

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

1999 Legislative Session

Resolution No. CR-30-1999
 Proposed by The Chairman (by request - County Executive)
 Introduced by Council Members Bailey and Gourdine
 Co-Sponsors _____
 Date of Introduction June 22, 1999

RESOLUTION

1 A RESOLUTION concerning

2 Marlow-Overlook Apartments Housing Authority Bonds

3 For the purpose of expressing the County Council's approval of the exercise by the Housing
 4 Authority of its authority to issue and sell its revenue refunding bonds or notes and project bonds
 5 or notes for the Marlow-Overlook Apartments (also known as "Cedar Ridge").

6 WHEREAS, Section 4-102 of Article 44A of the Annotated Code of Maryland, as
 7 amended, permits the Housing Authority of Prince George's County ("Housing Authority") to
 8 exercise certain powers to enable it to make construction loans and long-term mortgage loans
 9 which will produce housing development, and to issue and sell bonds and/or notes of the
 10 Housing Authority to finance housing and housing rehabilitation in Prince George's County,
 11 Maryland, upon approval of the governing body of the County; and

12 WHEREAS, the Housing Authority has additional authority and power under Section 1-501
 13 of Article 44A of the Annotated Code of Maryland, as amended, to issue bonds from time to
 14 time, at its discretion, for any of its authorized purposes, as well as to issue refunding bonds for
 15 the purpose of paying or retiring any bonds previously issued by it; and

16 WHEREAS, the Housing Development Program of Prince George's County was previously
 17 expanded to include the Marlow-Overlook Apartments project through Resolution No. LHA-525
 18 dated October 22, 1984; and

19 WHEREAS, by Resolution CR-150-1984, the County Council approved the amendment to
 20 the Housing Development Program of Prince George's County to include Marlow-Overlook
 21 Apartments and the issuance and sale of bonds by the Housing Authority of Prince George's
 22 County, in an aggregate amount not to exceed \$15,600,000; and

1 WHEREAS, pursuant to Resolution No. LHA-599 the Housing Authority has previously
2 authorized the issuance and sale of its mortgage revenue bonds, designated "HOUSING
3 AUTHORITY OF PRINCE GEORGE'S COUNTY (MARYLAND) MORTGAGE REVENUE
4 BONDS, SERIES 1985 (MARLOW-OVERLOOK APARTMENTS PROJECT) (the "Original
5 Bonds"), in a principal amount of \$15,464,100 enabling a loan to Marlow Limited Partnership
6 ("the Owner") for the purchase, improvement, equipping and rehabilitation of a 474 unit
7 multifamily housing project located at 4637 Dallas Place, Marlow Heights, Prince George's
8 County, Maryland, (hereinafter referred to as the "Project"); and

9 WHEREAS, the Housing Authority was presented with evidence that the Owner defaulted
10 on its payment due on the loan and was so notified by letter dated October 3, 1994, and that said
11 default was due to the fact that the Project had failed to generate sufficient net operating income
12 to pay the Owner's obligations under the Mortgage Note; and

13 WHEREAS, pursuant to Resolution No. LHA-910 the Housing Authority authorized the
14 issuance and sale of its mortgage revenue bonds, designated "HOUSING AUTHORITY OF
15 PRINCE GEORGE'S COUNTY (MARYLAND) MORTGAGE REVENUE REFUNDING
16 BONDS, SERIES 1995A (GNMA COLLATERALIZED --- MARLOW-OVERLOOK
17 APARTMENTS PROJECT)" AND "HOUSING AUTHORITY OF PRINCE GEORGE'S
18 COUNTY (MARYLAND) TAXABLE MORTGAGE REVENUE REFUNDING BONDS,
19 SERIES 1995B (GNMA COLLATERALIZED --- MARLOW-OVERLOOK APARTMENTS
20 PROJECT)" (collectively, the "Prior Refunding Bonds"), which were issued and sold in
21 aggregate principal amounts of \$14,165,000 and \$1,300,000, respectively, on May 9, 1995, and
22 the proceeds of which used to purchase a GNMA Security in connection with the refunding of
23 the Original Bonds and the refinancing of the Project; and

24 WHEREAS, the Owner again has defaulted on its loan, as evidence by the letter dated
25 November 24, 1998 issued by PMC Financial Services Inc., as lender, and that said default was
26 due to the fact that the Project has failed to generate sufficient net operating income to pay the
27 Owner's obligations under the Mortgage Note, and that the default has continued to this date due
28 to the Project's continuing inability to generate sufficient net operating income to pay the
29 Owner's obligations under the Mortgage Note since the default and to pay all the outstanding
30 arrearages thereunder; and

1 WHEREAS, the Owner has submitted information to the Housing Authority showing that if
2 the mortgage interest rate is lowered by means of a refunding of the Prior Refunding Bonds, the
3 revenue generated by the Project will be sufficient to make all required payments; and

4 WHEREAS, based upon the foregoing, the Owner requested the Housing Authority to
5 authorize a refunding of the outstanding Prior Refunding Bonds; and

6 WHEREAS, the Housing Authority adopted Resolution No. LHA-1068 whereby it
7 concluded that it was in the best interest of the County residents living in the Project and of the
8 County's Housing Development Program generally to assist the Owner in promoting the long-
9 term economic viability of the Project in order to assure decent, safe and sanitary housing for
10 County residents, and expressed its intent, subject to the approval of the County Council, to issue
11 and sell two or more series of current refunding bonds of the Housing Authority (the "Refunding
12 Bonds"). A portion of the proceeds of the Refunding Bonds shall be used to provide funds for
13 the refunding of the outstanding Prior Refunding Bonds; and a portion of the proceeds of the
14 Refunding Bonds shall be used to pay certain bond issuance costs and such additional costs as
15 are deemed necessary to retire the Prior Refunding Bonds. The Refunding Bonds of each series
16 shall be issued in such aggregate principal amount as shall be determined by the Chairman and
17 the Executive Director of the Authority, upon the advice of the Authority's Financial Advisory
18 and the purchasers of the Refunding Bonds, to be sufficient to accomplish the purposes hereof;
19 provided that tax-exempt Refunding Bonds shall not be issued in an aggregate principal amount
20 exceeding \$14,165,000 and combined tax-exempt and taxable Refunding Bonds shall not be
21 issued in an aggregate principal amount exceeding \$15,765,000; and

22 WHEREAS, the current zoning of the Project is R-18 in which apartment development is
23 permissible subject to all applicable requirements of the Zoning Ordinance (including
24 certification of a nonconforming use, if necessary); and

25 WHEREAS, the initial manager of the Project, upon the issuance of the Refunding Bonds,
26 will be The Donaldson Group.

27 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's
28 County, Maryland, that the issuance and sale of two or more series of the Refunding Bonds in
29 such aggregate principal amount as shall be determined by the Chairman and the Executive
30 Director of the Authority, upon the advice of the Authority's Financial Advisor and the
31 purchasers of the Refunding Bonds, to be sufficient to accomplish the purpose hereof, provided

1 that tax-exempt Refunding Bonds shall not be issued in an aggregate principal amount exceeding
2 \$14,165,000 and combined tax-exempt and taxable Refunding Bonds shall not be issued in an
3 aggregate principal amount exceeding \$15,765,000, subject to any other conditions or
4 requirements imposed by the County Executive in order to assure decent, safe, and sanitary
5 housing for County residents, be and the same is hereby approved.

6 Adopted this 13th day of July, 1999.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
M. H. Jim Estepp
Chairman

ATTEST:

Joyce T. Sweeney
Clerk of the Council

NOTE: Attachment A is available in hard copy only.

PROJECT INFORMATION SHEET
MARLOW OVERLOOK APARTMENTS PROJECT
4637 DALLAS PLACE
MARLOW HEIGHTS, MD 20748
COUNCILMANIC DISTRICT VII

PROPERTY DESCRIPTION: A 474 unit garden style apartment complex. The project contains 236 1-bedroom units, 207 2-bedroom units and 31 3-bedroom units. It is located off of St. Barnabas Road, about one mile south of Branch Avenue. The project contains a swimming pool and large playground area.

OWNER INFORMATION: The owner of the Project is a joint venture/limited partnership with the General Partner Chapparral Development Corporation. The management company is The Donaldson Group. [It owns/ operates over 1,000 units in the State of Maryland.]

REVIEW OF CODE: There are no outstanding Code violations.

REHABILITATION PROGRAM: The Project is fully rehabilitated. There are, however, some delayed maintenance items which will be addressed by use of the excess cash flows which will be available because of the lowering of the interest rate.

RENTAL TRENDS: Rents are expected to trend upward at a rate below 3 percent after refunding.

Current Rents
1BR \$569-680
2BR \$679-760
3BR \$775-835

HOUSING AUTHORITY OF PRINCE GEORGE'S COUNTY
RESOLUTION NO. LHA - 1068

FOR the purpose of expressing intent to issue refunding bonds of the Housing Authority of Prince George's County for the **Marlow-Overlook Apartments Project**.

WHEREAS, the Housing Authority of Prince George's County (the "Authority"), acting by and through its Board, is a Housing Authority created by the laws of the State of Maryland, and has designated as one of its primary functions affordable housing development assistance in Prince George's County, Maryland (the "County"); and

WHEREAS, Sections 4-101 and 4-102 of Article 44A of the Annotated Code of Maryland (as amended from time to time) (the "Housing Authorities Law") permit the Authority to exercise certain powers to enable it to make construction loans and long-term mortgage loans which will produce housing development, and to issue and sell bonds and/or notes of the Authority to finance housing and housing rehabilitation development in the County upon approval of the governing body of the County; and

WHEREAS, the Authority has additional authority and power under Section 1-501 of the Housing Authorities Law to issue bonds from time to time, in its discretion, for any of its authorized purposes, as well as to issue refunding bonds for the purpose of paying or retiring any bonds previously issued by it; and

WHEREAS, pursuant to Resolution No. LHA-599 the Authority authorized the issuance and sale of its mortgage revenue bonds, designated "HOUSING AUTHORITY OF PRINCE GEORGE'S COUNTY (MARYLAND) MORTGAGE REVENUE BONDS, SERIES 1985 (MARLOW- OVERLOOK APARTMENTS PROJECT) (the "Original Bonds"), which were issued and sold in an aggregate principal amount of \$15,464,100 on May 31, 1985, and the proceeds of which were loaned to Marlow Limited Partnership (the "Owner") for the acquisition and rehabilitation of a 474 unit multifamily housing project in the County known as Marlow-Overlook Apartments (the "Project"); and

WHEREAS, the Owner defaulted on such loan, as evidenced by the Notice of Default dated October 3, 1994; and

WHEREAS, pursuant to Resolution No. LHA-910 the Authority authorized the issuance and sale of its mortgage revenue bonds, designated “HOUSING AUTHORITY OF PRINCE GEORGE’S COUNTY (MARYLAND) MORTGAGE REVENUE REFUNDING BONDS, SERIES 1995A (GNMA COLLATERALIZED — MARLOW OVERLOOK APARTMENTS PROJECT)” and “HOUSING AUTHORITY OF PRINCE GEORGE’S COUNTY (MARYLAND) TAXABLE MORTGAGE REVENUE REFUNDING BONDS, SERIES 1995B (GNMA COLLATERALIZED — MARLOW OVERLOOK APARTMENTS PROJECT)” (collectively, the “Prior Refunding Bonds”), which were issued and sold in aggregate principal amounts of \$14,165,000 and \$1,300,000, respectively, on May 9, 1995, and the proceeds of which were used to purchase a GNMA Security in connection with the refunding of the Original Bonds and the refinancing of the Project; and

WHEREAS, the Owner again has defaulted on such loan, as evidenced by the letter dated November 24, 1998 issued by PMC Financial Services Inc., as lender, attached hereto as Attachment A; and

WHEREAS, the Owner has represented to the Authority that the Project has not generated sufficient revenues since the default to pay past outstanding arrearage. The Owner has also submitted information to the Authority showing that if the mortgage interest rate is lowered by means of a refunding of the Prior Refunding Bonds, the revenues generated by the Project will be sufficient to make all required payments. Based upon the foregoing, the Owner has asked the Authority to authorize a current refunding of the outstanding Prior Refunding Bonds; and

WHEREAS, the Authority has concluded that because of the affordable housing provided, it is in the best interests of the County residents living in the Project and of the County's Housing Development Program generally to assist the Owner in establishing the long-term economic viability of the Project, and has concluded that under current economic conditions a current refunding of the outstanding Prior Refunding Bonds would result in a significant savings in interest costs to the Owner; and

WHEREAS, the Authority believes that the reduction in interest costs afforded by a current refunding of the Prior Refunding Bonds would help assure the continued economic viability of the Project and bring direct benefits to the County residents living in the Project and to the County generally by helping to maintain the supply of affordable housing in the area of the Project.

NOW THEREFORE, BE IT RESOLVED by the Authority that:

1. In carrying out its function of housing development, the Authority hereby expresses its present intent to issue and sell two or more series of current refunding bonds of the Authority (the "Refunding Bonds"). A portion of the proceeds of the Refunding Bonds shall be used to provide funds for the refunding of the outstanding Prior Refunding Bonds; and a portion of the proceeds of the Refunding Bonds shall be used to pay certain bond issuance costs and such additional costs as are deemed necessary to retire the Prior Refunding Bonds. The Refunding Bonds of each series shall be issued in such aggregate principal amount as shall be determined by the Chairman and the Executive Director of the Authority, upon the advice of the Authority's Financial Advisor and the purchasers of the Refunding Bonds, to be sufficient to accomplish the purposes hereof; provided that tax-exempt Refunding Bonds shall not be issued in an aggregate principal amount exceeding \$14,165,000 and combined tax-exempt and taxable Refunding Bonds shall not be issued in an aggregate principal amount exceeding \$15,765,000.

2. Upon issuance of the Refunding Bonds, the manager of the Project will continue to be The Donaldson Group.

3. Prior to issuance of the Refunding Bonds, the Authority shall request and receive the approval of the County Council of Prince George's County, Maryland to issue and sell the Refunding Bonds.

4. Subject to said approval of the County Council and to authorization of the issuance of the Refunding Bonds by resolution of this Board, the Chairman and the Executive Director, or the designated representative of either of them, are authorized to enter into any agreement or contract or take such other and further action as such person deems appropriate to provide for the issuance and sale of the Refunding Bonds.

5. This Resolution shall be effective from the date of its adoption.

Adopted this May 24, 1999.

(SEAL)

ATTEST:

HOUSING AUTHORITY OF
PRINCE GEORGE'S COUNTY

Jalal Greene
Secretary

William M. Shipp
Chairman

Approved for legal sufficiency:
By: Meyers, Billingsley, Rodbell
& Rosenbaum, P.A., Bond Counsel

Frederick Stichnoth

May 24, 1999