



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

EXPANDED AGENDA

YouTube Link: <https://youtu.be/cbi8603Mt8A>

November 15, 2023

The public is invited to attend HOC’s November 15, 2023 Monthly Commission meeting in-person. HOC’s Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person online participation).

		Resolution #
4:00pm pg.7	I. <u>INFORMATION EXCHANGE</u> A. Community Forum B. Report of the President/ Executive Director C. Commissioner Exchange	
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pg.38	B. Single Family Lending: Approval of a New Participating Lender for the Single Family Mortgage Purchase Program	23-63 (pg.43)
	IV. <u>COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION</u>	
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	<u>RECONVENE HOC MONTHLY MEETING</u>	
pg.252	<p>CLOSING STATEMENT Vote to close meeting</p>	
	ADJOURN	
6:00p.m.	<p>CLOSED SESSION</p> <p>The closed session will be called to order pursuant to Sections 3-305(b)(1) and 3-305(b) (13) of the General Provisions Article of the Annotated Code of Maryland.</p>	

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) 627-9421 or email Jocelyn.Koon@hocmc.org.

Information Exchange



HOC AT-A-GLANCE: October 2023

During the month of October, HOC continued to engage in its core activities of providing support and enrichment programming to our clients, fulfilling our HUD required obligations and enhancing our clients' experience.

This month we spotlight three awards highlighting HOC and its accomplishments—a Housing Production Fund (HPF) Merit Award from the National Association of Housing and Redevelopment Officials (NAHRO), a Delta Associates award for the Laureate and the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Finance Reporting.

We continue to highlight services provided by our Office of Resident Services, as well as updates from our Housing Resources, Real Estate Development and Finance divisions.

HOC RECEIVES THREE PRESTIGIOUS AWARDS

On the heels of a key feature in the New York Times, HOC is once again in the spotlight. This month, we received an Award of Merit from NAHRO in the Affordable Housing Category for our innovative HPF. In addition, as an Award of Merit recipient, HOC was nominated by a regional NAHRO jury of judges for consideration by a national jury to receive NAHRO's National Award of Excellence. Winners of this Award of Excellence will be announced at NAHRO's national conference in Washington, DC, in the spring of 2024.

HOC's The Laureate was selected for Delta Associates' 27th Annual Apartment and Condominium Industry Awards for Excellence in the category of Best Suburban Maryland Mid-Rise Apartment Community.

Lastly, the GFOA awarded HOC the Certificate of Achievement for Excellence in Financial Reporting for our annual comprehensive financial report for the fiscal year that ended June 30, 2022.

HOC HOSTS PUBLIC DEVELOPMENT ROUNDTABLE

On November 2nd, HOC hosted a roundtable organized by the Center for Public Enterprise to discuss efforts across the country to expand publicly-owned housing development, inspired by HOC's Housing Production Fund. Attendees included senior housing officials from New York City, Chicago, Atlanta, Boston, Rhode Island, California, Chattanooga, Raleigh and Syracuse, as well as HUD staff and academic researchers from NYU and Georgetown. Attendees toured the Laureate and engaged in nearly six hours of presentations and lively discussion, sharing perspectives and lessons learned from their jurisdictions.



RESIDENT SERVICES UPDATE

Service Coordination and Programming

The Service Coordination and Programming Units provide assessment, counseling, information, referrals and program services to HOC customers. During the month of October 2023, staff continued to provide services virtually and in person. Resident Counselors continued to engage with HOC customers to determine their needs. Customers were referred to our partners to receive food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID-19 Rental Assistance Program, the Emergency Rental Assistance Program, and the Housing Stabilization Program.

HOC's customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process applications for rental assistance. Resident Counselors also attended the Housing Resources Division's virtual briefings for new voucher recipients to provide information on the services that Resident Services offers. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights of the October Resident Counselors activities include::

1. Workshops

- Facilitated the Fundamentals of Housing workshops on **Oct. 17**.
- Facilitated the Resource Sharing workshop on **Oct. 18**.

2. Resident Well Being

Activities for Youth

- **After-School/Out-of-School Programs:** The Montgomery County Department of Health and Human Services' Street Outreach Network (SON) continued to facilitate the Safe Zones program at Cider Mill Apartments in October. It provided services to 35 youth through its Friday and Saturday night programs. SON achieved successful outreach and recruitment through its soccer program, which currently is being implemented by the 480 Club.
 - **After School Clubs:** The Resident Services team launched after school clubs on **Oct. 2** at Georgian Court Apartments, Stewarttown Homes, Tanglewood Apartments and Town Center Place-Olney. Two separate clubs were offered including Robotics and Science Experiments (via Mad Science) and Life, Health and Nutrition (via Carpe Diem Arts, Inc.).
 - **Piano Pals:** Hosted by the Tacy Foundation, Piano Pals provides free lessons to elementary age youth. This month, they provided classes to residents at Tanglewood every Saturday in October.



Activities for Youth and Families

- **Recreation:** In addition to the activities offered exclusively to youth, Resident Counselors also provided community engagement activities for youth and families.
 - **Meet & Greet:** Resident Services staff hosted a Meet & Greet at Georgian Court on **Oct. 11**. Resident Counselor Marsha Batista introduced community members to the new Resident Services Community Aide, Marcus Battle, and encouraged families to register children in the after-school clubs.
 - **Fire Prevention & Preparedness Workshop:** This educational workshop was held at Washington Square on **Oct. 12**. Over 32 attendees had a chance to participate in a demonstration by Montgomery County EMS, Fire & Rescue on the proper use of smoke detectors, as well as CPR techniques for adults and children. Youth also toured a fire truck and EMS mobile unit and families received home safety flyers and fire escape plans.
 - **Fall Harvest Bingo Night:** Magruder's Discovery hosted a Fall Harvest Bingo Night on **Oct. 18**.
 - **Word Games and Bingo:** On **Oct. 25**, staff hosted a Word Games & Bingo event at Fenton Silver Spring.
 - **"All Things Fall" Event:** Seneca Ridge residents enjoyed the "All Things Fall" fall Harvest Event held **Oct. 27**. This event provided families with a day of celebration, food and fun activities such as face painting, pumpkin judging, arts & crafts and bingo.
 - **Chromebook Distribution:** Resident Services staff worked with the Montgomery County Office of Broadband Programs to distribute free Chromebook laptop computers to low-income households. This month, our staff distributed approximately 180 computers to HOC residents at Bauer Park, Residences on The Lane, Tobytown, Stewartown and Paddington Square.
- **Resource Fair:** The Ombudsman Office partnered with Resident Services, the HOC Academy, County Council Member Andrew Friedson and local Montgomery County agencies including Habitat For Humanity, Rebuilding Together, Montgomery College, Department of Housing and Community Development and Worksource Montgomery Mobile unit and the County's DHHS staff to assist residents of the Tobytown community. During the fair, residents received information on various resources ranging from utility assistance to home repairs. Also, through HOC's partnership with Montgomery County, nine Tobytown residents received free Chromebook laptop computers.
- **Ongoing Support:** Resident Services staff continued to assist the Property Management staff with addressing rent delinquencies by conducting outreach, assessments, and providing referrals.

Activities for Seniors

- **Arts for the Aging:**
 - **Best of Movement:** Residents at Arcola Towers participated in a four-week Theatre & Arts series with sessions held on **Oct. 6 and Oct. 20**.
 - **"Dance the Blues Away":** Residents at Forest Oak Towers enjoyed an interactive workshop featuring music and movement on **Oct. 12**. Miles Spicer, a guitarist and

Report of the President

Chelsea J. Andrews



composer, led participants in group singing, call and response and more. The featured musical genres varied by audience and included Blues, Jazz, Rock and Roll and popular requests. Nancy Havlik, a dancer and choreographer, guided participants through collaborative dances inspired by the music.

- **“Dancing Our Stories”**: A dance and movement session was held at Waverly House on **Oct. 17**.
- **“Moving with the World”**: An Arts for the Aging (AFTA) facilitator held a session at Residences on The Lane on **Oct. 18**. During the session, residents explored healing movement, theatrical games through expressive play and movement to music from around the world.
- **Training and Resources**: Resident Services hosted several training and resource support activities for seniors.
 - **Transportation Information Session**: Bernie Simpson from JCA conducted a presentation for Waverly House residents on **Oct. 26** about its transportation services in Montgomery County.
 - **Computer Class**: Senior Planet Montgomery facilitated a five-week Chrome Essentials Computer Class for 16 residents at Residences on the Lane.
- **Health and Wellness Activities**: Resident Services hosted several health and wellness activities for seniors.
 - **Medicare Open Enrollment Information Session**: This information session was held at Arcola Towers on **Oct. 5**.
 - **On-site Health Sessions**: University of Maryland nursing students completed home visits, blood pressure screenings, chair exercises, wellness education workshops and “Ask a Nurse” sessions at Arcola Towers, Residences on The Lane, and Forest Oak Towers.
- **Recreation**: Resident Counselors conducted a number of social and/or recreational activities for older adults.
 - **Community Bingo**: Community Bingo was at Waverly House on **Oct. 11**, The Leggett on **Oct. 18** and Forest Oak Towers on **Oct. 19**.
 - **Meet & Greet**: On **Oct. 25**, Waverly House residents had an opportunity to meet HOC’s Executive Director and other members of the executive team. Fifty-two residents participated and provided feedback about their experience at Waverly House and communicated their thoughts on how to improve the community.
 - **Baltimore Theater Field Trip**: Residents at Forest Oak Towers participated in a Senior Connection’s excursion field trip to Cabaret Macabre at the Baltimore Theatre on **Oct. 28**.



3. Relocation and Re-Certification Assistance

- Assisted customers on an ongoing basis with relocations and other needs for Rental Assistance Demonstration (RAD) and renovation projects at Residences on the Lane, Stewartown Homes, Shady Grove Apartments, Willow Manor Apartments, Bauer Park Apartments, Town Center Place-Olney, Sandy Spring, and Georgian Court Apartments.
- Provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

4. Rental Assistance/Housing Stabilization

- Provided face-to-face and electronic outreach and assistance to customers with applications for rental assistance programs.
- The Housing Stabilization staff continued to process applications under the Emergency Assistance Program. Residents have received assistance for security deposits, rent, utilities, moving and storage. In addition, staff are processing cases identified as urgent. Thirty-two residents received assistance from the Services to Prevent Homelessness.

5. Food Assistance

- The Resident Services Division provided food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, Capital Area Food Bank's Senior Brown Bag and My Groceries To Go Programs. In October, 284 HOC customers were provided with supplemental food. The Resident Services staff also continued to facilitate the Senior Nutrition Program, which provides reduced-cost meals for older adults in a social setting at select locations.

HOC Academy

The HOC Academy is an Agency initiative developed by HOC to help its customers reach their fullest potential by providing educational, enrichment, job training and job placement opportunities to youth and adults. The program specifically focuses on education and enrichment for youth education and workforce development for adults. Below are highlights for October 2023.

Youth Education/Enrichment

Fatherhood Initiative and HOC Academy hosted an E-sport event with Patriots Technology and Training Center, Inc. on **Oct. 27**. The event attracted 25 participants and included competitive tournaments in Madden, FIFA, and Smash Brothers, virtual reality, 3D animation and racing stations with prize awards.

Adult Education and Workforce Development (AEWD)

- HOC Academy and Paradigm Multidisciplinary Real Estate Services hosted a Paradigm Career Opportunity information session on **Oct. 25**.
- HOC Academy is sponsoring a 10-week small business course designed to teach students how to properly start and operate a new business from conception to operation. This course guides



students through the entire process, step-by-step, and offers additional assistance to ensure success. The second cohort began the week of Oct. 2 and included 21 participants.

- AEWD completed 14 referrals to Henry Wrecker's Service Clerk/Dispatcher position, which is a Section 3 employment opportunity.
- **Customer Highlights:** Fourteen customers reported milestone completion in October, including one who gained new employment with Montgomery County Public Schools as a para educator, another participant who completed courses towards a degree, and two who completed certification programs as an Esthetician and Cyber Security tech.
- In collaboration with HOC contractors, the academy will host several information sessions this program year for Section 3/HOC Works employment opportunities.

Financial Literacy

The Financial Literacy Coach continued to work with HOC's customers and individuals on the Housing Path waitlist on creating a financial foundation. During October, the Financial Literacy Coach provided one-on-one financial literacy coaching to 38 HOC customers and 12 individuals from the HousingPath waitlist. The coaching sessions covered topics including creating a working budget, identifying disposable income, reading one's credit report and creating and accomplishing monthly financial goals. During October, the Financial Literacy Coach also facilitated financial literacy workshops, which were attended by 17 HOC customers and five individuals from the waitlist.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to participants with disabilities who formerly were homeless. The program reaches some of the most vulnerable residents of the county. In October, the program served 277 households. Throughout the month program staff conducted home visits with program participants, provided case management services and paid rent and utilities. Additionally, program staff also continued to help Emergency Voucher recipients secure housing by providing housing location services, as well as financial assistance for application fees, security deposits, moving expenses and household items.

Program staff also continued to implement the Rent Supplement Program (RSP), which provides a shallow rental subsidy (up to \$600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. Program turnover has created a challenge in achieving full program utilization, however, staff increased program participation to 274 units this month - just 26 shy of the target of 300 for the program. Staff will continue to monitor program expenditures to determine if additional participants can be served.

Fatherhood Initiative Program

The Fatherhood Initiative Program is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a "best practice" model. HOC was awarded an additional grant and currently is in year four of the new grant period. The program provides parenting



education, case management services, financial assistance for educational classes and training and participation incentives.

On Nov. 3 the program graduated 25 fathers from the October cohort. Thirty-eight fathers were enrolled for October. At the conclusion of grant year three, the Fatherhood Initiative exceeded enrollment targets by recruiting 359 fathers (three more than the target of 356).

Fatherhood Initiative Program Open Gym Basket Nights

The Fatherhood Initiative Program continues to innovate in strategies of program recruitment. Recruitment is continuous and therefore strategies to recruit fathers are continuous and evolving. Toward the end of grant year three and the beginning of grant year four, the program implemented Open Gym Basketball Nights. These basketball nights allow for community engagement, targeted outreach, and personal connection. Since the start of the Open Gym Basketball Nights, the Fatherhood program has achieved its objectives, reaching a diverse audience, establishing personal connections with potential participants, and effectively recruiting individuals interested in its services.

The Resident Advisory Board (RAB)

Nine newly elected members of the HOC Resident Advisory Board (RAB) were officially sworn in immediately preceding the Oct. 4 Commission meeting. HOC Commissioners and Executive staff members offered a warm welcome to the RAB and are excited as the RAB leaders begin their work to advocate on behalf of HOC customers.

HOUSING RESOURCES UPDATE

Housing Choice Voucher (HCV) Program

Each month HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The utilization rate has increased to 98%. Currently, 127 families with issued vouchers are searching for suitable units to rent; 141 contracts are pending execution. Two hundred families were selected from the HCV waitlist last month.

The Housing Resources Division received one request in October for a voucher extension beyond the initial 90-day period. The request included a search record reflecting the efforts made to secure housing during the voucher term and the landlords who were contacted. The extension request did not warrant a referral to the Human Rights Commission nor the Commission on Civil Rights for possible discrimination.



RENTCafé Used to Support Online Annual Recertifications

Customers with recertifications effective Oct. 1, 2023 were required to submit their annual recertification paperwork electronically via RENTCafé. Staff enlisted the IT Division to provide technical support to customers requiring assistance with the submission of recertification materials. Overall, 424 out of 683 customers submitted their paperwork electronically. We will continue to accept mailed submissions from customers who do not utilize email or who prefer to submit information by mail. We anticipate that more families will utilize the online portal as they become more comfortable with the technology.

Forty-five customers were recommended for program termination effective Oct. 1, 2023. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why recertifications were not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and to provide assistance. They were able to assist 33 families with the recertification requirement and overturn the termination.

Termination proceedings will continue for 12 families for the following reasons:

- 2 – Deceased
- 3 – Voluntary Withdrawal
- 7 – Failed to respond to Counselor outreach

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

Emergency Housing Vouchers (EHVs)

HOC has an allocation of 118 Emergency Housing Vouchers. Currently 112 families have successfully leased units. Six families with issued vouchers are in process; including four port-ins who are searching for suitable units to rent and one lease-in-place.

Family Self Sufficiency (FSS) Update

This month FSS staff continued their recruitment efforts, with current enrollment consisting of 354 families. There are 18 new applicants assigned to the case management team pending program enrollment.

There was one graduate this month. The earned income increased significantly from \$0 to \$57,250. The graduate obtained a career in the insurance industry as a Liability Claims Representative.

The FSS team has ventured into the community to work collaboratively with the Program Coordinating Committee (PCC). The PCC is a contingent of service providers required to work with the FSS Team to provide supportive services pursuant to HUD regulations. Additionally, the FSS Counselors have



successfully conducted in-person orientation sessions with Work Source Montgomery. For two consecutive weeks, staff have spent a part of the day at the Work Source Montgomery Up-County location. FSS customers are encouraged to come to the location for a “warm handoff” with the Program Coordinating Partner. This opportunity is expanding the reach of the FSS program into the community. Aiding customers by accessing mainstream resources where they live is an essential aspect of the residential counselor's role.

FSS participants remain committed to the alliances formed with the FSS Case Managers. FSS Case Managers continue to work with customers on their long- and short-term self-sufficiency goals. During monthly remote meetings, Case Managers offer integrated strategies for self-care, personal goal fulfillment and emotional support. Community partnerships continue to be a capstone of the program. In conjunction with person-centered planning efforts, Case Managers solicit feedback from customers to determine the effectiveness of previously provided resources. Maintaining continuous feedback ensures that referrals to external partners continue to meet individual goals and exceed expectations.

REAL ESTATE DEVELOPMENT UPDATE

Metropolitan Phase IV Completion

Metropolitan Apartments, a high-rise property with over 300 units (216 Market/92 Affordable) located in Bethesda, has benefitted from minor renovations between 2012 and 2013 and currently is undergoing more significant renovations to the market units. Construction Specialists, Inc. has been retained to complete waterproofing for the plaza repair then working to install new brick pavers.

MORTGAGE FINANCE UPDATE

HOC Headquarters (Fenwick & Second) – HOC MP 2023C Bond Issuance

On November 9, 2023, Mortgage Finance staff, supported by the Finance and Real Estate teams, successfully completed the issuance of the 2023 Series C Multiple Purpose Bonds (\$74,996,695) under a Supplemental Indenture of the 2002 Multiple Purpose Trust Indenture.

The bonds were issued as long-term, fixed-rate Governmental bonds, with a yield to maturity of 5.47% and annual debt service of \$4,665,505, backed by the General Obligation of HOC. Proceeds from the issuance will be used to reimburse predevelopment costs, and fund construction and equipping of HOC's new headquarters to be located in Silver Spring, MD. The proposed nine-story building is designed to consolidate operations and service centers from existing scattered offices of HOC into one central and easily accessible location to improve operational efficiencies and convenience for HOC customers. Completion of the headquarters is expected by December 2025.



FINANCE UPDATE

Certificate of Achievement for Excellence in Financial Reporting Program

We are pleased to share that HOC has been awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Finance Reporting. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (COA) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of Generally Accepted Accounting Principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate our financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by an agency and its management.

This is the Finance Team's 14th GFOA Certificate of Achievement Award. Congratulations are in order for the entire Finance staff for their hard work and dedication in receiving this prestigious award.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

October 4, 2023

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform (with some participating in-person and some participating online/via teleconference) on Wednesday, October 4, 2023 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:09 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Jeffrey Merkowitz, Chair Pro Tem
Linda Croom, Commissioner
Richard Nelson, Commissioner
Robin Salomon, Commissioner

Virtual

Pamela Byrd, Commissioner

Also Attending

Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Richard Congo
Ken Silverman
Elaine Cole
Victoria Dixon
Bonnie Hodge
Terri Fowler
Darcell Cox
Ken Silverman
Jay Shepard

Aisha Memon, General Counsel
Morgan Tucker
Zachary Marks
John Wilhoit
Lynn Hayes
Timothy Goetzinger
Monte Stanford
Latonya Brooks
Paulette Dudley
Tia Blount
DaVida Rowley-Blackman

Also attending via Zoom

Ali Ozair
Kai Hsieh

Alex Laurens
Matt Husman

IT Support

Irma Rodriguez
Aries "AJ" Cruz

Commission Support

Jocelyn Koon, Senior Executive Assistant

Chair Priest opened the meeting with the introduction of the Commission.

I. Information Exchange

Community Forum

- There were no speakers to address the Board.

Executive Director's Report

- Chelsea Andrews, Executive Director provided a presentation of the written report. Ms. Andrews also shared updates regarding HOC activities and spotlights for the month of September 2023.

Commissioner Exchange

- The Board was advised by Chair Priest on updates within the Commission.
- Chair Priest acknowledged Commissioner Croom's and Executive Director, Chelsea Andrews' intent to attend the NAHRO Inaugural Conference in New Orleans, Louisiana. The Board and HOC staff wished them well and bid safe travels.

II. Approval of Minutes – The minutes were approved as submitted with a motion by Commissioner Croom and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Priest, Merkowitz, Nelson, Byrd, Kelleher, Croom, and Salomon.

- A. Approval of Minutes of September 13, 2023**
- B. Approval of Minutes of September 13, 2023 Closed Session**
- C. Approval of Minutes of September 21, 2023 Special Session**
- D. Approval of Minutes of September 21, 2023 Closed Session**

III. Consent

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

Staff recommended that the Commission approve First Savings Mortgage Corporation for participation in the Single Family Mortgage Purchase Program. Chair Priest asked for a motion to adopt resolution 23-56. Commissioner Nelson motioned, Merkowitz seconded. Affirmative votes were cast by Priest, Kelleher, Byrd, Croom, Merkowitz, Nelson and Salomon.

III. Committee Reports and Recommendations for Action

B. Budget, Finance, and Audit Committee - Com. Nelson, Chair

1. Fiscal Year 2023 Fourth Quarter Budget to Actual Statements: Presentation of Fourth Quarter FY'23 Budget to Actual Statements

Chair Nelson introduced President, Chelsea Andrews, who provided an overview and introduced Timothy Goetzinger, Chief Development Funds Officer and Acting Chief Financial Officer, and Terri Fowler, Budget Officer, to provide the detailed presentation. Staff recommended that the Commission formally accept the Fourth Quarter FY'23 Budget to Actual Statements. The motion was made by Commissioner Nelson to adopt resolution 23-57 with slight renaming of the title of the resolution. Commissioner Kelleher seconded the motion. Affirmative votes were cast by Chair Priest, Commissioners Merkowitz, Nelson, Kelleher, Salomon, Croom, and Byrd.

2. Uncollectible Tenant Accounts Receivable: Authorization to Write-Off Uncollectible Tenant Accounts Receivable (April 1, 2023 - June 30, 2023)

Chair Nelson introduced President Andrews, who provided an overview of the next item to be discussed. Executive Director Andrews introduced Timothy Goetzinger, Chief Development Funds Officer/Acting Chief Financial, and Terri Fowler, Budget Officer, as the presenters. Staff requested that the Commission authorize the write-off of uncollectible tenant accounts receivable of \$73,335. The motion was made by Commissioner Nelson to adopt resolution 23-58. Commissioner Merkowitz seconded the motion. Affirmative votes were cast by Chair Priest, Commissioners Croom, Byrd, Nelson, Merkowitz, Salomon, and Kelleher.

C. Development and Finance Committee, Chair Merkowitz

1. HOC Headquarters: Approval to Negotiate and Execute a Guaranteed Maximum Price Contract with Paradigm Contractors, LLC.

Chair Merkowitz introduced Executive Director Andrews, who provided an overview of the item to be discussed. Executive Director Andrews introduced Jay Shepherd, Housing Acquisition Manager, and Zachary Marks, Chief Real Estate Officer, who provided the presentation. Staff recommended that the Commission authorize the Executive Director to negotiate and execute a Guaranteed Maximum Price contract for the amount of \$50,109,878 with Paradigm Contractors, LLC as the General Contractor for the HOC HQ and issue a notice to proceed. Staff addressed questions by the Commission. The motion was made by Commissioner Salomon to adopt resolution 23-59. Commissioner Nelson seconded the motion. Affirmative votes were cast by Chair Priest, Commissioner Merkowitz, Kelleher, Nelson, Salomon, Byrd, and Croom.

2. HOC Headquarters: Approval of the Financing Plan for Construction and Permanent Financing, and Approval of Bond Authorizing Resolution

Chair Merkowitz introduced Executive Director Andrews, who provided an overview of the item to be discussed. Executive Director Andrews introduced Victoria Dixon, Senior Multifamily Underwriter, and Monte Stanford, Mortgage Finance Director, who provided the presentation. Staff with support of the Development and Finance Committee, recommended the Commission approve of the following actions:

1. Approval of the HOC HQ Financing Plan and budget totaling approximately \$76.9 million.
2. Approval of a Bond Authorizing Resolution for the issuance and delivery of long-term tax-exempt governmental bonds, backed by the general obligation pledge of the Commission, with a term of up to 43 years, under the 2002 Multiple Purpose Indenture in an amount up to \$75 million.

Staff addressed questions by the Commission. A motion was made by Commissioner Merkowitz to adopt resolutions 23-60a and 23-60b. Commissioner Croom seconded the motion. Affirmative votes were cast by Chair Priest, Commissioner Kelleher, Nelson, Merkowitz, Croom, Salomon, and Byrd.

3. MetroPointe: Approval to Acquire Limited Partner Interest in Wheaton Metro Limited Partnership.

Chair Merkowitz introduced Executive Director Andrews, who provided an overview of the item to be discussed. President Chelsea Andrews introduced John Wilhoit, Director of Asset Management, who provided the presentation. Staff recommended that the Commission:

1. Approve the acquisition of the limited partner interest from Wells Fargo for Wheaton Metro LP for \$100 plus legal fees.
2. Approve the assignment of the limited partner interest for Wheaton Metro LP to HOC YR15 LLC, of which HOC is the sole member.
3. Approve a draw of up to \$6,000 from the Opportunity Housing Reserve Fund for the acquisition related costs.

Staff addressed questions by the Commission. Commissioner Salomon made a motion to adopt an amended Resolution 23-61 striking the penultimate be it further resolved and the related whereas. Commissioner Nelson seconded the motion. Affirmative votes were cast by Chair Priest, Commissioners Croom, Salomon, Byrd, Kelleher, Merkowitz, and Nelson.

D. Items Requiring Deliberation and/or Action

1. HOC Strategic Planning: Strategic Plan Status Update and Next Steps

Chair Priest introduced President Chelsea Andrews to provide an overview on the Strategic Plan Update and Next Steps. President Andrews introduced Ken Silverman to provide the detailed presentation. Chair Priest mentioned the Commission will convene after reviewing the material provided by Public Works.

Based on this report and there being no further business before this session of the Commission, Chair Priest made a motion to adjourn the meeting at 5:52 p.m. Commissioner Merkowitz seconded. Affirmative votes were cast by Priest, Kelleher, Merkowitz, Salomon, Byrd, Croom and Nelson.

Respectfully submitted,

Chelsea Andrews,
President/ Executive Director

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

September 28, 2023

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via virtual platform on Thursday, September 28, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:05pm. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson
Linda Croom
Robin Salomon
Pamela Byrd

Absent

Jeffrey Merkowitz, Chair Pro Tem

IT Support

Aries Cruz
Irma Rodriquez

Commission Support

Jocelyn Koon, Senior Executive Assistant

Chair Priest opened the meeting with welcome remarks and an introduction to the Special Session of the Housing Opportunities Commission of Montgomery County. Chair Priest introduced Commissioner, Kelleher, Salomon, Nelson, Byrd and Croom. Commissioner Merkowitz was necessarily absent.

General Counsel, Aisha Memon, read the Written Closing Statement on behalf of Chair Priest. Commissioner Salomon made a motion to adopt the statement and close the meeting. Commissioner Nelson seconded the motion, with Commissioners Priest, Croom, Kelleher, Byrd, and Nelson voting in approval. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 6:08p.m. and reconvened in closed session at 6:42p.m.

General Counsel, Aisha Memon, read the Written Closing Statement on behalf of Chair Priest. Commissioner Salomon made a motion to adopt the statement and close the meeting. Commissioner Nelson seconded the motion, with Commissioners Priest, Croom, Kelleher, Byrd, Salomon, and Nelson voting in approval. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held virtually on September 28, 2023 at approximately 6:08 p.m. with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(1) to discuss the employment, compensation, and performance of an HOC employee.

The meeting was closed and the closing statement dated September 28, 2023 was adopted on a motion made by Commissioner Salomon, seconded by Commissioner Byrd, with Commissioners Priest, Croom, Kelleher, Byrd, Nelson, and Salomon voting in favor of the motion. Commissioner Merkowitz was necessarily absent and did not participate in the vote. The following persons were present: Roy Priest, Frances Kelleher, Jeffrey Merkowitz, Pamela Byrd, Richard Nelson, Linda Croom, and Robin Salomon (Commissioner Salomon left the meeting early).

In closed session, the Commission discussed the below topics and took the following actions:

1. **Topic:** Discussion of the employment, compensation, and performance of an HOC employee (pursuant to Section 3-305(b)(1)).
 - a. **Action Taken:** The Commission discussed performance expectations for the HOC employee. No formal action was taken.

The closed session was adjourned at 8:09 p.m.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

October 26, 2023

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via virtual platform on Thursday, October 26, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:07pm. Those in attendance were:

Present via Zoom

Roy Priest, Chair
Fran Kelleher, Vice Chair
Jeffery Merkowitz – Chair Pro Tem
Pamela Byrd
Robin Salomon
Linda Croom

Absent

Richard Y. Nelson

Also Attending via Zoom

Chelsea Andrews, Executive Director
Aisha Memon, General Counsel
Eric Schruner, Public Works LLC, Consultant

Kayrine Brown, Deputy Executive Director
Ken Silverman
Tia Blount

IT Support

Aries Cruz, IT Support

Commission Support

Alicia Black, Temp Assistant
Morgan Tucker, Temp Assistant

Chair Priest opened the meeting with welcome remarks and an introduction to the Strategic Plan Special Session of the Housing Opportunities Commission of Montgomery County. Chair Priest introduced Commissioner Merkowitz, Kelleher, Salomon, and Byrd and Eric Schruner of Public Works. Commissioner Nelson was necessarily absent. Chair Priest moderated the meeting and acknowledged each Commissioner’s recommendation referenced in the Strategic Plan Memorandum provided by Public Works.

A. Vision Statement

The current Vision Statement of HOC is “It is our vision that Everyone should live in quality housing that is affordable, with dignity and respect. At HOC we believe this vision can be achieved by ensuring amenity rich, community-connected housing for all of Montgomery County’s residents where all people can reach their fullest potential. We believe in supportive programs, delivered through mission-aligned partnerships, help our customers improve their economic status, remain stably housed and reach the goals they hold for themselves and their families.”

Public Works proposed that the Vision statement is updated to “Futures start and grow in a place called home; it’s why we’re making it affordable, while empowering individuals, families, and neighborhoods to prosper”. Chair Priest preferred the current vision statement of HOC and asked for the Commission’s feedback on ways to adjust the language. Commissioner Merkowitz mentioned a vision statement should be a statement of what the end goal would be if HOC were able to achieve everything wanted. Commissioner Byrd commented on removing the wording “all residents” and make a reference to HOC clients alternatively. Commissioner Kelleher highlighted the current language “need to thrive” and “reach full potential” should be removed from the Vision statement. Commissioner Byrd and Commissioner Merkowitz would like to keep the language. After deliberation, the Commission collectively agreed to adjust HOC’s Vision Statement and decided to revisit the structure of the Vision statement with Public Works at a later date.

B. Mission Statement

The Mission of the Housing Opportunities Commission is to provide affordable housing and supportive housing services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland so that:

- No one in Montgomery County lives in substandard housing;
- We strengthen families and communities as good neighbors;

- We establish an efficient and productive environment that fosters trust, open communication and mutual respect; and
- We work with advocates, providers and community members to maintain support for all of the work of the Commission.

Public Works proposed that the Mission statement is updated to “Our mission is to deliver innovative, socially and economically inclusive housing where families of all incomes can live, work, and thrive together. We strengthen low- and moderate-income families by offering opportunities for personal and economic growth through partnerships and our supportive services.” Commissioner Kelleher proposed “HOC exists to provide low- and moderate-income persons the opportunity to live in quality, safe and affordable housing in Montgomery County.” Commissioner Kelleher emphasized updating the Mission statement to “providing low and moderate income housing.” Commissioner Kelleher did not agree with Public Work’s proposed Mission statement. Commissioner Salomon mentioned “supportive services” should be included in the Mission statement. After deliberation, Chair Priest asked Eric Schruner from Public Works to adjust the Mission statement based on the Commission’s feedback.

A. Core Values

Public Works proposed the following seven core values based on feedback from Commissioners, customers, applicants, staff, and the public.

- **People-First with Dignity & Respect | Our Customers:** We believe our customers are front and center in everything we do as we create and foster opportunities for them to secure affordable, safe and high quality housing. We aspire to provide outstanding customer service through caring, listening, communicating, partnering, and timely responding to our customers' needs, concerns, and insights.
- **People-First with Dignity & Respect | Our Staff:** We believe our staff is our most valuable asset in fulfilling our vision and mission. We provide our teams with the resources and support needed to excel in their performance and roles while making HOC a competitive, great place to work and thrive.
- **Innovative and Entrepreneurial:** We believe that addressing the severe shortage of affordable housing will require agility, innovative partnerships, adoption of state-of-the-art technologies, and nationally acclaimed financial tools that create a robust portfolio of housing opportunities that incentivize resident economic mobility.
- **Equity in Everything We Do:** We believe that equitable access to quality, safe, and affordable housing enables people to live with the security and comforts of home, experience community, and generate intergenerational wealth. We recognize that

systemic and institutional inequities pose substantial barriers and hardships for communities of color. We commit to addressing these barriers as they impact our customers while embracing diversity, equity, and inclusion in our organization's culture.

- **Power of Partnerships:** We believe in collaborating with community-based, public and private sector organizations to provide resources and services that empower our residents to reach their full potential, secure and maintain housing, and achieve economic independence.
- **Community-Enhanced Housing:** We believe that when we develop, construct, and renovate properties, we are also building community and supporting sustainable neighborhoods. We cultivate social interaction among neighbors rather than isolate vulnerable households within pockets of concentrated poverty through mixed-income development. This philosophy runs deep in everything that we do.
- **Stewardship:** We believe we have been entrusted to wisely manage and deploy valuable resources to create and maintain environmentally sustainable affordable housing throughout Montgomery County. We respect the public's trust by being results-driven, accountable, and transparent in our efforts and operations while employing strategies to assure the financial solvency of HOC.

Chair Priest asked if the Commission had feedback on the core values provided by Public Works. Commissioner Kelleher mentioned the core values are not needed and are not necessary for the Strategic Plan. President, Chelsea Andrews, mentioned the core values were proposed in order for staff to understand how HOC operates as an organization and strongly encouraged keeping the Core Values apart of the Strategic Plan. Commissioner Merkowitz, Salomon, and Byrd agreed and supported keeping the core values based on President, Chelsea Andrews' feedback.

D. Strategic Goals

Chair Priest moved forward to discuss the Strategic Goals presented by Public Works. Public Works proposed the following three Strategic Goals as well as provided the main objectives for each goal: 1) Expand Affordable Housing in Montgomery County, 2) Enhance the Lives We Touch, and 3) Excel as a World- Class Organization.

Chair Priest asked the Commission if there was feedback on the three proposed Strategic Goals. The Commission began their feedback with the second strategic goal: "Enhance the Lives We Touch". Commissioner Kelleher noted "Enhancing The Lives We Touch" is out of the HOC scope as well as beyond what HOC is funded to do as an organization. Chair Priest mentioned the funding provided by HUD is not only for the production of affordable housing, but for the enhancement of the lives of the people of HOC. Commissioner Salomon suggested adjusting the goal to "Enhancing the Lives We Touch through the Provision of Social Services". After further

deliberation, Chair Priest suggested changing the second strategic goal to “Providing Resident Focused Services and Partnering with other Agencies and Partners to Enhance the Lives We Touch.”

Chair Priest returned to the first strategic goal: “Expand Affordable Housing in Montgomery County.” Chair Priest asked mentioned keeping the objectives but changing the ordering. The Commission further deliberated about altering the eight objectives needed to achieve the goal of Expanding Affordable Housing in Montgomery County. After further deliberation, the Commission agreed to work on the wordsmithing separately and removing and/or rearrange the order of the objectives based on the level of importance. After further deliberation, the Commission discussed making adjustments to the objective language based on the provided feedback.

Chair Priest moved on to discuss the final strategic goal: “Excel as a World-Class Organization.” Commissioner Byrd mentioned including “strengthening information technology” to the objectives. Chair Priest suggested changing the objective to Produce and use innovative and state of the art solutions for addressing affordable housing and residential services. Commissioner Byrd highlighted adding in an objective to include “fiscal resources” in the objectives. After further deliberation, Chair Priest asked Public Works to incorporate all feedback and updates within the Strategic Plan.

President, Chelsea Andrews, highlighted that the Strategic Plan meeting scheduled on November 1st will discuss legislative priorities, which will be incorporated in the Strategic Plan initiatives for 2024.

Chair Priest thanked everyone for their participation and adjourned the meeting at 5:34 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/jlk

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

November 1, 2023

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform (with some participating in-person and some participating online/via teleconference) on Wednesday, October 4, 2023 on Thursday, November 1, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 9:05am. Those in attendance were:

Present

Roy Priest, Chair
Fran Kelleher, Vice Chair
Jeffery Merkowitz – Chair Pro Tem
Robin Salomon
Linda Croom

Present Via Zoom

Richard Y. Nelson

Absent

Pamela Byrd

Also Attending via Zoom

Chelsea Andrews, Executive Director
Ken Silverman, Director of Government Affairs

Aisha Memon, General Counsel

IT Support

Aries Cruz, IT Support

Commission Support

Alicia Black, Temp Assistant
Morgan Tucker, Temp Assistant

Chair Priest opened the meeting with welcome remarks and an introduction to the Strategic Plan - Legislative Priorities Special Session of the Housing Opportunities Commission of Montgomery County. Chair Priest introduced Commissioner Merkowitz, Kelleher, Salomon, Croom and Nelson. Commissioner Byrd was necessarily absent. Chair Priest mentioned the meeting will focus on the proposed legislative priorities in 2024, which will be included in the Strategic Plan.

Chair Priest introduced President/Executive Director, Chelsea Andrews to provide an overview of the Strategic Plan Legislative Priorities presentation for year 2024. Ms. Andrews introduced Director of Government Affairs, Ken Silverman, to provide the detailed presentation.

Director of Government Affairs, Ken Silverman, presented on the proposed legislative priorities and provided the following reasons why the Commission should adopt annual Legislative Priorities:

- Clear, unified message to local, state, and federal policymakers about what HOC needs to succeed in our mission;
- Context for individual requests, making it clear we are asking every level of government to share the burden of meeting Montgomery County's affordable housing needs;
- Explains HOC's limitations to the public, applicants, customers, advocacy organizations, and other stakeholders;
- Clear guideposts for staff to allow swift response when needed, whether responding to fast-moving legislative and regulatory proposals or influencing the advocacy agendas of larger coalitions and organizations; and
- Pathways for residents and organizations to support HOC's mission in their advocacy efforts.

The proposed legislative priorities were grouped in four categories: 1) more affordable homes, 2) more rental assistance, 3) more supportive services, and 4) regulatory flexibility. Director of Legislative Affairs, Ken Silverman, highlighted that the four legislative priorities categories are grouped by 1) Federal 2) State and 3) County.

A. More Affordable Homes

Director of Government Affairs, Ken Silverman, provided a detailed presentation on the first Legislative Priority, "More Affordable Homes." A proposal was presented in regards to the Federal items to support growing the affordability of housing in Montgomery County. Mr. Silverman highlighted the FFB program which HOC is one of the largest users in the Country. The program was scheduled to sunset in 2024 and stop taking applications in 2024. With help of the Biden Administration, Mr. Silverman would like to extend the FFB program. A presentation was provided to show HOC's ask of State and County partners to provide more affordable homes. Mr. Silverman also highlighted

an item discussed during the Administrative and Regulatory Committee is to look for opportunities of zoning and regulatory improvements that will allow the opportunity to build more housing and move through the process faster.

B. More Rental Assistance

Director of Government Affairs, Ken Silverman, mentioned that HOC is looking for opportunities to grow rental assistance that HOC can provide residents in Montgomery County at the Federal, State, and County Level. HOC recommended the vouchers program should be an entitlement program or at minimum fund the program at a robust level which will serve more people. Commissioner Nelson commented that he is not comfortable with making vouchers an entitlement. Commissioner Kelleher highlighted from an economic standpoint, it will put money in the hands of a population that has not had it in order to acquire housing of choice and the money will encourage the private sector to build the kind of housing that residents are looking for. Commissioner Kelleher inquired at what level will it be an entitlement. Chair Priest mentioned the realtors and property owners are not getting enough funding to operate the properties under the current rent structure schedule. Commissioner Croom highlighted the other programs should also be an entitlement. President/Executive Director, Chelsea Andrews, highlighted that this is a national movement and noted that several agencies are asking for the voucher entitlement and the ask is a door opener for a broader discussion on the need for subsidies. After further deliberation amongst the Commission, Director of Government Affairs agreed to create a fact sheet to explain the current program as well as possibilities for more rental assistance.

C. More Supportive Services

Director of Government Affairs, Ken Silverman, discussed the need of more supportive services through the following efforts: 1) Continuing to robustly fund and expand the direct services programs that HOC currently has funding for, 2) Increasing our level of partnership and collaboration with agencies across the government to make more services available, 3) Searching for any opportunity to reduce administrative burdens for applicants and customers to be able to access services and coordinate more closely with agencies that are offering overlapping services, and 4) Engaging with elected officials and looking at properties in their districts to help find opportunities to apply for grants and other funding opportunities that would allow HOC to benefit those properties on an individual basis.

D. Regulatory Flexibility

Director of Government Affairs, Ken Silverman, suggested asking Congress to expand the Moving to Work Program to allow all Public Housing authorities to apply for waivers and gain access to the regulatory flexibilities. The Moving to Work Program allows the Public Housing authorities in the program to waive any of the federal

regulations that guide the vouchers and public housing programs. The slots available for the programs does not currently allow HOC to qualify. At the state level, there has been engagement with a State Delegate an information will be shared shortly. The Commission further deliberated on regulatory flexibility.

Staff recommended that the Commission indicate support for the proposed Legislative Priorities for 2024. Director of Government Affairs, Ken Silverman, highlighted that approving the presented priorities would not have a direct fiscal impact on HOC, however it would result in more resources available to serve Montgomery County. Commissioner Kelleher made a motion to support staff's recommendation. Commissioner Nelson seconded. Affirmative votes were cast by Commissioner Priest, Merkowitz, Kelleher, Nelson, Croom and Salomon. Commissioner Byrd was necessarily absent and did not participate in the vote.

Chair Priest thanked everyone for their participation and adjourned the meeting at 10:01 a.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/jlk

Consent Items

WESTWOOD TOWER: APPROVAL OF ADDITIONAL FUNDING FOR THE CONTINUATION OF LITIGATION SERVICES

November 15, 2023

- In November 2021, pursuant to Section 5.6(ii) of HOC's Procurement Policy, the Commission authorized an emergency procurement for the continuation of litigation services provided by Douglas & Boykin PLLC ("Douglas"), and approved the use of Westwood Tower's existing property cash to fund future legal costs and fees associated with the litigation services in an amount not to exceed \$270,000.
- On May 3, 2023, the Commission approved an additional \$50,000 in funding to conclude the appeals process in the Appellate Court of Maryland.
- On September 22, 2023, the Supreme Court of Maryland granted a writ of certiorari, and staff is seeking an additional \$83,000 (for a total contract amount of \$403,000) in funding to complete the appeals process in the Supreme Court of Maryland.
- Staff recommends that Westwood Tower's existing property cash be used to fund future legal costs and fees associated with the continuation of litigation services provided by Douglas. The property started the fiscal year with approximately \$3 Million; the additional litigation funding will not impact the property's budget.

RESOLUTION No.: 23-62

RE: Approval of Additional Funding for the Continuation of Litigation Services for Westwood Tower Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the owner of a multifamily building located at 5401 Westbard Avenue, Bethesda known as Westwood Tower Apartments (“Westwood Tower”); and

WHEREAS, on January 8, 2020, HOC entered into an Agreement for Services with Douglas & Boykin PLLC (“Douglas”), which included HOC’s ability to request that Douglas represent HOC in the event any litigation was filed; and

WHEREAS, on July 2, 2021, the Commission authorized the sale of Westwood Tower to a private purchaser; and

WHEREAS, on August 10, 2021, HOC was named as a defendant in a Complaint for Writ of Mandamus filed in the Circuit Court for Montgomery County, Maryland (Case No. 486734-V) by the Bethesda African Cemetery Coalition, Reverend Olusegun Adebayo, Darold Cuba, Geneva Nanette Hunter, and Montani Wallace, and shortly thereafter, staff engaged Douglas to represent HOC in the litigation; and

WHEREAS, on November 3, 2021, the Commission approved the use of Westwood Tower’s existing property cash to fund legal costs and fees provided by Douglas in an amount not to exceed \$270,000; and

WHEREAS, on May 3, 2023, the Commission approved an additional \$50,000 to fund the appeals process in the Appellate Court of Maryland; and

WHEREAS, on September 22, 2023, the Supreme Court of Maryland granted a writ of certiorari, and staff is requesting an additional \$83,000 in funding from Westwood Tower’s existing property cash to complete the appeals process in the Supreme Court of Maryland.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the use of Westwood Tower’s existing property cash to fund additional legal costs and fees associated with the continuation of litigation services provided by Douglas in an amount not to exceed \$83,000.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County authorizes the President/ Executive Director or her authorized designee, 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.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

SINGLE FAMILY LENDING: APPROVAL OF A NEW PARTICIPATING LENDER FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

November 15, 2023

- The Housing Opportunities Commission of Montgomery County (hereinafter, the “Commission” or “HOC”) has approved continuous new lender participation and solicitation in the single family Mortgage Purchase Program (“MPP”). Over the years, HOC has approved 36 lenders, but through non-participation or the mortgage company’s notice to discontinue participation, there are currently 26 active lender participants in the MPP.
- The criteria for lender participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name; and, 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A., HOC’s master servicer for the Mortgage Backed Securities program.
- Only approved MPP lenders have access to the County Revolving County Closing Cost Assistance Program and other special Closing Cost Programs.
- NewRez, LLC has applied for participation in the MPP and has met the criteria for participation.
- The Development and Finance Committee, having considered this item at its meeting on October 27, 2023, supports staff’s recommendation to approve NewRez, LLC for participation in the MPP.
- Therefore, staff recommends the Commission’s approval of NewRez, LLC as a new MPP participating lender.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, President/Executive Director

FROM: Staff: Monte Stanford, Director of Mortgage Finance
Paulette Dudley, Program Specialist III

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

DATE: November 15, 2023

STATUS: Consent X

OVERALL GOAL & OBJECTIVE:

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

BACKGROUND:

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

All approved and participating lenders are advised that continued participation in the MPP requires mortgage loan production. If a lender does not submit a mortgage loan within any 12-month period, that lender may be subject to suspension, as a participating lender in the MPP. HOC over the years has approved 36 lenders, but through non-participation or the mortgage company’s notice to end its participation, there are currently 26 lenders in the MPP. Lenders can be activated again with approval by HOC, but are subject to retraining and verification that they are approved with U.S. Bank, N.A. (“U.S. Bank”), the Commission’s Master Servicer for the Mortgage Backed Securities (“MBS”) program.

The minimum qualifications for lender participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in the company's name; 2) the lender is an FHA approved seller/servicer and have FHA direct endorsement approval; and, 3) the lender is a Freddie Mac and/or Fannie Mae seller/servicer for originating the conventional product. New lenders are also required to be approved by U.S. Bank. In addition, lenders must have origination experience in single family tax-exempt bond programs; are committed to lending to eligible borrowers within the MPP approved income and sales price limits; have the ability to accommodate non-English speaking, hearing impaired and disabled applicants in the office or offices that would be originating HOC loans; and, acceptable lender fees.

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

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

NewRez, LLC has applied to participate in the HOC Single Family Mortgage Purchase Program and has met the minimum requirements and criteria for selection stated above.

NewRez, LLC (hereinafter “NewRez” or “Lender”)

NewRez was founded in 2008, is licensed to lend in 50 states, and is headquartered in Fort Washington, Pennsylvania.

Effective August 2023, NewRez acquired certain assets and staff from Caliber Home Loans, Inc., which has been an active participating lender in the MPP since 2015. While the name has changed, the staff have not and they are eager to begin originations again upon approval of NewRez.

NewRez has lending offices in Rockville, Greenbelt, Pikesville, and Columbia, MD. They operate multiple lending channels, including Correspondent Lending, Wholesale, Direct-to-Consumer, Retail, and a network of joint venture partners.

In conjunction with the lending programs at HOC, NewRez's loan officers have access to City of Gaithersburg down payment assistance programs, which work in conjunction with the Single Family Mortgage Purchase Program.

NewRez participates in the following tax-exempt bond programs: VHDA (Virginia), CDA (Maryland), HOC, DCHFA (Washington, DC), FHFC (Florida).

NewRez’s loan activity for loan purchases made at or below various median income levels, for the Washington D.C. SMSA 2022, are shown below:

Income Levels	% of Purchased Loans
Low Income	6.04%
Middle Income	44.37%
Moderate Income	23.33%

NewRez has staff who are bilingual and can assist in the application process. They will also market any affordable housing programs that work in conjunction with the Commission’s lending programs.

SERVICING

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

ISSUES FOR CONSIDERATION:

Will the Commission accept staff’s recommendation, which is supported by the Development and Finance Committee to approve NewRez, LLC for participation in the Single Family Mortgage Purchase Program?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
NewRez, LLC

BUDGET/FISCAL IMPACT:

There is no impact on HOC’s FY2024 operating budget by approving NewRez as a participating lender.

TIME FRAME:

For formal action at the November 15, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve NewRez, LLC for participation in the Single Family Mortgage Purchase Program.

Attachment 1

Approved HOC/U.S. Bank Lenders

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

RESOLUTION No.: 23-63

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

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) approves lenders to participate in the Single Family Mortgage Purchase Program (“MPP”); 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 MPP; and

WHEREAS, NewRez, LLC has applied for participation in the MPP; and

WHEREAS, NewRez, LLC has satisfied the required criteria for admittance into the MPP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that NewRez, LLC is approved for participation in the MPP, effective immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Committee Reports and Recommendations for Action

Administrative & Regulatory Committee

AUTHORIZATION TO ADMINISTER 42 INCREMENTAL VOUCHERS AND CREATE A TARGETED SELECTION FOR 42 HOMELESS INDIVIDUALS OR FAMILIES

November 15, 2023

- The Consolidated Appropriations Act, 2023 makes \$50,000,000 available for 4,000 new Incremental Vouchers.
- HOC was awarded 42 Incremental Vouchers.
- HUD encourages Public Housing Authorities (“PHAs”) to implement strategies to expand housing opportunities for individuals or families who are homeless, at risk of homelessness and survivors of domestic violence, dating violence, sexual assault and human trafficking.
- Staff recommends that HOC adopt a “targeted selection” policy solely for individuals or families experiencing homelessness.
- The Administrative and Regulatory Committee (“A&RC”) considered this request at its meeting on October 23, 2023, and staff recommends that the Commission accept the recommendation, and authorize the adoption of the acceptance of 42 Incremental Vouchers and the recommended targeted selection as outlined in the following memo and resolution.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Chelsea Andrews, President/Executive Director

FROM: Staff: Lynn Hayes, Director of Housing Resources
Meta Lim, Assistant Director of Housing Resources

RE: Authorization to Administer 42 Incremental Vouchers and Create a Targeted Selection for 42 Homeless Individuals or Families

DATE: November 15, 2023

STATUS: Committee Report Deliberation X

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director, or her designee, to adopt a new Incremental Voucher Policy for the Housing Opportunities Commission of Montgomery County (“HOC”).

BACKGROUND:

The Consolidated Appropriations Act, 2023 makes available \$50 million to award approximately 4,000 new Housing Choice Vouchers (“HCVs”) to Public Housing Agencies (“PHAs”) as outlined in HUD PIH Notice 2023. PHAs with a 2022 leasing utilization rate that is in the highest 25% in the state, or above the national 75th percentile leasing utilization rate of 95.08%, are eligible for a share of the vouchers allocated to their state. HOCs utilization rate at the time of eligibility was 96%, which met the minimum qualifications to receive additional vouchers.

HOC received an award from the Department of Housing and Urban Development (“HUD”) to administer 42 Incremental HCVs. HUD strongly encourages PHAs to implement strategies to expand housing opportunities for individuals and families experiencing homelessness, at risk of homelessness and survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking. As such, staff proposes that HOC establish a targeted selection policy solely for individuals and families experiencing homelessness.

Incremental voucher applicants will be selected from Housing Path, HOCs online waitlist. The waitlist administrator will select applicants in the order of the application date/time submission, who meet the local residency requirement. Thereafter, a “targeted selection” or waitlist filter

function will be conducted, to choose applicants who indicate they are homeless. Staff will verify the homeless status by confirming the applicant receives services through the Homeless Management Information System (“HMIS”) database. The HMIS database maintains information regarding individuals experiencing housing instability throughout Montgomery County, MD.

Additionally, staff proposes modifying Chapter 4, subpart I of the Administrative Plan to change the current heading from targeted funding to targeted selection pursuant to 982.204 of the Federal Code of Regulations (“CFR”). Specifically, 982.204(e) references Funding for specified category of waiting list families. The regulations states “when HUD awards an PHA program funding for a specified category of families on the waiting list, the PHA must select applicant families in the specified category”.

With the allocation of these 42 Incremental Vouchers to HOC, HUD will provide special administrative fees designed to encourage and support PHAs’ efforts to reduce homelessness. HOC will receive a \$250 preliminary set up fee and a \$250 incentive fee for each voucher family experiencing homelessness. The incentive fee will be awarded for any new family who leases a unit by December 31, 2024.

As part of the process for making revisions or additions to a PHAs Administrative Plan, public comment must be sought. Accordingly, HOC has provided a 30-day public comment period, which was concluded with a public hearing on the Administrative Plan revisions. During the comment period, HOC made the draft of the proposed revision to the Administrative Plan available on HOC’s website. HOC staff also met and discussed this proposed revision with the HOC Resident Advisory Board (“RAB”), seeking the RAB’s comments on these proposed changes. Notice of the comment period and public hearing were advertised in local newspapers in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to accept staff’s recommendation, which is supported by the Administrative and Regulatory Committee, to adopt a new policy to administer 42 Incremental Vouchers and authorize the President/Executive Director, or designee, to implement revisions to the Administrative Plan for the Housing Choice Voucher Program?

PRINCIPALS:

HOC

BUDGET IMPACT:

HOC will receive a preliminary fee of \$250 and an incentive fee of \$250 for each Incremental Voucher. The administrative fees and HAP payments will be renewed annually, based on the

actual number of leased households. The special fees are allocated only at the initial program start.

TIME FRAME:

For formal action at the November 15, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommend that the Housing Opportunities Commission of Montgomery County accept staff's recommendation to adopt a new Incremental Voucher Policy and authorize the President/Executive Director or her designee, to implement the revision to Chapter 4, subpart I of HOC's Administrative Plan for the Housing Choice Voucher Program.

RESOLUTION NO.: 23-64

RE: Authorization to Administer 42 Incremental Vouchers and Create a Targeted Selection for 42 Homeless Individuals or Families

WHEREAS, the U.S. Department of Housing and Urban Development issued Notice PIH 2023-21 (the “Notice”) on August 2, 2023, that appropriated \$50,000,000 for new Incremental Vouchers; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) was awarded 42 Incremental Vouchers to facilitate leasing to individuals or families who are homeless, at risk of homelessness, fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, human trafficking, and veteran families that meet one of the proceeding criteria; and

WHEREAS, HOC will conduct a “targeted selection” to choose 42 homeless individuals or families to receive a Housing Choice Voucher (“HCV”); and

WHEREAS, pursuant to the Notice, HOC desires to formally revise its Administrative Plan for the Housing Choice Voucher Program (the “Plan”) to add the Incremental Voucher policy; and

WHEREAS, the recommended revisions to the Plan are outlined in the attached Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves revising the Plan to add the Incremental Voucher Policy as identified in the attached Exhibit A.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Chapter 4
ESTABLISHING PREFERENCES AND MAINTAINING THE WAIT LIST

[24 CFR Part 5, Subpart D; 982.54(d)(1); 982.204, 982.205, 982.206]

INTRODUCTION

It is HOC's objective to ensure that families are placed in the proper order on the wait list and selected from the wait list for admission in accordance with the policies in this Administrative Plan.

This chapter explains how HOC will administer its consolidated wait list for all of its housing programs, including the tenant-based and project-based voucher wait lists, hereinafter referred to as the consolidated list or master list. The tenant-based wait list has six local preferences that HOC adopted to meet local housing needs, define the eligibility criteria for the preferences, and explain HOC's system of applying them. The wait list for housing subsidized with project-based vouchers is maintained as a sub list within the consolidated list. Any family selected to be housed utilizing a project-based voucher is only eligible for a specific bedroom sized unit based on their family size.

By maintaining an accurate wait list, HOC is able to perform the activities which ensure that an adequate pool of qualified applicants is available, so that program funds are used in a timely manner. Each family on the tenant-based wait list may also have its name on the project-based wait list.

A. MANAGING THE WAIT LIST

Opening and Maintaining the Wait List

Opening of the wait list will be announced with a public notice stating that applications for public housing, Housing Choice Voucher and all other wait 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. Wait lists for all sub-jurisdictions and Countywide will be opened and closed at the same time.

The notice will state that applicants already on wait lists for other housing programs must apply separately for this program and such applicants will not lose their place on other wait 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 wait list to remain open indefinitely; however, if the Executive Director decides to close the list, the closing of the wait list will also be announced with a public notice. This public notice will state the date the wait 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 Wait List

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

In conjunction with the merge of all of HOC's wait lists, HOC opened its merged master wait list for all programs, and left 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 wait 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 wait list is maintained in accordance with the following guidelines:

1. The application will be a permanent file. Any contact between HOC 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 wait list, one master list is maintained electronically through a proprietary program. All applications and updates to an application are submitted electronically through a proprietary on-line web portal. Paper and telephone submissions are not permitted. To the extent an applicant requires assistance, upon request, staff from HOC is 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 are not accepted. To the extent an applicant requires assistance, upon request, staff from HOC is available to assist with electronic update submissions.
5. The master wait list is updated daily and applicants' wait list profiles are accessible via the internet on a 24-hour basis.
6. For the Housing Choice Voucher program, HOC maintains one merged master list in order of date-time stamp and any applicable preference(s). However, within the master list there are sub-sorted separate lists for certain programs and properties. This includes the Choice Mobility wait list for those customers eligible for project-based to tenant-based subsidy conversion. See Chapter 22 of this Administrative Plan for more information.
7. HOC entered into Housing Assistance Payments (HAP) contracts to subsidize units at several properties that are operated by third-party managers and/or owners. The individual, property-specific wait lists for these properties are included within the master list but are sorted separately to only reflect applicants who satisfy the various property and programmatic eligibility criteria. More specifically, the details regarding these property-specific wait lists are as follows:

- i. HOC maintains separate wait lists for Arcola Towers, Elizabeth House, Holly Hall, and Waverly House, which are housing facilities operated for the benefit of senior and/or disabled customers.
- ii. HOC 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 required Housing Choice Vouchers. The individual wait lists created for these RAD properties are included in the merged master list but are sorted separately to reflect only those applicants who are eligible for these properties.
- iii. HOC 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 are ranked by date and time of application only. The individual wait lists created for these properties are included in the merged master list but are sorted separately to reflect only those applicants who are eligible for these properties.

8. Contact between HOC and wait list applicants for the purposes of selection from the list is documented in the participant’s wait list file.

Implementation of RAD Wait List Provisions

Former public housing (PH) applicants and residents receive priority consideration on the site-based wait lists created within *HOC Housing Path*, HOC’s electronic wait list. Prior to the opening of the HOC Housing Path wait list, HOC mailed to all former PH wait list applicants a post card notifying them of the new wait list and instructed them to submit an application. The following policies describe how former PH applicants and residents receive priority consideration for housing at all of HOC’s RAD-converted properties and at properties with Project-Based Voucher (PBV) assistance provided using the non-competitive selection process created by the Housing Opportunities Through Modernization Act (HOTMA), and described in Chapter 22, Section G of this Administrative Plan.

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

- Analyze HOC Housing Path to identify former PH wait list applicants and residents that have submitted a new application.
- Issue notices to former PH wait list applicants and residents informing them 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 and residents who respond, but have not submitted a new HOC Housing Path application will be instructed to do so.

- For those families who 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 HOC’s RAD properties.
- As vacancies become available at RAD properties, applicants will be selected from the priority pool based on their date and time of application to Housing Path.

B. WAIT LIST CUSTOMERS (FAMILIES)

All wait list applicants are required to maintain an e-mail address. To the extent an applicant chooses to use the e-mail address of another person, the applicant is solely responsible for receiving information sent to the listed email address and lack of access to that account is not considered a valid excuse for missing notices. To the extent a family does not have an e-mail address, HOC can assist the family in obtaining a free email account. The applicant is responsible for notifying HOC of any change in their e-mail address. HOC maintains public use computers at all of its HUB locations. Public use computers are also widely available at other public locations such as local libraries. To the extent an applicant requires assistance, upon request, staff from HOC is available to assist with electronic submissions.

All wait list applicants are required to list an address in their Housing Path application. If the applicant is homeless or does not have a permanent address, the applicant can choose to list the address of another person, so long as it is not the address of a current voucher holder. This address is used to send any paper correspondence to the applicant, including required paperwork as part of the selection process. The applicant is solely responsible for receiving information sent to the listed address and lack of access to mail at that address is not considered a valid excuse for missing notices or paperwork. The applicant is responsible for notifying HOC of any change in address.

Treatment of Single Applicants

Single applicants are treated as any other eligible family on the wait list for the tenant-based and project-based voucher wait lists.

C. WAIT LIST [24 CFR 982.204]

Tenant-Based Voucher

HOC uses a consolidated wait list for the admission of all of its housing programs. The consolidated list included a sub list for admissions to the tenant-based voucher assistance program.

Except for Special Admissions, applicants are selected from the consolidated wait list in accordance with the policies, preferences, and income targeting requirements defined in this Administrative Plan.

HOC will maintain information that permits proper selection from the wait list. The wait list contains the following information for reach applicant listed:

- Applicant Name
- Family Unit Size (number of bedrooms family qualifies for under HOC's subsidy standards)
- Date of application
- Qualification for any local preference(s)
- Racial or ethnic designation of the head of household
- Targeted program

Qualifications Project-Based Voucher

HOC maintains separate sub lists for admissions to the project-based voucher (PBV) assistance program. Any applicant that submits an application to the master wait list is also considered for inclusion on the PBV wait list.

Except for Special Admissions, applicants are selected from HOC's wait list in accordance with the policies, preferences, and income targeting requirements defined in this Administrative Plan.

Families are selected from the PBV wait list based on the bedroom size of the unit available at time of selection.

HOC must maintain information that permits proper selection from the wait list. The wait list contains the following information for each PBV applicant listed:

- Applicant Name
- Family Unit Size (number of bedrooms' family qualifies for under HOC's subsidy standards)
- Date of application
- Qualification for any local preference(s)
- Racial or ethnic designation of the head of household
- Targeted program qualifications

D. SPECIAL ADMISSIONS [24 CFR 982.54(d)(e), 982.203]

If HUD awards HOC program funding that is targeted for specifically named families, HOC must admit these families under a Special Admission procedure.

Special admissions families are admitted outside of the regular wait list process. They may not have to qualify for any preferences, nor are they required to be on the program wait list. HOC administers two Special Programs and maintains separate records of these admissions.

The Family Unification Program (FUP):

The Family Unification Program (FUP) qualifies for special admissions as long as the individuals referred to HOC meet the program definition.

Family Unification Program-Eligible Family (A family that the Public Child Welfare Agency (PCWA) has certified as a family for whom a lack of adequate housing is a primary factor in the imminent placement of the family’s child, or children, in out-of-home care, or in the delay of discharge of a child, or children, to the family from out-of-home care, and that the HOC has determined is eligible for a Housing Choice Voucher.)

Family Unification Program-Eligible Youth (A youth that the Public Child Welfare Agency (PCWA)

has certified to be at least 18 years old and not more than 24 years old (has not reached his/her 25th birthday) who left foster care at age 16 or older and who does not have adequate housing, and that HOC has determined is eligible for a Housing Choice Voucher.)

Emergency Housing Vouchers (EHV):

HOC administers 118 Emergency Housing Vouchers (EHVs). Eligible EHV applicants are referred to HOC from the Continuum of Care (CoC) via the Department of Health and Human Services (HHS). HOC can accept direct referrals outside of HHS to facilitate an emergency transfer in accordance with the Violence Against Women Act (VAWA) as outlined in HOC’s Emergency Transfer Plan, or if HHS lacks a sufficient number of eligible families to refer. HOC must enter into Memorandum of Understanding (MOU) with a Victims Service Provider (VSP) to accept EHV referrals from HHS.

HOC must maintain a separate waitlist for EHV referrals at initial leasing and for any turnover vouchers. HOC cannot issue an EHV subsequent to September 30, 2023. Provided that the re-issuance date is prior to September 30, 2023 the term of the EHV may extend beyond September 30, 2023.

EHV Eligibility Criteria:

Eligible applicants must meet one of the four eligibility categories:

- Homeless,
- At risk of homelessness,
- Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking, or
- Recently homeless and for whom providing rental assistance will prevent the family’s homelessness or having high risk of housing instability

EHV customers are not required to meet the local residency preference to live or work in Montgomery County. Additionally, income targeting requirements are not applicable for EHV families. EHV households can range from extremely low incomes (30% AMI) to low incomes (80% AMI).

HOC cannot deny program admission for the following reasons, pursuant to Title 24 part 982.552 and 982.55 of the Code of Federal Regulations (CFR):

- If any member of the family has been evicted or terminated from federally assisted housing
- The family owes rent or other amounts owed to a Public Housing Authority (“PHA”) in connection with Section 8 or Public Housing assistance
- The family has not reimbursed any PHA for amounts paid to an owner under a Housing Assistance Payment (“HAP”) Contract for rent, damages to the unit or other amounts owed by the family under the lease
- The family breached an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA
- The family would otherwise be prohibited admission under alcohol abuse standards established by the PHA
- The PHA determines that any household member is currently engaged in or has engaged in drug-related criminal activity, during a reasonable time before the admission

HOC will deny program admission for the following reasons pursuant to Title 24 part 982.553 of the CFR:

- If any member of the household has been convicted of drug-related criminal activity for the manufacture or production of methamphetamine on the premises of federally assisted housing
- If any member of the household is subject to a lifetime registration requirement under a State Sex offender registration program
- If any household member is currently engaged in, has engaged in violent criminal activity within the last 12 months
- If any household member has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program within the previous 12 months.
- If any household member engaged in or threatened abusive or violent behavior toward HOC personnel within the previous 12 months

Voucher Issuance/Lease Term

HOC will issue the EHV voucher for a term of 120 days. The initial lease term for EHV households can be for a period less than 12 months, regardless of whether the shorter term is the prevailing market practice.

Services

HOC will assist EHV households by providing the following services based on documented need based and funding availability:

- Housing Location - EHV applicants will receive housing location assistance from HOC and/or the CoC. This includes helping the family identify and visit available units, providing transportation assistance and directions, assisting with the completion of rental applications and HOC forms and helping to find an accessible unit that meets the needs of a disabled household.
- Transportation Assistance – HOC will provide transportation assistance to EHV households to help them view and select housing units. HOC will provide up to \$150 in transportation assistance per EHV household based on documented need and funding availability.
- Security Deposit - HOC will provide security deposit assistance to EHV households to help them secure housing. HOC will provide up to \$2,500 in security deposit assistance per EHV household based on documented need and funding availability. If refundable, the security deposit will be refunded to HOC for future use of eligible EHV households.
- Application Fee/Holding Fee - HOC will provide application and/or holding fee assistance to EHV households to help them secure housing. HOC will provide up to \$200 in application and/or holding fee assistance per EHV household based on documented need and funding availability.
- Moving Expenses - HOC will provide moving assistance to EHV households. HOC will provide up to \$1,800 moving expenses per EHV household based on documented need and funding availability.
- Essential Household Items - HOC will provide EHV households with assistance to secure essential household items. HOC will provide up to \$200 in assistance for essential household items per EHV household based on documented need and funding availability.
- Renters Insurance - HOC will provide EHV households with assistance to secure renter's insurance. HOC will provide up to \$175 in assistance for renter's insurance per EHV household based on documented need and funding availability.
- Furniture - HOC will provide EHV households with assistance to secure furniture. HOC will provide up to \$1,000 in assistance for furniture per EHV household based on documented need and funding availability.

Portability

EHV applicants can immediately port to another jurisdiction of their choice. The requirement to have a legal domicile in Montgomery County at the time of the application submission is waived. HOC cannot restrict an EHV family from exercising portability options because they are a non-resident applicant.

If the EHV family moves to another jurisdiction that does not administer an EHV Program, the receiving PHA may absorb the family into its regular HCV program or bill the initial PHA.

If the EHV family moves to another jurisdiction that administers an EHV program, the receiving PHA may only absorb the EHV family with an available EHV allocated voucher. If the PHA does not have an EHV available to absorb the family, it must bill the initial PHA.

The EHV administration of the voucher is in accordance with the receiving PHA's EHV policies.

Initial Certification Exam

HOC can accept income calculations and verifications from third party providers or an examination that HOC conducted on behalf of the family for another subsidized housing program in lieu of conducting an initial examination of income as long as the income was calculated in accordance with the rules outlined at Title 24 CFR Part 5 within the last six months, and the family certifies there has been no change in income or the family composition in the interim. At the time of the family's annual reexamination, HOC must conduct the annual reexamination of income as outlined in 24 CFR 982.516.

EHV applicants may provide third-party documentation which represents the applicant's income within the 60-day period prior to admission or voucher issuance but is not dated within 60 days of HOC's request.

HQS Inspections

HOC can pre-inspect available units that EHV Families may be interested in leasing. If an EHV family selects a unit that passed a HQS inspection within 45 days of the date of the Request for Tenancy Approval (RFTA) Form, the unit may be approved as long as it meets all other conditions under Title 24 part 982.305 of the CFR.

Interim Examinations

When adding a family member after the EHV family has been placed under a Housing Assistance Payment (HAP) Contract, the regulations at 24 CFR 982.551(h)(2) apply. Other than the birth, adoption or court-awarded custody of a child, the HOC must approve additional family members and may apply its regular screening criteria in doing so.

EHV applicants may provide third-party documentation which represents the applicant's income within the 60-day period prior to admission or voucher issuance but is not dated within 60 days of HOC's request.

Stability Vouchers (SV):

HOC administers 25 Stability Vouchers (SVs). Eligible SV applicants are referred to HOC from the Continuum of Care (CoC) via the Department of Health and Human Services (HHS). HOC can accept direct referrals outside of HHS to facilitate an emergency transfer in accordance with the Violence Against Women Act (VAWA) as outlined in HOC's Emergency Transfer Plan, or if HHS lacks a sufficient number of eligible families to refer. HOC must enter into Memorandum of Understanding (MOU) with a Victims Service Provider (VSP) to accept SV referrals apart from HHS.

SV Eligibility Criteria:

Eligible applicants must meet one of the four eligibility categories:

- Homeless,
- At risk of homelessness,
- Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking, and
- Veterans and families that include a veteran family member that meet one of the preceding criteria.

SV customers are not required to meet the local residency preference to live or work in Montgomery County. Additionally, income targeting requirements are not applicable for SV families. SV households can range from extremely low incomes (30% AMI) to low incomes (80% AMI).

HOC cannot deny program admission for the following reasons, pursuant to Title 24 part 982.552 and 982.553 of the Code of Federal Regulations (CFR):

- If any member of the family has been evicted from federally assisted housing in the last five years,
- If the PHA has ever terminated assistance under the program for any member of the family,
- If the family currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act,
- The family has not reimbursed any PHA for amounts paid to an owner under a Housing Assistance Payment (HAP) Contract for rent, damages to the unit or other amounts owed by the family under the lease,
- The family breached an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA.

Before denying a SV applicant admission because of a criminal record, HOC will offer the individual the opportunity to provide evidence of mitigating circumstances or that the record is inaccurate. HOC will deny program admission for the following reasons pursuant to Title 24 part 982.553 of the CFR:

- If any member of the household has been convicted of drug-related criminal activity for the manufacture or production of methamphetamine on the premises of federally assisted housing,
- If any member of the household is subject to a lifetime registration requirement under a State sex offender registration program,
- If any household member is currently engaged in, has engaged in violent criminal activity within the last 12 months,
- If any household member has engaged in other criminal activity, which may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or person residing in the immediate vicinity within the last 12 months,
- If any household member has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program within the previous 12 months,
- If any household member engaged in or threatened abusive or violent behavior toward HOC personnel within the previous 12 month,

Income Verification at Admission

HOC will accept self-certification of income at program admission. Applicants must submit an affidavit attesting to the reported income, assets, expenses and other factors which would affect an income eligibility determination. Additionally, applicants may provide third-party documentation which represents the applicant's income within the sixty-day period prior to admission or voucher issuance but is not dated within 60 days of the PHAs request.

HOC may accept income calculations and verifications from third-party providers or from an examination that the PHA conducted on behalf of the family for another subsidized housing program in lieu of conducting an initial examination of income as long as the income was (1) calculated in accordance with rules outlined at 24 CFR Part 5 and within the last six months and (2) the family certifies there has been no change in income of family composition in the interim.

HOC will take necessary enforcement actions if the SV applicant was never eligible for assistance due to their income.

Verification of Social Security Number, Citizenship Status, Date of Birth and Disability

HOC will admit SV applicants who are unable to provide the required documentation of their Social Security Number or citizenship status during the initial eligibility determination. SV applicants must furnish the required documents to HOC within 180 days of admission to be eligible for continued assistance.

HOC will accept self-certification of date of birth and disability status if a higher level of verification is not immediately available. HOC must obtain a higher level of verification within 90 days of admission or verify the information in EIV.

Voucher Issuance/Lease Term

HOC will issue the SV voucher for a term of 120 days. The initial lease term for SV households can be for a period less than 12 months, regardless of whether the shorter term is the prevailing market practice.

Portability

SV applicants can immediately port to another jurisdiction of their choice. The requirement to have a legal domicile in Montgomery County at the time of the application submission is waived. HOC cannot restrict a SV family from exercising portability options because they are a non-resident applicant. If the SV family moves to another jurisdiction that does not administer a SV Program, the receiving PHA may absorb the family into its regular HCV program or bill the initial PHA. If the SV family moves to another jurisdiction that administers a SV program, the receiving PHA may only absorb the SV family with an available SV allocated voucher. If the PHA does not have an SV available to absorb the family, it must bill the initial PHA. The SV administration of the voucher is in accordance with the receiving PHA's SV policies.

The following are examples of types of program funding that may be designated by HUD for families living in a specified unit.

1. A family displaced because of demolition or disposition of a public or Indian housing project;
2. A family residing in a multifamily rental housing project when HUD sells, forecloses or demolishes the project;
3. For housing covered by the Low Income Housing Preservation and Resident Homeownership Act of 1990;
4. A family residing in a project covered by a project-based Section 8 HAP contract at or near the end of the HAP contract term; and
5. A non-purchasing family residing in a HOPE 1 or HOPE 2 project.

Applicants who are admitted under Special Admissions, rather than from the wait list, are identified in HOC's database with special codes.

At turnover:

If a voucher issued to an FUP-eligible family or FUP-eligible youth under the FUP program is terminated, the voucher is reissued to the extent practicable, to another FUP-eligible family or FUP-eligible youth. If the award on turnover is not practicable, FUP vouchers may be used by HOC for such families based upon local needs.

If a customer served through Special Admissions in the FUP program is on an HOC Program Admissions Wait List (Tenant Based Voucher or Project Based Voucher), the client remains eligible on the wait list for the period of time the list is active. If a client is selected from the Program Wait List and utilizes the voucher, the FUP voucher is reissued, to the extent practicable, to another FUP-eligible family or FUP-eligible youth.

E. WAIT LIST PREFERENCES [24 CFR 982.207]

When a family is selected from the wait list, the family is invited to an interview and the verification process begins. It is at this point in time that the family's wait list preference(s) are verified. To qualify for a preference, an applicant must provide verification that shows he or she qualified either at the time of the initial application or at the time of selection from the wait list. However, placement based upon preference is dependent on the family still qualifying for the preference at the time of selection.

If the family no longer qualifies to be near the top of the list, because the family does not qualify for a preference, then the family's preference status is removed. Importantly, however, the family will remain on the wait list based upon their original date and time of application. HOC must notify the family in writing of this determination and give the family the opportunity for an informal hearing to appeal the decision.

Once a preference is verified, the family completes a full application, presents Social Security number information, citizenship/eligible immigrant information, and signs the Consent for Release of Information forms.

An applicant is not granted any local preference for the tenant-based and project-based voucher wait lists if any member of the family was evicted from housing assisted under a HUD 1937 Housing Act program during the past three years because of drug-related criminal activity or felonious charged criminal activity.

HOC will grant an exception to such a family if:

- The responsible member has successfully completed a rehabilitation program;
- The evicted person clearly did not participate in or know about the drug-related activity; and/or
- The evicted person no longer participates in any drug related criminal activity.

If an applicant makes a false statement in order to qualify for a local preference, HOC will deny the local preference.

F. LOCAL PREFERENCES [24 CFR 5.410]

HOC offers public notice when changing its preference system and the notices are publicized using the same guidelines as those for opening and closing the wait list.

HOC uses the following local preference system:

First Local Preference – Displacement: Families who are displaced as a result of a fire, flood, natural disaster, State or County redevelopment project, or a change in the nature of a project that is part of the County plan for maintaining affordable housing, and who are referred by the County Executive’s Office. A signed certification from the County Executive’s office is required for the family to qualify for this preference. [Two Points]

Second Local Preference – Residency preference for families who live, work, or have a bona fide offer to work in Montgomery County. To qualify for this preference, evidence is required either at the time of application or at the time of selection from the wait list. HOC will treat graduates of, or active participants in, education or training programs in Montgomery County as residents of Montgomery County if the education or training program is designed to prepare individuals for the job market. To qualify and satisfy this preference, graduates must have graduated after the initial application for housing. [One Point]

Third Local Preference – HUD funded 2006 Main Stream Disabled (MSD) program; 15 units. [Two Points]

Fourth Local Preference – Veterans: Preference is given for ten (10) veterans and their families. The applicant must be at least 18 years old and a veteran.

HOC verifies the preference with a list of homeless veterans and their families provided by the Montgomery County Department of Health and Human Services (DHHS). [Three Points]

Fifth Local Preference – Families with Histories of Homelessness: Preference is given for ten (10) families with histories of homelessness who are currently housed within the Montgomery County Homeless Continuum of Care. The applicant must be at least 18 years old and have at least one minor child (under the age of 18) within the household.

HOC verifies the preference by receiving direct referrals from the Montgomery County Department of Health and Human Services (DHHS). [Three Points]

Sixth Local Preference – HUD funded 2017/2018 Mainstream Disabled (MSD) Grant program: Preference is given for Non-Elderly Disabled (NED) families who meet at least one of the following criteria:

1. Transitioning out of institutional or other segregated settings;
2. At serious risk of institutionalization;
3. Homeless; or
4. At risk of becoming homeless.

NED is defined as disabled persons aged 18-62 and can include any member of a household. Eligibility for this preference is initially indicated based on responses to questions on HOC's wait list, which are designed to capture these criteria. Once a NED family is called up for a subsidy based on this preference, HOC staff conducts comprehensive verification of the preference qualifications, as explained in Section M of this Chapter. [Three Points]

Treatment of Single Applicants

Single applicants are treated as any other eligible family on the wait list for the tenant-based and project-based voucher wait lists.

G. INCOME TARGETING

In accordance with the Quality Housing and Work Responsibility Act of 1998, each fiscal year HOC reserves a minimum of seventy-five (75) percent of its Section 8 new admissions for families whose incomes do not exceed thirty (30) percent of the area median income (AMI). HUD refers to these families as "extremely low-income families." HOC must admit families who qualify under the extremely Low-Income limit to meet the income targeting requirement, regardless of preference. This policy applies to the tenant-based and project-based voucher waitlists.

Extremely Low-Income limit to meet the income targeting requirement, regardless of preference. This policy applies to the tenant-based and project-based voucher waitlists.

HOC's income targeting requirement does not apply to low-income families continuously assisted, as provided for under the 1937 Housing Act.

HOC is also exempted from this requirement when HOC provides assistance to low income or moderate-income families entitled to preservation assistance under the tenant-based voucher program as a result of a mortgage prepayment or opt-out.

H. INITIAL DETERMINATION OF LOCAL PREFERENCE QUALIFICATION

At the time of application, an applicant's entitlement to a local preference may be made on the following basis:

An applicant's certification that they qualify for a preference is accepted without verification at the pre-application. When the family is selected from the wait list for the final determination of eligibility, the preference is verified. To Qualify for the preference, an applicant must provide verification that shows he or she qualified either at the time of the pre-application or at the time of certification.

If the preference verification indicates that an applicant does not qualify for the preference, the applicant is returned to the wait list (tenant-based or project-based) without the local preference, and given an opportunity for an office meeting.

I. TARGETED SELECTION [24 CFR 982.204]

When HUD awards special funding for certain family types, families who qualify are placed on the regular wait list. When a specific type of funding becomes available, the tenant-based and project-based voucher wait lists are searched for the first available family meeting the targeted funding criteria. HOC reserves the right to use this assistance under the "Interim Use" policy. [See Glossary under "Interim Use" for definition].

Applicants who are admitted under **Targeted Selection** which are not identified as a Special Admission are identified by codes in the automated system. HOC has the following "Targeted" Programs:

- . Veterans Affairs Supportive Housing (VASH)
- . Mainstream Allocation Plan for Persons with Disabilities
- . Voucher allocation for Non-Elderly Persons with Disabilities in Support of Designated Housing Plans
- . **Incremental Vouchers for 42 individuals or families experiencing homelessness**

For any voucher allocation for Non-Elderly Persons with Disabilities (NED) in Support of Designated Housing Plans, HOC identifies a non-elderly disabled family, as defined by HUD, on HOC's wait list that will not be housed due to an approved or submitted Designated Housing Plan.

At turnover:

Re-issuance upon turnover of vouchers in the Non-Elderly Persons with Disabilities in Support of Designated Housing Plans 2008 allocation will be to Non-Elderly Persons with Disabilities on the wait list.

5.410] Change in Circumstances

Changes in an applicant's circumstances while on the wait list may affect the family's entitlement to a preference. Applicants are required to update their on-line application when their circumstances of change.

Cross-Listing of Different Housing Programs and Section 8 [24 CFR 982.205(a)]

HOC maintains a consolidated master wait list for all of its housing programs. An applicant is considered for admission to any program for which they are eligible until such time that documentation is presented which establishes a customer as ineligible for a given housing program(s). If a customer is determined ineligible for the voucher program, their application is maintained on the consolidated wait list so that they may continue to be considered for other housing opportunities.

Other Housing Assistance [24 CFR 982.205(b)]

Other housing assistance means a federal, State, or local housing subsidy, as determined by HUD, including public housing.

HOC may not take any of the following actions because an applicant has applied for, received, or refused other housing: [24 CFR 982.205(b)]

- . Refuse to list the applicant on the wait list for tenant-based voucher assistance;

J. PREFERENCE AND INCOME TARGETING ELIGIBILITY [24 CFR

- . Deny any admission preference for which the applicant is currently qualified;
- . Change the applicant's place on the wait list based on a preference, date of application, or other factors affecting selection under HOC's selection policy; or
- . Remove the applicant from the wait list.

However, HOC may remove the applicant from the wait list for tenant-based assistance if HOC has offered the applicant assistance under the Project-Based Voucher program.

K. ORDER OF SELECTION [24 CFR 982.207(e)]

HOC's method for selecting applicants from a preference category leaves a clear audit trail which can be used to verify that each applicant was selected in accordance with the method specified in the Administrative Plan. **Tenant-Based Voucher Wait List**

Local Preferences

HOC provides the following system to apply local preferences:

Each preference receives an allocation of points. The more preference points an applicant receives, the higher the applicant's position on the wait list.

Among Applicants with Equal Preference Status

Among applicants with equal preference status, the tenant-based voucher wait list was organized by the lottery selection process for the first 365 days after the wait list was opened in the summer of 2015.

Thereafter, applicants with equal preference status on the tenant-based voucher wait list are organized by date and time stamp.

Project-Based List

HOC provides the following system to apply local preferences:

Each preference receives an allocation of points. The more preference points an applicant receives, the higher the applicant's position on the wait list.

The PBV sub list is organized by family size and the corresponding bedroom size as follows:

- . One and two person families are eligible for a one-bedroom unit.
- . Three and four person families are eligible for a two- bedroom unit.
- . Five and six person families are eligible for a three- bedroom unit.
- . Seven and eight person families are eligible for a four- bedroom unit.

Exceptions to this policy are made in accordance with HOC's policies of reasonable accommodation for persons with disabilities.

The number of persons per bedroom is subject to compliance with the Montgomery County Code, Chapter 26-5, Space, Use, and Location. Paragraph (b) of Chapter 26-5 is shown below:

b) *Floor area, sleeping.* In every dwelling unit of two or more rooms, every room occupied for sleeping purposes by one occupant must contain at least 70 square feet of habitable space, and every room occupied for sleeping purposes by more than one occupant must contain at least 50 square feet of habitable space for each occupant. However, in a mobile home every room occupied for sleeping purposes by one occupant must contain at least 50 square feet of habitable space; by 2 occupants, at least 70 square feet of habitable space; and by more than 2 occupants, at least an additional 50 square feet of habitable space for each additional occupant.

Among Applicants with equal preference status, the PBV wait list is organized by the regular date-time selection process for each bedroom size.

L.1 PROJECT-BASED VOUCHER REFERRALS

Applicants referred to HOC for housing subsidy through PBVs by way of Offender Reentry programs sponsored by the Silver Spring Interfaith Housing Coalition and Threshold Services, Inc. are granted an eligibility criminal background exception. The participant does not have rights to the HOC Grievance Procedures.

The eligibility exception is not extended to the following individuals:

1. Persons convicted of manufacturing or producing methamphetamine;
2. Any person evicted from federally assisted housing for a serious violation of the lease (and for three years following the eviction);
3. Any person who fails to sign and submit consent forms to obtain information in accordance with the Administrative Plan Part 5, subparts B and F;
4. Any person required under HUD regulation to establish citizenship or eligible immigration status;
5. Any person subject to a life time registration requirement under a state sex offender registration program; and
6. Any persons convicted for violent felonies.

L.2 PROJECT-BASED VOUCHER REFERRALS

In an effort to minimize displacement of families, if a unit that is to be included in the PBV contract is occupied by an eligible family, the in-place family must be placed on the program wait list. When eligibility is determined, the family must be given an absolute selection preference and referred to the project owner for an appropriately size PBV contract.

A preference will be extended through the PBV program (only) for services offered. In selecting families, HOC may give a preference to disabled families who need services offered at a particular project. This preference (more specifically a referral) is limited to the population of families with disabilities that significantly interfere with their ability to obtain and maintain themselves in housing who, without appropriate supportive services, are not able to maintain themselves in housing.

Selection of applicants in the targeted funding Family Unification Program (FUP) 2008 allocation are completed in conjunction with referrals from the Montgomery County Department of Health and Human Services (MCHHS). HOC will accept families certified by the MCHHS as eligible applicants for FUP. HOC will accept families certified by the MCHHS as eligible applicants for FUP. HOC will compare the names provided with the names on the current HOC wait list. Any referred family on the HOC wait list is served first. Those families referred and not on the HOC wait list will be added to the wait list and served based on date of referral or on a first come first served basis.

M. FINAL VERIFICATION OF PREFERENCES [24 CFR 5.415]

Preference information on pre-applications is updated as applicants are selected from the wait list. At that time, HOC will obtain necessary verifications of preference(s) at the interview and by third party verification.

Subsection A – Secondary Review/Credit Checks

Before issuing vouchers to applicant families, HOC requests a credit report of all new applicant families, all adults (persons 18 years of age and older) who will reside in the assisted household. The credit report is reviewed by HOC. Applicant households claiming they have zero income automatically undergo a credit check review. The information contained in the credit check is used to confirm the information provided to HOC by the family. Specially, the credit report is used to confirm:

- 1. Employment:** A credit report will list any employers the applicant has listed in any recent credit applications. If the credit report reveals employment for any adult household member within the last 12 months that was not disclosed, the family will be asked to provide additional documentation to resolve the discrepancy. Failure to disclose current employment may result in denial of participation in the Housing Choice Voucher and Section 8 programs.
- 2. Aliases:** A credit report can provide information on other names that have been used for the purposes of obtaining credit. Common reasons for use of other names include a recent marriage or a divorce. If an alias has not been disclosed to HOC, the family will be asked to provide additional evidence of the legal identity of all adult family members.
- 3. Current and previous addresses:** A credit report can provide a history of where the family has lived. This is particularly important because HOC provides a residency preference. If the family has provided one address to HOC and the credit report indicates a different address, the family will be asked to provide additional proof of residency. This may include a history of utility bills, bank statements, school enrollment records for children, credit card statements, and/or other relevant documentation. Failure to provide adequate proof could result in denial of the residency preference.
- 4. Credit card and loan payments:** A credit report will usually include a list of the family's financial obligations. Examples of the items that may show up include car loans, mortgage loans, student loans, and credit cards payments. HOC will review this information to confirm the income and asset information provided by the family. If the family's current financial obligations (total amount of current monthly the applicant fails to respond to an electronic or written request for information.
- 5. Multiple Social Security Numbers:** A credit report may list multiple Social Security numbers if an adult family member has used different Social Security numbers to obtain credit. If the credit report information does not match the information provided by an adult family member, the family member or head of household will be required to obtain written confirmation of the Social Security number that was issued to him/her from the Social Security Administration.

Applicant families are not issued vouchers until all discrepancies between the information provided by the applicant family and the information contained in the credit report have been cleared by the applicant family and approved by HOC.

When discrepancies are found, the family will be contacted by HOC. In most cases, the family will be allowed a maximum of ten (10) business days to provide the additional information. On a case- by-case basis, as a reasonable accommodation, the family may be granted additional time. If additional time is granted, the family receives written notification of the new deadline. No second or additional extensions will be granted. Failure to provide the required information to HOC could result in denial of participation in the Housing Choice Voucher and Section 8 Programs.

When the credit report reveals multiple discrepancies which require interview appointments, HOC will schedule up to two interview appointments. An additional appointment may be scheduled as a reasonable accommodation. Failure to appear at the interview session could result in denial of participation in the Housing Choice Voucher and Section 8 Programs.

N. **PREFERENCE DENIAL** [24 CFR 5.415]

If HOC denies a preference, HOC notifies the applicant in writing of the reasons why the preference was denied and offer the applicant an opportunity for an informal review to appeal the decision. If the preference denial is upheld as a result of the review, or the applicant does not request a review, the preference is removed from the applicant’s entry on the wait list, returning the applicant to their regular date-time positioning. Applicants may exercise other rights if they believe they are a victim of discrimination.

If the applicant falsifies documents or makes false statements in order to qualify for any preference, they will be removed from the wait list.

O. **REMOVAL FROM THE WAIT LIST AND PURGING** [24 CFR 982.204(c)] HOC

will not remove an applicant’s name from the wait list unless:

1. The applicant requests in writing that their name be removed; a request to declare their continued interest in the program; or
2. The applicant does not meet either the eligibility or suitability criteria
For the program
3. The applicant refuses two housing units without good cause

Obligation to Annually Confirm Application Information

Each year, or at such time as HOC determines reasonable, HOC will issue notice to all applicants on the wait list requesting that each applicant confirm their continued interest in remaining on the wait list. Failure to renew the information in a timely manner will result in removal from the wait list.

HOC will provide notice to wait list applicants to confirm their continued interest and set a date by which their renewal must be completed. HOC will send notices thirty days, fifteen days, five days, and one day prior to the date when that renewal or confirmation is due.

All notices under this Section are sent by HOC electronically to the last known e-mail address listed on the application. Wait list applicants may also request text message notifications. If a family does not have an email address, HOC can assist the family in obtaining a free email account. It will be the applicant’s sole responsibility to check that email account from time to time and to respond to any email and/or SMS

text from HOC. To the extent an applicant requires assistance, upon request, staff from HOC is available to assist with electronic submissions.

Should an applicant not respond to the request to confirm their continued interest in remaining on the wait list by renewing their application or to their notification of selection for a program for any reason, prior to the established deadline, the applicant is removed from the wait list. Reasons for non-response, resulting in removal from the list, include (but are not limited to) negligence in completing the electronic update/application in a timely manner and relocation resulting in a return of the e-notice to HOC with no forwarding email address provided. Applicants removed from the wait list will receive a notification identifying their removal from Housing Path.

Missed Appointments

All applicants who fail to keep a scheduled appointment with HOC are sent a written notice of termination of the process for eligibility. That written notification of termination may be sent as an attachment to an email.

HOC will allow the family to reschedule an appointment for good cause. Generally, no more than one opportunity is given to reschedule without good cause, and no more than two opportunities are given for good cause. When good cause exists for missing an appointment, HOC will work closely with the family to find a more suitable time. Applicants are advised of their right to an informal review before being removed from the wait list.

Notification of Negative Actions

Any applicant whose name is being removed from the wait list will be notified by HOC, in writing, that they have ten (10) calendar days from the date of the written correspondence to present mitigating circumstances or request an informal review. The letter will also indicate that their name will be removed from the wait list if they fail to respond within the timeframe specified. HOC's system of removing applicant names from the wait list will not violate the rights of persons with disabilities. If an applicant claims that their failure to respond to a request for information or updates was caused by a disability, HOC will verify that there is in fact a disability, that the disability is what caused the failure to respond, and then provide a reasonable accommodation. An example of a reasonable accommodation would be to reinstate the applicant on the wait list based on the date and time of their original application.

Purging the Wait List

HOC will update and purge its wait list as needed to ensure that the pool of applicants reasonably represents the interested families for whom HOC has current information, i.e. applicant's address, family composition, income category, and preference.

Budget, Finance & Audit Committee

CALENDAR YEAR 2024 (CY'24)
PORTFOLIO BUDGETS: APPROVAL OF THE CY'24 PORTFOLIO
BUDGETS

November 15, 2023

- The Budget, Finance and Audit Committee of the Housing Opportunities Commission of Montgomery County (“HOC”, “Agency”, or “Commission”) informally reviewed the CY’24 Portfolio Budgets at the November 3, 2023 meeting, which includes 16 calendar year Low Income Housing Tax Credit (“LIHTC”) partnerships, the Lindley, and the Laureate, two entities structured as limited liability companies.
- The CY’24 budgets project \$188,808 in Partnership Management Fees that will be paid to the Agency for CY’24 by the following properties: Alexander House Apartments Limited Partnership (Alexander House), Arcola Towers RAD Limited Partnership (Arcola Towers), Elizabeth House III LP (The Leggett), Forest Oak Towers Limited Partnership, HOC at Georgian Court, LLC (Georgian Court), Greenhills Apartment Limited Partnership (Greenhills), HOC at Shady Grove, LLC (Shady Grove), Spring Garden One Associates LP (Spring Garden), Tanglewood and Sligo LP (Tanglewood/Sligo Hills), 900 Thayer LP (Fenton Silver Spring), and HOC at The Upton II, LLC (Residences on the Lane).
- The rent policy for CY’25 allows for in-place rental increases based on the County Executive’s Voluntary Rent Guideline (“CE-VRG”) of 5.8%. Rent increases for all properties within the portfolio are at or below the CE-VRG).
- The Budget, Finance and Audit Committee joins the staff recommendation for the full Commission to approve the CY’24 Portfolio Budgets as presented.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, President/Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Calendar Year 2024 (CY'24) Portfolio Budgets:** Approval of the CY'24 Portfolio Budgets

DATE: November 15, 2023

OVERALL GOAL & OBJECTIVE:

To approve the Agency's CY'24 Portfolio Budgets.

BACKGROUND:

Historically, the Commission approves Calendar Year budgets for Low Income Housing Tax Credit ("LIHTC") Partnerships only. The Lindley and The Laureate operate on a calendar year basis as well; therefore, they are included in the packet for Approval of Calendar Year CY'24 Portfolio Budgets.

Low Income Housing Tax Credit Partnership Budgets

As Managing General Partner, HOC has a fiduciary responsibility for each of the LIHTC Partnerships. The current HOC budget policy stipulates that the financial performance and budgets of the LIHTC Partnerships should be reviewed on the same fiscal year as their partners (December 31). The LIHTC Partnership Budgets require adoption by the Commission, separate from the Agency's general budget process.

The limited partner for **Wheaton Metro LP (MetroPointe)** will be assigning its ownership interests in the partnership to HOC. A budget amendment will be presented in January 2024 to the Commission to approve the incorporation of the property into the FY'24 Agency Budget as an Opportunity Housing property with extended affordability, pursuant to the Extended Use Covenant.

There are 16 remaining calendar year LIHTC partnerships that own the following 18 properties:

1. Alexander House LP (Alexander House);
2. Arcola Towers RAD LP (Arcola Towers);
3. Bauer Park Apartments LLC (Bauer Park);
4. Elizabeth House II LP (The Leggett);
5. Forest Oak Towers LP (Forest Oak Towers);

6. HOC at Georgian Court LLC (Georgian Court);
7. Greenhills Apartments LP (Greenhills);
8. 4913 Hampden Lane LP (Lasko Manor);
9. HOC Willow Manor LLC (3 properties):
 - a. Manor at Cloppers Mill,
 - b. Manor at Colesville,
 - c. Manor at Fair Hill Farm;
10. HOC at Shady Grove Apartments LLC (Shady Grove);
11. Spring Garden One Associates LP (Spring Garden);
12. HOC at Stewarttown Homes LLC (Stewarttown);
13. Tanglewood/Sligo Hills LP (Tanglewood/Sligo Hills);
14. 900 Thayer LP (Fenton Silver Spring);
15. HOC at The Upton II LLC (Residences on the Lane); and
16. Waverly House RAD LP (Waverly House).

As general partner, HOC is responsible for submitting draft copies of the CY'24 Proposed Budgets to the limited partners by November 1, 2023. The budgets were submitted to the limited partners, contingent upon the Commission's approval.

Attachment 1 includes the initial compliance period end dates, status of the limited partner exit, and extended use after the initial compliance period for all HOC's calendar year LIHTC partnership properties.

Other Calendar Year Budgets

CCL Multifamily LLC (The Lindley) is a 200-unit high-rise apartment building located in Chevy Chase, Maryland. The unit mix for the building is 120 market units, 40 Moderately Priced Dwelling Units ("MPDUs") restricted at 50% of the Area Median Income ("AMI"), and 40 Workforce Housing units ("WFHU") restricted at 100% of the AMI. The property operates on a calendar year and is categorized as a discretely presented component unit.

HOC Westside Shady Grove, LLC (The Laureate) is a 268-unit highly-amenitized, mixed-income property, steps from the Shady Grove Metro station. Twenty-five percent of the units are affordable at 50% or less of the AMI and five percent (5%) are affordable at 65% or less of the AMI. The property operates on a calendar year and is also categorized as a discretely presented component unit.

ISSUES FOR CONSIDERATION:

Tax Credit Partnerships

The CY'24 budgets forecast the collection of \$181,092 in Asset Management/Investor Service Fees and Partnership Management Fees from the properties (**Attachment 2**). At year-end, the Asset Management/Investor Service Fees are paid to the limited partner. If sufficient funds remain, the

Partnership Management Fees of \$188,808 are paid to the general partner (HOC). All unpaid fees are accrued for payment in future years.

Please note that there are five (5) properties, shaded in peach, that have been resyndicated as new LIHTC transactions and commenced renovations in CY'22 that have continued into CY'23. During renovations, vacancy is anticipated to be higher than normal to support renovations, reserve contributions are placed on hold, and debt service payments are incorporated into the development budgets; therefore, the projected income from operations during CY'24 is not contingent on past performance or indicative of future anticipated property performance. In addition, **Residences on the Lane** and **The Leggett**, both shaded in green, began unit delivery in early CY'22 and CY'23, respectively. For these reasons, the properties are not included in the charts in Attachments 3 through 8.

As the Managing General Partner, HOC is responsible for funding any cash deficits that occur in operating the tax credit properties. **Lasko Manor** is projected to generate a small loss of \$3,300 compared to a projected cash flow of \$4,893 for CY'23. As a reminder, Lasko Manor is a project-based 12-unit building, located in Bethesda that provides permanent supportive housing for formerly homeless individuals with incomes below 30% of the AMI. The loss will be incorporated into the FY'25 budget process. This projected loss is a result of higher personnel, utility and maintenance costs. It should be noted that a portion of this deficit also results from the Management Fee paid to HOC.

The rent policy for CY'24 allows for in-place rental increases based on the County Executive's Voluntary Rent Guideline ("CE-VRG") of 5.8%. Rent increases for all properties within the portfolio are at or below the CE-VRG.

Income from this portfolio is restricted to the properties. The only revenue that comes to HOC is in the form of a Partnership Management Fee, projected to be \$188,808 for CY'24. The proposed CY'24 budgets reflect an increase of approximately \$32k or 20% in Partnership Management Fees when compared to the CY'23 Approved Budgets. This results from the escalation factor applied annually to several of the properties coupled with the addition of the fees for **The Leggett**, **Spring Garden** and **Fenton Silver Spring** that were partially offset by the removal of fees from **Lasko Manor** due to the projected deficit, and **MetroPointe** due to the removal from the portfolio.

The CY'24 Budgets for the properties project moderate increases in operating income per unit per annum ("PUPA") for nine (9) of the properties when compared to the CY'23 Budget. In addition, the budgeted operating income at **Spring Garden** and **Stewartown** projected increases of 8.4%, 19.0%, respectively. Although rents for **Spring Garden** are growing at a higher rate compared to the CY'23 budget, the increase is in line with 5.8% over the actual rents. The increase at **Stewartown** is driven by the final rent structure at the property following renovations that had not been incorporated into the CY'23 budget. **(Attachment 3)**.

Operating expenses on a PUPA basis for the properties are projected to increase in the CY'24 Budgets at nine (9) of the properties. The total operating expense increases range from 1.9% to

21.3%. The highest growth rates are at **Tanglewood/Sligo Hills**, and **Fenton Silver Spring**, which expect expense growth rates of 16.5% and 21.3%, respectively. The increase at **Tanglewood** is based on higher utility, maintenance, and bad debt expenses. Operating expenses at **Fenton Silver Spring** increased as a result of higher utility and maintenance costs and an increase in security to address challenges with homelessness and criminal activity in the local area. The recent activity has been addressed; however, the security budget for CY'24 includes a contingency for possible recurrence. **(Attachment 4)**.

Operating expenses are projected to decrease 12.3% and 0.7% at **Spring Garden** and **Stewartown**, respectively. The majority of the decrease at **Spring Garden** is a result of lower administrative staffing costs and projected bad debt expense. The small decrease at **Stewartown** is based on slightly lower utility and insurance expenses.

The net impact of the changes in operating income and expenses is reflected in the net operating income ("NOI") on a PUPA basis for the LIHTC Portfolio **(Attachment 5)**. Changes in NOI from budgeted CY'23 to CY'24 varied across the portfolio. Five (5) properties are projected to experience a decrease to NOI: **(89.0%)** at **Lasko Manor**, **(13.6%)** at **Fenton Silver Spring**, **(8.2%)** at **Tanglewood/Sligo Hills**, **(2.0%)** at **Alexander House** and **(1.8%)** at **Waverly House**. The remaining properties project NOI increases averaging 15.5% largely driven by the increases of 35.5% and 41.8% at **Spring Garden** and **Stewartown**, respectively.

The minimum Debt Service Coverage Ratio ("DSCR") requirement of 1.15:1.00 or higher is projected to be achieved for all of the LIHTC properties except for **Alexander House** and **Bauer Park** which are projecting 1.14 and 1.12, respectively. The small projected decrease of two (2) basis points in DSCR for **Alexander House** is based on higher employee benefit cost when compared to CY'23. The projected decrease in DSCR for **Bauer Park** is based on a higher vacancy loss projection coupled with a full year of debt service payments when compared to CY'23. It is important to note that the stated DSC for Alexander House reflects only the LIHTC portion of the properties. **(Attachment 6)**.

Attachment 7 shows the history of PUPA Replacement for Reserves ("RfR") contributions for the portfolio. The fluctuation in the base required contribution between CY'23 and CY'24 reflects changes mainly due to Stewartown contributing for the full year in CY'24. Aside from this, the base required contribution amounts have remained relatively flat except for growth due to the escalation factor applied annually to several of the properties. Over the years, a few properties in the portfolio have required increases in their annual contributions as well as the use of property cash or the Opportunity Housing Property Reserve ("OHPR") to meet their capital needs. **Forest Oak Towers** continues to require increased RfR contributions to meet its current and future years' capital expenditure needs. Finally, the properties in transition may experience a small amount of capital expenditures during renovations that will be funded by property cash. As stated earlier, the properties will not make RfR contributions until permanent financing and stabilization is achieved. The CY'24 projections for RfR deposits on a PUPA basis by property, including the base and increased amounts, are depicted in **Attachment 8**.

Capital

Attachment 9 shows the capital budget for each property and proposed funding sources as well as the projected RfR balance as of December 31, 2024, based on the planned contributions and expenditures. Increased RfR contributions above the base requirement are intended to prevent the depletion of the respective property's reserves and support future capital needs denoted in each property's Five Year Capital Plans.

Other Calendar Year Budgets

Income for **The Lindley** is projected to decrease 13.6%, largely due to the removal of the draw from the Opportunity Housing Reserve Fund ("OHRF") to support the additional debt service payments resulting from a change in the investor. Based on guidance from the auditors, both the funding and payments are now reflected in the balance sheet resulting in a reduction to both income and debt service payments on the property cash flow statement. If we were to exclude this amount from the CY'23 budget, income would actually be growing 12.00% based primarily on reduced concession projections. Operating expenses are projected to grow 6.4% due to increased advertising, computer software, utility, and maintenance costs. NOI is projected to increase 15 basis points resulting in a DSCR of 1.12:1.00.

BUDGET IMPACT:

Approval by the Commission of these budgets will allow the Calendar Year Properties to begin operations on January 1, 2024, the beginning of their calendar year.

TIME FRAME:

For formal Commission action at the November 15, 2023 meeting.

The Budget, Finance and Audit Committee informally reviewed the CY'24 Portfolio Budgets at the November 3, 2023 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee joins the staff recommendation for the full Commission to approve the CY'24 Portfolio Budgets.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner/ultimate managing member of the following entities: (1) Alexander House Apartments Limited Partnership (Alexander House); (2) Arcola Towers RAD Limited Partnership (Arcola Towers); (3) Bauer Park Apartments, LLC; (4) Elizabeth House III Limited Partnership (The Leggett); (5) Forest Oak Towers Limited Partnership; (6) HOC at Georgian Court, LLC; (7) Greenhills Apartments Limited Partnership; (8) 4913 Hampden Lane Limited Partnership (Lasko Manor); (9) HOC at Willow Manor, LLC (Manor at Cloppers Mills, Manor at Colesville and Manor at Colesville); (10) HOC at Shady Grove, LLC; (11) Spring Garden One Associates Limited Partnership (Spring Garden); (12) HOC at Stewartown Homes, LLC; (13) Tanglewood and Sligo LP (Tanglewood/Sligo); (14) 900 Thayer Limited Partnership (Fenton Silver Spring); (15) HOC at The Upton II, LLC (Residences on the Lane); (16) Waverly House RAD Limited Partnership (Waverly House) (together, the “LP and LLC Entities”); and

WHEREAS, HOC is the managing member of CCL Multifamily LLC (“CCL”), the owner of The Lindley; and

WHEREAS, HOC is the ultimate managing member of HOC at Westside Shady Grove, LLC (“WSSG”), the owner of The Laureate; and

WHEREAS, as the general partner/ultimate managing member of the LP and LLC Entities and managing member/ultimate managing member of CCL and WSSG, HOC manages the businesses and is liable for the debts; and

WHEREAS, the limited partners/non-managing members in LP and LLC Entities, CCL, and WSSG have contributed money and share in profits, but take no part in running the businesses and incur no liability with respect to the LP and LLC Entities, CCL, or WSSG beyond their contributions; and

WHEREAS, since HOC has a financial obligation to cover the debts of the LP and LLC Entities, CCL, and WSSG, HOC has an interest in the successful performance of LP and LLC Entities, CCL, and WSSG and, as such, should review their performances and approve their budgets; and

WHEREAS, the Budget, Finance and Audit Committee informally reviewed the CY’24 Budgets of the LP and LLC Entities at the November 3, 2023 meeting; and

WHEREAS, the Budget, Finance and Audit Committee also informally reviewed the CY’24 Budget of CCL and WSSG, which are also operated on a Calendar Year basis, at the November 3, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of each of the LP and LLC Entities, as each entities' general partner/ultimate managing member, as appropriate, that it hereby approves the CY'24 Operating Budgets for the LP and LLC Entities, as shown on the attached Exhibit A.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL Multifamily LLC, as its managing member, that it hereby approves the CY'24 Operating Budget for CCL, as shown on the attached Exhibit A.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC at Westside Shady Grove, LLC, as its ultimate managing member, that it hereby approves the CY'24 Operating Budget for WSSG, as shown on the attached Exhibit A.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 15, 2023.

Chelsea J. Andrews
President/Executive Director

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**Fiscal Year 2025 (FY'25) COUNTY OPERATING BUDGET:
AUTHORIZATION TO SUBMIT THE FY'25 COUNTY OPERATING
BUDGET**

November 15, 2023

- For the FY'25 Operating Budget season, the Montgomery County Office of Management and Budget ("OMB") has developed a staggered submission schedule from October 13 through October 27 2023. The date range preceded November 15, 2023; therefore, staff requested and received an extension to November 16, 2023, in order to obtain Commission approval on November 15, 2023.
- The Agency will be required to submit an Operating Budget not to exceed the Maximum Agency Request Ceiling ("MARC") amount for FY'25 of \$7,972,501. The MARC is based on the FY'24 approved MARC of \$7,972,501 and does not include the estimate for projected FY'25 increases to compensation, health, and retirement benefits.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023 and joins staff's recommendation that the Commission authorize staff to submit the County FY'25 MARC.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, President / Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Fiscal Year 2025 (FY'25) County Operating Budget:** Authorization to Submit the FY'25 County Operating Budget

DATE: November 15, 2023

OVERALL GOAL & OBJECTIVE:

Authorization to submit the FY'25 County Operating Budget.

BACKGROUND:

For the FY'25 Operating Budget season, the Montgomery County Office of Management and Budget ("OMB") has developed a staggered submission schedule from October 13 through October 27 of 2023. The date range precedes November 15, 2023; therefore, staff requested and received an extension to November 16, 2023 in order to obtain approval of the Housing Opportunities Commission of Montgomery County (Agency", "HOC" or "Commission") on November 15, 2023.

The FY'25 County Operating Budget Kick-off was held on September 21, 2023. The Agency will be required to submit a baseline operating budget not to exceed the Maximum Agency Request Ceiling ("MARC") amount for FY'25 of \$7,972,501. The MARC is based on the FY'24 approved MARC of \$7,972,501 without any adjustments. The FY'24 approved MARC provided funding for the following Agency expenses:

Expense Type	FY'24 Approved Operating Budget
Resident Services (mostly personnel costs)	\$6,608,661
Affordable Housing Electricity	\$540,000
Rental License Fees	\$566,200
Home Ownership Association Fees	\$157,640
Customer Service Centers - Rent	\$100,000
Total	\$7,972,501

Staff will submit a request for an adjustment of \$322,814 for estimated increases to Resident Services' compensation, health and retirement benefits. The requested adjustment will be discussed during the budget process in order to obtain the County Executive's approval before

the County's Recommended Budget is finalized.

ISSUES FOR CONSIDERATION:

Does the Commission accept staff's recommendation, which is supported by the Budget, Audit and Finance Committee and authorize the submission of the FY'25 County Operating Budget of \$7,972,501 to Montgomery County's OMB??

BUDGET IMPACT:

Funding of the FY'25 County Budget is provided as an Operating Grant to HOC. The County Operating Grant is the primary funding source for the Agency's Resident Services Division.

TIME FRAME:

For formal Commission action at the November 15, 2023 meeting.

The Budget, Finance and Audit Committee informally discussed the submission of the FY'25 County Operating Budget at the November 3, 2023 meeting and supports staff's recommendation.

Once approved by the Commission, the FY'25 County Operating Budget will be submitted to the County by November 16, 2023.

STAFF RECOMMENDATION:

Staff recommends that the full Commission authorize the submission of the proposed FY'25 County Operating Budget of \$7,972,501 to Montgomery County's Office of Management and Budget.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) wishes to submit a request for County funds for FY’25; and

WHEREAS, the County has instructed HOC to submit a FY’25 County Operating Budget not to exceed the Maximum Agency Request Ceiling (“MARC”) amount of \$7,972,501, which is based on the FY’24 approved Operating Budget of \$7,972,501 and does not include the estimate for projected FY’25 increases to compensation, health and retirement benefits.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves submitting a FY’25 County Operating Budget to the County for FY’25 in the amount of \$7,972,501.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 15, 2023.

Chelsea J. Andrews
President/Executive Director

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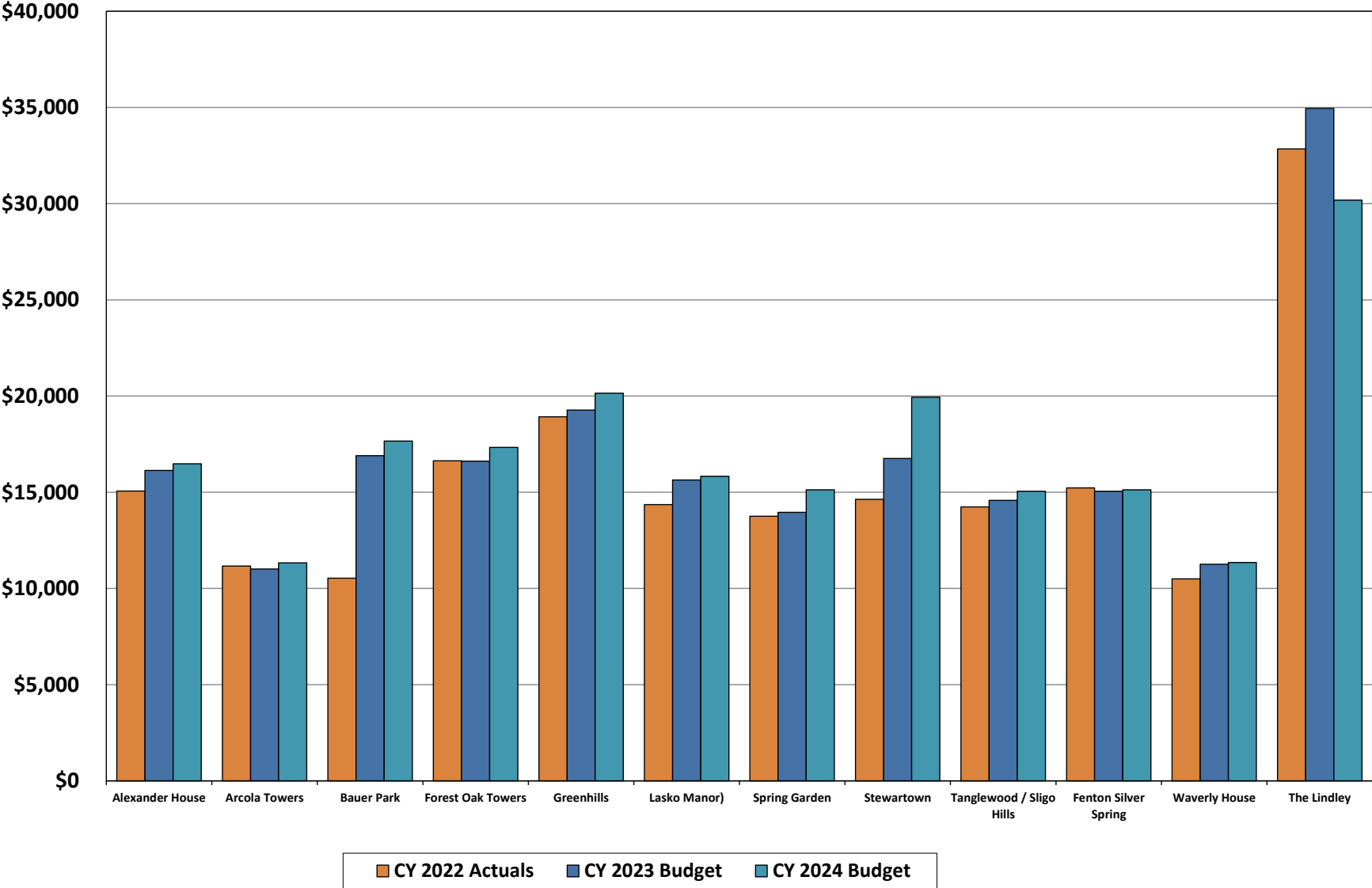
TAX CREDIT COMPLIANCE PERIOD as of November 3, 2023

PROPERTIES	# of Units	INITIAL END DATE: December	Status of Limited Partner Exit	Extended Use after Compliance Period
Spring Garden One Assoc. LP	82	2019	Tentative Resyndication set for 2024	25 Years (2044)
Forest Oak Towers LP	175	2022	Tentative Resyndication set for 2024	25 Years (2047)
4913 Hampden Lane LP (Lasko Manor)	12	2024	Ongoing monitoring	25 Years (2049)
Tanglewood / Sligo Hills LP	132	2027	Ongoing monitoring	25 Years (2052)
Arcola Towers RAD LP	141	2032	Ongoing monitoring	25 Years (2057)
Waverly House RAD LP	157	2032	Ongoing monitoring	25 Years (2057)
Alexander House LP	122	2033	Ongoing monitoring	25 Years (2058)
Greenhills Apartments LP	77	2033	Compliance Period began in 2018	25 Years (2058)
900 Thayer LP (Fenton Silver Spring)	124	2034	Compliance Period began in 2019	25 Years (2059)
Bauer Park Apartments LLC	142	2036	Compliance Period began in 2021	25 Years (2061)
HOC at Stewarttown Homes LLC	94	2037	Compliance Period began in 2022	25 Years (2062)
HOC at The Upton II LLC (Residences on the Lane)	150	2037	Compliance Period began in 2022	25 Years (2062)
HOC at Georgian Court LLC	147	2037	Compliance Period began in 2022	25 Years (2062)
HOC at Shady Grove Apartments LLC	144	2037	Compliance Period began in 2022	25 Years (2062)
HOC at Willow Manor LLC (Manor at Cloppers Mill)	102	2039	Compliance Period begins in 2024	30 Years (2064)
HOC at Willow Manor LLC (Manor at Colesville)	83	2039	Compliance Period begins in 2024	30 Years (2064)
HOC at Willow Manor LLC (Manor at Fair Hill Farm)	101	2039	Compliance Period begins in 2023	30 Years (2064)

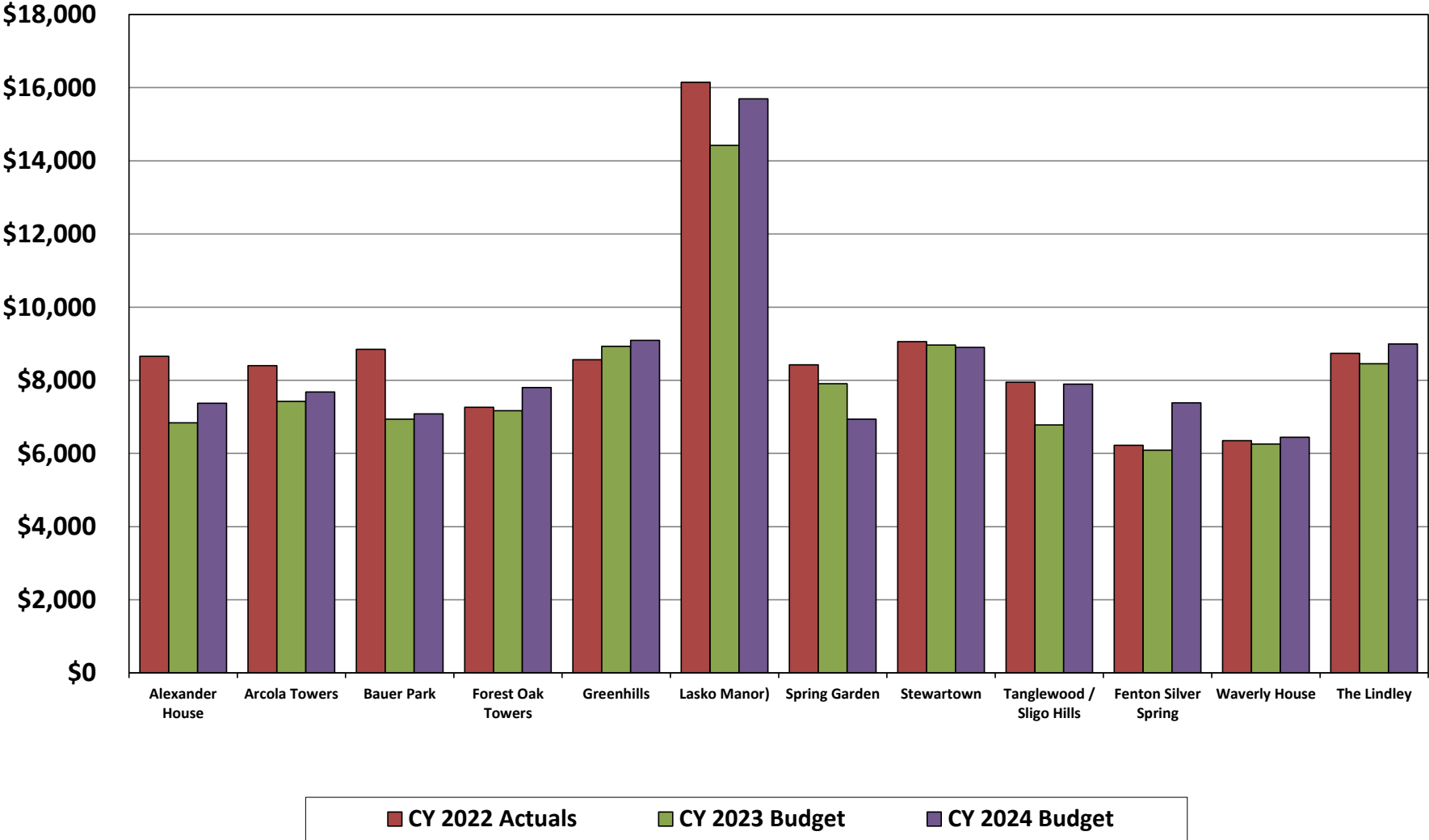
		CY 2024 BUDGET												
CY 2024 Tax Credit Operating Budget	# of Units	Rent Assumptions at Renewal	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Operating Reserve Contribution	Required RfR Deposits	Additional RfR Deposits	Partners Tax Expense	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
Alexander House LP	122	5.8%	\$2,010,899	\$899,700	\$1,111,199	\$930,708	\$0	\$52,510	\$0	\$0	\$127,981	\$12,300	\$12,300	\$103,381
Arcola Towers RAD LP	141	3.0%	\$1,597,728	\$1,082,698	\$515,030	\$377,323	\$0	\$76,900	\$0	\$0	\$60,807	\$9,840	\$10,500	\$40,467
Bauer Park Apartments LLC	142	5.8%	\$2,508,100	\$1,005,290	\$1,502,810	\$1,274,647	\$0	\$72,600	\$0	\$0	\$155,563	\$5,628	\$0	\$149,935
Elizabeth House III LP (The Leggett)	267	4.7%	\$4,897,348	\$1,293,745	\$3,603,603	\$1,011,148	\$0	\$38,940	\$0	\$0	\$2,553,515	\$23,184	\$20,000	\$2,510,331
Forest Oak Towers LP	175	1.4%	\$3,063,721	\$1,366,062	\$1,697,659	\$1,211,080	\$0	\$70,000	\$70,000	\$0	\$346,579	\$13,224	\$43,380	\$289,975
HOC at Georgian Court LLC	147	5.8%	\$1,868,208	\$876,771	\$991,437	\$214,273	\$0	\$12,864	\$0	\$0	\$764,300	\$10,608	\$10,608	\$743,084
Greenhills Apartments LP	77	5.8%	\$1,551,091	\$700,242	\$850,849	\$674,243	\$0	\$30,950	\$0	\$0	\$145,656	\$7,104	\$14,208	\$124,344
4913 Hampden Lane LP (Lasko Manor)	12	1.5%	\$189,924	\$188,314	\$1,610	\$0	\$0	\$4,910	\$0	\$0	(\$3,300)	\$0	\$0	(\$3,300)
HOC at Willow Manor LLC (Manor at Cloppers Mill)	102	5.8%	\$1,833,501	\$685,872	\$1,147,629	\$0	\$0	\$0	\$0	\$0	\$1,147,629	\$6,180	\$0	\$1,141,449
HOC at Willow Manor LLC (Manor at Colesville)	83	5.8%	\$1,204,350	\$599,043	\$605,307	\$0	\$0	\$0	\$0	\$0	\$605,307	\$4,668	\$0	\$600,639
HOC at Willow Manor LLC (Manor at Fair Hill Farm)	101	5.8%	\$1,669,391	\$671,337	\$998,054	\$0	\$0	\$0	\$0	\$0	\$998,054	\$5,832	\$0	\$992,222
HOC at Shady Grove Apartments LLC	144	1.4%	\$3,068,222	\$1,000,237	\$2,067,985	\$356,394	\$0	\$12,600	\$0	\$0	\$1,698,991	\$10,620	\$10,620	\$1,677,751
Spring Garden One Assoc. LP	82	5.8%	\$1,240,612	\$568,881	\$671,731	\$439,357	\$0	\$49,690	\$0	\$0	\$182,684	\$24,312	\$24,312	\$134,060
HOC at Stewartown Homes LLC	94	4.0%	\$1,874,000	\$836,593	\$1,037,407	\$722,836	\$0	\$33,400	\$0	\$0	\$281,171	\$9,972	\$0	\$271,199
Tanglewood / Sligo Hills LP	132	5.8%	\$1,987,506	\$1,042,315	\$945,191	\$643,587	\$0	\$50,410	\$0	\$0	\$251,194	\$6,696	\$25,000	\$219,498
900 Thayer LP (Fenton Silver Spring)	124	5.8%	\$1,876,113	\$915,493	\$960,620	\$568,274	\$0	\$47,420	\$0	\$0	\$344,926	\$8,856	\$8,856	\$327,214
HOC at The Upton II LLC (Residences on the Lane)	150	5.8%	\$3,376,477	\$1,319,355	\$2,057,122	\$1,379,563	\$0	\$46,020	\$0	\$0	\$631,539	\$9,024	\$9,024	\$613,491
Waverly House RAD LP	157	4.0%	\$1,782,060	\$1,011,597	\$770,463	\$519,738	\$0	\$85,620	\$0	\$0	\$165,105	\$13,044	\$0	\$152,061
TOTAL Tax Credit Properties	2,252	4.7%	\$37,599,251	\$16,063,545	\$21,535,706	\$10,323,171	\$0	\$684,834	\$70,000	\$0	\$10,457,701	\$181,092	\$188,808	\$10,087,801

CY 2024 Other Calendar Year Properties Operating Budget	# of Units	Rent Assumptions at Renewal	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Service	Operating Reserve Contribution	Required RfR Deposits	Additional RfR Deposits	Partners Tax Expense	Cash Flow Before Distribution	Asset Management / Investor Service Fees	Partnership Management Fees	Net Cash Flow
HOC at West Side Shady Grove, LLC (The Laureate)	268	2.5%	\$7,716,930	\$2,949,771	\$4,767,159	\$4,031,299	\$0	\$55,830	\$0	\$0	\$680,030	\$0	\$0	\$680,030
CCL Multifamily LLC (The Lindley)	200	1.4%	\$6,036,736	\$1,799,025	\$4,237,711	\$3,733,330	\$3,000	\$56,280	\$0	\$0	\$445,101	\$0	\$0	\$445,101
TOTAL Other Properties	468	2.0%	\$13,753,666	\$4,748,796	\$9,004,870	\$7,764,629	\$3,000	\$112,110	\$0	\$0	\$1,125,131	\$0	\$0	\$1,125,131
GRAND TOTAL All Properties	2,720	4.4%	\$51,352,917	\$20,812,341	\$30,540,576	\$18,087,800	\$3,000	\$796,944	\$70,000	\$0	\$11,582,832	\$181,092	\$188,808	\$11,212,932

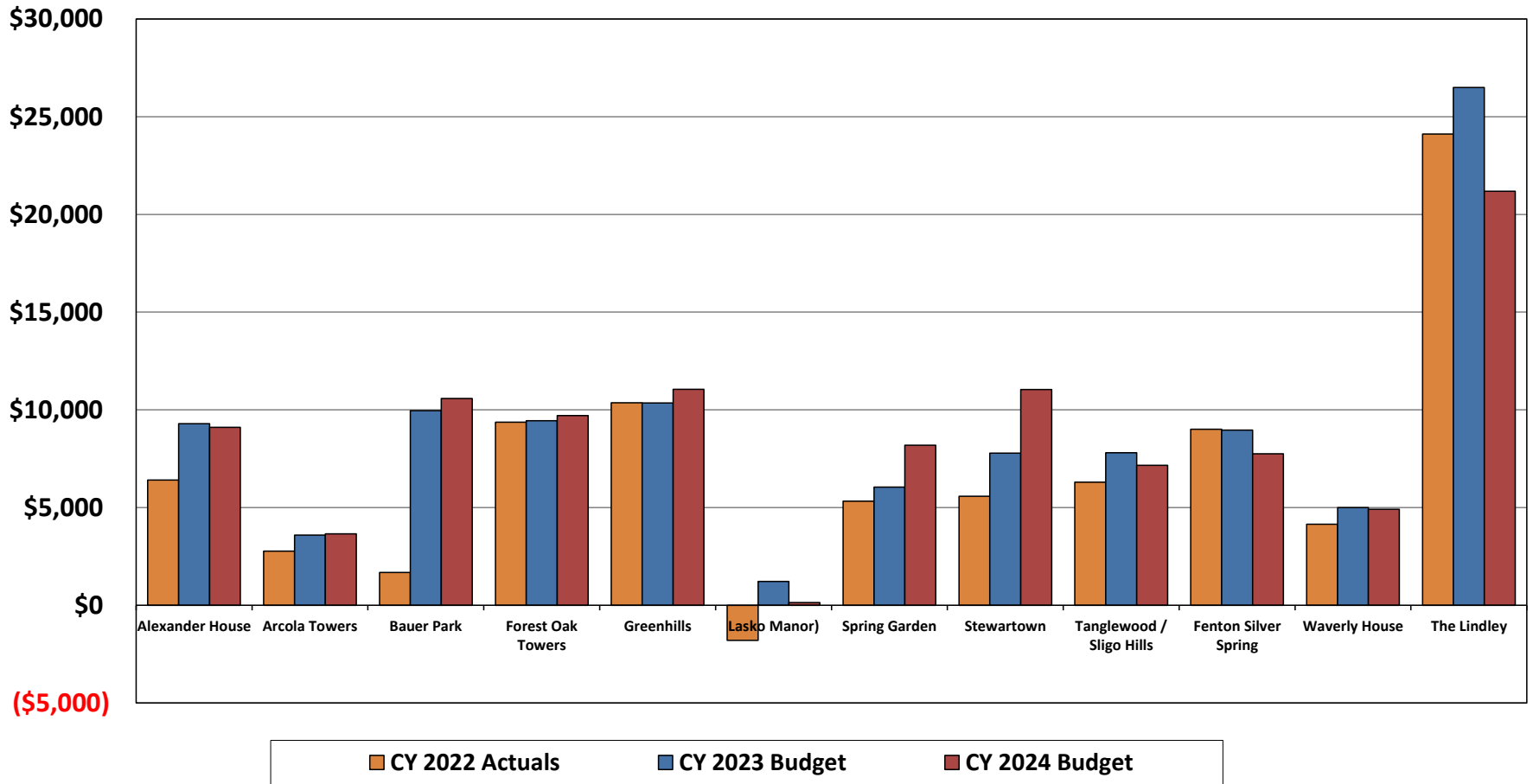
Operating Income (PUPA)



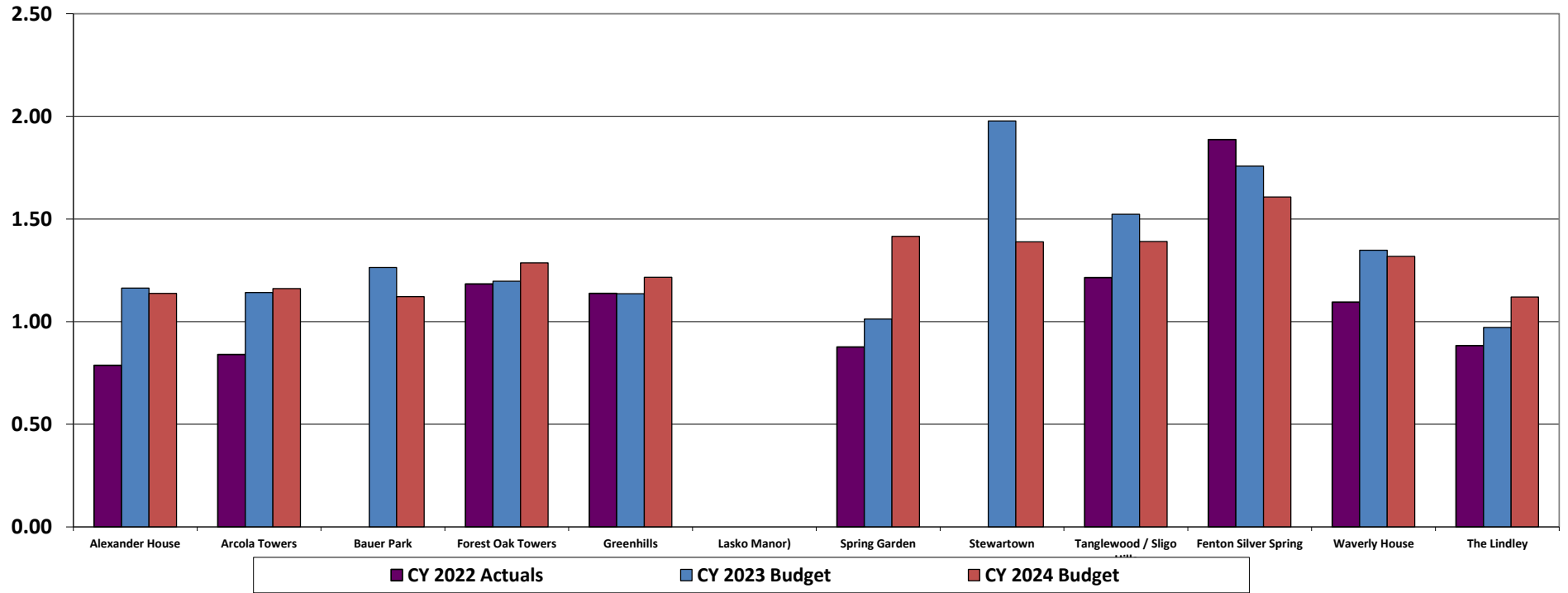
Operating Expenses (PUPA)



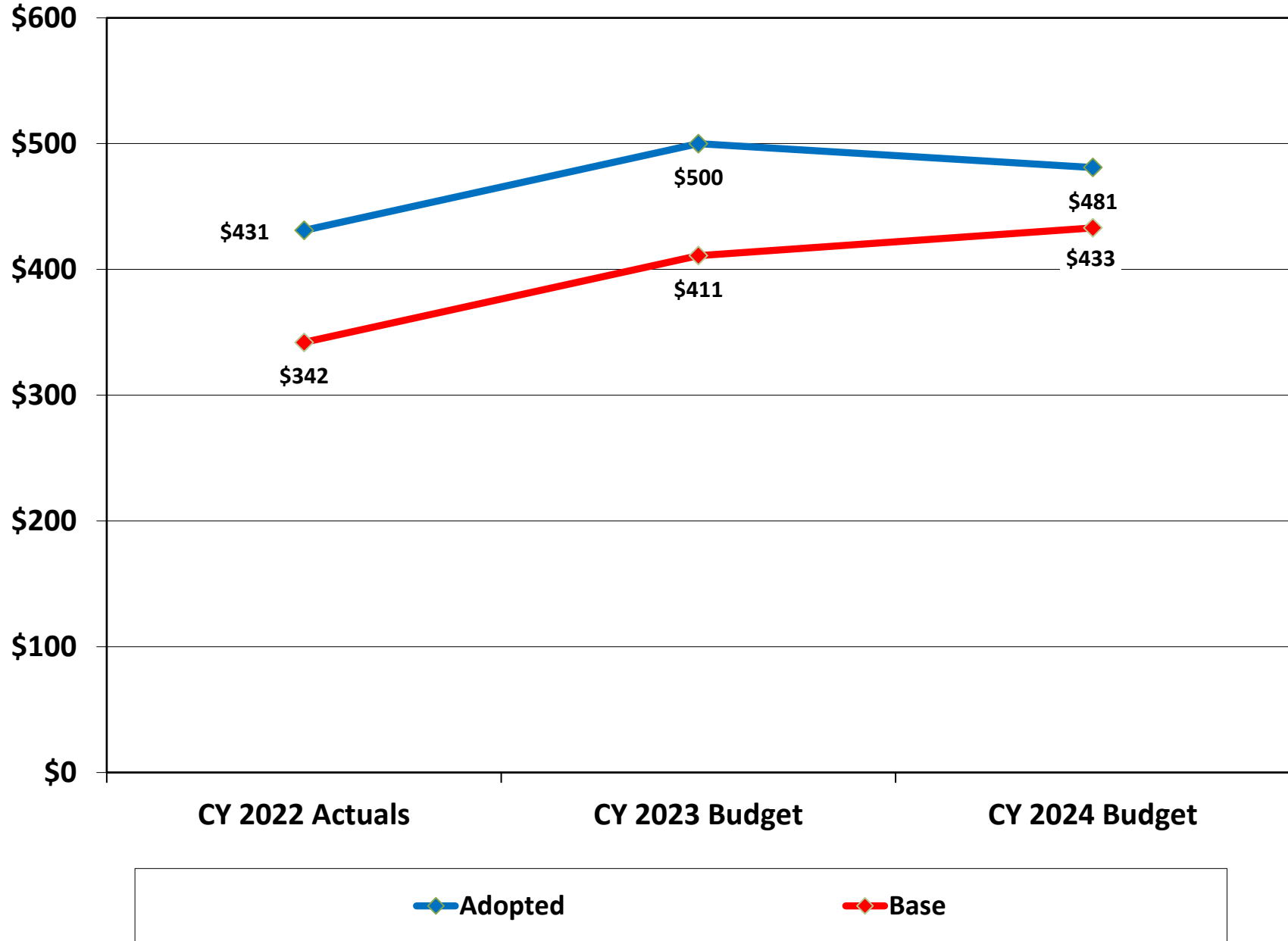
Net Operating Income (PUPA)



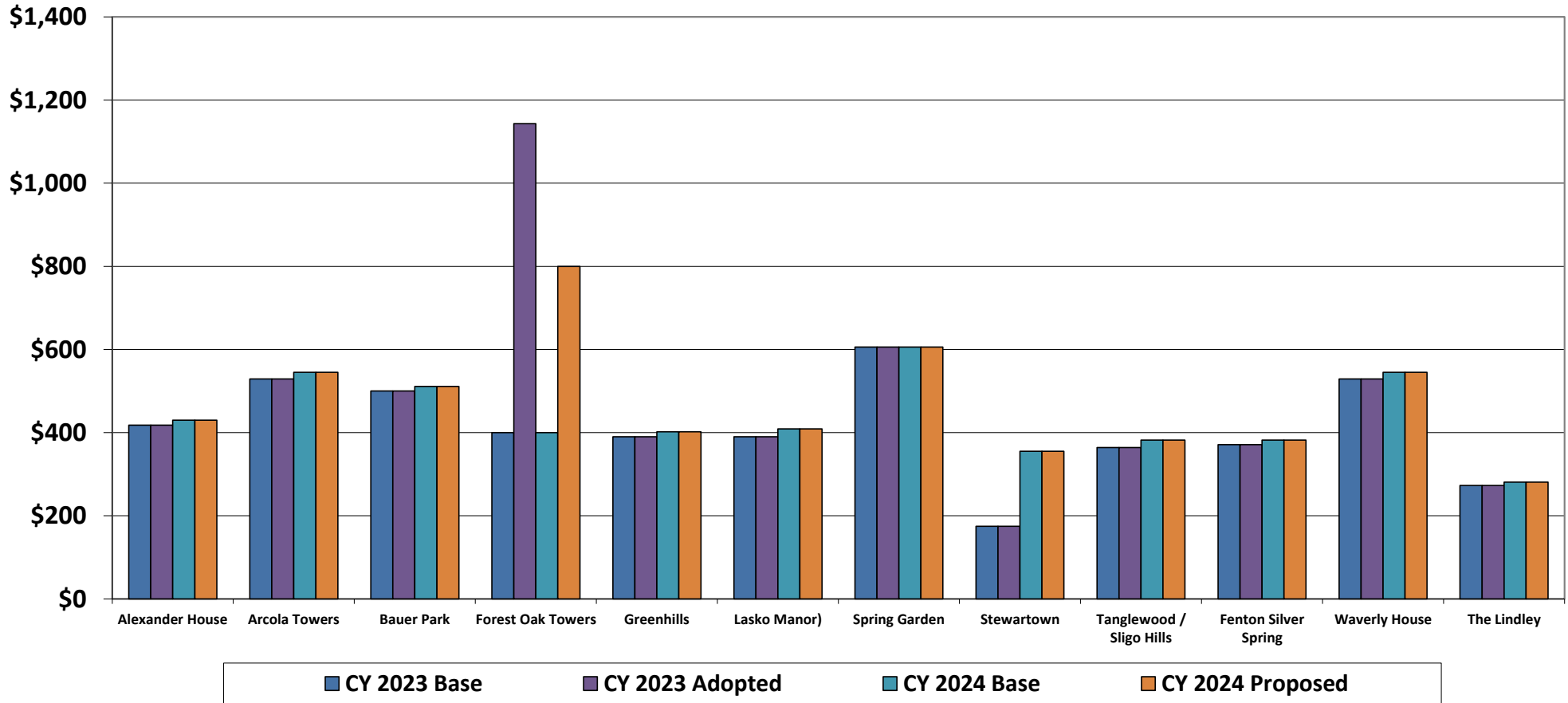
Debt Service Coverage Ratios (DSC)



RfR Contributions (PUPA)



CY 2024 RfR Contributions (PUPA)



CY 2024 Tax Credit Capital Budget	Expenses	Revenue Sources			Projected RfR Balance as of 12/31/2024
		Property Reserves	Additional Revenue Source (Property Cash, OH Property Reserve)	Current Year RfR Deposit	
Alexander House LP	\$20,400	\$20,400	\$0	\$0	\$558,525
Arcola Towers RAD LP	\$117,408	\$117,408	\$0	\$0	\$736,443
Bauer Park Apartments LLC	\$5,630	\$5,630	\$0	\$0	\$132,370
Elizabeth House III LP (The Leggett)	\$8,800	\$8,800	\$0	\$0	\$297,140
Forest Oak Towers LP	\$249,100	\$140,584	\$0	\$108,516	\$31,484
HOC at Georgian Court LLC	\$30,230	\$30,230	\$0	\$0	\$196,662
Greenhills Apartments LP	\$20,286	\$20,286	\$0	\$0	\$308,065
4913 Hampden Lane LP (Lasko Manor)	\$11,585	\$11,585	\$0	\$0	\$50,530
HOC at Willow Manor LLC (Manor at Cloppers Mill)	\$22,600	\$22,600	\$0	\$0	\$75,086
HOC at Willow Manor LLC (Manor at Colesville)	\$18,100	\$18,100	\$0	\$0	\$44,040
HOC at Willow Manor LLC (Manor at Fair Hill Farm)	\$44,700	\$44,700	\$0	\$0	\$58,131
HOC at Shady Grove Apartments LLC	\$26,295	\$26,295	\$0	\$0	\$175,985
Spring Garden One Assoc. LP	\$21,847	\$21,847	\$0	\$0	\$338,555
HOC at Stewarttown Homes LLC	\$3,400	\$0	\$0	\$3,400	\$30,000
Tanglewood / Sligo Hills LP	\$87,868	\$87,868	\$0	\$0	\$181,647
900 Thayer LP (Fenton Silver Spring)	\$32,700	\$32,700	\$0	\$0	\$276,179
HOC at The Upton II LLC (Residences on the Lane)	\$13,600	\$13,600	\$0	\$0	\$194,445
Waverly House RAD LP	\$60,800	\$60,800	\$0	\$0	\$946,843
Total Tax Credit Properties	\$795,349	\$683,433	\$0	\$111,916	\$4,632,130
CY 2024 Other Calendar Year Capital Budget	Expenses	Property Reserves	Residual Cash	Current Year RfR Deposit	Projected RfR Balance as of 12/31/2024
HOC at West Side Shady Grove, LLC (The Laureate)	\$16,000	\$0	\$0	\$16,000	\$39,830
CCL Multifamily LLC (The Lindley)	\$150,500	\$102,576	\$0	\$47,924	\$8,356
Total Other Calendar Year Properties	\$166,500	\$102,576	\$0	\$63,924	\$48,186
GRAND TOTAL All Properties	\$961,849	\$786,009	\$0	\$175,840	\$4,680,316

THE PINNACLE & CORSO CHEVY CHASE: APPROVAL TO ACCEPT PAYMENT FOR ALTERNATIVE PLACEMENT OF REQUIRED MPDUS AND PROVISION OF CORRESPONDING MPDUS AT HOC PROPERTIES

DELIVERY OF MPDUS FROM INCOMPATIBLE DEVELOPMENTS



CHELSEA ANDREWS, EXECUTIVE DIRECTOR

ZACHARY MARKS, CHIEF REAL ESTATE OFFICER

November 15, 2023

Executive Summary



The Pinnacle

The Pinnacle, located in North Bethesda; and Corso Chevy Chase, the redevelopment of the 4H Headquarters; are high-service, senior rental communities. The Pinnacle is a 17-story concrete community with independent living, assisted living, and memory care units. Corso is a low-rise, resort-style village that includes a similar mix of assistance types. Pinnacle will start construction in December 2023; Corso Chevy Chase in April 2024.

As are all new construction residential multifamily communities, these properties are required to comply with the County’s Moderately Priced Dwelling Unit (“MPDU”) program. In the case of The Pinnacle, it must provide 12.5% MPDUs. Corso Chevy Chase is required to provide 15%.

Though the unit rent can be made compliant with the MPDU requirements, both properties charge service fees that are multiples of the MPDU rents. This is similar to the issue with certain for-sale condominium communities

where the association fees are too high for an MPDU household to afford. In these cases, per Chapter 25A-5B of the Code of Montgomery County Regulations, the Department of Housing and Community Affairs (“DHCA”) may allow an alternative placement of a project’s required MPDUs.

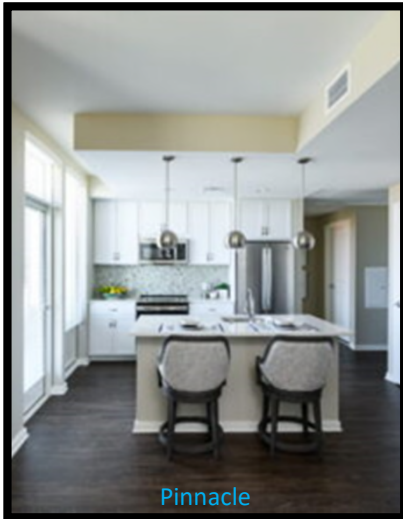
The respective developers, DHCA, and HOC staff, have arrived at a proposed alternative placement of 84 required MPDUs at one or more HOC properties in exchange for an aggregate alternative payment of \$9.5MM. DHCA is allowing for placement of these units outside of these projects’ respective planning areas as HOC would place these units within the Bethesda CBD – a highly desirable location that DHCA agrees is at least equivalent to these projects’ respective planning areas.

DHCA and HOC staff have also worked out a new valuation method for the alternative placements that produces more MPDUs than the number required on site and at dollar amounts that improve dramatically over historical payments.



Corso Chevy Chase

Overview of Properties



Units	210
Construction Start	December 1, 2023
Location	North Bethesda
Avg. Service Fee	\$4,000 PUPM
Planning Area	White Flint

Unit Mix*		
Unit Type	Total Units	On-site MPDUs
1BR	57	9
1BR + Den	7	0
2BR	37	5
TOTAL	101	14

*For independent living units only, as assisted units are exempt from MPDU law.



Units	388
Construction Start	April 1, 2024
Location	Chevy Chase
Avg. Service Fee	\$12,500 PUPM
Planning Area	Bethesda-CC

Unit Mix**		
Unit Type	Total Units	On-site MPDUs
Studio	25	4
1BR	130	20
1BR + Den	64	10
2BR	169	25
TOTAL	388	59

**Corso's units all have full kitchens, which triggers the MPDU law on all units regardless of assistance type.

November 15, 2023

Determination of Payment

The Pinnacle

BEDS	UNITS (ON)	UNITS (OFF)	MKT	MPDU	DIFF	DIFFTOT
0	0	0	\$1,750	\$1,740	\$10	\$0
1	8	9	\$2,204	\$1,880	\$324	\$2,918
1+	1	1	\$2,336	\$1,992	\$344	\$344
2	5	6	\$3,575	\$2,364	\$1,211	\$7,266
3	0	0	\$3,920	\$2,592	\$1,328	\$0
	14	16			MONTHLY	\$10,528
					ANNUAL	\$126,331
					VALUE	\$2,000,958
					V/UNIT	\$125,060

Corso Chevy Chase

0	4	4	\$2,072	\$1,740	\$332	\$1,328
1	20	23	\$2,440	\$1,866	\$574	\$13,202
1+	10	0	\$2,605	\$1,992	\$613	\$0
2	25	41	\$2,975	\$2,364	\$611	\$25,051
3	0	0	\$3,823	\$2,592	\$1,231	\$0
	59	68			MONTHLY	\$39,581
					ANNUAL	\$474,972
					VALUE	\$7,523,117
					V/UNIT	\$110,634

Valuation Components

1

ADD OFF-SITE BONUS UNITS

MPDUs increased by 15%

2

MARKET RATE RENTS DETERMINED

Consensus comparables chosen

3

RENT DIFFERENTIAL CALCULATED

Total annual revenue lost determined.

4

VALUE ESTABLISHED

HOC current senior debt terms applied

Total payment to HOC: \$9,524,075

Total MPDUs to be placed: 84

Per-unit subsidy: \$113,382

Historically, the calculation of alternative placement payments has been fraught and generally viewed as insufficient to offset the actual cost of placement*. HOC has nearly always been the recipient of alternative placements, both because of HOC's practical role as the County's best partner in the delivery of affordable housing and because HOC is the County's largest owner of affordable housing. DHCA and HOC agree that this new valuation approach provides a more equitable payment.

*Previous valuations were in the vicinity of \$70K per unit, which made placement in new construction impossible.

November 15, 2023

Placement Agreement

Placement Language Terms

Option to place at new construction
(with emphasis on family-sized units)

In the event of timing dislocation,
payment can be invested with interest
used for rent supplement

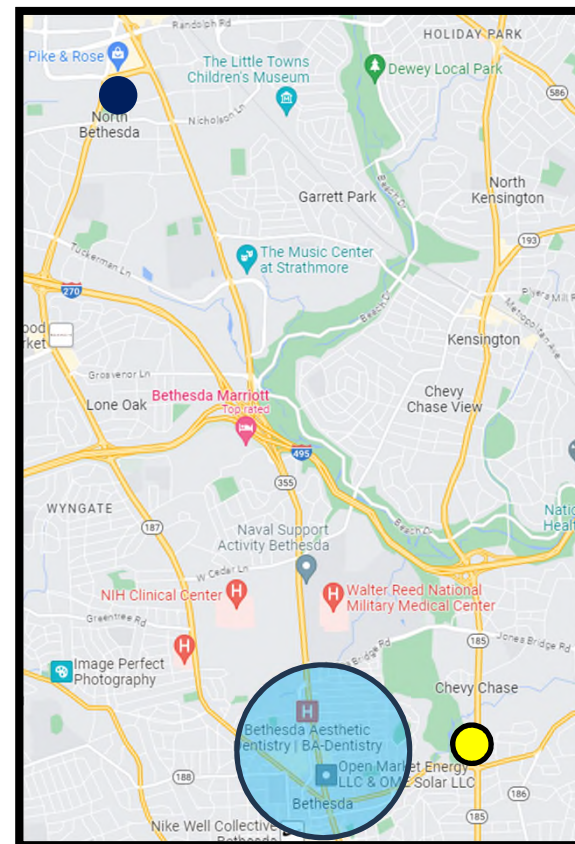
MPDUs to be placed within Bethesda
CBD

Option to place at existing HOC
properties in form of all three-bedroom
units at 40% AMI*

The better valuations agreed to by DHCA, the subject developers, and HOC provide a level of subsidy sufficient to make placement in new construction viable. HOC staff and DHCA have worked creatively to add flexibility in the deployment of the alternative placement payment. In addition to feasible placement within new construction, under the terms of the proposed placement language, HOC will be able to meet one of the County Executive's priority goals of creating affordable family-sized units in the highly desirable Bethesda CBD.

Another previous issue with placement in new construction has been the dislocation in timing between the near-term construction starts of the transactions placing the MPDUs off site and that of a new community receiving the MPDUs sent off site. This agreement allows for the funds from the alternative placement payments to be invested in short-term interest-bearing accounts that will generate sufficient interest income as could be used for rent supplement support for qualifying County households. At the valuations provided above, the Pinnacle could support six households annually at \$1,200 per month in supplement, and Corso Chevy Chase could support 21 households annually at \$1,200 per month in supplement. The \$1,200 is merely indicative, and the ultimate level of rent supplement is flexible.

*On the valuations provided above, the Pinnacle would yield five 3BRs at 40% AMI, and Corso Chevy Chase would yield 18 3BRs at 40% AMI.



- The Pinnacle
- Corso Chevy Chase
- Bethesda CBD

Summary and Recommendations

ISSUES FOR CONSIDERATION

Will the Commission join staff's recommendation, which is supported by the Development & Finance to approve the acceptance of payment for alternative placement of required MPDUs for the Pinnacle and Corso Chevy Chase developments and provision of corresponding MPDUs at HOC Properties?

BUDGET IMPACT

Should HOC choose to place these MPDUs at existing HOC properties, this action would decrease revenue to these properties. The purpose of the payments is to offset this cost, for instance by reducing existing property debt. Staff will return to the Commission with a recommendation for the receiving properties and will present a plan to offset any reduction in revenue then. There is no operating budget impact prior to Commission acceptance and implementation of that plan.

TIME FRAME

For formal action in an open session of the Commission on November 15, 2023.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

With the improved payment valuation and increased placement flexibility, staff is confident that HOC's participation in this exchange will both ensure optimal mission outcome and do so without detriment to Commission financial health.

Staff asks the Commission to join its recommendation, which is supported by the Development & Finance Committee to approve the acceptance of payment for alternative placement of required MPDUs for the Pinnacle and Corso Chevy Chase developments and provision of corresponding MPDUs at HOC Properties.

RESOLUTION No.: 23-67

RE: Approval to Accept Payment for Alternative Placement of Required MPDUs and Provision of Corresponding MPDUs at HOC Properties

WHEREAS, the Pinnacle, located at 11565 Old Georgetown Road, North Bethesda, is an entitled 17-story, high-service senior rental community expected to start construction in December of 2023; and

WHEREAS, Corso Chevy Chase, located at 7100 Connecticut Avenue, Chevy Chase, is a garden-style, high-service senior rental community expected to start construction in April of 2024; and

WHEREAS, the provisions of Chapter 25A of the Montgomery County Code, 2004, as amended ("Chapter 25A" or "Code"), require that a percentage of the total number of dwelling units in a residential development project containing 20 or more units be moderately priced dwelling units ("MPDUs"); and

WHEREAS, the required percentage of MPDUs for the Pinnacle is thirteen percent (13%) which is equal to fourteen (14) units based on the current projected MPDU-applicable unit count of 101; and

WHEREAS, based on the bedroom mix of the MPDU-applicable units at the Pinnacle, the required bedroom distribution for the MPDUs is nine (9) one-bedroom MPDUs and five (5) two-bedroom MPDUs; and

WHEREAS, the required percentage of MPDUs for Corso Chevy Chase is fifteen percent (15%) which is equal to fifty-nine (59) units based on the current projected MPDU-applicable unit count of 388; and

WHEREAS, based on the bedroom mix of the MPDU-applicable units at Corso Chevy Chase, the required bedroom distribution for the MPDUs is four (4) studio MPDUs, thirty (30) one-bedroom MPDUs, and twenty-five (25) two-bedroom MPDUs; and

WHEREAS, Section 25A-5B of the Code provides that the Director of the County's Department of Housing and Community Affairs ("DHCA") may approve an agreement to permit a developer of a residential building, instead of building some or all of the required number of MPDUs on-site, to provide at least the same number of MPDUs at another location in the same planning policy area ("Director's Approval"); and

WHEREAS, the Director's Approval must be based on finding that the public benefit of locating the MPDUs at an alternative location outweighs the value of locating the MPDUs at the Pinnacle and Corso Chevy Chase and locating the MPDUs at an alternative location will further the objective of providing a broad range of housing opportunities throughout the County; and

WHEREAS, to satisfy the requirements of locating MPDUs at an alternative location, those MPDUs may be placed at existing and newly constructed market rate housing units that meet all standards for use as MPDUs; and

WHEREAS, DHCA has determined that the public benefit of locating the MPDUs at an alternative location outweighs the benefit of locating the MPDUs at the Pinnacle and Corso Chevy Chase because the projected monthly services fees for the MPDUs, when added to the projected monthly rental

payment for the MPDUs, would not be affordable to persons eligible to participate in the MPDU Program; and

WHEREAS, DHCA has also determined that providing the MPDUs at an alternative location in a different planning area furthers the objective of providing a broad range of housing opportunities throughout the County because the alternative location will be in the Bethesda Downtown Plan Area, which is undersupplied for income-restricted units, offers substantial transportation options, and is a highly desirable part of the County to live in; and

WHEREAS, as a condition to allowing the Pinnacle and Corso Chevy Chase to place their MPDUs in an alternative location, DHCA is requiring payments to offset the provision of the alternative location (“Offset Payments”) valued assuming a 15% increase in the total MPDUs to be provided and based on consensus market assumptions; and

WHEREAS, HOC has the interest and ability to provide the alternative location for the Pinnacle and Corso Chevy Chase MPDUs; and

WHEREAS, HOC would receive the Offset Payments in exchange for providing the alternative location for the Pinnacle and Corso Chevy Chase MPDUs; and

WHEREAS, DHCA has proposed to HOC via a memorandum of understanding (“MOU”) the terms by which HOC would provide the alternative location for the Pinnacle and Corso Chevy Chase MPDUs within the Bethesda Downtown Plan Area, including a set of options by which HOC may provide the alternative location as part of a newly constructed rental community (“New Development”) or at existing HOC-owned units; and

WHEREAS, the MOU acknowledges that the Offset Payments may be paid prior to the start of construction of the New Development; and

WHEREAS, the MOU stipulates that there continues to be an urgent need to provide rental subsidies to low- and moderate-income residents of Montgomery County, due to the high cost of housing, and thereby allows that the Offset Payments would be placed in escrow and interest earned while in escrow to provide subsidies to additional units in Bethesda (“Bethesda Subsidies”) until such time as the funding is needed for the New Development; and

WHEREAS, the Bethesda Subsidies could be used to support at least twenty-four (24) three-bedroom households – six (6) related to the portion of the Offset Payments made by the Pinnacle and eighteen (18) related to the portion of the Offset Payments made by Corso Chevy Chase; and

WHEREAS, the Bethesda Subsidies must be in place no later than thirty days after the one year anniversary of the of the Escrow Agreement upon the first payment of interest accrued under that Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the Executive Director to execute the MOU with DHCA that includes the acceptance of the Offset Payments made by the Pinnacle and Corso Chevy Chase and agrees to provide the alternative location for the Pinnacle and Corso Chevy Chase MPDUs on terms as described herein.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

**PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: NEW
PROPERTY MANAGEMENT CONTRACTS FOR: ALEXANDER HOUSE LP,
ARCOLA TOWERS, BAUER PARK, CCL MULTIFAMILY LLC, CIDER MILL
APARTMENTS, FOREST OAK TOWERS, GEORGIAN COURT, GREENHILLS
APARTMENTS, METROPOINTE LP, METROPOLITAN LP, STEWARTOWN
HOMES, STRATHMORE COURT LP, WAVERLY HOUSE AND AVONDALE,
WESTWOOD TOWER; AND WILLOW MANOR PROPERTIES**

November 15, 2023

- The property management contracts for Alexander House LP, Arcola Towers, Bauer Park, Cider Mill Apartments, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Metropolitan LP, Stewartown Homes, Strathmore Court LP, Waverly House and Avondale, and Westwood Tower expire December 31, 2023.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Commission accept the recommendation to approve new property management contracts with Edgewood Management, Grady Management, Habitat America, Bozzuto Management, and CAPREIT, for Alexander House LP, Arcola Towers, Bauer Park, Cider Mill Apartments, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Metropolitan LP, Stewartown Homes, Strathmore Court LP, Waverly House and Avondale, and Westwood Tower from 1/1/2024 through 12/31/2025.
- The property management contracts for CCL Multifamily LLC (The Lindley) and the Willow Manor Properties expire on November 30, 2023.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Commission accept the recommendation to approve new property management contracts with Bozzuto and Habitat America for CCL Multifamily LLC (The Lindley) and the Willow Manor Properties from 12/1/2023 through 11/30/2025.

MetroPointe LP	Bozzuto	Bozzuto	\$48,399	\$47,792	12/31/2023	1/1/2024 – 12/31/2025
Metropolitan LP	Bozzuto	Bozzuto	\$56,197	\$63,623	12/31/2023	1/1/2024 – 12/31/2025
Stewartown Homes	Edgewood	Edgewood	\$49,632	\$56,400	12/31/2023	1/1/2024 – 12/31/2025
Strathmore Court	Bozzuto	Bozzuto	\$176,216	\$165,000	12/31/2023	1/1/2024 – 12/31/2025
Waverly/ Avondale	Edgewood	Edgewood	\$65,520	\$117,000	12/31/2023	1/1/2024 – 12/31/2025
Westwood Tower	CAPREIT	CAPREIT	\$136,898	\$146,280	12/31/2023	1/1/2024 – 12/31/2025
Willow Manor Properties	Habitat	Habitat	\$168,168	\$178,464	11/30/2023	12/1/2023 – 11/30/2025

This submittal includes contracts for Eighteen (18) properties managed by five (5) different property management companies. These companies have provided property management services to HOC over several years. Their history with HOC is as follows:

Grady Management – The company has managed 600,000 square feet of commercial retail and office space, managed 50,000 units in more than 160 locations, and performed more than \$57MM in apartment interior modernizations. Grady currently manages one property for HOC (Cider Mill).

Edgewood Management – The company is a well-known property management company that has been providing property management services in the Metropolitan area since 1971. Edgewood has a long history with HOC and manages several properties in our portfolio, including senior, multifamily, and scattered sites. They have provided services to some of the most challenging entities in our portfolio.

Bozzuto – The company has developed, acquired, and built more than 45,000 homes and apartments. Currently, it manages more than 70,000 apartments and 2.2 million square feet of retail space. Bozzuto is currently managing four HOC properties. The company is our development partner and will be the management company for The Laureate (HOC at Westside Shady Grove). Bozzuto has begun lease-up and marketing for the new HOC property that was be ready for occupancy in January 2023.

Habitat America – The company was founded in 1988 and provides property management services in Maryland, Washington DC, Virginia and Delaware. They are a woman-owned company that specializes in age-restricted, market-rate and affordable housing. They currently manage four (4) properties for HOC and were most recently awarded the HOC property management contract for The Leggett (Elizabeth House III).

CAPREIT – A nationwide property management company founded in 1993. Its executive office is in Washington DC. They provide high quality property management services to HOC and are responsive to our customers.

The chart below provides some general information regarding the sixteen (16) properties that are included in this extension submission:

Count	Property	Location	Total Units	Current Occupancy
1	Alexander House LP	Silver Spring	122	93%
2	Arcola Towers	Silver Spring	141	92%
3	Bauer Park	Rockville	142	93%
4	Cider Mill Apartments	Montgomery Village	864	90%
5	Forest Oak Towers	Gaithersburg	175	100%
6	Georgian Court	Silver Spring	147	78%
7	Greenhills Apartments	Damascus	78	94%
8	Lindley, The	Chevy Chase	200	90%
9	Metropointe LP	Wheaton	53	88%
10	Metropolitan LP	Bethesda	92	88%
11	Stewartown Homes	Gaithersburg	94	96%
12	Strathmore Court	North Bethesda	202	96%
13	Waverly House	Bethesda	158	94%
14	Avondale	Bethesda	38	89%
15	Westwood Towers	Bethesda	212	93%
16	Willow Manor Properties	Silver Spring, Olney, Germantown	286	70%, 90%, 99%

ISSUES FOR CONSIDERATION:

Does the Commission accept staff's recommendation, which is supported by the Budget Finance and Audit Committee to authorize the Executive Director to execute property management service contracts with Grady Management, Edgewood Management, Bozzuto Management, CAPREIT and Habitat America for Sixteen (16) entities that include: Alexander House LP, Arcola Towers, Bauer Park, CCL Multifamily LLC, Cider Mill Apartments, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Metropolitan LP, Stewartown Homes, Strathmore Court LP, Waverly House and Avondale, Westwood Towers and The Willow Manor Properties?

BUDGET IMPACT:

Eight out of sixteen properties will have an adverse budget impact as outlined in the table on page 2. Properties with an adverse budget impact will require a budget revision. The below listed properties have an adverse budget impact due to previously being contract assisted with HOC providing maintenance; however, the new management agreements will require these to be Fully Managed.

1. Arcola Towers, Silver Spring
2. Avondale Apartment, Bethesda
3. Bauer Park, Rockville
4. Magruder's Discovery, Bethesda
5. Waverly House, Bethesda

When approved on November 15, 2023, the costs associated with these agreements, where applicable, will be approved in the 2025 operating budgets.

TIME FRAME:

For formal action at the November 15, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the Executive Director to execute the property management services contracts with the respective management companies heretofore discussed, for Alexander House LP, Arcola Towers, Bauer Park, CCL Multifamily LLC, Cider Mill Apartments, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe LP, Metropolitan LP, Stewarttown Homes, Strathmore Court LP, Waverly House and Avondale, Westwood Towers and The Willow Manor Properties.

RESOLUTION NO.23-68

RE: Procurement of Property Management Services: New Property Management Contracts for Alexander House, Arcola Towers, Bauer Park, The Lindley, Cider Mill Apartments, Forest Oak Towers, Georgian Court, Greenhills Apartments, MetroPointe, Metropolitan, Stewartown Homes, Strathmore Court, Waverly House, Avondale, Westwood Towers, and the Willow Manor Properties

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of Alexander House GP LLC, the general partner of Alexander House Apartments Limited Partnership (“Alexander House LP”), and Alexander House LP partly owns the development known as Alexander House located in Silver Spring, Maryland (“Alexander House”);

WHEREAS, HOC is the sole member of Arcola Towers RAD GP LLC, the general partner of Arcola Towers RAD Limited Partnership (“Arcola Towers LP”), the owner of Arcola Towers located in Kensington, Maryland (“Arcola Towers”);

WHEREAS, HOC is the managing member of Bauer Park Apartments, LLC, the general partner of Bauer Park Apartments LP (“Bauer Park LP”), the owner of Bauer Park Apartments located in Rockville, Maryland (“Bauer Park Apartments”);

WHEREAS, HOC is the manager of CCL Multifamily LLC (“CCL”), the owner of The Lindley located in Chevy Chase, Maryland (“The Lindley”);

WHEREAS, HOC is the sole member of MVG II, LLC, the sole member of MV Gateway LLC (“MV Gateway”), and MV Gateway owns the development known as Cider Mill Apartments located in Montgomery Village, Maryland (“Cider Mill”);

WHEREAS, HOC is the general partner of Forest Oak Towers Limited Partnership (“Forest Oak LP”), and Forest Oak LP owns the development known as Forest Oak Towers located in Gaithersburg, Maryland (“Forest Oaks”);

WHEREAS, HOC is the ultimate managing member of HOC at Georgian Court, LLC (“Georgian Court LLC”), and Georgian Court LLC owns the development known as Georgian Court located in Silver Spring, Maryland (“Georgian Court”);

WHEREAS, HOC is the sole member of Greenhills Apartments GP LLC, the general partner of Greenhills Apartments Limited Partnership (“Greenhills LP”), and Greenhills LP owns the development known as Greenhills Apartments located in Damascus, Maryland (“Greenhills”);

WHEREAS, HOC is the general partner of Wheaton Metro Limited Partnership (“Wheaton Metro LP”), and Wheaton Metro LP partly owns the development known as MetroPointe located in Wheaton, Maryland (“MetroPointe”);

WHEREAS, HOC is the general partner of The Metropolitan of Bethesda Limited Partnership (“Metropolitan LP”), and Metropolitan LP partly owns The Metropolitan, located in Bethesda, Maryland (“The Metropolitan”);

WHEREAS, HOC is the ultimate managing member of HOC at Stewartown Homes, LLC (“Stewartown Homes LLC”), and Stewartown Homes LLC owns the development known as Stewartown Homes located in Gaithersburg, Maryland (“Stewartown Homes”);

WHEREAS, HOC is the general partner of Strathmore Court Associates Limited Partnership (“Strathmore LP”), the owner of Strathmore Court, located in Bethesda, Maryland (“Strathmore Court”);

WHEREAS, HOC owns the development known as Westwood Towers located in Bethesda, Maryland (“Westwood Towers”);

WHEREAS, HOC is the sole member of Waverly House RAD GP LLC, the general partner of Waverly House RAD Limited Partnership (“Waverly LP”), the owner Waverly House Apartments, located in Bethesda, Maryland (“Waverly House”);

WHEREAS, HOC is the sole member of HOC at Avondale, LLC (“Avondale LLC”), the owner of Avondale Apartments located in Bethesda, Maryland (“Avondale Apartments”);

WHEREAS, HOC is the sole member of HOC MM Willow Manor, LLC, which is the managing member of HOC at Willow Manor, LLC (“HOC at Willow Manor”), the owner of Willow Manor at Clopper’s Mill located in Germantown, Maryland, Willow Manor at Colesville located in Silver Spring, Maryland, and Willow Manor at Fair Hill Farm located in Olney, Maryland (together, “The Willow Manor Properties”);

WHEREAS, staff desires to enter a new property management contract at Alexander House, Arcola Towers, Bauer Park Apartments, Georgian Court, Stewartown Homes, Waverly House, and Avondale Apartments until December 31, 2025 with Edgewood Management Corporation (“Edgewood”);

WHEREAS, staff desires to enter a new property management contract at Cider Mill until December 31, 2025 with Grady Management, Inc (“Grady”);

WHEREAS, staff desires to enter a new property management contract at Forest Oaks until December 31, 2025 with Habitat America, LLC (“Habitat”);

WHEREAS, staff desires to enter a new property management contract at Greenhills and Westwood Towers until December 31, 2025 with CAPREIT Residential Management, LLC;

WHEREAS, staff desires to enter a new property management contract at MetroPointe, The Metropolitan, and Strathmore Court until December 31, 2025 with Bozzuto Management Company (“Bozzuto”);

WHEREAS, staff desires to enter a new property management contract at The Lindley until November 30, 2025 with Bozzuto Management Company; and

WHEREAS, staff desires to enter a new property management contract at The Willow Manor Properties until November 30, 2025 with Habitat America, LLC.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Alexander House LP, as the sole member of its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract for Alexander House with Edgewood through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Arcola Towers LP, as the sole member of its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Arcola Towers with Edgewood through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Bauer Park LP, as the managing member of its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Bauer Park Apartments with Edgewood through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MV Gateway, as the sole member of its sole member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Cider Mill with Grady through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Forest Oak LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Forest Oaks with Habitat through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Georgian Court LLC, as its ultimate managing member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Georgian Court with Edgewood through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Greenhills LP, as the sole member of its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Greenhills with CAPREIT through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL, as its manager, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at The Lindley with Bozzuto through November 30, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Wheaton Metro LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at MetroPointe with Bozzuto through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Metropolitan LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at The Metropolitan with Bozzuto through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Stewartown Homes LLC, as its ultimate managing member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Stewartown Homes with Edgewood through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Strathmore LP, as its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Strathmore Court with Bozzuto through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Waverly LP, as the sole member of its general partner, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Waverly House with Edgewood through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Avondale LLC, as its sole member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Avondale Apartments with Edgewood through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or their designee, is hereby authorized and directed to

execute a property management contract at Westwood Towers with CAPREIT through December 31, 2025.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC at Willow Manor, as the sole member of its managing member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at The Willow Manor Properties with Bozzuto through November 30, 2025.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 15, 2023.

Chelsea J. Andrews
President/Executive Director

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PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL TO SELECT PROPERTY MANAGEMENT COMPANIES TO PROVIDE SERVICES TO BATTERY LANE AND BRADLEY CROSSING PURSUANT TO RFP #2410 AND #2411, AND APPROVAL TO EXTEND CURRENT MANAGEMENT AGREEMENTS

November 15, 2023

- The property management agreements with Aldon Management for Battery Lane LLC and Bradley Crossing LLC expire on November 30, 2023.
- A new RFP for property management services was published and Residential One, LLC is proposed as the awardee for both properties.
- To allow sufficient time for smooth transition of management from Aldon Management to Residential One, the current management contract with Aldon Management will need to be extended through 12/31/2023.
- The Budget Finance and Audit Committee reviewed the request to select the new management company at its meeting on November 3, 2023, and joins staff's recommendation that the Commission accept the recommendation to approve new property management contracts with Residential One, LLC for Battery Lane LLC and Bradley Crossing LLC from 1/1/2024 through 12/31/2025.
- Staff also recommends that the Commission approve a one-month extension of the current contract with Aldon Management to allow for a smooth transition of the Bradley Crossing and Battery Lane contracts to Residential One.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, President/Executive Director

FROM: Staff: Ali Ozair, Director of Property Management
Alex Torton, Regional Property Manager

RE: **Procurement of Property Management Services:** Approval to Select Property Management Companies to Provide Services and Approval to Extend Current Management Agreement for Battery Lane and Bradley Crossing

DATE: November 15, 2023

STATUS: Committee Report Deliberation X

BACKGROUND:

Staff proposes a new property management contract with Residential One, LLC, for the Bradley Crossing and Battery Lane discussed herein.

Staff has worked with the HOC’s Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals (“RFP”) of the Commission. The development of the template was completed and implemented during this RFP process.

The following tables identify the affected properties and provide property information, including the current property management company, annual contract cost, current contract end date, proposed extension start and end date.

Property	Current vendor	Awarded Vendor	Annual Budget for PM Services	Annual Renewal Contract Cost	Current Contract End Date	New Contract Period
Battery Lane	Aldon	Residential One, LLC	\$162,463	\$146,305	11/30/2023	1/1/2024 – 12/31/2025
Bradley Crossing	Aldon	Residential One, LLC	\$271,316	\$277,428	11/30/2023	1/1/2024 – 12/31/2025

This submittal includes contracts for two (2) properties managed by one (1) property management company. This company has provided property management services to HOC over several years. Its history with HOC is as follows:

Residential One, LLC (“Residential One”) – The company is an award-winning property management firm with close to 10,000 units under its management. Residential One represents third parties including individual owners, non-profit and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

The chart below provides general information regarding the two (2) properties that are included in this submission:

Count	Property	Location	Total Units	Current Occupancy
1	Battery Lane	Chevy Chase	212	90%
2	Bradley Crossing	Chevy Chase	403	94%

Request for Extension

Notwithstanding the request to replace Aldon Management with Residential One as management agent at Bradley Crossing and Battery Lane, staff requests that the Commission approve a one-month extension of the current property management contract with Aldon Management through 12/31/2023, to allow enough time for a smooth transition of property management services from Aldon Management to Residential One.

ISSUES FOR CONSIDERATION:

Does the Commission accept staff’s recommendation, which is supported by the Budget Finance and Audit Committee to authorize the President/Executive Director to execute property management service contracts with Residential One, LLC for Battery Lane and Bradley Crossing?

Does the Commission wish to approve staff’s recommendation of an extension of the current management agreement with Aldon Management from 11/30/2023 to 12/31/2023 for Battery Lane and Bradley Crossing?

BUDGET IMPACT:

Battery Lane

Residential One, LLC proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 212 units would be approximately \$146,305 for one year. By comparison to the current fee structure, this decreases the annual fee by (\$16,158) or 1% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the lower fee to FY 2024 will be pro-rated based on the implementation date and increase the unrestricted cash flow by the same amount.

Bradley Crossing

Residential One, LLC proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 402 units would be approximately \$277,428 for one year. By comparison to the current fee structure, this increases the annual fee by \$6,112 or 2% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy.

The impact of the higher fee to FY 2024 will be pro-rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

The one-month extension will be on the existing terms and will not have an impact on the current FY 2024 operating budget.

TIME FRAME:

For formal action at the November 15, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the President/Executive Director to execute the property management services contracts with the Residential One, LLC for Battery Lane and Bradley Crossing.

Staff also recommends that the commission approve the extension of the management agreement with Aldon management for one month through 12/31/2023, for Battery Lane and Bradley Crossing.

RESOLUTION NO.:23-69

RE: Approval to Select Property Management Companies to Provide Services and Approval to Extend Current Management Agreement for Battery Lane

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of HOC at Battery Lane LLC (“Battery Lane LLC”), the owner of Battery Lane Apartments located in Bethesda, Maryland (“Battery Lane”); and

WHEREAS, staff desires to enter a new property management contract for Battery Lane until December 31, 2025 with Residential One, LLC; and

WHEREAS, staff desires to extend the current property management agreement with Aldon Management for one month through December 31, 2023, to allow enough time for effective transition of property management services.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Battery Lane LLC, as its sole member, that the President/Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Battery Lane with Residential One, LLC through December 31, 2025 and to extend the current management agreement with Aldon Management for one month through December 31, 2023.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 15, 2023.

Chelsea J. Andrews
President/Executive Director

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RESOLUTION NO.: 23-70

RE: Approval to Select Property Management Companies to Provide Services and Approval to Extend Current Management Agreement for Bradley Crossing

WHEREAS, HOC is the sole member of HOC MM Bradley Crossing, LLC, which is the sole member of Bradley Crossing, LLC (“Bradley Crossing LLC”), the owner of Bradley Boulevard located in Chevy Chase, Maryland (“Bradley Boulevard”); and

WHEREAS, staff desires to enter a new property management contract for Battery Boulevard until December 31, 2025 with Residential One, LLC; and

WHEREAS, staff desires to extend the current property management agreement with Aldon Management for one month through December 31, 2023, to allow enough time for effective transition of property management services.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Bradley Crossing LLC, as the sole member of its sole member, that the President/Executive Director of HOC, or their designee, is hereby authorized and directed to execute a property management contract at Bradley Boulevard with Residential One, LLC through December 31, 2025 and to extend the current management agreement with Aldon Management for one month through December 31, 2023.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on November 15, 2023.

Chelsea J. Andrews
President/Executive Director

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Development & Finance Committee

APPROVAL TO CREATE A POOL OF ARCHITECTS AND ACCESSIBILITY CONSULTANTS PURSUANT TO REQUEST FOR QUALIFICATIONS #2383

PREQUALIFICATION OF PROJECT ARCHITECTS



CHELSEA ANDREWS, EXECUTIVE DIRECTOR

ZACHARY MARKS, CHIEF REAL ESTATE OFFICER
PAUL VINCIGUERRA, CONSTRUCTION MANAGER

November 15, 2023

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11/15/2023



Executive Summary

- The current Architects and Accessibility Consultants Pool expired on October 15, 2023.
- In accordance with HOC’s current Procurement Policy, on June 13, 2023, Request for Qualifications for Architectural Services and Accessibility Consultants Pool (“RFQ”) #2383 was issued, with responses due on July 26, 2023.
- RFQ #2383 expanded the services requested from the original RFQ. Some key additions to scope included:
 - Supporting staff throughout the life of a project to maintain continuity (whether development or interior renovation),
 - Ability to engage consultants with specialized tasks that are required for acquisitions and complex mixed-use developments, as well as to assess both existing and proposed conditions for accessibility requirements.
- Upon receipt of the 17 responses to the RFQ, staff reviewed and evaluated the proposals to make a recommendation for the selection of 17 firms to be included in the pool, in order to maintain a variety of architects with different specialties available on short notice to perform services as needed.
- Staff further identified strengths for each firm and created categories by: Building Type (Townhome/Garden, Low to Mid-Rise, High-Rise); Construction Type (Acquisition, Entitlement & Zoning, New Construction, Renovation); and Participation (in previous Low Income Housing Tax Credit (“LIHTC”) Transactions, Accessibility Consulting, and Licensed Minority Female Disabled (“MFD”) firms).
- Once the pool is formed, staff will solicit pool architects that best fit the projects specifications via Task Orders. Task Order requests will require that the architect participates in an interview and site visit(s) with staff as well as the submission of concept drawings and pricing if needed.
- Staff recommends approval of the selection of the 14 architects listed in the table below to a new pool of Architects and Accessibility Consultants. These 14 architects surpassed the 75-point threshold established by RFP #2383.

Firm Name	Firm Name	Firm Name
Axis Architects	Design Collective	Moya Design
Bennett Frank McCarthy Architects, Inc.	Karl Riedel Architecture, P.C.	Sorg & Associates
BKV Group	KGD Architecture	Torti Gallas and Partners
Collimore Architects	Miner Feinstein Architects, LLC	Zavos Architecture and Design, LLC
Cunningham Quill Architects	Moseley Architects	

- Members of this pool would be given contracts for a period of one year from the date of Contract Award with up to four one-year renewals in accordance with the Commission’s Procurement Policy.

Qualification Categories

Key Qualifications:

Experience with Affordable Projects, Firm & Personnel Resumes (20%)

Particularly desired

- Experience with Affordable and Special Needs Housing
- Experience with publicly funded projects including LIHTC transactions; and
- Sustainability experience with LEED, Enterprise Green Communities, Passive House or similar

Initial Programming and Entitlements Process (20%)

- Quality of and experience with design of new construction or renovation of multifamily properties, including but not limited to: townhouses, garden style apartments, podium and high-rise buildings;
- Experience with Acquisition & Redevelopment of Land Parcels;
- Experience with site plan evaluation; and
- Demonstrated knowledge of Montgomery County Building Code and zoning.

Construction Administration & Observation (15%)

- Demonstrated ability to meet schedules with firm deadlines and budgets; and
- Experience with construction administration.

Staffing and Management Plan (10%)

- Each Firm shall provide the appropriate staff to perform the work in a timely manner.
- The ability to create a management plan for their projects.

Qualification Categories (Cont.)

Minority Female Disabled (5%)

- Each firm should commit to use MFD subcontractors

Schematic Design & Design Development (15%)

- Experience with preliminary sketches for site plans, layouts, floor plans;
- Successful coordination with MEPF Design and Low Voltage Vendors; and
- Accessibility Consultant Services may include (but are not limited to) the following:
 - Provide technical assistance on all aspects of accessibility compliance;
 - Collaborate with engineers, interior designers, and other design team professionals from schematic design through construction documents to help achieve full compliance with regulatory and building code;
 - Review plans, specifications, submittals, and related documentation, and work with the design team to ensure that final design and construction documents comply fully with applicable accessibility requirements;
 - Conduct field inspections during all phases of new construction and alterations projects to ensure compliance with regulatory and building code requirements for accessible design and construction;
 - Perform inspections of existing buildings and sites to identify noncompliance with regulatory requirements for accessible design and construction;
 - Familiarity with required all accessibility codes applicable to Montgomery County, which include (but are not limited to): The Fair Housing Amendments Act (“FHA”), Section 504 of the Rehabilitation Act of 1973 (Section 504), Architectural Barriers Act (“ABA”), The Americans with Disabilities Act (ADA), State and Local Human Rights Laws, International Building Code (“IBC”); and State and Local Building Codes.

Construction Documents and Bidding (15%)

- Experience with Montgomery County Department of Permitting Services and current building codes;
- Experience with interior and exterior accessibility requirements under Section 504 of the Rehabilitation Act of 1973; Americans with Disabilities Act; Uniform Federal Accessibility Standards (UFAS); and Fair Housing Act Design Requirements; and
- Experience with bid package completion.

Proposed Categories by Specialty

While the RFP does not create specific categories, staff wants to ensure that there is a diverse set of architects with different skill sets to respond to a wide variety of project needs.

New Construction – Low-mid rise	New Construction – High-rise	Accessibility	Renovation
Axis Architects*	Design Collective, Inc.	Axis Architects*	Axis Architects*
Bennett Frank McCarthy Architects, Inc.	Sorg & Associates*	Bennett Frank McCarthy Architects, Inc.	Bennett Frank McCarthy Architects, Inc.
Design Collective, Inc.	Moya Design*	Sorg & Associates*	Design Collective, Inc.
Sorg & Associates*	KGD Architecture	Moya Design*	Moya Design*
Moya Design*	Torti Gallas & Partners	Miner Feinstein Architects, LLC	Miner Feinstein Architects, LLC
Miner Feinstein Architects, LLC	Cunningham Quill Architects	Karl Riedel Architecture, PC	Karl Riedel Architecture, PC
Karl Riedel Architecture, PC	BKV Architects	KGD Architecture	KGD Architecture
KGD Architecture		Torti Gallas & Partners	Torti Gallas & Partners
Torti Gallas & Partners		Cunningham Quill Architects	Mosley Architects
Cunningham Quill Architects		Collimore Architects*	Collimore Architects*
Zavos Architecture & Design, LLC		Zavos Architecture & Design, LLC	Cunningham Quill Architecture
BKV Architects			Zavos Architecture & Design, LLC
*MFD Certified			

Funding and Contracts

Funding

Similar to the previous architectural services engagement, and consistent with past practice, staff will request project specific pre-development funding at the appropriate time that will include an architectural component. While staff intends to charge the costs for these consulting services to specific projects in pre-development, in the event a project does not go forward after due diligence, and if there is no other identified source of repayment, the cost of the consulting services would be borne by the Real Estate Division, which carries \$200,000 in annual general consulting funding. This pool of architects is available to all of HOC's other divisions and, if used, will be paid for from the respective property or development budgets.

Contracts

- Prior architectural pools limited the scope to feasibility tasks (requiring a new solicitation for Design Development, Schematics, and Permit Drawings, etc.).
- With the increased development and renovation needs, HOC expanded on the services requested in RFQ #2383 from the original RFQ.
- Staff requests approval to retain the same architect for all phases of a transaction, under the same terms of the pool contract, in order to maintain continuity and provide for a more timely completion of tasks. Staff proposes the assignment of zero-dollar contracts with an annual aggregate cap of \$2,500,000. If an Architect's proposed aggregate scope per transaction exceeds the Executive Director's \$250,000 authorization limit, staff must return to the Commission for approval prior to awarding a contract.
- Architects shall be solicited from the appropriate category and are expected to compete for the requested task or scope of work.
- HOC has the sole option and discretion to solicit for new qualified firms or individuals during the life of the contract to expand this pool. Firms that responded to the RFQ and awarded a contract will not need to respond if HOC solicits any expression of interest to continue to serve HOC as an Architecture and Accessibility consultant.

Pool Solicitation Protocol

New Task Requests

Each proposal request will include:

- Detailed Scope of work to include pre-construction, actual and post phase items
- MFD Participation
- Davis Bacon requirements (based on funding and dollar amount)
- Section 3 / HOC Works
- Insurance requirements

Selection Process

Staff will refer to the approved categories by specialty when requesting pricing based on transaction needs and will ensure that each proposal includes the following criteria listed below. Special consideration will be given to the extent and quality of the proposed participation by minority owned firms, minority persons in non-minority owned firms, and persons who are disabled.

- Concept Drawing(s)
- Pricing
- MFD Participation
- Interviews
- Site Visits
- Background Checks
- Section 3 / HOC Works Opportunity Plan (based on funding and dollar amount)
- Insurance



Summary & Recommendations

ISSUES FOR CONSIDERATION

Will the Commission join staff's recommendation, which is supported by the Development & Finance Committee to:

1. Select firms listed in the table below to create a pool of 14 Architects and Accessibility consultants?

Firm Name	Firm Name	Firm Name
Axis Architects	Design Collective	Moya Design
Bennett Frank McCarthy Architects, Inc.	Karl Riedel Architecture, P.C.	Sorg & Associates
BKV Group	KGD Architecture	Torti Gallas and Partners
Collimore Architects	Miner Feinstein Architects, LLC	Zavos Architecture and Design, LLC
Cunningham Quill Architects	Moseley Architects	

2. Approve the ability to retain an architect from this pool for all phases of a transaction under the same terms of the pool contract to maintain continuity and provide for more timely completion of tasks?
3. Authorize the Executive Director to execute zero-dollar contracts with each member of the pool for an annual aggregate cap of \$2,500,000? (If an Architect's proposed aggregate scope per transaction exceeds the Executive Director's \$250,000 authorization limit, staff must return to the Commission for approval prior to awarding a contract.) Contracts will be issued for a period of one year from the date of Contract Award with up to four one-year renewals in accordance with the Commission's Procurement Policy.

BUDGET IMPACT

There is no direct impact on HOC's operating budget. Services will be sought on as needed transaction specific basis and paid for from respective real estate development budgets or other funds that have been approved by the Commission.

TIME FRAME

For formal action in an open session of the Commission on November 15, 2023.



Summary & Recommendations

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff asks the Commission to join staff's recommendation to the Development & Finance Committee to:

1. Select the following architectural firms to create a pool of 14 Architects and Accessibility consultants :

Firm Name	Firm Name	Firm Name
Axis Architects	Design Collective	Moya Design
Bennett Frank McCarthy Architects, Inc.	Karl Riedel Architecture, P.C.	Sorg & Associates
BKV Group	KGD Architecture	Torti Gallas and Partners
Collimore Architects	Miner Feinstein Architects, LLC	Zavos Architecture and Design, LLC
Cunningham Quill Architects	Moseley Architects	

2. Approve the ability to retain an architect from this pool for all phases of a transaction under the same terms of the pool contract to maintain continuity and provide for more timely completion of tasks.
3. Authorize the Executive Director to execute zero-dollar contracts with each member of the pool for an annual aggregate cap of \$2,500,000.
 - If an Architect's proposed aggregate scope per transaction exceeds the Executive Director's \$250,000 authorization limit, staff must return to the Commission for approval prior to awarding a contract. Contracts will be issued for a period of one year from the date of Contract Award with up to four one-year renewals in accordance with the Commission's Procurement Policy.



RESOLUTION: 23-71

RE: Approval to Create a Pool of Architects and Accessibility Consultants Pursuant to RFQ #2383

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) has an ongoing need to undertake due diligence and to evaluate potential acquisition, renovation, and development opportunities beginning at the preliminary planning stage and going through construction administration; and

WHEREAS, to assist in these efforts, staff require the services of qualified architects and accessibility consultants; and

WHEREAS, to ensure the availability of qualified architects and accessibility consultants, HOC issued Request for Qualifications #2383 (the “RFQ”) on June 13, 2023, soliciting proposals from firms interested in providing these services on an as-needed basis; and

WHEREAS, 17 proposals were timely received in response to the RFQ, and the following 14 firms qualified: Axis Architects, Moya Design Partners, Sorg and Associates, Bennett Frank McCarthy Architects, Inc., Design Collective, Collimore Architects, BKV Group, Karl Riedel Architecture, P.C., KGD Architecture, Moseley Architects, Cunningham Quill, Miner Feinstein Architects, LLC, Torti Gallas and Partners, and Zavos Architecture and Design, LLC (together, the “Qualified Firms”); and

WHEREAS, staff recommends that the Commission enter into contracts for consulting services on an as-needed basis with the Qualified Firms.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the creation of a pool of architects and accessibility consultants with the Qualified Firms, each in the following areas of service:

- A. New Construction – Low to mid-rise:
 - Axis Architects
 - Bennett Frank McCarthy Architects, Inc.
 - Design Collective, Inc.
 - Sorg & Associates
 - Moya Design
 - Miner Feinstein Architects, LLC
 - Karl Riedel Architecture, PC
 - KGD Architecture
 - Torti Gallas & Partners
 - Cunningham Quill Architects
 - Zavos Architecture & Design, LLC
 - BKV Architects

- B. New Construction – High-rise:
 - Design Collective, Inc.
 - Sorg & Associates
 - Moya Design
 - KGD Architecture
 - Torti Gallas & Partners
 - Cunningham Quill Architects
 - BKV Architects

- C. Accessibility:
 - Axis Architects
 - Bennett Frank McCarthy Architects, Inc.
 - Sorg & Associates

Moya Design
Miner Feinstein Architects, LLC
Karl Riedel Architecture, PC
KGD Architecture
Torti Gallas & Partners
Cunningham Quill Architects
Collimore Architects
Zavos Architecture & Design, LLC

D. Renovation:

Axis Architects
Bennett Frank McCarthy Architects, Inc.
Design Collective, Inc.
Moya Design
Miner Feinstein Architects, LLC
Karl Riedel Architecture, PC
KGD Architecture
Mosely Architects
Collimore Architects
Cunningham Quill Architecture
Zavos Architecture & Design, LLC

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to negotiate and execute zero-dollar contracts with the Qualified Firms for use on an as-needed with annual aggregate cap (for all contracts) of \$2,500,000, and that each contract shall be for an initial term of one year with four one-year renewals.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to select and retain the same architect for all phases of a transaction (under the same terms as the original engagement), provided that each architect will be selected competitively from members of the pool in the relevant area of service based on the Commission's needs, the required scope of work, the tasks to be completed, and the specialty of each firm.

BE IT FURTHER RESOLVED that if a consultant's proposed estimate per transaction exceeds the Executive Director's \$250,000 authorization limit, staff must return to the Commission for approval prior to awarding the engagement.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, 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.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on November 15, 2023.

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Chelsea Andrews
President/Executive Director

APPROVAL TO CREATE A POOL OF REAL ESTATE DEVELOPMENT AND FINANCING CONSULTANTS

Real Estate Development Division - RFQ #2386



CHELSEA J. ANDREWS, PRESIDENT/EXECUTIVE DIRECTOR

**ZACHARY MARKS, CHIEF REAL ESTATE OFFICER
ALEX LAURENS, HOUSING ACQUISITION MANAGER**

November 15, 2023

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Executive Summary

MEETING GOALS

This meeting seeks the approval of the Commission to establish a pool of twenty-two (22) firms to provide Real Estate Development and Financing services to the Commission.

Applicants from this pool may be engaged for pre-development work and approved for participation in future development projects. Firms may compete for specific assignments during which staff will evaluate each firm's suitability and proposed pricing.

AGENDA

- Executive Summary
- Response Summary
- List of Respondents
- Minimum Qualifications
- Evaluation Criteria
- Recommended Firms for the Pool
- Summary and Recommendation

Executive Summary

- In March 2014, the Commission approved the creation of its first pool of Real Estate Development and Financing Consultants to supplement its staff in the undertaking of the rehabilitation and redevelopment of a significant portion of properties under ownership or that it planned to acquire.
- In March 2018, HOC issued RFQ #2108 and in September 2018, HOC issued RFQ #2125 for Real Estate Development and/or Financing Consultant services to strengthen and revitalize the pool due to natural attrition and shifting needs of the agency. The Commission approved the new pool of ten (10) firms in November 2018 in addition to the following:
 - Approval of a \$1.5 million aggregate amount for engagements that fall below the Executive Director's approval limit of \$250,000 to be funded from Commission-approved predevelopment, capital, or other budgets.
 - Approval of a maximum contract term of four years consisting of an initial two-year term with two additional one-year renewal options.
- Of the ten (10) firms included in the prior iteration of the pool, two (2) had active contracts in the last 12 months.
- On June 16, 2023, HOC issued RFQ #2386 for Real Estate Development and/or Financing Consultant services and received twenty-three (23) responses. After review, staff recommends recreating a pool of professionals consisting of twenty-two (22) firms.
- This pool of consultants will assist HOC's staff in the real estate development and financing activities to ensure that the Commission achieves its affordable housing goals and that the best housing options are delivered to its residents. The pool will be created to supplement staff and in lieu of adding full time staff at HOC to handle the real estate workload.
- Consultants would be engaged on an "as-needed" basis and funded from respective real estate development budgets that would be approved by the Commission through its normal Committee and Commission review process; therefore, it is not expected to have any adverse financial impact on the Agency's operating budget.
- Staff recommends that the Commission approve the 22 firms selected to form a pool of consultants to provide Development and Financing services to the Commission. Applicants from this pool may be engaged for pre-development work and approved for participation in future development projects. Firms may compete for specific assignments during which staff will evaluate each firm's suitability and proposed pricing.

Response Summary

Twenty-three (23) firms responded as of July 14, 2023:

- Two firms that were selected for the 2018 Development and Finance Consultant pool responded to the current RFQ – Forefront Company and The Concourse Group
- Most responses were from firms who demonstrated full-service development and financing capabilities
- There were five broad categories with which firms demonstrated expertise that could be utilized by the Commission, with most firms experienced in more than one category:
 - Development – New Construction
 - Development – Rehabilitation
 - Development – Advisor/Owner’s Representative
 - Finance
 - Entitlements
- Over half of respondents demonstrated prior experience with Low Income Housing Tax Credits (“LIHTCs”) or other creative financing vehicles for affordable or mixed-income projects
- Three firms are certified a Minority-, Female-, or Disabled-owned (“MFD”) Business in the State of Maryland or District of Columbia. Eight (8) other firms included MFD partners and senior leadership while another four firms demonstrated a commitment to MFD participation.
- Ten firms have previous experience overseeing development projects in Montgomery County with another Eleven firms having experience in the DMV area.
- Two firms are out-of-market offering full-service affordable and mixed-income development services on a national scale

List of Respondents

Firms (A-H)	Firms (J-Z)
Align Capital Solutions	JDC
Catalyst Projects	Lincoln Avenue Capital
Concourse Group	MHP LLC
Concourse Housing Partners	No Little Plans LLC
Cornerstone Dev. LLC	Oculus CAS LLC
Cubed Partners LLC	PS Ventures LLC
Duball LLC	Ralph J. Duffie Inc.
EYA Development LLC	Rita L. Ferrall
Fivesquares Dev.	Ulysses Dev. Group
Forefront Company LLC	Urban Atlantic
Gragg Cardona Souadi	Victory Housing, Inc.
Housing on Merit LLC	

Minimum Qualifications

On June 13, 2023, HOC issued a Request for Qualifications for Real Estate Development and/or Financing Consultant (RFQ #2386) with responses due on July 14, 2023. Twenty-three (23) firms responded. Each firm was required to meet the minimum qualifications outlined below.

Qualification Criteria	Responsiveness	Experience	Insurance
Requirement	Respondent must include all information in the format and order requested. All proposals must include a signature by an authorized individual of the Respondent.	<p>Respondent must have the following experience:</p> <ul style="list-style-type: none"> - A minimum of 5 years of continuous experience in multifamily housing finance and/or development both within the private and public sector - Transactions with the past three years for which the Respondent was the lead developer, financing consultant, or played a significant role. - Outline of development and real estate financing transactions for which the Respondent structured, negotiated, and/or completed the closing. The Respondent must provide a list of current references. - List of all transactions completed in the State of Maryland and include if the transaction involved CDA, MDHCD, or Montgomery Co. DHCA participation. - Demonstration of its knowledge and experience working within a public housing authority or housing financing agency - Demonstration of sufficient capacity to produce complex financial models that are compatible with HOC technology 	Respondent must have the required insurance policies and policy limits in accordance with those contained

Evaluation Criteria

Once a firm was determined to have met the minimum qualifications, it was further evaluated on the criteria listed below (total point value is 100). Qualification and experience, especially in real estate finance and related areas of development, were the two most important factors. Further consideration was given to minority firms, references, current and past performance, and the location of the firm.

Qualification Criteria	Point Value	Requirement
Qualification	30	An evaluation of the qualifications, expertise, and general reputation of the individual(s) who will be responsible for the performance of the services as required by this RFQ. Included in this evaluation will be the Respondent's expertise in the fields of real estate acquisition and development in general, and multifamily housing development in particular. The Respondent's availability for consultation with or advice to HOC during the next five years will also be evaluated.
General Experience in Real Estate Finance and Related Areas of Development	20	An evaluation of the quality and quantity of the Respondent's significant experience and expertise (or its ability to arrange for the provision of such experience and expertise) in the area of real estate finance and related areas of development as required by this RFQ, with emphasis on prior experience in the acquisition, rehabilitation, financing, and development of multifamily real estate with emphasis on delivery of mixed-income and market rate developments
Minority/Female/Disabled Participation	15	An evaluation of the extent and quality of the proposed participation by minority owned firms and minority persons in non-minority owned firms. If joint responses are submitted, an evaluation of the management and cost effectiveness of the joint venture.
References	15	Provide a list of references that may be contacted. List the company names, contact person, title, address, and telephone number. Also include the reason the reference is a good reference (e.g., this person knows your experience in Real Estate Development and/or Financing Consultant)
Current and Past Performance	10	Evaluation factors may include (i) evidence of the offeror's ability to perform, (ii) capability to perform in a timely matter, (iii) past performance in terms of cost control and compliance with performance standards, and (iv) knowledge of local building codes and applicable federal requirements.
Location of Place of Business	10	The location of an office in Montgomery County or elsewhere in the Baltimore, MD and Washington, DC metropolitan area.

Recommended Firms for the Pool

Firms (A-G)	Firms (H-Z)
Align Capital Solutions	Housing on Merit LLC
Catalyst Projects	JDC
Concourse Group	Lincoln Avenue Capital
Concourse Housing Partners	MHP LLC
Cornerstone Dev. LLC	No Little Plans LLC
Cubed Partners LLC	Oculus Cas LLC
Duball LLC	PS Ventures LLC
EYA Development LLC	Ralph J. Duffie Inc.
Fivesquares Dev.	Ulysses Dev. Group
Forefront Company LLC	Urban Atlantic
Gragg Cardona Souadi	Victory Housing, Inc.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to join staff in recommending the establishment of a pool of twenty-two (22) firms selected from the respondents to RFP# 2386 to provide Real Estate Development and Financing services to the Commission.

BUDGET/FISCAL IMPACT

There is no direct impact on HOC's operating budget. Services will be sought on an as-needed, project-specific basis and paid for from the respective development budgets approved by the Commission. The Real Estate Development division also carries in its annual budget sufficient funds to use this pool for feasibility analysis.

TIME FRAME

For formal action at the November 15, 2023, meeting of the Housing Opportunities Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

HOC's real estate development pipeline produces several acquisition, renovation, and new construction transactions per year. In addition to the planned projects, the Commission often wishes to pursue time-sensitive, unexpected opportunities. This pool acts as an important complement to existing Real Estate Development staffing capacity, particularly given that the timing of annual transactional volume is not evenly spread.

Staff asks that the Commission approve the formation of a pool of development and financing consultants consisting of twenty-two (22) firms selected from the respondents to RFP# 2386. Firms in the pool would be placed under zero-dollar contracts whose limits would be amended with project-specific selection. Contracts would be for a term of one year with four administrative one-year extensions in accordance with the current Procurement Policy.

RESOLUTION No.: 23-72

RE: Approval to Select a Real Estate Development and Financing Consultant Pool Pursuant to RFQ #2386

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) continues to review its real estate portfolio and pursue acquisition and development opportunities to expand and preserve housing stock in Montgomery County that is affordable to households of eligible income; and

WHEREAS, on June 16, 2023, the Commission solicited proposals from qualified firms/individuals to form a pool of professionals that can provide development and/or financing consulting services to supplement the current staff; and

WHEREAS, twenty-three firms responded to the solicitation, and after review by members of the review panel comprised of representatives from various Commission divisions, twenty-two firms were deemed to meet the requirements of the solicitation; and

WHEREAS, development consultants will perform all the work necessary for the furtherance of the Commission’s acquisition, preservation, rehabilitation, or construction initiatives, and financing consultants will advise, source, and structure debt and equity to enhance the Commission’s existing debt and equity products, all under the direction of the Commission’s real estate staff; and

WHEREAS, each consultant will be selected as needed from the pool after it submits its proposal in response to the requested scope of work or task order, and would be compensated from the Commission-approved project development budget, with such approved project budget having gone through the Commission’s standard approval processes.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and directs the Executive Director, or her authorized designee, to execute twenty-two individual contracts with Align Capital Solutions, Catalyst Projects, Concourse Group, Concourse Housing Partners, Cornerstone Development, LLC, Cubed Partners LLC, Duball LLC, EYA Development LLC, Fivesquares Development, Forefront Company LLC, Gragg Cardona Souadi, Housing on Merit LLC, JDC, Lincoln Avenue Capital, MHP LLC, No Little Plans LLC, Oculas Cas LLC, PS Ventures LLC, Ralph J. Duffie Inc., Ulysses Development Group, Urban Atlantic, and Victory Housing Inc.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that each contract shall be for zero dollars and shall be for an initial contract term of one year with four optional one-year renewals, for a maximum contract term of five years.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, is hereby authorized to execute and approve individual task orders after fair and open competition among members of the pool based on the needs of the Commission, with the funding source identified and approved by the Commission if such task order exceeds the Executive Director’s awarding authority.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to take all actions necessary and proper to carry

out the transactions contemplated herein, including executing any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

APPROVAL TO SELECT AND EXECUTE A CONTRACT WITH COMMUNITY INVESTMENT AND REMODELERS INC. AS GENERAL CONTRACTOR FOR VARIOUS SCATTERED SITE PROPERTIES PURSUANT TO INVITATION FOR BID #2424

VARIOUS HOC SCATTERED SITE PROPERTIES



CHELSEA ANDREWS, PRESIDENT/EXECUTIVE DIRECTOR

**ZACHARY MARKS, CHIEF REAL ESTATE OFFICER
PAUL VINCIGUERRA, CONSTRUCTION MANAGER
KIMBERLY KING, PROJECT MANAGER**

November 15, 2023

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Executive Summary

- HOC owns and manages over 1,600 scattered site units located throughout the County within:
 - 24 different Opportunity Housing and Low Income Housing Tax Credit (“LIHTC”) ownership entities
 - Over 240 Home Owner Associations (“HOA”)
 - Consisting of mostly townhomes, condominiums and some single-family homes, purchased over the years under the County’s Moderately Priced Dwelling Unit (“MPDU”) program.
 - A majority of these units are in need of renovation in order to continue to serve eligible households.
 - The ten (10) units selected for this solicitation have not had significant updates or undergone renovation since acquisition.
 - All units will be vacant during the renovation period.
- In accordance with HOC’s current Procurement Policy, on September 13, 2023, Invitation for Bid (“IFB”) #2424 was issued Scattered Site Unit Renovations at HOC Properties within Montgomery County, MD, with responses due on October 13, 2023.
- Upon receipt of the five (5) responses to the IFB, staff reviewed the proposals and determined that four (4) firms met the minimum qualifications, and reviewed the qualified bids to make a recommendation for the selection of a general contractor for the scattered site renovations based on the lowest qualified responsible and responsive bid.

Executive Summary

- HOC receives \$1,250,000 annually from the County's Capital Improvements Program ("CIP") as Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements.
- CIP funds are used to focus on renovation and major repairs for those units where renovations are required and the properties cannot support additional debt.
- In addition to the \$1.25M received for FY24, HOC has funding carried over from prior fiscal years that is available for the renovation of the scattered site units.
- The Commission has approved the FY24 CIP funding including the funding for the deeply subsidized unit renovations.

Current Staff Requests:

1. Staff is requesting the approval to select the lowest qualified responsible and responsive bidder for the renovation of ten (10) scattered site units. The contractor's bid of \$1,400,000 was the lowest qualified bid.
2. Staff is requesting that the Commission authorize the Executive Director to negotiate and execute a contract with Community Investment and Remodelers, Inc. for \$1,400,000.

Scope of Work

In general, the scope of work will consist primarily of like-kind replacements (and/or repairs) to the interiors, exteriors, yards, sidewalks and landscape areas of these properties.

- HOC has determined a scope of work for each individual unit based on the unit type, age of systems and overall conditions.
- Each scope of work may include but is not limited to interior renovations.
- Full kitchen remodel including new cabinetry, countertops, and energy-efficient appliances
- Full bathroom remodel including tile tub/shower surround, new vanity, toilet and fixtures as well as mold remediation as needed
- Updated flooring to include luxury vinyl tile throughout the home, ceramic tile in bathrooms and carpeting in bedrooms and staircases
- Drywall and carpentry repairs and new paint throughout the entire unit
- Replacement of HVAC, water heaters, sump pumps, washers and dryers
- Updated electrical, mechanical and plumbing to meet code requirements

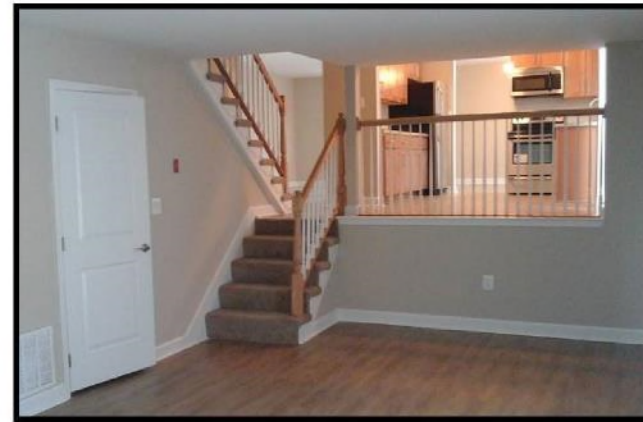
Exterior Renovations

- Replacement of windows, doors, siding, roofs, gutters, exterior carpentry and painting
- Concrete steps, sidewalks, driveways, decks and fencing
- Landscaping, tree removal and site grading

Some work may require permits to be pulled by the Contractor/Subcontractor.

Scope of Work

Since 2013, HOC has renovated almost 700 scattered site units starting with the VPC One and VPC Two units that converted from Public Housing. The scope of work has remained generally the same to keep the finishes consistent throughout the portfolio; however, prices have increased substantially. Below are examples of VPC One / VPC Two units that are indicative of the completed renovations.



Selection Criteria

The HOC Procurement Policy states that staff must select the lowest qualified responsible and responsive bid for an Invitation for Bid. The minimum qualifications included:

- Minimum of five (5) years of experience with completing renovations similar in scope of work, size and scale;
- Properly licensed in the State of Maryland;
- Insurance coverage that meets or exceeds the required coverage and agrees to list HOC as an additional insured;
- Payment and performance bonding capacity to cover 100% of the renovation cost.

Four (4) qualified bids were received from the following firms:

- Community Investment and Remodelers Inc. \$1,400,000
- Gibraltar Construction Company \$1,598,000
- Nastos Construction \$1,616,730
- Colossal Contractors \$1,924,000

Staff proposes the selection of Community Investment and Remodelers Inc. to award the contract for renovation of the ten (10) scattered site units. Community Investment Remodelers Inc. submitted the lowest bid and is a certified Minority Female Disabled (“MFD”) contractor.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Commission to:

1. Approve the selection of Community Investment and Remodelers Inc. as the general contractor for the renovation of ten (10) scattered site units pursuant to IFB #2424;
2. Authorize the President/Executive Director to negotiate and execute a contract with Community Investment and Remodelers Inc. for \$1,400,000?

BUDGET/FISCAL IMPACT

There is no direct impact on HOC's operating budget. The funding be from the County Capital Improvement Project funding for Deeply Subsidized Units, which has already been approved by the Commission.

TIMEFRAME

For formal action at the Commission meeting on November 15, 2023.

STAFF RECOMMENDATIONS

Staff recommends that the Commission:

1. Select Community Investment and Remodelers Inc. as the general contractor for the renovation of ten (10) scattered site units pursuant to IFB #2424;
2. Authorize the President/Executive Director to negotiate execute a contract with Community Investment and Remodelers Inc. for \$1,400.000.

RESOLUTION No: 23-73

RE: Approval to Select and Execute a Contract with Community Investment and Remodelers, Inc. as General Contractor for Various Scattered Site Properties in Accordance with IFB 2424.

WHEREAS, in furtherance of its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, the Housing Opportunities Commission of Montgomery County, Maryland (“HOC”) has begun a renovation program for its scattered site units (“Scattered Sites”); and

WHEREAS, HOC owns and operates approximately 1,600 Scattered Sites throughout Montgomery County, of which a majority of these units have not had significant updates nor undergone renovation since acquisition and now require differing level of rehabilitation, including full unit renovation (“Unit Renovations”); and

WHEREAS, to meet the comprehensive Unit Renovations needs of the Scattered Sites, staff proposed renovating ten units that have not undergone significant renovation since acquisition, and issued Invitation for Bid No. 2424 (the “IFB”) on September 13, 2023, soliciting bids from General Contractors interested in providing these services; and

WHEREAS, proposals were timely received from five firms and evaluated based on the minimum qualifications and the lowest qualified responsible and responsive bid, and the most responsible bidder was Community Investment and Remodelers, Inc.; and

WHEREAS, HOC receives \$1,250,000 annually from the Montgomery County Capital Improvement Program for Deeply Subsidized Units, and HOC has additional funding from the CIP that is carried over from prior fiscal years that is available for the ten Unit Renovations (the “CIP Funds”); and

WHEREAS, the ten Unit Renovations will be funded by the CIP Funds.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County authorizes the President/Executive Director to negotiate and execute a contract with Community Investment and Remodelers, Inc. for General Contracting Services to provide the ten Unit Renovations services for \$1,400,000, to be funded by the CIP Funds.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

METROPOINTE: APPROVAL TO FUND DEFERRED DEVELOPMENT FEE TO BOZZUTO FROM THE OPPORTUNITY HOUSING RESERVE FUND

SATISFACTION OF DEVELOPMENT AGREEMENT



CHELSEA ANDREWS, PRESIDENT/EXECUTIVE DIRECTOR

**ZACHARY MARKS, CHIEF REAL ESTATE OFFICER
JOHN WILHOIT, DIRECTOR OF ASSET MANAGEMENT**

November 15, 2023

Executive Summary



MetroPointe is a 173-unit rental community divided into two condominiums: one owned by a Low Income Housing Tax Credit (“LIHTC”) limited partnership containing 53 affordable units and the other owned by HOC containing 120 market rate units and ground-floor retail. Financed in 2006, and delivered in 2008, MetroPointe was underwritten overlapping the Global Financial Crisis (“GFC”) and housing market collapse.

MetroPointe began in 1999 when WMATA awarded Bozzuto the development rights for the Wheaton Metro Station Kiss & Ride. In addition to the new apartments and retail, MetroPointe provided the relocated Kiss & Ride within the project’s structured parking deck. At more than 70 units per acre, this high-density, garden-style development took significant design, entitlement, and financing effort. For their efforts, Bozzuto earned 60% of \$2.5MM in development fee and HOC earned 40%, as outlined in a 2003 development agreement.

Like most of its contemporary transactions, MetroPointe achieved actual rents after the GFC that were far lower than projected leading to MetroPointe’s recurring annual cash flow shortfalls. These shortfalls were mainly derived from the market rate condominium and have required continual infusions of capital from HOC. Within the LIHTC condo, the project overran the budget by \$1.6MM at permanent conversion nearly all driven by WMATA-incurred construction delays. HOC deferred more of the 50% current portion of its development fee in conjunction with an HOC loan to fund the overruns. Bozzuto was not required to do the same and was paid its 50% current portion of \$750,000 at permanent conversion. Over the succeeding 15 years, deferred development fee was only able to be paid in a single year* from annual net cash flow from the affordable condominium.

With the impending buy-out of the limited partner investor interest approved by the Commission on October 4, 2023, close out of this deferred fee is the last remaining obligation from the original construction financing. To fully unencumber MetroPointe for a resyndication and recapitalization in 2024, staff recommends payment to Bozzuto for its final development fee installment.

Project Development Fee Summary

In 2003, the agreement governing the development partnership between Bozzuto and HOC (“Development Agreement”) was executed. As part of the Development Agreement, Bozzuto and HOC agreed to a development fee to be paid by the MetroPointe project of \$2.5MM – to be split 60% to Bozzuto and 40% to HOC. While the financing for MetroPointe did not occur until 2006, this Development Agreement was never modified.

At financing in 2006, HOC determined that the \$2.5MM cap in development fee related to the LIHTC financing only applied to the LIHTC condominium. Thus, a much greater aggregate amount of development fee could be generated by reallocating costs between the condominiums and calculating a separate fee for each condominium (“Reallocation & Recalculation”).

Development Fee Split		
2003	Bozzuto	HOC
	\$1,500,000 <small>Current: \$750K/Deferred: \$750K</small>	\$1,000,000 <small>Current: \$500K/Deferred: \$500K</small>

Development Fee Split		
2006	Bozzuto	HOC
	\$1,500,000 <small>Current: \$750K/Deferred: \$750K</small>	\$1,000,000 <small>C: \$0K/D: \$1M</small>

Development Fee Split		
2008	Bozzuto	HOC
	\$750,000 <small>C: \$0K/D: \$750K</small>	\$1,000,000 <small>C: \$0K/D: \$1M</small>

Despite the Reallocation & Recalculation, which occurred in 2008 at the completion of construction, the Development Agreement was never amended. Bozzuto was paid the current portion of its \$1.5MM owed at financing in 2006 before the Reallocation & Relocation. The total project development fees became substantially larger but attributable to the market rate condominium.

As part of the Reallocation & Recalculation, all development fee was deferred. In 2018, \$15,537 in deferred fee was paid to HOC from cash flow. This is the sole deferred fee paid from cash flow to either HOC or Bozzuto.

Per the Development Agreement governing the development partnership for MetroPointe, Bozzuto has \$750,000 owed. Bozzuto has allowed that payment to be delayed until December 31, 2023, so that HOC could better synchronize the resyndication and recapitalization of MetroPointe with the payment of the fee due.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does Commission wish to authorize the payment of the \$750,000 in deferred development fee due to Bozzuto per the MetroPointe Development Agreement and to fund the payment with the Opportunity Housing Reserve Fund?

BUDGET/FISCAL IMPACT

There is no budget impact from this action; however, HOC's general obligation borrowing capacity is reduced by the amount of this payment.

TIME FRAME

For discussion at the October 27, 2023, meeting of the Development & Finance Committee and formal action in an open session of the Commission on November 15, 2023.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

HOC is obligated to pay out the deferred development fee owed to Bozzuto. As the development fee was originally used to balance the sources and uses for the construction of MetroPointe, the OHRF -- HOC's primary last-in source of development funding -- is the appropriate source of funding for payment. Staff asks the to authorize the payment of the \$750,000 in deferred development fee due to Bozzuto per the MetroPointe Development Agreement and to fund the payment with the Opportunity Housing Reserve Fund.

RESOLUTION No.: 23-74

RE: Approval to Fund Deferred Development Fee to Bozzuto from the Opportunity Housing Reserve Fund

WHEREAS, on May 21, 2003, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) entered into a development agreement with Bozzuto Development Company (“Bozzuto”) for the construction of MetroPointe Apartments (“MetroPointe”) located on the Kiss & Ride Lot for the Wheaton Metro Station (“Development Agreement”); and

WHEREAS, the Development Agreement identified a \$2,500,000 development fee be paid \$1,500,000 to Bozzuto and \$1,000,000 to HOC; and

WHEREAS, construction of MetroPointe began in 2006 and the property was placed in service in 2008; and

WHEREAS, to date, Bozzuto has received \$750,000 of its share of the development fee; and

WHEREAS, the Commission wishes to fulfill its obligations to Bozzuto under the Development Agreement and unencumber MetroPointe from obligations related to the original construction of the property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the payment of the remaining \$750,000 in development fee owed to Bozzuto under the Development Agreement.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the funding for this payment will be provided by the Opportunity Housing Reserve Fund.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her authorized designee, is hereby authorized and directed to take all actions necessary and proper to carry out the transactions contemplated herein, including executing any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

HILLANDALE GATEWAY: APPROVAL OF THE FINANCING PLAN, FEASIBILITY AND PUBLIC PURPOSE; AUTHORIZATION TO ISSUE LOANS TO HOC AT HILLANDALE AR, LLC, HILLANDALE GATEWAY, LLC AND HOC AT HILLANDALE NAR, LLC FOR ACQUISITION AND CONSTRUCTION FINANCING; AUTHORIZATION TO ISSUE A COMMITMENT FOR PERMANENT FINANCING; AND, AUTHORIZATION FOR THE BORROWERS TO ACCEPT LOANS IN ACCORDANCE WITH THE FINANCE PLAN

10100 – 10120 NEW HAMPSHIRE AVENUE, SILVER SPRING, MD



CHELSEA ANDREWS, PRESIDENT/EXECUTIVE DIRECTOR

Monte Stanford, Director of Mortgage Finance

Victoria Dixon, Sr. Multifamily Underwriter

Len Vilicic, Financial Analyst

November 15, 2023

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EXECUTIVE SUMMARY

Hillandale Gateway (the "Development") is a planned mixed-use, mixed income, multigenerational community that will set new benchmarks in sustainable and resilient multifamily development in the Mid-Atlantic region. The Development is located at 10100, 10110, and 10120 New Hampshire Avenue in Silver Spring, MD, on the site of Holly Hall Apartments, a former 96-unit Public Housing community on 4.35 acres. The Development will be developed in a rental condominium structure to include a total of 463 residential rental units, comprised of (i) one 155-unit Net Zero Energy, age-restricted (62+) senior building ("AR Building"), and one 308-unit Passive House, non-age restricted multifamily building ("NAR Building") which will comprise both (ii) a LIHTC income restricted side (93 units, "NAR_LIHTC") and (iii) an unrestricted side (215 units, "NAR_Market") with the retail/garage. Between each building will be two retail pads and an above-grade parking structure with 634 parking spaces. The Development is subject to a ground lease agreement with a Duffie affiliate.



On January 11, 2023, the Commission approved an Early Start phase of site work for the Development with a general contractor ("GC") contract of up to \$11.5 million, and on September 13, 2023 approved the Final Development Plan ("Development Plan") estimated at \$302.2 million to construct and equip the entire Development site.

As part of the Development Plan, the AR Building will be acquired by HOC at Hillandale AR, LLC (the "AR Borrower"), the income restricted portion of the NAR building will be acquired by HOC at Hillandale NAR, LLC (the "NAR_LIHTC Borrower"), and the unrestricted units with the retail and garage will be owned by in a joint-venture with HOC, Duffie and PS Ventures known as Hillandale Gateway, LLC ("NAR_Market Borrower", and together with the NAR_LIHTC Borrower, the "NAR Borrower"). The AR Borrower, NAR_LIHTC Borrower, and NAR_Market Borrower are collectively referred to herein as the "Borrowers." HOC will retain controlling interest of the Borrowers. In addition, the Commission approved acceptance of senior debt from Citi Community Capital. The NAR_LIHTC and AR Buildings are expected to be awarded allocations of 4% LIHTC in December 2023, with Wells Fargo Community Investment Holdings, LLC as LIHTC Investor. Construction is projected to take up to 36 months with outside completion by February 2027 and stabilization by September 2027.

In order to execute the Development Plan, staff proposes the following Financing Plan(s) with requested approval of: (a) fixed and variable rate, tax-exempt and taxable debt to fund acquisition, construction, and equipping of the Development, from (i) the issuance of indebtedness under the Trust Indenture for the Multifamily Housing Development Revenue Bonds (the "1996 Indenture") for the NAR building, and (ii) the delivery of stand-alone construction and permanent loans for the NAR and AR buildings; (b) a loan to bridge receipt of permanent financing proceeds ("Bridge Loan"); (c) subordinate loans from HOC; (d) subordinate County loans, and (e) deferred developer fees. Initial closing is expected to occur in February 2024 with conversion to permanent debt to occur by February 2028.

EXECUTIVE SUMMARY

Below is a brief Summary of the Financing Plans for the respective buildings. Staff is continuing to work to secure additional County and State funding to reduce HOC's capital commitments to this transaction. Staff will return to the Commission for approval of Bond Authorizing Resolutions at a later date.

Non-Age Restricted Building –

- Short term, variable rate construction loan(s) from Citibank, N.A. (“Citibank” or “Citi”) (\$145 million), with a taxable and tax-exempt portion to fund the NAR_LIHTC component and a tax-exempt governmental portion to fund the NAR_Market component (collectively, the “Citi NAR Construction Loans”), with HOC acting as conduit lender and providing a 25% repayment guarantee.
- Issuance of long-term, tax-exempt, fixed rate private activity bonds under the 1996 Indenture for the NAR_LIHTC (\$30 million), which proceeds will be invested in a guaranteed investment contract or other eligible investment during the development period, until drawn at permanent conversion to partially fund a FHA Risk Share insured loan, from HOC to the NAR_LIHTC Borrower and NAR_Market Borrower, evidenced by separate promissory notes and one deed of trust (“NAR Risk Share Permanent Loan”), the proceeds of which will be used to partially repay the Citi NAR Construction Loans.
- Future issuance of long-term, tax-exempt, variable rate governmental bonds under the 1996 Indenture (“NAR Governmental Bonds”) for the NAR_Market (\$105 million), which proceeds will be used to partially fund the NAR Risk Share Permanent Loan, the proceeds of which will repay the tax-exempt portion of the Citi NAR Loan(s) at permanent conversion to the NAR Risk Share Permanent Loan.
- A HOC short-term Bridge Loan (\$43 million, combined with AR Building) funded by way of draws on the Real Estate Line of Credit with PNC Bank, N.A. (“PNC RELOC”), to be repaid upon receipt of permanent financing proceeds.
- Execution of interest rate hedges, on an immediate and/or forward starting basis, with qualified counterparties to manage variable interest rate risk of the variable rate Citi NAR Construction Loans, Bridge Loan, and future issuance of NAR Governmental Bonds.
- Funding of subordinate loans from proceeds of the Opportunity Housing Reserve Fund (“OHRF”) (combined \$13.3 million), which may be repaid from receipt of energy and sustainability rebates and/or grants (“HOC Loan”) and other future sources.
- With additional funding (\$29.7 million) from subordinate loans from the County's Housing Production Fund (“HPF”), Housing Initiative Fund (“HIF”), and County Green Bank, as well as, LIHTC Equity, and energy/sustainability rebates/grants, and deferment (\$2 million) of a portion of the Developer Fee due to HOC.

Age Restricted Building –

- A short term, variable rate, taxable construction loan (\$47 million) from Wells Fargo Bank, N.A. (“Wells Fargo”), or an affiliate thereof, for the AR Building (the “Wells AR Construction Loan”), with HOC acting as conduit lender and providing a 25% repayment guarantee.
- A long term, permanent tax-exempt loan (\$47 million) from Citibank with a forward rate lock at initial closing, with HOC acting as conduit lender, which proceeds will repay the Wells AR Construction Loan.
- A Bridge Loan (\$43 million, combined with NAR Building) funded by way of draws on the PNC RELOC, to be repaid upon receipt of permanent financing proceeds.
- Execution of interest rate hedges to manage variable interest rate risk of the Wells Fargo AR Construction Loan and Bridge Loan.
- Funding of a subordinate HOC Loan from proceeds of the OHRF (up to \$15 million), which may be repaid from receipt of energy and sustainability rebates and/or grants and other future sources.
- With additional funding (\$49.9 million) from subordinate loans from the County's HIF, CGB, as well as, LIHTC Equity, and energy/sustainability rebates/grant, and partial deferment (\$3 million) of the Developer Fee due to HOC.

FINANCING SCHEDULE

- Commission Approval
- Submit FHA Risk Share Application

Oct
2023

Feb
2024

- FHA Risk Share Approval
- Close on LIHTC and Bond Financing

- Begin Construction (up to 36 months)

Feb
2024

- Outside date for Construction Complete

Feb
2027

- Outside date for Permanent Conversion

Feb
2028

PRIOR COMMISSION ACTIONS

Date	Res.	Description of Commission Resolutions
October 7, 2015	15-79	Approval of a predevelopment budget to fund the first 15 months of predevelopment activity related to the redevelopment of Holly Hall.
March 1, 2017 January 9, 2019	17-18 19-10	Approval of Hillandale design and revised predevelopment budget related to the redevelopment of Holly Hall.
May 8, 2019	19-56	Approval of site design and authorized the submission of an application to the Planning Board for Site and Subdivision Plan approval.
February 5, 2020 November 4, 2020	20-13 20-78	Approval of redesigned site plan for submission to the Planning Board, and revised predevelopment budget through closing of construction financing.
February 3, 2021	21-18	Approval of Holly Hall demolition.
May 11, 2021	21-49	Approval to execute Purchase and Sale of Holy Hall property for \$5,950,000 with sale-leaseback feature to an entity of Duffie, entering into a ground lease with limited payment and performance guaranty.
March, 2, 2022 April 6, 2022	22-20	Approval of a preliminary development plan for the AR Building, selection of General Contractor and Construction Manager, and affordability restrictions for both the NAR Building and AR building.
September, 14, 2022	22-67	Approval of revised predevelopment budget with structural change from Prescient to Concrete.
January 11, 2023 April 5, 2023	23-07 23-24	Approval of Early Start work not to exceed \$14.5 million, with execution of GC Contract and limited notice to proceed, and selection of Hillis-Carnes to provide testing and third party inspection services.
September 13, 2023	23-52A 23-52B	Approval of a Final Development Plan to construct the entire Development, including (i) authorization to negotiate and execute a Guaranteed Maximum Price contract with CBG Building Company to not exceed \$189 million, (ii) execute contracts with Market 9 Design not to exceed \$253,000 for services and \$2.5 million to acquire FF&E, (iii) authorize creation of borrower entities HOC at Hillandale AR, LLC, HOC at Hillandale NAR, LLC, Hillandale Gateway, LLC in a rental condo structure to own the Development, (iv) authorize selection, negotiation, and execution of Wells Fargo Community Investment Holdings, LLC as LIHTC investor, (v) accept senior loans from Citi Community Capital in an amount up to 80% loan-to-cost, (vi) approve HOC equity contribution of up to \$10,950,100 from the OHRF to the transaction, and (vii) authorize HOC to issue a subordinate bridge loan of up to \$43 million funded by way of draws on the PNC RELOC, to be repaid upon receipt of LIHTC equity, (viii) authorize issuing a subordinate loan from the Housing Production Fund of up to \$35 million (“HPF Loan”), and (ix) authorize borrower entities to accept all loans including from the County’s Housing Initiative Fund of up to \$16 million and County Green Bank of up to \$7.5 million.

PROPERTY OVERVIEW



Property Name	Hillendale Gateway Development
Location	10100 - 10120 New Hampshire Avenue, Silver Spring, MD 20903
Property Manager	TBD

Amenities The site will include retail pads with a Starbucks, public and private green spaces, a festival street with removable bollards, flexible lawn space and dining terraces, a perimeter walking path, all fronting on a transit station.

Neighborhood amenities include grocery anchored Hillendale Shopping Center (Safeway), and various retailers, services, and restaurants, with convenient connection to I-495 and I-95, WMATA Metro bus and future Bus Rapid Transit (“BRT”).

Planned Construction The community is being designed to achieve the following certifications: PHIUS+ 2021, LEED-H Midrise v4 Platinum, EPA Indoor airPlus, DOE Zero Energy Ready Home, ENERGY STAR Multifamily New Construction, Enterprise Green Community, and WELL certifications, and will contain a variety of environmentally sustainable features with the goal of minimizing the development’s environmental impact and reducing operating expenses including a solar array.



LOBBY LOUNGE

PUBLIC PURPOSE

Provided is an overview of the affordability and rent thresholds for the Development with additional details on Property Overview slides.

A review of the transaction has been completed and determined to meet the needs of the community to create affordable housing, provide significant public purpose in furtherance of HOC's mission, and support the allocation of available volume cap for the tax credits.

NAR Building - Of the combined 308 units of the Building, 30.2% (93 units) will be restricted for households with incomes at or below 30% - 80% AMIs, utilizing income averaging. Affordability at the NAR Building will satisfy 20% of households at or below 50% of AMI.

NAR Building							
AMI TARGET	UNIT COUNT	% OF TOTAL	TOTAL RENT	REV % OF TOTAL	RENT PSF	UTILITY ALLOW.	GROSS RENT
30%	10	3%	869	1.2%	\$0.87	63	932
40%	10	3%	1,159	1.6%	\$1.20	62	1,221
50%	42	14%	1,465	8.6%	\$1.49	62	1,527
80%	31	10%	2,415	10.5%	\$2.41	63	2,478
N/A	215	70%	2,599	78.1%	\$2.64	0	2,599
	308	100%	\$2,323	100%	\$2.36	\$60	\$2,342

AR Building - 100% of the AR Building (155 units) will be restricted for households with incomes at or below 30% - 80% AMIs, utilizing income averaging. Affordability at the AR building will satisfy the test for 40% of households at or below 60% of AMI.

AR Building							
AMI TARGET	UNIT COUNT	% OF TOTAL	TOTAL RENT	REV % OF TOTAL	RENT PSF	UTILITY ALLOW.	GROSS RENT
30%	15	5%	892	5.0%	\$0.97	0	892
40%	15	5%	1,191	6.6%	\$1.30	0	1,191
50%	25	8%	1,481	13.8%	\$1.65	0	1,481
60%	50	16%	1,777	33.1%	\$1.96	1	1,777
70%	25	8%	2,089	19.4%	\$2.25	1	2,089
80%	25	8%	2,370	22.1%	\$2.64	0	2,370
	155	50%	\$1,733	100%	\$1.91	\$0	\$1,733

Overall - 54% of the development will be subject to income and rent restrictions, ranging from 30% up to 80% of the AMI.

TRANSACTION HIGHLIGHTS – NAR Building

Public Purpose	Construction of the Development will preserve and add quality, affordable housing for families in the County. Of the combined 463 units of the Development, 100% of the AR Building (155 units) and 30.2% of the NAR Building (93 units) will be restricted for households with incomes at or below 30% - 80% AMIs, utilizing income averaging. Affordability at the NAR building will satisfy the test for 20% of households at or below 50% of AMI. Additional details on Property Overview slides.
County Interest	The Development will continue to benefit from a real estate tax exemption from the County (100%), and will also benefit from low cost and subordinate Housing Production Fund as well as Housing Initiative Fund loans.
Volume Cap Allocation	Up to \$30,000,000 in HOC volume cap will be required for tax-exempt debt to meet the 50% test on the NAR_LIHTC component. See page 14 for HOC’s Volume Cap Need/Uses matrix.
Tax-Exempt Financing	Up to \$150,000,000 - the privately placed, taxable and tax-exempt construction debt with Citibank at permanent conversion will be repaid from proceeds of long term, fixed and variable rate, tax-exempt private activity and governmental bonds with a term of up to 45 years. The permanent loans will begin to amortize on a 40-year schedule and a balloon payment at or before year 25 may be pursued.
Credit Enhancement	The NAR Risk Share Permanent Loan will be enhanced with FHA Risk Share mortgage insurance. It is proposed that HOC assumes 50% of the risk for the transaction and FHA 50%. The Citi NAR Construction Loan will be subject to a repayment guaranty of up to 25% on HOC’s General Obligation, debt service and carry, completion, and standard carveouts for environmental issues, fraud, misrepresentation, and bankruptcy.
Construction Bridge Loan	Based upon review of the Developer Draw Schedule, an estimated \$11 million of bridge financing will be needed during the construction and will be repaid from permanent financing.
LIHTC Equity	Approximately \$18.4 million – The tax-credit equity will be paid in stages: 1) loan closing (10%); 2) construction completion (77%); and 3) cost certification, stabilized occupancy, permanent mortgage conversion, and issuance of final 8609s (13%).
Developer Fee	Developers’ fees earned monthly will total approximately \$12.3 million on a combined basis, of which approximately \$2 million to HOC will be deferred. The portion payable to Duffie for services rendered is calculated at 4% (approx. \$7.6 million) of base costs.

Development Team	<p>Developer: The Duffie Companies / HOC</p> <p>General Contractor: CBG Building Group</p> <p>Architect: Torti Gallas and Partners, Inc.</p> <p>Property Management: To-Be-Determined</p> <p>Construction Management: Lambis Rank</p> <p>LIHTC Syndicator: Wells Fargo Community Investment Holdings, LLC</p>
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STABILIZED PRO FORMAs: NAR Building

Stabilized NAR Market	FY 2028	Per Unit
Residential Income	\$8,285,932	\$38,539
Retail/Garage Income	\$525,756	\$2,445
Net Rental Income	\$8,811,688	\$40,985
Operating Expenses	\$2,187,958	\$10,177
Replacement Reserves	\$53,750	\$250
Ground Lease	\$378,851	\$1,762
Net Operating Income (NOI)	\$6,191,129	\$28,795.95
Debt Service	\$5,383,590	\$25,040
Cash Flow Before Distributions	\$807,539	\$3,756
DSCR	1.15	

Stabilized NAR LIHTC	FY 2028	Per Unit
Net Rental Income	\$2,180,328	\$23,444
Operating Expenses	\$710,406	\$7,639
Replacement Reserves	\$23,250	\$250
Ground Lease	\$0	\$0
Net Operating Income (NOI)	\$1,446,672	\$15,556
Debt Service	\$1,257,976	\$13,527
Cash Flow Before Distributions	\$188,696	\$2,029
DSCR	1.15	

- Post- Construction, the property is expected to stabilize at 93% occupancy by September 2027.
- Retail Income (\$34 PSF) represents less than 5% of total revenue for the property.
- Annual rent growth is projected at 4% and expenses to escalate 3% annually.
- Insurance expense is expected to grow 5% annually.
- Initial replacement reserves will be established at \$250 per unit from capital sources and stabilized annual replacement reserves will be \$250 per unit. Similar to other new construction properties of HOC and consistent with the underwriting requirements of Citi and the Risk Share program.
- The Property is projected to benefit from continuing real estate tax exemption from the State and Montgomery County.
- Also, assumptions include the NAR_Market rental condominium to pay the full Ground Lease and Common Area Management allocation for the entire NAR building and AR Building.

- Debt Service is based on an estimated interest rate of 5.36% for the NAR_Market and 6.14% for the NAR_LIHTC (including Mortgage Insurance Premium (“MIP”) of 25 basis points, HOC Loan Management Fee (“LMF”) of 0.25% on the original mortgage amount, and a 0.25% cushion). Subject to interest rate movements, staff anticipates that the NAR_Market will support a permanent loan of up to \$91 million and the NAR_LIHTC to support up to \$19.2 million with a DSCR of 1.15:1.00. HOC may consider a balloon payment at or before year 25.

FINANCING PLAN: NAR Building

Borrower	Hillandale Gateway, LLC	HOC at Hillandale NAR, LLC
Units/Affordability	215 Units Unrestricted	93 Units 100% Affordable, Income Averaging
Public Purpose	together the NAR Building will meet 20% ≤ 50% AMI,	
Stabilized Net Operating Income (estimated)	\$6,191,129 (FY 2028)	\$1,446,672 (FY 2028)
Issuance (tax-exempt and taxable) (up to)	\$120,000,000	\$30,000,000
Bond Indenture	1996 Multifamily Housing Development Bond Resolution	
Construction Financing (up to)	\$120,000,000	\$30,000,000
Construction Bridge (est)	N/A	\$11,000,000 PNC RELOC (taxable)
Construction Guarantees (up to)	25% Repayment, Debt Service and Carry, and Completion	
Permanent Tax-Exempt Loan (up to)	\$105,000,000	\$30,000,000
Permanent Mortgage Interest Rate (est.)	5.36%	6.14%
Permanent Mortgage Insurance	FHA Risk Share - 50% HOC / 50% FHA	
Permanent Loan Amort. / Term (up to)	40 Years / 25 Years (with balloon)	
Debt Service Coverage Ratio	1.15	1.15
County Participation (estimated)	100% Real Estate Tax Exemption \$35,000,000 HPF Loan	100% Real Estate Tax Exemption \$6,000,000 HIF Loan \$3,500,000 County Green Bank
HOC Equity / Loan (up to)	\$5,964,267 OHRF \$785,733 Rebates & Grants, Retail \$6,750,000 Total	\$5,500,000 OHRF \$1,000,000 Rebates and Grants \$6,500,000 Total

FINANCING PLAN: NAR Building (Market) – Sources & Uses

The Financing Plan for the NAR_Market component contemplates:
 a) Issuance of tax-exempt debt of approximately \$115 million; b) LIHTC equity; c) Bridge Loan; d) subordinate HOC Equity; e) subordinate County Loans, f) miscellaneous grants and rebates, and, g) deferred developer fee.

- (a) The subject construction loan and permanent loans will be funded by way of issuing tax-exempt, variable rate debt in an approximate amount of \$115 million. The private construction loan with Citibank will be repaid from Mezzanine financing and proceeds of a permanent loan funded from the issuance of variable governmental bonds at permanent conversion. A draft appraisal values the NAR_Market Component with retail and garage at \$153.7 million on an ‘as stabilized’ basis.
- (b) The HOC Equity contribution will represent contributed equity made from the OHRF increasing from \$6.0 to \$6.8 million for costs of the transaction until partially repaid from receipt of energy efficiency rebates/grants and Mezzanine financing.

Sources	Permanent	Per Unit
Tax-Exempt Long-Term	\$ 87,908,000	\$ 408,874
T-E Short-Term / HPF / Mezzanine	\$ 57,497,856	\$ 267,432
HOC Equity	\$ 5,950,000	\$ 27,674
Energy Efficiency Rebates/Grants	\$ 785,733	\$ 3,655
Deferred Developer Fee	\$ -	\$ -
Total Sources	\$ 152,141,589	\$ 707,635

Uses	Permanent	Per Unit
Acquisition Cost	\$ -	\$ -
Construction Cost	\$ 97,097,772	\$ 451,618
Fees Related to Construction	\$ 15,817,639	\$ 73,570
Financing & Legal Costs	\$ 9,394,321	\$ 43,695
Construction Interest	\$ 19,981,169	\$ 92,936
Development Fees	\$ 7,063,427	\$ 32,853
Initial Replacement Reserves	\$ 53,750	\$ 250
Operating Reserves	\$ 2,733,511	\$ 12,714
Total Uses	\$ 152,141,589	\$ 707,635

The stabilized proforma heretofore discussed, illustrates that the transaction generates sufficient net operating revenue to pay operating expenses and debt service to meet the base FHA Risk Share underwriting DSCR of 1.15:1.00.

Furthermore, the total sources of funds are sufficient to meet all the projected uses of the Financing Plan; therefore, the transaction is determined to be feasible.

FINANCING PLAN: NAR Building (LIHTC) – Sources & Uses

The Financing Plan for the NAR_LIHTC component contemplates: a) Issuance of tax-exempt debt of up to \$30 million; b) LIHTC equity; c) Bridge Loan; d) subordinate HOC Loan; e) subordinate County Loans, f) miscellaneous grants and rebates, and, g) deferred developer fee.

- (a) The subject construction loan with Citibank will be taxable and tax-exempt in an approximate amount of no more than \$30 million. The construction loan will be repaid from proceeds of a permanent loan(s) funded from the issuance of fixed rate PABs for the NAR_LIHTC. A draft appraisal values the NAR_LIHTC component at \$51.9 million on an ‘as stabilized-unrestricted’ and \$33.7 million on an “as stabilized-restricted” basis.
- (b) The transaction, as presented, requires approximately \$26 million of tax-exempt financing to qualify for 4% tax credits and to meet the 50% test. The transaction is expected to generate approximately \$18 million in tax credit equity, which will be contributed in stages, primarily at construction completion.
- (c) A bridge loan of approximately \$11 million will be needed to bridge the receipt of permanent financing sources, and will be funded by way of the PNC RELOC.
- (d) The HOC Loan will represent contributed equity made from the OHRF increasing from \$100 to \$6.5 million for costs of the transaction until such time as may be repaid from receipt of energy efficiency rebates/grants, or other funds including County funds.

Sources	Permanent	Per Unit
Tax-Exempt Long-Term	\$ 18,606,000	\$ 200,065
Tax-Exempt (Short term)	\$ 7,407,446	\$ 79,650
LIHTC Proceeds / Bridge	\$ 18,436,682	\$ 198,244
Subordinate County Loan (HIF)	\$ 6,000,000	\$ 64,516
Subordinate County Loan (Green)	\$ 3,500,000	\$ 37,634
Energy Efficiency Rebates/Grants	\$ 1,000,000	\$ 10,753
HOC Loan	\$ 5,493,098	\$ 59,066
<u>Deferred Developer Fee</u>	<u>\$ 2,000,000</u>	<u>\$ 21,505</u>
Total Sources	\$ 62,443,226	\$ 671,433

Uses		Per Unit
Acquisition Cost	\$ -	\$ -
Construction Cost	\$ 34,333,039	\$ 369,172
Fees Related to Construction	\$ 4,300,419	\$ 46,241
Financing & Legal Costs	\$ 3,802,368	\$ 40,886
Construction Interest	\$ 6,555,285	\$ 70,487
Tax-Exempt Bonds (ST)	\$ 7,407,446	\$ 79,650
Development Fees	\$ 5,212,556	\$ 56,049
Initial Replacement Reserve	\$ 23,250	\$ 250
<u>Operating Reserves</u>	<u>\$ 808,863</u>	<u>\$ 8,697</u>
Total Uses	\$ 62,443,226	\$ 671,433

The stabilized proforma heretofore discussed, illustrates that the transaction generates sufficient net operating revenue to pay operating expenses and debt service to meet the base FHA Risk Share underwriting DSCR of 1.15:1.00.

Furthermore, the total sources of funds are sufficient to meet all the projected uses of the Financing Plan; therefore, the transaction is determined to be feasible.

FINANCING PLAN: NAR Building (Combined LIHTC and Market)

Below represents the combined Financing Plan during the Permanent Phase for the NAR Building.

Sources	NAR LIHTC	NAR Market	Total	Per Unit
Tax-Exempt Long-Term	\$ 18,606,000	\$ 87,908,000	\$ 106,514,000	\$ 345,825
Tax-Exempt (Short term) / HPF / Mezz	\$ 7,407,446	\$ 57,497,856	\$ 64,905,302	\$ 210,732
LIHTC Proceeds / Bridge	\$ 18,436,682	\$ -	\$ 18,436,682	\$ 59,859
Subordinate County Loan (HIF)	\$ 6,000,000	\$ -	\$ 6,000,000	\$ 19,481
Subordinate County Loan (Green)	\$ 3,500,000	\$ -	\$ 3,500,000	\$ 11,364
Energy Efficiency Rebates/Grants	\$ 1,000,000	\$ 785,733	\$ 1,785,733	\$ 5,798
HOC Loan / Equity	\$ 5,493,098	\$ 5,950,000	\$ 11,443,098	\$ 37,153
Deferred Developer Fee	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 6,494
Total Sources	\$ 62,443,226	\$ 152,141,589	\$ 214,584,815	\$ 493,966

Uses	NAR LIHTC	NAR Market	Total	Per Unit
Acquisition Cost	\$ -	\$ -	\$ -	\$ -
Construction Cost	\$ 34,333,039	\$ 97,097,772	\$ 131,430,811	\$ 426,723
Fees Related to Construction	\$ 4,300,419	\$ 15,817,639	\$ 20,118,058	\$ 65,318
Financing & Legal Costs	\$ 3,802,368	\$ 9,394,321	\$ 13,196,689	\$ 42,846
Construction Interest	\$ 6,555,285	\$ 19,981,169	\$ 26,536,454	\$ 86,157
Tax-Exempt Bonds (ST)	\$ 7,407,446		\$ 7,407,446	\$ 24,050
Development Fees	\$ 5,212,556	\$ 7,063,427	\$ 12,275,983	\$ 39,857
Initial Replacement Reserve	\$ 23,250	\$ 53,750	\$ 77,000	\$ 250
Operating Reserves	\$ 808,863	\$ 2,733,511	\$ 3,542,374	\$ 11,501
Total Uses	\$ 62,443,226	\$ 152,141,589	\$ 214,584,815	\$ 493,966

TRANSACTION HIGHLIGHTS – AR Building

Public Purpose	Construction of the Development will preserve and add quality, affordable housing for families in the County. Of the combined 463 units of the Development, 100% of the AR Building (155 units) will be restricted for households with incomes at or below 30% - 80% AMIs, utilizing income averaging. Affordability at the AR building will satisfy the test for 40% of households at or below 60% of AMI. Additional details on Property Overview slides.	
County Interest	The Property will continue to benefit from a real estate tax exemption from the County (100%). In addition, the County is expected to provide HPF, HIF, and Green Bank loans as well as MoCo Net to the property.	
Volume Cap Allocation	Up to \$47,000,000 in HOC volume cap will be required for tax-exempt debt to meet the 50% test on the AR Building.	
Tax Exempt Financing	Up to \$47,000,000 – to be funded at or prior to conversion in the form of the Citi AR Funding Loan, the proceeds of which will fund repayment of the Wells AR Construction Loan; will amortize on a 40-year schedule, with a term of up to 40 years; however, a balloon payment at or before year 25 may be pursued.	
Credit Enhancement	The Wells AR Construction Loan will be subject to a repayment guaranty of up to 25% on HOC's General Obligation, loan balancing, and standard carveouts for environmental issues, fraud, misrepresentation, and bankruptcy.	
Construction Bridge Loan	Based upon review of the Developer Draw Schedule, an estimated \$26 million of bridge financing will be needed during the construction.	
LIHTC Equity	Approximately \$30 million combined for both LIHTC components – The tax-credit equity will be paid in stages: 1) loan closing (10%); 2) construction completion (79%); and 3) cost certification, stabilized occupancy, permanent mortgage conversion, and issuance of final 8609s (11%).	
Developer Fee	Developers' fees earned monthly will total approximately \$8.4 million on a combined basis, of which approximately \$3 million to HOC will be deferred. The portion payable to Duffie for services rendered is calculated at 4% (approx. \$3.3 million) of base costs.	
Development Team	Developer:	The Duffie Companies / HOC
	General Contractor:	CBG Building Group
	Architect:	Torti Gallas and Partners, Inc.
	Property Management:	To-Be-Determined
	Construction Management:	Lambis Rank
	LIHTC Syndicator:	Wells Fargo Community Investment Holdings, LLC

STABILIZED PRO FORMAs: AR Building

Stabilized Proforma	CY 2028	Per Unit
Net Rental Income	\$3,593,339	\$23,183
Operating Expenses	\$1,181,594	\$7,623
Replacement Reserves	\$38,750	\$250
Ground Lease	\$0	\$0
Net Operating Income (NOI)	\$2,372,995	\$15,309.65
Debt Service	\$2,063,474	\$13,313
Cash Flow Before Distributions	\$309,521	\$1,997
DSCR	1.15	

- Post- Construction, the Property is expected to stabilize at 95% occupancy by July 2027. Annual rent growth is projected at 2% and expenses to escalate 3% annually.
- Insurance expense is expected to grow 5% annually.
- Initial replacement reserves will be established at \$250 per unit from capital sources and stabilized annual replacement reserves will be \$250 per unit. Citibank requires a minimum of \$250/unit.
- The Property is projected to benefit from continuing real estate tax exemption from the State and Montgomery County.

Based on a 1.15:1:00 DSCR and an estimated permanent interest rate of 6.945% (20yr SOFR plus 2.5% spread without cushion, subject to interest rate movements, staff anticipates that the Property will support a permanent loan of approximately \$27.8 million. The permanent Citi AR Funding Loan and AR Borrower Loans are subject to a balloon that is coterminous with the initial LIHTC compliance period.

FINANCING PLAN: AR Building

Borrower	HOC at Hillandale AR, LLC
Units/Affordability	155 Units 100% Affordable, 30 to 80% AMI (Income Averaging)
Stabilized Net Operating Income (estimated)	\$2,372,995 (FY 2028)
Tax-Exempt Issuance (up to)	\$47,000,000
Construction Financing (up to)	\$47,000,000 (taxable)
Construction Bridge Loan (est)	\$27,500,000 PNC RELOC, taxable
Permanent Tax-Exempt Mortgage Loan (up to)	\$47,000,000 Citi pass-through
Permanent Mortgage Interest Rate (estimated)	7.45%
Construction Guarantees (up to)	25% Repayment, Debt Service and Carry, and Completion
Permanent Loan Amortization / Term (up to)	40 Years / 45 Years
Debt Service Coverage Ratio	1.15
County Participation (estimated)	100% Real Estate Tax Exemption \$100,000 MoCoNet Funding \$6,500,000 Green Bank Loan \$10,000,000 HIF Loan
HOC Loan (up to)	\$12,900,000 Opportunity Housing Reserve Fund \$2,100,000 Energy Efficiency Rebates & Grants \$15,000,000 Total

FINANCING PLAN: AR Building

The Financing Plan for the AR Building contemplates: a) Issuance of tax-exempt debt of up to \$30 million; b) LIHTC equity; c) Bridge Loan; d) subordinate HOC Loan; e) subordinate County Loans, f) miscellaneous grants and rebates, and, g) deferred developer fee.

- (a) The subject construction loan with Wells Fargo will be taxable in an approximate amount of no more than \$30 million. The Construction Loan will be repaid from proceeds of a permanent loan(s) funded from the issuance of privately placed, tax-exempt debt with Citi Bank. A draft appraisal values the NAR_LIHTC component at \$86.8 million on an 'as stabilized-unrestricted' and \$57.8 million on an 'as stabilized-restricted' basis.
- (b) The transaction, as presented, requires approximately \$43.5 million of tax-exempt financing to qualify for 4% tax credits and to meet the 50% test. The transaction is expected to generate approximately \$30 million in tax credit equity, which will be contributed in stages, primarily at construction completion.
- (c) A bridge loan of approximately \$26 million will be needed to bridge the receipt of permanent financing sources, and will be funded by way of the PNC RELOC.
- (d) The HOC Loan will represent contributed equity made from the OHRF, increasing from \$5 million to \$15 million for costs of the transaction until partially repaid from receipt of energy efficiency rebates/grants or other future permanent sources.

Sources	Permanent	Per Unit
Tax-Exempt Long-Term	\$ 26,292,500	\$ 169,629
Tax-Exempt (Short term)	\$ 17,229,977	\$ 111,161
LIHTC Proceeds / Bridge	\$ 31,201,489	\$ 201,300
Subordinate County Loan (HIF)	\$ 10,000,000	\$ 64,516
Subordinate Green Bank Loan	\$ 6,500,000	\$ 41,935
Resilient Maryland Grant	\$ 100,000	\$ 645
Energy Efficiency Rebates/Grants	\$ 2,100,000	\$ 13,548
HOC Loan	\$ 12,896,679	\$ 83,204
Deferred Developer Fee	\$ 3,000,000	\$ 19,355
Total Sources	\$ 109,320,645	\$ 705,294

Uses	Permanent	Per Unit
Acquisition Cost	\$ -	\$ -
Construction Cost	\$ 62,773,147	\$ 404,988
Fees Related to Construction	\$ 5,994,404	\$ 38,674
Financing & Legal Costs	\$ 3,281,383	\$ 21,170
Construction Interest	\$ 10,251,092	\$ 66,136
Tax-Exempt Bonds (ST)	\$ 17,229,977	\$ 111,161
Development Fees	\$ 8,387,639	\$ 54,114
Initial Replacement Reserves	\$ 38,750	\$ 250
Operating Reserves	\$ 1,364,253	\$ 8,802
Total Uses	\$ 109,320,645	\$ 705,294

The stabilized proforma heretofore discussed, illustrates that the transaction generates sufficient net operating revenue to pay operating expenses and debt service to meet the base FHA Risk Share underwriting DSCR of 1.15:1.00.

Furthermore, the total sources of funds are sufficient to meet all the projected uses of the Financing Plan; therefore, the transaction is determined to be feasible.

VOLUME CAP NEED/USES (\$'000)

Year	2022	Projected 2023	Projected 2024
Balance Carried Forward	0	22,962,907	82,638,097
Annual State Bond Cap Allocation	40,889,349	44,675,190	45,568,694
	0.6%	9.3%	2.0%
Special Allocation/Adjustment	(2,926,442)	30,000,000	0
Pending Additional Volume Cap		0	12,793,209
TOTAL BOND CAP AVAILABLE	37,962,907	97,638,097	141,000,000
HOC PROGRAMS			
Single Family	15,000,000	15,000,000	15,000,000
Hillandale Gateway AR*			47,000,000
Hillandale Gateway NAR*			38,000,000
Metropolitan *			26,000,000
MetroPointe*			15,000,000
TOTAL HOC PROGRAMS	15,000,000	15,000,000	141,000,000
PRIVATE DEVELOPERS			
N/A			
TOTAL PRIVATE ACTIVITY	0	0	0
TOTAL BOND CAP REMAINING (SHORTFALL)	22,962,907	82,638,097	0

* Estimated allocations for deals not yet closed

- HOC carried over approximately \$23 million of CY2022 volume cap and received a \$44.7 million allocation of volume cap in CY 2023.
- Staff meets with Maryland’s Community Development Administration (“CDA”) annually to review its annual volume cap needs, and last met on April 18, 2023.
- The projected volume cap usage for CY 2023 is approximately \$100 million (all for HOC programs; no private deals), which exceeds estimated available bond cap for the year.
- HOC has notified CDA of the need for additional cap and has requested an advance a special allocation of up to \$32.4 million of volume cap to complete the 2023 transactions and \$10.4 million for those in 2024. Of this request, HOC has received a special allocation of \$30,000,000 to date and a commitment to provide additional resources to support the closing of Hillandale.
- As closing of the Hillandale transaction is now expected to occur in early 2024, HOC has requested CDA to extend this special allocation to 2024 as well.
- HOC may also, if needed, request additional bond cap from the Maryland Department of Commerce, the state agency responsible for the allocation of bond cap.

ISSUES FOR CONSIDERATION – NAR Building

Will the Commission accept staff’s recommendation, which is supported by the Development & Finance Committee, and approve the following actions:

- 1) Approval of the Financing Plan for the Hillandale NAR building totaling approximately \$214.6 million, funded by the following sources: a) the taxable and tax-exempt Citi NAR Construction Loans, with (i) a portion of private activity proceeds to fund a loan to NAR_LIHTC Borrower; and (ii) governmental proceeds used to fund a loan to NAR_Market Borrower; (b) long-term, fixed tax-exempt private activity bonds to be issued under the 1996 Indenture (the “2023 Series B Bonds”) to fund a portion of the NAR Risk Share Permanent Loan to partially repay the taxable portion of the Citi NAR Construction Loans at conversion; (c) future variable rate NAR Governmental Bonds to be issued under the 1996 Indenture, the proceeds of which will be used to partially repay the tax-exempt governmental portion of the Citi NAR Construction Loans at conversion; (d) LIHTC equity; (e) Bridge Loan, (f) subordinate HOC Loans; (g) subordinate County Loans; (h) Mezzanine debt; (i) miscellaneous credits and grants; and (j) deferred developer fees.
- 2) Approval of the feasibility and public purpose of the NAR Building for the allocation of up to \$30,000,000 in volume cap for the transaction, as subject to available volume cap?
- 3) Approval for HOC to enter into a guaranty of completion, up to 25% repayment, debt service and carry, and standard carveouts (including environmental issues, fraud, misrepresentation, and bankruptcy)?
- 4) Authorization for HOC to issue Financing Commitments for the NAR Risk Share Permanent Loan, which proceeds will repay the Citi NAR Construction Loans, with balloon payment at or before year 25, in an amount up to \$30,000,000 to HOC at Hillandale NAR, LLC and \$105,000,000 to Hillandale Gateway, LLC, to be funded from proceeds of the private activity bonds and future issuance of variable rate NAR Governmental Bonds?
- 5) Approval for HOC to provide credit enhancement for the NAR Risk Share Permanent Loan via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between HOC and HUD, and for HOC and HUD to assume, respectively, 50% and 50% of the risk for the transaction?
- 6) Approval for the Executive Director to enter into one or more interest rate hedges with qualified counter parties on and immediate and/or forward starting basis to manage interest rate risk of the Citi NAR Construction Loans, Bridge Loan, and NAR Governmental Bonds?
- 7) Approval to increase the HOC proceeds of the Opportunity Housing Reserve Fund to the borrower(s) from \$6 million up to \$13.3 million, which may be partially repaid upon receipt of energy efficiency rebates, grants and other sources?
- 8) Approval to negotiate and for HOC at Hillandale NAR, LLC to accept a subordinate loan from the County Green Bank?
- 9) Approval for the NAR Borrower and HOC, as appropriate to negotiate, make, and accept conduit loans made from the proceeds of the Citi NAR Construction Loans, the NAR Risk Share Permanent Loan, Bridge Loan, HOC Loans and various other subordinate loans as described herein?

ISSUES FOR CONSIDERATION – AR Building

Will the Commission accept staff’s recommendation, which is supported by the Development & Finance Committee, and approve the following actions:

- 1) Approval of the Financing Plan for the Hillandale AR Building totaling approximately \$109.3 million, funded by the following sources: a) variable rate, taxable construction loan from Wells Fargo Bank, N.A. or an affiliate thereof (the “Wells AR Construction Loan”) for payment of acquisition, construction, and equipping costs; (b) fixed-rate, tax-exempt, private activity indebtedness in the form of a long-term, permanent loan from Citibank (the “Citi AR Funding Loan”) to fund a long-term permanent loan to the AR Borrower (the “Citi AR Borrower Loan”), which proceeds will be used to repay the Wells AR Construction Loan; c) LIHTC equity; d) Bridge Loan, e) subordinate HOC Loan; f) subordinate County Loans; g) miscellaneous credits and grants; and h) deferred developer fee?
- 2) Approval of the feasibility and public purpose for the AR Building with the allocation of up to \$47,000,000 in volume cap for the transaction, as subject to available volume cap?
- 3) Approval for the AR Borrower and HOC, as appropriate, to negotiate and accept the Wells AR Construction Loan in an amount up to \$47,000,000, with HOC acting as conduit lender.
- 4) Approval for HOC to enter into a guaranty of completion, up to 25% repayment, loan balancing, and standard carveouts (including for environmental issues, fraud, misrepresentation, and bankruptcy).
- 5) Approval for HOC to negotiate and accept a forward-lock agreement for the permanent Citi AR Funding Loan and the Citi AR Borrower Loan, with such permanent loan to have a balloon at or before year 25, in an amount up to \$47,000,000, with HOC acting as conduit lender.
- 6) Approval for the Executive Director to enter into one or more interest rate hedge agreements with qualified counter parties to manage variable interest rate risk of the Wells AR Funding Loan, Wells AR Construction Loan, Bridge Loan, Citi AR Funding Loan, and the Citi AR Borrower Loan.
- 7) Approval to increase the HOC Loan from proceeds of the Opportunity Housing Reserve Fund to the borrower from \$6 million to \$15 million which may be partially repaid upon receipt of energy efficiency rebates/grants and other loans?
- 8) Approval for the Borrower to accept the proposed Wells AR Construction Loan, Citi AR Borrower Loan, HOC Loan, and County Loans?

TIME FRAME

For formal action at the November 15, 2023 monthly meeting of the Commission.

FISCAL/BUDGET IMPACT

- Closing of the subject transaction is expected to occur in December 2023 with a \$765,926 decrease to the Commission's fiscal year income budget from collection of loan management fees, Developer Fees, and Commitment Fees, based on current underwriting. Mortgage Insurance Premiums will be earned at permanent conversion in FY 2028.
- The request of funds from the OHRF represents a \$17.3 million increased contribution from funds to date towards the transaction. As of 9/30/2023, there remained \$4 million of unobligated funds available, with the expected return of proceeds from multiple properties during the FY 2024 of approximately \$25.9 million, to provide sufficient capacity for the request.
- When fully drawn, the Bridge Loan will obligate \$43,000,000 of the Commission's general obligation borrowing capacity. Draws are not expected to commence until 2026 (approximately 24 months from closing). HOC has requested a temporary increase of \$35 million to the PNC RELOC, and the Commission will be requested to consider accepting this increase as part of the November 15th meeting of the Commission. As of 9/30/23, the unobligated balance was \$11.3 million with repayment from multiple properties during the FY 2024 of approximately \$43.3 million, to provide sufficient capacity for the request.
- Costs of issuance and other financing fees will be paid from sources of the transaction.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED (NAR)

Staff recommends the Commission approve the following actions:

- 1) Approval of the Financing Plan for the Hillandale NAR building totaling approximately \$214.6 million, funded by the following sources: a) the taxable and tax-exempt Citi NAR Construction Loans, with (i) a portion of private activity proceeds to fund a loan to NAR_LIHTC Borrower; and (ii) governmental proceeds used to fund a loan to NAR_Market Borrower; (b) long-term, fixed tax-exempt private activity bonds to be issued under the 1996 Indenture (the “2023 Series B Bonds”) to fund a portion of the NAR Risk Share Permanent Loan to partially repay the taxable portion of the Citi NAR Construction Loans at conversion; (c) future variable rate NAR Governmental Bonds to be issued under the 1996 Indenture, the proceeds of which will be used to partially repay the tax-exempt governmental portion of the Citi NAR Construction Loans at conversion; (d) LIHTC equity; (e) Bridge Loan, (f) subordinate HOC Loans; (g) subordinate County Loans; (h) Mezzanine debt; (i) miscellaneous credits and grants; and (j) deferred developer fees.
- 2) Approval of the feasibility and public purpose of the NAR Building for the allocation of up to \$30,000,000 in volume cap for the transaction, as subject to available volume cap.
- 3) Approval for HOC to enter into a guaranty of completion, up to 25% repayment, debt service and carry, and standard carveouts (including environmental issues, fraud, misrepresentation, and bankruptcy)?
- 4) Authorization for HOC to issue Financing Commitments for the NAR Risk Share Permanent Loan, which proceeds will repay the Citi NAR Construction Loans, with balloon payment at or before year 25, in an amount up to \$30,000,000 to HOC at Hillandale NAR, LLC and \$105,000,000 to Hillandale Gateway, LLC, to be funded from proceeds of the private activity bonds and future issuance of variable rate NAR Governmental Bonds.
- 5) Approval for HOC to provide credit enhancement for the NAR Risk Share Permanent Loan via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between HOC and HUD, and for HOC and HUD to assume, respectively, 50% and 50% of the risk for the transaction.
- 6) Approval for the Executive Director to enter into one or more interest rate hedges with qualified counter parties on and immediate and/or forward starting basis to manage interest rate risk of the Citi NAR Construction Loans, Bridge Loan, and NAR Governmental Bonds.
- 7) Approval to increase the HOC proceeds of the Opportunity Housing Reserve Fund to the borrower(s) from \$6 million up to \$13.3 million, which may be partially repaid upon receipt of energy efficiency rebates, grants and other sources.
- 8) Approval to negotiate and for HOC at Hillandale NAR, LLC to accept a subordinate loan from the County Green Bank.
- 9) Approval for the NAR Borrower and HOC, as appropriate to negotiate, make, and accept conduit loans made from the proceeds of the Citi NAR Construction Loans, the NAR Risk Share Permanent Loan, Bridge Loan, HOC Loans and various other subordinate loans as described herein.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED (AR)

Staff recommends the Commission approve the following actions:

- 1) Approval of the Financing Plan for the Hillandale AR Building totaling approximately \$109.3 million, funded by the following sources: a) variable rate, taxable construction loan from Wells Fargo Bank, N.A. or an affiliate thereof (the “Wells AR Construction Loan”) for payment of acquisition, construction, and equipping costs; (b) fixed-rate, tax-exempt, private activity indebtedness in the form of a long-term, permanent loan from Citibank (the “Citi AR Funding Loan”) to fund a long-term permanent loan to the AR Borrower (the “Citi AR Borrower Loan”), which proceeds will be used to repay the Wells AR Construction Loan; c) LIHTC equity; d) Bridge Loan, e) subordinate HOC Loan; f) subordinate County Loans; g) miscellaneous credits and grants; and h) deferred developer fee.
- 2) Approval of the feasibility and public purpose for the AR Building with the allocation of up to \$47,000,000 in volume cap for the transaction, as subject to available volume cap.
- 3) Approval for the AR Borrower and HOC, as appropriate, to negotiate and accept the Wells AR Construction Loan in an amount up to \$47,000,000, with HOC acting as conduit lender.
- 4) Approval for HOC to enter into a guaranty of completion, up to 25% repayment, loan balancing, and standard carveouts (including for environmental issues, fraud, misrepresentation, and bankruptcy).
- 5) Approval for HOC to negotiate and accept a forward-lock agreement for the permanent Citi AR Funding Loan and the Citi AR Borrower Loan, with such permanent loan to have a balloon at or before year 25, in an amount up to \$47,000,000, with HOC acting as conduit lender.
- 6) Approval for the Executive Director to enter into one or more interest rate hedge agreements with qualified counter parties to manage variable interest rate risk of the Wells AR Funding Loan, Wells AR Construction Loan, Bridge Loan, Citi AR Funding Loan, and the Citi AR Borrower Loan.
- 7) Approval to increase the HOC Loan from proceeds of the Opportunity Housing Reserve Fund to the borrower from \$6 million to \$15 million which may be partially repaid upon receipt of energy efficiency rebates/grants and other loans.
- 8) Approval for the Borrower to accept the proposed Wells AR Construction Loan, Citi AR Borrower Loan, HOC Loan, and County Loans.

RESOLUTION No.: 23-75A

RE: Approval of the Financing Plan, Feasibility and Public Purpose for the Hillandale Gateway NAR Building; Authorization to Issue Loans to Hillandale Gateway, LLC and HOC at Hillandale NAR, LLC for Acquisition and Construction Financing; Authorization to Issue Commitments for up to \$135 Million in Permanent Financing, Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Acquisition, Construction, and Permanent Loans

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

WHEREAS, on September 13, 2023, the Commission approved the Development Plan for the entire Hillandale Gateway planned development (the "Development") located in Silver Spring as a 463-unit, mixed-income, new construction, multi-generational community containing 215 unrestricted units and 248 income-restricted units, of which 155 units will also be age restricted (the "LIHTC Units"), to include a Commission capital contribution of \$10,950,100 from the Opportunity Housing Reserve Fund ("OHRF") to the overall transaction, and acceptance of senior loans from Citi Community Capital in an amount up to 80% loan-to-cost; and

WHEREAS, the Development is entitled under current zoning and planning requirements for retail, public parking, and up to 463 apartments, of which (a) HOC and Duffie at Hillandale Gateway, LLC ("Duffie") will own and operate a condominium unit containing 215 unrestricted apartments, with the retail, parking garage, and general common elements ("NAR Market") in a single purpose entity known as Hillandale Gateway, LLC ("NAR Market Borrower"), (b) HOC and a Low Income Housing Tax Credit ("LIHTC") investor will own and operate an income restricted, condominium unit containing 93 apartments ("NAR LIHTC") in a single purpose entity known as HOC at Hillandale NAR, LLC ("NAR LIHTC Borrower," and together with the NAR Market Borrower, the "NAR Borrowers"); and (c) HOC and a LIHTC investor will own and operate an age and income restricted, condominium unit containing 155 apartments ("AR Building") in a single purpose entity known as HOC at Hillandale AR, LLC ("AR Borrower"); and

WHEREAS, HOC is currently the sole member of HOC at Hillandale Gateway, LLC, which in turn is the manager of the NAR Market Borrower; and

WHEREAS, HOC is currently the sole member of the NAR LIHTC Borrower, but it is expected that the ownership structure of the NAR LIHTC Borrower will be modified to admit a tax credit investor as a non-managing member, with HOC remaining in control of the entity as the managing member; and

WHEREAS, the NAR LIHTC Borrower proposes to serve households across a wide income range through the implementation of the income averaging component of the LIHTC program, which will allow households with income from 30% up to 80% of the Washington DC Area Median Income (“AMI”) to enjoy rent protection without impairing the LIHTC equity for the Development; and

WHEREAS, affordability at the NAR Building, on a combined basis of the NAR LIHTC and NAR Market components, will satisfy 20% of households at or below 50% of AMI; and

WHEREAS, staff has explored a variety of options for the estimated \$214.6 million acquisition, construction, equipping and permanent financing for the NAR Building, and determined to use a number of sources including the issuance of short-term, taxable and tax-exempt indebtedness to fund construction by way of a Commission conduit loan from Citibank, N.A. or its affiliate entity to be passed through to the Borrower, which will be repaid by a FHA Risk Share permanent loan and mezzanine financing; bridge funding during acquisition/construction by way of draws on the Commission’s PNC Bank, N.A. Real Estate Line of Credit (“Bridge Loan”); LIHTC equity; subordinate loans from Montgomery County, Maryland Housing Production Fund, Housing Initiative Fund, and Green Bank (“County Green Bank”, collectively “County Loans”); various energy grants/rebates with other future sources; subordinate funds from the Commission recognized as either equity contribution or loan (“HOC Loan”) where appropriate, and, deferred developer fees, with applicable hedging instruments, guaranties, (collectively, the “Financing Plan”); and

WHEREAS, the NAR Market Borrower and the Commission wish to finance acquisition, construction, and equipping of the NAR Market with a governmental, tax-exempt construction loan from Citibank, N.A., or an affiliate thereof (the “NAR Market Funding Loan”), which will be repaid at permanent conversion from a portion of the proceeds of a mortgage loan in the aggregate principal amount of \$135,000,000 based upon a projected interest rate of 4.87%, insured under the FHA Risk Share Program (collectively, the “Permanent Loan”), which will be financed by variable rate, tax-exempt governmental bonds issued under Multifamily Development Revenue Bond indenture (the “1996 Indenture”); and

WHEREAS, the NAR LIHTC Borrower and the Commission wish to finance acquisition, construction, and equipping of the NAR LIHTC (a) during the construction phase, (i) with a private activity, tax-exempt construction loan from Citibank, N.A., or an affiliate thereof (the “NAR LIHTC Tax Exempt Funding Loan”), which will be repaid at permanent conversion from a portion of the proceeds of the Permanent Loan, together with other available sources at permanent conversion, and (ii) a taxable construction loan from Citibank N.A., or an affiliate thereof (the “NAR LIHTC Taxable Funding Loan,” and together with the NAR Market Funding Loan, the “Construction Loan(s)”) and (b) during the permanent phase, with a portion of the proceeds of the Permanent Loan, together with other available sources at permanent conversion; and

WHEREAS, as a condition to secure the NAR Market Funding Loan and NAR LIHTC Taxable Funding Loan, HOC is requested to provide a guaranty of completion, up to 25% repayment, debt service and carry, and standard carveouts (including environmental issues, fraud, misrepresentation and bankruptcy (“Guaranty”); and

WHEREAS, the Commission and NAR Borrowers wish to secure a permanent takeout loan for the NAR Building in the form of a forward commitment to insure and finance the Permanent loan in an

amount of up to \$105,000,000 for the NAR Market Borrower and \$30,000,000 for the NAR LIHTC Borrower; and

WHEREAS, to protect the transaction from potential interest rate increases, the Commission wishes to purchase one or more interest rate hedges in the form of swap(s) to mitigate the risk of a potential rise in interest rates prior to the time the rate can be fixed for the Permanent Loan (“Forward Swap”) and hedge the floating interest rate exposure on the Construction Loan(s) and Bridge Loan, and that such interest rate hedge(s) will be evidenced by an International Swaps and Derivatives Association (“ISDA”) Master Agreement, Schedule, Confirmation and Credit Support Annex (the “Swap”); and

WHEREAS, the Forward Swap will be structured where the Commission pays a fixed interest rate and receives a floating rate based on a notional amount not to exceed the estimated Permanent Loan amount that will amortize over 40 years but which will be subject to the Commission’s option to terminate at an optional call date not to exceed 15 years from execution of the Swap to correspond with the governmental bonds issued under the 1996 Indenture; and

WHEREAS, any termination payments owed by the Commission are expected to be paid as Program Expenses under the 1996 Indenture or from the Commission’s legally available general funds but that payments are expected to be zero; and

WHEREAS, Commission and the NAR LIHTC Borrower expect to receive a Letter of Reservation/Determination for the LIHTC from the Maryland Department of Housing and Community Development which will enable the NAR LIHTC Borrower to raise approximately \$18.4 Million in equity to pay part of its acquisition and development costs.

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Development and its operating projections, this transaction is believed to be feasible, and that by offering 20% of units at or below 50% of the AMI, the Development will provide significant public purpose supporting an allocation of private activity bond volume cap; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the NAR Market Borrower and NAR LIHTC Borrower, that the Financing Plan as described herein is approved and that HOC staff is authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the following:

1. Allocation of private activity bond volume cap for the issuance of debt to the NAR LIHTC Borrower in an amount not to exceed \$30,000,000, as subject to available volume cap.
2. Issuance of 60-month Construction Loan(s) for up to a combined \$150,000,000 at the same terms as the Commission’s Citibank, N.A. short-term taxable and tax-exempt conduit bonds and loan(s) in the same amount, with HOC serving as conduit lender.

3. Entering into a guaranty of completion, up to 25% repayment, debt service and carry, and standard carveouts (including environmental issues, fraud, misrepresentation and bankruptcy (“Guaranty”).
4. Increase of the equity contribution from the Commission’s OHRF to the NAR Market Borrower from \$5,950,000 up to \$6,800,000, until such time as may be repaid from receipt of energy efficiency rebates, grants, or other sources including County funds.
5. Increase of the contribution from the Commission’s OHRF to the NAR LIHTC Borrower from \$100 of equity to also include an additional \$6,499,900 loan, for a total of \$6,500,000, until such time as may be repaid from receipt of energy efficiency rebates, grants, or other sources including County funds.
6. Approval to negotiate a subordinate loan from the County Green Bank for benefit of the NAR_ LIHTC Borrower.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a five year forward commitment for the Permanent Loan in an amount up to \$135 million, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development (“HUD”), of which the Commission shall assume 50% of the risk while HUD shall assume 50% for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the NAR Borrowers, as applicable, approves the respective borrower’s acceptance the funds identified in this resolution, including, but not limited to, the Construction Loan(s), HOC Equity or HOC Loan, County Green Bank loan, and Permanent Loan for the financing closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution of the Forward Swap and the Swap with one or more qualified counterparties, to mitigate against a rise in interest rates, with any scheduled or termination payment owed by the Commission being paid as a Program Expense under its 1996 Indenture and from the Commission’s legally available general funds, subject to agreements now or hereafter made with holders of its notes and bonds, pledging particular revenues, assets or moneys for the payment thereof and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the NAR Borrowers, that the President/Executive Director is hereby authorized, without any further action on their respective parts, to negotiate the terms of the Swap and complete the blanks therein as necessary to complete the transaction contemplated herein.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the NAR Borrowers, that the President/Executive Director is hereby authorized, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the

President/Executive Director’s judgment, to carry out the Financing Plan and the transaction and action contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on November 15, 2023.

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Chelsea Andrews
President/Executive Director

RESOLUTION No.: 23-75B

RE: Approval of the Financing Plan, Feasibility and Public Purpose for the Hillandale Gateway AR Building; Authorization to Issue Loans to HOC at Hillandale AR, LLC for Acquisition and Construction Financing; Authorization to Issue Commitments for up to \$47 Million in Financing, Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Acquisition, Construction, and Permanent Loans

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

WHEREAS, on September 13, 2023, the Commission approved the Development Plan for the entire Hillandale Gateway planned development (the "Development") located in Silver Spring as a 463-unit, mixed-income, new construction, multi-generational community containing 215 unrestricted and 248 income-restricted units, of which 155 units will also be age restricted (the "LIHTC Units"), to include a Commission capital contribution of \$10,950,100 from the Opportunity Housing Reserve Fund ("OHRF") to the overall transaction, and acceptance of senior loans from Citi Community Capital in an amount up to 80% loan-to-cost; and

WHEREAS, the Development is entitled under current zoning and planning requirements for retail, public parking, and up to 463 apartments, of which (a) HOC and Duffie at Hillandale Gateway, LLC ("Duffie") will own and operate a condominium unit containing 215 unrestricted units, with the retail, parking garage, and general common elements in a single purpose entity known as Hillandale Gateway, LLC, (b) HOC and a Low Income Housing Tax Credit ("LIHTC") investor will own and operate an income restricted condominium unit containing 93 apartments in a single purpose entity known as HOC at Hillandale NAR, LLC; and (c) HOC and a LIHTC investor will own and operate an age and income restricted condominium unit containing 155 units ("AR Building") in a single purpose entity known as HOC at Hillandale AR, LLC ("AR Borrower"); and

WHEREAS, HOC is currently the sole member of the AR Borrower; and

WHEREAS, it is expected that the ownership structure of the AR Borrower will be modified to admit a LIHTC investor as a non-managing member, with HOC remaining in control of the AR Borrower as the managing member; and

WHEREAS, the AR Borrower proposes to serve households across a wide income range through the implementation of the income averaging component of the LIHTC program, which will allow households with income from 30% up to 80% of the Washington DC Area Median Income ("AMI") to enjoy rent protection without impairing the LIHTC equity for the Development; and

WHEREAS, affordability at the AR Building will satisfy 40% of households at or below 60% of AMI; and

WHEREAS, staff has explored a variety of options for the estimated \$109.3 million acquisition, construction, equipping and permanent financing for the AR Building, and determined to use a number of sources including the issuance of short-term, taxable and tax-exempt indebtedness to fund construction by way of a Commission conduit loan from Wells Fargo, N.A. or its affiliate entity to be passed through to the Borrower (“Wells Construction Loan”), which will be repaid by a permanent loan from Citibank, N.A., or an affiliate thereof (the “Citi Permanent Loan”); bridge funding during acquisition/construction by way of draws on the Commission’s PNC Bank, N.A. Real Estate Line of Credit (“Bridge Loan”); LIHTC equity; subordinate loans from Montgomery County, Maryland Housing Initiative Fund and Green Bank (“County Green Bank”, collectively “County Loans”); various energy grants/rebates with other future sources; subordinate funds from the Commission recognized as either equity contribution or loan (“HOC Loan”) where appropriate, and, deferred developer fees (collectively, the “Financing Plan”); and

WHEREAS, the AR Borrower and the Commission, wish to finance the acquisition, construction, and equipping of the AR Building with the Wells Construction Loan and the Citi Permanent Loan; and

WHEREAS, as a condition to secure the Wells Construction Loan, HOC is requested to provide a guaranty of completion, up to 25% repayment, debt service and carry, and standard carveouts (including environmental issues, fraud, misrepresentation and bankruptcy (“Guaranty”)); and

WHEREAS, the Commission and AR Borrower wish to secure the Citi Permanent Loan for the AR Building in the form of a forward commitment from Citibank, N.A. or an affiliate thereof to finance a loan amount of up to \$47,000,000 to the AR Borrower, based on a twenty-year (20) SOFR swap rate plus applicable 250 basis points spread; and

WHEREAS, to protect the transaction from potential interest rate increases, the Commission wishes to purchase one or more interest rate hedges in the form of swap(s) to mitigate the risk of a potential rise in interest rates and hedge the floating interest rate exposure on the Wells Construction Loan and Bridge Loan, and such interest rate hedge(s) will be evidenced by an International Swaps and Derivatives Association (“ISDA”) Master Agreement, Schedule, Confirmation and Credit Support Annex (the “Swap”); and

WHEREAS, any termination payments owed by the Commission are expected to be paid as Program Expenses under the 1996 Indenture or from the Commission’s legally available general funds but the payments are expected to be zero; and

WHEREAS, Commission and the AR Borrower expect to receive a Letter of Reservation/Determination for the LIHTCs from the Maryland Department of Housing and Community Development which will enable the AR Borrower to raise approximately \$31.2 Million in equity to pay part of its acquisition and development costs; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Development and its operating projections, this transaction is

believed to be feasible, and that by offering 40% of units at or below 60% of the AMI, the Development will provide significant public purpose supporting an allocation of private activity bond volume cap.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the AR Borrower, as its sole member, that the Financing Plan as described herein is approved and that HOC staff is authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the following:

1. Allocation of private activity bond volume cap for the issuance of debt to the AR Borrower in an amount not to exceed \$47,000,000, as subject to available volume cap.
2. Negotiation and acceptance of the Wells Construction Loan in an amount up to \$47,000,000 with a term not exceeding 60 months, and the Commission to act as conduit lender to lend such funds to the AR Borrower.
3. Negotiation and acceptance of a forward-lock agreement for the Citi Permanent Loan, with such permanent loan to have a balloon at or before year 25, in an amount up to \$47,000,000, with HOC acting as conduit lender.
4. Increase of the contribution from the Commission's OHRF to the AR Borrower from \$100 of equity and a \$4,999,900 loan to also include an additional \$10,000,000 loan, for a total of \$15,000,000, until such time as it may be repaid from the receipt of energy efficiency rebates, grants, or other sources including County funds.
5. Entering into a guaranty of completion, up to 25% repayment, loan balancing, and standard carveouts (including for environmental issues, fraud, misrepresentation, and bankruptcy).

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the AR Borrower, as its sole member, approves the AR Borrower's acceptance of the funds identified in the Financing Plan, including, but not limited to, the Wells Construction Loan, Bridge Loan, HOC Loan, County Loans, and the Citi Permanent Loan for the financing closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution of interest rate hedges via swap agreements with one or more qualified counterparties, to mitigate against a rise in interest rates, with any scheduled or termination payment owed by the Commission being paid as a Program Expense under its from the Commission's legally available general funds, subject to agreements now or hereafter made with holders of its notes and bonds, pledging particular revenues, assets or moneys for the payment thereof and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the AR Borrower, as its sole member, that the

President/Executive Director of HOC is hereby authorized, without any further action on their respective parts, to negotiate the terms of the Swap and complete the blanks therein as necessary to complete the transaction contemplated herein.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the AR Borrower, as its sole member, that the President/Executive Director is hereby authorized, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the President/Executive Director's judgment, to carry out the Financing Plan and the transaction and action contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on November 15, 2023.

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Chelsea Andrews
President/Executive Director

Items
Requiring
Deliberation
and/or
Action

AUDIT: ACCEPTANCE OF HOC FISCAL YEAR 2023 AUDITED FINANCIAL STATEMENTS AND SINGLE AUDIT REPORT

November 15, 2023

- HOC received an unmodified audit opinion on the Financial Statement Audit.
- Three programs were tested in the Single Audit. HOC received an unmodified audit opinion on the Housing Choice Voucher Program and Housing Finance Agencies Risk Sharing Program and a qualified audit opinion on the Section 8 Project Based Voucher Cluster.
- HOC received no Management Letter comments.
- Management has provided responses as required, which are included in the Single Audit Report.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, President / Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Eugenia Pascual, Controller
Francisco Vega, Assistant Controller

RE: **Audit:** Acceptance of HOC Fiscal Year 2023 Audited Financial Statements and Single Audit Report

DATE: November 15, 2023

OVERALL GOAL & OBJECTIVE:

Commission acceptance of the HOC Fiscal Year 2023 Audited Financial Statements and Single Audit Report.

BACKGROUND:

HOC's auditor, CliftonLarsonAllen LLP ("CLA"), prepared the results of the FY'23 Audited Financial Statements and Single Audit Report. Each Commissioner has had an opportunity to review the draft audit and requested additional information from the auditor.

ISSUES FOR CONSIDERATION:

Financial Statement Audit

The Commission received an unmodified audit opinion on the financial statements for the year ended June 30, 2023.

The financial statements for HOC's calendar year-end discretely presented component units ("DCUs") are consolidated and presented next to the Commission's consolidated financial statements. The detailed financial statements of each of the DCU properties are also presented on separate pages. The information is based on each DCU's audited financial statement as of December 31, 2022.

Single Audit Report

Attached is the final Single Audit Report for FY'23. Three programs were tested in the Single Audit, including:

- (1) Housing Choice Voucher Program ("HCVP");
- (2) Section 8 Project Based Voucher Cluster ("PBVC");
- (3) Housing Finance Agencies ("HFA") Risk Sharing Program.

HOC received an unmodified audit opinion on the HCVP and HFA Risk Sharing Program and a qualified audit opinion on the PBVC. **One** Significant Deficiency in Internal Control over Compliance (“Significant Deficiency”) and **one** Material Weakness in Internal Control over Compliance (“Material Weakness”) were identified in the HCVP. **Three** Significant Deficiencies and **one** Material Weakness were identified in the PBVC. The HFA Risk Sharing Program had no findings.

Management Letter

A requirement when performing an audit of an entity’s financial statements is to write a Management Letter, when appropriate, which communicates audit related findings related to internal controls to Management’s governing body (Commission in the case of HOC), as required by SAS No. 112.

The Commission received no Management Letter comments.

BUDGET/FISCAL IMPACT:

None. A funding source for the audit is budgeted during the HOC budget process each year.

TIME FRAME:

Action is requested at the November 15, 2023 Commission meeting. The Audited Financial Statements must be published by December 1, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends to the full Commission, the acceptance of the HOC FY’23 Audited Financial Statements and Single Audit Report.

Resolution No. 23-76

**Re: Acceptance of HOC Fiscal Year 2023
Audited Financial Statements and
Single Audit Report**

WHEREAS, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'23, which included the FY'23 Audited Financial Statements and Single Audit Report, to the Housing Opportunities Commission of Montgomery County (the "Commission"); and

WHEREAS, at a meeting held on November 15, 2023, the Commission reviewed the FY'23 Audited Financial Statements and Single Audit Report.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the FY'23 Audited Financial Statements and Single Audit Report prepared by CliftonLarsonAllen LLP.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open conducted on November 15, 2023.

Chelsea Andrews
President/Executive Director

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Development Corporation Meetings

Alexander House Development Corporation

ALEXANDER HOUSE DEVELOPMENT CORPORATION MEETING

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF THE PROPERTY MANAGEMENT CONTRACT FOR ALEXANDER HOUSE

November 15, 2023

- The property management contract for Alexander House Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Edgewood Management Corporation was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Alexander House Development Corporation accept the recommendation to enter a new property management contract for Alexander House with Edgewood Management Corporation from **January 1, 2024 through December 31, 2025**.

BUDGET IMPACT:

Edgewood Management Corporation proposed a management fee of \$50 per unit per month. The maximum value of the contract at 100% occupancy of the 183 units would be approximately \$109,800 for one year. By comparison to the current fee structure, this increases the annual fee by \$17,900 or 19% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

TIME FRAME:

For formal action by the Board of Directors of Alexander House Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Alexander House Development Corporation approve the property management contract with Edgewood Management Corporation for Alexander House through December 31, 2025.

RESOLUTION NO.: 23-003AH

RE: Procurement of Property Management Services: Approval of the Property Management Contract for Alexander House

WHEREAS, Alexander House Development Corporation owns 186 units in the development known as Alexander House located in Silver Spring, Maryland; and

WHEREAS, staff desires to enter a new property management contract at Alexander House with Edgewood Management Corporation through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Alexander House Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contract at Alexander House with Edgewood Management Corporation through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Alexander House Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

**Brookside
Glen
Apartments
Development
Corporation**

BROOKSIDE GLEN DEVELOPMENT CORPORATION MEETING

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF THE PROPERTY MANAGEMENT CONTRACT FOR BROOKSIDE GLEN

November 15, 2023

- The property management contract for Brookside Glen Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Residential One, LLC was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Brookside Glen Development Corporation accept the recommendation to enter a new property management contract for Brookside Glen with Residential One, LLC from **January 1, 2024 through December 31, 2025**.

M E M O R A N D U M

TO: Board of Directors of the Brookside Glen Development Corporation

VIA: Chelsea Andrews, President/Executive Director

FROM: Staff: Ali Ozair, Director of Property Management Division: Property Management
Alex Torton, Regional Manager Division: Property Management

RE: **Procurement of Property Management Services:** Property Management Contract for Brookside Glen Development Corporation

DATE: November 15, 2023

STATUS: Committee Report: Deliberation X

BACKGROUND:

Staff recommends a new property management contract with Residential One, LLC for Brookside Glen.

Staff has worked with the HOC’s Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals (“RFP”) of the Commission. The development of the template was completed and implemented during this RFP process.

The following tables detail property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Location	Total Units	Current Occupancy
Brookside Glen	Wheaton	90	93%

Property	Current Vendor	Awarded Vendor	Annual Budget for PM Services	Annual Renewal Contract Cost	Current Contract End Date	Contract Renewal Period
Brookside Glen DC	Edgewood Management Corporation	Residential One, LLC	\$42,240	\$42,240	12/31/2023	1/1/2024 – 12/31/2025

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Brookside Glen Development Corporation authorize the President/Executive Director of the Housing Opportunities Commission of Montgomery County to execute property management services contract with Residential One, LLC for Brookside Glen?

BUDGET IMPACT:

The renewal of the property management contract will not have a budget impact as the cost associated with the services is the same as included in the property's budget.

TIME FRAME:

For formal action by the Board of Directors of Brookside Glen Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Brookside Glen Development Corporation approve the property management contract with Residential One, LLC for Brookside Glen through December 31, 2025.

RESOLUTION NO.:23-003BG

RE: Procurement of Property Management Services: Approval of the Property Management Contract for Brookside Glen LP

WHEREAS, Brookside Glen Development Corporation is the general partner of Brookside Glen Limited Partnership (“Brookside Glen LP”), and Brookside Glen LP owns the development known as Brookside Glen located in Wheaton, Maryland; and

WHEREAS, staff desires to enter a new property management contract at Brookside Glen with Residential One, LLC through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Brookside Glen Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contact at Brookside Glen with Residential One, LLC through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Brookside Glen Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

Diamond Square Development Corporation

DIAMOND SQUARE DEVELOPMENT CORPORATION MEETING

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF THE PROPERTY MANAGEMENT CONTRACT FOR DIAMOND SQUARE

November 15, 2023

- The property management contract for Diamond Square Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Residential One, LLC was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Diamond Square Development Corporation accept the recommendation to enter a new property management contract for Diamond Square with Residential One, LLC from **January 1, 2024 through December 31, 2025**.

BUDGET IMPACT:

Residential One, LLC proposed a management fee of \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 124 units would be approximately \$85,575 for one year. By comparison to the current fee structure, this increases the annual fee by \$23,079 or 37% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro rated based on the implementation date.

TIME FRAME:

For formal action by the Board of Directors of Diamond Square Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Diamond Square Development Corporation approve the property management contract with Residential One, LLC for Diamond Square through December 31, 2025.

RESOLUTION NO.: 23-003DS

RE: Procurement of Property Management Services: Approval of the Property Management Contract for Diamond Square

WHEREAS, Diamond Square Development Corporation the general partner of Diamond Square Limited Partnership (“Diamond Square LP”), and Diamond Square LP owns the development known as Diamond Square located in Gaithersburg, Maryland (“Diamond Square”); and

WHEREAS, staff desires to enter a new property management contract at Diamond Square with Residential One, LLC through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Diamond Square Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contact at Diamond Square with Residential One, LLC through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Diamond Square Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/ Executive Director

Adjourn

Glenmont Westerly Development Corporation

GLENMONT WESTERLY DEVELOPMENT CORPORATION MEETING

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF THE PROPERTY MANAGEMENT CONTRACT FOR GLENMONT WESTERLY

November 15, 2023

- The property management contract for Glenmont Westerly Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Residential One, LLC was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Glenmont Westerly Development Corporation accept the recommendation to enter a new property management contract for Glenmont Westerly with Residential One, LLC from **January 1, 2024 through December 31, 2025**.

M E M O R A N D U M

TO: Board of Directors of the Glenmont Westerly Development Corporation

VIA: Chelsea Andrews, President/Executive Director

FROM: Staff: Ali Ozair, Director of Property Management Division: Property Management
Alex Torton, Regional Manager Division: Property Management

RE: **Procurement of Property Management Services:** Property Management Contract
Glenmont Westerly Development Corporation

DATE: November 15, 2023

STATUS: Committee Report: Deliberation X

BACKGROUND:

Staff recommends a new property management contract with Residential One, LLC for Glenmont Westerly.

Staff has worked with the HOC’s Board of Commissioners to create a property management solicitation template that reflects the evaluation and scoring metrics for property management Request for Proposals (“RFP”) of the Commission. The development of the template was completed and implemented during this RFP process.

The following tables detail property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Location	Total Units	Current Occupancy
Glenmont Westerly	Wheaton	102	94%

Property	Current Vendor	Awarded Vendor	Annual Budget for PM Services	Annual Renewal Contract Cost	Current Contract End Date	Contract Renewal Period
Glenmont Westerly DC	Edgewood Management Corporation	Residential One, LLC	\$51,408	\$70,392	12/31/2023	1/1/2024 – 12/31/2025

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Glenmont Westerly Development Corporation authorize the President/Executive Director of the Housing Opportunities Commission of Montgomery County to execute property management services contract with Residential One, LLC for Glenmont Westerly?

BUDGET IMPACT:

Residential One, LLC proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 102 units would be approximately \$70,392 for one year. By comparison to the current fee structure, this increases the annual fee by \$18,984 or 37% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro-rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

TIME FRAME:

For formal action by the Board of Directors of Glenmont Westerly Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Glenmont Westerly Development Corporation approve the property management contract with Residential One, LLC for Glenmont Westerly through December 31, 2025.

RESOLUTION NO.: 23-003gw

RE: Procurement of Property Management Services: Approval of the Property Management Contract for Glenmont Westerly

WHEREAS, Glenmont Westerly Development Corporation is the owner of the development known as Glenmont Westerly located in Silver Spring, Maryland; and

WHEREAS, staff desires to enter a new property management contract at Glenmont Westerly with Residential One, LLC through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Glenmont Westerly Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute an the property management contact at Glenmont Westerly with Residential One, LLC through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Glenmont Westerly Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

Glenmont Crossing Development Corporation

GLENMONT CROSSING DEVELOPMENT CORPORATION MEETING

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF THE PROPERTY MANAGEMENT CONTRACT FOR GLENMONT CROSSING

November 15, 2023

- The property management contract for Glenmont Crossing Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Residential One, LLC was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Glenmont Crossing Development Corporation accept the recommendation to enter a new property management contract for Glenmont Crossing with Residential One, LLC from **January 1, 2024 through December 31, 2025**.

BUDGET IMPACT:

Residential One, LLC proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 97 units would be approximately \$66,942 for one year. By comparison to the current fee structure, this increases the annual fee by \$18,054 or 37% based on 100 occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

TIME FRAME:

For formal action by the Board of Directors of Glenmont Crossing Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Glenmont Crossing Development Corporation approve the property management contract with Residential One, LLC for Glenmont Crossing through December 31, 2025.

RESOLUTION NO.: 23-003gc

RE: Procurement of Property Management Services: Approval of the Property Management Contract for Glenmont Crossing

WHEREAS, Glenmont Crossing Development Corporation is the owner of the development known as Glenmont Crossing located in Silver Spring, Maryland; and

WHEREAS, staff desires to enter a new property management contract at Glenmont Crossing with Residential One, LLC through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Glenmont Crossing Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contact at Glenmont Crossing with Residential One, LLC through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Glenmont Crossing Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

Magruder's Discovery Development Corporation

MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION MEETING

**PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF
THE PROPERTY MANAGEMENT CONTRACT FOR MAGRUDER'S
DISCOVERY**

November 15, 2023

- The property management contract for Magruder's Discovery Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Edgewood Management Company was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Magruders Discovery Development Corporation accept the recommendation to enter a new property management contract for Magruders Discovery with Edgewood Management Company from **January 1, 2024 through December 31, 2025**.

BUDGET IMPACT:

The new property management contract will have a budget impact of \$35,376 and will require a budget amendment. The significant increase is a result of prior contract being contract-assisted and the new management agreement will be Full Management.

TIME FRAME:

For formal action by the Board of Directors of Magruders Discovery Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Magruders Discovery Development Corporation approve the property management contract with Edgewood Management Company for Magruders Discovery through December 31, 2025.

RESOLUTION NO.: 23-003MD

RE: Procurement of Property Management Services: Approval of the Property Management Contract for Magruder's Discovery

WHEREAS, Magruder's Discovery Development Corporation is the owner of the development known as Magruder's Discovery located in Silver Spring, Maryland; and

WHEREAS, staff desires to enter a new property management contract at Magruder's Discovery with Edgewood Management Company through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Magruder's Discovery Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contract at Magruder's Discovery with Edgewood Management Company through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Magruder's Discovery Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Magruder's Discovery Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

The Metropolitan Development Corporation

METROPOLITAN DEVELOPMENT CORPORATION MEETING

PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF THE PROPERTY MANAGEMENT CONTRACT FOR METROPOLITAN

November 15, 2023

- The property management contract for Metropolitan Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Bozzuto Management Company was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Metropolitan Development Corporation accept the recommendation to enter a new property management contract for Metropolitan with Bozzuto Management Company from **January 1, 2024 through December 31, 2025**.

BUDGET IMPACT:

Bozzuto Management Company proposed a management fee of \$57.63 per unit per month. The maximum value of the contract at 100% occupancy of the 216 units would be approximately \$149,377 for one year. By comparison to the current fee structure, this increases the annual fee by \$17,436 or 13% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

TIME FRAME:

For formal action by the Board of Directors of Metropolitan Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Metropolitan Development Corporation approve the property management contract with Bozzuto Management Company for Metropolitan through December 31, 2025.

RESOLUTION NO.: 23-003ME

RE: Procurement of Property Management Services: Approval of the Property Management Contract for The Metropolitan

WHEREAS, The Metropolitan Development Corporation is an owner of the development known as The Metropolitan located in Bethesda, Maryland; and

WHEREAS, staff desires to enter a new property management contract at The Metropolitan with Bozzuto Management Company through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Metropolitan Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contract at The Metropolitan with Bozzuto Management Company through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Metropolitan Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

Montgomery Arms Development Corporation

MONTGOMERY ARMS DEVELOPMENT CORPORATION MEETING

**PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF
THE PROPERTY MANAGEMENT CONTRACT FOR MONTGOMERY ARMS**

November 15, 2023

- The property management contract for Montgomery Arms Development Corporation is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Edgewood Management Corporation was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Montgomery Arms Development Corporation accept the recommendation to enter a new property management contract for Montgomery Arms with Edgewood Management Corporation from **January 1, 2024 through December 31, 2025**.

BUDGET IMPACT:

Edgewood Management Corporation proposed a management fee of \$50 per unit per month. The maximum value of the contract at 100% occupancy of the 129 units would be approximately \$77,400 for one year. By comparison to the current fee structure, this increases the annual fee by \$12,381 or 19% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro rated based on the implementation date.

TIME FRAME:

For formal action by the Board of Directors of Montgomery Arms Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Montgomery Arms Development Corporation approve the property management contract with Edgewood Management Corporation for Montgomery Arms through December 31, 2025.

RESOLUTION NO.: 23-002MA

RE: Procurement of Property Management Services: Approval of the Property Management Contract for Montgomery Arms

WHEREAS, Montgomery Arms Development Corporation owns the development known as Montgomery Arms located in Silver Spring, Maryland; and

WHEREAS, staff desires to enter a new property management contract at Montgomery Arms with Edgewood Management Corporation through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Montgomery Arms Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contract at Montgomery Arms with Edgewood Management Corporation through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Montgomery Arms Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

Wheaton Metro Development Corporation

WHEATON METRO DEVELOPMENT CORPORATION MEETING
PROCUREMENT OF PROPERTY MANAGEMENT SERVICES: APPROVAL OF
THE PROPERTY MANAGEMENT CONTRACT FOR METROPOINTE
(WHEATON METRO)

November 15, 2023

- The property management contract for MetroPointe Development Corporation, which is owned by Wheaton Metro Development Corporation, is expiring on **December 31, 2023**.
- A new RFP was conducted for property management services and Bozzuto Management Company was selected as the awardee.
- The Budget Finance and Audit Committee reviewed this request at its meeting on November 3, 2023, and joins staff's recommendation that the Board of Directors of Wheaton Metro Development Corporation accept the recommendation to enter a new property management contract for MetroPointe with Bozzuto Management Company from **January 1, 2024 through December 31, 2025**.

BUDGET IMPACT:

The new property management contract is in line with budget.

TIME FRAME:

For formal action by the Board of Directors of Wheaton Metro Development Corporation at its meeting on November 15, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Wheaton Metro Development Corporation approve the property management contract with Bozzuto Management Company for MetroPointe through December 31, 2025.

RESOLUTION NO.: 23-003wm

**RE: Procurement of Property
Management Services: Approval of
the Property Management Contract
for MetroPointe**

WHEREAS, Wheaton Metro Development Corporation is an owner in the development known as MetroPointe located in Silver Spring, Maryland; and

WHEREAS, staff desires to enter a new property management contract at MetroPointe with Bozzuto Management Company through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a property management contract at MetroPointe with Bozzuto Management Company through December 31, 2025.

BE IT FURTHER RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the President/Executive Director of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on November 15, 2023.

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Chelsea J. Andrews
President/Executive Director

Adjourn

Closing Statement

Written Statement for Closing a Meeting (“Closing Statement”)

Date: November 15, 2023

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

1. X “To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals”; and

13. X “To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.”

For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

Statutory Citation	Topic	Reason for closed-session discussion
§3-305(b)(1)	Discussion of a personnel matter regarding an HOC employee.	The meeting must be closed to the public because it involves an individual employee over whom HOC has jurisdiction, and the discussion will include personnel information.
§3-305(b)(13)	Confidential commercial and financial information related to accepting a temporary expansion to a line of credit from PNC Bank N.A. [NOTE: This was discussed at the November 3, 2023 Budget, Finance and Audit Committee. This is a continuation of that discussion]	Section 4-335 of the Maryland Public Information Act prevents disclosure of confidential commercial and financial information obtained from a third-party. The meeting must be closed to the public in order to protect confidential commercial and financial information provided to HOC from PNC Bank, N.A. (a private financial partner) in connection with PNC’s provision of a temporary expansion to a line of credit. The information to be discussed is customarily and actually treated as confidential by PNC Bank, N.A. and has been provided to HOC under assurances of privacy.

A. This statement is made by Roy Priest, Chair.

B. Recorded vote to close the meeting:

- Date: November 15, 2023 Time: _____
- Location: HOC’s Kensington Office (10400 Detrick Avenue, Kensington, MD 20895) & Livestream (YouTube).
- Motion to close meeting made by: _____
- Motion seconded by: _____
- Commissioners in favor: _____
- Commissioners opposed: _____
- Commissioners abstaining: _____
- Commissioners absent: _____

Officer’s Signature: _____

Adjourn

Closed Session