

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
SPECIAL MEETING - BOARD OF DIRECTORS**

September 13, 2019

815 Florida Avenue, NW

Washington, DC 20001

3:30 p.m.

Minutes

I. Call to order and verification of quorum.

District of Columbia Housing Finance Agency (“DCHFA” or the “Agency”) Board Vice-Chairman, Stephen Green, called the meeting to order at 3:35 p.m. and asked the Secretary to the Board of Directors (the “Board”), Mr. Todd Lee to verify a quorum. With three members present, the Board had a quorum, and the meeting continued.

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

Board Chair Buwa Binitie recused himself from discussion and voting on Kennedy Street Senior Apartments and was not present for the meeting.

II. Vote to close meeting to discuss Kennedy Street Senior Apartments.

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 **Kennedy Street Senior 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 Mr. Jackson, seconded by Mr. Irving and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 3:38 p.m. and resumed at 3:49 p.m.

III. Consideration of DCHFA Eligibility Resolution No. 2019-20 for Kennedy Street Senior Apartments.

Mr. Binitie who recused himself from the transaction was not present for the discussion or vote.

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

Ms. Chalmers presented her recommendation to approve an Inducement Resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed \$10 million for the Kennedy Street Senior Apartments project.

The Sponsor, Kennedy Street Community Partners, LLC was awarded the project site on November 30, 2017 after the DC Department of Housing and Community Development's (DHCD) Property Acquisition and Disposition Division (PADD), issued a solicitation for offers in an effort to transform vacant and underutilized lots. The Sponsor entered into a Property Disposition Agreement (PDA) with the District of Columbia on October 4, 2018. Under the PDA, the Sponsor agrees to develop, construct, own, and operate a multifamily rental housing project approved by the District. The Sponsor will gain full site control upon closing which is currently projected for November, 2019.

The proposed project will consist of the redevelopment of two adjoining vacant parcels located off Georgia Avenue into an affordable rental housing property for adults fifty-five and older. Located in Ward 4 in the Brightwood neighborhood, the Property will consist of a four story building containing thirty-eight units consisting of one efficiency and 37 one bedroom units. The first floor will include over 1,000 square feet of retail space. Total development costs for the project are \$50.9 million or approximately \$429,000 per unit.

With respect to operations, the effective gross income is projected to be approximately \$463,000 in year one of stabilization based on an assumption of seven percent vacancy. Annual operating expenses are projected to be approximately \$307,000 resulting in Net Operating Income (NOI) of \$155,000 in year one of stabilization which supports a permanent mortgage of \$2.1 million with amortizing debt service of 1.27 in year one.

As noted in the rent comparables section of the memo, current rent projections for the Project are higher than comparable senior affordable properties in desirable submarkets of the

District. Given the lack of new inventory in this submarket, DCHFA underwriting staff feels the rent projections are reasonable but is assuming a higher vacancy of seven percent to offset and will revisit the rent projections prior to final bond approval.

With regard to the transaction structure, the Project will be partially financed through the issuance of \$8 million in DCHFA tax exempt bonds which will be privately placed with JP Morgan Chase Bank (JPMC). During construction and lease up there will be a 30 month interest only period with the option for one six month extension. Interest during the construction period will be one month LIBOR plus a spread of 1.70%. Upon conversion, the construction loan will be partially paid down using Low Income Housing Tax Credit (LIHTC) equity. The remainder will convert to a permanent loan with an 18 year term and 40 year amortization. The interest rate for the permanent loan will be locked at construction loan closing and will be equal to the ten year swap rate at that time plus 2.34%.

The tax credit investor will be Wells Fargo who will be paying an investor rate of \$0.99 per \$1.00 of federal tax credits. Total LIHTC equity contribution is projected to be \$5.6 million. The managing member for the Sponsor will be Kennedy Street MM LLC which is comprised of DP GD JV Member LLC, a joint venture between Dantes Partners and Gilbane Development Company (“Gilbane”), and GD Affordable Housing LLC. Gilbane Development Company will serve as the Guarantor for the project.

Other members of the development team include Soto Architecture as the Architect, Faria Management as the Property Manager, and Broughton Construction as the General Contractor.

Ms. Chalmers opened the meeting up to any questions, and introduced members of the development team: Corey Powell from Dantes Partners, and Blaise Rastello and AJ Casavant from Gilbane.

Mr. Green called for a motion on the resolution. Mr. Jackson made a motion to approve DCHFA Eligibility Resolution No. 2019-20 for Kennedy Street Senior Apartments; that motion was properly seconded by Mr. Irving.

The Board took a poll vote since the Agency is committing volume cap. Resolution No. 2019-20 was passed.

IV. Other Business.

There was no other business.

V. Adjournment.

Mr. Green called for a motion to adjourn.

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

The motion was approved by the Board.

The meeting adjourned at 3:55 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on September 20, 2019.

Approved by the Board of Directors on September 24, 2019.