Housing Opportunities Commission
OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

August 5, 2015

3:00 p.m.	**Tony S. Davis Scholarship Award Reception**	
4:00 p.m.	**Tony S. Davis Scholarship Award Ceremony**	
4:30 p.m.	**I. CONSENT ITEMS**	
Page 4 10 15 17 19 21 23 32 36	A. Approval of 2015 Tony S. Davis Memorial Scholarship Award Winners B. Approval of Minutes of July 8, 2015 C. Ratification of Approval of Multiple Strategies to Convert Remaining Multifamily Public Housing Properties Approved for Disposition under Rental Assistance Demonstration Program: • Ratification of Approval to Acquire up to Nine Condominium Units at Grosvenor Park and up to Two Condominium Units at Meadow Ridge Villas and Authorization of the Executive Director to Execute all Documents Related Thereto • Ratification of Approval to Transfer the Rental Assistance from up to 53 Public Housing Units to The Metropolitan, Pooks Hill Tower and Other Similar HOC-Owned Units, upon Conversion of those Public Housing Units via the Rental Assistance Demonstration Program D. Ratification of Approval to Enter into Joint Venture Agreement with Duffie Companies for the Redevelopment of Holly Hall and Authorization to form a Special Purpose Entity and Contribute the Capital One Site to the Venture E. Ratification of Approval to Enter into a Memorandum of Understanding (MOU) with Montgomery County and to Engage an Architect for the Development of the White Flint Fire Station Site, to Pursue the Acquisition of Adjacent Land, and Advance up to $150,000 for Predevelopment Work F. Authorization to Submit FY 2015 Section Eight Management Assessment Program (SEMAP) Certification to HUD G. Approval of Collective Bargaining Agreement Wage Reopener between the Housing Opportunities Commission and the Municipal County Government Employees Organization Including Wage Adjustments for Fiscal Year 2016 H. Approval of FY 2016 Compensation for Non-represented Merit System Staff for the Period of July 1, 2015 Through June 30, 2016	
5:00 p.m.	**II. INFORMATION EXCHANGE**	
Page 41 44	A. Report of the Executive Director B. Calendar and Follow-up Action C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report	
5:10 p.m.	**III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**	
Page 48 65	A. Approval of Proposal to Expand Single Family Mortgage Purchase Program Products and to Increase the Sales Price and Income Limits for the Program B. Approval to Participate in the Federal Financing Bank – U.S. Department of Housing and Urban Development (FFB-HUD) Risk-Sharing Financing Program and Authorization to Execute	

	Program Documents Related Thereto	
Page 77	C. Authorization for the Executive Director to Enter into an Interim Contract of up to $1.5 million with Harkins Builders, Inc. for the Rehabilitation of Arcola Towers	
84	D. Approval of the Financing Plan, Feasibility and Public Purpose for Arcola Towers RAD Limited Partnership and Waverly House RAD Limited Partnership	
5:25 p.m.	**IV.** **ITEMS REQUIRING DELIBERATION and/or ACTION**	
Page 122	A. Approval to Apply for and Accept Energy Efficiency Improvement Assistance through Maryland Department of Housing and Community Development's EmPOWER Low Income Energy Efficiency Program and the Department of Energy's Weatherization Assistance Program	
	V. ***FUTURE ACTION ITEMS**	
	A.	
	VI. **INFORMATION EXCHANGE (continued)** A. Community Forum	
	VII. **NEW BUSINESS** A.	
	VIII. **EXECUTIVE SESSION FINDINGS**	
6:00 p.m.	**ADJOURN**	
6:10 p.m.	**RECESS**	
6:15 p.m.	**EXECUTIVE SESSION** A.	
6:45 p.m.	**ADJOURN**	

NOTES:
1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. Times are approximate and may vary depending on length of discussion.
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

Consent Items

APPROVAL OF 2015 TONY DAVIS MEMORIAL SCHOLARSHIP AWARD WINNERS

August 5, 2015

- The Selection Committee for the Tony Davis Memorial Scholarship Awards met on June 19, 2015 to consider qualified applicants for the Tony Davis Scholarship. All candidates are residents in a HOC Housing program.

- From a total of 21 applicants, the Committee is recommending one candidate to receive a $7,500 scholarship award and two candidates to receive $3,750 scholarship awards.

- All recommended award candidates have demonstrated high academic achievements, significant contributions to their schools and the community, have received outstanding references and been accepted to four-year colleges.

- Commission approval is requested to award $7,500 to Jamila Coleman and to award $3,750 each to Dede Gaba and Raniely Candelario.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Fred Swan Division: Resident Services Ext. 9732

RE: Approval of 2015 Tony Davis Memorial Scholarship Award Winners

DATE: August 5, 2015

STATUS: Consent __X__ Deliberation ____ Status Report ___Future Action____

OVERALL OBJECTIVE:
To approve one $7,500 Tony Davis Memorial Scholarship award winner and to recognize the significant achievements of two second place $3,750 awards. All nominees for scholarship funds are deserving high school seniors and are residing in HOC subsidized housing units.

BACKGROUND:
HOC established the Tony Davis Scholarship Award to honor the memory of Tony Davis, a dedicated HOC employee who was tragically killed in year 2000. Mr. Davis was well-known and recognized for his extensive volunteer work in the Seneca Ridge community (formerly Middlebrook Square) as a coach and counselor to many children. The scholarships provide high school seniors who demonstrate excellent academic achievement, active participation in extra-curricular activities, and an exemplary record of school attendance. Candidates are also required to submit a 500 word essay, references, and a letter of acceptance to a college or university.

The Selection Committee met on June 19, 2015 and considered five short list applicants from a total of 21 applications. Jamila Coleman was selected to receive a $7,500 scholarship. Dede Gaba and Raniely Candelario were selected for second place $3,750 awards.

The $7,500 award payment will be made in two $3,750 installments; half of the award will be provided in 2015 and the other half will be provided in January 2016. Second place award winners will receive the full amount of $3,750 at the 2015 awards ceremony.

A summary statement about each of these deserving awardees is attached.

ISSUES:
Does the Commission wish to approve the selection of one $7,500 Tony Davis Scholarship awardee and two $3,750 second place awards?

BUDGET IMPACT:
The 2016 Agency budget incorporates $15,000 for the Scholarship Awards Program.

TIME FRAME:
Action at the August 5, 2015 Commission meeting

RECOMMENDATION:
Staff recommends one Tony Davis Scholarship winner (Jamila Coleman) to receive $7,500 (in two $3,750 installments). Two second place winners (Dede Gaba and Raniely Candelario) are recommended for $3,750 awards.

2015 TONY S. DAVIS MEMORIAL SCHOLARSHIP AWARDEES

$7,500 Award Winner

Jamila Coleman
Jamila is a recent graduate of Walter Johnson High School in Bethesda, MD. A daughter of a single mother and an absent father, Jamila says that her family faced financial struggles growing up. She says she was "acutely aware of where she stood socio-economically and found herself surrounded by people who had more resources and opportunities" than she. Nevertheless, Jamila is internally motivated to achieve greatness as evidenced by her dedication to academic success. Jamila was a member of the APEX Scholars Program in which she successfully completed a rigorous four year course of study of accelerated honors level classes and intensive advanced placement work resulting into a cumulative high school GPA of 3.8 a weighted GPA of 4.48. Jamila also scored an impressive 2090 on the SAT exam.

As a member of the Science Olympiad team, Jamila's AP Biology teacher describes her as extremely bright, hard-working, motivated, mature and friendly. She was a member of the State Championship team and competed in the individual events of Anatomy and Physiology, Disease Detectives and Forensics. Jamila took third place in both Anatomy and Physiology and Forensics helping her team to qualify for the national Tournament.

Other interests and activities include serving as a leader of the Minority Scholarship Program (MSP) where she offered peer support and tutoring to improve minority performance at Walter Johnson, HS and a voracious appetite for reading and writing. Jamila produces creative writing stories which she hopes to publish one day. One of her stories which she posted online received 32,000 hits from interested readers. Reading and writing is a passion and a gift of Jamila's.

Jamila Coleman has been accepted at the esteemed Harvard College which she will attend in the fall of 2015. She plans to study Human Evolutionary Biology and English and, ultimately, become a pediatrician.

3,750 Award Winners

Dede Gaba
Dede Gaba credits her West African culture for instilling in her the value of education. In June she graduated from Watkins Mill High School with a cumulative GPA of 3.63 and a weighted GPA of 4.32 placing her in the top 5% of her graduating class. Dede enjoyed a well rounded high school career in which she was a member of the National Honors Society, the Science National Honors Society, Minority Scholars Program and a track team athlete.

Dede's Honor's English teacher describes her as an ambitious intellectual who is caring and helpful to her peers. She has earned several awards and honors which include the 2011 Superintendent's Student Service Learning Award, Certificate of Merit 2012, Scholar Athlete

2013 and the W.E.B. DuBois Academic Achievement Award of Excellence 2012-2014. Dede has clear career plans that involve her passion for teaching and helping children. Currently, she has already taken three levels of Early Child Development courses in high school and has interned at a public elementary school. She earned the 90+9 clock hours certification in July 2014 and will start classes at Towson University in the fall of 2015

Raniely Candelario

Raniely shares passion for playing the guitar and for science; he says the whole world of science interests him, from chemistry, to biology and astronomy to physics. His Advance Placement Chemistry teacher stated: Raniely "is more than just a brilliant chemist, he is a wonderful person of whom I am a huge fan".

Raniely is a June graduate of Clarksburg High School, at which he displayed his musical acumen in the marching band, jazz band and the Tri-M Music Honor Society. During his free time, he taught guitar, volunteered as an afterschool tutor, and served as an officer of the Spanish Honors Society.

Raniely graduated with a cumulative GPA of 3.62 and scored 1800 on the SAT. He will attend the University of Maryland in the fall where he will hopefully decide whether to lecture on kinematic equations, the properties of a state function or perform research on which polymers are best suited for 3D printing.

RESOLUTION NO. **RE: Approval of 2015 Tony Davis Memorial Scholarship Award Winners**

WHEREAS, in recognition of the many accomplishments and extensive community volunteer work performed by former HOC employee Tony Davis who was tragically killed in the year 2000, HOC established the Tony Davis Memorial Scholarship Awards Program in his memory; and

WHEREAS, since its inception, the Tony Davis Scholarship Awards Program has annually provided scholarship awards to high school seniors who are residents of HOC's affordable housing programs and who also demonstrate excellent academic achievement and school attendance, participate in extra-curricular and community activities, and have been accepted by a college or university; and

WHEREAS, a Selection Committee, composed of one Commissioner, the Executive Director, and Resident Services Division staff was convened on June 19, 2015 to review the highly qualified applications; and

WHEREAS, the Selection Committee considered academic records, recommendations from school personnel and HOC staff, 500 word essays written by the applicants, SAT or ACT scores, school and community activities, and college acceptance information; and

WHEREAS, the Selection Committee recommends one outstanding candidate, Jamila Coleman, for a $7,500 Tony Davis Scholarship Award; and

WHEREAS, the Selection Committee was impressed by the pool of deserving candidates and is recommending the award of two second place $3,750 cash awards to Dede Gaba and Raniely Candelario.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County affirms the recommendation of the Tony Davis Scholarship Awards Selection Committee for Jamila Coleman to receive a $7,500 Scholarship Award, and for Dede Gaba and Raniely Candelario to each receive $3,750 cash awards.

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Patrice Birdsong
Special Assistant to the Commission

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes
July 8, 2015

15-07

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, July 8, 2015 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:24 p.m. Those in attendance were:

Present
Sally Roman, Chair
Christopher Hatcher
Margaret McFarland
Richard Y. Nelson, Jr.
Roberto Piñero

Not Present
Jackie Simon, Vice Chair
Jean Banks, Chair Pro Tem

Also Attending

Stacy Spann, Executive Director
Gina Smith
Kayrine Brown
Charnita Robinson
Scott Ellinwood
Susan Smith
Rita Harris
Bonnie Hodge
Clarence Landers
Mary Ellen Ewing
Marsha Smith

Kelly McLaughlin, General Counsel
Jim Atwell
Gail Willison
Elsie Weinstein
Zachary Marks
Ethan Cohen
Jennifer Arrington
Bill Anderson

RAB
None

Commission Support
Patrice Birdsong, Spec. Asst. to Comm.

IT Support
Dominique Laws

The Consent Calendar was adopted, to include minor change to minutes, upon a motion by Commissioner Nelson and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Hatcher, McFarland, Nelson and Piñero. Commissioners Simon and Banks were necessarily absent and did not participate in the vote.

I. <u>CONSENT ITEMS</u>

A. <u>Approval of Minutes of Regular Meeting of June 3, 2015</u> – The minutes were approved to include minor change on page 5, item A2.

B. <u>Authorization to Revise Various Chapters and Sections of HOC's Administrative Plan and Admissions and Continued Occupancy Policy</u>

RESOLUTION: 15-55	**RE: Authorization to Revise Various Chapters and Sections of HOC's Administrative Plan and Admissions and Continued Occupancy Policy**

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program and its Admissions and Continued Occupancy Policy for the Public Housing program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the above described revisions and new additions to various chapters and sections of its Administrative Plan for the Housing Choice Voucher Program and Admissions and Continued Occupancy Policy for the Public Housing program.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take all actions necessary and proper to accomplish the activity contemplated herein.

C. <u>Ratification of Action Taken in Executive Session on June 3, 2015: Approval of Preliminary Development Plan and Authorization to Enter into Development Venture with Eakin, Youngentob, and Associates (EYA) on the Chevy Chase Lake Multifamily Site and Execute All Related Documents</u>

RESOLUTION: 15-54R	**RE: Ratification of Approval of Preliminary Development Plan and Authorization to Enter into Development Venture with Eakin, Youngentob, and Associates (EYA)**

on the Chevy Chase Lake Multifamily Site and Execute all Related Documents

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

WHEREAS, at an Executive Session duly called and held on June 3, 2015, with a quorum being present, the Commission duly adopted Resolution 15-54ES ("Preliminary Development Plan Resolution") for the purpose of entering into development venture with Eakin, Youngentob, and Associates (EY) on the Chevy Chase Lake Multifamily Site, Chevy Chase, Maryland ("Property"); and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the Preliminary Development Plan Resolution and transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Preliminary Development Plan Resolution is hereby ratified and affirmed.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – The Executive Director acknowledged the gifts given to Commissioners from HOC's Staff Appreciation Day event, and the shirts that were given out at the First "HOC Works" event. Staff spent a half day volunteering at 12 sites throughout Montgomery County performing a variety of service tasks. Kudos to the staff and Leadership Tomorrow Class for coordinating the event and a job well done.

B. Calendar and Follow-up Action – Executive Session meetings will be rescheduled on the calendar to follow monthly meetings.

C. Commissioner Exchange – Commissioner Nelson expressed his appreciation to the Executive Director and staff on the first agency service day, HOC Serves.

Chair Roman announced that the Board and the Executive Director negotiated and agreed on new contract and is very pleased. Chair Roman also reported on the administrative changes in the research area of Park and Planning that affects housing.

Com. Piñero attended CASA de Maryland 30-year celebration event. He had an opportunity to speak with many of the elected officials who were in attendance. He acknowledged and thanked Com. Simon for setting up the meeting with Montgomery Housing Partnership (MHP) and HOC. There was a discussion on a Bill regarding regulating rent increases and he reminded staff to provide recommendations for the Board to discuss and respond. Commissioners Hatcher, McFarland and Nelson suggested a few contacts that might be helpful in the research.

Com. Nelson also reported that HUD will be coming out with information regarding disparity impact/segregation-discrimination, something the agency should also research.

Executive Director Spann agreed to take their suggestions in consideration.

D. Resident Advisory Board (RAB) – None

E. Community Forum – None

F. Status Report – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. None

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

V. FUTURE ACTION ITEMS

None

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

None

VIII. <u>EXECUTIVE SESSION FINDINGS</u>
None

Based upon this report and there being no further business to come before this session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 4:48 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION ON JULY 8, 2015:

APPROVAL TO ACQUIRE UP TO NINE CONDOMINIUM UNITS AT GROSVENOR PARK AND UP TO TWO CONDOMINIUM UNITS AT MEADOW RIDGE VILLAS AND AUTHORIZATION OF THE EXECUTIVE DIRECTOR TO EXECUTE ALL DOCUMENTS RELATED THERETO

AUGUST 5, 2015

- At a closed Executive Session on July 8, 2015, after making a request that the resolution be revised to provide additional flexibility for staff, the Commission approved the acquisition of up to nine (9) condominium units at Grosvenor Park and up to two (2) condominium units at Meadow Ridge Villas.

- The Commission also authorized the Executive Director to execute all documents related thereto.

- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the July 8, 2015 Executive Session and any action taken to acquire units since July 8, 2015, including the execution of two (2) purchase and sale agreements for two (2) units at Meadow Ridge Villas.

RESOLUTION: 15-56a-R

RE: Ratification of Approval to Acquire up to Nine Condominium Units at Grosvenor Park and Up to Two Condominium Units at Meadow Ridge Villas and Authorization of the Executive Director to Execute all Documents Related Thereto

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

WHEREAS, at an Executive Session duly called and held on July 8, 2015, with a quorum being present, the Commission duly adopted Resolution 15-56a titled: "Acquisition of up to Nine Condominium Units at Grosvenor Park and also the Acquisition of up to Two Condominium Units at Meadow Ridge Villas" (the "Acquisition Approval Resolution") for the purpose of acquiring units to which Project-Based Section 8 subsidy may be transferred from its existing Public Housing properties upon conversion of the Public Housing via the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration ("RAD") program; and

WHEREAS, the Commission executed two (2) purchase and sale agreements for condominium units at Meadow Ridge Villas dated July 15, 2015 (the "Purchase Agreements") and wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in approving the Acquisition Approval Resolution and in executing the Purchase Agreements.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Acquisition Approval Resolution, the Purchase Agreements, and such other subsequent actions taken by the Commission in furtherance of the transactions contemplated in the Acquisition Approval Resolution are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting of the Commission on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION ON JULY 8, 2015:

APPROVAL TO TRANSFER THE RENTAL ASSISTANCE FROM UP TO 53 PUBLIC HOUSING UNITS TO THE METROPOLITAN, POOKS HILL TOWER AND OTHER SIMILAR HOC-OWNED UNITS, UPON CONVERSION OF THOSE PUBLIC HOUSING UNITS VIA THE RENTAL ASSISTANCE DEMONSTRATION PROGRAM

AUGUST 5, 2015

- At a closed Executive Session on July 8, 2015, after making a request that the resolution be revised to provide staff with additional flexibility and to permit the transfer of rental assistance from additional units (in lieu of eliminating the rental assistance for such units under RAD's de minimis reduction rule), the Commission approved the transfer of the rental assistance from up to fifty-three (53) Public Housing units to The Metropolitan, Pooks Hill Tower and other similar HOC-owned units upon conversion of those Public Housing units via the Rental Assistance Demonstration Program.

- The Commission also authorized the Executive Director to take any and all other actions necessary and proper to carry out the transaction contemplated therein.

- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the July 8, 2015 Executive Session and any action taken since July 8, 2015 to effectuate the transfer of rental assistance.

RESOLUTION: 15-56b-R

RE: Ratification of Approval to Transfer the Rental Assistance from up to 53 Public Housing Units to The Metropolitan, Pooks Hill Tower and Other Similar HOC-Owned Units, upon Conversion of those Public Housing Units via the Rental Assistance Demonstration Program

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

WHEREAS, at an Executive Session duly called and held on July 8, 2015, with a quorum being present, the Commission duly adopted Resolution 15-56b titled: "Approval to Transfer the Rental Assistance from up to 53 Public Housing Units to The Metropolitan, Pooks Hill Tower and Other Similar HOC-Owned Units, upon Conversion of those Public Housing Units via the Rental Assistance Demonstration Program" (the "RAD Transfer Approval Resolution") for the purpose of allowing for the transfer of rental assistance under the Rental Assistance Demonstration (RAD) program; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the RAD Transfer Approval Resolution and any subsequent action taken in connection therewith.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the RAD Transfer Approval Resolution and any subsequent actions taken by the Executive Director to carry out the transaction contemplated therein, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting of the Commission on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION ON JULY 8, 2015:

APPROVAL TO ENTER INTO JOINT VENTURE AGREEMENT WITH DUFFIE COMPANIES FOR THE REDEVELOPMENT OF HOLLY HALL AND AUTHORIZATION TO FORM A SPECIAL PURPOSE ENTITY AND CONTRIBUTE THE CAPITAL ONE SITE TO THE VENTURE

AUGUST 5, 2015

- At a closed Executive Session on July 8, 2015, the Commission approved entering into a Joint Venture Agreement with Duffie Companies for the redevelopment of Holly Hall.

- The Commission also authorized the formation of a special purpose entity and the contribution of the Capital One Site to the venture.

- The Commission also authorized the Executive Director to take any and all other actions necessary and proper to carry out the transaction contemplated therein.

- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the July 8, 2015 Executive Session and any action taken since then with respect to the approved transaction.

RESOLUTION: 15-57-R

RE: Ratification of Approval to Enter into Joint Venture Agreement with Duffie Companies for the Redevelopment of Holly Hall and Authorization to form a Special Purpose Entity and Contribute the Capital One Site to the Venture

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

WHEREAS, at an Executive Session duly called and held on July 8, 2015, with a quorum being present, the Commission duly adopted Resolution 15-57 titled: "Approval to Enter into Joint Venture Agreement with Duffie Companies for the Redevelopment of Holly Hall and Authorization to form a Special Purpose Entity and Contribute the Capital One Site to the Venture" (the "MOU Approval Resolution") for the purpose of redeveloping Holly Hall; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the MOU Approval Resolution and any action taken since July 8, 2015 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the MOU Approval Resolution and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting of the Commission on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION ON JULY 8, 2015:

APPROVAL TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH MONTGOMERY COUNTY AND TO ENGAGE AN ARCHITECT FOR THE DEVELOPMENT OF THE WHITE FLINT FIRE STATION SITE, TO PURSUE THE ACQUISITION OF ADJACENT LAND, AND ADVANCE UP TO $150,000 FOR PREDEVELOPMENT WORK

AUGUST 5, 2015

- At a closed Executive Session on July 8, 2015, after making a request that the resolution be revised to reference the appropriate section of the Commission's Procurement Policy, the Commission approved entering into a Memorandum of Understanding with Montgomery County and to engage an architect for the development of the White Flint Fire Station.

- At the Executive Session, the Commission authorized the staff to pursue the acquisition of land adjacent to the White Flint Fire Station.

- The Commission also authorized an advance of up to $150,000 from the Real Estate Working Capital Operating Fund for predevelopment work.

- The Commission also authorized the Executive Director to take any and all other actions necessary and proper to carry out the transaction contemplated therein.

- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the July 8, 2015 Executive Session and any action taken since July 8, 2015 in connection therewith.

RESOLUTION: 15-58-R

RE: Ratification of Approval to Enter into a Memorandum of Understanding with Montgomery County and to Engage an Architect for the Development of the White Flint Fire Station Site, to Pursue the Acquisition of Adjacent Land, and Advance up to $150,000 for Predevelopment Work

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

WHEREAS, at an Executive Session duly called and held on July 8, 2015, with a quorum being present, the Commission duly adopted Resolution 15-58 titled: "Approval to Enter into a Memorandum of Understanding with Montgomery County and to Engage an Architect for the Development of the White Flint Fire Station Site, to Pursue the Acquisition of Adjacent Land, and Advance up to $150,000 from the Real Estate Working Capital Operating Fund for Predevelopment Work Resolution" (the "Approval Resolution"); and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the Approval Resolution and any other action taken since July 8, 2015 to effectuate the transactions contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Approval Resolution and any subsequent action taken in relation thereto, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting of the Commission on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

AUTHORIZATION TO SUBMIT FY 2015 SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION TO HUD

AUGUST 5, 2015

- HUD requires housing agencies that administer a Section Eight Housing Choice Voucher Program to certify annually to program performance in compliance with the Section Eight Management Assessment Program (SEMAP) rules.

- HOC’s SEMAP certification for Fiscal Year 2015 establishes the Housing Choice Voucher program as a High Performer.

- HOC will certify 140 points for the year ending June 30, 2015 which is an overall score of 97%.

- HOC’s overall score for the year ended June 30, 2014 was also 97%, which designated HOC as a High Performer.

- The SEMAP certification is due to HUD by August 29, 2015.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff: Ethan Cohen	Division:	Executive	Ext: 9764
	Lynn Hayes		Housing Resources	Ext: 9622
RE:	Authorization to Submit FY 2015 Section Eight Management Assessment Program (SEMAP) Certification to HUD			
DATE:	August 5, 2015			

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

OVERALL GOAL & OBJECTIVE:
To authorize the Executive Director, or his designee, to submit the Fiscal Year (FY) 2015 Section Eight Management Assessment Program (SEMAP) certification to the U.S. Department of Housing and Urban Development (HUD).

BACKGROUND:
The Section Eight Management Assessment Program (SEMAP) is designed to measure whether the Section Eight tenant-based programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP also establishes an objective system for HUD to measure Public Housing Authority (PHA) performance in key Section Eight program areas so as to enable program integrity and accountability.

HUD published a final rule in the Federal Register on June 20, 2000. This rule mandates the submission of the Form HUD-52648, Section Eight Management Assessment Program (SEMAP) Certification, to HUD annually by PHAs that administer the Section Eight tenant-based rental assistance program. The certification, which measures the status of HOC's administration of the Section Eight program for the prior fiscal year, must be submitted to HUD within 60 days of the end of the fiscal year.

This SEMAP certification includes HOC's assessment of program administration in 14 areas. All of the areas have undergone quality control reviews by staff from HOC’s Housing Resources Division.

The first seven indicators are also verified by the independent auditors annual audit report for the year ending June 30, 2015. The remaining seven indicators are verified through HUD’s systems. The chart below identifies the individual indicator areas, the maximum points possible, the points HOC received in 2014, and what HOC will certify in its 2015 submission.

Indicator	Indicator Title	Maximum Possible Points	2014 Rating	2015 Certification
1	Waiting List	15	15	15
2	Reasonable Rent	20	15	15
3	Determination of Adjusted Income	20	15	15
4	Utility Allowance	5	5	5
5	HQS Quality Control	5	5	5
6	HQS Enforcement	10	10	10
7	Expanding Housing Opportunities	5	5	5
8	Payment Standards	5	5	5
9	Timely Annual Recertification	10	10	10
10	Correct Tenant Rent	5	5	5
11	Pre Contract HQS Inspection	5	5	5
12	Annual HQS Inspection	10	10	10
13	Lease Up	20	20	20
14	Family Self-Sufficiency	10	10	10
	Program Points	145	135	135
Bonus	Deconcentration Bonus	5	5	5
	Total Points		140	140
	Overall Percentage		97%	97%

HOC's 2015 SEMAP Certification submission equals 140 points, or 97% percent of the overall total program points. The program profile status as submitted will be a High Performer.

HOC staff continues to work diligently on improving the accuracy of the program activity. Specific attention has been placed on quality control reviews, client annual recertifications, third party verifications, inspections, income calculations, and rent reasonableness activity.

HUD is required by regulation to issue its final rating to HOC within 120 days of HOC's Fiscal Year end. The notification letter from HUD will require HOC to respond within 45 days if there are corrective actions for any SEMAP deficiencies. HOC staff does not anticipate that any response will be needed.

ISSUES FOR CONSIDERATION:
Does the Housing Opportunities Commission wish to authorize the Executive Director, or his designee, to submit to the U.S. Department of Housing and Urban Development (HUD) the Fiscal Year (FY) 2015 Section Eight Management Assessment Program (SEMAP) certification?

PRINCIPALS:
Executive Division
Housing Resources Division

BUDGET IMPACT:
None.

TIME FRAME:
The Legislative and Regulatory Committee reviewed this item at its meeting on July 21, 2015; for Commission action on August 5, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to submit to the U.S. Department of Housing and Urban Development (HUD) the Fiscal Year (FY) 2015 Section Eight Management Assessment Program (SEMAP) certification.

RESOLUTION: XX-XX

RE: Authorization to Submit FY 2015 Section Eight Management Assessment Program (SEMAP) Certification to HUD

WHEREAS, HUD regulations require that the Housing Opportunities Commission of Montgomery County submit the Section Eight Management Assessment Program (SEMAP) certification annually; and

WHEREAS, the SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for Fiscal Year 2015, must be submitted to HUD within 60 days of the end of the fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to submit the Fiscal Year 2015 SEMAP Certification to HUD.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take all actions necessary and proper to accomplish the activity contemplated herein.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, August 5, 2015.

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Patrice Birdsong
Special Assistant to the Commission

Section 8 Management Assessment Program (SEMAP) Certification

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0215
(exp. 11/30/2016)

This collection of information is required by 24 CFR sec 985.101 which requires a Public Housing Agency (PHA) administering a Section 8 tenant-based assistance program to submit an annual SEMAP Certification within 60 days after the end of its fiscal year. The information from the PHA concerns the performance of the PHA and provides assurance that there is no evidence of seriously deficient performance. HUD uses the information and other data to assess PHA management capabilities and deficiencies, and to assign an overall performance rating to the PHA. Responses are mandatory and the information collected does not lend itself to confidentiality.

Instructions Respond to this certification form using the PHA's actual data for the fiscal year just ended.

PHA Name	For PHA FY Ending (mm/dd/yyyy)	Submission Date (mm/dd/yyyy)
Housing Opportunities Commission of Montgomery	06/30/2015	

Check here if the PHA expends less than $300,000 a year in Federal awards ☐

Indicators 1 - 7 will not be rated if the PHA expends less than $300,000 a year in Federal awards and its Section 8 programs are not audited for compliance with regulations by an independent auditor. A PHA that expends less than $300,000 in Federal awards in a year must still complete the certification for these indicators.

Performance Indicators

1. Selection from the Waiting List. (24 CFR 982.54(d)(1) and 982.204(a))
(a) The PHA has written policies in its administrative plan for selecting applicants from the waiting list.

PHA Response **Yes** ✔ **No** ☐

(b) The PHA's quality control samples of applicants reaching the top of the waiting list and of admissions show that at least 98% of the families in the samples were selected from the waiting list for admission in accordance with the PHA's policies and met the selection criteria that determined their places on the waiting list and their order of selection.

PHA Response **Yes** ✔ **No** ☐

2. Reasonable Rent. (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)
(a) The PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units (i) at the time of initial leasing, (ii) before any increase in the rent to owner, and (iii) at the HAP contract anniversary if there is a 5 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. The PHA's method takes into consideration the location, size, type, quality, and age of the program unit and of similar unassisted units, and any amenities, housing services, maintenance or utilities provided by the owners.

PHA Response **Yes** ✔ **No** ☐

(b) The PHA's quality control sample of tenant files for which a determination of reasonable rent was required shows that the PHA followed its written method to determine reasonable rent and documented its determination that the rent to owner is reasonable as required for (check one):

PHA Response ☐ **At least 98% of units sampled** ✔ **80 to 97% of units sampled** ☐ **Less than 80% of units sampled**

3. Determination of Adjusted Income. (24 CFR part 5, subpart F and 24 CFR 982.516)
The PHA's quality control sample of tenant files shows that at the time of admission and reexamination, the PHA properly obtained third party verification of adjusted income or documented why third party verification was not available; used the verified information in determining adjusted income; properly attributed allowances for expenses; and, where the family is responsible for utilities under the lease, the PHA used the appropriate utility allowances for the unit leased in determining the gross rent for (check one):

PHA Response ☐ **At least 90% of files sampled** ✔ **80 to 89% of files sampled** ☐ **Less than 80% of files sampled**

4. Utility Allowance Schedule. (24 CFR 982.517)
The PHA maintains an up-to-date utility allowance schedule. The PHA reviewed utility rate data that it obtained within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised.

PHA Response **Yes** ✔ **No** ☐

5. HQS Quality Control Inspections. (24 CFR 982.405(b))
A PHA supervisor (or other qualified person) reinspected a sample of units during the PHA fiscal year, which met the minimum sample size required by HUD (see 24 CFR 985.2), for quality control of HQS inspections. The PHA supervisor's reinspected sample was drawn from recently completed HQS inspections and represents a cross section of neighborhoods and the work of a cross section of inspectors.

PHA Response **Yes** ✔ **No** ☐

6. HQS Enforcement. (24 CFR 982.404)
The PHA's quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if HQS deficiencies were not corrected within the required time frame, the PHA stopped housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce the family obligations for (check one):

PHA Response ✔ **At least 98% of cases sampled** ☐ **Less than 98% of cases sampled**

7. Expanding Housing Opportunities. (24 CFR 982.54(d)(5), 982.153(b)(3) and (b)(4), 982.301(a) and 983.301(b)(4) and (b)(12)).
Applies only to PHAs with jurisdiction in metropolitan FMR areas.
Check here if not applicable ☐

(a) The PHA has a written policy to encourage participation by owners of units outside areas of poverty or minority concentration which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration, and which includes actions the PHA will take to encourage owner participation.
PHA Response **Yes** ✔ **No** ☐

(b) The PHA has documentation that shows that it took actions indicated in its written policy to encourage participation by owners outside areas of poverty and minority concentration.
PHA Response **Yes** ☐ **No** ✔

(c) The PHA has prepared maps that show various areas, both within and neighboring its jurisdiction, with housing opportunities outside areas of poverty and minority concentration; the PHA has assembled information about job opportunities, schools and services in these areas; and the PHA uses the maps and related information when briefing voucher holders.
PHA Response **Yes** ✔ **No** ☐

(d) The PHA's information packet for voucher holders contains either a list of owners who are willing to lease, or properties available for lease, under the voucher program, or a list of other organizations that will help families find units and the list includes properties or organizations that operate outside areas of poverty or minority concentration.
PHA Response **Yes** ✔ **No** ☐

(e) The PHA's information packet includes an explanation of how portability works and includes a list of neighboring PHAs with the name, address and telephone number of a portability contact person at each.
PHA Response **Yes** ✔ **No** ☐

(f) The PHA has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, where such difficulties were found, the PHA has considered whether it is appropriate to seek approval of exception payment standard amounts in any part of its jurisdiction and has sought HUD approval when necessary.
PHA Response **Yes** ✔ **No** ☐

8. Payment Standards. The PHA has adopted current payment standards for the voucher program by unit size for each FMR area in the PHA jurisdiction and, if applicable, for each PHA-designated part of an FMR area, which do not exceed 110 percent of the current applicable FMR and which are not less than 90 percent of the current FMR (unless a lower percent is approved by HUD). (24 CFR 982.503)

PHA Response **Yes** ✔ **No** ☐

Enter current FMRs and payment standards (PS)

0-BR FMR $1,260	1-BR FMR $1,328	2-BR FMR $1,574	3-BR FMR $2,107	4-BR FMR $2,646
PS $1,197	PS $1,262	PS $1,495	PS $2,002	PS $2,514

If the PHA has jurisdiction in more than one FMR area, and/or if the PHA has established separate payment standards for a PHA-designated part of an FMR area, attach similar FMR and payment standard comparisons for each FMR area and designated area.

9. Annual Reexaminations. The PHA completes a reexamination for each participating family at least every 12 months. (24 CFR 982.516)

PHA Response **Yes** ✔ **No** ☐

10. Correct Tenant Rent Calculations. The PHA correctly calculates tenant rent in the rental certificate program and the family rent to owner in the rental voucher program. (24 CFR 982, Subpart K)

PHA Response **Yes** ✔ **No** ☐

11. Precontract HQS Inspections. Each newly leased unit passed HQS inspection before the beginning date of the assisted lease and HAP contract. (24 CFR 982.305)

PHA Response **Yes** ✔ **No** ☐

12. Annual HQS Inspections. The PHA inspects each unit under contract at least annually. (24 CFR 982.405(a))

PHA Response **Yes** ✔ **No** ☐

13. Lease-Up. The PHA executes assistance contracts on behalf of eligible families for the number of units that has been under budget for at least one year.

PHA Response **Yes** ✔ **No** ☐

14a. Family Self-Sufficiency Enrollment. The PHA has enrolled families in FSS as required. (24 CFR 984.105)
Applies only to PHAs required to administer an FSS program .
Check here if not applicable ☐

PHA Response

a. Number of mandatory FSS slots (Count units funded under the FY 1992 FSS incentive awards and in FY 1993 and later through 10/20/1998. Exclude units funded in connection with Section 8 and Section 23 project-based contract terminations; public housing demolition, disposition and replacement; HUD multifamily property sales; prepaid or terminated mortgages under section 236 or section 221(d)(3); and Section 8 renewal funding. Subtract the number of families that successfully completed their contracts on or after 10/21/1998.) ☐

or, Number of mandatory FSS slots under HUD-approved exception 366

b. Number of FSS families currently enrolled | **294**

c. Portability: If you are the **initial** PHA, enter the number of families currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA | **9**

Percent of FSS slots filled (b + c divided by a) | **82.79**

14b. Percent of FSS Participants with Escrow Account Balances. The PHA has made progress in supporting family self-sufficiency as measured by the percent of currently enrolled FSS families with escrow account balances. (24 CFR 984.305)
Applies only to PHAs required to administer an FSS program .
Check here if not applicable ☑

PHA Response **Yes** ☐ **No** ☐

Portability: If you are the **initial** PHA, enter the number of families with FSS escrow accounts currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA

Deconcentration Bonus Indicator (Optional and only for PHAs with jurisdiction in metropolitan FMR areas).

The PHA is submitting with this certification data which show that:

(1) Half or more of all Section 8 families with children assisted by the PHA in its principal operating area resided in low poverty census tracts at the end of the last PHA FY;

(2) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last PHA FY is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the last PHA FY;

or

(3) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area over the last two PHA FYs is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last PHA FY.

PHA Response **Yes** ☑ **No** ☐ **If yes, attach completed deconcentration bonus indicator addendum.**

I hereby certify that, to the best of my knowledge, the above responses under the Section 8 Management Assessment Program (SEMAP) are true and accurate for the PHA fiscal year indicated above. I also certify that, to my present knowledge, there is not evidence to indicate seriously deficient performance that casts doubt on the PHA's capacity to administer Section 8 rental assistance in accordance with Federal law and regulations.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Executive Director, signature ____________________

Date (mm/dd/yyyy) ____________________

Chairperson, Board of Commissioners, signature ____________________

Date (mm/dd/yyyy) ____________________

The PHA may include with its SEMAP certification any information bearing on the accuracy or completeness of the information used by the PHA in providing its certification.

SEMAP Certification - Addendum for Reporting Data for Deconcentration Bonus Indicator

Date (mm/dd/yyyy) ____________

PHA Name **Housing Opportunities Commission of Montgomery County**

Principal Operating Area of PHA **Montgomery County, Maryland**
(The geographic entity for which the Census tabulates data)

Special Instructions for State or regional PHAs Complete a copy of this addendum for each metropolitan area or portion of a metropolitan area (i.e., principal operating areas) where the PHA has assisted 20 or more Section 8 families with children in the last completed PHA FY. HUD will rate the areas separately and the separate ratings will then be weighted by the number of assisted families with children in each area and averaged to determine bonus points.

1990 Census Poverty Rate of Principal Operating Area **4.3 (1990) 5.4 (2000)**

Criteria to Obtain Deconcentration Indicator Bonus Points

To qualify for bonus points, a PHA must complete the requested information and answer yes for only one of the 3 criteria below. However, State and regional PHAs must always complete line 1) b for each metropolitan principal operating area.

1) **2,906** a. Number of Section 8 families with children assisted by the PHA in its principal operating area at the end of the last PHA FY who live in low poverty census tracts. A low poverty census tract is a tract with a poverty rate at or below the overall poverty rate for the principal operating area of the PHA, or at or below 10% whichever is greater.

3,421 b. Total Section 8 families with children assisted by the PHA in its principal operating area at the end of the last PHA FY.

84.95 c. Percent of all Section 8 families with children residing in low poverty census tracts in the PHA's principal operating area at the end of the last PHA FY (line a divided by line b).

Is line c 50% or more? **Yes** ☑ **No** ☐

2) ______ a. Percent of all Section 8 families with children residing in low poverty census tracts in the PHA's principal operating area at the end of the last completed PHA FY.

______ b. Number of Section 8 families with children who moved to low poverty census tracts during the last completed PHA FY.

______ c. Number of Section 8 families with children who moved during the last completed PHA FY.

______ d. Percent of all Section 8 mover families with children who moved to low poverty census tracts during the last PHA fiscal year (line b divided by line c).

Is line d at least two percentage points higher than line a? **Yes** ☐ **No** ☐

3) ______ a. Percent of all Section 8 families with children residing in low poverty census tracts in the PHA's principal operating area at the end of the second to last completed PHA FY.

______ b. Number of Section 8 families with children who moved to low poverty census tracts during the last two completed PHA FYs.

______ c. Number of Section 8 families with children who moved during the last two completed PHA FYs.

______ d. Percent of all Section 8 mover families with children who moved to low poverty census tracts over the last two completed PHA FYs (line b divided by line c).

Is line d at least two percentage points higher than line a? **Yes** ☐ **No** ☐

If one of the 3 criteria above is met, the PHA may be eligible for 5 bonus points.

See instructions above concerning bonus points for State and regional PHAs.

APROVAL OF COLLECTIVE BARGAINING AGREEMENT REOPENER BETWEEN THE HOUSING OPPORTUNITIES COMMISSION AND THE MUNICIPAL COUNTY GOVERNMENT EMPLOYEES ORGANIZATION INCLUDING WAGE ADJUSTMENTS FOR FISCAL YEAR 2016

AUGUST 5, 2015

- Reopener negotiations for bargaining unit employees for Fiscal Year 2016 began on April 16, 2015 and were completed on July 22, 2105.

- The Agreement stipulates that effective the first pay period after July 1, 2015, each bargaining unit employee will receive a 2.175% general wage adjustment.

- The Agreement also provides bargaining unit employees who receive a fully satisfactory FY 2015 performance evaluation rating shall receive a 3% service increment effective the first pay date in September 2015.

- The Agreement further stipulates that, effective September 1, 2015, HOC shall increase the top of the grades of bargaining unit employees by 3%.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Patrick Mattingly, Human Resources Director
Louis J. Chaney, Labor Relations Manager

RE: Approval of Collective Bargaining Agreement Reopener between the Housing Opportunities Commission and the Municipal County Government Employees Organization including Wage Adjustments for Fiscal Year 2016

DATE: August 5, 2015

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

OVERALL GOAL & OBJECTIVE:
To seek approval of the Collective Bargaining Agreement Reopener for the fourth year of the Agreement between the Housing Opportunities Commission and the Municipal and County Government Employees Organization for Fiscal Year 2016.

BACKGROUND:
The Housing Opportunities Commission of Montgomery County and the Municipal and County Government Employees Organization (MCGEO) approved the Collective Bargaining Agreement Wage Reopener for the second year and third year on September 6, 2013.

The September 6, 2013 Wage Reopener Agreement also extended the duration of the current Collective Bargaining Agreement from June 30, 2015 to June 30, 2016 and provided for a Reopener for the final year (fourth year) of the contract to address Fiscal Year 2016 Wages and other identified issues, with negotiations to begin no later than April 1, 2015.

By mutual agreement, reopener negotiations for bargaining unit employees for Fiscal Year 2016 began on April 16, 2015 and were completed on July 22, 2015.

The Agreement reached by the parties stipulates that bargaining unit employees shall receive a 2.175% general wage adjustment effective the first full pay period following July 1, 2015.

The Agreement further provides that bargaining unit employees who receive a fully satisfactory Fiscal Year 2015 Performance Evaluation shall also receive a 3% service increment effective the first pay date in September 2015. The Agreement also stipulates that, effective September 1, 2015, HOC shall increase the top of the grades of bargaining unit employees by 3%.

In addition to wages for Fiscal Year 2016, the parties reached agreement on the following issues:

1. Transfers (Article 28, Section 28.3)
2. Service, Labor Trades Differential Program (Section 35.7)
3. Tuition Assistance (Article 55)

ISSUES FOR CONSIDERATION:
Does the Commission wish to approve the tentative Reopener Agreement for the Fourth Year of the Collective Bargaining Agreement for represented staff for Fiscal Year 2016?

Does the Commission wish to approve a 2.175% general wage adjustment and a 3% service increment for represented staff consistent with the Collective Bargaining Agreement Wage Reopener for Fiscal Year 2016?

Does the Commission wish to increase the top of the grades for bargaining unit employees by 3%, effective September 1, 2015?

PRINCIPALS:
Housing Opportunities Commission (HOC)
Municipal and County Government Employees Organization (MCGEO)

BUDGET IMPACT:
The estimated increase to wages for full-time and part-time represented staff for Fiscal Year 2016 is $702,267.

TIME FRAME:
For Commission action on August 5, 2015

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends Commission approval of the Collective Bargaining Agreement Wage Reopener between the Housing Opportunities Commission and the Municipal County Government Employees Organization including wage adjustments for Fiscal Year 2016.

RESOLUTION:

RE: Approval of Collective Bargaining Agreement Wage Reopener between the Housing Opportunities Commission and the Municipal County Government Employees Organization Including Wage Adjustments for Fiscal Year 2016

WHEREAS, the Housing Opportunities Commission of Montgomery County is required by law to enter into a Collective Bargaining Agreement for those employees of the Commission who are covered under the Collective Bargaining Law that went into effect as of October 1, 1999; and

WHEREAS, the Commission and the Municipal County Government Employees Organization (MCGEO), who is the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades (SLT) and Office, Professional, and Technical (OPT), have successfully negotiated the Collective Bargaining Agreement through the period of June 30, 2016; and

WHEREAS, the Collective Bargaining Agreement stipulates that there will be wage reopener negotiations for year four (Fiscal Year 2016) of the Agreement to address wage adjustments; and

WHEREAS, the wage reopener negotiations began on April 16, 2015 and were completed on July 22, 2015.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the Fiscal Year 2016 Wage Reopener and that it will become effective July 1, 2015. Effective the first pay period after July 1, 2015, each bargaining unit employee shall receive a 2.175% general wage adjustment.

BE IT FURTHER RESOLVED that each bargaining unit employee who receives a fully satisfactory FY 2015 performance evaluation shall receive a 3% service increment effective the first pay date in September 2015.

BE IT FURTHER RESOLVED that effective September 1, 2015, HOC shall increase the top of the grades of bargaining unit employees by 3%.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, August 5, 2015.

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Patrice Birdsong
Special Assistant to the Commission

APPROVAL OF FY 2016 COMPENSATION FOR NON-REPRESENTED MERIT SYSTEM STAFF FOR THE PERIOD OF JULY 1, 2015 THROUGH JUNE 30, 2016

AUGUST 5, 2015

- On August 5, 2015, the Housing Opportunities Commission of Montgomery County will approve a Collective Bargaining Agreement Wage Reopener which provides compensation adjustments and other identified issues for represented staff for Fiscal Year 2016.

- The Agreement stipulates that effective the first pay period after July 1, 2015, each bargaining unit member will receive a 2.175% general wage adjustment.

- The Agreement also provides bargaining unit members who receive a fully satisfactory FY 2015 performance evaluation rating shall receive a 3% service increment effective the first pay date in September 2015.

- The Agreement further stipulates that, effective September 1, 2015, HOC shall increase the top of the grades of bargaining unit employees by 3%.

- Staff recommends the Commission award a compensation package for non-represented employees that is consistent with that of represented staff.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Patrick Mattingly, Human Resources Director
Louis J. Chaney, Labor Relations Manager

RE: Approval of Fiscal Year 2016 Compensation for Non-represented Merit System Staff for the period of July 1, 2015 through June 30, 2016

DATE: August 5, 2015

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

OVERALL GOAL & OBJECTIVE:
To seek approval to award compensation for non-represented staff consistent with the Fiscal Year 2016 Collective Bargaining Agreement Wage Reopener for represented staff.

BACKGROUND:
The Housing Opportunities Commission of Montgomery County and the Municipal and County Government Employees Organization (MCGEO) tentatively approved the Collective Bargaining Agreement Wage Reopener for the fourth year of the Agreement on July 22, 2015.

The tentative Reopener Agreement stipulates that effective the first pay period after July 1, 2015, bargaining unit employees shall receive a 2.175% general wage adjustment.

The Agreement further stipulates that bargaining unit members who receive a fully satisfactory Fiscal Year 2015 performance evaluation shall receive a 3% service increment effective the first pay date in September 2015. The Agreement also stipulates that, effective September 1, 2015, HOC shall increase the top of the grades of bargaining unit employees by 3%.

ISSUES FOR CONSIDERATION:
Does the Commission wish to approve a 2.175% general wage adjustment and a 3% service increment for represented staff consistent with the Collective Bargaining Agreement Wage Reopener for Fiscal Year 2016?

Does the Commission wish to approve increasing the top of the grades for non-represented merit system staff by 3%, effective September 1, 2015?

PRINCIPALS:
Housing Opportunities Commission (HOC)

BUDGET IMPACT:
The estimated cost for non-represented merit system staff for Fiscal Year 2016 is $577,400.

TIME FRAME:
For Commission action on August 5, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends approval of the Fiscal Year 2016 compensation for non-represented merit system staff for the period of July 1, 2015 through June 30, 2016. Staff also recommends increasing the top of the grades for non-represented staff by 3%, effective September 1, 2015.

RESOLUTION: **RE: Approval of FY 2016 Compensation for Non-represented Merit System Staff for the Period of July 1, 2015 through June 30, 2016**

WHEREAS, the Housing Opportunities Commission of Montgomery County approved the Collective Bargaining Agreement Wage Reopener at a regular meeting on August 5, 2015; and

WHEREAS, the Commission wishes to award a compensation package for non-represented staff for FY 2016 that is consistent with that of represented employees.

NOW, THEREFORE, BE IT RESOLVED that effective the first pay period after July 1, 2015, each non-represented merit system staff member shall receive a 2.175% general wage adjustment.

BE IT FURTHER RESOLVED that non-represented merit system staff who receive a fully satisfactory FY 2015 performance evaluation shall receive a 3% service increment effective the first pay date in September 2015.

BE IT FURTHER RESOLVED that effective September 1, 2015, HOC shall increase the top of the grades for non-represented merit system employees.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, August 5, 2015.

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Patrice Birdsong
Special Assistant to the Commission

Information Exchange

Report of the Executive Director

Stacy L. Spann

August 5, 2015

Commissioner Jean Banks

It is with deep sadness that I report the passing of Commissioner Jean Banks following an extended illness. Commissioner Banks will be sorely missed by her colleagues on the Commission, the staff she worked with and the clients she advocated for through her work on the Resident Advisory Board.

Commissioner Banks was appointed to the Commission in 2007 and most recently served as Chair Pro Tem. During her tenure on the Commission, she also served on the Hearing Board, Legislative and Regulatory Committee, as well as serving on the Board of Directors for both Town Center (Rockville) and Housing Opportunities Community Partners.

Her primary focus in both her advocacy work and her service to the Commission was on serving HOC youth. In 2012, Commissioner Banks established the Information and Communication Committee to facilitate an improved flow of information to clients and focus on ways to engage and inspire children in HOC-served households. From this Committee, and as a result of her leadership, the first partnership with the Maryland Multicultural Youth Foundation (MMYF) was established. The ongoing relationship with MMYF has resulted in internship opportunities for nearly 100 low- and moderate-income families.

Commissioner Banks' history of service and a commitment to the community began far before she joined the HOC Board. As far back as the late 1970s, Commissioner Banks served in many roles in her native Philadelphia as a food bank volunteer, police liaison, mediator and advocate for families and children in crisis.

Beyond her accomplishments and advocacy experience, Commissioner Banks was a special personality. At times, she could be playful and had a wonderful sense of mischief, but she never wavered when it came to her commitment to HOC and those we serve. Commissioner Banks is survived by a son and a legion of families and children for whom she advocated. Funeral arrangements are pending.

HOC Wait List

On Thursday, June 30th, HOC opened the wait list for affordable housing programs for seniors aged 62 and above and persons with disabilities. The new, exclusively online web portal (HOCHousingPath.com) began accepting applications at 8:00 a.m. and by noon, the site had more than 1,000 completed registrants.

Applicants applied from home, from their smartphones and also had the option to apply online at Montgomery County Public Libraries, the four main HOC offices and ten HUB sites.

Despite a couple of technological hiccups early in the day, the launch went even more smoothly than I had hoped. The list will open to the general public on August 24th.

HOC Academy

Dress for Success Partnership

Two weeks ago, HOC Academy submitted an application to be designated as a Referral Partner for Dress For Success' (DFS) regional office. This application was accepted and HOC Academy is now able to refer any of our female participants to our region's DFS office to receive professional clothing and to various professional development programs for FREE. This is a wonderful opportunity for our down county women and for our female residents overall that may work or desire to work in the District. DFS is conveniently located off of Georgia Avenue, right across the street from the downtown Silver Spring marquee.

First Transit Partnership

The Academy was contacted by First Transit to recruit 30-50 non-CDL drivers for Metro Access. Since disseminating two fliers via Constant Contacts, HOC has already received over 40 responses from candidates! The Academy will host an information session on Monday, August 3rd at the East Deer Park HOC training facility. During this session, HOC residents will meet with a representative from First Transit that will provide details about the available positions, screen their resumes, and arrange for candidates to be interviewed at First Transit's Gaithersburg office.

ResCare Partnership

HOC Academy is in the process of resurrecting a relationship with ResCare in an effort to provide volunteer opportunities for several Temporary Cash Assistance (TCA) recipients. Montgomery County requires all TCA recipients to enroll in ResCare's workforce development program in which participants receive GED/ABE instruction, career readiness training, access to employment placement assistance, and volunteer placements to develop work experience. Since many of HOC's residents are TCA recipients, this partnership will help HOC train its own residents.

Lego Robotics Camp (TCP Olney):

A Lego Robotics Camp at TCP Olney was held from July 20-31, 2015. This final, two week camp allowed HOC youth, grades K-8, to further explore their engineering interests. In addition to strengthening their robotics and computer programming skills, campers will participate in a national competition project and presentation upon completion.

Adult Education and Workforce Development (AEWD) Intakes

On July 20th and 22nd HOC hosted our final intake sessions of the season. These sessions introduced HOC residents to the Academy's relationships with institutions and organizations that will assist participants with achieving their employment and educational goals. Intakes also allow us to detail our capabilities in providing tuition or book assistance for residents pursuing certification or degree programs. During this session, residents complete assessments in which we collect their demographic information, their educational and employment history, and have them draft a SMART Goal. The Academy uses this information to make an appropriate referral and maintain contact with the residents as they navigate their journey towards success.

End of Camp Celebration

With the assistance of Resident Services, Community Partners, and the HOC event planning staff, the Academy will be hosting a Field Day at Emory Grove to celebrate the end of HOC's various summer youth camps. Attractions will include music, robot demos, art competitions, plus a host of other games and prize give-a-ways, a food truck, and an ice-cream stand and even an air-conditioned gaming truck! Over 150 campers were invited to attend, and volunteers from ResCare and Church of the Redeemer will be on hand to assist staff.

Montgomery College Financial Aid Workshop

On Wednesday, July 22nd, a representative from Montgomery College's Educational Opportunity Center was present at EDP to provide a financial aid workshop for HOC residents applying for degree and certification programs at the college. During this session, residents learned about all of the available financial aid opportunities and resources, and even received assistance with completing their Free Application for Federal Student Aid (FAFSA) paperwork. This was significant for our residents who are in need of securing funding to pursue their academic and career goals.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

August 2015

July 30 - 1	NAHRO Summer Conference (Austin, TX)	
5	Tony Davis Scholarship Award Reception *(All)* *(Award Presentation 4:00 p.m.)*	3:00 p.m.
5	HOC Regular Meeting *(All)*	4:30 p.m.
5	Executive Session *(All)*	5:00 p.m.
14	Status/Lunch Meeting w/Executive Director *(All)* – Location TBD	12:00 noon
17	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	2:00 p.m.
21	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
24	Official Re-opening of Waitlist – (General Public)	
24	Agenda Formulation *(Roman, Nelson)*	12:00 p.m.

September 2015

2	HOC Regular Meeting *(All)*	4:00 p.m.
2	Executive Session *(All)*	5:00 p.m.
7	Labor Day *(HOC Offices Closed)*	
14	Town Hall Meeting (District 4)	TBD
15	Legislative and Regulatory Committee Meeting *(Vacant, Hatcher, Simon)*	2:00 p.m.
18	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
21	Resident Advisory Board *(Vacant)*	7:00 p.m.
22	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	10:00 a.m.
28	Agenda Formulation *(Roman, Nelson)*	12:00 p.m.

October 2015

7	HOC Regular Meeting *(All)*	4:00 p.m.
7	Executive Session *(All)*	5:00 p.m.
9	Status/Lunch Meeting w/Executive Director *(All)* – Location TBD	12:00 noon
13	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	10:00 a.m.
19	Resident Advisory Board *(Vacant)*	7:00 p.m.
21	Town Center Board Meeting *(Simon)*	2:30 p.m.
23	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
26	Agenda Formulation *(Roman, Hatcher)*	12:00 noon

November 2015

2	Town Hall Meeting *(All)*	6:00 p.m.
4	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	2:00 p.m.
4	HOC Regular Meeting *(All)*	4:00 p.m.
4	Executive Session *(All)* (if needed)	5:00 p.m.
13	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
16	Agenda Formulation *(Roman, Hatcher)*	12:00 noon
16	Legislative and Regulatory Committee Meeting *(Vacant, Hatcher, Simon)*	2:00 p.m.
17	Resident Advisory Board *(Vacant)*	7:00 p.m.
26-27	Thanksgiving Holiday *(HOC Offices Closed)*	

December 2015

2	Longevity Awards Reception	3:00 p.m.
2	Longevity Awards Presentation	4:00 p.m.
2	HOC Regular Meeting (All)	4:30 p.m.
8	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	10:00 a.m.
11	Status/Lunch Meeting w/Executive Director *(All)* – Location TBD	12:00 noon
18	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
25	Christmas Holiday *(HOC Offices Closed)*	

Activities of Interest | Hearing Board

TBD	Joint Meeting with Commission on People with Disabilities
TBD	Property Tour III

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-07	Spring/Summer 2015	Procurement Policy & Personnel Policy	KM-BA/PM	

Committee Reports and Recommendations for Action

APPROVAL OF PROPOSAL TO EXPAND SINGLE FAMILY MORTGAGE PURCHASE PROGRAM PRODUCTS AND TO INCREASE THE SALES PRICE & INCOME LIMITS FOR THE PROGRAM

SINGLE FAMILY MORTGAGE FINANCE

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
JENNIFER HINES ARRINGTON
PAULETTE DUDLEY

August 5, 2015

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HOC's Single Family Mortgage Purchase Program (the "MPP") administers the Commission's single family mortgage loan program, the closing cost assistance programs, and HOC's Home Ownership Program (HOC/HOP). Prior to 2012, the MPP traditionally issued Mortgage Revenue Bonds or Housing Revenue Bonds to fund its whole mortgage loan program. Loans were retained in the portfolio and serviced by third party servicers; however, since the collapse of the financial and housing markets, the ability to continue to issue tax-exempt bonds is constrained. The MPP is now mainly reliant on Mortgage Backed Securities (MBS), funded in the secondary market, to raise capital to fund its loan program. No new whole loans are being originated currently. The program, however, continues to contribute to the overall fiscal health of the Commission, while providing low cost mortgages and down payment assistance to eligible households in Montgomery County.

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Executive Summary

Background

The Single Family Mortgage Purchase Program (MPP) was established in 1979 to provide low cost mortgages to first time homebuyers. Since its inception, the MPP has produced over 11,000 mortgages to first time homebuyers in Montgomery County. In November 2009, as a result of the financial crisis in 2008, the Commission adopted its second Single Family Housing Revenue Bond Resolution in order to participate in the U.S. Treasury's New Issue Bond Program (NIBP), which enabled Housing Finance Agencies to issue bonds during the financial downturn at favorable rates. The Commission has now fully utilized its entire NIBP allocation. In order for the MPP to continue offering favorable first mortgage financing, on May 2, 2012, the Commission adopted a Resolution approving implementation of a Mortgage Backed Securities (MBS) program for MPP and allocated $10 million from the PNC Bank, N.A. Line of Credit for this purpose.

The MPP has completed its transition from a whole loan program to a MBS program. HOC's master servicer, U.S. Bank, purchases mortgages from originating lenders, pools the mortgages to create a MBS and services the loans. All MBS loans are currently guaranteed by Ginnie Mae, as all current loan production is Federal Housing Administration (FHA) insured business. In addition to the MBS program, in July 2014, HOC became one of five (5) local Housing Finance Agencies to participate in the Fannie Mae "HFA Preferred™" mortgage loan product. This product allows the program to expand into the conventional mortgage space and include MBS that are guaranteed by Fannie Mae.

While staying true to HOC's core clients, the MPP must remain dynamic and nimble in this ever changing financial and real estate market and continue to look for ways to expand and provide additional mortgage loan options. This year, the MPP has continued to operate completely in the MBS secondary To-Be-Announced (TBA) market without the use of bond funds. The TBA market allows for more flexibility as it relates to loan products, sales price, income limits and non-first time homebuyer participation. Therefore, staff has explored enhancements to the program to remain viable in the market place.

Recommendation

Staff recommends that the Development & Finance Committee recommend to the Commission to approve the following MPP enhancements:

1. Additional loan products for both first time and non-first time homebuyers;
2. An increase to the maximum sales price limits; and,
3. An increase to the maximum income limits.

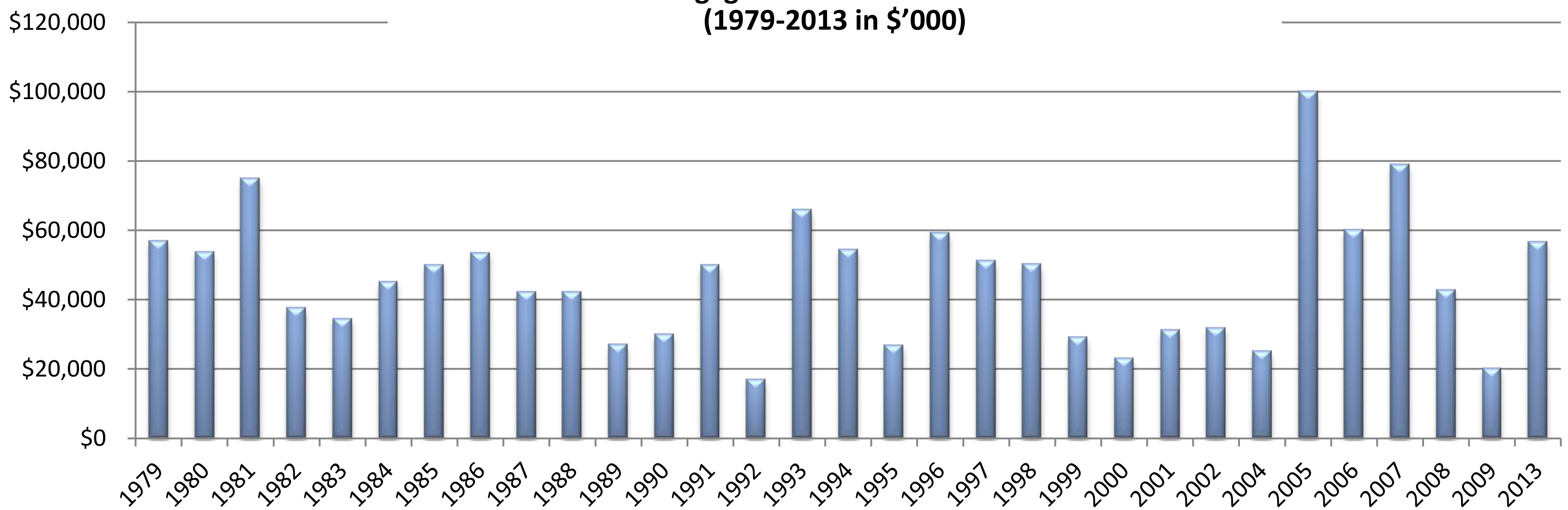
MPP History

The Single Family Mortgage Purchase Program (MPP) History

Starting in March 1979, the Commission adopted its first Single Family Bond Resolution providing for the issuance of Mortgage Revenue Bonds (MRB) to create the MPP. At that time, the MPP was designed as a whole loan program in which HOC purchased 100% interest in each mortgage loan using funds generated from the sale of taxable and tax-exempt Mortgage Revenue Bonds. HOC sets its own interest rates and approves lenders to participate in the MPP. HOC staff performs the credit and compliance review for each mortgage application, reviews each loan for purchase, releases funds to purchase loans, pays the lenders their origination fees, monitors the servicing activities including remittances, delinquencies and foreclosures.

Since 1979, the Commission has issued over $1.4 billion of tax-exempt and taxable single family Mortgage Revenue Bonds (MRB) primarily through public offerings to retail and institutional investors, the proceeds of which have been used by the MPP to create 11,162 mortgages for first-time homebuyers in Montgomery County with below market interest rates. The chart below shows single family bond issuance by year.

Chart 1.
SF Mortgage Revenue Bond Issuances
(1979-2013 in $'000)



MPP History

Until 2008, tax-exempt bond markets were efficient at reducing the cost of borrowing for Housing Finance Agencies (HFAs), enabling HFAs to finance mortgages at lower rates than the private sector. This pattern began to change in 2008 as the financial crisis intensified. Traditional MRB financing no longer provided HFAs with financing at rates below the conventional market and still do not.

With the disruption of the market in 2008, the U.S. Treasury Department created the New Issue Bond Program (NIBP) in 2009 to enable HFAs to issue bonds at favorable rates. In November 2009, the Commission adopted its second Single Family Housing Revenue Bond Resolution (the "2009 Resolution") in order to participate in NIBP. By using NIBP, HOC was able to provide $96 million of new mortgage financing. By the beginning of FY 2012, the Commission had fully utilized its entire NIBP allocation.

In order for the MPP to continue offering favorable first mortgage financing, on May 2, 2012, the Commission adopted a Resolution approving implementation of a Mortgage Backed Securities (MBS) program for MPP, and allocated $10 million from the PNC Bank, N.A. Line of Credit for this purpose to further deliver low cost mortgage products to the citizens of Montgomery County.

From October 2013 through June 2015, $51.7 million of MBS have been sold and purchased with $19.7 million of bond funds and $31.9 million from secondary market activities. Approximately 300 first time homebuyer mortgage loans have been funded through these activities.

MPP Today: Existing Loan Products

MPP Today: Existing Loan Products

In FY 2014, the MPP completed its transition from a whole loan program to a MBS program. HOC's master servicer, U.S. Bank, purchases mortgages from originating lenders, pools the mortgages to create a MBS and services the loans. Since most of MPP's current loan production is Federal Housing Administration (FHA) insured business, the majority of the MBS loans are currently guaranteed by Ginnie Mae. The loans being originated for securitization in the MBS model comply with all of the same rules and requirements as those loans previously purchased by the MPP, as whole mortgage loans. The risk of foreclosures and delinquencies is borne by the master servicer, not HOC.

In addition in July 2014, HOC became one of five (5) local Housing Finance Agencies to participate in the Fannie Mae "HFA Preferred™" mortgage loan product that was previously available exclusively to state agencies. This product allows the program to offer conventional mortgages with a loan-to-value ratio of up to 97%. MBS created under this program are guaranteed by Fannie Mae.

Program	**First Time Homebuyers** • Provides government and conventional loans with a 30-year mortgage term, fixed interest rate, Down Payment Assistance and County closing cost assistance. • MPP operates the HOC Homeownership Program (HOC/HOP), which prepares HOC residents for homeownership by providing direct counseling and homebuyer education classes.
Loan Product Types	• FHA Loans • PMI Insured • Fannie Mae HFA Preferred™
Program Details	• 30-year fixed rate • Zero Points • Two First Trust options • LTV up to 97%
Closing Cost Assistance	• HOC 3% Purchase Assistance • County Closing Cost Assistance • House Keys for Employees
Restrictions	• Income Limits – 120% of AMI • Sales Price Limits – current maximum $429,619

Housing Opportunities Commission OF MONTGOMERY COUNTY

Proposed MPP Changes: New Loan Products

Proposed Expansion of MPP Loan Products

As the MPP expands the MBS program into the TBA forward trading market, more flexibility should be considered in an effort to remain viable in the mortgage market and to continue to support the mission of the Commission. These additional products provide no additional risk to HOC, will continue to generate income for the Commission, ultimately pays for itself, and allows HOC to remain active and relevant in the Montgomery County market. Below are recommended ***new options*** for both first time and non-first time homebuyers. Existing products for first time homebuyers remain.

Program	First Time Homebuyers • Provides government and conventional loans to first time homebuyers with a 30-year, fixed interest rate home loan along with Down Payment and Closing Cost Assistance.	Non-First Time Homebuyers • Provides government and conventional loans with a 30-year mortgage term, fixed interest rate, Down Payment Assistance and County closing cost assistance. • Homebuyers who currently own a home, or have owned a home in the past three years and are ready to downsize or step up.
New Loan Product Types	• U.S. Department of Veterans Affairs (VA) Loans • Interest rate reduction of 0.25% - 0.50% over TBA pricing for government and conventional loans	• FHA Loans • Fannie Mae HFA Preferred™ • U.S. Department of Veterans Affairs (VA) Loans • FHA Streamline – Refinance • Fannie Mae HFA Preferred™ – Refinance
Program Details	• 30-year fixed rate • Zero Points • Two First Trust options • LTV up to 97%	• 30-year fixed rate • Zero Points • Two First Trust options • LTV up to 97% • Limited cash out ($500) for FHA Streamline Refinance
Closing Cost Assistance	• HOC 3% Purchase Assistance • County Closing Cost Assistance	• HOC 3% Purchase Assistance • Only existing County Closing Cost loans may be subordinated
Restrictions	• Income Limits (see page 12) • Sales Price Limits (see page 9)	• No Income Limits • Sales Price Limits (see page 9) • Cannot own certain properties • Asset test required

Proposed MPP Changes: New Loan Products

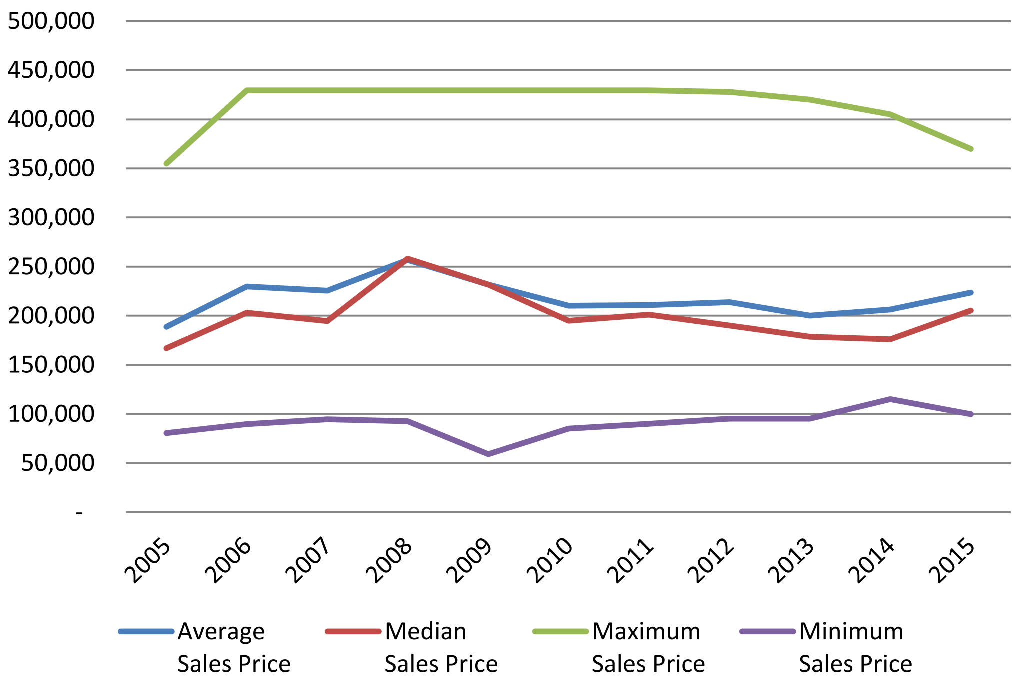
As HOC looks to expand its existing products within the MPP, it is important to note some of the benefits of the MPP.

1. The MPP speaks to the core of HOC's mission by providing low-cost mortgages for qualifying low- and moderate-income families and individuals throughout Montgomery County. Homeownership is part of the housing continuum and providing this service to our rental clientele and other first time homebuyers achieves that goal.
2. While CDA is a major competitor (see Appendix A for a comparison of HOC MPP and State of Maryland MPP products), the conventional market does not serve low- to moderate-income borrowers.
3. Montgomery County borrowers are believed to be more comfortable with HOC.
4. The 1979 and 2009 bond indentures provide significant value to HOC. As of June 30, 2014, the net value was $25,557,964 and $1,171,994, respectively. This contributes positively to HOC's fiscal strength and to the A2 rating it enjoys from Moody's Investors Service.

Proposed MPP Changes: Increase Maximum Sales Price Limit

MPP Historical Sales Price & Current Maximum Sales Price Limit
While MPP is not currently issuing Mortgage Revenue Bonds to fund the program, it continues to follow IRS regulations, which guides the maximum sales price and income limits. The data used for setting these limits in Montgomery County are derived from the Washington, DC-MD-VA Metropolitan Statistical Area (MSA), a high cost area, comprised of 25 jurisdictions surrounding Washington, DC. Please see Chart 3 below, which provides the historical average, median, maximum and minimum sales price for ratified contracts within the MPP program since 2005. The current sales price limit for MPP was approved by the Commission on May 3, 2006 and is $429,619.

Chart 3 – HOC MPP Historical Sales Price



Year	Average Sales Price	Median Sales Price	Maximum Sales Price	Minimum Sales Price
2005	188,800	167,003	355,000	80,500
2006	229,816	203,000	429,619	89,603
2007	225,403	194,500	429,600	94,442
2008	256,636	258,000	429,600	92,668
2009	231,710	231,750	429,600	59,000
2010	210,108	195,000	429,619	85,000
2011	210,901	201,000	429,600	89,900
2012	213,721	190,000	428,000	95,000
2013	199,977	178,560	420,000	95,163
2014	206,419	176,049	405,000	114,990
2015	223,405	205,409	370,000	99,637

Proposed MPP Changes: Increase Maximum Sales Price Limit

Proposed Increase to Maximum Sales Price Limit

The maximum loan amount for MPP cannot exceed 90% of the Average Area Sales Price, which is adjusted annually, and is set based upon Federal Housing Administration (FHA) loan limits. In accordance with IRS regulations, the Average Area Sales Price is determined by *dividing* the FHA loan limit by 94.3%. As of March 30, 2015, the updated FHA loan limit for a single family property for the Washington, DC MSA became $625,500, which translates to an Average Area Sales Price of $663,309. Based upon the new Average Area Sales Price, the new maximum HOC MPP sales price should increase to **$596,000**, and will apply to both first time and non-first time homebuyers.

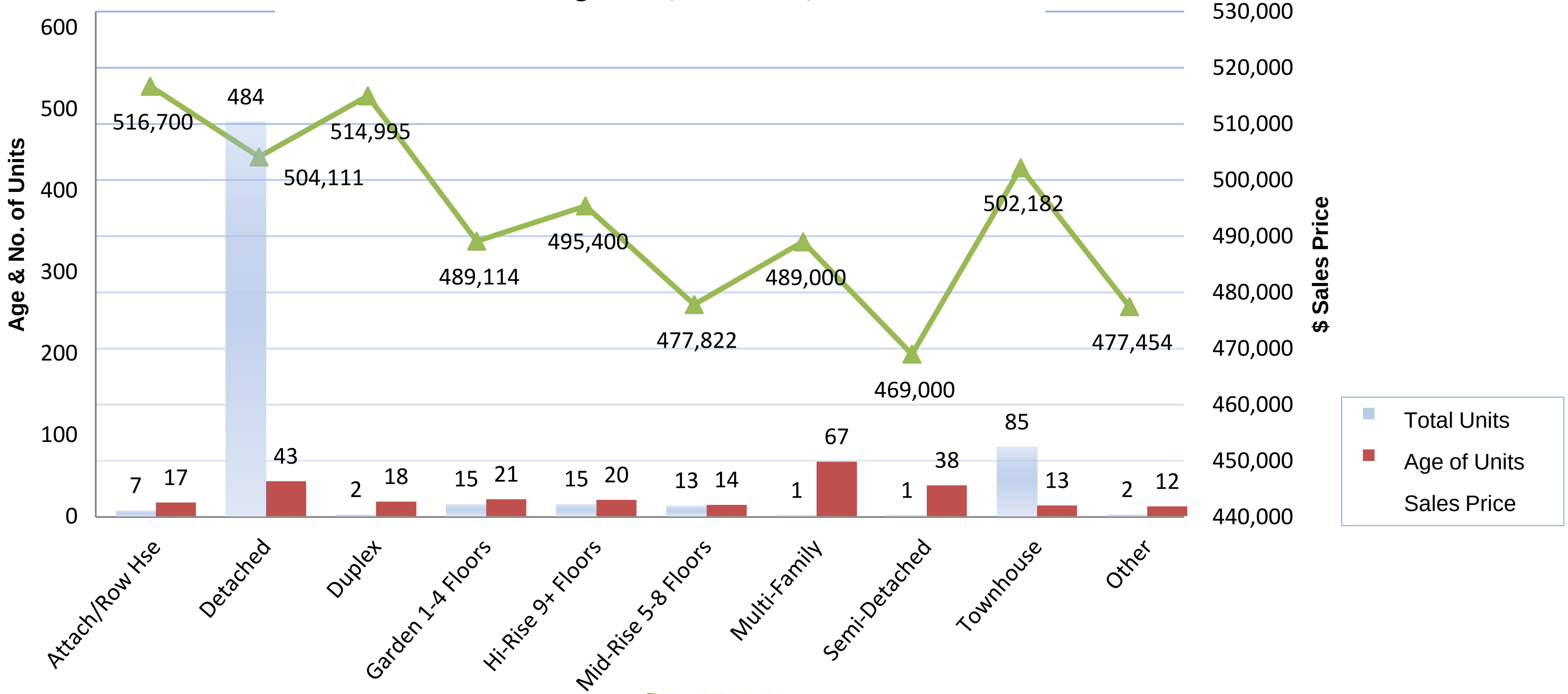
IRS Average Area Sales Price	$663,309
FHA Loan Limit	$625,500
Proposed MPP Maximum Sales Price	**$596,000**
Current MPP Maximum Sales Price	$429,619

Proposed MPP Changes: Increase Maximum Sales Price Limit

Proposed Maximum Sales Price Inventory

The Metropolitan Regional Information Systems, Inc. (MRIS), the area's real estate listing service for residential real estate, indicates that as of June 26, 2015, there were 625 more active listings of condominium and single family dwellings between HOC's current sales price limit of $429,619 and the proposed new limit of $596,000. Chart 4 contains existing inventory found in MRIS between the previous and recommended maximum sales price limit. Currently there are 3,000 condominium and single family listings up to the proposed maximum price limit.

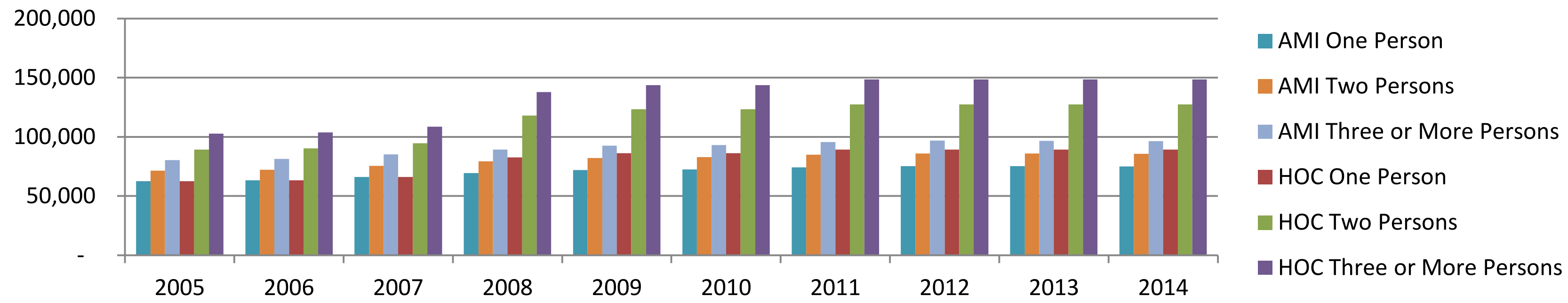
Chart 4 – Single Family Listings
Price Range $429,000 - $596,000



Proposed MPP Changes: Increase Maximum Income Limits

Historical Area Median Income & MPP Maximum Income Limits

The Commission last established the income limits for MPP on October 5, 2011. Given the recent increase in the Area Median Incomes (AMI) over the last four years, staff recommends increasing income limits for first-time homebuyers participating in the program. Below are the historical AMI's and MPP's maximum income limits based upon household size between 2005 and 2014.



Year	AMI History			MPP Historical Maximum Income Limits		
	One Person	Two Persons	Three or More Persons	One Person	Two Persons	Three or More Persons
2005	62,510	71,440	80,370	62,510	89,300	102,695
2006	63,210	72,240	81,270	63,210	90,300	103,845
2007	66,150	75,600	85,050	66,150	94,500	108,675
2008	69,300	79,200	89,100	82,650	118,080	137,760
2009	71,890	82,160	92,430	86,268	123,240	143,780
2010	72,450	82,800	93,150	86,268	123,240	143,780
2011	74,270	84,880	95,490	89,160	127,320	148,540
2012	75,250	86,000	96,750	89,160	127,320	148,540
2013	75,110	85,840	96,570	89,160	127,320	148,540
2014	74,900	85,600	96,300	89,160	127,320	148,540

Proposed MPP Changes: Increase Maximum Income Limits

Proposed Increase to MPP Maximum Income Limits

MPP's income limits have traditionally been 100% of AMI for a household of one or two people, and 115% of AMI for a household of three or more people, per IRS regulation. As of 2008, income limits for a high cost area may be set as high as 120% of the AMI for one to two person household, and 140% of the AMI for a household with three or more people. As of March 30, 2015, the median income for a four-person household in the Washington, DC MSA increased from $107,000 to $109,200.

When the Commission approved the use of the highest maximum incomes allowed in 2003, the Commission also opted to set a lower, separate income level for a single occupant household, using the median level for that household size. Based on the 2015 AMI and adjusting for the high housing cost factor, below is a comparison of the current and proposed maximum income limits. Assuming a homebuyer meets the qualifying criteria of the MPP program and has a debt-to-income ratio that does not exceed 45%, a one person household could afford a qualifying mortgage of approximately $430,000, and a two or more person household could qualify up to the maximum FHA loan limit of $625,500. The 45% debt-to-income ratio is established by the master servicer, U.S. Bank; however, each loan is underwritten for compliance and approved for closing by HOC staff.

MPP 2015 Average Income	MPP 2015 Average Sales Price	Household Size	Current Maximum Income Limits	Proposed Maximum Income Limits
$55,539	$183,458	One Person	$89,160	**$91,728**
$73,821	$272,034	Two Persons	$127,320	**$131,040**
$73,406	$221,147	Three or More Persons	$148,540	**$152,880**

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee to approve the proposal to expand the Single Family Mortgage Purchase Program's products and to increase the maximum sales price and income limits for the program?

Time Frame

For action at the August 5, 2015 Commission Meeting.

Budget Impact

There is no adverse impact for the Agency's FY 2016 budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the Development and Finance Committee recommendation to approve the following:

1. To expand the Single Family Mortgage Purchase Program's products to include a VA loan and an interest rate reduction over TBA pricing loan for first time homebuyers, and for non-first time homebuyers to offer all new and current products available to first time homebuyers, along with a governmental and conventional refinance product;
2. To increase the sales price limit to $596,000; and,
3. To increase the maximum income limit to $91,700 for one person, $131,000 for two-persons, and $152,900 for three or more persons.

APPENDIX: HOC v. State of Maryland Mortgage Purchase Programs

Loan Products	HOC MPP	Maryland MPP
FHA	X	X
Conventional 95% LTV	X	X
Conventional 97% LTV	X	X
Veterans Affairs Loan	X	X
Conventional VA Loan (95% LTV)	X	X
Conventional VA Loan (97% LTV)	X	X
TBA Interest Rate Reduction of 25 bps	X	
FHA - Borrower’s with $25K in Student Loans		X
Conventional (95% LTV) – Borrower’s with $25K in Student Loans		X
Conventional (97% LTV) – Borrower’s with $25K in Student Loans		X
Down Payment Assistance	X	X
FHA Streamline – Refinance	X	X
Conventional 95% LTV – Refinance	X	X
Conventional 97% LTV -- Refinance	X	X

RESOLUTION: **RE:** **Approval to Expand Single Family Mortgage Purchase Program (MPP) Products and Increase the Sales Price and Income Limits for the Program**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") has operated the Single Family Mortgage Purchase Program (MPP) since 1979, issuing approximately $1.4 billion of taxable and tax-exempt Mortgage Revenue Bonds (MRB) to purchase and retain more than 11,000 single family whole mortgage loans for its own portfolio; and

WHEREAS, the financial crisis of 2008 altered the traditional financial market relationships, negatively affecting the Commission's ability to issue single family tax-exempt mortgage bonds to produce mortgage interest rates which can be competitive with the commercial mortgage market; and

WHEREAS, this condition is expected to continue for the foreseeable future and impede the MPP's ability to remain in the mortgage market and provide favorable mortgage financing until the financial markets recover; and

WHEREAS, the Commission desires to keep the MPP active in the mortgage market; and

WHEREAS, on May 2, 2012, the Commission adopted a resolution approving the implementation of a Mortgage Backed Securities (MBS) program for the MPP, that sells MBS in the secondary market, including the To-Be-Announced (TBA) market; and

WHEREAS, between 2013 and 2015, the MPP has created approximately 300 loans from $51.7 million of MBS funded from bond proceeds and secondary market activities and now operates in the secondary TBA market without the use of bond funds; and

WHEREAS, the MPP currently offers first time homebuyers government and conventional loans, down payment assistance, closing cost assistance, and operates the HOC Homeownership Program (HOC/HOP) that offers programs for HOC residents to help with becoming homeowners; and

WHEREAS, the TBA forward trading market allows for more flexibility with less restrictions as it relates to loan products and non-first time homebuyer participation; and

WHEREAS, the Commission continues to approve income and sales price limits which apply to the MPP, subject to rules and regulations governing MRBs, even though the MPP is not currently issuing bonds to fund the program; and

WHEREAS, the Development and Finance Committee, at its July 24, 2015 meeting, considered and recommended approval of expansion of single family loan products and increasing the sales price and income limits for the MPP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

1. The MPP shall add U.S. Department of Veterans Affairs (VA) loans, along with interest rate reduction of 25-50 basis points over TBA pricing loans, for first time home buyers.

2. The MPP shall offer all new and current loan products to non-first time homebuyers, including governmental and conventional refinance products.

3. The maximum allowed sales price for MPP is increased to $596,000.

4. The maximum income limits for the MPP are revised as follows.

Household Size	Maximum Income
1	$91,728
2	$131,040
3+	$152,880

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the revisions to the Single Family Mortgage Purchase Program contemplated herein, including but not limited to the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on August 5, 2015.

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Patrice Birdsong
Special Assistant to the Commission

Approval to Participate in the Federal Financing Bank-U.S. Department of Housing and Urban Development (FFB-HUD) Financing Program and to Execute Program Documents Related Thereto

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
VIVIAN BENJAMIN

August 5, 2015

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Background

In 1994, the Commission adopted a resolution approving HOC's participation in the Federal Housing Administration (FHA) Risk Sharing Program. The resolution authorized staff to execute a Risk Sharing Agreement with the Secretary of Housing and Urban Development (HUD) acting by and through the Assistant Secretary for Housing, Federal Housing Commissioner, in which FHA agreed to share a percent of the mortgage insurance risk on affordable housing transactions with Housing Finance Agencies (HFAs).

The Risk Sharing Program was created under Section 542 (c) of the Housing and Community Development Act of 1992, as amended by the Multifamily Housing Property Reform Act of 1994 and implemented through 24 CFR Part 246 and 266 ("Risk Sharing Program").

HOC has used this program extensively and has insured over 29 transactions for a total obligation in excess of $273,495,521. Under the program, HOC and FHA share a percent of the risk of loss resulting from a mortgage default on a transaction. With the backing of the federal government, transactions insured under the Risk Sharing Program enjoy the highest rating, triple A, from the rating agencies.

One drawback of the Risk Sharing Program is contained in the very statute that created the program. The program prohibits the use of the Governmental National Mortgage Association (GNMA, "Ginnie Mae") as backing for transactions insured by FHA under the Risk Sharing Program. Ginnie Mae is permitted to back FHA insured mortgages under most of the FHA Multifamily insurance programs, like the 221 (d) (4) insurance and 223 (f) insurance programs. This prohibition is statutory and would require an act of Congress to change it.

Benefit of Ginnie Mae Participation

What does a Ginnie Mae-like facility bring to the transaction?

With the assurance provided by Ginnie Mae, which pledges to make full payment on a FHA insured transaction backed by GNMA, investors will accept a lower interest rate because of the lower risk associated with the transaction.

In addition to the possibility of obtaining lower interest rates, GNMA presents the possibility of securing financing in the taxable market where rates have recently been lower than tax-exempt interest rates during the same period.

The interest rate on the Tanglewood and Sligo transaction, a 223 (f) FHA insured mortgage garnered a taxable interest rate with a 35 year term, was 3.22% as compared to a tax-exempt interest rate of 4.55% for a 35-year term.

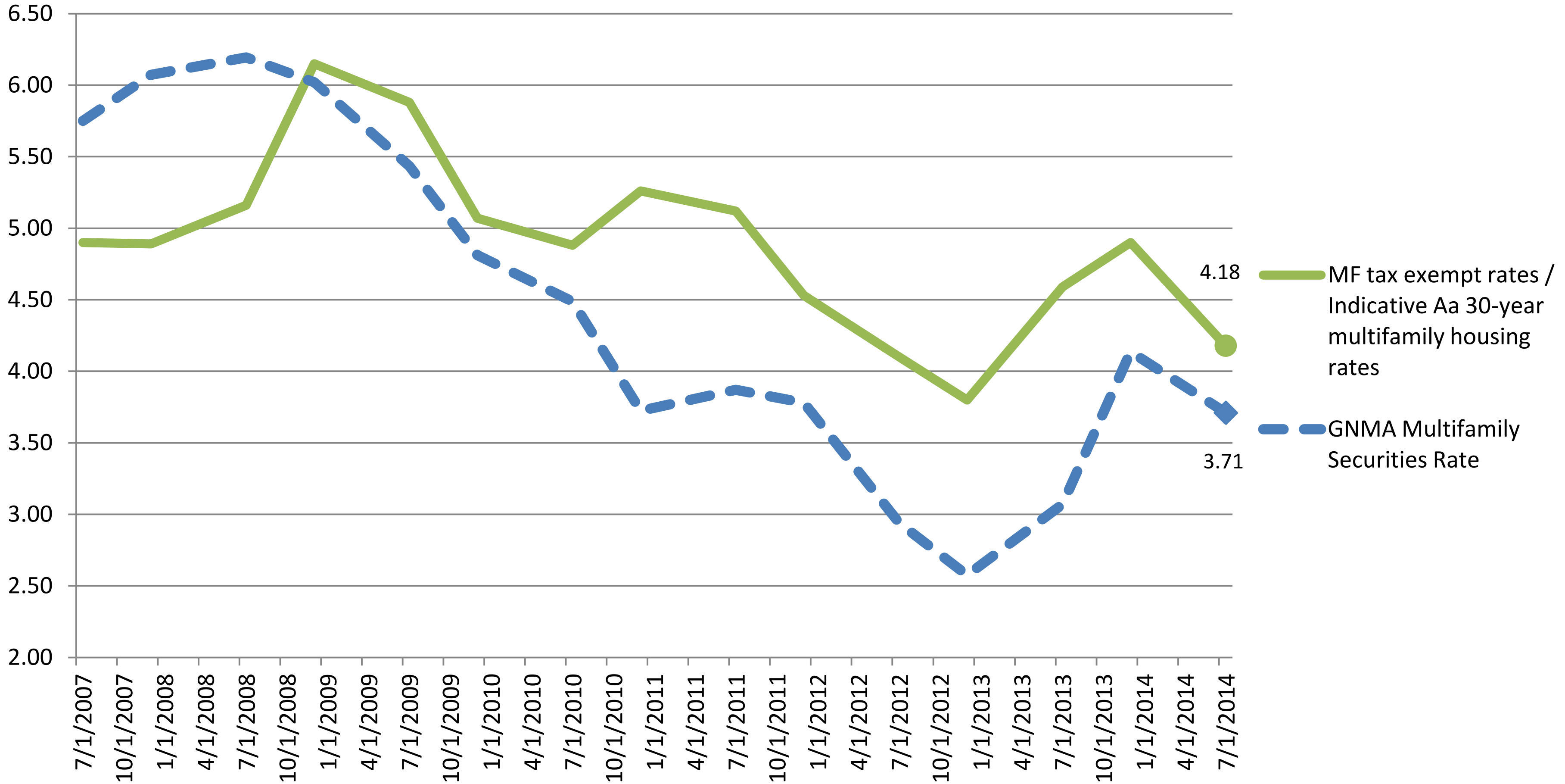
In the interest of assisting HFAs by giving them access to a market comparable to the GNMA market, the U.S. Treasury offered the use of a facility within the Treasury that has been used by governmental entities since its creation by Congress in 1973, the Federal Financing Bank (FFB).

FFB agrees to fund transactions insured under the FHA Risk Sharing Program.

With this new program, the Federal Financing Bank would join with HUD in an effort similar to the current Risk Sharing Program and provide resources to transactions in the form of taxable treasury securities. As with the original Risk Sharing Agreement, FFB and HUD are requiring Housing Finance Agencies to enter into a Risk Sharing Agreement.

HFA Tax Exempt Rates vs. Ginnie Mae Security Rates

In late 2008 multifamily tax exempt rates and Ginnie Mae multifamily security rates inverted with HFA tax exempt rates higher than comparable Ginnies. The greatest disparity was in late 2012 when HFA rates were 130bps above Ginnies. In December 2013 a typical multifamily Ginnie Security was 76bps below a typical multifamily tax exempt bond offering.



Federal Financing Bank

In the interest of assisting HFAs by giving them access to a market comparable to the GNMA market, the U.S. Treasury offered the use of a facility within the Treasury that has been used by governmental entities since its creation by Congress in 1973, the Federal Financing Bank (FFB).

With this new program, the Federal Financing Bank would join with HUD under an effort similar to the current Risk Sharing Program and provide resources to transactions in the form of taxable treasury securities.

As with the original Risk Sharing Agreement, FFB and HUD are requiring Housing Finance Agencies to enter into a Risk Sharing Agreement.

The FFB Initiative is a bridge allowing HFAs to access capital at favorable rates until the statutory prohibition on the use of Ginnie Securitization in the risk share program is eliminated.

FFB Pricing will be benchmarked to comparable Ginnie Mae Securities for program type (i.e., New Construction/Substantial Rehabilitation (221D4) or Existing Properties (223(f)). Current benchmark indication for Existing Properties is 105bps over 10 year Treasuries.

Benefits of participating in the program

- Lower interest rates and transaction costs.
- Lower interest rates translate into lower debt requirements and "potentially" lower rents.
- It is estimated that using the FFB-HUD Program could result in a 65% basis points savings on the services of an outside lender.
- The transactions are Risk Sharing transactions, which are underwritten by HOC, thus eliminating transaction costs associated with procuring the services of an outside lender, which is typical for 221 (d)(4) and 223 (f) loans.

What are the Program Requirements to Participate

<u>To participate in the program HFAs</u>

1. Must be in good standing in the current program,

2. Must have a minimum general obligation rating of A, and

3. Must be willing to take 50% of the risk on any transaction.

4. Must enter into an FFB Risk Sharing Agreement, which is quite similar to the original Risk Sharing Agreement with certain notable differences. Among these is a requirement that HFAs request that the Commission waive the provisions of 24 CFR Section 266.620(e) Termination of Mortgage Insurance, and amend the Risk Sharing Program to substitute the Termination of Mortgage Insurance provision with an indemnification agreement when "the HFA or its successors commit fraud, or make a material representation to the Commissioner with respect to information culminating in the Contract of Insurance on the mortgage or while the Contract of Insurance is in existence"; this substitution and regulatory waiver are necessary to satisfy the FFB requirement for an irrevocable guarantee of the debt instrument.

5. Other waivers of the program regulations as deemed necessary.

What is the Process

HFAs must submit a letter expressing interest in participating in the program. As part of their letter of interest, HFAs were asked to request waivers of any requirements in the current regulations that could provide an impediment to its ability to make loans under the new program.

The letter is followed by an invitation from the Commissioner with a copy of the suggested form Risk Sharing Agreement and other documentation.

More specifically, the steps given by HUD are given below:

Step One: Executed FFB Risk Sharing Agreement (RSA). HFAs are asked to review the document and confirm their willingness to execute the document.

HUD then prepares an execution version and sends a signed copy for the HFAs signature. An executed RSA is required so that local HUD offices can begin processing project applications for firm approval under FFB Risk Sharing.

Step Two: HFAs must execute Master Escrow and Custody Agreement (MECA), Master Purchase and Sale Agreement (MPSA) and Supplemental Escrow Agreement. These 3 documents are between the HFA and FFB, (HUD is not a party) and require a first project as part of the process to sign. There are several project specific documents required for each closing, one of which is the Supplemental Escrow Agreement. With the master documents executed with the first transaction, the funding and closing process is streamlined with minimal transaction level documents.

HOC has not received its formal invitation to participate but staff believes it is imminent and would like to proceed with a formal Resolution to the Commission at the August 2014 Commission meeting.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve a resolution authorizing participation in the HUD-FFB Risk Sharing Program as evidenced by the execution of an FFB Risk Sharing Agreement and the execution of a Master Escrow and Custody Agreement (MECA), Master Purchase and Sale Agreement (MPSA) and Supplemental Escrow Agreement?

Time Frame

For action at the August 5, 2015 Commission Meeting.

Budget Impact

There is no adverse impact for the Agency's FY 2016 operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve a resolution authorizing participation in the HUD-FFB Risk Sharing Program as evidenced by the execution of a FFB Risk Sharing Agreement and the execution of a Master Escrow and Custody Agreement (MECA), Master Purchase and Sale Agreement (MPSA) and Supplemental Escrow Agreement and other program documentation.

RESOLUTION: **RE:** Approval to Participate in the Federal Financing Bank-U.S. Department of Housing and Urban Development (FFB-HUD) Risk-Sharing Financing Program and Authorization to Execute Program Documents Related Thereto

WHEREAS, one of the public purposes of the Housing Opportunities Commission of Montgomery County (the "Commission") is to finance rental housing developments in Montgomery County to be occupied by persons and families of eligible income; and

WHEREAS, in 1994, the Commission applied for and was accepted as a Housing Finance Agency (HFA) participant in the Department of Housing and Urban Development's (HUD) Risk Sharing Program authorized under Section 542 (c) of the Housing and Community Development Act of 1992; and

WHEREAS, participation in the program has allowed the Commission to meet its public purpose goals by issuing bonds for mortgages which are credit enhanced by HUD via Federal Housing Administration (FHA) insurance, and has allowed the Commission to obtain favorable interest rates on the bonds it issued to finance housing developments; and

WHEREAS, the traditional HUD Risk Sharing Program prohibits the securitization by the Government National Mortgage Association (GNMA) of loans insured under the Risk Sharing Program; and

WHEREAS, due to an inversion in the relationship between tax-exempt and taxable GNMA rates, transactions with such GNMA securitization have traded at a better interest rate than municipal tax-exempt housing bonds in the market recently; and

WHEREAS, the U.S. Treasury has developed a program to provide a credit comparable to the GNMA credit using a facility of the Federal Financing Bank (FFB), and has agreed to make this facility available to State and Local HFAs that meet certain threshold criteria and are willing to enter into a FFB-HUD Risk Sharing Agreement; and

WHEREAS, the Commission sees participation in the FFB-HUD Risk Sharing Program as a means to acquire credit support for its financing at a lower, favorable interest rate; and

WHEREAS, the Development and Finance Committee at its July 24, 2015 meeting voted to recommend approval of the Commission's participation in the FFB-HUD Risk-Sharing Financing Program.

NOW THEREFORE BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the Commission's participation in the FFH-HUD Risk Sharing Program and authorizes and directs the Executive Director to enter into an FFB-HUD Risk Sharing Agreement with HUD.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes and directs the Executive Director, without any further action on its part, to take any and all actions necessary and proper to carry out and consummate the transactions contemplated herein including, without limitation, executing all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on August 5, 2015.

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Patrice Birdsong
Special Assistant to the Commission

Approval of an Interim Contract for Arcola towers using CFP Grant Funds

interim Construction Contract

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN
JAY SHEPHERD
ZACHARY MARKS

August 5, 2015

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Arcola Towers is a Public Housing-assisted age-restricted development approved for participation in the Rental Assistance Demonstration ("RAD") program, which converts Public Housing rental assistance to Project-based Section 8 rental assistance. A requirement of conversion is the satisfaction of all building physical needs. This packet outlines the use of Harkins Builders, Inc. for implementing Capital Funds (CFP) for the property improvements prior to RAD conversion.

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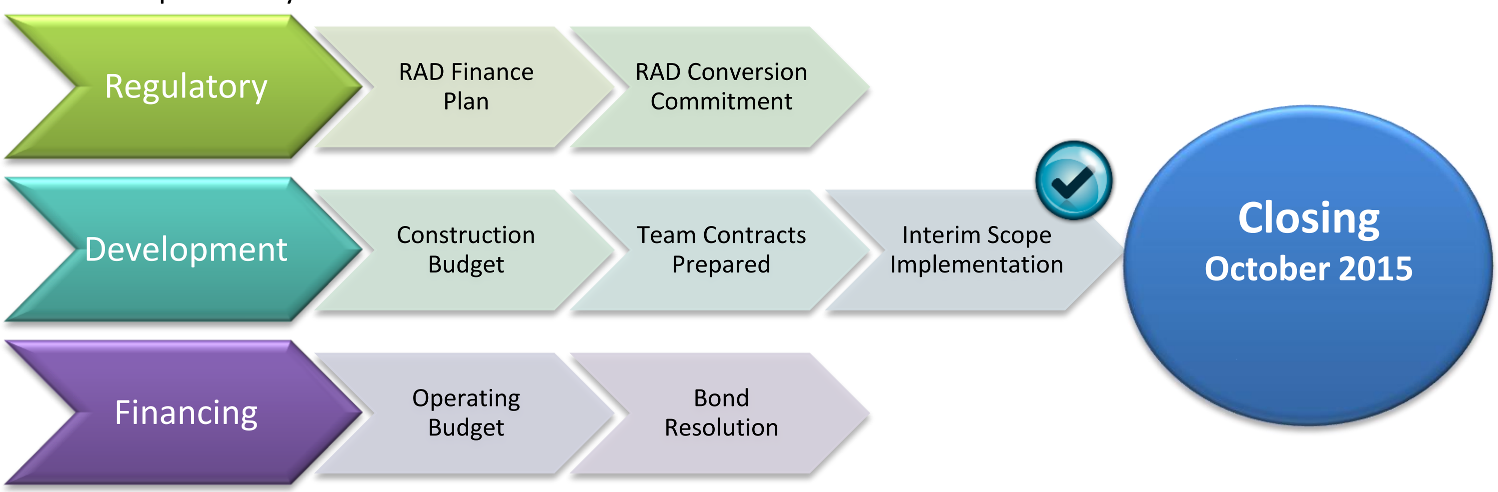
Executive Summary

On December 18, 2013, HUD awarded HOC a Commitment to enter into a Housing Assistance Payment contract ("CHAP") for Arcola Towers, initializing participation in the Rental Assistance Demonstration ("RAD") program which converts Public Housing subsidy to Project-based Section 8 rental assistance. The Arcola Towers RAD conversion is projected for the Fall of 2015 and will allow for the financing of renovations to the property using public or private debt and equity from the sale of 4% Low Income Housing Tax Credits ("LIHTC"). Until converted, however, the property remains eligible for improvements funded by the HUD Capital Fund Grant program ("CFP").

On August 6, 2014, the Commission approved the selection of Harkins Builders, Inc. as the general contractor for the rehabilitation of Arcola Towers and on January 7, 2015, the Commission approved the Final Development Plan which described the development, finance, and projected operations of the renovated asset.

Included in the Final Development Plan, a subset interim scope was developed ("Interim Scope") to spend unobligated CFP monies prior to conversion. Staff hereby seeks authorization to enter into an interim contract with the property's approved General Contractor, Harkins Builders, Inc. for up to $1,500,000 in general contracting services to implement the Interim Scope for Arcola Towers to be paid for by CFP monies.



Projected Interim Construction Budget

Division	Division Name	TOTAL	TOTAL (/unit)
1	Site Preparation	-	-
2	Site Construction	-	-
3	Concrete	-	-
4	Masonry	436,268	3,094
5	Metals	107,246	761
6	Wood & Plastics	-	-
7	Thermal & Moisture Protection	-	-
8	Door & Windows	-	3,472
9	Finishes	-	-
10	Specialties	-	-
11	Equipment	189,450	-
12	Furnishings	-	-
13	Special Construction	-	-
14	Conveying Systems	75,000	532
15	Mechanical	85,000	603
16	Electrical	300,000	-
	TOTAL HARD COSTS	**1,193,054**	**8,461**
10.00%	Contingency	119,305	846
6.48%	General Requirements	77,310	548
2.18%	Bonds and Insurance	26,009	184
5.00%	GC Fee	59,653	423
2.00%	Overhead	23,861	169
	TOTAL CONSTRUCTION COST	**1,499,192**	**10,633**

The scope of work includes items that have minimal impact to the residents by focusing on vacant units, exterior and mechanical upgrades.

Exterior Renewal

- The scope of work includes masonry restoration and repointing and installation of new metal balcony rails, which will give the building a clean look and an improved visual impact on the neighborhood.

Mechanical Upgrades

- The work will also include installation of a energy-efficient cogeneration system, also known as Combined Heat & Power (CHP) which simultaneously produces both electricity and usable heat from one fuel source.
- Additionally, elevator cab modernization and replacement of the building's cooling tower and associated piping and valves will also be completed.

Vacant Unit Upgrades

- The work will include renovations to the vacant units and equipment purchases for future occupied renovations.

Recommendation Rationale

Rationale for Using CFP Funds Now

- HOC is ready to begin work.
- Using CFP monies to start early does not introduce additional risk because these monies won't have to be paid back should we fail to convert.
- Except for the conversion of the property, we would be able to fully fund the renovations.
- This will ensure timely completion of construction once the transaction closes.
- Ample vacancies currently exist; HOC can immediately begin to deliver results to residents.

Public Purpose

In furtherance of CFP program fund objectives, this project is directly related to accomplishing the following HOC priorities:

- A responsive and accountable landlord
- Affordable housing in an inclusive community
- Healthy and sustainable neighborhoods
- Vital living for all of our residents

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the Executive Director to enter into an interim contract with Harkins Builders, Inc. for general contracting services for the rehabilitation of Arcola Towers using $1,500,000 from the Public Housing Capital Fund Program (CFP)?

BUDGET IMPACT

There is no adverse impact for the Agency's FY2016 operating budget.

TIME FRAME

Action at the Commission meeting scheduled for August 5, 2015

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize the Executive Director to enter into an interim contract with Harkins Builders, Inc. for general contracting services for the rehabilitation of Arcola Towers for $1,500,000 using funds appropriated under the Public Housing Capital Fund Program (CFP).

RESOLUTION: **RE:** **Authorization for the Executive Director to Enter into an Interim Contract of up to $1.5 Million with Harkins Builders, Inc. for the Rehabilitation of Arcola Towers**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") receives funding from the Public Housing Capital Fund Program ("CFP") for use by HOC at its Public Housing and deeply subsidized affordable housing properties; and

WHEREAS, Arcola Towers is a Public Housing-assisted, age-restricted development approved for participation in the Rental Assistance Demonstration ("RAD") program, which converts Public Housing rental assistance to Project-Based Section 8 rental assistance; and

WHEREAS, on August 6, 2014, the Commission approved the selection of Harkins Builders, Inc. as the general contractor for the rehabilitation of Arcola Towers and on January 7, 2015, the Commission approved the Arcola Towers Final Development Plan which described the development, finance, and projected operations of the renovated asset; and

WHEREAS, a subset interim scope of related repairs and other miscellaneous rehabilitation work was developed from the Final Development Plan ("Interim Scope") to spend unobligated CFP monies at Arcola Towers prior to the RAD conversion.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to award a contract to Harkins Builders, Inc. for the Interim Scope at Arcola Towers in an amount not to exceed $1,500,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on the part of the Commission, to take any and all other actions necessary and proper to carry out the transaction contemplated herein including, without limitation, the negotiation and execution of the construction contract and related documents.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF THE FINANCING PLAN, FEASIBILITY AND PUBLIC PURPOSE FOR ARCOLA TOWERS RAD LIMITED PARTNERSHIP AND WAVERLY HOUSE RAD LIMITED PARTNERSHIP

ARCOLA TOWERS (SILVER SPRING) / WAVERLY HOUSE (BETHESDA)

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
JENNIFER HINES ARRINGTON
UGONNA IBEBUCHI

August 5, 2015

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Housing Opportunities Commission
OF MONTGOMERY COUNTY

Arcola Towers, hereinafter "Arcola", is a 141-unit, age restricted, public housing community located in Silver Spring, Maryland on University Boulevard, between Arcola Avenue and Sligo Creek Parkway. Constructed in 1972, the property is 12 stories and is served by two elevators. The property contains 141 one-bedroom units that average 450 square feet.

Waverly House, hereinafter "Waverly", is a 158-unit, age-restricted, public housing community located in Bethesda, Maryland. Constructed in 1978, the property is 14-stories and is also served by one elevator. Waverly contains 156 one-bedroom units and two (2) two-bedroom units that average 560 and 750 square feet, respectively.

On January 14, 2015, the Commission approved a Revised Development Plan for both Arcola and Waverly that proposed a tenant-in-place renovation to include exterior site work, interior common area improvements, MEP and HVAC upgrades, as necessary, window replacement, and full unit upgrades. The Development Plan assumed the renovation would be financed using the proceeds from HOC-issued tax-exempt bonds and equity from the sale of 4% Low Income Housing Tax Credits ("LIHTC"). The LIHTC application for both Arcola and Waverly was submitted to CDA December 8, 2014. HOC's receipt of CDA's 42M letter allocating tax credits is imminent.

Several financing structures were analyzed for each transaction, and include both construction and permanent financing. Staff originally considered three debt-financing options for each property, utilizing a combination of short-term debt and long-term debt, supported by FHA mortgage insurance pursuant to its Risk Share Agreement with HOC. Those options have now narrowed to two.

Arcola Towers

Waverly House

EXECUTIVE SUMMARY

	Arcola Towers	Waverly House
Units/Affordability	141 – 100% Affordable 129 Units PBRA (Section 8) 11 Units ≤ 60% AMI	158 – 100% Affordable 150 Units PBRA 8 Units ≤ 60% AMI
4% LIHTC Equity (Estimated)	$7,890,570	$14,700,129
Construction Financing	$6,825,000 Tax-Exempt Draws on PNC Real Estate Line of Credit (RELOC)	$13,905,000 Short-Term Tax-Exempt Notes with Risk Share
Permanent Financing	$6,165,000 Private Activity Bonds, Risk Share Loan	$9,115,000 Private Activity Bonds, Risk Share Loan
Seller's Note	$12,045,426	$25,435,432
County Participation	Payment-in-Lieu of Taxes (PILOT) Agreement	PILOT Agreement

Staff has completed its underwriting and recommends that the Commission accept the recommendation of the Development and Finance Committee to approve a financing plan for both Arcola Towers and Waverly House that includes the combined use of LIHTC equity, the PNC RELOC, a long-term, tax-exempt mortgage loan (credit enhanced by FHA Risk Sharing), a seller note and, where applicable, a deferred developer fee. Staff proposes that HOC assume 25% of the risk of the permanent financing and FHA assume 75%.

Staff also recommends that the Commission accept the recommendation of the Development and Finance Committee to approve the Feasibility and Public Purpose for both Arcola Towers and Waverly House and allocate up to $14.5 million in volume cap for Arcola Towers and up to $25.4 million in volume cap for Waverly House.

Housing Opportunities Commission OF MONTGOMERY COUNTY

SCHEDULE

January – March 2015
- Approval of Revised Development Plan (Inducement Resolution)(Commission)
- CDA LIHTC Application Review

April – June 2015
- Commission Approval of LIHTC Investors
- LIHTC Investor Due Diligence
- CDA LIHTC Application Review
- RAD Pre-RCC – Financing Plan Documentation Review

July 2015
- Approval of Financing Plan, Feasibility & Public Purpose (Development and Finance Committee)
- Receive CDA LIHTC Reservations
- Submit RAD Financing Plan

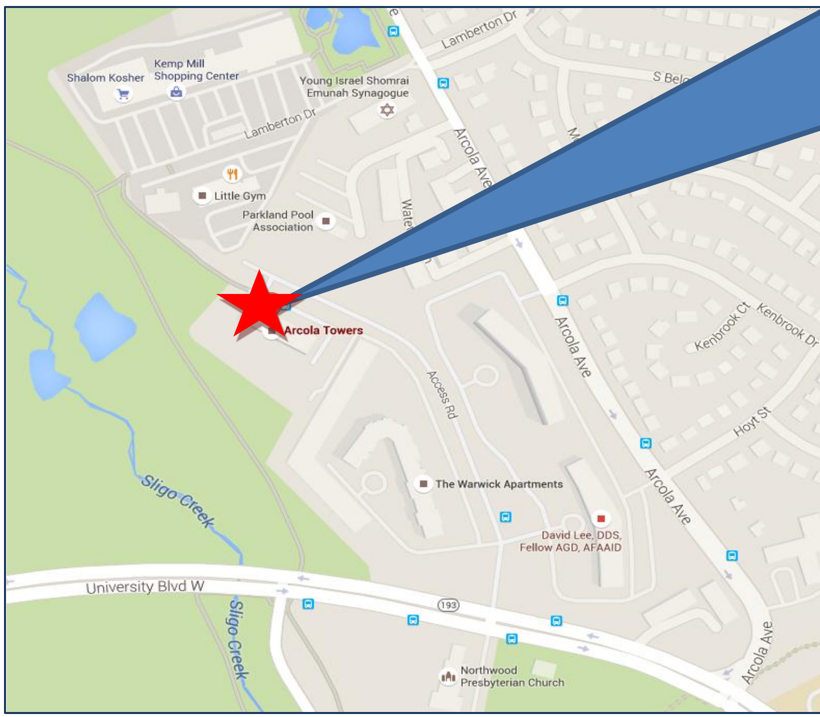
August 2015
- Approval of Finance Plan, Feasibility & Public Purpose (Commission)
- Approval of Bond Authorizing Resolution (Development and Finance Committee)
- Receive RAD Conversion Commitment (RCC)

September 2015
- Approval of Bond Authorizing Resolution (Commission)
- Prepare for Closing

October 2015
- END OF MONTH CLOSING

ARCOLA TOWERS: PROPERTY DESCRIPTION

Location	1135 University Blvd West, Silver Spring
Owner	Housing Opportunities Commission
Property Manager	Housing Opportunities Commission
Total Units	141
Unit Mix	141 - 1 BRs
Current Occupancy	91.5% (July 2015)



Public Purpose

Post-RAD conversion, Arcola will remain a 100% age-restricted community for those with incomes at or below 60% of the Area Median Income (AMI). Arcola will also benefit from a Project-Based Rental Assistance (PBRA)(Section 8) contract.

- 128 units (or 91%) PBRA
- 13 units (or 9%) at/or below 60% AMI

Vacancy

12 units. Leasing at the property has ceased in a effort to maintain 12 vacant units. This will allow the consolidation of vacant units on one floor.

Planned Renovation

Exterior site work
Interior common area upgrades
Tenant in-place full unit renovation
HVAC and mechanical equipment replacement
Sprinkler system replacement
Window replacement

Housing Opportunities Commission OF MONTGOMERY COUNTY

ARCOLA TOWERS: FINANCING PLAN

The Arcola Towers transaction contemplates the issuance of tax-exempt Private Activity Bonds to fund a permanent mortgage loan insured by the FHA Risk Sharing Program; LIHTC equity, which will mostly be contributed upon construction completion and used to retire short-term, tax-exempt draws on the PNC Real Estate Line of Credit (RELOC); a deferral of half of the earned Developer's Fee; and a Seller's Take-Back Loan.

Arcola requires approximately $13 million of tax-exempt financing to qualify for 4% tax credits. The permanent, 35-year, long-term, FHA Risk Share Mortgage loan is expected to be approximately $6.16 million. The transaction is expected to garner approximately $7.9 million in tax credit equity, which will be contributed in stages at 1) loan closing; 2) construction completion; 3) cost certification; 4) rental achievement; and, 5) issuance of the final 8609. During the rehabilitation period (18 months), approximately $6.8 million will be funded by way of short-term, tax-exempt draws on the PNC RELOC. At initial closing the majority of the bond proceeds plus a small draw on the RELOC will occur for acquisition and construction costs. This will qualify the bonds and the RELOC as a single-issuance for tax purposes. Private activity bond cap in the approximate amount of $13 million will be allocated at the outset for all the bonds and expected RELOC draws. Upon completion of the project, approximately $6.8 million on the RELOC will be repaid from equity payments from the tax credit investor, Arcola Towers RAD Limited Partnership. The amortization of the long-term, tax-exempt, Risk Share mortgage would commence thereafter.

Below are the Sources & Uses for the transaction:

Sources	Amount	Per Unit
Tax-Exempt Mortgage Loan	$6,166,222	$43,732
LIHTC Proceeds	$7,890,570	55,961
Deferred Developer's Fee	$1,250,000	8,865
Seller's Take-Back Loan	$12,152,627	$86,189
Total Sources	**$27,459,420**	**$194,748**

Uses	Amount	Per Unit
Acquisition Cost	$13,156,850	$83,271
Construction or Rehabilitation Cost	$9,567,066	67,852
Due Diligence Costs	$104,168	739
Design & Engineering Costs	$348,435	2,471
Financing &Legal Costs	$1,275,290	9,045
Transaction Costs	$507,612	3,600
Development Fees	$2,500,000	$17,730
Total	**$27,459,420**	**$194,748**

Housing Opportunities Commission
OF MONTGOMERY COUNTY

ARCOLA TOWERS: TRANSACTION HIGHLIGHTS

County Interest	The RAD conversion and rehabilitation of this property preserves affordable housing for seniors in the County, specifically in Silver Spring. The developers have received a recommendation for a Payment in Lieu of Taxes (PILOT) agreement from the county.
Public Purpose	Arcola Towers preserves 141 (100%) affordable units @ 60% of AMI. Of the 141 units, 128 are supported by Section 8 subsidies. All units will continue to be occupied by seniors.
Volume Cap Allocation	No more than $14.5 million – volume cap will be required for tax credits in the amount of the short term debt. Currently, $85,130,000 of volume cap is available for use. (see page 20)
Debt Financing	Up to $7.5 million – short-term, PNC RELOC draws Up to $7 million – long-term, tax-exempt, permanent mortgage
Credit Enhancement	Short-term, tax-exempt debt will be placed on the PNC RELOC which will be paid off with LIHTC Equity at the end of construction. No credit enhancement required. Long-term debt (the permanent mortgage loan) will be enhanced with the FHA Risk Share mortgage insurance.
LIHTC Equity	Approximately $7.89 million – The tax credit equity will be paid in stages from 1) loan closing; 2) construction completion; 3) cost certification; 4) rental achievement; and, 5) issuance of the final 8609. The LIHTC investor is Boston Capital and has offered $1.15 per credit.
Developer Fee	The developer's fee will be $2,500,000; however, $1,250,000 will be deferred.
Development Team	Developer – HOC General Contractor – Harkins Builders Architect – Miner Feinstein Architects, LLC Property Management – HOC (initially) LIHTC Investor/Syndicator – Boston Capital / SunTrust Trustee – U.S. Bank

Housing Opportunities Commission
OF MONTGOMERY COUNTY

ARCOLA TOWERS: DEBT FINANCING COMPARISON

	1 (Recommended)	2 (Alternative)
Short + Long-term Debt	**PNC RELOC + Long-term Bonds**	**Short-Term Notes + Long-term Bonds**
Total Need	**$12,990,000** $6,825,000 – Short-term $6,165,000 – Long-term	**$12,990,000** $6,825,000 – Short-term $6,165,000 – Long-term
Description	• Utilize both PNC RELOC and proceeds from the public sale of Private Activity Bonds for tax-exempt construction financing; bond proceeds are drawn first. • FHA Risk Sharing will provide credit enhancement for permanent debt. • A portion of the $7.8 million in LIHTC equity will pay off the RELOC draws at "placed in service" date.	• Issue short-term notes and use the proceeds from the public sale of Private Activity Bonds for tax-exempt construction financing • LIHTC equity of approximately $7 million will pay off the RELOC draws at "placed in service" date, a portion of construction financing
Benefits	• Low cost construction financing • Certainty of execution	• Certainty of execution
Risks	• Timing of RELOC payoffs • Interest rate fluctuation	• Interest rate fluctuation
Mitigants	• Two properties (Alexander House & Greenhills) will be removed from the RELOC by no later than October 2015 to reduce the balance by $24.5 million. • 50 bps cushion included in interest rate	• 50 bps cushion included in interest rate

Housing Opportunities Commission
OF MONTGOMERY COUNTY

ARCOLA TOWERS: DEBT FINANCING COMPARISON

	1 (Recommended)				2 (Alternative)		
Housing Opportunities Commission of Montgomery County | Arcola Financing Costs and Pricing Comparison							
As of July 20, 2015							
	PNC Line & LT Bonds (Public Offering)				**ST Notes & LT Bonds (Public Offering)**		
CONSTRUCTION FINANCING							
Financing Type			LOC & Bonds				ST Bonds
Amount			12,990,000				12,990,000
Weighted Rate			3.457%				3.300%
PERMANENT FINANCING							
Financing Type			Bonds				Bonds
Amount			**6,165,000**				**6,165,000**
Term			35				35
Amortization			35				35
Estimated All-In Rate			**5.603%**	(1)			**5.603%**
Targeted DSCR			1.15				1.15
STABILIZED OPERATIONS							
Stablized NOI			470,356				470,356
Monthly Payment			**408,830**				**408,830**
Stablized DSCR			1.15				1.15
ESTIMATED COSTS	**PNC Line & LT Bonds**				**ST Bonds & LT Bonds**		
	Short-Term	Long-Term	Total		Short-Term	Long-Term	Total
TOTAL NEED	6,825,000	6,165,000	12,990,000		6,825,000	6,165,000	12,990,000
Cost of Issuance	20,000	154,125	174,125		170,625	154,125	324,750
Upfront MIP	-	61,650	61,650		68,250	61,650	129,900
Financing Fee	136,500	123,300	259,800		136,500	123,300	259,800
Construction Interest	94,068	225,700	319,768		75,246	225,700	300,946
Negative Arbitrage	-	207,693	207,693		27,129	207,693	234,821
TOTAL COSTS OF FINANCING	250,568	772,467	**1,023,035**		477,750	772,467	**1,250,217**
PV of Pymt Difference from Notes/Bonds (35 yrs)			-				-
Total PV Pymts over Notes/Bonds (35 yrs)			**(227,182)**				-
PV of Pymt Difference from Notes/Bonds (15 yrs)			-				-
Total PV Pymts over Notes/Bonds (15 yrs)			**(227,182)**				-

Housing Opportunities Commission OF MONTGOMERY COUNTY

ARCOLA TOWERS: DEBT FINANCING RECOMMENDATION

Of the Arcola Towers financing comparisons, Option 1, using HOC’s PNC Bank RELOC for construction financing and tax-exempt Private Activity Bonds to fund a permanent mortgage loan, credit enhanced by FHA Risk Sharing mortgage insurance, provides the lowest cost for financing, and a Present Value savings over 35 years of $227,000. Should the Commission determine not to use Option 1, staff recommends Option 2.

In order to ensure certainty of execution, staff has reviewed the balances of HOC’s Property Acquisition & Development Funds and in particular the status of the PNC Bank RELOC. Staff has identified draws that could be retired via a short-term bank loan in order to free up credit on the line; those draws related to Alexander House and Greenhills Apartments. Staff will return to the Commission in September with a full recommendation.

Funding Source	Authorized Amount	Obligated Amount	Amount Available as of 3/31/2015	Commitment/ Restrictions	Available Balance
County Revolving Fund	17,007,000	(7,422,722)	9,584,278	-	9,584,278
PNC Bank Line of Credit	60,000,000	(27,235,833)	32,764,167	(286,096)	32,478,071
***PNC Bank Real Estate Line of Credit**	90,000,000	(33,586,483)	56,413,517	(14,537,704)	41,875,813
OHRF	16,033,442	(5,170,788)	10,862,654	-	10,862,654
Real Estate Working Capital	1,400,000	-	1,400,000	(62,500)	1,337,500
Totals	**184,440,442**	**(73,415,826)**	**111,024,616**	**(14,886,300)**	**96,138,316**

***PNC Bank Real Estate Line of Credit (RELOC) Draw History**

PNC Bank RELOC	Original Amount	Date	Property	Draw/ (Payment)	Available Balance
	90,000,000	10/22/2014	TPM Development	7,252,687	82,747,313
		10/22/2014	Alexander House	20,271,302	62,476,012
		10/28/2014	Ambassador	1,862,495	60,613,517
		10/31/2014	Greenhills Apts	4,200,000	56,413,517
		4/17/2015	Avondale	7,037,704	49,375,813
		FUTURE	Timberlawn Renovation	7,500,000	**41,875,813**
Recommendation to draw on PNC RELOC for Arcola Towers and Waverly House as of July 9, 2015					
		11/2015-10/2017	Arcola Towers	6,825,000	35,050,813
		11/2015-10/2017	Waverly House	13,905,000	**21,145,813**
Recommendation to retire draws on PNC RELOC as of July 9, 2015					
		9/30/2015	Alexander House	(20,271,302)	41,417,115
		9/30/2015	Greenhills	(4,200,000)	**45,617,115**
Note: Banks to consider - BB&T, Sandy Spring, SunTrust, Citibank, Eagle					

<----Anticipated Balance as of 10/31/15

Housing Opportunities Commission OF MONTGOMERY COUNTY

ARCOLA TOWERS: SUMMARY OF STABILIZED OPERATIONS

Unit Mix, Rents and Public Purpose

Unit Type	Size (sf)	# of Units	Proposed Rents	Affordability	% of Units
1BR	450	128	$832	PBRA	91%
1BR	450	13	$1,041	60% of AMI	9%
Total		141			100%

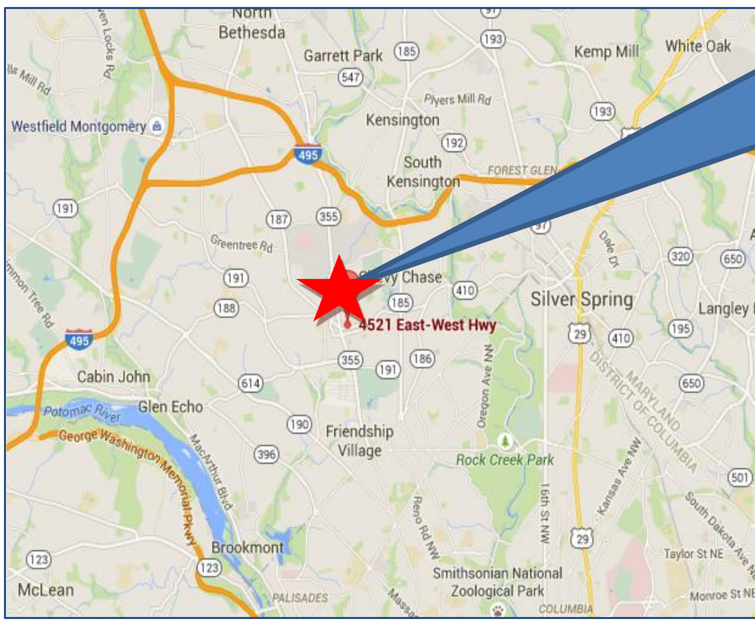
Stabilized Proforma

	YEAR 2	PER UNIT
EFFECTIVE GROSS INCOME (EGI)	$1,422,140	$10,086
EXPENSES	$951,783	$6,750
NET OPERATING INCOME (NOI)	$470,356	$3,336
DEBT SERVICE	$408,776	$2,2899
CASH FLOW BEFORE DISTRIBUTIONS	$61,580	$437
DEBT COVERAGE RATIO	1.15	

- Staff plans to maintain a vacancy of at least 12 units. This will allow the development team to consolidate vacant units to one floor, close the floor to residents, and renovate vacant units. Occupancy is underwritten at stabilization to 94%, and rent & expense growth rates are 2% and 3%, respectively.
- Management Fees are 4% of Effective Gross Income (EGI).
- The property will benefit from a Payment In Lieu of Taxes (PILOT) agreement with the County's Department of Housing & Community Affairs.
- The Net Operating Income (NOI) of $470,356 supports a new 35-year permanent mortgage of $6.16 million with an underwritten fixed interest rate of 5.1% plus 50 basis points for MIP.

WAVERLY HOUSE: PROPERTY DESCRIPTION

Location	4521 East-West Highway, Bethesda
Owner	Housing Opportunities Commission
Property Manager	Housing Opportunities Commission
Total Units	158
Current Unit Mix	156 - 1 BRs 2 - 2 BRs
Current Occupancy	96% (June 2015)



Public Purpose

Post-RAD conversion, Waverly will remain a 100% age-restricted community for those with incomes at or below 60% of the Area Median Income (AMI). The property will also benefit from a Project-Based Rental Assistance (PBRA)(Section 8) contract.

- 150 units (or 95%) PBRA
- 8 units (or 5%) at/or below 60% AMI

Vacancy

10 units. Leasing at the property has ceased in a effort to create 12 vacant units. This will allow the consolidation of vacant units on one floor.

Planned Renovation

Exterior site improvements
Interior common area upgrades
Tenant in-place full unit renovation
HVAC and MEP equipment replacement
Window replacement

WAVERLY HOUSE: FINANCING PLAN

The Waverly House transaction contemplates the issuance of tax-exempt Private Activity Bonds to fund a permanent mortgage loan insured by the FHA Risk Sharing Program; LIHTC equity, which will mostly be contributed upon construction completion and used to retire short-term, tax-exempt draws on the PNC Real Estate Line of Credit (RELOC); a deferral of half of the earned Developer's Fee; and a Seller's Take-Back Loan.

Waverly House requires approximately $23 million of tax-exempt financing to qualify for 4% tax credits. The permanent, 35-year, long-term, FHA Risk Share Mortgage loan is expected to be approximately $9.11 million. The transaction is expected to garner approximately $14.70 million in tax credit equity, which will be contributed in stages at 1) admission of limited partner to the Partnership; 2) construction completion; and, 3) rental achievement. During the rehabilitation period (18 months), approximately $13.91 million will be funded by way of short-term, tax-exempt draws on the PNC RELOC. At initial closing the majority of the bond proceeds, plus a small draw on the RELOC will occur for acquisition and construction costs. This will qualify the bonds and the RELOC as a single-issuance for tax purposes. Private activity bond cap in the approximate amount of $23 million will be allocated at the outset for all the bonds and expected RELOC draws. Upon completion of the project, approximately $13.91 million on the RELOC will be repaid from equity payments from the tax credit investor, Arcola Towers RAD Limited Partnership. The amortization of the long-term, tax-exempt, Risk Share mortgage would commence thereafter.

Below are the Sources & Uses for the transaction:

Sources	Amount	Per Unit
Tax-Exempt Mortgage Loan	$9,114,433	$57,686
LIHTC Proceeds	$14,700,129	$93,039
Seller's Take-Back Loan	$25,533,464	$161,604
Total	**$49,348,027**	**$312,329**

Uses	Amount	Per Unit
Acquisition Cost	$32,247,925	$204,101
Construction or Rehabilitation Cost	$10,515,487	$66,554
Due Diligence Costs	$117,968	$747
Design & Engineering Costs	$321,000	$2,032
Financing &Legal Costs	$2,313,637	$14,643
Transaction Costs	$1,332,009	$8,430
Development Fees	$2,500,000	$15,823
Total	**$49,348,027**	**$312,329**

Housing Opportunities Commission OF MONTGOMERY COUNTY

WAVERLY HOUSE: TRANSACTION HIGHLIGHTS

County Interest	The RAD conversion and rehabilitation of this property preserves affordable housing for seniors in the County, specifically in Bethesda. The developer has received a recommendation for a Payment in Lieu of Taxes (PILOT) agreement from the county.
Public Purpose	Waverly House preserves 158 (100%) affordable units @ 60% of AMI. All of the 158 units are currently supported by Section 8 subsidies. All units will continue to be occupied by seniors.
Volume Cap Allocation	No more than $25.4 million – volume cap will be required for tax credits in the amount of the short-term debt. Currently, $85,130,000 of volume cap is available for use. (see page 20)
Debt Financing	Up to $15 million – short-term, PNC RELOC draws Up to $10.4 million – long-term, tax-exempt permanent mortgage
Credit Enhancement	Short-term debt will be in the form of tax-exempt draws on the PNC RELOC. The short-term debt will be paid off with LIHTC equity at rental achievement. Long-term debt in the form of a 35-year, permanent mortgage loan will be enhanced by FHA Risk Share mortgage insurance.
LIHTC Equity	Approximately $14.70 million – The tax credit equity will be paid in stages from admission of the limited partners, to construction completion, to rental achievement. The LIHTC investor is R4 Capital and has offered $1.175 per credit.
Developer Fee	The developer’s fee will be $2,500,000.
Development Team	Developer – HOC General Contractor – Whiting Turner Contracting Company Architect – Architect by Design Property Management – HOC (initially) LIHTC Investor/Syndicator – R4 Capital / SunTrust Trustee – U.S. Bank

Housing Opportunities Commission
OF MONTGOMERY COUNTY

WAVERLY HOUSE: DEBT FINANCING COMPARISON

	1 (Alternative)	**2 (Recommended)**
Transaction Structure (Short + Long-Term)	**Short-term Notes + Long-term Bonds**	**PNC RELOC + Long-term Bonds**
Total Need	**$23,020,000** $13,905,000 – Short-Term $9,115,000 – Long-Term	**$23,020,000** $13,905,000 – Short-Term $9,115,000 – Long-Term
Description	• Issue short-term notes and use the proceeds from the public sale of Private Activity Bonds for tax-exempt construction financing • FHA Risk Share mortgage insurance for both short and long-term portions • A portion of the $14 million in LIHTC equity million will pay off the RELOC draws at “placed in service” date.	• Utilize both PNC RELOC and proceeds from the public sale of Private Activity Bonds for tax-exempt construction financing; bond proceeds are drawn first. • FHA Risk Sharing will provide credit enhancement for permanent debt. • A portion of the $14 million in LIHTC equity will pay off the RELOC draws at “placed in service” date.
Benefits	• Certainty of execution	• Draws less on RELOC than FFB transaction; capacity available • Low cost construction financing • Certainty of execution • Present Value payment savings of $535,000 over 35 years
Risks	• Interest rate fluctuation	• Interest rate fluctuation
Mitigants	• 50 bps cushion included in interest rate	• 50 bps cushion included in interest rate

Housing Opportunities Commission
OF MONTGOMERY COUNTY

WAVERLY HOUSE: DEBT FINANCING COMPARISON

1 (Alternative) **2 (Recommended)**

Housing Opportunities Commission of Montgomery County | Waverly Pricing and Financing Costs Comparison
As of July 20, 2015

	ST Notes & LT Bonds (Public Offering)		PNC RELOC & LT Bonds (Public Offering)	
CONSTRUCTION FINANCING				
Financing Type	Bonds		RELOC & Bonds	
Amount	23,020,000		23,020,000	
Weighted Rate	2.449%		3.125%	
PERMANENT FINANCING				
Financing Type	Bonds		Bonds	
Amount	**9,115,000**		**9,115,000**	
Term	35		35	
Amortization	35		35	
Estimated All-In Rate	**5.603%**	(1)	**5.603%**	(1)
Minimum DSCR	1.15		1.15	
STABILIZED OPERATIONS				
Stabilized NOI	695,244		695,244	
Annual Debt Service	604,301		604,301	
Stabilized DSCR	1.15		1.15	

ESTIMATED COSTS	ST Bonds & LT Bonds			PNC RELOC & LT Bonds		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
TOTAL NEED	13,905,000	9,115,000	23,020,000	13,905,000	9,115,000	23,020,000
Cost of Issuance	347,625	227,875	**575,500**	20,000	227,875	**247,875**
Upfront MIP	139,050	91,150	**230,200**	-	91,150	**91,150**
Financing Fee	278,100	182,300	**460,400**	278,100	182,300	**460,400**
Construction Interest	112,162	497,364	**609,525**	140,217	497,364	**637,581**
Negative Arbitrage	96,413	140,984	**237,397**	-	140,984	**140,984**
TOTAL COSTS OF FINANCING	973,350	1,139,672	**2,113,022**	438,317	1,139,672	**1,577,989**
PV of Pymt Difference from Notes/Bonds (35 yrs)			-			-
Total PV Pymts over Notes/Bonds (35 yrs)			**-**			**(535,032.85)**
PV of Pymt Difference from Notes/Bonds (15 yrs)			-			-
Total PV Pymts over Notes/Bonds (15 yrs)			**-**			**(535,032.85)**

Housing Opportunities Commission OF MONTGOMERY COUNTY

WAVERLY HOUSE: DEBT FINANCING RECOMMENDATION

Of the Waverly House financing comparisons, Option 2, using HOC's PNC Bank RELOC for construction financing and tax-exempt Private Activity bonds to fund a permanent mortgage loan, credit enhanced by FHA Risk Sharing mortgage insurance, provides the lowest cost for financing, and a Present Value savings over 35 years of $535,000. Should the Commission determine not to use Option 2, staff recommends Option 1.

In order to ensure certainty of execution, staff has reviewed the balances of HOC's Property Acquisition & Development Funds and in particular the status of the PNC Bank RELOC. Staff has identified draws that could be retired via a short-term bank loan in order to free up credit on the line; those draws related to Alexander House and Greenhills Apartments. Staff will return to the Commission in September with a full recommendation.

WAVERLY HOUSE: SUMMARY OF STABILIZED OPERATIONS

Unit Mix, Rents and Public Purpose

Unit Type	Size (sf)	# of Units	Proposed Rents	Affordability	% of Units
1BR	560	148	$820	PBRA	94%
2BR	750	2	$923	PBRA	1%
2BR	750	8	$1372	60% of AMI	5%
Total		158			100%

Stabilized Proforma

STABILIZED PROFORMA	YEAR 2	PER UNIT
EFFECTIVE GROSS INCOME (EGI)	$1,626,999	$10,297
EXPENSES	$931,754	$5,897
NET OPERATING INCOME (NOI)	$695,244	$4,400
DEBT SERVICE	$604,301	$3,825
CASH FLOW BEFORE DISTRIBUTIONS	$91,023	$576
DEBT COVERAGE RATIO	1.15	

- Staff is currently working to create adequate vacancy of at least 12 units. This will allow the development team to consolidate vacant units to one floor, close the floor to residents, and renovate vacant units. Occupancy is underwritten at stabilization to 94%, and income and operational expense growth rates at 2% and 3%, respectively.
- Total Operating Expenses at Stabilization include the funding of annual replacement reserves of $450 per unit per year, escalating at 3% annually.
- Management Fees are 4% of EGI.
- The property will benefit from a PILOT agreement with the County’s Department of Housing & Community Affairs.
- The property’s NOI is anticipated to support a new 35-year permanent mortgage of $9,114,433 with a fixed interest rate of 5.1% plus 50 basis points for MIP.

Housing Opportunities Commission OF MONTGOMERY COUNTY

VOLUME CAP NEED/USES ($'000)

Year	2014	2015	Projected 2016	Projected 2017
Balance Carried Forward	$89,812	$108,741	$20,130	$56,991
Special Allocation[1]				
Annual Bond Cap Allocation	$35,429	$36,138	$36,861	$37,598
	7%	2%	2%	2%
TOTAL BOND CAP AVAILABLE	**$125,241**	**$144,880**	**$56,991**	**$94,589**
TOTAL BOND CAP NEED	**($16,500)**	**($124,650)**	**$0**	**($35,000)**
REMAINING BOND CAP AVAILABLE	**$108,741**	**$20,230**	**$56,991**	**$59,589**
HOC PROGRAM NEEDS				
Single Family[2]	$0	$0	$0	$0
Arcola Tower[3]		($14,500)		
Waverly House[3]		($25,400)		
Ambassador Apartment[4]				($35,000)
Alexander House		($15,000)		
Greenhills		($10,000)		
TOTAL HOC PROGRAM NEEDS	**$0**	**($64,900)**	**$0**	**($35,000)**
PRIVATE DEVELOPER NEEDS				
Gaithersburg - Olde Towne[7]		($25,525)		
Germantown - Churchill II[8]	($16,500)			
Bethesda – Lakeview House		($34,225)		
TOTAL PRIVATE DEVELOPER NEEDS	**($16,500)**	**($59,750)**	**$0**	**$0**

- At the end of 2014, HOC had $108,741,000 of volume cap available.
- HOC was allocated $36.1 million of bond cap in 2015, from the State of Maryland.
- Currently, there is $85,130,000 of volume cap available, not including the future HOC program need of approximately $65 million in 2015.
- HOC expects to have $56,991,000 of volume cap available for projects in 2016.

Housing Opportunities Commission OF MONTGOMERY COUNTY

Public Purpose and Bond Cap Matrix

The matrix shows the basic property information for Arcola and Waverly, as well as the list of 14 other properties that were evaluated for HOC financing:

# of Projects	Name of Property (Year)	# of Projects	Name of Property (Year)
1	Waverly House (2015)	9	Covenant Village (2006)
2	Arcola Towers (2015)	10	Oakfield Apartments (2005)
3	Lakeview House(2015)	11	Stratford Place Apartments (Not Financed)
4	Olde Towne Apartments (2015)	12	Clopper’s Mill Manor (2004)
5	Churchill Senior Living Phase II (2014)	13	Charter House (No bond cap allocated)
6	Galaxy Apartments (2010)	14	Blair Park Apartments (2004)
7	Victory Forest (2008)	15	Randolph Manor Apartments (2002)
8	Forest Oak Towers (2007)	16	Olney Manor Apartments (2004)

ARCOLA TOWERS: SUMMARY OF QUALITATIVE VARIABLES

Qualitative Variables were introduced with Quantitative Variables to provide support for the allocation of volume cap, should the pure numbers suggest otherwise. The project scored 31 of a maximum 36 points on 15 qualitative factors.

Factors	Score	Comments
Public Purpose	+	141 units at 60% of AMI or lower; Project Based HAP Contract
Fees	+	$259,744 financing fee at closing and $271,252 of ongoing loan management fees (15 years)
Structure – Term of Affordability	+	LIHTC transaction with extended use provision for 30 years of affordability. RAD conversion and new HAP contract approved, pending the completion of necessary milestones.
Credit Enhancement – Risk to HOC	+	The long-term bonds will be supported by FHA mortgage insurance pursuant to the Risk Share Agreement with HOC
Readiness to Proceed	-	Development plan approved; financing approvals pending. Closing planned 10/2015
Need to Use Bond Cap	+	Volume cap supports the development of the project and generates fees for HOC.
Geography	+	Located in Silver Spring, near public transit, shopping, & medical facilities
Developer Experience	+	Experienced development team.
Project Design	+	Twelve story high-rise with elevators, appropriate for seniors.
Apartment Type	+	Elevator served, high-rise building.
Bedroom Mix	+	One bedroom units, appropriate for age-restricted senior community.
Cost per Unit	+	$194,748 per unit ($67,852 is rehabilitation cost .)
Delivery Date	+	Tenant in place renovations to begin in October 2015 and finish in January 2016.
HOC Ownership	+	HOC will retain managing ownership; majority ownership by limited partner investors.
Community Needs	+	High. Of the 557 age-restricted, unsubsidized units surveyed in the Arcola market area, there was a very low aggregate vacancy of 1.4%. Of two subsidized senior properties found, there was 1 vacancy and both properties had waiting lists. No new age-restricted communities are currently planned in the Arcola market area.

ARCOLA TOWERS: SUMMARY OF QUANTITATIVE VARIABLES

The indices were first introduced in discussion of the Silver Spring Phase V development in 2002 with the expectation that the analysis would gain relevance over time as more projects are compared. By itself, an index has little meaning unless it can be measured against the results for other transactions.

Factors	Comments
Tax Exempt Savings Index	For every dollar of savings to the developer, we achieve $7.36 of public purpose.
Cap Usage Index	For every dollar of bond cap allocated, we achieve $2.63 in public purpose.
Public Purpose Index	The percentage of the total market potential that is devoted to public purpose is 44% for this transaction.
Unit Cap Cost Index	For every dollar of cost per unit, $0.42 is provided in volume cap.

Taken together, staff believes that the qualitative and the quantitative variables present adequate reason to allocate $12.99 million of bond cap to this transaction. This is due mostly to the deep public purpose relative to the market, upfront fees earned by HOC, the greater than 15-year term on affordability, and a sound project in terms of design, location and delivery schedule.

Housing Opportunities Commission OF MONTGOMERY COUNTY

WAVERLY HOUSE: SUMMARY OF QUALITATIVE VARIABLES

Qualitative Variables were introduced with Quantitative Variables to provide support for the allocation of volume cap, should the pure numbers suggest otherwise. The project scored 31 of a maximum 36 points on 15 qualitative factors.

Factors	Score	Comments
Public Purpose	+	158 units at 60% of AMI or lower; Project Based HAP Contract
Fees	+	$460,058 financing fee at closing and $364,577 of ongoing loan management fees (15 years)
Structure – Term of Affordability	+	LIHTC transaction with extended use provision for 30 years of affordability. RAD conversion and new HAP contract approved, pending the completion of necessary milestones.
Credit Enhancement – Risk to HOC	+	The long-term bonds will be supported by FHA mortgage insurance pursuant to the Risk Share Agreement with HOC
Readiness to Proceed	-	Development plan approved; financing approvals pending. Closing planned 10/2015
Need to Use Bond Cap	+	Volume cap supports the development of the project and generates fees for HOC.
Geography	+	Located in downtown Bethesda, near public transit, shopping, and medical services.
Developer Experience	+	Experienced development team.
Project Design	+	Fourteen story high-rise with elevator, appropriate for seniors.
Apartment Type	+	Elevator served, high-rise building.
Bedroom Mix	+	Primarily one bedroom units, appropriate for age-restricted senior community.
Cost per Unit	-	$312,329 per unit ($66,554 is rehabilitation cost.)
Delivery Date	+	Tenant in place renovations to begin in October 2015 and finish in January 2016.
HOC Ownership	+	HOC will retain managing ownership; majority ownership by limited partner investors.
Community Needs	+	High. The development is 100% leased with 801 persons on the property's waiting list. There are no other senior multifamily housing developments in the downtown Bethesda area (subsidized or not) besides Waverly House and none planned.

SUMMARY OF QUANTITATIVE VARIABLES: WAVERLY HOUSE

The indices were first introduced in discussion of the Silver Spring Phase V development in 2002 with the expectation that the analysis would gain relevance over time as more projects are compared. By itself, an index has little meaning unless it can be measured against the results for other transactions.

Factors	Comments
Tax Exempt Savings Index	For every dollar of savings to the developer, we achieve $10.48 of public purpose.
Cap Usage Index	For every dollar of bond cap allocated, we achieve $2.03 in public purpose.
Public Purpose Index	The percentage of the total market potential that is devoted to public purpose is 49% for this transaction.
Unit Cap Cost Index	For every dollar of cost per unit, $0.47 is provided in volume cap.

Taken together, staff believes that the qualitative and the quantitative variables present adequate reason to allocate $23.01 million of bond cap to this transaction. This is due mostly to the deep public purpose relative to the market, upfront fees earned by HOC, the greater than 15-year term on affordability, and a sound project in terms of design, location and delivery schedule.

ISSUES FOR CONSIDERATION

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the Final Financing Plans, Feasibility, and Public Purpose for Arcola Towers RAD Limited Partnership and Waverly House RAD Limited Partnership?

- Having completed the underwriting, reviewed the approved Development Plan, evaluated various financial executions, and confirmed operating projections, this project is believed to be feasible.
- By providing financing to redevelop a combined 299 affordable units at or below 60% of the AMI, in addition to the new HAP contract awarded for both properties by HUD, the allocation of the Commission's volume cap totaling approximately $40 million to these transactions is appropriate and supported by the discussion in the Bond Cap Matrix Summary.
- The investments preserve affordable housing for seniors in submarkets that have a significant need for more affordable senior housing, as evidenced by waitlists at existing affordable, senior communities in these submarkets with no new developments planned. The renovations will correct years of capital backlog from under investment in Public Housing.
- The investments further generate fees to the Commission that will assist in its furthering of its public purpose.
- The Commission will assume 25% of the risk on the long-term, permanent mortgage issued on both properties through FHA Risk Share mortgage insurance.

FISCAL/ BUDGET IMPACT

The projected commitment fees and loan management fees are in line with FY 2016 budget projections; therefore, there will be no impact to the Agency budget. Though the draw on the RELOC reduces its capacity, interest costs are budgeted as a development expense, resulting in no impact to the Agency's operating budget. The net proceeds from the sale of the properties to the limited partnerships of approximately $8 million will be restricted to complete the RAD portfolio conversion.

TIME FRAME

For action at the August 5, 2015 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee, which met on July 24, 2015, and approve the following:

1. Financing Plans for Arcola Towers RAD Limited Partnership and Waverly House RAD Limited Partnership, which includes the combined use of LIHTC equity, short-term tax-exempt notes or the PNC RELOC, a permanent mortgage loan (credit enhanced by FHA Risk Sharing), a seller note and, where applicable, a deferred developer fee. Debt financing will be structured as follows:
    - For Arcola Towers, no more than $7.5 million in short-term, tax-exempt draws on the PNC RELOC and no more than $7 million in long-term, tax-exempt bonds with FHA Risk Share; and,
    - For Waverly House, no more than $15 million in short-term, tax-exempt draws on the PNC RELOC and no more than $10.4 million in long-term, tax-exempt bonds with FHA Risk Share.
    - Should the Commission opt to not use the PNC RELOC, then the Commission shall approve the issuance of short term notes as contemplated in the debt-financing options provided on page 9 for Arcola Towers and page 16 for Waverly House.
2. Provide credit enhancement via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing agreement between HOC and HUD, and share 25/75 in the risk for the transactions.
    - Arcola Towers RAD Limited Partnership, not to exceed $7 million for the permanent mortgage; and,
    - Waverly House RAD Limited Partnership, not to exceed $10.4 million for the permanent mortgage.
3. Make tax-exempt draws on the PNC RELOC not to exceed: $7.5 million for Arcola Towers RAD Limited Partnership and $15 million for Waverly House RAD Limited Partnership.
4. Allocate volume cap for both Arcola Towers (up to $14.5 million) and Waverly House (up to $25.4 million).
5. Feasibility and Public Purpose for both Arcola Towers and Waverly House, given that 100% of the units are affordable at or below 60% of AMI and a Project Based Rental Assistance Contract has been approved by HUD.

RESOLUTION: **RE: Approval of the Financing Plan, Feasibility & Public Purpose for Arcola Towers and Authorization for Commission to Make Loans and for Arcola Towers RAD Limited Partnership to Accept Loans in Accordance with the Financing Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of multifamily rental housing properties for persons of eligible income which provide a public purpose; and

WHEREAS, on July 30, 2013, the Commission approved participation in the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) Program, and authorized evaluation of a portfolio disposition of its remaining Public Housing assets; and

WHEREAS, participation in the RAD program will convert Public Housing assistance to long-term Project Based Rental Assistance (PBRA); and

WHEREAS, Arcola Towers (the "Property"), constructed in 1972, is a 141-unit, age restricted, Public Housing community, located in Silver Spring, Maryland, that is participating in RAD; and

WHEREAS, on December 18, 2013, HUD awarded a Commitment to Enter a Housing Assistance Payment ("CHAP") contract for the Property; and

WHEREAS, the Property will continue to provide 141 (100%) age-restricted, affordable units with 91% of the units covered under a PBRA contract upon RAD conversion, and the remaining units to be occupied by households with incomes that are at or below 60% of the Washington, DC-MD-VA Area Median Income (AMI); and

WHEREAS, on January 14, 2015, the Commission approved a Revised Development Plan ("Development Plan") that proposed a transfer of the Property to Arcola Towers RAD Limited Partnership ("Partnership") and tenant-in-place renovation financed though Commission-issued tax-exempt bonds, equity from the sale of 4% Low Income Housing Tax Credits (LIHTC), a seller take-back loan, and a deferred Developer Fee; and

WHEREAS, the Commission controls Arcola Towers RAD GP LLC, an affiliate entity that serves as the general partner of the Partnership; and

WHEREAS, staff explored a variety of options for construction and permanent financing for the Property, including a combination of short-term debt (i.e. Short-term Notes and draws from the Commission's PNC Bank, N.A. Real Estate Line of Credit ("PNC RELOC")), and long-term debt (i.e. loans funded from the proceeds of the Commission's Private Activity Bonds and/or the U.S. Treasury's Federal Financing Bank (FFB)), credit-enhanced by HUD's mortgage insurance pursuant to a Risk Sharing Agreement between the Commission and HUD; and

WHEREAS, after review of the options for debt financing and receiving indications by FFB that it currently has no financing mechanism for substantial rehabilitation, the transaction, as proposed, will be financed using a number of sources including LIHTC equity; the PNC RELOC for construction financing; the issuance of tax-exempt, Private Activity Bonds to fund a permanent mortgage loan insured through the Federal Housing Administration (FHA) Risk Sharing Program; acquisition financing in the form of a seller take-back loan; and a deferred Developer Fee (collectively, the "Financing Plan"); and

WHEREAS, in the event the PNC RELOC is unavailable and/or the Partnership's LIHTC investor does not approve of it as a funding source for the short-term construction loan, the Commission is prepared to issue tax-exempt short-term bonds to fund a construction loan insured through the FHA Risk Sharing Program in the same amount; and

WHEREAS, the Property will require an allocation of a portion of the Commission's tax-exempt volume cap in an amount not to exceed $14.5 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible and, by providing 141 units at or below 60% of the AMI, the public purpose to be provided by the Property is deemed appropriate; and

WHEREAS, the Development and Finance Committee at its July 24, 2015 meeting considered and recommended approval of the Financing Plan, Feasibility and Public Purpose for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Arcola Towers RAD GP, LLC, acting in its capacity as the general partner of Arcola Towers RAD Limited Partnership, that the Financing Plan, Feasibility and Public Purpose, as recommended by the Development and Finance Committee, are hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the allocation of tax-exempt volume cap in an amount not to exceed $14.5 million for the transaction and authorizes the Commission to make tax-exempt loans to the Partnership as follows:

1. For short-term construction financing (no more than 24 months), up to $7.5 million will be loaned to the Partnership by way of tax-exempt draws made on the Commission's PNC RELOC (or, alternatively, through the issuance of tax-exempt short-term bonds) (the "Short-Term Loan"); and
2. For long-term permanent financing, a mortgage loan of up to $7 million, funded by the proceeds from the issuance of tax-exempt, Private Activity Bonds, with credit enhancement by FHA Risk Sharing (the "Permanent Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves assuming 25 percent of the risk for the Permanent Loan in accordance with the Risk Sharing agreement between the Commission and HUD.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes acquisition financing to Partnership in an amount not to exceed $13.2 million for the acquisition of the Property (the "Acquisition Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Arcola Towers RAD GP, LLC, acting in its capacity as the general partner of Arcola Towers RAD Limited Partnership, approves Arcola Towers RAD Limited Partnership's acceptance of the Short-Term Loan, Permanent Loan and Acquisition Loan.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Arcola Towers RAD GP, LLC, acting in its capacity as the general partner of Arcola Towers RAD Limited Partnership, authorizes and directs the Executive Director, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the consummation of the Arcola Towers Financing Plan and the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION NO. **RE: Approval of Tax-Exempt Draws not to exceed $7,500,000 by HOC on the PNC Bank Real Estate Revolving Line of Credit ($90 million) to Pay for Rehabilitation Costs for Arcola Towers**

WHEREAS, Arcola Towers ("Property") is a 141-unit apartment building located in Silver Spring, Maryland that is owned by the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, HOC has approved a final Development Plan and Financing Plan for the Property, which propose the substantial rehabilitation of the property, preserving it as an essential affordable housing development in the southern section of Montgomery County; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit ("RELOC") with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (1-month, 2-month, or 3-month) plus 58 basis or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, HOC desires to fund a portion of the construction costs with the RELOC as part of the approved Financing Plan for the rehabilitation of the Property and desires to make a series of draws beginning on or about October 2015.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a series of tax-exempt draws on the PNC Bank, National Association Real Estate Revolving Line of Credit for an aggregate amount not to exceed $ 7,500,000 is approved for a maximum term of 24 months.

BE IT FURTHER RESOLVED that the Executive Director is authorized to take any and all actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto, without further Commission action.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on August 5, 2015.

Patrice M. Birdsong
Special Assistant to the Commission

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RESOLUTION: **RE:** **Approval of the Financing Plan, Feasibility & Public Purpose for Waverly House and Authorization for Commission to Make Loans and for Waverly House RAD Limited Partnership to Accept Loans in Accordance with the Financing Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of multifamily rental housing properties for persons of eligible income; and

WHEREAS, on July 30, 2013, the Commission approved participation in the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) Program, and authorized evaluation of a portfolio disposition of its remaining Public Housing assets; and

WHEREAS, participation in the RAD program will convert Public Housing assistance to long-term Project Based Rental Assistance (PBRA); and

WHEREAS, Waverly House (the "Property"), constructed in 1978, is a 158-unit, age restricted, Public Housing community, located in Bethesda, Maryland, that is participating in RAD; and

WHEREAS, on December 18, 2013, HUD awarded a Commitment to Enter a Housing Assistance Payment ("CHAP") contract for the Property; and

WHEREAS, the Property will continue to provide 158 (100%) age-restricted, affordable units with 95% of the units covered under a PBRA contract upon RAD conversion and the remaining units to be occupied by households with incomes that are at or below 60% of the Washington, DC-MD-VA Area Median Income (AMI); and

WHEREAS, on January 14, 2015, the Commission approved a Revised Development Plan ("Development Plan") that proposed a transfer of the Property to Waverly House RAD Limited Partnership ("Partnership") and tenant-in-place renovation financed through Commission-issued tax-exempt bonds, equity from the sale of 4% Low Income Housing Tax Credits (LIHTC), a seller take-back loan, and a deferred Developer Fee; and

WHEREAS, the Commission controls Waverly House RAD GP LLC, an affiliate entity that serves as the general partner of the Partnership; and

WHEREAS, staff explored a variety of options for construction and permanent financing for the Property, including a combination of short-term debt (i.e. Short-term Notes and draws from the Commission's PNC Bank, N.A. Real Estate Line of Credit ("PNC RELOC")), and long-term debt (i.e. loans funded from the proceeds of the Commission's Private Activity Bonds and/or the U.S. Treasury's Federal Financing Bank (FFB)), credit-enhanced by HUD's mortgage insurance pursuant to a Risk Sharing Agreement between the Commission and HUD; and

WHEREAS, after review of the options for debt financing and receiving indications by FFB that it currently has no financing mechanism for substantial rehabilitation, the transaction, as proposed, will be financed using a number of sources including LIHTC equity; the PNC RELOC for construction financing; the issuance of tax-exempt, Private Activity Bonds to fund a permanent mortgage loan insured through the Federal Housing Administration (FHA) Risk Sharing Program; acquisition financing in the form of a seller take-back loan; and a deferred Developer Fee (collectively, the "Financing Plan"); and

WHEREAS, in the event the PNC RELOC is unavailable and/or the Partnership's LIHTC investor does not approve of it as a funding source for the short-term construction loan, the Commission is prepared to issue tax-exempt short-term bonds to fund a construction loan insured through the FHA Risk Sharing Program in the same amount; and

WHEREAS, the Property will require an allocation of a portion of the Commission's tax-exempt volume cap in an amount not to exceed $25.4 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible and, by providing 158 units at or below 60% of the AMI, the public purpose to be provided by the Property is deemed appropriate; and

WHEREAS, the Development and Finance Committee at its July 24, 2015 meeting considered and recommended approval of the Financing Plan, Feasibility and Public Purpose for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Waverly House RAD GP LLC, acting in its capacity as the general partner of Waverly House Limited Partnership, that the Financing Plan, Feasibility and Public Purpose, as recommended by the Development and Finance Committee, are hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the allocation of tax-exempt volume cap in an amount not to exceed $25.4

million for the transaction and authorizes the Commission to make tax-exempt loans to the Partnership as follows:

1. For short-term construction financing (no more than 24 months), up to $15 million will be loaned to the Partnership by way of tax-exempt draws made on the Commission's PNC RELOC (or, alternatively, through the issuance of tax-exempt short-term bonds) (the "Short-Term Loan"); and
2. For long-term permanent financing, a mortgage loan of up to $10.4 million, funded by the proceeds from the issuance of tax-exempt, Private Activity Bonds, with credit enhancement by FHA Risk Sharing (the "Permanent Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves assuming 25 percent of the risk for the Permanent Loan in accordance with the Risk Sharing agreement between the Commission and HUD.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes acquisition financing to Partnership in an amount not to exceed $32.3 million for the acquisition of the Property (the "Acquisition Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Waverly House RAD GP LLC, acting in its capacity as the general partner of Waverly House RAD Limited Partnership, approves Waverly House RAD Limited Partnership's acceptance of the Short-Term Loan, Permanent Loan and Acquisition Loan.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Waverly House RAD GP LLC, acting in its capacity as the general partner of Waverly House RAD Limited Partnership, authorizes and directs the Executive Director, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the consummation of the Waverly House Financing Plan and the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION NO. **RE: Approval of Tax-Exempt Draws not to exceed $15,000,000 by HOC on the PNC Bank Real Estate Revolving Line of Credit ($90 million) to Pay for Rehabilitation Costs for Waverly House**

WHEREAS, Waverly House ("Property") is a 158-unit apartment building located in Bethesda, Maryland that is owned by the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, HOC has approved a final Development Plan and Financing Plan for the Property which propose the substantial rehabilitation of the property, preserving it as an essential affordable housing development in the southern section of Montgomery County; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit ("RELOC") with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (1-month, 2-month, or 3-month) plus 58 basis or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, HOC desires to fund a portion of the construction costs with the RELOC as part of the approved Financing Plan for the rehabilitation of the Property and desires to make a series of draws beginning on or about October 2015.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a series of tax-exempt draws on the PNC Bank, National Association Real Estate Revolving Line of Credit for an aggregate amount not to exceed $15,000,000 is approved for a maximum term of 24 months.

BE IT FURTHER RESOLVED that the Executive Director is authorized to take any and all actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto, without further Commission action.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

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Deliberation

and/or

Action

Approval to Apply for and Accept Energy Improvement Assistance Funds Through Maryland Department of Housing and Community Development and Department of Energy Weatherization Assistance Programs

COUNTYWIDE

Stacy L. Spann, Executive Director

Kayrine Brown
Zachary Marks
Jay Shepherd

August 5, 2015

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Executive Summary

- Various federal and state programs exist to provide funding for energy efficient improvements in residential applications.
- Montgomery County is eligible for at least three programs administered by the Maryland Department of Housing and Community Development (DHCD) to help low-income households with installation of energy conservation materials and equipments in their homes at no charge.
- Two notable programs are the Department of Energy's Weatherization Assistance Program (DOE WAP) and DHCD EmPOWER Low Income Energy Efficiency Program (LIEEP).
- As of July 2015, the LIEEP has over $877,000 in available funds. The DOE WAP has over $50MM and will begin accepting applications by year-end 2015.
- Maryland DHCD administers the funds, contracts with reputable energy service firms to perform the required audits, install the equipment, and ensure completion of the work.
- These improvements will reduce a household's energy use, lower the monthly utility bills, make occupants more comfortable, and may also improve the air quality and overall health of the occupants.
- Staff seeks Commission approval to apply for these program funds. DOE and DHCD provide no guarantees that HOC's projects will be selected for an installation. The improvements paid for by the WAP or LIEEP would offset HOC planned expenditures on its eligible units under the program.

- Participation Requirements:
  1. – Households may participate in the program if annual household income is equal to or less than the equivalent of 200% of the federal poverty level.
  2. – Have an account with one of the five participating utility companies (BGE, Delmarva, PE, Pepco and SMECO).
  3. – Funds are only available for separately metered properties with no common space.
  4. – Funds cannot be used retroactively or for previous installations.

EmPOWER MARYLAND

Weatherization Assistance Programs: Sample Project

Application: August 2015

- $877,000 in LIEEP Available Funding
- Tenant Income Certifications
- Individual Meters
- Townhouse, Single-Family Eligible

Pre-Qualification: September 2015

- Electric Heat Pumps
- Electric Hot Water Systems
- Insulation
- Lighting Retrofits
- Refrigerator retrofit, if applicable.

Pre-Installation Audit Oct '15 – Nov '15

- Optimize Energy Efficiency
- Establish Baseline
- Determine Funding Per Unit

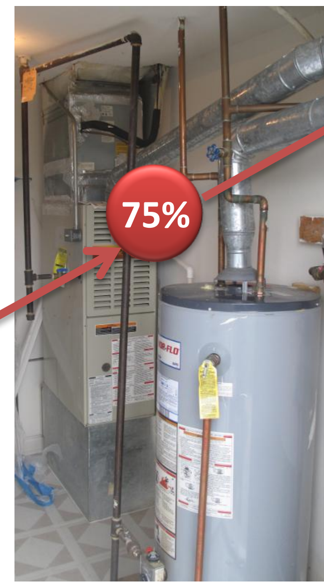
Installation: Aug '15 – Aug '16

- DHCD Utilizes Selected Contractors to perform energy audits and install based on the audit recommendations

Post-Installation Audit: Fall 2016

- Post-Installation Audit to compare results against the baseline

Finished✓



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Summary and Recommendations

ISSUES FOR DELIBERATION

Does the Commission wish to grant its approval to apply for and accept energy efficiency improvement assistance from various state and national weatherization assistance programs for the benefit of its single-family and scattered site townhome portfolio?

BUDGET/FISCAL IMPACT

There is no impact on HOC's FY2016 operating budget. However, any funds which are allocated to HOC's units will reduce the overall renovation costs for projects, with any savings reprogrammed elsewhere. If an HOC project is selected, contractors are paid directly by the Maryland Department of Housing and Community Development, as the administrator of the various programs.

TIME FRAME

For discussion and action at the meeting of the Commission on August 5, 2015.

STAFF RECOMMENDATION and COMMISSION ACTION NEEDED

Staff recommends that the Commission approve participation by application for eligibility for funding from the Department of Energy and Maryland Department of Housing and Community Development Weatherization Assistance and EmPOWER Low Income Energy Efficiency programs.

RESOLUTION: **RE:** **Approval to Apply for and Accept Energy Efficiency Improvement Assistance through Maryland Department of Housing and Community Development's EmPOWER Low Income Energy Efficiency Program and the Department of Energy's Weatherization Assistance Program**

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

WHEREAS, various federal and state programs exist to provide funding for energy efficient improvements in residential applications; and

WHEREAS, housing units located in Montgomery County are eligible for at least three (3) programs administered by the Maryland Department of Housing and Community Development (DHCD) which provides for the installation of energy conservation materials and equipments in homes occupied by low-income households at no charge to the owner or occupant of the housing; and

WHEREAS, two (2) notable programs are the Maryland Department of Energy's (DOE) Weatherization Assistance Program (WAP) and DHCD's EmPOWER Low Income Energy Efficiency Program (LIEEP); and

WHEREAS, as of July 2015, the LIEEP has over $877,000 in available funds and the WAP has over $50 Million in available funds and will begin accepting applications by year-end 2015; and

WHEREAS, DHCD administers the funds for the LIEEP [and DOE administers the funds for the WAP] and both DHCD and DOE contract with reputable energy service firms to perform the required audits, install the equipment, and ensure completion of the work; and

WHEREAS, these improvements will reduce a household's energy use, lower the monthly utility bills, and make occupants more comfortable, and may also improve the air quality and overall health of the occupants; and

WHEREAS, the improvements paid for by the Weatherization Programs would offset Commission expenditures on weatherization and energy improvement work planned for eligible units; and

WHEREAS, staff proposes to apply to DHCD's LIEEP and DOE's WAP (together, the "Weatherization Programs") for energy efficiency improvement assistance at various scattered single family and townhome sites that serve households of low income, qualifying these units for participation in the Weatherization Programs, and such other, similarly-situated Commission-owned properties that would benefit equally from these programs (each a "Benefitting Property" and together, the "Benefitting Properties"); and

WHEREAS, HOC owns or controls affiliate entities which own developments that contain one or more Benefitting Properties (the "Affiliate Benefitting Owners").

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and acting for and on behalf of the Affiliate Benefitting Owners, that the Executive Director is authorized to apply to the Weatherization Programs for energy efficiency improvement assistance for the benefit of the Benefitting Properties.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and acting for and on behalf of the Affiliate Benefitting Owners, that the Commission and the Affiliate Benefitting Owners are each authorized to accept the benefit of the energy efficiency improvement assistance and weatherization services from energy service firms for their respective Benefitting Property(ies).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and acting for and on behalf of the Affiliate Benefitting Owners, that the Executive Director is authorized and directed, without further action on the part of the Commission or any of the Affiliate Benefitting Owners, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, without limitation, the negotiation and execution of all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on August 5, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

Future Action

Information Exchange

New Business

Executive Session Findings

Adjourn

Recess