



10400 Detrick Avenue
 Kensington, MD 20895-2484
 (240) 627-9425



DEVELOPMENT AND FINANCE COMMITTEE

November 19, 2021

10:00 a.m.

YouTube Link: <https://youtu.be/l9bXslpK6zA>

Approval of Minutes:

| Title | Page |
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| 1. Minutes: Approval of Development and Finance Committee Minutes of October 22, 2021 | 3 |

Discussion/Action Items:

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| 1. Heritage Emory Grove: Approval of a Predevelopment Budget and Funding of Predevelopment Expenditures for Heritage Emory Grove; Approval to Sign Purchase Agreement for 17810 Washington Grove Lane; Review and Approve Terms for the Direct Transfer of Properties in Assemblage from the County Department of General Services; and Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Fund the Predevelopment Expenditures | 11 |
| 2. Cider Mill: Approval to Engage Eastern Concrete Construction to Replace Six Roofs at Cider Mill Apartments | 27 |

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Development and Finance Committee Minutes

October 22, 2021

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Development and Finance Committee was conducted via an online platform and teleconference on Friday, October 22, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:03 a.m., available for viewing [here](#). Those in attendance were:

Present

Jackie Simon, Chair – Development and Finance Committee
Richard Y. Nelson, Jr. – Commissioner

Absent

Jeffrey Merkowitz – Commissioner

Also Present

Frances Kelleher, Commissioner

Also Attending via Online

Kayrine Brown, Acting Executive Director
Zachary Marks
Timothy Goetzinger
Cornelia Kent
Kathryn Hollister
Daejuana Donahoe
Marcus Ervin
Leidi Reyes
Fred Swan
Eugenia Pascual
Hyunsuk Choi

Aisha Memon, General Counsel
Victoria Dixon
Jennifer Arrington
Nathan Bovel
Christina Autin
Claire Kim
Darcel Cox
Terri Fowler
Gail Willison

IT Support

Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

Commissioner Simon opened the meeting with a welcome and introduction of the Commissioners participating on the Committee.

APPROVAL OF MINUTES

The minutes of the September 24, 2021 Development and Finance Committee were approved upon a motion by Commissioner Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Simon and Nelson. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

DISCUSSION ITEMS

1. Garnkirk Apartments: Approval of a Predevelopment Budget and Funding of Predevelopment Expenditures for Garnkirk Apartments

Marcus Ervin, Director of Real Estate, provided a presentation on recommending to the full Commission approval of a predevelopment budget for Garnkirk Apartments to account for the costs necessary to complete the predevelopment and permitting phases. There was a recommendation to draw from the PNC Bank, N.A. Real Estate Line of Credit (RELOC) to fund the predevelopment budget, which would be repaid from the proceeds of the construction financing, and payments from the General Fund for outstanding interest incurred from the RELOC during the predevelopment period through the closing of the construction or permanent loan.

There was discussion among the Commissioners and Staff. Commissioner Nelson suggested that staff provide a budget comparison to help understand the process. A motion was made by Commissioner Nelson to move the item forward to the full Commission for approval at the November 3, 2021 monthly meeting. Commissioner Simon seconded the motion. Affirmative votes were cast by Commissioners Simon and Nelson. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

2. Westside Shady Grove: Approval of a Subordinate Loan from the Housing Production Fund to HOC at Westside Shady Grove LLC

Timothy Goetzinger, Chief Development and Funds Officer, provided a presentation to recommend to the full Commission approval of a loan from the Housing Production Fund for the Westside Shady Grove project.

Staff addressed questions of the Commissioners. A motion was made by Commissioner Nelson and seconded by Commissioner Simon to recommend to the full Commission at the November 3, 2021 monthly meeting. Affirmative votes were cast by Commissioners Simon and Nelson. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

3. **Westwood Tower: Approval of an Emergency Procurement Pursuant to Section 5.6(ii) of HOC's Procurement Policy for the Continuation of Litigation Services**

Kathryn Hollister, Senior Financial Analyst, provided the presentation requesting action of the Development and Finance Committee to recommend to the full Board the approval of an emergency procurement for the continuation of litigation services provided by Douglas & Boykin PLLC pursuant to Section 5.6(ii) of HOC's Procurement Policy, and approval to use the property's existing funds for litigation services. Ms. Hollister explained that the briefing materials for this item indicated another source of funding, but revised materials would be provided to the Commission at its monthly meeting.

Commissioner Nelson motioned to recommend the item move forward to the full Commission at the November 3, 2021 monthly meeting. Commissioner Simon seconded the motion and requested that the revised memo be included in the Committee's recommendation to the full Commission at the November meeting. Commissioner Nelson also suggested that a copy of the revised memo be included in the minutes of this Development and Finance Committee¹. Affirmative votes were cast by Commissioners Simon and Nelson. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

4. **4527 Avondale Street: Authorization of the Acting Executive Director to Negotiate and Execute a Purchase and Sale Agreement for the Disposition of 4527 Avondale to the Center for Children and Families, and Authorization to Complete the Sale**

Kathryn Hollister, Senior Financial Analyst, provided the presentation requesting action of the Development and Finance Committee to recommend to the full Board authorization of the Acting Executive Director to negotiate and execute a Purchase and Sale Agreement for the disposition of 4527 Avondale, pursuant to HOC's non-binding letter of intent with National Center for Children and Families (NCCF), the completion of the sale, and that proceeds of the sale of 4527 Avondale be used to pay down the PNC RELOC draw that was used to acquire the Property.

Commissioner Simon expressed concern that there had not been a third appraisal done. Acting Executive Director Brown provided an explanation. Commissioner Nelson suggested that there be language in the resolution acknowledging that appraisal was not received so that it

¹ The revised memo is attached to these minutes as Attachment 1.

would not be cited as precedent for future dispositions. A motion was made by Commissioner Nelson to move the item forward to the full Commission and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Simon and Nelson. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

5. **HOC Headquarters: Design Update**

Daejauna Donahue, Project Manager, provided a presentation to the Development and Finance Committee on the suggested design and budget of the new headquarters building.

There was discussion among Commissioners and staff. No recommendation for action was requested.

There being no further discussion to come before this open session of the Development and Finance Committee, the meeting adjourned at 12:01 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Attachment

Attachment 1

Revised Memo – Westwood Tower: Approval of an Emergency Procurement Pursuant to Section 5.6(ii) of HOC’s Procurement Policy for the Continuation of Litigation Services

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County
Development and Finance Committee

VIA: Kayrine V. Brown, Acting Executive Director

FROM: Staff: Aisha Memon, General Counsel Ext. 9740
Zachary Marks, Chief Real Estate Officer Ext. 9613
Marcus Ervin, Acting Director of Development Ext. 9752
Kathryn Hollister, Senior Financial Analyst Ext. 9551

RE: **Westwood Tower:** Approval of an Emergency Procurement Pursuant To Section 5.6(ii) of HOC's Procurement Policy for the Continuation of Litigation Services

DATE: October 22, 2021

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize an emergency procurement, pursuant to Section 5.6(ii) of HOC's Procurement Policy, for the continuation of litigation services.

BACKGROUND:

In December 2019, staff solicited quotes pursuant to Section 5.2(a) of HOC's Procurement Policy ("Small Purchase Procedures") for legal consultation services for potential litigation regarding Westwood Tower Apartments ("Westwood Tower" or the "Property"). Staff received three written quotes and awarded the work to Douglas & Boykin PLLC ("Douglas"), the vendor that submitted the lowest price. On January 8, 2020, HOC entered into an agreement for services ("Agreement") with Douglas. The Agreement included HOC's ability to request that Douglas represent HOC in the event any litigation was filed.

On July 2, 2021, the Commission authorized the sale of Westwood Tower to a private purchaser. On August 10, 2021, HOC was named as a defendant in a Complaint for Writ of Mandamus filed in the Circuit Court for Montgomery County, Maryland (Case No. 486734-V) by the Bethesda African Cemetery Coalition, Reverend Olusegun Adebayo, Darold Cuba, Geneva Nanette Hunter, and Montani Wallace (the "Plaintiffs"). Shortly thereafter, staff engaged Douglas to represent HOC in the litigation.

Plaintiffs allege that HOC violated Md. Code, Bus. Reg. § 5-505 and Md. R Prop. Sales Rule 14-401 by not petitioning the court before attempting to sell Westwood Tower. As of October 18, 2021, HOC is awaiting the court's ruling on its motion to dismiss. With the litigation still ongoing, staff anticipates needing additional litigation services beyond the Small Purchase Procedure limit of \$150,000. Section 5.6(ii) of HOC's Procurement Policy ("Section 5.6(ii)") provides for procurement by noncompetitive proposals when the award of contract is not feasible using competitive proposals and an emergency exists that threatens to cause serious injury to HOC. Given the ongoing developments in the litigation, the potentially serious legal and financial ramifications of the lawsuit, and in order to maintain continuity in HOC's legal strategy, staff requests Commission approval of an emergency procurement pursuant to Section 5.6(ii) for the continuation of litigation services provided by Douglas. A pause or break in the litigation strategy for a competitive proposal procurement is not feasible and poses an emergency to HOC as it endangers HOC's ability to defend itself in the case.

Funding

Douglas estimates that their legal fees and cost to see the current litigation through its conclusion is \$225,000. To date, legal fees and cost which have been incurred for HOC's defense have been paid by the Property.

Staff proposes that the projected future legal fees and cost of \$225,000, plus a \$45,000 (20%) contingency, for a total of \$270,000, be paid from existing Property cash.

ISSUES FOR CONSIDERATION:

Does the Development and Finance Committee wish to join staff's recommendation that the Commission:

1. Approve an emergency procurement for the continuation of litigation services provided by Douglas & Boykin PLLC pursuant to Section 5.6(ii) of HOC's Procurement Policy?
2. Approve the use of Westwood Tower's existing property cash to fund the continuation of litigation services in an amount not to exceed \$270,000?

BUDGET IMPACT:

There is no adverse impact on the agency's FY2022 operating budget. As of September 30, 2021, Westwood Towers had \$2.6M in existing property cash.

TIME FRAME:

For review by the Development and Finance Committee during the October 22, 2021 committee meeting and for action by the Commission at the November 3, 2021 open meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Development and Finance Committee join staff's recommendation to the Commission to:

1. Approve an emergency procurement for the continuation of litigation services provided by Douglas & Boykin PLLC pursuant to Section 5.6(ii) of HOC's Procurement Policy.
2. Approve the use of Westwood Tower's existing property cash to fund the continuation of litigation services in an amount not to exceed \$270,000.

Discussion/Action Items

HERITAGE EMORY GROVE CONCEPT DEVELOPMENT: APPROVAL TO SIGN PURCHASE AGREEMENT FOR DISPOSITION OF THE EMORY GROVE VILLAGE & CAMP HILL SQUARE; APPROVAL OF A PREDEVELOPMENT BUDGET AND FUNDING OF PREDEVELOPMENT EXPENDITURES FOR HERITAGE EMORY GROVE; AND APPROVAL TO DRAW ON THE PNC BANK, N.A. REAL ESTATE LINE OF CREDIT TO FUND THE PREDEVELOPMENT EXPENDITURES

GAITHERSBURG, MD



KAYRINE BROWN, ACTING EXECUTIVE DIRECTOR

**JAY SHEPHERD, HOUSING ACQUISITION MANAGER
MARCUS ERVIN, DIRECTOR OF DEVELOPMENT
ZACHARY MARKS, CHIEF REAL ESTATE OFFICER**



NOVEMBER 19, 2021

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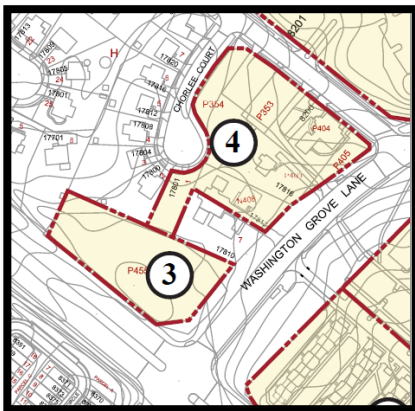
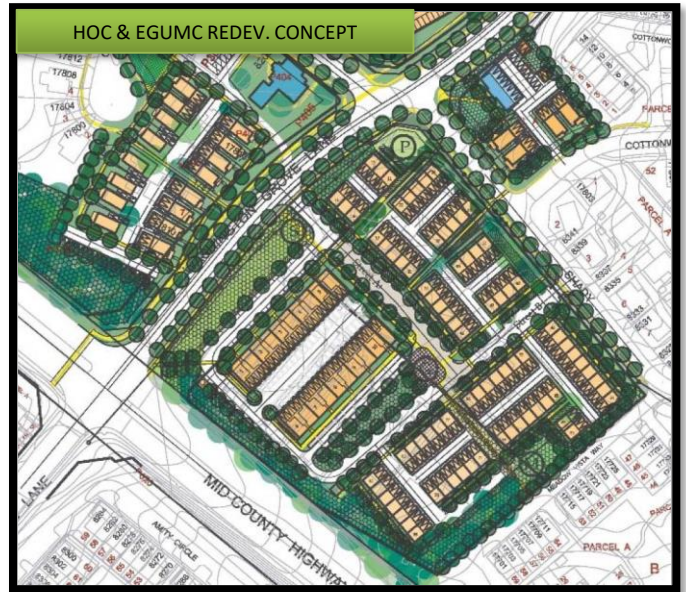
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Executive Summary

In October 2020, the Commission authorized the Executive Director to enter into a letter of intent (“LOI”) for the disposition of HOC’s Emory Grove Village and Camp Hill Square properties to Hailey Development, LC (“Hailey”) for \$2.5MM. Hailey would redevelop the property to include approximately 80 units of for-sale town homes and 60 units of rental apartments. The sale is conditioned upon Hailey:

- Delivering 30% of all units at or below 60% AMI;
- Providing the 30% of for-sale TH lots to be MPDUs to Habitat for Humanity for construction at MPDU-restricted lot pricing (with Habitat targeting 30%-MPDU range for MPDU TH pricing);
- Equitable distribution of MPDUs throughout the new community with unified exterior architecture.

Staff has completed negotiations with Hailey sufficient to enter into a binding purchase and sale agreement (“PSA”). Staff has also confirmed the legislative path for a zoning text amendment (“ZTA”) necessary to deliver the rental portion. As such, staff is seeking Commission approval to enter into the PSA contingent upon the ZTA as well as a final installment of funding for costs associated with securing the ZTA.

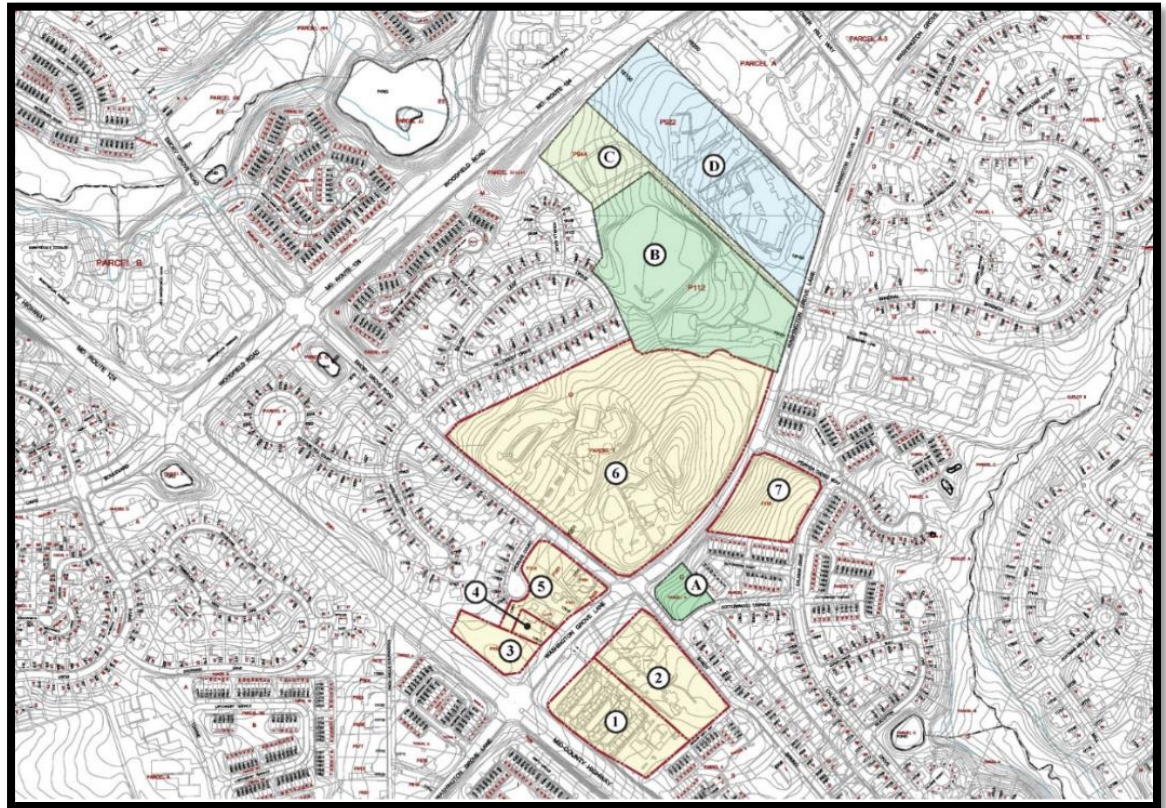


The Commission recently approved an amended loan of up to \$720,000 (“Amended Loan”) to Emory Grove United Methodist Church (“EGUMC”) for the acquisition of 17810 Washington Grove Lane (“17810 WGL”), the final privately owned property necessary to complete EGUMC’s desired redevelopment aggregation. EGUMC has completed the negotiation with the owner of 17810 WGL for its sale at a price of \$535,000. Combined with the closing costs for the purchase and sale of 17810 WGL and the payoff of EGUMC’s remaining mortgage on 17812 Washington Grove Lane (“17812 WGL”), the sale price is low enough for the Amended Loan to cover all three cost components. Staff is currently working with EGUMC to put loan documents in place and to fund the Amended Loan. Loan documents include HOC liens on 17810 WGL and 17812 WGL, which are the collateral for the amended loan.

Executive Summary

Pursuit of the redevelopment of Emory Grove Village and Camp Hill Square was the genesis of the working relationship between EGUMC and HOC. In turn, collaboration on EGUMC's property aggregation led to the Heritage Emory Grove concept – a larger aggregation comprising EGUMC's and HOC's holdings along with other County and M-NCPPC properties (all remnants of Historic Emory Grove).

On August 19, 2021, HOC presented the Heritage Emory Grove redevelopment concept to the County Executive primarily to gain his support and authorization of the initiation of disposition of the County holdings. He responded enthusiastically and authorized the Department of General Services (“DGS”) to begin the process of transferring the County-owned parcels (Parcels 3, 6, and 7 in the illustration above) to HOC. To entitle the Heritage Emory Grove redevelopment, parcels 6 and 7 will require rezoning; and, in general, HOC would act as master developer of the overall concept redevelopment plan.



In preparation for the property transfer, and to be sure that HOC can be responsive to questions and proposed covenants from the County Executive and County Council, staff requires feasibility funding for land planning, civil engineering, and land use legal. The source of the feasibility funding would be the PNC Real Estate Line of Credit (“RELOC”).

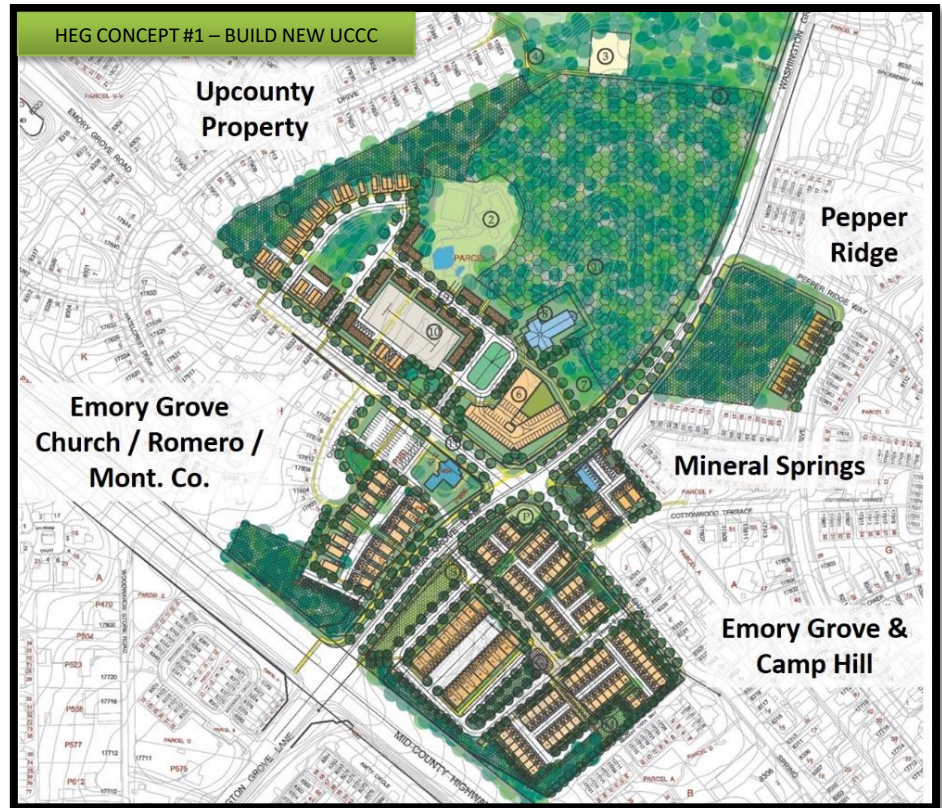
Executive Summary

As proposed, HOC would simply act as steward for the ultimate disposition of the County property. As the County's Housing Authority, HOC is exempted from the typical disposition process. The County code allows both for the direct transfer of County-owned property to HOC and, where useful, at price below fair market value. This exemption allows the County to leverage HOC's expertise in affordable housing and to expedite important development projects like this one.

The current concept is predominately composed of for-sale housing. Even the proposed pad for the senior rental apartments could be bid out to the private market. Much like HOC's disposition of its Emory Grove Village and Camp Hill Square properties, the end-user developers would be responsible for the cost of and resources necessary to gain entitlement and permitting.

HOC's costs, which would be reimbursed by either the County directly or from sales proceeds, would be limited to those consultants and contractors necessary to design the plan for disposition.

Staff's request for \$272,500 in feasibility spending is to establish the scope and budget of HOC's responsibilities as master planner for the ultimate disposition of the County land. The disposition will be governed by expected covenants around affordability, finalization of unit type and mix, and use of net proceeds to be established by the County Executive and County Council with meaningful community input. Reimbursement of HOC costs and agreement on a fee to HOC for its acting as master developer would be included as part of those same negotiations of terms.



EGV & CHS – Disposition History



RAD Disposition

- 2013-2015
- Permanent Relocation of Residents
- Deconcentration of Poverty



First Redevelopment Ideas

- 2016-2018
- Rezoning for Multifamily through Master Plan
- Master Plan Indefinitely Delayed
- County Provides CIP for Demolition



Revised Redevelopment Ideas

- 2019-2020
- Disposition to NVR for 100% for-sale, 12.5% MPDU
- \$6.75MM Purchase Price



Final Redevelopment Idea

- 2020-Present
- Competitively Bid to Three Firms, LOI Approved
- Hailey-NVR-Habitat Selected for 140 Units, 30% Affordable, 43% Rental
- \$2.5MM Purchase Price

Disposition of EGV & CHS

On October 7, 2020, the Commission authorized the Executive Director to execute a non-binding letter of intent (“Hailey LOI”) with Hailey Development for the disposition of Emory Grove and Camp Hill Square. On January 22, 2021, the Hailey LOI was executed with the details consistent with the terms presented to the Commission in October 2020.

Sales Price: \$2,500,000

Unit Mix: 30% MPDUs allocated evenly across both for-sale and rental housing.

As presented at the time of the approval, the primary drivers of the decrease in price were:

- The increase in MPDU percentage from 12.5% to 30.0%.
- The introduction of rental housing, which supplanted more profitable for-sale units.
- An increase in expected sitework costs.
- The agreement to sell the MPDU lots to Habitat for Humanity at the MPDU limit of \$15,000 per lot.
- Extraction of SDC value from the purchase price.

| Product Type | September '19 Option 1 | September '19 Options 2 | LOI Terms |
|-----------------------|------------------------|-------------------------|--------------------|
| MPDU Percentage | 12.5% | 25% | 30% |
| Total Unit Count | 114 | 114 | 126 |
| Townhome - Market | 99 | 85 | 51 |
| MF Rental - Market | 0 | 0 | 37 |
| Townhome - MPDU | 15 | 29 | 21 |
| MF Rental - MPDU | 0 | 0 | 17 |
| Total Market | 99 | 85 | 88 |
| Total MPDU | 15 | 29 | 38 |
| Per Unit Price | | | |
| Townhome | \$65,000 | \$63,000 | \$41,800 |
| Multi-Family Market | N/A | N/A | \$9,950 |
| Aggregate Price | \$7,500,000 | \$6,750,000 | \$2,500,000 |
| SDC Credit | \$(525,000) | \$(525,000) | \$525,000 |
| Adjusted Value | \$6,975,000 | \$6,225,000 | \$3,025,000 |

Disposition of EGV & CHS

HOC was originally expected to retain and transfer the WSSC System Development Charge (“SDC”) credits to the buyer. Instead, prior to demolition of the existing Camp Hill and Emory Grove sites, a master plumber will conduct an inspection of the buildings and provide a fixture count (toilets, showers, sinks, etc.). Using that count WSSC will establish a credit for the benefit of HOC. *

Hailey Development has agreed to the sale of 21-24 ready lots to Habitat for Humanity along with 54 (and potentially as many as 60) multifamily rental units to be set aside for development by Sitka Residential, LLC (“Sitka”). The market rate Sitka units are expected to be priced such that all units would initially rent below the MPDU threshold. To ensure availability for subsidized households at Camp Hill Square, all MPDUs will be two-bedroom units.

| Product Type | Quantity | Est. Sq. Ft. | Est. Rent Rate |
|------------------------|-----------|--------------|----------------|
| 1 Bedroom | 18 | 693 | \$1,420 |
| 2 Bedroom + Den | 19 | 1053 | \$1,720 |
| 2 Bedroom + Den (MPDU) | 17 | 1053 | \$1,620 |
| Total | 54 | | |



* The total credit amount is expected to be ~\$525,000 (105 dwelling units x \$5,000/dwelling unit). Hailey Development’s builder will utilize the HOC SDC credit account when WSSC plumbing permits are issued. Instead of paying WSSC, the builder will pay HOC the corresponding WSSC SDC charge amount that is due for the Market Rate Units. This will allow HOC to redeem the estimated \$525,000 WSSC credit.

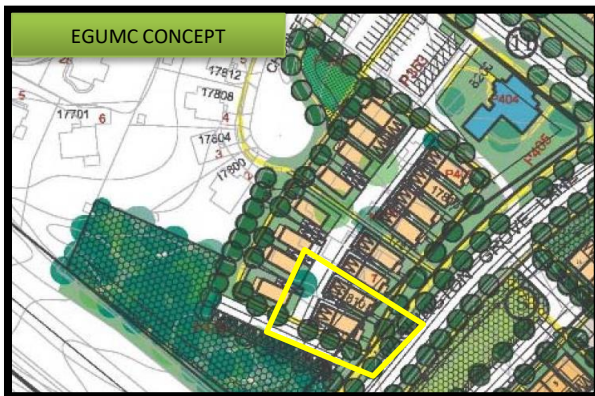
Status of 17810 WGL

The house at 17810 Washington Grove Lane (“17810 WGL”), in Gaithersburg, is a four-bedroom, two-bath, two-story structure built in 1947. It sits on 0.4 acres and enters from a curb cut on Washington Grove Lane. Adjacent to its north and east is property owned by EGUMC, to its west is excess property owned by the County.

Acquisition of 17810 WGL would generate nearly half of the 16 individual single-family detached lots that aggregation with the EGUMC holdings would produce: six (6) of the proposed lots would sit directly on 17810 WGL, two (2) others would sit on the excess County parcel and be impossible to construct without inclusion of 17810 WGL.



On October 6, 2021, the Commission approved the Amended Loan to EGUMC, which provides the necessary funds to the church



to acquire 17810 WGL. After two additional weeks of negotiation, EGUMC reached a verbal agreement on sale price of \$535,000. Combined with likely closing costs of \$37,450 and the projected balance of the mortgage on 17812 WGL of \$116,171; total costs for these actions will fall below the \$720,000 amount authorized by the Amended Loan. Liens on 17810 WGL and 17812 WGL are the collateral for the amended loan. Due diligence associated is underway and closing is expected to occur by early December.

| Projected Acquisition & Pay-off Costs | |
|---------------------------------------|------------------|
| 17810 WGL - Sale Price | \$535,000 |
| 17810 WGL - Closing Costs | \$37,450 |
| 17812 WGL - Mortgage Pay-off | \$116,171 |
| TOTAL | \$688,621 |

November 19, 2021

Heritage Emory Grove - Background

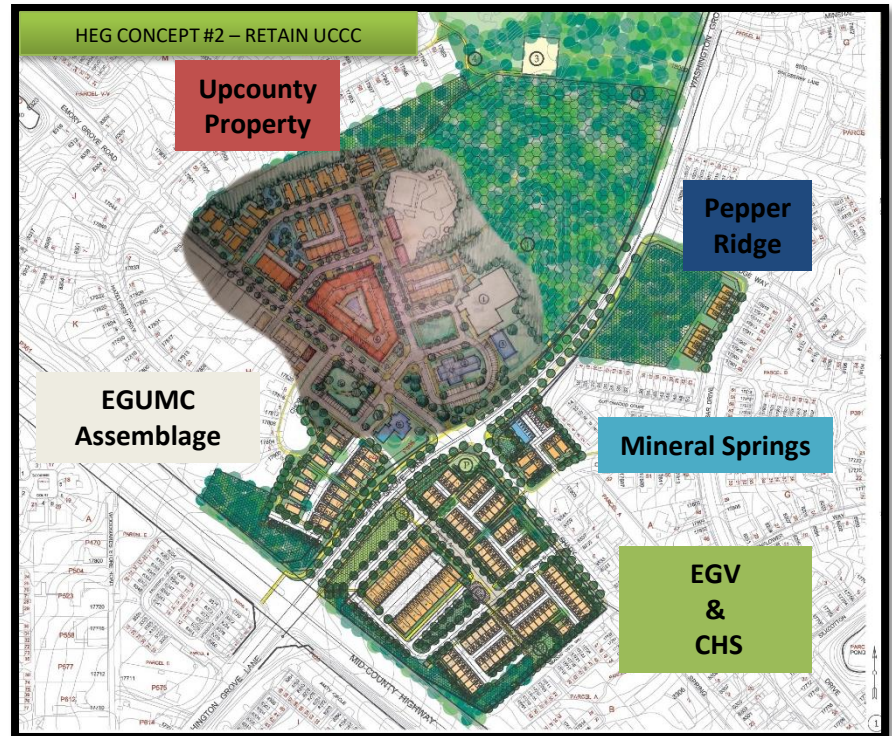
The subsequently developed Heritage Emory Grove concept includes five (5) potential components:

- EGV & CHS** • Residential: 126-139 rental and for-sale units.
- EGUMC Assemblage** • Residential: 16-34 rental or for-sale units.
- Mineral Springs** • Residential units & Commercial.
- Pepper Ridge** • Residential: 10 for-sale units.
- Upcounty Property** • Residential: 230 rental or for-sale units.

On October 7, 2020, the Commission provided HOC staff positive feedback on the proposed partners and structure of Emory Grove Village and Camp Hill Square disposition, the housing typology on other components of Heritage Emory Grove redevelopment, the strategy of formal requests of the County and M-NCPPC for land control, and the scope of historical and cultural preservation across the Heritage Emory Grove redevelopment.

The current HEG concept (above) is the result of that feedback from the Commissioners, as well as conversations with Councilmembers, the Planning Director, and others. The focus is on recreating the interconnectedness of the original Emory Grove by rejecting the suburban subdivision in favor of a town center layout. The intersection of Emory Grove Road and Washington Grove Lane would be made, once again, the confluence of the two main community thoroughfares with EGUMC its reaffirmed heart. Street grids, pedestrian connectivity, and a mix of uses harken back to the self-sufficiency of the original Emory Grove.

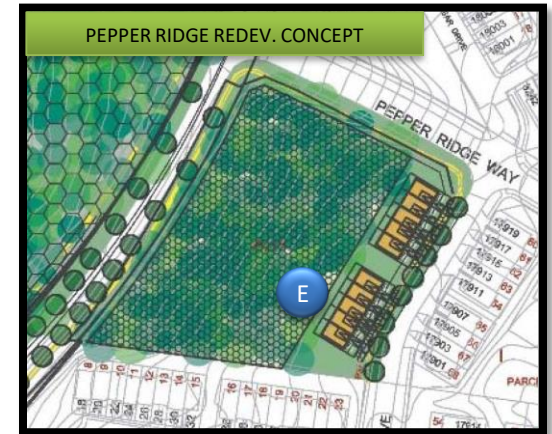
Approximately half of the units proposed are for-sale townhomes. The rest are in a multifamily rental component and a senior affordable component.



Current HEG Components

The properties owned by EGUMC and HOC, as well as Mineral Springs Conservation Area (“Mineral Springs”) owned by M-NCPPC and the parcel on Pepper Ridge Way (“Pepper Ridge”) owned by the County can all proceed by right under current zoning. They would proceed ahead of the County-owned UCCC site and the Upper County Outdoor Pool site.

With the exception of the proposed multifamily rental housing on the Emory Grove Village parcel, the housing produced through redevelopment is likely to be for sale. To activate the Mineral Springs parcel, M-NCPPC would have to agree to swap the conservation area present there with a larger, new conservation area on the Pepper Ridge site. Significant topography and existing (higher-quality) forest at Pepper Ridge makes it a better location for conservation. Unlocking the Mineral Springs parcel for development would recreate the Main-and-Main feel of the original Emory Grove.



- A EGUMC Aggregation:** Includes excess County land along Mid-County Highway and several properties owned by the church.
- B Sitka Missing Middle Rental:** Combination of rental towns and triplex units yielding approximately 56 rental units.
- C NVR/Habitat For-sale Community:** Habitat will deliver 21-24 MPDUs ranging from 30% AMI to MPDU-level AMI within three townhome “sticks”. Architecture will be consistent across all homes and subcontractors will be shared wherever possible.
- D Mineral Springs:** Small development opportunity with the potential for minor community retail. The primary benefit of this development is to create a unified, town center feel at the intersection of Emory Grove Road and Washington Grove Lane.
- E Pepper Ridge Site:** Excess County land that had been previously offered to HOC. Its best use would be to relocate the conservation area from the Mineral Springs site to allow for the development of the Mineral Springs site.

Current HEG Components

Redevelopment of the County-owned UCCC site and the Upper County Outdoor Pool site would require both County and M-NCPPC buy-in and rezoning of the properties. The combined Heritage Emory Grove redevelopment should be large enough to spur a Minor Master Plan amendment, which is a more favorable path to rezoning than floating rezoning. The core focus of this component of the Heritage Emory Grove redevelopment is the restoration of EGUMC's connection to its former worship campgrounds (the hexagonally hatched area in the concept plan below).

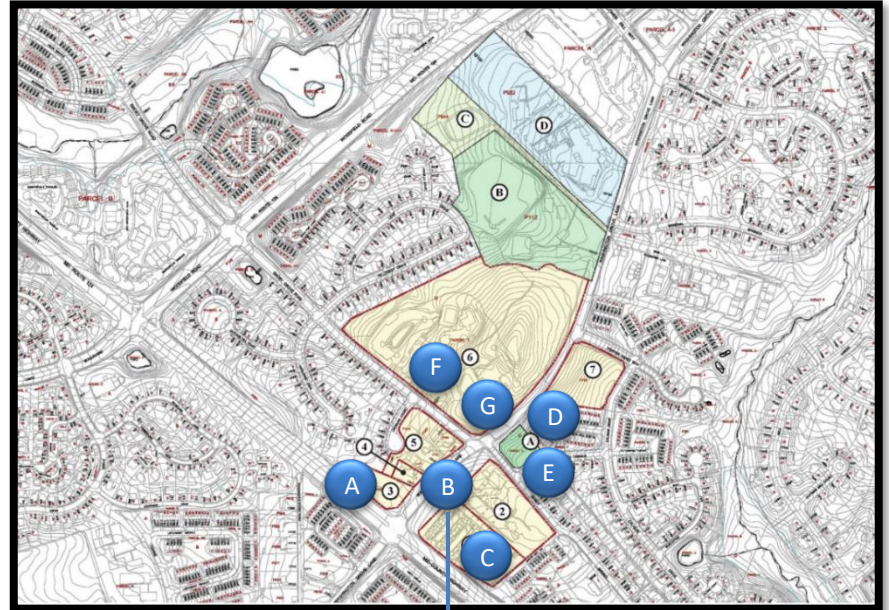
- A Upper County Outdoor Pool:** As conceived, the pool would be retained, but the surface parking and excess grounds would be used for housing and for replacement structured parking.
- B Upper County Community Center:** Existing center would be replaced with a new center at the corner of Emory Grove Road and Washington Grove Lane with approximately 120 units of senior rental housing on top.
- C Potential New Site for EGUMC:** The church has expressed the desire to explore a new church site. This location places the church next to all of the area amenities and at a place of prominence overlooking the old camp grounds.
- D Shared Structured Parking:** Much of the new development within this component of the Heritage Emory Grove redevelopment simply converts existing surface parking lots. This shared structured parking uses existing grade to serve both the pool and the new center.



County Executive Support & Action

HOC staff, Chair Priest, the Acting Executive Director, Pastor Warner of Emory Grove United Methodist Church (“EGUMC”), and Ms. Carolyn Taylor of the Historic Emory Grove Rotary Club and seventh generation descendent of one of Historic Emory Grove’s founding families, met with the County Executive and key County staff leadership on October 19, 2021, to introduce the Heritage Emory Grove (“HEG”) conceptual plan developed by HOC and EGUMC. The County Executive responded favorably and directed DGS to formally begin the transfer of all County-owned properties to HOC. He voiced his support for several key actions:

- A** Transfer surplused property at Midcounty & WGL to EGUMC
- B** Abandonment and transfer of unneeded ROW along WGL between Midcounty & Emory Grove Road to EGUMC & HOC
- C** Remove historical inequity between town homes and apartments in R-30 Zone via ZTA for Optional Method MPDU process
- D** Move and expand Mineral Springs environmental area (at WGL & Shady Springs) to Pepper Ridge surplused property
- E** Surplus Mineral Springs property for private development or public/community use
- F** Surplus surface parking and existing open stormwater areas for private development and potential new Upper County Community Center (“UCCC”)
- G** Support inclusion of location pad for new EGUMC building as part of redevelopment of the UCCC



Funding Needs

Budget – Emory Grove Village & Camp Hill Square Disposition

| | |
|---------------------------------------|------------------|
| <i>Land Planning (Townscape)</i> | \$7,500 |
| <i>Civil Engineering</i> | \$5,000 |
| <i>Land Use Counsel - ZTA</i> | \$53,000 |
| <i>Land Use Counsel - Abandonment</i> | \$20,000 |
| <i>Other Dispo. Costs</i> | \$14,500 |
| TOTAL | \$100,000 |

Budget – Initial Master Planning of County Parcels

| | |
|---|------------------|
| <i>Land Planning (Townscape)</i> | \$67,500 |
| <i>Civil Engineering</i> | \$25,000 |
| <i>Land Use Counsel - Initial Master Planning</i> | \$50,000 |
| <i>Contingency</i> | \$30,000 |
| TOTAL | \$172,500 |
| TOTAL OF BOTH REQUESTS | \$272,500 |

Current Phase Objectives:

- Sign Purchase and Sale Agreement for Emory Grove and Camp Hill Square.
- Engage legal for assistance obtaining a zoning text amendment (“ZTA”) for addition benefits within the R30 under the MPDU Optional Method.
- Engage legal counsel for assistance with the Right-Of-Way (“ROW”) abandonment.
- Engage County Department of General Services for the transfer of relevant County parcels.
- Continue to investigate all site opportunities and constraints.
- Determine maximum unit count the site can yield, rental and sale options.
- Solve for any parking, water management, pedestrian, and traffic circulation issues.
- Identify process for community engagement, entitlement, and lot disposition.

Staff is requesting \$272,500 in feasibility funding for the disposition of Emory Grove Staff is requesting \$272,500 in feasibility funding for the disposition of Emory Grove & Camp Hill Square as well as for initial master planning of the County parcels included in the Heritage Emory Grove redevelopment concept. This includes engagement of land use legal counsel, land planning, civil engineering, and other necessary consultants. Staff recommends utilizing the PNC Real Estate Line of Credit (“RELOC”) as the source of funding: the portion attributable to the Emory Grove Village and Camp Hill Square disposition to be repaid from the disposition sales proceeds, and the portion attributable to the master planning of the County parcels to be repaid from the County’s net sales proceeds from disposition of development lots. The RELOC had a balance of \$68,792,369 as of September 17, 2021. Annual interest on this usage of the RELOC is expected to be less than \$3,000 and can be funded out of Other Disposition Costs and Contingency.

Potential Future Funding Needs

As described on the prior slide above, the feasibility funding requested herein is to establish the scope and budget of HOC's responsibilities as master planner for the ultimate disposition of the County land. Once the key terms for the transfer of County land to HOC are established and the mechanism for HOC reimbursement and compensation are known, staff will return to the Commission for approval of the terms of the transfer.

The Commission may also be presented with the opportunity to act as development consultant to EGUMC for the entitlement and permitting of the church's aggregation. One potential resource the church may seek from HOC is predevelopment funding. No concept beyond a test fit has been done; however, based on unit count, the size of the redevelopment should be similar to HOC's Sandy Spring Missing Middle Pilot development. The predevelopment budget for that project is approximately \$1,010,000.

Should EGUMC formally request that HOC act as its development consultant, staff will bring to the Commission an outline of the terms, an initial predevelopment budget, and any funding requests. The entitlement and permitting process is expected to take 30 months. Any predevelopment loan would be reimbursed by the construction financing of the eventual development.

As further offset to the use of HOC's resources in this way, HOC will receive approximately \$2.3MM in net proceeds from the sale of Emory Grove Village and Camp Hill Square (and the associated SDCs).

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Development & Finance Committee join with staff's recommendation to the Commission that it:

1. Authorize the Executive Director to execute a purchase and sale agreement for the disposition of land and improvements at Emory Grove and Camp Hill Square to Hailey Development LC?
2. Approve a combined budget of \$272,500 for associated disposition activities for the sale of Emory Grove Village and Camp Hill Square and for initial master planning activities for the County-owned parcels included in the Heritage Emory Grove redevelopment concept?
3. Approve a draw on the PNC Real Estate Line of Credit for up to \$272,500 for associated disposition activities for the sale of Emory Grove Village and Camp Hill Square and for initial master planning activities for the County-owned parcels included in the Heritage Emory Grove redevelopment concept?

FINANCIAL IMPACT

There is no adverse impact for the current Agency operating budget as annual interest on the RELOC will be paid from the \$272,500 funded for these activities.

TIME FRAME

For discussion at the November 19, 2021, meeting of the Development & Finance Committee and action at the December 1, 2021, open session of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Will the Development & Finance Committee join with staff's recommendation to the Commission that it:

1. Authorize the Executive Director to execute a purchase and sale agreement for the disposition of land and improvements at Emory Grove and Camp Hill Square to Hailey Development LC?
2. Approve a combined budget of \$272,500 for associated disposition activities for the sale of Emory Grove Village and Camp Hill Square and for initial master planning activities for the County-owned parcels included in the Heritage Emory Grove redevelopment concept?
3. Approve a draw on the PNC Real Estate Line of Credit for up to \$272,500 for associated disposition activities for the sale of Emory Grove Village and Camp Hill Square and for initial master planning activities for the County-owned parcels included in the Heritage Emory Grove redevelopment concept?

November 19, 2021

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County, Development and Finance Committee

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Millicent Anglin, Asset Manager Ext. 9676
Charnita Jackson, Director of Property Management Ext. 9776

RE: Approval to Engage Eastern Concrete Construction to Replace Six Roofs at Cider Mill Apartments

DATE: November 19, 2021

STATUS: Consent _____ Deliberation ___X___ Status Report _____ Future Action _____

BACKGROUND:

Cider Mill Apartments (“Cider Mill”) is an 861-unit garden-style apartment community located in Gaithersburg, MD. The property comprises 72 buildings on 40 acres of land. Amenities include a fitness center, surface parking, swimming pool, and soccer field. The project includes 345 affordable units with income restricted to households earning up to 60% area median income (“AMI”) for the Washington, DC metropolitan area and 516 market-rate units. The property management company is Grady Management (“Grady”). The current occupancy is 96%.

The roofs on six buildings (i.e. buildings 18311, 18421, 18341, 18355, 18357, and 18451) at Cider Mill need immediate replacement to resolve chronic leaks. Grady engaged Construction Insight DC, LLC (“Construction Insight”), an engineering firm, to develop the scope of work for Cider Mill’s roof replacement. Construction Insight’s scope of work includes removing the existing roof layers down to the concrete slab and installing a Fully Adhered 60 mil TPO membrane roof system. Grady and Construction Insight solicited roof replacement bids to which six contractors responded (see the bid summary table below).

| | Function Enterprises | Culbertson Company of Virginia | J & R Roofing Company | Eastern Concrete Restoration | Visionary Construction Consultants | Reliance Roofing |
|-------------------------|----------------------|--------------------------------|-----------------------|------------------------------|------------------------------------|--------------------|
| Material and Labor Cost | \$391,150 | \$418,985 | \$656,100 | \$699,826 | \$1,269,447 | \$2,239,800 |
| 10% Contingency | \$39,115 | \$41,899 | \$65,610 | \$69,983 | \$126,945 | \$223,980 |
| Engineering Oversight | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 |
| Total Cost | \$505,265 | \$535,884 | \$796,710 | \$844,809 | \$1,471,392 | \$2,538,780 |
| Product Availability | Summer 2022 | Summer 2022 | N/A | Immediate | N/A | N/A |

Of the four lowest bidders, Eastern Concrete Construction is the only contractor with immediate supply of Fully Adhered 60 mil TPO membrane.

- Three firms: Visionary Construction Consultants, Reliance Roofing, and J&R Roofing Company are unable to estimate when they would be able to complete the roof replacement due to supply chain delays. Of the three firms, two are further excluded due to the estimated pricing.
- Additionally, Function Enterprises and Culbertson Company of Virginia are able to execute and provided the lowest prices, but can only perform in the summer of 2022, which puts the roofs at risk of further deterioration.

Therefore, staff proposes the selection of the bid from Eastern Concrete Restoration and request authorizing Grady to execute a contract with Eastern Concrete Restoration to immediately replace the roofs on buildings 18311, 18421, 18341, 18355, 18357, and 18451 at Cider Mill Apartments.

ISSUES FOR CONSIDERATION:

Will the Development and Finance Committee join staff's recommendation to the Commission to:

- 1) Accept a bid from Eastern Concrete Restoration of \$844,809 to replace eight roofs at Cider Mill Apartments bid; and
- 2) Authorize Grady to execute a contract with Eastern Concrete Restoration to replace six roofs at Cider Mill Apartments?

BUDGET IMPACT:

There is no adverse impact on HOC's adopted FY 2022 operating budget.

The total anticipated cost of \$844,809 (i.e. base price of \$699,826 plus 10% contingency and \$75,000 for engineering and inspections) will result in a capital budget variance as neither the scope of work nor pricing was available during the preparation of the FY 2022 budget. The Budget Office will include this amendment in the second quarter FY 2022 capital budget amendment request to the Commission. The source of funds for this capital improvement project is Cider Mill's replacement reserve account. At the acquisition of Cider Mill in 2018, approximately \$6.2 million was set aside in a capital replacement account to complete work as needed, in accordance with a physical needs assessment which was completed for the property at the time. The included repairs and/or roof replacements.

TIME FRAME:

For informal discussion at the Development and Finance Committee meeting on November 19, 2021 formal Commission action at the December 8, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Development and Finance Committee join its recommendation to the Commission to:

- 1) Accept a bid from Eastern Concrete Restoration of \$844,809 to replace eight roofs at Cider Mill Apartments bid; and
- 2) Authorize Grady to execute a contract with Eastern Concrete Restoration to replace six roofs at Cider Mill Apartments.