

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

Meeting Date: 7/13/99

Reference No.: CR-30-1999

Proposer: County Executive

Draft No.: 1

Sponsors: Bailey, Gourdine

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

Drafter: JoAnn C. Gould
Housing

Resource Personnel: Jalal Greene
Housing

LEGISLATIVE HISTORY:

Date Presented: ___/___/___

Executive Action: ___/___/___

Committee Referral: 6/22/99 THE

Effective Date: ___/___/___

Committee Action: 7/899 FAV

Date Introduced: 6/22/99

Pub. Hearing Date: ___/___/___ ___:___

Council Action: 7/13/99 ADOPTED

Council Votes: JE:A, DB:A_, IG:A, TH:A, WM:A, RVR:A, AS:A, PS:A, MW:A

Pass/Fail: P

Remarks: _____

TRANSPORTATION, HOUSING AND ENVIRONMENT COMMITTEE DATE: 7/8/99

Committee Vote: Favorable, 4-0, (In favor: Council Members Gourdine, Maloney, Scott and Wilson)

CR-30-1999 would approve tax exempt financing by the Housing Authority of Prince George's County (Housing Authority) for the refunding of outstanding Housing Authority mortgage revenue bonds, and consequent refinancing of the acquisition and rehabilitation of Marlow Overlook Apartments.

The Marlow Overlook Apartments are comprised of 474 units for moderate-income

persons located at 4637 Dallas Place, Marlow Heights, Maryland. The Housing Authority issued bonds in 1985 to finance the acquisition and rehabilitation of Marlow Overlook Apartments. Following the owner's default on the related mortgage loan, the Housing Authority issued bonds in 1995 to refund the original bonds and thereby refinance the project. The owner again has defaulted on the related mortgage loan, and the proposed bonds would refund the prior bonds and refinance the project.

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 refunding of the Prior Refunding Bonds, the revenues generated by the Project will be sufficient to make all required payments. 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.

Settlement is projected for approximately August 1, 1999. A public hearing is required for the issuance of the bonds, and will be conducted by the County Department of Housing and Community Development.

The Office of Audits and Investigations find that there should not be any negative fiscal impact on the County as a result of adopting CR-30-1999. The Legislative Officer and the office of Law find it to be in proper legislative form.

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 the original bonds for the acquisition and rehabilitation of Marlow Overlook Apartments Project. The project was fully rehabilitated in 1985. Following the Owner's 1994 mortgage loan default, by CR-8-1995, the Council authorized the Housing Authority to issue the prior refunding bonds to refund the original bonds and refinance the project. The owner again has defaulted on the related mortgage loan, and the proposed bonds would refund the prior bonds and refinance the project. DHCD staff has investigated the project and its financial prospects and new management, and believes that the refinancing is prudent. 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.

A public hearing regarding the bonds is required and will be conducted by DHCD. There is no direct fiscal impact to the County from the bonds.

CODE INDEX TOPICS: