

EXPANDED AGENDA

July 11, 2018

		Res #
3:30 p.m.	<u>Tony Davis Scholarship Award Reception/Award Presentation</u>	
4:00 p.m.	I. <u>CONSENT ITEMS</u>	
Page 04 20 26	<ul style="list-style-type: none"> A. Approval of Minutes of June 6, 2018 B. Approval of Minutes of June 6, 2018 Administrative Session C. Approval of Collective Bargaining Agreement Wage Re-opener Between The Housing Opportunities Commission and Municipal and County Government Employees Organization for the Period of July 1, 2018 through June 30, 2019 D. Approval of Fiscal Year 2019 Wage Adjustment and Service Increment for Unrepresented Staff for the Period of July 1, 208 through June 30, 2019 	18-50 _(pg 24) 18-51 _(pg 29)
4:10 p.m. Page 31	II. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u> <ul style="list-style-type: none"> A. Ratification of Action taken in Administrative Session on June 6, 2018: Authorization to Extend the Due Date for the Temporary Increase to the PNC Bank, N.A. Line of Credit and Establish an Expiration Date for Funds Drawn on the PNC Bank, N.A. Line of Credit for the Acquisition of Cider Mill Apartments 	18-49R _(pg32)
4:15 p.m.	III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
4:25 p.m. Page 35 48 61	<ul style="list-style-type: none"> A. Development and Finance Committee – Com. Simon, Chair <ul style="list-style-type: none"> 1. Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgage for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows 2. Approval of the Preliminary Development Plan and Funding for Bauer Park Apartments 3. Approval of the Election of Commissioner Simon and Commissioner Priest to the Policy Board of Banor Housing, Inc. 	18-52 _(pg 45) 18-53 _(pg 47) 18-54 _(pg 59) 18-55 _(pg 62)
4:40 p.m. Page 64	<ul style="list-style-type: none"> B. Legislative and Regulatory Committee – Com. Byrd, Chair <ul style="list-style-type: none"> 1. Authorization to Submit FY 2018 Section Eight Management Assessment Program (SEMAP) Certification to HUD 	18-56 _(pg 68)
4:50 p.m. Page 76	IV. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u> <ul style="list-style-type: none"> 1. Approval for the Commission to Accept Financing in the Form of a County HIF Loan for Interim Repairs to Town Center Apartments; Authorization for the Executive Director to Execute all Documentation Related to the Financing; Approval to Gift County HIF Loan Proceeds to Town Center Apartments, Inc. for Interim Repairs 	18-57 _(pg 81)
5:00 p.m.	<u>ADJOURN</u>	
5:10 p.m.	V. <u>ADMINISTRATIVE SESSION</u> <i>This Administrative Session will be called to order pursuant to Section 3-305(b)(3)(Real Estate), (7) Legal Advice, and (13)(To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter)</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.

Consent Items

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

June 6, 2018

18-06

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, June 6, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:11 p.m. Those in attendance were:

Present

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

Also Attending

Stacy L. Spann, Executive Director
Patrick Mattingly
Fred Swan
Victoria Dixon
Ethan Cohen
Melody Stanford
Rita Harris
Zachary Marks
Jim Atwell
Terri Fowler
Eugene Spencer
Cornelia Kent
Lauren Jackson
Christina Autin
Ian Hawkins
Charnita Jackson
Heather Grendze
Susan Smith

Nowelle Ghahhari, General Counsel
Joan McGuire
Eugenia Pascual
Shauna Sorrells
Kayrine Brown
Claudia Wilson
Lynn Hayes
Bonnie Hodge
Vivian Benjamin
Garrett Jackson
Jay Shephard
Gio Kaviladze
Leidi Reyes
Erik Smith
Eugene Spencer
Kevin Seawright
Nilou Razeghi
Ali Khademian

Charlotte Mbouma
Ian Williams
Toni Johnson

Clarence Landers
Sherraine Rawlins

IT Support

Irma Rodriguez
Rony Joseph

Commission Support

Patrice Birdsong

Resident Advisory Board

Yvonne Caughman

Guest

James McGhee
Lynn Pekkanen
Rev. Segan Adebayo
Rev. Derek Solberg
Ann Barbagallo
Marsha Coleman-Adebayo
Lorna Phillips Forde
Shruti Bhatnagar

The meeting began with Community Forum. Various clergy addressed the Board expressing support of the preservation of the Moses African Cemetery.

I. Community Forum

- Various Montgomery County political candidates along with community members addressed the Board expressing support of the preservation of the Moses African Cemetery.

Consent Calendar was adopted upon a motion by Commissioner Priest and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

II. CONSENT ITEMS

- A. Approval of Minutes of May 2, 2018 regular meeting** - The minutes were approved as submitted.
- B. Approval of Minutes of May 2, 2018 Administrative Session** – The minutes were approved as submitted.
- C. Approval of Minutes of May 18, 2018 Special Session** – The minutes were approved as submitted.
- D. Approval of Minutes of May 18, 2018 Administrative Session** – The minutes were approved as submitted.

III. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS

The following resolutions were adopted upon a motion by Commissioner Priest and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

A. Ratification of Action Taken in Administrative Session on May 2, 2018: Approval to Execute the Investment Commitment Letter Fund Acquisition of Land for Proposed Senior Community

RESOLUTION: 18-33R

Re: Approval to Execute the Investment Commitment Letter to Fund Acquisition of Land for Proposed Senior Community

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

WHEREAS, at an Administrative Session duly called and held on May 2, 2018, with a quorum present, the Commission duly adopted Resolution 18-33AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest voting in approval, which approved the execution of an investment commitment letter allowing a grant for the acquisition of the land for a proposed senior community in Damascus, Maryland.

WHEREAS, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-33R and any action taken since May 2, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-33R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

B. Ratification of Action Taken in Special Administrative Session on May 2, 2018: Approval to Executive Purchase and Sale Agreement for Real Property and Approval to Fund Acquisition

RESOLUTION: 18-34R

RE: Approval to Execute Purchase and Sale Agreement for Real Property and Approval to Fund Acquisition

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of

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

WHEREAS, at an Administrative Session duly called and held on May 2, 2018, with a quorum present, the Commission duly adopted Resolution 18-34AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest voting in approval, which approved the execution of a purchase and sale agreement for the acquisition of real property, and the funding of the acquisition.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-34R and any action taken since May 2, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-34R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**C. Ratification of Action Taken in Special Administrative Session on May 18, 2018:
Approval to Amend the Investment Commitment Letter to Fund Acquisition of
Land for Proposed Senior Community**

RESOLUTION: 18-35R

**Re: Approval to Amend the Investment
Commitment Letter to Fund Acquisition
of Land for Proposed Senior Community**

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

WHEREAS, at an Administrative Session duly called and held on May 18, 2018, with a quorum present, the Commission duly adopted Resolution 18-35AS, Commissioners Simon, Nelson, McFarland, Byrd, and Priest voting in approval, which approved the execution of an amendment to an investment commitment letter allowing a grant that can be drawn upon at will for the acquisition of the land for a proposed senior community in Damascus, Maryland.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-35R and any action taken since May 18, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-35R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance and Audit Committee – *Com. Nelson, Chair*

1. Acceptance of Third Quarter FY'18 Budget to Actual Statement

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-39

Re: Acceptance of Third Quarter FY'18 Budget to Actual Statement

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

WHEREAS, the Commission reviewed the Third Quarter FY'18 Budget to Actual Statements during its June 6, 2018 meeting.

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

2. Approval of FY'18 Third Quarter Budget Amendment

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-40

Re: Approval of FY'18 Third Quarter Budget Amendment

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

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

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'18 Budget; and

WHEREAS, the net effect of the FY'18 Third Quarter Budget Amendment maintains a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'18 Operating Budget by increasing total revenues and expenses for the Agency from \$242.1 million to \$246.9 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'18 Capital Budget by increasing revenues and expenses for the Agency from \$206.7 million to \$206.9 million.

3. Acceptance of Calendar Year (CY) 2017 Tax Credit Partnership Audits

Cornelia Kent, Chief Financial Officer, and Claudia Wilson, Accounting Manager, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-41

Re: Acceptance of Calendar Year (CY) 2017 Tax Credit Partnership Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'17 Tax Credit Audits for 14 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 14 of the CY'17 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

WHEREAS, the audit for Montgomery Homes LP IX has not been finalized; however, staff is currently reviewing a draft of this audit and there are no findings and no changes are anticipated.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accepts the CY 2017 tax credit partnership property audits.

4. Approval of Loans and Advances to Non-HOC Owned Entities

Cornelia Kent, Chief Financial Officer, and Claudia Wilson, Accounting Manager, were the presenters.

The following resolution was presented and acknowledged as information. No action required. Resolution 18-42 has been deleted per the request of the Board.

~~**RESOLUTION: 18-42** _____ **RE: Approval of Loans and Advances to**
_____ **Non-HOC Owned Entities as of**
_____ **December 31, 2017 and as of June 30, 2017**~~

~~**WHEREAS**, in accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties HOC does not own; and~~

~~**WHEREAS**, there was a net increase in capitalization loans and advances for operations to the tax credit partnerships of \$23,880,605 as of December 31, 2017; and~~

~~**WHEREAS**, total advances have increased for 236 properties from \$1,095,763 on June 30, 2016 to \$1,168,171 as of June 30, 2017.~~

~~**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves \$100,028,139 in loans and advances to the tax credit partnerships as of December 31, 2017 and \$1,168,171 in advances to the 236 properties as of June 30, 2017.~~

5. Authorization to Write Off Bad Debt Related to Tenant Accounts Receivable

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-43

**RE: Authorization to Write off Bad
Debt Related to Tenant Accounts
Receivable**

WHEREAS, HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days; and

WHEREAS, HOC periodically proposes the write-off of uncollected former resident 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, 2017 through March 31, 2018 is \$245,149 from Opportunity Housing, \$121,263 from RAD 6, \$18,836 from Public Housing, \$13,533 from Tax Credit properties, \$8,899 from Supportive Housing and \$3,805 from 236 properties, totaling \$411,485.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that authorization is granted to the Executive Director to write off bad debt totaling \$411,485 related to tenant accounts receivable.

6. Adoption of the FY'19 Agency Budget

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18- 44

**RE: Adoption of the FY'19 Budget,
Bond Draw Downs and Transfers**

WHEREAS, the Commission is required to adopt a budget based on the current chart of accounts in use before July 1, 2018; and

WHEREAS, the Commission is required to approve the transfer of equity between Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'19 of \$264.7 million by fund as attached.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

\$1,623,898 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
\$1,549,858 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

Up to \$2,314,136 for FY'19 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'19 of \$256.8 million as attached.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of the Timberlawn Pomander Properties LLC, as its Sole Member, hereby adopts a total Operating Budget for FY'19 of \$442,839 and a Capital Budget for FY'19 of \$12,842 for Pomander Court, and a total Operating Budget for FY'19 of \$2,199,778 and a Capital Budget for FY'19 of \$64,805 Timberlawn Crescent.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-44a

RE: Reimbursement Resolution

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission"), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of

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

WHEREAS, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed \$256,827,612, *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 *each of* the Projects (as hereinafter defined) 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 COMMISSION THAT:

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 19 Capital Budget attached, including **900 Thayer Avenue, Alexander House, Arcola Towers, Avondale Apartments, The Barclay, Bauer Park, Brooke Park, Brookside Glen, CDBG-NSP-NCI, Chelsea Towers, Cider Mill, Dale Drive, Deeply Affordable Unit Renovation, Diamond Square, Elizabeth House III, Fairfax Court, Georgian Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, King Farm Village Center, The Lindley (formerly Chevy Chase Lakes) Magruder's Discovery, Manchester Manor, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLV VII, MHLV VIII, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove, Southbridge, State Rental Combined, Strathmore Court, Stewartown, Timberlawn, Town Center Apartments, Upton, VPC One and VPC Two (formerly 669 Scattered Site Properties), Waverly House, Westwood Tower, and The Willows** and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. **Dates of Capital Expenditures.** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

Section 3. **Issuance of Bonds or Notes.** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$256,827,612 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. **Confirmation of Prior Acts.** 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 Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. **Repeal of Inconsistent Resolutions.** All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. **Effective Date of Resolution.** This Resolution shall take effect immediately upon its passage.

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

1. Adoption of an Inducement Resolution for the Proposed Financing of Knights Bridge 1 Apartments

Vivian Benjamin, Assistant Director of Mortgage Finance, and Erik Smith, Junior Financial Analyst, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-45

**Re: Adoption of an Inducement
Resolution for Financing of the Knights
Bridge I Apartments**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “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, is authorized thereby to effectuate the purpose of

providing affordable housing, including providing financing for the construction of rental housing properties which provide a public purpose; and

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

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

WHEREAS, the Commission has been asked to consider the issuance of tax-exempt bonds to finance the acquisition and renovation of Knights Bridge I Apartments (a 256-unit development, located at 3310 Tea Garden Circle, Silver Spring, Montgomery County, Maryland 20904), which is intended for occupancy, in substantial part, by eligible persons and families (the "Development"); and

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

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

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it is the intention of the Commission to issue tax-exempt bonds in the maximum principal amount of \$42,933,000 to provide financing for the Development.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the foregoing represents an official intent for purposes of Section 1.150-2 of the United States Income Tax Regulations and is not a commitment by the Commission to issue said bonds.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that issuance of said bonds shall be:

1. At the discretion of the Commission;
2. Subject to the final satisfactory underwriting and approval of all documents, provisions, covenants, and all other provisions as may be required by the Commission and as required under the Internal Revenue Code of 1986, as amended; and
3. Subject to final acceptance of the same by the owner of the Development.

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

2. Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County's General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III

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

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-46

RE: Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County's General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III

WHEREAS, Division II of the Housing and Community Development Article of the Annotated Code of Maryland, along with Article VI of Chapter 20 of the Montgomery County Code (together, the "Law") provides for the use of the County's General Obligation ("GO") as credit enhancement for bonds issued by HOC to finance affordable housing developments;

WHEREAS, the entitlement of the Elizabeth Square development is expected to be complete and building permits for Elizabeth House III ("EH III" or the "Development") issued by June 30, 2018, and a reservation of 4% Low Income Housing Tax Credits ("LIHTC") by the Maryland Department of Housing and Community Development ("DHCD") is expected by June 8, 2018; and

WHEREAS, EH III will be owned in a condominium regime consisting of Elizabeth House III LP ("EH III LP"), which will own the LIHTC units; and Elizabeth House III LLC ("EH III LLC"), which will own the market rate units with proceeds; for the construction expected to be available by October 31, 2018, so that the construction of the Development may commence; and

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") will finance the affordable housing units at EH III via the issuance of approximately \$9.5 million of privately placed tax-exempt private activity bonds but wishes

to issue up to \$43 million of governmental bonds to finance the construction of the market rate units at EH III and avail itself of the use of the County's GO, which would convey a Triple A rating by Moody's Investors Service, resulting in the lowest cost of funds; and

WHEREAS, HOC has issued and retired several series of County GO-backed bonds throughout its history and currently has only two outstanding transactions (Pooks Hill Mid-rise owned by HOC and Amherst Square owned by Montgomery Housing Partnership) on this facility totaling \$5.8 million, leaving \$44.2 million available for use; and

WHEREAS, the most recent use of this facility was in 2006 for the financing of MetroPointe (formerly known as Wheaton Metro). The use of the County's GO pledge reduced the costs associated with constructing the project because it avoids the use of prevailing Davis Bacon wage rates during the construction period. A similar strategy is proposed for the construction of the Elizabeth House III residential development that is estimated to save about 5%-10% in construction costs (approximately \$3.5 million to \$6.8 million); and

WHEREAS, the use of the County GO must be approved by the County Executive and the County Council and staff wishes to submit an application in the July of 2018; and

WHEREAS, staff is requesting the Commission's approval to submit a bond financing application to the County Executive and the County Council.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the staff is authorized to submit a bond financing application to the County Council and County Executive for the issuance of up to \$43 million of HOC-issued governmental bonds to finance the construction of the Elizabeth House III market rate condominium.

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

V. ITEMS REQUIRING DELIBERATION and/or ACTION

- 1. Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County's General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III**

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

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-46

RE: Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County's General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III

WHEREAS, Division II of the Housing and Community Development Article of the Annotated Code of Maryland, along with Article VI of Chapter 20 of the Montgomery County Code (together, the "Law") provides for the use of the County's General Obligation ("GO") as credit enhancement for bonds issued by HOC to finance affordable housing developments;

WHEREAS, the entitlement of the Elizabeth Square development is expected to be complete and building permits for Elizabeth House III ("EH III" or the "Development") issued by June 30, 2018, and a reservation of 4% Low Income Housing Tax Credits ("LIHTC") by the Maryland Department of Housing and Community Development ("DHCD") is expected by June 8, 2018; and

WHEREAS, EH III will be owned in a condominium regime consisting of Elizabeth House III LP ("EH III LP"), which will own the LIHTC units; and Elizabeth House III LLC ("EH III LLC"), which will own the market rate units with proceeds; for the construction expected to be available by October 31, 2018, so that the construction of the Development may commence; and

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") will finance the affordable housing units at EH III via the issuance of approximately \$9.5 million of privately placed tax-exempt private activity bonds but wishes to issue up to \$43 million of governmental bonds to finance the construction of the market rate units at EH III and avail itself of the use of the County's GO, which would convey a Triple A rating by Moody's Investors Service, resulting in the lowest cost of funds; and

WHEREAS, HOC has issued and retired several series of County GO-backed bonds throughout its history and currently has only two outstanding transactions (Pooks Hill Mid-rise owned by HOC and Amherst Square owned by Montgomery Housing Partnership) on this facility totaling \$5.8 million, leaving \$44.2 million available for use; and

WHEREAS, the most recent use of this facility was in 2006 for the financing of MetroPointe (formerly known as Wheaton Metro). The use of the County's GO pledge reduced the costs associated with constructing the project because it avoids the use of prevailing Davis Bacon wage rates during the construction period. A similar strategy is proposed for the

construction of the Elizabeth House III residential development that is estimated to save about 5%-10% in construction costs (approximately \$3.5 million to \$6.8 million); and

WHEREAS, the use of the County GO must be approved by the County Executive and the County Council and staff wishes to submit an application in the July of 2018; and

WHEREAS, staff is requesting the Commission's approval to submit a bond financing application to the County Executive and the County Council.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the staff is authorized to submit a bond financing application to the County Council and County Executive for the issuance of up to \$43 million of HOC-issued governmental bonds to finance the construction of the Elizabeth House III market rate condominium.

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

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

The open session adjourned at 7:20 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

**APPROVAL OF COLLECTIVE BARGAINING
AGREEMENT WAGE RE-OPENER
BETWEEN
THE HOUSING OPPORTUNITIES COMMISSION
AND
THE MUNICIPAL AND COUNTY GOVERNMENT
EMPLOYEES
ORGANIZATION FOR THE PERIOD OF
JULY 1, 2018 THROUGH JUNE 30, 2019**

JULY 11, 2018

- On December 19, 2016, the Housing Opportunities Commission (HOC) and the Municipal and County Government Employees Organization (MCGEO) entered into a sixth Collective Bargaining Agreement for the four-year period of July 1, 2016 through June 30, 2020.
- The Agreement provides that the parties will hold re-opener negotiations to address the issue of wage adjustments for the third and fourth year of the Agreement.
- The re-opener sessions for the third year of the Agreement began on March 1, 2018 and were completed on June 6, 2018.
- The Housing Opportunities Commission (HOC) and the Municipal and County Government Employees Organization (MCGEO) negotiated a Wage Re-opener Agreement on June 15, 2018 containing wage adjustments for Fiscal Year 2019 of the Collective Bargaining Agreement.
- The Wage Re-opener Agreement was presented to the two bargaining units of Service, Labor and Trades and Office, Professional and Technical and was ratified on Tuesday, June 19, 2018 by a vote of 113 accept, 0 reject.

- The Wage Re-opener Agreement stipulates that during Fiscal Year 2019, each Bargaining Unit Member shall receive a 1.95% general wage adjustment effective the first full pay period after July 1, 2018.
- The Wage Re-opener Agreement also stipulates that during Fiscal Year 2019, Bargaining Unit Members who receive a fully satisfactory annual performance evaluation shall receive a 3.5% annual pay increment effective the first pay date in September 2018. Bargaining unit members who have reached the maximum of the pay grade and receive a fully satisfactory annual evaluation shall receive a one percent (1%) lump sum payment

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Patrick Mattingly, HR Director Div. Executive Ext. 9438
Louis J. Chaney, Labor Relations Mgr. Div. Executive Ext. 9424

RE: Approval of Collective Bargaining Agreement Wage Re-opener between the Housing Opportunities Commission and Municipal and County Government Organization for the Period of July 1, 2018 through June 30, 2019

DATE: July 11, 2018

STATUS: Consent X Deliberation _____ Status Report _____ Future Action _____

OVERALL GOAL & OBJECTIVE:

To seek approval of the Collective Bargaining Agreement Wage Re-Opener between the Housing Opportunities Commission and the Municipal and County Government Employees Organization for the period of July 1, 2018 through June 30, 2019.

BACKGROUND:

In December, 2016, HOC and MCGEO successfully negotiated the sixth Collective Bargaining Agreement which is a four-year agreement for the period of July 1, 2016 through June 30, 2020. The Agreement stipulates that the parties hold re-opener negotiations to address the issue of wage adjustments for the third and fourth year of the Agreement. The re-opener sessions for the third year began on March 1, 2018 and were completed on June 6, 2018. A Wage Re-opener Agreement was reached on June 15, 2018 which stipulates that effective the first full pay period after July 1, 2018, Bargaining Unit Members shall receive a 1.95% general wage adjustment. The Agreement further stipulates that for Fiscal Year 2019, Bargaining Unit Members who receive a fully satisfactory annual performance evaluation shall receive a 3.5% annual pay increment effective the first pay date in September 2018.

The Agreement also stipulates that in Fiscal Year 2019, HOC will pay a one percent (1.0%) lump sum payment to all actively employed Bargaining Unit Members who reached the top of grade prior to September 1, 2018 and who receive a fully satisfactory Fiscal Year 2018 performance evaluation. The Union membership ratified the FY 2019 Wage Re-opener Agreement in meetings held on June 18, 2018 and June 19, 2018 by a vote of 113 to accept and 0 to reject.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the Collective Bargaining Agreement Wage Re-opener Agreement for the period July 1, 2018 through June 30, 2019 (Fiscal Year 2019)?

PRINCIPALS:

Housing Opportunities Commission (HOC)
Municipal and County Government Employees Organization (MCGEO)

BUDGET IMPACT:

The total estimated cost impact for the Fiscal Year 2019 Wage Re-opener for represented employees is \$671,772.

TIME FRAME:

For Commission action on July 11, 2018.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends Commission approval of the Fiscal Year 2019 Wage Re-opener Agreement

RESOLUTION: 18-50

RE: Approval of Collective Bargaining Agreement Wage Re-opener between the Housing Opportunities Commission and Municipal and County Government Employees Organization for the period of July 1, 2018 through June 30, 2019

WHEREAS, the Housing Opportunities Commission of Montgomery County is required by law to enter into a collective bargaining agreement for those employees of the Commission who are covered under the Collective Bargaining Law that went into effect as of October 1, 1999; and

WHEREAS, the Commission and the Municipal County Government Employees Organization (MCGEO), who is the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades (SLT) and Office, Professional, and Technical (OPT), have successfully negotiated the sixth Collective Bargaining Agreement which is a four-year agreement for the period of July 1, 2016 through June 30, 2020; and

WHEREAS, the Collective Bargaining Agreement stipulates that there will be Wage Re-opener negotiations for years three and four of the Agreement to address wage adjustments; and

WHEREAS, the Wage Re-opener negotiations for wage adjustments for Fiscal Year 2019 of the Agreement began on March 1, 2018 and were completed on June 6, 2018; and

WHEREAS, the union membership unanimously ratified the re-opener negotiated wage adjustments for Fiscal Year 2019 of the Agreement in meetings held on June 18, 2018 and June 19, 2018 respectively; and

WHEREAS, the Collective Bargaining Law stipulates that "A Collective Bargaining Agreement shall be effective upon the approval of the Commission and the membership of the Union representing the Bargaining Unit".

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Fiscal Year 2019 Wage Re-opener Agreement is approved. Effective the first full pay period after July 1, 2018, Bargaining Unit Members shall receive a 1.95% general wage adjustment.

BE IT FURTHER RESOLVED, that for Fiscal Year 2019, Bargaining Unit Members who receive a fully satisfactory annual performance evaluation shall receive a 3.5% annual pay increment effective the first pay date in September 2018; and for Fiscal Year 2019 all actively employed Bargaining Unit Members who reached the top of grade prior to September 1, 2018 and who receive a fully satisfactory Fiscal Year 2018 performance

evaluation will receive a one percent (1.0%) lump sum payment.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, July 11, 2018.

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**Patrice Birdsong
Special Assistant to the Commission**

**APPROVAL OF FY 2019 WAGE ADJUSTMENTS AND
SERVICE INCREMENTS FOR UNREPRESENTED
EMPLOYEES
FOR THE PERIOD OF
JULY 1, 2018 THROUGH JUNE 30, 2019**

July 11, 2018

- The Executive Director is seeking approval to award wage adjustments and service increments for unrepresented staff for the period of July 1, 2018 through June 30, 2019.
- Staff recommends that the Commission award the following additional compensation and benefits for unrepresented employees in Fiscal Year 2019 that is fair, equitable and consistent with that of represented employees as follows:
 - Unrepresented staff shall receive a 1.95% general wage adjustment effective the first full pay period after July 1, 2018.
 - Unrepresented staff who receive a fully satisfactory annual performance evaluation shall receive a 3.5% annual pay increment effective the first pay date in September 2018.
 - Unrepresented staff who have reached the maximum of the pay grade and receive a fully satisfactory annual evaluation shall receive a one percent (1.0%) lump sum payment.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy Spann, Executive Director

FROM: Patrick Mattingly, HR Director Div. Executive Ext. 9438
Louis J. Chaney, Labor Relations Manager Div. Executive Ext. 9424

RE: Approval of Fiscal Year 2019 Wage Adjustments and Service Increments for Unrepresented Merit System Staff for the period of July 1, 2018 through June 30, 2019.

DATE: July 11, 2018

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To seek approval to award Fiscal Year 2019 Wage Adjustments and Service Increments for Unrepresented Staff for the period of July 1, 2018 through June 30, 2019.

BACKGROUND:

The Executive Director is seeking approval to award general wage adjustments and service increments for unrepresented staff for the period of July 1, 2018 through June 30, 2019.

Effective the first pay period after July 1, 2018, unrepresented employees shall receive a 1.95% general wage adjustment.

In addition, unrepresented employees who receive a fully satisfactory Fiscal Year 2018 performance evaluation shall receive a 3.5% service increment effective the first pay date in September 2018.

Finally, unrepresented employees who reached the top of grade prior to September 1, 2018 and who receive a fully satisfactory Fiscal Year 2018 performance evaluation shall receive a one percent (1.0%) lump sum longevity step payment.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve a 1.95% general wage adjustment and a 3.5% service increment for Fiscal Year 2019 for unrepresented employees? Does the Commission wish to approve a 1% lump sum payment for unrepresented employees

who have reached the top of the grade prior to September 1, 2018 and who receive a fully satisfactory Fiscal Year 2018 performance evaluation.

PRINCIPALS:

Housing Opportunities Commission (HOC)

BUDGET IMPACT:

The estimated cost for unrepresented merit system staff for Fiscal Year 2019 is \$557,300.

TIME FRAME:

For Commission action on July 11, 2018.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends approval of the Fiscal Year 2019 General Wage Adjustment and Service Increment for Unrepresented Merit System Staff for the period of July 1, 2018 through June 30, 2019.

RESOLUTION: 18-51

**RE: APPROVAL OF FY 2019
WAGE ADJUSTMENT AND
SERVICE INCREMENT FOR
UNREPRESENTED STAFF FOR
THE PERIOD OF JULY 1, 2018
THROUGH JUNE 30, 2019**

WHEREAS, the Commission wishes to award a compensation package for unrepresented staff for Fiscal Year 2019 that is fair, equitable and consistent with that of represented employees.

NOW, THEREFORE, BE IT RESOLVED, by the Housing Opportunities Commission that it hereby authorizes the following compensation package for unrepresented staff for Fiscal Year 2019:

- 1.95% general wage adjustment effective the first pay period after July 1, 2018.
- 3.5% annual pay increment effective the first pay date in September 2018.
- 1.0% percent lump sum payment to all actively employed unrepresented staff who reached the top of grade prior to September 1, 2018.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, July 11, 2018.

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**Patrice Birdsong
Special Assistant to the Commission**

Administrative and Special Session Ratifications

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON
JUNE 6, 2018:**

**RATIFICATION OF ACTION AUTHORIZING EXTENSION OF TEMPORARY
INCREASE IN LINE OF CREDIT AND ESTABLISHING AN EXPIRATION DATE
FOR REMAINING FUNDS DRAWN ON LINE OF CREDIT AND BRIDGE
LOAN FOR THE ACQUISITION OF A RESIDENTIAL MULTIFAMILY
DEVELOPMENT.**

July 11, 2018

- At an Administrative Session on June 6, 2018, the Commission adopted Resolution 18-49AS, which authorized the extension of a temporary increase in a line of credit and established an expiration date for the remaining funds drawn on the line of credit and bridge loan for acquisition of a residential multifamily development.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the June 6, 2018 Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commissioner wishes to ratify any action taken since the Administrative Session with respect to the approved transaction.

RESOLUTION: 18-49R

RE: Approval to Extend the Temporary Increase in a Line of Credit; Approval to Establish an Expiration Date for Remaining Funds Drawn on Line of Credit and Bridge Loan in Association with the Acquisition of a Residential Multifamily Development

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

WHEREAS, at an Administrative Session duly called and held on June 6, 2018, with a quorum present, the Commission duly adopted Resolution 18-49AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Priest, and Byrd voting in approval, which approved the extension of a temporary increase in a line of credit, and approved the establishment of an expiration date for the remaining funds drawn on the line of credit and bridge loan for the acquisition of a residential multifamily development.

WHEREAS, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-49R and any action taken since June 6, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-49R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on July 11, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

Committee Reports and Recommendations for Action

Development and Finance Committee

REFINANCING OPPORTUNITY

**APPROVAL OF A TAX-EXEMPT DRAW FROM THE PNC BANK, N.A.
REAL ESTATE REVOLVING LINE OF CREDIT (RELOC) TO PREPAY EXISTING
MORTGAGES FOR GEORGIAN COURT, SHADY GROVE, STEWARTOWN
AND THE WILLOWS; AND, APPROVAL TO FORM NEW ENTITIES**

FOUR TRANSITIONING PROPERTIES



Stacy L. Spann, Executive Director

Kayrine Brown
Zachary Marks
Marcus Ervin
Gio Kiviladze

July 11, 2018

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EXECUTIVE SUMMARY

- On May 2, 2018, the Housing Opportunities Commission of Montgomery County (“HOC”) approved the Preliminary Development Plan for the re-syndication of Georgian Court, Shady Grove, and Stewartown and approved a predevelopment loan of \$1,050,000 from the OHRF for all three transactions, which would be paid back from permanent financing proceeds.
- The average age of Georgian Court and Shady Grove (the “Properties”) is 40 years. Neither property has undergone a comprehensive recapitalization. While HOC has been a generous steward of these properties, annual funding beyond recurring capital improvements for roofing, mechanical systems, and ancillary components is insufficient to necessitate a full modernization of these communities.
- Georgian Court (“Property”) was constructed in 1976 on 6.75 acres (per assessment record) on the south side of Bel Pre Rd. near the intersection of Georgia Ave. The property contains a total of 147-units within 13 all-brick garden-style apartment structures ranging from 3-4 stories in height. Staff is in the process of executing a Year 15 strategy of buying out the current Limited Partner, M&T.
- Shady Grove (“Property”) was constructed in 1980 on two parcels totaling 11.87 acres (per assessment record) on the east and west side of Crabbs Branch Road, just east of the Shady Grove Metro Station. All of the 144 units at the garden-style multifamily community are assisted by a Project Based Section 8 contract. Two (2) roof replacements and replacement of all windows were completed within the last five (5) years. Less than five of the central hot water heaters have been replaced as well.
- Stewartown (“Property”) was constructed in 1977 at 9310 Merust Lane in Gaithersburg. The property contains 94 townhome units within 12 structures. A community room/leasing center is located on site. Units are outfitted with the typical amenities, all of which would be upgraded during the renovation. As a result of renovation, the property will see significant improvements to energy-efficiency, the common areas and exterior grounds will be enhanced, and residents’ units will be modernized. The property was financed with Section 236 mortgages, which in addition to the end of its LIHTC compliance period, are expired or soon to be expiring.
- The Willows Apartments (the “Property”) is an existing 195-unit garden rental apartment development, in thirteen buildings, on an 8.9-acre site in Gaithersburg, MD. The property is located at 407 Diamond Avenue, just south of the City of Gaithersburg along Interstate 270. Fourteen percent of the site is improved with the residential units and the remainder is paved for parking or is landscaped. The Property was constructed in 1975 as a subsidized rental apartment project containing 195 units that were subsequently renovated during late 1996 and 1997. A modest plan will be presented for the ongoing maintenance of the property until a redevelopment plan is available to be presented to the Commission for consideration.
- Staff solicited proposals from architects interested in providing renovation services for (the “Properties”), releasing RFQ No. 2080 for Architectural Services dated April 11, 2018. Bennett Frank McCarthy Architects, Inc. was awarded Shady Grove Apartments; Karl Riedel Architecture, P.C. was awarded Georgian Court Apartments; and Zavos Architecture+Design, LLC was awarded Stewartown Homes.

EXECUTIVE SUMMARY

On May 28, 2014, the Commission approved the acceptance of a second line of credit with a limit of \$90MM with PNC Bank, N.A.. Use of the line comes with no fees and a staff-negotiated interest rate. This interest rate is significantly below that of existing debt for the four properties that will be rehabilitated within the next year. As such, use of the line of credit to prepay this debt in advance of the permanent financing presents a highly attractive opportunity to reduce debt service costs, but more importantly allow staff to cancel the current FHA mortgage insurance premiums (MIP), and begin the process of applying for the new mortgage financings.

With permanent financing rates currently estimated at 4.25% for a 30-year fixed, tax-exempt senior mortgage and the amount of existing debt on the four properties low relative to the as-is value of the properties; use of the line of credit to reduce interest carry during the development periods for these properties comes with limited risk. One important covenant for use of the line is the requirement to maintain aggregate debt service coverage of 1.20, of which the properties currently exceed.

Property	Outstanding First Mortgages As of July-2018	Mortgage Interest Rate
Georgian Court Apartments	\$2,666,306	6.20%
Shady Grove Apartments	\$4,597,448	5.20%
Stewartown Townhomes	\$1,817,646	6.20%
The Willows	\$1,829,161	5.20%
Total Proposed Draw	\$10,910,561	

This is not a new strategy. Many times over the past two decades, the Mortgage Finance division has recommended to the Commission – and the Commission has approved – many refinancing opportunities to take advantage of lower current interest rates against higher rates on outstanding property debt. In those cases, the new financing replaced existing permanent debt with new permanent debt. Here, HOC is using a short-term credit facility to extinguish the existing mortgage in anticipation of permanent financing to come within a short-term horizon of six months-to-two years.

Use of the line in this manner is consistent with its intent: these properties will cover very comfortably the debt service on the line during this short-term period.

EXECUTIVE SUMMARY

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

1. The immediate prepayment of existing debt on Georgian Court, Shady Grove, Stewartown, and the Willows by drawing on the PNC Bank, N.A. RELOC an amount equaling \$10,910,561 and authorize the Executive Director to execute the appropriate documents related thereto.
2. The creation of new entities to own the properties upon re-syndication:
 - Creation of four new special purpose entity limited partnerships, in which the general partners are HOC-controlled entities;
 - Creation of four new special purpose entity limited liability companies, wholly-owned by HOC, to serve as the general partners of the new tax credit limited partnerships; and,
 - Admission of HOC as the initial limited partner in each tax credit limited partnerships.
3. Entering into the initial limited partnership agreements and operating agreements at this time to facilitate the applications for Low Income Housing Tax Credits.
4. Execution of preliminary purchase and sale agreements between HOC and the tax credit limited partnerships for the transfer of the properties at the time of the financing closing.

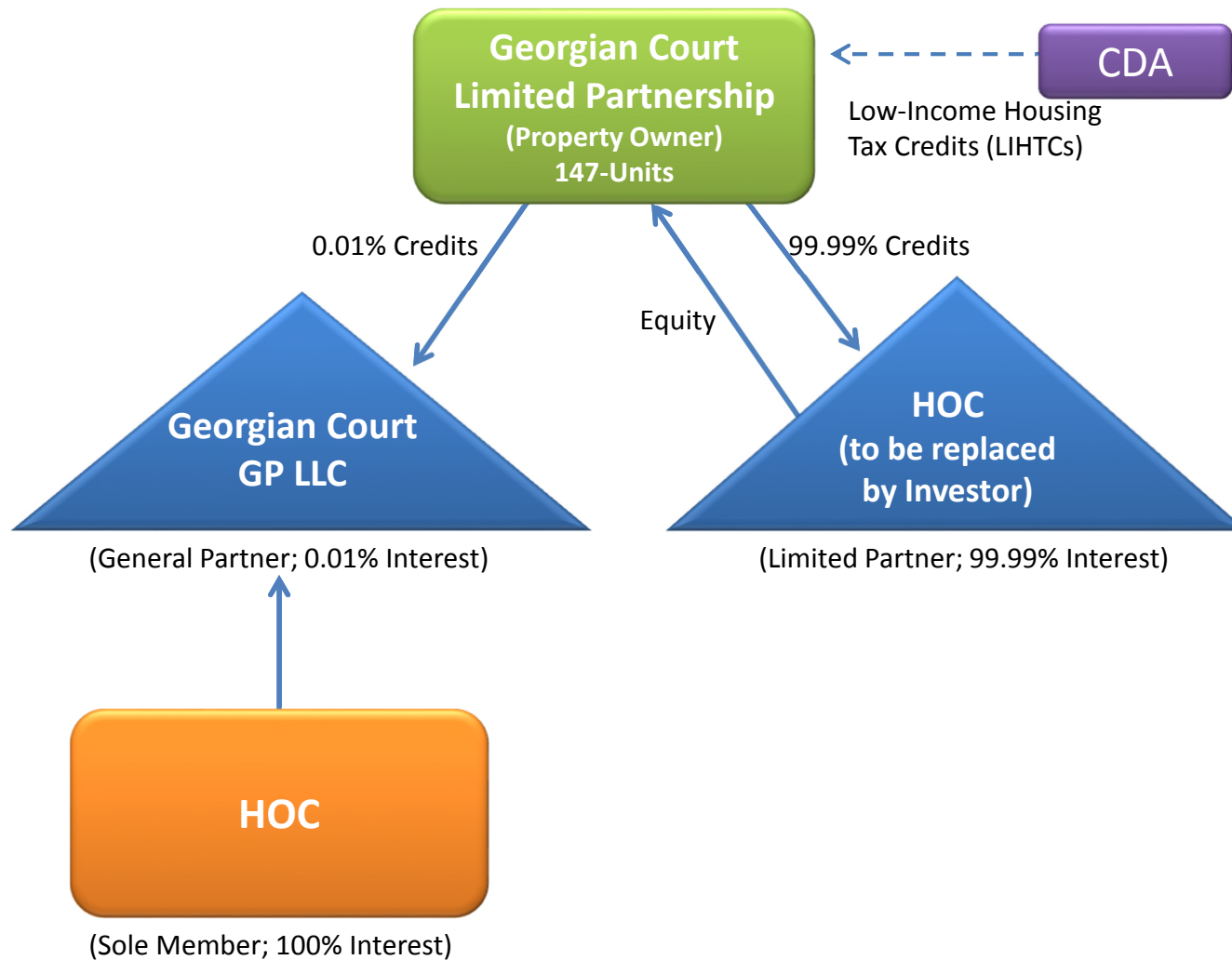
PREPAYMENT OF EXISTING MORTGAGES: INTEREST SAVINGS

- Staff estimates that the Properties will save about \$86K-\$117K per quarter in interest and Mortgage Insurance Premium (“MIP”) costs. Savings would be restricted to the property until closing on the new financing occurs.
- Because HOC’s credit line interest rate is based on a variable rate, the amount of savings will be reduced if and as the interest rate rises from its current level.
- With a taxable draw, the variable rate would have to increase by as much as 325 basis points for the RELOC interest costs to start exceeding the existing debt interest and MIP costs; with tax-exempt draw, variable rates would have to increase by 400 basis points for the RELOC interest costs to start exceeding the existing debt interest/MIP costs.

Taxable Draw Interest Savings: Sensitivity Analysis				
	Q1 / FY2019	Q2 / FY2019	Q3 / FY2019	Q4 / FY2019
30-Day RELOC, Taxable	\$93,957	\$91,426	\$88,860	\$86,259
+25 bps	\$87,138	\$84,607	\$82,041	\$79,439
+50 bps	\$80,319	\$77,788	\$75,222	\$72,620
+100 bps	\$66,681	\$64,150	\$61,584	\$58,982

Tax-Exempt Draw Interest Savings: Sensitivity Analysis				
	Q1 / FY2019	Q2 / FY2019	Q3 / FY2019	Q4 / FY2019
30-Day RELOC, Tax-Exempt	\$117,316	\$114,785	\$112,219	\$109,618
+25 bps	\$110,497	\$107,966	\$105,400	\$102,798
+50 bps	\$103,678	\$101,147	\$98,581	\$95,979
+100 bps	\$90,040	\$87,509	\$84,943	\$82,341

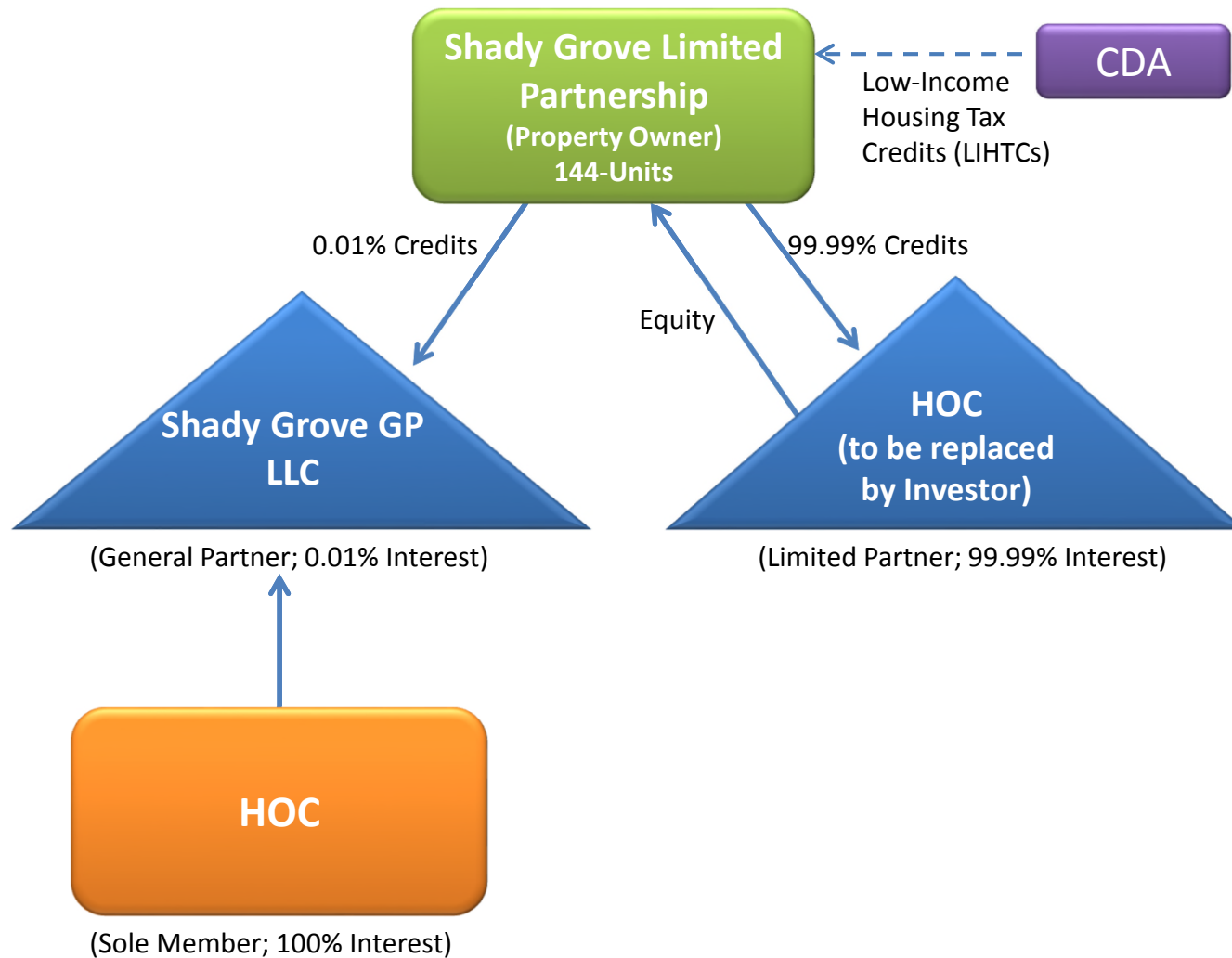
STRUCTURE OF NEW ENTITIES: GEORGIAN COURT



7/11/2018



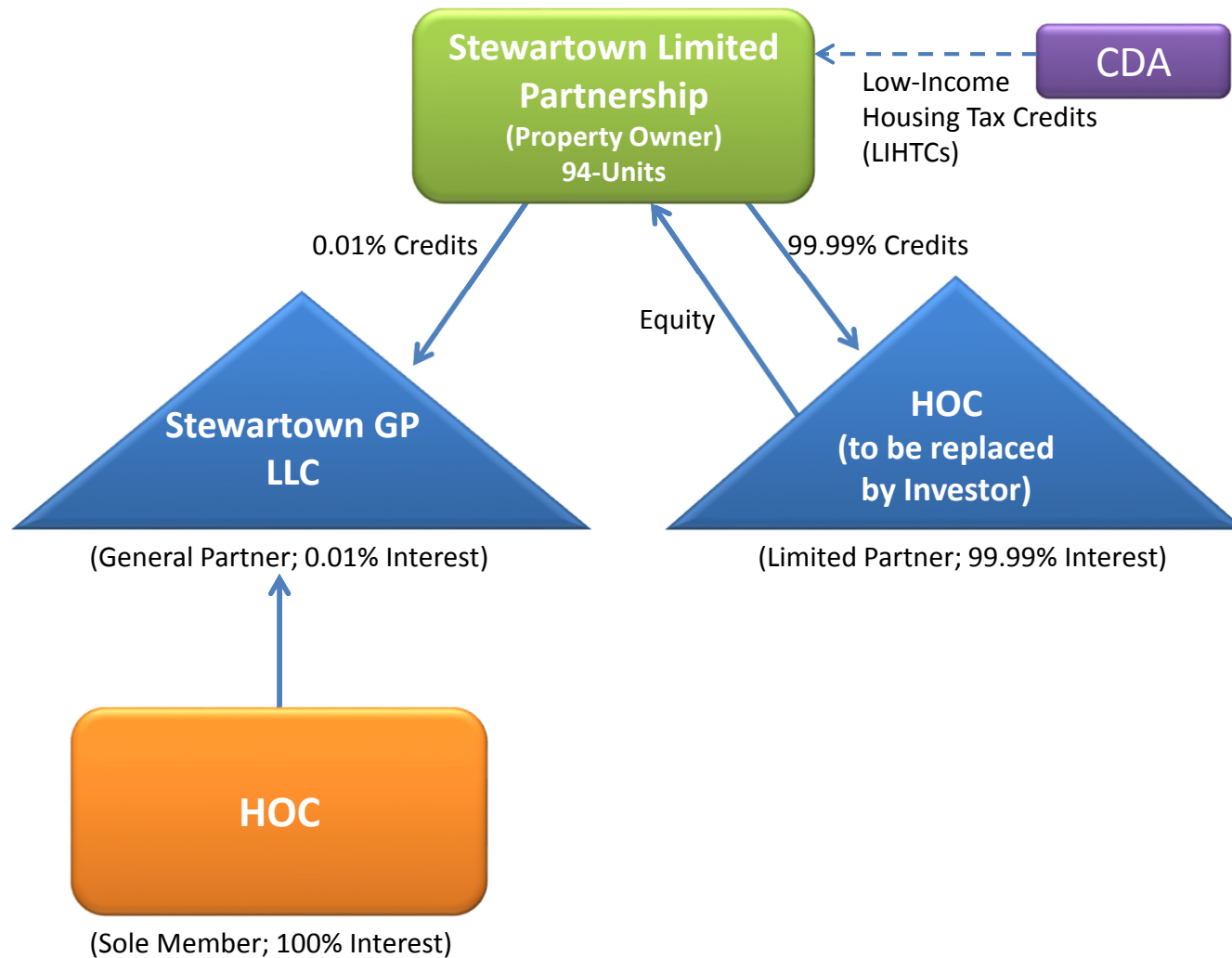
STRUCTURE OF NEW ENTITIES: SHADY GROVE



7/11/2018



STRUCTURE OF NEW ENTITIES: STEWARTOWN



7/11/2018



RECOMMENDATIONS

Issues for Consideration

Does the Commission accept the recommendation of the Development and Finance Committee to approve the below authorizations?

1. Approval to draw approximately \$10,910,561 on the PNC Bank, N.A. RELOC to repay the existing first mortgages for Georgian Court LP, Shady Grove Apartments LP, MV Associates LP (Stewartown Homes) and Willows of Gaithersburg Associates LP;
2. Approval to form four (4) special purpose entities for the re-syndication of the Properties?
3. Approval to execute preliminary purchase and sale agreements between HOC and the tax credit limited partnerships for the transfer of the properties?

Budget/Fiscal Impact

There is no impact on the Commission's FY 2019 Operating budget. Furthermore, a review of the proposed transaction by HOC's financial advisor, Caine Mitter & Associates, Incorporated, does not expect use of the PNC \$90MM RELOC to adversely impact HOC's borrowing capacity from the rating agency's perspective. The current unobligated balance of the \$90MM facility is \$57,308,372.

Time Frame

For action at the July 11, 2018 meeting of the Commission.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve repayment of the existing first mortgages for Georgian Court LP, Shady Grove Apartments LP, MV Associates LP (Stewartown Homes) and Willows of Gaithersburg Associates LP by drawing on the PNC Bank, N.A. RELOC for an amount equaling \$10,910,561 in anticipation of permanent financing to come within a short-term horizon of six months-to-two years, and authorize the Executive Director to execute the appropriate loan documents to execute the transaction.

Staff also recommends that the Commission approve formation of four (4) special purpose entities for the re-syndication of the transactions, the execution of preliminary purchase and sale agreements, and authorization for the Executive Director to enter into the initial limited partnership agreements and operating agreements to facilitate the applications for Low Income Housing Tax Credits.

RESOLUTION No: 18-52

RE: Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgages for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows

WHEREAS, Georgian Court Apartments consists of 147 garden apartments built in 1976 and located upon a 6.7 acre parcel in Silver Spring; Shady Grove Apartments consists of 144 garden apartments built in 1980 and located upon two parcels totaling 11.87 acres in Derwood; Stewartown Homes built in 1977 consists of 94 townhome units and located upon three parcels totaling 15 acres, and the Willows built in 1975 totaling 8.9 acres in Gaithersburg consisting of 195-garden units (collectively, the “Properties”); and

WHEREAS, Shady Grove Apartments and the Willows are wholly-owned by the Housing Opportunities Commission (HOC) and Georgian Court Apartments and Stewartown Homes are owned by existing Limited Partnerships (“LP”) for Low Income Housing Tax Credit (LIHTC) purposes, and are in the process of being repurchased by HOC; and

WHEREAS, with the exception of ongoing capital improvements there have been no major renovations to the buildings within the last ten years; and

WHEREAS, HOC staff have formulated a predevelopment plan, approved at the May 2, 2018 Commission meeting to renovate and improve the Properties in order to maximize their life, public purpose and financial contribution to HOC; and

WHEREAS, the Properties are currently financed with \$10,910,561 of fixed-rate bonds comprised of \$2,666,306 – Georgian Court; \$4,597,448 – Shady Grove; \$1,817,646 – Stewartown; and \$1,829,161 – The Willows (collectively, the “Existing Mortgages”); and

WHEREAS, funds in the amount of \$10,910,561 are needed to prepay the existing mortgages for the Properties from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”), which would be repaid upon the refinancing and/or re-syndication of the Properties; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission authorizes the withdrawal of \$10,910,561 from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) to prepay the existing mortgages, which would be repaid upon the refinancing and/or re-syndication of the Properties;

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on July 11, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION No: 18-53

RE: Approval of the Formation of New Ownership Entities for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes and the Willows

WHEREAS, Georgian Court Apartments consists of 147 garden apartments built in 1976 and located upon a 6.7 acre parcel in Silver Spring; Shady Grove Apartments consists of 144 garden apartments built in 1980 and located upon two parcels totaling 11.87 acres in Derwood; Stewartown Homes, built in 1977 consists of 94 townhome units and is located upon three parcels totaling 15 acres; and, the Willows, built in 1975 totaling 8.9 acres in Gaithersburg, consists of 195-garden units (collectively, the "Properties"); and

WHEREAS, Shady Grove Apartments and the Willows are wholly-owned by the Housing Opportunities Commission (HOC) and Georgian Court Apartments and Stewartown Homes are owned by existing Limited Partnerships ("LP") for Low Income Housing Tax Credit (LIHTC) purposes, and are in the process of being repurchased by HOC; and

WHEREAS, HOC is the general partner in Georgian Court Silver Spring LTD Partnership, Shady Grove Limited Partnership, Stewartown / MV Affordable Housing Limited Partnership, and the Willows at Gaithersburg Limited Partnership; and

WHEREAS, affiliates or subsidiaries of HOC will be admitted into each partnership as the Substitute Limited Partner.

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

1. The Commission authorizes the formation of four limited liability companies, which names will be determined at a later date by the Executive Director; and,
2. The Commission authorizes the Executive Director (a) to execute the organizational documents for the four newly formed entities; (b) to file same with the Maryland Department of Assessments and Taxation; and (c) to execute such other documents in connection therewith as he and counsel shall deem appropriate.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on July 11, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

BAUER PARK APARTMENTS

PRELIMINARY DEVELOPMENT PLAN



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN
ZACHARY MARKS
JAY SHEPHERD

July 11, 2018

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Executive Summary

- The Housing Opportunities Commission of Montgomery County (the “Commission”) seeks to preserve Montgomery County’s existing affordable housing including those subsidized by Rental Assistance Payment (“RAP”) contracts and Section 236 financing, facing growing sustainability challenges – most prominently, functional obsolescence and pervasive systems issues as a result of age.
- Bauer Park Apartments (the “Property”) at 14635/39/43 Bauer Drive consists of 142 units in three (3) buildings on 3.88 acres of land on the southeast corner of the intersection of Bauer Drive and Norbeck Road in Rockville, MD.
- The Property was originally built in 1977 under the Section 236 Program and owned by a non-profit corporation (Banor Housing, Inc.) where HOC is the managing general partner. The Property currently receives subsidy via RAP contracts and interest reduction payments and whose construction was originally financed with Section 236 senior mortgages, which are still outstanding.
- As an age-restricted property, a majority of Bauer Park residents qualify for continued subsidy. Similar to Arcola Towers and Waverly House, all of the necessary capital could be provided using 4% Low Income Housing Tax Credit (“LIHTC”) equity, HOC-issued tax-exempt bonds, and seller notes.
- In addition to refinancing objectives and preservation of subsidy, the Property requires a new level of reinvestment consistent with that of the renovations of Arcola Towers and Waverly House. In doing so, the Property will see significant improvements to energy efficiency, the common areas and exterior grounds will be enhanced, and residents’ units will be modernized. As the post-conversion per-unit subsidy will be greater for the properties than that of Arcola Towers and Waverly House, this transaction will also yield enough capital to fully fund all renovations and restore predevelopment costs contemplated herein.
- On August 5, 2015, the Commission approved the core terms of the Letter of Intent (“LOI”) with Victory Housing, Inc. (“VHI”) for development services related to the renovation of Bauer Park.
- On April 5, 2017, the Commission approved the advance of \$850,000 in aggregate from the Opportunity Housing Reserve Fund (“OHRF”) to reimburse Victory Housing Inc. for predevelopment costs as they are incurred to prepare and submit tax credit applications for Bauer Park of up to \$350,000.
- VHI has performed certain feasibility studies and engaged consultants in predevelopment work related to the tax credit application for Bauer Park, pursuant to which VHI is projected to incur expenditures in excess of the \$350,000 and will need to be reimbursed before the Final Development Plan Closing, expected in December 2018.
- Staff presents this Preliminary Development Plan for the Commission’s review and approval, including a second tranche of predevelopment funding of \$100,000 from the OHRF.

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Bauer Park – An Overview

Bauer Park is a 142-unit senior garden community located in Rockville and is owned by Banor Housing, Inc. and managed by HOC.



Bauer Park cafeteria – current condition.



Conceptual draft of cafeteria post-renovation.

Unit Mix

Unit Type	SF	Total Units	Market Units	Market Rent	HAP Units	HAP Rent	236 Basic Units	236 Basic Rent
EFF	400	68	0	\$0	18	\$656	50	\$466
1BR	529	72	0	\$0	6	\$788	66	\$561
2BR	762	2	2	Staff	0	\$0	0	\$0
Total/Average	471	142	2	\$0	24	\$722	116	\$514

Currently Section 8 Assistance units:

24

Currently regulated by Section 236:

116

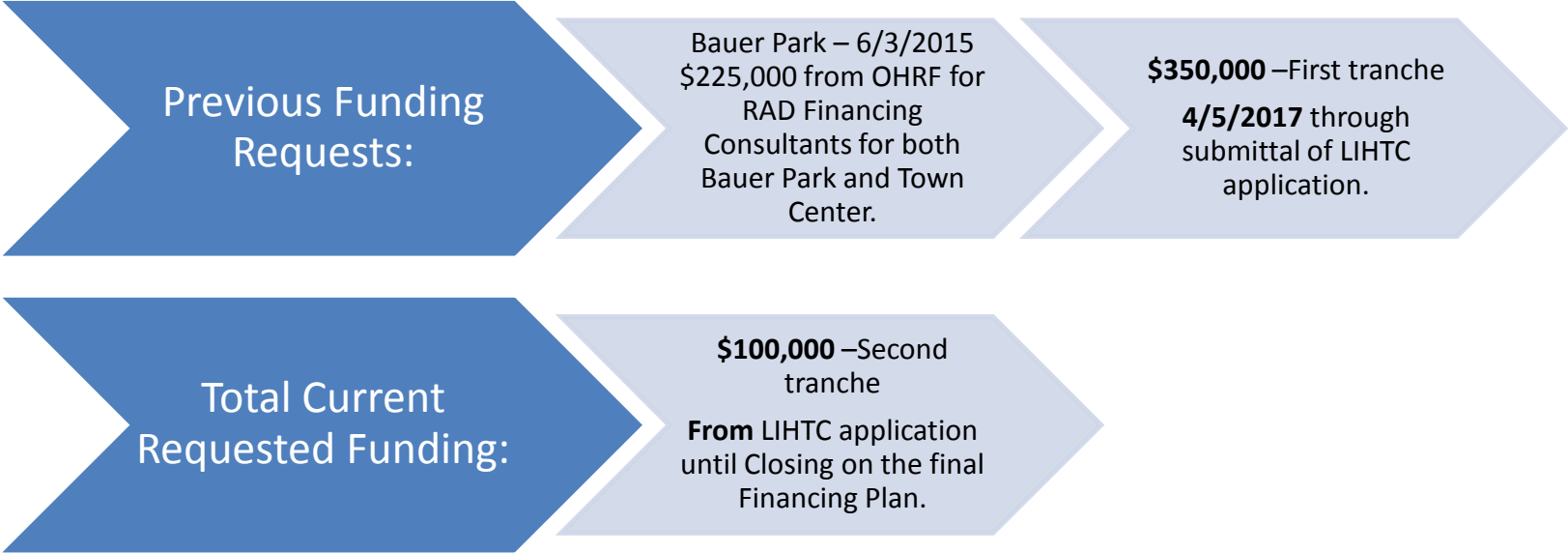


Bauer Park Apartments

7/11/2018



Predevelopment Budget



Conceptual of Front Entrance post-renovation. Source: Architecture By Design.



Front Entrance taken from driveway off Bauer Drive, June 2018.



7/11/2018



Comparable Renovation: Arcola Towers

Scope of Renovations

- HVAC
- Electrical
- Plumbing
- Windows
- Sprinkler & Alarm System
- Kitchens & Baths
- Improved Amenity Space
- Exterior Canopy & Lighting



Arcola Towers – Silver Spring



Improved energy efficiency, climate and moisture control.

Well-funded operating budget.

Year Built

1972 (45
Years Old)

Units

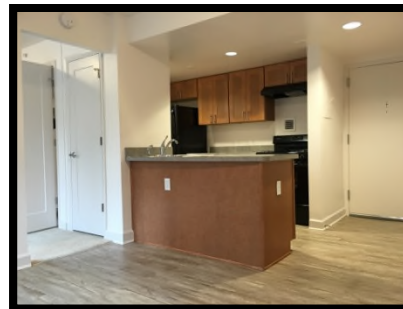
141

Construction
Spending

\$9.6MM+



7/11/2018



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Trigeneration (“Tri-gen”) System

Tri-generation is the production of electricity, heat and cooling in the one process. Typically this means a gas fired generator producing electricity and heat with the exhaust heat going to an absorption chiller which produces chilled water and hot water for air conditioning or alternatively for heating.

The Benefits of a Tri-generation System:

1. Savings on energy costs;

Using tri-generation to produce electricity, and specifically when using gas to run the generator and produce heat for the absorption chiller instead of power from the grid to run the air conditioning plant, savings on energy costs in the order of up to 30% can be achieved, depending on the relative price of gas and electricity to the site.

2. Savings on Greenhouse gases;

Producing electricity on site using gas produces approximately 30% less greenhouse gases than using power from the grid in NSW for an equal amount of power output.

3. Back-up power to the site and Independence from the Grid;

A tri-generation plant at Bauer will meet the entire needs of the site’s power and in the case of a black-out will meet all of the site’s energy requirements.

Bauer Park HVAC System

The renovation and design team guided by an energy consultant selected a Tri-gen system to be installed at Bauer. This system will meet the objectives of the renovation as follows:

1. Meet 100% of Bauer Park electric load.
2. Maximize use of available waste heat for space heating, domestic hot water heating, and operation of new absorption chiller.
3. Maximize energy cost savings as compared to 2016 consumption.
4. Reduce overall Operating Expenses (OPEX) at the building where all utilities are paid for by HOC by an estimated **18-24%**.

Bauer Park System Inputs:

- Number of occupants – 60 per building x 3 buildings.
- Total indoor lighting capacity – 23,434 watts per building
- Total installed electric equipment (Kitchen ranges, refrigerators, washers, dryers, Ranges and refrigerators at the community kitchen, ventilation) – 350,267 kW per building
- Heating Schedule: January 1 to May 31, October 15 to December 31.
- Heating set point 70 oF
- Cooling schedule – June 1 to October 1
- Cooling set point – 71.6 oF
- Infiltration of fresh air – 0.018 m3/hr., Ventilation rate 1 air change per hour.



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Design & Construction Teams

The scope development for Bauer Park was conducted in 2017 with the assistance of several companies, including CBP Constructors, Architecture By Design and EnerCon Solutions.

Contractor:

CBP Constructors, LLC



CBP Constructors provides a full range of construction services, including affordable housing, market rate multi-family new construction, base building and tenant fit outs.



Architecture and MEP:

Architecture By Design



Architecture by Design is committed to providing architecturally creative solutions to its projects while still keeping real world ideas and efficient solutions within the context of the project.

Energy Consultant:

EnerCon Solutions



EnerCon Solutions is at the forefront of providing innovative sustainable energy solutions to industrial and institutional clients in the USA – including smart grid solutions, utility outsourcing, energy efficiency, energy management, and renewable energy development.

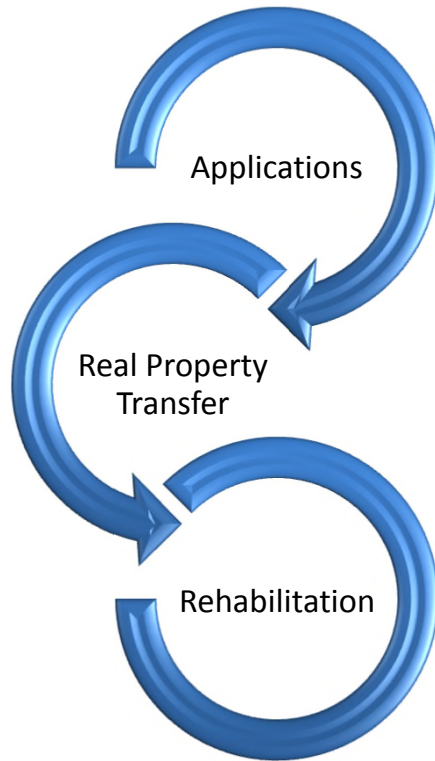
Renovation Scope Development & Cost

Bauer Park Scope / Description of Work (March 2018) (Gross Square Feet = 71,844 GSF; total unit count = 142)		Average Cost Per GSF	Average Cost Per Unit	Total Cost
Code	Item			
010-00	Total General Requirements (Incl. GC Fee, OH, profit, surety and Builders Risk insurance)	11.76	\$ 5,909	\$ 845,035
021-00	Total Earth Work	0.38	\$ 192	\$ 27,500
022-00	Total Site Utilities	0.70	\$ 350	\$ 50,000
023-00	Total Roads And Walks	0.35	\$ 175	\$ 25,000
024-00	Total Site Improvements	0.33	\$ 168	\$ 24,000
025-00	Total Lawns and Planting	0.77	\$ 385	\$ 55,000
028-00	Total Demolition	4.50	\$ 2,262	\$ 323,400
030-00	Total Concrete	1.27	\$ 640	\$ 91,510
040-00	Total Masonry	4.51	\$ 2,266	\$ 324,000
050-00	Total Metals	1.26	\$ 635	\$ 90,808
060-00	Total Carpentry	5.32	\$ 2,672	\$ 382,140
071-00	Total Waterproofing	0.60	\$ 302	\$ 43,163
072-00	Total Insulation	3.98	\$ 2,000	\$ 286,000
073-00	Total Roofing	1.17	\$ 587	\$ 84,000
081-00	Total Doors	6.48	\$ 3,253	\$ 465,200
082-00	Total Windows	3.84	\$ 1,928	\$ 275,674
091-00	Total Lath And Plaster	0.60	\$ 300	\$ 42,900
092-00	Total Drywall	4.78	\$ 2,400	\$ 343,200
093-00	Total Tile Work	1.34	\$ 675	\$ 96,525
095-00	Total Flooring	8.18	\$ 4,109	\$ 587,588
096-00	Total Painting and Decorating	5.66	\$ 2,845	\$ 406,817
100-00	Total Specialties	3.38	\$ 1,698	\$ 242,876
112-00	Total Appliances	3.32	\$ 1,668	\$ 238,520
121-00	Total Draperies and Shades	1.03	\$ 515	\$ 73,645
122-00	Total Cabinets & Tops	6.92	\$ 3,477	\$ 497,275
130-00	Total Special Construction	0.06	\$ 28	\$ 4,000
140-00	Total Elevators	5.85	\$ 2,937	\$ 420,000
151-00	Total Plumbing	16.80	\$ 8,441	\$ 1,207,038
152-00	Total HVAC	33.83	\$ 17,118	\$ 2,430,816
160-00	Total Electric	28.09	\$ 14,213	\$ 2,018,280
190-00	Net Construction Costs (010-00 Through 160-00)	167.06	\$84,148	\$ 12,001,910

7/11/2018



Application & Renovation Timing



Bauer Park

- Sprinkler and Fire Alarm System Installation Commences (12/2017)¹
- Sprinkler and Fire alarm System with exterior water main work completed (August 2018). Sprinkler piping will be left exposed per the agreement with DPS until the building-wide renovations commence. This allows for new ceiling plan installation for functional and cosmetic purposes.
- Stop leasing to retain vacancy to facilitate the renovation plans (4/2017)
- Begin Transfer of Physical Assets (6/2017)
- LIHTC Application Submittal (7/2018)
- Transfer Complete (12/2018)
- HOC Assumes Guarantee of Debt and Operations
- Begin Construction (3/2019)
- Construction Complete (12/2020)
- HOC Guarantees Construction Debt and Ongoing Operations

Notes:

¹ Sprinkler work utilizes CIP funding obligated to Bauer Park. Staff expects the Sprinkler work to finish by August 15, 2018.



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Summary and Recommendations

Issues For Discussion

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the Preliminary Development Plan for Bauer Park and prepare Final Development and Financing Plans to be presented to the Commission at a future date?

Time Frame

Action at the July 11, 2018 meeting of the Commission.

Budget/Fiscal Impact

There is no adverse impact for the Agency's FY 2019 operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the Preliminary Development Plan for Bauer Park and prepare Final Development and Financing Plans to be presented to the Commission at a future date.

Staff also recommends approval of additional predevelopment funding of \$100,000 to be funded from the Commission's OHRF which had an unobligated balance of \$4,587,377 as of May 31, 2018.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) seeks to preserve Montgomery County’s existing affordable housing, including those subsidized by Rental Assistance Payment (“RAP”) contracts and Section 236 financing facing growing sustainability challenges – most prominently, functional obsolescence and pervasive systems issues as a result of age; and

WHEREAS, Bauer Park Apartments (the “Property”) at 14635/39/43 Bauer Drive consists of 142 units in three (3) buildings on 3.88 acres of land on the southeast corner of the intersection of Bauer Drive and Norbeck Road in Rockville, MD; and

WHEREAS, the Property was originally built in 1977 under the Section 236 Program and is owned by Banor Housing, Inc., a non-profit corporation that is managed by a Policy Board that consists of seven (7) directors, three (3) of which are required to be Commissioners of HOC; and

WHEREAS, the Property currently receives subsidy via RAP contracts and interest reduction payments, which are still outstanding; and

WHEREAS, the RAP contracts for the Property will discontinue at maturity of the Property’s Section 236 senior mortgages, which is set to occur at the end of the 2018 calendar year; and

WHEREAS, the United States Department of Housing and Urban Development (“HUD”) offers the second component of its Rental Assistance Demonstration program (the “RAD Program”), which presents the Property with the opportunity to secure project-based Section 8 subsidy providing for its rehabilitation and permanent financing; and

WHEREAS, On August 5, 2015, HOC passed Resolution 15-69 approving the core terms of the Letter of Intent with Victory Housing, Inc. (“VHI”) for development services related to the renovation of the Property; and

WHEREAS, On April 5, 2017, HOC passed Resolution 17-23 approving the advance of \$850,000 in aggregate from the Opportunity Housing Reserve Fund to reimburse VHI for predevelopment costs as they are incurred to prepare and submit tax credit applications for the Property for up to \$350,000; and

WHEREAS, VHI has performed certain feasibility studies and engaged consultants in predevelopment work related to the tax credit application for the Property, pursuant to which VHI is projected to incur expenditures in excess of the \$350,000 and will need to be reimbursed before the Final Development Plan Closing, expected in December 2018.

WHEREAS, HOC staff has prepared a budget to complete the preliminary development plan phase of the project and estimates the cost of consultants and fees to be \$100,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the preliminary development plan for the rehabilitation, with tenants in place, of Bauer Park Apartments is hereby approved; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County is authorized to incur up to One Hundred Thousand Dollars (\$100,000) in additional costs for the final development plan, which shall be funded from the Opportunity Housing Reserve Fund.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on July 11, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION TO APPROVE THE ELECTION OF COMMISSIONERS JACKIE SIMON AND ROY O. PRIEST TO THE POLICY BOARD OF BANOR HOUSING, INC.

July 11, 2018

- Bauer Park Apartments is owned by Banor Housing, Inc. (“Banor Housing”).
- Per its Articles of Incorporation and Bylaws, the management of Banor Housing is vested in its Policy Board; the Policy Board is comprised of seven (7) directors, three (3) of which are required to be Commissioners of the Housing Opportunities Commission of Montgomery County, Maryland (“Commission”).
- Banor Housing will be dissolved in connection with the Final Development Plan Closing, expected to occur in December 2018.
- The authority to dissolve Banor Housing rests exclusively with the Commissioner Policy Board members.
- Currently, Commissioner Nelson is the sole Commissioner on the Policy Board.
- Staff is recommending that the Commission elect two (2) additional Commissioners to the Policy Board and authorize the Executive Director to carry out any required steps to effectuate the action.

RESOLUTION NO: 18-55

**RE: Approval of the Election of
Commissioners Jackie Simon and
Roy O. Priest to the Policy Board of
Banor Housing, Inc.**

WHEREAS, pursuant to its Articles of Incorporation and its Bylaws, Banor Housing, Inc. is managed by a Policy Board that is comprised of seven (7) directors, three (3) of which are required to be Commissioners of the Housing Opportunities Commission of Montgomery County (“HOC”).

WHEREAS, the Commissioners are to be elected to the Policy Board by HOC.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Jackie Simon and Roy O. Priest are hereby elected to serve on the Policy Board of Banor Housing, Inc.

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

I HEREBY CERTIFY that the foregoing Resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on July 11, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

Legislative and Regulatory Committee

**AUTHORIZATION TO SUBMIT FY 2018
SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
CERTIFICATION TO HUD**

July 11, 2018

- HUD requires housing agencies that administer a Section Eight Housing Choice Voucher Program to certify annually to program performance in compliance with the Section Eight Management Assessment Program (SEMAP) rules.

- HOC's SEMAP certification for Fiscal Year 2018 establishes the Housing Choice Voucher program as a High Performer.

- HOC will certify 138 points for the year ending June 30, 2018 which is an overall score of 95%.

- HOC's overall score for the year ended June 30, 2017 was 97% which designated HOC as a High Performer.

- The SEMAP certification is due to HUD by no later than August 29, 2018.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Lynn Hayes Division: Housing Resources Ext: 9622
 Renee Harris Client Services Ext: 9641
 Ethan Cohen Compliance Ext: 9764
 Darcel Cox Compliance Ext: 9427

RE: Authorization to Submit FY 2018 Section Eight Management Assessment Program (SEMAP) Certification to HUD

DATE: July 11, 2018

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To request that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to submit the Fiscal Year (FY) 2018 Section Eight Management Assessment Program (SEMAP) certification to the U.S. Department of Housing and Urban Development (HUD).

BACKGROUND:

The Section Eight Management Assessment Program (SEMAP) is designed to measure whether the Section Eight tenant-based programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP also establishes an objective system for HUD to measure Public Housing Authority (PHA) performance in key Section Eight program areas so as to enable program integrity and accountability.

HUD published a Final Rule in the Federal Register on June 20, 2000. This rule mandates the submission of the Form HUD-52648, Section Eight Management Assessment Program (SEMAP) Certification, to HUD annually by PHAs that administer the Section Eight tenant-based rental assistance program. The certification, which measures the status of HOC's administration of the Section Eight program for the prior fiscal year, is submitted to HUD annually within 60 days of the end of the given fiscal year.

This SEMAP certification includes HOC's assessment of program administration in 14 areas. All of the areas receive quality control reviews by staff from HOC's Housing Resources Division, Client Services Department, and Compliance Department.

The first seven indicators are also verified by the independent auditors annual audit report for the year ending June 30, 2018. The remaining seven indicators are verified through HUD's systems. The chart below identifies the individual indicator areas, the maximum points possible, the points HOC received in 2017, and what HOC will certify in its 2018 submission.

Indicator	Indicator Title	Maximum Possible Points	2017 Rating	2018 Certification
1	Waiting List	15	15	15
2	Reasonable Rent	20	20	15
3	Determination of Adjusted Income	20	15	15
4	Utility Allowance	5	5	5
5	HQS Quality Control	5	5	5
6	HQS Enforcement	10	10	10
7	Expanding Housing Opportunities	5	5	5
8	Payment Standards	5	5	5
9	Timely Annual Recertification	10	10	10
10	Correct Tenant Rent	5	5	5
11	Pre Contract HQS Inspection	5	5	5
12	Annual HQS Inspection	10	10	10
13	Lease Up	20	20	20
14	Family Self-Sufficiency (FSS)	10	5	8
	Program Points	145	135	133
Bonus	Deconcentration Bonus	5	5	5
	Total Points		140	138
	Overall Percentage		97%	95%

There are three possible categories for the final SEMAP score and overall performance rating as described at 24 CFR 985.103. They are as follows:

1. **High performer rating.** PHAs with a SEMAP score of at least 90 percent are rated high performers. High performers may receive national recognition by HUD and may be given competitive advantage under HUD Notices of Fund Availability (NOFA).
2. **Standard rating.** PHAs with a SEMAP score of 60 to 89 percent are rated standard.
3. **Troubled rating.** PHAs with a SEMAP score of less than 60 percent are rated troubled.

HOC's FY 2018 SEMAP Certification submission equals 138 points, or 95 percent of the overall total program points. HOC's program profile status as submitted is a High Performer.

HOC decreased from its FY 2017 SEMAP score by a total of two points for FY 2018. This included a decrease in five points on Rating Factor 2 (Reasonable Rent) and an increase of three points on Rating Factor 14 (Family Self-Sufficiency). The Rating Factor 2 decrease is due to a quality control result of 83 percent, which places HOC in the second scoring tier of 80 to 97 percent. The Compliance Department performed the required minimum of 59 quality control reviews on Rent Reasonableness, 49 of which passed without issue. The Rating Factor 14 increase is due to an increase in FSS enrollment from 176 residents in FY 2017 to 229 residents in FY 2018.

HOC staff continues to work diligently to improve the accuracy of all HCV program activities. Specific attention is placed on quality control reviews, client annual recertifications, third party verifications, inspections, income calculations, rent reasonableness activity, and enrollment in the FSS program.

Federal regulations require HUD to issue its final rating to HOC within 120 days of HOC's Fiscal Year end. The notification letter from HUD will require HOC to respond within 45 days if there are corrective actions for any SEMAP deficiencies. HOC staff does not anticipate the need for a response.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to submit the Fiscal Year (FY) 2018 Section Eight Management Assessment Program (SEMAP) certification to the U.S. Department of Housing and Urban Development (HUD)?

PRINCIPALS:

Housing Resources Division
Compliance Department
Client Services Department

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on June 12, 2018. For Commission action on July 11, 2018.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to submit the Fiscal Year (FY) 2018 Section Eight Management Assessment Program (SEMAP) certification to the U.S. Department of Housing and Urban Development (HUD).

RESOLUTION: 18-56

**RE: Authorization to Submit FY 2018
Section Eight Management
Assessment Program (SEMAP)
Certification to HUD**

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

WHEREAS, the SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for Fiscal Year 2018, must be submitted to HUD within 60 days of the end of the fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to submit the Fiscal Year 2018 SEMAP Certification to HUD.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed, without any further action on its part, to take all other actions necessary and proper to submit the Fiscal Year 2018 SEMAP Certification to HUD.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on July 11, 2018.

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**Patrice Birdsong
Special Assistant to the Commission**

Section 8 Management Assessment Program (SEMAP) Certification

Public reporting burden for this collection of information is estimated to average 12 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

This collection of information is required by 24 CFR sec 985.101 which requires a Public Housing Agency (PHA) administering a Section 8 tenant-based assistance program to submit an annual SEMAP Certification within 60 days after the end of its fiscal year. The information from the PHA concerns the performance of the PHA and provides assurance that there is no evidence of seriously deficient performance. HUD uses the information and other data to assess PHA management capabilities and deficiencies, and to assign an overall performance rating to the PHA. Responses are mandatory and the information collected does not lend itself to confidentiality.

Instructions Respond to this certification form using the PHA's actual data for the fiscal year just ended.

PHA Name	For PHA FY Ending (mm/dd/yyyy)	Submission Date (mm/dd/yyyy)
----------	--------------------------------	------------------------------

Check here if the PHA expends less than \$300,000 a year in Federal awards

Indicators 1 - 7 will not be rated if the PHA expends less than \$300,000 a year in Federal awards and its Section 8 programs are not audited for compliance with regulations by an independent auditor. A PHA that expends less than \$300,000 in Federal awards in a year must still complete the certification for these indicators.

Performance Indicators

1. Selection from the Waiting List. (24 CFR 982.54(d)(1) and 982.204(a))

(a) The PHA has written policies in its administrative plan for selecting applicants from the waiting list.

PHA Response Yes No

(b) The PHA's quality control samples of applicants reaching the top of the waiting list and of admissions show that at least 98% of the families in the samples were selected from the waiting list for admission in accordance with the PHA's policies and met the selection criteria that determined their places on the waiting list and their order of selection.

PHA Response Yes No

2. Reasonable Rent. (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)

(a) The PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units (i) at the time of initial leasing, (ii) before any increase in the rent to owner, and (iii) at the HAP contract anniversary if there is a 5 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. The PHA's method takes into consideration the location, size, type, quality, and age of the program unit and of similar unassisted units, and any amenities, housing services, maintenance or utilities provided by the owners.

PHA Response Yes No

(b) The PHA's quality control sample of tenant files for which a determination of reasonable rent was required shows that the PHA followed its written method to determine reasonable rent and documented its determination that the rent to owner is reasonable as required for (check one):

PHA Response At least 98% of units sampled 80 to 97% of units sampled Less than 80% of units sampled

3. Determination of Adjusted Income. (24 CFR part 5, subpart F and 24 CFR 982.516)

The PHA's quality control sample of tenant files shows that at the time of admission and reexamination, the PHA properly obtained third party verification of adjusted income or documented why third party verification was not available; used the verified information in determining adjusted income; properly attributed allowances for expenses; and, where the family is responsible for utilities under the lease, the PHA used the appropriate utility allowances for the unit leased in determining the gross rent for (check one):

PHA Response At least 90% of files sampled 80 to 89% of files sampled Less than 80% of files sampled

4. Utility Allowance Schedule. (24 CFR 982.517)

The PHA maintains an up-to-date utility allowance schedule. The PHA reviewed utility rate data that it obtained within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised.

PHA Response Yes No

5. HQS Quality Control Inspections. (24 CFR 982.405(b))

A PHA supervisor (or other qualified person) reinspected a sample of units during the PHA fiscal year, which met the minimum sample size required by HUD (see 24 CFR 985.2), for quality control of HQS inspections. The PHA supervisor's reinspected sample was drawn from recently completed HQS inspections and represents a cross section of neighborhoods and the work of a cross section of inspectors.

PHA Response Yes No

6. HQS Enforcement. (24 CFR 982.404)

The PHA's quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if HQS deficiencies were not corrected within the required time frame, the PHA stopped housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce the family obligations for (check one):

PHA Response At least 98% of cases sampled Less than 98% of cases sampled

7. Expanding Housing Opportunities. (24 CFR 982.54(d)(5), 982.153(b)(3) and (b)(4), 982.301(a) and 983.301(b)(4) and (b)(12)).

Applies only to PHAs with jurisdiction in metropolitan FMR areas.

Check here if not applicable

(a) The PHA has a written policy to encourage participation by owners of units outside areas of poverty or minority concentration which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration, and which includes actions the PHA will take to encourage owner participation.

PHA Response Yes No

(b) The PHA has documentation that shows that it took actions indicated in its written policy to encourage participation by owners outside areas of poverty and minority concentration.

PHA Response Yes No

(c) The PHA has prepared maps that show various areas, both within and neighboring its jurisdiction, with housing opportunities outside areas of poverty and minority concentration; the PHA has assembled information about job opportunities, schools and services in these areas; and the PHA uses the maps and related information when briefing voucher holders.

PHA Response Yes No

(d) The PHA's information packet for voucher holders contains either a list of owners who are willing to lease, or properties available for lease, under the voucher program, or a list of other organizations that will help families find units and the list includes properties or organizations that operate outside areas of poverty or minority concentration.

PHA Response Yes No

(e) The PHA's information packet includes an explanation of how portability works and includes a list of neighboring PHAs with the name, address and telephone number of a portability contact person at each.

PHA Response Yes No

(f) The PHA has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, where such difficulties were found, the PHA has considered whether it is appropriate to seek approval of exception payment standard amounts in any part of its jurisdiction and has sought HUD approval when necessary.

PHA Response Yes No

8. Payment Standards. The PHA has adopted current payment standards for the voucher program by unit size for each FMR area in the PHA jurisdiction and, if applicable, for each PHA-designated part of an FMR area, which do not exceed 110 percent of the current applicable FMR and which are not less than 90 percent of the current FMR (unless a lower percent is approved by HUD). (24 CFR 982.503)

PHA Response Yes No

Enter current FMRs and payment standards (PS)

0-BR FMR _____ 1-BR FMR _____ 2-BR FMR _____ 3-BR FMR _____ 4-BR FMR _____
PS _____ PS _____ PS _____ PS _____ PS _____

If the PHA has jurisdiction in more than one FMR area, and/or if the PHA has established separate payment standards for a PHA-designated part of an FMR area, attach similar FMR and payment standard comparisons for each FMR area and designated area.

9. Annual Reexaminations. The PHA completes a reexamination for each participating family at least every 12 months. (24 CFR 982.516)

PHA Response Yes No

10. Correct Tenant Rent Calculations. The PHA correctly calculates tenant rent in the rental certificate program and the family rent to owner in the rental voucher program. (24 CFR 982, Subpart K)

PHA Response Yes No

11. Precontract HQS Inspections. Each newly leased unit passed HQS inspection before the beginning date of the assisted lease and HAP contract. (24 CFR 982.305)

PHA Response Yes No

12. Annual HQS Inspections. The PHA inspects each unit under contract at least annually. (24 CFR 982.405(a))

PHA Response Yes No

13. Lease-Up. The PHA executes assistance contracts on behalf of eligible families for the number of units that has been under budget for at least one year.

PHA Response Yes No

14a. Family Self-Sufficiency Enrollment. The PHA has enrolled families in FSS as required. (24 CFR 984.105)

Applies only to PHAs required to administer an FSS program.

Check here if not applicable

PHA Response

a. Number of mandatory FSS slots (Count units funded under the FY 1992 FSS incentive awards and in FY 1993 and later through 10/20/1998. Exclude units funded in connection with Section 8 and Section 23 project-based contract terminations; public housing demolition, disposition and replacement; HUD multifamily property sales; prepaid or terminated mortgages under section 236 or section 221(d)(3); and Section 8 renewal funding. Subtract the number of families that successfully completed their contracts on or after 10/21/1998.)

or, Number of mandatory FSS slots under HUD-approved exception

b. Number of FSS families currently enrolled

c. Portability: If you are the **initial** PHA, enter the number of families currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA

Percent of FSS slots filled (b + c divided by a)

14b. Percent of FSS Participants with Escrow Account Balances. The PHA has made progress in supporting family self-sufficiency as measured by the percent of currently enrolled FSS families with escrow account balances. (24 CFR 984.305)

Applies only to PHAs required to administer an FSS program .

Check here if not applicable

PHA Response **Yes** **No**

Portability: If you are the **initial** PHA, enter the number of families with FSS escrow accounts currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA

Deconcentration Bonus Indicator (Optional and only for PHAs with jurisdiction in metropolitan FMR areas).

The PHA is submitting with this certification data which show that:

- (1) Half or more of all Section 8 families with children assisted by the PHA in its principal operating area resided in low poverty census tracts at the end of the last PHA FY;
- (2) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last PHA FY is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the last PHA FY;

or

- (3) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area over the last two PHA FYs is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last PHA FY.

PHA Response **Yes** **No** **If yes, attach completed deconcentration bonus indicator addendum.**

I hereby certify that, to the best of my knowledge, the above responses under the Section 8 Management Assessment Program (SEMAP) are true and accurate for the PHA fiscal year indicated above. I also certify that, to my present knowledge, there is not evidence to indicate seriously deficient performance that casts doubt on the PHA's capacity to administer Section 8 rental assistance in accordance with Federal law and regulations.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Executive Director, signature

Chairperson, Board of Commissioners, signature

Date (mm/dd/yyyy) _____

Date (mm/dd/yyyy) _____

The PHA may include with its SEMAP certification any information bearing on the accuracy or completeness of the information used by the PHA in providing its certification.

SEMAP Certification - Addendum for Reporting Data for Deconcentration Bonus Indicator

Date (mm/dd/yyyy) _____

PHA Name _____

Principal Operating Area of PHA _____
(The geographic entity for which the Census tabulates data)

Special Instructions for State or regional PHAs Complete a copy of this addendum for each metropolitan area or portion of a metropolitan area (i.e., principal operating areas) where the PHA has assisted 20 or more Section 8 families with children in the last completed PHA FY. HUD will rate the areas separately and the separate ratings will then be weighted by the number of assisted families with children in each area and averaged to determine bonus points.

1990 Census Poverty Rate of Principal Operating Area _____

Criteria to Obtain Deconcentration Indicator Bonus Points

To qualify for bonus points, a PHA must complete the requested information and answer yes for only one of the 3 criteria below. However, State and regional PHAs must always complete line 1) b for each metropolitan principal operating area.

- 1) _____ a. Number of Section 8 families with children assisted by the PHA in its principal operating area at the end of the last PHA FY who live in low poverty census tracts. A low poverty census tract is a tract with a poverty rate at or below the overall poverty rate for the principal operating area of the PHA, or at or below 10% whichever is greater.
_____ b. Total Section 8 families with children assisted by the PHA in its principal operating area at the end of the last PHA FY.
_____ c. Percent of all Section 8 families with children residing in low poverty census tracts in the PHA's principal operating area at the end of the last PHA FY (line a divided by line b).
Is line c 50% or more? Yes No
- 2) _____ a. Percent of all Section 8 families with children residing in low poverty census tracts in the PHA's principal operating area at the end of the last completed PHA FY.
_____ b. Number of Section 8 families with children who moved to low poverty census tracts during the last completed PHA FY.
_____ c. Number of Section 8 families with children who moved during the last completed PHA FY.
_____ d. Percent of all Section 8 mover families with children who moved to low poverty census tracts during the last PHA fiscal year (line b divided by line c).
Is line d at least two percentage points higher than line a? Yes No
- 3) _____ a. Percent of all Section 8 families with children residing in low poverty census tracts in the PHA's principal operating area at the end of the second to last completed PHA FY.
_____ b. Number of Section 8 families with children who moved to low poverty census tracts during the last two completed PHA FYs.
_____ c. Number of Section 8 families with children who moved during the last two completed PHA FYs.
_____ d. Percent of all Section 8 mover families with children who moved to low poverty census tracts over the last two completed PHA FYs (line b divided by line c).
Is line d at least two percentage points higher than line a? Yes No

If one of the 3 criteria above is met, the PHA may be eligible for 5 bonus points.

See instructions above concerning bonus points for State and regional PHAs.

SEMAP - Attachment A

FY 2018 Montgomery County Small Area Fair Market Rents and Voucher Payment Standards

HOC uses the following Voucher Payment Standards (VPS) for its administration of the Housing Choice Voucher program by unit size for each Small Area Fair Market Rent (SAFMR) area in its jurisdiction.

Group	Zip Code	FMR					VPS				
		0	1	2	3	4	0	1	2	3	4
1	20705	\$1,300	\$1,360	\$1,570	\$2,070	\$2,570	\$1,222	\$1,278	\$1,476	\$1,946	\$2,416
	20842	\$1,300	\$1,360	\$1,570	\$2,070	\$2,570	\$1,222	\$1,278	\$1,476	\$1,946	\$2,416
	20853	\$1,300	\$1,360	\$1,570	\$2,070	\$2,570	\$1,222	\$1,278	\$1,476	\$1,946	\$2,416
	20899	\$1,300	\$1,360	\$1,570	\$2,070	\$2,570	\$1,222	\$1,278	\$1,476	\$1,946	\$2,416
	20912	\$1,300	\$1,360	\$1,570	\$2,070	\$2,570	\$1,222	\$1,278	\$1,476	\$1,946	\$2,416
	21771	\$1,300	\$1,360	\$1,570	\$2,070	\$2,570	\$1,222	\$1,278	\$1,476	\$1,946	\$2,416
	21797	\$1,300	\$1,360	\$1,590	\$2,070	\$2,570	\$1,222	\$1,278	\$1,495	\$1,946	\$2,416
2	20886	\$1,330	\$1,380	\$1,580	\$2,080	\$2,570	\$1,250	\$1,297	\$1,485	\$1,955	\$2,416
3	20901	\$1,340	\$1,400	\$1,600	\$2,100	\$2,590	\$1,260	\$1,316	\$1,504	\$1,974	\$2,435
4	20877	\$1,370	\$1,430	\$1,640	\$2,150	\$2,650	\$1,288	\$1,344	\$1,542	\$2,021	\$2,491
5	20903	\$1,390	\$1,450	\$1,660	\$2,180	\$2,690	\$1,307	\$1,363	\$1,560	\$2,049	\$2,529
6	20832	\$1,410	\$1,460	\$1,680	\$2,200	\$2,710	\$1,325	\$1,372	\$1,579	\$2,068	\$2,547
7	20902	\$1,440	\$1,500	\$1,720	\$2,260	\$2,780	\$1,354	\$1,410	\$1,617	\$2,124	\$2,613
8	20707	\$1,450	\$1,510	\$1,730	\$2,270	\$2,800	\$1,305	\$1,359	\$1,557	\$2,043	\$2,520
9	20879	\$1,460	\$1,510	\$1,740	\$2,280	\$2,810	\$1,372	\$1,419	\$1,636	\$2,143	\$2,641
10	20872	\$1,460	\$1,520	\$1,740	\$2,290	\$2,820	\$1,372	\$1,429	\$1,636	\$2,153	\$2,651
11	20906	\$1,480	\$1,530	\$1,760	\$2,310	\$2,850	\$1,391	\$1,438	\$1,654	\$2,171	\$2,679
12	20818	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20824	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20825	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20827	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20830	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20838	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20839	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20847	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20848	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20849	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20859	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20860	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20861	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20862	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20868	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20875	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20882	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20883	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20884	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20885	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
20891	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707	
20896	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707	
20898	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707	

	20904	\$1,490	\$1,550	\$1,780	\$2,330	\$2,880	\$1,401	\$1,457	\$1,673	\$2,190	\$2,707
	20907	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20911	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20913	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20914	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20915	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20916	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
	20918	\$1,490	\$1,550	\$1,780	\$2,340	\$2,880	\$1,401	\$1,457	\$1,673	\$2,200	\$2,707
13	20878	\$1,520	\$1,580	\$1,810	\$2,380	\$2,930	\$1,429	\$1,485	\$1,701	\$2,237	\$2,754
14	20851	\$1,540	\$1,600	\$1,840	\$2,410	\$2,980	\$1,417	\$1,472	\$1,693	\$2,217	\$2,742
	20837	\$1,550	\$1,600	\$1,840	\$2,420	\$2,980	\$1,426	\$1,472	\$1,693	\$2,226	\$2,742
	20874	\$1,550	\$1,610	\$1,840	\$2,420	\$2,980	\$1,426	\$1,481	\$1,693	\$2,226	\$2,742
15	20876	\$1,560	\$1,620	\$1,860	\$2,440	\$3,010	\$1,404	\$1,458	\$1,674	\$2,196	\$2,709
16	20895	\$1,590	\$1,650	\$1,890	\$2,480	\$3,060	\$1,431	\$1,485	\$1,701	\$2,232	\$2,754
17	20866	\$1,590	\$1,650	\$1,900	\$2,490	\$3,070	\$1,431	\$1,485	\$1,710	\$2,241	\$2,763
18	20880	\$1,640	\$1,700	\$1,950	\$2,560	\$3,160	\$1,542	\$1,598	\$1,833	\$2,406	\$2,970
19	20905	\$1,700	\$1,760	\$2,020	\$2,650	\$3,270	\$1,530	\$1,584	\$1,818	\$2,385	\$2,943
20	20910	\$1,740	\$1,800	\$2,070	\$2,720	\$3,350	\$1,566	\$1,620	\$1,863	\$2,448	\$3,015
21	20855	\$1,780	\$1,840	\$2,120	\$2,780	\$3,430	\$1,602	\$1,656	\$1,908	\$2,502	\$3,087
22	20850	\$1,800	\$1,870	\$2,150	\$2,820	\$3,480	\$1,620	\$1,683	\$1,935	\$2,538	\$3,132
23	20852	\$1,850	\$1,920	\$2,200	\$2,890	\$3,570	\$1,665	\$1,728	\$1,980	\$2,601	\$3,213
24	20814	\$1,900	\$1,980	\$2,270	\$2,980	\$3,670	\$1,710	\$1,782	\$2,043	\$2,682	\$3,303
25	20815	\$1,980	\$2,050	\$2,360	\$3,090	\$3,810	\$1,782	\$1,845	\$2,124	\$2,781	\$3,429
26	20812	\$2,090	\$2,170	\$2,490	\$3,270	\$4,030	\$1,881	\$1,953	\$2,241	\$2,943	\$3,627
	20816	\$2,090	\$2,170	\$2,490	\$3,270	\$4,030	\$1,881	\$1,953	\$2,241	\$2,943	\$3,627
	20817	\$2,090	\$2,170	\$2,490	\$3,270	\$4,030	\$1,881	\$1,953	\$2,241	\$2,943	\$3,627
	20833	\$2,090	\$2,170	\$2,490	\$3,270	\$4,030	\$1,881	\$1,953	\$2,241	\$2,943	\$3,627
	20841	\$2,090	\$2,170	\$2,490	\$3,270	\$4,030	\$1,881	\$1,953	\$2,241	\$2,943	\$3,627
	20854	\$2,090	\$2,170	\$2,490	\$3,270	\$4,030	\$1,881	\$1,953	\$2,241	\$2,943	\$3,627
	20871	\$2,090	\$2,170	\$2,490	\$3,270	\$4,030	\$1,881	\$1,953	\$2,241	\$2,943	\$3,627

Deliberation and/or Action

TOWN CENTER APARTMENTS

APPROVAL OF MONTGOMERY COUNTY HIF FUNDING



Stacy L. Spann, Executive Director

Property Management
Real Estate

July 11, 2018

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Town Center Apartments

Background

- Town Center is a 10 story brick high rise apartment building located in downtown Rockville near the court houses. Built in 1977, the property offers a library, community room, community laundry room and controlled access . The Ride On bus stops at the Monroe Street side of the building. The building has a sprinkler system throughout.
- Town Center Apartments is a 236 rental assistance supportive housing property.
- Town Center has experienced system failures over the past few years. To date HOC has serviced these systems, including the boiler and chiller, shower diverters installation and cooling tower and hot water tank replacements. In order to maintain daily operations, certain capital improvements are needed. As an example among the replacements and repairs necessary improvements are boilers, chiller compressors, two elevator drivers, air handler unit, hydronic convection units for the laundry and trash room, fan coil units and roof patching.



90 Monroe Street. Rockville, MD 20850
Property Manager: HOC

Unit Mix	Total	Affordable	Market
Efficiency	35	35	0
1BR	77	77	0
Total Units	112	112	0

Town Center Apartments Capital Improvements

Property Management

- Occupancy is currently at 96%. Leasing and maintaining efforts are yielding three referrals per unit.

Turnover Rate	Avg. Occupancy CY 2017	Target Occupancy	Current Occupancy	Variance
9%	95%	98%	96%	2%

Capital Improvements

- Property Management and Real Estate Development developed a list of capital improvements, for which Montgomery County approved \$287,613 from the Housing Initiative Fund to support a forgivable loan. The county has agreed to provide the funding directly to HOC, for the use of capital improvements at Town Center Apartments. The loan proceeds will, then, be given to Town Center Apartments as a gift from HOC to complete the capital improvements. (The loan will be forgivable if we make authorized capital improvements within two years of completion.)

Redevelopment/Refinancing

- On April 4, 2018 the commission approved acquisition and financing for the Residential Condominium at Upton II. The residential condominium units, 50 parking spaces, and general common elements will be used as replacement housing for the existing Town Center Apartments.

Town Center Apartments Capital Improvements

Item	Unit Quantity	Price Per Unit	Total
Building-Wide Heating and Cooling Issues			
Boilers	2	\$ 60,000	\$ 120,000
Fill valve to boilers	1	\$ 750	\$ 750
Flange replacement Hot Water Supply	4	\$ 750	\$ 3,000
Chiller compressors	2	\$ 10,000	\$ 20,000
Hw Recirculation pump - motor only	1	\$ 3,000	\$ 3,000
Replace air handler unit for hallways	1	\$ 5,500	\$ 5,500
New hydronic convection units (laundry room and trash room)	2	\$ 4,500	\$ 9,000
Subtotal Building-Wide Heating and Cooling Issues			\$ 161,250
Building-Wide Repairs			
Roof patching	500	\$ 20	\$ 10,000
Exterior door replacement (trash room)	1	\$ 3,000	\$ 3,000
Elevator repairs	2	\$ 15,000	\$ 30,000
Subtotal Building-Wide Repairs			\$ 43,000
Unit- REAC Related Issues			
Nurse pull cords replace	230	\$ 167	\$ 38,500
Window tinting	66	\$ 40	\$ 2,640
Fan cool units - thermostat replacement	112	\$ 225	\$ 25,200
Fan coil units - motor replacement	30	\$ 1,000	\$ 30,000
Subtotal Unit- REAC Related Issues			\$ 96,340
Totals			\$ 300,590

Town Center Apartments

Issues for Consideration

Does the commission wish to approve the Montgomery County HIF funding in the amount of \$287,613 for immediate capital improvements for Town Center Apartments?

Time Frame

Commission action is requested at the July Commission meeting.

Budget Impact

None

Staff Recommendation and Board Action Needed

Staff recommends that the Commission approve the Montgomery County Housing Initiative Fund for capital improvements for Town Center Apartments Inc.

RESOLUTION No: 18-57

RE: Approval for the Commission to Accept Financing in the Form of a County HIF Loan for Interim Repairs to Town Center Apartments; Approval to Gift County HIF Loan Proceeds to Town Center Apartments, Inc. for Interim Repairs; Authorization for the Executive Director to Execute all Documents Related to the Financing

WHEREAS, Town Center Apartments (the “Property”) has experienced system failures over the past few years which including the boiler and chiller, shower diverters, cooling tower, and hot water tank; and

WHEREAS, to maintain daily operations, several capital improvements are needed including replacement boilers, chiller compressors, two elevator drivers, an air handler unit, hydronic convection units, fan coil units, and roof patching; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) will accept a Housing Initiative Fund loan from Montgomery County in an amount of \$287,613 (the “Loan”) for the capital improvements at the Property; and

WHEREAS, the Commission will gift the Loan proceeds (the “Gift”) to Town Center Apartments, Inc. (the “Entity”) to complete the capital improvements at the Property; and

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

1. The Commission authorizes the acceptance of the Loan and authorizes the Executive Director to execute any documents necessary to receive the Loan.
2. The Commission authorizes gifting the Loan proceeds to the Entity to commence capital improvements to the Property.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on July 11, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

Administrative Session