DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BOARD OF DIRECTORS
March 10, 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 Vice-Chairperson, Mr. Stephen Green, called the meeting to order at 5:34 p.m. and asked the Interim Secretary to the Board of Directors (the "Board"), Mr. Christopher Donald, to verify a quorum. With four members present, the Board had a quorum and the meeting continued.

The following members were present: Mr. Stephen Green, Mr. Bryan "Scottie" Irving (telephonic), Mr. Stanley Jackson (telephonic), and Ms. Heather Howard (telephonic).

II. Approval of the Minutes from the February 11, 2020 Board Meeting.

A motion was made to approve the minutes from the February 11, 2020 board meeting by Mr. Jackson. The motion was properly seconded by Ms. Howard.

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

Mr. Irving disclosed to the Board that he has a conflict on the Northwest One Phase 1 transaction. Therefore, out of an abundance of caution, Mr. Irving will recuse himself from the transaction, will exit the call, and will not participate in the discussion or voting related to Northwest One Phase 1.

III. Vote to close meeting to discuss Woodberry Village, Northwest One Phase 1, Howard Road, and the Todd A. Lee Scholarship Fund.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors called 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 **Woodberry Village,**

Northwest One Phase 1, Howard Road, and the Todd A. Lee Scholarship Fund. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

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

The meeting was closed at 5:38 p.m. and re-opened at 6:31 p.m.

Mr. Irving recused himself from the Northwest One Phase 1 transaction, exited the call and did not participate in the vote nor discussion regarding the transaction.

IV. Consideration of DCHFA Eligibility Resolution No. 2020-07 for Northwest One Phase 1.

Ms. Kristin Chalmers, Senior Multifamily Loan Underwriter, presented the transaction to the Board to approve an inducement resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed $78.4 million for Northwest One Phase 1 (the, “Project”).

The Project is part of the Northwest One Redevelopment Plan which is a New Communities Initiative that will create replacement units for former residents of Temple Courts. Northwest One Phase 1 is the first of three phases that will ultimately deliver 750 residential units to Ward 6. The Office of the Deputy Mayor for Planning and Economic Development (“DMPED”) conducted a Request for Proposals (“RFP”) process and selected a proposal set forth by the development team which is comprised of: MRP Realty, CSG Urban, and Taylor Adams Associates.

The proposed plan for Phase 1 will consist of the new construction of a 220 unit mixed income property. The unit mix for the Project will consist of 15 efficiency units, 90 one bedroom units, 59 two bedroom units, 46 three bedroom units, and ten four bedroom units. One hundred and fifty of the units will be affordable, with 77 units set aside for residents earning no more than 30 percent of Area Median Income (“AMI”) and 73 of the units set aside for residents earning no more than 60 percent of AMI. Of the 77 units set aside for residents earning no more than 30 percent of AMI, 65 units will receive Local Rent Supplement Program funds (“LRSP”) and will serve as replacement units for former residents of Temple Courts. Seventy units will be market-rate units, and a condominium regime will be in place to separate the market-rate units from the affordable units. Total development costs for the Project are $77.1 million or approximately $351,000 per unit.

Prior to closing, a Land Disposition and Development Agreement ("LDDA") between the District of Columbia and the Sponsor will be executed. The Property will be conveyed by the District to the Sponsor in three successive closings (one for each phase) by three ground leases each with a term of 99 years after the date of the applicable closing.

The effective gross income is projected to be approximately $5.7 million in year one based on an assumption of five percent vacancy. Annual operating expenses are projected to be approximately $2.1 million resulting in Net Operating Income ("NOI") of $3.6 million in year one of stabilization which supports a permanent mortgage of $54.3 million with amortizing debt service of 1.23 in year one.

The rent comparable section of the underwriting memo notes that rent projections for the 60 percent AMI units are in line with what is being achieved at comparable properties in the subject's market area. Rent projections for the market units are significantly discounted when compared other market rate properties in the area given that a majority of units will be affordable. Market rents are, however, in line with what is being achieved at the Severna on K (phase II), a mixed income property located 0.1 miles away which is most similar to the Project. MLNI staff will revisit the rent projections prior to the Board's final bond approval.

The sponsor has not selected a lender but is considering Risk Share with DCHFA and Private Placement with R4 and Redstone. The Project will be partially financed through the issuance of $62.7 million in tax exempt bonds. Additionally, the sponsor had not selected a tax credit investor but received an initial Letter of Intent ("LOI") from Wells Fargo who will be paying an investor rate of $0.99 per $1.00 of federal tax credit. Total low income housing tax credit ("LIHTC") equity contribution is projected to be $18.9 million.

The managing member for the sponsor will be NW One Development Partners, LLC which is comprised of MRP, CSG, and Taylor Adams Associates. MRP will serve as Guarantor for the Project. Other members of the development team include McCullough Construction as the General Contractor, SK+I Urban as the Architect, and Kettler Management as the Property Manager.

Ms. Chalmers concluded the presentation and opened the floor for questions, and introduced members of the development team present: Nick Gordon and Matt Robinson from MRP and Jordan Bishop (telephonically) from Audubon.

There were no questions related to the transaction.

Mr. Green called for a vote to approve DCHFA Eligibility Resolution No. 2020-07 for Northwest One Phase 1. Mr. Jackson made a motion on the resolution and Ms. Howard properly seconded the motion. Mr. Donald took a poll vote because the Agency is committing volume cap. The resolution was unanimously approved. Mr. Irving recused himself, was not on the call, and did not vote on the transaction.

V. Consideration of DCHFA Final Bond Resolution No. 2020-06 for Woodberry Village.

Mr. Irving re-joined the call, and participated in the remaining business of the Board Meeting.

Ms. Ksenia Camacho, Senior Multifamily Loan Underwriter, presented the transaction to the Board. The Multifamily Lending and Neighborhood Investments ("MLNI") underwriting staff recommends that the District of Columbia Housing Finance Agency's ("DCHFA" or the "Agency") Board of Directors (the "Board") approve an Final Bond Resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed $28,171,352 to finance a portion of the costs to rehabilitate 190 units at Woodberry Village Apartments (the "Development" or the "Property").

The sponsor, Capital Realty Group ("CRG") is currently under contract to acquire the property from WC Smith & Co., Inc. ("WC Smith") for $19,400,000. After the contract was executed, the property was appraised at a value of $24,400,000. CRG will sell the property to Woodberry Apartments LP for the step up in basis points, and will take a seller note back for the difference between the purchase and sale price and the appraised value, or $5,000,000. The property was previously under contract with another developer. The tenants organized, selected the development partner and assigned their rights to the developer but the sale failed to close within the Tenant Opportunity to Purchase Act ("TOPA") timeframe so the TOPA process expired.

The unit mix of the development will be 94 one bedroom units, 95 two bedroom units and one four bedroom unit. The site consists of 17 garden-style buildings over five acres constructed in 1949 and renovated in 1998-2001. One hundred and twenty-four of the 190 units are covered by a Housing Assistance Payments ("HAP") contract, which will be renewed with a new 20 year HAP contract with a Mark up to Market ("MUTM"). The units covered by the HAP contract will be restricted at 50 percent Area Median Income ("AMI") or less. The remaining 66 units will be restricted at 60 percent AMI or less.

The development is located in the Shipley Terrace neighborhood in Southeast, Washington, DC 0.6 miles northwest of the Southern Avenue Metro Station, which serves the green line. It is located in census tract 74.03 in Ward 8. Property amenities include a courtyard, central laundry, off-street parking and on-site management. Unit amenities include blinds, carpeting, ceiling fans, garbage disposals, refrigerators, stoves/ovens and wall air conditioning.

The capital stack for the Development will consist of permanent financing in the amount of $21,500,000 as a Freddie Mac Tax Exempt Loan ("TEL"), $12,101,772 in low income housing tax credit, or "LIHTC" Equity, $5,000,000 in a Seller Note, $755,980 in deferred developer fee, $2,502,766 in sponsor equity and $2,287,627 in interim income. The total development cost is $44,148,144 ($232,359/unit) inclusive of hard and soft costs, developer and financing fees, reserves and escrows.

Woodberry Apartments LP will be the owner and borrowing entity ("Borrower") in the transaction. The 0.01 percent general partner is Woodberry Apartments GP LLC, which will consist of Woodberry Apartments CRG GP LLC (49 percent minority member), with Moshe Eichler and Sam Horowitz as the 50/50 members and House of David Preservation Inc. (51 percent majority member). Moshe Eichler and Sam Horowitz will be the Guarantors of the Project. At closing, the borrower will admit a 99.99 percent tax credit investor member, Red Stone Equity Fund 56, into the partnership to facilitate the LIHTC equity investment. JP Morgan Chase will be the equity investor in the fund.

Capital Realty Group ("CRG") is a private equity real estate group focusing on the preservation, acquisition, redevelopment and management of affordable housing communities. Founded in 1999, CRG owns and managers close to 11,310 affordable housing units in 80 properties. Capital Realty Group is owned by its two principals, Sam Horowitz and Moshe Eichler.

Per the statement of Real Estate Owned dated August 2019, the sponsors do not own any properties in Washington, DC, Woodberry Village will be the first. The sponsors own a total of 11,310 affordable multifamily units in 80 properties across the US. The properties are located in IL, VA, NY, NJ, IL, MO, CO, and CT to name a few. The majority of the properties are covered by project based Section 8 contracts. The sponsors self-manage the majority of their properties. The properties appear to be well occupied, stabilized and meeting debt service obligations.

The remaining members of the development team consist of GCS-SIGAL as the General Contractor, Atelier Architects as Architect, Capital Realty Group as the property manager and House of David as the tenant services provider.

Ms. Camacho concluded the presentation, opened the floor for questions, and introduced members from the development team present: Carol Nolan from Equity Plus, Erin Wenger-Jones from Senior Director of Asset Management for CRG, and Monika Miller from CRG who will be the property manager on site.

Mr. Jackson raised a question regarding the scope of the work for the common areas, as well as the interior of the units.

Ms. Wenger-Jones stated that the scope of work in the interior of the units will consist of new kitchens, new bathrooms, new windows, and new HVAC systems. She further noted that the rehabilitation will be "in-place", so tenants will not need to relocate while the work is being completed. Residents exit the units for the day and the construction team will conduct the renovations, residents will return to their units in the evening.

Regarding the common areas, Ms. Wenger-Jones stated the renovations will mainly take place in the laundry room and leasing office. Ms. Wenger-Jones added that the leasing office and laundry rooms will have new flooring and new washer/dryers.

Mr. Jackson also asked how the development team will use its renovation resources to accommodate the tenants during the in unit renovations?

Ms. Wenger-Jones responded stating that during the day food and beverage will be offered in the common areas of the leasing office. Additionally, she noted that there will likely be daytime activities offered off-site. Finally, Wenger-Jones explained that if needed, the development team will use resources to house tenants in a hotel if an emergency occurs. There were no further questions.

Mr. Green called for a vote to approve DCHFA Final Bond Resolution No. 2020-06 for Woodberry Village. Mr. Jackson made a motion on the resolution and Ms. Howard properly seconded the motion. Mr. Donald took a poll vote because the Agency is committing volume cap. The resolution was unanimously approved.

VI. Consideration of DCHFA Resolution No. 2020-02 (G) for Howard Road.

Mr. Christopher Miller, Interim Senior Vice-President of Multifamily Lending and Neighborhood Investments ("MLNI"), presented the transaction to the Board to approve and adopt a DCHFA Resolution for an equity investment not to exceed $1,000,000 through the Agency's Housing Investment Platform ("HIP") into Howard Road Townhomes (the, "Project").

The Project is the creation of 16 townhomes across the street from the Anacostia Metro Station in the Anacostia/Barry Farm neighborhood at 50 percent, 80 percent and 120 percent Median Family Income ("MFI") levels (the Agency's first 50 percent MFI units). The developer is a joint venture between H2 Design Build and Asset Management Consulting ("AMC"). This will be HIPs fourth transaction with H2 and the first transaction with AMC. HIP and H2 are currently finishing up the Cynthia Townhomes and are scheduled to break ground on the Todd A. Lee Townhomes in April.

The site consists of a 27,000 sq. ft. vacant lot currently owned by the District and awarded to the development team via a DMPED competitive RFP. The project will consist of two rows of eight (8) townhomes with twelve 16 ft. wide and four 14 ft. wide homes. Each home will contain three bedrooms and a garage for off street parking. The site was previously owned by the Washington Metropolitan Area Transit Authority ("WMATA") and was at one point a planned Kiss and Ride for the metro station. The land historically consisted of single family homes and this project would return the site to residential use. The site contains an easement for a natural gas pipeline on the western edge and an easement for the WMATA tunnel serving the Anacostia station. The project has been designed around the natural gas easement and will be required to go through the WMATA design review process and Board of Zoning Adjustment ("BZA") due to the RA-1 zoning.

The investment will be the formation of Howard Road Community Partners, a joint venture between HIP and Howard Road Manager LLC. The investment will occur during the pre-development stage and prior to disposition of the site by DMPED to fund pre-development of the project. Draws on the HIP equity will be submitted in a similar fashion to the Agency's McKinney Act loan funds, and the balance will be invested at construction and land closing according to the required equity of the construction lender.

The joint venture will contract with H2 as general contractor and currently anticipates utilizing Blueprint Robotic's panelized construction system. The Project will consist of slab on grade with wood frame construction and combine forward thinking design with high-quality construction. The site is a transit-oriented development with great access to public transportation at the Anacostia Metro Station and easy access to downtown via the Anacostia Freeway. Much of the major development in close proximity to the site anticipates rental housing, which makes Howard Road a unique project in this submarket.

The Project will not utilize any city subsidy beyond contribution of the land. The workforce units cross subsidize the sales prices for the Affordable Dwelling Units ("ADU"). Underwritten sales prices are $199,000 for 50 percent MFI units, $341,000 for 80 percent MFI units, and $580,000 (after $20,000 down payment assistance) for 120 percent MFI units. The 50 percent and 80 percent units will be subject to an ADU covenant with the District. Sales prices for housing in the submarket have increased rapidly since our first project on Elvans Road and the sales comparables show market prices between $538,000 for a three bedroom condominium to $600,000 for a rowhome in Historic Anacostia. The lack of affordable first time homebuyer inventory in the District, especially areas west of the river, has increased the demand for new construction and newly refurbished units east of the river.

HIP will invest up to 80 percent of the required equity to construct Howard Road Townhomes and HRM will invest the balance of 20 percent.

Mr. Miller concluded the presentation, opened the floor for questions, and introduced members of the development team present: Harvey Yancey from H2 and Tessa Edison from AMC.

Mr. Irving made a statement for the record praising the HIP program for providing affordable opportunities for home ownership east of the river. Mr. Jackson concurred with Mr. Irving's sentiments.

Mr. Green asked about the current market, Mr. Yancey responded by noting that for another HIP project, West Townhomes, there is a waiting list of 21 families.

There were no additional questions related to the transaction.

Mr. Green called for a motion to approve DCHFA Resolution No. 2020-02 (G) for Howard Road. Mr. Jackson made a motion to approve the resolution, and that resolution was properly seconded by Mr. Irving. Mr. Donald took a poll vote. The resolution was unanimously approved.

VII. Consideration of DCHFA Resolution No. 2020-03 (G) for the Todd A. Lee Scholarship Fund.

Mr. David Watts, Chief of Staff, presented the matter to the Board. The Agency is seeking the approval of the Board to implement the Todd A. Lee Scholarship Fund (the, "Scholarship Fund"), memorializing the life and legacy of Todd A. Lee and honoring his passion for affordable and workforce housing in his hometown of Washington, D.C. The scholarship fund will provide funding to a graduate student recipient who has demonstrated a strong interest in the public finance and affordable housing industries.

The Agency intends to form a non-profit corporation with 501(c)(3) tax exempt status to carry out the charitable and educational purposes of the scholarship fund, this separate entity from the Agency will accept monetary contributions from the public. The Agency plans to create a marketing and public relations strategy to raise awareness and encourage public participation.

Furthermore, the Scholarship Fund has detailed minimum criteria for its application process, and applicants will be reviewed based on adherence to eligibility requirements and preference factors. The eligibility requirements for applicants are: residency in the District of Columbia, three-quarters or full-time graduate student during the award year of the scholarship, matriculating in a Masters of Art or Science program at an accredited four-year university and majoring in real estate, real property management, mortgage finance or a construction-related field. The applicant must demonstrate an interest in obtaining employment to advance affordable housing in the construction industry, a construction-related field, mortgage finance or a similar role in the District of Columbia government upon graduation.

The preference factors, after meeting the eligibility criteria are: historically under-represented students who have demonstrated academic excellence, applicants who attend a four-year accredited university located in Washington, D.C. and first in family college attendance. The evaluation criteria will be financial need, career goals, academic achievement, employment history, extracurricular activities and community service and recommendations.

Transcripts and letters of recommendation will be required; scholarships may vary and will be distributed over two semesters. Second-semester awards are contingent upon the student maintaining full-time status and good academic standing. The applicants and awardees will be reviewed and selected by members of the Todd A. Lee Scholarship Committee. Scholarship checks will be distributed through the Todd A. Lee Scholarship Fund, to be used for tuition and/or living expenses as determined by the committee.

Mr. Watts concluded the presentation and opened the floor for questions.

Mr. Jackson asked for clarification that the Board is voting on establishing the Scholarship Fund so that it can be funded at a later date. Mr. Donald confirmed that his statement was correct.

Mr. Irving asked if students pursuing architecture degrees will be considered for the Scholarship Fund. Mr. Donald stated that as originally conceived the Agency's intent was to provide the scholarships to students pursuing degrees in finance and development, but stated that the Agency will take Mr. Irving's suggestion under advisement.

Mr. Green also made a suggestion to add development as an allowable field under the eligibility requirement.

Ms. Howard noted for the record that checks from the Scholarship Fund should be addressed to either the institution or the individual to allow students to utilize the funds for living expenses.

Mr. Green called for a motion to approve DCHFA Resolution No. 2020-03 (G) for the Todd A. Lee Scholarship Fund. Mr. Jackson made a motion to approve the resolution, and that resolution was properly seconded by Mr. Irving. Mr. Donald took a poll vote. The resolution was unanimously approved.

VIII. Other Business.

Mr. Donald informed the Board that a Special Board Meeting will take place on March 13, 2020 to discuss the selection of a firm to provide Redevelopment Consultant and Relocation Services for the Agency's Headquarters building.

IX. Interim Executive Director's Report.

No Interim Executive Director's report was given.

X. Adjournment.

Mr. Green called for a motion to adjourn the meeting. Mr. Irving made a motion to adjourn the meeting and that motion was properly seconded by Mr. Jackson.

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

The meeting was adjourned at 7:12 p.m.

Submitted by Christopher E. Donald, Interim Secretary to the Board of Directors on March 20, 2020

Approved by the Board of Directors on March 24, 2020.