



10400 Detrick Avenue  
 Kensington, MD 20895-2484  
 (240) 627-9421



## Development and Finance Committee

**April 29, 2024**  
**10:00 a.m.**

**Livestream:** [https://youtube.com/live/X7pXhFz\\_yvM?feature=share](https://youtube.com/live/X7pXhFz_yvM?feature=share)

The public is invited to attend HOC’s April 29, 2024 Development and Finance Committee meeting in-person. HOC’s Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person and online participation).

### Approval of Minutes:

Title	Page #
1. <b>Minutes:</b> Approval of Development and Finance Committee Minutes of March 22, 2024	Pg. 4

### Discussion/Action Items:

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1. <b>Single Family Lending:</b> Approval of New Participating Lenders for the Single Family Mortgage Purchase Program	Pg. 10
2. <b>Single Family Mortgage Lending:</b> Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolution(s) for the Issuance of Single Family Mortgage Revenue Bonds for the Single Family Mortgage Purchase Program	Pg. 15
3. <b>Westside Building B Proposed Names:</b> Approval of the Naming in Accordance with HOC Naming Guidelines	Pg. 26
4. <b>Alexander House/SCRRAC:</b> Approval of Maintenance Responsibilities for the for the South County Regional Recreational and Aquatic Facility	Pg. 43

5. <b>Hillandale Gateway:</b> Approval of a Single Family Maturity Date for Housing Production Fund Loan to Hillandale Gateway, LLC	Pg. 47
6. <b>Hillandale Gateway:</b> Approval of Additional Funding for Legal Services Provided by Gallagher Evans and Jones LLP for Hillandale Gateway	Pg. 49
7. <b>Hillandale Gateway:</b> Approval to Increase the Tax-Exempt Draws on the PNC Bank, N.A. Real Estate Line of Credit to Finance Hillandale Gateway (NAR LIHTC) by \$3 million	Pg. 51

<b>Closed Session:</b>		
8. The closed session will be called to order pursuant to Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland.	Separate Cover	

# Minutes

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

10400 Detrick Avenue  
Kensington, Maryland 20895  
(240) 627-9421

**Development and Finance Committee Minutes**

**March 22, 2024**

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Development and Finance Committee was conducted via a hybrid model on March 22, 2024 with some participating by online platform/teleconference and others participating in-person at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:02 a.m. There was a livestream of the meeting held on YouTube, available for viewing [here](#). Those in attendance were:

**Present**

Jeffrey Merkowitz - Chair  
Roy Priest - Commissioner

**Also Attending**

Chelsea Andrews, President/Executive Director	Kayrine Brown, Senior Executive Vice President
Paige Gentry, Deputy General Counsel	Aisha Memon, Senior Vice President, Legal Affairs/General Counsel
Richard Congo	Kathryn Hollister
Victoria Dixon	Walker Taylor
John Wilhoit	Zach Marks
DeMarcus Hubbard	Fernando Miranda
Richard Congo	

**Attending via Zoom**

Jay Shepherd	Kai Hsieh
Sean Asberry	Alex Laurens
Ellen Goff	Tim Fowler

**IT Support**

Aries Cruz, IT Support

**Commission Support**

Morgan Tucker, Senior Executive Assistant

Commissioner Merkowitz opened the meeting with a welcome and introduction of Commissioner Priest and President Chelsea Andrews. Commissioner Merkowitz began the meeting with the approval of the minutes.

### **APPROVAL OF MINUTES**

The minutes of the February 26, 2024 Development and Finance Committee meeting were approved upon a motion by Commissioner Priest and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Merkowitz and Priest.

### **DISCUSSION/ACTION ITEMS:**

#### **1. Procurement: Legal Pool RFQ: Approval to Create a Pool of Legal Counsel**

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Paige Gentry, Deputy General Counsel, who provided the presentation. Staff addressed questions from the Committee. Staff recommended that the Development & Finance Committee join staff in recommending to the Commission the following:

1. Approving establishing a Pool of Legal Counsel consisting of the following 17 firms: Ballard Spahr; Blackburn Riley, LLC; Douglas & Boykin; Fortney & Scott; Gallagher Evelius & Jones, LLP; Gordon Rees Scully Mansukhani; Holland & Knight, LLP; Kutak Rock, LLP; Lerch, Early & Brewer, Chtd.; Miles & Stockbridge; Moore & Associates; Nixon Peabody; Reno & Cavanaugh, PLLC; Rosenberg Martin Greenberg LLP; Selzer Gurvitch Rabin Wertheimer Polott & Obecnny; Stinson; and Vorys, Sater, Seymour, and Pease.
2. Authorizing the President/Executive Director, or their designee, to execute an Agreement for Services with each firm for \$0 for a term of two years with three one-year renewal periods.
3. Authorizing staff to engage firms from the pool on an as-needed basis.
4. Authorizing payment for any legal services from either the project's development budget (that will include a line item for legal services) or, if a development budget has yet to be approved, the Real Estate Division's operating budget, which will be repaid once a development budget is approved, or a department's approved budget or an approved property budget.

The motion was made by Commissioner Priest and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Merkowitz and Priest.

**2. The Leggett: Approval of Amended Finance Plan to Extend the Construction Loan Period, Increase the Bridge Loan, and Execute New Interest Rate Hedges for the Leggett (formerly, EH III) Transaction.**

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Victoria Dixon, Senior Multifamily Underwriter, who provided the presentation. Staff addressed questions from the Committee. Staff recommended that the Development and Finance Committee join its recommendation that the Commission approve amendment of the Finance Plan for the acquisition, construction, equipping, and permanent financing of the Leggett, to include:

- Extension of the Construction Loan with PNC to December 31, 2024;
- Amendment of the Mortgage Loan to extend the date required for permanent conversion and therefore commencement amortization, to occur by December 31, 2024;
- Amendment of the Bridge Loan, funded by way of the RELOC, for extension to March 31, 2025 and increase by \$7.7 million to \$33.7 million, to facilitate receipt of the LIHTC equity installments; and
- Execution of new interest rate hedges for the Construction and Bridge Loans for the extension period.

The motion was made by Commissioner Priest and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Merkowitz and Priest.

**3. Wheaton Gateway: Approval to Select JDC Construction LLC Construction Manager for the Wheaton Gateway Development (Phase I) and Approval for the President to Negotiate and Execute the Contract.**

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Daejauna Donahue, Project Manager, who provided the presentation. Staff addressed questions from the Committee. Staff recommended that the Development and Finance Committee support staff's recommendation that the Commission:

1. Approve the selection of JDC Construction Company, LLC to provide construction management services for Wheaton Gateway, LLC Phase I in the amount of \$1,306,000, including a 15% contingency of \$195,900; and
2. Authorize the President/Executive Director to negotiate and execute a contract with JDC Construction Company LLC that reflects these terms.

The motion was made by Commissioner Priest and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest and Merkowitz.

**4. Forest Glen Metro: Approval of a Development Consultant for Entitlement of the Entire Site, the Development, and Construction of Phase I, and Approval of Additional Feasibility Funding.**

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Walker Taylor, Financial Analyst, who provided the presentation. Staff recommended that the Development & Finance Committee support its recommendation to the Commission to:

1. Select Urban Atlantic as the development consultant for the Site pursuant to Development and/or Financing Consultant Pool for Task Order #2386-1;
2. Authorize the President/Executive Director to negotiate and execute a contract with Urban Atlantic; and
3. Approve \$715,000 in funding from the OHRF for additional feasibility funding and development consultant, legal and other predevelopment, related soft cost fees.

Kathryn Hollister, Housing Acquisition Manager, further addressed questions from the Committee. Commissioner Priest advised for regular updates during each development phase for. The motion was made by Commissioner Priest and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest and Merkowitz.

**5. Barclay Apartments: Approval to Select Vendor to Replace One Elevator at The Barclay Apartments, for the President/Executive Director to Negotiate and Execute a contract for up to \$285, 445 and Approval of the Capital Expenditure Budget.**

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced John Wilhoit, Vice President of Asset Management, who provided the presentation. Staff recommended that the Development & Finance Committee support staff's recommendation that the Commission:

1. Approve the selection of Action Elevation under the Noncompetitive Proposal provision of the Procurement Polity to replace the elevator in building 4700 at the Barclay Apartment; and
2. Authorize the President/Executive Director to negotiate and execute a contract with Action Elevator, for a total contract cost of \$285, 445 plus a HOC-held contingency of \$42, 817 (15%) for a total project cost of \$328, 262, which cost is to be funded from the Property's replacement reserve account.

The motion was made by Commissioner Priest and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest and Merkowitz.

**6. Single Family Lending: Approval of New Participating Lender for the Single Family Mortgage Purchase Program**

Commissioner Merkowitz introduced Chelsea Andrews, President, who introduced Kayrine Brown, Senior Executive Vice President, who provided an overview of the presentation. Staff addressed questions from the Committee. Staff recommended that the Development & Finance Committee join staff's recommendation that the Commission approve the addition of Atlantic Coast Mortgage, L.L.C as a new originating lender for participation in the Single Family Mortgage Purchase Program. The motion was made by Commissioner Priest and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest and Merkowitz.

Based upon this report and there being no further business to come before this session of the Development and Finance Committee, the Committee adjourned the meeting at 11:00 a.m.

Respectfully submitted,

Chelsea Andrews  
Secretary-Treasurer

/mpt



# Discussion Items

# MEMORANDUM

**TO:** Housing Opportunities Commission of Montgomery County  
Development & Finance Committee

**VIA:** Chelsea J. Andrews, Executive Director

**FROM:** Michael Somerville, Vice President Mortgage Finance  
Paulette Dudley, Program Specialist III

**RE:** **Single Family Lending:** Approval of New Participating Lenders for the Single Family Mortgage Purchase Program

**DATE:** April 29, 2024

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**STATUS:** Consent  Deliberation  Status Report  Future Action

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## OVERALL GOAL & OBJECTIVE:

To approve two new participating lenders in the Single Family Mortgage Purchase Program, Mortgage Link, Inc. and T2 Financial, LLC dba Revolution Mortgage, that will provide mortgage financing to low- and moderate-income first-time homebuyers in Montgomery County at below market rates.

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## BACKGROUND:

The Commission has approved the continuous participation of lenders from program to program and an on-going admission of new lenders to the Mortgage Purchase Program (“MPP”). As lenders apply for participation in the MPP, the requests are submitted to the Commission for approval. Increasing lender participation broadens exposure to the Commission’s Single Family mortgage products, as well as to the Revolving County Closing Cost Assistance Program and other special Closing Cost programs. The closing cost assistance loans must be used in conjunction with an MPP first mortgage.

All approved and participating lenders are advised that continued participation in the MPP requires mortgage loan production. If the lender does not submit a mortgage loan within any 12-month period, that lender may be subject to suspension, as a participating lender in the MPP. HOC over the years has approved 36 lenders, but through non-participation or the mortgage company’s notice to end its participation, there are currently 28 participating lenders in the MPP. Lenders can be reactivated with approval by HOC, but are subject to retraining, and verification that they are approved with U.S. Bank, N.A. (“U.S. Bank”), the Commission’s Master Servicer for the Mortgage Backed Securities (“MBS”) program. The **Mortgage Link, Inc.** and **T2 Financial, LLC dba Revolution Mortgage** are approved Mortgage Revenue Bond Program (“MRBP”) correspondent lenders with the U.S. Bank that have applied to the MPP as participating lenders.

The minimum qualifications for lender participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in the company’s name; 2) the lender is an FHA approved seller/servicer and has FHA direct endorsement approval; and, 3) the lender is a Freddie Mac and/or Fannie Mae seller/servicer for originating the conventional loan product. New lenders are also required to be approved by the U.S. Bank.

In addition, lenders must have origination experience with single family tax-exempt bond programs; are committed to lending toward eligible borrowers within the MPP approved income and sales price limits; have the ability to accommodate non-English speaking, hearing impaired and disabled applicants in the office or offices that would be originating HOC loans; and, acceptable lender fees.

Approved lenders receive training from HOC staff and U.S. Bank before they are allowed to begin originating and closing loans for the MPP. Under the MBS program, HOC underwrites for program compliance and the lenders underwrite for credit worthiness.

Lender approval will apply to the 1979 Single Family Mortgage Revenue Bond Resolution, the 2009 Single Family Housing Revenue Bond Resolution and the 2019 Program Revenue Bond Resolution.

The Mortgage Link, Inc. and T2 Financial LLC dba Revolution Mortgage have applied to participate in the HOC Single Family Mortgage Purchase Program and have met the minimum requirements and all criteria for selection stated above.

**The Mortgage Link, Inc. (“TML”)** is a full-service residential mortgage lender serving the lending needs of anyone seeking a one- to four-family residential mortgage. TML is licensed to lend in Virginia, Maryland, Washington D.C., and 27 other states. TML was founded on November 28, 2001, with their branch office located in Rockville, Md.

TML takes pride in providing an extensive range of loan programs tailored to suit the diverse needs of homebuyers. Their team of experienced loan officers are experts in guiding clients through the multitude of options available, ensuring they find the perfect program that aligns with their unique financial situation and long-term goals. With personalized attention and in-depth knowledge, they empower their clients to make informed decisions and secure a loan that sets them on the path to homeownership success.

TML’s 2022-23 Home Mortgage Disclosure data (“HMDA”) reports the following statistics for home purchases in Montgomery County that fall within the MPP program limits:

HOC MPP PROGRAM LIMITS		THE MORTGAGE LINK, INC. 138 Home Purchases – Montgomery County	
Income Limits	\$119,532 - \$199,229	Income Limits	\$31,500 - \$199,996
Maximum Loan Limit	\$726,200	Average Loan	\$350,000
Purchase Price Limit	\$806,000	Average Purchase Price	\$360,220

TML strives to ensure that its services are accessible to people with disabilities. TML has invested a significant amount of resources to help ensure that its website is made easier to use and more accessible for people with disabilities, with the strong belief that every person has the right to live with dignity, equality, comfort and independence. TML also provides accommodations for non-English speaking applicants to further expand the reach of its mortgage products

TML is an approved seller-servicer with both Fannie Mae and Freddie Mac, and is also approved with FHA, VA, USDA, and other state housing bond agencies, which include Maryland (MMP), District of Columbia (DC), Virginia (VHDA), Texas (TSAHC and TDHCA), Ohio (OHFA), and Michigan (MSHDA).

**T2 Financial LLC dba Revolution Mortgage (“Revolution”)** was founded in 2018 and is headquartered in Westerville, Ohio. Revolution Mortgage is a direct retail lender licensed in 20 states and is an Equal Housing Lender.

Revolution Mortgage is a rapidly growing lender, which offers low rates and payments for refinancing and home purchase loans. They leverage technology to boost efficiencies in the loan process to give customers low rates, fast closing, and a unique brand experience garnering the attention of millennial homebuyers. With brick-and-mortar offices opening across the nation and a digital lending platform that produces a seamless online lending experience, homebuyers are seeing firsthand the future of the mortgage industry."

Revolution’s branch office is located in Frederick, MD close to Montgomery County. A loan officer, together with his two assistants, recently left PrimeLending (a current MPP participating lender) and joined Revolution Mortgage as a Branch Production Sales Manager | VP of Mortgage Lending. All three are experienced with the HOC mortgage program and are currently working with some clients who are interested in the HOC first-time mortgage program.

Revolution’s 2023 HMDA reports the following statistics for home purchases in Montgomery County that fall within the MPP program limits:

HOC MPP PROGRAM LIMITS		REVOLUTION MORTGAGE 10 Home Purchases – Montgomery County	
Income Limits	\$119,532 - \$199,229	Income Limits	\$63,000 - \$136,000
Maximum Loan Limit	\$726,200	Average Loan	\$267,500
Purchase Price Limit	\$806,000	Average Purchase Price	\$297,280

Revolution also provides accommodations for non-English speaking applicants to further expand the reach of its mortgage products. Revolution has loan officers and/or processors that are fluent in Spanish.

T2 Financial LLC dba Revolution Mortgage is an approved seller-servicer with both Fannie Mae and Freddie Mac, and is an FHA approved lending institution. Revolution has relationships with 20+ state housing bond agency programs, which include Maryland (MMP), Virginia (VHDA), Pennsylvania Housing Finance Agency (PHFA and North Carolina Housing Finance Agency (NCHFA).

**SERVICING**

Under the Commission’s MBS Program, lenders will release servicing and receive a loan origination fee up to 2%, based on the time lapse between loan origination and purchase. Lenders receive a higher origination fee the earlier the loan is purchased. Servicing is handled through U.S. Bank, which the Commission has approved as the Master Servicer.

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**ISSUES FOR CONSIDERATION:**

Does the Development and Finance Committee wish to join staff’s recommendation that the Commission approve the addition of The Mortgage Link, Inc. and T2 Financial, LLC dba Revolution Mortgage as new originating lenders for participation in the Single Family Mortgage Purchase Program?

**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
The Mortgage Link, Inc.  
T2 Financial, LLC dba Revolution Mortgage

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**BUDGET/FISCAL IMPACT:**

None.

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**TIME FRAME:**

For discussion at the meeting of the Development and Finance Committee on April 29, 2024 and formal action at the May 8, 2024 meeting of the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Development and Finance Committee join staff's recommendation that the Commission approve the addition of The Mortgage Link, Inc. and T2 Financial, LLC dba Revolution Mortgage as new originating lenders for participation in the Single Family Mortgage Purchase Program.

**Attachment 1**

**Approved HOC/U.S. Bank Lenders**

1. Ameris Bank Mortgage
2. Atlantic Coast Mortgage, L.L.C.
3. Bay Capital Mortgage Corporation
4. Direct Mortgage Loans, LLC
5. Embrace Home Loans, Inc.
6. Fairway Independent Mortgage Corporation
7. First Heritage Mortgage, LLC
8. First Home Mortgage Corp
9. First Savings Mortgage Corporation
10. HomeBridge Financial Services, Inc.
11. Homeside Financial LLC
12. loandepot.com
13. Luminare Home Loans
14. Meridian Bank Mortgage
15. Mortgage Access Corp – Weichert Financial
16. Movement Mortgage, LLC
17. NewRez, LLC
18. NFM, Inc. dba NFM Lending/Mainstreet Home Loans
19. NVR Mortgage Finance, Inc.
20. Presidential Bank, FSB
21. Primary Residential Mortgage, Inc.
22. PrimeLending, a Plains Capital Company
23. Prosperity Home Mortgage, LLC
24. Sandy Spring Bank
25. Severn Bank
26. TowneBank Mortgage
27. Vellum Mortgage
28. WesBanco Bank, Inc.

**APPROVAL OF STRUCTURE, COST OF ISSUANCE BUDGET, AND ADOPTION OF SERIES  
RESOLUTION(S) FOR THE ISSUANCE OF SINGLE FAMILY MORTGAGE REVENUE BONDS**

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**SINGLE FAMILY MORTGAGE FINANCE**



**CHELSEA ANDREWS, EXECUTIVE DIRECTOR**

**MICHAEL SOMERVILLE, VICE PRESIDENT, MORTGAGE FINANCE**

**PAULETTE DUDLEY, PROGRAM SPECIALIST III**

**APRIL 29, 2024**

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# EXECUTIVE SUMMARY

Since the creation of the Single Family Mortgage Purchase Program (the “Program” or “MPP”) in 1979, the Commission has issued multiple series of bonds under the Single Family Mortgage Revenue Bond (“MRB”) Resolution (the “1979 Indenture”) to provide low-interest rate mortgages to first-time homebuyers. The Commission also may issue bonds under the Single Family Housing Revenue Bond (“HRB”) Resolution 2009 Indenture (the “2009 Indenture”) and under the Program Revenue Bond (“PRB”) Resolution 2019 Indenture (the “2019 Indenture”). Additionally, the Commission has utilized the practice of issuing refunding bonds in the Program to (i) recycle and extend the life of volume cap it allocates to each bond issue (“Replacement Refunding”) and/or (ii) refinance its outstanding bond debt at a lower bond yield, thus lowering costs of the Program (“Economic Refunding”).



As of April 2024, there are approximately \$3.3 million remaining in bond proceeds for the Program, of which all has been reserved, with further reservations anticipated in conjunction with the upcoming release of MCHAF funds; therefore, staff has begun planning for a 2024 issuance of bonds under the 1979 Indenture (the “2024 Bonds”). The 2024 Bonds are anticipated to include:

- **Replacement Refunding bonds** to (1) repay the Program’s \$1.04 million drawn on the PNC Bank, N.A. Line of Credit (“PNC LOC”) that refunded several series of MRBs, HRBs, and PRBs and 2) will refund and redeem several series of MRBs, HRBs, and PRBs on July 1, 2024.
- **New money bonds**, totaling approximately \$33 million of which \$15 million is estimated to be private activity, tax-exempt, and will require an allocation of volume cap, and approximately \$18 million is estimated to be taxable and will not require an allocation of volume cap. Total existing volume cap available to the Commission’s for its single family and multifamily program needs in 2024 is approximately \$99.4 million

As a result of issuing the 2024 Bonds, approximately \$30 million (but no more than \$35 million) is estimated to be made available to the Program to make new mortgage loans at below-market rates. Assuming an average loan size of \$250,000, this bond issue will generate approximately 160 new mortgage loans. Should volume cap not be made available for the Single Family Program, then a bond issuance may not be feasible, depending on market conditions.

# EXECUTIVE SUMMARY

The proposed structure for the 2024 Bonds assumes the issuance of two (2) series of bonds (and no more than three (3) series of bonds) that will be fixed rate, tax-exempt non-AMT and/or AMT serial and/or term, par and/or premium bonds, along with taxable serial and/or term bonds with the latest maturity of all bonds anticipated to be the year 2055. The bonds are expected to be sold at par or a premium, but may also be sold at a discount.

Currently, 2024 Series A is proposed as fixed rate, non-AMT replacement refunding bonds (approximately \$2 million) and new money private activity bonds (approximately \$15 million); and 2024 Series B is proposed as fixed rate, taxable bonds (approximately \$13 million). As mentioned previously, volume cap will be required for the new money private activity bonds, which are tax-exempt in nature. No volume cap is required for the replacement refunding bonds, given that volume cap is being recycled and extended by executing the replacement refunding.

Assuming a not to exceed issuance amount of \$35 million, the cost of issuance is estimated to be approximately \$570,000. This is commensurate with the size and structure of the overall issuance, and will be paid from funds available under the Single Family Program.

In addition, one or more Series Resolution(s) will be drafted to establish, among other things, authorization to issue the bonds, the purpose of the bonds and the application of proceeds, redemption provisions, types of accounts to be created, and authority to execute necessary documents. The Series Resolution(s) will be prepared by the Commission's bond counsel, Kutak Rock, LLP, which will be presented to the full Commission for approval.

Recommendation to the Development & Finance Committee of the following actions:

1. Approval of the structure and issuance of the 2024 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed \$35 million in aggregate;
2. Approval to allocate up to \$15 million of private activity volume cap to complete the transaction herein proposed;
3. Approval of the cost of issuance budget, estimated to be approximately \$570,000 to be funded by the Single Family Program; and,
4. Adoption of one or more Series Resolution(s) authorizing the issuance of the 2024 Bonds.

# TRANSACTION STRUCTURE: OVERVIEW

The overall financing plan is comprised of \$2.0MM in Replacement Refunding, consisting of various series of MRBs, HRBs and PRBs eligible for redemption on July 1, 2024, as well as the repayment of the Program’s \$1.04 million previously drawn on the PNC LOC for scheduled redemptions; and, the issuance of new money of approximately \$33 million, producing a total issuance of approximately \$35 million. The new issuance will include up to three (3) series of fixed rate bonds. The following is a discussion of the transaction’s current proposed structure. Amounts are approximate.

	2024 Series A (Non-AMT) (Fixed)	2024 Series B (Taxable) (Fixed)	Total
Replacement Refunding Bonds	\$2,000,000	0	\$2,000,000
New Money	\$15,000,000	\$18,000,000	\$33,000,000
<b>TOTAL</b>	<b>\$17,000,000</b>	<b>\$18,000,000</b>	<b>\$35,000,000</b>

## Structure of Issuance

- Issue up to \$35 million under the 1979 Indenture.
- Fixed rate, tax-exempt non-AMT and/or AMT serial and/or term, par and/or premium bonds, along with taxable serial and/or term bonds.
- Latest Maturity – year 2055 (31 years).
- Up to three (3) series of bonds; current structure assumptions:
  1. 2024 Series A will include fixed rate, non-AMT Replacement Refunding (est. \$2 million) and new money bonds (est. \$22 million); and
  2. 2024 Series B will include fixed rate, taxable bond (est. \$13 million).

# TRANSACTION STRUCTURE: HIGHLIGHTS

## Lendable Proceeds via Replacement Refunding and New Money

- Replacement Refunding of approximately \$2 million will be issued to (1) repay the Program’s \$1.04 million draw on the PNC LOC that refunded several series of MRBs, HRBs, and PRBs and 2) will replacement refund and redeem several series of MRBs, HRBs, and PRBs on July 1, 2024.
- New money issued is estimated at \$33 million and includes zero percent funds. Approximately \$18 million of the new money issued is estimated to be taxable.
- Total lendable proceeds of approximately \$33 million will be made available, as a result of the bond proceeds, to make mortgage loans and provide funds for down payment and closing cost assistance for first-time homebuyers.
  - Creates funding for approximately 160 FHA and Fannie Mae HFA Preferred first mortgage loans

## Volume Cap / TEFRA

- Replacement refunding does not require an allocation of volume cap, given that existing cap is being recycled into the new bond issuance, thereby extending the life of the volume cap, which would have been extinguished with each mortgage prepayment.
- New debt that is tax-exempt private activity in nature will require a new allocation of volume cap and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requirements. Replacement refunding can require TEFRA, if the maturity is extended beyond the replacement refunded bonds.
- There is approximately \$35.7 in remaining TEFRA authority.
- It is proposed that the approximately \$15 million out of the \$99.4 million in volume cap currently available to HOC be allocated to the Single Family Program, leaving approximately \$84.4 million available for multifamily transactions in 2024.
- While \$84.4 million is insufficient meet the full 2024 needs of the multifamily program in 2024, the President and staff met with the Maryland Department of Housing and Community Development on April 16, 2024 to reaffirm its request for a \$40 million Special Allocation.

# COST OF ISSUANCE BUDGET

Up to \$40 Million MRB Issuance	AMOUNT
<b>Underwriters Spread</b>	
Underwriters Counsel	45,000
Travel/Tax/Miscellaneous	1,000
CUSIP	1,901
DTC	975
IPREO	3,618
Tax	321
Takedown	218,750
Management	26,250
<b>Underwriter's Spread - Total</b>	<b>297,815</b>
<b>Other Cost of Issuance</b>	
Bond Counsel	52,000
Financial Advisor	36,250
Financial Advisor - Computer	35,000
Universal cap	29,250
Analysis of Loan Data	12,500
OS printing	2,500
Rating	45,000
Auditor	6,920
Trustee	4,500
Trustee Counsel	4,000
Program Marketing	30,000
Miscellaneous / Disbursements	14,265
<b>Other Cost of Issuance - Total</b>	<b>272,185</b>
<b>TOTAL COST OF ISSUANCE BUDGET</b>	<b>570,000</b>

The cost of the issuance is estimated to be \$570,000 based upon the not-to-exceed bond issuance amount of \$35 million. The amount of the cost of issuance is commensurate with the size of the overall issue of the 2024 Bonds.

As with prior transaction costs for the Single Family Program, the cost of issuance is paid from funds available under the Single Family Program.

Revenues generated from the issuance of the 2024 Bonds will accumulate over time in the 1979 Indenture.

# SERIES RESOLUTIONS FOR THE 2024 BONDS

For each bond issue, the Commission is asked to approve one or more Series Resolution(s) which contain specific information about the series of bonds being issued. A Series Resolution authorizes the issuance of one or more series of bonds defining, among other things, the bonds' purpose, redemption provisions, creation of certain accounts, and use of the bond proceeds.

Bond Counsel of the Commission, Kutak Rock, LLP, will prepare one or more Series Resolution(s) for the 2024 Bonds.

The Series Resolution(s) will set forth the structure of the bonds, as described previously herein. The interest rates on the 2024 Bonds will be determined when the bonds are priced. Currently, the 2024 Bonds are expected to price in May 2024.

# SCHEDULE (SUBJECT TO CHANGE)

## April 2024

- Kick-Off Conference Call (4/17/24)
- Notify Auditors and Rating Agency of Financing
- Distribute preliminary Cost of Issuance Budget
- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution(s) for the 2024 Bonds (Development & Finance Committee) (4/26/2024)

## May 2024

- Provide comments to POS, Bond Purchase Agreement and Series Resolution(s)
- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution(s) for the 2024 Bonds (Commission)
- Receive Rating (est. 5/14/2024)
- Post POS (est. 5/15/2024)
- Bond Sale (est. 5/21/2024)
- Receive Auditor's Consent Letter and Verbal Assurances (est. 5/29/2024)
- Clear OS (est. 5/29/2024)

## June 2024

- Closing (est. 6/18/2024)
- Repay PNC LOC
- Redeem Replacement Refunded Bonds for July 1, 2024

# Program Summary and Loan Type - FY2024 to 3/30/2024

Since the Federal Open Markets Committee began its significant rate hikes in March 2022, to tame inflation, mortgage rates have followed. After a period of historic low interest rates, the mortgage market and the MPP are now experiencing the highest mortgage rates in over 30 years. Nonetheless, the program continues to meet the needs of first time borrowers in Montgomery County by offering closing cost and down payment assistance funded primarily by the County. For fiscal 2024 to date, there have been 134 settlements and through the end of the fiscal, we expect a total of 160.

Supply is still constrained, but the rates we offer when paired with assistance makes it possible for borrowers within our price range to transact in the market. With this new bond issuance, the program will continue to offer below market rates and may have the opportunity to use zero percent funds to lower rates even further.

PROGRAM SUMMARY	FY 2024 To through 3/31/2024	Range
Average Principal Mortgage	\$289,960	\$119,015 – 662,774
Average Purchase Price	\$325,545	\$141,000 – 775,000
Average Interest Rate	6.82%	5.35% - 8.00%
Average Household Annual Income	\$89,795	\$42,996 - \$188,784

SECONDARY FINANCING	FY 2024 To through 3/31/2024	Average Loan Amount
# McHAF Loans	78	\$24,091
HOC – 3% Purchase Assistance	10	\$9,645
RCCAP	9	\$8418



# SUMMARY AND RECOMMENDATION

## ISSUES FOR CONSIDERATION

Does the Development & Finance Committee wish to join staff recommendation to the Commission of following actions:

1. Approval of the structure and issuance of the 2024 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed \$35 million in aggregate;
2. Approval to allocate up to \$15 million of private activity volume cap to complete the transaction herein proposed;
3. Approval of the cost of issuance budget, estimated to be approximately \$570,000 to be funded by the Single Family Program; and,
4. Adoption of one or more Series Resolution(s) authorizing the issuance of the 2024 Bonds.

## PRINCIPALS

- Housing Opportunities Commission of Montgomery County;
- Caine Mitter & Associates Incorporated – Financial Advisor
- Kutak Rock, LLP – Bond Counsel
- Bank of New York Mellon – Trustee
- Co-Senior Managers: BofA Securities and PNC Capital Markets
- Co-Managers: Jefferies LLC, Morgan Stanley, RBC Capital Markets, TD Securities, and Wells Fargo Securities

## FISCAL/ BUDGET IMPACT

Expenses of the Single Family Program are borne from excess revenue in the program; therefore, there is no impact on the Commission's operating budget. Savings from reduced bond cost remain with the indenture.

## TIME FRAME

For deliberation at the April 26, 2024 Development & Finance Committee meeting, and for action at the May 8, 2024 Commission meeting.

## RECOMMENDATION

Staff recommends that the Development & Finance Committee join staff recommendation that the Commission:

1. Approve the structure and issuance of the 2024 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed \$35 million in aggregate;
2. Approve the allocation of up to \$15 million of private activity volume cap to complete the transaction herein proposed;
3. Approve the cost of issuance budget, estimated to be approximately \$570,000 to be funded by the Single Family Program; and,
4. Approve adoption of one or more Series Resolution(s) authorizing the issuance of the 2024 Bonds.

# **WESTSIDE BUILDING B PROPOSED NAMES: APPROVAL OF THE NAMING IN ACCORDANCE WITH HOC NAMING GUIDELINES**

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**CHELSEA J. ANDREWS, PRESIDENT/EXECUTIVE DIRECTOR**

**KAYRINE V. BROWN, SENIOR EXECUTIVE VICE PRESIDENT  
TIA BLOUNT, VICE PRESIDENT, PUBLIC AFFAIRS & COMMUNICATIONS  
ALEX LAURENS, HOUSING ACQUISITION MANAGER**

**April 29, 2024**

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# Building B Development Overview

The proposed Building B development is conveniently located across from The Laureate, is one block from the Shady Grove Metro station, and offers LEED, solar and universal design opportunities. The project is entitled and backed by a proven market partner with a successful track record. Groundbreaking is expected to occur within 9-12 months.

## PROJECT HIGHLIGHTS:

### Affordable, Mixed-Income Development

- Opportunity to add over 120 affordable units within a sustainable, mixed-income development near the Shady Grove Metro, addressing the pressing need for affordable housing.

### Unit Mix and Programming Flexibility

- Flexibility to influence the unit mix and programming, allowing for increased affordability.

### Established Metro Neighborhood

- Benefits from location in an established Metro neighborhood, offering flexibility in the unit mix and programming to meet the community's needs, as well as access to rich community amenities

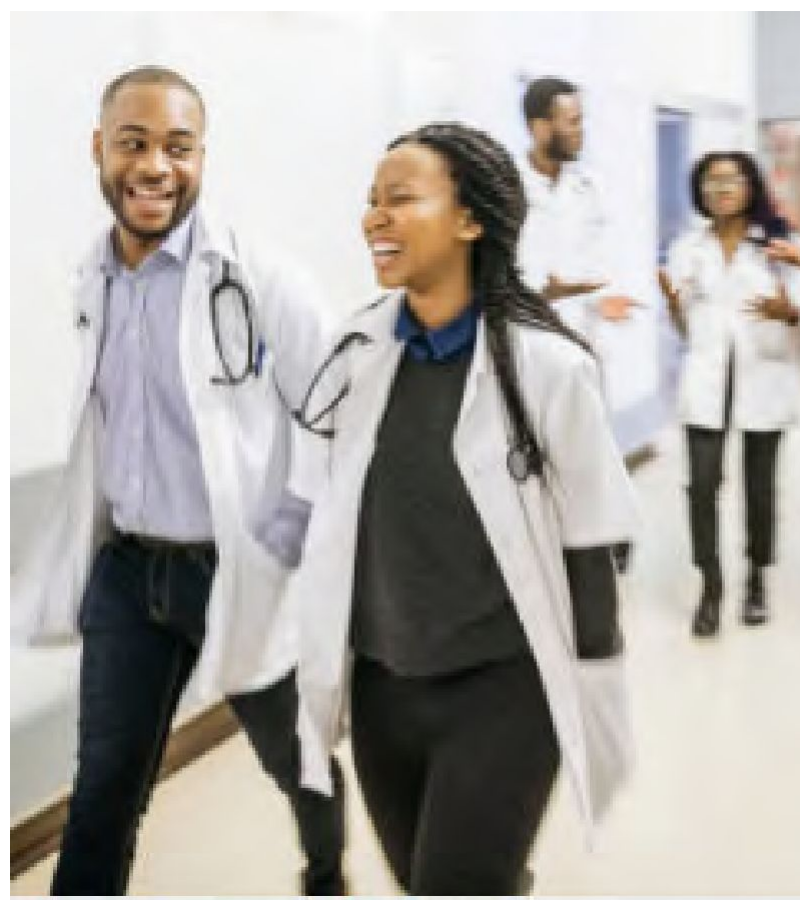
### Operational Synergy

- Proven operator in Bozzuto Management as property manager, the development will benefit from operational synergy with The Laureate, enhancing efficiency and coordination.

### Leveraging Housing Production Funds

- Opportunity to leverage the Housing Production Funds (“HPF”).





**THE RESIDENT**

Similar resident profile to The Laureate's mix of professionals, families, couples, single parents, empty nesters, kids.

Those seeking convenience, quality and value.

Working at nearby employment hubs with 17% working from home.





**THE NEIGHBORHOOD**

Now a complete neighborhood with mix of townhomes and multifamily.

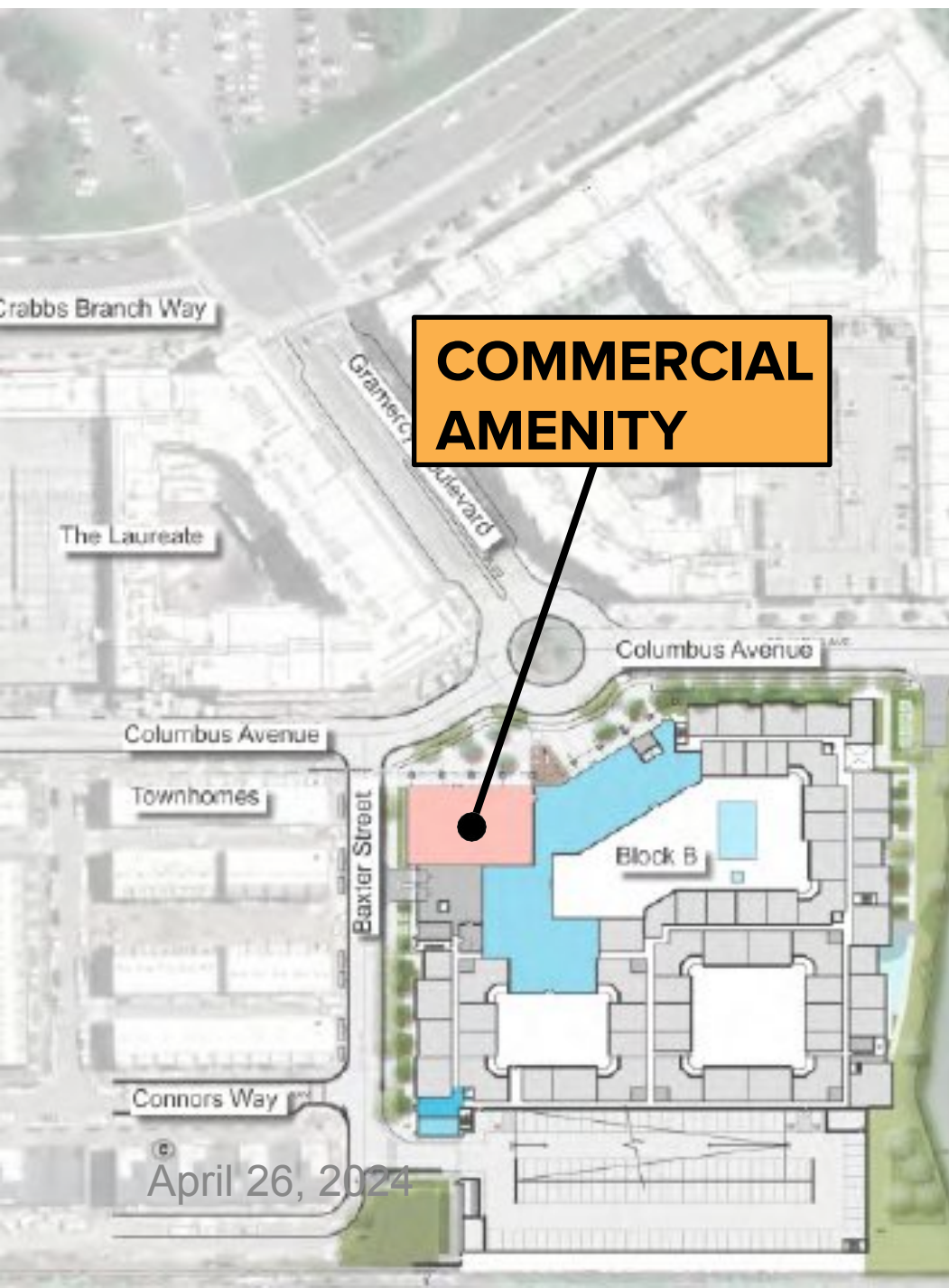
Starbucks, CVS and Kids Ground plus some services.

Short walk/bike/drive to the Shady Grove Metro. Accessible by car to ICC, I-270, and I-95.

Close to The Grove, Downtown Crown, Rockville Town Square, Washingtonian Center.



April 26, 2024



**THE BUILDING**

Completes the Westside neighborhood and activates the circle with a community plaza and amenity space.

Sized to be compatible with surrounding buildings; multiple entries and street connections.

Expected to be similar amenities to The Laureate and also include a community-serving amenity/coworking/cafe space.



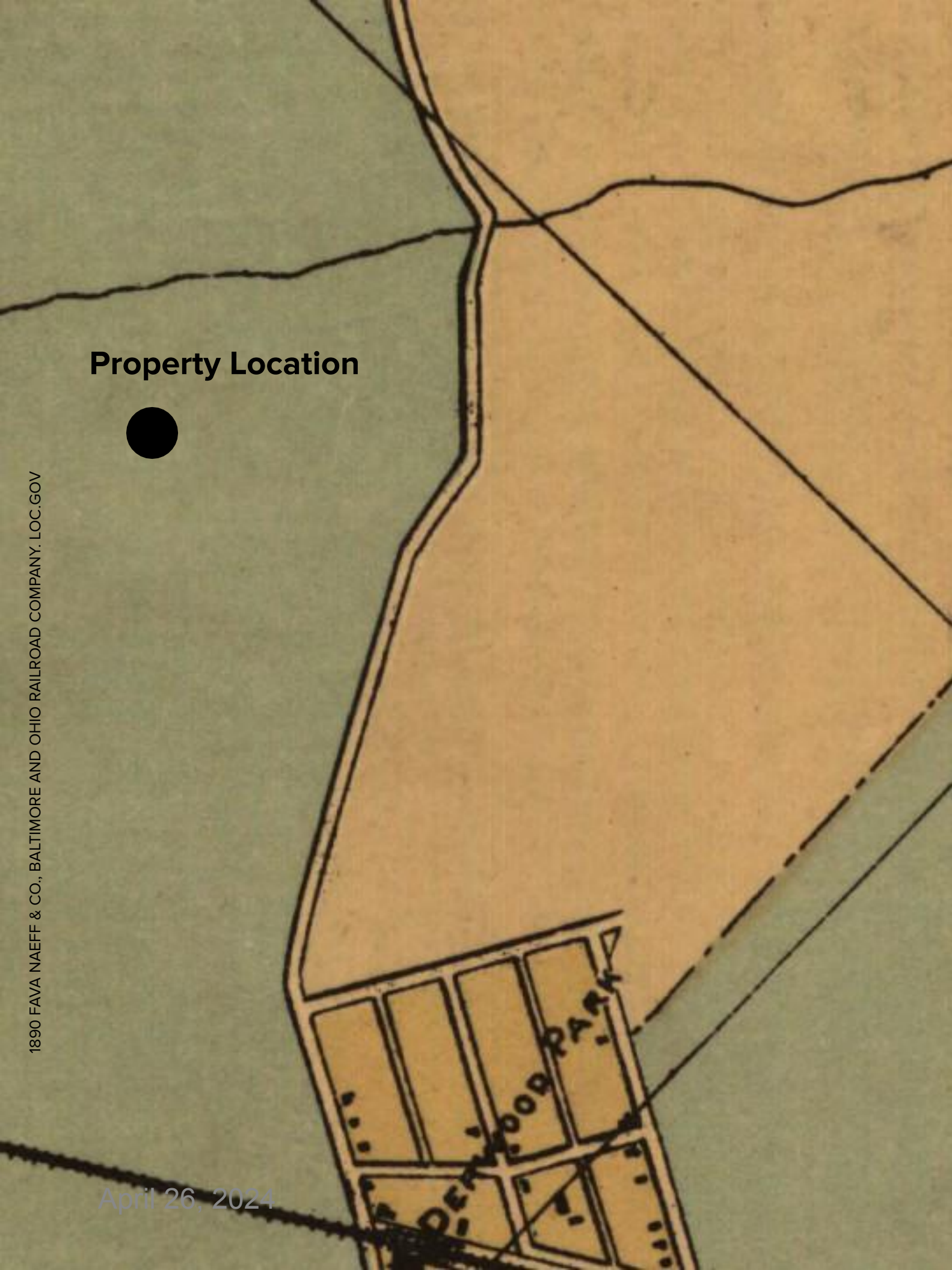


# Guidelines for Naming of HOC Properties and Facilities

The naming guidelines require consideration of the following principles for the selection of a permanent name of a property or facility and should:

1. Have a strong positive image and should stand the test of time;
2. Have appropriate regard to the facility's location, geography, natural land feature, and/or history;
3. Commemorate places, people or events that are of continued importance to the town, region, state, and/or nation;
4. Recognize outstanding accomplishments by an individual for the good of the community; and
5. Consider the quality of the contribution along with the length of service by the individual.





1890 FAVA NAEFF & CO., BALTIMORE AND OHIO RAILROAD COMPANY. LOC.GOV

Property Location



April 26, 2024

IN SEARCH OF A PERMANENT NAME

## Local History

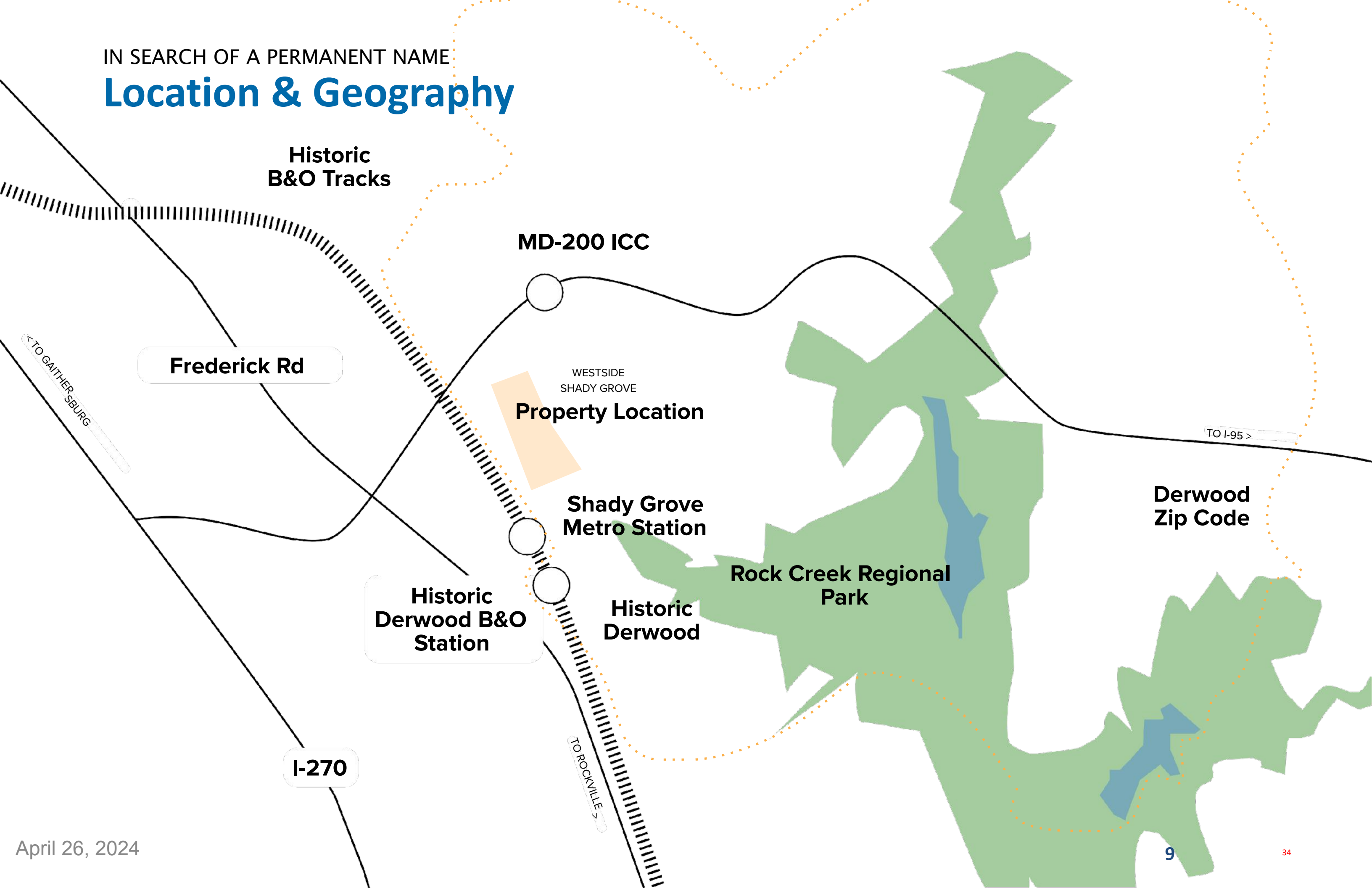
Montgomery County has evolved from a region of farming communities into a vital force in the metropolitan urban area. Major forces of change have been the Civil War, the B&O Railroad, World War II, and the growth of the federal government. Since the 1940s, the county's population has grown exponentially. Throughout, the growth of Montgomery County is threaded with triumphs of community, preservation and culture.

The property site, located between the larger siblings of Rockville and Gaithersburg, remained farming fields past 1970 until the County Service Park was developed on the East and West sides of Crabb's Branch Way.

The Shady Grove Metro Station opened in 1984.

IN SEARCH OF A PERMANENT NAME

# Location & Geography



# WHAT'S IN A NAME?

## EDUCATION

Mentorship,  
Inspiration  
Aspiration



## INVENTION

Ingenuity  
Making  
Entrepreneurship

## EXPLORATION

Travel  
Knowledge  
Understanding



## COMMUNITY NAME INSPIRED BY...

- NOBLE CAUSES
- ROLE MODELS
- BRAVERY & INGENUITY
- BOUNDARY BREAKERS
- MENTORSHIP
- CONNECTION
- FIRSTS & FOREMOSTS



# MUSE

(Recommended Name)

*Welcome to Muse at Shady Grove Metro.*

**From “protector of the arts” to “reflecting, wondering or dreaming,”  
Muse Apartments is the inspiration for a home full of lifelong creativity and learning.**

[MUSEAPTS.COM](https://museapts.com)

[LIVEATMUSE.COM](https://liveatmuse.com)

[MUSEWESTSIDE.COM](https://musewestside.com)

# MUSE AGAINST NAMING GUIDELINES

- 1. Strong positive image and stands the test of time.** The name Muse is long-lived, a Latin word from the root “to think.” In the past it represented a goddess, or *uplifting symbol, of the importance of the arts, sciences, and stories to the human experience* throughout history. Even now, Muse connotes *inspiration, consideration, curiosity, and wonder*. Muse is a name not only of the past but for the future—full of opportunity and potential for what is to come—and will continue to excite and encourage residents over time.
- 2. Regard for the facility’s location, geography, natural land feature, and/or history.** Muse at Shady Grove Metro signals the culmination of the Westside neighborhood as the third and final multifamily building, and what’s to come as a dynamic live- work-play community, *inspired by the intent to build a civic anchor with a community-serving amenity, public plaza, and outdoor spaces* for rest or recreation. As host to these communal “third places,” Muse will *foster an environment for learning, creativity, and community engagement whether residents are young or young-at-heart*.
- 3. Commemorate places, people or events that are of continued importance to the town, region, and/or state.** First and foremost, Muse represents the *tradition of ingenuity in diversity for which Montgomery County is very well-known*. It commemorates the many individuals of Maryland who succeed in their respective fields of expertise, and more so *those who inspire and create opportunities for success in others*—those who open a window to wonder for others to see the world.
- 4. Outstanding accomplishments by an individual for the good of the community.** N/A
- 5. Quality of the contribution along with the length of service by the individual.** N/A

A woman with dark hair in a bun, wearing a white sweater, is looking upwards and holding a camera to her eye. She is standing in front of a large tree with light pink cherry blossoms. The background is slightly blurred, showing a building and a fence.

# ENDEAVOR

(Alternative Name)

*Welcome to Endeavor at Shady Grove Metro.*

**This apartment community represents all that you strive to—and succeed in—  
accomplishing. It's time to lean into the rewards of your risks.**

[LIVEATENDEAVOR.COM](https://liveatendeavor.com)

[ENDEAVORAPTS.COM](https://endeavorapts.com)

[ENDEAVORSHADYGROVE.COM](https://endeavorshadygrove.com)

April 26, 2024

# ENDEAVOR AGAINST NAMING GUIDELINES

- 1. Strong positive image and stands the test of time.** Endeavor evokes *the triumph of empowerment, a sense of agency and motivation to achieve an ambition*. From the French to “make it one’s duty,” Endeavor is a promise to oneself to give it your all. Often used in the sciences or exploration, this name is inspired by the idea of *discovery, ingenuity and utmost effort that comes with turning a good idea into a great result*, and residents at Endeavor will lend their combined creativity to the goal of continued community investment for years to come.
- 2. Regard for the facility’s location, geography, natural land feature, and/or history.** The apartments at Endeavor show that community can grow beyond the completion of a *neighborhood—there’s more to discover, learning about the world at home or taking advantage of Westside’s transit-oriented development around Shady Grove Metro* to learn about the world with a hands-on approach. The name Endeavor is a nod to a life well-explored and time well- spent in a dynamic environment built for thriving.
- 3. Commemorate places, people or events that are of continued importance to the town, region, and/or state.** Endeavor *symbolizes Maryland’s rich history of individuals who strove against adversity, broke boundaries, and achieved great things, and those who will follow in their footsteps*. Endeavor celebrates inventors, teachers, scientists, explorers especially commemorated in Montgomery County as a cornerstone of its multifamily brand.
- 4. Outstanding accomplishments by an individual for the good of the community.** N/A
- 5. Quality of the contribution along with the length of service by the individual.** N/A

# SPLENDOR

(Alternative Name)

*Welcome to Splendor at Shady Grove Metro.*

**Sometimes it is worth stopping to smell the roses. Living in this community opens residents to a world of opportunities for enrichment and enjoyment.**

April 26, 2024

[SPLENDORAPARTMENTS.COM](https://splendorapartments.com)

[SPLENDORAPTS.COM](https://splendorapts.com)

[LIVEATSPLENDOR.COM](https://liveatsplendor.com)



# SPLENDOR AGAINST NAMING GUIDELINES

- 1. Strong positive image and stands the test of time.** An uncommon but positive word, Splendor comes from the Latin for “brilliance” and “brightness,” and has represented *abundance, elegance and radiance* since the 1600s. This name comes from the idea of *being present and making room to experience the wonder of the world around us, (and beyond), as well as the fruits of one’s labor*. Splendor acknowledges accomplishments both individually and communally, and takes time to celebrate.
- 2. Regard for the facility’s location, geography, natural land feature, and/or history.** Building on a story of success, this new apartment is the final of three and one of the last improvements that *make Westside at Shady Grove Metro a full and fulfilled micro neighborhood around a central roundabout, punctuated by a community-serving amenity*. Splendor as a community is *pride after the moment of completion, a nod to all that residents work hard to achieve*.
- 3. Commemorate places, people or events that are of continued importance to the town, region, and/or state.** Most importantly, Splendor *underlines Montgomery County’s dedication to honoring the achievements of distinguished, groundbreaking, and community-driven individuals and their impact on the greater community*. Splendor represents a *welcoming future of care and abundance* that Westside at Shady Grove has sought to achieve through investment in Maryland citizens, and will *show future residents the boons of community enrichment* for years to come.
- 4. Outstanding accomplishments by an individual for the good of the community.** N/A
- 5. Quality of the contribution along with the length of service by the individual.** N/A

# Summary and Recommendations

## ISSUES FOR CONSIDERATION

Does the Development & Finance Committee wish to join staff's recommendation that the Commission approve the permanent name " Muse" for the Westside Block B development?

## BUDGET/FISCAL IMPACT

There is no budget or fiscal impact.

## TIME FRAME

For discussion at the Development and Finance Committee meeting on April 29, 2024 and for formal action by the Commission on May 8, 2024.

## STAFF RECOMMENDATION

Staff recommends that the Development & Finance Committee join staff's recommendation that the Commission approve the permanent name "Muse" for the Westside Block B .

**MEMORANDUM**

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

**VIA:** Chelsea J. Andrews, President/Executive Director

**FROM:** Staff: Zachary Marks, Senior Vice President, Real Estate  
Walker Taylor, Financial Analyst, Real Estate

**RE:** **Alexander House/SCRRAC:** Approval of Maintenance Responsibilities for the South County Regional Recreational and Aquatic Facility

**DATE:** April 29, 2024

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**STATUS:** Consent Item  Deliberation  Status Report  Future Action

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**OVERALL GOAL & OBJECTIVE:**

To authorize Alexander House Limited Partnership to provide written acknowledgement regarding the maintenance requirements that will apply to the South County Regional Recreational and Aquatic Center. The HOC Real Estate Team will also bring forward a separate resolution on this topic for the Alexander House Development Corporation (“AHDC”) in a meeting of the Board of Directors of AHDC on May 8, 2024.

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**BACKGROUND:**

In 2024, the Housing Opportunities Commission of Montgomery County (“HOC”), through its subsidiary, EH III Recreational Center, LLC (“EHIII RC”) developed the Silver Spring Recreation and Aquatic Center (the “SCRRAC”) for use by Montgomery County, Maryland (the “County”). The SCRRAC is located next to two different HOC-developed properties – Alexander House Apartments and The Leggett.

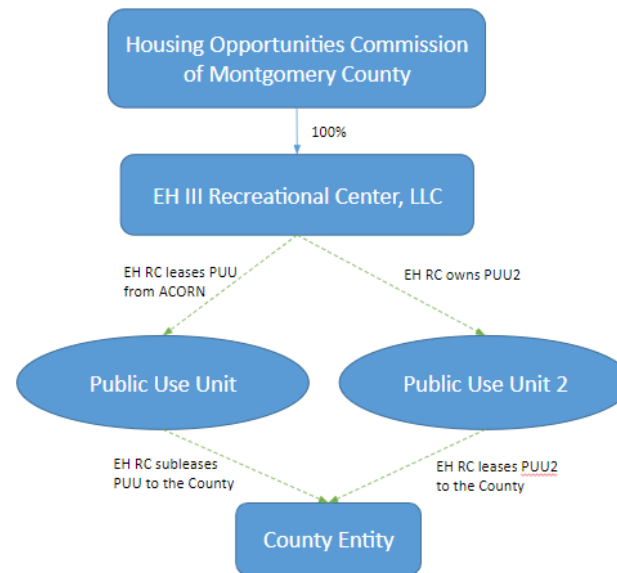
Alexander House Apartments and The Leggett were each developed using a condominium regime (i.e. the property was divided into separate condominium units to facilitate financing and segregate various components of the development). The SCRRAC itself is located in two different condominium units, one condominium unit is located in the Elizabeth House III Commercial Condominium (the “EHIII Condo Unit”) and one condominium unit is located in the Alexander House Commercial Condominium (the “Alexander House Condo Unit”). Acorn Storage No. 1, LLC (the “Acorn”) is the declarant (i.e. the creator) of the Elizabeth House III Commercial Condominium. Alexander House Development Corporation (the “AHDC”) and Alexander House Apartments Limited Partnership (“AHLP”) are co-declarants of the Alexander House Commercial Condominium. Each condominium regime has its own separate set of requirements regarding shared maintenance of the property.

EHIII RC leases the EHIII Condo Unit from Acorn and subleases the EHIII Condo Unit to the County pursuant to that certain Sublease Agreement dated February 23, 2024 (the “SCRRAC Sublease”). As part of the SCRRAC Sublease negotiations, the County required that Acorn, as the declarant of the Elizabeth House III Commercial Condominium, sign the SCRRAC Sublease to acknowledge that the maintenance requirements in the SCRRAC Sublease will control over any conflicts between the maintenance requirements in the SCRRAC Sublease and the maintenance requirements in the Elizabeth House III Commercial Condominium.

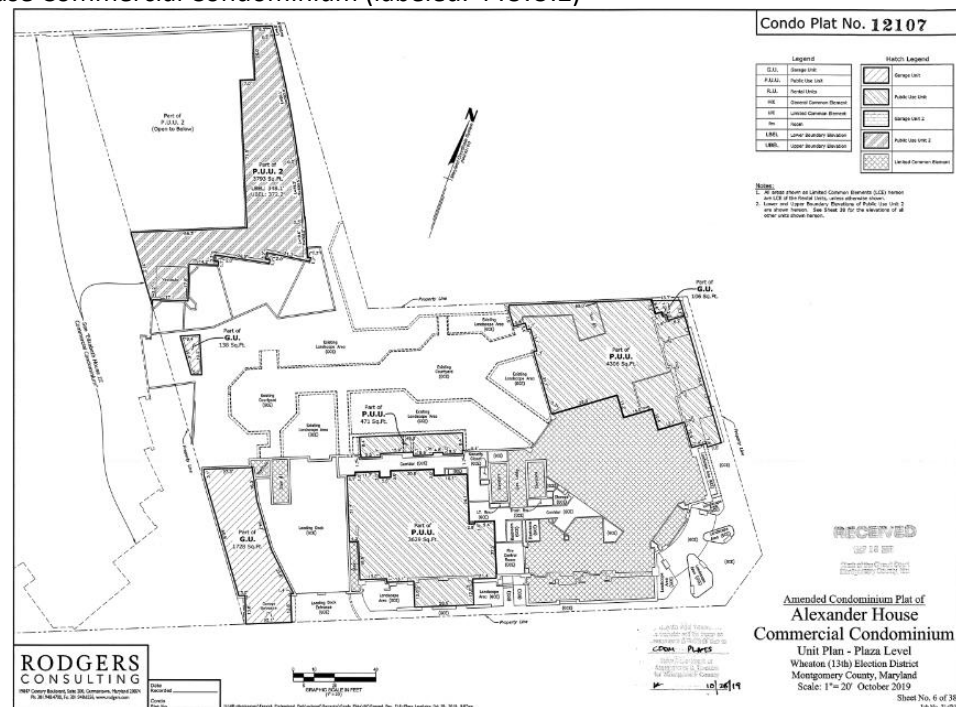
EHIII RC owns the Alexander House Condo Unit in fee simple and leases the Alexander House Condo Unit to the County pursuant to that certain Lease Agreement dated February 23, 2024 (the “SCRRAC AH Lease”). Similar to the SCRRAC Sublease, the County required that AHLP and AHDC, as co-declarants of the Alexander House Commercial Condominium, acknowledge that the maintenance requirements in the SCRRAC AH Lease will control over any conflicts between the maintenance requirements in the SCRRAC AH Lease and the maintenance requirements in the Alexander House Commercial Condominium. The County and

the Commission agreed that each of AHLP and AHDC, as co-declarants of the Alexander House Commercial Condominium, could provide their acknowledgement of the maintenance provisions after the SCRRAC AH Lease was executed. This structure does not result in any increased cost of liability exposure for HOC.

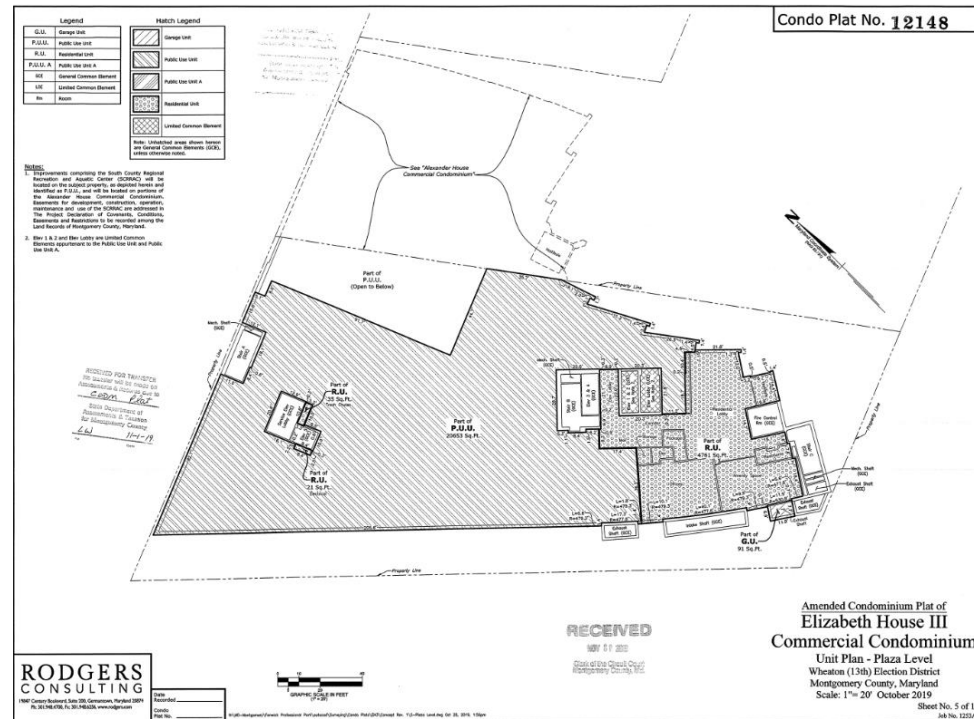
The following exhibits show the organizational structure for the SCRRAC, as well as the condominium plats.



Public Use Unit 2 in the Alexander House Commercial Condominium (labeled: P.U.U.2)



Public Use Unit in the Elizabeth House III Commercial Condominium (labeled: P.U.U.)



**ISSUES FOR CONSIDERATION:**

Will the Development and Finance Committee support staff's recommendations that:

1. The Commission approve Alexander House Limited Partnership providing written acknowledgement that the maintenance requirements in the SCRRAC AH Lease will control over any conflicts between the maintenance requirements in the SCRRAC AH Lease and the maintenance requirements in the Alexander House Commercial Condominium?
2. The Board of Directors of Alexander House Development Corporation approve Alexander House Development Corporation providing written acknowledgement that the maintenance requirements in the SCRRAC AH Lease will control over any conflicts between the maintenance requirements in the SCRRAC AH Lease and the maintenance requirements in the Alexander House Commercial Condominium?

**FISCAL/BUDGET IMPACT:**

There is no adverse impact on the agency's FY2024 operating budget.

**TIMEFRAME:**

For discussion at the Development and Finance Committee on April 29, 2024 and formal approval as a consent item at the May 8, 2024 meeting of the Commission.

**STAFF RECOMMENDATION:**

That the Development and Finance Committee support staff's recommendations that:

1. The Commission approve Alexander House Limited Partnership providing written acknowledgement that the maintenance requirements in the SCRRAC AH Lease will control over any conflicts between the maintenance requirements in the SCRRAC AH Lease and the maintenance requirements in the Alexander House Commercial Condominium.

2. The Board of Directors of Alexander House Development Corporation approve Alexander House Development Corporation providing written acknowledgement that the maintenance requirements in the SCRRAC AH Lease will control over any conflicts between the maintenance requirements in the SCRRAC AH Lease and the maintenance requirements in the Alexander House Commercial Condominium.

**MEMORANDUM**

**TO:** Housing Opportunities Commission of Montgomery County  
Development & Finance Committee

**VIA:** Chelsea J. Andrews, President/Executive Director

**FROM:** Staff: Zachary Marks, Chief Real Estate Officer  
Kathryn Hollister, Housing Acquisition Manager

**RE:** **Hillandale Gateway:** Approval of a Single Maturity Date for Housing Production Fund Loan to Hillandale Gateway, LLC

**DATE:** April 29, 2024

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**STATUS:** Consent Item  Deliberation  Status Report  Future Action

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**OVERALL GOAL & OBJECTIVE:**

To authorize a single maturity date for Housing Production Fund loan to Hillandale Gateway, LLC.

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**BACKGROUND:**

On January 11, 2023, the Commission approved the making of a \$14,500,000 loan by the Commission to Hillandale Gateway, LLC (“Hillandale Gateway”) from the Housing Production Fund (“HPF”) for site work and other early start work at the Hillandale Gateway development (the “Initial HPF Loan”) prior to the closing of the construction financing.

On August 31, 2023, the Commission made the Initial HPF Loan to Hillandale Gateway with a maturity date of August 1, 2028, which Initial HPF Loan was documented by a loan agreement, deed of trust, note and regulatory agreement (the “Initial HPF Loan Documents”).

On September 13, 2023, the Commission approved increasing the principal amount of the Initial HPF Loan by \$20,500,000 (“HPF Increase”) to a total of \$35,000,000 (the “Amended HPF Loan”). On the date of the closing of construction financing for Hillandale Gateway (“Construction Closing Date”) there would be two maturity dates – one for the amount of the Initial HPF Loan (maturity date of August 1, 2028) and one for the amount of the Amended HPF Increase (maturity date in 2029, five (5) years after the Construction Closing Date).

To ensure that the HPF Loan does not have two separate maturity dates and instead has a single five-year term commencing at the Construction Closing Date, HOC staff proposes that the Commission approve the following:

- On or about the Construction Closing Date, Hillandale Gateway will repay the Initial HPF Loan and the Commission will terminate the Amended HPF Loan.
- On or about the Construction Closing Date, the Commission will make a new loan from the Housing Production Fund to Hillandale Gateway in an amount not to exceed \$35,000,000 and a maturity date of not more than five (5) years after Construction Closing, which is amount is consistent with the Commission’s September 13, 2023 approval.

This date alignment would have no adverse impact on the agency's FY2024 operating budget or the approved Hillandale Gateway development budget.

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**ISSUES FOR CONSIDERATION:**

Does the Development and Financing Committee wish to accept staff's recommendation that the Commission approve a single maturity date for the Housing Production Fund loan to Hillandale Gateway, LLC?

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**BUDGET IMPACT:**

There is no adverse impact on the agency's FY2024 operating budget.

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**TIME FRAME:**

For discussion at the meeting of the Development and Finance Committee on April 29, 2024 and approval as a consent item at the May 8, 2024 meeting of the Commission.

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**STAFF RECOMMENDATION:**

Staff recommends that the Development and Finance Committee join staff's recommendation that the Commission approve a single maturity date for the Housing Production Fund loan to Hillandale Gateway, LLC.



**MEMORANDUM**

**TO:** Housing Opportunities Commission of Montgomery County  
Development & Finance Committee

**VIA:** Chelsea J. Andrews, President/Executive Director

**FROM:** Staff: Zachary Marks, Chief Real Estate Officer  
Kathryn Hollister, Housing Acquisition Manager

**RE:** **Hillandale Gateway:** Approval of Additional Legal Services Provided by Gallagher, Evelius and Jones LLP

**DATE:** April 29, 2024

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**STATUS:** Consent Item  Deliberation  Status Report  Future Action

---

**OVERALL GOAL & OBJECTIVE:**

To authorize additional legal services provided by Gallagher Evelius and Jones LLP for Hillandale Gateway.

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**BACKGROUND:**

In October 2021, HOC obtained quotes from three firms within its Legal Pool<sup>1</sup> for legal services and transactional work for Hillandale Gateway (“Legal Solicitation”). At the time of the Legal Solicitation, it was envisioned that Hillandale Gateway development (the “Development”) would require two financing transactions: the first, a 4% low income housing tax credit (“LIHTC”) transaction for the 155-unit Age-Restricted Building (the “AR Building”); and the second, a market-rate transaction for the 308-unit non-age restricted building (the “NAR Building”) and retail components of the site (the “Original Scope of Work”). Gallagher Evelius and Jones LLP (“GEJ”) provided the lowest bid, and demonstrated extensive experience with land use and transactional work involving condominiums in Maryland. In October 2021, HOC engaged GEJ for the Original Scope of Work in an amount not to exceed \$200,000 (“Initial Engagement”).

Between October 2021 and February 2024, the structure of the Development changed from two separate financing transactions to three financing transactions, one for the AR Building, and two for the NAR Building – a market rate transaction for its 215 market rate units (“NAR Market”), and a LIHTC transaction for its 93 affordable units (“NAR LIHTC”) (the “Revised Scope of Work”). On February 7, 2024, the Commission approved additional legal services provided by Gallagher Evelius and Jones LLP (“GEJ”) in the amount of \$160,000, plus a \$32,000 contingency (20%), for a total increase of \$192,000, to cover the New Scope of the Work. The Revised Scope of Work also included construction related easements and agreements and lender counsel services. With the approved increase, GEJ’s total fees related to Hillandale Gateway are currently approved for an amount not to exceed \$392,000.

GEJ’s fees for the Revised Scope of Work assumed that the financing of the Development would close in March 2024. At this time, the financing of the Development is now expected to occur in late May or

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<sup>1</sup> On April 3, 2024, the Commission approved a new Legal Pool which will be used for new engagements going forward.

June. Additionally, some of the tasks have proven more difficult to complete due to a number of factors, including additional coordination required because of the large number of participants, including but not limited to lender, equity, tax and bond counsel, and the complexity of the interplay and coordination of the multiple components of the project and the sources of capitalization. As a result, GEJ anticipates that additional legal services in the amount of \$233,000 are needed to close the three Hillandale Gateway transactions (AR Building, NAR Market and NAR LIHTC).

Approval of these additional services would bring GEJ's total cost from Initial Engagement through closing to \$625,000. The cost of these additional services will be paid for by the Hillandale Gateway development. The Hillandale Gateway development budget has sufficient funding to cover these additional services.

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**ISSUES FOR CONSIDERATION:**

Does the Development and Financing Committee wish to accept staff's recommendation that the Commission approve additional legal services provided by GEJ in the amount of \$233,000?

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**BUDGET IMPACT:**

There is no adverse impact on the agency's FY2024 operating budget. The cost of the additional services will be paid for by the Hillandale Gateway development. The development budget has sufficient funding for these additional services within its Real Estate Legal, Lender Legal and Syndication Legal line items.

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**TIME FRAME:**

For discussion at the meeting of the Development and Finance Committee on April 29, 2024 and formal action at the May 8, 2024 meeting of the Commission.

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**STAFF RECOMMENDATION:**

Staff recommends that the Development and Finance Committee join staff's recommendation that the Commission approve additional legal services provided by GEJ in the amount of \$233,000.

**MEMORANDUM**

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

**VIA:** Chelsea Andrews, President/Executive Director

**FROM:** Staff: Michael Somerville, Vice President Mortgage Finance  
Victoria Dixon, Sr. Multifamily Underwriter

**RE:** Hillandale Gateway: Approval to Increase the Tax-Exempt Draws on the PNC Bank, N.A. Real Estate Line of Credit to Finance Hillandale Gateway (NAR LIHTC) by \$3 million

**DATE:** April 29, 2024

**STATUS:** Consent \_\_\_\_\_ Deliberation  X  Status Report \_\_\_ Future Action \_\_\_\_\_

---

**OVERALL GOAL & OBJECTIVE:**

To obtain approval to increase the permitted tax-exempt draws on the PNC Bank, N.A. Real Estate Line of Credit to finance the NAR LIHTC portion of the Hillandale Gateway development by \$3 million.

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**BACKGROUND:**

On September 13, 2023, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) approved the Final Development Plan, estimated at \$302.2 million to construct and equip Hillandale Gateway (the “Development”), which will comprise a 308-unit, non-age restricted multifamily building, including retail spaces and a parking garage (“NAR Building”), and a 155-unit age restricted (62+) building (“AR Building”). The Commission also approved Wells Fargo Community Investment Holdings, LLCs as the Low Income Housing Tax Credit (“LIHTC”) investor in the affordable housing units located in the AR Building and in the NAR Building and Citibank or its affiliate as construction lender. Finally, the approval included a subordinate bridge loan of up to \$43 million (“Bridge Loan”) of taxable draws from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”).

The NAR Building will be split into two condominium units (a) a condominium unit with 215 unrestricted market rate units (“NAR Market”) to be developed by Hillandale Gateway, LLC, a joint-venture between HOC and its development partner, and (b) a condominium unit with 93 restricted units under the LIHTC program (“NAR LIHTC”) to be developed by HOC at Hillandale NAR, LLC, an entity controlled by HOC. Hillandale Gateway, LLC will also own additional retail units and the garage located at the Development.

On November 15, 2023, the Commission approved the Financing Plan and Feasibility and Public Purpose for the NAR Building. The Financing Plan of approximately \$214.5 million contemplates both tax-exempt and taxable financing pursuant to Resolution 21-75A, which includes: (a) allocation of up to \$30,000,000 of volume cap towards the NAR LIHTC; (b) funding by Citibank of variable rate taxable and tax exempt construction loans of up to \$150,000,000 to be used to construct the NAR Building (both the NAR Market and the NAR LIHTC portions), with HOC to act as conduit lender during construction, as applicable. The resolution also authorized issuance of a forward commitment by HOC to provide permanent loans insured by the FHA Risk Share program in amount of up to \$30,000,000 to HOC at Hillandale NAR, LLC and \$105,000,000 to Hillandale Gateway, LLC for the NAR Building, to be funded from proceeds of

tax-exempt private activity bonds and future variable rate governmental bonds under the 1996 Indenture.

In February 7, 2024, in order to execute the Financing Plan for the NAR Building, meet the 50% test a threshold required to receive low income tax credits on the property, and utilize the \$30,000,000 of volume cap for the NAR LIHTC component, the Commission approved the Bond Authorizing Resolutions to issue private activity bonds (“PABs”), consisting of long-term tax-exempt bonds issued under the 1996 Indenture and up to \$7,000,000 of short-term tax-exempt draws on the RELOC. HOC will use proceeds from the RELOC to fund a bridge loan to HOC at Hillandale NAR, LLC (the “Tax-Exempt Bridge Loan”). With this increase, HOC approved to draw \$50 million on the RELOC (\$7,000,000 in short term tax-exempt draws for NAR LIHTC, and \$43 million in taxable draws allocated as appropriate between components of Hillandale Gateway).

To ensure that the NAR LIHTC development receives low income tax credits, it will need to satisfy a statutorily required 50% Test. To satisfy the 50% test, the NAR LIHTC development will need an estimated \$25.3 million of tax-exempt proceeds. As a result of underwriting negotiations with our lenders and interest rate movements, the sizing of long-term tax-exempt bonds has been reduced to approximately \$15.6 million, which increases the need for short-term tax-exempt proceeds to approximately \$9.7 million. Please refer to the table below:

<b>Hillandale NAR LIHTC</b>			
	<b>Previous</b>	<b>Current</b>	<b>Diff</b>
Total Development Costs	\$ 62,443,226	\$ 62,443,226	\$ -
<b>Volume Cap/PABs Approved</b>	<b>\$ 30,000,000</b>	<b>\$ 30,000,000</b>	<b>\$ -</b>
<b>50% Test - TE Need*</b>	<b>\$ 26,013,446</b>	<b>\$ 25,341,733</b>	<b>\$ (671,713)</b>
Long Term Bonds	\$ 18,606,000	\$ 15,619,908	\$ (2,986,092)
Short-Term RELOC	\$ 7,407,446	\$ 9,721,825	\$ 2,314,379
*Calculated using 53% to provide cushion.			

Therefore, staff requests that the Commission approve short-term tax-exempt draws on the RELOC to an up to amount of \$10 million (an increase of \$3 million from the prior approval), to protect against further changes in the transaction. This would increase the total draw on the RELOC from \$50 million to \$53 million (\$10 million of which would be short term tax-exempt draws).

Repayment of the Tax-Exempt Bridge Loan will come from a permanent sources to the transaction including LIHTC equity and a sponsor loan from HOC (funded in part from the OHRF and expected energy credits/grants).

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**ISSUES FOR CONSIDERATION:**

Does the Development and Finance Committee support staff’s recommendation that the Commission increase permitted short-term tax-exempt draws on the RELOC by \$3,000,000, to an up to amount of \$10,000,000 to fund the Tax-Exempt Bridge Loan?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
PNC Bank, N.A.

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**FISCAL/BUDGET IMPACT:**

There is no impact on the Commission's operating budget. Proceeds generated from the construction loans or other financing sources will support the debt service.

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**TIMEFRAME:**

For discussion at the Development and Finance Committee meeting on April 29, 2024 and formal action at the May 8, 2024 monthly meeting of the Commission.

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**STAFF RECOMMENDATION:**

Staff recommends the Commission increase permitted short term tax-exempt draws on the RELOC by \$3,000,000, to an up to amount of \$10,000,000 to fund the Tax-Exempt Bridge Loan.

**Adjourn**

*Closed  
Session*