

**PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: 3/14/95

Reference No.: CR-8-1995

Proposer: County Executive

Draft No.: 2

Sponsors: Del Giudice and Bailey

Item Title: Approval of Issuance of Refunding Bonds by the Housing
Authority for Marlow Overlook Apartments Project
(also known as Cedar Ridge)

Drafter: J. Max Campos
DHCH

Resource Personnel: Fred Stichnoth
Bond Counsel

LEGISLATIVE HISTORY:

Date Presented: ____/____/____

Executive Action: ____/____/____

Committee Referral:(1) 2/21/95 THE

Effective Date: ____/____/____

Committee Action:(1) 3/9/95 FAV(A)

Date Introduced: 2/21/95

Pub. Hearing Date: (1) 3/14/95 1:30 PM

Council Action: (1) 3/14/95 Adopted

Council Votes: AMc:A, DB:A, SD:A, JE:A, IG:A, WM:A, RVR:A, AS:A, MW:A

Pass/Fail: P

Remarks: _____

TRANSPORTATION, HOUSING & ENVIRONMENT COMMITTEE

DATE: 3/9/95

Committee Vote: Favorable as amended, 4-0 (In favor: Council members Del Giudice, Estepp, Scott and Wilson).

Kenneth Battle, Committee Director indicated that the requested refinancing will retire the original bonds issued in 1984 (\$15.5 million) at an interest rate of 9.85%. The current rate of 7.55% will generate the positive cash flow necessary to bring the property owner out of default and will allow the continuance of timely mortgage payments. Max Campos of the Department of Housing and Community Development informed the committee that the owner is currently in default due to unfavorable market conditions which have limited the ability to raise rents. The bonds authorized by

this resolution are mortgage revenue bonds which are secured by the revenues generated by the apartment units. Technical amendments proposed by the Legislative Officer were accepted by the Committee.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

By CR-150-1984, the Council authorized the Housing Authority to issue bonds for the Marlow Overlook Apartments Project. The project was fully rehabilitated in 1985. Until recently, the project was running with a small positive cash flow. Recently, however, the project has been hard hit with needed maintenance and the result has been a default in the mortgage. The reduction in interest rate will allow the owner to address the maintenance problems and bring the mortgage back into compliance and should enable the project to be financially viable for years to come. There is no fiscal impact to Prince George's County. A public hearing is required.

CODE INDEX TOPICS: