

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

**June 25, 2019**

**815 Florida Avenue, NW**

**Washington, DC 20001**

**5:30 p.m.**

**Minutes**

**I. Call to order and verification of quorum.**

District of Columbia Housing Finance Agency (“DCHFA” or the “Agency”) Board Chairman Buwa Binitie called the meeting to order at 5:35 p.m. and asked the Secretary to the Board of Directors (the “Board”), Mr. Todd Lee to verify a quorum. With three members present, the Board had a quorum and the meeting continued.

The following members were present: Buwa Binitie, Stephen M. Green (telephonic), and Bryan “Scottie” Irving.

**II. Approval of the Minutes from the May 28, 2019 and June 11, 2019 Board Meetings.**

A motion was made to approve the minutes from the May 28, 2019 and June 11, 2019 board meetings by Mr. Green. The motion was properly seconded by Mr. Irving.

The motion passed by a chorus of ayes.

Mr. Green stated on the record that one of the items for consideration this evening is a project called The Strand, a non-profit mission-driven organization that Mr. Green works for and is one of the sponsors of the project. While Mr. Green stated that he in no way benefited personally from the transaction, he recused himself from any and all conversations regarding the project.

**III. Vote to close the meeting to discuss Providence Place, The Strand, 1100 Eastern Avenue, and the selection of CohnReznick LLP as the firm to provide audit services for the Agency.**

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors, Mr. Binitie 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 **Providence Place, The Strand, 1100 Eastern Avenue, and the selection of CohnReznick LLP as the firm to provide audit services for the Agency.** An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

A motion to close the meeting was made by Mr. Green, seconded by Mr. Irving and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 5:38 p.m. and resumed at 6:24 p.m.

#### **IV. Consideration of DCHFA Final Bond Resolution No. 2019-15 for The Strand Residences.**

Board member, Sheila Miller, joined the meeting telephonically to discuss The Strand and Mr. Green exited the meeting.

DCHFA Underwriter, Kristin Chalmers, presented the transaction and information to the Board. The Multifamily Lending Neighborhood Investments (MLNI) underwriting staff recommends that the DCHFA Board approve a final bond resolution to issue tax-exempt bonds in an amount not to exceed \$26,600,000 to finance The Strand Residences. DCHFA's Board of Directors previously approved an eligibility resolution for the project in August of 2018.

The Strand Residences is a proposed 86 unit affordable housing development in the Deanwood neighborhood located in Ward 7. The project is part of the New Communities Initiative program and will provide 28 replacement housing units for the nearby Lincoln Heights public housing project. The remaining 58 units will be reserved for households earning 60 percent of area median income (AMI) or less. The unit mix will consist of 71 one-bedroom units and 15 two-bedroom units. The principal sponsor for the project is Nannie Helen Owner, LLC. The general manager is a joint venture between The Warrenton Group, the NHP Foundation, and Washington Metropolitan CDC.

NHP will manage day to day operations for the project and will serve as a guarantor. The sponsor acquired the project site which is comprised of three separate parcels in August of 2017 via an acquisition and pre-development loan from the Office of the Deputy Mayor for Planning and Economic Development (DMPED).

The overall total development costs of the project are \$37.6 million or approximately \$438,000 per unit. With regard to the transaction structure, the project will be financed through the

issuance of \$18.3 million in tax exempt bonds. The bonds will be collateralized by DMPED funds and a construction loan with Citibank. Upon conversion, \$8.5 million in bonds will be sold to JLL in the form of a tax exempt loan and subsequently purchased by Freddie Mac. The tax exempt loan will have a 17 year term, a 40 year amortization period, and will be priced at ten year Treasury plus a spread of 175 basis points. Low Income Housing Tax Credit (LIHTC) equity will be used to pay off the Citibank loan upon conversion or upon construction completion.

The tax credit investor is Enterprise Community Partners who will be paying an investor rate of \$0.96 cents per dollar. The total LIHTC equity contribution is projected to be \$12.1 million.

Other members of the development team include WC Smith as both the general contractor and property management company, and PNG Architects as the architect. Ms. Chalmers introduced the development team which includes Mr. Scott Barkin from NHP (telephonic), Eric Price also from NHP, and Clint Jackson from The Warrenton Group

Mr. Binitie asked what is happening to the Strand Theater itself. Mr. Price replied that the Strand Theater still has a gap in financing that they are trying to close for the purpose of using it as a retail or restaurant space. There is a lease with the operator of the Ivy City Smokehouse to operate the space. Mr. Irving asked about the square footage of the retail space. Mr. Price answered that it is approximately 7,500 square feet. Mr. Binitie inquired about the residential case management plan. Mr. Barkin stated that there is a signed contract with Operation Pathways which is a division of NHC foundation to provide services based on the needs of the residences such as classes as well as connecting non-profits with residents. There is \$25,000 in the operating budget for resident services.

Ms. Chalmers introduced Richard Jackson, Deputy Director of Environmental Services at the District of Columbia Department of Energy and Environment (DOEE). Mr. Jackson educated the Board regarding the Voluntary Cleanup Program which is a program where the owner voluntarily cleans up a site through a series of phases with the oversight of DOEE. DOEE reviews and oversees corrective action plans along with the implementation of said plans in order to certify that a site is clean according to U.S. Environmental Protection Agency standards. Mr. Irving and Mr. Binitie asked if the developer has completed Phase 1 of the clean-up, whether a corrective plan has been put in place, and how annual reporting will occur. Mr. Barkin stated that his environmental consultant, KCI Engineers, assists him with developing remediation plans along with monitoring. The developer plans to install an active vapor mitigation system as well as address all other contaminants that may be found in the ground water.

Mr. Binitie asked questions related to the financing. Ms. Chalmers stated that it is a Freddie Mac

deal where JLL will purchase \$8.5 million of the bonds based on a draw down structure.

There were no additional questions related to the transaction.

Mr. Binitie called for a motion on the resolution. Mr. Irving made a motion to approve DCHFA Final Bond Resolution No. 2019-15; that motion was properly seconded by Ms. Miller. The Board took a poll vote because the Agency is committing volume cap.

The motion was voted on by Mr. Binitie, Ms. Miller, and Mr. Irving. The motion was approved by a chorus of ayes.

Ms. Miller (telephonic) exited the meeting.

#### **V. Consideration of DCHFA Final Bond Resolution No. 2019-16 for Providence Place.**

DCHFA Underwriter, Ksenia Camacho, presented the transaction and information to the Board. The Multifamily Lending Neighborhood Investments (MLNI) underwriting staff recommends that the DCHFA Board approve a final bond resolution to issue tax-exempt bonds in an amount not to exceed \$25,000,000 to finance the Providence Place Apartments. The Agency previously approved an inducement resolution for the transaction on September 11, 2018.

Providence Place Apartments is a proposed 93 unit affordable housing development in the Deanwood neighborhood of Washington DC. The proposed development will consist of a four story, multifamily building with a partially subterranean basement level structure parking. The project amenities include a computer lab, community room, laundry room, exercise room and multipurpose space.

Providence Place Apartments is part of the New Communities Initiative which has required that 35 of the 93 units be reserved for Lincoln Heights and Richardson Dwelling residents. The 35 units will receive LRSP subsidies for the project. The remaining 58 units in the development will be reserved for households earning 60 percent area median income or less. The unit mix will be comprised of 52 one-bedrooms; 30 two-bedrooms; 8 three-bedrooms and 3 four-bedroom units. The project site is owned by Progressive National Baptist Convention, Inc. The entities entered into a 65 year ground lease for the proposed ownership entity of Atlantic Pacific Development and UrbanMatters.

The capital stack will consist of permanent financing in the amount of \$11.7 million via Wells Fargo and Fannie Mae, \$10.39 million via DMPED, \$1.4 million via lessor note, \$13.8 million via LIHTC equity, \$1.07 million in earnings on short-term investments, and \$1.4 million in

deferred developer fee. Total estimated development cost of the project is \$39.8 million which brings it to about \$427,000 per unit inclusive of acquisition of hard and soft costs, developer and financing fees, reserves, and escrows.

The borrowing entity utilized a pre-development loan from the Office of Deputy Mayor of Planning and Economic Development, DMPED. Providence Place 1, LP is the borrowing entity for the subject transaction. Atlantic Pacific Communities is the principal partner of the transaction along with Progressive National Baptist Convention Community Development Corporation (PNBC) and UrbanMatters development partners.

The remaining members of the development team consist of Hamel Builders as the general contractor, Torti Gallas as the architect, Atlantic Pacific Community Management as the property manager, and Community Services Foundation as the supportive services provider.

The sponsor has elected Wells Fargo Community Lending and Investment as a low income housing credit for the subject transaction. Ms. Camacho introduced Mr. Tyrone Pitts from PNBC, Mr. Scott Kriebel from Atlantic Pacific, Mr. Ray Nix from UrbanMatters, and Ms. Tiffani Barletta (telephonically) from CSG representing DMPED.

Mr. Kriebel stated that the project is projected to close July 2019 and breaking ground nineteen (19) months after that. Mr. Binitie asked about supportive services. Mr. Kriebel responded that there is an executed agreement in the amount of \$30,000 with Community Services Foundation to provide tutoring, adult literacy classes, and programs for senior residents.

There were no additional questions related to the transaction.

Mr. Binitie called for a motion on the resolution. Mr. Green made a motion to approve DCHFA Final Bond Resolution No. 2019-16; that motion was properly seconded by Mr. Irving. The Board took a poll vote because the Agency is committing volume cap. The motion was approved by a chorus of ayes.

## **VI. Consideration of DCHFA Eligibility Resolution No. 2019-17 for 1100 Eastern Avenue.**

DCHFA Underwriter, Ugonna Duru, presented the transaction and information to the Board. The Multifamily Lending Neighborhood Investments (MLNI) underwriting staff recommends that the DCHFA Board approve an inducement resolution to issue tax-exempt bonds in an amount not to exceed \$15,625,000 to finance 1100 Eastern Avenue. The unit mix will include a total of

63 units with ten efficiencies; 31 one-bedroom units; 2 two-bedroom units; 16 three-bedroom units and 4 four-bedroom units.

The site currently consists of a vacant commercial building that will be demolished and a five story mid-rise building will be built. The ground floor of the new building will have approximately 4,000 square feet of retail space with separate condominium ownership.

Thirteen units or approximately 20 percent of the total units will be restricted to residents earning 30 percent of AMI and receiving an LRSP voucher. Fifty units will be restricted to residents earning 50 percent of AMI or less. The property is located in Census Tract 78.06 which is a Qualified Census Tract eligible for a basis boost. The capital stack for development will consist of permanent financing in an approximate amount of \$5.9 million as a senior mortgage loan from JPMorgan Chase, an \$11.3 million Housing Production Trust Fund (HPTF) loan, \$8.9 million in LIHTC equity and approximately \$882,000 of deferred developer fees. The total development cost will be \$27.1 million or approximately \$430,000 per unit inclusive of acquisition, hard and soft costs, developer and financing fees, reserves and escrows. 1100 Eastern LLC will be the owner and borrowing entity in the transaction. Neighborhood Development Company will be the guarantor of the project.

Upon closing, 1100 Eastern LLC will admit a 99.99 percent tax credit investment member, an affiliate of Enterprise Community Investment, to enter the partnership to facilitate the LIHTC equity investment.

Ms. Duru introduced the consultant for the developer, Mr. Matt Sislen, and Ms. Michaela Kelinsky and Mr. Adrian Washington from Neighborhood Development Company.

Mr. Binitie inquired about the status of the commercial residents of the property. Mr. Washington stated that shortly before the property was acquired, environmental consultants concluded that there was extensive environmental contamination on the property. Therefore, the developer was faced with a difficult choice and decided to essentially close the property. The developer offered restitution to the tenants and also offered them the opportunity to return once construction was complete. Since that time, the developer has worked out settlement agreements with three of the tenants and is still in negotiations with the two remaining tenants.

Mr. Binitie asked about the construction of the project. Ms. Kelinsky stated that it is a stick over podium structure and slab-on-grade. Mr. Binitie also inquired about how the developer plans to address the environmental issues. Ms. Kelinsky responded that the developer is a part of DOEE's Voluntary Cleanup Program and is in the process of working with the general contractor and DOEE to finalize an action plan. Mr. Irving asked whether the tenant settlements are project

financed. Ms. Kelinsky stated that the settlements are project financed and the financing of the retail is separate and apart from the tax credits.

There were no additional questions related to the transaction.

Mr. Binitie called for a motion on the resolution. Mr. Green made a motion to approve DCHFA Final Bond Resolution No. 2019-17; that motion was properly seconded by Mr. Irving. The Board took a poll vote because the Agency is committing volume cap. The motion was approved by a chorus of ayes.

## **VII. Consideration of DCHFA Resolution No. 2019-10(G) for CohnReznick LLP.**

DCHFA Senior Manager of Procurement and Corporate Resources, Ms. Keami Estep, presented an award recommendation of audit services for DCHFA for award to CohnReznick. The Agency solicited a request for proposals in April of 2019 and received six (6) proposals. None of the responses were from SBE/CBE firms. However, two (2) of the proposal companies did partner with CBE firms, GKA as well as Taylor and Associates.

The Evaluation Committee meeting was held in June of 2019 and consisted of five (5) Agency members. The committee conducted independent evaluations of the proposals and had discussions which led to a consensus and a recommendation to award the Agency's audit services contract to CohnReznick with a base one-year period and three (3) one-year option renewal periods.

Mr. Green noted his request that CohnReznick rotate a new team for the next audit, that the contract term be for only one year at a time, and to consider the cost of onboarding a new auditing firm in the future. Mr. Lee noted Mr. Green's requests and agreed.

There were no additional questions related to the issue.

Mr. Binitie called for a motion on the resolution. Mr. Green made a motion to approve DCHFA Resolution No. 2019-10(G); that motion was properly seconded by Mr. Irving. The motion was approved by a chorus of ayes.

## **VIII. Other Business.**

There was no other business.

## **IX. Executive Director's Report.**

- Mr. Lee introduced all of the Agency's interns.
  - Leon Fields - MBA student at the College of William and Mary
  - Kayla Cruz - rising third year law student at Howard University School of Law
  - Karla Rivera - rising senior at Catholic University
  - Cameron Harrison – a rising sophomore at The University of Kentucky
- The Mayor will likely visit the Agency on July 23, 2019 and attend our Board meeting.
- The Agency will return to the Board with an internally prepared market study.

**X. Adjournment.**

Mr. Binitie called for a motion to adjourn.

A motion to adjourn the meeting was made by Mr. Green and seconded by Mr. Irving.

The motion was approved by a chorus of ayes.

The meeting adjourned at 7:15 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on August 9, 2019.

Approved by the Board of Directors on August 13, 2019.