

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BOARD OF DIRECTORS
June 11, 2019
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 Chairman Buwa Binitie called the meeting to order at 5:32 p.m. and asked the Secretary to the Board of Directors (the “Board”), Mr. Todd Lee to verify a quorum. With five members present, the Board had a quorum, and the meeting continued.

The following members were present: Buwa Binitie, Stephen M. Green (telephonic), Bryan “Scottie” Irving (telephonic), Stanley Jackson (telephonic), and Sheila Miller.

II. Approval of the Minutes from the May 14, 2019 Board Meeting.

A motion was made to approve the minutes from the May 14, 2019 board meeting by Ms. Miller. The motion was properly seconded by Mr. Irving.

The motion passed by a chorus of ayes.

III. Vote to close meeting to discuss Randle Hill Apartments.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors, Mr. Binitie 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 **Randle Hill Apartments**. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

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

The meeting was closed by unanimous consent at 5:34 p.m. and resumed at 5:49 p.m.

IV. Consideration of DCHFA Eligibility Resolution No. 2019-13 for Randle Hill Apartments.

DCHFA Underwriter, Kristin Chalmers, presented the transaction and information to the Board.

The Multifamily Lending Neighborhood Investments (MLNI) underwriting staff recommends that the DCHFA Board approve an inducement resolution to issue tax-exempt bonds in an amount not to exceed \$31,250,000 to finance Randle Hill Apartments. The Agency previously approved an inducement resolution for the transaction on January 10, 2017, authorizing the issuance of tax-exempt bonds in an amount not to exceed \$22,600,000 million. The developer is now requesting additional tax-exempt bonds due to an increase in construction costs.

The sponsor, Randle Hill LLC, purchased the property in November 2016 after tenants waived their Tenant Opportunity to Purchase (TOPA) rights. The managing member is CPDC Randle Hill LLC, which is comprised of Community Housing, Inc. (CHI), and Arlington Housing Corporation, Inc. (AHC).

The proposed project is a substantial rehab in an existing community situated on approximately five acres of land and consists of 17 buildings containing 195 units. Located in Ward 8 of the Congress Heights neighborhood, the unit mix consists of 4 efficiencies, 35 one-bedroom units, 154 two-bedroom units, and 2 three-bedroom units.

The property is an existing community subject to rent control and will convert to a LIHTC property upon completion of renovations. Although annual rent increases are permitted on the District's rent controlled properties, the sponsor has not increased rents since acquiring it in November 2016.

The District's rent control cap rates for 2019 are 2.3% for elderly tenants and those with disabilities, and 4.3% for all other tenants. Upon completion of the renovation project, the sponsor plans to increase rents for existing tenants by 5%, which is well below the retroactive increases permitted under the District's rent control standards.

With regard to the transaction's structure, the project will be financed through the issuance of

\$25 million in short and long term tax-exempt bonds. Bank of America will provide a 24-month construction loan priced at 1 month LIBOR plus 210 basis points, which will be paid off at the end of the end of the construction term using LIHTC equity.

The Agency will be executing a \$16.95 million HUD Risk Share loan with a 17-year term and a 40-year amortization. The loan will be limited to 85% of the as-stabilized value of the property.

The developer intends to elect income averaging, which is a new minimum set-aside that will be included in the 2019 LIHTC allocation plan for the District of Columbia. Twenty of the units are currently projected to be restricted to residents earning 80% of AMI or below, and the remaining LIHTC units will be restricted to 60% of AMI or lower.

The guarantor for the transaction is Community Preservation and Development Corporation (CPDC). CPDC is an experienced project developer in the Washington DC area. Other members of the development team include Hamel Builders as the General Contractor and Wiencek and Associates as the Architect.

Ms. Chalmers introduced members of the development team – Ms. Stacie Birenbach and Ms. Suzanne Welch.

Mr. Binitie asked about the status of the transition within CPDC and how it could impact the transaction going forward. Ms. Birenbach and Ms. Welch responded that CPDC became an affiliate of Enterprise Community Investment, Inc. (Enterprise) but still maintains a separate board of directors. CPDC is essentially operating as an affiliate of Enterprise. CPDC and Enterprise will transition into one development entity on January 1, 2020. The current guarantors will continue to be the guarantors for existing projects, such as Randle Hill Apartments.

Mr. Binitie also inquired about the job security of the employees. Ms. Birenbach stated that all staff will be retained.

Mr. Green asked about whether any residents would be eligible for a Uniform Federal Accessibility Standards (UFAS) unit. Ms. Birenbach responded that they are not aware of any current UFAS residents and if necessary, her staff will request those units.

Mr. Jackson inquired about the structure of the building and whether there are plans to sell it to a new entity. Ms. Birenbach responded that they are not selling the physical property, but are selling the interest of the managing member to a newly created managing member, which is akin to a “step-in-the-shoes” transaction. Ms. Birenbach further stated that TOPA notices have been issued and that AHC will be playing a supportive role in order to avoid any related party issues.

There were no additional questions related to the transaction.

Mr. Binitie called for a motion on the resolution. Ms. Miller made a motion to approve DCHFA Eligibility Resolution No. 2019-13; that motion was properly seconded by Mr. Jackson. Mr. Lee said the Board took a poll vote because the Agency is committing volume cap.

The motion was voted on by Mr. Binitie, Mr. Green, Mr. Irving, Mr. Jackson, and Ms. Miller. The motion was approved by a chorus of ayes.

V. Other Business

There was no other business.

VI. Executive Director’s Report

- Mr. Lee announced that DCHFA kicked off June Bloom with a DCHFA Lender Fair in the Agency’s auditorium. There were over 130 DC residents registered for the fair.
- This Saturday, June 15th at 10:00 a.m. is the DC Housing Expo. The Agency will have a booth at the expo.
- The Agency joined Mayor Bowser, Deputy Mayor Kenner and other executives from Eagle Bank to announce the launch of a new DC Government employee mortgage loan product.
- The Agency will be rolling out its Single Family bond program later this summer.
- Approximately 10 Agency employees are attending the NCSHA tax credit conference in San Francisco.
- DHCD is currently working on a Qualified Action Plan (QAP) for tax credits and they expect to address income averaging and twinning deal structures. Please feel free to review the QAP.

- Thorn Pozen, Counsel to the Board of Directors indicated that the Board of Ethics and Government Accountability (BEGA) financial disclosure forms should be available and he will follow up to make sure that the Board receives the on-line link in order to submit their forms.

VII. Adjournment

Mr. Binitie called for a motion to adjourn.

A motion to adjourn the meeting was made by Ms. Miller and seconded by Mr. Green.

The motion was approved by a chorus of ayes.

The meeting adjourned at 6:12 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on June 21, 2019.

Approved by the Board of Directors on June 25, 2019.