



EXPANDED AGENDA

July 13, 2016

| | | <u>Res. #</u> |
|---------------|---|--|
| 3:30 p.m. | Tony S. Davis Scholarship Award Reception | |
| 4:00 p.m. | Tony S. Davis Scholarship Award Presentation | |
| 4:30 p.m. | I. <u>CONSENT ITEMS</u> | |
| Page 4 10 | A. Approval of 2016 Tony S. Davis Memorial Scholarship Award Winners B. Approval of New Participating Lender for the Single Family Mortgage Purchase Program | Res. 16-51 (pg. 9) Res. 16-52 (pg. 14) |
| 4:35 p.m. | II. <u>INFORMATION EXCHANGE</u> | |
| Page 17 21 | A. Report of the Executive Director B. Calendar and Follow-up Action C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report | |
| 4:45 p.m. | III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u> | |
| Page 27 47 | A. Development & Finance Committee – Com. Simon, Chair 1. Approval of the Final Development Budget and Financing Plan for the Development of the Chevy Chase Lake Multifamily Property, Authorization to Enter Into an Operating Agreement with the Cafritz Foundation LLC and Fund Required Equity, Acceptance of Land Transfer, Approval to Execute a Development Agreement with Eakin Youngentob & Associates (EYA) and Property Management Agreement with Greystar, and Authorization to Make Predevelopment Expense Reimbursement • Approval of a Taxable Draw of up to \$11,008,930 by the Commission from the PNC Bank, N.A. Real Estate Line of Credit (RELOC) for the Purpose of Making a Capital Contribution to CCL Multifamily LLC for the Development of the Chevy Chase Lake Multifamily Property 2. Approval of the Selection of, and Authorization to Negotiate and Execute a Planning and Zoning Consultant Contract with Scheer Partners and a Planning Consultant Contract with Townscape Design LLC | Res. 16-53 (pg. 41) Res. 16-54 (pg. 45) Res. 16-55 (pg. 58) |
| 4:55 p.m. | IV. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u> | |
| | A. None | |
| | V. <u>*FUTURE ACTION ITEMS</u> | |
| | VI. <u>INFORMATION EXCHANGE (continued)</u> A. Community Forum | |

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| | VII. <u>NEW BUSINESS</u> | |
| | VIII. <u>EXECUTIVE SESSION FINDINGS</u> | |
| 5:00 p.m. | <u>ADJOURN</u> | |
| 5:05 p.m. | <u>CHEVY CHASE LAKE DEVELOPMENT CORPORATION MEETING</u> | |
| Page 66 | <u>Chevy Chase Lake Development Corporation</u> <ul style="list-style-type: none"> Approval to Transfer Land to the Housing Opportunities Commission of Montgomery County (HOC) and its Subsequent Transfer to CCL Multifamily LLC for the Development of a Mixed-Income Multifamily Property in Chevy Chase and Authorization to Repay HOC for Predevelopment Loans | Res. 16-001cc (pg. 68) |
| | <u>EXECUTIVE SESSION</u> A. None | |

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 Patrice.birdsong@hocmc.org.
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Consent Items

APPROVAL OF 2016 TONY S. DAVIS MEMORIAL SCHOLARSHIP AWARD WINNERS

July 13, 2016

- The Selection Committee for the Tony S. Davis Memorial Scholarship Awards met on June 10, 2016 to consider qualified applicants for the Tony S. Davis Memorial Scholarship. All candidates are residents in an HOC Housing program.
- From a pool of applicants, the Selection Committee is recommending one candidate for a \$3,000 award and two candidates for \$1,500 awards and four candidates for \$1,000 awards for a total of \$10,000 in awards.
- All recommended award candidates have demonstrated high academic achievements, significant contributions to their schools and the community, have received outstanding references, and been accepted to a major college or university in the fall.
- Commission approval is sought for Qurratulain Shafiq to receive a \$3,000 scholarship. Shantavia Craigg and Maryamawit Abate are recommended for \$1,500 awards. Amal Hasaan, Dagmawi Assefa, Mabintou Outtara and Taweh Lizear-Scott are each recommended for \$1,000 awards.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Shauna M. Sorrells Division: LPA

RE: Approval of 2016 Tony S. Davis Memorial Scholarship Award Winners

DATE: July 13, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL OBJECTIVE:

To approve seven Tony S. Davis Memorial Scholarship award winners. All nominees for scholarship funds are deserving high school seniors who are residents in HOC supported housing.

BACKGROUND:

HOC established the Tony S. Davis Memorial Scholarship Award to honor the memory of Tony S. Davis, a dedicated HOC employee who was tragically killed in 2000. Mr. Davis was well-known and recognized for his extensive volunteer work in the Seneca Ridge community (formerly Middlebrook Square) as a coach and counselor to many children. The Scholarships provide high school seniors who demonstrate excellent academic achievement, active participation in extra-curricular activities, and an exemplary record of good school attendance. Candidates are also required to submit a 500 word essay, references, and a letter of acceptance to a college or university. Each application was reviewed and scored by Committee, ranked based on their performance on a range of criteria including overall academic performance, writing sample, responsiveness to the essay questions and community service activities.

The Selection Committee met on June 10, 2016 and considered several applicants. From this pool, Qurratulain Shafiq was the highest rated and selected to receive a \$3,000 scholarship; Shantavia Craigg and Maryamawit Abate were selected to receive \$1,500 awards; and Amal Hasaan, Dagmawi Assefa, Mabintou Outtara and Taweh Lizear-Scott were selected to receive \$1,000 awards. A summary statement about each of these deserving awardees is attached.

ISSUES:

Does the Commission wish to approve the selection of one \$3,000 Tony M. Davis Memorial Scholarship; two \$1,500 scholarships; and four \$1,000 scholarships for a total of \$10,000 in scholarship?

BUDGET IMPACT:

The 2017 Agency budget incorporates \$10,000 for the Scholarship Awards Program.

TIME FRAME:

Action at the July 13, 2016 Commission meeting

RECOMMENDATION:

Staff recommends one Tony S. Davis Memorial Scholarship winner (Qurratulain Shafiq) receive \$3,000. Two recipients are recommended for \$1,500 awards (Shantavia Craigg and Maryamawit Abate). Four recipients are recommended for \$1,000 awards (Amal Hasaan, Dagmawi Assefa, Mabintou Outtara and Taweh Lizear-Scott).

2016 TONY S. DAVIS MEMORIAL SCHOLARSHIP AWARDEES

Award Winners

Qurratulain Shafiq

Qurratulain is a graduate of Northwest High School. She has overcome many obstacles as a young woman from a very traditional and close minded village where she was expected to be married and a housewife by the age of 18. Her family endured many hardships including the loss of family who did not believe in their desire to educate their daughter and make a better life for their children. She is inspired by her parents whom she “watched work hard to support their family”. Qurratulain has participated in several extracurricular activities including: National Honor Society, Science Honor Society, Rho Kappa Honor Society, Think Pink, Muslim Student Association, South Asian Association, Ecology Club, Academy of Biotechnology, Pre-Med Society Club and the American Red Cross. She has a 4.35 GPA and plans to attend The University of Maryland, Baltimore County in the fall. Qurratulain is receiving a scholarship award in the amount of \$3,000.00.

Shantavia Craigg

Shantavia is a graduate of Kennedy High School. Throughout high school, she has participated in several extracurricular activities including Key Club, Minority Scholars Program, Crittenton Services of Greater Washington, Student Government Association and the Leadership Training Institute. She has also held part time employment at Wheaton Ice Arena, the Department of Agriculture and The Department of Health and Human Services. Shantavia completed 262 hours of community service and has a GPA of 4.09. She plans to attend Northeastern University in the fall. Shantavia is receiving a scholarship award in the amount of \$1,500.

Maryamawit Abate

Maryamawit is a graduate of Springbrook High School. Throughout high school, she has participated in extracurricular activities such as: Softball, National Honor Society, Chemistry Club, and the Student Government Association. She also works part time at Riderwood as a waitress. Additionally, Maryamawit is the founder of her school’s first “Sign Language Club” because it was “a long time interest of hers”. She completed 260 hours of community service and has a GPA of 4.35. She plans to attend Montgomery College in the fall. Maryamawit is receiving a scholarship award in the amount of \$1,500.

Mabintou Outtara

Mabintou is a graduate of Springbrook High School. Throughout high school, she has participated in extracurricular activities such as: American Sign Language Club, Collegiate Directions, Softball and the school play. She also works part time at Habitat for Humanity. Mabintou completed 180 hours of community service and has a GPA of 3.6. She plans to attend Towson University in the fall. She is receiving a scholarship award in the amount of \$1,000.

Amal Hassan

Amal is a graduate of Kennedy High School. Throughout high school, she has participated in extracurricular activities such as: Tennis Team, Muslim Interscholastic Tournament, Softball, Graphic Design, Montgomery County Homeless Shelter, Islamic Circle of North America, MCC Youth Organization, and Pivot Physical Therapy. Amal completed 75 hours of community service and has a GPA of 3.8. She plans to attend University of Maryland, College Park in the fall. She is receiving a scholarship award in the amount of \$1,000.

Dagmawi Assefa

Dagmawi is a graduate of Blair High School. Throughout high school, he has participated in extracurricular activities such as Key Club, Student Council and the Ethiopian Club. He completed 199 hours of community service and has a 3.9 GPA. Dagmawi plans to attend the University of Maryland, College Park in the fall. Dagmawi is receiving a scholarship award in the amount of \$1,000.00.

Taweh Lizear-Scott

Taweh is a graduate of Damascus High School. Throughout high school, he has participated in extracurricular activities such as Acts of Random Kindness Club, Football, Soccer and Volleyball. He also worked part time at Butler's Orchard and T.W. Perry. Taweh completed 115 hours of community service and has a 3.15 GPA. He plans to attend Salisbury University in the fall. Taweh is receiving a scholarship award in the amount of \$1,000.00.

WHEREAS, in recognition of the many accomplishments and extensive community volunteer work performed by former HOC employee Tony Davis who was tragically killed in 2000, HOC established the Tony S. Davis Memorial Scholarship Awards Program in his memory; and

WHEREAS, since its inception, the Tony S. Davis Memorial Scholarship Awards Program has annually provided scholarship awards to high school seniors who are residents within an HOC Public or Opportunity Housing unit or participate in the Housing Choice Voucher Program and who also demonstrate excellent academic achievement and school attendance, participate in extra-curricular and community activities, and have been accepted by a college or university; and

WHEREAS, a Selection Committee, composed of one Commissioner, the Executive Director, the Director of Legislative and Public Affairs, and LPA staff was convened on June 10, 2016 to review the highly qualified applications; and

WHEREAS, the Selection Committee considered academic records, attendance records, recommendations from school personnel and HOC staff, 500 word essays written by the applicants, SAT or ACT scores, school and community activities, and college acceptance information; and

WHEREAS, the Selection Committee recommends seven outstanding candidates for the Tony S. Davis Memorial Scholarship Awards; Qurratulain Shafiq receives \$3,000; Shantavia Craigg and Maryamawit Abate receive \$1,500 and Amal Hasaan, Dagmawi Assefa, Mabintou Uttara and Taweh Lizear-Scott receive \$1,000.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County affirms the recommendation of the Tony S. Davis Memorial Scholarship Awards Selection Committee.

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**Patrice Birdsong
Special Assistant to the Commission**

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

July 13, 2016

- The Commission has approved continuous lender participation in the Mortgage Purchase Program (MPP) and continuous lender solicitation for new lenders. Currently, 37 lenders are approved for participation in the MPP. Of the 37 lenders, 33 have cleared the U.S. Bank approval process.
- TowneBank is acquiring Monarch Bank Mortgage, an existing participating lender, and has applied for participation to the MPP. With the approval of TowneBank Mortgage, the total lenders approved to participate in the MBS/MPP will remain at 33, removing Monarch Bank Mortgage from the list in Attachment 1.
- Continuous lender participation permits lenders to register only once for participation in the Mortgage Purchase Program and remain a participant until they withdraw or are no longer approved to participate in the program.
- With the entry of the MPP into the Mortgage Backed Securities (MBS) market in 2012, all lenders are required to be approved by U.S. Bank, N.A. (U.S. Bank), which has been approved by the Commission as Master Servicer for the MBS Program.
- The approved MPP lenders are the only lenders who have access to the Revolving County Closing Cost Assistance Program; they also prequalify MPDU applicants.
- TowneBank Mortgage has applied for participation in the MPP and meets the requirements of the program.
- Staff recommends approval of TowneBank Mortgage, as a MPP participating lender.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Mortgage Finance
Staff: Kayrine Brown, Chief Investment and Real Estate Officer Ext. 9589
Jennifer Hines Arrington, Assistant Director of Bond Management Ext. 9760
Paulette Key-Dudley, Program Specialist II Ext. 9596

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

DATE: July 13, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

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

BACKGROUND:

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

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

TowneBank Mortgage (the “Bank”) has submitted a request to participate in the MPP. TowneBank meets the criteria for approval.

Currently, 37 lenders are approved for participation in the MPP. Of the 37 lenders, 33 have cleared the U.S. Bank approval process. TowneBank is acquiring Monarch Bank Mortgage one of the existing participating lenders. With the approval of TowneBank Mortgage, the total lenders approved to participate in the MBS/MPP will remain at 33, and Monarch Bank Mortgage will be removed from the list.

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

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

TOWNEBANK MORTGAGE

TowneBank located in Virginia Beach, Virginia and established in 2001, is acquiring Monarch Bank Mortgage with an anticipated effective date of June 24, 2016. This acquisition accomplishes many goals for the Bank and its Mortgage Division. From the perspective of community lending and meeting the needs of diverse segments, this will expand TowneBank’s involvement with state bond programs into Maryland and the District of Columbia through an existing network of lending branches. The existing Monarch teams will not change so HOC should not experience any significant difference in origination volume or loan quality.

TowneBank is willing to market any affordable housing programs that work in conjunction with lending programs at HOC. TowneBank will employ loan officers in the Maryland offices that have a range of fluencies in foreign languages, who are currently employed by Monarch Bank. Non-English speaking borrowers are accommodated with a loan officer, who can communicate in their native language whenever possible.

TowneBank is an approved lender with Virginia Housing Development Authority (VHDA) and is consistently a VHDA top 10 lender. TowneBank is also an approved lender with the North Carolina Housing Finance Agency, South Carolina Housing, and the Pennsylvania Housing Finance Agency. They work with local housing authorities to offer additional assistance in the cities of Tidewater and Richmond, Virginia, and Raleigh and Charlotte, North Carolina. TowneBank is a member of the FHLB of Atlanta and offer their first time homebuyer assistance programs in all of their markets. They have closed 2,309 loans with the housing authorities they originate for over the last three years.

TowneBank is a FHA, Fannie Mae and Freddie Mac approved lender. TowneBank is an approved lender with U.S. Bank’s Mortgage Revenue Bond Program (MRBP) division.

Servicing

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

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve TowneBank Mortgage for participation in the Mortgage Purchase Program?

PRINCIPALS:

TowneBank Mortgage
Housing Opportunities Commission

BUDGET IMPACT:

None.

TIME FRAME:

Action at the July 13, 2016 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends approval of TowneBank Mortgage for participation in the Mortgage Purchase Program.

RESOLUTION No: 16-52

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

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

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

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

WHEREAS, TowneBank Mortgage has applied for participation in the Mortgage Purchase Program; and

WHEREAS, TowneBank Mortgage has satisfied the required criteria for admittance to the Mortgage Purchase Program.

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on July 13, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

Attachment 1

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

Information Exchange

HOC Academy

Fatherhood Initiative Kick-Off

HOC kicked off its Fatherhood Initiative program on Saturday, June 11, 2016. About 100 fathers, mothers and children attended the event at Shady Grove Middle School in Gaithersburg. It featured speakers, food, games, activities and vendors who offered attendees information on housing assistance, employment opportunities, child support arrangements and other important resources to help fathers and their families become more self-sufficient.



The new program has received tremendous support from local lawmakers including Montgomery County Councilmember Craig Rice. During the event, HOC received congressional citations from Congressmen Chris Van Hollen and John Delaney in recognition of the Fatherhood Initiative program and the agency’s commitment to provide quality services in support of fathers and their families.



HOC is the only housing authority to receive a Fatherhood Initiative grant in 2016. The grant totals \$695,000 and is renewable for five years. It will be used to provide classes, career counseling, workforce development training and other services through its partners: Montgomery College, Amerigroup, Priority Partners, A Wider Circle, Maryland Legal Aid, African-American Health Program, Phi Beta Sigma, Montgomery County Public Schools, Montgomery County Department of Health and Human Services and

the Board of Elections. The program is open to HOC clients or fathers whose children are HOC household members.

LEGO League STEM Field Trip

On Wednesday, June 22, 2016, HOC Academy took 24 children on a field trip to attend the FIRST LEGO League event in Washington, D.C. The event brings together teams of students from around the region to design, build and program a robot for competition. HOC students participated in hands-on activities and classes that focused on STEM-related concepts in a fun environment. While HOC Academy did not compete this year, the event was a great opportunity for students to learn from their peers and see how they use their science, technology, engineering and mathematics skills.



Mortgage Finance

Chevy Chase Lake Presentation



On Wednesday, June 15, 2016, HOC executive staff members and EYA President Bob Youngentob, met with Design Collective to view their presentation on the new Chevy Chase Lake project.

Design Collective is currently working on the design of Chevy Chase Lake, an 11-story multi-family residential building that will feature nearly 200 units, a three-level underground parking garage and approximately 17,000 square feet of resident amenity space.

The meeting covered the building materials, layout, lighting, flooring and other important details of the project's exterior and interior. Design Collective brought samples of every wall covering, carpet, tile and other materials planned for the building.

Chevy Chase Lake is an important project for HOC. The former public housing site will be redeveloped as a mixed-income community and include market-rate units that represent a new revenue source for HOC. The project is located next to Metro's new Purple Line and is scheduled for completion in 2018.

Single Family Bond Issuance

On Thursday, June 23, 2016, the Commission successfully closed on a \$42.7 million issuance of tax-exempt, Single Family Mortgage Revenue Bonds for the purpose of redeeming several series within the 1979 Indenture but also, and most importantly, for providing \$20.2 million in funding for below-market interest rate mortgage loans and closing costs assistance for first-time homebuyers including United States Veterans. Single Family will be rolling out a refinancing product, previously approved by the Commission, in August.

HOC hosts a Homeownership Workshop for clients



On Saturday, June 11, 2016, HOC held a Homeownership Workshop at East Deer Park. Approximately 25 clients attended the event which provides potential homebuyers information and advice on how to prepare to buy a home, how to budget, how to improve credit scores and what to expect at every stage of the process.

Residents who are income and credit qualified will work with staff to assist them in the future purchase of MPDUs available in HOC's inventory. The HOC Home Ownership Program (HOC/HOP)

is open to HOC residents.

Compliance

Staff Webinar held for new guidelines

On Thursday, June 30, 2016, the Compliance team hosted a webinar to better assist staff with new procedures and guidelines to report fraudulent activity and program violation complaints. The webinar, which staff could watch from their desk, showed people how to access the online referral form, what information is needed and what happens after the form is submitted. Compliance plans to host another webinar in July for staff who couldn't attend the June session. HOC takes fraud complaints and housing assistance violations very seriously. Webinars like this one help staff report potential issues quickly so Compliance can investigate and ensure that qualified families and individuals are legally using housing assistance.

HOC

2016 Day of Service



On Friday, June 3, 2016, HOC held its second annual Day of Service. This year, nearly 300 staff members volunteered at 28 sites across Montgomery County.

Those sites included Montgomery County Public Libraries, several shelters, Tobytown, Montgomery County Parks & Planning, Interfaith, Manna Food Center, A Wider Circle, Arcola Towers, Bauer Park, Habitat for Humanity, Forest Oak Towers Apartments, MobileMed and Montgomery College among others.

Volunteer duties included building an outdoor trail, cooking dinner for shelter residents, cleaning, sorting donations, yard work, painting and removing old appliances. Every minute of their hard work saved time and money for agencies, many of which are nonprofits.

HOC staff volunteered more than 1,100 hours Friday morning. Our employees showed the community and our clients that we truly care and are dedicated to improving the lives of people around us. It's not enough to say it, we need to do it.

The Day of Service also provides HOC staff an opportunity to build relationships. For example, one staff member who sorted donations at Manna Food Center said the experience gave her insight into how the agency works which is very beneficial since she often refers clients to Manna.

Human Resources

2016 Wellness Fair

On Tuesday, June 21, 2016, HOC hosted a Wellness Fair for employees. Nearly two dozen vendors offered staff information regarding insurance coverage, prescription plans, healthy living, fitness programs, cancer support groups, anti-smoking programs and other important wellness information.

The vendor stations stretched from the Kensington Hearing Room to the Atrium and in the hallway. The event was a great opportunity for staff members to ask questions about healthcare coverage, get healthy recipes and nutrition information and find out about retirement plans. PNC Bank offered free nutritious smoothies from Tropical Smoothie Cafe with both fruits and vegetables.



HOC strives to create a workplace environment that promotes health and wellness. When employees feel their best, they are better able to provide optimal service to our clients.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

July 2016

| | | |
|-------|--|------------|
| 1 | HOC/Board of Directors Special Session/Teleconference (<i>All</i>) | 11:30 a.m. |
| 4 | Independence Day (HOC Offices Closed) | |
| 13 | Tony Davis Award Reception (<i>All</i>) – Kensington Atrium | 3:00 p.m. |
| 13 | HOC Regular Meeting (<i>All</i>) | 4:30 p.m. |
| 15-17 | NAHRO 2016 Summer Conference (<i>All</i>) (Hilton Portland & Exec. Tower, 921 SW Sixth Ave., Portland, OR 97204) | |
| 18 | Resident Advisory Board Meeting (<i>Croom</i>) | 6:00 p.m. |
| 19 | Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>) | 3:30 p.m. |
| 22 | Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>) | 10:00 a.m. |
| 22 | Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>) | 12:30 p.m. |
| 26 | Agenda Formulation (<i>Roman, McFarland</i>) | 10:00 a.m. |

August 2016

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

September 2016

| | | |
|----|---|------------|
| 5 | Labor Day Holiday (HOC Offices Closed) | |
| 7 | HOC Regular Meeting (<i>All</i>) | 4:00 p.m. |
| 16 | Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>) | 10:00 a.m. |
| 19 | Resident Advisory Board Meeting (<i>Croom</i>) | 6:00 p.m. |
| 20 | Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>) | 3:30 p.m. |
| 22 | Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>) | 10:00 a.m. |
| 26 | Agenda Formulation (<i>Roman, Hatcher</i>) | 12:00 noon |

October 2016

| | | |
|-------|---|------------|
| 5 | HOC Regular Meeting (<i>All</i>) | 4:00 p.m. |
| 10 | Town Hall Meeting (<i>All</i>) | 6:00 p.m. |
| 11 | Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>) | 10:00 a.m. |
| 12 | Town Center Fall Board Meeting (<i>Roman, Simon</i>) | 2:30 p.m. |
| 14 | Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD | 12:00 noon |
| 14-16 | NAHRO 2016 National Conference (<i>All</i>) (Hyatt Regency, 601 Loyola Ave., New Orleans, LA 70113) | |
| 21 | Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>) | 10:00 a.m. |
| 24 | Agenda Formulation (<i>Roman, Croom</i>) | 12:00 noon |

November 2016

| | | |
|-------|---|------------|
| 2 | Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>) | 2:00 p.m. |
| 2 | HOC Regular Meeting (<i>All</i>) | 4:00 p.m. |
| 11 | Veteran's Day (HOC Offices Closed) | |
| 15 | Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>) | 3:30 p.m. |
| 18 | Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>) | 10:00 a.m. |
| 24-25 | Thanksgiving Holiday (HOC Offices Closed) | |
| 28 | Agenda Formulation (<i>Roman, Croom</i>) | 12:00 noon |

December 2016

| | | |
|----|--|------------|
| 6 | Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>) | 10:00 a.m. |
| 7 | Longevity Award Reception (<i>All</i>) | 3:00 p.m. |
| 7 | HOC Regular Meeting (<i>All</i>) | 4:30 p.m. |
| 9 | Status/Lunch Meeting w/Executive Director (<i>All</i>) – <small>Location TBD</small> | 12:00 noon |
| 16 | Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>) | 10:00 a.m. |
| 19 | Agenda Formulation (<i>Roman, Byrd</i>) | 12:00 noon |
| 26 | Christmas Holiday Observed (HOC Offices Closed) | |

Activities of Interest

TO DO / ACTION

| Ref. # | DUE DATE | ACTION | STAFF | STATUS |
|----------|-------------|---|-----------|-------------|
| TD-14-07 | Spring 2016 | Procurement Policy | Willison | In Progress |
| TD-15-02 | Spring 2016 | Update Administrative Guide for Commissioners and Staff | Spann | In Progress |
| TD-15-03 | Summer 2016 | Legislative & Regulatory Committee - Re: Assisted Housing and Family Self-Sufficiency Program | Sorrells | In Progress |
| TD-15-04 | Summer 2016 | Mortgage Finance: Research Items <ul style="list-style-type: none"> • Loan Limit Testing • FHA Troubled Access Recovery | Brown | In Progress |
| TD 16-02 | Fall 2016 | Personnel Policy | Mattingly | In Progress |
| TD 16-03 | Summer 2016 | Budget, Finance & Audit Committee – Re: Clarifying tax credit, market rent policies, etc. | Willison | In Progress |

Status Report

Committee Reports and Recommendations for Action

Development and Finance Committee

**APPROVAL OF THE FINAL DEVELOPMENT BUDGET, FINANCING PLAN,
AUTHORIZATION TO DRAW FROM PNC BANK, N.A. REAL ESTATE LINE OF
CREDIT TO FUND 50% OF THE REQUIRED CASH EQUITY, AND
AUTHORIZATION TO EXECUTE THE DEVELOPMENT AGREEMENT WITH
EYA, LLC FOR CHEVY CHASE LAKE MULTIFAMILY BUILDING**



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN

ZACHARY MARKS

Mei Li

Brian Kim

July 13, 2016

Table of Contents

The proposed Chevy Chase Lake multifamily building is a mixed-income community to be located on the western third of the site of HOC’s Chevy Chase Lake Apartments (“CCLA”). The project is a to-be-built, 200-unit high-rise apartment building situated 1/10 of a mile from Connecticut Avenue, adjacent to the future Purple Line light rail station.

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Executive Summary

- On September 11, 2013, the Commission authorized the Executive Director to enter into exclusive negotiations with EYA, LLC (“EYA”) for the disposition of a portion of the Chevy Chase Lake Apartments site consisting of Lots 2-4.
- On January 23, 2014, in an Executive Session, the Commission authorized the Executive Director to execute a Purchase and Sale Agreement (“PSA”) for the sale of a portion of the Chevy Chase Lake Apartments site. The PSA was subsequently executed on April 4, 2014.
- On June 13, 2014, in an Executive Session, the Commission authorized the Executive Director to enter into direct negotiations with EYA and Federal Capital Partners (“FCP”) for the development and financing of the Chevy Chase Lake multifamily building.
- On August 6, 2014, the Commission authorized the Executive Director to direct EYA to incur up to \$600,000 predevelopment funds for the development of the Chevy Chase Lake multifamily building.
- On June 3, 2015, in an Executive Session, the Commission approved the preliminary development plan and authorized the Executive Director to enter into a development venture with EYA for the development of the Chevy Chase Lake multifamily building and to execute all related documents.
- On October 7, 2015, the Commission approved a tax-exempt draw of up to \$6,875,000 from the original PNC LOC to prepay the existing first mortgage loan. In addition, the Commission approved a predevelopment loan of \$250,000 from the OHRF to fund predevelopment costs for the development of the Chevy Chase Lake multifamily building.
- On November 3, 2015, the Commission approved the final development plan and authorized an additional predevelopment loan of \$1,832,195 from the OHRF to fund predevelopment costs for the development of the Chevy Chase Lake multifamily building.
- On May 4, 2016, in an Executive Session, the Commission authorized the Executive Director to negotiate and execute a letter of intent and term sheet for the debt and equity financing of the development of the Chevy Chase Lake multifamily building.

Executive Summary

- Total development costs for the Chevy Chase Lake multifamily development is \$74,017,860. To finance the project, staff has secured construction financing from United Bank and equity financing from The Morris and Gwendolyn Cafritz Foundation. The United Bank construction loan is \$53,730,000, providing 73% of the total development costs. The Foundation will contribute 50% of the required cash equity while the remaining 50% cash equity will be drawn from the existing PNC Bank, N.A. Real Estate Line of Credit (“RELOC”).
- Staff herein recommends the following actions to the Commission:
 1. Approval of the final development budget in the amount of \$74,017,860.
 2. Approval of the financing plan for the project, and by doing so,
 - a) Authorize Executive Director to execute all necessary and related agreements for the United Bank construction loan on behalf of CCL Multifamily LLC (“CCL”) to fund 73% of the total development costs.
 - b) Authorize Executive Director to execute the Operating Agreement with Cafritz Foundation LLC (“Foundation”) and sign all necessary and related agreements on behalf of CCL for receipt of Foundation’s contribution of 50% of the required cash equity.
 - c) Approve to draw for itself from RELOC up to \$11,008,930 to fund 50% of the required cash equity. Current projected cash equity required is \$10,143,930.
 3. Authorize the Executive Director to execute the development agreement with EYA, LLC and sign all necessary and related agreements on behalf of CCL.
 4. Authorize HOC to accept the transfer of the land from the Chevy Chase Lake Development Corporation and to transfer it to CCL and for CCL to acquire the land for \$1,250,000.
 5. For workforce housing units, approve an HOC resolution specifying that 20% of the dwelling units on-site must be affordable to a full range of eligible households earning between 61% and 100% Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area Median Income (“AMI”) for a 30-year control period. The adopted resolution is required prior to the issuance of any building permit for any residential unit.
 6. Authorization to enter into a one-year leasing and property management services contract with Greystar. EYA evaluated three property management firms: Bozzuto, Greystar and Vantage. Bozzuto’s partnership with the Chevy Chase Land Company on neighboring parcel creates a conflict of interest. Staff and EYA interviewed Vantage and Greystar. EYA selected Greystar to provide predevelopment services.

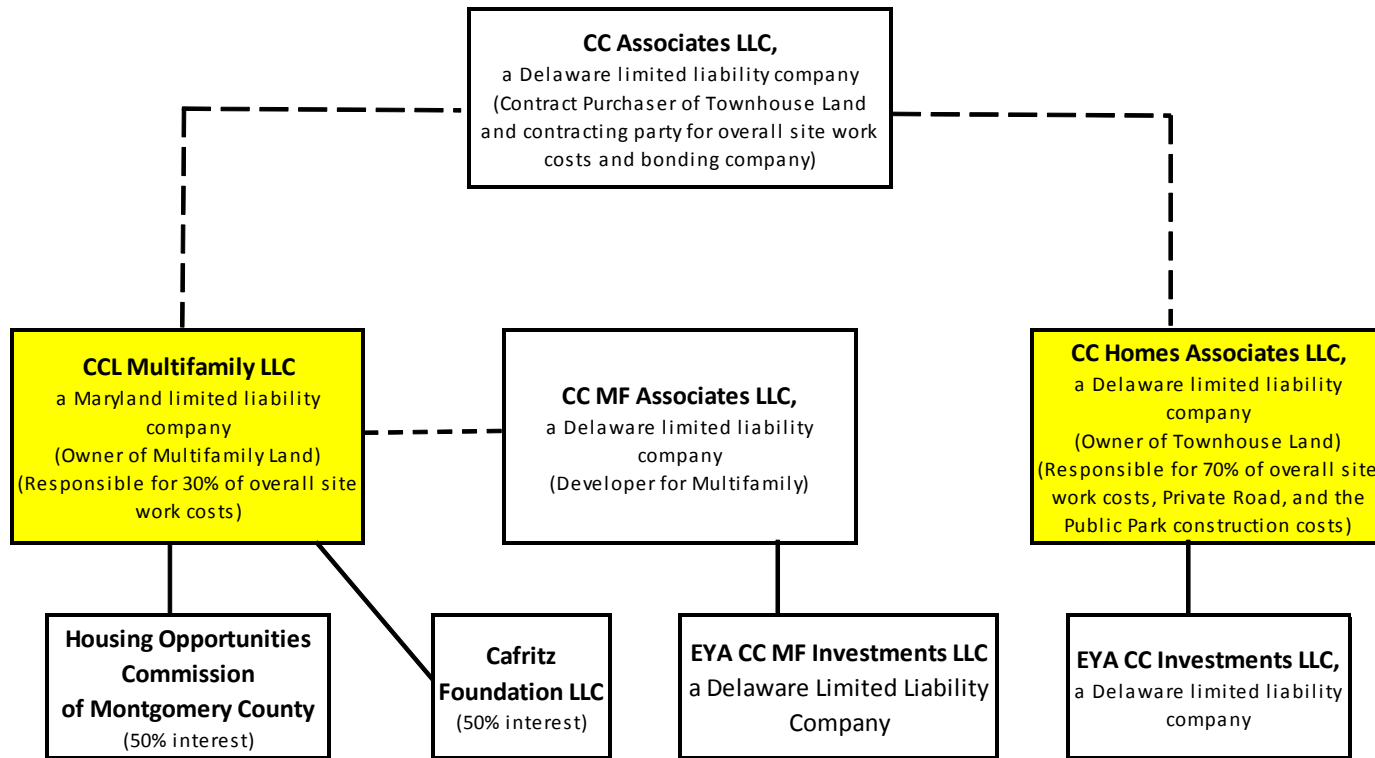
Financing Plan – Sources and Uses

| Sources | Amount | Per Unit |
|---------------------------------|---------------------|------------------|
| Debt Financing ⁽¹⁾ | \$53,730,000 | \$268,650 |
| Foundation Equity (50%) | 10,143,930 | 50,720 |
| HOC Equity (50%) ⁽²⁾ | 10,143,930 | 50,720 |
| Total Sources | \$74,017,860 | \$370,090 |
| Uses | Amount | Per Unit |
| Land ⁽³⁾ | \$1,575,000 | \$7,875 |
| Hard Costs ⁽⁴⁾ | 57,663,222 | 288,316 |
| Soft Costs | 9,763,171 | 48,816 |
| Financing Costs | 2,328,618 | 11,643 |
| Contingency (4%) | 2,687,848 | 13,440 |
| Total Uses | \$74,017,860 | \$370,090 |

Notes:

1. United Bank construction loan, 73% loan to cost.
2. To be drawn from RELOC. Request to draw up to \$ 11,008,930 in the event that United Bank loan proceeds are reduced due to 65 LTV% and 8% Debt Yield tests.
3. Includes closing costs. Land acquisition price is \$1,250,000, proceeds shall be used to retire the \$1,250,000 HIF loan secured by a second deed of trust on the land.
4. Guaranteed Maximum Price contract pending.

Financing Plan – Organizational Chart



- The owner of the project is CCL Multifamily LLC, a 50%/50% joint venture between HOC and The Morris and Gwendolyn Cafritz Foundation.

Financing Plan – Construction Loan (73%)

| | United Bank |
|-------------------------------|--|
| Max. Loan Amount | \$53,730,000, not to exceed the least of 1) \$53,730,000; 2) 65% LTV; 3) 70% LTC, based on \$4,000,000 land value; 4) an amount that would result in un-trended Debt Yield of at least 8%. |
| Loan Term | 4 Years with two 1-Year Extension Options |
| Spread | 30-day LIBOR + 2.25% |
| Spread Reduction | Libor + 2.10% upon 1) No default; 2) Project Completion; 3) DSCR \geq 1.20x; 4) The borrower shall have delivered a copy of the commitment letter for a fixed-rate permanent loan take-out with a bona-fide third party lender or a qualified lender sponsored by Guarantor, for a fixed rate permanent loan take-out of this Note. |
| Origination Fee | 50 basis points |
| Extension Fee | 25 basis points on each 1 year extension |
| Extension Criteria | <ol style="list-style-type: none"> 1. Project Completion, 65% LTV 2. DSCR \geq 1.10x and Debt Yield \geq 7% for 1st Extension 3. DSCR \geq 1.20x and Debt Yield \geq 8% for 2nd Extension |
| Guaranty | <p>Guarantor: Housing Opportunities Commission.</p> <ol style="list-style-type: none"> 1. Completion guaranty 2. 10% principal 3. 100% interest & fees plus cost of collection. The obligation to pay interest and carry costs will terminate upon the earliest of 1) payment in full of the loan; 2) the date on which legal title to the Project is transferred pursuant to a foreclosure; or 3) two years after the Lender takes control of the Project. 4. Standard non-recourse carve outs & environmental indemnity. |
| Principal Guaranty Reductions | 0% upon any one of the following: 1) a loan curtailment of \$5,373,000; 2) \$5,373,000 letter of credit posted as security. |

Financing Plan – Equity (30%)

| | The Morris and Gwendolyn Cafritz Foundation |
|----------------------|--|
| Investor | Cafritz Foundation LLC |
| Investment Structure | Preferred Equity |
| Investment Amount | 50% of cash equity investment, not to exceed \$12MM, at the construction loan closing. No investor capital calls or ownership reduction. |
| Collateral | 50% of the ownership interests |
| Project Management | HOC shall have final authority to make all decisions regarding the development, operation and management of the multifamily development. HOC shall deliver for investor review and comments all project materials and agreements that are in excess of \$1 million or otherwise are material to the construction and/or operation of the project prior to the execution or adoption by HOC. |
| Investment Exit | At any time after 54 months, either HOC or Investor may exercise Exit Option whereby HOC shall purchase Investor's ownership interests. |
| Net Cash Flow | 50% |
| Return Requirements | Based on fair market value at investment exit with minimum 10% IRR. Notwithstanding the foregoing: (i) If HOC through its acts or failures to act commits proven fraud, willful misconduct or gross negligence in connection with the Project, then the IRR in the Minimum Floor Return shall increase from 10% to 17%, (ii) if HOC fails to maintain its existing investment grade rating (with the understanding of the parties that HOC has no affirmative obligation to have itself re-rated in connection with the Project), then the IRR in the Minimum Floor Return shall increase from 10% to 11%, (iii) if the Project is not approved for a Payment in Lieu of Taxes consistent with the Pro Forma, then the IRR in the Minimum Floor Return shall increase from 10% to 15%, and (iv) if the Project has not achieved Substantial Completion and Lease-Up prior to the Exit Date, then the IRR in the Minimum Floor Return shall increase from 10% to 11%. |

- The remaining 50% cash equity will be drawn from RELOC.

Financing Plan – Development Agreement

| | EYA, LLC |
|------------------------|---|
| Developer | CC MF Associates, LLC |
| Deferred Developer Fee | <ol style="list-style-type: none"> 25% of Net Cash Flow subject to Member(s) in Owner receiving a 6% IRR on the total amount of their capital contributions. 25% of Capital Proceeds subject to Member(s) in Owner receiving a 6% IRR on the total amount of their capital contributions. <p>Net Cash Flow shall not be distributed until after such time as Owner’s construction financing has been repaid in full.</p> |
| Term | <p>On the date which is (i) the fifth anniversary of the stabilization date, or (ii) the day immediately following each subsequent five (5) consecutive year period following the fifth anniversary of the stabilization date, or (iii) such other date as is mutually agreed upon by Owner and Developer, Owner has the right, but not the obligation, to terminate this agreement and prepay the deferred developer fee. In addition, Developer has the right, but not the obligation, to terminate this agreement and have its deferred developer fee paid by Owner.</p> <p>Notwithstanding the foregoing, in the event that at any time HOC elects to acquire the ownership interests of one or more of the other members in Owner, then HOC shall notify Developer in writing of such pending ownership change and the anticipated date of closing on such ownership change. Developer and Owner shall each have the right, at any time after receiving (or in the case of Owner, giving) such notice, to exercise Developer's prepayment option or Owner's prepayment option, as applicable, regardless of whether a designated prepayment date has occurred. If Owner elects not to exercise its Owner’s prepayment option in connection with an ownership change, Developer shall continue to have the Developer's prepayment option during each designated prepayment option period.</p> |
| Prepayment Price | The prepayment price is the 25% of the Capital Proceeds assuming a sale of the project at the Fair Market Value. The Fair Market Value is the “as is” appraised value of the project. |
| Contracts | The developer shall execute all construction related contracts, which will be assigned to the Owner at Final Completion. |

Financing Plan – Stabilized Operations

| STABILIZED NOI | |
|---------------------------------|---------------------|
| OPERATING REVENUE | |
| Gross Rental Revenue | \$ 5,988,034 |
| Other Revenue | 265,991 |
| Gross Potential Revenue | 6,254,025 |
| Vacancy 4.44% | (277,911) |
| Total Operating Revenue | 5,976,114 |
| OPERATING EXPENSES | |
| Operating Expense | 1,061,112 |
| Real Estate Taxes | 80,493 |
| Management Fee 2.50% | 149,403 |
| Total Operating Expenses | 1,291,008 |
| Replacement Reserve | 55,592 |
| Total Other Transactions | 55,592 |
| TOTAL EXPENSES | 1,346,600 |
| NET OPERATING INCOME | \$ 4,629,514 |
| RETURN ON COST | 6.25% |

| | @ Refinance |
|------------------------------|---------------------|
| NOI | \$4,629,514 |
| DSCR | 1.25 |
| Cash Flow Available For Debt | 3,703,611 |
| Amortization | 40 |
| Rate | 5.00% |
| Constant | 5.79% |
| Permanent Loan Amount | \$64,005,895 |

Assumptions:

1. Market rent today \$3.04 psf, approximately 5% below average rent for comp set in Bethesda. Rent for WFHUs is \$2.83 psf, rent for MPDUs is \$1.21 psf.
2. 40 affordable units at 50% of Area Median Income (AMI); 40 Workforce Housing Units at 100% of AMI.
3. Rent growth rate 2%, operating expense growth rate 3%.
4. Operating expense based on Greystar preliminary stabilized budget.
5. Assumes full PILOT for real estate taxes.
6. Management fee 2.50%.
7. Vacancy factor 5% for market rate, 3% for WFHUs & MPDUs.
8. Capital reserve \$250/unit.
9. Absorption rate 17/units per month.

Financing Plan – Cash Flow Projection

| Chevy Chase Lake Multifamily | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|------------------------------|-------|----------|---------|------|-------|------|----------|------|------|-------|-------|-------|-------|-------|--------|
| Project Level CF (000's) | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| NCF - Project (A) | 100% | (12,272) | (8,055) | 28 | 7,953 | 607 | 689 | 794 | 901 | 1,010 | 1,122 | 1,236 | 1,352 | 1,471 | 12,102 |
| NCF - EYA (B) | 25% | - | 0 | 7 | 1,988 | 152 | 5,891 | | | | | | | | |
| NCF - Foundation (C) | 50% | (6,136) | (4,027) | 14 | 3,976 | 304 | 12,433 | | | | | | | | |
| IRR - Foundation | 13.0% | | | | | | | | | | | | | | |
| NCF - CCL (A-B-C) | 25% | (6,136) | (4,027) | 7 | 1,988 | 152 | (17,634) | 794 | 901 | 1,010 | 1,122 | 1,236 | 1,352 | 1,471 | 12,102 |
| 14-year IRR - CCL | 7.8% | | | | | | | | | | | | | | |

| HOC Cash Flow (000's) | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|-------|----------|---------|-------|-------|------|----------|------|------|-------|-------|-------|-------|---------|--------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| NCF from CCL | D | (6,136) | (4,027) | 7 | 1,988 | 152 | (17,634) | 794 | 901 | 1,010 | 1,122 | 1,236 | 1,352 | 1,471 | 12,102 |
| Original PNC LOC Draw | E | (6,875) | | | | | | | | | | | | | |
| Townhouse Proceeds | F | 1,365 | 9,291 | 6,194 | | | | | | | | | | | |
| HOC Cash Flow (D+E+F) | | (11,646) | 5,263 | 6,201 | 1,988 | 152 | (17,634) | 794 | 901 | 1,010 | 1,122 | 1,236 | 1,352 | 1,471 | 12,102 |
| HOC Cash Flow Shortfall - End of Year 6: | | | | | | | (15,676) | | | | | | | | |
| HOC Cash Flow Shortfall - End of Year 13: | | | | | | | | | | | | | | (7,791) | |
| HOC Cash Flow - End of Year 14: | | | | | | | | | | | | | | | 4,310 |
| HOC 14-year IRR: | 14.0% | | | | | | | | | | | | | | |

Assumptions:

1. Initial NCF distribution: 25%/50%/25%, pro rata, EYA/Foundation/CCL.
2. Assumes Foundation and EYA buyout at the end of year 5, after buyout NCF distribution 100% to CCL.
3. Townhouse sales proceeds based on \$320,000/unit, approximately \$1.4MM already received in year 2016. If using \$347,500/unit (midpoint between \$320,000 and \$375,000), HOC can receive \$1.4MM additional sales proceeds.
4. Townhouse sales proceeds will be used to pay off the original PNC LOC draw and the RELOC draw for the cash equity for CCL.
5. Interest paid to the OHRF fund for predevelopment costs are to be capitalized to the multifamily development budget. All funds drawn from the OHRF fund will be reimbursed at closing. Interest paid on the original PNC LOC draw and the RELOC draw will be paid out of the townhouse sales proceeds
6. HOC cumulative cash flow shortfall at the end of year 6 after the Foundation and EYA buyout is estimated to be \$15.7MM, HOC can fund the shortfall via cash equity or a HIF loan.
7. HOC cumulative cash flow shortfall at the end of year 13 is estimated to be \$7.8MM; HOC can re-finance in year 14. Based on 6%/40-year amortization loan sizing, HOC will receive approximately \$10.5MM re-financing proceeds, which will be sufficient to fund the shortfall. Annual NCF after year 14 is approximately \$1MM.

Project Schedules

| | Jan-16 | Feb-16 | June-16 | July-16 | Aug-16 | Sept-16 | Dec-16 | Sept-18 | Dec-18 | July-19 | Aug-19 |
|----------------------------|--------|--------|---------|---------|--------|---------|--------|---------|--------|---------|--------|
| Demolition Permit Received | Active | | | | | | | | | | |
| Townhouse Lots Closing | | Active | | | | | | | | | |
| Demolition Completion | | | Active | | | | | | | | |
| Receive SOE Permit | | | | Active | | | | | | | |
| Commission Approval | | | | Active | | | | | | | |
| Construction Loan Closing | | | | | Active | | | | | | |
| Begin Excavation | | | | | Active | | | | | | |
| Record Plat | | | | | Active | | | | | | |
| Receive Building Permit | | | | | | Active | | | | | |
| Begin Foundations Work | | | | | | | Active | | | | |
| Substantial Completion | | | | | | | | Active | | | |
| Final Completion | | | | | | | | | Active | | |
| Stabilization | | | | | | | | | | Active | |
| Permanent Loan Closing | | | | | | | | | | | Active |

Summary and Recommendations

Issues for Consideration

This material was discussed at the June 20, 2016 meeting of the Development and Finance Committee.

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the final development budget and the financing plan for the Chevy Chase Lake multifamily building as described herein?

Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize a draw from RELOC to fund 50% of the required cash equity?

Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the execution of the development agreement with EYA, LLC?

Fiscal / Budget Impact

There is no material adverse impact on the Agency's FY 2016 budget. Future budgets will integrate the current projected timing of delivery for the new building.

Summary and Recommendations (Continued)

Time Frame

Action at the July 13, 2016 Commission meeting.

Staff Recommendation and Commission Action Needed

1. Approval of the final development budget in the amount of \$74,017,860.
2. Approval of the financing plan for the project, and by doing so,
 - a) Authorize Executive Director to execute all necessary and related agreements for the United Bank construction loan on behalf of CCL Multifamily LLC (“CCL”) to fund 73% of the total development costs.
 - b) Authorize Executive Director to execute the Operating Agreement with Cafritz Foundation LLC (“Foundation”) and sign all necessary and related agreements on behalf of CCL for receipt of Foundation’s contribution of 50% of the required cash equity.
 - c) Approve to draw for itself from RELOC up to \$11,008,930 to fund 50% of the required cash equity. Current projected cash equity required is \$10,143,930.
3. Authorize the Executive Director to execute the development agreement with EYA, LLC and sign all necessary and related agreements on behalf of CCL.
4. Authorize HOC to accept the transfer of the land from the Chevy Chase Lake Development Corporation and to transfer it to CCL and for CCL to acquire the land for \$1,250,000.
5. For workforce housing units, approve an HOC resolution specifying that 20% of the dwelling units on-site must be affordable to a full range of eligible households earning between 61% and 100% Washington-Arlington-Alexandria, DC-VA-MD Metro Area Median Income (“AMI”) for a 30-year control period. The adopted resolution is required prior to the issuance of any building permit for any residential unit.
6. Authorization to enter into a one-year leasing and property management services contract with Greystar. EYA evaluated three property management firms: Bozzuto, Greystar and Vantage. Bozzuto’s partnership with the Chevy Chase Land Company on neighboring parcel creates a conflict of interest. Staff and EYA interviewed Vantage and Greystar. EYA selected Greystar to provide predevelopment services.

RESOLUTION: 16-53

RE: Approval of the Final Development Budget and Financing Plan for the Development of the Chevy Chase Lake Multifamily Property, Authorization to Enter Into an Operating Agreement with the Cafritz Foundation LLC and Fund Required Equity, Acceptance of Land Transfer, Approval to Execute a Development Agreement with EYA and Property Management Agreement with Greystar, and Authorization to Make Predevelopment Expense Reimbursements

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

WHEREAS, Chevy Chase Lake Development Corporation (“Corporation”), an entity wholly controlled by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of vacant land at Chevy Chase Lake Drive, Chevy Chase, MD 20815 (the “CCL Site”); and

WHEREAS, on July 30, 2015, the Maryland-National Capital Park and Planning Commission approved the Site Plan for the redevelopment of the CCL Site as a 200 unit mixed-income multifamily building with 40 affordable units and 40 workforce housing units (the “Property”); and

WHEREAS, on November 3, 2015, the Commission and Corporation approved the final development plan of the Property which requires the transfer of the land to CCL Multifamily LLC (“Owner”), which will own, develop and operate the Property; and

WHEREAS, for accounting and tax reasons, the Corporation will transfer the CCL Site to the Commission and the Commission will subsequently transfer the CCL Site to the Owner; and

WHEREAS, as a condition to obtaining a building permit and in satisfaction of the Site Plan’s workforce housing unit requirement, the Commission and Owner must adopt a resolution approving and directing the recordation of a covenant against the Property that requires no less than 20% of the dwelling units on-site (40 units) to be made available to a full range of eligible households earning between 61% and 100% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area Median Income for a 30-year control period (“Covenant”); and

WHEREAS, the Commission is currently the sole member of the Owner but wishes to enter into an operating Agreement for Owner (“Operating Agreement”) to admit Cafritz Foundation LLC (“Foundation”) as the non-profit equity investor member and appoint the Commission as the managing member, each with a 50% ownership interest; establish the land and proportionate 50% cash capital contribution requirements of the Commission and the Foundation; and provide for the allocation of 50% of partnership items, distribution of 50% of cash and capital proceeds distribution, and required minimum return to the Foundation; and

WHEREAS, the Commission and Owner wish to finance the construction of the Property with a \$53,730,000 construction loan from United Bank (“Bank”); and

WHEREAS, the Commission and Owner contemplate repaying the construction loan with permanent financing from the Commission in an amount of up to \$65 million to be funded through the Commission’s HUD/Federal Financing Bank Risk-Sharing Program, and wish to accept a forward commitment for such permanent financing (“Permanent Loan Commitment”); and

WHEREAS, between August 6, 2014 and November 3, 2015, the Commission authorized three loan installments of predevelopment funds to the Corporation totaling \$2,682,195, plus 4.5% interest on the initial installment of \$600,000 (collectively, the HOC Predevelopment Loan”), to pay for predevelopment expenses related to the Property on behalf of the Owner, with the expectation that the Owner would reimburse the Corporation at the time of the closing on the sale of the CCL Site for any predevelopment expenses incurred and that the Corporation would use those reimbursement proceeds to repay any amounts drawn on the HOC Predevelopment Loan; and

WHEREAS, on February 5, 2016, the Corporation sold three adjacent vacant properties to an affiliate of Eakin Youngentob and Associates (“EYA”) for redevelopment as townhome units and received an initial payment of \$750,000 at the time of the sale (“Sale Proceeds Installment”), which Sale Proceeds Installment the Corporation spent, along with \$811.50 in deposit interest earned thereon, on predevelopment expenses related to the Property on behalf of the Owner, with the expectation that the Owner would reimburse the Corporation \$750,811.50 at the time of the sale of the CCL Site to Owner; and

WHEREAS, the Commission and Owner previously approved a joint collaboration with EYA for the redevelopment of the CCL Site and development of the Property on June 3, 2015 and wishes to refine and clarify EYA’s role as the fee developer and execute a development agreement with EYA; and

WHEREAS, with assistance from and in collaboration with EYA, the Commission staff interviewed property management companies for both pre-development consulting services and on-going management services, and the Commission and Owner wish to select Greystar Real Estate Partners, LLC or its affiliate (“Greystar”) as the property management company for the Property and enter into a one-year leasing and property management services contract with Greystar.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it approves the final development budget and financing plan for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it hereby authorizes the Executive Director of the Commission to execute the Operating Agreement with the Foundation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it hereby authorizes the acceptance of a construction loan from Bank in an amount not to exceed \$53,730,000 and authorizes the Executive Director of the Commission to execute all construction loan documents.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of CCL Multifamily LLC, that it hereby authorizes the Owner’s acceptance of the Permanent Loan Commitment in an amount not to exceed \$65 million.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it approves the Commission’s acceptance of the transfer of the CCL Site from the Chevy Chase Lake Development Corporation and its subsequent transfer of the CCL Site to CCL Multifamily LLC, and authorizes and directs the Executive Director of the Commission to execute the vesting deed and any other documents related thereto.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that the Executive Director of the Commission is hereby authorized and directed to execute the 30-year Covenant and record it against the Property upon recordation of the vesting deed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it authorizes CCL Multifamily LLC to reimburse the Chevy Chase Lake Development Corporation for predevelopment expenses in the amount of the HOC Predevelopment Loan (inclusive of interest on the \$600,000 installment) plus \$750,811.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of CCL Multifamily LLC, that it hereby authorizes the Executive Director of the Commission to execute a development agreement with CC MF Associates, LLC, an affiliate of EYA.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of CCL Multifamily LLC, that it hereby approves the selection of Greystar as property manager for the Property and authorizes the Executive Director of the Commission to execute a one-year property management agreement with Greystar.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that the Executive Director of the Commission is hereby authorized, without any further action on their respective parts, 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 duly adopted by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, at a regular meeting held on July 13, 2016.

Patrice M. Birdsong
Special Assistant to the Commission

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RESOLUTION No.: 16-54

RE: Approval of a Taxable Draw of up to \$11,008,930 by the Commission from the PNC Bank, N.A. Real Estate Line of Credit (RELOC) for the Purpose of Making a Capital Contribution to CCL Multifamily LLC for the Development of the Chevy Chase Lake Multifamily Property

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

WHEREAS, the Commission will be the managing member of CCL Multifamily LLC (“Owner”), which will own, develop and operate a 200 unit mixed-income multifamily property at Chevy Chase Lake Drive, Chevy Chase, MD 20815 (the “Property”); and

WHEREAS, as part of the development plan, the Commission must contribute the land underlying the Property and 50% of the equity required to develop the Property; and

WHEREAS, the Commission may make draws on the \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A. at a taxable rate of the London Interbank Offered Rate (LIBOR) plus 58 basis points; and

WHEREAS, the Commission wishes to authorize a taxable draw on the RELOC for the purpose of making its capital contribution to the Owner.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a taxable draw on the original PNC Bank, N.A. line of credit for an amount up to \$11,008,930 and the subsequent contribution of such funds to the Owner for the purpose of developing the Property. The draw will be outstanding at a maximum term of three years.

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting held on July 13, 2016.

Patrice M. Birdsong
Special Assistant to the Commission

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Approval of the Selection of, and Authorization to Negotiate and Execute a
Planning and Zoning Consultant Contract with Scheer Partners and a
Planning Consultant Contract with Townscape Design LLC



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
GIO KAVILADZE

July 13, 2016

Executive Summary

To continue to be effective in carrying out its mission of expanding the supply of affordable housing in Montgomery County, HOC must remain actively involved in the County's planning and zoning process by:

- Monitoring the County's ongoing updating of Area Master Plans and Sector Plans so that it can be alert to locations where affordable housing units are planned and press for the inclusion of sites that might be appropriate for the development of affordable housing
- Monitoring submissions to the Maryland National Capital Park and Planning Commission for preliminary plan, site plan and special exception approvals and identify developments where the yield of housing is significantly below the limits specified under existing zoning
- Becoming more heavily involved in the drafting of formal housing policies and zoning text amendments affecting affordable housing, such as the Annual Growth Policy (AGP), Moderately-Priced Dwelling Units (MPDU) law, Workforce Housing impact tax and other incentives and disincentives to the production of affordable housing

The Commission determined that the heightened level of involvement in the County's planning and zoning process contemplated by the foregoing requires the assistance of a consultant knowledgeable in these areas.

Executive Summary

- On May 13, 2016, staff issued a request for proposal (“RFP”) for Planning and Zoning Consultant Services and received two responses
- After review of proposals, staff is recommending that the Commission negotiate and execute contracts with both firms
- Each firm offers a unique and highly valuable set of services and expertise that will help plan and guide HOC’s planning, development and entitlement activities
- Both firms have excellent work history with HOC—on time delivery and flexibility
- The Development and Finance Committee wishes to recommend to the Commission authorization for the Executive Director to negotiate and execute two contracts:
 - A contract with Scheer Partners for Planning and Zoning Consultant Services in the amount of up to \$100,000 per year
 - A contract with Townscape Design LLC for Land Planning Consultant Services in the amount of up to \$40,000 per year
- Staff proposes contract terms of one year with optional renewals in accordance with the Commission’s Procurement Policy. The contracts will be funded from the approved FY2017 Real Estate Division budget.

Scoring Summary

RFP #2000

Scoring Summary

| RANK | RESPONDENTS | Qualifications Showing Experience as Zoning Consultant (30%) | Price per Hourly Rate Schedule (10%) | Experience with Affordable Housing Projects (10%) | Consulting Service Approach (50%) | Total Points AVG. |
|------|----------------------|--|--------------------------------------|---|-----------------------------------|-------------------|
| 1 | Scheer Partners | 28 | 10 | 8 | 48 | 94 |
| 2 | Townscape Design LLC | 19 | 7 | 6 | 43 | 75 |

Evaluated by: Real Estate Development, Mortgage Finance, and Compliance

The Scheer Partners team is composed of experienced professionals with direct public policy, development and advocacy positions. The firm has expertise in the Master Plan processes and all aspects of the land use approval process, including zoning text amendments.

Scheer Partners provides knowledge and experience in navigating the complex issues facing real estate development. Their planning services include:

- Property representation in Montgomery County, City of Rockville and Gaithersburg Master Plans
- Advice on the issues facing a potential land acquisition or building redevelopment
- Expert witness testimony before Board of Appeals, Montgomery County or Federal Courts
- Liaison with park and planning and other governmental agencies

Scheer Partners have worked with HOC to secure increased development potential for **Holly Hall, Chevy Chase Lake, Waverly House, Paddington Square, Sandy Spring**, and other assets.

Scheer Partners have also provided analysis regarding the development potential of other HOC assets and supported major transactions like **Chevy Chase Lake / EYA, Elizabeth House / Lee Development Group, 900 Thayer**, and **Grosvenor North Bethesda** acquisitions.

Robert Scheer

- Has overseen more than 1,000 transactions
- Actively engaged in real estate brokerage and acquisitions
- Active investor / developer

David Edgerley

- Serves as team leader for HOC engagements
- Former Director of Economic Development at Montgomery and Allegany Counties
- Former State Secretary of Business and Economic Development

John Carter

- Former Chief of Community-Based Planning in Montgomery County
- Oversaw the master plan and development review processes for the largest geographic area in Montgomery County
- Participated in preparation of over 20 master plans, affordable housing initiatives, and other projects
- Is a licensed architect and planner

Perry Berman

- Served for several years as planning consultant
- Former Chief of the Community Planning division at the Montgomery County Planning Commission
- Long career with the Maryland-National Capital Park and Planning Commission

- Review County laws, regulations, procedures and practices and recommend achievable solutions
- Special focus will be given to creating special protocols that have the potential to influence the delivery of affordable housing and expand private sector interest in the construction of affordable housing
- Areas for consideration may include density enhancement initiatives, special projects, review and approval practices, infrastructure assistance
- Act as HOC's ongoing liaison to the County Planning Department
- Maintain an awareness of the status of residential and mixed-use developments being submitted for consideration and will make recommendations for the expansion of density and unit mix to increase housing opportunities for all citizens
- Identify and analyze redevelopment and partnering opportunities for the existing properties and will evaluate potential to increase density on existing sites
- Participate in Master Plan processes and determine where opportunities exist to increase density and redevelopment potential
- Supply in house resources and expertise in the areas of entitlements, due diligence, brokerage, transaction structuring and land use



Townscape Design LLC is a town planning, urban design and landscape architecture firm focused on strategic solutions for town and community development initiatives. Townscape has more than 30 years of experience in Montgomery County and in-house expertise in planning, zoning, urban design, project detailing and design, and landscape architecture.

Townscape has long-term professional relationships with many staff at both the Maryland-National Capital Park and Planning Commission and the County, providing the Commission with additional ability to communicate with governmental staff and approving authorities.

Townscape has provided planning and zoning consultation to governmental agencies and not-for-profit organizations.

Townscape have provided recent and ongoing planning consultation to the Commission on **Sandy Spring, Paddington Square, and the Main Office.**

Recent work in the County includes:

- Land development studies and conceptual analyses in Potomac, Silver Spring, Rockville, Gaithersburg, Clarksburg, Damascus, Glenmont, White Flint, Wheaton, and Poolesville
- Rezoning and special exceptions in Poolesville, Gaithersburg, and Twinbrook
- Master Plan positioning for property owners in Aspen Hill, Sandy Spring, Lyttonsville, Gaithersburg Vicinity, Montgomery Village, Takoma-Langley Crossroads, White Oak Science Gateway, and Damascus



David Ager

- Award winning town planner and landscape architect with 35 years of practice
- Has successfully completed complex planning projects from small historic infill sites to large scale new towns
- Has worked with builders, developers, institutional clients, non-profits and municipalities
- Lectured locally and nationally on the principles and strategies for successful town planning
- Recognized locally and nationally for his award-winning and innovative designs
- Areas of technical expertise include town and regional planning, urban design, site and project planning, landscape architecture, zoning and land use consultation, code writing, design guidelines, and sustainable and low impact design
- Extensive Montgomery County and surrounding area Master Plan experience

Cherian Eapen

- Professional Transportation Planner (PTP) with over 22 years experience in transportation / urban / transit planning, regional planning, land use planning, multi-modal accessibility planning, and traffic engineering
- Most recently was a planner at the Maryland-National Capital Park and Planning Commission (M-NCPPC) and provided comprehensive transportation planning support to the Planning Board on area master plans, Purple Line station area sector plans and functional plans, review of subdivisions, special exception, zoning and mandatory referral cases, Transportation Management Plan coordination and implementation, long-range countywide transportation policy, and long-range regional facility planning studies



- Help guide HOC's long-term strategy by monitoring and participating in the ongoing Master Plan and Sector Plan approval processes and events to identify geographic areas of change early in the process
- Identify new master planning opportunities by reviewing and monitoring the County's fiscal operating budget processes that will help identify potential new areas of planning
- Recommend research into potential opportunities in pending and adopted master plans
- Can provide regular review and tracking of development activity at Maryland-National Capital Park and Planning Commission (MNCPPC), including pending preliminary plans, site plans, special projects, and their expected size and timelines
- Monitor early development activities such as submissions of NRI/FSD applications, which may offer early indicator of future projects that may be of benefit to HOC
- Identify and inventory projects that could be enhanced through a collaboration with the Commission through the application of height and density bonuses and incentives for inclusionary housing found in the Subdivision Staging Policy and Zoning Ordinance
- Has resources and expertise to assist HOC staff with in-house real estate development activities, including base map preparation, GIS inventories and mapping, project design and submission, and securing entitlements

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the selection of the two firms as providers of Planning and Zoning Consultant and Land Planning Consultant services to the Commission?

Fiscal/Budget Impact

There is no impact on the Commission's operating budget. The cost for related services are included and will be funded from the approved budget.

Time Frame

Action at the July 13, 2016 meeting of the Commission.

Staff Recommendation

Staff recommends that the Commission accepts the recommendation of the Development and Finance Committee and approve of the selection of Scheer Partners and Townscape Design, LLC for Planning and Zoning Consultant Services. Staff further recommends authorization for the Executive Director to negotiate and execute contracts with Scheer Partners for \$60,000 and Townscape Design, LLC for \$40,000 each for a one-year term with optional renewals in accordance with the Commission's Procurement Policy.

Contracts will be funded from the approved FY17 Real Estate Division budget.

RESOLUTION: 16-55

RE: Approval of the Selection of, and Authorization to Negotiate and Execute a Planning and Zoning Consultant Contract with Scheer Partners and a Planning Consultant Contract with Townscape Design LLC

WHEREAS, on May 13, 2016, the Housing Opportunities Commission of Montgomery County (“HOC”) issued a request for proposal (“RFP”) for Planning and Zoning Consultant Services and received two responses from Scheer Partners and Townscape Design LLC; and

WHEREAS, after review of proposals, staff is recommending that the Commission negotiate and execute contracts with both firms; and

WHEREAS, each firm offers unique and a highly valuable set of services and expertise that will help plan and guide HOC’s planning, development and entitlement activities, and both firms have excellent work history with HOC with on time delivery and flexibility; and

WHEREAS, the consultants are expected to represent HOC and work with staff in the coming months on ongoing and anticipated master and sector plan revisions, the evaluation of the HOC portfolio for opportunities to expand the delivery of affordable housing, and on legislative matters.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of Scheer Partners as a provider of Planning and Zoning Consultant services and Townscape Design LLC as a provider of Planning Consultant services, and authorizes the Executive Director to negotiate and execute one year contracts with both firms, with three optional annual extensions, for annual amounts not to exceed \$100,000 and \$40,000, respectively, which will be paid for from annual funding approved in the Real Estate Division budget.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on July 13, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

Deliberation and/or Action

Future Action

Information Exchange

New Business

Executive Session Findings

Adjourn

Chevy Chase Lake Apartments

CHEVY CHASE LAKE DEVELOPMENT CORPORATION

Approval to Transfer Land to the Housing Opportunities Commission of Montgomery County and its Subsequent Transfer to CCL Multifamily LLC for the Development of a Mixed-Income Multifamily Property in Chevy Chase and Authorization to Repay HOC for Predevelopment Loans



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN

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July 13, 2016

Executive Summary

Background:

- On July 30, 2015, the Maryland-National Capital Park and Planning Commission approved the Site Plan for the redevelopment of the Chevy Lake Apartments site as a 200 unit mixed-income multifamily building with 40 affordable units and 40 workforce housing units (the “Property”).
- On November 3, 2015, the Commission and Chevy Chase Lake Development Corporation (“Corporation”) approved the final development plan of the site.
- Between August 6, 2014 and November 3, 2015, the Commission authorized three loan installments of predevelopment funds to the Corporation totaling \$2,682,195, including 4.5% interest on the initial installment of \$600,000 to pay for predevelopment expenses related to the development of Property on behalf of the Corporation.
- On February 5, 2016, the Corporation sold three adjacent vacant land parcels to an affiliate of EYA LLC (“EYA”) for redevelopment as townhome units pursuant to a purchase and sale agreement which was executed on April 4, 2014, and received an initial deposit of \$750,000 at the time of the sale.
- The Corporation applied the \$750,000 installment of sale proceeds plus deposit interest earned to predevelopment expenses related to the redevelopment on behalf of the Corporation.

Staff Recommendation and Action Needed:

- The remaining lot (“Lot 1) on which the multifamily property is to be constructed must be transferred from the Corporation to the new entity. Therefore, staff recommends the Commission’s approval to transfer Lot 1 to HOC for the purpose of its subsequent transfer to CCL Multifamily LLC for the development of the Property in return for a payment of \$1,250,000.
- Authorization to use predevelopment expense reimbursements received from CCL Multifamily LLC at the time of the land sale for the repayment of the HOC predevelopment loan installments .

RESOLUTION: 16-001CC

RE: Approval to Transfer Land to the Housing Opportunities Commission of Montgomery County (HOC) and its Subsequent Transfer to CCL Multifamily LLC for the Development of a Mixed-Income Multifamily Property in Chevy Chase and Authorization to Repay HOC for Predevelopment Loans

WHEREAS, Chevy Chase Lake Development Corporation (“Corporation”), an entity wholly controlled by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of vacant land at Chevy Chase Lake Drive, Chevy Chase, MD 20815 (the “CCL Site”); and

WHEREAS, on July 30, 2015, the Maryland-National Capital Park and Planning Commission approved the Site Plan for the redevelopment of the CCL Site as a 200 unit mixed-income multifamily building with 40 affordable units and 40 workforce housing units (the “Property”); and

WHEREAS, on November 3, 2015, the Commission and Corporation approved the final development plan of the Property which required the transfer of the land to CCL Multifamily LLC (“Owner”), which will own, develop and operate the Property, for a cash payment of \$1,250,000; and

WHEREAS, the Commission is currently the sole member of the Owner and will be the managing member of Owner upon the admission of Cafritz Foundation LLC as the non-profit equity investor member; and

WHEREAS, for accounting and tax purposes, the Corporation wishes to transfer the CCL Site to the Commission which will subsequently transfer the CCL Site to the Owner.

WHEREAS, between August 6, 2014 and November 3, 2015, the Commission authorized three loan installments of predevelopment funds to the Corporation totaling \$2,682,195, plus 4.5% interest on the initial installment of \$600,000 (collectively, the “HOC Predevelopment Loan”), to pay for predevelopment expenses related to the development of Property on behalf of the Owner, with the expectation that the Owner would reimburse the Corporation at the time of the closing on the sale of the CCL Site for any predevelopment expenses incurred and that the Corporation would use those reimbursement proceeds to repay any amounts drawn on the HOC Predevelopment Loan; and

WHEREAS, on February 5, 2016, the Corporation sold three adjacent vacant properties to an affiliate of Eakin Youngentob and Associates (“EYA”) for redevelopment as townhome units and received an initial payment of \$750,000 at the time of the sale; and

WHEREAS, the Corporation applied the \$750,000 installment of sale proceeds plus deposit interest earned thereon to predevelopment expenses related to the development of Property on behalf of the Owner, with the expectation that the Owner would reimburse the Corporation \$750,811.50 at the time of the sale of the CCL Site to Owner.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Chevy Chase Lake Development Corporation that it approves the transfer of the CCL Site to the Housing Opportunities Commission of Montgomery County for the purpose of its subsequent transfer of the CCL Site to CCL Multifamily LLC for the development of the Property in return for a payment of \$1,250,000.

BE IT FURTHER RESOLVED by the Board of Directors of Chevy Chase Lake Development Corporation that it has authorized the use of predevelopment expense reimbursements received from CCL Multifamily LLC at the time of the CCL Site sale for the repayment of the HOC Predevelopment Loan (inclusive of interest on the \$600,000 installment).

BE IT FURTHER RESOLVED by the Board of Directors of Chevy Chase Lake Development Corporation, that the Executive Director of the Commission is appointed as an authorized signatory of Chevy Chase Lake Development Corporation with respect to matters and actions contemplated herein, and is hereby authorized, without any further action on its part, to take any and all actions necessary and proper to consummate the transactions and actions contemplated herein, including the execution of a deed and any other documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of Chevy Chase Lake Development Corporation at a meeting conducted on July 13, 2016.

Patrice M. Birdsong
Special Assistant to the Board of Directors of Chevy
Chase Lake Development Corporation

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Adjourn