

# **DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY BOARD OF DIRECTORS MEETING**

December 20, 2016  
815 Florida Avenue, NW  
Washington, DC 20001  
5:30 p.m.

## **Minutes**

### **I. Call to order and verification of quorum.**

The Vice Chairman, Mr. Stephen Green, called the meeting to order at 5:35 p.m. and asked the Secretary of the Board of Directors, Mr. Todd A. Lee, to verify a quorum. With four members present, the Board of Directors (the “Board”) had a quorum, and the meeting continued. The following members were present: Stephen M. Green, Bryan “Scottie” Irving, Sheila Miller, and Stanley Jackson (who participated via teleconference).

### **II. Approval of the Minutes from the November 17, 2016 Board Meeting.**

A motion to approve the minutes from the meeting of November 17<sup>th</sup>, 2016 was made by Mr. Jackson and seconded by Mr. Irving. The minutes were approved by a chorus of ayes.

### **III. Vote to close meeting to discuss the approval of the Maple View Flats Transaction**

Pursuant to the District of Columbia Administrative Procedure Act, Mr. Green called for a vote to close the meeting in order to establish, discuss or instruct the Agency as public body, its staff or negotiating agents concerning a position to be taken in negotiating the price or other material terms of the Maple View Flats and Benning Height transactions. A motion to close the meeting was made by Mr. Jackson and seconded by Mr. Irving, which was followed by a chorus of ayes.

The meeting was closed at 5:38 p.m. and resumed at 6:10 p.m.

### **IV. Consideration of DCHFA Resolution Number 2016-19 for the Maple View Flats transaction**

Mr. Lee introduced the resolution and then introduced Mr. Martin Lucero, Development Officer who presented a brief summary of the transaction.

The principal development sponsor of the project is 2228 MLK LLC, which is controlled by Timothy Chapman.

The project will be located at 2226, 2228, 2234, 2238, 2252 Martin Luther King, Jr. Avenue S.E. in the Anacostia Historic District of Washington, D.C. The project will consist of the new

construction of a five-story, 114-unit apartment building with approximately 16,500 square feet of ground floor retail and 106 garage parking spaces.

Mr. Lucero stated that the bedroom mix will include 82 one-bedroom units and 24 two-bedroom units and eight three bedroom units. The sponsor has elected to set aside the 100 percent of units at or below 60 percent of the area median income.

The acquisition and construction of the project, which is estimated to cost \$51 million, will be financed by a combination of tax-exempt obligations issued by DCHFA, a taxable construction loan from Bank of America, proceeds from the syndication of 4 percent low-income housing tax credits, a subordinate loan from DHCD's Housing Production Trust Fund, a DCHFA McKinney Act loan, a third-party subordinate loan and deferred developer fee.

The sponsor has selected Bank of America Merrill Lynch as the construction lender and Prudential Affordable Mortgage Company as their permanent lender. Mr. Lucero stated that with respect to DCHFA obligations, \$51,000 will be issued at closing with the balance of the \$23.8 million funded at conversion, so permanent financing through Prudential, which will in turn be purchased by Freddie Mac via the tax exempt loan direct purchase program.

The low-income housing tax credit investor will be Bank of America Merrill Lynch at a rate of \$1.15 per credit for an estimated equity amount of \$21 million. All units will meet the 40 percent at 60 percent of AMI test for both bonds and tax credits, and the estimated construction schedule is 20 months.

In addition to the sponsor, the development team includes Bozzuto Contractors as the general contractor, Bozzuto Property Management as the property management agent, and Grimm + Parker Architects as the architect of record.

The following members of the development team were in attendance: Steve Lawrence of Chapman Development, Jason Iannotti of Chapman Development, Ryan Geiger of Grimm + Parker, Mark Weisner of Bozzuto, Leslie Catlin of Bozzuto Management, and Brenda Richardson of Chapman Development, and Earle "Chico" Horton, III of Graves Horton, Askew, and Jenkins, LLC .

Andy Spicknall of Ballard Spahr, LLC was also in attendance in his capacity as DCHFA bond counsel on the transaction.

After introduction of the transaction by Mr. Lucero and Mr. Lawrence, Mr. Lawrence made reference to the fact that this transaction was the subject of a McKinney Act Loan application to the Agency, and asserted that the planned nature of the development had not changed since that time. He then re-introduced Mr. Geiger, who gave a presentation on the architectural makeup of the project.

The proposed development is a four story building on top of a pedestal garage, with retail on the first floor. There's a subterranean level of garage space with 114 residential units that offer a mix of one, two, and three bedrooms.

The major facade treatment, which is a product of the DC Historic Preservation Review Board's involvement, is both fibre-cement panel, which serves as a rain screen, and majority brick.

There is a public community terrace on every floor (showed images), with a view of downtown D.C. and a small courtyard in the back that will be available for resident use. Mr. Geiger indicated that he brought floorplans in addition to the various illustrations shown during his presentation.

Mr. Irving inquired on the status of the developer's Enterprise Green Communities approval process, specifically asking about the number of points accumulated on the project's face (i.e. "Low hanging fruit"). Mr. Geiger responded that all necessary Green Communities documentation had been submitted, and that the project had attained either 81 or 82 points, which surpassed the threshold requirement, which he believed to be 50 points.

Mr. Irving concluded this line of questioning by stating that the project should receive the aforementioned certification. Mr. Geiger agreed by stating "Yes, sir."

Mr. Irving then asked about the degree of Small Business Entity (SBE) involvement on the project. Mr. Geiger indicated that the project currently enjoys roughly 41 percent CBE/SBE involvement. Mr. Irving followed by inquiring on the number of Ward 8 SBEs currently participating on the project. Mr. Geiger indicated that he didn't know how many Ward 8 CBE/SBEs are participating on the project, but said that he would collect that data. Mr. Irving then indicated his desire that the developer actively work to incorporate Ward 8 SBEs into the project. Mr. Geiger retorted that there has been an effort to reach out to the Ward 8 community for the purpose of increasing SBE participation by its businesses. Mr. Irving then asked for specific information on the developer's SBE outreach in Ward 8. Ms. Richardson interjected, indicating that the developer has conducted three (3) meetings with Ward 8 small businesses at Bethlehem Baptist Church, and that roughly ten (10) businesses were represented at the first meeting with participation growing to roughly fifty (50) businesses by the third meeting.

Mr. Irving then recounted the abundance of Ward 8 companies, qualified to participate in the project, and reiterated the need for strong participation by that group.

Mr. Lawrence interjected, discussing the developer's meeting with DeCarlo Washington of DC Department of Employment Services to discuss First Source hires on the project. Mr. Irving responded by discussing the transformative nature of the project, and the need to maintain momentum of local/community hiring.

Mr. Green then asked about the expectation on the retail space. Mr. Lawrence responded that DHCD funding requires the construction of a community day care center for the entire retail portion of the site, per representation made to the City Council in its approval of DC Housing Production Trust Fund financing, and that deviation from that use would result in the developer having to repay the funds. Mr. Lee stated that the funds may be used for a daycare center in particular.

Mr. Lawrence stated that the daycare space was excluded from Low Income Housing Tax Credit basis. Mr. Green then asked who would be responsible for rental payments for the 16,000 square foot retail space. Mr. Lee stated that rental payments would be cost effective and stated that DCHFA underwriting on the project excluded the commercial space, an approach which he characterized as conservative.

Mr. Green asked for the identity of the day care operator. Mr. Lawrence responded that an operator hadn't been selected. Mr. Green asked whether the entire retail space would be used as a daycare center, asking immediately thereafter whether Martin Luther King Avenue would benefit from another brand of retail. Mr. Lawrence responded that at the time of appraisal, Class A retail in that neighborhood was not a viable option, and that a change in the brand of retail at the site would be impermissible under the constraints of the Housing Production Trust Fund prohibition against traditional retail uses. When asked by Mr. Green why a daycare center was ultimately the only option at the site, Mr. Lee indicated his belief was that as originally conceived, the entire project was to be residential, and that after the program changed, the restrictions on the property remained. When asked by Mr. Green whether a daycare center qualified as retail use prohibited by District law, Mr. Lawrence indicated that while a daycare center is retail use, it is afforded a special exception under applicable law.

Mr. Irving inquired on the availability of daycare centers in the immediate area. Mr. Jackson and Ms. Richardson listed several. Mr. Irving then voiced his concern over the placement of a daycare center in an area that in his estimation is in need of retail such as Chipotle and Starbucks. After general agreement by Mr. Green and Mr. Jackson, Mr. Irving explicitly went on the record in support of the project, but with concerns about community involvement and retail growth. Mr. Green "seconded those feelings," and pressed for greater collaboration with the DC Department of Housing and Community Development (DHCD) in structuring financing to provide greater flexibility of use.

Mr. Green asked about the \$200,000 interest rate cap amount. Mr. Lawrence responded that it was required by Bank of America, which is capping the rate at a cost to the developer. After discussion of seasonal fluctuation in interest rates, Mr. Irving raised the issue of fluctuating tax credit pricing. Mr. Green then gave express recognition to Bank of America for maintaining on this project, a price of \$1.15 per tax credit. Mr. Lawrence noted that Bank of America committed to maintain its tax credit pricing on a transaction with the developer in the midst of the financial collapse of 2008.

Ms. Miller asked when the bank commitment expires. Mr. Lawrence responded that the bank was willing to maintain pricing for 10 days, but indicated certain flexibility by the bank on timing.

A motion to approve the resolution was made by Mr. Jackson and seconded by Ms. Miller. Mr. Lee called the roll, and with four affirmative votes, the resolution was approved.

Mr. Green then asked whether the resolution conditions approval upon developer receipt of all permits on the project. Mr. Winter stated that the condition is not included in the resolution, but that closing of the transaction can be conditioned upon the receipt of permits.

Mr. Iannotti gave a brief update on the status of project permits, stating that only minor issues remained and that the developer is “days away” from receiving all permits on the job. Mr. Green explicitly stated for the record that approval of the transaction was conditioned upon the developer’s receipt of necessary permits.

#### **V. Vote to close meeting to discuss the approval of Benning Heights Transaction**

Pursuant to the District of Columbia Administrative Procedure Act, Mr. Green called for a vote to close the meeting in order to establish, discuss or instruct the Agency as public body, its staff or negotiating agents concerning a position to be taken in negotiating the price or other material terms of the Benning Height transaction.

Mr. Green then recused himself from participating in the consideration and discussion of the transaction. He again called for a motion to close the meeting. Mr. Irving made the motion to close the meeting, which Ms. Miller seconded. Mr. Green then left the room prior to any discussion of the transaction by the remaining Board Members.

The meeting was closed at 6:46 p.m. and resumed at 6:55 p.m.

#### **VI. Consideration of DCHFA Resolution Number 2016-18 for Benning Heights Apartments**

Mr. Lee introduced the resolution and then introduced Mr. Martin Lucero, Development Officer, who presented a brief summary of the transaction.

The principal development sponsor of the project is Benning Heights Investor, LLC, which is controlled by the NHP Foundation. The property will be located at 4806 Alabama Avenue, S.E. in the Benning Ridge neighborhood of Southeast Washington, D.C.

The project will consist of the acquisition and rehabilitation of an existing eleven building garden style apartment complex totaling 148 units. The bedroom mix will be 54 one-bedroom units, 84 two-bedroom units and 10 three-bedroom units.

The sponsor has elected set aside 100 percent of the units at or below 50 percent of the area median income. There is also a HUD housing assistance payment contract in effect through 2035 that covers 100 percent of the units and subsidizes the rent of families earning 50 percent or less of the area median income.

The acquisition and rehabilitation of the project, which is estimated to cost \$32.1 million, will be financed by a combination of tax exempt obligations issued by DCHFA, proceeds from the 4 percent low income housing tax credits, a subordinate loan from the D.C. Department of Housing and Community Development's Housing Production Trust Fund, assumption of a HUD FHA note currently on the property, and from net operating income and existing replacement reserves.

With respect to the DCHFA obligations, \$16 million will be offered through a private placement with Citi Community Capital, \$2.8 million of which will be short-term obligations and \$13.2 million will be long-term obligations.

The LIHTC investor will be R4 Capital, LLC at a rate of \$1.11 per credit for an estimated equity amount of \$10.3 million. All units will meet the 40 percent at 60 percent AMI test for both bonds and tax credits.

The estimated construction schedule is 18 months. In addition to the sponsor, the development team includes Hamel Builders, who will be the general contractor. Winn Management will serve as the property management agent.

Soto Architecture and Urban Design is the architect of record, and Operation Pathways, Inc. has been chosen to be the service provider.

The following members of the development team were in attendance: Mansur Abdul-Malik with the NHP Foundation, Joseph Wiedorfer with the NHP Foundation, Carol Thorpe with Hamel Builders, and Jacqueline Bland with the Benning Heights Tenant's Association.

Mr. Abdul-Malik stated that the property was purchased in December 2015, with the intention to complete a renovation to include new kitchens, baths, upgrade of all electrical systems, and the creation of a community center. NHP has been working with the tenants via the TOPA process. He stated that construction is slated to take 16 months over 6 phases involving temporary tenant relocation both onsite and at Anacostia Gardens Apartments, which is another developer-owned property.

Mr. Jackson asked whether there will be priority given to the relocation of senior (elderly) residents who may have challenges with regard to mobility. Mr. Abdul-Malik responded that the developer is working with relocation specialist Housing Opportunities Unlimited, which will assess the residents for special needs. Those with special needs will receive priority relocation.

Mr. Lee asked whether this would be the developer's first time working with Winn Property Management Services. Mr. Abdul-Malik responded that the developer has previous experience working with Winn, both in the District of Columbia, and out-of-state.

Mr. Irving asked about the developer's experience working with Soto Architecture and Urban Design. Mr. Abdul-Malik responded that the developer has previous experience working with Soto as well, specifically on Parkchester Apartments and the lead architect, Chip Keener, was also lead architect on Roundtree Apartments, another developer-owned project.

Mr. Irving asked whether Underground Storage Tanks are present at the site. Mr. Abdul-Malik responded in the affirmative, and indicated that two had been moved, with one that remains in place due to the absence of vapor or intrusion.

Mr. Lee asked whether current \$1.11 per tax credit pricing on the project would remain in place until anticipated closing in January 2017. Mr. Abdul-Malik responded in the affirmative. Mr. Lee then inquired on pricing of the project debt. Mr. Abdul-Malik stated that interest rates are experiencing some movement. Mr. Wiedorfer interjected, stating that the developer has a consistent working relationship with its lender, Citibank, and that quoted rates are holding firm. Speaking to tax credit pricing, Mr. Wiedorfer stated that the fund is in place, and the investor (R4) has committed to the transaction vehicle.

A motion to approve the resolution was made by Mr. Irving, and seconded by Ms. Miller. Mr. Lee called the roll, and with three affirmative votes, the resolution was approved. Mr. Green then rejoined the meeting.

## **VII. Consideration of DCHFA Resolution Number 2016-18(G) to Approve the Selection of a Management Team for Strategic Planning for the Completion and Implementation of the Agency's Management Plan.**

Mr. Lee introduced Yvette Downs, DCHFA Chief Financial Officer, who presented on the matter.

Ms. Downs stated that the matter was previously brought before the Board, which asked for certain additional information. Ms. Downs presented a chart providing the composition of each respondent to the related Request for Proposal (RFP), and proposed pricing given by each. Ms. Downs requested Board approval of the bid from the team of IBS Management and Integrated Public Management Solutions, for the contract price of \$84,501.

Mr. Lee discussed that the need for the contract award is tied to the Agency's current work to update outdated policy, procedure, and related technology, all of which will in turn impact job functions and the way that Agency departments interface.

A motion to approve the resolution was made by Mr. Jackson, and seconded by Mr. Irving. The resolution was approved by a chorus of ayes.

### **VIII. Executive Director's Report**

- DCHFA staff participated in the DC Housing Authority's Secret Santa, which resulted in the DCHFA's "adoption" of a child, who received a present from the Agency. DCHFA CFO, Yvette Downs is a member of a charitable organization. Christopher E. Donald, Director of the Multifamily Lending and Neighborhood Investments (Public Finance) and Mr. Lee attended an event held December 17, 2016 to raise money and provide gifts for the Healthy Baby Project and Seton Elementary School. The Agency will become more active in participating in community events/causes.
- Financial Statements were provided to the auditors the week of the meeting. The Agency expected to have the final document signed off on by the auditor partners by the end of that week.
- On the day of the meeting, agency dispatched its first external quarterly newsletter named The Homefront. Risha K. Williams, Director of the Agency's Office of Compliance and Asset Management wrote a piece on the Violence Against Women Act.
- Election of Board Officers will take place at the meeting scheduled for Tuesday, January 10, 2017.
- Agency personnel met with Moody's rating Agency before meeting with Standard and Poor's personnel on the day of the board meeting. The meeting worked to establish a relationship between the rating agencies and the new management team at the DCHFA.

Mr. Green asked about the status of possible repositioning of DCHFA Headquarters. Mr. Lee pledged to revisit the topic by the second board meeting of January 2017. Mr. Lee stated his intention to bring a plan to the board, which could involve the release of a Request for Application for the purpose of soliciting external ideas.

Mr. Green expressed his desire for the HFA to conduct a market study to assess the affordable housing needs in the District, which are currently unclear due to anecdotal and conflicting accounts and information. The research can then inform the public and the Agency on how its financed developments serve affordable housing need in the city. It can be periodically updated as the District's needs change. Mr. Lee concurred, and discussed the need to reach out to the consultant community.



**IX. Vote to close the meeting to consult with the Board's attorney.**

Pursuant to the District of Columbia's Administrative Procedure Act, Mr. Green called for a vote to close the meeting in order to consult with attorney to obtain legal advice and preserve the attorney client privilege between and attorney and a public body or to approve settlement agreements provided that upon request, the public body may decide to waive such a privilege. An open meeting would adversely affect matters related to the Agency.

A motion to close the meeting was made by Mr. Jackson, and seconded by Ms. Miller. The motion was approved by a chorus of ayes.

The meeting was closed at 7:23 p.m. and resumed at 7:30 p.m.

Mr. Green commended DCHFA staff for its accomplishments during the preceding Calendar Year. Mr. Lee, in turn commended the hard work of staff, with specific mention of Mr. Lucero's hard work on the Maple View Flats transaction.

**X. Adjournment**

A motion to adjourn the meeting was made by Mr. Irving, and seconded by Ms. Miller. The motion was approved by a chorus of ayes.

Submitted by Todd A. Lee, Secretary to the Board of Directors on January, 10, 2017.

Approved by the Board of Directors on January 10, 2017.