



Development and Finance Committee

**May 24, 2024
9:00 a.m.**

Livestream: <https://youtube.com/live/A1T6SGGix28?feature=share>

The public is invited to attend HOC’s May 24, 2024 Development and Finance Committee meeting in-person. HOC’s Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person and online participation).

Approval of Minutes:

Title	Page #
1. Minutes: Approval of Development and Finance Committee Minutes of April 29, 2024	Pg. 3

Discussion/Action Items:

Title	Page #
1. Wheaton Gateway: Approval to Select Clark Construction Group, LLC for General Contracting Services for the Preconstruction and Construction of Wheaton Gateway Development (Phase I), Approval for the President/Executive Director to Negotiate and Execute the Contract for Preconstruction Service, and Approval for the President/Executive Director to Negotiate the Guaranteed Maximum (“GMP”)	Pg. 7
2. Elizabeth House Apartments: Approval of an Additional Bridge Loan of up to \$1.5 million from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) to Provide Funding for the Demolition of Elizabeth House Apartments	Pg. 18

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Development & Finance Committee Minutes

April 29, 2024

For official record of the Housing Opportunities Commission of Montgomery County, an open meeting of Development and Finance Committee was conducted, via a hybrid platform (with some participating in-person and some participating online/via teleconference) on Monday, April 29, 2024 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Roy Priest, Chair
Jeffrey Merkowitz, Vice Chair

Absent

Robin Salomon, Chair

Also Attending

Chelsea Andrews, President/Exe. Director	Paige Gentry, Deputy General Counsel
Paige Gentry, Deputy General Counsel	DeMarcus Hubbard
Ali Ozai	John Wilhoit
Elliot Rule	Victoria Dixon
Matt Husman	Tim Goetzinger
Richard Congo	John Brouillre
Bonnie Hodge	Zachary Marks
Tia Blount	Ken Silverman
Erin Smith	Len Vicilic
Paul Vinciguerra	Elaine Cole
Ellen Goff	Terri Fowler
David Brody	Irma Washington
Jay Shepherd	Adam Pinchuk
DeMarcus Hubbard	Meta Lim
Michael Somerville	Walker Taylor
Leidi Reyes	Darcel Cox
	LeNisha Carroll

IT Support

Richard Congo
Irma Rodriquez

Commission Support

Morgan Tucker
Contessa Webster

Committee Chair Merkowitz opened the meeting with a roll call and the introduction of the Committee and the President/Executive Director, Chelsea Andrews.

I. Approval of Minutes

A. Approval of Minutes of March 22, 2024 Open Session

Commissioner Priest, moved to approve the Minutes of March 22, 2024 and Committee Chair Merkowitz seconded the motion. Affirmative votes were cast by Commissioners Priest and Merkowitz. Commissioner Salomon was necessarily absent and did not participate in the vote.

II. Discussion/Action Items

A. Approval of New Participating Lender for the Single Family Mortgage Purchase Program

Committee Chair Merkowitz introduced President Andrews who provided an overview and introduced Michael Somerville, Vice President, Mortgage Finance, who provided the presentation. A motion was made by Commissioner Priest to advance the recommendation to approve Mortgage Link, Inc. and T2 Financial as participating lenders for the Single Family Mortgage Purchase Program to full the Commission. Committee Chair Merkowitz seconded. Affirmative votes were cast by Chair Priest and Committee Chair Merkowitz. Commissioner Salomon was necessarily absent and did not participate in the vote. Committee Chair Merkowitz requested the item be moved to Consent items for the Commission meeting.

B. Single Family Mortgage Lending: Approval of Structure, Cost of Issuance, Budget, and Adoption of Series Resolution(s) for the Issuance of Single Family Mortgage Revenue Bonds for the Single Family Mortgage Purchase Program

Committee Chair Merkowitz introduced President Andrews who provided an overview and introduced Michael Somerville, Vice President, Mortgage Finance, who provided the presentation. Staff recommended that the Commission approve: (1) of the structure and issuance of the 2024 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed \$35 million in aggregate; (2) to allocate up to \$15 million of private activity volume cap to complete the transaction; (3) the cost of issuance budget, estimated to be approximately \$570,000.00; and (4) to adopt one or more Series Resolution(s) authorizing the issuance of the 2024 Bonds. Commissioner Priest pointed out that the projections for 2024 are lower than what was actually achieved for 2023. Mr. Somerville stated that Mortgage Finance is targeting a similar volume of 2023 due to the mortgage interest rates. President Andrews reassured the Committee that HOC recently met with CDA partners to provide the overall plan and needs of HOC. President Andrews anticipates the support from CDA for the needed resources. A motion was made by Commissioner Priest to recommend the item to full Commission. Committee Chair Merkowitz seconded the motion. Affirmative votes were cast by Commissioner Priest and Committee Chair Merkowitz. Commissioner Salomon was necessarily absent and did not participate in the vote.

C. Westside Shady Grove: Building B Proposed Names

Committee Chair Merkowitz introduced President Andrews who provided an overview and introduced Tia Blount, Vice President, Public Affairs, who provided the presentation. Commissioner Priest stated that he did not prefer any of the names submitted and asked if there were any alternatives then suggested adding “The” in front of the names. President Andrews discussed the factors and challenges faced in choosing the names. Committee Chair Merkowitz suggested that the discussion included less “consultant jargon”. Commissioner Priest did not recommend the approval of the name “Muse” to the Commission. Committee Chair Merkowitz proposed sending the item to the full Commission without a recommendation. No action was taken on this item.

D. Alexander House LP/SCRRAC: Approval of Maintenance Responsibilities for the South County Regional Recreational and Aquatic Facility

Committee Chair Merkowitz introduced President Andrews who provided an overview and introduced Zachary Marks, Vice President and Walker Taylor, Financial Analyst, who provided the presentation. Commissioner Priest asked if the request has any impact on the financing partners. Mr. Marks stated that there is no change to the operations at Alexander House and no documents would need to be modified or amended. Mr. Marks confirmed that HOC Staff will be preparing the legal documents to memorialize the request. A motion was made by Commissioner Priest to recommend the Commission approve Alexander House Limited Partnership providing written acknowledgement that the maintenance requirements in the SCRRAC AH Lease will control over any conflicts between the maintenance requirements in the SCRRAC AH Lease and the maintenance requirements in the Alexander House Commercial Condominium. Committee Chair Merkowitz seconded the motion. Affirmative votes were cast by Committee Chair Merkowitz and Priest. Commissioner Salomon was necessarily absent from vote

E. Hillandale Gateway: Approval of a Single Maturity Date for the Housing Production Fund Loan to Hillandale Gateway, LLC

Committee Chair Merkowitz introduced President Andrews who provided an overview and introduced Kathryn Hollister, Housing Acquisition Manager, who provided the presentation. Commissioner Priest recommended that a single maturity date for the Housing Production Fund move forward to full Commission for approval. Committee Chair Merkowitz seconded the motion. Affirmative votes were cast by Commissioner Priest and Chair Merkowitz. Commissioner Salomon was necessarily absent and did not participate in the vote.

F. Hillandale Gateway: Approval of Additional Funding for Legal Services Provided by Gallagher Evelius and Jones, LLP for Hillandale Gateway

Committee Chair Merkowitz introduced President Andrews who provided an overview and introduced Kathryn Hollister, Housing Acquisition Manager, who provided the presentation. Commissioner Priest asked for clarity in the connection between the original closing date and the revised date as it relates to the need to increase legal costs. Ms. Hollister states that there are more legal documents to review than initially anticipated due to the multiple lenders and investors involved in the transaction. Commissioner Priest recommended that the presentation, moving forward, reflect more on the procurement related impact. Commissioner Priest called for a motion to recommend that

approval for additional legal services provided by Gallagher Evelius and Jones in the amount of \$233,000, for a total contract amount not to exceed \$625,000 move forward to full Commission. Chair Merkowitz seconded the motion. Affirmative votes were cast by Commissioner Priest and Chair Merkowitz. Commissioner Salomon was necessarily absent and did not participate in the vote.

Committee Chair Merkowitz read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Priest seconded the motion, with Commissioners Priest and Committee Chair Merkowitz voting in approval. Commissioner Salomon was necessarily absent and did not participate in the vote.

Based upon this report and there being no further business to come before this session of the Committee, the Committee adjourned the open session at 11:06 a.m. and reconvened in closed session at 11:10 a.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed Development and Finance Committee meeting held on April 29, 2024 at approximately 11:10 a.m. via a hybrid model (with some participating in-person and some participating virtually) at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(13) to discuss the confidential commercial and financial terms of lenders' proposed financing structure for the Hillandale Gateway development.

The meeting was closed and the closing statement dated April 29, 2024 was adopted on a motion made by Committee Commissioner Merkowitz, seconded by Commission Priest, with Committee Chair Merkowitz and Priest voting in favor of the motion. Commissioner Salomon was necessarily absent and did not participate in the vote. The following persons were present: Jeffrey Merkowitz, Roy Priest, Chelsea Andrews, Kayrine Brown, Paige Gentry, Zach Marks, Kathryn Hollister, Victoria Dixon, Morgan Tucker, and Contessa Webster.

In closed session, the Committee discussed the below topics and took the following actions:

1. **Topic:** The proposed financial structure for the Hillandale Gateway Development (pursuant to Section 3-305(b)(13)).
 - a. **Action Taken:** The Committee received information about the proposed financing structure for the Hillandale Gateway Development. The Committee informally agreed that the matter should be presented to the full Commission once the details are finalized. No formal action was taken.

The closed session was adjourned at 11:44 a.m.

Respectfully submitted,

Chelsea Andrews,
Secretary-Treasurer

/caw

WHEATON GATEWAY: APPROVAL TO SELECT CLARK CONSTRUCTION GROUP, LLC FOR GENERAL CONTRACTING SERVICES FOR THE PRECONSTRUCTION AND CONSTRUCTION OF THE WHEATON GATEWAY DEVELOPMENT (PHASE I), APPROVAL FOR THE PRESIDENT TO NEGOTIATE AND EXECUTE THE CONTRACT FOR PRECONSTRUCTION SERVICES, AND APPROVAL FOR THE PRESIDENT TO NEGOTIATE THE GUARANTEED MAXIMUM PRICE (“GMP”) CONTRACT

Wheaton Gateway

CHELSEA J. ANDREWS, PRESIDENT/ EXECUTIVE DIRECTOR

KAYRINE BROWN, SENIOR EXECUTIVE VICE PRESIDENT
ZACHARY MARKS, SENIOR VICE PRESIDENT OF REAL ESTATE
DAEJAUNA DONAHUE, PROJECT MANAGER
ALEX LAURENS, HOUSING ACQUISITION MANAGER



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Executive Summary



Veirs Mill West (Lindsay Ford), Ambassador, and Mattress Firm comprise the Wheaton Gateway Development.

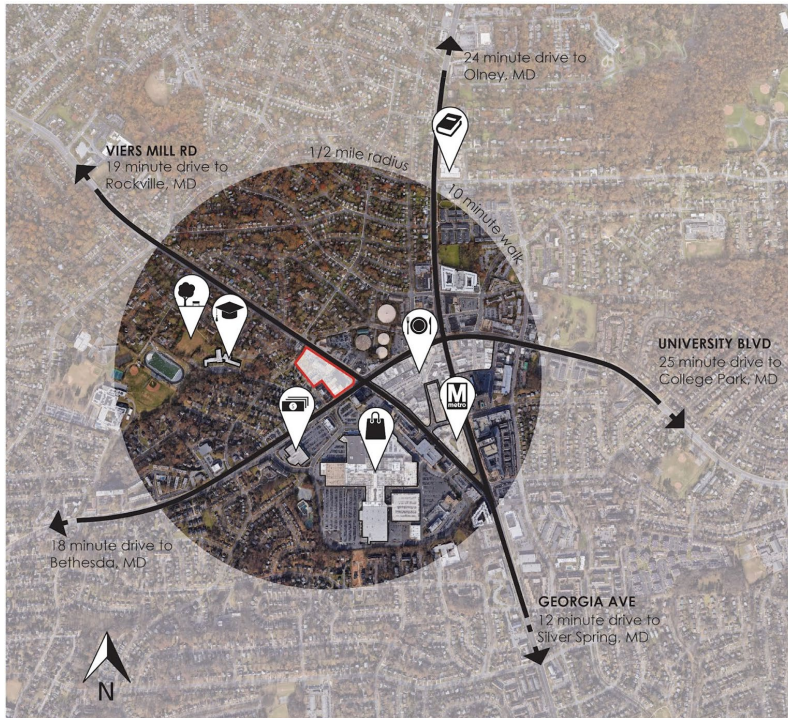
In 2017, the Lindsay family, owners of the existing Lindsay Ford dealership located at 11250 Veirs Mill Road in Wheaton, desired to relocate the dealership and its operations to a new site. Located adjacent to the Ambassador Apartments, which was jointly owned at the time in a condominium regime between HOC and an affiliate of Willco, LLC (“Willco”), acquisition of the Lindsay Ford holdings would not only create the opportunity for synergies for the redevelopment of The Ambassador Apartments, but would also dramatically increase the scope of the revitalization for a core part of Wheaton, whose greatest challenge is the highly fragmented nature of land ownership. A cohesive redevelopment of this prominent corner, which, if consolidated, could deliver approximately 700+- units at full buildout, was a vision shared by the Planning staff during the Sector Plan process.

To jumpstart this redevelopment effort, HOC’s staff negotiated the acquisition of the Lindsay Ford dealership consisting of 11 parcels, totaling approximately 5.4 acres (the “LAG Properties”). The LAG Properties include approximately 3.8 acres of property West of Veirs Mill Road (together the “Veirs Mill West Properties”) and approximately 1.6 acres of property East of Veirs Mill Road (the “Veirs Mill East Properties”).

On **January 17, 2019**, the Commission completed acquisition of the LAG Properties, which represented the culmination of several years of negotiation to secure one of the largest and most impactful redevelopment opportunities in Wheaton, allowing for the opportunity to combine those properties with the adjacent Ambassador Apartments site.

In keeping with the “Gateway” concept that HOC and private development partner The Duffie Companies (“Duffie”), a third-generation, Montgomery County-based, family-owned real estate development and asset management company, have promoted in partnership as part of the Hillandale Gateway development, HOC and Duffie created a similar partnership and structure for the redevelopment of the Veirs Mill West Properties (together the HOC/Duffie joint venture being Wheaton Gateway, LLC or the “Duffie JV”).

Executive Summary



On **November 12, 2019**, following successful negotiations with Duffie’s assistance, the Commission approved the creation of Wheaton Venture, LLC, a partnership between Wheaton Gateway, LLC and Willco (the “Venture”). This partnership fully unlocked the development potential of this prominent corner by earning Willco’s participation with respect to the Ambassador Apartments site and further augmenting the assemblage of the Veirs Mill West Properties through incorporation of Willco’s corner Mattress Firm property to form what is now known as the “Wheaton Gateway” development site.

Serving as lead developer in this effort will be Duffie affiliate PS Ventures, LLC (“PS Ventures”). PS Ventures is a highly specialized real estate development firm whose primary mission is to help design and develop buildings that are more resilient, more durable, and more efficient, utilizing building science and passive building principles. PS Ventures will be responsible for managing the day-to-day project activities, feasibility analysis, and crafting the vision for the project.

While the plans are being developed and subject to approval by the members of the Venture and the Commission, the opportunity to transform this Gateway site will greatly contribute to the overall Wheaton economy and life.

A community meeting was held on March 11, 2024, and the site plan submission is projected for Q2 of 2024.

Executive Summary

Since **February 2020**, when approval from Commission was received for the Concept Plan for the redevelopment of the assembled site, the project team has engaged an architect and progressed the design through the Sketch Plan approval.

On **March 6, 2024**, the Commission approved the Site Plan to be submitted to the Maryland-National Capital Park and Planning Commission (“M-NCPPC”) at the end of March.

The development and design teams are currently working on the progression of schematic design (“SD”) with the goal of starting design development (“DD”) in October 2024. The ultimate goal is to submit for Building Permits in June/July 2025.

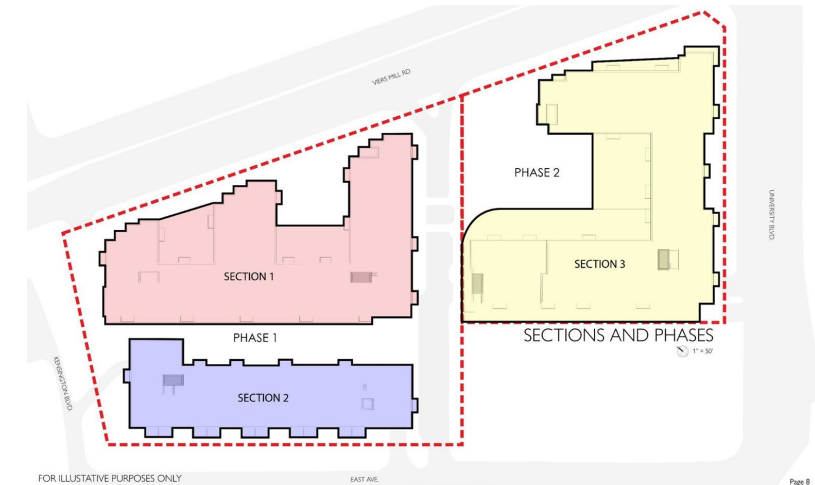
With this goal in mind, the Commission approved the selection of JDC as the Construction Manager (“CM”) at the **April 3, 2024** Commission meeting.

Similarly, the development team plans to engage the General Contractor (“GC”) prior to the start of DDs to assist with pricing and constructability guidance. The General Contractor will be contracted for the following three phases of work:

- Preconstruction Support
- Construction
- Project Close-Out

The GC solicited for the Wheaton Gateway project is anticipated to be engaged by July 2024 and will have experience on high-rise multi-phased projects with sustainability objectives consistent with those of Wheaton Gateway.

The services will cover the remainder of the predevelopment phase and the duration of the construction of Phase I.



Resiliency and Sustainability



TARGETING



Selection of a General Contractor - Criteria

HOC’s Procurement Office issued a Request for Proposal (RFP #2456) for general contracting services for the preconstruction and construction of Wheaton Gateway in accordance with HOC’s Procurement Policy. RFP #2456 was released on February 8, 2024, with a due date of April 8, 2024. The RFP was posted to HOC’s website and distributed to more than 300 vendors registered in the Montgomery County Central Vendor Registration System (“CVRS”). A pre-proposal conference was held virtually on February 16, 2024, which was attended by eleven (11) firms.

The scope of work outlined in RFP #2456 included twenty-four (24) months of preconstruction phase services, followed by construction phase services, including site verification and code compliance. The scoring consisted of staff from Risk Management, Mortgage Finance, and Real Estate divisions, as well a Duffie representative (together, the “General Contractor Scoring Team”, all received written instructions prior. A General Contractor Scoring Team consensus meeting occurred on May 2, 2024. The Proposals were scored on the following: five (5) evaluation criteria. The maximum points a proposal could receive is 100.

Qualifications (Maximum 45 Points)	Additional MFD Participation (Maximum 15 Points)	References (Maximum 10 Points)	Financial Strength (Maximum 5 Points)	Price (Maximum 25 Points)
<p>Demonstrated experience with projects involving: i) high-rise mixed-use and residential ii) similar construction methodologies iii) Passive house achieving energy standards beyond code requirements, iv) high performance construction standards, v) experience with Low Income Housing Tax Credit (“LIHTC”) with a preference for Maryland, vi) experience utilizing mass timber as a structural frame.</p>	<p>The 15% of MFD scoring shall be subdivided in two areas. The first is the GC’s direct MFD efforts (5% Direct MFD). All firms can receive 5% MFD effort and any respondents that are a certified MFD firm are awarded the full 5% as well. The second area is MFD subcontractors (10% MFD Subcontracting). Respondents who meet the MFD requirement (i.e., 25%) will score 0% , >25% – 29% will receive 5%, and 30% or above will receive the full 10%.</p>	<p>Reference checks were conducted to evaluate and verify past performance regarding ability for on-time completion and change order management.</p>	<p>Provide confirmation of Respondent performance and payment bond ability for the project from a surety of AM Best class “IX” or higher bearing a minimum AM Best “A” rating or better.</p>	<p>Price and Fees for performing the services described in this request for proposal. Price proposals should include detailed cost of each service.</p>

Selection of a General Contractor – Bidders

HOC received six (6) proposals in response to RFP# 2456 by the proposal deadline on April 8, 2024 at 12:00 pm.

James G. Davis Construction Corporation (“Davis”)

Founded in 1964, Davis is headquartered in Rockville, MD. They were ranked by Engineering News Record (“ENR”) as the fifth largest GC in the mid-Atlantic. Davis does not have any prior experience with HOC’s projects.



Paradigm Contractors, LLC (“Paradigm”)

Founded in 1991, Paradigm has experience with multifamily and commercial projects. Paradigm has experience with the following HOC projects: Residences on the Lane and has been selected as the GC for the new HOC Headquarters.



Bozzuto Contracting Company, LLC (“Bozzuto”)

Since 1988, Bozzuto has had experience with numerous mixed-use multifamily projects. Bozzuto has experience with the following HOC projects: MetroPointe and The Laureate.



Whiting-Turner Contracting Company, LLC (“Whiting-Turner”)

Founded 114 years ago, Whiting-Turner was ranked by ENR as the third top multi-family contractor in the mid-Atlantic. Whiting-Turner does not have any experience with HOC’s projects.



Clark Construction Group, LLC (“Clark”)

Clark was founded over 100 years ago in the DMV area and has its headquarters in Bethesda, MD. They were ranked by ENR as the second top green building contractor and the top multifamily construction firm in the mid-Atlantic. Clark does not have any prior experience with HOC’s projects.



CBG Building Company, LLC (“CBG”)

CBG was formed in 2015 by Clark Construction Group. CBG not only have experience with multifamily construction, but also education and renovation projects. CBG has experience with the following HOC projects: Fenton Silver Spring and was selected as the GC for Hillandale Gateway.



May 24, 2024



Selection of a General Contractor – Scoring

Following a review of all the proposals, the General Contractor Scoring Team scored Clark the highest with 95 out of 100 points. A summary of the team’s evaluation of Clark is provided below.

Qualifications:

- Clark demonstrated within their proposal significant experience on projects of similar scope and size, high sustainability standards beyond code minimum, high construction standards and various construction methods, LIHTC experience, and experience in the Baltimore-Washington Metropolitan area.

MFD Participation:

- Clark received full points in this criteria, regarding direct MFD efforts, their diverse staffing plan has 43% MFD personnel including in leadership positions and their subcontracting plan included 35% for MFD participation.

References:

- Clark’s references spoke highly of their work performed including their involvement on change order management and on-time completion of projects.

Financial Strength:

- Clark confirmed their performance and payment bond ability via the surety letter within their proposal.

Price:

- Their proposal included competitive fees; their preconstruction fee is \$270,000, and the construction fees included general conditions and profit at 7.75%.

Based on the scoring criteria, Clark has demonstrated that they have the skills, team, and expertise to provide General Contracting Services for the Preconstruction and Construction of Wheaton Gateway Phase I. Staff proposes the selection of Clark for Wheaton Gateway Phase I General Contracting Services, and the preconstruction fee in the amount of \$270,000 and to include a 25% contingency in the amount of \$67,500 to cover unforeseen changes in scope due to the scale of the project and duration of the preconstruction phase.

Upcoming Commission Actions

Wheaton Gateway – Upcoming Actions	Projected Timeframe
Approval to Submit for Building Permit	June/July 2025
Approval of the Final Development Budget	August/September 2025
Approval to Execute the GMP with the General Contractor	October/November 2025
Approval of the Financing Plan	December 2025/January 2026

The discussions with the Commission envisions a multi-phase development over several years; however, there is a commitment to delivering a transformative development at the Gateway into Wheaton from the west, along University Boulevard.

Staff, with the Development Team, will be submitting the Site Plan in Q2 of 2024 and as the project progresses, the Commission will be asked to consider several actions up to the receipt of obtaining building permits for the first phase of construction at Wheaton Gateway.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Development and Finance Committee wish to join staff in recommending that the Commission:

1. Approve the selection of Clark Construction Group, LLC to provide general contracting services for the preconstruction and construction of Wheaton Gateway Phase I;
2. Approve preconstruction services in the amount of \$270,000; and to include a 15% contingency in the amount of \$67,500;
3. Authorize the President/Executive Director to negotiate and execute a contract for preconstruction services with Clark Construction Group, LLC that reflect these terms;
4. Authorize the President/Executive Director to negotiate the GMP contract for construction services with Clark Construction Group, LLC that reflect these terms?

BUDGET/FISCAL IMPACT

There is no budget/fiscal impact. The pre-development budget was approved through CY-25 and included preconstruction services within the budget. The proposed fee by Clark Construction Group, LLC for the predevelopment phase is within the dedicated budget line item amount for preconstruction services. Construction services for the construction will be included in the construction financing at closing.

TIME FRAME

For discussion at the May 24, 2024 meeting of the Development & Finance Committee and formal action at the June 5, 2024 meeting of Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Development and Finance Committee join staff in recommending that the Commission:

1. Approve the selection of Clark Construction Group, LLC to provide general contracting services for the preconstruction and construction of Wheaton Gateway Phase I;
2. Approve preconstruction services in the amount of \$270,000; and to include a 15% contingency in the amount of \$40,500;
3. Authorize the President/Executive Director to negotiate and execute a contract for preconstruction services with Clark Construction Group, LLC that reflect these terms;
4. Authorize the President/Executive Director to negotiate the GMP contract for construction services with Clark Construction Group, LLC that reflect these terms.

ELIZABETH HOUSE APARTMENTS: APPROVAL OF AN ADDITIONAL BRIDGE LOAN OF UP TO \$1.5 MILLION FROM THE PNC BANK, N.A. REAL ESTATE LINE OF CREDIT (“RELOC”) TO PROVIDE FUNDING FOR THE DEMOLITION

SILVER SPRING

CHELSEA J. ANDREWS, PRESIDENT/EXECUTIVE DIRECTOR

**ZACHARY MARKS, SENIOR VICE PRESIDENT OF REAL ESTATE
JAY SHEPHERD, HOUSING ACQUISITION MANAGER
PAUL VINCIGUERRA, CONSTRUCTION MANAGER
GIO KAVILADZE, SENIOR FINANCIAL ANALYST**

May 24, 2024



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Executive Summary

- Elizabeth House Apartments (“Elizabeth House”), located at 1400 Fenwick Lane in Silver Spring, MD, is a former 160-unit senior Public Housing community that has reached the end of its useful life cycle and has been approved for demolition. It is adjacent to The Leggett (“The Leggett” constructed by HOC and completed in 2023), a mixed-income 267-unit multigenerational community that sits above the South County Regional Recreation and Aquatic Center (“SCRRAC”). All referenced properties and Alexander House are located at Elizabeth Square, bounded by Apple Avenue, Second Avenue, Fenwick Lane, and the Metro rail tracks.
- On **April 5, 2023**, the Commission awarded IFB #2361 to The Berg Corporation (“Berg”) for the Demolition of Elizabeth House Apartments and authorized the President/Executive Director to negotiate and execute a contract for the demolition.
- At the Commission meeting in April 2023, staff had proposed to fund the demolition from three sources:
 - \$1.5 million of County Capital Improvement Fund (“CIP”) funds,
 - \$1 million Bridge from RELOC to be repaid by DHCA 0% interest loan*,
 - Up to \$500K loan from HOC Opportunity Housing Reserve Fund (“OHRF”) for a total of \$3.0 million.
- On **June 7, 2023**, Contract 23-2361 was executed by Berg and HOC for a price of \$2,298,826. Staff proposed a total estimated demolition cost to be \$2,758,591, which included a contingency of 20%, or \$459,765, to be added to the Berg base contract of \$2,298,826.
- On December 18, 2023, change order #1 for bulk trash and furniture removal for \$79,829 was approved.
- On **March 7, 2024**, Berg submitted change order #2 which includes \$1,340,074 to remove additional asbestos containing waterproofing on exterior concrete walls found onsite that are estimated to be above the contractual agreement. The volume generated will be properly removed, hauled offsite and must be replaced with clean material for backfill. Also included in the change order was the cost of the backfill material to offset the material that will be removed from the site. These costs are \$468,000 for a combined change order cost of \$1,808,074.
- If approved, the new budget total is \$4,500,000 exceeding the original budget by \$1,500,000. Staff requests approval to borrow from HOC’s PNC Real Estate Line of Credit (“RELOC”) the additional \$1,500,000 to cover the added budget cost to support the demolition activities until the amount can be transferred to the OHRF or redevelopment of EH Phase IV.

Scope and Management of the Abatement

- After testing, the ACM waterproofing on exterior concrete walls were found to be above the allowed thresholds for asbestos containing materials. The discovery was also an unknown condition under the contractual agreement and therefore, initiated a change order to scope.
- The contractor is required to work with the Maryland State Department of the Environment to notify them of the planned removal. The volume generated will be properly removed by licensed professionals, disposed offsite, and will be replaced with clean material for backfill.

Activities surrounding ACM removal are strictly regulated by laws and procedures to keep the workers, neighbors, the community, and the environment safe. Below are the pathways for potential exposure and corresponding mitigation practices that keep human health and the environment safe.

Contractor Safety Protocols

Contractor will provide all professional services, including licensed supervision and laborers accompanied by materials, equipment, sundries, and monitoring to perform the asbestos abatement. All work will be performed in accordance with all applicable State of Maryland, Environmental Protection Agency, and Occupational Safety & Health Administration (“OSHA”) regulations.

- Provide fall and respiratory protection for workers
- Submit notification to State of Maryland
- Construct a regulated area with centralized decontamination facility
- Install wheel stops at perimeter of building
- Demolition of the brick/block on the exterior of the building
- Brick/Block to be placed in an interior chute
- Remove the master from the upper and lower slab edge
- All workers to be properly licensed.

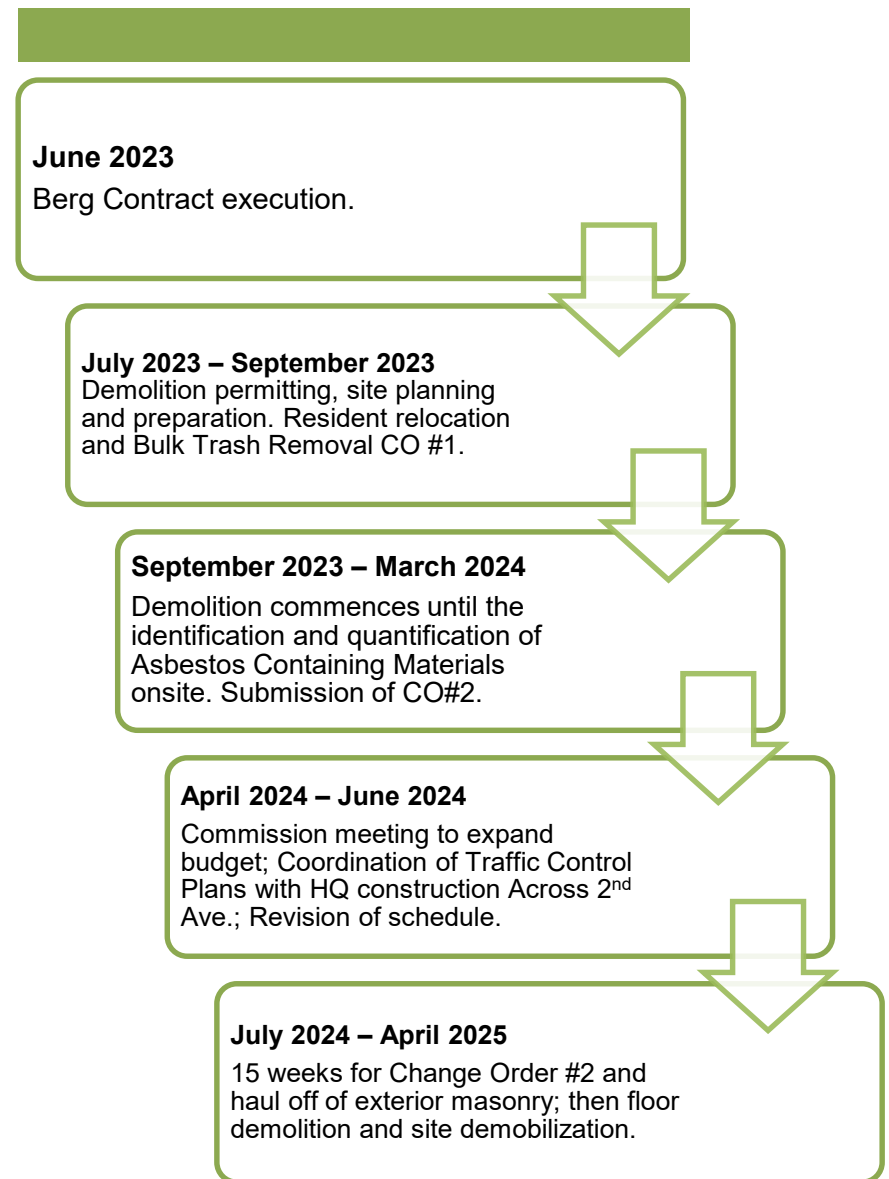
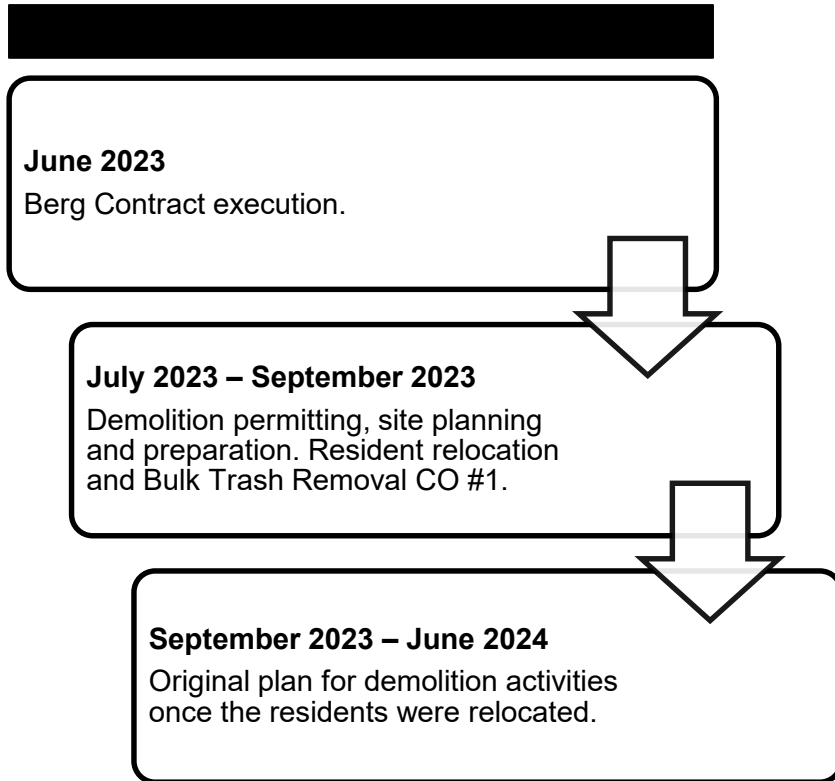
Previous Residents of Elizabeth House

- The ACM found was located on the exterior concrete blocks behind the brick wall exterior with the purpose of waterproofing the exterior block from possible water intrusion.
- Due to its location on the exterior of the building, there was never any pathway for exposure of the ACM to either human health or the environment.
- The building was 100% vacant as of September 2023.

Neighbors and the Silver Spring Community during Demolition

- HOC is also constructing its new headquarters (“HQ”) building immediately opposite of the demolition activities at Elizabeth House across 2nd Avenue in Silver Spring.
- As part of that effort, HOC will be maintaining a website that will provide the neighborhood with information on this and upcoming activities in the immediate vicinity. The activities of the demolition will be added to this website.

Projected Demolition Timeline



Projected Budgets

- \$1.5 million of County Capital Improvement Fund (“CIP”) funds,
- \$1 million Bridge Loan from RELOC to be repaid by DHCA 0% interest loan*,
- Up to \$500K loan from HOC Opportunity Housing Reserve Fund (“OHRF”) for a total of \$3.0 million.

EH Demolition Budgets	
SOURCES	Amount
County Capital Improvement Fund (“CIP”) funds	\$ 1,500,000.00
RELOC (prev. repaid with DHCA 0% interest loan*)	\$ 1,000,000.00
HOC Opportunity Housing Reserve Fund (“OHRF”)	\$ 500,000.00
Total	\$ 3,000,000.00
USES	Amount
23-2361 BERG Base Contract	\$ 2,298,826.00
CO#1 (Bulk Trash Removal Expenses)	\$ 79,829.00
CO#2 (ACM Material Demolition)	\$ 1,340,074.00
Includes BackFill Replacement	\$ 468,000.00
Interest Carry (RELOC - Monthly until Closing)	\$ 156,398.10
Additional Contingency	\$ 156,872.90
Total	\$ 4,500,000.00
SURPLUS/SHORTFALL	
Current Sources	\$ 3,000,000.00
Additional Funds Required	\$ 1,500,000.00
Costs	\$ 4,500,000.00

*HOC’s PNC Real Estate Line of Credit (“RELOC”) will incur monthly interest requiring payments until closing. The projected cost of those monthly payments is included under the “Interest Carry” line item.

Past Commission Actions

EH IV

Resolution	Actions
RESOLUTION 17-43	Approval to Increase Predevelopment Budget And Funding for Submission of the Detailed Site Plan for Elizabeth House III, Elizabeth House IV, and the South County Regional Recreation and Aquatic Center ("SCRRAC") and to Complete Construction Development Plans for Elizabeth House III and the SCRRAC.
RESOLUTION 18-05	Approval to Draw Second Installment of Previously Approved Predevelopment Funding for Completing Architectural Drawings for Elizabeth House III, Elizabeth House IV, and the South County Regional Recreation and Aquatic Center ("SCRRAC") and Authorization to Increase Predevelopment Budget and Funding to Commence Underground Utilities Prior to the Closing of the Construction loan.
RESOLUTION 23-25a	Approval of a Demolition Contractor for Elizabeth House Apartments.
RESOLUTION 23-25b	Approval to Draw up to \$1,000,000 on the PNC Bank, N.A. Real Estate Line of Credit to Demolish Elizabeth House Apartments.

Summary and Recommendations

Issues for Consideration

Does the Development and Finance Committee wish to join staff in recommending that the Commission:

1. Approve the full cost and funding of the demolition, totaling approximately \$4.5 million?
2. Approve an increase in authorization to draw from the PNC Bank, N.A. \$60 Million Line of Credit (“LOC”) for \$1.5 million to cover additional budget increases for the demolition, pending the receipt of replacement funding from the County or OHRF, or closing proceeds from the redevelopment of EH Phase IV?

Time Frame

For formal action at the June 5, 2024 meeting of Commission.

Budget/Fiscal Impact

This draw if approved, will increase the total obligation on the lines of credit for this project to \$2.5 million, and once drawn will reduce the Commission’s borrowing capacity by that amount. Advances from the lines of credit will carry interest that will require payments until such time as the EH IV redevelopment can close and refund all costs. Should a portion of the demolition be funded by interest-free loans or grants from County CIP, DHCA, or the HOC OHRF, those would offset the drawn amounts and corresponding interest requirement.

Staff Recommendation

Staff recommends that the Development and Finance Committee join staff in recommending that the Commission:

1. Approve the full cost and funding of the demolition, totaling approximately \$4.5 million.
2. Approve an increase in authorization to draw from HOC’s PNC Bank, N.A. \$60 Million Line of Credit (“LOC”) for \$1.5 million to cover additional budget increases for the demolition, pending the receipt of replacement funding from the County or OHRF, or closing proceeds from the redevelopment of EH Phase IV.