



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



Development and Finance Committee

March 22, 2024
10:00 a.m.

Livestream: <https://youtube.com/live/fhA0HmXJFKw?feature=share>

The public is invited to attend HOC’s March 22, 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. Minutes: Approval of Budget and Finance Committee Minutes of February 26, 2024	4

Discussion/Action Items:

Title	Page #
1. Procurement: Legal Pool RFQ: Approval to Create a Pool of Legal Counsel	8
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	20
3. Wheaton Gateway: 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	24
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	35

<p>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</p>	<p>Separate cover</p>
<p>6. Single Family Lending: Approval of New Participating Lender for the Single Family Mortgage Purchase Program</p>	<p>45</p>

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Development and Finance Committee Minutes

February 26, 2024

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Development and Finance Committee was conducted virtually on January 26, 2024 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:04 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
Robin Salomon - Commissioner

Also Attending

Chelsea Andrews, President/Executive Director	Kayrine Brown, Senior Executive Vice President
Paige Gentry, Deputy General Counsel	Zach Marks
Richard Congo	Kathyrn Hollister
David Brody	Alex Laurens
Jay Shepherd	Morgan Tucker
Ellen Geoff	Meghan Hodge

Attending via Zoom

Tia Blount	Timothy Goetzinger
Sean Asberry	Terri Flower
John Wilhoit	Matt Husman
Contessa Webster	DaVida Rowley-Blackman

IT Support

Aries Cruz, IT Support

Commission Support

Jocelyn Koon, Senior Executive Assistant

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

APPROVAL OF MINUTES

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

DISCUSSION/ACTION ITEMS:

1. Wheaton Gateway: Authorization for the Developer to Submit for Site Plan Review.

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Zachary Marks, Senior Vice President, and Alex Laurens, Housing Acquisition Manager who provided the presentation. Staff addressed questions from the Committee. Staff recommended that the Development & Finance Committee join staff in recommending that the Commission authorize the Developer, at HOC's direction, to submit to M-NCPPC a Site Plan for Wheaton Gateway. The motion was made by Commissioner Salomon and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Salomon, Merkowitz, and Priest.

2. Scattered Sites: Authorization to Enter into a Purchase and Sale Agreement for the Disposition of up to Ten Units in Montgomery Village to Habitat for Humanity Metro Maryland.

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Zachary Marks, Senior Vice President, and Jay Shepherd, Housing Acquisition Manager, who provided the presentation. Staff addressed questions from the Committee. Staff recommended that the Development and Finance Committee join its recommendation that the Commission authorize the President/Executive Director, or her designee, to negotiate and execute a Purchase and Sale Agreement with HFHMM to purchase the 10 Scattered Site units, generally located in Montgomery Village, for \$90,000 each, in a condition of "as-is, plus HFHMM's costs related closing, for use in its program and in accordance with its program restriction. The motion was made by Commissioner Salomon and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Salomon, Merkowitz, and Priest

3. Heritage Emory Grove: Approval of the First Amendment to Purchase & Sale Agreement for Emory Grove Village and Camp Hill Square.

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Zachary Marks, Senior Vice President, and Jay Shepherd, Housing Acquisition 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 approve the First Amendment to the Purchase & Sale Agreement for Emory Grove Village and Camp Hill Square with Hailey Development, LLC. The motion was made by Commissioner Salomon and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Salomon, Merkowitz, and Priest.

4. Hillandale Gateway: Approval of the Naming and Branding of Hillandale Gateway in Accordance with HOC Naming Guidelines.

Commissioner Merkowitz introduced Chelsea Andrews, President, to provide an overview of the presentation. President Andrews provided an overview and introduced Tia Blount, Vice President, Public Affairs and Communications, who provided the presentation. Staff recommended that the Development & Finance Committee accept its recommendation, and advance the permanent names, "Radia" and "Lumina" for the age-restricted and non-age restricted buildings, respectively, at Hillandale Gateway development. Commissioner Priest and Commissioner Merkowitz posed that Hillandale Gateway remain part of the naming and branding solution. The motion was made by Commissioner Priest and seconded by Commissioner Salomon. Affirmative votes were cast by Commissioners Salomon, Merkowitz, and Priest.

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 11:08 a.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/mpt

Discussion Items

APPROVAL TO CREATE A POOL OF LEGAL COUNSEL

Legal Division - RFQ #2441



CHELSEA J. ANDREWS, PRESIDENT/ EXECUTIVE DIRECTOR

**AISHA MEMON, SENIOR VICE PRESIDENT, LEGAL AFFAIRS/GENERAL
COUNSEL**

PAIGE GENTRY, DEPUTY GENERAL COUNSEL



March 22, 2024

Table of Contents

	Slide #
Executive Summary	3
Response Summary	4
List of Respondents	5
Minimum Qualifications	6
Evaluation Criteria	7
Recommended Firms for the Pool	8-9
Agreement for Services	10
Summary & Recommendations	11

Executive Summary

- HOC consistently requires legal guidance in many areas of the law, including real estate transactions, employment law, policies and regulations, litigation, and landlord-tenant law.
- In May 2019, the Commission approved the creation of a pool of Legal Counsel for Real Estate Legal Services to supplement its staff in order to ensure efficient and effective management of real estate related legal concerns. Those contracts will expire in May 2024.
- On February 16, 2024, HOC issued Request for Qualifications (“RFQ”) #2441 for a Legal Services Pool. This pool will expand on the practices areas of the previous pool by including employment law, policies and regulations, litigation, and landlord-tenant law. HOC received 19 responses to its solicitation and staff recommends admitting 17 firms into the pool.
- The law firms admitted to the pool will work with staff to ensure that the Commission proceeds successfully amidst the complexities of regulation, compliance, and contractual obligations.
- Legal counsel would be engaged on an as-needed basis.
 - Selection for Legal Services: Competition will occur among members of the pool, by specialty for the services required for an engagement.
 - Legal Services for Real Estate Development and Financing: If services are rendered during the development phase of a project, expenses would be funded from the project’s development budget, which would be approved by the Commission through its normal Committee and Commission review process. If services are rendered before a development budget is approved, expenses would be nominal and funded from annual operating funds of approximately \$300,000, allocated as working capital in the Real Estate Division’s budget for research, planning, zoning, and legal services (“RE Fund”). If a development budget is approved, any funds used from the RE Fund would be repaid. It is not expected to have an adverse financial impact on HOC’s operating budget.
 - Legal Services for Employment, Policies & Regulation, Litigation, and Landlord-Tenant law: Expenses would be funded from a department’s approved budget (e.g., HR, legal, etc.) or an approved property budget depending on the nature of the work. It is not expected to have an adverse financial impact on HOC’s operating budget.
- Staff recommends to the Development and Finance Committee that it recommend to the Commission that it approve the firms selected to the pool of legal counsel.

Response Summary

There were five broad categories for which firms could apply.

1. Real Estate Transactions & Financing
2. Employment law
3. Policy & Regulations
4. Litigation
5. Landlord-Tenant law

Within the Real Estate Transactions & Financing category, firms were requested to apply for one or more of the following sub-categories:

1. General Real Estate Transactions
2. Land Use and Zoning
3. Construction
4. Real Estate Finance and Lending
5. Environmental Regulations and Compliance.
6. General Tax
7. Affordable Housing
8. Real Estate Transactions Utilizing Tax Credits
9. Business and Corporate Transactions Related to Real Estate
10. Tax-Exempt bond finance transactions
11. Fair Housing law

List of Respondents

Listed below are the 19 firms that responded to RFQ #2441 by the response deadline (February 16, 2024).

Respondents	
Ballard Spahr LLP	Miles & Stockbridge
Blackburn Riley, LLC	Moore & Associates
Douglas & Boykin	Nixon Peabody LLP
Fortney & Scott LLP	Reno & Cavanaugh
Gallagher Evelius & Jones LLP	Rosenberg Martin Greenberg LLP
Goldstein Hall	Selzer Gurvitch Rabin Wertheimer Polott & Obencny
Gordon Rees Scully Mansukhani	Stinson
Holland & Knight LLP	Village Settlements
Kutak Rock LLP	Vorys, Sater, Seymour, and Pease
Lerch, Early & Brewer	

Minimum Qualifications

Each Firm was required to meet the minimum qualifications outlined below.

Qualification Criteria	Responsiveness	Experience
Requirement	Proposals must include all information in the format and order requested in the RFQ. All proposals must include a signature by an authorized representative of the Respondent.	Firms must have attorneys with a minimum of five (5) years' experience in the application practice area. The Firm must have attorneys who are currently licensed to practice law in Maryland, or must be able to obtain local counsel to support the project's needs.

Evaluation Criteria

Once a firm was determined to have met the minimum qualifications, it was further evaluated based on the criteria listed below (total point value is 100). Firms must score at least 70 points (on average) to qualify for selection.

Evaluation Criteria	Maximum Points	Requirement
Experience	35	<ul style="list-style-type: none"> • Respondent demonstrated sufficient experience in their selected Practice Areas. • Respondent demonstrated how their experience would be applicable to HOC. • Respondent demonstrated experience working with PHAs and/or governmental entities. • The quality of the Firm’s work product, based on provided examples, references, or the prior experience of HOC staff.
Staffing	25	<ul style="list-style-type: none"> • Respondent demonstrated sufficient experience of its attorneys, paralegals, and other staff. • Respondent demonstrated sufficient staffing and Firm capacity, including its commitment of time and resources to HOC. • Respondent demonstrated the stability of the Firm and its staff. • Respondent demonstrated the Firm’s availability to work with HOC.
Rates and Fees	25	<ul style="list-style-type: none"> • The affordability of the firm’s rates and fees.
MFD Participation	15	<ul style="list-style-type: none"> • Respondent is a certified MFD business (full 15 points). • Respondent demonstrates continuous MFD efforts (up to 15 points depending on quantity and quality of MFD efforts).

Recommended Firms for the Pool – Real Estate & Financing

The following firms are being recommended in Real Estate & Financing in the indicated sub-areas. All recommended firms scored at least 70 points (on average among all scorers).

Respondent	Average Score by Criteria										
	General RE	Land Use	Construction	Finance & Lending	Environmental	General Tax	Affordable Housing	Tax Credits	Business & Corporate	Bonds	Fair Housing
Ballard Spahr	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Blackburn Riley	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Douglas & Boykin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fortney & Scott	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GEJ	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	N/A
Goldstein Hall	X	N/A	X	X	X	X	X	X	X	X	N/A
Gordon Rees	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Holland & Knight	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kutak Rock	✓	N/A	N/A	✓	N/A	✓	✓	✓	✓	✓	N/A
Lerch Early	✓	✓	✓	✓	X	✓	X	N/A	✓	N/A	✓
M&S	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A
M&A	✓	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nixon Peabody	N/A	N/A	N/A	✓	N/A	N/A	✓	✓	N/A	N/A	N/A
Reno Cavanaugh	✓	N/A	✓	✓	N/A	N/A	✓	✓	✓	✓	✓
Rosenberg	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A
Selzer Gurvitch	✓	✓	✓	X	N/A	X	N/A	N/A	✓	N/A	N/A
Stinson	✓	X	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
Village	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vorys	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	N/A

✓ – Recommended

N/A – Did not apply

X – Did not meet minimum qualifications and/or score



Recommended Firms for the Pool – Employment, Policy & Regulation, Litigation & Landlord-Tenant

The following firms are being recommended in employment, policy & regulation, litigation, and landlord-tenant. All recommended firms scored at least 70 points (on average among all scorers).

Respondent	Average Score by Criteria			
	Employment	Policy & Regulation	Litigation	Landlord-Tenant
Ballard Spahr	✓	✓	✓	N/A
Blackburn Riley	✓	✓	✓	N/A
Douglas & Boykin	N/A	N/A	✓	N/A
Fortney & Scott	✓	✓	✓	N/A
GEJ	✓	N/A	✓	✓
Goldstein Hall	N/A	N/A	X	N/A
Gordon Rees	✓	✓	✓	✓
Holland & Knight	✓	✓	✓	N/A
Kutak Rock	N/A	N/A	N/A	N/A
Lerch Early	✓	N/A	✓	N/A
M&S	N/A	N/A	N/A	N/A
M&A	✓	N/A	✓	✓
Nixon Peabody	N/A	✓	N/A	N/A
Reno Cavanaugh	N/A	✓	N/A	N/A
Rosenberg	✓	N/A	✓	✓
Selzer Gurvitch	N/A	N/A	N/A	N/A
Stinson	✓	N/A	✓	✓
Village	N/A	N/A	N/A	N/A
Vorys	✓	N/A	✓	N/A

✓ – Recommended

N/A – Did not apply

X – Did not meet minimum qualifications and/or score



Pool Solicitation Process

New Task Requests:

- When outside counsel is needed for a matter, the legal team requests at least 3 quotes from firms in the pool that are qualified to do the specific type work.
- The legal team evaluates the quotes based on price, experience, and the firm's availability.
- A task order/engagement letter is entered for the scope of work.

Agreement for Services

HOC will enter into an Agreement for Service with each approved firm. Each Agreement will include the following terms:

- **Term** – Two (2) years, renewable for up to three (3) additional one-year periods.
- **Fees** – The firm’s fees are based on the fees provided in their proposal. The firm’s fees and other costs will remain fixed for the initial two year period. The firm may request an increase in its fees for any renewal period.
- **Process/Billing** – The firm must submit an engagement letter/task order detailing the scope of work and a fee estimate. The firm must justify any additional work that exceeds the initial estimate.

Summary and Recommendations

Issues for Consideration

Does the Development and Finance Committee wish to recommend to the Commission (1) establishing a pool of 17 firms to provide legal services in various service areas; (2) the execution of 17 Agreements for Service for \$0 for a term of two years with three one-year renewal periods; (3) staff to engage firms from the pool on an as-needed basis; and (4) the payment for such legal services from (i) the project's development budget or funds approved in the Real Estate Division's operating budget (if a development budget has not been approved); or (ii) a department's approved budget (e.g., HR, legal, etc.) or an approved property budget.

Fiscal / Budget Impact

There is no direct impact on HOC's operating budget. Services will be sought on an as-needed project specific basis and paid for from the respective development budget that would be approved by the Commission, the Real Estate Division's operating budget that would be repaid from the later Commission-approved development budget, or a department's or property's approved budget.

Time Frame

Discussion at the March 24, 2024 meeting of the Development and Finance Committee and action at the April 3, 2024 meeting of the Commission.

Staff Recommendation

Staff recommends to the Development and Finance Committee that it recommends to the Commission that it:

1. Approves 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 & Obecnycy; Stinson; and Vorys, Sater, Seymour, and Pease.
2. Authorizes the President/Executive Director, or their designee, to execute a Agreement for Services with each firm for \$0 for a term of two years with three one-year renewal periods.
3. Authorizes staff to engage firms from the pool on an as-needed basis.
4. Authorizes 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.

MEMORANDUM

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

VIA: Chelsea Andrews, President/Executive Director

FROM: Staff: Victoria Dixon, Sr. Multifamily Underwriter

RE: 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

DATE: March 22, 2024

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

OVERALL GOAL & OBJECTIVE:

To obtain approval to amend the Finance Plan for the acquisition, construction, equipping, and permanent financing of The Leggett (formerly, Elizabeth House III), with increase to related funding source, to accommodate increased costs associated with delays to achieve permanent conversion.

BACKGROUND:

The Leggett (the “Property”) is a 267-unit, age-restricted, apartment community recently constructed in Silver Spring, Maryland as part of a Master Development (later defined). HOC through Elizabeth House III Limited Partnership (the “Owner” or “Borrower”), solely owns the Property and it is managed by third-party property manager, Habitat America, LLC.

The Leggett is an important element in HOC’s portfolio, as it provides relocation housing for 106 senior households converted under the Rental Assistance Demonstration Program (“RAD”) and previously residing in the nearby Elizabeth House Apartments, which is slated for demolition. The property was awarded 4% Low Income Housing Tax Credits (“LIHTC”) with LIHTC Equity Installments expected as follows.

#	LIHTC Installments	\$ Amounts
1	Closing	\$ 1,760,300
2	Completion	\$ 3,520,600
3	Perm Conversion	\$ 24,644,200
4	Final Installment (8609s)	\$ 5,280,900
Total		\$ 35,206,000

In 2019, the Housing Opportunities Commission of Montgomery County (“Commission” or “HOC”) closed into construction financing of the Property with the issuance of \$55,000,000 tax-exempt Private Activity Bonds (the “Bonds”), which proceeds were used to fund a construction-to-permanent loan from HOC (“Mortgage Loan”), a taxable construction loan from PNC Bank, N.A (“PNC”) with an extended maturity date of April 30, 2024 (“Construction Loan”), and loan to bridge receipt of LIHTC equity (“Bridge Loan”) utilizing the PNC Real Estate Line of Credit (“RELOC”). HOC also entered into an interest rate hedge for the floating interest rate of the Construction Loan and Bridge Loan during construction and forward swap

rate for the permanent phase of the Mortgage Loan.

The development of the Leggett occurred simultaneously with the South County Regional Recreation and Aquatic Center (“SCRRAC”), which included 120,000 square feet of recreational use space, a competition style natatorium, and a 7,500 square foot Senior Resource Center/Primary Care Facility that that is being operated by Holy Cross Hospital (“SRC/PCF”)(altogether the “Master Development”). The Master Development was constructed by HOC and in a condominium structure is leased to the County and an entity of Holy Cross Hospital.

Despite best efforts, due to construction delays at the Property, resulting from a variety of factors outside of our control, as well as the lease-up pace, the close out of the project has fallen approximately 9 months behind schedule. This has adversely impacted the Property’s ability to achieve stabilization and convert into the permanent phase for endorsement under the FHA Risk Share Program in the timeframe originally projected. A re-forecast projects that the Property is expected to achieve stabilized occupancy by June 2024 and permanent conversion to be achievable by October 2024. Initial terms have been obtained by PNC to extend the Construction Loan maturity to December 31, 2024 with closing costs estimated at \$20,000, all other terms remaining unchanged.

In order to execute on resolving these delays, provide sufficient funds to carry debt service for the additional period, and fund closing costs, amendment of the Financing Plan is hereby requested. Extension of the Construction Loan and Bridge Loan, increase to the approved Bridge Loan and Interim Income amounts, timing to begin amortization under the Mortgage Loan, as well as supporting actions are also requested.

Transaction Summary

Borrower	Elizabeth House II Limited Partnership
Units/Affordability	267 Units 238 Units (89%), Income Averaging 30% - 80% AMI; 29 Units, Unrestricted
Stabilized Net Operating Income (Yr1 Budget)	\$3,013,641
Taxable Construction Loan	\$55,000,000
Tax-Exempt Issuance	\$55,000,000
Volume Cap	\$55,000,000
Permanent / FHA Risk Share Mortgage (up to)	\$51,420,000
Permanent Mortgage Interest Rate	3.50%
Credit Enhancement	Cash Collateral Account until insured by the FHA Risk Share program (HOC 25%)
Permanent Loan Amortization / Term (up to)	40 Years / 40 Years
Projected Debt Service Coverage Ratio (Yr1 Budget)	1.26

Below represents a summary of the request for additional proceeds of the RELOC and Interim Income until such time as the total transaction budget has been reconciled.

Sources	Construction	Bridge	Add. Bridge	Permanent	Per Unit
Tax-Exempt Long-Term	\$ 51,420,000			\$ 51,420,000	\$ 192,584
Tax-Exempt (Short term)	\$ 3,580,000			\$ 3,580,000	\$ 13,408
LIHTC Proceeds / Bridge	\$ 35,206,000	\$ 26,000,000	\$ 6,923,693	\$ 35,206,000	\$ 131,858
Subordinate County Loan (HIF)	\$ 8,000,000			\$ 8,000,000	\$ 29,963
Holy Cross Funding	\$ 1,040,000			\$ 1,040,000	\$ 3,895
HOC Equity	\$ 22,178,285			\$ 33,550,677	\$ 83,065
Interim Cashflow	\$ 662,435		\$ 736,165	\$ 662,435	\$ 2,481
Deferred Developer Fee	\$ 2,113,458	\$ -	\$ -	\$ 2,113,458	\$ 7,916
Total Sources	\$ 124,200,178	\$ 26,000,000	\$ 7,659,858	\$ 124,200,178	\$ 465,169

Uses	Construction			Permanent	Per Unit
Ground Lease Payments	\$ 3,675,100			\$ 3,979,190	\$ 13,764
Construction Cost	\$ 78,334,286			\$ 78,334,286	\$ 293,387
Fees Related to Construction	\$ 23,684,806			\$ 23,684,806	\$ 88,707
Financing & Legal Costs	\$ 2,256,755		\$ 111,000	\$ 2,256,755	\$ 8,452
Debt Service	\$ 6,665,385		\$ 7,549,858	\$ 6,665,385	\$ 24,964
Tax-Exempt Bonds (ST)	\$ 3,580,000			\$ 3,580,000	\$ 13,408
Development Fees	\$ 4,500,000			\$ 4,500,000	\$ 16,854
Initial Replacement Reserves	\$ 267,000			\$ 267,000	\$ 1,000
Operating Reserves	\$ 1,236,847	\$ -	\$ -	\$ 1,236,847	\$ 4,632
Total Uses	\$ 124,200,178	\$ -	\$ 7,659,858	\$ 124,200,178	\$ 465,169

Current Request

As represented in the above table, staff requests approval to increase usage of the RELOC by up to \$7.7 million, for a total commitment of up to \$33.7 million from the RELOC to bridge the receipt of investor equity; however, staff anticipates usage to be reduced by projected interim income of approximately \$736,000.

Staff will return to the Commission with a final request before December 2024 to reconcile increased costs to the transaction, as well as adjustment to the LIHTC equity receivable.

ISSUES FOR CONSIDERATION:

Does the Development and Finance Committee support staff's 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?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Kutak Rock, Bond Counsel
Caine Mitter & Associates Incorporated, Financial Advisor
US Bank, Fiscal Agent
PNC Bank N.A., Construction Lender

FISCAL/BUDGET IMPACT:

There is no adverse impact on the agency's FY2024 operating budget. However, the additional draw reduces HOC's general obligation borrowing capacity—the fiscal impact. Proceeds from financing sources and interim cash flow will support the additional cost.

TIMEFRAME:

For formal action at the April 3, 2024 meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends the Development and Finance Committee join in recommending 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.

**WHEATON GATEWAY: APPROVAL TO SELECT JDC CONSTRUCTION LLC AS
CONSTRUCTION MANAGER FOR THE WHEATON GATEWAY DEVELOPMENT
(PHASE I) AND APPROVAL FOR THE PRESIDENT TO NEGOTIATE AND EXECUTE
THE CONTRACT**

Wheaton Gateway



CHELSEA J. ANDREWS, PRESIDENT/ EXECUTIVE DIRECTOR

**KAYRINE BROWN, SENIOR EXECUTIVE VICE PRESIDENT
ZACHARY MARKS, SENIOR VICE PRESIDENT OF REAL ESTATE
DAEJAUNA DONAHUE, PROJECT MANAGER
ALEX LAURENS, HOUSING ACQUISITION MANAGER**

March 22, 2024

Table of Contents

Topics	Page
Executive Summary	3
Resiliency & Sustainability	6
Selection of a Construction Manager	7
Summary and Recommendations	10
Upcoming Commission Actions	11

Executive Summary



Veirs Mill West (Lindsay Ford), Ambassador, and Mattress Firm comprise the Wheaton Gateway Development.

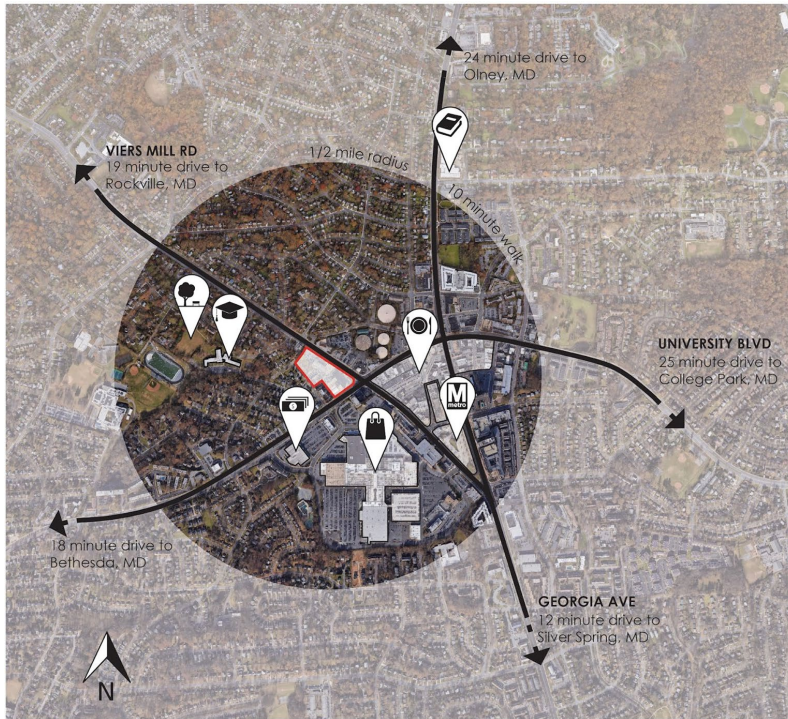
In 2017, the Lindsay family, owners of the existing Lindsay Ford dealership located at 11250 Veirs Mill Road in Wheaton, desired to relocate the dealership and its operations to a new site. Located adjacent to the Ambassador Apartments, which was jointly owned at the time as a condominium between HOC and an affiliate of Willco, LLC (“Willco”), acquisition of the Lindsay Ford holdings would not only create the opportunity for synergies for the redevelopment of The Ambassador Apartments, but would also dramatically increase the scope of the revitalization for a core part of Wheaton, whose greatest challenge is the highly fragmented nature of land ownership. A cohesive redevelopment of this prominent corner, which, if consolidated, could deliver approximately 700+- units at full buildout, was a vision shared by the Planning staff during the Sector Plan process.

To jumpstart this redevelopment effort, HOC staff negotiated the acquisition of the Lindsay Ford dealership consisting of 11 parcels, totaling approximately 5.4 acres (the “LAG Properties”). The LAG Properties include approximately 3.8 acres of property West of Veirs Mill Road (together the “Veirs Mill West Properties”) and approximately 1.6 acres of property East of Veirs Mill Road (the “Veirs Mill East Properties”).

On **January 17, 2019**, the Commission completed acquisition of the LAG Properties, which represented the culmination of several years of negotiation to secure one of the largest and most impactful redevelopment opportunities in Wheaton allowing for the opportunity to combine those properties with the adjacent Ambassador Apartments site.

In keeping with the “Gateway” concept that HOC and private development partner The Duffie Companies (“Duffie”), a third-generation, Montgomery County-based, family-owned real estate development and asset management company, have promoted in partnership as part of the Hillandale Gateway development, HOC and Duffie created a similar partnership and structure for the redevelopment of the Lindsay West Properties (together the HOC/Duffie joint venture being Wheaton Gateway, LLC or the “Duffie JV”).

Executive Summary



Regional Site Plan

On **November 12, 2019**, following fruitful negotiations with Duffie’s assistance, the Commission approved the creation of Wheaton Venture, LLC, a partnership between Wheaton Gateway, LLC and Willco (the “Venture”). This partnership fully unlocked the development potential of this prominent corner by earning Willco’s participation with respect to the Ambassador Apartments site and further augmenting the assemblage of the Veirs Mill West Properties through incorporation of Willco’s corner Mattress Firm property to form what is now known as the “Wheaton Gateway” development site.

Serving as lead developer in this effort will be Duffie affiliate PS Ventures, LLC (“PS Ventures”). PS Ventures is a highly specialized real estate development firm whose primary mission is to help design and develop buildings that are more resilient, more durable, and more efficient in utilizing building science and passive building principles. PS Ventures will be responsible for managing the day-to-day project activities, feasibility analysis, and crafting the vision for the project.

While the plans are being developed and subject to approval by the members of the Venture and the Commission, the opportunity to transform this Gateway site will greatly contribute to the overall Wheaton economy and life.

A community meeting was held on March 11, 2024, and the site plan submission is projected for March 23, 2024.

Executive Summary

Since **February 2020**, when approval from Commission was received for the Concept Plan for the redevelopment of the assembled site, the project team has engaged an architect and progressed the design through Sketch Plan approval.

On **March 6, 2024**, the Commission approved the Site Plan to be submitted to the Maryland-National Capital Park and Planning Commission (“M-NCPPC”) at the end of March.

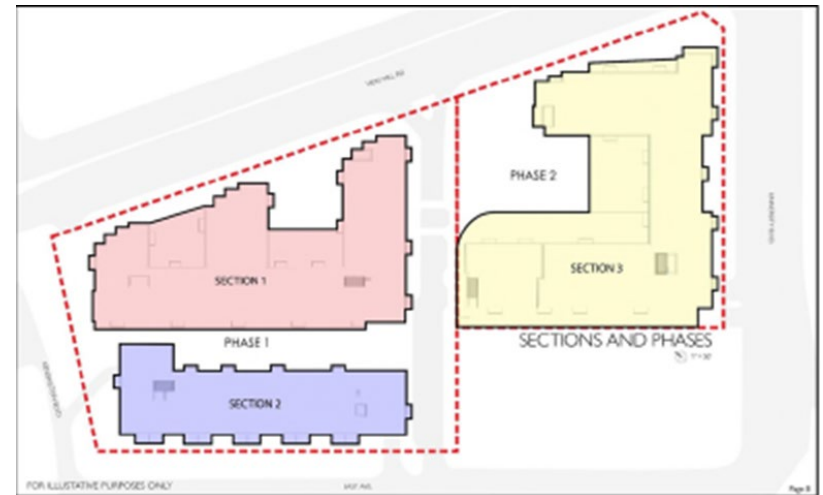
The development and design teams are currently working on the progression of schematic design (“SD”) with the goal of starting design development (“DD”) in October 2024. The ultimate goal is to submit for Building Permits in June/July 2025.

With this goal in mind, the development team plans to engage a Construction Manager (“CM”) and General Contractor prior to the start of DDs to assist with pricing and constructability guidance. The Construction Manager will be contracted for the two phases of construction and for the following four phases of work:

- General Contractor Procurement
- Entitlement and Preconstruction Support
- Construction
- Project Close-Out

The CM solicited for the Wheaton Gateway project is anticipated to be engaged by June 2024 and will have experience on high-rise multi-phased projects with sustainability objectives consistent with those of Wheaton Gateway.

The services will cover the remainder of the predevelopment phase and the duration of the construction of Phase I.



TRIPLE BOTTOM LINE



TARGETING



Passive House Institute US



Energy-efficiency, carbon reduction, and resiliency are cornerstones of the Project's goals. The Project is anticipated to target LEED-H Midrise V4 Platinum certification, Passive House (PHIUS+ 2021) certification, and Energy Star Multifamily New Construction Certification. The Project will also need to achieve all relevant building, energy, and green building codes.

Selection of a Construction Manager - Criteria

HOC's Procurement Office issued a Request for Proposal (RFP #2431) for construction management services for Wheaton Gateway in accordance with HOC's Procurement Policy on November 7, 2023, with a due date of December 21, 2023. The RFP was posted to HOC's website and distributed to more than 300 vendors registered in the Montgomery County Central Vendor Registration System ("CVRS"). A pre-proposal conference was held virtually on November 14, 2023, which was attended by twelve (12) firms.

The scope of work outlined in RFP #2431 included six (6) months of general contractor procurement, 12 months of entitlement phase services (Park and Planning), followed by a construction phase services including construction administration services and construction observation. The scoring consisted of staff from Risk Management, Mortgage Finance, and Real Estate divisions, as well a Duffie representative (together, the "Construction Manager Scoring Team"), all received written instructions prior to scoring. A Construction Manager Scoring Team consensus meeting occurred on March 8, 2024. The Proposals were scored on the following: four (4) evaluation criteria and the maximum points a proposal could receive is 100.

Qualifications (Maximum 45 Points)	Additional MFD Participation (Maximum 15 Points)	References (Maximum 10 Points)	Price (Maximum 30 Points)
<p>Demonstrated experience with projects involving: i) high-rise mixed-use and residential ii) Passive house achieving energy standards beyond code requirements, iii) high performance construction standards and certifications, iv) experience with Low Income Housing Tax Credit ("LIHTC"), showing successful track record with LIHTC projects, with a preference for LIHTC projects in the State of Maryland, v) Experience in the Baltimore – Washington area with a preference for Montgomery County, vi) Davis-Bacon and Related Acts.</p>	<p>The 15% of MFD scoring shall be subdivided in two areas. The first is the Architect's direct MFD efforts (5% Direct MFD). All firms can receive 5% MFD effort and any respondents that are a certified MFD firm are awarded the full 5% as well. The second area is MFD subcontractors (10% MFD Subcontracting). Respondents who meet the MFD requirement (i.e., 25%) will score 0% , >25% – 29% will receive 5%, and 30% or above will receive the full 10%.</p>	<p>Reference checks were conducted to evaluate and verify past performance regarding ability for on-time completion and change order management.</p>	<p>Price and Fees for performing the services described in this request for proposal. Price proposals should include detailed cost of each service.</p>

Selection of a Construction Manager – Bidders

HOC received seven (7) proposals in response to RFP# 2431 by the proposal deadline on December 21, 2023 at 12:00 pm. Two respondents were deemed non-responsive, as the proposals did not include the minimum requirements identified in the RFP.

FIX360, Inc. (“FIX360”)

Founded in 2013, FIX360 is a certified MBE firm that has rapidly grown to become a respected and innovative player in the construction management industry. FIX360 has experience with the following HOC project: Scattered Sites.



Owner Rep Consulting, LLC (“Owner Rep”)

Founded in 2012, Owner Rep’s services include construction management and bank management. **Owner Rep has experience with the following HOC projects: Bauer Park, Georgian Court, and Shady Grove.**



JDC Construction Company, LLC (“JDC”)

Since 2003, JDC is a certified MBE firm that has been providing comprehensive and systematic project and construction management services for community-focused development projects. JDC has experience with the following HOC projects: The Lindley, Fenton Silver Spring, Stewartown Homes, The Laureate, The Willow Manor Properties, and HOC HQ.



Lambis Rank, LLC (“Lambis Rank”)

Based in the Washington, DC-metro area, Lambis Rank provides a broad range of real estate services including project and development management, property management and transaction/financial consulting. Lambis Rank has experience with the following HOC projects: The Leggett and Hillandale Gateway.



MLG Construction Management Services, LLC (“MLG”)

MLG was founded on the common principle that successful projects are by-products of experienced and knowledgeable oversight, and draws on decades of collective industry experience to capitalize on the best outcome for projects. MLG does not have any experience on HOC projects.



Selection of a Construction Manager - Scoring

Following a review of all of the proposals, the Construction Manager Scoring Team scored JDC the highest with 90 out of 100 points. A summary of the team's evaluation of JDC is provided below.

Qualifications:

- JDC has significant and satisfactory experience with HOC's developments, such as The Lindley, Fenton Silver Spring, Stewartown Homes, The Laureate, The Willow Manor Properties, and HOC HQ. Within their proposal, they also strongly demonstrated expertise on projects of similar scope and size, high sustainability standards beyond code minimum, high construction standards, LIHTC experience, experience in the Baltimore-Washington Metropolitan area and Davis-Bacon wage compliance.

MFD Participation:

- As a certified MBE firm, JDC received full points in this criteria, which included direct MFD efforts for MFD personnel in leadership positions based on their diverse staffing plan and self-performance of work.

References:

- JDC has provided CM services on HOC projects before and have performed well regarding their involvement on change order management and on-time completion of projects.

Price:

- Their proposal included a competitive fee of \$1,306,000. HOC does not have experience with JDC submitting significant change orders for their services after an award.

Based on the scoring criteria, JDC has demonstrated that the firm has the skills, team, and expertise to provide Construction Management Services for the Wheaton Gateway Phase I. Staff recommends the approval of JDC for Wheaton Gateway, LLC Phase I Construction Management Services in the amount of \$1,306,000 and to include a 15% contingency in the amount of \$195,900 to cover unforeseen changes in scope due to the scale and duration of the project.

Upcoming Commission Actions

Wheaton Gateway – Upcoming Actions & Anticipated Timeframe	Projected Timeframe
Approval of the General Contractor	May/June Cycle 2024
Approval of the Sustainability Consultant	May/June Cycle 2024
Approval to Submit for Building Permit	June/July Cycle 2025
Approval to Execute the GMP with the General Contractor	September/October Cycle 2025

The discussions with the Commission envisions a multi-phase development over several years; however, there is commitment delivering a transformative development at the gateway into Wheaton from the west, along University Boulevard.

Staff, with the Development Team will be submitting the Site Plan for review at the end of March and as the project progresses, the Commission asked to consider several actions up to the receipt of obtaining building permits for the first phase of construction at Wheaton Gateway.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Development & Finance Committee wish to join staff in recommending 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;
2. Authorize the President/Executive Director to negotiate and execute a contract with JDC Construction Company LLC that reflects these terms?

BUDGET/FISCAL IMPACT

There is no budget/fiscal impact. The pre-development budget was approved through CY-25 and included construction management services within the budget. The proposed fee by JDC Construction Company, LLC for the predevelopment phase is within the dedicated budget line item amount for construction management services. Construction management services for the construction will be included in the construction financing at closing.

TIME FRAME

For formal action at the April 3, 2023 meeting of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Development & Finance Committee join staff in recommending 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;
2. Authorize the President/Executive Director to negotiate and execute a contract with JDC Construction Company LLC that reflects these terms.

FOREST GLEN DEVELOPMENT: APPROVAL OF A DEVELOPMENT CONSULTANT FOR ENTITLEMENT OF THE ENTIRE SITE, THE DEVELOPMENT AND CONSTRUCTION OF PHASE I, AND APPROVAL OF ADDITIONAL FEASIBILITY FUNDING

MIXED-INCOME RENTAL HOUSING AT FOREST GLEN IN METRO SILVER SPRING



CHELSEA J. ANDREWS, PRESIDENT/EXECUTIVE DIRECTOR

**KAYRINE V. BROWN, SENIOR EXECUTIVE VICE PRESIDENT
ZACHARY MARKS, SENIOR VICE PRESIDENT, REAL ESTATE
KATHRYN HOLLISTER, HOUSING ACQUISITION MANAGER
WALKER TAYLOR, FINANCIAL ANALYST**

March 22, 2024

Table of Contents

Topic	Page #
Executive Summary	3
Background	4
Procurement – Task Order #2386-1	5
Scoring and Recommendation	6
Relevant Experience	7
Development Timeline	8
Feasibility Budget/Development Consultant Funding	9
Summary and Recommendations	10

Executive Summary

- Staff is recommending approval of a development consultant (“Consultant”) to assist HOC with the redevelopment of the Washington Metropolitan Area Transit Authority (“WMATA”) Forest Glen Metro parking and kiss-and-ride facilities (“Site”) as a multi-phase redevelopment, consisting of affordable and market-rate residential apartments, retail offerings, replacement transit facilities, and public use space.
- Given the unique characteristics of Transit Oriented Developments (“TOD”) and the large, multi-phased nature of the Site, HOC could benefit from working with a development consultant that has experience working closely with WMATA.
- The primary role of the Consultant will be to assist HOC with: due diligence and feasibility analysis for the Site and for the first phase of redevelopment; procurement and management of consultants and design professionals; design and entitlement of the Site; and the design, development and construction of the first phase of redevelopment.
- Staff recommends selecting Urban Atlantic as the Consultant for the Site and to authorize the President/Executive Director to negotiate and execute a contract with Urban Atlantic for the first phase of the development, pursuant to the terms outlined herein.
- Urban Atlantic has a 20+-year relationship with WMATA, both as a competitively selected Joint Development Partner and a “fee-for-service” development partner, and has worked closely with WMATA to vision, design, entitle, permit and construct multiple public and private projects.
- Staff is also requesting an increase in feasibility funding in the amount of \$715,000 to cover 12 months of Consultant costs, as well as legal fees and other predevelopment soft costs related to the project. This will include an HOC-held contingency of \$50,000, in the event additional services are required.



K&R: Kiss & Ride Parking Spaces
P&R: Park & Ride Parking Spaces



Background

- The Site is located on the parking lot on top of the Forest Glen Metro, off of Forest Glen Road and Georgia Avenue.
- On April 6, 2022, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) authorized the Acting Executive Director to submit an Unsolicited Offer to Washington Metropolitan Area Transit Authority (“WMATA”) to redevelop the Site and approved funding for feasibility study of the Site.
- The multi-phase redevelopment will consist of affordable and market rate rental housing, retail offerings, replacement transit facilities, and public use space.
- Initial concept plans show the potential for 800 to 1,050 new residential units in six (6) proposed buildings. The first phase of redevelopment is anticipated to produce approximately 431 units.
- HOC is exploring the possibility to expedite regulatory review through the processes created by Zoning Text Amendment (“ZTA”) 23-02 to obtain entitlements, with greater levels of affordable housing.
- The proposed development supports Montgomery County’s 2019 Forest Glen Montgomery Hills Sector Plan.



Procurement – Task Order #2386-1

HOC solicited proposals from five (5) firms within its Real Estate Development and Finance Consultant Pool established under RFQ #2386 to serve the Commission as a development consultant for a new mixed-used, mixed-income, TOD. The five (5) firms were: Urban Atlantic (“Urban Atlantic”), EYA Development (“EYA”), Fivesquares Development (“Fivesquares”), Duball LLC (“Duball”) and Forefront Company LLC (“Forefront”). Each of the five firms has demonstrated expertise in handling multi-phased TODs, specifically with WMATA.

The scope of services requested in Task Order #2386-1 included:

- 1) Development Consultant shall assist HOC with its Joint Development Agreement (“JDA”) with WMATA;
- 2) Development Consultant shall assist HOC in the procurement, selection and management of all necessary contractors to complete the design and entitlement of the Site;
- 3) Development Consultant shall assist HOC in leveraging the expedited regulatory review process created by ZTA 23-02 to obtain all necessary development approvals for the Site;
- 4) Development Consultant shall assist HOC in preparing presentation materials for discussion with the Commission and its staff, Montgomery County Park and Planning Commission and its staff, the Montgomery County Council and its staff, and various other community groups and stakeholders as necessary;
- 5) Development Consultant shall assist HOC in creating budgets, timelines, development proformas, and operating projections for the first phase of redevelopment as well as the entire Site;
- 6) Development Consultant will consult on project financing to ensure a balanced capital stack and that the development is financially feasible; and
- 7) Development Consultant shall prepare project manuals to include predevelopment, development and operating information for the development. Developer shall advise HOC on development best practices.

Staff interviewed the three top scoring firms out of the five firms that submitted responsive proposals pursuant to RFP 2386 for Task Order #2386-1. The firms were; Urban Atlantic, EYA and Fivesquares. These firms demonstrated the most relevant experience with multiphase WMATA redevelopment projects similar to the Forest Glen Site.



life within walking distance®



Scoring and Recommendation

A scoring team consisting of HOC Real Estate Development, Asset Management and Mortgage Finance staff scored the Firms on their proposals on the following: five (5) evaluation criteria. The maximum points a proposal could receive is 100.

Offeror’s Qualifications (Maximum 25 Points)	Experience of the Firm in Developing High-Density, Mixed-Use and Mixed-Income Transit-Oriented Developments (Maximum 25 Points)	Minority/Female/ Disabled Business (“MFD”) Participation (Maximum 15 Points)	Price (Maximum 35 Points)
Respondent’s plan for staffing assignments, roles and responsibilities to complete the work outlined in the Task Order.	Respondents demonstrated experience and background in developing high-density, transit-oriented, multiphase redevelopments (WMATA redevelopments in particular) that consisted of affordable and market-rate housing, retail, replacement transit facilities, and public use space in the Baltimore – Washington Metropolitan area with a preference for Montgomery County.	An evaluation of the extent and quality of the proposed participation by MFD firms.	An evaluation of the value of the services provided at the proposed fees and pricing structure.

Proposals received scores that ranged between 66 and 89 points, with Urban Atlantic receiving the highest score. Scoring was highly competitive in two (2) of the four (4) categories. All five (5) firms have demonstrated significant experience working with WMATA for projects of similar size and scope. The biggest factor in the difference in scoring was in the price category. Urban Atlantic’s fee structure includes a fixed monthly fee during predevelopment, and vertical development fee equal to 4.0% of total development costs, less predevelopment fees paid, that will be paid during construction. Additionally, to align interests and incentivize timely execution, Urban Atlantic proposes a development fee cap during pre-development based on an agreed upon scope of work and timeline. Urban Atlantic’s pre-development fees will not exceed this cap unless the scope of work or timeline changes for reasons beyond Urban Atlantic’s control. This fee structure was competitive, and Urban Atlantic scored highly in this category because of value of their services at their proposed fees and pricing structure.

Urban Atlantic employs over 30 development and finance professionals who are responsible for executing a robust development pipeline. As such, they can deliberately and predictably place development projects into production and plan for current and future staffing needs. They are adequately staffed to undertake the additional workload posed by the redevelopment of the Forest Glen Metro. Furthermore, as a 26-year-old development firm, they are well capitalized and able to supplement HOC’s staff as the workload changes and grows.

Relevant Experience (Urban Atlantic)

Experience with WMATA

- Developed over 1,000,000 square feet of mixed-use projects on WMATA land
- Constructed critical WMATA infrastructure, including parking garages and bus facilities
- Understanding of WMATA's approval and entitlement processes

Experience with Inclusive, Equitable, and Sustainable Communities

- Inclusive & Equitable Approach with a focus on affordable, workforce, and mixed-income housing options
- Strong track record of partnering with MBE, WMBE, and/or DBE firms
- Sustainable Design Achievements with LEED Gold, LEED Silver, or Green Globes certifications

Case Study: New Carrollton Metro

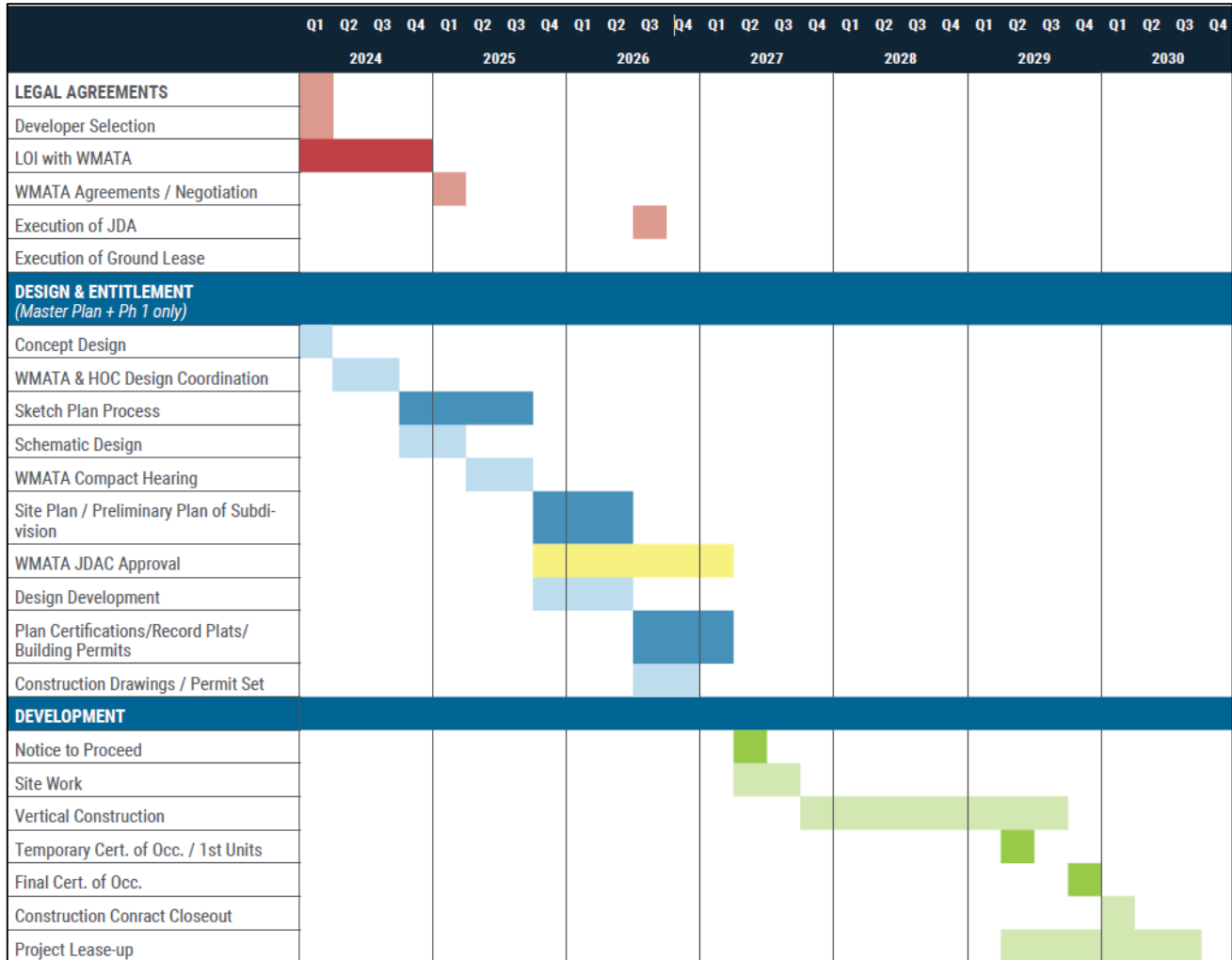
- Urban Atlantic is transforming 49 transit-oriented acres into a mixed-use and mixed-income employment center and residential community. The public-private partnership engages the WMATA, Prince George's County, the State of Maryland and development partner Brookfield (formerly Forest City) to create a new 2.5 million-square-foot Opportunity Zone-designated neighborhood.
- Ultimately, 1,500 residential units, 1.1 million square feet of offices, 150,000 square feet of retail and a 200-key hotel will be oriented around a bustling transit hub just outside the nation's capital.
- Urban Atlantic broke ground in 2017 on the first phase of a planned three-building office complex, delivering a 176,000-square-foot administrative building for anchor tenant Kaiser Permanente. The health care company relocated nearly 1,000 employees in 2019.

Commitment to Diversity

- Commitment to allocate 20% of the contract value to BFW Group, a certified MBE, DBE, and SBE firm
- Strong track record of diverse representation and MBE, CBE, or similar requirements



Development Timeline – Phase 1



Following approval of a Consultant, staff will build out a finalized timeline with Urban Atlantic. Subsequently, staff will return to the Commission for approval of a predevelopment budget.

Feasibility Budget/Development Consultant Funding

To continue exploration of the Site, and to prepare to enter into a JDA with WMATA, staff is requesting additional feasibility funding of \$715,000, which includes funding for the Consultant, Urban Atlantic, during this feasibility period. Staff will return to the Commission for approval of a Predevelopment Budget at the end of the feasibility period.

	Items	Amount
1.	Development Consultant	\$500,000
2.	Zoning and Legal	\$65,000
3.	Site Due Diligence	\$50,000
4.	Concept plan drawing/architecture	\$50,000
5.	Contingency	\$50,000
	Total	\$715,000

The total request is for \$715,000, including a \$50,000 contingency. This request would be funded as a zero percentage loan from the Opportunity Housing Reserve Fund (“OHRF”), and would be repaid at the closing of construction financing, should the a transaction be consummated.

Summary and Recommendations

Issues for Consideration

Will the Development and Finance Committee support staff's recommendation, that the Commission:

1. Approve the selection of Urban Atlantic as the Consultant for the Site pursuant to the Development and Financing Consultant Pool for Task Order #2386-1;
2. Authorize the President/Executive Director to negotiate and execute a contract with Urban Atlantic based on terms described herein;
3. Approve an additional \$715,000 in funding from the OHRF for feasibility study of the Site?

Time Frame

For discussion at the Development and Finance Committee on March 22, 2024 and formal action at the April 3, 2024 Commission meeting.

Budget/Fiscal Impact

There is no direct impact on HOC's operating budget from approving the additional feasibility funding. If this action is approved, the OHRF would be reduced by up to \$715,000 by funds used for feasibility study.

Staff Recommendation and Commission Action Needed

Staff recommends that the Development and 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 based on the terms described herein;
3. Approve \$715,000 in funding from the OHRF for additional feasibility funding and development consultant, legal and other predevelopment, related soft cost fees.

MEMORANDUM

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

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Kayrine Brown, Senior Executive Vice President
Paulette Dudley, Program Specialist III

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

DATE: March 22, 2024

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To approve a new participating lender in the Single Family Mortgage Purchase Program that will provide mortgage financing to low- and moderate-income first-time homebuyers in Montgomery County at below market rates.

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 the 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 a 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 27 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. Atlantic Coast Mortgage L.L.C. is an approved Mortgage Revenue Bond Program (“MRBP”) correspondent lender with U.S. Bank that has applied to the MPP as a participating lender.

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 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.

Atlantic Coast Mortgage, L.L.C. has applied to participate in the HOC Single Family Mortgage Purchase Program and has met the minimum requirements and criteria for selection stated above.

Atlantic Coast Mortgage, L.L.C. (“ACM”) is a full-service residential mortgage lender serving the lending needs of anyone seeking a one- to four-family residential mortgage. ACM is licensed to lend in Virginia, Maryland, Washington D.C., and 26 other states.

ACM was founded in 2011. Since first starting to originate loans in October of 2011, ACM has funded over \$18 billion in residential loans and has established itself as one of the most respected mortgage lenders on the east coast. ACM is ranked in the top five (5) overall and the largest independent mortgage bank in the Washington, DC metropolitan area in residential mortgage volume, as compiled by the Washington Business Journal.

ACM prides itself on maintaining excellent relationships. ACM is primarily a customer focused, referral-based company building and growing business through relationships with trusted partners and happy customers.

As an illustration of ACM’s efforts to promote lending to low-and-moderate homebuyers, ACM had a 49.1% hit rate for low-income purchase transactions sold to Freddie Mac through the third quarter of 2023 with the Federal Housing Finance Agency (“FHFA”) benchmark being 28%, and a 10.5% hit rate for very low-income purchase transactions sold with the FHFA benchmark being 7%.

ACM’s 2022 Home Mortgage Disclosure data (HMDA) reports the following stats for home purchases in Montgomery County that fall within the MPP program limits:

HOC MPP PROGRAM LIMITS		ATLANTIC COAST MORTGAGE 93 Home Purchases – Montgomery County	
Income Limits	\$119,532 - \$199,229	Income Limits	\$26,000 - \$192,000
Maximum Loan Limit	\$726,200	Average Loan	\$415,299
Purchase Price Limit	\$806,000	Average Purchase Price	\$490,015

ACM also provides accommodations for non-English speaking applicants to further expand the reach of its mortgage products. ACM has loan officers and/or processors that are fluent in Spanish, Korean, Urdu, and Farsi. As well, ACM provides an over the phone interpretation system with TransPerfect Connect.

With such a diverse Montgomery County population and varied languages spoken, this will be an added benefit to the MPP.

ACM does not currently have a Montgomery County office location, its closest being the Virginia location; however, ACM's loan officers can accommodate the applicant's needs by offering applications in-person, over the phone, or via two web-based point of sales systems, SimpleNexus and Blend.

ACM is an approved seller-servicer with both Fannie Mae and Freddie Mac, and is also approved with FHA, VA, USDA, and numerous state housing bond agencies, which include Virginia (VHDA), Maryland (MMP), District of Columbia (DC), North Carolina (NCHFA), South Carolina (SC Housing), and West Virginia (WVHDF).

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.

ISSUES FOR CONSIDERATION:

Does the Development and Finance Committee wish to 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?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Atlantic Coast Mortgage, L.L.C.

BUDGET/FISCAL IMPACT:

None.

TIME FRAME:

For discussion at the meeting of the Development and Finance Committee on March 22, 2024 and formal action at the April 3, 2024 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Development and 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.

Attachment 1

Approved HOC/U.S. Bank Lenders

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

Adjourn