

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

June 11, 2024

5:30 p.m.

Minutes

Join Zoom Meeting

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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. Stephen Green, called the meeting to order at 5:30 p.m. and asked the Secretary to the Board of Directors (the “Board”), Mr. Christopher Donald, to verify a quorum. The Board reached a quorum and the meeting continued.

The following members were present via Zoom: Mr. Stephen Green, Mrs. Heather Wellington, Mrs. Carri Robinson, Mr. Bryan “Scottie” Irving, and Mr. Stanley Jackson.

II. Vote to close meeting to discuss Wagner Senior and 2911 Rhode Island.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors called for a motion 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 credit review for Wagner Senior and 2911 Rhode Island. An open meeting would adversely affect matters related to the Agency. (Code §2-575(b)(2)).

Mr. Green called for a motion to close the meeting. Mr. Irving made a motion to close the meeting. The motion was properly seconded by Mrs. Robinson. The motion passed by a chorus of ayes.

The meeting was closed at 5:37 p.m. and re-opened at 6:20 p.m.

III. Credit Review for Wagner Senior.

Mr. James Grisham, Underwriter, Multifamily Lending and Neighborhood Investment (“MLNI”), presented the transaction to the Board. MLNI presented Wagner Senior for credit review. The transaction was approved by DCHFA Board of Directors for inducement on April 22, 2024.

The Project is located in the Skyland neighborhood of Southeast Washington D.C. approximately 0.9 miles from the Naylor Road Metro Station, which services the green line. The site of the Project is currently vacant; however, the unit mix of the building will consist of a total of sixty-seven (67) units, including six (6) studio units, fifty-eight (58) one-bedroom units, and three (3) two-bedroom units. Thirty-four (34) units will be reserved for residents earning thirty percent (30%) of the Area Median Income (“AMI”) or less. Of the thirty-four (34) units, twenty-four (24) units will benefit from Local Rent Subsidy Program (“LSRP”) contracts and thirteen (13) of the twenty-four (24) will be Permanent Supportive Housing (“PSH”) units.

Property amenities include an indoor resident lounge, a fitness center, and an outdoor terrace located on the fifth floor of the building. Notable in-unit amenities will include washers, dryers, and dishwashers.

The development team for the Project consists of Justice Housing and Miller Group. Other members of the development team will include McCullough Construction as the general contractor, Torti Gallas + Partners as the architect, Edmondson & Gallagher Property Service as the property manager, and EquityPlus as development consultant.

Mr. Grisham completed the presentation, opened the floor for questions and introduced representatives from the development team present on the Zoom call: Robert Miller, Miller Group, Avi Fechter, EquityPlus, J.R. Russell, McCullough Construction, and Melissa Steele, E&G.

Mr. Jackson asked about the security plan for the evenings and weekends and the expected hours of operation. Mr. Fechter responded they have not determined an exact schedule; however, they have budgeted for “partial roving” security on nights and weekends but that no regular schedule will be in place to lessen the chance of predictability.

Mrs. Wellington asked whether security would be armed or unarmed. Mr. Fechter stated that currently the plan is for security to be armed but is unsure if that will be the plan in two (2) years’ time. Mr. Green and Mrs. Wellington asked for clarification. Mr. Fechter responded that crime could decrease over time and therefore it may no longer be necessary to have armed security officers.

Mrs. Wellington agreed and stated that statistics indicate crime in the District is decreasing. Mrs. Wellington then asked how the determination was made to have armed versus unarmed security guards. Mr. Fechter responded they rely on the advice of their property management firm, E&G.

Mrs. Wellington asked whether E&G could speak to their decision. Ms. Steele was experiencing technology issues; thus, in the meantime Mrs. Wellington asked about the status of the building permit. Mr. Miller responded that all building permits are in hand. Mrs. Wellington asked whether the building permit was active, expired, or if any revisions were needed. Mr. Miller responded that they have maintained renewals on the appropriate schedule and have active building permits ready for start of construction.

Mr. Green asked a question about the vacancy and collection loss and whether the stated terms were realistic given the state of the market. Mr. Fechter responded that Department of Housing and Community Development (“DHCD”) and DCHFA will be in close coordination as they continue; however, DHCD’s loan committee, which sizes the Housing Production Trust Fund (“HPTF”) loan ultimately determines what vacancy collection loss can be underwritten for a transaction.

Mrs. Wellington asked a follow-up to her previous question about the property management and what goes into the decision to decide the use of armed versus unarmed guards. Ms. Steele responded similar to Mr. Fechter’s response -- that they budgeted to reflect evening hours with an armed guard. However, she noted that that decision is subject to change. She also noted that the cost difference was significant between armed and unarmed but found comfort that the budget allowed for the higher cost. Ms. Steele stated that it is hard to anticipate the future but is nice to know that the funding is available if needed.

Mrs. Wellington stated that while those things are great for the budget, she would like to see more intention towards creating a thriving community. Mrs. Wellington stated that most studies show there is no difference when armed guards are present; she asked if they were looking into that community policing. She further asked what the property manager used to determine whether a guard should be armed or unarmed other than the crime increasing since the pandemic.

Ms. Steele responded that it is based on incidents in the neighborhood, but they have a program similar to the neighborhood watch where they provide incentives such as rent credits to residents

for looking and checking out certain things and they have had success. Mrs. Wellington stated it is something they should look into because providing armed guards is not the answer to resolve security issues or violence; thus, a robust security plan is needed to keep the properties safe.

Mr. Green asked the construction type of the project. Mr. Miller responded that the project is wood frame over slab on grated. Mr. Green asked a follow-up question regarding the number of stories. Mr. Miller responded there were five (5) stories. Mr. Green asked the expected cost per unit on the building. Mr. Russell responded that the cost is approximately \$350,000 per unit for construction costs. Mr. Green asked about the state of the drawings. Mr. Russell responded that the permits are approved. Mr. Green asked whether they would have fairly firm pricing. Mr. Russell stated he would need to check but currently the pricing is firm.

Mr. Irving asked what they are seeing in the market for Certified Business Entity (“CBE”) subcontractors and what was the plan to increase those numbers to incorporate more CBEs. Mr. Irving also asked whether they were experiencing the strain across other District projects. Mr. Russell stated that Division 2 and Division 3 numbers have been going down; however, Division 4 through 14, while experiencing certain difficulties, are overall constant.

Mr. Irving expressed concern about the mechanical systems, specifically switch gear systems and how fast they are turning over and the ability to deliver onsite. Mr. Russell agreed and stated they have been working with Mr. Miller and his team to sign an early start agreement because switch gear systems have an outlook of at least fifty-two (52) weeks, and they will work with developers to ensure timely orders that do not pose a detriment to the job site.

Mr. Irving asked whether they were trying to get uniform switch gear systems for the building as well as mechanical systems, what are readily available, and whether they are discussing that with developers. Mr. Russell responded they are trying to standardize by having one manufacturer, but it is a double-edged sword.

Mrs. Robinson asked a question about their economic loss of collection rates. Ms. Steele responded it was poor. Mr. Green asked the percentage of the numbers that Ms. Steele was referring to. Ms. Steele stated that they were averaging seventy-five percent (75%) for collections, so twenty-five percent (25%) overall. Mr. Fechter asked about Milestone Senior, which is their closest comparable property. Ms. Steele stated it is not nearly the same and that senior communities are significantly lower losses than other projects.

There were no additional questions.

Mr. Green stated that the project passed credit review.

IV. Credit Review for 2911 Rhode Island Avenue.

Ms. Linda Hartman, Senior Loan Underwriter, Multifamily Lending and Neighborhood Investment (“MLNI”), presented the transaction to the Board. MLNI presented Wagner Senior for credit review. The transaction was approved by DCHFA Board of Directors for inducement on April 22, 2024.

The Project is located in the Woodbridge neighborhood of Northeast Washington D.C. located near Metrobus stops, which provides access to the Rhode Island Avenue-Brentwood and Brookland-CUA Metro Stations which services the Red Line.

The Project site is currently vacant. The proposed Project will consist of one (1) mid-rise building with five-stories and a penthouse. The unit mix of the Development will consist of a total of one hundred (100) studio, one-bedroom, two-bedroom, and three-bedroom units. The Project units will be restricted at thirty percent (30%), fifty-percent (50%), and eighty-percent of the Area Median Income (“AMI”); however, it should be noted that twenty-one (21) units at the Project will be Permanent Supportive Housing (“PSH”) units operating with Local Rent Supplement Program (“LRSP”) subsidies.

Property amenities will include a gym, lounge areas, and a business and community center. Additionally, the Project will offer thirty-four (34) parking spaces and a bike room with forty-six (46) spaces. The Project will also offer security, which includes actively monitored cameras throughout the development and two (2) patrol officers that will provide coverage during the week between 5:00 p.m. and 12:00 a.m.

The development team for the Project consists of Lincoln Westmoreland Housing Inc. Other members of the development team will include Hamel Builders as the general contractor, PGN Architect as the architect, and CT Group LLC as the property manager.

Ms. Hartman completed the presentation, opened the floor for questions and introduced representatives from the Development team present on the Zoom call: Dahn Warner, KeyUrban, David Jacobs, Lincoln Westmoreland Housing, Oscar Maccio, Hamel Builders, Avi Fechter, EquityPlus, Tanya Holt, CT Group, and Chapman Todd, Jaydot.

Mr. Jackson asked a question regarding the current conditions of the vacancy and collection loss rates. Mr. Fechter responded that the projections will be similar to Wagner Senior. Mr. Green responded losses will be higher and it will somehow need to be solved but wishes them luck throughout their process with DHCD.

Mrs. Wellington asked the status of the building permit for the Project. Mr. Warner responded they have an issued building permit and are currently revisiting their excavation permit. He stated that a revised permit will be received in advance of closing.

Mrs. Wellington asked a follow-up question regarding whether they will anticipate any increased cost to the construction design with the revision of the building permit. Mr. Warner responded in the negative stating the changes should result in savings.

Mrs. Wellington asked KeyUrban whether they were construction managers and if they will regularly be overseeing construction. Mr. Warner responded in the affirmative.

There were no additional questions.

Mr. Green stated that the project passed credit review.

V. Vote to approve the minutes from the May 14, 2024 Board Meeting.

A motion was called to approve the minutes of the May 14, 2024 board meeting by Mr. Green. A motion was made by Mrs. Wellington to approve the minutes. The motion was properly seconded by Mrs. Robinson. Mr. Donald took a voice vote. The motion passed by a chorus of ayes.

VI. Other Business.

Mr. Donald introduced David Walker as a new addition to the Portfolio and Asset Management team. Mr. Donald also stated the Home Ownership Conference Fair will be held June 21st and 22nd with panels including Commissioner Julia Gordon from U.S. Department of Housing and Urban Development (“HUD”) and various vendors, agents and lenders speaking to the goods and services available to potential homeowners.

VII. Executive Director’s Report.

There was no Executive Director’s Report.

VIII. Adjournment.

Mr. Green called for a motion to adjourn the meeting. Mr. Jackson made a motion to adjourn the meeting, which was seconded by Mrs. Robinson.

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

The meeting was adjourned at 6:51 p.m.

Submitted by Christopher E. Donald, Secretary to the Board of Directors on July 19, 2024.