

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

March 8, 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 5:32 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. Buwa Binitie, Mr. Stephen M. Green, Ms. Heather Howard, and Mr. Bryan “Scottie” Irving.

I. Vote to approve the minutes from the February 8, 2022 and February 14, 2022 Board meetings.

A motion was called to approve the minutes of the February 8, 2022 and February 14, 2022 Board meetings by Mr. Binitie. Ms. Howard made a motion to approve the minutes. The motion was properly seconded by Mr. Irving. Mr. Donald took a voice vote. The motion passed by a chorus of ayes.

Mr. Binitie stated that his company, Dantes Partners, is in business with Jonathan Rose and therefore, he will recuse himself from any discussion or voting related to Faircliff Plaza East.

Mr. Green stated that his company, The NHP Foundation, is the sponsor and current owner of the Ridgecrest property and he would recuse himself from any discussion or voting on the Ridgecrest Village Phase I transaction.

II. Vote to close meeting to discuss 7428 Georgia Avenue and the disposition of 815 Florida Avenue NW.

Pursuant to the District of Columbia Administrative Procedure Act, the 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 **7428 Georgia Avenue and the disposition of 815 Florida Avenue NW**. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

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

Mr. Binitie discussed that he is not involved in the Ridgecrest transaction, but that he is involved in a purchase contract for a neighboring property with the same seller. Mr. Binitie asked the Agency’s General Counsel, Mr. Michael Hentrel, and the Agency’s Board attorney, Mr. Thorn Pozen. Mr. Pozen stated that he appreciated Mr. Binitie’s disclosure and that there was no conflict. Mr. Hentrel deferred to Mr. Pozen’s analysis.

The meeting was closed at 5:37 p.m. and re-opened at 5:54 p.m.

III. Consideration of DCHFA Eligibility Resolution No. 2022-07 for 7428 Georgia Avenue.

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 \$19.2 million for 7428 Georgia Avenue Apartments (the “Project”).

The MLNI division recommends the authorization of an increase to the bond allocation for 7428 Georgia Avenue Apartments to \$19.2 million. The Project was initially induced on November 9, 2021, and the development scheme has not materially changed. The Project received an updated construction cost projection reflecting an increase in the total development cost by \$1.34 million, or approximately 4.2%.

The Project sponsor and their equity syndicator, PNC, approached the Agency with concerns regarding the 50 percent test. The MLNI department believes that a preemptive increase to the Project’s tax-exempt bond issuance is well supported.

This request to receive a higher bond allocation should not impact the projected closing date for this Project, which is in mid-May 2022.

The original approved bond issuance with the updated aggregate basis reflected 51.8% on the 50 percent test. This provided limited cushion for any rising Project costs during the construction period and significantly increases the likelihood that the Project will need a supplemental bond issuance.

The MLNI division proposes an increase to the bond issuance to allow for a 54.6% on the 50 percent test.

Mr. Hutter concluded his presentation and introduced Mr. Patrick Conway from Lock 7 Development and Mr. Jordan Bishop from Audubon Enterprises.

There were no questions.

Mr. Donald called for a vote to approve DCHFA Eligibility Resolution No. 2022-07 for 7428 Georgia Avenue. Mr. Green 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.

Mr. Green stated that his company, The NHP Foundation, is the sponsor and current owner of the Ridgecrest Village Phase 1 property. He recused himself from any discussion or voting on the transaction and exited the Zoom call. He did not participate in any discussions or votes for the Ridgecrest Village Phase 1 transaction.

IV. Vote to close meeting to discuss Ridgecrest Village Phase I.

Pursuant to the District of Columbia Administrative Procedure Act, the 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 **Ridgecrest Village Phase I**. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

Mr. Binitie 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 6:03 p.m. and re-opened at 6:14 p.m.

V. Consideration of DCHFA Eligibility Resolution for Ridgecrest Village Phase I.

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 \$24,830,000 for Ridgecrest Village Phase I (the "Project").

The Project is located in the Shipley Terrace neighborhood of Southeast Washington, DC and is 0.7 miles away from the Congress Heights Metro Station, on the Green Line.

The unit mix of the Development consists of 140 units, including 4 one-bedroom units, 88 two-bedroom units, and 48 three-bedroom units. Twenty-eight units are restricted to 30% of the Area Median Income ("AMI") and will benefit from Local Rent Supplement Payment ("LRSP") contracts.

The effective gross income is projected to be approximately \$2,394,000 year one, assuming a 5-7% economic vacancy rate. Annual operating expenses are projected to be approximately \$1,289,000, or \$9,200 per unit, resulting in a Net Operating Income ("NOI") of \$1,105,000 in

year one of stabilization. The projected NOI supports a permanent mortgage of \$15.4 million dollars with a 1.17x amortizing debt service coverage ratio in year one.

The capital stack for the Development will consist of a Senior New Point Loan at \$15.4 million, District of Columbia Department of Housing and Community Development (“DHCD”) Housing Production Trust Fund (“HPTF”) funding at \$15.2 million. Federal low income housing tax credit (“LIHTC”) equity at \$12.1 million, DC LIHTC equity at \$2.3 million, a deferred developer fee of \$1.6 million, and interim income at \$537,000. The total development cost is \$47.39 million or approximately \$338,000 per unit.

A Phase 1 was completed in December 2018 by KCI Technologies. The report identified two underground storage tanks that were removed from the site in the early 1990s, and two above ground storage tanks that are currently empty and will be used to back up the natural gas, if necessary. The report did not identify any significant environmental risks associated with the project.

The managing member for the Sponsor will be Ridgecrest Phase 1 Manager, LLC which is comprised of The NHP Foundation and Ridgecrest Tenants Association. The NHP Foundation will serve as guarantor for the Project and lead developer.

Other members of the development team include Hamel Builders as the general contractor, Studio K as the architect, and WC Smith as the property manager.

Mr. Holley-Grisham concluded his presentation and introduced Mr. Tim Pryor from the development team.

Mr. Binitie asked about the tenant engagement process and existing rents. Mr. Pryor described the Tenant Opportunity to Purchase (“TOPA”) interaction for phase 1 and phase 2 of the project. The tenants executed a developer-tenant agreement, and the parties hold regular meetings related to the relocation process. The agreement includes points such as limiting the rent increases of current residents and preserving affordability. After redevelopment, the rent for residents that are not seniors or disabled will increase by no more than the Consumer Price Index (“CPI”) plus 2%. Senior residents and those living with a disability will not experience a rent increase above CPI.

Mr. Binitie inquired about the occupancy rate. Mr. Pryor responded that there are 17 vacant units and is projecting 42-50 vacancies once construction begins. There is a budget for temporary off-site relocation in the event that there are not enough vacant units.

Ms. Howard asked about environmental concerns and remediation in the common areas and stairwells. Mr. Pryor responded that there are not that many current common areas at the site. However, Mr. Pryor stated that they will be creating common space and after phase 1 testing, it was determined that there was a very low amount of asbestos removal needed in the common areas and stairwells.

There were no further questions.

Mr. Donald called for a vote to approve DCHFA Eligibility Resolution No. 2022-08 for Ridgecrest Village Phase I. 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.

Mr. Binitie stated again that his company, Dantes Partners, is in business with Jonathan Rose and therefore, he will recuse himself from any discussion or voting as it related to Faircliff Plaza East.

Mr. Binitie also requested that the Agency revisit its construction management role on all projects and whether there is any value added in bond projects. He asked for a presentation and requested that other active developers weigh in.

Mr. Binitie exited the Zoom call. He did not participate in any discussions or votes for the Faircliff Plaza East transaction. Mr. Green re-entered the Zoom call.

VI. Vote to close meeting to discuss Faircliff Plaza East.

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 **Faircliff Plaza East**. 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. Irving 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 6:28 p.m. and re-opened at 6:45 p.m.

VII. Consideration of DCHFA Eligibility Resolution No. 2022-09 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, which services the green and yellow line.

The unit mix of the proposed development will be 125 units with 46 one-bedroom units, 40 two-bedroom units, and 39 three-bedroom units. The 80 units restricted to 60% AMI will benefit from project-based Section 8 subsidy. The 9 units restricted to 30% AMI are Permanent Supporting Housing (“PSH”) units with contracted LRSP rent limits.

The capital stack for the Development will consist of a DCHFA Risk share Loan for \$46.1 million, DHCD HPTF funding at \$8.8 million, Federal LIHTC Equity at \$37.6 million, Solar Investment Tax Credit (“ITC”) funding at \$44,000, DC Sustainable Energy Utility (“DCSEU”) funding at \$155,000, and a deferred developer fee of \$7.2 million. Boston financial will be purchasing the federal credits at \$0.96 cents per credit. The total development cost is approximately \$100 million or \$800,000 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 Guarantor 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. Holley-Grisham then introduced Jim Campbell, Tom Sadlowski, Andrew Foley, Anya Kamara, Patrick McAnaney, Chapman Todd, and Phil Hecht.

Mr. Green asked for more insight regarding the relocation project, especially since there are many different buildings. Mr. McAnaney provided detail regarding how Housing to Home is assisting with the relocation and consideration is being given for school aged children, jobs, and transit access. Additionally, there is a U.S. Department of Housing and Urban Development (“HUD”) pass through contract that will inspect the relocation units. There will also be a long-term resident services program upon completion of the project.

Mr. Green asked if all the residents have the irrevocable right to return to the property. Mr McAnaney responded in the affirmative.

Mr. Irving stated his familiarity with the neighborhood and asked how the project is going to get the tenants to return once they are temporarily moved to another location. Mr. McAnaney stated that he appreciates the concerns and that not only are they offering the right to return, but they will be facilitating the return, similar to what was conducted in the Portner Flats transaction.

There were no further questions.

Mr. Donald called for a vote to approve DCHFA Eligibility Resolution No. 2022-09 for Faircliff Plaza East. 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.

VIII. Other Business.

There were no other business matters.

IX. Executive Director’s Report.

There was no Executive Director's report.

X. 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 7:00 p.m.

Submitted by Christopher E. Donald, Secretary to the Board of Directors on April 8, 2022.