

EXPANDED AGENDA

August 3, 2016

4:00 p.m.	I. <u>CONSENT ITEMS</u>	<u>Res. #</u>
Page 4 20 23 34 43	<ul style="list-style-type: none"> A. Approval of Minutes of June 17, 2016 B. Approval of Minutes of July 1, 2016 Special Session C. Approval of Minutes of July 13, 2016 D. Authorization to Submit FY 2016 Section Eight Management Assessment Program (SEMAP) Certification to HUD E. Approval of New Lender for the Mortgage Purchase Program – Howard Bank 	<p>Res. 16-56 (pg. 38)</p> <p>Res. 16-57 (pg. 46)</p>
4:05 p.m.	II. <u>INFORMATION EXCHANGE</u>	
Page 50 53	<ul style="list-style-type: none"> 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 	
4:20 p.m.	III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 58 63 73	<ul style="list-style-type: none"> A. Development and Finance Committee – Com. Simon, Chair <ul style="list-style-type: none"> 1. Approval to Advance Funds to Wheaton Associates Limited Partnership (the “Ambassador”) to Prepay a Rental Housing Production (“RHPP”) Loan to the Maryland Department of Housing and Community Affairs to Fund Carrying Cost, and to Reimburse the General Fund for Relocation Cost at the Property 2. Approval to Select R4 Capital as the Low Income Housing Tax Credit Syndicator for Alexander House Limited Partnership 3. Authorization of the Executive Director to Execute a Contract for Consulting Services with Morrison Avenue Capital Partners and Censeo Related to the Acquisition of Full Ownership of Tax Credit Properties and other Investor Exit Strategies and Interim Funding of the Contract from the Real Estate Line of Credit 	<p>Res. 16-58 (pg. 61)</p> <p>Res. 16-59 (pg. 71)</p> <p>Res. 16-60a (pg. 91)</p> <p>Res. 16-60b (pg. 93)</p>
4:45 p.m.	IV. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
	A. None	
	V. <u>*FUTURE ACTION ITEMS</u>	
	A.	
5:00 p.m.	VI. <u>INFORMATION EXCHANGE (continued)</u>	
	<ul style="list-style-type: none"> A. Community Forum B. Video Presentation from Legislative and Public Affairs Office – Last Month @HOC C. Resident Services Program Update 	
	VII. <u>NEW BUSINESS</u>	

	VIII. <u>EXECUTIVE SESSION FINDINGS</u>	
5:15 p.m.	<u>ADJOURN</u>	
5:20 p.m.	<u>EXECUTIVE SESSION</u>	

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

HOUSING OPPORUTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

June 17, 2016

16-00

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Friday, June 17, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 5:15 p.m. Those in attendance were:

Present

Sally Roman
Jackie Simon
Richard Y. Nelson, Jr.
Margaret McFarland
Christopher Hatcher
Linda Croom
Pamela Byrd

Also Attending

Stacy Spann, Executive Director
Kayrine Brown
Zachary Marks
Shala Rafiq
Bobbie DaCosta
Fred Swan
Patrick Mattingly
Lynn Hayes
Angela McIntosh-Davis
Ian Williams
Jim Atwell
Gio Kaviladze
Mary Ellen Ewing

Kelly McLaughlin, General Counsel
Gail Willison
Erin Bradley
Rita Harris
Ethan Cohen
Bonnie Hodge
Sheryl Hammond
Tiffany Jackson
Belle Seyoum
Susan Smith
Jennifer Arrington
Wilson Choi
Brian Kim

Guest

Gregory Szymanski, Prop. Mgr. – Alexander House

IT Support

Dominique Laws

Commission Support

Patrice Birdsong, Spec. Asst. to Comm.

The Consent Calendar was adopted upon a motion by Vice Chair Simon and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom and Byrd.

I. CONSENT ITEMS

- A. **Approval of Minutes of Regular Meeting of May 4, 2016** – The minutes were approved as submitted.
- B. **Approval of Minutes of Executive Session of May 4, 2016** – The minutes were approved as submitted.
- C. **Approval of Minutes of Special Session of May 13, 2016** – The minutes were approved as submitted.
- D. **Approval of Minutes of Executive Session of May 13, 2016** – The minutes were approved as submitted.
- E. **Approval of Minutes of Special Session of June 1, 2016** – The minutes were approved as submitted.
- F. **Approval of Minutes of Executive Session of June 1, 2016** – The minutes were approved as submitted.
- G. **Ratification of Approval of up to \$50,000 as loans to VPC One Corporation and VPC Two Corporation (together, the “Corporations”) to Fund Due Diligence Costs Related to the Proposed Financing Plan**

Resolution: 16-28R

Re: Ratification of Approval of up to \$50,000 as loans to VPC One Corporation and VPC Two Corporation (together, the “Corporations”) to Fund Due Diligence Costs Related to the Proposed Financing Plan

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and 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 a closed Executive Session duly called and held on May 4, 2016, with a quorum present, the Commission duly adopted Resolution 16-28ES titled: "Approval of up to \$50,000 as loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations") to Fund Due Diligence Costs Related to the Proposed Financing Plan"; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 16-28ES and any action taken since May 4, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-28ES and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

H. Ratification of Approval of Predevelopment Funds of up to \$200,000 from the Opportunity Housing Reserve Fund for Feasibly Due Diligence Related to an Acquisition Opportunity Authorized by Resolution 16-36ES

Resolution: 16-36R

Re: Ratification of Approval of Predevelopment Funds of up to \$200,000 from the Opportunity Housing Reserve Fund for Feasibly Due Diligence Related to and Acquisition Opportunity Authorized by Resolution 16-36ES

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and 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 a closed Executive Session duly called and held on May 13, 2016, with a quorum present, the Commission duly adopted Resolution 16-36ES titled: "Approval of Predevelopment Funds of up to \$200,000 from the Opportunity Housing Reserve Fund for Feasibly Due Diligence Related to an Acquisition Opportunity"; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 16-36ES and any action taken since May 13, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-36ES and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

I. Ratification of Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development Authorized by Resolution 16-37SS

Resolution: 16-37R

Re: Ratification of Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development Authorized by Resolution 16-37SS

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and 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 open Special Session duly called and held on June 1, 2016, with a quorum present, the Commission duly adopted Resolution 16-37SS titled: "Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development"; and

WHEREAS, two (2) Commissioners were physically present at the Special Session and two (2) Commissioners participated via teleconference call; and

WHEREAS, pursuant to the Commission's Amended and Restated Bylaws, the Commission must ratify and affirm, in an open meeting with a quorum physically present, the

action undertaken by the Commissioners in adopting Resolution 16-37SS and any action taken since June 1, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-37SS and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

J. Affirmative and Ratification of Action Taken by the Executive Director to Extend the Entire \$60 Million PNC Line of Credit Facility

Resolution: 16-39R

Re: Affirmative and Ratification of Action Taken by the Executive Director to Extend the Entire \$60 Million PNC Line of Credit Facility

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and effectuate the purpose of providing affordable housing including providing for the financing of rental housing properties which provide a public purpose; and

WHEREAS, on June 30, 2014, the Commission entered into a Third Amendment to Loan Documents and an Amended and Restated Line of Committed Line of Credit Note with PNC Bank with respect to the \$60 Million Line of Credit with PNC Bank (“\$60 Million LOC”); and

WHEREAS, on July 29, 2014, the Commission executed loan documents for a \$90 Million Real Estate Line of Credit from PNC Bank (“RELOC”); and

WHEREAS, at the time of the execution of the RELOC loan documents, the Commission’s staff intended to extend the \$60 Million LOC’s May 31, 2016 maturity date to be conterminous with the RELOC’s June 30, 2017 maturity date; and

WHEREAS, the \$60 Million LOC’s maturity date was not extended at the time of the RELOC closing; and

WHEREAS, after receipt of notice from PNC Bank of the imminent maturity of the \$60 Million LOC, in order to prevent the expiration of the \$60 Million LOC in the best interest of the Commission, the Executive Director executed a Fourth Amendment to Loan Documents on

May 26, 2016, thereby amending and extending the \$60 Million LOC's maturity date through June 30, 2017; and

WHEREAS, the Commission wishes to ratify and affirm all the actions undertaken by the Commission staff and the Executive Director heretofore in extending the maturity date of the \$60 Million LOC to June 30, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the actions undertaken by the Commission staff and the Executive Director heretofore in extending the maturity date of the \$60 Million LOC are hereby ratified and affirmed, including but not limited to the execution of the Fourth Amendment to Loan Documents.

II. INFORMATION EXCHANGE

- A. Report of the Executive Director** – Stacy Spann, Executive Director, indicated that there was nothing additional to add to the written report. He expressed his appreciation to the Team, as well as the support from the Commission Board, for their high level of performance in accomplishing changing projects and meeting deadlines. Mr. Spann welcomed Commissioner Byrd back for her second meeting.
- B. Calendar and Follow-up Action** – None
- C. Commissioner Exchange** – Commissioner Croom reported that she, along with Vice Chair Simon, will be attending the NAHRO Summer Conference in Portland, OR beginning July 14 thru July 17, 2016.

Vice Chair Simon acknowledged the Programs provided by the Resident Services Division and requested for future action to include presentation or summary of events. She also would like to recognize the Interns and their accomplishments while working with the Agency.

Chair Roman announced that the Montgomery County Council appointed Gerald Cichy, Transportation Engineer and Planner to the Planning Board.

- D. Resident Advisory Board (RAB)** – None
- E. Community Forum** – None
- F. Status Report** – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance & Audit Committee – Com. Nelson, Chair

1. Approval of Property Management Contract for MetroPointe

Bobbie Dacosta, Director of Property Management, was the presenter.

The following resolution was approved, with revision, upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Simon. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom and Byrd.

RESOLUTION: 16-41

RE: Approval of Property Management Contract for MetroPointe

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC or the “Commission”) is the general partner of Wheaton Metro Limited Partnership (the “Partnership”), which owns fifty-three (53) low-income housing tax credit (LIHTC) units in a development known as MetroPointe (the “Property”); and

WHEREAS, the Commission, as the general partner for the Partnership, acting for and on behalf of the Partnership, is authorized to engage a third party to manage the Property; and

WHEREAS, the Commission issued a Request for Proposals (RFP) for management of MetroPointe; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of HOC staff from Property Management, Finance, Compliance and Real Estate reviewed the submissions and determined that Bozzuto is the most qualified to manage the LIHTC units at MetroPointe.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Wheaton Metro Limited Partnership, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a management contract for the LIHTC units at MetroPointe for one year.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Wheaton Metro Limited Partnership, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on their respective parts, to take any and all other action necessary and proper to carry out the transaction contemplated herein.

2. Acceptance of Third Quarter FY'16 Budget to Actual Statements

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION: 16-42

**RE: Acceptance of Third Quarter FY'16
Budget to Actual Statements**

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Third Quarter FY'16 Budget to Actual Statements during its June 17, 2016 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'16 Budget to Actual Statements.

3. Acceptance of CY'15 Tax Credit Partnership Property Audits

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION: 16-43

**RE: Acceptance of CY'15 Tax Credit
Partnership Property Audits**

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'15 Tax Credit Audits for 13 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 13 of the CY'15 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

WHEREAS, the audits for Shady Grove Apartments LP, Manchester Manor Apartments LP and The Willows of Gaithersburg Associates LP have not been finalized due to technical terminations of these partnerships; however, staff is currently reviewing drafts of these audits and there are no findings and no changes are anticipated.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accepts the audits.

4. Authorization to Write Off Bad Debt Related to Tenant Accounts Receivables

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION: 16-44

**RE: Authorization to Write Off Bad Debt
Related to Tenant Accounts
Receivables**

WHEREAS, HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days; and

WHEREAS, HOC periodically proposes the write-off of uncollected former resident balances which updates the financial records to accurately reflect the receivables and the potential for collection; and

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period April 1, 2015 through March 31, 2016 is \$20,317 from Public Housing, \$84,294 from Opportunity Housing, \$10,749 from Tax Credit properties, \$7,913 from the 236 Properties, \$6,820 from Supportive Housing and \$1,376 from RAD6, totaling \$131,469.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that authorization is granted to the Executive Director to write-off bad debt totaling \$131,469 related to tenant accounts receivable.

5. Approval of Loans and Advances to Non-HOC Owned Entities as of December 31, 2015 and as of June 30, 2015

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION: 16-45

RE: Approval of Loans and Advances to Non-HOC Owned Entities as of December 31, 2015 and as of June 30, 2015

WHEREAS, in accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties HOC does not own; and

WHEREAS, there was a net increase in capitalization loans and advances for operations to the tax credit partnerships of \$37,897,220 as of December 31, 2015; and

WHEREAS, total advances have increased for 236 properties from \$689,609 on June 30, 2014 to \$1,047,222 as of June 30, 2015.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves \$77,338,482 in loans and advances to the tax credit partnerships as of December 31, 2015 and \$1,047,222 in advances to the 236 properties as of June 30, 2015.

- 6. Approval to Extend the \$60 Million PNC Bank Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and the Purchase of 17 Agency Vehicles**

Gail Willison, Chief Financial Officer, was the presenter.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION: 16-46

RE: Approval to Extend the \$60 Million PNC Bank Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court

**Apartments, Chevy Chase Lake
Development Corporation, Arcola
Towers RAD LP, VPC One & Two
Development Corporations and the
Purchase of 17 Agency Vehicles**

WHEREAS, various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles are currently financed through the \$60 Million PNC Bank Line of Credit; and

WHEREAS, it is proposed to extend the use of the \$60 Million PNC Bank Line of Credit to finance approved Commission actions for a period not to exceed one year at the taxable monthly LIBOR rate plus 90 basis points or the tax exempt rate of 68.5% of LIBOR plus 58 basis points; and

WHEREAS, the estimated cost, as of April 29, 2016, under the Line of Credit is expected to be approximately \$453,425.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending the use of the \$60 Million PNC Bank Line of Credit to finance various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles through June 30, 2017.

7. Adoption of FY'17-18 Budget, Bond Draw Downs and Transfers

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson, with the revisions relating to the rent review, and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION: 16-47

**RE: Adoption of FY'17-18 Budget, Bond
Draw Downs and Transfers**

WHEREAS, the Commission is required to adopt a budget based on the current chart of accounts in use before July 1, 2016; and

WHEREAS, the Commission is required to approve the transfer of equity between Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'17-18 of \$244.5 million and \$243.5 million, respectively by fund as attached.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the draw down of bond funds for the Operating Budget as follows:

FY 2017

\$ 1,427,854 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
\$ 1,488,137 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

FY 2018

\$ 1,498,686 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
\$ 1,556,982 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

Up to \$1,617,311 for FY'17 and up to \$1,806,627 for FY'18 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'17-18 of \$292.2 million and \$183.6 million, respectively as attached.

- **Approval of the Reimbursement Resolution**

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION NO. 16-48

RE: Reimbursement Resolution

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "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, 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 the multifamily rental housing properties which provide a public purpose; and

WHEREAS, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed **\$65,101,725**, all or a portion of which may reimburse the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such tax-exempt borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing for such Projects.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT:

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 17 Capital Budget attached, including **617 Olney Sandy Spring, Alexander House, Ambassador, Avondale Apartments, Brooke Park, Brookside Glen, CDBG-NSP-NCI, Chelsea Towers, Chevy Chase Lake, Dale Drive, Diamond Square, Fairfax Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Falling Creek,**

Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, Magruder’s Discovery, McHome, McKendree, MetroPointe, MHLP VII, MHLP VIII, Montgomery Arms, MPDU 2007 Phase II, MPDU I, Paddington Square, Paint Branch, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Sligo MPDU III, Southbridge, State Rental Combined, Strathmore Court, The Barclay, The Metropolitan, The Oaks at Four Corners, TPM (Timberlawn, Pomander Court, and MPDU II), VPC One and VPC Two (669 Scattered Site Properties), Westwood Tower, and capital improvements to the Commission’s administrative offices and information technology (collectively, the “Projects”) with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. **Dates of Capital Expenditures.** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect’s fees, engineering fees, costs of soil testing and surveying).

Section 3. **Issuance of Bonds or Notes.** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed **\$65,101,725** will be applied to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. **Confirmation of Prior Acts.** All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. **Repeal of Inconsistent Resolutions.** All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. **Effective Date of Resolution.** This Resolution shall take effect immediately upon its passage.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. **None**

V. FUTURE ACTION

1. Planning of Strategic Plan

VI. INFORMATION EXCHANGE

A. Community Forum - **None**

VII. NEW BUSINESS

1. Authorization to Implement Voucher Payment Standards Based on HUD FY 2016 Fair Market Rents

Lynn Hayes, Director of Housing Resources, and Ethan Cohen, Housing Programs Coordinator, were presenters.

The following resolution was approved upon a motion by Commissioner Hatcher and seconded by Vice Chair Simon. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom, and Byrd.

RESOLUTION NO. 16-49

RE: Authorization to Implement Voucher Payment Standards Based on HUD FY 2016 Fair Market Rents

WHEREAS, U.S. Department of Housing and Urban Development (HUD) regulations require that the Housing Opportunities Commission of Montgomery County (HOC) establish and implement new Voucher Payment Standards annually to be used in HOC's administration of the Housing Choice Voucher Program; and

WHEREAS, the establishment of these Voucher Payment Standards must be based upon a percentage between 90 and 110 percent of the HUD Fair Market Rents (FMRs) for the given fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to establish and implement the Voucher Payment Standards listed below.

# of Bedrooms	Recommended VPS
Efficiency	\$1,242
1 Bedroom	\$1,332
2 Bedroom	\$1,591
3 Bedroom	\$2,037
4 Bedroom	\$2,590
5 Bedroom	\$2,978
6 Bedroom	\$3,367

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the activities contemplated herein.

Based upon this report and there being no further business to come before this session of the Commission, a motion was made to adjourn the meeting of the Housing Opportunities Commission at 6:05 p.m. to convene an Executive Session. According to Section 10-508(a) of the State Government Articles of the Annotated Code of the State of Maryland, the item relating to personnel matters *{pursuant to subsection (1)}*.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

July 1, 2016

16-00

A Special Teleconference Session of the Housing Opportunities Commission of Montgomery County was conducted on Friday, July 1, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 11:55 a.m. Those in attendance were:

Present

Jackie Simon
Richard Y. Nelson, Jr.
Margaret McFarland
Christopher Hatcher
Linda Croom

Via Teleconference

Sally Roman
Pamela Byrd

Also Attending

Stacy Spann, HOC Executive Director
Kayrine Brown
Patrick Mattingly
Mary Ellen Ewing
Rita Harris
Nancy Rhyne
Terri Fowler

Kelly McLaughlin, HOC General Counsel
Gail Willison
Jim Atwell
Maria Montero
Tiffany Jackson
Clarence Landers

IT Support

Dominique Laws

Commission Support

Patrice Birdsong, Spec. Asst. to Comm.

Chair Sally Roman, due to her participation via teleconference, appointed Vice Chair Jackie Simon as temporary Presiding Officer of the Special Session meeting of the Housing Opportunities Commission held on Friday, July 1, 2016.

Vice Chair Jackie Simon accepted and opened the meeting with a discussion of the Consent Items.

I. CONSENT ITEMS

1. Approval of an Amendment to the Authorization Regarding Rent Increases for FY'17-18

Gail Willison, Chief Financial Officer, was the presenter. Ms. Willison explained that Resolution 16-50 is being presented to ensure that the actions taken by the Corporations' Board are incorporated in the HOC FY17-18 Budget.

The following resolution was approved upon a motion by Chair Roman and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Jr., Margaret McFarland, Christopher Hatcher, Linda Croom and Pamela Byrd.

RESOLUTION NO. 16-50

RE: Approval of an Amendment to the Authorization Regarding Rent Increases for FY'17-18

WHEREAS, at its meeting on June 17, 2016, the Housing Opportunities Commission of Montgomery County ("Commission") withheld authorization to increase any rents in the Commission's FY '17-18 Operating Budget ("Budget") in excess of Montgomery County's 2.1% voluntary rent guideline (except with respect to rent increases on turnover of market/unrestricted units, which are permitted at the budgeted increase) until such time as the Commission reconsidered the Budget's rent increases at a future Commission meeting; and

WHEREAS, in light of the County Code's mandatory 60 day notice requirement for rent increases, residents have received rent increase notices effective July 1, 2016; and

WHEREAS, rather than retract previously sent rent-increase notices and re-issue new rent-increase notices, the Commission wishes to amend the authorization to implement rent increases.

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

1. Rents upon lease renewals through October 1, 2016 will be increased by the percentage provided for in the FY '17-18 Operating Budget; and
2. The recommended rent increases will be reconsidered at an August 2016 Meeting of the Commission with the understanding that if the agreed-upon rent increase is less than

the budgeted increase for any given property, the rents for the residents at such properties will be adjusted and their accounts credited retroactively to July 1, 2016.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized, without further action on its part, to take such other actions as may be necessary and proper to carry out the amendment contemplated herein.

Based upon this report and there being no further business to come before this session of the Commission, a motion was made to adjourn the meeting of the Housing Opportunities Commission at 12:05 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

July 13, 2016

16-00

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, July 13, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:03 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Christopher Hatcher
Linda Croom
Pamela Byrd

Via Phone

Richard Y. Nelson, Jr.

Absent

Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Shauna Sorrells
Kayrine Brown
Fred Swan
Patrick Mattingly
Arthur Tirskey
Erin Bradley
Bonnie Hodge
Mei Li
Nancy Rhynes
Gail Gunod-Green
Jonathan Cartagena
Ugonna Ibebuchu
John Vass

Kelly McLaughlin, General Counsel
Gail Willison
Lynn Hayes
Bobbie DaCosta
Ian Williams
Elizabeth Harrington
Zachary Marks
Gio Kaviladze
Rita Harris
Tiffany Jackson
Ruth Jorge
Ethan Cohen
Shaina Francis
Powell Wright

RAB

Yvonne Caughman

Guest

Elaine Gerber, Resident

Guest Cont'd

Amal Hassan, Tony Davis Scholarship
Dagmawi Assefa, Tony Davis Scholarship
Taweh Lizear-Scott, Tony Davis Scholarship
Mabintou Outtara, Tony Davis Scholarship

Shantavia Cragg, Tony Davis Scholarship
Maryamawit Abate, Tony Davis Scholarship

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

IT Support

Dominique Laws

Prior to the meeting convening, Shauna Sorrells, Director of Legislative and Public Affairs, introduced the honorees, and Chair Roman and Executive Director Spann presented them with their awards. Qurratulain Sharif was named this year's winner and was awarded a \$3,000 scholarship. Shantavia Cragg and Maryamawit Abate each received a \$1,500 scholarship, and Mabintou Outtara, Amal Hassan, Dagmawi Assefa, and Taweh Lizear each received a \$1,000 scholarship. All recipients are high school graduates and reside in subsidized housing. The parents were also acknowledged by Chair Roman.

The Board went into a brief recess and reconvened with the Consent Calendar. The Consent Calendar was adopted upon a motion by Vice Chair Simon and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, Croom and Byrd. Commissioner McFarland was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. Approval of 2015 Tony S. Davis Memorial Scholarship Award Winners

RESOLUTION: 16-51

**RE: Approval of 2016 Tony S. 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 2000, HOC established the Tony S. Davis Memorial Scholarship Awards Program in his memory; and

WHEREAS, since its inception, the Tony S. Davis Memorial Scholarship Awards Program has annually provided scholarship awards to high school seniors who are residents within an HOC Public or Opportunity Housing unit or participate in the Housing Choice Voucher Program 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, the Director of Legislative and Public Affairs, and LPA staff was convened on June 10, 2016 to review the highly qualified applications; and

WHEREAS, the Selection Committee considered academic records, attendance 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 seven outstanding candidates for the Tony S. Davis Memorial Scholarship Awards; Qurratulain Shafiq receives \$3,000; Shantavia Craigg and Maryamawit Abate receive \$1,500 and Amal Hasaan, Dagmawi Assefa, Mabintou Uttara and Taweh Lizear-Scott receive \$1,000.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County affirms the recommendation of the Tony S. Davis Memorial Scholarship Awards Selection Committee.

B. Approval of New Participating Lender for the Single Family Mortgage Purchase Program

RESOLUTION No: 16-52

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

WHEREAS, the Housing Opportunities Commission of Montgomery County (**the "Commission"**) approves lenders to participate in the Mortgage Purchase Program; and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the Mortgage Purchase Program; and

WHEREAS, TowneBank Mortgage has applied for participation in the Mortgage Purchase Program; and

WHEREAS, TowneBank Mortgage has satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that TowneBank Mortgage is approved for participation in the Mortgage Purchase Program, effective immediately.

II. INFORMATION EXCHANGE

- A. Report of the Executive Director** – The Executive Director had nothing new to add to his written report. He informed the Board that NAHRO has released the RAD premiere. The premiere will appear on NAHRO’s website on Thursday, July 14, 2016, and there will be a video presentation at the Summer Conference in Portland, Oregon on that day. He mentioned that this is a nice acknowledgement to HOC activities as we continue to make a difference in housing nationally.

Chair Roman congratulated the staff and acknowledged that three (3) of the Commissioners would be attending the Conference.

- B. Calendar and Follow-up Action** – None

- C. Commissioner Exchange** – None

- D. Resident Advisory Board (RAB)** – Ms. Yvonne Caughman, President of the Resident Advisory Board, briefly reported that the RAB is still in the process of updating their Bylaws.

- E. Community Forum** – Elaine Gerber, Client, addressed the Board requesting assistance with her rent increase. Lynn Hayes, Director of Housing Resources, was asked by Executive Director Spann to privately assist Ms. Gerber.

- F. Status Report** – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

- A. Development and Finance Committee – *Com. Simon, Chair***

- 1. Approval of the Final Development Budget and Financing Plan for the Development of the Chevy Chase Lake Multifamily Property, Authorization to Enter Into an Operating Agreement with the Cafritz Foundation LLC and Fund Required Equity, Acceptance of Land Transfer, Approval to Execute a Development Agreement with Eakin Youngentob & Associates (EYA) and Property Management Agreement with Greystar, and Authorization to Make Predevelopment Expense Reimbursement**

Kayrine Brown, Chief Investment & Real Estate Officer, Mei Li, Housing Acquisition Manager, and Zachary Marks, Asst. Director of New Development, were presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, Croom, and Byrd. Commissioner McFarland was necessarily absent and did not participate in the vote.

RESOLUTION: 16-53

RE: Approval of the Final Development Budget and Financing Plan for the Development of the Chevy Chase Lake Multifamily Property, Authorization to Enter Into an Operating Agreement with the Cafritz Foundation LLC and Fund Required Equity, Acceptance of Land Transfer, Approval to Execute a Development Agreement with EYA and Property Management Agreement with Greystar, and Authorization to Make Predevelopment Expense Reimbursements

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “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 construction, rehabilitation and/or financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, Chevy Chase Lake Development Corporation (“Corporation”), an entity wholly controlled by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of vacant land at Chevy Chase Lake Drive, Chevy Chase, MD 20815 (the “CCL Site”); and

WHEREAS, on July 30, 2015, the Maryland-National Capital Park and Planning Commission approved the Site Plan for the redevelopment of the CCL Site as a 200 unit mixed-income multifamily building with 40 affordable units and 40 workforce housing units (the “Property”); and

WHEREAS, on November 3, 2015, the Commission and Corporation approved the final development plan of the Property which requires the transfer of the land to CCL Multifamily LLC (“Owner”), which will own, develop and operate the Property; and

WHEREAS, for accounting and tax reasons, the Corporation will transfer the CCL Site to the Commission and the Commission will subsequently transfer the CCL Site to the Owner; and

WHEREAS, as a condition to obtaining a building permit and in satisfaction of the Site Plan’s workforce housing unit requirement, the Commission and Owner must adopt a resolution approving and directing the recordation of a covenant against the Property that requires no less than 20% of the dwelling units on-site (40 units) to be made available to a full range of eligible households earning between 61% and 100% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area Median Income for a 30-year control period

WHEREAS, the Commission is currently the sole member of the Owner but wishes to enter into an operating Agreement for Owner (“Operating Agreement”) to admit Cafritz Foundation LLC

("Foundation") as the non-profit equity investor member and appoint the Commission as the managing member, each with a 50% ownership interest; establish the land and proportionate 50% cash capital contribution requirements of the Commission and the Foundation; and provide for the allocation of 50% of partnership items, distribution of 50% of cash and capital proceeds distribution, and required minimum return to the Foundation; and

WHEREAS, the Commission and Owner wish to finance the construction of the Property with a \$53,730,000 construction loan from United Bank ("Bank"); and

WHEREAS, the Commission and Owner contemplate repaying the construction loan with permanent financing from the Commission in an amount of up to \$65 million to be funded through the Commission's HUD/Federal Financing Bank Risk-Sharing Program, and wish to accept a forward commitment for such permanent financing ("Permanent Loan Commitment"); and

WHEREAS, between August 6, 2014 and November 3, 2015, the Commission authorized three loan installments of predevelopment funds to the Corporation totaling \$2,682,195, plus 4.5% interest on the initial installment of \$600,000 (collectively, the HOC Predevelopment Loan"), to pay for predevelopment expenses related to the Property on behalf of the Owner, with the expectation that the Owner would reimburse the Corporation at the time of the closing on the sale of the CCL Site for any predevelopment expenses incurred and that the Corporation would use those reimbursement proceeds to repay any amounts drawn on the HOC Predevelopment Loan; and

WHEREAS, on February 5, 2016, the Corporation sold three adjacent vacant properties to an affiliate of Eakin Youngentob and Associates ("EYA") for redevelopment as townhome units and received an initial payment of \$750,000 at the time of the sale ("Sale Proceeds Installment"), which Sale Proceeds Installment the Corporation spent, along with \$811.50 in deposit interest earned thereon, on predevelopment expenses related to the Property on behalf of the Owner, with the expectation that the Owner would reimburse the Corporation \$750,811.50 at the time of the sale of the CCL Site to Owner; and

WHEREAS, the Commission and Owner previously approved a joint collaboration with EYA for the redevelopment of the CCL Site and development of the Property on June 3, 2015 and wishes to refine and clarify EYA's role as the fee developer and execute a development agreement with EYA; and

WHEREAS, with assistance from and in collaboration with EYA, the Commission staff interviewed property management companies for both pre-development consulting services and on-going management services, and the Commission and Owner wish to select Greystar Real Estate Partners, LLC or its affiliate ("Greystar") as the property management company for the Property and enter into a one-year leasing and property management services contract with Greystar.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL Multifamily LLC, that it approves the final development budget and financing plan for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it hereby authorizes the Executive Director of the Commission to execute the Operating Agreement with the Foundation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it hereby authorizes the acceptance of a construction loan from Bank in an amount not to exceed \$53,730,000 and authorizes the Executive Director of the Commission to execute all construction loan documents.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of CCL Multifamily LLC, that it hereby authorizes the Owner's acceptance of the Permanent Loan Commitment in an amount not to exceed \$65 million.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it approves the Commission's acceptance of the transfer of the CCL Site from the Chevy Chase Lake Development Corporation and its subsequent transfer of the CCL Site to CCL Multifamily LLC, and authorizes and directs the Executive Director of the Commission to execute the vesting deed and any other documents related thereto.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that the Executive Director of the Commission is hereby authorized and directed to execute the 30-year Work Force Housing Unit Covenant and record it against the Property upon recordation of the vesting deed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that it authorizes CCL Multifamily LLC to reimburse the Chevy Chase Lake Development Corporation for predevelopment expenses in the amount of the HOC Predevelopment Loan (inclusive of interest on the \$600,000 installment) plus \$750,811.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of CCL Multifamily LLC, that it hereby authorizes the Executive Director of the Commission to execute a development agreement with CC MF Associates, LLC, an affiliate of EYA.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of CCL Multifamily LLC, that it hereby approves the selection of Greystar as property manager for the Property and authorizes the Executive Director of the Commission to execute a one-year property management agreement with Greystar.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that the Executive Director of the Commission is hereby authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

- **Approval of a Taxable Draw of up to \$11,008,930 by the Commission from the PNC Bank, N.A. Real Estate Line of Credit (RELOC) for the Purpose of Making a Capital Contribution to CCL Multifamily LLC for the Development of the Chevy Chase Lake Multifamily Property**

Kayrine Brown, Chief Investment & Real Estate Officer, Mei Li, Housing Acquisition Manager, and Zachary Marks, Asst. Director of New Development, were presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, Croom, and Byrd. Commissioner McFarland was necessarily absent and did not participate in the vote.

RESOLUTION: 16-54

RE: Approval of a Taxable Draw of up to \$11,008,930 by the Commission from the PNC Bank, N.A. Real Estate Line of Credit (RELOC) for the Purpose of Making a Capital Contribution to CCL Multifamily LLC for the Development of the Chevy Chase Lake Multifamily Property

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 construction, rehabilitation and/or financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, the Commission will be the managing member of CCL Multifamily LLC (“Owner”), which will own, develop and operate a 200 unit mixed-income multifamily property at Chevy Chase Lake Drive, Chevy Chase, MD 20815 (the “Property”); and

WHEREAS, as part of the development plan, the Commission must contribute the land underlying the Property and 50% of the equity required to develop the Property; and

WHEREAS, the Commission may make draws on the \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A. at a taxable rate of the London Interbank Offered Rate (LIBOR) plus 58 basis points; and

WHEREAS, the Commission wishes to authorize a taxable draw on the RELOC for the purpose of making its capital contribution to the Owner.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a taxable draw on the original PNC Bank, N.A. line of credit for an amount up to \$11,008,930 and the subsequent contribution of such funds to the Owner for the purpose of developing the Property. The draw will be outstanding at a maximum term of three years.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director of the Commission is hereby authorized, without any further action on its part, to take any and all actions necessary and proper to consummate the transactions and actions contemplated herein, including the execution of any documents related thereto.

2. Approval of the Selection of, and Authorization to Negotiate and Execute a Planning and Zoning Consultant Contract with Scheer Partners and a Planning Consultant Contract with Townscape Design LLC

Kayrine Brown, Chief Investment & Real Estate Officer, and Gio Kaviladze, Senior Financial Analyst, were presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Simon, Hatcher, Croom, and Byrd. Commissioner Roman recused herself from the vote. Commissioner Nelson abstained. Commissioner McFarland was necessarily absent and did not participate in the vote.

RESOLUTION: 16-55

RE: Approval of the Selection of, and Authorization to Negotiate and Execute a Planning and Zoning Consultant Contract with Scheer Partners and a Planning Consultant Contract with Townscape Design LLC

WHEREAS, on May 13, 2016, the Housing Opportunities Commission of Montgomery County (“HOC”) issued a request for proposal (“RFP”) for Planning and Zoning Consultant Services and received two responses from Scheer Partners and Townscape Design LLC; and

WHEREAS, after review of proposals, staff is recommending that the Commission negotiate and execute contracts with both firms; and

WHEREAS, each firm offers unique and a highly valuable set of services and expertise that will help plan and guide HOC's planning, development and entitlement activities, and both firms have excellent work history with HOC with on time delivery and flexibility; and

WHEREAS, the consultants are expected to represent HOC and work with staff in the coming months on ongoing and anticipated master and sector plan revisions, the evaluation of the HOC portfolio for opportunities to expand the delivery of affordable housing, and on legislative matters.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of Scheer Partners as a provider of Planning and Zoning Consultant services and Townscape Design LLC as a provider of Planning Consultant services, and authorizes the Executive Director to negotiate and execute one year contracts with both firms, with three optional annual extensions, for annual amounts not to exceed \$100,000 and \$40,000, respectively, which will be paid for from annual funding approved in the Real Estate Division budget.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. None

V. FUTURE ACTION ITEMS

None

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

None

VIII. EXECUTIVE SESSION FINDINGS

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 4:50 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

**AUTHORIZATION TO SUBMIT FY 2016
SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
CERTIFICATION TO HUD**

AUGUST 3, 2016

- 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 2016 establishes the Housing Choice Voucher program as a High Performer.

- HOC will certify 135 points for the year ending June 30, 2016 which is an overall score of 93%.

- HOC's overall score for the year ended June 30, 2015 was 93%, which designated HOC as a High Performer.

- The SEMAP certification is due to HUD by August 29, 2016.

MEMORANDUM

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
Bonnie Hodge Housing Resources Ext: 9525
Renee Harris Executive Ext: 9641

RE: Authorization to Submit FY 2016 Section Eight Management Assessment Program (SEMAP) Certification to HUD

DATE: August 3, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director, or his designee, to submit the Fiscal Year (FY) 2016 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 and Executive Divisions.

The first seven indicators are also verified by the independent auditors annual audit report for the year ending June 30, 2016. 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 2015, and what HOC will certify in its 2016 submission.

Indicator	Indicator Title	Maximum Possible Points	2015 Rating	2016 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	0	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	5
	Program Points	145	130	130
Bonus	Deconcentration Bonus	5	5	5
	Total Points		135	135
	Overall Percentage		93%	93%

HOC's 2016 SEMAP Certification submission equals 135 points, or 93 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) 2016 Section Eight Management Assessment Program (SEMAP) certification?

PRINCIPALS:

Housing Resources Division
Executive Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item via electronic communication on July 19, 2016. For Commission action on August 3, 2016.

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) 2016 Section Eight Management Assessment Program (SEMAP) certification.

RESOLUTION: 16-56

**RE: Authorization to Submit FY 2016
Section Eight Management
Assessment Program (SEMAP)
Certification to HUD**

WHEREAS, U.S. Department of Housing and Urban Development (HUD) regulations require that the Housing Opportunities Commission of Montgomery County (HOC) 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 2016, 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 2016 SEMAP Certification to HUD.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the activities 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 3, 2016.

S
E
A
L

**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)

Public reporting burden for this collection of information is estimated to average 12 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

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)
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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-BR FMR _____ 2-BR FMR _____ 3-BR FMR _____ 4-BR FMR _____
PS _____ PS _____ PS _____ PS _____ PS _____

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

b. Number of FSS families currently enrolled

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

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

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

Chairperson, Board of Commissioners, signature

Date (mm/dd/yyyy) _____

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 _____

Principal Operating Area of PHA _____
(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 _____

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) _____ 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.
- _____ b. Total Section 8 families with children assisted by the PHA in its principal operating area at the end of the last PHA FY.
- _____ 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.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Mortgage Finance
Staff: Kayrine Brown, Chief Investment and Real Estate Officer Ext. 9589
Jennifer Hines Arrington, Assistant Director of Bond Management Ext. 9760
Paulette Dudley, Program Specialist II Ext. 9596

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

DATE: August 3, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To provide mortgage financing to low-to-moderate income first time homebuyers in Montgomery County at below market rates.

BACKGROUND:

The Commission has approved the continuous participation of lenders from program to program and an ongoing admission of new lenders to the Mortgage Purchase Program (MPP). As lenders apply for participation in the MPP, the requests are submitted to the Commission for approval. Increasing lender participation broadens the exposure to the Commission's Single Family Mortgage Product as well as to the Revolving County Closing Cost Assistance Program because the closing cost assistance loan must be used in conjunction with a MPP first mortgage.

The criteria for participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name; and, 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A. (U.S. Bank), HOC's master servicer for the Mortgage Backed Securities (MBS) program.

Howard Bank Mortgage has submitted a request to participate in the MPP. Howard Bank Mortgage meets the criteria for approval.

Currently, 38 lenders are approved for participation in the MPP. Of the 38 lenders, 33 have cleared the U.S. Bank approval process.

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

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

HOWARD BANK MORTGAGE (HBM)

Howard Bank Mortgage (HBM) is the residential lending department within Howard Bank. Howard Bank, established in 2004 and headquartered in Ellicott City, Maryland is a locally-managed bank that serves the needs of the community with hands on personal attention and sophisticated banking products. HBM has not originated many loans in Montgomery County, but through the HOC Mortgage Purchase Program, expects to expand its origination activity in the county.

HBM is an approved lender with Maryland’s Community Development Administration (CDA) Mortgage Program. HBM also provides loans through the following programs: Baltimore County’s Settlement Expense Loan and Neighborhood Conservation Initiative Programs; Baltimore City’s Employee Homeownership, Community Development Block Grant Homeownership Assistance, Live Near Your Work, and Vacants to Value Booster Programs; Neighborworks America’s CityLift Program offered by Neighborhood Housing Services of Baltimore; and, Anne Arundel County’s Mortgage Assistance Program. They are a member of the Federal Home Loan Bank of Atlanta and offer their first time homebuyer assistance programs in all of their markets. HBM has closed approximately 1,000 loans utilizing various programs since its participation over the last three years.

HBM is a FHA and Freddie Mac approved lender and is an approved lender with U.S. Bank’s Mortgage Revenue Bond Program (MRBP) division.

HBM is willing to market any affordable housing programs that work in conjunction with lending programs at HOC. Howard Bank maintains an excellent CRA rating from the FDIC and prides itself on this commitment to true community lending. Howard Bank Mortgage employs loan officers and processors that have a range of fluencies in Spanish, French and Italian. They are also associated with the International Rescue Committee which provides translators free of charge.

SERVICING

Under the HOC MBS Program, lenders will release servicing and receive a loan origination fee of between 2% and 0% based on the time lapse between loan origination and purchase. Lenders receive a higher origination fee the earlier the loan is purchased. Servicing is handled through U.S. Bank, which the Commission has approved as the Master Servicer.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve Howard Bank Mortgage for participation in the Mortgage Purchase Program?

PRINCIPALS:

Howard Bank Mortgage
Housing Opportunities Commission

BUDGET IMPACT:

None.

TIME FRAME:

Action at the August 3, 2016 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends approval of Howard Bank Mortgage for participation in the Mortgage Purchase Program.

RESOLUTION No: 16-57

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

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") approves lenders to participate in the Mortgage Purchase Program; and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the Mortgage Purchase Program; and

WHEREAS, Howard Bank Mortgage has applied for participation in the Mortgage Purchase Program; and

WHEREAS, Howard Bank Mortgage has satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Howard Bank is approved for participation in the Mortgage Purchase Program, effective immediately.

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 3, 2016.

S
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A
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Patrice M. Birdsong
Special Assistant to the Commission

Attachment 1

Approved HOC/U.S. Bank Lenders	
1.	ACADEMY MORTGAGE CORPORATION
2.	APEX HOME LOANS, INC.
3.	BAY CAPITAL MORTGAGE CORPORATION
4.	C & F MORTGAGE CORPORATION
5.	CALIBER FUNDING LLC
6.	CORRIDOR MORTGAGE GROUP
7.	EAGLE BANK
8.	EMBRACE HOME LOANS
9.	FIRST HOME MORTGAGE
10.	FIRST MARINER BANK
11.	HOME BRIDGE FINANCIAL SERVICES, INC. <i>(Formerly Real Estate Mortgage Network)</i>
12.	HOMESIDE FINANCIAL, LLC
13.	HOMESTEAD FUNDING CORP.
14.	INTEGRITY HOME MORTGAGE CORPORATION
15.	K. HOVNANIAN AMERICAN MORTGAGE, LLC
16.	loanDepot.com LLC dba MORTGAGE MASTER, INC.
17.	MOVEMENT MORTGAGE, LLC
18.	NEW AMERICA FINANCIAL CORPORATION
19.	NVR MORTGAGE
20.	PEOPLES HOME MORTGAGE, a division of Peoples Bank
21.	PRESIDENTIAL BANK, FSB
22.	PRIMELENDING
23.	PROSPECT MORTGAGE
24.	PROSPERITY HOME MORTGAGE, LLC (PHM)
25.	SANDY SPRING BANK
26.	SOUTHERN TRUST MORTGAGE
27.	STEARNS LENDING, INC.
28.	THE WASHINGTON SAVINGS BANK
29.	TOWNEBANK MORTGAGE
30.	UNION MORTGAGE
31.	UNIVERSAL AMERICAN MORTGAGE CO.
32.	WEICHERT FINANCIAL SERVICES
33.	WELLS FARGO HOME MORTGAGE

Information Exchange

Information Exchange

HOC

New Deputy General Counsel Joins HOC

HOC is excited to announce that Nowelle Ghahhari will join the agency as the new Deputy General Counsel at the end of August 2016. Ms. Ghahhari's experience and knowledge of housing issues will be a great asset to HOC. Currently, Ms. Ghahhari is an Associate County Attorney for Montgomery County and is assigned to the Department of Housing and Community Affairs. She previously served as Assistant County Solicitor for Howard County focusing on housing-related litigation and zoning regulation enforcement. Ms. Ghahhari earned a doctor of law in international business, trade and tax law from the University of Baltimore School of Law and also holds degrees from Lehigh University and Mount Holyoke College.

Seven Students Awarded Tony S. Davis Scholarships



On Wednesday, July 13, 2016, HOC announced the winners of the 2016 Tony S. Davis Memorial Scholarship Awards during the Commission meeting. The seven award recipients were selected based on their academic achievements and contributions to the community.

The award recipients are Qurratulain Shafiq, Maryamawit Abate, Shantavia Craig, Dagmawi Assefa, Amal Hasaan, Taweh Lizear-Scott and Mabintou Outtara. During the award announcement, several recipients thanked their parents for being great role models and encouraging their success.

HOC established the scholarship award in memory of former staff member Tony S. Davis. He volunteered extensively in the community to improve the lives of residents and served as a role model to local children. The scholarship winners are following in his footsteps and making a difference in their community.

Housing Path Turns One

On July 30, 2016, Housing Path marked its one year anniversary. Since the wait list opening, HOC has received more than 34,000 applications. The successful roll-out and thousands of applications confirms the ever-growing need for more affordable housing in Montgomery County, which has an Average Median Income of \$108,600. HOC Housing Path uses software that provides the agency a real-time snapshot of housing needs in the community. For example, more than half of all applicants have indicated a preference to receive housing assistance in the Silver Spring area. The second most requested geographic preference location is Rockville. This information is important because it tells HOC, and the county, where people want and need affordable housing the most. It can also help us forge new partnerships and make the case for additional funding to meet the demand for affordable housing so we can better serve the thousands of people in need.



Property Management HOC Academy

Fatherhood Initiative Hosts First Information Sessions

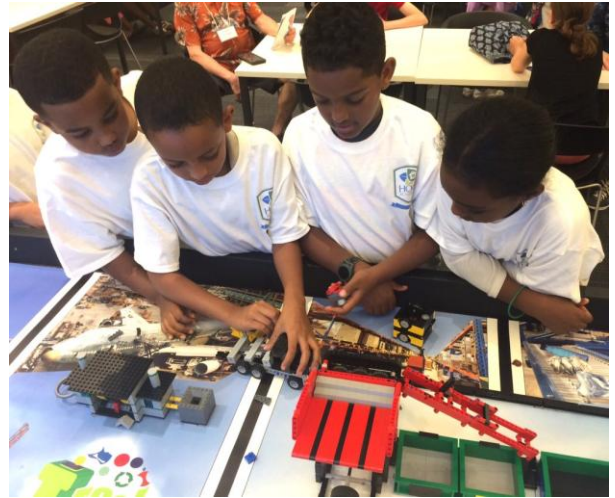


On Thursday, July 14, 2016, HOC hosted its first information session for people interested in participating in our new Fatherhood Initiative. Five additional meetings were held in July in Gaithersburg, Kensington and Silver Spring.

The new program provides fathers opportunities to further their education, gain workforce development training and receive career counseling among other benefits. The program is open to HOC clients or fathers whose children are HOC household members.

Summer Camps in Full Swing

HOC Academy offered multiple summer camps this year to HOC clients and their children. Chess Camps and Robotics Camps were held at Seneca Ridge in Germantown and Tanglewood in Silver Spring. The Girls Got IT! summer camps were held at Magruder's Discovery in Bethesda and Stewartown in Gaithersburg. Nearly 100 children participated in this year's HOC summer camps. HOC Academy received a tremendous amount of interest in the camps and plans to hold more programs during the new school year.



HOC Academy also hosted a STEM field trip for about 100 kids to the YMCA's Thingamajig Invention Conference on Thursday, July 28, 2016 in Upper Marlboro. This unique festival attracts thousands of children every year providing hands-on experiments and activities geared to excite children with science.

HOC Internship Program

More than 20 youth are working as interns this summer at HOC. HOC Academy coordinated with the Latin American Youth Center (LAYC) internship program to offer youth this incredible opportunity. Interns, ages 16 to 24, are getting hands-on work experience in multiple HOC divisions which help them learn new skills, gain knowledge of potential careers and make business contacts. All of the interns are being paid through LAYC and six are HOC residents.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

August 2016

2	National Night Out <i>(All)</i>	5:00 p.m. – 9:00 p.m.
3	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
8	Town Hall Meeting – <i>(All)</i> Brookhaven Elementary School, 4610 Renn St., Rockville, MD 20853	6:00 p.m. – 7:30 p.m.
9	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman, Hatcher)</i>	10:00 a.m.
19	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	10:00 a.m.
19	Status/Lunch Meeting w/Executive Director <i>(All)</i> – Location TBD	12:00 noon
29	Agenda Formulation <i>(Roman, Hatcher)</i>	12:00 noon

September 2016

5	Labor Day Holiday (HOC Offices Closed)	
7	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
16	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	10:00 a.m.
19	Resident Advisory Board Meeting <i>(Croom)</i>	6:00 p.m.
20	Legislative and Regulatory Committee Meeting <i>(Byrd, Croom, Simon)</i>	3:30 p.m.
22	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman, Hatcher)</i>	10:00 a.m.
26	Agenda Formulation <i>(Roman, Hatcher)</i>	12:00 noon

October 2016

5	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
10	Town Hall Meeting <i>(All)</i>	6:00 p.m.
11	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman, Hatcher)</i>	10:00 a.m.
12	Town Center Fall Board Meeting <i>(Roman, Simon)</i>	2:30 p.m.
14	Status/Lunch Meeting w/Executive Director <i>(All)</i> – Location TBD	12:00 noon
14-16	NAHRO 2016 National Conference <i>(All)</i> (Hyatt Regency, 601 Loyola Ave., New Orleans, LA 70113)	
21	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	10:00 a.m.
24	Agenda Formulation <i>(Roman, Croom)</i>	12:00 noon

November 2016

2	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman, Hatcher)</i>	2:00 p.m.
2	HOC Regular Meeting <i>(All)</i>	4:00 p.m.
11	Veteran’s Day (HOC Offices Closed)	
15	Legislative and Regulatory Committee Meeting <i>(Byrd, Croom, Simon)</i>	3:30 p.m.
18	Development and Finance Committee Meeting <i>(Simon, McFarland, Nelson)</i>	10:00 a.m.
24-25	Thanksgiving Holiday (HOC Offices Closed)	
28	Agenda Formulation <i>(Roman, Croom)</i>	12:00 noon

December 2016

6	Budget, Finance and Audit Committee Meeting <i>(Nelson, Roman, Hatcher)</i>	10:00 a.m.
7	Longevity Award Reception <i>(All)</i>	3:00 p.m.

7	HOC Regular Meeting (<i>All</i>)	4:30 p.m.
9	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
16	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
19	Agenda Formulation (<i>Roman, Byrd</i>)	12:00 noon
26	Christmas Holiday Observed (HOC Offices Closed)	

Activities of Interest

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-07	Summer 2016	Procurement Policy	Willison	In Progress
TD-15-02	Summer 2016	Update Administrative Guide for Commissioners and Staff	Spann	In Progress
TD-15-03	Summer 2016	Worksession – Assisted Housing and Family Self-Sufficiency Program	Sorrells	To Be Scheduled
TD-15-04	Summer 2016	Mortgage Finance: Research Items <ul style="list-style-type: none"> • Loan Limit Testing • FHA Troubled Access Recovery 	Brown	To Be Scheduled
TD 16-02	Fall 2016	Personnel Policy	Mattingly	In Progress
TD 16-03	Summer 2016	Worksession – re: Clarifying tax credit, market rent, etc. policies	Willison	Complete
TD 16-04	Fall 2016	Rental Policy Review with staff recommendations	All	

Committee Reports and Recommendations for Action

Development and Finance Committee

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Division: Mortgage Finance and Real Estate
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589
Zachary Marks, Assistant Director of New Development Ext. 9613

RE: Approval to Advance of Funds to Wheaton Associates Limited Partnership (the “Ambassador”) to Prepay a Rental Housing Production Program (“RHPP”) Loan to the Maryland Department of Housing and Community Development (“DHCD”), Fund Carrying Costs, and Reimburse the General Fund for Relocation Cost at the Property

DATE: August 3, 2016

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:

To obtain the Commission’s approval to advance funds from the Opportunity Housing Reserve Fund (“OHRF”) to prepay the outstanding RHPP loan from DHCD, fund projected carrying costs, and reimburses HOC for relocation costs.

BACKGROUND:

The Ambassador Apartments (the “Property”) consist of 162 apartments that are 100% income restricted within the residential condominium components of a seven-story high rise mixed-use condominium building. Built in 1960 and located in Wheaton, the Property is owned by Wheaton Associates Limited Partnership with HOC as its single member. In 1993, Wheaton-University Boulevard Limited Partnership acquired the Ambassador and financed the renovation of the property using Low Income Housing Tax Credits (“LIHTC”). While the Property has completed its initial 15-year compliance period under the LIHTC program, it is subject to an Extended Use Covenant (the “Covenant”) for an additional 15 years, of which seven years remain.

Over the past 24 months, the physical viability of the Property has been called into question through events of systems failures and a discovery of structural deficiencies which required the evacuation of the building and temporary relocation of residents on two separate occasions. Consequently, on June 10, 2016, HOC approved a relocation plan aimed at relocating the remaining residents at the Property to safer and more appropriate housing. Most of the units were vacated by normal attrition and approximately 65 households were responsibly relocated by HOC in compliance with requirements of the federal Uniform Relocation Act (“URA”). As of July 11, 2016, the residential property was completely vacated.

HOC staff and the Maryland Department of Housing and Community Development have been engaged in discussions concerning the remaining seven years of compliance and are negotiating a letter

agreement to comply with the Covenant. The Letter Agreement between the parties seeks to provide sufficient flexibility to HOC to allow for the redevelopment of the property while outlining the terms by which HOC would still honor the remaining seven years of the Covenant. As part of this Agreement, CDA is requiring prepayment of its RHPP Loan which has a remaining balance of \$195,603 as of July 1, 2016.

As vacant, the Property has ceased to operate as a rental development and as such has no revenue to pay ongoing expenses for building security and safety at the Property. The Property also does not have revenue to continue to service the outstanding RHPP loan.

Expenses	June	July	Aug	Sept	Oct	Nov	Dec	
Operating Expenses	\$75,000	\$28,275	\$26,548	\$10,332	\$10,332	\$10,332	\$10,332	\$171,151
RHPP Loan Payoff								\$195,603
Cash on Hand								(\$20,126)
Totals OHRF Advance	\$75,000	\$28,275	\$26,548	\$10,332	\$10,332	\$10,332	\$10,332	\$346,628

Summary of Outstanding Property Loans

Lender	Original Amount	Remaining Balance
PNC Bank RELOC	\$1,862,495	\$1,862,495
DHCA – Principal	\$2,000,000	\$2,000,000
DHCA – Interest	\$0	\$1,800,000
DHCD – RHPP	\$1,000,000	\$195,603
DHCA – HIF	\$725,000	\$725,000
MPDU/PAF	\$1,558,816	\$1,558,816
Total Outstanding	\$7,146,311	\$8,141,914

The Property’s first lien deed of trust note was repaid using a draw on HOC’s Real Estate Line of Credit (“RELOC”) with PNC Bank, N.A. on October 28, 2014. Its related financing documents as well as the financing documents for the State’s RHPP Loan included provisions for the establishment and operation of various reserves. Staff’s review of related financing documents concludes that any and all reserves being held at the time of loan repayment belong to the Owner, Wheaton Associates Limited Partnership (HOC is the single member). These reserve balances as of July 12, 2016 are \$746,900.

Staff is requesting that the Commission advances approximately \$346,628 from the OHRF to fund projected operating expenses and repay the RHPP loan. Once it is paid, the reserve requirements associated with the original mortgages are extinguished and balances released to the Owner who can use reserve funds to reimburse the \$346,628 OHRF advance, leaving a balance of \$400,272, which staff proposes to continue to be used to fund any ongoing operating costs of the vacant Property.

Additionally, the Montgomery County Department of Housing and Community Affairs (“DHCA”) has committed to reimburse HOC for relocation costs of up to \$500,000 and the Commission has approved acceptance of DHCA’s funds. HOC has expended all \$500,000; however, DHCA is delaying the release of the funds to HOC until the matters with DHCD concerning the extended use Covenant are resolved. Therefore, staff is requesting approval to advance \$500,000 from the OHRF to the general fund cash until the county releases funds to HOC. The original transaction is also subject to an equity participation agreement with CDA; however, staff estimates no payment is due.

DHCD has requested a structural report that confirms the status of the building as uninhabitable as well as estimated cost to repair the building to make it viable for seven more years (the remaining term of the Covenant). Staff has ordered a new structural report, a physical needs assessment and has engaged a general contractor to provide cost estimates, all of which are expected to be delivered to DHCD by the end of August. Staff anticipates a resolution by September 2016.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the advance of \$346,628 from the OHRF to fund approximately seven months of operating expenses (\$151,025) and to prepay the DHCD RHPP loan (\$195,603) at Ambassador Apartments?

Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the use the property's replacement reserves, once returned to the Owner, to reimburse the OHRF for any related advance and to fund any ongoing expenses at the vacant building?

Does the Commission wish to accept the recommendation of the Development and Finance Committee to advance of \$500,000 from the OHRF to the general funds to replenish its cash until DHCA releases its funds to reimburse HOC for costs associated with the relocation of the Ambassador residents?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Wheaton-University Boulevard Limited Partnership
Maryland's Department of Housing and Community Development
Maryland Community Development Administration

BUDGET/FISCAL IMPACT:

None

TIME FRAME:

For action at the August 3, 2016 open session meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee approve an advance of \$346,628 from the OHRF to fund approximately seven months of operating expenses (\$151,025) and to prepay the DHCD RHPP loan (\$195,603) at Ambassador Apartments

Staff also recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize the use of the Property's replacement reserves, once returned to the Owner, to be used to reimburse the OHRF for any related advance and to fund any ongoing expenses at the vacant building.

Staff further recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the advance of \$500,000 from the OHRF to reimburse the HOC general fund cash account pending release of relocation funds by DHCA.

RESOLUTION: 16-58

RE: Approval to Advance of Funds to Wheaton Associates Limited Partnership (the “Ambassador”) to Prepay a Rental Housing Production Program (“RHPP”) Loan to the Maryland Department of Housing and Community Development (“DHCD”), Fund Carrying Costs, and Reimburse the General Fund for Relocation Cost at the Property

WHEREAS, Ambassador Apartments (the “Property”) consists of 162 apartments that are 100% income restricted within the residential condominium components of a seven-story high rise, mixed-use condominium building located in Wheaton (the “Building”); and

WHEREAS, the Property is owned by Wheaton-University Boulevard Limited Partnership (“WUBLP”) and the retail condominium components of the Building are owned by Wheaton Commercial Center Associates Limited Partnership, an affiliate of Willco Development; and

WHEREAS, in December 1992, the WUBLP financed the renovation of the Property using Low Income Housing Tax Credits (LIHTC) and the use of that capital source came with a 15-year initial compliance period (“Initial Compliance Period”) and a subsequent 15-year extended compliance period (“Extended Compliance Period”) during which time the Property is to be operated as a moderate income housing project; and

WHEREAS, in 2005, HOC Ambassador, Inc. (the “General Partner”), a corporation whose stock is wholly-owned by the Housing Opportunities Commission of Montgomery County (“HOC”), acquired the general partnership interest in WUBLP; and

WHEREAS, in June 2010, HOC approved a feasibility/predevelopment budget of up to \$75,000 to consider options for redevelopment of the Property and Building site; and

WHEREAS, in July 2010, after the expiration of the Property’s 15-year tax-credit compliance period, M&T Bank, the 99% limited partner in WUBLP, donated its interest in WUBLP to HOC; and

WHEREAS, the Property’s Initial Compliance Period expired in 2008, and the Extended Compliance Period ends in 2023; and

WHEREAS, over the past 24 months, the physical viability of the Property has been called into question through events of systems failures and a discovery of structural deficiencies which required the evacuation of the building and temporary relocation of residents; and

WHEREAS, on June 3, 2015, HOC approved a relocation plan aimed at relocating the remaining residents at the Property to housing that is safe and more appropriate; and

WHEREAS, the Montgomery County Department of Housing and Community Affairs (“DHCA”) has committed to reimburse HOC for relocation costs of up to \$500,000 and the Commission has approved acceptance of DHCA’s funds, but despite having expended these funds, DHCA has delayed the release of the funds to HOC until the matters with DHCD concerning the extended use Covenant have concluded; and

WHEREAS, given the Property was completely vacated on July 1, 2016 but it is expected that there will be certain costs associated with a vacant building estimated at \$171,151 for approximately seven months; and

WHEREAS, the Letter Agreement requires the prepayment of the State's RHPP loan, which has a balance of \$195,603 as of July 1, 2016, and HOC wishes to prepay the loan since no operating revenues are being produced from a decommissioned building.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, it approves the advance of \$346,628 from the Opportunity Housing Reserve Fund to pay approximately seven months of operating expenses (\$151,025) and to prepay the DHCD RHPP loan (\$195,603) at Ambassador Apartments.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that it authorize the use the property's replacement reserves, once returned to the Owner, to reimburse the OHRF for any related advance and to fund any ongoing expenses at the vacant building.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that it authorize advance of \$500,000 from the OHRF to the general funds to replenish its cash until DHCA releases its funds to reimburse HOC for costs associated with the relocation of the Ambassador residents.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that the Executive Director is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership at a regular meeting conducted on August 3, 2016.

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Patrice Birdsong
Special Assistant to the Commission

Approval to Select R4 Capital as the Low Income Housing Tax Credit Syndicator for the Alexander House Limited Partnership Transaction



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN

ZACHARY MARKS

BRIAN KIM

HYUNSUK CHOI

August 3, 2016

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Executive Summary

- Alexander House Apartments (the “Property”) was originally constructed in 1992 and is located near the Silver Spring Metro Station. The Property is a 16-story building with a three-level underground parking garage. The building contains 311 units, 203 parking spaces, management offices, and maintenance and engineering rooms. The Property also shares a common outdoor pool with Elizabeth House Apartments, the property adjacent to the north.
- Alexander House is an important element in the redevelopment of Elizabeth Square. To incorporate the property seamlessly into the overall square, the preliminary and project plan for Elizabeth Square, approved on July 23, 2015, includes amendments to the Property. The certified site plan for the recommended changes included in the preliminary and project plan is anticipated to be approved by November 2016.
- Upon refinancing the Property, net proceeds may be contributed to the funding for the Elizabeth House III development.
- On February 3, 2016, the Commission approved a predevelopment budget of \$1,025,420 to be funded with a loan from the Opportunity Housing Reserve Fund (“OHRF”) to complete architectural design, prepare a Low Income Housing Tax Credit application, and obtain all permits related to the renovation of Alexander House. At construction loan closing (projected in December 2016), the loan will be paid back to the OHRF.
- The Commission also approved a Preliminary Development Plan for the Property which includes the sale of 40% of the units to a limited partnership to allow it to raise equity from the syndication of low income housing tax credits to be allocated by the Maryland Department of Housing and Community Development (“DHCD”).

Executive Summary

- An application for Low Income Housing Tax Credit (“LIHTC”) was submitted to Department of Housing and Community Development on July 12, 2016.
- On March 11, 2016, staff solicited proposals from seven (7) LIHTC syndicators to select an equity investor for Alexander House. Staff received four (4) Letters of Interest (LOIs) from the firms below.
- Following the receipt of offers, staff communicated individually with representatives from the firms to evaluate the offers, discuss flexibility on terms, review relevant past experience, and introduce key members of HOC’s project teams. All four partners expressed a strong desire to work with HOC on this project.
- Based mainly on highest credit pricing and waiving exit taxes, staff recommends the selection of R4 Capital as the investor for Alexander House Apartments.
- R4 Capital was founded in 2011 by its President, Marc Schnitzer, and the Regis Group, a 60-year-old, London-based, privately held residential property investment firm. Team has on average over 25 years of Housing Tax Credit experience. Since May 2012, the firm has raised more than \$1.1 billion of LIHTC equity.
- **CREDIT PRICING COMPARISON**

				
\$/Credit	\$1.215	\$1.190	\$1.175	\$1.160
\$/Credit (waive Exit Taxes)	\$1.195	\$1.190	N/A	N/A

Executive Summary

- **WAIVING EXIT TAXES**

- At the end of the initial Compliance Period in year 15, the investor entity will have received the benefit of all of the LIHTCs, and there no longer will be any danger that it can lose any of the LIHTCs or other tax benefits. At this point, the Investor Entity usually will be ready to exit the partnership.
- The purchase price to remove the Investor Entity for qualified non-profit entities (like HOC) is typically the outstanding balance of any debt on the Project, plus any federal, state, and local taxes the Investor Entity is required to pay to exit the Project. R4 Capital has offered to waive the payment of exit taxes.
- Waiving of exit taxes will require purchase price to be determined based on the higher value of the outstanding balance of all debt on the project or the Fair Market Value (FMV) of the real estate determined by a certified Member Appraisal Institute (MAI) appraiser.

Fair Market Value (FMV) Calculation	
Year 15 NOI	\$1,1888,884
Cap Rate	5.0%
Estimated FMV	\$23,777,680

Outstanding Debt Calculation	
Mortgage Principal	\$10,953,912
Seller Note	\$22,205,056
Total Debt	\$33,158,968

- Based on initial analysis, the Project’s outstanding balance of all debt will be higher than the FMV of the real estate. The outstanding debt balance will be comprised of mortgage principal balance and seller note from HOC. Since HOC will be the lender and hold the mortgage, all outstanding debt on the project will be controlled by HOC. This strategy will allow HOC to remove the investor entity after the compliance period without incurring additional costs to the Agency.

Offer Overview: 4 Groups



- Founded in 2011
- Team has on average over 25 years of Housing Tax Credit experience with a track record that includes over \$13 billion of Housing Tax Credit investments on behalf of more than 150 corporate investors
- Since May 2012, raised more than \$1.1 billion of LIHTC equity
- Approximately 110 properties located in 29 states
- Launched R4 Capital Funding, a tax exempt lending business
- Commission approved R4 Capital as the investor for Waverly House
- **Equity - \$15,078,000 (\$1.215) / \$15,036,024 (\$1.195)**



- Founded in 1998
- Hudson places equity capital in high-quality, low-income housing tax credit developments around the country
- Hudson has syndicated over 345 low-income housing tax credit investments preserving creating over 35,000 multi-family rental units
- Has placed more than \$3.06 billion in equity representing over \$6.5 billion in total development costs
- Commission had experience with Hudson as the investor for Tanglewood Apartments (the most recent project)
- **Equity - \$14,705,636 (\$1.180)**



- Founded in 1869
- RBC Capital Markets is part of a leading provider of financial services, Royal Bank of Canada (RBC)
- Provided over \$6.4 billion of equity for LIHTC projects around the county
- Constituting more than 800 properties totaling over 68,000 units of affordable housing
- Has closed 7 investments located in Maryland and 13 investments located in District of Columbia
- Commission has no experience with RBC Capital Markets
- **Equity - \$15,025,531 (\$1.190)**



- Founded in 1974
- A real estate investment and advisory firm specializing in equity investments in affordable multifamily housing and market rate apartment communities
- Has more than 1,990 multifamily apartment properties in 49 states and the District of Columbia
- Constituting nearly 140,000 apartment homes with a development cost in excess of \$16.1 billion
- Commission approved Boston Capital as the investor for Arcola Towers
- **Equity - \$14,454,950 (\$1.160)**

Summary of LOIs

	R4 Capital	RBC Capital Market	Hudson Housing Capital	Boston Capital
Pricing	\$1.215	\$1.190	\$1.180	\$1.160
Pricing (W/O exit taxes)	\$1.195	\$1.190	N/A	N/A
Depreciation	27.5 years	27.5 years	27.5 years	27.5 years
Equity	\$15,036,024	\$15,025,531	\$14,705,636	\$14,454,950
Pay-In Schedule (Capital Contributions)	10.0% at closing	5.0% at closing	10.0% at closing	10.0% at closing
	10.0% at 75% partial completion	15.0% at 75% partial completion	30.0% at 50% partial completion	7.5% at 50% partial completion
	25.0% Completion Date	15.0% Completion Date	45.0% Completion Date	7.5% at 75% partial completion
	55.0% Rental Achievement	Achievement of Breakeven & Rental Achievement	Achievement of Breakeven & Rental Achievement	55.0% Completion Date
		5.0% Receipt of Form 8609	5.00% Receipt of Form 8609	16.50% Cost Certification
				3.50% Rental Achievement
Syndication Fee	\$50,000	\$50,000	\$50,000	\$50,000
Asset Mgt Fee	\$10,000	\$7,500	\$7,500	\$7,500
Partnership Mgt Fee	N/A	N/A	N/A	\$10,500
Seller Note Accrues Interest AFR (Applicable Federal Rate)	2.25%	2.25%	2.25%	2.25%
Amortization	40 years	35 years	30 years	35 years
Maximum \$ of mortgage financing	\$17,720,967	\$17,660,337	\$17,660,337	\$17,660,337
Development Fee Schedule	20% \$500,000	30% \$750,000	25% \$625,000	25% \$625,000
	30% \$750,000	30% \$750,000	50% \$1,250,000	25% \$625,000
	50% \$1,250,000	20% \$500,000	25% \$625,000	30% \$750,000
		20% \$500,000		18% \$450,000
				2% \$50,000
Exit Taxes	No exit taxes	No exit taxes	\$3,371,786 (\$9,633,674 of gain recognized on the sale * 35%)	\$3,275,982 (\$9,359,949 of gain recognized on the sale * 35%)
HOC Relationship	Yes	No	Yes	Yes

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the selection of R4 Capital and their proposal to waive all future exit taxes as Low Income Housing Tax Credit Syndicator for the Alexander House transaction and Authorize the Executive Director to negotiate and enter into Limited Partnership Agreement?

Time Frame

Action at the August 3, 2016 meeting of the Commission.

Budget Impact

There is no adverse impact for the Agency's FY 2017 operating budget.

Staff Recommendation and Commission Action Needed

HOC staff recommends that the Commission accepts the recommendation of the Development and Finance Committee and approve the selection of R4 Capital and their proposal to waive all future exit taxes as Low Income Housing Tax Credit Syndicator for the Alexander House transaction.

Staff further recommends and authorization for the Executive Director to negotiate and enter into Limited Partnership Agreement for the portion of the Alexander House property that would be sold to a LIHTC limited partnership.

RESOLUTION: 16-59

RE: Approval to Select R4 Capital as Low Income Housing Tax Credit Syndicator for Alexander House Apartments Limited Partnership

WHEREAS, the Alexander House Development Corporation (the "Corporation") is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), which currently holds title to all the condominium units and common areas in Alexander House Apartments; and

WHEREAS, the Alexander House Apartments (the "Property" or "Development") was originally constructed in 1992 at 8560 Second Avenue, near the Silver Spring Metro Station as a single sixteen-story building with 311 units, 203 parking spaces in a tri-level underground parking garage, management offices, maintenance and engineering rooms, as well as a common outdoor pool shared with Elizabeth House Apartments, the property adjacent to the north which is also owned by HOC; and

WHEREAS, the Development is an important element of the redevelopment of Elizabeth Square; and

WHEREAS, the preliminary and project plan for Elizabeth Square, which was approved on July 23, 2015, includes amendments to the Development; and

WHEREAS, minor site plan amendment approval was achieved for the Development on June 9, 2015, incorporating it seamlessly into the overall plan for Elizabeth Square; and

WHEREAS, on February 3, 2016, the Corporation approved the selection of an architectural firm to complete the interior design work in preparation for the renovation of the Property and must now select a general contractor to complete said renovation work at the Property; and

WHEREAS, on May 4, 2016, the Corporation approved the selection of general contractor contract with CBP Constructors LLC for the renovations of the Development; and

WHEREAS, the approved Preliminary Development Plan and plan of renovation plan includes HOC's creation of Alexander House Apartments Limited Partnership (the "Partnership") to acquire 40% of the Property in order to avail of equity raised by the syndication of 4% Low Income Housing Tax Credits and a permanent loan funded from the sale of tax-exempt bonds, insured by FHA pursuant to its Risk Share agreement with HOC, and secured by 40% of the Property; and

WHEREAS, Alexander House Apartments Limited Partnership was created on July 7, 2016, with HOC as the general partner and the Corporation as the initial limited partner; and

WHEREAS, HOC and the Partnership expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development which will enable the Partnership to raise approximately \$15.2 million in equity to pay part of its development costs; and

WHEREAS, after soliciting investment proposals from the top Low Income Housing Tax Credit (LIHTC) syndicators, HOC received four proposals detailing interest in purchasing the tax credits allocated to the Partnership and being admitted as its investor limited partner; and

WHEREAS, after review of all the submissions and further inquiries of the investors, R4 Capital has been determined to be the strongest LIHTC syndicator among the four respondents; and

WHEREAS, HOC intends to negotiate an amended and restated limited partnership agreement with R4 Capital for the admission of R4 Capital as a limited partner, the withdrawal of the Corporation as a limited partner, and the continued role of HOC or its affiliate as the general partner of the Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its current general partner, that it approves the selection of R4 as the low income housing tax credit investor syndicator for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its current general partner, that the Executive Director is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its current general partner, at an open meeting on August 3, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

Authorization of the Executive Director to Execute a Contract for Consulting Services with Morrison Avenue Capital Partners and Censeo Related to the Acquisition of Full Ownership of Tax Credit Properties and other Investor Exit Strategies and Interim Funding of the Contract from the Real Estate Line of Credit

A PORTFOLIO OF TEN ASSETS



Stacy L. Spann, Executive Director

Kayrine V. Brown
Zachary Marks

August 3, 2016

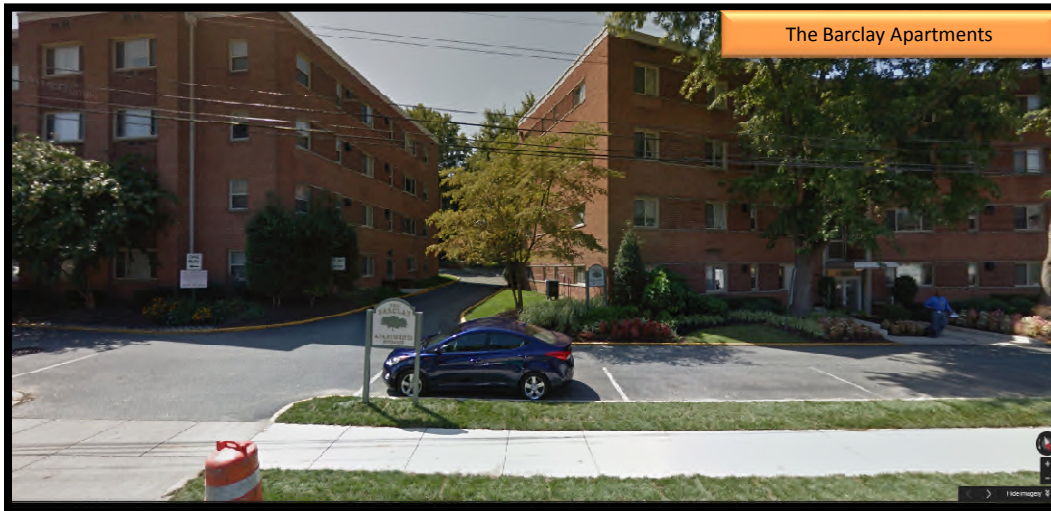
Executive Summary

HOC has nine LIHTC-financed properties that have reached the end of their 15-year initial tax credit compliance periods. All of the properties in the portfolio still have their tax credit investors as owners of the limited partnerships. The portfolio comprises 1,497 multifamily units (1,048 are LIHTC units) – more than the total number of units (877) that HOC is converting from Public Housing via the Rental Assistance Demonstration (“RAD”) program.

Additionally, HOC has a major potential redevelopment opportunity in the Barclay Apartments, which adds another 157 LIHTC-financed units. While that property does not reach the end of its initial compliance period for another four years, it will be important that the Commission have an exit strategy in place so that the redevelopment of the Barclay can proceed timely.



Metropolitan



The Barclay Apartments

Not only must the regulatory, financing, and partnership structures of these properties be unwound; the outlines of the recapitalization plans for these properties must be developed – in turn, creating new potential regulatory, financing, and partnership structures. The RAD conversions only had the dissolution of a regulatory structure to navigate. Each of these 10 LIHTC properties has existing private investors and multiple loans. A few have rental assistance contracts. Others have subsequently been rezoned and have substantial unused density. All require a reinvestment of capital through renovation and redevelopment.

Executive Summary

While nine of 11 RAD properties are converted, the two remaining properties – Holly Hall and Elizabeth House – are connected to five active HOC development projects:

Elizabeth House Holly Hall



Victory Crossing

900 Thayer

Elizabeth House III

Hillandale Gateway

Park View at Aspen Hill

Combined with other active HOC development projects unrelated to RAD and the Year 15 properties, staff is working on approximately two dozen different projects (comprising approximately 3,000 units). As this next wave of portfolio recapitalization approaches, consulting and transactional support will be critical to ensuring staff bandwidth is not overwhelmed.

Existing Investors



The presence of existing investors and multiple loans per property add components of risk not present in the RAD conversions. The existing investors are owners of the properties. In purchasing each investor's ownership, HOC will have to evaluate its rights and obligations under the partnership agreement, choose the best available acquisition valuation method, and ensure that the timing of the recapitalization process maximizes value for HOC. Second, with outstanding debt, the recapitalization strategies will have to account not only for the property's physical capital needs but also be able to retire all existing debt.

Executive Summary

On September 16, 2014, HOC issued RFP #1938, which sought to create a pool of qualified real estate development and financing consultants (“D&F Pool”) to provide HOC both much needed bandwidth as its transactional pipeline grew and to provide valuable expertise to navigate the many regulatory regimes and financing structures attached to HOC’s portfolio properties. From the responses to RFP #1938, the Commission selected six firms divided into two categories:

Development

- Audubon Enterprises
- The Concourse Group
- Mission First

Finance

- Morrison Avenue Capital Partners/Censeo
- Municipal Resource Advisors
- Walker & Dunlop

To seek support for the conversion of the Year 15 portfolio, staff solicited proposals from the Finance category firms on April 15, 2016. The Morrison Avenue Capital Partners/Censeo (“MACP&C”) and Walker & Dunlop (“W&D”) teams responded. Municipal Resource Advisors declined to present a proposal as the firm’s experience set did not match with the scope of work. Staff is recommending selecting Morrison Avenue Capital Partners/Censeo as the buyout consultant for the Year 15 portfolio:

Fee Structure

- MACP&C offered a flat fee for all transactions
- W&D required recapitalization exclusivity

Negotiating Experience

- MACP&C worked on many Year 15 transactions
- Added Brad Tomtishen (legal) to this proposal

Related Expertise

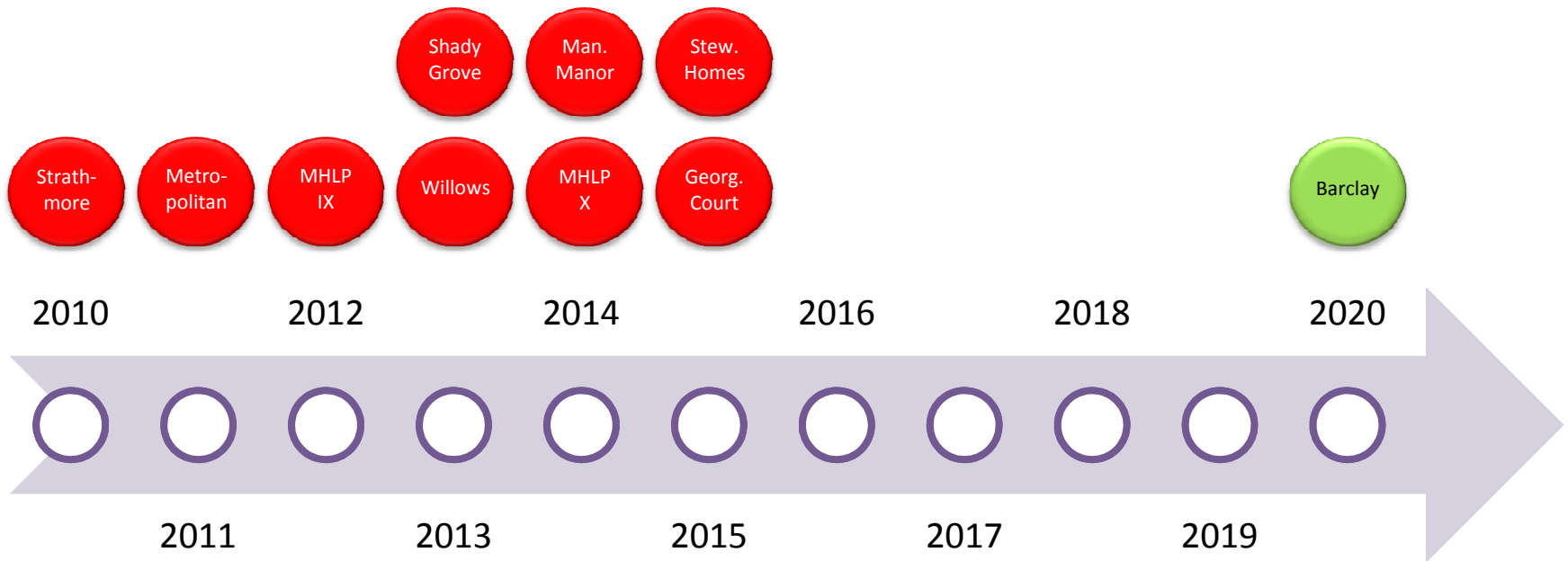
- Principal at MACP former head of Raymond James LIHTC division

Previous Relationship

- MACP&C have delivered exemplary service on three-year RAD conversion

Year 15 Portfolio Overview

Initial Period Expiration Timing



HOC is overdue to have acquired the limited partnerships (“LPs”) from the original tax credit investors on nine properties. Until these LPs are acquired, HOC continues to be exposed to exit tax increases. Additionally, no renovations or redevelopments can occur. The process of unwinding each of these assets could take as much as a year. Until that process is complete, the assets will be unable to take advantage of highly favorable interest rates and tax credit equity pricing.

Year 15 Portfolio Overview

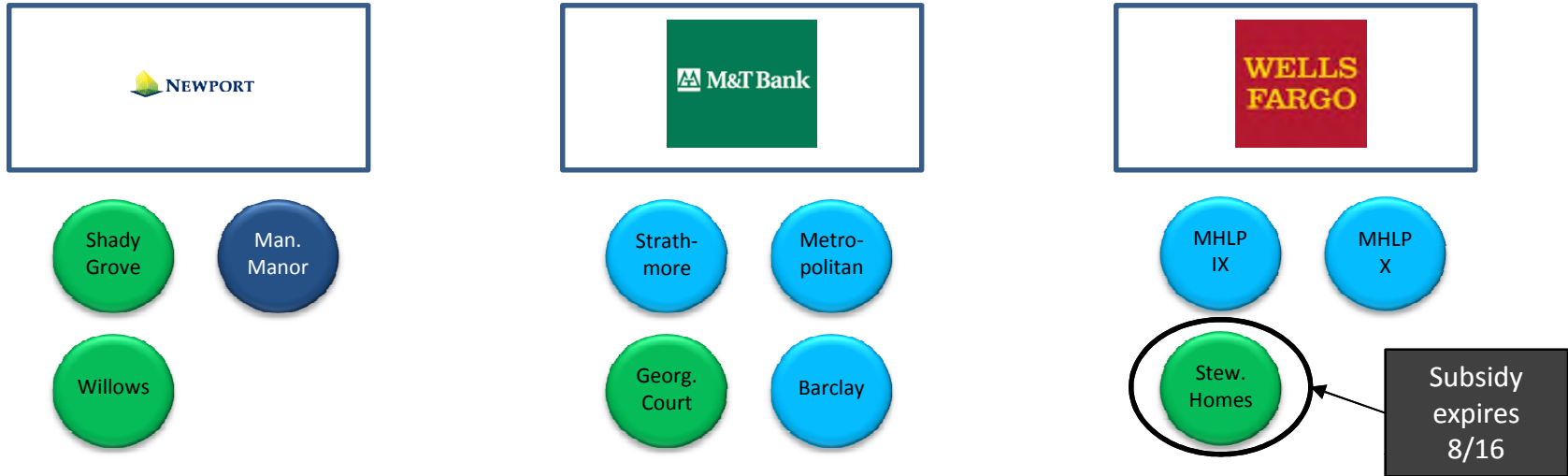
	Subject Property	# of Units	Location	LIHTC Expiration	# of Loans	HAP Contract	Unused Density	Recapitalization Method
1	<i>Barclay Apartments</i>	157	Bethesda	2020	2	No	Likely (+)	Redevelopment
2	<i>Georgian Court</i>	147	Aspen Hill	2015	2	Yes	UNK	UNKNOWN
3	<i>Manchester Manor</i>	53	Long Branch	2014	2	No	Yes (+)	Redevelopment
4	<i>Metropolitan</i>	308	Bethesda	2011	2	No	Likely (+)	Rehab./Density Transfer
5	<i>MHLP IX</i>	116	Various	2012	4	No	No	Rehabilitation
6	<i>MHLP X</i>	75	Various	2014	3	No	No	Rehabilitation
7	<i>Shady Grove</i>	144	Shady Grove	2013	2	Yes	UNK	UNKNOWN
8	<i>Stewartown Homes</i>	94	Mont. Village	2015	4	Yes	No	Rehabilitation
9	<i>Strathmore Court</i>	202	White Flint	2010	2	No	Yes (+)	Redevelopment
10	<i>Willows</i>	195	Gaithersburg	2013	2	Yes	UNK	Redevelopment

The Year 15 portfolio comprises nearly 1,500 units of housing throughout the County. The property types range from single family homes to single high rise buildings. Most of these properties came to be financed by LIHTC equity as renovations of older structures. So, capital needs will likely be similar to those of the RAD portfolio. Included in the total project costs for the recapitalization of these properties will be the pay off of existing debt. No property has fewer than two loans.

Staff currently projects that four of the ten properties offer redevelopment potential. HOC has already secured nearly twice the existing density for the parcels on which Manchester Manor and Strathmore Court sit. The Planning Board is also recommending to the County Council that the site on which The Barclay sits be given twice its existing density as part of the Bethesda CBD Sector Plan. While The Willows has a less-straightforward route, the site on which it sits is identified as a potential annexation target for the City of Gaithersburg. As part of that annexation, both the Planning Board and the City of Gaithersburg would recommend an MXT zoning.

The six other properties would be candidates for immediate resyndication and comprehensive renovation yielding additional financing and development fee opportunities for HOC. Only the renovation of Stewartown is in the current HOC budget.

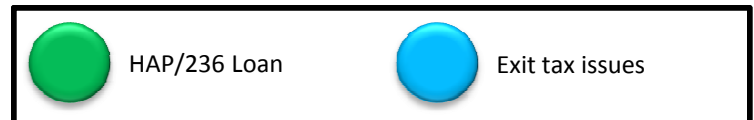
Indivisibility of the Portfolio



The properties with the most immediate need are Strathmore Court, Metropolitan, and Stewartown Homes. For Strathmore Court and Metropolitan, in addition to the initial compliance periods having expired more than three years ago, the issues are the mounting exit taxes at both and the need to comprehensively renovate the affordable units, building systems, and exteriors at the Metropolitan. Financed with a Section 236 loan and supported by a Rental Assistance Payment contract set to expire imminently, Stewartown Homes requires new subsidy immediately. Securing new subsidy prior to the acquisition of the limited partnership would significantly increase the cost to HOC of the acquisition.

However, other properties also have a level of urgency to exiting the current partnership arrangement. For Shady Grove and Willows, there is approximately \$2MM in cash trapped at the properties by the current regulatory environment each exists under. MHLP IX, MHLP X, and The Barclay Apartments also have increasing exit tax issues.

These facts coupled with the existing investors' desire to settle all of their particular properties simultaneously makes division of the portfolio by phase or by consultant essentially impossible.

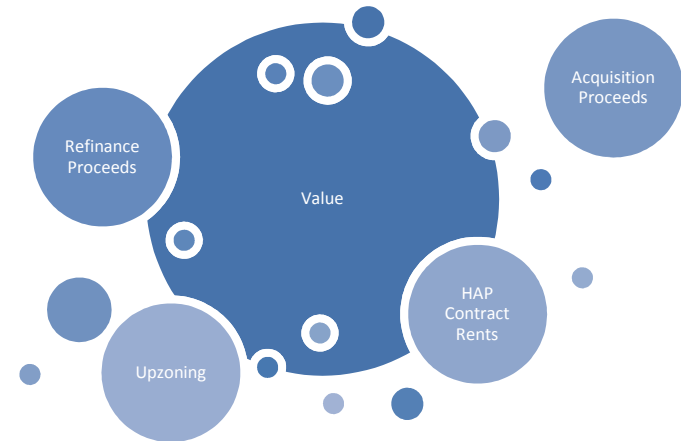


Importance of Negotiations & Timing

To begin to value the potential benefits of the Year 15 consulting services, the costs of those services must be viewed against HOC's exposure to exit taxes and risk of value loss to the existing investors.

The consultant will assist in timing the pay off of existing debt, the raising of new subsidy, and acquisition of the existing limited partner's ownership for each asset to ensure that the acquisition price of the limited partnership is minimized to the greatest extent possible.

As an example, HOC has more than \$1.4MM in exit tax exposure for Metropolitan and Strathmore Court alone. However, while a successful negotiation on only the exit taxes for just those two transactions would provide hundreds of thousands of dollars of value to HOC, there are myriad other complicating factors that must be balanced: from air rights leases to the prospective acquisition prices for the assets when sold into new tax credit ownerships.



Resolution of the limited partnership positions will have millions of dollars at stake.

PROJECTED EXIT TAXES

Metropolitan

\$869,072

Strathmore Court

\$573,428

Proposal Overview – MACP & Censeo

Initial Analysis (\$45,000 PER PROPERTY; half paid up front)

- Gather and organize documents and data
 - Tax returns/K1s
 - Pro formas
 - Partnership agreements/loan docs
- Assess HOC rights and responsibilities
 - Right to buy at FMV
 - Right of First Refusal (ROFR) at existing debt
- Assess property values (including reserves and other cash)
- Analyze LPs tax position (including gain and capital accts.)
- Analyze and structure to maximize acq. credits on recap.

Total Aggregate Fixed Fee

\$1,570,950*

Total Avg. Asset Fixed Fee

\$157,095

Exit Strategy Formulation (\$45,000 PER PROPERTY; half paid post first bullet)

- Consult and build consensus with HOC legal and accounting regarding project tax status
- Deliver pro formas, tax summaries, and other docs for HOC, LP, and tax filings
- Incorporate HOC's recapitalization strategy for each asset
- Balance recapitalization strategy and tax outcomes

Execution of Strategy (\$450 PER UNIT; half paid post first bullet)

- Brief and sell strategy to all stakeholders (including lenders, agencies, and LP)
- Negotiate best exit outcome (including exit taxes, ROFRs, and minimum gain)
- Conduct closing of exit transactions

*Fee is currently calculated on all units at the properties. Staff believes clarification will reduce fee by \$199,350 if the tax credit condominiums at The Barclay, Metropolitan, and Strathmore Court are observed.

Proposal Comparison – Walker & Dunlop

Walker & Dunlop’s proposal on its face appears to be less expensive. However, there is a key adjustment that must be made and an important caveat that must be highlighted:

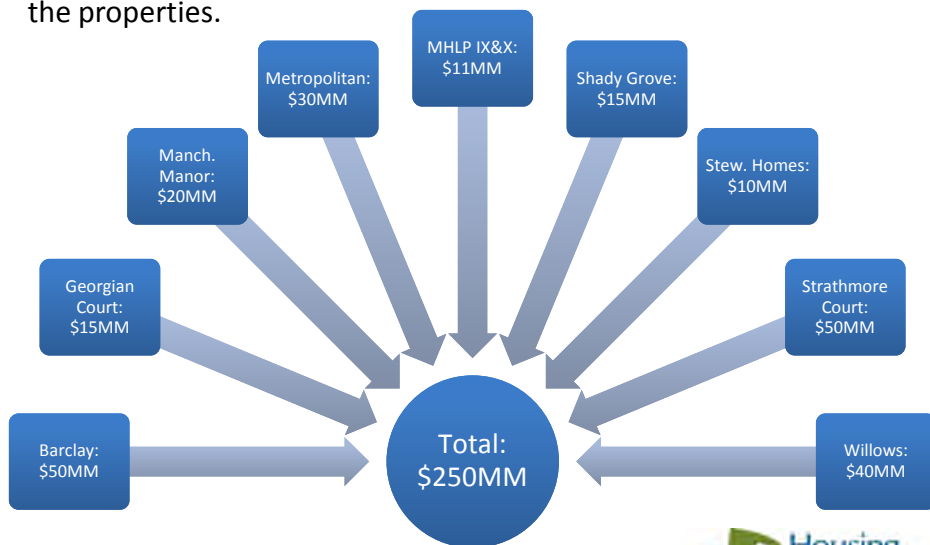
Duration Adjustment

W&D is basing its pricing off a 61-day estimated scope period. While some of the ten assets will be easier than others to close out, staff expects the average to be closer to eight months. Adjusted for that longer period, the W&D base cost is \$230,000 per property.

Recap. Exclusivity

In addition to the base cost, W&D is also proposing exclusive rights to debt issuance and any property dispositions related to the recapitalization of the properties.

Proposal Section	Section Description	Section Fee	Est. Time (days)
1	Gather/Organize	\$2,625	3
2.1	Right to buy @ FMV/ROFR @ debt/Other	\$2,625	3
2.2	Cap rate valuation (no appraisal)	\$2,625	3
2.3	Reserves/cash, tax position - Liquidation	\$5,775	2
2.4	Evaluate 10-year rule issues	\$2,625	2
3	Consult/build consensus with HOC legal/accounting	\$5,775	3
4	Construct pro forms, tax summaries, other docs	\$6,300	5
5	Longer-term hold model	\$7,875	5
6	Formulate strategy for best exit	\$4,725	2
7	Negotiation support	\$6,825	5
8	Closing Exit Transaction	\$10,500	28
		\$58,275	61



Approximating the supportable new debt issuance at recapitalization for the ten properties, staff projects at least \$250MM in new mortgage proceeds. At just 50 basis points for origination, W&D would stand to earn another \$1.25MM. While this is a cost that would be paid in any event, these are fees HOC would otherwise likely earn.

Fees @ 50BPS

\$1.25MM

MACP & Censeo Overview

Morrison Avenue Capital Partners, LLC was formed 5 years ago to pool the extensive real estate experience of their principals, employees, and partners to drive value delivered



MORRISON AVENUE
CAPITAL PARTNERS



through multifamily real estate development, acquisitions, and advisory work. Overall, the principal's history comprises investment, ownership, or advisory work on real estate in excess of \$2B.

The principals of MACP and Censeo have years of actual, demonstrated success collaborating on housing development and the associated administrative policies. This is not an ad-hoc group thrown together to best win an RFP, but a proven team that has worked together over many years on multiple deals.

The team has extensive LIHTC experience, raising and successfully deploying almost \$1B of tax credit equity across almost 300 individual deals. All of these transactions continue to meet or exceed their investment objectives, and no deal has experienced foreclosure or recapture. In addition to origination experience, Morrison Avenue's principal was a member of a top LIHTC investor's Investment Committee that oversaw originations, underwriting, and asset management. Ten of these transactions were located in Maryland, indicating a familiarity with the LIHTC process there.

Included in MACP&C's fees are all legal related to the LP acquisition. (N.b., title, survey, and real estate transaction legal are excluded.)

Multi-decade careers in working with housing authorities on multiple capital projects

Over \$1B of equity raised for affordable housing via structuring, acquisitions, and dispositions

Principals of both firms work directly on all HOC transactions

Walker & Dunlop Overview



Founded in 1937, Walker & Dunlop has been a consistent source of financing through many market cycles. For nearly 80 years, the firm has provided and coordinated debt financing through originating loans for our balance sheet, for Commercial Mortgage Backed Securities (CMBS) conduit, or for sale to Fannie Mae, Freddie Mac and HUD. It has also brokered loans to life insurance companies, banks, and other CMBS providers. Walker & Dunlop's Investment Sales group is the firm's investment advisory and broker group specializing in the multifamily sector of the market. Behind Walker & Dunlop's loan origination businesses sits a \$50 billion servicing portfolio filled with almost 5,000 mortgages, predominantly on multifamily properties with high debt service coverage and plenty of equity ahead of Walker & Dunlop's debt.

Walker & Dunlop is one of the largest multifamily lenders in the United States. It is the largest Fannie Mae DUS® lender, third largest Freddie Mac Program Plus® Seller, sixth largest FHA/HUD lender, along with access to a broad supply of CMBS and life company capital.

In W&D's proposal, it notes that the firm and its executives have worked extensively with LIHTC programs. However, to be able to deliver on the entire scope of work as requested by HOC, W&D has engaged CohnReznick to provide guidance on tax matters.

CohnReznick began as J.H. Cohn in 1919. It has been providing public accounting services ever since. With the advent of the Federal tax credit program in 1986, CohnReznick (then still separate firms) was one of the first movers into that program space).

The firm is ranked among the top US accounting firms and can consult on a huge range of accounting and tax advisory matters. Within the affordable housing realm, CohnReznick provides feasibility analysis and capital raising, LIHTC application preparation, financial statement audits, compliance oversight, and transaction analysis.



Two big, highly respected firms bring the ability to handle volume.

Consultant Selection & Costs

Staff is recommending the selection of the Morrison Avenue Capital Partners & Censeo team as the Year 15 portfolio consultant:

MACP&C

Fee Structure

The cost of MACP&C's services project lower than W&D and are fixed.

Add'l Background

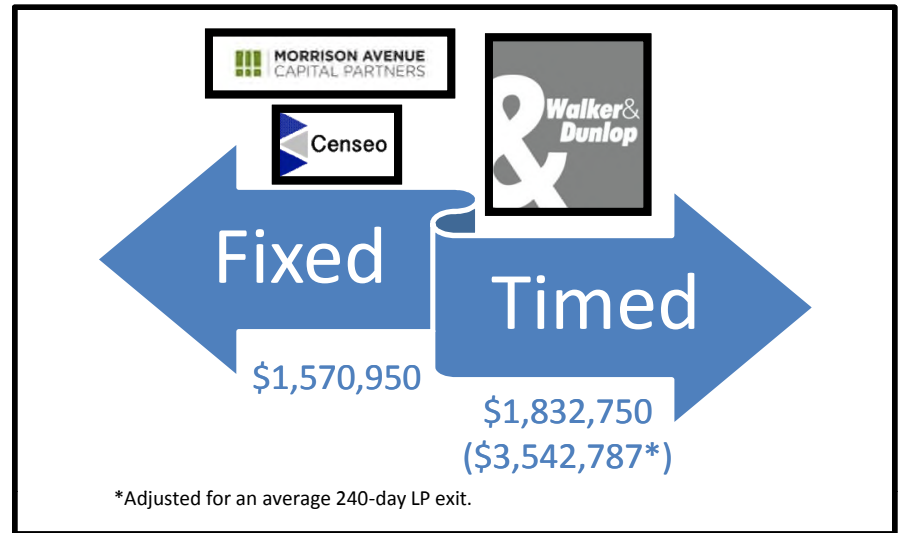
MACP&C's principals have extensive development financing experience helpful to ensuring that the projects are unwound with recapitalization in mind.

No Exclusivity

MACP&C are requiring no recapitalization participation as part of their proposal.

Past Performance

As HOC's RAD consultant, MACP&C have provided HOC exemplary service over a three-year engagement for a another portfolio conversion.



W&D

Time Projections

W&D's proposed fee schedule has underestimated the time to acquire the limited partnerships.

Service Gap

W&D has added a firm not a part of its team as included in the D&F Pool to complete a major core task.

MACP&C has all the requisite experience staff is seeking for this effort. The fees for service, which will ultimately be refunded to HOC out of the recapitalization project costs, are known and will be more than offset by exit tax liability reduction and development fee income.

Project Sources & Uses Timeline

Work on all Year 15 projects would begin this quarter. It is likely that certain LP acquisitions will be simpler and faster than others. The fee structure is based on an average complexity across all deals. Initially, the fee would be paid by the \$90MM RELOC.

Should the Commission wish, other existing sources could be tapped prior to the RELOC:

- Excess cash flows at The Barclay, Shady Grove, and Willows.
- Reserves at Metropolitan and Strathmore.
- Savings against currently projected exit taxes for Metropolitan and Strathmore.

Projected Fees		2017	2017	2017	2017	2018	2018	2018	2018
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Barclay</i>	\$160,650	\$22,500	\$22,500	\$0	\$0	\$22,500	\$22,500	\$35,325	\$35,325
<i>Georgian Court</i>	\$156,150	\$22,500	\$22,500	\$0	\$22,500	\$22,500	\$33,075	\$33,075	\$0
<i>Manchester Manor</i>	\$113,850	\$22,500	\$22,500	\$22,500	\$22,500	\$11,925	\$11,925	\$0	\$0
<i>Metropolitan</i>	\$228,600	\$22,500	\$22,500	\$22,500	\$22,500	\$69,300	\$69,300	\$0	\$0
<i>MHLP IX</i>	\$142,200	\$22,500	\$22,500	\$22,500	\$22,500	\$26,100	\$26,100	\$0	\$0
<i>MHLP X</i>	\$123,750	\$22,500	\$22,500	\$22,500	\$22,500	\$16,875	\$16,875	\$0	\$0
<i>Shady Grove</i>	\$154,800	\$22,500	\$22,500	\$0	\$22,500	\$22,500	\$32,400	\$32,400	\$0
<i>Stewartown Homes</i>	\$132,300	\$22,500	\$22,500	\$22,500	\$22,500	\$21,150	\$21,150	\$0	\$0
<i>Strathmore Court</i>	\$180,900	\$22,500	\$22,500	\$0	\$0	\$22,500	\$22,500	\$45,450	\$45,450
<i>Willows</i>	\$177,750	\$22,500	\$22,500	\$0	\$22,500	\$22,500	\$43,875	\$43,875	\$0
	\$1,570,950	\$225,000	\$225,000	\$112,500	\$180,000	\$257,850	\$299,700	\$190,125	\$80,775
Interim Source									
RELOC (\$90MM)	\$1,570,950	\$225,000	\$225,000	\$112,500	\$180,000	\$257,850	\$299,700	\$190,125	\$80,775

As Year 15 transactions reach

recapitalization, those projects will be able to refund the RELOC. Additionally, development fees will begin to be generated and be available to take the place of the draw on the line. Staff projects \$950,000 in development fees received by the end of FY2017.

Eventually, all of the fees will be repaid through project recapitalization. Staff projects \$937,800 of the fees will be reimbursed by the end of FY2018. The projects not covered yet reimbursed are those slated for redevelopment.

Permanent Source									
<i>Barclay</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Georgian Court</i>	\$156,150	\$0	\$0	\$0	\$0	\$0	\$0	\$156,150	\$0
<i>Manchester Manor</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Metropolitan</i>	\$228,600	\$0	\$0	\$0	\$0	\$0	\$228,600	\$0	\$0
<i>MHLP IX</i>	\$142,200	\$0	\$0	\$0	\$0	\$0	\$142,200	\$0	\$0
<i>MHLP X</i>	\$123,750	\$0	\$0	\$0	\$0	\$0	\$123,750	\$0	\$0
<i>Shady Grove</i>	\$154,800	\$0	\$0	\$0	\$0	\$0	\$0	\$154,800	\$0
<i>Stewartown Homes</i>	\$132,300	\$0	\$0	\$0	\$0	\$0	\$132,300	\$0	\$0
<i>Strathmore Court</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Willows</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$937,800	\$0	\$0	\$0	\$0	\$0	\$626,850	\$310,950	\$0

Costs of Non-action

Given the size of the Year 15 portfolio, there could be a question as to why HOC should move forward with 10 LP acquisitions now. Aside from the general inadvisability of getting to Year 15 without a plan in place, there are a number of economic issues that make present action critical.

Escalating Exit Taxes



Continued Growth in Income

Shady Grove

Annual income to the property is approximately \$1MM per year.

Because of the presence of the LP investor, income tax must be paid. Should HOC acquire the LP interest, HOC's non-tax status would resume.

Willows Apartments

Willows would have the same issue except that it retains non-tax status via a

Limited Distribution ("LD") agreement. That LD is currently trapping \$700,000 at the property.

The most straightforward risks are that of the increasing investor losses and continued growth in income. However, there are also more qualitative risks that make addressing the Year 15 portfolio so urgent.

New Value

Without first removing the existing investor, there is risk that new value created will be split.

Multi-property Investors

Each of the investors holds multiple HOC properties and will want to solve for all under ownership.

Raising Capital

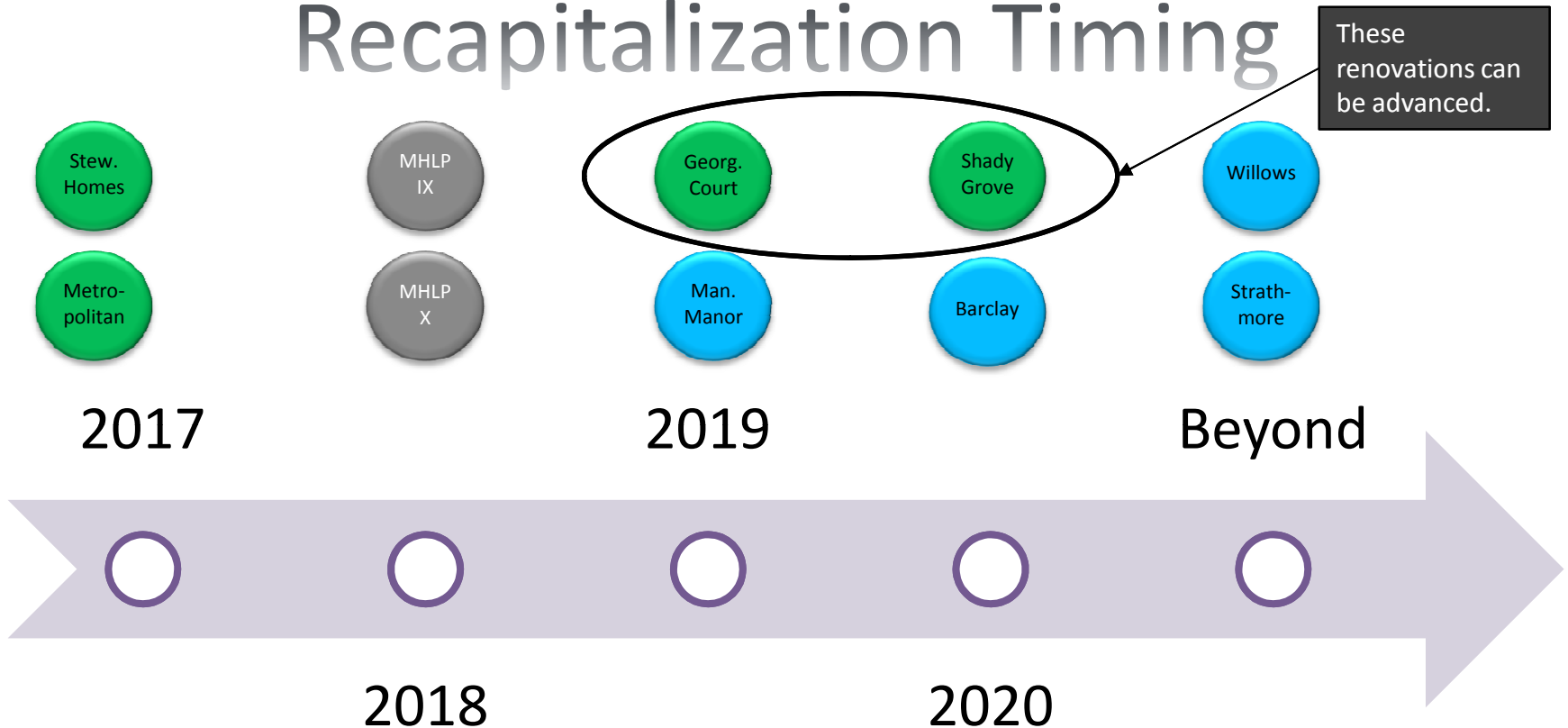
The existing investor will have to approve any new capital for needed renovations.

Redevelopment Activity

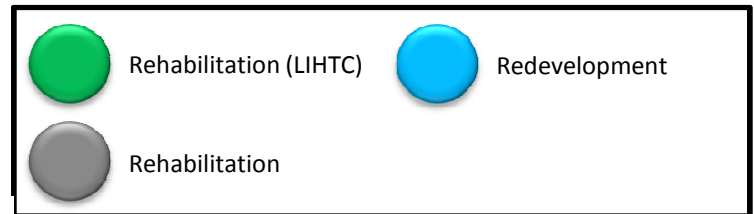
Any redevelopment activity is extremely complicated if not impossible with existing LP.

Creation of New Development Pipeline

Recapitalization Timing



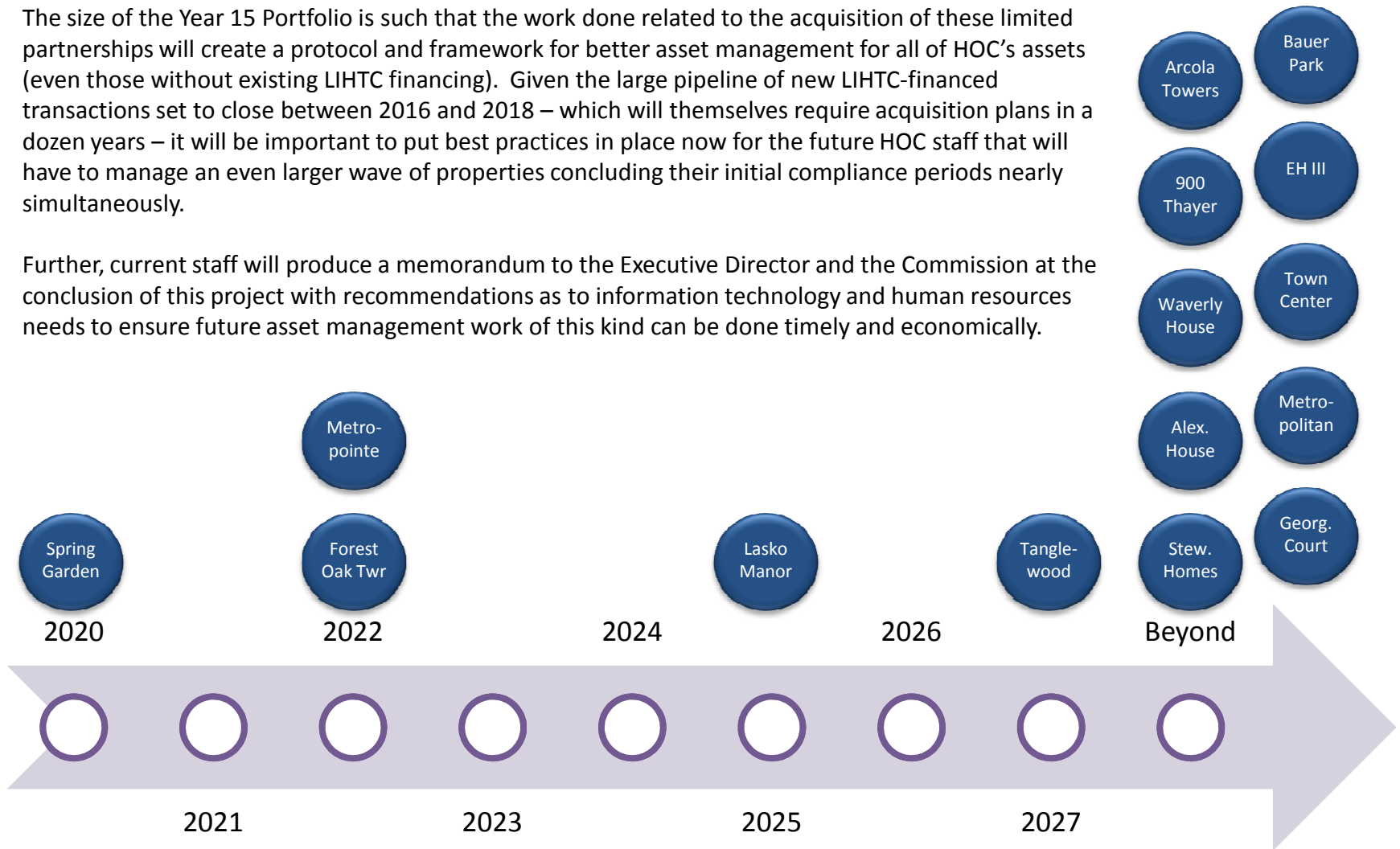
Only development fees for Stewartown Homes are in HOC's budget. In addition to the \$2MM likely from that renovation, Metropolitan, Georgian Court, and Shady Grove are likely to produce another \$7.5MM in development fees to HOC within the current budget year. It is possible that excess cash equity can be pulled from these properties at closing of renovation financing.



Foundation for Better Asset Management

The size of the Year 15 Portfolio is such that the work done related to the acquisition of these limited partnerships will create a protocol and framework for better asset management for all of HOC's assets (even those without existing LIHTC financing). Given the large pipeline of new LIHTC-financed transactions set to close between 2016 and 2018 – which will themselves require acquisition plans in a dozen years – it will be important to put best practices in place now for the future HOC staff that will have to manage an even larger wave of properties concluding their initial compliance periods nearly simultaneously.

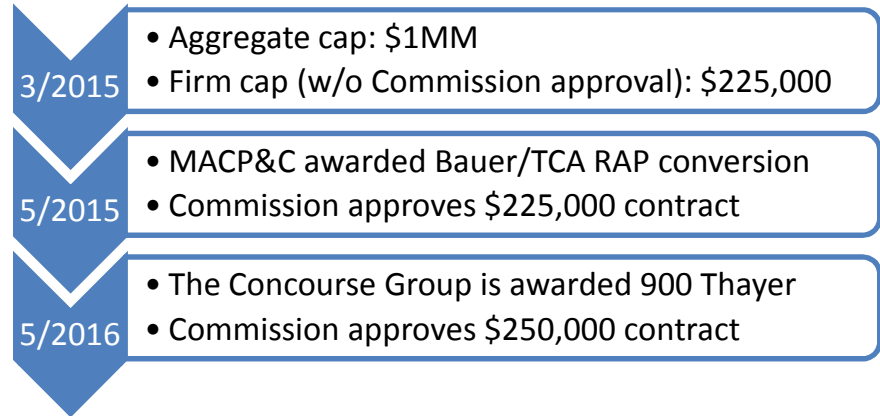
Further, current staff will produce a memorandum to the Executive Director and the Commission at the conclusion of this project with recommendations as to information technology and human resources needs to ensure future asset management work of this kind can be done timely and economically.



Summary and Recommendations

ISSUES FOR DISCUSSION & STAFF RECOMMENDATION (WHERE APPLICABLE)

1. Does the Commission wish to accept the recommendation of the Development & Finance Committee to approve of up to \$1.6MM* in interim funding from the Real Estate Line of Credit (\$90M) for Year 15 consulting services to be refunded by the eventual recapitalization of the properties?
2. Does the Commission wish to accept the recommendation of the Development & Finance Committee and approve a contract with MACP&C for Year 15 consulting services not to exceed \$1.6MM* and 10 properties?
3. Does the Commission wish to accept the recommendation of the Development & Finance Committee and approve an increase to the aggregate cap on the D&F Pool to the amount of \$2.5MM?



BUDGET IMPACT

No negative impact for the current Agency operating budget. It is likely that development fees in excess of that currently projected in the HOC budget will be received during the next two fiscal years.

TIME FRAME

Action at the August 3, 2016, meeting of the Commission.

*Staff will negotiate a final price with MACP&C. Should a lower price be appropriate, then the funding and contract would be at that final price.

RESOLUTION No. 16-60A

RE: Authorization of the Executive Director to Execute a Contract for Consulting Services with Morrison Avenue Capital Partners and Censeo Related to the Acquisition of Full Ownership of Tax Credit Properties and other Investor Exit Strategies and Interim Funding of the Contract from the Real Estate Line of Credit

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) issued RFP #1938 on September 16, 2014, to solicit proposals from and to create a pool of qualified consultants capable of providing expertise in support of HOC’s development and financing activities; and

WHEREAS, the Commission approved the selection of six offerors as prequalified consultants to be included in the pool, including the joint Morrison Avenue Capital Partners/Censeo team (“MACP & C”); and

WHEREAS, the MACP & C has demonstrated significant knowledge and experience related to properties financed by Low Income Housing Tax Credit (“LIHTC”) equity and has presented HOC with a proposal to evaluate, negotiate, and complete limited partners’ exits; and

WHEREAS, HOC is the general partner in a number of limited partnerships (“LIHTC Partnerships”) that own and operate affordable properties financed by LIHTC equity where the initial 15-year compliance periods associated with the LIHTC financing for these properties have expired (collectively, the “Year 15 Properties”); and

WHEREAS, HOC wishes to acquire the full ownership of Year 15 Properties so that it may reinvest in and preserve the inventory of affordable housing at these locations, and so that it may eliminate its ongoing financial exposure under the LIHTC Partnerships’ current agreements between HOC and the LIHTC investors; and

WHEREAS, the Commission wishes to supplement staff expertise and human resources with a qualified consultant with knowledge and experience related to these matters.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a contract for consulting services with Morrison Avenue Capital Partners and Censeo related to the acquisition of full ownership of the Year 15 Properties and other investor exit strategies, with

an aggregate contract amount not to exceed \$1.6MM for services in connection with no more than 10 Year 15 Properties and their respective LIHTC Partnerships.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes draws on its Real Estate Line of Credit ("RELOC") with PNC Bank, N.A. in an aggregate amount not to exceed \$1.6MM as an interim source of funding for the payment of the contract amount, with the RELOC to be repaid as part of the total project costs for the eventual recapitalization of the Year 15 Properties.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, without further action on its part, is hereby authorized and directed to take any and all other actions necessary and proper to carry out the transaction contemplated herein including but not limited to the execution of any amendment to the original service contract issued under RFQ 1938.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County in an open meeting conducted on August 3, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION NO.: 16-60B

RE: Approval of Aggregate Draws of up to \$1.6MM from the \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A. as an interim source of funding for Consulting Services Related to the Acquisition of Full Ownership of Certain Tax Credit Properties, with the RELOC Repaid Through the Eventual Recapitalization of Such Properties.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), or its wholly-owned and controlled affiliate, serve as the general partners (the “HOC GPs”) in a number of partnerships (“Partnerships”) that own and operate affordable properties financed by LIHTC equity where the initial 15-year compliance periods associated with the properties’ LIHTC financing have expired or are expiring in the near future (“Year 15 Properties”); and

WHEREAS, HOC wishes to acquire full ownership of the Year 15 Properties so that it may reinvest in and preserve the inventory of affordable housing at these locations, and so that it may eliminate its ongoing financial exposure under the current limited partnership agreements between HOC GPs and the LIHTC investors in force for Year 15 Properties; and

WHEREAS, the Commission wishes to supplement staff expertise and human resources by means of a qualified consultant (“Consultant”) with knowledge and experience related to these matters; and

WHEREAS, the Commission may make draws on the \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A. at a taxable rate equal to an interest rate at an optional London Interbank Offered Rate (LIBOR) (1-month, 3-month, 6-month, or 12-month) plus 58 basis points; and

WHEREAS, the Commission wishes to authorize a taxable draw on the RELOC for the purpose of paying the Consultant.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draws on the RELOC in an aggregate amount not to exceed \$1.6MM as an interim source of funding for consulting services related to the acquisition of full ownership of Year 15 Properties, which shall be outstanding for no more than 24 months from the date of the first draw and repaid as part of the total project costs for the eventual recapitalization of Year 15 Properties.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that the Executive Director is authorized, without further action on its part, to take any and all other 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.

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 3, 2016.

Patrice M. Birdsong
Special Assistant to the Commission

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Deliberation and/or Action

Future Action

Information Exchange

New Business

Executive Session Findings

Adjourn

Executive Session