Revised: December 6, 2022

Housing Opportunities Commission OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

December 7, 2022

YouTube Link: https://youtu.be/ZbSxq4Y3XfM

In order to continue to implement recommended social distancing guidelines, HOC will conduct its December 7, 2022 monthly meeting through a hybrid model. HOC's Board of Commissioners and certain staff will participate in-person. The public will continue to participate via an online platform and teleconference call until further notice.

			Res #
4:00 p.m. Page 4	**I. INFORMATION EXCHANGE** A. Community Forum B. Report of the Executive Director C. Commissioner Exchange		
4:30 p.m. Page 14	**II. APPROVAL OF MINUTES** A. Approval of Minutes of November 16, 2022 B. Approval of Minutes of November 16, 2022 Closed Session		
4:40 p.m. Page 32 Page 36	**III. CONSENT** A. Approval of the Appointment of Lexan McDowell to the Board of Directors of Housing Opportunities Community Partners, Inc. B. Recognition of Retirement for Patrice Birdsong		22-80 (pg. 35) 22-81 (pg. 37)
4:50 p.m.	**IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**		
Page 40 5:00 p.m. Page 51	**A. Development and Finance Committee – *Com. Simon, Chair*** 1. **Emory Grove:** Approval of a Predevelopment Budget and for HOC to Fund a Predevelopment Loan to Emory Grove United Methodist Church ("EGUMC") for Design, Entitlement, and Permitting of the Aggregated EGUMC Parcel 2. **VPC One and VPC Two**: Authorization to Reissue Tax Exempt Indebtedness		22-83 (pg. 48) 22-84 (pg. 60)
5:20 p.m. Page 65	**B. Administrative and Regulatory Committee – *Com. Kelleher, Chair*** 1. **Housing Resources – Voucher Payment Standards:** Authorization to Implement Voucher Payment Standards Based on HUD FY2023 Small Area Fair Market Rents		22-82 (pg. 80)
5:40 p.m.	**ADJOURN**		
	DEVELOPMENT CORPORATION MEETINGS		
6:00 p.m. Page 86	**VPC One Development Corporation** • Approval to Accept the Amended Refinancing Plan		22-002VPC1 (pg. 94)
6:05 p.m.	**ADJOURN**		
6:10 p.m.	**VPC Two Development Corporation**		

Page 98	• Approval to Accept the Amended Refinancing Plan		22-002VPC2 (pg. 106)
6:20 p.m.	**ADJOURN**		

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

Report of the Executive Director
Chelsea J. Andrews
December 7, 2022

HOC AT-A-GLANCE: NOVEMBER 2022 (AND OUR YEAR-IN-REVIEW)

During the month of November, HOC continued to engage in its core activities providing support and enrichment programming to our clients, fulfilling our HUD required obligations and enhancing our clients' experience. This month we mark the members of the staff and I re-engaging with the Tobytown community in a listening session as our way of connecting with a community that needs support and resources to thrive. We continue to highlight services provided by our Office of Resident Services, updates from our Housing Resource Division, Real Estate Development activities, and updates from our Information Technology Division. This month, we also pause for an opportunity to share a brief "Year-in-Review," spotlighting a few key accomplishments from January 1, 2022 – November 30, 2022.

HOC's offices remain closed to the public; however, we continue to provide high-level customer service through virtual meetings and program offerings, on-site engagement at properties and meet with clients in-person by appointment. Notwithstanding the current status of our offices, plans are heavily underway to reopen to our staff and to the public.

The Executive Director Listens to Tobytown Families

On November 17, 2022, several members of my staff joined me at a Listening Session for the homeowners at Tobytown, during which thirteen families participated. After welcoming the families, I informed them of the newly created HOC Tobytown Task Force, formed to assist them to become self-sufficient and successful homeowners, while preserving the history and legacy of the Tobytown community. HOC is re-engaging with the community to provide resources, services, support and education for long-term sustainability.

I am committed to supporting the Tobytown community. It is part of the history, legacy and fabric of Montgomery County. Therefore, future meetings will be scheduled and written correspondence will continue to homeowners to provide updates, solicit feedback and respond to questions and concerns.

LEGISLATIVE UPDATE

State Bill MC 10-23

MC 10-23 is a local bill introduced by Sen. Ben Kramer that will come before the Maryland General Assembly. The bill would alter the rules governing the collective bargaining process between HOC and its employee union. Currently, if the parties are not able to reach agreement on a contract, there is a process in the law for declaring an impasse and moving to mediation and binding arbitration. This bill would expand that impasse and arbitration procedure beyond contract negotiations to cover all negotiations.

Senator Kramer also introduced similar bills expanding interest arbitration for the Maryland-National Capital Park and Planning Commission (“M-NPPC”) and the Montgomery County Sheriff's Office.

The County Executive has taken a position of support with a proposed technical amendment that simplifies the drafting, but does not change the substance of the bill. The County Council received a briefing and will meet again to consider its position on the bill on December 12, 2022. The public hearing for the bill is scheduled for the evening of December 15, 2022.

Council Bill 13-22

On November 29, 2022, the Council adopted Bill 13-22, the Comprehensive Building Decarbonization Act with several amendments, which delayed implementation for an additional year. The bill was sponsored by Councilmember Hans Riemer and County Executive Marc Elrich and co-sponsored by Councilmember Will Jawando. The final bill will require the County Executive to develop regulations that require most new construction in the County to be fully electric beginning in 2025. Implementation is delayed until 2027 for schools, developments with more than 50% affordable housing, and residential buildings with four or more stories. There are also numerous exemptions for uses with insufficient alternatives to natural gas, like restaurant kitchens and dry cleaners. The amended timeline more closely matches recent legislation passed in the District of Columbia.

RESIDENT SERVICES UPDATE

Service Coordination and Programming

The Service Coordination and Programming Units provide assessment, counseling, information, referrals and program services to HOC customers. During the month of November 2022, staff continued to provide services virtually and inperson. Resident Counselors continued to engage with HOC customers to determine their needs. Customers were referred to our partners to receive food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID Rental Assistance Program, the Emergency Rental Assistance Program, and the Housing Stabilization Program.
HOC’s customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process applications for rental assistance. Resident Counselors continued to work remotely and in-person. Staff works scheduled days in the office and see residents by appointments. Resident Counselors have also attended the Housing Resources Division’s virtual briefings for new voucher recipients to provide information on the services that Resident Services offer. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights for November activities of Resident Counselors include the following:

1) **Cider Mill**
    a) The Montgomery County Department of Health and Human Services’ Street Outreach Network (“SON”) continued to facilitate the Safe Zones program at Cider Mill in November. Safe Zones is an afterschool initiative that provides safe places and

programming for youth. The goal of the initiative is to prevent violence in the community. Expansion of the program to Seneca Ridge is scheduled to begin in January 2023.

b) Resident Services staff worked with Property Management staff, staff from the Executive Director's Office and staff from the County to plan broadband access and computer distribution events for Cider Mill residents and other HOC customers in the up-county area. These events will take place in December and the plan is to assist residents with signing up for up to $45 in wireless broad services and to distribute a minimum of 600 free computers to eligible HOC customers.

c) Continued to assist the Property Management staff to address rent delinquencies by conducting outreach, assessments, and providing referrals.

2) Workshops

a) Facilitated the Fundamentals of Housing workshops on November 16 and 17.

b) Facilitated Resource Sharing workshops on November 22 and November 24.

3) Resident Well Being

a) In partnership with the Food Access Initiative, facilitated a Supplemental Nutrition Assistance Program ("SNAP") information session for HOC customers at Magruder's Discovery on November 3. The purpose of the session was to provide information on food resources for families that may be experiencing food insecurity.

b) **Hosted a meet and greet at the Fenton Silver Spring to introduce the new Resident Counselor (Katrina Gomez) to the community and to gather feedback via survey regarding events and services that residents would like to have at the property.**

c) In partnership with students from the University of Maryland's Nursing Program, hosted a Holiday Bingo event for HOC customers on November 16 at Residences on the Lane.

d) **In partnership with the Arts for the Aging, completed the four-week in-person visual arts series at Arcola Towers. The final two sessions were held on November 3 and November 17.**

e) In partnership with the Community Foundation, hosted a Thanksgiving brunch for HOC customers at The Willows on November 18.

f) **In partnership with the Rainbow Christian Development Center, facilitated a turkey and food distribution for HOC customers at Tanglewood and Manchester Manor on November 22.**

g) **Facilitated a Thanksgiving Pie Gobble for HOC customers at Waverly House on November 22.**

h) Facilitated a Thanksgiving gift card distribution to HOC customers at Spring Garden on November 23.

i) **In partnership with Ultracare Pharmacy, facilitated Flu Clinics for HOC customers at Arcola Towers on November 9 and Waverly House on November 8.**

j) The University of Maryland Nursing Program students continued to provide nursing services to HOC customers at Arcola Towers and Residences on the Lane.

k) Resident Services staff worked in collaboration with the Office of Public Affairs and Communications and Facilities Division staff to pick up and distribute Thanksgiving baskets (donated by the Bullis School) to residents at Tobytown, Fatherhood Initiative participants and other HOC customers.

l) Resident Services staff worked in collaboration with the Office of Public Affairs and Communications to register HOC customers to receive food resources for Thanksgiving through the County's Holiday Giving Program. Through these efforts, over 700 HOC customers were served throughout the portfolio.

m) Distributed gift cards to HOC customers at Stewartown and Shady Grove to assist families with food for Thanksgiving.

4) Relocation and Re-Certification Assistance

a) Assisted customers on an ongoing basis with relocations and other needs for RAD and renovation projects at Residences on the Lane, Stewartown Homes, Shady Grove Apartments, Willow Manor Apartments, Bauer Park, Town Center Olney, Sandy Spring, Willow Manor and Georgian Court.

b) Provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

5) Rental Assistance

a) Provided face-to-face and electronic outreach and assistance to customers with applications for rental assistance programs.

The Resident Services Division develops and implements programs that provide meals, educational, recreational and enrichment opportunities for HOC's customers. Listed below are highlights of programming activities for November 2022.

The Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, Capital Area Food Bank's Senior Brown Bag, and My Groceries To Go Programs. In November, 375 HOC customers were provided with food. The Resident Services staff also continued to facilitate the Senior Nutrition Program, which provides meals and opportunities for seniors to socialize.

HOC Academy

The HOC Academy is an Agency initiative developed by HOC to help its customers reach their fullest potential by providing educational, enrichment, job training and job placement opportunities to youth and adults. The program specifically focuses on education and enrichment for youth education and workforce development for adults. Listed below are highlights for the month of November 2022.

Youth Education/Enrichment

HOC Academy staff continued to operate the First Generation College Bound program involving workshops for participants focused on college preparedness. HOC Academy staff also worked to plan future activities for the STEAM Forward Program. Additionally, the K&M Virtual STEAM Academy began operations in November. The program provides science learning and fun activities for elementary age students.

Adult Education and Workforce Development

Small Business Strategy Course ("SBSC") alumni continue to report their progress and new business ventures. Below are three milestones:

- Wane Mendoza has executed his first lease to open a fitness center.

- Mr. Mendoza received assistance from the SBSC instructor to complete the business license process.
- Shayla Ford legalized her business last month and filed her trade name application this month.

In addition to SBSC alumni highlights, a few customers receiving tuition assistance have reported the following milestones:

- Qamar Muaket passed the Esthetician theory and practical exams and is now going through the licensing process. She also reported new employment.
- Jakerria Hatcher obtained her Child Growth & Development Certificate of Completion.
- Nakelia Field completed the AWS Cloud Solution Architect exam and obtained certifications. AEWD referred customer to community resources and job opportunities.

HOC Academy hosted a pitch deck webinar titled, "Creating a Pitch Deck for your Business" on November 9. All participants received the slide deck, a pitch deck template for practice, and a list of entities open to investment solicitations.

Financial Literacy

The Financial Literacy Coach continued to work with HOC's customers and individuals on the Housing Path waitlist on creating a financial foundation. During November, the Financial Literacy Coach provided one-on-one financial literacy coaching to 29 HOC customers and 20 individuals from the HousingPath waitlist. The coaching sessions continued to cover topics including: creating a working budget, identifying disposable income, reading one's credit report, and creating and accomplishing monthly financial goals. During November, the Financial Literacy Coach also facilitated financial literacy workshops. Nine (9) HOC customers and seven (7) individuals from the waitlist attended the workshops.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to participants who are formerly homeless with disabilities. The program services some of the most vulnerable residents of the county. In November, the program served 230 participants. Throughout the month program staff continued to conduct home visits with program participants, provide case management services, and pay rent and utilities. Additionally, program staff also continued to help Emergency Voucher recipients secure housing by providing housing location services, as well as financial assistance for application fees, security deposits, moving expenses and household items.

Program staff also continued to implement the Rent Supplement Program ("RSP"), which provides a shallow rental subsidy (up to $600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. Program turnover has created a challenge in achieving full program utilization; however, staff increased program participation to 274 this one month, only one (1) person shy of the 275 target for the program. Staff will continue to monitor program expenditures to determine if additional participants can be served.

Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative.

HOC completed its first five-year grant as a ‘best practice’ model. HOC was awarded an additional grant and is currently in year three of the new grant period. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. On November 4, 2022, **the program graduated 26 fathers from the October cohort**. For the month of November, 15 fathers were enrolled. **Additionally, the program facilitated a Thanksgiving food basket distribution for program participants and their families on November 21. During this event, fathers and their families were served refreshments and given baskets with complete meals including turkeys.**

HOUSING RESOURCES DIVISION UPDATE

Housing Choice Voucher (“HCV”) Program

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The utilization rate has increased to 96%. Currently, 181 families with issued vouchers are searching for suitable units to rent; and 51 contracts are pending execution. Three hundred (300) families were selected from the HCV waitlist last month.

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

RENTCafé Used to Support Online Annual Recertifications

This month, HOC introduced the use of RENTCafé to assist with annual recertifications. Customers with recertifications effective November 1, 2022, were required to submit their annual recertification paperwork electronically. Staff enlisted the IT division to provide technical support to customers requiring assistance with the submission of recertification materials. Overall, 215 of 595 customers submitted their paperwork electronically. We will continue to accept mailed submissions from customers who do not have email or who prefer to submit information by mail. We anticipate that more families will utilize the on line portal as they become more comfortable with the technology.

One hundred eighteen (118) customers were recommended for program termination effective December 1, 2022. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why recertifications were not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and to provide assistance. They were able to assist 74 families with the recertification requirement and overturn the termination. Termination proceedings will continue for 44 families for the following reasons:

- 1 – Voluntarily relinquished voucher
- 1– Skip – vacated unit without proper notice
- 1 – Homeownership

- 1 – Moved to Assisted Living
- 40 – Unable to reach by phone or email; message left by Counselors

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

Emergency Housing Vouchers ("EHVs")

HOC has an allocation of 118 Emergency Housing Vouchers. Currently 86 families have successfully leased units. Seventeen (17) families with issued vouchers are searching for suitable units to rent. Staff are reviewing six certification packets to determine program eligibility. HOC requested nine additional referrals from HHS for the EHV Program.

Family Self Sufficiency ("FSS") Update

The FSS Team resumed recruitment efforts to increase participation size from 358 to the maximum baseline of 441. Two information sessions were conducted during the month of November and staff continued to contact prospective applicants by phone. FSS case managers plan to re-engage prospective customers in the upcoming month. Marketing efforts include the creation a new flyer, which will be distributed to internal stakeholders and collaborative partners. Interested applicants will receive the FSS application package via email to begin the enrollment process.

FSS participants remain committed to the alliances formed with the FSS Case Managers. Due to the ongoing COVID-19 pandemic, all meetings are conducted virtually. FSS Case Managers continue to work with customers on their long- and short-term self-sufficiency goals. During monthly remote meetings, Case Managers offer integrated strategies for self-care, personal goal fulfillment and emotional support. Community partnerships continue to be a capstone of the program. In conjunction with person-centered planning efforts, Case Managers solicit feedback from customers to determine the effectiveness of previously provided resources. Maintaining continuous feedback ensures that referrals to external partners continue to meet individual goals and exceed expectations.

INFORMATION TECHNOLOGY DIVISION UPDATE

Yardi PHA Client Portal for RENTCafé

The Housing Choice Voucher program participants' utilization of the Yardi PHA Client Portal for RENTCafé continues to grow. The total population of registered HCV participants and participants who have been contacted to enroll in the system increased from 2,469 to 2,817 over last month. Below are recent statistics which reflect increased participation from October 26 - November 29, 2022.

Status of HCV Participant System Enrollment and Recertification	10/26/2022	11/29/2022	Rate of Increase
Completed registration	1,834	2,176	+18.6%
Contacted for enrollment	635	641	<1.0%
Completed annual recertification online	1,346	1,798	+33.6%

Eighty-three (83%) of registered participants have completed their annual recertification online through the portal. There was a notable increase in this measure from last month's report, which may have resulted from longer lead times for online annual recertification. The months of November 2022 - March 2023 are presently available for registered participants to complete their online annual recertification.

Written and electronic communications continue to be sent to the members of the first and second cohorts of HCV program participants who have not registered or have registered, but have not started their online annual recertification process for follow up.

Implementation activities for RENTCafé Affordable Module at The Leggett and The Laureate are advancing as well. Set up activities for The Leggett included the addition of new users from Habitat America, the third-party property management company; set up of the units in the system; and the addition of the Customer Relationship Management ("CRM") license and site editor through RENTCafé. IT has completed new units and unit types at the Laureate and currently working on the interface for billing and payments, CRM license, and user set up for the property.

New IT Cybersecurity Initiative

Information security remains a top priority for the IT Division, especially given the ever-widening threat landscape in technology and its potential impact on business operations. IT has launched a new cybersecurity initiative, which requires new cybersecurity software installations on all HOC-issued laptops. This initiative offers increased visibility into endpoints (i.e., laptops, mobile devices, etc.) that allow IT administrators to defend and protect HOC's data.

The roll out of this initiative is expected to impact staff productivity only minimally, but serves to enhance our overall information security and aligns with our cybersecurity insurance requirements.

REAL ESTATE DEVELOPMENT DIVISION UPDATE

Fenton Silver Spring Retail Update

Following supply chain delays, the interior fitting out of The Breakfast Club and the Rockville-based coffee shop and roaster, Black Lion Café, is nearly complete. These innovative retail spaces are located at HOC's 124-unit mixed-income, mixed-use development in Fenton Silver Spring. Both establishments are slated for opening in December 2022. The Breakfast Club is described as an all-day breakfast restaurant featuring South American with a twist of Caribbean cuisine. As previously reported, these businesses will add to a growing list of diverse restaurants in downtown Silver Spring offering the residents of Felton Silver Spring even more dining options.

LIHTC Resyndications: Stewartown Homes

The 94-unit Stewartown Homes has reached its substantial completion milestone for the final development phase as of November 2022, with the community room slated to be completed within the next two weeks. Minor site work is ongoing along with the playground, which should conclude by the year-end of 2022.

Hillandale Gateway Grant Award

HOC staff recently received the news that $320,000 in State Revitalization Program funds was awarded to Hillandale Gateway that will be used for predevelopment and site work-related activities for the upcoming development. Staff will participate in an Award Management Orientation in December to review the general award agreement and program guidelines. Hillandale Gateway is HOC's planned first-of-its-kind 463-unit Mixed-Income Mixed-Use Passive House and Net Zero multifamily community located at the site of the former Holly Hall Apartments being developed in partnership with the Duffie Companies and PS Ventures.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes
November 16, 2022

22-11

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, November 16, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:04 p.m. Those in attendance were:

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

Via Zoom
Pamela Byrd

Also Attending

Chelsea Andrews, Executive Director
Aisha Memon, General Counsel
Ellen Goff
Jennifer Arrington
Marcus Ervin
Tia Blount
Richard Congo
Jay Shepherd
Alex Torton

Kayrine Brown, Deputy Executive Director
Timothy Goetzinger
Ken Silverman
Fred Swan
Patrick Mattingly
Victoria Dixon
Paige Gentry
Bonnie Hodge
Terri Fowler

Also Attending via Zoom

Eugenia Pascual
Darcel Cox
John Broullire
Zachary Marks

Guidy Paul
Leidi Reyes
Steven Firth
Vivian Ikoro

IT Support
Irma Rodriquez
Aries "AJ" Cruz
Genio Etienne

Commission Support
Patrice Birdsong, Special Assistant to the Commission

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating.

I. **Information Exchange**
Community Forum
- There were no speakers who signed up to address the Board.

Executive Director
- Chelsea Andrews, Executive Director, provided an overview of the written report as well as a slide presentation of events.

Commissioner Exchange
- Chair Priest announce that NAHRO will be offering Commissioners Fundamental Training and if Commissioners are interested to contact Patrice Birdsong, Special Assistant to the Commission.

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

A. Approval of Minutes of October 5, 2022
B. Approval of Minutes of October 5, 2022 Closed Session
C. Approval of Minutes of October 25, 2022 Special Session – Property Management RFP

III. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**
A. Budget, Finance and Audit Committee – Com. Nelson, Chair
1. Calendar Year 2023 (CY'23) Portfolio Budgets: Approval of the Calendar Year 2023 Portfolio Budgets

Chair Pro Tem Nelson opened the floor to Executive Director Andrews who provided an overview and introduction of Timothy Goetzinger, Chief Development Funds Officer/Acting Chief Financial Officer, and Terri Fowler, Budget Officer, who provided the presentation.

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, Merkowitz, and Simon.

RESOLUTION NO.: 22-74 **RE: Approval of the Calendar Year 2023 Portfolio Budgets**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the general partner/ultimate managing member of the following entities: (1) Alexander House Apartments Limited Partnership (Alexander House); (2) Arcola Towers RAD Limited Partnership (Arcola Towers); (3) Bauer Park Apartments, LLC; (4) Forest Oak Towers Limited Partnership; (5) HOC at Georgian Court, LLC; (6) Greenhills Apartments Limited Partnership; (7) 4913 Hampden Lane Limited Partnership (Lasko Manor); (8) HOC at

Willow Manor, LLC (Manor at Cloppers Mills, Manor at Colesville and Manor at Colesville); (9) HOC at Shady Grove, LLC; (10) Spring Garden One Associates Limited Partnership (Spring Garden); (11) HOC at Stewartown Homes, LLC; (12) Tanglewood and Sligo LP (Tanglewood/Sligo); (13) 900 Thayer Limited Partnership (Fenton Silver Spring); (14) HOC at The Upton II, LLC (Residences on the Lane); (15) Waverly House RAD Limited Partnership (Waverly House); (16) Wheaton Metro Limited Partnership (MetroPointe) (together, the "LP and LLC Entities"); and

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

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

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

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

WHEREAS, the Budget, Finance and Audit Committee informally reviewed the CY'23 Budgets of the LP and LLC Entities at the October 21, 2022 meeting; and

WHEREAS, the Budget, Finance and Audit Committee also informally reviewed the CY'23 Budget of CCL, which is also operated on a Calendar Year basis, at the October 21, 2022 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of each of the LP and LLC Entities, as each entities' general partner/ultimate managing member, as appropriate, that it hereby approves the CY'23 Operating Budgets for the LP and LLC Entities, as shown on the attached Exhibit A.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of CCL Multifamily LLC, as its managing member, that it hereby approves the CY'23 Operating Budget for CCL, as shown on the attached Exhibit A.

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

2. **Fiscal Year 2024 (FY'24) County Operating Budget Presentation Fourth Quarter Unaudited Financial Statements: Authorization to Submit the County FY'24 Maximum Agency Request Ceiling ("MARC")**

Chair Pro Tem Nelson opened the floor to Executive Director Andrews who provided an overview, introducing Timothy Goetzinger, Chief Development Funds Officer/Acting Chief Financial Officer, and Terri Fowler, Budget Officer, who provided the presentation requesting authorization to submit the proposed FY'24 County Operating Budget to Montgomery County's Office of Management and Budget.

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, Merkowitz, and Simon.

RESOLUTION NO.: 22-75 **RE: Authorization to Submit the County FY'24 Maximum Agency Request Ceiling ("MARC")**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") wishes to submit a request for County funds for FY'24; and

WHEREAS, the County has instructed HOC to submit a Maximum Agency Request Ceiling ("MARC") for FY' 24 in an amount not to exceed $7,633,168, which is based on the FY'23 approved MARC of $7,633,168 and does not include the estimate for projected FY'24 increases to compensation, health and retirement benefits, and rental license fees.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves submitting a MARC to the County for FY'24 in the amount of $7,633,168.

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

3. Procurement of Property Management Services: Renewal of Property Management Contracts for Battery Lane, Bradley Crossing, The Lindley and The Willow Manor Properties (Willow Manor at Clopper's Mill, Willow Manor at Colesville and Willow Manor at Fair Hill Farm)

Chair Pro Tem Nelson opened the floor to Executive Director Andrews who provided an overview introducing Ellen Goff, Acting Director Property Management, and Alex Torton, Asset Manager, who provided the presentation.

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, Merkowitz, and Simon.

RESOLUTION NO.: 22-76 **RE: Renewal of Property Management Contracts for Battery Lane, Bradley Crossing, The Lindley, and The Willow Manor Properties (Willow Manor at Clopper's Mill, Willow Manor at Colesville and Willow Manor at Fair Hill Farm)**

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

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

WHEREAS, HOC is the managing member of CCL Multifamily LLC, the owner of The Lindley located in Chevy Chase, Maryland ("The Lindley"); and

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

WHEREAS, staff desires to renew the current property management contracts at Battery Lane and Bradley Crossing until November 30, 2023 with Aldon Management Corporation; and

WHEREAS, staff desires to renew the current property management contract at The Lindley until November 30, 2023 with Bozzuto Management Corporation; and

WHEREAS, staff desires to renew the current property management contracts at The Willow Manor Properties until November 30, 2023 with Habitat America.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC at Battery Lane, LLC, as its sole member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a renewal of the property management contract at Battery Lane with Aldon Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Bradley Crossing, LLC, as the sole member of its sole member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute a renewal of the property management contract at Bradley Crossing with Aldon Management Corporation.

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

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

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

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

1. **Residences on the Lane: Approval of Amended Finance Plan, Amended Bond Authorizing Resolution, and Draw on the PNC Bank, N.A. Line of Credit**

Commissioner Simon opened the floor to Executive Director Andrews who provided an overview introducing Jennifer Washington, Acting Director Mortgage Finance, and Victoria Dixon, Senior Multifamily Underwriter, to provide the presentation.

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

RESOLUTION NO.: 22-77A **RE: Approval to Amend the Financing Plan for the Residences on the Lane and Draw on the PNC Bank, N.A. Line of Credit to Provide Interim Financing for the Recycling of Tax-Exempt Proceeds**

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

WHEREAS, HOC at the Upton II, LLC (the "Borrower") owns and operates a condominium unit containing 150 apartments, known as the Residences on the Lane (formerly "Upton II") a mixed-income, age restricted community located in Rockville, Maryland (the "Property"); and

WHEREAS, HOC is currently the managing member of HOC MM Upton II, LLC (the "Managing Member"), which in turn is the managing member of the Borrower; and

WHEREAS, on January 9, 2019, the Commission approved Resolutions 19-09 and 19-09(3), which included the approval of the Financing Plan for the Property and a Bond Authorizing Resolution allocating $24,000,000 of the Commission's volume cap to the transaction; and

WHEREAS, on February 6, 2019, to protect the transaction from potential interest rate increases the Commission approved Resolution 19-15, authorizing the execution of two interest rate hedges, one for the construction Loan and one for the permanent Loan; and

WHEREAS, on February 22, 2019, to address increased development costs above the previously approved development budget, the Commission approved Resolution 19-23, which included the approval of an Amended Financing Plan for the Property in an approximate amount of $51.5 million; and

WHEREAS, the approved Financing Plan totaled $51.5 million for the acquisition, construction and permanent financing for the Property, included the following sources: a $24 million short-term, tax-exempt loan to fund construction by way of a Commission conduit loan from M&T Bank to be passed through to the Borrower ("Construction Loan"), which will be repaid by a FHA Risk Share Permanent Loan ("Permanent Loan") of up to $27.5 million; bridge funding during acquisition/construction by way of draws on the Commission's PNC Bank, N.A. Real Estate Line of Credit; LIHTC equity; a subordinate loan from

Montgomery County, Maryland; acquisition financing in the form of a loan from the Commission ("HOC Loan"); and, deferred developer fees; and

WHEREAS, staff has completed underwriting and the Property has reached stabilized operations to support issuance of up to $29,000,000 of bonds, to fund (i) a Permanent Loan of $27,000,000 at a debt service coverage ratio of approximately 1.44:1.00 and (ii) up to $2,000,000 of bond debt service reserves; and

WHEREAS, the Commission desires to provide additional, low-cost financing to the Borrower, to pay or be reimbursed for costs incurred, by (i) drawing $5,000,000 from the Commission's taxable line of credit from PNC Bank, National Association (the "PNC Draw"), (ii) using the proceeds of the PNC Draw to recycle loan repayments (the "Recycled Funds") made by borrowers of loans financed with bonds issued by the Community Development Administration, a unit of the Division of Development Finance of the Maryland Department of Housing and Community Development ("CDA"), and (iii) lending the Recycled Funds to the Borrower; and

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the Financing Plan to total approximately $51.6 million to address closing costs and reimbursement for additionally incurred costs.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby the approves a draw of up to $5 million from and in accordance with the terms of the PNC Bank, N.A. Line of Credit, the use of such funds to recycle loan repayments made by borrowers of loans financed with bonds issued by CDA, and the lending of the Recycled Funds to the Borrower.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director, or her designee, is hereby authorized, without any further action on their respective parts, to execute such 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 Financing Plan and any and all of the transactions and actions contemplated herein.

RESOLUTION NO.: 22-77B **RE: Authorization to Draw on the PNC Bank, N.A. Line of Credit to Recycle Tax Exempt Proceeds**

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

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program (the "Program") to provide for the financing of mortgage loans through the issuance of its Multifamily Housing Development Bonds ("MHDB"); and

WHEREAS, on January 9, 2019, the Commission approved Resolutions 19-09 and 19-09(3), which included the approval of (a) the Financing Plan for The Upton II, a multifamily rental housing development now known as Residences on the Lane (the "Property"), owned and operated by HOC at the Upton II, LLC (the "Borrower") and (b) a Bond Authorizing Resolution allocating $24,000,000 of the Commission's volume cap to the transaction for issuance of Multifamily Housing Development Bonds ("MHDB"); and

WHEREAS, the Commission, in furtherance of the Program and pursuant to Resolution 19-09(3), executed and delivered its $24,000,000 Multifamily Mortgage Revenue Note, Series 2019 (the "Upton II Governmental Note") to provide construction phase financing for the Property; and

WHEREAS, the Commission desires to provide additional, low-cost financing to the Borrower, to pay or be reimbursed for costs incurred, by (i) drawing $5,000,000 from the Commission's taxable line of credit from PNC Bank, National Association (the "PNC Draw"), (ii) using the proceeds of the PNC Draw to recycle loan repayments (the "Recycled Funds") made by borrowers of loans financed with bonds issued by the Community Development Administration, a unit of the Division of Development Finance of the Maryland Department of Housing and Community Development ("CDA"), and (iii) lending the Recycled Funds to the Borrower; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission approves a draw of up to $5 million from and in accordance with the terms of the PNC Bank, N.A. Line of Credit recycle loan repayments (the "Recycled Funds") made by borrowers of loans financed with bonds issued by CDA.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or her designee, is hereby authorized, without any further action on their respective parts, to execute such documents and to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

RESOLUTION NO.: 22-77C

Re: Adoption of a Bond Authorizing Resolution for the Issuance of Multifamily Housing Development Bonds in one or more series to Refund a Governmental Note and a Draw on the PNC Line of Credit, in each case to Provide Financing for Residences on the Lane (formerly known as The Upton II)

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $29,000,000 (COLLECTIVELY, THE "2023 SERIES BONDS") FOR THE PURPOSE OF REFUNDING AND REPAYING CERTAIN PRIOR TAX EXEMPT AND TAXABLE INDEBTEDNESS OF THE COMMISSION EXECUTED, DELIVERED AND/OR ISSUED TO PROVIDE PERMANENT FINANCING FOR RESIDENCES ON THE LANE (FORMERLY KNOWN AS THE UPTON II) FOR OCCUPANCY, IN PART, BY PERSONS OF ELIGIBLE INCOME AND PERMITTING THE COMMISSION TO REALIZE PRESENT VALUE SAVINGS IN ORDER TO CARRYOUT THE PURPOSES OF ITS PROGRAM; AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES INDENTURE, CERTAIN TAX-RELATED DOCUMENTS, A DISCLOSURE AGREEMENT

AND ANY AND ALL RELATED DOCUMENTS; APPROVING THE PREPARATION, EXECUTION AND DISTRIBUTION OF PRELIMINARY AND FINAL OFFERING DOCUMENTS RELATING TO THE 2023 SERIES BONDS; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE 2023 SERIES BONDS AND THE ACCOMPLISHMENT OF 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 SALE OF THE 2023 SERIES BONDS TO TD BANK, N.A. OR TO ANY OTHER UNDERWRITERS OR TO ANY OTHER INITIAL PURCHASERS AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING A CREDIT FACILITY FOR THE 2023 SERIES BONDS TO BE PROVIDED BY TD BANK, N.A.; AUTHORIZING THE EXECUTION AND DELIVERY OF A REIMBURSEMENT AGREEMENT AND OTHER DOCUMENTS RELATED TO THE CREDIT FACILITY; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS OF THE 2023 SERIES BONDS AND THE CREDIT FACILITY; AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2023 SERIES BONDS; 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 Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the 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, rehabilitation, equipping, and long-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, in furtherance of the purposes of the Act, has established a program (the "Program") to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds; and

WHEREAS, pursuant to the Act and the Program, the Commission entered into the Trust Indenture, dated as of November 1, 1996 (the "Trust Indenture"), by and between the Commission and U.S. Bank National Association (successor-in-interest to SunTrust Bank), as trustee (the "Trustee"), providing for the issuance of bonds (the "Bonds") from time to time in accordance with the provisions thereof and the provisions of separate series indentures (the "Series Indenture") authorizing and setting forth the terms of each series of Bonds issued under the Trust Indenture; and

WHEREAS, the proceeds received from the issuance and sale of the Bonds under the Trust Indenture are used to make, purchase or finance mortgage loans (the "Mortgage Loans") or finance mortgage loans through the purchase of Guaranteed Mortgage Securities (as defined in the Trust Indenture); and

WHEREAS, the pledges and assignments made pursuant to the Trust Indenture and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Commission are for the equal benefit, protection and security of the owners of any and all of the Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other Bond, except as expressly provided in the Trust Indenture or in any Series Indenture; and

WHEREAS, the Commission, in furtherance of the Program and pursuant to Resolution 19-09(3), executed and delivered its $24,000,000 Multifamily Mortgage Revenue Note, Series 2019 (The Upton II) (the "Upton II Governmental Note") to provide construction phase financing for The Upton II, a multifamily rental housing development now known as Residences on the Lane (the "Development"), owned and operated by HOC at the Upton II, LLC (the "Borrower"); and

WHEREAS, the proceeds of the Upton II Governmental Note were applied to finance a $24,000,000 construction loan to the Borrower (the "Construction Loan") for the acquisition and construction of the Development; and

WHEREAS, pursuant to Resolution 19-09(3), adopted by the Commission on January 9, 2019, the Commission acknowledged that the development plan for the Development contemplated the refinancing of the Upton II Governmental Note following completion of construction of the Development with a permanent FHA Risk-Share insured loan or such other source of refinancing available to the Commission and economically advantageous (the "Permanent Mortgage Loan") and that such refinancing would be presented to the Commission for approval at such time as the construction of the Development is complete and prior to the conversion of the Construction Loan to a Permanent Mortgage Loan; and

WHEREAS, the Commission has determined that the Permanent Mortgage Loan will be insured by the Federal Housing Administration ("FHA") under Section 542(c) of the Housing and Community Development Act of 1992, as amended, and the regulations promulgated thereunder (the "Risk Sharing Act"); and

WHEREAS, construction of the Development is complete and the Borrower has incurred additional costs (the "Additional Costs") in excess of the development costs approved by the Commission as of the date of Resolution 19-09(3); and

WHEREAS, the Commission has determined to provide additional, low-cost financing to the Borrower to pay or be reimbursed (as permitted under Treasury Regulation 1.150-2) for the Additional Costs by (i) obtaining $5,000,000 of short-term financing (the "PNC Note") available under the Commission's taxable line of credit from PNC Bank, National Association ("PNC"), (ii) using the proceeds of the PNC Note to recycle loan repayments (the "Recycled Funds") made by borrowers of loans financed with bonds issued by the Community Development Administration, a unit of the Division of Development Finance of the Maryland Department of Housing and Community Development and (iii) lending the Recycled Funds to the Borrower; and

WHEREAS, the Commission has determined to issue one or more tax-exempt and/or taxable series of its Multifamily Housing Development Bonds to be designated "2023 Series A" (or such other series designations as shall be approved by the Executive Director as provided herein, the "2023 Series Bonds"), pursuant to the Trust Indenture and one or more series indentures (each, a "Series Indenture," and together with the Trust Indenture, the "Indenture") for the purpose of providing financing for (i) the refunding and repayment of the Upton II Governmental Note, thereby providing financing for the

Permanent Mortgage Loan, (ii) the repayment the PNC Note, (iii) a deposit to the Reserve Fund of the Trust Indenture and (iv) the payment of costs of issuance of the 2023 Series Bonds, if necessary (collectively, the "Financing Plan"); and

WHEREAS, the Commission expects to issue all or a portion of the 2023 Series Bonds as variable rate demand obligations to be supported by a letter of credit or other Credit Facility (as defined in the Trust Indenture) issued by TD Bank, N.A. (the "2023 A Credit Facility"); and

WHEREAS, in connection with the issuance of the 2023 Series Bonds and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to, a Series Indenture, preliminary and final Offering Documents, a Disclosure Agreement, a Contract of Purchase, the Tax-Related Documents, a Reimbursement Agreement and certain other documents relating to the 2023 Series Bonds and the Financing Plan (each such capitalized term not heretofore defined shall have the meaning as hereinafter set forth).

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

1. ***2023 Series Bonds***. The 2023 Series Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed $29,000,000 to carry out the purposes of the Program as described above. Subject to the following sentence, the 2023 Series Bonds shall be separately designated "2023 Series A." 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 of series of Bonds to be issued in connection with the Financing Plan and to determine the designations therefor. The 2023 Series Bonds are to be issued pursuant to the terms of the Trust Indenture and the Series Indenture. The 2023 Series Bonds shall be limited obligations of the Commission, secured by and payable solely from moneys and other assets pledged therefor under the Indenture, including the Permanent Mortgage Loan and the loan of Recycled Funds to the Borrower. The 2023 Series Bonds shall be issued as obligations the interest on which is excludable from gross income for federal income tax purposes (the "Tax Exempt 2023 Series Bonds") and/or as obligations the interest on which is includable in gross income for federal income tax purposes, subject to the approval of the Executive Director, in consultation with the Financial Advisor and Bond Counsel to the Commission.

2. ***Approval of Financing Plan.*** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions set forth in the Indenture and such other documents approved hereby.

3. ***Series Indenture***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, or any authorized designee of the Executive Director, is hereby authorized and directed to execute and deliver the Series Indenture in such form as shall be approved by such officer, the execution of such Series Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (each, an "Authorized Officer"), is hereby authorized and directed to affix the seal of the Commission to the Series Indenture and to attest the same.

4. ***Tax-Related Documents***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission is hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents relating to

the Tax-Exempt 2023 Series Bonds (collectively, the "Tax-Related Documents") restricting the application of the proceeds of the Tax-Exempt 2023 Series Bonds in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution of the Tax-Related Documents constituting conclusive evidence of such approval and of the approval of the Commission.

5. ***Disclosure Agreement***. The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the 2023 Series Bonds, in such form as may be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, the execution and delivery of the Disclosure Agreement constituting conclusive evidence of such approval of the Disclosure Agreement and of the approval of the Commission.

6. ***Permanent Mortgage Loan; Real Estate Documents.*** The Commission hereby authorizes and approves the financing of the Permanent Mortgage Loan with the proceeds of the 2023 Series Bonds which will be endorsed for federal insurance under the Risk-Sharing Agreement, pursuant to which the Commission will reimburse HUD for its losses under the Permanent Mortgage Loan in an amount not greater than 25% of the outstanding principal balance of the Permanent Mortgage Loan. The Commission hereby further authorizes and approves the preparation, execution and delivery of any and all real estate documents (the "Real Estate Documents") relating to the Development and the Permanent Mortgage Loan, in its capacity as issuer of the 2023 Series Bonds and in its capacity as the owner of a membership interest in the managing member of the Borrower.

7. ***Offering Documents***. The Commission hereby authorizes and approves the preparation and distribution of one or more preliminary offering documents of the Commission and the preparation, execution and distribution of one or more final offering documents (collectively, the "Offering Documents"), each relating to the 2023 Series Bonds, in such forms as may be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, the execution and delivery of the Offering Documents constituting conclusive evidence of such approval of the Offering Documents and of the approval of the Commission.

8. ***Sale of 2023 Series Bonds***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to proceed with the sale of the 2023 Series Bonds to TD Bank, N.A. and/or such other underwriters as may be designated by the Commission, or to any other entity as shall be in the best interest of the Commission as determined by the Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission.

9. ***Contract of Purchase***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the "Contract of Purchase") in connection with the issuance, purchase and sale of the 2023 Series Bonds.

10. ***2023 A Credit Facility***. The Commission hereby authorizes and approves the 2023 A Credit Facility. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is hereby authorized to execute a reimbursement agreement (the "Reimbursement Agreement") and such other agreements, certificates and documents related to the 2023 A Credit Facility (the "Credit Facility Documents"), in such forms

as may be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, the execution and delivery of the Credit Facility Documents constituting conclusive evidence of such approval of the Credit Facility Documents and the approval of the Commission.

11. ***Terms; Ongoing Determinations***. The Executive Director or other Authorized Officer 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 dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rates on the 2023 Series Bonds, all of the foregoing to be specified in the related Series Indenture. The Executive Director or other Authorized Officer 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, is hereby authorized, from time to time during the period the 2023 Series Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the related Series Indenture and any other financing documents relating to the 2023 Series Bonds, including, but not limited to, the giving and withholding of consents, the selection of certain providers and the refunding and redemption of the 2023 Series Bonds, and the Executive Director or other Authorized Officer of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

12. ***Other Action***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer 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 issuance and sale of the 2023 Series Bonds and the accomplishment of the Financing Plan.

13. ***Appointment of Financial Advisor and Bond Counsel***. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2023 Series Bonds.

14. ***No Personal Liability***. No stipulation, obligation or agreement herein contained or contained in the 2023 Series Bonds, the Series Indenture, the Contract of Purchase, the Tax-Related Documents, the Offering Documents, the Disclosure Agreement, the Real Estate Documents, the Credit Facility Documents or in any other agreement or document executed on behalf of the Commission 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 2023 Series Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

15. ***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 issuance of the 2023 Series Bonds 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.

16. ***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.

2. Sandy Spring Missing Middle: Approval to Select and Execute Contract with Zavos Architecture & Design as Architect; Fourth Phase of Predevelopment Funding, Approval of Final Site Design; and Authorization to Submit a Final Site Plan to Planning Commission

Commissioner Simon opened the floor to Executive Director Andrews who provided an overview introducing Marcus Ervin, Director of Real Estate, and Jay Shepherd, Housing Acquisitions Manager, to provide the presentation.

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

RESOLUTION NO.: 22-78 **RE: Approval to Select and Execute a Contract with Zavos Architecture & Design for Sandy Spring Missing Middle, Approval of the Fourth Phase of Predevelopment Funding, Approval of Final Site Design; and Authorization to Submit a Final Site Plan to the Planning Commission**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") owns a single family home and lot located at 617 Olney Sandy Spring Road ("617 Property") and, through an affiliate, owns a multifamily townhouse and single-family community called Sandy Spring Meadow (the "SSM Property"); and

WHEREAS, HOC intends to combine a portion of the SSM Property with the 617 Property (collectively, the "Sandy Spring Lots") to create a Missing Middle development, a development style with a range of multi-unit or clustered housing types—compatible in scale with detached single-family homes—that will help to meet the growing demand for walkable urban living (such development concept at the Sandy Spring Lots, the "S2M2 Development"); and

WHEREAS, the Commission has approved $1,010,000 in predevelopment funding to support the S2M2 Development, specifically (i) on March 4, 2020, the Commission approved $75,000 from the Opportunity Housing Reserve Fund (the "OHRF") to explore a joint venture between the Maryland-National Capital Park and Planning Commission and HOC, (ii) on July 1, 2020, the Commission approved a second tranche of $330,000 from the OHRF to continue predevelopment activities, (iii) on January 13, 2021, the Commission approved a third tranche of $180,000 from the [OHRF] to pay for legal land use services from Selzer, Gurvitch, Rabin, Wertheimer & Polott, P.C. for the entitlement of the S2M2 Development, and (iv) on May 5, 2021, the Commission approved a fourth tranche of $425,000 from the OHRF to continue predevelopment activities and the submission of a Concept Plan Application to the Planning Commission; and

WHEREAS, in July of 2021, HOC submitted a Concept Plan Application to the Planning Commission and subsequently received comments to such concept plan;

WHEREAS, after incorporating such comments into a revised concept plan, the Commission desires to take the next step in the development process and submit a combined Preliminary and Site Plan Design Application for the S2M2 Development to the Planning Commission; and

WHEREAS, HOC wishes to engage an Architectural and associated engineering ("A&E") firm to prepare the architectural plans needed for the construction of the S2M2 Development; and

WHEREAS, the Commission issued a request for proposals for architectural services for the S2M2 Development ("RFP# 2330") to the pool of architecture firms under Contract 18-2080; and

WHEREAS, Zavos Architecture & Design ("Zavos") met the qualifications for most responsive and responsible bidder based on experience with HOC, experience with this style of development, Montgomery County and price; and

WHEREAS, the Commission desires to select Zavos as the architect for the S2M2 Development and authorize the Executive Director of HOC to execute a contract (the "Architect Contract") with Zavos; and

WHEREAS, the Commission desires to approve a fourth phase of funding in the amount of $559,000 from the OHRF to cover the expenditures of the architectural and associated engineering required plus additional expenditures related to the predevelopment activities for the S2M2 Development; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance any capital expenditures for the redevelopment of the S2M2 Development in an amount not to exceed $25,000,000, *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 S2M2 Development is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); 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 by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the Executive Director to (i) submit the Preliminary and Site Plan Application for the S2M2 Development to the Planning Commission, (ii) negotiate and execute the Architect Contract, and (iii) expend up to $559,000 to continue predevelopment activities for the S2M2 Development, to be funded by a draw on the OHRF and reimbursed at closing of the construction financing for the S2M2 Development.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of the S2M2 Development located in Sandy Spring, Montgomery County, with moneys currently contained in its OHRF and any other funds of the Commission so designated for use by the Commission.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings 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).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $25,000,000 will be applied to reimburse the Commission for its expenditures in connection with the S2M2 Development.

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.

IV. **ITEMS REQUIRING DELIBERATION and/orACTION**

1. **Agency Audit: Acceptance of HOC Fiscal Year 2022 Audit Financial Statements, Single Audit Report, and Management Letter**

Executive Director Andrews provided an overview recommending to the full Commission the acceptance of the FY'22 Audited Financial Statements, Single Audit Report, and Management Letter.

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, Merkowitz, and Simon.

RESOLUTION NO.: 22-79 **RE: Acceptance of HOC FY'22 Audited Financial Statements Single Audit Report, and Management Letter**

WHEREAS, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'22, which included the FY'22 Audited Financial Statements, Single Audit Report, and Management Letter, to the Housing Opportunities Commission of Montgomery County (the "Commission"); and

WHEREAS, at a meeting held on November 16, 2022, the Commission reviewed the FY'22 Audited Financial Statements, Single Audit Report, and Management Letter.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the FY'22 Audited Financial Statements, Single Audit Report, and Management Letter prepared by CliftonLarsonAllen LLP.

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

Chair Priest called a recess at 5:42 p.m. The meeting was reconvened at 5:45 p.m.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Chair Pro Tem Nelson seconded the motion, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon voting in approval.

Based upon this report and there being no further business to come before this session of the Commission, the Commission unanimously adjourned the open session at 5:47 p.m., and reconvened in closed session at 6:05 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 November 16, 2022 at approximately 6:05 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(9) to discuss the ongoing negotiations with the union.

The meeting was closed and the closing statement dated November 16, 2022 was adopted on a motion made by Roy Priest, seconded by Richard Y. Nelson, Jr., with Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz and Jackie Simon voting in favor of the motion. The following persons were present: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Jackie Simon, Chelsea Andrews, Kayrine Brown, Aisha Memon, Patrick Mattingly, Timothy Goetzinger, Terri Fowler, and Patrice Birdsong.

In closed session, the Commission discussed the below topic and took the following action:

1. **Topic**: The status of the ongoing negotiations with the union, including wages (pursuant to Section 3-305(b)(9)).
    a. **Action Taken**: No action taken.

The closed session was adjourned at 6:30 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Consent Items

APPROVAL OF LEXAN McDOWELL TO THE BOARD OF DIRECTORS OF THE HOUSING OPPORTUNITIES COMMUNITY PARTNERS, INC.

December 7, 2022

- Housing Opportunities Community Partners, Inc. (“HOCP”), a 501c(3) charitable organization, supports residents and resident programs operated by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”).

- The Commission is required, per HOCP’s bylaws, to approve nominations to the HOCP Board of Directors.

- The Board term of Lexan McDowell will expire on December 31, 2022; she is being recommended for re-appointed for a new three-year term on the HOCP Board, filling the designated seat for an HOC customer.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: HOC Division: PAC Staff: Tia Blount Ext. 9631
John Vass Ext. 9730

RE: Approval of the appointment to the Board of Directors of the Housing Opportunities Community Partners, Inc.

DATE: December 7, 2022

STATUS: **Consent_X__** Deliberation______Status Report____Future Action_____

OVERALL OBJECTIVE:

To approve the re-appointment of Lexan McDowell to the Board of Directors of the Housing Opportunities Community Partners, Inc. (HOCP).

BACKGROUND:

HOCP may elect up to seven Board Directors including four designated seats, for an Attorney, Montgomery County low-income resident, Accountant and Marketing Professional. As of December 31, 2022, the designated seat for a Montgomery County low-income resident, currently filled by Lexan McDowell will expire. Ms. McDowell has confirmed her willingness to serve for another three-year term on the board. On November 29, 2022 the HOCP Board of Directors met and formally re-nominated Ms. McDowell to serve for another three-year term on the board. Her nomination is being forwarded to the HOC Commission for final approval. The HOC Commission, in accordance with HOCP bylaws, must approve the final selection of HOCP Board Directors.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the re-appointment of Lexan McDowall to serve on the HOCP board for another three years?

PRINCIPAL:

Lexan McDowell

Ms. Lexan McDowell is an energetic and dedicated volunteer who demonstrates ongoing commitment to assisting low-income families in Montgomery County. She is an HCV participant and enrolled in the Family Self-Sufficiency (FSS) program. She has an AA degree in Business Administration and a BS degree in Criminal Justice. She currently works as a contract specialist for the Defense Health Agency, specializing in contract procurement and acquisitions. In the spring of 2020, Ms. McDowell joined the Resident Advisory Board (RAB) of HOC and since that time has become an active member, advocating for the residents and customers of HOC. She also has experience volunteering at agencies such as A Wider Circle and Lighthouse Ministries.

Ms. McDowell has been an HOCP board member since January 12, 2021.

The HOCP Board of Directors has nominated Lexan McDowell to another three-year term on the board to fill the *Montgomery County Low-Income Resident* designated seat.

BUDGET IMPACT

None

TIME FRAME:

Commission action is requested at the December 7, 2022 Commission meeting.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the re-appointment of Lexan McDowell to serve on the Board of Directors of Housing Opportunities Community Partners, Inc.

RESOLUTION NO.: 22-80 **RE: Approval of the Appointment of Lexan McDowell to the Board of Directors of Housing Opportunities Community Partners, Inc.**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") approved the creation of the non-profit organization, Housing Opportunities Community Partners, Inc. ("HOCP"), in 1999 to support the residents and programs of HOC; and

WHEREAS, HOC is required, by the HOCP bylaws, to approve nominees to the HOCP Board of Directors; and

WHEREAS, the HOCP Board of Directors unanimously nominated Lexan McDowall to serve on the Board for a three-year term.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the nomination of Lexan McDowell to serve on the HOCP Board of Directors is approved.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on December 7, 2022.

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Patrice Birdsong
Special Assistant to the Commission

RECOGNITION OF RETIREMENT FOR PATRICE BIRDSONG

DECEMBER 7, 2022

- Patrice Birdsong is retiring effective December 31, 2022.

- The Commission desires to express its appreciation and thanks for her many years of dedicated service to the agency.

RESOLUTION NO.: 22-81 **RE: Recognition of Retirement for Patrice Birdsong**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") wishes to express its sincere gratitude and thanks to Patrice Birdsong ("Ms. Birdsong) for her 32 years of service to the agency and the community;

WHEREAS, Ms. Birdsong began her career with HOC on July 30, 1990 in the role of Administrative Assistant III;

WHEREAS, over the years, Ms. Birdsong filled many roles at the agency, including Program Assistant, Administrative Assistant to the Chief of Staff, Administrative Assistant to the Labor Relations Manager, and finally ending as the Special Assistant to the Commission;

WHEREAS, in the role as Special Assistant to the Commission, Ms. Birdsong played a pivotal role in facilitating Commission communications and meetings, including collaborating with the Executive Director and staff in agenda formulation; preparing Committee and Commission briefbooks; maintaining the minutes, resolutions, and historical records of the Commission; and assisting in ensuring the Commission complied with various legal requirements; and

WHEREAS, Ms. Birdsong's consistently positive attitude, immensurable kindness, and assiduous execution of her job responsibilities earned her numerous awards, certificates of appreciation, and recognition throughout the agency, and made her invaluable to the Commission and staff.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County extends its wholehearted appreciation to Ms. Birdsong for her innumerable contributions to the agency, and wishes her peace, happiness, and joy in her retirement.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on December 7, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

Committee Reports and Recommendations for Action

Development and Finance Committee

EGUMC Redevelopment Aggregation

PROVISION OF DEVELOPMENT SERVICES & PREDEVELOPMENT LOAN

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

Jay Shepherd, Housing Acquisition Manager
Gio Kaviladze, Senior Financial Analyst
Marcus Ervin, Director Of Development
Zachary Marks, Chief Real Estate Officer

December 7, 2022

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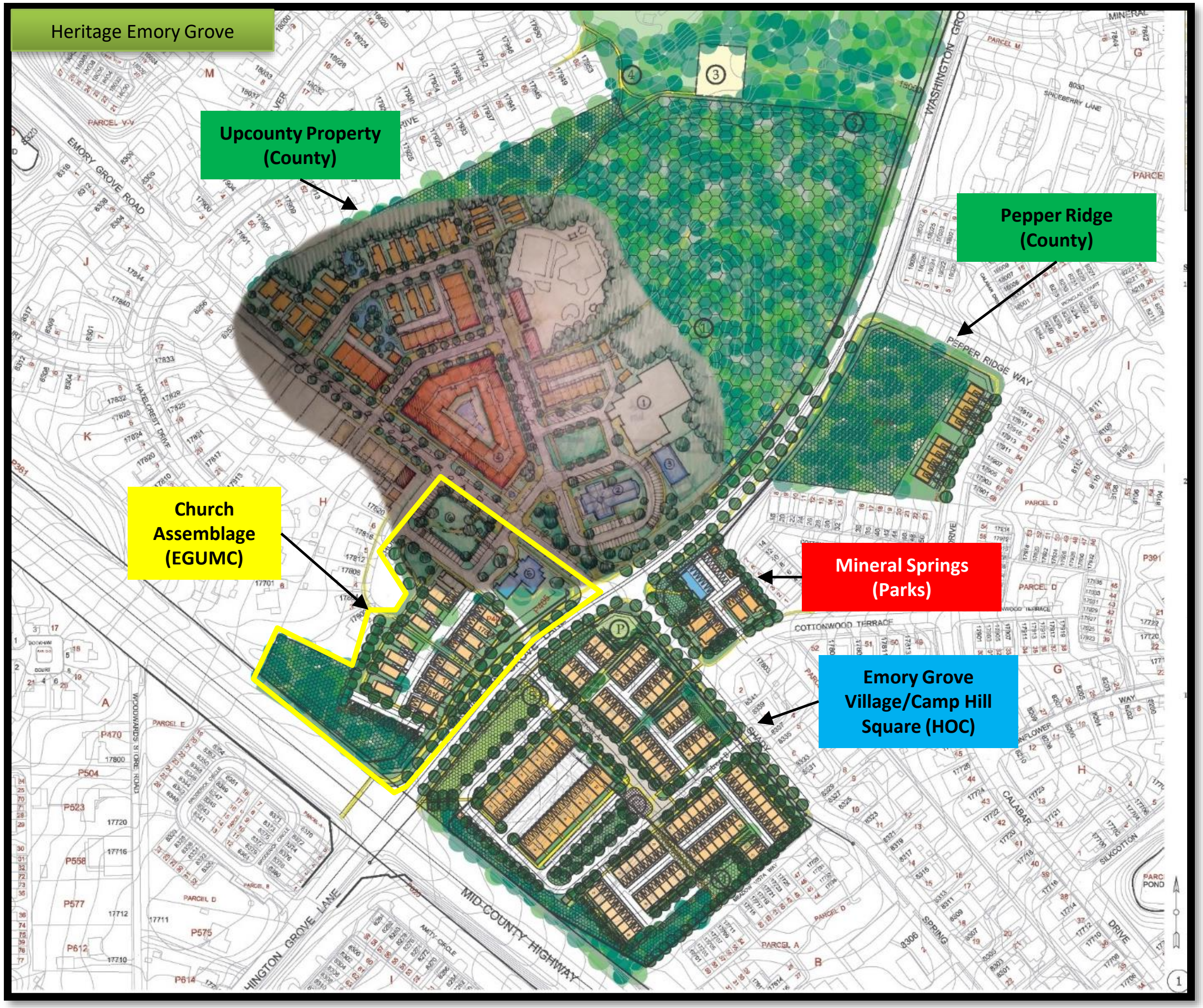
Development in Context

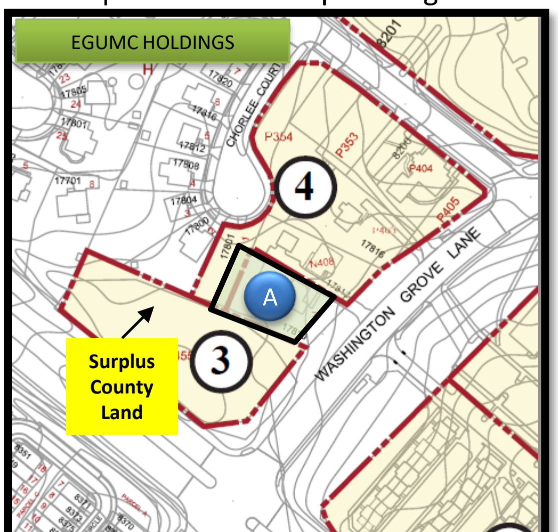
Heritage Emory Grove ("HEG") is the combined concept redevelopment that includes property owned by Emory Grove United Methodist Church ("EGUMC"), HOC, Montgomery County, and Montgomery Parks ("Parks"). Over the past few years, the Commission has taken various actions related to each of the components. The HOC-owned parcels, Emory Grove Village and Camp Hill Square, are under contract for redevelopment; the County-owned properties are in the process of being transferred to HOC; and HOC and Parks are in discussions on the inclusion of the Mineral Springs property. The final component of the HEG redevelopment, and the subject of this packet's requests, is an assemblage of properties owned by EGUMC, which the church seeks to use to create a new mixed-income community.



Executive Summary

HOC has been working closely with EGUMC in the church's efforts to aggregate property surrounding it for redevelopment. In 2021, the Commission authorized several actions to provide EGUMC with the funding necessary to acquire 17810 Washington Grove Lane – one of two remaining target properties. Staff has also been working with the County's executive branch to consummate the transfer of three County parcels to HOC, including surplus County land along Midcounty Highway and adjacent to the EGUMC redevelopment aggregation ("Surplus County Land"). The Council is expected to take up the transfer in December 2022.

Once HOC is in possession of the Surplus County Land, it will transfer the parcel to EGUMC, completing the desired redevelopment aggregation. In anticipation of EGUMC's full control of all parcels sought, HOC staff has been working with EGUMC to develop an initial concept to begin the formal entitlement process.



A 17810 Washington Grove Lane

As part of the December 8, 2021 presentation, staff indicated to the Commission that it would likely return to the Commission with recommendations to provide EGUMC with development advisory services and a predevelopment loan to cover all necessary predevelopment costs. With the land assembled, EGUMC now requires development advice and desires HOC, as a trusted partner, to provide that service.

As part of HOC's commitment to the historical reconciliation at the center of the Heritage Emory Grove effort, staff recommends that HOC provide development advisory services to EGUMC at the cost of staff time plus any reasonable related costs. Additionally, consistent with similar services agreements, the development advisory services agreement would provide EGUMC with the ability to withdraw from the agreement at any time. The agreement provides additional flexibility for both parties – as it would also terminate in the event EGUMC contracts with a successor development consultant and would permit HOC to withdraw from the agreement at any time. The agreement otherwise provides the standard protections, indemnifications, and requirements HOC typically secures.

Executive Summary

- SINGLE FAMILY WITH ADU
- SINGLE FAMILY ATTACHED
- DUPLEX - STACKED
- DUPLEX OVER ADMINISTRATION SPACE

8 Singles
8 Townhouses
20 Stacked Duplexes
36 Total

The development advisory services agreement also outlines the terms of a predevelopment loan to be made by HOC to the project. Structured similarly to the loan HOC made to EGUMC for the acquisition of 17810 Washington Grove Lane, the predevelopment loan would charge a rate equal to the higher of the midterm Applicable Federal Rate and the actual cost of funds to HOC. The predevelopment loan will be secured by a deed of trust against the EGUMC Redevelopment Property and will be repaid to HOC out of the proceeds of the construction financing. **The predevelopment loan would also require that EGUMC meet certain affordability requirements.**

Over the past year, HOC staff has worked with EGUMC to refine the concept plan for the redevelopment, which now yields 36 units (previously 16 lots) in three primary building types. The variety of unit types will allow for better matching with former residents of historic Emory Grove looking to return. EGUMC would also be able to offer a mix of rental and for-sale opportunities. **HOC would require a total of 30% of units be set aside at or below the MPDU limits as a condition of the predevelopment loan.**

HOC staff estimates the total cost to be $1.65MM to design, entitle, and permit the development as currently envisioned. The monies would be expended over approximately 2.5 years and then repaid from the construction financing for the project.

Project Timeline & Housing Types

Estimated Timeline

2023 | 2024 | 2025

Concept Plan Approval
Jan 2023 – May 2023

NRI/FSD* Application & Review
May 2023 – Aug. 2023

Combined Preliminary/Site Plan Application
Sept. 2023 – Oct. 2024

Sediment Control and Permitting
Oct. 2024– June 2025

Construction Start –
June 2025

*NRI/FSD – Natural Resource Inventory/Forest Stand Delineation. Intended to document and map the locations of all existing environmental on-site features, including but not limited to topography, wetlands, floodplains, streams, and specimen trees.

HOUSING TYPES

SINGLE - DETACHED

DUPLEX & TOWNHOME

CARRIAGE HOUSE

STACKED DUPLEX

Detailed Budget & Core Terms

Staff has developed a projected $1.65MM budget based on the total development costs accrued at HOC's Sandy Spring Missing Middle project, which is similar in size, scope, and unit type. These costs would be funded from the Opportunity Housing Reserve Fund ("OHRF") over the course of the expected 2.5 years of design, entitlement, and permitting process. Upon permit readiness, the construction financing would be raised, and these costs would be reimbursed as part of the total project costs.

Project Cost Type	***Amount***
Land Planning	$150,000
Architectural	$475,000
MEP	$132,500
Structural	$65,000
Landscape Architecture	$10,000
Specialty (incl. ADA & sustainability)	$150,000
Noise Study	$9,000
Civil Engineering	$180,000
Survey	$20,000
Dry Utility Consultant (incl. test pitting)	$100,000
Real Estate Counsel	$150,000
Permitting & Application Fees	$130,000
Contingency	$78,575
TOTAL	**$1,650,075**

Development Advisory Services Terms

Base Agreement

- Five years, renewed annually;
- HOC staff time and other reasonable costs will be reimbursed at closing of construction financing;
- Either party may terminate for any reason at any time;
- The acquisition will continue to be secured by real property located at 17810 Washington Grove Lane, 17812 Washington Grove Lane; the and predevelopment loans will be secured by those two properties as well as the aggregated excess county land;
- EGUMC has final design decisions on and will enter into all contracts;
- EGUMC will own all development materials;
- HOC is not liable for any third-party errors and omissions; and
- EGUMC will form a community development corporation as the project sponsor.

Predevelopment Loan

- HOC provides 100% of the predevelopment funding needed by EGUMC;
- The predevelopment budget requires Commission approval;
- Interest rate is set to the Applicable Federal Rate determined at the effective date of the agreement (or actual cost of funding);
- Interest accrues until the earlier of the closing of construction financing and the expiration of the loan; and
- Expiration is co-terminus with 17810 WGL acquisition loan (11/29/26).

Summary and Recommendations

ISSUES FOR CONSIDERATION

Will the Commission accept staff's recommendation which is supported by the Development & Finance Committee for:

1. Authorization of the Executive Director to negotiate and enter into a development advisory services agreement between HOC and EGUMC (or its designated community development corporation) on terms as outlined herein; and
2. Approval of a predevelopment budget and loan to the project sponsor (to be EGUMC or its designated community development corporation) not to exceed $1.65MM on terms as outlined herein.

FINANCIAL IMPACT

There is no adverse impact to the Agency operating budget. The unobligated balance of the OHRF is sufficient to cover the $1.65MM loan.

TIME FRAME

For action at the December 7, 2022, open session of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

EGUMC has requested development and financing assistance in producing housing on property it has aggregated. Many of these parcels were part of the historical Emory Grove community. As part of the wider reconciliation effort that is central to the Heritage Emory Grove redevelopment, staff is recommending providing the development services and financing advice at cost.

The predevelopment loan will be for a term equivalent to the remaining term of the acquisition note and will bear interest at the midterm applicable federal rate (or actual cost of funding), which shall be established at the effective date of the development advisory services agreement and shall be payable from construction financing proceeds for the development.

RESOLUTION NO.: 22-83

RE: Authorization of the Executive Director to Negotiate and Enter into a Development Advisory Services Agreement with EGUMC; Approval of a Predevelopment Loan to EGUMC; and Approval of an Initial Predevelopment Budget for the EGUMC Assemblage

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

WHEREAS, on April 1, 2020, the Commission approved exploring a joint development concept with Emory Grove United Methodist Church ("EGUMC") to explore the aggregation and redevelopment of certain properties owned by HOC, EGUMC, Montgomery County ("County"), and the Maryland-National Capital Park and Planning Commission ("M-NCPPC") near HOC's Emory Grove Village ("EGV") and Camp Hill Square ("CHS") located in Gaithersburg, Maryland (collectively, "Heritage Emory Grove"); and

WHEREAS, all of the properties were once part of a unified, 300-acre community begun by freed slaves and EGUMC was the historical center of that community; and

WHEREAS, on October 6, 2021, the Commission approved an amended acquisition loan from HOC to EGUMC in the amount of $720,000 with a maturity date of November 29, 2026 for EGUMC to acquire the house located at 17810 Washington Grove Lane, Gaithersburg, Maryland ("17810 WGL") and permit EGUMC to pay off a mortgage for their property located at 17812 Washington Grove Lane, Gaithersburg, Maryland ("17812 WGL"); and

WHEREAS, each of 17810 WGL and 17812 WGL are located adjacent to the other properties EGUMC owns surrounding its primary location at 8200 Emory Grove Road, Gaithersburg, Maryland (together with 17810 WGL and 17812 WGL, "Current Holdings"); and

WHEREAS, EGUMC seeks HOC's advice and assistance in designing, entitling, and permitting the redevelopment of the Current Holdings and any other property that may be included in the development application for the Current Holdings ("EGUMC Assemblage") and the Commission desires to provide such advice and assistance; and

WHEREAS, EGUMC and HOC wish to enter into a development advisory services agreement to establish the terms of the development advisory services to be provided to EGUMC for the development of the EGUMC Assemblage (a "DASA"), which DASA will have an initial term of one year with four annual renewals, and pursuant to which in exchange for development advisory services provided by HOC, EGUMC will pay HOC the accrued cost of HOC staff time and reasonable related expenses at the construction financing; and

WHEREAS, HOC staff projects an initial budget of $1.65MM to design, entitle, and permit the development of the EGUMC Assemblage ("Development Budget"); and

WHEREAS, EGUMC seeks HOC's financial assistance in funding the initial budget of $1.65MM via a predevelopment loan from HOC ("Predevelopment Loan"); and

WHEREAS, in exchange for providing EGUMC with the Predevelopment Loan, HOC would receive a first lien on the EGUMC Assemblage; HOC would require a minimum of 30% of all constructed units to be restricted at or below 65% of the area median income ("AMI") for the Washington Metropolitan Statistical Area; and HOC would hold sole approval rights over all amendments to the Development Budget; and

WHEREAS, the Predevelopment Loan would expire the sooner of November 29, 2026, or the closing of construction financing for the EGUMC Assemblage; would carry accrued interest payments equivalent to the higher of the midterm Applicable Federal Rate and the actual cost of funds to HOC; and would be fully repaid from the construction financing for the EGUMC Assemblage.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to negotiate and execute a development advisory services agreement with EGUMC consistent with the terms presented to the Commission at today's meeting.

BE IT FURTHER RESOLVED that the Commission approves an initial budget of $1.65MM for the design, entitlement, and permitting of the EGUMC Assemblage.

BE IT FURTHER RESOLVED that the Commission approves a predevelopment loan by HOC to EGUMC of $1.65MM on terms consistent with those presented to the Commission at today's meeting to be funded from the Opportunity Housing Reserve Fund.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County in open session conducted on December 7, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

VPC ONE AND VPC TWO: AUTHORIZATION TO REISSUE TAX-EXEMPT INDEBTEDNESS OF UP TO $48 MILLION

SCATTERED SITES

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

JENNIFER HINES WASHINGTON, ACTING DIRECTOR OF MORTGAGE FINANCE
JEREMIAH BATTLE, SENIOR MULTIFAMILY UNDERWRITER

December 7, 2022

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EXECUTIVE SUMMARY

VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two")(together the "Corporations" or "VPCs"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") that own 399 and 280 units, respectively, for a combined total of 679 scattered site properties throughout Montgomery County ("Properties"). Of these units, 669 were previously Public Housing scattered sites that underwent a HUD approved disposition in 2012, so that the units could be renovated and leased under other subsidy programs. Below is a breakdown of the types of properties owned by the Corporations.

Single Family	Town House	Walk Up Apt	High Rise Apt	Total Units
64	497	110	8	679

The VPCs scattered sites provide significant public purpose in that 99% of the units or 670 units are reserved for families and individuals earning between 30% and 80% of the Area Median Income ("AMI"), while eight (8) units are unrestricted and one (1) unit is restricted for a senior household. With the Commission's and Corporations approval, between 2014 and 2017, the VPCs were renovated on average of $65,000 per unit. As of October 30, 2022, the Properties are 93.5% occupied.

<u>Previously Approved Refinancing Plan</u> - On November 17, 2017, the Corporations' Board of Directors and the Commission approved the refinance of the existing debt with a new loan from PNC Bank, N.A. (the "Lender" or "PNC"), maintaining an initial replacement reserve escrow of $1,200 per unit, funding of a debt service reserve of $4.8 million, and depositing $3.57 million to the FHA Risk Share Reserve Account (the "Refinancing Plan"). Subsequently, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to the VPCs in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity.

<u>Current Request</u> - The loan from PNC (the "PNC Facility") matures on December 21, 2022, and staff is evaluating permanent financing strategies for the Properties. Concurrently, Real Estate, Property Management and Mortgage Finance are evaluating an overarching refinance, redevelopment and/or disposition plan, relative to all of HOC's scattered sites properties, and as such, planning efforts have determined that an extension of the note for VPC One and VPC Two to August 2023 at minimum would be advantageous. This would align with the maturity date of HOC's Scattered Sites Two Development Corporation loan with PNC as well, which matures in August 2023, allowing for the refinance of both VPC One and Two, as well as Scattered Sites Two in a single transaction. The Scattered Sites Two Development is a 54-unit property financed by an amortizing loan with PNC to which HOC is a co-borrower with a general obligation pledge.

EXECUTIVE SUMMARY

After several months of discussions, PNC is amenable to an 8-month loan extension. Staff attempted to secure a 24-month extension from PNC with favorable terms but to no avail. PNC is reluctant to lock into a 24-month facility due to concerns relative to the financial markets and the potential for change in the near short-term, as well as concerns about a likely recession and rising interest rates, given the Federal Government's actions on interest rates in an attempt to reduce inflation.

For the 8-month extension, PNC has indicated that due to the fluctuating interest rate environment, the cost of funds have increased since the time of the initial deal in 2017. The interest rate on the existing tax-exempt loan with PNC is 3.297% and PNC has indicated that the tax-exempt interest rate for the extension would increase to an estimated 4.241%. This increase will trigger a technical re-issuance of the loan for tax purposes, requiring filing of a new Internal Revenue Service Form 8038-G.

Staff recommends with the support of the Development and Finance Committee, which considered this action at its meeting on November 18, 2022, that the Commission authorize the following actions:

1) Re-issuance of tax-exempt indebtedness for VPC One and VPC Two in an amount not to exceed $48 million;
2) Use of cash from the VPC Debt Service Reserve that is held in the OH Bond Fund to pay the financing costs of the extension; and,
3) The Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

AMENDED REFINANCING PLAN

Staff has completed its underwriting and based upon those findings, an 8-month extension and re-issuance of the PNC Facility will provide the following benefits below, and as shown on page 6:

1. A savings in debt service by approximately $517,000 given the change in payment terms from principal and interest to interest only.
   - The original interest rate for the $52 million facility was 3.297%. Based upon a 30-year amortization, principal and interest payments were $211,268 per month or approximately $2.5 million annually.
   - Under Scenario 1 (see page 6), the interest rate for the re-issuance of an up to $48 million facility, is estimated to be 4.241%. Interest only payments will be approximately $168,143 per month or approximately $2 million annually.
2. An improvement in Debt Service Coverage Ratio ("DSCR") by approximately 47 basis points.
3. And, an increase in cash flow from FY22 by approximately $425,142.

Please see the Underwritten Projections on page 6, which provides financial data on Fiscal Year 2022 actuals, Fiscal Year 2023 budget, and the underwritten assumptions under a reissuance.

- Scenario 1 reflects the new terms of the 8-month extension facility and the operational output.
- Scenario 2 reflects PNC's terms and the effects on operations for a 24-month extension, assuming a 20-year amortization. Due to the significant increase to debt service and decrease to cash flow, staff does not recommend this option.
- And, Scenario 3 reflects the effects of an interest rate sensitivity analysis that demonstrates the property's ability to support a DSCR of 1.40:1.00, which avoids any impact to HOC's General Obligation capacity. The interest rate sensitivity table showing the effects of a 50 basis point increase between the projected base rate of 4.241% to 7.741% follows on page 7.

AMENDED REFINANCING PLAN

	FY 2022 Actual	FY 2023 Budget	Underwritten Projections			
Loan Terms			**PNC Scenario 1**	**PNC Scenario 2 Year 1**	**PNC Scenario 2 Year 2**	**Moody's Scenario 3**
Loan Amount	$52,000,000	$52,000,000	$47,576,432	$47,576,432		$47,576,432
Outstanding Debt	$46,769,833	$46,769,833	$47,576,432	$47,576,432		$47,576,432
Interest Rate	3.297%	3.297%	4.241%	4.241%		7.488%
Rate Type	Fixed	Fixed	Fixed	Fixed		Fixed
Term	5-year	5-year	8 months	24 months		8 months
Payment Type	P&I	P&I	Interest Only	P&I		Interest Only
Amortization (years)	30	30	N/A	20		N/A
DSCR Analysis[1]						
Revenues[2]	$10,796,783	$10,999,320	$10,999,320	$10,999,320	$11,153,310	$10,999,320
Total Expenses (incl. RFR)[3]	$5,715,418	$6,010,308	$6,010,308	$6,010,308	$6,190,617	$6,010,308
Net Operating Income	$5,081,365	$4,989,012	$4,989,012	$4,989,012	$4,962,693	$4,989,012
Debt Service	$2,535,212	$2,535,212	$2,017,716	$3,532,576	$3,532,576	$3,562,575
Cash Flow Before Distributions	$2,546,153	$2,453,800	$2,971,296	$1,456,436	$1,430,117	$1,426,437
DSCR	**2.00**	**1.97**	**2.47**	**1.41**	**1.40**	**1.40**
Debt Service Variance from FY22 Actual			($517,496)	$997,364	$997,364	$1,027,363
Cash Flow Variance from FY22 Actual			$425,143	($1,089,717)	($1,116,036)	($1,119,716)

[1]Underwritten projections under DSCR Analysis are based upon annual assumptions.

[2]Revenues assume a 1.4% growth rate in year 2 of Scenario 2

[3]Total Expenses assume a 3% growth rate in year 2 of Scenario 2

AMENDED REFINANCING PLAN

Interest Rate Sensitivity - Loan Amount $47,576,432								
	base	**+50bps**	**+50bps**	**+50bps**	**+50bps**	**+50bps**	**+50bps**	**+50bps**
Interest Rate	4.241%	4.741%	5.241%	5.741%	6.241%	6.741%	7.241%	7.741%
Debt Service	$2,017,716	$2,255,599	$2,493,481	$2,731,363	$2,969,245	$3,207,127	$3,445,009	$3,682,892
DSCR	2.47	2.21	2.00	1.83	1.68	1.56	1.45	1.35

The cost of the extension is not expected to exceed $100,000, representing legal expenses of PNC and HOC, which staff proposes to pay using funds from the VPCs held by the Commission in the OH Bond Fund. At the proposed interest rate, the Properties will generate approximately $425,143 of additional cash flow, which will be restricted to the VPC Debt Service Reserve that is held in the OH Bond Fund until refinance of the transaction is completed.

Prior to maturity of the extension, staff will return to the Commission with an overarching redevelopment, refinance, and/or disposition plan, relative to all of HOC's scattered sites properties totaling 1,395 units. It is important to note that if finding a permanent, long-term financing solution proves difficult by spring 2023, the Commission has the ability to self-finance the transaction by way of issuing governmental bonds under the Multiple Purpose indenture. Bonds issued in the Multiple Purpose indenture are backed by the full faith and credit of the Commission.

ISSUES FOR CONSIDERATION

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

1) Authorize the re-issuance of tax-exempt indebtedness in an amount not to exceed $48 million?
2) Authorize use of cash from the VPC Debt Service Reserve that is held in the OH Bond Fund to pay the financing costs of the extension?
3) Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents?

TIME FRAME

For formal action of the Commission at its monthly meeting on December 7, 2022.

BUDGET/FISCAL IMPACT

There is no adverse impact on the Commission's FY2023 Operating Budget. Debt service required on the interest-only loan will be lower than existing, which is estimated to result in $425,143 additional cash flow, which staff proposes to restrict the Debt Service Reserve account.

Costs of the extension are estimated not to exceed $100,000, representing legal expenses of PNC and HOC, which staff recommends to be paid from cash restricted to the VPC Debt Service Reserve that is held by the Commission in the OH Bond Fund.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends with the support of the Development and Finance Committee, which considered this request at its meeting on November 18, 2022, that the Commission:

1) Authorize the re-issuance of tax-exempt indebtedness in an amount not to exceed $48 million;
2) Authorize use of cash from the VPC Debt Service Reserve that is held in the OH Bond Fund to pay the financing costs of the extension; and,
3) Authorize the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

RESOLUTION NO.: 22-84

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, AUTHORIZING AN EXTENSION OF AN EXISTING TAX-EXEMPT LOAN CURRENTLY OUTSTANDING IN THE PRINCIPAL AMOUNT NOT EXCEEDING $48,000,000 UNDER A LOAN AGREEMENT WITH PNC BANK, NATIONAL ASSOCIATION, WHICH LOAN REFINANCED CERTAIN CAPITAL EXPENDITURES OF VPC ONE CORPORATION AND VPC TWO CORPORATION AND PROVIDED FUNDS TO THE COMMISSION TO FINANCE CERTAIN OTHER CAPITAL EXPENDITURES, AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS TO EFFECT SUCH TRANSACTION.

WHEREAS, VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two" and together with VPC One, the "Corporations"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery ("HOC"); and

WHEREAS, VPC One and VPC Two own 399 and 280 units, respectively, for a combined total of 679 scattered site properties throughout Montgomery County; and

WHEREAS, on December 7, 2016, HOC approved a Final Financing Plan for the Corporations to complete renovations, repay all renovation funds drawn on the PNC line of credit (the "PNC LOC"), repay draws from the Opportunity Housing Development Fund ("OHDF"), establish an initial replacement reserve escrow of $1,200 per unit, provide a permanent financing facility (up to 10 years) for the Corporations by way of an EagleBank working capital non-revolving Line of Credit ("Eagle LOC"); and

WHEREAS, on March 7, 2017, the Corporations closed on the Eagle LOC for a combined loan amount of $55,800,000, which required the establishment of a deposit account with no less than $8.37 million (15% of the commitment amount of $55.8 million); and

WHEREAS, HOC entered into a Loan Agreement dated December 21, 2017 (the "PNC Loan Agreement") with PNC Bank, National Association ("PNC") and the Corporations, under which PNC provided a tax-exempt loan to HOC of $52,000,000 (the "PNC Loan"); and

WHEREAS, HOC loaned the proceeds of the PNC Loan to the Corporations (together, the "HOC Loan"), in connection with the "Refinancing Plan" presented to HOC on November 17, 2017, to provide funds (1) to refinance certain capital expenditures of the Corporations, by repaying certain outstanding draws under the PNC LOC and the Eagle LOC, and (2) to return to HOC the excess proceeds of the HOC Loan (after repayment of the draws described in (1)), and such excess proceeds were used to finance certain capital expenditures of HOC as eligible under tax regulations applicable to tax-exempt obligations; and

WHEREAS, the PNC Loan is a limited obligation of HOC, payable solely from payments to be made by the Corporations to HOC under the HOC Loan; and

WHEREAS, the PNC Loan is currently outstanding in the approximate amount of $47,576,432 and currently matures on December 21, 2022; and

WHEREAS, in conjunction with the "Amended Refinancing Plan" for VPC One and VPC Two presented to HOC on this date, staff has determined that an extension of the PNC Loan to approximately August 2023 would allow HOC to refinance two different loans from PNC in a single transaction, specifically the PNC Loan and a separate loan from PNC related to scattered sites owned by the Scattered Sites Two Development Corporation; and

WHEREAS, in order to accommodate the time needed for approval and documentation of the extension of PNC Loan to approximately August 2023, PNC has agreed to waive collection of the amount due on the original maturity date for approximately 30 days.

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

1. ***Approval of Financing***. The Commission hereby approves (i) the extension of the PNC Loan and the HOC Loan and the related amendments to the PNC Loan documents, including amendments to the payment and interest rate terms, provided that the re-issuance of the tax-exempt PNC Loan will not exceed $48 million, and the other documents approved hereby and executed and delivered pursuant to this Resolution and in connection with the Amended Refinancing Plan and (ii) the payment of all related costs and expenses of such extension and amendment of the PNC Loan from funds in the VPC Debt Service Reserve Fund held in the OH Bond Fund.

2. ***HOC Documents***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission is hereby authorized and directed to execute and deliver the amendments to the PNC Loan Agreement, the note evidencing obligations under the PNC Loan, and all other documents and certificates to be executed by the Commission in connection with the amendments to the PNC Loan Agreement, the PNC Loan and the HOC Loan (collectively, the "HOC Documents"), including without limitation, all tax documents in connection with the extension, amendment and tax reissuance of the PNC Loan, all in such forms as shall be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, the execution and delivery of such HOC Documents constituting conclusive evidence of such approval, and the Secretary of HOC, or any other Authorized Officer of HOC, is hereby authorized and directed to affix the seal of HOC to the HOC Documents and to attest the same, as necessary.

3. ***Terms; Ongoing Determinations***. The Executive Director or other Authorized Officer 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 dates, maturities, interest payment dates, terms of payment, registration privileges, security and other terms, and to approve the interest rates on the PNC Loan, as amended, all of the

foregoing to be specified in the related HOC Documents. The Executive Director or other Authorized Officer 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, is hereby authorized, from time to time during the period the PNC Loan is outstanding, to make ongoing determinations, pursuant to the terms of the financing documents relating to the PNC Loan, including, but not limited to, the giving and withholding of consents, the selection of providers and the refinancing and repayment of the PNC Loan, and the Executive Director or other Authorized Officer of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

4. ***Other Action***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer 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 PNC Loan and the accomplishment of the Amended Refinancing Plan.

5. ***No Personal Liability***. No stipulation, obligation or agreement herein contained or contained in the HOC Documents or in any other agreement or document executed on behalf of the Commission 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 PNC Loan or be subject to personal liability or accountability by reason of the issuance thereof.

6. ***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 amendments to the PNC Loan and the accomplishment of the Amended Refinancing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

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

8. ***Effective Date***. This Resolution shall take effect immediately.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on December 7, 2022.

____
Patrice M. Birdsong
Special Assistant to the Commission

Administrative and Regulatory Committee

AUTHORIZATION TO IMPLEMENT VOUCHER PAYMENT STANDARDS BASED ON HUD FY2023 SMALL AREA FAIR MARKET RENTS

Housing Resource Division

CHELSEA ANDREWS, EXECUTIVE DIRECTOR

Lynn Hayes, Director, Housing Resources Division
Guidy Paul, Assistant Director, Housing Resources Division
Nitin Gupta, Management Compliance Analyst
Kashif Paul, Financial Analyst

December 7, 2022

WE ARE HOUSERS

Housing Opportunities Commission OF MONTGOMERY COUNTY

TABLE OF CONTENTS

Executive Summary

- Annually, the United States Department of Housing and Urban Development ("HUD") publishes Fair Market Rents ("FMRs") for use in determining the Voucher Payment Standards ("VPS's") for the Housing Choice Voucher ("HCV") Program.
- FMRs represent the cost to rent a dwelling unit in the local housing market, including the costs of utilities.
- VPSs represent the maximum amount of subsidy that the Public Housing Authority ("PHA") can pay to a private landlord on behalf of a HCV customer.
- HUD required the use of Small Area Fair Market Rents ("SAFMRs") in 24 designated metropolitan areas effective January 1, 2018.
- VPSs may range from 90% - 110% of the published FMRs and are established by the PHA.
- HUD published PIH notice 2022-30 on September 26, 2022, permitting PHAs to establish VPS up to 120% of the published FMRs.
- Any Payment Standards in excess of 110% require HUD approval.
- SAFMRs are FMRs calculated for specific Zip codes, according to the number of bedrooms, within metropolitan areas.
- Staff requests that the Commission approve recommendation of Voucher Payment Standards for FY2023 to be equal to 112% of the published SAFMRs for all Zip codes and bedroom sizes, effective January 1, 2023, subsequent to approval by HUD.
- The recommended VPSs will reduce the rent burden for 856 Families or 80% of current rent-burdened households.
- The recommended VPSs will allow families greater access to high-opportunity areas while increasing program utilization and maintaining a recommended reserve balance of 4%-6% of our Annual Budget Authority ("ABA").

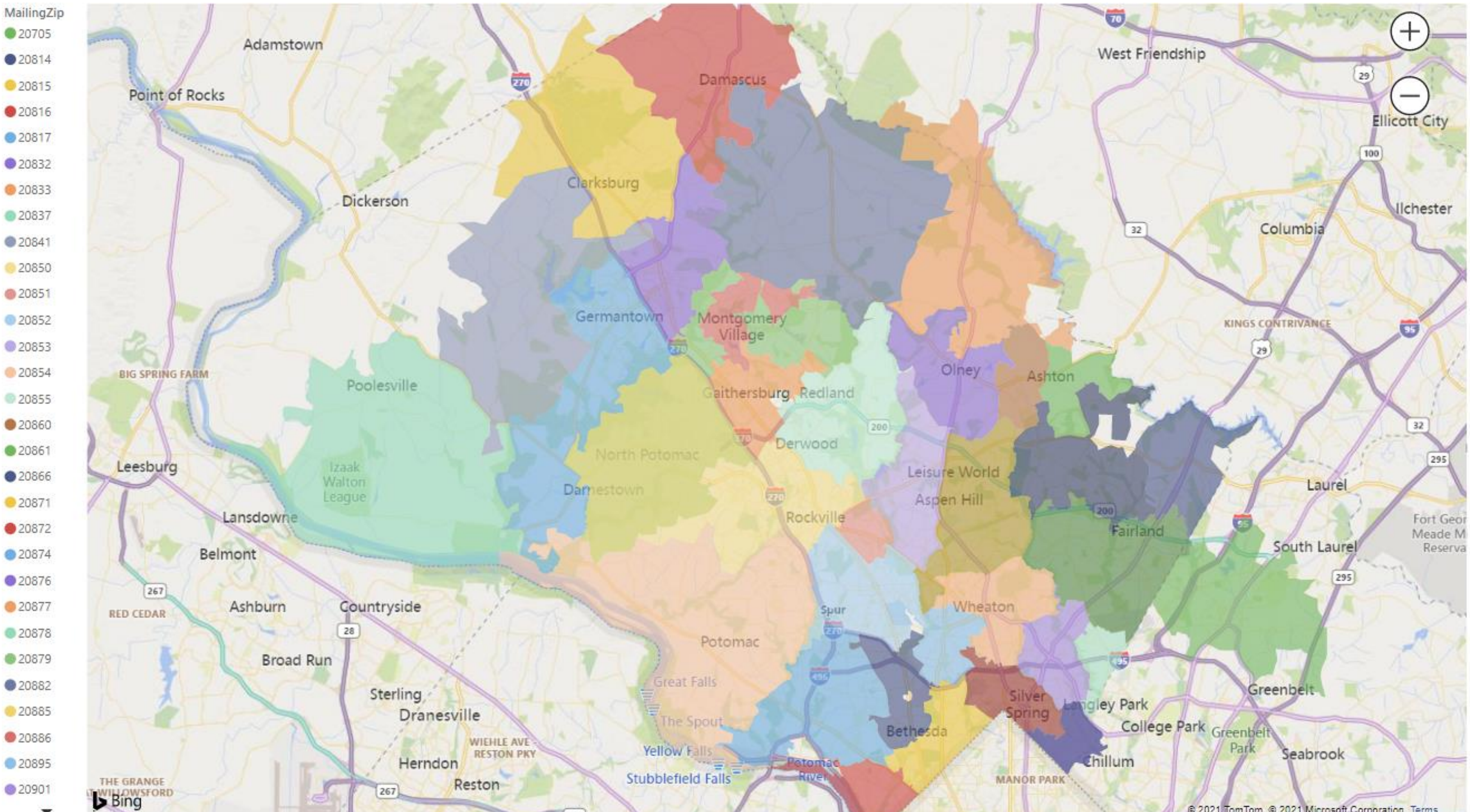
Methodology

- Each year, staff analyzes a combination of 71 Zip codes and five (5) bedroom sizes to determine new payment standard values within the new FMR limits set by HUD.
- This year staff completed the analysis of SAFMR using the Solver function in Excel.
- Staff used the sum total of Voucher Payment Standards (“VPS”) as the Objective; constraints of 90%- 120% of the published FY2023 SAFMR were applied to Solver.
- By setting the model in this way, Staff was able to “instruct” Excel to unburden as many families as possible while staying within the 90% - 120% SAFMR range.
- Staff examined various outcomes and selected the solution that allowed for the fewest number of families to be rent-burdened.

**Zip = Zone Improvement Plan*

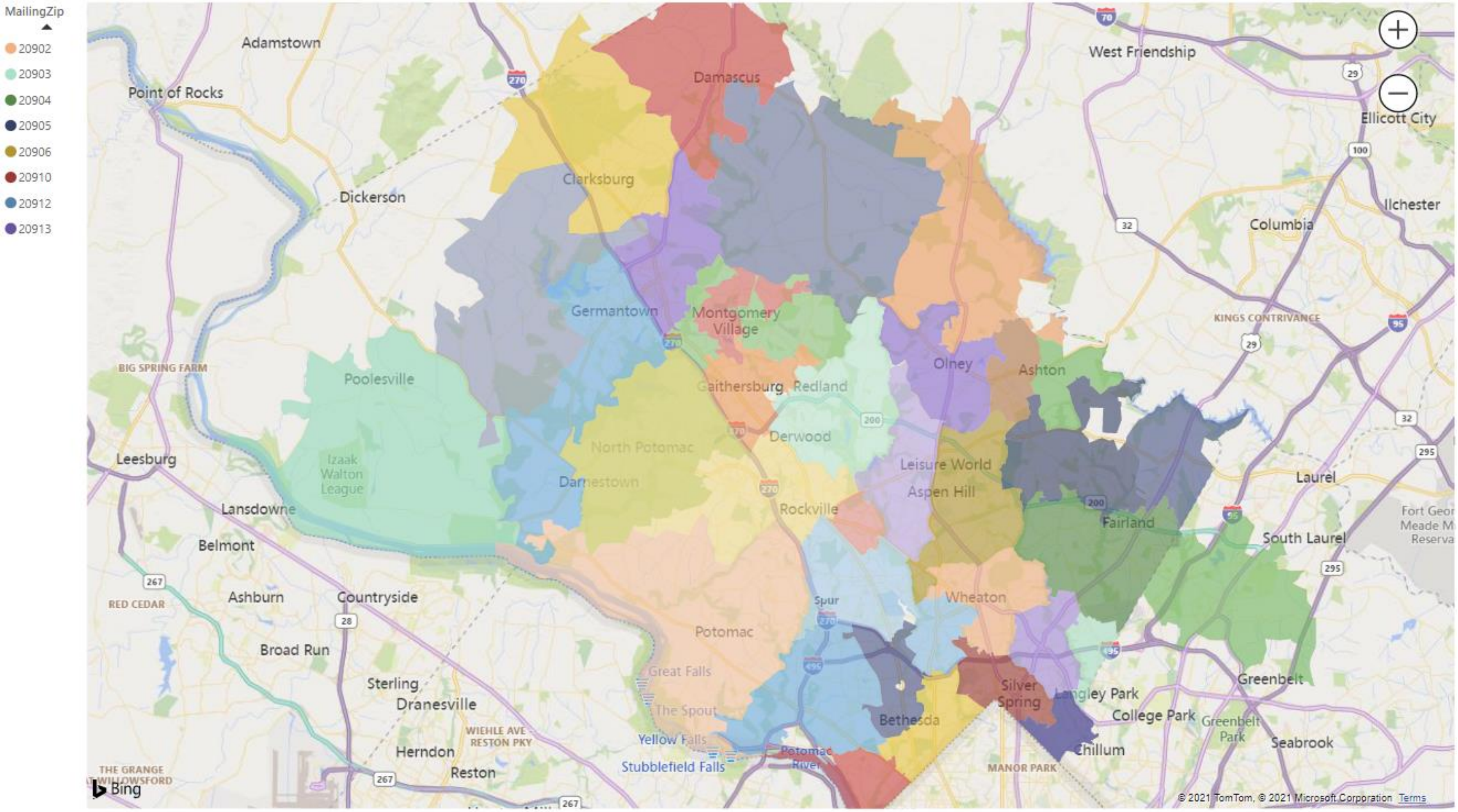
Housing Opportunities Commission
OF MONTGOMERY COUNTY

Montgomery County

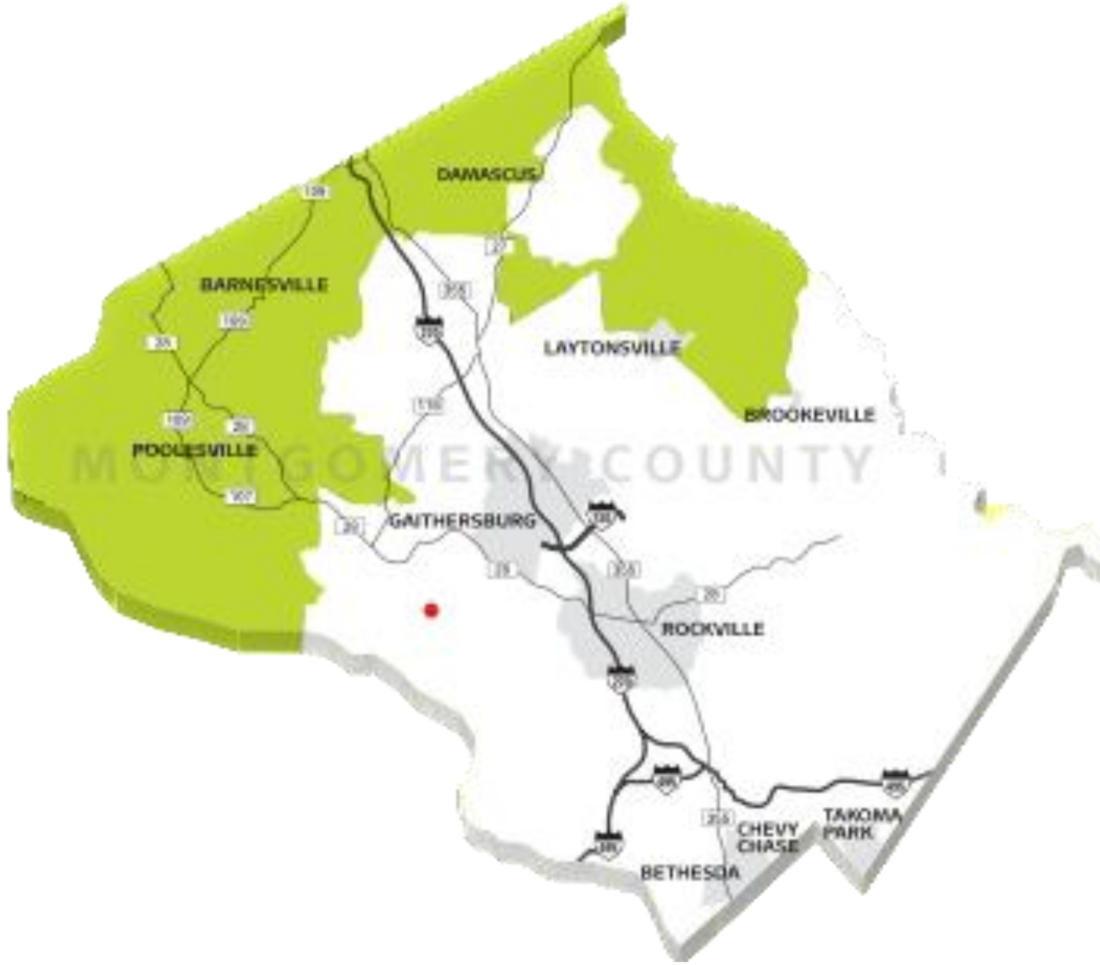


Color-coded map of Montgomery County represents Zip codes served by the HCV program. There are currently 38 zip codes occupied.

Montgomery County (Cont.)



AGRICULTURAL RESERVES



One-third of Montgomery County or 93,000 acres, is designated as the Agricultural Reserve. Areas shaded in Green are agricultural reserves. There is limited the opportunity to expand the use of vouchers in the following zip codes-areas: (21771-Mount Airy, 21797-Woodbine, 20833-Brookville, 20838-Barneville, 20842-Dickerson, 20861-Ashton, 20872-Demascus, 20882-Gaithersburg, & 20883-Gaithersburg).

Notable Increases in FMR

Housing Opportunities Commission OF MONTGOMERY COUNTY

NOTABLE INCREASES BY ZIP CODE & BEDROOM SIZE

ZIP CODE	CITIES	Efficiency
20842	Dickerson	$130
20815	Chevy Chase	$120
20832	Olney	$120
20838	Barnesville	$120
20839	Beallsville	$110
20817	Bethesda	$100
20850	Rockville	$100
20853	Rockville	$100
21797	Woodbine	$100
20818	Cabin John	$90
20902	Silver Spring	$90
20854	Potomac	$80
20707	Laurel	$70
20841	Boyds	$70
20852	Rockville	$70
20901	Silver Spring	$70
20903	Silver Spring	$70

ZIP CODE	CITIES	ONE BEDROOM
20777	Highland	$140
20842	Dickerson	$140
20815	Chevy Chase	$120
20832	Olney	$120
20838	Barnesville	$120
20817	Bethesda	$110
20839	Beallsville	$110
20818	Cabin John	$100
20850	Rockville	$100
20853	Rockville	$100
21797	Woodbine	$100
20902	Silver Spring	$90
20854	Potomac	$80
20841	Boyds	$70
20852	Rockville	$70
20901	Silver Spring	$70

ZIP CODE	CITIES	TWO BEDROOM
20777	Highland	$160
20842	Dickerson	$150
20815	Chevy Chase	$140
20832	Olney	$130
20838	Barnesville	$130
20817	Bethesda	$120
20839	Beallsville	$120
20850	Rockville	$110
20853	Rockville	$110
21797	Woodbine	$110
20818	Cabin John	$100
20902	Silver Spring	$100
20852	Rockville	$80
20854	Potomac	$80
20901	Silver Spring	$80
20707	Laurel	$70
20841	Boyds	$70
20877	Gaithersburg	$70
20878	Gaithersburg	$70
20880	Washington Grove	$70
20903	Silver Spring	$70

ZIP CODE	CITIES	THREE BEDROOM
20777	Highland	$200
20842	Dickerson	$170
21797	Woodbine	$150
20815	Chevy Chase	$140
20838	Barnesville	$140
20832	Olney	$130
20817	Bethesda	$120
20839	Beallsville	$120
20853	Rockville	$110
20850	Rockville	$100
20902	Silver Spring	$100
20818	Cabin John	$90
20901	Silver Spring	$80

ZIP CODE	CITIES	FOUR BEDROOM
20777	Highland	$230
20842	Dickerson	$190
21797	Woodbine	$160
20815	Chevy Chase	$150
20838	Barnesville	$150
20832	Olney	$140
20839	Beallsville	$140
20817	Bethesda	$120
20853	Rockville	$120
20850	Rockville	$110
20818	Cabin John	$90
20902	Silver Spring	$90
20901	Silver Spring	$70

FMRs increased in the majority zip codes and bedroom sizes. Increases ranged from $10-$230, notable increases commence at $70. Efficiencies were most positively impacted by the changes in the FMR with increases in 62 zip codes or 87% of the zip codes, closely followed by 2 bedrooms with increases in 61 zip codes or 85% of the zip codes.

Notable Decreases in FMR

NOTABLE DECREASES BY ZIP CODE & BEDROOM SIZE

ZIP CODE	CITIES	EFFICIENCY
20868	Spencerville	($10)
20872	Damascus	($20)
20905	Silver Spring	($20)
20895	Kensington	($30)
20860	Sandy Spring	($40)
20899	Gaithersburg	($60)
20861	Ashton	($80)
20862	Brinklow	($170)
20833	Brookeville	($210)

ZIP CODE	CITIES	ONE BEDROOM
20868	Spencerville	($10)
20872	Damascus	($10)
20905	Silver Spring	($20)
20895	Kensington	($30)
20860	Sandy Spring	($40)
20899	Gaithersburg	($70)
20861	Ashton	($80)
20862	Brinklow	($170)
20833	Brookeville	($220)

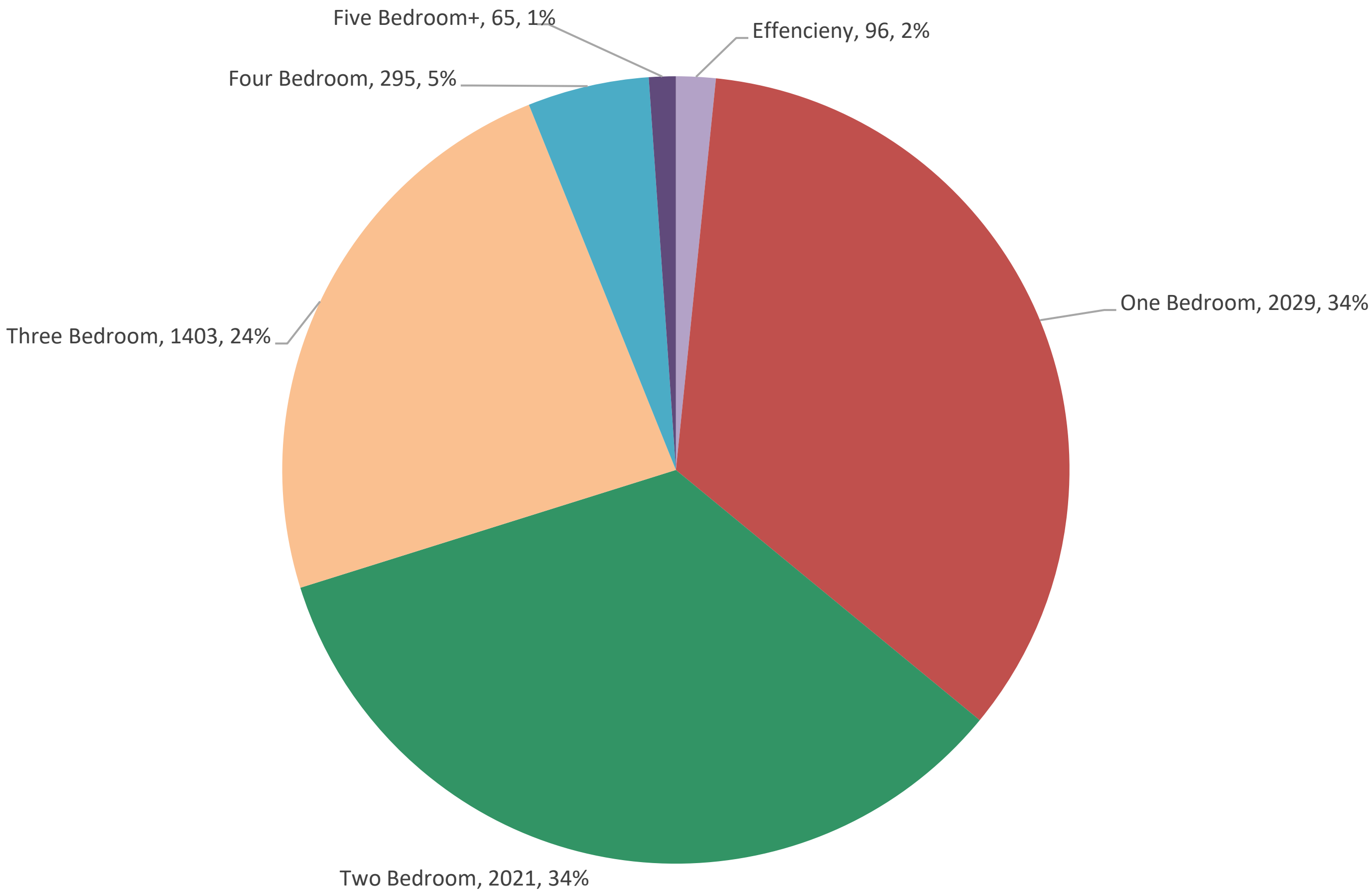
ZIP CODE	CITIES	TWO BEDROOM
20868	Spencerville	($20)
20872	Damascus	($20)
20905	Silver Spring	($30)
20895	Kensington	($40)
20860	Sandy Spring	($50)
20861	Ashton	($100)
20899	Gaithersburg	($100)
20862	Brinklow	($200)
20833	Brookeville	($250)

ZIP CODE	CITIES	THREE BEDROOM
20866	Burtonsville	($10)
21771	Mount Airy	($10)
20705	Beltsville	($20)
20872	Damascus	($50)
20868	Spencerville	($60)
20905	Silver Spring	($70)
20895	Kensington	($80)
20860	Sandy Spring	($90)
20899	Gaithersburg	($130)
20861	Ashton	($160)
20862	Brinklow	($280)
20833	Brookeville	($310)

ZIP CODE	CITIES	FOUR BEDROOM
20906	Silver Spring	($10)
20816	Bethesda	($20)
20866	Burtonsville	($20)
21771	Mount Airy	($20)
20705	Beltsville	($30)
20872	Damascus	($80)
20868	Spencerville	($90)
20905	Silver Spring	($100)
20895	Kensington	($120)
20860	Sandy Spring	($130)
20899	Gaithersburg	($170)
20861	Ashton	($210)
20862	Brinklow	($360)
20833	Brookeville	($380)

- 4 bedroom units were most negatively impacted with decreases in 14 zip codes or 20% of zip codes, followed by 3 bedroom with 12 zip codes or 17% of zip codes.
- 20833 (Brookville) continues to lead the decreases this year with decreases in the FMR across all bedroom sizes and the highest decrease of $380 in the 4 bedroom size, followed by 20862 (Brinklow).

Unit Size Breakdown

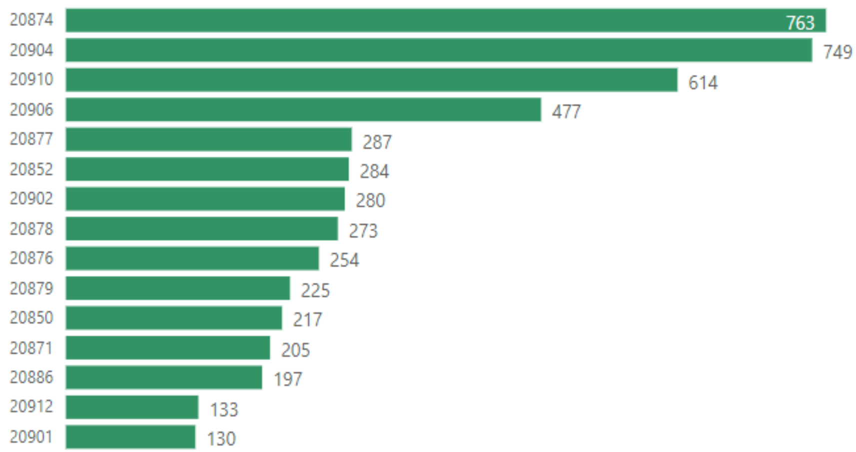


- Over 90% of HCV units are 1, 2, and 3 bedrooms.
- With 4 bedrooms experiencing the largest decrease in the FMR this year, 295 families could potentially be rent-burdened.

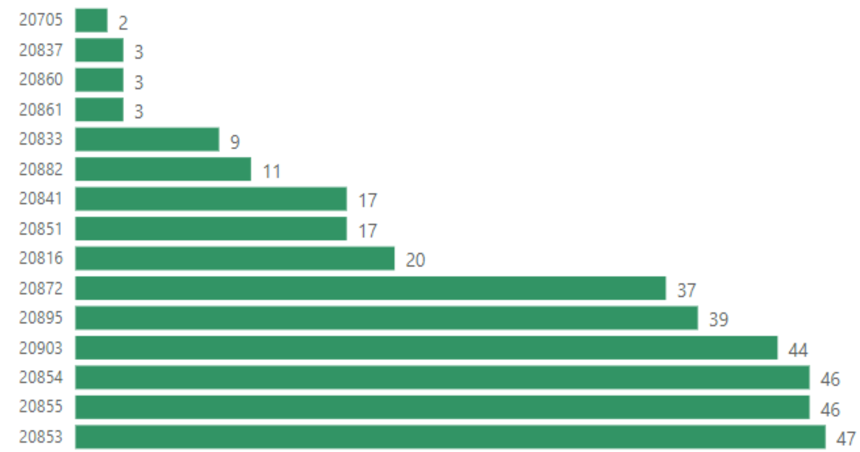
Housing Opportunities Commission OF MONTGOMERY COUNTY

High/Low Concentration

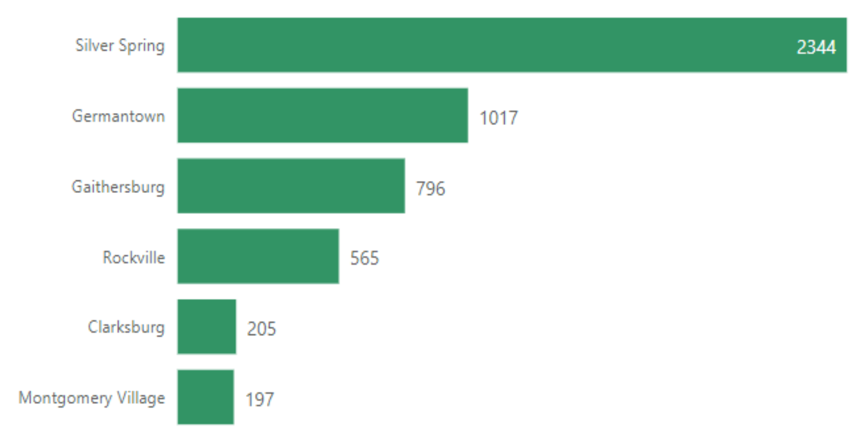
TOP 15 ZIP CODES WITH THE MOST FAMILIES



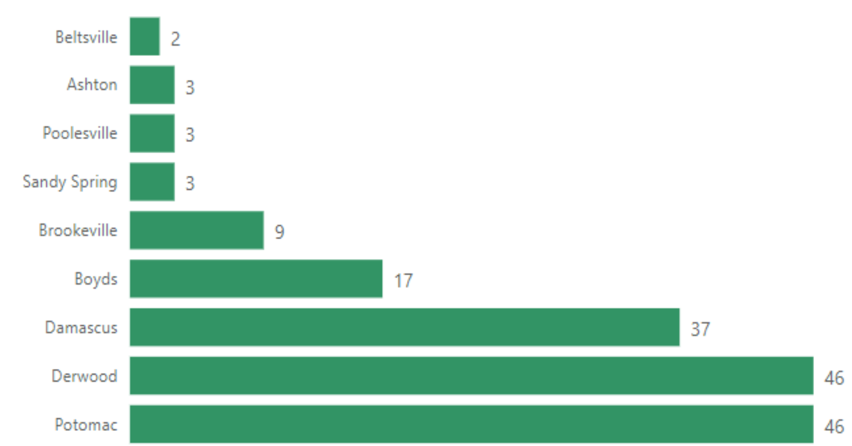
BOTTOM 15 ZIP CODES WITH THE FEWEST FAMILIES



TOP CITIES WITH THE MOST FAMILIES



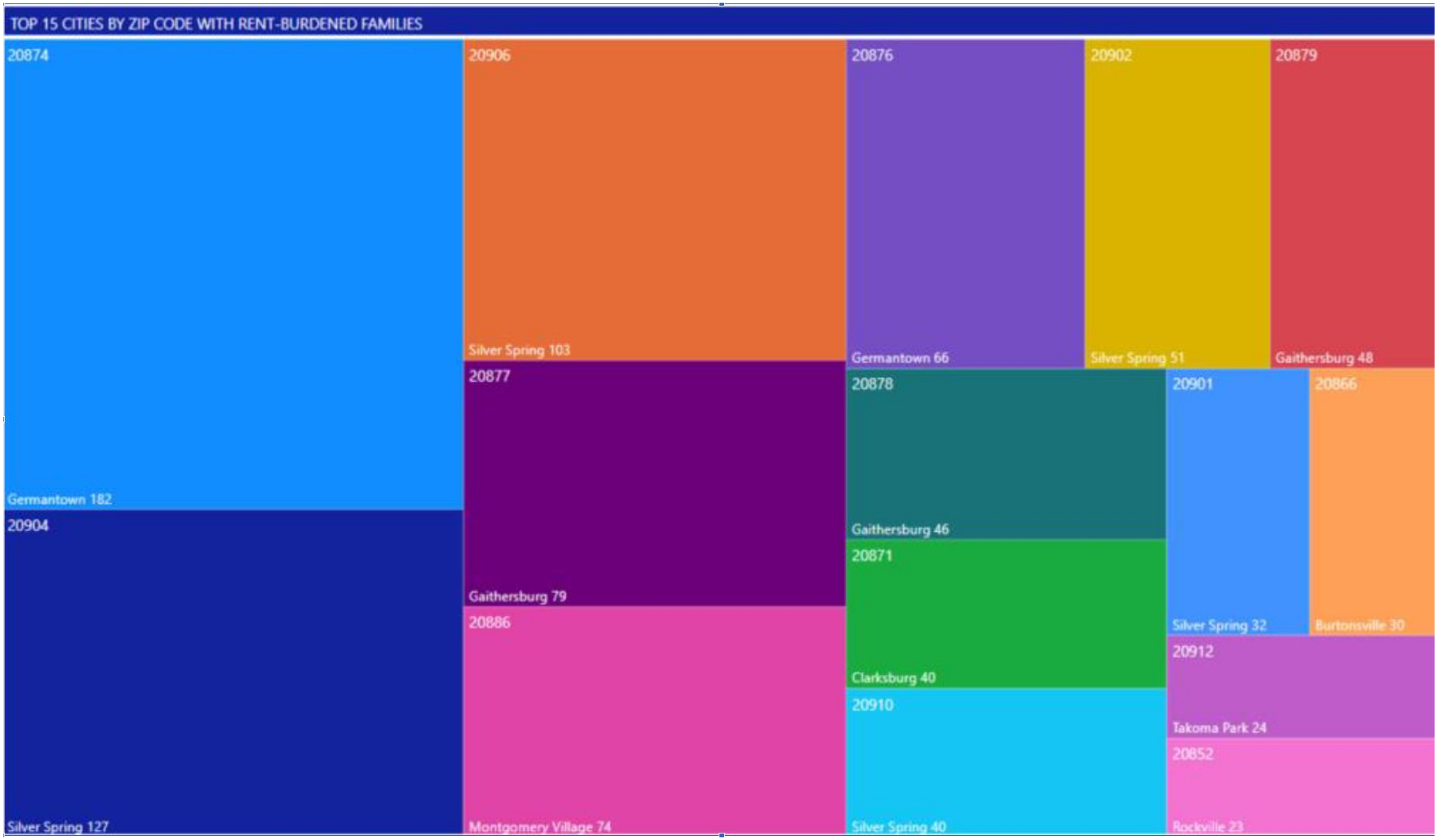
BOTTOM CITIES WITH THE FEWEST FAMILIES



- Approximately 90% of HCV customers reside in the top 15 Zip codes or corresponding six (6) submarkets.
- Conversely, the bottom 15 Zip codes house 6% of our customers. A 3% increase from FY 2021.

Housing Opportunities Commission OF MONTGOMERY COUNTY

Rent Burdened Customers



- Families experiencing rent burden (Paying over 30% of income) reside in 31 of our 38 occupied ZIP codes.
- Rent Burdened Families on average pay 16% in excess of their 30% adjusted income. This is a 9% decrease from FY 21 families that are Rent Burdened; a direct impact of increasing the payment standards for FY 2022.

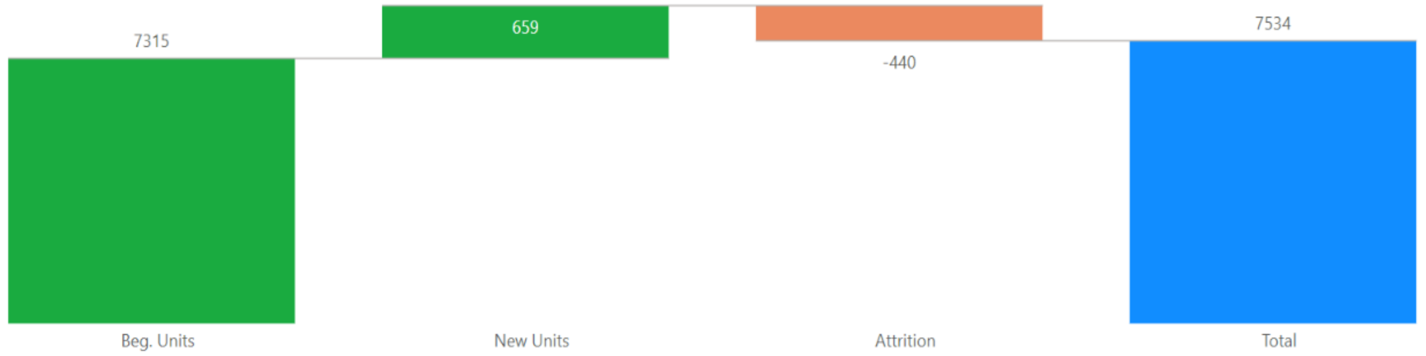
Recommendation

PROPOSED VPS% (Assuming .4% MOCO Guideline Increase)					
Suggested VPS as % for CY 2023 FMR	Number of Families Rent Burden	Projected change in PUC (%)	Projected Reserves in ($)	Projected Reserves in (%)	At Risk (Recapture)
90%	2874	-16%	$16,373,960	15%	$11,011,819
95%	2197	-11%	$13,598,571	13%	$8,236,430
100%	1540	-6%	$10,823,182	10%	$5,461,040
105%	1004	-2%	$8,602,870	8%	$3,240,729
110%	545	3%	$5,827,481	5%	$465,340
112%	353	5%	$4,717,325	4%	$0
115%	211	8%	$3,052,092	3%	$0
120%	79	12%	$831,780	1%	$0

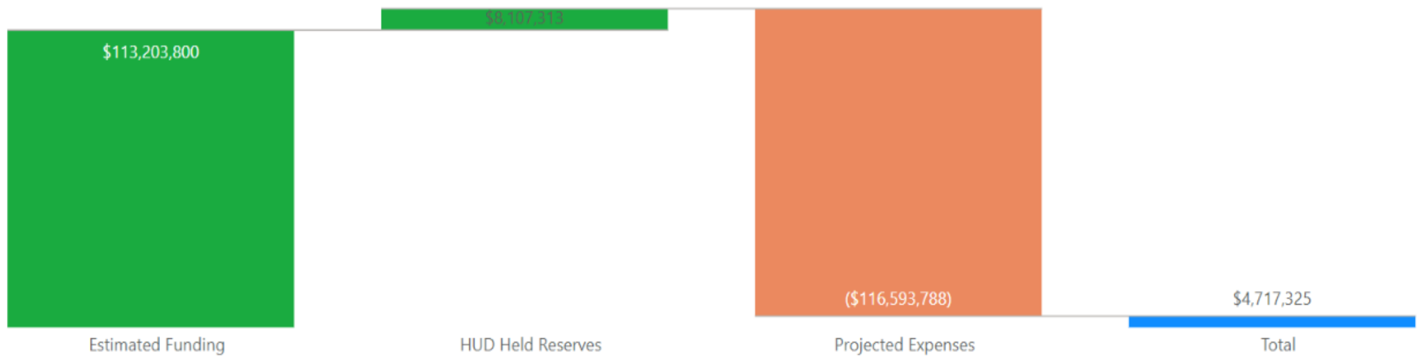
- The proposal for the Voucher Payment Standards for FY23 is to apply 112% of 2023 SAFMR across all Zip codes and bedroom sizes.
- We will be able to alleviate the rent burden for a greater number of families, preventing the risk of rent burden for approximately 90% of our Customers.
- We can bear the cost of this option by using the excess funds in our reserves balance.
- We will be eligible for a re-benchmark of our funding based on our CY 2023 expenses.

Financial Impact

CY 2023 UNIT WALK



FINANCIAL IMPACT



- In CY 2022 HCV program utilization rate rose to 95%. Staff anticipates increasing utilization to 98% by the end of CY 2023.
- New rates will be applied for existing families at their anniversary date.
- Reserves are projected to equal $4.7M, representing half of the monthly program expenses and consistent with HUD guidelines.

Summary

ISSUES FOR CONSIDERATION

Does the Commission wish to accept staff's recommendation, which is supported by the Administrative and Regulatory Committee, to establish HOC's Fiscal Year 2023 Voucher Payment Standards herein described, and authorize the Executive Director, or her designee, to implement the new Voucher Payment Standards detailed in the attached exhibit for HOC's administration of the Housing Choice Voucher Program during FY 2023?

PRINCIPALS

Housing Resources Division

BUDGET/FISCAL IMPACT

If adopted, the FY2023 VPS will be applied subsequent to Commission approval for all newly admitted applicants, and at the annual recertification for all existing households.

The anticipated Housing Assistance Payment ("HAP") expenditure will increase by 6.2% or $6.8M, reducing the reserve balance to $4.7M. It is anticipated that CY 2023 ABA will increase to $113M.

TIMEFRAME

For formal action act December 7, 2022 Commission meeting.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that Commission approve staff's recommendation to establish HOC's Fiscal Year ("FY") 2023 Voucher Payment Standards herein described, and authorize the Executive Director, or her designee, to implement the new Voucher Payment Standards detailed in the attached exhibit for HOC's administration of the Housing Choice Voucher Program during FY 2023 subsequent to HUD waiver approval.

RESOLUTION NO.: 22-82

RE: Authorization to Implement Voucher Payment Standards Based on HUD FY 2023 Small Area Fair Market Rents

WHEREAS, the regulations of the U.S. Department of Housing and Urban Development ("HUD") require that the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") establish and implement new Voucher Payment Standards ("VPS") annually for use in HOC's administration of the Housing Choice Voucher Program; and

WHEREAS, the establishment of the VPS must be between 90 and 110 percent, or 111 and 120 percent with an approved waiver from HUD, of the Small Area Fair Market Rents ("SAFMR") for the given fiscal year.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County establishes the Voucher Payment Standards for FY 2023 as shown on **Exhibit A**, subsequent to HUD's waiver approval.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her 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 activities 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 December 7, 2022.

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Patrice Birdsong
Special Assistant to the Commission

EXHIBIT A

Fiscal Year 2023 Voucher Payment Standard Tables

[Attached]

Exhibit A

		Current Voucher Payment Standards ($) FY2022					Current Voucher Payment Standard Percent (%)					Suggested Voucher Payment Standard ($) FY2023					Suggested Voucher Payment Standard Percent					Dollar Difference In Voucher Payment Standard				
ZIP Code	City	0	1	2	3	4	0	1	2	3	4	0	1	2	3	4	0	1	2	3	4	0	1	2	3	4
20705	Beltsville	$ 1,551	$ 1,584	$ 1,804	$ 2,288	$ 2,739	110%	110%	110%	110%	110%	$ 1,602	$ 1,624	$ 1,848	$ 2,307	$ 2,755	112%	112%	112%	112%	112%	$ 51	$ 40	$ 44	$ 19	$ 16
20707	Laurel	$ 1,628	$ 1,661	$ 1,892	$ 2,398	$ 2,871	110%	110%	110%	110%	110%	$ 1,736	$ 1,758	$ 2,005	$ 2,509	$ 2,990	112%	112%	112%	112%	112%	$ 108	$ 97	$ 113	$ 111	$ 119
20777	Highland	$ 1,672	$ 1,903	$ 2,332	$ 3,014	$ 3,476	110%	110%	110%	110%	110%	$ 1,848	$ 2,094	$ 2,554	$ 3,293	$ 3,797	112%	112%	112%	112%	112%	$ 176	$ 191	$ 222	$ 279	$ 321
20812	Glen Echo	$ 2,354	$ 2,398	$ 2,728	$ 3,454	$ 4,147	110%	110%	110%	110%	110%	$ 2,464	$ 2,498	$ 2,845	$ 3,562	$ 4,256	112%	112%	112%	112%	112%	$ 110	$ 100	$ 117	$ 108	$ 109
20814	Bethesda	$ 2,068	$ 2,101	$ 2,398	$ 3,036	$ 3,641	110%	110%	110%	110%	110%	$ 2,173	$ 2,206	$ 2,509	$ 3,136	$ 3,741	112%	112%	112%	112%	112%	$ 105	$ 105	$ 111	$ 100	$ 100
20815	Chevy Chase	$ 2,211	$ 2,255	$ 2,563	$ 3,245	$ 3,894	110%	110%	110%	110%	110%	$ 2,386	$ 2,430	$ 2,766	$ 3,461	$ 4,133	112%	112%	112%	112%	112%	$ 175	$ 175	$ 203	$ 216	$ 239
20816	Bethesda	$ 2,299	$ 2,332	$ 2,662	$ 3,366	$ 4,048	110%	110%	110%	110%	110%	$ 2,374	$ 2,408	$ 2,744	$ 3,427	$ 4,099	112%	112%	112%	112%	112%	$ 75	$ 76	$ 82	$ 61	$ 51
20817	Bethesda	$ 2,233	$ 2,266	$ 2,585	$ 3,267	$ 3,927	110%	110%	110%	110%	110%	$ 2,386	$ 2,430	$ 2,766	$ 3,461	$ 4,133	112%	112%	112%	112%	112%	$ 153	$ 164	$ 181	$ 194	$ 206
20818	Cabin John	$ 2,354	$ 2,387	$ 2,728	$ 3,454	$ 4,147	110%	110%	110%	110%	110%	$ 2,498	$ 2,542	$ 2,890	$ 3,618	$ 4,323	112%	112%	112%	112%	112%	$ 144	$ 155	$ 162	$ 164	$ 176
20824	Bethesda	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20825	Chevy Chase	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20827	Bethesda	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20830	Olney	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20832	Olney	$ 1,936	$ 1,969	$ 2,244	$ 2,838	$ 3,410	110%	110%	110%	110%	110%	$ 2,106	$ 2,139	$ 2,430	$ 3,035	$ 3,629	112%	112%	112%	112%	112%	$ 170	$ 170	$ 186	$ 197	$ 219
20833	Brookeville	$ 2,376	$ 2,420	$ 2,761	$ 3,498	$ 4,191	110%	110%	110%	110%	110%	$ 2,184	$ 2,218	$ 2,531	$ 3,214	$ 3,842	112%	112%	112%	112%	112%	$ (192)	$ (202)	$ (230)	$ (284)	$ (349)
20837	Poolesville	$ 1,848	$ 1,881	$ 2,145	$ 2,717	$ 3,256	110%	110%	110%	110%	110%	$ 1,949	$ 1,982	$ 2,251	$ 2,811	$ 3,360	112%	112%	112%	112%	112%	$ 101	$ 101	$ 106	$ 94	$ 104
20838	Barnesville	$ 1,452	$ 1,474	$ 1,683	$ 2,134	$ 2,563	110%	110%	110%	110%	110%	$ 1,613	$ 1,635	$ 1,859	$ 2,330	$ 2,778	112%	112%	112%	112%	112%	$ 161	$ 161	$ 176	$ 196	$ 215
20839	Beallsville	$ 1,386	$ 1,408	$ 1,606	$ 2,046	$ 2,442	110%	110%	110%	110%	110%	$ 1,534	$ 1,557	$ 1,770	$ 2,218	$ 2,643	112%	112%	112%	112%	112%	$ 148	$ 149	$ 164	$ 172	$ 201
20841	Boyds	$ 2,541	$ 2,585	$ 2,948	$ 3,729	$ 4,477	110%	110%	110%	110%	110%	$ 2,666	$ 2,710	$ 3,080	$ 3,853	$ 4,592	112%	112%	112%	112%	112%	$ 125	$ 125	$ 132	$ 124	$ 115
20842	Dickerson	$ 1,133	$ 1,144	$ 1,309	$ 1,661	$ 1,991	110%	110%	110%	110%	110%	$ 1,299	$ 1,322	$ 1,501	$ 1,882	$ 2,240	112%	112%	112%	112%	112%	$ 166	$ 178	$ 192	$ 221	$ 249
20847	Rockville	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20848	Rockville	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20849	Rockville	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20850	Rockville	$ 2,123	$ 2,167	$ 2,464	$ 3,124	$ 3,740	110%	110%	110%	110%	110%	$ 2,274	$ 2,318	$ 2,632	$ 3,293	$ 3,931	112%	112%	112%	112%	112%	$ 151	$ 151	$ 168	$ 169	$ 191
20851	Rockville	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,826	$ 1,859	$ 2,117	$ 2,643	$ 3,158	112%	112%	112%	112%	112%	$ 66	$ 77	$ 82	$ 69	$ 67
20852	Rockville	$ 2,101	$ 2,134	$ 2,431	$ 3,080	$ 3,696	110%	110%	110%	110%	110%	$ 2,218	$ 2,251	$ 2,565	$ 3,203	$ 3,830	112%	112%	112%	112%	112%	$ 117	$ 117	$ 134	$ 123	$ 134
20853	Rockville	$ 1,595	$ 1,617	$ 1,848	$ 2,343	$ 2,805	110%	110%	110%	110%	110%	$ 1,736	$ 1,758	$ 2,005	$ 2,509	$ 2,990	112%	112%	112%	112%	112%	$ 141	$ 141	$ 157	$ 166	$ 185
20854	Potomac	$ 2,541	$ 2,585	$ 2,948	$ 3,729	$ 4,477	110%	110%	110%	110%	110%	$ 2,677	$ 2,722	$ 3,091	$ 3,864	$ 4,614	112%	112%	112%	112%	112%	$ 136	$ 137	$ 143	$ 135	$ 137
20855	Derwood	$ 1,991	$ 2,024	$ 2,310	$ 2,926	$ 3,509	110%	110%	110%	110%	110%	$ 2,072	$ 2,106	$ 2,397	$ 3,002	$ 3,573	112%	112%	112%	112%	112%	$ 81	$ 82	$ 87	$ 76	$ 64
20859	Potomac	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20860	Sandy Spring	$ 2,035	$ 2,068	$ 2,354	$ 2,981	$ 3,575	110%	110%	110%	110%	110%	$ 2,027	$ 2,061	$ 2,341	$ 2,934	$ 3,494	112%	112%	112%	112%	112%	$ (8)	$ (7)	$ (13)	$ (47)	$ (81)
20861	Ashton	$ 2,002	$ 2,035	$ 2,321	$ 2,937	$ 3,531	110%	110%	110%	110%	110%	$ 1,949	$ 1,982	$ 2,251	$ 2,811	$ 3,360	112%	112%	112%	112%	112%	$ (53)	$ (53)	$ (70)	$ (126)	$ (171)
20862	Brinklow	$ 2,244	$ 2,321	$ 2,684	$ 3,410	$ 4,059	110%	110%	110%	110%	110%	$ 2,094	$ 2,173	$ 2,509	$ 3,158	$ 3,730	112%	112%	112%	112%	112%	$ (150)	$ (148)	$ (175)	$ (252)	$ (329)
20866	Burtonsville	$ 1,848	$ 1,881	$ 2,145	$ 2,717	$ 3,256	110%	110%	110%	110%	110%	$ 1,904	$ 1,938	$ 2,206	$ 2,755	$ 3,293	112%	112%	112%	112%	112%	$ 56	$ 57	$ 61	$ 38	$ 37
20868	Spencerville	$ 1,859	$ 1,892	$ 2,156	$ 2,728	$ 3,278	110%	110%	110%	110%	110%	$ 1,882	$ 1,915	$ 2,173	$ 2,710	$ 3,237	112%	112%	112%	112%	112%	$ 23	$ 23	$ 17	$ (18)	$ (41)
20871	Clarksburg	$ 2,167	$ 2,211	$ 2,519	$ 3,190	$ 3,828	110%	110%	110%	110%	110%	$ 2,262	$ 2,307	$ 2,621	$ 3,282	$ 3,909	112%	112%	112%	112%	112%	$ 95	$ 96	$ 102	$ 92	$ 81
20872	Damascus	$ 1,529	$ 1,551	$ 1,771	$ 2,244	$ 2,695	110%	110%	110%	110%	110%	$ 1,534	$ 1,568	$ 1,781	$ 2,229	$ 2,654	112%	112%	112%	112%	112%	$ 5	$ 17	$ 10	$ (15)	$ (41)
20874	Germantown	$ 1,738	$ 1,771	$ 2,013	$ 2,552	$ 3,058	110%	110%	110%	110%	110%	$ 1,826	$ 1,859	$ 2,117	$ 2,643	$ 3,158	112%	112%	112%	112%	112%	$ 88	$ 88	$ 104	$ 91	$ 100
20875	Germantown	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20876	Germantown	$ 1,804	$ 1,837	$ 2,090	$ 2,651	$ 3,179	110%	110%	110%	110%	110%	$ 1,882	$ 1,904	$ 2,173	$ 2,722	$ 3,237	112%	112%	112%	112%	112%	$ 78	$ 67	$ 83	$ 71	$ 58
20877	Gaithersburg	$ 1,650	$ 1,683	$ 1,914	$ 2,420	$ 2,904	110%	110%	110%	110%	110%	$ 1,747	$ 1,781	$ 2,027	$ 2,531	$ 3,024	112%	112%	112%	112%	112%	$ 97	$ 98	$ 113	$ 111	$ 120
20878	Gaithersburg	$ 1,826	$ 1,859	$ 2,112	$ 2,673	$ 3,212	110%	110%	110%	110%	110%	$ 1,926	$ 1,960	$ 2,229	$ 2,789	$ 3,326	112%	112%	112%	112%	112%	$ 100	$ 101	$ 117	$ 116	$ 114
20879	Gaithersburg	$ 1,727	$ 1,760	$ 2,002	$ 2,530	$ 3,047	110%	110%	110%	110%	110%	$ 1,803	$ 1,826	$ 2,083	$ 2,610	$ 3,102	112%	112%	112%	112%	112%	$ 76	$ 66	$ 81	$ 80	$ 55
20880	Washington Grove	$ 1,727	$ 1,760	$ 2,002	$ 2,541	$ 3,047	110%	110%	110%	110%	110%	$ 1,826	$ 1,859	$ 2,117	$ 2,643	$ 3,158	112%	112%	112%	112%	112%	$ 99	$ 99	$ 115	$ 102	$ 111
20882	Gaithersburg	$ 1,958	$ 2,002	$ 2,277	$ 2,882	$ 3,465	110%	110%	110%	110%	110%	$ 2,038	$ 2,072	$ 2,363	$ 2,957	$ 3,528	112%	112%	112%	112%	112%	$ 80	$ 70	$ 86	$ 75	$ 63
20883	Gaithersburg	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20884	Gaithersburg	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20885	Gaithersburg	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20886	Montgomery Village	$ 1,595	$ 1,617	$ 1,848	$ 2,343	$ 2,805	110%	110%	110%	110%	110%	$ 1,669	$ 1,691	$ 1,926	$ 2,408	$ 2,878	112%	112%	112%	112%	112%	$ 74	$ 74	$ 78	$ 65	$ 73
20891	Kensington	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20895	Kensington	$ 1,837	$ 1,870	$ 2,134	$ 2,706	$ 3,245	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ (0)	$ 0	$ (6)	$ (40)	$ (75)
20896	Garrett Park	$ 2,013	$ 2,046	$ 2,332	$ 2,959	$ 3,553	110%	110%	110%	110%	110%	$ 2,094	$ 2,128	$ 2,419	$ 3,024	$ 3,618	112%	112%	112%	112%	112%	$ 81	$ 82	$ 87	$ 65	$ 65
20898	Gaithersburg	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20899	Gaithersburg	$ 957	$ 990	$ 1,155	$ 1,518	$ 1,881	110%	110%	110%	110%	110%	$ 907	$ 930	$ 1,064	$ 1,400	$ 1,725	112%	112%	112%	112%	112%	$ (50)	$ (60)	$ (91)	$ (118)	$ (156)
20901	Silver Spring	$ 1,551	$ 1,573	$ 1,793	$ 2,266	$ 2,728	110%	110%	110%	110%	110%	$ 1,658	$ 1,680	$ 1,915	$ 2,397	$ 2,856	112%	112%	112%	112%	112%	$ 107	$ 107	$ 122	$ 131	$ 128
20902	Silver Spring	$ 1,749	$ 1,771	$ 2,024	$ 2,563	$ 3,080	110%	110%	110%	110%	110%	$ 1,882	$ 1,904	$ 2,173	$ 2,722	$ 3,237	112%	112%	112%	112%	112%	$ 133	$ 133	$ 149	$ 159	$ 157
20903	Silver Spring	$ 1,628	$ 1,661	$ 1,892	$ 2,398	$ 2,871	110%	110%	110%	110%	110%	$ 1,736	$ 1,758	$ 2,005	$ 2,509	$ 2,990	112%	112%	112%	112%	112%	$ 108	$ 97	$ 113	$ 111	$ 119
20904	Silver Spring	$ 1,771	$ 1,804	$ 2,057	$ 2,607	$ 3,124	110%	110%	110%	110%	110%	$ 1,859	$ 1,893	$ 2,150	$ 2,688	$ 3,203	112%	112%	112%	112%	112%	$ 88	$ 89	$ 93	$ 81	$ 79
20905	Silver Spring	$ 1,859	$ 1,892	$ 2,156	$ 2,728	$ 3,278	110%	110%	110%	110%	110%	$ 1,870	$ 1,904	$ 2,162	$ 2,699	$ 3,226	112%	112%	112%	112%	112%	$ 11	$ 12	$ 6	$ (29)	$ (52)
20906	Silver Spring	$ 1,749	$ 1,771	$ 2,024	$ 2,563	$ 3,080	110%	110%	110%	110%	110%	$ 1,814	$ 1,837	$ 2,094	$ 2,621	$ 3,125	112%	112%	112%	112%	112%	$ 65	$ 66	$ 70	$ 58	$ 45
20907	Silver Spring	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20910	Silver Spring	$ 1,991	$ 2,024	$ 2,310	$ 2,926	$ 3,509	110%	110%	110%	110%	110%	$ 2,094	$ 2,128	$ 2,419	$ 3,024	$ 3,606	112%	112%	112%	112%	112%	$ 103	$ 104	$ 109	$ 98	$ 97
20911	Silver Spring	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20912	Takoma Park	$ 1,386	$ 1,408	$ 1,606	$ 2,035	$ 2,442	110%	110%	110%	110%	110%	$ 1,467	$ 1,501	$ 1,702	$ 2,128	$ 2,542	112%	112%	112%	112%	112%	$ 81	$ 93	$ 96	$ 93	$ 100
20913	Takoma Park	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20914	Silver Spring	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20915	Silver Spring	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20916	Silver Spring	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
20918	Silver spring	$ 1,760	$ 1,782	$ 2,035	$ 2,574	$ 3,091	110%	110%	110%	110%	110%	$ 1,837	$ 1,870	$ 2,128	$ 2,666	$ 3,170	112%	112%	112%	112%	112%	$ 77	$ 88	$ 93	$ 92	$ 79
21771	Mount Airy	$ 1,452	$ 1,584	$ 1,892	$ 2,431	$ 2,849	110%	110%	110%	110%	110%	$ 1,490	$ 1,624	$ 1,926	$ 2,464	$ 2,878	112%	112%	112%	112%	112%	$ 38	$ 40	$ 34	$ 33	$ 29
21797	Woodbine	$ 1,122	$ 1,320	$ 1,639	$ 2,123	$ 2,442	110%	110%	110%	110%	110%	$ 1,254	$ 1,456	$ 1,792	$ 2,330	$ 2,666	112%	112%	112%	112%	112%	$ 132	$ 136	$ 153	$ 207	$ 224

Adjourn

Development

Corporation

Meetings

VPC One Development Corporation Meeting

VPC ONE DEVELOPMENT CORPORATION

APPROVAL TO AMEND THE REFINANCING PLAN

SCATTERED SITES

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

JENNIFER HINES WASHINGTON, ACTING DIRECTOR OF MORTGAGE FINANCE
JEREMIAH BATTLE, SENIOR MULTIFAMILY UNDERWRITER

December 7, 2022

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EXECUTIVE SUMMARY

VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two")(together the "Corporations" or "VPCs"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") that own 399 and 280 units, respectively, for a combined total of 679 scattered site properties throughout Montgomery County ("Properties"). Of these units, 669 were previously Public Housing scattered sites that underwent a HUD approved disposition in 2012, so that the units could be renovated and leased under other subsidy programs. Below is a breakdown of the types of properties owned by the Corporations.

Single Family	Town House	Walk Up Apt	High Rise Apt	Total Units
64	497	110	8	679

The VPCs scattered sites provide significant public purpose in that 99% of the units or 670 units are reserved for families and individuals earning between 30% and 80% of the Area Median Income ("AMI"), while eight (8) units are unrestricted and one (1) unit is restricted for a senior household. With the Commission's and Corporations approval, between 2014 and 2017, the VPCs were renovated on average of $65,000 per unit. As of October 30, 2022, the Properties are 93.5% occupied.

Previously Approved Refinancing Plan - On November 17, 2017, the Corporations' Board of Directors and the Commission approved the refinance of the existing debt with a new loan from PNC Bank, N.A. (the "Lender" or "PNC"), maintaining an initial replacement reserve escrow of $1,200 per unit, funding of a debt service reserve of $4.8 million, and depositing $3.57 million to the FHA Risk Share Reserve Account (the "Refinancing Plan"). Subsequently, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to the VPCs in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity.

Current Request - The loan from PNC (the "PNC Facility") matures on December 21, 2022, and staff is evaluating permanent financing strategies for the Properties. Concurrently, Real Estate, Property Management and Mortgage Finance are evaluating an overarching refinance, redevelopment and/or disposition plan, relative to all of HOC's scattered sites properties, and as such, planning efforts have determined that an extension of the note for VPC One and VPC Two to August 2023 at minimum would be advantageous. This would align with the maturity date of HOC's Scattered Sites Two Development Corporation loan with PNC as well, which matures in August 2023, allowing for the refinance of both VPC One and Two, as well as Scattered Sites Two in a single transaction. The Scattered Sites Two Development is a 54-unit property financed by an amortizing loan with PNC to which HOC is a co-borrower with a general obligation pledge.

EXECUTIVE SUMMARY

After several months of discussions, PNC is amenable to an 8-month loan extension. Staff attempted to secure a 24-month extension from PNC with favorable terms but to no avail. PNC is reluctant to lock into a 24-month facility due to concerns relative to the financial markets and the potential for change in the near short-term, as well as concerns about a likely recession, given the Federal Government's actions on interest rates in an attempt to reduce inflation.

For the 8-month extension, PNC has indicated that due to the fluctuating interest rate environment, the cost of funds have increased since the time of the initial deal in 2017. The interest rate on the existing tax-exempt loan with PNC is 3.297% and PNC has indicated that the tax-exempt interest rate for the extension would increase to an estimated 4.241%. This increase will trigger a technical re-issuance of the loan for tax purposes, requiring filing of a new Internal Revenue Service Form 8038-G.

Staff recommends with the support of the Commission's Development and Finance Committee, which considered this action at its meeting on November 18, 2022, that the Corporations approve the following actions:

1) Amendment of the Refinancing Plan of VPC One and VPC Two in order to extend the maturity to August 2023 and amend payment terms of the existing loan with PNC Bank, N.A.; and,
2) Authorization for the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

AMENDED REFINANCING PLAN

Staff has completed its underwriting and based upon those findings, an 8-month extension and re-issuance of the PNC Facility will provide the following benefits below, and as shown on page 6:

1. A savings in debt service by approximately $517,000 given the change in payment terms from principal and interest to interest only.
   - The original interest rate for the $52 million facility was 3.297%. Based upon a 30-year amortization, principal and interest payments were $211,268 per month or approximately $2.5 million annually.
   - Under Scenario 1 (see page 6), the interest rate for the re-issuance of an up to $48 million facility, is estimated to be 4.241%. Interest only payments will be approximately $168,143 per month or approximately $2 million annually.
2. An improvement in Debt Service Coverage Ratio ("DSCR") by approximately 47 basis points.
3. And, an increase in cash flow from FY22 by approximately $425,142.

Please see the Underwritten Projections on page 6, which provides financial data on Fiscal Year 2022 actuals, Fiscal Year 2023 budget, and the underwritten assumptions under a reissuance.

- Scenario 1 reflects the new terms of the 8-month extension facility and the operational output.
- Scenario 2 reflects PNC's terms and the effects on operations for a 24-month extension, assuming a 20-year amortization. Due to the significant increase to debt service and decrease to cash flow, staff does not recommend this option.
- And, Scenario 3 reflects the effects of an interest rate sensitivity analysis that demonstrates the property's ability to support a DSCR of 1.40:1.00, which avoids any impact to HOC's General Obligation capacity. The interest rate sensitivity table showing the effects of a 50 basis point increase between the projected base rate of 4.241% to 7.741% follows on page 7.

AMENDED REFINANCING PLAN

	FY 2022 Actual	FY 2023 Budget	Underwritten Projections			
Loan Terms			**PNC Scenario 1**	**PNC Scenario 2 Year 1**	**PNC Scenario 2 Year 2**	**Moody's Scenario 3**
Loan Amount	$52,000,000	$52,000,000	$47,576,432	$47,576,432		$47,576,432
Outstanding Debt	$46,769,833	$46,769,833	$47,576,432	$47,576,432		$47,576,432
Interest Rate	3.297%	3.297%	4.241%	4.241%		7.488%
Rate Type	Fixed	Fixed	Fixed	Fixed		Fixed
Term	5-year	5-year	8 months	24 months		8 months
Payment Type	P&I	P&I	Interest Only	P&I		Interest Only
Amortization (years)	30	30	N/A	20		N/A
DSCR Analysis[1]						
Revenues[2]	$10,796,783	$10,999,320	$10,999,320	$10,999,320	$11,153,310	$10,999,320
Total Expenses (incl. RFR)[3]	$5,715,418	$6,010,308	$6,010,308	$6,010,308	$6,190,617	$6,010,308
Net Operating Income	$5,081,365	$4,989,012	$4,989,012	$4,989,012	$4,962,693	$4,989,012
Debt Service	$2,535,212	$2,535,212	$2,017,716	$3,532,576	$3,532,576	$3,562,575
Cash Flow Before Distributions	$2,546,153	$2,453,800	$2,971,296	$1,456,436	$1,430,117	$1,426,437
DSCR	**2.00**	**1.97**	**2.47**	**1.41**	**1.40**	**1.40**
Debt Service Variance from FY22 Actual			($517,496)	$997,364	$997,364	$1,027,363
Cash Flow Variance from FY22 Actual			$425,143	($1,089,717)	($1,116,036)	($1,119,716)

[1]Underwritten projections under DSCR Analysis are based upon annual assumptions.

[2]Revenues assume a 1.4% growth rate in year 2 of Scenario 2

[3]Total Expenses assume a 3% growth rate in year 2 of Scenario 2

AMENDED REFINANCING PLAN

Interest Rate Sensitivity - Loan Amount $47,576,432								
	base	+50bps	+50bps	+50bps	+50bps	+50bps	+50bps	+50bps
Interest Rate	4.241%	4.741%	5.241%	5.741%	6.241%	6.741%	7.241%	7.741%
Debt Service	$2,017,716	$2,255,599	$2,493,481	$2,731,363	$2,969,245	$3,207,127	$3,445,009	$3,682,892
DSCR	2.47	2.21	2.00	1.83	1.68	1.56	1.45	1.35

The cost of the extension is not expected to exceed $100,000, representing legal expenses of PNC and HOC, which staff proposes to pay using funds from the VPCs held by the Commission in the OH Bond Fund. At the proposed interest rate, the Properties will generate approximately $425,142 of additional cash flow, which will be restricted to the VPC Debt Service Reserve that is held in the OH Bond Fund until refinance of the transaction is completed.

Prior to maturity of the extension, staff will return to the Commission with an overarching redevelopment, refinance, and/or disposition plan, relative to all of HOC's scattered sites properties totaling 1,395 units. It is important to note that if finding a permanent, long-term financing solution proves difficult by spring 2023, the Commission has the ability to self-finance the transaction by way of issuing governmental bonds under the Multiple Purpose indenture. Bonds issued in the Multiple Purpose indenture are backed by the full faith and credit of the Commission.

STAFF RECOMMENDATION & CORPORATION ACTION NEEDED

Staff recommends with the support of the Commission's Development and Finance Committee, which considered this request at its meeting on November 18, 2022, the Corporations approve the following actions:

1) Amendment of the Refinancing Plan of VPC One and VPC Two in order to extend the maturity to August 2023 and amend payment terms of the existing loan with PNC Bank, N.A.; and,
2) Authorization for the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

RESOLUTION No.: 22-002VPC1 **RE: Approval to Accept the Amended Refinancing Plan for VPC One Corporation**

WHEREAS, VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two" and together with VPC One, the "Corporations"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery ("HOC" or the "Commission"); and

WHEREAS, VPC One owns 389 of the 669 units that were former Public Housing properties ("669 Sites") and an additional nine (9) units that were acquired between December 2014 and December 2015, and VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016; and

WHEREAS, on November 17, 2017, the Corporations' Board of Directors and HOC approved the refinancing of the Corporations' existing debt with a new loan from PNC Bank, N.A. (the "PNC Facility"); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to the Corporations in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity ("Refinance Plan"); and

WHEREAS, the PNC Facility is scheduled to mature on December 21, 2022 and a short-term extension of up to eight (8) months ("PNC Facility Extension") is being requested to allow more time to evaluate permanent financing strategies; and

WHEREAS, in order to accommodate the time needed for approval and documentation of the PNC Facility Extension to approximately August 2023, PNC Bank, N.A. has agreed to waive collection of the amount due on the original maturity date for approximately 30 days; and

WHEREAS, the PNC Facility Extension will change the payment terms of the original PNC Facility to include interest-only payments at a higher interest rate (the "Amended Payment Terms"), and these Amended Payment Terms will trigger a technical re-issuance of the tax-exempt loan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC One Corporation approves amending the Refinance Plan to allow for the PNC Facility Extension, and approves the revised terms including the Amended Payment Terms, provided that when combined with VPC Two refinance plan, the re-issuance of tax-exempt indebtedness will not exceed $48 million.

BE IT FURTHER RESOLVED that the Board of Directors of VPC One Corporation authorizes and directs the Executive Director of HOC, 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 VPC One Corporation at an open meeting on December 7, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors

Adjourn

VPC Two Corporation Meeting

VPC TWO DEVELOPMENT CORPORATION

APPROVAL TO AMEND THE REFINANCING PLAN

SCATTERED SITES

HOC

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

JENNIFER HINES WASHINGTON, ACTING DIRECTOR OF MORTGAGE FINANCE
JEREMIAH BATTLE, SENIOR MULTIFAMILY UNDERWRITER

December 7, 2022

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EXECUTIVE SUMMARY

VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two")(together the "Corporations" or "VPCs"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") that own 399 and 280 units, respectively, for a combined total of 679 scattered site properties throughout Montgomery County ("Properties"). Of these units, 669 were previously Public Housing scattered sites that underwent a HUD approved disposition in 2012, so that the units could be renovated and leased under other subsidy programs. Below is a breakdown of the types of properties owned by the Corporations.

Single Family	Town House	Walk Up Apt	High Rise Apt	Total Units
64	497	110	8	679

The VPCs scattered sites provide significant public purpose in that 99% of the units or 670 units are reserved for families and individuals earning between 30% and 80% of the Area Median Income ("AMI"), while eight (8) units are unrestricted and one (1) unit is restricted for a senior household. With the Commission's and Corporations approval, between 2014 and 2017, the VPCs were renovated on average of $65,000 per unit. As of October 30, 2022, the Properties are 93.5% occupied.

<u>Previously Approved Refinancing Plan</u> - On November 17, 2017, the Corporations' Board of Directors and the Commission approved the refinance of the existing debt with a new loan from PNC Bank, N.A. (the "Lender" or "PNC"), maintaining an initial replacement reserve escrow of $1,200 per unit, funding of a debt service reserve of $4.8 million, and depositing $3.57 million to the FHA Risk Share Reserve Account (the "Refinancing Plan"). Subsequently, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to the VPCs in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity.

<u>Current Request</u> - The loan from PNC (the "PNC Facility") matures on December 21, 2022, and staff is evaluating permanent financing strategies for the Properties. Concurrently, Real Estate and Mortgage Finance are evaluating an overarching refinance, redevelopment and/or disposition plan, relative to all of HOC's scattered sites properties, and as such, planning efforts have determined that an extension of the note for VPC One and VPC Two to at least August 2023 would be advantageous. This at minimum would align with the maturity date of HOC's Scattered Sites Two Development Corporation loan with PNC as well, which matures in August 2023, allowing for the refinance of both VPC One and Two, as well as Scattered Sites Two in a single transaction. The Scattered Sites Two Development is a 54 unit property financed by an amortizing loan with PNC to which HOC is a co-borrower with a general obligation pledge.

EXECUTIVE SUMMARY

Notwithstanding the proposed extension to August 2023, PNC Bank is processing and expected to approve a longer extension for a total of 24 months. This will give appropriate time for staff to develop an overarching refinance, capital, and/or disposition plan, relative to all of HOC's scattered sites properties. Further, the indicative interest rate provided by PNC for the 24-month extension is lower than the rate provided for the 8-month extension. And, while the payment terms differ between the 8-month (interest only) versus the 24-month (first year interest only, second year amortized over 30 years) extensions, the net effect of the VPC operations improves by 21 basis points over the course of the extension.

Due to the rising interest rate environment, the cost of funds have increased since the time of the initial deal. The interest rate on the existing tax-exempt loan with PNC is 3.297% and PNC has indicated that the tax-exempt interest rate for the 24-month extension would increase to an estimated 4.028%. This increase will trigger a technical re-issuance of the loan for tax purposes, requiring filing of a new 8038-G.

Staff recommends with the support of the Commission's Development and Finance Committee, which considered this action at its meeting on November 18, 2022, that the Corporations approve the following actions:

1) Amendment of the Refinancing Plan of VPC One and VPC Two in order to extend the maturity to up to 24 months and amend payment terms of the existing loan with PNC Bank, N.A.; and,
2) Authorization for the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

AMENDED REFINANCING PLAN

Staff has completed its underwriting and based upon those findings, an 24-month extension and re-issuance of the PNC Facility will provide the following benefits:

1. A net savings in debt service from FY22 by approximately $419,175 over a two (2) year period, given the change in terms.
   - The original interest rate for the $52 million facility was 3.297%. Based upon a 30-year amortization, principal and interest payments were $211,268 per month or approximately $2.5 million annually.
   - Under Scenario 1, shown on page 6 and discussed with the Development & Finance Committee on November 18, 2022, the interest rate for the re-issuance of an up to $48 million facility with an extension to August 2023, is estimated to be 4.241%. Interest only payments will be approximately $168,143 per month or approximately $2 million annually, a savings of $517,496 in debt service for the year; however, upon maturity in August 2023, the Corporation would need to enter into a new facility.
   - Under Scenario 2, also shown on page 6, the interest rate for the re-issuance of an up to $48 million facility with an 24-month extension, is estimated to be 4.028%. The initial 12 months will be interest only payments of approximately $159,698 per month or $1.9 million annually, which is a savings of $618,833. While the second year would include principal and interest payments of $227,906 per month or $2.7 million annually, which would be an increase in debt service by $318,330. The net effect in savings is $419,175.
2. An improvement in Debt Service Coverage Ratio ("DSCR") from FY22 by approximately 21 basis points over the course of 24 months.
3. A net increase in cash flow from FY22 by approximately $208,150 over the 24-month extension.

Please see the comparison chart that follows of Fiscal Year 2022 Actual, Fiscal Year 2023 Budget and the underwritten reissuance projections. Scenario 1 reflects the new terms of 8-month extension and the operational output; Scenario 2 reflects the new terms of a 24-month extension; and, Scenario 3 reflects the effects of an interest rate sensitivity analysis that demonstrates the property's ability to support a DSCR of 1.40:1.00, which avoids any impact to HOC's General Obligation capacity.

AMENDED REFINANCING PLAN

	FY 2022 Actual	FY 2023 Budget	Underwritten Projections			
Loan Terms			**PNC Scenario 1**	**PNC Scenario 2**		**Moody's Scenario 3**
Loan Amount	$52,000,000	$52,000,000	$47,576,432	$47,576,432		$47,576,432
Outstanding Debt	$46,769,833	$46,769,833	$47,576,432	$47,576,432		$47,576,432
Interest Rate	3.297%	3.297%	4.241%	4.028%		7.488%
Rate Type	Fixed	Fixed	Fixed	Fixed		Fixed
Term	5-year	5-year	8 months	24 months Year 1	Year 2	N/A
Payment Type	P&I	P&I	Interest Only	Interest Only	P&I	Interest Only
Amortization (years)	30	30	N/A	N/A	30	N/A
DSCR Analysis						
Revenues[1]	$10,796,783	$10,999,320	$10,999,320	$10,999,320	$11,153,310	$10,999,320
Total Expenses (incl. RFR)[2]	$5,715,418	$6,010,308	$6,010,308	$6,010,308	$6,190,617	$6,010,308
Net Operating Income	$5,081,365	$4,989,012	$4,989,012	$4,989,012	$4,962,693	$4,989,012
Debt Service	$2,535,212	$2,535,212	$2,017,716	$1,916,379	$2,734,870	$3,562,575
Cash Flow Before Distributions	$2,546,153	$2,453,800	$2,971,296	$3,072,633	$2,227,823	$1,426,437
DSCR	**2.00**	**1.97**	**2.47**	**2.60**	**1.81**	**1.40**
Debt Service Variance from FY22 Actual			($517,496)	($618,833)	$199,658	$1,027,363
Cash Flow Variance from FY22 Actual			$425,143	$526,480	($318,330)	($1,119,716)

[1]Revenues assume a 1.4% growth rate in year 2 of Scenario 2

[2]Total Expenses assume a 3% growth rate in year 2 of Scenario 2

Housing Opportunities Commission
OF MONTGOMERY COUNTY

AMENDED REFINANCING PLAN

The cost of the extension is not expected to exceed $100,000, representing legal expenses of PNC and HOC, which staff proposes to pay using funds from the VPCs held by the Commission in the OH Bond Fund. At the proposed interest rate, the Properties will generate approximately $208,150 of additional cash flow over the 2-year extension period, which will be restricted to the VPC Debt Service Reserve that is held in the OH Bond Fund until refinance of the transaction is completed.

Prior to maturity of the extension, staff will return to the Commission with an overarching redevelopment, refinance, and/or disposition plan, relative to all of HOC's scattered sites properties totaling 1,395 units. It is important to note that if finding a permanent, long-term financing solution proves difficult by spring 2023, the Commission has the ability to self-finance the transaction by way of issuing governmental bonds under the Multiple Purpose indenture. Bonds issued in the Multiple Purpose indenture are backed by the full faith and credit of the Commission.

STAFF RECOMMENDATION & CORPORATION ACTION NEEDED

Staff recommends with the support of the Commission's Development and Finance Committee, which considered this request at its meeting on November 18, 2022, the Corporations approve the following actions:

1) Amendment of the Refinancing Plan of VPC One and VPC Two in order to extend the maturity to up to 24 months and amend payment terms of the existing loan with PNC Bank, N.A.; and,
2) Authorization for the Executive Director to negotiate and execute all related transactional documents to effect closing, including any and all related tax documents.

RESOLUTION NO.: 22-002VPC2 **RE: Approval to Accept the Amended Refinancing Plan for VPC Two Corporation**

WHEREAS, VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two" and together with VPC One, the "Corporations"), are wholly controlled corporate instrumentalities of the Housing Opportunities Commission of Montgomery ("HOC" or the "Commission"); and

WHEREAS, VPC One owns 389 of the 669 units that were former Public Housing properties ("669 Sites") and an additional nine (9) units that were acquired between December 2014 and December 2015, and VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016; and

WHEREAS, on November 17, 2017, the Corporations' Board of Directors and HOC approved the refinancing of the Corporations' existing debt with a new loan from PNC Bank, N.A. (the "PNC Facility"); and

WHEREAS, on December 15, 2017, in order to qualify for the tax-exempt structure of the PNC Facility, HOC approved acting as conduit issuer to in turn lend the proceeds to the Corporations in an amortizing loan amount of $52 million, as sized to avoid any reduction in the Commission's general obligation borrowing capacity ("Refinance Plan"); and

WHEREAS, the PNC Facility is scheduled to mature on December 21, 2022 and a short-term extension of up to eight (8) months ("PNC Facility Extension") is being requested to allow more time to evaluate permanent financing strategies; and

WHEREAS, in order to accommodate the time needed for approval and documentation of the PNC Facility Extension to approximately August 2023, PNC Bank, N.A. has agreed to waive collection of the amount due on the original maturity date for approximately 30 days; and

WHEREAS, the PNC Facility Extension will change the payment terms of the original PNC Facility to include interest-only payments at a higher interest rate (the "Amended Payment Terms"), and these Amended Payment Terms will trigger a technical re-issuance of the tax-exempt loan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of VPC Two Corporation approves amending the Refinance Plan to allow for the PNC Facility Extension, and approves the revised terms including the Amended Payment Terms, provided that when combined with VPC One refinance plan, the re-issuance of tax-exempt indebtedness will not exceed $48 million.

BE IT FURTHER RESOLVED that the Board of Directors of VPC Two Corporation authorizes and directs the Executive Director of HOC, 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 VPC Two Corporation at an open meeting on December 7, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors

Adjourn