



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

**EXPANDED AGENDA**

**December 11, 2019**

			Res #
4:00 p.m.	<b>I. <u>INFORMATION EXCHANGE</u></b> A. Resident Advisory Board B. Community Forum		
4:30 p.m. Page 5  13  16	<b>II. <u>APPROVAL OF MINUTES</u></b> A. Approval of Minutes of November 6, 2019 B. Approval of Minutes of November 6, 2019 Administrative Session C. Approval of Minutes of November 14, 2019 Special Session D. Approval of Minutes of December 5, 2019 Special Session E. Approval of Minutes of December 5, 2019 Administrative Special Session		
	<b>III. <u>CONSENT</u></b> A. None		
4:35 p.m.	<b>IV. <u>INFORMATION EXCHANGE (CONTINUED)</u></b> A. Report of the Executive Director B. Commissioner Exchange		
4:45 p.m.  Page 21  23	<b>V. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u></b> A. Acceptance of HOC Fiscal Year 2019 (FY'19) Audited Financial Statements, Single Audit Report, and Management Letter B. Approval to Enter into a Joint Pre-Development Agreement and Agreement to Assign for the Development of a Multifamily Property and Related Matters		19-106R(pg 22)  19-110R(pg 24)
4:50 p.m.	<b>VI. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b>		
Page 27  38  44	<b>A. Development and Finance Committee – Com. Simon, Chair</b> 1. Approval to Increase the Sales Price and Income Limits for the Single Family Mortgage Purchase Program 2. Approval of the Novation of the Existing DHCA Loan at Ambassador to HOC at Veirs Mill East LLC for Purpose of Contributing HOC's Ambassador Condominium to Wheaton Venture LLC in Accordance with Terms of the Wheaton Venture LLC Operating Agreement 3. Approval to Increase the Contingency to Cover Increases to the Demolition Budget and Contract Value for Ambassador Apartments		19-111(pg 36)  19-112(pg 42)  19-113(pg 47)
5:40 p.m.	<b>VII. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u></b> 1. None		
	<b>VIII. <u>*FUTURE ACTION ITEMS</u></b>		

6:00 p.m.	<b><u>ADJOURN</u></b>		
6:05 p.m.	<b><u>DEVELOPMENT CORPORATION</u></b> <b><u>Paddington Square Development Corporation</u></b>		
Page 53	<ul style="list-style-type: none"> <li>Approval to: (i) Execute a Solar Lease Agreement with Groundswell to Allow for Application to PEPCO’s Community Solar Program for Paddington Square; and (ii) to Enter into a Subscription Targeting Plan for the Program</li> </ul>		19-003ps(pg 63)
6:10 p.m.	<b><u>ADJOURN</u></b> <i>A closed Administrative Session will be called to order pursuant to Section 3-305(b)(3) and (13) of the General Provisions Article of the Annotated Code of Maryland</i>		

NOTES:

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

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

# INFORMATION EXCHANGE

# Minutes

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

November 6, 2019

19-11

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, November 6, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

**Present**

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

**Absent**

Pamela Byrd

**Also Attending**

Stacy L. Spann, Executive Director  
Cornelia Kent  
Charnita Jackson  
Olutomi Adebo  
Kayrine Brown  
Jay Berkowitz  
Christina Autin  
Renee Harris  
Marcus Ervin  
Ellen Goff  
Sherraine Rawlins  
Rita Harris  
Sewa Prince  
Satina Ali  
Vivian Benjamin

Aisha Memon, Acting General Council  
Terri Fowler  
Millicent Anglin  
Ian Williams  
Zachary Marks  
Fred Swan  
Ian-Terrell Hawkins  
Lorie Seals  
Darcel Cox  
Bonnie Hodge  
Lynn Hayes  
Jennifer Arrington  
David Digby  
Kathryn Hollister

**Resident Advisory**

Yvonne Caughman, Vice Chair

**IT Support**

Gabriel Taube  
Michael Tadesse

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

**Guest**

Karen Lundregan  
Marsha Adebayo  
Rev. Adebayo  
Tim Willard  
Ralph Wooden

A motion was made by Vice Chair Nelson to modify the Expanded Agenda. Executive Director Spann requested to postpone the Development and Finance Committee Item regarding the Redevelopment of Avondale Apartments and Approval of Feasibility; and Vice Chair Nelson requested to remove Deliberation Item regarding the Acceptance of the FY 2019 Audit and Financial Statement. The motion was seconded by Chair Pro Tem Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, and Kelleher.

I. **Information Exchange**

Chair Simon began with opening remarks to inform that all monthly meetings will be live-streamed and will be posted to YouTube page accessible from the HOC webpage. Chair Simon's remarks are attached.

**Resident Advisory Board**

- Yvonne Caughman, Vice Chair, updated on activities of Resident Advisory Board. Vice Chair Nelson suggested that the RAB provide notification to residence as it relates to elections as well as the census.

**Community Forum**

- Karen Lundregan addressed the Board with her continued allegations of discrimination and retaliation from staff.
- Marsha Adebayo, Rev. Adebayo, Tim Willard, and Ralph Wooden addressed the Board in regards to the Moses Cemetery.

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

A. **Approval of Minutes of October 15, 2019**

B. **Approval of Minutes of October 15, 2019 Administrative Session**

III. **Consent Items**

A. **None**

IV. **Information Exchange Continued**

**Report of the Executive Director**

- Mr. Spann highlighted the accomplishments of the Real Estate/Mortgage Finance Division as well as the Legal Team. Congratulations to staff along with support from partners throughout Montgomery County and State.

**Commissioner Exchange**

- Com. Priest accepted an award on behalf of HOC for The Lindley.

V. **ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION**

A. **None**

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

**A. Budget, Finance and Audit Committee – *Com. Nelson, Chair***  
**1. Approval of Calendar Year 2020 (CY'20) Portfolio Budgets**

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

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

**RESOLUTION NO.: 19-102**

**RE: Approval of CY' 20 Portfolio Budgets**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of the following entities: (1) Arcola Towers RAD LP (Arcola Towers); (2) Alexander House LP (Alexander House); (3) Barclay One Associates LP (Barclay); (4) Forest Oak Towers LP; (5) Georgian Court Silver Spring LP (Georgian Court); (6) Greenhills Apartments LP (Greenhills); (7) MV Affordable Housing Associates LP (Stewartown); (8) Hampden Lane Apartments LP (Lasko Manor); (9) Spring Garden One Associates LP (Spring Garden); (10) Tanglewood/Sligo Hills LP (Tanglewood/Sligo Hills); (11) Waverly House RAD LP (Waverly House); and (12) Wheaton Metro LP (MetroPointe) (together, the “LP Entities”);

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

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

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

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

**WHEREAS**, the Budget, Finance and Audit Committee reviewed the CY'20 Budgets of the LP Entities at the October 16, 2019 meeting.

**WHEREAS**, the Budget, Finance and Audit Committee also reviewed the CY'20 Budget of CCL, which is operated on a Calendar Year basis, at the October 16, 2019 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of each of the LP Entities, as each entities’ general partner, that it hereby approves the CY'20 Operating Budgets for the LP Entities, as shown on the attached Exhibit A.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL Multifamily LLC, as its managing member, that it hereby approved the CY'20 Operating Budget for CCL, as shown the attached Exhibit A.

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

## **2. Authorization to Submit Fiscal Year 2021-2022 (FY'21-22) County Operating Budget**

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

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

**RESOLUTION NO.: 19-103**

**RE: Authorization to Submit FY'21-22  
County Operating Budget**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC") wishes to submit a request for County funds for FY'21 and FY'22;

**WHEREAS**, the County has instructed HOC to submit a base budget or Maximum Agency Request Ceiling ("MARC") for FY' 21 in an amount not to exceed \$7,000,790, which is based on the FY'20 approved MARC of \$6,788,049 plus the estimate for increases to compensation, health and retirement benefits, and Rental License Fees; and

**WHEREAS**, the County has instructed HOC to submit a MARC for FY' 22 in an amount not to exceed \$7,184,461, which is based on the FY'21 estimated MARC of \$7,000,790 plus the estimate for increases to compensation, health and retirement benefits, and Rental License Fees.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby approves submitting a MARC to the County for FY'21 and FY'22 in the amount of \$7,000,790 and \$7,184,461, respectively.

## **3. Approval to Extend the Property Management Contract at Timberlawn Crescent**

Charnita Jackson, Director of Property Management, and Millicent Anglin, Asset Manager, were the presenters.

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



**RESOLUTION NO.: 19-104**

**RE: Approval to Extend Property  
Management Contract for  
Timberlawn Crescent for Three  
Months through March 31, 2020**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of Timberlawn Pomander Properties LLC, which owns the development known as Timberlawn Crescent located in North Bethesda, Maryland (the “Property”);

**WHEREAS**, HOC staff desires to extend the current property management contract at the Property for three (3) months through March 31, 2020 with Bozzuto Management Company;

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Timberlawn Pomander Properties LLC, as its sole member, that the Executive Director, or his designee, is hereby authorized and directed to execute a three (3) month extension of the property management contract at the Property through March 31, 2020 with Bozzuto Management Company.

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

VII. **ITEMS REQUIRING DELIBERATION and/or ACTION**

None

VIII. **FUTURE ACTION ITEMS**

None

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 4:48 p.m. and reconvened in closed session at approximately 4:55 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 November 6, 2019 at approximately 4:55 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(3) and Section 3-305(b)(13) to discuss potential real property acquisitions and the financial and commercial terms of the potential real property acquisitions.

The meeting was closed on a motion by Vice Chair Nelson, seconded by Chair Pro Tem Priest, with Commissioners Simon, Nelson, Priest, Croom, and Kelleher 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: Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Linda Croom, Frances Kelleher, Stacy

Spann, Kayrine Brown, Cornelia Kent, Aisha Memon, Eamon Lorincz, Christina Autin, Zachary Marks, Marcus Ervin, and Patrice Birdsong.

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

1. With a quorum present, the Commission duly adopted Resolution 19-108AS with Commissioners Jackie Simon, Roy Priest, Linda Croom, and Frances Kelleher voting in approval, which approved feasibility funding to evaluate the desirability of acquiring a particular parcel of real property located in Montgomery County. Commissioner Richard Y. Nelson, Jr., opposed and Commissioner Byrd was necessarily absent and did not participate in the vote.
2. Zachary Marks, Director of Development, provided an update on another potential real property acquisition. No action was necessary.

The closed session was adjourned at 5:38 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

Attachment



10400 Detrick Avenue  
Kensington, MD 20895-2484  
(240) 627-9400



## **Commissioner Jackie Simon**

### **November 6 - Commission Meeting Remarks**

Thank you for attending tonight's Commission meeting.

First, I want to provide notice to all who are signed up to speak this evening that HOC is now live-streaming all monthly Commission meetings. All meeting recordings are posted to our YouTube page and accessible from our website.

As always, the Commission provides time on its agenda for members of the public to come and share concerns with the Commission, and we continue to invite anyone to avail themselves of this opportunity.

While we welcome and value community participation during this forum, it has become necessary to require those who speak

to recognize the time boundaries so that we can carry out the affordable housing items that are the purpose of tonight's agenda.

Tonight's community forum is limited to 40 minutes. If the point you wish to raise has been already addressed by a prior speaker, please just acknowledge their remarks, so that everyone may be heard in the time we have available. Remember to respect the 3-minutes allotted to each speaker.

For customers, applicants and clients unable to address the Commission this evening, please make sure you have provided your information on the meeting sign-in form at the front desk and an HOC staff member will follow-up to assist you.

Thank you.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Special Session Minutes**

**November 14, 2019**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted on Thursday, November 14, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 9:08 a.m. Those in attendance were:

**Present**

Jackie Simon, Chair

**Via Phone**

Richard Y. Nelson, Vice Chair  
Roy Priest, Chair Pro Tem  
Pamela Byrd  
Frances Kelleher

**Absent**

Linda Croom

**Also Attending**

**Via Phone**

Stacy L. Spann, Executive Director  
Christina Autin

**Present**

Aisha Memon, Acting General Counsel  
Gail Willison  
Cornelia Kent  
Kayrine Brown  
Patrick Mattingly  
Heather Grendze

**Guest**

None

**Commission Support**

Patrice Birdsong, Special Assistant to Commission

**I. ITEMS REQUIRING DELIBERATION and/or ACTION**

- 1. Acceptance of HOC Fiscal Year 2019 (FY'19) Audited Financial Statements, Single Audit Report, and Management Letter**

Cornelia Kent, Chief Financial Officer, was the presenter.

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

**RESOLUTION NO.: 19-106**

**RE: Acceptance of HOC FY'19 Audited Financial Statements Single Audit Report, and Management Letter**

**WHEREAS**, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'19, which included the FY'19 Audited Financial Statements, Single Audit Report, and Management Letter, to the Housing Opportunities Commission of Montgomery County (the "Commission"); and

**WHEREAS**, at a meeting held on November 14, 2019, the Commission reviewed the FY'19 Audited Financial Statements, Single Audit Report, and Management Letter.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Commission accepts the FY'19 Audited Financial Statements, Single Audit Report, and Management Letter prepared by CliftonLarsonAllen LLP.

## **2. State Delegation Legislation Discussion – Housing Opportunities Commission Position Statements**

Stacy Spann, Executive Director, and Christina Autin, Acting Director Legislative and Public Affairs, discussed with the Board HOC's position statements of the following bills to be presented to the Montgomery County Delegation on December 9, 2019: MC 1-20 Selection of Chair, MC 2-20 Alterations, MC 5-20 Procurement, and MC 21-20 Contracting Out Services - Requirements.

A motion was made by Vice Chair Nelson, and seconded by Chair Pro Tem Priest, in support of HOC's Position Statements.

Special Session Teleconference  
November 14, 2019  
Page 3 of 3

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 9:58 a.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Special Session Minutes**

**December 5, 2019**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via teleconference on Thursday, December 5, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 9:00 a.m. Those in attendance were:

**Present**

Jackie Simon, Chair

**Via Teleconference**

Richard Y. Nelson, Vice Chair  
Roy Priest, Chair Pro Tem  
Frances Kelleher

**Absent**

Linda Croom  
Pamela Byrd

**Also Attending**

**Via Teleconference**

Stacy Spann, Executive Director  
Aisha Memon, Acting General Council

**Present**

Patrick Mattingly  
Kayrine Brown  
Cornelia Kent  
Marcus Ervin

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

The Commission adjourned the open session at 9:02 a.m. and reconvened in closed session at 9:12 a.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 special session held on December 5, 2019 at approximately 9:12 a.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(3) and Section 3-305(b)(13) to discuss a



potential real property acquisition and the financial and commercial terms of the potential real property acquisition.

The meeting was closed on a motion by Vice Chair Nelson, seconded by Commissioner Kelleher, with Commissioners Simon, Nelson, Priest, and Kelleher unanimously voting in approval. Commissioners Byrd and Croom were necessarily absent and did not participate in the vote. The following persons were present during the closed session: Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Frances Kelleher, Stacy Spann, Kayrine Brown, Cornelia Kent, Aisha Memon, Marcus Ervin, Patrick Mattingly, and Patrice Birdsong.

In closed session, the Commission discussed a potential real property acquisition, including the confidential financial and commercial terms of the acquisition. The following action was taken:

1. With a quorum present, the Commission duly adopted Resolution 19-110AS with Commissioners Jackie Simon, Richard Y. Nelson, Roy Priest, and Frances Kelleher voting in approval, which approved (1) the execution of the Joint Pre-Development Agreement and Agreement to Assign for the development of a multifamily property located in the Gaithersburg area, the terms of which will be further formalized in a Development Agreement; (2) the commercial and financial terms surrounding the structure of the transaction; (3) the selection of a general contractor for the project; (4) the selection of a third-party property manager for the property; (5) additional predevelopment funding; and (6) the creation of a newly formed entity to take title to the property. Commissioners Byrd and Croom were necessarily absent and did not participate in the vote.

The closed session was adjourned at 9:28 a.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

# Consent Items

# INFORMATION EXCHANGE

# Administrative and Special Session Ratifications

## **RATIFICATION OF ACTION TAKEN IN SPECIAL SESSION ON**

**NOVEMBER 14, 2019:**

### **ACCEPTANCE OF HOC FY'19 AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT REPORT, AND MANAGEMENT LETTER**

**DECEMBER 11, 2019**

- At a Special Session held on November 14, 2019, the Commission adopted Resolution 19-106 in which the Commission approved the FY'19 Audited Financial Statements, Single Audit Report, and Management Letter prepared by the auditors.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the November 14, 2019 Special Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commission wishes to ratify any action taken since the Special Session with respect to the approved transaction.

**RESOLUTION: 19-106R**

**RE: Acceptance of HOC FY'19 Audited  
Financial Statements Single Audit Report,  
And Management Letter**

**WHEREAS**, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'19, which included the FY'19 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 14, 2019, the Commission reviewed the FY'19 Audited Financial Statements, Single Audit Report, and Management Letter;

**WHEREAS**, at a Special Session duly called and held on November 14, 2019, with a quorum present, the Commission duly adopted Resolution 19-106, Commissioners Simon, Nelson, Priest, Byrd, and Kelleher voting in approval, which approved the FY'19 Audited Financial Statements, Single Audit Report, and Management Letter prepared by the auditors. Commissioner Croom was necessarily absent and did not participate in the vote; and

**WHEREAS**, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commission in adopting Resolution 19-106 and any action taken since November 14, 2019 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 19-106, and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on December 11, 2019.

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Patrice M. Birdsong  
Special Assistant to the Commission

**RATIFICATION OF ACTION TAKEN IN SPECIAL ADMINISTRATIVE  
SESSION ON**

**DECEMBER 5, 2019:**

**APPROVAL TO ENTER INTO A JOINT PRE-DEVELOPMENT AGREEMENT  
AND AGREEMENT TO ASSIGN FOR THE DEVELOPMENT OF A  
MULTIFAMILY PROPERTY AND RELATED MATTERS**

**DECEMBER 11, 2019**

- At a Special Administrative Session held on December 5, 2019, the Commission adopted Resolution 19-110AS in which the Commission approved the following: (1) entering into a Joint Pre-Development Agreement and Agreement to Assign for the development of a multifamily property located in the Gaithersburg area, to be further formalized by a Development Agreement; (2) commercial and financial terms concerning the structure of the transaction; (3) selection of a general contractor; (4) selection of a property manager; (5) additional predevelopment funding; and (6) the creation of a newly formed entity to take title to the property.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the December 5, 2019 Special Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commission wishes to ratify any action taken since the Administrative Session with respect to the approved transaction.

**RESOLUTION: 19-110R**

**RE: Approval to Enter into a Joint Pre-Development Agreement and Agreement to Assign for the Development of a Multifamily Property and Related Matters**

**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 effectuate the purpose of providing affordable housing;

**WHEREAS**, at a Special Administrative Session duly called and held on December 5, 2019, with a quorum present, the Commission duly adopted Resolution 19-110AS, with Commissioners Simon, Nelson, Priest, and Kelleher voting in approval; Commissioners Byrd and Croom were necessarily absent and did not participate in the vote.

**WHEREAS**, by adopting Resolution 19-110AS, the Commission approved the following:

1. Execution of the Joint Pre-Development Agreement and Agreement to Assign for the development of a multifamily property located in the Gaithersburg area, the terms of which will be further formalized in a Development Agreement;
2. The commercial and financial terms surrounding the structure of the transaction;
3. The selection of a general contractor for the project;
4. The selection of a third-party property manager for the property;
5. Additional predevelopment funding; and
6. The creation of a newly formed entity to take title to the property.

**WHEREAS**, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commission in adopting Resolution 19-110AS, and any action taken since December 5, 2019 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 19-110AS and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on December 11, 2019.

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Patrice M. Birdsong  
Special Assistant to the Commission



# Committee Reports and Recommendations for Action

# Development and Finance Committee

# **APPROVAL TO INCREASE THE SALES PRICE & INCOME LIMITS FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM**

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## **SINGLE FAMILY MORTGAGE FINANCE**



**STACY L. SPANN, EXECUTIVE DIRECTOR**

**KAYRINE V. BROWN  
JENNIFER HINES ARRINGTON  
PAULETTE DUDLEY**

**December 11, 2019**

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# Executive Summary

The Single Family Mortgage Purchase Program (“MPP” or the “Program”) was established in 1979 to provide low cost mortgages to first-time home buyers. Since its inception, the MPP has produced over 11,000 mortgages to first-time home buyers in Montgomery County. It has traditionally issued Mortgage Revenue Bonds (“MRB”) from the 1979 Indenture and Housing Revenue Bonds (“HRB”) from the 2009 Indenture to fund its program, and continues to do so; however, upon the collapse of the financial and housing markets in 2010, the MPP added Mortgage Backed Securities (“MBS”) to raise capital to fund its loan program. In 2019, in order to solve for volume cap constraints, the Commission approved a new General Trust Indenture to facilitate the issuance of Program Revenue Bonds (“PRB”) or governmental bonds that provides the Commission flexibility in funding its housing finance programs, including the MPP.

The MPP follows Internal Revenue Service (“IRS”) regulations, which guides the maximum sales price and income limits for the Program. With the IRS revenue procedures that set forth the average area purchase price established and the 2019 Area Median Incomes (“AMI”) published by the U.S. Department of Housing and Urban Development, staff recommends recalculating and approving new maximum sales price and income limits for the Program.

Therefore, to bring the Program’s maximum sales price and income limits current in accordance with IRS regulations and HUD’s new area median incomes, staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the following for the Program:

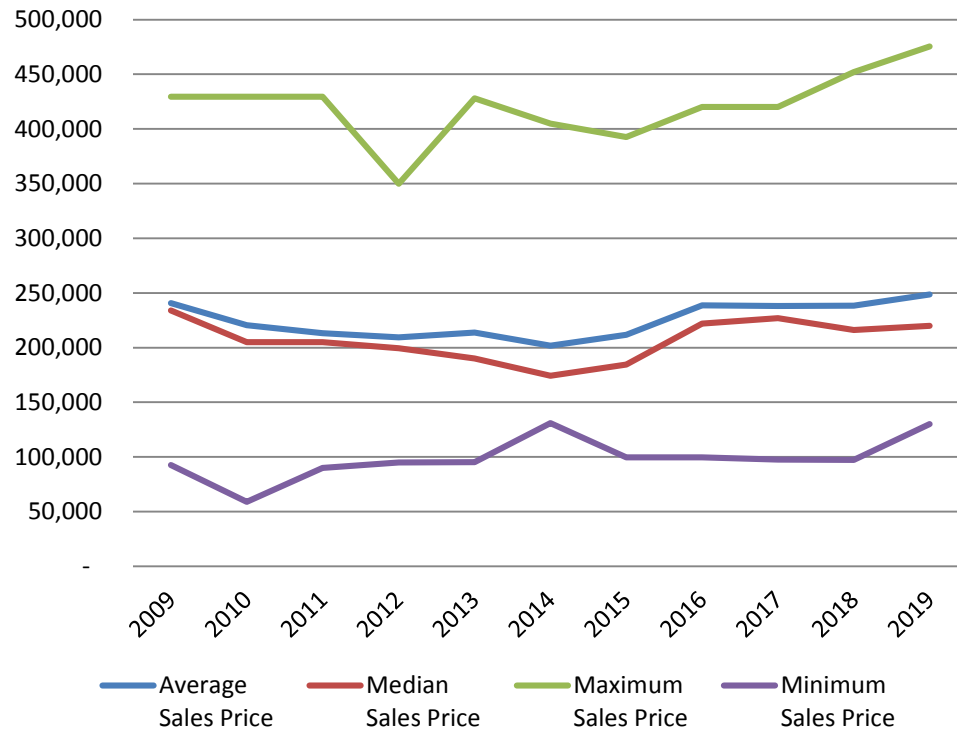
1. Increasing the maximum sales price limits; and,
2. Increasing the maximum income limits.

# Maximum Sales Price Limit: Historical and Current

The MPP follows IRS regulations, which guides the maximum sales price and income limits. The data used for setting these limits in Montgomery County are derived from the Washington, DC-MD-VA Metropolitan Statistical Area (MSA), a high cost area, comprised of 25 jurisdictions surrounding Washington, DC. The current sales price limit for the Program was approved by the Commission on October 3, 2018 and is \$625,765.

Below are the annual maximum, average, median and minimum sales price for ratified contracts within the Program since 2009.

**MPP Annual Sales Price**



Fiscal Year	Maximum Sales Price	Average Sales Price	Median Sales Price	Minimum Sales Price
2009	429,600	240,823	234,000	92,668
2010	429,600	220,439	205,000	59,000
2011	429,619	213,264	205,000	89,900
2012	350,000	209,251	199,500	95,000
2013	428,000	213,735	190,000	95,163
2014	405,000	201,826	174,163	130,883
2015	392,500	211,666	184,467	99,637
2016	420,000	238,598	222,000	99,637
2017	420,000	238,106	227,000	97,500
2018	452,000	238,475	216,000	97,422
2019	475,500	248,600	219,950	130,000

# Maximum Sales Price Limit: 2019 Proposed Sales Price Limit

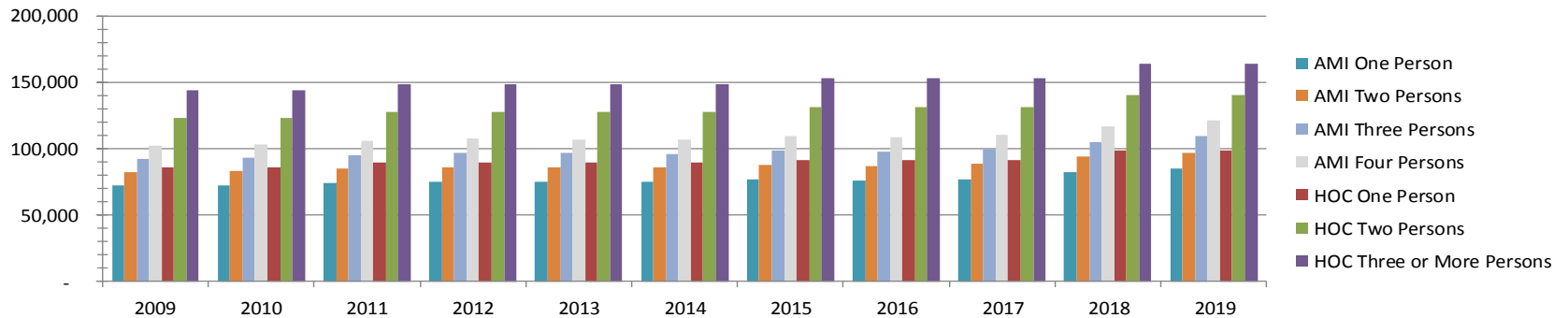
With the IRS published revenue procedures that set forth the average area purchase price applicable to single family loan programs financed with tax-exempt bonds, staff proposes adjusting the new maximum sales price for the Program. The maximum sales price for the MPP cannot exceed 90% of the Average Area Sales Price, which is adjusted annually and is set based on the IRS' Average Area Sales Price.

In accordance with IRS regulations, the Average Area Sales Price for a single family property for the Washington, DC MSA is **\$726,537**. Therefore, the maximum sales price for both new and existing homes is proposed to be increased to \$653,883 for non-targeted areas ( $\$726,537 \times 90\% = \$653,883$ ), and will apply to both first-time and non first-time home buyers.

2019 IRS Average Area Sales Price	\$726,537
<b>Newly Proposed MPP Maximum Sales Price</b>	<b>\$653,883</b>
Current MPP Maximum Sales Price	\$625,765

# Maximum Income Limits: Historical and Current

The Commission last established the income limits for MPP on October 3, 2018. Given the increases in the AMI over the last four (4) years, staff proposes increasing income limits for first-time home buyers participating in the Program. Below are the historical AMIs and the MPP's maximum income limits based upon household size between 2009 and 2019. In FY2019, the Program's average household annual income for two (2) persons was \$79,709 or 68% of the 2018 AMI.



Year	AMI History				MPP Historical Maximum Income Limits		
	One Person	Two Persons	Three Persons	Four Persons	One Person	Two Persons	Three or More Persons
2009	71,890	82,160	92,430	102,700	86,268	123,240	143,780
2010	72,450	82,800	93,150	103,500	86,268	123,240	143,780
2011	74,270	84,880	95,490	106,100	89,160	127,320	148,540
2012	75,250	86,000	96,750	107,500	89,160	127,320	148,540
2013	75,110	85,840	96,570	107,300	89,160	127,320	148,540
2014	74,900	85,600	96,300	107,000	89,160	127,320	148,540
2015	76,440	87,360	98,280	109,200	91,728	131,040	152,880
2016	75,810	86,640	97,470	108,300	91,728	131,040	152,880
2017	77,210	88,240	99,270	110,300	91,728	131,040	152,880
2018	82,040	93,760	105,480	117,200	98,448	140,640	164,080
2019	84,910	97,040	109,170	121,300	98,448	140,640	164,080



# Maximum Income Limits: 2019 Proposed Income Limits

MPP's income limits have traditionally been 100% of AMI for a household of one or two people and 115% of AMI for a household of three or more people, per IRS regulation. As of 2008, income limits for a high cost area may be set as high as 120% of the AMI for one to two person household, and 140% of the AMI for a household with three or more people. The 2019 median income for a four-person household in the Washington, DC MSA increased from \$117,200 in 2018 to \$121,300.

When the Commission approved the use of the highest maximum incomes allowed in 2003, the Commission also opted to set a lower, separate income level for a single occupant household of 70% of the calculated income for two person household. Based on the 2019 AMI and adjusting for the high housing cost factor, below is a comparison of the current and proposed maximum income limits.

Household Size	Current Maximum Income Limits	Proposed Maximum Income Limits
One Person	\$98,448	<b>\$101,892</b>
Two Persons	\$140,640	<b>\$145,560</b>
Three or More Persons	\$164,080	<b>\$169,820</b>

Increasing the income limits for the Program will not exclude the more affordable incomes from access to the Program. Doing so will continue our reach of millennials and multi-generational households, all of which may not have substantial savings, who look to the Program for much needed closing cost assistance that the MPP provides.

# Maximum Income Limits: 2019 Proposed Income Limits

Assuming a home buyer meets the qualifying criteria of the MPP, a one person household could qualify for home selling for approximately \$500,000 and a two or more person household could qualify for a home above our proposed maximum of \$653,883. Please see the below sample underwriting determining the maximum sales price allowed for a one person household:

One Person Household – Proposed Maximum Income		\$101,892
Monthly Income	/ 12	\$8,491
Monthly Housing Expense <sup>1</sup>	40%	\$3,396
Less: HOA Dues <sup>2</sup>		- \$90
Less: Hazard Insurance		- \$80
Less: PMI (% of Mortgage) <sup>3</sup>	0.85%	- \$383
Less: Real Estate Taxes <sup>4</sup>	0.93%	- <u>\$328</u>
Monthly Principal & Interest <sup>5</sup>	5.25%	\$2527
Maximum Mortgage		\$484,350
Down Payment	3.00%	\$15,650
<b>MAXIMUM SALES PRICE</b>		<b>\$500,000</b>
<u>Assumptions:</u>		
<sup>1</sup> Typical Housing Expense Ratio to allow for additional debt, as the Debt to Income Ratio must not exceed 45%.		
<sup>2</sup> Assumes average monthly HOA dues in Montgomery County for townhome unit; if condo, dues increase and purchasing power decreases.		
<sup>3</sup> Assumes 690-699 credit score.		
<sup>4</sup> Actual Montgomery County Real Estate Tax.		
<sup>5</sup> Assumes conventional financing with Down Payment Assistance.		

# Summary and Recommendations

## ISSUES FOR CONSIDERATION

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve an increase to the maximum sales price and income limits for the Mortgage Purchase Program?

## TIME FRAME

Action at the December 11, 2019 Commission Meeting.

## BUDGET/FISCAL IMPACT

There is no adverse impact for the Agency's FY 2020 budget nor any adverse fiscal impact for the Commission.

## COMMITTEE RECOMMENDATION

The Development and Finance Committee met on November 22, 2019 and voted to advance this item to the full Commission for approval.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

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

1. Approval to increase the Mortgage Purchase Program's sales price limit to \$653,883.
2. Approval to increase the Mortgage Purchase Program's maximum income limit to \$101,892 for one person, \$145,560 for two-persons, and \$169,820 for three or more persons.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) has operated the Single Family Mortgage Purchase Program (“MPP” or the “Program”) since 1979, issuing approximately \$1.6 billion of taxable and tax-exempt Mortgage Revenue Bonds (“MRB”) to finance more than 11,000 single family mortgage loans; and

**WHEREAS**, on April 8, 2019, the Internal Revenue Service published new revenue procedures setting forth average area purchase price applicable to the Program, and on April 24, 2019, the U.S. Department of Housing and Urban Development published new national income limits; and

**WHEREAS**, the Commission approves income and sales price limits, which apply to the MPP, subject to rules and regulations governing MRBs; and

**WHEREAS**, the Development and Finance Committee, at its November 22, 2019 meeting, considered and recommended approval of increasing the Program’s sales price and income limits.

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

1. The maximum allowed sales price for the Single Family Mortgage Purchase Program shall increase to \$653,883.
2. The maximum income limits for the Single Family Mortgage Purchase Program shall increase as follows:

Household Size	Maximum Income
1	\$101,892
2	\$145,560
3+	\$169,820

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on December 11, 2019.

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

**APPROVAL OF THE NOVATION OF THE EXISTING DHCA LOANS AT AMBASSADOR TO HOC AT VEIRS MILL EAST LLC FOR PURPOSE OF CONTRIBUTING HOC'S AMBASSADOR CONDOMINIUM TO WHEATON VENTURE LLC IN ACCORDANCE WITH TERMS OF THE WHEATON VENTURE LLC OPERATING AGREEMENT**

**DECEMBER 11, 2019**

- The Ambassador Apartments (the "Property") consist of 162 income restricted apartments within the residential condominium components of a seven-story high rise mixed-use condominium building, which was built in 1960, is located in Wheaton, and owned by Wheaton Associates Limited Partnership with HOC as its single member.
- On April 3, 2019, the Commission approved HOC's entering into a binding joint venture agreement with the Duffie Companies and Willco, LLC known as Wheaton Venture, LLC to pursue the aggregate redevelopment of the Ambassador, the neighboring parcel on which the Mattress Pad sits, and the neighboring Lindsay Ford properties west of Veirs Mill Road ("Aggregate Redevelopment").
- As a term of the binding joint venture agreement with the Duffie Companies and Willco, LLC known as Wheaton Venture, LLC; HOC and Willco must contribute owned properties free and clear of encumbrance to Wheaton Venture, LLC.
- Currently, the Property's remaining outstanding secured indebtedness consists of a loan from DHCA with a principal balance of \$2,000,000 and a loan from the Housing Initiative Fund ("HIF") with a principal balance of \$725,250, which the Commission wishes to keep the DHCA Loans outstanding.
- The Development and Finance Committee met on November 22, 2019, to consider this issue and staff recommends that recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the novation of the DHCA Loans at Ambassador to HOC at Veirs Mill East LLC.

**MEMORANDUM**

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Division: Mortgage Finance and Real Estate  
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589  
Zachary Marks, Director of Development Ext. 9613

**RE:** Approval of the Novation of the Existing DHCA Loans at Ambassador to HOC at Veirs Mill East LLC for Purpose of Contributing HOC’s Ambassador Condominium to Wheaton Venture LLC in Accordance with Terms of the Wheaton Venture LLC Operating Agreement

**DATE:** December 11, 2019

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**STATUS:** Committee Report: Deliberation  X

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**OVERALL GOAL & OBJECTIVE:**

To contribute HOC’s property owned in condominium at the Ambassador into the Wheaton Venture LLC owner in accordance with the terms of the Wheaton Venture LLC operating agreement.

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**BACKGROUND:**

The Ambassador Apartments (the “Property”) consist of 162 apartments that are 100% income restricted within the residential condominium components of a seven-story high rise mixed-use condominium building. Built in 1960 and located in Wheaton, the Property is owned by Wheaton Associates Limited Partnership with HOC as its single member. In 1993, Wheaton-University Boulevard Limited Partnership acquired the Ambassador and financed the renovation of the Property using Low Income Housing Tax Credits (“LIHTC”).

Beginning in 2014, the physical viability of the Property was called into question through events of systems failures and a discovery of structural deficiencies which required the evacuation of the building and temporary relocation of residents on two separate occasions. Consequently, on June 10, 2016, HOC approved a relocation plan aimed at relocating the remaining residents at the Property to safer and more appropriate housing. Most of the units were vacated by normal attrition and approximately 65 households were responsibly relocated by HOC in compliance with requirements of the federal Uniform Relocation Act (“URA”). As of July 11, 2016, the residential property was completely vacated.

Summary of Outstanding Property Loans

Lender	Original Amount	Remaining Balance
PNC Bank RELOC	\$1,862,495	\$1,862,495
DHCA – Principal	\$2,000,000	\$2,000,000
DHCA – Interest	\$0	\$1,800,000
DHCA – HIF	\$725,250	\$725,250
MPDU/PAF	\$1,558,816	\$1,558,816
<b>Total Outstanding</b>	<b>\$6,146,561</b>	<b>\$7,946,561</b>

The Property's first lien deed of trust note was repaid using a draw on HOC's Real Estate Line of Credit ("RELOC") with PNC Bank, N.A. on October 28, 2014. On August 3, 2016, the Commission approved an advance of \$346,628 from the OHRF to fund projected operating expenses and repay the Rental Housing Production Program ("RHPP") loan. Once paid, the reserve requirements associated with the original mortgages were extinguished and balances released to the Owner were used to reimburse the \$346,628 OHRF advance.

The remaining balances are the \$1,862,495 draw on the PNC Bank RELOC, \$2,000,000 in principal for the DHCA loan made to the Property in 1992, \$1,800,000 in accrued interest for the DHCA loan made to the Property in 1992, a \$725,250 HIF loan made to the Property in 2010, and the \$1,558,816 draw on the MPDU/PAF ("Remaining Balances"). Only the DHCA loans are secured by the Property.

On April 3, 2019, the Commission approved HOC's entering into a binding joint venture agreement with the Duffie Companies and Willco, LLC known as Wheaton Venture, LLC to pursue the aggregate redevelopment of the Ambassador, the neighboring parcel on which the Mattress Pad sits, and the neighboring Lindsay Ford properties west of Veirs Mill Road ("Aggregate Redevelopment"). As a term of that agreement, HOC and Willco must contribute owned properties free and clear of monetary liens to Wheaton Venture, LLC.

**ACTION:**

The Remaining Balances are expected to be accounted for as part of the construction financing for the future affordable units of the Aggregate Redevelopment:

- The draw on the PNC Bank RELOC would be repaid as a project cost.
- The principal for the 1992 DHCA loan would become an obligation of the new project.
- The accrued interest on the 1992 DHCA loan would be waived.
- The 2010 HIF loan would become an obligation of the new project.
- The draw on the MPDU/PAF would be repaid as a project cost.

However, until the future affordable units are designed, located, and owned apart from the future market rate units; the DHCA loans must have the HOC's Ambassador condominium replaced as collateral by another acceptable form of collateral. Staff recently secured DHCA's verbal agreement to novate the DHCA loans to the Lindsay Ford properties east of Veirs Mill Road. These properties are owned separately and exclusively by HOC (via the HOC at Veirs Mill East LLC entity).

While a concept for the development of the Lindsay Ford properties east of Veirs Mill Road has not yet been presented to the Commission, staff currently thinks it likely that the concept ultimately presented will be a mixed-income senior community that can be constructed concurrently with the first phase of the Aggregate Redevelopment. So, the Commission could ultimately decide to keep the novated DHCA loans as a cost to the development of the Lindsay Ford properties east of Veirs Mill Road or return the DHCA loans to the affordable condominium, once formed, of the Aggregate Redevelopment.



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**ISSUES FOR CONSIDERATION:**

Does Commission wish to accept the recommendation of the Development and Finance Committee and approve the novation of the existing DHCA loans at Wheaton-University Boulevard Limited Partnership to Veirs Mill East LLC?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
Wheaton-University Boulevard Limited Partnership  
Montgomery County Department of Housing and Community Affairs  
Willco, LLC  
Duffie Companies

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**BUDGET/FISCAL IMPACT:**

None

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**TIME FRAME:**

Action at the December 11, 2019 open session meeting of the Commission.

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**COMMITTEE RECOMMENDATION:**

The Development and Finance Committee met on November 22, 2019 and voted to advance this item to the full Commission for approval.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the novation of the existing DHCA loans at Wheaton-University Boulevard Limited Partnership to Veirs Mill East LLC.

**RESOLUTION: 19-112**

**RE:** Approval of the Novation of the Existing DHCA Loans at Ambassador to HOC at Veirs Mill East LLC for Purpose of Contributing HOC's Ambassador Condominium to Wheaton Venture LLC in Accordance with Terms of the Wheaton Venture LLC Operating Agreement

**WHEREAS**, Ambassador Apartments (the "Property") consists of 162 apartments that are 100% income restricted within the residential condominium components of a seven-story high rise, mixed-use condominium building located in Wheaton (the "Building"); and

**WHEREAS**, the Property is owned by Wheaton-University Boulevard Limited Partnership ("WUBLP") and the retail condominium components of the Building are owned by Wheaton Commercial Center Associates Limited Partnership, an affiliate of Willco Development; and

**WHEREAS**, in December 1992, the WUBLP financed the renovation of the Property using Low Income Housing Tax Credits (LIHTC) and the use of that capital source came with a 15-year initial compliance period ("Initial Compliance Period") and a subsequent 15-year extended compliance period ("Extended Compliance Period") during which time the Property is to be operated as a moderate income housing project; and

**WHEREAS**, in 2005, HOC Ambassador, Inc. (the "General Partner"), a corporation whose stock is wholly-owned by the Housing Opportunities Commission of Montgomery County ("HOC"), acquired the general partnership interest in WUBLP; and

**WHEREAS**, in July 2010, after the expiration of the Property's 15-year tax-credit compliance period, M&T Bank, the 99% limited partner in WUBLP, donated its interest in WUBLP to HOC such that WUBLP is now both ultimately managed by and wholly owned by HOC; and

**WHEREAS**, the Property's Initial Compliance Period expired in 2008, and the Extended Compliance Period ends in 2023; and

**WHEREAS**, between 2014 and 2016, the physical viability of the Property was called into question through events of systems failures and a discovery of structural deficiencies which required the evacuation of the building and temporary relocation of residents; and

**WHEREAS**, given the Property was completely vacated on July 1, 2016; and

**WHEREAS**, on April 3, 2019, the Commission approved HOC's entering into a binding joint venture agreement with the Duffie Companies and Willco, LLC known as Wheaton Venture, LLC to pursue the aggregate redevelopment of the Ambassador, the neighboring parcel on which the Mattress Pad sits, and the neighboring Lindsay Ford properties west of Veirs Mill Road ("Aggregate Redevelopment"); and

**WHEREAS**; as a term of the binding joint venture agreement with the Duffie Companies and Willco, LLC known as Wheaton Venture, LLC; HOC and Willco must contribute owned properties free and clear of monetary liens to Wheaton Venture, LLC.; and

**WHEREAS**, the Property’s remaining outstanding secured indebtedness consists of a loan from DHCA with a principal balance of \$2,000,000 and a loan from the Housing Initiative Fund (“HIF”) with a principal balance of \$750,000 (together, the “DHCA Loans”); and

**WHEREAS**, the Commission wishes to keep the DHCA Loans outstanding and DHCA is requiring that HOC provide replacement collateral in order to maintain such DHCA Loans; and

**WHEREAS**, the Commission wishes to use three parcels east of Veirs Mill Road (the “Replacement Collateral Property”) owned by Veirs Mill East, LLC, a wholly-owned subsidiary of the Commission, to serve as such replacement collateral.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of each of (i) the General Partner and WUBLP and (ii) Veirs Mills East, LLC, it approves the novation of the DHCA Loans at Ambassador from WUBLP to HOC at Veirs Mill East, LLC and use of the Replacement Collateral Property as replacement collateral for the DHCA Loan.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of the General Partner, WUBLP and Veirs Mill East, LLC, that the Executive Director 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.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership at a regular meeting conducted on December 11, 2019.

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

# **APPROVAL TO INCREASE THE CONTINGENCY TO COVER INCREASES TO THE DEMOLITION BUDGET AND CONTRACT VALUE FOR AMBASSADOR APARTMENTS**

**December 11, 2019**

- A contract for the demolition of the Ambassador Apartments was awarded to Demolition Services, Inc. (“DSI”) on May 8, 2019.
- The approved contract, funded with County Capital Improvement Program (“CIP”) funds, totaled \$679,787; which, when added to the HOC pre-demolition expenditures of \$209,572 and the HOC-held contingency of \$67,979 (10% of the contract), amounted to a total demolition budget of \$957,338.
- At the Development and Finance Committee which met on November 22, 2019, staff discussed the need for additional funds to cover unforeseen expenditures related to asbestos removal and traffic safety measures during demolition.
- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve a 10% increase over the original contract to the contingency, thereby increasing the overall budget and contract value by \$67,979, bringing the total contract to a maximum of \$815,745 and the total demolition budget to a maximum of \$1,025,316.
- The original CIP funds of \$1.3 million are sufficient to cover this increase with approximately \$274,684 remaining after the increase.

**MEMORANDUM**

**TO:** Housing Opportunities Commission

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Kayrine Brown, Chief Investment and Real Estate Officer      Ext. 9589  
Zachary Marks, Director of Development                                      Ext. 9613  
Paul Vinciguerra, Construction Manager                                      Ext. 9715

**RE:** Approval to Increase the Contingency to Cover Increase to the Demolition Budget and Contract Value for Ambassador Apartments

**DATE:** December 11, 2019

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**STATUS: COMMITTEE REPORT:** Deliberation      X  

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**OVERALL GOAL & OBJECTIVE:**

To increase the contingency by \$67,979 to cover increases to the demolition budget and contract value for Ambassador Apartments for unexpected expenditures related to the demolition.

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**BACKGROUND:**

On May 8, 2019, the Commission approved Resolution No. 19-54 (the “Resolution”), which authorized funding for the demolition of Ambassador Apartments (the “Ambassador”) and Emory Grove Village. The Resolution authorized the Executive Director to enter into a contract with Demolition Services Inc. (“DSI”) to raze Ambassador and authorized a funding level of \$747,766, which constitutes DSI’s contract amount of \$679,787 plus a 10% contingency. Montgomery County Capital Improvement Plan (“CIP”) is the source of this funding.

Since that time, DSI has been engaged in the removal of the non-structural (largely interior) finishes in the building, abatement of previously identified asbestos-containing materials, and preliminary removal of building systems. During the course of this work, additional costs have been identified which exceed the 10% contingency authorized by the Commission. These additional costs are related to previously unknown asbestos containing materials found in the plumbing pipe insulation concealed within the walls and expenses related to lane closure and pedestrian detour requirements on University Boulevard (MD 193). Both of these conditions were unknown at the time the bids were submitted and would increase the contract for any contractor selected. The total amount of these additions to the project budget to date are approximately \$111,000. As a result of these unanticipated costs, staff requests approval of an increase of the authorized funding for Ambassador demolition in the amount of \$67,979.

In the approval request made to the Commission on May 8, 2019, the total budget included a contract value of \$679,787, pre-demolition costs incurred at that time (\$209,572), and a contingency of \$67,979 (summarized in the following table). Staff recommended a 20% contingency in the packet; however, in error, the resolution indicated approval for a 10% contingency.

Montgomery County has approved \$1,300,000 in its Capital Improvement Program (“CIP”) for the demolition of the Ambassador; and there are sufficient funds in the program to fund the increased contingency amount, leaving \$274,684 unencumbered.

<b>Approved CIP Budget</b>	<b>\$1,300,000</b>
<b>Contract Amount</b>	<b>(\$679,787)</b>
<b>Pre-Demolition Expenditures (HOC)</b>	<b>(\$209,572)</b>
<b>Original Approved Contingency (10%)</b>	<b>(\$67,979)</b>
<b>Additional Contingency (10%)</b>	<b>(\$67,979)</b>
<b>Total Revised Budget</b>	<b>(\$1,025,316)</b>
<b>Unencumbered CIP Funds</b>	<b>\$274,684</b>

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve a 100% increase to the contingency amount and increase the demolition budget and contract value for Ambassador Apartments by \$67,979 to complete the demolition of the property?

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**BUDGET/FISCAL IMPACT:** There is no adverse impact on the Commission’s FY 2020 operating budget, and there is no adverse fiscal impact for the Commission.

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**TIME FRAME:**

Action at the December 11, 2019 meeting of the Commission.

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**COMMITTEE RECOMMENDATION:**

The Development and Finance Committee met on November 22, 2019 and voted to recommend this item to the full Commission for approval.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve a 100% increase to the contingency amount and increase the demolition budget and contract value for Ambassador Apartments by \$67,979 to complete the demolition of the property, bringing the total demolition budget for the Ambassador to \$1,025,316.

**WHEREAS**, Ambassador Apartments is a 162-unit multifamily residential apartment building built around 1960 and located at 2715 University Blvd. W. Silver Spring, MD that has been vacated due to numerous physical and structural concerns and is being demolished to make way for redevelopment and the expansion of affordable housing at the site; and

**WHEREAS**, on May 8, 2019, the Housing Opportunities Commission of Montgomery County (the "Commission") awarded a contract to Demolition Services, Inc. (the "Contract") for the demolition of the site, and approved a contract amount of \$679,787 with a 10% contingency of \$67,979, which when added to the HOC pre-demolition expenditure of \$209,572, resulted in total demolition budget of \$957,338, to be funded from the Montgomery County Capital Improvement Program("CIP"); and

**WHEREAS**, unforeseen demolition expenditures related to the removal of asbestos containing materials concealed in the interior plumbing and costs related to lane closure for pedestrian safety have caused the overall cost to increase, which requires an upward adjustment to the budget and contract; and

**WHEREAS**, staff is requesting an increase of \$67,979 to the Contract contingency, representing a 10% increase over the original contract, which would increase the overall contact amount by \$815,745 and the overall budget by \$1,025,317; and

**WHEREAS**, there are sufficient funds available in the initial CIP appropriation to cover the increase to the Contract contingency.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves an increase in the Contract contingency in the amount of \$67,979, a 10% increase over the original contract, bringing the total contract value to a maximum of \$815,745 and the total budget to a maximum of \$1,025,317, which will be funded by remaining CIP funds.

**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 approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on December 11, 2019.

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Patrice M. Birdsong  
Special Assistant to the Commission

# Deliberation and/or Action



# Future Action

Adjourn

# Development Corporation Meetings

# Paddington Square Development Corporation

# PADDINGTON SQUARE APARTMENTS

## COMMUNITY SOLAR ROOFTOP LEASE & SUBSCRIBER ACQUISITION PLAN



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN  
ZACHARY MARKS

December 11, 2019

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# Project Background & History

Paddington Square Apartments (“Paddington” or the “Property”) is a mixed-income, affordable housing community built in phases between 1947 and 1960 and seated on 7.94 acres located north of East-West Highway in the Rosemary Hills neighborhood. The Property consists of three large, three-story walk-up brick structures with 15 entrance stairwells (buildings) containing a total of 165 units. Within walking distance are the Gwendolyn E. Coffield Recreation Center, a park, playgrounds, tennis courts, and Rosemary Hills Elementary School. The Property is within the Bethesda-Chevy Chase Senior High School district.

HOC purchased Paddington in 2004 and, along with the County, funded substantial renovation of the property between 2005 and 2011. Before the end of 2011, approximately \$28 million by way of several financing sources was invested. In early 2015, HOC placed permanent financing, via the FHA Section 223(f) program, on the stabilized property returning more than \$20MM in interim resources to HOC and the County. The permanent financing brought with it a ten-year lockout restriction.

During the summer of 2018, HOC was introduced by the Montgomery County Green Bank to Groundswell, a 501c3 nonprofit that develops community solar projects and subscriber management programs that enable low- and moderate-income (“LMI”) households to source clean energy and realize savings to their existing utility costs.

Groundswell performed an analysis of HOC’s entire property portfolio and found that Paddington was the best candidate for community solar through combined good solar exposure with a location on a PEPCO DC trunk line. Groundswell performed a site visit of Paddington in early October 2018 and has since proposed a plan that uses the roofs for ten buildings to generate \$334,961 in electric bills savings (over 20 years) to 29 LMI households. HOC’s only contribution was to be a \$1 annual site lease of the selected parts of the property.



# Project Background & History

However, at a special session on October 29, 2018, staff failed to secure a majority of a quorum of four Commissioners to proceed with the site lease option Groundswell needed to show site control required of applicants to the PEPCO Community Solar program. The chief concern was that the structure proposed by Groundswell prohibited redevelopment during the 20-year period of the engagement with the investor.

Subsequent to the meeting on October 29<sup>th</sup>, Groundswell revised its proposal. Under the new structure, HOC was able to end the lease by paying a “lease termination fee” that steps down over time and significantly drops after Year 8 in order to facilitate potential site redevelopment. (Note that six years is the minimum required legal ownership period to qualify the investor for the Investment Tax Credit and depreciation benefits.) The proposed structure and associated lease comport with relevant HUD guidance and requirements associated with rooftop solar systems. This revised proposal replaced a previous proposal that required an upfront deposit from HOC. The revised proposal was designed specifically to provide HOC with a flexible option to remove or temporarily “park” the panels in order to redevelop the site. At the time of buyout, the project would not be encumbered with any other contracts (such as a previously referenced Solar Renewable Energy Credit (“SREC”) contract), and thus HOC would be in position to redevelop Paddington at its convenience.

The proposed structure also anticipated funding from a senior loan from the Montgomery County Green Bank (“MCGB”). Assumed here to be 5%, the rate of the MCGB loan is ultimately negotiable; the term of the loan is for eight years, to match the earliest potential lease termination by HOC. The investor-owner of the solar installation is responsible for the payments and repayment of the loan.

Other concerns that arose during the October 29, 2018 meeting focused on 1) the status of Paddington’s roofs that would be used for solar placement, 2) the potential impact of the solar panel installation on those roofs, and 3) HOC’s ability to repair those roofs as needed over the course of the 20 years. First, Groundswell will perform a comprehensive assessment of the roofs involved prior to the installation of the solar panels. Second, the installation of the solar panels will not require roof penetration. The solar panels sit on weighted ballasts. So, not only do the panels not compromise the existing roofs, the panels can be easily moved on a temporary basis to allow for any necessary roof repairs.





# Executive Summary

The final Commission actions needed to allow Groundswell to commence financing and construction of the community solar installation are to approve the terms of the rooftop lease and the subscription targeting plan.

As proposed, Paddington Square Development Corporation would be the landlord to Groundswell, Inc. The term of the lease would be 20 years, and Groundswell, Inc. would have two five-year extensions at its discretion. However, HOC will have unilateral buy-out rights throughout the twenty-year term of the lease.

Beginning in Year 8, HOC’s amount to terminate the lease would be approximately \$75,000 and would decline beginning in Year 15. HOC and Groundswell could also arrange to relocate the equipment and continue the lease in the event no material change in terms or economics are effected. Staff views the buy-out amount as sufficiently small to be borne without difficulty by a redevelopment effort.

While Groundswell is fully responsible for finding subscribers and managing their subscriptions, the Commission may wish to weigh in on the number of low-or-moderate income (“LMI”) Paddington households to target. HOC staff recommends preference be given to the ten Paddington households served by Project Based Vouchers (“PBVs”). This would leave 19 LMI subscriptions for qualifying households in the surrounding community. As the nature of the community solar program is to serve neighborhood households without the physical and financial means to install equipment on their own homes, HOC staff supports a majority of subscriptions coming from Paddington’s neighbors.

Groundswell and HOC staff have confirmed HUD approval of both the lease and the compatibility of the community solar program with the utility allowances used with PBVs.

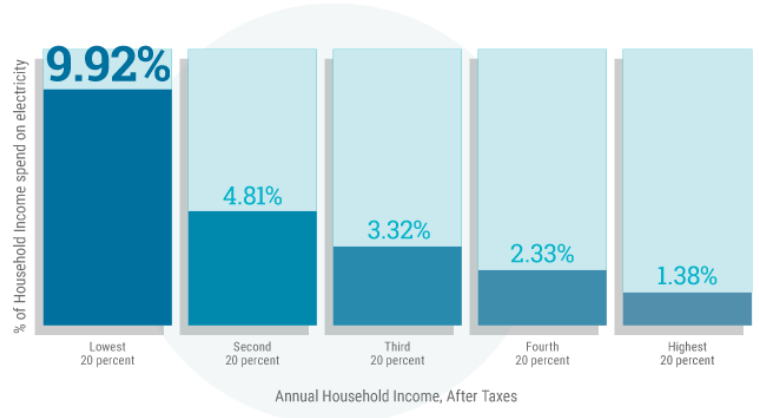
Anniversary from COD	Buyout Amount (\$)	Buyout Amount (\$ per watt DC)	
1	\$809,666	2.831	
2	\$769,340	2.690	
3	\$730,730	2.555	
4	\$694,122	2.427	
5	\$659,516	2.306	
6	\$626,626	2.191	
7	\$595,166	2.081	
8	\$75,263	0.263	<i>*lower termination value commencing after Year 8 to facilitate possible redevelopment of property</i>
9	\$75,263	0.263	
10	\$75,263	0.263	
11	\$75,263	0.263	
12	\$75,263	0.263	
13	\$75,263	0.263	
14	\$75,263	0.263	
15	\$67,737	0.237	
16	\$60,963	0.213	
17	\$54,867	0.192	
18	\$49,380	0.173	
19	\$44,442	0.155	
20	\$39,998	0.140	

# Introduction to Community Solar

Groundswell will act both as the developer for the financing and construction of the solar infrastructure and as the subscription manager. The community solar project itself raises the debt and equity (via the sale of SRECs) needed to fund the construction of the infrastructure.

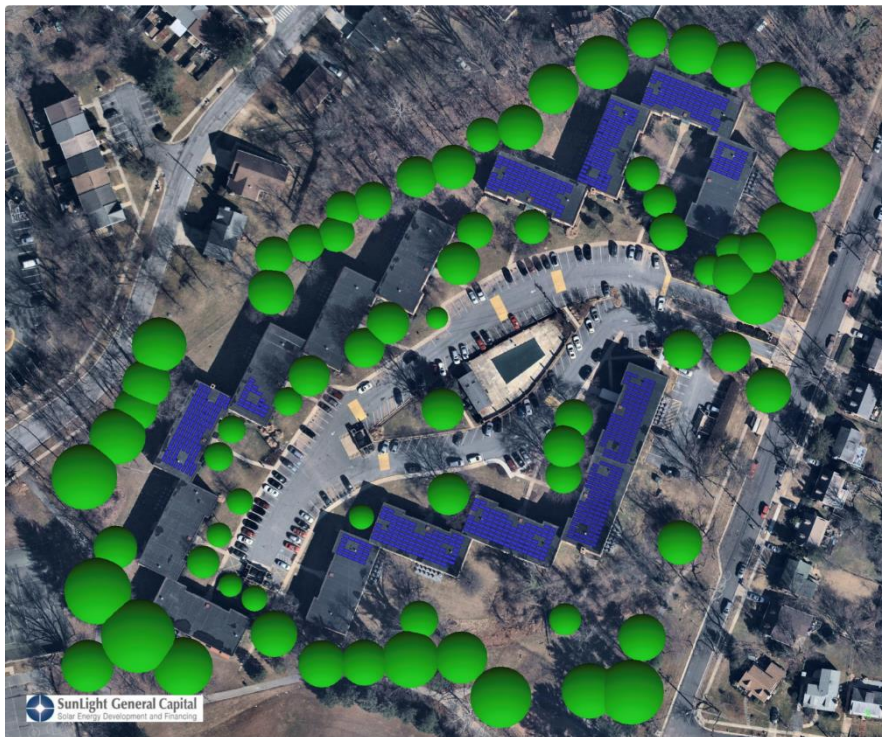


Much like HOC's mixed-income properties, a majority of those subscribing to the community solar project would do so at market rate to enable LMI households to receive the full benefit of participation in community solar at no cost to those LMI households. Market rate households subscribing to the community solar pay an amount essentially equal to their electric bill discounts. Despite the lack of an economic incentive, Groundswell sees immense demand from market rate households who desire locally produced clean energy that supports their neighbors. Ultimately, Groundswell is responsible for any shortfall in subscribers. LMI households receive the same discount and pay no subscription fee.



# Economics of Paddington Comm. Solar

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After a helioscope analysis and site visit, the estimate for Paddington’s installation capacity is 286.9kW. This capacity assumes the use of parts of the roofs of ten buildings. The current installation plan does not include any panels over the parking lot, which was considered in previous designs.

At that capacity, 95 households can be served by Paddington. The estimated cost of the system is approximately \$816,358. The estimated useful life of the system is twenty years.

Groundswell estimates that the fair market annual rent for the parts of Paddington being made available for the project is \$10,043 per year. If HOC wished to collect that fair market annual rent, then 14 LMI households could be served instead of the anticipated 29 out of the total 95 households.

Staff proposes that the Commission maximize the community impact from this project by foregoing the lease payment. HOC already enjoys a good reputation in this community for having stabilized Paddington. Staff sees a greater benefit from building upon this reputation through this and other positive externalities.

# Introduction to Groundswell

Groundswell is a nonprofit community solar developer with more than 56 megawatts of projects in development in Washington, DC; Maryland; Georgia; and Illinois. Formed in 2009, in Washington, DC, Groundswell began focusing on organizing neighborhoods to participate in energy efficiency retrofits that supported local jobs. It added wind power consumer choice options shortly thereafter. In 2015, Groundswell unveiled its Share Power Community Solar program.



For the Paddington community solar project, Groundswell would act as developer and subscriber manager. While no commitment is currently in place, there is interest from the

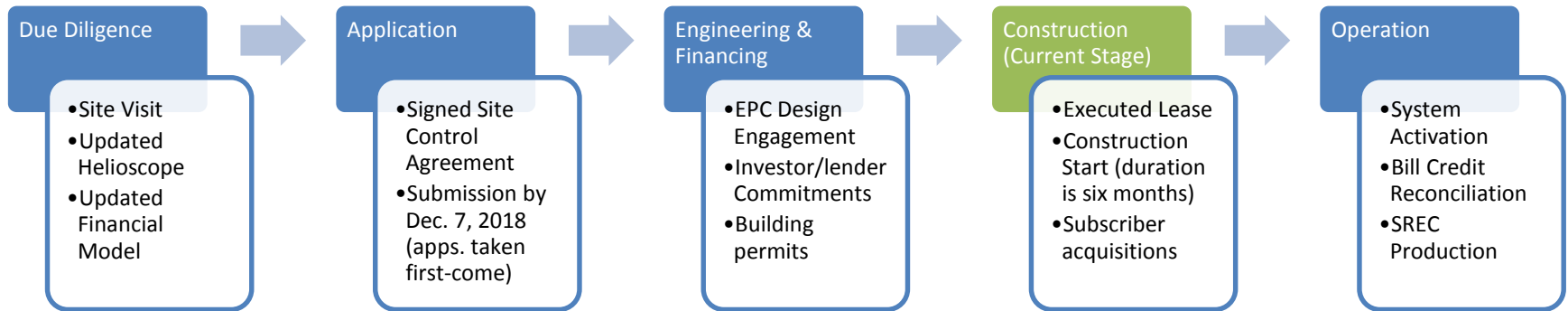
Partner	Role	Impact
Paddington Square Apartments	Host	Produce locally generated clean energy
Groundswell	Developer	Equitable solar access made possible by Share Power™ model
	Subscriber manager	Respectful subscriber experience for Empowered customers, social impact value proposition for market rate customers
Montgomery County Green Bank	Lender	Low-cost loan improves financial projections
Values-aligned investor	Equity	Local investment to complete construction financing, long term project ownership

Montgomery County Green Bank (“MCGB”) to provide a low-cost loan. This project could be a first opportunity for MCGB to use one of its newly created proprietary loan products.

On the equity side, the DC SRECs will fetch prices ranging from \$350-400 (versus \$15-50 for the Maryland SRECs). This dramatically improves the economic attractiveness for Paddington’s community solar project.

In its evaluation of HOC’s wider portfolio, Groundswell found several other properties with encouraging helioscope analyses. However, these other properties do not sit on a DC trunk line. Should Maryland’s SRECs increase in value, these properties could become economically viable community solar projects as well. Still, Paddington will serve as a model for community solar in Montgomery County and can be replicated on commercial and industrial buildings as well.

# Timing & Targeted Households



Groundswell has managed the due diligence, entitlement, permitting, design, and financing of the community solar project. Groundswell has met with the Montgomery County Planning Department to discuss the entitlement process for the addition of solar panels to Paddington and confirmed that no site plan is required of the installation. Groundswell will be in position to pull permits by the end of the calendar year and begin construction in early 2020.

The 29 LMI households can come from both Paddington, other rental properties, and even homes owned by primary occupants. During the recent revision of the Greater Lyttonsville Sector Plan (“GLSP”), there were gentrification concerns and some bitterness over the eventual increased density given to certain properties. Offering LMI families reductions to utility costs would be a good first step in ensuring that these families can afford to remain in the community. While the maximum AMI for the LMI units is 80%, HOC may unilaterally select lower limits for qualification.

Lastly, job training is a standard part of Groundswell’s construction processes. Groundswell works with the solar installer to provide three levels of training, apprenticeship, and job opportunities associated with a project. First, the installer provides orientation-level workshops for local members of the community, targeting younger people to share and answer questions about what kinds of jobs are available in solar and how to go after those jobs. Second, workforce training is provided that includes preparing trainees to earn their OSHA certification – the basic requirement for any construction job, including solar. Finally, the installer commits to local hiring opportunities on the project.

# Summary and Recommendations

## ISSUES FOR CONSIDERATION

Does the Commission wish to approve:

1. Authorization of the Executive Director to execute a rooftop solar lease with Groundswell for \$1 annual rent payment to allow Groundswell to proceed with financing and construction of a community solar installation at Paddington Square?
2. Approval of the subscription targeting plan for the Paddington Square community solar project, which will dedicate 10 LMI subscriptions to PBV households at Paddington Square and 19 LMI subscriptions to the wider neighborhood?

## BUDGET/FISCAL IMPACT

No impact to the Agency operating budget.

## TIME FRAME

For action at the December 11, 2019, meeting of the Commission.

## COMMITTEE RECOMMENDATION

The Development and Finance Committee met on November 22, 2019 and voted to advance this item to the full Commission for approval.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that Commission approve the following:

1. Authorization of the Executive Director to execute a rooftop solar lease with Groundswell for \$1 annual rent payment to allow Groundswell to proceed with financing and construction of a community solar installation at Paddington Square.
2. Approval of the subscription targeting plan for the Paddington Square community solar project, which will dedicate 10 LMI subscriptions to PBV households at Paddington Square and 19 LMI subscriptions to the wider neighborhood.

12/11/2019

PADDINGTON SQUARE DEVELOPMENT CORPORATION

**RESOLUTION No. 19-003<sub>ps</sub>**

**RE: Approval to (i) Execute a Solar Lease Agreement with Groundswell to Allow for Application to PEPCO's Community Solar Program for Paddington Square and (ii) to Enter into a Subscription Targeting Plan for the Program**

**WHEREAS**, the Paddington Square Development Corporation (the "Corporation") is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"); and

**WHEREAS**, the Corporation is the owner of Paddington Square Apartments ("Paddington"), a 165-unit mixed-income multifamily rental property located at 8800 Lanier Drive; and

**WHEREAS**, Groundswell is a non-profit community solar developer that wishes to secure control of air rights above parts of Paddington's roofs for the development and installation of a new community solar system; and

**WHEREAS**, based on initial helioscope analysis and a site visit, Groundswell has selected for development the parts of Paddington's roofs that are conducive to the production of solar energy via photovoltaic installations; and

**WHEREAS**, PEPCO, the utility provider for Paddington and surrounding Lyttonsville, is a participating utility in the State of Maryland's Community Solar Pilot Program ("CSPP"), which provides the opportunity for customers, including low- and moderate-income customers who are not able to participate in traditional roof-mounted solar systems, to receive renewable energy benefits; and

**WHEREAS**, community solar developers may make application to the CSPP for new solar system participation at fixed dates for fixed rounds; and

**WHEREAS**, on December 5, 2018, so that, in its application to the CSPP, Groundswell could demonstrate required site control, the Commission authorized the Executive Director to enter into a site control option to lease for \$1 per year the rights to place a new community solar system on parts of Paddington's roofs; and

**WHEREAS**, Groundswell estimates that a community solar system at Paddington would support a subscription targeting plan for 95 total members of the surrounding community, including 14 low- and moderate-income households at no membership charge, should HOC charge for a site lease at fair market value, currently estimated to be \$10,043 per year; and

PADDINGTON SQUARE DEVELOPMENT CORPORATION

**WHEREAS**, Groundswell estimates that a community solar system at Paddington would support a subscription targeting plan for 95 total members of the surrounding community, including 29 low- and moderate-income households at no membership charge, should HOC charge \$1 per year for a site lease; and

**WHEREAS**, Groundswell expects to obtain all necessary approvals and permits by the January 31, 2020, to begin construction of the new community solar system at Paddington in February 2020; and

**WHEREAS**, Groundswell wishes to exercise its site control option to enter into a solar lease agreement with Paddington Square Development Corporation, it being understood that such lease agreement will contain unilateral buyout rights in favor of the Corporation to allow redevelopment of Paddington at its own convenience if directed by the Commission.

**NOW, THEREFORE, BE IT RESOLVED** by the Corporation that it hereby authorizes the execution of a solar lease agreement for the development of a new community solar system installation at Paddington with Groundswell for a lease at \$1 per year for 20 years, with the option of two five-year extensions.

**BE IT FURTHER RESOLVED** by the Corporation that it hereby approves a subscription targeting plan for Paddington that will dedicate 10 low- and moderate-income household subscriptions to PBV households at Paddington and 19 low- and moderate-income household subscriptions to the wider neighborhood.

**BE IT FURTHER RESOLVED** by the Corporation that the Executive Director of the Commission is hereby authorized, without any further action on the part of the Board of Directors of the Corporation or the Commission, 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 (including, without limitation, a Subordination Non-Disturbance and Attornment Agreement in favor of the FHA lender to the property).

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Board of Directors of Paddington Square Development Corporation at an open meeting conducted on December 11, 2019.

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



Adjourn

# Administrative Session