

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BOARD OF DIRECTORS
May 14, 2019
815 Florida Avenue, NW
Washington, DC 20001
5:30 p.m.

Minutes

I. Call to order and verification of quorum.

DCHFAs Board member, Ms. Sheila Miller, called the meeting to order at 5:40 p.m. and asked the Secretary to the Board, Mr. Todd Lee, to verify a quorum. With three members present, the Board of Directors had a quorum, and the meeting continued.

The following members were present: Mr. Buwa Binitie, Mr. Bryan "Scottie" Irving, Mr. Stanley Jackson (telephonic), and Ms. Sheila Miller.

II. Approval of the Minutes from the April 23, 2019.

A motion was made to approve the minutes from the April 23, 2019 board meeting by Mr. Jackson. The motion was properly seconded by Mr. Irving.

The motion passed by a chorus of ayes.

III. Vote to close the meeting to discuss The Hampshire and The Clara on Martin Luther King Avenue.

Pursuant to the District of Columbia Administrative Procedure Act, Ms. Sheila Miller called a vote to close the meeting in order to discuss, establish, or instruct the Agency's staff or negotiating agents concerning the position to be taken in negotiating the price and other material terms of The Hampshire and The Clara on Martin Luther King Avenue because an open meeting would adversely affect the bargaining position or negotiation strategy of the Agency.

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

Mr. Jackson disclosed that he provided a letter of support for the proposed map amendment for The Clara on Martin Luther King Avenue, but he has no interest in the organization or any activity, but did provide a letter of support for the map amendment. Mr. Thorn Pozen, counsel to

the Board, stated that i) since the letter was on behalf of Mr. Jackson's organization, as opposed to Mr. Jackson personally, and ii) more importantly, since Mr. Jackson has no financial interest in the project, Mr. Pozen did not see that as an issue which would preclude Mr. Jackson's participation in the matter.

The meeting was closed by unanimous consent at 5:45 p.m. and resumed at 6:19 p.m. Mr. Binitie, the Board Chairman, joined the meeting.

IV. Eligibility Resolution – The Hampshire

DCHFA Underwriter, Ms. Ksenia Camacho, presented the transaction and information to the Board.

The Multifamily Lending and Neighborhood Investment underwriting staff requests an approval of an inducement resolution from the District of Columbia Housing Finance Agency's Board of Directors for the issuance of tax exempt bonds in the amount not to exceed \$13,012,500 to finance a portion of the costs to acquire and substantially rehabilitate The Hampshire, located at 5000-5040 New Hampshire Avenue, Northwest.

The transaction will include the acquisition and substantial rehabilitation of two three-story apartment buildings containing a total of 53 units, constructed in 1936 and located in the Brightwood Park Neighborhood in Ward 4. The developer has not selected a contractor or a permanent loan structure at this time. The acquisition date was April 2, 2019, which is why the project is before the board for initial inducement within 60 days of this date in order to preserve acquisition credits.

The current improvements consist of two three-story walk-up apartment buildings, consisting of a total of 53 units, which are comprised of 14 efficiency units, 35 one-bedroom units, and four two-bedroom units. There are nine units per floor with another four units in the basement, as well as a laundry room, mechanical room, and storage rooms. Six units will be restricted to residents earning 30 percent of area median income ("AMI") and will receive LRSP vouchers, ten units will be restricted to residents earning 50 percent of AMI or less, and 37 units will be restricted to residents earning 60 percent of AMI or less.

Pathways to Housing will provide housing-focused support, as well as case management services for the six permanent supportive housing units. Additional tenant services focused on housing stability and employment will be provided for all the units by Wesley Housing.

In 2018, the previous owners of the property, Potomac Premier Properties, LLC, decided to sell The Hampshire, which triggered Tenant Opportunity to Purchase Act requirements. The

tenants formed The Hampshire at 5040 Tenant Association and on August 21, 2018, voted to select Wesley Housing Development Corporation of Northern Virginia as their development partner to perform repairs and renovation at the property. The tenants entered into an assignment of purchase and sale agreement and a tenant purchase rights and development agreement in August 2018.

Wesley Housing Development Corporation of Northern Virginia is an Alexandria, Virginia-based developer and manager of housing in the Washington area and will serve as a sponsor and guarantor for the transaction.

A general contractor and architect have not yet been selected for the project. An affiliate of the sponsor will act as the property management agent, Wesley Property Management Company.

In order to prepare, for the first few submissions the developer utilized the services of WSC Construction, who is being considered for the role of general contractor, but none has been selected at this time. The developer will submit an application the next NOFA round for the requested Housing Production Trust Funds (HPTF). The sponsors are currently soliciting bids from potential Low Income Housing Tax Credit (LIHTC) investors and construction and permanent lenders for the transaction.

Ms. Camacho introduced two members of the sponsorship team from Wesley Housing – Mr. Chris Marshall and Ms. Kamillah McAfee.

Mr. Binitie asked the team from Wesley Housing to briefly discuss their other projects, including their status, occupancy level, etc. Ms. McAfee mentioned that last year they closed on Brookland Place Apartments with the help of DCHFA as well as the DC Department of Housing and Community Development (DHCD). The occupancy there is varied because they are still under construction on that project. Also, Ms. McAfee mentioned that Wesley recently submitted a HUD application with respect to another project that they own in the District, called One Hawaii Avenue.

There were no other comments related to The Hampshire. Mr. Binitie called for a motion on the resolution. Ms. Miller made a motion to approve DCHFA Final Bond Resolution No. 2019-10; 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 Mr. Binitie, Mr. Irving, Ms. Miller, and Mr. Jackson by a chorus of ayes.

V. McKinney Act Board Resolution – The Clara on Martin Luther King Avenue

DCHFA Senior Director of Housing Investments, Christopher Miller, presented the transaction and information to the Board.

The Multifamily Lending and Neighborhood Investment (“MLNI”) staff recommends the approval of DCHFA Resolution 2019-08(G) for a McKinney Act Loan not to exceed one million dollars (\$1,000,000) for pre-development costs associated with The Clara on Martin Luther King Avenue. The Clara is a proposed new construction project that will transform a 22,000 square foot site near Anacostia Metro into 72 units of affordable and workforce housing with ground floor retail and 47 below-grade parking spaces. The site currently houses a seafood restaurant and a former school, and it is a three-minute walk from the Anacostia Metro. The site is before the DC Zoning Commission on this Thursday, May 16th to change the zoning designation from MU-4 to MU-5A to accommodate the ground floor retail and additional density. The project unit mix will consist of 25 units at 35 percent of AMI or below, 31 units at 50 percent of AMI or below, and 16 units at 80 percent AMI or below. The current configuration is 30 one bedrooms, 30 two bedrooms, and 12 three-bedrooms. The site anticipates utilizing the new income averaging rules that will be included in the updated Qualified Allocation Plan (QAP) and to use Federal Home Loan Bank of Atlanta AHP Grant. The development team consists of Banneker Ventures and Medina Living Ideas for Family Excellence Community Development Corporation as sponsors, and DP Partners as architect. There is currently not a general contractor, property manager, or tenant services provider selected at this stage of the project. The developer has negotiated a community benefits agreement with ANC-A8 for support of a map amendment. While this is not required under current zoning rules and is outside of the purview of zoning, the Chairman and the Board are receptive to this strategy in lieu of the PUD process.

The sponsor expects to submit in the upcoming Department of Housing and Community Development (DHCD) NOFA round later this year, beginning in June. The total development costs of the project are \$28 million and construction costs of \$15 million. The capital stack consists of an \$8 million DCHFA senior loan, a \$9.8 million Housing Production Trust Fund (HPTF) subsidy loan, a \$8.4 million in low income housing tax credit (LIHTC) equity, \$1.3 million in deferred developer fee, and \$350,000 from Federal Home Loan Bank Atlanta. The total pre-development budget, including a \$3.8 million deposit towards acquisition, is \$5.1 million. To facilitate this transaction and to limit exposure prior to the HPTF award, the Agency proposes a two tranche launch structure, with \$250,000 that is available prior to the HPTF award, and \$750,000 available after the award. Closing is contingent upon approval by the DC Zoning Commission for the map amendment and a Phase 1 Environmental Report. The first tranche of funding will be utilized for funding zoning legal fees, preparing HPTF's submission package, and

due diligence. Banneker Ventures and Omar Karim will serve as guarantors. Security for the loan will be provided with a second lien deed of trust on the site, and the loan will be for a two-year term with an interest rate of approximately 5.4 percent.

Banneker Ventures was founded in 2005 by Mr. Omar Karim. He previously served as general counsel at Bundy Development Corporation and as a lawyer for Kramer Levin. He presented a strong balance sheet both personally and as a corporate guarantor.

Mr. Miller introduced two members of the development team for the borrower.

There were no other comments or questions related to The Clara on Martin Luther King Avenue. Mr. Lee called for a motion on the resolution. Ms. Miller made a motion to approve Resolution No. 2019-08(G); that motion was properly seconded by Mr. Jackson. The Board took a poll vote.

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

VI. Other Business

There was no other business.

VII. Vote to close the meeting to consult with an attorney.

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 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)).

Ms. Miller made a motion to close the meeting, and Mr. Irving seconded.

The meeting was closed at 6:40 p.m. and resumed at 6:54 p.m.

VIII. Adjournment

Mr. Binitie called for a motion to adjourn.

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

The motion was approved by a chorus of ayes.

The meeting adjourned at 6:55 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on May 14, 2019.

Approved by the Board of Directors on June 11, 2019.