

EXPANDED AGENDA

November 4, 2020

		Res #
<p>4:00 p.m.</p> <p>Page 4</p>	<p>I. <u>INFORMATION EXCHANGE</u></p> <p>A. Resident Advisory Board</p> <p>B. Community Forum</p> <p>C. Report of the Executive Director</p> <p>D. Commissioner Exchange</p> <p>*Community Forum – In order to continue to implement recommended social distancing guidelines, HOC will conduct its meetings via an online platform and teleconference call until further notice. Persons who desire to participate in the Community Forum must complete the Request to Address Commission Form found on the HOC webpage at least 24 hours prior to the start of the meeting. You will be required to provide your full first and last name, a valid email address, as well as a valid phone number to confirm your participation. Approved participants will be notified no later than 12:00 p.m. on the day of the Commission Meeting. Please refer to HOC’s website for the complete Public Observation and Participation Guidelines and for information on HOC’s State of Emergency Open Meeting Procedures.</p>	
<p>4:45 p.m.</p> <p>Page 9</p>	<p>II. <u>APPROVAL OF MINUTES</u></p> <p>A. Approval of Minutes of October 7, 2020</p> <p>B. Approval of Minutes of October 7, 2020 Administrative Session</p>	
<p>4:55 p.m.</p>	<p>III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></p>	
<p>Separate Cover</p> <p>19</p> <p>38</p> <p>42</p> <p>46</p>	<p>A. Budget, Finance & Audit Committee – Com. Nelson, Chair</p> <p>1. Review of the Draft Fiscal Year 2020 (FY’20) CAFR, Single Audit Report and Management Letter</p> <ul style="list-style-type: none"> • CAFR • Single Audit Report • Management Letter <p>2. Commission Approval of the Calendar Year 2021 (CY’21) Portfolio Budget</p> <p>3. Approval to Renew Property Management Contract at Shady Grove Apartments Limited Partnership</p> <p>4. Approval to Renew Property Management Contract for Pooks Hill Court</p> <p>5. Approval to Renew Property Management Contract for the Willows Apartment</p>	<p>20-74 (pg. 34)</p> <p>20-75 (pg. 41)</p> <p>20-76 (pg. 45)</p> <p>20-77 (pg. 49)</p>
<p>5:40 p.m.</p> <p>Page 51</p>	<p>B. Development and Finance Committee – Com. Simon, Chair</p> <p>1. Hillandale: Authorization to Revise Predevelopment Budget and Final Installment of Predevelopment Funding for Hillandale Gateway</p>	<p>20-78 (pg. 65)</p>

68	2. Strathmore: Approval of Funding the Due Diligence Budget for Strathmore Court Apartments	20-79 (pg. 71)
Page 72	3. Single Family Bonds: Authorization to Draw on the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds	20-80 (pg. 76)
6:15 p.m.	<u>ADJOURN</u>	
6:20 p.m.	<u>DEVELOPMENT CORPORATION MEETING</u> <u>Pooks Hill Development Corporation</u>	
Page 81	<ul style="list-style-type: none"> Approval to Renew the Property Management Contract for Pooks Hill Development Corporation 	20-003 _{PH} (pg.84)
6:30 p.m.	<u>ADJOURN</u>	
6:45 p.m.	<u>ADMINISTRATIVE SESSION</u> <i>A closed Administrative Session will be called to order pursuant to Section 3-305(b)(3) and Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland</i>	

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.

Information Exchange



Executive Director's Interview with ForbesBooks

During the month of October, I participated in a two-part interview on the ForbesBooks' ChangeMakers podcast with Katie Goar, President of Quadel Consulting and Training. The podcast series focuses on affordable housing as the backbone of better opportunities for all, analyzing the issues and challenges being faced in affordable housing today. In each episode, Ms. Goar speaks with finance experts, thought leaders, and change-makers to explore innovative solutions that provide more affordable housing options across the country.

I had the privilege of sharing the innovative approaches that HOC and Montgomery County are taking to tackle the ongoing housing crisis, with a particular focus on how COVID-19 has exacerbated the crisis for the most vulnerable among us. While Ms. Goar and I spoke about why this mission and the need to act in service to my community are so personal to me, we also discussed why these issues should be personal to us all – highlighting the ways in which we are all impacted by the lack of affordable homes connected to communities of opportunity.

I was humbled to be asked to participate in the discussion and honored to represent all the incredible work our agency and this county are doing toward meeting the housing needs of our citizens. Audio for [Part 1](#) and [Part 2](#) of the interview are available on the [ForbesBooks Radio](#) website.

First Virtual Homeownership Workshop

On Saturday, October 17, 2020, the HOC Homeownership Program ("HOC/HOP") hosted its first virtual Homeownership Workshop for HOC Residents. TowneBank Mortgage was the participating lender. One of the goals of HOC's Single Family office is to equip HOC residents with the knowledge to become a homeowner. During the workshop, topics covered included credit review, budgeting and management of finances, the mortgage application process, obtaining financing and the role of a realtor. An overview of the various mortgages offered by HOC's Mortgage Purchase Program and the program's secondary loans for closing cost assistance were also provided. Forty (40) residents, representing 31 families, participated in the workshop. Upon completion of the workshop, each participant received a Certificate of Achievement, which can be used to satisfy the Homebuyers Education course requirement for the HOC Mortgage Program.

Our first virtual workshop was very well received by our residents, which made for a very active and engaged audience. Those residents, who are income and credit qualified, will work with staff to assist them in the future purchase of available MPDUs. The Single Family Office plans to offer virtual workshops at least once a month during the pandemic.

Family Self-Sufficiency Activities

FSS Staff participated in the 5th annual National Family Self Sufficiency Conference hosted by Compass Working Capital from October 20 -22, 2020. Over 450 individuals from 39 states participated. Conference workshops included FSS basics, equity and inclusion, program implementation, networking opportunities, and financial literacy. A representative from the Department of Housing & Urban Development provided FSS program updates. The keynote speaker, Isabel Wilkerson, discussed her book, *Caste: The Origins of our Discontents*. She engaged attendees in an empowering conversation on the disparities in the racial wealth gap throughout history and its direct link to a series of events happening in today's society. Staff benefited from discussions on strengthening program capacity to deliver services remotely and the best strategies to integrate FSS participant perspectives into program delivery. The conference ended with five FSS graduates sharing their challenges, accomplishments, and path to success as a result of participation in the program. Overall, the conference was enlightening, informative, and a great networking opportunity for staff.

The FSS team's social work intern facilitated a Health and Wellness workshop on October 22, 2020. Fifteen FSS participants participated in the session Self-Care in Solitude: A Meditative Approach to Self-Care. The presenter led the participants through a guided positive affirmation meditation. The discussion focused on mental, financial, educational, and employment impacts on health and wellbeing. The session ended with a breathing exercise that participants were encouraged to use when experiencing stressful situations.

Emmanuel Brinklow Seventh Day Adventist Church conducted a virtual Financial Literacy workshop on October 27, 2020. Sixty-one individuals participated in the session which included information on investments, saving for retirement and advance directives.

FSS staff continue to recruit for the FSS program via cold calls and bi-weekly virtual information sessions. For the month of October, 11 new program participants successfully completed the enrollment process. Six participants have been approved for the Homeownership Program and are working with staff to find the perfect home for their families.

Real Estate Activities

On September 21, 2020, HOC successfully closed on a permanent mortgage loan to refinance Fenton Silver Spring, a 124-unit, mixed income apartment community with 5,144 square feet of retail space, constructed in downtown Silver Spring. The property provides 84 relocation housing units for households previously residing at two former Public Housing properties, Holly Hall and Elizabeth House, which converted their subsidies to Project Based Rental Assistance under HUD's Rental Assistance Demonstration program. The permanent taxable mortgage was funded by the Federal Financing Bank and insured by FHA Risk Sharing program. Proceeds of the permanent loan in conjunction with LIHTC equity were used to pay closing costs, fund reserves, and previous tax-exempt indebtedness, which was drawn on the PNC Bank, N.A. Real Estate Line of Credit to pay acquisition, construction, and equipping of the property.

Service Coordination Support and Rental Assistance Continue During COVID-19

Service Coordination

The Service Coordination Unit continued to provide services to customers during October 2020. These services included assessments, information and referrals. Resident Counselors continued to engage customers to

determine their needs. Customers were referred to our partners and received food assistance. Customers also received referrals to Housing Stabilization, unemployment assistance, TCA, SNAP, MEAP, EARP and other benefit programs. Resident Counselors continued to work remotely due to the COVID-19 pandemic. However, staff continues to come in as needed for emergencies and to assist with food distribution.

Programming

Resident Services continued to implement food distribution to HOC customers in need. Food distributions at Arcola Towers, Bauer Park, Elizabeth House, Forest Oak Towers, Paddington Square, Town Center Rockville, Tanglewood Apartments, and Waverly House continued.

Resident Services staff continued to help customers meet their essential needs during the COVID-19 pandemic. In addition, Resident Services staff continues to support the Emmanuel Brinklow Seventh Day Adventist Church Groceries Grab-n'-Go distribution. We provide delivery services to families Up County and in the TCP-Olney HUB.

Resident Services will be launching cultural arts opportunities (Aerobic and Cultural Dance, Visual Arts Ventures) and a homework club for elementary aged youth in November. HOC Academy Adult Education and Workforce Development (AEWD) continued to serve residents with employment referrals, workshops, and tuition assistance.

Resident Services has planned an after-school program at TCP-Olney. The program will begin in November 2020. Resident Services staff has met with Emmanuel Brinklow to provide a girl's group, First Generation College Bound/Mount Olive Church for a homework/academic enrichment program for ages 5-12 and with Mr. Jared Parks for a fitness (yoga) program.

Supportive Housing

The Supportive Housing Program continued to provide support to 250 program participants. Program staff continued to call customers weekly and deliver gift cards to assist with food for those that were in need. The team has continued to enroll new customers into the program and respond to critical needs as they arise.

Fatherhood Initiative

The Fatherhood Initiative has been awarded a new five-year grant and is currently in the planning phase of grant implementation. We anticipate continue success moving forward for the Fatherhood Initiative.

COVID Rental Assistance Program

Residents Services staff continued to work with Compliance and Legislative and Public Affairs to issue additional rental assistance resources to county residents who have lost income due to COVID-19. HOC is working to complete the review of just under 1,400 applications for the second round. We anticipate completing application reviews and program implementation in November 2020 and have begun processing payments for those applicants already approved.

HOC Maintenance Efforts

All COVID-19 protocols remained in effect during the month of October but were amended to include the use of new and more effective electrostatic sprayers to apply sanitizing solutions. During October, the Maintenance Division completed 1573 work orders, 124 of which were emergencies.

The changeover from air conditioning to heat at our high-rise buildings, as well as Bauer Park, was successfully completed this month. HVAC preventive maintenance also began this month and will continue through the month of November. Winter preparations have also begun. Inventory is being taken of all snow blowers, shovels, salt spreaders, ice breakers and gas cans. Preventative service will also be performed on all snow blowers. Snow blower use and safety training is scheduled for mid-November. Staff in the Maintenance Division also reviewed several renewal contracts including, Grounds Maintenance, Repair Services to Plumbing, Towing and Snow Removal.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

October 7, 2020

20-09

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, October 7, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:02 p.m. Those in attendance were:

Present

Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom
Jeffrey Merkwowitz
Jackie Simon

Absent

Roy Priest, Chair

Also Attending

Stacy L. Spann, Executive Director
Cornelia Kent
Kayrine Brown
Charnita Jackson
Fred Swan
Eugene Spencer
Jay Berkowitz
Paulette Dudley
Olutomi Adebo

Aisha Memon, General Counsel
Eamon Lorincz
Christina Autin
Zachary Marks
Nicolas Deandreis
Eugenia Pascual
Millicent Anglin
Jennifer Arrington
Sewavi Agbodjan

Resident Advisory Board

Shawntel Reddix-Thomas, Vice President
Yvonne Caughman

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Guest

Christopher Rigaux, BACC
Marsha Coleman-Adebayo, BACC
Louis Wolf, BACC
Rev. Segun Adebayo, BACC

Guest (Cont'd)

Tim Willard, BACC
Adam Simon, BACC
Dr. Karen Wilson-Ama'Echefu, BACC

Vice Chair Kelleher opened the meeting with a welcome and roll call of Commissioners. Also informing of the reintroduction of Community Forum for public participation via virtual platform.

I. **Information Exchange**

- **Resident Advisory Board** - Former Vice President Yvonne Caughman thanked the RAB, Executive Director Stacy Spann, Fred Swan, Director of Resident Services, Rita Harris, Resident Services Special Assistant, and HOC Board of Commissioners, for allowing her to serve as Vice Chair of the Resident Advisory Board. She then introduced the new Vice Chair, Shawntel Reddix-Thomas, who provided an update on current activities of the RAB and her appreciation to serve as Vice Chair.
- **Community Forum** – Members of the Bethesda African-American Cemetery Coalition (BACC) addressed the Board concerning The Moses African Cemetery.
- **Tony Davis Scholarship Award Recognition** – Commissioner Simon introduced the three (3) recipients of the 2020 Tony Davis Memorial Scholarship Fund. HOC established this scholarship 20-years ago in memory and honor of Mr. Tony S. Davis, an HOC employee who devoted his life to volunteering, coaching and counseling in the Seneca Ridge Community. In the past 20-years 40 college bound students from HOC communities have been supported by this scholarship fund to help launch their college careers. This year’s first place award winner is Natneal Kelkay who received a \$7,500 scholarship. Damesha Hall is the second place winner receiving \$3,500, and third place winner is Makayla Robinson who received \$3,000.

Executive Director’s Report

- Stacy L. Spann, Executive Director, congratulated the recipients of the Tony Davis Scholarship award. He also expressed his appreciation to the HOC Team, especially during this time, for their support and continued hard work that they provide to the customers and their families serve. He highlighted and acknowledged various activities from his written report. Chair Pro Tem Nelson expressed kudos to the HOC Team.

- II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Commissioner Simon and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon. Chair Priest was necessarily absent and did not participate in the vote.

A. Approval of Minutes of September 9, 2020

B. Approval of Minutes of September 9, 2020 Administrative Session

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

A. Budget, Finance & Audit Committee – Com. Nelson, Chair

1. Acceptance of the Fourth Quarter FY’20 Budget to Actual Statement

Cornelia Kent, Chief Financial Officer, and Olutomi Adebo, Assistant Budget Officer, 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 Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon.

RESOLUTION NO.: 20-67

**Re: Acceptance of the Fourth Quarter
FY’20 Budget to Actual Statements**

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that quarterly budget to actual statements will be reviewed by the Commission;

WHEREAS, the Commission reviewed the Fourth Quarter FY’20 Budget to Actual Statements during its October 7, 2020 meeting;

WHEREAS, HOC ended FY’20 with an operating surplus of \$2,779,257; and

WHEREAS, it is recommended that \$2,779,257 be held in the General Fund to offset any loss of income due to the non-receipt of rental payments as a result of COVID-19 to ensure sufficient available cash to maintain timely payment of expenses.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Fourth Quarter FY’20 Budget to Actual Statements.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the surplus of \$2,779,257 to be held in the General Fund to offset any loss of income due to the non-receipt of rental payments as a result of the COVID-19 Pandemic to ensure sufficient available cash to maintain timely payment of expenses.

2. Authorization to Write-Off Uncollectible Tenant Accounts Receivable

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, 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 Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon. Chair Priest was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 20-68

**RE: Authorization to Write-off Uncollectible
Tenant Accounts Receivable**

WHEREAS, the current policy of the Housing Opportunities Commission of Montgomery County (“HOC”) is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances; and

WHEREAS, staff periodically proposes the write-off of uncollected former tenant balances which updates the financial records to accurately reflect the receivables and the potential for collection; and

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period April 1, 2020 – June 30, 2020 is \$34,196, consisting of \$16,940 from Opportunity Housing properties, \$1,853 from Supportive Housing, and \$15,403 from RAD Properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all actions necessary and proper to write off \$34,196 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

3. Acceptance of Calendar Year 2019 (CY'19) Audits of 900 Thayer Limited Partnership (LP) and HOC at The Upton II LLC

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, 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 Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon. Chair Priest was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 20-69

RE: Acceptance of CY 2019 Audits of 900 Thayer Limited Partnership and HOC at the Upton II LLC

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission"), or its wholly-owned or controlled affiliate, is the managing member in 900 Thayer Limited Partnership and HOC at the Upton II LLC;

WHEREAS, the calendar year annual audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC have been completed; and

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firms who performed the audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the CY 2019 audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC.

4. Approval to Renew Property Management Contracts for The Metropolitan and Strathmore for One Year

Charnita Jackson, Director of Property Management, and Millicent Anglin, 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 Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon. Chair Priest was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 20-70

RE: Approval to Renew Property Management Contracts for The Metropolitan and Strathmore for One Year

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the general partner of The Metropolitan of Bethesda Limited Partnership ("Metropolitan LP"), and Metropolitan LP owns 92 units at the development known as The Metropolitan located in Bethesda, Maryland (the "Metropolitan");

WHEREAS, HOC is the general partner of Strathmore Court Associates Limited Partnership (“Strathmore LP”), and Strathmore LP owns 51 units and HOC owns 151 units at the development known as Strathmore Court located in Bethesda, Maryland (“Strathmore,” together with the Metropolitan, the “Properties”); and

WHEREAS, staff desires to renew the current property management contracts at the Properties for one (1) year with Bozzuto Management Company.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of The Metropolitan of Bethesda Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Metropolitan with Bozzuto Management Company.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Strathmore Court Associates Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Strathmore with Bozzuto Management Company.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any documents related thereto.

5. Approval to Renew Property Management Contracts for Spring Garden One Associates Limited Partnership (LP)

Charnita Jackson, Director of Property Management, and Jay Berkowitz, Asset Manager, were the presenters.

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

RESOLUTION NO.: 20-71

RE: Approval to Renew Property Management Contract for Spring Garden One Associates Limited Partnership

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of Spring Garden One Associates Limited Partnership (“Spring Garden LP”), and Spring Garden LP owns the development known as Spring Garden located in Silver Spring, Maryland (“Spring Garden”); and

WHEREAS, staff desires to renew the current property management contract at Spring Garden for one (1) year with Edgewood/Vantage Management.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Spring Garden One Associates Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one (1) year renewal of the property management contact at Spring Garden.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any documents related thereto.

6. Authorization to Submit the County Fiscal Year 2022 (FY'22) Maximum Agency Request Ceiling (MARC)

Cornelia Kent, Chief Financial Officer, and Olutomi Adebo, Assistant Budget Officer, 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 Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon. Chair Priest was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 20-72

**RE: Authorization to Submit the County FY'22
Maximum Agency Request Ceiling (MARC)**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") wishes to submit a request for County funds for FY'22; and

WHEREAS, the County has instructed HOC to submit a Maximum Agency Request Ceiling ("MARC") for FY' 22 in an amount not to exceed \$6,824,693, which is based on the FY'21 approved MARC of \$6,824,693 which does not include the estimate for projected FY'22 increases to compensation, health and retirement benefits.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves submitting a MARC to the County for FY'22 in the amount of \$6,824,693.

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

1. Single Family Mortgage Purchase Program (SF MPP): Approval to Increase the Income Limits for the Single Family Mortgage Purchase Program

Kayrine Brown, Chief Investment and Real Estate Officer, and Jennifer Arrington, Assistant Director of Bond Management, were the presenters.

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

RESOLUTION NO.: 20-73

**RE: Approval to Increase the Income Limits
for the Single Family Mortgage Purchase Program**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") has operated the Single Family Mortgage Purchase Program ("MPP" or the "Program") since 1979; and

WHEREAS, on April 14, 2020, the U.S. Department of Housing and Urban Development published new national income limits; and

WHEREAS, the Commission approves income and sales price limits, which apply to the MPP, subject to rules and regulations governing Mortgage Revenue Bonds and Mortgage Backed Securities; and

WHEREAS, staff supports increasing the Program's income limits.

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

The maximum income limits for the Single Family Mortgage Purchase Program shall increase as follows:

Household Size	Maximum Income
1	\$105,840
2	\$151,200
3+	\$176,400

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

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:46 p.m. and reconvened in closed session at approximately 6:10 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on October 7, 2020 at approximately 6:10 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3) and 3-305(b)(13) to discuss a potential real property acquisition and the confidential commercial and financial terms of a potential real estate transaction.

The meeting was closed on a motion by Chair Pro Tem Nelson, seconded by Byrd, with Commissioners Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon unanimously voting in approval. Chair Priest was necessarily absent and did not participate in the vote. The following persons were present during the closed session: Frances Kelleher, Richard Y. Nelson, Jr., Linda Croom, Jeffrey Merkowitz, Jackie Simon, Stacy Spann, Aisha Memon, Eamon Lorincz, Kayrine Brown, Gail Willison, Zachary Marks, Cornelia Kent, and Gio Kaviladze.

In closed session, the Commission discussed potential acquisitions of real property and the confidential commercial and financial terms of potential real estate transactions. Staff was given approval to proceed with one non-binding letter of intent and direction to hold on another non-binding letter of intent. No formal action was taken.

The closed session was adjourned at 7:50 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

APPROVAL OF CALENDAR YEAR 2021 (CY'21) PORTFOLIO BUDGETS

November 4, 2020

- The Budget, Finance and Audit Committee informally reviewed the CY'21 Portfolio Budgets at the October 13, 2020 meeting which includes 11 calendar year Tax Credit properties and the Lindley.
- The budgets for Alexander House Apartments Limited Partnership (Alexander House), Arcola Towers RAD Limited Partnership (Arcola Towers), Bauer Park Apartments LP, Forest Oak Towers Limited Partnership, Greenhills Apartments Limited Partnership, 4913 Hampden Lane Limited Partnership (Lasko Manor), Spring Garden One Associates Limited Partnership (Spring Garden), Tanglewood and Sligo LP (Tanglewood/Sligo), 900 Thayer Limited Partnership (Fenton Silver Spring), Waverly House RAD Limited Partnership (Waverly House), and Wheaton Metro Limited Partnership (MetroPointe) project \$146,932 in Partnership Management Fees that will be paid to the Agency for CY'21.
- With the exception of Arcola Towers, Forest Oak Towers, and Waverly House, there are no rent increases budgeted as a result of the COVID-19 Pandemic. Increases at Arcola Towers, Forest Oak Towers, and Waverly House are projected at 2.0% based on the latest Operating Cost Adjustment Factor (OCAF) and are within the County Executive's Voluntary Rent Guideline (CE-VRG) of 2.6%.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Cornelia Kent Division: Finance Ext. 9754
 Terri Fowler Ext. 9507
 Tomi Adebo Ext. 9472

RE: Commission Approval of the Calendar Year'21 (CY'21) Portfolio Budgets

DATE: November 4, 2020

OVERALL GOAL & OBJECTIVE:
 To approve the Agency’s CY'21 Portfolio Budgets.

BACKGROUND:
 Historically, the Commission approved Calendar Year budgets for Tax Credit Partnerships only. The Lindley is operated on a calendar year basis as well and is therefore included in the packet for Approval of Calendar Year'21 (CY'21) Property Budgets.

Tax Credit Partnership Budgets
 As Managing General Partner, HOC has a fiduciary responsibility for each of the Tax Credit Partnerships. The current HOC budget policy stipulates that the financial performance and budgets of the Tax Credit Partnerships should be reviewed on the same fiscal year as its partners (December 31). The Tax Credit Partnership Budgets require adoption by the Commission, separate from the Agency’s general budget process.

In November 2019, the limited partners of **Georgian Court Silver Spring LP (Georgian Court)** and **Barclay One Associates LP (Barclay)** donated their ownership interests in the partnerships to HOC. In February 2020, the limited partners of **MV Affordable Housing Associates LP (Stewartown)** donated their ownership interests in the partnerships to HOC. Budget amendments were approved to incorporate the properties in the FY'20 Agency Budget and they were also incorporated into the Agency FY'21 Budget as Opportunity Housing properties with extended affordability. The partnerships that own the remaining 11 calendar year Tax Credit properties are:

- Alexander House Apartments Limited Partnership (Alexander House);
- Arcola Towers RAD Limited Partnership (Arcola Towers);
- Bauer Park Apartments LP (Bauer Park);
- Forest Oak Towers Limited Partnership (Forest Oak Towers);
- Greenhills Apartments Limited Partnership (Greenhills);
- 4913 Hampden Lane Limited Partnership (Lasko Manor);

Spring Garden One Associates Limited Partnership (Spring Garden);
Tanglewood and Sligo LP (Tanglewood/Sligo Hills);
900 Thayer Limited Partnership (Fenton Silver Spring);
Waverly House RAD Limited Partnership (Waverly House); and
Wheaton Metro Limited Partnership (MetroPointe).

As general partner, HOC is responsible for submitting draft copies of the CY'21 Proposed Budgets to the limited partners by November 1, 2020, with the final copies submitted following the Commission's approval.

Attachment 1 includes the initial compliance period end dates, status of the limited partner exit, and extended use after the initial compliance period for all our CY Tax Credit partnership properties.

The partnership agreements for The Metropolitan and Strathmore Court properties provided for a fiscal year consistent with HOC's fiscal year and, therefore, were exceptions to the tax credit process outlined herein. Their budgets were adopted with the budgets for the balance of HOC's fiscal year properties. It is important to note that the limited partners of **The Metropolitan LP** and **Strathmore Court LP** donated their ownership interests in the partnerships to HOC in November 2019. Budget amendments were approved in the FY'20 Agency Budget and they were also incorporated into the Agency FY'21 Budget as Opportunity Housing properties with extended affordability.

Other Calendar Year Budgets

The Lindley is a newly built, 200-unit high-rise apartment building located in Chevy Chase, Maryland. The unit mix for the building is 120 market units, 40 MPDU units restricted at 50% Area Median Income (AMI), and 40 affordable units restricted at 100% Area Median Income AMI. The property operates on a Calendar Year basis and is categorized as a discretely presented component unit.

ISSUES FOR CONSIDERATION:

Tax Credit Partnerships

The budget forecasts the collection of \$245,273 in CY'21 in Asset Management/Investor Service Fees and Partnership Management Fees from the properties (**Attachment 2**). At year end, the Asset Management/Investor Service Fees are paid to the limited partner. If sufficient funds remain, the Partnership Management Fees, or \$146,932, are paid to the general partner (HOC). All unpaid fees are accrued for payment in future years. As a result of the projected deficit for **Lasko Manor**, both the Asset Management/Investor Service Fee and Partnership Management Fees have been excluded from the budget.

As the Managing General Partner, HOC is responsible for funding any cash deficits that occur in the operation of the tax credit projects. **Lasko Manor** is projected to generate losses of \$36,514 which is up from the \$27,899 loss projected for CY'20. As a reminder, Lasko Manor is a project based 12 unit building, located in Bethesda, that provides permanent supportive housing for formerly homeless individuals with incomes below 30% of AMI. The loss will be incorporated into the FY'22 budget process. This projected loss is a result of higher maintenance and bad debt expenses coupled with increased liability insurance offset by decreasing utilities. It should be noted that a portion of this deficit also results from the Management Fee paid to HOC.

The rent policy for CY'21 allows for in-place rental increases based on the County Executive's Voluntary Rent Guideline (CE-VRG) of 2.6%. With the exception of **Arcola Towers, Forest Oak Towers, and Waverly House**, there are no rent increases budgeted for the balance of the properties within the portfolio as a result of the COVID-19 Pandemic. Arcola Towers, Forest Oak Towers and Waverly House are projecting increases of 2.0% based on the latest Operating Cost Adjustment Factor (OCAF) that is used to determine rent increases for Project Based Rental Assistance (PBRA) properties.

Income from this portfolio is restricted to the properties. The only revenue that comes to HOC is in the form of a Partnership Management Fee, which is projected to be \$146,932 for CY'21. The proposed CY'21 budgets reflect a decrease of \$12,754 or 8% in Partnership Management Fees when compared to the CY'20 Approved budgets as a result of the removal of fees for the **Barclay** and **Stewartown** that were partially offset by the inclusion of fees for Bauer Park and the escalation factors applied annually to several of the properties.

The CY'21 Budget for the properties projects modest increases in operating income on a per unit per annum (PUPA) basis for six of the twelve properties when compared to the CY'20 Budget. In addition, the budgeted operating income at **Bauer Park** and **Fenton Silver Spring** have increased 52.8% and 22.3% respectively. The increase at **Bauer Park** is largely the result of the Rental Assistance Demonstration (RAD) Two subsidies at the property that are partially offset by the increased vacancy to support the renovations. Income for **Fenton Silver Spring** is projected to increase as a result of lower vacancies based on the property achieving stabilization coupled with the receipt of non-dwelling income based on the Master Lease for the retail space. The decrease at **Alexander House** is largely driven by the potential for lower receipt of rental income due to the deferral of payments or non-payments due to COVID and slightly higher vacancy. **Tanglewood/Sligo Hills** is projecting higher vacancies. **The Lindley** is projecting a decrease in operating income due to higher concessions and COVID related non-payment of rents offset by a decrease in vacancies and increase in parking income. **(Attachment 3)**.

Operating expenses on a PUPA basis for the properties are projected to increase in the CY'21 Budget at nine of the twelve properties. In light of the current COVID-19 pandemic, many of the properties are anticipating increased expense related to cleaning and Personal Protective Equipment (PPE). The total operating expense increases range from 3.1% to 16.9%. The highest growth rates are at **Alexander House, Arcola Towers, Bauer Park, Forest Oak Towers, Greenhills, and Waverly House** which expect expense growth rates of 7.5%, 13.8%, 14.9%, 7.4%, 11.0%, and

16.9%, respectively. Operating expenses at **Alexander House** increased as a result of higher property and liability insurance coupled with an increase in maintenance expense for life safety panels and sprinkler repairs. The increase for **Arcola Towers** is driven by the additional of COVID-19 expenses and increased administrative, maintenance, and Liability insurance expense. The increase at **Forest Oak Towers** is primarily the result of higher property and liability insurance based on the requirement for private insurance by the limited partner coupled with an increase in utility cost. For **Bauer Park**, the increase is largely due to the aforementioned COVID costs coupled with higher liability insurance and maintenance expense. Operating expenses at **Greenhills** increased primarily due to a projected increase in bad debt expense and higher advertising and liability insurance expense. Added COVID-19 cost and increased personnel, insurance, and maintenance costs are driving the increase at **Waverly House (Attachment 4)**. Operating expenses decreased between 1.1% and 2.8% at **Spring Garden, Tanglewood/Sligo Hills** and **Fenton Silver Spring**. The majority of the decrease at Spring Garden and Tanglewood/Sligo Hills are primarily a result of decreased maintenance and personnel cost offset by increases in utility and property and liability insurance. Fenton Silver Spring is projecting a reduction in expenses driven by the elimination of real estate taxes and a reduction of maintenance expense which are offset by higher personnel cost.

The net impact of the changes in operating income and expenses is reflected in the net operating income (NOI) on a PUPA basis for the Tax Credit Portfolio (**Attachment 5**). Changes in NOI from budgeted CY'20 to CY'21 varied across the portfolio. As we can expect due to the increase in COVID-19 expense and flat rent structure, many of the properties are projected to have a decrease to NOI. The decreases range from 2.6% to 21.0%. A couple of properties are anticipating higher NOI when compared to CY'20; 108.2% at **Bauer Park** and 51.5% at the **Fenton Silver Spring**. The deficit at **Lasko Manor** increased by 21% from the CY'20 budget.

The minimum Debt Service Coverage Ratio (DSC) requirement of 1.15 or higher is projected to be achieved for many of the properties except for Alexander House, Greenhills, Fenton Silver Spring, MetroPointe and The Lindley, which are projecting 1.08, 1.12, 1.14, 1.12 and 1.02 respectively. This is a result of a combination of the previously stated moderate rent increase offset by the projected COVID-19 rent impact at a few of the properties coupled with higher expense related to added COVID-19 cost and increases in other expense categories. It is important to note that the stated DSC for Alexander House and MetroPointe reflects only the LIHTC portion of the properties. (**Attachment 6**).

Attachment 7 shows the history of PUPA Replacement for Reserves (RfR) contributions for the portfolio. The fluctuation in the base required contribution between CY'20 and CY'21 reflects changes due to Bauer Park not making contributions during renovations. Aside from this, the base required contribution amount has remained relatively flat except for growth due to the escalation factor applied annually to several of the properties. Over the years, a few properties in the portfolio have required increases in their annual contributions as well as the use of residual cash to meet their capital needs. For CY'21, **Forest Oak Towers** and **MetroPointe** project the need for increased RfR contributions to meet their current and future years' capital expenditure needs. The

CY'21 projections for RfR deposits on a PUPA basis by property, including the base and increased amounts, are depicted in **Attachment 8**.

Capital

Attachment 9 shows the capital budget for each property and proposed funding sources as well as the projected RfR balance as of December 31, 2021 based on the planned contributions and expenditures. Increased RfR contributions above the base requirement are intended to prevent the depletion of the respective property's reserves and support future capital needs denoted in each property's Five Year Capital Plans.

BUDGET IMPACT:

Approval by the Commission of these budgets will allow the Calendar Year Properties to begin operations on January 1, 2021, the beginning of their calendar year.

TIME FRAME:

The Budget, Finance and Audit Committee informally reviewed the CY'21 Property Budgets at the October 13, 2020 meeting. For formal Commission approval at the November 4, 2020 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission formally approve the CY'21 Property Budgets.

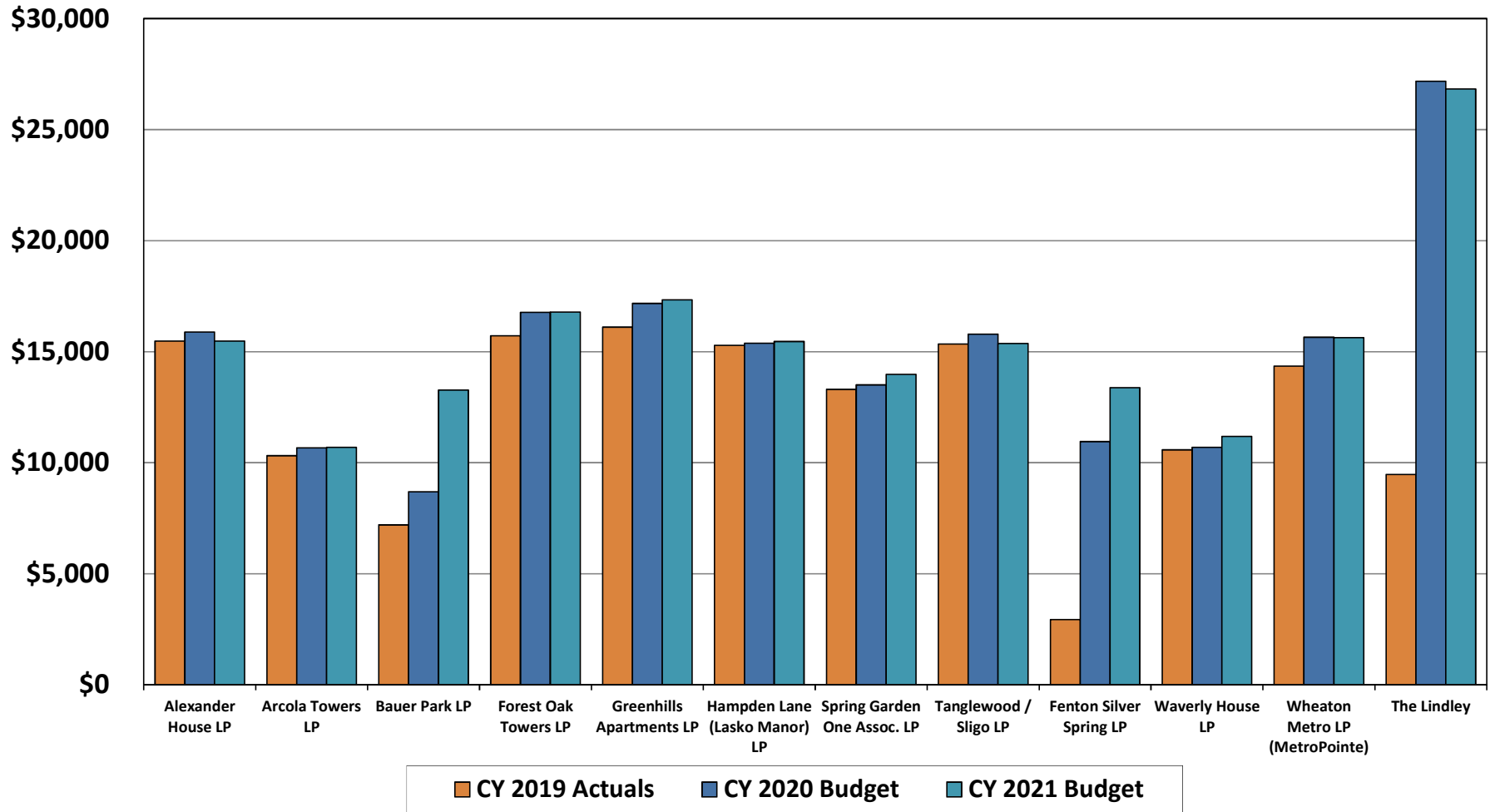
TAX CREDIT COMPLIANCE PERIOD as of October 13, 2020

PROPERTIES	# of Units	INITIAL END DATE: December	Status of Limited Partner Exit	Extended Use after Compliance Period
Spring Garden One Assoc. LP	82	2021	Ongoing monitoring	25 Years (2046)
Forest Oak Towers LP	175	2022	Ongoing monitoring	25 Years (2047)
Wheaton Metro LP (MetroPointe)	53	2023	Ongoing monitoring	25 Years (2048)
Hampden Lane LP (Lasko Manor)	12	2026	Ongoing monitoring	25 Years (2051)
Tanglewood / Sligo Hills LP	132	2027	Ongoing monitoring	25 Years (2052)
Arcola Towers RAD LP	141	2031	Ongoing monitoring	15 Years (2046)
Waverly House RAD LP	157	2031	Ongoing monitoring	15 Years (2046)
Alexander House LP	122	2032	Ongoing monitoring	15 Years (2047)
Greenhills Apartments LP	77	2034	Compliance Period begins in 2019	25 Years (2059)
Fenton Silver Spring LP	124	2034	Compliance Period begins in 2019	15 Years (2034)
Bauer Park Apartments LP	142	TBD	Compliance Period anticipated to begin in 2021	15 Years

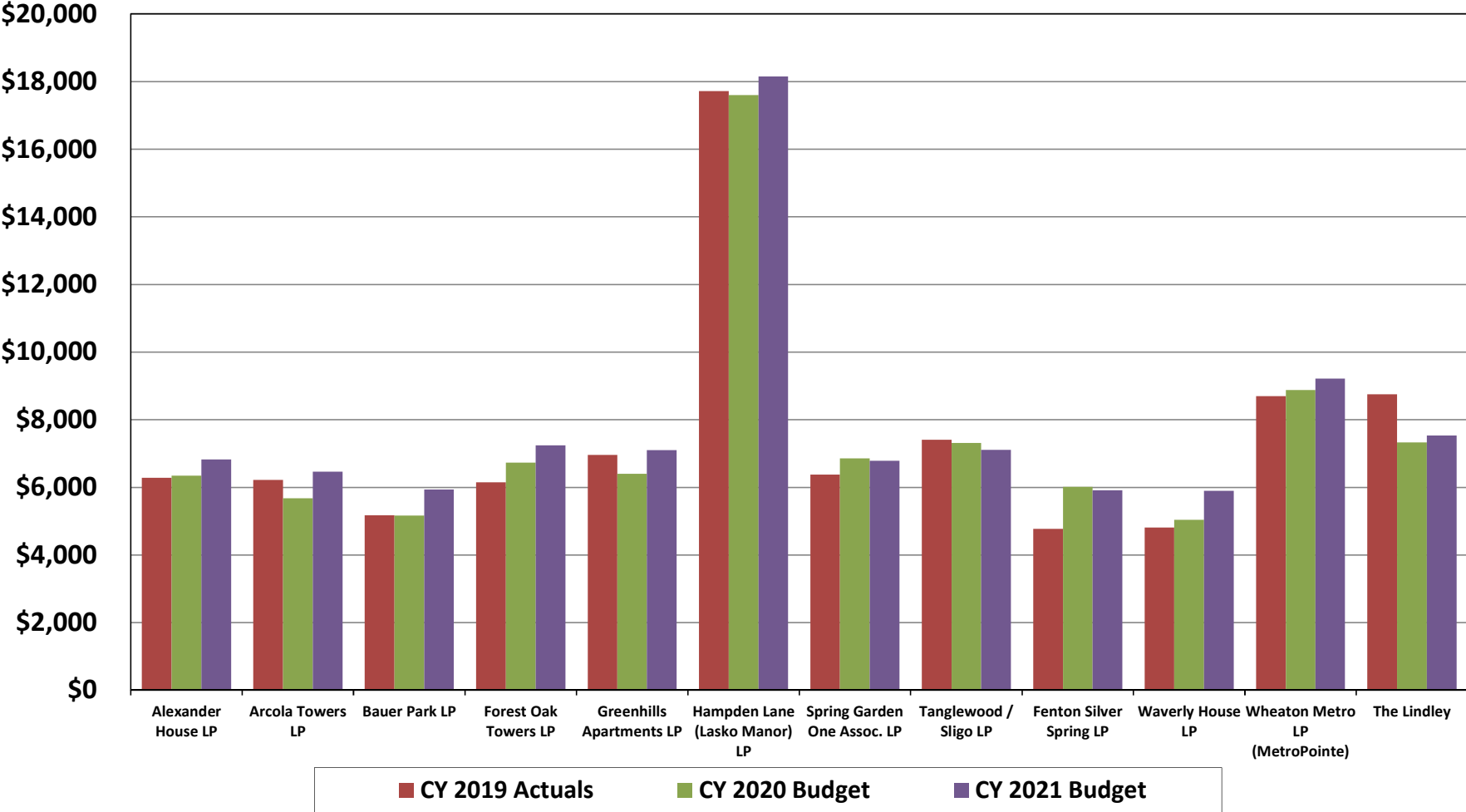
		CY 2021 BUDGET	GROWTH												
CY 2021 Tax Credit Operating Budget	# of Units	Rent Assumptions at Renewal	CY 2021 Budget from CY 2020 Budget	CY 2021 Budget from CY 2020 Annualized	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Operating Reserve Contribution	Required RfR Deposits	Additional RfR Deposits	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
Alexander House LP	122	0.0%	(0.9%)	1.2%	\$1,888,397	\$832,565	\$1,055,832	\$930,720	\$0	\$48,060	\$0	\$77,052	\$11,256	\$11,256	\$54,540
Arcola Towers RAD LP	141	2.0%	0.8%	2.0%	\$1,507,263	\$911,656	\$595,607	\$378,693	\$0	\$70,374	\$0	\$146,540	\$8,340	\$10,500	\$127,700
Bauer Park Apartments LP	142	0.0%	75.0%	1.1%	\$1,884,854	\$842,905	\$1,041,949	\$0	\$0	\$0	\$0	\$1,041,949	\$5,000	\$7,500	\$1,029,449
Forest Oak Towers LP	175	2.0%	0.8%	1.2%	\$2,936,686	\$1,266,913	\$1,669,773	\$1,219,660	\$0	\$70,000	\$85,000	\$295,113	\$12,108	\$39,708	\$243,297
Greenhills Apartments LP	77	0.0%	3.0%	0.6%	\$1,335,224	\$547,127	\$788,097	\$675,578	\$0	\$28,317	\$0	\$84,202	\$6,504	\$12,996	\$64,702
Hampden Lane LP (Lasko Manor)	12	0.0%	(1.1%)	0.0%	\$185,567	\$217,821	(\$32,254)	\$0	\$0	\$4,260	\$0	(\$36,514)	\$0	\$0	(\$36,514)
Spring Garden One Assoc. LP	82	0.0%	3.5%	1.5%	\$1,146,256	\$556,491	\$589,765	\$442,736	\$0	\$49,692	\$0	\$97,337	\$21,612	\$21,612	\$54,113
Tanglewood / Sligo Hills LP	132	0.0%	(1.6%)	(0.0%)	\$2,028,324	\$938,513	\$1,089,811	\$646,820	\$0	\$44,064	\$0	\$398,927	\$5,640	\$25,000	\$368,287
Fenton Silver Spring LP	124	0.0%	(5.5%)	4.4%	\$1,660,100	\$733,187	\$926,913	\$772,150	\$0	\$43,400	\$0	\$111,363	\$8,585	\$0	\$102,778
Waverly House RAD LP	157	2.0%	3.6%	2.0%	\$1,755,213	\$925,112	\$830,101	\$521,626	\$0	\$78,354	\$0	\$230,121	\$11,952	\$0	\$218,169
Wheaton Metro LP (MetroPointe)	53	0.0%	1.2%	0.4%	\$828,433	\$488,607	\$339,826	\$222,015	\$0	\$13,250	\$77,146	\$27,415	\$7,344	\$18,360	\$1,711
TOTAL Tax Credit Properties	1,217	0.5%	7.2%	1.3%	\$17,156,317	\$8,260,897	\$8,895,420	\$5,809,998	\$0	\$449,771	\$162,146	\$2,473,505	\$98,341	\$146,932	\$2,228,232

CY 2021 Other Calendar Year Properties Operating Budget	# of Units	Rent Assumptions at Renewal	CY 2021 Budget from CY 2020 Budget	CY 2021 Budget from CY 2020 Annualized	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Operating Reserve Contribution	Required RfR Deposits	Additional RfR Deposits	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
CCL Multifamily - The Lindley	200	0.0%	1.1%	0.5%	\$5,365,380	\$1,507,062	\$3,858,318	\$3,733,329	\$3,000	\$51,500	\$0	\$70,489	\$0	\$0	\$70,489
TOTAL Other Properties	200	0.0%	1.1%	0.5%	\$5,365,380	\$1,507,062	\$3,858,318	\$3,733,329	\$3,000	\$51,500	\$0	\$70,489	\$0	\$0	\$70,489
GRAND TOTAL All Properties	1,417	0.5%	6.7%	1.2%	\$22,521,697	\$9,767,959	\$12,753,738	\$9,543,327	\$3,000	\$501,271	\$162,146	\$2,543,994	\$98,341	\$146,932	\$2,298,721

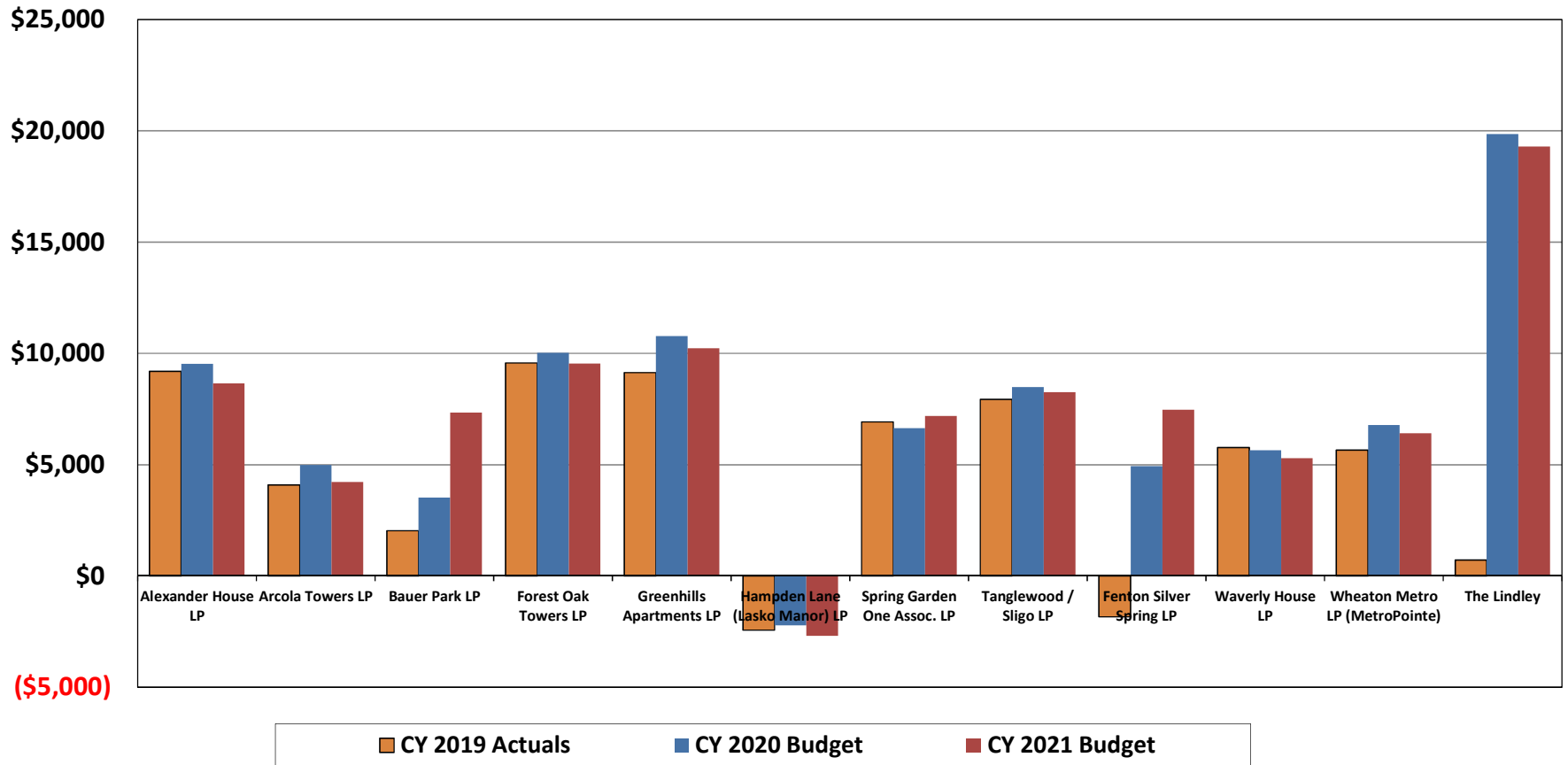
Operating Income (PUPA)



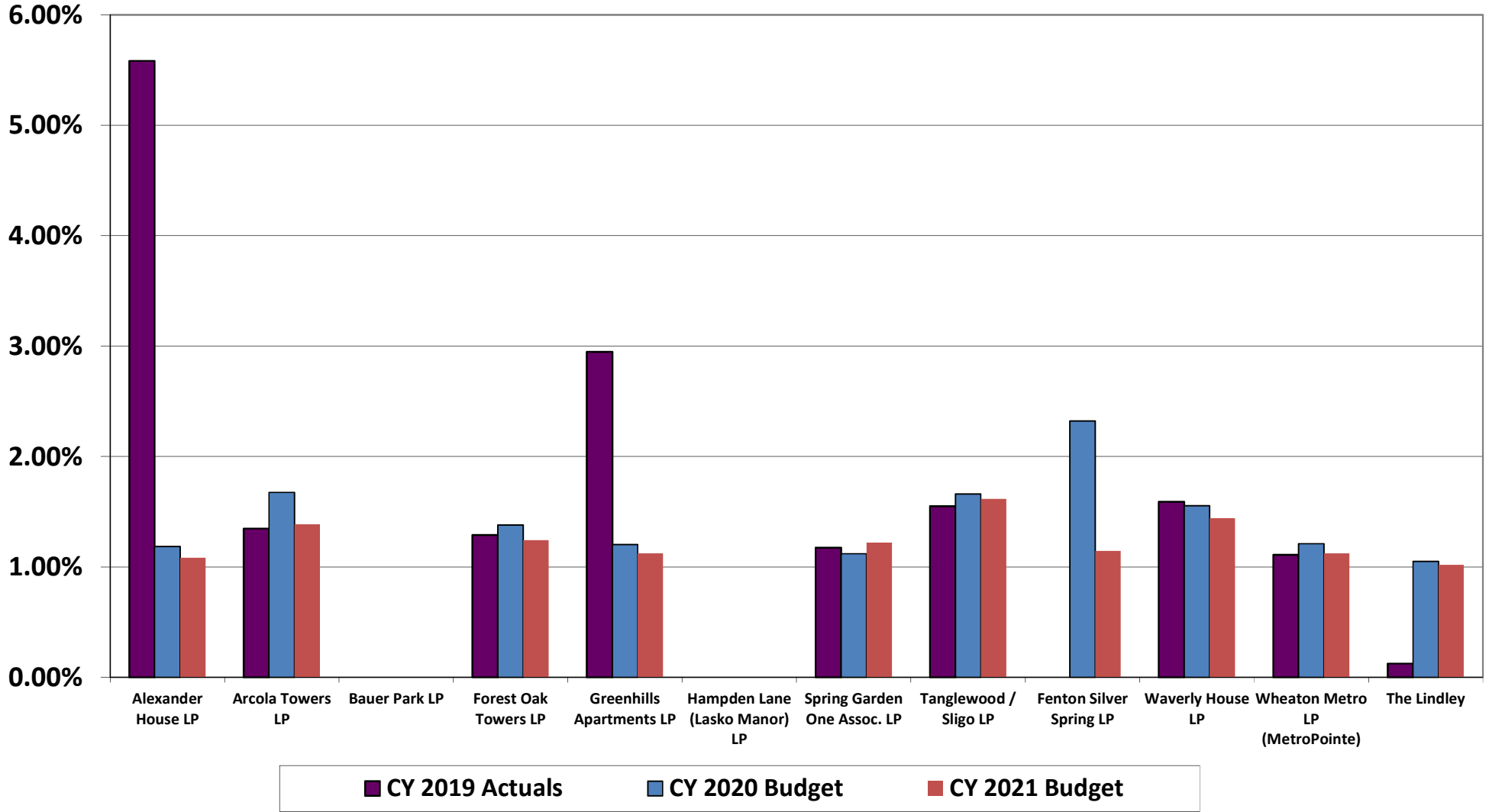
Operating Expenses (PUPA)



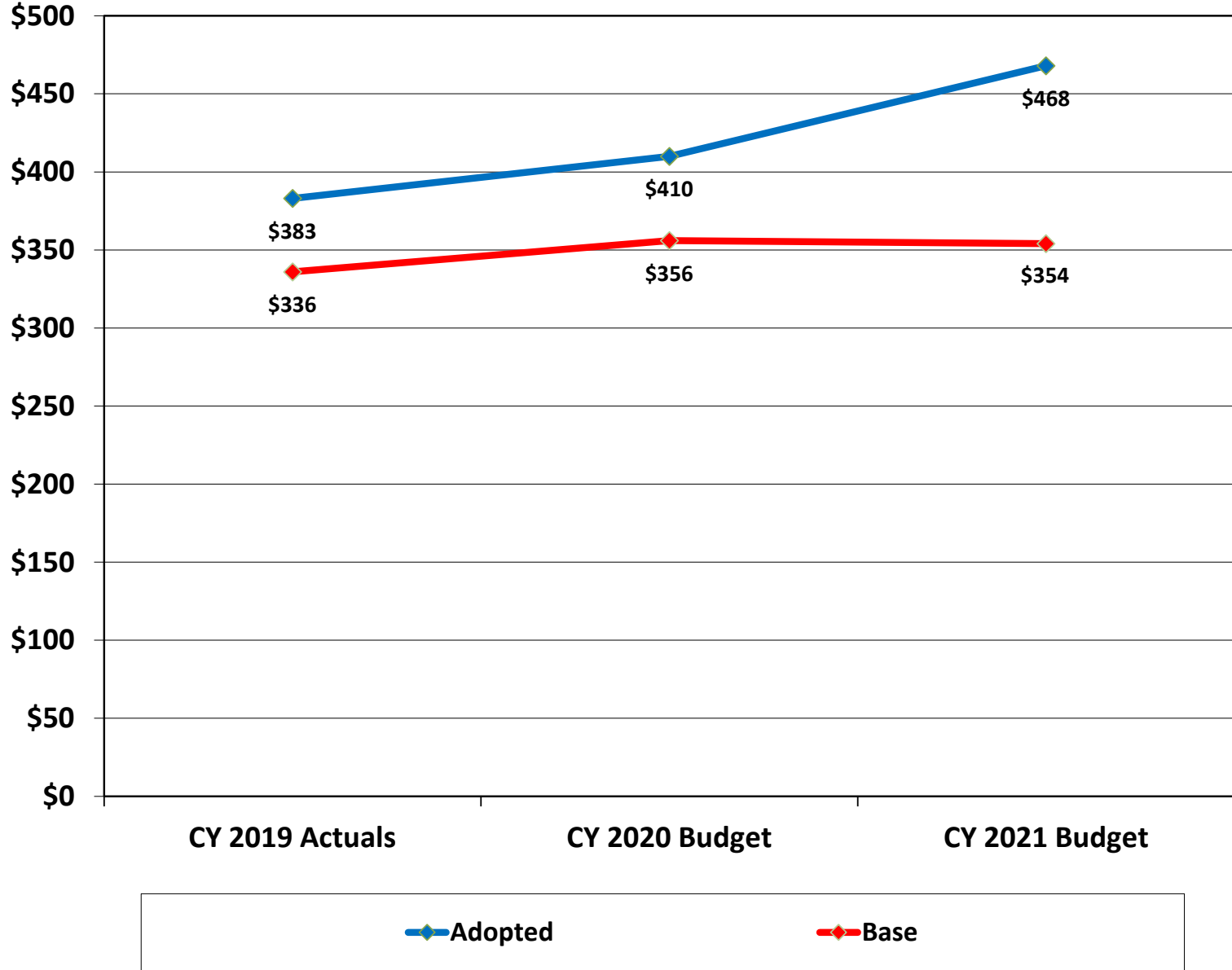
Net Operating Income (PUPA)



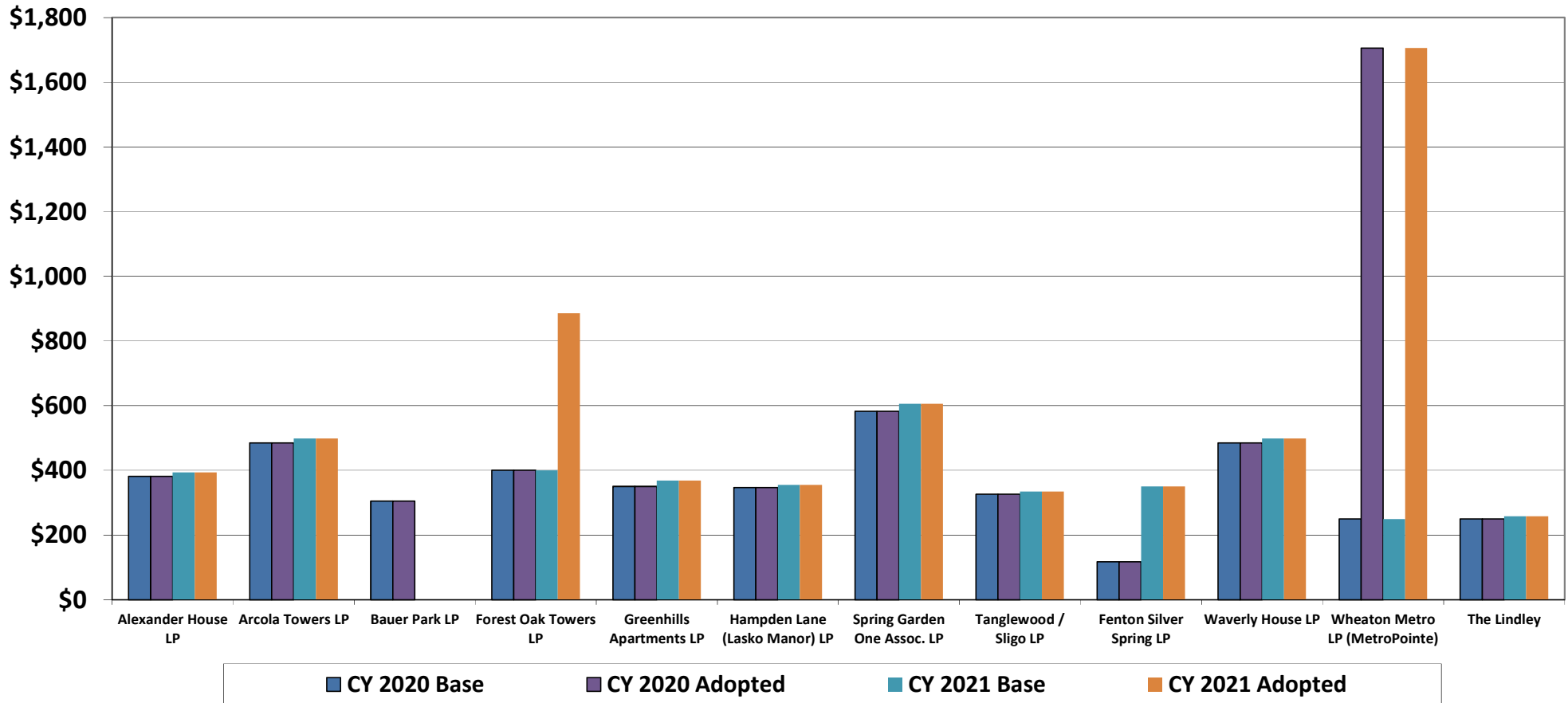
Debt Service Coverage Ratios (DSC)



RfR Contributions (PUPA)



CY 2021 RfR Contributions (PUPA)



CY 2021 Tax Credit Capital Budget	Expenses	Revenue Sources			Projected RfR Balance as of 12/31/2021
		Property Reserves	Residual Cash	Current Year RfR Deposit	
Alexander House LP	\$33,286	\$33,286	\$0	\$0	\$406,879
Arcola Towers RAD LP	\$19,850	\$19,850	\$0	\$0	\$579,592
Bauer Park Apartments LP	\$10,750	\$10,750	\$0	\$0	\$314,390
Forest Oak Towers LP	\$221,338	\$68,150	\$0	\$153,188	\$1,812
Greenhills Apartments LP	\$7,020	\$7,020	\$0	\$0	\$240,070
Hampden Lane LP (Lasko Manor)	\$12,468	\$12,468	\$0	\$0	\$49,702
Spring Garden One Assoc. LP	\$52,885	\$52,885	\$0	\$0	\$126,843
Tanglewood / Sligo Hills LP	\$53,436	\$53,436	\$0	\$0	\$235,687
Fenton Silver Spring LP	\$0	\$0	\$0	\$0	\$43,400
Waverly House RAD LP	\$8,620	\$8,620	\$0	\$0	\$695,466
Wheaton Metro LP (MetroPointe)	\$86,883	\$86,883	\$0	\$0	\$128,314
Total Tax Credit Properties	\$506,536	\$353,348	\$0	\$153,188	\$2,822,155
CY 2021 Other Calendar Year Capital Budget	Expenses	Property Reserves	Residual Cash	Current Year RfR Deposit	Projected RfR Balance as of 12/31/2021
CCL Multifamily - The Lindley	\$26,860	\$26,860	\$0	\$0	\$90,057
Total Other Calendar Year Properties	\$26,860	\$26,860	\$0	\$0	\$90,057
GRAND TOTAL All Properties	\$533,396	\$380,208	\$0	\$153,188	\$2,912,212

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of the following entities: (1) Alexander House Apartments Limited Partnership (Alexander House); (2) Arcola Towers RAD Limited Partnership (Arcola Towers); (3) Bauer Park Apartments LP; (4) Forest Oak Towers Limited Partnership; (5) Greenhills Apartments Limited Partnership; (6) 4913 Hampden Lane Limited Partnership(Lasko Manor); (7) Spring Garden One Associates Limited Partnership (Spring Garden); (8) Tanglewood and Sligo LP (Tanglewood/Sligo); (9) 900 Thayer Limited Partnership (Fenton Silver Spring); (10) Waverly House RAD Limited Partnership (Waverly House); and (11) Wheaton Metro Limited Partnership (MetroPointe) (together, the “LP Entities”);

WHEREAS, HOC is the managing member of CCL Multifamily LLC (“CCL”), the owner of The Lindley;

WHEREAS, as the general partner of the LP entities and managing member of CCL, HOC manages the businesses and is liable for the debts;

WHEREAS, the limited partners in LP Entities have contributed money and share in profits, but take no part in running the businesses and incur no liability with respect to the LP Entities beyond their contributions;

WHEREAS, since HOC has a financial obligation to cover the debts of the LP Entities and CCL, HOC has an interest in the successful performance of LP Entities and CCL and, as such, should review their performances and approve their budgets; and

WHEREAS, the Budget, Finance and Audit Committee informally reviewed the CY'21 Budgets of the LP Entities at the October 13, 2020 meeting.

WHEREAS, the Budget, Finance and Audit Committee also informally reviewed the CY'21 Budget of CCL, which is operated on a Calendar Year basis, at the October 13, 2020 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of each of the LP Entities, as each entities' general partner, that it hereby approves the CY'21 Operating Budgets for the LP Entities, as shown on the attached Exhibit A.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL Multifamily LLC, as its managing member, that it hereby approves the CY'21 Operating Budget for CCL, as shown on the attached Exhibit A.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 4, 2020.

Patrice Birdsong
Special Assistant to the Commission

S

E

A

L

EXHIBIT A

CY'21 Operating Budgets

[see attached]

CY 2021 Tax Credit Operating Budget	# of Units	CY 2021 BUDGET	GROWTH		Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Operating Reserve Contribution	Required RfR Deposits	Additional RfR Deposits	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
		Rent Assumptions at Renewal	CY 2021 Budget from CY 2020 Budget	CY 2021 Budget from CY 2020 Annualized											
Alexander House LP	122	0.0%	(0.9%)	1.2%	\$1,888,397	\$832,565	\$1,055,832	\$930,720	\$0	\$48,060	\$0	\$77,052	\$11,256	\$11,256	\$54,540
Arcola Towers RAD LP	141	2.0%	0.8%	2.0%	\$1,507,263	\$911,656	\$595,607	\$378,693	\$0	\$70,374	\$0	\$146,540	\$8,340	\$10,500	\$127,700
Bauer Park Apartments LP	142	0.0%	75.0%	1.1%	\$1,884,854	\$842,905	\$1,041,949	\$0	\$0	\$0	\$0	\$1,041,949	\$5,000	\$7,500	\$1,029,449
Forest Oak Towers LP	175	2.0%	0.8%	1.2%	\$2,936,686	\$1,266,913	\$1,669,773	\$1,219,660	\$0	\$70,000	\$85,000	\$295,113	\$12,108	\$39,708	\$243,297
Greenhills Apartments LP	77	0.0%	3.0%	0.6%	\$1,335,224	\$547,127	\$788,097	\$675,578	\$0	\$28,317	\$0	\$84,202	\$6,504	\$12,996	\$64,702
Hampden Lane LP (Lasko Manor)	12	0.0%	(1.1%)	0.0%	\$185,567	\$217,821	(\$32,254)	\$0	\$0	\$4,260	\$0	(\$36,514)	\$0	\$0	(\$36,514)
Spring Garden One Assoc. LP	82	0.0%	3.5%	1.5%	\$1,146,256	\$556,491	\$589,765	\$442,736	\$0	\$49,692	\$0	\$97,337	\$21,612	\$21,612	\$54,113
Tanglewood / Sligo Hills LP	132	0.0%	(1.6%)	(0.0%)	\$2,028,324	\$938,513	\$1,089,811	\$646,820	\$0	\$44,064	\$0	\$398,927	\$5,640	\$25,000	\$368,287
Fenton Silver Spring LP	124	0.0%	(5.5%)	4.4%	\$1,660,100	\$733,187	\$926,913	\$772,150	\$0	\$43,400	\$0	\$111,363	\$8,585	\$0	\$102,778
Waverly House RAD LP	157	2.0%	3.6%	2.0%	\$1,755,213	\$925,112	\$830,101	\$521,626	\$0	\$78,354	\$0	\$230,121	\$11,952	\$0	\$218,169
Wheaton Metro LP (MetroPointe)	53	0.0%	1.2%	0.4%	\$828,433	\$488,607	\$339,826	\$222,015	\$0	\$13,250	\$77,146	\$27,415	\$7,344	\$18,360	\$1,711
TOTAL Tax Credit Properties	1,217	0.5%	7.2%	1.3%	\$17,156,317	\$8,260,897	\$8,895,420	\$5,809,998	\$0	\$449,771	\$162,146	\$2,473,505	\$98,341	\$146,932	\$2,228,232

CY 2021 Other Calendar Year Properties Operating Budget	# of Units	Rent Assumptions at Renewal	CY 2021 Budget from CY 2020 Budget	CY 2021 Budget from CY 2020 Annualized	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Operating Reserve Contribution	Required RfR Deposits	Additional RfR Deposits	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
CCL Multifamily - The Lindley	200	0.0%	1.1%	0.5%	\$5,365,380	\$1,507,062	\$3,858,318	\$3,733,329	\$3,000	\$51,500	\$0	\$70,489	\$0	\$0	\$70,489
TOTAL Other Properties	200	0.0%	1.1%	0.5%	\$5,365,380	\$1,507,062	\$3,858,318	\$3,733,329	\$3,000	\$51,500	\$0	\$70,489	\$0	\$0	\$70,489
GRAND TOTAL All Properties	1,417	0.5%	6.7%	1.2%	\$22,521,697	\$9,767,959	\$12,753,738	\$9,543,327	\$3,000	\$501,271	\$162,146	\$2,543,994	\$98,341	\$146,932	\$2,298,721

RENEWAL OF THE PROPERTY MANAGEMENT CONTRACT AT SHADY GROVE

November 4, 2020

- The Property Management Contract with Shady Grove Apartments Limited Partnership (“Shady Grove”) is expiring January 15, 2021. The contract provides for additional three-year renewals. The contract was originally awarded in January 2014.
- Staff requests that the contract for Shady Grove Apartments be renewed for one (1) year with Edgewood/Vantage Management.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Jay Berkowitz Division: Property Management Ext. 4857

RE: Renewal of the Property Management Contract at Shady Grove Apartments Limited Partnership

DATE: November 4, 2020

BACKGROUND:

Shady Grove Apartments is a garden style community of 144 HUD units. The property was built in 1980 and is located in Deerwood. This established neighborhood is located just 5 minutes away from Shady Grove Shopping Center and 15 minutes to Lake Forest Mall, Sam’s Club, Costco, and many other convenient stores. The property management contract for Shady Grove is expiring on January 15, 2021. The property received a score of 99A for its most recent REAC inspection and has maintained an average occupancy of 97% over the last 2 years. Edgewood received a score of 3.05 on the resident survey. The scoring range was between 3.56 and 2.69. I have not received any complaints from the residents at Shady Grove.

Staff recommends renewal of the property management contract for Shady Grove Apartment for one (1) year with Edgewood/Vantage Management.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Shady Grove	144	EMC/Vantage Management	\$65,664	1/15/2021	1/16/2021 to 1/15/2022	No Renewals Remaining

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Edgewood/Vantage Management for property management services at Shady Grove?

BUDGET IMPACT:

The renewal of the property management contract for Shady Grove for one year will not have a budget impact as the costs associated with the services were factored into the FY2021 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

TIME FRAME:

At the October 13, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for Shady Grove for one year. For formal Commission action at the November 4, 2020 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission approve the property management contract renewal with Edgewood/Vantage Management for one year (1) year at Shady Grove Apartments.

RESOLUTION NO.: 20-75

RE: Approval to Renew Property Management Contract for Shady Grove Apartments Limited Partnership.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of Shady Grove Apartments Limited Partnership (“Shady Grove LP”), and Shady Grove LP owns the development known as Shady Grove Apartments located in Gaithersburg, Maryland (“Shady Grove”); and

WHEREAS, staff desires to renew the current property management contract at Shady Grove for one (1) year with Edgewood/Vantage Management.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Shady Grove Apartments Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one (1) year renewal of the property management contact at Shady Grove.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 4, 2020.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO RENEW PROPERTY MANAGEMENT CONTRACT FOR POOKS HILL COURT

November 4, 2020

- The property management contract for Pooks Hill Court is expiring **December 22, 2020**. The contract with Vantage Management provides for a one-year renewal through **December 22, 2021**.
- Per the Commission's procurement policy, the Commission must approve all property management contract renewals.
- Staff requests that the contract for Pooks Hill Court be renewed through December 22, 2021 with Vantage Management. Vantage has been managing this property since September 2013.
- Pooks Hill Court is currently 98% occupied. The property includes 10 affordable units for households earning up to 50% AMI and 40 unrestricted units.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Millicent Anglin Division: Property Management Ext. 9676

RE: Approval to Renew the Property Management Contract for Pooks Hill Court

DATE: November 4, 2020

BACKGROUND:

Pooks Hill Court is a 50-unit, multi-family property that includes 10 affordable units for households earning up to 50% AMI and 40 unrestricted units. The property is located in Bethesda, MD and offers amenities including a swimming pool and parking.

Staff wishes to renew the property management contract for Pooks Hill Court through December 22, 2021 with Vantage Management. The project is well-maintained and has stable occupancy. Pooks Hill Court is currently 98% occupied.

Edgewood/Vantage scored 3.05 of 4.00 available points in a resident survey completed in March 2020. Edgewood/Vantage’s score was the fourth highest of the six management companies surveyed. Staff is working with Edgewood to improve operational results and residents’ experience.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Pooks Hill Court	50	Vantage	\$28,221	12/22/2020	12/23/2020-12/22/2021	None

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to execute a one-year renewal of the property management services contract with Vantage Management for Pooks Hill Court?

BUDGET IMPACT:

The renewal of the property management contract for Pooks Hill Court will not have a budget impact as the cost associated with the service is included in the property budget. Additionally, the contract is performance-based so fees will be lower if revenue declines below budgeted expectations.

TIME FRAME:

At the October 13, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for Pooks Hill Court for one year. For formal Commission action at the November 4, 2020 meeting.

STAFF RECOMMENDATION:

Staff requests that the Commission approve the property management contract renewal with Vantage Management for Pooks Hill Court through December 22, 2021.

RESOLUTION NO.: 20-76

RE: Approval to Renew Property Management Contract for Pooks Hill Court

WHEREAS, the Housing Opportunities Commission of Montgomery County owns the development known as Pooks Hill Court located in Bethesda, Maryland; and

WHEREAS, staff desires to renew the current property management contract at Pooks Hill Court with Vantage Management through December 22, 2021.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute a renewal of the property management contract at Pooks Hill Court with Vantage Management through December 22, 2021.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 4, 2020.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Housing
Opportunities Commission of Montgomery
County

APPROVAL TO RENEW PROPERTY MANAGEMENT CONTRACT FOR THE WILLOWS APARTMENTS

November 4, 2020

- The property management contract for The Willows Apartments is expiring **January 15, 2021**. The contract provides for a renewal period through January 15, 2022.
- Per the Commission's procurement policy, the Commission must approve all property management contract renewals.
- Staff requests that the contract for The Willows Apartments be renewed through January 15, 2022 with Edgewood Management. Edgewood has been managing this property since 1999.
- The Willows Apartments received a score of **98a** on its most recent REAC inspection and is currently 98% occupied. All units are restricted to households earning up to 60% AMI.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Millicent Anglin Division: Property Management Ext. 9676

RE: Approval to Renew the Property Management Contract for The Willows Apartments

DATE: November 4, 2020

BACKGROUND:

The Willows Apartments is a 195-unit, garden-style community located in Gaithersburg, MD. Amenities include a community center with computer lab, on-site services, swimming pool, playground, parking, and picnic area. All units are restricted to households earning up to 60% AMI.

Staff wishes to renew the property management contract for The Willows Apartments with Edgewood Management through January 15, 2022. The property is well-maintained and received a 98a score on its most recent REAC inspection. Current occupancy is 98%.

Edgewood/Vantage scored 3.05 of 4.00 available points in a resident survey completed in March 2020. Edgewood/Vantage’s score was the fourth highest of the six management companies surveyed. Staff is working with Edgewood to improve operational results and residents’ experience.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
The Willows	195	Edgewood	\$93,518	1/15/2021	1/16/2021 – 1/15/2022	None

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to execute a one-year renewal of the property management services contract with Edgewood Management for The Willows Apartments?

BUDGET IMPACT:

The renewal of the property management contract for The Willows Apartments will not have a budget impact as the cost associated with the service is included in the property budget. Additionally, the contract is performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

At the October 13, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for The Willows Apartments for one year. For formal Commission action at the November 4, 2020 meeting.

STAFF RECOMMENDATION:

Staff requests that the Commission approve the property management contract renewal with Edgewood Management for The Willows Apartments through January 15, 2022.

RESOLUTION NO.: 20-77

RE: Approval to Renew Property Management Contract for The Willows Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of The Willows of Gaithersburg Associates Limited Partnership (“The Willows LP”), and The Willows LP owns the development known as The Willows Apartments (the “Property”); and

WHEREAS, HOC’s staff desires to renew the current property management contract at the Property through January 15, 2022 with Edgewood Management.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of The Willows LP, as its general partner, that the Executive Director is hereby authorized and directed to execute a renewal of the property management contract at the Property through January 15, 2022 with Edgewood Management.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 4, 2020.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Housing
Opportunities Commission of Montgomery
County

Development and Finance Committee

HOLLY HALL REDEVELOPMENT

Approval of Budget and Funding for the Demolition of Holly Hall Apartments; Approval of Revised Predevelopment Budget and Funding of Predevelopment Expenditures for Hillandale Gateway, LLC

Hillandale Gateway



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN
ZACHARY MARKS
KATHRYN HOLLISTER

November 4, 2020

Page 51 of 86

Table of Contents

Topics	Page
Executive Summary	3
Background	4
Development Highlights	5
Site Plan Progression	6
Current Site Plan	7
Holly Hall Demolition Budget and Timeline	9
Hillandale Gateway Predevelopment Budget	10
Hillandale Gateway Predevelopment Timeline	12
Summary and Recommendations	13

Executive Summary

- Holly Hall Apartments (“Holly Hall”), located at 10100, 10110 and 10120 New Hampshire Avenue in Silver Spring, MD, is a former 96-unit Public Housing community. Holly Hall, together with an adjoining 43,671-square foot parcel of land formerly owned by Capital One Bank, N.A (“CONA Site”), is the future development site of Hillandale Gateway, a new mixed-use, mixed-income, multigenerational community.
- Hillandale Gateway will include 463 residential units—155 units age-restricted for seniors and 308 multifamily units—25% of which will be affordable to households with incomes at or below 60% of the Washington, Arlington-Alexandria, VA-MD-WV Statistical Area Median Income (“AMI”) and 5% of which will be affordable to households earning 80% or less of the AMI. In addition to residential units, the site will have commercial/retail/restaurant space, public and private green space, a drive-thru Starbucks, and above-ground parking garage.
- The transformation of Holly Hall into Hillandale Gateway sets the standard for innovation and energy efficiency in residential development in the mid-Atlantic. The use of Prescient technology, strives for Net Zero and Passive House energy efficiency and creation and preservation of additional units of affordable housing beyond the 96 that currently exist at Holly Hall, makes Hillandale Gateway a hallmark development, not only for HOC, but for the County and region as a whole.
- HOC is redeveloping Holly Hall as part of a joint venture (“Hillandale Gateway, LLC”) with The Duffie Companies (“Duffie”). Duffie is a third-generation, Montgomery County-based, family-owned real estate owner, developer, and asset manager. Duffie has extensive experience developing high-performance green buildings and is one of the largest real estate owners in the Hillandale submarket of Silver Spring, owning all of the properties along the east side of New Hampshire Avenue directly across from Holly Hall, as well as the CONA Site.
- The HOC-Duffie development team has made significant progress toward site plan approval for Hillandale Gateway. To continue to advance the project and prepare for construction financing and construction start, HOC staff recommends Commission approval of the following:
 1. Demolition budget of \$843,700 for the demolition of Holly Hall, which includes pre-demolition work, demolition contract, and contingency;
 2. Funding for the demolition budget in the form of a loan from the Commission’s Opportunity Housing Reserve Fund (“OHRF”);
 3. Revised Hillandale Gateway, LLC predevelopment budget of \$10,053,974 (26% increase), representing predevelopment funding spent to date and future predevelopment costs through closing of construction financing, prefunded closing costs in the amount of \$1,342,838, and a \$550,000 contingency;
 4. Predevelopment funding in the amount of \$1,809,253 as a loan to Hillandale Gateway, LLC from the OHRF, to fund the remaining predevelopment expenditures through closing, which will be repaid from proceeds of the construction financing.

Background



Hillandale Gateway will be a new mixed-use, mixed-income property located on the Holly Hall and site formerly owned by Capital One Bank, N.A. (“CONA”), (together, the “Development Site”). The Development Site is located at the northwest corner of the intersection of Interstate 495 and New Hampshire Avenue in the Hillandale neighborhood of Silver Spring. The disposition of Holly Hall from the Public Housing program made possible by the Rental Assistance Demonstration Program, the permanent off-site relocation of residents (along with their rental assistance) to the newly-constructed Victory Crossing and Fenton Silver Spring, and the provision of additional density at the Development Site via the White Oak Science Gateway Master Plan provide HOC with an entirely unencumbered property with significant redevelopment potential.

Holly Hall is currently vacant, and the three buildings on the site have reached the end of their useful life cycles. To facilitate the development of Hillandale Gateway, the existing buildings must be demolished and the site prepared for construction.

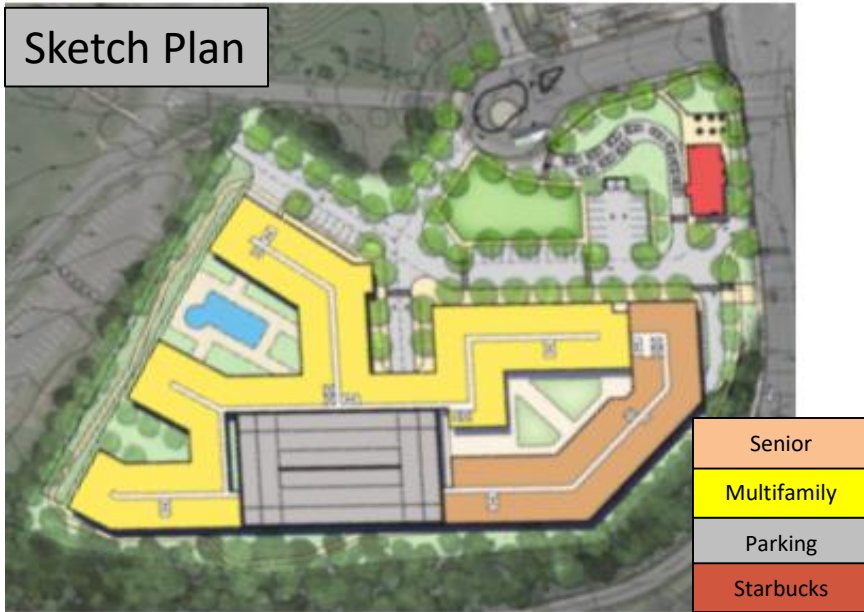
Development Highlights



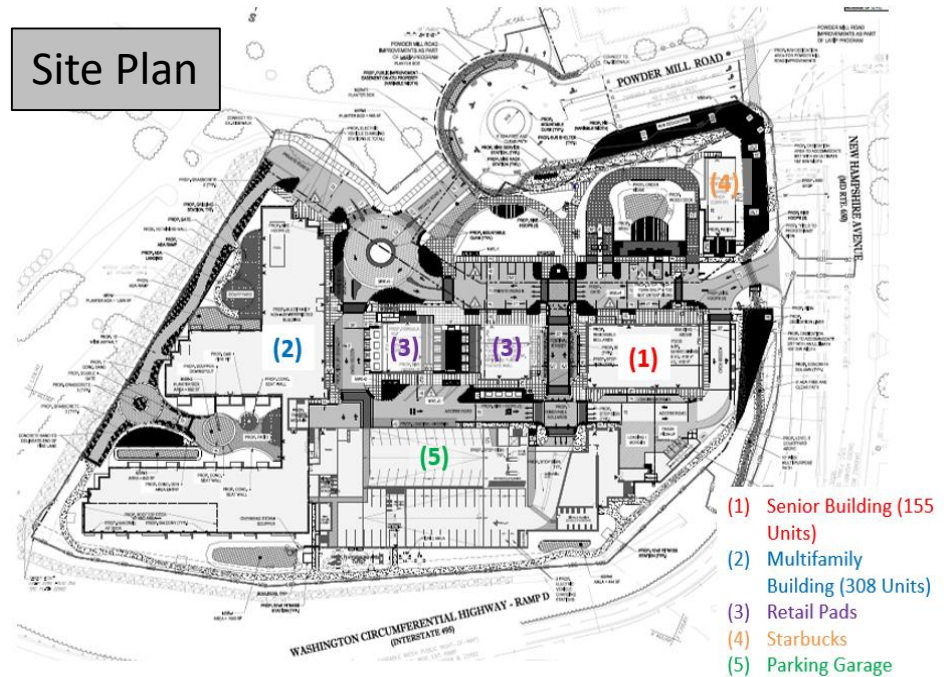
- **New Investment in Eastern Montgomery County:** Hillandale Gateway will be a new and exciting community in eastern Montgomery County, an area which has seen little new investment in recent decades. Few and far between are locations so highly visible that are also adjacent to I-495 (which enjoys over 200,000 vehicles passing by each day) and existing and future transit with the Powder Mill Bus Transfer Station as well as the Master Plan-recommended Bus Rapid Transit (“BRT”) station immediately adjacent to the Properties along New Hampshire Avenue.
- **Catalyst For Revitalization:** The community will bring new residents, new amenities, and new functional public space to the Hillandale Community. These elements will contribute new vibrancy as well as stimulate economic activity in the area the greater Hillandale Community outside of the Property's borders, and establish a local asset that will be valued by the partnership, the community, and the County.
- **Sustainability and High Performance:** The development team has researched and evaluated recent innovations in energy-efficient building design, architecture, and construction methods for use at Hillandale Gateway. Such research and evaluation has included a detailed review of the U.S. Green Building Council’s LEED rating systems, the Prescient structural framing system and Passive House performance-based energy standards. Consequently, the proposed buildings on the Properties will incorporate a variety of methodologies in an effort to set new benchmarks for sustainability and high-performance development in the Hillandale Community and beyond.
 - By using Passive House construction methodologies, the development team anticipates that the energy consumption of the residential buildings will be significantly reduced.
 - At the same time, the Project will include a renewable energy system (in the form of rooftop solar on both the Senior and Multifamily buildings and on the parking structure) that development team anticipates will be sufficient power to allow the Senior Building to achieve Zero Net Energy. In this way, the greater development will promote energy efficiency while supporting the energy needs of the senior portions of the Project.

Site Plan Progression

Sketch Plan

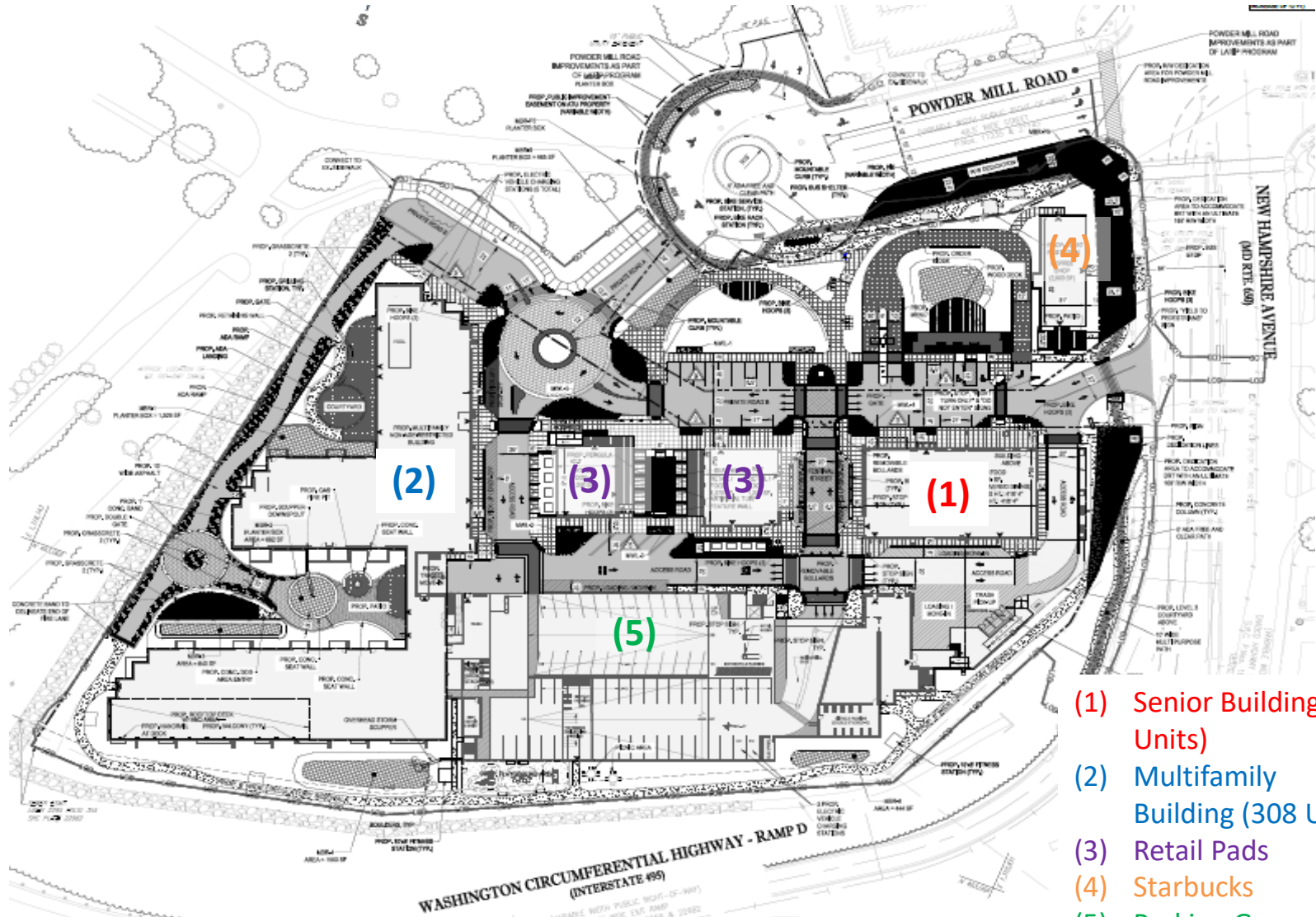


Site Plan



The Hillandale Gateway site plan has evolved substantially since the initial sketch plan submission. Most notably, the development team has spent considerable time and energy exploring a new construction system, Prescient, that would allow for taller multifamily buildings at a cost that is less, and a construction timeline that is shorter, than concrete. The use of Prescient allows the site to utilize its bonus density (additional density provided to the site based on the overall affordability of the development) while preserving more land for open green space and future development.

Current Site Plan



- (1) Senior Building (155 Units)
- (2) Multifamily Building (308 Units)
- (3) Retail Pads
- (4) Starbucks
- (5) Parking Garage

Current Site Plan

- ① URBAN PLAZA
- ② NATURAL AREA
- ③ OPEN LAWN GRASS AREA - WITH MOVABLE FURNITURE AND EVENTING STAGE
- ④ BIKE STATION - IN COMMUTER LOCATION
- ⑤ PARK SCULPTURE
- ⑥ GRAND CORNER CANOPY FOR TENANT SIGNAGE IDENTITY
- ⑦ OPTIONAL RECESSED STOREFRONT FOR COVERED DINING
- ⑧ FESTIVAL STREET WITH REMOVABLE BOLLARDS
- ⑨ FLEXIBLE LAWN SPACE WITH MOVABLE SEATING
- ⑩ DINING TERRACES
- ⑪ TRANSFORMERS IN GATED ENCLOSURE WITH BLDG.
- ⑫ PROPERTY LOADING/ MOVE IN
- ⑬ PROPERTY PICK-UP/ DROP-OFF



New Hampshire Avenue

Holly Hall Demolition Budget and Timeline

Staff is requesting funding in the amount of \$843,700 for the demolition of Holly Hall, which includes pre-demolition work (such as permitting, utility disconnections, fencing and erosion and sedimentation control), demolition work (including demolition of the buildings, basements, and foundations; crushing of debris left onsite; and HazMat removal), and a 10% contingency. The demolition of Holly Hall is to be funded and managed by HOC, and is not part of the Hillandale Gateway predevelopment. Staff proposes that the Commission fund the Demolition Budget in the form of a loan from the OHRF.

Demolition Budget		Timeline	Start Date	Duration (in Days)
Permitting	\$27,000	Pre Demolition <ul style="list-style-type: none"> Secure utility shut off letters Finalize issuance of the demo permit Install sediment & erosion control measures Finalize sediment & erosion control, demolition plan Install fencing 	11/15/2020	120
Utility Disconnections	\$12,000			
Site Fencing	\$18,000			
Erosion and Sedimentation Control	\$85,000			
Demolition (est.)	\$600,000			
Miscellaneous	\$25,000	Demolition	3/15/2021	90
SUBTOTAL	\$767,000	Site Mobilization	6/13/2021	150
10% Contingency	\$76,700	<ul style="list-style-type: none"> Site grading Potential early start on utilities, foundation, etc. 		
TOTAL	\$843,700		Construction Start	11/10/2021

Hillandale Gateway Predevelopment Budget

In addition to approval of a budget and funding for the demolition of Holly Hall, staff is seeking Commission approval of a revised predevelopment budget for Hillandale Gateway, LLC in the amount of \$10,053,974 (Column B), representing an increase of \$2,063,537 (26%) and includes predevelopment funding spent to date, future predevelopment expenditures through closing of construction financing and a 10% contingency on remaining predevelopment expenditures. The revised budget includes prefunded closing costs in the amount of \$1,342,838 (Column F). Predevelopment costs will be reimbursed at closing of construction financing.

Budget Item	(A) CURRENT BUDGET	(B) REVISED BUDGET	(C) \$ VARIANCE	(D) % VARIANCE	(E) ADDTL PRE FUNDED CLOSING COSTS	(F) ADDTL PREFUNDED COSTS AS % OF VARIANCE
Acquisition and Site Research (1)	\$82,750	\$262,088	\$179,338	217%	\$207,838	116%
Design, Engineering and Professional Consultants (2)	\$6,535,769	\$6,900,228	\$364,459	6%	\$10,000	3%
Government Fees (3)	\$700,111	\$1,495,407	\$795,297	114%	\$710,000	89%
Legal (4)	\$512,754	\$617,854	\$105,101	20%	\$25,000	24%
Misc. Fees (5)	\$159,053	\$228,395	\$69,342	44%	\$0	0%
Sub Total	\$7,990,437	\$9,503,974	\$1,513,537	19%	\$952,838	63%
Contingency (6)		\$550,000	\$550,000			
Grand Total	\$7,990,437	\$10,053,974	\$2,063,537	26%		

- (1) Financing and Acquisition Costs. Variance is attributed to prefunded closing costs (notably transfer and recordation taxes) being added to the predevelopment budget; site research costs were also reduced.
- (2) Design and Professional Consultants. Variance is attributed to: additional design and engineering work related to the fifth site plan submission, increased structural and acoustical engineering costs, additional consulting scopes, and additional predevelopment fees due to delays in entitlement (HOC and Duffie split a \$20,000-per-month predevelopment fee 20% to 80% during the entitlement and permitting period).
- (3) Government Fees: Variance is attributed to: upfront payment of the full building permit fees (previous budget included only initial building permit fee) and potential additional DOT LATIP review fees.
- (4) Legal Fees: Variance is attributed to increased legal fees due to LATIP and extended project duration, and prefunded closing costs, such as condo documents.
- (5) Miscellaneous Fees: Variance is attributed to additional interest that will be paid (to HOC) on the predevelopment funds HOC has loaned the venture due to delays in entitlement, additional audit and additional personal property taxes.
- (6) Contingency: Variance is attributed to the addition of a 10% contingency on the remaining predevelopment expenditures not yet spent. Previous budgets did not include a contingency. Contingency money would only be spent once funding for a budget line item is fully depleted.

Hillandale Gateway Predevelopment Budget

Staff is also requesting approval of funds in an amount up to \$1,809,253 (Row D), in the form of a loan from the OHRF to Hillandale Gateway, LLC, to cover predevelopment costs through closing of construction financing. The Commission has approved a total of \$7,698,721 (Row B) in predevelopment funding to date, and Duffie has made a contribution of \$546,000 (Row C), which will also be used for predevelopment work. The additional predevelopment funding requested would not be drawn until all previously-approved funding is spent, and would likely be outstanding for only three to nine months. All predevelopment expenditures will be reimbursed at closing of construction financing.

	Source	Resolutions	Amount
(A) Revised Predevelopment Budget			\$10,053,974
<i>Predevelopment Installment 1</i>	OHRF	Res 15-79	\$546,000
<i>Predevelopment Installment 2</i>	OHRF	Res 17-18	\$1,341,500
<i>Predevelopment Installment 3</i>	OHRF	Res 19-10	\$1,616,970
<i>Predevelopment Installment 4</i>	OHRF	Res 20-13	\$2,868,000
CONA Sale	HOC Share of Proceeds	Res 19-21AS	\$1,326,251
(B) Total Commission Funds Approved			\$7,698,721
(C) Initial Duffie Capital Contribution	Duffie		\$546,000
(D) Additional Funds Needed	OHRF		\$1,809,253

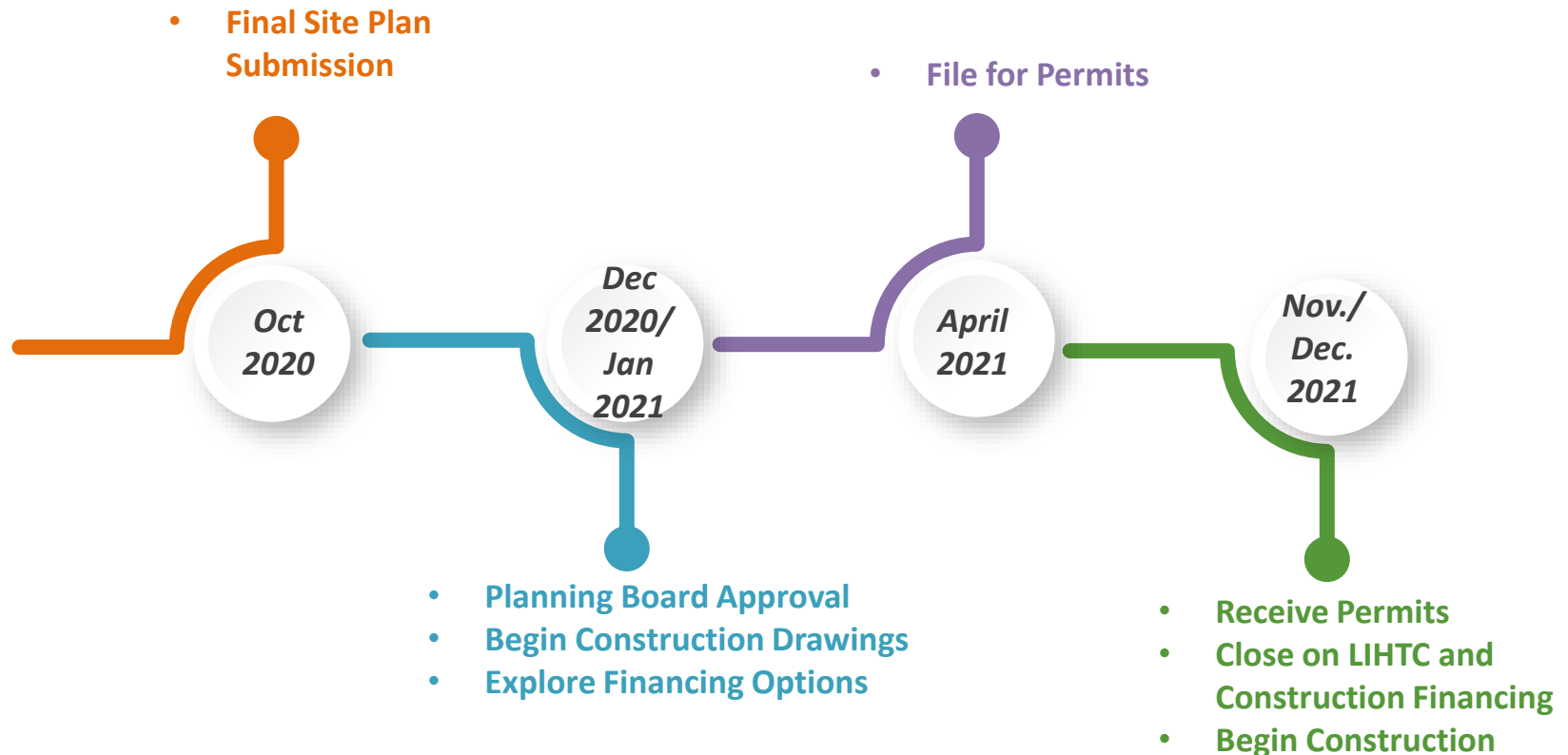
Installments 1 and 2: On October 7, 2015, the Commission approved a predevelopment budget of \$1,195,000 to fund the first 15 months of predevelopment activity related to the redevelopment of Holly Hall. The Commission authorized initial funding of \$546,000 that was sufficient for approximately 17 months of work. On March 1, 2017, the Commission approved a revised 12-month predevelopment budget of \$1,341,500, annulling the remaining \$649,000 previously approved. The second installment of funding was sufficient for approximately 22 months of work.

Installment 3: On January 9, 2019, the Commission approved a revised predevelopment budget, including approval to fund a third installment of \$1,616,970.

Installment 4: On February 5, 2020, the Commission approved a revised predevelopment budget, including approval to fund a fourth installment of predevelopment funding in the amount of \$2,868,000.

CONA Sale: On February 6, 2019, the Commission approved the sale of the CONA Site (which HOC had acquired on July 11, 2014) to Duffie and authorized HOC's portion of the proceeds from the disposition of the CONA Site (\$1,326,251) to remain with Hillandale Gateway, LLC and be used for future predevelopment and development activities. The CONA Site and Holly Hall are being entitled together as part of the Hillandale Gateway site plan.

Hillandale Gateway Predevelopment Timeline



Staff will return to the Commission in January, after Planning Board Approval, to provide a full project update.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, and approve:

1. A budget of \$843,700 for the demolition of Holly Hall, which includes pre-demolition work, the demolition contract, and contingency?
2. Demolition funding of \$843,700 as a loan from the Opportunity Housing Reserve Fund?
3. A revised Hillandale Gateway, LLC predevelopment budget of \$10,053,974, representing an increase of \$2,063,537 (26%) and includes predevelopment funding spent to date, future predevelopment costs through closing of construction financing, prefunded closing costs, and contingency?
4. Predevelopment funding in the amount of \$1,809,253 in the form of a loan to Hillandale Gateway, LLC from the OHRF, to fund the remaining predevelopment expenditures through closing?
 - The loan closing is projected to occur in December 2021.
 - The predevelopment loan will pay interest to the OHRF at the Applicable Federal Rate determined by the Internal Revenue Code for short-term borrowing.

TIME FRAME

For formal action at the November 4, 2020 meeting of the Commission.

BUDGET/FISCAL IMPACT

There is no adverse change to the current Agency operating budget. HOC will receive \$24,000 in development fees through the end of Fiscal Year 2021 (for months January-June 2021). The balance of the OHRF would be reduced by each draw, up to the \$2,652,953 (\$843,700 + \$1,809,253) that is approved. The OHRF has a current unobligated balance of \$6,361,895.

Summary and Recommendations

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission approve:

1. A budget of \$843,700 for the demolition of Holly Hall, which includes pre-demolition work, the demolition contract, and contingency.
2. Demolition funding of \$843,700 as a loan from the Opportunity Housing Reserve Fund.
3. A revised Hillandale Gateway, LLC predevelopment budget of \$10,053,974, representing an increase of \$2,063,537 (26%) and includes predevelopment funding spent to date, future predevelopment costs through closing of construction financing, prefunded closing costs, and contingency.
4. Predevelopment funding in the amount of \$1,809,253 in the form of a loan to Hillandale Gateway, LLC from the OHRF, to fund the remaining predevelopment expenditures through closing, which will be repaid from proceeds of the construction financing.
 - All loans from the OHRF bear interest at the Applicable Federal Rate for short-term borrowing and are projected to be repaid from loan closing proceeds in December 2021.

RESOLUTION No.: 20-78

RE: Approval of Budget and Funding for the Demolition of Holly Hall Apartments; Approval of Revised Predevelopment Budget and Funding of Predevelopment Expenditures for Hillandale Gateway, LLC

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of a 96-unit rental property in Hillandale known as Holly Hall Apartments located on approximately 4.35 acres of land at 10110 New Hampshire Avenue, Silver Spring, MD 20903 (“Holly Hall”); and

WHEREAS, HOC is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

WHEREAS, on July 11, 2014, HOC purchased a 43,671 square foot parcel of land located at the southwest corner of Powder Mill Road and New Hampshire Avenue (the “CONA Site”) from Capital One Bank, N.A.; and

WHEREAS, on July 8, 2015, the Commission authorized the creation of a joint venture between The Duffie Companies (“Duffie”) and HOC (together, the “Development Team”) to redevelop Holly Hall and the CONA Site (“the Redevelopment Properties”), where HOC will contribute the Redevelopment Properties and Duffie contributed cash, both purchasing respective ownership interests (70% to HOC and 30% to Duffie) in the venture; and

WHEREAS, on October 7, 2015, March 1, 2017, January 9, 2019 and February 5, 2020 the Commission authorized loans to Hillandale Gateway, LLC from HOC’s Opportunity Housing Reserve Fund (“OHRF”) in the total amount of \$6,372,470 to fund predevelopment activities related to the Redevelopment Properties; and

WHEREAS, on February 6, 2019, the Commission authorized the sale of HOC’s seventy percent (70%) interest in the CONA Site to Duffie, contingent on the CONA Site remaining a part of the combined development approval for the Redevelopment Properties, and authorized HOC’s portion of the proceeds from the disposition of the CONA site, in the amount of \$1,326,251, to remain with Hillandale Gateway, LLC and be used for future predevelopment and development activities related to the Redevelopment Properties; and

WHEREAS, the Commission desires to approve a revised predevelopment budget for the Redevelopment Properties (“Revised Predevelopment Budget”) in the amount of \$10,053,974, representing predevelopment funding spent to date, future predevelopment expenditures through closing of construction financing, prefunded closing costs, and contingency; and

WHEREAS, the Commission desires to approve predevelopment funding (“Predevelopment Funding”) in the amount of \$1,809,253 to cover predevelopment expenditures related to the redevelopment of the Redevelopment Properties through closing of Hillandale Gateway, LLC’s redevelopment construction-period financing (“Construction Financing”); and

WHEREAS, staff recommends approval of additional Predevelopment Funding as a loan in the amount of \$1,809,253 to Hillandale Gateway, LLC from HOC’s OHRF, and such loan shall accrue interest

at the short-term Applicable Federal Rate of the Internal Revenue Code and will be repaid from the proceeds of Construction Financing; and

WHEREAS, the closing of Construction Financing and construction start for the Redevelopment Properties is anticipated to occur toward the end of calendar year 2021; and

WHEREAS, Holly Hall is a vacant property and must now be demolished to make way for the development of the Redevelopment Properties; and

WHEREAS, the Commission desires to approve funding in the amount of \$843,700 for the demolition of Holly Hall, which includes pre-demolition work, the demolition contract, and contingency (together, "Demolition Funding"); and

WHEREAS, staff recommends the Demolition Funding to be funded from HOC's OHRF; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures for the redevelopment of the Redevelopment Properties in an amount not to exceed \$100,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date, which is 60 days prior to the date hereof, but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that the Redevelopment Properties is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing for such projects named in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the Revised Predevelopment Budget of \$10,053,974 for the redevelopment of the Redevelopment Properties, representing predevelopment funding spent to date, future predevelopment expenditures through closing of Construction Financing, prefunded closing costs, and contingency.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves Predevelopment Funding in the amount of \$1,809,253 to cover predevelopment expenditures related to the redevelopment of the Redevelopment Properties through Construction Financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes a loan to Hillandale Gateway, LLC from HOC's OHRF in the amount of \$1,809,253, accruing interest at the applicable federal rate and to be repaid at the closing of Construction Financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, as its sole member, that the Executive Director, or his designee, is authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related to Hillandale Gateway, LLC's acceptance of the loan from HOC's OHRF in an amount up to \$1,809,253.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of the Redevelopment Properties located in the Hillandale area of Montgomery County, with moneys currently contained in its OHRF and any other funds of the Commission so designated for use by the Commission.

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

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$100,000,000 will be applied to reimburse the Commission for its expenditures in connection with the Redevelopment Properties.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves Demolition Funding in the amount of \$843,700 for the demolition of Holly Hall, which includes pre-demolition work, the demolition contract, and contingency, and that the Demolition Funding be funded from the OHRF.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the redevelopment of the Redevelopment Properties, shall be and the same hereby are in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized, without any further action on its part, to take any and all 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 Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on November 4, 2020.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO FUND THE DUE DILIGENCE BUDGET FOR THE FHA RISK SHARE MORTGAGE REFINANCING OF STRATHMORE COURT APARTMENTS

November 4, 2020

- On June 3, 2020, the Commission approved the issuance of 2020 Series A, Series B and Series C under the Multifamily Housing Development Bond Resolution to:
 1. Finance the acquisition and rehabilitation of Bauer Park Apartments;
 2. Refund 2007 Series A, 2007 Series C-1, and 2010 Series A bonds previously issued under the 1996 Indenture; and,
 3. Refund the 2002 Series A bonds previously issued under the Multiple Purpose Bond Resolution, which supports the underlying mortgage loan for Strathmore Court Apartments.

- As a result of the refunding, the Commission's borrowing cost for the multifamily bond program was lowered, creating an estimated year-one net savings of \$755,635, which are restricted to the 1996 bond indenture.

- Staff is processing the FHA Risk Share application to refinance Strathmore's existing mortgage, and recommends that the Commission approve utilizing the savings from the 2020 Series BC Multifamily Housing Development Bonds refunding in the 1996 Indenture to fund the estimated due diligence budget of \$121,340 for the refinancing of Strathmore Court Apartments.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Kayrine V. Brown Division: Mortgage Finance Ext. 9589
Jennifer H. Arrington Mortgage Finance Ext. 9760

RE: Approval to Fund the Due Diligence Budget for the FHA Risk Share Mortgage Refinancing of Strathmore Court Apartments

DATE: November 4, 2020

BACKGROUND:

On June 3, 2020, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) at its regular monthly meeting approved the issuance of 2020 Series A, Series B and Series C under the Multifamily Housing Development Bond Resolution (“MHDB” or the “1996 Indenture”) in order to: 1) finance the acquisition and rehabilitation of Bauer Park Apartments; 2) refund 2007 Series A, 2007 Series C-1, and 2010 Series A bonds previously issued under the 1996 Indenture; and, 3) refund the 2002 Series A bonds previously issued under the Multiple Purpose Bond Resolution (“MPB” or the “Multiple Purpose Indenture”). As a result of the refunding, the Commission’s borrowing cost for the multifamily bond program was lowered, creating an estimated year-one net savings of \$755,635. The mortgages for the refunding properties remained unchanged. The former Multiple Purpose Indenture 2002 Series A bonds, now refunded with MHDB 2020 Series B, supports the underlying, unenhanced mortgage loan for Strathmore Court Apartments (hereinafter “Strathmore” or the “Property”).

As intended upon closing of the MHDB 2020ABC transaction, staff is working toward processing the FHA Risk Share application to refinance Strathmore’s existing mortgage, and is requesting approval to fund due diligence costs necessary to complete the transaction.

Strathmore is a 202-unit, multifamily community with 1- and 2-bedroom apartments located in North Bethesda. The property was constructed in 1995 and consists of three (3) structures: the north, east, and west buildings that are four (4) stories in height. Amenities include an outdoor swimming pool, basketball court, children’s playground, community room, business center, exercise room, and underground parking. Under the Property’s existing mortgage, 51 affordable units are restricted to households earning up to 50% of the Area Median Income (“AMI”), which will continue in compliance with requirements of the FHA Risk Share program and may be satisfied across the entire property.

The Property’s existing underlying, unenhanced mortgage, now within the 1996 Indenture (rated Aaa by Moody’s Investors Service), is secured by a parity first position Deed of Trust on the Property and a General Obligation Pledge of the Commission. All financial assets associated and established with the original MPB 2002A financing were transferred into the 1996 Indenture to offset any haircut applied by Moody’s, while the refunded bonds remain unenhanced in the 1996 Indenture. Upon receiving FHA Risk Share credit enhancement for the mortgage loan, the General Obligation Pledge of the Commission will be eliminated and the need for the additional financial assets will no longer be required.

Due Diligence Budget & Timing

Staff is in the Due Diligence phase of the underwriting and processing of the FHA Risk Share refinancing of Strathmore, and a funding source is necessary to bring the transaction to a close. Staff recommends utilizing the year-one 2020 refunding savings within the 1996 Indenture, which totals \$755,635, to fund the following due diligence and closing costs:

DUE DILIGENCE ITEMS	BUDGET
Survey	\$6,240
Market Study	\$6,500
Environmental Phase 1 Report	\$4,175
Appraisal	\$4,500
Upfront Mortgage Insurance Premium	\$36,824
Title and Recording Costs	\$52,000
Miscellaneous/Contingency	\$11,100
TOTAL DUE DILIGENCE BUDGET	\$121,339

The Phase 1 has been completed (no adverse environmental conditions were identified), and the survey, market study and appraisal are all underway. It is anticipated that FHA will issue a Firm Approval for FHA Risk Share Mortgage Insurance in early January 2021 with a closing shortly thereafter.

ISSUES FOR CONSIDERATION:

Will the Commission approve staff’s recommendation, which is supported by the Development and Finance Committee, to fund the estimated due diligence budget of \$121,340 from the savings of the 2020 Series BC Multifamily Housing Development Bonds refunding in the 1996 Indenture, for the refinancing of Strathmore Court Apartments?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County

BUDGET IMPACT:

There will be no impact on the FY21 budget for the funding of due diligence costs. Subject to Commission approval, the transaction costs will be funded from the revenues available in the 1996 Indenture.

TIME FRAME:

For formal action at the November 4, 2020 meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve utilizing the savings from the 2020 Series BC Multifamily Housing Development Bonds refunding in the 1996 Indenture to fund the estimated due diligence budget of \$121,340 for the refinancing of Strathmore Court Apartments.

RESOLUTION No.: 20-79

RE: Approval to Fund the Due Diligence Budget for the FHA Risk Share Mortgage Refinancing of Strathmore Court Apartments

WHEREAS, on June 3, 2020, the Housing Opportunities Commission of Montgomery County (the "Commission") approved the issuance of 2020 Series A Bonds, Series B Bonds and Series C Bonds under the Multifamily Housing Development Bond Resolution ("MHDB" or the "1996 Indenture") in order to (1) finance the acquisition and rehabilitation of Bauer Park Apartments,(2) refund 2007 Series A, 2007 Series C-1, and 2010 Series A bonds previously issued under the 1996 Indenture, and (3) refund the 2002 Series A Bonds previously issued under the Multiple Purpose Bond Resolution ("MPB" or the "Multiple Purpose Indenture"); and

WHEREAS, the MHDB 2020 Series B Bonds and Series C Bonds refunding lowered the Commission's borrowing cost for the multifamily bond program and has created an estimated year-one net savings of \$755,635 within the 1996 Indenture; and

WHEREAS, the 2002 Series A Bonds, previously issued under the Multiple Purpose Indenture, refunded with MHDB 2020 Series B Bonds, supports the underlying, unenhanced mortgage loan for Strathmore Court Apartments (hereinafter "Strathmore"); and

WHEREAS, to obtain FHA Risk Share credit enhancement for Strathmore's existing mortgage, funding is required to complete the FHA Risk Share application and due diligence costs in the amount of \$121,339 (the "Due Diligence Costs"); and

WHEREAS, staff recommends funding the Due Diligence Costs from the savings of the 2020 Series B and Series C refunded Multifamily Housing Development Bonds in the 1996 Indenture.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves utilizing the savings from the 2020 Series B and Series C refunded Multifamily Housing Development Bonds in the 1996 Indenture to fund the estimated due diligence budget of \$121,340 for the refinancing of Strathmore Court Apartments.

BE IT FURTHER RESOLVED that the Executive Director, or his designee, is hereby authorized and directed to take all actions necessary and proper to carry out the transactions and activities contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on November 4, 2020.

S
E
A
L

Patrice Birdsong
Special Assistant to the Commission

APPROVAL TO INCREASE THE OBLIGATION TO DRAW ON THE PNC BANK, N.A. LINE OF CREDIT TO REFUND AND REDEEM SINGLE FAMILY BONDS

November 4, 2020

- The Commission has utilized the practice of issuing refunding bonds in the Single Family Mortgage Purchase Program (the “Program”) to recycle and extend the life of volume cap it allocates to each bond issue.
- The Commission receives a limited quantity of volume cap allocation from the Maryland Department of Commerce each year, and due to the Commission’s extensive multifamily pipeline in 2021, the existing Single Family volume cap already used by the Commission should be preserved to the extent possible.
- To preserve volume cap in preparation for the Single Family bond issuance in February 2021, volume cap can be extended by executing the replacement refunding of certain tax-exempt bonds that are to be redeemed and the \$60 million PNC Bank, N.A. Line of Credit (“PNC LOC”) is a form of debt, which can be used to refund Mortgage Revenue Bonds (“MRBs”).
- The Commission has previously approved the Program’s use of the PNC LOC in an amount up to \$5 million for replacement refundings; however, on January 1, 2021, it is anticipated that approximately \$9 million of bonds will be eligible for replacement refunding.
- Staff recommends a temporary increase of the Program’s authorization to draw on the PNC LOC to refund bonds eligible for replacement refunding from \$5 million to \$10 million.
- This temporary increase will expire upon the closing of the Single Family bond issuance in the first quarter of 2021. While outstanding, all draws on the PNC Bank Line of Credit will be fully cash collateralized by mortgage repayments and prepayments in the corresponding single family indenture.
- While outstanding, interest will accrue at the existing PNC LOC rate of the 30-day London Interbank Offered Rate (“LIBOR”), currently 14 basis points, plus 90 basis points.

Bond Indenture	Bond Series	Amount
1979 Indenture (MRB)	2013 Series A	\$1,520,000
	2016 Series B	\$995,000
	2017 Series B	\$415,000
	2018 Series A	\$460,000
2009 Indenture (HRB)	2010 Series A	\$100,000
	2011 Series A	\$350,000
	2012 Series A	\$330,000
2019 Indenture (PRB)	2019 Series A	\$555,000
SF Bonds Available for Redemption as of 1/1/21		\$4,725,000

However, of this amount it is expected that approximately \$4 million will be eligible for replacement refunding. In addition, the Commission’s Financial Advisor, Caine Mitter and Associates Incorporated (“Caine Mitter”), is in the process of reviewing the basis for each of the single family indentures to ensure that all Bonds eligible for replacement refunding are captured. Based on the Program’s history, Caine Mitter anticipates that additional Bonds of up to \$5 million may be eligible for replacement refunding for a total of approximately \$9 million.

While the Commission previously approved on December 18, 2018 the Program’s use of the PNC LOC in an amount up to \$5 million for replacement refundings, staff is requesting a temporary increase to \$10 million for the same purpose. The final amount drawn on the PNC LOC in December 2020 will be collateralized by the funds (repayments and revenue) in the corresponding single family indenture. Upon the Program’s bond issuance in February 2021, the draw on the PNC LOC will be retired, and the temporary increase for use of the PNC LOC for replacement refundings by the Program will expire.

As an alternative to using the PNC LOC to refund bonds for a replacement refunding, the Commission can postpone redemption of bonds until the next bond call date of July 1, 2021. The risks of this strategy is a loss of volume cap, which is significant given the constraints facing the Commission, and an increase in interest expense.

ISSUES FOR CONSIDERATION:

Will the Commission approve staff’s recommendation, which is supported by the Development and Finance Committee, to temporarily increase the Single Family Mortgage Purchase Program’s authorization to draw on the PNC Bank, N.A. Line of Credit to refund bonds eligible for replacement refunding from \$5 million to \$10 million?

This temporary increase is only authorized through the closing of the single family bond issuance, which is anticipated to occur within the first quarter of calendar year 2021.

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
PNC Bank, N.A.
Caine Mitter & Associates Incorporated, Financial Advisor

BUDGET IMPACT:

There is no impact on the Commission's operating budget. The Single Family Mortgage Purchase Program will bear the interest cost of the loan at the contract PNC LOC rate of the 30-day LIBOR (currently 14 basis points) plus 90 basis points.

The unencumbered capacity on the PNC LOC, as of September 30, 2020, was \$6,854,398.

TIMEFRAME:

For formal action at the November 4, 2020 meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve a temporary increase of the Single Family Mortgage Purchase Program's authorization to draw on the PNC Bank, N.A. Line of Credit to refund bonds eligible for replacement refunding from \$5 million to \$10 million.

This temporary increase will expire upon the closing of the Single Family bond issuance in the first quarter of calendar year 2021 (March 31, 2021). While outstanding, all draws on the PNC Bank Line of Credit will be fully cash collateralized by mortgage repayments and prepayments in the single family indentures.

RESOLUTION No.: 20-80

RE: Approval to Increase the Obligation to Draw on the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds

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

WHEREAS, pursuant to its authority, the Commission has utilized the practice of issuing refunding bonds in the Single Family Mortgage Purchase Program (the “Program”) to recycle and extend the life of volume cap it allocates to each bond issue and/or to refinance its outstanding bond debt at lower interest rates, thereby, minimizing negative arbitrage expenses to the Program; and

WHEREAS, the recycling is achieved by reserving mortgage principal repayments and prepayments to make new mortgage loans, net of those subject to statutory restrictions, and using the proceeds of a new bond issue to refund and redeem the prior outstanding bonds associated with the mortgage principal repayments and prepayments; and

WHEREAS, in December 2018, the Commission authorized draws on the \$60 million PNC Bank, N.A. Line of Credit (“PNC LOC”) to refund the Program’s bonds eligible for replacement refunding up to an amount of \$5 million on a revolving basis, in accordance with the PNC LOC’s terms; and

WHEREAS, the PNC LOC has an unobligated balance of approximately \$6,854,398, as of September 30, 2020; and

WHEREAS, due to the Commission’s extensive pipeline of anticipated multifamily projects in 2021 and the limited volume cap received annually from the Maryland Department of Housing and Community Development, existing single family volume cap already used by the Commission should be preserved to the extent possible; and

WHEREAS, on January 1, 2021, it is anticipated that approximately \$9 million of bonds will be eligible for replacement refunding and a single family bond issuance is not expected until the first quarter of 2021; and

WHEREAS, to preserve the Commission’s existing bond authority, staff recommends that the Commission approve a temporary increase of the Program’s authorization to draw on the PNC LOC to refund bonds eligible for replacement refunding from \$5 million to \$10 million.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission approves a temporary increase of the Program's authorization to draw on the PNC LOC to refund bonds eligible for replacement refunding from \$5 million to \$10 million.

BE IT FURTHER RESOLVED that the temporary increase will expire upon the closing of the Single Family bond issuance in the first quarter of 2021, and revert to, up to \$5 million on a revolving basis in accordance with the terms of the PNC LOC, including the payment of interest by the Single Family Program at the 30-day LIBOR plus 90 basis points.

BE IT FURTHER RESOLVED that while outstanding, all Program draws on the PNC LOC will be fully cash collateralized by mortgage repayments and prepayments in the single family indentures.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on November 4, 2020.

S
E
A
L

Patrice Birdsong
Special Assistant to the Commission

Adjourn

Development Corporation Meetings

Pooks Hill Development Corporation

APPROVAL TO RENEW PROPERTY MANAGEMENT CONTRACT FOR POOKS HILL DEVELOPMENT CORPORATION

November 4, 2020

- The property management contract for Pooks Hill Development Corporation (Pooks Hill Tower) is expiring **December 22, 2020**. The contract with Vantage Management provides for a one-year renewal through **December 22, 2021**.
- Staff requests that the contract for Pooks Hill Tower be renewed through December 22, 2021 with Vantage Management. Vantage has been managing this property since September 2013.
- Pooks Hill Tower is currently 94% occupied. The property includes 57 affordable units for households earning up to 50% AMI and 132 unrestricted units.
- Pooks Hill Tower received a score of **99a** on its most recent REAC inspection.

M E M O R A N D U M

TO: Board of Directors of the Pooks Hill Development Corporation

VIA: Stacy L. Spann, Executive Director of the Housing Opportunities Commission of Montgomery County

FROM: Staff: Millicent Anglin Division: Property Management Ext. 9676

RE: Approval to Renew the Property Management Contract for Pooks Hill Development Corporation

DATE: November 4, 2020

BACKGROUND:

Pooks Hill Development Corporation (Pooks Hill Tower) is a 189-unit, multi-family property that includes 57 affordable units for households earning up to 50% AMI and 132 unrestricted units. The property is located in Bethesda, MD and offers amenities including a swimming pool and parking.

Staff wishes to renew the property management contract for Pooks Hill Tower through December 22, 2021 with Vantage Management. The project is well-maintained and has stable occupancy. Pooks Hill Tower is currently 94% occupied and received a score of 99a on its most recent REAC inspection.

Edgewood/Vantage scored 3.05 of 4.00 available points in a resident survey completed in March 2020. Edgewood/Vantage’s score was the fourth highest of the six management companies surveyed. Staff is working with Edgewood to improve operational results and residents’ experience.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Pooks Hill Tower	189	Vantage	\$103,693	12/22/2020	12/23/2020-12/22/2021	None

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Pooks Hill Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Vantage Management Company for Pooks Hill Tower?

BUDGET IMPACT:

The renewal of the property management contract for Pooks Hills Tower will not have a budget impact as the cost associated with the service is included in the property budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

At the October 13, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for Pooks Hill Tower for one year. For formal Pooks Hill Development Corporation action at the November 4, 2020 meeting.

STAFF RECOMMENDATION:

Staff requests that the Board of Directors of the Pooks Hill Development Corporation approve the property management contract renewal with Vantage Management for Pooks Hill Tower through December 22, 2021.

RESOLUTION NO.: 20-003PH

RE: Approval to Renew Property Management Contract for Pooks Hill Tower

WHEREAS, Pooks Hill Development Corporation owns the development known as Pooks Hill Tower located in Bethesda, Maryland.

WHEREAS, staff desires to renew the current property management contract at Pooks Hill Tower with Vantage Management through December 22, 2021.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Pooks Hill Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a renewal of the property management contract at Pooks Hill Tower with Vantage Management through December 22, 2021.

BE IT FURTHER RESOLVED by the Board of Directors for Pooks Hill Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on November 4, 2020.

S
E
A
L

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

Adjourn

Administrative Session