



EXPANDED AGENDA

September 6, 2017

			<u>Res. #</u>
4:00 p.m.	I. <u>CONSENT ITEMS</u>		
Page 4	A. Approval of Minutes of August 9, 2017 B. Approval of Minutes of August 9, 2017 Administrative Session		
4:05 p.m.	II. <u>INFORMATION EXCHANGE</u>		
Page 18 22	A. Report of the Executive Director B. Calendar C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report		
4:15 p.m.	III. <u>ADMINISTRATIVE AND SPECIAL SESSIONS ACTIONS</u>		
Page 25	A. Ratification of Action Taken in Administrative Session on August 9, 2017: Authorization to Transfer Purchase Agreement to Purchase Real Property in Wheaton to a Previously-Approved Newly Created Entity; Approval to Admit New Member to, and Enter into Operating Agreement for, the Newly Created Entity for the Redevelopment of the Real Property; and Approval of Initial Predevelopment Funding for the Real Property		17-58R _(pg. 26)
4:25 p.m.	IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>		
Page 30 35 40	A. Budget, Finance and Audit Committee – Com. Nelson, Chair 1. Approval to Select Bozzuto as Property Manager for Metropolitan Pursuant to RFP #2062 2. Approval to Select Bozzuto as Property Manager for Strathmore Court Pursuant to RFP #2062 3. Authorization to Submit County FY’19-24 Capital Improvement Program (CIP) Budget		17-59 _(pg. 34) 17-60 _(pg. 39) 17-61 _(pg. 47)
4:40 p.m.	V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>		
Page 50	1. Approval of an Amended Financing Plan for the Woodfield Commons Development, Approval of the Terms of a Joint Venture Agreement with Woodfield Commons Managing Member LLC, Approval of Woodfield HOC, LLC Entering Into an Operating Agreement for the Management of Woodfield Commons Associates LLC, Approval of an Operating Agreement for Woodfield HOC LLC, Authorization for the Executive Director to Execute Operating Agreements for Woodfield Commons Associates LLC, Woodfield HOC LLC, the Joint Venture Agreement and Closing Documents for the Woodfield Commons Development Transaction		17-63 _(pg. 62)
	VI. <u>*FUTURE ACTION ITEMS</u> None		

	VII. <u>INFORMATION EXCHANGE (continued)</u> A. Community Forum		
	VIII. <u>NEW BUSINESS</u> None		
	IX. <u>ADMINISTRATIVE SESSION FINDINGS</u>		
5:00 p.m.	<u>ADJOURN</u>		
5:25 p.m.	<u>ADMINISTRATIVE SESSION</u> <i>Pursuant to Section 3-305(b) of the General Article of the Annotated Code of the State of Maryland, this Administrative Session will be called to order to consider the acquisition of real property.</i>		

NOTES:

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

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

Consent

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

August 9, 2017

17-08

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, August 9, 2017 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:09 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Chair Pro Tem
Margaret McFarland
Linda Croom

Absent

Christopher Hatcher
Pamela Byrd
Edgar Rodriguez

Also Attending

Stacy Spann, Executive Director
Fred Swan
Clarence Landers
Angelia McIntosh-Davis
Ellen Goff
Sherraine Rawlins
Heather Grendze
Christina Autin
Kayrine Brown
Tiffany Jackson
Nilou Razeghi
David Berry
Paul Vinciguerra
Joan McGuire

Nowelle Ghahhari, General Counsel
Patrick Mattingly
Victoria Dixon
Eugene Spencer
Ian Williams
Hyunsuk Choi
Ethan Cohen
Zachary Marks
Rita Harris
Francisco Vega
Eugenia Pascual
Jim Atwell
Douglas Brooks

RAB

No Rep

Guest

Stephanie Riddick, Sierra Club
Destinee Hair, RAP Program Participant

Guest Cont'd

Sandra DeMoraes, Alexander House

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

IT Support

Irma Rodriguez

The meeting began with approval of the Consent Calendar. The Consent Calendar was adopted upon a motion by Commissioner Croom and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, McFarland, and Croom. Commissioners Hatcher, Byrd, and Rodriguez were necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

- A. Approval of Minutes of July 12, 2017** – The minutes were approved as submitted.
- B. Approval of Minutes of July 12, 2017 Administrative Session** – The minutes were approved as submitted.

II. INFORMATION EXCHANGE

- A. Report of the Executive Director** – Executive Director Spann had no additional information to add to his written report.
- B. Calendar and Follow-up Action** – None
- C. Commissioner Exchange**
 - Commissioner Croom reported that she will be attending the MARC-NAHRO Conference in Washington, DC on August 17, 2017.
 - Chair Simon attended the National Night Out at Emory Grove. She was very pleased and commended staff on how well they worked together with the various organizations who participated in the event.
- D. Resident Advisory Board (RAB)** – Ms. Yvonne Caughman, Vice President, was necessarily absent. Commissioner Croom reported that the Board met on July 17, 2017. During the meeting there was a question and answer session regarding Rental Assistance Demonstration (RAD) with a visiting group.
- E. Community Forum** – Destinee Hair, State Rental Allowance Program (RAP) participant, addressed the Board concerning her participation in the program which will end soon. Fred Swan, Director of Resident Services, and Rita Harris, Special Assistant, addressed Ms. Hair's program issues.

III. ADMINISTRATIVE AND SPECIAL SESSIONS ACTIONS

A. Ratification of Approval of Financing Plan for Woodfield Commons and Related Actions; and Approval to Form a New Entity to Serve as Member of the Owner

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

RESOLUTION: 17-51R

RE: Ratification of Approval of Financing Plan for Woodfield Commons and Related Actions; and Approval to Form a New Entity to Serve as Member of the Owner

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

WHEREAS, at an Administrative Session duly called and held on July 12, 2017, with a quorum present, the Commission duly adopted Resolution 17-51, in which the Commission approved the Financing Plan for the Woodfield Commons Development and related actions as well as the formation of a New Entity to serve as 11% co-managing member of the ownership entity; and

WHEREAS, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 17-51 and any action taken since July 12, 2017 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 17-51 and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

- 1. Approval of the Final Development Plan; Authorization for the Executive Director to Execute General Contractor Contract for an Amount not to Exceed \$26,000,000, Inclusive of a Limited Scope Contract of \$680,273 for Completion of Underground Utilities, and Approval of \$700,000 of Additional Predevelopment Funding**

Kayrine Brown, Chief Investment and Real Estate Officer, and Hyunsuk Choi, Senior Financial Analyst, were presenters.

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

RESOLUTION: 17-52

RE: Approval of the Final Development Plan; Authorization for the Executive Director to Execute General Contractor Contract for an Amount not to Exceed \$26,000,000, Inclusive of a Limited Scope Contract of \$680,273 for Completion of Underground Utilities; and Approval of \$700,000 of Additional Predevelopment Funding

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

WHEREAS, on March 16, 2016, the Commission acquired 900 Thayer (“900 Thayer”) located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring, MD; and

WHEREAS, on April 6, 2016, the Commission approved 900 Thayer as a 124-unit, mixed-income, new construction, family community containing 73 one-bedroom and 51 two-bedroom units (“Development Plan”); and

WHEREAS, also as part of the Development Plan revised on March 1, 2017, 900 Thayer would contain 84 Project Based Rental Assistance (“PBRA”) units through conversion of these Public Housing units at Holly Hall via the Rental Assistance Demonstration (“RAD”) program and 40 market rate units; and

WHEREAS, the Commission authorized, in conjunction with its approval of the Development Plan, a predevelopment loan of \$2,182,500, the selection of The Concourse Group (“TCG”) as development consultant, and the acceptance of an existing contract with KTG Architecture; and

WHEREAS, on September 7, 2016, the Commission approved the selection of CBG Building Company (“CBG”) as general contractor for the construction of 900 Thayer and authorized the Executive Director to enter into contract negotiations with CBG for general contracting services for the construction of 900 Thayer; and

WHEREAS, on October 5, 2016, the Commission approved the selection of Edgewood Management for pre-construction consulting and property management services; and

WHEREAS, on June 15, 2017, staff submitted the RAD Financing Plan to the United States Department of Housing and Urban Development (“HUD”) and is expecting to receive a RAD Conversion Commitment (“RCC”) from HUD in August of 2017, which permits HOC to convert the 84 Public Housing units at Holly Hall to PBRA units at 900 Thayer; and

WHEREAS, the HOC’s site plan approvals by the Montgomery County Planning Board require that all site utilities be placed underground; and

WHEREAS, the underground relocation of site utilities is best completed prior to the commencement of building construction and HOC wishes to begin building construction immediately upon approval of funding; and

WHEREAS, staff will present a plan for construction financing at the September 2017 meeting of the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the final development plan for the construction of 900 Thayer as outlined to the Commission on the date hereof.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the immediate execution of a Limited Scope Contract for the relocation of the underground utilities, in an amount not to exceed \$680,273, to be funded from the Opportunity Housing Reserve Fund (“OHRF”), allowing CBG Building Company to commence required dry utilities while the General Contractor Contract is being completed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution of a contract with CBG Building Company as general contractor for 900 Thayer at closing of construction financing for \$25,319,727 which together with the Limited Scope Contract shall not exceed \$26,000,000 (“General Contractor Contract”).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes an increase of \$700,000 in predevelopment funds to be funded from the Opportunity Housing Reserve Fund (“OHRF”), bringing the total predevelopment funds from the OHRF authorized for 900 Thayer to \$2,882,500.

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

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

2. Approval to Increase the Maximum Amount of the Cash-flow Contingent Loan for Park View at Aspen Hill as Part of the RAD Conversion of Senior Multifamily Properties, Approval to Amend the Commitment to Reflect Pennrose Development LLC as the Developer of Record, and Authorization for the Executive Director to Execute Related Documents

Kayrine Brown, Chief Investment and Real Estate Officer, and Zachary Marks, Assistant Director of New Development, were presenters.

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

RESOLUTION: 17-53

RE: Approval to Increase the Maximum Amount of the Cash-flow Contingent Loan for Park View at Aspen Hill as Part of the RAD Conversion of Senior Multifamily Properties, Approval to Amend the Commitment to Reflect Pennrose Development LLC as the Developer of Record, and Authorization for the Executive Director to Execute Related Documents

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

WHEREAS, Shelter Development LLC (“Shelter”) was the original developer of a six-acre parcel – to be carved out of excess land owned by Wheaton Seventh Day Adventist Church – located in Aspen Hill, Maryland, along Bel Pre Drive; and

WHEREAS, Shelter proposed to construct a new, 120-unit independent senior living affordable rental apartment community called Park View at Aspen Hill (“PVAH”) for which the Maryland Department of Housing and Community Development (“DHCD”) awarded a 9% Low Income Housing Tax Credit (“LIHTC”) allocation; and

WHEREAS, HOC’s wished to participate in the proposed development based on its need of 40 units at PVAH as relocation housing to which residents and Project-Based Section 8 subsidy would be transferred from Elizabeth House upon its conversion from Public Housing via the US Department of Housing and Urban Development’s Rental Assistance Demonstration (“RAD”) program; and

WHEREAS, as part of the application to DCHD for a 9% LIHTC allocation which Shelter submitted, HOC committed to provide a cash-flow contingent loan of up to \$1,250,000 (“Original Loan”) in addition to the total sources of funds already committed at the time and otherwise projected, as those other sources were insufficient to fully finance the total development costs for PVAH; and

WHEREAS, subsequent to PVAH’s receiving the 9% LIHTC award, Shelter decided to exit the affordable housing interest including deals under development; and

WHEREAS, to retain the 9% LIHTC award, DHCD had to approve a replacement developer for Shelter; and

WHEREAS, HOC and DHCD agreed upon Pennrose Development LLC (“Pennrose”) as the replacement developer for Shelter; and

WHEREAS, changes in underwriting assumptions since PVAH received the 9% LIHTC award leave the project in need of an additional \$300,000 in construction sources; and

WHEREAS, in the event that the proceeds generated by the sale of tax credits and by the senior mortgage for the financing of the construction of PVAH exceed \$22,367,585, less any increases in total development costs for PVAH over \$26,153,721, the \$1,5440,000 commitment would be reduced by the amount of additional proceeds net of any new total development cost increases.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to issue a revised commitment letter to Pennrose and its affiliate assignee for a cash-flow contingent loan for the Park View at Aspen Hill project in the amount of \$1,550,000, bearing interest at 2%, which loan will be funded from the Opportunity Housing Reserve Fund and shall be

funded simultaneously with the closing and/or funding of the project's LIHTC equity and other construction financing.

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

3. Approval to Select R4 Capital as the Tax Credit Syndicator for Elizabeth House III and Authorization for the Executive Director to Negotiate and Execute a Limited Partnership Agreement

Kayrine Brown, Chief Investment and Real Estate Officer, and Zachary Marks, Assistant Director of New Development, were presenters.

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

RESOLUTION: 17-54

RE: Approval to Select R4 Capital as the Tax Credit Syndicator for Elizabeth House III and Authorization for the Executive Director to Negotiate and Execute a Limited Partnership Agreement

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South and consists of three discrete properties: Alexander House, owned by Alexander House Development Corporation and Alexander House Limited Partnership (combined as "Alexander House"); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), and Fenwick Professional Park owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group (LDG) subject to a Master Lease to Elizabeth House III Limited Partnership, Elizabeth House III LLC and EH III Recreational Center, LLC; and

WHEREAS, the Elizabeth House III ("EH III") development includes 267 residential units, of which 120 units will be set aside as affordable units, a South County Regional Recreation and Aquatic Center ("SCRRAC") totaling 120,000 square feet, and a 7,500 square feet Senior Resource Center/Primary Care Facility operated by Holy Cross Hospital; and

WHEREAS, the 120 affordable units will be comprised of 106 Rental Assistance Demonstration ("RAD") units and 14 Low Income Housing Tax Credit ("LIHTC") units serving residents at or below 60% of the Area Median Income ("AMI"); and

WHEREAS, the revised Sketch Plan, Preliminary Plan, and Site Plan for Elizabeth Square was submitted to the M-NCPPC in July 2017 with approval projected for November 2017; and

WHEREAS, permit set for the new EH III is anticipated to be completed by September 2017; and

WHEREAS, the development plan includes HOC's creation of Elizabeth House III Limited Partnership (the "Partnership") to own 120 units of the Property in order to avail of equity raised by the syndication of 4% Low Income Housing Tax Credits and a permanent loan funded from the sale of tax-exempt bonds, insured by FHA pursuant to its Risk Share agreement with HOC, and secured by 45% of the Property; and

WHEREAS, Elizabeth House III Limited Partnership (the "Partnership") was created on September 16, 2016, with EH III GP LLC, of which HOC is the sole member, as the general partner and HOC as the initial limited partner; and

WHEREAS, HOC and the Partnership expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development which will enable the Partnership to raise approximately \$12.1 million in equity to pay part of its development costs; and

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

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

WHEREAS, HOC intends to negotiate an amended and restated limited partnership agreement with R4 Capital for the admission of R4 Capital as a limited partner, the withdrawal of HOC as a limited partner, and the continued role of EH III GP LLC as the general partner of the Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of EH III GP LLC, as its sole member, acting for itself and for and on behalf of Elizabeth House III Limited Partnership, as its general partner, that it approves the selection of R4 Capital as the low income housing tax credit investor syndicator.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of EH III GP LLC, as its sole member, acting for itself and for and on behalf of Elizabeth House III Limited Partnership as its general partner, that

the Executive Director is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

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

1. Authorization to Submit FY 2017 Section Eight Management Assessment Program (SEMAP) Certification to HUD

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

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

RESOLUTION: 17-55

**RE: Authorization to Submit FY 2017
Section Eight Management
Assessment Program (SEMAP)
Certification to HUD**

WHEREAS, U.S. Department of Housing and Urban Development (HUD) regulations require that the Housing Opportunities Commission of Montgomery County (HOC) submit the Section Eight Management Assessment Program (SEMAP) certification annually; and

WHEREAS, the SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for Fiscal Year 2017, must be submitted to HUD within 60 days of the end of the fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to submit the Fiscal Year 2017 SEMAP Certification to HUD.

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

2. Authorization to Adopt a New Violence Against Women Act Policy for the Housing Opportunities Commission of Montgomery County

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

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

RESOLUTION: 17-56

RE: Authorization to Adopt a New Violence Against Women Act Policy for the Housing Opportunities Commission of Montgomery County

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) seeks to adopt a new Violence Against Women Act Policy in order to implement the regulations identified in the Violence Against Women Reauthorization Act of 2013.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to adopt a new Violence Against Women Act (VAWA) Policy for the Housing Opportunities Commission of Montgomery County.

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

3. Authorization to Submit the FFY 2017 Capital Fund Program Grant Annual Contributions Contract Amendment and Supporting Documentation

Ethan Cohen, Housing Programs Coordinator, and Ellen Goff, Real Estate Operations Manager, were presenters.

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

RESOLUTION: 17-57

RE: Authorization to Submit the FFY 2017 Capital Fund Program Grant Annual Contributions Contract Amendment and Supporting Documentation

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) will receive \$288,858 in FFY 2017 Capital Fund Program grant funds from the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, staff has identified \$288,858 in needs based upon the Commission's Five-Year Capital Fund Program Action Plan; and

WHEREAS, by submitting the FFY 2017 CFP Annual Statement and the signed FFY 2017 ACC Amendment, the Commission is agreeing that capital and management activities will be carried out in accordance with all HUD regulations.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized to submit to the U.S. Department of Housing and Urban Development the FFY 2017 Annual Statement outlining how the Capital Fund Program grant funds will be expended, the signed FFY 2017 Annual Contributions Contract Amendment in the amount of \$288,858, and the supporting Commission Resolution.

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

V. **ITEMS REQUIRING DELIBERATION and/or ACTION**
None

VI. **FUTURE ACTION ITEMS**
None

VII. **INFORMATION EXCHANGE (continued)**
None

VIII. **NEW BUSINESS**
None

IX. **ADMINISTRATIVE SESSION FINDING**
None

Based upon this report, and there being no further business to come before this open session of the Commission, pursuant to Section 3-305 of the General Provisions Article of the Maryland Annotated Code, a motion was made to adjourn the open session to a closed session by Commissioner McFarland and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, McFarland, and Croom. Commissioners Hatcher, Byrd, and Rodriguez were necessarily absent and did not participate in the vote.

The open session adjourned at 5:34 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

INFORMATION EXCHANGE

HOC Youth “Jump” into School Year with New Supplies



On Friday, August 25, 2017, the Housing Opportunities Commission of Montgomery County (HOC) and its nonprofit entity, Housing Opportunities Community Partners (HOCP) hosted their Annual Back to School Fest for HOC youth. This event was the culmination of a month-long school supply drive which received more than 900 donations of fully stuffed backpacks. More than 700 children from across the county gathered at Rockin’ Jump Trampoline Park in Gaithersburg, MD for one last day of play before school began. Every child that showed up received a brand new backpack loaded with much needed school supplies. HOC continues to distribute backpacks to the more than 800 pre-registered and other inquiring families.

HOCP hosted the HOC Cares School Supply Drive from July 19, 2017 through August 23, 2017 to benefit youth and families served by HOC. Donation boxes were placed at HOC Service Centers and offices throughout the county. The 2017 campaign yielded an increase over last year, where HOCP delivered backpacks and supplies to 600 HOC youth. This year, over 900 backpacks were filled with calculators, notebooks, binders, crayons, and other essentials to prepare kids for the coming school year. Generous donations of cash and gift cards ensured each backpack included supplemental supplies as well.

Eight hundred HOC youth registered to receive school supplies at the Back to School Fest where they ate food, played games, and enjoyed an hour of complimentary “jump time” provided by Rockin’ Jump Trampoline Park.

Several organizations were instrumental in helping HOCP provide a record number of supplies this year. Top contributors include Alpha Kappa Alpha Sorority, Inc., A Wider Circle, Bozzuto Construction Company, Daniel Benjamin Office Supply, Executive Building Maintenance, Inc., Montgomery County Public Schools, Raw Ink Studio, Rockin’ Jump Trampoline Park, YMCA, and various private donors. Alpha Kappa Alpha, Inc. supplied an outstanding 600 backpacks for this year’s drive and Rockin’ Jump donated the cost of the facility so each student could enjoy an hour of “jump time” as part of the event.



STEM Students Close 2017 Camp Season



On Friday, August 18, 2017, HOC Academy closed its 2017 STEM camp season with a robotics competition at The Willows apartments in Gaithersburg. It was the fifth robotics and seventh overall Science, Technology, Engineering, and Mathematics (STEM) camp of the season. This year, over 100 HOC youth participated—learning to apply STEM concepts and their own creativity to the problem-solving process.



HOC Academy's two engineering camps, for youth in grades 2-6, hosted 20 students for a week-long, hands-on experience at locations in Silver Spring and Germantown. Made possible by a grant from the George Preston Marshall Foundation, the camps helped students apply real-world math and science concepts and build critical thinking skills.

A generous community grant from Montgomery County enabled HOC to provide a total of five inspiring and educational robotics camps this year. The two-week-long camps for youth in grades 1-8 ran at locations in Gaithersburg, Germantown, Olney, and Silver Spring. This year, HOC provided campers with the latest Chrome Books, Lego WeDo 2.0 and Lego Mindstorms EV3 kits to design, build, and program their custom robots.

Robotics campers experienced one of For Inspiration and Recognition of Science and Technology (FIRST) Lego League's (FLL) Animal Allies challenges on the final day of camp, Friday, August 18, 2017. The Shark Tank Mission offered budding engineers the opportunity to design, build, and program robots to perform FLL missions with real FLL materials—applying STEM principles and team-building skills throughout the process. The camps were filled with the spirit of friendly competition and left campers hungry to expand their education in STEM—just in time for the new school year!



Fatherhood Initiative Attends Single Parents Conference

On Saturday, August 12, 2017, the Fatherhood Initiative participants and staff were invited to attend Montgomery College's first annual Single Parent Conference at the Rockville campus. In alignment with their mission, Montgomery College provided an opportunity for single parents to have direct access to resources and information designed to help single parents meet their educational, career, and personal goals. In addition to hosting a table at the conference, HOC's Fatherhood Initiative's Coordinator served as a panelist at two conference sessions: Fathers Raising Daughters and Multigenerational Households. The Fatherhood Initiative, like many of HOC's programs, is proud to offer opportunities for parents and families to network and connect to essential community resources.

Construction 101 Prepares Students for Work

HOC Academy, in collaboration with CBP Constructors, LLC, recruited and provided training for 19 customers during the Summer 2017 Construction 101 program. The course, held regularly throughout the year, provides HOC customers the opportunity to receive training and obtain certifications to advance their career in the construction industry. As of August 11, 2017, students from the Summer 2017 cohort gained essential OSHA training, as well as CPR and Flagger certifications.

HOC Undertakes Voucher Leasing Effort

HOC's Housing Resources Division began a major leasing initiative on August 22, 2017. Biweekly, we are inviting 100 families to voucher orientations to determine eligibility and issue vouchers. Thus far, we have a 60% response rate. This response rate far exceeds the old response rate generated using the former paper-based wait list process which had an average response that was closer to a 34%. HOC will continue orientations through the first week of September and anticipates leasing units to 400 new families by the end of the calendar year.

National Night Out

On Tuesday, August 1, 2017, HOC, Montgomery County Department of Recreation and the Montgomery County Police Department hosted National Night Out at the Upper County Community Recreation Center in Gaithersburg, MD. National Night Out, sponsored by the National Association of Town Watch, is designed to generate neighborhood support and participation in crime prevention efforts and to enhance police and community relations. Many communities celebrate with events to help neighbors get acquainted and build community spirit.





Over 200 members of the community attended Montgomery County's 2017 National Night Out event and enjoyed food off the grill, moon bounces, face painting, games and more. Vendors and HOC staff were onsite to provide program information, including the county's Police Explorers, the African American Health Program, Voter Registration, and HOC Academy's Fatherhood Initiative.

HOC Families Enjoy Afternoon at Nationals Ballpark

Courtesy of the Washington Nationals and former HOC Commissioner Norman Dreyfuss, 75 HOC children and chaperones watched the Washington Nationals take on the Los Angeles Angels at Nationals Stadium on Wednesday, August 16, 2017. Participants from HOC's Fatherhood Initiative, HOC Academy, and children enjoyed a sunny day at the ballgame. Each participant enjoyed complimentary food and beverages while the Nationals lost a close game in their quest for first place in the National League.



VPC One and VPC Two Continue Successful Lease Up

HOC continues to experience success with leasing of renovated VPC units across the county. HOC housed 94 new families between May and August of 2017. At the end of August, the occupancy rate was 93.23% with a leased rate of 95.14%.

The 677 units, completed in July 2017, include 669 former Public Housing scattered site units converted under HUD Section 18 disposition. Conversion and renovation through the VPC project has enabled HOC to preserve and update a significant portion of units, bringing our scattered site unit portfolio to almost 43% of units renovated at the new, higher standard, including energy efficiency improvements that will reduce utility costs for our residents.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

September 2017

4	Labor Day Holiday (<i>HOC Offices Closed</i>)	
6	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	3:00 p.m.
6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
7	County Executive Press Event – re: Campaign Kickoff for Bill 19-15 (Tenants’ Rights/Inspections) (<i>All</i>) – Pooks Hill Towers, 3 Pooks Hill Rd., Bethesda, MD	10:30 a.m.
15	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
15	Property Tour (<i>All</i>)	12:00 noon
18	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
18	Banor Board Meeting (<i>Hatcher, Nelson</i>) - Bauer Park Community Room	7:30 p.m.
19	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Rodriguez</i>)	4:00 p.m.
20	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	10:00 a.m.
21	Family Self-Sufficiency (FSS) Graduation (<i>All</i>) – Silver Spring Civic Center, One Veterans Plaza, Silver Spring, MD	6 – 8 p.m.
25	Agenda Formulation (<i>Simon, Croom</i>)	12:00 noon
25	Joint Dinner Meeting w/HOC and Rockville Housing Enterprise (<i>All</i>)	4:00 p.m.

October 2017

4	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
16	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
17	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	10:00 a.m.
20	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
20	Status/Lunch Meeting w/Executive Director (<i>All</i>) – HOC – Commission Lounge	12:00 noon
23	Agenda Formulation (<i>Simon, Byrd</i>)	12:00 noon

November 2017

1	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	2:00 p.m.
1	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
17	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
20	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
21	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Rodriguez</i>)	4:00 p.m.
23-24	Thanksgiving Holiday Observed (<i>HOC Offices Closed</i>)	

December 2017

6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
12	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	10:00 a.m.
15	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
15	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
18	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
25	Christmas Holiday (<i>HOC Offices Closed</i>)	

January 2018

1	New Year’s Day Holiday (<i>HOC Offices Closed</i>)	
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10	HOC Regular Meeting (A//)	4:00 p.m.
16	Legislative and Regulatory Committee Meeting	4:00 p.m.
19	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	10:00 a.m.

Activities of Interest

- 1 – Follow-up Meeting w/Housing for People with Disabilities Group
 - 2 – Property Tour
-

Administrative and Special Sessions Actions

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON
AUGUST 9, 2017:**

**Authorization to Transfer Purchase Agreement to Purchase Real
Property in Wheaton to a Previously-Approved Newly Created Entity;
Approval to Admit New Member to, and Enter into Operating
Agreement for, the Newly Created Entity for the Redevelopment of
the Real Property; and Approval of Initial Predevelopment Funding for
the Real Property**

September 6, 2017

- At an Administrative Session on August 9, 2017, the Commission adopted Resolution 17-58AS, which authorized the assignment of HOC's purchase agreement for the acquisition of certain real property in Wheaton to a previously authorized, newly created entity, authorized the admission of a new member to that entity, authorized the execution of an operating agreement for the redevelopment of that property, and approved initial predevelopment funding.
- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the August 9, 2017 Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commission wishes to ratify any action taken since the Executive Session with respect to the approved transaction.

RESOLUTION: 17-58R

RE: Authorization to Transfer Purchase Agreement to Purchase Real Property in Wheaton to a Previously-Approved Newly Created Entity; Approval to Admit New Member to, and Enter into Operating Agreement for, the Newly Created Entity for the Redevelopment of the Real Property; and Approval of Initial Predevelopment Funding for the Real Property

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

WHEREAS, at an Administrative Session duly called and held on August 9, 2017, with a quorum present, the Commission duly adopted Resolution 17-58AS, which authorized the assignment of HOC’s purchase agreement of April 7, 2017 for the acquisition of certain real property in Wheaton to a previously-approved, newly formed entity, the addition of a new member to that entity, and the execution of, and funding for, the predevelopment of that real property.

WHEREAS, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commission in adopting Resolution 17-58AS and any action taken since August 9, 2017 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 17-58AS and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on September 6, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

APPROVAL OF MANAGEMENT CONTRACT FOR THE METROPOLITAN APARTMENTS

September 6, 2017

- **The Metropolitan is a luxury high-rise community in the heart of Bethesda featuring 308 units, 92 of which are affordable under the Low Income Housing Tax Credit (LIHTC) program. Built in 1997, The Metropolitan has been one of HOC's flagship properties, featuring 24 hour concierge service, a rooftop swimming pool, fitness center, business center, community room and underground parking.**
- **In accordance with the HOC Procurement Policy, a Request for Proposals (RFP) was issued for the management of The Metropolitan Apartments.**
- **Responses were received from six management companies.**
- **Staff from the Finance, Compliance and Property Management Divisions interviewed and scored the candidates in accordance with the RFP criteria.**
- **Based on a review of submitted management proposals and pricing, staff scored the results and determined that Bozzutto Management, with the highest cumulative score, is the best candidate for the management of The Metropolitan Apartments.**
- **Staff recommends that the Commission authorize the Executive Director to execute a management contract with Bozzutto Management for property management services at The Metropolitan Apartments.**

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management Staff: Pedro Martins Ext. 9516

RE: Approval of Management Contract for The Metropolitan Apartments

DATE: September 6, 2017

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission (“HOC”) to execute a management contract with Bozutto Management for property management services at The Metropolitan Apartments.

BACKGROUND:

The Metropolitan is a luxury high-rise community in the heart of Bethesda featuring 308 units, 92 of which are affordable under the Low Income Housing Tax Credit (LIHTC) program. Built in 1997, The Metropolitan has been one of HOC’s flagship properties, featuring 24 hour concierge service, a rooftop swimming pool, fitness center, business center, community room and underground parking. The Metropolitan has upgraded unit amenities and interiors and provides superior management service to remain competitive with other properties in the amenity-rich downtown Bethesda submarket. Full unit upgrades were completed on unrestricted units between 2007–2012 with similar upgrades planned for the LIHTC units. The timeline for these upgrades is being developed by the Real Estate Division to coincide with the acquisition of the tax credit units.

Staff issued a Request for Proposals (RFP) for marketing, management and financial services in accordance with HOC’s Procurement Policy for management of The Metropolitan. HOC received responses from six management companies and staff from the Finance, Compliance and Property Management Divisions interviewed and scored the candidates in accordance with the RFP criteria. The proposals were scored based on the criteria below:

- Firm’s Past Experience with the management of similar apartment communities in Montgomery County

- Experience and qualifications of key personnel in managing similar types of apartment communities
- Successful property positioning and experience in managing capital improvements and major property renovation
- Experience of the management company and key personnel in managing affordable housing programs; demonstrated experience with initial tenant files and ongoing compliance
- References
- Review of submitted materials and/or interview with review panel
- Section 3 Policy
- Fee structure

RESPONDING COMPANY (SCORE)	PROPOSED FEE
Bozzuto (79)	(\$58.00 PUPM)
Avison Young (74)	(\$42.50 PUPM or 2.04% of NRI)
Greystar (71)	(2.75% of gross revenues)
Edgewood/ Vantage (68)	(2.50% Gross Rental or \$52.00 PUPM)
Capreit (59)	(\$52.00 PUPM or 3.5% of NRI)
PMI Elite (43)	(4.75% of Gross Rental)

Based on review and scoring of the responses to the RFP criteria, staff determined that all responses possessed qualifications to be reviewed. The candidates were scored in accordance with the interview criteria.

Staff considers Bozzuto Management to be best suited to manage The Metropolitan Apartments based on the firm’s extensive marketing plan and the Bozzuto leasing team’s success at maintaining occupancy at or above 95%. In addition, the firm has experience managing similar properties within highly competitive Montgomery County submarkets, including Bethesda Hill, Flats 8300, Strathmore Court, North Bethesda Market, The Morgan, Timberlawn Crescent and The Whitney.

Staff proposed a management contract with a two-year term and two renewable one-year terms in accordance with the new procurement policy.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to execute a management contract with Bozzuto Management for property management services at The Metropolitan Apartments?

BUDGET IMPACT:

Bozzuto is interested in keeping this relationship and reduced their price accordingly by proposing a management fee of \$58.00 per unit per month or \$214,368.00 per year (thereafter, a three percent annual escalator takes effect). The total contact will be for \$435,167.04 (two years). This is a reduced fee from the \$65.87 per unit per month currently, which will result in savings of \$20,106.24 for the first year.

PRINCIPALS:

Bozzuto Management Company

TIME FRAME:

The Budget Finance and Audit committee discussed this at its meeting on August 15, 2017. For Commission action on September 6, 2017.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Budget Finance and Audit Committee and authorize the Executive Director to execute a management contract with Bozzuto Management Corporation for property management services at The Metropolitan Apartments.

RESOLUTION NO. 17-59

**RE: Approval of Management
Contract for The Metropolitan
Apartments**

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for management of The Metropolitan Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from six responding companies, a panel of HOC staff from Property Management, Finance and Compliance scored the results and determined that Bozzuto Management is the most qualified to manage The Metropolitan Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director is hereby authorized to execute a contract for the term of two (2) years and two renewable one-year terms with Bozzuto Management for property management services at The Metropolitan Apartments.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission on September 6, 2017

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**Patrice Birdsong
Special Assistant to the Commission**

APPROVAL OF MANAGEMENT CONTRACT FOR STRATHMORE COURT APARTMENTS

September 6, 2017

- **Strathmore Court Apartments is 202-unit garden style apartment development located in North Bethesda less than one block from White Flint Metro. Built in 1996, the community includes 51 affordable units, an outdoor swimming pool, basketball court, playground, business center and exercise room.**
- **In accordance with the HOC Procurement Policy, a Request for Proposals (RFP) was issued for the management of Strathmore Court Apartments.**
- **Responses were received from seven management companies.**
- **Staff from the Property Management, Compliance and Finance Divisions reviewed and scored the candidates in accordance with the RFP criteria.**
- **Based on a review of submitted management proposals and pricing, staff scored the results and determined that Bozzuto Management, with the highest cumulative score, is the best candidate for the management of Strathmore Court Apartments.**
- **Staff recommends that the Commission authorize the Executive Director to execute a management contract with Bozzuto Management for property management services at Strathmore Court Apartments.**

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Melody Stanford Division: Property Management Ext: 4857

RE: Approval of Management Contract for Strathmore Court Apartments

DATE: September 6, 2017

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission (“HOC”) to execute a management contract with Bozzuto Management for property management services at Strathmore Court Apartments.

BACKGROUND:

Strathmore Court Apartments is a Class B property with excellent curb appeal, attractive features, quality management service and presents as an affordable housing opportunity for residents. The North Bethesda region is undergoing substantial commercial development which includes redevelopment of White Flint Mall.

Staff issued a Request for Proposals (RFP) for marketing, management and financial services in accordance with HOC’s Procurement Policy for management of Strathmore Court Apartments. HOC received responses from seven management companies and staff from the Finance, Compliance and Property Management Divisions interviewed and scored the candidates’ criteria. Proposals from each of the respondents were evaluated in accordance with the RFP criteria:

- Firm’s Past Experience with the management of similar apartment communities in Montgomery County
- Experience and qualifications of key personnel in managing similar types of apartment communities
- Successful property positioning and experience in managing capital improvements and major property renovation
- Experience of the management company and key personnel in managing affordable housing programs; demonstrated experience with initial tenant files and ongoing compliance
- References

- Review of submitted materials and/or interview with review panel
- Section 3 Policy
- Fee structure

Responding Company (Score)	Proposed Fee
Bozzuto Management (76)	\$63.44 PUPM
Edgewood/Vantage Management (72)	\$52.00 PUPM or the greater of 2.5%
Avison Young (70)	\$42.50 PUPM or 2.04% of Net Effective Rent
Greystar (66)	\$46.59 PUPM
Capreit (56)	\$57.00 PUPM or 3.5% of NRI
PMI Elite (47)	\$37.55 PUPM
Vista Capital Management Group (46)	\$55.00 PUPM flat fee or 3% of NRI

Staff considers Bozzuto Management to be best suited to manage Strathmore Court Apartments based on the firm’s extensive marketing plan and the Bozzuto leasing team’s success at maintaining occupancy at or above 95%. Bozzuto Management reduced its price to be more competitive and has experience managing similar properties within highly competitive Montgomery County submarkets, including Bethesda Hill, Flats 8300, Metropolitan, North Bethesda Market, The Morgan, Timberlawn Crescent and The Whitney.

Staff proposed a management contract term of one-year with three renewable one year terms in accordance with the new procurement policy.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to execute a management contract with Bozzuto Management for property management services at Strathmore Court Apartments?

PRINCIPALS:

Bozzuto Management Company

BUDGET IMPACT:

Bozzuto Management Corporation proposed a management fee of \$63.44 per unit per month, \$153,782 per year (thereafter a three percent annual escalator takes effect). This is a reduced fee from the \$65.87 currently, which will result in savings of \$5,886 for the first year.

TIME FRAME:

The Budget Finance and Audit committee discussed this at its meeting on August 15, 2017. For Commission action at the September 6, 2017 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Budget Finance and Audit Committee and authorize the Executive Director to execute a management contract with Bozzuto Management Corporation for property management services at Strathmore Court Apartments.

RESOLUTION NO.: 17-60

**RE: Approval of Management
Contract for Strathmore Court
Apartments**

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for management of Strathmore Court Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from seven responding companies, a panel of HOC staff from Property Management, Finance and Compliance scored the results and determined that Bozzuto Management is the most qualified to manage Strathmore Court Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director is hereby authorized to execute a contract for the term of one (1) year with three renewable one year terms. Bozzuto Management for property management services at Strathmore Court Apartments.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission on September 6, 2017.

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Patrice Birdsong
Special Assistant to the Commission

AUTHORIZATION TO SUBMIT COUNTY FY'19-24 CAPITAL IMPROVEMENTS PROGRAM (CIP) BUDGET

September 6, 2017

- The County Capital Improvements Program (CIP) submission is due to the County Office of Management and Budget (OMB) no later than September 11, 2017.
- The FY'19-24 CIP submission asks the County to continue funding for:
 - Current projects: \$75,107,000.
- The FY'19-24 CIP submission also requests funding for two new projects:
 - HOC Office Headquarters: \$2,500,000 in FY'19 for predevelopment funds.
 - 900 Thayer: \$3,000,000 in FY'19 to reimburse the Agency for the costs associated with relocating underground utility infrastructure.
- The total FY'19-24 CIP funding request is \$80,607,000.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Housing Opportunities Commission Budget, Finance and Audit Committee

FROM: Staff: Gail Willison Division: Finance Ext. 9480
Tiffany Jackson Ext. 9512
Nilou Razeghi Ext. 9494

RE: Authorization to Submit County FY'19-24 Capital Improvements Program (CIP) Budget

DATE: September 6, 2017

STATUS: Committee Report : Deliberation [X]

OVERALL GOAL & OBJECTIVE:

Authorization to submit County FY'19-24 Capital Improvements Program (CIP) Budget.

BACKGROUND:

This year, the Office of Management and Budget (OMB) will prepare the biannual Capital Improvements Program (CIP) Budget for presentation to the County Executive and County Council. HOC must submit requests for capital funding for the next six years to OMB by September 11, 2017.

The County operates its capital program with a six-year Capital Improvements Program (CIP) which is reviewed annually but subject to significant modification on a biannual basis. If HOC wishes to continue to receive CIP funding for its ongoing CIP projects, it must submit requests at this time.

As in prior years, HOC must submit a CIP submission to renew its current level of funding in the two revolving loan funds and the bond guarantee projects. HOC's current County CIP includes five projects:

1. **MPDU/Property Acquisition Fund:** a revolving loan fund of \$12.5 million available to HOC or its designees for interim financing for the acquisition of MPDUs, existing buildings and land;

2. **Opportunity Housing Development Fund (OHDF):** a revolving loan fund of \$4.5 million available to HOC or its designees for interim financing for certain housing development costs;
3. **County Guaranteed Bond Projects:** General Obligation Bond guarantees authority in the amount of \$50 million;
4. **Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements:** \$1,250,000 for FY'19 and \$1,250,000 for each year from FY'20 through FY'24 to provide funds for capital improvements.
 - Historically, this project was used to supplement the funds received from the Department of Housing and Urban Development (HUD) for improvements to our Public Housing stock. In 2014, HOC requested that the original project title, "Supplemental Funds for Public Housing Improvements", be expanded to allow these funds to be used for "Deeply Subsidized HOC Owned Unit Improvements" to allow the funds to be used on the Public Housing units both pre- and post-conversion.
 - The project was expanded to allow the funds to be used on HOC and Affiliate Owned income-restricted scattered site units.
 - The Commission's portfolio includes hundreds of income-restricted scattered site units throughout the County, most approximately 30 years of age. Many of these units were acquired into a Low Income Housing Tax Credit ("LIHTC") limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, there are limited partnerships that are expected to contribute units to HOC and, upon doing so, HOC becomes the sole owner of these units. Finally, other units are simply older Moderately Priced Dwelling Units (MPDUs) that continue to be restricted to low- and moderate-income households.
 - These units are in need of renovation in order to continue to serve eligible households. With significant debt remaining on these units, the net operating income from the affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a comprehensive scope of renovation which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.
5. **Demolition Fund:** The Commission and County previously approved \$1,900,000 for demolition of the Ambassador Apartments (\$1.3 million) and Emory Grove Apartments

(\$0.6 million); both properties are vacant and present blight and safety concerns. The \$1.3 million for Ambassador is included in the FY'18 budget and expected to be expended by the end of FY'18. The \$0.6 million CIP funding for Emory Grove's demolition is currently in the FY'19 CIP budget; however, staff has requested the funding for Emory Grove be accelerated to FY'18.

The following bullets include background on the demolition projects:

- In an effort to replace some of the County's least sustainable affordable housing, deliver amenities not currently present along with the return of housing to those sites, and embed the new stock of affordable housing within mixed-income communities, HOC has vacated its Emory Grove Village property and is beginning the process of vacating its Ambassador property. The entitlement and permitting process for each of the sites will take from two to four years. In the meantime, upon vacation, HOC wishes to demolish the existing buildings such that they do not become blights on the surrounding neighborhoods.
- Emory Grove Village is a former 100% Public Housing property consisting of 54 units. That property was converted out of the Public Housing program upon the permanent relocation of existing residents who moved to newly renovated, HOC-owned properties of their choosing throughout the County. The subsidy that made their homes at Emory Grove Village affordable transferred along with those residents. All 54 units of subsidized housing are now located at other newly renovated HOC-owned housing. This effected a significant deconcentration of deeply affordable units in the neighborhood in which the Emory Grove Village property is located. HOC seeks to redevelop Emory Grove Village as a highly amenitized, mixed-income property that returns a similar number of affordable units embedded within new market rate rental units.
- The Ambassador is an existing 100% affordable LIHTC property comprising 162 units. The building's systems and structures are currently stable but are not sustainable over the medium term. Additionally, the Montgomery County Planning Department granted the site on which The Ambassador sits a significantly increased zoning to incentivize the redevelopment of the property as greatly desired by the community. The redeveloped property would yield a mixed-income, mixed-use property that would include approximately 200 units of residential housing, some ground-floor retail, and a significant office component that would bring approximately 100 full-time employees to the center of Wheaton.

Additionally, staff requests approval to submit the following new CIP funding requests for consideration:

- Reimburse Agency for Underground Utility Infrastructure for 900 Thayer:** The Housing Opportunities Commission of Montgomery County (HOC) has acquired the property located at 900 Thayer Avenue in Downtown Silver Spring and plans to redevelop this fully entitled property into a mixed-income residential development with a small neighborhood serving retail component. Located within steps of the Silver Spring Metro station and the Paul S. Sarbanes Transit Center, the property will consist of 124 apartments with 84 available for residents that are at or below 60% of the Area Median Income and 40 will be market rate units. The 84 LIHTC units will receive rental assistance under the HUD Rental Assistance Demonstration (RAD) program.

The following table is a projection of the costs associated with the project:

UTILITY COMPNAY	TOTAL
PEPCO	\$1,100,000
COMCAST	\$12,600
VERIZON	\$17,850
RCN	\$132,300
PUBLIC STREETLIHGT	\$10,424
Contingency (15%)	\$190,976
TOTAL	\$1,464,150
General Contractor *	\$1,535,850
Total	\$3,000,000

* Subcontractor, GC Overhead and Fee, Bonds, GC Insurance, and General Conditions. Also, this cost includes a construction management fee for HOC.

Pepco provided an estimate of \$1,100,000 to complete the project. An estimate of \$173,174 for the Comcast, Verizon, RCN and Public Streetlight costs were provided by a dry utility consultant engaged by HOC. In addition, staff requests a 15% contingency. The General Contractor fee is an estimate from CBG Building Company and also includes an HOC Construction Management fee. This work is expected to be completed in FY'18 and the Agency is seeking reimbursement from the FY'19 County CIP.

- Predevelopment Funds for HOC Office Headquarters:** The headquarters location of the Housing Opportunities Commission ("HOC") of Montgomery County is 10400 Detrick Avenue in Kensington (the "Kensington Office"), inside a former elementary school. HOC has occupied this space since 1983, subject to a lease agreement pursuant to which nominal lease payments are required.

The Kensington Office is an adaptive reuse of a former school building which was constructed in 1955. Consequently, there are a number of deficiencies, most of which cannot be easily cured. These include, but are not limited to, physical obsolescence of the building and some of its systems, inefficient layout that would be available in a purpose built office building, and the inability to comply with requirements of the Americans with Disability Act (“ADA”). The Kensington Office is also inconveniently located making client access a challenge for those who rely on public transportation.

Further, Montgomery County Public School (“MCPS”), which has an option on the site, is currently working to identify properties that could be brought back into service to meet the growing population educational needs. In the event 10400 Detrick became available, MCPS would likely identify the location as one of these properties.

To effectively carry out its business of delivering affordable housing to persons of eligible income, the Commission requires appropriate administrative office space from which to conduct business. Staff estimates that HOC requires approximately 50,000 square feet of office space for its operations, and it anticipates consolidating the Silver Spring Service Center at a new headquarters site, bringing the estimated requirement to approximately 65,000 square feet of space. Relocating service center operations to a new building would both reduce future costs of HOC operations and more conveniently serve HOC clients.

Therefore, staff proposes the submission of a request for \$2,500,000 from the Montgomery County Capital Improvements Plan for FY’19. If approved, the funds will be used to conduct a search for suitable office space for HOC and to conduct third party studies to construct a new HOC office building or to procure, renovate, and retrofit an existing building.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve an \$80,607,000 (Attachment) CIP submission for FY’19-24?

BUDGET IMPACT:

There is no budget impact on the FY’18 Amended Budget. Funds that are appropriated by the County Council will be included in the FY’19 Adopted Budget.

TIME FRAME:

The Budget, Finance and Audit Committee discussed this submission at the August 15, 2017 meeting. Commission action is requested at the September 6, 2017 meeting. The County FY’19-24 Capital Improvements Program Budget submission is due to the County by September 11, 2017.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission authorization to submit the County FY'19-24 Capital Improvements Program (CIP) Budget.

RESOLUTION: 17-61

RE: Authorization to Submit County
FY'19-24 Capital Improvements
Program (CIP) Budget

WHEREAS, the Housing Opportunities Commission of Montgomery County receives County CIP funding for ongoing CIP projects; and

WHEREAS, the Commission must submit a request for both new and renewed funding by September 11, 2017; and

WHEREAS, the Commission wishes to maintain current funding levels in the amount of \$75,107,000; and

WHEREAS, the Commission wishes to request additional funding in the amount of \$2,500,000 for predevelopment funding for an HOC Office Headquarters; and

WHEREAS, the Commission wishes to request additional funding in the amount of \$3,000,000 for underground utility infrastructure for 900 Thayer.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission authorizes staff to submit the County FY'19-24 Capital Improvements Program (CIP) Budget in the total amount of \$80,607,000 by September 11, 2017.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on September 6, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

Attachment

Summary Proposed FY'19-24 CIP Request (\$000)

Project	Total	Through FY'17	Est FY'18	6 year Total	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
MPDU/PAF Fund	\$ 12,507	\$ 12,507	\$ 12,507	\$ 12,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Opportunity Housing Development Fund	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G.O. Bonds	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplemental Funds for Deeply Subsidized HOC and <i>Affiliate</i> Owned Units Improvements	\$ 12,500	\$ 3,750	\$ 1,250	\$ 7,500	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250
Demolition Fund	\$ 1,900	\$ -	\$ 1,300	\$ 600	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -
Continuing CIP Projects	\$ 81,407	\$ 70,757	\$ 69,557	\$ 75,107	\$ 1,850	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250
Predevelopment Funding for HOC Headquarters	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -
Funds to Relocate 900 Thayer Utility Infrastructure Underground	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
New Requests	\$ -	\$ -	\$ -	\$ 5,500	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ -
Sprinkler System for HOC Public & Low Income Elderly Properties	\$ 8,820	\$ 6,969	\$ 1,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Needs for HUD Section 236 Funded Elderly Properties	\$ 730	\$ 348	\$ 382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Projects Expected to Close-Out in FY'18	\$ 9,550	\$ 7,317	\$ 2,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 90,957	\$ 78,074	\$ 71,790	\$ 80,607	\$ 7,350	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250

Deliberation and/or Action

APPROVAL OF AN AMENDED FINANCING PLAN FOR THE WOODFIELD COMMONS DEVELOPMENT, APPROVAL OF THE TERMS OF A JOINT VENTURE AGREEMENT WITH CONIFER REALTY LLC, APPROVAL OF MATERIAL TERMS OF AN OPERATING AGREEMENT FOR THE MANAGEMENT OF WOODFIELD COMMONS ASSOCIATES LLC, APPROVAL OF THE TERMS OF AN OPERATING AGREEMENT FOR WOODFIELD HOC LLC, AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE OPERATING AGREEMENTS FOR WOODFIELD COMMONS ASSOCIATES LLC AND WOODFIELD HOC LLC, AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE CLOSING DOCUMENTS FOR THE WOODFIELD COMMONS DEVELOPMENT TRANSACTION

WOODFIELD COMMONS - DAMASCUS, MD



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
VIVIAN BENJAMIN
UGONNA IBEBUCHI**

September 6, 2017

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EXECUTIVE SUMMARY

On September 3, 2014, the Commission approved the participation of HOC in an application by Conifer Realty, LLC (“Conifer” or “Developer”) for 9% Low Income Housing Tax Credits (“LIHTC”) for the development of Woodfield Commons (the “Property” or the “Development”). Conifer, proposed the construction of an 84-unit mixed income apartment community to be located at the corner of Woodfield Road and High Corner Street in the Town Center of Damascus, MD. The project was awarded 9% LIHTC credits by the Maryland Department of Housing & Community Development (“DHCD”). Conifer secured construction financing for the Property from Bank of America, N.A. (also the LIHTC investor) and approached HOC to provide permanent financing.

On July 12, 2017, the Commission granted:

- Approval of the Financing Plan for Woodfield Commons that includes a combination of a Federal Financing Bank (FFB) and Federal Housing Administration (FHA) Risk Share program (“FFB/FHA Risk Share”) permanent mortgage loan, LIHTC equity, Solar Tax Credit equity, Rental Housing Funds, a grant from HOC, a Weinburg Foundation grant, and General Partner equity.
- Authorization to issue a Financing Commitment (for permanent financing),
- Approval to provide mortgage insurance under the FFB/FHA Risk Share Program and share 50% of the risk for the permanent loan transaction,
- Approval to secure and execute a Hedge Agreement for the transaction, and
- Approval to form a New Entity to serve as the 11% co-managing member of the Owner.



Due to changes in the Financing Plan, most notably the decision by Conifer to obtain an interest rate “swaption” (option but not obligation to purchase a swap) instead of obtaining a hedge through HOC, and the continued progress toward solidifying terms for the joint venture, staff is returning to the Commission for the following approvals.

EXECUTIVE SUMMARY

- 1) Approval of an Amended Financing Plan for the Woodfield Commons Development;
- 2) Approval of the Terms of a Joint Venture Agreement with Conifer Realty LLC;
- 3) Approval of Material Terms of an Operating Agreement for the Management of Woodfield Commons Associates LLC;
- 4) Approval of the Terms of an Operating Agreement for Woodfield HOC LLC;
- 5) Authorization for the Executive Director to Execute Operating Agreements for Woodfield Commons Associates LLC and Woodfield HOC LLC; and
- 6) Authorization for the Executive Director to Execute Closing Documents for the Woodfield Commons Development Transaction

TRANSACTION SUMMARY	Woodfield Commons	
Owner	Woodfield Commons Associates, LLC	
Units/Affordability	84 Units 89% Affordable	
	75 9	≤ 15% - 60% AMI Unrestricted
Permanent Financing/Credit Enhancement	Federal Financing Bank / FHA Risk Share (50%)	
(Maximum) Permanent First Mortgage Amount	\$10,500,000¹ or 90% of LTV	
Interest Rate (est.)	4.5%	
Permanent Loan Term/Amortization	40 years	
Debt Service Coverage Ratio (Target)	1.15	

¹Subject to changes in interest rate and loan terms.

Staff recommends that the Commission approve the aforementioned actions.

AMENDED FINANCING PLAN

As Approved

Revised

Amendments:

SOURCES	AMOUNT	AMOUNT	PER UNIT	VARIANCE
FFB/HOC Permanent Loan	\$10,597,914	\$10,126,962	\$120,559	\$470,952
HOC Second Loan	\$350,000	\$350,000	\$4,167	\$0
Rental Housing Fund (State)	\$2,000,000	\$2,000,000	\$23,810	\$0
Tax Credit Equity	\$13,663,678	\$13,663,678	\$162,663	\$0
Weinburg Loan	\$355,324	\$355,347	\$4,230	(\$23)
Solar Tax Credits	\$43,871	\$43,871	\$522	\$0
HIF (County) Loan	\$0	\$400,000	\$4,762	(\$400,000)
MEEHA Loan	\$0	\$100,000	\$1,190	(\$100,000)
Deferred Dev. Fee (Conifer)	\$740,251	\$418,340	\$4,980	\$321,911
Deferred Dev. Fee (HOC)	\$38,961	\$0	\$524	\$38,961
TOTAL SOURCES	\$27,789,998	\$27,458,198	\$326,883	\$331,800
USES	AMOUNT	AMOUNT	PER UNIT	PER UNIT
Acquisition Costs	\$2,306,000	\$2,180,000	\$25,952	\$126,000
Construction Costs	\$17,040,813	\$17,010,813	\$202,510	\$30,000
Costs Related to Construction	\$3,401,400	\$3,658,595	\$43,555	(\$257,195)
Financing Costs	1,544,970	1,608,994	\$19,155	(\$64,024)
Contingency, Reserves, & Other Fees	996,815	\$499,796	\$5,950	\$497,019
Developer Fee (Conifer)	\$2,375,000	\$2,375,000	\$28,274	\$0
Developer Fee (HOC)	\$125,000	\$125,000	\$1,488	\$0
TOTAL USES	\$27,789,998	\$27,458,198	\$326,883	\$331,800

- The Financing Plan continues to include a combination of a FFB/FHA Risk Share permanent mortgage loan issued by HOC, LIHTC equity, Solar Tax Credit equity, Rental Housing Funds (RHF), General Partner equity, and contributions from HOC and the Weinburg Foundation.

- Conifer has obtained an interest rate swaption to guard against increases in the FFB interest rate during the construction period. **HOC will no longer provide a hedge** for the transaction, as approved by the Commission on July 12, 2017.
- Both Weinburg Foundation funding for \$355,347 and a \$350,000 second loan from HOC will be made as non-interest bearing loans to the development instead of grants as previously proposed and approved.** The Weinburg loan is due upon maturity or repayment of the senior, permanent mortgage loan. The HOC loan will be repayable from available proceeds upon sale or refinancing of the Property.
- The maximum permanent loan amount is now \$10,500,000**, which is the FHA Risk Share & FFB loan commitment amount requested and approved. Previously, the maximum loan amount was estimated at \$10,597,914. The Developer's anticipated need is \$10,126,962 and the permanent loan has been underwritten to this amount, at 4.5% interest over 40 years.
- Though a commitment letter has not yet been issued for the \$400,000 Housing Initiative Fund (HIF) loan, it is expected to be funded prior to construction closing. The loan will be subordinate to the HOC permanent mortgage.
- The Development is expected to receive a \$100,000 loan from the Maryland Energy Efficiency and Housing Affordability (MEEHA) Program. The loan will be subordinate to the HOC permanent mortgage.

AMENDED FINANCING PLAN

Stabilized Proforma	Year 1	Per Unit
Effective Gross Income (EGI)	\$1,119,517	\$13,328
Operating Expenses	\$423,512	\$5,042
Replacement Reserves	\$25,200	\$300
Net Operating Income (NOI)	\$670,805	\$7,986
Debt Service	\$583,309	\$6,944
Cash Flow Before Distributions	\$87,496	\$1,042
DSCR	1.15	

As Approved

Stabilized Proforma	Year 1	Per Unit
Effective Gross Income (EGI)	\$1,119,093	\$13,323
Operating Expenses	\$436,501	\$5,196
Replacement Reserves	\$25,200	\$300
Net Operating Income (NOI)	\$657,392	\$7,826
Debt Service	\$546,325	\$6,504
Cash Flow Before Distributions	\$111,068	\$1,322
DSCR	1.20	

Revised

- There will **no longer be an ongoing hedge fee** of 0.375% as part of the interest rate stack since HOC will no longer provide a hedge for the transaction.
- The underwritten interest rate is now 4.5% down from the previous estimate of 4.641%. The interest rate includes the FFB interest rate, Mortgage Insurance Premium (MIP), Risk Share Usage Fee, Loan Management Fee and 50 basis points of cushion.
- The projected Cash Flow Before Distributions and Debt Service Coverage Ratio (DSCR) have increased to \$111,068 and 1.20 respectively, due to the lower underwritten interest rate, lower underwritten loan amount, and corresponding lower debt service of \$546,325.

UNIT MIX & INCOME REQUIREMENTS

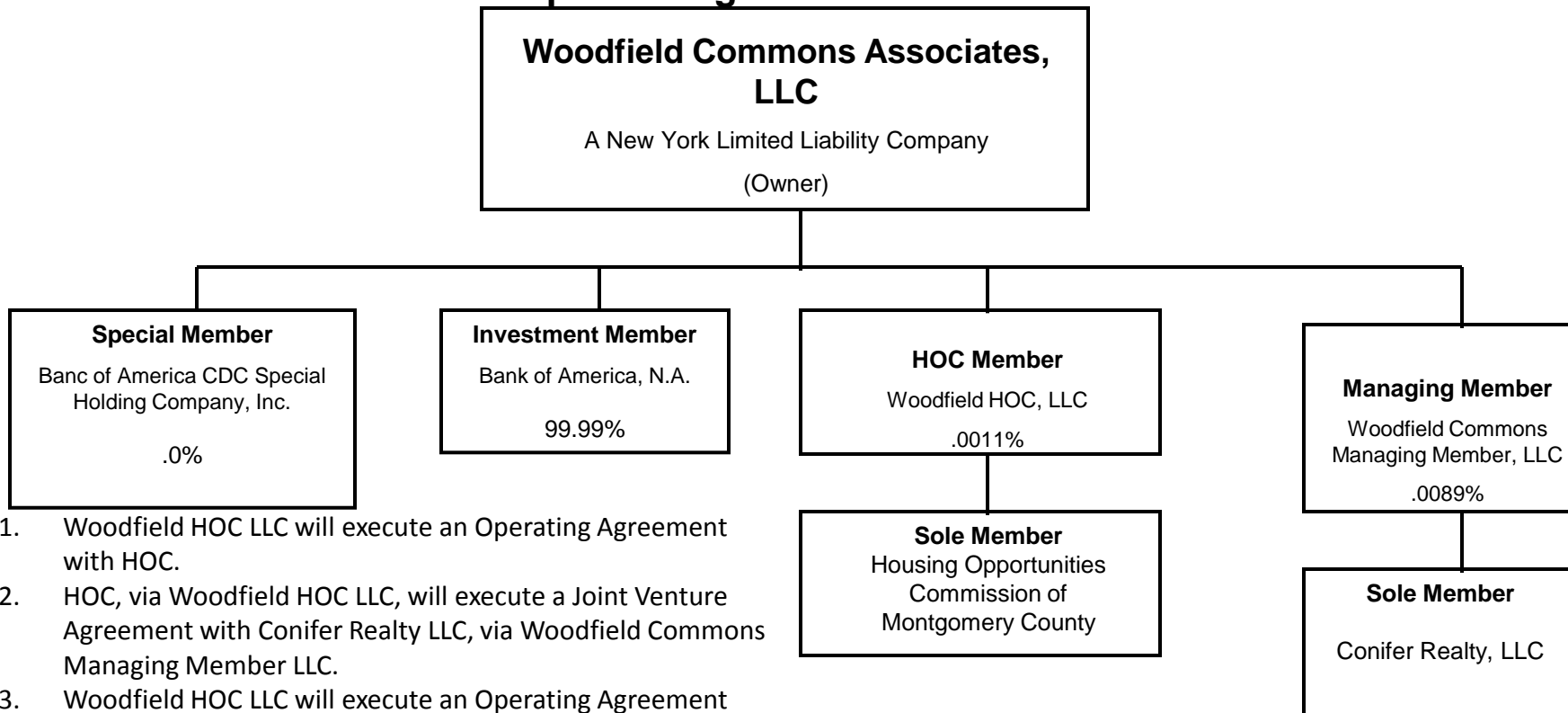
Unit Type by Affordability	# of Units	Unit Size	Proposed (Net) Rents
15%			
1BR	2	676	\$129
	2	2.38%	
30%			
1BR	1	676	\$542
2BR	4	882	\$655
3BR	2	1225	\$760
	7	8.33%	% of Total Units
40%			
1BR	5	676	\$749
2BR	4	882	\$904
3BR	2	1225	\$1,047
	11	13.10%	% of Total Units
50%			
1BR	8	676	\$956
2BR	15	882	\$1,152
3BR	2	1225	\$1,334
	25	29.76%	% of Total Units
60%			
1BR	10	676	\$1,163
2BR	18	882	\$1,400
3BR	2	1225	\$1,621
	30	35.71%	% of Total Units
Market			
1BR	4	676	\$1,235
2BR	4	882	\$1,425
3BR	1	1225	\$1,800
	9	10.71%	% of Total Units
Total	84	100%	

- Woodfield Commons will serve residents at various income levels. Specifically,
 - 2.38% (2 units) will serve households at or below 15% of Area Median Income (“AMI”),
 - 8.33% (7 units) will serve households with incomes up to 30% of AMI,
 - 13.10% (11 units) will serve households with incomes of up to 40% of AMI,
 - 29.76% (25 units) will serve households with incomes of up to 50% of AMI, and
 - 35.71% (30 units) will serve households with incomes of up to 60% of AMI.
 - Another 10.71% of units will be unrestricted.
- Income restrictions will be in place for 40 years.
- At least 5% of the units will be UFAS-compliant and 2% of the units will be equipped with hearing/vision features for individuals or households with disabilities. Additionally, a preference will be given to persons with disabilities for 15% of the units.
- If a household exceeds 140% of its initial qualifying income, the property will rent each next available unit of comparable size or smaller to a household with qualifying income. Households will not be forced to leave for exceeding the income at which it initially qualified for occupancy.

ORGANIZATIONAL CHART – WOODFIELD COMMONS

Woodfield Commons

Proposed Organizational Chart



1. Woodfield HOC LLC will execute an Operating Agreement with HOC.
2. HOC, via Woodfield HOC LLC, will execute a Joint Venture Agreement with Conifer Realty LLC, via Woodfield Commons Managing Member LLC.
3. Woodfield HOC LLC will execute an Operating Agreement with all members of the Owner of the venture.
4. HOC will have an 11% general partnership interest in the Owner through Woodfield HOC LLC and Conifer will have an 89% general partnership interest through Woodfield Commons Managing Member, LLC.
5. The Special Member will become an additional Managing Member in the event of a Retirement (of a Managing Member, without the consent of the Investor Member), Recapture Event (of tax credits), Event of Bankruptcy, fraudulent act or fiduciary breach, or a default not cured within a “reasonable time”, and will have managerial rights, authority and voting rights of 51%, though its ownership interest will not increase.

JOINT VENTURE AGREEMENT



Staff has negotiated key terms of a Joint Venture Agreement (JVA) between Conifer and HOC.

Conifer's responsibilities include:

- Lead the design, construction, and lease-up phases of development, and manage the Property throughout the tax-credit compliance period;
- Guarantee construction completion, development deficits and tax credit compliance;
- **Amended:** CDA has approved a Revised Tenant Services Plan in which Conifer will provide all resident services coordination and staffing committed to in the tax credit application, including services to any special needs population. In consideration for providing such services, Conifer will receive an annual payment from the Owner in the amount of \$7,000.
- Exit taxes, if any, will be paid by Conifer.

Conifer will receive:

- 95% (\$2,375,000) of the approved Developer Fee; as it is paid.
- A \$5,000 annual Company Management Fee, increasing 3% per year.
- Conifer will have the option to purchase the investor member's interest.
- Conifer has the Right of First Refusal to purchase HOC's interest upon expiration of HOC's right to purchase Conifer's member interest.

HOC's responsibilities include:

- Act as the point of contact with local agencies, neighborhood groups, and other local organizations, as appropriate;
- Provide permanent financing in its capacity as a lender;
- Review monthly construction reports and updates.

HOC will receive:

- 5% (\$125,000) of the approved Developer Fee; as it is paid.
- A \$2,500 annual Company Management Fee, increasing 3% each year.
- HOC will have a Right of First Refusal to purchase Conifer's member interests for 15 years commencing at the time Conifer purchases the investor member's interests.

OPERATING AGREEMENTS

Woodfield HOC LLC - Operating Agreement

Important aspects of the Operating Agreement for the entity serving as the HOC Member of the development include:

- Designation of HOC as the sole member and manager of the LLC.
- The manager (HOC) has the “full, exclusive and complete discretion to manage and control the business and affairs” of the LLC.
- It establishes the purpose of the LLC as “assisting in the development and/or redevelopment of affordable housing”.

Woodfield Commons Associates LLC - Operating Agreement

The Operating Agreement between all members of the Owner will be negotiated and executed prior to construction closing.

Material terms relevant to HOC include:

- Designation of each member of the agreement, specifically
 - 1) Bank of America, N.A. as Investor Member,
 - 2) Banc of America CDC Special Holding Company Inc. as Special Member,
 - 3) Woodfield Commons Managing Member LLC (owned by Conifer) as Controlling Managing Member, and
 - 4) Woodfield HOC LLC, as Managing Member
- The duties and obligations of the Managing Members to include sound management to maximize income of the Property, avoiding any action that would jeopardize the Property’s status as a “qualified low income housing project”, and the fiduciary responsibilities of the Controlling Managing Member.
- Distribution of Cash Flow from the Development (after permanent debt service payments) including payment of 50% of available cash to the RHF loan until the Deferred Developer Fee is paid to Conifer & HOC then 60.62% of available cash, payment of Asset Management Fees to the Investor Member, and payment of excess cash flow to the members.

ISSUES FOR CONSIDERATION

- Does the **Commission** wish to approve the Amended Financing Plan, the terms of the Joint Venture Agreement, the Operating Agreement for Woodfield HOC LLC, Material Terms of the Operating Agreement for Woodfield Commons Associates LLC, and authorize the Executive Director to execute the aforementioned Operating Agreements and closing documents for the Woodfield Commons Development transaction?
 - Conifer agrees to provide construction completion, development deficit and tax credit compliance guarantees required by lenders and/or tax credit investor for successful completion of the Development. HOC will not be responsible for any guarantees or indemnities.
 - HOC will maintain an 11% general partner and managing member interest in the Development and will earn a 1% Commitment Fee (\$101,270), 5% of the Developer Fee (\$125,000), and 0.25% loan management fee (\$379,761) throughout the compliance period.
 - HOC will have a Right of First Refusal to purchase Conifer's member interests for 15 years commencing at the time Conifer purchases the investor member's interests
 - The anticipated loan amount is \$10,126,962, but the maximum loan amount requested as part of the Amended Financing Plan is \$10,500,000.
 - The Development will receive both a \$100,000 MEEHA Program loan and a \$400,000 HIF loan prior to construction closing. Both loans will be subordinate to the HOC permanent mortgage loan.

Fiscal/Budget Impact

- The financing of the development will increase the Agency's FY 2018 budget by \$101,270 from upfront **Commitment Fees** (60% to the OHRF, 40% to the General Fund).
- HOC will receive **Loan Management Fees** of \$25,317 annually during the term of the HOC permanent loan.
- HOC will earn a 5% **Developer Fee** (\$125,000), a portion of which may be deferred on a pro rata basis to Conifer's fee to close any permanent funding gap.
- The approval of the JVA, Operating Agreements, and Amended Financing Plan will eliminate the projected a 1.5% Upfront Hedge Fee and an ongoing Hedge Fee of 0.375%, previously approved in the Financing Plan. However, the Agency's budget did not include any projected income from Woodfield Commons, therefore, elimination of the aforementioned fees will have no impact on the FY 2018 operating budget.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Time Frame

For action at the September 6, 2017 meeting of the Commission.

Staff Recommendation

Staff recommends that Commission grant:

- 1) Approval of an Amended Financing Plan and Resolution for the Woodfield Commons Development;
- 2) Approval of the Terms of a Joint Venture Agreement with Conifer Realty LLC;
- 3) Approval of Material Terms of an Operating Agreement for the Management of Woodfield Commons Associates LLC;
- 4) Approval of the Terms of an Operating Agreement for Woodfield HOC LLC;
- 5) Authorization for the Executive Director to Execute Operating Agreements for Woodfield Commons Associates LLC and Woodfield HOC LLC; and
- 6) Authorization for the Executive Director to Execute Closing Documents for the Woodfield Commons Development Transaction.

If Commission approvals are granted, the transaction is expected to close in September 2017 with construction commencing immediately thereafter.

RESOLUTION No.: 17-63

RE: Approval of an Amended Financing Plan for the Woodfield Commons Development, Approval of the Terms of a Joint Venture Agreement with Woodfield Commons Managing Member LLC , Approval of Woodfield HOC, LLC Entering Into an Operating Agreement for the Management of Woodfield Commons Associates LLC, Approval of an Operating Agreement for Woodfield HOC LLC, Authorization for the Executive Director to Execute Operating Agreements for Woodfield Commons Associates LLC, Woodfield HOC LLC, the Joint Venture Agreement and Closing Documents for the Woodfield Commons Development Transaction

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 for persons of eligible income which provide a public purpose; and

WHEREAS, on September 3, 2014, the Commission approved participation in an application by Conifer Realty, LLC ("Conifer" or the "Borrower") to the Maryland Department of Housing & Community Development ("DHCD") for 9% Low Income Housing Tax Credits ("LIHTC") to finance the development of Woodfield Commons; and

WHEREAS, Woodfield Commons (the "Property") is a planned 84-unit, mixed-income apartment community for families and individuals to be built in Damascus, MD that will restrict 75 units (89%) to serve households with incomes between 15% and 60% of the Washington, DC-MD-VA Metropolitan Statistical Area Median Income, and nine units without income restrictions; and

WHEREAS, Conifer was awarded an allocation of 9% LIHTC for 2015 and subsequently received a 2017 carryover allocation of 9% LIHTC; and

WHEREAS, the approved 9% LIHTC application provides for the participation by the Commission in the form of 1) a contribution of up to \$350,000 from the Commission to the development, as a grant, funded as equity from multifamily funds in the OHRF; 2) an 11% interest in the general partnership of Woodfield Commons as a co-managing, joint venture partner and 5% of the developer fee; and 3) the opportunity for the Commission to serve as senior lender to the project; and

WHEREAS, on July 12, 2017, the Commission approved a financing plan (the "Approved Financing Plan") for the Woodfield Commons Development that included a combination of a Federal Housing Administration ("FHA") Risk Share permanent mortgage loan funded by the Federal Finance Bank ("FFB"), which hereinafter is referred to as the "FFB/FHA Risk Share Program", LIHTC equity, Solar Tax Credit equity, Rental Housing Funds, a grant from HOC, a Weinburg Foundation grant, and General Partner equity; and

WHEREAS, the grants from HOC and the Weinburg Foundation to the development must instead be made as loans to the borrower with repayment at maturity or at the repayment of the permanent loan; and

WHEREAS, Conifer expects to begin construction on the Property in September 2017, reach substantial completion by December 2018, and convert to permanent financing by September 2019; and

WHEREAS, the Approved Financing Plan included approval for HOC to issue a two-year forward commitment to Conifer to insure and finance the permanent loan for the Property in an amount not to exceed \$10,597,914, using the FFB/FHA Risk Share Program, which amount was subsequently revised for an amount not to exceed \$10,500,000 and reserved by the FFB; and

WHEREAS, the Approved Financing Plan also included approval for HOC to secure and execute a Hedge Agreement to protect the transaction from an interest rate increase above the underwritten interest rate prior to permanent loan closing, but Conifer has instead obtained an alternate hedge instrument to manage interest rate risk during the construction period and prior to conversion to the permanent loan; and

WHEREAS, subsequent to the Approved Financing Plan, Conifer secured two additional funding sources from Maryland Multifamily Energy Efficiency and Housing Affordability-EmPOWER (MEEHA-EmPOWER) Program (\$100,000) and from Montgomery County's Housing Initiative Fund (\$400,000); and

WHEREAS, the preceding changes require, and collectively are hereinafter referred to as, the Amended Financing Plan; and

WHEREAS, the Property will be owned by Woodfield Commons Associates LLC (the "Ownership Entity"), of which Woodfield Commons Managing Member LLC (the "Conifer Entity") and Woodfield HOC LLC (the "HOC Entity") together will be the co-managing members, and Bank of America, the tax credit syndicator (the "Investment Member") and Banc of America CDC Special Holding Company Inc. (the "Special Member"), will be non-managing members; and

WHEREAS, the Investment Member and the Special Member will own 99.99% of Ownership Entity, the HOC entity will own 11% of the remaining 0.01% of the Ownership Entity, and the Conifer Entity will own 89% of the remaining 0.01%; and

WHEREAS, HOC staff has developed an operating agreement (the “HOC OA”) for the HOC Entity as its sole and managing member; and

WHEREAS, HOC staff has negotiated key terms of a Joint Venture Agreement (the “HOC-Conifer JVA”) between Conifer and HOC as co-managing members for the development and management of the Property and the Ownership Entity; and

WHEREAS, HOC staff has negotiated key terms of an Operating Agreement by and among all members of the Owner Entity; and

WHEREAS, the Commission’s approval of the terms of the aforementioned Amended Finance Plan and agreements is required for the closing of the transactions.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County acting in its own capacity and for and on behalf of Woodfield HOC LLC, acting in its capacity as its managing member, that it hereby approves:

1. The Amended Financing Plan for Woodfield Commons Associates LLC, which includes:
 - a. A commitment for a permanent mortgage in an amount not to exceed \$10,500,000 to be funded by the Federal Finance Bank, and insured under the FHA Risk Share program, and for which Conifer Realty LLC will secure its own interest rate hedge;
 - b. Rental Housing Funds from the Maryland Department of Housing and Community Development (\$2,000,000);
 - c. Multifamily Energy Efficiency and Housing Affordability-EmPOWER (MEEHA-EmPOWER) Program funds (\$100,000);
 - d. A noninterest-bearing loan from HOC (\$350,000);
 - e. A noninterest-bearing loan from the Weinburg Foundation (\$355,347);
 - f. Housing Initiative Loan from Montgomery County (\$400,000)
 - g. Equity proceeds from the syndication of 9% LIHTC from Bank of America N.A. (\$13,663,678);
 - h. Solar Tax Credit equity proceeds from Bank of America, N.A. (\$43,871);
 - i. General Partner equity and deferred developer fees [(\$418,340)].
2. Woodfield HOC LLC entering into a Joint Venture Agreement with Woodfield Commons Managing Member LLC and the execution of that agreement by the Executive Director;
3. Woodfield HOC LLC entering into an Operating Agreement with Woodfield Commons Managing Member LLC as co-managing members, and with Bank of America and Banc of America CDC Special Holding Company Inc. as non-managing members, for the

management and operation of Woodfield Commons Associates LLC, and the execution of that Operating Agreement by the Executive Director;

4. The execution of an Operating Agreement for Woodfield HOC LLC, wherein the Housing Opportunities Commission is the sole and managing member, by the Executive Director.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Woodfield HOC LLC, acting in its capacity as its managing member, that the Executive Director is authorized to execute closing documents for the Woodfield Commons Development on behalf of Woodfield HOC LLC transaction.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Woodfield HOC LLC, acting in its capacity as the managing member, that the Executive Director is authorized, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on September 6, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

Future Action

INFORMATION EXCHANGE

New Business

Adjourn

Administrative Session