DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
MEETING OF THE BOARD OF DIRECTORS
March 24, 2020
5:30 p.m.

Public Access Call-In Number: 202.777.1695
Pin: 71602

Minutes

I. Call to order and verification of quorum.

District of Columbia Housing Finance Agency ("DCHFA" or the "Agency") Board Chairperson, Mr. Buwa Binitie, called the meeting to order at 5:33 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 telephonically: Mr. Buwa Binitie, Mr. Stephen Green, Mr. Bryan "Scottie" Irving, and Ms. Heather Howard.

II. Approval of the Minutes from the March 10 and March 13, 2020 Board Meetings.

A motion was made to approve the minutes from the March 10, 2020 and March 13, 2020 board meetings by Mr. Binitie. The motion was properly seconded by Ms. Howard.

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

III. Vote to close meeting to discuss Skyline Apartments, Spring Flats Seniors, and SOME III.

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 **Skyline Apartments, Spring Flats Seniors, and SOME III.** An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

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

The meeting was closed at 5:37 p.m. and re-opened at 6:17 p.m.

IV. Consideration of DCHFA Eligibility Resolution No. 2020-08 for Skyline Apartments.

Ms. Ksenia Camacho, Senior Multifamily Loan Underwriter, presented the transaction for the Board to approve a final bond resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed $86.375 million to finance a portion of the costs to rehabilitate 398 units for Skyline Apartments, formerly known as Forest Ridge or The Vistas (the "Project"). The Project consists of the side-to-side development in front of its two properties, Forest Ridge and The Vistas located 0.3 miles apart from each other. Constructed in 1964, Forest Ridge consists of 12 three-story buildings containing 162 units. The Vistas, constructed in 1968, consists of 17 three-story buildings containing 236 units.

The project is currently covered by four project-based Section 8 Housing Assistant Payment ("HAP") contracts covering 281 units, or 95 percent of the property. The HAP contracts expire in April 2022 and have been extended via a 20-year markup to market. One hundred percent of the units will be restricted to 60 percent or less of the Area Median Income ("AMI").

The unit mix of the development is 24 one-bedroom units, 203 two-bedroom units, 163 three-bedroom units, and 8 four-bedroom units. The site consists of 29 two, three, and four-story garden-style buildings situated on 8.49 acres of land.

The capital stack of the development will consist of permanent financing in the approximate amount a $89.54 million CitiBank loan, a $72.2 million tax-exempt bond, a $17.34 million taxable loan, $46.39 million in low income housing tax credits ("LIHTC"), $722,000 in deferred developer fee, and $7.4 million in interim income. The total development costs are $347,667,000, or $371,000 a unit, inclusive of acquisition costs by the developer and financing fees, as well as escrows.

Skyline Apartments, LLC, will be the owner borrowing entity in the transaction, the 0.01% managing member and general partner at Skyline Manager, LLC and consists of Redwood Housing, Inc., a 509(a) nonprofit organization supported by National Foundation for Housing Solutions, Inc., the administrative general partner Skyline Apartments Management LLC composed of Redwood Housing Reality as a 66.67% member, and partner fund the JV LLC as a 33.33% member.

Redwood Housing Capital will be the guarantor. At closing, the borrower will admit a 99.99% tax credit investor member to facilitate the LIHTC investment.

Ms. Camacho also noted that the construction schedule will consist of vacating two to three units at a time with residents locating off-site for 30 to 35 days when those units are being renovated.

The remaining members of the development team consists of CARA Construction as the general contractor, Bonstra Haresign Architects as the architect, Arco Management as the property manager, and Fulton Services as the resident services provider.

Ms. Camacho concluded the presentation and opened the floor for questions and introduced members of the development team present: Ryan Fuson, Nick Boehm, and Felipe Serpa from Redwood Housing, as well as Jason Goldblatt and Todd Travis from the Foundation for Affordable Housing.

Ms. Camacho opened the floor for comments and questions.

Mr. Fuson added that the developer plans to take extra health and safety precautions related to the temporary relocation of residents. They will implement best practices as outlined by the Centers for Disease Control ("CDC") throughout the renovation process and that the renovation will occur in stages.

Mr. Binitie asked Mr. Fuson to confirm that only vacant buildings would be renovated, and Mr. Fuson stated in the affirmative.

Mr. Binitie inquired about the communication process with the tenants given the Mayor's order requiring social distancing. Mr. Fusion answered that the developer has retained Housing Opportunities Unlimited, which is a relocation agent and consultant, to conduct phone interviews and outdoor meetings. The developer's practices will continue to evolve with guidance from the CDC. Mr. Serpa also added that they have a great relationship with the tenant associations.

Mr. Binitie asked if there were any concerns with meeting the stated timelines especially as it relates to supply chains. Mr. Fuson responded that they have contingency plans in place and have requested that contractors continuously re-sequence and create scenarios where subcontractors cannot be on site and how that would impact the job schedule. Additionally, the project is fortunate to not be using steel that is imported from China and they are working on contingencies for other supplies in the event of a disruption.

There were no additional questions or comments.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2020-08 for Skyline Apartments. Ms. Howard made a motion on the resolution and Mr. Irving 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. 2020-09 for Spring Flats Seniors.

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 Agency's Board of Directors approve an Final Bond Resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed $8.8 million to finance a portion of the costs to acquire and construct Spring Flats Senior, an 88 unit affordable senior apartment project (the "Project").

The transaction will combine four percent and nine percent LIHTCs, commonly referred to as a "twinning" transaction. In August 2017, the DC Office of the Deputy Mayor for Planning and Economic Development ("DMPED") selected Victory Housing, Inc., Brinshore Development LLC, and Bank of America CDC, to redevelop a site located at 1125 Spring Road, NW, including the former Hebrew Home and the Paul Robeson School site. The site is in the Petworth neighborhood of Ward 4, one block south of the Georgia Avenue-Petworth Metro station. The redevelopment will be Spring Flats Family, Spring Flats Seniors, and Spring Flats Townhomes. Spring Flats Family will consist of the new construction of 87 mixed-income affordable units. The Spring Flats Seniors development will consist of the adaptive reuse of the historic Hebrew Home and will consist of 88 affordable units. The Spring Flats Townhomes will consist of the new construction of ten mixed-income homeownership units.

The unit mix of the Spring Flats Seniors development will be 75 one-bedroom units and 13 two-bedroom units, totaling 88 units. The 4% side of the transaction will include 36 one-bedroom units and 7 two-bedroom units for a total of 43 units. The units will be restricted as 30, 50, and 60 percent or below of AMI. The capital stack for the 4% portion of the development will consist of permanent financing in the approximate amount of $7.395 million as a HUD 221(d)(4) senior mortgage loan, $3.4 million in DHCD Housing Production Trust Fund ("HPTF"), $3.8 million in LIHTC equity, and a deferred developer fee. The total development cost is $14.67 million or about $342,000 a unit, inclusive of hard and soft cost development financing fees as well as escrows.

Spring Flats Senior, LLC, will be the owner borrowing entity in the transaction. The 0.01% managing member and general partner will be Spring Flats, MD LLC, which will consist of Victory Housing, Inc., as a 51% managing member, Brinshore Development as a 44% member, and Bank of America, CDC, as a 5% member. At closing, Spring Flats Senior, LLC, will admit a 99.99% tax-credit invested member, Boston Capital, owner affiliate, into the partnership. The remaining members of the development team consist of Hamel Builders as the general contractor, Wiencek and Associates as the architect, Habitat America as the property manager, and Catholic Charities as the Permanent Supportive Housing service provider.

Ms. Camacho concluded the presentation and opened the floor for questions and introduced members of the development team present: Leila Finucane from Victory Housing, Maurice Cherry from Bank of America CDC, and Jolene Saul from Brinshore Development.

Ms. Camacho opened the floor up for comments and questions.

Mr. Binitie inquired about the confidence level of the development team and the construction schedule given the current financial environment. Ms. Finucane responded that the Project is scheduled for a mid-June completion and that the only current changes that there are more individuals working remotely. Mr. Finucane also added that Montgomery County, MD has determined that construction is an essential business and therefore, she does not anticipate Victory Housing having to temporarily close its doors.

There were no additional questions or comments.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2020-09 for Spring Flats Seniors. Mr. Irving 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 Final Bond Resolution No. 2020-10 for SOME Scattered Site III.

Ms. Kristin Chalmers, 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 Board of Directors approve an Final Bond Resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed $20.6 million to finance a portion of the costs to rehabilitate So Others Might Eat Scattered Site III ("SOME III"), which is a two-property scattered site project (Walter Reed and Anna Cooper) that will consist of a gut rehab of two properties. The properties will consist entirely of 30 percent AMI efficiency and SRO units and will provide supportive housing for homeless adults and seniors (the "Project").

Walter Reed will consist of 40 affordable units catering to seniors and is part of the planned redevelopment of the Walter Reed Medical Campus in Ward 4. Anna Cooper will consist of 47 affordable units and is located in Ward 2. All units will receive Local Rent Supplement Program ("LRSP") funds except for 16 units at Walter Reed.

Walter Reed was awarded HPTF funds by DHCD in October 2014 and LRSP was awarded shortly thereafter. However, the property cash flow could not support enough permanent financing on a standalone basis. Anna Cooper subsequently applied for rehabilitation financing and was selected by DCHD in fall 2017. In order to resolve the cash flow shortfall and to minimize the need for gap financing, the projects were combined into this single transaction.

Furthermore, in September 2019, DC Housing Authority ("DCHA") agreed to provide LRSP funding. The Sponsor, Scattered Site III, LLC, is comprised of Affordable Housing Opportunities, Inc., an affiliate of SOME, Inc, as a managing member, and National Equity Fund will be admitted as the tax credit investor upon closing the transaction. SOME has over 48 years of experience working with homeless individuals and provides direct case management to meet their immediate needs and develop programs to address the root cause of poverty and homelessness. SOME currently provides 729 affordable units for children, women, and men who are in various stages of homelessness through the District of Columbia.

The Project will be SOME's third scattered site project in DC. The two sites will have different contractors. Anna Cooper will have DeVito Construction Company as the general contractor and Hamel Builders will be the general contractor for the Walter Reed site. The General Contractors will work independently and under separate contracts. However, there will be one contingency line item in the project budget for cost overruns which SOME will manage. SOME will also provide completion guarantees for the projects.

Given that Walter Reed will target adults aged 55 years and older, SOME will also administer its homebound senior program to tenants. The program is geared towards elderly adults and provides case management by a licensed geriatric social worker. The program also matches homebound low-income seniors with volunteers to help alleviate isolation and to help with the practical demands of day-to-day life.

Regarding the transaction structure, the project will be partially financed through the issuance of $16.5 million in DCHFA tax-exempt bonds with JP Morgan Chase. During construction and lease-up, there will be a 24-month interest-only period with the option for one six-month extension. Interest during the construction period will be based on the two years to operate. Upon conversion, the construction loan will be partially paid down using LIHTC equity. The remainder will convert to a permanent loan with an 18-year term and 40-year amortization. The tax credit investor will be National Equity Fund who will pay an investor rate of $0.98 per $1.00 federal tax credit. The total LIHTC equity contribution is projected to be $10.1 million. The Net Operating Income in year one of stabilization is approximately $412,600, which supports the $6 million permanent mortgage with a debt service coverage ratio of 1.4 in year one. SOME will be the guarantor for the transaction and will be serving as the property manager for both developments.

Ms. Chalmers concluded the presentation and opened the floor for questions and introduced members of the development team present: Julia Moran Morton and Sara Anskari.

There were no questions related to the transaction.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2020-10 for SOME III. Mr. Irving 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.

VII. Other Business.

There was no other business.

VIII. Interim Executive Director's Report.

- The Agency is currently on telework status and business is moving forward.
- The Agency is continuously tracking the capital markets and is in communication with financial partners regarding the appetite to purchase bonds.
- The Agency has selected Jones Lang LaSalle to work on the redevelopment of the Agency's headquarters building
- The Mayor's "stay home" order is consistent with Governor Hogan's orders.
- Ms. Ksenia Camacho and Mr. Charlemayne Walker are leaving the Agency, they will be missed.

IX. Adjournment.

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

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

The meeting was adjourned at 6:58 p.m.

Submitted by Christopher E. Donald, Interim Secretary to the Board of Directors on April 10, 2020.

Approved by the Board of Directors on April 14, 2020.