

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

March 6, 2014

14-03

Due to inclement weather condition on Wednesday, March 5, 2014, the monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via teleconference on Thursday, March 6, 2014 at 10400 Detrick Avenue, Kensington, Maryland beginning at 12:07 p.m. Those who participated via conference call were:

Teleconference

Roberto Piñero, Chair
Sally Roman, Vice Chair
Pamela Lindstrom
Rick Edson

Absent

Jean Banks, Chair Pro Tem
Michael Kator

Also Attending

Stacy Spann, Executive Director
Kelly McLaughlin, Deputy General Counsel
Kayrine Brown
Gail Willison
Regina Mitchell
Jim Atwell
Patrick Mattingly
Terri Fowler
Zachary Marks
Maria Montero
Ethan Cohen
Bill Rubin
Sheryl Hammond
Emily Dorfman
Lola Knight
Dean Tyree
Shaina Francis
Richard Hanks
Bill Anderson

Ken Tecler, Staff Counsel
John Vass
Scott Ewart

Staff via Teleconference

Gina Smith
Lynn Hayes

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

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

I. CONSENT ITEMS

A. Approval of Minutes

- **Approval of Minutes of Annual Meeting of February 5, 2014** – The minutes were approved as submitted.

B. Ratification of the Approval of a Predevelopment Agreement to Partner with Lee Development Group for the Redevelopment of Elizabeth House and Authorization to Expand Predevelopment Spending of up to \$730,000 of Opportunity Housing Reserve Funds for the Submission of the Preliminary and Project Plans to Maryland-National Capital Park and Planning Commission (M-NCPPC) and Montgomery County – The following resolution was approved.

RESOLUTION: 14-13

RE: Ratification of the Approval of a Predevelopment Agreement to Partner with Lee Development Group for the Redevelopment of Elizabeth House and Authorization To Expand Predevelopment Spending of up to \$730,000 of Opportunity Housing Reserve Funds For the Submission of the Preliminary and Project Plans to Maryland-National Capital Park And Planning Commission (M-NCPPC) and Montgomery County

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, enters into partnerships to build new affordable housing; and

WHEREAS, HOC owns Elizabeth House, a high-rise Public Housing facility for seniors at 1400 Fenwick Lane; and

WHEREAS, immediately contiguous to Elizabeth House is Alexander House, an opportunity housing development owned by a development corporation wholly controlled by HOC; and

WHEREAS, the Lee Development Group or an affiliate (“LDG”) owns an office townhouse development adjacent to Elizabeth House known as Fenwick Professional Park (“Fenwick Park”); and

WHEREAS, LDG is a well recognized developer and owner of property in the Silver Spring area and has expertise in the planning process; and

WHEREAS, Elizabeth House is over 50 years old and is in need of redevelopment to provide safe, high quality housing for seniors; and

WHEREAS, LDG desires to redevelop Fenwick Park as well; and

WHEREAS, LDG and HOC recognize common benefits to working together to redevelop both parcels; and

WHEREAS, a partnership with LDG to redevelop Elizabeth House and Fenwick Park can provide replacement housing units for the existing residents at Elizabeth House while a new facility is being built on the Elizabeth House property; and

WHEREAS, because LDG and HOC have commonality in their goals for the ultimate use of their respective properties and because LDG is the owner of adjacent property, it is beneficial to enter into preliminary development agreement for joint development of Elizabeth House and Fenwick Park through a partnership and ground lease to provide replacement housing units for the existing residents at Elizabeth House and construction of a new residential building; and

WHEREAS, the initial submission of the Preliminary and Project Plans is estimated to cost up to \$1,100,000 and work must begin on the application whether agreement is reached with LDG in order to be assured of obtaining the maximum density for redevelopment of Elizabeth House; and

WHEREAS, the initial submission can be funded out of the Opportunity Housing Reserve Fund from monies yielded by the sale of certain scattered site units and reserved for investment in multifamily development opportunities; and

WHEREAS, in the event that a partnership and ground lease are not negotiated with LDG, the expense incurred for Preliminary and Project Plans will benefit HOC as it will provide the basis for redevelopment approval of Elizabeth House; and

WHEREAS, prior to submission of the Preliminary and Project Plans to the M-NCPPC and entering into a final partnership agreement or ground lease with LDG, HOC will review the terms and determine the manner in which to proceed with development in its discretion.

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

1. Authorizes the Executive Director to execute a Preliminary Development Agreement with LDG for the joint development of Elizabeth House and Fenwick Park substantially on the terms and conditions identified to the Commission and acceptable to the Executive Director as advised by counsel.
2. Authorizes the expenditure of no more than \$730,000 for the preparation and submission of Preliminary and Project Plans for joint development of Elizabeth House and Fenwick Park, all of which will benefit Elizabeth House redevelopment in any event to be funded from the Opportunity Housing Reserve Fund ("OHRF") represented by a note with interest to accrue at the rate otherwise available for funds invested by the OHRF to be repaid at closing of a construction loan for redevelopment of Elizabeth House.
3. Authorize the Executive Director to execute applications and submissions to all of the required regulatory agencies which include the M-NCPPC and Montgomery County for Preliminary and Project Plans for the redevelopment of Elizabeth House.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 6, 2014.

C. Authorization to Assign the Planning and Zoning Consultant Contract to Scheer Partners – The following resolution was approved.

RESOLUTION: 14-14

RE: Authorization to Assign the Planning and Zoning Consultant Contract to Scheer Partners

WHEREAS, on February 12, 2013, the Commission engaged Perry Berman of Berman Ventures (the "Consultant") 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, on June 17, 2013, because of dramatically increased real estate development activities and the high number of County sector plans under revision, the Commission increased the annual value of the contract to \$150,000; 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 and sector plan revisions, the evaluation of the HOC portfolio for opportunities to expand the delivery of affordable housing and on legislative matters; and

WHEREAS, at the time the contract was originally signed, the Consultant was also acting in a private consulting capacity to Scheer Partners and during the summer of 2013, the Consultant joined Scheer Partners as a full-time employee; and

WHEREAS, Scheer Partners is exposed to liability so long as their full-time employee is providing services pursuant to a contract to which Scheer is not a party. Once the contract is transferred to Scheer Partners, its insurance coverage would then apply; and

WHEREAS, there will be no changes to the existing contract.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it consents to the Consultant's assigning the Zoning and Consultant contract to Scheer Partners.

II. INFORMATION EXCHANGE

- A. Report of the Executive Director – No verbal report
- B. Calendar and Follow-up Action – Commissioners Roman, Lindstrom and Edson requested scheduling an initial meeting of the Planning Committee meeting for the month of March.
- C. Commissioner Exchange – No verbal reports
- D. Resident Advisory Board – None Present
- E. Community Forum – None Present
- F. Status Report – Utility Shut-off Prevention Program – Commissioner Roman thanked staff for providing the information. Commissioner Roman commented that shut-offs would cause potential problems as a landlord and asked that the staff notify the Board of any shut-off notices. Commissioner Lindstrom asked if programs provided were adequate in preventing shut-off. Mr. Spann responded that they were not. There is no perfect solution without getting involved with the resident and utility company arrangements.

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance and Audit Committee – Commissioner Kator, Chair

1. Acceptance of Second Quarter FY'14 Budget to Actual Statement

Maria Montero, Assistant Budget Officer, gave a brief presentation. Ms. Montero responded to Commissioner Lindstrom's question regarding high vacancies. Ms. Montero responded that there were two properties in the Opportunity Housing Fund that were driving the negative variance, Barclay Apartments and Timberlawn.

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

Resolution: 14-15

**Re: Acceptance of Second Quarter
FY'14 Budget to Actual Statements**

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Second Quarter FY'14 Budget to Actual Statements during its March 5, 2014 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'14 Budget to Actual Statements.

2. Approval of FY'14 Second Quarter Budget Amendment

Maria Montero, Assistant Budget Officer, gave a brief presentation.

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

Resolution: 14-16

**Re: Approval of FY'14 Second
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'14 on June 5, 2013; and

WHEREAS, the Commission's Budget Policy allows for amendments to the budget; and

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'14 Budget; and

WHEREAS, the net effect of the FY'14 Second Quarter Budget Amendment is a surplus of \$33,139 which will be restricted to the General Fund to address potential budget shortfalls thus returning to a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'14 Operating Budget by increasing total revenues and expenses for the Agency from \$229.9 million to \$230.6 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'14 Capital Budget by increasing revenues and expenses for the Agency from \$40.9 million to \$41.0 million.

3. Approval of CY'14 First Quarter Budget Amendment

Mario Montero, Assistant Budget Officer, gave a brief presentation.

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

Resolution: 14-17

**Re: Approval of CY'14 First
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission ratified the CY'14 Budgets for MV Affordable Housing Associates LP (Stewartown) and The Willows of Gaithersburg Associates LP on November 6, 2013; and

WHEREAS, the Commission's Budget Policy allows for amendments to the budget; and

WHEREAS, the Commission has reviewed the proposed budget amendments to the CY'14 Budgets for MV Affordable Housing Associates LP (Stewartown) and The Willows of Gaithersburg Associates LP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the CY'14 budgets for MV Affordable Housing Associates LP (Stewartown) and The Willows of Gaithersburg Associates LP.

4. Approval to Increase Contract Value for the Holly Hall Sprinkler System

Kayrine Brown, Director of Mortgage Finance/Real Estate Development, gave a brief presentation.

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

RESOLUTION: 14-18

RE: Approval to Increase Contract Value for the Holly Hall Sprinkler System

WHEREAS, the Housing Opportunities Commission has awarded a contract to Advanced Fire Protection to upgrade the water service at Holly Hall to accommodate the new fire safety system; and

WHEREAS, the location of the water main identified on WSSC drawings was incorrectly identified and the actual line was located at least 51 feet away from where originally shown on the drawings; and

WHEREAS, the cost of labor and materials has increased because of the additional work needed to connect to the corrected water main location; and

WHEREAS, Montgomery County Capital Improvements Program (CIP) funds will be used for the contract amount; and

WHEREAS, Capital Fund Program (CFP) from HUD will be used in the event that the CIP funds for the upgrades are fully expended.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to execute an amendment to the contract with Advanced Fire Protection to increase to the existing contract in the amount of \$153,138 and fund a 15% contingency of \$22,971 for the upgrade of water service for Holly Hall.

5. Approval to Modify Loan Sources to Fund the Renovation Cost for the 669 Former Scattered Site Public Housing Units

Gail Willison, Chief Financial Officer gave a brief presentation.

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

Resolution: 14-19

Re: Approval to Modify Loan Sources to Fund the Renovation Cost for the 669 Former Scattered Site Public Housing Units

WHEREAS, the Housing Opportunities Commission approved a loan to provide interim financing from a combination of the Opportunity Housing Reserve Fund (OHRF), the Opportunity Housing (OH) Bank Account, and the County Revolving Fund to fund up to \$20 million of renovation cost for the former 669 scattered site Public Housing units on June 5, 2013; and

WHEREAS, the allocation of the loan was \$10 million from the OHRF, \$5 million from the OH Bank Account and \$5 million from the County Revolving Fund; and

WHEREAS, staff informed the Commission, on October 30, 2013, that the OHRF projected a negative ending balance as of September 30, 2013 if all obligations were spent; and

WHEREAS, the Commission reviewed the proposed modifications to change the loan sources to fund the renovation cost for the 669 former scattered site Public Housing units.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby modifies the loan sources to fund the renovation cost for the 669 former scattered site Public Housing units by reducing the \$10 million commitment from the OHRF to \$5 million and obligating the remaining \$5 million from the PNC Line of Credit (LOC).

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

None

V. FUTURE ACTION ITEMS

Presentation of the Executive Director's FY'15 Recommended Budget

VI. NEW BUSINESS

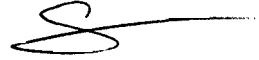
None

Meeting recessed at 12:58 p.m. for Development Corporation and Limited Partnership meetings.

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 1:00 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Stacy L. Spann', with a long horizontal flourish extending to the right.

Stacy L. Spann
Secretary-Treasurer

/pmb