

**EXPANDED AGENDA**

**May 2, 2018**

		Res #
3:30 p.m.	<b><u>Public Hearing – Revision of HOC’s Administrative Plan for the Housing Choice Voucher Program to Add Voucher Payment Standard Changes Due to the Adoption of Small Area Fair Market Rents</u></b>	
4:00 p.m.	<b>I. <u>CONSENT ITEMS</u></b>	
Page 4	A. Approval of Minutes of April 4, 2018	
4:05 p.m.	<b>II. <u>INFORMATION EXCHANGE</u></b>	
11 15	A. Report of the Executive Director B. Calendar C. Commissioner Exchange D. Resident Advisory Board E. Community Forum	
4:10 p.m. Page 18	<b>III. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u></b>	
20	A. Ratification of Action taken in Administrative Session on April 4, 2018: Authorization for Executive Director to Execute a Purchase and Sale Agreement for the Acquisition of Residential Condominium Unit and Authorization to Form an Entity to which to Transfer the Condominium Unit	18-25R (pg. 19)
	B. Ratification of Action taken in Special Administrative Session on April 6, 2018: Approval of a Permanent Financing Plan for Cider Mill Apartments (the “Property”), Including Related Actions to Effectuate the Financing; and Approval for MV Gateway LLC to Purchase the Property and Accept the Financing	18-26R (pg. 21)
4:15 p.m.	<b>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b>	
4:35 p.m. Page 24	<b>A. <u>Development and Finance Committee – Com. Simon, Chair</u></b>	
29	1. Authorization to Write Off Bad Debt Related to the County Revolving Closing Cost Assistance Program Loans	18-27 (pg. 28)
	2. Approval of Structure, Cost of Issuance Budget and Adoption of a Series Resolution for 2018 Series and 2018 Series B Single Family Mortgage Revenue Bonds for the Purpose of Issuing New Debt and Refunding Single Family Mortgage Revenue Bonds	18-28 (pg. 42)
45	3. Approval of Preliminary Development Plans and Predevelopment Funding for the Recapitalization of Shady Grove Apartments, Georgian Court Apartments, and Stewartown Homes	18-29 (pg. 67) 18-30 (pg. 69)
5:00 p.m.	<b><u>ADJOURN</u></b>	
5:10 p.m.	<b>V. <u>ADMINISTRATIVE SESSION</u></b> <i>This Administrative Session will be called to order pursuant to Section 3-305(b)(1)(Personnel), (3)(Real Estate), (5)(consider the investment of public funds), and (13)(to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter)</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](mailto:commissioners@hocmc.org).

---

# Consent

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

April 4, 2018

18-04

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, April 4, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:10 p.m. Those in attendance were:

**Present**

Jackie Simon, Chair  
Richard Y. Nelson, Jr., Vice Chair  
Edgar Rodriguez, Chair Pro Tem  
Margaret McFarland  
Linda Croom

**Absent**

Pamela Byrd

**Also Attending**

Stacy L. Spann, Executive Director  
Gail Willison  
Hieu Nguyen  
Clarence Landers  
Ethan Cohen  
Melody Stanford  
Rita Harris  
Zachary Marks  
Jim Atwell  
Pedro Martin  
Danielle Bridges  
Cornelia Kent  
Donna Downing  
Christina Autin  
Ian Hawkins

Nowelle Ghahhari, General Counsel  
Patrick Mattingly  
Belinda Bailey  
Shauna Sorrells  
Kayrine Brown  
Ellen Goff  
Lynn Hayes  
Bonnie Hodge  
Cathy Kramer  
Terri Fowler  
Nilou Razeghi  
Susan Smith  
Eugene Spencer  
Ian Williams  
Jennifer Arrington

**Resident Advisory Board**

Yvonne Caughman, Vice President

**Commission Support**

Patrice Birdsong

**IT Support**

Irma Rodriguez  
Gabriel Taube

**Guest**

Belinda Bailey  
Ingrid Goldstron  
David Jeang  
Patricia Kolesur  
Bill Cook  
Jim McGhee

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

**I. CONSENT ITEMS**

**A. Approval of Minutes of March 7, 2018 regular meeting** - The minutes were approved as submitted.

**B. Approval of Minutes of March 7, 2018 Administrative Session** – The minutes were approved as submitted.

**II. INFORMATION EXCHANGE**

**A. Executive Director Report**

- Executive Director Spann reported that there was nothing additional to add to his written report.

**B. Commissioner Exchange**

- Vice Chair Nelson inquired whether materials were being provided to County Executive and County Council candidates in the event they may have questions or an opportunity to discuss any concerns they may have of HOC. Executive Director Spann reported that the Legislative and Public Affairs Office is working with County organizations in providing information to candidates.

**C. Resident Advisory Board**

- Yvonne Caughman, Vice President of the Resident Advisory Board reported that the Board is currently working with the Information and Technology (IT) on project for a website, and are continuing to have presentations from the individual HOC Departments.

**D. Community Forum**

Chair Simon informed each speaker a limit of 3-minutes. She read names of those who asked to address the Board. They were as follows on behalf of Macedonia Church:

- Marsha Coleman-Adebayo, Macedonia Baptist Church; Patricia Kolesar, President of Save Westbard; Laurel Hoa, SURJ; Jim McGhee, County Council Candidate (District 1); Bill Cook, County Council Candidate; Ingrid Goldstron

**III. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS**

**A. Ratification of Action Taken in Administrative Session on March 7, 2018 – Authorization to Acquire Three Limited Partner Interests; Authorization for Funding the Acquisitions; Authorization to Transfer Ownership of the Interests to Existing Sub-Entities**

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

**RESOLUTION: 18-21R**

**RE: Authorization to Acquire Three Limited Partner Interests; Authorization for Funding the Acquisitions; Authorization to Transfer Ownership of the Interests to Existing Sub-Entities**

**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 March 7, 2018, with a quorum present, the Commission duly adopted Resolution 18-22AS, which authorized the acquisition of three limited partner interests in three existing partnerships, the funding for the acquisitions, and the transfer of those partner interests to an existing sub-entity.

**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 18-21R and any action taken since March 7, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-21R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**B. Ratification of Action Taken in Administrative Session on March 7, 2018 – Rescission of Approval to Transfer Purchase Agreement for Certain Real Property in Wheaton to a Newly Created Entity; Rescission of Approval to Admit New Member to the Newly Created Entity; Approval to Form a New Entity; Approval to Transfer Purchase Agreement for Certain Real Property to the New Entity; Approval to Admit New Member to the New Entity**

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

**RESOLUTION: 18-22R**

**RE: Rescission of Approval to Transfer Purchase Agreement for Certain Real Property in Wheaton to a Newly Created Entity; Rescission of Approval to Admit New Member to the Newly Created Entity; Approval to Form a Different New Entity; Approval to Transfer Purchase Agreement for Certain Real Property to the New Entity; Approval to Admit New Member to the New Entity**

**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 March 7, 2018, with a quorum present, the Commission duly adopted Resolution 18-22AS, rescinding approval to transfer purchase agreement for certain real property in Wheaton to a newly created entity as well as approval to admit new member to the newly created entity, and approving formation of a different new entity, and the transfer of the purchase agreement for certain real property and admission of the new member to the new entity.

**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 18-22R and any action taken since March 7, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-22R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

IV. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

A. **Legislative and Regulatory Committee – *Com. Byrd, Chair***

1. **Authorization to Submit HOC’s Fiscal Year 2019 Annual Public Housing Agency Plan**

Ethan Cohen, Housing Program Coordinator, was the presenters.

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

**RESOLUTION: 18-23**

**RE: Authorization to Submit HOC’s  
Fiscal Year 2019 Annual  
Public Housing Agency Plan**

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

**WHEREAS**, the submission of the FY 2019 Annual PHA Plan was prepared in accordance with 24 CFR Part 903 regulations and requirements for submission to HUD; and

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

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

**WHEREAS**, HOC will conduct a Public Hearing on April 4, 2018 to obtain public comments regarding the proposed Annual PHA Plan Submission; and

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Housing Opportunities Commission of Montgomery County that it approves the FY 2019 Annual PHA Plan and its submission to HUD no later than April 17, 2018, as required by federal regulation.

**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**

**1. Presentation of the Executive Director's FY19 Recommended Budget**

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters. Executive Director Spann gave an introduction of the presentation. No action required.

**VI. FUTURE ACTION ITEMS**

**1. Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolution for 2018 Series A Single Family Mortgage Revenue Bonds for the Purpose of Issuing New Debt**

Kayrine Brown, Chief Investment and Real Estate Officer, was the presenters. Ms. Brown provided the Board with a brief update of what will be discussed in Development and Finance Committee scheduled for April 20, 2018. Action will be required at the May 2, 2018 Commission meeting in order to close bond issuance June 2018.

**VII. NEW BUSINESS**

**None**

**VIII. INFORMATION EXCHANGE**

Chair Simon announced that the County Executive has recommended to the Council a candidate to serve on the Housing Opportunities Commission Board. The Council is scheduled to conduct an interview on April 17, 2018.

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

The open session adjourned at 5:25 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

# Information Exchange



*Town Hall Meeting in Gaithersburg*

On Thursday, April 5, 2018, HOC held a town hall meeting at the Gaithersburg Library to share information with residents and the community about HOC programs. HOC recently purchased Cider Mill Apartments and the town hall was an opportunity for Cider Mill residents to ask questions about the transition and the

resources available to them. More than 75 community members attended the event. Many community members were able to voice their concerns and contributed detailed feedback which will allow HOC to better serve the community. Program presentations were displayed in both Spanish and English and translators were on-site to assist meeting participants. HOC staff also helped current residents with the certification process and submitting documentation to receive housing assistance with the newly created 60% AMI affordable units.

*HOC Academy/Fatherhood Initiative Host STEAM Day*

HOC Academy in partnership with HOC's Fatherhood Initiative program hosted their 2018 Science, Technology, Engineering, Art and Math (STEAM) Day on Saturday, April 21, 2018 at our East Deer Park location. STEAM Day is an opportunity to celebrate the achievements of our current STEAM participants as well as introduce all HOC families to the STEAM



programs available through HOC Academy. Additionally, HOC's Fatherhood Initiative and Family Self Sufficiency (FSS) programs leverage this event to meet and begin a dialogue with prospective program participants. During the event, attendees were able to speak with several HOC Academy programming partners including Mad Science, Inc., Girl Scouts of America and the Maryland Department of Agriculture. There was also a STEAM presentation by the Rockville Robotics team, who will compete in the 2018 STEAM world championship. There were five interactive STEAM stations, a video game truck and each child received a KiwiCo Crate STEAM set to work on at the event and take home. KiwiCo Crates were created to celebrate kids' natural creativity and curiosity, while helping parents who want to bring enriching experience to their children. More than 80 HOC customers registered and attended the event.

### *Leadership Tomorrow Speaker Series*

On Wednesday, April 25, 2018, HOC welcomed Cindy Sanquist, President and Chief Executive Officer of Edgewood Management as a featured speaker for the Leadership Tomorrow (LT) Brown Bag Speaker Series. All HOC staff were invited to join the event. Ms. Sanquist's shared her experience and knowledge about Effective Leadership in Real Estate Development. An experienced leader with a distinguished track record in business and real estate, Ms. Sanquist directs the strategic vision for both Vantage and Edgewood, leading two experienced teams and overseeing a diverse portfolio of affordable and market rate properties.



She was promoted to her current position in 2012, after serving 16 years as Edgewood's CFO. Ms. Sanquist is a Certified Public Accountant and holds an MBA from PACE University. She is a member of the Board of Directors for Vantage and Edgewood and serves as Chairperson and Trustee of the Edgewood Management Retirement Fund as well as the MidCity/Edgewood Management Employee Benefit Trust. Ms. Sanquist discussed her personal and professional journey, providing both inspiration and aspiration for the more than 25 staff in attendance. It was an honor for HOC to have hosted such an accomplished real estate management expert and we hope her participation in our Leadership Tomorrow Speaker Series is the first of many.



### *Bring Your Child to Work Day*

HOC hosted its annual Bring Your Child to Work Day (BYCWD) on Thursday, April 26, 2018 at HOC's Kensington office. Also known as the Take Our Daughters And Sons To Work program, this national initiative exposes children to a workplace environment and demonstrates the value of workforce development, training and education. It provides them with an opportunity to envision their future and allows

them to begin planning for their educational and career goals in a hands-on, interactive, and fun environment. With more than 70 children registered, participants enjoyed a slime creation station coordinated by HOC's Property Management division, a STEAM demonstration by HOC Academy and developed a mock marketing campaign led by HOC's Legislative and Public Affairs division. HOC provided breakfast and lunch, and PNC Bank gave a "Smart Money" presentation which included a compressed lesson on the importance of managing money and finances wisely. As a registered participant with the national Take Our Daughters and Sons To Work program, HOC will submit a video and photos of the day's activities.

### *Nationals Baseball Game*

On Sunday, April 15, 2018 more than 60 HOC customers, staff, and volunteers attended the Washington Nationals vs. Colorado Rockies baseball game at Nationals Park in Southeast Washington, D.C. Each participant enjoyed complimentary food and beverages at the game. The Nationals welcomed HOC to the game via a scoreboard message during the fourth inning. Tickets were generously donated by the Washington Nationals. Despite the loss to the Rockies, HOC kids and families enjoyed their day at the ballpark.



### *HOC Vision Board Workshop Series: Watering the Seeds and Cutting the Weeds*

HOC is focused on supporting our customers on their road towards self-sufficiency. The Vision Board Workshop series provides customers with a platform to think more strategically about their goals and plan for success. On Thursday, April 12, 2018 Resident Services staff hosted HOC's third session of the Vision Workshop Series entitled "Watering the Seeds and Cutting the Weeds" at the Gaithersburg Customer Service Center. During this session, participants created detailed vision boards which helped them outline and define what success looks like for them and their families. This included developing a high-level road map with objectives, tasks and next steps. This workshop continues to be popular amongst our customers and we look forward to growing its reach in the future.

### *FSS April Workshops*

On Saturday, April 14, 2018 HOC in partnership with Emmanuel Brinklow Seventh Day Adventist Church hosted a community workshop on the importance of managing mental and emotional health. During the workshop participants explored the top stressors that can affect an individual's mental well-being and received tips and tools on how to address their emotional and mental health concerns. Some of the topics discussed included: Understanding Your Triggers, Changing Your Mental Health Outcomes, Dealing with Emotional Trauma and Healthy Cooking on a Budget. Led by members of Emmanuel Brinklow Church, approximately 60 members of HOC's community were in attendance at the event.

### *April Financial Literacy Workshops*

In partnership with Instacart, HOC hosted its April financial literacy workshop on Thursday, April 12, 2018 at HOC's Kensington office. Instacart is a U.S. based company that operates as a same-day grocery delivery service. Customers select groceries through a web application from various retailers and the groceries are delivered by a personal shopper. This workshop served as an opportunity for attendees to identify new employment opportunities with the organization. During the event, attendees met with Instacart representatives who gave them an overview of the organization as well as discussed part-time and full-time positions. Attendees were able to fill out applications online and participated in mock job interviews and walk-throughs of on-the-job situations.

On April 14, 2018, HOC also hosted a financial literacy workshop for seniors at Arcola apartments. This workshop focused on helping seniors identify tools and platforms to better manage their finances while on a fixed income. In addition, workshop participants learned how to proactively avoid becoming a victim of financial crimes including payment and bank fraud, theft and money market scams.

# HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

---

## May 2018

---

2	Public Hearing – re: Administrative Plan Revision	3:30 p.m.
2	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
3-4	Council of Large Public Housing Authorities (CLPHA) - Housing Is Summit – Washington, DC	
8	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
9-12	NALHFA Conference ( <i>All</i> ) – The Hotel Monteleone, 214 Royal St., New Orleans, Louisiana	
15	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
15	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
18	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
21	Agenda Formulation ( <i>Simon, Nelson</i> )	12:00 noon
21	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
22	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
24-25	MAHRA Spring Conference ( <i>All</i> ) – Ocean City, MD	
28	Memorial Day Holiday ( <i>HOC Offices Closed</i> )	

---

## June 2018

---

6	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
14	Day of Service	
15	Staff Appreciation Day	
18	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
22	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
22	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
24-27	MARC-NAHRO 2018 Annual Conference & Expo ( <i>All</i> ) - Hershey Lodge, Hershey, PA	
25	Agenda Formulation ( <i>Simon, McFarland</i> )	12:00 noon

---

## July 2018

---

4	Independence Day – <i>HOC Offices Closed</i>	
11	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
17	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
23	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
27	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
30	Agenda Formulation ( <i>Simon, McFarland</i> )	12:00 noon

---

## August 2018

---

7	National Night Out	5:00 p.m.
14	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
24	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
24	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
27	Agenda Formulation ( <i>Simon, Croom</i> )	12:00 noon

---



---

## September 2018

---

3	Labor Day – HOC Offices Closed	
5	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
11	Legislative and Regulatory Committee Meeting ( <i>Byrd, Croom, Rodriguez</i> )	4:00 p.m.
18	Budget, Finance and Audit Committee Meeting – re: Budget ( <i>Nelson, Simon</i> )	10:00 a.m.
21	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
24	Agenda Formulation ( <i>Simon, Croom</i> )	12:00 noon
24	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
26	HOCP - Inspire Gala ( <i>All</i> ) – The Filmore - 8656 Colesville Rd., Silver Spring, MD	6:00 p.m.

---

## October 2018

---

3	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
15	Resident Advisory Board ( <i>Croom</i> )	6:00 p.m.
16	Budget, Finance and Audit Committee Meeting – re: Tax Credit Credit & County Operating Budget) ( <i>Nelson, Simon</i> )	10:00 a.m.
26	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	10:00 a.m.
26	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
29	Agenda Formulation ( <i>Simon, Byrd</i> )	12:00 noon

---

### Activities of Interest

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



# Administrative and Special Session Ratifications

**RATIFICATION OF ACTION TAKEN IN ADMINISTRATIVE SESSION ON  
APRIL 4, 2018:**

**RATIFICATION OF ACTION AUTHORIZING EXECUTION OF PURCHASE  
AND SALES AGREEMENT FOR THE ACQUISITION OF RESIDENTIAL  
CONDOMINIUM UNIT AND AUTHORIZATION TO FORM AN ENTITY TO  
WHICH TO TRANSFER THE CONDOMINIUM UNIT.**

**May 2, 2018**

- At an Administrative Session on April 4, 2018, the Commission adopted Resolution 18-25AS, which authorized the execution of a purchase and sales agreement for the acquisition of a residential condominium unit and formation of an entity to which to transfer the condominium unit.
- 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 April 4, 2018 Administrative Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commissioner wishes to ratify any action taken since the Administrative Session with respect to the approved transaction.

**RESOLUTION: 18-25R**

**RE: Approval to Execute Purchase and Sales Agreement for Residential Condominium; Approval to Form New Entity to Acquire the Residential Condominium**

**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 April 4, 2018, with a quorum present, the Commission duly adopted Resolution 18-25AS, Commissioners Simon, Nelson, Rodriguez, McFarland, and Croom voting in approval, which approved the execution of a purchase and sales agreement for the acquisition of a residential condominium units, and the formation of a new entity to which to transfer those condominium units.

**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 18-25R and any action taken since April 4, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-25R 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 May 2, 2018.

S  
E  
A  
L

---

Patrice M. Birdsong  
Special Assistant to the Commission

**RATIFICATION OF ACTION TAKEN IN SPECIAL ADMINISTRATIVE  
SESSION ON APRIL 6, 2018:**

**RATIFICATION OF APPROVAL OF A PERMANENT FINANCING PLAN FOR  
CIDER MILL APARTMENTS, INCLUDING RELATED ACTIONS TO  
EFFECTUATE THE FINANCING AND APPROVAL FOR MV GATEWAY LLC  
TO PURCHASE THE PROPERTY AND ACCEPT THE FINANCING**

**MAY 2, 2018**

- At a closed Special Administrative Session on April 6, 2018, the Commission adopted Resolution 18-26AS, which approved financing for Cider Mill Apartments, including related actions to effectuate the financing, and the purchase of Cider Mill and acceptance of the financing by MV Gateway LLC.
- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the April 6, 2018 closed Special Administrative Session any action taken since then with respect to the approved transaction.

**RESOLUTION No.: 18-26R**

**RE: Approval of a Permanent Financing Plan for Cider Mill Apartments and Actions Related to Financing; Approval to Sell Cider Mill to MV Gateway LLC.**

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

**WHEREAS**, at a closed Special Administrative Session duly called and held on April 6, 2018, with a quorum present, the Commission duly adopted Resolution 18-26AS, Commissioners Simon, Nelson, McFarland, and Byrd voting in favor, authorizing a permanent financing plan for Cider Mill Apartments and actions related to that financing, as well as the sale of Cider Mill Apartment to MV Gateway LLC; and

**WHEREAS**, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-26R and any action taken since April 6, 2018 to effectuate the transaction contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 18-26R 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 an open meeting conducted on May 2, 2018.

S  
E  
A  
L

\_\_\_\_\_  
Patrice M. Birdsong  
Special Assistant to the Commission

# Committee Reports and Recommendations for Action

# Development and Finance Committee

# **AUTHORIZATION TO WRITE OFF MONTGOMERY COUNTY REVOLVING CLOSING COST LOANS**

**May 2, 2018**

- The Housing Opportunities Commission is the administrator of the Montgomery County Revolving Closing Cost Assistance Program (RCCAP or the “Program”) that began in 2005. The County’s Department of Housing and Community Affairs (DHCA) funds the Program via the County Housing Initiative Fund.
- As of the first quarter of Fiscal Year 2018, staff has identified twenty-six (26) closing cost loans aggregating \$126,469.59 that are in default and should be deemed bad debt, given the low probability of collection.
- On March 30, 2018, staff received DHCA’s approval, dated February 27, 2018, to write-off the aforementioned loans, as bad debt.
- Staff recommends that the Commission accept the recommendation of the Budget, Finance and Audit Committee to write-off the \$126,469.59 in RCCAP loans, as bad debt.





through the life of the Program, be written off as bad debt. This will be the first time the Program has requested to write off loans that are more than 120+ days with low probability of being collected. Please see the following table of requested write offs:

HOC LOAN #	ORIGINAL SETTLEMENT DATE	STATUS	FORECLOSURE/ SHORT SALE DATE	FIRST TRUST REMOVAL DATE	ORIGINAL PRINCIPAL AMOUNT	REMAINING BALANCE TO WRITE OFF
001	06/24/05	Closed REO	08/17/10	03/31/12	10,000.00	6,393.14
004	07/14/05	Loan Mod - 1st	N/A	N/A	2,500.00	177.20
008	11/30/05	Closed REO	02/08/11	04/15/12	9,000.00	3,870.08
010	02/23/06	Closed REO	02/05/13	06/30/14	10,000.00	3,900.02
020	11/21/06	Closed SS	02/25/11	06/14/11	10,000.00	6,428.08
032	07/27/07	Closed REO	12/05/13	01/31/16	10,000.00	4,863.78
041	03/11/08	Short Sale	12/28/12	01/30/13	10,000.00	6,348.79
043	04/29/08	Short Sale	08/05/15	06/30/16	8,000.00	1,725.00
050	09/30/08	REO	10/07/13	12/31/16	9,000.00	6,137.79
060	01/20/09	Short Sale	02/18/16	N/A - CDA First	8,790.00	3,657.41
065	02/27/09	Short Sale	09/14/15	N/A - CDA First	6,500.00	3,726.39
102	06/11/09	Closed REO	01/17/14	12/31/14	7,175.00	4,800.14
117	06/24/09	Open REO	09/19/13	N/A	4,830.00	3,441.21
153	09/17/09	Closed REO	05/28/15	04/30/16	6,597.00	3,816.28
187	11/06/09	Closed REO	10/07/14	04/30/16	9,000.00	5,997.72
210	12/23/09	Short Sale	05/27/11	02/15/12	8,505.00	4,898.04
214	01/06/10	Closed REO	07/24/12	06/30/14	6,000.00	5,237.64
215	01/22/10	Closed REO	02/14/14	12/31/15	10,000.00	7,578.63
217	01/28/10	Short Sale	10/30/12	11/30/13	3,325.00	2,714.33
233	03/25/10	Closed REO	10/17/14	05/31/15	5,450.00	2,797.76
240	04/02/10	Closed REO	03/25/14	01/31/16	6,750.00	4,551.19
249	04/21/10	Closed REO	05/23/16	11/30/16	10,000.00	5,537.52
263	05/26/10	Closed REO	10/23/12	04/30/14	10,000.00	8,729.35
264	05/26/10	Closed REO	08/07/12	04/30/14	7,074.00	6,321.87
269	05/28/10	Closed REO	04/19/16	10/31/17	10,000.00	6,269.17
294	07/30/10	Repurchase	N/A	06/03/16	9,000.00	6,551.06
<b>FIRST QUARTER FY 2018 - REQUEST FOR WRITE OFF</b>						<b>126,469.59</b>

On February 1, 2018, staff notified the County of its request to write off these loans as bad debt. These loans have consistently been identified on the RCCAP reports that are provided to the County’s Department of Housing and Community Affairs office on a quarterly basis. Considering no HOC funds were used to make these loans, no HOC funds are in jeopardy of loss from the write-off. Despite the write off, we will continue to pursue collections. Any funds, which might ultimately be recovered from these loans will belong to the County, and will be requested to be returned to the Program.

**COUNTY APPROVAL:**

The Budget, Finance and Audit Committee requested at its February 20, 2018 meeting for staff to provide support from the County to write-off the first quarter Fiscal Year 2018 debt.

On March 30, 2018, staff received the County's approval, dated February 27, 2018, to write-off the aforementioned loans. (See Exhibit A)

---

**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept the recommendation of the Budget, Finance and Audit Committee to write-off of \$126,469.59 in loans within the Revolving Closing Cost Assistance Program as bad debt?

---

**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County  
Montgomery County Department of Housing & Community Affairs

---

**BUDGET IMPACT:**

None

---

**TIME FRAME:**

For action at the May 2, 2018 meeting of the Commission.

---

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission accept the recommendation of the Budget, Finance and Audit Committee to write-off \$126,469.59 in loans identified as of the first quarter of Fiscal Year 2018 from the Revolving Closing Cost Assistance Program, as bad debt.

**Resolution No.: 18-27**

**Re: Authorization to Write Off Bad Debt Related to the County Revolving Closing Cost Assistance Program**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County is the administrator of the Montgomery County Revolving Closing Cost Assistance Program (RCCAP); and

**WHEREAS**, the Montgomery County Department of Housing and Community Affairs (DHCA) funds the RCCAP via the Montgomery County Housing Initiative Fund; and

**WHEREAS**, as of the first quarter of Fiscal Year 2018, twenty-six (26) closing cost loans aggregating \$126,469.59 are in default and should be deemed bad debt, given the low probability of collection; and

**WHEREAS**, DHCA has approved the request to write off this debt.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the 26 loans totaling \$126,469.59, as of the first quarter of Fiscal Year 2018, be declared bad debt and written off.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that staff will continue to pursue collections, and any funds recovered from these loans, will belong to the County, and will be requested of the County to return to the Program.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on May 2, 2018.

**S  
E  
A  
L**

\_\_\_\_\_  
Patrice Birdsong  
Special Assistant to the Commission

**APPROVAL OF STRUCTURE, COST OF ISSUANCE BUDGET, AND ADOPTION OF  
A SERIES RESOLUTION FOR 2018 SERIES A AND 2018 SERIES B SINGLE FAMILY  
MORTGAGE REVENUE BONDS FOR THE PURPOSE OF ISSUING NEW DEBT  
AND REFUNDING SINGLE FAMILY MORTGAGE REVENUE BONDS**

---

**SINGLE FAMILY MORTGAGE FINANCE**



**STACY L. SPANN, EXECUTIVE DIRECTOR**

**KAYRINE V. BROWN  
JENNIFER HINES ARRINGTON  
PAULETTE DUDLEY**

**May 2, 2018**

TABLE OF CONTENTS	
Executive Summary	3
Transaction Structure	5
Volume Cap Uses/Needs	7
Transaction Benefits	8
Cost of Issuance Budget	9
Series Resolution for 2018 Series A and 2018 Series B	10
Schedule	11
Issues for Consideration, Principals, Fiscal/Budget Impact, Time Frame	12
Staff Recommendation and Commission Action Needed	13

# EXECUTIVE SUMMARY

Since the creation of the Single Family Mortgage Purchase Program (the “Program”) in 1979, the Commission has issued multiple series of bonds under the Single Family Mortgage Revenue Bond Resolution (the “1979 Indenture”). The Commission may also issue bonds under the more recently created Single Family Housing Revenue Bond Resolution (the “2009 Indenture”). When the interest rate environment is favorable, the Commission periodically issues Refunding Bonds to lower the borrowing cost in the Program. The Program’s last refunding bond issuance was in May, 2017. In addition to reducing the bond yield, issuing refunding bonds permits lower mortgage rates and creates proceeds that may be designated as zero percent interest rate bond funds (“zeros”). Zeros constitute new debt and are used to reduce mortgage interest rates to first-time homebuyers.



One bond series within the 1979 Indenture (2008C) has been identified for refunding. This refunding will lower borrowing cost for the Program by amending the floating-to-fixed interest rate swap associated with the refunded bonds, thus lowering the fixed interest rate paid by the Program. As part of the refunding, excess yield may also be created, which would then be used to lower mortgage rates and create zero percent interest rate funds. Given that new debt will be issued for mortgage loans along with the creation of zeros, staff recommends continuing to fund loan products for first-time homebuyers, including Interest Rate Reduction loans over TBA pricing, for both FHA and Fannie Mae HFA Preferred products, along with the low credit score program, Crossroads to Homeownership.

The proposed total issuance is approximately \$37.54 million, consisting of approximately \$8.09 million of refunding bonds and approximately \$29.45 million of new money.

The proposed structure includes the issuance of fixed and variable rate, tax-exempt, non-AMT and AMT Serial, Term, and Premium bonds with the latest maturity of 2049. Two series of bonds are expected to be issued. The 2018 Series A will include fixed rate, non-AMT new money bonds (approximately \$29.45 million), and the 2018 Series B will include variable rate, AMT refunding bonds (approximately \$8.09 million). Due to the private activity, tax-exempt nature of the transaction, volume cap will be required for the non-AMT bonds.

# EXECUTIVE SUMMARY

To execute this transaction a cost of issuance budget has been developed by Caine Mitter & Associates Incorporated, HOC's Financial Advisor. It is estimated that the cost of issuance is approximately \$550,000, is commensurate with the size of the overall issuance, and will be funded from revenue in the 1979 Indenture.

In addition, a Series Resolution has been prepared setting forth, among other things, authorization to issue the bonds, the purpose of the bonds and the application of proceeds, redemption provisions, types of accounts to be created, and authority to execute necessary documents. While two series of bonds are being issued, Kutak Rock, LLP, HOC Bond Counsel, has prepared a single Series Resolution to incorporate both series in one document, which will be presented to the full Commission for approval.

Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and approve the following actions:

1. Approval of the structure and cost of issuance budget for the issuance of the 2018 Series A and Series B bonds under the 1979 Mortgage Revenue Bond Resolution for approximately \$37.54 million but no more than \$40 million.
  - The Series A bonds will be approximately \$29.45 million of non-AMT new money bonds.
  - The Series B bonds will be approximately \$8.09 million of AMT refunding bonds.
  - The Cost of Issuance budget is approximately \$550,000.
2. The allocation of approximately \$30.1 million of private activity volume cap to complete the transaction herein proposed.
3. The adoption of the Series Resolution to issue 2018 Series A and 2018 Series B Single Family Mortgage Revenue Bonds.



# TRANSACTION STRUCTURE

The overall financing plan is comprised of a refunding of approximately \$8.09 million and the issuance of new debt of approximately \$29.45 million, producing a total issuance of approximately \$37.54 million. The bonds which will be refunded are 2008 Series C bonds. The new issuance will include two series of bonds. The following is a discussion on the transaction's structure. Amounts are approximate.

	2018 Series A (Non-AMT)	2018 Series B (AMT)	Total
<b>Refunding Bonds</b>	\$0	\$8,090,000	\$8,090,000
<b>New Money</b>			
Zero % Funds	\$3,100,000	\$0	\$3,100,000
New Mortgage Funds	\$26,350,000	\$0	\$26,350,000
<b>TOTAL</b>	<b>\$29,450,000</b>	<b>\$8,090,000</b>	<b>\$37,540,000</b>

## Structure of Issuance

- Fixed and variable rate, tax-exempt, non-AMT and AMT Serial, Term and Premium bonds
- Latest Maturity – year 2049 (31 years)
- Two series of bonds:
  1. 2018 Series A will include fixed rate, non-AMT new money bonds (est. \$29.45 million); and
  2. 2018 Series B will include variable, AMT refunding bonds (est. \$8.09 million).

# TRANSACTION STRUCTURE

<b>Refunding Bonds</b>	<ul style="list-style-type: none"> <li>• The 2008 Series C variable rate, AMT bonds, hedged with an interest rate swap, have been identified for refunding. The interest rate swap is subject to par optional termination on July 1, 2018.</li> <li>• The current interest rate environment allows for favorable renegotiation of terms, relative to interest rate.</li> <li>• An amendment of the swap associated with the refunding leads to lower swap fixed rate payments and thus significant present value savings for the Program (see page 8 for Transaction Benefits).</li> </ul>
<b>Zero Percent Funds</b>	<ul style="list-style-type: none"> <li>• Zero percent refers to the mortgage rate offered to a borrower on the portion of the loan funded by zero percent funds; it does not refer to the rate paid to the bondholder.</li> <li>• The designation of funds at zero percent interest rate offsets the positive arbitrage (excess yield) to bring the mortgage spread back to the permitted 1.125%, precluding the requirement to rebate or return excess yield to the Internal Revenue Service (“IRS”).</li> <li>• The new money bonds create the need for approximately \$3.1 million in zeros.</li> </ul>
<b>New Debt</b>	<ul style="list-style-type: none"> <li>• The new debt under this issuance is estimated at \$29.54 million and includes zero percent funds.</li> <li>• New debt monies will support first-time homebuyer loan products, including:             <ul style="list-style-type: none"> <li>• Interest rate reduction loans for both FHA and Fannie Mae HFA Preferred products (approximately 125 loans);</li> <li>• Crossroads to Homeownership Program loans, insured by FHA (approximately 8-9 loans); and,</li> <li>• Down payment assistance loans (approximately 80 loans).</li> </ul> </li> </ul>
<b>Volume Cap / TEFRA</b>	<ul style="list-style-type: none"> <li>• New debt will require the use of Bond Cap and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requirements.</li> <li>• The Single Family Program will utilize approximately \$30.1 million out of the \$38 million in Bond Cap allocated to HOC in 2018 (see page 7). Staff has met with CDA and outlined future volume cap needs for both single family and multifamily transactions through 2018. An additional allocation of \$117.4 million in 2018 will be necessary.</li> </ul>

# VOLUME CAP NEEDS/USES (\$'000)

Year	2011	2012	2013	2014	2015	2016	2017	Projected 2018
Balance Carried Forward	\$15,241	\$28,567	\$43,184	\$69,813	\$88,742	\$29,011	\$44,785	\$29,925
Special Allocation <sup>1</sup>	\$20,000							
Annual Bond Cap Allocation	\$32,726	\$32,618	\$33,228	\$35,429	\$35,869	\$36,247	\$35,643	\$37,986
	8%	-0.33%	2%	7%	1%	2%	1%	1%
<b>TOTAL BOND CAP AVAILABLE</b>	<b>\$47,967</b>	<b>\$61,184</b>	<b>\$76,413</b>	<b>\$105,242</b>	<b>\$124,611</b>	<b>\$65,258</b>	<b>\$80,428</b>	<b>\$67,911</b>
<b>HOC PROGRAMS</b>								
Single Family	\$19,400	\$18,000	\$6,600			\$19,503	\$16,363	\$30,100
Arcola Towers					\$13,545	\$970		
Waverly House					\$22,305			
Alexander House							\$22,139	
Elizabeth House III								\$18,800
Greenhills							\$12,000	
Upton II								\$30,642
900 Thayer								\$15,000
Bauer Park								\$18,715
Metropolitan								\$10,000
Shady Grove								\$13,925
Georgian Court								\$9,750
Stewartown								\$12,100
<b>TOTAL HOC PROGRAMS</b>	<b>\$19,400</b>	<b>\$18,000</b>	<b>\$6,600</b>	<b>\$0</b>	<b>\$35,850</b>	<b>\$20,473</b>	<b>\$50,503</b>	<b>\$159,032</b>
<b>PRIVATE DEVELOPERS</b>								
Hillside Senior Living								\$26,270
Gaithersburg - Olde Towne					\$25,525			
Germantown - Churchill II				\$16,500				
Bethesda – Lakeview House					\$34,225			
Willow Manor at Fairland								
<b>TOTAL PRIVATE ACTIVITY</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,500</b>	<b>\$59,750</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,270</b>
<b>TOTAL BOND CAP REMAINING</b>	<b>\$28,567</b>	<b>\$43,184</b>	<b>\$69,813</b>	<b>\$88,742</b>	<b>\$29,011</b>	<b>\$44,785</b>	<b>\$29,925</b>	<b>(\$117,391)</b>

# TRANSACTION BENEFITS

The structure of the proposed issuance provides benefits to the Single Family Program because the combined refunding/new money issue permits lending at lower rates while enabling the Commission to earn full spread on the bond issue.

The table that follows identifies the bonds and amounts that will be refunded, the total Refunding Bonds to be issued, and the maximum estimated net present value savings over the life of the bonds.

2008 Series C	\$8,090,000
Refunding Amount	\$8,090,000
Net PV Savings (up to)	\$1,256,022

The net present value savings from the refunding is estimated to be up to \$1,256,022 or 15.53% of the refunded bonds outstanding, as of April 2018. The final savings will be dependent upon final negotiated terms relative to the optionality and the fixed rate on the swap.

# COST OF ISSUANCE BUDGET

	AMOUNT
<b>Underwriters Spread</b>	
Underwriters Counsel	55,000
Travel and Miscellaneous	3,000
CUSIP	1,352
DTC	800
Bookrunning	4,510
Takedown	184,790
Management	28,155
<b>Underwriter's Spread - Total</b>	<b>277,607</b>
<b>Other Cost of Issuance</b>	
Bond Counsel	52,000
Financial Advisor	32,848
Financial Advisor - Swap Amendment	10,000
Financial Advisor - Computer	29,000
Universal cap	19,250
OS printing	2,000
Rating	43,000
Auditor	6,250
Trustee	4,500
Trustee Counsel	12,000
Bank Counsel	20,000
Redemption Notice	300
Program Marketing	30,000
Miscellaneous / Disbursements	11,245
<b>Other Cost of Issuance - Total</b>	<b>272,393</b>
<b>TOTAL COST OF ISSUANCE BUDGET</b>	<b>550,000</b>

The cost of the issuance is estimated to be \$550,000 or \$421,583 for Series A and \$128,417 for Series B. As with other transaction costs for the Single Family Program, the cost of issuance is paid from revenue in the indenture. The cost of issuance will be an upfront transaction expense, which will be withdrawn from the indenture prior to closing, while the cash savings will inure to the benefit of the indenture over the remaining life of the bonds.

The amount of the cost of issuance is commensurate with the size of the overall issue.

# SERIES RESOLUTION FOR 2018 SERIES A and B

For each bond issue, the Commission is asked to approve one or more Series Resolutions which contain specific information about the series of bonds being issued. A Series Resolution authorizes the issuance of a particular series of bonds stating, among other things, the bonds' purpose, redemption provisions, creation of certain accounts, and use of the bond proceeds.

Bond Counsel to the Commission, Kutak Rock, LLP, will prepare a single Series Resolution for the two series, Series A and B.

The size of the full bond issue is currently expected to be approximately \$37.54 million and will be composed of a refunding of approximately \$8.09 million of single family mortgage revenue bonds from 2008 Series C and approximately \$29.45 million of new debt for the creation of zeros and the funding of new first-time homebuyer products, including the low credit score Crossroads to Homeownership program and interest rate reduction loans for both FHA and Fannie Mae HFA Preferred products.

Interest rate information will be provided when the bonds are priced in May 2018.

# SCHEDULE

## April 2018

- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution for 2018 Series A, B (Development & Finance Committee)
- Draft POS
- Draft Series Resolution

## May 2018

- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution for 2018 Series A, B (Commission)
- Receive Auditor's Consent Letter and Verbal Assurances
- Receive Rating
- Post POS
- Retail & Institutional Bond Sale
- Clear OS

## June 2018

- Closing (est. 6/14/2018)
- Redemption of Refunded Bonds

## ISSUES FOR CONSIDERATION

Does the Commission wish to accept the recommendation of the Development and Finance Committee the following actions?

1. Approval of the structure and cost of issuance budget for the bond issuance of the 2018 Series A and Series B bonds under the 1979 Mortgage Revenue Bond Resolution for no more than \$40 million?
  - The Series A bonds will be approximately \$29.45 million of non-AMT new money bonds.
  - The Series B bonds will be approximately \$8.09 million of AMT refunding bonds.
  - The Cost of Issuance budget is approximately \$550,000.
2. An allocation of no more than \$30.1 million of private activity volume cap to complete the transaction herein proposed?
3. To adopt a Series Resolution to issue 2018 Series A and 2018 Series B Single Family Mortgage Revenue Bonds?

## PRINCIPALS

- Housing Opportunities Commission of Montgomery County
- Caine Mitter & Associates Incorporated – Financial Advisor
- Kutak Rock, LLP – Bond Counsel
- BofA Merrill Lynch – Senior Managing Underwriter
- PNC Capital Markets – Co-Senior Managing Underwriter
- Chapman and Cutler LLP – Underwriter’s Counsel
- Bank of New York Mellon – Trustee

## FISCAL/ BUDGET IMPACT

Expenses of the Single Family Program are borne from excess revenue in the program. Savings from reduced bond cost remain with the indenture.

## TIME FRAME

For action at the May 2, 2018 meeting of the Commission.



## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and approve the following actions:

1. The structure and cost of issuance budget for the 2018 Series A and Series B bonds under the 1979 Mortgage Revenue Bond Resolution for no more than \$40 million.
  - The Series A bonds will be approximately \$29.45 million of non-AMT new money bonds.
  - The Series B bonds will be approximately \$8.09 million of AMT refunding bonds.
  - The Cost of Issuance budget is approximately \$550,000 to be funded from the 1979 Indenture.
2. The allocation of no more than \$30.1 million of private activity volume cap to complete the transaction herein proposed.
3. Adoption of the Series Resolution to issue 2018 Series A and 2018 Series B Single Family Mortgage Revenue Bonds.

RESOLUTION: 18-28

Re: Approval of Structure, Cost of Issuance  
Budget and Adoption of Series Resolution  
for 2018 Series A and 2018 Series B  
Mortgage Revenue Bonds for the Purpose  
of Refunding Single Family Mortgage  
Revenue Bonds and the Issuance of New  
Debt

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the “Commission”) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the “Act”), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

**WHEREAS**, the Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the “Bond Resolution”), a portion of which are currently outstanding; and

**WHEREAS**, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the “Single Family Program”); and

**WHEREAS**, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, Maryland first time homebuyers; and

**WHEREAS**, financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

**WHEREAS**, the Commission has determined to carry out the Single Family Program by issuing its 2018 Single Family Mortgage Revenue Bonds in one or more series beginning with 2018 Series A and 2018 Series B, and with each subsequent series, if any, to follow in alphabetical order (collectively, the “2018 Bonds”) in a total aggregate principal amount not to exceed \$40,000,000; and

**WHEREAS**, the use of Private Activity Volume Cap for new debt and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) will be required; and

**WHEREAS**, in connection with the proposed issuance of the 2018 Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolution to be adopted prior to the issuance of the 2018 Bonds (the “Series Resolution”), and the preliminary official statement to be provided

to prospective purchasers of the 2018 Bonds (the “POS,” and following the sale of the 2018 Bonds and the appropriate revisions reflecting the final pricing and terms of the 2018 Bonds, the “Official Statement”);

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

1. ***The 2018 Bonds.*** The 2018 Bonds are authorized to be issued in a principal amount not to exceed \$40,000,000 (i) to refund and redeem certain bonds outstanding under the Bond Resolution, (ii) to make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), and (iii) if necessary, to fund certain required reserves.

2. ***Approval of the Series Resolution and the Structure of the 2018 Bonds.*** The 2018 Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution which have been provided to the Commission. The Commission hereby approves the current provisions of the Series Resolution and the structure of and the security for the 2018 Bonds set forth therein and in the POS. The Executive Director is hereby authorized to approve the final form of the Series Resolution, the POS and the Official Statement prior to the issuance of the 2018 Bonds.

3. ***Commission Documents.*** The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement and any such other documents and agreements to be prepared in connection with the issuance of the 2018 Bonds (the “Commission Documents”) in such forms as shall be prepared and approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission and the Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

4. ***Authorizing Ongoing Determinations under Commission Documents.*** The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the 2018 Bonds as shall be set forth in the Commission Documents.

5. ***Other Action.*** The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the “Authorized Representative”) are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2018 Bonds, (ii) for the refunding and redemption or repayment of prior bonds (the “Prior Bonds”), (iii) for the financing of new Mortgage Loans under the Single Family Program, (iv) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the POS,

the Official Statement and any other financing documents relating to the issuance of the 2018 Bonds, and (v) for the entire period during which the 2018 Bonds are outstanding following the issuance thereof.

6. **Approval of Allocation of Volume Cap.** The Commission approves the allocation of approximately \$30,106,000 of Private Activity Volume Cap to complete the transaction.

7. **Approval of Cost of Issuance.** The Commission approves the cost of issuance budget in an amount up to \$550,000 to be incurred by the Commission in connection with the issuance of the 2018 Bonds.

8. **Appointment of Financial Advisor and Bond Counsel.** Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2018 Bonds.

9. **Action Approved and Confirmed.** All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the issuance and sale of the 2018 Bonds, the refunding and redemption of the Prior Bonds and the financing of newly originated Mortgage Loans approved hereby and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

10. **Severability.** If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

11. **Effective Date.** This resolution shall take effect immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on May 2, 2018.

By: \_\_\_\_\_  
Patrice Birdsong  
Special Assistant

[SEAL]

APPROVAL OF PRELIMINARY DEVELOPMENT PLANS AND  
PREDEVELOPMENT FUNDING FOR THE RECAPITALIZATION OF  
SHADY GROVE APARTMENTS, GEORGIAN COURT, AND  
STEWARTOWN HOMES

---

**SILVER SPRING, DERWOOD, & GAITHERSBURG**



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN  
ZACHARY MARKS  
MARCUS ERVIN  
GIO KAVILADZE

May 2, 2018

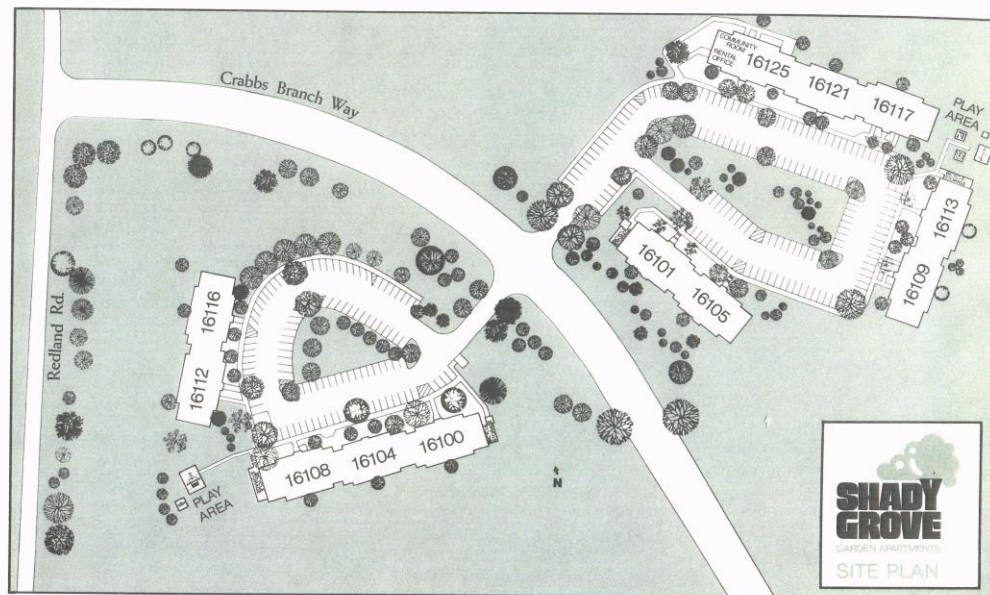
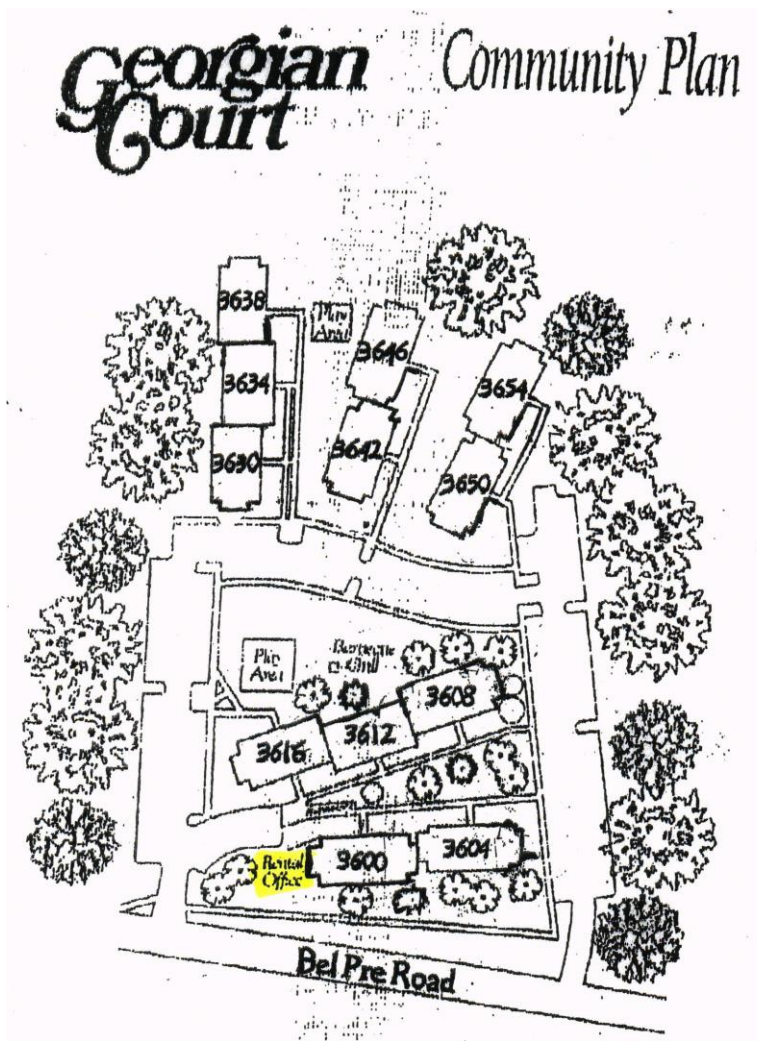
TABLE OF CONTENTS	
Executive Summary	3
Project Summary	5
Location Map	8
Development Plan: Scope	9
Predevelopment Costs	11
Development Plan: Team Assembly	12
Timeline and Financing Summary	13
Public Purpose/Current Unit Mix	14
Sources and Uses	15
Summary of Stabilized Operations	18
Summary and Recommendations	21

# Executive Summary

- The average age of Georgian Court and Shady Grove is 40 years. Neither property has undergone a comprehensive recapitalization. While HOC has been a generous steward of these properties, annual funding beyond recurring capital improvements for roofing, mechanical systems, and ancillary components is insufficient to necessitate a full modernization of these communities.
- Georgian Court (“Property”) was constructed in 1976 on 6.75 acres (per assessment record) on the south side of Bel Pre Rd. near the intersection of Georgia Ave. The property contains a total of 147-units within 13 all-brick garden-style apartment structures ranging from 3-4 stories in height. Each unit has a fully-equipped kitchen. Property amenities include a tot lot, grilling stations, and walking paths. A community room/leasing center is located at the entrance of the site. Staff is in the process of executing a Year 15 strategy of buying out the current Limited Partner, M&T.
- Shady Grove (“Property”) was constructed in 1980 on two parcels totaling 11.87 acres (per assessment record) on the east and west side of Crabbs Branch Road, just east of the Shady Grove Metro Station. All of the 144 units at the garden-style multifamily community are assisted by a Project Based Section 8 contract. Property amenities include two (2) laundry rooms, two (2) playgrounds, walking paths, substantial private outdoor space and adjacent bus service. A community room and leasing center are located on-site. Units are outfitted with the typical amenities, all of which would be upgraded during the renovation. Two (2) roof replacements and replacement of all windows were completed within the last five (5) years. Less than five (5) of the central hot water heaters have been replaced as well.
- Stewartown (“Property”) was constructed in 1977 in Gaithersburg. The property contains 94 townhome units within 12 structures. A community room/leasing center at 9310 Merust Lane enter is located on site. Units are outfitted with the typical amenities, all of which would be upgraded during the renovation. As a result of renovation, the property will see significant improvements to energy efficiency, the common areas and exterior grounds will be enhanced, and residents’ units will be modernized. The property was financed with Section 236 mortgages, which in addition to the end of its LIHTC compliance period, are expired or soon to be expiring.
- Staff recommends approval of a Preliminary Development Plan via the re-syndication of Low Income Housing Tax Credits (“LIHTC”) and the issuance of tax-exempt bonds to fund the renovations.
- Staff requests approval of a \$1,050,000 predevelopment loan from the OHRF for all three transactions. At the closing, the loan will be repaid from permanent financing proceeds.



# Georgian Court & Shady Grove Site Plan





# Project Summary – Georgian Court

<b>Project Name</b>	Georgian Court	<b>Units</b>	147	<b>Expected Closing Date</b>	2nd Qtr FY19
<b>Location</b>	Silver Spring, MD	<b>Average Unit Size (SF)</b>	892	<b>Stabilization Date</b>	CY20
<b>Product Type</b>	Garden Apartments	<b>Occupancy (04/30/15)</b>	98.63%	<b>Recapitalization Strategy</b>	Rehabilitation
<b>Year Built</b>	1976	<b>Total Rentable Sqft</b>	131,075	<b>Funding Strategy</b>	4% LIHTC/Bonds

## Development Plan

- Use 4% LIHTC equity and HOC-issued tax-exempt bonds to fund all construction costs.
- Add eight (8) ADA units.
- Renovate the existing property to extend its useful life for at least another 20 years by replacing all windows, roofs, interior and exterior doors, HVAC systems, and enhancing the exterior facades to create a greater visual impact. Interior work will include replacement of kitchens and bathrooms (appliances, cabinets, fixtures, and finishes), flooring, and painting.
- Explore incorporation of solar to supplement common area electric usage.



- Supports FHA Risk Share Mortgage with a \$186,000 fee to HOC.
- Produces debt proceeds of \$9.3 million (@ 1.15x DCR) and 4% LIHTC equity of \$5.9 million (based on \$1.00 per credit).
- Generates development fee of \$2.5 million.
- Takes advantage of extremely favorable interest rates and tax credit pricing.

# Project Summary – Shady Grove

<b>Project Name</b>	Shady Grove	<b>Units</b>	144	<b>Expected Closing Date</b>	2nd Qtr FY19
<b>Location</b>	Silver Spring, MD	<b>Average Unit Size (SF)</b>	908	<b>Stabilization Date</b>	CY20
<b>Product Type</b>	Garden Apartments	<b>Occupancy (04/30/15)</b>	99.30%	<b>Recapitalization Strategy</b>	Rehabilitation
<b>Year Built</b>	1976	<b>Total Rentable Sqft</b>	130,716	<b>Funding Strategy</b>	4% LIHTC/Bonds

## Development Plan

- Utilize 4% LIHTC equity and HOC-issued tax-exempt bonds to fund all construction costs.
- Add two (2) additional ADA units.
- Renovate the existing property to extend its useful life for at least another 20 years by replacing the remaining roofs, interior and exterior doors, HVAC systems, and enhancing the exterior facades to create a greater visual impact. Interior work will include replacement of kitchens and bathrooms (appliances, cabinets, fixtures, and finishes), flooring, and painting. All windows were replaced within the last five (5) years.
- Explore incorporation of solar to supplement common area electric usage.



- Supports FHA Risk Share Mortgage with a \$285,000 fee to HOC.
- Produces debt proceeds of \$14.2 million (@ 1.2x DCR) and 4% LIHTC equity of \$6.4 million (based on \$1.00 per credit).
- Generates development fee of \$2.6 million.
- Takes advantage of extremely favorable interest rates and tax credit pricing.

# Project Summary – Stewarttown Homes

<b>Project Name</b>	Stewarttown Homes	<b>Units</b>	94	<b>Expected Closing Date</b>	2nd Qtr FY19
<b>Location</b>	Gaithersburg, MD	<b>Average Unit Size (SF)</b>	972	<b>Stabilization Date</b>	CY20
<b>Product Type</b>	Townhomes	<b>Occupancy (03/30/18)</b>	100%	<b>Recapitalization Strategy</b>	Rehabilitation
<b>Year Built</b>	1977	<b>Total Rentable Sqft</b>	91,324	<b>Funding Strategy</b>	4% LIHTC/Bonds

## Development Plan

- Utilize 4% LIHTC equity and HOC-issued tax-exempt bond financing to fund all construction costs.
- Evaluate feasibility to add four (4) ADA units.
- Renovate the existing property to extend its useful life for at least another 20 years by replacing all windows, roofs, exterior siding, interior and doors, and HVAC systems. Interior work will include replacement of kitchens and bathrooms (appliances, cabinets, fixtures, and finishes), flooring, and painting
- Replace playground, as staff learned through its feasibility due diligence that 75% of total tenants have children and that many of these children are not using our playground because of outdated equipment



- Supports FHA Risk Share Mortgage with a \$134,000 fee to HOC.
- Produces debt proceeds of \$6.7 million (@ 1.2x DCR) and 4% LIHTC equity of \$5.8 million (based on \$1.00 per credit).
- Generates development fee of \$2.25 million.
- Takes advantage of extremely favorable interest rates and tax credit pricing.

4/23/2018



# Existing Conditions

## Georgian Court



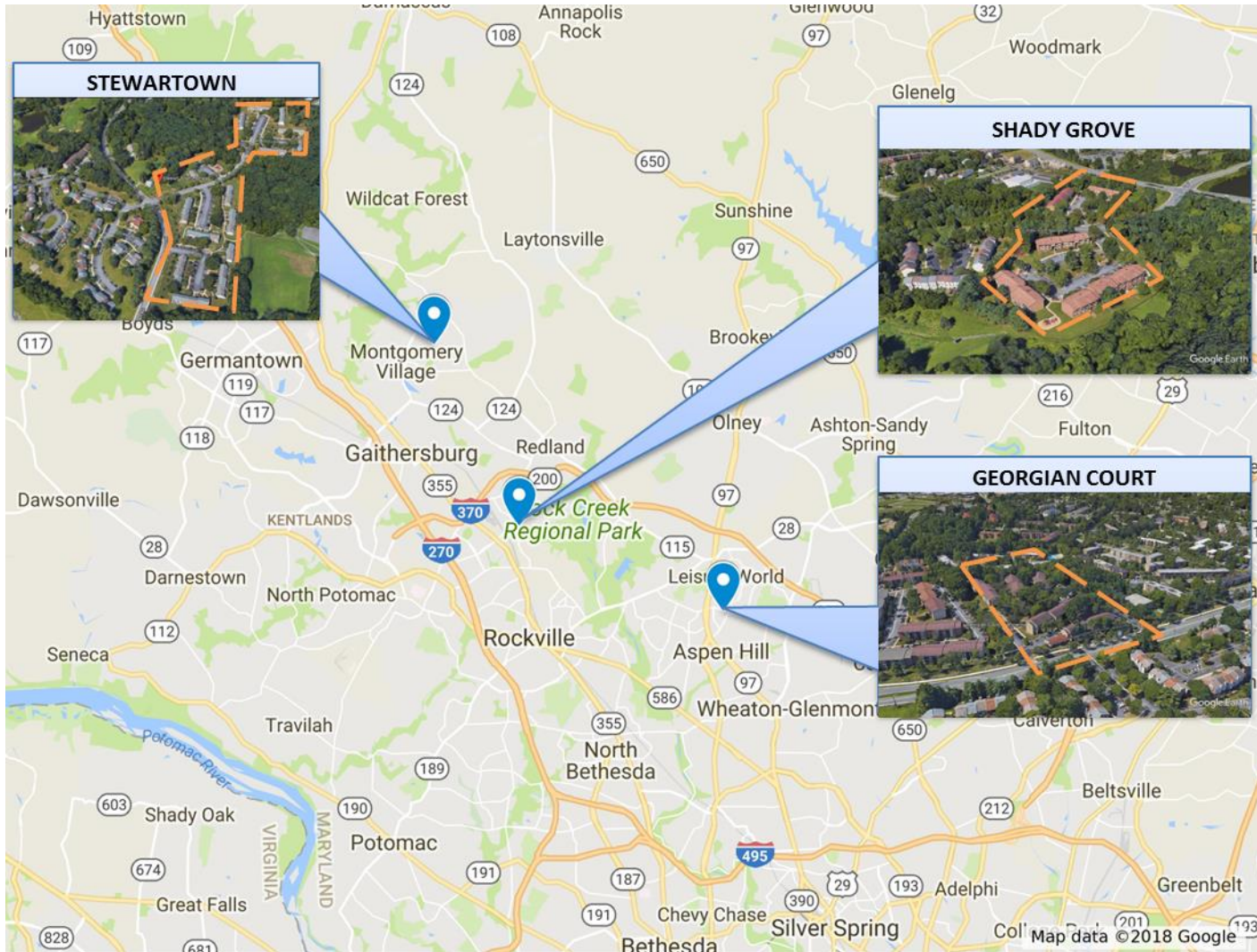
## Stewarttown



## Shady Grove



# Location Map





# Georgian Court & Shady Grove Development Plan: Scope

Georgian Court and Shady Grove have not undergone any major renovations within the last 10 years, other than replacements at failure and scheduled capital improvements. Windows were replaced at Shady Grove within the last five (5) years.

Staff has developed a renovation scope that includes the following:

- 55% - Interiors | 10% - Exterior Enhancements | 35% - Critical Systems;
- Upgrading of interior kitchen and bathroom, including but not limited to energy efficient appliances, new cabinets, countertops, fixtures, flooring, painting, and lighting;
- Replacement of in-unit HVAC units and central hot water heaters not yet replaced by scheduled capital improvements;
- Opening up of kitchen into living/dining area to create more modern layout;
- Exterior enhancements to provide a cleaner and improved visual impact;
- Replacement of roofs not yet replaced by scheduled capital improvements; and,
- Creation of UFAS units to conform with LIHTC requirements.

These improvements will not only address curb appeal but also – and more importantly – increase energy efficiency and extend the Properties' useful life.

Given the low turnover at the Properties, this renovation work is recommended to be done by relocating tenants to a nearby extended-stay facility or surrounding HOC communities, one building at a time. This will create blocks of vacant units (12) for the general contractor to renovate. Upon completion, residents will be moved back to their original, now renovated, units.



Example of a finished unit showing the standard set of energy efficient appliances.

# Stewartown Development Plan: Scope

Stewartown has not undergone any major renovation since 2000, other than replacements at failure and scheduled capital improvements. Staff has developed a renovation scope that includes the following:

- Upgrading of interior kitchen and bathroom, including but not limited to energy efficient appliances, new cabinets, countertops, fixtures, flooring, painting, and lighting;
- Installation of modern HVAC units, hot water heaters, furnaces;
- Conversion of half baths in four bedroom units to full baths;
- Replacement of roofs not yet replaced by scheduled capital improvements;
- Replacement of siding, gutters, windows, and doors;
- Potential creation of four UFAS units to conform with LIHTC requirements; and,
- Improvements to the site including paving, landscaping, a new playground, and signage.

These improvements will address curb appeal and, more importantly, increase energy efficiency and extend the property's useful life.

Given the low turnover at the Property, this renovation work is recommended to be done by relocating tenants to a nearby extended-stay facility or surrounding HOC communities, two buildings at a time. This will create 14 vacant units for the general contractor to renovate. Upon completion, residents will be moved back to their original, now renovated, units.



Example of a finished unit showing the standard set of energy efficient appliances.

# Predevelopment Costs

## Projected Predevelopment Costs through Closing

Items	Georgian Court	Shady Grove	Stewarttown	Total
Architect/Project Specs	\$180,000	\$180,000	\$180,000	\$540,000
Property Condition Assessment	\$5,000	\$5,000	\$5,000	\$15,000
Phase I Environmental	\$5,000	\$5,000	\$5,000	\$15,000
Appraisal	\$7,500	\$7,500	\$7,500	\$22,500
Market Study	\$7,500	\$7,500	\$7,500	\$22,500
ALTA Survey	\$10,000	\$10,000	\$10,000	\$30,000
Energy Audit	\$10,000	\$10,000	\$10,000	\$30,000
Certification for CDA Application (architect and etc.) <sup>1</sup>	\$3,000	\$3,000	\$3,000	\$9,000
Contingency	\$12,000	\$12,000	\$12,000	\$36,000
Legal	\$50,000	\$50,000	\$50,000	\$150,000
Pre Construction Svs	\$60,000	\$60,000	\$60,000	\$180,000
<b>Total Predevelopment Budget</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>1,050,000</b>

<sup>1</sup> Costs include base level energy & green standard certification, development quality standards narrative, building evaluation report, and environmental checklist from Architect

The Commission previously approved \$150,000 funding for predevelopment activities for Stewarttown Homes in May 2017. The current request for predevelopment funding is \$900,000.



# Development Plan: Team Assembly

## Architect

Staff has solicited bids from the Architect's Pool, and proposals are under review.

## Property Management

Edgewood Management

- All three (3) communities have existing third party property management firms in place. Staff does not recommend changes at this time.

## General Contractor

Staff is currently working on the RFQ solicitation to select a General Contractor and intends to release within the next two weeks.

## Equity Investor

TBD – staff has begun its solicitation process for selecting equity investors. Selection will be provided for Commission approval at a later date.

# Timeline and Financing Summary

## Design and Renovation

- **Design Documents:** April 2018 – July 2018
- **Team Assembly:** March - July 2018
- **Application of LIHTC 4%:** July/August 2018
- **Closing:** December 2018
- **Renovation Kickoff:** January 2018
- **Construction Completion:** June 2020 (16 months)

Financing: FHA Risk Share Mortgage with LIHTC				
Community	Georgian Court	Shady Grove	Stewartown	Total
<b>Term</b>	35	35	35	
<b>Loan Amount (Est.)</b>	\$9.3MM	\$14.2MM	\$6.7MM	\$30.2MM
<b>Interest Rate<sup>1</sup>(w/ MIP)</b>	4.50%	4.50%	4.50%	
<b>LIHTC Equity</b>	\$5,996,339 (based upon \$1.00/credit)	\$6,470,525 (based upon \$1.00/credit)	\$5,803,438 (based upon \$1.00/credit)	\$21.05MM
<b>Perm Financing Plan</b>	HOC Bonds w/ FHA Risk Sharing Insurance	HOC Bonds w/ FHA Risk Sharing Insurance	HOC Bonds w/ FHA Risk Sharing Insurance	
<b>Est. Perm Closing</b>	Summer 2020	Summer 2020	Summer 2020	
Sensitivity Analysis – LIHTC Price/Equity				
LIHTC Equity	Georgian Court	Shady Grove	Stewartown	
\$1.00	\$5,996,339	\$6,470,525	\$5,803,438	
\$1.05	\$6,296,155	\$6,794,052	\$6,093,610	
\$1.10	\$6,595,972	\$7,117,578	\$6,383,782	

<sup>1</sup> As of April 13, 2018: Interest Rate 4.20% (35 years)

# Public Purpose/Current Unit Mix

## Georgian Court Unit Mix

Unit Type	# of Total Units	% of Total Units	Unit Size S.F.	Current Average Leased Rents
<b>≤50% OF AMI</b>				
1A BD / 1 BH	15	10%	805	\$866
1B BD / 1 BH	34	22%	805	\$772
2A BD / 1 BH	14	10%	935	\$976
2B BD / 1 BH	84	58%	935	\$909
<b>TOTAL</b>	<b>147</b>	<b>100%</b>		

## Shady Grove Unit Mix

Unit Type	# of Total Units	% of Total Units	Unit Size S.F.	Current Average Leased Rents
<b>≤50% OF AMI</b>				
1A BD / 1 BH	45	31%	757	\$1,151
2A BD / 1 BH	82	57%	953	\$1,246
2B BD / 1 BH	1	1%	953	\$1,246
3A BD / 1 BH	16	11%	1097	\$1,336
<b>TOTAL</b>	<b>144</b>	<b>100%</b>		

## Stewartown Unit Mix

Unit Type	# of Total Units	% of Total Units	Unit Size S.F.	Current Average Leased Rents
<b>≤50% OF AMI</b>				
2 BD / 1 BH	14	15%	854	\$1,118
3 BD / 1.5 BH	66	70%	948	\$1,230
4 BD / 1.5 BH	14	15%	1200	\$1,370
<b>TOTAL</b>	<b>94</b>	<b>100%</b>		

# Georgian Court: Sources and Uses

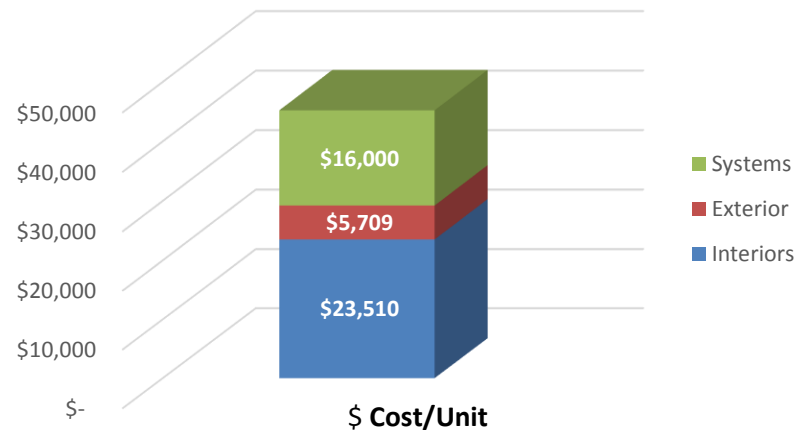
## Sources and Uses (Preliminary)

Sources	Amount	Per Unit
Tax-Exempt Bonds	\$9,314,340	\$63,363
Low Income Housing Tax Credits	\$5,996,339	\$40,791
Deferred Developer's Fee	\$0	\$0
Short Term Bonds	\$1,075,877	\$7,319
Seller Note	\$7,906,655	\$53,787
<b>TOTAL</b>	<b>\$24,293,210</b>	<b>\$165,260</b>
Uses	Amount	Per Unit
Construction Costs		
Base Hard Cost	\$7,350,000	\$50,000
Profit/OH/Bond	\$1,152,500	\$7,840
Contingency 10%	\$850,250	\$5,784
<b>TOTAL</b>	<b>\$9,352,750</b>	<b>\$63,624</b>
Fees Related To Construction Costs	\$865,400	\$5,887
Acquisition Costs	\$7,714,651	\$52,481
Financing Fees and Charges	\$1,572,524	\$10,697
Developer's Fees	\$2,459,124	\$16,729
Syndication Related Costs	\$151,485	\$1,031
Short Term Payoff	\$1,075,877	\$7,319
Guarantees and Reserves	\$1,101,400	\$7,493
<b>TOTAL</b>	<b>\$24,293,210</b>	<b>\$165,260</b>

### Development Budget Highlights

- Estimated \$9.3 million tax-exempt bond financing with a mortgage insured under the FHA Risk Sharing Program.
- Estimated Low Income Housing Tax Credit \$5.9 million (based on \$1.00 per credit).
- Estimated construction costs of \$9.32 million (\$63,624 per unit) with 10% contingency, relocation costs \$147K (\$1,000 per unit), and construction management \$180k (\$1,224 per unit).
- Initial deposit to Replacement Reserves: \$367,500 (\$2,500 per unit): current Replacement Reserves balance is \$228,262 (As of January-2018).
- Estimated Development Fees: \$2.5 million.

### Georgian Court Apartments



# Shady Grove: Sources and Uses

## Sources and Uses (Preliminary)

Sources	Amount	Per Unit
Tax-Exempt Bonds	\$14,284,319	\$ 99,197
Low Income Housing Tax Credits	\$ 6,470,525	\$ 44,934
Deferred Developer's Fee	\$ -	-
Short Term Bonds	\$ -	-
Seller Note	\$ 6,882,170	\$ 47,793
<b>TOTAL</b>	<b>\$27,637,014</b>	<b>\$191,924</b>

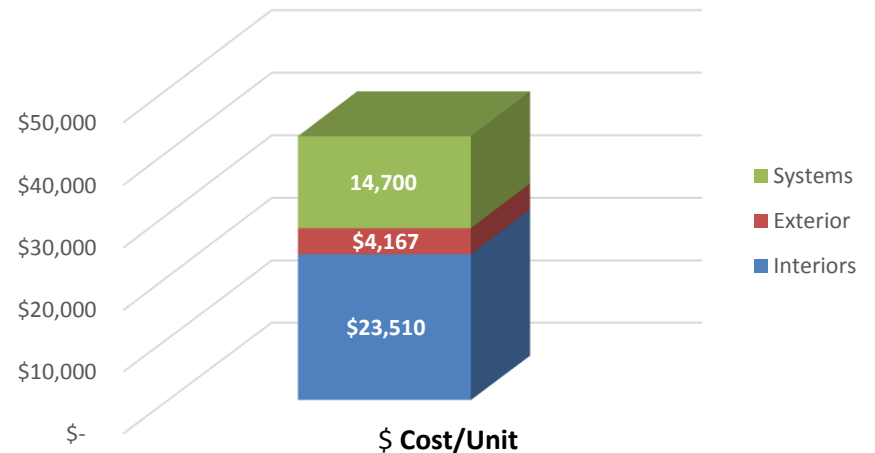
  

Uses	Amount	Per Unit
Construction Costs		
Base Hard Cost	\$ 6,480,000	\$ 45,000
Profit/OH/Bond	\$ 1,022,000	\$ 7,097
Contingency 10%	\$ 750,200	\$ 5,210
<b>TOTAL</b>	<b>\$ 8,252,200</b>	<b>\$ 57,307</b>
Fees Related To Construction Costs	\$ 860,000	\$ 5,972
Acquisition Costs	\$12,312,270	\$ 85,502
Financing Fees and Charges	\$ 2,121,202	\$ 14,731
Developer's Fees	\$ 2,642,507	\$ 18,351
Syndication Related Costs	\$ 153,382	\$ 1,065
Short Term Payoff	\$ -	-
Guarantees and Reserves	\$ 1,295,452	\$ 8,996
<b>TOTAL</b>	<b>\$27,637,014</b>	<b>\$191,924</b>

### Development Budget Highlights

- Estimated \$14.2 million tax-exempt bond financing with a mortgage insured under the FHA Risk Sharing Program.
- Estimated Low Income Housing Tax Credit \$6.4 million (based on \$1.00 per credit).
- Estimated construction costs of \$8.2 million (\$57,307 per unit) with 10% contingency, relocation costs \$144K (\$1,000 per unit), and construction management \$180k (\$1,250 per unit).
- Initial deposit to Replacement Reserves: \$360,000 (\$2,500 per unit): current Replacement Reserves balance is \$604,877 (As of January-2018).
- Estimated Development Fees: \$2.6 million.

### Shady Grove Apartments



# Stewartown: Sources and Uses

## Sources and Uses (Preliminary)

Sources	Amount	Per Unit
Tax-Exempt Bonds	\$6,732,279	\$71,620
Low Income Housing Tax Credits	5,803,438	61,739
Deferred Developer's Fee	0	0
Short Term Bonds	3,828,514	40,729
Seller Note	9,083,764	96,636
<b>TOTAL</b>	<b>\$25,447,995</b>	<b>\$270,724</b>

Uses	Amount	Per Unit
Construction Costs	\$7,421,700	\$78,954
Fees Related To Construction Costs	421,000	4,479
Acquisition Costs	10,091,783	107,360
Financing Fees and Charges	1,140,697	12,135
Developer's Fees	2,250,894	23,946
Syndication Related Costs	75,000	798
Short Term Payoff	3,345,748	35,593
Guarantees and Reserves	701,173	7,459
<b>TOTAL</b>	<b>\$25,447,995</b>	<b>\$270,724</b>

### Development Budget Highlights

- Estimated \$6.7 million tax-exempt bond financing with a mortgage insured under the FHA Risk Sharing Program.
- Estimated Low Income Housing Tax Credit \$5.8 million (based on \$1.00 per credit).
- Estimated construction costs of \$7.4 million (\$78,954 per unit) with 10% contingency and \$94K (\$1000 per unit) relocation costs.
- Initial Deposit to Replacement Reserves: \$117,500 (\$1,250 per unit); current Replacement Reserves balance is \$216,837 (as of March 2018).
- Estimated Development Fees: \$2.25 million.

# Georgian Court: Summary of Stabilized Operations

Stabilized Proforma	CY20	Per Unit
Income	\$1,554,552	\$10,575
Expenses <sup>(1)</sup>	\$938,832	\$6,387
<b>NOI (Net Operating Income)</b>	<b>\$615,720</b>	<b>\$4,189</b>
Debt Service <sup>(2)</sup>	\$534,949	\$3,639
<b>Cash Flow</b>	<b>\$80,771</b>	<b>\$549</b>
Debt Service Coverage Ratio Target	<b>1.15</b>	

<sup>(1)</sup> Includes \$51,450 (\$350 per unit annually) in Replacement Reserves.

<sup>(2)</sup> Includes Loan Management Fee will be collected \$24,375 annually (0.25% of mortgage amount).

Max Mortgage Amount	\$9,750,000
Term (in years)	35
Interest Rate <sup>1</sup>	4.25%
Debt Service Constant	5.68%
MIP (Mortgage Insurance Premium)	0.25%
Debt Service Coverage Ratio Target (CY2020)	1.15
NOI (Net Operating Income)	\$615,720
Debt Service	\$534,949

- The permanent financing plan includes a 35-year mortgage insured under the FHA Risk Sharing Program.
- First full stabilized year is CY 2020 with occupancy projected at 95%, rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be \$938,832 in CY 2020 including funding of annual replacement reserves of \$350 per unit.
- The Net Operating Income (NOI) of \$615,720 in CY 2020 supports the permanent debt which is underwritten at 4.25% plus 25 basis points for Mortgage Insurance Premium (MIP) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.
- As a result of excess yield proceeds from the original Indenture, in the approximate amount of \$570k, HOC is discussing with its consultants a plan to make a capital contribution in this amount to fund upfront capital expenditures at the Property.

<sup>1</sup> As of April 13, 2018: Interest Rate 4.20% (35 years)

# Shady Grove: Summary of Stabilized Operations

Stabilized Proforma	CY20	Per Unit
Income	\$2,033,147	\$14,119
Expenses <sup>(1)</sup>	\$1,059,685	\$7,359
<b>NOI (Net Operating Income)</b>	<b>\$973,462</b>	<b>\$6,760</b>
Debt Service <sup>(2)</sup>	\$820,389	\$5,697
<b>Cash Flow</b>	<b>\$153,073</b>	<b>\$1,063</b>
Debt Service Coverage Ratio Target	<b>1.20</b>	

<sup>(1)</sup> Includes \$50,400 (\$350 per unit annually) in Replacement Reserves.

<sup>(2)</sup> Includes Loan Management Fee will be collected \$35,505 annually (0.25% of mortgage amount).

Max Mortgage Amount	\$13,925,000
Term (in years)	35
Interest Rate <sup>1</sup>	4.25%
Debt Service Constant	5.68%
MIP (Mortgage Insurance Premium)	0.25%
Debt Service Coverage Ratio Target (CY2020)	1.20
NOI (Net Operating Income)	\$973,462
Debt Service	\$820,389

- The permanent financing plan includes a 35-year mortgage insured under the FHA Risk Sharing Program.
- First full stabilized year is CY 2020 with occupancy projected at 95%, rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be \$1,059,685 in CY 2020 including funding of annual replacement reserves of \$350 per unit.
- The Net Operating Income (NOI) of \$973,462 in CY 2020 supports the permanent debt which is underwritten at 4.25% plus 25 basis points for Mortgage Insurance Premium (MIP) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.

<sup>1</sup> As of April 13, 2018: Interest Rate 4.20% (35 years)



# Stewartown: Summary of Stabilized Operations

Stabilized Proforma	CY20	Per Unit
Income	\$1,394,537	\$14,835
Expenses <sup>(1)</sup>	\$935,739	\$9,955
<b>NOI (Net Operating Income)</b>	<b>\$458,798</b>	<b>\$4,881</b>
Debt Service <sup>(2)</sup>	\$382,332	\$4,067
<b>Cash Flow</b>	<b>\$76,466</b>	<b>\$813</b>
Debt Service Coverage Ratio Target	<b>1.20</b>	

<sup>(1)</sup> Includes \$50,400 (\$350 per unit annually) in Replacement Reserves.

<sup>(2)</sup> Includes Loan Management Fee will be collected \$34,812 annually (0.25% of mortgage amount).

<b>Max Mortgage Amount</b>	<b>\$6,732,279</b>
Term (in years)	35
Interest Rate <sup>1</sup>	4.25%
Debt Service Constant	5.74%
MIP (Mortgage Insurance Premium)	0.25%
Debt Service Coverage Ratio Target (CY2020)	1.20

- The permanent financing plan includes a 35-year mortgage insured under the FHA Risk Sharing Program.
- First full stabilized year is CY 2020 with occupancy projected at 95%, rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be \$935,739 including funding of annual replacement reserves of \$350 per unit, per year and escalating at 3% annually.
- The Net Operating Income (NOI) of \$458,798 supports \$6.7MM permanent debt which is underwritten at 4.25% plus 25 basis points for mortgage insurance premium (MIP) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.

<sup>1</sup> As of April 13, 2018: Interest Rate 4.20% (35 years)

# Summary and Recommendations

## Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the following:

1. Approve the preliminary development plan for Georgian Court, Shady Grove, and Stewartown?
  - The plan proposes substantial renovation of the Property using tax-exempt bonds issued by HOC, equity from the re-syndication of LIHTC, deferred developer fee, and a seller note all totaling approximately \$30.2MM.
2. Approve expenditures of predevelopment funds totaling \$1,050,000 to be funded from the OHRF?
  - The unobligated balance in the OHRF as of April 15, 2018 is \$5,530,802. If this request is approved along with the \$1,605,000 for Victory Haven on May 2, 2018, the unobligated balance is reduced to \$2,875,802.

## Time Frame

Approval at the May 2, 2018 meeting of the Commission.

## Budget/Fiscal Impact

There is no adverse impact for the Agency's FY 2018 operating budget and the calendar year tax credit budgets. Capital and operating projections will be reflected and approved in CY2019 operating and capital tax credit budgets.

## Staff Recommendation and Commission Action Needed

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

1. Approve the preliminary development plan for Georgian Court, Shady Grove Apartments, and Stewartown Homes. The plan proposes substantial renovation of the Properties using tax-exempt bonds issued by HOC, equity from the sale of LIHTC, deferred developer fee, and a seller note totaling approximately \$30.2 million.
2. Approve predevelopment funds totaling \$1,050,000 to be funded from the OHRF and repaid at closing from permanent financing proceeds.
3. Approve the withdrawal of approximately \$570,000 in excess yield proceeds from the original Indenture to permit a capital contribution advance to the Georgian Court, LP in an amount not to exceed \$630,000 to fund upfront Capital Expenditures at the Property.

**RESOLUTION No: 18-29**

**RE: Approval of Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes**

**WHEREAS**, Georgian Court Apartments consists of 147 garden apartments built in 1976 and located upon a 6.7 acre parcel in Silver Spring; Shady Grove Apartments consists of 144 garden apartments built in 1980 and located upon two parcels totaling 11.87 acres in Derwood; and Stewartown Homes built in 1977 consists of 94 townhome units and located upon three parcels totaling 15 acres (collectively the “Properties”); and

**WHEREAS**, Shady Grove Apartments is wholly-owned by the Housing Opportunities Commission (HOC) and Georgian Court Apartments and Stewartown Homes are owned by existing Limited Partnerships (“LP”) for Low Income Housing Tax Credit (LIHTC) purposes, and are in the process of being repurchased by HOC; and

**WHEREAS**, with the exception of ongoing capital improvements there have been no major renovations to the buildings within the last ten years; and

**WHEREAS**, Commission staff have formulated a plan to renovate and improve the Properties in order to maximize their life, public purpose and financial contribution to HOC, from re-syndicating Shady Grove Apartments, Georgian Court Apartments and Stewartown Homes; and

**WHEREAS**, \$1,050,000 of predevelopment funds are needed to study renovation options and financing strategies for improving the Properties and may be funded from the Opportunity Housing Reserve Fund (“OHRF”) or the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”), which would be repaid to the OHRF or RELOC upon the refinancing and/or re-syndication of the Properties; and

**WHEREAS**, excess earnings (Excess Yield) over allowable full spread (1.5%) of approximately \$650,000, generated from the refunding of prior series of bonds issued in the 1996 Indenture must be rebated to the Internal Revenue Service (“IRS”) or may be allocated to Georgian Court Limited Partnership as capital contribution or a loan and used to fund capital expenditures at the property; and

**WHEREAS**, staff will return to the Commission for approval of a Final Development and Financing Plan for the Properties.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the Preliminary Development Plan to renovate Shady Grove Apartments, Georgian Court Apartments and Stewartown Homes, and to provide an amount not to exceed \$1,050,000 either from the OHRF or the RELOC as determined by the Executive Director, to fund a predevelopment budget, which amount shall be repaid to the OHRF or the RELOC upon refinancing and/or re-syndication of the Properties.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the withdrawal of Excess Yield proceeds from the 1996 Indenture in an amount not to exceed \$650,000 to fund upfront capital expenditures at Georgian Court Apartments in the form of a capital contribution or loan to the owner Limited Partnership.

**BE IT FURTHER RESOLVED** that a final development and financing plan that identifies sources of funds to fully finance all costs and repay all OHRF or the RELOC funds shall be presented to the Commission for consideration and final approval.

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on May 2, 2018.

S  
E  
A  
L

---

Patrice M. Birdsong  
Special Assistant to the Commission

**RESOLUTION No: 18- 30**

**RE: Approval to withdraw from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) in an amount up to \$1,050,000 to fund the Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes**

**WHEREAS**, Georgian Court Apartments consists of 147 garden apartments built in 1976 and located upon a 6.7acre parcel in Silver Spring; Shady Grove Apartments consists of 144 garden apartments built in 1980 and located upon two parcels totaling 11.87 acres in Derwood; and Stewartown Homes built in 1977 consists of 94 townhome units and located upon three parcels totaling 15 acres (collectively the “Properties”); and

**WHEREAS**, Shady Grove Apartments is wholly-owned by the Housing Opportunities Commission (HOC) and Georgian Court Apartments and Stewartown Homes are owned by existing Limited Partnerships (“LP”) for Low Income Housing Tax Credit (LIHTC) purposes, and are in the process of being repurchased by HOC; and

**WHEREAS**, with the exception of ongoing capital improvements there have been no major renovations to the buildings within the last ten years; and

**WHEREAS**, Commission staff have formulated a plan to renovate and improve the Properties in order to maximize their life, public purpose and financial contribution to HOC, using LIHTC equity from the re-syndicating Georgian Court Apartments, Shady Grove Apartments and Stewartown Homes; and

**WHEREAS**, \$1,050,000 of predevelopment funds are needed to study renovation options and financing strategies for improving the Properties and may be funded from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) for a period of up to twelve (12) months, which would be repaid to the RELOC upon the refinancing and/or re-syndication of the Properties; and

**WHEREAS**, staff will return to the Commission for approval of a Final Development and Financing Plan for the Properties.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves a draw in an amount not to exceed \$1,050,000 from the RELOC for a term of 12 months to fund a predevelopment budget, which amount shall be repaid to the RELOC upon refinancing and/or re-syndication of the Properties.

**BE IT FURTHER RESOLVED** that a final development and financing plan that identifies sources of funds to fully finance all costs and repay all RELOC funds shall be presented to the Commission for consideration and final approval.

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on May 2, 2018.

S  
E  
A  
L

---

Patrice M. Birdsong  
Special Assistant to the Commission

Adjourn

# Administrative Session