAD 6 Ken Gar .....	\$6,691	\$5,299	(\$1,392)	\$5,299
Magruder's Discovery .....	\$181,317	\$134,834	(\$46,483)	\$134,834
The Metropolitan .....	\$484,513	\$540,096	\$55,583 <sup>(1)</sup>	\$484,513
Montgomery Arms .....	\$128,247	\$137,199	\$8,952 <sup>(1)</sup>	\$128,247
TPM - 59 MPDUs .....	\$73,120	\$62,557	(\$10,563)	\$62,557
Paddington Square .....	\$127,044	\$151,639	\$24,595 <sup>(1)</sup>	\$127,044
RAD 6 Parkway Woods .....	\$11,467	(\$283)	(\$11,750)	(\$283)
TPP - LLC Pomander Court .....	(\$9,778)	\$39,769	\$49,547 <sup>(1)</sup>	(\$9,778)
Pooks Hill High-Rise .....	\$159,670	\$199,293	\$39,623 <sup>(1)</sup>	\$159,670
RAD 6 Sandy Spring Meadow .....	\$3,018	\$2,877	(\$141)	\$2,877
RAD 6 Seneca Ridge .....	(\$35,290)	(\$116,105)	(\$80,815)	(\$116,105)
Scattered Site One Dev. Corp. ....	\$60,015	\$48,708	(\$11,307)	\$48,708
Scattered Site Two Dev. Corp. ....	(\$6,339)	(\$8,693)	(\$2,354)	(\$8,693)
Sligo Development Corp. ....	\$10,169	(\$4,277)	(\$14,446)	(\$4,277)
TPP - LLC Timberlawn .....	\$73,952	\$339,970	\$266,018 <sup>(1)</sup>	\$73,952
RAD 6 Towne Centre Place .....	\$6,009	\$5,695	(\$314)	\$5,695
VPC One Corp. ....	\$129,262	\$20,400	(\$108,862)	\$20,400
VPC Two Corp. ....	\$63,366	\$195,852	\$132,486 <sup>(1)</sup>	\$63,366
RAD 6 Washington Square .....	\$39,956	\$15,195	(\$24,761)	\$15,195
<b>Subtotal</b>	<b>\$2,235,304</b>	<b>\$2,164,641</b>	<b>(\$70,663)</b>	<b>\$1,536,718</b>
		<b>Recognizable Cash Flow</b>		<b>(\$698,586)</b>

**Notes:**

(1) - Properties exceeding budgeted cash flow.

**Alexander House** ended the quarter with a negative cash flow variance of \$385,398 primarily as a result of the high vacancy loss as units are held vacant in preparation for renovations. The FY'18 Amended Budget, which was based on the proforma, assumed a 7% vacancy for the year. Vacancy for the first quarter was almost 40%. Although the majority of projected cash flow has been restricted to allow for the uncertainties experienced during renovations, staff will review the budget to determine the likely vacancy loss that will occur during renovations and amend the budget accordingly. **Magruder's Discovery** had a negative variance of \$46,483 mainly driven by maintenance expenses exceeding budget as a result of required repairs based on the REAC inspection. **The Metropolitan** had a positive variance of \$55,583 as a result of savings in advertising expenses coupled with lower bad debt expense due to recoveries received on retail space and a lower tax credit loss. Cash flow for **TPM 59 MPDU** was \$10,563 less than budget driven by a delay in the refinancing of Timberlawn and Pomander Court that resulted in the debt for the former TPM Development Corporation remaining on the RELOC. The FY'18 Amended Budget assumed that the refinancing would occur before the year began resulting in no debt service for TPM



59 MPDU. The unanticipated interest payment and Debt Service Contributions were partially offset by lower vacancies and maintenance expenses. Cash flow for **TPP – LLC Pomander Court** exceeded budget by \$49,647 as a result of higher gross rent potential coupled with savings in debt service payments resulting from the delay in the refinancing of Timberlawn and Pomander Court. Cash flow for **Pooks Hill High-Rise** was \$39,623 more than anticipated mostly driven by savings in personnel costs, advertising, and maintenance contracts coupled with income received from Verizon for fees related to the cell tower that was placed on the building after the budget was amended. The savings and additional income was partially offset by the higher vacancy loss experienced at the property. **Scattered Site One Development Corporation** experienced a negative cash flow variance of \$11,307 mainly driven by lower gross rent and slightly higher vacancies which were partially offset by a reduction in the Water Quality Tax on some of the units. Cash flow at **Sligo Development Corporation** was \$14,446 lower than anticipated driven mainly by higher vacancies coupled with slightly higher than anticipated HVAC and flooring maintenance expenses. **TPP – LLC Timberlawn** exceeded budget by \$266,018 as a result of not having to offer concessions due to the lower vacancies, savings in most operating expense categories and savings in debt service payments resulting from the delay in the refinancing of Timberlawn and Pomander Court.

A major lease-up initiative was undertaken to increase occupancy at both **VPC One** and **VPC Two Corporations**. As a result of these efforts, occupancy increased to 95% and 94%, respectively, and has remained steady. In comparison, the budget assumed an average occupancy of 87% for both through September. The positive impact of the higher occupancy at **VPC One** was offset by lower rents and higher concessions as well as an increase in administrative and maintenance costs to support the lease-up and unit preparations for occupancy. At **VPC Two**, the impact of the higher occupancy almost completely offset the lower rents and higher concessions. This property also experienced slightly higher administrative and maintenance costs to support the lease-up and unit preparations for occupancy. Finally, it was anticipated that both **VPC One** and **VPC Two** would be refinanced and the debt on the RELOC paid off. This has not yet occurred resulting in savings in debt service at both properties.

For FY'18, the Agency budgeted to use 50% of the cash generated by the RAD 6 properties. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of \$119,173 which consisted primarily of variances at **Seneca Ridge** and **Washington Square**. **Seneca Ridge** ended the quarter with a negative cash flow variance of \$80,815 primarily due to higher than anticipated vacancy coupled with greater than anticipated utility and maintenance costs. Cash flow for **Washington Square** was \$24,761 lower than projected largely due to higher vacancy. Staff is developing a plan to re-lease the vacant units at both properties and restore stability.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'18 Operating Budget. Cash flow from this group of Development Corporation properties was \$51,718 more than budgeted largely due to savings in expenses at **MetroPointe** and

the **Oaks at Four Corners**.

**Attachment C** is a chart of the Opportunity Housing properties. This chart divides the properties into two groups.

- The first group consists of properties whose unrestricted net cash flow will be used for the Agency’s FY’18 Operating Budget. This group ended the quarter with cash flow of \$205,065 or \$13,205 less than budgeted. As noted above for the Development Corporations, we can only recognize revenue up to the amount budgeted for each property. When we exclude the extra income earned on those properties exceeding budget, the quarter’s recognizable cash flow for this group is \$153,835 or \$64,435 below budget.

**Unrestricted Opportunity Housing Properties**

	<b>(3 Months)</b> <b><u>Budget</u></b>	<b>(3 Months)</b> <b><u>Actual</u></b>	<b><u>Variance</u></b>	<b>(3 Months)</b> <b><u>Adjusted</u></b>
64 MPDUs .....	\$12,290	\$19,067	\$6,777 <sup>(1)</sup>	\$12,290
Chelsea Towers .....	(\$19,624)	(\$20,985)	(\$1,361)	(\$20,985)
Fairfax Court .....	\$23,555	\$39,886	\$16,331 <sup>(1)</sup>	\$23,555
Holiday Park .....	(\$62,292)	(\$65,728)	(\$3,436)	(\$65,728)
Jubilee Falling Creek .....	\$1,886	\$3,305	\$1,419 <sup>(1)</sup>	\$1,886
Jubilee Hermitage .....	\$795	(\$24)	(\$819)	(\$24)
Jubilee Horizon Court ....	(\$2,497)	(\$3,033)	(\$536)	(\$3,033)
Jubilee Woodedge .....	\$1,586	\$2,673	\$1,087 <sup>(1)</sup>	\$1,586
McHome .....	\$24,029	\$25,186	\$1,157 <sup>(1)</sup>	\$24,029
McKendree .....	\$7,873	\$3,625	(\$4,248)	\$3,625
MHLP VII .....	\$20,964	(\$29,107)	(\$50,071)	(\$29,107)
MHLP VIII .....	(\$29,202)	(\$25,121)	\$4,081 <sup>(1)</sup>	(\$29,202)
MPDU 2007 Phase II .....	\$2,345	\$1,704	(\$641)	\$1,704
Pooks Hill Mid-Rise .....	\$75,224	\$74,445	(\$779)	\$74,445
Southbridge .....	\$19,490	\$16,946	(\$2,544)	\$16,946
Strathmore Court .....	\$141,848	\$162,226	\$20,378 <sup>(1)</sup>	\$141,848
<b>Subtotal</b>	<b>\$218,270</b>	<b>\$205,065</b>	<b>(\$13,205)</b>	<b>\$153,835</b>
		<b>Recognizable Cash Flow</b>		<b>(\$64,435)</b>

**Notes:**

(1) - Properties exceeding budgeted cash flow.

- A few properties are reporting small negative variances largely due to the timing of tax payments in the first quarter that will be offset as additional revenue is generated throughout the year. **MHLP VII** experienced a \$50,071 negative cash flow variance mostly driven by \$45,555 in PILOT payments that were not included in the budget. **Strathmore Court** ended the quarter with a positive cash flow variance of \$20,378 largely as a result of savings in maintenance contracts coupled with lower vacancy loss and additional

application fee revenue.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'18 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was \$59,361 lower than budgeted for the quarter. **The Ambassador**, which has been decommissioned, experienced \$60,321 in expenses mainly driven by utilities and taxes. There are sufficient reserves at the property to cover the costs. **Avondale Apartments** reported a negative cash flow variance of \$17,771 primarily attributable to a higher interest rate being paid on the LOC due to changes in the London Interbank Offered Rate (LIBOR). **Greenhills Apartments** had a negative cash flow variance of \$90,229 as a result the increased vacancy to support the upcoming renovations coupled with higher bad debt expenses and continued debt service reserve contributions due to a delay in the refinancing that did not occur until the end of September. **State Rental Combined** had a negative cash flow variance of \$25,126 driven by higher than anticipated maintenance contracts. Staff is reviewing the expenses to determine if any items should be reclassified to capital. Finally, **Westwood Tower** ended the quarter with a positive cash flow variance of \$98,233. This variance was driven by lower vacancies coupled with savings in utility and maintenance expenses.

#### The Public Fund (Attachment D)

- The Public Housing Rental Program ended the quarter with a deficit of \$22,599, which resulted in a positive variance of \$60,835 when compared to the projected shortfall of \$83,434. Income was \$105,060 more than budgeted largely due to the receipt of higher than anticipated operating subsidy. Several factors impacted the positive variance. The budget assumed a pro-ration of about 85%. The actual pro-ration for first quarter of FY'18 was 93.10%. In addition, the agency continued to receive subsidy, in the form of Asset Repositioning Fees (ARF) for Scattered Site North that converted to the **VPC Two Corporation**.
- The Housing Choice Voucher Program (HCVP) ended the quarter with a surplus of \$458,036 when compared to the projected shortfall of \$1,577,280. The surplus was comprised of Housing Assistance Payments (HAP) that exceeded HAP revenue by \$304,342 coupled with an administrative surplus of \$153,694. The HAP surplus will be added to the HCVP reserve (NRP), which will be used for future shortfalls. The program ended the quarter with an administrative surplus due to savings in administrative expense of \$65,493 that was partially offset by revenue that was \$18,602 lower than anticipated. The lower revenue was the result of a lower proration factor of 75% compared to the budgeted factor of 77% coupled with lower than anticipated utilization. The savings in expenses were primarily due to savings in service contracts for inspections coupled with lower than anticipated management fee expenses that are based on utilization. A portion of these savings are the result of timing issues and staff does not anticipate the full savings to be realized at year end.

### Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end. Quarterly Budget to Actual Statements are reported to the Budget, Finance, and Audit Committee.

### The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'18. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

For the quarter ended September 30, 2017, capital expenditures for the East Deer Park location exceeded the annual budget. The FY'18 Amended Budget anticipated a lower level of capital expenditure on existing office facilities in anticipation of procuring new facilities; however, the procurement is no longer expected to occur in FY'18. As a result of the change in timing, previously identified capital work resumed. Staff is working to reassess the FY'18 capital needs and will propose an amendment to the capital budget in the second quarter; the amendment will be funded from existing replacement reserves established for facilities related capital.

**Parkway Woods** has exceeded its FY'18 capital budget by a small amount. There are sufficient replacement reserves at the property to cover the overage.

**Resolution No. 18-01**

**Re: Acceptance of First Quarter FY'18  
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 First Quarter FY'18 Budget to Actual Statements during its January 10, 2018 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts the First Quarter FY'18 Budget to Actual Statements.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, January 10, 2018.

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Patrice Birdsong  
Special Assistant to the Commission

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## FY 18 First Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(3 Months) Budget	(3 Months) Actual	Variance
<b>General Fund</b>			
General Fund .....	(\$2,523,506)	(\$2,973,199)	(\$449,693)
<b>Administration of Multifamily and Single Family Fund</b>			
Multifamily Fund .....	\$0	\$12,630	\$12,630
Single Family Fund .....	\$342,898	\$363,627	\$20,730
Excess Bond Fund Cash Flow .....	(\$342,898)	(\$376,257)	(\$33,360)
<b>Opportunity Housing Fund</b>			
Opportunity Housing Properties .....	\$218,270	\$153,835	(\$64,435)
Development Corporation Property Income .....	\$2,235,304	\$1,536,718	(\$698,586)
Restricted Development Corporation Properties .....	(\$126,809)	(\$98,701)	\$28,108
<b>OHRF</b>			
OHRF Balance .....	\$1,197,587	\$337,252	(\$860,335)
Excess Cash Flow Restricted .....	(\$1,197,587)	(\$337,252)	\$860,335
Draw from existing funds .....	\$0	\$0	\$0
<b>Net -OHRF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing</b>	<b>(\$196,741)</b>	<b>(\$1,381,347)</b>	<b>(\$1,184,606)</b>
<b>Public Fund</b>			
Public Housing Rental (1) .....	(\$83,434)	(\$22,599)	\$60,835
Housing Choice Voucher Program HAP (2) .....	(\$1,684,083)	\$304,342	\$1,988,425
Housing Choice Voucher Program Admin (3) .....	\$106,803	\$153,694	\$46,891
<b>Total -Public Fund</b>	<b>(\$1,660,714)</b>	<b>\$435,437</b>	<b>\$2,096,151</b>
<b>Public Fund - Reserves</b>			
(1) Public Housing Rental - Draw from / Restrict to Program .....	\$83,434	\$22,599	(\$60,835)
(2) Draw from / Restrict to HCV Program Cash Reserves .....	\$1,684,083	(\$304,342)	(\$1,988,425)
(3) Draw from / Restrict to HCV Program Excess Admin Fee .....	(\$106,803)	(\$153,694)	(\$46,891)
<b>Total -Public Fund Reserves</b>	<b>\$1,660,714</b>	<b>(\$435,437)</b>	<b>(\$2,096,151)</b>
<b>SUBTOTAL - Public Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL - All Funds</b>	<b>(\$196,741)</b>	<b>(\$1,381,347)</b>	<b>(\$1,184,606)</b>

## FY 18 First Quarter Capital Budget to Actual Comparison

	Capital Expenses		Variance
	(12 Months) Budget	(3 Months) Actual	
<b>General Fund</b>			
East Deer Park .....	\$25,000	\$64,120	(\$39,120)
Kensington Office .....	\$25,000	\$9,264	\$15,736
Information Technology .....	\$988,880	\$83,354	\$905,526
<b>Opportunity Housing Fund</b>	\$5,025,524	\$482,451	\$4,543,073
<b>TOTAL - All Funds</b>	<b>\$6,064,404</b>	<b>\$639,189</b>	<b>\$5,425,215</b>

**FY 18 First Quarter Operating Budget to Actual Comparison**  
**Development Corp Properties - Net Cash Flow**

	(3 Months) <u>Budget</u>	Variance <u>Income</u>	<u>Expense</u>	(3 Months) <u>Actual</u>	<u>Variance</u>
<b>Properties with unrestricted cash flow for FY18 operating budget</b>					
Alexander House .....	\$645,625	(\$368,713)	(\$16,686)	\$260,227	(\$385,398)
The Barclay .....	\$11,173	\$19,989	\$10,519	\$41,681	\$30,508
Glenmont Westerly .....	\$72,097	(\$1,581)	\$22,192	\$92,708	\$20,611
RAD 6 Ken Gar .....	\$6,691	(\$2,689)	\$1,297	\$5,299	(\$1,392)
Magruder's Discovery .....	\$181,317	(\$15)	(\$46,468)	\$134,834	(\$46,483)
The Metropolitan .....	\$484,513	\$1,543	\$54,041	\$540,096	\$55,583
Montgomery Arms .....	\$128,247	(\$9,080)	\$18,032	\$137,199	\$8,952
TPM - 59 MPDUs .....	\$73,120	\$5,068	(\$15,631)	\$62,557	(\$10,563)
Paddington Square .....	\$127,044	\$3,779	\$20,817	\$151,639	\$24,595
RAD 6 Parkway Woods .....	\$11,467	(\$1,736)	(\$10,013)	(\$283)	(\$11,750)
TPP - LLC Pomander Court .....	(\$9,778)	\$12,647	\$36,900	\$39,769	\$49,547
Pooks Hill High-Rise .....	\$159,670	(\$3,679)	\$43,302	\$199,293	\$39,623
RAD 6 Sandy Spring Meadow .....	\$3,018	(\$5,789)	\$5,648	\$2,877	(\$141)
RAD 6 Seneca Ridge .....	(\$35,290)	(\$41,616)	(\$39,199)	(\$116,105)	(\$80,815)
Scattered Site One Dev. Corp. ....	\$60,015	(\$16,770)	\$5,462	\$48,708	(\$11,307)
Scattered Site Two Dev. Corp. ....	(\$6,339)	(\$3,719)	\$1,366	(\$8,693)	(\$2,354)
Sligo Development Corp. ....	\$10,169	(\$9,924)	(\$4,521)	(\$4,277)	(\$14,446)
TPP - LLC Timberlawn .....	\$73,952	\$9,614	\$256,404	\$339,970	\$266,018
RAD 6 Towne Centre Place .....	\$6,009	(\$11,407)	\$11,092	\$5,695	(\$314)
VPC One Corp. ....	\$129,262	(\$56,261)	(\$52,602)	\$20,400	(\$108,862)
VPC Two Corp. ....	\$63,366	(\$4,779)	\$137,266	\$195,852	\$132,486
RAD 6 Washington Square .....	\$39,956	(\$27,013)	\$2,251	\$15,195	(\$24,761)
<b>Subtotal</b>	<b>\$2,235,304</b>	<b>(\$512,131)</b>	<b>\$441,469</b>	<b>\$2,164,641</b>	<b>(\$70,663)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
Glenmont Crossing .....	\$60,961	(\$4,255)	(\$3,708)	\$52,998	(\$7,963)
MetroPointe .....	(\$126,809)	\$12,576	\$15,532	(\$98,701)	\$28,108
Oaks at Four Corners .....	\$44,044	(\$3,866)	\$35,439	\$75,617	\$31,573
<b>Subtotal</b>	<b>(\$21,804)</b>	<b>\$4,455</b>	<b>\$47,263</b>	<b>\$29,914</b>	<b>\$51,718</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$2,213,500</b>	<b>(\$507,676)</b>	<b>\$488,732</b>	<b>\$2,194,555</b>	<b>(\$18,945)</b>

## FY 18 First Quarter Operating Budget to Actual Comparison

### For Opportunity Housing Properties - Net Cash Flow

	(3 Months)	Variance		(3 Months)	Variance
	<u>Budget</u>	<u>Income</u>	<u>Expense</u>	<u>Actual</u>	
<b>Properties with unrestricted cash flow for FY18 operating budget</b>					
64 MPDUs .....	\$12,290	\$2,130	\$4,647	\$19,067	\$6,777
Chelsea Towers .....	(\$19,624)	\$1,508	(\$2,869)	(\$20,985)	(\$1,361)
Fairfax Court .....	\$23,555	\$4,266	\$12,064	\$39,886	\$16,331
Holiday Park .....	(\$62,292)	(\$1,147)	(\$2,288)	(\$65,728)	(\$3,436)
Jubilee Falling Creek .....	\$1,886	(\$99)	\$1,518	\$3,305	\$1,419
Jubilee Hermitage .....	\$795	(\$4,072)	\$3,253	(\$24)	(\$819)
Jubilee Horizon Court .....	(\$2,497)	(\$249)	(\$287)	(\$3,033)	(\$536)
Jubilee Woodedge .....	\$1,586	(\$1,116)	\$2,203	\$2,673	\$1,087
McHome .....	\$24,029	\$3,701	(\$2,544)	\$25,186	\$1,157
McKendree .....	\$7,873	(\$203)	(\$4,045)	\$3,625	(\$4,248)
MHLP VII .....	\$20,964	\$1,269	(\$51,340)	(\$29,107)	(\$50,071)
MHLP VIII .....	(\$29,202)	(\$1,145)	\$5,226	(\$25,121)	\$4,081
MPDU 2007 Phase II .....	\$2,345	(\$46)	(\$595)	\$1,704	(\$641)
Pooks Hill Mid-Rise .....	\$75,224	(\$9,067)	\$8,288	\$74,445	(\$779)
Southbridge .....	\$19,490	(\$2,585)	\$41	\$16,946	(\$2,544)
Strathmore Court .....	\$141,848	\$2,964	\$17,414	\$162,226	\$20,378
<b>Subtotal</b>	<b>\$218,270</b>	<b>(\$3,891)</b>	<b>(\$9,314)</b>	<b>\$205,065</b>	<b>(\$13,205)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
617 Olney Sandy Spring Road .....	(\$3,539)	\$1,812	(\$3,039)	(\$4,766)	(\$1,227)
The Ambassador .....	\$0	\$0	(\$60,321)	(\$60,321)	(\$60,321)
Avondale Apartments .....	\$33,301	(\$1,024)	(\$16,748)	\$15,530	(\$17,771)
Brooke Park .....	\$4,165	(\$5,846)	\$7,536	\$5,855	\$1,690
Brookside Glen (The Glen) .....	\$54,830	\$13,460	\$170	\$68,459	\$13,629
CDBG Units .....	(\$3,126)	(\$598)	\$2,895	(\$829)	\$2,297
Dale Drive .....	\$1,897	\$1,444	\$3,948	\$7,290	\$5,393
Diamond Square .....	\$72,831	(\$897)	\$19,113	\$91,047	\$18,216
Greenhills Apartments .....	\$121,623	(\$51,189)	(\$39,040)	\$31,394	(\$90,229)
King Farm Village .....	\$2,031	(\$187)	\$155	\$1,999	(\$32)
NCI Units .....	(\$7,906)	(\$8,721)	\$1,110	(\$15,517)	(\$7,611)
NSP Units .....	(\$2,346)	(\$1,243)	\$1,942	(\$1,647)	\$699
Paint Branch .....	\$10,873	\$1,559	\$1,239	\$13,672	\$2,799
State Rental Combined .....	\$4,861	(\$952)	(\$24,174)	(\$20,265)	(\$25,126)
Westwood Tower .....	\$45,413	\$28,998	\$69,235	\$143,646	\$98,233
<b>Subtotal</b>	<b>\$334,908</b>	<b>(\$23,384)</b>	<b>(\$35,979)</b>	<b>\$275,547</b>	<b>(\$59,361)</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$553,178</b>	<b>(\$27,275)</b>	<b>(\$45,293)</b>	<b>\$480,612</b>	<b>(\$72,566)</b>



## FY 18 First Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(3 Months) <u>Budget</u>	(3 Months) <u>Actual</u>	<u>Variance</u>
<b>Public Housing Rental</b>			
Revenue	\$366,672	\$471,732	\$105,060
Expenses	\$450,106	\$494,331	(\$44,225)
<b>Net Income</b>	<b>(\$83,434)</b>	<b>(\$22,599)</b>	<b>\$60,835</b>
 <b>Housing Choice Voucher Program</b>			
HAP revenue	\$19,348,815	\$21,596,604	\$2,247,789
HAP payments	\$21,032,898	\$21,292,262	(\$259,364)
<b>Net HAP</b>	<b>(\$1,684,083)</b>	<b>\$304,342</b>	<b>\$1,988,425</b>
Admin.fees & other inc.	\$1,683,621	\$1,665,019	(\$18,602)
Admin. Expense	\$1,576,818	\$1,511,325	\$65,493
<b>Net Administrative</b>	<b>\$106,803</b>	<b>\$153,694</b>	<b>\$46,891</b>
<b>Net Income</b>	<b>(\$1,577,280)</b>	<b>\$458,036</b>	<b>\$2,035,316</b>

**FY 18 First Quarter Operating Budget to Actual Comparison**  
**For Public Housing Rental Programs - Net Cash Flow**

	(3 Months)	Variance		(3 Months)	
	<u>Budget</u>	<u>Income</u>	<u>Expense</u>	<u>Actual</u>	<u>Variance</u>
Elizabeth House .....	(\$62,589)	\$6,395	(\$13,105)	(\$69,299)	(\$6,710)
Holly Hall .....	(\$31,341)	\$30,962	(\$20,899)	(\$21,278)	\$10,063
Arcola Towers .....	\$0	\$5	(\$665)	(\$660)	(\$660)
Waverly House .....	\$0	\$2	(\$2,072)	(\$2,070)	(\$2,070)
Seneca Ridge .....	\$0	(\$239)	(\$29)	(\$268)	(\$268)
Emory Grove / Washington Square .....	\$0	\$5,576	(\$6,212)	(\$636)	(\$636)
Towne Centre Place / Sandy Spring Meadow .....	\$0	(\$1,289)	(\$1,132)	(\$2,421)	(\$2,421)
Ken Gar / Parkway Woods .....	\$0	\$0	\$0	\$0	\$0
Scattered Sites Central .....	\$0	\$617	\$0	\$617	\$617
Scattered Sites East .....	\$0	\$477	\$0	\$477	\$477
Scattered Sites Gaithersburg .....	\$0	\$666	(\$111)	\$555	\$555
Scattered Sites North .....	\$0	\$60,457	\$0	\$60,457	\$60,457
Scattered Sites West .....	\$0	\$664	\$0	\$664	\$664
<b>TOTAL ALL PROPERTIES</b>	<b>(\$93,930)</b>	<b>\$104,293</b>	<b>(\$44,225)</b>	<b>(\$33,862)</b>	<b>\$60,068</b>

**FY 18 First Quarter Operating Budget to Actual Comparison**  
**For Capital Improvements**

	(12 Months) <u>Budget</u>	(3 Months) <u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
East Deer Park .....	\$25,000	\$64,120	(\$39,120)
Kensington Office .....	\$25,000	\$9,264	\$15,736
Information Technology .....	\$988,880	\$83,354	\$905,526
<b>Subtotal</b>	<b>\$1,038,880</b>	<b>\$156,738</b>	<b>\$882,142</b>
<b>Opportunity Housing</b>			
Ambassador .....	\$0	\$0	\$0
Alexander House .....	\$54,000	\$1,260	\$52,740
Avondale Apartments .....	\$33,660	\$0	\$33,660
The Barclay .....	\$78,602	\$9,928	\$68,674
Brooke Park .....	\$857	\$472	\$385
Brookside Glen (The Glen) .....	\$101,407	\$1,973	\$99,434
CDBG Units .....	\$17,300	\$200	\$17,100
Chelsea Towers .....	\$12,120	\$0	\$12,120
Dale Drive .....	\$4,250	\$13	\$4,237
Diamond Square .....	\$193,851	\$11,677	\$182,174
Fairfax Court .....	\$98,496	\$5,335	\$93,161
Glenmont Crossing .....	\$141,418	\$16,226	\$125,192
Glenmont Westerly .....	\$172,373	\$8,947	\$163,426
Greenhills Apartments .....	\$44,500	\$0	\$44,500
Holiday Park .....	\$18,600	\$0	\$18,600
Jubilee Falling Creek .....	\$2,500	\$0	\$2,500
Jubilee Hermitage .....	\$1,125	\$0	\$1,125
Jubilee Horizon Court .....	\$1,000	\$0	\$1,000
Jubilee Woodedge .....	\$1,000	\$0	\$1,000
Ken Gar .....	\$12,603	\$0	\$12,603
King Farm Village .....	\$1,000	\$0	\$1,000
Magruder's Discovery .....	\$40,120	\$27,879	\$12,241
McHome .....	\$81,392	\$5,748	\$75,644
McKendree .....	\$17,500	\$13,295	\$4,205
MetroPointe .....	\$63,036	\$12,111	\$50,925
The Metropolitan .....	\$186,200	\$33,840	\$152,360
Montgomery Arms .....	\$45,642	\$12,398	\$33,244
MHLP VII .....	\$67,300	\$6,986	\$60,314
MHLP VIII .....	\$99,670	\$15,598	\$84,072
MPDU 2007 Phase II .....	\$5,100	\$0	\$5,100
617 Olney Sandy Spring Road .....	\$1,000	\$335	\$665
64 MPDUs .....	\$59,800	\$7,007	\$52,793
TPM - 59 MPDUs .....	\$117,170	\$9,901	\$107,269
Oaks at Four Corners .....	\$172,739	\$14,547	\$158,192
NCI Units .....	\$22,100	\$665	\$21,435
NSP Units .....	\$30,800	\$0	\$30,800
Paddington Square .....	\$110,648	\$12,331	\$98,317
Paint Branch .....	\$22,020	\$1,400	\$20,620
Parkway Woods .....	\$2,550	\$3,053	(\$503)
TPP - LLC Pomander Court .....	\$6,000	\$0	\$6,000
Pooks Hill High-Rise .....	\$262,416	\$22,334	\$240,082
Pooks Hill Mid-Rise .....	\$86,448	\$20,696	\$65,752
Sandy Spring Meadow .....	\$5,100	\$3,211	\$1,889
Scattered Site One Dev. Corp. ....	\$1,462,566	\$22,565	\$1,440,001
Scattered Site Two Dev. Corp. ....	\$91,075	\$4,873	\$86,202
Seneca Ridge .....	\$15,000	\$7,182	\$7,818
Southbridge .....	\$35,723	\$1,708	\$34,015
Sligo Development Corp. ....	\$44,766	\$1,091	\$43,675
State Rental Combined .....	\$215,155	\$20,266	\$194,889
Strathmore Court .....	\$174,336	\$21,209	\$153,127
Towne Centre Place .....	\$5,100	\$2,396	\$2,704
TPP - LLC Timberlawn .....	\$35,801	\$2,034	\$33,767
VPC One Dev. Corp. ....	\$68,000	\$15,137	\$52,863
VPC Two Dev. Corp. ....	\$30,000	\$21,984	\$8,016
Washington Square .....	\$8,000	\$0	\$8,000
Westwood Tower .....	\$344,589	\$82,640	\$261,949
<b>Subtotal</b>	<b>\$5,025,524</b>	<b>\$482,451</b>	<b>\$4,543,073</b>
<b>TOTAL</b>	<b>\$6,064,404</b>	<b>\$639,189</b>	<b>\$5,425,215</b>

## **APPROVAL OF FY'18 FIRST QUARTER BUDGET AMENDMENT**

**January 10, 2018**

- The net effect of the FY'18 First Quarter Budget Amendment is a shortfall of (\$11,250).
- The FY'18 Amended Budget that was approved June 7, 2017 included a contribution to the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget. The Budget, Finance and Audit Committee recommends that the anticipated contribution be decreased by \$11,250 in order to maintain a balanced budget.
- Total operating budget for the Agency has increased from \$237.7 million to \$238.1 million.
- Total capital budget for the Agency has increased from \$205.8 million to \$206.2 million.
- Personnel Complement remains unchanged.
- No policy changes are reflected in the budget amendment.



in the General Fund and an understatement of expenses in the Opportunity Housing Fund (see below). Income in the General Fund will increase by \$30,683 to reflect the additional cash flow to the Agency.

- **Maintenance Cost For Housing Path:** The budget inadvertently included the annual maintenance cost for Housing Path at \$5,000 rather than \$50,000. Twenty-five percent of the cost is allocated to the General Fund. This amendment increases expenses in the General Fund by \$11,250 to reflect the change in cost from \$1,250 to \$12,500  $((\$50,000 - \$5,000) \times .25)$ .
- **Bond Funds:** Bond draws are made each year to fund the administrative costs associated with the Multifamily and Single Family Bond Programs. As a result of expense savings over the past few years, remaining money from the draws has been restricted to cover future program costs. Staff is recommending that the FY'18 budgeted draws for these funds be reduced by the accumulated savings in each fund.
  - **Multifamily Bond Funds:** Accumulated savings in the Multifamily Bond Fund is \$216,989. The projected draw of \$1,488,783 will be reduced by this amount and the savings will be used towards FY'18 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be \$1,271,794.
  - **Single Family Bond Funds:** Accumulated savings in the Single Family Bond Fund is \$59,716. The projected draw of \$1,524,625 will be reduced by this amount and the savings will be used towards FY'18 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be \$1,464,909.
- **Opportunity Housing Fund:**
  - **Increase Brookside Glen Replacement Reserve Contribution:** Brookside Glen is subject to Department of Housing and Community Development of the State of Maryland (DHCD) oversight. DHCD has requested that the property maintain a minimum Replacement for Reserve (RFR) balance equal to a 36 month threshold of \$285,336 ( $\$7,926$  monthly deposit  $\times$  36 months). DHCD also prohibits the Agency from using cash flow generated by the property for other Agency operations which results in all cash flow being restricted to the property. The FY'18 budget includes capital expenditures that are funded from the replacement reserve and results in the balance falling below the minimum requirement. This budget amendment proposes transferring the cash flow of \$267,101 that was generated and restricted to the property in FY'17 to the replacement reserve in order to maintain the minimum balance without impeding the property from implementing the approved capital budget.
  - **Increase Magruder's Discovery Development Corporation Fee:** During development of the FY'18 budget amendment, final adjustments that impacted cash flow were not

reflected in the budgeted development corporation fee. The fee was budgeted at \$797,017; however, cash flow for the property is projected to be \$827,700. The amendment revises the budget to increase the development corporation fee expense by \$30,683 to \$827,700. A corresponding increase will be made to the development corporation fee income in the General Fund (noted above).

- **Public Fund:**

- **Maintenance Cost For Housing Path:** The budget inadvertently included the annual maintenance cost for Housing Path at \$5,000 rather than \$50,000. Seventy-five percent of the cost is allocated to the Housing Choice Voucher Program (HCVP). This amendment increases expenses in the HCVP by \$33,750 to reflect the change in cost from \$3,750 to \$37,500 ( $(\$50,000 - \$5,000) \times .75$ ). There is a corresponding increase in income reflecting the draw from previous unspent administrative fees that were restricted for future expenses.

**Capital Budget Amendments:** Attachment II is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **Capital Improvements:**

- **Capital Roll Over for Information Technologies (General Fund):** All planned capital expenses for Information Technologies (IT) were not completed in FY'17. Therefore, staff requests that \$88,070 be rolled forward and included in the FY'18 Budget.
- **Capital Roll Over for Opportunity Housing Fund Properties:** Each year, Property Management reviews capital budgets at year end and requests capital funds to roll forward to the next year. This is necessary as there are always capital projects that have not been completed by year end. This year, Property Management has requested that \$317,994 for four properties be rolled forward and included in the FY'18 Budget. This work will be funded from property replacement reserves.
  - MetroPointe - \$20,000
  - Metropolitan - \$10,000
  - Strathmore Market - \$127,994
  - Westwood Towers - \$160,000
- **Fiscal Year Tax Credit Capital Roll Over:** The Strathmore Court Tax Credit entity follows a fiscal year; however, the budget is not consolidated in the agency budget and therefore not reflected on the attached chart. Property management has requested to roll forward FY'17 capital of \$54,577 which will increase the FY'18 amended capital budget from \$56,683 to \$111,260.

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**BUDGET IMPACT:**

The net effect of the FY'18 First Quarter Budget Amendment is a shortfall of (\$11,250). The FY'18 Amended Budget that was approved June 7, 2017 included a contribution of \$884,963 to the General Fund Operating Reserve (GFOR) for future operation needs. Staff recommends that the anticipated contribution be decreased by \$11,250 to \$873,713 in order to maintain a balanced budget.

The total FY'18 Operating Budget for HOC increased from \$237,710,273 to \$238,129,877. This is an increase of \$419,604. The total FY'18 Capital Budget for HOC has increased from \$205,827,458 to \$206,233,522. This is an increase of \$406,064. Approval by the Commission of any budget amendments will revise the FY'18 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

The capital budget for Strathmore Court LP increased from \$56,683 to \$111,260. This is an increase of \$54,577.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the FY'18 First Quarter Budget Amendment at the December 20, 2017 meeting. Action is requested at the January 10, 2018 Commission meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed FY'18 First Quarter Budget Amendment.



**WHEREAS**, the Housing Opportunities Commission amended a budget for FY'18 on June 7, 2017; 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'18 Budget; and

**WHEREAS**, the net effect of the FY'18 First Quarter Budget Amendment is a shortfall of (\$11,250) which will be covered by decreasing the anticipated contribution to the General Fund Operating Reserve (GFOR) of \$884,963 by \$11,250 to \$873,713 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'18 Operating Budget by increasing total revenues and expenses for the Agency from \$237.7 million to \$238.1 million.

**BE IT ALSO RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby amends the FY'18 Capital Budget by increasing revenues and expenses for the Agency from \$205.8 million to \$206.2 million.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 10, 2018.

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Patrice Birdsong  
Special Assistant to the Commission

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FY 2018 Operating Budget 1st Quarter Amendment				Amended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Amended Budget
		Revenues	Expenses						
<b>General Fund</b>									
General Fund		\$23,478,691	\$24,033,071	(\$554,380)	\$118,753	\$99,320	\$23,597,444	\$24,132,391	(\$534,947)
<b>Restrict to GFOR</b>		\$0	\$884,963	(\$884,963)	\$0	(\$11,250)	\$0	\$873,713	(\$873,713)
<b>Multifamily &amp; Single Family Bond Funds</b>									
Multifamily Fund		\$18,215,845	\$18,215,845	\$0	\$0	\$0	\$18,215,845	\$18,215,845	\$0
Single Family Fund		\$11,590,724	\$11,590,724	\$0	\$0	\$0	\$11,590,724	\$11,590,724	\$0
<b>Opportunity Housing Fund</b>									
Opportunity Housing & Dev Corps		\$71,985,417	\$70,826,426	\$1,158,991	\$267,101	\$297,784	\$72,252,518	\$71,124,210	\$1,128,308
<b>Draw from GFOR for MetroPointe Deficit</b>		\$280,352	\$0	\$280,352	\$0	\$0	\$280,352	\$0	\$280,352
Opportunity Housing Reserve Fund		\$4,042,390	\$1,174,422	\$2,867,968	\$0	\$0	\$4,042,390	\$1,174,422	\$2,867,968
<b>Restricted to OHRF</b>		\$0	\$2,867,968	(\$2,867,968)	\$0	\$0	\$0	\$2,867,968	(\$2,867,968)
<b>Public Fund</b>									
Public Housing Rental		\$1,435,202	\$1,791,034	(\$355,832)	\$0	\$0	\$1,435,202	\$1,791,034	(\$355,832)
<b>County Contributions towards Public Housing</b>		\$277,163	\$0	\$277,163	\$0	\$0	\$277,163	\$0	\$277,163
<b>Draw from Existing Property Cash</b>		\$78,669	\$0	\$78,669	\$0	\$0	\$78,669	\$0	\$78,669
<b>Restricted to Public Housing Reserves</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Housing Homeownership		\$66,324	\$84,038	(\$17,714)	\$0	\$0	\$66,324	\$84,038	(\$17,714)
<b>Draw From/Restricted to Public Housing Reserves</b>		\$17,714	\$0	\$17,714	\$0	\$0	\$17,714	\$0	\$17,714
Housing Choice Voucher Program		\$88,377,928	\$89,159,249	(\$781,321)	\$33,750	\$33,750	\$88,411,678	\$89,192,999	(\$781,321)
<b>County Contributions towards HCV Administration</b>		\$781,321	\$0	\$781,321	\$0	\$0	\$781,321	\$0	\$781,321
Federal, State and Other County Grants		\$17,082,533	\$17,082,533	\$0	\$0	\$0	\$17,082,533	\$17,082,533	\$0
<b>TOTAL - ALL FUNDS</b>		<b>\$237,710,273</b>	<b>\$237,710,273</b>	<b>\$0</b>	<b>\$419,604</b>	<b>\$419,604</b>	<b>\$238,129,877</b>	<b>\$238,129,877</b>	<b>\$0</b>

Footnotes - explanation of changes recommended to adopted

- GF R \$88,070 Add draw from cash restricted for IT capital rollover
- GF R \$30,683 Increase Development Corporation Fee Income from Magruder's Discovery
- GF E \$88,070 Add transfer of cash restricted for IT capital rollover
- GF E \$11,250 Increase Housing Path Maintenance cost charged to General Fund
- GF E (\$11,250) Increase FY'18 GFOR Contribution
  
- MF R (\$216,989) Reduce Multifamily Bond Fund draw by FY'17 accumulated savings
- MF R \$216,989 Add carryover of cumulative savings
  
- SF R (\$59,716) Reduce Single Family Bond Fund draw by FY'17 accumulated savings
- MF R \$59,716 Add carryover of cumulative savings
  
- OH R \$267,101 Add transfer from Brookside Glen restricted cash
- OH E \$267,101 Increase Brookside Glen Replacement Reserve
- OH E \$30,683 Increase Magruder's Discovery Development Corporation Fee
  
- PF R \$33,750 Draw from HCV Program Reserves
- PF E \$33,750 Increase Housing Path Maintenance cost charged to HCV Program

<b>FY'18 Capital Budget 1st Quarter Amendment</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Amended Budget</b>	<b>Net Changes to Revenue</b>	<b>Net Changes to Expenses</b>	<b>Revenues</b>	<b>Expenses</b>	<b>1st Quarter Amendment</b>
<b>Capital Improvements</b>								
East Deer Park	\$25,000	\$25,000	\$0	\$0	\$0	\$25,000	\$25,000	\$0
Kensington Office	\$25,000	\$25,000	\$0	\$0	\$0	\$25,000	\$25,000	\$0
Information Technology	\$988,880	\$988,880	\$0	\$88,070	\$88,070	\$1,076,950	\$1,076,950	\$0
Opportunity Housing Properties	\$5,025,524	\$5,025,524	\$0	\$317,994	\$317,994	\$5,343,518	\$5,343,518	\$0
Public Housing Properties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>\$6,064,404</b>	<b>\$6,064,404</b>	<b>\$0</b>	<b>\$406,064</b>	<b>\$406,064</b>	<b>\$6,470,468</b>	<b>\$6,470,468</b>	<b>\$0</b>
<b>Capital Development Projects</b>								
900 Thayer	\$14,370,121	\$14,370,121	\$0	\$0	\$0	\$14,370,121	\$14,370,121	\$0
Alexander House	\$14,272,957	\$14,272,957	\$0	\$0	\$0	\$14,272,957	\$14,272,957	\$0
Ambassador	\$44,036,499	\$44,036,499	\$0	\$0	\$0	\$44,036,499	\$44,036,499	\$0
Bauer Park Apartments	\$6,955,007	\$6,955,007	\$0	\$0	\$0	\$6,955,007	\$6,955,007	\$0
Chevy Chase Lake	\$39,181,615	\$39,181,615	\$0	\$0	\$0	\$39,181,615	\$39,181,615	\$0
Elizabeth House III	\$41,655,648	\$41,655,648	\$0	\$0	\$0	\$41,655,648	\$41,655,648	\$0
Greenhills Apartments	\$20,368,301	\$20,368,301	\$0	\$0	\$0	\$20,368,301	\$20,368,301	\$0
Shady Grove	\$7,200,000	\$7,200,000	\$0	\$0	\$0	\$7,200,000	\$7,200,000	\$0
Stewartown	\$4,604,019	\$4,604,019	\$0	\$0	\$0	\$4,604,019	\$4,604,019	\$0
Town Center Apartments	\$6,085,457	\$6,085,457	\$0	\$0	\$0	\$6,085,457	\$6,085,457	\$0
Waverly House	\$1,033,430	\$1,033,430	\$0	\$0	\$0	\$1,033,430	\$1,033,430	\$0
	<b>\$199,763,054</b>	<b>\$199,763,054</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$199,763,054</b>	<b>\$199,763,054</b>	<b>\$0</b>
<b>TOTAL - ALL FUNDS</b>	<b>\$205,827,458</b>	<b>\$205,827,458</b>	<b>\$0</b>	<b>\$406,064</b>	<b>\$406,064</b>	<b>\$206,233,522</b>	<b>\$206,233,522</b>	<b>\$0</b>

**Footnotes - explanation of changes**

- GF-IT R**    \$88,070    Roll forward FY'17 IT Capital
- GF-IT E**    \$88,070    Roll forward FY'17 IT Capital
  
- OH R**        \$20,000    Roll forward MetroPointe FY'17 Capital - (Exterior Lighting & Exterior Painting )
- OH R**        \$10,000    Roll forward Metropolitan FY'17 Capital - (Roof Replacement)
- OH R**        \$127,994    Roll forward Strathmore Court FY'17 Capital - (Rooftop HVAC Units, Security System, Sump Pump Replacement, & Replace Trash Room Doors)
- OH R**        \$160,000    Roll forward Westwood Tower FY'17 Capital - (Elevator)
- OH E**        \$20,000    MetroPointe FY'17 Capital - (Exterior Lighting & Exterior Painting )
- OH E**        \$10,000    Metropolitan FY'17 Capital - (Roof Replacement)
- OH E**        \$127,994    Strathmore Court FY'17 Capital - (Rooftop HVAC Units, Security System, Sump Pump Replacement, & Replace Trash Room Doors)
- OH E**        \$160,000    Westwood Tower FY'17 Capital - (Elevator)

**APPROVAL TO SUBMIT FFY 2018  
PUBLIC HOUSING OPERATING SUBSIDY CALCULATIONS TO  
HUD FOR THE PERIOD JANUARY 1, 2018  
THROUGH DECEMBER 31, 2018**

**January 10, 2018**

- HOC is required by HUD to submit a calculation of its Public Housing Operating Subsidy for each Asset Management Project (AMP) for the period January 1, 2018 through December 31, 2018.
- The submission is due to HUD in January 2018.
- Staff recommends that the Chair or his designee be authorized to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2018 through December 31, 2018.



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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Chair or his designee to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2018 through December 31, 2018?

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**BUDGET IMPACT:**

At the current time, the budget impact is unknown. As a reminder, the calculations are formulaic based on historical data provided by both HUD and HOC. Once the final appropriation projections are received, staff will determine if a budget amendment is necessary.

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**TIME FRAME:**

The deadline for submission of the FFY 2018 Public Housing Operating Subsidy Calculations is January 2018; however, HUD has not yet specified an exact date. The FFY 2018 Public Housing Operating Subsidy Calculations was discussed with the Budget, Finance and Audit Committee at the December 20, 2017 meeting. Commission action is requested at the January 10, 2018 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance & Audit Committee recommends that the Chair or his designee be authorized to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2018 through December 31, 2018.

**Resolution No. 18-03**

**Re:** Approval to Submit FFY 2018  
Public Housing Operating Subsidy  
Calculations to HUD for the Period  
January 1, 2018 through  
December 31, 2018

**WHEREAS**, HOC is required by HUD to submit a calculation of its Public Housing Operating Subsidy for each Asset Management Project (AMP) for the period January 1, 2018 through December 31, 2018.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Chair or his designee is hereby authorized to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2018 through December 31, 2018.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, January 10, 2018.

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Patrice Birdsong  
Special Assistant to the Commission

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# **APPROVAL TO SUBMIT ADDITIONAL TARGET REDUCTIONS FOR THE FY'19 COUNTY OPERATING BUDGET**

**January 10, 2018**

- The FY'19 County Operating Budget, which included a three percent Maximum Agency Request Ceiling (MARC) reduction, was submitted to the County Office of Management and Budget (OMB) on November 9, 2017.
- The original \$6,508,067 (MARC) for FY'19 was based on the current FY'18 MARC of \$6,536,889 plus adjustments for salary, health, and retirement benefits of \$157,560, Rental License fees of \$14,898 and a 3% MARC Reduction of (\$201,280).
- On December 8, 2017, HOC received a request from OMB to reduce the FY'19 MARC by an additional one percent or \$67,093 which results in a FY'19 MARC of \$6,440,974.
- The target reduction was due to OMB by December 15, 2017; however, staff requested an extension to allow the Commission to approve submission of the revised FY'19 MARC of \$6,440,974.





FY'18 County Contract	\$ 6,536,889
FY'19 Compensation Adjustment	\$ 157,560
FY'19 Rental License Fee Adjustment	\$ 14,898
	<u>\$ 6,709,347</u>
less: 3% MARC Reduction	\$ (201,280)
less: additional 1% MARC Reduction	\$ (67,093)
<b>FY'19 County Contract</b>	<b><u>\$ 6,440,974</u></b>

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the submission of the revised FY'19 County Budget MARC of \$6,440,974?

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**BUDGET IMPACT:**

The County Operating Grant is the primary funding source for the Agency's Resident Services Division. The County Operating Grant also funds a large part of the Housing Resources Division.

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**TIME FRAME:**

The Budget, Finance and Audit Committee discussed the revised FY'19 MARC submission at the December 20, 2017 meeting. Commission action is requested at the January 10, 2018 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends that the Commission authorize staff to submit the FY'19 County Operating Budget of \$6,440,974.

**RESOLUTION NO: 18-04**

**RE:** Approval to Submit Additional Target Reductions for the FY'19 County Operating Budget

**WHEREAS**, the Housing Opportunities Commission of Montgomery County wishes to submit a request for County funds for FY'19; and

**WHEREAS**, the original FY'19 base budget of \$6,508,067, which included a three percent Maximum Agency Request Ceiling (MARC) reduction, was submitted to the County on November 9, 2017; and

**WHEREAS**, the County has instructed HOC to submit an additional proposed MARC reduction of one percent or \$67,093 resulting in a base budget or "MARC" of \$6,440,974 for FY'19.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby authorizes staff to submit a revised request for FY'19 County funds in the amount of \$6,440,974.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 10, 2018.

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Patrice Birdsong  
Special Assistant to the Commission

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# Development and Finance Committee

Approval to Draw Second Installment of Previously Approved Predevelopment Funding for Completing Architectural Drawings for Elizabeth House III, Elizabeth House IV, and the South County Regional Recreation and Aquatic Center (“SCRRAC”) and Authorization to Increase Predevelopment Budget and Funding to Commence Underground Utilities Prior to the Closing of the Construction Loan

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**STACY L. SPANN, EXECUTIVE DIRECTOR**

KAYRINE V. BROWN  
ZACHARY MARKS  
BRIAN KIM  
HYUNSUK CHOI

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# Executive Summary

- The Elizabeth House III (“EH III”) development includes 267 age-restricted residential units, of which 120 units will be set aside as affordable units, 167 market rate units, a South County Regional Recreation and Aquatic Center (“SCRRAC”) totaling 120,000 square feet, and a 7,411 square feet Senior Resource Center/Primary Care Facility that will be operated by Holy Cross Hospital. The 120 affordable units will be composed of 106 Rental Assistance Demonstration (“RAD”) units and 14 Low Income Housing Tax Credit (“LIHTC”) units serving residents at or below 60% of the Area Median Income (“AMI”).



- October 4, 2017, the Commission approved the selection of Whiting-Turner as General Contractor for the construction of Elizabeth House III and the SCRRAC included an increase in predevelopment funding of \$160,000 as a loan to the Development from the Opportunity Housing Reserve Fund to cover pre-construction services by Whiting Turner, which will be repaid from proceeds of the construction financing.
- On December 7, 2017, The Maryland-National Capital Park and Planning Commission (“MNCPP”) unanimously approved the Preliminary Plan, Sketch Plan and Site Plan for the Elizabeth Square Development. Certified site plan is expected to be approved by end of February 2018.
- The building permit drawings has been submitted to the Department of Permitting Services (“DPS”) and is currently under review. Staff anticipates building permit to be issued by early March 2018. Staff anticipated final 100% construction documents (“CD”) for Elizabeth House III and SCRRAC to be completed by middle of April 2018.

# Executive Summary

- On June 7, 2017, The first installment of \$4,693,267 was approved to complete revised site plan to incorporate SCRRAC and revised Elizabeth House IV (“EH IV”) building to incorporate the ROW to add additional 30,000 square feet of density into the Elizabeth Square Development, complete permit set and construction drawings for EH III, and complete permit set and construction documents for SCRRAC.
  - \$2,124,950 to fund costs related to EH III
  - \$535,340 to fund costs related to EH IV
  - \$2,032,977 to fund costs related to SCRRAC. To date, HOC has advanced \$1,600,176 to fund expenses related to SCRRAC. HOC will be reimbursed for the advanced funds by the end of 2017. Moving forward, all costs related to the SCRRAC will be reimbursed by the County.
- Staff is requesting the approval of a second installment of **\$5,976,569** to complete the certified site plan, obtain building permit, and develop 100% construction documents for EH III and SCRRAC.
  - \$2,761,631 to fund costs related to EH III
  - \$579,098 to fund costs related to EH IV
  - \$2,635,840 to fund costs related to SCRRAC. All expenses related to SCRRAC will be funded by the County.
- Staff is also requesting an additional **\$2,957,802** to expedite the overall construction schedule by starting early work. Beginning the early work related to underground utility will save approximately three months from the construction schedule. This work will be funded by equity from Alexander House refinancing proceeds (previously committed by the Commission). The work includes the following areas;
  - Support of Excavation (“SOE”) shop drawings and mobilization
  - Relocation of existing utility services
  - Installation of PEPCO conduit, manholes, bus vaults, and extending feeders



# Executive Summary

- Based on the second installment of predevelopment funding request, staff is requesting to increase the overall predevelopment budget from \$8,598,825 (approved on June 7, 2017) to **\$13,627,638**. The additional \$5,028,813 of predevelopment budget covers the following increases;
  - \$519,841 for EH III design
  - \$253,749 for EH IV design
  - \$1,297,422 for SCRRAC design
  - \$2,957,802 for underground utility work



# Summary of Projected Predevelopment Budget

## Summary of Previously Approved Funding Requests from OHRF and Approved Funding Requests from RAD Closing.

### Elizabeth House III and IV

Approval Date	Approved/ Projected Amount	Funds Remaining	Sources of Funds	Use of Funds
March 6, 2014	\$730,000	\$0	OHRF	Project feasibility and preliminary plan preparation
September 3, 2014	\$910,949	\$0	OHRF	Project and preliminary plan preparation
August 5, 2015	\$600,000	\$0	OHRF	Begin site plan - SD Phase (Elizabeth Square)
October 7, 2015	\$750,000	\$0	OHRF	Continue site plan – Completed SD Phase (EH III)
April 6, 2016	\$1,500,000	\$0	OHRF	Site plan and complete design development plans.
September 7, 2016	\$1,500,000	\$0	RAD Proceeds	Continue Site Plan – Processing DD Phase (EH III)
September 7, 2016	\$1,000,000	\$0	RAD Proceeds	Close on Condominium Master Lease structure with Lee Development Group and fund lease payments advance of the closing of the financing of the transaction
January 31, 2017	(\$1,399,091)	\$0	OHRF Reimbursement	Reimbursed at Alexander House Apartments closing
6/7/2017 (First Installment)	\$2,660,290	\$214,948	Various	Complete revised site plan to incorporate SCRRAC and revised EH IV building to incorporate the ROW to add additional 30,000 square feet of density into the Elizabeth Square Development ,and complete permit set and construction drawings for EH III Apartments and SCRRAC.
October 4, 2017	\$160,000	\$160,000	OHRF	General Contractor - Predevelopment Costs
<b>1/10/2018 (Second Installment)</b>	<b>\$3,340,729</b>	<b>\$0</b>	<b>Various</b>	<b>Complete construction drawings and close on construction loan.</b>
January 3, 2018	\$2,957,802	\$0	Alexander House Equity proceeds	Underground Utility Work costs
<b>TOTAL</b>	<b>\$14,710,679</b>	<b>\$374,948<sup>1</sup></b>		

### South County Regional Recreation and Aquatic Center

Approval Date	Approved/ Projected Amount	Funds Remaining	Sources of Funds	Use of Funds
6/7/2017 (First Installment)	\$2,032,977	\$432,801	County CIP	complete permit set and construction drawings for SCRRAC.
<b>1/10/2018 (Second Installment)</b>	<b>\$2,635,840</b>	<b>\$0</b>	<b>County CIP</b>	<b>Complete construction drawings and close on construction loan.</b>
<b>TOTAL</b>	<b>\$4,668,817</b>	<b>\$432,801</b>		

**Note:**

1. The remaining \$374,948 will be created various POs and used to pay invoices for month of December 2017

January 10, 2018



# Underground Utility Work

EH 3 - Underground Utility Work - Budget		2017	2018			
	Description	December	January	February	March	Total
1	SOE (Statement of work) shop drawings	\$25,000				\$25,000
2	SOE (Statement of Work) materials			\$50,000		\$50,000
3	Critical submittals/shops			\$75,000		\$75,000
4	Install PEPCO permanent facilities		\$160,000	\$260,000	\$100,235	\$520,235
5	Installation of shed for temporary service		\$62,700			\$62,700
6	Install conduits for relocation of law office PEPCO service			\$25,000		\$25,000
7	Install conduits for relocation of law office Verizon service			\$12,000		\$12,000
8	Install conduits for relocation of Fenwick Lane Verizon service			\$55,000		\$55,000
9	Install conduits for relocation of Comcast service			\$54,000		\$54,000
10	PEPCO fee premium for Customer Plan			\$517,000		\$517,000
11	PEPCO fee for temporary service			\$55,000		\$55,000
12	PEPCO fee for relocation of the law office service			\$25,000		\$25,000
13	Verizon fee for relocation of the law office service			\$7,500		\$7,500
14	Temporary Relocation of Storm & Sanitary		\$125,000	\$125,000		\$250,000
15	Estimated WSSC SDC (System Development Charges) Fee & Service Connect				\$773,265	\$773,265
16	ROW (Right-of-Way) Improvements Application Fee	\$40,302				\$40,302
17	Site Surety Bonds (Using PNC Letter of Credit)				\$25,000	\$25,000
18	Construction Contingency (15%)	\$9,795	\$52,155	\$189,075	\$134,775	\$385,800
<b>Projected Total Underground Utility Work Budget</b>		<b>\$75,097</b>	<b>\$399,855</b>	<b>\$1,449,575</b>	<b>\$1,033,275</b>	<b>\$2,957,802</b>

Staff is requesting a total of \$2,957,802 to be funded from Alexander House Apartments equity proceeds for underground utility work before closing on the construction loan. The available balance for proceeds generated from Alexander House Apartments Equity as of December 15, 2017 is \$10,389,802.

# Projected Predevelopment Budget – EH III

## EH III

Discipline	Dec-17	Jan-18	Feb-18	Mar-18	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, LEED)	\$175,000	\$200,000	\$200,000	\$125,000	\$700,000
Legal (Zoning)	\$25,000	\$25,000	\$25,000	\$25,000	\$100,000
Civil Engineering	\$78,188	\$78,188	\$78,187	\$78,187	\$312,750
Construction Management (Preconstruction)	\$30,500	\$30,500	\$30,500	\$30,500	\$122,000
Third Party Consultants	\$35,000	\$35,000	\$30,000	\$20,000	\$120,000
Legal (Contract, Tax Credit(Application, Structuring & LOI Negotiation)			\$130,000	\$100,000	\$230,000
Tax Credit Application, Reservation Fee, Allocation Fee and Due Diligence Tasks			\$175,000		\$175,000
Demolition	\$20,000				\$20,000
Permit Fees			\$380,000		\$380,000
Brokers Fee				\$75,000	\$75,000
Monthly Lease Payment	\$41,667	\$41,667	\$41,667	\$41,667	\$166,668
Contingency (15%)	\$60,803	\$61,553	\$163,553	\$74,303	\$360,213
<b>Total Costs</b>	<b>\$466,158</b>	<b>\$471,908</b>	<b>\$1,253,907</b>	<b>\$569,657</b>	<b>\$2,761,631</b>

- The above schedule outlines the likely predevelopment expenditures through closing. To prepare for closing during 1<sup>st</sup> Quarter of CY 2018, staff will have to engage legal services to prepare contract documents, third-party professionals, third-party reports, lease payment, and architectural services to begin construction drawings for the new construction plan.
- The unobligated balance for proceeds generated from Arcola Tower, Waverly House, and Alexander House Apartments as of December 15, 2017 is \$3,436,331\*. If approved, the unobligated balance will be \$674,700.

RAD Proceeds & Alexander House	
Arcola Tower & Waverly House	\$5,060,644
At the Alexander House closing	\$3,000,637
Third Installment of the additional predevelopment funding	(\$1,500,000)
Pay for closing cost associate with the execution of the space lease	(\$1,000,000)
First Installment for EH 3	(\$2,124,950)
First Installment for SCRRAC *	(\$1,600,176)
Reimbursed fund from County CIP*	\$1,600,176
<b>Total Remaining amount from RAD Proceeds and AH</b>	<b>\$3,436,331</b>

January 10, 2018



Note: Reimbursed from County CIP upon execution of a Development Agreement

# Projected Predevelopment Budget – EH IV

## EH IV

Discipline	Dec-17	Jan-18	Feb-18	Mar-18	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, LEED)	\$163,519	\$70,079	\$0	\$0	\$233,598
Legal (Zoning)	\$75,000	\$75,000	\$0	\$0	\$150,000
Civil Engineering	\$72,750	\$72,750	\$0	\$0	\$145,500
Third Party Consultants	\$30,000	\$20,000	\$0	\$0	\$50,000
<b>Total Costs</b>	<b>\$341,269</b>	<b>\$237,829</b>	<b>\$0</b>	<b>\$0</b>	<b>\$579,098</b>

- As mentioned in the executive summary, the Maryland-National Capital Park and Planning Commission approved a revised Sketch Plan, Preliminary Plan, and Site Plan for Elizabeth Square on December 7, 2017; however, staff will pay relative entitlement process costs to all consultants.
- The unobligated balance in the OHRF as of October 31, 2017 is \$4,283,403. If approved, the unobligated OHRF balance is reduced to \$3,704,305.
- The projected OHRF funds will be reimbursed at close of financing, projected for 1<sup>st</sup> Quarter 2020.

# Projected Predevelopment Budget - SCRRAC

## South County Regional Recreation and Aquatic Center

Discipline	Dec-17	Jan-18	Feb-18	Mar-18	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, LEED)	\$549,273	\$549,273	\$549,273	\$549,273	\$2,197,090
Legal (Zoning)	\$33,000	\$33,000	\$34,000	\$0	\$100,000
Civil Engineering	\$84,688	\$84,688	\$84,687	\$84,687	\$338,750
<b>Total Costs</b>	<b>\$666,961</b>	<b>\$666,961</b>	<b>\$667,960</b>	<b>\$633,960</b>	<b>\$2,635,840</b>

- On February 13, 2017, the County Executive presented to the county’s Planning Housing and Economic Development (“PHED”) Committee a supplemental appropriation to the FY17 Capital Budget and amendment to the FY 17-22 Capital Improvements Program in the amount of \$3,800,000 for the SCRRAC. The appropriation will fund planning and design costs for the new SCRRAC.
- On February 28, 2017, the County Council approved the \$3,800,000 request.
- The above schedule outlines the likely predevelopment expenditures through closing for South County Regional Recreation and Aquatic Center.
- \$2,635,840 will be funded from County CIP.

# Summary and Recommendations

## Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approval of the following items:

1. An increase in the overall predevelopment budget up to \$13,627,638,
2. An increase in the predevelopment budget of the Second Installment up to \$5,976,569,
3. Funding of the requested \$2,957,802 to be funded from Alexander House Apartments Equity proceeds for underground utility work before closing on the construction loan?

## Time Frame

Action at the January 10, 2018 meeting of the Commission.

## Budget/Fiscal Impact

There is no adverse impact for the Agency's FY 2018 operating budget. Funding for predevelopment budget of EH IV of \$579,098 will reduce the unobligated balance in the OHRF to \$3,704,305 as of October 30, 2017.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approval of an increase to the overall predevelopment budget of up to \$13,627,638, predevelopment budget of the Second Installment up to \$5,976,569, and funding request of \$2,957,802 to be funded from Alexander House Apartments Equity proceeds for underground utility work before closing on the construction loan.

**RESOLUTION No.: 18-05**

**RE: Approval to Draw Second Installment of Previously Approved Predevelopment Funding for Completing Architectural Drawings for Elizabeth House III, Elizabeth House IV, and the South County Regional Recreation and Aquatic Center (“SCRRAC”) and Authorization to Increase Predevelopment Budget and Funding to Commence Underground Utilities Prior to the Closing of the Construction Loan**

**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 and consists of three discrete properties: Alexander House, owned by Alexander House Development Corporation and Alexander House Limited Partnership (combined as “Alexander House”); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), and Fenwick Professional Park owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group (LDG) subject to a Master Lease to Elizabeth House III Limited Partnership, Elizabeth House III LLC and EH III Recreational Center, LLC; and

**WHEREAS**, the Elizabeth House III (“EH III”) development includes 267 residential units, of which 120 units will be set aside as affordable units in conformance with the Rental Assistance Demonstration and the Low Income Housing Tax Credit programs, a South County Regional Recreation and Aquatic Center (“SCRRAC”) totaling 120,000 square feet to be operated by Montgomery County Department of Recreation, and a 7,500 square feet Senior Resource Center/Primary Care Facility to be operated by Holy Cross Hospital (collectively the “Development”); and

**WHEREAS**, on October 4, 2017, the Commission approved the selection of Whiting-Turner as General Contractor for the construction of Elizabeth House III and the SCRRAC included an increase in predevelopment funding of \$160,000 as a loan to the Development from the Opportunity Housing Reserve Fund to cover pre-construction services by Whiting Turner, which will be repaid from proceeds of the construction financing; and

**WHEREAS**, on December 7, 2017, The Maryland-National Capital Park and Planning Commission (“MNCPP”) unanimously approved the Preliminary Plan, Sketch Plan and Site Plan for the Elizabeth Square Development with certified site plan expected to be approved by the end of February 2018; and

**WHEREAS**, the building permit drawings have been submitted to the Department of Permitting Services (“DPS”) and are currently under review with building permit anticipated to be issued by early March 2018; and

**WHEREAS**, on June 7, 2017, the first installment of \$4,693,267 was approved to complete revised site plan to incorporate SCRRAC and revised Elizabeth House IV (“EH IV”) building to incorporate the Right of Way to add additional 30,000 square feet of density into the Elizabeth Square Development, complete the permit set and construction drawings for EH III, and complete the permit set and construction documents for SCRRAC; and

**WHEREAS**, staff seeks approval of an increase to the overall predevelopment budget of up to \$13,627,638 for this preparation, the predevelopment expenditures through closing for both EH III and



SCRRAC and for predevelopment expenditures to incorporate revised EH IV building; and

**WHEREAS**, staff is requesting the approval of a second installment of \$5,976,569 (“Second Installment”) to complete the certified site plan, obtain the building permit, and develop 100% construction documents for EH III and SCRRAC; and

**WHEREAS**, staff is requesting that \$2,761,631 of the Second Installment be funded from proceeds approved from the recapitalization of Arcola Towers, Waverly House, and Alexander House for this preparation and the predevelopment expenditures through closing for EH III; and

**WHEREAS**, staff is requesting that \$579,098 of the Second Installment be funded from the OHRF for predevelopment expenditures to incorporate the revisions to the EH IV building; and

**WHEREAS**, staff is requesting that \$2,635,840 of the Second Installment to fund costs related to SCRRAC, of which all expenses related to SCRRAC will be funded by the County; and

**WHEREAS**, staff is also requesting an additional \$2,957,802 to expedite the overall construction schedule by commencing early the work related to underground utility will save approximately three months from the construction schedule to be funded by equity from Alexander House refinancing proceeds.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and approves:

1. An increase in the predevelopment budget for the Elizabeth Square Development to \$13,627,638 for preparation the predevelopment expenditures through closing for both Elizabeth House III (“EH III”) and South County Regional Recreational and Aquatic Center (“SCRRAC”), and for predevelopment expenditures to incorporate revised Elizabeth House IV (“EH IV”) building; and
2. The funding of the Second Installment of predevelopment funds of up to \$5,976,569 to complete the certified site plan, obtain the building permit, and develop 100% construction documents of both EH III and SCRRAC, and pay relevant entitlement process costs to all consultants for EH IV; and authorizes funding from the following sources:
  - a. Up to \$2,761,631 from proceeds approved from the recapitalization of Arcola Towers, Waverly House, and Alexander House for the predevelopment expenditures through closing for EHIII,
  - b. Up to \$579,098 for EH IV building from the Opportunity Housing Reserve Fund for paying relevant entitlement process costs to all consultants for EH IV building,
  - c. Up to \$2,635,840 for the SCRRAC from the Montgomery County Capital Improvements Program (“CIP”); and
3. The funding of up to \$2,957,802 to expedite the overall construction schedule by commencing work early related to underground utility will save approximately three months from the construction schedule to be funded by equity from Alexander House refinancing proceeds.

**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 January 10, 2018.

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Patrice M. Birdsong  
Special Assistant to the Commission

**APPROVAL OF ACTIONS RELATED TO 900 THAYER (THE "PROPERTY"): 1) SALE OF THE PROPERTY TO 900 THAYER DEVELOPMENT CORPORATION, 2) ISSUANCE OF A SELLER NOTE FOR \$9,249,111.11 TO COMPLETE THE SALE OF THE PROPERTY, 3) ASSIGNMENT OF ALL CONTRACTS, 4) CREATION OF TWO LOW INCOME TAX CREDIT ENTITIES TO FACILITATE THE PERMANENT FINANCING AND PURCHASE OF PORTIONS OF THE PROPERTY**

**JANUARY 10, 2018**

- On March 16, 2016, the Commission acquired 900 Thayer ("the Property") located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring, MD.
- Upon authorizing the acquisition, the Commission also authorized the creation of a single-purpose entity, 900 Thayer Development Corporation ("Corporation"), to purchase and manage construction of the Property.
- In order to prepare the Property for 4% and 9% tax credit financing, HOC must first sell the Property and assign the Construction Contract to the Corporation, which will in turn sell a portion of the Property and assign respective shares of the development costs, to a 4% LIHTC Owner and a 9% LIHTC Owner.
- The purchase price for the Property shall be Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (\$9,249,111.11), the cost of the land and all expenditures incurred by HOC to date, to be paid at settlement in full.
- Staff recommends that the Commission approve the action requested herein for sale of the property and formation of LIHTC entities that will own portions of the Property to facilitate funding in accordance with the LIHTC program.

**MEMORANDUM**

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Division: Real Estate  
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589  
Zachary Marks, Director of New Development Ext. 9613  
Hyunsuk Choi, Sr. Financial Analyst Ext. 9762

**RE:** Approval of Actions Related to 900 Thayer (the "Property"): 1) Sale of the Property to 900 Thayer Development Corporation, 2) Issuance of a Seller Note for \$9,249,111.11 to Complete the Sale of the Property, 3) Assignment of all Contracts, 4) Creation of Two Low Income Tax Credit Entities to Facilitate the Permanent Financing and Purchase of Portions of the Property

**DATE:** January 10, 2018

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**STATUS:** Consent  Deliberation  Status Report  Future Action

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**OVERALL GOAL & OBJECTIVE:**

Approval of actions related to the 900 Thayer Property to effect the sale of the property, assignment of contracts, and formation of two Low Income Housing Tax Credit ("LIHTC") to facilitate the permanent financing of the Property.

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**BACKGROUND:**

On March 16, 2016, the Commission acquired 900 Thayer ("the Property") located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring.

On August 9, 2017, the Commission approved the execution of a general contract for the construction of the Property and then approved the Financing Plan for the Construction of 900 Thayer of up to \$35 million from various HOC sources on September 6, 2017.

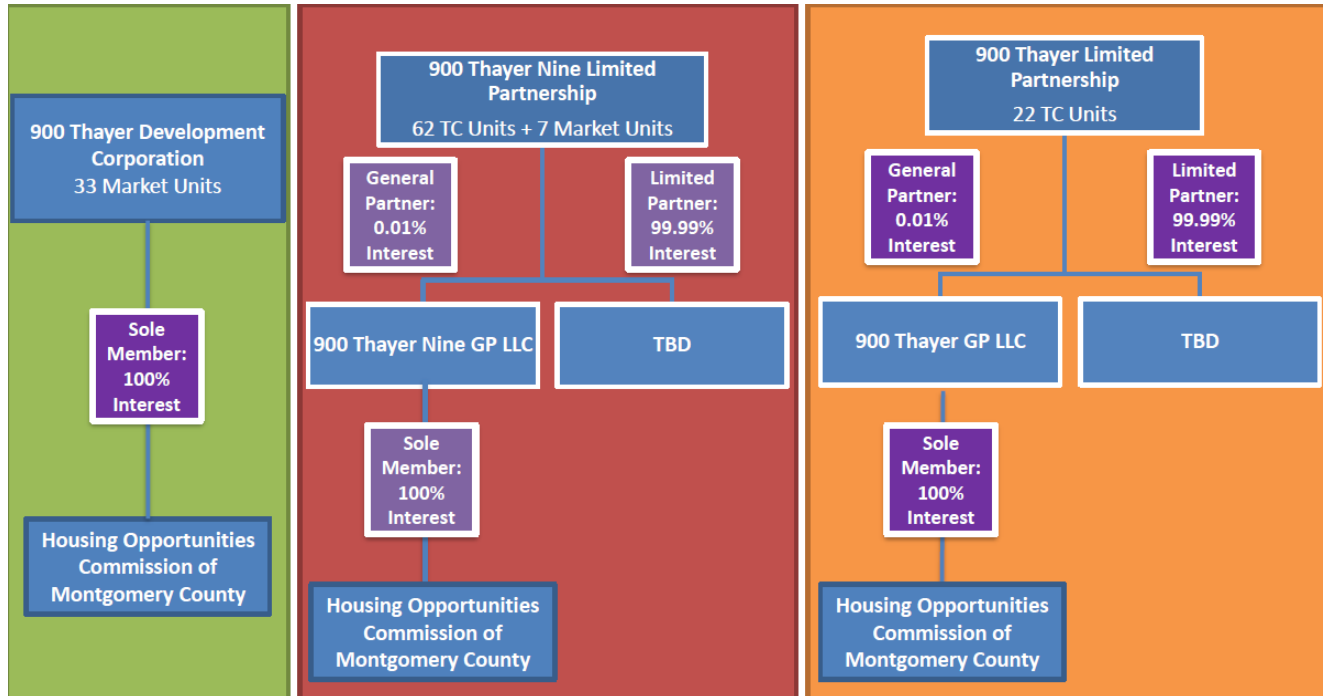
Staff subsequently submitted the Rental Assistance Demonstration ("RAD") Financing Plan to the United States Department of Housing and Urban Development ("HUD") and received a RAD Conversion Commitment ("RCC") from HUD in November 2017, which permits HOC to convert the 84 Public Housing units at Holly Hall to Project-Based Rental Assistance ("PBRA") units at 900 Thayer

The sales and transfers of ownership and contract rights are being undertaken in order to qualify the Property for both 4% and 9% LIHTC financing. The first step toward the 4% and 9%

financing requires HOC's sale of the Property and assignment of the Construction Contract to the Corporation. The Corporation will purchase the Property for Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (\$9,249,111.11), the cost of the land and all expenditures incurred by HOC to date, which will be paid in full at settlement. The second step involves the sale by the Corporation of portions of the Property to the two qualified low income housing tax credit limited partnership entities.

**900 Thayer Ownership Structure**

At conversion and construction commencement, there will be three separate condominiums: one, the development corporation, which will own the 33 market rate units and retail space; a second, a low income housing tax credit limited partnership entity, which will own 62 RAD and 7 market units; and a third, a second low income housing tax credit limited partnership entity, which will own 22 RAD units. Eventually, depending on the ultimate LIHTC structure, a LIHTC investor will be admitted as a limited partner in at least one and perhaps two of the low income



housing tax credit limited partnership entities. HOC will remain the sole member in the general partnership interest.

**Commission Actions Needed**

As the current owner of the Property and the general partner of the 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership (together, the “LIHTC Partnerships”), the Commission is being asked to approve certain actions for itself and on behalf of the LIHTC Partnerships. The actions are outlined in the Issues for Consideration section which follows.

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**ISSUES FOR CONSIDERATION:**

Acting for itself, the following items are presented for consideration.

1. Does the Commission wish to approve the sale of the Property for Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (“\$9,249,111.11” or “Purchase Price”) to the 900 Thayer Development Corporation?
2. Does the Commission wish to approve the issuance of a Seller Note to 900 Thayer Development Corporation for the Purchase Price?
3. Does the Commission wish to approve the assignment of all contracts, including any construction contracts, to 900 Thayer Development Corporation?
4. Does the Commission wish to approve the creation of two LIHTC limited partnerships, the 900 Thayer Limited Partnership and the 900 Thayer Nine Limited Partnership, for the purpose of taking on part-ownership for the property and sharing in the development costs and expenses?

Acting on behalf of the 900 Thayer Limited Partnership Tax Credit Entity as its General Partner, the following items are presented for consideration.

1. Does the 900 Thayer Limited Partnership wish to approve the purchase of its portion of the Property?
2. Does the 900 Thayer Limited Partnership wish to approve the formula for creating the purchase price for its portion of the Property to be based on its share of construction costs and expenses?
3. Does 900 Thayer Limited Partnership wish to approve taking assignment of all contracts as a co-signatory with the 900 Thayer Development Corporation and 900 Thayer Nine Limited Partnership?
4. Does 900 Thayer Limited Partnership wish to approve financing of the purchase of its portion of the Property by taking assignment of its proportional share of the HOC Seller Note?

Acting on behalf of the 900 Thayer Nine Limited Partnership Tax Credit Entity as its General Partner, the following items are presented for consideration.

1. Does the 900 Thayer Nine Limited Partnership wish to approve the purchase of its portion of the Property?
2. Does the 900 Thayer Nine Limited Partnership wish to approve the formula for creating the purchase price for its portion of the Property to be based on its share of construction costs and expenses?
3. Does the 900 Thayer Nine Limited Partnership wish to approve taking assignment of all contracts as a co-signatory with the 900 Thayer Development Corporation and 900 Thayer Limited Partnership?
4. Does the 900 Thayer Nine Limited Partnership wish to approve financing the purchase of its portion of the Property by taking assignment of its proportional share of the HOC Seller Note?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
900 Thayer Development Corporation

900 Thayer Limited Partnership  
900 Thayer Nine Limited Partnership

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**BUDGET/FISCAL IMPACT:**

There is no impact for the Commission's FY18 operating budgets.

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**TIME FRAME:**

Action at the open session of the Commission on January 10, 2018.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission approve:

1. The sale of the property for Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (“\$9,249,111.11” or “Purchase Price”) to the 900 Thayer Development Corporation.
2. The issuance of a Seller Note to the 900 Thayer Development Corporation for the Purchase Price.
3. The assignment of all contracts, including any construction contracts, to the 900 Thayer Development Corporation.
4. The creation of tax credit partnerships 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership for the purposes of taking on part-ownership for the property and sharing in the development costs and expenses.

Staff recommends that 900 Thayer Limited Partnership approve:

1. The purchase of its portion of the Property.
2. The formula for creating the purchase price for its portion of the Property to be based on its share of construction costs and expenses.
3. Taking assignment of all contracts as a co-signatory with the 900 Thayer Development Corporation and 900 Thayer Nine Limited Partnership.
4. Financing the purchase of its portion of the Property by taking assignment of its proportional share of the HOC Seller Note.

Staff recommends that Thayer Nine Limited Partnership approve:

1. The purchase of its portion of the Property.
2. The formula for creating the purchase price for its portion of the Property to be based on its share of construction costs and expenses.
3. Taking assignment of all contracts as a co-signatory with the 900 Thayer Development Corporation and 900 Thayer Limited Partnership.
4. Financing the purchase of its portion of the Property by taking assignment of its proportional share of the HOC Seller Note.

**RESOLUTION No: 18-06**

**RE: Approval of Actions Related to 900 Thayer (the "Property"): 1) Sale of the Property to 900 Thayer Development Corporation, 2) Issuance of a Seller Note for \$9,249,111.11 to Complete the Sale of the Property, 3) Assignment of all Contracts, 4) Creation of Two Low Income Tax Credit Entities to Facilitate the Permanent Financing and Purchase of Portions of the Property**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or "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 financing for the construction of rental housing properties which provide a public purpose; and

**WHEREAS**, on March 16, 2016, the Commission acquired 900 Thayer ("900 Thayer" or the "Property") located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring, MD; and

**WHEREAS**, on April 6, 2016, the Commission approved 900 Thayer as a 124-unit, mixed-income, new construction, family community containing 73 one-bedroom and 51 two-bedroom units ("Development Plan"); and

**WHEREAS**, as part of the Development Plan revised on March 1, 2017, 900 Thayer would contain 84 Project Based Rental Assistance ("PBRA") units through conversion of these Public Housing units at Holly Hall via the Rental Assistance Demonstration ("RAD") program and 40 market rate units; and

**WHEREAS**, on September 7, 2016, the Commission approved the selection of CBG Building Company ("CBG") as general contractor for the construction of 900 Thayer and authorized the Executive Director to enter into contract negotiations with CBG for general contracting services for the construction of 900 Thayer; and

**WHEREAS**, on June 15, 2017, staff submitted the RAD Financing Plan to the United States Department of Housing and Urban Development ("HUD") and received a RAD Conversion Commitment ("RCC") from HUD in November of 2017, which permits HOC to convert the 84 Public Housing units at Holly Hall to PBRA units at 900 Thayer; and

**WHEREAS**, on September 6, 2017, the Commission approved the Financing Plan for the Construction of 900 Thayer and Approval to Fund up to \$35 million from various HOC sources, precedent to which on August 9, 2017, it approved the execution of a general contract with CBG Building Company for the construction of the Property; and

**WHEREAS**, on November 20, 2017, HOC entered into early start agreements for development of the Property; and



**WHEREAS**, upon authorizing the acquisition, the Commission also authorized the creation of a single-purpose entity, 900 Thayer Development Corporation (“Corporation”), to purchase and manage construction of the Property; and

**WHEREAS**, the sales and transfers of ownership and contract rights are being undertaken in order to prepare the Property for 4% and 9% tax credit financing, which requires that HOC first sell the Property and assign the Construction Contract to the Corporation; and

**WHEREAS**, the purchase price for the Property shall be Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (\$9,249,111.11), the cost of the land and all expenditures incurred by HOC to date, to be paid at settlement in full; and

**WHEREAS**, the Corporation will finance the acquisition through a Seller Note provided by HOC; and

**WHEREAS**, after acquiring the Property, the Corporation will then sell a portion of the Property to the 900 Thayer Limited Partnership, and another portion of the Property to the 900 Thayer Nine Limited Partnership, and will retain ownership of a portion, which partnership entities will then also assume portions of the development costs; and

**WHEREAS**, the sale of portions of the property to 900 Thayer Limited Partnership and to 900 Thayer Nine Limited Partnership will be financed through Seller Notes to HOC.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself, that it hereby:

1. Approves the sale of the property at Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (“\$9,249,111.11” or “Purchase Price”) to the 900 Thayer Development Corporation.
2. Approves the issuance of a Seller Note to 900 Thayer Development Corporation for the Purchase Price.
3. Approves the assignment of all contracts, including any construction contracts, to the 900 Thayer Development Corporation.
4. Approves the creation of tax credit partnerships 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership for the purposes of taking on part-ownership for the property and sharing in the development costs and expenses.
5. 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.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of the 900 Thayer Limited Partnership Tax Credit Entity as its General Partner, that it hereby:

1. Approves the purchase of its portion of the Property.

2. Approves the formula for creating the purchase price for its portion of the Property to be based on its share of construction costs and expenses.
3. Approves taking assignment of all contracts as a co-signatory with the 900 Thayer Development Corporation and the 900 Thayer Nine Limited Partnership.
4. Approves financing the purchase of its portion of the Property by taking assignment of its proportional share of the HOC Seller Note.
5. 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.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of the 900 Thayer Nine Limited Partnership Tax Credit Entity as its General Partner, that it hereby:

1. Approves the purchase of its portion of the Property.
2. Approves the formula for creating the purchase price for its portion of the Property to be based on its share of construction costs and expenses.
3. Approves taking assignment of all contracts as a co-signatory with the 900 Thayer Development Corporation and the 900 Thayer Limited Partnership.
4. Approves financing the purchase of its portion of the Property by taking assignment of its proportional share of the HOC Seller Note.
5. 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 approved by the Housing Opportunities Commission of Montgomery County at an open meeting on January 10, 2018.

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Patrice M. Birdsong  
Special Assistant to the Board of  
Directors of the Corporation

# Future Action

# New Business

Adjourn

# Development Corporation Meetings

# 900 Thayer Development Corporation

**APPROVAL OF ACTIONS RELATED TO THE 900 THAYER PROPERTY: 1) PURCHASE 900 THAYER PROPERTY FROM HOC, 2) ACCEPTANCE OF A SELLER NOTE FROM HOC, 3) SALE OF THE PROPERTY INTO TWO LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS, AND 4) ASSUMPTION OF CONSTRUCTION CONTRACT**

**JANUARY 10, 2018**

- On March 16, 2016, the Commission acquired 900 Thayer (“the Property”) located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring, MD.
- Upon authorizing the acquisition, the Commission also authorized the creation of a single-purpose entity, 900 Thayer Development Corporation (“Corporation”), to purchase and manage construction of the Property.
- To facilitate the closing into the various ownership entities, commence the construction of the Property, and prepare for application for Low Income Housing Tax Credit (“LIHTC”) financing via application for 4% and 9% LIHTC, HOC approved the sale of the Property to the Corporation on January 10, 2018.
- The purchase price for the Property shall be Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (\$9,249,111.11), the cost of the land and all expenditures incurred by HOC to date, to be paid at settlement in full, and evidenced by a Seller Note provided by HOC.
- After acquiring the Property, the Corporation will then sell a portion of the Property to 900 Thayer Limited Partnership, and another portion of the Property to 900 Thayer Nine Limited Partnership, and will retain ownership of a portion. All entities will assume portions of the development costs.
- Staff recommends that the Board of Directors of the Corporation approve the purchase of the Property and related actions herein requested, as well as the sale of portions of the property to 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership.



**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: Real Estate  
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589  
Zachary Marks, Director of New Development Ext. 9613  
Hyunsuk Choi, Sr. Financial Analyst Ext. 9762

**RE:** Approval to Purchase 900 Thayer (the "Property") from the Housing Opportunities Commission of Montgomery County for \$9,249,111.11 and to Accept as a Seller Note for the Purchase Price, Approval to take Assignment of all Contracts and to Sell Portions of the property to 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership

**DATE:** January 10, 2018

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**STATUS:** Consent  Deliberation  Status Report  Future Action

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**OVERALL GOAL & OBJECTIVE:**

Approval of Actions Related to the 900 Thayer Property to effect the purchase of the Property from the Housing Opportunities Commission of Montgomery County, take assignment of all contracts, and to sell portions of the property to 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership (together, the "LIHTC Partnerships"), to facilitate the permanent financing of the Property.

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**BACKGROUND:**

On March 16, 2016, the Commission acquired 900 Thayer ("the Property") located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring.

On September 6, 2017, the Commission approved the Financing Plan for the Construction of 900 Thayer and approval to fund up to \$35 million from various HOC sources (Revolving Fund - \$5 million, PNC Bank RELOC - \$25 million, OH Bond Fund - \$5 million).

Staff submitted the Rental Assistance Demonstration ("RAD") Financing Plan to the United States Department of Housing and Urban Development ("HUD") and is expecting to receive a RAD Conversion Commitment ("RCC") from HUD in January of 2018, which permits HOC to convert the 84 Public Housing units at Holly Hall to Project-Based Rental Assistance ("PBRA") units at 900 Thayer

## 900 THAYER DEVELOPMENT CORPORATION

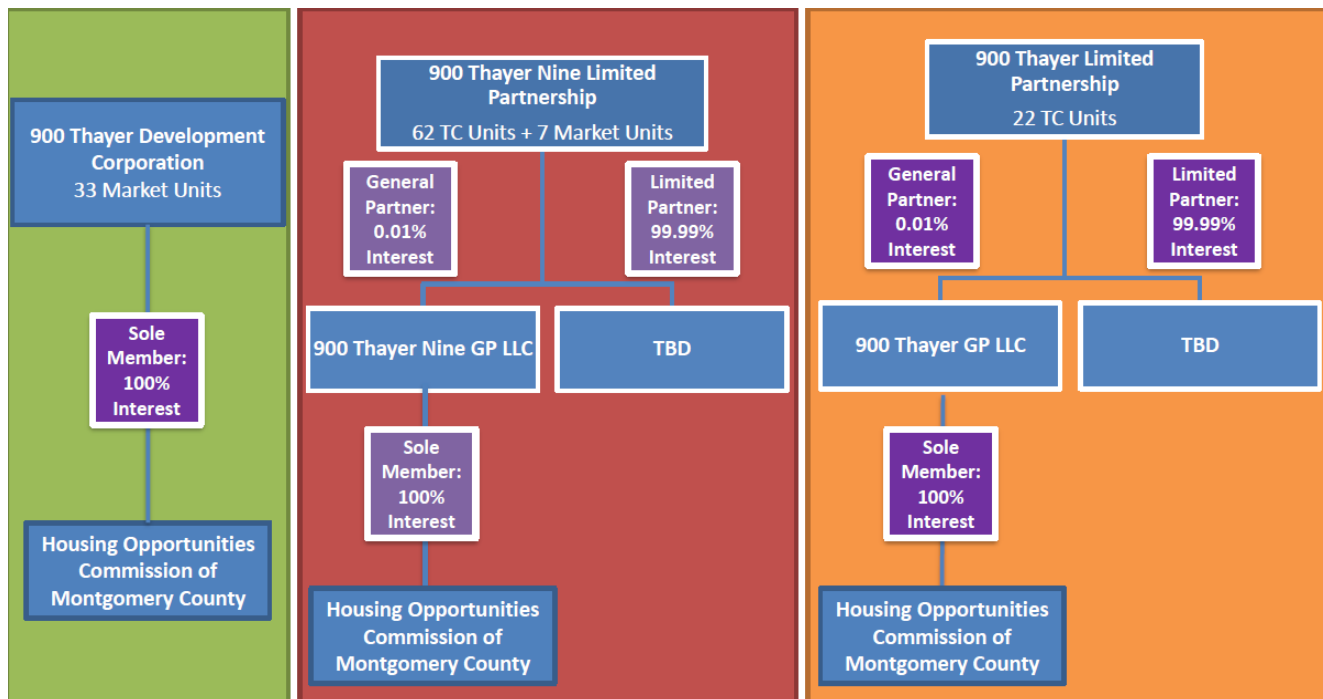
The sales and transfers of ownership and contract rights are being undertaken in order to enable the Property to be eligible for 4% and 9% LIHTC applications. HOC must first sell the Property and assign the Construction Contract to the Corporation.

The purchase price for the Property shall be Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (\$9,249,111.11), the cost of the land and all expenditures incurred by HOC to date, to be paid at settlement in full. The Corporation will sell the property to the two qualified low income housing tax credit limited partnership entities to then pursue the 4% and 9% tax credit applications.

On January 10, 2018, the Commission approved the sale of the Property to 900 Thayer Development Corporation for \$9,249,111.11. At the same time, the Commission also approved, on behalf of the LIHTC Partnerships, the acceptance of the sale of portions of the Property to the LIHTC Partnerships.

### **900 Thayer Ownership Structure**

At conversion and construction commencement, there will be three separate condominiums: one, which owns the 33 market rate units and retail space; a second, which owns 62 RAD and 7 market units; and a third, which owns 22 RAD units. Eventually, depending on the ultimate LIHTC structure, a LIHTC investor will be admitted as a limited partner in at least one and perhaps two of the RAD condominiums. HOC will remain the sole member in the general partnership interest.



### **Action Required by the Board of Directors**

900 THAYER DEVELOPMENT CORPORATION

To complete the purchase of the Property and facilitate access by the LIHTC Partnerships to 4% and 9% LIHTC, the Corporation must approve the purchase of the property, including the acceptance of the seller note, take assignment of contracts, and sell portions of the Property to the respective LIHTC Partnerships. These actions are outlined in the Issues for Consideration section which follows.

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of 900 Thayer Development Corporation wish to:

1. Approve the purchase of the Property for Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (“\$9,249,111.11” or “Purchase Price”) from the Housing Opportunities Commission?
2. Accept a Seller Note from HOC to fund the acquisition of the Property?
3. Accept assignment of all contracts, including the construction contract, related to the Property?
4. Approve the sale of portions of the property to tax credit entities 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership, while retaining a portion of ownership in the Property?
5. Authorize staff in consultation with tax credit counsel to develop a formula for creating the sales prices to the respective LIHTC Partnerships?
6. Approve the sale to the LIHTC Partnerships to be financed by assignment to the tax credit entities their proportional share of the Seller Note from the Housing Opportunities Commission?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
900 Thayer Development Corporation  
900 Thayer Limited Partnership  
900 Thayer Nine Limited Partnership

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**BUDGET/FISCAL IMPACT:**

There is no impact for the Commission’s FY18 operating budgets.

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**TIME FRAME:**

Action at the January 10, 2018 meeting of the 900 Thayer Development Corporation.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Board of Directors of 900 Thayer Development Corporation:

1. Approve the purchase of the Property for Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (“\$9,249,111.11” or “Purchase Price”) from the Housing Opportunities Commission.
2. Approve the acceptance of a Seller Note from HOC to fund the acquisition of the Property.

900 THAYER DEVELOPMENT CORPORATION

3. Approve the assignment of all contracts, including the construction contract, related to the Property.
4. Approve the sale of portions of the property to tax credit entities 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership, while retaining a portion of ownership in the Property.
5. Authorize staff in consultation with tax credit counsel to develop a formula for creating the sales prices to the respective LIHTC Partnerships.
6. Approve the sale to the tax credit entities to be financed by assignment to the tax credit entities their proportional share of the Seller Note from the Housing Opportunities Commission.

900 THAYER DEVELOPMENT CORPORATION

**RESOLUTION:18-001<sub>TY</sub>**

**RE: Approval to Purchase 900 Thayer (the “Property”) from the Housing Opportunities Commission of Montgomery County for \$9,249,111.11 and to Accept as a Seller Note for the Purchase Price, Approval to take Assignment of all Contracts and to Sell Portions of the property to 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership**

**WHEREAS**, the 900 Thayer Development Corporation (the “Corporation”) is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”); and

**WHEREAS**, the Corporation will acquire 900 Thayer (“900 Thayer” or the “Property”) located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring, MD; and

**WHEREAS**, the sales and transfers of ownership and contract rights are being undertaken in order to prepare the Property for 4% and 9% tax credit applications, HOC must first sell the Property and assign the Construction Contract to the Corporation.

**WHEREAS**, the purchase price for the Property shall be Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (\$9,249,111.11), the cost of the land and all expenditures incurred by HOC to date, to be paid at settlement in full; and

**WHEREAS**, the Corporation will finance the acquisition through a Seller Note provided by HOC; and

**WHEREAS**, after acquiring the Property, the Corporation will then sell a portion of the Property to 900 Thayer Limited Partnership, and another portion of the Property to 900 Thayer Nine Limited Partnership, and will retain ownership of a portion, which entities will then also assume portions of the development costs; and

**WHEREAS**, the sales to 900 Thayer Limited Partnership, and another portion of the Property to 900 Thayer Nine Limited Partnership will be financed through Seller Notes.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of 900 Thayer Development Corporation that it hereby:

1. Approves the purchase of the Property for Nine Million Two Hundred Forty-Nine Thousand One Hundred Eleven Dollars and 11/100 (\$9,249,111.11 or “Purchase Price”) from the Housing Opportunities Commission.

900 THAYER DEVELOPMENT CORPORATION

2. Approves the acceptance of a Seller Note from HOC to fund the acquisition of the Property.
3. Approves taking the assignment of all contracts, including the construction contract, related to the Property.
4. Approves the sale of portions of the property to tax credit entities 900 Thayer Limited Partnership and 900 Thayer Nine Limited Partnership, while retaining a portion of ownership in the Property.
5. Approves development of a formula for creating the sales prices to the tax credit entities.
6. Approves the sale to the tax credit entities to be financed by assignment to the tax credit entities their proportional share of the Seller Note from the Housing Opportunities Commission.

**BE IT FURTHER RESOLVED** by the Corporation that the Commission's Executive Director, is authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Board of Directors of 900 Thayer Development Corporation at an open meeting on January 10, 2018.

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Patrice M. Birdsong  
Special Assistant to the Board of  
Directors of the Corporation

# Administrative Session