

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

BOARD OF DIRECTORS

March 26, 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 5:34 p.m. and asked the Secretary to the Board of Directors (the “Board”), Mr. Todd Lee to verify a quorum. With five members present, the Board had a quorum, and the meeting continued.

The following members were present: Buwa Binitie, Chairman, and Sheila Miller. Stephen M. Green, Vice-Chairman, Stanley Jackson and Bryan “Scottie” Irving participated via teleconference.

II. Vote to close meeting to discuss Maycroft Apartments, 3500 East Capitol Street NE/The Solstice Phase II, and City Towns Apartments.

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 **Maycroft Apartments, 3500 East Capitol Street NE/The Solstice Phase II, and City Towns Apartments**. 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 Ms. Miller, seconded by Mr. Jackson and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 5:37 p.m., and resumed at 6:49 p.m.

Ms. Miller disclosed she sits on the board of Jubilee Housing, so out of an abundance of caution she recused herself from any decision regarding Maycroft Apartments. Mr. Lee mentioned that Mr. Irving is planning to be on the general contracting team for the 3500 East Capitol Street

NE/The Solstice Phase II project, so as they discussed, Mr. Irving will recuse himself from the discussion about that transaction.

III. Consideration of DCHFA Eligibility Resolution No. 2019-06 for 3500 East Capitol Street NE/The Solstice Phase II.

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 \$22,625,000 to finance a portion of the new construction of 3500 East Capitol Street, Northeast. The development will be the second phase of The Solstice, also called 3534 East Capitol Street, Northeast, another DCHFA bond-financed LIHTC property.

The proposed 95-unit affordable housing development will consist of 16 one bedroom, 67 two bedroom, and 12 3-bedroom units. Of the 95 units, five will be PSH units receiving LRSP vouchers; the remaining 90 units will be restricted to households earning 50 percent of AMI or less.

The capital stack will consist of permanent financing including \$8.8 million as a first mortgage loan, \$16.1 million in Housing Production Trust Fund (HPTF) funds, \$12.7 million in LIHTC equity, and \$1.3 million for developer fee. The estimated total development cost of the project is \$39 million or approximately \$411,000 per unit.

The developers of the project are MidAtlantic Realty Partners, also called MRP, who purchased the land for Phases 1 and 2 in November 2017. Taylor Adams and Associates will serve as the development partner. MRP is the sole member of the current owner and barring entity 3500 East Cap Venture LLC. Wholly-owned subsidiaries are MRP and co-developer Taylor Adams and Associates who will control the managing member interests. MRP will serve as a guarantor.

A LIHTC investor has not yet been chosen, but at construction closing the LIHTC investor will be admitted to either the current ownership entity or land will be transferred to a new ownership entity of which a LIHTC investor will hold a 99.9 percent ownership interest. Remaining members of the development team will be McCullough Construction as general contractor, Blue Skye Construction as co-general contractor, SKI Architecture, Kettler Management, and Audubon Enterprises as development consultants. The loan structure has not yet been determined.

Ms. Duru introduced members of the development team - Jordan Bishop from Audubon Enterprises and a team developer for the last year.

Mr. Binitie called for a motion on the resolution. Ms. Miller made a motion to approve DCHFA Eligibility Resolution No. 2019-06; that motion was properly seconded by Mr. Jackson. Mr. Lee said the Board took a poll vote because the Agency is committing volume cap.

The motion was voted on by Mr. Binitie, Mr. Jackson, Ms. Miller and Mr. Green. The motion was approved by a chorus of Ayes.

Mr. Irving joined via teleconference.

IV. Consideration of DCHFA Eligibility Resolution No. 2019-07 for City Towns Apartments.

DCHFA Underwriter Ugonna Duru, presented the resolution and information to the Board.

The MLNI underwriting staff requests that the DCHFA Board of Directors approve an inducement resolution to issue tax-exempt bonds in an amount not to exceed \$13 million to finance a portion of the cost to acquire and rehabilitate City Towns Apartments. City Towns LP acquired the project at a purchase price of \$6.5 million plus closing costs during a foreclosure auction sale.

The property's existing residents do not have TOPA rights due to the process of sale. The previous lender foreclosed upon the previous owner, Sanford Capital. Though the auction occurred on December 12th, 2018, the deed assigning ownership to the sponsor is dated January 31st, 2019. The developer is now seeking an inducement resolution from the agency within 60 days of the acquisition.

WC Smith determined that there are immediate life-safety repairs that must be completed in occupied and unoccupied units. The developer will manage these repairs with in-house maintenance staff and sub-contractors over approximately the next six months. The rehabilitation of the property is slated to begin in approximately the next two years. Though the property is not currently functioning as a LIHTC development, WC Smith plans to operate City Towns with 100 percent of units restricted to 60 percent of AMI.

The proposed capital stack includes permanent financing in the amount of approximately \$8.1 million of the first mortgage loan, \$574,000 in interim income, \$6.5 million in LIHTC equity, \$1.4 million as deferred developer fee, and \$4.9 million as HPTF. WC Smith will apply for HPTF funds in the next NOFA round.

The developer has not selected a construction of permanent loan structure yet. However, the development team will consist of WC Smith as owner, as property manager and as general contractor. A full-market study has not yet been completed for the development. However, staff reviewed a preliminary market report from CoStar and the average rent per square foot for City Towns is \$1.46 which is in mind with comparable Ward 8 property currently achieving \$1.32 to \$1.93 per square foot in rent. Currently the property is 82 percent occupied.

I also want to introduce the development team from WC Smith. We have Allison Ritz, Xavier Radcliff, Sarah Mohammad, and Brad Fennell.

Mr. Binitie called for a motion on the resolution. Ms. Miller made a motion to approve DCHFA Eligibility Resolution No.2019-07 for City Towns Apartments, and it was properly seconded by Mr. Jackson.

The motion was approved by roll call vote. The motion was voted on by Mr. Binitie, Mr. Jackson, Mr. Irving, Ms. Miller and Mr. Green

The motion was approved by a chorus of Ayes.

Ms. Miller exited the room prior to the discussion about Maycroft Apartments.

V. Consideration of DCHFA Final Bond Resolution No. 2019-05 for Maycroft Apartments.

Chairman Binitie stated that after extensive conversations about this transaction, it appears that the Agency is going to work on some of the finer details of this transaction, based on all that was discussed during the closed portion of the meeting, and subsequently will share with the Board an outline of a step-by-step process of how this transaction will be successful over the course of the next six months. It is understood, he said, that the Maycroft deal will come back to the board for a review at some point in June as well.

That being said, Mr. Binitie said the Board will table the vote on the final bond resolution for Maycroft Apartments until sometime on Wednesday, March 27, 2019, and hopefully with

that step-by-step process in hand, the Board will be able to vote in the affirmative in order to move the transaction forward.

With that said, Chairman Binitie moved on to the Executive Director's Report.

VI. Other Business

There was no other business.

VII. Executive Director's Report

1. Mr. Lee announced that DCHFA will soon issue a Request for Proposals to hire a consultant to begin conducting a market and feasibility analysis which is essentially the kick-off to the Agency examining the redevelopment of 815 Florida Avenue, DCHFA's headquarters site. Mr. Lee said DCHFA will let the Board know when that RFP hits the street.
2. Mr. Lee announced that the DCHFA 40th Anniversary Celebration will take place at City Winery at 5:30 p.m. on March 27, 2019.
3. Mr. Lee also announced that there will be a Budget Oversight Hearing at 10:00 a.m. at the Wilson Building on Thursday March 28, 2019.

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 7:05 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on April 19, 2019

Approved by the Board of Directors on April 23, 2019.