

EXPANDED AGENDA

May 4, 2016

3:30 p.m.	<p>I. <u>Public Hearing</u> Proposed Revisions to HOC’s Administrative Plan</p> <ul style="list-style-type: none"> •Housing Choice Voucher Program to add the Required Provisions for the Rental Assistance Demonstration Program in Accordance with HUD Notice PIH-2012-32 (HA), REV-2 •Housing Choice Voucher Program to add Clarifying Language to HOC’s Project-Based Voucher Policies •Housing Choice Voucher Program to Provide Clarification on Providing Wait List Priority Consideration to Applicants Formerly on the Agency’s Public Housing Waiting List 	Res. No.
4:00 p.m.	<p>II. <u>CONSENT ITEMS</u></p>	
Page 4 14	<p>A. Approval of Revised Minutes of March 2, 2016 HOC Regular Meeting</p> <p>B. Approval of Minutes of April 6, 2016 HOC Regular Meeting</p>	
4:05 p.m.	<p>III. <u>INFORMATION EXCHANGE</u></p>	
Page 28 31	<p>A. Report of the Executive Director</p> <p>B. Calendar and Follow-up Action</p> <p>C. Correspondence and Printed Matter</p> <p>D. Commissioner Exchange</p> <p>E. Resident Advisory Board</p> <p>F. Community Forum</p> <p>G. Status Report</p>	
4:20 p.m.	<p>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></p>	
Page 36 44 53	<p>A. Development and Finance Committee – <i>Com. Simon, Chair</i></p> <ol style="list-style-type: none"> 1. Approval to Select and Add New Firms to Expand the Construction Management Pool Pursuant to RFP #1981 2. Authorization for the Executive Director to Execute a Letter Agreement with the Maryland Department of Housing and Community Development (“DHCD”) Outlining the Terms for Satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Wheaton-University Boulevard Limited Partnership (the “Ambassador Apartment”) 3. Approval to Increase the Investment in Victory Crossing to Complete the RAD Conversion of Senior Multifamily Properties and Authorization for the Executive Director to Execute a Revised Grant Agreement to Reflect the Increased Investment 	<p>Res. 16-25</p> <p>Res. 16-26</p> <p>Res. 16-27</p>
5:00 p.m.	<p>V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u></p>	
Page 61 77 87	<p>A. Authorization to Revise HOC’s Administrative Plan for the Housing Choice Voucher Program to add the Required Provisions for the Rental Assistance Demonstration Program in Accordance with HUD Notice PIH-2012-32 (HA), REV-2</p> <p>B. Authorization to Revise HOC’s Administrative Plan for the Housing Choice Voucher Program to add Clarifying Language to HOC’s Project-Based Voucher Policies</p> <p>C. Authorization to Revise HOC’s Administrative Plan for the Housing</p>	<p>Res. 16-29</p> <p>Res. 16-30</p> <p>Res. 16-31</p>

	Choice Voucher Program to Provide Clarification on Providing Wait List Priority Consideration to Applicants Formerly on the Agency's Public Housing Waiting List	
	VI. <u>*FUTURE ACTION ITEMS</u> A.	
	VII. <u>INFORMATION EXCHANGE (continued)</u> A. Community Forum	
	VIII. <u>NEW BUSINESS</u>	
	IX. <u>EXECUTIVE SESSION FINDINGS</u>	
5:05 p.m.	<u>ADJOURN</u>	
5:05 p.m. Page 102 105	<u>ALEXANDER HOUSE DEVELOPMENT CORPORATION MEETING</u> <ul style="list-style-type: none"> • Approval of Minutes April 6, 2016 Meeting • Approval of Alexander House Development Corporation to Select CBP Constructors, LLC as General Contractor and Authorization for the Executive Director to Negotiate Terms of the Contract for the Renovation of Alexander House 	Res. 16-003 _{AH}
5:15 p.m. Page 116	<u>TPM DEVELOPMENT CORPORATION MEETING</u> <ul style="list-style-type: none"> • Approval of Minutes April 6, 2016 Meeting 	
5:25 p.m.	<u>ADJOURN</u>	
5:45 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 OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Revised Minutes

March 2, 2016

16-03

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, March 2, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Christopher Hatcher
Linda Croom

Absent

Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Bobbie DaCosta
Kayrine Brown
Saundra Boujai
Gail Willison
Lola Knights
Ellen Goff
Shaina Francis
Fred Swan
Gio Kaviladze
Bonnie Hodge

Kelly McLaughlin, General Counsel
Clarence Landers
Lynn Hayes
Jim Atwell
Dean Tyree
Ethan Cohen
Tiffany Jackson
Angela McIntosh-Davis
Jennifer Arrington
Bill Anderson
Shauna Sorrells

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Guest

None

IT Support

Dominique Laws

The Consent Calendar was adopted with a motion made by Vice Chair Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Croom, and Hatcher. Commissioner McFarland was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

- A. Approval of Minutes of Annual Meeting of February 3, 2016** – The minutes were approved as submitted.
- B. Authorization to Submit the FFY 2016 Capital Fund Program Grant Annual Contributions Contract Amendment and Supporting Documentation**

RESOLUTION: 16-13

**RE: Authorization to Submit the
FFY 2016 Capital Fund Program
Grant Annual Contributions
Contract Amendment and
Supporting Documentation**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) will receive \$593,944 in FFY 2016 Capital Fund Program grant funds from the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, staff has identified \$593,944 in needs based upon the Commission’s Five Year Capital Fund Program Plan; and

WHEREAS, by submitting the FFY 2016 CFP Annual Statement, the CFP Five-Year Action Plan, and the signed FFY 2016 ACC Amendment, the Commission is agreeing that capital and management activities will be carried out in accordance with all HUD regulations.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director or his designee is hereby authorized to submit to the U.S. Department of Housing and Urban Development the FFY 2016 Annual Statement outlining how the Capital Fund Program grant funds will be expended to make improvements to public housing units during FFY 2016; HOC’s CFP Five-Year Action Plan outlining the Agency’s expectations for Capital Fund expenditures from FFY 2015-FFY 2019; the signed FFY 2016 Annual Contributions Contract Amendment in the amount of \$593,944; and the supporting Commission Resolution.

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

II. INFORMATION EXCHANGE

- A. Report of the Executive Director –In addition to the Executive Director’s written report, Stacy Spann announced that two (2) participants in the STEM Programs were accepted to the West Point STEM Initiative. ***HOC has applied for a \$47,000 Grant with Motorola Foundation for its STEM Initiative.*** Mr. Spann also announced that the FY 17 & 18 Budget would be presented at the April 6, 2016 meeting.
- B. Calendar and Follow-up Action – None
- C. Commissioner Exchange – Vice Chair Simon acknowledged that everyone was doing a wonderful job. Chair Roman reported that she and Commissioner Nelson have been meeting with a few of the County Councilmembers on the Westbard Master Plan. Chair Roman reported that she thinks the meetings have gone well in the interest of HOC. She reported that staff has been working tremendously hard in getting out letters to include language that HOC wants included in the Plan.
- D. Resident Advisory Board (RAB) – None
- E. Community Forum – None
- F. Status Report – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

- A. Budget, Finance and Audit Committee – Com. Nelson, Chair
 - 1. **Acceptance of Second Quarter FY’16 Budget to Actual Statements**

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

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

RESOLUTION No. 16-14:

RE: Acceptance of Second 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 Second Quarter FY'16 Budget to Actual Statements during its March 2, 2016 meeting.

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

2. Approval of FY'16 Second Quarter Budget Amendment

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

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

RESOLUTION No. 16-15:

RE: Approval of FY'16 Second Quarter Budget Amendment

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'16 on June 3, 2015; and

WHEREAS, the Commission's Budget Policy allows for amendments to the budget; and

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'16 Budget; and

WHEREAS, the net effect of the FY'16 Second Quarter Budget Amendment is a shortfall of (\$3,930) which will be covered by increasing the anticipated draw of \$344,985 that was to be taken from the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'16 Operating Budget by increasing total revenues and expenses for the Agency from \$238.4 million to \$238.9 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'16 Capital Budget by increasing revenues and expenses for the Agency from \$129.5 million to \$129.7 million.

B. Development and Finance Committee – Com. Simon, Chair

- 1. Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”) Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two” and together with VPC One, the “Corporations”) as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)**

Kayrine Brown, Chief Investment & Real Estate Officer, was the presenter. Prior to the discussion, Vice Chair Simon abstained from the discussion of the item presented due to her son’s participation in the program.

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

RESOLUTION No.: 16-16A

RE: Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”), 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 rental housing properties which provide a public purpose; and

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition the 669 Property under Section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”); and

WHEREAS, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

WHEREAS, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

WHEREAS, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the "LOC"); and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per-unit renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC.

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

1. Approves a revised development budget of \$41.5MM to complete the rehabilitation of the 669 Property.
2. Approves continued funding for the renovation of the 669 Property by authorizing (a) taxable draws on the LOC in an amount not to exceed \$41.5MM, bearing interest at the contractual rate of the London Interbank Offered Rate ("LIBOR") plus 90 basis points for a maximum term of 24 months, and (b) the loan of such funds, on the same terms, to VPC One Corporation and VPC Two Corporation for the rehabilitation of the 669 Property in such amounts and to the extent needed by each to fully fund renovation costs for the portion of the 669 Property owned by such entity, so long as the aggregate amount loaned to VPC One Corporation and VPC Two Corporation does not exceed \$41.5MM.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, 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.

RESOLUTION NO.: 16-16B

RE: Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two”) and together with VPC One, the “Corporations”) as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”), 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 rental housing properties which provide a public purpose; and

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (collectively, the 669 Property”) under Section 18 of the US Housing Act of 1937, as amended (“Section 18”); and

WHEREAS, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

WHEREAS, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One (390 units) and VPC Two (279 units);

WHEREAS, on October 1, 2014, HOC approved loans to the Corporations in an aggregate amount not to exceed \$38,500,000 (\$23,010,000 to VPC One and \$15,490,000 to VPC Two), reflecting the revised rehabilitation budget for the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”); and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per units renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC. and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC; and

WHEREAS, HOC presently intends and reasonably expects to finance certain property improvements for the 669 Property with moneys drawn from the LOC in accordance with the revised development plan.

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

1. Approves a draw on the LOC in an aggregate amount of up to \$41.5MM to fund the full renovation of the 669 Property.
2. Approves interim loans to the Corporations of an aggregate amount up to \$41.5MM from funds drawn on the LOC (the "Loans") wherein the final loan amount to each Corporation will reflect the total renovation cost of such Corporation's respective units in the 669 Property and the Loans shall be for a maximum term of 24 months and will bear interest at the contractual rate of the LOC equal to the 30-day London Interbank Offered Rate (LIBOR) plus 90 basis points.
3. Affirms that 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 VPC One Property as such preliminary expenditures are defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).
4. Affirms that it is the intention of HOC to issue tax-exempt obligations for the purpose of repaying the LOC, reimbursing capital expenditures incurred with respect to the Corporations, and paying future capital expenditures incurred with regard to the Corporations.

5. Affirms that all prior acts and doings of the officials, agents, and employees of HOC which are in conformity with the purpose and intent of this Resolution, and in furtherance thereof, shall be and the same hereby are in all respects ratified, approved, and confirmed.
6. Affirms that all other resolutions of HOC, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

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.

C. Legislative and Regulatory Committee – Com. Hatcher, Chair

1. Authorization to Implement the Community Choice Homes Pilot Project

Fred Swan, Director of Resident Services was the presenter.

The following resolution was tabled and then rejected by the Board. Instead, the Board requested that the matter be reconsidered by the Legislative and Regulatory Committee for the submission of a new plan for consideration and adoption at the next Board meeting.

RESOLUTION: 16-17

**RE: Authorization to Implement the
Community Choice Homes Pilot
Project**

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) is seeking authorization to enter into an agreement with the Maryland Department of Housing and Community Development (DHCD) to set aside ten (10) units for participants in the Money Follows the Person (MFP) Bridge Program; and

WHEREAS, the MFP Bridge Program provides housing subsidies for three (3) years to low-income residents exiting institutions such as hospitals and nursing homes; and

WHEREAS, HOC is also seeking authorization to enter into a Memorandum of Understanding and a Regulatory Agreement with the Maryland Department of Disabilities (MDOD) to set aside 60 units for the non-elderly disabled and ensure that all 70 units, inclusive of the 10 MFP Bridge Program units, are utilized for these respective populations and remain accessible for up to 30 years; and

WHEREAS, HOC is proposing to allocate these units over a four (4) year period, allocating 20 units in year one and 15 -20 units in each of the succeeding three (3) years; and

WHEREAS, HOC is proposing the implementation of the Community Choice Homes Pilot (CCHP) Project that will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for up to 30 years.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes the implementation of the Community Choice Pilot Project as set forth above for low- income and non-elderly disabled residents.

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

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

None

V. FUTURE ACTION ITEMS

- FY 17 & 18 Budget Presentation
- Community Choice Home Pilot Program

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

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 to adjourn the meeting of the Housing Opportunities Commission at 4:50 p.m. to convene meetings of the VPC One and VPC Two Corporation.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

April 6, 2016

16-04

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, April 6, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Sally Roman, Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Margaret McFarland
Christopher Hatcher
Linda Croom

Absent

Jackie Simon, Vice Chair

Also Attending

Kayrine Brown, Acting Executive Director
Bobbie DaCosta
Rita Harris
Gina Smith
Gail Willison
Gail Gunod-Green
Lorie Seals
Zachary Marks
Fred Swan
Gio Kaviladze
Bonnie Hodge
Belle Seyoum
Sheryl Hammond
Ugonna Ibebuchi
Lynn Hayes
Louis Chaney
Vivian Benjamin

Kelly McLaughlin, General Counsel
Clarence Landers
Lynn Hayes
Jim Atwell
Terri Fowler
Eugene Spencer
Tiffany Jackson
Angela McIntosh-Davis
Danette Lawrence
Rebecca Grayson
Shauna Sorrells
Regina Reilly
Wilson Choi
Brian Kim
Lori Seals
Sharif Rafiq
Mei Li

Commission Support

Patrice Birdsong, Spec. Asst. to Comm.

IT Support

Dominique Laws

Guest

None

Chair Roman opened the meeting acknowledging Kayrine Brown, Acting Executive Director. The meeting began with approval of the Consent Calendar. The Consent Calendar was adopted with a motion made by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Nelson, Croom and Hatcher. Commissioner McFarland temporarily stepped away and did not participate in the vote. Vice Chair Simon was necessarily absent and did not participate in the vote.

The record should also reflect that an error was discovered in the March 2, 2016 minutes. In the Executive Director's Report, the minutes reflected that "*HOC was awarded a \$47,000 Grant from the Motorola Foundation for its STEM Initiative.*" The minutes have been corrected and will now reflect that "***HOC applied for the \$47,000 Grant with Motorola Foundation for its STEM Initiative.***"

I. CONSENT ITEMS

- A. Approval of Revised Minutes of March 2, 2016** – The minutes were approved as submitted. An error was discovered after approval and the Minutes have been corrected for approval at the May 4, 2016 meeting.
- B. Approval of Minutes of April 6, 2016** – The minutes were approved as submitted.
- C. Authorization to Submit HOC's FY 2017 Annual PHA Plan**

RESOLUTION: 16-18

**RE: Authorization to Submit HOC's
FY 2017 Annual PHA Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") seeks to implement the mandatory Annual and Five-Year PHA Plan requirements of the Quality Housing and Work Responsibility Act of 1998 (QHWRA); and

WHEREAS, the submission of the FY 2017 Annual PHA Plan has been prepared in accordance with 24 CFR Part 903 regulations and requirements for submission to HUD; and

WHEREAS, HOC has worked in collaboration with the Resident Advisory Board to obtain recommendations in the development of the proposed Annual PHA Plan Submission; and

WHEREAS, HOC has obtained certification from local government officials that the proposed Annual PHA Plan Submission is consistent with the jurisdiction's Consolidated Plan; and

WHEREAS, HOC will conduct a Public Hearing on April 6, 2016 to obtain public comments regarding the proposed Annual PHA Plan Submission; and

WHEREAS, HOC has considered all comments and recommendations received and has incorporated all relevant changes in the proposed Annual PHA Plan Submission.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Opportunities Commission of Montgomery County that it approves the FY 2017 Annual PHA Plan and its submission to HUD no later than April 17, 2016, as required by federal regulation.

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

D. Authorization to Transfer the Arcola Towers and Waverly House Sale Proceeds from the General Fund to the Opportunity Housing Reserve Fund (OHRF)

RESOLUTION: 16-19

RE: Authorization to Transfer the Arcola Towers and Waverly House Equity Sale Proceeds from the General Fund to the Opportunity Housing Reserve Fund (OHRF)

WHEREAS, on September 2, 2015, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") adopted a Bond Authorizing Resolution for the issuance of up to \$40 million of tax-exempt private activity bonds to fund the acquisition and renovation of Arcola Towers and Waverly House by newly formed Low Income Housing Tax Credit (LIHTC) partnerships, Arcola Towers RAD Limited Partnership and Waverly House RAD Limited Partnership; and

WHEREAS, on December 22 and December 23, 2015, the Waverly House and Arcola Towers real estate acquisition, LIHTC equity and FHA Risk Share mortgage transactions closed, which generated equity sale proceeds in the amount of \$3,946,082 and \$1,114,562, respectively; and

WHEREAS, equity sale proceeds from the real estate transactions closings were deposited into HOC's General Fund, unrestricted; and

WHEREAS, as part of the Development Plan that was approved on January 14, 2015, the Commission approved the use of the equity sale proceeds from the Waverly House and Arcola Towers transactions for the future financing of the Elizabeth Square transaction.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, hereby authorizes the transfer of equity sale proceeds in the combined amount of \$5,060,644 from HOC's General Fund to the Opportunity Housing Reserve Fund (OHRF).

BE IT FURTHER RESOLVED that the funds will be restricted for the future financing needs of Elizabeth Square.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, hereby authorizes the Executive Director, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

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

RESOLUTION: 16-20

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, New America Financial Corporation has applied for participation in the Mortgage Purchase Program; and

WHEREAS, New America Financial Corporation 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 New America Financial Corporation is approved for participation in the Mortgage Purchase Program, effective immediately.

II. INFORMATION EXCHANGE

A. Report of the Executive Director –Kayrine Brown, Acting Executive Director, reported that there were no new items to add to the Executive Director's written report. Ms. Brown expressed that she was pleased to have participated in the RAD

Event and having the opportunity to underscore some the accomplishments. She also mentioned that having this opportunity to serve in the Acting capacity has allowed her to focus on the things that have developed out of the HOC Academy.

Chair Roman congratulated Shauna Sorrells and staff of a job well done on the March 4, 2016 *Success Through RAD Event* held at Waverly House.

B. Calendar and Follow-up Action – None

C. Commissioner Exchange – Chair Pro Tem Nelson informed the Board of date changes on the calendar for the Budget, Finance and Audit Committee meeting dates.

Commissioner Hatcher reported that there would be a Special Session of the Legislative and Regulatory Committee scheduled for April 20, 2016.

Chair Roman announced that the County Executive has made a recommendation to appoint a new Commissioner to the HOC Board.

Commissioner Croom reported that she will be attending the NAHRO – Washington Conference April 10 – 11, 2016. Ms. Croom also reported that she was asked by former Commissioner Ralph Bennett to participate on a panel to discuss tenant issues.

D. Resident Advisory Board (RAB) – None

E. Community Forum – None

F. Status Report – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

- 1. Approval to Amend and Fund the Development Plan by Drawing up to \$358,000 by the Commission from the County Revolving MPDU/Property Acquisition Fund (“MPDU/PAF”) and the Commission’s Advance of Such Funds to TPM Development Corporation (“TPM”), for the Renovation of Timberlawn Crescent and Pomander Court**

Zachary Marks, Asst. Director of New Development, and Sheryl Hammond, Planner, were presenters.

The following resolution was approved as revised per General Counsel to remove the reference of Development Corporation in the document. A motion was made by Chair Pro Tem

Nelson and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Nelson, Croom, Hatcher, and McFarland. Vice Chair Simon was necessarily absent and did not participate in the vote.

RESOLUTION: 16-21

RE: Approval to Amend and Fund the Development Plan by Drawing up to \$358,000 by the Commission from the County Revolving MPDU/Property Acquisition Fund (“MPDU/PAF”) and the Commission’s Advance of Such Funds to TPM Development Corporation (“TPM”), for the Renovation of Timberlawn Crescent and Pomander Court

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, 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 entered into an Agreement with Montgomery County, Maryland (the “County”), effective July 1, 2015, as amended (together, the “Act”), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate and public purposes; and

WHEREAS, Timberlawn Crescent, a 107-unit development located in North Bethesda and Pomander Court, a 24-unit clustered townhome community located in Silver Spring (together, the “Projects”) are two properties owned by TPM, a wholly controlled corporate instrumentality of the Commission, and are in need of renovation and rehabilitation; and

WHEREAS, on July 17, 2013, the Commission approved a preliminary renovation and rehabilitation plan for the Projects, including exterior renovation at Timberlawn Crescent which was funded from an interim loan from the MPDU/PAF; and

WHEREAS, the HOC and TPM have been presented with an amendment to the final development plan which includes additional scope items for the Projects; and

WHEREAS, the Commission is authorized to use the MPDU/PAF to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC staff requests additional interim loan funds from the Commission funded by a draw on the MPDU/Property Acquisition Fund an amount not to exceed \$358,000

and the Commission's advance of such funds TPM Development Corporation, to be repaid by TPM Development Corporation upon its future refinancing of the Projects.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the amendment to the development plan to complete the renovation of Timberlawn Crescent and Pomander Court.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a loan draw not to exceed \$358,000 from the County Revolving MPDU/Property Acquisition Fund for a term not to exceed 12 months.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it will advance the funds drawn from the County Revolving MPDU/Property Acquisition Fund to TPM Development Corporation, to be repaid by TPM Development Corporation upon its future refinancing of the Projects.

BE IT FURTHER RESOLVED the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director of the Housing Opportunities Commission of Montgomery County who serves as the Secretary of TPM Development Corporation, 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.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that 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).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it affirms that it is the intention of TPM Development Corporation to issue tax-exempt obligations in the maximum principal amount of approximately \$20,000,000 as part of the Project's projected permanent financing for the purpose of repaying any and all outstanding amounts drawn from the RELOC, repaying the County Revolving Fund, reimbursing capital expenditures and other financing costs incurred with respect to the Projects, and paying future capital expenditures incurred with regard to the Projects

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it affirms 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 thereof, the same are hereby in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

2. Authorization to Expend Additional Predevelopment Funds of up to \$1.5 million of Opportunity Housing Reserve Funds for the Submission of the Detail Site Plan for Elizabeth House III and Elizabeth House IV to N-NCPPC and Montgomery County and to Complete Design Development Plans for Elizabeth House III

Zachary Marks, Asst. Director of New Development, and Brian Kim, Development Associate, 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, Nelson, Croom, Hatcher, and McFarland. Vice Chair Simon was necessarily absent and did not participate in the vote.

RESOLUTION: 16-22:

RE: Authorization to Expend Additional Predevelopment Funds of up to \$1,500,000 of Opportunity Housing Reserve Funds for the Submission of the Detail Site Plan for Elizabeth House III and Elizabeth House IV to M-NCPPC and Montgomery County and to Complete Design Development Plans for Elizabeth House III

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South, consisting of three discrete properties; Alexander House, owned by Alexander House Development Corporation (“Alexander House”); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) and Fenwick Professional Park owned by Lee Development Group (“LDG”); and

WHEREAS, on February 18, 2014, HOC entered into a pre-development agreement and preliminary plan submittal phase with LDG, Inc., an affiliate of LDG, as authorized by Resolution 14-13, adopted on February 18, 2014 and ratified by Resolution 14-13-R, adopted on March 5, 2014; and

WHEREAS, on May 28, 2014, the Commission passed Resolution 14-34 approving the essential business terms of the ground lease and land development agreement and authorizing the Executive Director to negotiate and execute the land development agreement (“Agreement”), which Resolution 14-34 was ratified by the Commission on June 4, 2014 by Resolution 14-34-R; and

WHEREAS, HOC and LDG entered into the Agreement as of July 31, 2014; and

WHEREAS, on July 23, 2015, the preliminary and project plans for Elizabeth Square were unanimously approved by the County Planning Department; and

WHEREAS, preliminary and project plans approved up to 766,046 square feet of residential development with up to 907 dwelling units, up to 6,032 square feet of non-residential uses, and up to 63,896 square feet of public use facilities; and

WHEREAS, HOC has now completed the feasibility phase of Elizabeth Square and is prepared to develop the detail site plan for improvements along the street frontage of Alexander House and the construction of both Elizabeth House III, which will be constructed on the Fenwick Professional Park site, and Elizabeth House IV, which will be constructed on the existing Elizabeth House site; and

WHEREAS, as part of the detail site plan phase, the development consultants are prepared to initiate the site plan process by submitting an application to M-NCPPC and the County Planning Department; and

WHEREAS, the Commission previously approved predevelopment funding totaling \$2,990,949; and

WHEREAS, staff seeks approval for additional predevelopment funding estimated to cost \$4,500,000 to carry the development through the completion of design and engineering documents for Elizabeth House III, Alexander House and Elizabeth House IV, issuance of permits for Elizabeth House III, and the closing on the construction financing for Elizabeth House III, with the additional funding request to be divided into four installments, each requiring Commission approval; and

WHEREAS, the first installment of \$750,000 was funded out of the Opportunity Housing Reserve Fund from monies yielded by the sale of certain scattered site units and reserved for investment in multifamily development opportunities.

WHEREAS, the second installment of \$1,500,000 can be funded out of the Opportunity Housing Reserve Fund for the submission of the detail site plan for Elizabeth House III and Elizabeth House IV to M-NCPPC and Montgomery County and to complete design development plan for Elizabeth House III.

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

1. it hereby authorizes up to ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) in costs for the detail site plan, which shall be funded from the Opportunity Housing Reserve Fund; and

2. the Executive Director is authorized to execute all applications and submissions necessary for the approval of a detail site plan for the development of Elizabeth House III and Elizabeth House IV, and to file such applications and submissions with all of the required regulatory agencies, including the Maryland-National Capital Park and Planning Commission and the County Planning Department.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

3. Approval of Development Plan and Additional Predevelopment Funding for 900 Thayer Avenue and Authorization to Select and Fund Financing Consultant Costs

Zachary Marks, Asst. Director of New Development, was the presenter.

The following resolution was approved with revision to include acceptance of the contract for architectural service. A motion was made by Commissioner McFarland and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Nelson, Croom, Hatcher, and McFarland. Vice Chair Simon was necessarily absent and did not participate in the vote.

RESOLUTION: 16-23

RE: Approval of Development Plan and Additional Predevelopment Funding for 900 Thayer Avenue and Authorization to Select and Fund Financing Consultant Costs

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "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; and

WHEREAS, the Commission wished to avail itself of opportunities to acquire land in downtown Silver Spring for future development of affordable housing, including the potential development of an alternative relocation option for the residents of HOC'S remaining Public Housing properties in concert with the conversion of and transfer of subsidy from those Public Housing properties via the Rental Assistance Demonstration (RAD) program; and

WHEREAS, on August 5, 2015, as ratified on September 2, 2015, the Commission authorized the execution of a Purchase and Sale Agreement with 900 Thayer Avenue LLC (the "Seller") to purchase 28,526 square feet of land at the southwest corner of Thayer Avenue and

Fenton Street (the "Property"), including design documents, design consulting contracts, and all other related due diligence; and

WHEREAS, pursuant to a Purchase and Sale contract which was executed on August 7, 2015, the Commission acquired the Property on March 16, 2016; and

WHEREAS, the property already has Site Plan approval for 124 residential units with 5,267 square feet of ground-floor retail; and

WHEREAS, when the development opportunity was presented to the Commission in October 2015, it deferred a plan to develop the site as relocation housing for 70 current Elizabeth House households, with the balance to include 29 (non-RAD) Low Income Housing Tax Credit units and 25 market rate units; and

WHEREAS, the Property was originally designed to be a market rate multifamily development; however, several key events have occurred that present both greater urgency and enhanced opportunity for the immediate development of 900 Thayer under a revised plan that would deliver it as a mixed-income family community and RAD relocation housing for the entire 96 units of Holly Hall; and

WHEREAS, the newly configured 900 Thayer will include 74 one-bedroom units and 50 two-bedroom units, including 96 RAD Project Based Rental Assistance ("PBRA") units spread throughout the property and 28 market rate units; and

WHEREAS, to assure that the pursuit of 900 Thayer does not create capacity issues, staff has solicited bids from among the Commission-approved Development and Financing pool of professionals and is now recommending the selection of The Concourse Group ("TCG") as the development consultant based on its proposed pricing of approximately \$242,600 and its experience as a specialized real estate consulting firm that has successfully supported clients' real estate development projects with over 2,500 units in the last five years alone; and

WHEREAS, subject to approval by the Commission, the development team will be led by TCG but would include an architect firm that was part of the Seller's original transaction team and whose contract will be assigned to HOC pursuant to the terms of the August 7, 2015 purchase agreement; and

WHEREAS, staff in concert with TCG had previously developed a predevelopment budget of \$2.18 million for architectural and engineering, legal, permitting, development consultant, and Low Income Tax Credit Application fees, among other related predevelopment expenditures, with such costs to be incorporated into the overall development budget, which is estimated to be \$34.8 million.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the development plan for the Property as well as the a predevelopment budget of \$2.18 million, which is to be funded as loan from the Opportunity

Housing Reserve Fund (“OHRF”) to be outstanding for 18 months but will be repaid from the construction loan closing projected to occur by December 31, 2016.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the selection of The Concourse Group as the Development Consultant for the transaction and approves funding of up to \$250,000 for engaging TCG to complete the development of the Property through project stabilization.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes an assumption of a contract for architectural services previously engaged by the Seller for its original development plan and approves such exception to the HOC Procurement Policy to facilitate such assumption, as it is in the best interest of the development.

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

B. Legislative and Regulatory Committee – Com. Hatcher, Chair

1. Authorization to Partner with The Maryland Department of Housing and Community Development Under the Money Follows the Person Bridge Program

Fred Swan, Director of Resident Services, was the presenter.

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

RESOLUTION: 16-24

RE: Authorization to Partner with the Maryland Department of Housing and Community Development under the Money Follows the Person Bridge Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) is seeking authorization to enter into an agreement with the Maryland Department of Housing and Community Development (DHCD) to set aside ten (10) units for participants in the Money Follows the Person Bridge Program (MFPB); and

WHEREAS, the MFPB provides housing subsidies for three (3) years to low-income residents exiting institutions such as hospitals and nursing homes; and

WHEREAS, HOC is also seeking authorization to ensure that all 10 units are utilized for this population and remain accessible for up to 15 years; and

WHEREAS, this resolution replaces Resolution 16-17.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes the execution of an agreement with DHCD as set forth above.

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

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Presentation of the Executive Director's FY17-18 Recommended Budget

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Acting Budget Officer, presented an overview of the two year budget that will be adopted in June 2016 to set the Agency Financial Plan for FY17-18 budget.

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 4:50 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Information Exchange

Legislative & Public Affairs

Tobytown Service Fair

On Monday, April 18, 2016, HOC hosted a meeting in Tobytown to give residents an opportunity to voice their concerns and ask questions. It was a packed house inside the recreation center with Del. Aruna Miller and Montgomery County Council Vice President Roger Berliner in attendance.

Many residents spoke during the two-hour meeting and their concerns ranged from poor access to public transportation to property maintenance to the proposed creation of a homeowner's association. During the meeting, Council Vice President Berliner announced plans to support a new bus route that would include Tobytown. The proposal was discussed during the Montgomery County's Transportation, Infrastructure, Energy and Environment (T&E) Committee meeting on Thursday, April 21, 2016; however, there was disagreement regarding its schedule. The committee will review the proposal again on Thursday, May 5th.

HOC staff is now working with residents to address concerns and build a stronger relationship with the community. I plan to hold a follow up meeting with residents in June.

Town Hall Meeting



HOC hosted a Town Hall Meeting on Monday, April 11, 2016 at Tilden Middle School located in Rockville.

HOC executive staff discussed the wait list, voucher relocation, RAD and HOC Academy. The audience included current HOC clients, wait list applicants and neighbors. Residents from two properties, Bauer Park and Barclay, had several questions regarding RAD, maintenance and building policies.

After the Town Hall Meeting, HOC staff exchanged information with these residents and is working with them and property management to resolve concerns.

HOC hosts Town Hall Meetings to provide a forum for clients to voice concerns or ask questions. I am glad to see these residents took the opportunity to reach out to HOC staff for information. HOC's next Town Hall Meeting is scheduled for Monday, June 13 in Montgomery Village.

Compliance

New Client Compliance Process

HOC is committed to protecting the integrity of the housing programs that we administer and ensure that only eligible households and participating owners receive benefits in accordance with federal regulations. In an effort to better detect and stop fraudulent activity or program violations, HOC's Compliance team created new guidelines for staff who receive complaints.

HOC sent staff an email on Friday, April 15, 2016 detailing the changes and providing a resource guide to assist them. Staff will submit all future complaints and fraud inquiries through OnBase, HOC's internal housing management software program. In addition to the internal changes, HOC's website now offers the public an opportunity to submit a complaint or fraud inquiry through an online form available on the "For Our Customers" page.

I believe these new guidelines will help HOC ensure that qualified individuals and families are legally using housing assistance.

HOC Academy

Dates announced for summer camps

HOC Academy is hosting several summer camps for our students. From July 5th through July 8th, HOC will run chess camps at Tanglewood Apartments in Silver Spring and Seneca Ridge in Germantown. Registration is currently open to HOC clients and their children, and lunch will be provided. HOC introduced the chess camp last summer and 30 children participated.



There will be two Girls Got IT! summer programs for girls in second through eighth grade. HOC Academy is offering the two-week course at two locations: Magruder's Discovery in Bethesda and Stewartown in Gaithersburg. Participants will create animations and program computers for fun activities.

This month, HUD challenged housing agencies to provide more summer employment opportunities for youth ages 16 through 21. I'm proud to say that HOC already has programs in place to assist young men and women. HOC provides summer youth employment programs with local partners and grant funding.

Last summer, we had 17 young people intern at HOC and I expect that number to grow this year. As you know, internships and summer jobs offer students real world experience and can provide a solid foundation for college and career goals.

Property Management

REAC Score Announced For Manchester Manor



Manchester Manor, a 53-unit property in Silver Spring, had its Real Estate Assessment Center (REAC) inspection last month and scored a 95A.

HUD's REAC conducts regular housing inspections to ensure that families live in a clean, safe and decent environment. It covers the building exterior, electrical systems, kitchens, smoke alarms and potential health and safety hazards.

I appreciate the hard work of Residential One's team and the ongoing oversight by Bobbie DaCosta and her Property Management team who make properties

like Manchester Manor a great place for HOC clients and their families to live.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

May 2016

4	Public Hearing (Roman)	3:30 p.m.
4	HOC Regular Meeting (All)	4:00 p.m.
6	Budget, Finance and Audit Committee Meeting (Nelson, Roman, Hatcher)	10:00 a.m.
11	Budget, Finance and Audit Committee Meeting (Nelson, Roman, Hatcher)	12:30 p.m.
13	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	9:30 a.m.
13	Property Tour Part II (All) – (Seneca Ridge, Wash. Sq., Arcola Towers & Pomander)	12:00 p.m.
16	Affordable Housing Conference Summit 2016 (All) (Bethesda North Marriott, 5701 Marinelli Rd., Bethesda, MD 20850)	8:00 a.m. – 3:00 p.m.
16	Resident Advisory Board Meeting (Croom)	6:00 p.m.
17	Agenda Formulation (Roman, Nelson)	12:00 noon
18	Budget, Finance and Audit Committee Meeting (Nelson, Roman, Hatcher)	10:00 a.m.
18-20	MAHRA 2016 Spring Conference (All) (Clarion Resort – Fountainbleau, 10100 Coastal Highway, Ocean City, MD 21842)	
24	Legislative and Regulatory Committee Meeting (Hatcher, Croom, Simon)	3:30 p.m.
30	Memorial Day (HOC Offices Closed)	

June 2016

1	Welcome Reception for New Commissioner	3:30 p.m.
1	HOC Regular Meeting (All)	4:00 p.m.
2	HOC Staff Appreciation Day (All) – High Point Farms, 23730 Frederick Rd., Clarksburg, MD 20871	11:00 a.m.
10	Tony Davis Scholarship Committee Meeting (Simon)	10:00 a.m.
10	Status/Lunch Meeting w/Executive Director (All) – Location TBD	12:00 noon
13	Town Hall Meeting (All) – Montgomery Village Middle School, 19300 Watkins Mill Rd., Montgomery Village, MD 20866	6:30 p.m.
17	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	9:30 a.m.
20	Resident Advisory Board Meeting (Croom)	6:00 p.m.
27	Agenda Formulation (Roman, McFarland)	12:00 p.m.

July 2016

4	Independence Day (HOC Offices Closed)	
13	Tony Davis Award Reception (All) – Kensington Atrium	3:00 p.m.
13	HOC Regular Meeting (All)	4:00 p.m.
18	Resident Advisory Board Meeting (Croom)	6:00 p.m.
19	Legislative and Regulatory Committee Meeting (Hatcher, Croom, Simon)	3:30 p.m.
22	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	9:30 a.m.
25	Agenda Formulation (Roman, McFarland)	12:00 noon

August 2016

2	National Night Out (All)	5:00 p.m. – 9:00 p.m.
3	HOC Regular Meeting (All)	4:00 p.m.

8	Town Hall Meeting – (All) 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>)	9:30 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>)	9:30 a.m.
20	Legislative and Regulatory Committee Meeting (<i>Hatcher, Croom, Simon</i>)	3:30 p.m.
22	Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>)	10:00 a.m.

Activities of Interest

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-07	Spring 2016	Procurement Policy	Willison	In Progress
TD-15-01	May 13 2016	Property Tour Part II – RAD 6 Properties	Brown/Birdsong	Scheduled
TD-15-02	Spring 2016	Update Administrative Guide for Commissioners and Staff	Spann	In Progress
TD-15-03	Spring 2016	Worksession – Assisted Housing and Family Self-Sufficiency Program	Sorrells	In Progress
TD-15-04	Spring 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

Committee Reports and Recommendations for Action

Development and Finance Committee

APPROVAL TO SELECT AND ADD NEW FIRMS TO EXPAND THE EXISTING
CONSTRUCTION MANAGEMENT POOL PURSUANT TO RFP #1981

VARIOUS HOC PROPERTIES



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
PAUL VINCIGUERRA

MAY 4, 2016

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Executive Summary

- HOC continues the review of its entire real estate portfolio and anticipates that it will undertake rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire.
- To ensure efficient, effective, and timely execution of the Commission's goal of providing safe, high quality, amenity rich, affordable housing, staff recommends the use of Construction Management professionals to support management in this renovation process and to provide pre-construction services as needed.
- On March 16, 2016, staff issued a request for proposal ("RFP") for Construction Management services and received five responses. After review, staff is recommending two of the five firms be added to participate in the construction management pool. Along with the four firms in the current pool of construction management, the addition of the two firms will allow HOC access to a pool of six construction management firms.
- This pool of advisors will allow staff to serve as project managers instead of overseeing daily renovation or construction activities in the field, thereby increasing efficiency and productivity.
- Approval of the pool has no financial impact on the Agency's operating budget as Construction Management services will be sought on an as-needed basis and funded from each project's development budget.
- Staff is asking the Commission to accept the recommendation of the Development and Finance Committee and approve the pool of Construction Management Services firms included herein and authorize the Executive Director to negotiate and execute contracts. Applicants from this pool can be engaged for pre-development work and approved for participation in future development projects. Each firm will be engaged via a competitive bid among members of the pool and funded in each project's development budget when approved by the Commission.
- Staff further proposes contract terms of one year with two optional renewals as may be permitted under the Commission's procurement policy. When needed, staff will solicit competitive bids from firms in the pool.

Qualification Requirements for CMA Pool

HOC issued a request for proposals (“RFP”) # 1981 for Construction Management Advisors. The scoring team (consisting of staff from Procurement, Real Estate Development and Construction) completed its review of the responses on March 31, 2016 based on the following criteria:

- **Experience (30 points)**
- Key Factors: Demonstrated experience performing similar work including renovation or new construction of single family and multifamily residential developments, with tenant in place or vacant;
 - Projects of similar size (> \$2.5MM)
 - Experience with Environmental Abatement (ACM, LBP and Mold Removal and remediation)
 - Experience working with local utilities and demonstrated experience with major utility upgrades and utility coordination
 - Experience working with Government agencies
- **Price (20 points)**
- **Qualifications (20 points)**
 - Key Factors: Principal and staff resumes, organization/team ability and availability to undertake and successfully complete the project; commitment to adhere to HOC’s Section 3 requirement; and willingness to employ and train minority, female, and disabled persons
 - Ability of the organization/team to undertake and complete successfully projects of comparable size and scope
- **Construction Management Approach/Schedule (15 points)**
 - Anticipated schedule in detail for production of each phase of Construction and overall project schedule.
- **References (15 points)**
 - Provide three references for projects of similar scope

Scoring Summary

RFP #1981 (Evaluated by: Procurement, Construction, and Real Estate Development)

Five firms submitted responses; however, only four were evaluated, having met the required proposal submission. The top two firms are proposed for admittance to the pool.

RANK	RESPONDENTS	Construction Management Qualifications, Showing experience with similar project types (minimum 2) (30%)	Price per Hourly Rate Schedule (20%)	Experience with Government Agencies and Housing Authorities (20%)	Construction Management Approach (15%)	References Sheet (15%)	Total Points AVG.
1	CBP constructors	29	19	19	15	15	97
2	Hess Builders	28	18	18	15	14	93
3	Rutcove Building Consultants	27	20	16	10	11	84
4	O'Connor and Lawrence	26	14	17	13	12	82

Highlights for Selected Firms

CBP Constructors	<ul style="list-style-type: none"> Experience as General Contractor as well as a Construction Manager Extensive government experience Excellent work history with HOC—on time delivery and flexibility
Hess Builders	<ul style="list-style-type: none"> Experience as a general contractor as well as construction management Experience with large state and county contracts Significant experience managing other general contractors for complex projects

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the Development and Finance Committee recommendation and approve the expansion of the existing pool of four firms (JDC Construction, Efficient Homes, Dewberry, Construction Corp.) by adding two additional firms (CBP Constructors, LLC, Hess Builders) to provide Construction Management services to the Commission?

Fiscal/Budget Impact

There is no direct impact on HOC's operating budget. Services will be sought on as needed project specific basis and paid for from respective development budgets that would be approved by the Commission.

Time Frame

Action at the May 4, 2016 Commission meeting.

Staff Recommendation

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve to expand the pool of Construction Management firms by adding CBP Constructors and Hess Builders.

Staff further recommends authorization for the Executive Director to negotiate and execute contracts with each firm, each for a one-year term with optional renewals as may be permitted under the Commission's procurement policy. Applicants from this pool are eligible for other non-construction management work, such as pre-development or general contracting, on projects in which they are not engaged as construction managers. The engagement of each firm for specific projects will be competitive among members of the pool when services are needed.

RESOLUTION #16-25

RE: Approval to Select and Add New Firms to Expand the Construction Management Pool Pursuant to RFP #1981

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) continues to review its entire real estate portfolio and anticipates that it will continue to undertake rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire and this will require operational support to augment its current staff; and

WHEREAS, to ensure efficient, effective, and timely execution of the Commission’s goal of providing safe, high quality, amenity rich, affordable housing, staff recommends the use of Construction Management professionals to continue to support management in the renovation process to provide pre-construction services as needed; and

WHEREAS, on May 7, 2014, the Commission approved the creation of a pool of construction management professionals consisting of four firms to provide such services but now only two firms are actively providing the intended services while the pipeline of rehabilitation and redevelopment projects continues to expand, placing greater demand for predevelopment and construction oversight which cannot practically be provided within the HOC staffing complement; and

WHEREAS, to augment the current pool of construction management professionals consisting of four firms, staff issued a request for proposal (RFP) #1981 to qualify additional firms to the pool and as a consequence received five proposals; and

WHEREAS, four firms were determined to have submitted complete proposals and were evaluated based on the established qualification criteria including construction management qualifications, showing experience with similar project types, price (hourly rate) , experience with government agencies and housing authorities, construction management approach and references; and

WHEREAS, applying the criteria described above, the two highest overall scores were received by CBP Constructors LLC and Hess Builders.

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

1. Authorizes the selection of CBP Constructors LLC and Hess Builders as qualified for inclusion in a single pool of Construction Management services firms, expanding the total in the pool to six qualified firms;

2. Authorizes the use of these firms for pre-development activities as well as construction managers on Commission-authorized development projects;
3. Authorizes an initial one-year term of each contract with optional renewals as may be permitted under the Commission's procurement policy.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 4, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE A LETTER AGREEMENT WITH THE MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (“DHCD”) OUTLINING THE TERMS FOR SATISFACTION OF THE LOW INCOME HOUSING TAX CREDIT EXTENDED USE COVENANTS FOR THE WHEATON-UNIVERSITY BOULEVARD LIMITED PARTNERSHIP (“THE AMBASSADOR APARTMENTS”)

May 4, 2016

- The Ambassador Apartments (the “Property”), located in Wheaton, MD, 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 is owned by Wheaton-University Boulevard Limited Partnership (“WUBLP”).
- 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. The Property’s Initial Compliance Period expired in 2008, and the Extended Compliance Period ends in 2023.
- Over the past 18 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 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.
- Given the need to relocate residents from the Property, HOC has worked with DHCD and DHCD’s Community Development Administration (“CDA”) to draft a letter agreement (“Letter Agreement”) that outlines an alternative means of satisfying the remaining period of the Extended Compliance Period.
- In order to satisfy the Extended Use Covenant, the Letter Agreement requires (i) the restriction of approximately 100 units of the redeveloped Ambassador Property for a period equal to the sum of the number of months the 100 units became vacant plus the seven years of the remaining compliance period, and (ii) an immediate restriction of 62 units to be vacated at other HOC-controlled properties for a period equal to the remaining seven years of the Extended Compliance Period.
- In addition to the LIHTC equity proceeds, the Property was also financed with State Rental Housing Production Program (“RHPP”) funds and is subject to an Equity Participation Agreement (“EPA”) between the Partnership and DHCD which must also be satisfied. The Letter Agreement requires the prepayment of the State’s RHPP loan, which has a balance of \$210,360 as of May 1, 2016, and the payment of any amount that may be due under the EPA. The Property’s remaining replacement reserve fund, which had a current balance of \$714,000 as of March 31, 2016, has been identified as a source for the prepayment of the State RHPP loan and the payment of any amounts due under the EPA.

- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee which met on April 22, 2016 and authorize Executive Director to negotiate and execute a Letter Agreement with the Maryland Department of Housing and Community Development outlining the terms for satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Property.
- Staff also recommends approval to use the balance in the Property's replacement reserve fund to prepay the State RHPP loan and make a payment towards any amounts that may be due under the Equity Participation Agreement.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

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

RE: Authorization for the Executive Director to Execute a Letter Agreement with the Maryland Department of Housing and Community Development (“DHCD”) Outlining the Terms for Satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Wheaton-University Boulevard Limited Partnership (“the Ambassador Apartments”)

DATE: May 4, 2016

COMMITTEE REPORT: Deliberation X

OVERALL GOAL & OBJECTIVE:

Satisfaction of the extended compliance period related to the Low Income Housing Tax Credit (“LIHTC”) financing used for the renovation of the Ambassador in 1993.

BACKGROUND:

The Ambassador is a 162-unit rental community converted from what was originally a Howard Johnson hotel built in 1960. In 1993, Wheaton-University Boulevard Limited Partnership acquired the Ambassador and financed the renovation of the property using Low Income Housing Tax Credits. 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 had to be operated as a moderate income housing project. The Initial Compliance Period expired in 2008, and the Extended Compliance Period ends in 2023.

Over the past 18 months, the physical viability of the Ambassador has been called into question as an event of systems failure and a discovery of structural deficiencies required the evacuation of the building and temporary relocation of residents. While staff has determined that the building is safe for the near future, HOC staff cannot assure the Commission that the building will remain habitable for long enough to satisfy the remaining seven years of the Extended Compliance Period. So, HOC has worked with Maryland’s Department of Housing and Community Development (“DHCD”) and DHCD’s Community Development Administration (“CDA”) to draft a letter agreement (“Letter Agreement”) that outlines an alternative means of satisfying the remaining period of the Extended Compliance Period.

In the past, state agencies responsible for the compliance of LIHTC-financed communities would typically waive the remaining terms on extended compliance periods if the owner was planning to re-syndicate or replace existing affordable units as part of a new LIHTC-financed development. However, in

October 2011, a decision by the Court of Appeals of the State of Oregon reversed an Oregon Housing and Community Services Department (“OHCS”) release of the extended LIHTC compliance period for a private owner (“OHCS Case”). In the absence of further guidance from the Internal Revenue Service (“IRS”), state agencies that oversee LIHTC programs have ceased early terminations of extended compliance periods and moved to honor the full terms of extended compliance periods, even if through alternative methods that allow for preservation of existing affordable housing units.

LETTER AGREEMENT – KEY TERMS

HOC staff, DHCD, and CDA all agree that the existing Ambassador must be demolished and redeveloped. The Letter Agreement 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 Extended Compliance Period:

1. Indemnification: DHCD and CDA require full indemnification from HOC in the event that the alternative method of satisfying the Extended Compliance Period outlined by the Letter Agreement is deemed insufficient by the IRS. The risk to HOC is minimal here as there is no formal IRS guidance or rule of which this alternative agreement is running afoul. Additionally, the Letter Agreement outlines HOC’s affirmative attempt to fully satisfy the Extended Compliance Period.

The facts of the OHCS Case are very different from the situation in which the Ambassador is in. First, the developer in that case was a private developer. Second, the extended compliance period for that private developer was simply extinguished by OHCS, whereas HOC is attempting to honor the full Extended Compliance Period. Lastly, the existing buildings the private developer was looking to redevelop were not compromised structurally as the Ambassador is.

2. Prepayment of the Rental Housing Production Program (“RHPP”) Loan: HOC would have to pay off the balance of the existing RHPP loan from the 1992 renovation as part of the development budget for the redevelopment of the Ambassador. The current balance is \$250,000. CDA is requiring HOC to retire the RHPP loan using available proceeds from property reserves. The current balance of the property reserves is \$600,000. So, no Commission resources are required for this cost.
3. Satisfaction of the Extended Compliance Period via Other HOC Properties: DHCD and CDA will allow HOC to meet the remaining years of the Extended Compliance Period by placing use restrictions for the same number of years on other properties owned by HOC. Should the redevelopment proceed, the expectation is that the Extended Compliance Period would be satisfied as within the redeveloped Ambassador for 100 of the 162 existing units by adding seven years to the new compliance periods associated with the Low Income Housing Tax Credits that fund the redevelopment of the Ambassador. The Extended Compliance Period would be satisfied for the other 62 units elsewhere in HOC’s portfolio.

HOC staff recommends placing the covenants for the remaining Extended Compliance Period on some of HOC’s RAD Project Based Voucher (“RAD PBV”) units within the VPC One Corporation and VPC Two Corporation. While restricted to 80% AMI, those units do not have existing LIHTC land use restriction. The payment standard on the RAD PBV units is well below the 60% AMI restriction required by the Extended Compliance Period. So, there is no impact to cash flows.

Given that the Commission always intended to take the affordable housing units on the Ambassador property off line during redevelopment (and that HOC will subsidize existing residents such that they will continue to pay their current rents at the properties to which they relocate for the next three years), staff sees this placement strategy as consistent with the Commission's intent.

In the event that the Ambassador redevelopment cannot proceed, HOC will ask for the flexibility to satisfy the remaining Extended Compliance Period for the other 100 units within HOC's portfolio as well.

The alternate locations of the Extended Compliance Period covenants do not have to be placed at the same location as those selected as permanent relocation communities by existing residents. The existing residents are protected under the Uniform Relocation Act and thus will receive moving assistance and comparable housing with no increase in rent for three years. HOC staff will choose currently unrestricted, market-affordable units within the portfolio at which to place the covenants preventing any cash flow impact on HOC's budget.

ISSUES FOR CONSIDERATION:

Does the Commission wish to:

1. Authorize of the Executive Director to execute a letter agreement with DHCD and CDA outlining the terms by which HOC would satisfy the Extended Compliance Period and allowing for the flexibility necessary to pursue permanent relocation of residents and redevelopment of the Ambassador?
2. Approve key terms of the letter agreement that include the indemnification of DHCD and CDA from liability related to the alternative satisfaction of the Extended Compliance Period, the prepayment of the existing RHPP loan, and the use of at least 62 HOC units elsewhere in HOC's portfolio to complete the remaining seven years of the Extended Compliance Period?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Maryland's Department of Housing and Community Development
DHCD's Community Development Administration

BUDGET/FISCAL IMPACT:

HOC staff does not expect a decrease to the current HOC Operating Budget from the placement of rent and income restrictions on units elsewhere in HOC's portfolio for the remaining seven years of the Extended Compliance Period.

TIME FRAME:

Action at the open session of the Commission on May 4, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve:

1. Authorize of the Executive Director to execute a letter agreement with DHCD and CDA outlining the terms by which HOC would satisfy the Extended Compliance Period and allowing for the flexibility necessary to pursue permanent relocation of residents and redevelopment of the Ambassador.
2. Approve key terms of the letter agreement that include the indemnification of DHCD and CDA from liability related to the alternative satisfaction of the Extended Compliance Period, the prepayment of the existing RHPP loan, and the use of at least 62 HOC units elsewhere in HOC's portfolio to complete the remaining seven years of the Extended Compliance Period.

RESOLUTION: 16-26

RE: Authorization for the Executive Director to Execute a Letter Agreement with the Maryland Department of Housing and Community Development (“DHCD”) Outlining the Terms for Satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Wheaton-University Boulevard Limited Partnership (the “Ambassador Apartment”)

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;

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 18 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, given the need to relocate residents from the Property, HOC has worked with DHCD and DHCD’s Community Development Administration (“CDA”) to draft a letter of agreement (“Letter Agreement”) that outlines an alternative means of satisfying the remaining period of the Extended Compliance Period; and

WHEREAS, in order to satisfy the Extended Use Covenant, the Letter Agreement requires (i) the restriction of approximately 100 units of the redeveloped Ambassador Property for a period equal to the sum of the number of months the 100 units remain vacant plus the seven years of the remaining Extended Compliance Period, and (ii) an immediate restriction of 62 units to be vacated at other HOC-controlled properties for a period equal to the remaining seven years of the Extended Compliance Period; and

WHEREAS, in addition to the LIHTC equity proceeds, the Property was also financed with State Rental Housing Production Program (RHPP) funds and is subject to an Equity Participation Agreement (“EPA”) between the Partnership and DHCD which must also be satisfied; and

WHEREAS, the Letter Agreement requires the prepayment of the State’s RHPP loan, which has a balance of \$210,360 as of May 1, 2016, and the payment of any amount that may be due under the EPA; and

WHEREAS, the Property’s remaining replacement reserve fund, which had a current balance of \$714,000 as of March 31, 2016, has been identified as a source for the prepayment of the State RHPP loan and the payment of any amounts due under the EPA.

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, that the Executive Director is authorized to negotiate and execute a Letter Agreement with the Maryland Department of Housing and Community Development outlining the terms for satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Property.

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 to use the balance in the Property’s replacement reserve fund to prepay the State RHPP loan and make a payment towards any amounts that may be due under the Equity Participation Agreement.

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 May 4, 2016.

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**Patrice Birdsong
Special Assistant to the Commission**

**APPROVAL TO INCREASE THE INVESTMENT IN VICTORY CROSSING TO COMPLETE THE RAD
CONVERSION OF SENIOR MULTIFAMILY PROPERTIES AND AUTHORIZATION FOR THE
EXECUTIVE DIRECTOR TO EXECUTE A REVISED GRANT AGREEMENT TO REFLECT THE
INCREASED INVESTMENT**

May 4, 2016

- On August 5, 2015, the Commission authorized the Executive Director to enter into a grant agreement not to exceed \$1,800,000 with Victory Housing, Inc.
- Victory Housing, Inc. would then lend the money to the Victory Crossing community to fund its construction so that HOC can transfer to Victory Crossing the assistance from 39 former Public Housing units converted under the Rental Assistance Demonstration (“RAD”) program.
- The amount of the grant agreement is the difference between the senior mortgage proceeds Victory Crossing would be able to secure without the 39 RAD units present and the amount it could secure with the 39 RAD units present.
- Subsequent to the August 5, 2015 approval, the Commission approved a change in the originating property of the 39 units to one with a lower voucher payment standard. This lowers Victory Crossing’s senior mortgage proceeds under the RAD scenario.
- Additionally, a recent regulatory change in the cost of the mortgage insurance premium and lower projected interest rate at closing. While this increases senior mortgage proceeds under both scenarios, the spread between the two scenarios grows.
- Even with the increased cost of placement at \$2.25MM, Victory Crossing remains a cost effective RAD relocation project at \$58,000 per unit.
- Closing was originally expected in 2015 but will now occur midway through 2016. As such, an additional annual increase for 2016 in payment standard for the 39 units will likely be able to be counted in the senior mortgage underwriting offsetting some of the need to increase to the grant agreement described above.
- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee which met on April 22, 2016 and approve an increase in the funding of the grant amount from the Opportunity Housing Reserve Fund from \$1,800,000 to \$2,250,000 and authorize the Executive Director to execute a revised Grant Agreement with Victory Housing, Inc. for the placement of 39 RAD units at Victory Crossing for an aggregate amount not to exceed \$2,250,000.

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: 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 Increase the Investment in Victory Crossing to Complete the RAD
 Conversion of Senior Multifamily Properties and Authorization for the Executive Director
 to Execute a Revised Grant Agreement to Reflect the Increased Investment

DATE: May 4, 2016

COMMITTEE REPORT: Deliberation X

OVERALL GOAL & OBJECTIVE:

Transfer of rental assistance and permanent relocation of residents from 13 units at Waverly House and 26 units at Elizabeth House converted to Project Based Vouchers (“PBVs”) via the Rental Assistance Demonstration (“RAD”) program.

BACKGROUND:

On August 5, 2015, the Commission authorized the Executive Director to enter into a grant agreement not to exceed \$1,800,000 with Victory Housing, Inc. Victory Housing, Inc. would then lend the money to the Victory Crossing community to fund its construction. In exchange, Victory Crossing agrees to place 39 PBVs at RAD payment standards below the maximum rent levels on the majority of the 39 Low Income Housing Tax Credit units the vouchers would be paired with. The amount of the grant agreement is the difference between the senior mortgage proceeds Victory Crossing would be able to secure without the 39 RAD units present and the amount it could secure with the RAD units present.

Grant Agreement Sizing (August 5, 2015 Approval)						
<i>Average RAD Rent</i>	<i>U/W NOI (w/o RAD)</i>	<i>U/W NOI (w/ RAD)</i>	<i>Interest Rate</i>	<i>MIP Spread</i>	<i>Proceeds (w/o RAD)</i>	<i>Proceeds (w/ RAD)</i>
\$789	\$641,950	\$523,235	4.70%	0.45%	\$9,303,647	\$7,583,126

At the time of the August 5, 2015 Commission approval, all 39 RAD units were expected to come from Holly Hall. The average RAD payment standard for the 39 converted Holly Hall units was \$789 per unit per month. HOC and Victory Housing, Inc. were projecting the interest rate at closing to be 4.70% (before MIP). Also at the time, the mortgage insurance premium (“MIP”) was 45 basis points.

Victory Crossing expected to close and start construction in approximately five weeks. During the intervening time, changes have occurred that have driven up the gap between the senior mortgage proceeds Victory Crossing would be able to secure without the 39 RAD units present and the amount it could secure with the RAD units present:

1. Change of Originating Property: Following its August 5, 2015 approval of the Grant Agreement, the Commission later approved changes to the origin of the converting Public Housing units to be sent to Victory Crossing. Instead of the 39 units to come from Holly Hall, the units would now come from Waverly House (13 units) and Elizabeth House (26 units).

The RAD payment standard for the units coming from Waverly House is lower than that for Holly Hall. To be able to merge the 39 units into a single Housing Assistance Payment contract (for ease of property compliance), the payment standard for units coming from Elizabeth House would be lowered to match that of the units coming from Waverly House. The new average payment standard for the 39 units would be \$756 per unit per month, which decreases supportable proceeds by \$181,129.

2. Lower Actual Underwriting Interest Rate at Closing: Calculating the likely Grant Agreement investment amount more than nine months ago, neither HOC staff nor Victory Housing, Inc. expected Victory Crossing’s closing rate to be 60 basis points lower than the 4.70% rate used at the time for sizing assumed debt proceeds. Additionally, the Federal Housing Administration (“FHA”) within the United States Department of Housing and Urban Development (“HUD”) made a regulatory change to the cost of MIP lowering it to 25 basis points. While this increases supportable proceeds under both scenarios by the same factor, the spread in total dollars raised between each scenario increases (as the base NOI is larger under the scenario where RAD units are not present).

The total difference in supportable proceeds between the two scenarios is now projected to be \$438,929. This pushes the total investment amount associated with the Grant Agreement to \$2.16MM. HOC staff is seeking an amount up to \$2.25MM to provide a small cushion.

Grant Agreement Sizing (Current)						
<i>Average RAD Rent</i>	<i>U/W NOI (w/o RAD)</i>	<i>U/W NOI (w/ RAD)</i>	<i>Interest Rate</i>	<i>MIP Spread</i>	<i>Proceeds (w/o RAD)</i>	<i>Proceeds (w/ RAD)</i>
\$756	\$642,425	\$508,971	4.10%	0.25%	\$10,460,942	\$8,287,845

While the lower underwriting rate at closing produces significantly more proceeds for the project than expected, CDA has stated that all increased senior mortgage proceeds will be used to decrease Community Development Administration's commitment of \$2.5MM in Rental Housing Works ("RHW") funds. So, Victory Housing, Inc. is not in position to allow any of the increased debt proceeds to offset the greater cost to HOC of the placement of RAD units. In the long run, the smaller RHW loan will benefit Victory Housing, Inc. and HOC as co-members of the Victory Crossing general partnership.

Even with the increased cost of placement at \$2.25MM, Victory Crossing remains the second-most cost effective RAD relocation project (\$58,000 per unit) behind Park View at Aspen Hill at approximately \$30,000 per unit (the low cost achieved as a result of its 9% Low Income Housing Tax Credit award).

HOC staff is working with Victory Housing, Inc. to produce a partial offset to the \$438,929 increase in the grant amount. Victory Crossing's closing was originally projected to take place in 2015. The payment standards for all RAD units receive an annual increase based on a HUD-supplied formula called Operating Cost Adjustment Factors ("OCAF"). With Victory Crossing closing now set to occur well into 2016, the RAD rents used in the senior mortgage underwriting should be able to take into account the 2.7% 2016 OCAF increase for projects in the State of Maryland. If included in underwriting, the increase in the grant amount would be reduced to \$295,451.

ISSUES FOR CONSIDERATION:

Does the Commission wish to:

1. Authorize the Executive Director to execute a revised grant agreement with Victory Housing, Inc. for the placement of 39 RAD units at Victory Crossing for an aggregate amount not to exceed \$2,250,000?
2. Approve an increase in the funding of the grant amount from the Opportunity Housing Reserve Fund ("OHRF") of up to \$450,000?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Maryland's Department of Housing and Community Development
DHCD's Community Development Administration
Montgomery County's Department of Housing and Community Affairs
Wells Fargo
Victory Housing, Inc.

BUDGET/FISCAL IMPACT:

There is no budget impact. The \$1,800,000 already approved as the maximum amount of the grant is already included as an obligation of the OHRF. At the not-to-exceed amount, this would increase the use of the OHRF by as much as \$450,000.

TIME FRAME:

Action at the open session of the Commission on May 4, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission:

1. Authorize the Executive Director to execute a revised grant agreement with Victory Housing, Inc. for the placement of 39 RAD Units at Victory Crossing for an aggregate amount not to exceed \$2,250,000.
2. Approve an increase in the funding of the grant amount from the Opportunity Housing Reserve Fund (“OHRF”) of up to \$450,000.

RESOLUTION 16-27

RE: Approval to Increase the Investment in Victory Crossing to Complete the RAD Conversion of Senior Multifamily Properties and Authorization for the Executive Director to Execute a Revised Grant Agreement to Reflect the Increased Investment

WHEREAS, Victory Crossing (“Property”) is a planned 105-unit senior rental community that will have 91% of units income and rent restricted in conjunction with the Low Income Housing Tax Credit equity being used to finance the construction of the Property; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) wishes to transfer to the Property the assistance from 39 former Public Housing units converted via the Rental Assistance Demonstration (“RAD”) program; and

WHEREAS, on August 5, 2015, the Commission authorized the Executive Director to enter into a grant agreement not to exceed \$1,800,000 (“Grant Agreement”) with Victory Housing, Inc.; and

WHEREAS, Victory Housing, Inc. would then lend \$1,800,000 to the Property to fund its construction; and

WHEREAS, the amount of the grant agreement is the difference between the senior mortgage proceeds Victory Crossing would be able to secure without the 39 RAD units present and the amount it could secure with the 39 RAD units present; and

WHEREAS, subsequently, on April 6, 2016, the Commission approved different transfer sources for the Victory Crossing RAD units, resulting in a lower voucher payment standard for the 39 RAD units at the Property; and

WHEREAS, subsequent to the August 5, 2015 approval, changes occurred in senior mortgage underwriting terms for Victory Crossing increasing the ratio by which net operating income generates senior mortgage proceeds; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to execute a revised Grant Agreement with Victory Housing, Inc. for the placement of 39 RAD Units at Victory Crossing for a revised aggregate amount not to exceed \$2,250,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves an increase in the funding of the grant amount from the Opportunity Housing Reserve Fund from \$1,800,000 to \$2,250,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is 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, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on May 4, 2016.

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Patrice Birdsong
Special Assistant to the Commission

Deliberation and/or Action

**AUTHORIZATION TO REVISE
HOC'S ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER
PROGRAM TO ADD THE REQUIRED PROVISIONS FOR
THE RENTAL ASSISTANCE DEMONSTRATION PROGRAM
IN ACCORDANCE WITH HUD NOTICE PIH-2012-32 (HA), REV-2**

May 4, 2016

- The Code of Federal Regulations (CFR) requires that Public Housing Agencies (PHAs) such as the Housing Opportunities Commission of Montgomery County (HOC) adopt written plans and policies that describe the federal regulations and establish the local policies for administration of the voucher program of the given PHA. For the Housing Choice Voucher program, this governing document is termed the Administrative Plan.
- The CFR also requires that PHAs such as HOC revise their Administrative Plan as needed in order to comply with federal requirements. Optional changes unique to a specific PHA may also be added, provided that they do not conflict with the federal regulations.
- At this time, HOC has developed a proposed revision to its Administrative Plan as is consistent with the processes and procedures outlined in the CFR. The proposed revision would add the required provisions for the Rental Assistance Demonstration (RAD) Program to HOC's Administrative Plan, in accordance with HUD Notice PIH-2012-32 (HA), REV-2.
- A public comment period for this proposed revision began on April 5, 2016 and will conclude on May 4, 2016 with a public hearing at HOC's Kensington office.
- Staff is requesting authorization to make this proposed revision to HOC's Administrative Plan formally a part of this governing document.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gina Smith Executive Ext. 9479
 Lynn Hayes Housing Resources Ext. 9622
 Kelly McLaughlin Executive Ext. 9567
 Ethan Cohen Executive Ext. 9764

RE: Authorization to Revise HOC’s Administrative Plan for the Housing Choice Voucher Program to Add the Required Provisions for the Rental Assistance Demonstration Program in Accordance with HUD Notice PIH-2012-32 (HA), REV-2.

DATE: May 4, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director, or his designee, to revise HOC’s Administrative Plan for the Housing Choice Voucher Program (“Administrative Plan”) to include the required provisions for the Rental Assistance Demonstration (RAD) program in accordance with notice PIH-2012-32 (HA), REV-2.

BACKGROUND:

The Housing Opportunities Commission of Montgomery County (HOC) successfully applied to participate in the Rental Assistance Demonstration (RAD) program of the U.S. Department of Housing and Urban Development (HUD).

The RAD program is authorized by the Consolidated and Further Continuing Appropriations Act of 2012, which provided the Fiscal Year (FY) 2012 appropriations for HUD. The Project-Based Voucher (PBV) program is codified at 42 U.S.C 1437f(o)(13) and implemented at 24 CFR Part 983. HUD provides the outline of basic policy and procedures for the administration of the RAD program in HUD Notice PIH-2012-32 (HA), REV-2. HOC provides the outline of basic policy and procedures for the administration of the PBV program in Chapter 22 of its Administrative Plan.

The RAD Notice authorizes projects funded under the program to convert from their current form of assistance to assistance under a long-term, renewable, project-based Section 8 rental

assistance contract. Owners of these projects have the option to convert to assistance under a PBV Housing Assistance Payment (HAP) contract and/or a project-based rental assistance (PBRA) HAP contract. In its implementation of the RAD program, HOC will be converting the vast majority of its existing Public Housing (PH) portfolio to a combination of PBRA and PBV rental assistance. For those PH units converted to PBRA, HOC will create project-specific Tenant Selection Plans which will describe the policies and procedures for these converted units. For those PH units converted to PBVs, HOC is required to revise its Administrative Plan to ensure compliance with the requirements of the RAD program. HUD Notice PIH-2012-32 (HA), REV-2 provides the guidelines for the necessary changes to HOC's Administrative Plan.

The U.S. Department of Housing and Urban Development (HUD) provides the outline of basic policy and procedures for the administration of the Housing Choice Voucher (HCV) program in the Code of Federal Regulations (CFR) at 24 CFR Part 982, Subpart E. These sections of the CFR provide an initial outline for HCV program operations including topics such as eligibility for admission, application for admission, operation of the waiting list, establishment of preferences, subsidy standards, calculation of tenant payments, verification procedures, voucher issuance, contract execution, Housing Quality Standards, unit inspections, rent reasonableness, voucher payment standards, recertification processes, voucher portability, terminations, complaints, appeals, and all other major program policies and procedures for the voucher program.

Beyond the policies outlined in the CFR, Public Housing Authorities (PHA) are required to develop Agency-specific policies and procedures to flesh out the outlines provided in the CFR. These Agency-specific policies are to be written in the PHA's Administrative Plan as well. Importantly, at all times, Agency-specific policies must conform to the established rules and regulations in the CFR, fair housing and civil rights laws and regulations, and must result in consistent, non-discriminatory determinations on applicant eligibility, placement of applicants on the waiting list, and selection of applicants from the waiting list.

As part of the process for making revisions or additions to a PHA's Administrative Plan, public comment is required. Accordingly, HOC will provide a 30-day public comment period which is concluded with a public hearing on the Administrative Plan revisions. During the comment period, HOC will make the draft of the proposed revisions to the Administrative Plan available on HOC's website as well as in hard copy form at all four of the Agency's offices. Also during the comment period, HOC staff will meet and discuss these proposed revisions with the HOC Resident Advisory Board (RAB), seeking the RAB's comments on these proposed changes. Notice of the comment period and public hearing will be advertised in a local newspaper in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to revise HOC's Administrative Plan for the Housing Choice Voucher program ("Administrative Plan") to include the required provisions for the Rental

Assistance Demonstration (RAD) program in accordance with HUD Notice PIH-2012-32 (HA), REV-2?

PRINCIPALS:

Housing Resources Division
Executive Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on March 15, 2016 and recommended it for Commission action on May 4, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to revise HOC's Administrative Plan for the Housing Choice Voucher program ("Administrative Plan") to include the required provisions for the Rental Assistance Demonstration (RAD) program in accordance with HUD Notice PIH-2012-32 (HA), REV-2.

RESOLUTION: 16-29

RE: Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to Add the Required Provisions for the Rental Assistance Demonstration Program in Accordance with HUD Notice PIH-2012-32 (HA), REV-2.

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add the required provisions for the Rental Assistance Demonstration (RAD) Program to HOC's Administrative Plan, in accordance with HUD Notice PIH-2012-32 (HA), REV-2; and

WHEREAS, a public comment period for these proposed revisions began on April 5, 2016 and concluded on May 4, 2016 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes revisions and new additions to its Administrative Plan for the Housing Choice Voucher Program to add the required provisions for the Rental Assistance Demonstration (RAD) Program to HOC's Administrative Plan, in accordance with HUD Notice PIH-2012-32 (HA), REV-2.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on May 4, 2016.

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Patrice Birdsong
Special Assistant to the Commission

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: The following language regarding the RAD program is a new insertion and will be added as a new section to the PBV chapter in the Administrative Plan.

Chapter 22: Housing Choice Voucher Project-Based Program

F: RENTAL ASSISTANCE DEMONSTRATION PROGRAM

The Housing Opportunities Commission of Montgomery County (HOC) successfully applied to participate in the Rental Assistance Demonstration (RAD) program of the U.S. Department of Housing and Urban Development (HUD). As part of HOC's RAD process, the Agency will be converting some of its existing Public Housing (PH) portfolio to Project-Based Voucher (PBV) rental assistance. For those existing HOC PH residents whose subsidies will be converting through RAD to PBV, the following participation parameters and resident rights will apply above and beyond the existing procedures and policies detailed in this Administrative Plan which would have otherwise applied to them:

1. No Re-screening of Tenants upon Conversion: [PIH-2012-32 (HA), REV-2, 1.6.C.1]

Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting. Consequently, current households will be grandfathered for conditions that occurred prior to conversion, but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at the time of conversion would continue to be treated as an assisted unit. Thus, 24 CFR § 982.201, concerning eligibility and targeting, will not apply for current households. Once that remaining household moves out, the unit must be leased to an eligible family.

2. Right to Return: [PIH-2012-32 (HA), REV-2, 1.6.C.2]

Any resident that may need to be temporarily relocated to facilitate rehabilitation or construction has a right to return to an assisted unit at the Covered Project once rehabilitation or construction is completed. Permanent involuntary displacement of residents may not occur as a result of a project's conversion of assistance, including, but not limited to, as a result of a change in bedroom distribution, a de minimis reduction of units, the reconfiguration of efficiency apartments, or the repurposing of dwelling units in order to facilitate social service delivery. Where the transfer of assistance to a new site is warranted and approved, residents of the Converting Project will have the right to reside in an assisted unit at the new site once rehabilitation or construction is complete.

3. Renewal of Lease: [PIH-2012-32 (HA), REV-2, 1.6.C.3]

The regulations under 24 CFR § 983.257(b)(3) require Project Owners to renew all leases upon lease expiration, unless cause exists.

4. Phase-in of Tenant Rent Increases Over 3 Years: [PIH-2012-32 (HA), REV-2, 1.6.C.4]

If a tenant's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years. The method described below explains the set percentage-based phase-in a Project Owner must follow according to the phase-in period. For purposes of this section "standard TTP" refers to the Total Tenant Payment calculated in accordance with regulations at 24 CFR §5.628 and the "most recently paid TTP" refers to the TTP recorded on line 9j of the family's most recent HUD Form 50058. If a family in a project converting from Public Housing to PBV was paying a flat rent immediately prior to conversion, HOC will use the flat rent amount to calculate the phase-in amount for Year 1, as illustrated below.

Three Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP or flat rent and the standard TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 66% of difference between most recently paid TTP and the standard TTP
- Year 3: Year 3 AR and all subsequent recertifications – Full standard TTP

5. Family Self Sufficiency (FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs: [PIH-2012-32 (HA), REV-2, 1.6.C.5]

Public Housing residents that are current FSS participants will continue to be eligible for FSS once their housing is converted under RAD, and PHAs will be allowed to use any remaining PH FSS funds, to serve those FSS participants who live in units converted by RAD. Due to the program merger between PH FSS and HCV FSS that took place pursuant to the FY 2014 Appropriations Act (and was continued in the FY 2015 Appropriations Act), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

However, there are certain FSS requirements (e.g. escrow calculation and escrow forfeitures) that apply differently depending on whether the FSS participant is a participant under the HCV program or a public housing resident, and HOCs must follow such requirements accordingly. HOC administers the FSS program in accordance with FSS regulations at 24 CFR Part 984, the participants' contracts of participation, and the alternative requirements established in the "Waivers and Alternative Requirements for the FSS Program" Federal Register notice, published on December 29, 2014, at 79 FR 78100. Further, upon conversion

to PBV, already escrowed funds for FSS participants shall be transferred into the HCV escrow account and be considered Tenant-Based Rental Assistance (TBRA) funds, thus reverting to the HAP account if forfeited by the FSS participant.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC grants, nor will its residents be eligible to be served by future ROSS-SC grants, which, by statute, can only serve public housing residents.

6. Resident Participation and Funding: [PIH-2012-32 (HA), REV-2, 1.6.C.6] [PIH-2012-32 (HA), REV-2, Attachment 1B]

In accordance with Attachment 1B of PIH-2012-32 (HA), REV-2, residents of Covered Projects with converted PBV assistance will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding, which includes the terms and conditions of their tenancy as well as activities related to housing and community development.

- a. Legitimate Resident Organization. A Project Owner must recognize legitimate resident organizations and give reasonable consideration to concerns raised by legitimate resident organizations. A resident organization is legitimate only if it has been established by the residents of a Covered Project, meets regularly, operates democratically, is representative of all residents in the project, and is completely independent of the Project Owner, management, and their representatives. In the absence of a legitimate resident organization at a Covered Project, HUD encourages the Project Owner and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and
- b. Protected Activities. Project Owners must allow residents and resident organizers to conduct the following activities related to the establishment or operation of a resident organization:
 - i. Distributing leaflets in lobby areas;
 - ii. Placing leaflets at or under residents' doors;
 - iii. Distributing leaflets in common areas;
 - iv. Initiating contact with residents;
 - v. Conducting door-to-door surveys of residents to ascertain interest in establishing a resident organization and to offer information about resident organizations;
 - vi. Posting information on bulletin boards;

- vii. Assisting residents to participate in resident organization activities;
- viii. Convening regularly scheduled resident organization meetings in a space on site and accessible to residents, in a manner that is fully independent of management representatives. In order to preserve the independence of resident organizations, management representatives may not attend such meetings unless invited by the resident organization to specific meetings to discuss a specific issue or issues; and
- ix. Formulating responses to Project Owner's requests for:
 1. Rent increases;
 2. Partial payment of claims;
 3. The conversion from project-based paid utilities to resident-paid utilities;
 4. A reduction in resident utility allowances;
 5. Converting residential units to non-residential use, cooperative housing, or condominiums;
 6. Major capital additions; and
 7. Prepayment of loans.

In addition to these activities, Project Owners must allow residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization.

Project Owners shall not require residents and resident organizers to obtain prior permission before engaging in the activities permitted in this section.

- c. Meeting Space. Project Owners must reasonably make available the use of any community room or other available space appropriate for meetings that is part of the multifamily housing project when requested by:
 - i. Residents or a resident organization and used for activities related to the operation of the resident organization; or
 - ii. Residents seeking to establish a resident organization or collectively address issues related to their living environment.

Resident and resident organization meetings must be accessible to persons with disabilities unless this is impractical for reasons beyond the organization's control. If the project has an accessible common area or areas, it will not be impractical to make organizational meetings accessible to persons with disabilities.

Project Owners may charge a reasonable, customary and usual fee, approved by the Secretary as may normally be imposed and in accordance with procedures prescribed by the Secretary, for the use of meeting space. HOC may waive this fee.

- d. Resident Organizers. A resident organizer is a resident or non-resident who assists residents in establishing and operating a resident organization, and who is not an

employee or representative of current or prospective Project Owners, managers, or their agents.

Project Owners must allow resident organizers to assist residents in establishing and operating resident organizations.

- e. Canvassing. If a Covered Project has a consistently enforced, written policy against canvassing, then a non-resident resident organizer must be accompanied by a resident while on the property of the project.

If a project has a written policy favoring canvassing, any non-resident resident organizer must be afforded the same privileges and rights of access as other uninvited outside parties in the normal course of operations. If the project does not have a consistently enforced, written policy against canvassing, the project shall be treated as if it has a policy favoring canvassing.

A resident has the right not to be re-canvassed against his or her wishes regarding participation in a resident organization.

- f. Funding. Project Owners must provide \$25 per occupied unit annually for resident participation, of which at least \$15 per occupied unit shall be provided to the legitimate resident organization at the covered property. These funds must be used for resident education, organizing around tenancy issues, and training activities. In the absence of a legitimate resident organization at a Covered Project:
 - i. HOC encourages the Project Owners and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and
 - ii. Project Owners must make resident participation funds available to residents for organizing activities in accordance with this Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the Project Owner.

HOC's Resident Advisory Board (RAB) will serve as the required resident organization described herein and in compliance with this section.

7. Resident Procedural Rights: [PIH-2012-32 (HA), REV-2, 1.6.C.7]

The following items are incorporated into both the Section 8 Administrative Plan and the Project Owner's lease, which includes the required tenancy addendum, as appropriate. Evidence of such incorporation may be requested by HUD for purposes of monitoring the program.

- a. **Termination Notification.** HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects that convert assistance under RAD. In addition to the regulations at 24 CFR § 983.257 related to Project Owner termination of tenancy and eviction (the termination procedure for RAD conversions to PBV requires that HOC provide adequate written notice of termination of the lease which shall not be less than:
- i. A reasonable period of time, but not to exceed 30 days:
 1. If the health or safety of other tenants, HOC employees, or persons residing in the immediate vicinity of the premises is threatened; or
 2. In the event of any drug-related or violent criminal activity or any felony conviction;
 3. 14 days in the case of nonpayment of rent; and
 4. 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.
- b. **Grievance Process.** In accordance with the RAD Statute, the following procedural rights are required in order to comply with section 6 of the Act.

For issues related to tenancy and termination of assistance, PBV program rules require the Project Owner to provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. RAD will specify alternative requirements for 24 CFR § 982.555(b) in part, which outlines when informal hearings are not required, to require that:

- i. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(vi), an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to a Project Owner action in accordance with the individual's lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident's rights, obligations, welfare, or status.
- ii. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(vi), the contract administrator will perform the hearing, as is the current standard in the program. The hearing officer must be selected in accordance with 24 CFR § 982.555(e)(4)(i). For any additional hearings required under RAD, the Project Owner will perform the hearing.
- iii. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or contract administrator.
- iv. The Project Owner gives residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR § 982.555(a)(1)(i)-(vi).

- v. The Project Owner provides opportunity for an informal hearing before an eviction.

Current PBV program rules require that hearing procedures must be outlined in HOC's Section 8 Administrative Plan. Please see Chapter 19: Complaints and Appeals.

8. Earned Income Disregard (EID): [PIH-2012-32 (HA), REV-2, 1.6.C.8]

Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion in accordance with regulations at 24 CFR § 5.617. Upon the expiration of the EID for such families, the rent adjustment shall not be subject to rent phase-in as described in Section 1.6.C.4 of the RAD Notice; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the Housing Choice Voucher program, the EID exclusion is limited only to persons with disabilities (24 CFR § 5.617(b)). In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in section 5.617(b) limiting EID to disabled persons is waived. The waiver and the resulting alternative requirements apply only to tenants receiving the EID at the time of conversion. No other tenant (e.g., tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion) is covered by this waiver.

9. Jobs Plus: [PIH-2012-32 (HA), REV-2, 1.6.C.9]

Jobs Plus grantees awarded in FY14 and future funds that convert the Jobs Plus target projects(s) under RAD will be able to finish out their Jobs Plus period of performance at that site unless significant relocation and/or change in building occupancy is planned. If either is planned at the Jobs Plus target project(s), HUD may allow for a modification of the Jobs Plus work plan or may, at the Secretary's discretion, choose to end the Jobs Plus program at that project.

10. When Total Tenant Payment Exceeds Gross Rent: [PIH-2012-32 (HA), REV-2, 1.6.C.10]

Under normal PBV rules, HOC may only select an occupied unit to be included under the PBV HAP contract if the unit's occupants are eligible for housing assistance payments (24 CFR §983.53(d)). Also, HOC must remove a unit from the contract when no assistance has been paid for 180 days because the family's TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent) (24 CFR §983.258). Since the rent limitation under this Section of the Notice may often result in a family's TTP equaling or exceeding the gross rent for the unit, for current residents (i.e residents living in the public housing property prior to conversion), HUD has

waived both of these provisions and requires that the unit for such families be placed on and/or remain under the HAP contract when TTP equals or exceeds the Gross Rent. Further, HUD is establishing the alternative requirement that the rent to owner for the unit equal the family's TTP until such time that the family is eligible for a housing assistance payment. HUD has waived this policy as necessary to implement this alternative provision, the provisions of Section 8(o)(13)(H) of the Act and the implementing regulations at 24 CFR 983.301 as modified by Section 1.6.B.5 of the RAD Notice. In such cases, the resident is considered a participant under the program, and all of the family obligations and protections under RAD and PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under a HAP contract. Assistance may subsequently be reinstated if the tenant becomes eligible for assistance. HOC is required to process these individuals through the Form- 50058 submodule in PIC.

Following conversion, 24 CFR §983.53(d) applies, and any new families referred to the RAD PBV project must be initially eligible for a HAP payment at admission to the program, which means that their TTP may not exceed the gross rent for the unit at that time. Further, HOC must remove a unit from the contract when no assistance has been paid for 180 days. If units are removed from the HAP contract because a new admission's TTP comes to equal or exceed the gross rent for the unit and if the project is fully assisted, HUD is imposing an alternative requirement that HOC must reinstate the unit after the family has vacated the property; and, if the project is partially assisted, HOC may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR §983.207 or, where "floating" units have been permitted, Section 1.6.B.10 of PIH-2012-32 (HA), REV-2.

11. Under-Occupied Unit: [PIH-2012-32 (HA), REV-2, 1.6.C.11]

If a family is in an under-occupied unit under 24 CFR 983.259 at the time of conversion, the family may remain in that unit until an appropriate-sized unit becomes available in the Covered Project. When an appropriate-sized unit becomes available in the Covered Project, the family living in the under-occupied unit must move to the appropriate-sized unit within a reasonable period of time, as determined by the administering Voucher Agency. HOC has determined this time frame to be 60 days. In order to allow the family to remain in the under-occupied unit until an appropriate-sized unit becomes available in the Covered Project, 24 CFR 983.259 is waived.

12. Wrong-sized Unit: [Quick Reference Guide for Public Housing Project Converting to PBV Assistance 3.4.1]

In cases where, after initial tenancy, the family is occupying a wrong-sized unit or a unit that has accessibility features not required by the family and where the unit is needed by a family that requires this accessibility feature, HOC will promptly notify the owner and the family can be offered assistance in:

- a. Another appropriate size unit (in the same building); or

- b. The form of a tenant-based voucher, if funding is available.

13. Establishment of Waiting List: [PIH-2012-32 (HA), REV-2, 1.6.D.4]

24 CFR §983.251 sets out PBV program requirements related to establishing and maintaining a voucher-wide, PBV program-wide, or site-based waiting list from which residents for the Covered Project will be admitted. These provisions will apply unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies. HOC shall consider the best means to transition applicants from the current public housing waiting list, including:

- a. Transferring an existing site-based waiting list to a new site-based waiting list. If HOC is transferring the assistance to another neighborhood, HOC must notify applicants on the waitlist of the transfer of assistance and of how they can apply for residency at the new project site or other sites. Applicants on a project-specific waiting list for a project where the assistance is being transferred shall have priority on the newly formed waiting list for the new project site in accordance with the date and time of their application to the original project's waiting list.
- b. Informing applicants on the site-based waiting list on how to apply for a PBV program-wide or HCV program-wide waiting list.
- c. Informing applicants on a public housing community-wide waiting list on how to apply for a voucher-wide, PBV program-wide, or site-based waiting list. If using a site-based waiting list, HOC shall establish a waiting list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA's public housing community-wide waiting list have been offered placement on the converted project's initial waiting list. In all cases, HOC has the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list given the number of applicants, HOC resources, and admissions requirements of the projects being converted under RAD. HOC may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Applicants on the agency's public housing community-wide waiting list who wish to be placed onto the newly established site-based waiting list must be placed in accordance with the date and time of their original application to the centralized public housing waiting list. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and with the obligation to provide meaningful access for persons with limited English proficiency (LEP).

HOC is required to maintain any site-based waiting list in accordance with all applicable civil rights and fair housing laws and regulations unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies.

To implement this provision, HUD has specified alternative requirements for 24 CFR § 983.251(c)(2). However, after the initial waiting list has been established, HOC shall administer its waiting list for the converted project in accordance with 24 CFR § 983.251(c).

14. Choice-Mobility: [PIH-2012-32 (HA), REV-2, 1.6.D.9]

One of the key features of the PBV program is the mobility component; this component provides that if the family has elected to terminate the assisted lease at any time after the first year of occupancy in accordance with program requirements, HOC must offer the family the opportunity for continued tenant-based rental assistance in the form of either assistance under the voucher program or other comparable tenant-based rental assistance.

If, as a result of participation in RAD, a significant percentage of HOC's HCV program becomes PBV assistance, it is possible for most or all of a PHA's turnover vouchers to be used to assist those RAD PBV families who wish to exercise mobility. While HUD is committed to ensuring that mobility remains a cornerstone of RAD policy, HUD has recognized that it remains important for the PHA to still be able to use tenant-based vouchers to address the specific housing needs and priorities of the community. Therefore, HUD has established an alternative requirement for PHAs where, as a result of RAD, the total number of PBV units (including RAD PBV units) under HAP contract administered by the PHA exceeds 20 percent of the PHA's authorized units under its HCV ACC with HUD.

The alternative mobility policy provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of RAD Covered Projects.

While a voucher agency is not required to establish a voucher inventory turnover cap, if such a cap is implemented, the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received.

To effectuate this provision, HUD is providing an alternative requirement to Section 8(o)(13)(E) and 24 CFR part 983.261(c). Please note that this alternative requirement does not apply to PBVs entered into outside of the context of RAD.

15. Vacancy Payments:

In order to receive vacancy payments, Project Owners assisted under RAD must meet the following requirements:

- a. Payments for the Move-out Month:

If an assisted family moves out of the unit, the Project Owner may keep the housing assistance payment payable for the calendar month when the family moves out. However, the owner may not keep the payment if HOC determines the vacancy is the owner's fault.

b. Vacancy Payment:

At its discretion, HOC will make vacancy payments of the monthly rent, but not to exceed two full months following the move out month. Any vacancy payment may cover only the period the unit remains vacant. In order to claim the vacancy loss, the unit must be available for lease and the landlord must:

- i. Notify HOC within 48 hours, excluding weekends and holidays, upon learning of the vacancy, or prospective vacancy; and
- ii. Pursue activities to fill the vacancy, including:
 1. Seek eligible applicants by listing the unit with HOC;
 2. Notify HOC of the availability of the unit; and
 3. Not reject potentially eligible applicants except for good cause.

**AUTHORIZATION TO REVISE
HOC'S ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER
PROGRAM TO ADD CLARIFYING LANGUAGE
TO HOC'S PROJECT-BASED VOUCHER POLICIES**

May 4, 2016

- The Code of Federal Regulations (CFR) requires that Public Housing Agencies (PHAs) such as the Housing Opportunities Commission of Montgomery County (HOC) adopt written plans and policies that describe the federal regulations and establish the local policies for administration of the voucher program of the given PHA. For the Housing Choice Voucher program, this governing document is termed the Administrative Plan.

- The CFR also requires that PHAs such as HOC revise their Administrative Plan as needed in order to comply with federal requirements. Optional changes unique to a specific PHA may also be added, provided that they do not conflict with the federal regulations.

- At this time, HOC has developed a proposed revision to its Administrative Plan as is consistent with the processes and procedures outlined in the CFR. The proposed revision would add clarifying language to HOC's Project-Based Voucher policies.

- A public comment period for this proposed revision began on April 5, 2016 and will conclude on May 4, 2016 with a public hearing at HOC's Kensington office.

- Staff is requesting authorization to make this proposed revision to HOC's Administrative Plan formally a part of this governing document.

24 CFR 983.251 – Applicants who will occupy PBV units must be selected by the PHA from the PHA waiting list. The PHA must select applicants from the waiting list in accordance with the policies in the PHA Administrative Plan.

- The PHA may place families referred by the PBV owner on its PBV waiting list.
- HOC no longer maintains separate wait lists for the Housing Choice Voucher and Project Based Voucher programs. As a result, staff recommends that supportive housing owners refer applicants for available units to the PHA. The respective applicants will be placed on the wait list and selected for program participation as special admissions.

24 CFR 983.260 – If the PHA determines that a family is occupying the wrong size unit or a unit with accessibility features that the family does not require, the PHA must offer the family continued assistance.

- The continued assistance will be in another project-based voucher unit at the same or another project-based property. If the required unit size is not available at another project-based property, the PHA will offer the family a unit from HOC's housing portfolio.
- HOC no longer has a portfolio of public housing units, as a result of the RAD conversions. Staff recommends the omission of referrals to public housing units as listed in chapter 22.

The U.S. Department of Housing and Urban Development (HUD) provides the outline of basic policy and procedures for the administration of the Housing Choice Voucher (HCV) program in the Code of Federal Regulations (CFR) at 24 CFR Part 982, Subpart E. These sections of the CFR provide an initial outline for HCV program operations including topics such as eligibility for admission, application for admission, operation of the waiting list, establishment of preferences, subsidy standards, calculation of tenant payments, verification procedures, voucher issuance, contract execution, Housing Quality Standards, unit inspections, rent reasonableness, voucher payment standards, recertification processes, voucher portability, terminations, complaints, appeals, and all other major program policies and procedures for the voucher program.

Beyond the policies outlined in the CFR, Public Housing Authorities (PHA) are required to develop Agency-specific policies and procedures to flesh out the outlines provided in the CFR. These Agency-specific policies are to be written in the PHA's Administrative Plan as well. Importantly, at all times, Agency-specific policies must conform to the established rules and regulations in the CFR, fair housing and civil rights laws and regulations, and must result in consistent, non-discriminatory determinations on applicant eligibility, placement of applicants on the waiting list, and selection of applicants from the waiting list.

As part of the process for making revisions or additions to a PHA's Administrative Plan, public comment is required. Accordingly, HOC will provide a 30-day public comment period which is concluded with a public hearing on the Administrative Plan revisions. During the comment period, HOC will make the draft of the proposed revisions to the Administrative Plan available on HOC's website as well as in hard copy form at all four of the Agency's offices. Also during the comment period, HOC staff will meet and discuss these proposed revisions with the HOC Resident Advisory Board (RAB), seeking the RAB's comments on these proposed changes. Notice of the comment period and public hearing will be advertised in a local newspaper in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to revise HOC's Administrative Plan for the Housing Choice Voucher program ("Administrative Plan") to add clarifying language to HOC's Project-Based Voucher (PBV) policies?

PRINCIPALS:

Housing Resources Division
Executive Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on March 15, 2016 and recommended it for Commission action on May 4, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to revise HOC's Administrative Plan for the Housing Choice Voucher program ("Administrative Plan") to add clarifying language to HOC's Project-Based Voucher (PBV) policies.

RESOLUTION: 16-30

**RE: Authorization to Revise HOC's
Administrative Plan for the Housing
Choice Voucher Program to Add
Clarifying Language to HOC's
Project-Based Voucher Policies**

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarifying language to HOC's Project-Based Voucher policies; and

WHEREAS, a public comment period for these proposed revisions began on April 5, 2016 and concluded on May 4, 2016 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes revisions and new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarifying language to HOC's Project-Based Voucher policies.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on May 4, 2016.

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**Patrice Birdsong
Special Assistant to the Commission**

CHAPTER 22

HOUSING CHOICE VOUCHER PROJECT-BASED PROGRAM

[24 CFR 983]

A. OVERVIEW

1. Purpose of Program: The program goals for the Project-Based Voucher (PBV) Program are:

1. To contribute to the improvement and long-term viability of the area's housing stock.
2. To increase the supply of affordable housing and location choice for very low-income households.
3. To integrate housing and supportive services such as education, case management, job training, and day care to help families and individuals achieve stability and self-reliance.
4. To promote the coordination and leveraging of resources of public, semi-public, or nonprofit agencies with compatible missions.

2. Program Elements:

1. A PHA may attach up to 20 percent of its voucher budget authority to PBV units.
2. The units may be new construction, rehabilitated or existing units.
3. Not more than 25 percent of the units in any building may be assisted with PBV. The exceptions to this limitation are for single-family properties (defined as 1-4 units in a building) and "excepted units" in a multi family building. Excepted units are those that are specifically made available for elderly or disabled families or families receiving supportive services.
4. The location of PBV units must be consistent with the goals of deconcentrating poverty and expanding housing and economic opportunities.

3. Requirements for Participation:

1. **Competitive Selection Process:** HOC must follow a competitive selection process as described in the regulations at 24 CFR §983.51.
2. **Developers/ Owners Proposal:** Developers/owners must submit a proposal for PBV in response to a Request for Proposals (RFP) issued by HOC.

4. Selection Criteria:

HOC will review proposals requesting PBV based on the selection criteria detailed in the Request for Proposals, and in compliance with all relevant statutory, regulatory, and HOC requirements.

Before HOC will provide voucher rental assistance, all developments must have PHA Board approval, meet Housing Quality Standards and have an executed Housing Assistance Payments Contract.

B. ELIGIBLE UNITS

1. Eligible Units:

1. All PBV selected sites must be in compliance with PBV goals, Civil Rights requirements and Housing Quality Standards. HOC will review the applications to determine if the location is consistent with the goal of deconcentrating poverty and preserving and/or expanding housing and economic opportunities. HOC will take into consideration the site selection standards listed in 24 CFR §983.57 and the PBV program goals.
2. To define a PBV unit as a unit in a rehabilitated housing, each unit must require a minimum of \$3000 in rehabilitation costs.
3. For units requesting an exception to the 25 percent cap in a building, and that exception is based on providing supportive services, the services must be designed as services essential for maintaining or achieving independent living such as, but not limited to, counseling, education, job training, health care, mental health services, alcohol and/or other substance abuse services, child care services and or case management services. These services may be defined as being a participant in a PHA's FSS program.

2. Ineligible Units: HOC may not attach PBV assistance for units if the following types of housing:

1. Shared housing
2. Units on the grounds of a penal, reformatory, medical, mental or similar public or private institution
3. Nursing homes or facilities providing continuous psychiatric medical, nursing service, board and care or intermediate care
4. Units that are owned or controlled by an educational institution and are designated for occupancy by students of the institution
5. Manufactured homes
6. ~~Cooperative housing~~
7. Transitional housing
8. ~~High rise elevator units for families with children~~

9. Owner occupied units
10. Units occupied by an ineligible family.
11. Units subsidized with any governmental rent subsidy or any governmental subsidy that covers all or any part of the operating costs of the housing. (24 CFR 983.54 (c)-(d))

C. APPLICANT ELIGIBILITY FOR PARTICIPATION

Applicant eligibility for the project-based program is also covered in Chapter 2 of this document.

1. Applicants must meet the eligibility requirements for tenant-based Housing Choice Voucher Program.
2. Persons who will reside in PBV units must come from HOC's waiting list and/or be referred by the owner.

~~a. HOC will maintain a separate waiting list for applicants interested in PBV supportive housing. When a vacancy occurs in a PBV supportive housing unit, the PHA will survey the supportive housing waiting list no less than once a year for an interested applicant. If HOC is unable to provide enough eligible applicants from its supportive housing waiting list, When a vacancy occurs in a PBV supportive housing unit, the owner may refer applicants to HOC. The applicant names will be placed on the HOC wait list and selected as a special admission for the available unit.~~

b. HOC will survey its regular waiting list no less than once a year for each bedroom size for vacancies in non-supportive housing PBV developments. If the PHA is unable to provide enough eligible applicants from its waiting list to fill PBV units, the owner may refer applicants to HOC.

3. HOC will not screen applicants for family behavior or check rental references. This will remain the responsibility of the owner. HOC will screen applicants in the manner established for all voucher applicants.
4. If the owner of a PBV unit denies a PBV applicant that has come from HOC's waiting list, that denial does not affect their place on the waiting list for tenant based assistance.
5. ~~If HOC's waiting list is closed and If~~ the owner refers an applicant (because HOC was unable to provide interested, eligible applicants) that applicant will be placed on the waiting list as a special admission for the PBV program. The applicant must still meet all tenant-based eligibility requirements.

6. If an applicant from HOC waiting list has been approved by the owner and is in verification status with HOC and their name comes to the top of the waiting list to receive tenant based assistance (TBA), the applicant will be given the option to continue to be processed for the PBV unit or to be processed for a TBA voucher. The applicant will sign a statement declaring their choice.

D. LEASES AND HOUSING ASSISTANCE PAYMENTS CONTRACTS

1. If the owner uses a standard lease form for rental to unassisted tenants, the lease for a voucher-assisted tenant must be in such standard form but it must be for a one-year initial term and it must include the HUD tenancy addendum. The lease must specify the name(s) of the owner(s) and the tenant, the address of the unit rented, the term of the lease including any provision for renewal, the amount of the tenant rent to owner, a listing of what services, maintenance, equipment and utilities to be provided by the owner and the amount of any charges that are for food, furniture or supportive services.

2. The Housing Assistance Payments contract between the owner and HOC will be for an initial term of up to 15 years, or such longer term permitted by HUD regulations than in effect. After the initial term, HOC may agree to extend the term of the contract for an additional term of up to 15 years, or such longer term permitted by HUD regulations than in effect. To be eligible for an extension, the property and owner must be in compliance with program rules and applicable HUD statutes and regulations. The length of the extension will be negotiated with the owner and the form will be subject to any HUD prescribed conditions at the time of the extension.

3. An owner may request an increase to the rent at the annual anniversary of the HAP contract by a 60 day written notice to HOC.

E. CONTINUED PARTICIPATION

1. A family may choose to move out of a PBV unit with continued assistance any time after 12 months.

2. If a PBV tenant is determined no longer eligible for the Housing Choice Voucher PBV program, they will be given a minimum of 30 days to vacate a unit. If the family does not vacate the unit, HOC must remove that PBV unit from the HAP contract or substitute a similar unit in the building. A PBV tenant who is terminated from the PBV program will be given a minimum of a 30 day notice of the termination and must vacate the unit on the effective date of the termination.

3. If the family receives no rent assistance for six months (that is, if the family's income has remained at a level where their TTP is equal to or exceeds the gross rent for the unit), the family will be required to vacate the unit. HOC will notify the family sixty days before the six months deadline that they must vacate the unit. If the family does not

vacate the unit at the end of the six months, they PHA must remove the unit from the HAP contract or substitute a similar unit in the same complex.

4. If HOC determines, at annual recertification, that the family is occupying a wrong size unit or determines anytime that the family is occupying a unit with accessibility features that the family does not require but another family does require, HOC will offer continued assistance in the following order:

- a. An appropriate unit in another PBV unit either in the same building or another PBV assisted building.
- b. Tenant based assistance if the family has been a PBV participant for 12 months.
- c. Other project-based assistance (~~public housing unit~~).

5. For families residing in units that provide qualifying supportive services, as detailed in the HAP contract (see paragraph B. 1. in this chapter), the project must verify annually that at least one family member in each such unit receives supportive services. These services do not have to be provided by the project or at the project, but must comply with the terms of the HAP contract.

To verify the receipt of services, the project must use the format and procedures prescribed by HOC and notify HOC whether or not each family is in compliance.

If a family, without good cause, fails to participate in at least one of the qualifying supportive services, as detailed in the HAP contract, HOC will determine that the family is no longer eligible to participate in the program (see paragraph E. 2. in this chapter and Chapter 15).

**AUTHORIZATION TO REVISE
HOC'S ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER
PROGRAM TO PROVIDE CLARIFICATION ON PROVIDING WAIT LIST
PRIORITY CONSIDERATION TO APPLICANTS FORMERLY ON
THE AGENCY'S PUBLIC HOUSING WAITING LIST**

May 4, 2016

- The Code of Federal Regulations (CFR) requires that Public Housing Agencies (PHAs) such as the Housing Opportunities Commission of Montgomery County (HOC) adopt written plans and policies that describe the federal regulations and establish the local policies for administration of the voucher program of the given PHA. For the Housing Choice Voucher program, this governing document is termed the Administrative Plan.
- The CFR also requires that PHAs such as HOC revise their Administrative Plan as needed in order to comply with federal requirements. Optional changes unique to a specific PHA may also be added, provided that they do not conflict with the federal regulations.
- At this time, HOC has developed a proposed revision to its Administrative Plan as is consistent with the processes and procedures outlined in the CFR. The proposed revision would add clarification on HOC's obligation to provide wait list priority consideration to applicants formerly on the Agency's public housing waiting list.
- A public comment period for this proposed revision began on April 5, 2016 and will conclude on May 4, 2016 with a public hearing at HOC's Kensington office.
- Staff is requesting authorization to make this proposed revision to HOC's Administrative Plan formally a part of this governing document.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gina Smith Executive Ext. 9479
 Lynn Hayes Housing Resources Ext: 9622
 Darcel Cox Compliance Ext. 9735
 Ethan Cohen Executive Ext. 9764

RE: Authorization to Revise HOC’s Administrative Plan for the Housing Choice Voucher Program to Provide Clarification on Providing Wait List Priority Consideration to Applicants Formerly on the Agency’s Public Housing Waiting List

DATE: May 4, 2016

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director, or his designee, to revise HOC’s Administrative Plan for the Housing Choice Voucher program (“Administrative Plan”) to change the waiting list procedures for former public housing (PH) residents at the converted Rental Administration Demonstration (RAD) properties.

In the waiting list revisions to the Administrative Plan adopted by the Commission in July of 2015, the Agency adopted preliminary waiting list provisions as required by HUD Notice PIH-2012-32 (HA), REV-2, which provides the program instructions for the RAD program. The proposed revisions describe the procedures by which HOC will extend priority consideration to former-public housing waiting list applicants at the converted RAD properties, and specifies a sunset date of August 31, 2016 for the priority consideration.

BACKGROUND:

Former Public Housing Wait List Procedures

Prior to the opening of HOC Housing Path in July of 2015, HOC maintained a separate waiting list for applicants seeking housing in public housing properties. The former waiting list was implemented using a lottery algorithm, which randomly selected applicants from the waiting list, taking into consideration HOC preferences for housing. Formerly, Public Housing waiting lists were not time-date stamped; nor were they site-based or project specific. Instead, the

former public housing waiting list was separated into four regional lists by bedroom size with preferences for families designated as “Federal Emergency Assisted” and residents who live and/or work, or has offered to work in the jurisdiction. The selection process for each list was by preference and then random selection by lottery.

Prior to the opening of HOC Housing Path as an all electronic and consolidated waiting list, the Administrative Plan was revised to adopt the provisions of HUD Notice PIH-2012-32 (HA), REV-2 describing how existing applicants would be given consideration on the new RAD site-based waiting lists. Section 1.6.D.4(iii) of the RAD Notice provides that HOC must provide applicants of the PH community-wide waiting list an explanation of how to apply for a voucher-wide, PBV-wide, or site-based waiting list. Section 1.7.C 3 of the RAD Notice states that a project owner can use a project specific or community waiting list and consider the best means to transition applications to the new waiting list using one of the following options:

- i. Transferring an existing site based list to a new site based list
- ii. Informing applicants on the site-based list on how to apply for a community-wide waiting list. .
- iii. Informing applicants on the community-wide list on how to apply for a new community-wide or site based list.

Implementation of the RAD Wait List Provisions

As we progress through the RAD 6 redevelopment efforts, staff has recognized that we need to specify the means by which former PH applicants will receive priority consideration on the new site-based lists created in HOC Housing Path. Prior to the opening of the new HOC Housing Path waiting list, the Agency adopted Option iii from above. All former public housing waiting list applicants received a post card mailer notifying them of the new waiting list and instructing them to submit an application. At this time HOC will now specify the means by which those former applicants will receive priority consideration for housing at the RAD properties.

Staff has determined that in order to provide former PH applicants with the best opportunity to be housed at one of the RAD properties, HOC will adopt and follow the procedures listed below:

- Analyze HOC Housing Path to identify former wait list applicants that have submitted a new application.
- Issue notice to former public housing waiting list applicants that they are eligible to receive priority consideration for housing at RAD properties and instruct them to respond to the notice if they would like to be considered.
- Former PH applicants that respond, but have not submitted a new HOC Housing Path application will be instructed to do so.
- For those families that respond to the notice and/or have submitted a new HOC Housing Path application, HOC will create a separate pool of applications that will receive priority consideration for vacancies at the RAD properties.

- As vacancies become available at RAD properties, applicants will be selected from the priority pool utilizing the Agency’s current lottery process, which accounts for any preferences in the random selection process.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to revise HOC’s Administrative Plan for the Housing Choice Voucher program (“Administrative Plan”) to change the waiting list procedures for former public housing (PH) residents at the converted Rental Administration Demonstration (RAD) properties?

PRINCIPALS:

Housing Resources Division
Executive Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on March 15, 2016 and recommended it for Commission action on May 4, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to revise HOC’s Administrative Plan for the Housing Choice Voucher program (“Administrative Plan”) to adopt the provisions described herein to provide priority consideration to formerly public housing waiting list applicants.

RESOLUTION: 16-31

RE: Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to Provide Clarification on Providing Wait List Priority Consideration to Applicants Formerly on the Agency's Public Housing Waiting List

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarification on HOC's obligation to provide wait list priority consideration to applicants formerly on the Agency's public housing waiting list; and

WHEREAS, a public comment period for these proposed revisions began on April 5, 2016 and concluded on May 4, 2016 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes revisions and new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarification on HOC's obligation to provide wait list priority consideration to applicants formerly on the Agency's public housing waiting list.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on May 4, 2016.

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Patrice Birdsong
Special Assistant to the Commission

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Chapter 4: Establishing Preferences and Maintaining the Waiting List

A. MANAGING THE WAITING LIST

Opening and Maintaining the List

Opening of the waiting list will be announced with a public notice stating that applications for public housing, Housing Choice Voucher and all other waiting lists maintained by the **Housing Opportunities Commission of Montgomery County (HOC)** will again be accepted. The public notice will state where, when, and how to apply. The notice will be published in a local newspaper of general circulation and also by any available minority media, including social media. The public notice will state any limitations on who may apply. Waiting lists for all sub-jurisdictions and Countywide will be opened and closed at the same time.

The notice will state that applicants already on waiting lists for other housing programs must apply separately for this program and such applicants will not lose their place on other waiting lists when they apply for public housing. The notice will include the Fair Housing logo and slogan, and will be in compliance with Fair Housing requirements.

HOC intends for the waiting list to remain open indefinitely; however, if the Executive Director decides to close the list, the closing of the waiting list will also be announced with a public notice. This public notice will state the date the waiting list will be closed, and it will be published in a local newspaper of general circulation and by any available minority media, including social media.

Organization of the Waiting List

Effective July 2015, the Housing Opportunities Commission will merge its existing sub-jurisdictional waiting lists for the Housing Choice Voucher program and all other housing programs into one combined waiting list referred to herein interchangeably as merged list, master list, merged master list, or waiting list, except as specifically noted.

In conjunction with the merging of all of the Housing Opportunity Commission's waiting lists, the Housing Opportunities Commission will open its merged master waiting list for all programs, and leave the merged list open indefinitely or until such time as a determination is made by the Executive Director that there is cause to close the waiting list, at which time proper notice will be posted in a local newspaper of general circulation and by any available minority media, including social media.

Only one application may be submitted and it must be submitted by the head of household or his/her designee.

The waiting list will be maintained in accordance with the following guidelines:

1. The application will be a permanent file. Any contact between the Housing Opportunities Commission and the applicant will be documented in the electronic applicant file.
2. All applications will be maintained in order of date and time of application, and applicable preference(s).
3. Under the merged waiting list, one master list will be maintained electronically through a proprietary program. All applications and updates to an application must be submitted electronically through a proprietary on-line web portal. Paper and telephone submissions will not be permitted. To the extent an applicant requires assistance, upon request, staff from the Housing Opportunities Commission will be available to assist with electronic submissions.
4. All applicants must give notice of any changes to their application within two weeks of a change. Changes include: change of mailing address, change of email address, change of phone number, change in family composition, change in income, or changes in factors affecting preference points. As noted in paragraph 3, all changes must be done electronically because paper and telephone submissions will not be accepted. To the extent an applicant requires assistance, upon request, staff from the Housing Opportunities Commission will be available to assist with electronic update submissions.
5. The master waiting list will be updated daily and placement on the list can be retrieved via the internet on a 24-hour basis.
6. For the first 365 days following the opening of the waiting list, selection from the waiting list will continue to be by random lottery. Thereafter, all selections will occur based on a combination of date-time order and listed preferences on the respective master waiting list. HOC will send a notice to all applicants informing them of when the random lottery system will be discontinued and when the date-time stamp selection system will be implemented.
7. The Housing Opportunities Commission will maintain one merged master list in order of date-time and any applicable preference(s). However within the master list there will be sub-sorted separate lists for certain programs and properties.
8. The Housing Opportunities Commission has entered into HAP contracts to subsidize units at several properties that are operated by third party managers and/or owners. Individual, property-specific waiting lists for these properties will

be included within the master list but will be sorted separately to only reflect applicants who satisfy the various property and programmatic eligibility criteria. More specifically, the details regarding these property-specific waiting lists are as follows:

- i. The Housing Opportunities Commission will maintain separate lists for Arcola Towers, Elizabeth House, Holly Hall, and Waverly House, which are public housing facilities operated for the benefit of the senior and/or the disabled.
 - ii. The Housing Opportunities Commission has entered into a HAP contract to subsidize units at Emory Grove, Ken-Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Town Centre Place, and Washington Square as required as part of the Rental Assistance Demonstration (RAD) program, and will require Housing Choice Vouchers. These individual lists created for these RAD properties will be included in the merged master list but sorted separately to reflect only those applicants who may be eligible for these properties.
 - iii. The Housing Opportunities Commission has entered into HAP contracts to subsidize units at several properties that are managed by third party managers and/or owners. These properties provide supportive services to at-risk populations in the form of Housing Choice Vouchers. Applicants for these programs must meet stringent requirements and will be ranked by date and time of application only, and sorted separately to only reflect applicants who qualify for these specific properties.
9. Any contact between the Housing Opportunities Commission and the applicant will be documented in the applicant's file.

Implementation of RAD Waiting List Provisions

Former public housing (PH) applicants will receive priority consideration on the new site-based waiting lists created within *HOC Housing Path*, HOC's electronic waiting list. Prior to the opening of the new HOC Housing Path waiting list HOC mailed to all former public housing waiting list applicants a post card notifying them of the new waiting list and instructing them to submit an application. The following policies will describe how those former applicants will receive priority consideration for housing at HOC's RAD properties.

In order to provide former PH applicants with the best opportunity to be housed at one of the RAD properties, HOC will adopt and follow the procedures listed below:

- Analyze HOC Housing Path to identify former waiting list applicants that have submitted a new application.
- Issue notices to former public housing waiting list applicants that they are eligible to receive priority consideration for housing at RAD properties, and instruct them to respond to the notice if they would like to be considered.
- Former PH applicants that respond, but have not submitted a new HOC Housing Path application will be instructed to do so.

- For those families that respond to the notice and/or have submitted a new HOC Housing Path application, HOC will create a separate pool of applications that will receive priority consideration for vacancies at the RAD properties.
- As vacancies become available at RAD properties, applicants will be selected from the priority pool utilizing the Agency's current lottery process, which accounts for any preferences in the random selection process.

Future Action

Information Exchange

New Business

Executive Session Findings

Adjourn

Alexander House Development Corporation

ALEXANDER HOUSE DEVELOPMENT CORPORATION

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

Minutes

April 6, 2016

16-00

A meeting of the Alexander House Development Corporation was conducted on Wednesday, April 6, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:53 p.m. Those in attendance were:

Present

Sally Roman
Richard Y. Nelson, Jr.
Margaret McFarland
Christopher Hatcher
Linda Croom

Absent

Jackie Simon

Also Attending

Kayrine Brown, Acting HOC Executive Director
Bobbie DaCosta
Rita Harris
Gina Smith
Gail Willison
Gail Gunod-Green
Lorie Seals
Zachary Marks
Fred Swan
Gio Kaviladze
Bonnie Hodge
Belle Seyoum
Sheryl Hammond
Ugonna Ibebuchi
Lynn Hayes
Louis Chaney
Vivian Benjamin

Kelly McLaughlin, General Counsel
Clarence Landers
Mei Li
Lynn Hayes
Jim Atwell
Terri Fowler
Eugene Spencer
Tiffany Jackson
Angela McIntosh-Davis
Danette Lawrence
Rebecca Grayson
Shauna Sorrells
Regina Reilly
Wilson Choi
Brian Kim
Lori Seals
Sharif Rafiq

Alexander House Dev. Corp. Support

Patrice Birdsong

IT Support

Dominique Laws

Guest

None

The meeting began with a presentation by Wilson Choi of the Authorization to Submit the Detail Site Plan for Alexander House by HOC to M-NCPPC and Montgomery County on Behalf of Alexander House Development Corporation.

The following resolution was adopted upon a motion by Richard Y. Nelson, Jr., and seconded by Linda Croom. Affirmative votes were cast by Sally Roman, Richard Y. Nelson, Jr., Margaret McFarland, Christopher Hatcher, and Linda Croom. Jackie Simon was necessarily absent and did not participate in the vote.

RESOLUTION No.16-002_{AH} :

**RE: AUTHORIZATION FOR HOC TO SUBMIT THE
DETAIL SITE PLAN FOR ALEXANDER HOUSE TO
M-NCPPC AND MONTGOMERY COUNTY ON
BEHALF OF ALEXANDER HOUSE DEVELOPMENT
CORPORATION**

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South, consisting of three discrete properties: Alexander House, owned by Alexander House Development Corporation (“Alexander House”); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”); and Fenwick Professional Park, owned by Lee Development Group (“LDG”); and

WHEREAS, on July 23, 2015, the preliminary and project plans for Elizabeth Square were unanimously approved by the County Planning Department; and

WHEREAS, preliminary and project plans approved up to 766,046 square feet of residential development with up to 907 dwelling units, up to 6,032 square feet of non-residential uses, and up to 63,896 square feet of public use facilities; and

WHEREAS, HOC has now completed the feasibility phase of Elizabeth Square and is prepared to develop the detail site plan for improvements along the street frontage of Alexander House and the construction of both Elizabeth House III, which will be constructed on the Fenwick Professional Park site, and Elizabeth House IV, which will be constructed on the existing Elizabeth House site; and

WHEREAS, as part of the detail site plan phase, the development consultants are prepared to initiate the site plan process by submitting an application to M-NCPPC and the County Planning Department.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that

1. HOC's Executive Director, as Secretary of the Alexander House Development Corporation, is authorized to execute all applications and submissions necessary for the approval of a detail site plan for the development of Alexander House, and to file such applications and submissions with all of the required regulatory agencies, including the Maryland-National Capital Park and Planning Commission and the County Planning Department.

BE IT FURTHER RESOLVED by the Alexander House Development Corporation that HOC's Executive Director, as Secretary of the Alexander House Development Corporation, is authorized, without any further action on its part other than the subsequent written approval provided for herein, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

Based upon this report and there being no further business to come before this session of the Development Corporation, a motion was made to adjourn the meeting of the Alexander House Development Corporation.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

ALEXANDER HOUSE DEVELOPMENT CORPORATION

APPROVAL OF ALEXANDER HOUSE DEVELOPMENT CORPORATION TO SELECT CBP CONSTRUCTORS, LLC AS GENERAL CONTRACTOR AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO NEGOTIATE TERMS OF THE CONTRACT FOR THE RENOVATION OF ALEXANDER HOUSE



May 4, 2016

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
BRIAN KIM
HYUNSUK CHOI

May 4, 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. The preliminary and project plan for Elizabeth Square which was approved on July 23, 2015 also includes amendments to the Property. Further, minor site plan amendment approval was achieved for the Property on June 9, 2015 incorporating it seamlessly into the overall square.
- Upon refinancing of the Property, the equity may now be extracted and used to contribute to the funding of the affordable housing component of Elizabeth House III.
- 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, the loan will be paid back to the OHRF.
- On January 7, 2016, HOC issued a two part request for qualification (“RFQ”) #1980 for Contractor Evaluation and Selection Process. The first part of the RFQ issued a request for general contractor prequalification submissions which enabled the staff to develop a list of prequalified general contractors. Each contractor was evaluated based on their experience working with government agencies, experience with similar type projects, and construction anticipated delivery schedule. Staff required each contractor to score a minimum of 80 points out of 100 to be prequalified. Based on responses to the RFQ, three contractors met the minimum threshold: CBP Constructors, Hamel Builders and Harkins Builders.
- On March 15, 2016, staff issued part two of the RFQ which solicited from the prequalified general contractors a construction budget, including contractors’ proposed fees, and schedule.
- Three (3) respondents submitted qualified proposals on April 4, 2016. Staff recommends the selection CBP Constructors, LLC as general contractor for the renovation of the Property and requests authorization for the Executive Director to negotiate the terms of a contract with the selected general contractor. Commission approval of the final contract will be sought when negotiations are complete and final dollar amount is known.

Scope of Work - Summary



Existing Kitchen

Exterior renovations

- Enclosure of the first floor tunnel to accommodate new building entrance lobby
- Hardscape and Landscape changes along Second Avenue and Apple Avenue
- Exterior window and balcony sliding door replacement
- Exterior balcony rail and divider panel replacement
- HVAC replacement (unit and common areas)
- Entrance canopy at SE corner of building

Ensure a pragmatic and cost-effective approach to the renovation program.

May 4, 2016

Interior Renovation

- Renovations to the 1st and 2nd floors to accommodate the Public Use space and residential programming including new leasing office and mail room
- The clubroom and fitness area can be relocated to the 1st and 2nd floors of the building where existing 2 story spaces exist
- Updates to the common corridors with new finishes and lighting
- Unit Kitchen & Bath upgrades (inclusive of new floor finishes, new entry door, new appliances, low flow plumbing fixtures and new lighting fixtures).

These improvements will not only address curb appeal but also – and more importantly – increase energy efficiency, extend the property’s useful life, and allow the property to better compete in the marketplace.



Existing Exterior

Qualification and Selection of General Contractor(s)

Alexander House Apartments (RFQ #1980 Part I) – Prequalification

- HOC's Procurement Office issued a Request for Qualifications (RFQ #1980 Part I) for general contractor prequalification for construction services at Alexander House Apartments on January 7, 2016, with a due date of February 8, 2016, in accordance with HOC Procurement Policy. A pre-proposal meeting was held on January 19, 2016 at the Property. The respondents were first asked to provide details on their qualifications without submitting proposals.
- The scoring team (consisting of staff from Mortgage Finance, Finance and Real Estate Development) reviewed the responses on March 3, 2016, based on several criteria:
 - Projects of Similar Scope with single contract values of at least \$10 million
 - Minimum of three (3) project examples of rehabilitated properties with similar type scope of work
 - Demonstrated ability for on-time completion
 - Certificate of Insurance Coverage
 - Federal and State Licensing
 - Letter from surety acknowledging willingness to offer a bond of at least \$25 million
 - Familiarity with Montgomery County Building Codes
 - Financial Capacity
 - HUD 2530 Approval
 - Experience with the Housing and Community Development Act (Section 3), the Rehabilitation Act (Section 504), and the Davis-Bacon Act prevailing wage requirements

Selection of General Contractor

RFQ# 1980 Part I General Contractor Qualification

Of the five responses received, only three are considered prequalified, based on the minimum qualification threshold of 80 points

RANK	General Contractor	Experience with Government Agencies and Housing Authorities (Baltimore-Washington Area) (30%)	General Contractor Qualifications (40%)	Demonstrated delivery schedule to complete the work (30%)	Total AVG.
1	Hamel Builders	37.7	29.3	27.0	94.00
2	Harkins Builders	38.3	27.7	26.3	93.33
3	CBP Constructors	33.3	23.3	28.0	84.60
4	Nastos (not prequalified)	33.7	23.7	20.3	77.67
5	HESS (not prequalified)	23.3	15.0	15.7	54.00

**Minimum of 80 points are required to be prequalified.*



Selection of General Contractor

RFQ #1980 –Part II Pricing and Schedule

RANK	General Contractor	Construction Costs *	Fees	Schedule Duration	Compliance Report
1	CBP Constructors, LLC.	\$22,957,715	\$846,657	19.5 months	Good
2	Hamel Builders	\$24,013,965	\$856,098	24 months	Good
3	Harkins Builders	\$28,379,951	\$1,223,067	26 months	Good

Staff used the following criteria to evaluate the proposal (Part I and II).

1. Part I (RFQ #1980) – 35%
2. Part II (Price proposal) – 65%

Contractor	Part I (35%)	Part II (65%)	Final Score
Hamel Builders (back up)	32.9	60.0	92.9
Harkins Builders	32.7	55.0	87.7
CBP Constructors (<u>Recommend</u>)	29.6	65.0	94.6

- Staff proposes the selection of CBP Constructors, LLC as General Contactor for the renovation of Alexander House for the following reasons:
 - Lowest Bid (\$22,957,715) & Highest Score 94.6
 - Shorter Construction Schedule (19.5 months)
 - Experience working with government agencies, particularly HOC

Summary and Recommendations

Issues for Consideration

Does the Alexander House Development Corporation wish to approve the selection of CBP Constructors, LLC as general contractor for the renovation of Alexander House Apartments and authorize the Executive Director to enter into contract negotiations?

Time Frame

Action at the May 4, 2016 Alexander House Development Corporation Meeting.

Budget Impact

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

Staff Recommendation and Commission Action Needed

HOC staff recommends that the Board of Directors of Alexander House Development Corporation approve the selection of CBP Constructors, LLC as general contractor for the renovation of Alexander House Apartments and authorize the Executive Director to negotiate the terms of a general contractor contract with CBP Constructors LLC.

Staff will return for approval of the final contract and authorization for the Executive Director to execute.

RESOLUTION No.: 16-003_{AH}

RE: Approval of Alexander House Development Corporation to Select CBP Constructors, LLC as General Contractor and Authorization for the Executive Director to Negotiate Terms of the Contract for the Renovation of Alexander House

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”); 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; 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, the solicitation for general contractor services was completed in two parts, first pursuant to a request for qualifications (RFQ) issued on January 7, 2016 to create a pool of qualified firms and second on March 15, 2016 via a request for proposal (RFP) solicited from among the firms qualified through the RFQ process; and

WHEREAS, the five firms submitted responses and were evaluated based on the established qualification criteria pursuant to which three firms were qualified then subsequently assigned final scores based on part two of the process, which evaluated the firms on price, fees, construction duration and compliance, resulting in final scores for the three qualified respondents of 94.6% (CBP Constructors LLC), 92.9% (Hamel Builders), and 87.7% (Harkins Builders); and

WHEREAS, the terms of an agreement are still to be negotiated and the proposed general contractor must present final construction cost numbers to be incorporated in the final contract for approval when presented to the Corporation at a later date. .

NOW, THEREFORE, BE IT RESOLVED by the Corporation that the Commission's Executive Director, as Secretary of the Corporation, is authorized to negotiate the terms of a general contractor contract with CBP Constructors LLC for the renovations of the Development.

BE IT FURTHER RESOLVED by the Corporation that the Commission's Executive Director, as Secretary of the Corporation, is 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, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Board of Directors of Alexander House Development Corporation at an open meeting on May 4, 2016.

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Secretary Treasurer
Board of Directors Alexander House Development
Corporation

TPM Development Corporation

TPM DEVELOPMENT CORPORATION

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

Minutes

April 6, 2016

16-00

A meeting of the TPM Development Corporation was conducted on Wednesday, April 6, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:50 p.m. Those in attendance were:

Present

Sally Roman
Richard Y. Nelson, Jr.
Margaret McFarland
Christopher Hatcher
Linda Croom

Absent

Jackie Simon

Also Attending

Kayrine Brown, Acting HOC Executive Director
Bobbie DaCosta
Rita Harris
Gina Smith
Gail Willison
Gail Gunod-Green
Lorie Seals
Zachary Marks
Fred Swan
Gio Kaviladze
Bonnie Hodge
Belle Seyoum
Sheryl Hammond
Ugonna Ibebuchu
Lynn Hayes
Louis Chaney
Vivian Benjamin

Kelly McLaughlin, General Counsel
Clarence Landers
Mei Li
Lynn Hayes
Jim Atwell
Terri Fowler
Eugene Spencer
Tiffany Jackson
Angela McIntosh-Davis
Danette Lawrence
Rebecca Grayson
Shauna Sorrells
Regina Reilly
Wilson Choi
Brian Kim
Lori Seals
Sharif Rafiq

TPM Dev. Corp. Support

Patrice Birdsong

IT Support

Dominique Laws

Guest

None

The meeting began with Sheryl Hammond, Planner, explaining the request for Approval to Amend the Development Plan for TPM Development Corporation to Complete Additional Renovation Scope at Timberlawn Crescent and Pomander Court and Authorization to Accept Additional Interim Loan Funds of up to \$358,000 from the Housing Opportunities Commission of Montgomery County.

The following resolution was unanimously adopted. Affirmative votes were cast by Sally Roman, Richard Y. Nelson, Jr., Margaret McFarland, Christopher Hatcher, and Linda Croom. Jackie Simon was necessarily absent and did not participate in the vote.

RESOLUTION No. 16-002_{TPM}:

RE: Approval to Amend the Development Plan for TPM Development Corporation to Complete Additional Renovation Scope at Timberlawn Crescent and Pomander Court and Authorization to Accept Additional Interim Loan Funds of up to \$358,000 from the Housing Opportunities Commission of Montgomery County

WHEREAS, Timberlawn Crescent, a 107-unit development located in North Bethesda and Pomander Court, a 24-unit clustered townhome community located in Silver Spring (together, the "Properties") are two properties owned by TPM Development Corporation ("TPM"), a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (the "Commission"), and are in need of renovation and rehabilitation; and

WHEREAS, the Commission is authorized to use the Moderately Priced Dwelling Unit/Property Acquisition Fund (MPDU/PAF) to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, on July 17, 2013, the TPM approved a preliminary renovation and rehabilitation plan for the Properties, including exterior renovation at Timberlawn Crescent which was funded from an interim loan from the MPDU/PAF; and

WHEREAS, the Commission and TPM have been presented with an amendment to the final development plan which includes additional scope items for the Properties; and

WHEREAS, a permanent financing plan is not proposed at this time; however, it is necessary to again access interim funding to complete the additional renovation scope for the Projects; and

WHEREAS, the Commission has approved an advance of the funds drawn from the MPDU/PAF, to be repaid by TPM upon its future refinancing of the Projects, which is expected to occur in the fall of 2016.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of TPM Development Corporation that it approves the amendment to the development plan to complete the renovation of Timberlawn Crescent and Pomander Court.

BE IT FURTHER RESOLVED by the Board of Directors of TPM Development Corporation that it approves the acceptance of additional loan funds from the Commission in an amount not to exceed \$358,000, to be funded by the Commission's MPDU/Property Acquisition Fund for a term not to exceed 12 months, and which loan is intended to be repaid from the issuance of tax-exempt bonds or such other financing that repays the loan from the Commission.

BE IT FURTHER RESOLVED the Board of Directors of TPM Development Corporation that it authorizes the Executive Director of the Housing Opportunities Commission of Montgomery County who serves as the Secretary of TPM Development Corporation, 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.

BE IT FURTHER RESOLVED by the Board of Directors of TPM Development Corporation that it affirms 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 thereof, the same are hereby in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Board of Directors of TPM Development Corporation that all other resolutions of the TPM Development Corporation or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

Based upon this report and there being no further business to come before this session of the Development Corporation, a motion was made to adjourn the meeting of the TPM Development Corporation.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Adjourn