

**EXPANDED AGENDA**

September 1, 2021

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

YouTube: <https://youtu.be/LhUmctnzBBY>

		Res #
4:00 p.m. Page 4	<b>I. <u>INFORMATION EXCHANGE</u></b> A. Community Forum B. Report of the Executive Director C. Commissioner Exchange	
4:30 p.m. Page 13 Page 34	<b>II. <u>APPROVAL OF MINUTES</u></b> A. Approval of Minutes of July 7, 2021 B. Approval of Minutes of July 28, 2021 Special Session C. Approval of Minutes of July 28, 2021 Closed Special Session	
4:35 p.m.	<b>III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b>	
4:35 p.m. Page 38	<b>A. Budget, Finance and Audit Committee – Com. Nelson, Chair</b> 1. <b>County Fiscal Year 2023-2028 (FY’23-28) Capital Improvements Program Budget:</b> Authorization to Submit County FY’23-28 Capital Improvements Program Budget	21-77 (pg. 45)
4:45 p.m. Page 47	2. <b>Wheaton Gateway, LLC and 8800 Brookville Road (Lyttonsville):</b> Approval to Extend the Maturity Dates for the Draws on the PNC Bank Line of Credit Which Financed the Acquisition of Lindsay Ford (Wheaton Gateway) and the Lyttonsville Site (8800 Brookville Road)	21-78 (pg. 50)
4:55 p.m. Page 51	3. <b>Spring Garden One Associates Limited Partnership – Property Management Contract:</b> Presentation of Request to Renew the Property Management Contract for Spring Garden One Associates Limited Partnership	21-79 (pg. 54)
5:05 p.m. Page 55	4. <b>The Willow Manor Properties – Property Management Contract:</b> Presentation of Request to Renew the Property Management Contract for The Manor at Clopper’s Mill, LLC, The Manor at Colesville, LLC, and The Manor at Fair Hill Farm, LLC	21-80 (pg. 58)
5:15 p.m. Page 61	<b>B. Development and Finance Committee – Com. Simon, Chair</b> 1. <b>Mortgage Finance:</b> Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers in Accordance with the Current Contracts and the Procurement Policy	21-81 (pg. 67)
5:25 p.m. Page 69	2. <b>Westside Shady Grove Building D:</b> Approval to Select Kim Engineering, Inc. for Construction Materials Testing and Third-Party Inspector and Authorization for the Acting	21-82 (pg. 80)

	Executive Director to Execute a Contract in Accordance with Request for Proposal #2265	
Page 82	3. <b>Willow Manor Properties:</b> Approval of a Final Development Plan, Including the Approval and Acceptance of a Seller Note and Bridge Financing for the Transaction, and Approval to Execute a Contract and Early Start Agreement with Nastos Construction, Inc.	21-83a (pg. 103) 21-83b (pg. 107)
5:45 p.m. Page 108	4. <b>Willow Manor:</b> Approval of the Financing Plan, Feasibility and Public Purpose for Willow Manor Properties; Authorization to Issue Loans to HOC at Willow Manor, 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	21-84a (pg. 129) 21-84b (pg. 132)
5:55 p.m. Page 139	5. <b>The Upton II:</b> Approval for the Acting Executive Director to Execute Change Order to Continue CFI Construction for Construction Management Services	21-85 (pg. 143)
6:05 p.m. Page 144	6. <b>Georgian Court:</b> Approval of the Final Development Plan and Budget for Georgian Court Apartments and Authorization for the Acting Executive Director to Execute the General Contractor Contract with Hamel Builders, Inc.	21-86 (pg. 168)
6:15 p.m. Page 171	7. <b>Shady Grove:</b> Approval of the Final Development Plan and Budge for Shady Grove Apartments and Authorization for the Acting Executive Director to Execute the General Contractor Contract with Hamel Builders, Inc.	21-87 (pg. 192)
6:35 p.m. Page 196	<b><u>CLOSING STATEMENT</u></b>	
6:40 p.m.	<b><u>ADJOURN</u></b>	
6:55 p.m.	<b><u>CLOSED SESSION</u></b> A closed session will be called to order pursuant to Sections 3-305(b)(3), 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland	
	<b><u>ADJOURN</u></b>	

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

***Agency Closes on \$50 MM in Bonds for Housing Production Fund***

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

Investor orders for the Limited Obligation Bonds Series 2021 bonds were oversubscribed 1.3 times; however, the later maturities from 2038 to 2041 saw little or no activity. In fact, 100% of the orders up to the 10-year maturity were filled and 59% of the 11-20-year maturity were filled, reflecting early interest for the sale. The bond sale was well timed as the 10-year United States Treasury (“UST”) hit a low for the month of August of 1.19% at the time of pricing. It escalated to a high of 1.36% on August 12 and has now settled at approximately 1.26%. With the low rate, the County’s annual obligation will be \$3.071 million though \$3.4 million was appropriated and the overall yield for the issuance was 20.8821%.

The net lendable proceeds (after payment of Cost of Issuance) are \$49,787,500. While it will take a few months to fully expend the HPF bond proceeds, projects funded by the HPF will incur interest cost at 5% of the loan and such interest will be remitted to the County. Therefore, the annual net cost to the County once all funds are loaned is \$581,625.

The bond issuance was unique in that it was the first-ever collaboration of its kind between the County and HOC and creates a revolving source of construction financing known as the Housing Production Fund, or HPF. It is core to the expansion of housing in the county and replicable for other localities.

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

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



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

Initial Projects to be Funded:

Westside Shady Grove: ~\$15M in HPF for 268 newly constructed units adjacent to the Metro at Gramercy Blvd in Rockville.

Hillandale Gateway: ~\$35M in HPF for 463 newly constructed units New Hampshire Avenue in Silver Spring. This will be the first passive multifamily property in Maryland.



***Internship Offers Extended to Customers through HOC Works***

In meeting the HOC Works compliance requirements for the West Side Shady Grove project, Bozzuto and KTG Architecture agreed to each host two paid summer internships designated for residents of HOC's affordable housing programs. Bozzuto's program focused on the construction industry, while KTG's program focused on career opportunities in architecture. HOC's Real Estate Development and Compliance teams worked through the implementation logistics with Bozzuto and KTG. HOC's Resident Services HOC Academy team advertised the opportunities to our residents, collected and pre-screened applications and resumes, and forwarded candidates to the two companies for consideration and final selection.

This collaborative effort to provide economic opportunities for residents of our affordable housing programs through HOC Works is what we hope will be the first of many opportunities for our customers to benefit from the capacity and expertise of our partners. Through these internships, we were able to provide opportunities for our residents to gain experience and knowledge to enter the construction industry. Bozzuto was also able to hire the interns as full-time employees.

These internships are just one example of the ways in which contractors contribute to the communities we serve through either HOC Works or HUD's Section 3 program. Another way contractors may meet the requirement is through a monetary contribution to HOC's nonprofit affiliate, Housing Opportunities Community Partners (HOCP). To date, HOCP has a fund of over \$115,000 in Section 3 and HOC Works contributions. On August 26, 2021, the HOCP Board adopted a policy and guidelines for disbursing these funds for eligible workforce and education programs, adhering to the spirit of the programs as well as aligning with HOCP's strategic goals. Programs receiving grants under the HOC Works Fund will provide ongoing reports to the HOCP Board on customer outcomes.

***HOC & Partners Celebrate First Community Solar Array at Paddington Square***

On August 17, 2021, HOC and its partners celebrated Montgomery County’s first community solar project to include a set aside for low- and moderate-income (LMI) households at Paddington Square Apartments, the host property for the solar array project. In addition to project partners, Montgomery County Executive Marc Elrich, County Council Vice President Gabe Albornoz, Councilmember Will Jawando, State Delegate Lorig Charkoudian were in attendance and provided remarks.



Community Solar at Paddington Square is part of Maryland’s community solar pilot program, which includes dedicated solar capacity for projects that serve low- and moderate-income (LMI) residents. Conventional solar projects often come with financial barriers such as high consumer credit scores and long-term contracts that limit solar access for resource-challenged households. Community Solar at Paddington Square will offer 91 subscriptions to local households who want to be a

part of an equitable clean energy future for Montgomery County with 28 of these subscriptions set aside for LMI households and 10 of those available exclusively to eligible Paddington Square residents. Any Maryland resident who receives a Pepco utility bill can sign up, and everyone who subscribes will receive a monthly credit on their Pepco bill.

The project is an effort of many players. The Maryland Black-owned solar EPC, SunCatch Energy, will construct the community solar array utilizing roof space atop HOC’s Paddington Square building. HOC leased the rooftop space for \$1 in acknowledgement of the significant community benefit and benefit to LMI families the new solar array will bring. Financing is being provided by SunLight General Capital, a woman-led clean energy investment firm, and the Montgomery County Green Bank, a county-designated nonprofit to advance clean energy finance in the county. Groundswell will be the project’s subscriber manager





using the nonprofit's innovative SharePower™ model. The solar array will save 235 metric tons of greenhouse gas emissions, enough to power 28 homes or remove 51 cars from roads for an entire year.

Earlier this summer, County Executive Elrich [released Montgomery County's Climate Action Plan](#), which identifies 86 actions that the County must address to eliminate greenhouse gases by 2035 and increase climate resilience. Strategies outlined in the plan focus on those who are most vulnerable to the impacts of climate change, as well as opportunities to enhance racial equity.

HOC's commitment to helping people reach their fullest potential is centered around the supports that put families in a position to thrive, and access to clean, renewable energy alternatives ensures that all households in our community, irrespective of income, can achieve utility savings while positively contributing to the environment around them. We are incredibly proud of the partnership that brought this to bear, and we look forward to more collaborative opportunities around solar energy in the future.

### ***Elizabeth House III Topping Out Event***



On Wednesday, July 28, elected officials, HOC Commissions, Key Staff, and guests convened at the site of the 267-unit Elizabeth House III and South County Recreation and Aquatics Center (SCRACC) in downtown Silver Spring for a ceremonial topping out event to celebrate and recognize the completion of the 16th floor, the highest floor of the building. Both public and private partners who were instrumental in the development of the mixed-use and mixed-income project shared stories of the various complexities and challenges

that the team overcame in transforming the project from concept into one of the tallest and most unique multipurpose developments in the Capitol Region. The development is scheduled for completion in the Fall of 2022.

### ***The Lindley Achieves Stabilization***

HOC's 200-unit mixed-income high-rise development, The Lindley achieved stabilized occupancy of 93% on July 1, 2021, and is currently occupied at 97% (i.e., market units are 99% occupied, 50% AMI units are 100% occupied, and the workforce units are 88% occupied). The development, which has received numerous awards for its green and sustainable construction practices along with recognition for its creative project financing plan sits adjacent to the completed EYA urban townhomes, the planned Purple Line Metro Station, Capital Crescent Trail, and the under-construction Chevy Chase Lake mixed-use development that will feature nearly 466-units of Class-A luxury residential units and approximately 50,000 square feet of retail upon full buildout. Lastly, a new property manager, Devin Pharr began on June 1 and has been an excellent addition to the team. He brings 14

years of leasing and property management experience with prior firms including Equity Residential, Avalon Bay, and WC Smith.

***Phase Four of MCHAF Ready for Launch***

On May 24, 2021, Montgomery County through the Department of Housing and Community Affairs, extended the Montgomery County Homeownership Assistance Fund (“MCHAF”) closing cost program and increased funds from \$1 million to \$1.5 million. Used in combination with an HOC Mortgage Purchase Program first mortgage loan, the MCHAF provides substantial down payment and closing cost assistance. Households may receive up to 40% of their qualifying income for a maximum of \$25,000. The loan is a 10-year deferred loan with a pro rata portion due only upon sale, during first 10 years, and may be subordinated with a refinance only. The loan is forgiven after 10 years. Since 2019, the MCHAF has assisted 134 households become first-time homebuyers providing on average a secondary loan of \$22,400. Households that received MCHAF assistance had incomes ranging from \$38,750 to \$169,800.

The Commission received the FY22 funding on August 16, 2021, and we anticipate a roll out of Phase 4 of the program by mid-September. Phase 4 is projected to provide assistance to 60 new homeowners if each loan is funded at the maximum allowable amount of \$25,000.

***Family Self Sufficiency Helps Customers Make Economic Gains Amid Pandemic***

The Family Self Sufficiency program (“FSS”) currently has 350 enrolled participants of 441 allocated FSS slots. To date, the program enrolled 60 new applicants this year, including 12 enrollees in the month of July. Four participants have graduated for the year thus far, of which two are homeowners and two no longer require a housing subsidy. The graduates have an average earned income of \$73,000 and an average income increase of \$47,000.

The FSS Notice of Funding Opportunity (“NOFO”) was posted on July 27, 2021. The HOC FSS Program remains eligible for funding for five full-time positions. The deadline for application submission is September 7, 2021.

***Agency Awarded New Vouchers, Works to Increase Utilization***

HOC was awarded 118 Emergency Housing Vouchers (“EHV”) for families who are homeless, recently homeless, at risk of homelessness, fleeing domestic violence, sexual assault, stalking or human trafficking. Eligible families are referred to HOC from the Continuum of Care (“CoC”) by Montgomery County Department of Health and Human Services (“HHS”). HOC executed a Memorandum of Understanding (“MOU”) with the CoC on July 29, 2021, that details the referral process. HOC provided EHV training to 67 Service Providers in the County and await referrals for prospective applicants. To date HOC has not received any referrals from HHS and anticipates receiving 50 referrals next month

Staff selected 200 applicants from the Housing Path Wait List in the month of July. Staff continue to process certification packets to increase the program utilization rate from 92% to 95% (7007 to 7269). Currently, 223 families with issued vouchers are searching for suitable units to rent. Of the 223 families, 76 families have submitted Request for Tenancy Approval (“RFTA”) forms and await pass inspection results and move-in approval from HOC.

***Resident Services Support Individual and Family Stabilization***

The Resident Services Division continues to provide food resources and other supports with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, and the Capital Area Food Bank Senior Brown Bag and My Groceries To Go programs. This summer, approximately 800 HOC customers were served. Resident Services staff continued to facilitate the Senior Nutrition Program. This program currently provides regular meals to 84 HOC customers residing at our senior properties. Although the county has resumed in-person congregate meals for the program, HOC will continue to deliver frozen meal boxes door-to-door for the safety and well-being of our customers. We are working with the county to extend the waiver for congregate meals until the recent surge in COVID-19 infections abates.

*HOC Academy: Back to School Fest*

On August 19, 2021, 220 households (548 youth) registered for the "Drive-Thru" Backpack and Supply Distribution to prepare HOC youth for the new school year. The distribution team included staff from Resident Services, Facilities, and Legislative and Public Affairs. The team distributed 280 backpacks with supplies, approximately 1150 masks and 380 bottles of hand sanitizer, purchased with grant funds from HOC's nonprofit affiliate, Housing Opportunities Community Partners. Emmanuel Brinklow Seventh Day Adventist Church donated a total of 85 Amazon, Walmart, and Target gift cards, along with masks and hand sanitizer that were distributed to the first 85 households.

In addition to households that participated in the "drive-thru" event, there were 17 households (approximately 25 youth) that noted on the registration form that they did not have a car to participate in the event. Those households received a door-to-door delivery on Monday, August 23 along with 72 households at Tanglewood Apartments. Staff will continue to distribute the remaining 160 backpacks and supplies to customers they serve as the need arises.

*HOC Academy*

HOC Academy facilitated its virtual summer camp series over this summer and served over 70 HOC youth. The camps that were facilitated include the list below and the number of participants:

<b>Camps</b>	<b>Participants</b>
Computer Assisted Design Camp	13
K&M STEAM Camp	26
At Home Explorers Camp	21
Media Production Camp	12

HOC Academy staff recruited over the summer for its College Success Program. As a part of the recruitment efforts, surveying is being done for household preferences for after school programs specifically for middle and high school youth. HOC Academy staff is preparing for fall programming.

On July 10, 2021, HOC Academy staff began its fourth cohort of the Small Business Strategy Course. To date, eight HOC customers are fully participating in the course and have successfully completed all required assignments. Once the classes are completed each customer will participate in a 3-month mentorship. AnaElle Rene, a former SBSC student from the first cohort, shared her experience in the course and as a new business

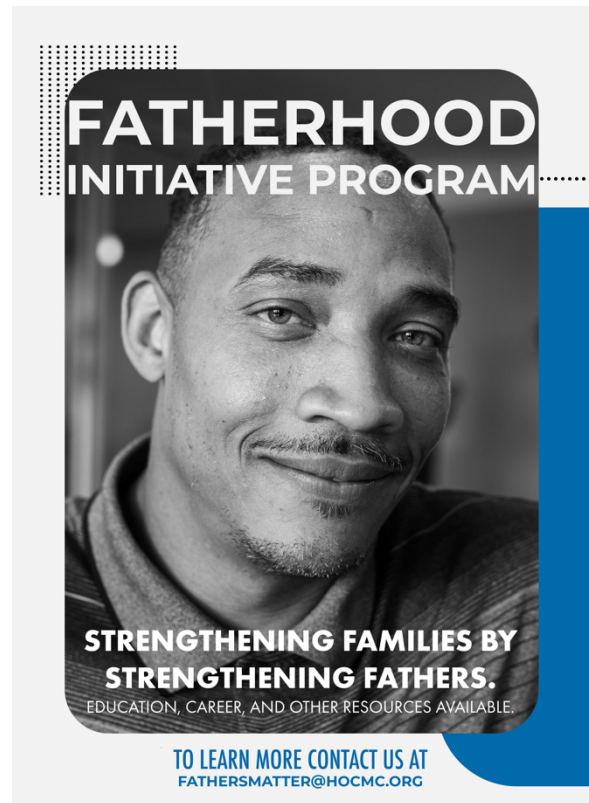
owner. The classes focus on business structure, branding, marketing, tax and accounting and sales strategy. On August 26, 2021, HOC Academy received another tranche of funding from Housing Opportunities Community Partners to support the next cohort of the course.

Additionally, HOC Academy continues to assist HOC customers with tuition assistance. HOC Academy is currently in the process of providing tuition assistance to 20 HOC customers to assist them with achieving their overall education and/or career goals, consistent with HOC’s mission of helping people reach their full potential.

### Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a best practice model. HOC was awarded a second five-year grant and began enrolling new fathers in May 2021. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. In July 2021, the program enrolled 32 fathers. The program is in the process of enrolling 22 fathers for the month of August.

HOC’s Fatherhood Initiative has been selected by Manpower Demonstration Research Corporation to participate in the Strengthening the Implementation of Responsible Fatherhood Programs (“SIRF”) Study. The study will work closely with the program to identify and overcome the challenges the program may face along the lines of case management. The study will also identify and help implement possible solutions, examine those effects on the program, and make adjustments when needed. The SIRF study will produce usable, broadly applicable lessons to inform emerging best practices in recruiting, engaging, and retaining fatherhood participants, as well as methods for implementing rapid cycle evaluations within Responsible Fatherhood programs.



FUNDING FOR THIS PROJECT WAS PROVIDED BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, GRANT: # 9020013-01-00. THESE SERVICES ARE AVAILABLE TO ALL ELIGIBLE PERSONS, REGARDLESS OF RACE, GENDER, AGE, DISABILITY, OR RELIGION. ITS CONTENT ARE SOLELY THE RESPONSIBILITY OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AND DO NOT NECESSARILY REPRESENT THE OFFICIAL VIEWS OF ACF.

### Financial Literacy

The Financial Literacy Coach continued to work with HOC and waitlist customers on creating a financial foundation to support families, particular as the COVID-19 pandemic continues. During the month of July, the Financial Literacy Coach provided one-on-one financial literacy coaching to eight (8) HOC customers. During the month of August, the Financial Literacy Coach provided one-on-one financial literacy coaching to five (5) HOC customers. The coaching sessions covered topics including creating a working budget; identifying disposable income; reading one’s credit report; and creating and accomplishing monthly financial goals. A virtual workshop covering how to pay off debt was held on August 10, 2021. Overall participation in financial literacy services has

waned in part due to challenges related to COVID-19, but staff are working to formulate new ways to engage HOC customers in these services.

### Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to 230 participants who are formerly homeless and have disabilities. The program services some of the most vulnerable residents of the county. Program staff began visiting clients in August as the County waiver suspending visits ended in July. Program staff are wearing the appropriate personal protective equipment and maintaining social distancing. Program staff anticipates improvement in customer rent payment and recertification compliance as both areas were negatively impacted by the lack of in-person, one-on-one interaction resulting from COVID-19 restrictions.

### Service Coordination

The Service Coordination Unit provides assessment, counseling, information, referrals, and program services to HOC customers. During the months of July and August 2021, staff continued to provide services primarily virtually due to the COVID-19 pandemic and the continued closure of HOC offices to the public. Resident Counselors continued to engage HOC customers to determine their needs. During the month of July and August 2021, customers were referred to HOC partners for food and other assistance.

During the month of July and August HOC customers also continued to receive referrals to Housing Stabilization, unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, Emergency Assistance Relief Payment, and other benefit programs. Resident Counselors also continued to refer HOC customers who are behind in their rent to the County's COVID-19 Rental Assistance Program. Though Resident Counselors continue working remotely due to the COVID-19 pandemic, staff continues to be present at the offices for emergencies and to assist with food distribution, as needed. Resident Counselors have also attended Housing Resources Division ("HRD") briefings to provide information about the services that Resident Services offer for all customers.

Highlights for July and August activities of up-county resident counselors include the following:

- Assisting HOC waitlist applicants with disabilities with updating their applications;
- Facilitating virtual workshops for HOC customers that cover housing fundamentals and resources sharing;
- Facilitating the virtual exercise program for customers at Forest Oak Towers;
- Facilitating the Chrome Notebook Loaner program for customers at Forest Oak Towers;
- Assisting HOC customers with identifying resources to assist with rent delinquencies;
- Attending and participating in the Cider Mill Tenant Association meeting;
- Attending and participating in the RAD conversion meetings at Stewartown;
- Attending and participating in renovation meetings at Shady Grove Apartments;
- Partnering with Emmanuel Brinklow to facilitate school supplies distribution/ contactless deliveries scheduled for August 26;
- Processing applications for rental assistance under the Housing Stabilization Program; and
- Assisting with relocation efforts at Bauer Park Apartments.

# Minutes



**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

July 7, 2021

21-07

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, July 7, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

**Present via Teleconference**

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

**Also Attending via Teleconference**

Stacy Spann, Executive Director  
Aisha Memon, General Counsel  
Timothy Goetzinger  
Charnita Jackson  
Christina Autin  
Hyunsuk Choi  
Kathryn Hollister  
Marcus Ervin

Kayrine Brown, Deputy Executive Director  
Cornelia Kent  
Fred Swan  
Paul Vinciguerra  
Matt Husman  
Darcel Cox  
Nicolas Deandreis  
Ian Hawkins

**Guest**

Yvette Cook  
K'lor Simms  
Deshaun Ejiogu  
John Dowdell  
Alayah Brunson  
Xavier Simms  
Deana Wright  
Laurenne Momi Mvete  
Najah Alfaro

**Guest Cont'd**

Karen Lundregan  
Marsha Coleman-Adebayo

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating. Chair Priest announced that the order of the Agenda has been adjusted for this meeting, starting with the approval of the Consent Item.

I. **Consent**

A. **Approval of 2021 Tony S. Davis Memorial Scholarship Award Winners**

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, Byrd, Croom, Merkwowitz, and Simon.

**RESOLUTION NO.: 21-66**

**RE: Approval of 2021 Tony S. Davis Memorial Scholarship Award Winners**

**WHEREAS**, in recognition of the many accomplishments and extensive community volunteer work performed by Tony S. Davis, a former Housing Opportunities Commission of Montgomery County (“HOC”) employee who was tragically killed in the year 2000, HOC established the Tony S. Davis Memorial Scholarship Awards Program (the “Scholarship Program”) in his memory; and

**WHEREAS**, since its inception, the Scholarship Program has annually provided scholarship awards to high school seniors who are residents of HOC’s affordable housing programs and who also demonstrate excellent academic achievement and school attendance, participate in extracurricular and community activities, and have been accepted by a college or university; and

**WHEREAS**, the selection group considered academic records, recommendations from school personnel and HOC staff, personal essays written by the applicants, pandemic resilience, school and community activities, and college acceptance information; and

**WHEREAS**, HOC staff recommends two outstanding candidates, Yvette Cook and K’lor Simms, for \$3,000 Tony S. Davis Scholarship Program awards; and

**WHEREAS**, HOC staff wishes to offer nine runner-up awards and recommend two \$1,500 cash scholarships to Deshaun Ejiogu and John Dowdell; five \$1,000 cash scholarships to Asia Nuchurch, Alayah Brunson, Maryam King, Xavier Simms and Deana Wright; and two \$500 cash scholarships to Laurene Momi Mvete and Najah Alfaro.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County affirms the recommendation of the Tony S. Davis Scholarship Awards Selection Group for Yvette Cook and K’lor Simms to each receive a \$3,000 scholarship award; Deshaun Ejiogu and John Dowdell to each received a \$1,500 scholarship award; Asia Nuchurch, Alayah Brunson, Maryam King, Xavier Simms and Dena Wright to each receive a \$1,000 scholarship award, and Laurene Yomi Mvete and Najah Alfaro to each receive a \$500 scholarship award.

II. **Information Exchange**

- Tony S. Davis Memorial Scholarship Award Recipient - Commissioner Simon introduced the 11-recipients of the 2021 Tony S. Davis Memorial Scholarship Fund. HOC established this scholarship in memory and honor of Mr. Tony S. Davis, an HOC employee who devoted his life to volunteering, coaching and counseling in the Seneca Ridge Community. Since its

inception, the Scholarship Program has annually provided scholarship awards to high school seniors who are residents of HOC's affordable housing programs and who also demonstrates excellent academic achievement and school attendance, participate in extracurricular and community activities, and have been accepted by a college or university. This year's first place award winners are Yvette Cook and K'lor Simms who will each receive a \$3,000 cash scholarship. There were nine (9) runner ups, two (2) received cash scholarship awards in the amount of \$1,500, Deshaun Ejiogu and John Dowell; five (5) received cash scholarship awards in the amount of \$1,000, Asia Nuchurch, Alayah Brunson, Maryam King, Xavier Simms, and Deana Wright; and two (2) students received \$500 cash scholarships, Laurena Yomi Mvete and Najah Alfaro.

#### **Community Forum**

- Karen Lundregan – Addressed the Board.
- Marsha Coleman-Adebayo – Addressed the Board on behalf of the Moses Cemetery
- Rev. Segun Adebayo – Addressed the Board on behalf of the Moses Cemetery
- David Mott – Addressed the Board regarding the sale of Westwood Towers/Bethesda African Cemetery Coalition
- Rian Adamian – Addressed the Board regarding the sale of Westwood Towers/Bethesda African Cemetery Coalition
- Tim Willard – Addressed the Board regarding the sale of Westwood Towers/Bethesda African Cemetery Coalition

#### **Executive Director's Report**

- During his final Executive Director's Report of the Housing Opportunities Commission (HOC), Executive Director Spann acknowledged and highlighted the accomplishment of the Tony S. Davis Scholarship recipients, as well as the work accomplished with this Board, Montgomery County, and staff of HOC. Nothing additional to add to the written report.

#### **Commissioner Exchanged**

- Each Commissioner thanked and expressed their gratitude to Mr. Spann for his leadership and accomplishments achieved during his tenure with HOC.

III. **Approval of Minutes** - The minutes were approved as submitted with a motion by Commissioner Simon and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon.

- Approval of Minutes of June 9, 2021**
- Approval of Minutes of June 9, 2021 Closed Session**
- Approval of Minutes of June 18, 2021 Special Session**
- Approval of Minutes of June 18, 2021 Closed Special Session**
- Approval of Minutes of July 2, 2021 Special Session**

#### IV. **CLOSED AND SPECIAL SESSION RATIFICATION**

- Ratification of Action Taken in Open Special Session on June 18, 2021:** Approval to Explore Opportunity to Rebalance HOC's Multifamily Portfolio via Disposition of Select Assets

The following resolution was adopted upon a motion by Commissioner Croom and seconded by

Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

**RESOLUTION NO.: 21-62R**

**RE: Approval to Explore Opportunity to Rebalance HOC's Multifamily Portfolio via Disposition of Select Assets**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized, and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, to carry out and effectuate the purpose of providing affordable housing;

**WHEREAS**, HOC has received a proposal from ORLO to work with HOC for the purchase and preservation of assets currently owned by HOC;

**WHEREAS**, the Commission continues to pursue new acquisition and development strategies across the County, and must from time-to-time evaluate certain multifamily assets in the HOC portfolio and explore areas where HOC may rebalance its portfolio while preserving the existing affordability;

**WHEREAS**, the Commission may employ a variety of strategies one of which has been presented by ORLO in the form of working with the Commission for the purchase and preservation of assets currently owned by HOC, which staff wishes to explore;

**WHEREAS**, at an open Special Session duly called and held on June 18, 2021, with a quorum participating, the Commission adopted Resolution 21-62, with Commissioners Priest, Kelleher, Croom, Merkwowitz, and Simon voting in approval, and with Commissioner Nelson being opposed and Commissioner Byrd being necessarily absent and not participating in the vote;

**WHEREAS**, by adopting Resolution 21-62, the Commission authorized staff to explore working with ORLO for the purchase and preservation of Fairfax Court, Holiday Park, Montgomery Arms, and Willows of Gaithersburg, and to report their findings to the Commission at a future date, provided that such exploration shall impose no binding requirements on the Commission

;  
**WHEREAS**, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-62 and any actions taken since June 18, 2021 to effectuate the actions contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 21-62 and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

**B. Ratification of Action Taken in Open Special Session on June 18, 2021:** Approval to Explore Change in Ownership of Westwood Tower Apartments

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

**RESOLUTION NO.: 21-63R**

**RE: Approval to Explore Change in Ownership of  
Westwood Tower Apartments**

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

**WHEREAS**, HOC is the owner of a multifamily building located at 5401 Westbard Avenue, Bethesda known as Westwood Tower Apartments (“Westwood Tower” or the “Property”);

**WHEREAS**, HOC acquired Westwood Tower on December 14, 2017 by drawing on its line of credit and refinanced the draw with short-term acquisition financing (“Acquisition Financing”) on March 26, 2018;

**WHEREAS**, the Acquisition Financing matures on June 26, 2021 and the bank has declined to extend the financing beyond the summer of 2021;

**WHEREAS**, HOC has received offers from three residential real estate operators (“Offerors”) to work with HOC for the purchase and preservation of the Property;

**WHEREAS**, the Commission continues to pursue new acquisition and development strategies across the County, and must from time-to-time evaluate certain multifamily assets in the HOC portfolio and explore areas where HOC may rebalance its portfolio while preserving the existing affordability;

**WHEREAS**, the Commission may employ a variety of strategies one of which has been presented by the Offerors in the form of working with the Commission for the purchase and preservation of the Property, which staff wishes to explore;

**WHEREAS**, at an open Special Session duly called and held on June 18, 2021, with a quorum participating, the Commission authorized the Executive Director to vet offers and discuss terms exploring a change in ownership of the Westwood Tower while preserving or increasing the affordability at the Property, and to present the options to the Commission, including potential proposals for the use of the proceeds (the “Westwood Tower Action”), with Commissioners Kelleher, Nelson, Croom, Merkwowitz, and Simon voting in approval, and with Commissioner Priest being opposed and Commissioner Byrd being necessarily absent and not participating in the vote; 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 Westwood Tower Action and any actions taken since June 18, 2021 to effectuate said action.

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

**C. Ratification of Action Taken in Closed Special Session on June 18, 2021:** Approval to Acquire Real Property Located in Clarksburg, Maryland via a Ground Lease

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, Byrd, Croom, Merkowitz, and Simon.

**RESOLUTION NO.: 21- 64ASR**

**RE: Approval to Acquire Real Property Located in Clarksburg, Maryland via a Ground Lease**

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

**WHEREAS**, at a closed Special Session duly called and held on June 18, 2021, with a quorum participating, the Commission adopted Resolution 21-64AS, with Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon voting in approval, and with Commissioners Byrd and Croom being necessarily absent and not participating in the vote;

**WHEREAS**, by adopting Resolution 21-64AS, the Commission authorized the Executive Director to execute a ground lease (including a guaranty) for property located in Clarksburg, Maryland; and

**WHEREAS**, consistent with the Commission’s Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-64AS and any actions taken since June 18, 2021 to effectuate the actions contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 21-64AS and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

**D. Ratification of Action Taken in Open Special Session on July 2, 2021:** Approval to Pursue Opportunity of a Change in Ownership of Westwood Tower Apartments and Authorization for the Executive Director to Execute a Letter of Intent

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

**RESOLUTION NO.: 21-65R**

**RE: Approval to Pursue Opportunity of a Change In Ownership of Westwood Tower Apartments and Authorization for the Executive Director to Enter into a Purchase and Sale Agreement for the Disposition of the Property**

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

**WHEREAS**, HOC is the owner of a multifamily building located at 5401 Westbard Avenue, Bethesda known as Westwood Tower Apartments (“Westwood Tower” or the “Property”);

**WHEREAS**, HOC acquired Westwood Tower on December 14, 2017 by drawing on its line of credit and refinanced the draw with short-term acquisition financing (“Acquisition Financing”) on March 26, 2018;

**WHEREAS**, the Acquisition Financing which matured on June 26, 2021 has been extended to no later than September 26, 2021;

**WHEREAS**, HOC has received offers from three residential real estate operators (“Offerors”) to work with HOC for the purchase and preservation of the Property; and

**WHEREAS**, on June 18, 2021, the Commission authorized the Executive Director to evaluate offers, discuss terms exploring a change in ownership of the Property while preserving or increasing affordability, and present options to the Commission including potential proposals for use of proceeds;

**WHEREAS**, on July 2, 2021, staff presented such options to the Commission;

**WHEREAS**, at an open Special Session duly called and held on July 2, 2021, with a quorum participating, the Commission adopted Resolution 21-65, with Commissioners Kelleher, Nelson, Byrd Croom, Merkwowitz, and Simon voting in approval, and with Commissioner Priest being opposed;

**WHEREAS**, by adopting Resolution 21-65, the Commission took the following actions:

- Authorized the Executive Director, the Acting Executive Director (as applicable), or their designees, to negotiate and execute a Purchase and Sale contract with Charger Ventures (“Purchaser”) for the sale of Westwood Tower that includes the terms presented to the Commission at the July 2, 2021 special session and language regarding (1) the applicable County Master Plans, Sector Plans, and municipal land use plans for the Property, (2) efforts to rewild the Willet Branch stream, and (3) the alleged existence of a burial ground on the land formerly owned by White’s Tabernacle #39.
- Required that net proceeds from the sale of Westwood Tower to be deposited to a restricted account for future uses to be approved by the Commission.

**WHEREAS**, consistent with the Commission’s Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-65 and any actions taken since July 2, 2021 to effectuate the actions contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 21-65 and any subsequent actions taken in relation thereto are hereby ratified and affirmed.



V. **CONSENT CONT'D**

A. **Approval to Amend and Restate Resolutions 21-57A, 21-57B, 21-58A, and 21-58B**

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

**RESOLUTION NO.: 21-67**

**RE: Approval to Amend and Restate Resolutions  
21-57A, 21-57B, 21-58A, and 21-58B**

**WHEREAS**, on June 9, 2021, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") approved resolutions 21-57A, 21-57B, 21-58A, and 21-58B (the "Resolutions");

**WHEREAS**, among other things, the Resolutions discussed funding various actions related to Georgian Court Apartments and Shady Grove Apartments from the PNC Bank, N.A. Line of Credit in error;

**WHEREAS**, the Resolutions should have been drafted to refer to the PNC Bank, N.A. Real Estate Line of Credit;

**WHEREAS**, staff desires to amend and restate in their entirety the Resolutions to correct the source of funding; and

**WHEREAS**, the corrected resolutions are attached hereto as Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the amended and restated Resolutions as attached hereto as Exhibit A.

B. **Authorization for the Executive Director to Temporarily Delegate Authority Subject to Certain Restrictions**

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwitz, and Simon.

**RESOLUTION NO.: 21-68**

**RE: Authorization for the Executive Director to  
Temporarily Delegate Authority Under Certain  
Circumstances**

**WHEREAS**, pursuant to the Second Amended and Restated Bylaws dated March 25, 2020 of the Housing Opportunities Commission of Montgomery County (the "Commission"), the Commission may employ a Secretary-Treasurer who serves as Executive Director;

**WHEREAS**, pursuant to Resolution 92-78, the Commission authorized the Executive Director to delegate to the Assistant Executive Director(s), the Director of Finance, and any additional designee identified by the Executive Director in a memo to the Commission, the authority to execute any or all documents pertaining to the following functions of the Commission: (1) vehicle ownership and transfer, (2) insurance claims, (3) single family mortgage purchase program and other homeownership assistance program



assumptions, note cancellations, certificates of satisfaction, and foreclosure and REO actions, and (4) purchase or sale of real estate for the Commission's homeownership and MPDU rental programs;

**WHEREAS**, pursuant to Resolution 12-07, the Commission authorized the Executive Director to (1) enter into contracts in the name of the Commission pursuant to the Commission's procurement policy and as otherwise granted by law or resolution, and (2) except as may be limited by specific direction from the Commission, to conduct all other functions and activities on behalf of the Commission;

**WHEREAS**, Resolution 12-07 also authorized the Executive Director, the Director of Housing Management (now the Director of Property Management) and the Chief Financial Officer to sign, draw, accept or endorse checks, drafts, notes, bills of exchange, or other instruments to withdraw funds on deposit in any bank accounts of the Commission, and any of the two above named officers were authorized to (1) except as otherwise directed by the Commission, pledge and grant liens and security interest on any and all property, assets, or interests therein owned by the Commission as security for any monies borrowed and as security for any liability incurred, and (2) borrow money and incur liabilities on behalf of and in name of the Commission, to seal or guaranty its bills and accounts receivable, to sign, execute, and deliver promissory notes and other obligations of the Commission;

**WHEREAS**, in an effort to consolidate and clarify prior resolutions, and to anticipate circumstances in which the Executive Director may be temporarily unavailable, incapacitated, or otherwise indisposed, staff recommends that the Executive Director be authorized to temporarily delegate some or all of his authority to the Deputy Executive Director, Director of Mortgage Finance, Chief Operating Officer, Chief Real Estate Officer, Chief Financial Officer, Director of Human Resources, Director of Resident Services, Chief Logistics and Facilities Officer, Chief Maintenance Officer, Chief Technology Officer, Director of Legislative and Public Affairs, Director of Housing Resources, or Director of Property Management (as these positions may be subsequently renamed), subject to the following conditions: (1) a "Delegation Memorandum" shall be sent to all Commissioners from the Office of the Executive Director via electronic mail specifying what authority the Executive Director is delegating, to whom it is being delegated, and the duration of the delegation; and (2) in no event shall the period of delegation be longer than twenty-one (21) consecutive business days; and

**WHEREAS**, in the event the Executive Director desires or needs to delegate authority for longer than twenty-one (21) consecutive business days, the delegation must be approved by the Commission via separate resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director may temporarily delegate any or all of his authority to the Deputy Executive Director, Director of Mortgage Finance, Chief Operating Officer, Chief Real Estate Officer, Chief Financial Officer, Director of Human Resources, Director of Resident Services, Chief Logistics and Facilities Officer, Chief Maintenance Officer, Chief Technology Officer, Director of Legislative and Public Affairs, Director of Housing Resources, or Director of Property Management (as these positions may be subsequently renamed), subject to the following conditions:

1. As soon as possible, a Delegation Memorandum shall be sent to all Commissioners from the Office of the Executive Director via electronic mail that specifies what authority is being delegated, to whom it is being delegated, and the duration of the delegation.
2. In no event shall a period of delegation endure longer than twenty-one (21) consecutive business days; in the event the Executive Director desires to delegate authority for longer than twenty-one (21) consecutive business days, the delegation must be approved by the Commission via a separate resolution.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director shall not be divested of any authority (including any signatory authority) during the period of delegation.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that in the event a resolution is approved by the Commission in which signatory and/or approval authority is delegated to persons other than the Executive Director, that resolution shall control for the purposes and time frames specified therein.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 92-78 and Resolution 12-07 and any actions taken in relation thereto are hereby ratified and affirmed.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that this Resolution shall be deemed ratified as of February 1, 2012 with the same force and effect as if approved on that date.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that this Resolution shall be effective as to the current Executive Director and their successors.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that if the position of Executive Director is being filled by an "Acting Executive Director," the Acting Executive Director shall have the same delegation authority as stated in this Resolution.

### **C. Approval of Various Actions Related to HOC Committees**

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

**RESOLUTION NO.: 21-69**

**RE: Approval of Various Actions Related to HOC Committees**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County's ("HOC" or the Commission") current structure dates back to 1974, and since that time, HOC has had occasion to form numerous committees, both formal and informal, many of which are no longer in use;

**WHEREAS**, in order to avoid confusion and to clarify the current status of its committees, the agency must dissolve all its committees;

**WHEREAS**, HOC desires to establish three committees: (1) the Budget, Finance and Audit Committee ("BF&A"), (2) the Development and Finance Committee ("D&FC"), and the Administrative and Regulatory Committee (formerly the Legislative and Regulatory Committee) ("A&RC") (each, an "HOC Committee," together, the "HOC Committees");

**WHEREAS**, the committees' scopes are as follows:

- The BF&A may review information and make recommendations regarding (i) HOC's, its affiliated entities', and its properties' budgets, financial statements, and audits (including the budgets and audits of any development corporations, limited liability companies, and any properties/non-profit entities in which HOC is the management agent), (ii) budgetary and financial issues impacting the agency, (iii) property management contract renewals and any line of credit renewals, and (iv) any other matters as designated by the Chair of the Commission (the "BF&A Scope").
- The D&FC may review information and make recommendations regarding (i) the development, acquisition, disposition, and/or financing of HOC's properties (including development budgets), (ii) financing plans for developments that are funded by the Commission or third-party lenders; (iii) the issuance of bonds, instruments of the money market, and other derivative products to fund activities of the Single Family and Multifamily Bond Programs; (iv) the making of mortgage loans including mortgage insurance; (v) the creation and oversight of bond indentures and program funds; (vi) the activities of the Mortgage Finance Division, which carries out the local Housing Finance Agency functions of Montgomery County in accordance with the Maryland Code, Housing and Development Title 16; and (vii) any other matters as designated by the Chair of the Commission (the "D&FC Scope").
- The A&RC may review information and make recommendations regarding (i) HOC's regulatory requirements and responsibilities as a Housing Agency (including Public Housing Agency and Administrative Plans); (ii) the agency's general public affairs strategy, policy direction, and general administration; and (iii) any other matters as designated by the Chair of the Commission (the "A&RC Scope," together with the BF&A Scope and the D&FC Scope, the "HOC Committees' Scope").

**WHEREAS**, the HOC Committees shall be governed according to the following operational rules:

1. On an annual basis, the Chair of the Commission shall appoint three Commissioners to each HOC Committee, each of whom shall serve until their successors are appointed; provided, however, that an HOC Committee may temporarily be composed of two Commissioners in the event of vacancies or other reasons determined by the Chair of the Commission;
2. The Chair of the Commission shall select each HOC Committee Chair;
3. The Chair of the Commission may alter the composition of any HOC Committee as needed and shall fill any vacancy on an ad hoc basis; and
4. Each HOC Committee's authority is limited to approving its minutes, reviewing materials, and making recommendations to the full Commission (no HOC Committee or individual committee member has the authority to approve or take an action on behalf of the Commission) (together, the "HOC Committees' Operational Rules").

**WHEREAS**, in order to prevent future confusion, no HOC committee shall be formed unless approved by resolution;

**WHEREAS**, to the extent any portion of any HOC policy and/or guidelines conflict with this resolution, those portions will automatically be considered null and void unless otherwise approved by a future Commission resolution.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby dissolves any and all committees that were formed between January 1, 1974 and July 6, 2021.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby establishes the BF&A, D&FC, and A&RC, approves the HOC Committees' Scope, and approves the HOC Committees' Operational Rules.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that no HOC committee shall be formed unless approved by resolution.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that in the event any portion of any HOC policy and/or guidelines conflict with this Resolution, those portions will be automatically considered null and void unless otherwise approved by a future resolution.

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

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

- 1. Georgian Court:** Approval to Select Boston Financial Investment Management as the Tax Credit Syndicator for Georgian Court Apartments and Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement

Kayrine Brown, Deputy Executive Director introduced Hyunsuk Choi, Housing Acquisitions Manager, who was the presenter.

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, Byrd, Croom, Merkowicz, and Simon.

**RESOLUTION NO.: 21-70**

**RE: Approval to Select Boston Financial Investment Management as the Tax Credit Syndicator for Georgian Court Apartments and Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the general partner of Georgian Court Silver Spring Limited Partnership, the current owner of Georgian Court Apartments (the “Property”); and

**WHEREAS**, the Property was originally constructed in 1975 and is a 147-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units; and

**WHEREAS**, the Property is currently operating under an extended-use covenant, which requires the following set asides: 29 units (Project-Based Section 8 rental assistance) set aside at 50% of area median income (“AMI”), and 118 units set aside at 60% of AMI; and

**WHEREAS**, in June 2021, the Commission approved (i) the selection of Hamel Builders, Inc. as general contractor for the renovation of the Property, (ii) the request to create a maximum of 24-vacant units at the Property by allowing staff to freeze leasing and temporary relocate residents off-site to facilitate the renovation schedule, (iii) an increase of \$500,000 to the existing predevelopment budget to be funded with a loan from the

PNC Bank, N.A. Real Estate Line of Credit, and (iv) ratified the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities; and

**WHEREAS**, in May 2021, staff solicited proposals from sixteen (16) LIHTC investors to select an equity investor for the Property and received Letters of Interest from Boston Financial Investment (“Boston Financial”), Enterprise Community Investment, PNC Bank, and RBC Capital Markets; and

**WHEREAS**, Boston Financial’s proposal offers the most advantageous terms for HOC due to the combination of equity pricing, equity pay-in schedule, transaction underwriting assumptions and conditions, and year-15 partnership exit terms and projections.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the selection of Boston Financial as the LIHTC syndicator for the Property and authorizes the Executive Director to negotiate and execute a letter of intent outlining the terms of an operating agreement with Boston Financial.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby approves the negotiation of an operating agreement with Boston Financial based on the terms outlined in the letter of intent, with the understanding that HOC staff will return to the Commission prior to closing for approval to execute the operating agreement with Boston Financial.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his authorized 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.

2. **Shady Grove Apartments:** Approval to Select Boston Financial Investment Management as the Tax Credit Syndicator for Shady Grove Apartments and Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement

Kayrine Brown, Deputy Executive Director introduced Hyunsuk Choi, Housing Acquisitions Manager, who was the presenter.

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

**RESOLUTION NO.: 21-71**

**RE: Approval to Select Boston Financial Investment Management as the Tax Credit Syndicator for Shady Grove Apartments and Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the general partner of Shady Grove Apartments Limited Partnership, the current owner of Shady Grove Apartments (the “Property”); and

**WHEREAS**, the Property was originally constructed in 1977 and is a 144-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units; and

**WHEREAS**, the Property is currently operating under an extended-use covenant, which requires the following set aside: 144 units (100%) (project-based Section 8 rental assistance) set aside at 50% of area median income (“AMI”); and

**WHEREAS**, in June 2021, the Commission approved (i) the selection of Hamel Builders, Inc. as general contractor for the renovation of the Property, (ii) the request to create a maximum of 24-vacant units at the Property by allowing staff to freeze leasing and temporary relocate residents off-site to facilitate the renovation schedule, (iii) an increase of \$485,000 to the existing predevelopment budget to be funded with a loan from the PNC Bank, N.A. Real Estate Line of Credit, and (iv) ratified the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities; and

**WHEREAS**, in May 2021, staff solicited proposals from sixteen (16) LIHTC investors to select an equity investor for the Property and received Letters of Interest from Boston Financial Investment (“Boston Financial”), PNC Bank, and RBC Capital Markets; and

**WHEREAS**, Boston Financial’s proposal offers the most advantageous terms for HOC due to the combination of equity pricing, equity pay-in schedule, transaction underwriting assumptions and conditions, and year-15 partnership exit terms and projections.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the selection of Boston Financial as the LIHTC syndicator for the Property and authorizes the Executive Director to negotiate and execute a letter of intent outlining the terms of an operating agreement with Boston Financial.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby approves the negotiation of an operating agreement with Boston Financial based on the terms outlined in the letter of intent, with the understanding that HOC staff will return to the Commission prior to closing for approval to execute the operating agreement with Boston Financial.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his authorized 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. Emory Grove Village:** Approval to Select Tammal Enterprise Inc. as Demolition Contractor for Emory Grove Village in Accordance with Invitation for Bid (“IFB”) #2253 and Authorization for the Executive Director to Negotiate and Execute a Contract for the Demolition

Kayrine Brown, Deputy Executive Director introduced Paul Vinciguerra, Construction Manager, was the presenter.

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, Byrd, Croom, Merkwowitz, and Simon.

**RESOLUTION NO.: 21-72**

**RE: Approval to Select Tammal Enterprises, Inc.  
as the Demolition Contractor for the Demolition of  
Emory Grove Village Pursuant to IFB #2253;  
Authorization for the Executive Director to Execute  
Contracts; and Approval for Staff to Complete the  
Demolition of the Property**

**WHEREAS**, in furtherance of its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland and to ensure that no one in Montgomery County is living in substandard housing, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) has begun the demolition process of Emory Grove Village (“Emory Grove Village” or the “Property”); and

**WHEREAS**, Emory Grove Village is a 54-unit multifamily two-story townhome community located at 8107 Morning View Drive, Gaithersburg, Maryland 20877 that was built in 1970 as a Public Housing community and was converted from Public Housing under the Rental Assistance Demonstration (“RAD”) program in 2015, with the RAD subsidies transferred to HOC scattered site units; and

**WHEREAS**, the buildings on the site have reached the end of their useful life cycles and the Property is currently vacant; and

**WHEREAS**, in order to facilitate the redevelopment of the site, HOC is seeking the services of a demolition contractor to demolish the existing buildings and prepare the site for redevelopment; and

**WHEREAS**, Montgomery County, via its Capital Improvement Program (“CIP”), has appropriated \$1,900,000 in funding to HOC for the demolition of Ambassador Apartments and Emory Grove Village, of which \$1,007,985.91 has been spent for Ambassador Apartments demolition expenses and \$85,772.41 has been spent on Emory Grove Village for preparation for demolition, leaving \$806,241.68 available for use by HOC to fund the demolition of Emory Grove Village; and

**WHEREAS**, HOC issued Invitation for Bid (“IFB”) No. 2253 soliciting bids from qualified demolition contractors interested in providing demolition services for Emory Grove Village; and

**WHEREAS**, bids were timely received from seven (7) firms which ranged in price from \$488,000 to \$1,181,500; and

**WHEREAS**, staff has determined that Tammal Enterprises, Inc. (“Tammal”) is a responsive and responsible bidder that offered the lowest bid of \$488,000; and

**WHEREAS**, staff subsequently has included the demolition of a small shed and garage to the scope of work, which added \$4,800 to Tammal's final price, which still has Tammal as the lowest qualified bidder at \$492,800 for demolition; and

**WHEREAS**, the Commission desires to award IFB #2253 to Tammal and authorize the Executive Director to negotiate and execute a contract for the demolition of Emory Grove Village; and



**WHEREAS**, staff proposes to include a 15% contingency of \$73,720, which bring the total budget for the demolition to \$566,720.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the award of IFB #2253 to Tammal Enterprises, Inc., to demolish Emory Grove Village, to be funded with the remaining CIP appropriation.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized to negotiate and execute a contract with Tammal Enterprises, Inc. for \$492,800.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves a demolition budget of \$566,720, which includes a contingency of \$73,720 or 15% of the contract cost.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that staff is hereby authorized to proceed with taking all necessary actions and obtaining any necessary approvals from related parties, including the Montgomery County Department of Permitting Services, to complete the demolition Emory Grove Village.

**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.

- 4. Willow Manor Properties:** Approval to Select PNC as the Tax Credit Syndicator and Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement; Approval of Request for Additional Predevelopment Funds; and Ratification of the Formation of Ownership Entities

Marcus Ervin, Acting Director of Development and Real Estate introduced Kathryn Hollister, Senior Financial Analyst, who was the presenter.

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, Byrd, Croom, Merkowitz, and Simon.

**RESOLUTION NO.: 21-73**  
**Syndicator**

**RE: Approval to Select PNC as the Tax Credit**

**for the Willow Manor Properties; Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement; Approval and Ratification of the Formation of Ownership Entities; Approval**



**of Request for Additional Predevelopment and  
Prepaid Closing Funds**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the sole member of three individual single-purpose entities: The Manor at Cloppers Mill, LLC, The Manor at Fair Hill Farm, LLC, and The Manor at Colesville, LLC (collectively the “Willow Manor Single-Purpose Entities”), which own Willow Manor at Clopper’s Mill, Willow Manor at Fair Hill Farm, and Willow Manor at Colesville, respectively; and

**WHEREAS**, Willow Manor at Clopper’s Mill consists of 102 age-restricted Low Income Housing Tax Credit (“LIHTC”) and market-rate apartments in Germantown, MD (“Clopper’s Mill”), Willow Manor at Fair Hill Farm consists of 101 age-restricted LIHTC apartments in Olney, MD (“Fair Hill Farm”), and Willow Manor at Colesville consists of 83 age-restricted LIHTC apartments in Silver Spring, MD (“Colesville”) (collectively, the “Willow Manor Properties” or “Properties”); and

**WHEREAS**, on April 1, 2020 the Commission approved pursuing a LIHTC resyndication of the Properties as a single scattered site transaction and predevelopment funding in the amount of \$400,000 in the form of a loan from the Opportunity Housing Reserve Fund (“OHRF”); and

**WHEREAS**, in April, 2021, staff solicited proposals from 16 LIHTC investors to select an equity investor for the Property and received Letters of Interest from Boston Financial Investment Management (“BFIM”) and PNC Bank; and

**WHEREAS**, while BFIM’s proposal offers the most advantageous financial terms, PNC Bank’s proposal offers the greatest certainty of executing the desired transaction structure (specifically, the ability to elect the average income test set aside, thereby reducing the risk of resident displacement); and

**WHEREAS**, staff requests \$541,200 in additional predevelopment funding and \$920,000 in prepaid closing funds to cover all anticipated project costs between July 7, 2021 and the transaction’s LIHTC closing (“Closing”), which is anticipated to occur in October 2021, to be funded with a loan from the FHA Risk Sharing/MIP Cash Reserve that will be repaid upon Closing; and

**WHEREAS**, the Commission desires to ratify the formation of wholly-owned special purpose entities, HOC at Willow Manor, LLC and HOC MM Willow Manor, LLC, to serve as the new owner and managing member entities, respectively, for the transaction; and

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to refinance the acquisition cost, finance certain property improvements, and fund reserves for the Willow Manor Properties in an amount not to exceed \$100,000,000, all or a portion of which may reimburse the Commission for the portion of such 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 expenditures or the date that the Willow Manor Properties are placed in service as part of the LIHTC resyndication (but in no event more than 3 years after the date of the original expenditure of such moneys); and

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

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of the Willow Manor Single-Purpose Entities, as their sole member, that the Housing Opportunities Commission of Montgomery County authorizes the selection of PNC Bank as the LIHTC syndicator for the Properties and authorizes the Executive Director to negotiate and execute a letter of intent outlining the terms of an operating agreement with PNC Bank.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of the Willow Manor Single-Purpose Entities, as their sole member, that the Housing Opportunities Commission of Montgomery County hereby approves the negotiation of an operating agreement with PNC Bank based on the terms outlined in the letter of intent, with the understanding that HOC staff will return to the Commission prior to closing for approval to execute the operating agreement with PNC Bank.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves \$541,200 in additional predevelopment funding and \$920,000 in prepaid closing funds to be funded with a loan from the FHA Risk Sharing/MIP Cash Reserve to be repaid upon Closing.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it ratifies the formation of wholly-owned special purpose entities (HOC at Willow Manor, LLC and HOC MM Willow Manor, LLC) to serve as the new owner and managing member entities for the transaction.

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

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to refinance the acquisition cost, finance certain property improvements, and fund reserves for the Willow Manor Properties from the proceeds of a tax-exempt bond issuance and that all of the acquisition and financing expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution, except preliminary expenditures related to the project as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that 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 LIHTC resyndication of the Willow Manor Properties, shall be and hereby are in all respects ratified, approved and confirmed.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission Montgomery County, on behalf of itself and on behalf of the Willow Manor Single-Purpose Entities, as their sole member, 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, including the execution of any documents related thereto.

**B. Legislative and Regulatory Committee – Com. Kelleher, Chair**

**1. Administrative Plan: Authorization to Adopt a New Policy for the Administration of 118 Emergency Housing Vouchers in Response to HUD PIH Notice 2021-15**

Bonnie Hodge, Assistant Director of Housing Resources Division, and Fred Swan, Director of Resident Services, were the presenters.

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

**RESOLUTION NO.: 21-74**

**RE: Authorization to Adopt a New Policy for the Administration of 118 Emergency Housing vouchers pursuant to HUD PIH Notice 2021-15**

**WHEREAS**, in response to COVID-19, the U.S. Department of Housing and Urban Development issued Notice PIH 2021-15 (the “Notice”) on May 5, 2021 that appropriated \$5 Billion Dollars for new and renewal Emergency Housing Vouchers (“EHVs”); and

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) was awarded 118 EHVs to facilitate expedited leasing for families referred from the Continuum of Care (“CoC”) who are at high risk of exposure to COVID-19; and

**WHEREAS**, pursuant to the Notice, HOC must enter into a Memorandum of Understanding (“MOU”) with CoC by July 31, 2021; and

**WHEREAS**, also pursuant to the Notice, HOC desires to formally revise its Administrative Plan for the Housing Choice Voucher Program (the “Plan”) to add the Emergency Housing Voucher policy; and

**WHEREAS**, the recommended revisions to the Plan are outlined in the attached Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or his designee, to negotiate and enter into a MOU with CoC by July 31, 2021.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County that it approved revising the Plan to add the Emergency Housing Voucher Policy as identified in 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. Housing Choice Voucher Administrative Plan: Revision to HOC Administrative Plan for the Housing Choice Voucher Program to add Coronavirus Disease 2019 (COVID-19) Related Waivers to the Plan in Accordance with HUD Notice PIH 2021-14**

Bonnie Hodge, Assistant Director of Housing Resources Division, was the presenter.

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

**RESOLUTION NO.: 21-75**

**RE: Revision of HOC's Administrative Plan for  
the Housing Choice Voucher Program to Add  
Temporary Changes in Response to COVID-19  
Pursuant to HUD PIH Notice 2021-14**

**WHEREAS**, in response to COVID 19, the U.S. Department of Housing and Urban Development issued Notice PIH 2021-14 (the "Notice") on May 4, 2021 that established temporary waivers and alternative requirements for the Housing Choice Voucher Program;

**WHEREAS**, the Notice allowed a housing authority to adopt waivers and temporarily revise its administrative plan without board approval, provided that any informally adopted revisions are approved by its board no later than December 31, 2021;

**WHEREAS**, pursuant to the Notice, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") informally adopted many of the waivers in the Notice, and the Commission now desires to formally revise its Administrative Plan for the Housing Choice Voucher Program (the "Plan") to add the temporary waivers; and

**WHEREAS**, the recommended revisions to the Plan are outlined in the attached Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County adopts the revisions to the Plan as identified in 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.

VII. NEW BUSINESS

**1. Appointment of Acting Secretary-Treasurer and Executive Director**

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

**RESOLUTION NO.: 21-76**

**RE: Appointment of Acting Secretary  
Treasurer and Executive Director**

**WHEREAS**, Stacy L. Spann, the current Secretary-Treasurer and Executive Director ("Secretary/ED") of the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") announced his resignation and his contract shall expire on July 31, 2021;

**WHEREAS**, the Commission intends to conduct a search for a new Secretary/ED, but wants to ensure that HOC is effectively operated and managed in the interim; and

**WHEREAS**, as of August 1, 2021, the Commission desires to appoint Kayrine Brown as HOC's Acting Secretary-Treasurer and Executive Director, who shall be vested with all the delegations and authority previously granted to the Secretary/ED, including but not limited to all signatory authority.

**NOW, THEREFORE, BE IT RESOLVED** that, as of August 1, 2021, the Housing Opportunities Commission of Montgomery County hereby appoints Kayrine Brown as HOC's Acting Secretary-Treasurer and Executive Director.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that, as of August 1, 2021, Kayrine Brown, as HOC's Acting Secretary-Treasurer and Executive Director, shall be vested with all the power and authority granted to HOC's Secretary/ED pursuant to state or local statutory or regulatory requirements, and any and all HOC's policies, agreements, and resolutions, including but not limited to all signatory authority.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 6:14 p.m., recessed and convened meetings of the Development Corporations.

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**

**July 28, 2021**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, July 28, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:01 p.m. Those in attendance were:

**Via Online/Teleconference**

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

**Also Attending via Online/Teleconference**

Stacy Spann, Executive Director

Aisha Memon, General Counsel

**IT Support**

Aries Cruz

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission. The sole item on the agenda was to conduct a vote to meet in closed session pursuant to Section 3-305(b)(1) of the General Provisions Article of the Annotated Code of Maryland.

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

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 6:03 p.m., and reconvened in closed session at 6:10 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 July

28, 2021 at approximately 6:10 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(1) to discuss the evaluation of HOC's Executive Director.

The meeting was closed and the closing statement dated July 28, 2021 was adopted on a motion made by Chair Pro Tem Nelson, seconded by Vice Chair Kelleher, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon voting in favor of the motion. The following persons were present: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Jackie Simon, and Stacy Spann (Stacy Spann left the meeting after the evaluation and prior to the vote).

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

1. **Topic:** The evaluation of HOC's Executive Director (pursuant to Section 3-305(b)(1)).
  - a. **Action Taken:** Pursuant to his employment contract, the Executive Director's performance for fiscal year 2021 (ending June 30, 2021) was evaluated. After the conclusion of the evaluation, with a quorum present, Commissioners Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, and Jackie Simon approved, consistent with his employment contract, a performance bonus for the Executive Director.

The closed session was adjourned at 7:48 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

# Committee Reports and Recommendations for Action



# Budget, Finance & Audit Committee

**AUTHORIZATION TO SUBMIT  
COUNTY FY'23-28 CAPITAL IMPROVEMENTS PROGRAM BUDGET**

**September 1, 2021**

- The County Capital Improvements Program (CIP) Budget is prepared biennially.
- HOC is required to submit requests for any amendments to its capital funding for FY'23-28 to the County by September 8, 2021.
- The FY'23-28 CIP submission asks the County to:
  - Continue funding our **current projects** in the amount of \$83,782,000, to
  - Add \$1,250,000 annually for FY'27 and FY'28 for Deeply Subsidized Units, and to
  - Add \$705,000 in **new funding** for the WSSC Sewer and Storm Line Improvements at Elizabeth Square.
- The sewer upgrades work must be implanted prior to March 2022 in order to maintain the overall project schedule. If the CIP project is approved, HOC will have to temporarily fund the improvements and request reimbursement through the County CIP program after July 1, 2022, the beginning of the new CIP year.



It is also prudent to remind the County of the importance in maintaining our current allocations in the following projects.

**1) Continued Support of \$1,250,000 annually for Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements**

- Historically, this project was used to supplement the funds received from the U.S. Department of Housing and Urban Development (HUD) for improvements to our Public Housing stock. In 2014, HOC requested that the original project title, “Supplemental Funds for Public Housing Improvements”, be expanded to allow these funds to be used for “Deeply Subsidized HOC Owned Unit Improvements” to allow the funds to be used on the Public Housing units both pre- and post-conversion.
- The project was expanded to allow the funds to be used on HOC and Affiliate Owned income-restricted scattered site units.
- The Commission’s portfolio includes hundreds of income-restricted scattered site units throughout the County most of which are approximately 30 years of age. Many of these units were acquired into a Low Income Housing Tax Credit (“LIHTC”) limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, other units are simply older Moderately Priced Dwelling Units (MPDUs) that continue to be restricted to low- and moderate-income households.
- These units are in need of renovation in order to continue to serve eligible households. With significant debt remaining on these units, the net operating income from the affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a comprehensive scope of renovation, which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.
- The FY’21 annual funding of \$1.25 million was reduced by \$125,000 in the FY’21 County Revised Spending Plan resulting in funding of \$1.125 million.
- CIP funds are being used to focus on repairs and renovation of those units where renovations are required and the properties cannot support additional debt. The final scope for renovations has been developed and a new pool of contractors was selected to perform scattered site renovations. In FY’21, thirteen (13) scattered site units were fully renovated and roof, gutter and downspouts replacement was completed on 40 townhome units at Pond Ridge. Renovations are in process on 22 units that will be completed between August and December 2021 utilizing \$1.38 million of available CIP funding for FY’22. Staff is currently working on a plan to perform additional full unit renovations utilizing available funding while also

addressing critical repairs and other capital needs on severely distressed scattered site units.

- Staff anticipates utilizing all available scattered site funding by the end of FY'22.
- The average cost for units requiring full interior and exterior renovations has increased to approximately \$73,000. The available funds, including the FY'22 funding, would allow for full renovations of approximately 50 units; however, more units may be addressed if full renovations are not required (fewer if scope and costs increase). Continued funding at the \$1.25 million level will support approximately 15 units per year.
- This project is directly related to accomplishing the following County Executive priority outcomes:
  - An Affordable, Welcoming County for a Lifetime
  - Thriving Youth and Families
  - A Greener County
  - Effective, Sustainable Government
  - Safe Neighborhoods
  - A Growing Economy

## **2) Continued Funding for the Demolition Fund - \$1,900,000**

- The Commission and County previously approved \$1,900,000 for demolition of the Ambassador Apartments (\$1.3 million) and Emory Grove Village (\$0.6 million).
- During the FY'20-25 CIP cycle, \$500,000 of the total budget was moved to FY'21. It was agreed that HOC would fund the demolitions of both properties and be partially reimbursed by the County in FY'20 with the balance paid in FY'21. The \$600,000 CIP funding for Emory Grove's demolition was included in the FY'19 CIP budget and was extended to FY'22.
- During the FY'21-26 cycle, the scope of the Ambassador demolition was expanded to include the demolition of the adjacent vacant mattress store. Demolition of the Ambassador was completed in April 2020 and demolition of the mattress store was completed in September 2020. Following the demolition, fencing and panel boards were installed for security and site beautification until the property is redeveloped.
- The original Invitation for Bid ("IFB") for the demolition contractor for Emory Grove expired before the work commenced and a new IFB for a demolition contractor was issued in April 2021. The Commission approved the award of a new contract under the new IFB at the meeting of the Commission on July 7, 2021 and the contract is currently being executed.

- The demolition for Emory Grove Village is expected to start in August 2021 and should take approximately 60 days to complete. Once the demolition is complete, site fencing will be installed to secure the property.
- Staff anticipates utilizing all demolition funding by the end of the fiscal year.
- This project is directly related to accomplishing the following County Executive priority outcomes:
  - An Affordable, Welcoming County for a Lifetime
  - Thriving Youth and Families
  - A Greener County
  - Effective, Sustainable Government
  - Safe Neighborhoods
  - A Growing Economy

## **NEW CAPITAL PROJECT**

There is one new capital project that staff request the Commission consider for this year's CIP submission:

1. **Washington Suburban Sanitary Commission (WSSC) Sewer and Storm Line Improvements at Elizabeth Square (ES): \$705,000.**
2. There are two parts to the improvements:
  1. Increase WSSC sewer line capacity to 15-inch, and
  2. Install new temporary 15-inch storm line.
3. The original 2017 plans were approved by WSSC for Elizabeth Square and included the replacement of the 10-inch sewer line with 12-inch line. The sewer line to be replaced was on the west portion of the WMATA and CSX tracks and did not go under the tracks. The current proposed Purple Line Development sewer line replacement conflicted with the approved HOC sewer plan from 2017. The Purple Line was required to design an alternate route under the tracks. The Purple Line Plan (PLP) was approved by WSSC for this alternative route, and is a 10-inch line replacement. WSSC will no longer accept the HOC 2017 plans and is now requiring HOC to install a 15-inch sewer line to meet the capacity of the Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue. They have instructed HOC to work with the PLP to ensure the revised plans are in effect before the Elizabeth House III and the South County Regional Recreation and Aquatic Center (SCRRAC) building obtain occupancy permit.
4. The approved contract documents indicate the new Capital Crescent Trail (located in between Elizabeth House and CSX/WMATA tracks), including the associated retaining wall, trail and storm systems is to be completed by others. Per separate discussions/agreements, MTA/Purple Line is responsible for this work. HOC is to

connect into these Capital Crescent Trail storm systems in order to achieve final inspections. However, MTA/Purple Line is not scheduled to install these Capital Crescent Trail storm systems until after HOC's completion date. As a result, HOC is considering installing a temporary 15-inch storm line to accommodate the Elizabeth House project until MTA/Purple Line completes its permanent work.

5. The total estimated projected costs for installing the upgraded sewer line and temporary storm line are as follow:

1. Install 15-inch **sewer** line:

Hard Costs <sup>1</sup>	\$230,000
Soft Costs	\$100,000
Contingency	\$100,000
<b>Subtotal</b>	<b>\$430,000</b>

2. Install temporary 15-inch **storm** line:

Hard Costs <sup>2</sup>	\$100,000
Soft Costs	\$75,000
Contingency	\$100,000
<b>Subtotal</b>	<b>\$275,000</b>
<b>TOTAL</b>	<b>\$705,000</b>

- The sewer upgrades work must be implanted prior to March 2022 in order to maintain the overall project schedule. If the CIP project is approved, HOC will have to temporarily fund the improvements and request reimbursement through the County CIP program after July 1, 2022, the beginning of the new CIP year.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to approve a \$86,987,000 (Attachment) CIP submission for FY'23-28, which asks the County to:

- Continue funding our current projects in the amount of \$83,782,000, to
- Add \$1,250,000 annually for FY'27 and FY'28 for Deeply Subsidized Units, and to
- Add \$705,000 in new funding for:
  - WSSC Sewer and Storm Line Improvements at Elizabeth Square.

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1 Quote provided by Garney Quote (Purple Line subcontractor)

2 Rough estimate by general contractor (Costello)



**BUDGET IMPACT:**

There is no budget impact on the FY'22 Adopted Budget. Funds that are appropriated by the County Council will be included in the FY'23 Adopted Budget.

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**TIME FRAME:**

The Budget, Finance and Audit Committee informally discussed the County FY'23-28 Capital Improvements Program submission at the August 10, 2021 meeting. Formal Commission action is required at the September 1, 2021 meeting.

The County FY'23-28 Capital Improvements Program Budget submission is due to the County by September 8, 2021.

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**RECOMMENDATION:**

Staff recommends to the full Commission authorization to submit the County FY'22-27 Capital Improvements Program Budget, totaling \$86,987,000.

**RESOLUTION NO.: 21-77**

**Re:** Authorization to Submit County  
FY'23-28 Capital Improvements  
Program Budget

**WHEREAS**, the Capital Improvements Program (“CIP”) is a program administered by Montgomery County (the “County”) that provides funds for larger long-term investments in facilities, infrastructure, and affordable housing;

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) receives funds from the CIP to further its purpose in providing affordable housing;

**WHEREAS** the County Office of Management and Budget is preparing the FY’ 23-28 CIP budget, and the Commission must submit a request for both new and renewed funding by September 1, 2021; and

**WHEREAS**, the Commission wishes to request \$86,987,000 which includes: continued funding for current projects in the amount of \$83,782,000, the addition of \$1,250,000 annually for FY’27 and FY’28 for deeply subsidized units, and new funding of \$705,000 for the WSSC Sewer and Storm Line Improvements at Elizabeth Square.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the submission to the County of a request that the CIP Budget for FY’23-28 totaling \$86,987,000, which includes continued funding for current projects in the amount of \$83,782,000, the addition of \$1,250,000 annually for FY’27 and FY’28 for deeply subsidized units, and new funding of \$705,000 for the WSSC Sewer and Storm Line Improvements at Elizabeth Square.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, September 1, 2021.

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Patrice Birdsong  
Special Assistant to the Commission

**Attachment**

**Summary  
Proposed FY'23-28 CIP Request (\$000)**

Project	Total	Through		6 year Total	FY'23	FY'24	FY'25	FY'26	FY'27	FY'28
		FY'21	Est FY'22							
MPDU/PAF Fund	\$ 12,507	\$ 12,507	\$ 12,507	\$ 12,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Opportunity Housing Development Fund	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G.O. Bonds	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements	\$ 14,875	\$ 8,625	\$ 1,250	\$ 5,000	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ -	\$ -
<b>Current Ongoing CIP Project Funding</b>	<b>\$ 81,882</b>	<b>\$ 75,632</b>	<b>\$ 68,257</b>	<b>\$ 72,007</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ -</b>	<b>\$ -</b>
Demolition Fund	\$ 1,900	\$ 1,104	\$ 796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Projects Expected to Close-Out in FY'22</b>	<b>\$ 1,900</b>	<b>\$ 1,104</b>	<b>\$ 796</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Subtotal for CIP Project Funding for Current Projects</b>	<b>\$ 83,782</b>	<b>\$ 76,736</b>	<b>\$ 69,053</b>	<b>\$ 72,007</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ -</b>	<b>\$ -</b>
Extension for Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements	\$ 2,500	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 1,250	\$ 1,250
<b>Extension of Existing Projects through FY'28</b>	<b>\$ 2,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>
WSSC Sewer and Storm Line Improvements for ES	\$ 705	\$ -	\$ -	\$ 705	\$ 705	\$ -	\$ -	\$ -	\$ -	\$ -
<b>New Project</b>	<b>\$ 705</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 705</b>	<b>\$ 705</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL FY'23-28 REQUEST</b>	<b>\$ 86,987</b>	<b>\$ 76,736</b>	<b>\$ 69,053</b>	<b>\$ 75,212</b>	<b>\$ 1,955</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>

**Wheaton Gateway, LLC and 8800 Brookville Road (Lyttonsville):  
Approval to Extend the Maturity Dates for the Draws on the PNC Bank  
Line of Credit (“PNC Bank LOC”) which Financed the Acquisition of  
Lindsay Ford (Wheaton Gateway) and the Lyttonsville Site (8800  
Brookville Road)**

**September 1, 2021**

- The Commission previously approved advances from the PNC Bank LOC to fund the acquisition and other costs related to the acquisition of Lindsay Ford (Wheaton Gateway) and Lyttonsville (8800 Brookville Road).
- Total principal balance from these draws is approximately \$11.5 million for Lindsay Ford (Wheaton Gateway) and \$10.9 million for Lyttonsville (8800 Brookville Road). The estimated total annual interest cost is \$224,368 based on the existing PNC Bank LOC taxable borrowing rate.
- Staff requests approval to extend the current maturity dates for these draws on the PNC Bank LOC through June 30, 2022. The Commission is currently in negotiations with PNC Bank to renew and extend the line of credit facilities, which will go beyond the requested maturity date.



				Estimated		
Property	Line of Credit	Current Maturity	Principal Balance	Annual Cost under LOC	Libor Rate & Spread	
Lindsay Ford Holdings Site (Wheaton Gateway)	\$60 million	Sept 2021	\$11,530,881	\$ 115,597	1.00250%	Taxable
Lyttonsville (8800 Brookville Road)	\$60 million	Nov 2021	10,850,000	108,771	1.00250%	Taxable
<b>Total</b>			<b>\$22,380,881</b>	<b>\$ 224,368</b>		

The PNC Bank LOC matures on September 30, 2021; however, the Commission issued a request for proposal for banking services, which included renewal and expansion of PNC Bank line of credit facilities, and awarded the contract to PNC Bank, N.A. The Commission is currently in negotiations with PNC Bank, N.A. to renew and extend the PNC Bank line of credit facilities, which will go beyond the requested maturity date.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept staff’s recommendation, which is supported, by the Budget Finance and Audit Committee, to approve the extension of the maturity dates for the draws on the PNC Bank LOC, which financed the acquisition of Lindsay Ford (Wheaton Gateway) and Lyttonsville (8800 Brookville Road) through June 30, 2022?

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**PRINCIPALS:**

HOC  
PNC Bank, N.A.  
HOC at Wheaton Gateway LLC  
HOC - Lyttonsville 8800 Brookville Road

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**BUDGET IMPACT:**

The interest expense for FY 2022 is estimated to be \$224,368. The interest expense will be paid through lease agreements held with third parties; Lindsay Ford for Wheaton Gateway and Chevy Chase Contractors and Ruppert Landscaping for 8800 Brookville Road.

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**TIME FRAME:**

For formal action as the September 1, 2021 meeting of the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission approve extending the maturity dates for the draws on the PNC Bank LOC, which financed the acquisition of Lindsay Ford (Wheaton Gateway) and Lyttonsville (8800 Brookville Road), through June 30, 2022.

**RESOLUTION No.: 21-78**

**RE: Approval to Extend the Maturity Dates for the Draws on the PNC Bank, N. A. Line of Credit (“PNC Bank LOC”) which Financed Acquisition of Lindsay Ford (Wheaton Gateway) and Lyttonsville (8800 Brookville Road)**

**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 (“PNC Bank LOC”) to fund the acquisition of the Lindsay Ford Holding Site (Wheaton Gateway), costs related to the acquisition, and reimbursement of costs incurred by the Commission related to title and earnest money deposits;

**WHEREAS**, on November 7, 2018, HOC authorized a taxable draw of up to \$10,850,000 from the PNC Bank LOC to fund the acquisition of the approximately 10 acres at 8800 Brookville Road in Silver Spring;

**WHEREAS**, as of July 31, 2021, the actual draw on the PNC Bank LOC was \$11,530,881 for the Lindsay Ford Holding Site (Wheaton Gateway), and \$10,850,000 for the 10 acres at 8800 Brookville Road in Silver Spring (the “Loans”);

**WHEREAS**, staff recommends extending the maturity date of the Loans through June 30, 2022 at the PNC Bank LOC contractual rate with PNC Bank, N.A.; and

**WHEREAS**, the estimated cost, as of July 31, 2021, under the PNC Bank LOC is expected to be approximately \$224,368.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby approves extending through June 30, 2022 the maturity dates for the draws on the PNC Bank LOC, which financed acquisition of Lindsay Ford (Wheaton Gateway) and Lyttonsville (8800 Brookville Road).

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, September 1, 2021.

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



**SPRING GARDEN ONE ASSOCIATES LIMITED PARTNERSHIP- PROPERTY  
MANAGEMENT CONTRACT: PRESENTATION OF REQUEST TO RENEW  
THE PROPERTY MANAGEMENT CONTRACT FOR SPRING GARDEN ONE  
ASSOCIATES LIMITED PARTNERSHIP**

**September 1, 2021**

- The Property Management Contract with Spring Garden One Associates Limited Partnership (“Spring Garden”) is expiring November 30, 2021. The contract provides for additional three-one year renewals.
- Staff is requesting a one-year renewal of the property management contract with Edgewood for Property Management services at Spring Garden through November 30, 2022.

**M E M O R A N D U M**

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

**VIA:** Kayrine Brown, Acting Executive Director

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

**RE:** **Spring Garden One Associates Limited Partnership-** Property Management Contract: Presentation of Request to Renew the Property Management Contract for Spring Garden One Associates Limited Partnership

**DATE:** September 1, 2021

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**PURPOSE:**

Staff is requesting a one-year renewal of the property management contract with Edgewood for Property Management services at Spring Garden One Associates Limited Partnership, through November 30, 2022. The Property Management contract for Spring Garden will expire on November 30, 2021.

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**BACKGROUND:**

Spring Garden One Associates Limited Partnership (“Spring Garden” or “Property”) is an 82-unit garden style apartment community of 25-market rate and 57 affordable Low Income Housing Tax Credit units at 55% of the median income. Spring Garden is located in downtown Silver Spring, within walking distance of the Silver Spring Metro.

The Property is managed well by Edgewood and has received a score of 98A for its most recent REAC inspection, indicating sound physical condition. The Property has maintained an average occupancy of 98.5% over the last two years and has returned a debt service coverage ratio of 1.25 for the trailing 12-month period through May 2021, indicating sound fiscal performance for a LIHTC development. As well, there are no compliance issues at the property. Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest score of the six management companies surveyed. The survey had low participation and the property had few complaints. Another resident survey will go out in September 2021.

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, after this renewal.

Property	Units	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Spring Garden	82	Edgewood Management	December 2017	\$41,328	11/30/2021	12/1/2021 - 11/30/2022	No renewals remaining

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish accept staff’s recommendation, which is supported by the Budget Finance and Audit Committee, to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Edgewood Management for property management services at Spring Garden?

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**BUDGET IMPACT:**

The renewal of the property management contract for Spring Garden for one year will not have a budget impact as the costs associated with the services will be factored into the CY 2022 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC score.

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**TIME FRAME:**

For formal action at the September 1, 2020 meeting of the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission approve the property management contract renewal with Edgewood Management for Spring Garden through November 2022.

**RESOLUTION NO.: 21-79**

**RE: Approval to Renew Property Management Contract for Spring Garden One Associates Limited Partnership**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of Spring Garden One Associates Limited Partnership (“Spring Garden LP”), and Spring Garden LP owns the development known as Spring Garden located in Silver Spring, Maryland (“Spring Garden”); and

**WHEREAS**, staff desires to renew the current property management contract at Spring Garden for one (1) year with Edgewood Management.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Spring Garden One Associates Limited Partnership, as its general partner, that the Executive Director (including the Acting Executive Director) is hereby authorized and directed to execute a one (1) year renewal of the property management contact at Spring Garden.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or her designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the 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 September 1, 2021.

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

**THE WILLOW MANOR PROPERTIES – PROPERTY MANAGEMENT  
CONTRACT: PRESENTATION OF REQUEST TO RENEW THE PROPERTY  
MANAGEMENT CONTRACT FOR THE MANOR AT CLOPPER’S MILL, LLC, THE  
MANOR AT COLESVILLE, LLC AND THE MANOR AT FAIR HILL FARM, LLC.**

**September 1, 2021**

- The Property Management Contract with The Manor at Clopper’s Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC is expiring November 30, 2021. The contract provides for additional three-one year renewals.
- Staff is requesting a one-year renewal of the property management contract with Habitat America, LLC (“Habitat”), the current property management company for The Manor at Clopper’s Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC through October 31, 2022.

**M E M O R A N D U M**

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

**VIA:** Kayrine Brown, Acting Executive Director

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

**RE:** **The Willow Manor Properties – Property Management Contract:** Presentation of Request to Renew the Property Management Contract for The Manor at Clopper’s Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC.

**DATE:** September 1, 2021

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**PURPOSE:**

Staff is requesting a one-year renewal of the property management contract with Habitat America, LLC (“Habitat”), the current property management company for The Manor at Clopper’s Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC through October 31, 2022.

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**BACKGROUND:**

The Manor at Clopper’s Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC, (“The Willow Manor Properties”) were purchased by HOC in November 2018. The properties were built in 2004-2005 and have not been renovated since construction. All three properties are mid-rise communities and are age restricted for senior 62 years and older. The properties were approved for Low Income Housing Tax Credit syndication as of November 1, 2021 with renovation starting in 2021 and continuing through May 2023. The Commission has already approved the selection of a general contractor along with the holding of 20 units vacant across all three properties. The properties are of similar construction and design. The properties have been well maintained and are in good condition. Property amenities include: fitness center, library, business center, community room, kitchen, billiards room, movie room, health room, hospitality suite, laundry room and shuttle service. The properties have maintained an average occupancy of 95% over the last two years and debt service coverage ratio of 1.50 for the trailing 12-month period through June 2021, reflecting sound fiscal and occupancy standards. There is currently no federal involvement; therefore, the properties are not subject to REAC inspections.

Habitat scored 3.39 of 4.00 available points in a resident survey completed in March 2020, which was the third highest score of the six management companies surveyed. The survey had low participation and the property has had few complaints. Another resident survey will go out in September 2021.

The Manor at Clopper’s Mill community has 20 units at 40%, 20 at 50%, 42 at 60% and 20 market units (which will be converted to 80% AMI on the Tax credit conversion).

The Manor at Colesville community contains 17 units at 40% and 66 at 60% AMI.

The Manor at Fair Hill Farm community contains 20 units at 40% and 81 at 60%.

Habitat is a woman-owned and operated third party property management firm with over 30 years of experience. Due to the staff's familiarity with the current population and the upcoming syndication and renovation, it would be in the best interests of the residents that Habitat remain as the property management company.

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.

Property	Units	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Willow Manor Properties	286	Habitat America	November 2019	\$168,168	10/31/2021	11/1/2021 to 10/31/2022	One renewal remaining

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept staff's recommendation, which is supported by the Budget Finance and Audit Committee, to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Habitat America, LLC for property management services at the Willow Manor Properties?

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**BUDGET IMPACT:**

The renewal of the property management contract for Willow Manor Properties for one year will not adversely impact the Commission's FY2022 operating budget as the costs associated with the services will be factored into the CY2022 property budget.

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**TIME FRAME:**

For formal Commission action at the September 1, 2021 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommend that the Commission approve the property management contract renewal with Habitat America, LLC for the Willow Manor Properties through October 31, 2022.



**RESOLUTION NO: 21-80**

**RE: Approval to Renew Property Management Contract for The Manor at Clopper's Mill, LLC, The Manor at Colesville, LLC and The Manor at Fair Hill Farm, LLC**

**WHEREAS**, HOC is the sole member of The Manor at Fair Hill Farm, LLC, which owns the development known as The Manor at Fair Hill Farm ("Fair Hill Farm"); and

**WHEREAS**, HOC is the sole member of The Manor at Colesville, LLC, which owns the development known as The Manor at Colesville ("Colesville"); and

**WHEREAS**, HOC is the sole member of The Manor at Clopper's Mill, LLC, which owns the development known as The Manor at Cloppers Mill ("Cloppers Mill"); and

**WHEREAS**, staff desires to renew the current property management contract at Fair Hill Farm, Colesville, and Cloppers Mill for one (1) year with Habitat America, LLC.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Fair Hill Farm, LLC, that the Executive Director (including the Acting Executive Director) is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Fair Hill Farm with Habitat America, LLC.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Colesville, LLC, that the Executive Director (including the Acting Executive Director) is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Colesville with Habitat America, LLC.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Clopper's Mill, LLC, that the Executive Director (including the Acting Executive Director) is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Cloppers Mill with Habitat America, LLC.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or her designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the 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 September 1, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

# Development and Finance Committee

**MORTGAGE FINANCE: APPROVAL TO RENEW THE CONTRACTS OF THE UNDERWRITING  
TEAM CONSISTING OF A SENIOR MANAGER, CO-SENIOR MANAGER, AND  
CO-MANAGERS IN ACCORDANCE WITH THE CURRENT CONTRACTS AND  
THE PROCUREMENT POLICY**

**September 1, 2021**

- On September 9, 2020, the Commission approved the first one-year contract renewal of the underwriting team for its multifamily and single family bond programs. The original contracts, issued in January 2019, were for a term of two (2) years with two (2) optional one-year renewals for a total of four (4) years, and each renewal to extend the contract, requires the Commission's approval in accordance with the current contracts and Procurement Policy.
- Underwriters help to structure HOC's bond issuances and market the bonds to obtain the most favorable pricing so that the loans made with the proceeds of the bonds promote the financial feasibility of HOC's single family and multifamily financing programs. They commit to the Commission to purchase HOC bonds at an agreed upon price prior to the time of the sale regardless of whether they have successfully placed the bonds with investors.
- The six (6) firms within the underwriting team are Bank of America Merrill Lynch, PNC Capital Markets, LLC, Jefferies, LLC, Morgan Stanley, RBC Capital Markets, and Wells Fargo Company.
- Staff and the Commission's financial advisor, Caine Mitter and Associates Incorporated, reviewed the performance of the firms since this current engagement and this renewal request was reviewed with the Development & Finance Committee, which met for discussion on August 20, 2021.
- There are no issues with the team's performance and given the Commission's pipeline of transactions that will seek financing in the next fiscal year, staff recommends that the Commission accept the recommendation of the Development & Finance Committee to renew the term of the contracts for its current underwriting team for one year, which is the second and final renewal term under the existing contract.

## MEMORANDUM

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

**VIA:** Kayrine V. Brown, Acting Executive Director

**FROM:** Staff: Jennifer Hines Arrington      Division: Mortgage Finance Ext. 9760

**RE:** **Mortgage Finance:** Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager, Co-Senior Manager and Co-Managers in Accordance with the Current Contracts and the Procurement Policy

**Date:** September 1, 2021

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**STATUS:** Committee Report:      Deliberation   X  

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### **OVERALL GOAL & OBJECTIVE:**

To renew the terms of the underwriter services contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Jefferies, LLC, Morgan Stanley, RBC Capital Markets, and Wells Fargo Bank, N.A. (the "Underwriters").

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### **BACKGROUND:**

On October 12, 2018, a solicitation for Managing Underwriting Services was published and mailed to 32 investment banking firms. Sixteen (16) firms submitted proposals, and on December 18 and 19, 2018, an Evaluation Committee (the "Committee") comprised of two (2) Commissioners, the Executive Director, staff of the Mortgage Finance, Finance, and Executive divisions, and Caine Mitter & Associates Incorporated (Financial Advisor), interviewed 10 firms and recommended eight (8) firms to serve the Commission, as Underwriters.

A Letter Agreement (Contract) was executed with each firm (with the exception of Citigroup Global Markets ("Citi"), which cited internal legal obstacles) providing for an initial engagement of two (2) years, expiring in January 2021, with two (2) optional one-year renewals for a maximum term of four (4) years. Each renewal to extend the contract, requires the Commission's approval in accordance with the Procurement Policy. Citi continues to participate on HOC's bond issuances as a member of the selling group, which does not require it to be one of the underwriters.

On June 29, 2020, M&T Securities ("M&T") notified HOC that its parent company, M&T Bank, had undertaken a thorough evaluation of its business to ensure its product and service offerings align with the strategic imperatives of both M&T Securities and M&T Bank. As a result, M&T no longer participates in the underwriting of public offerings of fixed-rate municipal bonds and has been removed from the HOC underwriting team, effective July 1, 2020.

On September 9, 2020, the Commission approved the first one-year renewal for the six (6) remaining Underwriters, which expires in January 2022. This renewal request is the second and final of the two (2) renewals, which will extend the contract through January 2023.

**The Underwriters**

Firm	Role
Bank of America Merrill Lynch	Senior Manger
PNC Capital Markets, LLC	Co-Senior Manager
Jefferies LLC	Co-Manager
Morgan Stanley	Co-Manager
RBC Capital Markets, LLC	Co-Manager
Wells Fargo Company	Co-Manager

The Underwriters help to structure HOC’s bond issuances and market the bonds to retail and institutional investors to obtain the most favorable pricing so that the loans made with the proceeds of the bonds promote the financial feasibility of HOC’s single family and multifamily financing programs. They commit to the Commission to purchase HOC bonds at an agreed upon price prior to the time of the sale regardless of whether they have successfully placed the bonds with investors.

The current team of Underwriters include a senior manager, a co-senior manager and four (4) co-managers. The senior manager leads the syndicate and, with the co-managers, sets the prices for the different series of bonds, takes orders from co-managers and the selling group, and allocates the bonds to investors and the underwriting team. This is known as “running the book” or managing the syndicate. All of the managers and the selling group are expected to sell bonds and are compensated by receiving a fee known as the “takedown” for the bonds they actually place with investors. Institutional investors generally place orders through the senior manager and designate which manager(s) will receive the takedown. Additionally, the senior manager receives a management fee and is reimbursed for certain expenses. The managers are also expected to present new financial structures and ideas that will enhance the Commission’s ability to fund mortgage loans. Any member of the team that brings unique financing ideas that enhance the Commission’s programs may be elevated to the role of senior manager for a bond issuance. Since the new contracts were executed, Jefferies, PNC and Wells Fargo have been elevated as senior manager for three (3) separate bond issuances.

**Compensation**

There are three (3) categories of compensation: 1) Management Fee, 2) Takedown, and 3) Expenses. Management fee is paid only to the senior managing underwriter; however, since the Commission’s structure includes a co-senior manager, the fee is split. The management fee will be determined as part of this underwriter review process. Takedown is the fee paid to co-managers and selling group for selling the bonds. Since takedown is market driven, it is always determined based on current market conditions and negotiated at the time of a bond sale. Expenses include underwriter’s counsel and pass through expenses typical for a bond issue. Determination of fees will continue unchanged through this renewal period.

**Public Issuances (January 2019 to June 2021)**

During the current contract period, HOC has issued the following series of bonds, totaling \$337,655,000 of multifamily and single family bonds shown below.

**Multifamily Housing Development Bonds (1996 Indenture)**

Series	Issuance Amount	Projects Financed	Senior Underwriter	Bond Fee per \$1,000	Bond Fee %
2019 Series A-1, A-2	\$55,000,000	Elizabeth House	Wells Fargo	\$6.10	0.61%
2019 Series BC	\$17,405,000	Barclay/Spring Garden (refunding)	Bank of America	\$5.46	0.55%
2020 Series ABC	\$67,345,000	Bauer Park Strathmore/MHLP IX/Forest Oaks (refunding)	Bank of America	\$5.66	0.57%
2021 Series A	\$99,250,000	West Side Shady Grove	Wells Fargo	\$6.25	0.63%
2021 Series B	\$16,145,000	Stewartown	Bank of America	\$6.09	0.61%
<b>Total Issuance</b>	<b>\$255,145,000</b>		<b>Total Fee</b>	<b>\$6.00</b>	<b>0.60%</b>

**Single Family Bonds**

Series	Issuance Amount	Bond Resolution	Senior Underwriter	Bond Fee per \$1,000	Bond Fee %
2019 Series ABC	\$44,110,000	2019 Program Revenue Bonds Indenture	Bank of America	\$5.46	0.55%
2021 Series AB	\$28,400,000	1979 Mortgage Revenue Bonds Indenture	Bank of America	\$5.17	0.52%
2021 Series C	\$10,000,000	1979 Mortgage Revenue Bonds Indenture	PNC	\$1.00	0.10%
<b>Total Issuance</b>	<b>\$82,510,000</b>		<b>Total Fee</b>	<b>\$4.82</b>	<b>0.48%</b>

**Performance of Underwriters (January 2019 to June 2021)**

In the following table, separated by the current Underwriters and members of the selling group, the respective firm’s performance based on the bonds sold is shown. Orders are placed and the senior manager allocates the bonds based on orders and designation rules. The Commission’s financial advisor reviews allocations with staff to ensure that the bonds are allocated fairly so that there is continued interest in future HOC bond issuances.

	Total Bonds	% Total Bonds	MF Bonds	% MF Bonds	SF Bonds	% SF Bonds
<b>Underwriters</b>						
BofA	110,992	33%	69,167	27%	41,825	51%
Wells Fargo	117,570	35%	109,543	43%	8,026	10%
PNC	41,481	12%	29,979	12%	11,502	14%
Jefferies	5,548	2%	2,438	1%	3,110	4%
M&T	13,930	4%	9,999	4%	3,932	5%
Morgan Stanley	16,212	5%	10,011	4%	6,201	8%
RBC	17,423	5%	12,999	5%	4,424	5%
<b>Underwriters - Subtotal</b>	<b>323,155</b>	<b>96%</b>	<b>244,135</b>	<b>96%</b>	<b>79,020</b>	<b>96%</b>
<b>Selling Group</b>						
Baird	50	0%	50	0%	-	0%
BB&T	135	0%	135	0%	-	0%
Citi	6,760	2%	5,460	2%	1,300	2%
Folger Nolan Fleming	1,085	0%	20	0%	1,065	1%
Janney	740	0%	430	0%	310	0%
Lafayette	710	0%	425	0%	285	0%
Raymond James	2,170	1%	1,940	1%	230	0%
Stifel	200	0%	200	0%	-	0%
UBS	2,650	1%	2,350	1%	300	0%
<b>Selling Group - Subtotal</b>	<b>14,500</b>	<b>4%</b>	<b>11,010</b>	<b>4%</b>	<b>3,490</b>	<b>4%</b>
<b>Total</b>	<b>337,655</b>	<b>100%</b>	<b>255,145</b>	<b>100%</b>	<b>82,510</b>	<b>100%</b>



**Projected FY 2022 Bond Issuances**

The table below shows the projected Fiscal Year 2022 transactions and notably includes the planned re-syndication of six (6) existing Low Income Housing Tax Credit multifamily properties to raise new capital for a fresh round of renovation, and the construction of one (1) new multifamily senior development. While constrained by the availability of private activity volume cap, the Commission will need a strong team of underwriters to ensure successful execution.

Transaction	Estimated/Actual Closing Date	Amount
Housing Production Fund	8/17/21	\$50,000,000
Willow Manor Properties (3)	10/31/21	\$45,402,000
Shady Grove Apartments	11/30/21	\$28,550,000
Georgian Court	11/30/21	\$28,815,000
Hillandale Gateway - Senior	2/28/22	\$37,000,000
The Metropolitan	3/31/22	\$100,000,000
Single Family Program	6/30/2022	\$30,000,000
<b>FY22 Estimated Total Issuance</b>		<b>\$319,767,000</b>

**Conclusion**

Based on their performance since the commencement of the current contract period and the projected volume of issuances in FY 2022, it is requested that the current Underwriters continue to represent the Commission on upcoming issuances for a second and final renewal term of one year.

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**ISSUES FOR CONSIDERATION:**

Will the Commission accept staff’s recommendation, which is supported by the Development and Finance Committee, to approve the final one-year renewal of the current contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Morgan Stanley, RBC Capital Markets, Jefferies, LLC, and Wells Fargo Bank, N.A.?

Staff proposes that the current structure remain in place with each firm having the opportunity to be elevated to senior manager based on proposal of innovative and executable ideas.

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**PRINCIPALS:**

- Housing Opportunities Commission of Montgomery County
- Bank of America Merrill Lynch
- Jefferies, LLC
- Morgan Stanley
- PNC Capital Markets, LLC
- RBC Capital Markets
- Wells Fargo Company

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**BUDGET IMPACT:**

There is no direct impact on HOC’s operating budget. Underwriters are compensated from the proceeds of a bond issuance or from revenues in the respective bond indentures.

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**TIME FRAME:**

For formal action at the September 1, 2021 meeting of the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission approve the final one-year renewal of the contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Morgan Stanley, RBC Capital Markets, Jefferies, LLC, and Wells Fargo Bank, N.A. to continue to serve as Underwriters to the Housing Opportunities Commission pursuant to the terms of the original contract of January 2019 and in accordance with the current contracts and Procurement Policy.

This is the final renewal permitted under the 2018 solicitation; therefore, a new procurement must be completed prior to expiration of this renewal term in January 2023.

**RESOLUTION NO.: 21-81**

**RE: Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers in Accordance with the Current Contracts and the Procurement Policy**

**WHEREAS**, to advance its mission and operate a successful bond financing program, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) engages the services of a number of industry professionals, including a team of investment banking firms (Underwriters) to help structure HOC’s bond issuances and market the bonds to obtain the most favorable pricing; and

**WHEREAS**, on January 9, 2019, after completing a new procurement for Underwriter services, the Commission selected eight firms, approved a structure that consists of a Senior Manager, a Co-Senior Manager, and six (6) Co-Managers, and authorized the Executive Director to execute Letter Agreements (“Contracts”) with each firm with initial terms of two (2) years with two (2) one-year renewals that must be approved by the Commission in accordance with provisions of the Procurement Policy; and

**WHEREAS**, the eight (8) firms were Bank of America Merrill Lynch, Citigroup Global Markets, Jefferies, LLC, Morgan Stanley, PNC Capital Markets, LLC, RBC Capital Markets, Wells Fargo Company, and M&T Securities, but Citigroup did not finalize its Contract and is no longer eligible to join the team, and M&T Securities terminated its Contract, having exited the long-term fixed rate municipal business as of July 1, 2020, leaving six (6) active underwriting firms on the team; and

**WHEREAS**, on September 9, 2020, the Commission approved the first one-year renewal for the six (6) Underwriters, which expires in January 2022; and

**WHEREAS**, all firms continue to perform satisfactorily and are positioned to meet the Commission’s upcoming issuance needs, and the Commission wishes to extend each Contract for one year, representing the second and final renewal, which will extend the contract through January 2023.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the final one-year renewal of each of the Contracts with the following six (6) Underwriters (with the structure unchanged and incorporating the terms of the original Contracts):

Senior Manager:	Bank of America Merrill Lynch, New York NY
Co-Senior Manager	PNC Capital Markets, LLC, Pittsburgh, PA
Co-Managers:	Jefferies LLC, New York, NY
	Morgan Stanley, New York, NY
	RBC Capital Markets, New York, NY
	Wells Fargo Company, San Francisco, CA

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Acting Executive Director, or her designee, without any further action on its part, to execute such other documents 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 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 September 1, 2021.

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

**Westside Shady Grove Building D: Approval to Select Kim Engineering, Inc. for Construction Materials Testing and Third-Party Inspector and Authorization for the Acting Executive Director to Execute a Contract in Accordance with Request for Proposal #2265**

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**KAYRINE V. BROWN, ACTING EXECUTIVE DIRECTOR**

**ZACHARY MARKS  
MARCUS ERVIN  
PAUL VINCIGUERRA**

September 1, 2021

# Table of Contents

Topic	Page #
Executive Summary	3
Selection Criteria	4
Scope of Work	5
Qualifications & Experience	6
Respondents	8
Scoring Summary	10
Summary and Recommendations	11

# Executive Summary

On January 28, 2021, EYA, LLC (“EYA”), The Bozzuto Group and the Housing Opportunities Commission of Montgomery County (“HOC”) closed on the construction financing for the Westside Shady Grove Building-D project, located at EYA’s Westside at Shady Grove (Westside), a transit-oriented, mixed-use neighborhood in Rockville adjacent to the Shady Grove Metro Station. The development is a mixed-use and mixed-income apartment building that marks the latest phase of the 45-acre development. Once complete, the 7-story building will feature 268 apartments, 21,000 square feet of street-level retail and 7,400 square feet of office space with 268 amenity rich apartments above – 81 of which are designated as affordable housing units. The venture among HOC, Bozzuto, and EYA will ensure that the development will stand out among the DC Metro’s suburban projects as a unique, price competitive, transit-oriented, urban-style community.



The third-party testing of construction materials during the project is integral to the quality assurance and quality control for new construction. Testing of building materials such as concrete is required both by Montgomery County Department Permitting Services (“DPS”) and Building Codes. The purpose of testing is to ensure the building is being built in compliance with the contract documents, all applicable codes, and DPS requirements. An example of quality control is where the testing company will observe testing of roofs to ensure properly installed water proofing with no leaks. Certifications from professional engineers at the testing company are required in order to obtain the Certificate of Occupancy (“COO”) from DPS. The testing company is required by DPS and will benefit the WSG project.

Of the nearly ninety (90) firms to which the RFP #2265 was distributed by HOC’s Procurement Office (and published on HOC’s website), there were three (3) responses ranging in price from \$136,500-\$336,385. Of the three (3) qualified responses, Kim Engineering, Inc. (“KEI”) attained the highest average score among the evaluators as it pertains to price, management plan, execution and Minority, Female, Disabled-owned (“MFD”) participation. The scope of work will include construction materials testing/inspections, wood framing and envelope inspections, third-party code compliance, and bioretention inspections. Kim Engineering, Inc. has teamed with CECA, LLC., together both are certified MFDs that will provide 100% of the services needed for this project.

The award of RFP #2265 will be funded from the previously approved development budget. Staff recommends that the Commission join the recommendation of the Development and Finance Committee provided on August 20, 2021 to accept and approve the selection of KEI as construction materials testing and third-party inspector for the construction of the Westside Shady Grove Building-D project. Staff further recommends authorization for the Acting Executive Director to execute a contract with Kim Engineering, Inc. for \$336,385.

# Selection Criteria

## Westside Shady Grove Building-D (RFP #2265)

HOC's Procurement Office issued a Request for Proposal (RFP #2265) for construction materials testing and third-party inspections for the Project on May 19, 2021 with a due date of June 11, 2021, in accordance with HOC Procurement Policy. The solicitation was distributed to nearly ninety (90) firms and published on HOC's website. Staff received three (3) responses from Hillis-Carnes Engineering Associates, Inc., Stratified, Inc., and Kim Engineering, Inc. on June 11, 2021 by 2pm.

- The scoring team (consisting of staff from Property Management, Finance and Real Estate Development) reviewed the responses on June 24, 2021, based on several criteria:
  - ✓ Testing agency qualifications (30%), showing experience with similar project types and size
  - ✓ Price (25%), per requested scope and fees
  - ✓ Management Plan (20%), provide a brief narrative description of staffing plan, roles, and responsibilities
  - ✓ Methodology (15%), describe in detail how the firm proposes to perform the services outlined in the RFP
  - ✓ MFD participation above the minimum requirement of 25% of contracts for subcontract work and/or supplies (based on total contract value). Range of scoring will be from 0 to 10 points. Respondents who meet the MFD subcontracting minimum requirement (i.e., 25%) will score zero (0) points. Respondents subcontracting 30 – 35% will receive 5 points, and respondents subcontracting 35% or above will receive 10 points. If both the subcontracting firm and the main firm are MFD contractors they will score 35% or higher.



# Scope of Work

The listing of services below is not intended to be limiting in any manner. For each of the services below provide a detailed description of the field and lab services to be provided including frequencies and durations. If other services are necessary to provide a complete scope of work for the category of testing and inspection, a description of those services is provided as well.

## Soils & Foundations

1. Soil sampling and laboratory analysis
2. Sub grade evaluation and approvals
3. Grading and fill placement observation and testing
4. Field compaction testing of soils including density testing
5. Footing inspections
6. Foundation inspections

## Concrete and Post-Tension Concrete

1. Concrete sampling and testing
2. Concrete inspection and monitoring
3. Reinforcing steel inspections that the reinforcing has been placed in conformance with the contract documents
4. Concrete compressive strength tests
5. Floor Flatness tests

## Masonry Wall Systems

1. Mortar testing for all masonry construction
2. Masonry and grout sampling and testing
3. Masonry inspection and monitoring
4. Reinforcing steel inspections

## Structural Steel

1. Structural steel frame and metal decking testing and inspections
2. Light gauge steel inspections
3. Structural steel inspections to verify welding and bolting requirements as well as plumb test.

## Roofing Systems

Flood and electronic leak detection observations.

## Waterproofing and Air Barrier Systems

Various waterproofing and air barrier inspections

## Fireproofing System

Various fireproofing inspections

## Mechanical System

Mechanical inspections in accordance with Montgomery County DPS Special Inspections Program

## Asphalt Paving

Asphaltic pavement testing and subgrade inspections

## Architecture

Architectural inspections in accordance with Montgomery County DPS Special Inspections Program

# Qualifications & Experience

## Westside Shady Grove Building-D (RFP #2265) – Qualifications & Experience

RFP #2265 requested that vendors provide extensive information regarding their qualifications and experience related to the following categories:

- Testing agency must comply with Montgomery County Special Inspection Program requirements. Provide company and individual qualifications for Montgomery County Special Inspections program approval.
- Testing agency must comply with the requirements of Section 3.
- Testing agency laboratory facilities must be accredited by an agency such as American Association for Laboratory Accreditation (“A2LA”), National Voluntary Laboratory Accreditation (“NVLAP”), Washington Area Council of Engineering Laboratories (“WACEL”), or other organizations whose programs are recognized by Montgomery County. Provide a copy of the accreditation certificate.
  - Laboratory facilities must meet the requirements of American Society for Testing and Materials (“ASTM”) E329, ASTM D3740, and ASTM C1077 as applicable.
- Participate and provide all accreditations and certificates for a pre-construction meeting with Montgomery County Department of Permitting Services to review the Montgomery County Special Inspection Program requirements.
- Provide list of previous or current projects in Montgomery County. Relevant projects are high-rise concrete buildings with a construction cost of more than \$100 million. Include a list of projects in Montgomery County, which involve post tension concrete inspections.
- Provide number of employed certified concrete technicians. Provide name and a copy of their certification.
- Provide number of employed certified steel technicians. Provide name and a copy of their certification.
- Testing agency must have capabilities to provide Architectural and Mechanical Special Inspectors. Provide resumes and number of each inspector.
- In addition to the Architectural and Mechanical Special Inspectors, agency must have capabilities to provide specialty testing including American Architectural Manufacturers Association (“AAMA”) 501, roofing, mold/mildew, and additional inspections required per the plans and specification. The additional inspections are required and beyond the Montgomery County Special Inspection Program requirements.

# Qualifications & Experience

## Westside Shady Grove Building-D (RFP #2265) – Qualifications & Experience (Continued)

- Provide location of office nearest to the site location and approximate travel time.
- Provide resumes of Special Engineer of Record, Project Manager, and Key Leaders at the local office.
- Provide description of the agency’s electronic record management system.
- Testing agency abilities must include the following:
  - Field density testing (California Bearing Ratio (“CBR”), proctor, and nuclear)
  - Soil testing
  - Reinforced concrete
  - Post-tensioned concrete
  - Façade masonry
  - Structural steel inspections
  - Sprayed fire-resistant materials
  - Intumescent paint
  - Cold-formed metal framing
  - Anchorage of electrical, architectural, and mechanical components
  - Exterior Insulation and Finish System (“EIFS”) inspections

# Respondents

RFP# 2265 – Three (3) Firms

**HILLIS-CARNES**  
**ENGINEERING ASSOCIATES**

**Hillis-Carnes Engineering Associates, Inc.** (“HCEA”) founded in 1989, is a large multi-disciplinary consulting engineering firm, providing construction materials testing, third-party inspections, geotechnical engineering, facilities consulting and more. They have 16 full-service branch offices. HCEA has been in the testing business for over 30 years and has completed numerous projects similar in nature in Montgomery County and throughout Maryland.



**Stratified, Inc.** (“SI”) is a Washington, DC Metro area small business, Certified Business Enterprise (“CBE”), Maryland Small Business Reserve (“SBR”) Located in Washington DC. Stratified's services include Construction Material Testing (“CMT”), Environmental Consulting and Compliance, Construction, and Environmental Engineering components that include remediation, Geotechnical Engineering, Materials Analysis, Drilling, and Corrosion Engineering capabilities.



**Kim Engineering, Inc.** (“KEI”) founded in 1993 and is a MBE/SBE/DBE multi-disciplinary engineering firm which provides its clients with the full range of services, including, but not limited to, geotechnical engineering, civil engineering, surveying, construction materials testing and inspections, contract administration, and landscape architecture services. KEI has completed numerous projects similar in nature to the Project as the construction materials testing and third-party inspector in Montgomery County and Maryland.

# Scoring Summary

## RFP#2265 – Scoring Summary

There were three (3) respondents to RFP #2265. Of the three (3) qualified responses, Kim Engineering, Inc. (“KEI”) attained the highest average score among the evaluators. Staff proposes the selection of KEI as construction materials testing and third-party inspector for the Westside Shady Grove Building-D project for the following reasons:

- Highest Average Score among all bidders.
- The Firm is an MFD company and is partnering with another MFD (CECA, LLC) firm to carryout 100% out the third-party inspections.
- The capabilities to provide multiple professional disciplines including geotechnical engineering and building envelope professionals as well as the construction material testing.
- Numerous completed and ongoing projects throughout Montgomery County of similar size and scope.
- Stratified Inc.’s lower score was the result of not providing sufficient hours to complete the project using the provided construction schedule; therefore, the lower price is not representative of the actual scope of work.

Rank	Construction Management	Qualifications - Experience with similar project (30%)	Management Plan (20%)	Price (25%)	Methodology (15%)	(MBE), (WBE), (DBE/SBE) or (VBE) (10 %)	Total (100%)
1	Kim Engineering, Inc.	30.00	19.33	16.67	11.33	10.00	87.33
2	Stratified Inc.	24.00	15.00	13.33	9.67	0.00	62.00
3	Hillis-Carnes Engineering Associates, Inc.	20.00	0.00	23.33	14.67	0.00	58.00

# Scoring Summary

## RFP#2265 – Price Summary

KEI provided competitive pricing as construction materials testing and third-party inspector that was in-line with the Development Proforma and the market necessary to complete the Project, a comprehensive and thorough proposal, MFD participation above the minimum, and a commitment to employ HOC residents as five percent (5%) of the aggregate number of new hires for this contract.

SCOPE	HILLIS CARNES	STRATIFIED, INC.	KIM ENGINEERING
Construction Materials Testing & Inspections	\$150,092	\$59,000	\$146,585
Wood Framing Inspections	\$22,530	\$9,000	\$25,000
Envelope Inspections	\$36,390	\$14,500	\$15,000
3 <sup>rd</sup> Party Code Compliance	\$69,973	\$45,000	\$139,800
Bioretention Inspections	*Incorporated in the Construction Materials Testing Cost	\$9,000	\$10,000
<b>TOTAL</b>	<b>\$278,985</b>	<b>\$136,500</b>	<b>\$336,385</b>

# 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 of the selection of Kim Engineering, Inc. as Construction Materials Testing and Third-Party Inspector for the new construction of Westside Shady Grove Building-D project,
2. Authorize the Acting Executive Director to execute a contract with Kim Engineering, Inc. for \$336,385.

## Time Frame

For formal action at the September 1, 2021 meeting of the Commission.

## Budget Impact

There is no impact on the Commission's operating budget. The KEI proposal of \$336,385 will be funded by the Westside Shady Grove development budget.

## Staff Recommendation and Commission Action Needed

Staff requests that the Commission:

1. Approve of the selection of Kim Engineering, Inc. as Construction Materials Testing and Third-Party Inspector for the new construction of the Westside Shady Grove Building-D project, and
2. Authorize the Acting Executive Director to execute a contract with Kim Engineering, Inc. for \$336,385.

**RESOLUTION No.: 21-82**

**RE: Approval to Select Kim Engineering Inc., Inc. for Construction Materials Testing and Third-Party Inspector and Authorization for the Acting Executive Director to Execute a Contract in Accordance with Request for Proposal # 2265**

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

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

**WHEREAS**, on May 8, 2019, the Commission approved the Westside at Shady Grove Building D final development budget, which included construction materials testing and third-party inspection fees; and

**WHEREAS**, third-party testing of construction materials is integral to quality assurance and control for new construction, and testing of building materials (such as concrete) is required both by the Montgomery County Department of Permitting Services and the Montgomery County building code; and

**WHEREAS**, staff issued a Request for Proposal #2265 (the "RFP") for construction materials testing and third-party inspections for Westside at Shady Grove Building D on May 19, 2021 in accordance with HOC's Procurement Policy; and

**WHEREAS**, staff received three (3) proposals in response to the RFP (Hillis-Carnes Engineering Associates, Inc.; Stratified Engineering Inc.; and Kim Engineering Inc.) from which staff selected Kim Engineering Inc. the highest scoring firm based on the established selection criteria in the RFP; and

**WHEREAS**, the Commission wishes to approve the selection of Kim Engineering Inc. as the construction materials testing and third-party inspector for Westside at Shady Grove Building D.

**NOW, THEREFORE, BE IT RESOLVED**, that the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of Owner as its ultimate managing member,, hereby approves the selection of Kim Engineering, Inc. as the construction materials testing and third-party inspector for Westside at Shady Grove Building D.

**BE IT FURTHER RESOLVED**, that the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of Owner as its ultimate managing member, hereby authorizes the Acting Executive Director of the Commission, or her designee, to execute a contract with Kim Engineering Inc. for \$336,385.00.



**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Acting Executive Director, or her designee, is authorized to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting on September 1, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

**Willow Manor Properties:** Approval of a Final Development Plan, Including the Approval and Acceptance of a Seller Note and Bridge Financing for the Transaction, and Approval to Execute a Contract and Early Start Agreement with Nastos Construction, Inc.

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Silver Spring, Germantown and Olney, MD



**KAYRINE V. BROWN, ACTING EXECUTIVE DIRECTOR**

**ZACHARY MARKS  
MARCUS ERVIN  
KATHRYN HOLLISTER**

September 1, 2021  
Page 82 of 198

# Table of Contents

Topics	Page
Executive Summary	3
Project Summary	4
Location Map	5
Development Plan – Transaction Rationale	6
Development Plan – Development Team	7
Development Plan – Renovation Scope	8
Development Plan – Construction Costs	12
Development Plan – Timeline & Renovation Phases	13
Development Plan – Tenant Communication and Relocation	14
Development Plan – GC Contract and Early Start	15
Sources and Uses	16
Operating Proforma	17
Ownership Structure	18
Summary and Recommendations	19

# Executive Summary

- On November 1, 2018, HOC acquired the following properties (collectively, the “Willow Manor Properties” or “Properties”), which were built approximately 16 years ago.
  1. **Willow Manor at Clopper’s Mill (“Clopper’s Mill”)** consists of 102 age-restricted (62+) Low Income Housing Tax Credit (“LIHTC”) and market-rate apartments in Germantown and was constructed in 2005;
  2. **Willow Manor at Fair Hill Farm (“Fair Hill Farm”)** consists of 101 age-restricted (62+) LIHTC apartments in Olney and was constructed in 2005; and
  3. **Willow Manor at Colesville (“Colesville”)** consists of 83 age-restricted (62+) LIHTC apartments in Silver Spring and was constructed in 2004.
- The Properties have all reached the end of their initial 15-year LIHTC compliance periods. The project team is currently preparing for the upcoming LIHTC re-syndication and renovation. The transaction is currently projected to close in October 2021, with renovation to start in November 2021. The renovations will modernize residential units, update common area amenities, increase energy efficiency and improve site conditions.
- Since April 2020, the Commission has approved several actions for the re-syndication and renovation of the Properties. In April 2021 the Commission approved the selection of Nastos Construction as the General Contractor, and in July 2021 the Commission approved the selection of PNC as the tax credit syndicator.
- Total costs for the transaction are approximately \$99.5 million and include development costs (\$89.1 million), developer fees (\$6.7 million), syndication related costs (\$0.5 million), and guarantees and reserves (\$3 million). The transaction will be funded with an FHA Risk Share mortgage (\$47.2 million), 4% LIHTC equity (\$29.6 million), a subordinate County HIF loan (\$13.7 million), and a seller note (\$8.9 million).
- The Properties have approximately \$48.9 million in existing debt, consisting of senior loans in the amount of \$29.1 million and subordinate County HIF loans in the amount of \$19.8 million. The senior mortgages and approximately \$6.1 million of the County HIF loans will be repaid at LIHTC closing. The remainder of the County HIF loans (\$13.7 million) will be refinanced as part of the resyndication. Predevelopment and prepaid closing costs authorized from HOC’s Opportunity Housing Reserve Fund and FHA Risk Share/MIP Cash Reserves in an aggregate amount up to \$1,861,200 million will also be repaid at LIHTC closing.
- The renovation which is scheduled to begin in November 2021 is projected to be 24 months in duration. Unit renovations will take approximately 30 to 60 days to complete. Tenants will be temporarily relocated while their units are renovated. The general contractor has given consideration to COVID-related issues and potential delays when developing the construction schedule.

# Property Overview



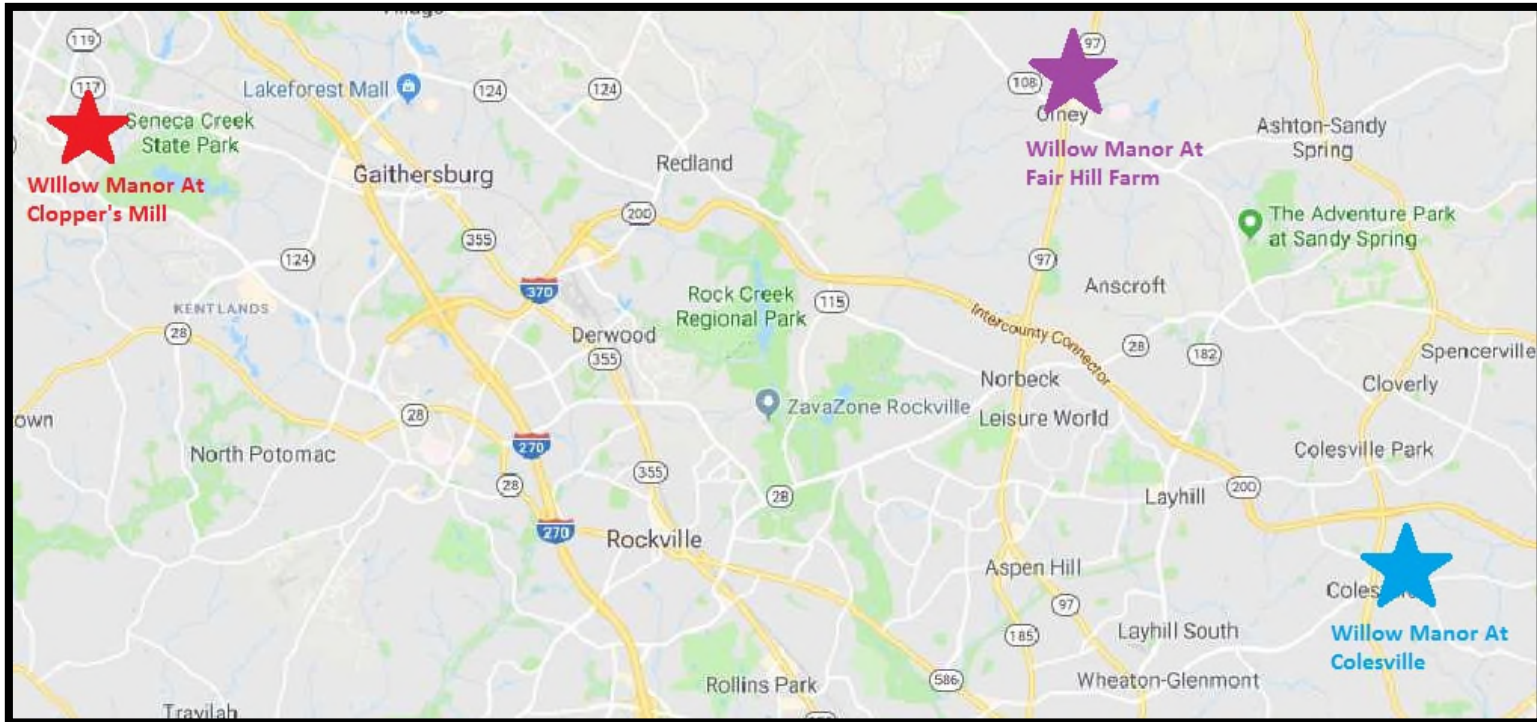
- All three (3) Willow Manor properties are senior (62+) rental communities that have reached the end of their initial 15-year LIHTC compliance period. Colesville’s initial 15-year compliance period ended on December 31, 2019; Clopper’s Mill and Fair Hill Farm initial compliance periods ended on December 31, 2020.
- The properties are of similar construction and design. The properties have been well maintained and are in good condition, but are in need of updating to remain marketable and improve operational performance.
- Property amenities include: fitness center, library, business center, community room, kitchen, billiards room, movie room, health room, hospitality suite, laundry room and shuttle service.
- Habitat America (“Habitat”) manages all three properties. Habitat was formed in 1988 and is a woman-owned and operated third-party property management firm with over 30 years of experience. Habitat manages more than 85 senior, affordable and market-rate apartment communities in Maryland, Delaware, Pennsylvania, Virginia and Washington, DC.

Willow Manor Properties: Unit and Affordability Mix			
UNIT TYPE	UNIT COUNT	UNIT SIZE	TOTAL SQFT
1 BED / 1 BATH	71	666	47,294
2 BED / 1 BATH	130	907	117,879
2 BED / 1.5 BATH	7	953	6,671
2 BED / 2 BATH	78	982	76,632
	<b>286</b>	<b>869</b>	<b>248,476</b>

AMI TARGET	UNIT COUNT
40%	57
50%	20
60%	189
Market*	20
	<b>286</b>

\*A scattered site LIHTC syndication requires that 100% of the units are income-restricted. Staff is proposing restricting the 20 market rate units at the Properties to 80% AMI.

# Location Map



1. Willow Manor at Clopper's Mill, 18003 Mateny Rd, Germantown, MD 20874
2. Willow Manor at Fair Hill Farm, 18301 Georgia Ave, Olney, MD 20832
3. Willow Manor at Colesville, 601 E Randolph Rd, Silver Spring, MD 20904

# Development Plan – Transaction Rationale

## HOC Benefits

- Brings the Properties in line with the new HOC standard of high-quality, well-designed, and energy-efficient affordable housing.
- Meets Agency’s mission for preserving and expanding affordable housing, by extending the affordability period and increasing the number of restricted units at the Properties.
- Ensures Properties are financially sustainable and competitive within the rental marketplace.
- Reduces ongoing maintenance costs to the Properties.
- Lowers utility costs to HOC and residents by upgrading to energy efficient systems.

## Serving our Residents

- Provides a much improved living standard.
- The Properties will continue to be subject to the County’s Voluntary Rent Guidelines, as they have been since the Properties were originally constructed.
- Affordability covenants will be extended.
- Improves amenities and the communities overall through capital investment.

## Public Purpose

- All 286 units will be income-restricted, serving households earning 40%, 50%, 60% and 80% of the Area Median Income (“AMI”). This includes the restriction of all existing market-rate units (20 units, or 7% of units) to 80% AMI as part of the scattered site resyndication. A scattered site LIHTC syndication requires that 100% of the units are income-restricted.
- All 286 units are age-restricted to residents age 62 and above.



# Development Plan – Development Team

## Architect



- Bennett Frank McCarthy and its predecessor firms have been providing a full range of architectural services in Montgomery County, the Washington DC Metropolitan Area, and Maryland since 1977.
- Headquartered in Silver Spring, MD, Bennett Frank McCarthy has served as architect for many HOC renovations, including Greenhills Apartments and Townhomes and RAD 6.

## Construction Manager



- Since 2003, JDC has been providing comprehensive and systematic project and construction management services for community-focused development projects.
- Projects include multifamily residential, commercial, religious, and educational facilities located throughout the Washington DC Metropolitan area as well as projects beyond the Washington DC Metropolitan area.
- JDC is a MDOT certified MBE
- JDC is a member of HOC's Construction Management Pool and has worked on many HOC projects, including Alexander House, Fenton Silver Spring and The Lindley.

## General Contractor



- Founded in 1993.
- Headquartered in Lanham, MD.
- MDOT certified MBE General Contractor.
- Experienced in residential, commercial and municipal (e.g. schools, courts and parks) construction and rehabilitation.
- Extensive experience working with State and local government agencies throughout the DMV area (including Montgomery County and the City of Gaithersburg).
- Team has prior experience working with public housing authorities.
- Successful completion of multiple acquisition/rehab LIHTC projects in Maryland and DC.

## Interior Designer



- Market 9 Design creates and transforms spaces, assisting clients in providing functional and sustainable spaces for their tenants, visitors, and users experiences.
- Design approach incorporates a mixture of market trends, demographic profiles, technological advances that enhance interactive experiences within spaces.
- Design services include design consultations, schematic designs, design development, construction drawings, FF&E specifications and purchasing, construction management, and installation.
- Expertise in Multifamily, Commercial, Hospitality and Retail.
- Market 9 Design is a woman-owned business.

## LIHTC Investor



- Founded in 1994
- Places equity capital in high-quality affordable housing communities
- PNC has served as the LIHTC Investor for two other HOC properties: Greenhills Apartments and Townhomes and Forest Oak Towers.



# Development Plan – Renovation Scope

The renovation will modernize residential units, update common area amenities, and improve site conditions. The proposed renovation scope of work includes the following:

- Common area upgrades including but not limited to new flooring, painting, elevator cab interiors, furniture and fixtures.
- Unit kitchen upgrades including but not limited to new cabinets, countertops, fixtures, flooring and painting.
- Unit bathroom upgrades including new bath/shower surrounds, flooring and fixtures. Existing medicine cabinets will be replaced. All existing showers will be converted to curbless showers and shower and tub surrounds will have blocking for grab bars.
- Energy efficiency upgrades including LED lighting, air sealing, Energy Star appliances and low-flow plumbing fixtures.
- Replacement of unit and common area mechanical systems including HVAC units and hot water heaters.
- Improvements to the building exteriors and sites, including paving and roof replacement where needed.

September 1, 2021

## Current Property Conditions

Typical Kitchen



Typical Bathroom



Typical Living Room

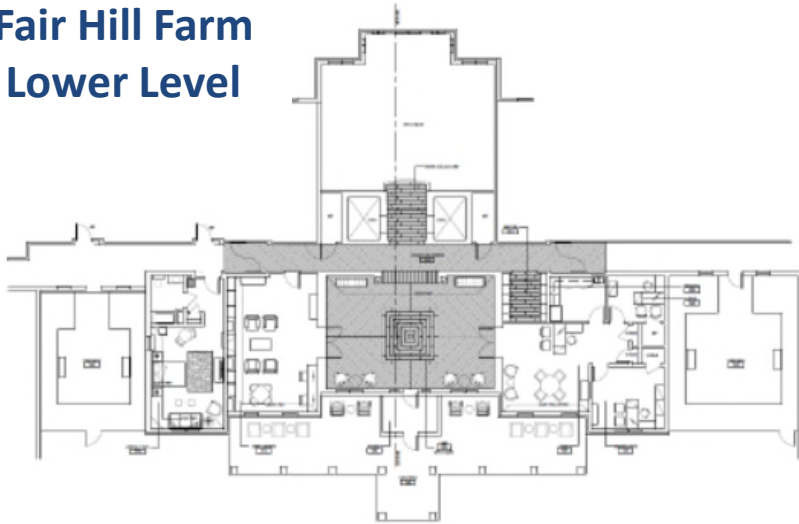


Typical Lobby

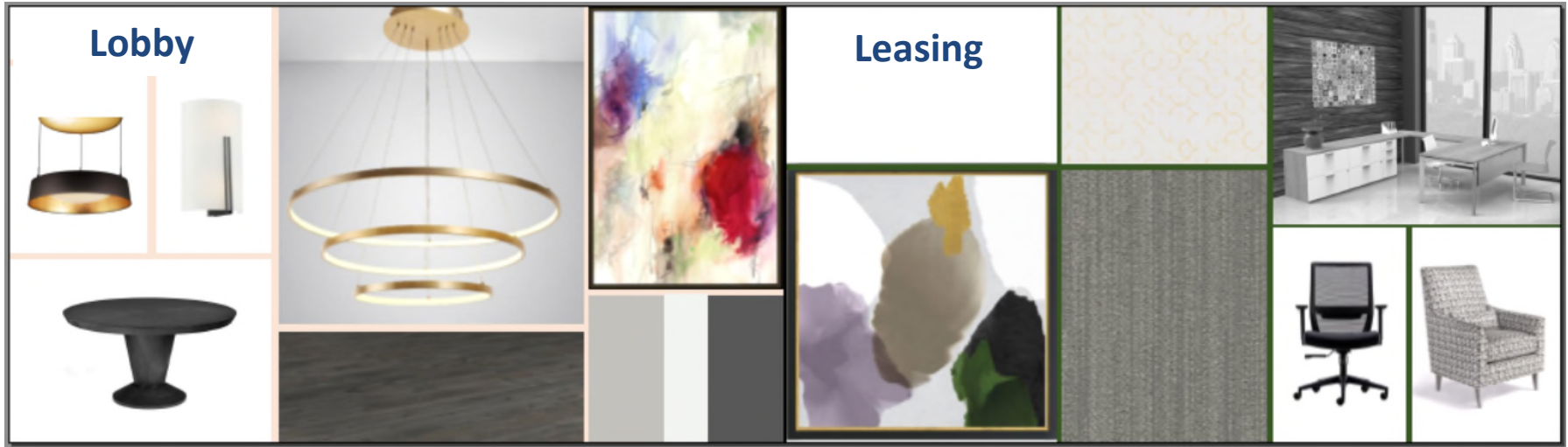


# Development Plan – Renovation Scope – Lobby & Leasing

Fair Hill Farm  
Lower Level

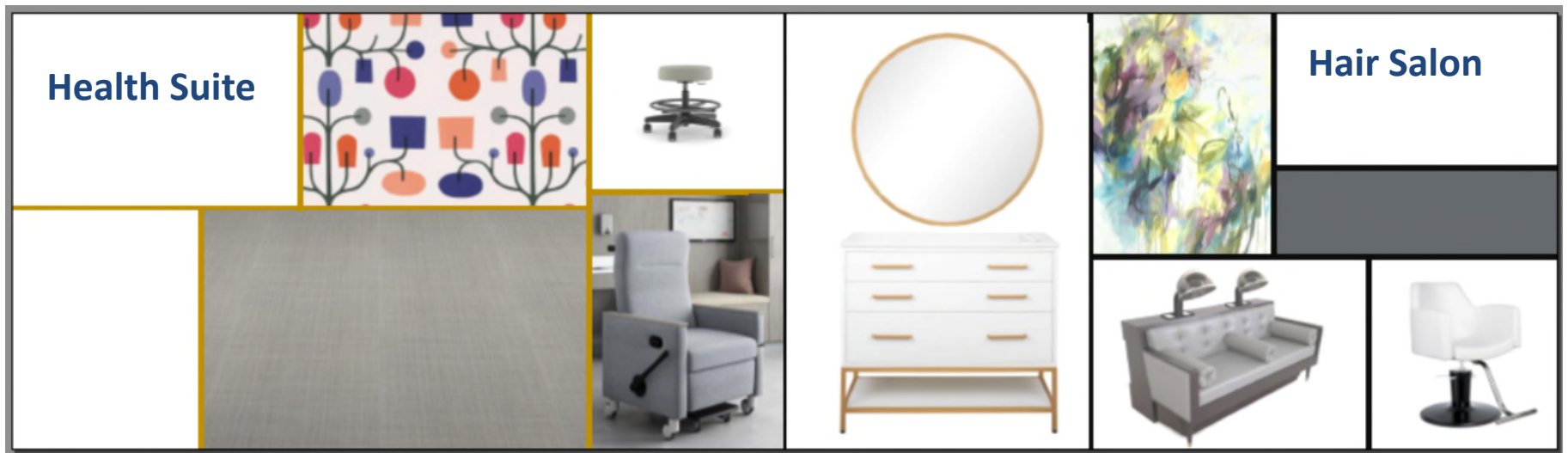


Fair Hill Farm  
1<sup>st</sup> Floor



*Note: Furniture selections not finalized, for illustrative purposes only*

# Development Plan – Renovation Scope – Amenity Spaces



*Note: Furniture selections not finalized, for illustrative purposes only*



# Development Plan – Renovation Scope - Units



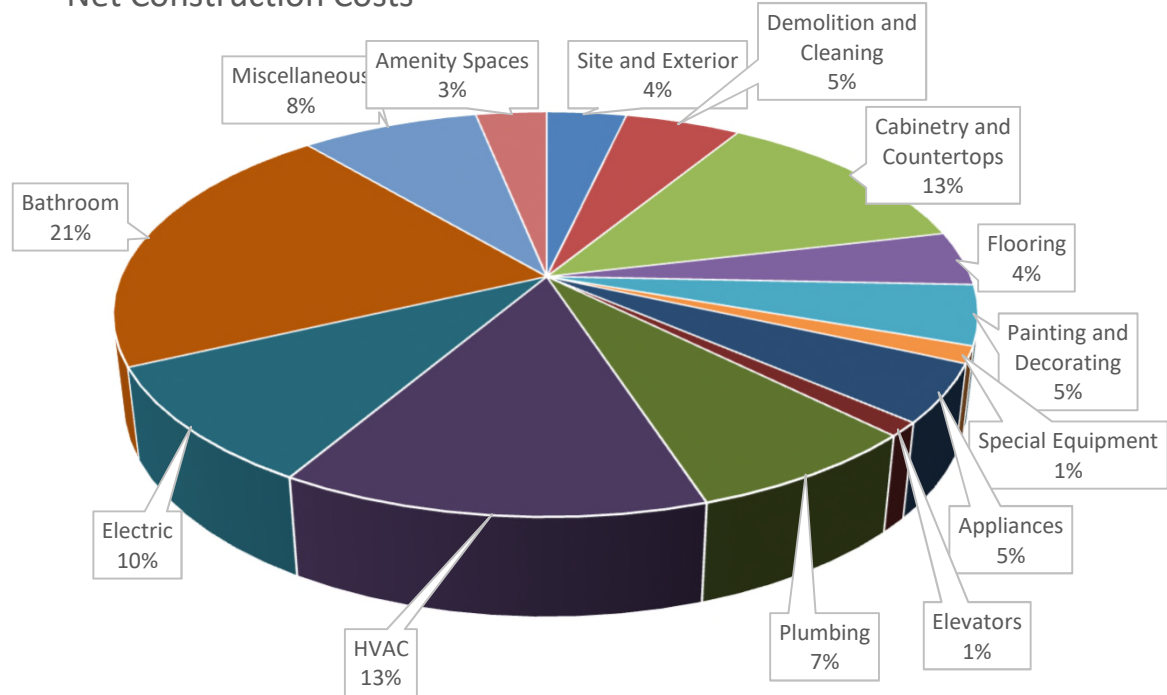
# Development Plan – Construction Costs

Item	Hard Cost	Per Unit
Site and Exterior	\$495,085	\$1,731
Demolition and Cleaning	\$719,627	\$2,516
Cabinetry and Countertops	\$1,759,997	\$6,154
Flooring	\$606,606	\$2,121
Painting and Decorating	\$665,706	\$2,328
Special Equipment	\$186,848	\$653
Appliances	\$646,306	\$2,260
Elevators	\$157,145	\$549
Plumbing	\$1,045,820	\$3,657
HVAC	\$1,877,592	\$6,565
Electric	\$1,328,714	\$4,646
Bathroom*	\$2,926,126	\$10,231
Miscellaneous^	\$1,104,915	\$3,863
Amenity Spaces	\$441,338	\$1,543
<b>TOTAL</b>	<b>\$13,961,825</b>	<b>\$48,818</b>

\*Includes converting 195 showers to curbless showers; includes replacement of existing medicine cabinets

^Includes air sealing in units and common areas, interior duct cleaning, new louver doors for mechanical closets

Net Construction Costs



Area Breakdown	Hard Cost	Per Unit	%
Units	\$11,459,827	\$40,069	82%
Common Areas	\$1,876,214	\$6,560	13%
Exterior	\$625,784	\$2,188	4%
<b>TOTAL</b>	<b>\$13,961,825</b>	<b>\$48,818</b>	<b>100%</b>

# Development Plan – Timeline



## Renovations will be performed one building at a time, floor by floor:

- **Fair Hill Farm** renovations will start early November 2021, beginning with the 4<sup>th</sup> floor, followed by floors 3, 2, 1 and the terrace level;
- **Clopper's Mill** renovations are expected to start in August 2022, beginning with the 4<sup>th</sup> floor, followed by floors 3, 2, 1 and the terrace level; and
- **Colesville** renovations are expected to start in March 2023, beginning with the 3<sup>rd</sup> floor, followed by floors 2, 1 and the terrace level.

## Anticipated timing of LIHTC equity installments:

- **LIHTC Closing (10%)** – October/November 2021
- **Construction Completion (6.01%)** – October 2023
- **Draft Cost Certification (62.62%)** – April 2024
- **Permanent Loan Conversion (8.42%)** – July 2024
- **Receipt of Forms 8609s (12.95%)** – January 2025

## Placed in Service Dates:

- **Fair Hill Farm** – December 31, 2022
- **Clopper's Mill** – December 31, 2023
- **Colesville** – December 31, 2024

# Development Plan – Tenant Communication and Relocation

- Building off the tenant communication and relocation plan developed for the Bauer Park, staff is developing best practices to protect the safety and health of residents, staff and employees during the Willow Manor renovations. As the Properties undergo renovation, construction activities will follow current recommended best practices for COVID-19.
- Also learning from recent renovations, staff has created a website specifically for Willow Manor residents and their families to access information about the renovations. The website provides frequently asked questions, handouts and presentations from resident meetings, resident surveys, and other information. The website will continue to be updated with new information throughout the renovation process. Televisions are also being installed in the Properties' lobbies to display key renovation information and dates.
- Phased renovation approach will ensure that the workers will be isolated from the residents and there will be minimized possible pathways for COVID transmission.
- Staff has determined that the best strategy is to fully vacate units undergoing renovation by temporarily relocating the residents to other on- and off-site units. This approach will be most effective for protecting tenants from the known pathways of COVID-19 transmission and will enable the contractor to complete the renovation on the least amount of time.
- On April 1, 2021, the Commission authorized holding 20 units vacant (7% vacancy) to accommodate the renovation and relocation needs of the each phase.
  - As part of the Final Development Plan, staff is requesting to hold up to an additional 9 units, for a total of 29 units (10% vacancy). This increased vacancy will allow more residents to be temporarily relocated to another unit at the Properties and reduce the need for off-site relocation. Residents with special needs will be given priority for relocation to on-site units during construction.
  - Increasing on-site vacancy also reduces the need for hoteling as a off-site temporary housing option for residents. Staff has conducted a cost-benefit analysis of this approach, and has determined that increasing on-site vacancy for an additional nine units is more cost effective than hoteling.
- Residents will be provided with a comparable unit at the Properties, to the extent possible. Vacant units are in good, tenant move-in condition and will be extensively cleaned and sanitized at each turnover, to ensure incoming residents have a clean, safe and sanitary unit to occupy during their stay.
- Staff and the contractors will develop Site Specific Safety Plans to combat the spread of COVID-19. Prior to occupancy by residents, temporary units will be thoroughly disinfected. Additionally, cleaning crews will be dedicated to wipe down all common hard surfaces.

# Development Plan – GC Contract and Early Start

- In April 2021, the Commission approved the selection of Nastos Construction, Inc. as the General Contractor for the Willow Manor renovations and authorized the Executive Director to negotiate a contract.
  - Staff has negotiated the major points of the contract and is requesting approval to execute a Guaranteed Maximum Price (“GMP”) contract with Nastos Construction, Inc. once negotiations are finalized in an amount not to exceed \$16.5MM. Below is the anticipated GMP amount as of August 6, 2021:

Net Construction Costs	\$13,961,825
Overhead	\$279,236
Bond Premium	\$139,618
Profit	\$837,709
General Requirements	\$837,709
<b>GMP CONTRACT TOTAL</b>	<b>\$16,056,098</b>

- Per the August 20, 2021 Development and Finance Committee, staff is investigating installing sliding handheld shower fixtures in at least one bath or shower in each unit. The additional cost for this change is approximately \$57,200.
- Staff is also requesting approval to execute an early start agreement with Nastos Construction, Inc., not to exceed \$1.6MM to order materials, lock in subcontractors, and mobilize for a November 2021 construction start.
  - The construction industry is seeing significant shortages and delays in goods and materials.
  - An early start agreement is a way to mobilize the project early in order to maintain the renovation—and more importantly, the placed in service schedule—for the Properties
  - Costs for early start work will be paid from construction financing; however, in the event the project is delayed or does not close, HOC must obligate a source to pay for the work.
  - Staff recommends obligating \$1.6MM from the Opportunity Housing Development Fund to pay for the early start work in the event the transaction is delayed or does not close.
    - As of July 20, 2021, the OHDF had an available balance of \$2,620,000.
    - OHDF provides funds to temporarily cover project planning, site improvements, building construction loan guarantees, construction financing, short-term financing (including second trusts), insurance for permanent financing, notes and bonds, and associated professional and financing fees for housing developments undertaken by HOC or its designees.



# Sources and Uses of Funds

- The Properties' NOI is projected to support an FHA Risk Share mortgage loan of up to \$47.2 million or \$165K per unit. The senior loan sizing is inclusive of a 50 basis point (0.50%) interest rate cushion; if interest rates stay at current levels, the Properties could support a senior loan of up to \$50.9 million.
- Tax credit investor will pay \$0.8825 per dollar of tax credit, which will result in approximately \$29.6 million tax credit equity contribution for the renovation.
- The Properties will repay approximately \$6.1 million of the outstanding County HIF loans at LIHTC closing. The remaining County HIF (\$13.7 million) will be refinanced and subordinated to the new senior debt.

SOURCES OF FUNDS	AMOUNT	PER UNIT
Mortgage Loan	\$47,200,000	\$165,035
LIHTC Equity	\$29,628,816	\$103,597
County HIF Loan	\$13,745,448	\$48,061
Seller Note	\$8,893,425	\$31,096
GP Equity	\$100	\$0
Existing Reserves	\$0	\$0
Property Cash	\$0	\$0
Deferred Developer's Fee	\$0	\$0
<b>Funding Gap / (Surplus)</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$99,467,790</b>	<b>\$347,789</b>
USES OF FUNDS	AMOUNT	PER UNIT
Construction Costs*	\$17,879,375	\$62,515
Fees Related To Construction Costs	\$3,047,608	\$10,656
Financing Fees and Charges	\$8,791,224	\$30,739
Acquisition Costs - Senior Debt Repayment	\$29,104,988	\$101,766
Acquisition Costs - MCO HIF Loan Repayment	\$19,801,587	\$69,236
Acquisition Costs - Seller Proceeds	\$8,893,425	\$31,096
Relocation Costs^	\$1,601,600	\$5,600
Developer's Fees	\$6,737,498	\$23,558
Syndication Costs	\$531,369	\$1,858
Guarantees and Reserves	\$3,079,116	\$10,766
<b>TOTAL</b>	<b>\$99,467,790</b>	<b>\$347,789</b>

**Notes:**

\*Construction costs include GMP contract value, builders risk insurance and 10% contingency.

^Relocation costs include moving all residents to/from temporary units, packing assistance, transportation to/from temporary units, and hoteling and storage (if needed).

- The underwriting scenario also assumes that all seller proceeds in the amount of \$8.9 million will be provided to the transaction as a source in the form of a seller note.
- The sources for transaction are projected to cover all project costs; however, due to the timing of LIHTC installments (90% of LIHTC equity is contributed at or after construction completion), a bridge will be required to cover renovation costs. Current underwriting assumes the need for a \$21.2 million bridge loan, with draws commencing at or around April 2022. Staff recommends using its PNC Real Estate Line of Credit ("RELOC") as the source for this bridge financing. The RELOC has a current available balance of \$38,981,665.
- Note that underwriting **does not anticipate using existing reserves or property cash as a source for the transaction.** As of August 16, 2021, the Properties had \$1.18M in cash and cash equivalents, and an interfund payable due to HOC's General Fund in the amount of \$684K. Additionally, HOC's FY2022 budget includes \$119K in cash flow from the Properties through November 1, 2021, leaving approximately \$380K in available cash. Staff recommends that the remaining property cash and cash equivalents be released to HOC's General Fund at closing. These funds may be used in the event there are any operating deficits at the Properties in the future due to the pandemic or other reasons.
- The Properties' existing senior loans require the Properties to maintain debt service reserves in an aggregate amount of \$1.21M. These reserves were funded from HOC's FHA Risk Share/MIP Cash Reserves. Staff requests Commission approval to release these funds back to the FHA Risk Share/MIP Cash Reserves at closing.

Seller Cash Out	Bridge Loan	County Loan Repaid
\$0	\$21,213,041	\$6,056,139

Existing Debt at Closing	11/1/2021	Appraised Values	Values
County Loan	\$19,801,587	As Is, Restricted	\$57,800,000
Senior Mortgages	\$29,104,988	As Is, Unrestricted	\$60,100,000
<b>TOTAL</b>	<b>\$50,767,775</b>	As Renovated, Restricted	\$70,300,000
		As Renovated, Unrestricted	\$75,400,000

# Operating Proforma

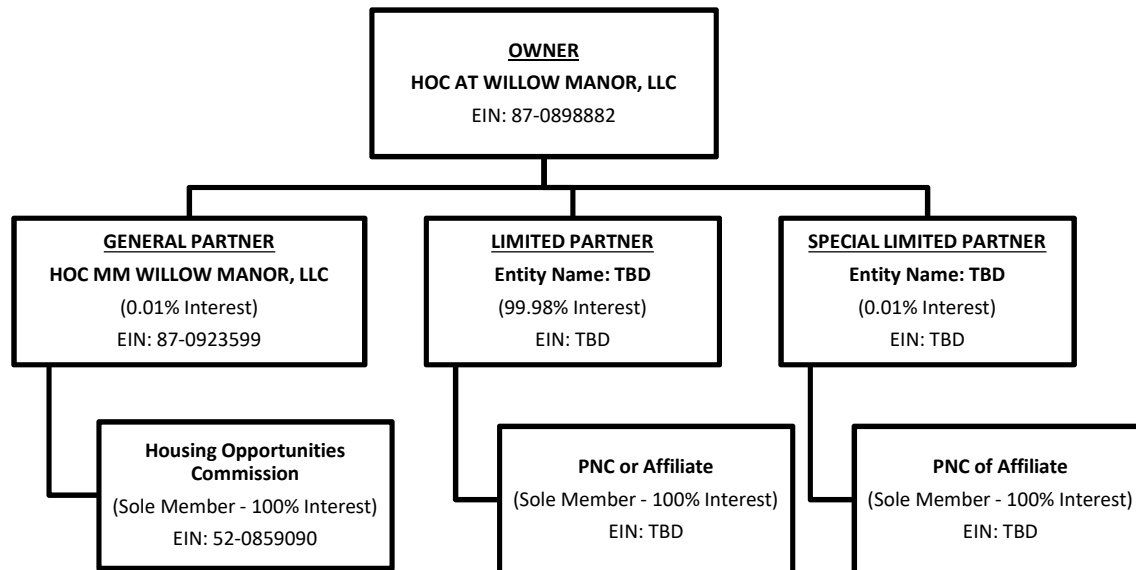
OPERATING PERFORMANCE	Year 1	PER UNIT
<b>RENTAL INCOME</b>		
Rental Income	\$4,881,338	\$17,068
Other Income	\$74,424	\$260
Less: Vacancy Loss/Bad Debt	(\$346,903)	(\$1,213)
<b>NET RENTAL INCOME</b>	<b>\$4,608,859</b>	<b>\$16,115</b>
<b>TOTAL OPERATING EXPENSES</b>		
Admin & Operating Expenses	\$713,814	\$2,496
Maintenance Expenses	\$473,601	\$1,656
Contract Management Fee	\$165,921	\$580
Utility Expenses	\$238,300	\$833
Taxes & Insurance	\$296,332	\$1,036
Replacement Reserve Contribution	\$100,100	\$350
<b>TOTAL EXPENSES</b>	<b>\$1,988,067</b>	<b>\$6,951</b>
<b>NET OPERATING INCOME</b>	<b>\$2,620,792</b>	<b>\$9,164</b>
Debt Service Payments	\$2,272,447	\$7,946
<b>NET CASH FLOW</b>	<b>\$348,345</b>	<b>\$1,218</b>
DSCR	1.15	

- The transaction is underwritten at a 7% vacancy rate. Prior to the COVID pandemic, the Properties averaged 5% vacancy.
- The underwriting assumes that the Properties' renovation and resyndication will result in the reduction in some expenses, such as a 15% reduction in utility expenses, and increases in others, most significantly a 150% increase in property insurance.
- Replacement reserves will be funded at \$1,200 per unit at closing, plus \$350 per unit per year escalating at 3% annually.
- The Properties' will continue to receive the benefit of 100% real estate tax exemption.
- Rent and expense growth rates are trended at 2% and 3%, respectively. The actual rent increases going forward will be based on 1) the annual County Voluntary Rent Guidelines for existing residents and 2) the table below. The table below shows proposed asking rents versus existing asking rents **for vacant units only**. Proposed rents are the same as maximum LIHTC rents less utility allowance, except for the 80% units, which staff proposes pricing at 70% AMI maximum LIHTC rents less utility allowance.
- Please note: 1) all rents are less utility allowance, 2) all asking rents are for vacant units only, and 3) 80% AMI units are currently unrestricted and will be restricted to 80% upon resyndication.

AMI TARGET	UNIT TYPE	UNIT COUNT	UNIT SIZE	TOTAL SQFT	EXISTING ASKING RENTS FOR VACANT UNITS	PROPOSED ASKING RENTS FOR VACANT UNITS	DIFFERENCE IN ASKING RENT
40%	1BR	46	653	30,017	\$885	\$888	\$3
50%	1BR	5	685	3,423	\$1,128	\$1,130	\$2
60%	1BR	20	693	13,854	\$1,369	\$1,372	\$3
40%	2BR	11	927	10,200	\$1,056	\$1,060	\$4
50%	2BR	15	933	13,988	\$1,346	\$1,350	\$4
60%	2BR	169	932	157,424	\$1,635	\$1,640	\$5
80%	2BR	20	979	19,570	\$1,720	\$1,930	\$210
		<b>286</b>	<b>869</b>	<b>248,476</b>	<b>\$1,456</b>	<b>\$1,474</b>	

# Ownership Structure

- HOC controlled single purpose entity (HOC MM Willow Manor, LLC), together with PNC’s Limited Partner and Special Limited Partner, will form the property owner (HOC at Willow Manor, LLC).
- HOC MM Willow Manor, LLC will be the General Partner of the HOC at Willow Manor, LLC.
- HOC at Willow Manor, LLC will be the single purpose entity that will own the Willow Manor Properties (“New Property Owner”).
- Three-tiered ownership structure is needed for disaffiliating HOC from the property owner LLC, and therefore making any loans extended by HOC (e.g. the seller note or deferred developer fee) to the limited partnership non-recourse liabilities.
- This structure is PNC’s standard LIHTC ownership structure, and is similar to the ownership structure for other HOC LIHTC properties in which PNC is the investor (e.g. Greenhills Apartments). This structure functions similarly to all of HOC’s LIHTC ownership structures by allowing the tax credit investor / limited partner to maximize future tax deductions related to loan interest costs and therefore enhance investor yield. Without such disaffiliation, investor yield on the transaction, and consequently tax credit equity price, will be lower.



# Summary and Recommendations

## Issues for Consideration

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

1. Approve the final development plan for the renovation of the Willow Manor Properties?
2. Authorize the Acting Executive Director to sign a purchase and sale agreement between the Properties and the New Property Owner, and complete the purchase and sale of the Property?
3. Authorize the Acting Executive Director to enter into an operating agreement with the PNC and permission to admit PNC, or PNC affiliate(s), as the tax credit investor and non-managing member and special members of the New Property Owner?
4. Authorize Owner to accept an FHA Risk Share loan from the Commission in an amount not to exceed \$55,000,000, funded from the proceeds of a taxable and tax exempt bond issuance?
5. Authorize staff to negotiate with Montgomery County DHCA to consolidate, refinance and resubordinate the Properties' three (3) existing HIF loans, and for the New Property Owner to accept the loan?
6. Authorize the Properties to provide all of its sale proceeds as a source to the transaction in the form of a subordinate seller note and authorization for New Property Owner to accept the seller note?
7. Authorize HOC to provide a bridge loan for the renovation, funded by way of proceeds from HOC's PNC Real Estate Line of Credit, to the New Property Owner in an amount up to \$22M?
8. Approval to release the Properties' existing available property cash and cash equivalents, in an anticipated amount of \$380K, to HOC's General Fund at closing?
9. Approval to release the Properties' existing debt service reserves, in the approximate amount of \$1.2MM, to HOC's FHA Risk Share/MIP Cash Reserves at closing?
10. Authorize the closing of the LIHTC transaction?
11. Authorize the Acting Executive Director to execute a Guaranteed Maximum Price ("GMP") contract with Nastos Construction, Inc. in an amount not to exceed \$16.5MM?
12. Authorize the Acting Executive Director to negotiate and execute an early start agreement with Nastos Construction, Inc. for an amount not to exceed \$1.6MM, and approve the use of the Opportunity Housing Development Fund as a source for the early start agreement in the event the closing is delayed or does not occur?
13. Approval to hold up to 29 vacant units (10% vacancy), an increase of nine units over prior approval, to facilitate renovation phasing and temporary relocation for residents at the Properties?

# Summary and Recommendations

## Budget /Fiscal Impact

There is no adverse impact for the Agency's FY2022 budgets.

Existing property cash (approximately \$1.18M) will be used to (1) pay an interfund payable due to HOC's General Fund in the amount of \$684K and (2) distribute \$119K in cash to HOC as budgeted in the Agency's FY2022 budgets. Staff is requesting that all remaining property cash (approximately \$380K) be released to HOC's General Fund at closing.

The investment will raise approximately \$29.8 million of tax credit equity for the renovation of the Willow Manor Properties. The Commission will earn Development and Commitment fees which are available to the Commission to reinvest in the expansion or preservation of affordable housing.

During the 24 months of construction period, the Properties will continue to maintain 90% occupancy rate to ensure the project does not fall into an operating deficit. The debt service interest payments during the construction period will be capitalized and paid from the development budget.

## Time Frame

For formal action at the September 1, 2021 meeting of the Commission.

## Previous Commission Approvals

**Resolution 20-31:** Authorization of a predevelopment plan and funding to pursue a scattered site LIHTC resyndication and renovation of the Willow Manor Properties.

**Resolution 21-38:** Authorization of a preliminary development plan for the renovation and resyndication of the Willow Manor Properties. Authorization of the selection of Nastos Construction, Inc. as the General Contractor and authorization to hold up to 20 units vacant (7% vacancy) to facilitate the renovation phasing. Approval to restrict Clopper Mill's 20 market-rate units to households earning at or below 80% AMI and utilizing the Income Averaging set aside to comply with the requirement that 100% of scattered site LIHTC units must be restricted.

**Resolution 21-73:** Approval to select PNC as the tax credit syndicator for the Willow Manor Properties; authorization for the Executive Director to negotiate and execute a letter of intent outlining the terms of a limited partnership agreement; approval and ratification of the formation of ownership entities; approval of request for additional predevelopment and prepaid closing funds

# Summary and Recommendations (Continued)

## Staff Recommendation and Commission Action Needed

Staff requests that the Commission:

1. Approve the final development plan for the renovation of the Willow Manor Properties.
2. Authorize the Acting Executive Director to sign a purchase and sale agreement between the Properties and the New Property Owner, and complete the purchase and sale of the Property.
3. Authorize the Acting Executive Director to enter into an operating agreement with the PNC and permission to admit PNC, or PNC affiliate(s), as the tax credit investor and non-managing member and special members of the New Property Owner
4. Authorize Owner to accept an FHA Risk Share loan from the Commission in an amount not to exceed \$55,000,000, funded from the proceeds of a taxable and tax exempt bond issuance.
5. Authorize staff to negotiate with Montgomery County DHCA to consolidate, refinance and resubordinate the Properties' three existing HIF loans, and for the New Property Owner to accept the loan.
6. Authorize the Properties to provide all of its sale proceeds as a source to the transaction in the form of a subordinate seller note and authorization for New Property Owner to accept the seller note.
7. Authorize HOC to provide a bridge loan for the renovation, funded by way of proceeds from HOC's PNC Real Estate Line of Credit, to the New Property Owner in an amount up to \$22M.
  - As of June 30, 2021, the RELOC has a current available balance of \$38,981,665. Draws on the bridge are expected to commence in April 2022.
8. Approval to release the Properties' existing property cash and cash equivalents to HOC's General Fund at closing.
  - The Properties have an aggregate balance of \$380K in available cash and cash equivalents. Staff recommends that the remaining property cash and cash equivalents be released to HOC's General Fund at closing. These funds may be used in the event there are any operating deficits at the Properties in the future due to the pandemic or other reasons.
9. Approval to release the Properties' existing debt service reserves, in the approximate amount of \$1.2MM, to HOC's FHA Risk Share/MIP Cash Reserves at closing.
10. Authorize the closing of the LIHTC transaction.
11. Authorize the Acting Executive Director to execute a Guaranteed Maximum Price ("GMP") contract with Nastos Construction, Inc. in an amount not to exceed \$16.5MM.
12. Authorize the Acting Executive Director to negotiate and execute an early start agreement with Nastos Construction, Inc. for an amount not to exceed \$1.6MM, and approve the use of the Opportunity Housing Development Fund as a source for the early start agreement in the event the transaction is delayed or does not close.
  - As of July 20, 2021, the OHDF had an available balance of \$2,620,000. The OHDF provides funds to temporarily cover project planning, site improvements, building construction loan guarantees, construction financing, short-term financing (including second trusts), insurance for permanent financing, notes and bonds, and associated professional and financing fees for housing developments undertaken by HOC or its designees.
13. Approval to hold up to 29 vacant units (10% vacancy), an increase of nine units over prior approval, to facilitate renovation phasing and temporary relocation for residents at the Properties.

**RESOLUTION No.: 21-83a**

**RE: Approval of a Final Development Plan, Including the Approval and Acceptance of a Seller Note and Bridge Financing for the Transaction, and Approval to Execute a Contract and Early Start Agreement with Nastos Construction, Inc.**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the sole member of three individual single-purpose entities: The Manor at Cloppers Mill, LLC, The Manor at Fair Hill Farm, LLC, and The Manor at Colesville, LLC (collectively the “Willow Manor Single-Purpose Entities”), which own Willow Manor at Clopper’s Mill, Willow Manor at Fair Hill Farm, and Willow Manor at Colesville, respectively; and

**WHEREAS**, Willow Manor at Clopper’s Mill consists of 102 age-restricted Low Income Housing Tax Credit (“LIHTC”) and market-rate apartments in Germantown, MD (“Clopper’s Mill”), Willow Manor at Fair Hill Farm consists of 101 age-restricted LIHTC apartments in Olney, MD (“Fair Hill Farm”), and Willow Manor at Colesville consists of 83 age-restricted LIHTC apartments in Silver Spring, MD (“Colesville”) (collectively, the “Willow Manor Properties” or “Properties”); and

**WHEREAS**, on April 1, 2020 the Commission approved pursuing a Low Income Housing Tax Credit (“LIHTC”) resyndication and renovation of the Properties as a single scattered site transaction (“Transaction”); and

**WHEREAS**, in April, 2021, the Commission authorized (1) the selection of Nastos Construction, Inc. as the General Contractor (“GC”) and for the Executive Director to negotiate a GC contract; (2) holding up to 20 units vacant (7% vacancy) to facilitate the renovation phasing; and (3) restricting Clopper’s Mill’s 20 market-rate units to households earning at or below 80% AMI and utilizing the Income Averaging set aside to comply with the requirement that 100% of scattered site LIHTC units must be restricted; and

**WHEREAS**, in July, 2021, the Commission approved (1) the selection of PNC Bank, N.A. (“PNC”) as the tax credit syndicator for the Willow Manor Properties; (2) the Executive Director to negotiate and execute a letter of intent outlining the terms of an operating agreement (“Operating Agreement”); and 3) the ratification of wholly-owned special purpose entities, HOC at Willow Manor, LLC and HOC MM Willow Manor, LLC, to serve as the new owner (“Owner”) and managing member (“Managing Member”) entities, respectively, for the Transaction; and

**WHEREAS**, the Commission desires to (1) approve the final development plan for the Transaction, as presented at the September 1, 2021 meeting of the Commission (“Final Development Plan”), and (2) authorize the Acting Executive Director to execute a purchase and sale agreement between the Willow Manor Single-Purpose Entities and Owner, and complete the purchase and sale of the Properties; and

**WHEREAS**, the Commission desires to authorize the Acting Executive Director to enter into an Operating Agreement with PNC and grant its permission to admit PNC, or PNC affiliate(s), as the tax credit investor and non-managing limited member and special limited members of the Owner; and

**WHEREAS**, the Commission desires to authorize staff to negotiate with Montgomery County Department of Housing and Community Affairs (“DHCA”) to consolidate, refinance and resubordinate



the outstanding amount of the Properties' three existing Housing Initiative Fund ("HIF") loans at closing, and for the Owner to accept the consolidated HIF loan; and

**WHEREAS**, the Commission desires to authorize the Willow Manor Single-Purpose Entities to provide all of its anticipated sale proceeds from the sale of the Properties as a source for the Transaction in the form of a subordinate seller note ("Seller Note"), bearing interest at a rate equivalent to or greater than the long term Applicable Federal Rate, and authorize the Owner to accept the Seller Note; and

**WHEREAS**, the Commission desires to provide a bridge loan ("Bridge Loan") to the Owner in an amount up to \$22,000,000, funded by way of proceeds from HOC's PNC Real Estate Line of Credit, for a term of up to 42 months, and to authorize Owner to accept the Bridge Loan; and

**WHEREAS**, the Commission desires to release the Properties' existing available property cash and cash equivalents to HOC's General Fund at closing, and to release the Properties' existing debt service reserves to HOC's FHA Risk Share/MIP Cash Reserves at closing; and

**WHEREAS**, the Commission desires to close the Transaction; and

**WHEREAS**, the Commission desires to (1) authorize the Acting Executive Director to execute a Guaranteed Maximum Price ("GMP") contract with Nastos Construction, Inc. ("Nastos") in an amount not to exceed \$16,500,000, and (2) to execute an early start agreement ("Early Start") with Nastos for an amount not to exceed \$1,600,000, and approve the use of the Opportunity Housing Development Fund as a source for the Early Start in the event the Transaction's closing is delayed or does not occur; and

**WHEREAS**, the Commission desires to hold up to 29 vacant units (a 10% vacancy) at the Properties, an increase of nine units over the Commission's prior approval of 20 vacant units, to facilitate renovation phasing and temporary relocation for residents at the Properties; and

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to refinance the acquisition cost, finance certain property improvements, and fund reserves for the Willow Manor Properties in an amount not to exceed \$100,000,000, all or a portion of which may reimburse the Commission for the portion of such 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 expenditures or the date that the Willow Manor Properties are placed in service as part of the LIHTC resyndication (but in no event more than 3 years after the date of the original expenditure of such moneys); and

**WHEREAS**, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such 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, acting on behalf of itself and on behalf of the Willow Manor Single-Purpose Entities (as the sole member of each entity), the Managing Member (as its sole member), and Owner (as the sole member of its managing member) authorizes the following:

- 1) the Final Development Plan for the Transaction;



- 2) the Acting Executive Director to execute a purchase and sale agreement between the Willow Manor Single-Purpose Entities and Owner, and complete the purchase and sale of the Properties;
- 3) the Acting Executive Director to enter into an Operating Agreement with PNC and permission to admit PNC, or PNC affiliate(s), as the tax credit investor and non-managing member and special limited members of the Owner;
- 4) staff to negotiate with DHCA to consolidate, refinance and resubordinate the outstanding amount of the Properties' three existing HIF loans at closing, and for the Owner to accept the consolidated HIF loan;
- 5) the Willow Manor Single-Purpose Entities to provide the Seller Note, bearing interest at a rate equivalent to or greater than the long term Applicable Federal Rate, to the Owner and authorize the Owner to accept the Seller Note;
- 6) HOC to provide a Bridge Loan to the Owner in an amount up to \$22,000,000, funded by way of proceeds from HOC's PNC Real Estate Line of Credit, for a term of up to 42 months, and to authorize Owner to accept the Bridge Loan;
- 7) the release of the Properties' existing available property cash and cash equivalents to HOC's General Fund at closing;
- 8) the release of the Properties' existing debt service reserves to HOC's FHA Risk Share/MIP Cash Reserves at closing;
- 9) the closing of the Transaction;
- 10) the Acting Executive Director to execute a GMP contract with Nastos in an amount not to exceed \$16,500,000;
- 11) the Acting Executive Director to execute an Early Start with Nastos for an amount not to exceed \$1,600,000;
- 12) obligating \$1,600,000 in funds from the Opportunity Housing Development Fund as the source for the Early Start in the event the Transaction's closing is delayed or does not occur, with any unused amounts released once the Transaction is closed; and
- 13) holding up to 29 vacant units (a 10% vacancy) at the Properties, an increase of nine units over the Commission's prior approval of 20 vacant units, to facilitate renovation phasing and temporary relocation for residents at the Properties.

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

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to refinance the acquisition cost, finance certain property improvements, and fund reserves for the Willow Manor Properties from the proceeds of a tax-exempt bond issuance and that all of the acquisition and financing expenditures covered by this Resolution which

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

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that 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 LIHTC resyndication and renovation of the Willow Manor Properties, shall be and hereby are in all respects ratified, approved and confirmed.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission Montgomery County, acting on behalf of itself and on behalf of the Willow Manor Single-Purpose Entities (as the sole member of each entity), the Managing Member (as its sole member), and Owner (as the sole member of its managing member), authorizes the Acting Executive Director of HOC, or her 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, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 1, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

**RESOLUTION No.: 21-83b**

**RE: Approval to Draw up to \$22,000,000 on the PNC Bank, N.A. Real Estate Line of Credit to Provide Bridge Financing for the Renovation of the Willow Manor Properties**

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

**WHEREAS**, HOC is preparing to renovate three senior multifamily communities: (1) Willow Manor at Clopper’s Mill in Germantown, MD, (2) Willow Manor at Fair Hill Farm in Olney, MD, and (3) Willow Manor at Colesville in Silver Spring, MD (collectively, the “Willow Manor Properties” or “Properties”); and

**WHEREAS**, HOC intends to finance the renovation using equity proceeds from the Properties’ Low Income Housing Tax Credit resyndication (“LIHTC Equity”) in an anticipated amount of \$29,600,000;

**WHEREAS**, due to the timing of LIHTC Equity installments, HOC intends to provide a bridge loan (“Bridge Loan”) to finance the renovation until all LIHTC Equity is received, which will be funded by way of proceeds from a taxable draw on its PNC Bank N.A. Real Estate Line of Credit (“RELOC”) of up to \$22,000,000.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draws on the RELOC in an amount not to exceed \$22,000,000 for the renovation of the Willow Manor Properties for a term of up to 42 months.

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

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 1, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

**WILLOW MANOR: APPROVAL OF THE FINANCING PLAN, FEASIBILITY AND PUBLIC PURPOSE FOR WILLOW MANOR PROPERTIES; AUTHORIZATION TO ISSUE LOANS TO HOC AT WILLOW MANOR, 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**

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**WILLOW MANOR PROPERTIES, VARIOUS, MD**



**KAYRINE BROWN, ACTING EXECUTIVE DIRECTOR**

**JENNIFER HINES ARRINGTON  
VICTORIA DIXON  
LEN VILICIC**

**September 1, 2021**  
**Page 108 of 198**

# TABLE OF CONTENTS

Topic	Page #
Executive Summary	3
Financing Schedule	7
Property Overview	8
Transaction Highlights	11
Stabilized Pro Forma	12
Financing Plan	13
Volume Cap Needs/Uses	14
Bond Cap Matrix	16
Summary of Bond Authorizing Resolution	19
Issues for Consideration, Time Frame, Fiscal/Budget Impact	20
Staff Recommendation and Commission Action Needed	21

# EXECUTIVE SUMMARY

The **Willow Manor Properties** (“Willow Manors” or the “Properties”) are three (3) existing income and age (62+) restricted apartment communities totaling 286 units. The Properties were originally built in 2004 and 2005 using Low Income Housing Tax Credit (“LIHTC”) equity, and their initial compliance periods have ended. In November 2018, HOC acquired the Properties under Article 53A of the Montgomery County Code, the Right of First Refusal (“ROFR”) Ordinance through assignment from the County’s Department of Housing and Community Affairs (“DHCA”).

The Properties are an important component of HOC’s affordable housing portfolio, as they will continue to serve senior households (62+) of low- and moderate-income. Utilizing income averaging, the Properties will be restricted for households earning up to 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income (“AMI”). The Properties have all reached the end of their initial 15-year LIHTC compliance periods in 2019 and 2020.

On September 1, 2021, staff expects to present a Final Development Plan (“Development Plan”) to the Commission estimated at \$99.5 million to acquire, renovate, and equip the Property with in-unit upgrades of finishes and equipment of the kitchens and baths, common area finishes, improved efficiency building systems, as well as external improvements including paving and roof replacement. Renovations are projected to take up to 24 months for completion by October 2023.

As part of the Development Plan, the combined Properties will be acquired by HOC at Willow Manor, LLC (the “Borrower”), controlled by HOC MM Willow Manor, 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 September with PNC Bank as LIHTC Syndicator.

In order to execute the Development Plan, staff proposes the following Financing Plan to include the following combined sources: (a) a combination of tax-exempt private activity bonds and taxable bonds will fund a FHA Risk Share mortgage loan (“Mortgage Loan”) and bond reserves to finance acquisition, renovation, and equipping costs of the Properties as a scattered site transaction; (b) LIHTC equity; (c) a loan to bridge receipt of LIHTC equity proceeds (“Bridge Loan”); (d) a subordinate loan from DHCA’s Housing Initiative Fund (“HIF”), representing the balance of HIF funds in the transaction (“County Loan”); and (e) a subordinate loan(s) from each of the three (3) former ownership entities (“Seller Loan”). Closing is expected to occur in October 2021. Stabilization of the Property is expected to occur by February 2023 with conversion to permanent debt to occur by July 2024.



# EXECUTIVE SUMMARY

Date	Res.	Description of Commission Resolutions
September 5, 2018	18-68AS	Approval (a) to form single purpose ownership entities; (b) to accept assignment of PSAs to purchase the properties under the County's Right of First Refusal Ordinance from Montgomery County's Department of Housing and Community Affairs, (c) of Habitat America as initial property manager, (d) of a loan of up to \$100,000 from the Opportunity Housing Reserve Fund ("OHRF") to fund due diligence expenses, and (e) to restrict cash flow to the properties until closing of permanent financing.
October 3, 2018	18-78AS	Approval to complete purchase of the three Willow Manors properties under the County's Right of First Refusal Ordinance, Financing Plan, and acceptance of a first mortgage loan from PNC Bank, N.A. and subordinate debt from the Montgomery County's Department of Housing and Community Affairs to complete the acquisition.
April 1, 2020	20-31	Approval of Preliminary Development Plans and Predevelopment Funding of \$400,000 from the OHRF for the Willow Manors; authorize submission of the combined LIHTC application; restrict market-rate units at Willow Manor at Clopper's Mill to 80% of AMI or less in order to met the LIHTC average income test; and, authorization for the Executive Director, Stacy L. Spann, or his designee, to execute any and all documents to effectuate the permanent financing.
April 7, 2021	21-38	Approval to select Nastos Construction Inc. as the General Contractor; hold up to a 7% vacancy (a total of 20 units across the three properties) to facilitate phasing renovations; and, restrict all existing market rate units (20 units) to 80% of AMI or lower, such that the property meets average income test and scattered site LIHTC requirements.
July 7, 2021	21-73	Approval (a) of PNC Bank as LIHTC syndicator for the renovation of Stewartown Homes and authorization for the Executive Director to negotiate and execute a Letter of Intent as well as negotiate an Operating Agreement, (b) of a loan of \$1,461,200 from the FHA Risk Sharing/Mortgage Insurance Premium Cash Reserve for predevelopment and prepaid closing costs to be repaid upon closing of refinance, and (c) ratification of new ownership entity HOC at Willow Manor, LLC and managing member HOC MM Willow Manor, LLC for the transaction, (d) ratification, approval, and confirmation of all prior acts and doings of officials, agents and employees of the Commission in conformity with the purpose and intent of this resolution and LIHTC resyndication, and (d) authorization of the Executive Director or such designee, to execute any and all documents to effectuate the transaction.

# 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 the Willow Manors' Financing Plan totaling approximately \$99.5 million, funded by the following sources: a) proceeds from the sale of both tax-exempt private activity bonds and taxable bonds will fund a permanent Mortgage Loan for acquisition and renovations and a Bond Reserve under the Multifamily Housing Development Bond Resolution (the "1996 Indenture" or the "Indenture"); b) LIHTC equity; c) Bridge Loan, d) subordinate County Loan; and e) subordinate Seller Loan.
- 2) Approval of the feasibility and public purpose for the Property setting aside 100% of units utilizing income averaging for households earning at or below 60% AMI, and the allocation of up to \$48 million in volume cap for the transaction.
- 3) Approval of a Bond Authorizing Resolution for the issuance and delivery of tax-exempt or a combination of tax-exempt and taxable bonds in an amount of up to \$55 million under the 1996 Indenture.
- 4) Authorization for HOC to issue a Financing Commitment for a Mortgage Loan in an amount of up to \$55 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 to obtain a waiver from FHA for the issuance of bonds with a 25 year balloon payment.
- 7) Approval for the Borrower to accept the proposed Mortgage Loan.



# EXECUTIVE SUMMARY

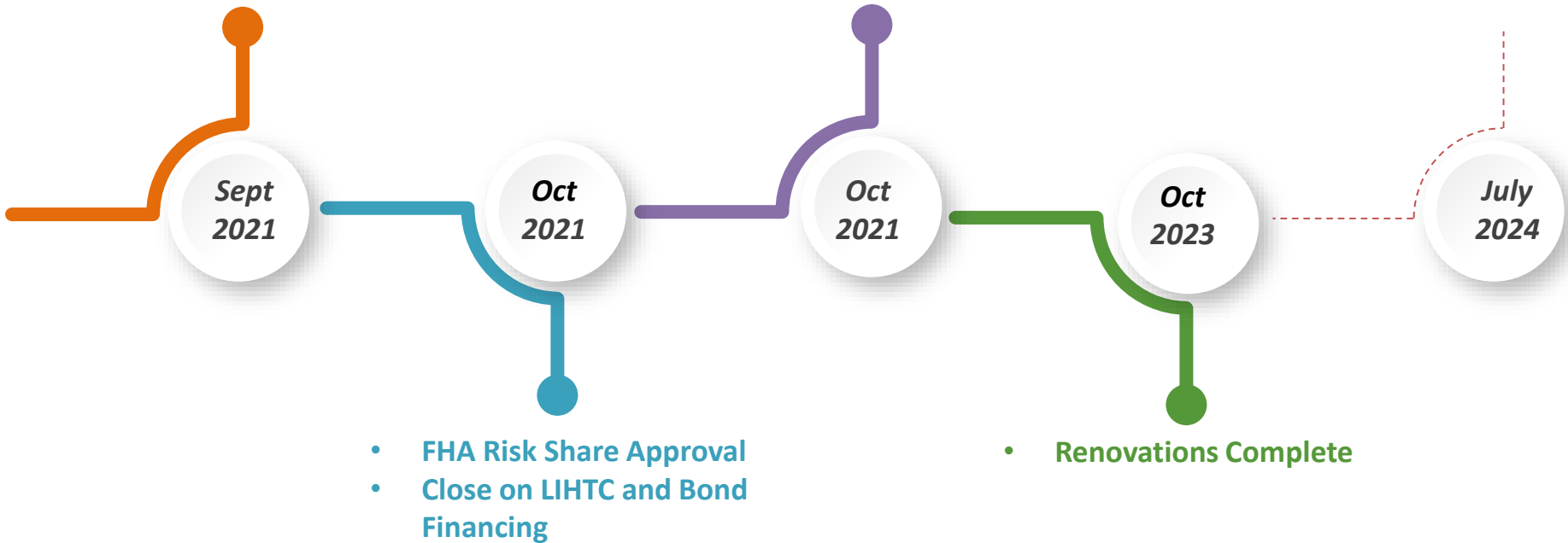
Borrower	HOC at Willow Manor, LLC	
Units/Affordability	286 Units	
	100% Age-Restricted / 100% Affordable	
	57	≤ 40% AMI
	20	≤ 50% AMI
	189	≤ 60% AMI
	20	≤ 80% AMI
	None	Non-Revenue
Stabilized Net Operating Income (estimated)	\$2,620,791 (CY 2024)	
Bond Issuance (taxable & tax-exempt, up to)	\$55,000,000 1996 Multifamily Housing Development Bond Resolution	
Volume Cap / Tax-Exempt Financing (up to)	\$48,000,000	
First Mortgage (up to)	\$55,000,000 FHA Risk Share Mortgage	
Permanent Mortgage Interest Rate (estimated)	3.651%	
Mortgage Insurance	FHA Risk Share - 25% HOC / 75% FHA	
Permanent Loan Amortization / Term (up to)	40 Years / 43 Years	
Debt Service Coverage Ratio	1.15	
County Participation (estimated)	(a) \$13,745,448 Housing Initiative Fund Loan (b) Real Estate Tax Exemption	

# FINANCING SCHEDULE

- Commission Approval
- Submit FHA Risk Share Application

- Begin Renovations (24 months)

- *Outside date for Permanent Conversion*



# PROPERTY OVERVIEW



<b>Property Name</b>	Willow Manor at Clopper's Mill
<b>Location</b>	18003 Mateny Rd, Germantown, MD 20874
<b>Property Manager</b>	Habitat America
<b>Total Units</b>	102
<b>Unit Mix</b>	16 units – 1BR/1BA 49 units – 2BR/1BA 7 units – 2 BR/1.5 BA 30 unit – 2BR/2BA

**Amenities** A community with private fitness center, business/computer center, craft room, common kitchen, billiards room, theater, library, health screening room, a hospitality suite for guests, outdoor space with sundeck, grill and picnic area, and shuttle service to local grocery stores and shopping. Neighborhood amenities include Clopper's Mill Village, a grocery anchored community mall (Shoppers), CVS Pharmacy, and various retailers, services, and restaurants, nearby Seneca Creek State Park and South Germantown Recreational Park, with additional connectivity via Ride-On Service and access to I-270.

**Planned Renovation** The existing property is a single four-story elevator building built in 2005. Proposed renovations will modernize unit interiors, update common area amenities and building mechanical systems, and improve site conditions, to include: (a) upgrading kitchens and bathrooms with installation of energy efficient appliances, new cabinetry, countertops, fixtures, flooring, painting and lighting, bath/shower surrounds, (b) installation of modern washers and dryers, HVAC units and electric hot water heaters, (c) caulking and sealing around doors, windows, and floors to air seal units and common areas to improve energy efficiency, and (d) paving, new LED exterior lighting, and power washing of exterior siding.

100% restricted for households aged 62+ and utilizing income averaging for households earning an average up to 60% AMI (ranging 40% - 80% of AMI).



# PROPERTY OVERVIEW



<b>Property Name</b>	Willow Manor at Fair Hill Farm
<b>Location</b>	18301 Georgia Avenue, Olney, MD 20832
<b>Property Manager</b>	Habitat America
<b>Total Units</b>	101
<b>Unit Mix</b>	32 units – 1BR/1BA 39 units – 2BR/1BA 30 unit – 2BR/2BA

**Amenities** A community with private fitness center, business/computer center, craft room, common kitchen, billiards room, theater, library, health screening room, a hospitality suite for guests, outdoor space with sundeck, grill and picnic area, and shuttle service to local grocery stores and shopping. Located along Georgia Avenue, neighborhood amenities include MedStar Montgomery Medical Center, Harris Teeter and Safeway grocery stores, various retailers, services, and restaurants, with additional connectivity via Ride-On Service and access to Inter County Connector (ICC-200).

**Planned Renovation** The existing property is a single four-story elevator building built in 2005. Proposed renovations will modernize unit interiors, update common area amenities and building mechanical systems, and improve site conditions, to include: (a) upgrading kitchens and bathrooms with installation of energy efficient appliances, new cabinetry, countertops, fixtures, flooring, painting and lighting, bath/shower surrounds, (b) installation of modern washers and dryers, HVAC units and electric hot water heaters, (c) caulking and sealing around doors, windows, and floors to air seal units and common areas to improve energy efficiency, and (d) paving, new LED exterior lighting, and power washing of exterior siding.

100% restricted for households aged 62+ and utilizing income averaging for households earning an average up to 60% AMI (ranging 40% - 80% of AMI).





# PROPERTY OVERVIEW

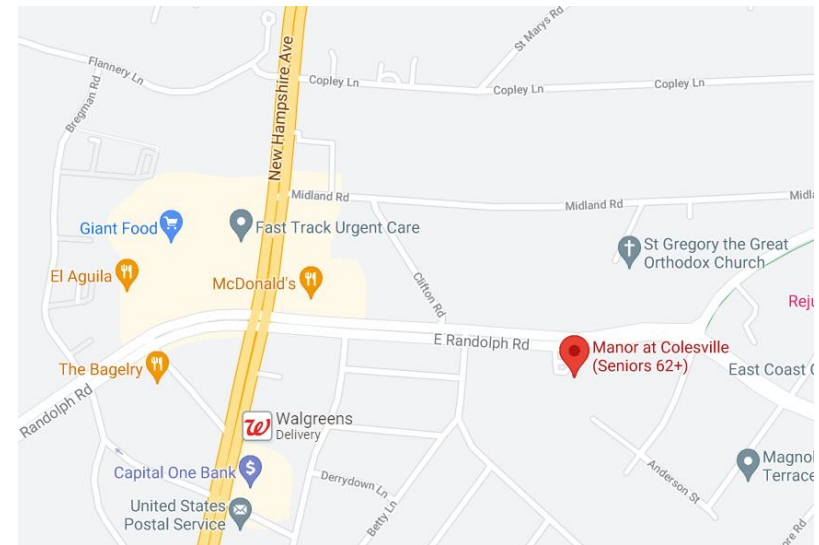


<b>Property Name</b>	Willow Manor at Colesville
<b>Location</b>	601 East Randolph Road, Silver Spring, MD 20904
<b>Property Manager</b>	Habitat America
<b>Total Units</b>	83
<b>Unit Mix</b>	23 units – 1BR/1BA 42 units – 2BR/1BA 18 unit – 2BR/2BA

100% restricted for households aged 62+ and utilizing income averaging for households earning an average up to 60% AMI (ranging 40% - 80% of AMI).

**Amenities** A community with private fitness center, business/computer center, craft room, common kitchen, billiards room, theater, library, health screening room, a hospitality suite for guests, outdoor space with sundeck, grill and picnic area, and shuttle service to local grocery stores and shopping. Neighborhood amenities include a Giant Food grocery store, US Post Office, and various retailers, services, and restaurants, with additional connectivity via WMATA and Ride-On bus service, Glenmont WMATA Metro Station (Red Line) and access to the Inter County Connector (ICC-200).

**Planned Renovation** The existing property is a single three-story elevator building built in 2004. Proposed renovations will modernize unit interiors, update common area amenities and building mechanical systems, and improve site conditions, to include: (a) upgrading kitchens and bathrooms with installation of energy efficient appliances, new cabinetry, countertops, fixtures, flooring, painting and lighting, bath/shower surrounds, (b) installation of modern washers and dryers, HVAC units and electric hot water heaters, (c) caulking and sealing around doors, windows, and floors to air seal units and common areas to improve energy efficiency, and (d) paving, new LED exterior lighting, and power washing of exterior siding.



# TRANSACTION HIGHLIGHTS

<b>Public Purpose</b>	All 286 units of the Properties will be restricted for those households aged 62+ and with incomes averaging 60% AMI or below (ranging 40% - 80% or below). Additional details on Property Overview slides.												
<b>County Interest</b>	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 the 286 units (100%).												
<b>Volume Cap Allocation</b>	No more than \$48 million in HOC volume cap will be required for tax-exempt bond financing to meet the 50% test. See page 14 for HOC's Volume Cap Need/Uses matrix.												
<b>Bond Financing</b>	Up to \$55 million – tax-exempt private activity bonds or a combination of tax-exempt and taxable 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 43 years, and a bond reserve under the Indenture. Upon conversion to permanent the Mortgage Loan will begin a 40-year amortization schedule and will be repaid from property revenues. A 25-year balloon payment option may be pursued.												
<b>Credit Enhancement</b>	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%. A 25-year balloon payment option may be pursued.												
<b>Construction Bridge Loan</b>	Based upon review of the Developer Draw Schedule, bridge financing will be needed during the construction.												
<b>LIHTC Equity</b>	Approximately \$30 million – The tax-credit equity will be paid in stages: 1) loan closing (10%); 2) construction completion (6%); 3) cost certification (63%); 4) stabilized occupancy and permanent mortgage conversion (35%); and, 5) issuance of the final 8609s (15%).												
<b>Developer Fee</b>	The developer's fee will be approximately \$6.7 million.												
<b>Development Team</b>	<table border="0"> <tr> <td><b>Owner/Developer:</b></td> <td>HOC at Willow Manor, LLC / HOC</td> </tr> <tr> <td><b>General Contractor:</b></td> <td>Nastos Construction, Inc.</td> </tr> <tr> <td><b>Architect:</b></td> <td>Bennett Frank McCarthy</td> </tr> <tr> <td><b>Property Management:</b></td> <td>Habitat America</td> </tr> <tr> <td><b>Construction Management:</b></td> <td>JDC Construction</td> </tr> <tr> <td><b>LIHTC Syndicator:</b></td> <td>PNC Bank</td> </tr> </table>	<b>Owner/Developer:</b>	HOC at Willow Manor, LLC / HOC	<b>General Contractor:</b>	Nastos Construction, Inc.	<b>Architect:</b>	Bennett Frank McCarthy	<b>Property Management:</b>	Habitat America	<b>Construction Management:</b>	JDC Construction	<b>LIHTC Syndicator:</b>	PNC Bank
<b>Owner/Developer:</b>	HOC at Willow Manor, LLC / HOC												
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<b>Property Management:</b>	Habitat America												
<b>Construction Management:</b>	JDC Construction												
<b>LIHTC Syndicator:</b>	PNC Bank												

# STABILIZED PRO FORMA

Stabilized Proforma	(CY 2024)	Per Unit
Gross Residential Revenue	\$ 4,955,762	\$ 17,328
Vacancy, Concessions, Bad Debt	\$ (356,253)	\$ (1,246)
<b>Effective Gross Income (EGI)</b>	<b>\$ 4,599,509</b>	<b>\$ 16,082</b>
Operating Expenses	\$ 1,878,618	\$ 6,569
Replacement Reserves	\$ 100,100	\$ 350
<b>Net Operating Income (NOI)</b>	<b>\$ 2,620,791</b>	<b>\$ 9,164</b>
Debt Service	\$ 2,272,447	\$ 7,946
Cash Flow Before Distributions	\$ 348,344	\$ 1,218
Debt Service Coverage Ratio (DSCR)	1.15	

- To facilitate renovations, vacancy at the Property of up to 29 units at a time is being requested of the Commission.
- Stabilized Vacancy and Concessions are underwritten at 7%.
- Post-renovation, the Property is expected to reach 93% occupancy by February 2023. Rent and expense annual growth rates are projected at 2% and 3%, respectively.
- Assumes a 15% reduction to utility expenses due to efficiencies from renovations.
- Initial replacement reserves will be established at \$1,200 per unit from capital sources. Stabilized annual replacement reserves contribution of \$350/unit is subject to confirmation from engineer to contemplate renovation scope.

- Rents for existing tenants will not be maximized, but will receive an increase according to the County's Voluntary Rent Guidelines.
- 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 will be impacted by debt service payments on the County Loan.
- Current sizing of \$47,200,000 is based on an estimated interest rate of 3.65% (including Mortgage Insurance Premium ("MIP") of 25 basis points, HOC Loan Management Fee ("LMF") of 0.25% on the original mortgage amount, and a 0.50% cushion). Subject to interest rate movements, staff anticipates that the Property will support a permanent loan of up to approximately \$50.9 million with a DSCR of 1.15:1.00.

# FINANCING PLAN

The Willow Manors transaction contemplates: a) Issuance of bonds up to \$55 million; b) LIHTC equity; c) Bridge Loan; d) County Loan; and e) subordinate Seller Loan.

- (a) The subject Mortgage Loan and Indenture Bond Reserve will be funded by way of issuing a combination of tax-exempt private activity bonds and taxable bonds in an approximate amount of up to \$55 million. Private activity volume cap of up to \$48 million will be utilized from HOC's annual allocation of cap for the transaction. Current sizing of a \$47.2 million Mortgage Loan is based on an estimated interest rate of 3.65%, including MIP, LMF, and cushion for interest rate movements.
- (b) The transaction requires approximately \$45.4 million of tax-exempt financing to qualify for 4% tax credits and to meet the 50% test. The transaction is expected to generate approximately \$29.6 million in tax credit equity, which will be contributed in stages, primarily at cost certification. The developer fee will be paid from LIHTC equity contributions. A bridge loan will be needed to bridge the receipt of LIHTC equity.
- (c) Draft appraisal for the Properties total \$57.8 million 'as is'. The Seller Loan from HOC will represent contributed land equity into the transaction. Proceeds will be used to payoff the existing \$29.1 million senior mortgage with PNC Bank, and make a partial paydown on existing debt from the County.
- (d) Re-documentation and subordination of the remaining existing County Loan to the new transaction is in process. The current County Loans to the Properties total an approximate \$19.8 million.

SOURCES	AMOUNT	PER UNIT
Bonds / Mortgage Loan (a)	\$ 47,200,000	\$ 165,035
LIHTC Proceeds / Bridge (b)	\$ 29,628,816	\$ 103,597
Seller Loan / Land Equity (c)	\$ 8,893,425	\$ 31,096
GP Equity	\$ 100	\$ 0
County Loan (d)	\$ 13,745,448	\$ 48,061
Interim Income	\$ -	\$ -
<b>Total Sources</b>	<b>\$ 99,467,790</b>	<b>\$ 347,789</b>
USES	AMOUNT	PER UNIT
Acquisition Cost	\$ 57,800,000	\$ 202,098
Construction Cost	\$ 17,879,375	\$ 62,515
Fees Related to Construction	\$ 3,047,608	\$ 10,656
Relocation Costs	\$ 1,601,600	\$ 5,600
Financing & Legal Costs	\$ 4,956,202	\$ 17,329
Construction Interest	\$ 4,366,392	\$ 15,267
Development Fees	\$ 6,737,498	\$ 23,558
Initial Replacement Reserves	\$ 343,200	\$ 1,200
Operating Reserves	\$ 2,735,916	\$ 9,566
<b>Total Uses</b>	<b>\$ 99,467,790</b>	<b>\$ 347,789</b>



## Volume Cap Explained

### What is volume cap?

- The amount of tax-exempt private activity bonds that may be issued by a state or municipality as determined by the IRS annually.
- HOC as a local Housing Finance Agency is allowed a maximum amount of tax-exempt private activity bonds during any calendar year. In calendar year 2021, HOC was allocated approximately \$40.6MM for both single family and multifamily use.

### How has HOC attempted to solve this issue?

- HOC staff has made years long attempts to acquire additional cap from the State outlining upcoming multifamily transactions.
- HOC accumulated unused cap from prior years (most recently from 2013-201 and 2021) to fund transactions in the years needed.
- HOC has refunded and recycled volume cap for previous multifamily and single family transactions.
- To complete The Hurston's financing, HOC recycled \$100MM in volume cap from CDA.

### Immediate Challenge for 2021 Transactions:

- The volume cap challenge is colliding with the need to solve for financing and development of several HOC transactions, Willow Manors, Georgian Court, and Shady Grove.
- Recycling cap proceeds do not qualify to satisfy the 50% test for LIHTC transactions.

### The Solution

- Staff proposes solutions that generate necessary bond financing to address both the overall volume cap need at a pace that supports the Willow Manor transaction.
- An opportunity to recycle multifamily volume cap may be part of the solution, but the timing is precise and prompt action is required.
- As pricing between taxable and tax-exempt bonds is currently small, the issuance of taxable bonds is recommended to complete the subject transaction.

# VOLUME CAP NEED/USES (\$'000)

Year	2020	Projected 2021
Balance Carried Forward	\$0	\$13,125
Annual Bond Cap Allocation	\$38,791	\$40,638
	2.3%	4.8%
Special Allocation / Adjustment		63,700
<b>TOTAL BOND CAP AVAILABLE</b>	<b>\$38,791</b>	<b>\$117,464</b>
<b>HOC PROGRAMS</b>		
Single Family*	\$0	\$0
Bauer Park	\$25,665	
Shady Grove *		\$29,935
Georgian Court*		\$28,815
Stewartown		\$16,145
Willow Manor Properties*		\$45,408
<b>TOTAL HOC PROGRAMS</b>	<b>\$25,665</b>	<b>\$120,303</b>
<b>PRIVATE DEVELOPERS</b>		
<b>TOTAL PRIVATE ACTIVITY</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL BOND CAP REMAINING (SHORTFALL)</b>	<b>\$13,125</b>	<b>(\$2,839)</b>

\*Estimates for transactions not yet closed

- **Annual Volume Cap:** HOC carried over \$13.1 million of CY2020 volume cap and received a \$40.6 million allocation of volume cap in CY2021.
  - After the closing of Stewartown in June 2021, the remaining available volume cap is approximately \$101.3 million.
  - The projected volume cap usage for CY2021 is approximately \$120.3 million (all for HOC multifamily 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 Administration ("CDA") annually to review its annual volume cap needs, and last met on March 25, 2021.
  - In 2021, HOC was awarded a Special Allocation of \$63.7 million of volume cap from the Department of Housing and Community Development ("DHCD") 2021 allocation.
  - 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.

# 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 this transaction, but for the preceding 24 other properties that were evaluated for HOC financing.

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

# BOND CAP MATRIX: QUALITATIVE VARIABLES

Factors	Score	Comments
Public Purpose	+	Using income averaging, all of the 286 units (100%) will be age (62+) and income restricted for households earning at or below 60% of AMI.
Fees	+	A financing fee at closing estimated at \$988,600 and \$118,000 of annual 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 a minimum of 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; 42M and financing approvals pending. Closing planned for October 2021.
Geography	+	Located in a residential area that demonstrates a need for more senior affordable housing, convenient retail (within one mile to grocery stores and services), with transportation links (bus-stops, Glenmont WMATA Metro rail station, I-270 and ICC-200).
Developer Experience	+	Experienced regional development team with HOC as Developer.
Project Design	+	Built in 2004/2005, proposed renovations will update unit finishes and common areas, mechanical systems, building exterior. Large units with many amenities.
Apartment Type	+	Three and four Story, elevator buildings for senior residents.
Bedroom Mix	+	The unit mix of 71 one-bedroom units and 215 two-bedroom units, appropriate for demographic.
Cost per Unit	+	\$347,789 per unit (\$184,266 acquisition cost and \$62,515 construction cost)
Delivery Date	+	Staged renovation to finish by October 2023.
Community Needs	+	High. The current supply of affordable stabilized rental units in the market area has a low vacancy rate of less than 3%, per a May 2021 market study, indicating excess demand for new rental units. There are no affordable properties within the submarket under construction to compete.

## BOND CAP MATRIX: QUANTITATIVE VARIABLES

Factors	Score	Comments
Tax Exempt Savings Index	-	For every dollar of savings to the developer, we achieve \$1.81 of public purpose.
Cap Usage Index	+/-	For every dollar of bond cap allocated, we achieve \$0.81 in public purpose.
Public Purpose Index	+/-	The percentage of the total market potential that is devoted to public purpose is 26% for this transaction.
Unit Cap Cost Index	+/-	For every dollar of cost per unit, \$0.53 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. Acquisition and renovation of the Property will preserve safe, quality, affordable housing for seniors in the County.
- The property is providing a substantial public purpose by providing 100% of its units to households earning an average 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 88% supports an allocation of up to \$48 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 and taxable bonds, in one or more series, as applicable (the "Bonds"), in order to use the 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 \$55 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 the Willow Manors' Financing Plan totaling \$99.5 million, funded by the following sources: a) proceeds from the sale of both tax-exempt private activity bonds and taxable bonds will fund a permanent Mortgage Loan for acquisition and renovations and a Bond Reserve under the 1996 Indenture; b) LIHTC equity; c) Bridge Loan, d) subordinate County Loan; and e) subordinate Seller Loan;
- Approval of the feasibility and public purpose for the Property setting aside 100% of units utilizing income averaging for households earning at or below 60% AMI, and the allocation of up to \$48 million in volume cap for the transaction;
- Approval of a Bond Authorizing Resolution for the issuance and delivery of tax-exempt or a combination of tax-exempt and taxable bonds in an amount of up to \$55 million under the 1996 Indenture;
- Authorization for HOC to issue a Financing Commitment for a Mortgage Loan in an amount of up to \$55 million;
- 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;
- Approval to obtain a waiver from FHA for the issuance of bonds with a 25 year balloon payment; and
- Approval for the Borrower to accept the proposed Mortgage Loan?

## TIME FRAME

For formal action at the September 1, 2021 meeting of the Commission.

## FISCAL/BUDGET IMPACT

- There is no adverse impact for the Agency's FY2022 budget. The Commission will earn Development and Commitment Fees, MIP, and LMF income.
- Costs of issuing the bonds 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 approve the following actions for Willow Manor:

- 1) Approval of the Willow Manors' Financing Plan totaling \$99.5 million, funded by the following sources: a) proceeds from the sale of both tax-exempt private activity bonds and taxable bonds will fund a permanent Mortgage Loan for acquisition and renovations and a Bond Reserve under the 1996 Indenture; b) LIHTC equity; c) Bridge Loan, d) subordinate County Loan; and e) subordinate Seller Loan.
- 2) Approval of the feasibility and public purpose for the Property setting aside 100% of units utilizing income averaging for households earning at or below 60% AMI, and the allocation of up to \$48 million in volume cap for the transaction.
- 3) Approval of a Bond Authorizing Resolution for the issuance and delivery of tax-exempt or a combination of tax-exempt and taxable bonds in an amount of up to \$55 million under the 1996 Indenture.
- 4) Authorization for HOC to issue a Financing Commitment for a Mortgage Loan in an amount of up to \$55 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 to obtain a waiver from FHA for the issuance of bonds with a 25 year balloon payment.
- 7) Approval for the Borrower to accept the proposed Mortgage Loan.



**RESOLUTION No.: 21-84A**

**RE: Approval of the Financing Plan, Feasibility and Public Purpose for the Willow Manor Properties; Authorization to Issue Loans to HOC at Willow Manor, LLC for Acquisition and Construction Financing; Authorization to Issue a Commitment for up to \$55 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**, HOC is the sole member of three individual single-purpose entities: The Manor at Cloppers Mill, LLC, The Manor at Fair Hill Farm, LLC, and The Manor at Colesville, LLC (collectively the “Seller”), which own the properties known as Willow Manor at Clopper’s Mill, Willow Manor at Fair Hill Far, and Willow Manor at Colesville (collectively the “Properties”); and

**WHEREAS**, Willow Manor at Clopper’s Mill consists of 102 age- and income-restricted units Germantown, MD, Willow Manor at Fair Hill consists of 101 age- and income-restricted units in Olney, MD, and Willow Manor at Colesville consists of 83 age- and income-restricted units in Silver Spring, MD; and

**WHEREAS**, on October 3, 2018, the Commission approved (a) acquisition of the Properties under the County’s Right of First Refusal Ordinance, and (b) a Financing Plan including acceptance of a first mortgage loan from PNC Bank, N.A. and subordinate debt from the Montgomery County’s Department of Housing and Community Affairs to complete the acquisition; and

**WHEREAS**, on July 7, 2021, the Commission ratified formation of wholly-owned special purpose entities known as HOC at Willow Manor, LLC (“Borrower”) and HOC MM Willow Manor, LLC (“Managing Member”), approved the selection of PNC Bank 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 for the transaction; and

**WHEREAS**, the Properties will be acquired by the Borrower, which will be controlled by Managing Member, whose sole member is HOC; and

**WHEREAS**, the Borrower proposes to serve seniors (aged 62+) across a wide income range through implementation of income averaging component of the LIHTC program, which allows households with incomes from 40% up to 80% of the Washington-Arlington-Alexandria, DC-VA-MD-WV

Metro Area Median Income (“AMI”), to enjoy rent protection without impairing the LIHTC equity for the development (“Public Purpose”); and

**WHEREAS**, existing debt of the Seller from PNC Bank N.A. and Montgomery County, are to be repaid or resubordinated in closing of the transaction; and

**WHEREAS**, between September 5, 2018 and July 7, 2021, the Commission has approved a loan of up to \$1,961,200 to the Seller to pay predevelopment and closing costs on the Properties, funded from proceeds of the Opportunity Housing Reserve Fund and FHA Risk Sharing/MIP Cash Reserve, which is to be repaid from closing of the transaction; and

**WHEREAS**, on September 1, 2021, the Commission approved the Final Development Plan totaling approximately \$99.5 million for the Properties as a 286-unit, age and income restricted scattered site, which included but not limited to (1) authorization to negotiate and close on a new subordinate loan with the County (“County Loan”), (2) authorization to execute a Purchase and Sale Agreement between the Seller and Borrower; (3) Seller’s authorization to accept all or some of the purchase price for sale of the Properties to be provided in the form of a subordinate note (“Seller Note”); (4) authorization to enter into an Operating Agreement and admit PNC Bank, N.A. or PNC affiliate(s) as the new LIHTC investor, (5) authorization for HOC to provide an unsecured loan to bridge the receipt of LIHTC equity proceeds (“Bridge Loan”), funded from draw proceeds on the Commission’s real estate line of credit with PNC Bank N.A., in an amount not to exceed \$22 million6) authorization to close on the LIHTC transaction; (7) authorization to execute the general contractor contract and early start agreement with Nastos Construction; and (8) approval to hold up to 29 units vacant to facilitate renovations at the Properties; 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 \$29.6 million in equity to pay part of its acquisition and development costs; and

**WHEREAS**, staff explored a variety of options for the estimated \$99.5 million acquisition, rehabilitation and permanent financing for the Properties, together as a scattered site, and determined to use a number of sources including: (1) the issuance of tax-exempt private activity bonds and taxable bonds in an amount up to \$55 million to fund a loan for the costs of acquisition, rehabilitation, and equipping the Properties, enhanced by FHA Risk Sharing (“Mortgage Loan” or “Permanent Loan”) and a bond reserve (“Indenture Bond Reserve”); (2) LIHTC equity; (3) the Bridge Loan to be provided from HOC, (4) a subordinate County Loan of approximately \$13.7 million, funded from previously contributed sources to the Properties; and (5) a subordinate Seller Note of approximately \$9 million or up to the acquisition price (collectively, the “Financing Plan”); and

**WHEREAS**, the Properties will require an allocation of a portion of the Commission’s tax-exempt volume cap in an amount not to exceed \$48 million; and

**WHEREAS**, a review of the transaction has been completed and it has been determined that given the financial commitments to the Properties and its operating projections, this transaction is feasible (“Feasibility”), and the Properties will provide significant public purpose supporting an allocation of tax-exempt volume cap.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Financing Plan, Feasibility, and Public Purpose, are 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 (a) the allocation of tax-exempt volume cap in an amount not to exceed \$48,000,000, and (b) the issuance of tax-exempt private activity bonds and taxable bonds to finance the transaction and for the Commission, as conduit lender, to use those bond proceeds to make a Mortgage Loan to Borrower with a maximum term of up to 43 years (three years of construction and 40 years of permanent financing), to fund development of the Properties with a balloon payment option in year 25.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a commitment for the Mortgage Loan in an amount up to \$55,000,000, 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 authorizes obtaining a waiver from FHA for issuance of bonds and the Mortgage Loan with a 25-year balloon payment, if necessary to adjust for interest rate conditions to maintain economics of the transaction at the time of closing.

**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 and Permanent Loan for the financing closing.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Managing Member, acting for itself and on behalf of Borrower, that the Acting Executive Director, or a duly appointed designee of the Acting Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents, including without limitation guarantees from HOC required by Borrower’s lenders, and to take any and all other actions, in each case as necessary and proper, in the 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 September 1, 2021.

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

RESOLUTION: 2021-84B

Re: Adoption of an Authorizing Resolution for the Issuance of 2021 Series C Multifamily Housing Development Bonds, in one or more series, for the Financing of the Acquisition and Rehabilitation of the Willow Manor Properties Development

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY ADOPTED BY THE COMMISSION ON SEPTEMBER 1, 2021; AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2021 SERIES C (THE "2021 C BONDS"), IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 FOR THE PURPOSE OF FINANCING A MORTGAGE LOAN TO BE INSURED UNDER THE FHA RISK-SHARING PROGRAM FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF THE WILLOW MANOR PROPERTIES, THREE MULTIFAMILY RESIDENTIAL RENTAL PROJECTS FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HOC AT WILLOW MANOR, LLC; AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES INDENTURE, CERTAIN TAX DOCUMENTS, A DISCLOSURE AGREEMENT AND ANY AND ALL RELATED DOCUMENTS; APPROVING THE PREPARATION, EXECUTION AND DISTRIBUTION OF PRELIMINARY AND FINAL OFFERING DOCUMENTS RELATING TO THE FINANCING; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE 2021 C BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND ACTING EXECUTIVE DIRECTOR, EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE SALE OF THE 2021 C BONDS TO BOFA SECURITIES, INC. AND PNC CAPITAL MARKETS LLC, AS CO-SENIOR MANAGERS, AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE ACTING EXECUTIVE DIRECTOR, EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS RELATING TO THE 2021 C BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2021 C BONDS; AND PROVIDING AN EFFECTIVE DATE.

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

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

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

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

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

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

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

WHEREAS, the Commission has determined to issue its tax-exempt Multifamily Housing Development Bonds, 2021 Series C-1 (the “2021 C-1 Bonds”) and its taxable Multifamily Housing Development Bonds, 2021 Series C-2 (the “2021 C-2 Bonds,” and together with the 2021 C-1 Bonds, the “2021 C Bonds”) pursuant to the Trust Indenture and the Series Indenture Providing for the Issuance of Multifamily Housing Development Bonds, 2021 Series C-1 and 2021 Series C-2 (the “2021 C Series Indenture”), (i) to make moneys available for the acquisition, rehabilitation and equipping of the Willow Manor Properties, consisting of three projects to be financed as a single scattered-site development (the “Development”), to be owned and operated by HOC at Willow Manor, 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 C Series Indenture, and (iii) to fund the costs of issuance of the 2021 C Bonds in the amount set forth in the 2021 C Series Indenture and the Tax Documents (as defined herein), all in accordance with the financing plan approved by the Commission in connection with the Development on September 1, 2021 (the “Financing Plan”); and

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

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

1. **2021 C Bonds.** The 2021 C Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$55,000,000 to carry out the purposes under the Program as described above. The 2021 C Bonds shall be designated as set forth in the recitals hereto, or such additional series or subseries designations as approved by the Acting Executive Director or the Executive Director, as applicable, in consultation with the Financial Advisor and Bond Counsel to the Commission. The 2021 C Bonds are to be issued pursuant to the terms of the Trust Indenture and the Series Indenture and shall be limited obligations of the Commission, secured by and payable solely from moneys and other assets pledged therefor under the Indenture and the Series Indenture, including, without limitation, the 2021 C 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 Acting Executive Director or the Executive Director, as applicable, of the Commission or any authorized designee of the Acting Executive Director or the Executive Director, as applicable, are hereby authorized and directed to execute and deliver the Series Indenture in such form or forms as shall be approved by such officers, the execution of such Series Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (an "Authorized Representative"), is hereby authorized and directed to affix the seal of the Commission to the Series Indenture and to attest the same.

4. **Tax Documents.** The Chairman, the Vice Chairman, the Chairman Pro Tem and the Acting Executive Director or the Executive Director, as applicable, of the Commission are hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents (collectively, the "Tax Documents") restricting the application of the proceeds of the 2021 C-1 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 Acting Executive Director or the Executive Director, as applicable, the execution of the Tax Documents being conclusive evidence of such approval and of the approval of the Commission. The Chairman, the Vice Chairman, the Chairman Pro Tem or Acting Executive Director or the Executive Director, as applicable, of the Commission is hereby further authorized and directed to execute and deliver on behalf of the Commission Internal Revenue Service Form 8038 relating to the 2021 C-1 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 C Bonds, in such form as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Acting Executive Director or the Executive Director, as applicable, of the Commission, their execution and delivery of the Disclosure Agreement constituting conclusive evidence of such officer’s approval of the Disclosure Agreement and the approval of the Commission.

6. **2021 C Mortgage Loan; Real Estate Documents.** The Commission hereby authorizes and approves the financing of the 2021 C Mortgage Loan with the proceeds of the 2021 C Bonds which will be endorsed for federal insurance under the Risk-Sharing Agreement, pursuant to which the Commission will reimburse HUD for its losses under the 2021 C Mortgage Loan in an amount not greater than 25% of the outstanding principal balance of the 2021 C Mortgage Loan. The Commission hereby further authorizes and approves the preparation, execution and delivery of any and all real estate documents (the “Real Estate Documents”) relating to the acquisition and rehabilitation of the Development, in its capacity as issuer of the 2021 C Bonds and in its capacity as the owner of a membership interest in the managing member of 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 C Bonds, in such forms as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Acting Executive Director or the Executive Director, as applicable, of the Commission, their execution and delivery of the Offering Documents constituting conclusive evidence of such officer’s approval of the Offering Documents and the approval of the Commission.

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

9. **Contract of Purchase.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission is authorized to execute 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 C Bonds.

10. **Terms; Ongoing Determinations.** The Acting Executive Director or the Executive Director, as applicable, or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the dates, maturities, interest payment dates,



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

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

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 C Bonds.

13. ***No Personal Liability.*** No stipulation, obligation or agreement herein contained or contained in the 2021 C 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 C 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 C Bonds and the accomplishment of the Financing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

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

RESOLUTION: 2021-\_\_\_

Page 6 of 7 pages

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.

RESOLUTION: 2021-\_\_\_\_

Page 7 of 7 pages

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on September 1, 2021.

---

Patrice Birdsong  
Special Assistant to the Commission

## **UPTON II: APPROVAL FOR THE ACTING EXECUTIVE DIRECTOR TO EXECUTE CHANGE ORDER TO CONTINUE CONSTRUCTION MANAGEMENT SERVICES**

**September 1, 2021**

- Staff are working with CFI Construction, Corp. (“CFI”) as construction manager for the Commission’s HOC Upton Development (“HOC at the Upton II”) project in Rockville.
- For HOC at the Upton II, construction has proceeded as planned. Delivery is expected to occur by floors with the first floor with twelve (12) units to be delivered in October 2021 and each floor with twenty-three (23) units delivered weekly thereafter. The ownership inspections required to ensure that all of the units are timely delivered is placing a strain on HOC’s in-house construction staff, currently at three (3) full-time employees.
- Furthermore, the Low-Income Housing Tax Credit (“LIHTC”) credits are predicated on ninety (90) lease signings and occupancy by December 31, 2021, which means the delivery process must have the proper resources in place to handle the workflow. Also, the impact of Covid-19 and the rise of the Delta Variant may require more resources be available in the event workers become ill. With delivery expected in late 2021 after more than 34 months of construction, CFI is uniquely qualified to help staff close out the project at the most efficient cost.
- The aggregate contract and change orders for CFI, 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 Change Order. CFI has estimated the cost to complete the associated work for the new HOC Upton Development to be approximately \$140,000, but Staff is requesting that the Commission approve an amount up to \$150,000 to include a contingency of \$10,000.
- If approved by the Commission, this engagement will be funded from the Development budget previously approved by the Commission, which includes construction management costs.
- Given the importance of the equity to HOC at the Upton II, the staff requests that the Commission approve up to \$150,000 for change order with CFI to ensure sustained working knowledge and timely completion of the project.

**MEMORANDUM**

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

**VIA:** Kayrine Brown, Acting Executive Director

**FROM:** Division: Real Estate  
Staff: Zachary Marks, Chief Real Estate Officer Ext. 9613  
Marcus Ervin, Acting Director of Development Ext. 9752  
Jay Shepherd, Housing Acquisition Manager Ext. 9437

**RE:** **Upton II:** Approval for the Acting Executive Director to Execute Change Order with CFI Construction, Inc. to Continue Construction Management Services at Upton II Development

**DATE:** September 1, 2021

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**COMMITTEE REPORT:** Deliberation  X

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**OVERALL GOAL & OBJECTIVE:**

To approve a Change Order pursuant to which CFI Construction, Inc. (“CFI”) will continue to provide construction management services for the construction of Upton II.

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**BACKGROUND:**

On October 19, 2019, the Housing Opportunities Commission of Montgomery County (“HOC”) issued Request for Qualifications (“RFQ”) #2153 for Construction Management (“CM”) firms and received five (5) responses. On April 1, 2020, the Commission approved the pool of construction managers consisting of five (5) firms. The CMs in the pool would assist HOC’s staff to ensure the efficient and effective execution of the Commission’s goal of providing safe, high quality, and affordable housing to its residents thereby augmenting HOC’s current staff on new construction of renovation projects and ensuring the delivery of development projects in accordance with Commission approved plans and financing.

On January 9, 2019, HOC approved the Final Development Plan for HOC at the Upton II. Construction began in April 2019 and solicitations were procured from the CM Pool and CFI Construction was selected based on providing the most responsive proposal.

For Upton II, construction has proceeded as planned. Delivery is expected to occur by floors with the first floor of twelve (12) units to be delivered in October 2021, and each floor of twenty-three (23) units delivered subsequently by week. The ownership inspections required to ensure that all of the units are timely delivered is placing a strain on HOC’s in-house construction staff, currently at three (3) full-time employees. Furthermore, the Low-Income Housing Tax Credit (“LIHTC”) credits are predicated on ninety (90) lease signings and occupancy by December 31, 2021, which means the delivery process must have the proper resources in place to handle the workflow. Also, the impact of Covid-19 and the rise of the Delta Variant may require more resources be available in the event workers become ill. With delivery expected in late 2021 after more than 34 months of construction, CFI is uniquely qualified to help staff close out the project at the most efficient cost.

The aggregate contract for CFI at Upton II is \$249,000, which is under its pool contract limit of \$250,000; and as such, any additional amount in excess of this will require approval by the Commission in accordance with HOC’s Procurement Policy adopted on June 7, 2017. CFI estimates the cost for the additional responsibilities required for timely LIHTC unit delivery to be approximately \$140,000. CFI will be expected to manage approximately 75% of the unit owner inspections on behalf

of HOC, as they have previously done at the RAD 6 and Arcola Towers renovations. To safeguard against the possibility of overruns, staff is requesting that the Commission approve an amount up to \$150,000 that will include a \$10,000 or seven percent (7%) contingency for small variations in contracting from any unforeseen issues that could arise before the project is completed. If approved, this change order would bring the total eligible contract value to \$399,000 or \$11,735 per month, which remains very competitive in today's marketplace for the level of construction management services required. For example, for its EH3 project (a larger ground up development with 600 units as compared to the Upton II number of units at 150) the cost for construction management of the new construction is approximately \$55,000 per month; and for its 900 Thayer Ave project, the compensation for the CM was \$13,500/month.

All services rendered during the development phase of the project are being funded from the project's development budget, which was approved at a meeting of the Commission on January 9, 2019, including the budget for hard and soft cost contingencies. The exhibit below illustrates the change within the budget that allows for the increase without altering the overall total cost. Therefore, such expenditures are not expected to have an adverse financial impact on the Commission's operating budget.

MASTER BUDGET LINE ITEM	FINAL LEGAL CLOSING BUDGET	TOTAL PRIOR REVISIONS	CURRENT REVISIONS	REVISED BUDGET	TOTAL DRAWN	AMOUNT NOT BORROWED
Acquisition: Land	6,000,000.00	0.00	0.00	6,000,000.00	6,000,000.00	0.00
Hard Costs	30,858,071.00	70,261.40	0.00	30,928,332.40	21,446,794.84	9,481,537.56
Soft Costs						
Construction Manager for Lender	36,250.00	0.00	103,750.00	140,000.00	0.00	140,000.00
Soft Cost Contingency	323,823.00	(198,183.83)	(117,008.72)	8,630.45	0.00	8,630.45
Total SOFT COSTS	13,228,373.00	(70,261.40)	0.00	13,158,111.60	5,473,675.62	7,684,435.98
Lease-Up & Conversion Costs	1,337,633.00	0.00	0.00	1,337,633.00	21,000	1,316,633.00
<b>TOTAL PROJECT COSTS</b>	<b>51,424,077.00</b>	<b>0.00</b>	<b>0.00</b>	<b>51,424,077.00</b>	<b>32,941,470.46</b>	<b>18,482,606.54</b>
Construction Period Sources of Funds	50,114,172.62	12,000,000.00	0.00	62,114,172.62	34,037,258.15	28,076,914.47
Lease-Up & Conversions Sources	1,309,904.38	(12,000,000.00)	0.00	(10,690,095.62)	(1,095,787.69)	(9,594,307.93)
<b>TOTAL PROJECT SOURCES</b>	<b>51,424,077.00</b>	<b>0.00</b>	<b>0.00</b>	<b>51,424,077.00</b>	<b>32,941,470.46</b>	<b>18,482,606.54</b>

**ISSUES FOR CONSIDERATION:**

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to approve a change order for CFI Construction, Inc. in an amount up to \$150,000 to continue providing construction management services for the work at Upton II, and authorization for the Acting Executive Director to execute a change order in an amount up to \$150,000?

**BUDGET/FISCAL IMPACT:**

There is no impact on the Commission's FY 2022 operating budget. The CFI Construction, Inc. change order will be funded by the Upton II development budget, previously approved by the Commission for consulting services.

The estimated total cost of the change order(s) for work through completion is \$150,000, which includes a contingency of \$10,000.

**PRINCIPALS:**

CFI Construction, Inc.  
HOC at the Upton II, LLC  
Housing Opportunities Commission of Montgomery County

**TIME FRAME:**

For formal Commission action on September 1, 2021.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission approve a change order to the CFI Construction, Inc. contract up to \$150,000 bringing the aggregate contract amount to \$399,000 to provide continuing services for construction management at Upton II through completion, including authorization for the Acting Executive Director to execute said Change Order.



**RESOLUTION No. 21-85**

**RE: UPTON II: APPROVAL FOR THE ACTING EXECUTIVE DIRECTOR TO EXECUTE CHANGE ORDER TO CONTINUE CONSTRUCTION MANAGEMENT SERVICES**

**WHEREAS**, on January 9, 2019 the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) approved the Final Development Plan for Upton II and construction started in April 2019; and

**WHEREAS**, HOC is the managing member of HOC MM Upton II, LLC, which is the managing member of HOC at the Upton II, LLC (“Owner”), the owner of Upton II; and

**WHEREAS**, on May 10, 2019, the Commission approved the selection of CFI Construction Corporation (“CFI”) as construction manager for the project and CFI was awarded a contract in the amount of \$249,000; and

**WHEREAS**, on November 19, 2019, an affiliate of Wells Fargo provided LIHTC equity to the Owner with equity credits predicated on delivery of ninety (90) unit lease signings and occupancy by December 31, 2021; and

**WHEREAS**, to ensure the efficient and timely execution of the development plan and delivery of equity credits, staff proposes an expanded role for CFI and approval of a change order to their contract to augment staff resources to handle construction management services for the delivery of units to protect the Commission’s interests and to ensure the on-time delivery of the newly-built units.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the ultimate managing member of Owner, that it hereby approves a change order to the CFI contract up to \$150,000 (bringing their aggregate contract amount to \$399,000) to provide continuing services for construction management at Upton II through completion, and authorizes the Acting Executive Director, or her designee, to execute such change order to be funded from the Upton II development budget.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the ultimate managing member of Owner, that the Acting Executive Director of HOC, or her 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.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 1, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

**GEORGIAN COURT APARTMENTS: Approval of the Final Development  
Plan and Budget for Georgian Court Apartments and  
Authorization for the Acting Executive Director to Execute the  
General Contractor Contract with Hamel Builders, Inc.**

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**SILVER SPRING, MD**



**KAYRINE V. BROWN, ACTING EXECUTIVE DIRECTOR**

**ZACHARY MARKS  
MARCUS ERVIN  
HYUNSUK CHOI**

**September 1, 2021**

# Table of Contents

Topic	Page #
Executive Summary	3
Property Summary	5
Map Overview	6
Development Plan – Scope of Work	7
Development Plan – Renovation Phases	13
Development Plan – Construction Hard Costs	14
Development Plan – Timeline and Phasing Schedule	15
Development Plan – Early Start	16
Development Plan – Projected Rents	17
Development Plan – Sources and Uses	19
Development Plan – Stabilized Operations	20
Development Plan – Team Assembly	21
Summary and Recommendations	22

# Executive Summary

- Georgian Court (the “Property”) was originally constructed in 1976 and is a 147-unit Low Income Housing Tax Credit (“LIHTC”) and a former Section 236 of the National Housing Act with a Housing Assistance Payment Contract that consists of 49 one-bedroom and 98 two-bedroom units. The Property is currently operating under an extended-use covenant which is set to expire on December 31, 2030, requiring the following set asides: 29 units (Project-Based Section 8 rental assistance) set aside at 50% of area median income (“AMI”), and 118 units set aside at 60% of AMI.
- The Property consists of eleven (11) three-story and one (1) four story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 3600 Bel Pre Rd, Silver Spring, MD 20906. After a modest rehabilitation in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents’ units. The renovation will be completed with residents in-place.
- In order to facilitate an in-place renovation, all future leasing activities will cease to achieve up to 24 vacant units. In addition, staff will temporarily relocate up to 12 currently occupied units to an off-site location. The temporary relocation plan coupled with existing 12 vacant units will allow staff to deliver one vacant building (or 24 vacant units) to the general contractor to begin the phased renovation process.
- In June 2021, the Commission approved the selection of Hamel Builders, Inc. (“Hamel”) as the general contractor for the renovation of the Property. Concurrently, the Commission authorized the request to create a maximum of 24 vacant units at the Property by allowing staff to a) freeze leasing, and b) temporarily relocate residents off-site to facilitate the renovation schedule. Finally, to complete the predevelopment phase of the development, the Commission approved an increase of \$500,000 to the existing predevelopment budget to be funded with a loan from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”).
- In July 2021, the Commission approved the selection of Boston Financial Investment Management (“Boston Financial”) as the LIHTC syndicator for the Property and authorized the Executive Director to negotiate and execute a letter of intent outlining the terms of an operating agreement with Boston Financial. The projected capital contribution from the tax credit equity investor is approximately \$22.9 million.
- An application for an allocation of Low Income Housing Tax Credits was submitted to Maryland Department of Housing and Community Development and staff is expecting to receive the building permits in September 2021.
- The projected Total Development Cost is approximately \$72.3 million, to be funded with HOC-issued tax-exempt bonds and FHA Risk Share mortgage (appx. \$18.0M), HOC-issued short-term tax-exempt bonds (appx. \$10.8M), HOC seller note (appx. \$18.9M), Deferred Developer’s Fee (appx. \$1M), Existing Residual Receipts Reserve (appx \$476K), and 4% LIHTC equity (appx. \$22.9M).

# Executive Summary

- The Property currently has approximately \$3.6 million existing debt, consisting of a \$2.2 million senior mortgage and a \$1.4 million County loan. The existing debt will be repaid at the closing.
- The renovation is scheduled to begin in December 2021 and will proceed in six (6) phases, with each phase consisting of 24 to 27 units, and take approximately 70 to 90 days to complete. As each phase is completed and units are delivered for occupancy, tenants will move into the newly renovated units. The renovation includes the conversion of eight (8) units into UFAS accessible units and three (3) units to comply with requirements for hearing and visually impaired use.
- **Staff herein requests the Commission to approve the following actions:**
  1. Approve the final development budget with proposed substantial renovation of the Property using tax-exempt bonds issued by HOC, equity from the sale of LIHTC, deferred developer fee, residual receipts reserve, and a seller note all totaling approximately \$72.3 million.
  2. Authorize the Acting Executive Director to sign the general contractor contract with Hamel for an amount not to exceed \$13.6 million.
  3. Authorize the Acting Executive Director to execute an Early Start Agreement not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock in pricing, prior to the final construction closing projected in November 2021.
  4. Approve the sale of Georgian Court Apartments to HOC at Georgian Court, LLC for the as-is restricted appraised value of \$33,000,000.
  5. Authorize the closing of the LIHTC transaction.
  6. Authorize the Acting Executive Director to enter into an Operating Agreement with Boston Financial, and permission to admit a tax credit investor as a 99.99% member of the new Property owner entity.

Staff will return to the Commission at a later date to seek its approval of the Financing Plan, which in addition to tax-exempt bonds and LIHTC equity funding will include a request to approve a loan that bridges the receipt of LIHTC equity proceeds.

# Project Summary

<b>Property Name</b>	Georgian Court	<b>Units</b>	147	<b>Expected Closing Date</b>	2 <sup>nd</sup> Qtr FY22
<b>Location</b>	Silver Spring, MD	<b>Average Unit Size (SF)</b>	883	<b>Stabilization Date</b>	May 2024
<b>Product Type</b>	Garden-Style Apartment	<b>Occupancy (08/04/21)</b>	91.8%	<b>Recapitalization Strategy</b>	Rehabilitation
<b>Year Built/Renovated</b>	1976/2001	<b>Total Rentable Sqft</b>	129,871	<b>Funding Strategy</b>	4% LIHTC/Bonds

Georgian Court (the “Property”) was originally constructed in 1976 and is a 147-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units. The property is currently operating under the extended-use covenant which requires the following set asides; 29 units (project-based Section 8 rental assistance) set aside at 50% of area median income (“AMI”) and 118 units set aside at 60% of AMI. The Property consists of eleven (11) three-story and one (1) four story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 3600 Bel Pre Road, Silver Spring, MD 20906. After a modest rehabilitation in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior grounds, and the residents’ units.

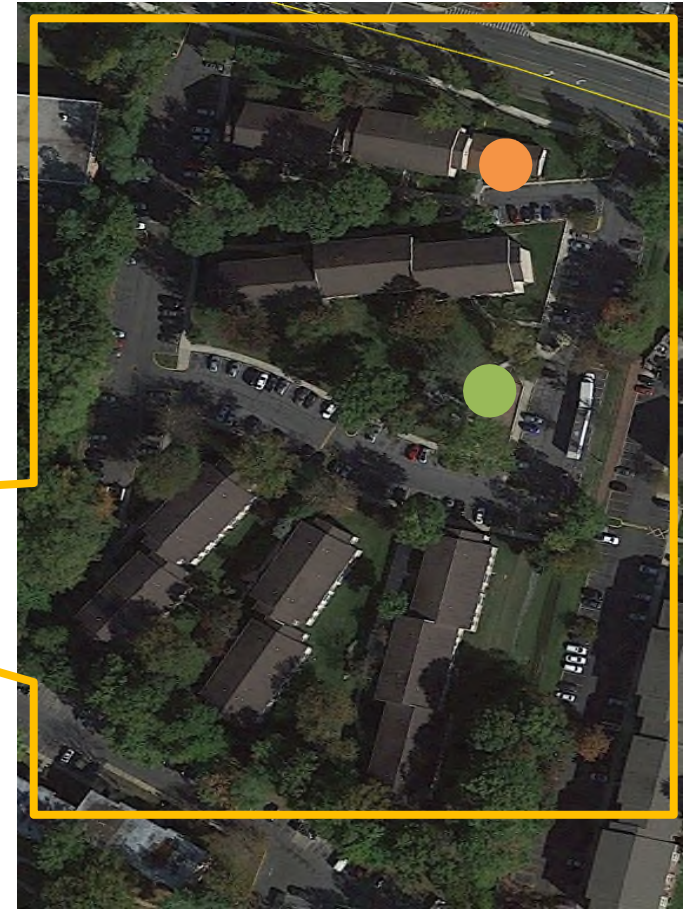
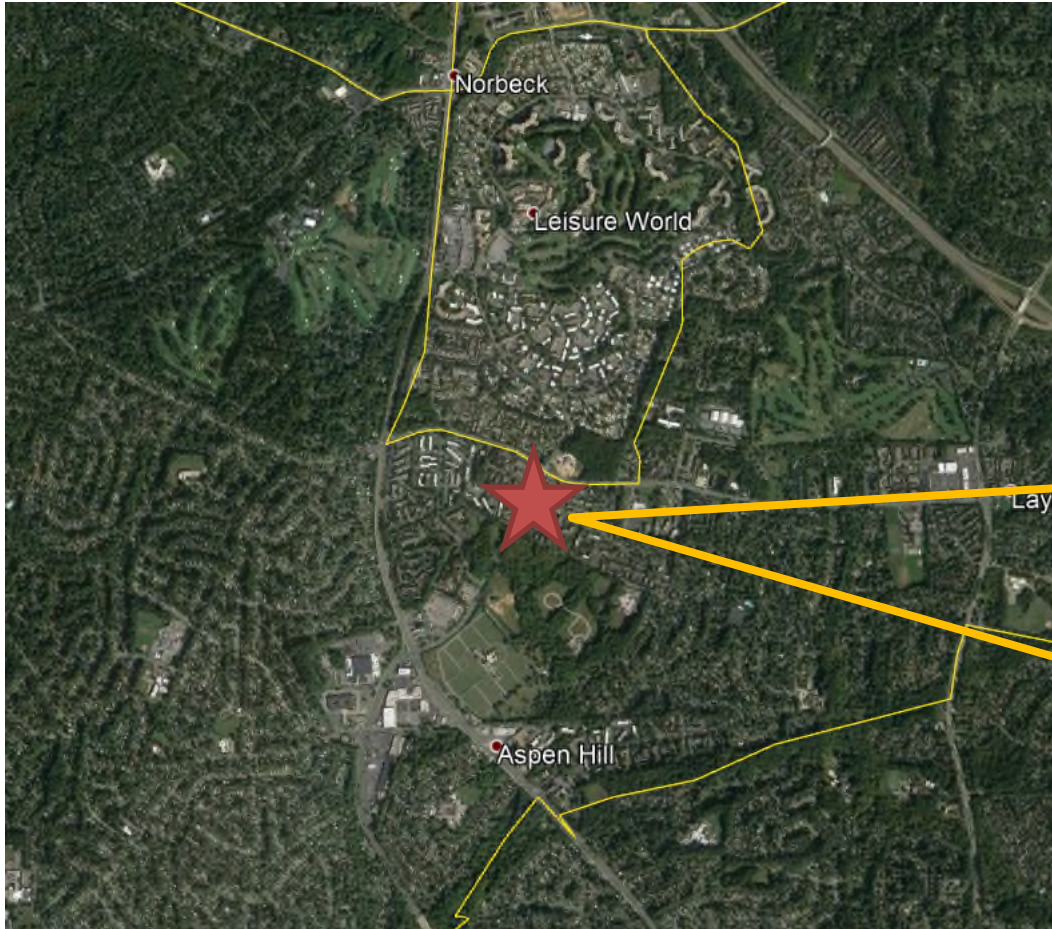


## Development Plan

- Utilize (4%) LIHTC equity and HOC-issued tax-exempt bond proceeds to fund all construction costs.
- Repay an existing FHA Risk Share mortgage loan (est. balance of \$3,625,264.21 as of November 2021) in the second quarter of FY2022.
- Add eight (8) Uniform Federal Accessibility Standards (“UFAS”) units with roll-in showers.
  - Five (5) two-bedroom units and three (3) one-bedroom units
  - Three (3) units will be renovated to comply with requirements for the hearing and visually impaired.
- Update the existing playground equipment as staff learned through its due diligence that many residents with children limit the use of the playground areas due to outdated equipment.



# Map Overview




The Property was constructed in 1976, and is located on 6.75 acres (per the tax assessment record) on the south side of Bel Pre Rd. near the intersection of Georgia Ave in Silver Spring, Maryland. Fortunately, the Property is located within a Qualified Census Tract (“QCT”), which qualifies for the 30% basis boost under the LIHTC program.

 Georgian Court Apartments

September 1, 2021



 Leasing Office and Community Room

 Playground Area



# Development Plan – Scope of Work

## The renovation scope includes the following:

- Replacement of all exterior roofing, siding, gutters, downspouts, fascia, rakes, and soffits, and add entry canopies on each building.
- Upgrades to the kitchen and bathroom spaces, including but not limited to energy efficient appliances, new cabinets, countertops, fixtures and lighting.
- Install modern, energy efficient HVAC systems.
- Improve accessible paths, re-lamp existing light fixtures with LED lamps, re-stripe identified parking spaces.
- Remove and replace flooring in stair halls and landings and flight of stairs in each stair hall.
- Replace existing fire alarm detection and notification systems with new systems through-out.
- Update the existing playground.
- Create eight (8) new UFAS units with roll-in showers (five (5) two-bedroom units and three (3) one-bedroom units)
  - Three (3) units will be renovated to comply with requirements for the hearing and visually impaired.
- Install a folding counter and refinish surfaces within the common laundry rooms.
- Replace all existing domestic water piping with new brass valves.
- Removal of all Asbestos-Containing Materials.



EXISTING KITCHEN



*Rendering of a finished kitchen for Georgian Court to illustrate the standard set of energy-efficient appliances.*

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.

# Development Plan – Scope of Work



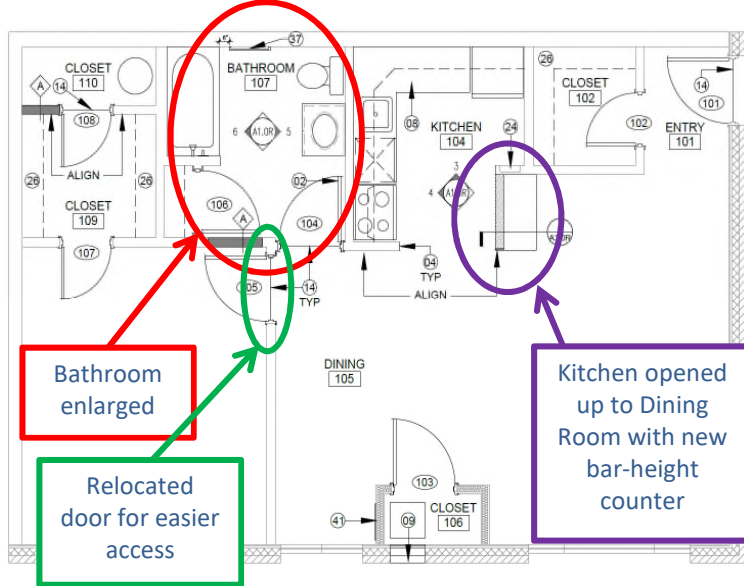
PROPOSED OPEN KITCHEN LAYOUT

## KITCHEN RENOVATIONS INCLUDE:

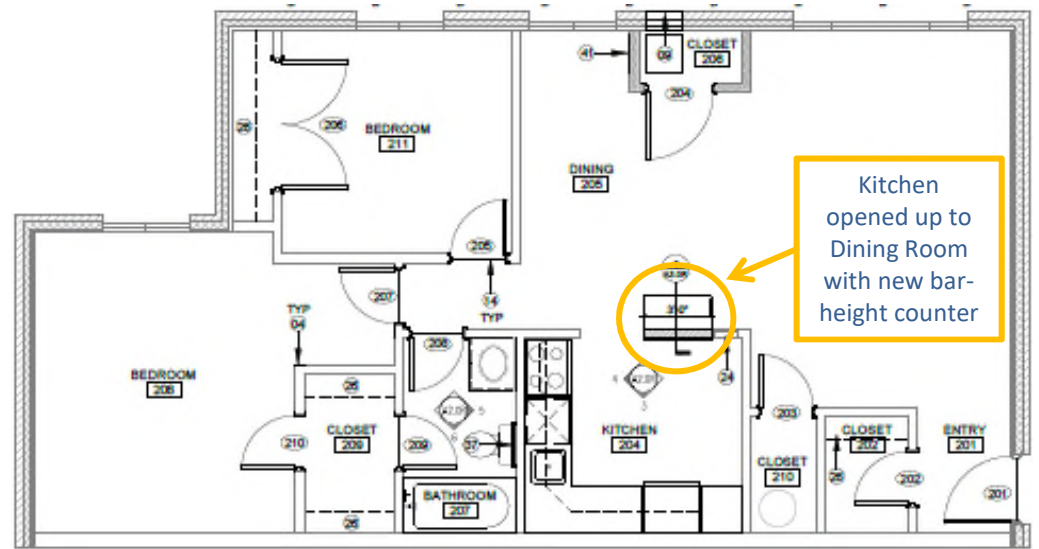
- All New Energy-Efficient Appliances
- New Cabinetry
- New Countertops
- New Tile Backsplash
- New Lighting
- Kitchen Walls Will Be Opened to the Living Room
- New Dining Counter

# Development Plan – Scope of Work

## ONE BEDROOM UNITS



## TWO BEDROOM UNITS



- All New Flooring
- All New Appliances
- All New Plumbing Fixtures
- All Counters and Cabinets
- Full Interior Re-painting
- New HVAC for Greater Efficiency and Lower Operating Costs
- New Exterior Entry Doors and Frames
- New Interior Doors
- New Lighting Fixtures and More Locations



# Development Plan – Scope of Work



CONCEPT DESIGN

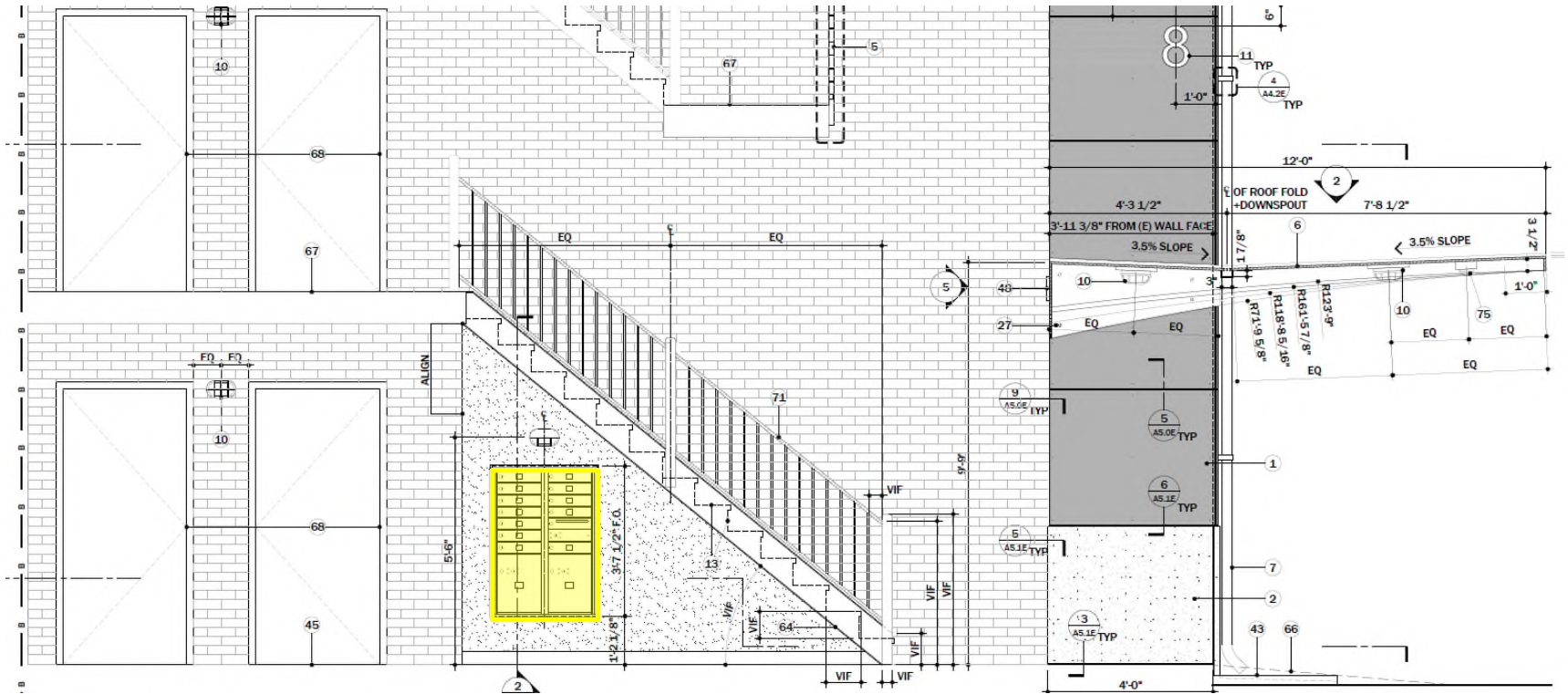
## NEW STAIR HALL ENTRY CANOPY

- New Covered and Lit Entry to Main Stairs
- Greater Signage Visibility
- Updated Sustainable Materials



EXISTING EXTERIOR

# Development Plan – Scope of Work



CONCEPT DESIGN

## RELOCATED MAILBOXES

- Meets Current US Postal Service Regulations
- Includes Parcel Lockers

September 1, 2021



EXISTING MAILBOXES



# Development Plan – Scope of Work

3 units renovated for the visually and hearing impaired

8 units renovated for the physically impaired

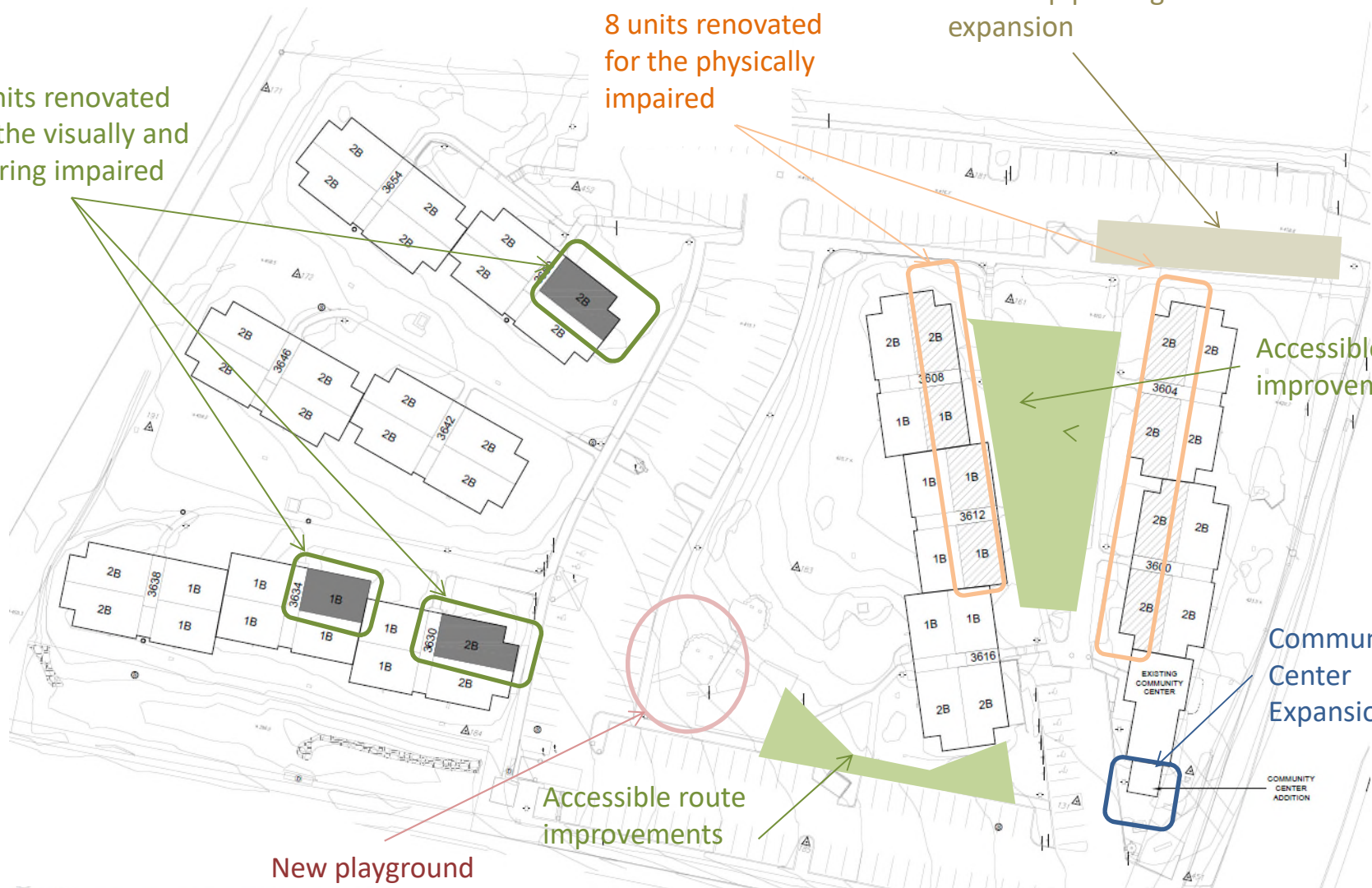
Handicap parking expansion

Accessible route improvements

Community Center Expansion

Accessible route improvements

New playground equipment



# Development Plan – Renovation Phases

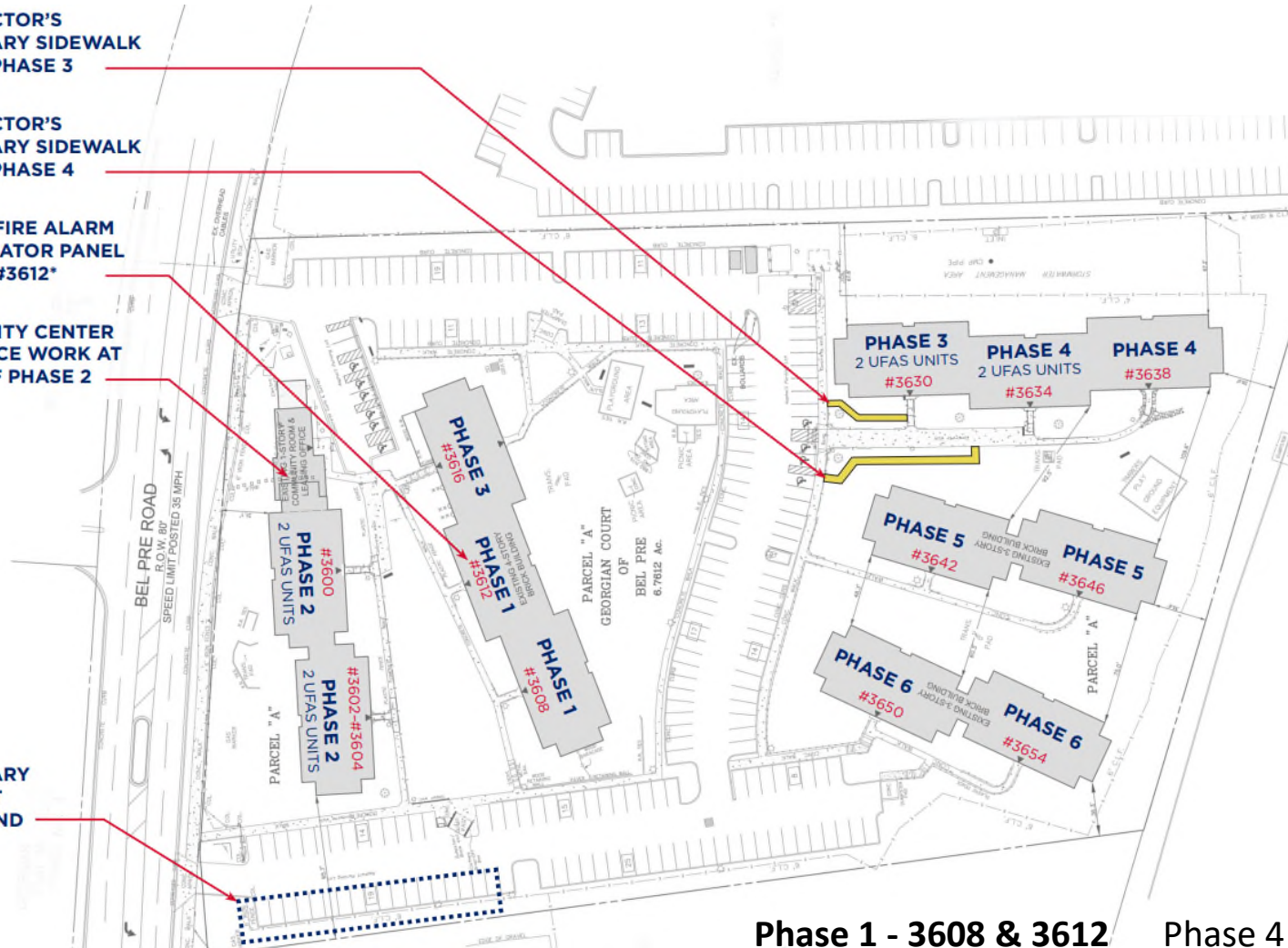
CONTRACTOR'S  
TEMPORARY SIDEWALK  
DURING PHASE 3

CONTRACTOR'S  
TEMPORARY SIDEWALK  
DURING PHASE 4

INSTALL FIRE ALARM  
ANNUNCIATOR PANEL  
IN BLDG #3612\*

COMMUNITY CENTER  
COMMENCE WORK AT  
START OF PHASE 2

TEMPORARY  
FENCE AT  
COMPOUND



Phase 1 - 3608 & 3612  
Phase 2 - 3600 & 3604  
Phase 3 - 3616 & 3630

Phase 4 – 3634 & 3638  
Phase 5 – 3642 & 3646  
Phase 6 – 3650 & 3654

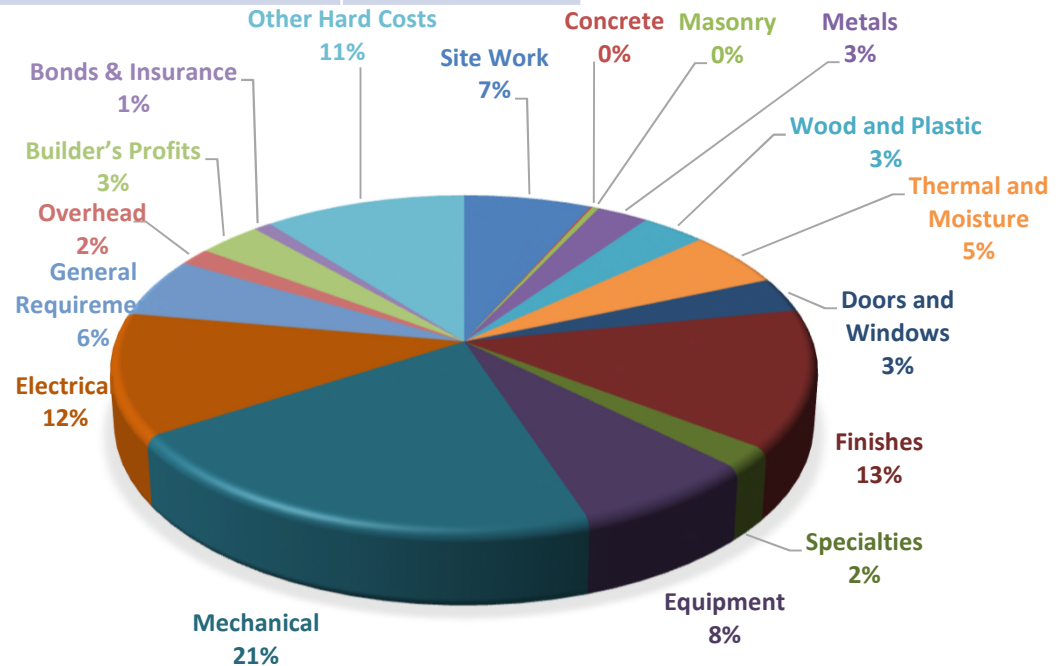


# Development Plan – Construction Hard Costs

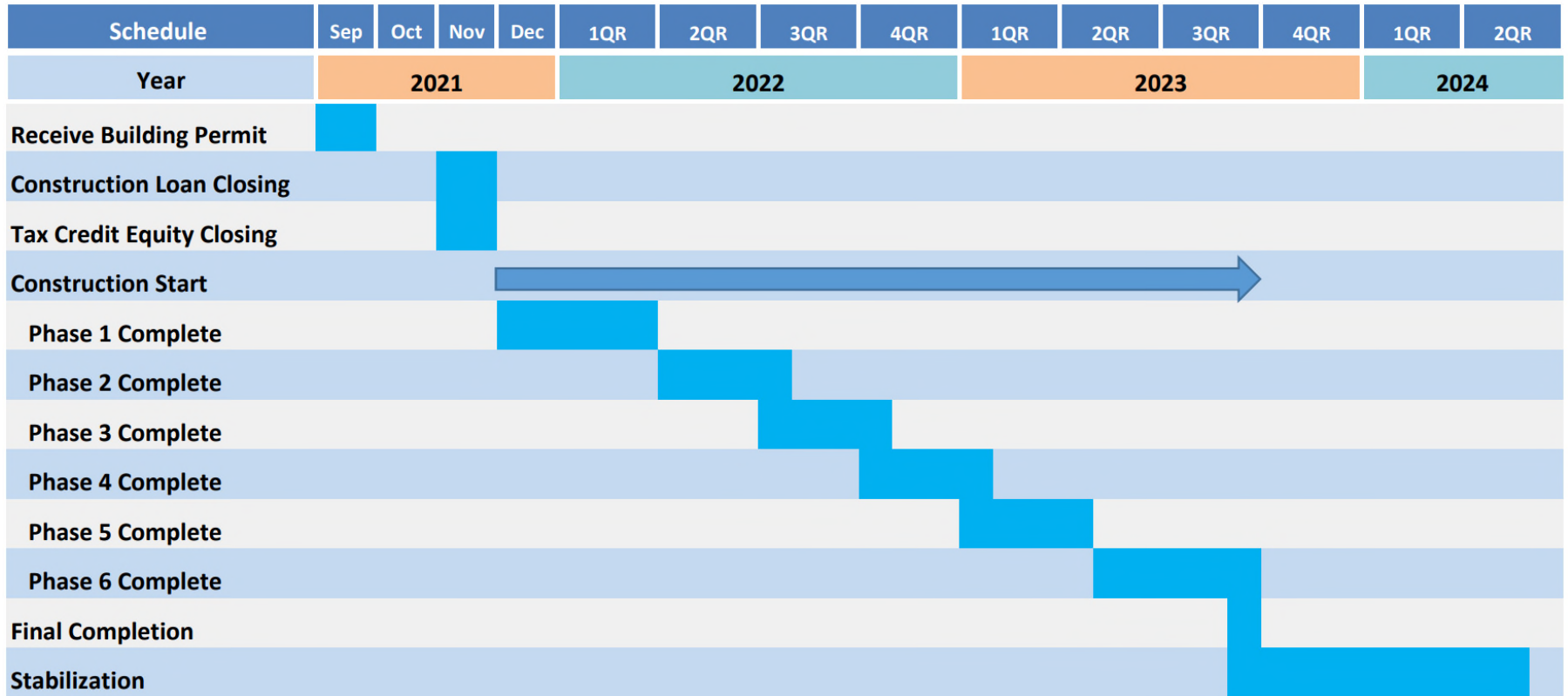
## General Contractor and Other Hard Costs

Category	Amount
Site Work	\$1,006,005
Concrete	\$15,567
Masonry	\$53,914
Metals	\$407,814
Wood and Plastic	\$516,468
Thermal and Moisture	\$806,052
Doors and Windows	\$498,568
Finishes	\$2,027,623
Specialties	\$310,786
Equipment	\$1,136,493
Mechanical	\$3,182,817
Electrical	\$1,782,548
<b>Subtotal</b>	<b>\$11,744,655</b>
General Requirements	\$861,982
Overhead	\$252,133
Builder's Profits	\$504,265
Bonds & Insurance	\$140,165
<b>Subtotal</b>	<b>\$1,758,545</b>
<b>Total GC Contract</b>	<b>\$13,503,200</b>

Category	Amount
Construction Contingency (10%)	\$1,350,320
Playground	\$80,000
HOC Builder's Risk Insurance	\$330,000
FF&E	\$20,000
<b>Total Other Hard Costs</b>	<b>\$1,780,320</b>



# Development Plan – Timeline and Phasing Schedule



21 Months Renovation

# Development Plan – Early Start

Description	Amount
Abatement (Submittals & Plan)	\$5,000
Metals (Shop Drawings & Materials Order)	\$50,000
Roofing & Siding (Materials Order)	\$55,000
Hollow Metal/Core Woods Doors & Hardware Vinyl Windows (Materials Order)	\$97,583
Ceramic Tile, LVT Flooring, and Carpeting (Materials Order)	\$65,000
Louvers, Postal Specialties, Bath Accessories, and Entry Canopies (Materials Order)	\$38,380
Kitchen Cabinets, Solid Tops, Appliances (Materials & Equipment Order)	\$147,821
Plumbing (Submittals, Materials & Fixtures Order)	\$133,000
HVAC (Submittals, Materials & Equipment Order)	\$131,000
Electrical (Submittals, Materials & Equipment Order)	\$148,546
<b>Subtotal</b>	<b>\$871,330</b>
General Requirements (2 Months)	\$70,000
<b>Total Early Release of Materials</b>	<b>\$941,330</b>

- An Early Start Agreement is a concept which allows developers to incur minimal costs, before the start of construction, to help keep the project on schedule, eliminate price escalations on certain volatile construction materials, and facilitate shop drawing process for long lead items.
- This approach would allow Hamel to execute an agreement with subcontractors and suppliers as they work to lock in pricing, therefore HOC is not expecting to receive increased pricing.
- \$70,000 of general requirements is part of the guaranteed maximum price amount therefore HOC will not incur additional costs from Hamel.
- These costs will cover long lead time items for materials and equipment for the 1<sup>st</sup> phase of renovation (24 units).
- If closing were not to occur, HOC would be responsible for the \$941,330 in materials, which would be paid from the existing replacement reserve accounts, which has an approximate balance of \$1.4M as of July 31, 2021.

# Development Plan – Projected Rents



1. Average 1 BR and 2 BR rents at comparable properties are \$1,453 and \$1,708 respectively.
2. Georgian Court's average rents of \$618 (1 BR) and \$662 (2 BR) are lower than the average rents of the six (6) comparable properties by 42.5% (1 BR) and 38.8% (2 BR).
3. Most rents do not include water and sewer.
4. The six (6) comparable properties have been recently renovated with modern finishes.
5. Georgian Court has twenty (21) over income residents as of August 1, 2021.

	Georgian Court ★	Georgian Court Proposed Rent (Year 2)	Peppertree Farm & Cinnamon Run (1)	Montgomery Trace (2)	Crystal Springs (3)	Strathmore House (4)	Ridgewood (5)	Northgate (6)
1 BR & 1 Bath	\$835	\$921	\$1,450	\$1,458	\$1,490	\$1,500	\$1,420	\$1,400
2 BR & 1 Bath	\$1,045	\$1,152	\$1,740	\$1,745	\$1,645	\$1,725	\$1,745	\$1,650
<b>Utilities Included</b>								
Gas	N/A	N/A	No	No	No	No	No	N/A
Electric	No	No	No	No	No	No	No	No
Water/Sewer	Yes	Yes	No	No	No	Yes	No	No
Trash	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

# Development Plan – Projected Rent (Continued)

GEORGIAN COURT		EXISTING TENANTS (appx. 75 tenants impacted @ 60% AMI level)				EXISTING OVERINCOME TENANTS (21 tenants impacted)				LIHTC MAX RENT @ 60% AMI
		YEAR 1 (5% Increase)		YEAR 2 (5% Increase)		YEAR 1 (10% Increase)		YEAR 2 (5% Increase)		
Unit Type	Current Rent	Proposed Rent	Variance	Proposed Rent	Variance	Proposed Rent	Variance	Proposed Rent	Variance	
1 BR & 1 Bath	\$835	\$877	\$42	\$921	\$44	\$919	\$84	\$964	\$46	\$1,451
2 BR & 1 Bath	\$1,045	\$1,097	\$52	\$1,152	\$55	\$1,150	\$105	\$1,207	\$57	\$1,741

1. To adjust existing rents closer to the LIHTC @ 60% AMI rent level and the market, staff proposes to increase the rent by 5% (\$42 – 1BR & \$52 – 2BR) when returning residents move into newly renovated units followed by an additional 5% (\$44 – 1BR & \$55 – 2BR) increase for the subsequent year.
2. Existing over income residents' new rent will increase by 10% (\$84 – 1BR & \$105 – 2BR) for first year when returning residents move into newly renovated units and 5% (\$46 - 1BR & \$57 – 2BR) for the following year.
3. All of the twenty (21) over-income residents' rent burden will be lower than 30% of their total household income after the initial 10% rent increase.
4. The County Voluntary Rent Guideline (“VRG”) is updated annually to represent the prior year increase in the rental component of the Consumer Price Index for the Washington Metropolitan Area. Historically, the VRG ranged from 1.5% - 4%. Staff proposes an increase to existing rents that are up to 3.5% over the anticipated VRG amount.
5. Projected rents for vacant units are \$1,249 (1BR) and \$1,384 (2BR).
6. Maximum Tax Credit rents are \$1,451 (1 BR) and \$1,741 (2 BR) at 60% AMI.

# Development Plan – Sources and Uses

## Sources and Uses of Funds

Sources	Amount	Per Unit
Bond Financing <sup>(1)</sup>	\$18,072,928	\$122,945
Tax-Exempt Bonds (ST)	\$10,844,449	\$73,772
LIHTC Equity <sup>(2)</sup>	\$22,903,136	\$155,804
Bridge Loan (HOC) <sup>(3)</sup>	\$3,380,704	\$22,998
Bridge Loan <sup>(3)</sup> (Redeemed with equity proceeds)	(\$3,399,643)	(\$23,127)
Other (GP Equity)	\$100	\$1
Property Residual Receipts Reserve	\$476,350	\$3,240
Deferred Developer's Fee	\$1,000,000	\$6,803
Seller Note <sup>(4)</sup>	\$18,937,552	\$128,827
<b>Total Sources</b>	<b>\$72,234,514</b>	<b>\$491,391</b>

Uses	Amount	Per Unit
Acquisition Costs <sup>(5)</sup>	\$33,449,000	\$227,544
Construction Costs <sup>(6)</sup>	\$14,853,519	\$101,044
Fees Related To Construction Costs	\$2,234,335	\$15,200
Financing Fees and Charges <sup>(7)</sup>	\$4,592,733	\$31,243
Syndication Related Costs	\$177,787	\$1,209
Tax-Exempt Bond (ST) (to meet 50% test)	\$10,844,449	\$73,772
Guarantees and Reserves <sup>(8)</sup>	\$1,382,215	\$9,403
Developer's Fees	\$4,700,477	\$31,976
<b>Total Uses</b>	<b>\$72,234,514</b>	<b>\$491,391</b>

**Note:** Georgian Court currently has two (2) replacement reserve accounts (appx. \$975K replacement reserve and appx. \$476K residual receipts reserve). The replacement reserve will be distributed to the owner which will pay back to Year 15 transactions and Newport Partners for RELOC but the residual receipts reserve will use a part of sources.

## Development Budget Highlights

1. Estimated \$18.0 million bond financed long-term mortgage with mortgage insurance under the FHA Risk Sharing Program.
2. Estimated Low Income Housing Tax Credits \$22.9 million (based on \$0.96 per credit plus the 30% basis boost).
3. The Bridge Loan of approximately \$3.4M to the Partnership is payable from equity at closing. The loan will be repaid with LIHTC equity proceeds.
4. Based on an as-is restricted appraised value of \$33.0 million, and the cash available to the transaction, HOC must take back a seller note to complete the closing.
5. Acquisition price is based on an as-is restricted appraised value plus relocation costs for Georgian Court Apartments.
6. HOC Construction Contingency includes a 10% of General Contractor's total contract amount.
7. Includes HOC's Origination Fee equivalent to 2% of the financing.
8. Included Soft Cost Contingency, six (6) months of Operating Reserve and Initial Replacement Reserve at \$1,500/unit.

Acquisition Price	\$33,000,000
(Less) Seller Note	(\$18,937,552)
(Less) All Outstanding Debt	(\$3,625,264)
<b>Total Equity</b>	<b>\$10,437,184</b>
<b>Existing Replacement Reserve</b>	<b>\$975,010</b>
Bridge Loan (During Construction)	(\$3,399,643)
(Less) Year 15 Transactions (RELOC)	(\$685,800)
(Less) Newport Partners (RELOC)	(\$236,288)
<b>Total Equity at closing</b>	<b>\$7,090,463</b>



# Development Plan – Stabilized Operations

Stabilized Proforma	CY 2024	Per Unit
Income	\$1,997,664	\$13,590
Expenses <sup>(1)</sup>	\$974,103	\$6,627
<b>NOI (Net Operating Income)</b>	<b>\$1,023,561</b>	<b>\$6,963</b>
Debt Service <sup>(2)</sup>	\$890,053	\$6,055
<b>Cash Flow</b>	<b>\$133,508</b>	<b>\$908</b>
Debt Service Coverage Ratio Target	<b>1.15</b>	

<sup>(1)</sup> Includes \$51,450 (\$350 per unit annually) in Replacement Reserves.

<sup>(2)</sup> Includes Loan Management Fee will be collected \$45,182 annually (0.25% of the original mortgage amount).

<b>Max Mortgage Amount (est.)</b>	<b>\$18,072,928</b>
Term (in years)	35
Interest Rate <sup>1</sup>	3.20%
Debt Service Constant	4.92%
MIP (Mortgage Insurance Premium)	0.25%
"All-In" Rate	3.45%
Debt Service Coverage Ratio Target	1.15x
NOI (Net Operating Income)	\$1,023,561
Debt Service	\$890,053

<sup>1</sup> As of August 6, 2021: Interest Rate (Includes Trustee Fee & Loan Management Fee) 2.645% (35 years) Plus 0.555% cushion.

September 1, 2021



- The financing plan includes a 35-year mortgage insured under the FHA Risk Sharing Program.
- Occupancy projected at 95% (Underwriting assumption), rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be \$974,103 in CY 2024 including funding of annual replacement reserves contribution of \$350 per unit, per year and escalating at 3% annually.
- The net operating income (“NOI”) of \$1,023,561 in CY 2024 supports the permanent debt which is underwritten at 3.20% plus 25 basis points for mortgage insurance premium (“MIP”) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.

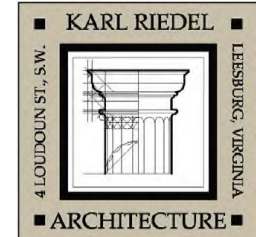


# Development Plan - Team Assembly

## Architect

Karl Riedel Architecture, P.C. (“KRA”), founded in Leesburg, VA in 2006, is a full-service architectural firm of professionals whose broad and extensive experience enables them to handle these multifamily renovation projects.

- Selected from the Architectural Pool based on its proven track record with multifamily renovations and like-kind replacements.
- KRA has been the architect of record for the project since concept planning began in 2018.



## Property Management

Edgewood Management Corporation (“EMC”) offers a full suite of real estate management services and specializes in developing innovative solutions and repositioning troubled assets in all areas: operations, administrative, financial, compliance, and physical. EMC has been managing properties for 50 years and has expanded services to 14 states, including the District of Columbia. EMC is recognized as the 8th largest manager of Affordable Housing by the National Affordable Housing Management Association (“NAHMA”) and the 50th largest manager by the National Multi-Housing Council (“NMHC”).



## General Contractor

Founded in 1988, Hamel has earned a reputation for excellence in multifamily renovation and new construction in the mid-Atlantic region. Hamel has developed over 35,000 units of multifamily residential, affordable housing, adaptive reuse, senior living, historic, and mixed-use development, including about 7,000 resident-in-place renovations. Hamel’s renovation experience extends to over 200 projects to date.



## LIHTC Investor

- Founded in 1969 and the leader in real estate investment management for over fifty years.
- Currently manage approximately \$15 billion in real estate investments for 140 institutional clients across the United States.



# Summary and Recommendations

## Issues for Consideration

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

1. Approve the final development budget with proposed substantial renovation of the Property using tax-exempt bonds issued by HOC, equity from the sale of LIHTC, deferred developer fee, residual receipts reserve, and a seller note all totaling approximately \$72.3 million;
2. Authorize the Acting Executive Director to sign the general contractor contract with Hamel for an amount not to exceed \$13.6 million;
3. Authorize the Acting Executive Director to execute an Early Start Agreement not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021;
4. Approve the sale of Georgian Court Apartments to HOC at Georgian Court, LLC for the as-is restricted appraised value of \$33,000,000;
5. Authorize the Property to provide sale proceeds as a source to the transaction in the form of a subordinate seller note and authorization for new Property owner to accept the seller note;
6. Authorize the closing of the LIHTC transaction;
7. Authorize the Acting Executive Director to enter into an Operating Agreement with Boston Financial, and permission to admit a tax credit investor as a 99.99% member of the new Property owner entity?

Staff will return to the Commission at a later date to seek its approval of the Financing Plan, which in addition to tax-exempt bonds and LIHTC equity funding will include a request to approve a loan that bridges the funding of LIHTC equity.

# Summary and Recommendations (Continued)

## Budget/Fiscal Impact

There is no adverse impact for the Agency's FY2022 budgets.

The investment will raise approximately \$22.9 million of tax credit equity for the renovation of Georgian Court Apartments. The Commission will earn Development and Commitment fees, which are available to the Commission to reinvest in the expansion or preservation of affordable housing.

During the 21 month construction period, the Project will continue to maintain 80% occupancy rate to ensure the Project does not fall into an operating deficit. The debt service interest payments during the construction period will be capitalized and paid from the development budget.

## Time Frame

For formal action at the September 1, 2021 meeting of the Commission.

## PREVIOUS COMMISSION APPROVALS

**Resolution 18-52** - Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgages for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows.

**Resolution 18-29** - Approval of Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes.

**Resolution 19-77** - Approval to Withdraw Excess Yield Funds Under the Multifamily Housing Development Bond Resolution and to Make a Capital Contribution to Georgian Court to Fund Capital Expenditures and to Approve Selection of Edgewood Management Company, Property Manager to Project Manage the Proposed Capital Improvements Utilizing the Excess Yield Funds.

**Resolution 21-57A** - Approval to Select Hamel Builders as General Contractor for the Renovation of Georgian Court Apartments, Approval to Freeze Leasing to Facilitate Renovation, Approval of Request for Additional Predevelopment Funds, and Ratification of the Formation of Ownership Entities.

**Resolution 21-57B** - Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Fund Costs Related to the Georgian Court Apartments Transaction.

**Resolution 21-70** – Approval to Select Boston Financial Investment Management as the Tax Credit Syndicator for Georgian Court Apartments and Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement.

**Resolution 21-67** – Approval to Amend and Restate Resolutions 21-57A, 21-57B, 21-58A, and 21-58B.

# Summary and Recommendations (Continued)

## Staff Recommendation and Commission Action Needed

Staff requests that the Commission:

1. Approve the final development budget with proposed substantial renovations of the Property using tax-exempt bonds issued by HOC, equity from the sale of LIHTC, deferred developer fee, residual receipts reserve, and a seller note all totaling approximately \$72.3 million;
2. Authorize the Acting Executive Director to sign the general contractor contract with Hamel for an amount not to exceed \$13.6 million;
3. Authorize the Acting Executive Director to execute an Early Start Agreement not to exceed \$941,330 to allow Hamel to execute agreements with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021;
4. Approve the sale of Georgian Court Apartments to HOC at Georgian Court, LLC for the as-is restricted appraised value of \$33,000,000;
5. Authorize the Property to provide sale proceeds as a source to the transaction in the form of a subordinate seller note and authorization for new Property owner to accept the seller note;
6. Authorize the closing of the LIHTC transaction;
7. Authorize the Acting Executive Director to enter into an Operating Agreement with Boston Financial, and permission to admit a tax credit investor as a 99.99% member of the new Property owner entity.

**RESOLUTION No: 21-86**

**RE: Approval of Final Development Plan, Admission of Investor Member, Authorization for the Acting Executive Director to Execute a Purchase and Sale Agreement and Close on the Purchase and Sale of the Property, Approval to Execute a Contract and Early Start Agreement with Hamel Builders, Inc., and to Execute an Operating Agreement and General Contractor Contract for the Georgian Court Apartments**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the general partner of Georgian Court Silver Spring Limited Partnership (“Seller”), the current owner of Georgian Court Apartments (the “Property”); and

**WHEREAS**, the Property was originally constructed in 1976 and is a 147-unit Low Income Housing Tax Credit (“LIHTC”) and a former Section 236 of the National Housing Act with a Housing Assistance Payment Contract that consists of 49 one-bedroom and 98 two-bedroom units; and

**WHEREAS**, the Property is currently operating under an extended-use covenant, which requires the following set asides: 29 units (Project-Based Section 8 rental assistance) set aside at 50% of area median income (“AMI”), and 118 units set aside at 60% of AMI; and

**WHEREAS**, in June 2021, the Commission approved (i) the selection of Hamel Builders, Inc. (“Hamel”) as general contractor for the renovation of the Property, (ii) the request to create a maximum of 24-vacant units at the Property by allowing staff to freeze leasing and temporarily relocate residents off-site to facilitate the renovation schedule, (iii) an increase of \$500,000 to the existing predevelopment budget to be funded with a loan from the PNC Bank, N.A. Real Estate Line of Credit, and (iv) ratified the formation of wholly-owned special purpose entities, HOC at Georgian Court, LLC (“HOC at Georgian Court”) and HOC MM Georgian Court, LLC (“HOC MM Georgian Court”), to serve as the new Property owner and managing member entities, respectively; and

**WHEREAS**, staff has prepared the Final Development Plan for the Property identifying a total development cost of approximately \$72.3 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, 4% LIHTC equity, residual receipts reserve, deferred developer’s fee, a seller note, and the preservation of affordability for 29 units set aside at 50% of AMI and 118 units set aside at 60% AMI (the “Final Development Plan”); and

**WHEREAS**, staff will return to the Commission at a later date to seek its approval of the final financing plan which, in addition to tax-exempt and LIHTC equity funding, will include a request to approve a loan that bridges the funding of LIHTC equity; and

**WHEREAS**, HOC intends to negotiate an Operating Agreement with a tax credit investor affiliate of Boston Financial (the “Investor”) for the admission of the Investor as a non-managing investor member of HOC at Georgian Court with a 99.99% interest; and

**WHEREAS**, the Commission desires to authorize the Acting Executive Director to (1) execute a general contractor contract with Hamel in an amount not to exceed \$13.6 million, and (2) execute an Early Start Contract not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Final Development Plan for the Property is hereby approved.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC MM Georgian Court, as its sole member, acting on behalf of itself and on behalf of HOC at Georgian Court, as its managing member, that it approves (1) the negotiation and execution of an Operating Agreement with the Investor for HOC at Georgian Court, (2) the admission of the Investor as a non-managing member of HOC at Georgian Court with a 99.99% interest, and (3) the execution of related documents, including without limitation, a tax credit recapture and other guarantees by HOC MM Georgian Court, 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 Seller, as its general partner and ultimate sole owner of its limited partner, and on behalf of HOC MM Georgian Court, as its sole member, acting on behalf of itself and on behalf of HOC at Georgian Court, 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 HOC at Georgian Court (3) the acquisition of the Property by HOC at Georgian Court, 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, as its general partner, 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 HOC MM Georgian Court, as its sole member, acting on behalf of itself and on behalf of HOC at Georgian Court, as its managing member, that it approves the negotiation and execution of a general contractor contract with Hamel for an amount not to exceed \$13.6 million 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 HOC MM Georgian Court, as its sole member, acting on behalf of itself and on behalf of HOC at Georgian Court, as its managing member, that it approves the authorization and execution an Early Start Contract not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of HOC MM Georgian Court, as its sole member, acting on behalf of itself and on behalf of HOC at Georgian Court, as its managing member, that the Acting Executive Director of HOC, or her 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.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 1, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission



**SHADY GROVE APARTMENTS: Approval of the Final Development  
Plan and Budget for Shady Grove Apartments and  
Authorization for the Acting Executive Director to Execute the  
General Contractor Contract with Hamel Builders, Inc.**

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**DERWOOD, MD**



**KAYRINE V. BROWN, ACTING EXECUTIVE DIRECTOR**

**ZACHARY MARKS  
MARCUS ERVIN  
HYUNSUK CHOI**

**September 1, 2021**

# Table of Contents

Topic	Page #
Executive Summary	3
Property Summary	5
Map Overview	6
Development Plan – Scope of Work	7
Development Plan – Renovation Phases	12
Development Plan – Construction Hard Costs	13
Development Plan – Timeline and Phasing Schedule	14
Development Plan – Early Start	15
Development Plan – Sources and Uses	16
Development Plan – Stabilized Operations	17
Development Plan – Team Assembly	18
Summary and Recommendations	19

# Executive Summary

- Shady Grove Apartments (the “Property”) was originally constructed in 1980 and is a 144-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units. The Property is currently operating under an extended-use covenant which is set to expire on December 31, 2028, requiring the following set aside: 144 units (100%) (project-based Section 8 rental assistance) set aside at 50% of area median income (“AMI”).
- The Property consists of twelve (12) three-story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 16125 Crabbs Branch Way, Derwood, MD 20855. After a modest rehabilitation in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents’ units. The renovation will be completed with residents in place.
- In order to facilitate an in-place renovation, all future leasing activities will cease to achieve up to 24 vacant units. In addition, staff will temporarily relocate up to 12 currently occupied units to an off-site location. The temporary relocation plan coupled with existing 12 vacant units will allow staff to deliver one vacant building (or 24 vacant units) to the general contractor to begin the phased renovation process.
- In June 2021, the Commission approved the selection of Hamel Builders, Inc. as the general contractor for the renovation of the Property. At the same time, the Commission also authorized the request to create a maximum of 24 vacant units at the property by allowing staff to a) freeze leasing, and b) temporarily relocate residents off-site to facilitate the renovation schedule. Finally, to complete the predevelopment phase of the development, the Commission approved an increase of \$485,000 to the existing predevelopment budget to be funded with a loan from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”).
- In July 2021, the Commission approved the selection of Boston Financial Investment Management (“Boston Financial”) as the LIHTC syndicator for the Property and authorized the Executive Director to negotiate and execute a letter of intent outlining the terms of an operating agreement with Boston Financial. The projected capital contribution from the tax credit equity investor is approximately \$19.3 million.
- An application for an allocation of Low Income Housing Tax Credits was submitted to Maryland Department of Housing and Community Development and staff is expecting to receive the building permits in September 2021.

# Executive Summary

- The projected Total Development Costs are approximately \$60.7 million, to be funded with HOC-issued tax-exempt bonds and an FHA Risk Share mortgage (appx. \$29.9M), HOC Seller Note (appx. \$9.5M), Deferred Developer's Fee (appx. \$2M), and 4% LIHTC equity (appx. \$19.3M).
- The Property currently has approximately \$3.7 million existing debt, consisting of a \$3.4 million senior mortgage and a \$262K County loan. The existing debt will be repaid at the closing.
- The renovation is scheduled to begin in December 2021 and will proceed in six (6) phases, with each phase consisting of 24 units and taking approximately 70 to 90 days to complete. As each phase is completed and units are delivered for occupancy, tenants will move into the newly renovated units. The renovation includes the conversion of eight (8) units into UFAS accessible units and three (3) units to comply with requirements for the hearing and visually impaired use.
- **Staff herein requests the Commission to approve the following actions:**
  1. Approve the final development budget with proposed substantial renovations of the Property using tax-exempt bonds issued by HOC, equity from the sale of LIHTCs, deferred developer fee, and a seller note all totaling approximately \$60.8 million.
  2. Authorize the Acting Executive Director to execute the general contractor contract with Hamel for an amount not to exceed \$13.2 million.
  3. Authorize the Acting Executive Director to execute an Early Start Agreement not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021;
  4. Approve the sale of Shady Grove Apartments to HOC at Shady Grove, LLC for the as-is restricted appraised value of \$33,200,000.
  5. Authorize the Property to provide sale proceeds as a source to the transaction in the form of a subordinate seller note and authorization for new Property owner to accept the seller note.
  6. Authorize the closing of the LIHTC transaction.
  7. Authorize the Acting Executive Director to enter into an Operating Agreement with Boston Financial, and permission to admit a tax credit investor as a 99.99% member of the new Property owner entity.

Staff will return to the Commission at a later date to seek its approval of the Financing Plan, which in addition to tax-exempt bonds and LIHTC equity funding will include a request to approve a loan that bridges the receipt of LIHTC equity proceeds.

# Project Summary

<b>Property Name</b>	Shady Grove	<b>Units</b>	144	<b>Expected Closing Date</b>	2 <sup>nd</sup> Qtr FY22
<b>Location</b>	Derwood, MD	<b>Average Unit Size (SF)</b>	908	<b>Stabilization Date</b>	May 2024
<b>Product Type</b>	Garden-Style Apartment	<b>Occupancy (08/04/21)</b>	93.1%	<b>Recapitalization Strategy</b>	Rehabilitation
<b>Year Built/Renovated</b>	1980/2001	<b>Total Rentable Sqft</b>	130,716	<b>Funding Strategy</b>	4% LIHTC/Bonds

Shady Grove (the “Property”) was originally constructed in 1980 and is a 144-unit LIHTC and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units. The Property currently operates as a LIHTC property with 144 units/100% (project-based Section 8 rental assistance) set aside at 50% of area median income. The Property consists of five (5) three-story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 16125 Crabbs Branch Way, Derwood, MD 20855. After a modest rehabilitation in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior grounds, and the residents’ units.



## Development Plan

- Utilize (4%) LIHTC equity and HOC-issued tax-exempt bond proceeds to fund all construction costs.
- Repay an existing FHA Risk Share mortgage loan (est. balance of \$3,708,940.84 as of November 2021) in the second quarter FY2022.
- Add eight (8) Uniform Federal Accessibility Standards (“UFAS”) units with roll-in showers:
  - Four (4) one-bedroom units and four (4) two-bedroom units;
  - Three (3) units will be renovated to comply with requirements for the hearing and visually impaired.
- Create a gym adjacent to the community room and leasing office.
- Remove all Asbestos-Containing Materials (“ACM”).
- Install radon mitigation systems.



# Map Overview



- ★ Shady Grove Apartments
- ★ King Farm Development
- ★ Westside Shady Grove Building D

The Property was constructed in 1980 and consists of two (2) parcels on either side of Crabbs Branch Way in Derwood, Maryland. The combined total acreage for the Property is 11.87 acres (per the tax assessment record). The western parcel is 6.06 acres and the eastern parcel is 5.81 areas.

- Leasing Office and Community Room
- Two Playground Areas

# Development Plan – Scope of Work

## The renovation scope includes the following:

- Replacement of all exterior roofing, siding, gutters, downspouts, fascia, rakes, and soffits, and addition of entry canopies on each building.
- Upgrades to the kitchen and bathroom spaces including, but not limited to energy efficient appliances, new cabinets, countertops, fixtures and lighting.
- Install modern, energy efficient HVAC systems.
- Improve accessible paths, re-lamp existing light fixtures with LED lamps, re-stripe identified parking spaces.
- Remove and replace flooring in stair halls, landings, and flight of stairs in each stair hall.
- Replace existing fire alarm detection and notification systems with new system through-out.
- Update the existing playground.
- Create eight (8) new UFAS units, including three (3) units with roll-in showers (four (4) one-bedroom units and four (4) two-bedroom units).
  - Three (3) units will be renovated to comply with requirements for the hearing and visually impaired.
- Install a folding counter and refinish surfaces within common laundry rooms.
- Replace all existing domestic water piping with new brass valves.
- Removal of all ACM and installation of radon mitigation systems.



EXISTING KITCHEN



PROPOSED OPEN KITCHEN LAYOUT

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.



# Development Plan – Scope of Work



PROPOSED OPEN KITCHEN LAYOUT

## KITCHEN RENOVATIONS INCLUDE:

- All New Energy-Efficient Appliances
- New Cabinetry
- New Countertops
- New Tile Backsplash
- New Lighting
- Kitchen Walls Will Be Opened To the Living Room
- New Dining Counter

# Development Plan – Scope of Work



PROPOSED BATHROOM



PROPOSED COMMUNITY ROOM



EXISTING BATHROOM



EXISTING COMMUNITY ROOM



# Development Plan – Scope of Work



PROPOSED BUILDING EXTERIOR

## **BUILDING EXTERIOR:**

- New Covered and Lit Entry to Main Stairs
- Re-Skinned/New Roof Form for the 3<sup>rd</sup> Floor Stair Bedroom Bay Projection
- New Cementitious Siding Surrounds at the Window Groups with New Juliette Balcony Rails
- New Mailbox Cluster under the New Canopy

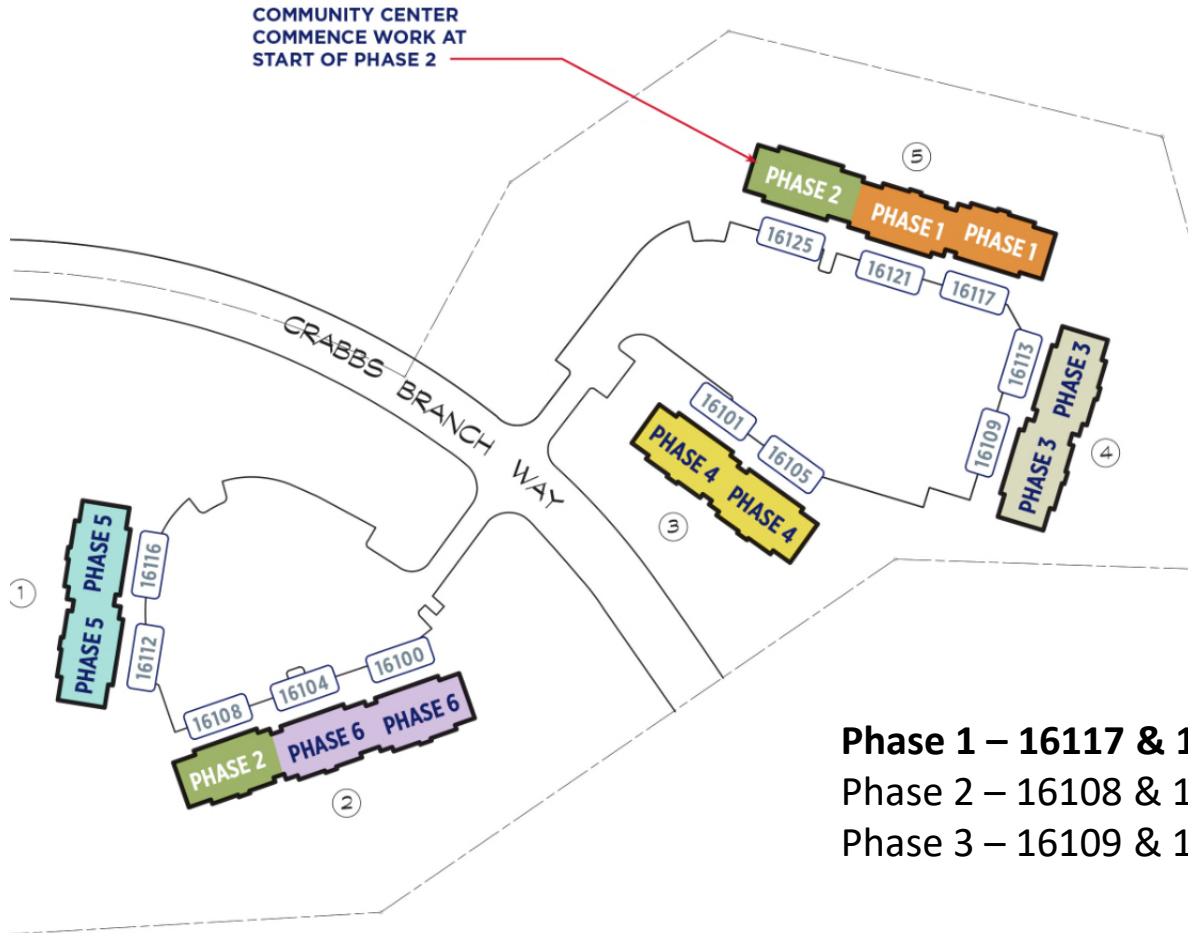
# Development Plan – Scope of Work

- ACCESSIBLE UNIT
- LEASING OFFICE / COMMUNITY ROOM / FITNESS CENTER
- LAUNDRY
- NEW ENTRY CANOPY WITH NEW MAILBOXES
- NEW TRASH ENCLOSURE
- RAMPS





# Development Plan – Renovation Phases



**Phase 1 – 16117 & 16121**

**Phase 2 – 16108 & 16125**

**Phase 3 – 16109 & 16113**

**Phase 4 – 16101 & 16105**

**Phase 5 – 16112 & 16116**

**Phase 6 – 16100 & 16104**

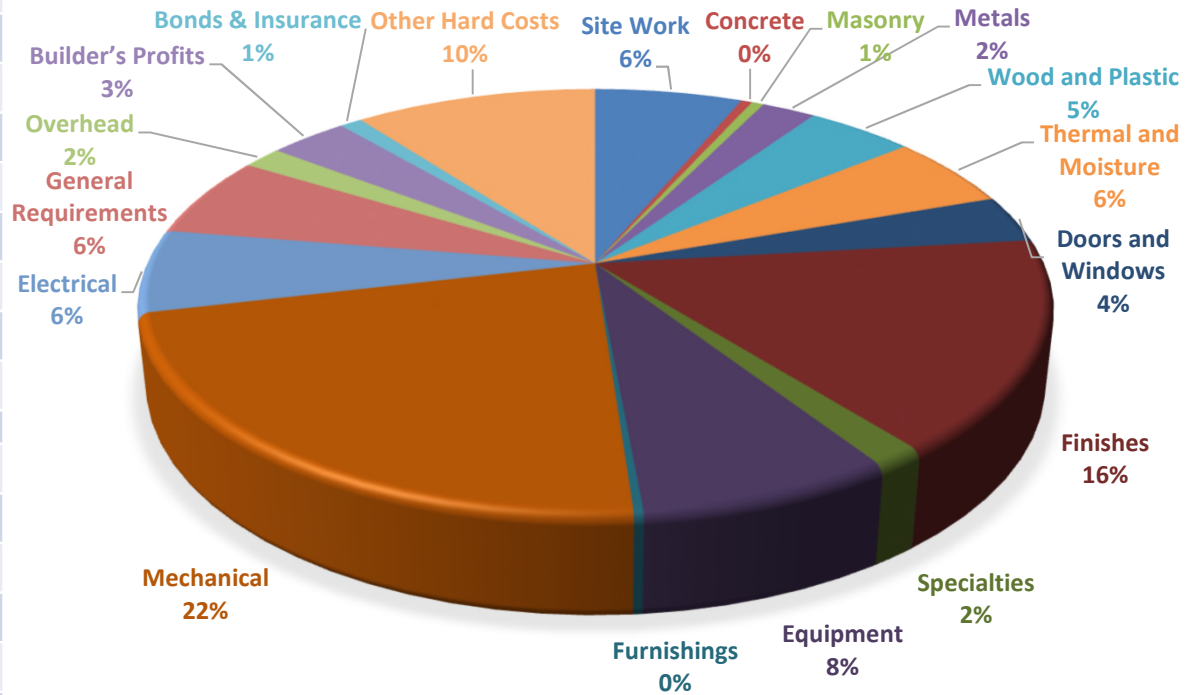
- HAND WASH STATIONS TO BE PROVIDED OUTSIDE EACH BUILDING BEING RENOVATED.
- EACH BUILDING TO BE FENCED DURING EACH PHASE OF BUILDING RENOVATION.

# Development Plan – Construction Hard Costs

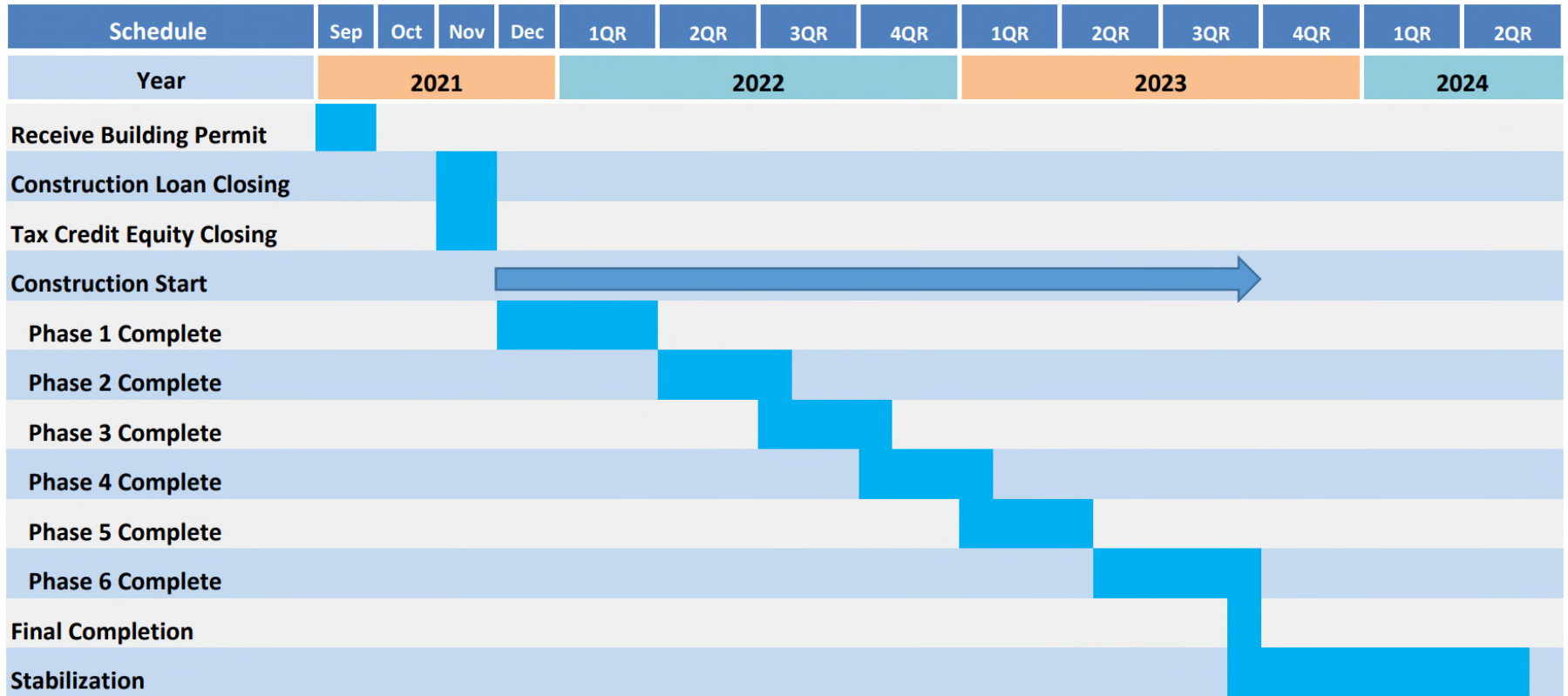
## General Contractor and Other Hard Costs

Category	Amount
Site Work	\$913,634
Concrete	\$67,941
Masonry	\$74,740
Metals	\$334,129
Wood and Plastic	\$668,932
Thermal and Moisture	\$805,909
Doors and Windows	\$524,757
Finishes	\$2,360,015
Specialties	\$222,226
Equipment	\$1,132,778
Mechanical	\$3,278,457
Furnishings	\$43,127
Electrical	\$925,200
<b>Subtotal</b>	<b>\$11,351,845</b>
General Requirements	\$902,495
Overhead	\$245,087
Builder's Profits	\$490,174
Bonds & Insurance	\$136,949
<b>Subtotal</b>	<b>\$1,774,705</b>
<b>Total GC Contract</b>	<b>\$13,126,549</b>

Category	Amount
Construction Contingency (10%)	\$1,312,655
HOC Builder's Risk Insurance	\$340,000
FF&E	\$40,000
<b>Total Other Hard Costs</b>	<b>\$1,692,655</b>



# Development Plan – Timeline and Phasing Schedule



21 Months Renovation



# Development Plan – Early Start

Description	Amount
Abatement (Submittals & Plan)	\$5,000
Metals (Shop Drawings & Materials Order)	\$50,000
Roofing & Siding (Materials Order)	\$55,000
Hollow Metal/Core Woods Doors & Hardware Vinyl Windows (Materials Order)	\$97,583
Ceramic Tile, LVT Flooring, and Carpeting (Materials Order)	\$65,000
Louvers, Postal Specialties, Bath Accessories, and Entry Canopies (Materials Order)	\$38,380
Kitchen Cabinets, Solid Tops, Appliances (Materials & Equipment Order)	\$147,821
Plumbing (Submittals, Materials & Fixtures Order)	\$133,000
HVAC (Submittals, Materials & Equipment Order)	\$131,000
Electrical (Submittals, Materials & Equipment Order)	\$148,546
<b>Subtotal</b>	<b>\$871,330</b>
General Requirements (2 Months)	\$70,000
<b>Total Early Release of Materials</b>	<b>\$941,330</b>

- An Early Start Agreement is a concept which allows developer's to incur minimal costs, before the start of construction, to help keep the project on schedule, eliminate price escalations on certain volatile construction materials, and facilitate shop drawing process for long lead items.
- This approach would allow Hamel to execute an agreement with subcontractors and suppliers as they work to lock in pricing; therefore, HOC is not expecting to receive increased pricing.
- \$70,000 of general requirements is part of the guaranteed maximum price amount therefore HOC will not incur additional costs from Hamel.
- These costs will cover long lead time items for materials and equipment for the 1<sup>st</sup> phase of renovation (24 units).
- The estimated cost of a proposed Early Release of Materials is \$941,330 shown in the table.
- If closing were not to occur, HOC would be responsible for the \$941,330 in materials, which would be paid from the existing replacement reserve account which has an approximate balance of \$1,252,965.29 as of July 31, 2021.

# Development Plan – Sources and Uses

## Sources and Uses of Funds

Sources	Amount	Per Unit
Bond Financing <sup>(1)</sup>	\$29,934,912	\$207,881
LIHTC Equity <sup>(2)</sup>	\$19,311,148	\$134,105
Bridge Loan (HOC) <sup>(3)</sup>	\$13,495,153	\$93,716
Bridge Loan <sup>(3)</sup> (Redeemed with equity proceeds)	(\$13,495,153)	(\$93,716)
Other (GP Equity)	\$100	\$1
Deferred Developer's Fee	\$2,000,000	\$13,889
Seller Note <sup>(4)</sup>	\$9,515,306	\$66,079
<b>Total Sources</b>	<b>\$60,761,466</b>	<b>\$421,955</b>
Uses	Amount	Per Unit
Acquisition Costs <sup>(5)</sup>	\$33,600,600	\$233,338
Construction Costs <sup>(6)</sup>	\$14,439,205	\$100,272
Fees Related To Construction Costs	\$1,381,680	\$9,595
Financing Fees and Charges <sup>(7)</sup>	\$4,840,211	\$33,613
Syndication Related Costs	\$162,323	\$1,127
Guarantees and Reserves <sup>(8)</sup>	\$1,727,573	\$11,997
Developer's Fees	\$4,609,874	\$32,013
<b>Total Uses</b>	<b>\$60,761,466</b>	<b>\$421,955</b>

**Note:** Shady Grove currently has one (1) replacement reserve account (appx. \$1.2M replacement reserve). The replacement reserve will be distributed to the owner which will pay back to Year 15 transactions and Newport Partners for RELOC.

## Development Budget Highlights

- Estimated \$29.9 million bond financed long-term mortgage with mortgage insurance under the FHA Risk Sharing Program.
- Estimated Low Income Housing Tax Credits \$19.3 million (based on \$0.93 per credit).
- The Bridge Loan is approximately \$13.5M to the Partnership payable from equity at closing. The loan will be repaid with LIHTC equity proceeds.
- Based on an as-is restricted appraised value of \$33.2 million, and the cash available to the transaction, HOC must take back a seller note to complete the closing.
- Acquisition price based on an as-is restricted appraised value plus relocation costs for Shady Grove Apartments.
- HOC Construction Contingency includes a 10% of General Contractor's total contract amount.
- Includes HOC's Origination Fee equivalent to 2% of the financing.
- Includes Soft Cost Contingency, six (6) months of Operating Reserve and Initial Replacement Reserve at \$1,500/unit.

Acquisition Price	\$33,200,000
(Less) Seller Note	(\$9,515,306)
(Less) All Outstanding Debt	(\$3,708,941)
<b>Total Equity</b>	<b>\$19,975,753</b>
<b>Existing Replacement Reserve</b>	<b>\$1,252,965</b>
Bridge Loan (During Construction)	(\$13,495,153)
(Less) Year 15 Transactions (RELOC)	(\$685,800)
(Less) Newport Partners (RELOC)	(\$236,288)
<b>Total Equity at closing</b>	<b>\$6,811,478</b>

# Development Plan – Stabilized Operations

Stabilized Proforma	CY 2024	Per Unit
Income	\$2,760,259	\$19,168
Expenses <sup>(1)</sup>	\$1,064,894	\$7,395
<b>NOI (Net Operating Income)</b>	<b>\$1,695,365</b>	<b>\$11,773</b>
Debt Service <sup>(2)</sup>	\$1,474,231	\$10,238
<b>Cash Flow</b>	<b>\$221,135</b>	<b>\$1,536</b>
Debt Service Coverage Ratio Target	<b>1.15</b>	

<sup>(1)</sup> Includes \$50,400 (\$350 per unit annually) in Replacement Reserves.

<sup>(2)</sup> Includes Loan Management Fee will be collected \$74,837 annually (0.25% of the original mortgage amount).

<b>Max Mortgage Amount (est.)</b>	<b>\$29,934,912</b>
Term (in years)	35
Interest Rate <sup>1</sup>	3.20%
Debt Service Constant	4.92%
MIP (Mortgage Insurance Premium)	0.25%
"All-In" Rate	3.45%
Debt Service Coverage Ratio Target	1.15x
NOI (Net Operating Income)	\$1,695,365
Debt Service	\$1,474,231

<sup>1</sup> As of August 6, 2021: Interest Rate (Included Trustee Fee & Loan Management Fee) 2.645% (35 years) Plus 0.555% cushion.

September 1, 2021



- The financing plan includes a 35-year mortgage insured under the FHA Risk Sharing Program.
- Occupancy projected at 95% (Underwriting assumption), rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be \$1,064,894 in CY 2024 including funding of annual replacement reserves contribution of \$350 per unit, per year and escalating at 3% annually.
- The net operating income (“NOI”) of \$1,695,365 in CY 2024 supports the permanent debt which is underwritten at 3.20% plus 25 basis points for mortgage insurance premium (“MIP”) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.

# Development Plan - Team Assembly

## Architect

Bennett Frank McCarthy Architects, Inc (“BFM”), founded in Silver Spring, MD in 1989, is a full-service architectural firm of professionals whose broad and extensive experience enables them to handle these multifamily renovation projects.

- Selected from the Architectural Pool based on its proven track record with multifamily renovation and like-kind replacements.
- BFM has been the architect of record for the project since concept planning began in 2018.



## Property Management

Edgewood Management Corporation (“EMC”) offers a full suite of real estate management services and specializes in developing innovative solutions and repositioning troubled assets in all areas: operations, administrative, financial, compliance, and physical. EMC has been managing properties for 50 years and has expanded services to 14 states, including the District of Columbia. EMC is recognized as the 8th largest manager of Affordable Housing by the National Affordable Housing Management Association (“NAHMA”) and the 50th largest manager by the National Multi-Housing Council (“NMHC”).



## General Contractor

Founded in 1988, Hamel has earned a reputation for excellence in multifamily renovation and new construction in the mid-Atlantic region. Hamel has developed over 35,000 units of multifamily residential, affordable housing, adaptive reuse, senior living, historic, and mixed-use development, including about 7,000 resident-in-place renovations. Hamel’s renovation experience extends to over 200 projects to date.



## LIHTC Investor

- Founded in 1969 and the leader in real estate investment management for over fifty years.
- Currently manage approximately \$15 billion in real estate investments for 140 institutional clients across the United States.



# Summary and Recommendations

## Issues for Consideration

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

1. Approve the final development plan and budget for the proposed substantial renovation of the Property using tax-exempt bonds issued by HOC, equity from the sale of LIHTC, deferred developer fee, and a seller note all totaling approximately \$60.8 million;
2. Authorize the Acting Executive Director to sign the general contractor contract with Hamel for an amount not to exceed \$13.2 million;
3. Authorize the Acting Executive Director to execute an Early Start Agreement not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021;
4. Approve the sale of Shady Grove Apartments to HOC at Shady Grove LLC for the as-is restricted appraised value of \$33,200,000;
5. Authorize the Property to provide sale proceeds as a source to the transaction in the form of a subordinate seller note and authorization for new Property owner to accept the seller note;
6. Authorize the closing of the LIHTC transaction; and
7. Authorize the Acting Executive Director to enter into an operating agreement with the Boston Financial and permission to admit a tax credit investor as a 99.99% member of the new Property owner entity?

Staff will return to the Commission at a later date to seek its approval of the Financing Plan, which in addition to tax-exempt bonds and LIHTC equity funding will include a request to approve a loan that bridges the funding of LIHTC equity.

# Summary and Recommendations (Continued)

## Budget/Fiscal Impact

There is no adverse impact for the Agency's FY2022 budgets.

The investment will raise approximately \$19.3 million of tax credit equity for the renovation of Shady Grove Apartments. The Commission will earn Development and Commitment fees, which are available to the Commission to reinvest in the expansion or preservation of affordable housing.

During the 21 month renovation period, the project is projected to maintain 80% occupancy rate to ensure the project does not fall into an operating deficit. The debt service interest payments during the construction period will be capitalized and paid from the development budget.

## Time Frame

For formal action at the September 1, 2021 meeting of the Commission.

## PREVIOUS COMMISSION APPROVALS

**Resolution 18-52** - Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgages for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows.

**Resolution 18-29** - Approval of Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes.

**Resolution 21-58A** - Approval to Select Hamel Builders as General Contractor for the Renovation of Shady Grove Apartments, Approval to Freeze Leasing to Facilitate Renovation, Approval of Request for Additional Predevelopment Funds, and Ratification of the Formation of Ownership Entities.

**Resolution 21-58B** - Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Fund Costs Related to the Shady Grove Apartments Transaction.

**Resolution 21-71** – Approval to Select Boston Financial Investment Management as the Tax Credit Syndicator for Shady Grove Apartments and Authorization for the Executive Director to Negotiate and Execute a Letter of Intent Outlining the Terms of a Limited Partnership Agreement.

**Resolution 21-67** – Approval to Amend and Restate Resolutions 21-57A, 21-57B, 21-58A, and 21-58B.



# Summary and Recommendations (Continued)

## Staff Recommendation and Commission Action Needed

Staff requests that the Commission:

1. Approve the final development plan budget for the proposed substantial renovation of the Property using tax-exempt bonds issued by HOC, equity from the sale of LIHTC, deferred developer fee, and a seller note all totaling approximately \$60.8 million;
2. Authorize the Acting Executive Director to execute the general contractor contract with Hamel for an amount not to exceed \$13.2 million;
3. Authorize the Acting Executive Director to execute an Early Start Agreement not to exceed \$941,330 to allow Hamel to execute agreements with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021;
4. Approve the sale of Shady Grove Apartments to HOC at Shady Grove, LLC for the as-is restricted appraised value of \$33,200,000;
5. Authorize the Property to provide sale proceeds as a source to the transaction in the form of a subordinate seller note and authorization for new Property owner to accept the seller note;
6. Authorize the closing of the LIHTC transaction; and
7. Authorize the Acting Executive Director to enter into an Operating Agreement with Boston Financial, and permission to admit a tax credit investor as a 99.99% member of the new Property owner entity.

**RESOLUTION No: 21-87**

**RE: Approval of Final Development Plan, Admission of Investor Member, Authorization for the Acting Executive Director to Execute a Purchase and Sale Agreement and Close on the Purchase and Sale of the Property, Approval to Execute a Contract and Early Start Agreement with Hamel Builders, Inc., and to Execute an Operating Agreement and General Contractor Contract for the Shady Grove Apartments**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the general partner of Shady Grove Apartments Limited Partnership (“Seller”), the current owner of Shady Grove Apartments (the “Property”); and

**WHEREAS**, the Property was originally constructed in 1980 and is a 144-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units; and

**WHEREAS**, the Property is currently operating under an extended-use covenant, which requires the following set aside: 144 units (100%) (project-based Section 8 rental assistance) set aside at 50% of area median income (“AMI”); and

**WHEREAS**, in June 2021, the Commission approved (i) the selection of Hamel Builders, Inc. (“Hamel”) as general contractor for the renovation of the Property, (ii) the request to create a maximum of 24-vacant units at the Property by allowing staff to freeze leasing and temporarily relocate residents off-site to facilitate the renovation schedule, (iii) an increase of \$485,000 to the existing predevelopment budget to be funded with a loan from the PNC Bank, N.A. Real Estate Line of Credit, and (iv) ratified the formation of wholly-owned special purpose entities, HOC at Shady Grove, LLC (“Shady Grove LLC”) and HOC MM Shady Grove, LLC (“Shady Grove MM LLC”) to serve as the new Property owner and managing member entities, respectively; and

**WHEREAS**, staff has prepared the Final Development Plan for the Property identifying a total development cost of approximately \$60.8 million to be funded with the proceeds of HOC-issued tax-exempt bonds enhanced by FHA Risk Share mortgage insurance, 4% LIHTC equity, deferred developer’s fee, a seller note, and the preservation of affordability for 100% of the units at 50% of AMI (the “Final Development Plan”); and

**WHEREAS**, staff will return to the Commission at a later date to seek its approval of the final financing plan which, in addition to tax-exempt and LIHTC equity funding, will include a request to approve a loan that bridges the funding of LIHTC equity; and

**WHEREAS**, HOC intends to negotiate an Operating Agreement with a tax credit investor affiliate of Boston Financial (the “Investor”) for the admission of the Investor as a non-managing investor member of Shady Grove LLC with a 99.99% interest; and

**WHEREAS**, the Commission desires to authorize the Acting Executive Director to (1) execute a

general contractor contract with Hamel in an amount not to exceed \$13.2 million, and (2) execute an Early Start Contract not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Final Development Plan for the Property is hereby approved.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Shady Grove MM LLC, as its sole member, acting on behalf of itself and on behalf of Shady Grove LLC, as its managing member, that it approves (1) the negotiation and execution of an Operating Agreement with the Investor for Shady Grove LLC, (2) the admission of the Investor as a non-managing member of Shady Grove LLC with a 99.99% interest, and (3) the execution of related documents, including without limitation a tax credit recapture and other guarantees by Shady Grove 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 Seller, as its general partner and ultimate sole owner of its limited partner, and on behalf of Shady Grove MM LLC, as its sole member, acting on behalf of itself and on behalf of Shady Grove 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 Shady Grove LLC (3) the acquisition of the Property by Shady Grove 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, as its general partner, 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 Shady Grove MM LLC, as its sole member, acting on behalf of itself and on behalf of Shady Grove LLC, as its managing member, that it approves the negotiation and execution of a general contractor contract with Hamel for an amount not to exceed \$13.2 million 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 Shady Grove MM LLC, as its sole member, acting on behalf of itself and on behalf of Shady Grove LLC, as its managing member, that it approves the authorization and execution an Early Start Contract not to exceed \$941,330 to allow Hamel to execute an agreement with subcontractors and suppliers as Hamel works to lock-in pricing, prior to the final construction closing projected in November 2021.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Shady Grove MM LLC, as its sole member, acting on behalf of itself and on behalf of Shady Grove LLC, as its managing member, that the Acting Executive Director of HOC, or her 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.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 1, 2021.

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Patrice M. Birdsong  
Special Assistant to the Commission

# Closing Statement

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

**Date: September 1, 2021**

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

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

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

Statutory Citation	Topic	Reason for closed-session discussion
§3-305(b)(3)	The acquisition of the fee simple interest (via a purchase and sale agreement) of three multifamily properties located in Bethesda, Maryland (the “Properties”)	The meeting must be closed to the public in order to protect HOC’s ability to purchase the Properties. Public discussion of this item could result in HOC not being able to acquire the Properties.
§3-305(b)(13)	The confidential commercial and financial terms of financing the acquisition of the Properties.	Section 4-335 of the Maryland Public Information Act prevents disclosure of confidential commercial or financial information obtained from a third-party. The meeting must be closed to the public in order to protect confidential commercial and financial information provided to HOC from private financial institutions in order to finance the acquisition of the Properties. The information to be discussed is customarily and actually treated as private by the financial institutions and has been provided to HOC under an assurance of privacy.
§3-305(b)(7)	Obtaining legal advice from HOC’s General Counsel about ongoing litigation.	The meeting must be closed to the public in order to protect HOC’s attorney-client privilege.
§3-305(b)(8)	Obtaining legal advice from HOC’s General Counsel about ongoing litigation.	The meeting must be closed to the public in order to protect HOC’s attorney-client privilege.
§3-305(b)(13)	Discussing information that is subject to attorney-client privilege.	Section 4-301(a)(1) of the Maryland Public Information Act prevents disclosure of information if, by law, the information is privileged or confidential. The meeting must be closed to protect HOC’s attorney-client privilege.

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

D. Recorded vote to close the meeting:

- Date: September 1, 2021      Time: \_\_\_\_\_      Location: Zoom (LiveStream on YouTube)
- Motion to close meeting made by: \_\_\_\_\_
- Motion seconded by: \_\_\_\_\_
- Commissioners in favor: \_\_\_\_\_
- Commissioners opposed: \_\_\_\_\_
- Commissioners abstaining: \_\_\_\_\_
- Commissioners absent: \_\_\_\_\_

Officer’s Signature: \_\_\_\_\_



# Adjourn

# Closed Session