

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

April 26, 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 Chairperson, Mr. Buwa Binitie, called the meeting to order at 5:31 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. Brian “Scottie” Irving, Mr. Stanley Jackson, and Ms. Heather Howard.

I. Vote to approve the minutes from the March 22, 2022 Board meeting.

A motion was called to approve the minutes of the March 22, 2022 Board meeting 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. Stephen Green did not attend the board meeting because he recused himself from The Strand and the Takoma Place Apartments transactions. The Board’s attorney, Mr. Thorn Pozen, acknowledged that Mr. Green was not present and was recused from the transactions and did not participate in the discussion nor the voting.

II. Vote to close meeting to discuss The Strand additional bonds and Takoma Place Apartments additional bonds.

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 Strand additional bonds and Takoma Place Apartments additional bonds.** 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. 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 5:34 p.m. and re-opened at 6:11 p.m.

III. Consideration of DCHFA Resolution No. 2022-14 regarding The Strand additional bonds.

Mr. Scott Hutter, Deputy Director, Multifamily Neighborhood Lending & Investments (“MLNI”), presented the transaction to the Board. The MLNI team presents its recommendation to authorize additional bonds for The Strand in an amount not to exceed \$2,640,000 (the “Project”).

The Agency issued Multifamily Housing Mortgage Revenue Series 2019 bonds in the total amount of \$19.5 million dollars for the initial closing of the Project in July 2019.

The Strand Residence is a proposed 86-unit affordable housing development in the Deanwood neighborhood of Washington, D.C. The proposed development will consist of a six-story multifamily building and approximately 2,450 square feet of first floor retail. The Project's amenities include two multi-purpose rooms located on the first and second floors of the property dedicated to resident services, a library and gym. The project is a New Communities Initiative ("NCI") property. The development team is a partnership of The NHP Foundation, The Warrenton Group, and the Washington Metropolitan Community Development Corporation.

The Project received its certificate of occupancy in April 2022. The projected placed in-service date is July 2022. The Project has experienced 280 days of construction delays due to manpower deficiencies associated with COVID-19, restrictions associated with adjacent properties and public space for access to complete exterior project work, and delays associated with elevator installation due to problematic sketch drawings and re-work. The total project cost overruns total \$2,325,000. Additionally, the Project will receive a negative low-income housing tax credit ("LIHTC") timing adjustment of approximately \$770,000.

The total funding gap for the Project is approximately \$3,100,000, which indicates a significant need to capitalize the Project. The supplemental bond issuance will allow the project to receive additional funds as the project can adjust the applicable Federal LIHTC rate to percent instead of the current project rate at 3.25 percent. The new Federal LIHTC equity proceeds will provide an additional \$3.1 million to the Project.

Mr. Holley-Grisham introduced Mr. Scott Barkan, with NHP, and opened the floor up for questions. There were no questions.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2022-14 for The Strand additional bonds. Mr. Binitie made a motion to approve the resolution and it was properly seconded by Ms. Howard. Mr. Donald took a poll vote. The resolution was unanimously approved.

IV. Consideration of DCHFA Resolution No. 2022-15 for Takoma Place Apartments additional bonds.

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 additional bonds in an amount not to exceed \$3,000,000 for the Takoma Place Apartments (the “Project”).

The Agency issued bonds for the Project in 2018 in the total amount of \$18.125 million for the initial closing of the Project.

Takoma Place is an acquisition and rehabilitation project and is located in the Brightwood neighborhood of Washington, DC. The unit mix of Takoma Place will be modified from 105 units including 1 non-revenue unit, to 8 one-bedroom units and 98 two-bedroom units, for a total of 106 units. The site consists of 7 garden-style buildings restricted to residents making 60% of Area Median Income (“AMI”) or less. The developer is The NHP Foundation.

The Project experienced 17 months of construction delays due to manpower deficiencies associated with COVID-19, unanticipated foundation work, unanticipated framing work, unanticipated plumbing work, refusal of a tenant to be relocated to a hospitality unit causing scheduling delays, and Washington Gas utility improvement delays. It should be noted that some of building deficiencies were previously undetected because issues were located behind the walls and underneath the floors.

Additionally, the Project will receive a negative LIHTC timing adjuster of approximately \$600,000.

The total funding gap for this Project is approximately \$5,200,000, which indicates a significant need for capitalization. The additional bonds will allow the Project to carry all costs within the partnership. Additionally, the Project will be eligible to receive District of Columbia LIHTC equity in an amount of approximately \$2.3 million dollars. The proposed LIHTC equity syndicator is Sixty West.

Mr. Hutter introduced Joseph Wiedorfer with NHP and opened up the floor for questions. Mr. Jackson asked whether there were any particular trades that experienced more delays than

others. Mr. Wiedorfer responded that carpentry, electricians, and other small businesses that they usually hire experienced delays. He also added that the most significant delays were due to a building foundational issue.

There were no additional questions. Mr. Donald indicated that bond counsel confirmed that the terms “supplemental bonds” and “additional bonds” had the same meaning and were used interchangeably.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2022-15 Takoma Place Apartments additional bonds. 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.

V. Other Business.

Mr. Donald stated that he would like to discuss the procurement related to the redevelopment of the Agency’s headquarters building, the Agency’s multifamily bond cap volume, and Board Chair’s concern with the construction management fees.

Regarding the Agency’s multifamily bond volume cap matter, Mr. Donald stated that a forward-looking weekly pipeline report was provided to the Board and that Agency staff performed an analysis of transactions that are expected to close. Mr. Binitie illustrated a screenshare of a copy of the Agency’s bond volume cap tracking chart from a previous year and asked about the status of the 2021, 2022, and 2023 bond volume cap. Mr. Donald responded that Mr. Binitie was viewing an outdated chart used by staff that serves the purpose of providing a backward-looking view of past spent bond volume cap in order to provide accurate reporting to the IRS. Mr. Donald also indicated that the chart that Mr. Binitie was illustrating is used by staff for reconciliation purposes. Mr. Binitie requested more information. Mr. Donald obliged and stated that the Agency could provide an updated forward-looking chart

Regarding the construction management fees, Mr. Donald asked the Board what additional information they were seeking so that Agency staff can fully understand the request. Mr. Binitie responded that due to COVID-19 delays, rising interest rates, labor shortages, and supply chain challenges, that the Agency has a significant amount of money in its reserves and that going forward, the amount that the Agency charges for transactions should be revisited. Mr. Binitie requested a list of all of the fees that the Agency charges on its transactions as well as a breakdown of fees for deals that include risk to the Agency and other fees for deals that

are minimal risk. Mr. Binitie questioned why the Agency is charging a construction management fee that is 1% of a transaction's cost. Mr. Binitie requested more detail regarding all of the fees for the transactions in the pipeline and an explanation of the value added by the Agency in exchange for such fees on bond deals. Mr. Binitie expressed concern that the fees charged to transactions may make the transaction infeasible and requested additional transparency. Mr. Donald stated that additional information regarding fees will be provided to the Board in the future. .

Lastly, Mr. Donald asked if the Board was prepared to allow the Agency to make a presentation regarding the procurement of a firm to redevelop the Agency's headquarters building. Mr. Binitie stated that he wanted to speak to his attorney about that matter. The presentation was not made to the Board.

VI. Executive Director's Report.

There was no Executive Director's report.

VII. Adjournment.

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

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

The meeting was adjourned at 6:41 p.m.

Submitted by Christopher E. Donald, Secretary to the Board of Directors on June 10, 2022.