

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
MEETING OF THE BOARD OF DIRECTORS
November 24, 2020
5:30 p.m.**

Minutes

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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. Buwa Binitie, called the meeting to order at 5:31 p.m. and asked the Interim Secretary to the Board of Directors (the “Board”), Mr. Christopher Donald, to verify a quorum. With four members present, the Board had a quorum and the meeting continued.

The following members were present telephonically: Mr. Stephen Green, Mr. Stanley Jackson, Mr. Scottie Irving, and Ms. Heather Howard.

II. Approval of the Minutes from the October 13, 2020 Board meeting.

A motion was made to approve the minutes from the September 8, 2020 board meeting by Mr. Green. The motion was properly seconded by Mr. Irving.

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

III. Vote to close meeting to discuss 218 Vine Street, Ritch Homes, and Stack Eight.

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 the price and material terms regarding approval of the following: 218 Vine Street, Ritch Homes, and Stack Eight. 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.

The meeting was closed at 5:34 p.m. and re-opened at 6:03 p.m.

IV. Credit Review Discussion: 218 Vine Street.

Ms. Kristin Chalmers, Interim Director, Multifamily Lending and Neighborhood Investments ("MLNI"), presented the transaction to the Board. MLNI underwriting staff presents a credit review prior to requesting approval of Final Bond Resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed \$28,438,000. The bonds will be used to finance a portion of the acquisition and construction costs for 218 Vine Street (the "Project").

The Project site was purchased by 218 Vine Street NW Residential PJV – Phase 2, LLC ("Borrower" or "Sponsor") on August 9, 2017. The Project is located two blocks from the Takoma Metro Red Line Station and will produce a total of 129 new affordable units, targeted towards seniors, with 24 of the units reserved for permanent supportive housing ("PSH") households. The 4 percent side of the transaction will include 49 efficiency units, 42 one-bedroom units, and one two bedroom unit. These units will be restricted to 30 percent, 50 percent, and 60 percent of Area Median Income ("AMI") or less. The 9 percent side of the transaction will have 20 efficiency units, 16 one bedroom units, and one two bedroom unit. All units on the 9 percent side will be restricted to 50 percent of AMI or less.

The project is located in census tract 17.02 in Ward 4. Property amenities will include a business center, community room, on-site management, a fitness center, and 25 below grade parking spaces. In-unit amenities will include central heating and air-conditioning, a coat closet, a dishwasher, garbage disposal, and Energy Star appliances. There will be one laundry room located on each floor.

The capital stack for the 4 percent low income housing tax credit ("LIHTC") portion of the Project will consist of permanent financing in the amount of \$15,980,000 as a Freddie Mac Tax Exempt Loan ("TEL"), a \$13,020,776 DC Department of Housing and Community Development ("DHCD") Housing Production Trust Fund ("HPTF") loan, \$9,801,967 in LIHTC Equity, \$323,000 in Returned Commitment Fee and \$2,578,496 in Deferred Developer Fee. The total development cost is \$41,704,239 (\$453,307/unit), inclusive of hard and soft costs, developer and financing fees, reserves and escrows. The capital stack for the 9 percent LIHTC side will consist of permanent financing of \$3,698,500 as a taxable Freddie Mac loan, \$10,890,000 in LIHTC Equity, \$73,970 in Returned Commitment Fee and \$516,202 in Deferred Developer Fee.

218 Vine Street NW Residential PJV – Phase 2, LLC will be the owner and borrowing entity on the 4 percent transaction. 218 Vine Street NW Residential PJV, LLC will be the owner and borrowing entity on the 9 percent transaction. Within each of these borrowing entities, the 0.01% managing member will be comprised of LDP Holdings LLC (49%) and Housing Up (51%). At closing, each borrowing entity will admit an affiliate of Wells Fargo as the 99.99% tax credit investor.

The remaining members of the development team consist of Whiting Turner as General Contractor, KTG Architecture + Planning as Architect, Winn Companies as Property Manager, and Housing Up as the service provider.

Ms. Chalmers concluded her presentation.

Mr. Binitie opened the floor for questions. There were no questions.

V. Credit Review Discussion: Ritch Homes.

Mr. Rodney Dew, Senior Multifamily Loan Analyst, Multifamily Lending and Neighborhood Investments (“MLNI”), presented the transaction to the Board. MLNI underwriting staff is presenting a credit review for Ritch Homes Apartments, prior to requesting approval of a final bond resolution authorizing the issuance of tax-exempt bonds in an amount not to exceed \$17,750,000 to finance a portion of the acquisition and construction costs for Ritch Homes Apartments (the “Project” or “Property”), a 42 unit affordable housing community.

The proposed new ownership of the Project will be through a District of Columbia limited partnership named Standard RH Venture LP (“Owner” or “Sponsor”). The Owner consists of a newly formed, single purpose general partner entity named Standard RH Manager LLC (“GP”) and PNC as the equity investor (“LP”). The GP will consist of HOM RH Manager LLC (“HOM-RH”), an affiliate of the parent non-profit organization, Housing on Merit (“HOM”) and Standard Communities.

Through the District of Columbia’s Tenant Opportunity to Purchase Act (“TOPA”), the newly formed 1420-1424 Our St Tenants Association, Inc. (“Association”) represented the residents of the Project and submitted a Letter of Interest (“LOI”) to purchase the Project from R Street Limited Partnership, the existing owner of the Project (“Seller”). Subsequent to the Association’s submission of the LOI, the Association engaged in negotiations and interviews with various developers regarding the assignment of the Association’s rights under TOPA. On November 14, 2019, the Association formally selected, and assigned its rights under TOPA to the Sponsor, paving the way for the purchase and development of the Project by the Owner and Developer, respectively.

The Project is ideally located in the Northwest Quadrant of the city of Washington, D.C, which is a part of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (“MSA”). The MSA is in the hub of a well-developed highway network that allows access to the major urban centers of the Northeast Corridor. Additionally, the region is served by an

integrated public transportation system with buses and modern rapid rail transit network lines emanating from downtown Washington, D.C. into the suburbs. Strategically located in proximity to both Dupont Circle and Logan Circle, the Project also offers its residents easy access to public transportation (Dupont Circle Metro Station), major thoroughfares (US Route 29), major employers within the area, and the vibrant downtown Washington scene. The unit will consist of four efficiency units, 18 one bedroom units, 16 two bedroom units, and 8 three bedroom units designated at 30 percent area median income (“AMI”), 60 percent AMI, and 80 percent AMI levels.

The capital stack for the project will consist of permanent financing of approximately \$21,600,000, \$7,775,273 in LIHTC equity, and \$986,273 in Deferred Developer Fee. The total development cost is \$30,361,546 (\$660,033/unit), inclusive of acquisition, hard and soft costs, developer and financing fees, reserves and escrows. As noted, Standard RH Venture LP will be owner and borrowing entity for the transaction.

The property management team has written and implemented a COVID-19 protocol for renovation projects and for projects with high-risk tenants. These plans are currently in practice at a renovation site in South Carolina where with the same sponsor and property management team. Additionally, tenants will be relocated off-site during the 10-day renovation and each unit will be sanitized before and after renovation.

Both Standard Communities and Housing on Merit are being evaluated by Walker and Dunlop as guarantors for this project. The remaining members of the development team are Whiting Turner as the General Contractor, Wiencek + Associates as the Architect, and Franklin Johnston Group as the Property Manager.

Mr. Dew concluded his presentation.

Mr. Binitie opened the floor for questions. There were no questions.

VI. Consideration DCHFA Resolution No. 2020-17 (G) for a Second Extension of a McKinney Act Loan for Stack Eight.

Ms. Kristin Chalmers, Interim Director, Multifamily Neighborhood Lending & Investments (“MLNI”), presented the transaction to the Board. MLNI underwriting staff presents its recommendation to approve a resolution authorizing a second one-year extension for a McKinney Act Loan in an amount not to exceed \$700,000.00 to pay pre-development expenses related to the construction of Stack Eight townhomes. The development is located two blocks from the Congress Heights Metro station and was awarded to the developer through a Department of Housing and Community Development (“DHCD”) disposition solicitation.

The second extension of the McKinney Act Loan is needed due to delays in funding of Housing Production Trust Fund (“HPTF”) related—due to Covid-19. Given the onset of Covid-19 and subsequent budget freeze for the District, DHCD was unable to receive approval of HPTF funding for the development in March of this year as was initially planned. The development will consist of 18 modular new construction townhomes for households earning up to 50 percent and

80 percent of area median income. The unit mix consists of 16 three bedroom and two four bedroom townhomes in the Congress Heights neighborhood of Ward 8 in Washington, D.C. Flywheel has executed a Property Disposition Agreement with DHCD and has an anticipated closing in March 2021. Flywheel Development (“Flywheel or “Sponsor”), John Miller, and Jessica Pitts serve as the guarantors of the McKinney Act loan and DHCD has allowed Flywheel to credit enhancement in the form of a pledge of the Property Disposition Agreement (“PDA”). The pledge of the PDA represents the ability to develop a 17,594 sq. ft. site based on the terms of Vacant to Vibrant (up to 120% MFI) in the event of default. The Development is currently being underwritten by DHCD for a Housing Production Trust Fund award independent of the Notice of Funding Availability. DHCD is scheduled to take the subject transaction to its Loan Review Committee on December 3, 2020.

Mr. Chalmers concluded her presentation, and introduced members on the development team: Jessica Pitts and John Miller.

Mr. Binitie asked Mr. Miller to give a brief update on the transaction and the reasons for delay. Mr. Miller responded by stating that the project officer for the transaction left and that they were forced to wait to move the project forward. Further, he stated that a new project officer was assigned and things are moving along.

Mr. Binitie asked Mr. Miller whether his team has permits ready. Mr. Miller responded by stating that they do.

Mr. Binitie also asked who is the lender on the deal. Mr. Miller responded by stating that a local Community Development Financial Institutions Fund (“CDFI”) is on board and that he can circulate the information.

Mr. Irving asked Mr. Miller whether the townhomes are net zero homes. Mr. Miller responded by stating yes, the method used is called passive house, which reduces energy consumption by about 80 percent over standard construction, and the last 20 percent is solar to get to net zero performance.

Mr. Binitie opened the floor for any further questions. There were no further questions.

Mr. Binitie called for a vote to approve DCHFA Resolution No. 2020-17(G) regarding the second extension of the McKinney Act Loan for Stack Eight. Mr. Jackson made a motion to approve the resolution; the motion was properly seconded by Mr. Green. Mr. Donald took a poll vote. The resolution was unanimously approved.

VII. Other Business

Mr. Donald stated that DCHFA, along with DHCD, was tasked with deploying \$10 million, \$9 million of which will be used for apartment buildings with more than 20 units to reduce the delinquency for residents on their tenant ledger. Further, he stated that the program has not completely rolled out and more details will be gathered.

Mr. Donald also stated that Kristin Chalmers, Interim Director for Multifamily Lending, is leaving the Agency to start the next phase of her career.

VIII. Interim Executive Director's Report.

There was no Interim Executive Director's Report.

IX. Adjournment.

Mr. Binitie called for a motion to adjourn the meeting. Mr. Jackson made a motion and that motion was properly seconded by Mr. Green.

The motion passed by a chorus of ayes.

The meeting was adjourned at 6:28 p.m.

Submitted by Christopher E. Donald, Acting Secretary to the Board of Directors on January 22, 2021.

Approved by the Board of Directors on January 26, 2021.