

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY  
BOARD OF DIRECTORS – SPECIAL AND ANNUAL MEETING**

**January 24, 2020**

**815 Florida Avenue, NW**

**Washington, DC 20001**

**5:30 p.m.**

**Minutes**

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

District of Columbia Housing Finance Agency (“DCHFA” or the “Agency”) Board Chairperson, Buwa Binitie, called the meeting to order at 11:01 a.m. and asked the Interim Secretary to the Board of Directors (the “Board”), Mr. Christopher Donald, to verify a quorum. With five members present, the Board had a quorum and the meeting continued.

The following members were present telephonically: Buwa Binitie, Stephen M. Green, Bryan “Scottie” Irving, Stanley Jackson, and Heather Howard.

The meeting attendees all paused for a moment of silence in memoriam of former Executive Director, Mr. Todd A. Lee before proceeding with the meeting.

**II. Vote to close meeting to discuss the ratification of the selection of an Interim Executive Director/CEO and Secretary to the Board, Hanover Courts and Tivoli Gardens, and 1100 Eastern Avenue.**

A. Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors will call a vote to close the meeting in order to discuss the **ratification of the selection of an Interim Executive Director/CEO and Secretary to the Board** because an open meeting would adversely affect personnel matters related to the Agency. (D.C. Code §2-575(b)(10)).

B. Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors will call a vote to close the meeting in order to discuss, establish, or instruct the public body’s staff or negotiating agents concerning the position to be taken in negotiating **Hanover Courts and Tivoli Gardens, and 1100 Eastern Avenue**. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

Mr. Donald called for a motion to close the meeting. Mr. Green made a motion to close the meeting. The motion was properly seconded by Mr. Jackson. The motion passed by a chorus of ayes.

The meeting was closed at 11:07 a.m. and re-opened at 11:35 a.m.

### **III. Consideration of DCHFA Resolution No. 2020-01(G) regarding the ratification of the selection of an Interim Executive Director/CEO and Secretary to the Board.**

There was no discussion regarding the resolution. Mr. Binitie called for a motion to approve DCHFA Eligibility Resolution No. 2020-01(G) for the ratification of the selection of an Interim Executive Director/CEO and Secretary to the Board. Ms. Howard properly seconded the motion.

Mr. Donald took a roll call vote and the resolution was unanimously approved.

### **IV. Consideration of DCHFA Final Bond Resolution No. 2020-01(G) for Hanover Courts and Tivoli Gardens.**

Ms. Ksenia Camacho, Senior Multifamily Loan Underwriter, presented the transaction to the Board. The Multifamily Lending and Neighborhood Investments (“MLNI”) underwriting staff requests the approval of a final bond resolution from the Agency’s Board for the issuance of tax-exempt bonds in an amount not to exceed \$19.375 million to finance a portion of the costs to rehabilitate 41 units at Hanover Courts and 49 units at Tivoli Gardens as part of a 190-unit scattered site development called “HanTiv.”

The transaction will combine 9 percent and 4 percent low-income housing tax credits (“LIHTC”), commonly referred to as a twinning transaction. The 4 percent LIHTC transaction will contain 90 units, including all 49 units at Tivoli Gardens, and 41 units out of the 82 total units at Hanover Courts. The balance of the Hanover Courts units will be comprised of 41 units in the 9 percent transaction. The unit mix of the 4 percent LIHTC project will include 49 one bedroom units, 33 two bedroom units, and 8 three bedroom units for a total of 90 units.

Eight units will be restricted to residents earning 30 percent of Area Median Income (“AMI”) or less with four of the eight units to receive Local Rent Supplement Program (“LRSP”) vouchers with permanent supportive housing (“PSH”) wraparound services. Twenty-nine units would be restricted to residents earning 50 percent of AMI or less and 53 units are restricted to residents earning 60 percent of AMI or less.

The capital stack for the 4 percent LIHTC portion of the development will consist of a permanent mortgage, permanent financing in the approximate amount of \$6.2 million as a HUD 221(d)(4) senior mortgage loan, \$15.16 million in DHCD HPTF acquisition and permanent loans, \$10.78 million in LIHTC equity, and \$3.5 million in deferred developer fee. The total development cost of \$35.7 million, or \$396,000 per unit, inclusive of acquisition and debt repayment, hard and soft costs, developer and financing fees, as well as the reserves in escrows.

Due to the timing of the equity payments the developer will need an equity bridge loan which will be provided by the Cedar Rapids Bank & Trust. PB HanTiv Owner, LLC, would be the owner and borrowing entity in the transaction. The 0.01 percent managing member and general partner will be PB HanTiv Mm, LLC, which will be owned through affiliated entities by MANNA, Inc. at 20 percent, TM Associates at 40 percent, and Equity Plus Manager, LLC at 40 percent.

At closing the borrower will admit a 99.99 percent tax credit investor member, an affiliate of R4 Capital, into the LLC to facilitate the LIHTC equity investment.

The remaining members of the development team consist of The Whiting-Turner Contracting Company as general contractor, Atelier Architects as project architect, TM Associates Management, Inc., as property manager, and Miriam's Kitchen as a PSH provider.

Ms. Kamacho concluded the presentation, and introduced members of the development team present: Reverend Jim Dickerson from MANNA, Inc., Carol Noland from Equity Plus, and Ari Severe from TM Associates, Inc.

Ms. Kamacho then opened the floor for questions. There were no questions related to the transaction.

Mr. Binitie called for a vote to approve DCHFA Final Bond No. 2020-01 for Hanover Courts and Tivoli Gardens. Mr. Binitie made a motion on the resolution and Mr. Green properly seconded the motion. Mr. Donald took a poll vote because the Agency is committing volume cap. The resolution was unanimously approved.

#### **V. Consideration of DCHFA Final Bond Resolution No. 2020-02 for 1100 Eastern Avenue.**

Ms. Kristin Chalmers, Senior Multifamily Loan Underwriter, presented the transaction to the Board. The Multifamily Lending and Neighborhood Investments (“MLNI”) underwriting staff requests the approval of an inducement resolution from the Agency’s Board for the issuance of tax-exempt bonds in an amount not to exceed \$15.6 million for 1100 Eastern Avenue.

The land for the proposed project was purchased on July 18, 2018, by a wholly-owned subsidiary of Neighborhood Development Company (“NDC”), called 1100 Eastern, LLC, which will be the borrowing entity. The project is located in the Deanwood neighborhood of Northeast DC and is approximately three-quarters of a mile from the Deanwood Metro Station.

The unit mix will include a total of 63 units with 11 efficiencies, 30 one bedroom units, 2 bedroom units, 16 three bedroom units, and 4 four bedroom units.

The site currently consists of a vacant commercial building that will be demolished and a new five story mid-rise building will be constructed.

The ground floor of the new building will have approximately 4,000 square feet of retail space with a separate condominium ownership structure. Thirteen units will be restricted to residents earning 30 percent of Area Median Income (“AMI”) and will receive funds from the Local Rent Supplement Program (“LRSP”).

Prior to acquisition of the land, third-party experts conducted environmental testing at the property. Those studies revealed that the property had previously been used as a gas station and a dry cleaner and concluded that the groundwater and soil were contaminated with numerous toxic chemicals in excess of levels permitted by Federal and District law. Based on these reports the sponsor determined that a health hazard existed at the property. Tenants were directed to leave the premises immediately and the property was closed. Additionally, the sponsor issued notices to vacate pursuant to Section 6 of each tenant's lease and declared a health emergency at the property. The property was immediately submitted to District Department of the

Environment's ("DOEE") voluntary cleanup program.

As part of the cleanup program the developer submitted a corrective action plan for the site to DOEE, which will be carried out during construction. DOEE issued its approval letter for the corrective action plan in December 2019.

Community Connections of D.C. ("Community Connections") will provide supportive services to the 13 PSH units. Community Connections will provide an array of support services, including, but not limited to, case management services, education related to the rights and responsibilities of renting, assistance with daily living activities, connection to healthcare, assistance with budgeting skills, and connection to employment services.

Total development costs for the project are \$29.3 million, or approximately \$465,000 per unit. On the operating side, the effective gross income is projected to be approximately \$918,000 in the first year based on an assumption of five percent (5%) vacancy. Annual operating expenses are projected to be approximately \$472,000 resulting in a net operating income of \$445,665 in the first year which supports a permanent mortgage of \$6.5 million with amortizing debt service of \$1.27 million the first year.

Regarding the transactional structure, it will be partially financed through the issuance of \$13.9 million in short and long-term tax exempt bonds, which will be privately placed with JPMorgan Chase ("Chase"). Both the short and long-term bonds will be cash collateralized with a construction loan and permanent loan respectively. Chase is providing a 24-month construction loan with one 6-month extension option. Chase will also provide a permanent loan which will have an 18-year term and a 40-year amortization period. The interest rate will be equal to the 10-year swap rate plus a spread of 223 basis points. The tax credit investor will be Enterprise Community Investment, who will pay an investor rate of \$0.965 per \$1 of credits.

NDC will serve as a guarantor and Adrian Washington, CEO and founder of NDC, will also provide a personal guarantee for the project. Other members of the development team include MOS Architects as the architect, Hamel Builders as the general contractor, Audubon Enterprises ("Audubon"), as the development consultant, and Residential One as the property manager.

Ms. Chalmers concluded the presentation, opened the floor for questions and introduced members from the development team present: Michaela Kelinsky and Adrian Washington from NDC and Matt Sislen from Audubon.

Ms. Chalmers then opened the floor for questions. There were no questions related to the transaction.

Mr. Donald called for a motion to approve DCHFA Final Bond Resolution No. 2020-02 for 1100 Eastern Avenue. Mr. Jackson made a motion to approve the resolution, and that resolution was properly seconded by Mr. Irving. Mr. Donald took a poll vote because the Agency is committing volume cap. The resolution as unanimously approved.

## **VI. DCHFA Annual Meeting and Elections.**

Mr. Donald opened the floor for nominations for the role of DCHFA Board Chairperson for 2020. Mr. Irving nominated Mr. Binitie for the role of Board Chairperson and Ms. Howard seconded the nomination. Mr. Binitie nominated Mr. Green for the role of DCHFA Board of Directors Vice-Chairperson for 2020 and Mr. Irving seconded the nomination. With no other nominations for the role of DCHFA Board Chairperson or the role of DCHFA Board Vice-Chairperson, the floor was closed.

The nominations were approved by a chorus of ayes.

## **VII. Other Business.**

No other business was discussed.

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

- The Agency has announced the Todd A. Lee scholarship and plans to post the scholarship on the Agency's website. The Agency will revisit the scholarship guidelines and will present them to the Board.
- Mr. Donald introduced Mr. Stephen Clinton, the Agency's new Chief Financial Officer.

## **IX. Adjournment.**

Mr. Donald called for a motion to adjourn the meeting. Mr. Green made a motion to adjourn the meeting and that motion was properly seconded by Ms. Howard.

Mr. Donald took a voice vote. The motion passed by a chorus of ayes.

The meeting was adjourned at 11:57 a.m.

Submitted by Christopher E. Donald, Interim Secretary to the Board of Directors on February 7, 2020.

Approved by the Board of Directors on February 11, 2020.