A regular meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, July 17, 2013 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

**Present**
- Roberto Piñero, Chair
- Michael J. Kator, Chair Pro Tem
- Pamela Lindstrom
- Michael Wieneck

**Absent**
- Sally Roman, Vice Chair
- Jean Banks
- Rick Edson

**Also Attending**
- Stacy Spann, Executive Director
- Gail Willison
- Rita Harris
- Yousri Ben Slimane
- Rosemary Lawson
- Andrew Oxendine
- Lorie Seals
- Jim Atwell
- Saundra Boujai
- Belle Seyoum
- Anita Inman
- Scott Ewart
- Eugene Spencer
- Stephanie Semones
- Antonia Whitfield
- Brian Selden
- Patricia Oliver
- Jennifer Arrington
- Patrice Birdsong, Special Assistant to the Commission

- Ken Tecler, Staff Counsel
- Kayrine Brown
- Steve Lukaczer
- Lynn Hayes
- Rose Matthews
- Patrick Mattingly
- Cathy Kramer
- Bonnie Hodge
- Gail Gunod-Green
- Zackary Marks
- Christopher Donald
- Nathan McKinstry
- Alethia Cooper
- Tonya Clark
- Susan Smith
- Richard Hanks
- Emily Dorfman
Prior to the meeting convening, Stephanie Semones, Special Events/Volunteer Coordinator, introduced recipients of last year’s Tony Davis Scholarship awards. They each shared their Freshmen Year experiences and received the remaining balances of their 2012-2013 awards. Ms. Semones thanked Commissioners Lindstrom and Wiencek, Executive Director Spann, and Lillian Durham, former Acting Director of Resident Services, for their assistance in selecting the recipients. Those receiving this year’s $5000 scholarships are: Sang Tran and Hassan Saadi. This year’s finalists each receiving $1000, are Christine Aning, Steve Wendeu Foyet, Ruth Oreva, Thelma Sabi, Furaha Laetitia Sangwa, and Samantha Stanford. All recipients are high school graduates and reside in subsidized housing.

Chair Piñero convened the monthly meeting of the Housing Opportunities Commission at 4:35 p.m.

Chair Piñero, on behalf of the Board of Commissioners, took a moment to express appreciation for the work of the staff. He informed that any issues or concerns made by the Board members would go directly to Mr. Spann. Commissioner Wiencek also acknowledged his appreciation of the staff.

Due to travel schedules of Commissioner Wiencek and Executive Director Spann, the meeting began with Items Requiring Deliberation and/or Action.

I. DELIBERATION

A. Approval of Service Contract for Housing Quality Inspections

Stacy Spann, Executive Director, gave a brief presentation. An invitation for bid was issued on July 10, 2013. Based on review of responses and in accordance with selection criteria, staff has selected Nan McKay and Associates, Inc.

The following resolution was adopted upon a motion by Commissioner Wiencek and seconded by Chair Pro Tem Kator. Affirmative votes were cast by Commissioners Piñero, Kator, Lindstrom and Wiencek. Commissioners Roman, Banks and Edson were necessarily absent and did not participate in the vote.
RESOLUTION: 13-46

WHEREAS, the Commission is required to perform Housing Quality Standards Inspections on all units annually and all new units prior to entering into a Housing Assistance Payment contract. In 2013, HOC performed 11,709 Housing Quality Inspections; and

WHEREAS, HUD had reduced the Administrative Fee proration which required the Commission to reevaluate the cost effectiveness of its business practices; and

WHEREAS, recognizing future reduced subsidies and fees in the program, the Commission analyzed a variety of potential cost savings measures including having the function of HQS inspections performed through a service contract as defined in Section 16-401 et seq. of the Housing and Community Development Article of the Maryland Code by a third party contractor; and

WHEREAS, the Executive Director has certified to the Commission the analysis of the cost savings performed by a consultant showing that performance of the inspections by a third party contractor would save more than 20% of the cost of continuing with the current system; and

WHEREAS, the Housing Opportunities Commission of Montgomery County issued an invitation for Bid for Housing Quality Standards Inspections; and

WHEREAS, based on a review of the responses and in accordance with the selection criteria, staff determined Nan McKay and Associates, Inc. to be the lowest, responsive and responsible bidder.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to execute a contract for the term of one year, renewable for up to three additional one-year periods with Nan McKay and Associates, Inc. for Housing Quality Standards Inspections at the price and terms stated in the bid.

BE IT FURTHER RESOLVED that the contract includes a provision that the contractor notify the Commission of any vacant position for which a Commission employee displaced by this action may apply and give preference to hiring such former employees for positions for which they are qualified.
II. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Development and Finance Committee – Comm. Lindstrom, Chair

1. Approval of Preliminary Development Plan, Predevelopment Budget and Interim Renovation Financing for Timberlawn Crescent and Pomander Court Apartments

Kayrine Brown, Director of Mortgage Finance/Real Estate and Richard Hanks, Real Estate highlighted the purpose for the predevelopment funds and funding for the necessary repairs.

Commissioner Kator asked if staff was changing the design and why not do the entire deal as a tax credit. Mr. Hanks explained that if the project was done as a tax credit it would create housing burden for lower income residents.

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

RESOLUTION: 13-47

WHEREAS, Timberlawn and Pomander Court are two properties owned by TPM Development Corporation, an entity wholly controlled by the Housing Opportunities Commission; and

WHEREAS, the Housing Opportunities Commission has been presented with a renovation and rehabilitation plan for Timberlawn Crescent, a 107-unit development located in North Bethesda, and Pomander Court, a 24-unit clustered townhome community located in Silver Spring; and

WHEREAS, the covenants currently governing operation and management at Timberlawn Crescent and Pomander restrict a total of 45 units or 34% to households with incomes that do not exceed 60% of Area Median Income (AMI); and

WHEREAS, as rented, there are over 100 units rented at or below the 90% AMI level with at least 83 units rented at or below 60% AMI combined at Timberlawn Crescent and Pomander Court; and
WHEREAS, the estimated total development cost is $16,196,982, $13,946,339 for Timberlawn Crescent and $2,250,643 for Pomander, which includes satisfaction of the existing first mortgage totaling $6,250,000 for both properties; and

WHEREAS, the predevelopment budget is $55,000 for Timberlawn Crescent and Pomander, and will be used to create a final development plan for the properties and immediate capital expenditure needs of up to $2,300,000 of interim funding for the health and safety repairs at Timberlawn Crescent are also required; and

WHEREAS, a funding source for the predevelopment and interim loans for Timberlawn Crescent and Pomander Court to refinance and renovate the properties is the MPDU/Property Acquisition Fund (County Revolving Fund)

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

1. It approves the preliminary development plan for the refinancing and renovation of Timberlawn Crescent and Pomander Court
2. It approves the use of the MPDU/Property Acquisition Fund (Revolving Fund) to fund the predevelopment budget of $55,000.
3. It approves use of the MPDU/Property Acquisition Fund (Revolving Fund) to fund the immediate health and safety repairs of $2,300,000 at Timberlawn Crescent.
4. The Executive Director is authorized to execute the appropriate documents to request funding from the MPDU/Property Acquisition Fund (Revolving Fund).
5. The Commission presently intends and reasonably expects to finance certain property improvements to Timberlawn Crescent (the “Project”) with moneys currently contained in its Revolving Fund and from its operating cash, as described and set forth in the Commission’s approval of interim funding for the renovation of the Project.
6. All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect’s fees, engineering fees, costs of soil testing and surveying).
7. The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $20,000,000 will be applied to reimburse the Commission for its expenditures in connection with the Projects.
8. All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.
9. All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.
2. Approval to Increase the Value of the Zoning and Planning Consultant Engagement

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Zachary Marks, Housing Acquisitions Manager, requested approval to increase the planning and zoning consulting contract with Berman Ventures.

The following resolution was adopted upon a motion by Chair Pro Tern Kator and seconded by Commissioner Wiencek. Affirmative votes were cast by Commissioners Piñero, Kator and Wiencek. Commissioner Linstrom voted against. Commissioners Roman, Banks and Edson were necessarily absent and did not participate in the vote.

RESOLUTION: 13-48

WHEREAS, on September 14, 2012, HOC issued a Request for Proposal in which it solicited responses from zoning and planning consultants to assist the Commission with related matters; and

WHEREAS, on February 12, 2013, the Consultant was engaged for a one-year term with two optional one-year renewals for a maximum of three years and an annual compensation of $50,000; and

WHEREAS, the Consultant, in addition to representing the Commission on the Legislative Structure, would work with the Planning Commission on behalf of HOC, assist with real estate development activities, and assist with testimonies, among other things related to the planning process; and

WHEREAS, with increased master and sector planning activities as well as HOC real estate activities, the initial budget is nearly fully obligated or expended as of June 30, 2013; and

WHEREAS, the Consultant is expected to continue to represent the Commission and work with staff in the coming months on ongoing and anticipated master plans and sector plans, evaluation of the HOC portfolio for opportunities to expand the delivery of affordable housing, and on legislative matters.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the staff to increase the scope and increase the annual value of the planning and zoning consultant engagement from $50,000 to $150,000.

The following Consent Calendar was approved upon a motion by Commissioner Wiencek and seconded by Chair Pro Tem Kator. Affirmative votes were cast by Commissioners Piñero, Kator, Lindstrom and Wiencek.
III. CONSENT ITEMS

A. Approval of Minutes
   • Approval of Minutes of Regular Meeting of June 5, 2013 — The minutes were approved as submitted.

B. Approval of 2013 Tony Davis Scholarship Award Winners — The following resolution was approved:

RESOLUTION: 13-49

RE: Approval of 2013 Tony Davis Scholarship Award Winners

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 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 either Public Housing or participate in the Housing Choice Voucher Program 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 13, 2013 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 two outstanding candidates for the two $5,000 Tony Davis Scholarship Awards: Sang Tran and Hassan Saadi; and

WHEREAS, the Selection Committee was extremely impressed by the pool of deserving candidates and is recommending the award of six $1,000 cash awards to Christine Aning, Yann Steve Wendeu Foyet, Ruth Oreva, Thelma Sabi, Furaha Laetitia Sangwa, and Samantha Stanford.

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 Sang Tran and Hassan Saadi to each receive a $5,000 Scholarship Award and for Christine Aning, Yann Steve Wendeu Foyet, Ruth Oreva, Thelma Sabi, Furaha Laetitia Sangwa and Samantha Stanford to each receive $1,000 cash awards.
C. **Ratification of Action Taken by the Commission on June 20, 2013 Authorizing the Executive Director to Execute a Purchase and Sale Agreement Jointly with Republic Land Company LLC and Approval to Fund a Good Faith Deposit and Due Diligence Expenses for the Acquisition of Cider Mill Apartments** - The following Resolution was approved:

**RESOLUTION: 13-50**

**RE:** Authorization for the Executive Director to Execute a Purchase and Sale Agreement Jointly with Republic Land Development LLC and Approval to Fund a Good Faith Deposit and Due Diligence Expenses for the Acquisition of Cider Mill Apartments

**WHEREAS,** the Housing Opportunities Commission has been presented with the opportunity to purchase Cider Mill Apartments, an 864-unit multifamily apartment development located in Montgomery Village; and

**WHEREAS,** Cider Mill is a multifamily residential community that consists of one-, two-, and three-bedroom units that serve nearly 1,000 Montgomery County residents by providing rents at moderate incomes below 60% of the Washington, DC-MD-VA Metropolitan Statistical Area Median Income (AMI) and for which the monthly average unit rent is $1,227 and the average unit size is 840 square feet; and

**WHEREAS,** Republic Land Companies ("RLC") approached HOC with the opportunity to purchase the property as a joint venture in which HOC is anticipated to negotiate a 50% ownership stake in the property for an equity investment of 10% of the total development cost (approximately $4,000,000); and

**WHEREAS,** in conjunction with Republic Land Companies (RLC), HOC submitted a non-binding letter of intent for the purchase of the property on June 6, 2013 which was accepted on June 14, 2013; and

**WHEREAS,** the estimated total development cost is $134,857,277 which includes the purchase price for the property of $120,000,000 ($138,889 per unit) and is projected to be funded from a number of sources including conventional debt, private equity, HOC equity and RLC equity; and

**WHEREAS,** the draft purchase and sale agreement for the property (the "PSA") requires the HOC and RLC to fund equal portions of a good faith deposit of $1,000,000 ($500,000 each) and upon successful completion of the due diligence and subject to Commission approval, a second deposit of $5,000,000 ($2.5 million each) is required; and
WHEREAS, upon Commission approval of the PSA, the due diligence period will commence on execution of the PSA and ends on September 30, 2013 during which time the initial good faith deposit is fully refundable and thereafter, the deposit is non-refundable and the Commission would be required to close on the transaction within 75 days or forfeit its deposit; and

WHEREAS, if authorization is granted for the Executive Director to execute the PSA, prior to the end of the due diligence period, the Commission will review the due diligence findings and determine whether to complete the purchase of the property and authorize all other requisite approvals.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the Executive Director to execute a purchase and sale agreement jointly with Republic Land Development LLC for the acquisition of Cider Mill Apartments for up to $120,000,000 subject to the Commissioner’s review of the draft purchase and sale agreement within seven days, ending on June 27, 2013.

BE IT FURTHER RESOLVED that the Commission approves the:

1. Use of the MPDU/Property Acquisition Fund (Revolving Fund) to fund HOC’s pro rata share of the good faith deposit of $500,000 due at execution of the purchase and sale agreement.

2. Use of the MPDU/Property Acquisition Fund (Revolving Fund) to fund due diligence expenses of approximately $200,000.

II. INFORMATION EXCHANGE

A. Executive Director’s Report – Gail Willison, Chief Financial Officer, acted in the Executive Director’s capacity and gave a verbal update on the following:

1) Update on series of Town Hall meetings held. Most recent was held on July 15, 2013 at Northwest High School in Germantown. Nearly 500 clients, landlords and community partners attended for the presentation on the HUBs, Disposition and Changes to Occupancy Standards. After the presentation, there was a question and answer session. Commissioner Lindstrom and Councilmember Craig Rice attended. Next scheduled meeting is July 23 at Walter Johnson High School in Bethesda. It is being considered by staff to continue these meetings quarterly due to high interest in the community.

2) Ms. Willison informed the Commission of the Bake Sale/Tasting event held on July 15 to raise money for Youth Programs. Five hundred dollars was made in pledges and 100% of the proceeds will go to youth programs via Community
Partners. Mr. Spann’s “Shannon’s Chocolate Cake” was a very popular request. Thanks to staff who participated.

B. COMMISSIONER EXCHANGE

Chair Piñero thanked Commissioners Lindstrom and Wiencek for their participation on the Tony Davis Awards Committee. He also thanked and acknowledged Commissioner Lindstrom for clarification to an article in the Washington Post on the new zoning and ordinance in White Flint.

Commissioner Wiencek along with Commissioners Banks, Edson and Executive Director Spann will be traveling to Denver, CO for the NAHRO Conference.

C. RESIDENT ADVISORY BOARD

None

D. COMMUNITY FORUM

JoAnn Nickels addressed the Board on policy issues and lack of funding for special needs families.

III. FUTURE ACTION


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

The meeting adjourned at 5:25 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb