

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

April 20, 2021

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Tuesday, April 20, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 2:30 p.m. Those in attendance were:

Via Online/Teleconference

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

Absent

Pamela Byrd
Linda Croom

Also Attending via Online/Teleconference

Stacy Spann, Executive Director
Aisha Memon, General Counsel
Eamon Lorincz, Deputy General Counsel
Cornelia Kent
Fred Swan
Darcel Cox
Gio Kaviladze

Kayrine Brown, Deputy Executive Director
Zachary Marks
Jennifer Arrington
Nathan Bovelie
Marcus Ervin
Claire Kim
Nicolas Deandreis

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

- I. **ITEMS REQUIRING DELIBERTION and/or ACTION**
 - A. **Bradley Boulevard:** Approval to Complete the Acquisition of the Bradley Boulevard Portfolio and Approval of the Finance Plan for the Acquisition

At the request of Chair Priest, due to technical concerns, Vice Chair Kelleher convened the meeting

Zachary Marks, Chief Real Estate Officer, and Gio Kaviladze, Senior Financial Analyst, were the presenters. Mr. Kaviladze provided a presentation of the Bradley Boulevard Properties. Staff requested approval of the Commission to authorize the Executive Director to complete the acquisition and to approve the financing plan of the Bradley Boulevard Properties. Staff also requested to retain Aldon Management Corporation as initial management company and to authorize the reimbursement to the OHRF for advances related to acquisition expenditures.

Commissioners congratulated staff on the accomplishment.

A motion was made by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon. Commissioners Byrd and Croom were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 21- 42A

**RE: Approval to Complete the Acquisition of the
Bradley Boulevard Portfolio and Approval of
the Finance Plan for the Acquisition**

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

WHEREAS, HOC has reached terms at which to buy existing rental housing (“Bradley Boulevard Properties”) located at 4740, 4730, 4701, 4705, and 4709 Bradley Blvd; 6900, 6904 and 6908 Strathmore Street; 4750 and 4757 Chevy Chase Drive; and 4800, 4804 and 4808 Wellington Drive – all in Chevy Chase, Maryland 20815; and

WHEREAS, the 401 units of the Bradley Boulevard Properties are unrestricted rental units that currently serve a significant number of households earning below 80% of the Area Median Income within the Washington-Metropolitan Statistical Area (“AMI”); and

WHEREAS, acquiring the Bradley Boulevard Properties supports HOC’s mission by preserving the availability of affordable housing in Montgomery County; and

WHEREAS, upon its acquisition of the Bradley Boulevard Properties, HOC will record a covenant on the property restricting 30% of units to 80% of AMI and an additional 20% of units to 50% AMI; and

WHEREAS, in December 2020, the Commission made a \$1,880,000 earnest money deposit, which is applicable to the purchase price. The deposit was funded from HOC’s Opportunity Housing Development Fund (“OHDF”); and

WHEREAS, staff has completed its review of the property and has found no adverse conditions that would prevent completing the acquisition; and

WHEREAS, HOC received financing proposals from several banks to fund the acquisition of Bradley Boulevard Properties and EagleBank submitted the most favorable proposal for a three-year \$81,200,000 loan; and

WHEREAS, staff proposes to fund the remaining approximately \$16,990,000 required to complete the acquisition with draws of \$1,000,000 from HOC's Opportunity Housing Reserve Fund ("OHRF"), \$2,320,000 from the MPDU/Property Acquisition Fund ("MPDU/PAF"), and up to \$14 million from the PNC N.A. Real Estate Line of Credit ("RELOC") (the "Remaining Acquisition Funds"). Staff proposes to keep the \$1,880,000 earnest money deposit draw from OHDF and the \$2,320,000 draw from the MPDU/PAF outstanding for 90 days after closing, at which time both balances will be repaid to OHDF and MPDU/PAF from OHRF; and

WHEREAS, staff will request a \$10 million HIF acquisition loan from the County DHCA. If approved, this loan will partially repay the acquisition draw from RELOC; and

WHEREAS, Bradley Boulevard Properties are currently managed by Aldon Management Corporation ("Aldon Management"). Staff proposes to retain Aldon Management as the initial management company for Bradley Boulevard Properties for a management fee of 3.5% of effective gross income and a one (1) year term commencing at closing, with two options to extend the term for one (1) year each subject to mutual agreement.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, that it authorizes the Executive Director to complete the acquisition of the Bradley Boulevard Properties.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, approves acceptance of a \$81,200,000 loan from EagleBank to fund the acquisition of Bradley Boulevard Properties, with the expectation that the EagleBank loan would be refinanced using the proceeds of tax-exempt bonds to be issued by the Commission to fund a mortgage that would be insured under the FHA Risk Share program.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the use of the \$1,880,000 earnest money deposit to fund HOC's equity contribution toward the acquisition of the Bradley Boulevard Properties. The Commission authorizes an extension of the term of the OHDF draw to 90 days after closing, with the expectation that at the expiration of the 90-day term the draw will be repaid from OHRF.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a draw of \$1,000,000 from the OHRF to be used to fund HOC's equity contribution toward the acquisition of the Bradley Boulevard Properties.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a draw of \$2,320,000 from the MPDU/PAF to be used to fund HOC's equity contribution toward

the acquisition of the Bradley Boulevard Properties, with the expectation that the draw will remain outstanding for 90 days after closing and will be repaid from OHRF at the expiration of this term.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a draw on the RELOC not to exceed \$14,000,000 to complete the funding of the acquisition of Bradley Boulevard Properties, with the expectation that the draw will be partially repaid with the proceeds of the requested \$10,000,000 County HIF loan, if approved.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, accepts the Remaining Acquisition Funds.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, approves the selection of Aldon Management as the initial management company for Bradley Boulevard Properties.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes repayment of a loan of up to \$210,000 that was extended from the OHRF for due diligence and pursuit activities related to the acquisition of the Bradley Boulevard Properties.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County, on behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, authorizes the Executive Director of HOC, or his 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.

A motion was made by Commissioner Simon and seconded by Chair Pro Tem Nelson to approve Resolution No. 21-42B. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Merkwowitz, and Simon. Commissioners Byrd and Croom were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 21-42B

RE: Approval to Draw up to \$14,000,000 on the PNC Bank, N.A. Real Estate Line of Credit to Acquire Bradley Boulevard 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 acquisition of rental housing properties which provide a public purpose; and

WHEREAS, HOC has reached terms at which to buy existing rental housing (“Bradley Boulevard Properties”) located at 4740, 4730, 4701, 4705, and 4709 Bradley Blvd; 6900, 6904 and 6908

Strathmore Street; 4750 and 4757 Chevy Chase Drive; and 4800, 4804 and 4808 Wellington Drive – all in Chevy Chase, Maryland 20815; and

WHEREAS, HOC intends to finance the acquisition with a \$81,200,000 loan from EagleBank and a \$5,200,000 equity contribution from HOC resources; and

WHEREAS, HOC wishes to complete the acquisition funding with a tax-exempt PNC N.A. Real Estate Line of Credit (“RELOC”) draw of up to \$14,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes a tax-exempt draw on the PNC RELOC in an amount not to exceed \$14,000,000 for the acquisition of Bradley Boulevard Properties for a term of 48 months.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County authorizes the Executive Director, or his 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.

A motion was made by Commissioner Simon and seconded by Chair Pro Tem Nelson to adjourn. The meeting adjourned at 2:51 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: May 5, 2021