

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

November 27, 2018
815 Florida Avenue, NW
Washington, DC 20001
5:30 pm

MINUTES

I. Call to order and verification of quorum.

DCHFAs Board Chair Mr. Buwa Binitie, called the meeting to order at 5:35 p.m. and asked the Secretary to the Board, Mr. Todd Lee to verify a quorum. With five members present, the Board of Directors had a quorum, and the meeting continued.

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

II. Approval of minutes from the October 9, 2018 and October 17, 2018 Board Meetings.

A motion was made to approve the minutes from the October 9, 2018 and October 17, 2018 Board Meetings by Mr. Jackson. The motion was properly seconded by Ms. Miller.

The motion passed by a chorus of ayes.

III. Vote to close meeting to discuss **a Final Authorizing Resolution for 555 E Street Seniors Apartments, a Final Bond for Takoma Place Apartments, and an Eligibility Resolution for Cedar Street.**

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 **a Final Authorizing Resolution for 555 E Street Seniors Apartments, a Final Bond for Takoma Place Apartments, and an Eligibility Resolution for Cedar Street.** An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

A Motion was made by Mr. Green, seconded by Ms. Miller and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 5:39pm, and resumed at 6:22pm.

IV. Consideration of DCHFA Final Authorizing Resolution No. 2018-15 for 555 E Street Seniors Apartments.

Mr. Binitie recused himself, and was not present for the discussion and vote on 555 E Street Seniors Apartments.

DCHFA Underwriter, Ugonna Duru, presented the transaction and information to the Board.

The Multifamily Lending and Neighborhood Investments underwriting staff recommends that the Board of Directors approve the Final Bond Resolution for the issuance of tax exempt bonds in an amount not to exceed \$12,325,000 million, to finance a portion of the cost to build 58 affordable units out of 194 units at 555 E Street Seniors Apartments. The subject transaction will be privately placed tax exempt construction loan.

The building will be a ten-story structure consisting of two levels of underground parking, one floor of retail space, and nine floors of multifamily housing, and will be divided into two legally distinct projects, 58 units to the senior affordable project, and 36 units to the market rate project. The property will have 15 affordable units set aside for households earning 30 percent of AMI or less, seven of these units will be permanent supportive housing units, coupled with supportive services by local nonprofit community connections.

The capital stack for the affordable development will consist of permanent financing in the amount of \$4.4 million dollars from Citibank, Housing Production Trust Funds in the amount of \$10.9 million dollars, a loan from Housing Tax Credit Equity for approximately \$7.2 million dollars, and deferred developer fee of \$1.7 million dollars.

The total development costs for the affordable development is approximately \$24.4 million dollars. The owner of the transaction and the borrower will be 555 E Street Southwest Senior, LLC. The borrower is a subsidiary of Master Development Entity, 555 E Street Southwest, LLC., consisting of four development partners, Potomac Investment Properties, Inc.; Adams Investment Group, LLC; D.C. Strategy Group, LLC; and Paramount Development, LLC. Three of the four owner entities are certified business enterprises (CBEs).

There will be two construction loans for the development. One will be a tax exempt loan covering the affordable units, while the other will be a taxable loan for the market rate, retail, and parking components. The affordable and market rates loans will be cross collateralized in construction and permitting periods. Upon conversion Citibank will sell the loan for to Freddie Mac as part of the tax exempt loan program for the affordable units. And a construction loan for the market rate units will convert to Freddie Mac permanent taxable loan. The sponsors selected Raymond James Taxpayer Funds as a LIHTC investor for the transaction.

Having reviewed the development budget, plan, financing, and operating projections, the transaction appears to be feasible. And that concludes my presentation at this time.

Representatives from the Development Team Present:

Matt Sisman, Development Consultant

Rich Jordan, Potomac Investment Partners

A discussion led by Board Vice-Chair Steve Green commenced regarding the location of the seniors in the building, and whether they should be located on different floors throughout the building as opposed to the current plan of locating the seniors together on two floors. Mr. Sisman noted that the decision was made to locate the seniors on the two lower levels of the building due to design elements of the senior space being the most advantageous to the seniors. Mr. Green noted his continued concerns with grouping the seniors together on two floors.

Mr. Green called for a Motion on the Resolution. Ms. Miller made a motion to approve DCHFA Final Authorizing Resolution No. 2018-15 for 555 E Street Seniors Apartments, that motion was properly seconded by Mr. Jackson.

Mr. Lee called for a roll call vote:

Ms. Miller – Aye

Mr. Jackson – Aye

Mr. Irving – Aye

Mr. Green – Aye

Mr. Binitie – Recused

V. Consideration of DCHFA Final Bond Resolution No. 2018-16 for Takoma Place Apartments.

Mr. Green recused himself and was not present for the discussion or vote regarding Takoma Place Apartments.

Michael Hentrel, General Counsel presented the transaction to the Board.

The original final bond resolution was passed at the August 14, 2018 Board of Directors meeting, and the deal is scheduled to close imminently, the bond issue itself has not changed--the bond amount, and the type of financing remain the same. However, certain facts in the original bond, final bond resolution are stale, namely the bond purchaser and the contemplated closing date. Prior to finalizing their opinions on the transaction bond counsel and issuer's counsel have requested that the information in the final bond resolution be refreshed, so that they can get an opinion on updated information.

In addition, the refreshed final bond resolution clarifies certain facts regarding the date, and the approval of the eligibility resolution.

Mr. Jackson made a motion to approve DCHFA Final Bond Resolution No. 2018-16 for Takoma Place Apartments. That motion was properly seconded by Ms. Miller.

Mr. Lee called for a roll call vote:

Mr. Jackson – Aye
Mr. Irving – Aye
Ms. Miller – Aye
Mr. Binitie – Aye
Mr. Green – Recused

VI. Consideration of DCHFA Eligibility Resolution No. 2018-18 for Cedar Street.

Christopher Donald, SVP, Multifamily Lending and Neighborhood Investments presented the transaction to the board.

The project is requesting \$8 million dollars in bond volume cap. And DC HFA will serve solely as the issuer in this transaction. The Cedar Street Apartments is before you tonight as a TOPA transaction that must obtain an inducement resolution to preserve the acquisition cost. The project is extremely early in the pre-development process, and has a number of outstanding questions before the program is finalized, and the project returns to the Board for Final Bond.

The Cedar Street Apartments is a 30 unit garden apartment located in the Takoma Park neighborhood of Washington, DC. The project currently consists of one and two bedrooms. On the final development plan the number of two bedroom units will increase, and there will be an addition of one three unit bedroom.

The affordability includes three 30 percent AMI units, twenty-three 60 percent of AMI units, and four 80 percent of AMI units. The scope of work here will be of substantial rehab, with replacement of kitchens and baths, roof replacement, and environmental remediation, and building repair.

The Phase 1 has recommended that a Phase 2 study be commissioned, and the development is underway in that process. A report has not been issued at the time of the writing of the memo.

The project was acquired using an acquisition loan from that was funded through the DC Housing Preservation Fund. That loan is for \$5.7 million dollars at 5%. The interest will accrue on this deal, and it is likely that there will be no payments on the loan prior to the construction financing, given that the project is only 50 percent occupied, due to deferred maintenance, environmental contamination, and a missing roof.

The borrower had solicited both loan and equity proposals from at least five lenders and investors across the market, to determine a preliminary cost of capital, and have sized that capacity based on a 1.2 debt service coverage, the 35 year amortization, 18 year term, and an

interest rate of 5.6 percent. The year one NOI is \$206,000 dollars, which will support a loan of approximately \$2.6 million dollars.

The project sponsor will be Anchor Preservation, LLC, whose members will be Wesley Housing Development Corporation, and Joseph Development, Inc. Joseph Development, Inc. currently has a sole site control through Anchor Preservation. Once the construction closing occurs Wesley Housing will be admitted to the partnership. The development team consists of Wesley Housing Development Corporation, a northern Virginia based nonprofit with one property in our portfolio, Brooklyn Place, which is currently under construction. Wesley Housing owns and manages almost 2,000 units.

Joseph Development, Inc. is a D.C. Based CBE, whose principle, Jerry Joseph, has been active in the District in affordable housing development for almost two decades. During his tenure at CPDC, a Washington, D.C. nonprofit agency, he's overseen the acquisition and construction of 1,400 units, with a value of approximately \$280 million dollars. Wesley Housing will serve as a guarantor on the development. The CBE requirements will be fulfilled by Joseph Development, Inc., Winsock Associates, and Greg Cardona Partners, the owner's representative.

The MLNI staff recommends that this project be approved for \$8 million dollars in bond volume cap to preserve the acquisition credits on the transaction, as it moves through the pre-development process. The plan will evolve significantly between now and construction financing.

Representatives from the Development Team Present:

Jerry Joseph, Joseph Development

Kamilah McAfee, Wesley Housing Development Corporation

Mr. Green made a motion to approve DCHFA Eligibility Resolution No. 2018-18 for Cedar Street. That motion was properly seconded by Ms. Miller.

Mr. Lee called for a roll call vote:

Mr. Green – Aye

Ms. Miller – Aye

Mr. Jackson – Aye

Mr. Irving – Aye

Mr. Binitie – Aye

VII. Executive Director's Report.

- On Thanksgiving Day, DCHFA partnered with Ron Moten, Second Enterprises, Shawn Lightfoot, Tina Washington, and Washington East to provide meals at two sites in Ward 7 and Ward 8.

- Board Counsel Thorn Pozen is being honored by Council Member Anita Bonds at the Fourth Annual Community Cornerstones Award on December 19, 2018.
- DC HFA's holiday party is on December 14, 2018 in our auditorium.
- Mr. Donald introduced new hire to the MLNI staff, Kristen Chalmers.

VIII. Other Business.

IX. Adjournment.

Mr. Binitie called for a vote to adjourn the meeting.

A motion was made to adjourn the meeting by Mr. Green. It was properly seconded by Ms. Miller, and was followed by a chorus of ayes.

Meeting was adjourned at 6:59pm.

Submitted by Todd A. Lee, Secretary to the Board of Directors on January 18, 2019.

Approved by the Board of Directors on January 22, 2019.