

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

February 24, 2022

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 Vice Chairperson, Mr. Stephen Green, called the meeting to order at 5:33 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 M. Green, Ms. Heather Howard, Mr. Stanley Jackson and Mr. Bryan “Scottie” Irving. Shortly after the meeting began, Mr. Jackson made a statement recusing himself from the Euclid and Kalorama Apartments transaction.

II. Vote to close meeting to discuss Benning Road Apartments, Faircliff Plaza East and 7428 Georgia Avenue.

Pursuant to the District of Columbia Administrative Procedure Act, the Vice Chairperson of the Board of Directors 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 **Benning Road Apartments, Faircliff Plaza East and 7428 Georgia Avenue**. An open meeting would adversely affect matters related to the Agency. (D.C. 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 Ms. Howard. The motion passed by a chorus of ayes.

The meeting was closed at 5:37 p.m. and re-opened at 6:15 p.m.

III. Consideration of DCHFA Eligibility Resolution No. 2022-05 for Benning Road Apartments.

Ms. Linda Hartman, Multifamily Loan Underwriter, Multifamily Neighborhood Lending & Investments (“MLNI”), presented the transaction to the Board. The MLNI team presents its recommendation to authorize the issuance of tax-exempt bonds in an amount not to exceed \$51.89 million for Benning Road Apartments (the “Project”).

The Project is in the Old City I neighborhood in Northeast Washington, D.C., in Ward 6. It is located approximately 0.1 miles from the H Street corridor. A local bus stop and streetcar station are also located 0.1 miles from the Project site.

The Project site is currently improved with three (3) buildings and an asphalt parking lot. The existing improvements will be demolished prior to the construction of the Project. The Project will be a new construction development with one hundred forty-eight (148) units, with a proposed unit mix comprised of eight (8) efficiency, eighty-seven (87) one-bedrooms, sixteen (16) two-bedrooms, and thirty-seven (37) three-bedrooms. Fifteen (15) units at the Project will be restricted at thirty percent (30%) of the area median income (“AMI”). The aforementioned

units will operate as part of the local rent subsidy program (“LRSP”). The supportive services for the units will be paid by the D.C. Department of Human Services (“DHS”). Additionally, the Project will also offer one hundred thirty-three (133) unsubsidized units restricted at fifty percent (50%) of AMI.

Property amenities will include a clubhouse, business center, a landscaped courtyard at the center of the Project building, elevators, an exercise facility, garage parking, bike storage, tenant storage units, free common area Wi-Fi, a penthouse/rooftop courtyard, and on-site management. The security amenities at the Project will include a concierge services area, an armed on-site security guard, limited access, digital fob key access, video surveillance, and a 24-hour emergency call system. The management company for the Project, TM Associates, will respond to calls placed through the 24-hour emergency call system. In-unit amenities will include central air-conditioning, dishwashers, garbage disposals, microwaves and in-unit washer/dryers.

The capital stack for the Project will consist of permanent financing in the approximate amount of \$19.74 million dollars as Freddie Mac Forward TEL permanent mortgage loan (through Capital One), \$29.12 million dollars in a District of Columbia Department of Housing and Community Development (“DHCD”) Housing Production Trust Fund (“HPTF”) loan, \$32.32 million dollars in federal low income housing tax credit (“LIHTC”) equity, \$6.05 million dollars in DC LIHTC equity, \$4.23 million dollars as a deferred developer fee, a DC Sustainable Energy Utility rebate in the amount of \$35,000 dollars, a Freddie Mac Commitment Fee in the amount of \$449,000 dollars, and \$9,000 dollars in DC Solar Credit equity. The federal LIHTC equity investor is Hudson Housing Capital LLC, and the DC LIHTC equity investor is Monarch Private Capital. The Project is being proposed as a private placement transaction. The total development costs are estimated at \$91.95 million dollars or \$621,000 dollars per unit.

Ms. Hartman concluded her presentation and introduced Mr. Bobvala Tengen, Mr. Kofi Meroe and Mr. Feras Qumseya from the developer team.

Mr. Qumseya gave background on the Foulger-Pratt company and Mr. Meroe provided background information on the Project.

Ms. Howard asked if there were any improvements currently on the property. Mr. Meroe stated that there was a vacant church, two trailers and an asphalt lot on the property. Mr. Green asked about the business adjacent to the Project. Mr. Meroe stated that the business located next door

was a Chinese food restaurant and Foulger-Pratt had a good relationship with the owners. Ms. Howard asked if the lot was currently vacant, to which Mr. Meroe responded the lot was vacant and had been registered as vacant with the District of Columbia government. Mr. Green asked about the term of the Capital One construction loan. Mr. Tengen stated that the construction loan would be a thirty-month term with one (1) six-month extension.

There were no further questions.

Mr. Donald called for a vote to approve DCHFA Eligibility Resolution No. 2022-05 for Benning Road Apartments. Mr. Jackson made a motion to approve the resolution and it was properly seconded by Ms. Howard. Mr. Donald took a poll vote because the Agency is reserving volume cap. The resolution was unanimously approved.

IV. Consideration of DCHFA Eligibility Resolution for Faircliff Plaza East.

Mr. James Holley-Grisham, Senior Multifamily Loan Analyst, Multifamily Neighborhood Lending & Investments (“MLNI”), presented the transaction to the Board. The MLNI team presents its recommendation to authorize the issuance of tax-exempt bonds in an amount not to exceed \$56,285,000 for Faircliff Plaza East (the “Project”).

The Project is in the Columbia Heights neighborhood of northwest Washington, D.C. and is 0.3 miles away from the Columbia Heights Metro Station.

The unit mix of the proposed Project will be one hundred twenty-five (125) units with forty-six (46) one-bedrooms, forty (40) two-bedrooms, and thirty-nine (39) three-bedrooms. Eighty (80) units will be restricted to sixty percent (60%) of the area median income (“AMI”) and will also benefit from Section 8 subsidies. Nine (9) units will be restricted to thirty percent (30%) AMI and will be designated as permanent supportive housing (“PSH”) and a part of the local rent subsidy program (“LRSP”).

The effective gross income is projected to be approximately \$3.95 million dollars in the first year, assuming five percent (5%) economic vacancy. Annual operating expenses are projected to be approximately \$1.55 million dollars, or \$9,200 dollars per unit, resulting in a NOI of about \$2.7 million dollars in the first year of stabilization. The projected NOI supports a permanent mortgage of \$46.1 million dollars with a 1.15x amortizing debt service coverage ratio in year one.

The capital stack for the Project will consist of a DCHFA Risk Share Loan of \$46.1 million dollars, a HPTF loan for \$8.8 million dollars, federal LIHTC equity at \$37.6 million dollars, a solar investment tax credit in the amount of \$44,000 dollars, a DC Sustainable Energy Utility rebate for \$155,000 dollars, and a deferred developer fee of \$7.2 million dollars. Boston Financial will be purchasing the federal credits at \$0.96 cent per credit. The total development cost is about \$100 million dollars or approximately \$800,000 dollars per unit.

The general partner for the development will be FPE MM Partner, LLC and consists of FPE Development Partner, LLC and THCAH – FPE LLC (a subsidiary of THC Affordable Housing) (formally known as Housing Up). The managing member, FPE Development Partner, LLC consists of Somerset FPE Partners, LLC and Rose FPE, LLC.

Somerset and the Rose Company will serve as Guarantors for the Project and lead developers. THC Affordable Housing will serve as the non-profit JV sponsor.

Other members of the development team include John Moriarty and Associates, Inc as the general contractor, Eric Colbert and Associates as the architect, and Habitat America as the property manager.

Mr. Green asked if members of the development team were present. Mr. Holley-Grisham stated that the development team was not present. Mr. Jackson asked why the development costs were high. Mr. Ikeogu Imo responded that the building was being constructed with concrete cast, which is driving up costs, along with the location of the Project. Mr. Green requested that the resolution be tabled and voted on when the development team was in attendance.

There were no further questions.

The Board members decided to withhold voting on the resolution until the developers can join the Board meeting at a later date. Additionally, the Board withheld voting on the 7428 Georgia Avenue transaction and requested that the memo be updated when the project returned for a vote.

Based on Mr. Jackson's earlier statements recusing himself from the Euclid and Kalorama Apartments transaction, he left the meeting. He did not participate in any discussions or votes related to Euclid and Kalorama Apartments.

V. Vote to close meeting to discuss Euclid and Kalorama Apartments.

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

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

The meeting was closed at 6:39 p.m. and re-opened at 6:50 p.m.

VI. Consideration of DCHFA Eligibility Resolution No. 2022-06 for Euclid and Kalorama Apartments.

Mr. Scott Hutter, Deputy Director, Multifamily Neighborhood Lending & Investments ("MLNI"), presented the transaction to the Board. The MLNI team presents its recommendation to authorize the issuance of tax-exempt bonds in an amount not to exceed \$34.7 million dollars for Euclid and Kalorama Apartments (the "Project").

The Project consists of two buildings located in the Mount Pleasant and Columbia Heights neighborhoods in northwest Washington, D.C. in Ward 1. The Project will offer fifty (50) units, thirty-four (34) of which will be set aside as thirty percent (30%) of the area median income ("AMI") and will also benefit from the LRSP program. Sixteen (16) units will be restricted at fifty percent (50%) of AMI, ten (10) units will have rent control under the tenant opportunity purchase agreement or ("TOPA"), and as a result, these units will have rents that are below the applicable maximum allowable LIHTC rent. The Project will offer twenty (20) bedrooms, fifteen (15) two-bedrooms, thirteen (13) three-bedrooms, and two (2) four-bedrooms. Additionally, the Mount Pleasant site will have a ground floor condominium that will house Sitar, a nonprofit to provide educational programming for area youth.

The capital stack for the Project will consist of financing in the approximate amount of a \$17.29 million dollar U.S. Department of Housing and Urban Development 224 D-4 taxable loan placed by Gershwin Commercial Mortgage, a \$14 million dollar subordinate HPTF loan, \$18.3 million dollars in Federal LIHTC equity, \$3.9 million dollars in District of Columbia LIHTC equity, \$2.9 million dollars in deferred development fees, a \$2.45 million dollar seller note, an

\$800,000 dollar Department of Behavioral Health grant and \$823,000 dollars in interim income. The total development cost is \$59.8 million dollars.

Other members of the development team include Whiting-Turner as the general contractor, Equity Plus as the development consultant and construction manager, PG Architects as the architect, and Jubilee Management as the property manager. The lead developer will be Jubilee Housing.

Mr. Hutter then introduced Mr. Jim Knight from Jubilee Housing and Mr. Avram Fletcher with Equity Plus.

Mr. Knight stated that he was excited to continue with the Project after the delays caused by the Covid-19 pandemic.

There were no questions.

Mr. Donald called for a vote to approve DCHFA Eligibility Resolution No. 2022-06 for Euclid and Kalorama Apartments. Mr. Irving made a motion to approve the resolution and it was properly seconded by Ms. Howard. Mr. Donald took a poll vote because the Agency is reserving volume cap. The resolution was unanimously approved.

VII. Other Business.

There were no other business matters.

VIII. Executive Director's Report.

Mr. Donald stated that the Agency was expecting to have a full pipeline in the coming year and asked for the board members to keep their schedules flexible in anticipation of longer meetings.

IX. Adjournment.

Mr. Donald called for a motion to adjourn the meeting. Mr. Irving made a motion to adjourn the meeting, which was seconded by Ms. Howard.

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

The meeting was adjourned at 6:59 p.m.

Submitted by Christopher E. Donald, Secretary to the Board of Directors on
March 18, 2022.