DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
MEETING OF THE BOARD OF DIRECTORS
December 8, 2020
5:30 p.m.

Minutes

Public Access Via ZOOM

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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 5:30 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. Scottie Irving, and Ms. Heather Howard.

II. Vote to close meeting to discuss Ritch Homes, 218 Vine, and Waterfront Station II.

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 218 Vine Street, Ritch Homes, and Waterfront Station II. 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 5:31 p.m. and re-opened at 6:09 p.m.

III. Consideration of DCHFA Final Bond Resolution No. 2020-26 Ritch Homes.

Mr. Rodney Dew, Senior Analyst, Multifamily Neighborhood Lending & Investments ("MLNI"), presented the transaction to the Board. MLNI underwriting staff requests the approval of a final bond resolution from the DCHFA Board of Directors for the issuance of tax exempt bonds in an amount not to exceed $17,750,000 to finance a portion of the cost to acquire and rehabilitate 42 units at Ritch Homes Apartments (the "Property").

The Property is comprised of two adjacent brick and masonry apartment buildings, each with 21 residential units for a total of 42 units. Built circa 1920, floor plans at the Project consist of studio, one bedroom, two bedroom, and three bedroom apartments. There are laundry facilities and an onsite management/leasing office at the Project. The Project is ideally located in the Northwest Quadrant of the city of Washington, D.C, which is a part of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area ("MSA"). The MSA is in the hub of a well-developed highway network that allows access to the major urban centers of the Northeast Corridor. Additionally, the region is served by an integrated public transportation system with buses and modern rapid rail transit network lines emanating from downtown Washington, D.C. into the suburbs. Strategically located in proximity to both Dupont Circle and Logan Circle, the Project also offers its residents easy access to public transportation (Dupont Circle Metro Station), major thoroughfares (US Route 29), major employers within the area, and the vibrant downtown Washington scene.

The proposed new ownership of the Project will be through a District of Columbia limited partnership named Standard RH Venture LP ("Owner" or "Sponsor"). The Owner consists of a newly formed, single purpose general partner entity named Standard RH Manager LLC ("GP") and PNC as the equity investor ("LP"). The GP will consist of HOM RH Manager LLC ("HOM-RH"), an affiliate of the parent non-profit organization, Housing on Merit ("HOM") and Standard Communities.

Through the District of Columbia's Tenant Opportunity to Purchase Act ("TOPA"), the newly formed 1420-1424 R St Tenants Association, Inc. ("Association") represented the residents of the Project and submitted a Letter of Interest ("LOI") to purchase the Project from R Street Limited Partnership, the existing owner of the Project ("Seller"). Subsequent to the Association's submission of the LOI, the Association engaged in negotiations and interviews with various developers regarding the assignment of Association's rights under the TOPA. On November 14, 2019, the Association formally selected, and assigned its rights under the TOPA to the Sponsor, paving the way for the purchase and development of the Project by the Owner and Developer, respectively.

The property is subsidized with a Project-Based Section 8 Housing Assistance Payment ("HAP") contract with the U.S. Department of Housing and Urban Development ("HUD"). The existing owner has been granted a 6-month extension by HUD (extended through December 2020) to maintain the Project's affordability during the ownership transfer process. In conjunction with the proposed new financing, the Sponsor has worked with HUD to execute a new long-term HAP contract prior to the closing further preserving affordability of the Project via the Section 8 program. Written approval is eminent. The Sponsor has elected Income Averaging as the minimum Low Income Housing Tax Credit ("LIHTC") set aside for the Project.

The capital stack for the Project will consist of permanent financing of approximately $21,600,000, $7,775,273 in low income housing tax credit ("LIHTC") equity, and $986,273 in Deferred Developer Fee. The total development cost is $30,361,546 ($660,033/unit), inclusive of acquisition, hard and soft costs, developer, and financing fees, reserves and escrows. As noted above, Standard RH Venture LP will be the owner and borrowing entity for the transaction.

The remaining members of the development team are Whiting Turner as the General Contractor, Wiencek + Associates as the Architect, and Franklin Johnston Group as the Property Manager.

Mr. Dew concluded the presentation and introduced a member of the development team present telephonically: Tommy Attridge, with Standard RH Venture, LP. Mr. Dew then opened the floor for comments and questions.

There were no questions.

Mr. Binitie called for a vote to approve DCHFA Final Bond Resolution No. 2020-26 for Ritch Homes Apartments. Mr. Jackson 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.

IV. Consideration of DCHFA Final Bond Resolution No. 2020-25 for 218 Vine Street.

Mr. Dew presented the transaction to the Board. MLNI underwriting staff requests the approval of a final bond resolution from the DCHFA Board of Directors for the issuance of tax exempt bonds in an amount not to exceed $28.4 million to finance a portion of the cost to construct 129 units at 218 Vine Street (the, "Project").

The project site was purchased by 218 Vine Street NW Residential PJV – Phase 2, LLC ("Borrower" or "Sponsor") on August 9, 2017. The Project is located two blocks from the Takoma Metro Red Line Station and will produce a total of 129 new affordable units in total, targeted towards seniors, with 24 of the units reserved for permanent supportive housing ("PSH") households. The 4 percent side of the transaction will include 49 efficiency units, 42 one bedroom units, and 1 two bedroom unit. These units will be restricted to 30 percent, 50 percent, and 60 percent of Area Median Income ("AMI") or less. The 9 percent side of the transaction will have 20 efficiency units, 16 one-bedroom units, and 1 two bedroom unit. All units on the 9 percent side will be restricted to 50 percent of AMI or less.

The project is located in census tract 17.02 in Ward 4. Property amenities will include a business center, community room, on-site management, a fitness center, and 25 below grade parking spaces. In-unit amenities will include central heating and air-conditioning, a coat closet, a dishwasher, garbage disposal, and Energy Star appliances. There will be one laundry room located on each floor.

The capital stack for the 4 percent LIHTC portion of the Project will consist of permanent financing in the amount of $15,980,000 as a Freddie Mac Tax Exempt Loan ("TEL"), a $13,020,776 DHCD HPTF loan, $9,801,967 in LIHTC equity, $323,000 in Returned Commitment Fee and $2,578,496 in Deferred Developer Fee. The total development cost is $41,704,239 ($453,307/unit), inclusive of hard and soft costs, developer, and financing fees, reserves and escrows. The capital stack for the 9 percent LIHTC side will consist of permanent financing of $3,698,500 as a taxable Freddie Mac loan, $10,890,000 in LIHTC equity, $73,970 in Returned Commitment Fee and $516,202 in Deferred Developer Fee.

218 Vine Street NW Residential PJV – Phase 2, LLC will be the owner and borrowing entity on the 4 percent transaction. 218 Vine Street NW Residential PJV, LLC will be the owner and borrowing entity on the 9 percent transaction. Within each of these borrowing entities, the 0.01% managing member with be comprised of LDP Holdings LLC (49%) and Housing Up (51%). At closing, each borrowing entity will admit an affiliate of Wells Fargo as the 99.99% tax credit investor.

The remaining members of the development team consist of Whiting Turner as General Contractor, KTGY Architecture + Planning as Architect, WinnCompanies as Property Manager, and Housing Up as the service provider.

Mr. Dew concluded the presentation, opened the floor for questions and introduced a member of the development team present telephonically: Mr. Phuc Tran, with Jair Lynch Real Estate.

Mr. Jackson asked Mr. Tran which residents would have access to case workers. Mr. Tran responded that case workers would be dedicated to tenants who resided in Permanent Supportive Housing ("PSH") units, but a resident service coordinator would be on staff to handle other components of resident services for other tenants.

Mr. Binitie called for a vote to approve DCHFA Final Bond Resolution No. 2020-25 for 218 Vine Street. Mr. Jackson made a motion to approve the resolution and the motion was properly seconded by Ms. Howard. Mr. Donald took a poll vote because the Agency is committing volume cap.

The resolution was unanimously approved.

V. Consideration of DCHFA Eligibility Bond Resolution No. 2020-27 for Waterfront Station II.

Mr. Dew presented the transaction to the Board. The MLNI underwriting staff requests the approval of an eligibility resolution from the DCHFA Board of Directors for the issuance of tax exempt bonds in an amount not to exceed $18,750,00 to finance a portion of the acquisition and construction costs for Waterfront Station II, a 94 unit affordable apartment project located in Southwest D.C. (the “Project”).

The transaction will combine 9 percent and 4 percent low income housing tax credits (“LIHTC”), commonly referred to as a “twinning” transaction. There will also be a separate market component including ground level retail space financed separately with taxable debt. The three components will be separated via an A&T lot structure.

In 2016, the Sponsor team which is comprised of Hoffman & Associates, AHC Inc., City Partners, and Paramount Development, was awarded the opportunity to develop the Project site through a public RFP process with the Office of the Deputy Mayor for Planning and Economic Development (“DMPED”). As a result, the Sponsor will enter into a 99-year ground lease with the District. At its completion, Waterfront Station II will provide 449 mixed income rental units above almost 28,000 SF of retail space. The retail space will be occupied by Appletree Charter School (9,100 SF), black box theater (9,000 SF), and neighborhood-serving retail (9,800 SF). The Property will be eleven stories tall with a penthouse level. Amenities will include a roof-top pool, community room/lounge, coworking areas, patio/grilling area, patio/grilling area, a fitness facility, and landscaped areas. The Project site is situated adjacent to a grocery store, restaurants, retail, government offices, bus routes, and the Waterfront Metro station. Arena Stage, one of DC’s premier cultural institutions, and The Wharf development are located just blocks from the site. The site offers easy access to L’Enfant Plaza and other major employment destinations via highways 395 and 695.

The Project site has gone through the Planned Unit Development (“PUD”) zoning approval process. The First Stage PUD (“PUD 1”) was approved on July 31, 2003. The PUD 1 was for eight parcels in total and was led by a partnership of Forest City, the Kaempfer Company, and Bresler & Reiner, Inc. As part of the PUD 1 process, the District retained one parcel (the northeast parcel) and led a Request For Proposal (“RFP”) process to select the Sponsor team to develop the site. The Second Stage PUD (“PUD 2”) was approved on April 8, 2019. The PUD 2 stipulates that the Sponsor will develop the site in accordance with the Land Disposition and Development Agreement (“LDDA”) which the developer and the District entered into on December 13, 2018. As detailed in the LDDA, 30 percent of the residential units (136 units) will be restricted to households earning less than 50 percent of AMI, with half of those set aside for households earning less than 30 percent of AMI. Prior to closing, each component of the Project will enter into a ground lease with the District for a term of 99 years. Under this structure, the components will enter into reciprocal use and easement agreements to ensure that all residents have access to the common areas and amenities.

The Sponsor entered into an LDDA with the District of Columbia on December 13, 2018 to redevelop the Project site. The LDDA expires on March 29, 2021.

The unit mix for the Project will consist of 118 efficiency units, 241 one-bedroom units, and 90 two-bedroom units for a total of 449 units. The development will have 68 units set aside for households earning 30 percent of Area Median Income (“AMI”) or less and 68 units set aside for households earning 50 percent of AMI or less. The remaining 313 units will be unrestricted.

The capital stack for the 4 percent transaction will consist of permanent financing in the approximate amount of $4,400,000 as a Freddie TEL, a 20,327,985 Sponsor Loan, $8,405,186 in LIHTC Equity. The capital stack for the 9 percent transaction will consist of permanent financing in the amount of $2,820,000 as a taxable Freddie Loan, a $1,049,693 Sponsor Loan, and $10,010,000 in LIHTC Equity. The capital stack for the market component will consist of permanent financing in the amount of $120,824,113 as a taxable Freddie Loan. The total development cost is $167,836,978 ($373,802/unit), inclusive of acquisition debt repayment, hard and soft costs, developer, and financing fees, reserves and escrows. The Borrowing Entity is WFS2 AH4 LLC (the "Owner" or "Borrower"). The Managing Member is WFS2 AH4 MM LLC and consists of WFS2 JV LLC (100%) and AHC Waterfront 4 LLC (0%). WFS2 JV LLC is the Sole Member and is comprised of AHC Inc. (18%), Paramount Development LLC (8%), PNH WFS2 LLC (62%), City Partners LLC (9%), and Hoffman & Associates Inc. (3%). AHC Waterfront 4 LLC is the Non-Member Manager that is wholly owned by AHC Inc. LH 1-Manager LLC and PNH WFS2 LLC are both affiliates of Hoffman & Associates.

The remaining members of the development team consist of Clark Construction as General Contractor, Torti Gallas Urban, Inc. as Architect, and Bozzuto as Property Manager.

Mr. Dew concluded his presentation, opened the floor for questions, and introduced members of the development team present on the Board meeting call: Alan Goldstein, John Welsh, and David Brotman from AHC, Inc.; Ryan Dring, David Roberts and, Meri Baroni from Hoffman & Associates; and Kent Neumann and Chico Horton from Tiber Hudson.

Mr. Binitie inquired about the status of the building permit application. Mr. Roberts replied the third-party review of permits were almost completed but had yet to be submitted to the Department of Consumer and Regulatory Affairs ("DCRA"). Mr. Binitie asked what was permits were needed in order to close. Mr. Dring replied the deal could close with footing to grade permits, but lenders would not fund until building permits had been provided.

Mr. Binitie asked if the $20 million was allocated to the market rate units or the affordable units. Mr. Dring responded the $20 million sponsor loan draws from the market rate equity over time and would be first to fund the Project. Mr. Binitie asked about rental rates. Mr. Dring discussed the rental rates for similar properties in the area and detailed his expectations for the market when the Project opened.

Mr. Binitie inquired about community amenities and the deal structure. Mr. Dring responded that amenities will be available to all residents, though there will be an additional fee for parking. Mr. Dring then explained the deal structure and its components.

Mr. Irving asked who the general contractor is and how many projects had they completed on the waterfront. Mr. Roberts replied that Clark was the general contractor and they have completed several projects on the waterfront. Mr. Irving asked a follow up question regarding Certified Business Enterprise ("CBE") participation. Mr. Roberts answered that he would follow up with the information at another time.

There were no additional questions.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2020-27 for Waterfront Station II. Mr. Irving made a motion to approve the resolution; the motion was properly seconded by Mr. Jackson. Mr. Donald took a poll vote because the Agency is committing volume cap.

The resolution was unanimously approved.

VI. Other Business.

Mr. Donald announced that the Agency had received a NALFA award for redevelopment excellence. Additionally, Mr. Donald gave an update on the Housing Stabilization Grant Program.

VII. Interim Executive Director's Report.

There was no Interim Executive Director's Report.

VIII. Adjournment.

Mr. Binitie called for a motion to adjourn the meeting. Mr. Binitie made a motion, and that motion was properly seconded by Mr. Jackson. The motion passed by a chorus of ayes.

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

Submitted by Christopher E. Donald, Acting Secretary to the Board of Directors on January 22, 2021.

Approved by the Board of Directors on January 26,2021.