EXPANDED AGENDA

September 3, 2014

4:00 p.m.  I.  CONSENT ITEMS

Page 4  20
A. Approval of Minutes of August 6, 2014
B. Approval to Repurchase a Workforce Housing Unit in the Village at King Farm Development by Drawing on the County Revolving Fund

4:10 p.m.  II.  INFORMATION EXCHANGE

Page 25  27
A. Report of the Executive Director
B. Calendar and Follow-up Action
C. Correspondence and Printed Matter
D. Commissioner Exchange
E. Resident Advisory Board
F. Community Forum
G. Status Report

4:35 p.m.  III.  COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

Page 31  44
A. Development and Finance Committee – Com. Lindstrom, Chair
   1. Approval of Preliminary Development Plan and Funding for Site Plan Submission for Elizabeth Square
   2. Approval to a Tax-Exempt Draw on the PNC Bank Real Estate Line of Credit ($90 million) to Prepay Existing Mortgages for Alexander House, Ambassador Apartments, TPM Development Corporation, and Greenhills Apartments
   3. Approval to Amend the Permanent Financing Plan for Tanglewood and Sligo LP and to Negotiate and Execute the Related Loan Documents, Including a Commitment

4:50 p.m.  IV.  ITEMS REQUIRING DELIBERATION and/or ACTION

Page 76  85
A. Approval for HOC to Make a Feasibility Loan to Barclay Apartment Development Corporation and for Barclay Apartments Development Corporation to Accept a Loan from HOC to Maximize Redevelopment Opportunities for the Barclay Apartments in Connection with the Bethesda CBD Master Plan Revision
B. Approval to Enter into an Agreement for General Legal Services

5:30 p.m.  V.  *FUTURE ACTION ITEMS

A.

VI.  INFORMATION EXCHANGE (continued)

Page 5  20
A. Community Forum

5:35 p.m.  VII.  NEW BUSINESS

VIII.  EXECUTIVE SESSION FINDINGS

5:40 p.m.  ADJOURN

5:55 p.m.  EXECUTIVE SESSION

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.
Consent Items
The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, August 6, 2014 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Vice Chair Roman, presiding in the absence of Chair Piñero, called the meeting to order. Those in attendance were:

**Present**
Sally Roman, Vice Chair
Jean Banks, Chair Pro Tem
Mynor Herrera
Pamela Lindstrom
Jackie Simon

**Absent**
Roberto Piñero, Chair

**Also Attending**

Stacy Spann, Executive Director
Fred Swan
Gail Willison
Jennifer Arrington
Gail Gunod-Green
Vivian Benjamin
Gio Kaviladze
Christopher Donald
Susan Smith
Patricia Oliver
Stephanie Semones
Patrick Mattingly
Wilson Choi
Shaina Francis
Belle Seyoum
Bill Anderson
Richard Hanks
Eugene Spencer
Ken Tecler, Gen. Counsel
Dean Tyree

Kelly McLaughlin, Deputy Gen. Counsel
Maria Montero
Rita Harris
Terri Fowler
Scott Ewart
Lynn Ewart
Elsie Weinstein
Jay Shepherd
Kayrime Brown
Lola Knight
Scott Ellinwood
Zachary Marks
Rebecca Grayson

**Guests**
Joann Nickles
Karen Smith
Sandra DeMorae
Ji Yeon Hwang, Tony Davis Award
Prior to the meeting convening, Fred Swan, Director of Resident Services, introduced recipients of last year’s Tony Davis Scholarship awards. They each shared their Freshman Year experiences and received the remaining balances of their 2013-2014 awards. Mr. Swan thanked the Commissioners, Executive Director Spann and staff, and Commissioner Roman challenged them to a great year and to have fun while they are learning. This year’s $5000 scholarship award recipient was Ji Yeon Hwang. This year’s finalists each receiving $2000, are Kouassi “Prince” Kpetemy, Jessica Quinones and Wouhib Tamrat. All recipients are high school graduates and reside in subsidized housing.

The Board went into a brief recess and reconvened starting with a vote on the Consent Calendar. A motion was made by Commissioner Simon and seconded by Chair Pro Tem Banks. Affirmative votes were cast by Commissioners Roman, Banks, Herrera, Lindstrom, and Simon. Chair Piñero was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. Approval of Minutes
   • Approval of Minutes of Regular Meeting of June 4, 2014 – The minutes were approved as submitted.

B. Ratification of Action Taken in Executive Session on June 13, 2014 to Approve Entry into Direct Negotiations for the Development and Financing of the Chevy Chase Lake Multifamily Site – The following resolution was approved.

RESOLUTION: 14-52-R

RE: Ratification of Action Taken in Executive Session on June 13, 2014 to Approve Entry into Direct Negotiations for the Development and Financing of the Chevy Chase Lake Multifamily Site

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

WHEREAS, Chevy Chase Lake Development Corporation (the “Corporation”), an entity wholly controlled by the Housing Opportunities Commission, is the owner of a 68-unit development in Chevy Chase known as Chevy Chase Lake Apartments (the “CCL Site”); and

WHEREAS, on July 30, 2013, the Montgomery County Council approved the redevelopment plan for the CCL Site based on a proposed joint development for mixed-use housing providing between 30-40 affordable rental units and 30-40 workforce units in a 150-200 mixed income mid-rise building on land to be retained by the Corporation (the “Multifamily Site”) in addition to 50-70 for-sale townhomes of which 15% are slated to be MPDUs on the townhouse portion (the “Townhouse Site”); and

WHEREAS, on January 23, 2014, the Commission and the Corporation approved entering into a purchase and sale agreement with Eakin Youngentob and Associates (“EYA”) to purchase the Townhouse Site consisting of approximately 142,278 square feet to be redeveloped into the townhouse portion of the plan with the remainder to be owned by the Corporation or another Commission controlled entity for use as the Multifamily site as well as the public proffers of a park and access road; and

WHEREAS, at an Executive Session duly called and held on June 13, 2014, with a quorum being present, HOC duly adopted Resolution 14-52 (the “CCL MF Resolution”), which Resolution approved entry into direct negotiations with EYA and Federal Capital Partners for the development and financing of the Chevy Chase Lake Multifamily Site; and

WHEREAS, HOC wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting the CCL MF Resolution.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby ratifies Resolution 14-52.

C. **Approval of New Participating Lender for the Single Family Mortgage Purchase Program** – The following resolution was approved.

RESOLUTION: 14-53

RE: Approval of New Participating Lender for the Single Family Mortgage Purchase Program

WHEREAS, the Housing Opportunities Commission of Montgomery County approves lenders to participate in the Mortgage Purchase Program; and
WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the Mortgage Purchase Program; and

WHEREAS, Academy Mortgage Corporation has applied for participation in the Mortgage Purchase Program; and

WHEREAS, Academy Mortgage Corporation has satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Academy Mortgage Corporation is approved for participation in the Mortgage Purchase Program, effective immediately.

D. Approval of 2014 Tony Davis Memorial Scholarship Award Winners – The following resolution was approved.

RESOLUTION: 14-54

WHEREAS, in recognition of the many accomplishments and extensive community volunteer work performed by former HOC employee Tony Davis who was tragically killed in 2000, HOC established the Tony Davis Memorial Scholarship Awards Program in his memory; and

WHEREAS, since its inception, the Tony Davis Scholarship Awards Program has annually provided scholarship awards to high school seniors who are residents of HOC’s affordable housing programs and who also demonstrate excellent academic achievement and school attendance, participate in extra-curricular and community activities, and have been accepted by a college or university; and

WHEREAS, a Selection Committee, composed of two Commissioners, the Executive Director, and Resident Services Division staff was convened on June 30, 2014 to review the highly qualified applications; and

WHEREAS, the Selection Committee considered academic records, attendance records, recommendations from school personnel and HOC staff, 500 word essays written by the applicants, SAT or ACT scores, school and community activities, and college acceptance information; and

WHEREAS, the Selection Committee recommends one outstanding candidate for the $5,000 Tony Davis Scholarship Award: Ji Yeon Hwang; and
WHEREAS, the Selection Committee was impressed by the pool of deserving candidates and is recommending the award of three $2,000 cash awards to Jessica Quinones, Prince Kpetemy, and Wouhib Tamrat.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County affirms the recommendation of the Tony Davis Scholarship Awards Selection Committee for Ji Yeon Hwang to receive a $5,000 Scholarship Award, and for Jessica Quinones, Prince Kpetemy and Wouhib Tamrat to each receive $2,000 cash awards.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – The Executive Director’s written report was provided with this Briefbook. In addition to his written report, Mr. Spann shared a video of the launching event of HOC Connects. In attendance at the event were representatives from Senator Chris VanHollen’s office, Marvin Turner, Head of HUD – DC Field Office, County Executive Isiah Leggett and Council Member Craig Rice. Also in attendance at this event were Mr. Piñero and Ms. Simon.

B. Calendar and Follow-up Action – None

C. Commissioner Exchange
   - Commissioner Lindstrom provided an update on the Planning Committee meeting on July 28, 2014 regarding the Strategic Plan Objectives. Discussed at this meeting were the Resident Services Division Objectives. Next meeting is September 24, 2014.

D. Resident Advisory Board – None – RAB Vacation for month of August

E. Community Forum
   - Joann Nickles – Updated the Board on the progress of her housing concerns she addressed at the June 2014 Board Meeting.

F. Status Report – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

No Reports

IV. ITEMS REQUIRING DELIBERATION AND/OR ACTION

A. Authorization to Submit FY 2014 Section Eight Management Assessment Program (SEMAP) Certification to HUD
Ethan Cohen, Housing Programs Coordinator, gave a brief presentation.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Commissioner Lindstrom. Affirmative votes were cast by Commissioners Roman, Banks, Herrera, Lindstrom and Simon. Commissioner Piñero was necessarily absent and did not participate in the vote.

RESOLUTION: 14-55

RE: Authorization to Submit FY 2014 Section Eight Management Assessment Program (SEMAP) Certification to HUD

WHEREAS, HUD regulations require that the Housing Opportunities Commission submit the Section Eight Management Assessment Program (SEMAP) certification annually; and

WHEREAS, the certification, which measures the status of HOC’s administration of the Section Eight Program for Fiscal Year 2014, must be submitted to HUD within 60 days of the end of the fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to submit the FY 2014 SEMAP Certification to HUD.

B. Approval to Bridge County Contract for the Removal and Installation of Playgrounds and Approval of Interim Contracts for Multiple Capital Improvements Utilizing County Capital Improvement Funds at HOC Public Housing

Vivian Benjamin, Asst. Director of Mortgage Finance, Zachary Marks, Asst. Director of New Development and Jay Shepherd, Senior Financial Analyst gave a brief presentation.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Roman, Banks, Herrera, Lindstrom and Simon. Commissioner Piñero was necessarily absent and did not participate in the vote.

RESOLUTION: 14-56

RE: Approval to Bridge County Contract for the Removal and Installation of Playgrounds and Approval of Interim Contracts for Multiple Capital Improvements Utilizing County Capital
WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”), receives funding from the Montgomery County Capital Improvements Program (“CIP”) as funds allocated to HOC for use at its public housing and deeply subsidized properties; and

WHEREAS, the Commission solicited and received bids for the removal and installation of multiple capital improvements to its family public housing properties including Towne Centre Place, KenGar, Sandy Spring Meadow, Parkway Woods, and Washington Square (collectively, the “Playground Sites”); and

WHEREAS, Triple J Construction is a contractor under an existing Montgomery County contract #330-382, executed in December 2012 (the “County Contract”); and

WHEREAS, the Commission desires to bridge the County Contract with Triple J Construction for the installation of playgrounds at the Playground Sites; and

WHEREAS, the Commission solicited and received bids priced at $588,630, in the aggregate, for the removal and installation of eight (8) playgrounds at the Playground Sites from Triple J Construction; and

WHEREAS, the Commission has selected Foulger Pratt and Capital Building Partners as the General Contractors for RAD 6 Development and is currently negotiating construction contracts but desires to approve interim contracts for multiple capital improvements that are to be funded from County CIP funds prior to the RAD conversion.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to execute a contract with Triple J Construction for $588,630 for the installation of playgrounds at Towne Centre Place, KenGar, Sandy Spring Meadow, Parkway Woods, and Washington Square; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves interim contracts with multiple contractors for the removal and installation of multiple capital improvements to its family public housing properties at Towne Centre Place, KenGar, Sandy Spring Meadow, Parkway Woods, Seneca Ridge and Washington Square in an aggregate amount not to exceed $1,500,000.

C. Approval to Select General Contractors for the Rehabilitation of Arcola Towers and Waverly House Approved for Disposition under the Rental Assistance Demonstration (RAD) Program
Vivian Benjamin, Asst. Director of Mortgage Finance, Zachary Marks, Asst. Director of New Development and Jay Shepherd, Senior Financial Analyst gave a brief presentation.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Commissioner Lindstrom. Affirmative votes were cast by Commissioners Roman, Banks, Herrera, Lindstrom and Simon. Commissioner Piñero was necessarily absent and did not participate in the vote.

**RESOLUTION: 14-57 RE: Approval to Select General Contractors for the Rehabilitation of Arcola Towers and Waverly House Approved for Disposition under the Rental Assistance Demonstration (RAD) Program**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) faces growing challenges in its aging multifamily public housing structures – most prominently, functional obsolescence and pervasive systems issues as a result of age and constrained federal capital support; and

WHEREAS, HUD’s Rental Assistance Demonstration program (the “RAD Program”) presents the Commission with an opportunity to convert its multifamily Public Housing assets to projects receiving Project-based Section 8 rental subsidy, which enables the Commission to provide for the acquisition, construction, rehabilitation and permanent financing of the public housing properties; and

WHEREAS, on July 30, 2013, the Commission approved participation in the RAD Program and authorized evaluation of a portfolio disposition of its remaining public housing assets; and

WHEREAS, on November 6, 2013, the Commission approved performance of feasibility analyses for each property in the public housing inventory of the Commission to determine the ultimate scope of work to be conducted in the redevelopment of these properties; and

WHEREAS, on December 18, 2013, HUD awarded Commitments to Enter a Housing Assistance Payment contracts (“CHAPs”) to both Arcola Towers and Waverly House; and

WHEREAS, to solicit proposals from general contractors interested in providing renovation services on an as-needed basis for Arcola Towers and Waverly House (the “Properties”), the Commission released a two-part RFQ No. 1915 for General Contractor Services on April 14, 2014. On April 23, 2014, staff held a non-mandatory, pre-proposal conference to discuss the solicitation and answer questions, at which six (6) people were in attendance representing five (5) different companies; and

WHEREAS, qualified submissions from two firms, Whiting-Turner and Harkins Builders, were timely received in response to the two-part RFQ; and
WHEREAS, proposals were evaluated, assigning numerical values to the firms that furnished a complete set of qualifications, considering the strength of business recommendations provided, financial capacity, project experience from the contractors; and

WHEREAS, upon satisfying part-one threshold qualification requirements, part-two of the RFQ sealed bid price proposals were opened and evaluated, assigning numerical values to the firms based upon proposed pricing structure; and

WHEREAS, due to wide variance between the bids, factors affecting the variance were controlled, staff further refined the scope of work and product and installation specifications, and asked the contractors to provide updated pricing (the “Pricing Exercise”), the results of which were statistically negligible; and

WHEREAS, in response to the Pricing Exercise, staff recommends that both companies, Harkins Builders and Whiting-Turner, be selected for awards.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of either or both Harkins Builders and Whiting-Turner as the general contractor(s) for the rehabilitation of Arcola Towers and/or Waverly House with final contracts to be negotiated and submitted to the Commission for approval upon completion of final development plans.

D. Approval of Predevelopment Funds for the New Chevy Chase Lake Multifamily Building

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Richard Hanks, Housing Acquisition Manager gave a brief presentation.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Chair Pro Tem Banks. Affirmative votes were cast by Commissioners Roman, Banks, Herrera, Lindstrom and Simon. Commissioner Piñero was necessarily absent and did not participate in the vote.

RESOLUTION: 14-58  
RE: Approval of Predevelopment Funds for the New Chevy Chase Lake Multifamily Building

WHEREAS, Chevy Chase Lake Development Corporation (the “Corporation”), an entity wholly controlled by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of a 68-unit development in Chevy Chase known as Chevy Chase Lake Apartments located on approximately 205,300 square feet of land at 3719 Chevy Chase Lake Drive, Chevy Chase, MD 20815 (the “CCL Site”); and

WHEREAS, CCL’s strategic location is near a planned Metro Purple Line station and in an area that was the subject of a recently approved increase in development density as well as
inclusion in the first phase of a Sectional Map Amendment presents a unique opportunity for HOC to expand its housing presence in an underserved down-County location; and

WHEREAS, on July 30, 2013, the Montgomery County Council approved the redevelopment plan for the CCL Site based on a proposed joint development for mixed-use housing providing between 20-40 affordable rental units and 30-40 workforce units in a 150-200 mixed income mid-rise building to be retained by the Corporation (the “Multifamily Building”) in addition to 50-60 for-sale townhomes (the “Townhouses”), of which 15% are slated to be Moderately Priced Dwelling Units pursuant to Article 25A of the County code (MPDUs); and

WHEREAS, on January 23, 2014, the Commission and the Corporation approved entering into a Purchase and Sale Agreement with Eakin Youngentob and Associates (“EYA”) to sell the land for the development of the Townhouses (the “Townhouse Site”), consisting of approximately 142,278 square feet, to be redeveloped into the townhouse portion of the redevelopment plan, with the remainder of the CCL Site to be owned by the Corporation or another Commission-controlled entity for the development of the Multifamily Building (the “Multifamily Site”); and

WHEREAS, the complexity of the redevelopment plan, the timing of planning submissions, and the urgency of other activities in which the Commission is involved, make it appropriate to employ third party development assistance to execute the development of the Multifamily Site and construction of the Multifamily Building; and

WHEREAS, the relationship between EYA and the Commission with respect to the sale of the Townhouse Site and EYA’s knowledge of the planning process for both the Townhouse Site and the Multifamily Site, makes it beneficial to utilize EYA’s services as a developer to save time in the permitting process and selection of consultants, and to allow for coordination in the development of both sites for consistency in planning, construction and management of the operations; and

WHEREAS, on June 13, 2014 the Commission authorized the Executive Director to enter into direct negotiations with EYA as developer of the Multifamily Site; and

WHEREAS, on July 24, 2014, the Montgomery County Department of Parks and Planning approved the Sketch Plan application for the redevelopment of the CCL Site, increasing the urgency to accelerate the design of the Multifamily Building and produce materials necessary to complete a preliminary and site plan application for the Multifamily Site (the “MF Preliminary Plan Application”), so that it may be submitted in conjunction with the site plan for the Townhouse Site, which is significantly closer to completion; and

WHEREAS, in order to complete the MF Preliminary Plan Application, EYA will be required to hire third party architects, engineers, and other consultants, and obtain reimbursement from the Commission for those service fees.
NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized, on behalf of HOC, for itself and as the sole member of Chase Lake Development Corporation, to direct EYA to incur up to SIX HUNDRED THOUSAND DOLLARS ($600,000) in costs for the design of the Multifamily Building and the creation of other materials as necessary to submit the MF Preliminary and Site Plan Application; and

BE IT FURTHER RESOLVED that the Corporation or its assignee shall be the sole owner of materials produced with these funds, unless otherwise authorized; and

BE IT FURTHER RESOLVED that no binding agreement has been entered into nor shall be entered into with EYA with respect to the development of the Multifamily Building without the further approval of the Commission; and

BE IT FURTHER RESOLVED that the Commission reserves the option to pursue other methods or contractors to obtain the services described herein.

E. Approval to Enter into Survey, Sheeting and Shoring & Crane Overswing Agreement with Toll Brothers for Construction on Property Adjacent to Lasko Manor, Subject to Approval of Limited Partners and Lenders

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Richard Hanks, Housing Acquisition Manager gave a brief presentation.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Chair Pro Tem Banks. Affirmative votes were cast by Commissioners Roman, Banks, Herrera, Lindstrom and Simon. Commissioner Piñero was necessarily absent and did not participate in the vote.

RESOLUTION: 14-59

WHEREAS, 4913 Hampden Lane Limited Partnership (the “Partnership”) owns and operates a 12-unit building in Bethesda at 4913 Hampden Lane, known as Lasko Manor, and the building was constructed and received its Certificate of Occupancy in 2012; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) is the general partner of the Partnership (the “General Partner”), Hudson SLP LLC is the special limited partner of the Partnership (the “SLP”), and Hudson Hampden Lane LLC is the limited partner of the Partnership (together with the SLP, the “Limited Partners”); and
WHEREAS, Lasko Manor provides permanent supportive housing for formerly homeless adult single people with incomes equal to or less than 50% of the Washington Metropolitan Statistical Area Median Income (AMI); and

WHEREAS, financing for Lasko Manor is funded through loans from the Maryland Department of Housing and Community Development (the “State Lender”) and Montgomery County (the “County Lender” and together with the State Lender and Bank, the “Lenders”); and

WHEREAS, staff was approached by Toll Brothers Development (“Toll Brothers”) whose affiliate, Toll MD IV Limited Partnership, proposes to build a luxury mid-rise, for-sale condominium project on the land immediately west of Lasko Manor; and

WHEREAS, to execute its development plan of constructing a new building six inches from Lasko Manor, 60 feet from grade to roof line, and 30 feet below grade, Toll Brothers would need to perform feasibility testing as well as structural engineering and construction on the Lasko Manor property; and

WHEREAS, Toll Brothers is requesting a pre-development access easement over the Lasko Manor property and an access and construction easement on the Lasko Manor property during the construction period, and HOC has prepared a Survey, Sheeting and Shoring & Crane Overswing Agreement (the “Agreement”) to provide such easements; and

WHEREAS, Toll Brothers has agreed to provide the Partnership with engineering reports before construction starts and during construction to ensure there is no significant adverse impact to Lasko Manor; and

WHEREAS, Toll Brothers has agreed to provide $75,000 to the Partnership to cover legal and engineering costs associated with preparing the Agreement and monitoring the work; and

WHEREAS, the Agreement is reciprocal and allows the Partnership, or its successor, to undertake the same actions within the next fifteen (15) years without further negotiations.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to enter into direct negotiations with Toll Brothers Development and to execute the Survey, Sheeting and Shoring & Crane Overswing Agreement on behalf of the 4913 Hampden Lane Limited Partnership, as its General Partner, subject to obtaining the approval of the Limited Partners and Lenders.

F. Approval of Final Development Plans and Authorization for the Transfer of Six Public Housing Developments Approved for Disposition under the Rental Assistance Demonstration (RAD) Program from HOC to RAD 6 Development Corporation and the Execution of all Related Documents
Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Jay Shepherd, Senior Financial Analyst gave a brief presentation.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Roman, Herrera, Lindstrom and Simon. Commissioner Banks was temporarily unavailable and did not participate in the vote. Commissioner Piñero was necessarily absent and did not participate in the vote.

RESOLUTION: 14-60

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) faces growing challenges in its aging multifamily public housing structures – most prominently, functional obsolescence and pervasive systems issues as a result of age and constrained federal capital support; and

WHEREAS, the US Department of Housing and Urban Development’s (HUD’s) Rental Assistance Demonstration program (the “RAD Program”) presents the Commission with an opportunity to convert its multifamily public housing assets to projects that will receive Project-based Section 8 rental subsidies, which will allow HOC to provide for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of the public housing projects; and

WHEREAS, on July 30, 2013, the Commission approved participation in the RAD Program and authorized evaluation of a portfolio disposition of its entire public housing program in multifamily and senior developments; and

WHEREAS, on November 6, 2013, the Commission approved performance of feasibility analyses for each property in the public housing inventory of the Commission to determine the ultimate scope of work to be conducted in the redevelopment of these properties; and

WHEREAS, Capital Fund Program funds may be utilized to pay for feasibility studies and RAD Program related fees; and

WHEREAS, on December 18, 2013 and March 26, 2014, HUD awarded Commitments for a Housing Assistance Payment contracts (each a “CHAP”) for Seneca Ridge, Parkway Woods & Ken Gar, Sandy Spring Meadow & Towne Centre Place Olney, and Washington Square (collectively, the “RAD 6 Development”); and
WHEREAS, The RAD Program requires that the RAD 6 Development’s financing plan be submitted to HUD for its approval; and

WHEREAS, to solicit proposals from architects and general contractors interested in providing renovation services on an as-needed basis for the RAD 6 Development units, HOC released RFP No. 1914 for Architectural Services on February 7, 2013 and RFQ No. 1913 for Pre-Qualification of General Contractor Services on February 21, 2013; and

WHEREAS, proposals were evaluated, assigning numerical values to the firms having furnished a complete set of qualifications, the strength of business recommendations provided, financial capacity, project experience and pricing from the Architects; and

WHEREAS, on May 7, 2014, the Commission approved the preliminary development plans and the selection of architects and general contractors for the six public housing developments approved for disposition under the Rental Assistance Demonstration (RAD) Program; and

WHEREAS, the Commission has prepared Final Development Plans by which the Architects and Contractors have developed a viable scope of work and development plan that will meet the properties’ immediate and long-term physical needs.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the Final Development Plans for the rehabilitation in place of the six properties that comprise the RAD 6 Development Corporation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the transfer of the RAD 6 Development under the RAD Program from HOC to RAD 6 Development Corporation and the execution of all related documents.

G. Approval of the Financing Plan for the RAD 6 Development and Authorization to Make a Mortgage Loan to RAD 6 Development Corporation for the Acquisition and Rehabilitation of the RAD 6 Development

Kayrine Brown, Director of Mortgage Finance/Real Estate Development, Vivian Benjamin, Asst. Director of Mortgage Finance, and Jay Shepherd, Senior Financial Analyst gave a brief presentation.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Commissioner Herrera. Affirmative votes were cast by Commissioners Roman, Banks, Herrera, Lindstrom and Simon. Commissioner Piñero was necessarily absent and did not participate in the vote.
Resolution: 14-61

RE: Approval of the Financing Plan for the RAD 6 Development and Authorization to Make a Mortgage Loan to RAD 6 Development Corporation for the Acquisition and Rehabilitation of the RAD 6 Development

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, 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, on July 30, 2013, the Commission approved participation in the Department of Housing and Urban Development’s (HUD) Rental Assistance Demonstration (RAD) Program and authorized an evaluation to dispose of its entire portfolio of multifamily and senior Public Housing developments; and

WHEREAS, on December 18, 2013 and March 26, 2014, HUD awarded HOC Commitments for a Housing Assistance Payment contracts (CHAPs) relating to the following six developments: Seneca Ridge, Parkway Woods, Ken Gar, Sandy Spring Meadow, Towne Centre Place, and Washington Square (collectively, the “RAD 6 Development”); and

WHEREAS, RAD 6 Development entails the green renovation of 268 units, consisting of multifamily, single-family and townhome dwellings, in six (6) principal locations within Montgomery County; and

WHEREAS, on June 4, 2014, the Commission approved the formation of RAD 6 Development Corporation, an entity wholly controlled by the Commission, to be the owner of the RAD 6 Development; and

WHEREAS, the Commission approved combining the RAD 6 Development into one development to be owned by RAD 6 Development Corporation and financed under one financing mechanism and has approved a Preliminary Development Plan and selection of architects and general contractors for the RAD 6 Development; and

WHEREAS, The RAD Program requires that the RAD 6 Development’s financing plan be submitted to HUD for its approval; and

WHEREAS, the Commission has examined a financing plan providing for the issuance of tax-exempt fixed rate bonds in the amount of $19,913,045.00, the proceeds of which will be
used to fund a mortgage loan insured under the FHA Risk Sharing Program for the acquisition and rehabilitation of the RAD 6 Development.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the financing plan for the RAD 6 Development is hereby approved.

**BE IT FURTHER RESOLVED** that the Commission is authorized to make a mortgage loan insured under the FHA Risk Sharing Program to RAD 6 Development Corporation in an amount not to exceed $19,913,045.00 plus any required reserves for the acquisition and rehabilitation of the RAD 6 Development.

**BE IT FURTHER RESOLVED** that it is the intention of the Commission to take at least 50% of the insurance risk under the FHA Risk Sharing Program for this mortgage loan.

**V. FUTURE ACTION ITEMS**
A. None

**VI. INFORMATION EXCHANGE (CONT’D)**
- **Community Forum**
  Sandra DeMorae – addressed the Board regarding her concerns of the Alexander House Apartments

**VII. NEW BUSINESS**
None

**VIII. Executive Session Findings**
None

Meeting recessed at 5:46 p.m. for Development Corporation meeting of the RAD 6 Development Corporation.

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

The meeting adjourned at 6:00 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb
On November 7, 2007, the Commission authorized staff to exercise its Right of First Refusal by matching a purchase contract to acquire 49 (46 two-bedroom, 3 three-bedroom) units at King Farm Village Center in the City of Rockville.

HOC closed on the acquisition of the units on March 17, 2008 for a total acquisition cost of $13,572,325 from funds provided by Montgomery County Department of Housing and Community Affairs (DHCA) and converted the 49 apartments to condominium units, creating the first for-sale Work Force Housing (WFH) development in Montgomery County.

Currently, two units remain to be sold; one unit that benefited from an extended tenancy is vacant and is now being marketed for sale and another unit that is subject to a lifetime tenancy and will be managed as part of HOC’s scattered site portfolio until it can be offered for sale.

DHCA has requested HOC’s assistance to purchase a resale unit to avoid a foreclosure and to preserve the integrity of the program.

Staff recommends that the Commission approve the purchase of one Workforce Housing Unit (WHU) in the Village at King Farm by drawing $293,000 on the County Revolving MPDU/Property Acquisition Fund. The loan is interest free and will be repaid from future sales proceeds, with DHCA funding any loss from sale to HOC.
MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

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

RE: Approval to Repurchase a Workforce Housing Unit in the Village at King Farm by Drawing on the County Revolving Fund

DATE: September 3, 2014

STATUS: Consent: X

OVERALL GOALS AND OBJECTIVE:
To preserve the integrity of the County’s first for-sale Work Force Housing development.

BACKGROUND
On November 7, 2007, the Commission authorized staff to exercise its Right of First Refusal by matching a purchase contract to acquire 49 (46 two-bedroom, 3 three-bedroom) units at King Farm Village Center in the City of Rockville. HOC closed on the acquisition of the units on March 17, 2008 for a total acquisition cost of $13,572,325 from funds provided by Montgomery County Department of Housing and Community Affairs (DHCA).

With assistance from the County, HOC then converted the 49 apartments to condominium units, creating the first for-sale Work Force Housing (WFH) development in Montgomery County. In concert with the DHCA, three pricing tiers were created. The condominium declaration was recorded in May 2009 and the first unit was sold in November 2009.

Currently, only two units remain to be sold. One unit that benefited from an extended tenancy is vacant and is now being marketed for sale. One unit is subject to a lifetime tenancy that will be managed as part of HOC’s scattered site portfolio until it can be offered for sale.

Overall, the resale of the higher tiered units has posed certain challenges to the owners who must compete with middle tier priced units in the development. While DHCA works on a solution, it has determined to request HOC’s assistance to purchase a resale unit in the Village at King Farm, specifically, unit 2 at 301 King Farm Boulevard. The strategy has the dual purpose of avoiding foreclosure of the unit and preserving the integrity of the WFH program.

DHCA has established a sales price of $279,291 to which will be added realtor fees and closing costs. The funds for HOC’s purchase of the unit are approximately $293,000 and are proposed to be drawn from the County Revolving MPDU/Property Acquisition Fund. The unobligated balance in the account as of August 26, 2014 is $3,494,399. Once purchased, HOC will market
the unit for sale and repay the Revolving Fund. DHCA will cover any losses if HOC sells the
property at a lower price than purchased, including closing costs and realtor fees.

**ISSUES FOR CONSIDERATION**
Does the Commission wish to approve the purchase of the WFH unit in the Village at King Farm
by drawing funds from the County Revolving MPDU/Property Acquisition Fund?

**BUDGET IMPACT**
There is no impact to the FY 2014 Agency operating budget. While outstanding, draws on the
County Revolving Fund bear no interest.

**TIMEFRAME**
For action at the September 3, 2014 meeting of the Commission.

**RECOMMENDATION AND COMMISSION ACTION:**
Staff recommends that the Commission authorize a draw of $293,000 from the County
Revolving MPDU/Property Acquisition Fund to fund the acquisition of one WFH unit in the
Village at King Farm. The unit will be resold by HOC and the loan repaid from proceeds of the
sale. Any shortfall resulting from the sale will be funded by DHCA.
Resolution No: _____  RE: Approval to Repurchase a Workforce Housing Unit in the Village at King Farm by Drawing on the County Revolving Fund

WHEREAS, on November 7, 2007, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) authorized staff to exercise its Right of First Refusal by matching a purchase contract to acquire 49 (46 two-bedroom, three three-bedroom) units at King Farm Village Center in the City of Rockville; and

WHEREAS, HOC closed on the acquisition of the units on March 17, 2008 for a total acquisition cost of $13,572,325 from funds provided by Montgomery County Department of Housing and Community Affairs (DHCA) and subsequently converted the 49 apartments to condominium units, creating the first for-sale Work Force Housing (WFH) development in Montgomery County; and

WHEREAS, DHCA has requested HOC’s assistance to purchase a resale unit to avoid a foreclosure and to preserve the integrity of the program.

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

1. The Commission approves the purchase of one (1) Work Force Housing Unit in the Village at King Farm.

2. The Commission approves a loan of $293,000 from the County Revolving MPDU/Property Acquisition Fund for the purchase of the unit.

3. The Commission authorizes and directs, without further action on its part, the Executive Director to take any and all action necessary and proper to consummate and carry out the transaction including, but not limited to, the execution of all documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on September 3, 2014.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission
Information Exchange
Real Estate

RAD Meetings Held

On Tuesday, August 26 and Thursday, August 28, 2014, HOC staff met with residents at Washington Square and Emory Grove to update them on progress with RAD plans and answer questions about the relocation process for those participating at each site.

Additional meetings are planned for Seneca Ridge, Towne Centre Place, Sandy Spring Meadow, Parkway Woods and Ken-Gar in the month of September.

IT & Facilities

Conclusion of MMYC Internship Program

Over the summer, 18 interns from the Maryland Multicultural Youth Center worked for HOC across several divisions. For the second year in a row, the largest allotment worked in the IT division.

Interns repaired and in some cases, rebuilt computers. They closed Help Desk tickets, did social media work and had a fulfilling overall experience. It’s a tremendous benefit for both HOC and these talented youth who build skills and position themselves to compete for permanent employment.

Legislative and Public Affairs

Town Hall Meetings Planned

On Tuesday, September 9, 2014, HOC will hold a Town Hall Meeting for residents in Council District 5. The meeting will take place in the Paint Branch High School cafeteria and will begin at 6:30 p.m.

The address is:

14121 Old Columbia Pike
Burtonsville, MD 20866
The final Town Hall Meeting for 2014 will be held for clients living in Council District 2. This meeting will take place on Thursday, November 20th at 6:30 p.m. in the Clarksburg High School cafeteria.

The address for this meeting is:

22500 Wims Road
Clarksburg, MD 20871

_Councilmember Branson visits The Oaks_

On Tuesday, August 19, 2014, Councilmember Cherri Branson (District 5) visited the Oaks at Four Corners to meet with clients and staff, and celebrate the installation of new, fully accessible mailboxes for seniors living at the site. The new mailboxes are spacious enough to accommodate large packages such as those containing prescriptions. The larger mailboxes have also been placed closer to the ground for easier access for clients utilizing wheelchairs.

_Second Property Tour Held_

On Thursday, August 28, 2014, Scott Ellinwood and Regina Mitchell led Commissioners on a property tour of several RAD sites including Seneca Ridge, Holly Hall, Parkway Woods, Sandy Spring Meadow and Towne Centre Place.

A third tour is under consideration pending Commission feedback.

_Resident Services_

_WJLA-7 Visits Color-a-Heart Program at Emory Grove_

On Friday, August 22, 2014, WJLA (ABC-7) visited Emory Grove to film a segment as part of the “Harris’ Heroes,” a regular feature that highlights community heroes. “Harris’ Heroes” references the recognition and appreciation of WJLA anchor Leon Harris.

The focus of the segment will be Suanqi Jiang, a local teenager and volunteer who created the Color-a-Heart art program. Suanqi is not affiliated with HOC but has been conducting the program from the Emory Grove FRC for HOC youth.

As part of the segment, WJLA reporter Robyn Gould interviewed a client, a grandparent and Saundra Boujai, Resident Services Program Coordinator, on the program’s positive impact on HOC youth.

The segment has not yet been produced but is expected to air during the evening news on a Wednesday in September.
Updates and changes in RED  September 3, 2014

Housing Opportunities Commission

September 2014

1  Labor Day (HOC Closed)
3  HOC Regular Meeting (All)
9  Town Hall Meeting — (District 5, Paint Branch HS, 14121 Old Columbia Pike, Burtonsville, MD 20866)
11 Information and Communication Committee Meeting (Banks, Simon)
15 Resident Advisory Board (Banks)
16 Budget, Finance and Audit Committee (4th Quarter & CIP) (Roman, Piñero)
18 Development and Finance Committee (Lindstrom, Simon, Herrera)
22 Agenda Formulation (Piñero, Herrera)
23 Legislative and Regulatory Committee (Banks, Roman, Simon)
24 Executive Session (All)
24 Planning Committee (Roman, Lindstrom)

October 2014

1  HOC Regular Meeting (All)
6  Banor House (Bauer) Board Meeting (Roman)
14 Budget, Finance and Audit Committee (Piñero, Roman)
14 HOC Meeting w/County Council (All) 12:00 noon
15 Information and Communication Committee Meeting (Banks, Simon)
16 Development and Finance Committee (Lindstrom, Simon, Herrera)
16-18 NAHRO 2014 National Conference & Exhibition (All) (Baltimore, MD)
17 Town Center Board Meeting (90 Monroe St., Rockville, MD) (Banks)
20 Resident Advisory Board (Banks)
22 Executive Session (All)
27 Agenda Formulation (Piñero, Roman)

November 2014

5  Budget, Finance and Audit Committee (Audit Review) (Roman, Piñero)
5  HOC Regular Meeting (All)
11 Veterans Day (HOC Closed)
13 Information and Communication Committee Meeting (Banks, Simon)
17 Agenda Formulation (Piñero, Banks)
17 Resident Advisory Board (Banks)
19 Executive Session (All)
19 Planning Committee (Roman, Lindstrom)
20 Development and Finance Committee (Lindstrom, Simon, Herrera)
20 Town Hall Meeting — (District 2, Clarksburg High School Cafeteria, 22500 Wims Rd., Clarksburg, MD 20871)
27-28 Thanksgiving Holiday (Observed – HOC Closed)

December 2014
<table>
<thead>
<tr>
<th></th>
<th>Event</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Longevity Awards Reception <em>(All)</em></td>
<td>3:00 p.m.</td>
</tr>
<tr>
<td>3</td>
<td>Longevity Awards Presentation <em>(All)</em></td>
<td>4:00 p.m.</td>
</tr>
<tr>
<td>3</td>
<td>HOC Regular Meeting <em>(All)</em></td>
<td>4:30 p.m.</td>
</tr>
<tr>
<td>9</td>
<td>Legislative and Regulatory Committee <em>(Banks, Roman, Simon)</em></td>
<td>2:00 p.m.</td>
</tr>
<tr>
<td>11</td>
<td>Budget, Finance &amp; Audit Committee <em>(1st Quarter) (Roman, Piñero)</em></td>
<td>10:00 a.m.</td>
</tr>
<tr>
<td>11</td>
<td>Information and Communication Committee <em>(Banks, Simon)</em></td>
<td>4:00 p.m.</td>
</tr>
<tr>
<td>15</td>
<td>Resident Advisory Board <em>(Banks)</em></td>
<td>7:00 p.m.</td>
</tr>
<tr>
<td>17</td>
<td>Executive Session <em>(All)</em></td>
<td>10:00 a.m.</td>
</tr>
<tr>
<td>18</td>
<td>Development and Finance Committee <em>(Lindstrom, Simon, Herrera)</em></td>
<td>11:30 a.m.</td>
</tr>
<tr>
<td>25</td>
<td>Christmas Holiday <em>(HOC Closed)</em></td>
<td></td>
</tr>
</tbody>
</table>

**Activities of Interest**

- Joint Meeting with Commission on People with Disabilities
- Joint Meeting with the Planning Board
- Select Date for Property Tour II – *(Aug. 26, Aug. 28, Aug. 29 or Sept. 12)*
## TO DO / ACTION

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>DUE DATE</th>
<th>ACTION</th>
<th>STAFF</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TD-14-01</td>
<td>7/25/14 8/28/14</td>
<td>Property Tour with Commissioners Property Tour II</td>
<td>LPA/PB</td>
<td>Done In Process</td>
</tr>
<tr>
<td>TD-14-03</td>
<td>October 2014</td>
<td>Worksession – Status of HOC Reorganization (Meeting w/Commissioners &amp; Exec. Staff)</td>
<td>All</td>
<td></td>
</tr>
<tr>
<td>TD-14-04</td>
<td>November 2014</td>
<td>Annual Evaluation of the HUBs – what things are working and what needs improvement</td>
<td>Mitchell Smith Swann Willison</td>
<td></td>
</tr>
<tr>
<td>TD-14-05</td>
<td>December 2014</td>
<td>HOC Academy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD-14-06</td>
<td>December 2014</td>
<td>Property Assessment Tool</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Committee Reports and Recommendations for Action
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Executive Summary</td>
<td>3</td>
</tr>
<tr>
<td>II. Timeline (Process Check)</td>
<td>4</td>
</tr>
<tr>
<td>III. Budget Update</td>
<td>5</td>
</tr>
<tr>
<td>IV. Program Success</td>
<td>6</td>
</tr>
<tr>
<td>V. Request</td>
<td>7</td>
</tr>
<tr>
<td>VI. Site Plan Budget Request</td>
<td>8</td>
</tr>
<tr>
<td>VII. Funding Availability</td>
<td>9</td>
</tr>
<tr>
<td>VIII. Risk Analysis</td>
<td>10</td>
</tr>
<tr>
<td>IX. Summary and Recommendations</td>
<td>11</td>
</tr>
</tbody>
</table>
The feasibility phase of predevelopment has been successfully completed and staff has determined that a compelling, richly amenitized, transit oriented, mixed-income building can be delivered in Phase I of the Elizabeth Square Redevelopment.

The Real Estate Development team, with the assistance of General Counsel, has negotiated and executed the Land Development Agreement.

The Project and Preliminary Plans have been successfully completed and submitted to Montgomery County Planning and various other agencies.

Over the initial two phases, staff and the development consultants have maximized the Commission’s opportunity to serve its mission by increasing the number of units from 168 to 277.

The next step in the entitlement of Phase I is moving through the Site Plan Process.
Elizabeth Square Projected Timeline

1. **Feasibility**
   - Fall 2013
   - Estimated Density
   - Preliminary Budget
   - Solution for RAD
   - Completed

2. **Preliminary & Project Plan**
   - Jan – July ’14
   - Initial Design Concepts
   - Preliminary Engineering
   - Unit Mix and Sizes
   - Site Layout
   - Schedule
   - Initial Community Outreach
   - Completed

3. **Site Plan**
   - Sep ’14 – Sep ’15
   - Develop Design Concept for Phase 1
   - Meet w/County Offices and Public to Present Plan

4. **Financing**
   - Feb ’15 – Dec ’15
   - Develop Financing Plan for Commission Approval
   - Complete and Submit Tax Credit Application
   - Solicit for and select LIHTC investor
   - Negotiate LPA
   - Prepare Debt Underwriting

5. **Closing/Construction**
   - 2nd Qtr 2016
   - Clear Deed Conveyed to HOC
   - Close on Construction Financing & Equity
   - Start Construction

---

4
Elizabeth Square: Updated Project and Preliminary Plan Budget

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>Original Approved Budget</th>
<th>Revisions</th>
<th>Draw #1</th>
<th>Draw #2</th>
<th>Draw #3</th>
<th>Total ²</th>
<th>Remaining Balance³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arch. Fees/Engineering⁴</td>
<td>KGD $ 92,000.00</td>
<td>$ 487,000.00</td>
<td>62,855.32</td>
<td>105,801.05</td>
<td>243,751.13</td>
<td>412,407.50</td>
<td>74,592.50</td>
</tr>
<tr>
<td>Civil Engineer/Structural/Site Plans⁵</td>
<td>Rodgers $ 472,205.00</td>
<td>$ 132,582.75</td>
<td>53,044.45</td>
<td>44,193.75</td>
<td>22,703.75</td>
<td>119,941.95</td>
<td>12,640.80</td>
</tr>
<tr>
<td>Legal (Transaction: HOC)</td>
<td>Gallagher, Evelius &amp; Jones $ 100,000.00</td>
<td>$ 20,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Legal (Land Use)⁶</td>
<td>Lerch, Early &amp; Brewer $ 125,664.00</td>
<td>$ 200,000.00</td>
<td>42,144.19</td>
<td>66,681.65</td>
<td>44,874.80</td>
<td>153,700.64</td>
<td>46,299.36</td>
</tr>
<tr>
<td>Regulatory Submission Fees</td>
<td>MNCCP, Mont Title $ 229,941.00</td>
<td>$ 194,707.25</td>
<td>720.00</td>
<td>60,851.98</td>
<td>133,135.27</td>
<td>194,707.25</td>
<td>-</td>
</tr>
<tr>
<td>Traffic Consultant⁷</td>
<td>Kimley Horn $ 17,500.00</td>
<td>$ 37,200.00</td>
<td>4,491.61</td>
<td>16,064.35</td>
<td>5,137.12</td>
<td>25,693.08</td>
<td>11,506.92</td>
</tr>
<tr>
<td>Phase 1</td>
<td>APEX $ 2,400.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,400.00</td>
<td>-</td>
</tr>
<tr>
<td>Soil Borings</td>
<td>ECS</td>
<td>$ 26,110.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,110.00</td>
<td>-</td>
</tr>
<tr>
<td>Contingency</td>
<td>6% $ 62,690.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL PRE-DEV COSTS</strong></td>
<td>$ 1,100,000.00</td>
<td>$ 1,100,000.00</td>
<td>$ 163,255.57</td>
<td>$ 293,592.78</td>
<td>$ 449,602.07</td>
<td>$ 906,450.42</td>
<td>$ 193,549.58</td>
</tr>
</tbody>
</table>

NOTES
1. Staff anticipate the balance of the funds being expended in a final draw for the pre-submission effort that occurred in July. Staff was able to accomplish the Preliminary and Project Plan phase within budget.
2. HOC's total spending to date is $489K, 63% of the total.
3. Of the remaining balance, $100K is currently reserved for HOC legal expenses, however, those costs are likely only $20K.
4. The team evolved the schematic drawings further than initially planned to accomplish some of the goals outlined on the next slide. The overall Architectural budget remains intact for this phase and the project.
5. Civil costs are currently less than originally anticipated as Rodgers provided very conservative initial projections.
6. Lerch Early has been a critical part of interpreting and advancing some of the favorable design elements of the building. This has required additional effort that is quantified on the next slide.
7. As the plaza level programming has evolved so to have the potential impacts to traffic which have required additional analysis.
Key Success for Preliminary and Project Plan

1. Feasibility
   10 Stories
   168 Units

2. Phase I Per Code

3. Phase I As Submitted

Key Results:
- Units Increased by 65% to 277 Units
- Density Increased by 30K SF
- Height Increased by 5 Stories Due to Design and Affordable Mission (50%)
- Opportunity for Mixed Income Building
Elizabeth Square: Current Request

• Staff is requesting funding approval to begin the Preliminary Development Process. The end of this process will yield the following deliverables:

  • Approved Site Plan Concept

  • Evolved Construction Costs Based on More Fully Developed Plans

  • Definitive Building Program and Amenities

  • Proposed Financing Plan

  • Key Programmatic Partnership Opportunities
### Elizabeth Square: Site Plan Budget

#### PRE-DEVELOPMENT (Site Plan)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SUBCONTRACTORS INCLUDED IN CURRENT DRAW</th>
<th>Original Approved Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arch. Fees/Engineering</td>
<td>KGD</td>
<td>$ 400,000.00</td>
</tr>
<tr>
<td>Civil Engineer/Structural/Site Plans</td>
<td>Rodgers</td>
<td>$ 200,000.00</td>
</tr>
<tr>
<td>Legal (Land Use)</td>
<td>Lerch, Early &amp; Brewer</td>
<td>$ 95,000.00</td>
</tr>
<tr>
<td>Permits</td>
<td>MNCCP</td>
<td>$ 133,135.27</td>
</tr>
<tr>
<td>Contingency</td>
<td></td>
<td>10% $ 82,813.53</td>
</tr>
</tbody>
</table>

**TOTAL PRE-DEV COSTS** $ 910,948.80

**NOTES**

1. Moving forward, the predevelopment costs of the building will be funded solely by HOC, as the Commission owns 100% of the building.

2. County changed its policy from 25% of fees upfront to full fees. The overall cost is the same, but all County Fees have been front loaded.
### Elizabeth Square: Funding Availability

**Attachment C**

**Opportunity Housing Reserve Fund (OHRF)**  
PNC Bank Acct#53035-55321

<table>
<thead>
<tr>
<th>7/1/13 to 06/30/14</th>
<th>Total OHRF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash balance as of 6/30/13</strong></td>
<td>$ 16,672,400</td>
</tr>
</tbody>
</table>

**Sources of funds:**

- Bank Interest Income: $2,311
- Paint Branch Notes: $30,106
- Sales Proceeds from Scattered Sites: $2,220,347
- Partial Pymt Bridge Loan Tanglewood/Sligo: $870,199
- Development Fee for Tanglewood: $375,000
- IT&Facilities Loan Pymt FY14: $150,380

**Total Sources of Funds:** $3,648,342

**Uses of funds:**

- Administrative Expenses 4th Quarter FY 201: $183,747
- Administrative Expenses 1st Quarter FY 201: $100,602
- Administrative Expenses 2nd Quarter FY 201: $238,406
- Administrative Expenses 3rd Quarter FY 201: $42,598
- Hampden Lane Refund of Development Fee: $138,281
- Tanglewood/Sligo Bridge Loan: $1,200,000
- Security Deposit Shortage of VPC One Tenants: $14,149
- Security Deposit Shortage of VPC Two Tenants: $3,692
- Security Deposit Shortage of MF Tenants: $5,002
- Security Deposit CONA Site Escrow: $170,000
- Reimb PH Conversion to Voucher Expense: $645,873
- Reimb Zone Predev Cost: $160,289

**Total Uses of Funds:** $2,902,638

**Net Authorized Amount:** $17,418,104

### Obligations:  
**Outstanding**

- The Ambassador Predevelopment Loan: $122,871
- Tanglewood Bridge Loan - 10/02/2013: $-
- Scattered Site Predevelopment Loan: $238,517
- Scattered Site Relocation & Renovation (106): $15,319
- Scattered Site 669 Rehab: $5,000
- Purchase of Capital One Site: $1,586,464
- Glenmont Crossing Apartments: $462,660
- Greenhills Apartments: $5,000
- Redevelopment Of Elizabeth House: $730,000
- Pre-Development Fund New Chevy Chase L: $600,000
- Pre-Development Fund (Real Estate Division): $89,711
- FY 2014 Zoning Consultant: $-
- FY 2014 Real Estate Administrative Expenses: $436,264

**Total obligations:** $9,286,807

**Cash Balance Net of Outstanding Obligations:** $8,131,297

### Sales Proceeds -Scattered Site Units Cash Analysis

- **Sales Proceeds from the Scattered Sites:** $8,382,139

### FUNDING OPTIONS

- **OHRF:** $8.4 Million (approx)
## Risk Analysis

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigant</th>
</tr>
</thead>
</table>
| Entitlement      | • Experienced and successful team with complex, multi-parcel transactions.  
                  • Project has received favorable feedback from numerous County stakeholders.  
                  • Project activates underutilized area in creative way.                                                                                                                                         |
| Execution        | • Project team has executed one of the largest public private partnerships in the County in record time. Team has ability to anticipate challenges and resolve them in a favorable way.  
                  • Development consultants have executed complex buildings and communities throughout the Washington, DC metropolitan area.                                                                       |
| Partnership      | • Partnership is in place and HOC and LDG interests are aligned.                                                                                                                                               
                  • Incentives are aligned with completion of build-out of Phase I.                                                                                                                                       |
| Financing Risk   | • Commission will be asked to approve strategy to contribute gap financing for Phase I. There are a number of sources for this contribution, both on the site and off.                                            
                  • Staff have underwritten the deal conservatively and anticipated a tighter lending environment at financing closing.                                                                              |
| Lease – Up       | • Over 50% of the building is expected to transfer from the existing Elizabeth House.  
                  • Throughout the development process, the team will seek to develop a marketing and awareness plan to generate enthusiasm for the market rate component of Phase I and mitigate the risk through pre-leasing the units. |
Summary and Recommendations

ISSUES FOR CONSIDERATION

• Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve $910,949 in funding for the Preliminary Development Plan for Elizabeth Square?

BUDGET IMPACT

• Expending funding from the OHRF will not have an immediate impact on the current year operating budget.

TIME FRAME

• Action at the meeting of the Commission on September 3, 2014.

STAFF RECOMMENDATION and COMMISSION ACTION NEEDED

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

1. Approve $910,949 in funding for the Preliminary Development Plan. Funding is proposed as a loan from the OHRF proceeds from prior MPDU sales and set aside for multifamily development. The loan will be repaid from project financing at closing.
2. Authorize the Executive Director to execute all documents necessary for the submission of the Site Plan to MNCPPC and other regulatory agencies.
WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South, consisting of three discrete properties, Alexander House owned by Alexander House Development Corporation, Elizabeth House owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) and Fenwick Professional Park owned by Lee Development Group (“LDG”); and

WHEREAS, on February 18, 2014, HOC entered into a pre-development agreement and preliminary plan submittal phase with LDG, Inc., an affiliate of LDG, as authorized by Resolution 14-13, adopted on February 18, 2014 and ratified by Resolution 14-13-R, adopted on March 5, 2014; and

WHEREAS, on May 28, 2014, the Commission passed Resolution 14-34 approving the essential business terms of the ground lease and land development agreement and authorizing the Executive Director to negotiate and execute the land development agreement (“Agreement”) with review by the General Counsel, which Resolution 14-34 was ratified by the Commission on June 4, 2014 by Resolution 14-34-R; and

WHEREAS, HOC and LDG entered into the Agreement as of July 31, 2014; and

WHEREAS, LDG, the design team and HOC staff have worked to increase the residential density from 168 units to 277 units; and

WHEREAS, on July 31, 2014, the preliminary and project plans were submitted to the County Planning Department and other regulatory agencies for initial review and acceptance; and

WHEREAS, HOC has now completed the feasibility phase of Elizabeth Square and is prepared to develop the preliminary development plan; and

WHEREAS, as part of the preliminary development plan phase, the development consultants are prepared to initiate the site plan process by submitting an application to the County Planning Department and other regulatory agencies; and

WHEREAS, HOC staff has prepared a budget to complete the preliminary development plan phase of the project and estimates the cost of consultants and fees to be $910,949, which takes into account an increase in initial costs of $133,135 as a result of a recent change to the County’s policy for project and preliminary plan application submission fees and which now requires a full submission fee payment rather than a 25% deposit.
NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

1. HOC is authorized to incur up to NINE HUNDRED TEN THOUSAND NINE HUNDRED FORTY-NINE DOLLARS ($910,949) in costs for the preliminary development plan; and

2. The Executive Director is authorized, on behalf of HOC, to execute all applications and submissions necessary for the approval of a site plan for the redevelopment of Elizabeth Square and any related improvements to Alexander House, and to file such applications and submissions with all of the required regulatory agencies, including the Maryland-National Capital Park and Planning Commission.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on September 3, 2014.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission
MORTGAGE PREPAYMENT USING PNC RELOC

FOUR TRANSITIONING PROPERTIES

Stacy L. Spann, Executive Director
Kayrine Brown
Gail Willison
Zachary Marks
Christopher Donald

September 3, 2014
Executive Summary

On May 28, 2014, the Commission approved HOC’s entering into a second line of credit with a limit of $90MM with PNC Bank. Use of the line comes with no fees and a staff-negotiated floating interest rate of LIBOR (currently 0.18%) plus 38 basis points (0.38%). This interest rate is significantly below that of existing debt for four properties that will be rehabilitated or redeveloped within the next two years. As such, use of the line of credit to prepay this debt in advance of the permanent financing presents a highly attractive opportunity to reduce debt service costs by more than $2MM per annum in the interim.

With permanent financing rates currently at 4.25% for a 30-year fixed, tax-exempt senior mortgage and the amount of existing debt on the four properties low relative to the as-is value of the properties; use of the line of credit to reduce interest carry during the development periods for these properties comes with limited risk. One important covenant for use of the line is the requirement to maintain aggregate debt service coverage of 1.20.

<table>
<thead>
<tr>
<th>Property</th>
<th>Outstanding Mortgages</th>
<th>Mortgage Interest Rate</th>
<th>Debt Service (Monthly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexander House</td>
<td>$20,343,101</td>
<td>5.94%</td>
<td>$136,509</td>
</tr>
<tr>
<td>TPM (Timberlawn, Pomander &amp; 59 MPDUs)</td>
<td>$7,308,345</td>
<td>5.20%</td>
<td>$59,439</td>
</tr>
<tr>
<td>Ambassador Apartments*</td>
<td>$2,325,000</td>
<td>6.62%</td>
<td>$31,000</td>
</tr>
<tr>
<td>Greenhills Townhomes</td>
<td>$4,200,000</td>
<td>6.50%</td>
<td>$26,633</td>
</tr>
<tr>
<td><strong>Total Proposed Draw</strong></td>
<td><strong>$34,176,446</strong></td>
<td></td>
<td><strong>$253,581</strong></td>
</tr>
</tbody>
</table>

The outstanding mortgage includes first trust of $1.8 million and DHCD subordinate debt of $413,560.

This is not a new strategy. Many times over the past two decades, the Mortgage Finance division have recommended to the Commission –and the Commission has approved –many refinancing opportunities to take advantage of lower current interest rates against higher rates on outstanding property debt. In those cases, the new financing replaced existing permanent debt with new permanent debt. Here, HOC is using a short-term credit facility to extinguish the existing mortgage in anticipation of permanent financing to come within a short-term horizon of one-to-three years.

Use of the line in this manner is consistent with its intent: these properties (with the exception of the Ambassador) will cover very comfortably the debt service on the line during this short-term period. While the Ambassador will not, the amount of debt being retired is small compared to that of the other properties. So, the shortfall in its debt service coverage ratio will be more than made up for by the savings against current budget at the other three properties.
Property Overviews

Alexander House

- Permanent rate would have to go to 12.0% before future permanent financing would be unable to take out the interim use of the line.
- Part of the Elizabeth Square redevelopment.
- Existing debt to as-is value: 35%

Projected Permanent Financing Date: Q3/2015

- Staff is studying the physical needs of the property and anticipates recommending a renovation and refinancing plan in the fourth quarter of a calendar year 2014.
- Debt Service Coverage for the past three years have been strong, returning 1.68, 1.96, 1.64 in fiscal years 2012, 2013, and 2014, respectively.
- RELOC loan is projected to be outstanding through the third quarter of calendar year 2015.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>$370,861</td>
<td>$370,861</td>
<td>$370,861</td>
<td>$370,861</td>
<td>$1,483,443</td>
</tr>
<tr>
<td>+25 BPS/Q</td>
<td>$370,861</td>
<td>$358,142</td>
<td>$345,423</td>
<td>$332,703</td>
<td>$1,407,129</td>
</tr>
<tr>
<td>+50 BPS/Q</td>
<td>$370,861</td>
<td>$345,423</td>
<td>$319,984</td>
<td>$294,546</td>
<td>$1,330,814</td>
</tr>
</tbody>
</table>
Property Overviews

Timberlawn, Pomander, & MPDUs

Exterior renovations nearly complete.

Existing debt to as-is value: 30%

Debt Service Coverage for the past three years have been strong, returning 2.46, 2.63, 2.63 in fiscal years 2012, 2013, and 2014, respectively.

RELOC loan is projected to be outstanding through the third quarter of calendar year 2015 at completion of renovation.

Project Cost

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>$164,417</td>
<td>$164,417</td>
<td>$164,417</td>
<td>$164,417</td>
<td>$657,668</td>
</tr>
<tr>
<td>+25 BPS/Q</td>
<td>$164,417</td>
<td>$159,844</td>
<td>$155,272</td>
<td>$150,700</td>
<td>$630,233</td>
</tr>
<tr>
<td>+50 BPS/Q</td>
<td>$164,417</td>
<td>$155,272</td>
<td>$146,127</td>
<td>$136,982</td>
<td>$602,799</td>
</tr>
</tbody>
</table>

Projected Permanent Financing Date: Q3/2015

Total

- $7,315,845
- $17,350,822

Interest Savings

- $570,000
- $580,000
- $590,000
- $600,000
- $610,000
- $620,000
- $630,000
- $640,000
- $650,000
- $660,000

Equity

- $7,315,845
- $17,350,822

Debt

- $570,000
- $580,000
- $590,000
- $600,000
- $610,000
- $620,000
- $630,000
- $640,000
- $650,000
- $660,000

9/3/2014

Tactical Prepayment
Property Overviews

Greenhills

- Permanent rate would have to go to 12.0% before future permanent financing would be unable to take out the interim use of the line.
- New bids on revised scope from GCs just received.
- Existing debt to as-is value: 41%

### Projected Permanent Financing Date: Q3/2015

- Staff has spent considerable time developing the appropriate renovation scope for the property and anticipates bringing a revised Development Plan for renovation in the third quarter of 2014.
- Debt Service Coverage for the past three years have been strong, returning 2.01, 1.88, 1.78 in fiscal years 2012, 2013, and 2014, respectively.
- RELOC loan is projected to be outstanding through the third quarter of calendar year 2015.

### Interest Savings: Sensitivity Analysis

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>$54,525</td>
<td>$54,525</td>
<td>$54,525</td>
<td>$54,525</td>
<td>$218,101</td>
</tr>
<tr>
<td>+25 BPS/Q</td>
<td>$54,525</td>
<td>$51,689</td>
<td>$48,853</td>
<td>$46,017</td>
<td>$201,085</td>
</tr>
<tr>
<td>+50 BPS/Q</td>
<td>$54,525</td>
<td>$48,853</td>
<td>$43,182</td>
<td>$37,510</td>
<td>$184,070</td>
</tr>
</tbody>
</table>

- New bids on revised scope from GCs just received.
- Existing debt to as-is value: 41%
For the Ambassador, the use of the line is largely to help mitigate the carrying cost of Ambassador’s must-pay debt during the permanent relocation and entitlement periods. In developing the proposed relocation plan, HOC staff projects that the $1.1MM carry cost projected for the Base Case can be substantially reduced.

One of the chief components of the carrying cost of continued operations is the cost of the existing debt. Ambassador Apartments was funded from an array of hard and soft debt sources as the Low Income Housing Tax Credit-funded rehabilitation in 1994 could not support sufficient mortgage proceeds from operations, and subsequent work certainly could not either.

Ambassador Apartments pays approximately $31,000 per month in debt service (on approximately 35% of the actual $8.2MM in debt outstanding). The implied interest rate on that $2.3MM paid current is 6.62%. Paying off the outstanding balance of the must-pay debt using HOC’s line of credit would lower the monthly debt service expense by $29,000 ($348,000 annually). The existing debt could be retired within the next 30 days. The year-to-date debt service coverage is 1.49.
Recommendations

ISSUES FOR CONSIDERATION

• Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the immediate refunding of outstanding debt on Alexander House, Timberlawn, Ambassador, and Greenhills totaling approximately $34,176,446?

• Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the Executive Director to execute the appropriate loan documents to execute the transaction?

BUDGET IMPACT

• Staff currently estimate that the refunding will generate approximately $2 million per year or $160K/month. These estimates will have to be confirmed with Caine Mitter & Associates Incorporated, the Commission’s financial advisor.

TIME FRAME

For action at the September 3, 2014 meeting of the Commission.

STAFF RECOMMENDATION and COMMISSION ACTION NEEDED

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the immediate refunding of existing debt on Alexander House, Timberlawn, Ambassador, and Greenhills by drawing on the PNC Bank, N.A. RELOC an amount equaling $34,176,446 and authorize the Executive Director to execute the appropriate loan documents to execute the transaction.
RESOLUTION NO. RE: Approval of a Tax-Exempt Draw of $20,343,101 by HOC from the PNC Bank, N.A. Real Estate Revolving Line of Credit ($90 million) and Advance of such Funds to Alexander House Development Corporation (AHDC), and AHDC’s Acceptance of such Funds to Prepay the Existing First Mortgage Loan

WHEREAS, the Alexander House Development Corporation (“Owner”) is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (“HOC”); and

WHEREAS, the Alexander House property (“Property”) was refinanced in February 1997 with the proceeds of 1996 Series B Bonds which funded a first mortgage with a current balance of $20,343,101, which is insured under the FHA Risk Sharing Program where HOC assumes 50% of the risk and FHA assumes the remaining 50%; and

WHEREAS, the Property is part of the Elizabeth Square project which is currently in the predevelopment phase and includes the comprehensive renovation of Alexander House; and

WHEREAS, Owner desires to prepay the first mortgage now in anticipation of the refinancing and renovation, while final plans for the Property are being developed and until a permanent financing plan is approved by the Commission, which is anticipated to be in 2015; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit with PNC Bank, National Association and may use the line to provide short-term financing for the predevelopment, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (30-day, 60-day, or 90-day) plus 58 basis points or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, Owner desires to prepay the first mortgage in anticipation of the refinancing and renovation; and

WHEREAS, HOC would advance the funds drawn to the Owner, to be repaid by Owner upon Owner’s refinancing of the Project for renovation.
NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a tax-exempt draw on the PNC Bank, National Association Real Estate Revolving Line of Credit for approximately $20,343,101 (the “Loan”) and the subsequent advance of such Loan funds to Owner for the purpose of repaying the existing first mortgage loan on the Property is hereby approved for a maximum term of 24 months.

BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of Alexander House Development Corporation, that Alexander House Development Corporation is authorized and directed to accept the advance of HOC’s Loan funds and apply such funds to repay the existing first mortgage loan on the Property and to repay such advance to HOC at such time as the Property is refinanced under a final development plan.

BE IT FURTHER RESOLVED Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House Development Corporation, that the Executive Director is authorized to execute, without further action on their respective parts, the taking of 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 duly adopted by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House Development Corporation, at a regular meeting conducted on September 3, 2014.

Patrice M. Birdsong
Special Assistant to the Commission
RESOLUTION NO. RE: Approval of a Tax-Exempt Draw of $2,325,000 by HOC from the PNC Bank, National Association Real Estate Revolving Line of Credit ($90 million) and Advance of such Funds to Wheaton-University Boulevard Limited Partnership (“WUBLP”) and WUBLP’s Acceptance or Use of such Funds to Prepay the Existing First and Subordinate DHCD Mortgages for Ambassador Apartments

WHEREAS, the Ambassador Apartments ("Property") consists of 162 single room occupancy units in a high rise condominium located in Wheaton, Maryland and is owned by Wheaton-University Boulevard Limited Partnership ("WUBLP"); and

WHEREAS, WUBLP is managed by HOC Ambassador, Inc., a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, the Property was financed in November 1992 with the proceeds of 1992 Series C Bonds which funded a first mortgage with a current balance of $1,911,440, which is insured by the Maryland Housing Fund, and a subordinate loan from the Maryland Department of Housing and Community Development (DHCD) with a current balance of $413,560; and

WHEREAS, HOC selected Pennrose Development as the developer for the redevelopment of the Property site and in conjunction with HOC and the second condominium owner, Wheaton Commercial Center Associates, L.P., an affiliate of Willco Companies, are currently negotiating a Master Development Agreement and developing a redevelopment plan for the project; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (30-day, 60-day, or 90-day) plus 58 basis points or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, WUBLP desires to prepay the first and subordinate mortgage loans on the Property while final redevelopment plans for the Property site are being finalized; and

WHEREAS, HOC would advance the drawn funds to WUBLP, to be repaid by WUBLP upon Owner’s financing of the Project site for redevelopment.
NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a tax-exempt draw on the PNC Bank, National Association Real Estate Revolving Line of Credit for approximately $2,325,000 (the “Loan”) and the subsequent advance of such Loan funds to WUBLP for the purpose of repaying the existing first and subordinate mortgage loans on the Property is hereby approved for a maximum term of 36 months.

BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, for itself and acting for and on behalf of HOC Ambassador, Inc. in its own capacity and as the general partner of and on behalf of WUBLP, that WUBLP is authorized and directed to accept the advance of HOC's Loan funds and apply such funds to repay the existing first and subordinate mortgage loans on the Property and to repay such advance to HOC at such time as the Property site is financed under a final redevelopment plan.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, for itself and acting for and on behalf of HOC Ambassador, Inc. in its own capacity and as the general partner of and on behalf of WUBLP, that the Executive Director is authorized to execute, without further action on their respective parts, the taking of 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 duly adopted by the Housing Opportunities Commission of Montgomery County, for itself and acting for and on behalf of HOC Ambassador, Inc. in its own capacity and as the general partner of and on behalf of Wheaton-University Boulevard Limited Partnership, at a regular meeting conducted on September 3, 2014.

______________________________
Patrice M. Birdsong
Special Assistant to the Commission
RESOLUTION NO. RE: Approval of a Tax-Exempt Draw of $7,308,345 by HOC from the PNC Bank, N.A. Real Estate Revolving Line of Credit ($90 million) and Advance of such Funds to TPM Development Corporation (TPM) and TPM’s Acceptance of such Funds to Prepay Existing First Mortgage Loan

WHEREAS, the TPM Development Corporation is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County; and

WHEREAS, TPM Development Corporation owns three properties known as Timberlawn Crescent (Bethesda), Pomander Court (Wheaton-Silver Spring) and MPDU II (59 Scattered Site MPDUs); and

WHEREAS, a comprehensive renovation of the 107 units at Timberlawn Crescent started in FY 2014 and is estimated to be completed in FY 2015 and the scope of work is under development for the 24 units at Pomander Court with substantial renovation and permanent financing planned for fiscal year 2015; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (30-day, 60-day, or 90-day) plus 58 basis points or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, Owner desires to prepay the first mortgage in anticipation of the refinancing and renovation; and

WHEREAS, HOC would advance the funds drawn to the Owner, to be repaid by Owner upon Owner’s refinancing of the Project for renovation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a tax-exempt draw on the PNC Bank, National Association Real Estate Revolving Line of Credit for approximately $7,308,345 (the “Loan”) and the subsequent advance of such Loan funds to Owner for the purpose of repaying the existing first mortgage loan on the Property is hereby approved for a maximum term of 24 months.
BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for and on behalf of TPM Development Corporation, that TPM Development Corporation is authorized and directed to accept the advance of HOC’s Loan funds and apply such funds to repay the existing first mortgage loan on the Property and to repay such advance to HOC at such time as the Property is refinanced under a final development plan.

BE IT FURTHER RESOLVED Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of TPM Development Corporation, that the Executive Director is authorized to execute, without further action on their respective parts, the taking of 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 duly adopted by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of TPM Development Corporation, at a regular meeting conducted on September 3, 2014.

Patrice M. Birdsong
Special Assistant to the Commission
RESOLUTION NO. RE: Approval of a Tax-Exempt Draw of $4,200,000 by HOC on the PNC Bank Real Estate Revolving Line of Credit ($90 million) to Prepay Existing First Mortgage for Greenhills Apartments

WHEREAS, the Greenhills Apartments ("Property") is a 78-unit townhouse development located in Damascus, Maryland that is owned by the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, the Property was financed in 2008 from proceeds of the 2008 Series A Multiple Purpose variable rate demand obligation bonds (VRDO) that are backed by the full faith and credit of HOC; and

WHEREAS, HOC has approved a preliminary development plan for the Property which proposes the substantial rehabilitation of the property, preserving it as an essential affordable housing development in the northern section of the County; and

WHEREAS, HOC desires to prepay the first mortgage now in anticipation of the rehabilitation, while final plans for the Property, including the review of general contractor proposals for the substantial renovation, are being developed and until a permanent financing plan is approved, which is anticipated to be in 2015; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (1-month, 2-month, or 3-month) plus 58 basis or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, HOC desires to prepay the first mortgage loan on the Property in anticipation of the refinancing and renovation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a tax-exempt draw on the PNC Bank, National Association Real Estate Revolving Line of Credit for approximately $4,200,000 is approved for a maximum term of 24 months.

BE IT FURTHER RESOLVED that the Executive Director is authorized to take any and all 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, without further Commission action.
I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on September 3, 2014.

Patrice M. Birdsong  
Special Assistant to the Commission
Approval to Amend the Permanent Financing Plan for Tanglewood and Sligo LP

Silver Spring, MD

STACY L. SPANN, EXECUTIVE DIRECTOR
KAYRINE V. BROWN
VIVIAN BENJAMIN
HYUNSUK CHOI (WILSON)

September 3, 2014
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>3</td>
</tr>
<tr>
<td>Timing</td>
<td>4</td>
</tr>
<tr>
<td>Property Description</td>
<td>5</td>
</tr>
<tr>
<td>Capital Structure</td>
<td>8</td>
</tr>
<tr>
<td>Aerial View</td>
<td>10</td>
</tr>
<tr>
<td>Before and After Renovation</td>
<td>11</td>
</tr>
<tr>
<td>Financing Update</td>
<td>12</td>
</tr>
<tr>
<td>Transaction Rationale</td>
<td>13</td>
</tr>
<tr>
<td>Development Team</td>
<td>13</td>
</tr>
<tr>
<td>Conclusion</td>
<td>14</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

- On April 6, 2011, the Commission approved a development plan to renovate Tanglewood and Sligo Hills Apartments to be financed with proceeds from the syndication of 9% Low Income Housing Tax Credit (LIHTC) equity and a mortgage.

- Capital One provided the construction financing for the renovation and on September 5, 2012, the Commission approved a Financing Plan to provide permanent financing for the Property in the approximate amount of $9,671,091, amortized over 30 years for a term of 15 years at 5.50% interest rate.

- The HOC commitment notwithstanding, staff continued to explore the available options for achieving the optimal financing solution for permanent financing to support the Commission’s goals.

- Upon analysis of current market conditions, staff proposes to secure permanent financing through FHA’s Section 223(f) LIHTC Pilot Program.

- Utilizing the 223(f) LIHTC Pilot allows for an increase in mortgage ($12,033,076), a longer term (35 years), and a better interest rate (underwriting assumes a conservative 5%) with Debt Service Coverage Ratio (DSCR) of 1.35:1.00.

- The construction of the property was completed in January 2014 and as of August 1, 2014, the property was 96.21% occupied.

<table>
<thead>
<tr>
<th>Total 132 Units</th>
<th>132 Affordable Units (100%)</th>
<th>0 Market Units (0%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHA Mortgage</td>
<td></td>
<td>$12,033,076</td>
</tr>
</tbody>
</table>

September 3, 2014
TIMING

Finance Committee
August 13, 2014

DevFin Committee
August 21, 2014

Closing
November 2014

Commission Approval
September 3, 2014
Tanglewood and Sligo Apartments consists of six buildings, containing a total of 132 units, located along the west side of Manchester Road and the south side of Schuyler Road bordering Sligo Creek Parkway in the Long Branch section of Silver Spring.

The properties were originally constructed in the 1940s and acquired by HOC in 1988 and 1993 respectively.

132 affordable units
- 33 Units – Project Based Vouchers from HOC
- 14 Units – Households with income at or below 50%
- 85 Units – Households with income at or below 60%

The project received an award of 9% LIHTC on December 8, 2011. Construction was completed in January 17, 2014. As of August 1, 2014, occupancy is 96.21%.

Substantial renovation totaled $11.9MM (or approximately $90,000/Unit).
## Unit Mix and Bedroom Counts

<table>
<thead>
<tr>
<th>PROPERTY DESCRIPTION (Continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Mix and Bedroom Counts</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Year Built</th>
<th>Product Type</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanglewood &amp; Sligo Apartments</td>
<td>1940/2014 (Renovation)</td>
<td>Mid-Rise Apartment</td>
<td>132</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th># OF TOTAL UNITS</th>
<th>% OF TOTAL UNITS</th>
<th>UNIT SIZE S.F.</th>
<th>UTILITY ALLOWANCE</th>
<th>AVERAGE PROPOSED RENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>≤30% OF AMI (PBV)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 BD / 1 BH</td>
<td>13</td>
<td>1.50%</td>
<td>618 – 724</td>
<td>$152</td>
<td>$1,283</td>
</tr>
<tr>
<td>3 BD / 1 BH</td>
<td>20</td>
<td>2.26%</td>
<td>796 – 929</td>
<td>$188</td>
<td>$1,771</td>
</tr>
<tr>
<td><strong>≤50% OF AMI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>4</td>
<td>21.05%</td>
<td>618 – 724</td>
<td>$82</td>
<td>$895</td>
</tr>
<tr>
<td>1 BD / 1 BH</td>
<td>1</td>
<td>57.14%</td>
<td>796 – 929</td>
<td>$117</td>
<td>$889</td>
</tr>
<tr>
<td>2 BD / 1 BH</td>
<td>9</td>
<td>9.02%</td>
<td>929</td>
<td>$152</td>
<td>$991</td>
</tr>
<tr>
<td><strong>≤60% OF AMI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>5</td>
<td>9.02%</td>
<td>929</td>
<td>$82</td>
<td>$909</td>
</tr>
<tr>
<td>1 BD / 1 BH</td>
<td>48</td>
<td>9.02%</td>
<td>929</td>
<td>$117</td>
<td>$1,049</td>
</tr>
<tr>
<td>2 BD / 1 BH</td>
<td>32</td>
<td>9.02%</td>
<td>929</td>
<td>$152</td>
<td>$1,166</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>132</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Utilities

- Water & Sewer – WSSC
- Natural Gas – Washington Gas
- Electricity – PEPCO
- Telephone – Verizon and Comcast

Parking

- 97 parking spaces (including seven handicapped spaces)

Project Amenities

- Residents have access to all existing amenities including cyber lounge, playground, community room, activity room, food distribution room, and resident services office.

Renovation

- Site improvements
- New roofs, gutters and downspout, and building entrances
- New windows
- New unit finishes including:
  - Cabinets, countertops, lighting, flooring, plumbing fixtures, Energy Star appliances, new hot water heaters and new A/C Units throughout.
  - Split system heat pumps, new fire alarm and sprinkler systems, new telephone and cable wiring, and new access control systems in all buildings.
- Renovated common areas including:
  - Lighting, flooring and refinished stairs/rails, upgraded laundry rooms, and fully renovated community center.
### CAPITAL STRUCTURE

#### Fund Sources & Uses – Total to Date (As of June 11, 2014)

<table>
<thead>
<tr>
<th>Sources</th>
<th>Closing Budget</th>
<th>Interim Budget</th>
<th>Total to Date</th>
<th>Final Budget</th>
<th>Percent Complete</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Loan – CONA</td>
<td>$9,371,393</td>
<td>$9,371,393</td>
<td>$9,371,393</td>
<td>$0</td>
<td>100%</td>
<td>($9,371,393)</td>
</tr>
<tr>
<td>Permanent - Mortgage</td>
<td>$1,787,798</td>
<td>$0</td>
<td>$11,909,191</td>
<td>$2,160,224</td>
<td>54%</td>
<td>$984,643</td>
</tr>
<tr>
<td>CONA Bridge Loan /LIHTC Equity</td>
<td>$2,160,224</td>
<td>$2,160,224</td>
<td>$1,175,581</td>
<td>$2,160,224</td>
<td>54%</td>
<td>$984,643</td>
</tr>
<tr>
<td>LIHTC - Equity</td>
<td>$12,046,276</td>
<td>$12,046,276</td>
<td>$8,950,358</td>
<td>$12,046,276</td>
<td>74%</td>
<td>$3,095,918</td>
</tr>
<tr>
<td>Seller Note</td>
<td>$3,190,410</td>
<td>$3,190,410</td>
<td>$3,190,410</td>
<td>$3,190,410</td>
<td>100%</td>
<td>$0</td>
</tr>
<tr>
<td>Rental Housing Fund Loan</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>100%</td>
<td>$0</td>
</tr>
<tr>
<td>HOC – Bridge Loan (OHFR)</td>
<td>$0</td>
<td>$1,200,000</td>
<td>$1,200,000</td>
<td>$0</td>
<td>100%</td>
<td>($1,200,000)</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$0</td>
<td>$139,318</td>
<td>$0</td>
<td>$139,318</td>
<td>0%</td>
<td>$139,318</td>
</tr>
<tr>
<td><strong>Total Funding Sources</strong></td>
<td><strong>$28,768,303</strong></td>
<td><strong>$31,895,419</strong></td>
<td><strong>$25,887,742</strong></td>
<td><strong>$31,445,419</strong></td>
<td><strong>81%</strong></td>
<td><strong>$5,557,677</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Closing Budget</th>
<th>Interim Budget</th>
<th>Total to Date</th>
<th>Final Budget</th>
<th>Percent Complete</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs</td>
<td>$9,000,000</td>
<td>$9,000,000</td>
<td>$9,000,000</td>
<td>$9,000,000</td>
<td>100%</td>
<td>$0</td>
</tr>
<tr>
<td>Hard Costs</td>
<td>$12,433,581</td>
<td>$15,298,845</td>
<td>$13,909,646</td>
<td>$16,048,846</td>
<td>91%</td>
<td>$2,139,200</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$1,211,846</td>
<td>$880,910</td>
<td>$715,161</td>
<td>$880,910</td>
<td>81%</td>
<td>$165,749</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$2,689,067</td>
<td>$2,081,854</td>
<td>$1,643,239</td>
<td>$2,081,854</td>
<td>79%</td>
<td>$438,615</td>
</tr>
<tr>
<td>Reserves</td>
<td>$933,809</td>
<td>$933,809</td>
<td>$0</td>
<td>$933,809</td>
<td>0%</td>
<td>$933,809</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$2,500,000</td>
<td>$2,500,000</td>
<td>$625,000</td>
<td>$2,500,000</td>
<td>25%</td>
<td>$1,875,000</td>
</tr>
<tr>
<td><strong>Total Funding Uses</strong></td>
<td><strong>$28,768,303</strong></td>
<td><strong>$30,695,418</strong></td>
<td><strong>$25,893,046</strong></td>
<td><strong>$31,445,419</strong></td>
<td><strong>84%</strong></td>
<td><strong>$5,552,373</strong></td>
</tr>
</tbody>
</table>

*This difference has been carried on the project since the construction closing draw. The initial project accountant could not explain the variance between the budget and the funds spent to date.

September 3, 2014
### Sources and Uses

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHA Mortgage</td>
<td>$12,033,076</td>
<td>$91,160</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$12,033,076</strong></td>
<td><strong>$91,160</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Amount</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Loan – CONA</td>
<td>$9,371,393</td>
<td>$70,995</td>
</tr>
<tr>
<td>Bridge Loan – OHRF</td>
<td>$1,200,000</td>
<td>$9,091</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$750,000</td>
<td>$5,682</td>
</tr>
<tr>
<td>Consultants</td>
<td>$23,500</td>
<td>$178</td>
</tr>
<tr>
<td>Financing Expenses</td>
<td>$333,984</td>
<td>$2,530</td>
</tr>
<tr>
<td>Settlement Costs</td>
<td>$321,199</td>
<td>$2,433</td>
</tr>
<tr>
<td>Reserves</td>
<td>$33,000</td>
<td>$250</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$12,033,076</strong></td>
<td><strong>$91,160</strong></td>
</tr>
</tbody>
</table>

- The mortgage amount will be $12,033,076, which is limited by 85% of NOI assuming a 5.0% interest rate and 35 year term.
- $9,371,393 Construction loan with Capital One National Association (CONA).
- $1,200,000 Bridge loan from an entity related to the HOC OHRF (Opportunity Housing Reserve Fund).
- $750,000 Deferred Developer Fee – General Partner will be required to fund an escrow to cover Davis Bacon expenses.
- Consultants Fee will be $23,500 ($178/per unit) which includes appraisal, engineering, and environmental.
- Financing expenses will be $312,180 ($2,365/per unit).
- $33,000 (per unit $250) for initial deposit to replacement reserve.
Access to the area is good; several roadways provide easy access to I-495 (Beltway) highway that run between Montgomery County and Prince George's County.

Just minutes from Downtown Silver Spring.

Built in 1940s

Completed renovation in January 2014
BEFORE AND AFTER RENOVATION

➢ Before Renovation

➢ After Renovation
FINANCING UPDATE

Financial Summary

<table>
<thead>
<tr>
<th>Stabilized Proforma</th>
<th>FY 2014</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$1,799,011</td>
<td>$13,629</td>
</tr>
<tr>
<td>Expenses^1</td>
<td>$744,732</td>
<td>$5,642</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td><strong>$1,054,279</strong></td>
<td><strong>$7,987</strong></td>
</tr>
<tr>
<td>Debt Service^2</td>
<td>$782,588</td>
<td>$5,929</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td><strong>$271,691</strong></td>
<td><strong>$2,058</strong></td>
</tr>
<tr>
<td>Other Debt Payment^3</td>
<td>$125,229</td>
<td>$949</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td><strong>$146,462</strong></td>
<td><strong>$1,110</strong></td>
</tr>
<tr>
<td>Debt Coverage Ratio Target (2014)</td>
<td>1.35</td>
<td></td>
</tr>
</tbody>
</table>

^1 Includes $36,300 ($275 per unit annually) in replacement reserves.
^2 Forecast interest rate: 5.00% (GNMA) + MIP (45 basis point).
^3 Other debt payments includes CDA payment, seller note payment, and general partner management fee.

Summary of the loan provide by HOC versus 223 (f) Tax Credit Pilot

<table>
<thead>
<tr>
<th>Fund from the Risk Sharing reserve account</th>
<th>223 (f) Tax Credit Pilot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$9,671,091</td>
</tr>
<tr>
<td>Debt Service Coverage Ratio (DSCR)</td>
<td>1.20</td>
</tr>
<tr>
<td>Term</td>
<td>15 years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>5.50%</td>
</tr>
<tr>
<td>Loan Fee</td>
<td>1.00% ($96,710)</td>
</tr>
<tr>
<td>Prepayment Fee</td>
<td>None</td>
</tr>
</tbody>
</table>

September 3, 2014
<table>
<thead>
<tr>
<th>TRANSACTION RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PILOT (Payment In Lieu Of Taxes) Agreement</td>
</tr>
<tr>
<td>- Tanglewood and Sligo, LP has a PILOT Agreement with Montgomery County. Commencing with the partnership’s acquisition of the property on December 18, 2012, the partnership received 100% reduction of the County and special area real estate property taxes. All State taxes and non-ad valorem taxes must be paid.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HUD 223 (f) Mortgage Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>- $12,033,076 – The HUD Section 223(f) Tax Credit Pilot.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEVELOPMENT TEAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer</td>
</tr>
<tr>
<td>- Tanglewood and Sligo Limited Partnership</td>
</tr>
<tr>
<td>- Developer Qualifications: HOC has acquired and/or developed over 6,700 housing units in Montgomery County since its inception in 1974.</td>
</tr>
<tr>
<td>- HOC has owned Tanglewood and Sligo Hills since 1988 and 1993 respectively.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>- RKR Construction Company, LLC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Architect</th>
</tr>
</thead>
<tbody>
<tr>
<td>- EDG Architects, LLC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Equity Management Company</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Processing Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>- AGM Financial Services, Inc</td>
</tr>
</tbody>
</table>

September 3, 2014
### CONCLUSION

- Utilizing the 223(f) LIHTC Pilot allows for an increase in mortgage ($12,033,076), longer term (35-years), and better interest rate (underwriting assumes a conservative 5%) with Debt Service Coverage Ratio (DSCR) of 1.35:1.00.

### Budget Impact

- None.

### Time Frame

- Action at the September 3, 2014 meeting of the Commission.

### Issues For Consideration

- Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve to amend the permanent financing plan for Tanglewood and Sligo Apartments?

### Staff Recommendation & Commission Action Needed

- Tanglewood and Sligo Apartments will be in a positive financial position with the first year cash flow of $271,691 and the debt service coverage of 1.35:1.00.
- A review of the projected stabilized operations concludes that the transaction is feasible as presented.
- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve to amend the permanent financing plan for Tanglewood and Sligo Apartments.
WHEREAS, on April 6, 2011, the Housing Opportunities Commission of Montgomery County ("Commission") approved a development plan to renovate Tanglewood and Sligo Hills Apartments ("Property") to be financed with proceeds from the syndication of 9% Low Income Housing Tax Credit (LIHTC) equity and a mortgage; and

WHEREAS, Capital One, N.A provided the construction financing for the renovation of the Property; and

WHEREAS, on September 5, 2012, the Commission approved the issuance of a Commitment to Tanglewood and Sligo LP ("Partnership") to provide permanent financing for the Property in the approximate amount of $9,671,091, amortized over 30 years for a term of 15 years at 5.50% interest rate; and

WHEREAS, the Commission permanent loan commitment notwithstanding, the Partnership continued to explore the available options for achieving the optimal financing solution for permanent financing to support the Commission’s and Partnership’s goals; and

WHEREAS, the Commission is the sole member of HOCMC, LLC (the “Company”), which is the general partner of the Partnership; and

WHEREAS, upon analysis of current market conditions, the Commission, acting for the Company on behalf of the Partnership, desires to secure permanent financing for the Property through the U.S. Federal Housing Administration (FHA) Section 223(f) Low Income Housing Tax Credit (LIHTC) Pilot Program; and

WHEREAS, utilizing a permanent loan through the 223(f) LIHTC Pilot Program allows for an increase in the permanent loan amount (to $12,033,076), a longer term (35 years), and a better interest rate (underwriting assumes a conservative 5%) with a debt service coverage ratio (DSCR) of 1.35:1.00; and

WHEREAS, the Commission, acting for the Company on behalf of the Partnership, solicited bids from FHA MAP Lenders desiring to process this transaction through FHA and selected AGM Financial as the winning bidder; and
WHEREAS, the construction of the Property was completed in January 2014 and the projected loan conversion date is December 18, 2014, and the FHA processing time is approximately 90 days, the Commission, acting for the Company on behalf of the Partnership, wishes to proceed with the change to the Financing Plan and the permanent loan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for HOCMC, LLC in its own capacity and as the general partner of and on behalf of Tanglewood and Sligo LP, contingent on the consent of the Partnership’s limited partner, the Partnership is authorized and directed to amend the Financing Plan originally adopted on September 5, 2012, to replace the Commission’s commitment to provide permanent financing for the Property, with a permanent loan from AGM Financial under the FHA 223 (f) PILOT Program ("223 Loan").

BE IT FURTHER RESOLVED that, contingent on the consent of the Partnership’s limited partner, the Partnership is authorized and directed, without further action on the part of the Commission or Company, to take any and all other actions necessary and proper to carry out the amendment to the Financing Plan, including, without limitation, the negotiation and execution of a commitment for the 223 Loan from AGM Financial and other related loan documents.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County acting for HOCMC, LLC in its own capacity and as general partner of and on behalf of Tanglewood and Sligo LP at a regular meeting conducted on September 3, 2014.

S ________________________________
E Patrice M. Birdsong
A Special Assistant to the Commission
L
Deliberation

and/or

Action
BETHESDA CBD MASTER PLAN AND THE BARCLAY APARTMENTS

BETHESDA, MD

Stacy L. Spann, Executive Director

Kayrine Brown
Zachary Marks

September 3, 2014
# Table of Contents

I. Executive Summary .................................................................................. 3

II. Bethesda CBD Master Plan Map............................................................... 4

III. Barclay Apartments Master Planning Budget ................................. 5

IV. Funding Availability.................................................................................. 6

V. Summary & Recommendations............................................................... 7
• The Bethesda CBD is in the midst of a major master plan effort that includes four properties that are owned by HOC or its affiliates: The Metropolitan, Lasko Manor, Waverly House, and The Barclay.

• The current planning reflects The Barclay with its existing zoning designation (R-10) which will not maximize the Commission’s mission to expand affordable housing in the highly desirable Bethesda market in the future.

• The Barclay was constructed in the mid-twentieth century and is approaching functional obsolescence. Future redevelopment options could include the ability to deliver attractive, affordable, and amenity rich housing in a very expensive community. By pursuing alternative treatment under the CBD master plan, HOC has the opportunity to increase the density in an appropriate fashion.

• Therefore, staff wishes to engage with the County, Community and assemble a design team to explore the most favorable options for the Commission. This initial exercise may generate additional action, which staff will present if required.
# Barclay Apartments Master Planning Feasibility Budget

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architect &amp; Engineer</td>
<td>$50,000</td>
</tr>
<tr>
<td>Legal</td>
<td>$30,000</td>
</tr>
<tr>
<td>Due Diligence</td>
<td>$20,000</td>
</tr>
<tr>
<td>Total</td>
<td>$100,000</td>
</tr>
</tbody>
</table>
Barclay Apartments: Funding Availability

Attachment C

Opportunity Housing Reserve Fund (OHRF)
PNC Bank Acct#53035-55321

7/1/13 to 06/30/14

Obligations:

<table>
<thead>
<tr>
<th>Obligation Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ambassador Predevelopment Loan</td>
<td>(122,871)</td>
</tr>
<tr>
<td>Tanglewood Bridge Loan - 10/02/2013</td>
<td>-</td>
</tr>
<tr>
<td>Scattered Site Predevelopment Loan</td>
<td>(238,517)</td>
</tr>
<tr>
<td>Scattered Site Relocation &amp; Renovation (106)</td>
<td>(15,319)</td>
</tr>
<tr>
<td>Scattered Site 669 Rehab</td>
<td>(5,000,000)</td>
</tr>
<tr>
<td>Purchase of Capital One Site</td>
<td>(1,586,464)</td>
</tr>
<tr>
<td>Glenmont Crossing Apartments</td>
<td>(462,660)</td>
</tr>
<tr>
<td>Greenhills Apartments</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Redevelopment Of Elizabeth House</td>
<td>(730,000)</td>
</tr>
<tr>
<td>Pre-Development Fund New Chevy Chase L</td>
<td>(600,000)</td>
</tr>
<tr>
<td>Pre-Development Fund (Real Estate Division)</td>
<td>(89,711)</td>
</tr>
<tr>
<td>FY 2014 Zoning Consultant</td>
<td>-</td>
</tr>
<tr>
<td>FY 2014 Real Estate Administrative Expense</td>
<td>(436,264)</td>
</tr>
</tbody>
</table>

Total Obligations: (9,286,807)

Cash Balance Net of Outstanding Obligations: $ 8,131,297

Outstanding:

<table>
<thead>
<tr>
<th>Obligation Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Interest Income</td>
<td>2,311</td>
</tr>
<tr>
<td>Paint Branch Notes</td>
<td>30,106</td>
</tr>
<tr>
<td>Sales Proceeds from Scattered Sites</td>
<td>2,220,347</td>
</tr>
<tr>
<td>Partial Pymt Bridge Loan Tanglewood/Sligo</td>
<td>870,199</td>
</tr>
<tr>
<td>Development Fee for Tanglewood</td>
<td>375,000</td>
</tr>
<tr>
<td>IT&amp;Facilities Loan Pymt FY14</td>
<td>150,380</td>
</tr>
<tr>
<td>Total Sources of Funds:</td>
<td>3,648,342</td>
</tr>
</tbody>
</table>

Total sources of funds: 3,648,342

Uses of funds:

<table>
<thead>
<tr>
<th>Use of Funds Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expenses 4th Quarter FY 201</td>
<td>183,747</td>
</tr>
<tr>
<td>Administrative Expenses 1st Quarter FY 201</td>
<td>100,602</td>
</tr>
<tr>
<td>Administrative Expenses 2nd Quarter FY 201</td>
<td>238,406</td>
</tr>
<tr>
<td>Administrative Expenses 3rd Quarter FY 201</td>
<td>42,598</td>
</tr>
<tr>
<td>Hampden Lane Refund of Development Fee</td>
<td>138,281</td>
</tr>
<tr>
<td>Tanglewood/Sligo Bridge Loan</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Security Deposit Shortage of VPC One Tenants</td>
<td>14,149</td>
</tr>
<tr>
<td>Security Deposit Shortage of VPC Two Tenants</td>
<td>3,692</td>
</tr>
<tr>
<td>Security Deposit Shortage of MF Tenants</td>
<td>5,002</td>
</tr>
<tr>
<td>Security Deposit CONA Site Escrow</td>
<td>170,000</td>
</tr>
<tr>
<td>Reimb PH Conversion to Voucher Expense</td>
<td>645,873</td>
</tr>
<tr>
<td>Reimb Zone Predev Cost</td>
<td>160,289</td>
</tr>
<tr>
<td>Total Uses of Funds:</td>
<td>(2,902,638)</td>
</tr>
</tbody>
</table>

Net Authorized Amount: $ 17,418,104

Sales Proceeds - Scattered Site Units Cash Analysis

<table>
<thead>
<tr>
<th>Sales Proceeds Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Proceeds from the Scattered Sites</td>
<td>8,382,139</td>
</tr>
<tr>
<td>Purchase of Capital One Site</td>
<td>(1,756,464)</td>
</tr>
<tr>
<td>Approved Funding Request - Chevy Chase</td>
<td>(89,711)</td>
</tr>
<tr>
<td>Balance</td>
<td>6,025,675</td>
</tr>
</tbody>
</table>

Housing Opportunities Commission of Montgomery County
Summary and Recommendations

ISSUES FOR CONSIDERATION

• Does the Commission wish to approve $100,000 of feasibility funding to pursue more favorable zoning treatment for the Barclay Apartments in the Bethesda CBD Master Plan?

BUDGET IMPACT

• Expending funding from the OHRF will not have an impact on the current year operating budget.

TIME FRAME

• Action at the Commission meeting on September 3, 2014.

STAFF RECOMMENDATION and COMMISSION ACTION NEEDED

• Staff recommends that the Commission approve $100,000 of feasibility funding to pursue more favorable zoning treatment for the Barclay Apartments in the Bethesda CBD Master Plan. Funding is proposed as a loan from the OHRF proceeds from prior MPDU sales and set aside for multifamily development. The loan will be repaid when the project is rehabilitated or redeveloped.
RESOLUTION: Approval for HOC to Make a Feasibility Loan to Barclay Apartment Development Corporation and for Barclay Apartment Development Corporation to Accept a Loan from HOC to Maximize Redevelopment Opportunities for the Barclay Apartments in Connection with the Bethesda CBD Master Plan Revision

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, 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, HOC, from time to time, participates in Montgomery County’s Master Plan processes that affect its portfolio; and

WHEREAS, HOC is the sole member of Barclay Apartment Development Corporation (the “Corporation”); and

WHEREAS, the Corporation owns the market-rate residential condominium development comprised of 76 units within the Barclay Apartments, a mid rise multifamily facility of 157 units; and

WHEREAS, the Bethesda CBD is in the midst of a comprehensive Master Plan process that occurs once every 20 years; and

WHEREAS, the Barclay Apartments was built in the mid-twentieth century and is approaching functional obsolescence; and

WHEREAS, the current planning approach would limit HOC’s long-term options to simply rehabilitating the existing structures currently in place and not expanding the quality and quantity of affordable housing in one of the most desirable jurisdictions in the County.
NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County:

1. Authorizes an unsecured predevelopment loan of up to $100,000 (the “Loan”) to the Corporation for costs associated with the Master Plan process.

2. Designates the Executive Director as its authorized representative to execute all documents on its behalf and, without further action on its part, authorizes the Executive Director to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting for and on behalf of the Barclay Apartments Development Corporation:

1. Authorizes the Corporation to accept the Loan from HOC and apply it for costs associated with the Master Plan process.

2. Authorizes the Corporation to select and engage an architect and law firm from HOC’s architectural and real estate legal services pools.

3. Without further action on its part, authorizes the Executive Director to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including but not limited to executing on behalf of the Corporation, applications for the Master Plan process and submissions thereof to all of the required regulatory agencies which include the Maryland-National Capital Park and Planning Commission.

I HEREBY CERTIFY that the foregoing Resolution was adopted by Housing Opportunities Commission of Montgomery County, for itself and acting for and on behalf of the Barclay Apartments Development Corporation at a regular meeting conducted on September 3, 2014.

__________________________________________
Patrice M. Birdsong
Special Assistant to the Commission
APPROVAL TO ENTER INTO AN AGREEMENT FOR GENERAL LEGAL SERVICES

September 3, 2014

• With the pending retirement of General Counsel Ken Tecler, the marked increase in development activity, and the multiple new Agency initiatives, the need for Agency legal services has increased dramatically.

• Staff has identified a potential source for these services through the use of a public contract by the Housing Commission of Anne Arundel County, with Carrie Riley of Blackburn Riley, LLC, who has provided general legal services to several Maryland Public Housing Authorities.

• By bridging an existing public contract, HOC will benefit by avoiding the administrative expense and time period involved with conducting a formal Request for Proposal (RFP) process.

• The rate structures contained within this contract is considered fair and reasonable and is reflective of the current market for professional legal counsel services.

• Staff proposes to limit the total contract value to $95,000 through June 30, 2015.

• Staff further proposes to structure an agreement through June 30, 2015 with an option for two additional one-year terms. The total contract value for two additional one-year terms would be $115,000 annually.
MEMORANDUM

TO: Housing Opportunities Commission

FROM: Stacy L. Spann, Executive Director

RE: Approval to Enter Into an Agreement for General Legal Services

DATE: September 3, 2014

STATUS: Consent _____ Deliberation __X____ Status Report_____ Future Action

OVERALL GOAL & OBJECTIVE:
Approval to Enter Into an Agreement for General Legal Services

BACKGROUND:
With the pending retirement of General Counsel Ken Tecler, the marked increase in development activity, and the multiple new Agency initiatives, the need for Agency legal services has increased dramatically.

Staff has identified a potential source for these services through the use of a public contract by the Housing Commission of Anne Arundel County, with Carrie Riley of Blackburn Riley, LLC. Ms. Riley has agreed to extend the same general terms, conditions and pricing structure of this contract to HOC for the period of three months. Following this period, and assuming HOC’s need for legal services continues, Ms. Riley has proposed to continue providing legal services under another pending contract with the Housing Commission of Talbot County. This contract contains a slightly higher billing rate, reflecting Ms. Riley’s current billing structure. Ms. Riley has provided general legal services to several Maryland Public Housing Authorities including the Housing Commission of Anne Arundel County, the Housing Commission of Talbot County, the Housing Authority of Baltimore City, the Housing Authority Prince George’s County, the Housing Authority City of Hagerstown, the Housing Authority of St. Mary’ County, Cambridge Housing Authority, and Elkton Housing Authority. By bridging an existing public contract, HOC will benefit by avoiding the administrative expense and time period involved with conducting a formal Request for Proposal (RFP) process.

The rate structures contained within these contracts is considered fair and reasonable and is reflective of the current market for professional legal counsel services. Staff proposes to limit the total contract value to $95,000 through June 30, 2015. Staff proposes to structure an agreement through June 30, 2015 with an option for two additional one-year terms. The total contract value for two additional one-year terms would be $115,000 annually.
ISSUES FOR CONSIDERATION:
Does the Commission wish to enter into an agreement for legal services with Blackburn Riley, LLC?

PRINCIPALS:
Blackburn Riley, LLC
HOC

BUDGET IMPACT:
The FY 2015-2016 Adopted Budget anticipated the need for additional legal services and, therefore, sufficient funds were allocated for this expense.

TIME FRAME:
For discussion at the September 3, 2014 Commission Meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends the Commission approve entering into an agreement for general legal services with Blackburn Riley, LLC.
RESOLUTION: RE: Approval to Enter Into an Agreement for General Legal Services

WHEREAS, the Housing Opportunities Commission of Montgomery County has realized a dramatic increase in the need for Agency legal services as a result of the upcoming retirement of General Counsel Ken Tecler, the marked increase in development activity, and the multiple new Agency initiatives; and

WHEREAS, staff has identified a potential source for these services through the use of a public contract by the Housing Commission of Anne Arundel County with Carrie Riley of Blackburn Riley, LLC, who has provided general legal services to several local Housing Authorities; and

WHEREAS, HOC will benefit by avoiding the administrative expense and time period involved with conducting a formal Request for Proposal (RFP) process; and

WHEREAS, the rate structures contained within these contracts is considered fair and reasonable and is reflective of the current market for professional legal counsel services.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves entering into an agreement for general legal services with Blackburn Riley, LLC not to exceed $95,000 through June 30, 2015 with an option for two additional one-year terms valued at $115,000 annually.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission
Future Action
Information Exchange
New Business
Executive Session

Findings
Adjourn
Executive Session