

EXPANDED AGENDA

September 9, 2020

		Res #
<p>4:00 p.m.</p> <p>Page 4</p>	<p>I. <u>INFORMATION EXCHANGE</u></p> <p>A. Resident Advisory Board</p> <p>B. Report of the Executive Director</p> <p>C. Commissioner Exchange</p> <p><i>*The Community Forum has been cancelled due to the current state of emergency and social distancing guidelines related to the Coronavirus Disease (COVID-19). Please refer to HOC’s website for more information on HOC’s State of Emergency Open Meeting Procedures.</i></p>	
<p>4:40 p.m.</p> <p>Page 9</p> <p>20</p> <p>22</p>	<p>II. <u>APPROVAL OF MINUTES</u></p> <p>A. Approval of Minutes of July 1, 2020</p> <p>B. Approval of Minutes of July 1, 2020 Administrative Session</p> <p>C. Approval of Minutes of August 11, 2020 Special Session</p> <p>D. Approval of Minutes of August 11, 2020 Special Administrative Session</p> <p>E. Approval of Minutes of August 27, 2020 Special Session</p> <p>F. Approval of Minutes of August 27, 2020 Special Administrative Session</p>	
<p>4:45 p.m.</p>	<p>III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></p>	
<p>Page 26</p> <p>32</p>	<p>A. Budget, Finance & Audit Committee – Com. Nelson, Chair</p> <p>1. Authorization to Submit County FY’22-27 Capital Improvements Program Budget</p> <p>2. Approval to Extend the Primary Audit Contract with CliftonLarsonAllen LLP for One Additional Year</p>	<p>20-60 (pg. 31)</p> <p>20-61 (pg. 35)</p>
<p>5:10 p.m.</p> <p>Page 37</p> <p>50</p> <p>58</p> <p>68</p>	<p>B. Development and Finance Committee – Com. Simon, Chair</p> <p>1. RFP 2209: Approval of Selection of Firms to the Research, Policy, Planning and Zoning Pool</p> <p>2. Underwriters: Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager and Co-managers in Accordance with the Current Contracts and the Procurement Policy</p> <p>3. MAP Lender: Approval to Expand the Pool of U.S. Department of Housing and Urban Development (HUD) Multifamily Accelerated Processing (MAP) Lenders Pursuant to Request for Qualifications #2211</p> <p>4. Metropolitan: Approval of Feasibility Funding for the Financing and Renovation of The Metropolitan and Authorization to Make loans to The Metropolitan of Bethesda Limited Partnership and The Metropolitan Development Corporation</p>	<p>20-62 (pg. 49)</p> <p>20-63 (pg. 56)</p> <p>20-64 (pg. 67)</p> <p>20-65 (pg. 78)</p>
<p>Page 82</p>	<p>C. Legislative and Regulatory Committee – Com. Kelleher, Chair</p> <p>1. Approval of Revisions to HOC’s Administrative Plan for the Housing Choice Voucher Program to add Coronavirus Disease</p>	<p>20-66 (pg. 85)</p>

	19 (COVID-19) Related Waivers to the Plan in Accordance with HUD Notice PIH 2020-13	
5:40 p.m.	<u>ADJOURN</u>	
5:45 p.m.	<u>DEVELOPMENT CORPORATION MEETING</u> Metropolitan Development Corporation Meeting	
Page 103	<ul style="list-style-type: none"> Approval of Feasibility Funding for the Renovation of Metropolitan Apartments 	20-004 _{ME} (pg. 113)
5:55 p.m.	<u>ADJOURN</u>	
6:00 p.m.	<u>ADMINISTRATIVE SESSION</u> <i>A closed Administrative Session will be called to order pursuant to Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland</i>	
6:30 p.m.	<u>ADJOURN</u>	

NOTES:

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

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

Information Exchange

Executive Director Participates in Regional Panel Discussion on Race and Social Justice

On August 26, 2020, I participated in a panel discussion hosted by the Mid Atlantic Regional Conference of the National Association of Housing and Redevelopment Officials (MARC NAHRO) about race, social justice, and the power and responsibility of MARC organization members to directly impact the lives of the families and communities whom we serve. I was joined by several esteemed colleagues in housing, including NAHRO President Sunny Shaw and Vice President Patricia Wells, NAHRO's Chair of the Diversity, Equity and Inclusion Committee Elizabeth Glenn, Fred Banuelos of the Federal Home Loan Bank of Pittsburgh, Clif Martin from the Housing Commission of Anne Arundel County, and Kim Taylor from the Housing Authority of the City of Trenton.

The panel engaged in a candid conversation about the role we as Housers have played and ways we continue to impact myriad outcomes for families of color all across the country. Rather than simply highlight the way our respective organizations have been working to uplift families, we took a more critical look at where we are failing as an industry and where we have been complicit in perpetuating a system that does not serve all persons equally. Each of us provided more concrete steps toward achieving equity for families in our work, by leaving behind policies that have been built upon and were intended to further segregation and by providing true, sustainable access to the resources and opportunities that help people thrive independently.

In the wake of civil unrest as a result of the recent and historic injustices against people of color, and particularly Black citizens, NAHRO has made a conscious effort to create spaces and facilitate conversations around race, equity, and inclusion in our work. As a tenet of our work here at HOC, we applaud this effort and embrace the opportunity to participate in this work at the regional and national level as fellow Housers.

Family Self-Sufficiency Activities

On July 21, 2020, the FSS team co-facilitated a virtual Health and Wellness workshop with Advanced Behavioral Health. The workshop provided families with the opportunity to share their stories and experiences due to the pandemic. The presenter led the group through mindful meditation. Families were encouraged to continue meditating at home and to reach out if they required additional support from a licensed professional.

Emmanuel Brinklow Seventh Day Adventist Church (EBSDA) conducted a virtual Financial Literacy workshop on July 29, 2020. Thirteen FSS participants participated in the workshop on entrepreneurship. The participants shared their business ideas with the presenter. In turn, the presenter provided insight and strategies to unlocking financial potential, power, and wealth. Participants departed with a plethora of information and resources towards making their dream of entrepreneurship a reality.

The FSS Notice of Funding Availability (NOFA) was posted on July 21, 2020. The HOC FSS Program will maintain funding for five positions. The application was completed and successfully submitted on August 11, 2020.

Our partner Emmanuel Brinklow Seventh-Day Adventist (EBSDA) was on break for the month of August. We discussed the Financial Literacy schedule for the remainder of the calendar year. We will be adding evening sessions to the virtual schedule to capture customers who are employed during the day. The day sessions will continue on an alternate monthly schedule.

As of August 2020, 4 FSS families submitted their application to the HOC/HOP MPDU program and were approved. The families will be using their Housing Choice Vouchers to become homeowners. As current families reach their 2-year FSS participation anniversary, their names will be submitted to the waitlist to take advantage of the HCV Homeownership program. The goal is to complete monthly call ups until the list is exhausted and or the 16 remaining HCV Homeownership slots are filled.

HOC Real Estate Activities

On September 1, 2020, HOC and Bauer Park Apartments, LP closed on the acquisition of Bauer Park Apartments from Banor Housing, Inc. The transaction also included: 1) closing on \$10,114,000 of Low Income Housing Tax Credit equity; 2) closing on a \$25,665,000 senior Mortgage Loan funded from the proceeds of HOC's 2020 Series A tax-exempt bonds, issued on July 8, 2020 and insured under the FHA Risk Share program; and 3) the execution and, with HUD approval, assignment of both sets of Housing Assistance Payment contracts to the new owner. The construction contract for the planned rehabilitation was also executed. Previously, on August 8, 2019 and later amended, Banor Housing, Inc. entered into a Purchase and Sale Agreement with HOC and Bauer Park Apartments, LP. Banor Housing, Inc. included in the terms assignment of all net proceeds of the Purchase Price at settlement to HOC's Opportunity Housing Reserve Fund for use in furtherance of its housing mission.

Preparations for the renovation work are underway. As part of its approved Tenant Notification and Relocation Plan, staff has been communicating and working with residents in the first phase to relocate them (temporarily), elsewhere in the building so the entire first floor can be worked on at the same time. Staff are conducting regular outreach to ensure residents receive ample notice and support throughout the renovation process. Strict social distancing and enforce the teams to implement safe distancing work for its project management staff in response to the COVID-19 pandemic.

Service Coordination Support and Rental Assistance Continue During COVID-19

Service Coordination

Resident Services staff continued to help customers meet their essential needs during the COVID-19 pandemic. Resident Services has distributed over 500 care packages to HOC households with the help of a COVID-19 Assistance Award from nonprofit affiliate Housing Opportunities Community Partners. In addition, Resident Services staff continues to support the Emmanuel Brinklow Seventh Day Adventist Church Groceries Grab-n-Go distribution. We provide delivery services to families living in the northern part of the County and in the TCP-Olney HUB.

The Resident Counselors continued to work remotely due to the COVID-19 pandemic. Resident Counselors continue to provide information, referrals and resources to residents in need during this time. Community Aides, Resident Counselors, and Property Management/Property Maintenance staff have worked together to ensure that our food distribution programs continue to provide essential items, like groceries, to our customers throughout the county. Staff continued to serve approximately 200 households through the Manna Food Center

Distributions at Town Center Rockville, Forest Oak Towers, Tanglewood Apartments, and Paddington Square. We also continued to serve approximately 185 seniors in our Capital Area Food Bank Distributions at Arcola Towers, Bauer Park, Town Center Rockville and Elizabeth House, and approximately 150 seniors at our Montgomery County Senior Nutrition Program host sites (Arcola Towers, Bauer Park, Elizabeth House, Forest Oak Towers, and Waverly House).

Programming

Resident Services staff was able to successfully facilitate virtual camps this summer. The programming team sent out a Distance Learning and Virtual Programs Questionnaire to customers to plan for Fall and Spring youth enrichment. HOC Academy completed its virtual summer camps for rising third and fourth graders serving a total of 25 youth. They hosted a virtual pop-up Coding and Chibitronics Camp in August for 12 third and fourth graders. In addition, a virtual camp was facilitated at Towne Centre Place Olney for 18 students from ages 6 to 12.

Our first virtual STEM programs were well received. The students were excited and completely engaged. Campers in the third and fourth grade built a mini robot from a toothbrush head and created stories and games using Scratch computer software. Rising fifth graders used their imaginations to make working circuitry projects by combining Chibitronics and computer programming. Continuing our partnership with Learning Undeafated, At Home Laboratory camp was offered to middle school students in grades six through eight.

Supportive Housing

The Supportive Housing Program continued to provide support to program participants. Program staff continued to call clients weekly and deliver Giant grocery gift cards to assist with food for those that were in need. The team has continued to enroll new customers into the program and respond to critical needs for customers as they arise.

Fatherhood Initiative

The Fatherhood Initiative continued to provide services to past and current participants. All services are being provided and all partners and instructors are offering classes on a virtual platform (Google Meets & Zoom) due to COVID-19. The completion of the last cohort marked the program as complete in reaching its targeted enrollment number of 150 fathers.

The Fatherhood Initiative conducted its first ever socially distanced Graduation Recognition Drive-Thru Parade in July. Twenty-five graduating participants had the opportunity to be acknowledged and receive their certificates and incentives from the safety of their vehicles.

In July, program staff (with the assistance of staff from Legislative and Public Affairs) submitted its new application for Fatherhood grant funding through the Department of Health and Human Services' Administration for Children and Families (Office of Family Assistance). If awarded the grant, the Fatherhood Initiative Program will be funded for another 5 years.

COVID-19 Rental Assistance Program

Resident Services staff continued to work with Compliance and Legislative and Public Affairs to issue additional rental assistance resources to County residents who have lost income due to the COVID-19 pandemic. During the months of July and August, Resident Services staff completed the processing of the applications from the first round of application submissions. Due to an extremely low approval rate of applications in the first round, HOC staff worked with Montgomery County's Department of Housing and Community Affairs to lower barriers

and streamline documentation requirements before offering a second round of application submissions. The timeframe for accepting applications in the second round was August 18th through August 31st, receiving nearly 1,400 applications online and via paper submission. Due to the streamlined application process, and changes in documentation requirements, we anticipate a much higher approval rate in the second round and look forward to serving as many Montgomery County residents in need at this time as possible.

Sanitization and Maintenance Efforts

HOC's Facilities team continues routine sanitation efforts in the agency's four office buildings and of all fleet vehicles. PPE supplies are being issued to Maintenance staff on a weekly basis. Additionally, the Facilities team is in the process of redesigning how both inbound and outbound mail is handled for the agency to ensure safety during COVID-19 and to establish efficiency during periods of remote work and beyond. Finally, the distribution of parts and materials continues for emergency and high priority work orders.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

July 1, 2020

20-07

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, July 1, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:01 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom
Jackie Simon

Also Attending

Stacy L. Spann, Executive Director
Cornelia Kent
Christina Autin
Darcel Cox
Olutomi Adebo
Renee Harris
Jay Shepherd
Nicolas Deandreis
Fred Swan
Gail Willison
Nathan Bovelle
Jay Berkowitz
Marcus Ervin
Hyunsuk Choi
Victoria Dixon
Rita Harris
Len Vilicic
Jonathan Cartagena
Eugenia Pascual

Aisha Memon, General Counsel
Kayrine Brown
Terri Fowler
Gio Kaviladze
Zachary Marks
Kathryn Hollister
Lynn Hayes
Patrick Mattingly
Ian Hawkins
Charnita Jackson
Eamon Lorincz
Bonnie Hodge
Ellen Goff
Jennifer Arrington
Millicent Anglin
Karlos Taylor
Belinda Felco
Sewavi Prince
Leidi Reyes

Resident Advisory Board

Yvonne Caughman, Vice President

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

I. **Information Exchange**

Resident Advisory Board

Yvonne Caughman, Vice President, reported on activities of the Resident Advisory Board meeting held on June 15, 2020 via an online platform. Karlos Taylor, Acting Chief Technology Officer, provided a presentation of the Information Technology Department's mission and action plan on applications to support the Resident Advisory Board on the website. Ms. Caughman updated that Edgewood Management reported that there are no new cases of the COVID-19 at the Town Center HUB. The RAB continues to encourage to the residences to practice the social distances guidelines during the Pandemic. The RAB is still accepting applications and would like to add three more members to their roll. The next meeting will be held July 20, 2020 at 6:00 p.m.

Executive Director's Report

Stacy L. Spann, Executive Director, provided an update on the Housing Resources and Family Self-Sufficiency assistance with the COVID-19 Rental Application for Montgomery County. Mr. Spann reported that there was a virtual Financial Literacy workshop conducted on June 29, 2020 by Emmanuel Brinklow Seventh Day Adventist Church (EBSDA). A virtual meeting was held on June 26, 2020 with the FSS Program Coordinator, HOC Academy, Fatherhood Initiative and the new WorkSource Montgomery representative. Mr. Spann also reported on the installation of a plexiglass barrier to protect staff and customers when the Customer Service Centers reopen. Mr. Spann acknowledged the continued hard work of the staff on the Maintenance and Resident Services Teams, as staff continues to do great work responding to emergency requests and providing continued support to our customers. He also reported that the Real Estate Division successfully priced and sold bonds.

Commissioner Exchange

Commissioners wished all a Happy and Safe July 4th Holiday.

- II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Commissioner Simon and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

A. Approval of Minutes of June 3, 2020

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

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

1. Approval of the FY'21 County Revised Spending

Cornelia Kent, Chief Financial Officer, was the presenter.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

RESOLUTION NO.: 20-53

RE: Approval of the FY'21 County Revised Spending Plan

WHEREAS, the County Executive has requested that all County departments and agencies submit a County Operating Budget Revised Spending Plan for FY'21 that identifies savings of six (6) percent from their current FY'21 budgets ("FY'21 Revised Spending Plan"); and

WHEREAS, the County Executive has requested that the Housing Opportunities Commission of Montgomery County ("HOC") participate in the FY'21 Revised Spending Plan and that HOC also identify \$125,000 of savings in current revenue funded projects in the County Capital Improvements Program (CIP); and

WHEREAS, the County's FY'21 contribution to HOC is \$6,824,693, and a six (6) percent savings is \$409,482; and

WHEREAS, HOC must submit a FY'21 Revised Spending Plan to the County no later than June 26, 2020, however an extension was granted until July 1, 2020.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the submission of the FY'21 Revised Spending Plan reducing the operating budget by \$409,482 and the Capital Improvements Program for Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements by \$125,000.

2. Authorization to Draw on the General Fund Operating Reserve to Fund HOC Operations as a Result of the COVID-19 Pandemic

Cornelia Kent, Chief Financial Officer, was the presenter.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

RESOLUTION NO.: 20-54

RE: Authorization to Draw on the General Fund Operating Reserve to Fund HOC Operations as a Result of the COVID-19 Pandemic

WHEREAS, the COVID-19 pandemic continues to affect millions of people across many nations and has had devastating consequences on the global and local economy;

WHEREAS, in order to mitigate the harm to the County's residents, Governor Larry Hogan issued an order temporarily halting the eviction of tenants who cannot meet their rental obligations due to COVID-19 related circumstances;

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") has experienced a reduction in rent collection;

WHEREAS, the Commission has a General Fund Operating Reserve ("GFOR"), which may be used to meet the operational cash flow needs of the Commission; and

WHEREAS, in order to offset the lost rental income, staff is requesting that the Commission approve a draw on the GFOR up to the amount of \$2,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to make a draw on the General Fund Operating Reserve not to exceed \$2,000,000 to fund HOC operations as a result of the COVID-19 Pandemic in the event that operating cash falls below the minimum threshold of \$2,000,000.

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

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

1. Sandy Spring Missing Middle: Approval of Second Phase of Predevelopment Funding to Pursue Due Diligence and Site Plan Submittal on Pilot Missing Middle Initiative

Kayrine Brown, Chief Investment and Real Estate Officer, and Jay Shepherd, Senior Financial Analyst, were the presenters.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

RESOLUTION NO: 20-55

RE: Approval of Second Phase of Predevelopment Funding to Pursue Due Diligence and Site Plan Submittal on Pilot Missing Middle Initiative at Sandy Spring Meadow

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

WHEREAS, “Missing Middle” housing is a range of multi-unit or clustered housing types—compatible in scale with detached single-family homes—that help meet the growing demand for walkable urban living; and

WHEREAS, on January 14, 2015, the Commission approved the purchase of a single family house and lot located at 617 Olney Sandy Spring Road (“617 O-SS”), immediately adjacent to Sandy Spring Meadow Apartments, a property that is owned by an HOC affiliate; and

WHEREAS, the acquisition of 617 O-SS with HOC’s ownership interest in Sandy Spring Meadow Apartments, created a larger property aggregation that staff believes is a strong candidate for a Missing Middle development (the “Pilot Missing Middle Initiative”); and

WHEREAS, On March 4, 2020, the Commission approved \$75,000 in feasibility funding from the Opportunity Housing Reserve Fund to explore a joint venture between the Maryland-National Capital Park and Planning Commission and HOC on the Pilot Missing Middle Initiative; and

WHEREAS, the Pilot Missing Middle Initiative would produce approximately 20 rental units, which would intentionally include a number of different Missing Middle unit styles; and

WHEREAS, to continue predevelopment activities for the Pilot Missing Middle Initiative, staff requires a second tranche of funding in the amount of \$330,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the Executive Director to expend up to \$330,000 to continue predevelopment activities at the Pilot Missing Middle Initiative, to be funded by a draw on the Opportunity Housing Reserve Fund.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

2. West Side Shady Grove: Approval to Issue Short-Term Tax-Exempt Notes by Recycling Previously Allocated Private Activity Volume Cap by Maryland CDA and HOC and the Selection of PNC Bank, N.A. as the Lender; Approval of Cost of Issuance Budget; and Adoption of a Bond Authorizing Resolution for the Issuance of a Tax-Exempt Note

Kayrine Brown, Chief Investment and Real Estate Officer, was the presenter.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

RESOLUTION NO.: 20-56

RE: Adoption of an Authorizing Resolution for the Selection of PNC Bank, National Association, as the Lender of a Tax-Exempt Obligation for the Purpose of Financing West Side Shady Grove

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT, A PROMISSORY NOTE, AND A DEPOSIT ACCOUNT CONTROL AGREEMENT AND ANY OTHER DOCUMENTS NECESSARY TO EFFECTUATE A TAX-EXEMPT LOAN TRANSACTION WITH PNC BANK, NATIONAL ASSOCIATION IN A MAXIMUM AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000 (THE "RECYCLING FACILITY"), THE PROCEEDS OF WHICH WILL BE USED IN CONNECTION WITH THE REDEMPTION OF CERTAIN BONDS IN ORDER TO RECYCLE MORTGAGE LOAN REPAYMENTS AND THE MAKING OF A NEW MORTGAGE LOAN TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A DEVELOPMENT KNOWN AS WEST SIDE SHADY GROVE (THE "PROJECT"), TO BE OWNED AND OPERATED BY A JOINT VENTURE CONTROLLED BY THE COMMISSION, AND/OR NECESSARY TO ACCOMPLISH THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE RECYCLING FACILITY AND TO ESTABLISH THE TERMS RELATING THERETO AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO;

AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX CERTIFICATE OR NO ARBITRAGE CERTIFICATE, AND ANY OTHER DOCUMENTS NECESSARY FOR THE RECYCLING FACILITY AND/OR NECESSARY TO ACCOMPLISH THE FINANCING PLAN DESCRIBED HEREIN; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE RECYCLING FACILITY; AND PROVIDING AN EFFECTIVE DATE.

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 Project 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 Act declares that there exists within Montgomery County (the "County") a critical shortage of decent, safe and sanitary dwelling accommodations available to rent which "persons of eligible income" (within the meaning of the Act) can afford; and

WHEREAS, the Act empowers the Commission to make mortgage loans to qualified sponsors to provide for the construction, construction, long-term and short-term financing of multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Commission is contemplating entering into a tax-exempt loan transaction with PNC Bank, National Association ("PNC") pursuant to which PNC will loan to the Commission a maximum aggregate principal amount not to exceed \$100,000,000 (the "PNC Loan"), the proceeds of which PNC Loan will be used, periodically, in connection with the redemption of certain outstanding bonds of the Commission and of the Community Development Administration of the Maryland Department of Housing and Community Development (the "CDA") that are eligible to be redeemed from repayments of mortgage loans on outstanding tax-exempt bonds of the Commission and of the CDA (collectively, the "Mortgage Loans"); and

WHEREAS, the Commission, by receiving the PNC Loan, will have the ability to recycle such Mortgage Loan repayments in order to make a new mortgage loan to fund the acquisition, construction and equipping of a development known as West Side Shady Grove (the "Project"), to be owned and operated by a joint venture controlled by the Commission, all in accordance with the financing plans approved by the Commission in connection with the Project under the separate resolutions adopted by the Commission on September 4, 2019, December 5, 2019 and ratified on December 11, 2019, and in accordance with the additional financing plans set forth in this Resolution and other resolutions to be adopted by the Commission (collectively, the "Financing Plan"); and

WHEREAS, the costs of issuance in connection with the Recycling Facility will be paid from the Commission's own funds.

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

- 1. Approval of Financing Plan.** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions to be set forth in the Recycling Facility approved hereby, including the use of not more than \$550,000 from the County

Revolving Opportunity Housing Development Fund to pay costs of issuance in connection with the Recycling Facility.

2. Recycling Facility. The Recycling Facility is hereby authorized to be executed and delivered in an aggregate principal amount not to exceed \$100,000,000 to carry out the purposes under the Program as described above. Notwithstanding the foregoing, the Executive Director is hereby authorized to approve, in consultation with the Financial Advisor and Bond Counsel to the Commission, such greater number or amount of Recycling Facility required to accomplish the Financing Plan and to determine and establish the terms thereof. The Recycling Facility will be executed and delivered in accordance with the provisions of the Financing Documents (as hereinafter defined).

3. Financing Documents. The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission (each, an "Authorized Officer") or any duly appointed and authorized designee of the Executive Director (an "Authorized Representative") are hereby authorized and directed to execute and deliver a loan agreement (the "Loan Agreement") with PNC in connection with the PNC Loan, which Loan Agreement will evidence the terms of the PNC Loan, (ii) a Promissory Note ("Note") in connection with the PNC Loan, which Note will evidence the repayment terms of the PNC Loan, (iii) a Deposit Account Control Agreement (the "Deposit Account Control Agreement") in connection with the PNC Loan, pursuant to which the Commission will agree to deposit Mortgage Loan repayments (cash collateral) in a deposit account (which may also be in the form of a guaranteed investment contract) in connection with each advance of the PNC Loan to the Commission (the Loan Agreement, the Note and the Deposit Account Control Agreement, collectively, the "Financing Documents"). Such Financing Documents shall be in such form as shall be approved by such officers, the execution of such Financing Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any Authorized Officer is hereby authorized and directed to affix the seal of the Commission to the Financing Documents, as may be necessary, and to attest the same.

4. Tax-Related Documents. An Authorized Officer is hereby authorized and directed to execute and deliver a Tax Certificate or No Arbitrage Certificate and other documents (collectively, the "Tax-Related Documents") necessary for the Recycling Facility and/or to accomplish the Financing Plan, in such forms as shall be prepared by Bond Counsel and approved by such officer, the execution of the Tax-Related Documents being conclusive evidence of such approval and of the approval of the Commission. An Authorized Officer is hereby further authorized and directed to execute and deliver on behalf of the Commission Internal Revenue Service Form 8038 relating to the Recycling Facility as prepared by Bond Counsel.

5. Terms; Ongoing Determinations. The Executive Director or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the date, maturity, terms of redemption or repayment and other terms, and to approve the interest rates of the Recycling Facility, all of the foregoing to be specified, as applicable, in the Financing Documents. The Executive Director or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, and is hereby authorized, from time to time during the period the Recycling Facility is outstanding, to make ongoing determinations, as may be required by the terms of the Financing Documents and any other documents relating to the

Recycling Facility, the Project, and any additional related loans, including, but not limited to, the giving and withholding of consents, the selection of certain providers, and the refinancing and repayment or prepayment of the Recycling Facility and/or other related obligations of the Commission, and the Executive Director or other Authorized Representative, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

6. Other Action. Each Authorized Officer or other Authorized Representative of the Commission is hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution relating to the Recycling Facility and the accomplishment of the Financing Plan.

7. Appointment of Financial Advisor and Bond Counsel. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor to the Commission, and Barclay Damon LLP, New York, New York, is hereby appointed as Bond Counsel in connection with the Recycling Facility.

8. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in or contemplated by the Recycling Facility or the Financing Documents or in any other agreement or document executed on behalf of the Commission in connection with the Recycling Facility or in its capacity in the joint venture for the Project, shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Recycling Facility or be subject to personal liability or accountability by reason of the issuance thereof.

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 furtherance of the Recycling Facility and the accomplishment of the Financing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements 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 hereof or cause any other provision hereof to be invalid, inoperative or unenforceable to any extent whatsoever.

11. Effective Date. This Resolution shall take effect immediately.

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

1. Revision of HOC's Administrative Plan for the Housing Choice Voucher Program to add Temporary Changes in Response to COVID-19 Pursuant to HUD PIH Notice 2020-05

The following resolution was adopted upon a motion by Vice Chair Kelleher and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

RESOLUTION NO.: 20-57

RE: Revision of HOC's Administrative Plan for the Housing Choice Voucher Program to Add Temporary Changes in Response to COVID-19 Pursuant to HUD PIH Notice 2020-05

WHEREAS, in response to COVID 19, the U.S. Department of Housing and Urban Development issued Notice PIH 2020-05 (the "Notice") on April 10, 2020 that established temporary waivers and alternative requirements for the Housing Choice Voucher Program;

WHEREAS, the Notice allowed a housing authority to adopt waivers and temporarily revise its administrative plan without board approval, provided that any informally adopted revisions are approved by its board no later than July 31, 2020;

WHEREAS, pursuant to the Notice, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") informally adopted many of the waivers in the Notice, and the Commission now desires to formally revise its Administrative Plan for the Housing Choice Voucher Program (the "Plan") to add the temporary waivers; and

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

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the revisions to the Plan as identified in the attached Exhibit A.

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

IV. NEW BUSINESS ITEM

- 1. Brooke Park Apartments: Approval to Draw on the Original PNC Bank, N.A. Line of Credit to Bridge Receipt of County Loan Funds for the Renovation of Brooke Park Apartments**

Kayrine Brown, Chief Investment and Financial Officer, and Gio Kaviladze, Senior Financial Analyst, were the presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

RESOLUTION NO: 20-58

RE: Approval to Draw on the Original PNC Bank, N.A. Line of Credit to Bridge Receipt of County Loan Funds for the Renovation of Brooke Park Apartments

WHEREAS, in 2013 the Montgomery County Department of Housing and Community Affairs (“DHCA”) exercised its right of first refusal and assigned the right to the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) to purchase Brooke Park Apartments (“the Property”) to preserve affordable housing units in this location of the county that lacked affordable housing and risked demolition and redevelopment as luxury townhomes for the affluent, and the displacement of 18 low- and moderate-income families; and

WHEREAS, DHCA approved and funded an acquisition and development loan of \$5,200,000 at the time of the acquisition and committed to provide additional funding as needed to complete the renovation; and

WHEREAS, in April 2020, DHCA provided a commitment letter to fund the net funding need of \$3,747,829 through a combination of HOME, HIF, and, potentially, energy-efficiency improvement related funding sources; and

WHEREAS, the new loan is not expected to close until August 2020 to allow DHCA to complete regulatory processes required for use of Federal HOME funds; and

WHEREAS, renovation activities, funded by the remaining balance of the original HIF loan, started in December 2019 and an interruption of construction activities would delay the completion of the renovation and would incur substantial additional costs to complete the renovation; and

WHEREAS, based on the projections supplied by the general contractor, staff expects the project to incur up to \$1.8 million in construction and related costs through the end of August 2020; and

WHEREAS, without funding, HOC must issue a work stoppage order; and

WHEREAS, bridge financing through August 2020 from the PNC Bank, N.A. Line of Credit would prevent interruption of construction and related activities; and

WHEREAS, the Commission may make draws on the PNC Bank, N.A. Line of Credit at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to draw up to \$1.8 million on the Original PNC Bank, N.A. Line of Credit at a taxable rate of one-month LIBOR plus 90 basis points to bridge receipt of County loan funds for the renovation of Brooke Park Apartments, to be repaid, including cost of interest, from the proceeds of County loan funds, and that this draw shall have a due date of six months from the date of the first draw.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, without limitation, the negotiation and execution of related documents.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:17 p.m. and reconvened in closed session at approximately 5:30 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on July 1, 2020 at approximately 5:30 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(13) to discuss the confidential commercial and financial terms of a real estate transaction.

The meeting was closed on a motion by Vice Chair Kelleher, seconded by Commissioner Simon, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon unanimously voting in approval. The following persons were present: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jackie Simon, Stacy Spann, Aisha Memon, Kayrine Brown, Christina Autin, Zachary Marks, Cornelia Kent, Darcel Cox, Jennifer Arrington, Gio Kaviladze, and Marcus Ervin.

In closed session, the Commission discussed the confidential commercial and financial terms of a real estate transaction. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 20-59AS, with Commissioners Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, and Jackie Simon voting in approval, which approved the following for a certain real estate transaction in Montgomery County: (1) additional predevelopment funding; (2) an increase to the predevelopment budget; (3) a draw on the Opportunity Housing Development Fund to fund the additional predevelopment funding; and (4) various declarations concerning the intent to participate in tax-exempt borrowings.

The closed session was adjourned at 6:08 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

August 11, 2020

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Tuesday, August 11, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 11:04 a.m. Those in attendance were:

Via Online/Teleconference

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Chair Pro Tem
Pamela Byrd
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Also Attending via Online/Teleconference

Stacy Spann, Executive Director
Christina Autin
Kayrine Brown
Nathan Bouvelle
Jennifer Arrington

Aisha Memon, General Counsel
Nicolas Deandreis
Zachary Marks
Gail Willison
Eamon Lorinez

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Vice Chair Kelleher opened the meeting welcoming new Commissioner Jeffrey Merkowitz to the Board. The Commission adjourned the open session at 11:10 a.m. and reconvened in closed session at 11:23 a.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on August 11, 2020 at approximately 11:23 a.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(3) and Section 3-305(b)(13) to discuss a potential real property acquisition and the confidential commercial and financial terms of a real estate transaction.

The meeting was closed on a motion by Vice Chair Kelleher, seconded by Chair Pro Tem Nelson, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon voting in approval. The following persons were present during the closed session: Executive Director Stacy Spann, General Counsel Aisha Memon, Christina Autin, Kayrine Brown, Nathan Bouvelle, Cornelia Kent, Eamon Lorinez, Zachary Marks, Gail Willison, Jennifer Arrington, Nicolas Deandreis, and Patrice Birdsong, Special Assistant to the Commission.

In closed session, the Commission discussed a potential real property acquisition and the confidential commercial and financial terms of a real estate transaction. Staff was directed to continue to explore the potential transaction; no formal action was taken.

The closed session was adjourned at 12:17 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

August 27, 2020

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Thursday, August 27, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 2:03 p.m. Those in attendance were:

Via Online/Teleconference

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Chair Pro Tem
Pamela Byrd
Jeffrey Merkwowitz

Absent

Linda Croom
Jackie Simon

Also Attending via Online/Teleconference

Stacy Spann, Executive Director
Christina Autin
Kayrine Brown
Cornelia Kent
Gio Kaviladze

Eamon Lorincz, Deputy General Counsel
Nicolas Deandreis
Zachary Marks
Gail Willison

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission. The Commission adjourned the open session at 2:04 p.m. and reconvened in closed session at 2:10 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on August 27, 2020 at approximately 2:10 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(3) and Section 3-305(b)(13) to discuss a potential real property acquisition and the confidential commercial and financial terms of a real estate transaction.

The meeting was closed on a motion by Vice Chair Kelleher, seconded by Chair Pro Tem Nelson, with Commissioners Priest, Kelleher, Nelson, Byrd, and Merkowicz voting in approval. Commissioners Croom and Simon were necessarily absent and did not participate in the vote. The following persons were present during the closed session: Executive Director Stacy Spann, Deputy General Counsel Eamon Lorincz, Christina Autin, Kayrine Brown, Zachary Marks, Cornelia Kent, Gio Kaviladze, Gail Willison, and Patrice Birdsong, Special Assistant to the Commission.

In closed session, the Commission discussed a potential real property acquisition and the confidential commercial and financial terms of a real estate transaction. Staff was given approval to proceed with a non-binding Letter of Intent; no formal action was taken.

The closed session was adjourned at 2:34 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

**COMMISSION AUTHORIZATION TO SUBMIT
COUNTY FY'22-27 CAPITAL IMPROVEMENTS PROGRAM BUDGET**

September 9, 2020

- The County Capital Improvements Program (CIP) Budget is prepared biennially.
- This year, only amendments to the program will be considered by the County Executive and County Council.
- HOC is required to submit requests for any amendments to its capital funding for FY'22-27 to the County by September 9, 2020.
- The submission requests that the County continue funding our current Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements at the \$1,250,000 annual level for FY'22-27 and maintain the current \$1,900,000 funding for the demolition of the Ambassador Apartments and Emory Grove Apartments.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Cornelia Kent Division: Finance Ext. 9574
 Terri Fowler Ext. 9507
 Tomi Adebo Ext. 9472

RE: Commission Authorization to Submit County FY'22-27 Capital Improvements Program Budget

DATE: September 9, 2020

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:

Commission authorization to submit County FY'22-27 Capital Improvements Program (CIP) Budget.

BACKGROUND:

The County Capital Improvements Program (CIP) Budget is prepared biennially. This year, only amendments to the program will be considered by the County Executive and County Council. HOC is required to submit requests for any amendments to its capital funding for FY'22-27 to the County by September 10, 2020.

HOC's current County CIP includes five projects:

1. **MPDU/Property Acquisition Fund:** a revolving loan fund of \$12.5 million available to HOC or its designees for interim financing for the acquisition of MPDUs, existing buildings and land;
2. **Opportunity Housing Development Fund (OHDF):** a revolving loan fund of \$4.5 million available to HOC or its designees for interim financing for certain housing development costs;
3. **County Guaranteed Bond Projects:** General Obligation Bond guarantees authority in the amount of \$50 million;
4. **Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements:** \$1,125,000 for FY'21, based on the reduction taken in the FY'21 County Revised Spending Plan, and \$1,250,000 for each year from FY'22 through FY'26 to provide funds for capital improvements; and

5. **Demolition Fund:** \$1,900,000 for demolition of the Ambassador Apartments (\$1.3 million) and Emory Grove Apartments \$600,000.

In light of the continuing economic challenges that the County is facing, HOC does not plan to ask the County Executive to approve any amendments to our existing projects. However, it is prudent to remind the County of the importance in maintaining our current allocations in the following projects.

1) **Continued Support of \$1,250,000 annually for Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements**

- Historically, this project was used to supplement the funds received from the Department of Housing and Urban Development (HUD) for improvements to our Public Housing stock. In 2014, HOC requested that the original project title, “Supplemental Funds for Public Housing Improvements”, be expanded to allow these funds to be used for “Deeply Subsidized HOC Owned Unit Improvements” to allow the funds to be used on the Public Housing units both pre- and post-conversion.
- The project was expanded to allow the funds to be used on HOC and Affiliate Owned income-restricted scattered site units.
- The Commission’s portfolio includes hundreds of income-restricted scattered site units throughout the County most of which are approximately 30 years of age. Many of these units were acquired into a Low Income Housing Tax Credit (“LIHTC”) limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, other units are simply older Moderately Priced Dwelling Units (MPDUs) that continue to be restricted to low- and moderate-income households.
- These units are in need of renovation in order to continue to serve eligible households. With significant debt remaining on these units, the net operating income from the affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a comprehensive scope of renovation which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.
- The FY’21 annual funding of \$1.25 million was reduced by \$125,000 in the FY’21 County Revised Spending Plan resulting in funding of \$1.125 million.
- CIP funds are being used to focus on repairs and renovation of those units where renovations are required and the properties cannot support additional debt. The final scope for renovations has been developed and a new pool of contractors was

selected to perform scattered site renovations. Eighteen (18) units were renovated in FY'20. A contract for approximately \$182,000 has been executed for roof replacement on 40 townhome units at Pond Ridge.

- Delays in getting the scattered sites completed were due to COVID-19 and ensuring a safe method of getting the units bid. The issue has been solved and staff is currently working on executing contracts for the renovation of 57 townhomes and single family units which should be in place by the end of September 2020. We anticipate utilizing all available scattered site funding by the end of the calendar year and certainly the fiscal year.
- With additional units being added to the renovation list each month, we anticipate that approximately \$4 million will be obligated for these renovations by the end of calendar year 2020 and we anticipate utilizing all available CIP funding for this project by the end of the fiscal year.
- The average cost for units requiring full interior and exterior renovations is approximately \$60,000. The available funds, including the FY'21 funding, would allow for full renovations of approximately 65 units; however, more units may be addressed if full renovations are not required. Continued funding at the \$1.25 million level will support an additional 20 plus units per year.
- This project is directly related to accomplishing the following County Executive priorities:
 - Thriving Youth and Families
 - A Growing Economy
 - A Greener County
 - A More Affordable and Welcoming County
 - Safe Neighborhoods
 - Effective, Sustainable Government

2) Continued Funding for the Demolition Fund - \$1,900,000

- The Commission and County previously approved \$1,900,000 for demolition of the Ambassador Apartments (\$1.3 million) and Emory Grove Apartments (\$0.6 million).
- During the FY'20-25 CIP cycle, \$500,000 of the total budget was moved to FY'21. It was agreed that HOC would fund the demolitions of both properties and be partially reimbursed by the County in FY'20 with the balance paid in FY'21. The \$600,000 CIP funding for Emory Grove's demolition was included in the FY'19 CIP budget and will be extended to FY'21.
- During the FY'21-26 cycle, the scope of the Ambassador demolition was expanded to include the demolition of the adjacent vacant mattress store.

Demolition of the Ambassador was completed on April 1, 2020. The mattress Store is currently being demolished and is scheduled to be completed by September 11, 2020.

- Demolition of Emory Grove is estimated to be completed by December 2020 assuming all permits are obtained and utilities disconnected.

- This project is directly related to accomplishing the following County Executive priorities:
 - A Responsive and Accountable County Government
 - Affordable Housing in an Inclusive Community
 - Healthy and Sustainable Neighborhoods
 - Safe Streets and Secure Neighborhoods
 - Vital Living for all of our Residents

ISSUES:

Does the Commission wish to authorize the submission of the County FY'22-27 Capital Improvements Program Budget which requests that the County continue funding our current supplemental funds for Deeply Subsidized HOC Owned Units (formerly named Public Housing) at the \$1,250,000 annual level for FY'22-27 and maintain the current \$1,900,000 funding for the demolition of the Ambassador and Emory Grove?

BUDGET IMPACT:

There is no budget impact on the FY'21 Adopted Budget. Funds that are appropriated by the County Council will be included in the FY'22 Adopted Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the submission at the September 2, 2020 meeting. Commission action is requested at the September 9, 2020 meeting. The County FY'22-27 Capital Improvements Program Budget submission is due to the County by September 10, 2020.

COMMITTEE RECOMMENDATION:

The Budget, Finance and Audit Committee recommends to the full Commission authorization to submit the County FY'22-27 Capital Improvements Program Budget.

RESOLUTION NO.: 20-60

Re: Authorization to Submit County
FY'22-27 Capital Improvements
Program Budget

WHEREAS, the Capital Improvements Program (CIP) is a program administered by Montgomery County (the "County") that provides funds for larger long-term investments in facilities & infrastructure, and affordable housing;

WHEREA, the Housing Opportunities Commission of Montgomery County ("HOC") receives funds from the CIP to further its purpose in providing affordable housing;

WHEREAS, the County is considering amendments to the CIP Budget for FY'22-27 (the "Budget"), and requests are due to the Office of Management and Budget by September 10, 2020; and

WHEREAS, staff desires to submit a request to the County that the Budget (i) continues to fund our current Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements at the \$1,250,000 annual level and, (ii) maintains the current \$1,900,000 funding for the demolition of the Ambassador Apartments and Emory Grove Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes the submission to the County of a request that the CIP Budget for FY'22-27 continue to fund the current Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements at the \$1,250,000 annual level, and maintains the current \$1,900,000 funding for the demolition of the Ambassador Apartments and Emory Grove Apartments.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, September 9, 2020.

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Patrice Birdsong
Special Assistant to the Commission

**APPROVAL TO RENEW THE PRIMARY AUDIT CONTRACT
WITH CLIFTONLARSONALLEN LLP
FOR ONE ADDITIONAL YEAR**

September 9, 2020

- On July 10, 2019, the Commission approved a contract renewal for one-year with CliftonLarsonAllen LLP (“CLA”) to perform the Agency’s financial audit for fiscal year 2020. The current contract expires December 31, 2020. There are no renewals available under the original contract.
- HOC staff is requesting that the contract with CLA be extended for an additional year through December 31, 2021 under HOC’s Emergency Procurement Guidelines because of the COVID-19 pandemic.
- Transitioning to a new audit firm while working remotely could result in delays in the completion of the audit and reporting of the financial statements to outside investors and the County.
- HOC has prepared a draft RFP for Audit Services and plans to send out the RFP in early 2021 for an initial award date for audit services for FY2022.
- The services include the Single Audit Report, the main agency audit, seven bond indenture audits and an information technology review.
- HOC is requesting a contract extension with CLA for one additional year for the FY 2021 audit.

the Principal is CLA's national sub-industry leader on providing assurance and consulting services to housing authorities and housing finance agencies. Both the Principal and Engagement Director have experience in implementing Government Accounting Standards Board (GASB) pronouncements.

Under the current contract, CLA performs the Agency's annual audit, including the Single Audit and six bond indenture audits. The depth of audit knowledge, as well as their level of commitment, availability and access is exceptional. CLA has demonstrated an ability to work well with all divisions and staff throughout the Agency.

HOC requested a quote from CLA to provide audit services for the FY2021 audit. CLA submitted a proposal for FY2021 of \$246,000, which is a 3% increase from FY2020. The audit fee for FY2018 – FY2020 was held constant at \$239,500.

Staff believes CLA offers the Agency a solid combination of government and real estate expertise and will continue to provide high quality and efficient audit services. CLA has met all required auditing and reporting deadlines and provided technical assistance for no additional fees.

Auditors assigned to the engagement have been knowledgeable about the Agency's operations and are capable of providing suggestions and recommendations on improving internal controls and workflows.

ISSUES FOR CONSIDERATION:

Does the Commission wish to extend the primary audit contract with CliftonLarsonAllen LLP for one additional year under?

PRINCIPALS:

CliftonLarsonAllen LLP
HOC

BUDGET IMPACT:

There is no budget impact for FY2021. The cost for the FY2021 Audit will be incorporated in the FY2022 Agency Budget.

TIME FRAME:

For formal action at the September 9, 2020 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

HOC staff recommends, with the support of the Budget, Finance & Audit Committee, that the Commission approve the extension of the primary audit contract with CliftonLarsonAllen LLP for one additional year. The new contract expiration date is December 31, 2021.

RESOLUTION NO.: 20-61

RE: Approval to Extend the Primary Audit Contract with CliftonLarsonAllen LLP for One Additional Year

WHEREAS, on July 10, 2019 the Housing Opportunities Commission of Montgomery County renewed the primary audit contract with CliftonLarsonAllen LLP (“CLA”) to complete HOC’s financial audit for fiscal year 2020; (the “Contract”); and

WHEREAS, the Contract expires as of December 31, 2020 and there are no remaining renewals; and

WHEREAS, due to the COVID-19 pandemic, staff has determined it is necessary to extend the Contract with CLA for a one (1) year term under the emergency procurement guidelines in order to minimize disruption and complete the FY 2021 audit in a timely fashion.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending Contract with CLA for a one (1) year term, with an expiration date of December 31, 2021.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, September 9, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

Development and Finance Committee

APPROVAL OF SELECTION OF FIRMS TO THE RESEARCH POLICY, PLANNING, AND ZONING POOL



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
ERIK SMITH

September 9, 2020

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Executive Summary

- On June 26, 2020, HOC issued a request for proposal (“RFP”) #2209 for Research, Policy, Planning and Zoning Consultant Services and received five (5) responses.
- The current Pool of Planning and Zoning Consultants consists of two qualified firms: Scheer Partners and Townscape Design, which have been involved in advancing and planning the following projects:
 - Sandy Spring Missing Middle (Townscape Designs)
 - Emory Grove Revitalization Effort (Townscape Design)
 - Camp Hill (Townscape Design)
 - Lindsay Ford/ Wheaton Site (Scheer Partners)
 - 880 Bonifant (Scheer Partners)
 - 900 Thayer (Scheer Partners)
- The original RFP has expired with no available renewals. After a re-evaluation, staff determined the original scope was limiting and no longer fully met our demands; therefore, the scope was expanded to include the following:
 - Monitoring the County’s ongoing Area Master Plans and Sector Plans updates to alert HOC of opportunities to expand affordable housing and press for the inclusion of sites that might be appropriate for the redevelopment of affordable housing;
 - Monitoring submissions to the Maryland-National Capital Park and Planning Commission for preliminary plan, site plan and special exception approvals and identify developments where the yield of housing is significantly below the limits specified under existing zoning;
 - Becoming more involved in the drafting of formal housing policies and zoning text amendments affecting affordable housing, such as the Annual Growth Policy (“AGP”), Moderately-Priced Dwelling Units (“MPDU”) law, Workforce Housing impact tax and other incentives and disincentives to the production of affordable housing; and
 - Produce research, analysis, informational products, proposed legislation, and policy statements.

Executive Summary

- After reviewing the five (5) proposals, staff determined that four firms offers unique and highly valuable set of services and expertise that will help guide HOC's planning, development, and entitlement activities. The firms also exceeded the scoring threshold of 75 for inclusion in the pool.
- Staff recommends, with the support of the Development and Finance Committee, which met for an informal discussion on August 25, 2020, that the Commission approve the creation of a pool of research, policy, planning and zoning consultant services to include four firms and that the Executive Director is authorized to execute contracts with each firm.
- More specifically, the following contract award and amounts are recommended:
 - Scheer Partners: Research, Policy, Planning and Zoning Consultant Services, up to \$50,000 per year,
 - HR&A Advisors: Research, Policy, Planning and Zoning Consultant Services, up to \$30,000 per year,
 - Townscape Design, LLC: Research, Planning and Zoning Consultant Services, up to \$80,000 per year,
 - inSITE for Research, Policy, and Planning Consultant Services, up to \$30,000 per year.
- Staff proposes contract terms of one year with three optional one-year renewals in accordance with the Commission's Procurement Policy.
- The contracts will be funded from the approved Real Estate Division budget line items for, 1) Planning and Zoning Consultants (\$100,000) and 2) Other Operating Professional Services (\$150,000).

Evaluation Criteria

On June 26, 2020, HOC issued a Request for Proposals for Research, Policy, Planning and Zoning Consultant Services with responses due on July 16, 2020. Five (5) firms responded. Each firm was evaluated on the criteria below, with a required score of 75 points or higher to qualify for the pool.

Qualification Criteria	Requirement	Point Value
Qualification and Experience*	The offeror shall demonstrate, by experience, that they are fully conversant with Montgomery County's planning and zoning process through, no fewer than 5 years of work, within the private sector or public agencies.	40
Cost of Services	The offeror must provide proposed compensation, as an hourly rate, assuming 60-90 hours of service per calendar quarter	20
Minority/Female/Disabled Participation	The offeror must demonstrate, to the best of its ability, commitment to diversity by showing Minority/Female/Disabled (MFD) designation or its record of employing minority persons.	15
Offeror's Capacity	Each offeror must demonstrate its capabilities to perform the services required to meet the Commissions demands.	15
Montgomery County Focused Practice	The offeror must demonstrate sufficient experience with the Planning Commission and the PHED Committee of the Montgomery County Council and that it is a Montgomery County based business.	10

* Firms' qualifications were evaluated only for services applied.

Summary of Scores

Average by Category

Research (R) Policy (P) Planning (PL) Zoning (Z)

Firm Name	Services	Research	Policy	Planning	Zoning	Qualifications and Experience (40%)	Cost of Services (20%)	Minority/ Female/ Disabled Participation (15%)	Offeror's Capacity (15%)	Montgomery County Focused Practice (10%)	Score (100%)
inSITE Advisory Group, LLC.	R,P,PL	37.3	36.3	36.7		36.77	19.00	15.00	14.33	1.67	86.77
Scheer Partners	R,P,PL,Z	28.0	31.3	33.0	28.0	30.00	19.67	12.33	14.00	10.00	86.08
HR&A Advisors, Inc.	R,P,PL,Z	40.0	40.0	40.0	40.0	40.00	11.00	12.67	15.00	7.33	86.00
Townscape Design, LLC	R,PL,Z	39.3		39.3	39.3	39.33	16.67	0.00*	15.00	8.00	79.00
Urban Ventures	R,P	28.3	28.3			28.33	15.00	10.00	13.67	7.67	74.67

Evaluated by: Real Estate Development, Mortgage Finance, and Legal

*Townscape is a Sole Proprietor

Summary of Scores

Average by Reviewer

Research (R) Policy (P) Planning (PL) Zoning (Z)

Firm Name	Services	Reviewer #1	Reviewer #2	Reviewer #3	Overall Score	Average Score
inSITE Advisory Group, LLC.	R,P,PL	90.00	86.66	83.66	260.32	86.77
Scheer Partners	R,P,PL,Z	83.00	95.00	80.25	258.25	86.08
HR&A Advisors, Inc.	R,P,PL,Z	80.00	90.00	88.00	258.00	86.00
Townscape Design, LLC	R,PL,Z	79.00	78.00	80.00	237.00	79.00
Urban Ventures	R,P	67.00	79.00	78.00	224.00	74.67

75-point Cut-Off

Evaluated by: Real Estate Development, Mortgage Finance, and Legal

The Scheer Partners team consists of experienced professionals with direct public policy, development and advocacy experience. The firm has expertise in the Master Plan processes and all aspects of the land use approval process, including zoning text amendments. The firm has applied to provide all the services sought in the RFP.

Scheer Partners provides knowledge and experience navigating the complex issues facing real estate developers. Their planning services include:

- Property representation in Montgomery County, City of Rockville and Gaithersburg Master Plans;
- Advice on the issues facing a potential land acquisition or building redevelopment;
- Expert witness testimony before Board of Appeals, Montgomery County or Federal Courts;
- Liaison with park and planning and other governmental agencies.

Scheer Partners has worked with HOC to secure increased development potential for **Holly Hall, Chevy Chase Lake (Lindley), Waverly House, Paddington Square, Sandy Spring**, and other assets.

Scheer Partners has also provided analysis for the development potential of other HOC assets and supported major transactions like **Chevy Chase Lake / EYA, Elizabeth House / Lee Development Group, 900 Thayer**, and **Grosvenor North Bethesda** acquisitions.



Expertise and Qualifications

HR&A is a nationwide consulting firm specializing in Real Estate, Economic Development, and Program Decision & Implementation; thus, the firm has applied to provide all the services sought in the RFP. HR&A has offices in New York, Dallas, Los Angeles, Raleigh and Washington D.C; however, coverage for this engagement will be by their partner Phillip Kesh, located in Washington D.C. and Senior Analyst Arjun Sarma, located in New York.

HR&A has a team of 100+ individuals with varying skill sets and are able to respond to a variety of tasks and assignments. Though HOC has not previously worked with HR&A, the firm comes highly recommended from Montgomery County Planning Department.

Some of their local relevant work includes the following:

- In response to Montgomery County's Housing Needs Assessment, HR&A analyzed demographic, economic, and housing market conditions, both benchmarking the county to its regional context and examining intra-county;
- Montgomery County Preservation Study prompted HR&A to develop a detailed inventory of existing deed-restricted and unrestricted housing countywide;
- Through use of GIS mapping, HR&A worked with the Montgomery-National Capital Park and Planning Commission (M-NCPPC) to assess the County's mixed-use development trends as an effort to improve M-NCPPC's data collection.



Townscape Design LLC (“Townscape”), a sole proprietorship, is a town planning, urban design and landscape architecture firm focused on strategic solutions for town and community development initiatives and will be partnering with CMS Associates (“CMS”) and Spatial Systems Associates (“SSA”). Townscape has more than 30 years of experience in Montgomery County and in-house expertise in planning, zoning, urban design, project detailing and design, and landscape architecture; however, to add to their ability for data compilation and civil engineering, they will call on SSA and CMS, respectively.

Townscape has long-term professional relationships with many staff at both the Maryland-National Capital Park and Planning Commission and the County, providing the Commission with additional ability to communicate with governmental staff and approving authorities.

Townscape has provided planning and zoning consultation to governmental agencies and not-for-profit organizations.

Townscape has provided recent and ongoing planning consultation to the Commission at **Sandy Spring, Paddington Square, Emory Grove and Camp Hill.**

Recent work in the County includes:

- Land development studies and conceptual analyses in Potomac, Silver Spring, Rockville, Gaithersburg, Clarksburg, Damascus, Glenmont, White Flint, Wheaton, and Poolesville;
- Rezoning and special exceptions in Poolesville, Gaithersburg, and Twinbrook;
- Master Plan positioning for property owners in Aspen Hill, Sandy Spring, Lyttonsville, Gaithersburg Vicinity, Montgomery Village, Tacoma-Langley Crossroads, White Oak Science Gateway, and Damascus.

inSITE Advisory Group (“inSITE”) is submitting for the Research, Policy and Planning aspects of the RFP. inSITE will have Envision and Green Building Consulting to bolster its abilities to provide mapping and tax incentive consultation. inSITE and its affiliates have leveraged investment dollars for many public/private partnerships through use of tax credits and incentives to create value within communities. While the firm has not previously worked in Montgomery County, its relevant experience include:

- State of Connecticut Department of Economic and Community Development
 - Provided economic development consulting services for the state of Connecticut, with main focus to cross reference state-owned assets with Opportunity Zones throughout 27 municipalities.
- City of Conneaut – Economic Development Services
 - Brought into a recently formed partnership with goal of management assistance with current assets and creation of new real estate projects

Though inSITE and its affiliates have no Montgomery County experience or physical presence, staff proposes to add them to the pool because they are a female owned business with proficient experience in both the private and public sectors. We will be able to utilize their skillset for various research projects.

Summary and Recommendations

Issues for Consideration

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, to create a pool of four firms to provide research, policy, planning and zoning consultant services to the Commission?

Fiscal/Budget Impact

There is no impact on the Commission's operating budget. The cost for related services are included in the Real Estate Development FY'21 budget.

Time Frame

For formal action at the September 9, 2009 Commission meeting.

Staff Recommendation

Staff recommends, with the support of the Development and Finance Committee, that the Commission approve the creation of a pool of research, policy, planning and zoning consultant services comprised of Sheer Partners, HR&A Advisors, Townscape Designs, and inSITE Advisory Group.

Staff further recommends, with the support of the Development and Finance Committee, that the Commission authorize the Executive Director to execute contract with each firm for a one-year term with three one-year renewals; the contracts will be funded from the Real Estate Division's budget, which shall be approved by the Commission each year.

WHEREAS, on June 26, 2020, the Housing Opportunities Commission of Montgomery County (“HOC”) issued a request for proposal (“RFP”) #2209 for Research, Policy, Planning and Zoning Consultant Services and received five responses from inSITE Advisory Group (“InSITE”), HR&A Advisors (HR&A), Scheer Partners (“Scheer”), Townscape Design LLC (“Townscape”), and Urban Ventures (“Urban”); and

WHEREAS, after review of proposals, staff is recommending that HOC negotiate and execute contracts with the four firms listed below (each a “Firm,” together the “Firms”) to create a Research, Policy, Planning, and Zoning Consultant Pool (the “Pool”) in which each Firm is authorized to provide the following services up to the following amounts:

1. InSITE – Research, Policy, and Planning Consultant Services up to \$30,000 per year.
2. HR&A – Research, Policy, Planning, and Zoning Consultant Services up to \$30,000 per year.
3. Scheer – Research, Policy, Planning, and Zoning Consultant Services up to \$50,000 per year.
4. Townscape – Research, Planning, and Zoning Consultant Services up to \$80,000 per year.

WHEREAS, each Firm offers unique and a highly valuable set of services and expertise that will help plan and guide HOC’s research, policy, planning, development and entitlement activities, and all Firms have excellent work history and come highly recommended from various municipalities; and

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

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the creation of the Pool to include the four Firms to provide the services specified herein.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is authorized and directed to negotiate and execute contracts with the four Firms for an initial term of one year with three one-year extensions up to the amounts specified herein, which shall be paid from annual funding approved in the Real Estate Division budget.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on September 9, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO RENEW THE CONTRACTS OF THE UNDERWRITING TEAM CONSISTING OF A SENIOR MANAGER, CO-SENIOR MANAGER, AND CO-MANAGERS IN ACCORDANCE WITH THE CURRENT CONTRACTS AND THE PROCUREMENT POLICY

September 9, 2020

- The Commission completed a new procurement for Underwriter services for its multifamily and single family bond programs in January 2019.
- Underwriters help to structure HOC's bond issuances and market the bonds to obtain the most favorable pricing so that the loans made with the proceeds of the bonds promote the financial feasibility of HOC's single family and multifamily financing programs. They commit to the Commission to purchase HOC bonds at an agreed upon price prior to the time of the sale regardless of whether they have successfully placed the bonds with investors.
- It approved eight firms to the team and a structure consisting of a senior manager, a co-senior manager and six co-managers to serve for an initial two-year term and providing for two additional one-year renewals, which must be approved by the Commission in accordance with the current Procurement Policy.
- The eight firms were Bank of America Merrill Lynch, Citigroup Global Markets, Jefferies, LLC, Morgan Stanley, PNC Capital Markets, LLC, RBC Capital Markets, Wells Fargo Company, and M&T Securities. Citigroup has not yet finalized the Letter Agreement ("Contract"), but is still eligible to join the team. M&T Securities terminated its contract having exited the long-term fixed rate municipal business as of July 1, 2020, leaving six active underwriting firms on the team.
- Staff and the Commission's financial advisor, Caine Mitter and Associates Incorporated reviewed the performance of the firms since this current engagement and this renewal request was reviewed with the Development & Finance Committee, which met for an informal discussion on August 25, 2020.
- There are no issues with the team's performance and given the Commission pipeline of transactions that will seek financing in the next two years, staff recommends that the Commission accept the recommendation of the Development & Finance Committee to renew the term of the contracts for current Underwriters for one year.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Brown Division: Mortgage Finance Ext. 9589

RE: Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager and Co-managers in Accordance with the Current Contracts and the Procurement Policy

Date: September 9, 2020

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:

To renew the terms of the underwriter services contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Jefferies, LLC, Morgan Stanley, RBC Capital Markets, and Wells Fargo Bank, N.A. (the "Underwriters").

BACKGROUND:

In accordance with the Procurement Policy, on October 12, 2018, a solicitation for Managing Underwriting Services was published and mailed to 32 investment banking firms. Sixteen firms submitted proposals and on December 18 and 19, 2018, an Evaluation Committee (the "Committee") comprised of two Commissioners, the Executive Director, staff of the Mortgage Finance, Finance, and Executive divisions, and Caine Mitter & Associates Incorporated (Financial Advisor), interviewed 10 firms and recommended the following firms to serve the Commission as Underwriters. The Committee's review of the proposals focused on the submission requirements of the Request for Proposal ("RFP") as well as certain other information for each firm, including historical performance on HOC's bond issuance for the prior five-year period.

A Letter Agreement (Contract) was executed with each firm providing for an initial engagement of two years, expiring in January 2021, with two optional one-year renewals for a maximum term of four years. This renewal request is the first of two renewals.

The Underwriters

The Underwriters help to structure HOC's bond issuances and market the bonds to obtain the most favorable pricing so that the loans made with the proceeds of the bonds promote the financial feasibility of HOC's single family and multifamily financing programs. They commit to the Commission to purchase HOC bonds at an agreed upon price prior to the time of the sale regardless of whether they have successfully placed the bonds with investors.

With this procurement, the Commission approved a structure, which includes a senior manager, a co-senior manager and six co-managers. The senior manager leads the syndicate and, with the co-managers, sets the prices for the different series of bonds, takes orders from co-managers and selling group and allocates the bonds to investors and the underwriting team. This is known as “running the book” or managing the syndicate. All of the managers and selling group are expected to sell bonds and are compensated by receiving a fee known as the “takedown” for the bonds they actually place with investors. Institutional investors generally place orders through the senior manager and designate which manager(s) will receive the takedown. Additionally, the senior manager receives a management fee and is reimbursed for certain expenses. The managers are also expected to present new financial structures and ideas that will enhance the Commission’s ability to fund mortgage loans. Any member of the team that brings unique financing ideas that enhance the Commission’s programs may be elevated to the role of senior manager for a bond issuance. Since the new contracts were executed, Jefferies and Wells Fargo were elevated as senior manager for two separate bond issuances.

Compensation

There are three categories of compensation: 1) Management Fee, 2) Takedown, and 3) Expenses. Management fee is paid only to the senior managing underwriter; however, since the Commission’s structure includes a co-senior manager, the fee is split. The management fee will be determined as part of this underwriter review process. Takedown is the fee paid to co-managers and selling group for selling the bonds. Since takedown is market driven, it is always determined based on current market conditions and negotiated at the time of a bond sale. Expenses include underwriter’s counsel and pass through expenses typical for a bond issue. Determination of fees will continue unchanged through this renewal period.

Current Underwriters

Firm	Role
Bank of America Merrill Lynch	Senior Manger
PNC Capital Markets, LLC	Co-Senior Manager
Morgan Stanley	Co-Manager
RBC Capital Markets, LLC	Co-Manager
M&T Securities, Inc.	Co-Manager
Jefferies LLC.	Co-Manager
Wells Fargo Company	Co-Manager

Citigroup Global Markets (“Citi”) was recommended to the team; however, the firm failed to complete the Letter Agreement, citing internal legal obstacles. The firm is still eligible to be a team member should they elect to complete the process. Citi continues to participate on HOC’s bond issuances as a member of the Selling Group, which does not require it to be one of the underwriters.

On June 29, 2020, **M&T Securities** (“M&T”) notified HOC that its parent company, M&T Bank, had undertaken a thorough evaluation of its business to ensure its product and service offerings align with the strategic imperatives of both M&T Securities and M&T Bank. As a result, M&T will no longer participate in the underwriting of public offerings of fixed-rate municipal bonds and has withdrawn from the HOC underwriting team, effective July 1, 2020.

Public Issuances since January 2019

During the current contract period, HOC has issued the following series of bonds totaling \$183,860,000 of multifamily and single family bonds shown below.

Multifamily Housing Development Bonds

Series	Issuance Amount	Projects Financed
19 Series A-1, A-2	\$55,000,000	Elizabeth House
19 Series BC	\$17,405,000	Refunding Barclay/Spring Garden
2020 Series ABC	\$67,345,000	Bauer Park Financing Refunding Strathmore/MHLP ix, Forest Oaks
Total Issuance	\$139,750,000	

Single Family Program Revenue Bonds

Series	Issuance Amount
2019 Series ABC	\$44,110,000
Total Issuance	\$44,110,000

Performance of Underwriters 2019-Present

In the following tables separated by the current Underwriters and members of the Selling Group, the respective firm's performance based on the bonds sold is shown. Orders are placed and the senior manager allocates the bonds based on orders and designation rules. The Commission's financial advisor reviews allocations with staff to ensure that the bonds are allocated fairly so that there is continued interest in future HOC bond issuances.

Underwriters

Firm	SF Bonds		MF Bonds		Total Bonds	% of Total
	Sold	% SF Bonds	Sold	% MF Bonds		
B of A	\$27,708	63%	\$59,127	42%	\$86,835	47%
PNC	\$922	2%	\$4,721	3%	\$5,643	3%
Jefferies	\$1,922	4%	\$2,323	2%	\$4,244	2%
M&T	\$3,932	9%	\$9,999	7%	\$13,930	8%
RBC	\$3,185	7%	\$7,134	5%	\$10,320	6%
Morgan Stanley	\$2,802	6%	\$10,813	8%	\$13,615	7%
Wells Fargo	\$3,060	7%	\$34,624	25%	\$37,684	20%
	\$43,530		\$128,740		\$172,270	

Selling Group

Firm	SF Bonds		MF Bonds		Total Bonds	% of Total
	Sold	% SF Bonds	Sold	% MF Bonds		
Baird	\$0	0%	\$50	0%	\$50	0%
BB&T	\$0	0%	\$135	0%	\$135	0%
Citi	\$200	0%	\$5,460	4%	\$5,660	3%
Folger Nolan Fleming	\$15	0%	\$20	0%	\$35	0%
Janney	\$0	0%	\$430	0%	\$430	0%
Lafayette	\$285	1%	\$425	0%	\$710	0%
Raymond James	\$30	0%	\$1,940	1%	\$1,970	1%
Stifel	\$0	0%	\$200	0%	\$200	0%
UBS	\$50	0%	\$2,350	2%	\$2,400	1%
	\$580		\$11,010		\$11,590	
Total all Bonds	\$44,110		\$139,750		\$183,860	

Projected 2021 Bond Issuance

In 2021, with the planned re-syndication of existing Low Income Housing Tax Credit properties to raise new capital for a fresh round of renovation and the development of new developments, it is expected to be another busy year. The table below shows the projected calendar year 2021 financing, though while constrained by the availability of private activity volume cap, will need a strong team of underwriters to ensure successful execution.

Project	Anticipated Date	Amount
Stewartown Homes	3/31/21	\$20,200,000
Willow Manor Properties	9/30/21	\$48,000,000
Shady Grove Apartments	12/31/21	\$24,000,000
Georgian Court	12/31/21	\$18,000,000
West Side Shady Grove	1/31/21	\$100,000,000
Hillandale Gateway	12/31/21	\$24,000,000
The Metropolitan	12/31/21	\$10,000,000
Single Family (est.)	6/30/2021	\$30,000,000
Estimated Total Issuance		\$274,200,000

Conclusion

Based on their performance since the commencement of the current contract period and the project volume of issuances in 2021, it is requested that the current Underwriters continue to represent the Commission on upcoming issuances for a renewal term of one year.

ISSUES FOR CONSIDERATION:

Will the Commission accept staff’s recommendation, which is supported by the Development and Finance Committee to approve the renewal of the current contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Morgan Stanley, RBC Capital Markets, Jefferies, LLC, and Wells Fargo Bank, N.A. for one year?

1. The team of underwriters excludes M&T but allows Citi to be added should it choose to complete its Letter Agreement.
2. Staff proposes that the current structure remain in place with each firm having the opportunity to be elevated to senior manager based on proposal of innovative and executable ideas.

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Bank of America Merrill Lynch
Citigroup Global Markets
Jefferies, LLC
Morgan Stanley
PNC Capital Markets, LLC
RBC Capital Markets
Wells Fargo Company

BUDGET IMPACT:

There is no direct impact on HOC's operating budget. Underwriters are compensated from the proceeds of a bond issuance or from revenues in the respective bond indentures.

TIME FRAME:

For formal action at the September 9, 2020 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the renewal of the contracts with Bank of America Merrill Lynch, PNC Capital Markets, LLC, Morgan Stanley, RBC Capital Markets, Jefferies, LLC, and Wells Fargo Bank, N.A. to continue to serve as Underwriters to the Housing Opportunities Commission for one year pursuant to the terms of the original contract of January 2019 and in accordance with the Procurement Policy.

Should Citigroup Global Markets elect to complete the necessary paperwork, it may be added to the team, based on the original approval.

Any subsequent renewal requests would be at the discretion of the Commission and would be presented for approval in advance of contract expiration.

RESOLUTION No: 20-63

RE: Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers in Accordance with the Current Contracts and the Procurement Policy

WHEREAS, to advance its mission and operate a successful bond financing program, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) engages the services of a number of industry professionals, including a team of investment banking firms (Underwriters) to help structure HOC’s bond issuances and market the bonds to obtain the most favorable pricing; and

WHEREAS, on January 9, 2019, after completing a new procurement for Underwriter services, the Commission selected eight firms, approved a structure that consists of a Senior Manager, a Co-senior Manager, and six Co-managers, and authorized the Executive Director to execute Letter Agreements (“Contracts”) with each firm with initial terms of two years with two one-year renewals that must be approved by the Commission in accordance with provisions of the Procurement Policy; and

WHEREAS, the eight firms were Bank of America Merrill Lynch, Citigroup Global Markets, Jefferies, LLC, Morgan Stanley, PNC Capital Markets, LLC, RBC Capital Markets, Wells Fargo Company, and M&T Securities, but Citigroup has not yet finalized its Contract (but is still eligible to join the team), and M&T Securities terminated its Contract having exited the long-term fixed rate municipal business as of July 1, 2020, leaving six active underwriting firms on the team; and

WHEREAS, all firms continue to perform satisfactorily and are positioned to meet the Commission’s upcoming issuance needs, and the Commission wishes to extend each Contract for one year as well as allow Citigroup to join the team if it completes the required Contract.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves a one-year renewal of each of the Contracts with the following six Underwriters (with the structure unchanged and incorporating the terms of the original Contracts):

Senior Manager:	Bank of America Merrill Lynch, New York NY
Co-Senior Manager	PNC Capital Markets, LLC, Pittsburgh, PA
Co- Managers:	Jefferies LLC, New York, NY
	Morgan Stanley, New York, NY
	RBC Capital Markets, New York, NY
	Wells Fargo Company, San Francisco, CA

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or his designee, to execute a Contract with Citigroup for one-year, as an active member of the team, should it complete the necessary documentation required to server as a Co-manager.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or his designee,, without any further action on its part, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the Executive Director’s judgment, to carry out the actions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on September 9, 2020.

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Patrice Birdsong
Special Assistant to the Commission

**APPROVAL TO EXPAND THE POOL OF U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT MULTIFAMILY ACCELERATED PROCESSING LENDERS
PURSUANT TO REQUEST FOR QUALIFICATIONS #2211**

MORTGAGE FINANCE



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
JENNIFER HINES ARRINGTON**

September 9, 2020

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Executive Summary

On January 11, 2017, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) approved the creation of a pool of U.S. Department of Housing and Urban Development (“HUD”) Multifamily Accelerated Processing (“MAP”) lenders (hereinafter, the “MAP Lender Pool” or “Pool”) to prepare, process and submit loan applications to secure Federal Housing Administration (“FHA”) multifamily mortgage insurance. Only those lenders approved by HUD (hereinafter “MAP Lender(s)”) are able to offer several FHA multifamily mortgage insurance products, beyond the FHA Risk Share 542(c) Program, in which the Commission already participates.

The MAP Lender Pool originally consisted of four (4) MAP Lenders: AGM Financial, Love Funding, Walker Dunlop and Wells Fargo. A fifth MAP Lender, EagleBank, was to be admitted into the Pool upon providing requested documentation (evidence of its Ginnie Mae license and the closure of three (3) MAP transactions in its pipeline). EagleBank did not to provide the requested documentation and, therefore, was not admitted into the Pool. In April 2020, Wells Fargo declined to renew its contract due to lack of MAP lending transactions from the Commission.

On July 1, 2020, staff issued Request for Qualifications (“RFQ”) #2211 in order to augment or expand the existing pool of MAP Lenders. To qualify, respondents to the RFQ were required to provide evidence of experience closing FHA transactions in Montgomery County and the surrounding areas, selling or servicing Government National Mortgage Association (GNMA or “Ginnie Mae”) securities, good standing with HUD, experience working with housing agencies and/or large developers, and demonstrate minority/female/disabled (MFD) participation.

Executive Summary

On July 23, 2020, staff received one (1) response from Berkadia Commercial Mortgage, LLC (hereinafter “Berkadia”), which was ranked the second largest HUD multifamily lender in 2018. While its main office is in New York, the company’s affordable housing initiative and head of its HUD group is located in Chevy Chase, Maryland.



Berkadia’s response was reviewed and staff has confirmed that it meets the Commission’s MAP Lender Pool minimum qualifications and selection criteria: having a strong underwriting team and references; experience with housing authorities, large owners/developers; a demonstrated ability to close multifamily complex transactions in a timely fashion; and, its estimated MAP Lender Fees and Mortgage Interest Rates are in line with the market.

Staff recommends, with the support of the Development and Finance Committee which met for an informal discussion on August 25, 2020, that the Commission approve the expansion of the MAP Lender Pool by awarding an initial two-year contract with three additional one-year optional renewals to Berkadia Commercial Mortgage, LLC. As with the existing MAP Lenders within the Pool, a Letter Agreement will be executed with Berkadia securing its place in the pool.

When selecting a MAP Lender from the Pool for an identified transaction, HOC will solicit proposals from members of the Pool and select the MAP Lender that is deemed most qualified to execute the requested transaction. HOC will negotiate and execute a Letter of Engagement with the selected lender with each assignment.

HUD Multifamily Mortgage Insurance Programs

Below is a brief description of several HUD multifamily mortgage insurance programs covered by the MAP Program, pursuant to the National Housing Act, that HOC could employ.

FHA Multifamily Mortgage Insurance	Transaction Type	Description
221(d)(4)	<ul style="list-style-type: none"> • New construction • Renovation 	<p>Insures mortgage loans to facilitate the new construction or substantial rehabilitation of multifamily rental housing for moderate-income families, elderly, and the handicapped. Allows for long-term mortgages (up to 40 years) that can be financed with Government National Mortgage Association (GNMA) Mortgage Backed Securities (hereinafter “Ginnie Mae”). Average processing time is 12 months.</p>
223(a)(7)	<ul style="list-style-type: none"> • Refinance 	<p>Section 223(a)(7) insures mortgage loans to facilitate the refinancing of certain mortgages currently insured by FHA. The term of a new mortgage may be extended up to 12 years beyond the maturity date of the existing, originally insured mortgage. Section 223(a)(7) refinances typically reduce project debt service and increase cash flow by lowering the interest rate of the mortgage and/or by extending the amortization period. Average processing time is three (3) months.</p>
223(f)	<ul style="list-style-type: none"> • Acquisition • Refinance 	<p>Insures mortgage loans to facilitate the purchase or refinancing of existing multifamily rental housing. These properties may have been financed originally with conventional or FHA insured mortgages and have been completed or substantially rehabilitated for at least 3 years prior to the date of the application for mortgage insurance. Allows for long-term mortgages (up to 35 years) that can be financed with the Ginnie Mae. Can be issued in LIHTC transactions under the HUD Tax Credit Pilot Program established in 2012. Average processing time is nine (9) months.</p>
231	<ul style="list-style-type: none"> • New construction • Renovation 	<p>Facilitates the construction and substantial rehabilitation of multifamily rental housing for elderly persons (62 or older) and/or persons with disabilities. Few projects have been insured under Section 231 in recent years; developers opt to use Section 221(d)(4).</p>

Minimum Qualifications

On July 1, 2020, staff issued RFQ #2211 to expand the existing pool of MAP Lenders for future FHA multifamily mortgage insurance loan transactions. Below are the minimum qualifications that respondents were required to meet.

Qualification Criteria	Requirement
Prior Experience	Successful experience with closing in a timely fashion, federally insured mortgages for market rate, mixed-income and affordable apartment communities in Montgomery County, Maryland or the surrounding Baltimore-Washington Metropolitan area. All HUD loan products will be considered.
GNMA Securities	Experience selling or servicing Government National Mortgage Association (“Ginnie Mae” or GNMA) securities.
MAP Lender Standing	Be in good standing with the MAP Lender Review Board and provide evidence to this effect.
References	References shall reflect experience working with housing agencies or authorities and large property owners/developers.
MFD Participation	Demonstrate minority/female/disabled (MFD) participation.

On July 23, 2020, staff received one (1) response from Berkadia Commercial Mortgage, LLC (hereinafter “Berkadia”). Given that it was the sole response, it was determined that scoring was not necessary; nevertheless, Berkadia’s proposal was evaluated ensuring it complied with all the minimum qualification requirements outlined in the solicitation. Staff determined that Berkadia’s proposal meets the minimum qualifications for the MAP Lender Pool.

Evaluation Criteria

Berkadia's response was further evaluated on the criteria listed below. Strength of the underwriting team, experience with housing authorities/large owners/developers, and ability to close multifamily transactions timely were the three (3) most important factors.

Evaluation Criteria	Description
Underwriting Team	Respondents are evaluated based upon the qualifications and expertise of its team members responsible for closing and servicing an FHA Multifamily transaction.
Experience	References and a list of transaction closings should represent experience closing transactions for housing agencies or authorities, large owners/developers, and direct experience with HOC within the last two (2) years.
Ability to Close Transactions	Demonstrated evidence of closing multifamily transactions timely indicated by the number of months taken to close various transaction types.
Complexity of Transactions	Respondent should provide examples of transactions that reflect its ability to successfully manage and resolve issues related to difficult transactions.
Estimated MAP Lender Fees / Today's Mortgage Interest Rate	Provide an estimate of fees related to various HUD transactions along with current interest rate information.

Qualifying MAP Lender

- **Berkadia Commercial Mortgage**

- Headquartered in New York, New York; affordable housing group located in Chevy Chase, Maryland.
- As an affordable housing lender, Berkadia is ranked a leading lender when combining originations from HUD/FHA, Fannie Mae, and Freddie Mac.
- Since 2011, has closed \$1 billion annually in HUD/FHA insured loans.
- Proven Ginnie Mae issuer/servicer since 2009 and issues more than \$1 billion in securities annually. Current servicing portfolio includes 18,557 loans totaling \$280 billion.
- Proven Fannie Mae and Freddie Mac issuer/servicer, as well. In 2019, completed \$17 billion in total agency volume, and in 2020 has closed 430 transactions totaling \$12 billion in agency volume.
- Ranks as the largest non-bank commercial mortgage servicer in the nation.
- Significant experience working with large housing authorities across the country including New York City Housing Authority, Massachusetts Housing Finance Agency, Rhode Island Financing Agency.
- Has explored with HOC debt (HUD, Fannie, Freddie Mac) and equity (Low Income Housing Tax Credit) options for the Commission's communities.
- Strong underwriting and mortgage team that includes members that successfully closed the Paddington Square 223(f) transaction in 2014 under a different lender.
- Ability to close FHA multifamily mortgage insurance transactions within the average processing time.
- **Recommended for MAP Lender Pool.**

Summary and Recommendations

Issues for Consideration

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to expand the existing HUD Multifamily Accelerated Processing Lenders Pool and authorize the Executive Director to execute a two-year contract with three (3) additional one-year optional renewals with Berkadia Commercial Mortgage, LLC?

Fiscal / Budget Impact

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

Time Frame

For formal action at the September 9, 2020 meeting of the Housing Opportunities Commission.

Staff Recommendation and Commission Action Needed

Staff recommends, with the support of the Development and Finance Committee, that the Commission approve to expand the existing HUD Multifamily Accelerated Processing Lenders Pool and authorize the Executive Director to execute a two-year contract with three (3) additional one-year optional renewals to Berkadia Commercial Mortgage, LLC.

RESOLUTION No.: 20-64

RE: Approval to Expand the Pool of HUD Multifamily Accelerated Processing Lenders Pursuant to Request for Qualifications #2211

WHEREAS, on January 11, 2017, the Housing Opportunities Commission of Montgomery County (the "Commission") approved the creation of a pool of U.S. Department of Housing and Urban Development ("HUD") Multifamily Accelerated Processing ("MAP") lenders (the "MAP Pool") to prepare, process, and submit loan applications to secure Federal Housing Administration multifamily mortgage insurance that included AGM Financial, Love Funding, Walker Dunlop, and Wells Fargo; and

WHEREAS, in April 2020, Wells Fargo declined to renew its contract due to lack of MAP lending transactions from the Commission; and

WHEREAS, on July 1, 2020, staff issued Request for Qualifications ("RFQ") #2211 in order to expand the existing MAP Pool; and

WHEREAS, on July 23, 2020, staff received one response from Berkadia Commercial Mortgage, LLC ("Berkadia"), and after review and consideration, staff recommends that Berkadia be admitted to the existing MAP Pool by awarding an initial two-year contract with three one-year renewal options; and

WHEREAS, a MAP lender will be selected, as needed, from the MAP Pool after it submits its term sheet to the Commission in response to the requested scope of work, and will be engaged and compensated accordingly from the respective Commission-approved project development budget, such approved project budget having gone through the normal Commission approval process for development and financing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and directs the Executive Director, or his designee, without further action on its part, to execute a contract for MAP lending services, as described by RFQ #2211, with Berkadia for an initial term of two years with three one-year renewal options, as permitted under HOC's procurement policy.

BE IT FURTHER RESOLVED that the Executive Director, or his designee, is hereby authorized and directed to take all actions necessary and proper to carry out the transactions and activities contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 9, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

The Metropolitan: Approval of Feasibility Funding for the Financing and Renovation of The Metropolitan and Authorization to Make Loans to Metropolitan Bethesda Limited Partnership and Metropolitan Development Corporation

Bethesda



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

September 9, 2020

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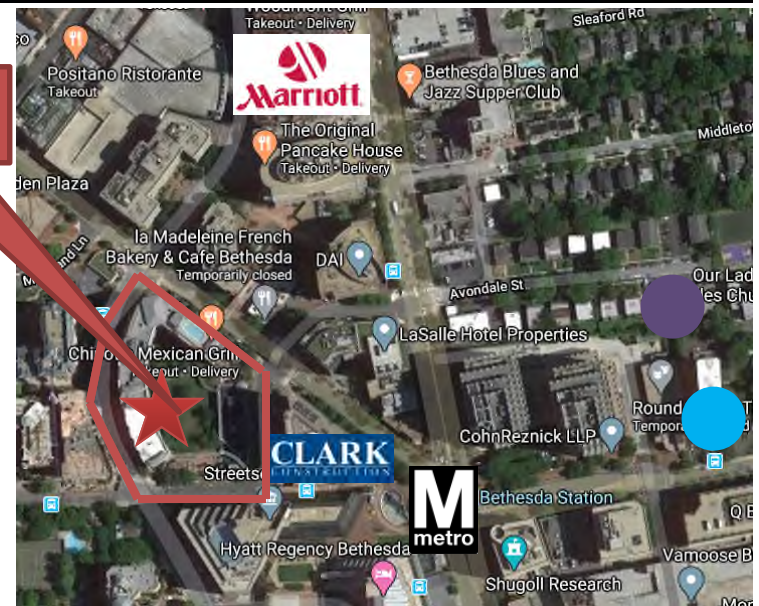
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Executive Summary

- The Metropolitan Apartments (“Metropolitan” or the “Property”) was constructed in 1997. The Property is a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda. Metropolitan currently provides 92 affordable units and 216 market rate units.
- The 216 market rate units completed some minor renovations in 2013, but the affordable units have not been updated since they were initially placed in service.
- The Property is built above a Montgomery County owned Metropolitan Public Parking Garage 49 and legal title is structured as an air rights condominium. The County receives a portion of cash flow at the end of each fiscal year based on the formula set forth in the Air right lease documents.
- The Property has its own parking garage, which provides 164 parking spaces, and six (6) Americans with Disabilities Act (“ADA”) designated spaces for residents. The Property also has ground-floor retail space which is currently 100% leased.
- Since the Property was first occupied, the market and affordable units have integrated seamlessly and there have not been any issues raised by residents on either side. This is merely one of the success stories of HOC’s history of mixed-income development in Montgomery County.
- Staff would like to engage third-party professionals/consultants to investigate and document the existing condition of the building to develop a renovation scope for the Property. Further, another goal for these studies to identify and quantify the features of the renovation that would improve energy efficiency and extend the Property’s useful life.
- Staff recommends, with the support of the Development and Finance Committee which met for an informal discussion on August 25, 2020, that the Commission approve an aggregate feasibility funding loan of \$84,000 from the OHRF.



The Metropolitan



September 9, 2020

Property Overview



Location	7620 Old Georgetown Road, Bethesda MD 20814
Owner	Metropolitan Development Corporation & Metropolitan of Bethesda Limited Partnership
Property Manager	Bozzuto Management Company
Property Type	High-rise apartments (14 stories)
Total Units	308 (216 MKT & 92 AFF)
Occupancy	93% (MKT) & 99% (AFF) as of August 16, 2020
Property Amenities	Rooftop pool with lounge seating and stunning views, community room, fitness center, business center, onsite storage, 24-hour concierge, one-story parking garage, courtyard, and balconies (available in select apartment homes).
Neighborhood Amenities	Moments from the shops and entertainment of Bethesda Row, one block from Bethesda Metro Station, and numerous on-site retail shops, including Bethesda Metro Hair (barber shop), &Pizza, Chipotle, Geste Beer & Wine, Kohler, and Next Phase Fitness Studio
School District	Bethesda Elementary School, Westland Middle School, and Bethesda-Chevy Chase High School

- The 216 market rate units benefitted from minor renovations completed in 2013, but are in need of more significant renovations to remain competitive with other market rate units today. The 92 affordable units have not had any renovations.
- Initial renovation scope will be developed by the Real Estate Development team with input from the Property Management Company (Bozzuto). Staff is proposing to achieve National Green Building Standard (“NGBS”) Silver certification.

Property Overview – Unit Mix & Retail

Unit Mix – Affordable

Unit Type	# of Units	% of AMI	# of Units
Efficiency	23	25% AMI	20
1BR	43	30% AMI	23
2BR	24	40% AMI	30
3BR	2	50% AMI	19
Total	92	Total	92

Unit Mix – Market

Unit Type	# of Units
Efficiency	13
1BR	113
2BR	78
3BR	12
Total	216

Retail Space – List of Tenants

Name	Square Feet
Chipotle Mexican Grill	3,027
Geste Café Beer and Wine	1,619
IMA Pizza	807
Bethesda Woodmont Barber Shop	1,030
Next Phase Inc	3,029
Kohler	3,933
Total	13,445

- Average of Affordable units is 97.8% in 2019
- Average of Market units is 92.6% in 2019
 - There is room for revenue growth from market units.
- Retail space is currently 100 % occupied
- 100% parking space leased
 - \$175 per parking space

Air Rights



- The Metropolitan was built utilizing the air rights above Garage 49 owned by Montgomery County, subjecting the Property to an Air Right Lease (“ARL”). The ARL provides for a 99-year lease term commencing June 23, 1995.
- Air rights are the property interest in the space above the earth’s surface. Simply put, the owner of the land has designated the exclusive development rights in the space above the land. The airspace is the property and retains developmental rights which can be sold or transferred.
- Therefore, the Property is authorized to operate and maintain the residential facility and ground-floor retail space and associated open spaces per this ARL agreement.
- Montgomery County receives annual lease payments at the end of each fiscal year based on an agreed upon cash flow formula outlined in the Air Rights Lease.



An example of air rights in use: a high-rise building extends over a four-story building.

Feasibility – Existing Condition



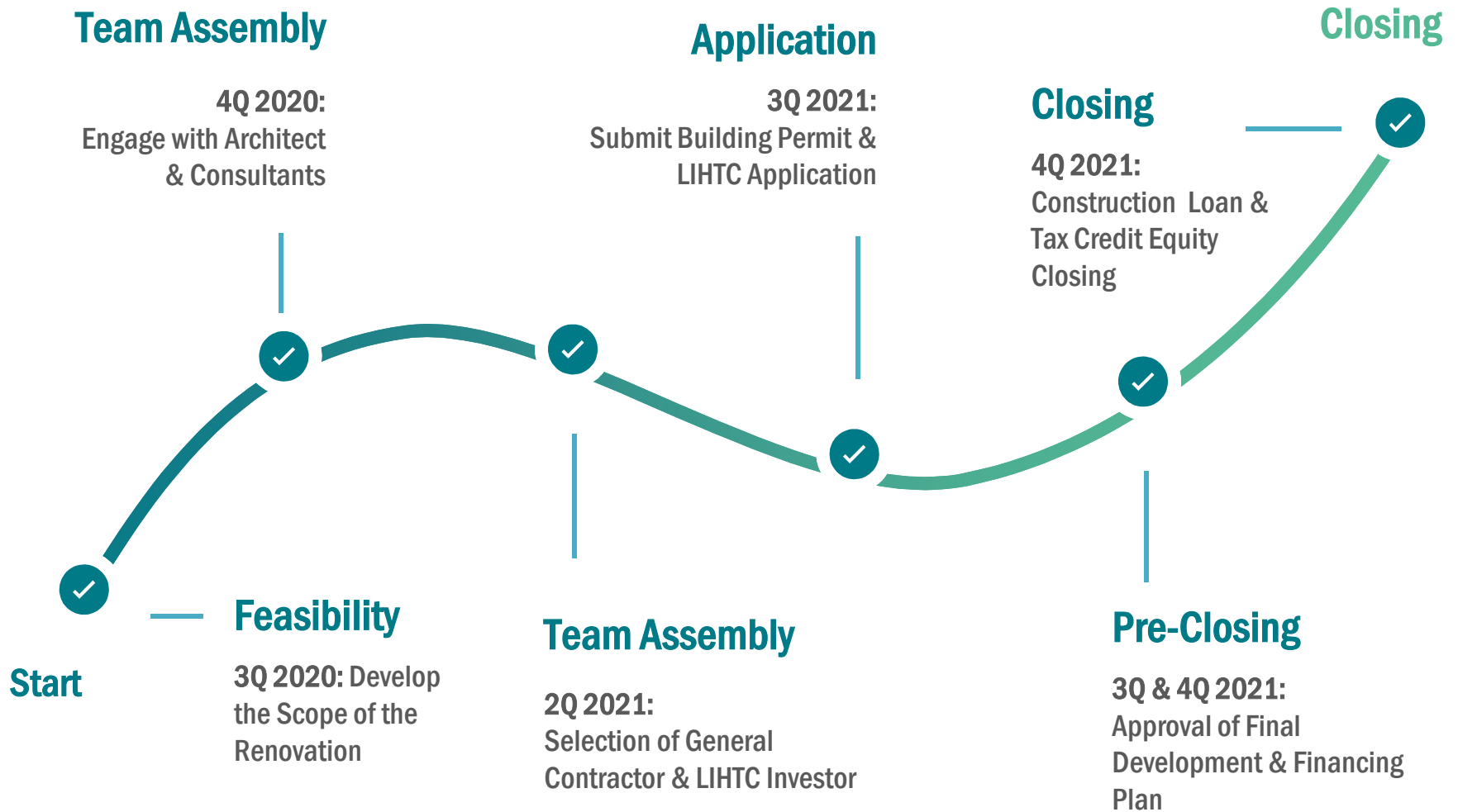
- The current Property Manager has reported ongoing issues with broken plumbing fixtures and corroding pipes, resulting in leaks throughout the building common areas and in some units.
- Tenants dispose of waste via trash chutes and recycling bins in designated trash rooms on each floor. The three compactors are original to the building construction in 1997, one of the trash compactors has had several repairs and as those compactors age, the cost of maintaining the machines should be expected to increase.
- The boiler and cooling tower systems provide air to individual vertical stack heat pump units in each tenant space. One of the cooling towers is experiencing a large leak, resulting in a significant efficiency loss. Additionally, two of the six natural gas boilers are currently out of service because one of the boilers has a crack in the heat exchanger, and another has several broken or corroded gas burners.
- Staff would like to engage third-party due diligence and feasibility consultants to investigate and document the details of the existing condition of the building and systems in order to develop the scope of the renovation. Further, one of the goals for these studies is to identify and quantify the features of this renovation that could encompass an increase in energy efficiency and extend the Property's remaining useful life.

Feasibility Budget

	Cost	Purpose
Property Needs Assessment	\$10,000	<ul style="list-style-type: none"> • Confirm Property condition and proposed scope of work adequate to place units in service for extended life.
Level I and II Energy Audit (Included Duct Leakage Testing)	\$30,000	<ul style="list-style-type: none"> • Many of these units serve deeply affordable households. By evaluating opportunities to increase efficiency, we allow residents to redeploy their limited resources to other needs.
Appraisal	\$10,000	<ul style="list-style-type: none"> • To confirm underwriting assumptions for LIHTC.
Legal/Accounting	\$50,000	<ul style="list-style-type: none"> • Confirm feasibility of re-syndication and appropriate structure moving forward.
Market Study (LIHTC Application)	\$10,000	<ul style="list-style-type: none"> • Required for CDA and FHA Risk Share financing.
Contingency	\$10,000	
TOTAL	\$120,000	

- Metropolitan Development Corporation - \$84,000 (70% of \$120,000)
- Metropolitan of Bethesda Limited Partnership - \$36,000 (30% of \$120,000)

Timeline



Summary and Recommendations

Issues for Consideration

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to approve loans of \$84,000 and \$36,000 to Metropolitan Development Corporation and Metropolitan Bethesda Limited Partnership, respectively, totaling \$120,000 from the Opportunity Housing Reserve Fund ("OHRF") as feasibility funding for the refinancing and renovation of The Metropolitan?

Time Frame

Action at the September 9, 2020 meeting of the Commission.

Budget/Fiscal Impact

There is no impact on the FY2021 Operating Budget; however, if approved, these loans totaling \$120,000 would reduce the available balance of the OHRF from \$2,401,617 (June 30, 2020) to \$2,281,617.

Staff Recommendation and Commission Action Needed

Staff recommends that Commission approve loans of \$84,000 and \$36,000 to Metropolitan Development Corporation and Metropolitan Bethesda Limited Partnership, respectively, totaling \$120,000 from the OHRF, for feasibility funding to explore the refinancing and renovation of The Metropolitan.

The loan will be interest free repaid from the proceeds of the renovation financing at closing.

RESOLUTION No:20-65

RE: Approval of Feasibility Funding for the Financing and Renovation of The Metropolitan and Authorization to Make loans to The Metropolitan of Bethesda Limited Partnership and The Metropolitan Development Corporation

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

WHEREAS, The Metropolitan Apartments (“Metropolitan” or the “Property”) was constructed in 1997 with a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the “Metropolitan LP”), which is wholly owned by HOC, and The Metropolitan Development Corporation (the “Metropolitan Corporation”), which is wholly controlled by HOC; and

WHEREAS, the 216 market rate units benefitted from minor renovations completed in 2013, but are in need of more significant renovations to remain competitive with other market rate units as well as to address aging systems; and

WHEREAS, the 92 affordable units have not had any renovations since they were placed in service; and

WHEREAS, staff would like to engage third-party due diligence and feasibility consultants to investigate and document the details of the existing condition of the building and systems in order to develop the scope of the renovation; and

WHEREAS, one of the goals for these studies is to identify and quantify the features of this renovation that could encompass an increase in energy efficiency and extend the Property’s remaining useful life; and

WHEREAS, the Commission desires to approve funding in an amount up to a total of \$120,000 to cover the due diligence and feasibility costs, which shall take the form of a loan to the Metropolitan LP in the amount of \$36,000 and a loan to the Metropolitan Corporation in the amount of \$84,000, and to fund such costs from the Opportunity Housing Reserve Fund (“OHRF”), to be repaid upon closing of renovation financing; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed \$100,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures

incurred or to be incurred subsequent to the date, which is 60 days prior to the date hereof, but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that the project is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

WHEREAS, HOC will continue to evaluate its options for construction and permanent financing, which may include the issuance of tax-exempt governmental bonds or such other tax-exempt bonds that are permissible under provisions of the Internal Revenue Code, the proceeds of which would fund a permanent mortgage that would be insured by FHA in accordance with the Risk Share mortgage program; and

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

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves a loan to the Metropolitan LP in an amount up to \$36,000 and a loan to the Metropolitan Corporation in an amount up to \$84,000 (total of \$120,000) to be funded from the OHRF for feasibility work for the financing and renovation of the Metropolitan, which will be repaid from the proceeds of the renovation financing at closing.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, as the general partner of the Metropolitan LP, accepts a loan from HOC in an amount up to \$36,000.

BE IT FURTHER RESOLVED THAT:

Section 1. Declaration of Official Intent. The Commission presently intends and reasonably expects to finance costs related to the predevelopment, development, and equipping of the Metropolitan, with moneys currently contained in its Opportunity Housing Reserve Fund, and General Fund Property Reserve Account, County Revolving Fund accounts, and any other funds of the Commission so designated for use by the Commission.

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

Section 3. Issuance of Bonds or Notes. The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$100,000,000 will be applied to reimburse the Commission for its expenditures in connection with the project.

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

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

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

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the general partner of the Metropolitan LP, authorizes and directs the Executive Director, or his designee, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 9, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

Legislative and Regulatory Committee

AUTHORIZATION TO IMPLEMENT TEMPORARY CHANGES TO THE ADMINISTRATIVE PLAN IN RESPONSE TO THE CORONAVIRUS DISEASE 19 (COVID-19)

September 9, 2020

- On March 13, 2020, President Trump declared the Coronavirus Disease (COVID-19) pandemic a national emergency and signed the Coronavirus Aid, Relief and Economic Security (CARES) Act into law on March 27, 2020.
- The CARES Act provides HUD with broad authority to waive statutory and regulatory requirements for the Housing Choice Voucher Program.
- HUD published PIH Notice 2020-13 on July 2, 2020 restating the waivers and alternative requirements previously established on April 10, 2020 in PIH Notice 2020-05. PIH Notice 2020-13 also provides new waivers and alternative requirements, and extends the period of availability for previously established waivers.
- HOC temporarily adopted three of the four new waivers and extended the previously approved waivers without board approval in accordance with the waiver flexibility authorized in PIH Notice 2020-13.
- Any informally adopted revision to the Administrative Plan must be adopted by the Board of Commissioners by December 31, 2020. Staff recommends that the Commission approve the temporary modifications to the Administrative Plan as outlined on the attached Exhibit A and resolution.

to the absence of life-threatening conditions, the PHA is now required to perform an inspection of the unit no later than 1 year from the date of the owner’s certification, rather than no later than October 31, 2020.

The adopted waivers provide administrative relief and alternative approaches to keep people housed and conduct critical operations during the pandemic. Pursuant to Notice 2020-13, PHA’s may revise the administrative plan on a temporary basis, without approval from the Board of Commissioners through September 30, 2020. However, any informally adopted revision must be adopted by December 31, 2020.

Staff propose that we extend the adopted waivers in PIH Notice 2020-13 through December 31, 2020 and adopt waivers 12-14. The waivers affect chapters 4, 6, 7, 8, 9, 10, 12, 21 and 22 of the Administrative Plan. The HUD Secretary may establish new waivers and alternative requirements by subsequent Notice. The adopted waivers allow us to continue to serve our most vulnerable customers while reducing the risk of exposure to the virus.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to accept the recommendation of the Legislative and Regulatory Committee to adopt the temporary changes to the Administrative Plan and authorize the Executive Director, or his designee, to implement the revisions to the Administrative Plan for the Housing Choice Voucher Program?

PRINCIPALS:

Housing Resources Division

BUDGET IMPACT:

None

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on July 20, 2020. For Commission action on September 9, 2020.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County accept the recommendation of the Legislative and Regulatory Committee to adopt the revisions to HOC’s Administrative Plan in response to COVID-19 and in accordance with PIH Notice 2020-05, and authorize the Executive Director, or his designee, to implement the revisions to the Administrative Plan for the Housing Choice Voucher Program (“Administrative Plan”).

RESOLUTION NO.: 20-66

RE: Revision of HOC's Administrative Plan for the Housing Choice Voucher Program to Add Temporary Changes in Response to COVID-19 Pursuant to HUD PIH Notice 2020-13

WHEREAS, in response to COVID 19, the U.S. Department of Housing and Urban Development issued Notice PIH 2020-13 (the "Notice") on July 2, 2020 that established temporary waivers and alternative requirements for the Housing Choice Voucher Program;

WHEREAS, the Notice allowed a housing authority to adopt waivers and temporarily revise its administrative plan without board approval, provided that any informally adopted revisions are approved by its board no later than December 31, 2020;

WHEREAS, pursuant to the Notice, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") informally adopted many of the waivers in the Notice, and the Commission now desires to formally revise its Administrative Plan for the Housing Choice Voucher Program (the "Plan") to add the temporary waivers; and

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

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the revisions to the Plan as identified in the attached Exhibit A.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 9, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

Exhibit I: Summary of HCV Waivers and Alternative Requirements

This chart summarizes the waivers authorized under PIH Notice 2020-13 and the availability period for each.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
PH and HCV-1 PHA 5-Year and Annual Plan Submission Dates: Significant Amendment Requirements	<u>Statutory Authority</u> Section 5A(a)(1), Section 5A(b)(1), Section 5A(g), Section 5A(h)(2) <u>Regulatory Authority</u> §§ 903.5(a)(3), 903.5(b)(3), 903.13(c), 903.21, 903.23	<ul style="list-style-type: none"> Alternative dates for submission Changes to significant amendment process 	<ul style="list-style-type: none"> Varies based on FYE 12/31/20 	NO	
PH and HCV-2 Family Income and Composition: Delayed Annual Examinations	<u>Statutory Authority</u> Section 3(a)(1) <u>Regulatory Authority</u> §§ 982.516(a)(1), 960.257(a)	<ul style="list-style-type: none"> Permits the PHA to delay the annual reexamination of income and family composition HCV PHAs must implement HCV-7 for impacted families if they implement this waiver 	<ul style="list-style-type: none"> 12/31/20 	YES	4/20/20
PH and HCV-3 Family Income	<u>Regulatory Authority</u> §§ 5.233(a)(2),	<ul style="list-style-type: none"> Waives the requirements to use the 	<ul style="list-style-type: none"> 12/31/20 	YES	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
and Composition: Annual Examination; Income Verification Requirements	960.259(c), 982.516(a) <u>Sub-regulatory Guidance</u> PIH Notice 2018-18	income hierarchy, including the use of EIV, and will allow PHAs to consider self-certification as the highest form of income verification <ul style="list-style-type: none"> • PHAs that implement this waiver will be responsible for addressing material income discrepancies that may arise later 			
PH and HCV-4 Family Income and Composition: Interim Examinations	<u>Statutory Authority</u> Section 3(a)(1) <u>Regulatory Authority</u> §§ 5.233(a)(2), 982.516(c)(2), 960.257(a), (b) and (d), 960.259(c) <u>Sub-regulatory Guidance</u> PIH Notice 2018-18	<ul style="list-style-type: none"> • Waives the requirement to use the income verification requirements, including the use of EIV, for interim reexaminations 	<ul style="list-style-type: none"> • 12/31/20 	YES	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
PH and HCV-5 Enterprise Income Verification (EIV) Monitoring	<u>Regulatory Authority</u> § 5.233 <u>Sub-regulatory Guidance</u> PIH Notice 2018-18	<ul style="list-style-type: none"> • Waives the mandatory EIV monitoring requirements. 	<ul style="list-style-type: none"> • 12/31/20 	<p style="text-align: center;">YES</p>	<p style="text-align: center;">4/20/20</p>
PH and HCV-6 Family Self-Sufficiency (FSS) Contract of Participation: Contract Extension	<u>Regulatory Authority</u> § 984.303(d)	<ul style="list-style-type: none"> • Provides for extensions to FSS contract of participation 	<ul style="list-style-type: none"> • 12/31/20 	<p style="text-align: center;">YES</p>	<p style="text-align: center;">4/20/20</p>
PH and HCV-7 Waiting List: Opening and Closing; Public Notice	<u>Regulatory Authority</u> § 982.206(a)(2) <u>Sub-regulatory Guidance</u> PIH Notice 2012-34	<ul style="list-style-type: none"> • Waives public notice requirements for opening and closing waiting list • Requires alternative process 	<ul style="list-style-type: none"> • 12/31/20 	<p style="text-align: center;">NO</p>	
HQS-1 Initial Inspection Requirements	<u>Statutory Authority</u> Section 8(o)(8)(A)(i), Section 8(o)(8)(C) <u>Regulatory Authority</u> §§ 982.305(a),	<ul style="list-style-type: none"> • Changes initial inspection requirements, allowing for owner certification 	<ul style="list-style-type: none"> • 12/31/20 	<p style="text-align: center;">YES</p>	<p style="text-align: center;">4/20/20</p>

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
	982.305(b), 982.405	that there are no life-threatening deficiencies <ul style="list-style-type: none"> • Where self-certification was used, PHA must inspect the unit no later than 1-year anniversary of date of owner’s certification. 	<ul style="list-style-type: none"> • 1-year anniversary of date of owner’s certification 		
HQS-2: Project-Based Voucher (PBV) Pre-HAP Contract Inspections: PHA Acceptance of Completed Units	<u>Statutory Authority:</u> Section 8(o)(8)(A) <u>Regulatory Authority:</u> §§ 983.103(b), 983.156(a)(1)	<ul style="list-style-type: none"> • Changes inspection requirements, allowing for owner certification that there are no life-threatening deficiencies • Where self-certification was used, PHA must inspect the unit no later than 1-year anniversary of date of owner’s certification. 	<ul style="list-style-type: none"> • 12/31/20 • 1-year anniversary of date of owner’s certification 	Yes	4/20/20
HQS-3 Initial Inspection: Non-Life-Threatening Deficiencies (NLT) Option	<u>Statutory Authority</u> Section 8(o)(8)(A)(ii) <u>Sub-regulatory Guidance</u> HOTMA HCV Federal	<ul style="list-style-type: none"> • Allows for extension of up to 30 days for owner repairs of non-life threatening conditions 	<ul style="list-style-type: none"> • 12/31/20 	Yes	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
	Register Notice January 18, 2017				
HQS-4 HQS Initial Inspection Requirement: Alternative Inspection Option	<u>Statutory Authority</u> Section 8(o)(8)(A)(iii) <u>Sub-regulatory Guidance</u> HOTMA HCV Federal Register Notice January 18, 2017	<ul style="list-style-type: none"> • Under Initial HQS Alternative Inspection Option - allows for commencement of assistance payments based on owner certification there are no life-threatening deficiencies • Where self-certification was used, PHA must inspect the unit no later than 1-year anniversary of date of owner’s certification. 	<ul style="list-style-type: none"> • 12/31/20 • 1-year anniversary of date of owner’s certification 	YES	4/20/20
HQS-5 HQS Inspection Requirement: Biennial Inspections	<u>Statutory Authority</u> Section 8(o)(D) <u>Regulatory Authority</u> §§ 982.405(a), 983.103(d)	<ul style="list-style-type: none"> • Allows for delay in biennial inspections • All delayed biennial inspections must be completed as soon as reasonably possible but by no later than 1 year after the date on which 	<ul style="list-style-type: none"> • 10/31/20 • 1 year after the date on which the biennial inspection would have been required absent the waiver 	NO	

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
		the biennial inspection would have been required absent the waiver.			
HQS-6 HQS Interim Inspections	<u>Statutory Authority</u> Section 8(o)(8)(F) <u>Regulatory Authority</u> §§ 982.405(g), 983.103(e)	<ul style="list-style-type: none"> • Waives the requirement for the PHA to conduct interim inspection and requires alternative method • Allows for repairs to be verified by alternative methods 	<ul style="list-style-type: none"> • 12/31/20 	Yes	4/20/20
HQS-7 PBV Turnover Unit Inspections	<u>Regulatory Authority</u> § 983.103(c)	<ul style="list-style-type: none"> • Allows for PBV turnover units to be filled based on owner certification there are no life-threatening deficiencies • Allows for delayed full HQS inspection NLT than 1-year anniversary of date of owner’s certification. 	<ul style="list-style-type: none"> • 12/31/20 • 1-year anniversary of date of owner’s certification 	Yes	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
HQS-8: PBV HAP Contract: HQS Inspections to Add or Substitute Units	<u>Statutory Authority</u> Section 8(o)(8)(A) <u>Regulatory Authority</u> §§ 983.207(a), 983.207(b) <u>Sub-regulatory Guidance</u> HOTMA HCV Federal Register Notice January 18, 2017	<ul style="list-style-type: none"> Allows for PBV units to be added or substituted in the HAP contract based on owner certification there are no life-threatening deficiencies Allows for delayed full HQS inspection NLT 1-year anniversary of date of owner’s certification 	<ul style="list-style-type: none"> 12/31/20 1-year anniversary of date of owner’s certification 	YES	4/20/20
HQS-9 HQS Quality Control Inspections	<u>Regulatory Authority</u> §§ 982.405(b), 983.103(e)(3)	<ul style="list-style-type: none"> Provides for a suspension of the requirement for QC sampling inspections 	<ul style="list-style-type: none"> 12/31/20 	YES	4/20/20
HQS-10 Housing Quality Standards: Space and Security	<u>Regulatory Authority</u> § 982.401(d)	<ul style="list-style-type: none"> Waives the requirement that each dwelling unit have at least 1 bedroom or living/sleeping room for each 2 persons. 	Remains in effect one year from lease term or date of this Notice, whichever is longer	NO	
HQS-11 Homeownership Option: Initial	<u>Statutory Authority</u> Section 8(o)(8)(A)(i), Section 8(y)(3)(B)	<ul style="list-style-type: none"> Waives the requirement to perform an initial HQS inspection in 	<ul style="list-style-type: none"> 12/31/20 	YES	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
HQS Inspection	<u>Regulatory Authority</u> § 982.631(a)	order to begin making homeownership assistance payments <ul style="list-style-type: none"> • Requires family to obtain independent professional inspection 			
HCV-1 Administrative Plan	<u>Regulatory Authority</u> § 982.54(a)	<ul style="list-style-type: none"> • Establishes an alternative requirement that policies may be adopted without board approval • Any provisions adopted informally must be adopted formally NLT December 31, 2020 	<ul style="list-style-type: none"> • 9/30/20 • 12/31/20 	Yes	7/20/20
HCV-2 Information When Family is Selected: PHA Oral Briefing	<u>Regulatory Authority</u> §§ 982.301(a)(1), 983.252(a)	<ul style="list-style-type: none"> • Waives the requirement for an oral briefing • Provides for alternative methods to conduct required voucher briefing 	<ul style="list-style-type: none"> • 12/31/20 	Yes	4/20/20
HCV-3 Term of Voucher:	<u>Regulatory Authority</u> § 982.303(b)(1)	<ul style="list-style-type: none"> • Allows PHAs to provide voucher 	<ul style="list-style-type: none"> • 12/31/20 	Yes	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
Extensions of Term		extensions regardless of current PHA policy			
HCV-4 PHA Approval of Assisted Tenancy: When HAP Contract is Executed	<u>Regulatory Authority § 982.305(c)</u>	<ul style="list-style-type: none"> • Provides for HAP payments for contracts not executed within 60 days • PHA must not pay HAP to owner until HAP contract is executed 	<ul style="list-style-type: none"> • 12/31/20 	YES	4/20/20
HCV-5 Absence from Unit	<u>Regulatory Authority § 982.312</u>	<ul style="list-style-type: none"> • Allows for PHA discretion on absences from units longer than 180 days • PHAs must not make HAP payments beyond 12/31/20 for units vacant more than 180 consecutive days 	<ul style="list-style-type: none"> • 12/31/20 	YES	4/20/20
HCV-6 Automatic Termination of HAP Contract	<u>Regulatory Authority § 982.455</u>	<ul style="list-style-type: none"> • Allows PHA to extend the period of time after the last HAP payment is made before the HAP contract 	<ul style="list-style-type: none"> • 12/31/20 	YES	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
		terminates automatically.			
HCV-7 Increase in Payment Standard During HAP Contract Term	<u>Regulatory Authority § 982.505(c)(4)</u>	<ul style="list-style-type: none"> Provides PHAs with the option to increase the payment standard for the family at any time after the effective date of the increase, rather than waiting for the next regular reexamination to do so. 	<ul style="list-style-type: none"> 12/31/20 	Yes	4/20/20
HCV-8 Utility Allowance Schedule: Required Review and Revision	<u>Regulatory Authority § 982.517</u>	<ul style="list-style-type: none"> Provides for delay in updating utility allowance schedule 	<ul style="list-style-type: none"> 12/31/20 	No	
HCV-9 Homeownership Option: Homeownership Counseling	<u>Statutory Authority Section 8(y)(1)(D)</u> <u>Regulatory Authority §§ 982.630, 982.636(d)</u>	<ul style="list-style-type: none"> Waives the requirement for the family to obtain pre-assistance counseling 	<ul style="list-style-type: none"> 12/31/20 	Yes	4/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
HCV-10 Family Unification Program (FUP): FUP Youth Age Eligibility to Enter HAP Contract	<u>Statutory Authority</u> Section 8(x)(2)	<ul style="list-style-type: none"> Allows PHAs to increase age to 26 for foster youth initial lease up 	<ul style="list-style-type: none"> 12/31/20 	YES	4/20/20
HCV-11 Family Unification Program (FUP): Length of Assistance for Youth	<u>Statutory Authority</u> Section 8(x)(2)	<ul style="list-style-type: none"> Allows PHAs to suspend terminations of assistance for FUP youth who will reach the 36-month limit between April 10, 2020, and December 31, 2020 	<ul style="list-style-type: none"> 12/31/20 	NO	
HCV-12 Family Unification Program (FUP): Timeframe for Referral	<u>Statutory Authority</u> Section 8(x)(2)	<ul style="list-style-type: none"> Allows PHAs to accept referrals of otherwise eligible youth who will leave foster care within 120 days 	<ul style="list-style-type: none"> 12/31/20 	YES	7/20/20
HCV-13 Homeownership: Maximum Term	<u>Regulatory Authority</u> § 982.634(a)	<ul style="list-style-type: none"> Allows a PHA to extend homeownership 	<ul style="list-style-type: none"> 12/31/20 	YES	7/20/20

Exhibit I: Summary of HCV Waivers and Alternative Requirements.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
of Assistance		assistance for up to 1 additional year			
HCV-14 Mandatory Removal of Unit from PBV HAP Contract	<u>Regulatory Authority</u> §§ 983.211(a); 983.258	<ul style="list-style-type: none"> Allows a PHA to keep a PBV unit under contract for a period of time that extends beyond 180 from the last HAP but does not extend beyond December 31, 2020 	<ul style="list-style-type: none"> 12/31/20 	YES	7/20/20

Deliberation and/or Action

New Business

Adjourn

Development Corporation

The Metropolitan Development Corporation

The Metropolitan: Approval of Metropolitan Development Corporation (the “Corporation”) to Accept a Loan from the Opportunity Housing Reserve Fund for Feasibility Funding to Explore the Refinancing and Renovation of Units Owned by the Corporation

Bethesda



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

September 9, 2020

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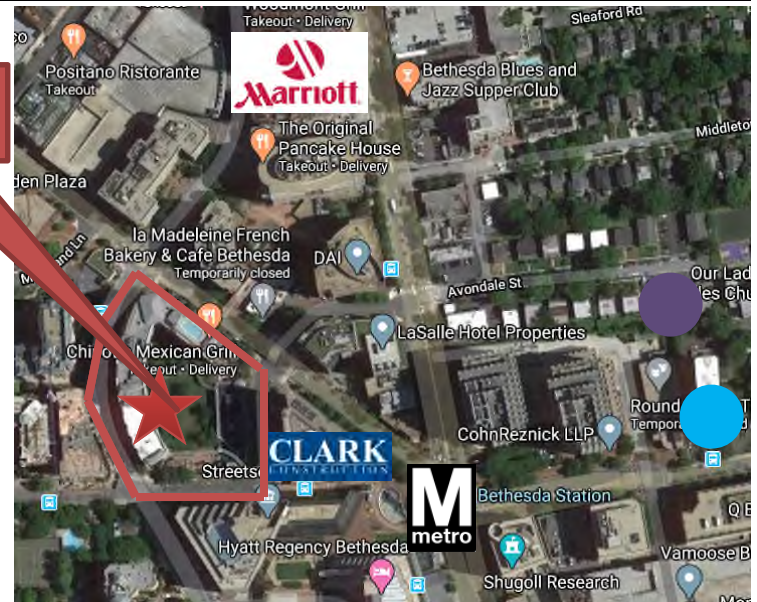
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Executive Summary

- The Metropolitan Apartments (“Metropolitan” or the “Property”), was constructed in 1997. The Property is a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda. Metropolitan currently provides 92 affordable units and 216 market rate units.
- The 216 market rate units completed some minor renovations in 2013, but the affordable units have not been updated since they were initially placed in service.
- The Property is built above a Montgomery County owned Metropolitan Public Parking Garage 49 and legal title is structured as an air rights condominium. The County receives a portion of cash flow at the end of each fiscal year based on the formula set forth in the Air right lease documents.
- The Property has its own parking garage, which provides 164 parking spaces, and six (6) Americans with Disabilities Act (“ADA”) designated spaces for residents. The Property also has ground-floor retail space which is currently 100% leased.
- Since the Property was first occupied, the market and affordable units have integrated seamlessly and there have not been any issues raised by residents on either side. This is merely one of the success stories of HOC’s history of mixed-income development in Montgomery County.
- Staff would like to engage third-party professionals/consultants to investigate and document the existing condition of the building to develop a renovation scope for the Property. Further, another goal for these studies to identify and quantify the features of the renovation that would improve energy efficiency and extend the Property’s useful life.
- Staff recommends, with the support of the Development and Finance Committee which met for an informal discussion on August 25, 2020, that the Corporation accept a feasibility funding loan of \$84,000 from the OHRF.



The Metropolitan



September 9, 2020

Property Overview



Location	7620 Old Georgetown Road, Bethesda MD 20814
Owner	Metropolitan Development Corporation (216 Market Rate Units) Metropolitan Bethesda Limited Partnership (92 Affordable Units)
Property Manager	Bozzuto Management Company
Property Type	High-rise apartments (14 stories)
Total Units	308 (216 MKT & 92 AFF)
Occupancy	93% (MKT) & 99% (AFF) as of August 16, 2020
Property Amenities	Rooftop pool with lounge seating and stunning views, community room, fitness center, business center, onsite storage, 24-hour concierge, one-story parking garage, courtyard, and balconies (available in select apartment homes).
Neighborhood Amenities	Moments from the shops and entertainment of Bethesda Row, one block from Bethesda Metro Station, and numerous on-site retail shops, including Bethesda Metro Hair (barber shop), &Pizza, Chipotle, Geste Beer & Wine, Kohler, and Next Phase Fitness Studio
School District	Bethesda Elementary School, Westland Middle School, and Bethesda-Chevy Chase High School

- The 216 market rate units benefitted from minor renovations completed in 2013, but are in need of more significant renovations to remain competitive with other market rate units today. The 92 affordable units have not had any renovations.
- Initial renovation scope will be developed by the Real Estate Development team with input from the Property Management Company (Bozzuto). Staff is proposing to achieve National Green Building Standard (“NGBS”) Silver certification.

Property Overview – Unit Mix & Retail

Unit Mix – Affordable

Unit Type	# of Units	% of AMI	# of Units
Efficiency	23	25% AMI	20
1BR	43	30% AMI	23
2BR	24	40% AMI	30
3BR	2	50% AMI	19
Total	92	Total	92

Unit Mix – Market

Unit Type	# of Units
Efficiency	13
1BR	113
2BR	78
3BR	12
Total	216

Retail Space – List of Tenants

Name	Square Feet
Chipotle Mexican Grill	3,027
Geste Café Beer and Wine	1,619
IMA Pizza	807
Bethesda Woodmont Barber Shop	1,030
Next Phase Inc	3,029
Kohler	3,933
Total	13,445

- Average of Affordable units is 97.8% in 2019
- Average of Market units is 92.6% in 2019
 - There is room for revenue growth from market units.
- Retail space is currently 100 % occupied
- 100% parking space leased
 - \$175 per parking space

Air Rights



- The Metropolitan was built utilizing the air rights above Garage 49 owned by Montgomery County, subjecting the Property to an Air Right Lease (“ARL”). The ARL provides for a 99-year lease term commencing June 23, 1995.
- Air rights are the property interest in the space above the earth’s surface. Simply put, the owner of the land has designated the exclusive development rights in the space above the land. The airspace is the property and retains developmental rights which can be sold or transferred.
- Therefore, the Property is authorized to operate and maintain the residential facility and ground-floor retail space and associated open spaces per this ARL agreement.
- Montgomery County receives annual lease payments at the end of each fiscal year based on an agreed upon cash flow formula outlined in the Air Rights Lease.



An example of air rights in use: a high-rise building extends over a four-story building.

Feasibility – Existing Condition



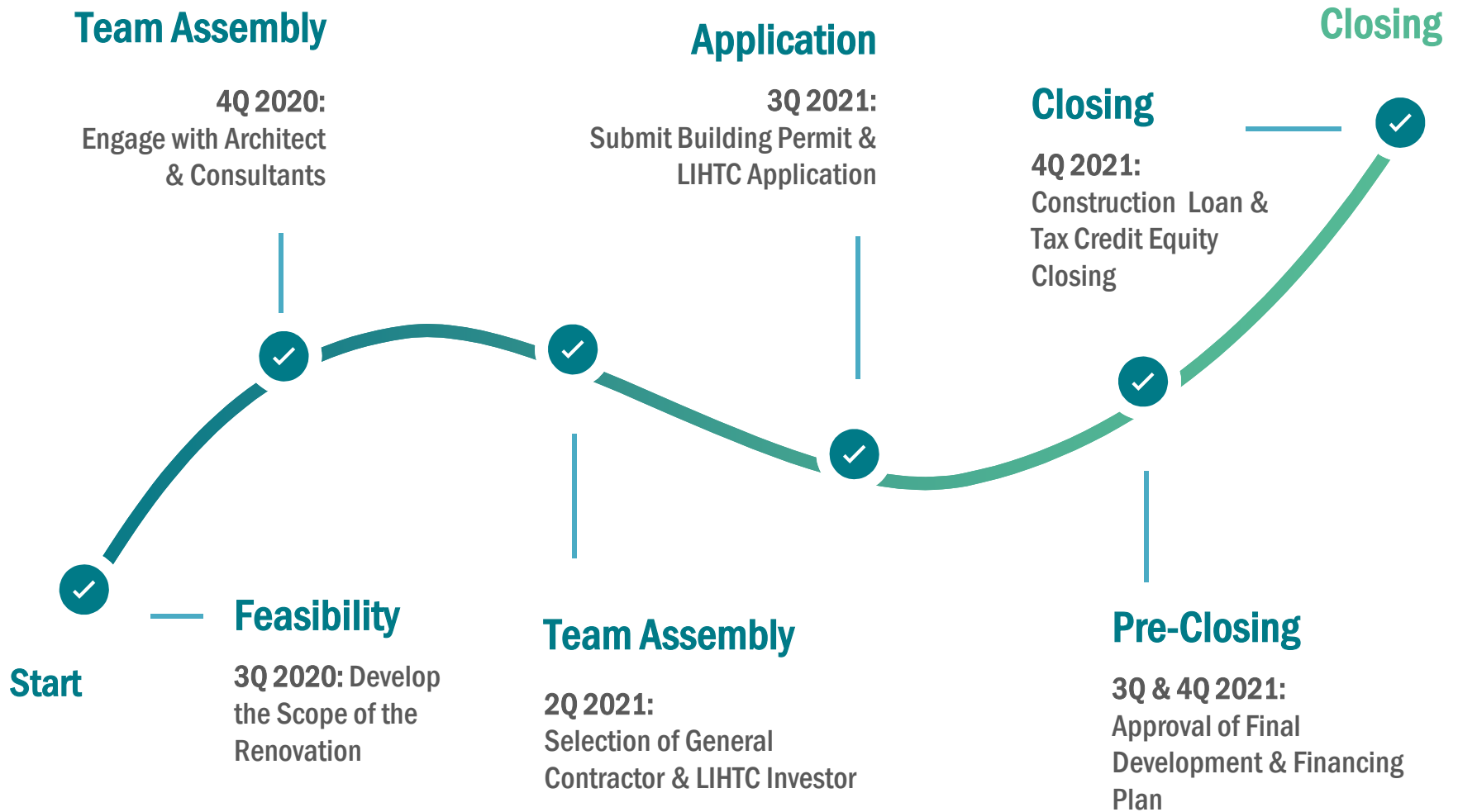
- The current Property Manager has reported ongoing issues with broken plumbing fixtures and corroding pipes, resulting in leaks throughout the building common areas and in some units.
- Tenants dispose of waste via trash chutes and recycling bins in designated trash rooms on each floor. The three compactors are original to the building construction in 1997, one of the trash compactors has had several repairs and as those compactors age, the cost of maintaining the machines should be expected to increase.
- The boiler and cooling tower systems provide air to individual vertical stack heat pump units in each tenant space. One of the cooling towers is experiencing a large leak, resulting in a significant efficiency loss. Additionally, two of the six natural gas boilers are currently out of service because one of the boilers has a crack in the heat exchanger, and another has several broken or corroded gas burners.
- Staff would like to engage third-party due diligence and feasibility consultants to investigate and document the details of the existing condition of the building and systems in order to develop the scope of the renovation. Further, one of the goals for these studies is to identify and quantify the features of this renovation that could encompass an increase in energy efficiency and extend the Property's remaining useful life.

Feasibility Budget

	Cost	Purpose
Property Needs Assessment	\$10,000	<ul style="list-style-type: none"> Confirm Property condition and proposed scope of work adequate to place units in service for extended life.
Level I and II Energy Audit (Included Duct Leakage Testing)	\$30,000	<ul style="list-style-type: none"> Many of these units serve deeply affordable households. By evaluating opportunities to increase efficiency, we allow residents to redeploy their limited resources to other needs.
Appraisal	\$10,000	<ul style="list-style-type: none"> To confirm underwriting assumptions for LIHTC.
Legal/Accounting	\$50,000	<ul style="list-style-type: none"> Confirm feasibility of re-syndication and appropriate structure moving forward.
Market Study (LIHTC Application)	\$10,000	<ul style="list-style-type: none"> Required for CDA and FHA Risk Share financing.
Contingency	\$10,000	
TOTAL	\$120,000	

- Metropolitan Development Corporation - \$84,000 (70% of \$120,000)
- Metropolitan Bethesda Limited Partnership - \$36,000 (30% of \$120,000)

Timeline



Summary and Recommendations

Issues for Consideration

Will the Board of Directors of Metropolitan Development Corporation (the “Corporation”) approve the acceptance of a loan of up to \$84,000 from the Opportunity Housing Reserve Fund (“OHRF”) for feasibility work to explore the refinancing and renovation of units owned by the Corporation?

Time Frame

Action at the September 9, 2020 meeting of the Metropolitan Development Corporation.

Budget Impact

There is no adverse impact on the Corporation’s FY 2021 operating budget.

Staff Recommendation and Action Needed by Metropolitan Development Corporation

Staff recommends that the Corporation approve acceptance of a loan of up to \$84,000 from the OHRF for funding its portion of feasibility cost to explore the refinancing and renovation of units owned by the Corporation.

The loan will be interest free and repaid from the proceeds of the renovation financing at closing.

RESOLUTION No: 20-004_{ME}

RE: Approval of Metropolitan Development Corporation (the "Corporation") to Accept a Loan from the Opportunity Housing Reserve Fund for Feasibility Funding to Explore the Refinancing and Renovation of Units Owned by the Corporation

WHEREAS, The Metropolitan Development Corporation is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, The Metropolitan Apartments ("Metropolitan" or the "Property") was constructed in 1997 with a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the "Metropolitan LP"), which is wholly owned by HOC, and The Metropolitan Development Corporation, which is wholly controlled by HOC; and

WHEREAS, the 216 market rate units benefitted from minor renovations completed in 2013, but are in need of more significant renovations to remain competitive with other market rate units; and

WHEREAS, the 92 affordable units have not had any renovations since they were initially placed in service; and

WHEREAS, HOC staff would like to engage third-party due diligence and feasibility consultants to explore and document the details of the existing condition of the building and systems in order to develop the scope of the renovation; and

WHEREAS, one of the goals for these studies is to identify and quantify the features of this renovation that could encompass an increase in energy efficiency and extend the Property's remaining useful life; and

WHEREAS, the Corporation seeks funding in amount up to \$84,000 in the form of a loan to the Corporation to cover its portion of the estimated total the due diligence and feasibility costs of \$120,000 and to fund such costs from the Opportunity Housing Reserve Fund ("OHRF"), which will be repaid upon closing of renovation financing; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Development Corporation that it approves accepting a loan from HOC in an amount up to \$84,000 to cover its portion of the estimated total due diligence costs of \$120,000 to be funded from the HOC's OHRF for feasibility work for the financing and renovation of the Metropolitan which will be repaid from the proceeds of the renovation financing at closing.

BE IT FURTHER RESOLVED by the Board of Directors of The Metropolitan Development Corporation that HOC's Executive Director, or his designee is authorized, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at an open meeting on September 9, 2020.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

Adjourn

Administrative Session