Revised: January 13, 2021

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

EXPANDED AGENDA

January 13, 2021

			Res #
4:00 p.m. Page 4	**I. INFORMATION EXCHANGE** A. Resident Advisory Board B. Community Forum C. Report of the Executive Director D. Commissioner Exchange ***Community Forum – In order to continue to implement recommended social distancing guidelines, HOC will conduct its meetings via an online platform and teleconference call until further notice. Persons who desire to participate in the Community Forum must complete the Request to Address Commission Form found on the HOC webpage at least 24 hours prior to the start of the meeting. You will be required to provide your full first and last name, a valid email address, as well as a valid phone number to confirm your participation. Approved participants will be notified no later than 12:00 p.m. on the day of the Commission Meeting. Please refer to HOC's website for the complete Public Observation and Participation Guidelines and for information on HOC's State of Emergency Open Meeting Procedures.**		
4:45 p.m. Page 26	**II. APPROVAL OF MINUTES** A. Approval of Minutes of December 9, 2020 B. Approval of Minutes of December 9, 2020 Administrative Session		
4:50 p.m. Page 64	**III. CONSENT** A. **Housing Opportunities Commission**: Approval of the Nominations of Varun Dhawan and Lexan McDowell to the Board of Directors of the Housing Opportunities Community Partners, Inc.		21-01 (pg. 68)
5:00 p.m.	**IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**		
Page 71	**A. Budget, Finance and Audit Committee – Com. Nelson, Chair** 1. Acceptance of the First Quarter Fiscal Year 2021 (FY'21) Budget to Actual Statements		21-02 (pg. 78)
5:15 p.m. Page 85	2. Approval of Fiscal Year 2021 First Quarter Budget Amendment		21-03 (pg. 90)
5:30 p.m. 93	3. Approval of Calendar Year 2020 Third Quarter Budget Amendment		21-04 (pg. 96)
5:45 p.m. 97	4. Authorization to Write-off Uncollectible Tenant Accounts Receivable		21-05 (pg. 102)
6:00 p.m. 103	5. Approval to Extend the Use of the PNC Bank, N.A. Line of Credit to Finance Commission Approved Actions Related to the Lindsay Ford Holdings Site (Wheaton Gateway)		21-06 (pg. 106)
6:15 p.m. 107	6. Approval to Renew the Property Management Contract at Tanglewood Cluster		21-07 (pg. 110)
6:30 p.m.	**B. Development and Finance Committee – Com. Simon, Chair**		

Page 113	1. **Sandy Spring Missing Middle Initiative:** Predevelopment Budget Increase and Approval of the Executive Director to Execute Task Order to Engage Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. for Legal Services		21-08 (pg. 117)
6:45 p.m. 119	2. **Bond Counsel Contracts:** Renewal with Kutak Rock, LLP and Ballard Spahr, LLP in Accordance with the Current Contracts, Prior Approvals, and the Procurement Policy		21-09 (pg. 124)
7:00 p.m. 126	3. **Metropolitan:** Approval to Select Miner Feinstein Architects, Authorization for the Executive Director to Negotiate and Execute a Contract for the Renovation of The Metropolitan Apartments and Authorization to Make Loans to Metropolitan Bethesda Limited Partnership and Metropolitan Development Corporation		21-10 (pg. 137)
7:15 p.m. 140	4. **Stewartown Homes:** Financing Plan, Feasibility, and Public Purpose for Stewartown Homes; Issuance of a Commitment, and Loan to HOC at Stewartown Homes, LLC for Acquisition, Construction, and Permanent Financing; and Borrower Acceptance of Loan in Accordance with the Finance Plan		21-11 (pg. 160) 21-11B (pg. 163)
7:30 p.m. 169	5. **Westside Shady Grove:** Approval to Authorize the Executive Director to Execute a Guaranteed Maximum Price ("GMP") Contract with Bozzuto Construction Company		21-12 (pg. 180)
7:45 p.m.	**V. ITEMS REQUIRING DELIBERATION and/or ACTION**		
Page 183	1. **Wheaton Gateway**: Approval of the Concept Plan for the Wheaton Gateway Development		21-13 (pg. 202)
8:00 p.m.	**ADJOURN**		
Page 207	**DEVELOPMENT CORPORATION** 1. **Metropolitan Development Corporation**: Approval by Metropolitan Development Corporation to Accept the Selection of Miner Feinstein Architects as Architect and Accept a Loan from the Opportunity Housing Reserve Fund for Architectural and Interior Design Services for the Predevelopment Phase of the Rehabilitation Corporation		21-001ME (pg. 218)
8:05 p.m.	**ADJOURN**		

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

Family Self-Sufficiency Activities (FSS)

On December 3, 2020, HOC partner Emmanuel Brinklow Seventh Day Adventist Church (EBSDA) conducted a virtual Financial Literacy Workshop with twenty-seven (27) attending. The presenter provided information on the new tax laws for 2020 and its impact on filing 2020 tax returns. During the question-and-answer discussion, the presenter expounded on the tax laws for the Child Tax Credit, Earned Income Tax Credit, unemployment compensation, the student loan moratorium and differences between the 1099 and W2 tax forms. At the end of the session, FSS raffled three (3) $25 Visa gift cards.

On December 14, 2020, FSS held conversations with EBSDA to discuss the Financial Literacy Workshop series for 2021. FSS and EBSDA reviewed and finalized the topics and schedule. EBSDA will continue to conduct one virtual Financial Literacy Workshop monthly. On December 16, 2020, FSS mailed 168 Escrow Statements to current program participants who have accrued escrow savings as a result of increased earnings.

The FSS program received a donation, from the non-profit organization Friendship Circle, of forty (40) $5 gift cards to the retailer Five Below and distributed the gift cards via a virtual holiday raffle. In addition, 15 participants received a gift card for notable achievements made throughout the year. One lucky family won the coveted grand prize: a laptop.

On August 11, 2020, FSS successfully submitted the FSS Fiscal Year 2020 Notice of Funding Availability (NOFA) application. On December 21, 2020, FSS received notification that the HOC FSS program was awarded $392,113. This award will continue to fund five (5) full-time staff positions.

VASH Update

On December 11, 2020, HOC was awarded 15 additional Veterans Affairs Supportive Housing (VASH) Vouchers. This increases the HOC VASH allocation to 113 vouchers. These vouchers will be administered in partnership with the VA Medical Center to provide veterans with immediate access to permanent housing.

Service Coordination Support and Rental Assistance Continue During COVID-19

Service Coordination

The Service Coordination Unit continued to provide services to customers throughout December 2020. Services included assessments, information and referrals. Resident Counselors continued to engage customers to determine their needs and refer customers to HOC partners to receive ongoing food assistance. Customers also continued to receive referrals to Housing Stabilization, unemployment assistance, TCA, SNAP, MEAP, EARP and other benefit programs. Finally, Resident Counselors continued to enter families into the Holiday Giving database for Christmas holiday assistance.

Programming

Resident Services continues to provide food resources and other supports during this pandemic to HOC residents. In December 2020, over 750 households were provided with food resources.

On December 21, 2020, forty (40) families from Tanglewood and Manchester Manor received food baskets and toys, and approximately 16 families from the greater community also received food from that distribution. Tanglewood received an abundance of food from the Rainbow Christian Development Center. Each family received a turkey, produce box, fruit box, frozen meals and more, to last about three (3) weeks.

Additionally, 25 seniors and disabled residents at Tanglewood, Manchester and Spring Gardens received holiday giftbags, including socks, toiletries and candy. The Omega Chapter of the Alpha Kappa Alpha Sorority, Inc. (AKAs) made these holiday giftbags. Lastly, Resident Services distributed 15 Giant gift cards to seniors at Spring Gardens and Manchester Manor, who were not included in the Holiday Giving Project.

One hundred and forty (140) residents from Forest Oak Tower received holiday gift bags, which included the GROWS Scarves for Seniors gifts and holiday cards from the TACY Foundation. Goshen Church also donated sets of five (5) cloth masks for each gift bag. The TACY Foundation also gifted personal holiday expressions and encouragement through Holiday Greeting Cards to 250 older adults and the GROWS Scarves for Seniors Project donated 225 gifts wrapped with winter apparel. Additionally, Olney Moms donated gift cards to families at Town Center Place-Olney and Sandy Spring Meadow families for 25 families.

HOC Academy
HOC Academy hosted two (2) scheduled orientations and one additional orientation, by demand, for the upcoming 10-week Small Business Strategies Course in December 2020. A total of 20 participants expressed interest in the first cohort, with only eight (8) slots available. All slots have been filled, and courses will begin on Saturday, January 9, 2021. For this cohort, each participant paid a $55 registration fee as an investment that will pay for their books and supplies.

Financial Literacy
The Financial Literacy Coach continued to engage and provide HOC Housing Path Waitlist (Waitlist) customers with opportunities to better prepare them for participation in HOC housing programs and improve their credit. In December 2020, 143 individuals from the Waitlist participated. The Financial Literacy Coach held virtual credit clinics and budget counseling workshops. A total of 52 customers participated in December virtual workshops, and 26 customers participated in one-on-one sessions.

Supportive Housing
The Supportive Housing Program continued to provide support to 250 program participants. Program staff called clients weekly and delivered gift cards providing food assistance to customers. The team also continued to enroll and house new clients into the program and responded to critical needs for customers as they arose.

Fatherhood Initiative
The Fatherhood Initiative continues in the planning phase of the newly awarded grant. Planning phase Contractors/partners are being secured and the recruitment of participants will begin soon.

COVID Rental Assistance Program
Resident Services staff continued working with Compliance, LPA and Finance to issue rental assistance resources to County residents who lost income due to COVID-19. Residents Services staff completed the review of approximately 1,400 applications. After conducting outreach, Resident Services approved over 600 applicants for assistance. Resident Services will be working over the next 30 days to make all assistance payments.

HOC Maintenance Efforts
All COVID-19 protocols remained in effect during the month of December. Most of the staff who were quarantined during the months of November and December have returned. As such, the use of temporary maintenance services was terminated on December 23, 2020.

In the month of December, Trades Maintenance Workers in the Maintenance Division completed eight hundred and seventy-seven (877) work orders, including 131 emergencies. Year to date, the Maintenance Division has completed 9,079 total work orders, including 1,031 emergencies. Montgomery County experienced its first bit of snowfall for this Winter season and HOC staff responded admirably to ensure the safety of our customers by promptly salting and removing accumulated snow from walkways and driveways.

During this month, the work order response time remained slightly increased due to COVID-19 quarantines. Emergency work orders were completed in an average of 50.95 hours. The year-to-date average for completing emergencies is 42.20 hours. For the month of December, High Priority Work Orders and Regular Priority Work Orders were both completed in an average of four (4) and five (5) days, respectively. The year-to-date averages for both of these categories was nine (9) and thirteen (13) days respectively.

Lastly, during this month, some maintenance staff continued to report to work during the annual Agency closing between Christmas and the New Year. They mostly responded to Emergencies and High Priority requests. HOC thanks those staff for continuing to serve our customers and to support the HOC mission.

HOC COVID-19 TESTING - SUMMARY

In our efforts to efficiently respond to the COVID-19 pandemic, HOC has partnered with the African American Health Program (AAHP) to provide COVID-19 testing to our residents and the residents of Montgomery County. AAHP is a non-profit organization with a mission to eliminate health disparities and improve the number and quality of years of life for African Americans and people of African descent in Montgomery County. As a result of our partnership, HOC provided testing to over 600 residents and their family members and HOC employees.

Below are details on the testing conducted:

Testing Date	Testing Location	Total Tested
11/02/2020	Seneca Ridge	2
11/09/2020	Washington Square	54
11/13/2020	Magruder’s Discovery	97
11/24/2020	Seneca Ridge	168
11/30/2020	Oaks At Four Corners	111
12/08/2020	Georgian Court	75
12/09/2020	Oaks At Four Corners	72
12/22/2020	Tanglewood	57
12/23/2020	Tanglewood	16
Total		**652**

December 2020 Omnibus/COVID-19 Relief Package

On December 22, 2021, President Donald Trump signed into law an omnibus and COVID-19 Relief Package, including funding for HUD programs through FY21, making permanent the 4% LITHC, and providing $25b in rent relief for landlords and renters, and more. The following three documents provide further detail, from NAHRO, on provisions related to Public Housing, Section 8 and Community Development.

NEWS

2021 Appropriations Act In-Depth: Public Housing

Moving to Work

The Appropriations Act would not include a separate Moving to Work (MTW) agency funding account that would include all Public Housing and Tenant-Based Rental Assistance (TBRA) funding received by MTW agencies. The president's budget included this proposal.

Public Housing Fund

Like the Senate bill, the Appropriations Act creates a new "Public Housing Fund." The Public Housing Fund would be funded at $7.806 billion. This fund would include the Public Housing Operating Fund, Capital Fund, and existing Capital Fund set-asides funding discussed below.

Public Housing Operating Fund

The Act provides $4.839 billion for public housing formula grants. This is $290 million more than 2020 Appropriations, $190 million more than the House bill, and $347 million more than the Senate bill.

period of availability of Operating Funds from one year to two years.

As opposed to the President's proposed budget, the Act does not move current Capital Fund set-aside accounts to the Operating Fund. However, the Act does create a "Public Housing Fund" that includes the Operating Fund, Capital Fund, and Capital Fund Set-Asides in one account.

Public Housing Capital Fund

The FY 2021 Appropriations Act includes $2.765 billion for the Capital Fund. As the Act places the Capital Fund as a set-aside within the larger Public Housing Fund, programs previously treated as set-asides from the Capital Fund (discussed below) would no longer be considered direct Capital Fund set-asides. The Act provides $19 million more in Capital Fund formula grants than FY 2020.

The Act again includes hard-fought language that would require HUD to notify PHAs of their formula allocation within 60 days of enactment.

Capital Fund Set-Asides

The Appropriations Act creates a new fund, the Public Housing Fund. As such, the below programs would not be treated as set-asides from the Capital Fund, but rather additional set asides from the Public Housing Fund.

Emergency Capital Needs: The Act provides $75 million for grants to public housing agencies for emergency capital needs resulting from unforeseen or unpreventable emergencies and natural disasters excluding presidentially declared emergencies and natural disasters under the Robert T. Stafford Disaster Relief and Emergency Act. Of this amount, $45 million would be set aside for PHAs in receiverships. This is $10 million more than FY 2020.

Competitive Lead-Based Paint Grants: The Act provides $25 million for competitive grants to PHAs to evaluate and reduce lead-based paint hazards in public housing. This is $10 million less than the President's proposed budget, but level with the House and Senate bills.

in areas where the public water system will undergo or has recently undergone a comprehensive water main replacement. The House proposed $30 million for this activity.

Healthy Homes Initiative: The Act includes $35 million in competitive grants for PHAs to address activities authorized under the Healthy Homes Initiative. This includes research, studies, testing, and demonstration efforts, including education and outreach concerning mold, radon, carbon monoxide poisoning, and other housing-related diseases and hazards.

Competitive Public Housing Demolition Grants: The Act does not include the proposed set-aside for competitive grants that would facilitate the demolition of physically obsolete public housing properties included within the President's budget.

REAC and Receiverships: The Act provides $23 million to support ongoing Public Housing Financial and Physical Assessment activities. This is $9 million more than FY 2020. The Senate bill would also provide $15 million to agencies in administrative and judicial receiverships. Some of this funding may be used for grants associated with housing asset improvements.

Public Housing Subsidy Flexibility

The Act carries forward the FY 2015 appropriations provision increasing the limit on fungibility for PHAs with 250 or more units of public housing to transfer up to 25 percent of their annual Capital Fund grant to operations. Through the Housing Opportunity Through Modernization Act of 2016 (HOTMA), PHAs are also allowed to transfer 20 percent of their operating subsidy to their Capital Fund grant.

As in previous years, the Appropriations Act would provide HUD the authority to waive the transfer limit to fund activities related to anti-crime and anti-drug activities, including the costs of providing adequate security for Public Housing residents such as above-baseline police service agreements.

Annual Contributions Contract (ACC)

The Act includes language that prohibits HUD from requiring or enforcing any changes to the terms and conditions of the ACC as a requisite for PHAs to receive funding unless the changes are mutually agreed upon by HUD and the PHA. This provision was included in the 2020 Appropriations Act.

Self Sufficiency Programs

Like the 2020 Appropriations bill and the 2021 House and Senate bills, the Act maintains a funding stream specifically for self-sufficiency programs, including the Family Self-Sufficiency (FSS) program, the Jobs-Plus Initiative, and the Resident Opportunities and Self-Sufficiency (ROSS) program. In fiscal years prior to 2020, the Jobs Plus Initiative and the ROSS program were set-asides from the Capital Fund.

Family Self-Sufficiency (FSS): The Act provides $105 million for the FSS program, $25 million more than FY 2020 and level with the House and Senate bills. Like previous Appropriations Acts, owners of multifamily Section 8 project-based rental assistance (PBRA) are allowed to fund coordinators out of their residual receipts. The President's proposed budget provided $90 million for the FSS program.

The Act also includes language prohibiting HUD from implementing any performance measures or performance scores in determining funding awards for programs receiving FSS program coordinator funding.

***Jobs-Plus Initiative*:** The Act provides $15 million directly for Jobs-Plus, level with FY 2020 funding and the House and Senate bill. The direct funding is not limited to providing "incentives" to participants, meaning that it can also be used to support the service component of the program.

***Resident Opportunities and Self-Sufficiency (ROSS)*:** The Act provides $35 million for ROSS, level with FY 2020 funding and the House and Senate

Rental Assistance Demonstration

The Act does not provide additional funding for the Rental Assistance Demonstration (RAD) Program (the President's budget proposed $100 million for the demonstration), nor does it increase the RAD cap to 500,000 through 2025 like the Senate bill.

Exemption from Asset Management

The Act includes the provision that exempts PHAs that own and operate 400 or fewer public housing units from asset management requirements.

Physical Needs Assessments

The Act prohibits any funds to be used to require or enforce the Physical Needs Assessment (PNA) for public housing units.

Carbon Monoxide Detectors

The Act includes language requiring all Public Housing developments operated by PHAs to have carbon monoxide detectors in each dwelling unit. Carbon monoxide detectors must be installed to a standard that meets or exceeds the 2018 International Fire Code or a HUD determined standard within 2 year of enactment of the FY 2021 Appropriations Act.

Choice Neighborhoods Initiative

The Act provides $200 million for the Choice Neighborhoods Initiative – $25 million more than FY 2020. The President's budget would have eliminated funding for Choice Neighborhoods.

The Act also includes language that would require not less than $100 million of the total Choice Neighborhoods funding to be awarded to PHAs and no more than $5 million to be provided as grants to undertake local planning with input from residents and the community.

September 30, 2023.

PHA Employee Compensation

The Act includes language that would prohibit PHAs from using any Tenant-Based Voucher, Operating Fund, or Capital Fund dollars to pay any amount of salary above the base rate of pay for level IV of the Executive Schedule for 2021. This restriction includes salary as well as bonuses or other incentive pay. This provision affirms a policy which is already in place, since the 2015 omnibus extended the restrictions to all future appropriations acts.

Affirmatively Furthering Fair Housing

The Act includes language prohibiting HUD from requiring any specific changes to zoning laws as part of carrying out the Affirmatively Further Fair Housing (AFFH) Rule. HUD repealed the AFFH rule this summer and replaced it with the "Preserving Community and Neighborhood Choice" rule.

If you have questions please contact Eric Oberdorfer, NAHRO Public Housing Policy Adviser, at **eoberdorfer@nahro.org**.

NEWS

2021 Appropriations In-Depth: Section 8 and FSHO

Tenant-Based Rental Assistance (TBRA)

Housing Choice Voucher (HCV) Housing Assistance Payments (HAP): This final enacted budget includes $23.080 billion for HAP renewals. This is $1.578 billion more than the FY 2020 enacted level, $6.122 billion more than the President's FY 2021 budget proposal, $228 million more than the House bill, and $189 more than the Senate bill.

HAP Renewal Formula: The final enacted budget calls for HAP renewal funding based on validated calendar year (CY) 2020 voucher management system (VMS) leasing and cost data adjusted by an inflation factor set by the Secretary and by making any adjustments for costs associated with the first-time renewal of vouchers.

HAP Set-Aside Funds: The final enacted budget allocates $110 million for HAP set-aside funding to four categories: (1) PHAs that experience a significant increase in renewal costs of vouchers resulting from unforeseen circumstances or from portability; (2) vouchers that were not in use during the previous 12-month period in order to be available to meet project-based voucher commitments; (3) costs experienced with HUD-VASH the allocations for public housing agencies that are (i) leasing a lower-than-average percentage of their authorized vouchers; (ii) have low amounts of budget authority in their net restricted asset accounts and HUD-held programmatic reserves; and (iii) are not participating in the Moving to Work Demonstration; and (6) for PHAs that have experienced increased costs or loss of units in Presidentially declared emergency areas.

NRA/HUD-Held HAP Reserves Offset: The final enacted budget authorizes HUD to offset PHAs' CY 2021 allocations based on the excess amounts of PHAs' net restricted assets accounts, including HUD-held programmatic reserves (in accordance with VMS data in calendar year 2020 that is verifiable and complete). Housing agencies participating in the Moving to Work (MTW) demonstration would also be subject to the offset, except for amounts subject to MTW's single fund budget authority. The Department must use any offset amount to prevent the termination of rental assistance for families and avoid or reduce the proration for renewal funding allocations.

ACC Caps: The final enacted budget retains language limiting HAP renewal funding from being used to exceed the Annual Contributions Contract (ACC) unit caps. This language would restrict non-MTW PHAs from expending HAP to fund any unit months exceeding the PHA's authorized number of units under contract. MTW agencies are governed by the terms and conditions of their contract. The FY 2020 enacted budget also included language limiting usage of HAP renewal money to those units within a PHA's ACC caps.

Other provisions: The final enacted budget gives HUD the ability to prorate HAP allocations, including for MTW agencies, if necessary. The bill also states that HUD must notify PHAs of their annual budgets by the later of March 1, 2021 or 60 days after enactment, though HUD may extend this timeline with written notice given to the Congressional appropriation committees.

Tenant Protection Vouchers: The final enacted budget allocates $116 million for new Tenant Protection Vouchers (TPVs). This amount is $41 than the Senate bill. The final enacted budget allows TPVs to be used for the following: (1) relocation and replacement of public housing units that are demolished or disposed; (2) conversions of section 23 projects; (3) the Family Unification Program; (4) witness relocation; (5) enhanced vouchers; (6) Choice Neighborhoods vouchers; (7) mandatory and voluntary conversion of public housing; and (8) tenant protection assistance for elderly residents of properties formerly assisted under Section 202. The final enacted budget notes that these TPVs may also be used to assist families under a project-based rental assistance contract or when applying for demolition and disposition, if the units pose an imminent health and safety risk to residents. To the extent there are unused funds for units that pose an imminent health and safety risk to resident under a project-based rental assistance contract, remaining funds may be recaptured and used to reimburse costs for the TPVs. The final enacted budget also does also include a $5 million set-aside for residents residing in low-vacancy areas who may have to pay rents greater than 30 percent of household income for certain reasons. The final enacted budget also states that HUD must issue guidance implementing these provisions within 60 days of enactment and that these TPVs sunset unless HUD specifies otherwise by notice.

Administrative Fees: The final enacted budget allocates $2.159 billion for administrative fees ($2.129 billion for ongoing administrative fees and $30 million for additional administrative fees). This is $182 million more than the FY 2020 enacted budget, $684 million more than the President's proposed budget, $4 million more than the House bill, and $1 million less than the Senate bill. The final enacted budget continues to instruct HUD to use the current administrative fee formula. It also gives HUD the ability to prorate the administrative fee and utilize unobligated balances to increase the proration, except for those special purpose vouchers for which administrative fees have already been allocated. Moving to Work agencies shall be funded according to the terms of their contracts, though they will also be subject to any administrative fee proration.

associated with tenant protection rental assistance, disaster-related vouchers, HUD-VASH, and other special purpose incremental vouchers.

***Mainstream Vouchers*:** The final enacted budget allocates $314 million for the renewal of mainstream vouchers, including their associated administrative fees. This is $85 million more than the Fy2020 enacted amount, $4 million more than the President's budget and the House bill, and $14 million more than the Senate bill. Administrative fees for these vouchers are subject to the same requirements are other HCV administrative fees. Upon turnover, these vouchers shall be used to home non-elderly persons with disabilities.

***HUD-VASH*:** The final enacted budget allocates $40 million for new HUD-VASH vouchers. The Department must make the funding available to PHAs that partner with eligible VA medical centers or other designated entities. The Department may also have the authority to waive most statutory and regulatory requirements related to this funding for effective use of these funds. The final enacted budget also allocates $5 million for HAP and administrative fees for the Tribal HUD-VASH program for "Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas."

This is the same amount as the FY 2020 enacted budget, $40 million less than the President's proposed budget, $20 million more than the House bill, and the same as the Senate bill.

***Family Unification Program*:** The final enacted budget allocates $25 million for new Family Unification Program (FUP) vouchers. Of this amount, $5 million will be for family unification, while $20 million will be allocated for eligible youths. Of the $20 million, at least $10 million shall be available on a non-competitive basis to PHAs that partner with public child welfare agencies to identify eligible youths that request assistance. The Department must review utilization and recapture unused assistance. A PHA that determines it no longer has need for the funds must inform HUD so that the assistance can be recaptured and reobligated.

House and Senate bills.

This bill also makes certain changes to the FUP program as detailed in another section of this article.

***Homeless Assistance Vouchers*:** The final enacted budget allocates $43 million for new vouchers for use by individuals who are homeless; at risk of homelessness; fleeing, or attempting to flee domestic violence, dating violence, sexual assault, or stalking; or for veterans and families that include a veteran family member. The voucher will remain available for those individuals upon turnover. The funding will be for PHAs that have partnered with eligible Continuums of Care based on geographical need of such assistance, PHA administrative performance, and other factors specified by HUD. The Department will review utilization and reallocate unutilized voucher assistance. The Department will give preference to applicants that demonstrate a strategy to coordinate assistance with services available in the community. These funds may not be used to require people experiencing homelessness to receive treatment or perform other activities as a condition of receiving shelter, housing, or other services. Only the House bill included $207 million more for these vouchers, while the other bills did not include any money for these vouchers.

***Mobility Demonstration Program*:** Neither this final enacted budget, the House or Senate bills, nor the President's budget includes any additional money for additional vouchers or supportive services for the mobility demonstration program passed in the FY 2019 enacted budget. The mobility demonstration program was allocated $25 million with $3 million for research in the FY 2019 enacted budget and an additional $25 million in FY 2020.

Project-Based Rental Assistance (PBRA)

The PBRA program assists approximately 1.2 million extremely low- to low-income households in obtaining decent, safe, and sanitary homes. The final enacted budget allocates $13.465 billion for the project-based rental than the House bill, and $62 million more than the Senate bill. The final enacted budget provides up to $350 million for project-based contract administrators.

Other Section 8 Policy Provisions

***EnVision Centers*:** The final enacted budget prevents participation or coordination with EnVision Centers to be used as a rating factor in the award of funds through a competitive selection.

***Student Rule*:** For the purposes of determining Section 8 eligibility, the final enacted budget counts as income any assistance from private sources or institutions of higher education in excess of amounts received for tuition and any other required fees, except for persons over the age of 23 with dependent children. This provision also states restrictions on students receiving Section 8 funding.

Fostering Stable Housing Opportunities

This bill also includes the Fostering Stable Housing Opportunities Act–a piece of legislation which NAHRO strongly supports–which makes certain changes to the Family Unification program (FUP) related to youths aging out of foster care. This bill would make it easier to allow any PHA to request a voucher for a youth aging out of foster care from HUD (i.e., this bill would allow a PHA to request a FUP voucher for a youth aging out of foster without amending its administrative plan as is currently required) and would also extend the length of time the voucher may be used, if the youth is enrolled in a PHA's Family Self-Sufficiency (FSS) program or an acceptable alternative, if the PHA does not have a FSS program.

Allocation

The bill allows for HUD to distribute FUP vouchers to PHAs with youths aging out of foster care on a as-needed basis as long as the PHA meets certain requirements: the PHA must administer or be willing to administer these vouchers; the PHA must have requested the voucher in a timely resources and self-sufficiency services to the extent that they are available and obtain referrals from public child welfare agencies (PCWAs) in foster care who become eligible for such assistance.

Extending Assistance

Assistance to youth aging out of foster care may be extended if certain requirements are met. For PHAs with a FSS program, assistance may be extended for 24 months, if the youth is enrolled in the program and remains enrolled. For PHAs that do not have a FSS program or if a PHA has an FSS program, but the youth is unable to enroll, assistance may be extended 24 months (on an annual basis), if for the prior year the youth was engaged in obtaining a postsecondary credential or secondary school diploma, enrolled in an institution of higher learning, participating in a career pathway, or is employed. A PHA may also extend assistance if the youth is a parent responsible for a child under six or an incapacitated person; the youth is participating in a drug or alcohol treatment or rehabilitation; or the youth is incapable of complying with the education or workforce development due to a documented medical condition. The Department will require PHAs to verify the compliance of these requirements by each youth on an annual basis with income recertifications.

Other Supportive Services

This bill also states that each eligible youth shall also be eligible for other supportive services that the PHA provides and that the PHA must inform the youth of the available services and inform the youth of their eligibility.

Applicability to Moving to Work (MTW) Agencies

The requirements for the youths will also apply to MTW agencies, except the requirement to be enrolled in FSS, education, or workforce development, in lieu of which the eligible youth may comply by complying with the requirements of programs established by the agency.

Those PHAs that waive residency requirements for eligible youths will receive additional administrative fees in an amount determined by HUD.

Exceptions to Project-based Limitations

The bill also allows adds FUP vouchers for youths as a category that may be used to exceed the normal portfolio limitations imposed on project-based vouchers. As such PHAs may project-base up to thirty percent (as opposed to the regular twenty percent limit) of these vouchers. Additionally, these vouchers are exempt from the income-mixing cap in the project-based voucher program. These exceptions are only for FUP vouchers for youth and do not apply to FUP vouchers used for family reunification.

Turnover

These vouchers expire on turnover and may not be reissued.

Reporting Requirements and HUD Requirements

The Department will require that PHAs provide reports each fiscal year on the following: the number of people who received this assistance; the number of people that applied for the assistance, but were not provided it and a brief reason why the assistance was not provided; and a description of how the PHA collaborated with PCWA to collect the data. The Department will consult with the Department of Health and Human Services (HHS) in informing states and PCWAs on how to comply with these requirements correctly and efficiently. Finally, the Department should issue guidance on establishing a point of contact at PHAs to receive referrals of eligible recipients.

Questions? Contact Tushar Gurjal at **tgurjal@nahro.org.**

NEWS

2021 Appropriations Act In-Depth: Community Development

Low-Income Housing Tax Credit (LIHTC)

The Appropriations Act sets the minimum credit rate for the 4 percent credit at 4 percent for all applicable credits allocated or obligated after December 31, 2020. The bill further increases the number of tax credits available to qualified disaster zone projects. Qualified disaster zones are areas where the President declared a non-COVID-19 disaster between January 1, 2020, and 60 days after the enactment of the bill. NAHRO has long been pushing Congress to make permanent the 4 percent tax credit and is extremely pleased to see it included in the Appropriations Act.

Community Development Fund

The Appropriations Act provides $3.475 billion for the Community Development Block Grant (CDBG) program. This is an increase of $50 million compared to FY 2020. Although the Act provides $20 million more than the Senate bill, it provides $50 million less than the House bill. The President's FY 2021 budget proposed to devolve community and economic development to the state and local level by eliminating the Community Development Fund, the account that funds the Community Development

Of the $3.475 billion, $25 million would be reserved for activities under the SUPPORT for Patients and Communities Act, $5 million more than proposed in the House bill and $5 million less than the Senate bill. This includes activities related to substance use-disorder prevention related to opioid recovery and treatment.

HOME Investment Partnerships Program (HOME)

The Appropriations Act provides $1.350 billion for the HOME program, level with FY 2020, but $350 million less than the House bill and $25 million less than the Senate bill. The President's budget request proposed eliminating the HOME program.

The Act also includes a provision that suspends the program's statutory 24-month commitment requirement for HOME funds that are set to expire in 2016, 2017, 2018, 2019, 2020, 2021, 2022, or 2023 due to this requirement. The Act includes language requiring HUD to notify HOME grantees of their formula allocations within 60 days of enactment.

Self-Help and Assisted Homeownership Opportunity Program (SHOP)

Like the House and Senate bills, the Act would provide $60 million to the SHOP account, which includes funding for SHOP, Capacity Building for Community Development and Affordable Housing (Section 4, which funds technical assistance activities through organizations like Enterprise, Habitat for Humanity and the Local Initiatives Support Corporation), and rural capacity building. Of this amount, $41 million would be made available to capacity building entities, not less than $5 million would be made available to rural capacity building entities, $5 million would be made available for national rural housing organizations, and $4 million would be made available for rehabbing the homes of low-income, disabled veterans. The SHOP account received $55 million in FY 2020, and the President's 2021 budget proposed eliminating the SHOP account.

Homeless Assistance Grants

not less than $2.569 billion would be reserved for the Continuum of Care (CoC) and Rural Housing Stability Assistance programs, not less than $290 million for the Emergency Solutions Grants (ESG) program, and $7 million for technical assistance for the Homeless Management Information System (HMIS) through the national homeless data analysis project. The CoC program would receive an increase of $219 million compared to FY 2020 The ESG program would receive level funding from FY 2020. The Act provides a one-year renewal of Continuum of Care funding, without competition, for programs expiring in calendar year 2021.

The $2.951 billion also includes $52 million in grants for rapid re-housing projects and supportive service projects providing coordinated entry ($23 million less than the House bill, but $2 million more than the Senate bill), $82 million for a demonstration on a comprehensive approach for providing services to homeless youth age 24 and under in 25 communities, with a priority for rural communities, and up to $10 million to provide technical assistance on youth homelessness, and for collection, analysis, and reporting data and performance measures to serve homeless youth.

Similar to language in the 2020 Appropriations Act, the Act allows HUD to award one-year transition grants to program grantees that are transitioning from one program component to another. The Act would also carry forward a provision allowing CoC grant recipients to count program income towards meeting their match requirement. The Act also includes language requiring HUD to award CoC grants based on CoC’s system performance and to prioritize funding for CoCs that strategically reallocate to high performing projects.

Housing Opportunities for Persons with AIDS (HOPWA)

The Appropriations Act provides $430 million for the HOPWA program, $20 million more than FY 2020 funding and level with the House bill and $20 million less than the Senate bill.

monoxide detectors must be installed to a standard that meets or exceeds the 2018 International Fire Code or a HUD determined standard within 2 year of enactment of the FY 2021 Appropriations Act.

Section 202 and Section 811

The Act provides $855 million for the Section 202 Housing for the Elderly program, $62 million more than FY 2020 and $2 million more than the Senate bill, but $38 million less than the House bill. This includes $125 million for service coordinators. Additionally, the House bill provides $227 million for Section 811 Housing for Persons with Disabilities program, $25 million more than FY 2020 and level with the House bill, but $10 million less than the Senate bill.

National Housing Trust Fund (HTF)

Unlike the President's budget, the Appropriations Act would not eliminate the HTF.

Section 108 Community Development Loan Guarantee Program

The Appropriations Act would provide $300 million for the Section 108 Loan Guarantees program account.

If you have questions please contact Eric Oberdorfer, NAHRO Public Housing Policy Adviser, at **eoberdorfer@nahro.org**.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes
December 9, 2020

20-11

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, December 9, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Absent
Pamela Byrd

Also Attending

Stacy L. Spann, Executive Director
Kayrine Brown
Zachary Marks
Charnita Jackson
Lynn Hayes
Heather Grendze
Jay Shepherd
Jennifer Arrington
Marcus Ervin
Ian Hawkins

Aisha Memon, General Counsel
Eamon Lorincz, Deputy General Counsel
Cornelia Kent
Fred Swan
Renee Harris
Matt Husman
Nicolas Deandreis
Kristyn Greco
Gio Kaviladze

Resident Advisory Board
Shawntel Reddix-Thomas

Commission Support
Patrice Birdsong, Spec. Asst. to the Commission

Guest
Toby Emerson
Shawntel Bacon
Sharyn Peod

Chair Priest opened the meeting with a welcome and roll call of Commissioners.

I. **Information Exchange**

- **Resident Advisory Board** - Shawntel Thomas-Reddix provided an update of the RAB November 20, 2020 meeting. Lynn Hayes, Director of Housing Resources, presented to the RAB the Administrative Changes to the Housing Choice Voucher. The RAB voted in favor of the revisions.
- **Community Forum** – Shawntel Bacon addressed the Board regarding her housing concerns. Toby Emerson addressed the Board about flooding concerns at his Kensington property. Staff stated that they will follow up with Mr. Emerson about possible solutions.

Executive Director's Report

- Nothing additional to add to the written report.

Commissioner Exchange

Chair Priest extended holiday well wishes to everyone on behalf of the Board of Commissioners.

II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Chair Pro Tem Nelson recommended that the Minutes of the Development and Finance Committee be removed and approved at the next meeting of the Development and Finance Committee. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Croom, Merkowitz, and Simon. Commissioner Byrd was necessarily absent and did not participate in the vote.

A. Approval of Minutes of November 4, 2020

B. Approval of Minutes of November 4, 2020 Administrative Session

C. Approval of Minutes of November 24, 2020 Special Session

III. **CLOSED AND SPECIAL SESSION RATIFICATION**

A. Acceptance of HOC FY'20 Audited Financial Statements, Single Audit Report, and Management Letter

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

RESOLUTION: 20-82R | **RE: Acceptance of HOC FY'20 Audited Financial Statements, Single Audit Report, and Management Letter**

WHEREAS, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'20, which included the FY'20 Audited Financial Statements, Single Audit Report, and Management Letter, to the Housing Opportunities Commission of Montgomery County (the "Commission");

WHEREAS, at a meeting held on November 24, 2020, the Commission reviewed the FY'20 Audited Financial Statements, Single Audit Report, and Management Letter;

WHEREAS, at a Special Session duly called and held on November 24, 2020, with a quorum participating, the Commission duly adopted Resolution 20-82, 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 20-82, the Commission accepted the FY'20 Audited Financial Statements, Single Audit Report, and Management Letter prepared by CliftonLarsonAllen LLP; 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 20-82 and any actions taken since November 24, 2020 to effectuate the actions contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 20-82 and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

IV. **CONSENT**

A. Revisions to HOC's Administrative Plan for the Housing Choice Voucher Program to Update Statutory Changes

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, Croom, Merkowitz, and Simon. Commissioner Byrd was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 20-83 **RE: Revisions to HOC's Administrative Plan for the Housing Choice Voucher Program to Update Statutory Changes to the Project-Based Voucher Program as described in Chapter 22 of the Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County desires to revise its Administrative Plan for the Housing Choice Voucher Program (the "Plan") to include statutory updates to the Project-Based Voucher Program as described in Chapter 22 of the Plan (the "Revisions"), as identified in the revised Plan attached hereto as <u>Exhibit A;</u> and

WHEREAS, a public comment period for the Revisions began on October 30, 2020 and concluded on November 30, 2020 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the Revisions, as identified in the revised Plan attached hereto as <u>Exhibit A;</u>

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

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

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

RESOLUTION NO.: 20-89 **RE: Amendment of Approval to Increase the Obligation to Draw on the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds**

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

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

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

WHEREAS, on November 4, 2020, by approving Resolution 20-80, the Commission approved a temporary increase of the Program's authorization to draw on the PNC Bank, N.A. Line of Credit ("PNC LOC") to refund bonds eligible for replacement refunding from $5 million to $10 million with the temporary increase expiring upon the closing of the Single Family bond issuance in the first quarter of 2021, and revert to up to $5 million on a revolving basis in accordance with the terms of the PNC LOC; and

WHEREAS, Resolution 20-80 mistakenly included the incorrect interest rate and the Commission desires to correct the error.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Single Family Mortgage Purchase Program's draws on the PNC LOC to refund bonds eligible for replacement refunding shall be tax exempt draws, and shall be drawn in accordance with the terms of the PNC LOC, including the payment of interest by the Single Family Program at the tax exempt rate of 68.5% of 30-day LIBOR plus 59 basis points.

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

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

A. Development and Finance Audit Committee – Com. Simon, Chair

1. HOC Headquarters: Approval for the Executive Director to Execute Task Order to Engage Lerch, Early and Brewer for Legal Services

Kayrine Brown, Deputy Director, and Jay Shepherd, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 20-84 **RE: HOC Headquarters: Approval for the Executive Director to Execute Task Order to Engage Lerch, Early & Brewer for Legal Services**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910, as the site of a new headquarters building projected to be approximately 85,000 gross square feet or the maximum allowed by the current zoning regulations (the "New HQ"); and

WHEREAS, on September 5, 2018, the Commission approved a predevelopment budget in the amount of $2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the $60 million PNC Bank, N.A. Line of Credit to fund the first installment of predevelopment funding in the amount of $264,500; and

WHEREAS, on May 6, 2020, the Commission approved a revised predevelopment budget in the amount of $2,650,150 for the design and entitlement of the New HQ and a draw on the $60 million PNC Bank, N.A. Line of Credit to fund the second installment of predevelopment funding in the amount of $793,800; and

WHEREAS, in order to expedite the delivery of New HQ, reduce overall costs, and minimize development period risk, the Commission approved submitting an application for Mandatory Referral for the New HQ; and

WHEREAS, very few projects can utilize the Mandatory Referral process for obtaining necessary development approvals prior to receiving building permits, even fewer firms with specialized legal expertise were available to determine and help the Commission file and process the required applications based on the Mandatory Referral process; and

WHEREAS, On April 3, 2019, the Commission approved the pool of legal counsel consisting of 12 firms, which would assist HOC's staff to navigate legal issues pertaining to its real estate development and financing concerns and to ensure that the Commission successfully executes transactions while complying with complex regulatory and contractual obligations; and

WHEREAS, a firm in the pool, Lerch, Early & Brewer ("LEB"), is uniquely qualified to perform the actual filing and processing of the project, based on the Mandatory Referral process that is to be used and the aggregate task orders for LEB under its pool contract will exceed $250,000 and as such, in accordance with HOC's Procurement Policy adopted on June 7, 2017, the Commission must approve the current Task Order; and

WHEREAS, LEB has estimated the cost to complete the associate legal land use work for the new HQ building to be approximately $365,000, but Staff is requesting that the Commission approve an amount up to $400,000 to include a contingency for any unforeseen issues that may arise before the project is approved.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves a Task Order under the current pool contract with Lerch, Early & Brewer for approximately $400,000 to provide legal land use services for the entitlement of the HOC HQ development, including authorization for the Executive Director to execute said Task Order.

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

2. Stewartown: Approval of Final Development Plan; Formation of Ownership Entities, Admission of Investor Limited Partner, and Authorization for the Executive Director to Execute a Limited Partnership Agreement and General Contractor Contract for the Stewartown Homes Development

Kayrine Brown, Deputy Director, and Gio Kaviladze, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 20-85

RE: Approval of Final Development Plan, Ratification of the Formation of Ownership Entities, Admission of Investor Member, Authorization for the Executive Director to Execute a Purchase and Sale Agreement and Close on the Purchase and Sale of the Property, and to Execute an Operating Agreement and General Contractor Contract for the Stewartown Homes Development

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") seeks to preserve Montgomery County's existing affordable housing, including properties previously subsidized by Rental Assistance Payment ("RAP") contracts and Section 236 financing facing growing sustainability challenges; and

WHEREAS, Stewartown Homes (the "Property"), located at 9310 Merust Lane, Gaithersburg, was built in 1977 under the Section 236 Program and consists of 94 townhome units, 19 of which were subsidized by a RAP contract, in twelve (12) buildings on three (3) parcels of land; and

WHEREAS, the Property, with the exception of ongoing capital improvements, has not had major renovations within the last twenty years; and

WHEREAS, the Commission approved a predevelopment plan at the May 2, 2018 Commission meeting to comprehensively renovate the Property in order to maximize its life and public purpose it delivers; and

WHEREAS, in January 2020 the Commission approved the selection of Harkins Builders as the general contractor for the renovation of the Property;

WHEREAS, the Property reached the end of its initial 15-year Low Income Housing Tax Credit ("LIHTC") compliance period, and staff recommends re-syndicating a new tax credit transaction in order to raise additional capital to finance the proposed renovation; and

WHEREAS, HOC formed and is currently the ultimate sole member of HOC at Stewartown Homes, LLC ("Stewartown LLC"), which will be the future owner entity of the Property; and

WHEREAS, HOC formed and is currently the sole member of HOC MM Stewartown Homes, LLC, ("Stewartown MM LLC"), which is the current sole member and planned managing member of Stewartown LLC; and

WHEREAS, HOC intends to negotiate an Operating Agreement with a tax credit investor affiliate of Boston Capital (the "Investor") for the admission of the Investor as a non-managing investor member of Stewartown LLC with a 99.99% interest; and

WHEREAS, staff has prepared the Final Development Plan for the Property identifying a total development cost of approximately $38.5 million to be funded with the proceeds of HOC-issued tax-exempt bonds enhanced by FHA Risk Share mortgage insurance, HOC-issued short-term tax-exempt bonds, assignment and assumption by Stewartown LLC of an existing County HIF loan, 4% Low Income Housing Tax Credit ("LIHTC") equity, a seller note, and the preservation of affordability for 100% of the units at 60% of the area median income (the "Final Development Plan").

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Final Development Plan for the rehabilitation of the Property is hereby approved, which includes an estimated total development cost of up to $38.5 million, the delivery of 94 townhome units, and the restriction of 100% of the units to those earning at or below an income averaged 60% of the area median income.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the formation of Stewartown LLC and Stewartown MM LLC is hereby ratified.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Stewartown MM LLC, as its sole member, acting on behalf of itself and on behalf of Stewartown LLC, as its managing member, that it approves (1) the negotiation of the assignment and assumption of the existing County HIF loan by Stewartown LLC, and (2) the execution of related documents, including without limitation any amendments thereto required by Investor or Montgomery County, Maryland as lender so long as such amendments do not increase the principal sum of the existing County HIF loan.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Stewartown MM LLC, as its sole member, acting on behalf of itself and on behalf of Stewartown LLC, as its managing member, that it approves (1) the negotiation and execution of a Operating Agreement with the Investor for Stewartown LLC, (2) the admission of the Investor as a non-managing member of Stewartown LLC with a 99.99% interest, and (3) the execution of related documents, including without limitation tax credit recapture and other guarantees by Stewartown MM LLC and/or the Housing Opportunities Commission of Montgomery County as may be required by the Investor.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of the current owner of the Property, MV Affordable Housing Associates Limited Partnership (the "Seller"), as its general partner and ultimate sole owner of its limited partner, and on behalf of Stewartown MM LLC, as its sole member, acting on behalf of itself and on behalf of Stewartown LLC, as its managing member, that it approves (1) the negotiation and execution of a Purchase and Sale Agreement, (2) the transfer of the Property from Seller to Stewartown LLC (3) the acquisition of the Property by Stewartown LLC, and (4) the execution of related documents, including without limitation assignment and assumption of existing HAP contracts and the existing management agreement.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of the Seller, that the Seller may accept some or all of the purchase price for the sale of the Property in the form of a subordinated seller note.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Stewartown MM LLC, as its sole member, acting on behalf of itself and on behalf of Stewartown LLC, as its managing member, that it approves the negotiation and execution of a general contractor contract with Harkins Builders for the renovation of the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Stewartown MM LLC, as its sole member, acting on behalf of itself and on behalf of Stewartown LLC, as its managing member, that the Executive Director of HOC, or his designee, is 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.

3. Westside Shady Grove: 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 $15 million, and Authorization to Advance Funds in an amount up to for the Payment to Secure Building Permits and Bind the Builder's Risk Insurance

Kayrine Brown, Deputy Director, and Marcus Ervin, Housing Acquisitions Manager, were the presenters.

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

RESOLUTION NO.: 20-86

RE: 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 $15 Million, and Authorization to Advance Funds in an Amount

up to for the Payment to Secure Building Permits and Bind the Builder's Risk Insurance

WHEREAS, on December 18, 2019, the Housing Opportunities Commission of Montgomery County ("HOC" or the Commission") completed the acquisition of the development parcel generally located on the west side of Crabbs Branch Way, south of Shady Grove Road and the Metro Access Road (the "Westside Property") that will serve as the location for the proposed 268-unit mixed-income and mixed-use development currently known as Building D; and

WHEREAS, the Westside Property is subjected to certain regulatory approvals, including an approval for the development of a stick-over-podium, mixed-use multifamily building on that portion of the Westside Property known as the "Multifamily Building D Property" or "Phase II Shady Grove," which is intended to include (i) a mix of residential dwelling units comprised of approximately 268 units, including 188 market-rate units (the "Market Rate Units"), and 80 affordable units, which include 13 units restricted to households with incomes at or below 65% of Area Median Income ("AMI") and 67 units restricted to households with incomes at or below 50% of AMI, (ii) approximately 22,000 square feet of retail space (of which 9,731 square feet is pre-leased to a national pharmacy chain), approximately 9,200 square feet of common amenity space, a courtyard with recreational facilities, and potentially a space to accommodate the relocation of HOC's Up-County Service Center, and (iii) a precast parking garage; and

WHEREAS, HOC is the sole member of the ownership entity known as HOC at West Side Shady Grove, LLC (the "Owner"); and

WHEREAS, HOC has formed additional wholly-owned subsidiary entities, HOC MM Westside Shady Grove, LLC (the "HOC Managing Member") and HOC EYA/BC Westside Shady Grove, LLC (the "JV Entity") and desires to assign the interests of the Owner to the JV Entity to create a legal structure that will better facilitate mezzanine or preferred equity financing at permanent conversion if necessary; and

WHEREAS, following such assignment, and pursuant to a separate resolution approved by the Commission, HOC desires to admit EYA/BA SGS MF D, LLC, an affiliate of EYA, LLC ("EYA") and The Bozzuto Group ("Bozzuto"), as a minority member of the JV Entity, with the HOC Managing Member serving as the managing member and majority member; and

WHEREAS, staff recommends approval of a Final Development Plan and related activities to advance the development efforts for the Westside Property; provided, however that staff will return to the Commission prior to the planned closing to obtain authorization for the Executive Director to execute a Guaranteed Maximum Price ("GMP") Contract with Bozzuto Construction Company; and

WHEREAS, affiliates of HOC's development partners have executed contracts with service providers to assist in the development and construction of the Westside Property (the "Third-Party Contracts"), and HOC wishes for such Third-Party Contracts to be assigned to the Owner; and

WHEREAS, HOC desires for the Owner to accept a Montgomery County Housing Initiative Fund Short-Term Bridge Loan of up to $15M, which shall be repaid when the County Housing Production Trust Fund ("HPTF") or other permanent sources become available; and

WHEREAS, tax-exempt bond proceeds may not be advanced prior to the FHA Initial Endorsement to cover the cost for obtaining building permits, binding the Builder's Risk Insurance policy, and other related predevelopment expenses; and

WHEREAS, staff seeks authorization to advance funds in an amount up to $1,600,000 from the FHA Risk Share Reserve account, which will be repaid at the closing of the construction financing to secure the building permits for the development to guarantee their receipt prior to closing and bind the required Builder's Risk Insurance prior to the financial closing in January 2021, and before insurance treaties renew in May 2021 due to uncertainties in the insurance market that may potentially result in higher premiums.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of the Owner as its ultimate managing member, that it approves the Westside Property final development plan and related activities to advance the development efforts including authorization for the Executive Director to accept the assignment of Third-Party Contracts for the Westside Property, and authorization for the Owner to accept a Montgomery County Housing Initiative Fund Short-Term Bridge Loan of up to $15M, which shall be repaid when the County Housing Production Trust Fund (HPTF) or other permanent sources become available.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it ratifies the formation of the Managing Member and JV Entity and that, on its behalf and on behalf of the Owner and the JV Entity, it approves the assignment of all of its membership interests in the Owner to the JV Entity.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes a draw from the FHA Risk Share Reserve account in an amount up to $1,600,000, which will be repaid at the closing of the construction financing to cover the cost for obtaining building permits and binding the Builder's Risk Insurance policy.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County, acting on behalf of itself and on behalf of the Owner, the JV Entity, and the HOC Managing Entity, as the ultimate managing member of each, authorizes the Executive Director of HOC, or his designee, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

4. **Westside Shady Grove: Approval of the Financing Plan, Feasibility, Public Purpose and Bond Authorizing Resolution for Westside Shady Grove Apartments; Approval to Issue a Commitment and Loan to HOC at Westside Shady Grove, LLC for Development and Permanent Financing; and, Approval for the Borrower to Accept a Loan in Accordance with the Finance Plan**

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

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

RESOLUTION NO.: 20-87

RE: 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

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 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, Westside Shady Grove Apartments (the "Property") will be a 268-unit mixed-income, mixed-use residential rental community to be located at 8005 Gramercy Boulevard in Rockville, Maryland; and

WHEREAS, the Property will be developed and owned by a single purpose entity known as HOC at Westside Shady Grove, LLC ("Borrower"); and

WHEREAS, the Commission will serve as the ultimate managing member and majority owner of the Borrower through a wholly owned subsidiary named HOC MM Westside Shady Grove, LLC (the "HOC Member"), the managing member of HOC EYA/BC Westside Shady Grove, LLC (the "Joint Venture Entity"), the current sole member of the Borrower (it being understood that a minority member will be admitted to the Joint Venture Entity pursuant to a separate resolution); and

WHEREAS, the Borrower proposes that the Property provide a 30% affordability component, whereby 25% of its units will be set aside for households earning no more than 50% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income ("AMI") and 5% of its units will be set aside for households earning no more than 65% AMI (altogether, the "Public Purpose"), which Public Purpose will be memorialized with binding affordability covenants recorded in the real property records for the Property; and

WHEREAS, on July 1, 2020, the Commission adopted a Bond Authorizing Resolution for the issuance of a tax-exempt loan facility with PNC Bank, National Association (hereinafter "PNC") for up to $100 million for the purpose of recycling volume cap by redeeming certain outstanding bonds of the Commission and the Community Development Administration of the Maryland Department of Housing and Community Development (the "CDA") that were eligible to be redeemed from repayments of mortgage loans on outstanding bonds of the Commission and of the CDA; and

WHEREAS, the Commission, by receiving the tax-exempt loan from PNC, recycled such repayments of mortgage loans on outstanding bonds of the Commission and CDA in order to issue bonds to fund the acquisition, construction and equipping of the Property; and

WHEREAS, on December 9, 2020, the Commission approved, among several actions, the Final Development Plan, totaling $124 million, and the Borrower's acceptance of a Montgomery County Housing Initiative Fund short-term bridge loan during construction for approximately $15 million (hereinafter, the "HIF Loan"); and

WHEREAS, staff explored a variety of options for the acquisition, construction and permanent financing of the Property, and determined to use a number of sources for the $124 million transaction, including (1) the issuance of long-term, tax-exempt refunding bonds in an amount up to $100 million of which proceeds will fund a mortgage loan for costs related to the acquisition, construction, and permanent financing of the Property, credit enhanced by the FHA Risk Sharing Program with a loan term of 34 years, including interest only for no more than 42 months and a 40-year amortization upon conversion ("Mortgage Loan"); (2) HOC and developer equity estimated at $7.7 million with HOC's equity to be no more than $5.5 million; (3) the HIF Loan (which, if approved, may be replaced with a Montgomery County Housing Production Fund loan); and, (4) gap financing, likely a mezzanine loan, in the approximate amount of $19 million, required for the Mortgage Loan's permanent conversion that will be sourced and presented to the Commission for approval at a future date (collectively, the "Financing Plan"); 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 ("Feasibility") and the Commission wishes to issue a loan commitment and the Borrower wishes to accept the loan in accordance with the Financing Plan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Financing Plan, Feasibility, and Public Purpose, as recommended by staff and as described herein, 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 issuance of a commitment for the Mortgage Loan in an amount up to $100,000,000 (the "Commitment"), which Mortgage Loan 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 and HUD shall both assume 50% of the risk for the transaction, and will have a term of 34-years, including up to 42 months of interest only during construction, and a 40-year amortization upon conversion to permanent.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, in its capacity as lender under the Mortgage Loan, approves the closing of the Mortgage Loan transaction upon satisfaction of the terms of the Commitment and disbursement of the proceeds of such Mortgage Loan as and when set forth in the Building Loan Agreement and other Mortgage Loan documents;

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Borrower as the ultimate managing member of its sole member, accepts the Mortgage Loan.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves providing the Commission's equity for the transaction, as co-developer, in an amount of no more than $5.5 million to be funded from the Commission's Opportunity Housing Reserve Fund.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member of the Borrower, acting for itself and on behalf of Borrower, that the Executive Director, or a duly appointed designee of the Executive Director, 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 Executive Director's judgment, to carry out the Financing Plan and the transaction and actions contemplated herein.

RESOLUTION NO.: 20-87[B]

Re: Adoption of an Authorizing Resolution for the Issuance of 2021 Series A Multifamily Housing Development Bonds for the Purpose of Refunding a Certain Tax-Exempt Loan Originated by PNC Bank, National Association in order to use the Transferred Proceeds thereof to Finance West Side Shady Grove and for Approval of Certain Actions relating to the financing of West Side Shady Grove.

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2021 SERIES A (THE "2021 A BONDS"), IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $100,000,000 FOR THE PURPOSE OF REFUNDING THE TAX-EXEMPT LOAN ORIGINATED BY PNC BANK, NATIONAL ASSOCIATION (THE "RECYCLING FACILITY") AND TO USE THE TRANSFERRED PROCEEDS THEREOF TO FINANCE A MORTGAGE LOAN TO BE INSURED UNDER THE FHA RISK-SHARING PROGRAM FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF WEST SIDE SHADY GROVE APARTMENTS, A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HOC AT WESTSIDE SHADY GROVE, LLC; AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES INDENTURE, CERTAIN TAX-RELATED 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 A BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE SALE OF THE 2021 A BONDS TO WELLS FARGO BANK, NATIONAL ASSOCIATION AND PNC CAPITAL MARKETS LLC, AS CO-SENIOR MANAGERS, AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS RELATING TO THE 2021 A BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2021 A 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 thereby 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, with any Series of Bonds which are not to be on parity with the other Bonds issued under the Indenture to be provided for by a supplemental indenture; and

WHEREAS, the Commission previously entered into a tax-exempt loan transaction with PNC Bank, National Association ("PNC") pursuant to which PNC loaned to the Commission an aggregate principal amount of $100,000,000, the proceeds of which were used in connection with the redemption of certain outstanding bonds of the Commission and the Community Development Administration of the Maryland Department of Housing and Community Development (the "CDA") that were eligible to be redeemed from repayments of mortgage loans on outstanding bonds of the Commission and of the CDA; and

WHEREAS, the Commission, by receiving the loan from PNC, recycled such repayments of mortgage loans on outstanding bonds of the Commission and the CDA in order to issue bonds to fund the acquisition, construction and equipping of West Side Shady Grove (the "Development"), all in accordance with the financing plans approved by the Commission in connection with the Development under separate resolutions adopted by the Commission on September 4, 2019, December 5, 2019 (as ratified on December 11, 2019), and July 1, 2020, and in accordance with the additional financing plans set forth in this Resolution and other resolutions that may be adopted by the Commission (collectively, the "Financing Plan"); and

WHEREAS, the Commission has determined to issue its tax-exempt Multifamily Housing Development Bonds, 2021 Series A (the "2021 A Bonds") pursuant to the Trust Indenture and the Series Indenture Providing for the Issuance of Multifamily Housing Development Bonds, 2021 Series A (the "2021 A Series Indenture"), to make moneys available for the refunding of the Recycling Facility in order to use the transferred proceeds thereof for the acquisition, construction and equipping of the Development, to be owned and operated by HOC at Westside Shady Grove, LLC (the "Borrower"), a joint venture controlled by the Commission; and

WHEREAS, if necessary, the Commission may make a deposit to the debt service reserve fund created pursuant to the 2021 A Series Indenture, in accordance with the Financing Plan; and

WHEREAS, the costs of issuance of the 2021 A Bonds will be paid from the Borrower's development budget; and

WHEREAS, pursuant to the 2021 A Series Indenture, the 2021 A Bonds shall be secured solely by the proceeds thereof or funds on deposit in the funds and accounts created under the 2021 A Series Indenture and not by any other moneys, funds or accounts held under the Trust Indenture, except to the extent that any such moneys are subject to transfer or withdrawal free and clear of the lien of the Trust Indenture upon provision of a Cash Flow Certificate in accordance with the Trust Indenture. The proceeds or revenues received in connection with the 2021 A Bonds shall not constitute security for a source of payment of any other Bonds outstanding or hereinafter issued under or entered into in accordance with the Trust Indenture; and

WHEREAS, the Mortgage Loan financed with the proceeds of the 2021 A Bonds (the "2021 A Mortgage Loan") will be endorsed for federal insurance under the Risk-Sharing Agreement, dated September 23, 1994 (the "Risk-Sharing Agreement"), by and between the Commission and the Secretary of the U.S. Department of Housing and Urban Development ("HUD"), pursuant to which Risk-Sharing Agreement, the Commission will reimburse HUD for its losses under the 2021 A Mortgage Loan in an amount not greater than 50% of the outstanding principal balance of the 2021 A Mortgage Loan; and

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

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

1. 2021 A Bonds. The 2021 A Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed $100,000,000 to carry out the purposes under the Program as described above. The 2021 A Bonds shall be designated as set forth in the recitals hereto, or such additional series or subseries designations as approved by the Executive Director, in consultation with the Financial Advisor and Bond Counsel to the Commission. The 2021 A Bonds are to be issued pursuant to the terms of the Trust Indenture and the 2021 A Series Indenture and shall be limited obligations of the Commission, secured by and payable solely from moneys and other assets pledged therefor under the 2021 A Series Indenture, including, without limitation, the 2021 A Mortgage Loan.

2. 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.

3. Series Indenture. The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission or any authorized designee of the Executive Director are hereby authorized and directed to execute and deliver the 2021 A Series Indenture in such form or forms as shall be approved by such officers, the execution of such 2021 A 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 Officer"), is hereby authorized and directed to affix the seal of the Commission to the 2021 A Series Indenture and to attest the same.

4. Tax-Related Documents. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director 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-Related Documents") restricting the application of the proceeds of the 2021 A Bonds and the use and occupancy of the Development in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the

Vice Chairman, the Chairman Pro Tem or the Executive Director, the execution of the Tax-Related Documents being conclusive evidence of such approval and of the approval of the Commission. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director 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 2021 A Bonds as prepared by Bond Counsel.

5. Disclosure Agreement. The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the 2021 A Bonds, in such form as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director 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.

6. 2021 A Mortgage Loan; Real Estate Documents. The Commission hereby authorizes and approves the financing of the 2021 A Mortgage Loan which will be endorsed for federal insurance under the Risk-Sharing Agreement, pursuant to which the Commission will reimburse HUD for its losses under the 2021 A Mortgage Loan in an amount not greater than 25% of the outstanding principal balance of the 2021 A 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 construction of the Development, in its capacity as issuer of the 2021 A Bonds and in its capacity as the managing member of the Borrower.

7. Offering Documents. The Commission hereby authorizes and approves the preparation and distribution of a preliminary offering document of the Commission and the preparation, execution and distribution of a final offering document (collectively, the "Offering Documents"), each relating to the 2021 A Bonds, in such forms as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director 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.

8. Sale of 2021 A Bonds. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to proceed with the sale of the 2021 A Bonds to Well Fargo Bank, National Association 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 Executive Director or other Authorized Representative of the Commission.

9. Contract of Purchase. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the "Contract of Purchase") in connection with the issuance, purchase and sale of the 2021 A Bonds.

10. Terms; Ongoing Determinations. The Executive Director 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 and other terms, and to approve the interest rates on the 2021 A Bonds, all of the foregoing to be specified in the 2021 A Series Indenture. The Executive Director 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 A Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the 2021 A Series Indenture and any other documents relating to the 2021 A Bonds and the 2021 A 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 the 2021 A Mortgage Loan and the refunding and redemption of the 2021 A Bonds and/or other Bonds, and the Executive Director 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.

11. Other Action. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director 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 A Bonds and the accomplishment of the Financing Plan.

12. Appointment of Financial Advisor and Bond Counsel. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Barclay Damon LLP, New York, New York, is hereby appointed as Bond Counsel in connection with the issuance of the 2021 A Bonds.

13. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in the 2021 A Bonds, the 2021 A Series Indenture, the Contract of Purchase, the Tax-Related 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 A Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

14. 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 A 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.

15. 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.

16. Effective Date. This Resolution shall take effect immediately.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:49 p.m. and reconvened in closed session at approximately 6:00 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 December 9, 2020 at approximately 6:00 p.m**.** via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3) and 3-305(b)(13) to discuss potential real property acquisitions and the confidential commercial and financial terms of a real estate transaction.

The meeting was closed on a motion by Vice Chair Kelleher, seconded by Chair Pro Tem Nelson, with Commissioners Priest, Kelleher, Nelson, Croom, Merkowitz, and Simon unanimously voting in approval. Commissioner Byrd was necessarily absent and did not participate in the vote. The following persons were present during the closed session: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Linda Croom, Jeffrey Merkowitz, Jackie Simon, Stacy Spann, Aisha Memon, Kayrine Brown, Zachary Marks, Marcus Ervin, Nathan Bovelle, Leidi Reyes, Jennifer Arrington, Cornelia Kent, Claire Kim, Gail Willison, Vivian Benjamin, and Kristyn Greco.

In closed session, the Commission discussed potential acquisitions of real property and the confidential commercial and financial terms of a real estate transaction. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 20-88AS, with Commissioners Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Linda Croom, Jeffrey Merkowitz, and Jackie Simon voting in approval, which approved the following for a certain real estate transaction in mid-Montgomery County: (1) the execution of an operating agreement; and (2) the execution of a development agreement. Commissioner Byrd was necessarily absent and did not participate in the vote.

2. The Commission received an update on a potential acquisition of real property located in southern Montgomery County. The Commission agreed to proceed with the acquisition; no resolution was presented or passed.

3. The Commission received an update on a potential acquisition of real property located in mid-Montgomery County. No decision was made and there was no resolution presented or passed.

The closed session was adjourned at 7:35 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Attachment:
1 – Exhibit A – HCVP Revisions (Chapter 22)

Please note: Existing language is in **BLACK,** proposed changes are in **RED**, and proposed deletions are shown with ~~strikethrough~~.

Chapter 22

HOUSING CHOICE VOUCHER PROJECT-BASED PROGRAM

[24 CFR 983]

A. OVERVIEW

1. Purpose of Program: The program goals for the Project-Based Voucher (PBV) Program are:

1. To contribute to the improvement and long-term viability of the area's housing stock.

2. To increase the supply of affordable housing and location choice for very low-income households.

3. To integrate housing and supportive services such as education, case management, job training, and day care to help families and individuals achieve stability and self-reliance.

4. To promote the coordination and leveraging of resources of public, semi-public, or nonprofit agencies with compatible missions.

2. Program Elements:

1. A PHA may attach up to 20 percent of its voucher baseline ~~budget~~ to PBV units. Additionally, the Housing Opportunity Through Modernization Act of 2016 (HOTMA) authorizes the PHA to project-base an additional 10% of its baseline above the 20% program limit for HAP Contracts executed on or after April 18, 2017. The additional units must fall into at least one of the following eligible categories:

   a. The units are specifically made available to house individuals and families who meet the definition of homeless under section 103 of the McKinney-Vento Homeless Assistance Act and contained in the Continuum of Care Interim Rule at 24 CFR 578.3

   b. The units are specifically made available to house families that are comprised of or include a veteran.

   c. The units provide annual supportive services to persons with disabilities or elderly persons. Potential services may include meal service, housekeeping aid, personal aid, transportation services, health-related services, case management, child care, educational services, employment services, job training, counseling and financial literacy. The service provision must be clearly defined at the time of the application and will be considered in addition to other criteria.

d. The units are located in a census tract with a poverty rate of 20% or less, as determined in the most recent American Community Survey 5-year Estimates. The units eligible for the additional 10% exception category may be distributed among one, all, or a combination of the categories as long as the total number of units does not exceed the 10% cap.

2. The units may be new construction, rehabilitated or existing units.

3. ~~Not more than~~ The greater of 25 units or 25 percent of the units in any building may be assisted with PBV. The exceptions to this limitation are for single-family properties (defined as 1-4 units in a building) and "excepted units" in a multi-family building. Excepted units are those that are specifically made available for elderly ~~or disabled~~ families or families eligible to receive~~ing~~ supportive services.

4. The location of PBV units must be consistent with the goals of deconcentrating poverty and expanding housing and economic opportunities. For HAP Contracts executed on or after April 18, 2017, the maximum amount of PBV assistance may be increased to the greater of 25 units or 40% of the units in the building. The building must be located in a census tract with a poverty rate of 20% or less as determined in the most recent American Community Survey 5-Year Estimates.

3. Requirements for Participation:

1. Competitive Selection Process: HOC must follow a competitive selection process as described in the regulations at 24 CFR §983.51. Exceptions to the competitive selection process are permitted on a case by case basis, as described in item 3 of this section.

2. Developers/Owners Proposal: Developers/owners must submit a proposal for PBV assistance in response to a Request for Proposals (RFP) issued by HOC as part of the competitive selection process described in item 1, above.

3. Non-Competitive Selection Process: As per the Housing Opportunity Through Modernization Act of 2016 (HOTMA) HOC may, by amendment to this Administrative Plan, from time to time attach PBV assistance to units in a project in which HOC has an ownership interest or over which HOC has control, without following a competitive selection process. Use of this non-competitive selection exception requires HOC's engagement in an initiative to improve, develop, or replace a public housing property or site.

a. PHA ownership interest. In order to qualify for this exception to use a non-competitive selection process for receipt of PBV assistance, the units which receive the assistance must be in a project in which HOC has an ownership interest or over which HOC has control. For the purposes of this exception, an "ownership interest" is not limited to the definition of "PHA owned" as defined herein or otherwise by HUD, and does include any HOC connection to a project where HOC, its officers, employees, or agents hold any direct or indirect interest in the project in which the units are located, including, but not limited to, an interest as any of the following:

i. Titleholder;
ii. Lessee;
iii. Stockholder;
iv. Member, or general or limited partner;
v. Member of a limited liability corporation; or
vi. Lessor of the ground lease for the land upon which the PBV project is located or will be constructed.

b. Other conditions for use of the non-competitive selection exception are as follows:

i. HOC must be engaged in an initiative to improve, develop, or replace public housing properties or sites. The public housing properties or sites may be in HOC's existing public housing inventory or they may be from those previously removed from the public housing inventory through any available legal removal tool within five years of the date on which HOC entered into the Agreement to Enter a Housing Assistance Payments (AHAP) contract or Housing Assistance Payments (HAP) contract, pursuant to the non-competitive selection.

ii. If HOC plans rehabilitation or new construction, a minimum threshold of $25,000 in hard costs per-unit is required, except as provided in iii, below.

iii. If HOC plans to replace public housing by attaching project-based assistance to existing housing in which the Agency has an ownership interest or over which HOC has control, then the $25,000 per-unit minimum threshold does not apply as long as the existing housing substantially complies with HUD's housing quality standards (HQS). See Chapter 10 of this Administrative Plan for further information on what it means to substantially comply with HUD's housing quality standards.

iv. An explanation of the work HOC plans to do on the property or site and how many units of PBV assistance the Agency plans to add via non-competitive selection must be added to this Chapter in Section G.

v. All of the units identified by HOC for non-competitive selection must be eligible for PBV assistance in accordance with 24 CFR 983.53. Furthermore, selection of the units must satisfy all other statutory and regulatory requirements of the PBV program as per HUD and this chapter of HOC's Administrative Plan.

4. **Selection Criteria:**

HOC will review proposals requesting PBV based on the selection criteria detailed in the Request for Proposals, and in compliance with all relevant statutory, regulatory, and HOC requirements.

Before HOC will provide voucher rental assistance, all developments must have PHA Board approval, meet Housing Quality Standards and have an executed Housing Assistance Payments Contract.

B. ELIGIBLE UNITS

1. Eligible Units:

a. All PBV selected sites must be in compliance with PBV goals, Civil Rights requirements and Housing Quality Standards. HOC will review the applications to determine if the location is consistent with the goal of deconcentrating poverty and preserving and/or expanding housing and economic opportunities. HOC will take into consideration the site selection standards listed in 24 CFR §983.57 and the PBV program goals.

b. To define a PBV unit as a unit in a rehabilitated housing, each unit must require a minimum of $3000 in rehabilitation costs.

c. For units requesting an exception to the 25 units or 25 percent cap in a building, and that exception is based on providing supportive services, the services must be designed as services essential for maintaining or achieving independent living such as, but not limited to, counseling, education, job training, health care, mental health services, alcohol and/or other substance abuse services, child care services and or case management services. These services may be defined as being a participant in a PHA's FSS program.

2. Ineligible Units: HOC may not attach PBV assistance for units of the following types of housing:

a. Shared housing
b. Units on the grounds of a penal, reformatory, medical, mental or similar public or private institution
c. Nursing homes or facilities providing continuous psychiatric medical, nursing service, board and care or intermediate care
d. Units that are owned or controlled by an educational institution and are designated for occupancy by students of the institution
e. Manufactured homes
f. Transitional housing
g. Owner occupied units
h. Units occupied by an ineligible family.
i. Units subsidized with any governmental rent subsidy or any governmental subsidy that covers all or any part of the operating costs of the housing. (24 CFR 983.54(c)(d)).

C. APPLICANT ELIGIBILITY FOR PARTICIPATION

Applicant eligibility for the project-based program is also covered in Chapter 2 of this document.

1. Applicants must meet the eligibility requirements for tenant-based Housing Choice Voucher Program.

2. Persons who will reside in PBV units must come from HOC wait list and/or be referred by the owner.

   a. When a vacancy occurs in a PBV supportive housing unit, the owner may refer applicants to HOC. The applicant names will be placed on the HOC wait list and selected as a special admission for the available unit.

   b. HOC will survey its regular wait list no less than once a year for each bedroom size for vacancies in non-supportive housing PBV developments. If the PHA is unable to provide enough eligible applicants from its wait list to fill PBV units, the owner may refer applicants to HOC.

3. HOC will not screen applicants for family behavior or check rental references. This will remain the responsibility of the owner. HOC will screen applicants in the manner established for all voucher applicants.

4. If the owner of a PBV unit denies a PBV applicant that was selected from HOC's wait list, that denial does not affect their place on the wait list for tenant based assistance.

5. If the owner refers an applicant (because HOC was unable to provide interested, eligible applicants) that applicant will be placed on the wait list as a special admission for the PBV program. The applicant must still meet all tenant-based eligibility requirements.

6. If an applicant from HOC wait list has been approved by the owner and is in verification status with HOC and their name comes to the top of the wait list to receive tenant based assistance (TBA), the applicant will be given the option to continue to be processed for the PBV unit or to be processed for a TBA voucher. The applicant will sign a statement declaring their choice.

D. LEASES AND HOUSING ASSISTANCE PAYMENTS CONTRACTS

1. If the owner uses a standard lease form for rental to unassisted tenants, the lease for a voucher-assisted tenant must be in such standard form but it must be for a one-year initial term and it must include the HUD tenancy addendum. The lease must specify the name(s) of the owner(s) and the tenant, the address of the unit rented, the term of the lease including any provision for renewal, the amount of the tenant rent to owner, a listing of what services, maintenance, equipment and utilities to be provided by the owner and the amount of any charges that are for food, furniture or supportive services.

2. The Housing Assistance Payments contract between the owner and HOC will be for an initial term of up to ~~15~~ 20 years, or such longer term permitted by HUD regulations than in effect. After the initial term, HOC may agree to extend the term of the contract for an additional term of up to ~~15~~ 20 years, or such longer term permitted by HUD regulations than in effect. To be eligible for an extension, the property and owner must be in compliance with program rules and applicable HUD statutes and regulations. The length of the extension will be negotiated with the owner and the form will be subject to any HUD prescribed conditions at the time of the extension.

3. An owner may request an increase to the rent at the annual anniversary of the HAP contract by a 60 day written notice to HOC. See Chapter 11 of this Administrative Plan for further information regarding rent increase guidelines for the Housing Choice Voucher program.

4. Under the PBV program, HOC is required to remove a unit from a PBV HAP contract after 180 days of zero housing assistance payments to the unit owner. In response to the COVID-19 pandemic, at its discretion HOC may keep a unit under contract for a period of time that exceeds 180 days but does not extend beyond December 31, 2020. This temporary policy expires on December 31, 2020 in accordance with the waiver flexibility authorized in PIH Notice 2020-13.

E. CONTINUED PARTICIPATION

1. A family may choose to move out of a PBV unit with continued assistance any time after 12 months of initial occupancy. If a family moves before their completion of 12 months of occupancy in their PBV unit, they are terminated from the Housing Choice. Voucher program. Program termination in this context includes termination from the PBV program as well as from the opportunity to convert to a tenant-based voucher.

2. If a PBV tenant is determined no longer eligible for the Housing Choice Voucher PBV program, they are given a minimum of 30 days to vacate a unit. If the family does not vacate the unit, HOC must remove that PBV unit from the HAP contract or substitute a similar unit in the building. A PBV tenant who is terminated from the PBV program is given a minimum of 30 days notice of the termination and must vacate the unit on the effective date of the termination.

3. If the family receives no rent assistance for six months (that is, if the family's income remained at a level where their Total Tenant Payment [TTP] is equal to or exceeds the gross rent for the unit), the family will be required to vacate the unit. HOC will notify the family at least sixty days before the six months deadline that they must vacate the unit. If the family does not vacate the unit at the end of the six months, HOC must remove the unit from the HAP contract or substitute a similar unit in the same complex.

4. If HOC determines, at annual recertification, that the family is occupying a wrong size unit or determines anytime that the family is occupying a unit with accessibility features that the family does not require but another family does require, HOC will offer continued assistance in the following order:

    a. An appropriate unit in another PBV unit either in the same building or another PBV assisted building.

    b. Tenant based assistance if the family has been a PBV participant for at least 12 months.

    c. Other project-based assistance.

5. For families residing in units that provide qualifying supportive services, as detailed in the HAP contract (see paragraph B. 1. in this chapter), the project must verify annually that at least one family member in each such unit receives supportive services. These services do not have to be provided by the project or at the project, but must comply with the terms of the HAP contract.

    To verify the receipt of services, the project must use the format and procedures prescribed by HOC and notify HOC whether or not each family is in compliance.

    If a family, without good cause, fails to participate in at least one of the qualifying supportive services, as detailed in the HAP contract, HOC will determine that the family is no longer eligible to participate in the program (see paragraph E. 2. in this chapter and in Chapter 15).

F: RENTAL ASSISTANCE DEMONSTRATION PROGRAM

The Housing Opportunities Commission of Montgomery County (HOC) successfully applied to participate in the Rental Assistance Demonstration (RAD) program of the U.S. Department of Housing and Urban Development (HUD). As part of HOC's RAD process, the Agency will be converting some of its existing Public Housing (PH) portfolio to Project-Based Voucher (PBV) rental assistance. For those existing HOC PH residents whose subsidies will be converting through RAD to PBV, the following participation parameters and resident rights will apply above and beyond the existing procedures and policies detailed in this Administrative Plan which would have otherwise applied to them:

1. No Re-screening of Tenants upon Conversion: [PIH-2012-32 (HA), REV-2, 1.6.C.1]

Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting. Consequently, current households will be grandfathered for conditions that occurred prior to conversion, but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at the time of conversion would continue to be treated as an assisted unit. Thus, 24 CFR § 982.201, concerning eligibility and targeting, will not apply for current households. Once that remaining household moves out, the unit must be leased to an eligible family.

2. Right to Return: [PIH-2012-32 (HA), REV-2, 1.6.C.2]

Any resident that may need to be temporarily relocated to facilitate rehabilitation or construction has a right to return to an assisted unit at the Covered Project once rehabilitation or construction is completed. Permanent involuntary displacement of residents may not occur as a result of a project's conversion of assistance, including, but not limited to, as a result of a change in bedroom distribution, a de minimis reduction of units, the reconfiguration of efficiency apartments, or the repurposing of dwelling units in order to facilitate social service delivery. Where the transfer of assistance to a new site is warranted and approved, residents of the Converting Project will have the right to reside in an assisted united at the new site once rehabilitation or construction is complete.

3. Renewal of Lease: [PIH-2012-32 (HA), REV-2, 1.6.C.3]

The regulations under 24 CFR § 983.257(b)(3) require Project Owners to renew all leases upon lease expiration, unless cause exists. Examples of cause include:

a. Serious violation or repeated violation of the terms and conditions of the lease; and
b. Violation of federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the premises.

In accordance with 24 CFR § 983.257(a) for the PBV program, cause does not include a business or economic reason or desire to use the unit for an individual, family, or nonresidential rental purpose.

4. Phase-in of Tenant Rent Increases Over 3 Years: [PIH-2012-32 (HA), REV-2, 1.6.C.4]

If a tenant's monthly rent increases by more than the greater of 10 percent or $25 purely as a result of conversion, the rent increase will be phased in over 3 years. The method described below explains the set percentage-based phase-in a Project Owner must follow according to the phase-in period. For purposes of this section "standard TTP" refers to the Total Tenant Payment calculated in accordance with regulations at 24 CFR §5.628 and the "most recently paid TTP" refers to the TTP recorded on line 9j of the family's most recent HUD Form 50058. If a family in a project converting from Public Housing to PBV was paying a flat rent immediately prior to conversion, HOC will use the flat rent amount to calculate the phase-in amount for Year 1, as illustrated below.

Three Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP or flat rent and the standard TTP

- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 66% of difference between most recently paid TTP and the standard TTP

- Year 3: Year 3 AR and all subsequent recertifications – Full standard TTP

5. Family Self Sufficiency (FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs: [PIH-2012-32 (HA), REV-2, 1.6.C.5]

Public Housing residents that are current FSS participants will continue to be eligible for FSS once their housing is converted under RAD, and PHAs will be allowed to use any remaining PH FSS funds, to serve those FSS participants who live in units converted by RAD. Due to the program merger between PH FSS and HCV FSS that took place pursuant to the FY 2014 Appropriations Act (and was continued in the FY 2015 Appropriations Act), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

However, there are certain FSS requirements (e.g. escrow calculation and escrow forfeitures) that apply differently depending on whether the FSS participant is a participant under the HCV program or a public housing resident, and HOCs must follow such requirements accordingly. HOC administers the FSS program in accordance with FSS regulations at 24 CFR Part 984, the participants' contracts of participation, and the alternative requirements established in the "Waivers and Alternative Requirements for the FSS Program" Federal Register notice, published on December 29, 2014, at 79 FR 78100. Further, upon conversion to PBV, already escrowed funds for FSS participants shall be transferred into the HCV escrow account and be considered Tenant-Based Rental Assistance (TBRA) funds, thus reverting to the HAP account if forfeited by the FSS participant.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC grants, nor will its residents be eligible to be served by future ROSS-SC grants, which, by statute, can only serve public housing residents.

6. Resident Participation and Funding: [PIH-2012-32 (HA), REV-2, 1.6.C.6] [PIH-2012-32 (HA), REV-2, Attachment 1B]

In accordance with Attachment 1B of PIH-2012-32 (HA), REV-2, residents of Covered Projects with converted PBV assistance will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding, which includes the terms and conditions of their tenancy as well as activities related to housing and community development.

a. Legitimate Resident Organization. A Project Owner must recognize legitimate resident organizations and give reasonable consideration to concerns raised by legitimate resident organizations. A resident organization is legitimate only if it has been established by the residents of a Covered Project, meets regularly, operates democratically, is representative of all residents in the project, and is completely independent of the Project Owner, management, and their representatives. In the absence of a legitimate resident organization at a Covered Project, HUD encourages the Project Owner and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and

b. Protected Activities. Project Owners must allow residents and resident organizers to conduct the following activities related to the establishment or operation of a resident organization:

i. Distributing leaflets in lobby areas;
ii. Placing leaflets at or under residents' doors;
iii. Distributing leaflets in common areas;
iv. Initiating contact with residents;
v. Conducting door-to-door surveys of residents to ascertain interest in establishing a resident organization and to offer information about resident organizations;
vi. Posting information on bulletin boards;
vii. Assisting residents to participate in resident organization activities;
viii. Convening regularly scheduled resident organization meetings in a space on site and accessible to residents, in a manner that is fully independent of management representatives. In order to preserve the independence of resident organizations, management representatives may not attend such meetings unless invited by the resident organization to specific meetings to discuss a specific issue or issues; and
ix. Formulating responses to Project Owner's requests for:
    1. Rent increases;
    2. Partial payment of claims;
    3. The conversion from project-based paid utilities to resident-paid utilities;
    4. A reduction in resident utility allowances;
    5. Converting residential units to non-residential use, cooperative housing, or condominiums;
    6. Major capital additions; and
    7. Prepayment of loans.

In addition to these activities, Project Owners must allow residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization.

Project Owners shall not require residents and resident organizers to obtain prior permission before engaging in the activities permitted in this section.

c. Meeting Space. Project Owners must reasonably make available the use of any community room or other available space appropriate for meetings that is part of the multifamily housing project when requested by:
    i. Residents or a resident organization and used for activities related to the operation of the resident organization; or
    ii. Residents seeking to establish a resident organization or collectively address issues related to their living environment.

Resident and resident organization meetings must be accessible to persons with disabilities unless this is impractical for reasons beyond the organization's control. If the project has an accessible common area or areas, it will not be impractical to make organizational meetings accessible to persons with disabilities.

Project Owners may charge a reasonable, customary and usual fee, approved by the Secretary as may normally be imposed and in accordance with procedures prescribed by the Secretary, for the use of meeting space. HOC may waive this fee.

d. Resident Organizers. A resident organizer is a resident or non-resident who assists residents in establishing and operating a resident organization, and who is not an employee or representative of current or prospective Project Owners, managers, or their agents.

   Project Owners must allow resident organizers to assist residents in establishing and operating resident organizations.

e. Canvassing. If a Covered Project has a consistently enforced, written policy against canvassing, then a non-resident resident organizer must be accompanied by a resident while on the property of the project.

   If a project has a written policy favoring canvassing, any non-resident resident organizer must be afforded the same privileges and rights of access as other uninvited outside parties in the normal course of operations. If the project does not have a consistently enforced, written policy against canvassing, the project shall be treated as if it has a policy favoring canvassing.

   A resident has the right not to be re-canvassed against his or her wishes regarding participation in a resident organization.

f. Funding. Project Owners must provide $25 per occupied unit annually for resident participation, of which at least $15 per occupied unit shall be provided to the legitimate resident organization at the covered property. These funds must be used for resident education, organizing around tenancy issues, and training activities. In the absence of a legitimate resident organization at a Covered Project:
   i. HOC encourages the Project Owners and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and
   ii. Project Owners must make resident participation funds available to residents for organizing activities in accordance with this Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the Project Owner.

HOC's Resident Advisory Board (RAB) will serve as the required resident organization described herein and in compliance with this section.

7. Resident Procedural Rights: [PIH-2012-32 (HA), REV-2, 1.6.C.7]

The following items are incorporated into both the Section 8 Administrative Plan and the Project

Owner's lease, which includes the required tenancy addendum, as appropriate. Evidence of such incorporation may be requested by HUD for purposes of monitoring the program.

a. **Termination Notification.** HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects that convert assistance under RAD. In addition to the regulations at 24 CFR § 983.257 related to Project Owner termination of tenancy and eviction (the termination procedure for RAD conversions to PBV requires that HOC provide adequate written notice of termination of the lease which shall not be less than:
   i. A reasonable period of time, but not to exceed 30 days:
      1. If the health or safety of other tenants, HOC employees, or persons residing in the immediate vicinity of the premises is threatened; or
      2. In the event of any drug-related or violent criminal activity or any felony conviction;
      3. 14 days in the case of nonpayment of rent; and
      4. 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

b. **Grievance Process.** In accordance with the RAD Statute, the following procedural rights are required in order to comply with section 6 of the Act.

For issues related to tenancy and termination of assistance, PBV program rules require the Project Owner to provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. RAD will specify alternative requirements for 24 CFR § 982.555(b) in part, which outlines when informal hearings are not required, to require that:

i. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(vi), an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to a Project Owner action in accordance with the individual's lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident's rights, obligations, welfare, or status.

ii. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(vi), the contract administrator will perform the hearing, as is the current standard in the program. The hearing officer must be selected in accordance with 24 CFR § 982.555(e)(4)(i). For any additional hearings required under RAD, the Project Owner will perform the hearing.

iii. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or contract administrator.

iv. The Project Owner gives residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR § 982.555(a)(1)(i)-(vi).

v. The Project Owner provides opportunity for an informal hearing before an eviction.

Current PBV program rules require that hearing procedures must be outlined in HOC's Section 8 Administrative Plan. See Chapter 19: Complaints and Appeals.

8. Earned Income Disregard (EID): [PIH-2012-32 (HA), REV-2, 1.6.C.8]

Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion in accordance with regulations at 24 CFR § 5.617. Upon the expiration of the EID for such families, the rent adjustment shall not be subject to rent phase-in as described in Section 1.6.C.4 of the RAD Notice; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the Housing Choice Voucher program, the EID exclusion is limited only to persons with disabilities (24 CFR § 5.617(b)). In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in section 5.617(b) limiting EID to disabled persons is waived. The waiver and the resulting alternative requirements apply only to tenants receiving the EID at the time of conversion. No other tenant (e.g., tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion) is covered by this waiver.

9. Jobs Plus: [PIH-2012-32 (HA), REV-2, 1.6.C.9]

Jobs Plus grantees awarded in FY14 and future funds that convert the Jobs Plus target projects(s) under RAD will be able to finish out their Jobs Plus period of performance at that site unless significant relocation and/or change in building occupancy is planned. If either is planned at the Jobs Plus target project(s), HUD may allow for a modification of the Jobs Plus work plan or may, at the Secretary's discretion, choose to end the Jobs Plus program at that project.

10. When Total Tenant Payment Exceeds Gross Rent: [PIH-2012-32 (HA), REV-2, 1.6.C.10]

Under normal PBV rules, HOC may only select an occupied unit to be included under the PBV HAP contract if the unit's occupants are eligible for housing assistance payments (24 CFR §983.53(d)). Also, HOC must remove a unit from the contract when no assistance has been paid for 180 days because the family's TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent)) (24 CFR §983.258). Since the rent limitation under this Section of the Notice may often result in a family's TTP equaling or exceeding the gross rent for the unit, for current residents (i.e residents living in the public housing property prior to conversion), HUD has waived both of these provisions and requires that the unit for such families be placed on and/or remain under the HAP contract when TTP equals or exceeds the Gross Rent. Further, HUD is establishing the alternative requirement that the rent to owner for the unit equal the family's TTP until such time that the family is eligible for a housing assistance payment. HUD has waived this policy as necessary to implement this alternative provision, the provisions of Section 8(o)(13)(H) of the Act and the implementing regulations at 24 CFR 983.301 as modified by Section 1.6.B.5 of the RAD Notice. In such cases, the resident is considered a participant under the program, and all of the family obligations and protections under RAD and PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under a HAP contract. Assistance may subsequently be reinstated if the tenant becomes eligible for assistance. HOC is required to process these individuals through the Form-50058 submodule in PIC.

Following conversion, 24 CFR §983.53(d) applies, and any new families referred to the RAD PBV project must be initially eligible for a HAP payment at admission to the program, which means that their TTP may not exceed the gross rent for the unit at that time. Further, HOC must remove a unit from the contract when no assistance has been paid for 180 days. If units are removed from the HAP contract because a new admission's TTP comes to equal or exceed the gross rent for the unit and if the project is fully assisted, HUD is imposing an alternative requirement that HOC must reinstate the unit after the family has vacated the property; and, if the project is partially assisted, HOC may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR §983.207 or, where "floating" units have been permitted, Section 1.6.B.10 of PIH-2012-32 (HA), REV-2.

11. Under-Occupied Unit: [PIH-2012-32 (HA), REV-2, 1.6.C.11]

If a family is in an under-occupied unit under 24 CFR 983.259 at the time of conversion, the family may remain in that unit until an appropriate-sized unit becomes available in the Covered Project. When an appropriate-sized unit becomes available in the Covered Project, the family living in the under-occupied unit must move to the appropriate-sized unit within a reasonable period of time, as determined by the administering Voucher Agency. HOC has determined this time frame to be 60 days. In order to allow the family to remain in the under-occupied unit until an appropriate-sized unit becomes available in the Covered Project, 24 CFR 983.259 is waived.

12. Wrong-sized Unit: [Quick Reference Guide for Public Housing Project Converting to PBV Assistance 3.4.1]

In cases where, after initial tenancy, the family is occupying a wrong-sized unit or a unit that has accessibility features not required by the family and where the unit is needed by a family that requires this accessibility feature, HOC will promptly notify the owner and the family can be offered assistance in:

a. Another appropriate size unit (in the same building); or

b. The form of a tenant-based voucher, if funding is available.

13. Establishment of Wait List: [PIH-2012-32 (HA), REV-2, 1.6.D.4]

24 CFR §983.251 sets out PBV program requirements related to establishing and maintaining a voucher-wide, PBV program-wide, or site-based wait list from which residents for the Covered Project will be admitted. These provisions will apply unless the project is covered by a remedial order or agreement that specifies the type of wait list and other wait list policies. HOC shall consider the best means to transition applicants from the current public housing wait list, including:

a. Transferring an existing site-based wait list to a new site-based wait list. If HOC is transferring the assistance to another neighborhood, HOC must notify applicants on the wait list of the transfer of assistance and of how they can apply for residency at the new project site or other sites. Applicants on a project-specific wait list for a project where the assistance is being transferred shall have priority on the newly formed wait list for the new project site in accordance with the date and time of their application to the original project's wait list.

b. Informing applicants on the site-based wait list on how to apply for a PBV program-wide or HCV program-wide wait list.

c. Informing applicants on a public housing community-wide wait list on how to apply for a voucher-wide, PBV program-wide, or site-based wait list. If using a site-based wait list, HOC shall establish a wait list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA's public housing community-wide wait list have been offered placement on the converted project's initial wait list. In all cases, HOC has the discretion to determine the most appropriate means of informing applicants on the public housing community-wide wait list given the number of applicants, HOC resources, and admissions requirements of the projects being converted under RAD. HOC may consider contacting every applicant on the public housing wait list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Applicants on the agency's public housing community-wide wait list who wish to be placed onto the newly established site-based wait list must be placed in accordance with the date and time of their original application to the centralized public housing wait list. Any

d. activities to contact applicants on the public housing wait list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and with the obligation to provide meaningful access for persons with limited English proficiency (LEP).

HOC is required to maintain any site-based wait list in accordance with all applicable civil rights and fair housing laws and regulations unless the project is covered by a remedial order or agreement that specifies the type of wait list and other wait list policies.

To implement this provision, HUD has specified alternative requirements for 24 CFR § 983.251(c)(2). However, after the initial wait list is established, HOC shall administer its wait list for the converted project in accordance with 24 CFR § 983.251(c).

14. Choice-Mobility: [PIH-2012-32 (HA), REV-2, 1.6.D.9]

One of the key features of the PBV program is the mobility component; this component provides that if a family elects to terminate the assisted lease at any time after the first 12 months of occupancy in accordance with program requirements, HOC must offer the family the opportunity for continued tenant-based rental assistance in the form of either assistance under the voucher program or other comparable tenant-based rental assistance.

Similarly, former Public Housing residents converted via RAD to Project-Based Rental Assistance (PBRA), also receive special choice mobility. For RAD-converted PBRA customers, if the family elects to terminate their assisted lease at any time after the first 24 months of occupancy in accordance with program requirements, HOC must offer the family the opportunity for continued tenant-based rental assistance in the form of either assistance under the voucher program or other comparable tenant-based rental assistance.

Once a RAD-converted PBV or PBRA family elects to terminate their assisted lease so that they can convert from their current project-based subsidy to a tenant-based subsidy, their name is added to HOC's Choice Mobility Wait List. As customers on this Choice Mobility Wait List reach the top of the list, they are selected for their tenant-based voucher and will continue through the voucher issuance process described in Chapter 8 of this Administrative Plan.

<u>RAD Voucher Turnover Cap</u>

All RAD-converted PBV and PBRA customers who reach their eligibility for Choice Mobility (12 months and 24 months, respectively) are subject to the following procedures of HOC's RAD Voucher Turnover Cap:

- Up to 15 percent of turnover units at each RAD project in any given Calendar Year may be used by customers called from the Choice Mobility Wait List.

- For eligible customers who are unable to exercise their Choice Mobility option at a property because the cap is exhausted for that year, HOC will add their names to the Choice Mobility Wait List.
- HOC's Choice Mobility Wait List is stored within Housing Path and is a unified list across all RAD properties.
- Among all available HOC turnover vouchers, every third voucher is available to a customer coming off the Choice Mobility Wait List.

This RAD Voucher Turnover Cap does not apply to PBVs entered into outside of the context of RAD.

15. Vacancy Payments:

In order to receive vacancy payments, Project Owners assisted under RAD must meet the following requirements:

a. Payments for the Move-out Month:

If an assisted family moves out of the unit, the Project Owner may keep the housing assistance payment payable for the calendar month when the family moves out. However, the owner may not keep the payment if HOC determines the vacancy is the owner's fault.

b. Vacancy Payment:

At its discretion, HOC will make vacancy payments of the monthly rent, but not to exceed two full months following the move out month. Any vacancy payment may cover only the period the unit remains vacant. In order to claim the vacancy loss, the unit must be available for lease and the landlord must:

i. Notify HOC within 48 hours, excluding weekends and holidays, upon learning of the vacancy, or prospective vacancy; and

ii. Pursue activities to fill the vacancy, including:
   1. Seek eligible applicants by listing the unit with HOC;
   2. Notify HOC of the availability of the unit; and
   3. Not reject potentially eligible applicants except for good cause.

G: PROJECT DESCRIPTIONS OF PROJECT-BASED VOUCHER ASSISTANCE PROVIDED USING A NON-COMPETITIVE SELECTION PROCESS

Each property or site which will receive PBVs through the non-competitive selection process provided for in this Administrative Plan, are identified below.

1. In December of 2017, HOC used the non-competitive selection process provided for herein to award HOC 40 Project-Based Vouchers (PBV). These vouchers are reserved

for use at HOC's Park View apartment project. Park View is a new construction, age-restricted property which is currently under development, and is expected to open for occupancy in April of 2019. Park View is located at 3132 Bel Pre Road in Aspen Hill, Maryland. HOC is developing Park View as a mixed-income property with a total of 120 units. HOC expects to exceed the required minimum threshold of $25,000 in hard costs per unit during construction of Park View. At closing, Park View had an estimated hard cost per unit of $142,610.

2. In November of 2018, HOC used the non-competitive selection process provided for herein to award HOC 26 Project-Based Vouchers (PBV). These vouchers are reserved for use at HOC's Elizabeth House III apartment project. Elizabeth House III is a new construction, age-restricted property which is currently under development, and is expected to open for occupancy in 2021. Elizabeth House III is located in downtown Silver Spring, Maryland; an area rich in amenities, including multiple public transit, entertainment, employment, education, and retail options. HOC is developing Elizabeth House III as part a mixed-income group of properties known together as Elizabeth Square. The full Elizabeth House III will include approximately 267 units. HOC expects to exceed the required minimum threshold of $25,000 in hard costs per unit during construction of Elizabeth House III.

Consent Items

APPROVAL OF VARUN DHAWAN AND LEXAN McDOWELL TO THE BOARD OF DIRECTORS OF THE HOUSING OPPORTUNITIES COMMUNITY PARTNERS, INC.

January 13, 2021

- Housing Opportunities Community Partners, Inc. ("Community Partners"), a 501c(3) charitable organization, supports residents and resident programs operated by the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission").

- The Commission is required, per Community Partners' bylaws, to approve the nominations submitted to fill vacancies of the Board of Directors of Community Partners.

- The Board term of Varun Dhawan has expired; he is being re-appointed for a new three-year term on the Community Partners Board.

- The Board has appointed Lexan McDowell to fill the Board vacancy of the designated seat for an HOC customer.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy Spann, Executive Director

FROM: Division: LPA Staff: Christina Autin Ext. 4887
LPA John Vass Ext. 9730
LPA Kristyn Greco

RE: Approval of appointments to the Board of Directors of Housing Opportunities Community Partners, Inc.

DATE: January 13, 2021

STATUS: Consent_X__Deliberation______Status Report____Future Action_____

OVERALL OBJECTIVE:

To approve the appointments of Varun Dhawan and Lexan McDowell to the Board of Directors of Housing Opportunities Community Partners, Inc. ("Community Partners").

BACKGROUND:

Community Partners collaborates with the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") on many programs that assist HOC residents. Thanks to competitive grant funding, Community Partners and HOC have established afterschool Kids' STEM clubs and summer camps that have brought engaging robotics activities to 400 elementary and middle school aged children. Over the years, Community Partners and HOC have helped more than 200 low-income working families purchase refurbished vehicles propelling them to greater self-sufficiency. Community Partners and HOC have helped 300 homeless families obtain stable, permanent housing; 400 adults received job search, life and soft skills training services helping many of them to secure employment; and, over the last 12 years, thousands of HOC youth have received Back-to-School supplies at the start of the school year.

Community Partners may elect up to seven Board Directors including four designated seats, for an Attorney, Montgomery County low-income resident, Accountant and Marketing Professional. The HOC Commission, in accordance with Community Partners' bylaws, must approve the final selection of Board Directors. Currently, the Accountant-designated seat and the designated seat for a Montgomery County low-income resident are vacant. Nominations to fill these vacancies are being presented for the Commission's consideration.

ISSUES FOR CONSIDERATION:

Does the Commission wish to appoint the nominees to serve on the Board of Community Partners?

PRINCIPALS:

Varun Dhawan
Mr. Varun Dhawan is a Certified Public Accountant with more than 20 years of experience as a financial executive for both for and not-for-profit organizations, in addition to public accounting. Mr. Dhawan currently serves as the Controller for The Washington Center for Internships and Academic Seminars in Washington DC, leading the general accounting operations and grants/contract administration and financial reporting. His previous experience was working as Accounting & Grants Manager for an international development organization based in Washington DC, manager for a public accounting firm and acting Controller for a large sized government contracting group in Virginia. Mr. Dhawan is licensed in the States of Maryland and Delaware.

Mr. Dhawan was appointed to the Board of Directors of Community Partners in December 2015. From 2016-2019, he served as the Board's Treasurer, providing invaluable oversight of the financial activity of Community Partners. In 2020, Mr. Dhawan served as Vice-Chair on the board. His re-appointment for another three-year term has been approved by the Community Partners' Board.

Lexan McDowell
Ms. Lexan McDowell is an energetic and dedicated volunteer who demonstrates ongoing commitment to assisting low-income families in Montgomery County. She is an HCV participant and enrolled in the Family Self-Sufficiency (FSS) program. She has an AA degree in Business Administration and a BS degree in Criminal Justice. She currently works as a program manager for a local business, specializing in supplies and logistics. In the spring of 2020, Ms. McDowell joined the Resident Advisory Board (RAB) of HOC and since that time has become an active member, advocating for the residents and customers of HOC. She also has experience volunteering at agencies such as A Wider Circle and Lighthouse Ministries.

The Community Partners' Board of Directors has appointed Lexan McDowell to fill the *Montgomery County Low-Income Resident* designated seat, vacated in the first year of a three-year term.

BUDGET IMPACT

None

TIME FRAME:

Commission action is requested at the January 13, 2021 Commission meeting

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the re-appointment of Varun Dhawan and the appointment of Lexan McDowell to serve on the Board of Directors of Housing Opportunities Community Partners, Inc.

RESOLUTION: 21-01

RE: Approval of the Nominations of Varun Dhawan and Lexan McDowell to the Board of Directors of the Housing Opportunities Community Partners, Inc.

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission") approved the creation of the non-profit, Housing Opportunities Community Partners, Inc. ("Community Partners"), in 1999 to support the residents and programs of the Commission; and

WHEREAS, the Board of Community Partners unanimously has nominated Varun Dhawan and Lexan McDowell to fill vacancies on the Community Partners' Board; and

WHEREAS, the Commission is required, by the Community Partners' bylaws, to approve nominees to the Board of Directors of Community Partners.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Varun Dhawan and Lexan McDowell are hereby approved and appointed to serve on the Board of Directors of Housing Opportunities Community Partners, Inc.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that its Executive Director is authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and action contemplated herein, including 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 an open meeting on January 13, 2021.

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Patrice Birdsong
Special Assistant to the Commission

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

ACCEPTANCE OF THE FIRST QUARTER FY'21
BUDGET TO ACTUAL STATEMENTS

January 13, 2021

- The Agency ended the quarter with a net cash flow surplus of $623,314 which resulted in a first quarter budget to actual positive variance of $3,008,886.

- It is worth noting that any non-receipt of rental income due to COVID-19 will not be reflected on the income statements until the payment is over 90 days in arrears at which time an allowance for bad debt will be established. Staff does anticipate that additional allowances will be set up in subsequent months to reflect the continuation of non-payments during the pandemic.

- The General Fund experienced a positive expense variance primarily as a result of lapse in salary and benefits coupled with savings in professional services, computer software, utilities and tenant service expenses.

- At the end of the first quarter, several of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations as a result of the timing delay of establishing bad debt allowances in some of the unrestricted properties.

- The Public Housing Program ended the quarter with a small amount of expenses at Emory Grove for communication costs and solid waste tax.

- The Housing Choice Voucher (HCV) Program experienced a higher administrative surplus through September 30, 2020 as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses due largely to the timing of contract expenses.

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9754
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472
RE:	Acceptance of the First Quarter FY'21 Budget to Actual Statements			
DATE:	January 13, 2021			

OVERALL GOAL & OBJECTIVE:
Acceptance of the First Quarter FY'21 Budget to Actual Statements.

BACKGROUND:
The Executive Director presented the budget to actual statements and amendments to the Budget, Finance and Audit Committee. Any proposed budget amendments and recommendations will be presented to the full Commission for formal action.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Agency for the first quarter of FY'21 against the budget for the same period.

BUDGET IMPACT:
A first quarter budget amendment was informally discussed with the Budget, Finance and Audit Committee at the December 15, 2020 meeting. The Commission will be asked to formally approve the first quarter budget amendment at the January 13, 2021 Commission meeting. Future amendments will be presented to the Commission as necessary.

TIME FRAME:
The Budget, Finance and Audit Committee informally reviewed the First Quarter Budget to Actual Statements at the December 15, 2020 Committee meeting. For formal Commission action at the January 13, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Commission formally accept the First Quarter FY'21 Budget to Actual Statements.

DISCUSSION – FIRST QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the first quarter of FY'21 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

HOC overall (see Attachment A)

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

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

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'21 First Quarter Capital Budget to Actual Comparison.

The Agency ended the quarter with a net cash flow surplus of $623,314. This surplus resulted in a first quarter budget to actual positive variance of $3,008,886 when compared to the anticipated first quarter net cash flow deficit of $2,385,572. The primary causes were higher cash flow in some of the unrestricted Opportunity Housing Properties, as a result of property performance (see Opportunity Housing Fund) and savings in various expense categories in the General Fund (see General Fund).

It is worth noting that the property FY'21 budgets were developed to account for a COVID-19 Pandemic impact through the first quarter by reducing rental income based on anticipated non-payments of rent. Any non-receipt of rental income due to COVID-19 will not be reflected on the income statements until the payment is over 90 days in arrears at which time an allowance for bad debt will be established. Therefore, the income on several of our properties is showing a positive income variance that may be offset by additional bad debt expense. The FY'21 actuals through September 30th, only reflect allowances established for late payment receivables over 90 days. At September 30th, the tenant receivable balance has increased almost $700,000 from July 30. Staff does anticipate that a portion of this amount will result in additional allowances and the potential for additional allowances to be set up in subsequent months to reflect the continuation of non-payments during the pandemic.

Explanations of major variances by fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $2,068,411, which resulted in a positive variance of $1,435,305 when compared to the projected deficit of $3,503,716.

As of September 30, 2020, income in the General Fund was $80,297 lower than budgeted and expenses were $1,515,602 lower than budgeted. The negative income variance was primarily the result of lower draws from the Opportunity Housing Reserve Fund (OHRF) for Real Estate personnel and predevelopment costs. The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, utilities and tenant service expenses. A portion of these savings is the result of timing issues, staff does not anticipate the full savings to be realized at year end.

<u>The **Multifamily Bond Fund**</u> and <u>**Single Family Bond Fund**</u> are budgeted to balance each year. Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The FY'21 First Quarter Budget Amendment includes a reduction to the draws for each program based on the accumulated savings at the end of FY'20 in the respective Bond Program which will be used towards the FY'21 administrative costs. The positive expense variance in the Bond Funds is a result of small savings in various administrative accounts.

<u>**The Opportunity Housing Fund**</u>

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

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'21 Operating Budget. This group ended the quarter with cash flow of $1,771,003 or $241,093 more than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of $213,187 as a result of slightly lower tenant income coupled with higher concessions and vacancy loss, bad debt and maintenance expense. Cash flow at **The Barclay Dev Corp** was $21,254 higher than anticipated due to higher tenant income offset by higher vacancy loss coupled with savings in administrative and utility costs offset by higher bad debt expense. **Glenmont Crossing Dev Corp** experienced a positive cash flow variance of $79,171 as a result of higher tenant income and savings in maintenance cost partially offset by higher bad debt. **Glenmont Westerly Dev Corp** also experienced a positive cash flow variance of $118,038 as a result of lower utilities and maintenance cost coupled with higher tenant income that was partially offset by higher vacancy loss. Cash flow at **Magruder's Discovery Dev Corp** was $7,422 lower than anticipated due to higher maintenance and administrative cost that was partially offset by higher tenant income. **The Metropolitan Dev Corp** ended the quarter with a positive cash flow variance of $177,743 as a result of higher tenant income and fees coupled with savings in tenant services, utility and maintenance cost that was partially offset by slightly higher vacancy loss. **Montgomery Arms Dev Corp** and **Pooks Hill High-Rise Dev Corp** experienced positive cash flow variances of $57,853 and $122,995, respectively, as a result of higher tenant income coupled with lower utility and maintenance costs that was offset partially by slightly higher vacancy loss. **TPM – MPDU II (59) Dev Corp, Scattered Site One Dev Corp** and **Scattered Site Two Dev Corp** reported positive cash flow variances of $18,923, $6,469 and $12,451 respectively, primarily attributed to higher tenant income offset by higher vacancies. TPM – MPDU II (59) and Scattered Site One also reported higher bad debt and maintenance expense. **Paddington Square Dev Corp** ended the quarter with a positive cash flow variance of $18,620 as a result of higher tenant income and savings in maintenance costs offset partially by higher vacancy loss, bad debt, utility and tax expense. Cash flow at **Sligo Development Corp** was $5,638 lower than anticipated due to higher bad debt expense offset partially by higher tenant income and savings in administrative costs. **VPC One** and **VPC Two Dev Corps** experienced negative cash flow variances of $102,304 and $63,873 respectively, as a result of higher bad debt and maintenance expense countered by higher tenant income.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 Operating Budget. Cash flow from this group of Development Corporation properties was $131,217 more than budgeted for the quarter. **MetroPointe Dev Corp** reported a positive cash flow variance of $34,383 primarily attributed to higher tenant income and savings in administrative and maintenance cost offset by higher vacancy and bad debt expense. Cash flow at the **Oaks at Four Corners Dev Corp** was $67,681 higher than anticipated due to higher tenant income and savings in administrative, tenant services, and maintenance expenses offset by higher vacancy. The **RAD 6** properties experienced a positive cash flow variance of $29,153 collectively, as a result of higher tenant income offset by overages in various expense categories. The overages were primarily at Seneca Ridge, Towne Centre Place and Washington Square. The planned deficit at **Seneca Ridge** was $9,374 more than anticipated primarily due to overages in administrative, utility and maintenance costs and bad debt expense offset by higher gross rents and lower than anticipated vacancy loss. **Town Centre Place** reported a positive cash flow variance of $11,821 primarily attributed to higher tenant income offset by higher vacancy, bad debt and maintenance expense. **Washington Square** reported a negative cash flow variance of $21,164, primarily attributed to higher bad debt, maintenance and administrative cost that were partially offset by higher tenant income and lower vacancy as well as savings in utility costs.

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

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'21 Operating Budget. This group ended the quarter with cash flow of $920,722 or $1,332,488 more than projected.

- Cash flow at **Avondale** was $40,195 higher than anticipated due to lower debt service payments. A FY'21 first Quarter Budget Amendment will be presented to adjust for this. **Barclay Affordable** experienced a positive cash flow variance of $76,987 as a result of higher gross rents, lower vacancy, administrative and maintenance cost offset partially by higher bad debt expense. **Holiday Park** reported a negative cash flow variance of $9,851 primarily attributed to high maintenance expense and bad debt. Cash flow at **Manchester Manor** was

$3,708 lower than anticipated due to higher administrative, utility, security and bad debt expense that was almost offset by higher gross rents. **Metropolitan Affordable** experienced a positive cash flow variance of $72,476 as a result of higher gross rents coupled with savings in utility and maintenance cost that was partially offset by slightly higher vacancy. **MHLP VII** reported a positive cash flow variance of $46,481 primarily attributable to higher tenant income offset by higher vacancy coupled with savings in maintenance cost and debt payments. **MHLP IX Scattered Sites** experienced a positive cash flow variance of $57,371 as a result of savings in administrative, maintenance, and debt expenses coupled with higher gross rents that were partially offset by higher vacancy. Cash flow at **MHLP X** was $71,162 higher than anticipated due to higher gross rents and lower debt service payments offset partially by higher bad debt. **Shady Grove** and **TPP LLC Timberlawn** experienced positive cash flow variances of $71,440 and $135,752 as a result of savings in most expense categories coupled with higher tenant income and lower vacancy loss. **Westwood Towers** ended the quarter with a positive cash flow variance of $230,173 as a result of higher tenant income coupled with savings in most expense categories that were partially offset by higher vacancy loss and bad debt expense. Cash flow at **The Willows** was $134,878 higher than anticipated due to higher gross rents that were partially offset by greater than anticipated concessions and vacancy loss coupled with savings in administrative, tenant service, maintenance and debt service payments offset by higher utilities expenses.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was $118,964 higher than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of $5,738 mainly driven by costs associated with the transfer of the property to Wheaton Gateway and taxes coupled with interest paid on the outstanding debt on the PNC Real Estate Line of Credit (RELOC). There are sufficient reserves at the property to cover the costs. **Brookside Glen** experienced a positive cash flow variance of $29,934 as a result of higher gross rents partially offset by high utilities expense and bad debt. **Cider Mill** reported a positive cash flow variance of $26,432 primarily due to higher tenant income countered by higher than anticipated bad debt, utilities and security cost. An adjustment for the higher utility costs will be made in December to account for the sub-metering of the cost to the tenants for August and September. **Diamond Square** ended the quarter with a positive cash flow variance of $46,791 mostly the result of higher gross rents coupled with savings in utility costs that were partially offset by overages in maintenance and bad debt expense. Cash flow at **Elizabeth House Interim RAD** was $57,101 higher than anticipated due to higher subsidy payments that included the receipt of vacant unit subsidies that were partially offset by overages in administrative and utility expenses coupled with COVID-19 cost and concierge services for residents. **Georgian Court Affordable,** the **NCI units** and the **NSP units** experienced positive cash flow variances of $106,747, $23,688 and $16,539, respectively, as a result of savings in most expense categories coupled with higher tenant income. **Holly Hall Interim RAD** which was vacated in November 2019 and therefore not budgeted has continued to experience maintenance costs for the building as well as cost for securing the vacant building totaling $163,307. Cash flow at **Paint Branch** was $9,817 lower than anticipated due to lower rents and higher vacancy loss coupled with higher maintenance costs. **State Rental Combined** reported a negative cash flow variance of $4,137 primarily attributed to higher bad debt and vacancy loss largely offset by higher tenant income.

The Public Fund (Attachment D)

- The FY'21 Budget was developed with no Public Housing property budgets. A small amount of expenses continued at **Emory Grove** for communication costs and solid waste tax.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a shortfall of $2,821,167. The shortfall was comprised of Housing Assistance Payment (HAP) payments that exceeded HAP revenue by $3,276,147 offset by an administrative surplus of $454,980. The HAP shortfall was funded from the HCVP reserve (NRP), which includes funds received in prior years that were recognized but not used. The program ended the period with a positive administrative variance of $454,980 when compared to the projected surplus of $10,188 as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses due largely to the timing of contract expenses. The higher administrative fee income was the result of a higher proration factor of 80% compared to the budgeted proration factor of 79% and higher administrative fees received on incoming portables coupled with the Department of Housing and Urban Development (HUD) providing additional administrative fees in July and September 2020 as a result of the reconciliation of fees earned based on actual utilization from January 1 through June 30 2020.

Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end.

The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'21. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

Georgian Court Affordable has exceeded its FY'21 capital budget by a small amount due to higher than anticipated flooring contracts. **McKendree** overspent as a result of HVAC work that was more than anticipated. **Scattered Site One Dev Corp** exceeded its capital budget due to flooring and HVAC replacement.

Resolution No.: 21-02 **Re: Acceptance of the First Quarter FY'21 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 First Quarter FY'21 Budget to Actual Statements during its January 13, 2021 meeting.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, January 13, 2021.

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Patrice Birdsong
Special Assistant to the Commission

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FY 21 First Quarter Operating Budget to Actual Comparison

	(3 Months) Budget	Unrestricted Net Cash Flow (3 Months) Actual	Variance
General Fund			
General Fund	($3,503,716)	($2,068,411)	$1,435,305
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$469,550	$486,762	$17,212
Draw from / (Restrict to) Multifamily Bond Fund	($469,550)	($486,762)	($17,212)
Single Family Fund	$516,228	$525,603	$9,376
Draw from / (Restrict to) Single Family Bond Fund	($516,228)	($525,603)	($9,376)
Opportunity Housing Fund			
Opportunity Housing Properties	($411,766)	$920,722	$1,332,488
Development Corporation Property Income	$1,529,910	$1,771,003	$241,093
OHRF			
OHRF Balance	$605,040	$870,899	$265,859
Excess Cash Flow Restricted	($605,040)	($870,899)	($265,859)
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**($2,385,572)**	**$623,314**	**$3,008,886**
Public Fund			
Public Housing Rental (1)	$0	($2,723)	($2,723)
Housing Choice Voucher Program HAP (2)	$1,253,222	($3,276,147)	($4,529,369)
Housing Choice Voucher Program Admin (3)	$10,188	$454,980	$444,792
Total -Public Fund	**$1,263,410**	**($2,823,890)**	**($4,087,300)**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$0	$2,723	$2,723
(2) Draw from / Restrict to HCV Program Cash Reserves	($1,253,222)	$3,276,147	$4,529,369
(3) Draw from / Restrict to HCV Program Excess Admin Fee	($10,188)	($454,980)	($444,792)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**($2,385,572)**	**$623,314**	**$3,008,886**

FY 21 First Quarter Operating Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses (3 Months) Actual	Variance
General Fund			
880 Bonifant	$255,000	$2,236	$252,764
East Deer Park	$195,000	$6,293	$188,707
Kensington Office	$50,000	$15,289	$34,711
Information Technology	$532,440	$131,713	$400,727
Opportunity Housing Fund	$6,617,726	$1,073,331	$5,544,395
TOTAL - All Funds	**$7,650,166**	**$1,228,862**	**$6,168,540**

FY 21 First Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(3 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(3 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	($39,526)	($152,792)	($60,396)	($252,713)	($213,187)
The Barclay Dev Corp	($5,894)	$33,046	($11,792)	$15,360	$21,254
Glenmont Crossing Dev Corp	$67,550	$36,429	$42,741	$146,721	$79,171
Glenmont Westerly Dev Corp	$18,551	$38,006	$80,032	$136,589	$118,038
Magruder's Discovery Dev Corp	$163,873	$25,228	($32,650)	$156,451	($7,422)
The Metropolitan Dev Corp	$400,160	$120,564	$57,179	$577,903	$177,743
Montgomery Arms Dev Corp	$102,736	$37,927	$19,927	$160,589	$57,853
TPM - MPDU II (59) Dev Corp	$57,249	$34,270	($15,348)	$76,172	$18,923
Paddington Square Dev Corp	$59,851	$67,355	($48,735)	$78,471	$18,620
Pooks Hill High-Rise Dev Corp	$120,103	$65,624	$57,371	$243,098	$122,995
Scattered Site One Dev Corp	$9,003	$81,804	($75,336)	$15,472	$6,469
Scattered Site Two Dev Corp	($31,358)	$11,863	$588	($18,907)	$12,451
Sligo MPDU III Dev Corp	$2,585	$9,666	($15,304)	($3,053)	($5,638)
VPC One Dev Corp	$354,115	$55,198	($157,502)	$251,811	($102,304)
VPC Two Dev Corp	$250,912	($11,407)	($52,466)	$187,039	($63,873)
Subtotal	**$1,529,910**	**$452,781**	**($211,691)**	**$1,771,003**	**$241,093**
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	($90,929)	$29,644	$4,739	($56,546)	$34,383
Oaks at Four Corners Dev Corp	$9,381	$25,837	$41,843	$77,062	$67,681
RAD 6 Dev Corp Total	**($149,176)**	**$84,866**	**($55,713)**	**($120,023)**	**$29,153**
Ken Gar Dev Corp	$1,085	($1,372)	$4,102	$3,814	$2,729
Parkway Woods Dev Corp	($2,391)	($612)	$28,062	$25,059	$27,450
Sandy Spring Meadow Dev Corp	($10,446)	$3,558	$14,133	$7,245	$17,691
Seneca Ridge Dev Corp	($111,247)	$23,242	($32,616)	($120,621)	($9,374)
Towne Centre Place Dev Corp	($8,837)	$38,719	($26,898)	$2,984	$11,821
Washington Square Dev Corp	($17,340)	$21,331	($42,496)	($38,504)	($21,164)
Subtotal	**($230,724)**	**$140,347**	**($9,131)**	**($99,507)**	**$131,217**
TOTAL ALL PROPERTIES	**$1,299,186**	**$593,128**	**($220,822)**	**$1,671,496**	**$372,310**

FY 21 First Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(3 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(3 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY21 operating budget					
MPDU I (64)	($21,810)	$26,138	($10,262)	($5,934)	$15,876
Avondale Apartments	$5,769	$4,521	$35,674	$45,964	$40,195
Barclay Affordable	($12,959)	$48,781	$28,205	$64,028	$76,987
Brooke Park	$0	$0	($142)	($142)	($142)
Camp Hill Square	$46,177	$29,061	$881	$76,119	$29,942
Chelsea Towers	($38,900)	$3,372	$20,407	($15,122)	$23,778
Fairfax Court	$23,019	$7,883	$13,646	$44,549	$21,530
Holiday Park	($66,186)	$3,611	($13,461)	($76,037)	($9,851)
Jubilee Falling Creek	$585	($843)	$1,745	$1,487	$902
Jubilee Hermitage	($3,149)	$446	$3,405	$702	$3,851
Jubilee Horizon Court	($1,684)	$6,384	$1,789	$6,489	$8,173
Jubilee Woodedge	($1,162)	($600)	$1,606	($156)	$1,006
Manchester Manor	($158)	$9,141	($12,849)	($3,866)	($3,708)
The Manor at Cloppers Mill	$36,581	$18,250	($16,127)	$38,704	$2,123
The Manor at Colesville	$35,177	$20,357	($8,455)	$47,080	$11,903
The Manor at Fair Hill Farm	$24,477	$24,326	($4,077)	$44,726	$20,249
McHome	$1,954	$14,586	$6,909	$23,449	$21,495
McKendree	$5,094	$8,466	($3,622)	$9,938	$4,844
Metropolitan Affordable	($172,770)	$23,444	$49,032	($100,294)	$72,476
MHLP VII	($55,392)	$24,220	$22,261	($8,911)	$46,481
MHLP VIII	($47,497)	$13,757	($1,101)	($34,840)	$12,657
MHLP IX Pond Ridge	($42,391)	$1,200	$17,089	($24,101)	$18,290
MHLP IX Scattered Sites	($171,787)	$17,001	$40,370	($114,416)	$57,371
MHLP X	($90,649)	$49,304	$21,857	($19,487)	$71,162
MPDU 2007 Phase II	($1,178)	$7,961	$3,399	$10,181	$11,359
Pooks Hill Mid-Rise	$43,899	$12,449	$12,565	$68,913	$25,014
Shady Grove Apts	$80,424	$17,617	$53,823	$151,864	$71,440
Stewartown Affordable	($35,702)	$57,932	$54,971	$77,201	$112,903
Strathmore Court	$141,629	$65,908	($31,930)	$175,607	$33,978
Strathmore Court Affordable	($161,029)	$27,322	$1,707	($132,001)	$29,028
TPP LLC Pomander Court	$14,164	($3,306)	$3,679	$14,537	$373
TPP LLC Timberlawn	$92,317	$69,360	$66,392	$228,069	$135,752
Westwood Tower	$63,722	$133,402	$96,771	$293,895	$230,173
The Willows	($102,351)	$51,828	$83,050	$32,527	$134,878
Subtotal	**($411,766)**	**$793,279**	**$539,207**	**$920,722**	**$1,332,488**
Properties with restricted cash flow (external and internal)					
The Ambassador	$0	$0	($5,738)	($5,738)	($5,738)
Brookside Glen (The Glen)	$23,845	$48,273	($18,339)	$53,779	$29,934
CDBG Units	($238)	($2,069)	$737	($1,570)	($1,332)
Cider Mill Apartments	($158,991)	$400,721	($374,288)	($132,559)	$26,432
Dale Drive	$5,936	($16)	$513	$6,433	$497
Diamond Square	$38,973	$49,933	($3,142)	$85,764	$46,791
Elizabeth House Interim RAD	($35,005)	$223,682	($166,581)	$22,096	$57,101
Georgian Court Affordable	($17,341)	$42,823	$63,924	$89,406	$106,747
Holly Hall Interim RAD	$0	($209)	($163,307)	($163,516)	($163,516)
NCI Units	($18,721)	$9,607	$14,081	$4,967	$23,688
NSP Units	($11,486)	$6,382	$10,157	$5,053	$16,539
Olney Sandy Spring Road	($2,093)	$0	($1,042)	($3,135)	($1,042)
King Farm Village	$692	($72)	($168)	$452	($240)
Paint Branch	$16,373	($10,368)	$551	$6,556	($9,817)
Southbridge	$21,933	($344)	($2,600)	$18,990	($2,943)
State Rental Combined	($75,452)	$35,594	($39,731)	($79,589)	($4,137)
Subtotal	**($211,575)**	**$803,937**	**($684,973)**	**($92,611)**	**$118,964**
TOTAL ALL PROPERTIES	**($623,341)**	**$1,597,216**	**($145,766)**	**$828,111**	**$1,451,452**

FY 21 First Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(3 Months) Budget	(3 Months) Actual	Variance
Public Housing Rental			
Revenue	$0	$17	$17
Expenses	$0	$2,740	($2,740)
Net Income	**$0**	**($2,723)**	**($2,723)**
Housing Choice Voucher Program			
HAP revenue	$25,223,909	$23,223,456	($2,000,453)
HAP payments	$23,970,687	$26,499,603	$2,528,916
Net HAP	**$1,253,222**	**($3,276,147)**	**($4,529,369)**
Admin.fees & other inc.	$1,980,335	$2,257,411	$277,076
Admin. Expense	$1,970,147	$1,802,431	$167,716
Net Administrative	**$10,188**	**$454,980**	**$444,792**
Net Income	**$1,263,410**	**($2,821,167)**	**($4,084,577)**

Attachment D

FY 21 First Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(3 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(3 Months) Net Cash Flow Actual	Variance
Elizabeth House	$0	$0	$0	$0	$0
Emory Grove	$0	$17	($2,740)	($2,724)	($2,724)
TOTAL ALL PROPERTIES	**$0**	**$17**	**($2,740)**	**($2,724)**	**($2,724)**

FY 21 First Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(3 Months) Actual	Variance
General Fund			
880 Bonifant	$255,000	$2,236	$252,764
East Deer Park	$195,000	$6,293	$188,707
Kensington Office	$50,000	$15,289	$34,711
Information Technology	$532,440	$131,713	$400,727
Subtotal	**$1,032,440**	**$155,531**	**$876,909**
Opportunity Housing			
Alexander House Dev Corp	$41,570	$3,763	$37,807
Avondale Apartments	$27,900	$1,030	$26,870
The Barclay Dev Corp	$83,900	$44,258	$39,642
Barclay Affordable	$71,640	$5,214	$66,426
Brookside Glen (The Glen)	$57,000	$33,541	$23,459
Camp Hill Square	$54,400	$16,603	$37,797
CDBG Units	$500	$0	$500
Chelsea Towers	$15,550	$0	$15,550
Cider Mill Apartments	$794,092	$96,227	$697,865
Dale Drive	$8,949	$0	$8,949
Diamond Square	$342,180	$56,000	$286,180
Fairfax Court	$56,800	$7,915	$48,885
Georgian Court Affordable	$3,505	$4,044	($539)
Glenmont Crossing Dev Corp	$485,500	$45,027	$440,473
Glenmont Westerly Dev Corp	$235,400	$19,570	$215,830
Holiday Park Interim RAD	$27,500	$0	$27,500
Jubilee Hermitage	$500	$0	$500
Jubilee Woodedge	$500	$0	$500
Ken Gar Dev Corp	$6,500	$0	$6,500
Magruder's Discovery Dev Corp	$68,630	$11,500	$57,130
Manchester Manor	$22,332	$1,812	$20,520
Manor at Cloppers Mill	$66,017	$20,581	$45,436
Manor at Colesville	$136,726	$17,888	$118,838
Manor at Fair Hill Farm	$89,579	$24,991	$64,588
McHome	$100,000	$2,810	$97,190
McKendree	$14,650	$16,448	($1,798)
MetroPointe Dev Corp	$267,290	$12,509	$254,781
The Metropolitan Dev Corp	$455,034	$60,375	$394,659
Metropolitan Affordable	$226,586	$27,528	$199,058
Montgomery Arms Dev Corp	$113,726	$5,210	$108,516
MHLP VII	$22,000	$253	$21,747
MHLP VIII	$44,500	$15,475	$29,025
MHLP IX - Pond Ridge	$69,516	$11,381	$58,135
MHLP IX - Scattered Sites	$41,000	$8,671	$32,329
MHLP X	$70,036	$24,147	$45,889
MPDU 2007 Phase II	$4,000	$0	$4,000
MPDU I (64)	$57,355	$9,515	$47,840
TPM - MPDU II (59) Dev Corp	$62,024	$15,384	$46,640
Oaks at Four Corners Dev Corp	$189,812	$11,949	$177,863
NCI Units	$2,000	$500	$1,500
NSP Units	$2,000	$116	$1,884
Paddington Square Dev Corp	$108,880	$31,424	$77,456
Paint Branch	$5,900	$0	$5,900
Parkway Woods Dev Corp	$45,040	$295	$44,745
Pooks Hill High-Rise Dev Corp	$197,200	$2,736	$194,464
Pooks Hill Mid-Rise	$66,100	$2,976	$63,124
Sandy Spring Meadow Dev Corp	$21,500	$4,950	$16,550
Scattered Site One Dev Corp	$63,000	$76,014	($13,014)
Scattered Site Two Dev Corp	$40,204	$16,710	$23,494
Seneca Ridge Dev Corp	$33,345	$8,836	$24,509
Shady Grove Apts	$107,105	$8,944	$98,161
Sligo MPDU III Dev Corp	$22,492	$6,555	$15,937
Southbridge	$25,904	$1,781	$24,123
State Rental Combined	$177,996	$29,124	$148,872
Stewartown Affordable	$13,824	$8,687	$5,137
Strathmore Court	$246,170	$63,487	$182,683
Strathmore Court Affordable	$68,455	$6,825	$61,630
Towne Centre Place Dev Corp	$27,060	$0	$27,060
TPP LLC Pomander Court	$16,796	$0	$16,796
TPP LLC Timberlawn	$118,943	$60,120	$58,823
VPC One Dev Corp	$103,512	$33,388	$70,124
VPC Two Dev Corp	$71,860	$46,019	$25,841
Washington Square Dev Corp	$18,500	$11,889	$6,611
Westwood Tower	$333,720	$7,568	$326,152
The Willows	$233,621	$12,768	$220,853
Subtotal	**$6,617,726**	**$1,073,331**	**$5,544,395**
TOTAL	**$7,650,166**	**$1,228,862**	**$6,421,304**

APPROVAL OF FY'21 FIRST QUARTER BUDGET AMENDMENT

January 13, 2021

- The net effect of the FY'21 First Quarter Budget Amendment is a surplus of $130,840.

- The FY'21 Adopted Budget includes a projected draw of $359,631 from the General Fund Operating Reserve (GFOR) to balance the budget. Staff recommends that the anticipated draw be reduced by $130,840 to $228,791 in order to maintain a balanced budget.

- Total operating budget for the Agency has increased from $278.7 million to $280.1 million.

- Total capital budget for the Agency has increased from $236.8 million to $237.9 million.

- Personnel Complement remains unchanged.

- No policy changes are reflected in the budget amendment.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

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

RE: Approval of FY'21 First Quarter Budget Amendment

DATE: January 13, 2021

OVERALL GOAL & OBJECTIVE:
To amend the FY'21 Budget so that it reflects an accurate plan for the use of the Agency's financial resources for the remainder of the year.

BACKGROUND:
The HOC Budget Policy provides for the Executive Director to propose any budget amendments for the Commission to consider that may better reflect the revenues and expenses for the remainder of the year.

ISSUES FOR CONSIDERATION:

Operating Budget Amendments: Attachment 1-1 is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **General Fund:** Income in the General Fund will be increased by $20,652 to reflect the additional Management Fee income that will be received from the Fatherhood Grant (See Public Fund).

- **Bond Funds:** Bond draws are made each year to fund the administrative costs associated with the Multifamily and Single Family Bond Programs. As a result of expense savings over the past few years, remaining money from the draws has been restricted to cover future program costs. Staff is recommending that the FY'21 budgeted draws for these funds be reduced by the accumulated savings in each fund.

  - **Multifamily Bond Funds:** Accumulated savings in the Multifamily Bond Fund is $241,570. The projected draw of $1,762,866 will be reduced by this amount and the savings will be used towards FY'21 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be $1,521,296.

- **Single Family Bond Funds:** Accumulated savings in the Single Family Bond Fund is $208,038. The projected draw of $1,123,805 will be reduced by this amount and the savings will be used towards FY'21 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be $915,767.

- **Opportunity Housing Fund:**

  - **Avondale:** The rate budgeted for the outstanding property debt on the $60 million PNC Line of Credit (LOC) was higher than the actual payments. This budget amendment corrects the rate applied to the property debt. Expenses in the Opportunity Housing Fund will decrease by $110,188 to reflect the lower interest expense on the PNC LOC.

  - **Property Extensions:** Georgian Court and Stewartown were only budgeted through December 21, 2019 because the plan was to re-syndicate both properties with Tax Credit financing by that date. Due to shifts in the timelines for the re-syndication, this budget amendment extends the restricted budgets for Georgian Court through June 30, 2021 and Stewartown through March 31, 2021. Both income and expenses in the Opportunity Housing Fund will increase by $1,119,030 ($783,394 + $335,636). The following chart depicts the overall impact of this amendment:

FY'21 First Quarter Budget Amendment

	Reflects January 1, 2021 - June 30, 2021	Reflects January 1, 2021 - March 31, 2021
	Georgian Court	**Stewartown**
Total Revenue	**$783,394**	**$335,636**
Gross Rents	$837,192	$396,606
Vacancy Loss	($66,000)	($38,274)
Other Revenue	$12,202	($22,696)
Total Operating Expenses	**$473,408**	**$218,316**
Administrative	$171,236	$71,802
Tenant Services	$45,547	$17,367
Maintenance	$159,626	$68,495
Other	$96,999	$60,652
Net Operating Income	**$309,986**	**$117,320**
Annual RfR Contribution	$25,776	$9,399
Asset Management Fee	$0	$3,000
Excess Cash Flow Restricted	$54,496	$7,837
Annual Debt Service	$229,714	$97,084
Total Non-Operating Expenses	**$309,986**	**$117,320**
Cash Flow / (Deficit)	**$0**	**$0**
Capital	**$37,625**	**$8,170**

- **Daycare located at 9845 Lost Knife Road:** A budget has been developed to incorporate the non-dwelling income, Replacement for Reserve (RfR) contributions, and debt payments for the Daycare located at 9845 Lost Knife Road into the Agency budget. Both income and expenses in the Opportunity Housing fund will increase by $136,059.

- **Public Fund:**

  - **Fatherhood Grant:** The Fatherhood Grant was awarded for an additional five-year term at a higher rate of funding than the original budget assumed. This budget amendment includes the additional funding and expenses for the period October 1 through June 30. The management fee paid to the Agency for overhead increased by $20,652 as a result of the additional funding (See General Fund). Both income and expenses in the Public Fund will be increased by $227,204.

Capital Budget Amendments: Attachment 1-2 is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **Capital Improvements:**

  - **Capital Roll Over for Opportunity Housing Fund Properties:** Each year, Property Management reviews capital budgets at year end and requests capital funds to roll forward to the next year. This is necessary as there are always capital projects that have not been completed by year end. This year, Property Management has requested that $979,948 for several properties be rolled forward and included in the FY'20 Budget. This work will be funded from property replacement reserves.

FY'21 1st Quarter Capital Rollover	
Diamond Square	$56,000
MetroPointe	$216,470
Metropolitan - Market	$101,050
Metropolitan - Affordable	$43,307
Oaks at Four Corners	$117,080
Strathmore Court - Market	$12,293
Strathmore Court - Affordable	$22,888
Westwood Towers	$410,860
Total	**$979,948**

  - **Property Extensions:** Georgian Court and Stewartown were only budgeted through December 21, 2019 because the plan was to re-syndicate both properties with Tax Credit financing by that date. Due to shifts in the timelines for the re-syndication, this budget amendment extends the capital budgets for Georgian Court through June 30, 2021 and Stewartown through March 31, 2021. Both income and expenses in the Capital Budget will increase by $45,795 ($37,625 + $8,170).

BUDGET IMPACT:

The net effect of the FY'21 First Quarter Budget Amendment is a surplus of $130,840. The FY'21 Adopted Budget includes a projected draw of $359,631 from the General Fund Operating Reserve (GFOR) to balance the budget. Staff recommends that the anticipated draw be reduced by $130,840 to $228,791 in order to maintain a balanced budget.

The total FY'21 Operating Budget for HOC increased from $278,680,288 to $280,052,393. This is an increase of $1,372,105. The total FY'21 Capital Budget for HOC has increased from $236,842,049 to $237,867,792. This is an increase of $1,025,743. Approval by the Commission of any budget amendments will revise the FY'20 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

The Budget, Finance and Audit Committee informally reviewed the FY'21 First Quarter Budget Amendment at the December 15, 2020 meeting. Formal action is requested at the January 13, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission formally approve of the proposed FY'21 First Quarter Budget Amendment.

Resolution No.: 21-03

Re: Approval of FY'21 First Quarter Budget Amendment

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") adopted a budget for FY'21 on June 3, 2020;

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

WHEREAS, the net effect of the FY'21 First Quarter Budget Amendment is a surplus of $130,840 which will decrease the anticipated draw from the General Fund Operating Reserve (GFOR) of $359,631 by $130,840 to $228,791 in order to maintain a balanced budget;

WHEREAS, the total FY'21 Operating Budget increased from $278,680,288 to $280,052,393;

WHEREAS, the total FY'21 Capital Budget increased from $236,842,049 to $237,867,792; and

WHEREAS, approval of the budget amendments to revise the FY'21 budget will reflect an accurate plan for the use of the Commission's resources for the remainder of FY'21.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'21 Operating Budget by increasing total revenues and expenses for the Commission from $278,680,288 to $280,052,393.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'21 Capital Budget by increasing revenues and expenses for the Commission from $236,842,049 to $237,867,792.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 13, 2021.

Patrice Birdsong
Special Assistant to the Commission

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FY 2021 Operating Budget First Quarter Amendment		Revenues	Expenses	Adopted Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	First Quarter Budget Amendment
General Fund									
	General Fund	$23,815,987	$26,795,714	($2,979,727)	$20,652	$0	$23,836,639	$26,795,714	($2,959,075)
	Draw from GFOR to Balance Budget	$359,631	$0	$359,631	($130,840)	$0	$228,791	$0	$228,791
Multifamily & Single Family Bond Funds									
	Multifamily Fund	$16,281,454	$16,281,454	$0	$0	$0	$16,281,454	$16,281,454	$0
	Single Family Fund	$8,977,104	$8,977,104	$0	$0	$0	$8,977,104	$8,977,104	$0
Opportunity Housing Fund									
	Opportunity Housing & Dev Corps	$100,859,910	$98,388,916	$2,470,994	$1,255,089	$1,144,901	$102,114,999	$99,533,817	$2,581,182
	Draw from GFOR for MetroPointe Deficit	$149,102	$0	$149,102	$0	$0	$149,102	$0	$149,102
	Opportunity Housing Reserve Fund	$3,391,138	$1,558,872	$1,832,266	$0	$0	$3,391,138	$1,558,872	$1,832,266
	Restricted to OHRF	$0	$1,832,266	($1,832,266)	$0	$0	$0	$1,832,266	($1,832,266)
Public Fund									
	Housing Choice Voucher Program	$107,292,321	$107,787,731	($495,410)	$0	$0	$107,292,321	$107,787,731	**($495,410)**
	County Contributions towards HCVP Administration	$495,410	$0	$495,410	$0	$0	$495,410	$0	**$495,410**
	Federal , State and Other County Grants	$17,058,231	$17,058,231	$0	$227,204	$227,204	$17,285,435	$17,285,435	**$0**
TOTAL - ALL FUNDS		**$278,680,288**	**$278,680,288**	**$0**	**$1,372,105**	**$1,372,105**	**$280,052,393**	**$280,052,393**	**$0**

Footnotes - explanation of changes recommended to adopted

GF R	$20,652	Add additional Management Fee from Fatherhood Grant
GF E	($130,840)	Reduce draw from GFOR
MF R	($241,570)	Reduce Multifamily Bond Fund draw by FY'19 accumulated savings
MF R	$241,570	Add carryover of cumulative savings
SF R	($208,038)	Reduce Single Family Bond Fund draw by FY'19 accumulated savings
SF R	$208,038	Add carryover of cumulative savings
OH E	($110,188)	Reduce rate for payments to PNC LOC

OH R	$783,394	Ext. Budget for Georgian Court through June 30
OH R	$335,636	Ext. Budget for Stewartown through March 31
OH R	$136,059	Add Budget for Day Care at 9845 Lost Knife Road
	$1,255,089	**Total Change to OH Fund**
OH E	$783,394	Ext. Budget for Georgian Court through June 30
OH E	$335,636	Ext. Budget for Stewartown through March 31
OH E	$136,059	Add Budget for Day Care at 9845 Lost Knife Road
	$1,255,089	**Total Change to OH Fund**
Grants R	**$227,204**	Increase Fatherhood Grant for new Contract
Grants E	$227,204	Increase Fatherhood Grant for new Contract

FY 2021 Capital Budget 1st Quarter Amendment	**Revenues**	**Expenses**	**Adopted Budget**	**Net Changes to Revenue**	**Net Changes to Expenses**	**Revenues**	**Expenses**	**1st Quarter Amendment**
Capital Improvements								
East Deer Park	$195,000	$195,000	**$0**	$0	$0	$195,000	$195,000	**$0**
Kensington Office	$50,000	$50,000	**$0**	$0	$0	$50,000	$50,000	**$0**
880 Bonifant	$255,000	$255,000	**$0**	$0	$0	$255,000	$255,000	**$0**
Information Technology	$532,440	$532,440	**$0**	$0	$0	$532,440	$532,440	**$0**
Opportunity Housing Properties	$6,617,726	$6,617,726	**$0**	$1,025,743	$1,025,743	$7,643,469	$7,643,469	**$0**
	$7,650,166	**$7,650,166**	**$0**	**$1,025,743**	**$1,025,743**	**$8,675,909**	**$8,675,909**	**$0**
Capital Development Projects								
Fenton Silver Spring (formerly 900 Th	$10,364,386	$10,364,386	**$0**	$0	$0	$10,364,386	$10,364,386	**$0**
Bauer Park	$8,448,271	$8,448,271	**$0**	$0	$0	$8,448,271	$8,448,271	**$0**
Brooke Park Apartments	$9,004,390	$9,004,390	**$0**			$9,004,390	$9,004,390	**$0**
Deeply Affordable Units	$1,250,000	$1,250,000	**$0**	$0	$0	$1,250,000	$1,250,000	**$0**
Elizabeth House III	$36,506,742	$36,506,742	**$0**	$0	$0	$36,506,742	$36,506,742	**$0**
Georgian Court	$26,379,451	$26,379,451	**$0**	$0	$0	$26,379,451	$26,379,451	**$0**
Shady Grove	$17,630,079	$17,630,079	**$0**	$0	$0	$17,630,079	$17,630,079	**$0**
Stewartown	$14,885,930	$14,885,930	**$0**	$0	$0	$14,885,930	$14,885,930	**$0**
Upton II	$17,284,646	$17,284,646	**$0**	$0	$0	$17,284,646	$17,284,646	**$0**
West Side Shady Grove	$29,633,207	$29,633,207	**$0**	$0	$0	$29,633,207	$29,633,207	**$0**
Willow Manor Resyndication	$57,804,781	$57,804,781	**$0**	$0	$0	$57,804,781	$57,804,781	**$0**
	$229,191,883	**$229,191,883**	**$0**	**$0**	**$0**	**$229,191,883**	**$229,191,883**	**$0**
TOTAL - ALL FUNDS	**$236,842,049**	**$236,842,049**	**$0**	**$1,025,743**	**$1,025,743**	**$237,867,792**	**$237,867,792**	**$0**

Footnotes - explanation of changes

OH R Add roll over budgets from FY 2020 - $979,948

$56,000	Diamond Square - (Pipe Replacement)
$216,470	MetroPointe - (Ext. Paint, Fit. Equip., Clubhouse/Lobby Furn., Hall Carpet and Office Upg.)
$101,050	Metropolitan Market - (Cool. Tow. rep., Backflow Prev., Load. Dock, Heat Pump, Heat Exch.)
$43,307	Metropolitan Affordable - (Cool. Tow. rep., Backflow Prev., Load. Dock, Heat Pump, Heat Exch.)
$117,080	Oaks at Four Corners - (Waterproofing, Sliding Replacement)
$12,293	Strathmore Court Market - (Fitness Equipment)
$22,888	Strathmore Court Affordable - (Fitness Equipment, HVAC, and Plumbing)
$410,860	Westwood Towers - (Kitchen & Bath, Plumbing, Grounds, HVAC, Asphalt, Sec. Sys.)
$979,948	**Total Change to OH Fund**

OH E Add roll over budgets from FY 2020 - $979,948

$56,000	
$216,470	
$101,050	
$43,307	
$117,080	
$12,293	
$22,888	
$410,860	
$979,948	**Total Change to OH Fund**

OH R	$37,625	Ext. Budget for Georgian Court through June 30
OH R	$8,170	Ext. Budget for Stewartown through March 31
	$45,795	**Total Change to OH Fund**

OH E	$37,625	Ext. Budget for Georgian Court through June 30
OH E	$8,170	Ext. Budget for Stewartown through March 31
	$45,795	**Total Change to OH Fund**

APPROVAL OF THE CY'20
THIRD QUARTER BUDGET AMENDMENT

January 13, 2021

- On September 1, 2020, the Agency refinanced Bauer Park Apartments using tax credit equity. In keeping with the Agency's budget policy, a CY'21 budget for the new limited partnership was prepared and approved by the Commission on November 4, 2020.

- This budget amendment will incorporate a budget for the period of September 1 through December 31 2020.

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9754
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472
RE:	Approval of CY'20 Third Quarter Budget Amendment			
DATE:	January 13, 2021			

OVERALL GOAL & OBJECTIVE:
To approve the CY'20 Third Quarter Budget Amendment for Bauer Park Apartments LP.

BACKGROUND:
As Managing General Partner, HOC has a fiduciary responsibility for each of the Tax Credit Partnerships. The current HOC budget policy stipulates that the financial performance and budgets of the Tax Credit Partnerships should be reviewed on the same fiscal year as its partners (December 31). The Tax Credit Partnership Budgets require adoption by the Commission, separate from the Agency's general budget process. On November 6, 2019, the Commission adopted the CY'20 budgets for the partnerships that owned the 12 multifamily properties which are calendar year-end properties.

ISSUES FOR CONSIDERATION:

- **Bauer Park Apartments LP (Bauer Park):** On September 1, 2020, the Agency refinanced Bauer Park Apartments using tax credit equity. In keeping with the Agency's budget policy, a CY'21 budget for the new limited partnership was prepared and approved by the Commission on November 4, 2020. This budget amendment will incorporate a budget for the period of September 1 through December 31 2020. The budget was developed based on current and historic budget data for the units when owned by the Agency, as well as the pro forma budget that was used to underwrite the transaction. During CY'20-21, the property is expected to experience higher vacancies as units are held vacant to support tenant in-place renovations.

- The table on the next page summarizes the CY'20 partial budget for Bauer Park Apartments LP during renovations:

Bauer Park Apartments LP - CY 2020 Budget
Under Renovations

	CY 2020
Total Revenue	$391,175
Total Operating Expenses	$201,614
Net Operating Income	$189,561
Asset Management Fee	$0
(1) Annual RfR Contribution	$4,416
(2) Annual Debt Service	$0
Total Non-Operating Expenses	$4,416
Cash Flow	**$185,145**
Capital	**$915**

(1) Are suspended and will resume post-renovation.
(2) Interest during construction will be absorbed in the Development Budget and commence at the property post-renovation.

BUDGET IMPACT:
Approval by the Commission will establish the CY'20 operating and capital budget for Bauer Park Apartments LP.

TIME FRAME:
The Budget, Finance and Audit Committee informally reviewed the CY'20 Third Quarter Budget Amendment for Bauer Park Apartments LP at the December 15, 2020 meeting. For formal Commission approval at the January 13, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Commission formally approve the proposed CY'20 Third Quarter Budget Amendment for Bauer Park Apartments LP.

Resolution No.: 21-04 **Re: Approval of CY'20 Third Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") refinanced Bauer Park Apartments using tax credit equity on September 1, 2020 and is the managing member of Bauer Park Apartments, LLC, the general partner of Bauer Park Apartments LP (the "Partnership"); and

WHEREAS, HOC's budget policy requires a budget be prepared and adopted for the Partnership; and

WHEREAS, a CY'21 budget for the Partnership was prepared and approved by the Commission on November 4, 2020; and

WHEREAS, the CY'20 Third Quarter Budget Amendment will incorporate a budget for the period of September 1 through December 31 2020.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Bauer Park Apartments, LLC, as its managing member, acting for itself and on behalf of Bauer Park Apartments LP, as its general partner, hereby approves the CY'20 Third Quarter Budget Amendment for the Partnership.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 13 2021.

Patrice Birdsong
Special Assistant to the Commission

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AUTHORIZATION TO WRITE OFF UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE (JULY 1, 2020 – SEPTEMBER 30, 2020)

January 13, 2021

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances.
  - The proposed write-off of uncollectible tenant accounts receivable balances from former tenants for the period covered July 1, 2020 to September 30, 2020 totaled $77,605. This quarter write off includes $40,603 from Opportunity Housing properties, $20,825 from the Supportive Housing program, $15,807 from the RAD program and $370 from Public Housing. Past tenants at Scattered Site One Dev Corp, TPM Dev Corp- MDPU II (59) and the McKinney program accounted for the majority of the write-offs. The write offs were mainly due to tenants who skipped, voluntarily left their units, passed away, purchased a home, transferred due to medical reasons or to enter another program and non–compliance with program requirements.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the period covered October 1, 2020 to December 31, 2020, and will be performed in the third quarter of FY'21.

M E M O R A N D U M

TO:	Budget, Finance and Audit Committee				
VIA:	Stacy L. Spann, Executive Director				
FROM:	Staff:	Cornelia Kent	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Nilou Razeghi		Finance	Ext. 9494
		Charnita Jackson		Property Management	Ext. 9776
RE:	Write-off Uncollectible Tenant Accounts Receivable (July 1, 2020 – September 30, 2020)				
DATE:	January 13, 2021				

BACKGROUND:

The agency's current policy is to provide for an allowance for any tenant accounts receivable balance more than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC's Uncollectible Accounts Receivable Database as well as in the various individuals' Equifax Credit Bureau files. This process updates the financial records to accurately reflect the receivables and provides greater potential for outstanding receivable collection.

HOC also maintains a relationship with rent collections firm, Rent Collect Global (RCG). All delinquent balances of $200 or more are submitted to RCG for further pursuit. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a security bond, at a much lower rate, from the firm SureDeposit, Inc. instead of paying a traditional security deposit to the Agency. Moreover, the full value of the Surety Bond is available to HOC for recovery of any damage or other loss, just like a traditional security deposit. Through HOC's collection efforts and the services of RCG and SureDeposit, HOC makes every effort to pursue all tenant outstanding receivables.

The last approved write-off on September 22, 2020 was for $34,196, which covered the three-month period from April 1, 2020, through June 30, 2020.

The proposed write-off of former tenant accounts receivable balances for the first quarter July 1, 2020 through September 30, 2020 is $77,605.

The $77,605 first quarter write-off is primarily due to the Opportunity Housing properties, Supportive Housing and the RAD 6 property Seneca Ridge. Public Housing also contribute a small amount to the write offs from former tenants. The primary reasons for the write-offs across the properties include tenants who skipped, voluntarily left their units, passed away, purchased a home, transferred due to medical reasons or to enter another program and non-compliance with program requirements.

The following table shows the write-offs by fund/program.

Property Type	Current Write-offs 07/01/20 - 09/30/20	Prior Write-offs 04/01/20 - 06/30/20	$ Change 06/30/20 - 09/30/20	% Change 06/30/20 - 09/30/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 09/30/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 09/30/19
Public Housing	$ 370	$ -	$ 370	0.00%	$ 370	$ -
Opportunity Housing	40,603	16,940	23,663	139.69%	$ 40,603	26,413
Supportive Housing	20,825	1,853	18,972	1023.85%	$ 20,825	2,323
RAD Properties	15,807	15,403	404	2.62%	$ 15,807	12,494
Rental Asst Sec8 Repays	-	-	-	0.00%	$ -	4,108
	$ 77,605	**$ 34,196**	**$ 43,409**	**126.94%**	**$ 77,605**	**$ 45,337**

The following tables show the write-offs by fund and property.

	Current Write-offs 07/01/20 - 09/30/20	Prior Write-offs 04/01/20 - 06/30/20	$ Change 06/30/20 - 09/30/20	$ Change 06/30/20 - 09/30/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 09/30/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 09/30/19
Public Fund						
Former PH Tenants	$ 370	$ -	$ 370	0.00%	$ 370	$ -
Total Public Fund	**$ 370**	**$ -**	**$ 370**	**0.00%**	**$ 370**	**$ -**

Within the Public Housing portfolio, the $370 write-off amount is due to two tenants who passed away and one tenant who transferred to another program.

	Current Write-offs 07/01/20 - 09/30/20	Prior Write-offs 04/01/20 - 06/30/20	$ Change 06/30/20 - 09/30/20	$ Change 06/30/20 - 09/30/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 09/30/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 09/30/19
Opportunity Housing (OH) Fund						
Camp Hill Square	3,683	-	3,683	0.00%	3,683	-
McHome	-	60	(60)	-100.00%	-	-
MHLP I/64	397	15,449	(15,052)	-97.43%	397	-
MHLP IX - MPDU	-	-	-	0.00%	-	6,228
MHLP VIII	-	-	-	0.00%	-	110
MHLP X	-	107	(107)	-100.00%	-	3,766
Scattered Site One Dev Corp	11,798	-	11,798	0.00%	11,798	1,317
State Rental Partnership	2,943	178	2,765	1553.37%	2,943	-
Town Center Apts	-	123	(123)	-100.00%	-	-
TPM Dev Corp - MPDU II (59)	21,782	-	21,782	0.00%	21,782	-
TPP LLC - Pomander	-	834	(834)	-100.00%	-	-
VPC One Corp	-	189	(189)	-100.00%	-	11,071
VPC Two Corp	-	-	-	0.00%	-	3,921
Total OH Fund	**$ 40,603**	**$ 16,940**	**$ 23,663**	**139.69%**	**$ 40,603**	**$ 26,413**

Within the Opportunity Housing portfolio, the $40,603 write-off amount were largely attributable to TPM Dev Corp – MPDU II (59), Scattered Site One Development Corporation, Camp Hill Square, State Rental Partnership and MHLP I (64). The write-offs were mainly due to four tenants who skipped, one tenant who purchased a home, two tenants who voluntarily vacated their units, one tenant who transferred for medical reason and one tenant who was deceased.

	Current Write-offs 07/01/20 - 09/30/20	Prior Write-offs 04/01/20 - 06/30/20	$ Change 06/30/20 - 09/30/20	% Change 06/30/20 - 09/30/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 09/30/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 09/30/19
Supportive Housing						
McKinney X - HUD	$ 20,825	$ 1,476	$ 19,349	1310.91%	$ 20,825	$ 2,323
McKinney XIV - HUD	-	377	(377)	-100.00%	-	-
Total Supportive Housing	**$ 20,825**	**$ 1,853**	**$ 18,972**	**1023.85%**	**$ 20,825**	**$ 2,323**

Within the Supportive Housing Program, the $20,825 write –off amounts were due to one tenant who accounted for about 99% of the total and it was due to non-compliance with program requirement and one tenant who passed away.

	Current Write-offs 07/01/20 - 09/30/20	Prior Write-offs 04/01/20 - 06/30/20	$ Change 06/30/20 - 09/30/20	% Change 06/30/20 - 09/30/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 09/30/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 09/30/19
RAD Properties						
RAD 6 - Seneca Ridge	15,807	-	15,807	0.00%	15,807	9,236
RAD 6 - Washington Square	-	15,403	(15,403)	-100.00%	-	3,258
Total RAD Properties	**$ 15,807**	**$ 15,403**	**$ 404**	**2.62%**	**$ 15,807**	**$ 12,494**

Within the RAD properties, the $15,807 write-off amounts were due to one tenant who skipped and one tenant who voluntarily vacated the unit.

	Current Write-offs 07/01/20 - 09/30/20	Prior Write-offs 04/01/20 - 06/30/20	$ Change 06/30/20 - 09/30/20	% Change 06/30/20 - 09/30/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 09/30/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 09/30/19
Rental Asst Sec8 Repays						
Rental Asst Sec8 Repays	$ -	$ -	$ -	0.00%	$ -	$ 4,108
Total Rental Asst Sec8 Repays	**$ -**	**$ -**	**$ -**	**0.00%**	**$ -**	**$ 4,108**

Within the Rental Assistant Sec8 Repays, there were no write-offs to report in the first quarter of FY ’21.

The next anticipated write-off will be for the second quarter of FY’21, covering October 1, 2020, through December 31, 2020. Upon approval, the write-offs will be processed through Yardi’s write-off function with the tenant detail placed into the uncollectible accounts receivable database.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the write-off of uncollectible tenant accounts receivable?

BUDGET IMPACT:

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write-off expense was recorded when the initial allowance was established because of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

TIME FRAME:

The Budget, Finance and Audit Committee informally reviewed the write-off of uncollectible tenant accounts receivable at the December 15, 2020 meeting. Formal action is requested at the January 13, 2021 meeting.

STAFF RECOMMENDATION:

Staff recommends to the full Commission the authorization to write-off the uncollectible tenant accounts receivable balance of $77,605.

RESOLUTION NO.: 21-05

RE: Authorization to Write-off Uncollectible Tenant Accounts Receivable

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

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 July 1, 2020 – September 30, 2020 is $77,605, consisting of $40,603 from Opportunity Housing properties, $20,825 from Supportive Housing, $15,807 from RAD Properties, and $370 from Public Housing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all actions necessary and proper to write off $77,605 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.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, January 13, 2021.

Patrice M. Birdsong
Special Assistant to the Commission

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Approval to Extend the Use of the PNC Bank N.A. Line of Credit (LOC) to Finance Commission Approved Actions related to the Lindsay Ford Holdings Site (Wheaton Gateway)

January 13, 2021

- The Commission has previously approved a taxable draw of up to $11,635,000 from the PNC Bank N.A. LOC to fund the acquisition of the Lindsay Ford Holding Site, costs related to the acquisition of the Lindsay Ford Holding Site, and reimbursement of costs incurred by the Commission related to title costs and earnest money deposits.

- As of September 30, 2020, total principal balance from these draws was approximately $11.5 million. The estimated total annual cost is $120,830 based on the LOC taxable borrowing rate (one month LIBOR + 0.90%) as of December 9, 2020.

- Staff requests approval to extend the current maturity date from January 15, 2021 through September 30, 2021, which will coincide with the expiration of the PNC Bank LOC and Real Estate Line of Credit (RELOC).

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Cornelia Kent Division: Finance Ext. 9754
Eugenia Pascual Finance Ext. 9478

RE: Extend the use of the PNC Bank Line of Credit to Finance Commission Approved Actions related to Lindsay Ford Holdings Site (Wheaton Gateway)

DATE: January 13, 2021

BACKGROUND:

In 2017, the Lindsay family, owners of the existing Lindsay Ford dealership located at 11250 Veirs Mill Road in Wheaton, desired to relocate the dealership and its operations to a new site. HOC staff negotiated the acquisition of the Lindsay Ford dealership consisting of 11 parcels, totaling approximately 5.4 acres, generally located at 11250 Veirs Mill Road, as well as a small patch of ground across East Avenue at the corner of Upton Drive and approximately 1.6 acres across Veirs Mill Road (the "Veirs Mill East Property"). On April 7, 2017, the purchase agreement for the Lindsay Ford Holdings Site was executed between HOC and Lindsay Ford. HOC has partnered with The Duffie Companies to develop the west side of the Veirs Mill site under the gateway concept to be known as Wheaton Gateway, LLC. The Veirs Mill East Property is being held by HOC separately through a special purpose entity known as HOC at Veirs Mill East, LLC.

On January 9, 2019, the Commission approved a taxable draw of up to $11,635,000 from the PNC Bank LOC ("LOC") to fund the acquisition of the Lindsay Ford Holdings Site, costs related to the acquisition of the Lindsay Ford Holding Site, and reimbursement of costs incurred by the Commission related to title costs and earnest money deposits. The actual draw on the PNC LOC was $11,530,881, the unobligated amount as of September 30, 2020 is $104,119.

Staff is requesting to approve to extend the current maturity date through September 30, 2021, which will coincide with the expiration of the PNC Bank LOC and the Real Estate Line of Credit ("RELOC"). The LOC's taxable borrowing rate is LIBOR plus 90 basis points. The estimated annual cost is $120,830 based on the LOC taxable borrowing rate (one month LIBOR + 0.90%) as of December 9, 2020.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the extension of the use of PNC Bank Line of Credit (LOC) to finance Commission approved actions related to the Lindsay Ford Holdings Site (Wheaton Gateway) through September 30, 2021?

PRINCIPALS:

HOC
PNC Bank, N.A.
Wheaton Gateway, LLC
HOC at Veirs Mill East, LLC

BUDGET IMPACT:

The amount of interest expense for FY 2021 is estimated to be $120,830. The interest expense will be included in the FY 2022 Agency Budget.

TIME FRAME:

The Budget, Finance and Audit Committee informally reviewed the recommendation to extend the use of the PNC Line of Credit (LOC) to finance Commission approved actions related to Wheaton Gateway through September 30, 2021 at its December 15, 2020 meeting. Commission action is requested at the January 13, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends to the full Commission approval to extend the use of the PNC Line of Credit (LOC) to finance Commission approved actions related to the Lindsay Ford Holdings Site (Wheaton Gateway) through September 30, 2021.

RESOLUTION No.: 21-06

RE: Approval to Extend the Use of the PNC Bank, N. A. Line of Credit to Finance Commission Approved Actions related to the Lindsay Ford Holdings Site (Wheaton Gateway)

WHEREAS, on January 9, 2019, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") authorized a taxable draw of up to $11,635,000 from the PNC Bank, N.A. Line of Credit ("LOC") to fund the acquisition of the "Lindsay Ford Holding Site," composed of eleven parcels adjacent to The Ambassador Apartments approximating 498,087 square feet, costs related to the acquisition of the Lindsay Ford Holding Site, and reimbursement of costs incurred by the Commission related to title and earnest money deposits;

WHEREAS, as of September 30, 2020, the actual draw on the LOC was $11,530,881 and the unobligated amount was $104,119;

WHEREAS, staff recommends extending the maturity date of the draw through September 30, 2021 at the taxable rate of LIBOR plus 90 basis points; and

WHEREAS, the estimated cost, as of December 9, 2020, under the LOC is expected to be approximately $120,830.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending through September 30, 2021, the use of the PNC Bank Line of Credit to finance the Commission approved actions related to the Lindsay Ford Holdings Site.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, January 13, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

RENEWAL OF THE PROPERTY MANAGEMENT CONTRACT AT TANGLEWOOD CLUSTER

January 13, 2021

- The Property Management Contract for Tanglewood and Sligo,527 Dale Drive, Southbridge Apartments and Manchster Manor for Property Management Services is expiring March 31, 2021. The contract provides for three one-year renewals. The last contract was executed on April 2017 and this is the last renewal.

- Staff requests that the contract for Property Management Services for Tanglewood and Sligo, Dale Drive, Southbridge Apartments, and Manchester Manor be renewed for one year with Residential One Management.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

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

RE: Renewal of the Property Management Contract for Tanglewood Cluster (Tanglewood and Sligo, Dale Drive, Southbridge Apartments and Manchester Manor).

DATE: January 13, 2021

BACKGROUND:

Tanglewood and Sligo is a 132-unit garden style apartment community of 85 affordable LIHTC units at 60%, 14 units at 50% and 33 units at 33% of the median income. Tanglewood is located in Silver Spring two miles north of downtown Silver Spring. The property received a score of 88B for its most recent REAC inspection in 2020. The property has maintained an average occupancy of 95% over the last 2 years.

Manchester Manor is a 53-unit six-story mid-rise community, built in 1959 and renovated in 1999 located in Silver Spring. The community consists of 5 market and 48 units restricted at or below 60% AMI. The property received a 98A on it most recent REAC in March 2019 and the property has maintained an average occupancy of 98% over the last 2 years.

Southbridge is a 39 unit mixed income community built in 1964 and renovated in 2012 located in Takoma Park. The property has 19 Market units and 20 units restricted at or below 50% AMI. The property has maintained 97% occupancy over the last 2 years.

Dale Drive is a 10-unit garden-community built in 1943 and renovated in 2008 with nine units restricted at or below 40% AMI. The tenant is the Montgomery County Coalition for the Homeless for a thirty-year term.

Staff recommends renewal of the property management contract for Tanglewood and Sligo, Dale Drive., Southbridge Apartments and Manchester Manor for one year with Residential One Management.

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

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Manchester Manor	54	Residential One, LLC	$23,976	3/31/2021	4/1/2021-3/31/2022	No Renewals Remaining
Tanglewood and Sligo	132	Residential One, LLC	$58,608	3/31/2021	4/1/2021-3/31/2022	No Renewals Remaining
Dale Drive	10	Residential One, LLC	$4,440	3/31/2021	4/1/2021-3/31/2022	No Renewals Remaining
Southbridge Apartment	39	Residential One, LLC	$1,443	3/31/2021	4/1/2021-3/31/2022	No Renewals Remaining

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Residential One Management for property management services at Tanglewood and Sligo, Manchester Manor, Dale drive and Southbridge?

BUDGET IMPACT:

The renewal of the property management contract for Tanglewood and Sligo, Manchester Manor, Dale drive and Southbridge for one year will not have a budget impact as the costs associated with the services were factored into the CY2021 and FY2021 property budget. Additionally, the renwal will be be performance based so the management fee would belowerif revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

TIME FRAME:

At the December 21, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for the Tanglewood Cluster for one year. For formal Commission action at the January 13, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission approve the property management contract renewal with Residential One Management for one year at Tanglewood and Sligo, Manchester Manor, Dale Drive and Southbridge.

RESOLUTION NO.: 21-07 **RE: Approval to Renew Property Management Contract for Tanglewood and Sligo Hills Apartments, Dale Drive, Southbridge Apartments, and Manchester Manor.**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the sole member of HOCMC, LLC, the general partner of Tanglewood and Sligo LP ("Tanglewood LP"), and Tanglewood LP owns the development known as Tanglewood and Sligo Hills Apartments located in Silver Spring, Maryland ("Tanglewood and Sligo");

WHEREAS, HOC owns the development known as Dale Drive located in Silver Spring, Maryland ("Dale Drive");

WHEREAS, HOC owns the development known as Southbridge Apartments located in Takoma Park, Maryland ("Southbridge");

WHEREAS, HOC is the general partner of Manchester Manor Apartments Limited Partnership ("Manchester LP"), and Manchester LP owns the development known as Manchester Manor located in Silver Spring, Maryland ("Manchester"); and

WHEREAS, staff desires to renew the current property management contract at Tanglewood and Sligo, Dale Drive, Southbridge, and Manchester for one year with Residential One Management.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOCMC, LLC, as its sole member, acting for itself and on behalf of Tanglewood LP, as its general partner, that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Tanglewood and Sligo.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County,that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Dale Drive.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Southbridge.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Manchester LP, as its general partner, that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Manchester.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 13, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

Development and Finance Committee

SANDY SPRING MISSING MIDDLE INITIATIVE: APPROVAL FOR THE EXECUTIVE DIRECTOR TO EXECUTE TASK ORDER TO ENGAGE SELZER GURVITCH RABIN WERTHEIMER & POLOTT, P.C. FOR LEGAL SERVICES

January 13, 2021

- Staff has identified Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. ("Selzer Gurvitch") to provide legal services for the entitlement of the "Missing Middle" Initiative for housing in a range of multi-unit or clustered housing types—compatible in scale with detached single-family homes—that help meet the growing demand for walkable urban living.

- The site is on a parcel the Commission approved for purchase on January 14, 2015 located at 617 Olney Sandy Spring Road ("617 O-SS"), combined with a portion of land from the immediately adjacent Sandy Spring Meadow Apartments, a property that is owned by an HOC affiliate.

- Initial funding for predevelopment activities for the site were approved by the Commission on March 4, 2020 and July 1, 2020, a combined $405,000 from the Opportunity Housing Reserve Fund, of which $100,000 was authorized for preliminary legal work.

- On November 16, 2020 staff solicited four (4) firms from its pool of legal counsel established by the Commission on April 3, 2019 with the applicable expertise to provide legal counsel for land use work on the Pilot Missing Middle Initiative; and one of the four firms, Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. ("Selzer Gurvitch") provided the most responsive and responsible bid for a not to exceed cost of $251,381.25.

- Staff requests Commission approval to increase the predevelopment budget for legal land use services for the Missing Middle Initiative from $100,000 to $280,000 and that the increase of $180,000 be funded from the Opportunity Housing Reserve Fund at the closing of a development project financing.

- Staff also request Commission approval for the Executive Director to executive a Task Order with Selzer Gurvitch for $251,381.25, but provide for an 11.38% ($28,618.75) contingency to account for any unforeseen circumstances during the term of the engagement.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Real Estate
Staff: Kayrine V. Brown, Deputy Executive Director Ext. 9589
Zachary Marks, Chief Real Estate Officer Ext. 9613
Jay Shepherd, Senior Financial Analyst Ext. 9437

RE: Sandy Spring Missing Middle Initiative: Predevelopment Budget Increase and Approval for the Executive Director to Execute Task Order to Engage Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. for Legal Services

DATE: January 13, 2021

STATUS: COMMITTEE REPORT: Deliberation __X__

OVERALL GOAL & OBJECTIVE:
To approve predevelopment budget and legal consulting task order to Selzer Gurvitch Rabin Wertheimer & Polott, P.C. ("Selzer Gurvitch"), to provide land use and development entitlement services for the Sandy Spring Missing Middle Initiative development through completion, without interruption.

BACKGROUND:
Sandy Spring Missing Middle is a proposed initiative at Sandy Spring Meadow (Resolutions 20-25AS and 20-55), ("Sandy Spring Missing Middle", or "SSMM") to design, approve and build a range of multi-unit or clustered housing types that are compatible in scale with the surrounding suburban/village residential neighborhood. This initiative will provide to the County a Missing Middle prototype for other parcels, providing a rich and dense experience, while maintaining the scale of lower density suburban neighborhoods. This is an intensive land use exploration that will require experienced land use counsel.

Previous actions by the Commission on the SSMM included the first on March 4, 2020, whereby the Commission authorized the Executive Director to expend up to $75,000 to begin the exploration of the Missing Middle concept at 617 O-SS and Sandy Spring Meadows Apartments, funded by a draw on the Opportunity Housing Reserve Fund ("OHRF"). Then on July 1, 2020, the Commission further approved an additional $330,000 to continue predevelopment activities at SSMM with funding again from a draw on the OHRF. Within this budget, $100,000 was allocated to legal counsel needed for land use approvals.

On February 8, 2019, HOC issued RFQ #2150 for Real Estate Legal Services and received thirteen (13) responses. On April 3, 2019, the Commission approved the pool of legal counsel consisting of twelve (12) firms. The attorneys in the pool assist HOC's staff in addressing legal issues pertaining to real estate development and financing and work to ensure that the Commission proceeds successfully amidst the complexities of regulation, compliance, and contractual obligations. The pool was created in lieu of adding full time staff to handle the legal work load. Legal counsel is engaged as needed under Task Orders. If services are rendered during the development phase of a project, expenses would be funded from the project's development budget, which would be approved by the Commission through its normal review and approval process. If services are rendered before a development budget is approved, expenses would be funded from the revolving Real Estate Working Capital Operating Fund ("RE Fund"), which includes a $350,000 budget for legal services. Once a development budget is approved, any funds used from the RE Fund would be repaid. Therefore, such expenditures are not expected to have an adverse financial impact on the Commission's operating budget.

For the Sandy Spring Missing Middle Initiative, a proposed R-60 development in Sandy Spring, Maryland, staff solicited four (4) firms with the applicable expertise to provide legal counsel under its pool contract. The firm, Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. ("Selzer Gurvitch") provided the most responsive and responsible bid. Their bid and resultant task order(s) will exceed $250,000 and as such, in accordance with HOC's Procurement Policy adopted on June 7, 2017, the Commission must approve the Task Order. Selzer Gurvitch has estimated the cost to complete the associated land use work to be approximately $251,381.25, but Staff is requesting that the Commission approve an amount up to $280,000 to include a contingency of $28,618.75, for any unforeseen issues that could arise before the project is approved.

A summary of the responsive proposals received is below.

Project:	**Sandy Spring Missing Middle**						
		Hours Expected		**Time (in months)**	**Firms**		
Item	Activity	Low	High		Ballard Spahr	Schnader Harrison	Selzer Gurvitch
A.	Pre-Application, Preparation and filing phase through action on the pre-preliminary plan	75	90	3	$36,713	$36,000	lump sum
B.	Pre-Application, Preparation and filing phase through approval for submission of materials, and acceptance of applications for preliminary plan of subdivision and site plan	140	160	4	$62,300	$54,000	lump sum
C.	Drafting, negotiating and processing through the District Council to adoption, a Zoning Text Amendment ("ZTA") to allow triplexes in the R-60 Zone under the MPDU Optional Method of Development.	60	75	6	$33,375	$30,000	lump sum
D.	Post acceptance processing of preliminary plan and site plan	160	210	8	$89,000	$84,500	lump sum
E.	Preparing, filing, and processing certified site plan	10	30	3	$13,350	$11,500	lump sum
F.	Preparation of Post-Approval Documents	50	70	3	$26,700	$24,000	lump sum
G.	Internal Team Coordination and Communication	30	50	0	$22,250	$22,000	lump sum
	Total	**525**	**685**	**27**	**$283,688**	**$262,000**	**$251,381.25**

With the Commission's desire to approve the total Task Order, staff recommends that the Commission authorize the Executive Director to 1) increase the predevelopment budget authority for legal land use from $100,000 to $280,000 and 2) execute purchase orders in amounts not to exceed the new budget approval of $280,000 for the Sandy Spring Missing Middle Initiative.

ISSUES FOR CONSIDERATION:

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to approve a Task Order for Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. to provide legal land use service for the entitlement of the SSMM Initiative of $251,381.25 and for the Executive Director to execute the Task Order for the said amount?

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to approve an increase to the predevelopment budget authority for land use legal services for Sandy Spring Missing Middle Initiative from $100,000 to $280,000, which includes an 11.38% ($28,618.75) contingency?

BUDGET/FISCAL IMPACT:

There is no adverse impact on the Commission's FY 2021 operating budget. The Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. task order will be funded by the Sandy Spring Missing Middle development budget. Purchase orders will be executed in accordance with funding previously approved by the Commission for consulting services. The additional funding of $180,000 is requested from the OHRF, which shall accrue interest at the short-term Applicable Federal Rate (currently 14 basis points) and payable from financing proceeds at the closing of a construction financing.

The estimated total cost of the task order plus work through completion is $280,000, including an 11.38% contingency.

PRINCIPALS:

Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C.
Housing Opportunities Commission of Montgomery County

TIME FRAME:

For formal action at the January 13, 2021 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that Commission approve a Task Order under the current pool contract with Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. for approximately $280,000 for legal land use services for the entitlement of the SSMM Initiative development, including Predevelopment Budget increase authorization for the Sandy Spring Missing Middle Initiative and authorization for the Executive Director to execute purchase orders of up to the current budget authority of $280,000 for legal services, which includes an 11.38% contingency.

RESOLUTION No: 21-08 **RE: Sandy Spring Missing Middle Initiative: Predevelopment Budget Increase and Approval of the Executive Director to Execute Task Order to Engage Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. for Legal Services**

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 acquisition, construction, rehabilitation and/or permanent financing of rental housing properties which provide a public purpose; and

WHEREAS, "Missing Middle" housing is a range of multi-unit or clustered housing types—compatible in scale with detached single-family homes—that help meet the growing demand for walkable urban living; and

WHEREAS, on January 14, 2015, the Commission approved the purchase of a single family house and lot located at 617 Olney Sandy Spring Road ("617 O-SS"), immediately adjacent to Sandy Spring Meadow Apartments, a property that is owned by an HOC affiliate; and

WHEREAS, the acquisition of 617 O-SS with HOC's ownership interest in Sandy Spring Meadow Apartments, created a larger property aggregation that staff believes is a strong candidate for a Missing Middle development (the "Pilot Missing Middle Initiative"); and

WHEREAS, On March 4, 2020, the Commission approved $75,000 in feasibility funding from the Opportunity Housing Reserve Fund to explore a joint venture between the Maryland-National Capital Park and Planning Commission and HOC on the Pilot Missing Middle Initiative; and

WHEREAS, On July 1, 2020, the Commission approved an additional $330,000 in predevelopment funding from the Opportunity Housing Reserve Fund to continue predevelopment activities at the Pilot Missing Middle Initiative, to be funded by a draw on the Opportunity Housing Reserve Fund; and

WHEREAS, on November 16, 2020 staff solicited four (4) firms from its pool of legal counsel established by the Commission on April 3, 2019 with the applicable expertise to provide legal counsel for land use work on the Pilot Missing Middle Initiative; and

WHEREAS, one of the four firms, Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. ("Selzer Gurvitch") provided the most responsive and responsible bid for a not to exceed cost of $251,381.25; and

WHEREAS, staff is requesting that the Commission approve an amount up to $280,000, which includes the Task Order of $251,381.25 plus a, 11.38% ($28,618.75) contingency to account for any unforeseen issues that could arise before the project is approved; and

WHEREAS, to fully fund the task order, the predevelopment budget authorization for legal work requires an increase from $100,000 to $280,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes an increase to the predevelopment budget for the Sandy Spring Pilot Missing Middle Initiative of $180,000 to be funded by a draw on the Opportunity Housing Reserve Fund.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director, or his designee, to execute a Task Order under the current pool contract with Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. for $251,381.25.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 13, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

BOND COUNSEL CONTRACTS: RENEWAL WITH KUTAK ROCK LLP AND BALLARD SPAHR LLP IN ACCORDANCE WITH THE CURRENT CONTRACT, PRIOR APPROVALS AND THE PROCUREMENT POLICY

January 13, 2021

- On April 5, 2017, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") approved the selection of Kutak Rock LLP and Ballard Spahr LLP to serve as bond counsel for a new contract term, initially for three years, with two additional one year renewals for a maximum contract term of five years. The initial three-year contract term commenced on April 10, 2017 and ended April 9, 2020. The first one-year renewal will end on April 9, 2021, with one renewal available from April 10, 2021 -April 9, 2022. Each renewal must be approved by the Commission.

- Bond counsel to a municipal housing bond issuer provides legal advice specific to the issuance of tax-exempt bonds or other securities issued to finance its housing programs, providing among other things, legal opinions to the marketplace that address: (1) the validity of the bonds, and (2) the excludability of interest on the bonds from gross income for federal income tax purposes. Without an accompanying opinion of a nationally recognized bond counsel, the bonds are not normally marketable.

- Kutak Rock LLP was selected as the sole bond counsel for the Commission's Single Family Mortgage Revenue Bond Resolution (the "1979 Parity Indenture"), the Single Family Housing Bond Resolution (the "2009 NIBP Parity Indenture"), and subsequently, the General Trust Indenture.

- Kutak Rock LLP and Ballard Spahr were both selected as bond counsel for the Commission's multifamily issuances with Ballard Spahr initially serving as bond counsel for selected stand-alone transactions as the firm becomes experienced with HOC and demonstrate its ability to perform on other transactions. Kutak Rock would serve the Commission initially as bond counsel for all its multifamily bond issuances.

- Staff recommends that the Commission accept staff's recommendation, which is supported by the Development & Finance Committee, to approve the renewal of the bond counsel contracts with Kutak Rock LLP and Ballard Spahr LLP for one year on the same terms of the existing contracts.

- Staff further recommends approval of an annual aggregate contract amount of up to $600,000 for both contracts.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM:	Division:	Staff:	Ext:
	Mortgage Finance	Arrington	9760
	Executive	Brown	9589

RE: Bond Counsel Contracts: Renewal with Kutak Rock LLP and Ballard Spahr LLP in Accordance with the Current Contracts, Prior Approvals and the Procurement Policy

DATE: January 13, 2021

STATUS: COMMITTEE REPORT: Deliberation __X___

OVERALL GOAL & OBJECTIVE:
Renewal of the bond counsel contracts with Kutak Rock LLP and Ballard Spahr LLP in accordance with the current contracts and procurement policy, thereby, enabling the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") to meet its affordable housing goals.

BACKGROUND:
On April 5, 2017, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") approved the selection of Kutak Rock LLP ("Kutak Rock") and Ballard Spahr LLP ("Ballard") to serve as bond counsel for a new contract term, initially for three years, with two additional one year renewals for a maximum contract term of five years. The contract term commenced on April 10, 2017 and the initial three-year term ended April 9, 2020. The first renewal term which was approved by the Commission on January 8, 2020 will end on April 9, 2021. Each renewal must be approved by the Commission; therefore, to allow sufficient to complete a new procurement should the Commission so directs, this item is being brought forward at this time.

<u>Bond Counsel</u>
Bond counsel to a municipal housing bond issuer such as HOC provides legal advice specific to the issuance of tax-exempt bonds or other securities issued to finance its housing programs. Most importantly, it provides legal opinion to the marketplace that addresses among other things: (1) the validity of the bonds and (2) the excludability of interest on the bonds from gross income for federal income tax purposes. Without an accompanying opinion of nationally recognized bond counsel, the bonds are not normally marketable.

More specifically, bond counsel participates in the structuring of bond transactions, prepare, review and assemble documents that serve as the transcript for the issued debt. They also provide interpretative services to HOC on an ongoing basis and assist with related covenant and tax compliance matters. They may also assist with continuing disclosure as well as arbitrage rebate compliance if requested, including ad hoc consulting services to address Internal Revenue Service ("IRS"), Securities and Exchange Commission ("SEC") issues, and other matters that arise from HOC's financing activities.

Though not mandatory, bond counsel is expected to be or become familiar with HOC's affordable housing goals and mission, thereby, enabling HOC to balance profitability goals with public purpose. A stable bond counsel relationship provides continuity for the issuer as it experiences staff turnover throughout the years; therefore, the selected firm (or firms) must possess the breadth, depth and industry presence to enhance its ability to provide related services for HOC to respond to industry changes, market factors, and changes in governing laws.

Current Bond Counsel Relationships

In 2017, both Kutak Rock and Ballard were awarded the same contract terms (three (3) years, initially, with two (2) additional one-year extensions); however, Kutak Rock was selected as the Commission's sole bond counsel for the Single Family Mortgage Revenue Bond Resolution (the "1979 Parity Indenture") and its Single Family Housing Bond Resolution (the "2009 NIBP Parity Indenture").

Kutak Rock has assisted HOC with the issuance of approximately $3.47 billion in 197 bond series throughout its 37-year relationship with HOC, including approximately $267 million covering 12 transactions since 2017. This experience with HOC involved issuance under its single family and multifamily parity indentures, as well as stand-alone (conduit) indentures.

Ballard is a Philadelphia-based law firm of more than 500 lawyers practicing throughout the United States in the areas of litigation, business and finance, intellectual property, public finance, and real estate. Ballard's primary area of practice includes its public finance practice specializing in the area of general housing bond finance with its lawyers having served as bond counsel in every form of traditional municipal debt, including tax-exempt, taxable, new money and all forms of financings involving many forms of credit enhancement.

Ballard is new in its representation as bond counsel to the Commission and both Ballard and Kutak Rock were selected in 2017 as bond counsel for HOC's multifamily issuances with Ballard initially serving as bond counsel for selected stand-alone transactions, as they become experienced with HOC and demonstrate their ability to perform on other transactions. Kutak Rock would serve the Commission initially as bond counsel for all its multifamily bond issuances. Since the contract was awarded, Ballard has not represented the Commission on any private developer transaction because there has only been one traditional private developer transaction which required quick execution.

Additionally, neither Kutak Rock nor Ballard represented the Commission as bond counsel for the West Side Shady transaction, both due to a conflict of interest with the Maryland Community Development Administration.

Parity versus Conduit Bond Counsel Representation

Until recently, HOC's single family bond programs operate pursuant to two parity (open) single family Bond Resolutions. One, the 1979 Indenture, created in that year, embodies all of the complexities of 41-year tax law, industry, and market changes. The second, the 2009 NIBP Indenture, created in 2009 to allow for participation in the U.S. Treasury Initiative for Housing Finance Agencies, is less complex.

The multifamily program operates a little differently, but most of the activities are conducted pursuant to the 1996 Housing Development Bond Resolution (the "1996 Indenture") and the 2002 Multiple Purpose

Bond Resolution (the "Multiple Purpose Indenture"). One older parity indenture—the 1984 indenture—is no longer used for new multifamily issuances and only has two series of bonds outstanding. As with the single family parity indentures, the firm selected to represent the Commission as bond counsel for the multifamily programs must be knowledgeable about all of the issues inherent in similar programs.

On July 10, 2019, the Commission approved the creation of a new indenture, the General Trust Indenture ("GTI"), which is a multiple program indenture that authorizes the Commission to issue taxable or tax-exempt bonds or other evidences of indebtedness to finance homeownership programs and rental housing programs, or to finance or reimburse the related Commission's capital expenditures. The bonds issued under the GTI are revenue bonds, and may be private activity bonds or governmental bonds. The bonds will be secured by rental housing and/or single family home mortgage loans. The GTI authorizes the issuance of new money and refunding bonds. It is a parity indenture, but subordinate bonds are authorized to be issued. Individual bond issues will be via supplemental indentures, which establish funds and accounts as may be necessary for the individual bond issuances.

In addition to these parity indentures, from time to time, HOC issues bonds that finance private developer transactions on a stand-alone basis. Those may be characterized as conduit issuances. While experience in multifamily parity bond issues might be helpful, conduit issuances are different in structure and documentation.

Contract Renewal

As stated previously, the Commission's current contract with Kutak Rock and Ballard is for a term of three (3) years (through April 17, 2020), initially, with two (2) additional one-year extensions. The Commission approved the first renewal, one-year extension, on January 8, 2020. This request is for the final renewal of the contract. Based upon the long history with Kutak Rock and the continued desire to work with Ballard for selected stand-alone multifamily transactions, staff proposes the renewal of both contracts for a one-year term in accordance with provisions of the existing contracts and prior approvals.

Fees:

Kutak Rock's average hourly rate is $350. A flat fee of $52,000 is for HOC's single family bond issuance under its parity indentures, and for multifamily issuances funding developments that are owned by HOC or its affiliates, the per-transaction fee under a parity indenture is $60,000. Private developer stand-alone issuances are proposed at $60,000-$70,000 based on complexity.

Ballard's hourly rate is $477 for its partners and associates with annual increases of $25 for partners and $20 for associates. Additionally, a flat fee of $60,000 is for stand-alone multifamily conduit issuances. Per the contract, these fees are fixed for the first three (3) years with 3% annual escalations thereafter.

The use of para-professionals is anticipated by both firms to reduce overall costs. Given HOC's real estate and financing pipeline, staff proposes the fee under each contract to not exceed $600,000 annually.

	Ballard Spahr[1]	Kutak Rock	Comments
Hourly Fee (Partners & Associates)			
Partners	$506	$350	
Associates	$394	$250	
Paralegal	$216	$175	
Single Family Parity	N/A	$52,000	
Multifamily Parity	N/A	$60,000	HOC-owned or sponsored
Multifamily Stand-alone	$61,800	$60,000 $70,000	Private developers
Reimbursable Expenses	Actual cost	Actual cost	

ISSUES FOR CONSIDERATION:
Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to approve the renewal of the contract with Kutak Rock LLP and Ballard Spahr LLP as its bond counsel for in accordance with the provisions of the existing bond counsel contracts, prior approvals, and the current procurement policy?

Will the Commission accept staff's recommendation to approve an annual aggregate budget of $600,000?

PRINCIPALS:
Housing Opportunities Commission of Montgomery County
Ballard Spahr LLP
Kutak Rock LLP

BUDGET IMPACT:
There is no impact for the Commission's FY21 operating budget. Bond counsel fees are built into the cost of issuance budget for each issuance and paid from the development budget for a multifamily transaction, the indenture for a single family issuance, or from the Mortgage Finance Division's budget for routine non-transactional hourly costs, all of which are approved by the Commission.

TIME FRAME:
For formal action at the January 13, 2021 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
1. Staff recommends that the Commission approve the renewal the bond counsel contracts with Kutak Rock LLP and Ballard Spahr LLP and extend for one (1) year in accordance with the current contracts, prior approvals, and procurement policy.
2. Staff further recommends approval of an annual aggregate contract amount of up to $600,000 for both contracts.

[1] *Renewal fees for Ballard reflect a 3% increase in accordance with the existing contract.*

Resolution No.: 21-09

Re: Bond Counsel Contracts: Renewal with Kutak Rock LLP and Ballard Spahr LLP in Accordance with the Current Contracts, Prior Approvals, and the Procurement Policy

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

WHEREAS, the ability to issue notes and bonds to the capital markets is subject to the issuance of an opinion from nationally recognized bond counsel concerning (1) the validity of the bonds, and (2) the excludability of interest on the bonds from gross income for federal income tax purposes, without which the bonds are not normally marketable; and

WHEREAS, on April 5, 2017, the Commission appointed Kutak Rock LLP ("Kutak") and Ballard Spahr LLP ("Ballard") as bond counsel for its financing programs for a three-year term, with two optional one year renewals that must be approved by the Commission; and

WHEREAS, the first renewal term which was approved by the Commission on January 8, 2020 will end on April 9, 2021 and staff wishes to avail itself of one final renewal from April 10, 2021 through April 9, 2022; and

WHEREAS, the Commission is satisfied with the services that are provided by bond counsel and wishes to renew the contracts for one year in accordance with provisions of the existing contracts and the Procurement Policy.

NOW, THEREFORE BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the renewal of the existing contracts with Kutak and Ballard as its bond counsel for one year in accordance with all prior approvals, including the fees schedules submitted with the initial proposal that provide for a 3% annual increase for Ballard after the first three years.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the maximum aggregate contract amount of $600,000 annually.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on January 13, 2021.

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Patrice Birdsong
Special Assistant to the Commission

The Metropolitan: Approval to Select Miner Feinstein Architects as Architect, Authorization for the Executive Director to Negotiate and Execute a Contract for the Renovation of The Metropolitan Apartments and Authorization to Make Loans to Metropolitan Bethesda Limited Partnership and Metropolitan Development Corporation

Bethesda

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

January 13, 2021

Table of Contents

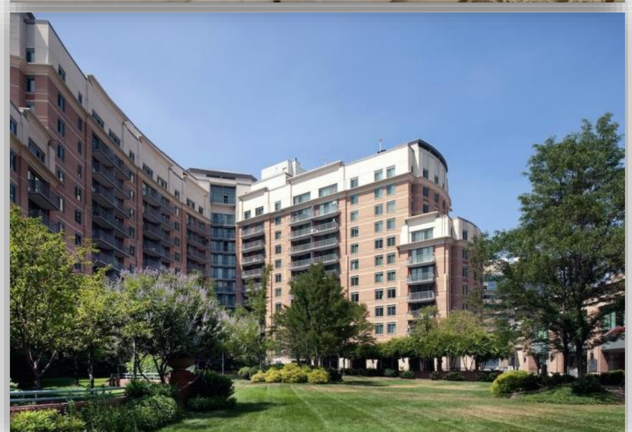
Executive Summary

- The Metropolitan Apartments ("Metropolitan" or the "Property") was constructed in 1997. The Property is a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda. Metropolitan currently provides 92 affordable units and 216 market rate units.
- The 216 market rate units underwent minor renovations in 2013, but the affordable units have not been updated since they were initially placed in service.
- The Property is built above the Montgomery County-owned Metropolitan Public Parking Garage 49 and legal title is structured as an air rights condominium. The County receives a portion of cash flow at the end of each fiscal year based on the formula set forth in the Air Rights lease documents.
- Since the Property was first occupied, the market and affordable units have integrated seamlessly, and there have not been any issues raised by residents on either side. This is merely one of the success stories of HOC's history of mixed-income development in Montgomery County.
- HOC issued a solicitation for Architectural Services for the renovation of The Metropolitan on October 28, 2020 from the Architecture and Accessibility Consultant Pool (established under RFQ #2080).
- Staff recommends, with the support of the Development and Finance Committee which met for an informal discussion on December 18, 2020 that the Commission approve the selection of Miner Feinstein Architects as the architect of record for the renovation of The Metropolitan Apartments and approve loans of $559,735 and $239,887 to Metropolitan Development Corporation and Metropolitan Bethesda Limited Partnership, respectively, totaling $799,622 from the Opportunity Housing Reserve Fund ("OHRF") for architectural and interior design services for the predevelopment phase of the rehabilitation.

Waverly House

Avondale Properties

Property Overview



Location	7620 Old Georgetown Road, Bethesda MD 20814
Owner	Metropolitan Development Corporation & Metropolitan of Bethesda Limited Partnership
Property Manager	Bozzuto Management Company
Property Type	High-rise apartments (14 stories)
Total Units	308 (216 MKT & 92 AFF)
Occupancy	93% (MKT) & 99% (AFF) as of August 16, 2020
Property Amenities	Rooftop pool with lounge seating and stunning views, community room, fitness center, business center, onsite storage, 24-hour concierge, one-story parking garage, courtyard, and balconies (available in select apartment homes).
Neighborhood Amenities	Moments from the shops and entertainment of Bethesda Row, one block from Bethesda Metro Station, and numerous on-site retail shops, including Bethesda Metro Hair (barber shop), &Pizza, Chipotle, Geste Beer & Wine, Kohler, and Next Phase Fitness Studio
School District	Bethesda Elementary School, Westland Middle School, and Bethesda-Chevy Chase High School

- The 216 market rate units benefitted from minor renovations between 2012 and 2013 but are in need of more significant renovations to remain competitive with other market rate units today. The 92 affordable units have not had any renovations.
- Staff is proposing to achieve National Green Building Standard (“NGBS”) Silver certification.

Property Overview – Unit Mix & Retail

Unit Mix – Affordable

Unit Type	# of Units
Efficiency	23
1BR	43
2BR	24
3BR	2
Total	**92**

% of AMI	# of Units
25% AMI	20
30% AMI	23
40% AMI	30
50% AMI	19
Total	**92**

Unit Mix – Market

Unit Type	# of Units
Efficiency	13
1BR	113
2BR	78
3BR	12
Total	**216**

Retail Space – List of Tenants

Name	Square Feet
Chipotle Mexican Grill	3,027
Geste Café Beer and Wine	1,619
IMA Pizza	807
Bethesda Woodmont Barber Shop	1,030
Next Phase Inc	3,029
Kohler	3,933
Total	**13,445**

- Average occupancy of Affordable units was 99.3% in 2019
- Average occupancy of Market units was 92.6% in 2019
  - There is room for revenue growth from market units.
- Retail space is currently 100 % occupied
- 100% parking space leased
  - $175 per parking space/month

Market Study - Product

The Metropolitan

- Built: 1997
- Updates: 2013 (minor renovations to market rate units)
- Amenities: rooftop pool, club room, fitness room
- Advantage: location to Metro, price point

Sample Market Rate Property

- Built: 2015-2020
- Current design, finishes shown below
- Amenities: rooftop pools, outdoor space, rooftop social areas, fitness, dog wash station
- Advantage: location, age, lifestyle

Existing Property Condition

Typical Market Condition

Selection of Architect - Qualifications

HOC issued a solicitation for Architectural Services for the renovation of Metropolitan on October 28, 2020, from the Architecture and Accessibility Consultant Pool (established under RFQ #2080). Staff received five proposals from Hord Coplan Macht ("HCM"), Kishimoto Gordon Dalaya ("KGD"), KTGY Architecture + Planning ("KTGY"), Miner Feinstein Architects ("MFA"), and Zavos Architecture + Design ("ZA+D"), (Sort A to Z), on November 18, 2020. The scoring team (consisting of staff from Finance, Property Management, and Real Estate Development) completed its review of the responses on December 1 and 2, 2020, based on the following criteria:

- **Experience** (30 points)
  - Key Factors: Demonstrated experience as architect on projects located in the Washington DC metropolitan area and Maryland specifically with a preference for Montgomery County and specifically with affordable housing and local building codes.
  - High-rise multifamily rental (above 10 stories) projects (rehab or new construction) in the past three years.
  - Strong track record of completed LIHTC projects in the State of Maryland (rehab or new construction) in the past five years.
  - Strong track record of completed renovation projects with residents in place or phased around residents in the past five years
- **Price** (30 points)
  - An evaluation of the value of the services provided at the proposed pricing structure.
- **Qualifications** (20 points)
  - Key Factors: Ability of the organization/team to undertake and complete successfully projects of comparable size, scope and product type
  - Multifamily apartments & energy efficiency and sustainability improvements
  - Renovation projects with residents in place or phased around residents
- **Schedule** (10 points)
  - Anticipated schedule in detail for production of each phase of architectural documents
- **MFD Status** (10 points)
  - Certification as a minority-, female-, or disabled-owned business

Scope of Work - Summary

Existing Kitchen (Affordable Unit)

Scope of Work

- Update and upgrade The Metropolitan so that The Metropolitan remains attractive, marketable and competitive with comparable properties
- Increase the efficiency of the building to reduce operating costs to both property and residents
- Replace roof & mechanical systems; including HVAC, hot water heaters, and water pipes
- Improve sustainability and energy efficiency through improvements such as a Trigeneration or Cogeneration system.
- Replace elevator cab finishes, equipment, and software
- Upgrade pool equipment & surface

- Update and upgrade clubroom , fitness room, penthouse bathrooms (showers, saunas and locker)
- Update common corridors with new finishes and lighting
- Upgrade unit kitchen & bathrooms (inclusive of new floor finishes, entry door, appliances, low-flow plumbing fixtures, and lighting fixtures)
- Update and upgrade fountain and exteriors, such as canopy and lighting

- ❑ These improvements will not only address curb appeal, but also – and more importantly – increase energy efficiency, extend the property's useful life, and allow the property to better compete in the marketplace.
- ❑ Ensure a pragmatic and cost-effective approach to the renovation program.

Existing Club Room

Selection of Architect – Scoring Summary

There were five respondents to Metropolitan's Task Order. Of the five qualified responses, Miner Feinstein Architects received the highest average score at **82.3%.** Included in its submission was information of its proven history of work with HOC at Alexander House and Arcola Towers. Miner Feinstein's proposal was considered the most responsive; therefore, staff proposes the selection of Miner Feinstein Architects.

Rank	Architect	Experience (30%)	Qualifications (20%)	Price (30%)	Schedule (10%)	MFD Status (10%)	Total AVG. %	Price
1	**Miner Feinstein Architects**	**28.7**	**19.0**	**28.7**	**6.0**	**0.0***	**82.3**	**$946,368**
2	KTGY Architecture + Planning	27.7	18.2	27.3	6.3	0.0	79.5	$1,006,975
3	Kishimoto Gordon Dalaya	27.3	17.5	26.0	8.0	0.0	78.8	$1,027,597
4	Hord Coplan Macht	28.3	16.7	24.0	8.3	0.0	77.3	$1,060,530
5	Zavos Architecture + Design	26.0	15.0	22.3	6.3	0.0	69.7	$1,190,444

- Evaluated by: Finance, Property Management, and Real Estate Development
- Price included MEP and Structural services and estimated 18 months construction period (based on Alexander House)
- *MFA is not a certified MFD firm; however, two of the consultants working on this engagement , CTA Engineers (MEP engineer) is certified Minority Business Enterprise and Smislova, Kehnemui & Associates (Structural engineer) is certified Small Business Reserve Program in Maryland.

As part of HOC's continuing effort to provide its residents with higher quality and amenity-rich affordable housing, staff proposes a renovation similar in scope to Alexander House apartments, which MFA completed. The proposed plan will also increase energy efficiency in the building.

Predevelopment Budget

- On September 9, 2020, the Commission approved feasibility funding of $120,000 to engage third-party professionals/consultants to investigate and document the existing condition of the building to develop a renovation scope for Metropolitan.

- Staff requests $699,622 for the predevelopment phase of architectural services to be funded with a loan from the OHRF. Services for this phase include several components to move design development from concept through construction documents and to prepare a Low Income Housing Tax Credit ("LIHTC") application for submission to the Maryland Department of Housing and Community Development ("DHCD").

MFA – Proposal Detail	Cost	Projected Schedule
Existing Conditions/Pre Design	$41,836	February 17, 2021
Schematic Design	$90,258	March 31, 2021
Design Development	$118,278	June 1, 2021
Construction Documents	$184,810	October 4, 2021
Bidding and Negotiation	$22,810	
Other Services (*)	$241,048	
SUBTOTAL	**$699,622**	
Construction Administration (Monthly)	*$11,073*	
Construction Administration (18 Months)	*$199,320*	
Punch Out Services/Closing Out	*$47,426*	
SUBTOTAL	***$246,746***	
TOTAL	**$946,368**	

- In addition to the predevelopment funding for MFA, staff also requests a loan of $100,000 from the OHRF for interior design services during the predevelopment phase.

- MFA is projecting to produce permit documents by August 11, 2021.

- Staff will discuss with MFA to try to reduce its overall schedule.

- Metropolitan Development Corporation – total loan portion would be $559,735 (70% of $799,622)

- Metropolitan of Bethesda Limited Partnership total loan portion would be $239,887 (30% of $799,622)

* Anticipated reimbursables; conversion of PDF As-Built drawings to CAD files; CDA LIHTC application and processing; field measuring; 3D renderings; Fair Housing Assessment; property signage; site visit for mechanical electrical, and plumbing engineer; and Section 3 Compliance.

Summary and Recommendations

Issues for Consideration

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

1. Approve the selection of Miner Feinstein Architects for the renovation of The Metropolitan Apartments and authorization of the Executive Director to negotiate and execute a contract for the renovation of The Metropolitan Apartments?

2. Approve loans of $559,735 and $239,887 to Metropolitan Development Corporation and Metropolitan Bethesda Limited Partnership, respectively, totaling $799,622 for architectural and interior design services for the predevelopment phase of the rehabilitation of The Metropolitan Apartments to be funded from the OHRF. The loan will be interest free and repaid from the proceeds of the renovation financing at closing?

Time Frame

For formal action at the January 13, 2021 meeting of the Commission.

Budget/Fiscal Impact

There is no impact on the FY2021 Operating Budget; however, if approved, these loans totaling $799,622 would reduce the available balance of the OHRF from $4,605,566 (December 10, 2020) to $3,805,944.

Staff Recommendation and Commission Action Needed

Staff recommends that Commission approve the selection of Miner Feinstein Architects as the architect of record for the renovation of The Metropolitan Apartments and approve loans of $559,735 and $239,887 to Metropolitan Development Corporation and Metropolitan Bethesda Limited Partnership, respectively, totaling $799,622 from the OHRF for architectural and interior design services for the predevelopment phase of the rehabilitation. The loan will be interest free and repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC.

RESOLUTION No: 21-10 **RE:** **Approval to Select Miner Feinstein Architects, Authorization for the Executive Director to Negotiate and Execute a Contract for the Renovation of The Metropolitan Apartments and Authorization to Make Loans to Metropolitan Bethesda Limited Partnership and Metropolitan Development Corporation**

WHEREAS, The Metropolitan Apartments ("the "Property") was constructed in 1997 with a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the "Metropolitan LP"), which is wholly owned by the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC"), and The Metropolitan Development Corporation (the "Metropolitan Corporation"), which is wholly controlled by HOC; and

WHEREAS, the 216 market rate units benefitted from minor renovations completed in 2013, but are in need of more significant renovations to remain competitive with other market rate units as well as to address aging systems; and

WHEREAS, the 92 affordable units have not had any renovations since they were placed in service; and

WHEREAS, on September 9, 2020, the Commission approved funding in an amount up to $120,000 to cover the due diligence and feasibility costs for renovations to the Property; and

WHEREAS, on October 28, 2020, staff issued a solicitation for Architectural Services for the renovation of the Property from the Architecture and Accessibility Consultant Pool (established under Request for Qualifications #2080); and

WHEREAS, staff received five proposals from Hord Coplan Macht, Kishimoto Gordon Dalaya, KTGY Architecture + Planning, Miner Feinstein Architects ("MFA"), and Zavos Architecture + Design; and

WHEREAS, the evaluation team completed its review of the proposals and, based on the established criteria, MFA scored the highest with an average score of 82.3%; and

WHEREAS, staff requests $699,622 for the predevelopment budget for the Property to be funded with a loan from the Opportunity Housing Reserve Fund ("OHRF") for MFA to perform services to move the design development from concept through construction drawings, for preparation for a Low Income Housing Tax Credit application for submission to the Department of Housing and Community Development, and other related services; and

WHEREAS, staff requests an additional $100,000 for the predevelopment budget to be funded with a loan from the OHRF for interior design services to cover concept through construction drawings; and

WHEREAS, staff recommends that the Commission approve the selection of Miner Feinstein Architects as architect for renovations at the Property and approve a total of $799,622 of Predevelopment Funds for design services for the rehabilitation of the Property to be funded from the OHRF, which shall take the form of a loan to the Metropolitan LP in the amount of $239,887 and a loan to the Metropolitan Corporation in the amount of $559,735, to be repaid upon closing of renovation financing; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed $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 project is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

WHEREAS, HOC will continue to evaluate its options for construction and permanent financing, which may include the issuance of tax-exempt governmental bonds or such other tax-exempt bonds that are permissible under provisions of the Internal Revenue Code, the proceeds of which would fund a permanent mortgage that would be insured by FHA in accordance with the Risk Share mortgage program; 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 that the Housing Opportunities Commission of Montgomery County approves the selection of Miner Feinstein Architects as architect for renovations of the Property and authorizes the Executive Director, or his designee, to negotiate and execute a contract.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves a loan to the Metropolitan LP in an amount up to $239,887 and a loan to the Metropolitan Corporation in an amount up to $559,735 (total of $799,622) to be funded from the OHRF for the Predevelopment Funds for design services for the financing and renovation of the Property, which will be repaid from the proceeds of the renovation financing at closing.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, as the general partner of the Metropolitan LP, accepts a loan from HOC in an amount up to $239,887.

BE IT FURTHER RESOLVED THAT:

Section 1. Declaration of Official Intent. The Commission presently intends and reasonably expects to finance costs related to the predevelopment, development, and equipping of the Metropolitan, with moneys currently contained in its Opportunity Housing Reserve Fund, and General

Fund Property Reserve Account, County Revolving Fund accounts, and any other funds of the Commission so designated for use by the Commission.

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

Section 3. Issuance of Bonds or Notes. The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $100,000,000 will be applied to reimburse the Commission for its expenditures in connection with the project.

Section 4. Confirmation of Prior Acts. All prior acts and doings of the officials, agents and employees of the Commission, which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Property, shall be and the same hereby are in all respects ratified, approved and confirmed.

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

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

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the general partner of the Metropolitan LP, authorizes and directs the Executive Director, or his designee, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 13, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF THE FINANCING PLAN, FEASIBILITY AND PUBLIC PURPOSE FOR STEWARTOWN HOMES; AUTHORIZATION TO ISSUE LOANS TO HOC AT STEWARTOWN HOMES, 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

STEWARTOWN HOMES, GAITHERSBURG, MD

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
VICTORIA DIXON
LEN VILICIC

January 13, 2021

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EXECUTIVE SUMMARY

Stewartown Homes (“Stewartown” or the “Property”) is an existing 94-unit, income restricted apartment community, in Gaithersburg, MD. The Property was originally built in 1976 and financed under HUD’s Section 236 Program (“236 Program”) and refinanced in 2000 with Low Income Housing Tax Credit (“LIHTC”) equity and an FHA Risk Share permanent mortgage funded via bond proceeds under the 1996 Multifamily Housing Development Bond Resolution (the “1996 Indenture”). In January 2020, HOC as managing member acquired the limited partnership interests in the LIHTC entity, MV Affordable Housing Associates Limited Partnership, from Wells Fargo.

The Property is an important component of HOC’s affordable housing portfolio, as it will continue to serve households of low- and moderate-income up to 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income (“AMI”).

On December 9, 2020, staff presented a Final Development Plan (“Development Plan”) to the Commission estimated at $38.1 million to acquire, renovate, and equip the Property with in-unit upgrades of finishes and equipment, conversion of five (5) units to Uniform Federal Accessibility Standards (“UFAS”) accessible, and expansion of select half baths to full baths, as well as external improvements to lighting, paving, landscaping, building envelope, and an upgraded playground. Completion of renovations is projected to take up to 16-months for completion by August 2022.

As part of the Development Plan, the Property will be acquired by HOC at Stewartown Homes, LLC (the “Borrower”), controlled by HOC MM Stewartown Homes, LLC (“General Partner”). HOC will retain controlling interest of the Borrower and General Partner. The Property is expected to be awarded an allocation of 4% tax credits in January and Boston Capital approved as LIHTC Syndicator. Staff may return with a request to amend LIHTC syndication.

The proposed Financing Plan will include the following combined sources: (a) private activity short-term and long-term, tax-exempt bonds proceeds will fund a FHA Risk Share mortgage loan (“Mortgage Loan”) to finance acquisition, and renovation costs of the transaction; (b) LIHTC equity; (c) a subordinate loan from the Montgomery County Department of Housing and Community Affairs (“DHCA”) Housing Initiative Fund, representing assignment of previous funds in the property (“County Loan”); and, (d) a subordinate loan from MV Affordable Housing Associates Limited Partnership, representing contributed land equity (“Seller Loan”). Closing is expected to occur by March or April 2021. Stabilization of the Property is expected to occur by August 2022 with conversion to permanent debt to occur by January 2023.

EXECUTIVE SUMMARY

Date	Res.	Description of Commission Resolutions
April 5, 2017	17-23	Approval to advance $150,000 from the Opportunity Housing Reserve Fund ("OHRF") to fund Predevelopment Expenses for Stewartown Homes through the submission of Low Income Housing Tax Credit Applications.
May 2, 2018	18-29	Approval of Preliminary Development Plans and Predevelopment Funding of $250,000 from the OHRF for Stewartown Homes.
July 11, 2018	18-52	Approval to withdraw up to $1,817,646 from the PNC Bank, N.A. Real Estate Revolving Line of Credit ("RELOC") to prepay existing fixed rate mortgage for Stewartown Homes.
January 8, 2020	20-07	Authorization to select Harkins Builders as General Contractor for the renovation of Stewartown Homes in accordance with RFQ #2121 and RFP #2121-01; Approval to freeze leasing to hold up to 16 Vacant Units to facilitate renovation; and Approval of request for additional Predevelopment Funds of $350,000 from the OHRF for a total authorized of $700,000 to be repaid from renovation financing of the Property.
April 1, 2020	20-30	Authorization to select Boston Capital as LIHTC syndicator for the renovation of Stewartown Homes and authorization for the Executive Director to negotiate an Operating Agreement.
December 9, 2020	20-85	Approval of Final Development Plan, ratification of formation of Borrower and General Partner entities, purchase and sale of the Property to new entities, authorization to negotiate with the DHCA, authorization to negotiate and execute an Operating Agreement with new LIHTC investor and a contract with the General Contractor, and acceptance of all or some of the purchase price for sale of the Property to be provided in the form of a subordinate seller note.

EXECUTIVE SUMMARY

Staff has completed its underwriting and with the support of the Development and Finance Committee, recommends the following actions of the Commission:

1) Approval of Stewartown's Financing Plan totaling $38.1 million, funded by the following sources: a) tax-exempt construction to permanent mortgage loan to fund acquisition and renovation, which will be funded by the issuance of short-term and long-term tax-exempt bonds; b) LIHTC equity; c) subordinate County Loan; and d) a subordinate Seller's Loan from MV Affordable Housing Associates Limited Partnership.
2) Approval of the feasibility and public purpose for Stewartown setting aside 100% of units at 60% AMI, and the allocation of up to $16 million in volume cap for the transaction.
3) Approval of a Bond Authorizing Resolution for the issuance and delivery of tax-exempt bonds in an amount of up to $16 million under the Multifamily Housing Development Bond Resolution (the "1996 Indenture").
4) Authorization for HOC to issue a Financing Commitment for a Mortgage Loan in an amount of up to $16 million.
5) Approval for HOC to provide credit enhancement via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between HOC and HUD, and for HOC and HUD to assume, respectively, 25% and 75% of the risk for the transaction.
6) Approval for MV Affordable Housing Associates Limited Partnership, a wholly owned entity of HOC, to provide a Seller Loan of up to $12 million to the Borrower.
7) Approval for the Borrower to accept the proposed Mortgage Loan, County Loan, and Seller Loan.

EXECUTIVE SUMMARY

Borrower	HOC at Stewartown Homes, LLC	
Units/Affordability	94 Units 100% Affordable	
	93 1	≤ 60% AMI Non-Revenue
Stabilized Net Operating Income (estimated)	$733,390	
Volume Cap / Tax-Exempt Financing (up to)	$16,000,000 1996 Multifamily Housing Development Bond Resolution	
First Mortgage (up to)	$16,000,000 FHA Risk Share Mortgage	
Permanent Mortgage Interest Rate (estimated)	4.58%	
Mortgage Insurance	FHA Risk Share - 25% HOC / 75% FHA	
Seller Loan (approx.)	$10,327,723	
Permanent Loan Amortization / Term (up to)	40 Years / 42 Years	
Debt Service Coverage Ratio	1.15	
County Participation	(a) $2,107,503 Housing Initiative Fund Loan (b) Real Estate Tax Exemption	

FINANCING SCHEDULE

Jan 2021

- **Commission Approval**
- **Submit FHA Risk Share Application**

Apr 2021

- **FHA Risk Share Approval**
- **Close on LIHTC and Bond Financing**

Apr 2021

- **Begin Renovations (16 months)**

Aug 2022

- **Renovations Complete**

Jan 2023

- ***Outside date for Permanent Conversion***

PROPERTY OVERVIEW

Location 9310 Merust Lane, Gaithersburg, MD 20879

Owner HOC at Stewartown Homes, LLC

Property Manager Edgewood Management Corporation

Total Units 94

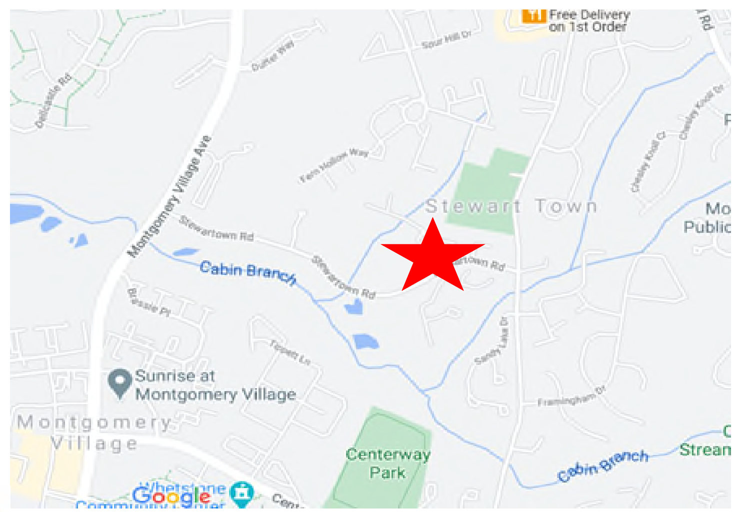
Unit Mix

2 units – 1BR/1BA
14 units – 2BR/1BA
64 units – 3 BR/1.5 BA
13 unit – 4BR/2BA
1 unit – 3 BR/1.5 BA (non-revenue)

Stewartown is an income restricted community with all units for households earning up to 60% of AMI. Nineteen (19) households will qualify for PBV subsidies and up to 15 units for Low Vacancy Vouchers ("LVVs"). At least five (5) units will meet UFAS. One (1) non-revenue unit will be the on-site residence of maintenance personnel.

Amenities A townhome style community with private playground. Neighborhood amenities include Giant Food and Montgomery Village Farmers grocery markets, Stewartown Local Park, and various restaurants, services, and retailers with additional connectivity via Ride-On service and Metrobus access to the Shady Grove WMATA Station (Red Line).

Planned Renovation The existing property is comprised of fourteen two-story buildings built in 1977. Renovations will include: (a) upgrading interior kitchens and bathrooms, including energy efficient appliances, washers and dryers, new cabinetry, countertops, fixtures, flooring, painting and lighting; (b) installation of modern HVAC units and electric hot water heaters; (c) conversion of half baths in four-bedroom units to full baths; (d) replacement of roofs not previously replaced in schedule capital improvements; (e) replacement of siding, gutters, windows, and doors; and (f) conversion of five (5) existing units to UFAS accessible units; (g) improvements to the site including paving, lighting, landscaping, and signage; and, (h) installation of a new playground.



TRANSACTION HIGHLIGHTS

Public Purpose	Stewartown provides 94 affordable units with incomes at or below 60% of the AMI. Nineteen (19) households will qualify for PBV subsidies and up to 15 units for LVVs. At least five (5) units will meet UFAS. Additional details on slide 10.
County Interest	Acquisition and renovation of the Property will preserve quality, affordable housing for families in the County. The Property also will continue to benefit from a subordinate loan and real estate tax exemption from the County for 94 (100%).
Volume Cap Allocation	No more than $16 million in volume cap will be required for tax-exempt bond financing. See page 14 for HOC's Volume Cap Need/Uses matrix.
Bond Financing	Up to $16 million – the private activity, short-term and long-term tax-exempt bonds will be issued under the 1996 Indenture that will fund a Mortgage Loan for the construction and permanent loans phases of the Property with a term of up to 42 years. Upon conversion to permanent the Mortgage Loan will begin a 40-year amortization schedule and will be repaid from property revenues.
Credit Enhancement	The Mortgage Loan will be enhanced with FHA Risk Share mortgage insurance. HOC will assume 25% of the risk for the transaction and FHA 75%.
Construction Bridge Loan	None. Based upon review of the Developer Draw Schedule, bridge financing does not appear to be needed.
LIHTC Equity	Approximately $10.1 million – The tax-credit equity will be paid in stages: 1) loan closing (20%); 2) construction completion (20%); 3) cost certification, stabilized occupancy, and permanent mortgage conversion (55%); and, 4) issuance of the final 8609s (5%). Staff may return with a request to amend LIHTC syndication.
Developer Fee	The developer's fee will be approximately $3.1 million.
Development Team	**Owner/Developer:** HOC at Stewartown Homes, LLC / HOC **General Contractor:** Harkins Builders **Architect:** Zavos Architecture & Design, LLC **Property Management:** Edgewood Management Corporation **Construction Management:** TBD **LIHTC Syndicator/Investor:** Boston Capital / Fannie Mae

PUBLIC PURPOSE

- The availability of two-story townhouses in a residential setting to address the housing needs of families with children.
- Preserving the availability of 3 and 4 bedroom units to serve larger families at affordable rates.
- All 94 units will serve households earning up to 60% of AMI, below is a snapshot comparison of proposed affordable rents compared to market rents.

Subsidized Unit Rents (34 units):

	RAD2 PBV Units	RAD2 PBV Rents*	RAD LVV Units	RAD LVV Rents*
2 Bedrooms	4	$1,513	4	$1,382
3 Bedrooms	10	$1,749	9	$1,585
4 Bedrooms	5	$1,926	2	$1,776
Total	**19**	**$1,746**	**15**	**$1,556**

*** These rents include tenants' rent payments and PBV subsidy payments. The actual tenants' rent payments will be limited to 30% of their gross annual income.***

Non-Subsidized LIHTC Unit Rents (60 units) compared to Market:

	# of UFAS Units	# of Other Units	Unit Size	Existing Net Rents	Utility Allowances	Existing Gross Rents	Max Supportable Tax Credit Rents	Market Rents
1 Bedrooms	2	0	854	NA	NA	NA	$1,234	$1,600
2 Bedrooms	2	4	854	$1,218	$131	$1,349	$1,507	$1,700
3 Bedrooms	1	45	948	$1,384	$164	$1,548	$1,729	$1,900
4 Bedrooms	0	6	1200	$1,536	$186	$1,722	$1,926	$2,150
Total	**5**	**55**	**972**	**$1,382**	**$162**	**$1,544**	**$1,725**	**$1,907**

* Utility Allowances for converted 1 bedroom units will be based on the HUD utility allowance amounts at the time these units are placed in service.

STABILIZED PRO FORMA

Stabilized Proforma		Per Unit
Gross Residential Revenue	$ 1,640,628	$ 17,453
Vacancy, Concessions, Bad Debt	$ (122,393)	$ (1,302)
Effective Gross Income (EGI)	$ 1,518,235	$ 16,151
Operating Expenses	$ 751,945	$ 7,999
Replacement Reserves	$ 32,900	$ 350
Net Operating Income (NOI	$ 733,390	$ 7,802
Debt Service	$ 637,734	$ 6,784
Cash Flow Before Distributions	$ 95,656	$ 1,018
Debt Service Coverage Ratio (DSCR)	1.15	

- To facilitate renovations, vacancy at the Property of up to 16 units at a time is has been approved by the Commission.
- Stabilized Vacancy and Concessions are underwritten at 7%.
- Post-renovation, the Property is expected to reach 93% occupancy by August 2022. Rent and expense annual growth rates are projected at 2% and 3%, respectively.
- Initial replacement reserves will be established at $1,200 per unit from capital sources.

- The Property has an existing PILOT agreement since its acquisition by HOC and is projected to benefit from continuing real estate tax exemption from the State and Montgomery County. Cash Flow Before Distribution in the amount of $95,656 will be impacted by debt service payments on the County Loan.
- Current sizing is based on an estimated interest rate of 4.58% (including Mortgage Insurance Premium (“MIP”) of 25 basis points, HOC Loan Management Fee (“LMF”) of 25 basis points on the original mortgage amount, and 1.36% cushion). Subject to interest rate movements, staff anticipates that the Property will support a permanent loan of approximately $11,694,000 with a DSCR of 1.15:1.00.

FINANCING PLAN

The Stewartown transaction contemplates: a) Mortgage Loan of up to $16 million funded from the issuance of private activity bonds; b) LIHTC equity, which will mostly be contributed upon conversion to the permanent debt; c) subordinate Seller and CIP Loan(s) for up to 42 years; and d) available Property Cash.

(a) The subject Mortgage Loan will be funded by way of issuing short-term and long-term private activity, tax-exempt bonds in an approximate amount of up to $16 million. Private activity volume cap of approximately $16 million will be allocated at the outset for closing of the Mortgage Loan. Current sizing of a $11.7 million permanent loan is based on an estimated interest rate of 4.58%, including MIP, LMF, and cushion for interest rate movements.

(b) Bauer requires approximately $16 million of tax-exempt financing to qualify for 4% tax credits and to meet the 50% test. The transaction is expected to generate approximately $10.1 million in tax credit equity, which will be contributed in stages. Upon initial closing, construction completion, permanent conversion, and issuance of the 8609s, the developer fee will be paid from LIHTC equity contributions. Staff is expected return with a request to amend LIHTC syndication and improve the equity raise.

(c) The Property has an appraised "as is" value of $15.4 million. The Seller Loan from HOC will represent contributed land value to the transaction. Excess proceeds of approximately $2.96 million will be used to repay HOC for intercompany and existing note payables including funds of the RELOC used to payoff the existing senior mortgage.

(d) Assignment and subordination of the existing $2.1 million County Loan to the new transaction will be pursued.

SOURCES	AMOUNT	PER UNIT
Tax-Exempt Mortgage Loan (a)	$ 11,694,000	$ 124,404
Tax-Exempt Bonds (Short Term)	$ 3,944,201	$ 41,960
LIHTC Proceeds (b)	$ 10,065,353	$ 107,078
Seller Loan (c)	$ 10,327,724	$ 109,869
GP Equity	$ 100	$ 1
County Loan (d)	$ 2,107,503	$ 22,420
Total Sources	**$38,138,881**	**$ 405,733**

USES	AMOUNT	PER UNIT
Tax-Exempt Bonds (ST)	$ 3,944,201	$ 41,960
Acquisition Cost	$ 15,400,000	$ 163,830
Construction Cost	$ 10,688,646	$ 113,709
Fees Related to Construction	$ 1,064,655	$ 11,326
Relocation Costs	$ 329,000	$ 3,500
Financing & Legal Costs	$ 1,556,992	$ 16,564
Construction Interest	$ 1,114,166	$ 11,853
Development Fees	$ 3,057,698	$ 32,529
Initial Replacement Reserves	$ 112,800	$ 1,200
Operating Reserves	$ 870,723	$ 9,263
Total Uses	**$38,138,881**	**$ 405,733**

VOLUME CAP NEED/USES ($'000)

Year	2020	Projected 2021
Balance Carried Forward	$0	$13,125
Annual Bond Cap Allocation	$38,791	$39,179
	2.3%	1.0%
TOTAL BOND CAP AVAILABLE	**$38,791**	**$52,304**
HOC PROGRAMS		
Single Family*	$0	$30,000
Bauer Park	$25,665	
Metropolitan*		$20,000
Shady Grove *		$24,000
Georgian Court*		$18,000
Stewartown *		$16,000
Willow Manor at Clopper's Mill*		$19,000
Willow Manor at Fair Hill Farm*		$20,000
Willow Manor at Colesville*		$15,000
Hillendale Gateway*		$48,000
TOTAL HOC PROGRAMS	**$25,665**	**$210,000**
PRIVATE DEVELOPERS		
TOTAL PRIVATE ACTIVITY	**$0**	**$0**
TOTAL BOND CAP REMAINING (SHORTFALL)	**$13,125**	**($131,696)**

*Estimated allocations for transactions not yet closed

- **Available Volume Cap:** HOC will carry over $13,125 of CY2020 volume cap. Staff estimates the Commission will receive an allocation of $39.2 million in volume cap in CY2021. After the closing of Stewartown, the remaining available bond cap will be approximately $36.3 million.
- The projected volume cap usage for CY2021 is approximately $200 million (all for HOC programs; no private deals), which exceeds estimated available bond cap for the year.
- **Requests for Additional Bond Cap:** HOC meets with Maryland's Community Development Association ("CDA") annually to review its annual volume cap needs, and last met on March 16, 2020.
- HOC may request additional bond cap from the Maryland Department of Commerce, the state agency responsible for the allocation of bond cap.
- Prior year unused volume cap carried forward by CDA can only be used by CDA.
- In 2019, HOC was awarded a Special Allocation of approximately $57 million of volume cap from CDA's 2019 allocation.

BOND CAP MATRIX

The Bond Cap Matrix was developed to measure and compare qualitative and quantitative variables of all tax-exempt bond transactions of the Commission. The indices were first introduced in 2002 with the expectation that the analysis would gain relevance over time as more projects are compared. By itself, an index has little meaning unless it can be measured against the results for other transactions.

Qualitative variables were introduced with quantitative variables to provide support for the allocation of volume cap, should the pure numbers suggest otherwise. The variables measured relate to pricing, feasibility, and public purpose for not only Bauer, but for the preceding 23 other properties that were evaluated for HOC financing.

#	Name of Property	Year	Score
1	Stewartown Homes	2021	90%
2	Bauer Apartments	2020	85%
3	900 Thayer	2019	92%
4	Elizabeth House III	2019	85%
5	Upton II	2018	81%
6	Hillside Senior Living	2018	77%
7	Greenhills	2017	83%
8	Alexander House	2017	90%
9	Waverly House	2015	94%
10	Arcola Towers	2015	94%
11	Lakeview House	2015	81%
12	Olde Towne Apartments	2015	88%
13	Churchill Senior Living Phase II	2014	85%
14	Galaxy Apartments	2010	83%
15	Victory Forest	2008	88%
16	Forest Oak Towers	2007	77%
17	Covenant Village	2006	96%
18	Oakfield Apartments	2005	85%
19	Stratford Place Apartments	(Not financed)	
20	Clopper's Mill Manor	2004	88%
21	Charter House	(No cap allocation)	
22	Blair Park Apartments	2004	94%
23	Olney Manor Apartments	2004	88%
24	Randolph Manor Apartments	2002	88%

BOND CAP MATRIX: QUALITATIVE VARIABLES

Factors	Score	Comments
Public Purpose	+	All of the 94 units (100%) will be income restricted for households earning at or below 60% of AMI of which one is currently a non-revenue unit. Nineteen (19) units (20%) will be supported by Project Based Vouchers, and approximately fifteen (15) of the units will be for Low Vacancy Vouchers, subject to tenant qualifications. The transaction will spur economic activity in the County and boost economic impact state-wide. Renovations will result in nearly \$22.9 million total economic output in the County and create approximately 130 jobs (direct, indirect, induced). This activity is estimated to generate \$430,000 in tax revenue for the County, as well as \$950,000 and \$1.8 million in state/local and federal taxes, respectively, through the multiplier effect of these investments.
Fees	+	A financing fee at closing estimated at \$318,200 and \$29,235 of ongoing loan management fees over seventeen (17) years (15 years compliance period). Fees are another form of public purpose as HOC reinvests earned fees into other affordable housing initiatives as capital or fund its operating overhead.
Structure – Term of Affordability	+	LIHTC transaction with extended use provision for 30 years of affordability. A Use Restriction Agreement will be executed and made effective for the term of the Mortgage Loan (40 years).
Credit Enhancement – Risk to HOC	+	The Mortgage Loan will be supported by FHA mortgage insurance pursuant to the Risk Share Agreement with HOC
Readiness to Proceed	+	Existing property; permits and financing approvals pending. Closing planned for April 2021.
Need to Use Bond Cap	N/A	Volume cap supports the development of the project and generates fees for HOC public purpose.
Geography	+	Located in a residential area near schools demonstrating excess demand vs. supply for affordable housing, convenient retail (within one mile to grocery stores and services), 3.0 miles from downtown Gaithersburg with transportation links (bus-stop on Goshan Road, Shady Grove MARC/WMATA Metro rail station, I-270 and County Road 355).
Developer Experience	+	Experienced regional development team with HOC as Developer.
Project Design	Neutral	Built in 1977 proposed renovations will update unit finishes, increase handicap accessibility, upgrade existing playground, and improve mechanical systems, building envelope, and public areas.
Apartment Type	+	Townhome community.
Bedroom Mix	+	The unit mix of 2 one-bedroom units, 14 two-bedroom units, and family sized units with three bedrooms (65 units) and four-bedrooms (13 units).
Cost per Unit	+	\$406,763 per unit (\$163,830 acquisition cost and \$113,709 construction cost)
Delivery Date	+	Staged renovation to finish by August 2022.
HOC Ownership	N/A	HOC will retain managing ownership; majority ownership by limited partner investors.
Community Needs	+	High. The current supply of affordable stabilized rental units in the Stewartown market area has a low vacancy rate of less than 2%, per a January 2020 market study, indicating excess demand for new rental units.

BOND CAP MATRIX: QUANTITATIVE VARIABLES

Factors	Score	Comments
Tax Exempt Savings Index	+/-	For every dollar of savings to the developer, we achieve $2.22 of public purpose.
Cap Usage Index	+/-	For every dollar of bond cap allocated, we achieve $0.62 in public purpose.
Public Purpose Index	-	The percentage of the total market potential that is devoted to public purpose is 25% for this transaction.
Unit Cap Cost Index	+	For every dollar of cost per unit, $0.42 is provided in volume cap.

- The current projections for the Property anticipate public purpose that exceeds the basic LIHTC requirement. Tax-exempt, bond financed transactions require a minimum 20% of units to be reserved for households with incomes at or below 50% of area median income **or** 40% of the units to be reserved for households with incomes at or below 60% of Washington DC/MD/VA AMI. Of the 94 units, 100% of units at the property will be restricted for households earning an average 60% or less of the AMI. Acquisition and renovation of the Property will preserve safe, quality, affordable housing for families in the County.
- The property is providing a substantial public purpose by providing 100% of its units to households earning 60% or less of AMI, which exceeds the minimum required for Tax-exempt bond financed transactions. It also generates fees to the Commission which enable it to continue to realize its public purpose mission.
- Taken together, the combined qualitative and the quantitative variables score of 90% supports an allocation of up to $16 million of bond cap for this transaction. This is due mostly to the public purpose relative to the market, upfront fees earned by HOC, the greater than 15-year term on affordability, and a sound project in terms of design, location and staged renovation schedule.

SUMMARY OF BOND AUTHORIZING RESOLUTION

The Bond Authorizing Resolution prepared by the Commission's Bond Counsel, Kutak Rock LLP, outlines key elements of the transaction, which the Commission must authorize to enable the financing to proceed. A summary of the main approvals is outlined below:

1. Issuance of tax-exempt bonds, in one or more series, as applicable (the "Bonds"), in order to use the transferred proceeds thereof to finance a mortgage loan in the name of the Borrower to be insured under the FHA Risk Sharing Program to fund the acquisition, renovation, and permanent finance of the Property in an amount not to exceed $16 million.
2. Execution and delivery of a Series Indenture, certain tax-related documents, a Disclosure Agreement and any and all related documents.
3. Approving the preparation, execution and distribution of preliminary and final offering documents relating to the financing.
4. Authorizing the execution of any other documents necessary for the issuance of the Bonds and the accomplishment of the Financing Plan described herein.
5. Authorizing the Chairman, Vice Chairman or Chairman Pro Tem and Executive Director or other authorized representative to proceed with the issuance and delivery of the Bonds.
6. Authorizing the Executive Director or other authorized representative to establish the terms relating to the Bonds and to make ongoing determinations relating thereto.
7. Selection of the Underwriters, Financial Advisor and Bond Counsel.

ISSUES FOR CONSIDERATION

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

- Approval of Stewartown's Financing Plan totaling $38.1 million that includes the following sources: a) tax-exempt indebtedness to fund acquisition and renovation, which will be funded by the issuance of bonds; b) LIHTC equity; c) subordinate County Loan; and d) a subordinate Seller's Loan from MV Affordable Housing Associates Limited Partnership;
- Approval of the feasibility and public purpose for Stewartown setting aside 100% of units at 60% AMI, and the allocation of up to $16 million in volume cap for the transaction;
- Approve a Bond Authorizing Resolution for the issuance and delivery of tax-exempt bonds in an amount of up to $16 million under the 1996 Indenture;
- Authorization for HOC to issue a Financing Commitment for a Mortgage Loan in an amount of up to $16 million;
- Approval for HOC to provide credit enhancement via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between HOC and HUD, for HOC to assume 25% of the risk and HUD to assume 75% for the transaction;
- Approval for MV Affordable Housing Associates Limited Partnership, a wholly owned entity of HOC, to provide a Seller Loan of up to $12 million to the Borrower; and,
- Approval for the Borrower to accept the proposed Mortgage Loan, County Loan, and Seller Loan?

TIME FRAME

For formal action at the January 13, 2021 meeting of the Commission.

FISCAL/ BUDGET IMPACT

- HOC's FY2021 budget currently projects collection of $240,888 in Commitment Fees, $13,395 loan management fees, $11,639 mortgage insurance premiums, and $31,760 of Development Fees, and $12,000 of asset management Fee to HOC. HOC did not include property cash in its budget.
- Closing of the subject transaction is expected to occur in February 2021. Based on current debt sizing staff projects a $318,200 Commitment Fee, $9,943 of mortgage insurance premiums, and $611,540 of the earned Development Fee to be collected for this transaction, combined $658,001 higher than income budgeted for the fiscal year. Collection of a loan management fee and asset management Fee to HOC will delayed until permanent conversion in 2022.
- As is customary, the Commission's Commitment Fee and HOC's share of the Developer Fee will be divided, 40% to the Commission's General Fund and 60% to the Opportunity Housing Reserve Fund ("OHRF").
- At closing of the subject transaction, the transaction will return all predevelopment funds provided from the OHRF to the Commission in an approximate amount of $408,590.
- As of November 2020, the seller ownership entity currently holds approximately $1,205,558 of available cash and recognizes liabilities of $1.78 million comprising an intercompany payable to HOC of $335,820, HOC Note of $178,371 (excluding predevelopment costs), and an existing senior mortgage balance of $1,594,187.
- Staff projects receipt of approximately $2.7 million of net sale proceeds which combined with the $1.2 million of available cash, will be used to repay the Commission for intercompany payables, HOC Note, and funds from the RELOC used to repay the existing senior mortgage on the property, leaving approximately $1,523,875 of excess cash.
- Costs of issuance are expected to be a maximum of $320,000 and will be paid from sources of the transaction.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends, with the support of the Development and Finance Committee, that the Commission to approve the following actions for Stewartown Homes:

1) Approval of Stewartown's Financing Plan totaling $38.1 million that includes the following sources: a) tax-exempt construction to permanent mortgage loan to fund acquisition and renovation, which will be funded by the issuance of short-term and long-term tax-exempt bonds; b) LIHTC equity; c) subordinate County Loan; and d) a subordinate Seller's Loan from MV Affordable Housing Associates Limited Partnership.
2) Approval of the feasibility and public purpose for Stewartown setting aside 100% of units at 60% AMI, and the allocation of up to $16 million in volume cap for the transaction.
3) Approval of a Bond Authorizing Resolution for the issuance and delivery of tax-exempt bonds in an amount of up to $16 million under the 1996 Indenture.
4) Authorization for HOC to issue a Financing Commitment for a Mortgage Loan in an amount of up to $16 million.
5) Approval for HOC to provide credit enhancement via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between HOC and HUD, and for HOC and HUD to assume, respectively, 25% and 75% of the risk for the transaction.
6) Approval for MV Affordable Housing Associates Limited Partnership, a wholly owned entity of HOC, to provide a Seller Loan of up to $12 million to the Borrower.
7) Approval for the Borrower to accept the proposed Mortgage Loan, County Loan, and Seller Loan.

RESOLUTION No.: 21-11 **RE: Approval of the Financing Plan, Feasibility and Public Purpose for Stewartown Homes; Authorization to Issue Loans to HOC at Stewartown Homes, LLC for Acquisition and Construction Financing; Authorization to Issue a Commitment for up to $16 Million in Permanent Financing; 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, Stewartown Homes (the "Property") is an existing 94-unit income-restricted residential community located at 9310 Merust Lane, Gaithersburg, Maryland owned by MV Affordable Housing Associates Limited Partnership ("Seller"); and

WHEREAS, the Property will be acquired by in a single purpose entity known as HOC at Stewartown Homes, LLC ("Borrower"), which will be controlled by HOC MM Stewartown Homes, LLC ("Managing Member") an entity controlled by 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"), provided that the low income set-asides for the tax-exempt financing will be observed; and

WHEREAS, on April 1, 2020, the Commission approved the selection of Boston Capital as the Low Income Housing Tax Credit ("LIHTC") syndicator and authorized the Executive Director to begin negotiating 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 December 9, 2020, the Commission approved the final development plan totaling $38.5 million for the Property as a 94-unit, income-restricted community, which included (1) predevelopment funding of up to $700,000 from the Operating Housing Reserve Fund, which will be subject to repayment upon closing of the transaction, (2) authorization to negotiate and execute an Operating Agreement with the new LIHTC investor, (3) authorization to execute a contract with Harkins Builders as General Contractor for the renovations, (4) authorization to negotiate with the Montgomery County Department of Housing and Community Affairs ("DHCA") for assignment of the existing $2.1 million loan from the Seller to the Borrower ("County Loan"), and (5) 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

WHEREAS, the Commission has provided a loan of up to $1,817,646 to the Seller to prepay the previous fixed rate mortgage on the Property, funded from proceeds of the PNC Bank N.A. Real Estate Line of Credit ("RELOC"), which is to be repaid from sale proceeds of the Property; and

WHEREAS, staff explored a variety of options for the estimated $38.1 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 $16 million to fund a loan for costs of acquisition, rehabilitation, and equipping the Property, enhanced by FHA Risk Sharing ("Mortgage Loan" or "Permanent Loan"); (2) LIHTC equity estimated at $10.1 million; (3) a subordinate County Loan of approximately $2.1 million from the DHCA, funded from previously contributed sources to the Property; and (4) a subordinate Seller Note of approximately $10.3 million (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 $10.1 million in equity to pay part of its acquisition and development costs; and

WHEREAS, the Property will require an allocation of a portion of the Commission's tax-exempt volume cap in an amount not to exceed $16 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 94 units at or below 60% 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 $16,000,000 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 42 years to fund development of the Property, which will be subject to conversion to a Permanent Loan phase.

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 $16,000,000, 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 25% of the risk while HUD shall assume 75% for the transaction.

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 provide the Seller Note to Borrower.

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, County Loan, and Seller Note 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 Executive Director, or a duly appointed designee of the 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 Executive Director's judgment, to carry out the Financing Plan and 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 meeting conducted on January 13, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION: 2021-11B Re: Adoption of an Authorizing Resolution for the Issuance of 2021 Series A Multifamily Housing Development Bonds for the Financing of the Acquisition and Rehabilitation of the Stewartown Homes Development

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2021 SERIES A (THE "2021 A BONDS"), IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $16,000,000 FOR THE PURPOSE OF FINANCING A MORTGAGE LOAN TO BE INSURED UNDER THE FHA RISK-SHARING PROGRAM FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF STEWARTOWN HOMES, A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HOC AT STEWARTOWN HOMES, 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 A BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE SALE OF THE 2021 A BONDS TO [BOFA SECURITIES, INC. AND PNC CAPITAL MARKETS LLC], AS CO-SENIOR MANAGERS, AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS RELATING TO THE 2021 A BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2021 A 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 thereby 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 Multifamily Housing Development Bonds, 2021 Series A (the "2021 A Bonds") pursuant to the Trust Indenture and the Series Indenture Providing for the Issuance of Multifamily Housing Development Bonds, 2021 Series A (the "2021 A Series Indenture"), (i) to make moneys available for the acquisition, rehabilitation and equipping of Stewartown Homes (the "Development"), to be owned and operated by HOC at Stewartown Homes, LLC (the "Borrower"), the managing member of which is controlled by the Commission, (ii) if necessary, to make a deposit to the Reserve Fund pursuant to the Trust Indenture and the 2021 A Series Indenture, and (iii) to fund the costs of issuance of the 2021 A Bonds in the amount set forth in the 2021 A Series Indenture and the Tax Documents (as defined herein), all in accordance with the financing plans approved by the Commission in connection with the Development on January 13, 2021 (the "Financing Plan"); and

WHEREAS, in connection with the issuance of the 2021 A 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 Contract of Purchase, the Tax Documents, the Disclosure Agreement and certain other documents relating to the sale of the 2021 A Bonds, and the financing of the Development;

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

1. ***2021 A Bonds***. The 2021 A Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed $16,000,000 to carry out the purposes under the Program as described above. The 2021 A Bonds shall be designated as set forth in the recitals hereto, or such additional series or subseries designations as approved by the Executive Director, in consultation with the Financial Advisor and Bond Counsel to the Commission. The 2021 A 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 2021 A Mortgage Loan.

2. ***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.

3. ***Series Indenture***. The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission or any authorized designee of the Executive Director 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 Officer"), is hereby authorized and directed to affix the seal of the Commission to the Series Indenture and to attest the same.

4. ***Tax Documents***. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director 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 the 2021 A Bonds and the use and occupancy of the Development in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, 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 the Executive Director 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 2021 A Bonds as prepared by Bond Counsel.

5. ***Disclosure Agreement***. The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the 2021 A Bonds, in such form as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director 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.

*6. **2021 A Mortgage Loan; Real Estate Documents.*** The Commission hereby authorizes and approves the financing of the 2021 A Mortgage Loan with the proceeds of the 2021 A 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 the 2021 A Mortgage Loan in an amount not greater than 25% of the outstanding principal balance of the 2021 A 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 Development, in its capacity as issuer of the 2021 A Bonds and in its capacity as the owner of a membership interest in the managing member of the Borrower.

7. ***Offering Documents***. The Commission hereby authorizes and approves the preparation and distribution of a preliminary offering document of the Commission and the preparation, execution and distribution of a final offering document (collectively, the "Offering Documents"), each relating to the 2021 A Bonds, in such forms as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director 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.

8. ***Sale of 2021 A Bonds***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to proceed with the sale of the 2021 A 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 Executive Director or other Authorized Representative of the Commission.

9. ***Contract of Purchase***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the "Contract of Purchase") in connection with the issuance, purchase and sale of the 2021 A Bonds.

10. ***Terms; Ongoing Determinations***. The Executive Director 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 and other terms, and to approve the interest rates on the 2021 A Bonds, all of the foregoing to be specified in the Series Indenture. The Executive Director 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 A 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 A Bonds and the 2021 A 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 the 2021 A Mortgage Loan and the refunding and redemption of the 2021 A Bonds and/or other Bonds, and the Executive Director 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.

11. ***Other Action***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director 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 A Bonds and the accomplishment of the Financing Plan.

12. ***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 A Bonds.

13. ***No Personal Liability***. No stipulation, obligation or agreement herein contained or contained in the 2021 A Bonds, the Series Indenture, the Contract 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 A Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

14. ***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 A 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.

15. ***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.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on January 13, 2021.

Patrice Birdsong
Special Assistant to the Commission

APPROVAL TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE A GUARANTEED MAXIMUM PRICE ("GMP") CONTRACT WITH BOZZUTO CONSTRUCTION COMPANY

PHASE II AT SHADY GROVE

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN
ZACHARY MARKS
MARCUS ERVIN
GIO KAVILADZE

January 13, 2021

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Executive Summary

Westside Shady Grove Apartments ("WSSG" or the "Property") will be a 268-unit mixed-income, mixed-use residential rental community located in Rockville, Maryland, steps from a Washington Metropolitan Area Transit Authority ("WMATA") Red Line Station. The Property will feature a 30% affordable component, including 25% of its units (or 67 units) set aside for households earning no more than 50% of the AMI and 5% of its units (or 13 units) set aside for households earning no more than 65% AMI. The remaining 188 units will be market rate.

The Commission closed on the land on December 18, 2019, with a modified development concept that resulted in a reduction in residential units from the originally proposed 270-units after discussions with EYA, Bozzuto to ensure a balanced unit distribution and affordability mix to incorporate three-bedroom units, a combined 19 UFAS and Audio Visual units, and the Up County HOC Service Center.

The Commission approved the Final Development Plan for the Development during the Open Session at the December 9, 2020 meeting, including authorization for the Executive Director to accept the assignment of third-party contracts for the development and approve certain other actions for the development of Phase II at Westside Shady Grove. At that time, staff and its development partners were continuing to refine the construction budget and communicated to the Commission that it would bring forth a request at the January 13, 2021 meeting to authorize approval for the Execute Director to enter into a GMP contract with Bozzuto Construction Company. Since that time, the team has come to an agreement of the final construction costs totaling approximately $76.4M as presented in this packet.

To continue to advance the development to closing on January 28, 2021, staff recommends that the Commission approve the authorization for the Executive Director to execute a Guaranteed Maximum Price ("GMP") contract with Bozzuto Construction Company in an amount not to exceed amount of $76.4MM.

Previous Commission Approvals - Update

Date	Res.	Description
September 4, 2019	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.
December 5, 2019	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.
January 8, 2020	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.
July 1, 2020	20-59AS	Authorization to Approve Additional Pre-Development Funding ($1.07 million) from the County Revolving Opportunity Housing Development Fund.
July 1, 2020	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 West Side Shady Grove.
December 9, 2020	20-86	Approval of a Final Development Plan; Authorization for the Executive Director to Accept 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 $1.6M for the Payment to Secure Building Permits and Bind the Builder's Risk Insurance.
December 9, 2020	20-87	Approval of the Financing Plan, Feasibility, Public Purpose and Bond Authorizing Resolution for West Side Shady Grove Apartments; Approval to Issue a Commitment and Loan to HOC at Westside Shady Grove, LLC for Development and Permanent Financing; and, Approval for the Borrower to Accept a Loan in Accordance with the Finance Plan.

Development Overview

Development Summary

- **Highlights**
  - Number of Units.......268
  - Gross Square Feet....... 300,223 SF
  - Amenity Space....... 10,830 SF
  - Retail Space....... 30,438 (includes 7,268 SF HOC Service Center)
  - **Subtotal GSF....... 341,491 SF**
  - **Parking Garage....... 165,485 SF**
  - **Grand Total SF....... 506,976 SF**
  - **Est Total Project Costs....... $119.35M (incl. HOC Financing Fee, Davis Bacon Wage Premium, HOC Service Center Buildout, & Construction Cost increases)**
  - **Total Construction Contract....... $76.41M**

Development Timeline

- **Milestones**
  - Construction Start....... February – 2021
  - No. of Months in Const. Period....... 24 Months
  - First Unit Delivery (prior to completion)....... November - 2022
  - Const. Period End....... January - 2023
  - Lease-up - # of Units per Month....... 18 units
  - Stabilized Year - Rents....... February - 2024
  - Stabilized Year – Expenses....... February - 2024

Development Overview

Development History: A Storied History, A Bright Future

- The vision to dramatically create a vibrant, transit-oriented community in Shady Grove, MD, can be traced back to the creation of the Shady Grove Sector Plan, in which EYA played a central role.
- In 2010, EYA and Montgomery County executed a Master Planning and Real Estate Purchase Agreement granting EYA the exclusive right to purchase and redevelop the western side of Crabbs Branch Way. This opportunity accounts for almost two-thirds of the residential density, with EYA serving as the master planner for the entire 90-acre site.
- Since that time, Bozzuto and EYA have worked to secure the necessary entitlements to make the dream of a modern, livable community in Shady Grove a reality.
- Montgomery County has committed to invest approximately $24 million in public infrastructure improvements. This investment has resulted in reconstructing Crabbs Branch Way into an urban boulevard, as well as utility and pedestrian upgrades, all of which will serve the future residents of the Project and the community at large for years to come.

Master Development Plan

- The Westside master development includes 45 acres of land, totaling approximately 1,014 multifamily units, 100 for-sale condominiums, 406 townhomes, up to 82,000 square feet of retail, and a public library.
- Bozzuto was selected by EYA to be co-developer of the first multifamily phases, which includes The Daley (completed in 2017) and Phase II at Shady Grove.
- Phase II will build upon the success of The Daley and will be a critical component in the transformation of the master-planned community.
- In 2019, EYA completed the 148 townhomes in Phase I and sold the remaining townhome and condominium ground to Stanley Martin and Lennar, both of which opened for sales in the first half of 2020.

Development Plan – Interior Renderings

LEASING LOBBY

LEASING LOBBY

LOBBY LOUNGE

THEATRE

Development Plan – Development Team

Phase II at Shady Grove is being managed by a highly-experienced development team that combines an extensive multifamily and mixed-use development track record. The additional third-party contracts that the Commission will assume were team members previously procured by the Development team prior to HOC's involvement.

Co-Developer: EYA, co-developer is one of the largest and most successful residential infill developers in the DC region, delivering over 5,000 high-quality townhomes, condominiums and apartments since its founding in 1992. Over 25 years EYA has earned an excellent reputation for creating high-quality neighborhoods that deliver the brand promise of "life within walking distance." EYA has built second to none relationships with elected officials, planning staffs, and community groups through thoughtful planning, high-quality execution, and fair business dealings. It has been honored with over 300 local and national awards, including America's Best Builder from Builder Magazine in 2000 and 2009, the ULI Award of Excellence, Professional Builders' 2015 National Housing Quality Gold Award, and Smart Growth America's Locus 2018 Company of the Year Award.

THE NEIGHBORHOODS OF EYA

Co-Developer, Property Manager, and General Contractor: Established in 1988, The Bozzuto Group consists of integrated real estate companies that are active in development, management, homebuilding, and construction. While The Bozzuto Group's operations are focused geographically in the Mid-Atlantic and Northeast regions, its companies and its principals have won the nation's highest honors, including the National Association of Home Builders ("NAHB") Pillars of the Industry Multifamily Development Firm of the Year (2016 and 2003), Property Management Company of the Year (2017, 2009 and 2000), and Builder of the Year (1998) awards.

BOZZUTO

Architect: KTGY Architecture + Planning is a leading international full-service architecture design and planning firm delivering innovation, artistry and attention to detail across multiple offices and studios, ensuring that its clients and communities get the best they have to offer no matter the building type or location. KTGY's architects and planners combine big picture opportunities, modern sustainable practices and impeccable design standards to help create developments of enduring value. KTGY designed the Daley at Shady Grove, Bozzuto's Anthem House in Baltimore, and HOC's most recent mixed-income & mixed-use development Fenton Silver Spring.

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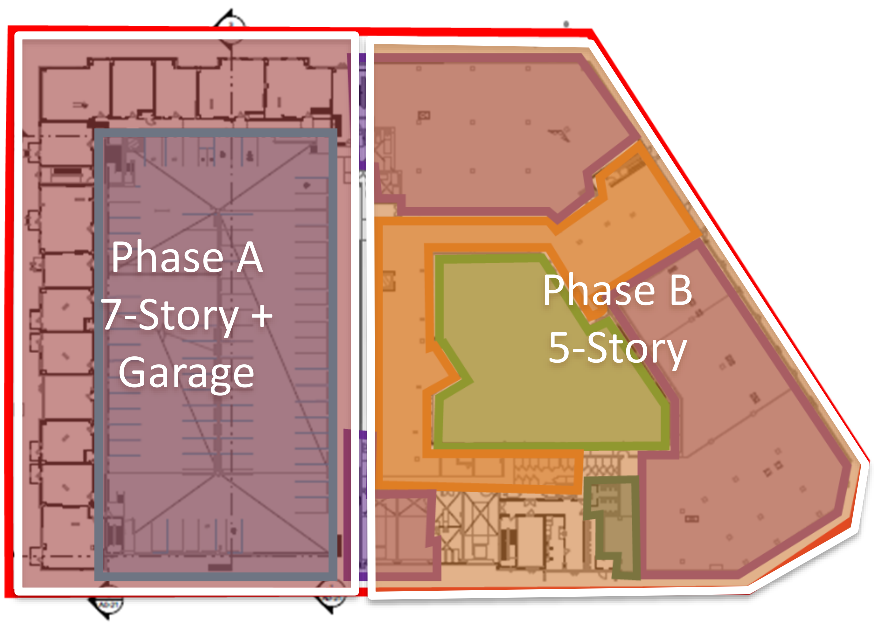
Development Plan – Construction Costs

	CURRENT BUDGET SUMMARY					
	Percent	CURRENT	496,146	300,499	219,814	268
Section	TOTAL	10/6/2020	$/TGSF	$/ResGSF	$/NRSF	$/DU
General Conditions	4.11%	$2,870,777	$5.79	$9.55	$13.06	$10,712
Site Improvements	3.09%	$2,156,442	$4.35	$7.18	$9.81	$8,046
Residential	68.53%	$47,862,083	$96.47	$159.28	$217.74	$178,590
Amenity	6.49%	$4,531,474	$9.13	$15.08	$20.62	$16,908
Garage	9.77%	$6,825,517	$13.76	$22.71	$31.05	$25,468
Retail	5.93%	$4,143,821	$8.35	$13.79	$18.85	$15,462
HOC Office	2.07%	$1,447,447	$2.92	$4.82	$6.58	$5,401
Subtotal	**100.00%**	**$69,837,561**	**$140.76**	**$232.41**	**$317.71**	**$260,588**
Other Soft Costs (Insurance & Fees)		$2,113,061	$4.26	$7.03	$9.61	$7,885
Construction Contingency	3.03%	$2,153,006	$4.34	$7.16	$9.79	$8,034
Payment & Performance Bond	0.66%	$502,731	$1.01	$1.67	$2.29	$1,876
Cost Certification	0.03%	$20,000	$0.04	$0.07	$0.09	$75
Subtotal (COW)		**$74,626,359**	**$150.41**	**$248.34**	**$339.50**	**$278,457**
Fee		$3,290,686	$6.63	$10.95	$14.97	$12,279
Total Budget		**$77,917,045**	**$157**	**$259**	**$354**	**$290,735**
Recommended Value Engineering (VE)		**($1,500,000)**	**$ (3.02)**	**$ (4.99)**	**$ (6.82)**	**$ (5,597)**
Total Budget w/ VE		**$76,417,045**	**$154**	**$254**	**$348**	**$285,138**

- The construction costs and related fees represent a market shift in the construction sector necessary to complete the Development including increased costs in the lumber market, utilities, apartment and amenity finishes, and retail/commercial improvements among other trades, and a 3% construction contingency. The team continues to seek savings in the construction budget, and is holding potential value engineering savings of approximately $1.5M.

Development Plan - Construction Schedule



Residential
- 268 wood-framed residential units
- Includes 13 workforce housing and 67 MPDU units

Entrance, Leasing Office, and Amenity
- 10,830 SF of ground-floor amenity space including fitness club, e-lounge, pet spa, entertainment kitchen and more.

Retail
- 23,045 SF of retail space

HOC Office Space
- 7,393 SF office space to be leased by HOC, including an at-grade lobby and second floor space

Courtyard
- 9,600 SF first floor outdoor space
- Includes pool, grilling area, and lounge

Garage
- 6-story above-grade parking garage
- 476 automobile spaces and 9 motorcycle spaces

CONSOLIDATED CONSTRUCTION SCHEDULE

Feb-21
Construction Commencement

Mar-21 – Oct-21
Concrete Work (Garage & Cast-in-Place)

Mar-21 – Nov-22
Phase A
7-story bldg. Start & Substantial Completion
(Framing & related activities)

Jun-21 – Jan-23
Phase B
5-story bldg. Start & Substantial Completion
(Framing, Retail, and First Residential Units ready)

Summary and Recommendations

ISSUES FOR CONSIDERATION

Will the Commission approve staff's recommendation, which is supported by the Development and Finance Committee to authorize the Executive Director to execute a Guaranteed Maximum Price ("GMP") contract with Bozzuto Construction Company in an amount not to exceed amount of $76.4MM.

TIME FRAME

For formal action at the January 13, 2021 meeting of the Commission.

BUDGET / FISCAL IMPACT

There is no adverse impact for the Agency's FY2021 or FY2022 budgets. The cost of the construction will be funded by the development budget, which has been approved by the Commission in a Final Development Plan on December 9, 2020.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends, which is supported by the Development and Finance Committee, that the Commission:

- Authorize the Executive Director to execute a Guaranteed Maximum Price ("GMP") contract with Bozzuto Construction Company in an amount not to exceed amount of $76.4MM.

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RESOLUTION No.: 20-12 **RE: Approval to Authorize the Executive Director to Execute a Guaranteed Maximum Price (GMP) Contract with Bozzuto Construction Company**

WHEREAS, on December 18, 2019, the Housing Opportunities Commission ("HOC" or the "Commission") completed the acquisition of the development parcel generally located on the west side of Crabbs Branch Way, south of Shady Grove Road and the Metro Access Road (the "Westside Property") that will serve as the location for the proposed 268-unit mixed-income and mixed-use development currently known as Building D; and

WHEREAS, the Westside Property is subjected to certain regulatory approvals, including an approval for the development of a stick-over-podium, mixed-use multifamily building on that portion of the Westside Property known as the "Multifamily Building D Property" or "Phase II Shady Grove," which is intended to include (i) a mix of residential dwelling units comprised of approximately 268 units, including 188 market-rate units (the "Market Rate Units"), and 80 affordable units, which include 13 units restricted to households earning at or below 65% of Area Median Income ("AMI") and 67 units restricted to households earning at or below 50% of AMI, (ii) approximately 22,000 square feet of retail space (of which 9,731 square feet is pre-leased to a national pharmacy chain), approximately 9,200 square feet of common amenity space, a courtyard with recreational facilities, and potentially a space to accommodate the relocation of HOC's Up-County Service Center, and (iii) a precast parking garage; and

WHEREAS, HOC is the sole member of the ownership entity known as HOC at West Side Shady Grove, LLC (the "Owner"); and

WHEREAS, on December 9, 2020 under Resolution 20-86, the Commission approved the Final Development Plan and related activities including; Authorization for the Executive Director to Accept 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 $1.6M for the Payment to Secure Building Permits and Bind the Builder's Risk Insurance; and

WHEREAS, on December 9, 2020 under Resolution 20-87, the Commission approved the Financing Plan and related activities including; Feasibility, Public Purpose and the Bond Authorizing Resolution for West Side Shady Grove Apartments; Approval to Issue a Commitment and Loan to HOC at Westside Shady Grove, LLC for Development and Permanent Financing; and, Approval for the Borrower to Accept a Loan in Accordance with the Finance Plan.

WHEREAS, staff recommends approval to authorize the Executive Director to execute a Guaranteed Maximum Price (GMP) Contract with Bozzuto Construction Company not to exceed $76,417,405; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of the Owner as its ultimate managing member, that it approves the authorization for the Executive Director to execute on behalf of Owner a Guaranteed Maximum Price (GMP) Contract with Bozzuto Construction Company not to exceed $76,417,405.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County, acting on behalf of itself and on behalf of the Owner, the JV Entity, and the HOC Managing Entity, as the ultimate managing member of each, authorizes the Executive Director of HOC, or his designee, without any further action on their respective parts, 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 session meeting conducted on January 13, 2021.

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____
Patrice M. Birdsong
Special Assistant to the Commission

Deliberation

and/or

Action

APPROVAL OF THE SKETCH PLAN FOR WHEATON GATEWAY

Redevelopment of the Ambassador, Lindsay Ford, and Mattress Firm Sites

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN
ZACHARY MARKS
MARCUS ERVIN
GIO KAVILADZE

January 13, 2021

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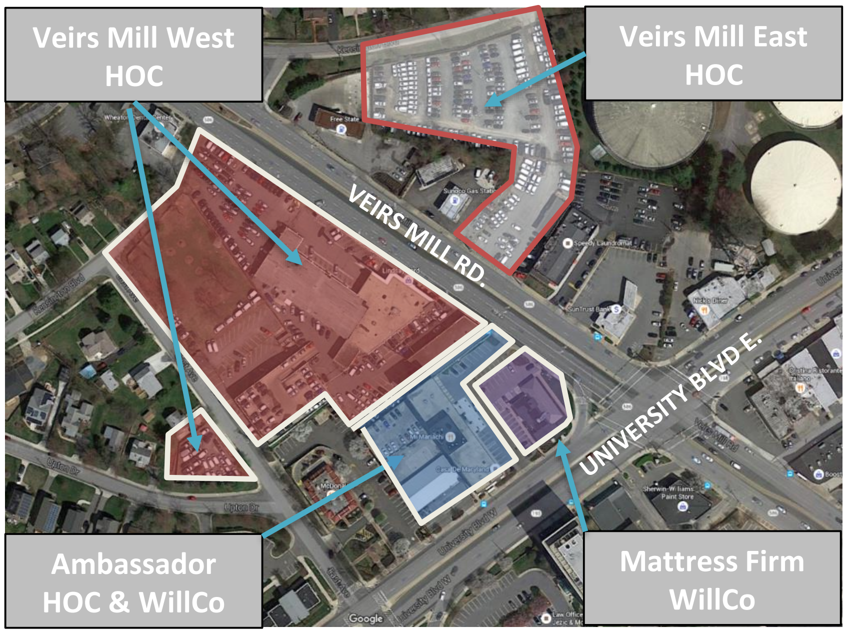
Executive Summary

The Wheaton Gateway development is the aggregate redevelopment of the eight parcels on the west side of Veirs Mill Road acquired by HOC from Lindsay Ford two years ago, the former Mattress Firm site at the corner of Veirs Mill Road and University Boulevard East, and the neighboring site of the former Ambassador Apartments. During CY2019, the Wheaton Gateway team engaged in the design process with its architect and land planner that would be the foundation for the subsequent Concept Plan and Sketch Plan along with interfacing with key members of the community, elected officials, and civic associations to prepare for the submission of the Concept Plan. The Commission approved the Concept Plan on February 5, 2020.



The Wheaton Gateway team received feedback on the Concept plan from the community via Virtual Town Hall, on April 2, 2020, and from the Planning Department, on June 5, 2020. Integrating that feedback, the design team further refined the design and development of the Wheaton Gateway development in preparation for the Sketch Plan submission. The Sketch Pan submission is the first official development step in the entitlement process. (The Concept Plan is a voluntary, informal preliminary step used to identify key issues prior to Sketch Plan.)

On December 3, 2020, the team held a virtual Sketch Plan pre-submission meeting to provide an opportunity for the community to review the Sketch Plan for Wheaton Gateway development. Nearly 100 members of the community, elected and appointed officials, civic associations and other prominent leaders attended the forum, and provided real time feedback, which the team continues to address through the wheatongateway.com community update webpage. Development team representatives discussed the proposal in detail and addressed questions, including the programmed uses, scale & density, sustainability initiatives, transportation & pedestrian safety, and overall phasing and development timeline. A link to the full presentation made to the Community at the December 3 Virtual Town Hall is available for viewing (link).

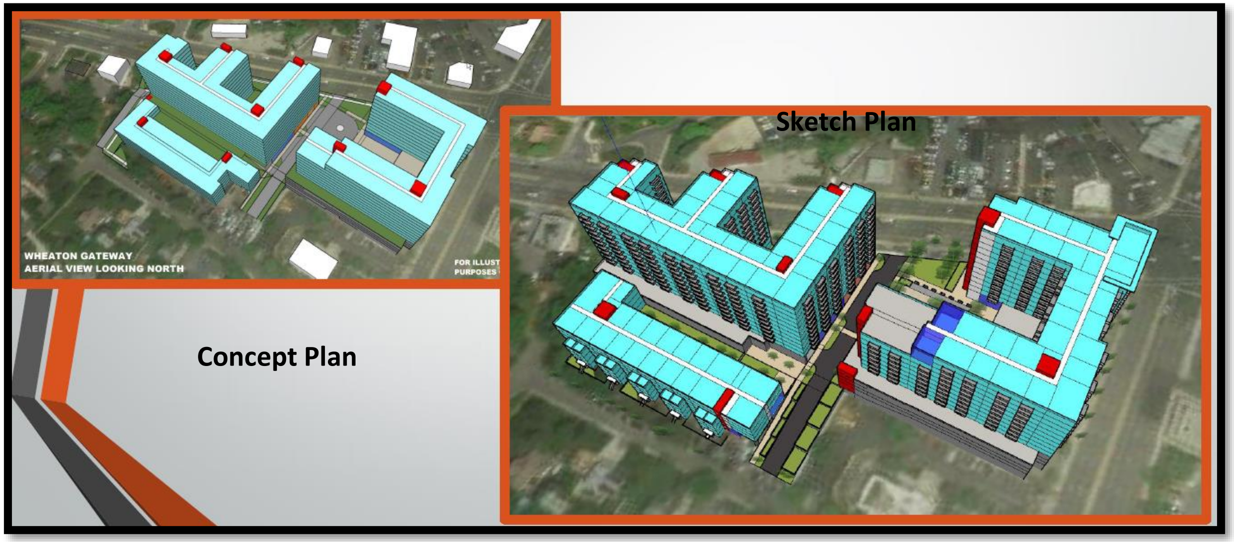
Executive Summary

As described in the subsequent slides, this Sketch Plan submission reflects an evolution of the feedback received from the community and Planning staff since the submission of the Concept Plan on February 27, 2020. It is important to note that both the Concept and Sketch plans convey overall massing on the site and programming but do not go into details such as textures and materiality. That greater design detail will be shown as part of the future Site Plan submission.

General enhancements since the Concept Plan shown on this Sketch Plan include the following elements:

- Better integration of the public space;
- Materially enlarged central public green;
- Improved alignment of Pedestrian/Cyclist connection; and
- Enhanced building articulation and retail re-positioning to the street corner.

While the Wheaton Gateway team made considerable design improvements between Concept and Sketch plan, the substantive elements of the development remain the same. **To continue to advance the development and permit formal submission of the Sketch Plan to the County for review and comment, staff recommends that the Commission approve submission of the proposed Sketch Plan.**



Development Team

In addition to the venture partners of HOC, Duffie, and WillCo; the full development team is comprised of a veteran group of both local and national design and engineering professionals experienced in the field of creating sustainable and long-lasting buildings.

Community Engagement & Feedback

The Wheaton Gateway development team has placed particular importance on keeping the community informed about the Project as it works its way through what can often be a years-long entitlement process. While the Concept Plan submission initially occurred in February of 2020, the process of introducing the Project and the development partnership to the community began in January 2019 when members of the team first met with the Director of the Mid-County Regional Service Center who helped provide the names and contact information of those groups most interested and involved in the redevelopment effort.

Prior to drawings ever being prepared for submission, the Wheaton Gateway team held two broadly advertised visioning/listening sessions on **June 12 and June 15, 2019,** at Highland Elementary School where stakeholders were presented with an overview of the Project followed by an exercise that included five tables, each with a different subject matter expert moderating the discussion and a scribe to collection questions. **Subjects included the following:**

- Site Design
- Building Programming
- Sustainability
- Walkability & Transit
- Demolition of the Ambassador Apartments.

The team gathered a myriad of subjects during the feedback and identified several opportunities that could be capitalized upon and incorporated within the Project's design including the following:

Walkability/Pedestrian Safety/Connectivity	Supporting & Enhancing the Arts/Local High-Quality Restaurants w/ Outdoor Seating	Unmet Need for Affordable Housing & Elderly Housing	More Public Open Space
• Despite significant grading challenges, no less than three pedestrian connections & two bike connections between Veirs Mill Rd & East Ave.	• Genesis for the Food Hall Concept & outdoor plaza.	• Collective Development Team philosophy is aiming for 30% affordable housing spread evenly throughout each phase, which is 2x required by County Code.	• As proposed, the Project will feature two readily accessible public use spaces adjacent to the Food Hall and at the corner of Veirs Mill Rd & University Blvd.

Community Engagement & Feedback

A combination of in-person and virtual Community meetings occurred between 2019 and 2020, which also included an all-day internal design charrette on June 19, 2019 that included over twenty design/engineering professionals, consultants and two members of the Planning Department's Staff.

2019

- Dec. 10 Attended Wheaton Urban Development Advisory Committee (WUDAC) meeting
- Dec. 9 Attended 4Business Charrette at Wheaton Community Recreation Center
- Nov. 15 Public announcement: Lane and sidewalk closures imminent at Ambassador Hotel demolition site
- Nov. 13 Attended public hearing on pedestrian master plan at Wheaton library
- Nov. 12 Attended Wheaton Urban Development Advisory Committee (WUDAC) meeting
- Oct. 30 Attended Wheaton-Kensington Chamber of Commerce event at FAsMarketplace
- Oct. 28 Public announcement: Traffic control plans and permits filed
- Sept. 26 Public announcement: Interior demolition of the Ambassador Hotel underway
- July 9 Attended Wheaton Urban Development Advisory Committee (WUDAC) meeting; presented conceptual plans
- June 28 Public announcement: Preparations being made for demolition of the Ambassador Hotel
- June 19 Wheaton Gateway development team design charette
- June 15 Public community meeting at Highland Elementary School
- June 12 Public community meeting at Highland Elementary School
- May 29 Letter and invitation to public community meeting; sent to surrounding community (approximately 3,952 homes)
- May 18 Attended "Make Wheaton Walkable!" Safety Walk

Community Engagement & Feedback

The results of the genuine community outreach and design feedback was the Concept Plan, which was submitted on February 27, 2020. The team additionally published the Concept Plan to the broader community to solicit feedback by hosting a voluntary Concept Plan Virtual Meeting on April 2, 2020 where additional feedback was solicited, and questions were answered live.

2020

- Dec. 3 Livestream presentation of the Wheaton Gateway Sketch Plan
- Nov. 23 Public announcement: Development team to host virtual pre-submission meeting for Wheaton Gateway Sketch Plan
- Nov. 18 Letter and invitation to pre-submission community meeting, sent to surrounding community (approximately 3,952 homes)
- Sept. 8 Attended Wheaton Urban Development Advisory Committee (WUDAC) meeting; presented project update
- Aug. 17 Public announcement: Demolition underway of former Mattress Firm building
- April 2 Livestream presentation of the Wheaton Gateway Concept Plan
- Mar. 25 Public announcement: Development team to host livestream presentation of the Wheaton Gateway Concept Plan
- Mar. 9 Public announcement: Wheaton Gateway Plan Filed with M-NCPPC
- Feb. 11 Attended Wheaton Urban Development Advisory Committee (WUDAC) meeting; presented project update
- Feb. 6 Public announcement: HOC's Board approves Wheaton Gateway budget, funding, and concept plan
- Jan. 31 Public announcement: All sidewalks around Ambassador open on evenings and weekends
- Jan. 29 Attended Wheaton-Kensington Chamber of Commerce Business Networking Expo
- Jan. 27 Public announcement: Pedestrian safety at the Ambassador Hotel demolition site

Community Engagement & Feedback

Based upon feedback from both Planning staff and the community, the Concept Plan was further refined and developed into the Sketch Plan today. Among the areas which reflect the incorporation of the feedback solicited are the following items:

Significant enlargement and consolidation of the public open space along Veirs Mill Road as shown in the graphic to the right.

Reconfiguration and relocation of the pick-up/drop-off/turn around deeper into the site to afford more space to the pedestrian/public environment adjacent to Veirs Mill Road. Additionally, better integration of this area into the pedestrian realm.

Sketch Plan vs. Concept Plan Enhancements

Housing Opportunities Commission OF MONTGOMERY COUNTY

Community Engagement & Feedback

Enhancements shown to the right include emphasized building articulation at the corner, retail brought closer to street corner, addition of residential balconies, and massing of retail and community amenity space.

Sketch Plan Enhancements

Additional refinements included integration of 2-Way bikeways with “Protected” bike intersection & elimination of the “Speed Turn” at University for enhanced pedestrian safety.

Having incorporated significant feedback on the Concept Plan, the team has now prepared the Sketch Plan, which will be submitted for further review and comment by Planning.

Development Program

Development Vision

Wheaton Gateway, a vibrant new mixed-use residential and retail property on 5+ acres in Wheaton, MD, featuring mixed-income, multifamily housing, and exciting public and commercial spaces;

- Incorporating the highest levels of sustainability;

- A variety of unit types (i.e. 1, 2, and 3-bedroom units) offered at a variety of prices (target of 70% market-rate and 30% MPDU);

- Commercial space concentrated on first floor; and Underground parking.

Development Goals

Complement the Wheaton Sector Plan;

- Build a Comfortable, Healthy & Durable Environment.

- Constructed and Operated Affordably:

- - Low utility bills. Predictability:
  - Maximize Value..
  - Avail ourselves of incentives. (e.g. tax credits, utility incentives)
  - Long term view on value (e.g. durability)

Sustainability Goals

Earn Third Party Certifications:

- LEED: MoCo . High Performance Tax Credits
- Energy Star: Occupant Recognition
- Passive House Institute US: PHIUS (a design framework to reduce energy consumption & improve resiliency)

Development Program

TOTAL PROGRAM	PHASE I	PHASE II	PHASE III
Residential - 30% Affordable Target 800 +/-Units over 3 Phases. 854,872sqft **Commercial/Retail** 50,000sqft over 2 Phases **Public Space & Parking**	**Residential** 350 +/-Units **Commercial/Retail** 25,000sqft Potential Food Hall – contingent upon the impacts of COVID. **Public Space & Parking**	**Residential** 340+/-Units **Commercial/Retail** 25,000sqft **Parking Garage**	**Residential** 110+/-Units **No Planned Retail** **Parking Garage**

Sketch Plan - Renderings

Aerial view illustrating the enhanced building articulation at the corner of Veirs Mill Rd. & University Blvd with the retail being brought closer to the street.

Sketch Plan - Renderings

Aerial view illustrating the public plaza containing share integrated space connecting Phases I & II.

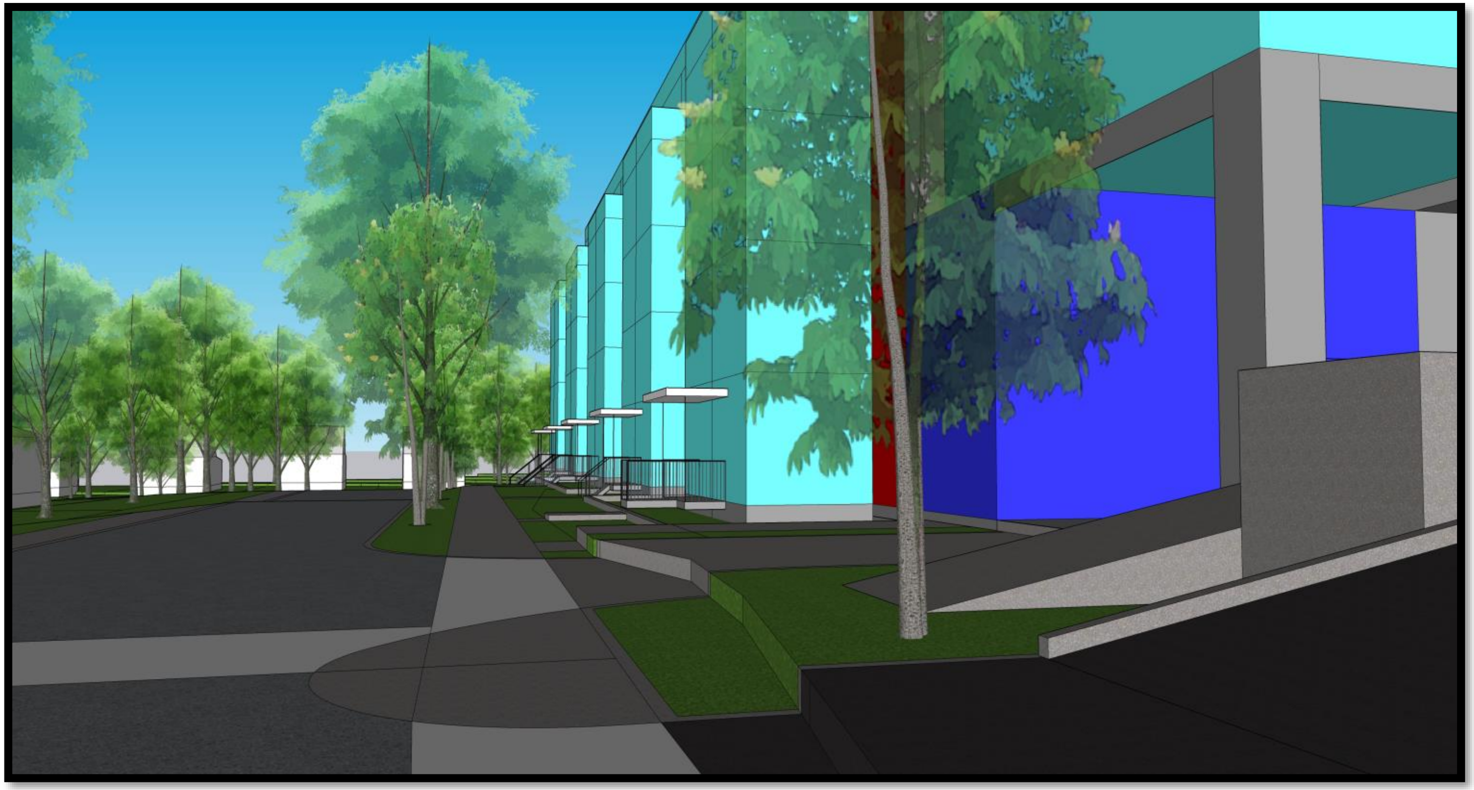
Sketch Plan - Renderings

Perspective at the corner of Veirs Mill Rd. and University Blvd illustrating the proposed Bus Rapid Transit (BRT) shelter highlighted in yellow along Veirs Mill Rd. The proposed street level retail is highlighted in orange, and residential amenity space in blue.

Sketch Plan - Renderings

Street level view illustrating the public plaza containing share integrated space connecting Phase I & Phase II.

Sketch Plan - Renderings



Street level view illustrating the proposed Phase III multifamily units located along East Ave. and the rear residential garage entrance.

Development Timeline

2019
- Wheaton Gateway Kick-Off/Visioning **(Completed 2019)**

2020
- Ambassador Apartments & Mattress Firm Demolition **(Completed mid-late 2020)**
- Concept Plan **(Completed Q1/Q2 2020)**

2020 - 2022
- Entitlements **(Sketch Plan – Current Phase)**
- Entitlements (Preliminary Subdivision/Site Plan **(2021-2022)**

2022-2023
- Building Permit Review

2023
- Construction Commencement **(2023)**

Summary and Recommendations

ISSUES FOR CONSIDERATION

Will the Commission approve staff's recommendation to approve the submission of the Sketch Plan for the Wheaton Gateway development?

BUDGET/FISCAL IMPACT

There is no adverse impact on the Commission's FY2021 Operating Budget.

TIME FRAME

For action at the January 13, 2021 meeting of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission approve the Sketch Plan and its submission for the Wheaton Gateway development.

RESOLUTION No.:21-13 **RE: Approval of the Sketch Plan and Submission for the Wheaton Gateway Development**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is a majority owner in the aggregate redevelopment of the eight parcels acquired by HOC two years ago generally located at 11250 Veirs Mill Road, the former Mattress Firm site located at 11200 Veirs Mill Road, and the neighboring site of the former Ambassador Apartments ("Wheaton Gateway"); and

WHEREAS, on February 5, 2020, the Commission approved and authorized the submission of a concept plan, as defined by the Montgomery County Planning Department ("Planning"), to Planning to advance the predevelopment efforts of Wheaton Gateway; and

WHEREAS, the concept plan approved by the Commission on February 5, 2020, included three buildings to be delivered in three construction phases ("Concept Plan") – with the first phase identified as a 322-unit, 12-story multifamily building on top of approximately 22,500 square feet of retail; the second phase identified as a 308-unit, 12-story multifamily building on top of approximately 6,000 square feet of retail; and the third phase identified as a 210-unit, six-story age-restricted building on top of approximately 6,000 square feet of retail; and

WHEREAS, the design and development team for Wheaton Gateway has further refined and advanced the development concept for Wheaton Gateway such that an application for sketch plan, as defined by Planning, can be made to Planning for approval by the Montgomery County Planning Board ("Planning Board"); and

WHEREAS, the proposed sketch plan for Wheaton Gateway includes three buildings to be delivered in three construction phases ("Sketch Plan") – with the first phase identified as a 350-unit, 12-story multifamily building on top of approximately 25,000 square feet of commercial space; the second phase identified as a 340-unit, 12-story multifamily building on top of approximately 25,000 square feet of commercial space; and the third phase identified as a 110-unit, six-story age-restricted building with no proposed commercial space; and

WHEREAS, the proposed affordability for Wheaton Gateway continues to be no less than 30% of all units set aside at or below Montgomery County's rent and income limits for moderately priced dwelling units as defined by Montgomery County; and

WHEREAS, the design and development of Wheaton Gateway is seeking to meet Passive House standards; and

WHEREAS, to further advance predevelopment of Wheaton Gateway, the approval of the Sketch Plan the Planning Board is necessary.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the Sketch Plan for Wheaton Gateway and authorizes the submission of the Sketch Plan for Wheaton Gateway to the Planning Board.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and in its capacity as the ultimate controlling member of the Wheaton Gateway owner entity, that the Executive Director of HOC, or his designee, is authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on January 13, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

Adjourn

Development Corporation Meetings

The Metropolitan Development Corporation

METROPOLITAN DEVELOPMENT CORPORATION

The Metropolitan: Approval by Metropolitan Development Corporation (the "Corporation") to Accept the Selection Miner Feinstein Architects as Architect and Accept a Loan from the Opportunity Housing Reserve Fund for Architectural and Interior Design Services for the Predevelopment Phase of the Rehabilitation

Bethesda

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

January 13, 2021

Table of Contents

Executive Summary

- The Metropolitan Apartments ("Metropolitan" or the "Property") was constructed in 1997. The Property is a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda. Metropolitan currently provides 92 affordable units and 216 market rate units.
- The 216 market rate units underwent minor renovations in 2013, but the affordable units have not been updated since they were initially placed in service.
- The Property is built above the Montgomery County-owned Metropolitan Public Parking Garage 49 and legal title is structured as an air rights condominium. The County receives a portion of cash flow at the end of each fiscal year based on the formula set forth in the Air Rights lease documents.
- Since the Property was first occupied, the market and affordable units have integrated seamlessly, and there have not been any issues raised by residents on either side. This is merely one of the success stories of HOC's history of mixed-income development in Montgomery County.
- HOC issued a solicitation for Architectural Services for the renovation of The Metropolitan on October 28, 2020 from the Architecture and Accessibility Consultant Pool (established under RFQ #2080).
- Staff recommends, with the support of the Development and Finance Committee which met for an informal discussion on December 18, 2020, that the Metropolitan Development Corporation (the "Corporation") accept the selection of Miner Feinstein Architects as the architect of record for the renovation and predevelopment phase of loan of $559,735 for architectural and interior design services for the predevelopment phase of the rehabilitation to be funded from the Opportunity Housing Reserve Fund ("OHRF").

Waverly House

Avondale Properties

Property Overview

Location	7620 Old Georgetown Road, Bethesda MD 20814
Owner	Metropolitan Development Corporation & Metropolitan of Bethesda Limited Partnership
Property Manager	Bozzuto Management Company
Property Type	High-rise apartments (14 stories)
Total Units	308 (216 MKT & 92 AFF)
Occupancy	93% (MKT) & 99% (AFF) as of August 16, 2020
Property Amenities	Rooftop pool with lounge seating and stunning views, community room, fitness center, business center, onsite storage, 24-hour concierge, one-story parking garage, courtyard, and balconies (available in select apartment homes).
Neighborhood Amenities	Moments from the shops and entertainment of Bethesda Row, one block from Bethesda Metro Station, and numerous on-site retail shops, including Bethesda Metro Hair (barber shop), &Pizza, Chipotle, Geste Beer & Wine, Kohler, and Next Phase Fitness Studio
School District	Bethesda Elementary School, Westland Middle School, and Bethesda-Chevy Chase High School

- The 216 market rate units benefitted from minor renovations between 2012 and 2013 but are in need of more significant renovations to remain competitive with other market rate units today. The 92 affordable units have not had any renovations.
- Staff is proposing to achieve National Green Building Standard ("NGBS") Silver certification.

Property Overview – Unit Mix & Retail

Unit Mix – Affordable

Unit Type	# of Units
Efficiency	23
1BR	43
2BR	24
3BR	2
Total	**92**

% of AMI	# of Units
25% AMI	20
30% AMI	23
40% AMI	30
50% AMI	19
Total	**92**

Unit Mix – Market

Unit Type	# of Units
Efficiency	13
1BR	113
2BR	78
3BR	12
Total	**216**

Retail Space – List of Tenants

Name	Square Feet
Chipotle Mexican Grill	3,027
Geste Café Beer and Wine	1,619
IMA Pizza	807
Bethesda Woodmont Barber Shop	1,030
Next Phase Inc	3,029
Kohler	3,933
Total	**13,445**

- Average occupancy of Affordable units was 99.3% in 2019
- Average occupancy of Market units was 92.6% in 2019
  - There is room for revenue growth from market units.
- Retail space is currently 100 % occupied
- 100% parking space leased
  - $175 per parking space/month

Market Study - Product

The Metropolitan

- Built: 1997
- Updates: 2013 (minor renovations to market rate units)
- Amenities: rooftop pool, club room, fitness room
- Advantage: location to Metro, price point

Sample Market Rate Property

- Built: 2015-2020
- Current design, finishes shown below
- Amenities: rooftop pools, outdoor space, rooftop social areas, fitness, dog wash station
- Advantage: location, age, lifestyle




Existing Property Condition




Typical Market Condition

Selection of Architect - Qualifications

HOC issued a solicitation for Architectural Services for the renovation of Metropolitan on October 28, 2020, from the Architecture and Accessibility Consultant Pool (established under RFQ #2080). Staff received five proposals from Hord Coplan Macht ("HCM"), Kishimoto Gordon Dalaya ("KGD"), KTGY Architecture + Planning ("KTGY"), Miner Feinstein Architects ("MFA"), and Zavos Architecture + Design ("ZA+D") ,(Sort A to Z), on November 18, 2020. The scoring team (consisting of staff from Finance, Property Management, and Real Estate Development) completed its review of the responses in December 2020, based on the following criteria:

- **Experience** (30 points)
  - Key Factors: Demonstrated experience as architect on projects located in the Washington DC metropolitan area and Maryland specifically with a preference for Montgomery County and specifically with affordable housing and local building codes.
  - High-rise multifamily rental (above 10 stories) projects (rehab or new construction) in the past three years.
  - Strong track record of completed LIHTC projects in the State of Maryland (rehab or new construction) in the past five years.
  - Strong track record of completed renovation projects with residents in place or phased around residents in the past five years
- **Price** (30 points)
  - An evaluation of the value of the services provided at the proposed pricing structure.
- **Qualifications** (20 points)
  - Key Factors: Ability of the organization/team to undertake and complete successfully projects of comparable size, scope and product type
  - Multifamily apartments & energy efficiency and sustainability improvements
  - Renovation projects with residents in place or phased around residents
- **Schedule** (10 points)
  - Anticipated schedule in detail for production of each phase of architectural documents
- **MFD Status** (10 points)
  - Certification as a minority-, female-, or disabled-owned business

Scope of Work - Summary

Existing Kitchen (Affordable Unit)

Scope of Work

- Update and upgrade The Metropolitan so that The Metropolitan remains attractive, marketable and competitive with comparable properties
- Increase the efficiency of the building to reduce operating costs to both property and residents
- Replace roof & mechanical systems; including HVAC, hot water heaters, and water pipes
- Improve sustainability and energy efficiency through improvements such as a Trigeneration or Cogeneration system.
- Replace elevator cab finishes, equipment, and software
- Upgrade pool equipment & surface

- Update and upgrade clubroom , fitness room, penthouse bathrooms (showers, saunas and locker)
- Update common corridors with new finishes and lighting
- Upgrade unit kitchen & bathrooms (inclusive of new floor finishes, entry door, appliances, low-flow plumbing fixtures, and lighting fixtures)
- Update and upgrade fountain and exteriors, such as canopy and lighting

- ❑ These improvements will not only address curb appeal, but also – and more importantly – increase energy efficiency, extend the property's useful life, and allow the property to better compete in the marketplace.
- ❑ Ensure a pragmatic and cost-effective approach to the renovation program.

Existing Club Room

Selection of Architect – Scoring Summary

There were five respondents to Metropolitan's Task Order. Of the five qualified responses, Miner Feinstein Architects received the highest average score at **82.3%.** Included in its submission was information of its proven history of work with HOC at Alexander House and Arcola Towers. Miner Feinstein's proposal was considered the most responsive; therefore, staff proposes the selection of Miner Feinstein Architects.

Rank	Architect	Experience (30%)	Qualifications (20%)	Price (30%)	Schedule (10%)	MFD Status (10%)	Total AVG. %	Price
1	**Miner Feinstein Architects**	**28.7**	**19.0**	**28.7**	**6.0**	**0.0***	**82.3**	**$946,368**
2	KTGY Architecture + Planning	27.7	18.2	27.3	6.3	0.0	79.5	$1,006,975
3	Kishimoto Gordon Dalaya	27.3	17.5	26.0	8.0	0.0	78.8	$1,027,597
4	Hord Coplan Macht	28.3	16.7	24.0	8.3	0.0	77.3	$1,060,530
5	Zavos Architecture + Design	26.0	15.0	22.3	6.3	0.0	69.7	$1,190,444

- Evaluated by: Finance, Property Management, and Real Estate Development
- Price included MEP and Structural services and estimated 18 months construction period (based on Alexander House)
- *MFA is not a certified MFD firm; however, two of the consultants working on this engagement , CTA Engineers (MEP engineer) is certified Minority Business Enterprise and Smislova, Kehnemui & Associates (Structural engineer) is certified Small Business Reserve Program in Maryland.

As part of HOC's continuing effort to provide its residents with higher quality and amenity-rich affordable housing, staff proposes a renovation similar in scope to Alexander House apartments, which MFA completed. The proposed plan will also increase energy efficiency in the building.

Predevelopment Budget

- On September 9, 2020, the Commission approved feasibility funding of $120,000 to engage third-party professionals/consultants to investigate and document the existing condition of the building to develop a renovation scope for Metropolitan.
- Staff requests $699,622 for the predevelopment phase of architectural services to be funded with a loan from the OHRF. Services for this phase include several components to move design development from concept through construction documents and to prepare a Low Income Housing Tax Credit ("LIHTC") application for submission to the Maryland Department of Housing and Community Development ("DHCD").

MFA – Proposal Detail	Cost	Projected Schedule
Existing Conditions/Pre Design	$41,836	February 17, 2021
Schematic Design	$90,258	March 31, 2021
Design Development	$118,278	June 1, 2021
Construction Documents	$184,810	October 4, 2021
Bidding and Negotiation	$22,810	
Other Services (*)	$241,048	
SUBTOTAL	**$699,622**	
Construction Administration (Monthly)	*$11,073*	
Construction Administration (18 Months)	*$199,320*	
Punch Out Services/Closing Out	*$47,426*	
SUBTOTAL	***$246,746***	
TOTAL	**$946,368**	

- In addition to the predevelopment funding for MFA, staff also requests a loan of $100,000 from the OHRF for interior design services during the predevelopment phase.
- MFA is projecting to produce permit documents by August 11, 2021.
- Staff will discuss with MFA to try to reduce its overall schedule.
- Metropolitan Development Corporation – total loan portion would be $559,735 (70% of $799,622)
- Metropolitan of Bethesda Limited Partnership total loan portion would be $239,887 (30% of $799,622)

* Anticipated reimbursables; conversion of PDF As-Built drawings to CAD files; CDA LIHTC application and processing; field measuring; 3D renderings; Fair Housing Assessment; property signage; site visit for mechanical electrical, and plumbing engineer; and Section 3 Compliance.

Summary and Recommendations

Issues for Consideration

Will the Board of Directors of Metropolitan Development Corporation (the "Corporation") approve the selection of Miner Feinstein Architects as the architect of record for the renovation and predevelopment phase and the acceptance of a loan of $559,735 for architectural and interior design services for the predevelopment phase of the rehabilitation to be funded from the OHRF?

Time Frame

Formal action at the January 13, 2021 meeting of the Metropolitan Development Corporation.

Budget/Fiscal Impact

There is no adverse impact on the Corporation's FY 2021 operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Corporation approve the selection of Miner Feinstein Architects as the architect of record for the renovation and predevelopment phase and the acceptance of a loan of $559,735 for architectural and interior design services for the predevelopment phase of the rehabilitation to be funded from the OHRF.

The loan will be interest free and repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC.

METROPOLITAN DEVELOPMENT CORPORATION

RESOLUTION No: 21-001ME

RE: Approval by Metropolitan Development Corporation to Accept the Selection Miner Feinstein Architects as Architect and Accept a Loan from the Opportunity Housing Reserve Fund for Architectural and Interior Design Services for the Predevelopment Phase of the Rehabilitation

WHEREAS, The Metropolitan Development Corporation is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, The Metropolitan Apartments (the "Property") was constructed in 1997 with a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the "Metropolitan LP"), which is wholly owned by HOC, and The Metropolitan Development Corporation, which is wholly controlled by HOC; and

WHEREAS, the 216 market rate units benefitted from minor renovations completed in 2013, but are in need of more significant renovations to remain competitive with other market rate units; and

WHEREAS, the 92 affordable units have not had any renovations since they were initially placed in service; and

WHEREAS, on September 9, 2020, the Corporation accepted funding in an amount up to $84,000 in the form of a loan from the Opportunity Housing Reserve Fund ("OHRF") to the Corporation to cover its portion of the estimated total due diligence and feasibility costs of $120,000, which will be repaid upon closing of renovation financing; and

WHEREAS, HOC staff issued a solicitation for Architectural Services for the renovation of the Property from the Architecture and Accessibility Consultant Pool (established under Request for Qualifications #2080), received five proposals, and after review and scoring recommends selecting Miner Feinstein Architects ("MFA") related to design development from concept through construction drawings; and

WHEREAS, the Corporation seeks funding in an amount up to $559,735 in the form of a loan to the Corporation from the OHRF to cover its portion of the estimated total predevelopment budget of $799,622 (including MFA's services and interior design services), to be repaid upon closing of renovation financing.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Development Corporation that it approves the selection of MFA as the architect of record for the renovation and accepting a loan from HOC in an amount up to $559,735 to cover its portion of the total the predevelopment budget of $799,622 to be funded from HOC's OHRF for design services for the renovation of the Property, which will be repaid from the proceeds of the renovation financing at closing.

BE IT FURTHER RESOLVED by the Board of Directors of The Metropolitan Development Corporation that HOC's Executive Director, or his designee is authorized, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of the Metropolitan Development Corporation at an open meeting on January 13, 2021.

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

Adjourn