

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

September 13, 2023

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform (with some participating in-person and some participating online/via teleconference) on Wednesday, September 13, 2023 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:07 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Jeffrey Merkowitz, Chair Pro Tem
Pamela Byrd, Commissioner
Linda Croom, Commissioner
Richard Nelson, Commissioner
Robin Salomon, Commissioner

Also Attending

Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Richard Congo
Ken Silverman
Bonnie Hodge
Marcus Ervin
David Brody
Terri Fowler
Kathryn Hollister
Meta Lim

Aisha Memon, General Counsel
Morgan Tucker
Zachary Marks
John Wilhoit
Lynn Hayes
Timothy Goetzinger
Alex Laurens
Ali Ozair
Ellen Goff

Also attending via Zoom

Victoria Dixon
John Broullire
Ellen Goff

Monte Stanford
Tia Blount
Matt Husman

IT Support

Irma Rodriguez
Aries "AJ" Cruz

Commission Support

Jocelyn Koon, Senior Executive Assistant

Chair Priest opened the meeting with the introduction of the Commission.

I. Information Exchange

Community Forum

- Deborah Miller, an HOC tenant, addressed the Commission regarding her housing complaints.

Executive Director's Report

- Chelsea Andrews, Executive Director, provided a presentation of the written report. Ms. Andrews also shared updates regarding HOC activities and spotlights for the month of August 2023.

Commissioner Exchange

- The Board was advised of the action taken by Chair Priest, signed on August 31, 2023, to maintain the current structure of the committees for the commission. Chair Priest mentioned that there are still three committees for the commission:
 - a) Administrative and Regulatory Committee - Chaired by Commissioner Kelleher, with Commissioners Croom and Byrd serving as members.
 - b) Budget, Finance, and Audit Committee - Chaired by Commissioner Nelson, with Commissioners Merkowitz and Kelleher serving as members.
 - c) Development and Finance Committee - Chaired by Commissioner Merkowitz, with Commissioners Nelson and Solomon as members.
- Chair Priest announced that the New Orleans NAHRO Conference is scheduled in October. Commissioner Croom and Executive Director, Chelsea Andrews will attend on HOC's behalf.

II. Approval of Minutes – The minutes were approved as submitted with a motion by Commissioner Byrd and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Priest, Merkowitz, Kelleher, Nelson, Byrd, Croom and Salomon.

A. Approval of Minutes of July 12, 2023

B. Approval of Minutes of July 12, 2023 Closed Session

C. Approval of Minutes of August 14, 2023 Strategic Planning

III. Committee Reports and Recommendations for Action

A. Administrative and Regulatory Committee - Com. Kelleher, Chair

1. Authorization to Adopt a New Policy for the Administration of 25 Housing Stability Vouchers in Response to HUD PIH Notice 2022-24

Commissioner Kelleher provided an overview of the Stability Voucher Program. Commissioner Kelleher introduced Executive Director, Chelsea Andrews, who introduced Director of Housing Resources, Lynn Hayes, to provide the detailed presentation. Staff recommend that the HOC accept staff's recommendation to adopt a new Stability Voucher ("SV") Policy in accordance with HUD PIH Notice 2022-24 and authorize the Executive Director to implement the revisions to HOC's Administrative Plan for the Housing Choice Voucher Program. A motion was made by Commissioner Kelleher to adopt resolution 23-48. Commissioner Croom seconded the motion. Affirmative votes were cast by Commissioner Priest, Nelson, Byrd, Croom, Kelleher, Merkowitz, and Salomon.

B. Budget, Finance and Audit Committee - Com. Nelson, Chair

1. County FY'25-30 Capital Improvements Program Budget: Authorization to Submit the County FY'25-30 Capital Improvements Program Budget

Commissioner Nelson introduced Executive Director, Chelsea Andrews, who provided an overview and introduced Timothy Goetzinger, Chief Development Funds Officer and Acting Chief Financial Officer, and Terri Fowler, Budget Officer, to provide the detailed presentation. Staff recommended that the full Commission authorize the submission of the County FY'25-30 Capital Improvements Program Budget, totaling \$88,127,000. Commissioner Nelson motioned to approve Resolution 23-49 in support of the staff recommendation, Commissioner Kelleher seconded. Affirmative votes were cast by Commissioner Priest, Merkowitz, Nelson, Croom, Byrd, Salomon, and Kelleher.

2. Inspection Services: Approval of the Selection of Gilson Housing Partners as the Independent Contractor to Conduct Housing Quality Standards ("HQS") Inspections for the Housing Choice Voucher Program and Other Residential Inspections

Executive Director, Chelsea Andrews, provided an overview of the presentation and introduced the Director of Housing Resources, Lynn Hayes, to provide the detailed presentation. Staff recommended the following to the Commission:

- 1) Approve the selection of Gilson Housing Partners as the independent contractor to conduct Housing Quality Standards inspections, Radon, and Lead Based Paint inspections, as well as residential housing inspections for the Housing Opportunities Commission of Montgomery County; and
- 2) Authorize the Executive Director to negotiate and execute a contract for \$865,500 with Gilson for an initial term of two years, renewable for up to two additional one year periods.

Commissioner Nelson motioned to approved Resolution 23-50 in support of the staff recommendation. Commissioner Merkowitz seconded. Affirmative votes were cast by Commissioner Priest, Merkowitz, Nelson, Croom, Byrd, Salomon, and Kelleher.

C. Development and Finance Committee, Chair Merkowitz

1. 8800 Brookville: Approval to Execute a Letter of Intent ("LOI"), Negotiate and Execute a Purchase and Sale Agreement with the Donohoe Companies, Inc. for the Sale of 8800 Brookville Road

Commissioner Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview. Chelsea Andrews, Executive Director, introduced Zachary Marks, Chief Real Estate Officer, and Marcus Ervin, Director of Development, to provide the detailed presentation. Staff recommended that the Commission approve staff's recommendation to authorize the Executive Director to execute a Letter of Intent with the Donohoe Companies, Inc. and proceed with negotiating and executing a Purchase and Sale Agreement for the sale of the 8800 Brookville Road site that reflects the guidance and authorization given by the Development and Finance Committee on September 1, 2023.

Commissioner Merkowitz made a motion to approve Resolution 23-51 and Commissioner Byrd seconded. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Salomon, and Merkowitz.

2. Hillandale Gateway: Approval of the Final Development Plan, including Approval to Negotiate and Execute a Guaranteed Maximum Price Amendment with CBG Building Company; Approval of the Transaction Structure, including Authorization to Create a Condominium Regime; Approval to Create New Tax Credit Entities; Approval to Negotiate and Execute Letters of Intent and Operating Agreements with Wells Fargo as the Tax Credit Investor in the Tax Credit Entities; and Approval to Accept Construction Financing Sources

Commissioner Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview. Chelsea Andrews, Executive Director, introduced Kathryn Hollister, Housing Acquisition Manager, to provide the detailed presentation. Staff recommended that the Commission accepts staff's recommendation to:

1. Authorize the Executive Director to negotiate and execute a GMP Amendment with CBG in an amount not to exceed \$189M.
2. Authorize the Executive Director to negotiate and execute a contract with Market 9 Design in an amount not to exceed \$253,000 for interior design and FF&E services.
3. Approve a Hard Cost FF&E Budget for Hillandale Gateway in the total amount of \$2.5M, and authorize for Market 9 Design to acquire FF&E in an amount not to exceed the Hard Cost FF&E Budget.
4. Authorize the creation of HOC at Hillandale AR, LLC to sublease and own a condo consisting of 155 age-restricted LIHTC units within the AR Building.
5. Authorize the creation of HOC at Hillandale NAR, LLC to sublease and own a condo consisting of 93 LIHTC units within the NAR Building.
6. Authorize Hillandale Gateway, LLC to own the remaining condos in the development, including: a condo consisting of 215 market-rate units within the NAR Building and four (4) retail condos (AR Retail Condo, Retail 1, Retail 2 and Retail 3).
7. Authorize the Executive Director to negotiate and execute letters of intent and operating agreements with Wells Fargo Community Lending and Investment regarding the provision of tax credit equity for the HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC transactions, and to admit Wells Fargo Community Lending and Investment, or its affiliate(s), as the investor member into HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC to facilitate the contribution of tax credit equity.
8. Authorize the assignment and assumption of agreements, contracts and portions of contracts, as necessary, between Hillandale Gateway, LLC, HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC to carry out the construction and financing of the overall development.
9. Authorize HOC at Hillandale AR, LLC, HOC at Hillandale NAR, LLC, and Hillandale Gateway, LLC (together, the "Owner Entities") to accept senior loans from Citi Community Capital in an amount up to 80% loan-to-cost. Currently staff projects a senior construction loan need of ~\$194M/
10. Approve the contribution of HOC equity in the total amount of \$10,950,100 from the OHRF to the overall transaction.
11. Authorize the Owner Entities to accept subordinate HIF loans from Montgomery County in an amount up to \$16M. Currently staff projects a need of ~\$6M during construction.
12. Authorize the Owner Entities to accept subordinate financing from Montgomery County Green Bank in an amount up to \$7.5M.
13. Authorize an increase to the HPF loan amount for the overall transaction from \$14.5M to \$35M and to subordinate the HPF Loan.

Commissioner Merkowitz made a motion to approve Resolution 23-52A and 23-52B, Commissioner Nelson seconded. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Salomon, and Merkowitz.

3. The Leggett: Approval to Increase the Bridge Loan by a Draw on the PNC Bank, N.A. Line of Credit to Replenish the Contingency for the South County Regional Recreation and Aquatic Center and to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Replenish the Contingency for the Leggett.

Commissioner Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview. Ms. Andrews introduced Marcus Ervin, Director of Development, and Zachary Marks, Chief Real Estate Officer, to provide the detailed presentation. Staff recommended that the Commission authorize a draw of up to \$3.0MM from the PNC LOC to replenish the contingency for the SCRRAC and a draw of up to \$2.0MM from the PNC RELOC to replenish the contingency for the Leggett. Staff further recommended approval to borrow funds at the taxable contractual rates for the PNC LOC and PNC RELOC facilities while outstanding and that repayment will be from permanent project funds. Commissioner Merkowitz made a motion to approve Resolution 23-53A, 23-53B, and 23-53C. Commissioner Croom seconded. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Salomon, and Merkowitz.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Kelleher seconded the motion, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Salomon voting 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 5:22 p.m., and reconvened in closed session at 5:40 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 September 13, 2023 at approximately 5:22 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3), 3-305(b)(7), 3-305(b)(8), 3-305(b)(13) to discuss three topics: (1) the potential acquisition of real property (land) located in Rockville, Maryland (pursuant to Section 3-305(b)(3) and 3-305(b)(13)); and (2) two matters that may result in litigation being filed against HOC (pursuant to Sections 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).

The meeting was closed and the closing statement dated September 13, 2023 was adopted on a motion made by Chair Priest, seconded by Commissioner Kelleher, with Commissioners Priest, Kelleher, Nelson, Byrd, Salomon, Merkowitz, and Croom voting in approval of the motion. The following persons were present: Roy Priest, Frances Kelleher, Richard Nelson, Pamela Byrd, Linda Croom, Robin Salomon, Jeffrey Merkowitz, Chelsea Andrews, Kayrine Brown, Zachary Marks, Marcus Ervin, Aisha Memon, Alex Laurens, Jocelyn Koon and Morgan Tucker.

In closed session, the Commission discussed the below topics and took the following actions:

1. **Topic:** The potential acquisition of real property (land) located in Rockville, Maryland (pursuant to Section 3-305(b)(3) and 3-305(b)(13)).
 - a. **Action Taken:** With a quorum present, Commissioners Priest, Kelleher, Merkowitz, Nelson, Salomon, Byrd, and Croom approved Resolution 23-54, which authorized the Executive Director to (1) execute a non-binding letter of intent to acquire, develop, and construct the property; and (2) negotiate and execute a predevelopment services agreement, development services agreement, and joint venture agreement.

2. **Topic:** A matter that may result in litigation being filed against HOC (pursuant to Sections 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).
 - a. **Action Taken:** With a quorum present, Commissioners Priest, Kelleher, Merkwowitz, Salomon, and Croom approved Resolution 23-55, which authorized the Executive Director to negotiate and execute a settlement agreement and approved a funding source. Commissioners Nelson and Byrd opposed the action.

3. **Topic:** A matter that may result in litigation being filed against HOC (pursuant to Sections 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).
 - a. **Action Taken:** The Commissioners received an update about potential litigation that may impact an HOC property. No formal action taken.

The closed session was adjourned at 6:33 p.m.

Respectfully submitted,

Chelsea Andrews,
Secretary-Treasurer