

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

December 7, 2022

22-12

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, December 7, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:08 p.m. Those in attendance were:

Present

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

Via Zoom

Pamela Byrd

Also Attending

Chelsea Andrews, Executive Director
Aisha Memon, General Counsel
Guidy Paul
Zachary Marks
Ken Silverman
Tia Blount
Bonnie Hodge
Matt Husman
Timothy Goetzinger

Kayrine Brown, Deputy Executive Director
Lynn Hayes
Jennifer Washington
Jeremiah Battle
Marcus Ervin
John Vass
Paige Gentry
Fred Swan

Also Attending via Zoom

Kashif Paul
Nitin Gupta
David Brody
John Broullire

Jay Shepherd
Darcel Cox

IT Support

Irma Rodriguez
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 the inauguration of County Executive was held on December 5, 2022.

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

A. Approval of Minutes of November 16, 2022

B. Approval of Minutes of November 16, 2022 Closed Session

III. **CONSENT**

A. Approval of the Appointment of Lexan McDowell to the Board of Directors of Housing Opportunities Community Partners, Inc.

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

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 McDowell 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 HOC 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.

B. Recognition of Retirement for Patrice Birdsong

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

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, immeasurable 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.

IV. COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION

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**

Commissioner Simon opened the floor to Executive Director Andrews who provided an overview and introduction of Marcus Ervin, Director of Real Estate Development, and Zachary Marks, Chief Real Estate Investment Officer, to provide the presentation.

The following resolution was 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.: 22-83

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.

2. VPC One and VPC Two: Authorization to Reissue Tax Exempt Indebtness

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

The following resolution was 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.: 22-84

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 maybe, 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.

B. Administrative and Regulatory Committee – Com. Kelleher, Chair

1. Housing Resources – Voucher Payment Standards: Authorization to Implement Voucher Payment Standards Based on HUD FY 2023 Small Area Fair Market Rents

Commissioner Simon opened the floor to Executive Director Andrews who provided an overview introducing Lynn Hayes, Director of Housing Resources, and Guidy Paul, Assistant Director of Housing Resources, to provide the presentation.

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

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.

Based upon this report and there being no further business to come before this session of the Commission, the meeting was adjourned with a motion by Vice Chair Kelleher and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon. The meeting adjourned at 5:18 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Approved: January 11, 2023