

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

August 27, 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 5:40 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, Mr. Bryan “Scottie” Irving, and Mr. Stanley Jackson.

II. Vote to approve minutes from the July 23, 2024 board meeting.

Mr. Stephen Green asked the board members if they had any additions or deletions to the July 23, 2024 minutes. Mr. Jackson stated that he had none and made a motion to accept the minutes. The motion was properly seconded by Mr. Irving. The motion passed by a chorus of ayes.

III. Vote to close meeting to discuss a Credit Review of Belmont Crossing II and a presentation of the FY25 budget.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors called for a motion to close the meeting to discuss, establish, or instruct the public body's staff or negotiating agents concerning the position to be taken in a Credit Review of Belmont Crossing II and presentation for the FY25 budget. An open meeting would adversely affect matters related to the Agency. (DC Code §2-575(b)(2)).

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

Mr. Donald asked Mr. Green whether he wanted to save the budget presentation for a smaller session. Mr. Green stated that the meeting could proceed as planned.

The meeting was closed at 5:43 p.m. and re-opened at 6:41 p.m.

IV. Credit Review of Belmont Crossing II.

Mr. James Holley-Grisham, Underwriter, Multifamily Lending and Neighborhood Investment ("MLNI") presented the transaction to the Board. MLNI presented Belmont Crossing II for initial credit review.

On April 22, 2024, the transaction was approved for inducement. Belmont Crossing II is in the Washington Highlands neighborhood, approximately 0.3 miles away from the Congress Heights metro station servicing the green line. The project has family and formerly homeless units. The development consists of 229 units including 39 studio units, 70 one-bedroom units, 87 two-bedroom units, and 33 three-bedroom units. The property has 70 units restricted at thirty percent (30%) Area Median Income ("AMI"), 113 units restricted at fifty percent (50%) AMI, and 46 units restricted at eighty percent (80%) AMI.

The project sponsors would like to proceed with income averaging set aside which would allow the AMI units to receive tax credits if the average AMI for the entire building is below sixty percent (60%). The property amenities will include a business center, a fitness center, a courtyard, on-site management, and service coordinator. Security features will include limited access via a key fob, security guards, and an intercom system.

Mr. Holley-Grisham concluded his presentation and introduced the representatives of the development team. Gilbane Development, Lead Developer, Bozzuto Construction, General Contractor, Wiencek & Associates, Architect, and Faria Management, Property Manager. Representatives from MED, Equity Plus, Housing Help Plus, and Jaydot were also present.

Alexander Marte, Senior Development Manager, Gilbane, introduced himself and stated that he has been through the entire Belmont Crossing process and that it is a great opportunity to get to this point to see four new buildings closing. He stated that tenants have been relocated off the property for the demolition and construction of the project.

Other members of the Gilbane development team introduced themselves: Bob Tengen, Senior Development Manager, Joel Alba, Senior Project Manager, Grant Petracca, Analyst, and Stacey Hunter, Asset Manager.

Mr. Bruce Finland from MED developers was present, including Max, Housing Help Plus, John Heagy, Bozzuto Construction, Caroline Sullivan, Bozzuto Construction, Chapman Todd, Housing Help Plus, Marquida Howard, Regional Vice President for Faria Management, and Andrew Barnes, Director of Community Management, Faria Management.

Mr. Green asked members of the board if they had any questions.

Mr. Jackson asked how many families had been relocated and of those families, how many had school-aged children, and were they able to continue to go to schools where they were already enrolled.

Ms. Hunter responded that a total of 156 residents were transferred, sixty percent (60%) of those residents had children, and ninety-five percent (95%) of those children stayed in the same school district. Mr. Green asked how many original residents were living there. Ms. Hunter stated that there were 169 residents.

Mr. Green asked whether they expected residents to come back. Ms. Hunter stated that they hope residents return. There are 81 residents that have the right to return, and they are hoping most of them choose to return.

Mr. Green asked whether they had any residents return in Phase I. Mr. Marte responded stating that Phase I is not complete but that 88 tenants are slated to return, and for Phase II, the remaining 50 are expected to return. Mr. Green asked for clarification because it was previously stated that 81 residents had the right to return. Mr. Marte explained that there are 81 tenants from when MED first acquired the property that had the right to return prior to 2018. The property was sold and currently, there are roughly 88 tenants with the right to return for Phase I.

Mrs. Wellington asked how many buildings were demoed in Phase I. Mr. Marte stated that eight buildings were demoed and there were eleven units in each building. Mrs. Wellington asked how Phase I was progressing with construction, timing, and budget. Mr. Marte responded that the project is currently on track, about 65% complete, and that he is looking forward to seeing it come to fruition.

Mrs. Wellington reiterated her question about whether the project was on budget. Mr. Alba responded that the project is on budget and tracking to be complete on April 15, 2025. He also stated that there are no major issues.

Mr. Green asked why Hamel was not used in Phase II. Mr. Marte responded that they have a really good relationship with Bozzuto and when given the opportunity to price the project, Bozzuto provided a more cost-effective option.

Mr. Green asked about the underwriting on the vacancy and collection loss. Mr. Marte stated that they are currently underwriting at a vacancy rate of seven percent based on DCHFA's guidance but based on their market studies, it is trending around three to four percent. Mr. Green asked who is managing the property. Mr. Marte stated that it will be Faria and introduced Andrew Barnes.

Mr. Green asked for Faria's vacancy and collection loss on other D.C. affordable projects. Mr. Barnes responded that vacancy usually runs around three to five percent and collection runs between the same range. Mr. Green commented that they were doing way better than the market. Mr. Jackson seconded his comment. Mr. Barnes stated that they have been very aggressive with collections, and it has been effective.

Mr. Green stated that he suspects that the collection and vacancy loss is higher. He stated that the market is around 15-20% loss and asked what will happen if they experience the same problem.

Mr. Marte responded that it was a good question, and they are going based on information received from Faria and other investors active in the market in D.C. He stated that they have three years to get to a point where there may be decent rent growth to potentially cover debt service, and they will have to figure out with partners how they can convert once they get there.

Mr. Green asked Mr. Marte to clarify what he meant by three years before they can get to rent growth and cover debt service. Mr. Marte stated that there is a construction period, lease period, and stabilization period to account for.

Mr. Green asked for the projected growth in rent. Mr. Marte stated that there will roughly be a two percent growth of expenses for every year. He stated that based on information they have received, they are taking a conservative stance on their underwriting. Mr. Tengen noted that from a policy standpoint, they are not allowed to underwrite for a higher vacancy than seven percent. Further, he stated that they have some built in cushion given that residents at 50% AMI are paying well below that.

Mr. Green asked who would be purchasing the bonds. Mr. Tengen responded that the transaction is a public offering of the construction piece and Chase will provide the loan that will serve as cash collateral for the transaction. Mr. Green asked who the debt lender will be. Mr. Marte responded that the debt lender will be M&T.

Mr. Green asked if there were any other questions. Mrs. Wellington asked about the decision to have armed guards. Mr. Marte responded that they have been using armed guards on other property sites and it is an asset management strategy. He stated that the area has an extremely high crime rate and the security companies do not want to guard without being protected.

There were no additional questions.

V. Vote to close meeting to discuss a legal matter.

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 **consult with an attorney to obtain legal advice and to preserve the attorney-client privilege between an attorney and a public body, or to approve settlement agreements; provided, that, upon request, the public body may decide to waive the privilege.** An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(4)(A)).

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

The meeting was closed at 7:07 p.m.

VI. Executive Director's Report.

There was no Executive Director's Report.

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

The meeting was adjourned at 7:53 p.m.

Submitted by Christopher E. Donald, Secretary to the Board of Directors on October 22, 2024.