

EXPANDED AGENDA

<https://youtu.be/ddt-9pwn9gc>

November 3, 2021

In order to continue to implement recommended social distancing guidelines, HOC will conduct its meetings via an online platform and teleconference call until further notice

[https://www.hocmc.org/images/files/CommissionAgenda/2021/20211103_Emergency_Procedures_Notification_COVID-19 - Open Meeting Procedures.pdf](https://www.hocmc.org/images/files/CommissionAgenda/2021/20211103_Emergency_Procedures_Notification_COVID-19_-_Open_Meeting_Procedures.pdf)

| | | Res # |
|---------------------------------|---|--|
| 4:00 p.m. Page 4 | I. <u>INFORMATION EXCHANGE</u> A. Community Forum B. Report of the Acting Executive Director C. Commissioner Exchange | |
| 4:30 p.m. Page 11 Page 32 | II. <u>APPROVAL OF MINUTES</u> A. Approval of Minutes of October 6, 2021 B. Approval of Minutes of October 6, 2021 Closed Session C. Approval of Minutes of October 25, 2021 Special Session D. Approval of Minutes of October 25, 2021 Closed Special Session | |
| 4:40 p.m. | III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u> | |
| Page 36 | A. Budget, Finance and Audit Committee – Com. Nelson, Chair | |
| 4:50 p.m. Page 53 | 1. Calendar Year 2022 Portfolio Budget: Approval of the Calendar Year 2022 Portfolio Budgets | 21-102 (pg. 42) |
| 5:00 p.m. Page 57 | 2. Fiscal Year 2023 County Operating Budget: Authorization to Submit the County FY'23 Maximum Agency Request Ceiling ("MARC") | 21-103 (pg. 56) |
| 5:10 p.m. Page 63 | 3. Calendar Year 2021 HOC at Stewartown Homes LLC Budget: Approval of the Calendar Year 2021 Budget Amendment for HOC at Stewartown Homes LLC | 21-104 (pg. 61) |
| 5:20 p.m. Page 82 | B. Development and Finance Committee – Com. Simon, Chair | |
| 5:30 p.m. Page 90 | 1. Garnkirk Apartments: Approval of a Predevelopment Budget and Funding of Predevelopment Expenditures for Garnkirk Apartments; Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Fund the Predevelopment Expenditure | 21-105 ^A (pg. 79) 21-105 ^B (pg. 81) |
| 5:40 p.m. | 2. Westside Shady Grove: Approval of a Subordinate Loan from the Housing Production Fund to HOC at Westside Shady Grove LLC | 21-106 (pg. 88) |
| | 3. Westwood Tower: Approval of an Emergency Procurement Pursuant to Section 5.6(ii) of HOC's Procurement Policy for the Continuation of Litigation Services for Westwood Tower Apartments | 21-107 (pg. 93) |

| | | |
|--------------------------------------|---|------------------|
| Page 95 5:50 p.m. Page 106 | <p>4. 4527 Avondale Street: Authorization for the Acting Executive Director to Negotiate and Execute a Purchase and Sale Agreement for the Disposition of 4527 Avondale to the National Center for Children and Families, and Authorization to Complete the Sale</p> <p>5. Fenwick & Second – HOC Headquarters: Design Update</p> | 21-108 (pg. 104) |
| 6:00 p.m. | IV. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u> | |
| Page 131 | 1. Audit: Acceptance of HOC Fiscal Year 2021 Audit Financial Statements, Single Audit Report, and Management Letter | 21-110 (pg. 134) |
| 6:10 p.m. Page 136 | <u>CLOSING STATEMENT</u> <ul style="list-style-type: none"> • Vote to close meeting | |
| 6:15 p.m. | <u>ADJOURN</u> | |
| 6:25 p.m. | <u>CLOSED SESSION</u> <i>A closed session will be called to order pursuant to Sections 3-305(b)(3); 3-305(b)(7); 3-305(b)(8) and 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland</i> | |
| 7:15 p.m. | <u>ADJOURN</u> | |

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. ***Times are approximate and may vary depending on length of discussion.***
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

Information Exchange

Resident Services - HOC Academy Continues to Expand Educational Opportunities for All Ages and Stages

HOC Academy was awarded a \$20,000 grant from Housing Opportunities Community Partners. The grant will support the Tuition Assistance Program. This additional funding will provide assistance to 40 customers. Since 2015, HOC Academy has provided tuition assistance and workforce development coaching to approximately 50 adults each year. With tuition assistance, HOC customers can work toward their educational or vocational goals and significantly improve their financial self-sufficiency. With this support, HOC Academy can better assist HOC customers with pursuing training needed to obtain vocational certification and professional licenses in various careers, positioning our customers to compete for in-demand jobs in a tight labor market.

Resident Services – HOC Academy Recruits for College Success Program

As part of HOC Academy’s academic programming planning during October, staff focused heavily on early recruitment for the agency’s new College Success Program. There are currently six (6) high school seniors enrolled in the program, which has partnered with First Generation College Bound (FGCB) to serve these students. FGCB is a community-based organization which offers youth and their families a pipeline of educational interventions comprising academic readiness, supportive services, and guidance to achieve high school graduation, college admissions and earn a post-secondary degree.

All enrollees participated in an Admissions Workshop on October 5, 2021, with numerous admissions counselors from Maryland colleges and universities present to answer questions about the college enrollment process. The next information session will be hosted in November for high school juniors and seniors. The goal is to enroll 20 high school juniors and seniors that will receive individualized support to complete high school and enroll in college successfully. The program also provides coaching and mentoring post-secondary education and will be able to provide an annual report on the successes of HOC students throughout their college journey.

Resident Services - HOC Academy Provides Education and Workforce Development Programs and Support

In October, HOC Academy staff referred five (5) customers to Career Catchers for workforce development and training. Four (4) customers participated in Microsoft Outlook skills and interview workshops. One customer completed her Certified Medical Assistant (CMA) training at Montgomery College and just obtained her National Healthcare Association Certification for CMA. She was referred to Career Catchers to update her resume and begin to job search. On October 22, 2021, HOC Academy hosted a GED preparation information session facilitated by Montgomery College’s Education Opportunities Center (EOC). Nine (9) Family Self Sufficiency customers attended the workshop and plan to register for the upcoming course and exam.

The Small Business Strategy Course hosted the first three weeks of Cohorts Five and Six in October 2021. A total of 10 customers are enrolled. Cohort Four participants are currently receiving their three-month mentoring sessions and will conclude in December. Additionally, HOC Academy staff hosted its Tuition Assistance Program Briefings on October 26 and 28, 2021, for new tuition assistance participants. During the briefing customers received the program guidelines to include mandatory SMART goal review sessions on a quarterly basis, periodic surveys, reporting of semester grades, and providing documentation of achieved benchmarks toward education

or employment goals. The Adult Education and Workforce Development team is currently processing 23 requests for tuition assistance.

Resident Services - Financial Literacy Continues to Extend Service to Those Waiting for Housing Opportunities

The Financial Literacy Coach continued to work with HOC customers and individuals on the Housing Path waitlist on creating firm financial foundations for self-sufficiency and success. During the month of October, the Financial Literacy Coach provided one-on-one financial literacy coaching to four (4) HOC customers and three (3) individuals from the Housing Path waitlist. The coaching sessions continue to cover topics including: creating a working budget; identifying disposable income; reading one's credit report; and creating and accomplishing monthly financial goals. Additionally, the Financial Literacy team held a virtual workshop covering budgeting and credit repair. Four (4) individuals participated in the workshop.

Resident Services - Supportive Housing Works to Get Customers Stably Housed with Emergency Vouchers

The Supportive Housing program team provides housing assistance and case management services to 230 participants who are formerly homeless and have disabilities. The program serves some of the most vulnerable residents of the county. In October 2021, program staff continued to resume home visits with program participants. Program staff continue to wear the appropriate personal protective equipment and maintain appropriate social distancing to ensure the health and safety of both customers and staff. Several program participants that have demonstrated they no longer require supportive services were referred for Emergency Vouchers which were awarded to the agency in recent months. Program staff are assisting these participants with completing the process to demonstrate eligibility for receipt of the vouchers. Program staff will also be providing services to individuals already in receipt of some of the Emergency Vouchers. These services include assistance with application fees, housing location, security deposits, moving assistance and securing household items.

During the month of October program staff worked to submit grant renewal applications and are awaiting feedback from the Continuum of Care before submitting the applications to HUD. Program staff also worked to fill staff and participant vacancy for the Rent Supplement Program.

Resident Services - Fatherhood Initiative Continues Recruitment Efforts and Survey Participation

HOC's Fatherhood Initiative program is the first and only housing agency to be awarded the national Fatherhood Initiative grant by the U.S. Department of Health and Human Services. HOC completed its first five-year grant and received recognition as a national model for best practices in program administration. HOC was awarded a second five-year grant and began enrolling new fathers in May 2021. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. October is the first month of year two of the grant. In October, the program enrolled 47 fathers. The enrollment target for year two of the grant is 356 participants.

HOC's Fatherhood Initiative also continued its participation in the Strengthening the Implementation of Responsible Fatherhood Programs (SIRF) Study. The study team will work closely with HOC's program to identify and overcome the challenges the program may face with respect to case management. The study also identifies challenges, helps implement possible solutions, examines the effects on the program, and make adjustments when needed. The SIRF study will produce usable, broadly applicable lessons to inform emerging best practices

in recruiting, engaging, and retaining fatherhood participants, as well as methods for implementing rapid cycle evaluations within Responsible Fatherhood programs. During the month of October, Fatherhood Initiative staff continued to work to bring on new staff to implement the SIRF study.

Resident Services and Partners Support Ongoing Needs for Seniors

The Resident Services division continued to provide food resources and other supports with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, the Montgomery County Senior Nutrition Lunch Program, and the Capital Area Food Bank's Senior Brown Bag and My Groceries To Go programs. In October, 470 HOC customers were provided food resources. Resident Services staff also continued to facilitate the Senior Nutrition Program at HOC properties. Although the county has resumed in-person congregate meals for the program, HOC will continue to deliver frozen meal boxes door-to-door for the safety and well-being of our customers.

Additionally, Resident Services staff facilitated the monthly virtual stretching exercise program for customers at Forest Oak Tower. Nine (9) customers participated in the program and provided great feedback. The Arts for the Aging program hosted their monthly art session and five (5) customers participated. Resident Services also continued its collaboration with Montgomery County's Primary Care Coalition (PCC) and Catholic Charities Dental Clinic.

Resident Services – Service Coordination Unit Provides Critical Guidance and Support Leading Into the Holidays

The Service Coordination Unit provides assessment, counseling, information, referrals and program services to HOC customers. During the month of October, staff continued to provide services primarily virtually due to the ongoing COVID-19 pandemic. Resident Counselors continued to engage HOC customers to determine their needs. Resident counselors performed wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred to the COVID-19 Rent Relief Program and the Housing Stabilization Program.

During the month of October, HOC customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, Emergency Assistance Relief Payment program and other benefit programs. Housing Stabilization staff continued to process a vast number of applications for rental assistance. Though resident counselors continued working remotely due to the COVID-19 pandemic, staff continues to come in as needed for emergencies and to assist with food distribution. Resident Counselors have also been in attendance at the HRD virtual briefings to provide information on the services that Resident Services offers.

Highlights for October activities of up-county resident counselors include the following:

- Making referrals for the Holiday Giving Program which will provide meals and gifts to county residents;
- Assisting Property Management with gathering information from residents for the Community Development Block Grant rental assistance program;
- Facilitating resource-sharing workshops that highlighted resources for seniors;
- Facilitating virtual housing fundamentals workshops;
- Hosting a pumpkin carving contest for families at multiple property sites;

- Assisting with food distribution;
- Assisting with the facilitation of COVID-19 vaccination and testing clinics at Cider Mill;
- Assisting with the facilitation of COVID-19 vaccination and testing clinics at Seneca Ridge;
- Facilitating a virtual workshop on energy savings for customers at Cider Mill;
- Assisting with relocation efforts at Rockville Town Center;
- Attending RAD conversion meetings and assisting customers at Stewartown and Shady Grove with the conversion process;
- Assisting with the planning for the upcoming vaccination booster clinics;
- Assisting with relocation and assessment activities at Bauer Park and Georgian Court;
- Assisting HOC waitlist applicants with disabilities with updating their applications.

HOC and Emory Grove Partners Progress Toward Planned Community Investments

HOC staff, Chair Priest, the Acting Executive Director, Pastor Warner of Emory Grove United Methodist Church (EGUMC), and Ms. Carolyn Taylor of the Historic Emory Grove Rotary Club and seventh generation descendent of one of Historic Emory Grove’s founding families, met with the County Executive and key County staff leadership on October 19, 2021, to introduce the Heritage Emory Grove (HEG) conceptual plan developed by HOC and EGUMC. Pastor Warner and Ms. Taylor began the meeting by describing Historic Emory Grove, its destruction by Urban Renewal, and the grief and sense of loss that perseverates through to the present. HOC staff and the Acting Executive Director then walked the County Executive and his team through the various land use components of the HEG concept plan.

The 34-acre HEG concept plan is entirely composed of parcels owned by EGUMC, HOC, Montgomery County, and the Maryland-National Capital Park and Planning Commission (M-NCPPC); which means any excess value created by activating these parcels for predominately for-sale use would remain fully available to those parties. The County Executive responded favorably to that feature as well as to the fact that community engagement would be central to any final development concept. He offered his full support of formally initiating the process of disposition of the County-owned parcels.

As part of disposition, the HEG concept plan will continue to be refined and improved, particularly as we learn more from the community and its needs and desires. The size of the aggregation means many new uses can be integrated into the final plan and existing uses can be leveraged through reinvestment for greatly expanded community programming from athletics to community farming. As important, the County Executive’s support for the HEG concept plan ensures that a meaningful reconciliation with the erasure by Urban Renewal of a vibrant, deeply faithful, century-old Black community founded by formerly enslaved persons can occur.

Housing Resources – Family Self Sufficiency Program Continues Recruitment and Partner Programs

On October 14, 2021, FSS staff conducted an FSS Program presentation to the Resident Services Social Work interns and Supervisory teams. They are committed to promoting, recruiting and, referring suitable HCV and PBV families to participate in the FSS program.

HOC's supportive services programs and member partners on the Program Coordinating Committee conducted a workgroup on October 18, 2021. In our efforts to combat recruitment challenges, we discussed current strategies and building blocks to strengthen our recruitment endeavors.

In partnership with HOC, the Emmanuel Brinklow Seventh Day Adventist Church conducted a virtual Financial Literacy workshop for HOC customers on October 19, 2021. Forty-five customers/FSS participants attended the session on "Investment and Savings for Retirement". During the interactive discussion, the presenter compared the different types of retirement accounts, certificates of deposits, and basic online savings accounts. In addition, information was shared regarding social security retirement benefits. The presenter demonstrated how to navigate accessing personal information and utilizing the retirement estimator tool on the Social Security Administration website.

On October 26, 2021, a meeting was held with Emmanuel Brinklow Seventh Day Adventist Church (EBSDA) to discuss revising the November and December workshop topics. To meet the needs of our families, EMSDA has agreed to present on stocks and bitcoin investing in November and online banking in December.

Housing Resources – Working to Increase Voucher Utilization

HOC has received an increased number of referrals from the Department of Health and Human Services (HHS) for the Emergency Housing Voucher (EHV) Program. To date, 82 referrals have been submitted, 51 families have been determined eligible for program participation. Staff continues to meet with HHS regularly until the 118 vouchers are fully utilized.

Increasing the program utilization rate remains a priority until a minimum occupancy rate of 95% is achieved. The utilization rate remains at 92% and we anticipate an increase during the months of November and December. In October, we increased our outreach to non-responsive applicants selected to receive assistance and those with issued vouchers nearing expiration. HOC sent subsequent communications to 673 non-responsive families to allow a final opportunity to submit the required certification materials. Staff also conducted outreach to applicants with vouchers nearing expiration. Many voucher extensions were granted to applicants having difficulty securing units to rent, resulting from poor credit, lack of application fees, security deposits, and failed inspections.

Currently, 340 families with issued vouchers are searching for suitable units to rent. One Hundred and six families have submitted a Request for Tenancy Approval Form (RFTA) to HOC and await confirmation that the unit passes inspection and rent reasonableness testing.

To date, 1,775 families have been selected from the Housing Choice Voucher (HCV) wait list this calendar year, of which 53% have responded to our communication. We continue to receive certification packets for selected applicants past the requested response dates and process them upon receipt. The response rate has been low during the pandemic and often certification packets trickle in after the requested return date, often due to slow mail delivery times. As a result, correspondence is also sent electronically to the customer email address on the application to ensure more prompt delivery.

Maintenance Explores Upgrades to Stormwater Management; Expands Employee Training

COVID-19 protocols remained in effect during the month of October. Fortunately, no maintenance staff were quarantined during the month. Maintenance staff is continuing to increase the focus on addressing longstanding routine work orders that were previously not being assigned due to COVID-19 protocols. Staff have made progress reducing the existing backlog of High and Regular priority work orders.

In October, Trades Maintenance Workers completed 1816 work orders, 132 of which were emergencies. Year to date, they completed 6929 total work orders, 560 of which were emergencies.

This month, the HVAC systems at our central plant developments began the conversion from cooling to heating. All of the conversions were completed by October 29, 2021. Preventive maintenance efforts have also begun at our scattered site units which includes replacing filters and cleaning coils. The Division also has been working diligently to prepare for several HUD Real Estate Assessment Center (REAC) inspections and county inspections.

The Maintenance Division has begun discussions with a contractor to possibly upgrade several of our stormwater management systems from dry ponds to submerged gravel wetlands. If the project goes forward, there will be no cost to HOC for this work. The work would be completed as part of a bigger project that involves the widening of Interstate 270. When state and local agencies implement capital improvement projects, such as the widening of Interstate 270, they are typically required to complete water quality improvement projects to treat stormwater runoff as part of the development. When space is not available within properties that are within the State's control, they can obtain water quality credits within the same watershed as their projects from other entities. Several outdated and deteriorated dry ponds exist in HOC's portfolio of properties. Converting existing dry ponds to Submerged Gravel Wetlands is one cost-effective strategy that can be used to generate these water quality requirements and also bring our sites into compliance. Projects such as these are beneficial to not only HOC and the State, but they are very beneficial for the environment. More details will be provided as the exploration of this project progresses.

Additionally, the Maintenance Division is working with several vendors to provide tailored online training modules for our Trades Maintenance Workers. These modules will include specific trades training such as electrical, carpentry, plumbing, HVAC and appliance repair. It will also include other maintenance related trainings such as safety, planning, budgeting, and critical decision making. We are excited at the proposition to increase the skillset of our maintenance staff. This stands to increase our efficiency as well as our customer satisfaction.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

October 6, 2021

21-09

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, October 6, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:02 p.m. Those in attendance were:

Present via Teleconference

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom
Jeffrey Merkowitz

Absent

Jackie Simon

Also Attending via Teleconference

Kayrine Brown, Acting Executive Director
Cornelia Kent
Timothy Goetzinger
Charnita Jackson
Marcus Ervin
Victoria Dixon
Bonnie Hodge
Jay Shepherd
Zachary Marks
Nathan Bovelie
Ian-Terrell Hawkins

Aisha Memon, General Counsel
Terri Fowler
Fred Swan
Christina Autin
Matt Husman
Darcel Cox
Lynn Hayes
Jennifer Arrington
Eugenia Pascual
Claire Kim

IT Support

Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Guest

Romaine Canty

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating. Commissioner Simon was necessarily absent.

I. **Information Exchange**
Community Forum

- Romaine Canty – Addressed the Board regarding Waitlist.
- Liz Brennan – Did not address the Board. It was noted that Staff reached out to Ms. Brennan regarding her concerns.

Executive Director’s Report

- Kayrine Brown, Acting Executive Director, recaptured the written report and addressed Commissioners questions as she presented.

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

- A. **Approval of Minutes of September 1, 2021**
- B. **Approval of Minutes of September 1, 2021 Closed Session**
- C. **Approval of Minutes of September 15, 2021 Special Session**
- D. **Approval of Minutes of September 15, 2021 Closed Special Session**
- E. **Approval of Minutes of September 23, 2021 Special Session**
- F. **Approval of Minutes of September 23, 2021 Closed Special Session**

III. **CLOSED AND SPECIAL SESSION RATIFICATION**

- A. **Housing Opportunities Commission:** Ratification of Action Taken in Closed Special Session held on September 23, 2021 – Approval to Accept Two Lines of Credit from PNC Bank, N.A.

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

RESOLUITON NO.: 21-90ASR

**RE: Approval to Accept Two Lines of Credit from
PNC Bank, N.A.**

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, to carry out and effectuate the purpose of providing affordable housing;

WHEREAS, at a closed Special Session duly called and held on September 23, 2021, with a quorum participating, the Commission adopted Resolution 21-90AS, with Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon voting in approval, and with Commissioners Byrd and Croom being necessarily absent and not participating in the vote;

WHEREAS, by adopting Resolution 21-90AS, the Commission approved two lines of credit from PNC Bank, N.A., and authorized the Acting Executive Director to negotiate and execute all related documents; and

WHEREAS, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-90AS and any actions taken since September 23, 2021 to effectuate the actions contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 21-90AS and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

IV. **CONSENT**

A. Approval to Amend HOC's Written Minutes Dated October 15, 2019

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

RESOLUTION NO.: 21-91

**RE: Approval to Amend HOC's Written Minutes
Dated October 15, 2019**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") is required to keep minutes of its meetings;

WHEREAS, upon review of both the written minutes of the monthly Commission meeting dated October 15, 2019 ("October 2019 Minutes") and the video recording, the Commission desires to amend the written October 2019 Minutes; and

WHEREAS, upon approval, the October 2019 Minutes shall be amended and restated in their entirety with the minutes attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the October 2019 Minutes are hereby amended and restated in their entirety with the minutes attached hereto as Exhibit A.

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

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

1. **Fiscal Year 2021 Fourth Quarter Budget to Actual Statements:** Approval of the Fourth Quarter Fiscal Year 2021 Budget to Actual Statement

Cornelia Kent, Chief Financial Officer, introduced Terri Fowler, Budget Officer, who was the presenter.

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

RESOLUTION NO.: 21-92

**RE: Acceptance of the Fourth Quarter FY'
2021 Budget to Actual Statements**

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

WHEREAS, the Commission reviewed the Fourth Quarter FY’21 Budget to Actual Statements during its October 6, 2020 meeting; and

WHEREAS, the Agency ended FY’21 with an operating surplus of \$1,241,830; and

WHEREAS, it is recommended that surplus of \$1,241,830 be restricted 50% or \$620,915 the General Fund Operating Reserve (GFOR) for future operational needs and 50% or \$620,915 to the Opportunity Housing Property Reserve (OHPR) to help replenish the reserve to fund the shortfalls for capital needs that can be expected during the FY’22 and FY’23 budget season.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Fourth Quarter FY’21 Budget to Actual Statements.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes that the surplus of \$1,241,830 be restricted 50% or \$620,915 the General Fund Operating Reserve (GFOR) for future operational needs and 50% or \$620,915 to the Opportunity Housing Property Reserve (OHPR) to help replenish the reserve to fund the shortfalls for capital needs that can be expected during the FY’22 and FY’23 budget season.

2. Fiscal Year 2022 First Quarter Budget Amendment: Approval of the Fiscal Year 2022 First Quarter Budget Amendment

Cornelia Kent, Chief Financial Officer, introduced Terri Fowler, Budget Officer, who was the presenter.

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

RESOLUTION NO.: 21-93

**RE: Approval of FY 2022 First Quarter
Budget Amendment**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) adopted a budget for FY’22 on June 9, 2021;

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

WHEREAS, the net effect of the FY'22 First Quarter Budget Amendment is a surplus of \$192,960, which will decrease the anticipated draw from the General Fund Operating Reserve ("GFOR") of \$1,434,616 by \$192,960 to \$1,241,656 in order to maintain a balanced budget;

WHEREAS, the total FY'22 Operating Budget increased from \$292,911,404 to \$300,440,652;

WHEREAS, the total FY'22 Capital Budget increased from \$438,310,612 to \$439,141,889;

And

WHEREAS, approval of the budget amendments to revise the FY'22 budget will reflect an accurate plan for the use of the Commission's resources for the remainder of FY'22.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'22 Operating Budget by increasing total revenues and expenses for the Commission from \$292,911,404 to \$300,440,652.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'22 Capital Budget by increasing revenues and expenses for the Commission from \$438,310,612 to \$439,141,889.

3. Uncollectible Tenant Accounts Receivable: Authorization to Request Write-off Uncollectible Tenant Accounts Receivable (April 1, 2021 – June 30, 2021)

Cornelia Kent, Chief Financial Officer, introduced Eugenia Pascual, Controller, who was the presenter.

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

RESOLUTION NO.: 21-94

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

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

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

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period of April 1, 2021 – June 30, 2021 is \$50,389, consisting of \$34,362 from Opportunity Housing properties, \$15,149 from Supportive Housing, and \$878 from Waverly House LP.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Acting Executive Director, or her designee, without

further action on its part, to take any and all actions necessary and proper to write off \$50,389 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

4. Addition of Third Signer to HOC Bank Accounts: Request to Authorize the Addition of the Human Resources Director as a Third Signer to HOC's Bank Accounts

Cornelia Kent, Chief Financial Officer, was the presenter.

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

RESOLUTION NO: 21-95

**RE: Request to Authorize the Addition of
the Director of Human Resources as a Third Signer
to HOC's Bank Accounts**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") has several bank accounts with various banking institutions (the "Accounts"); and

WHEREAS, HOC's Accounts currently have two (2) authorized signatories: the Acting Executive Director and the Chief Financial Officer; and

WHEREAS, a third (3) authorized signer should be added to the Accounts in order to ensure an authorized signer is always available; and

WHEREAS, the third authorized signer shall be limited to members of the Executive Staff;
And

WHEREAS, the Director of Human Resources is a member of the Executive Staff; and

WHEREAS, the Accounts shall have a maximum of three (3) authorized signers at any point in time.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Acting Executive Director is authorized to add the Director of Human Resources as an authorized signer to the Accounts, provided that the Accounts shall have a maximum number of three authorized signers at any point in time, all of whom shall be members of the Executive Staff.

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

- 1. Georgian Court:** Approval of the Financing Plan, Feasibility and Public Purpose; Authorization to Issue Loans at HOC at Georgian Court, LLC for Acquisition and Construction Financing; Authorization to Issue a Commitment for Permanent Financing; and Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan

Jennifer Arrington, Acting Director of Mortgage Finance, introduced Victoria Dixon, Senior Multifamily Underwriter, who was the presenter.

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

RESOLUTION NO.: 21-96

RE: Approval of the Financing Plan, Feasibility and Public Purpose for Georgian Court; Authorization to Issue Loans to HOC at Georgian Court, LLC for Acquisition and Construction Financing; Authorization to Issue a Commitment for up to \$29.3 Million Mortgage Loan; and, Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and, as further provided in that certain Memorandum of Understanding by and between the Commission and Montgomery County, Maryland, dated June 29, 2018, the Commission is authorized to issue its notes and bonds from time to time to fulfill its corporate purposes, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing of multifamily rental housing properties which provide a public purpose; and

WHEREAS, Georgian Court (the “Property”) is an existing 147-unit income-restricted residential community located at 3600 Bel Pre Rd, Silver Spring, Maryland owned by Georgian Court Silver Spring Limited Partnership (“Seller”); and

WHEREAS, between May 2, 2018 and July 7, 2021, the Commission has approved several actions in preparation for the resyndication, rehabilitation, and recapitalization of the Property (the “Development Plan”) and committed a number of its own funding sources to execute the Development Plan; and

WHEREAS, the Property currently holds available cash of approximately (a) \$476,350 of residual receipts (“Property Cash”), and (b) a total of approximately \$1,616,358 held in various other accounts, including (i) replacement reserves (\$975,000), (ii) operating cash (\$613,593), and (iii) mortgage escrow (\$27,765) (together “Other Available Cash”); and

WHEREAS, the Property will be acquired by a single purpose entity known as HOC at Georgian Court, LLC (“Borrower”), which will be controlled by HOC MM Georgian Court, LLC (“Managing Member”) whose sole member is HOC; and,

WHEREAS, the Borrower proposes for the Property to serve households with incomes at or below 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income (“AMI”), with 29 units set aside for those earning at or below 50% of AMI and the remaining 118 units for those earning at or below 60% of AMI, to enjoy rent protection without impairing the LIHTC equity for the development (“Public Purpose”); and

WHEREAS, on July 7, 2021, the Commission approved the selection of Boston Financial Investment Management as the Low Income Housing Tax Credit (“LIHTC”) syndicator and authorized the Executive Director to begin negotiating and execute a Letter of Intent as well as negotiate an Operating Agreement to admit an associated LIHTC investor as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the sole member of the Managing Member entity; and

WHEREAS, on September 1, 2021, the Commission approved the final development plan totaling \$72.3 million for the Property as an income-restricted community, which included (1) negotiation and execution of an Operating Agreement for admission of an affiliate of the LIHTC syndicator as investor, (2) negotiation and execution of a Purchase and Sale Agreement; (3) Seller’s acceptance of all or some of the purchase price for sale of the Property to be provided in the form of a subordinate note (“Seller Note”), and approval for Seller to accept a subordinate loan in an amount up to the purchase price; (4) authorization to negotiate and execute a contract with Hamel Builders, Inc. as General Contractor (“GC”) for the renovations in an amount up to \$13.6 million, (4) execution of an Early Start Agreement with the GC not to exceed \$941,330; and, (5) authorization for the Acting Executive Director or her designee, to execute any and all documents to effectuate the actions contemplated (the “Final Development Plan”); and

WHEREAS, staff explored a variety of options for the estimated \$72.5 million acquisition, rehabilitation and permanent financing for the Property, and determined to use a number of sources including: (1) the issuance of private activity, short- and long-term, tax-exempt bonds in an amount up to \$29,300,000 to fund a mortgage loan for costs of acquisition, rehabilitation, and equipping the Property, which will be credit enhanced by FHA Risk Share Mortgage Insurance (“Mortgage Loan” or “Permanent Loan”); (2) the issuance of taxable bonds in an amount up to \$750,000 to fund a bond reserve required under the indenture; (3) LIHTC equity estimated at \$22.7 million; (4) bridge funding during acquisition/construction by way of draws of approximately \$3.5 million from the OHRF, to be repaid from the receipt of LIHTC equity (“Bridge Loan”); (5) a subordinate Seller Loan of approximately \$19.3 million; (6) deferred developer fee; and (7) available Property Cash of approximately \$476,350 from residual receipts (collectively, the “Financing Plan”); and

WHEREAS, Commission and the Borrower have applied for a Letter of Reservation for 4% LIHTC from the Maryland Department of Housing and Community Development, which will enable the Borrower to raise approximately \$22.7 million in equity to pay part of its acquisition and development costs; and

WHEREAS, the transaction will require an allocation of a portion of the Commission’s tax-exempt volume cap in an amount not to exceed \$29.3 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible, and that by providing 147 units at or below 60% of the AMI, the Property will provide a significant public purpose, supporting an allocation of tax-exempt volume cap (“Feasibility and Public Purpose”).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Financing Plan and Feasibility and Public Purpose, is hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the allocation of tax-exempt volume cap in an amount not to exceed \$29,300,000 for the issuance of short- and long-term bonds to finance the transaction and for the Commission, as conduit lender, to use those bond proceeds to make a tax-exempt Mortgage Loan to Borrower with a maximum term of up to 38 years to fund development of the Property, which will be subject to conversion to a Permanent Loan phase and balloon payment option at or before year 25.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a commitment for the Mortgage Loan in an amount up to \$29,300,000, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development (“HUD”), of which the Commission shall assume 50% of the risk while HUD shall assume 50% for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, authorizes funding of a Bridge Loan of approximately \$3.5 million at 0% interest by way of draws from the OHRF, which shall be drawn when needed to bridge the receipt of LIHTC equity and shall be outstanding for no more than five years from the closing date.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Seller, as its general partner, that the Seller is authorized to release net sales proceeds from sale of the Property after repayment of existing debt and intercompany payables, and closing costs, to be funded to the OHRF on an unrestricted basis.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Seller, as its general partner, that the Seller is authorized to release Other Available Cash as follows: (a) funds of the replacement reserves to repay outstanding plus interest of approximately \$922,000 on the RELOC with remaining funds to be deposited to the OHRF, and (b) funds from operating cash and mortgage escrow to be deposited to HOC’s General Operating Reserve.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of Borrower accepts the Mortgage Loan, Permanent Loan, and Bridge Loan for the financing closing, which may occur separate and apart from the LIHTC equity closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of Borrower, that the Acting Executive Director of HOC, or a duly appointed designee of the Acting Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents, including without limitation guarantees from HOC required by Borrower’s lenders, and to take any and all other actions, in each case as necessary and proper, in the Acting Executive Director’s judgment, to carry out the Financing Plan and the transaction and actions contemplated herein.

- 2. Shady Grove:** Approval of the Financing Plan, Feasibility and Public Purpose; Authorization to Issue Loans at HOC at Shady Grove, LLC for Acquisition and Construction Financing; Authorization to Issue a Commitment for Permanent Financing; and Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan

Jennifer Arrington, Acting Director of Mortgage Finance, introduced Victoria Dixon, Senior Multifamily Underwriter, who was the presenter.

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

RESOLUTION NO.: 21-97

RE: Approval of the Financing Plan, Feasibility and Public Purpose for Shady Grove Apartments; Authorization to Issue Loans to HOC at Shady Grove, LLC for Acquisition and Construction Financing; Authorization to Issue a Commitment for up to \$30.8 Million Mortgage Loan, and, Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and, as further provided in that certain Memorandum of Understanding by and between the Commission and Montgomery County, Maryland, dated June 29, 2018, the Commission is authorized to issue its notes and bonds from time to time to fulfill its corporate purposes, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing of multifamily rental housing properties, which provide a public purpose; and

WHEREAS, Shady Grove (the “Property”) is an existing 144-unit income-restricted residential community located at 16125 Crabbs Branch Way, Derwood, Maryland owned by Shady Grove Apartments Limited Partnership (“Seller”); and

WHEREAS, between May 2, 2018 and July 7, 2021, the Commission has approved to retire existing debt, and pay predevelopment, capital improvements, repairs, replacements, and closing costs for the transaction, funded from proceeds of the Opportunity Housing Reserve Fund (“OHRF”) (in the amount of \$350,000) and PNC Real Estate Line of Credit (“PNC RELOC”) (in the amount of \$5,082,448), which is to be repaid from closing of the transaction (the “Development Plan”); and

WHEREAS, the Property currently holds available cash of approximately \$1,828,794 in various accounts, including (i) replacement reserves (\$1,252,965), (ii) operating cash (\$542,019), and (iii) mortgage escrow (\$33,810) (together “Available Property Cash”); and

WHEREAS, the Property will be acquired by a single purpose entity known as HOC at Shady Grove, LLC (“Borrower”), which will be controlled by HOC MM Shady Grove, LLC (“Managing Member”) an entity whose sole member is HOC; and

WHEREAS, the Borrower proposes for all units at the Property to serve households with incomes at or below 50% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income (“AMI”), to enjoy rent protection without impairing the LIHTC equity for the development (“Public Purpose”); and

WHEREAS, on July 7, 2021, the Commission approved the selection of Boston Financial Investment Management as the Low Income Housing Tax Credit (“LIHTC”) syndicator and authorized the Executive Director to begin negotiating and execute a Letter of Intent as well as negotiate an Operating Agreement to admit an associated LIHTC investor as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the sole member of the Managing Member entity; and

WHEREAS, on September 1, 2021, the Commission approved the final development plan totaling \$60.7 million for the Property as an income-restricted community, which included (1) negotiation and execution of an Operating Agreement for admission of an affiliate of the LIHTC syndicator as investor, (2) negotiation and execution of a Purchase and Sale Agreement; (3) approval for Seller to accept a subordinate loan, in an amount up to the purchase price (“Seller Note”); (4) authorization to negotiate and execute a contract with Hamel Builders, Inc. as General Contractor (“GC”) for the renovations in an amount up to \$13.2 million, (4) execution of an Early Start Agreement with the GC not to exceed \$941,330; and, (5) authorization for the Acting Executive Director, or her designee, to execute any and all documents to effectuate the actions contemplated (the “Final Development Plan”); and

WHEREAS, staff explored a variety of options for the estimated \$61 million acquisition, rehabilitation and permanent financing for the Property, and determined to use a number of sources including (1) the issuance of private activity, short- and long-term, tax-exempt bonds in an amount up to \$30,750,000 to fund a mortgage loan for costs of acquisition, rehabilitation, and equipping the Property, which will be credit enhanced by FHA Risk Share Mortgage Insurance (“Mortgage Loan” or “Permanent Loan”); (2) the issuance of taxable bonds in an amount up to \$1,300,000 to fund a bond reserve required under the indenture; (3) LIHTC equity estimated at \$19.3 million; (4) bridge funding during acquisition/ construction by way of draws of approximately \$13.6 million from the OHRF to be repaid from the receipt of LIHTC equity (“Bridge Loan”); a subordinate Seller Loan of approximately \$11.2 million; and (5) deferred developer fee (collectively, the “Financing Plan”); and

WHEREAS, Commission and the Borrower have applied for a Letter of Reservation for 4% LIHTC from the Maryland Department of Housing and Community Development, which will enable the Borrower to raise approximately \$19.3 million in equity to pay a portion of its acquisition and development costs; and

WHEREAS, the transaction will require an allocation of a portion of the Commission’s tax-exempt volume cap in an amount not to exceed \$30.8 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible, and that by providing 144 units at or below 50% of the AMI, the Property will provide significant public purpose supporting an allocation of tax-exempt volume cap (“Feasibility and Public Purpose”).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Financing Plan and Feasibility and Public Purpose, is hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the allocation of tax-exempt volume cap in an amount not to exceed \$30,750,000 for the issuance of short- and long-term bonds to finance the transaction, which shall be subject to available volume cap, and for the Commission, as conduit lender, to use those bond proceeds to make a tax-exempt

Mortgage Loan to Borrower with a maximum term of up to 38 years to fund development of the Property, which will be subject to conversion to a Permanent Loan phase and balloon payment option at or before year 25.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a commitment for the Mortgage Loan in an amount up to \$30,750,000, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development (“HUD”), of which the Commission shall assume 50% of the risk while HUD shall assume 50% for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, authorizes funding of a Bridge Loan of approximately \$13.6 million at 0% interest by way of draws from the OHRF, which shall be drawn when needed to bridge the receipt of LIHTC equity and shall be outstanding for no more than five (5) years from the closing date.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Seller, as its general partner, that the Seller is authorized to release net sales proceeds from sale of the Property after repayment of existing debt and intercompany payables, and closing costs, to be funded to the OHRF on an unrestricted basis.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Seller, as its general partner, that the Seller is authorized to release Available Property Cash as follows: (a) funds of the replacement reserves to repay outstandings plus interest of approximately \$922,000 on the RELOC with remaining funds to be deposited to the OHRF, and (b) funds from operating cash and mortgage escrow to be deposited to HOC’s General Operating Reserve.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of Borrower accepts the Mortgage Loan, Permanent Loan, and Bridge Loan for the financing closing, which may occur separate and apart from the LIHTC equity closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of Borrower, that the Acting Executive Director of HOC, or a duly appointed designee of the Acting Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents, including without limitation guarantees from HOC required by Borrower’s lenders, and to take any and all other actions, in each case as necessary and proper, in the Acting Executive Director’s judgment, to carry out the Financing Plan and the transaction and actions contemplated herein.

3. Approval of a Bond Authorizing Resolution Amending and Restating in its Entirety the Bond Authorization Resolution for Willow Manor Properties to Incorporate the Approval of the Issuance of Bonds to Provide Financing for Georgian Court and Shady Grove Apartments

Jennifer Arrington, Acting Director of Mortgage Finance, introduced Victoria Dixon, Senior Multifamily Underwriter, who was the presenter.

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

RESOLUTION NO.: 21-98

**Re: Approval of a Bond Authorizing
Resolution Amending and Restating in its entirety
the Bond Authorizing Resolution for Willow
Manor Properties to Incorporate the Approval of
the Issuance of Bonds to Provide Financing for
Georgian Court and Shady Grove Apartments**

A RESOLUTION AMENDING AND RESTATING, IN ITS ENTIRETY, THE RESOLUTION 2021-84B OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY ADOPTED BY THE COMMISSION ON SEPTEMBER 1, 2021; AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2021 SERIES C (THE "2021 C BONDS"), IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$117,100,000 FOR THE PURPOSE OF FINANCING SEPARATE MORTGAGE LOANS TO BE INSURED UNDER THE FHA RISK-SHARING PROGRAM FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF (I) THE WILLOW MANOR PROPERTIES, THREE MULTIFAMILY RESIDENTIAL RENTAL PROJECTS FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HOC AT WILLOW MANOR, LLC; (II) GEORGIAN COURT, A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HOC AT GEORGIAN COURT, LLC; AND (III) SHADY GROVE APARTMENTS, A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HOC AT SHADY GROVE, LLC; AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES INDENTURE, CERTAIN TAX DOCUMENTS, A DISCLOSURE AGREEMENT AND ANY AND ALL RELATED DOCUMENTS; APPROVING THE PREPARATION, EXECUTION AND DISTRIBUTION OF PRELIMINARY AND FINAL OFFERING DOCUMENTS RELATING TO THE FINANCING; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE 2021 C BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND ACTING EXECUTIVE DIRECTOR, EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE SALE OF THE 2021 C BONDS TO BOFA SECURITIES, INC. AND PNC CAPITAL MARKETS LLC, AS CO-SENIOR MANAGERS, AND TO EXECUTE AND DELIVER ONE OR MORE CONTRACTS OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE ACTING EXECUTIVE DIRECTOR, EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS RELATING TO THE 2021 C BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2021 C BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized by the Act and pursuant to the Memorandum of Understanding between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Act declares that there exists within Montgomery County (the “County”) a critical shortage of decent, safe and sanitary dwelling accommodations available to rent which “persons of eligible income” (within the meaning of the Act) can afford; and

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

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program (the “Program”) to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds; and

WHEREAS, pursuant to the Act and the Program, the Commission entered into the Trust Indenture, dated as of November 1, 1996, as supplemented and amended (the “Trust Indenture”), by and between the Commission and U.S. Bank National Association, as successor trustee, providing for the issuance of bonds (the “Bonds”) from time to time in accordance with the provisions thereof and of any series indenture specifically relating to any such series of Bonds issued thereunder; and

WHEREAS, the proceeds received from the issuance and sale of Bonds under the Trust Indenture are used to make, purchase or finance mortgage loans (each, a “Mortgage Loan,” and collectively, the “Mortgage Loans”) or finance Mortgage Loans through the purchase of guaranteed mortgage securities; and

WHEREAS, the pledges and assignments made pursuant to the Trust Indenture and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Commission are for the equal benefit, protection and security of the owners of any and all of the Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Trust Indenture; and

WHEREAS, the Commission has determined to issue its tax-exempt and/or taxable Multifamily Housing Development Bonds, in such series as shall be designated pursuant to the Series Indenture (as defined herein) (the “2021 C Bonds”) pursuant to the Trust Indenture and one or more series indentures executed and delivered in connection therewith (the “Series Indenture”) (i) to make moneys available for the acquisition, rehabilitation and equipping of the Willow Manor Properties, consisting of three projects to be financed as a single scattered-site development, to be owned and operated by HOC at Willow Manor, LLC, the managing member of which is controlled by the Commission, (ii) to make moneys available for the acquisition, rehabilitation and equipping of Georgian Court consisting of a project to be owned and operated by HOC at Georgian Court, LLC, the managing member of which is controlled by the Commission, (iii) to make moneys available for the acquisition, rehabilitation and equipping of the Shady Grove Apartments (collectively with the Willow Manor Properties and Georgian Court, the “Developments”), consisting of a project to be owned and operated by HOC at Shady Grove, LLC, the managing member of which is controlled by the Commission, (iv) if necessary, to make a deposit to the Reserve Fund pursuant to the Trust Indenture and the Series Indenture, and (v) to fund the costs of issuance of the 2021 C Bonds in the amount set forth in the Series Indenture and the Tax Documents (as defined herein), all in accordance with the financing plans approved by the Commission in connection with the Willow Manor Properties on September 1, 2021 and in connection with Georgian Court and Shady Grove Apartments on October 6, 2021 (collectively the “Financing Plan”); and

WHEREAS, in connection with the issuance of the 2021 C Bonds and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to, the Series Indenture and, as hereinafter defined, the Offering Documents, the Contracts of Purchase, the Tax Documents, the Disclosure Agreement and certain other documents relating to the sale of the 2021 C Bonds, and the financing of the Developments; and

WHEREAS, in order to finance Georgian Court and Shady Grove Apartments with the proceeds of the 2021 C Bonds to maximize the economic benefits to the Developments, the Commission has determined to amend and restate Resolution 2021-84B in its entirety in order to authorize the issuance of the 2021 C Bonds to provide financing for the Willow Manor Properties, Georgia Court and Shady Grove;

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

1. **Amendment and Restatement.** This Resolution amends, restates and supersedes, in its entirety, Resolution 2021-84B adopted by the Commission on September 1, 2021. All references made to Resolution 2021-84B in the official records of the Commission shall be deemed to refer to this Resolution.

2. **2021 C Bonds.** The 2021 C Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$117,100,000 to carry out the purposes under the Program as described above. The 2021 C Bonds shall be designated as set forth in the recitals hereto, or such additional series or subseries designations as approved by the Acting Executive Director or the Executive Director, as applicable, in consultation with the Financial Advisor and Bond Counsel to the Commission. The 2021 C Bonds are to be issued pursuant to the terms of the Trust Indenture and the Series Indenture and shall be limited obligations of the Commission, secured by and payable solely from moneys and other assets pledged therefor under the Indenture and the Series Indenture, including, without limitation, the respective Mortgage Loans made to finance the Willow Manor Properties, Georgian Court and Shady Grove (collectively, the "2021 Mortgage Loan"). Notwithstanding the authority contained in this Section or elsewhere in this Resolution, 2021 C Bond financing for Shady Grove shall be conditioned upon receipt by the Commission of a sufficient allocation of volume cap from the State of Maryland as required under the Internal Revenue Code.

3. **Approval of Financing Plan.** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions to be set forth in the documents approved hereby.

4. **Series Indenture.** The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Acting Executive Director or the Executive Director, as applicable, of the Commission or any authorized designee of the Acting Executive Director or the Executive Director, as applicable, are hereby authorized and directed to execute and deliver the Series Indenture in such form or forms as shall be approved by such officers, the execution of such Series Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (an "Authorized Representative"), is hereby authorized and directed to affix the seal of the Commission to the Series Indenture and to attest the same.

5. **Tax Documents.** The Chairman, the Vice Chairman, the Chairman Pro Tem and the Acting Executive Director or the Executive Director, as applicable, of the Commission are hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents (collectively, the "Tax Documents") restricting the application of the proceeds of any tax-exempt 2021 C Bonds and the use and occupancy of the Developments in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Acting Executive Director or the Executive Director, as applicable, the execution of the Tax Documents being conclusive evidence of such approval and of the approval of the Commission. The Chairman, the Vice Chairman, the Chairman Pro Tem or Acting Executive Director or the Executive Director, as applicable, of the Commission is hereby further authorized and directed to execute and deliver on behalf of the Commission Internal Revenue Service Form 8038 relating to the tax-exempt 2021 C Bonds as prepared by Bond Counsel.

6. **Disclosure Agreement.** The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the 2021 C Bonds, in such form as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Acting Executive Director or the Executive Director, as applicable, of the Commission, their execution and delivery of the Disclosure Agreement constituting conclusive evidence of such officer's approval of the Disclosure Agreement and the approval of the Commission.

7. **2021 C Mortgage Loan; Real Estate Documents.** The Commission hereby authorizes and approves the financing of the 2021 C Mortgage Loan for each Development with the proceeds of the 2021 C Bonds which will be endorsed for federal insurance under the Risk-Sharing Agreement, pursuant to which the Commission will reimburse HUD for its losses under each 2021 C Mortgage Loan in an amount not greater than 50% of the outstanding principal balance of each 2021 C Mortgage Loan. The Commission hereby further authorizes and approves the preparation, execution and delivery of any and all real estate documents (the "Real Estate Documents") relating to the acquisition and rehabilitation of the Developments, in its capacity as issuer of the 2021 C Bonds and in its capacity as the owner of a membership interest in the managing member of each of HOC at Willow Manor, LLC, HOC at Georgian Court, LLC and HOC at Shady Grove, LLC.

8. **Offering Documents.** The Commission hereby authorizes and approves the preparation and distribution of preliminary offering documents of the Commission and the preparation, execution and distribution of a final offering documents (collectively, the "Offering Documents"), each relating to the 2021 C Bonds, in such forms as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Acting Executive Director or the Executive Director, as applicable, of the Commission, their execution and delivery of the Offering Documents constituting conclusive evidence of such officer's approval of the Offering Documents and the approval of the Commission.

9. **Sale of 2021 C Bonds.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission is authorized to proceed with the sale of the 2021 C Bonds to BofA Securities, Inc. and PNC Capital Markets LLC or such other underwriter or to any other entity as shall be in the best interest of the Commission as determined by the Chairman, the Vice Chairman, the Chairman Pro Tem, the Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission.

10. **Contracts of Purchase.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission is authorized to execute one or more contracts of purchase and/or any other form of purchase agreement (the "Contracts of Purchase") in connection with the issuance, purchase and sale of the 2021 C Bonds.

11. **Terms; Ongoing Determinations.** The Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security, series designations and other terms, and to approve the interest rates on the 2021 C Bonds, all of the foregoing to be specified in the Series Indenture. The Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, and is hereby authorized, from time to time during the period the 2021 C Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the Series Indenture and any other documents relating to the 2021 C Bonds and the 2021 C Mortgage Loan, including, but not limited to, the giving and withholding of consents, the selection of certain providers, the determination to permit the prepayment of each 2021 C Mortgage Loan and the refunding and redemption other Bonds, if applicable, and the Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

12. **Other Action.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission is hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution relating to the 2021 C Bonds and the accomplishment of the Financing Plan.

13. **Appointment of Financial Advisor and Bond Counsel.** Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2021 C Bonds.

14. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the 2021 C Bonds, the Series Indenture, the Contracts of Purchase, the Tax Documents, the Offering Documents, the Disclosure Agreement, the Real Estate Documents, or in any other agreement or document executed on behalf of the Commission shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the 2021 C Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

15. **Action Approved and Confirmed.** All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the 2021 C Bonds and the accomplishment of the Financing Plan

are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

16. **Severability.** If any provision of this Resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision hereof or cause any other provision hereof to be invalid, inoperative or unenforceable to any extent whatsoever.

17. **Effective Date.** This Resolution shall take effect immediately.

4. **Upton II:** Approval to Remove Cap of \$6.5MM and Restore the Maximum Bridge Loan of \$12MM Approved from Draws on the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) for the Upton II Financing

Marcus Ervin, Director of Real Estate, introduced Jay Shepherd, Senior Financial Analyst, who was the presenter.

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

RESOLUTION NO.: 21-99

**RE: Upton II: Approval to Remove Cap
Of \$6.5MM and Restore the Maximum Bridge Loan
of \$12MM Approved from Draws on the PNC Bank,
N.A. Real Estate Line of Credit for the Upton II
Financing**

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

WHEREAS, Upton II is a planned development in Rockville that is entitled by Duball (the “Master Developer”) under current zoning and planning requirements for retail, public parking, and up to 400 apartments, of which HOC and Victory Housing, Inc. will own and operate a condominium unit containing 150 apartments, which will be a mixed-income, age restricted community (the “Property”) and the remaining 250 units will be controlled by the Master Developer or its affiliates; and

WHEREAS, HOC is the sole managing member of HOC MM Upton II, LLC (the “Managing Member”), which in turn is the managing member of HOC at The Upton II, LLC (“Borrower”); and

WHEREAS, on February 6, 2019, the Commission approved Resolution 19-09(2), which authorized taxable draws on the PNC Bank, N.A. Real Estate Line of Credit (“PNC RELOC”) totaling up to \$12,000,000 to bridge the acquisition and construction financing for the Upton II until such time as sufficient Low Income Housing Tax Credit (“LIHTC”) equity contributions are received; and

WHEREAS, the Bridge Loan Promissory Note and Loan Agreement (“Bridge Note”) for \$12,000,000 was executed on February 28, 2019 and included a provision specifying a balance cap of \$6,500,000, assuming the need for the bridge funding would be reduced once the LIHTC equity closed; and

WHEREAS, at the time of the November 2019 LIHTC closing, the \$6.5 million balance cap was too low and, as currently projected, the maximum balance outstanding will be approximately \$9.0 million, occurring just before stabilization and the release of the remaining equity contribution that will fully repay the RELOC.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the Bridge Note to remove the balance cap of \$6.5 million and allow for up to \$12 million to be drawn from the PNC RELOC as needed to bridge LIHTC equity receipts for the transaction.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that it authorizes the funds be loaned to the Borrower with interest to accrue and be paid at a rate sufficient to pay the interest cost of the PNC RELOC, and shall remain outstanding for a term of up to 42 months from the Property's first draw and repaid from proceeds of LIHTC equity.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Managing Member and Borrower approve amending the Bridge Note as described in this resolution.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Acting Executive Director of HOC, or her authorized designee, is hereby authorized, without any further action on their respective parts, to execute such documents and to take any and all other actions, in each case as necessary and proper, in the Acting Executive Director’s judgement, to carry out the actions contemplated herein.

VI. ITEMS REQUIRING DELIBERATION AND/OR ACTION

- A. **4527 Avondale Street:** Authorization for the Acting Executive Director to Enter Into a Non-binding Letter of Intent for the Disposition of 4527 Avondale to National Center for Children and Families (NCCF)

Marcus Ervin, Director of Real Estate, was the presenter.

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

RESOLUTION NO.: 21-100

**RE: Authorization to for the Acting Executive Director
Enter into a Non-Binding Letter of Intent for the
Disposition of 4527 Avondale Street, Bethesda**

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, to carry out and effectuate the purpose of providing affordable housing; and

WHEREAS, the Commission acquired four (4) rental apartment buildings consisting of 25-units located at 4500-02, 4504-06, 4508-10 and 4527 Avondale Street, Bethesda, MD 20814 (“Avondale Apartments”) in 2015 under the County’s Right of First Refusal Ordinance (“ROFR”); and

WHEREAS, the Commission wishes to sell 4527 Avondale Street (“4527 Avondale”) to the National Centers for Children and Families (“NCCF”), a Bethesda-based nonprofit dedicated to providing housing to low-income families, many who would otherwise be at risk of homelessness; and

WHEREAS, NCCF wishes to purchase 4527 Avondale for the purpose of providing housing options to households earning at or below 50% AMI in support of the needs of the diverse children, youth, and families it serves; and

WHEREAS, NCCF owns two (2) neighboring rental apartment buildings at 4519 and 4523 Avondale Street, which they use to similar purposes; and

WHEREAS, current rents at 4527 Avondale are unrestricted, but priced at levels similar to the limits of the County’s Moderately Priced Dwelling Unit program; and

WHEREAS, NCCF’s proposed use would deepen the affordability at 4527 Avondale and connect future residents of the units at 4527 Avondale to NCCF’s various supportive services programs; and

WHEREAS, the adjacency of 4527 Avondale to NCCF’s rental apartment buildings at 4519 and 4523 Avondale allows for more expedient operations and economic deployment of services; and

WHEREAS, staff recommends that the Commission authorize the Acting Executive Director to enter into a non-binding letter of intent (“LOI”) with NCCF for the purchase and sale of 4527 Avondale for \$1,225,000, requiring no earnest money deposit, and with a closing date on or before the closing of 4531 Avondale Street.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes the Acting Executive Director to enter into a non-binding LOI with NCCF for the purchase and sale of 4527 Avondale for a purchase price of \$1,225,000, requiring no earnest money deposit, and with a closing date on or before the closing of 4531 Avondale Street.

Chair Priest read the Written Closing Statement. Chair Pro Tem Nelson made the motion to close the meeting, Vice Chair Kelleher seconded the motion, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Merkwitz voting in approval. Commissioner Simon was necessarily absent and did not participate in the vote.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 5:22 p.m. and reconvened in closed session at 5:38 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on October 6, 2021 at approximately 5:38 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(3) and Section 3-305(b)(13) to discuss (A) the possible acquisition of real property (a single-family home) located in Gaithersburg, Maryland via a purchase and sale agreement (pursuant to Section 3-305(b)(3)); and (B) the confidential commercial and financial information provided to HOC from its financial partners related to HOC's potential purchase of the above referenced property, and the confidential commercial and financial information of HOC's development partner that concern its potential acquisition and financing of the above referenced property (pursuant to Section 3-305(b)(13)).

The meeting was closed and the closing statement dated October 6, 2021 was adopted on a motion made by Richard Y. Nelson, Jr., seconded by Frances Kelleher, with Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, and Jeffrey Merkowitz voting in favor of the motion. Commissioner Jackie Simon was necessarily absent and did not participate in the vote. The following persons were present: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Kayrine Brown, Aisha Memon, Christina Autin, Zachary Marks, Cornelia Kent, Marcus Ervin, Timothy Goetzinger, Jay Shepherd, Ian-Terrell Hawkins, and Patrice Birdsong.

In closed session, the Commission discussed the below topic and took the following action:

1. **Topic:** The potential acquisition of real property (a single-family home) located in Gaithersburg, Maryland (via a purchase and sale agreement) (pursuant to Section 3-305(b)(3)), the confidential commercial and financial terms of HOC's purchase of the property provided to HOC from its financial partners (pursuant Section 3-305(b)(13)), and the confidential commercial and financial information of HOC's development partner concerning its ability to purchase the property.
 - a. **Action Taken:** With a quorum present, Commissioners Priest, Kelleher, Nelson, Croom, and Merkowitz approved Resolution 21-101AS, thereby (i) affirming the action taken on June 9, 2021 (including HOC potentially entering into a non-binding letter of intent to purchase the property), and (ii) authorizing an additional \$120,000 to be used in the investment of the acquisition of the property (including retiring a mortgage at a nearby property), conditioned on HOC receiving a first lien on both the acquisition property and the nearby property. Commissioner Byrd opposed the action and Commissioner Simon was necessarily absent and did not participate in the vote.

The closed session was adjourned at 6:20 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

October 25, 2021

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Monday, October 25, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:00 p.m. Those in attendance were:

Via Online/Teleconference

Frances Kelleher, Vice Chair
Richard Y. Nelson, Chair Pro Tem
Jeffrey Merkowitz
Jackie Simon

Absent

Roy Priest, Chair
Pamela Byrd
Linda Croom

Also Attending via Online/Teleconference

Kayrine Brown, Acting Executive Director
Marcus Ervin
Cornelia Kent
Ian-Terrell Hawkins

Aisha Memon, General Counsel
Timothy Goetzinger
Claire Kim

IT Support

Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Vice Chair Kelleher opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission. The sole item on the agenda was to conduct a vote to meet in closed session pursuant to Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland.

Vice Chair Kelleher read the Written Closing Statement and made a motion to close, Chair Pro Tem Nelson seconded to adopt the statement and close the meeting. Commissioners Kelleher, Nelson, Merkowitz, and Simon voted unanimously in approval.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 6:09 p.m., and reconvened in closed session at 6:17 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on October 25, 2021 at approximately 6:17 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(13) to discuss the confidential commercial and financial information related to the ownership and development of The Lindley (a multi-family property located in Chevy Chase, Maryland).

The meeting was closed and the closing statement dated October 25, 2021 was adopted on a motion made by Vice Chair Kelleher, seconded by Chair Pro Tem Nelson, with Commissioners Kelleher, Nelson, Merkowitz, and Simon voting in favor of the motion. Commissioners Priest, Byrd and Croom were necessarily absent. The following persons were present during the closed session: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Jackie Simon, Kayrine Brown, Cornelia Kent, Aisha Memon, Christina Autin, Zachary Marks, Darcel Cox, Marcus Ervin, Timothy Goetzinger, Gail Willison, Claire Kim, Brian Kim, Ian-Terrell Hawkins, Terri Fowler, and Patrice Birdsong.

In closed session, the Commission discussed the below topic and took the following action:

1. **Topic:** Confidential commercial and financial information related to the ownership and development of The Lindley (a multi-family property located in Chevy Chase, Maryland) (pursuant to Section 3-305(b)(13)).
 - a. **Action Taken:** Staff discussed confidential commercial and financial information provided to HOC from its current private partners and development partners at The Lindley. Staff also discussed confidential commercial and financial information provided to HOC from potential future financial partners. No action was taken.

The closed session was adjourned at 7:18 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

CALENDAR YEAR 2022 (CY'22)
PORTFOLIO BUDGETS: APPROVAL OF THE CALENDAR YEAR
2022 PORTFOLIO BUDGETS

November 3, 2021

- The CY'22 Portfolio Budgets include 16 calendar year Tax Credit properties and the Lindley.
- The CY'22 budgets project \$156,272 in Partnership Management Fees that will be paid to the Agency for CY'22 by the following properties: Alexander House Apartments Limited Partnership (Alexander House), Arcola Towers RAD Limited Partnership (Arcola Towers), Bauer Park Apartments LLC (Bauer Park), Forest Oak Towers Limited Partnership, HOC at Georgian Court, LLC (Georgian Court), Greenhills Apartment Limited Partnership (Greenhills), 4913 Hampden Lane Limited Partnership (Lasko Manor), HOC at Willow Manor, LLC (Manor at Cloppers Mill, Manor at Colesville and Manor at Fair Hill Farm), HOC at Shady Grove, LLC (Shady Grove), Spring Garden One Associates Limited Partnership (Spring Garden), HOC at Stewartown Homes, LLC (Stewartown), Tanglewood and Sligo LP (Tanglewood/Sligo Hills), 900 Thayer Limited Partnership (Fenton Silver Spring), HOC at The Upton II, LLC (Upton II), Waverly House RAD Limited Partnership (Waverly House), and Wheaton Metro Limited Partnership (MetroPointe).
- The CY'22 budgets assume a rent increase of 1.4% in accordance to the County Executive's Voluntary Rent Guideline ("CE-VRG"). Increases at Arcola Towers, Bauer Park, Forest Oak Towers, Shady Grove, Georgian Court and Waverly House are projected at or below 2.5% based on the latest Operating Cost Adjustment Factor ("OCAF").
- The Budget Finance and Audit Committee reviewed this request at its meeting on October 12, 2021 and joins staff recommendation that the Commission approve the CY'22 budgets.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

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

RE: **Calendar Year 2022 (CY'22) Portfolio Budgets:** Approval of the Calendar Year 2022 Portfolio Budgets

DATE: November 3, 2021

OVERALL GOAL & OBJECTIVE:

To approve the Agency's CY'22 Portfolio Budgets.

BACKGROUND:

Historically, the Commission approved Calendar Year budgets for Low Income Housing Tax Credit ("LIHTC") Partnerships only. The Lindley is operated on a calendar year basis as well; therefore, it is included in the packet for Approval of Calendar Year'22 Portfolio Budgets.

Low Income Housing Tax Credit Partnership Budgets

As the ultimate managing member/General Partner, HOC has a fiduciary responsibility for each of the LIHTC entities. The current HOC budget policy stipulates that the financial performance and budgets of the LIHTC entities should be reviewed on the same fiscal year as its partners/members (December 31). The LIHTC entities' budgets require adoption by the Commission, separate from the Agency's general budget process.

The entities that own the 16 calendar year LIHTC properties are:

1. Alexander House Apartments Limited Partnership (Alexander House);
2. Arcola Towers RAD Limited Partnership (Arcola Towers);
3. Bauer Park Apartments LLC (Bauer Park);
4. Forest Oak Towers Limited Partnership (Forest Oak Towers);
5. HOC at Georgian Court, LLC (Georgian Court);
6. Greenhills Apartments Limited Partnership (Greenhills);
7. 4913 Hampden Lane Limited Partnership (Lasko Manor);
8. HOC at Willow Manor LLC, (3 properties):
 - a. Manor at Cloppers Mill,
 - b. Manor at Colesville,
 - c. Manor at Fair Hill Farm;

9. HOC at Shady Grove, LLC (Shady Grove);
10. Spring Garden One Associates Limited Partnership (Spring Garden);
11. HOC at Stewarttown Homes, LLC (Stewarttown);
12. Tanglewood and Sligo LP (Tanglewood/Sligo Hills);
13. 900 Thayer Limited Partnership (Fenton Silver Spring);
14. HOC at The Upton II, LLC (Upton II);
15. Waverly House RAD Limited Partnership (Waverly House); and
16. Wheaton Metro Limited Partnership (MetroPointe).

As general partner/ultimate managing member, HOC is responsible for submitting draft copies of the CY'22 Proposed Budgets to the limited partners/non-managing members by November 1, 2021, with the final copies submitted following the Commission's approval.

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

Other Calendar Year Budgets

CCL Multifamily LLC (The Lindley) is a recently built, 200-unit high-rise apartment building located in Chevy Chase, Maryland. The unit mix for the building is 120 market units, 40 Moderately Priced Dwelling Units ("MPDU") restricted at 50% Area Median Income ("AMI"), and 40 Workforce Housing units ("WFHU") restricted at 100% Area Median Income AMI. The property operates on a Calendar Year basis and is categorized as a discretely presented component unit.

ISSUES FOR CONSIDERATION:

Tax Credit Entities

The budgets forecast the collection of \$299,828 in CY'22 in Asset Management/Investor Service Fees and Partnership Management Fees from the properties (**Attachment 2**). At year end, the Asset Management/Investor Service Fees are paid to the limited partner/non-managing member. If sufficient funds remain, the Partnership Management Fees, or \$156,272, are paid to the general partner/ultimate managing member (HOC). All unpaid fees are accrued for payment in future years.

Please note that there are six (6) properties, shaded in peach, that have or will be resyndicated as new LIHTC transactions and commence renovations during CY'22. During renovations, vacancy is anticipated to be higher than normal to support renovations, reserve contributions will be placed on hold, and debt service payments will be capitalized in the development budgets; therefore, the projected income from operations during CY'22 is not contingent on past performance or indicative of future anticipated property performance. In addition, Upton II will begin its unit delivery in late CY'21. For these reasons, the properties will not be included in the charts in Attachments 3 through 8.

As the General Partner/ultimate managing member, HOC is responsible for funding any cash deficits that occur in the operation of the tax credit properties. There are no deficits projected for CY'22.

The rent policy for CY'22 allows for in-place rental increases based on the County Executive's Voluntary Rent Guideline ("CE-VRG") of 1.4%. With the exception of **Arcola Towers, Bauer Park, Forest Oak Towers, Shady Grove, Stewartown, and Waverly House**, rent increases for all properties within the portfolio are at the CE-VRG. Several properties include Project Based Rental Assistance ("PBRA") units and the rent increases are based on the latest Operating Cost Adjustment Factor ("OCAF") of 2.5% adjusted for the anticipated debt service for the property. As a result, rent increases for Arcola Towers, Forest Oak Towers, Stewartown and Waverly House are projecting increases of 1.1%, 1.0%, 1.7% & 1.1%, respectively for the PBRA units and 1.4% for unsubsidized units. Bauer Park and Shady Grove are projecting 2.5% rent increases for PBRA units without adjustments for debt service.

Income from this portfolio is restricted to the properties. The only revenue that comes to HOC is in the form of a Partnership Management Fee, which is projected to be \$156,272 for CY'22. The proposed CY'22 budgets reflect an increase of \$9,344 or 6% in Partnership Management Fees when compared to the CY'21 Approved Budgets. This results from the escalation factor applied annually to several of the properties and the addition of the fees for the **Upton II**.

The CY'22 Budget for the properties projects modest increases in operating income per unit per annum ("PUPA") for five (5) of the properties when compared to the CY'21 Budget. In addition, the budgeted operating income at **Bauer Park, Greenhills** and **Fenton Silver Spring** have increased 14.6%, 8.6% and 13.5%, respectively. The increase at **Bauer Park** and **Greenhills** are largely driven by rent increases and lower vacancy. Income for **Fenton Silver Spring** is projected to increase as a result of the property achieving stabilization coupled with the receipt of non-dwelling income based on the Master Lease for the retail space. The decrease at **Forest Oak** and **Tanglewood/Sligo** are largely driven by removing the transfer from the County grant to cover the cost of the counselor at the property. The charge for the counselors are now directly to the County grant, which also reduces the expenses at the property. **(Attachment 3)**.

Operating expenses on a PUPA basis for the properties are projected to increase in the CY'22 Budget at seven (7) of the properties. The total operating expense increases range from 0.4% to 12.9%. The highest growth rates are at **Alexander House, Bauer Park, Greenhills, Waverly House** and **the Lindley**, which expect expense growth rates of 7.5%, 4.5%, 12.9%, 6.0%, and 8.8%, respectively. Operating expenses at **Alexander House** increased as a result of higher property and liability insurance coupled with an increase in bad debt expense offset by lower case management expense. **Bauer Park** is projected to increase due to higher administrative and tenant services cost offset by lower maintenance expense. The increase at **Greenhills** and **the Lindley** are primarily due to higher administrative, maintenance and insurance expense. Operating expenses at **Waverly House** increased primarily due to higher administrative, utility, maintenance and liability insurance expense, countered by lower COVID expenses **(Attachment 4)**. Operating expenses decreased between 4.9% and 28.1% at **Forest Oak Towers, Lasko Manor, Tanglewood/Sligo Hills** and

MetroPointe. The majority of the decrease at Forest Oak Towers, Lasko Manor and Tanglewood/Sligo Hills are primarily a result of decreased tenant service expense based on the shift of the counselor cost to the County grant. Forest Oak Towers and Tanglewood/Sligo Hills also experienced lower maintenance costs offset by increases in utilities. MetroPointe is projecting a reduction in expenses driven by a reduced contract management fee coupled with slightly lower utilities and bad debt expense countered by a higher security cost.

The net impact of the changes in operating income and expenses is reflected in the net operating income (“NOI”) on a PUPA basis for the LIHTC Portfolio (**Attachment 5**). Changes in NOI from budgeted CY’21 to CY’22 varied across the portfolio. Five (5) properties are projected to experience a decrease to NOI: 0.3% at **Alexander House**, 0.6% at **Spring Garden**, 5.3% at **Tanglewood/Sligo Hills**, 7.5% at **Waverly** and 3.7% at **the Lindley**. **Lasko Manor** is projecting a positive NOI for the first time, which resulted in an increase of 202.7% from the CY’21 budget. The remaining properties project NOI increases averaging 11.5%.

The minimum Debt Service Coverage (“DSC”) requirement of 1.00 or higher is projected to be achieved for many of the properties except for Alexander House and The Lindley, which are projecting 1.08 and 0.98 respectively. This is a result of a combination of the previously stated moderate rent increases offset by the continued impact of COVID-19 on bad debt at Alexander House and the lower rent structure and concessions offered at The Lindley to achieve occupancy. It is important to note that the stated DSC for Alexander House and MetroPointe reflects only the LIHTC portion of the properties. (**Attachment 6**).

Attachment 7 shows the history of PUPA Replacement for Reserves (“RfR”) contributions for the portfolio. The fluctuation in the base required contribution between CY’21 and CY’22 reflects changes due to Bauer Park not making contributions during renovations. Aside from this, the base required contribution amount has remained relatively flat except for growth due to the escalation factor applied annually to several of the properties. Over the years, a few properties in the portfolio have required increases in their annual contributions as well as the use of property cash or the Opportunity Housing Property Reserve (“OHPR”) to meet their capital needs. For CY’21 and CY’22, both **Forest Oak Towers** and **MetroPointe** projected the need for increased RfR contributions to meet their current and future years’ capital expenditure needs. In addition, MetroPointe will require the use of \$150,000 from the OHPR for the replacement of the roof. Finally, the properties in transition may experience a small amount of capital expenditures during renovations that will be funded by property cash. As stated earlier, the properties will not make the RfR contributions included in the development budget until permanent financing and stabilization is achieved. The CY’22 projections for RfR deposits on a PUPA basis by property, including the base and increased amounts, are depicted in **Attachment 8**.

Capital

Attachment 9 shows the capital budget for each property and proposed funding sources as well as the projected RfR balance as of December 31, 2022, based on the planned contributions and expenditures. Increased RfR contributions above the base requirement are intended to prevent

the depletion of the respective property's reserves and support future capital needs denoted in each property's Five Year Capital Plans.

BUDGET IMPACT:

Approval by the Commission of these budgets will allow the Calendar Year Properties to begin operations on January 1, 2022, the beginning of their calendar year.

TIME FRAME:

For formal Commission action at the November 3, 2021 meeting.

The Budget, Finance and Audit Committee informally reviewed the CY'22 Portfolio Budgets at the October 12, 2021 meeting and supports staff's recommendation.

RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the full Commission approve the CY'22 Portfolio Budgets.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner/ultimate managing member of the following entities: (1) Alexander House Apartments Limited Partnership (Alexander House); (2) Arcola Towers RAD Limited Partnership (Arcola Towers); (3) Bauer Park Apartments, LLC; (4) Forest Oak Towers Limited Partnership; (5) HOC at Georgian Court, LLC; (6) Greenhills Apartments Limited Partnership; (7) 4913 Hampden Lane Limited Partnership (Lasko Manor); (8) HOC at Willow Manor, LLC (Manor at Cloppers Mills, Manor at Colesville and Manor at Colesville); (9) HOC at Shady Grove, LLC; (10) Spring Garden One Associates Limited Partnership (Spring Garden); (11) HOC at Stewartown Homes, LLC; (12) Tanglewood and Sligo LP (Tanglewood/Sligo); (13) 900 Thayer Limited Partnership (Fenton Silver Spring); (14) HOC at The Upton II, LLC; (15) Waverly House RAD Limited Partnership (Waverly House); (16) Wheaton Metro Limited Partnership (MetroPointe) (together, the “LP and LLC Entities”); and

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

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

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

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

WHEREAS, the Budget, Finance and Audit Committee informally reviewed the CY’22 Budgets of the LP and LLC Entities at the October 12, 2021 meeting; and

WHEREAS, the Budget, Finance and Audit Committee also informally reviewed the CY’22 Budget of CCL, which is also operated on a Calendar Year basis, at the October 12, 2021 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of each of the LP and LLC Entities, as each entities’ general partner/ultimate managing member, as appropriate, that it hereby approves the CY’22 Operating Budgets for the LP and LLC Entities, as shown on the attached Exhibit A.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL Multifamily LLC, as its managing member, that it hereby approves the CY'22 Operating Budget for CCL, as shown on the attached Exhibit A.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 3, 2021.

Patrice Birdsong
Special Assistant to the Commission

S
E
A
L

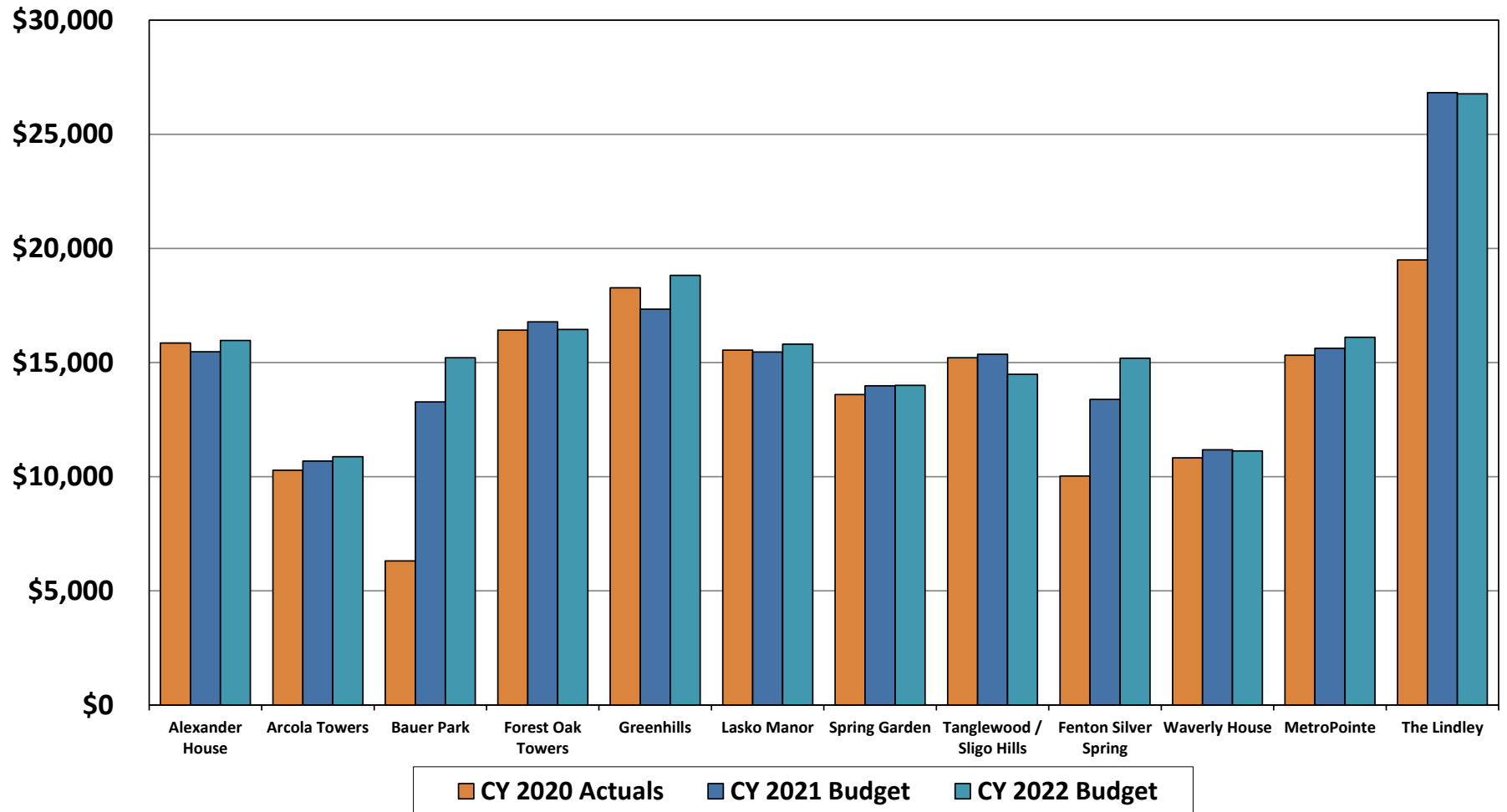
TAX CREDIT COMPLIANCE PERIOD as of October 12, 2021

| PROPERTIES | # of Units | INITIAL END DATE: December | Status of Limited Partner Exit | Extended Use after Compliance Period |
|---|------------|-------------------------------|----------------------------------|---|
| Spring Garden One Assoc. LP | 82 | 2021 | Ongoing monitoring | 25 Years (2046) |
| Forest Oak Towers LP | 175 | 2022 | Ongoing monitoring | 25 Years (2047) |
| Wheaton Metro LP (MetroPointe) | 53 | 2023 | Ongoing monitoring | 25 Years (2048) |
| 4913 Hampden Lane LP (Lasko Manor) | 12 | 2026 | Ongoing monitoring | 25 Years (2051) |
| Tanglewood / Sligo Hills LP | 132 | 2027 | Ongoing monitoring | 25 Years (2052) |
| Arcola Towers RAD LP | 141 | 2031 | Ongoing monitoring | 15 Years (2046) |
| Waverly House RAD LP | 157 | 2031 | Ongoing monitoring | 15 Years (2046) |
| Alexander House LP | 122 | 2032 | Ongoing monitoring | 25 Years (2057) |
| Greenhills Apartments LP | 77 | 2033 | Compliance Period begins in 2018 | 25 Years (2058) |
| 900 Thayer LP (Fenton Silver Spring) | 124 | 2034 | Compliance Period begins in 2019 | 25 Years (2059) |
| Bauer Park Apartments LLC | 142 | 2036 | Compliance Period begins in 2021 | 25 Years (2061) |
| HOC at Stewarttown Homes LLC | 94 | 2037 | Compliance Period begins in 2022 | 25 Years (2062) |
| HOC at The Upton II LLC (Upton II) | 150 | 2037 | Compliance Period begins in 2022 | 25 Years (2062) |
| HOC at Georgian Court LLC | 147 | 2037 | Compliance Period begins in 2022 | 25 Years (2062) |
| HOC at Willow Manor LLC (Manor at Cloppers Mill) | 102 | 2039 | Compliance Period begins in 2024 | TBD |
| HOC at Willow Manor LLC (Manor at Colesville) | 83 | 2039 | Compliance Period begins in 2024 | TBD |
| HOC at Willow Manor LLC (Manor at Fair Hill Farm) | 101 | 2038 | Compliance Period begins in 2023 | TBD |
| HOC at Shady Grove Apartments LLC | 144 | 2037 | Compliance Period begins in 2022 | 25 Years (2062) |

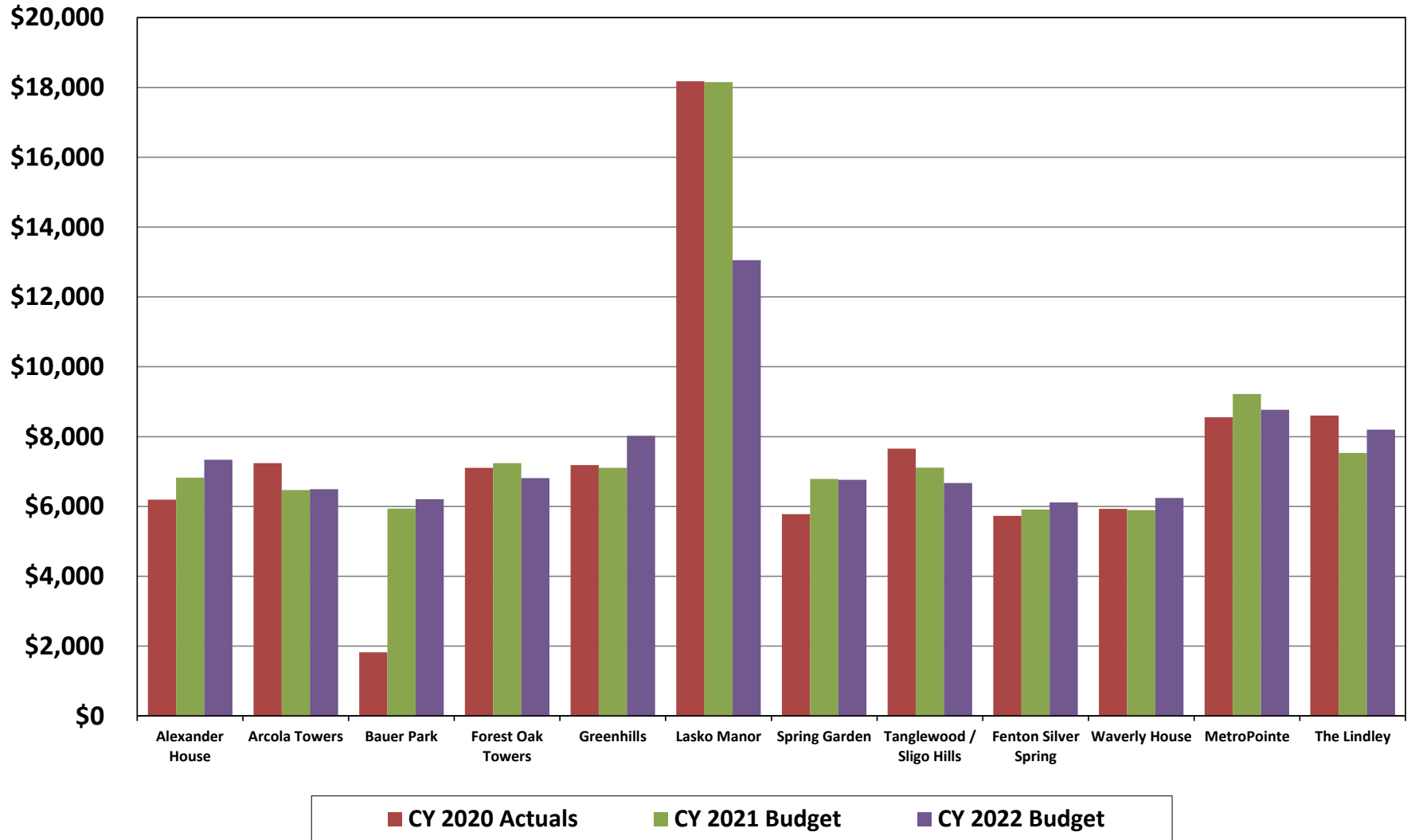
| | | CY 2022 BUDGET | | | | | | | | | | | | |
|---|--------------|-----------------------------|------------------------|--------------------------|----------------------|---------------------|--------------------------------|-----------------------|-------------------------|----------------------|-------------------------------|--|-----------------------------|--------------------|
| CY 2021 Tax Credit Operating Budget | # of Units | Rent Assumptions at Renewal | Total Operating Income | Total Operating Expenses | Net Operating Income | Annual Debt Service | Operating Reserve Contribution | Required RfR Deposits | Additional RfR Deposits | Partners Tax Expense | Cash Flow Before Distribution | Asset Management / Investor Service Fees | Partnership Management Fees | Net Cash Flow |
| Alexander House LP | 122 | 1.4% | \$1,947,782 | \$895,407 | \$1,052,375 | \$930,707 | \$0 | \$49,500 | \$0 | \$0 | \$72,168 | \$11,592 | \$11,592 | \$48,984 |
| Arcola Towers RAD LP | 141 | 1.1% | \$1,533,255 | \$915,505 | \$617,750 | \$378,254 | \$0 | \$71,412 | \$0 | \$0 | \$168,084 | \$8,664 | \$10,500 | \$148,920 |
| Bauer Park Apartments LLC | 142 | 2.5% | \$2,160,288 | \$881,071 | \$1,279,217 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,279,217 | \$5,304 | \$0 | \$1,273,913 |
| Forest Oak Towers LP | 175 | 1.0% | \$2,879,791 | \$1,192,343 | \$1,687,448 | \$1,216,942 | \$0 | \$200,000 | \$0 | \$0 | \$270,506 | \$12,468 | \$40,896 | \$217,142 |
| HOC at Georgian Court LLC | 147 | 1.9% | \$1,611,610 | \$853,715 | \$757,895 | \$24,375 | \$0 | \$0 | \$0 | \$0 | \$733,520 | \$10,000 | \$0 | \$723,520 |
| Greenhills Apartments LP | 77 | 1.4% | \$1,449,423 | \$617,551 | \$831,872 | \$675,125 | \$0 | \$29,172 | \$0 | \$0 | \$127,575 | \$6,696 | \$13,392 | \$107,487 |
| 4913 Hampden Lane LP (Lasko Manor) | 12 | 1.4% | \$189,746 | \$156,622 | \$33,124 | \$0 | \$0 | \$4,320 | \$0 | \$0 | \$28,804 | \$0 | \$5,000 | \$23,804 |
| HOC at Willow Manor LLC (Manor at Cloppers Mill) | 102 | 1.4% | \$1,428,350 | \$605,051 | \$823,299 | \$42,750 | \$0 | \$0 | \$0 | \$0 | \$780,549 | \$0 | \$0 | \$780,549 |
| HOC at Willow Manor LLC (Manor at Colesville) | 83 | 1.4% | \$1,139,725 | \$564,173 | \$575,552 | \$45,000 | \$0 | \$0 | \$0 | \$0 | \$530,552 | \$0 | \$0 | \$530,552 |
| HOC at Willow Manor LLC (Manor at Fair Hill Farm) | 101 | 1.4% | \$1,499,932 | \$567,750 | \$932,182 | \$33,750 | \$0 | \$0 | \$0 | \$0 | \$898,432 | \$0 | \$0 | \$898,432 |
| HOC at Shady Grove Apartments LLC | 144 | 2.5% | \$2,443,590 | \$930,315 | \$1,513,275 | \$35,711 | \$0 | \$0 | \$0 | \$0 | \$1,477,564 | \$10,000 | \$0 | \$1,467,564 |
| Spring Garden One Assoc. LP | 82 | 1.4% | \$1,147,856 | \$554,450 | \$593,406 | \$441,661 | \$0 | \$49,692 | \$0 | \$0 | \$102,053 | \$22,480 | \$22,480 | \$57,093 |
| HOC at Stewartown Homes LLC | 94 | 1.4% | \$1,458,044 | \$755,526 | \$702,518 | \$34,344 | \$0 | \$0 | \$0 | \$0 | \$668,174 | \$4,700 | \$0 | \$663,474 |
| Tanglewood / Sligo Hills LP | 132 | 1.4% | \$1,912,415 | \$880,806 | \$1,031,609 | \$645,835 | \$0 | \$44,700 | \$0 | \$0 | \$341,074 | \$5,940 | \$25,000 | \$310,134 |
| 900 Thayer LP (Fenton Silver Spring) | 124 | 1.4% | \$1,883,588 | \$757,975 | \$1,125,613 | \$607,167 | \$0 | \$44,700 | \$0 | \$0 | \$473,746 | \$17,352 | \$0 | \$456,394 |
| HOC at The Upton II LLC (Upton II) | 150 | 1.4% | \$2,609,601 | \$746,924 | \$1,862,677 | \$1,377,014 | \$0 | \$45,000 | \$0 | \$0 | \$440,663 | \$8,500 | \$8,500 | \$423,663 |
| Waverly House RAD LP | 157 | 1.1% | \$1,748,131 | \$980,408 | \$767,723 | \$521,026 | \$0 | \$80,706 | \$0 | \$0 | \$165,991 | \$12,300 | \$0 | \$153,691 |
| Wheaton Metro LP (MetroPointe) | 53 | 1.4% | \$854,007 | \$464,571 | \$389,436 | \$221,836 | \$0 | \$90,396 | \$0 | \$0 | \$77,204 | \$7,560 | \$18,912 | \$50,732 |
| TOTAL Tax Credit Properties | 2,038 | 1.5% | \$29,897,134 | \$13,320,163 | \$16,576,971 | \$7,231,497 | \$0 | \$709,598 | \$0 | \$0 | \$8,635,876 | \$143,556 | \$156,272 | \$8,336,048 |

| CY 2021 Other Calendar Year Properties Operating Budget | # of Units | Rent Assumptions at Renewal | Total Operating Income | Total Operating Expenses | Net Operating Income | Annual Debt Service | Operating Reserve Contribution | Required RfR Deposits | Additional RfR Deposits | Partners Tax Expense | Cash Flow Before Distribution | Asset Management / Investor Service Fees | Partnership Management Fees | Net Cash Flow |
|---|--------------|-----------------------------|------------------------|--------------------------|----------------------|---------------------|--------------------------------|-----------------------|-------------------------|----------------------|-------------------------------|--|-----------------------------|--------------------|
| CCL Multifamily LLC (The Lindley) | 200 | 1.4% | \$5,353,985 | \$1,639,207 | \$3,714,778 | \$3,733,330 | \$3,000 | \$53,040 | \$0 | \$0 | (\$74,592) | \$0 | \$0 | (\$74,592) |
| TOTAL Other Properties | 200 | 1.4% | \$5,353,985 | \$1,639,207 | \$3,714,778 | \$3,733,330 | \$3,000 | \$53,040 | \$0 | \$0 | (\$74,592) | \$0 | \$0 | (\$74,592) |
| GRAND TOTAL All Properties | 2,238 | 1.5% | \$35,251,119 | \$14,959,370 | \$20,291,749 | \$10,964,827 | \$3,000 | \$762,638 | \$0 | \$0 | \$8,561,284 | \$143,556 | \$156,272 | \$8,261,456 |

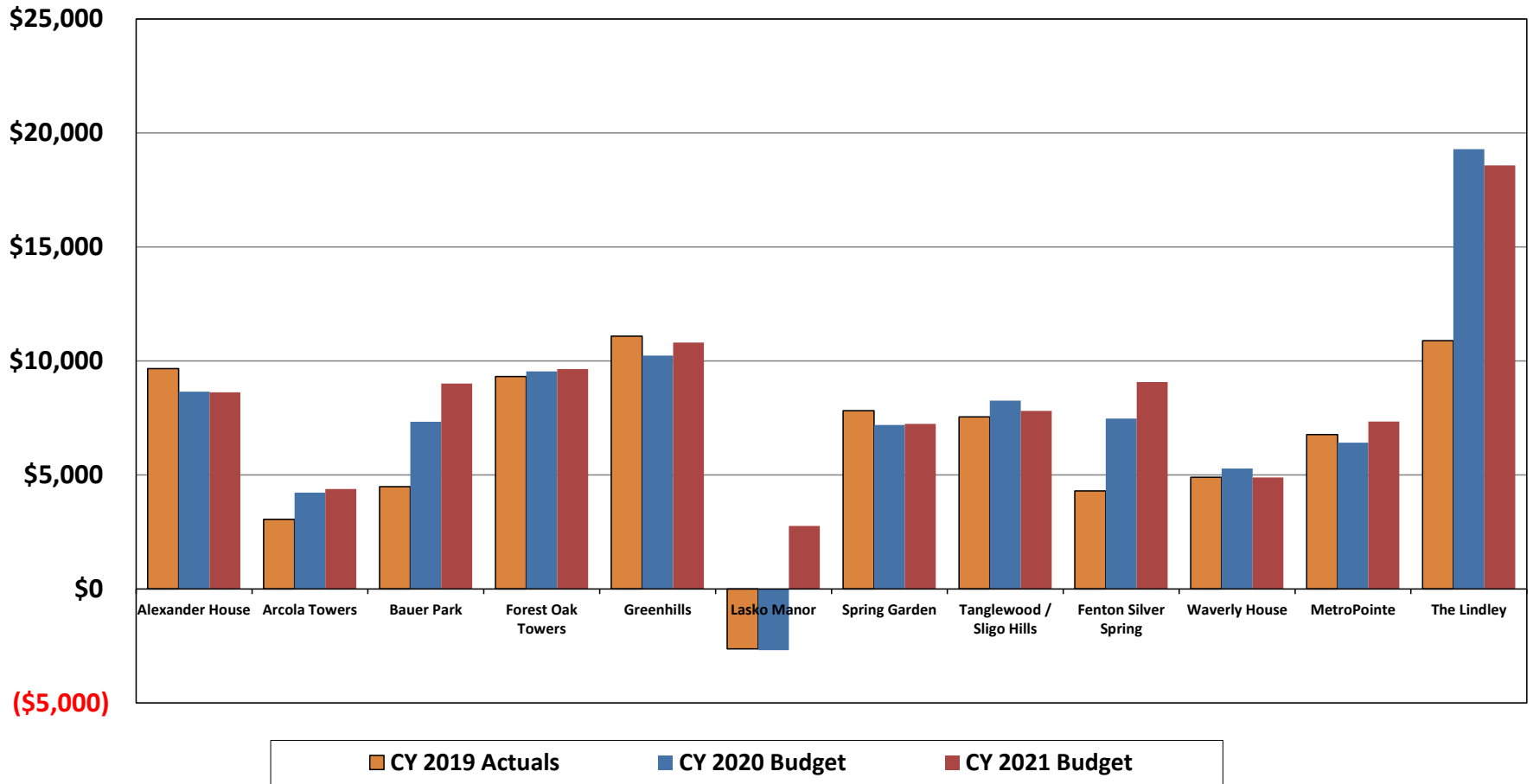
Operating Income (PUPA)



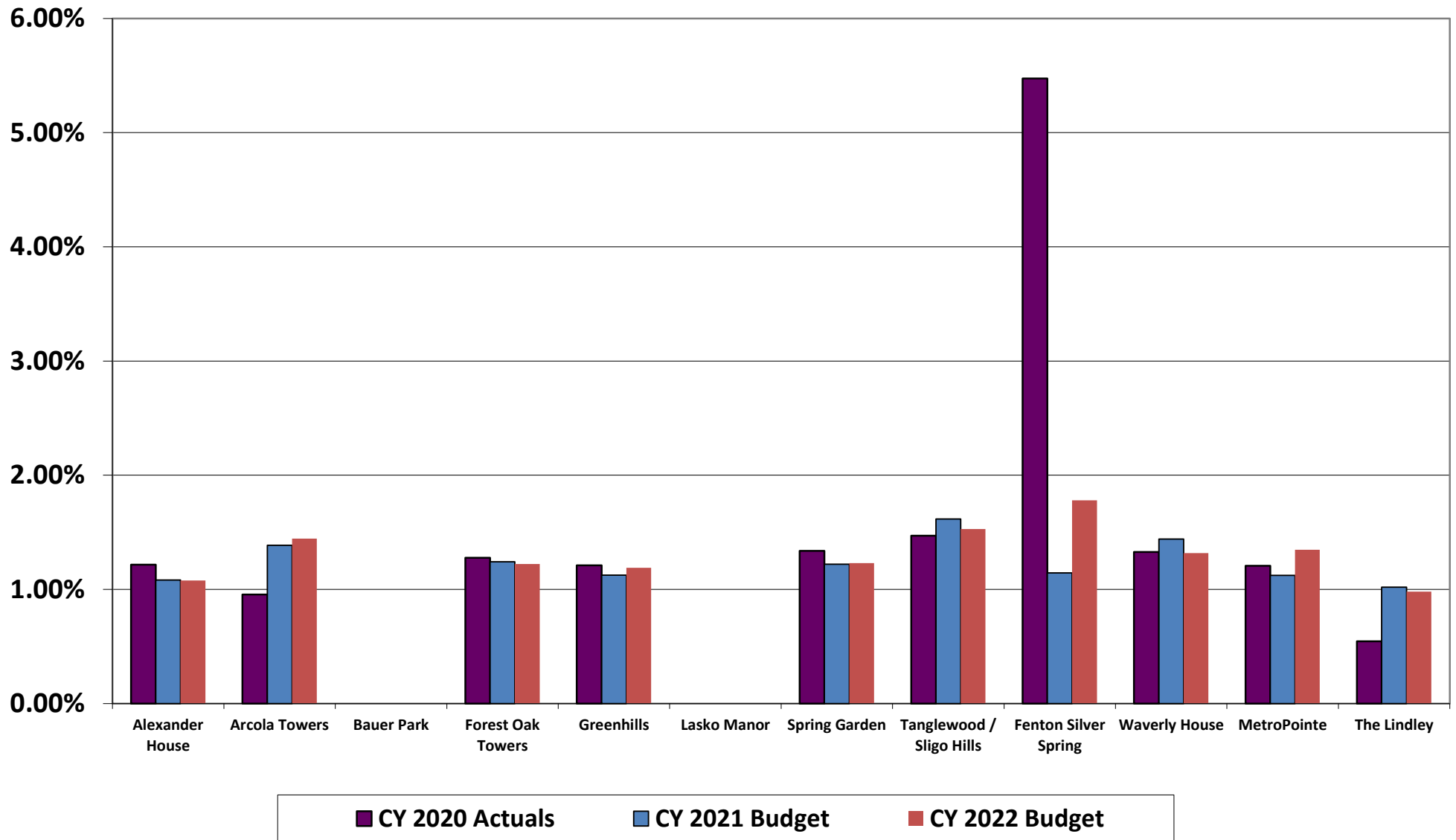
Operating Expenses (PUPA)



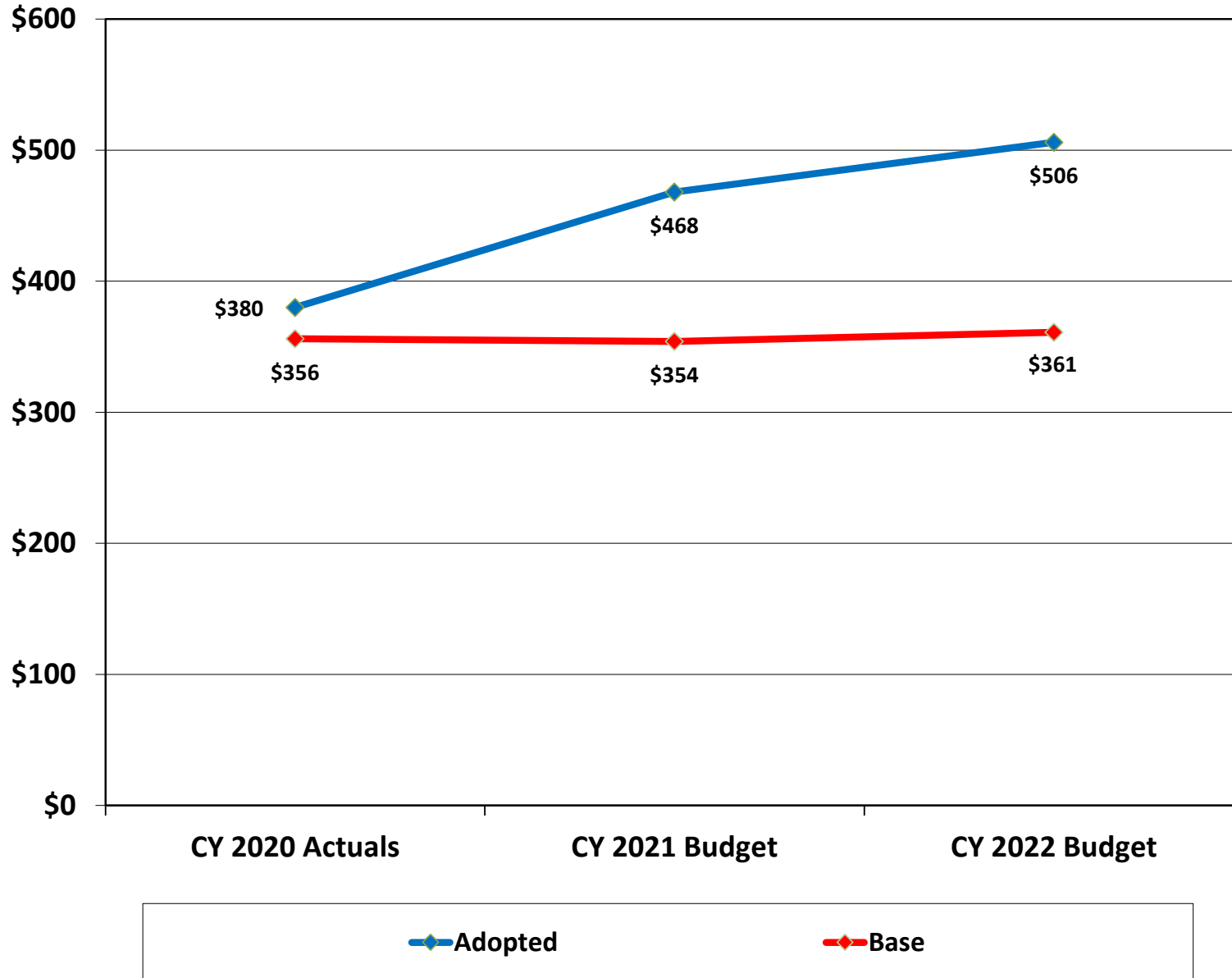
Net Operating Income (PUPA)



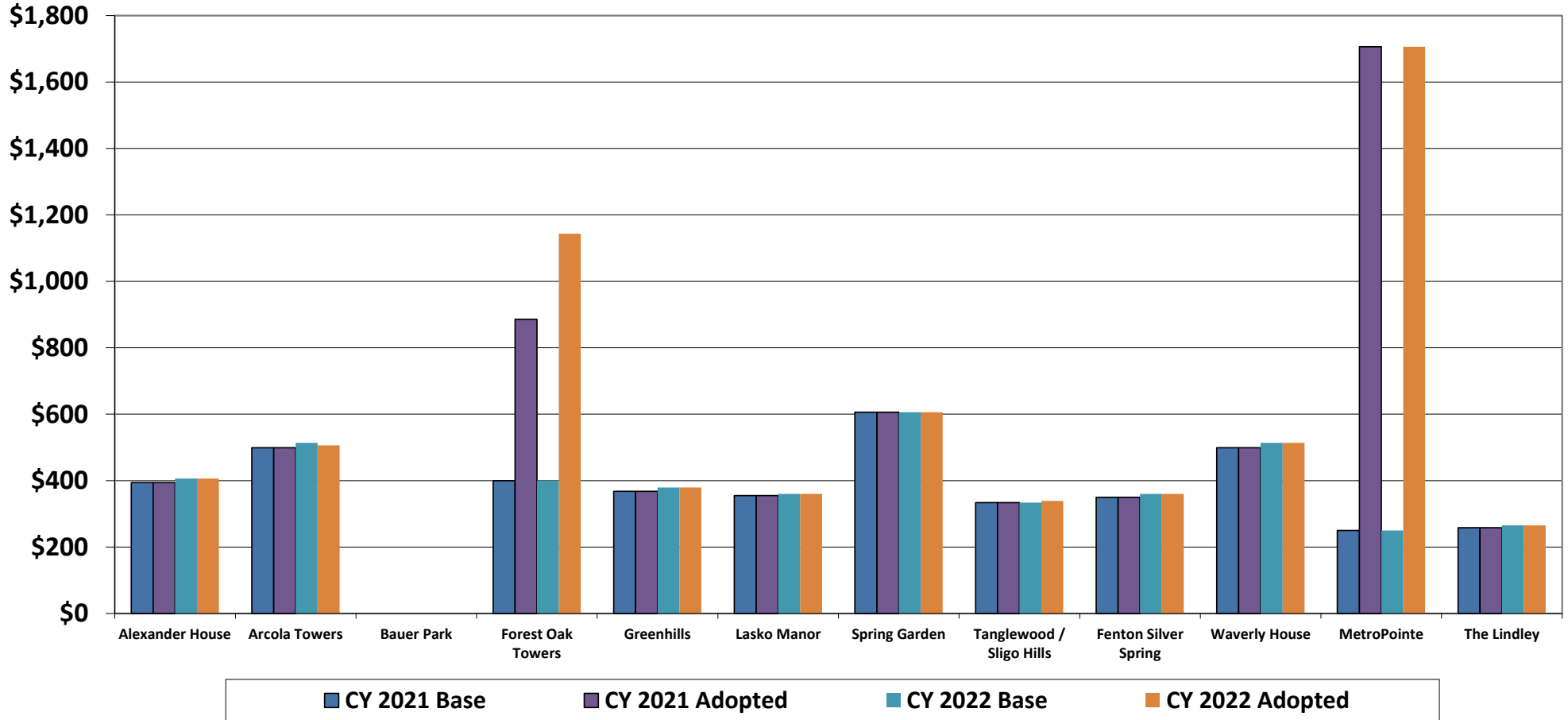
Debt Service Coverage Ratios (DSC)



RfR Contributions (PUPA)



CY 2022 RfR Contributions (PUPA)



| CY 2022 Tax Credit Capital Budget | Expenses | Revenue Sources | | | Projected RfR Balance as of 12/31/2022 |
|---|--------------------|----------------------|--|-----------------------------|--|
| | | Property Reserves | Additional Revenue Source (Property Cash, OH Property Reserve) | Current Year RfR Deposit | |
| Alexander House LP | \$34,589 | \$34,589 | \$0 | \$0 | \$438,456 |
| Arcola Towers RAD LP | \$28,062 | \$28,062 | \$0 | \$0 | \$670,264 |
| Bauer Park Apartments LLC | \$3,046 | \$0 | \$3,046 | \$0 | \$0 |
| Forest Oak Towers LP | \$294,450 | \$137,111 | \$0 | \$157,339 | \$42,661 |
| HOC at Georgian Court LLC | \$60,287 | \$0 | \$60,287 | \$0 | \$0 |
| Greenhills Apartments LP | \$15,684 | \$15,684 | \$0 | \$0 | \$262,816 |
| 4913 Hampden Lane LP (Lasko Manor) | \$10,000 | \$10,000 | \$0 | \$0 | \$48,525 |
| HOC at Willow Manor LLC (Manor at Cloppers Mill) | \$29,136 | \$0 | \$29,136 | \$0 | \$0 |
| HOC at Willow Manor LLC (Manor at Colesville) | \$28,380 | \$0 | \$28,380 | \$0 | \$0 |
| HOC at Willow Manor LLC (Manor at Fair Hill Farm) | \$14,500 | \$0 | \$14,500 | \$0 | \$0 |
| HOC at Shady Grove Apartments LLC | \$6,800 | \$0 | \$6,800 | \$0 | \$0 |
| Spring Garden One Assoc. LP | \$68,465 | \$68,465 | \$0 | \$0 | \$296,277 |
| HOC at Stewartown Homes LLC | \$9,600 | \$0 | \$9,600 | \$0 | \$0 |
| Tanglewood / Sligo Hills LP | \$53,268 | \$53,268 | \$0 | \$0 | \$152,854 |
| 900 Thayer LP (Fenton Silver Spring) | \$2,000 | \$2,000 | \$0 | \$0 | \$210,100 |
| HOC at The Upton II LLC (Upton II) | \$0 | \$0 | \$0 | \$0 | \$45,000 |
| Waverly House RAD LP | \$55,274 | \$55,274 | \$0 | \$0 | \$790,944 |
| Wheaton Metro LP (MetroPointe) | \$329,544 | \$179,544 | \$150,000 | \$0 | \$19,631 |
| Total Tax Credit Properties | \$1,043,085 | \$583,997 | \$301,749 | \$157,339 | \$2,977,528 |
| CY 2022 Other Calendar Year Capital Budget | Expenses | Property Reserves | Residual Cash | Current Year RfR Deposit | Projected RfR Balance as of 12/31/2022 |
| CCL Multifamily LLC (The Lindley) | \$41,937 | \$41,937 | \$0 | \$0 | \$138,994 |
| Total Other Calendar Year Properties | \$41,937 | \$41,937 | \$0 | \$0 | \$138,994 |
| GRAND TOTAL All Properties | \$1,085,022 | \$625,934 | \$301,749 | \$157,339 | \$3,116,522 |

**COUNTY FY 2023 (FY'23) MAXIMUM AGENCY REQUEST
CEILING ("MARC"): AUTHORIZATION TO SUBMIT THE COUNTY
FY 2023 MARC**

November 3, 2021

- Staff has been informed that the submission deadline for the FY'23 Maximum Agency Request Ceiling ("MARC") to the County Office of Management and Budget ("OMB") is October 29, 2021. Staff has requested and received an extension to November 4, 2021 in order to obtain Commission approval on November 3, 2021.
- The Agency will be required to submit a MARC for FY'23 in an amount not to exceed \$6,895,693. The MARC is based on the FY'22 approved MARC of \$6,895,693 and does not include the estimate for projected FY'23 increases to compensation, health and retirement benefits, and rental license fees.
- The Budget Finance and Audit Committee reviewed this request at its meeting on October 12, 2021 and joins staff recommendation that the Commission authorize staff to submit the County FY'23 MARC.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

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

RE: **Fiscal Year 2023 (FY'23) Maximum Agency Request Ceiling ("MARC"):**
Authorization to Submit the County FY'23 MARC

DATE: November 3, 2021

OVERALL GOAL & OBJECTIVE:

Authorization to submit the County FY'23 Maximum Agency Request Ceiling ("MARC").

BACKGROUND:

The FY'23 Operating Budget submission is due to the County Office of Management and Budget ("OMB") on October 29, 2021. Staff has requested an extension to November 4, 2021 in order to obtain Commission approval on November 3, 2021.

The FY'23 County Operating Budget Kick-off was held on September 30, 2021. The Agency will be required to submit a baseline budget or Maximum Agency Request Ceiling for FY'23 in an amount not to exceed \$6,895,693. The MARC is based on the FY'22 approved MARC of \$6,895,393 without any adjustments.

Staff has submitted requests for an adjustment of \$152,270 for estimated increases to compensation, health and retirement benefits, and \$34,940 for Rental License Fees related to the acquisition of Bradley Crossing and the placement in service of Elizabeth House III and West Side Shady Grove, which are anticipated to occur during FY'23. The requested adjustments will be discussed during the budget process in order to obtain the County Executive's approval before the County's Recommended Budget is finalized.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the submission of the FY'23 County MARC of \$6,895,693 to Montgomery County's OMB?

BUDGET IMPACT:

Funding of the FY'23 County MARC is provided as an Operating Grant to HOC. The County Operating Grant is the primary funding source for the Agency's Resident Services Division.

TIME FRAME:

For formal Commission action at the November 3, 2021 meeting.

The Budget, Finance and Audit Committee informally discussed the submission of the County FY'23 MARC at the October 12, 2021 meeting and supports staff's recommendation.

Once approved by the Commission, the FY'23 County MARC will be submitted to the County by November 4, 2021.

RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that full Commission to authorize the submission of the proposed County FY'23 MARC of \$6,895,693.

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") wishes to submit a request for County funds for FY'23; and

WHEREAS, the County has instructed HOC to submit a Maximum Agency Request Ceiling ("MARC") for FY' 23 in an amount not to exceed \$6,895,693, which is based on the FY'22 approved MARC of \$6,895,693 that does not include the estimate for projected FY'23 increases to compensation, health and retirement benefits.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves submitting a MARC to the County for FY'23 in the amount of \$6,895,693.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 3, 2021.

Patrice Birdsong
Special Assistant to the Commission

S

E

A

L

**STEWARTOWN HOMES CALENDAR YEAR 2021 BUDGET
AMENDMENT: APPROVAL OF THE CALENDAR YEAR 2021
BUDGET AMENDMENT FOR HOC AT STEWARTOWN HOMES LLC**

November 3, 2021

- On June 30, 2021, the Agency refinanced Stewartown Homes, using, among other sources, Low Income Housing Tax Credit (“LIHTC”) equity. In keeping with the Agency’s budget policy, a CY’21 budget for the new limited partnership was prepared.
- The budget amendment will establish both an operating and capital budget for HOC at Stewartown Homes, LLC (the Owner of Stewartown Homes) for the period of July 1 2021 through December 31 2021.
- The Budget Finance and Audit Committee reviewed this request at its meeting on October 12, 2021 and joins staff recommendation that the Commission approve the Calendar Year 2021 Budget Amendment for HOC at Stewartown Homes LLC.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

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

RE: **Stewartown Homes Calendar Year 2021 Budget Amendment:** Approval of the Calendar Year 2021 Budget Amendment for HOC at Stewartown Homes LLC

DATE: November 3, 2021

OVERALL GOAL & OBJECTIVE:

To approve the CY'21 Budget Amendment for HOC at Stewartown Homes LLC.

BACKGROUND:

As General Partner/ultimate Managing Member, the Housing Opportunities Commission of Montgomery County ("HOC" or "Agency" or "Commission") has a fiduciary responsibility for each of the Low Income Housing Tax Credit ("LIHTC") entities. The current HOC budget policy stipulates that the financial performance and budgets of the LIHTC entities should be reviewed on the same fiscal year as its partners/members (December 31). The LIHTC entities' Budgets require adoption by the Commission, separate from the Agency's general budget process. On November 4, 2020, the Commission adopted the CY'21 budgets for the entities that own the 11 multifamily properties, which are calendar year-end properties.

ISSUES FOR CONSIDERATION:

- **HOC at Stewartown Homes LLC:** On June 30, 2021, the Commission refinanced Stewartown Homes ("Stewartown") using, among other sources, LIHTC equity. In keeping with the Agency's budget policy, a budget for the new entity has been prepared. The budget was developed based on current and historic budget data for the units when owned by HOC, as well as the pro forma budget that was used to underwrite the transaction. During CY'21, the property is expected to experience higher vacancies as units are held vacant to support tenant-in-place renovations.

The table on the following page summarizes the CY'21 budget for Stewartown during the first six months of renovations:

CY 2021 HOC at Stewartown Homes LLC Budget Amendment

| | 7/1/2021 - 12/31/2021 |
|---|----------------------------------|
| Total Revenue | \$732,093 |
| Gross Rents | \$837,036 |
| Concessions | \$0 |
| Vacancy Loss | (\$109,387) |
| Other Revenue | \$4,444 |
| Total Operating Expenses | \$397,052 |
| Administrative | \$145,418 |
| Utilities | \$72,342 |
| Maintenance | \$90,170 |
| Other | \$89,122 |
| Net Operating Income | \$335,041 |
| Annual RfR Contribution | \$0 |
| Asset Management Fee | \$0 |
| Excess Cash Flow Restricted | \$328,345 |
| Annual Debt Service | \$6,696 |
| Total Non-Operating Expenses | \$335,041 |
| Cash Flow / (Deficit) | \$0 |
| Capital | \$7,000 |

BUDGET IMPACT:

Approval by the Commission will establish this as the CY'21 operating and capital budgets for HOC at Stewartown Homes, LLC and does not adversely impact the HOC's operating budget.

TIME FRAME:

For formal Commission action at the November 3, 2021 meeting.

The Budget, Finance and Audit Committee informally reviewed the CY'21 Budget Amendment for HOC at Stewartown Homes LLC at the October 12, 2021 meeting and supports staff's recommendation.

RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the full Commission formally approve the proposed CY'21 Budget Amendment for HOC at Stewartown Homes, LLC to establish the operating and capital budgets for the partnership.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) refinanced Stewartown Homes (the “Property”) using, among other financing sources, Low Income Housing Tax Credit (“LIHTC”) equity on June 30, 2021; and

WHEREAS, the Property is owned by HOC at Stewartown Homes, LLC (“Owner”), and HOC is the sole member of HOC MM Stewartown Homes, LLC (“Managing Member”), the Owner’s managing member; and

WHEREAS, HOC’s budget policy requires a budget be prepared and adopted for Owner; and

WHEREAS, a CY’21 Budget Amendment for Owner was prepared and approved by the Commission on November 3, 2021; and

WHEREAS, the CY’21 Budget Amendment for Owner will incorporate a budget for the period of July 1 2021 through December 31 2021.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Managing Member, acting on behalf of itself and on behalf of Owner, hereby approves the CY’21 Budget Amendment for Owner.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on November 3 2021.

Patrice Birdsong
Special Assistant to the Commission

S

E

A

L

Development and Finance Committee

**GARNKIRK APARTMENTS: APPROVAL OF A PREDEVELOPMENT
BUDGET AND FUNDING OF PREDEVELOPMENT EXPENDITURES
FOR GARNKIRK APARTMENTS**

MIXED-INCOME RENTAL HOUSING IN CLARKSBURG



**KAYRINE BROWN, ACTING EXECUTIVE
DIRECTOR**

**Zachary Marks, Chief Real Estate Officer
Marcus Ervin, Director of Real Estate
Gio Kaviladze, Senior Financial Analyst**

Table of Contents

| Topic | Page # |
|--|--------|
| Executive Summary | 3 |
| Garnkirk Background | 5 |
| Design Sustainability Accessibility & Universal Design | 6 |
| Sustainability Continued | 7 |
| Racial Equity & Inclusion | 9 |
| Sample Unit Layouts | 10 |
| Featured Amenities | 12 |
| Predevelopment Budget | 13 |
| Development Timeline | 15 |
| Summary and Recommendations | 16 |

Executive Summary

HOC staff introduced the proposed 184-unit Garnkirk Farms Apartments (“Garnkirk”), an unsolicited opportunity on February 3, 2021, which was in the form of a letter of intent (“LOI”) received on December 4, 2020 (“LOI”) and subsequently approved on March 3, 2021. Multifamily rental development opportunities are limited in Clarksburg, and community opposition can be strong. Already entitled by the owner of the property, the Duffie Companies (“Duffie”), developing Garnkirk would allow HOC to enter into the transaction having avoided that political and entitlement risk.

On the strength of Duffie’s relationship with HOC, Duffie approached HOC staff to gauge HOC’s interest in taking over the development and owning the improvements. With HOC’s involvement, the number of restricted affordable units provided at Garnkirk would not only grow from 25-units (~13.5%) to 57-units, but 20% of these 57 units would be restricted to 50% AMI. Additionally, the development would be enhanced with close attention and investigation into sustainable development techniques and accessibility features where feasible.

The Commission formally closed on the 99-year Ground Lease on September 17, 2021. In order to advance the design and predevelopment efforts, staff is requesting authorization of a predevelopment budget and funding in the amount of **\$5,344,731** to be paid from the **PNC Bank, N.A. Real Estate Line of Credit (“RELOC”)**, and repaid at the closing of the construction loan financing in approximately May-2023.

As design and development progresses, staff will return to the Commission at a future date for approval of a Final Finance Plan and Final Development Plan that may include a combination use of LIHTC equity, debt, and potential use of the Housing Production Fund (“HPF”) as temporary construction bridge financing given the number of proposed affordable housing units.



| UNIT MATRIX* | | | | | | |
|--------------|--------------|-------|------|-------------|----------------|------------|
| Total Units | Bedroom Type | Baths | Type | Square Feet | Collected Rent | Rent (/SF) |
| 63 | 1 | 1 | MKT | 665 | 1775 | \$2.67 |
| 9 | 1 | 1 | MPDU | 665 | 1285 | \$1.93 |
| 18 | 1 | 1 | 50% | 665 | 1181 | \$1.78 |
| 21 | 2 | 1 | MKT | 1148 | 1995 | \$1.74 |
| 3 | 2 | 1 | MPDU | 1148 | 1535 | \$1.34 |
| 6 | 2 | 1 | 50% | 1148 | 1332 | \$1.16 |
| 43 | 2 | 2 | MKT | 1148 | 2128 | \$1.85 |
| 7 | 2 | 2 | MPDU | 1148 | 1620 | \$1.41 |
| 14 | 2 | 2 | 50% | 1148 | 1417 | \$1.23 |

*The project will operate as a mix of market-rate and affordable units with a total of 57-affordable units inclusive of 19 MPDU units and 38 units restricted at 50% of AMI.

Executive Summary

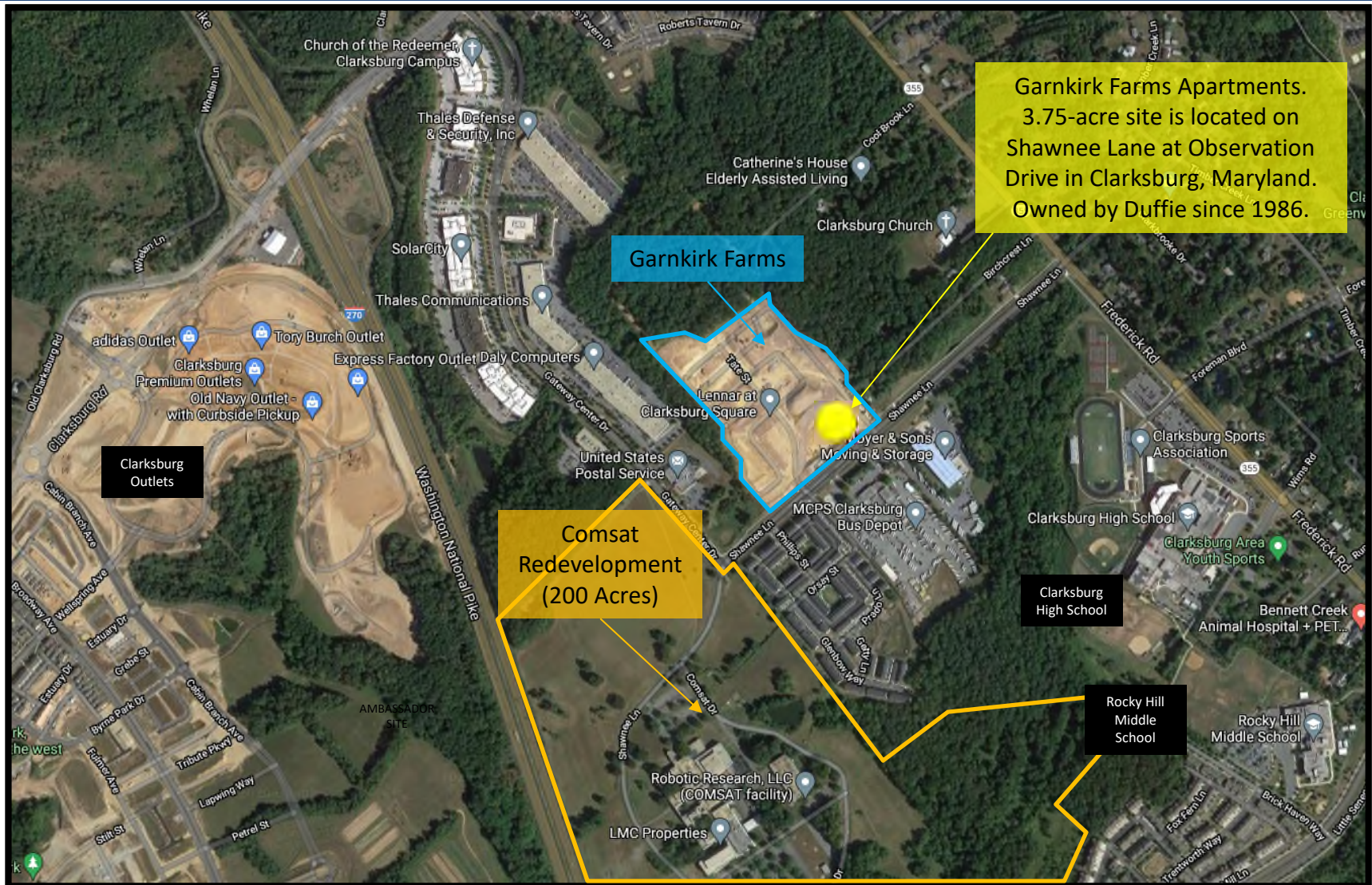
Garnkirk farms is a community of 392 residential dwelling units (including a minimum of 12.5% MPDUs) consisting of 18 one-family detached units, 190 townhouses, and 184 multi-family units. The multifamily component of the community is the final phase of development.

The proposed 184-unit mixed-income family rental property will be located at Shawnee Lane and Observation Drive in Clarksburg, Montgomery County, Maryland. The property will be comprised of one- and two-bedroom garden-style units. **The project will operate as a mix of market-rate and affordable units with a total of 57-affordable units inclusive of 19 MPDU units and 38 units restricted at 50% of AMI. The MPDU units will target households earning up to 65% of Area Median Household Income (AMHI) under the Moderately Priced Dwelling Unit (MPDU) program.** The project will offer garden-style units within a four-story, elevator-served building and 254 space parking structure.

The project is fully-entitled with an approved site plan and storm water management concept. Preliminary market analysis reports favorably confirmed the demand for additional general occupancy and age-restricted multifamily units in the Clarksburg market as well as the feasibility of the target rents proposed.



Background - Garnkirk Farms Apartments



Design | Sustainability | Universal Design



ARCHITECTURE

The 184 residence Garnkirk Farms Apartments will be the final phase of construction in a broader site plan including the Clarksburg Square community comprised of 18 single-family homes and 190 townhouses. As the arrival point to the community, **Garnkirk Farms apartments looks to compliment the classic and current architecture of the Clarksburg Square community while introducing modern elements and amenities.** Among the designers' guiding principles is a prevailing theme of connection, sustainability, and the creation of long-term value.



SUSTAINABILITY

Designed to meet LEED Platinum and Energy Star Indoor Air Quality Plus certifications the Garnkirk Farms team has focused on creating a highly efficient property without sacrificing comfort or value. Rather than build "code-minimum" and pushing investments in sustainability down the road, the Garnkirk Farms design team is performing the analysis from the onset to optimize construction and maximize long-term value.

At the leading edge of sustainability, the Garnkirk Farms project **is conceived as a fully electric Net Zero Energy Ready development.** Early energy modeling by Jay Hall and Associates and photovoltaic design by Aurora Energy confirm the project's viability to be among the largest Net Zero Energy multifamily projects in Montgomery County and the broader DC Metro area.



ACCESSIBILITY AND UNIVERSAL DESIGN

Marx|Okubo, the project's Accessibility consulting team, serves as an impartial reviewer of accessibility compliance. While the Americans with Disabilities Act ("ADA") and Federal Fair Housing Act ("FFHA") are more than 25 years old, accessibility compliance remains a challenging prospect for many property owners. The project team understands that the projects function must go hand-in-hand with its form.

An early focus on the elements of Universal Design and accessibility will position Garnkirk Farms as a project designed for equitable enjoyment by all residents. No matter how beautiful, a property will not be comfortable or appealing if a resident cannot move freely through its rooms and independently perform the basic tasks of life. In addition to life-long accessibility needs, sudden accident or the long-term effects of illness can create mobility problems, visual and auditory impairments, or cognitive decline. The Garnkirk Farms designers hope to limit the impacts of these challenges.

Examples of Universal Design elements incorporated into the project include, but are not limited to, elevator access to all levels, enlarged door widths, enlarged hallway and travel paths, in wall blocking for grab rails and seats, and solid rollable flooring surfaces.

Sustainability Continued: Garnkirk Farms Apartments & Thrive 2050

Garnkirk meets many of the goals outlined in Thrive Montgomery 2050 (Montgomery County's draft update to its General Plan, which is the blueprint and guiding policy document for future growth and development in the County). The vision for Thrive Montgomery 2050 is that:

"In 2050, Montgomery County is a vibrant and welcoming place where all people thrive with equitable access to attainable housing, healthy food, opportunities for physical activity, parks and open spaces, employment, education, services and a variety of travel options. No longer a suburban bedroom community, Montgomery County has diversity in population, in living and working experiences, in modes of travel, and in natural and built resources. People from all over the world choose to live, work, grow and age here."

Thrive Montgomery 2050 goals achieved by Garnkirk Farms Apartments:

- ✓ Compact form of development/urbanism.
- ✓ Corridors are the place for new growth.
- ✓ Stop planning for cars.
- ✓ Attainable housing for all income levels.
- ✓ A diverse county.



Other Thrive Montgomery 2050 goals:

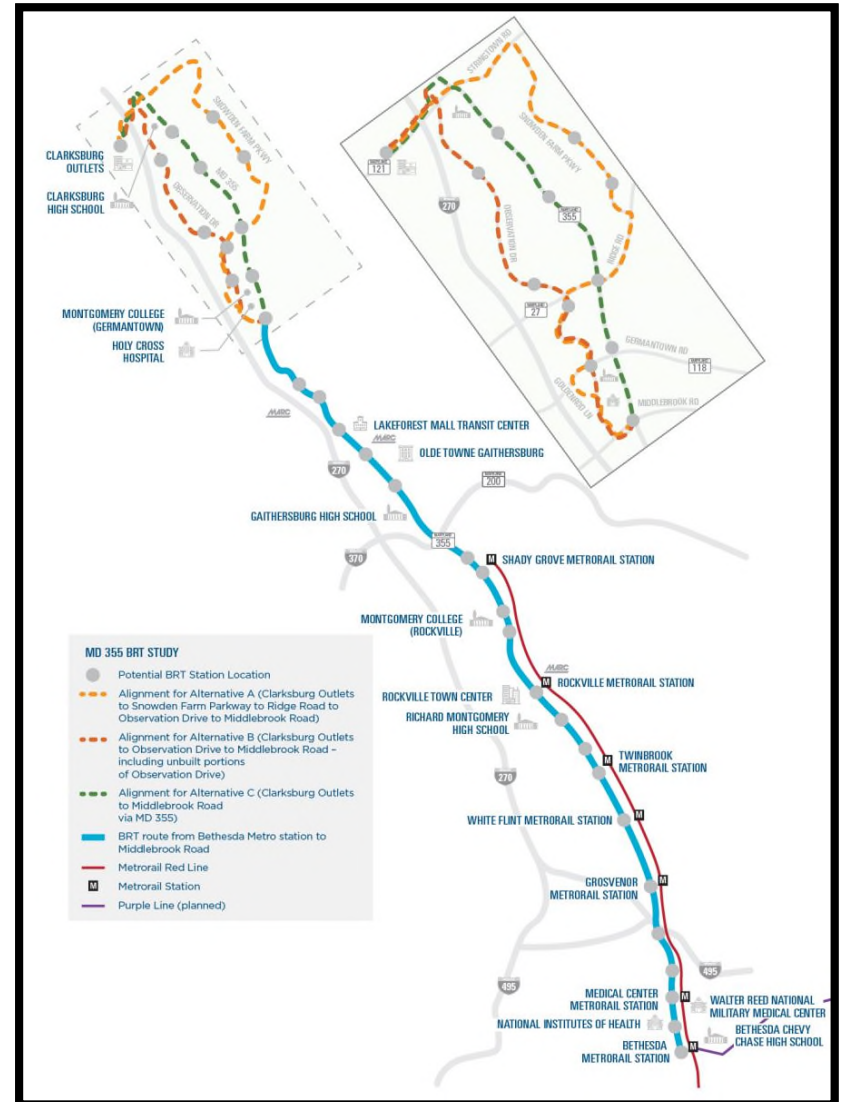
- Eradicate greenhouse gas emissions.
- Evolution of single-family neighborhoods near transit.
- Champion the importance of place.
- Regional solutions and strategies.

Garnkirk – Automobile Reliance & Transit

Thrive Montgomery 2050 proposes that all new residential and non-residential growth be located in existing and planned population and business centers near existing and planned transit such as the Metro rail stations and the bus rapid transit (“BRT”) corridors. Various housing types at a mix of price points along rail and BRT corridors accommodate diverse populations and help achieve equity and integration on a neighborhood scale. The County is evaluating three potential BRT routes through Clarksburg, two of which (the Observation Drive and MD 355 routes) would include stops within 1/3 mile of Garnkirk Farms.

While Clarksburg is highly auto-centric, residents of the proposed 50% AMI units and MPDUs will not be unduly burdened by the need for automobile ownership as they likely already own cars. Despite the need to continue to rely upon them for primary transportation, the nearby RideOn bus stop and potential future BRT station will afford the residents of Garnkirk some level of multimodality. Still, the primary transit benefit to the residents of the affordable units will be the new availability of affordable rental housing in a part of the County without much of it.

Greenhills Apartments, which sits about five miles further from I-270 and BRT service than Garnkirk, has proven to be just such a success story. With 70% of units restricted under the LIHTC program, Greenhills has nevertheless maintained high occupancy of about 96 percent, demonstrating that required automobile ownership doesn’t always outweigh the benefits of geographical location. With the I-270 Transit Plan and BRT planning underway, Garnkirk will fill a major geographical gap in HOC’s portfolio and may ultimately evolve into a more transit rich location.



Garnkirk – Racial Equity & Inclusion

A central outcome that both Thrive Montgomery 2050 and HOC drive to achieve is racial equity and inclusion: creating communities where all residents have equal access to attainable housing, healthy foods, employment, transportation, education and more. A key development policy that specifically supports racial equity and inclusion is creating more affordable housing in areas of opportunity. Staff believes the Garnkirk opportunity can be leveraged to meet both the County's and HOC's goals.

While low-income households make up 28% of the County, Clarksburg and the surrounding areas are about 1 standard deviation below the County average (see map to the right). Clarksburg also carries less of the County-wide average on poverty, rental housing, and Low- and Moderate-income households (see stats below).

From a racial perspective, Clarksburg is highly unrepresentative of Montgomery County – with the lack of rental housing as a core contributor. Census Tract 7003.11, the census tract for Clarksburg, is 38% Asian, 33% White, 16% Black, and 10% Hispanic. This is compared to 43% White, 19% Black, 15% Asian, and 20% Hispanic for the County as a whole.

HOC's development of Garnkirk would deliver much-needed rental housing product and increase access to Clarksburg for households unable to afford homeownership. Garnkirk's location within the Garnkirk Farms master development, near schools, and next to the future Comsat development lends itself to better neighborhood and socioeconomic integration.

Methodology: Datasets

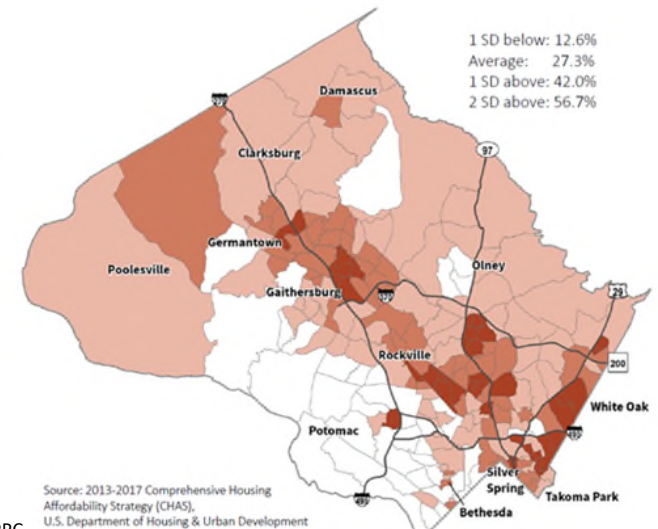
Low-income households:

- 103,200 households, 28% of the County

% of Low-Income Households*

| | |
|---|--------------------------|
| 0 | 0 - 12.5% (42 Tracts) |
| 1 | 12.6 - 27.3% (77 Tracts) |
| 2 | 27.4 - 42.0% (58 Tracts) |
| 3 | 42.1% + (38 Tracts) |

* Percent of households in the Census Tract at or below 80% of the HUD Area Median Family Income adjusted for household size

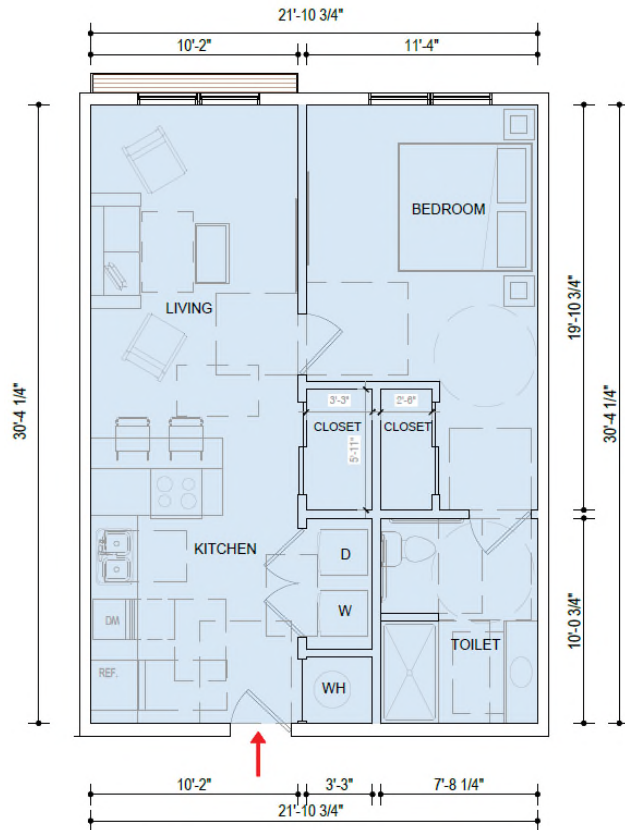


Source: 2013-2017 Comprehensive Housing Affordability Strategy (CHAS), U.S. Department of Housing & Urban Development

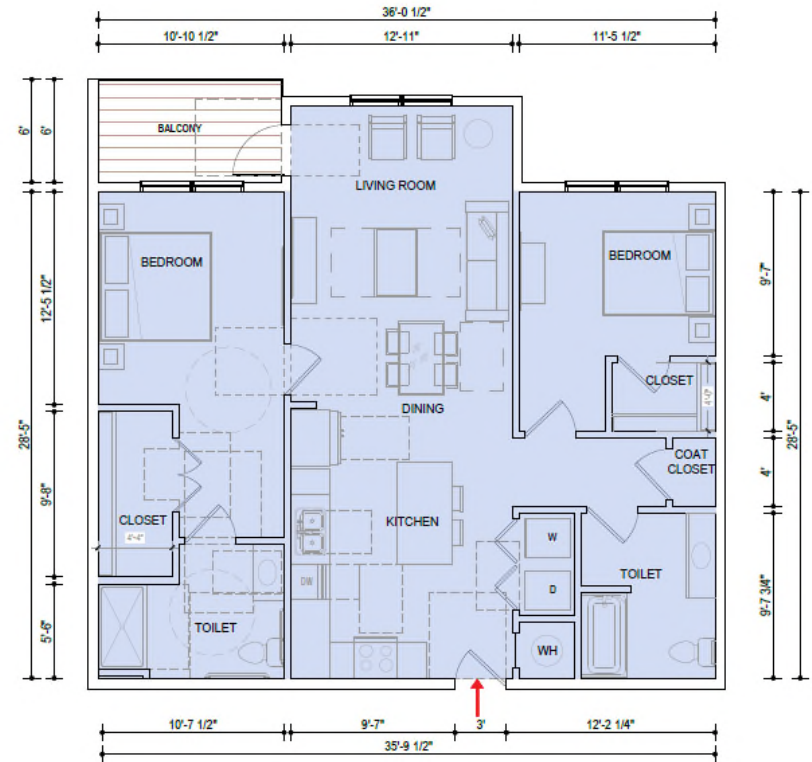
Equity Focus Areas Presentation By M-NCPPC

| | Montgomery County | Clarksburg | Variance |
|---|-------------------|------------|----------|
| Median Household Income, 2015-2019 | \$108,820 | \$147,070 | \$38,250 |
| Person in Poverty | 7.3% | 4.9% | (2.4%) |
| Owner Occupied Housing Unit Rate, 2015-2019 | 65.4% | 86.4% | 21% |
| Bachelors Degree or Higher, percent of persons 25+, 2015-2019 | 58.9% | 69.4% | 10.5% |

Sample Unit Layouts



1BR|1BA - Unit - 665SF



2BR|2BA-Unit w/ Balcony - 1,089SF

Sample Unit Layouts



2BR|2BA - Unit w/ Balcony - 1,320SF



2BR|2BA - Unit w/ Balcony - 1,141SF

Featured Amenities

In addition to those typical amenities incorporated into multifamily developments throughout Montgomery County, DAS Architecture has been engaged to provide specialized expertise in place making and improving the resident experience.

Considered amenities include, but are not limited to:

In-Unit Amenities

- Electric Ranges
- Refrigerator w/Icemaker
- Garbage Disposal
- Dishwasher
- In-Unit Washer/Dryer Machines
- Central Air Conditioning
- Vinyl & Composite Flooring
- Window Blinds
- Ceiling Fans
- Controlled Access/Key Fob
- Patio/Balcony
- High-Quality Finishes/Selections
- Walk-in Closets

Community-Wide Amenities

- Bike Racks/Storage
- Car Charging Station
- Common Patio
- Conference Room
- Firepit
- Computer Center
- Elevators
- Community Room with Kitchen
- Study Lounge
- Fitness Center
- Outdoor Swimming Pool
- Game Room/Billiards

Community-Wide Amenities

- Dog Washing Station
- Copy/Print/Fax
- On-Site Management
- Clubhouse
- TV Lounge
- Picnic Area with Grills
- Community Wide Wi-Fi
- Dog Park with Clean-Up Stations
- Package/Receiving
- Parking Garage (254 Spaces)



Design Precedent: Images from nearby Axiom at Cabin Branch (located opposite of I-270)

Predevelopment Budget

The entitlement phase was largely paid for and completed by Duffie, totaling approximately \$750K. What remains is construction documents (“CDs”) preparation, which are a prerequisite for submission of building permits. The predevelopment budget estimates are comparable to past HOC projects (Westside Shady Grove) and were developed using another similar sustainable Duffie Companies community, East of Market. Lastly, the payments towards the Ground Lease (\$576K) are specific to the Garnkirk transaction, as the Westside Shady Grove transaction involves fee simple ownership. The approximate \$1.598MM in Building Permits and Fees line item are allocated as follows: water & sewer fees (~\$900K), various Right of Way Permits (~\$104K), and prefunding of building permits (~\$594K).

The Commission is being asked to approve an initial predevelopment budget of \$5,344,731 to include costs for completing the design of the development, permitting, professional fees, and deferred ground lease payments that are deferred until the earlier of the construction financing closing or January 1, 2023. Additionally provided below is a summary of the RELOC showing the current projected unobligated available balance through FY23.

| Design & Development Budget | Amount |
|---|---------------------|
| Remaining Design - (Design through Construction Documents) | \$ 1,882,148 |
| Building Permits & Fees | \$ 1,598,026 |
| Legal (Development Agmt & Land Use) | \$ 204,691 |
| Misc Fees (Govt/Financing Fees) | \$ 90,766 |
| Professional Consultants (Precon Mgmt - 16-mos @ \$30k split 50/50 HOC &Duffie) | \$ 480,000 |
| Site Research (Third-Party Reports) | \$ 24,302 |
| Ground Lease Payments (Payments deferred until January-23) | \$ 576,489 |
| Third Party Consultants (Branding, Marketing, Addtl Consultants) | \$ 268,310 |
| Soft Cost Contingency (~4%) | \$ 220,000 |
| Total | \$ 5,344,731 |

| RELOC | |
|----------------------------|--------------|
| as of | 17-Sep-21 |
| Current Fiscal Year | |
| Cash Balance | 121,779,399 |
| Commitments | (47,642,299) |
| Available Balance | 74,137,100 |
| Projected FY22 | |
| Inflows / Outflows | (207,620) |
| Avail Balance | 73,929,480 |
| Projected FY23 | |
| Inflows / Outflows | (9,338,844) |
| Avail Balance | 64,590,636 |

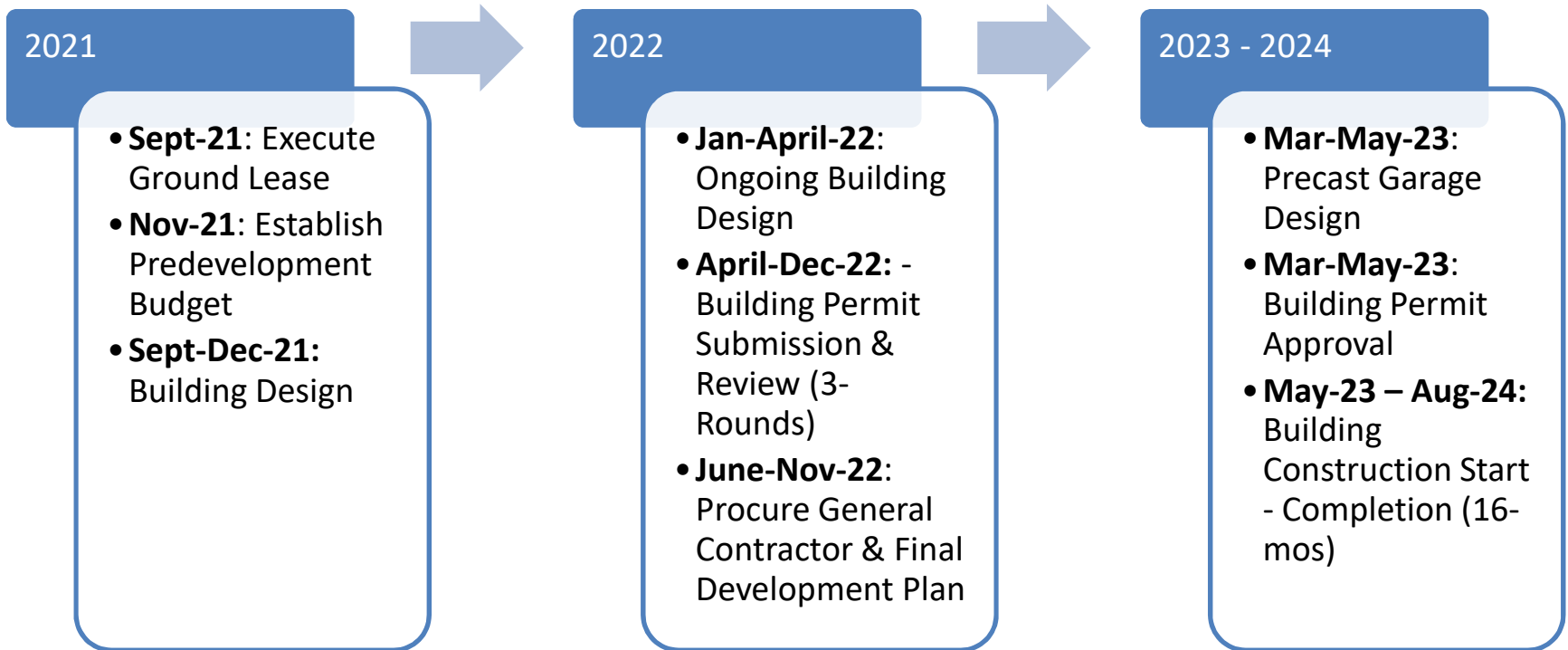
Predevelopment Draw Schedule

Provided below is the estimated 20-month draw schedule for the anticipated predevelopment expenses to be incurred during the period prior to the commencement of construction.

| Design & Development Budget | Amount | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| Remaining Design - (Design through Construction Documents) | \$ 1,882,148 | \$ 268,878 | \$ 268,878 | \$ 268,878 | \$ 268,878 | \$ 268,878 | \$ 268,878 | \$ 268,878 |
| Building Permits & Fees | \$ 1,598,026 | \$ - | \$ 266,338 | \$ 266,338 | \$ 266,338 | \$ 266,338 | \$ 266,338 | \$ 266,338 |
| Legal (Development Agmt & Land Use) | \$ 204,691 | \$ 29,242 | \$ 29,242 | \$ 29,242 | \$ 29,242 | \$ 29,242 | \$ 29,242 | \$ 29,242 |
| Misc Fees (Govt/Financing Fees) | \$ 90,766 | \$ 12,967 | \$ 12,967 | \$ 12,967 | \$ 12,967 | \$ 12,967 | \$ 12,967 | \$ 12,967 |
| Professional Consultants (Precon Mgmt - 16-mos @ \$30k split 50/50 HOC & Duffie) | \$ 480,000 | \$ 68,571 | \$ 68,571 | \$ 68,571 | \$ 68,571 | \$ 68,571 | \$ 68,571 | \$ 68,571 |
| Site Research (Third-Party Reports) | \$ 24,302 | \$ 3,472 | \$ 3,472 | \$ 3,472 | \$ 3,472 | \$ 3,472 | \$ 3,472 | \$ 3,472 |
| Ground Lease Payments (Payments deferred until January-23) | \$ 576,489 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 576,489 | \$ - |
| Third Party Consultants (Branding, Marketing, Addtl Consultants) | \$ 268,310 | \$ 38,330 | \$ 38,330 | \$ 38,330 | \$ 38,330 | \$ 38,330 | \$ 38,330 | \$ 38,330 |
| Soft Cost Contingency (~4%) | \$ 220,000 | \$ 31,429 | \$ 31,429 | \$ 31,429 | \$ 31,429 | \$ 31,429 | \$ 31,429 | \$ 31,429 |
| Total | \$ 5,344,731 | \$ 452,888 | \$ 719,226 | \$ 719,226 | \$ 719,226 | \$ 719,226 | \$ 1,295,715 | \$ 719,226 |

Development Timeline

Accounting for Budget Approval, Design, Local Reviews, and Procurements the project timeline currently is estimated at 16 months for Preconstruction and 20 months for construction of the 184 unit residential building and attached precast parking garage.



Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to accept staff's recommendation, which is supported by the Development and Finance Committee, and authorize:

1. A predevelopment budget amount \$5,344,731 to account for the costs necessary to complete the predevelopment and entitlement phases of the development through construction financing closing?
2. A draw from the PNC Bank, N.A. Real Estate Line of Credit ("RELOC") to fund the predevelopment budget, which will be repaid from the proceeds of the construction financing?
3. That interest payments for all draws on the RELOC to be made from the General Fund and reimbursed at the closing of the construction financing?

BUDGET/FISCAL IMPACT

As the outstanding balance of the RELOC will gradually increase over the course of the predevelopment period, the outstanding interest of approximately \$80K would be paid from the General Fund and reimbursed at the closing of the construction financing. The PNC Bank, N.A. Real Estate Line of Credit ("RELOC") has a current available balance of \$74,137,100, and the development is slated to close on the construction financing in FY23, which will have a projected unobligated balance of \$73,929,480 at that time.

TIME FRAME

For formal action at the November 3, 2021 meeting of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission authorize:

1. A predevelopment budget of \$5,344,731 to account for the costs necessary to complete the predevelopment and entitlement phases of the development through construction financing closing.
2. A draw from the PNC Bank, N.A. Real Estate Line of Credit ("RELOC") to fund the predevelopment budget, which will be repaid from the proceeds of the construction financing.
3. Payments from the General Fund for outstanding interest incurred from the RELOC during the predevelopment period through the closing of the construction or permanent loan.

RESOLUTION No.: 21-105A

RE: Approval of a Predevelopment Budget and Funding of Predevelopment Expenditures for Garnkirk Apartments; Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Fund the Predevelopment Expenditures

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”), 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, to carry out and effectuate the purpose of providing affordable housing; and

WHEREAS, the Duffie Companies (“Duffie”), is the owner of a parcel located at Shawnee Lane and Observation Drive in Clarksburg, which is fully entitled for a 184-unit, wood frame apartment community wrapped around a 254-unit structured parking deck (“Garnkirk Farms Apartments” or the “Property”); and

WHEREAS, on December 4, 2020, Duffie submitted to HOC an unsolicited offer providing HOC the opportunity to acquire Garnkirk Farms Apartments via ground lease (“Ground Lease”); and

WHEREAS, on September 17, 2021, HOC (as the sole member of HOC at Garnkirk Farm, LLC) closed on the Ground Lease, which included as part of the consideration a right of first offer by Duffie or its affiliates to perform development and/or construction management services for Garnkirk Farms Apartments, provided the parties are able to negotiate mutually agreeable terms for such services; and

WHEREAS, at closing, Duffie assigned to HOC all of its existing design and development work product, and HOC is required to reimburse Duffie for the same at the earlier of closing on the first construction loan or January 1, 2023; and

WHEREAS, the Ground Lease allows HOC to defer rent payments until the earlier of the closing on the first lien construction loan or January 1, 2023; and

WHEREAS, the Commission desires to approve an initial predevelopment budget (“Predevelopment Budget”) and funding (“Predevelopment Funding”) in the amount of \$5,344,731 to cover the predevelopment expenditures related to development of the Property that include the costs related to finalizing the building design, paying for building permits, professional/legal fees, and payment of deferred ground lease payments prior to construction, which will be repaid at the closing of the construction financing anticipated to occur around May of 2023;

WHEREAS, the Commission may make taxable draws on the PNC Bank, N.A. Real Estate Line of Credit (the “\$150MM LOC”) with interest payable at the contract rate for the line of credit facility and outstanding interest to be paid from the General Fund and reimbursed at the closing of the construction financing; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures for the redevelopment of the Property in an amount not to exceed \$100,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date, which is 60 days prior to the date hereof, but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to

reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that the Property is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

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

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a total Predevelopment Budget and Predevelopment Funding in the amount \$5,344,731 to cover the predevelopment expenditures related to development of the Property that include the costs related to finalizing the building design, paying for building permits, professional/legal fees, and payment of deferred ground lease payments prior to construction which will be repaid at the closing of the construction financing anticipated to occur around May of 2023.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County supports the design, permitting, and development of Garnkirk Farms Apartments and authorizes a taxable draw of \$5,344,731 from the \$150MM RELOC with outstanding interest to be paid from the General Fund, both to be repaid at the closing of the construction financing anticipated to occur around the second May of 2023.

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

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on November 3, 2021.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION No.: 21-105B

RE: Approval to Draw up to \$5,344,731 on the PNC Bank, N.A. Real Estate Line of Credit to Provide Predevelopment Funding for the development of Garnkirk Apartments

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

WHEREAS, HOC closed on the ninety-nine year ground lease with the Duffie Companies (“Duffie”) on September 17, 2021 to develop the fully-entitled 184-unit, wood frame apartment community wrapped around a 254-unit structure parking deck in Clarksburg (“Garnkirk Farms Apartments”); and

WHEREAS, the Commission desires to approve an initial predevelopment budget (“Predevelopment Budget”) and funding (“Predevelopment Funding”) in the amount of \$5,344,731 to cover the predevelopment expenditures related to development of the property that include the costs relating to finalizing the building design, paying for building permits, professional/legal fees, and payment of deferred ground lease payments prior to construction which will be repaid at the closing of the construction financing anticipated to occur around May of 2023; and

WHEREAS, HOC intends to fund the predevelopment expenditures by way of proceeds from a taxable draw on its PNC Bank N.A. Real Estate Line of Credit (“RELOC”) of \$5,344,731, with interest payable at the contract rate for the RELOC.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draws on the RELOC in an amount not to exceed \$5,344,731 to fund the predevelopment expenditures for Garnkirk Farms Apartments, which will be repaid at the closing of the construction financing anticipated to occur around May of 2023.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on November 3, 2021.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

WESTSIDE SHADY GROVE: APPROVAL OF A SUBORDINATE LOAN FROM THE HOUSING PRODUCTION FUND TO HOC AT WESTSIDE SHADY GROVE, LLC

November 3, 2021

- On December 9, 2020, the Housing Opportunities Commission of Montgomery County (the “Commission”) approved the Final Financing Plan and Public Purpose for Westside Shady Grove Apartments and adopted Resolution 20-87, which authorized the Executive Director to issue a loan commitment to HOC at Westside Shady Grove, LLC for acquisition, construction and permanent financing for up to \$100 million, and authorized the borrower to accept a loan in accordance with the Finance Plan.
- Also on December 9, 2020, the Commission approved the Final Development Plan for the Westside Shady Grove development and adopted Resolution 20-86, which authorized the Executive Director to accept the assignment of third-party contracts for the development and ratification of formation of additional legal entities, authorized the Commission to accept a Montgomery County Housing Initiative Fund short-term bridge loan of up to \$15M, and authorized the Commission to advance funds for the payment to secure building permits and bind the Builder’s Risk Insurance.
- On May 5, 2021, the Commission approved a Revolving Housing Production Fund Program (the “Housing Production Fund”) and adopted Resolution 21-46, which authorized the Resolution for a New Master Resolution to implement the Housing Production Fund, and approved the structure, Cost of Issuance budget, and adopted the Series Resolution for the issuance of Limited Obligation Bonds, Series 2021 to provide Funding for the Housing Production Fund.
- Staff recommends, with the support of the Development and Finance Committee, approval of a loan from the Housing Production Fund in an amount not to exceed \$14.3 million for the Westside Shady Grove project. Proceeds of the loan will be used to repay the County’s Housing Initiative Fund loan.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine V. Brown, Acting Executive Director

FROM: Staff: Tim Goetzinger, Chief Development Funds Officer Ext. 4836

RE: **Westside Shady Grove:** Approval of a Subordinate Loan from the Housing Production Fund to HOC at Westside Shady Grove, LLC

Date: November 3, 2021

STATUS: Committee Report Deliberation X

OVERALL GOAL & OBJECTIVE:

To obtain approval of a \$14.3 million loan from the Housing Production Fund (“HPF”) for the 268-unit mixed-income & mixed-use Westside Shady Grove development, which upon completion will contain 187-market rate units (70%), 80-affordable housing units (30%), 21,000 square feet of retail, and 7,400 square feet designated to the Up-County Service Center.

BACKGROUND:

On August 17, 2021, the Housing Opportunities Commission (“HOC”) closed on the issuance of \$50,000,000 in Limited Obligation Bonds (Housing Production Fund) Series 2021 (Federally Taxable) sold by the Commission to PNC Capital Markets, LLC and Wells Fargo Bank, National Association, as underwriters.

The net lendable proceeds (after payment of Cost of Issuance) are \$49,787,500. Developments funded by the HPF will incur interest costs at 5% of the loan and such interest will be remitted to the County annually. The County will pay all bond debt service for 20 years. The interest payments will help to reduce the cost to the County. Once all funds are loaned, the projected annual cost to the County is less than \$600,000.

The bond issuance was unique in that it was the first-ever collaboration of its kind between the County and HOC that created an innovative revolving source of construction financing that will help to expand affordable housing in the County, and is replicable for other localities.

The HPF is utilized in conjunction with additional HOC investment, private investment, and conventional construction debt to finance construction and lease-up phases for new-construction developments. Permanent financing repays the initial HPF investment, which is subsequently returned to the fund for investment into the next HPF development. Developments funded by the HPF are “30/70” new construction developments, so that no less than thirty percent of a project’s total units are affordable to low- and moderate-income residents and no more than seventy percent are market-rate units. The affordable units are set at two (2) affordability levels. Ten percent (10%) of a project’s units are at Moderately Priced Dwelling Unit (“MPDU”) rents, which are affordable to a family of four (4) making approximately \$85,000 or less, and twenty percent (20%) of project’s units are at 50% of the AMI, which are affordable to a family of four (4) making \$64,500 or less per year.

The goal of the HPF is to produce 2,500-3,000 newly constructed units over a twenty-year period. With \$50 million available, it is anticipated that two (2) or more development projects can be undertaken at any given time. On average, each transaction will yield at least 150-180 affordable units and approximately 500-600 total units. At the end of five (5) years, HPF financing is repaid at the permanent financing of the development back to the HPF.

Housing in Montgomery County is in high-demand. The HPF is an innovative financing tool, which produces new, mixed-income communities for Montgomery County residents. It becomes a permanent source of construction financing for HOC free of County encumbrance after twenty (20) years of appropriations. The HPF is projected to revolve every five (5) years resulting in \$250 million of construction loans over a twenty-year period and will provide committed capital for part of HOC's 5,500-unit pipeline.

As represented to the Commission at the May 5, 2021 Commission meeting, the following two (2) developments have been targeted to be recommended for initial HPF funding:

Westside Shady Grove:

\$14.3M in HPF for 268 newly constructed units adjacent to the Metro at Gramercy Boulevard in Rockville.



Hillandale Gateway:

~\$35M in HPF for 463 newly constructed units at New Hampshire Avenue in Silver Spring.

Hillandale Gateway is an innovative development, with energy efficient approaches incorporated throughout the property. HOC and the Hillandale Gateway development team is striving for Net Zero Energy for the age-restricted building and Passive House for the multifamily building, which aligns with Montgomery County's Climate Action Plan.

This request represents the first use of the Housing Production Fund and is to provide a \$14.3 million loan to Westside Shady Grove.

Westside Shady Grove

Westside Shady Grove is a \$121 million, 268-unit, transit-oriented, new construction development located next to the Shady Grove Metro Station. Of the 268 units, 30% (80-units) will be affordable, including 67-units at 50% AMI and 13-units at 65% AMI (MPDU income limit). The development predominantly consists of one- and two-bedroom units with a few studios and three-bedroom units. On January 28, 2021, HOC closed on a \$14.3 million short-term Housing Initiative Fund (“HIF”) loan from the County. Proceeds from the HPF loan would be used to repay the County’s short-term loan. Per HPF guidelines, the loan would carry a term of no more than five (5) years with an interest rate at five percent (5%). The HPF loan would be repaid at the permanent financing to be recycled into a future HOC mixed-income housing development.

| Proposed HPF Loan Terms | |
|-------------------------|---------------------------------|
| 14,300,000 | Loan Amount |
| 5.0% | Interest Rate (payable monthly) |
| 5 | Maximum Term (years) |

Construction is expected to be completed at the end of January 2023, and lease-up is expected to be completed by the end of February 2024, at which time the project would convert to permanent financing; therefore, it is expected that the \$14.3 million HPF loan will be returned to the HPF for a future project at the end of February 2024.

The loan would be evidenced by a Deed of Trust, Loan Agreement, Regulatory Agreement and Promissory Note.

Sources of Financing

| Sources of Funds | Commission Approved | Construction Closing | Permanent (Projected) |
|-------------------------------------|---------------------|-------------------------|-----------------------|
| Senior Debt | 96,627,228 | 99,250,000 ¹ | 99,250,000 |
| HOC Equity | 5,486,300 | 5,486,300 | 5,486,300 |
| EYA / Bozzuto Equity | 2,235,944 | 2,235,944 | 2,235,944 |
| County Development Loan (HPF / HIF) | 15,000,000 | 14,300,000 | - |
| Mezzanine Loan / Private Equity | - | - | 15,067,832 |
| Total | 119,349,472 | 121,272,244 | 122,040,076 |

The Commission, via Resolution 20-87, approved a Financing Plan in the amount of \$119 million, including Senior Debt in the amount not to exceed \$100 million (2021 A Bonds). The actual construction closing was \$121 million due to closing on a higher Senior Debt, within the Commission-authorized amount, and a smaller County HIF Loan. The excess funds are proposed to be used to repay interest on the County HIF loan and to fund a capitalized interest account for payments on the proposed HPF loan. Staff will return to request a subsequent action by the Commission to perfect this action.

¹ The total mortgage at closing was higher because interest rate on the bonds were lower at the time of the bond sale and reflected the true interest cost of the bonds, which yield a higher supportable mortgage. This is within the Commission approved issuance of up to \$100 million of tax-exempt bonds.

Summary of past approvals for the Westside Shady Grove development and the HPF

Note that Resolution 20-86 identified the Housing Production Fund as a possible source financing to repay the County’s short-term HIF loan.

| Date | Res. | Description |
|----------|----------|---|
| 4-Sep-19 | 19-92AS | Approval to Assume all Rights and Obligations Under the Terms of the Purchase and Sale Agreement for the Acquisition of the Underlying County Land Currently Under Contract by EYA/CSP Associates, LLC, an EYA Affiliate; Approval to Complete the Acquisition and Fund the Predevelopment Expenditures; and Authorization to Establish a Single Asset Entity to Own the Development. |
| 5-Dec-19 | 19-110AS | Approval to Enter into a Joint Pre-Development Agreement and Agreement to Assign with EYA/CSP Associates LLC and EYA BA/SGS Mf D, LLC for the Development of the West Side Shady Grove Multifamily Development known as Building D. |
| 8-Jan-20 | 20-09 | Approval of a Resolution Declaring the Official Intent of the Housing Opportunities Commission of Montgomery County to Reimburse itself with the Proceeds of a Future Tax-Exempt Borrowing for Certain Capital Expenditures to be Undertaken in Connection with the Acquisition and Development of the Property. |
| 1-Jul-20 | 20-59AS | Authorization to Approve Additional Pre-Development Funding (\$1.07 million) from the County Revolving Opportunity Housing Development Fund. |
| 1-Jul-20 | 20-56 | Adoption of an Authorizing Resolution for the Selection of PNC Bank, National Association, as the Lender of a Tax-Exempt Obligation for the Purpose of Financing Westside Shady Grove. |
| 9-Dec-20 | 20-86 | Approval of a Final Development Plan; Authorization for the Executive Director to Accept the Assignment of Third-Party Contracts for the Development, Ratification of Formation of Additional Legal Entities, Authorization to Accept a Montgomery County Housing Initiative Fund Short-Term Bridge Loan of up to \$15M, and Authorization to Advance Funds in an Amount up to for the Payment to Secure Building Permits and Bind the Builder’s Risk Insurance |
| 9-Dec-20 | 20-87 | Approval of the Financing Plan, Feasibility and Public Purpose for Westside Shady Grove Apartments; Authorization to Issue a Loan Commitment to HOC at Westside Shady Grove, LLC for Acquisition, Construction and Permanent Financing for up to \$100 million; and, Authorization for the Borrower to Accept Loan in Accordance with the Finance Plan |
| 5-May-21 | 21-46 | Approval of a Revolving Housing Production Fund Program; Authorizing Resolution for a New Master Resolution to Implement the Revolving Housing Production Fund Program; Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolution for the Issuance of Limited Obligation Bonds, Series 2021 to Provide Funding for the Revolving Housing Production Fund |

ISSUES FOR CONSIDERATION:

Does the Commission wish to join staff’s recommendation with the support of the Development and Finance Committee and approve a loan from the Housing Production Fund in an amount not to exceed \$14.3 million for the Westside Shady Grove development?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
HOC at Westside Shady Grove, LLC

FISCAL/BUDGET IMPACT:

There is no impact on the agency's 2022 operating budget.

TIME FRAME:

For formal action at the November 3, 2021 open meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends with the support of the Development and Finance Committee to approve a loan from the Housing Production Fund in an amount not to exceed \$14.3 million for the Westside Shady Grove project.

Proceeds of the loan will be used to repay the County's Housing Initiative Fund loan.

WHEREAS, Westside Shady Grove Building D (the “Property”) is currently under construction and will be a 268-unit mixed use apartment building with 21,000 square feet of retail space and serve as the Housing Opportunities Commission of Montgomery County’s (the “Commission” or “HOC”) Up-County Customer Service Center in the Westside Shady Grove area of Rockville, MD;

WHEREAS, Westside at Shady Grove Building D is owned by HOC at Westside Shady Grove LLC (“Owner”), which is ultimately controlled by the Commission;

WHEREAS, on December 9, 2020, the Commission passed Resolution 20-86 and Resolution 20-87, which approved the Final Development Plan and Financing Plan, respectively, for the Property, including Owner’s acceptance of an approximately \$15 million loan from the Montgomery County Housing Initiative Fund (“HIF Loan”);

WHEREAS, on May 5, 2021, the Commission passed Resolution 2021-46, which approved a Revolving Housing Production Fund Program (the “Housing Production Fund”);

WHEREAS, the HIF loan was \$14.3 million and was accepted with the intention of substituting a loan from the Housing Production Fund in an equal amount when funds from the Housing Production fund became available;

WHEREAS, the loan from the Housing Production Fund will carry a maximum term of five (5) years, an interest rate of five percent (5%) and will be repaid at permanent financing, which is expected to be in February 2024.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of the Owner, as the sole member of its ultimate managing member, that it approves the Owner accepting a Housing Production Fund Loan of up to \$14.3 million and paying off the HIF Loan.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of the Owner, as the sole member of its ultimate managing member, that it approves the Owner executing a Housing Production Fund Deed of Trust, Loan Agreement, Regulatory Agreement, and Promissory Note.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on its behalf and on behalf of the Owner, as the sole member of its ultimate managing member, that the Acting Executive Director of HOC, or a duly appointed designee of the Acting Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each

case as necessary and proper, in the Acting Executive Director’s judgment, to carry out the transaction and actions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on November 3, 2021.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

WESTWOOD TOWER: APPROVAL OF AN EMERGENCY PROCUREMENT PURSUANT TO SECTION 5.6(ii) OF HOC'S PROCUREMENT POLICY FOR THE CONTINUATION OF LITIGATION SERVICES

November 3, 2021

- In December 2019, staff solicited quotes pursuant to Section 5.2(a) of HOC's Procurement Policy ("Small Purchase Procedures") for legal consultation services for potential litigation regarding Westwood Tower Apartments ("Westwood Tower" or the "Property").
- On January 8, 2020, HOC entered into an agreement for services ("Agreement") with Douglas & Boykin PLLC ("Douglas"), the firm that submitted the lowest price.
- The Agreement included HOC's ability to request that Douglas represent HOC in the event any litigation was filed.
- On August 10, 2021, HOC was named as a defendant in a Complaint for Writ of Mandamus filed in the Circuit Court for Montgomery County, Maryland relating to Westwood Tower.
- With the litigation still ongoing, staff anticipates needing additional litigation services beyond the Small Purchase Procedure limit of \$150,000.
- Given the potential legal and financial ramifications of the litigation, and in order to maintain continuity in its litigation strategy, staff is seeking Commission approval of an emergency procurement for the continuation of litigation services provided by Douglas pursuant to Section 5.6(ii) of HOC's Procurement Policy.
- This request was discussed with the Development & Finance Committee on October 22, 2021, during which staff amended its proposal that Westwood Tower's existing property cash (not the Opportunity Housing Reserve Fund) be used to fund future legal costs and fees associated with the continuation of litigation services provided by Douglas.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine V. Brown, Acting Executive Director

| | | |
|---------------------|--|-----------|
| FROM: Staff: | Aisha Memon, General Counsel | Ext. 9740 |
| | Zachary Marks, Chief Real Estate Officer | Ext. 9613 |
| | Marcus Ervin, Acting Director of Development | Ext. 9752 |
| | Kathryn Hollister, Senior Financial Analyst | Ext. 9551 |

RE: **Westwood Tower:** Approval of an Emergency Procurement Pursuant to Section 5.6(ii) of HOC’s Procurement Policy for the Continuation of Litigation Services

DATE: November 3, 2021

STATUS: Committee Report - Deliberation X

OVERALL GOAL & OBJECTIVE:

To authorize an emergency procurement, pursuant to Section 5.6(ii) of HOC’s Procurement Policy, for the continuation of litigation services.

BACKGROUND:

In December 2019, staff solicited quotes pursuant to Section 5.2(a) of HOC’s Procurement Policy (“Small Purchase Procedures”) for legal consultation services for potential litigation regarding Westwood Tower Apartments (“Westwood Tower” or the “Property”). Staff received three written quotes and awarded the work to Douglas & Boykin PLLC (“Douglas”), the vendor that submitted the lowest price. On January 8, 2020, HOC entered into an agreement for services (“Agreement”) with Douglas. The Agreement included HOC’s ability to request that Douglas represent HOC in the event any litigation was filed.

On July 2, 2021, the Commission authorized the sale of Westwood Tower to a private purchaser. On August 10, 2021, HOC was named as a defendant in a Complaint for Writ of Mandamus filed in the Circuit Court for Montgomery County, Maryland (Case No. 486734-V) by the Bethesda African Cemetery Coalition, Reverend Olusegun Adebayo, Darold Cuba, Geneva Nanette Hunter, and Montani Wallace (the “Plaintiffs”). Shortly thereafter, staff engaged Douglas to represent HOC in the litigation.

Plaintiffs allege that HOC violated Md. Code, Bus. Reg. § 5-505 and Md. R Prop. Sales Rule 14-401 by not petitioning the court before attempting to sell Westwood Tower. With the litigation still ongoing, staff anticipates needing additional litigation services beyond the Small Purchase Procedure limit of \$150,000. Section 5.6(ii) of HOC’s Procurement Policy (“Section 5.6(ii)”) provides for procurement by noncompetitive proposals when the award of contract is not feasible using competitive proposals and an emergency exists that threatens to cause serious injury to HOC. Given the ongoing developments in the litigation, the potentially serious legal and financial ramifications of the lawsuit, and in order to maintain continuity in HOC’s legal strategy, staff requests Commission approval of an emergency procurement pursuant to Section 5.6(ii) for the continuation of litigation services provided by Douglas. A pause or break in the litigation strategy for a competitive proposal procurement is not feasible and poses an emergency to HOC as it endangers HOC’s ability to defend itself in the case.

Funding

Douglas estimates that their legal fees and cost to see the current litigation through its conclusion is \$225,000. To date, legal fees and cost which have been incurred for HOC's defense have been paid by the Property.

Staff proposes that the projected future legal fees and cost of \$225,000, plus a \$45,000 (20%) contingency, for a total of \$270,000, be paid from existing Property cash.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff's recommendation, which is supported by the Development and Finance Committee, to:

1. Approve an emergency procurement for the continuation of litigation services provided by Douglas & Boykin PLLC pursuant to Section 5.6(ii) of HOC's Procurement Policy?
2. Approve the use of Westwood Tower's existing property cash to fund future legal costs and fees associated the continuation of litigation services provided by Douglas & Boykin PLLC in an amount not to exceed \$270,000?

BUDGET IMPACT:

There is no adverse impact on the agency's FY2022 operating budget. The Westwood Towers property has sufficient cash to fund this request.

TIME FRAME:

For action by the Commission at the November 3, 2021 open meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Commission:

1. Approve an emergency procurement for the continuation of litigation services provided by Douglas & Boykin PLLC pursuant to Section 5.6(ii) of HOC's Procurement Policy;
2. Approve the use of Westwood Tower's existing property cash to fund future legal costs and fees associated the continuation of litigation services provided by Douglas & Boykin PLLC in an amount not to exceed \$270,000.

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the owner of a multifamily building located at 5401 Westbard Avenue, Bethesda known as Westwood Tower Apartments ("Westwood Tower" or the "Property"); and

WHEREAS, in December 2019, staff solicited quotes pursuant to Section 5.2(a) of HOC's Procurement Policy ("Small Purchase Procedures") for legal consultation services for potential litigation regarding the Property; and

WHEREAS, staff received three written quotes and awarded the work to Douglas & Boykin PLLC ("Douglas"), the firm that submitted the lowest price; and

WHEREAS, on January 8, 2020, HOC entered into an agreement for services ("Agreement") with Douglas, which included HOC's ability to request that Douglas represent HOC in the event any litigation was filed; and

WHEREAS, on July 2, 2021, the Commission authorized the sale of Westwood Tower to a private purchaser; and

WHEREAS, on August 10, 2021, HOC was named as a defendant in a Complaint for Writ of Mandamus filed in the Circuit Court for Montgomery County, Maryland (Case No. 486734-V) by the Bethesda African Cemetery Coalition, Reverend Olusegun Adebayo, Darold Cuba, Geneva Nanette Hunter, and Montani Wallace, and shortly thereafter, staff engaged Douglas to represent HOC in the litigation; and

WHEREAS, as of October 27, 2021, the litigation still ongoing, and staff anticipates needing additional litigation services beyond the Small Purchase Procedure limit of \$150,000; and

WHEREAS, Section 5.6(ii) of HOC's Procurement Policy ("Section 5.6(ii)") provides for procurement by noncompetitive proposals when the award of contract is not feasible using competitive proposals and an emergency exists that threatens to cause serious injury to HOC; and

WHEREAS, given the ongoing developments in the litigation, the potentially serious legal and financial ramifications of the lawsuit, and in order to maintain continuity in HOC's legal strategy, the Commission wishes to approve an emergency procurement pursuant to Section 5.6(ii) for the continuation of litigation services provided by Douglas; and

WHEREAS, the Commission wishes to approve the use of Westwood Tower's existing property cash to fund future legal costs and fees associated the continuation of litigation services provided by Douglas in an amount not to exceed \$270,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes an emergency procurement pursuant to Section 5.6(ii) for the continuation of litigation services for Westwood Tower provided by Douglas.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County

authorizes the use of Westwood Tower’s existing property cash to fund future legal costs and fees associated with the continuation of litigation services provided by Douglas in an amount not to exceed \$270,000.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 3, 2021.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

**4527 AVONDALE STREET: AUTHORIZATION FOR THE ACTING
EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A PURCHASE
AND SALE AGREEMENT FOR THE DISPOSITION OF 4527
AVONDALE TO THE NATIONAL CENTER FOR CHILDREN AND
FAMILIES, AND AUTHORIZATION TO COMPLETE THE SALE**

BETHESDA, MD



KAYRINE BROWN, ACTING EXECUTIVE DIRECTOR

KATHRYN HOLLISTER, SENIOR FINANCIAL ANALYST
ZACHARY MARKS, CHIEF REAL ESTATE OFFICER

November 3, 2021

Table of Contents

| Topic | Page # |
|---|--------|
| Executive Summary | 3 |
| Property Background | 4 |
| Transaction Background and Next Steps | 5 |
| Right-of-First-Refusal Fulfillment | 6 |
| Buyer Profile: NCCF | 7 |
| Buyer Profile: Recent Acquisition-Renovation Transactions | 8 |
| Summary and Recommendations | 9 |

Executive Summary

- On April 14, 2015, HOC acquired 25-units located in four (4) two-story rental properties, located at 4500-02, 4504-06, 4508-10, and 4527 Avondale Street, in downtown Bethesda (“Avondale Street Properties”) under Montgomery County’s Right of First Refusal Ordinance (“ROFR”) for \$6.9MM.
- HOC financed the acquisition using proceeds drawn on its PNC Bank, NA Real Estate Line of Credit (“RELOC”).
- Three (3) of the Avondale Properties (4500-02, 4504-06, and 4508-10 Avondale Street) sit on contiguous parcels on the southeast side of Avondale Street. One (1) of the Avondale Properties, 4527 Avondale Street (“4527 Avondale” or “Property”), sits on the northeast side of Avondale Street.
- The National Center for Children and Families (“NCCF”), a Bethesda-based nonprofit dedicated to providing housing to low-income families, many who would otherwise be at risk of homelessness, owns two (2) neighboring rental apartment buildings, 4519 and 4523 Avondale Street, directly to the east of 4527 Avondale. NCCF utilizes these properties for the purpose of providing housing options to households with income at or below 50% of the area median income (“AMI”) in support of the needs of the diverse children, youth, and families it serves.
- NCCF is in discussions with Montgomery County’s Department of Housing and Community Affairs (“DHCA”) regarding DHCA’s contract to purchase 4531 Avondale Street (“4531 Avondale”), the neighboring rental property directly to the west of 4527 Avondale. DHCA has indicated that it would like to transfer the property to NCCF at closing, and to close on the transaction on or before December 31, 2021.
- On October 6, 2021, the Commission authorized the Acting Executive Director to enter into a non-binding letter of intent (“LOI”) with the NCCF for the purchase and sale of 4527 Avondale, for a purchase price of \$1,225,000, requiring no earnest money deposit, and with a closing date on or before the date which 4531 Avondale closes. The sale price for 4527 Avondale is equal to, and based on, the sales price of 4531 Avondale. Staff has not conducted an appraisal, but believes the contract price of 4531 Avondale reflects the fair market value for 4527 Avondale, given the nearly identical size, vintage, condition, and location of the properties.
- NCCF’s acquisitions of 4531 and 4527 Avondale would allow the organization to expand its spectrum of affordable housing options in the downtown Bethesda neighborhood where it is already established.
- Staff is requesting Commission approval to authorize the Acting Executive Director to negotiate and execute a purchase and sale agreement (“PSA”) for the disposition of 4527 Avondale, pursuant to the aforementioned LOI terms, and authorization to complete the sale. Staff recommends that proceeds from the sale go to pay down the PNC RELOC, which was used to finance the acquisition of the 4527 Avondale in 2015.

Property Background

4500-4510 Avondale



On October 24, 2014, HOC received a ROFR package regarding the \$6.9MM purchase of 25-units located in four (4) two-story rental properties in downtown Bethesda (“Avondale Street Properties”). Rents at these properties were exceedingly affordable for the area; thus, preservation of these units was critical – particularly being located in the Central Business District and proximate to public transportation, including the Bethesda Metro Station.

HOC closed on the acquisition of Avondale Street Properties on April 14, 2015, using funds drawn from its PNC RELOC. Three (3) of four (4) properties sit on the eastern end and southern side of Avondale Street (“East End”). The East End properties are adjacent to HOC’s Waverly House and are zoned Commercial Residential (CR 1.5). The fourth property – 4527 Avondale – is on the north side, near the west end, of Avondale Street.

4527 Avondale



The East End buildings each have seven (7) units ranging in rent from \$900-\$1,425 and are efficiencies and one-bedroom units. The four (4) units at 4527 Avondale range in rent from \$1,600-\$1,700 and are 1,000-SF, two-bedroom units. Unlike the East End properties, 4527 Avondale is zoned CRN 0.75, for much lower density development.

There is one (1) current vacancy and one (1) notice to vacate at 4527 Avondale (January 2022) and two (2) vacancies at the East End Properties.

Transaction Background and Next Steps

Bethesda-based NCCF recently made HOC aware of its interest to expand its housing and services along Avondale Street. NCCF owns 4519 and 4523 Avondale Street (“4519 & 4523 Avondale”), which are adjacent to HOC’s 4527 Avondale. NCCF’s properties are leased to families making less than 50% of the AMI. DHCA has recently accepted a ROFR offer for the acquisition of 4531 Avondale, which is also adjacent to 4527 Avondale, and intends to transfer the property to NCCF at closing.

NCCF initiated discussions with DHCA to fund the acquisition of both 4527 Avondale and 4531 Avondale. DHCA similarly led and funded the acquisition of 4519 & 4523 Avondale on behalf of NCCF in 2015. DHCA has indicated it would like to close on these transactions on or before December 31, 2021.

Just as in its 2015 and 2019 transactions, NCCF is entirely reliant on the support of DHCA to acquire and renovate 4527 Avondale and 4531 Avondale. The County recently received on September 24, 2021, \$7,310,978 in American Rescue Plan grant money targeting the prevention and ending of homelessness.

DHCA will formally approve funding for 4531 and 4527 Avondale at its November 10, 2021 loan committee. Given that the sale of 4527 Avondale is subject to the ROFR statute, including the requirement to provide tenants 45 days to organize should they wish to purchase the property, staff is requesting Commission approval to negotiate and execute a PSA prior to DHCA’s loan committee so that there is sufficient time to close on or before December 31, 2021. Staff proposes that the PSA be contingent on NCCF obtaining financing, in the event DHCA does not approve the loan (which staff believes is an extremely unlikely scenario).



ROFR Fulfillment

In exercising its ROFR, HOC acquired 4527 Avondale to preserve the four (4) naturally occurring affordable housing units present then and now. The units at 4527 Avondale rent at near-MPDU levels. Rents at 4531 Avondale are similar.

NCCF seeks to add these two (2) properties to expand its spectrum of affordable housing options in the downtown Bethesda neighborhood where it is already established. The primary plan would be to simply duplicate the success at 4519 and 4523 by adding eight (8) affordable rental homes through comprehensive renovation.



NCCF has also indicated it may explore a cooperative living model integrated with affordable home ownership through adaptive renovation to create a continuum of service along Avondale Street. Either way, there would be a deepening of affordability at these locations.

NCCF's use would require the permanent relocation of existing residents at 4527 Avondale and 4531 Avondale. Both DHCA and HOC will work with the NCCF, pre- and post-closing, to ensure existing families are presented acceptable options for relocation. Given the small number of total households involved and HOC's extensive holdings in downtown Bethesda, HOC staff is confident that the existing households can be provided satisfactory permanent relocation housing.

One (1) of four (4) units at 4527 Avondale is currently vacant, one (1) unit has provided notice to vacate, and there are two vacancies within the East End properties. The existing residents of 4527 Avondale may have options to remain on Avondale Street in similar housing.

Buyer Profile: NCCF

NCCF has been providing housing to low-income families, many who would otherwise be at risk of homelessness, since 1915. NCCF's current headquarters has been located in Bethesda since 1931. For more than a century, NCCF has evolved from an owner and operator of orphanages to a responsive and flexible community institution which changes to meet the needs of the diverse children, youth, and families it serves.



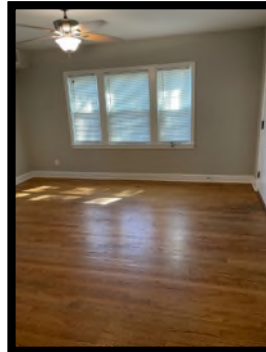
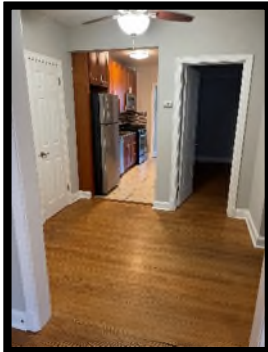
Currently, NCCF's residential programs serve homeless families, victims of domestic violence, and children and adolescents who have been removed from their families due to abuse and neglect and/or behavioral challenges. A nationally accredited organization, NCCF now propels more than 4,000 children, youth, and families annually into an improved quality of life through a wide continuum of 24 local programs: emergency shelters and transitional housing, therapeutic residential care, foster care and adoption, teen parent services, and community-based prevention services, while relying on community education and training, volunteerism, and advocacy.

NCCF has been working specifically with Montgomery County for more than 40 years. In that capacity, NCCF and Montgomery County have collaborated to address emergency family and permanent housing needs and ensure access to the resources that build family self-sufficiency. NCCF's most recent housing development endeavor was at 7906 Flower Avenue, which was the preservation of a vacant 10-unit rental property acquired by DHCA and transferred to NCCF. Four of the units receive HHS rental assistance as these units serve domestic violence victims. Four additional units are being provided to families with incomes between 30% and 50% of the area median income. The adaptive renovation of the 10-unit property ultimately yielded eight units to achieve modern code compliance. The acquisition and renovation was fully funded by the Montgomery County Housing Initiative Fund ("HIF").

Buyer Profile: Recent Acquisition/Renovation.

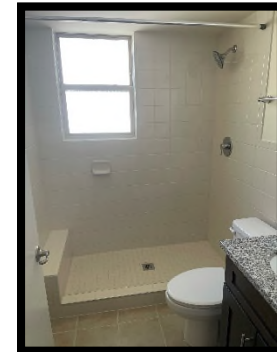
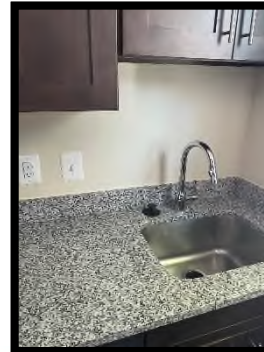
Avondale Street

2015



Flower Avenue

2019



Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to accept staff's recommendation, which is supported by the Development and Finance Committee, and authorize:

1. The Acting Executive Director to negotiate and execute a PSA for the disposition of 4527 Avondale, pursuant to HOC's non-binding letter of intent with the National Center for Children and Families ("NCCF")?
2. The completion of the sale of 4527 Avondale to NCCF?
3. That proceeds from the sale of 4527 Avondale be used to pay down the PNC RELOC draw that was used to acquire the Property?

BUDGET & FISCAL IMPACT

The disposition of 4527 Avondale would reduce cash flow and asset management fees to the Agency in the approximate amount of \$30,063 per year. However, the property is currently financed by the PNC RELOC, an interim source, and permanent sources of financing would come with higher debt service payments and result in reduced, perhaps negative, cash flow. The proceeds from the sale of 4527 Avondale would be used to reduce the \$7,037,704 draw against the PNC RELOC for the original acquisition of the Avondale Street Properties by approximately \$1,210,000, which is the purchase price of \$1,225,000 less anticipated closing costs of approximately \$15,000, which would increase HOC's borrowing capacity by said amount and eliminate interest carry costs pro rata of approximately \$5,886 per year.

TIME FRAME

For formal action at the November 3, 2021, meeting of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission authorize:

1. The Acting Executive Director to negotiate and execute a PSA for the disposition of 4527 Avondale, pursuant to HOC's non-binding letter of intent with NCCF.
2. The completion of the sale of 4527 Avondale to NCCF.
3. That proceeds from the sale of 4527 Avondale be used to pay down the PNC RELOC draw that was used to acquire the Property.

RESOLUTION No.: 21-108

RE: Authorization for the Acting Executive Director to Negotiate and Execute a Purchase and Sale Agreement for the Disposition of 4527 Avondale Street, Bethesda to the National Center for Children and Families, and Authorization to Complete the Sale

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, to carry out and effectuate the purpose of providing affordable housing; and

WHEREAS, on April 14, 2015, the Commission acquired four (4) rental apartment buildings consisting of 25-units located at 4500-02, 4504-06, 4508-10 and 4527 Avondale Street, Bethesda, MD 20814 under the County’s Right of First Refusal Ordinance; and

WHEREAS, the Commission wishes to sell 4527 Avondale Street (“4527 Avondale” or the “Property”) to the National Center for Children and Families (“NCCF”), a Bethesda-based nonprofit dedicated to providing housing to low-income families, many who would otherwise be at risk of homelessness; and

WHEREAS, NCCF wishes to purchase 4527 Avondale for the purpose of providing housing options to households earning at or below 50% AMI in support of the needs of the diverse children, youth, and families it serves; and

WHEREAS, NCCF owns two (2) neighboring rental apartment buildings at 4519 and 4523 Avondale Street, which they use for similar purposes; and

WHEREAS, current rents at 4527 Avondale are unrestricted, but priced at levels similar to the limits of the County’s Moderately Priced Dwelling Unit program; and

WHEREAS, NCCF’s proposed use would deepen the affordability at 4527 Avondale and connect future residents of the units at 4527 Avondale to NCCF’s various supportive services programs; and

WHEREAS, NCCF is in discussions with Montgomery County’s Department of Housing and Community Affairs (“DHCA”) regarding DHCA’s contract to purchase 4531 Avondale Street (“4531 Avondale”), the neighboring rental property directly to the west of 4527 Avondale; and

WHEREAS, DHCA has indicated that it would like to transfer the 4531 Avondale to NCCF at closing, and to close on the transaction on or before December 31, 2021; and

WHEREAS, the adjacency of 4527 Avondale and 4531 Avondale to NCCF’s rental apartment buildings at 4519 and 4523 Avondale allows for more expedient operations and economic deployment of services; and

WHEREAS, on October 6, 2021, the Commission authorized the Acting Executive Director to enter into a non-binding letter of intent (“LOI”) with the NCCF for the purchase and sale of 4527 Avondale, for a purchase price of \$1,225,000, requiring no earnest money deposit, and with a closing date on or before the date which 4531 Avondale closes; and

WHEREAS, the sale price for 4527 Avondale is equal to, and based on, the sales price of 4531 Avondale; and

WHEREAS, staff has not conducted an appraisal, but believes the contract price of 4531 Avondale reflects the fair market value for 4527 Avondale, given the nearly identical size, vintage, condition, and location of the properties; and

WHEREAS, the Commission wishes to authorize the Acting Executive Director to negotiate and execute a Purchase and Sale Agreement (“PSA”) for the disposition of 4527 Avondale, pursuant to HOC’s LOI with NCCF, and to complete the sale of the Property to NCCF; and

WHEREAS, the Commission desires that the net proceeds from the sale of 4527 Avondale, in the approximate amount of \$1,210,000, which is the purchase price less closing costs in the anticipated amount of \$15,000, be used to pay down the PNC Real Estate Line Of Credit (“RELOC”) draw that was used to acquire the Property.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes the Acting Executive Director, or her designee, to negotiate and execute a PSA for the disposition of 4527 Avondale, pursuant to HOC’s LOI with NCCF, and to complete the sale of the Property to NCCF.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County authorizes the net proceeds from the sale of 4527 Avondale, in the approximate amount of \$1,210,000, which is the purchase price less closing costs in the anticipated amount of \$15,000, be used to pay down the PNC RELOC draw that was used to acquire the Property.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 3, 2021.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

HOC HEADQUARTERS: DESIGN & BUDGET UPDATE

RELOCATING 10400 DETRICK TO PURPOSE-BUILT HQ



**KAYRINE BROWN, ACTING EXECUTIVE
DIRECTOR**

**Zachary Marks, Chief Real Estate Officer
Marcus Ervin, Director of Real Estate
Jay Shepherd, Housing Acquisitions Manager
Daejauna Donahue, Project Manager**

November 3, 2021
Page 106 of 138

Table of Contents

| Topics | Page |
|---------------------------------------|------|
| Executive Summary | 3 |
| Site Context | 4 |
| HOC HQ – Exterior Design | 5 |
| HOC HQ – Elevation Study | 7 |
| HOC HQ – Current Design | 9 |
| HOC HQ – Program | 10 |
| HOC HQ - Plan | 11 |
| HOC HQ – Accessibility & Circulation | 12 |
| HOC HQ - Sustainability | 18 |
| Development Budget – Hard Costs | 19 |
| Development Budget – Soft Costs | 20 |
| Development Timeline | 21 |
| Prior Commission Actions & Next Steps | 23 |

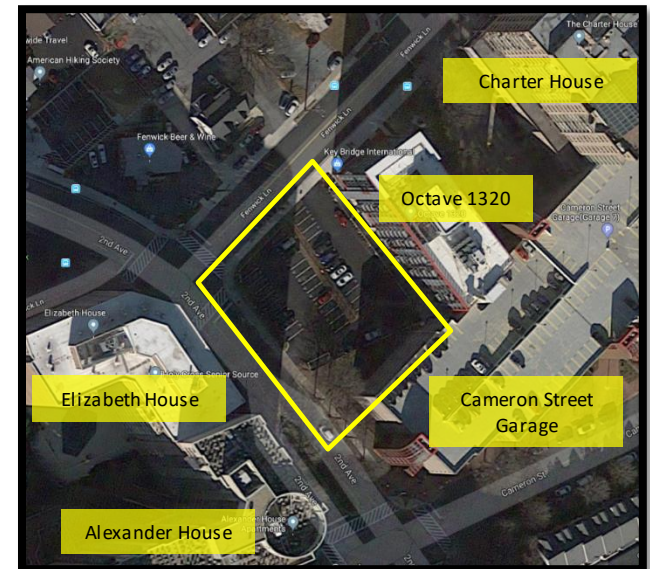
Executive Summary

The Housing Opportunities Commission of Montgomery County Maryland ("HOC" or the "Commission"), a public body subject to the statutory provisions for mandatory referral review under Sections 20-301, et. of the Land Use Article of the Maryland Code (2012, as amended), is planning to construct its new headquarters office building ("Building" or "HOC HQ") at the southeast corner of the intersection of Second Avenue and Fenwick Lane in Downtown Silver Spring. The property contains approximately 20,555 sq. ft. (tract area) and is zoned Commercial/Residential, CR-5.0, C-4.0, R.4.75, H-145T (the "Property"). The Property is currently used as a surface parking lot. The Property will be developed in accordance with the optional method of development provisions of Section 59.4.5.4 of the Zoning Ordinance to the extent applicable through mandatory referral.

On April 3, 2019, HOC authorized the Executive Director to execute a Development Agreement and Ground Lease with Promark for the joint development of Property, engaged Design Collective, Inc. for architectural services to design and entitle, and administer construction for the HOC HQ, and subsequently on May 6, 2020, approved pursuing site development approval for the New HQ under Mandatory Referral.

On August 7, 2020, the first application of the two-step Mandatory Referral process, the Location Review Application, was submitted to Montgomery County Planning Board and on November 12, 2020, it was unanimously approved. Subsequently, the Mandatory Referral Site Design and Architecture Application was approved on April 15, 2021 and the Administrative Subdivision Plan was approved on May 17, 2021.

Currently, the design team has completed Design Development documents, and is poised to begin Construction Documents, with the goal of finalizing permitting and starting construction sometime in June 2022.



Site Context



AREA PLAN



KEY PLAN

Aerial context illustrating the HQ's relation to nearby sites including: Alexander House, EH-III, and the Cameron St. Garage.

Site Context

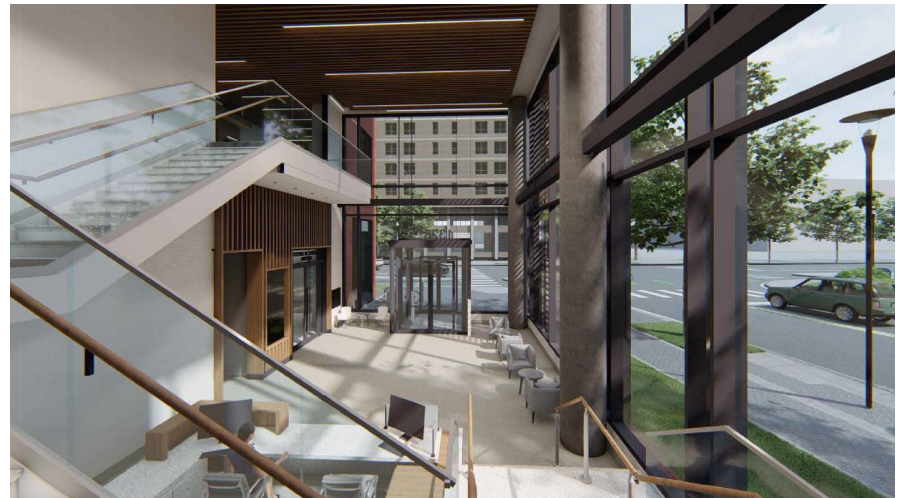


● Aerial context illustrating the HQ's relation to three (3) nearby bus stops.

HOC HQ – Exterior Design

The nine (9) story building is designed with the top floor as a +/- 3,500 square foot amenity floor for all building occupants. The main entrance to the lobby is at the corner of Fenwick Lane & Second Avenue. The allowable building mass is sculpted multiple times to respond to surrounding conditions as described in more detail below. While allowed to reach 145 feet, the overall building height is set to be approximately 132 feet. Even then, the top level reaching 132 feet is a partial floor to further reduce the building height and mass for views from the street and the surrounding buildings.

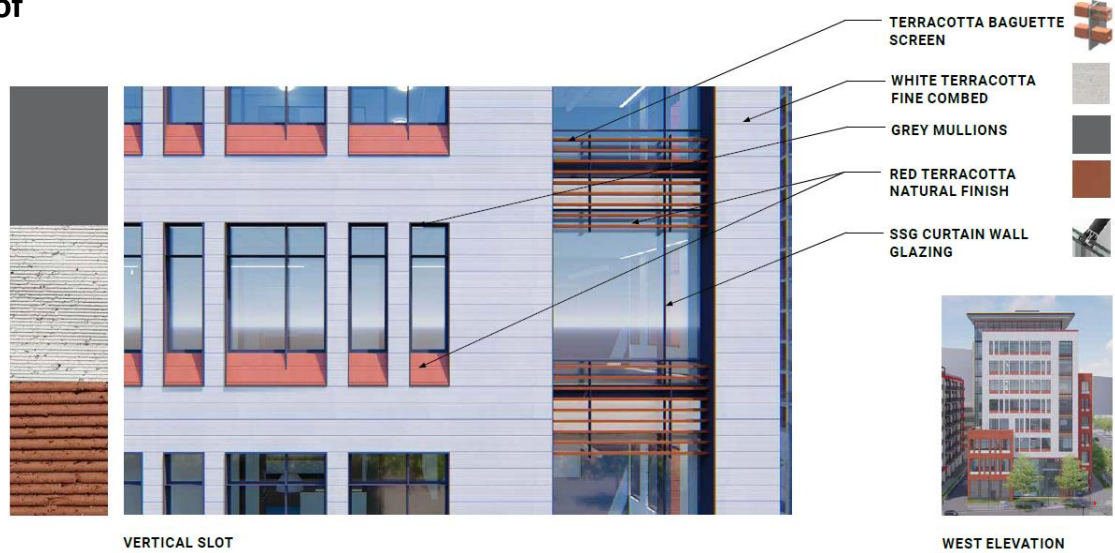
Facing Second Avenue, the Building massing is cut back from the façade and from the corner to enhance compatibility and to create a focal point for the building entry. Facing Fenwick Lane, the main Building façade rotates clockwise to pull back a triangular area that opens up access for views outward and entry of sunlight for the adjacent building. Also facing Fenwick Lane, above the third level, the upper floors are set back to provide a more limited street wall and establish scale at the pedestrian level. On the east, facing the adjacent condominium, the front section of the building is recessed westward to create more separation between the two structures.



HOC HQ – Exterior Design

The Exterior Façade includes a mix of the following materials:

- Clear Glass
- Metal panel and mullions
- Terracotta Tile (red and white)
- Granite Stone
- Decorative CMU



HOC HQ – Elevation Study

-  RED TERRACOTTA
MEDIUM COMBED
-  GREY METAL FRAME
-  GREY METAL FRAME
-  STONE



SOUTH ELEVATION



HEARING ROOM & BASE



HOC HQ – Elevation Study



GREY MULLIONS

WHITE TERRACOTTA
FINE COMBED

RED TERRACOTTA
NATURAL FINISH



VERTICAL SLOT

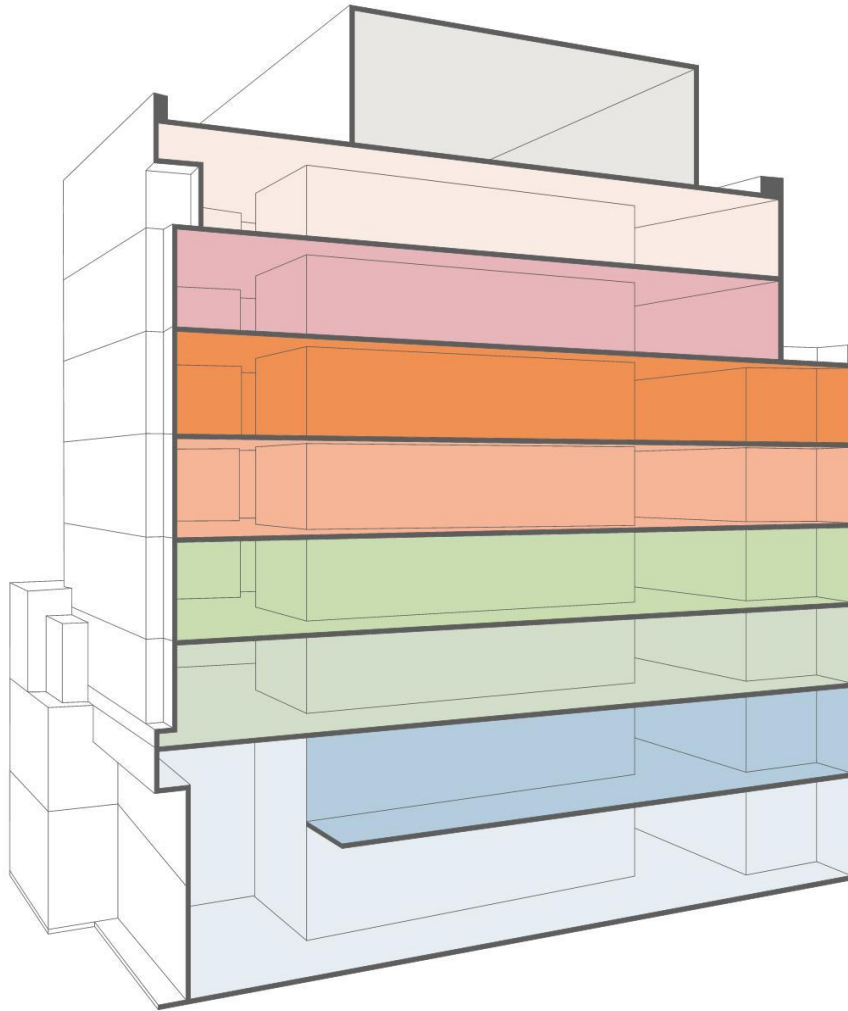


EAST ELEVATION

HOC HQ – Current Design



HOC HQ - Program



- 9 - Employee Lounge & Kitchenette

- 8 - Exec Director Suite
- Deputy Executive Suite
- Sp Asst to the Commissioner Suite
- Legal Suite
- LPA (without Graphics)
- Copy, Pantry, Meeting, Storage
- Total: 10 private offices, 10 workstations

- 7 - Real Estate Development Suite
- Mortgage Finance Suite
- Copy, Pantry, Meeting, Storage
- Total: 13 private offices, 17 workstations

- 6 - Finance
- Copy, Pantry, Meeting, Storage, Phone Room
- Total: 13 private offices, 41 workstations

- 5 - Resident Services Suite
- IT Suite
- Copy, Pantry, Meeting, Storage, Phone Room
- Total: 13 private offices, 32 workstations, 8 small workstations

- 4 - Human Resources & Payroll
- Compliance
- Facilities
- LPA Graphics
- Copy, Pantry, Meeting Rooms, Storage, Mothers' Room
- Total: 15 private offices, 16 workstations

- 3 - Multipurpose & Training Rooms
- HRD (Offices & Workstations)
- Inspections Suite
- Property Management Suite
- Copy, Pantry, Meeting Rooms, Storage
- Server Room, Mothers' Room, Showers
- Total: 10 private offices, 15 workstations

- 2 - Hearing Room & Prefunction space
- Commissioners Lounge & Adjacent support spaces
- HRD (Housing Specialist, FSS, Meeting rooms, Storage)
- Total: 5 private offices, 15 workstations

- 1 - Main Lobby
- HRD Service Center (Consultation, Kiosks, Meeting, Storage)
- Base Building support space (Water, Fire pump, Elec, etc.)
- Loading Dock
- Bike Storage

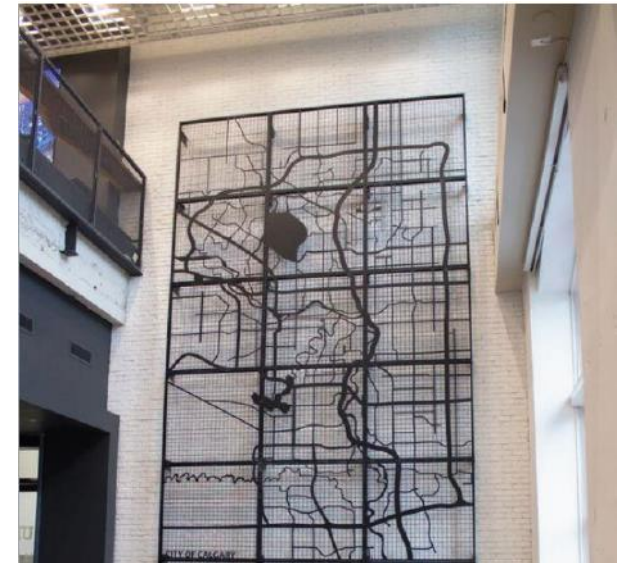
Building stacking diagram illustrating the various departments that would be included within the HQ building.

HOC HQ - Plan

The provided images illustrate designs for the main lobby and grand staircase to the second floor chamber areas. The Building is entered from the corner of Second Avenue and Fenwick Lane, with the entry doors facing Second Avenue. A two-story glass lobby connects visitors by public stair to the Hearing Room on level two. Levels three through eight are office space for general HOC operations. Level nine is a partial floor, providing employee common space and connecting to the outdoor roof terrace. The mechanical penthouse sits above level nine. Level one is a taller floor with 18 foot height. Level two is 16 feet floor to floor, while Levels three through nine measure fourteen feet floor to floor.



Rendering Illustrating the lobby upon entry



Design intent for the lobby wall

HOC HQ – Accessibility & Circulation (1st Floor)

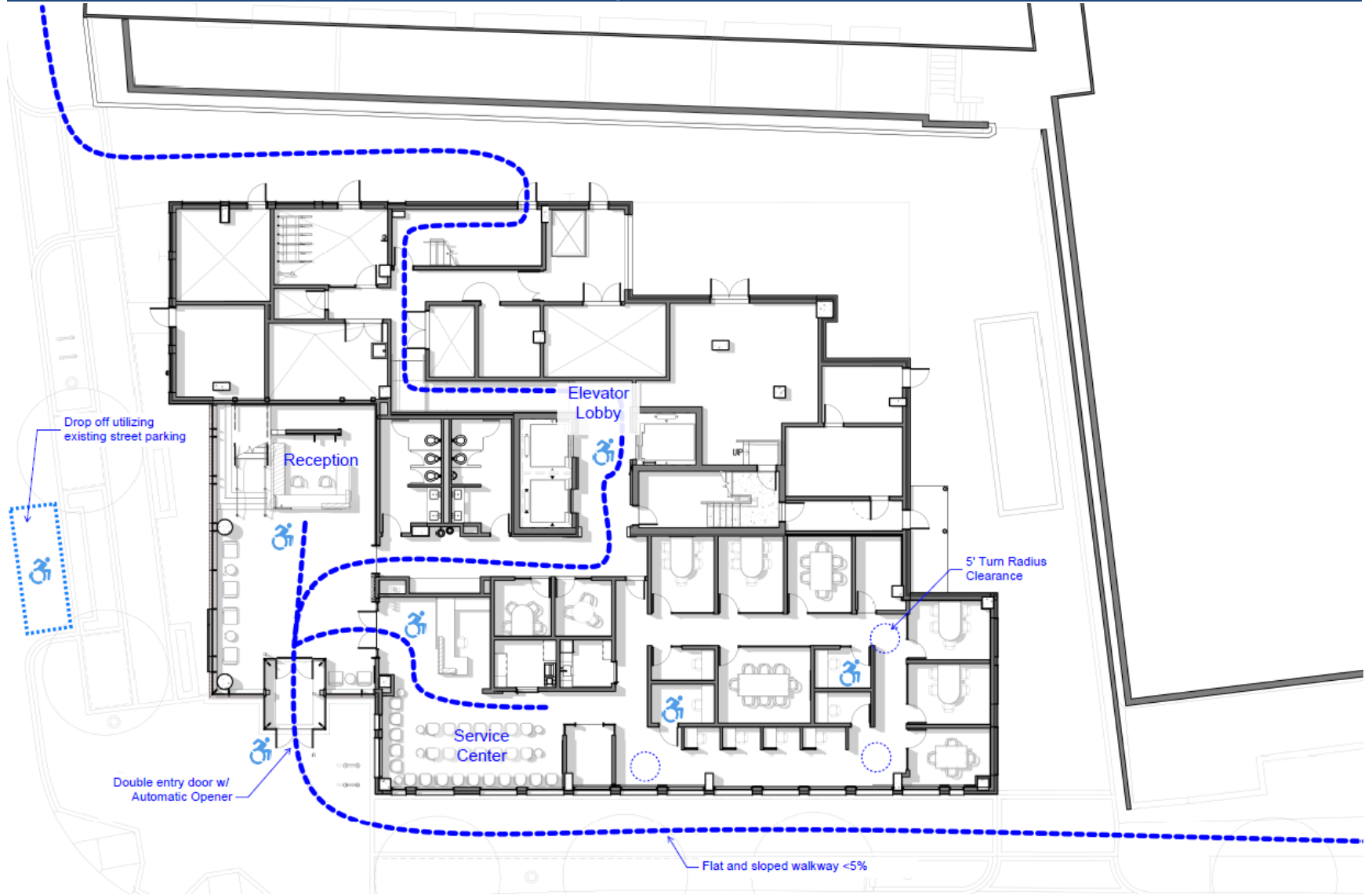
The Ground Floor includes the following spaces:

- Main Lobby
- Housing Resources Division (“HRD”) Service Center
- Facilities Storage

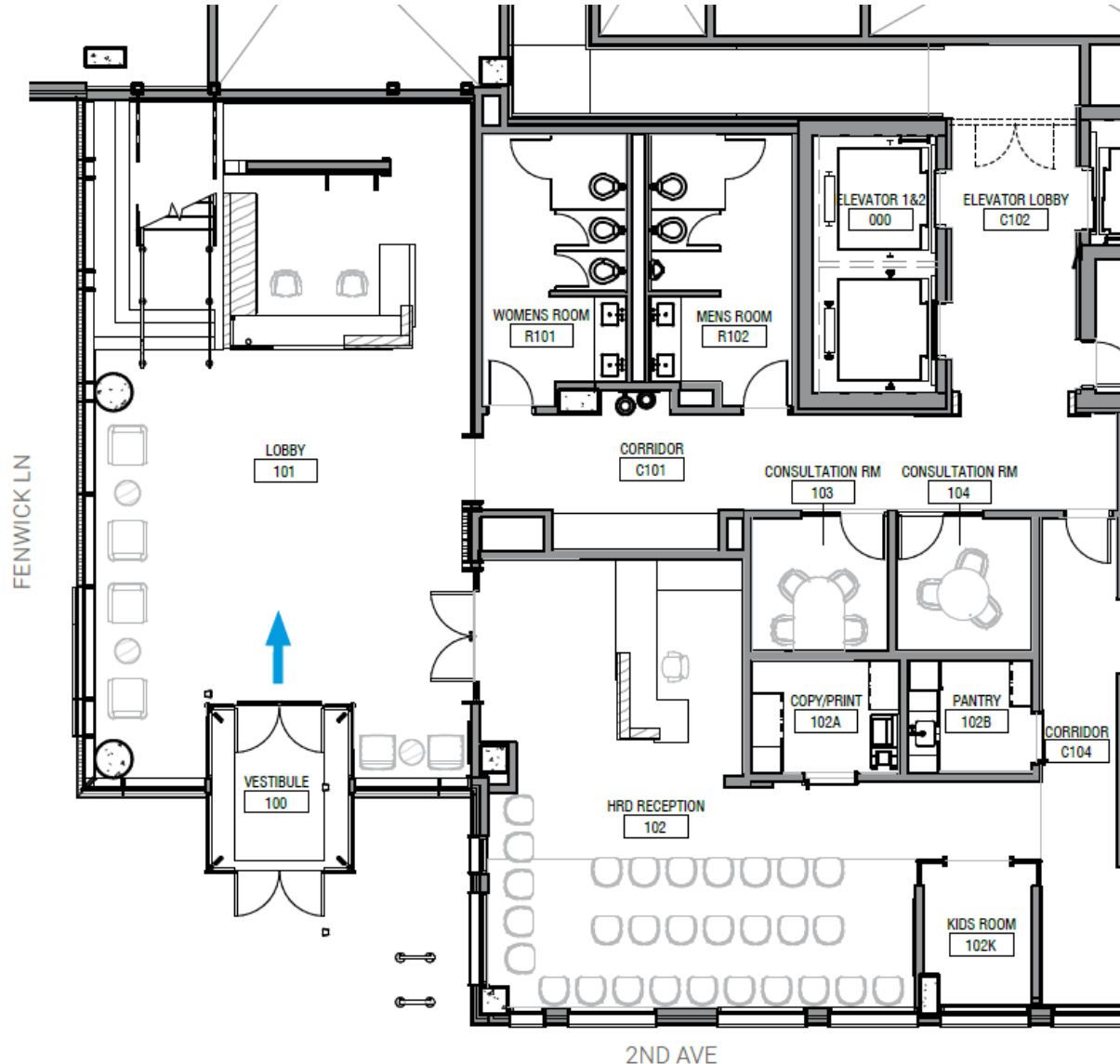


Rendering Illustrating the main entrance into the Housing Resources Division (“HRD”) Service Center

HOC HQ – Accessibility & Circulation (1st Floor)



HOC HQ – Accessibility & Circulation (1st Floor)



HOC HQ – Accessibility & Circulation (2nd Floor)

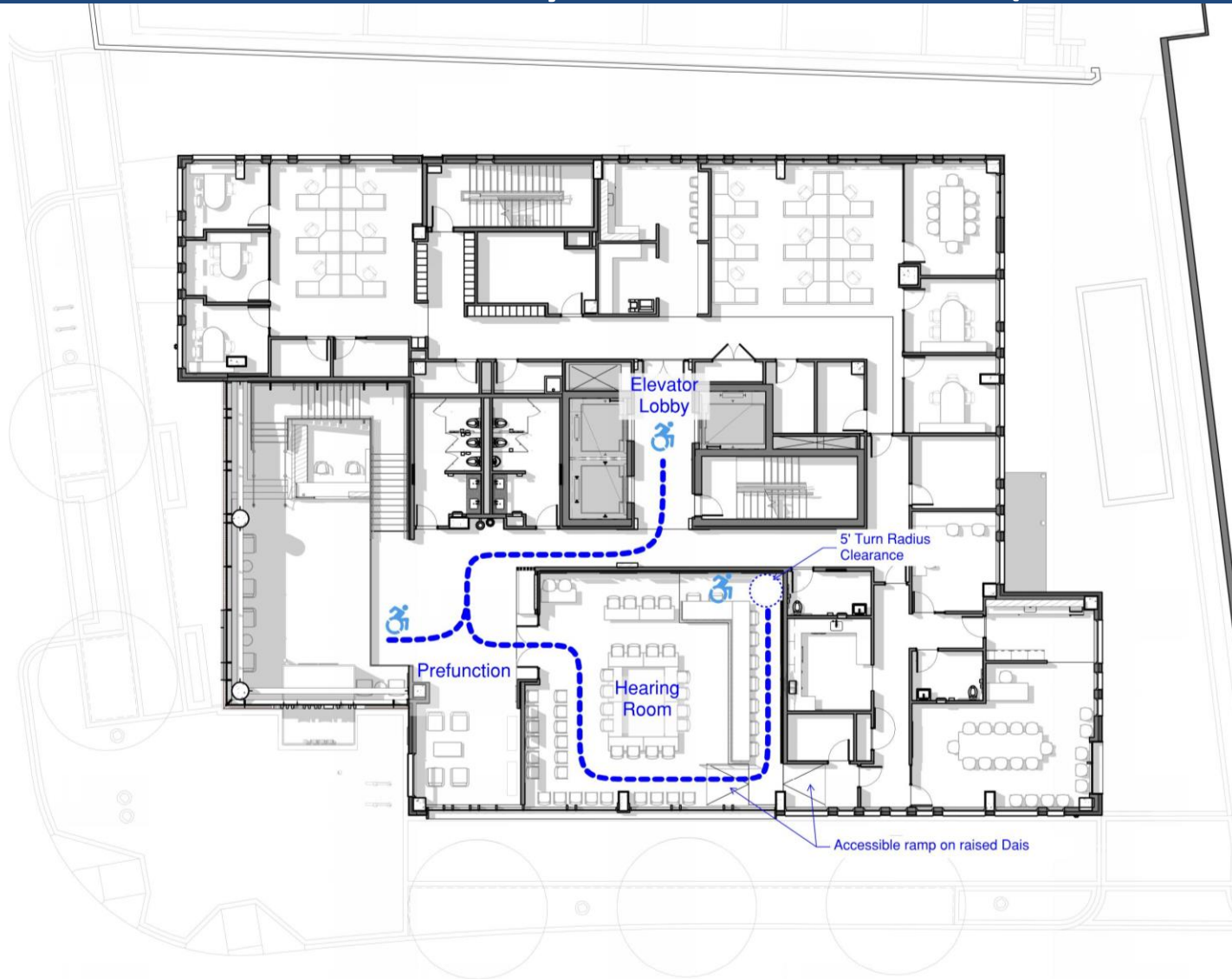
The 2nd Floor includes the following spaces:

- Pre-function Space
- Hearing Room; the design adjust to reflect a curved dias.
- Commissioner’s Lounge
- Housing Resources Division (“HRD”) Offices

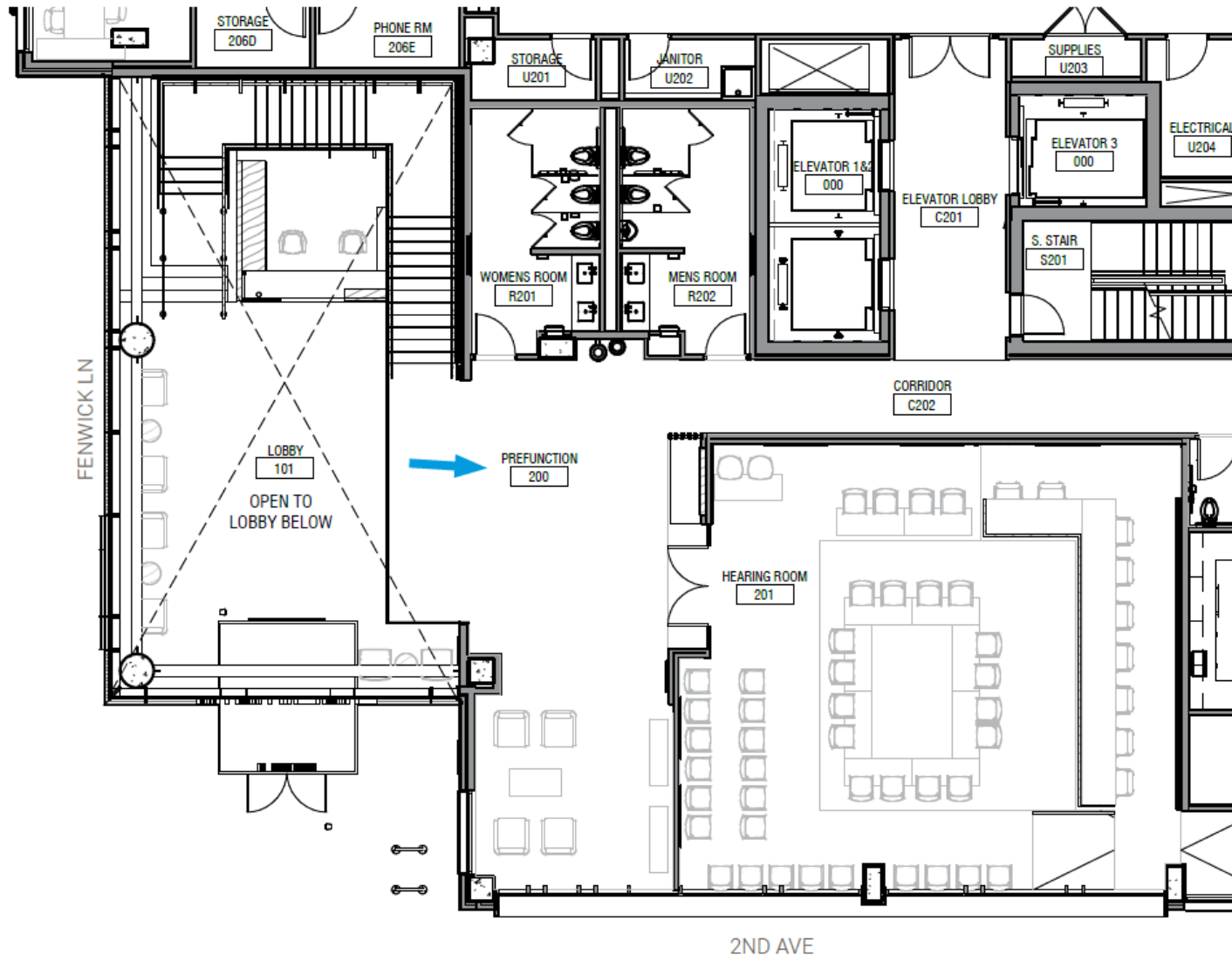


Rendering Illustrating the 2ND Floor Hearing Room

HOC HQ – Accessibility & Circulation (2nd Floor)



HOC HQ – Accessibility & Circulation (2nd Floor)



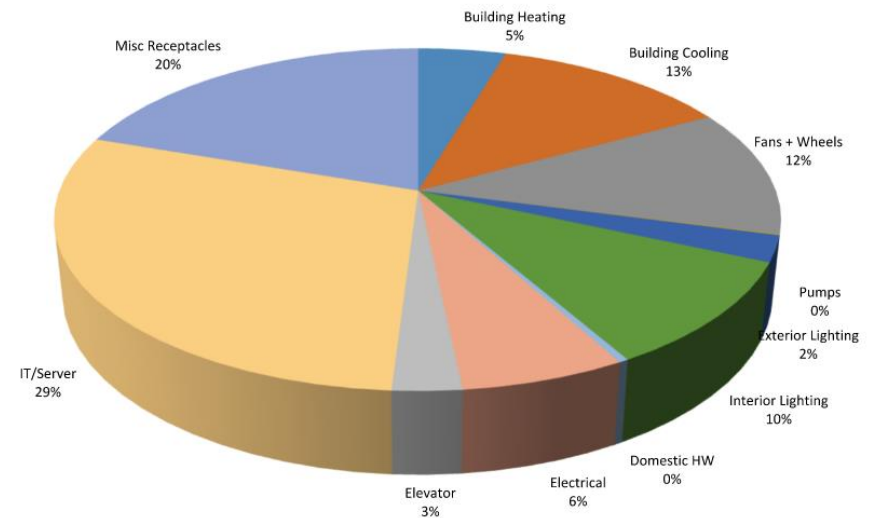
HOC HQ - Sustainability

Sustainability Considerations:

- Priority to deliver energy-efficient office spaces with considerations in flexibility, comfort, health & wellness, and low-carbon impact.
- **Energy Efficiency:**
 - DOAS + VRF system
 - LED to reduce Lighting Power Density
 - Occupancy & Daylight sensors
 - High-performance envelop
 - EnergyStar equipment & appliances
- **Occupant Centered Comfort Design:**
 - Individual controllability via VRF system
 - Daylight design & multi level lighting control
- **Health & Wellness:**
 - Natural materials palette
 - Encourage the use of stairs by music & lighting
 - Low VOC
 - Access to daylight, view & accessible roof terrace
 - Green roofs to manage storm water & provide environmental benefits to the ecosystem
- **Low Carbon Impact:**
 - Design for flexibility
 - Centralized support spaces, such as copy/pantry/meeting rooms to reduce building footprint
 - Specify Low Embodied Carbon materials
- **The Project is planned to attain a LEED certification level of Silver or higher, or an equivalent evaluation other than LEED.**



BUILDING ENERGY CONSUMPTION BY COMPONENT



Development Budget – Hard Costs

HOC HQ: DEVELOPMENT BUDGET SUMMARY

| | Total (\$) | Per GSF |
|---|-------------------|---------------|
| LAND VALUE AND COSTS | | 82,220 |
| Total LAND VALUE | 863,800 | 10.51 |
| Total CLOSING COSTS | 43,256 | 0.53 |
| TOTAL LAND VALUE AND COSTS | 907,056 | 11.03 |
| PRELIMINARY STUDIES | | |
| TOTAL PRELIMINARY STUDIES | 50,000 | 0.61 |
| HARD COSTS | | |
| CONSTRUCTION | | |
| Base Building & Site Work, including Tenant Fit-out | 29,250,000 | 355.75 |
| Equipment - Low Voltage | 850,000 | 10.34 |
| FF&E | 2,150,000 | 26.15 |
| FF&E - Artwork | 184,995 | 2.25 |
| Signage (outside GC contract) | 150,000 | 1.82 |
| Total CONSTRUCTION | 32,584,995 | 396.31 |
| Total OFF-SITE WORK | 1,000,000 | 12.16 |
| Total UTILITY FEES | 953,541 | 11.60 |
| Hard Cost Contingency | 2,072,312 | 25.20 |
| Hard Cost Escalation | 1,036,156 | 12.60 |
| TOTAL HARD COSTS | 37,647,004 | 457.88 |

- The current budget is a very preliminary estimate based upon current design considerations, which will be further vetted by a third-party CM prior to the General Contractor solicitation. The approximate \$37.64MM total hard cost figure includes both a hard cost contingency of 6% and hard cost escalation 3% to account for unknowns in construction pricing. The triangle parcel is an additional County acquisition being negotiated with the County.
- The original base construction hard cost estimate of \$23MM in 2018 was a rough order of magnitude (“ROM”) budget that did not account for an actual conceptual design, material cost increases, nor was the design team fully on-board. Today’s budget, represents a closer estimate as it has evolved with the progression of the design documents and development program; further refinement will be undertaken to prior to presentation of approval of the final development plan and plan of finance.
- The current preliminary Total Development Costs (“TDC”) inclusive of Soft Costs (See Slide 20) are \$47.25MM.

Development Budget – Soft Costs

SOFT COSTS

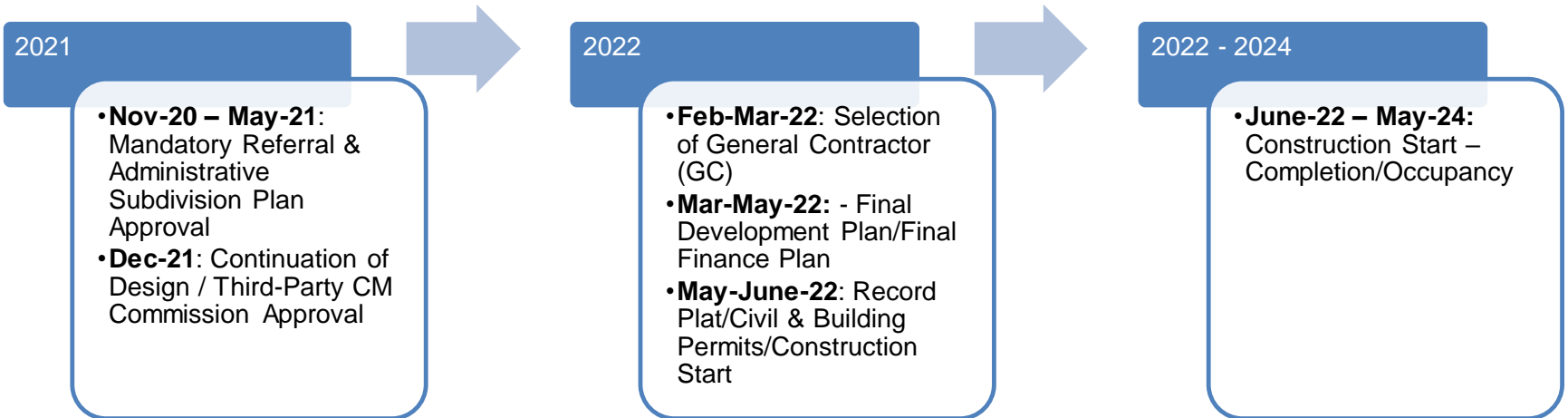
| | | |
|---|-------------------|---------------|
| Total ARCHITECTURAL & ENGINEERING, CONSULTANTS | 2,314,156 | 28.15 |
| Total PERMITS & FEES | 1,072,633 | 13.05 |
| Total INSPECTIONS & TESTING | 150,000 | 1.82 |
| Total OTHER SOFT COSTS - CONSTRUCTION MANAGER | 350,000 | 4.26 |
| Total LEGAL | 325,000 | 3.95 |
| Total GENERAL & ADMINISTRATIVE | 10,000 | 0.12 |
| Total INSURANCE | 220,000 | 2.68 |
| Total TAXES DURING CONSTRUCTION | 160,209 | 1.95 |
| Soft Cost Contingency | 276,120 | 3.36 |
| Total Soft Costs Before Development Fee | 4,878,118 | 59.33 |
| Development Fee | 2,126,256 | 25.86 |
| TOTAL SOFT COSTS BEFORE FINANCING | 7,004,375 | 85.19 |
| TOTAL DEVELOPMENT COSTS BEFORE FINANCING | 45,608,435 | 554.71 |

FINANCING COSTS

| | | |
|--------------------------------|-------------------|---------------|
| TOTAL FINANCING COSTS | 1,646,295 | 20.02 |
| TOTAL DEVELOPMENT COSTS | 47,254,730 | 574.74 |

- Soft Costs are inclusive of Design, Engineering, Inspections/Testing, Legal and Insurance. The Developer Fee of 5% is payable to Promark in conjunction with the Development Services Agreement.
- Following completion of the Construction Documents by the Architect (est. Dec/Jan-2022), an RFP will be released for solicitation of a General Contractor to obtain updated and real-time pricing prior to approval of the Final Development Plan and Final Finance Plan in early 2022.

Development Timeline



Prior Commission Actions and Next Steps

Prior Commission Actions:

- **RESOLUTION No. 18-69AS**– On September 5, 2018, the Commission approved the Predevelopment Budget in the Amount of \$2,116,000 for the Design and Entitlement of Fenwick & Second; Approval to Draw on the \$60 million PNC Bank, N.A. Line of Credit (the “PNC \$60MM LOC”) to Fund a First Installment of Predevelopment Funding in the Amount of \$264,500.
- **RESOLUTION No.: 19-45AS₁** On April 3, 2019, the Commission approved to Enter into a Ground Lease with Fenwick Silver Spring, LLC and a Development Services Agreement with Promark Development, LLC for the Development and Ownership of HOC’s New Headquarters Building and Approval of the Architect Selected to Complete Design and Construction Management for the Development. The resolution also authorizes the Executive Director to negotiate and enter into a contract with Design Collective, Inc. for architectural services in an amount not to exceed \$1,100,000 from the \$60MM PNC Bank, N.A. Line of Credit.
- **RESOLUTION No. 20-37A** – On May 6, 2020, the Commission approved submission of a Mandatory Referral Application for the New HQ, revised the FY21 predevelopment budget for the New HQ to \$2,650,150, and approved the expenditures for CY20 under a second installment of predevelopment funding for \$793,800. **Approximately \$1.6MM remains available for design and entitlement expenditures under the revised budget, which subject to final communications from the County regarding required site-wide ADA improvements, should be sufficient.**

• Future Commission Approvals

- Selection of a Third-Party Construction Manager (CM) (Dec-2021/Jan-2022)
- Selection of a General Contractor (Feb/Mar-2022)
- Final Finance Plan (Mar-May-2022)
- Final Development Plan (Mar-May-2022)
- Other Commission Approvals (as needed)

Questions & Comments

Deliberation and/or Action

AUDIT: ACCEPTANCE OF HOC FISCAL YEAR 2021 AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT REPORT, AND MANAGEMENT LETTER

November 3, 2021

- HOC received an unqualified audit opinion on the Financial Statement Audit.
- HOC received an unqualified audit opinion on the Single Audit.
- HOC received a Management Letter with four items: (1) Strategic Plan/Technology Plan/IT Security Policy; (2) Outdated Operating System/Upgrade; (3) Disaster Recovery/Business Continuity Plan; (4) User Access/Termination Review.
- Management has provided responses, which are included in the Management Letter items.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Kayrine Brown, Acting Executive Director

FROM: Cornelia Kent, Chief Financial Officer Finance Ext. 9754
Eugenia Pascual, Controller Finance Ext. 9478
Francisco Vega, Assistant Controller Finance Ext. 4873

RE: **Audit:** Acceptance of HOC Fiscal Year 2021 Audited Financial Statements, Single Audit Report, and Management Letter

DATE: November 3, 2021

BACKGROUND:

HOC’s auditor, CliftonLarsonAllen LLP (“CLA”), prepared the results of the FY’21 Audited Financial Statements, Single Audit Report, and Management Letter. Each Commissioner has had an opportunity to review the draft audit and requested additional information from the auditor.

ISSUES FOR CONSIDERATION:

Financial Statement Audit

The Commission received an unqualified audit opinion on the financial statements for the year ended June 30, 2021. The final draft Annual Comprehensive Financial Report (“ACFR”), Single Audit Report, and Management Letter is included with this memorandum. The final signed reports will be provided at the Commission meeting on November 3, 2021. No significant changes are anticipated.

The financial statements for HOC’s calendar year-end discretely presented component units (“DCUs”) are consolidated and presented next to the Commission’s consolidated financial statements. The detailed financial statements of each of the DCU properties are also presented on separate pages. The information is based on each DCU’s audited financial statement as of December 31, 2020.

Single Audit Report

Attached is the final Single Audit Report for FY’21. HOC received an unqualified opinion on the housing choice voucher program and the Housing Finance Agencies Risk Sharing Program. There were no significant deficiencies reported in the internal control over either program. Both previous findings within the Housing Choice Voucher Program, 2020-001 Significant Deficiency in Internal Control over Compliance related to a missing recertification packet and 2020-002

Significant Deficiency in Internal Control over Compliance, related to timely performance and documentation of annual inspections were both cleared.

Management Letter

A requirement when performing an audit of an entity's financial statements is to write a Management Letter, which communicates audit related findings related to internal controls to Management's governing body (Commission in the case of HOC), as required by SAS No. 112.

The Commission received Management Letter comments in the following area: (1) Strategic Plan/Technology Plan/IT Security Policy; (2) Outdated Operating System/Upgrade; (3) Disaster Recovery/Business Continuity Plan; (4) User Access/Termination Review. Please see attached letter and management's response.

BUDGET IMPACT:

None. A funding source for the audit is budgeted during the HOC budget process each year.

TIME FRAME:

Action is requested at the November 3, 2021 Commission meeting. The Audited Financial Statements must be published by December 1, 2020.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends to the full Commission, the acceptance of the HOC FY'21 Audited Financial Statements, Single Audit Report, and Management Letter.

RESOLUTION NO. 21-110

**RE: Acceptance of HOC FY'21 Audited
Financial Statements Single Audit
Report, and Management Letter**

WHEREAS, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'21, which included the FY'21 Audited Financial Statements, Single Audit Report, and Management Letter, to the Housing Opportunities Commission of Montgomery County (the "Commission"); and

WHEREAS, at a meeting held on November 3, 2021, the Commission reviewed the FY'21 Audited Financial Statements, Single Audit Report, and Management Letter.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the FY'21 Audited Financial Statements, Single Audit Report, and Management Letter prepared by CliftonLarsonAllen LLP.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open special session conducted on November 3, 2021.

**S
E
A
L**

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

Closing Statement

Written Statement for Closing a Meeting (“Closing Statement”)

Date: November 3, 2021

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

- 3. “To consider the acquisition of real property for a public purpose and matters directly related thereto;”
- 7. “To consult with counsel to obtain legal advice”;
- 8. “To consult with staff, consultants, or other individuals about pending or potential litigation”;
- 13. “To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter”;

B. For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

| Statutory Citation | Topic | Reason for closed-session discussion |
|--------------------|--|--|
| §3-305(b)(3) | The potential purchase of a multifamily property located in Bethesda, Maryland and a multifamily property located in Lyttonsville, Maryland. | The meeting must be closed in order to protect HOC’s ability to purchase the properties. Public discussion of this item could harm HOC’s ability to effectively negotiate and could possibly result in HOC not being able to acquire the properties. |
| §3-305(b)(7) | Obtaining legal advice from HOC’s counsel about ongoing litigation. | The meeting must be closed to the public in order to protect HOC’s attorney-client privilege. |
| §3-305(b)(8) | Obtaining legal advice from HOC’s counsel and discussion with staff about ongoing litigation. | The meeting must be closed to the public in order to protect HOC’s attorney-client privilege. |
| §3-305(b)(13) | Discussing information that is subject to attorney-client privilege. | Section 4-301(a)(1) of the Maryland Public Information Act prevents disclosure of information if, by law, the information is privileged or confidential. The meeting must be closed to protect HOC’s attorney-client privilege. |

C. This statement is made by Roy Priest, Chair.

D. Recorded vote to close the meeting:

- Date: October 27, 2021 Time: _____ Location: Zoom (LiveStream on YouTube)
- Motion to close meeting made by: _____
- Motion seconded by: _____
- Commissioners in favor: _____
- Commissioners opposed: _____
- Commissioners abstaining: _____
- Commissioners absent: _____

Officer’s Signature: _____

Adjourn

Closed Session