GOVERNMENT OF THE DISTRICT OF COLUMBIA

Housing Production Trust Fund Advisory Board

STAKEHOLDER DISCUSSION MEETING

9:29 to 12:57 p.m.

Monday, April 7, 2014

DC Dept. of Housing Community Development,

Housing Resource Center

1800 Martin Luther King, Jr., Ave., Southeast

Washington, D.C. 20020

Board Members Present:

DAVID BOWERS, CHAIRMAN

MICHAEL KELLEY

SUE MARSHALL

CRAIG PASCAL

MILTON BAILEY

ROBERT POHLMAN

DAVID ROODBERG

JAMES KNIGHT

ORAMENTA NEWSOME

Speakers:

KATHRYN HOWELL - George Mason University

ANDREW TRUEBLOOD - Planning and Economic Development.

DAVID BERNS - Department of Human Services

MARISA FLOWERS - Green Door Advisors, LLC

P R O C E E D I N G S

MR. BOWERS: All right, ladies and gentlemen, we will get started. Our clock over here is about two or three minutes fast. Actually, hold on second. We've got one director call.

(Pause.)

MR. BOWERS: All right. I want to say good morning to everyone. Welcome. This is the Housing Production Trust Fund Advisory Board meeting for Monday, April the 7th, 2014. We will officially call this meeting to order at 9:30 a.m.

I am David Bowers, Chairman of the Advisory Board.

The first thing we want to do, just in terms of some housekeeping notes before we make sure we've got a quorum here, one is to remind people that this is a public meeting and it's being recorded. We will also ask in that spirit that, we do not have microphones. Unfortunately the microphones went a little bit on the blip for us, so we're going to ask you to make sure you speak up. These mics you see are mics that are capturing and recording the information for the transcriber for the records, but they won't amplify. So please make sure to speak up when you speak.

The other thing we'll ask is when you do, the first time you speak if you could, please, just announce your name? That would be helpful for us.

Another housekeeping note, restrooms, I think most people know are right outside the door to the left, men's and lady's room, right outside to the left.

We will take a break at 11:45, but we'll power through until then so obviously if you need to get up, stretch, or use the facilities, please feel free to do so. We will have a few more snacks, but no lunch, unfortunately, at break time. But we'll give you a few more snacks to get you through until the end.

For those of you all, we hope everyone

can stick with us until 1:00. For those who may need to leave before then, you can -- you'll see on the agenda at the bottom is an e-mail address from Ms. Bee Fields. And so you can send -- if there are some comments you didn't get a chance to make, you can send your comments there.

We'll also say as well, for members of the general public who may be here, and if you'd like to send in comments, suggestions, recommendations, you may feel free to do that as well, to Beatrix, B-E-A-T-R-I-X, dot, Fields, at DC.gov.

As we go through the meeting during this part, we'll have -- this is our stakeholder engagement meeting. The folks who are at the table are going to be the folks we'll ask to be responsive as we go through.

Let me now ask if we can have the members of the Advisory Board -- we'll do a quick roll call to make sure we have a quorum. So, David Bowers is here. Other members, we'll just go around. If you're a member of the Advisory

Board, you can just state your name, please.

5 MS. NEWSOME: Oramenta Newsome, here. 1

7 MR. PASCAL: Craig Pascal, here. 2

10 Kelly 7 4 MS. MARSHALL: Sue Marshall. 3

6 MR. POHLMAN: Bob Pohlman. 4 Jackson. 7

Absent Prior 8 3 MR. KNIGHT: Jim Knight. 5 9

8 9 MR. ROODBERG: David Roodberg. 6 2

1 MR. BOWERS: All right. Seeing that we do have a quorum established we will move forward. Thank you all.

Let me also, so I don't forget, let me just say at the beginning, a huge word of thanks to the DHCD staff, Beatrix Fields, Angela Nottingham, Pamela Hillsman, and the IT team. Bee and Angela and Pamela were extremely helpful, Director Kelley, in terms of helping us pull this together, which was no small feat. So I want to say on the record, thank you to them ahead of time.

I also want to thank Jim Knight, Oramenta Newsome, and Stan Jackson, Board members who helped also kind of behind the scenes with thinking some of this through. So I wanted to make sure to just acknowledge those folks as we began.

Just to set the stage very briefly, our Housing Production Trust Fund Advisory Board as currently constituted, was sworn in by the mayor last summer. The statute calls for the Board to advise mayor on the development, financing, and operation of the fund, and other matters related to the production of housing for low income, very low income, and extremely low income households.

The Board may review the uses of the fund for their conformity with the purpose of the Act, and the Board shall have reasonable access to records related to the fund to perform this review.

Now a few key points about trust fund dollars. The statute calls for 40 percent of the money to be used to create housing for extremely low income households. That's for households making below 30 percent of AMI, 40 percent to be used to create housing for very low income households, 30 to 50 percent, and at least 50 percent for rental housing.

So why are we here today in this context, or this configuration. So the Bridges to Opportunity, a New Housing Strategy for D.C. Report, as many of you all know was issued by the Comprehensive Housing Strategy Task Force in early 2013, and there were three high level strategic goals. Preserve approximately 8,000 existing affordable housing units with federal subsidies that will expire in 2020, produce and preserve 10,000 net new affordable housing units by the year 2020, the 10 by 20, and support the development of 3,000 market rate units annually through 2020.

In 2013 Mayor Gray publically embraced it, in particular the 10 by 20 goal, and a good deal of the city funding targeted to help achieve these goals has been designated for the Housing Production Trust Fund Advisory Board.

So as you'll see up here, in terms of our stakeholder meeting goals, what we want to accomplish today, really, one is to identify any specific recommendations for the Trust Fund Advisory Board consideration. We are meeting monthly, currently, and are looking to try to bring recommendations to the Agency and to the government in large that may assist with getting to the goals that you have heard about.

The second thing we hope may happen here today is identify specific recommendations for an agency, a company, an organization, or a group consideration.

So some of you all, from your individual, whether it's a bank or a development entity, for your agency, you may hear something, you may be able to move on. A number of us are members of different types of working groups. The leverage working group that was convened by Oramenta Newsome at LISC, the Metro Bankers Group for example, there are a number of different working groups the Affordable Housing Action Team at the Washington Regional Association of Grant Makers.

There are a number of different working

groups in town and so we're hoping also that out of this conversation you may hear some specific recommendations that you can take back to your individual institution or a collective group that may be working together.

And finally obviously just some one-on-one connections where people may be able to move on specific recommendations.

So as you see here in terms of how we'll kind of lay out the conversation today, looking to identify barriers that exist, identifying resources that are available, and identify the steps that can be taken to meet the goal. I don't want to beat this drum too long, but I will say that this is not just an academic exercise; not just an exercise in kind of policy making if you will, but as we all know it's a great town, a great city to live in, and we're all blessed, you know, to be here.

But we know there are some very serious struggles that people have. Over 50,000 households in this city are paying more than 50 percent of their income for their housing costs. We all have heard a lot of news about the homelessness issues, et cetera. So there are a lot of our fellow citizens, residents, who are very much struggling as it relates to their housing situation.

And so this meeting here today was designed to try to get a number of different players in the room. From the government side you'll see the dark blue cards, developers with the yellow cards in front of you, the folks from the financial end of town will have the green cards in front of you. That was just a coincidence, Tom Nida. So, a coincidence there. And then the light blue from folks from philanthropy.

So this meeting was designed to get as many of us in the room as we could to try to air some of these issues out collectively so that we can move forward with some -- so people can hear from one another at the same time today.

So, before I turn it over to Dr. Kathryn

Howell, I just want to say as we go through the day that's led by our facilitator, Marisa Flowers, please keep in mind these goals that we have.

I will say as a person who loves words, the power of words, and the use of words, Jim Knight, we want to be succinct with our words today and be very focused with our words today. We have a chunk of time allotted, people, so we definitely want you to speak what you need to do, but we don't need speeches. We do want those succinct, kind of to the point. So Marisa will keep the trains moving as it goes there.

We do also again want to thank the folks who are here to help us with capturing, so you'll see folks who will be scribing. And they're actually going to compile some of these things at the break time and then in our last part of the time together we will work on moving towards real specific recommendations.

Before I turn it over to Dr. Howell I do want to ask Director Kelley, we are here at DHCD as our host. If you want to say a quick word of just welcoming us to the house and then we'll move on. Director Kelley.

MR. KELLEY: Jim Bowers and to the Housing Production Trust Fund Advisory Board, welcome and thank you so much for the very important strategic exercise here.

Our recognition and the Chairman mentioned a moment ago about the hard work that went into putting in to the Bridges of Opportunities and the kinds of laying the foundation for what it needs to continue to make this a diverse and inclusive city through affordable housing.

And so I think one of the things that we have been charged at DHCD is to look to make real and through our programs to keep pushing the ball on things like the Tenant Opportunity to Purchase Program and the various programs, that are really talking about in many ways, production.

And so I welcome the opportunity to follow up on this, Chairman. And again, as you mentioned before I do want to do a shout out to the hardworking men and women at the Department of Housing and Community Development.

MR. BOWERS: Great. Thank you, Director Kelley. I appreciate it.

Also, please, if you have a cell phone, please make sure to put it on silent or vibrate. We appreciate that.

So here is how we'll proceed. Dr. Kathryn Howell is a research fellow, George Mason University, Center for Regional Analysis. We've asked her to take about 10 minutes to create some framework from a data standpoint if you would, and we'll have about five minutes for a Q and A with her when she's done and then we'll move to Mr. Youngblood from Deputy Mayor Hoskin's office and then Director Berns.

MS. HOWELL: All right. I'll stand up a little bit because I'm kind of short. You might not be able to see me.

All right. Well, I want to apologize, first, my boss, Dr. Steve Fuller can't be here today. He's traveling and he's much better at doing these presentations than I am, but here I am. So this presentation is kind of put together of about three different reports, which is Dr. Fuller's report on jobs in the region, and then the housing, the Region's Workforce, and then a report I did on multifamily housing in the region.

So I've got kind of a 30,000 foot level. I mostly am trying to focus on D.C., but I do have some regional context because I do think that's important for what you're doing and definitely for housing in general.

So I'll talk a little bit about the rents and sales prices as they kind of currently stand across the city, jobs coming to the city in the next 10 years, and what their pay is going to be, where people might live, and so I have about 10 minutes. So I will try to be quick and also useful at the same time.

All right. So these are the contract asking prices for new condos in the third quarter of 2013, and they've kind of stayed very similar. I've got it for the region but we're on the left-hand side here. It really ranges. As you know, we didn't lose as much ground as other places did in the downturn, so that's kind of good if you own a house, not so good if you're trying to buy one. So they really range from you know, over 1.6 million in upper Northwest, to 300,000 sort of east of the river, Hill East. So it's really pretty wide range but we still outpace our neighbors largely, with the exception of Arlington and Alexandria.

All right. So, in spite of some of the comments that what we've heard -- I've heard anyway, from folks that we've overbuilt, rents aren't really telling us that. The average rent for new Class A buildings in D.C. is above $2,500 a month. For Class B it's above 1,800 a month. So it's still keeping pace, and again we are beating out our neighbors in all fronts in terms of cost of living here, which is tricky for a lot of folks you guys are dealing with.

But jobs aren't really keeping pace. So there's another chart that I'm going to explain that's unfortunately not here, but talks about the jobs that are coming to the D.C. region. And it has three bars, and those are the thirds of income bands.

And you see big growth in the top, big growth in the bottom, and no growth in the middle section. So we are not gaining middle income jobs, we are gaining working class jobs and high income jobs, which create some problems for housing.

And this shows the job requirements, and more than a third of the new jobs coming in are requiring short-term on-the-job training, and those are jobs that are earning about, on average, $15 an hour, and this is just for D.C., which translates to about $31,000 a year. So that's the average wage for these new jobs that are coming.

And then the other group, large group of jobs, about 28 percent, which is bachelor's and a little bit of experience, those are betting paying at about $50 -- excuse me, $35 an hour, which translates to about $70,000 a year.

And these jobs, the higher wage jobs, are largely in business services, professional office jobs, and education and healthcare. And those education and healthcare jobs are not jobs with PhDs and they are not necessarily teaching jobs, they are working in the universities for service staff, healthcare, home health aides. There's a big growth and demand for home healthcare, as we all know as the aging population ages.

And so these are not necessarily your high paying jobs, and they are not necessarily concentrated in the city or in particular downtown areas. So they are kind of dispersed across the region.

Government employment, as you may have heard, is declining, and that's largely -- it's not that they're cutting jobs as much as they're just not backfilling the existing jobs as people retire. So that's part of that issue with that stable middle income group that is not growing.

All right. So this is just a map to show you a little bit of context of -- the top map is the demand for homeownership units. If everyone decided to live where they work, live in the same jurisdiction they're working in, so that gives D.C. -- sorry it's so small, but we're kind of small in the region, right? But that's 19.7 -- excuse me, 19,700 new home ownership units in the city by 2032. That's a 20 year span from the time we really started doing this research.

And that's like I said, if everyone decided to live -- you know, they got a job in D.C., they're living in D.C.

The bottom map shows sort of business as usual. If we continued the same commuting patterns that we've got now, that disperses the jobs and we have -- or that disperses the housing and that's 18,000 new home ownership units.

And you can see, so there's sort of two different problems, right? If we do one we need more housing units, if you do the other one we need to address our transportation problems. So both are sort of costs for the region, it's just which -- sort of picking your poison.

And this is the housing demand by income. These are -- rental units are in black and home ownership units are in purple. For those who are earning less than $49,000, that translates to a rent of about 1,250 a month. The demand is about 14,000 new units. And these are for new households. This is not what you guys are already doing, this is not what's going on now. This is net new households.

So that's 14,000 to house the net new households that could be coming into D.C. And then that gets -- obviously the number of units gets smaller, 4,300 for those between 50,000 and 74,000 a year, which translates to about 1,250 to 1,300 a month. And then 600 units for those over 75,000 to 100,000, which is that sort of the higher end of the workforce spectrum, 1,300 to 1,750.

For sale units -- oops. Somehow the for

sale unit did not make it here. Oh, no, they did. It's on the same graph. My apologies. I thought I had a separate one.

So that for sale, 1,600 units need to be sold for less than $200,000 a year. And that's really kind of where you guys are really working. And that's kind of decent size, but that gets bigger as you go.

So, 1,100 units would sell for between 200,000 and 300,000 a year. And again, this translates back up to that less than $49,000 of income. And 2,900 units would need to go for $300,000 to $400,000 per year.

And this is, again, accommodating net new people, assuming that, you know, if you want to get people who are getting jobs here to stay here in the District, this is kind of the housing demand. And that assumes, again, 105,000 new households in the next 10 years.

So I tried to do short and sweet, to the point, but I am happy to take questions, so.

MR. BOWERS: Any questions for -- thank

you, Dr. Howell. Any questions for Dr. Howell?

Yes, David. And again, the first time you speak, please just state your name for the folks who are keeping records.

MR. ROODBERG: David Roodberg. On the last chart, when you talk about beyond already planned, what's the definition of beyond already planned? Like the Task Force is planning for 10,000 units by 2020. Is this above and beyond that? So what does that mean beyond --

MS. HOWELL: I didn't necessarily add it into what you guys are already doing. This is to house net new people. So anybody who is new that's coming in between 2012 and 2022. So a lot of I know what typically -- I know when I was here we were looking at housing people who were here and dealing with the need that was existing. So this is just new need, not --

MR. ROODBERG: People driven; new people driven as opposed to existing --

MS. HOWELL: Right. New workers.

MR. ROODBERG: -- demand of current

people.

MS. HOWELL: Right. New workers, is how we measured it based on the jobs that are coming.

MR. BOWERS: Other questions folks may have. Yes.

MR. EDMONDSON: Just curious, I --

MR. BOWERS: Can you tell us your name, first?

MR. EDMONDSON: I'm Jim Edmondson from E & G Group. What is the number of units that has been produced historically over, say, the last 10 years per year? I mean, my understanding really is that we're going to have to reach unit production levels that are beyond our traditional capacity.

MS. HOWELL: Right. I mean, so I don't have an exact number for that, but what I can tell you is that all of this flurry of -- if you've seen the multifamily developments all over, this flurry of multifamily development, this is now we're just meeting the need. Just meeting the demand. And that's for, you know, obviously luxury apartment buildings. So if you think about how much that is and how everyone sort of says, wow this is crazy, and the developers are all kind of -- a lot of developers that I've heard from are sort of getting a little nervous about it, that's the kind of demand that's going to have to continue because the other thing is, you know, and Mark Obrinsky from the National Multifamily Housing Coalition, he described this that you know, Baby Boomers we talked about pig and a python, right? You had this small thing, all of a sudden a huge group, and then it got smaller again.

Millennials are different. They're going to keep growing. And that's, you know, the population is going to keep growing and the demand for, particularly multifamily housing, but housing in general, and their demand for multifamily housing is, I think, going to squeeze the people that we're working with in terms of low income housing more than some of the other demands for housing would have been.

And I can try to see if I can get that information in more detail. Jeannette Chapman, who works in my office, worked on the report on housing the region's workforce, and they have a lot of that data.

MR. BOWERS: Other questions. Yes, sir.

MR. BINITIE: Good morning. This is Buwa Binitie.

Could you just speak a little bit to the job growth in each one of the income sectors that you produce? I know you, you know, so basically if you're looking at approximately 14,000 units over the next 10 years --

MS. HOWELL: Uh-huh.

MR. BINITIE: -- approximately how many jobs do you see being created over that same time period for the 15,000 and below and 100,000 and above?

MS. HOWELL: I actually didn't bring the supporting data with me on that one, but that I have very readily --

MR. BINITIE: Okay.

MS. HOWELL: -- as soon as I get back to my office. I can e-mail all this to David and get more detailed information.

MR. BINITIE: Okay. But do you see the job growth growing at the same pace or --

MS. HOWELL: It's going to slow a little bit.

MR. BINITIE: Okay.

MS. HOWELL: Because we've been -- D.C. has been growing, but and particularly in government sectors, that's going to slow.

MR. BINITIE: Okay.

MR. BOWERS: Great. Other questions? So -- did I see a question there? Okay.

So the high level then, we're saying in the next 10 years, 100,000 new units?

MS. HOWELL: Uh-huh. Hundred thousand new households.

MR. BOWERS: Households; 100,000 new households.

MS. HOWELL: Which translates to units because --

MR. BOWERS: Uh-huh.

MS. HOWELL: Right.

MR. BOWERS: In 10 years.

MS. HOWELL: And so we assumed, when we did the analysis about jobs to households, we assumed existing kind of family patterns would continue. So if you have two workers per household for X percent of the population -- so we did a lot of assumptions going -- doing our estimates.

MR. BOWERS: Uh-huh.

MS. HOWELL: So 100,000 new households is based on the number of jobs, number of people per households -- number of workers per household as it currently stands.

MR. BOWERS: And by the income band, do you have a sense of how many of those 100,000 new households that we'll need to accommodate in the next decade in the District, roughly how many are kind of at the below 30 or below 60 band, or below 80 band?

MS. HOWELL: We didn't divide it out by

AMI. We have the less than $50,000 a year group, which is the one that's up there.

MR. BOWERS: Uh-huh.

MS. HOWELL: And I think that we just have to do a little -- I didn't have as much time because I wanted to dig into the analysis but we can see what we can do about --

MR. BOWERS: Okay. But we've had it by the income band.

MS. HOWELL: Yeah, we've got it by the income so it's --

MR. EDMONDSON: David?

MR. BOWERS: Yes, Jim.

MR. EDMONDSON: I can remember the statistics because they were rather stark.

MS. HOWELL: Yes.

MR. EDMONDSON: Forty-five, 10, 45. That's the percentage.

MS. HOWELL: Yes. That's the three. Yes, he saw it. You've seen that chart then. Good.

MR. BOWERS: Walk us through. So that's

45,000 units?

MR. EDMONDSON: Forty-five at the top level, which I think was 75 and above.

MS. HOWELL: Uh-huh.

MR. EDMONDSON: Ten percent between 50 and 75, and 45 percent below whatever the bottom is.

MS. HOWELL: That's where the job growth is coming from.

MR. EDMONDSON: Yeah.

MS. HOWELL: Yeah.

MR. BOWERS: Uh-huh. Okay. That's great. Thank you. Any other questions for Dr. Howell?

MR. NIDA: David.

MR. BOWERS: Yes.

MR. NIDA: Comment. I'm Tom Nida with United Bank. Couple things I've been concerned about is having feedback from underwriters in my credit department, appraisers, that are looking at all this surge of new construction saying, it's a bubble and it's likely to pop. And the question here is, if we do one thing from this type of meeting, just to get this kind of information more widely dispersed to the banks, to the real estate appraisers, and others, to get a sense of the historical facts and the real well-grounded trends, because you know, we could cut it off by just cutting off the financing and thinking, you know, that next apartment is the next one that can possibly be sustained. And, you know, we're on this, you know, edge of a bubble. And it's not. It's clearly not.

MR. BOWERS: Right.

MR. NIDA: But I think it's information that needs to be more widely distributed to people that are going to have their finger on the posts of the levers of finance.

MR. BOWERS: And, Tom, that's a great point. And when we talked about earlier kind of what we hoped would come out of this meeting, some of them will be recommendations that this Board could consider to make to the City. But others to your point right there, there may be specific things that an individual bank or say the Metro Banker's Group for example, may want to take this data and figure out ways to disseminate this to members financial institutions across the city and kind of create a forum for them to wrap their heads around the data with Dr. Howell or Dr. Fuller.

Buwa and then Bob Pohlman.

MR. BINITIE: But if we could be a little more specific, though, and delineate between the number of market rate units that are being created that is sort of creating this anxiety in the form of a bubble, and the affordable units that are also being created, because we'll see, hopefully, that there is a stark difference in the number of units that are being produced for those that can obviously afford versus those that are -- those of modest income.

MS. HOWELL: and that's definitely something that I looked at in my multifamily report, was that we do have a huge production. The production of zeros and ones, and -- bedroom units, that are higher income; higher income requiring, higher cost. There is a huge bubble in that and developers aren't even touching the affordable units at this point. They're buying up the older ones but not building new ones.

MR. BOWERS: That's great. Thank you. Bob Pohlman, and then we'll move on.

MR. POHLMAN: Yeah, could you explain what exactly is -- these are the number of units by income band that are going to be needed?

MS. HOWELL: Yes.

MR. POHLMAN: 2012 to 2022?

MS. HOWELL: Yes. So to house the net new workers.

MR. POHLMAN: If 45 percent of the jobs are in the 75 to 99 category, is that right? Forty-five percent --

MS. HOWELL: I believe, yeah. That's where the --

MR. POHLMAN: -- in that middle and --

MS. HOWELL: -- growth.

MR. POHLMAN: -- 45 percent in the lower.

Why aren't the bars -- like, why aren't the bars 75 to 99 equal to the bar for 49, or number of units anyway? I mean, it looks like there's maybe 16,000 units less than 49, and there's 9,000 for 75 to 99.

MS. HOWELL: I will get more information about that, as far as what the details were on that graph because I -- that was --

MR. POHLMAN: Unless it's above some kind of projected supply, but it isn't.

MS. HOWELL: No, I don't -- no, no, it is. Actually, the Housing Regions Workforce, they did take in to account, existing supply.

MR. POHLMAN: Okay. So this is really number of units above --

MS. HOWELL: The existing --

MR. POHLMAN: -- some kind of projected or --

MS. HOWELL: Right. So it's above what's existing.

MR. POHLMAN: Okay.

MS. HOWELL: Based on production.

MR. POHLMAN: Above what's existing.
MS. HOWELL: Right.
MR. POHLMAN: Okay.
MR. BOWERS: That's good. So, as we see, we wanted to do a little bit of grounding in the notion of, as the City tries to think about our competitiveness with the job growth that's projected, right, there's clearly a need and the housing goals are laid out in the Task Force report. There will be a need that we, as a region, that we as a City, there is some serious preservation and production work that will need to happen.
And, Dr. Howell, if it's all right, we'll work with you to follow up, I think --
MS. HOWELL: Absolutely.
MR. BOWERS: -- to get some of the additional data that could be made available, not only to the trust fund, but to folks who are here. Obviously that will be public. And so again, if there are those who want to try to -- I know a number of folks here have seen and heard

on numerous occasions either Dr. Howell or Dr. Fuller present the data, pretty compelling stuff. And so if you think it could be helpful to have them come in and talk to your group, that would be great.

So, thank you again. So now we will transition on the agenda to the affordable housing discussion background, to the next session.

So for Deputy Mayor Hoskins, Andrew Trueblood is here from his office. We'll hear from him. We've asked him to speak and then Director David Berns is here, speaking on behalf of Deputy Mayor Otero to kind of set it at a kind of 30,000 foot level, some of the key goals and pillars that the City has going on; some key things that have been happening and taking place.

What we've asked each of them to do is take 10 to 15 minutes each, and then what we'll do is save questions for both of them together once they are done, and then after that we'll move to the facilitate discussion.

So, Andrew, we'll turn it over to you. Thanks for being here.

MR. TRUEBLOOD: Thank you, David. My name is Andrew. I'm the Deputy Chief of Staff over at DMPED and have been working closely with the Deputy Mayor on our kind of end on the affordable housing piece of our work.

I first must start out by apologizing the Deputy Mayor can't be here. He's actually with the Mayor in front of council, discussing the FY15 proposed budget, which as I imagine many of you know includes another $100 million for affordable housing. A little bit over three quarters of that would go directly to the HPTF, and then there are other pieces of it including low rent supplement or Rapid Rehousing that also support a lot of the production, or support affordable housing in another way.

So, he is working on that and so I am here in his stead, and really just have a couple of thoughts that he wanted to pass along.

I think first he wanted to emphasize, you know, that this 100 million is on top of a previously $100 million commitment that was leveraged with other funds to be a total of 187 million that was announced last October and November. So the dollar component of the affordable housing production and support has really been there over the last year or two.

And now we have been working closely with DHCD and the other housing agencies, DCHFA, DCHA, to figure out how to actually get that money out and how to actually get production. You know, it is a pig and python kind of once again, scenario, where there's a lot of money now going through both the system of government. But now as evidenced by the folks around the table, the whole affordable housing ecosystem in the City. And so the Deputy Mayor is very happy that everyone is around and we can talk about where are those pain points and how can we address them now in order to actually get this money out. And more importantly, get those units produced and filled in order to meet he Mayor's goal, the 10 by 20 goal.

And so we've been working closely on that, and we're excited that folks around the table -- and there's opportunity for the HPTF Board to weigh in and help guide some of that moving forward.

I think I'm interested personally -- I'll be here this morning, interested in hearing what those pain points are, both in terms of what we can do as the government, but also what can happen on the private and nonprofit side to get this done and to reach these goals.

I think the challenge now is to prove that we can deploy that money and do it successfully, I think. In order for success to beget success, we need to show that there can actually be production and actual attainment of these goals. I think if we get $287 million and then it kind of sits around and projects wallow, it would be hard to ask for more money in the future.

So we're very interested in kind of

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proving that the ecosystem, that the affordable housing ecosystem can produce and can step up to this challenge. And so I think that's the main gist of what the Deputy Mayor was hoping to convey this morning.

MR. BOWERS: That's great. Thank you, Andrew.

MR. TRUEBLOOD: Yes.

MR. BOWERS: I appreciate that. Director Berns.

MR. BERNS: Okay. Good morning.

ALL: Good morning.

MR. BERNS: This morning I'd like to talk mainly about a subset of our population, and that's the need for housing for our lowest income families. And by that I'm looking at and talking mainly about our TANF families and a subset of the TANF families, those that -- low income families that are presenting as homeless.

Now, I realize that this group is looking at a much broader view than that. But what you see in the newspaper and what really makes publicity and what's the hardest and most difficult population to house are those with the lowest income, and we can build all sorts of units. Virtually as many units as you want for those that are around 49,000 or 40,000. But unless we can figure out how to house those that are receiving public assistance benefits, and remember that 40 percent of the population of Washington, D.C. is receiving some kind of assistance through the Department of Human Services.

And I have a few copies of my presentation. I didn't make copies for everybody, but if you want it, I'm sending it around. So I'm not sure how this thing works. I guess --

Here's just a brief description of our TANF caseload. In the District of Columbia, and TANF is Temporary Assistance for Needy Families. It's the old AFDC program. It's the welfare program, basically, for families. We have about 17,000 of those families in the city.

That amounts to 44,500 children and 30,544 adults.

UNIDENTIFIED SPEAKER: It's flipped.

MR. BERNS: I'm sorry. Just reverse -- actually, the chart is wrong. Right. So sorry.

UNIDENTIFIED SPEAKER: You had it right.

MR. BERNS: I got it right, the chart, somebody at the last minute reversed that on me. I'm sorry.

The 60 month -- the number of families that have been receiving assistance for over five years is 6,000 of those. Fourteen thousand of those families are deemed eligible and have a requirement to work. The other 3,000 of those families are deemed not employable or elderly, like grandparents raising their grandchildren, and don't have a work requirement.

Now, of those 14,000 cases, only 1,400 are reporting any income at any given time. Those would mainly be part-time jobs, low income jobs, not sufficient income to remove them from the public assistance, but receiving some kind of income.

Now that's increasing, but it's increasing from what was even more deplorably low than that.

Ninety-six percent of our TANF population is African/American, even though I think just about half of the city now is African/American. Predominantly this is an African/American population, and the average TANF grant, cash grant, is $328 per month.

So we're not talking about families that are closer to that, like Dr. Howell was talking about, the higher rate of 49,000. We're talking families that are receiving cash benefits, cash income of approximately $4,000 per year.

And this is the population that we're primarily trying to serve. Now of those, it's not on the chart but a little over 52 percent of these families only have one child. That's good news, actually. Twenty-seven percent have two kids, 12 percent three kids, and under nine percent have four or more children.

Now those ones with four or more children present an even greater housing need because we're talking minimum three, probably four bedroom units for that population.

Just a little bit more about the TANF families. And this is a surprising one, that the head of households, one percent are 19 or younger, where it's very young. And it's good that that number isn't higher. It's only about one percent. Eleven percent are 19 to 21. Twenty-three percent, 22 to 25. Eighteen percent, 26 to 29. Thirty-one percent are 30 to 39. So these are not just all very young families. There are nearly -- well over 30 percent that are between 30 and 39, and another 40 -- or 16 percent are 40 and older, and a lot of those again are grandparents raising their grandchildren. So this isn't just the biological parents. This would include other caretakers who have taken in the children.

Now, where they live, I think this is probably an interesting element for the people that are actually building and financing these units. Six percent of our TANF population, of those 17,000 cases, are in Ward 1, six percent are in Ward 2, zero percent -- now, we have like such a small number, in the teens, I think number of cases in Ward 3. So it's recorded as zero percent in Ward 3. Nine percent in Ward 4, 12 percent in Ward 5, 14 percent in Ward 6, 23 percent in Ward 7, and 30 percent in Ward 8.

So the predominant population is in Ward 7 and 8. Now, just as an aside, we also provide SNAP benefits, food stamps. That includes 49,000 children, 72,700 adults under age 65, and then another 13,500 who are seniors. So that's just a subset so that you get a chance to see. And the average monthly food stamp benefit in addition to say those families that are receiving TANF would be another $230 per month.

Now, a subset of our TANF population are the homeless families. And virtually every homeless family is eligible for either TANF cash benefits or various types of supplemental services that we provide through the TANF program.

And of those families that have already come in and are receiving services in our homeless continuum, 35 percent are in shelter. And by shelter we're meaning D.C. General, or currently in hotels. And I'll go into a little more detail on this in some later slides.

About 18 percent of those families are in permanent supportive housing. Permanent supportive housing is like a permanent voucher, like a Section 8 type of a voucher that doesn't have a time limit, but it also means that they're receiving specialized services, like mental health, substance abuse, developmental disabilities, long-term kinds of issues that they need where they will always need supports, pretty much, in order to live independently.

We have 12 percent in transitional housing, which is apartment style housing but it's considered for a year or two, depending on the program, with the thought that they will move into housing on their own, rather than through this type of a transitional basis.

We have six percent in apartment style shelter; very similar to traditional or transitional housing. And a new element and one that we expect and really need to grow is called Rapid Rehousing. It's a short-term voucher where the families have just recently been moved into apartments with a voucher that's only guaranteed for the first four months, but where they can keep it for a year or more if they're working diligently towards their own self-sufficiency.

Nationally we find that depending on the permanent vouchers, whether as low -- or local rent supplement program or Section 8, where the money has pretty much dried up, there aren't a lot of those currently new ones coming available, and we can't count on that as a financing structure for the most part for this population.

But most people, 80 to 90 percent of the families that we have do not need a permanent voucher. It's found that they can be successful with a shorter term voucher. It's like a housing first philosophy, meaning that once you get into housing you have a lot better chance of getting a job. If you're on the streets or in a shelter, your chance of getting a job, your chance of getting your mental health, your substance abuse, and your other issues addressed, is pretty remote.

But if you can get into the housing first, then you have a much better chance of being self-sufficient and especially being able to take care of your educational needs, your training needs, your mental health needs, and other barriers that have been preventing you from being able to move forward.

Just as another point, you probably have seen in the papers, our big spike in homeless families this year. We had budgeted for and expected to have 509 new families enter the shelter system. By January of this year, three months into hypothermia season, we had already placed over 700. At that rate we were expecting to place over 1,200. We ran out of all of the hotels. You talk about construction, maybe we need to -- if we would have kept on that pace we'd be talking about how to build more hotels in order to house the homeless families, and hotels are not the solution, nor are shelters. The housing is the only solution for this massive influx and so, that's why I'm here to try to figure out ways, not just to find the housing but to support the families and to develop their skills so they can actually afford housing, maybe get up close to that 40 or $50,000 income range, so they can afford the housing that this group is so diligently working at trying to build and provide.

Our intake -- let me see where I am on this. We've had -- one of the elements of our program has been to unite our TANF program and our Homeless Family Services so that families not only -- we don't concentrate exclusively on whether they need housing or whether they need welfare assistance or need a job, but moved all of those services and supports into one center called our Virginia Williams Family Resource Center.

We served, last year, over 4,900 families, almost 5,000 families. Only had to place 509 of those -- actually 460 of those families into shelter and the other 4,500 or so received other kinds of supports like emergency rental assistance, assistance with helping their friends and relatives to be able to maintain them while they looked for a job. So there have been a lot of supports for families other than jobs.

And to date we've served over 3,000 there.

I'm getting the signal to move faster, so just to let you know, we have in those homeless families, a total of 3,169 people in the families. And this is from our point in time -- we have another 3,700 individuals that are homeless. That hasn't been the focus of the discussion, but these are also people that will need permanent supportive housing in the long run. Just in the District.

Here's a table that shows what the number of children living in poverty in the District would be. It's kind of a -- it tells you at the various levels, so you can look at that at your leisure.

Some of the issues that our families are experiencing, and this important information so that -- and it's from an assessment -- before this administration came, before the Mayor came in, we weren't doing an assessment on our TANF population. So we didn't know how many had various kinds of issues. We now have done 100 percent assessments of all of the families, done screening. And 14 percent of those have been screened as having -- or likely in need of mental health treatment, eight percent for substance abuse problems. Which, yeah it's a myth that welfare recipients are a bunch of druggies and alcoholics and all, certainly there is a subset of that population, but not a lot heavier concentration than the population in general.

Seventy-five percent have at least attained some high school, or graduated from high school or more. But that means that 25 percent don't even have a high school education. Nine percent reporting issues of domestic violence, and 19 percent of our TANF population are now indicating significant housing instability. It was 40 percent just two years ago, and now we're seeing that that is improving. I think mainly through our efforts at Virginia Williams. So that's one of the positives and I'll spend more time with you on that later.

So, just in closing, we know that this is the production side, but in order to understand the population and the true needs, we have to continue to focus in on their employability, their training, because it's not just how many affordable units there are, it's how many of our residents can afford those units. And you're not going to be able to afford them at $4,000 a year in income, no matter again, what you build.

A couple of highlights that I'd like to

spend more time on. We have a campaign coming called, 500 families, 100 days. Many, if not all of the producers have been invited to a meeting coming up on April 17th at 99 -- or at 9:00 a.m., April 17th, at 33 N Street. And this is to discuss how we're going to use Rapid Rehousing and other techniques to find 500 existing units for the families that are currently in the hotels and in the shelter in the next hundred days, and to use that Rapid Rehousing to get them out so that they have a much better chance of when they're in stable living environments to get a job and overcome their other barriers.

And one new thing that the Mayor just introduced and that we're very rapidly putting into place is called, One Congregation/One Family. And that's to take our many hundreds of faith communities, whether it's Synagogue, churches, Masques, or whatever and have those faiths, resources, recruit teams from their congregation to four to six families that will wrap around each of our homeless families and provide an extended family, providing hope, security. Government can do just so much. It's not always just a matter of the resources and the finances, but mainly getting a loving supportive helpful community around them so that they have the hope and the ability and supports necessary to be successful in the long run.

So that in a snapshot is who we are trying to serve, and just a few of the ideas that we see blending in with the whole production side, in order to meet this very vital need. Thank you.

MR. BOWERS: Great. Thank you, Director Berns. We appreciate that. We've got time for about three questions or so, for either Andrew or Director Berns. Any questions that anyone has?

MS. GARR: David. Muriel Garr with SunTrust for Director Berns.

On the slide that you have on where the TANF families live, is there a breakout, especially in Wards 6, 7, and 8? Are these individuals living in shelters, or what percentage of these individuals are living in shelters or receiving some type of voucher?

MR. BERNS: I don't have the voucher information. The vast majority are living in -- some of them are in public housing, and Adrian can speak to that. But a lot of them are doubled up with other family members. Many of them have, you know, stabilized and living maybe with another family or -- very few of them are supporting, you know, actual grants. So it's through the meager resources they get through TANF.

MR. BOWERS: Other questions for Andrew or Director, from folks around the table? Any other questions that we have? Yes.

MS. KRESKY-WOLFF: Marilyn Kresky-Wolff, Open Arms Housing.

If 30 percent have -- families have mental health substance abuse and domestic violence, why do only 80 to 90 percent need an ongoing permanent voucher?

MR. BERNS: Why are --

MS. KRESKY-WOLFF: So in other words, if you add up almost 30 percent have serious, you know, serious --

MR. BERNS: Right.

MS. KRESKY-WOLFF: -- mental health issues, but yet only 80 to 90 percent need a permanent voucher under the Rapid Rehousing --

MR. BERNS: Only --

MS. KRESKY-WOLFF: -- statistics --

MR. BERNS: We're finding, using various scoring instruments, one called the SPDAT and one, the -- wow. Anyway, looking at the most crucial needs that only seven percent are scoring as needing permanent supportive housing and some of these numbers, they're not mutually exclusive. So some of them with mental health problems may also be victims of domestic violence or whatever.

And we're not talking about the severity. There's many people with a rather mild -- you know, I wouldn't say mild, but depression or something that can be treated and won't necessarily be a life threatening or everlasting kind of an issue. So based on the scoring techniques we're finding that most people, once they're stabilized can address these other issues, get better, get more support, and be successful with something less than a permanent voucher.

MR. BOWERS: That's great. Yes, and we'll take the last question. This is actually from Tom.

MR. NIDA; we heard from Dr. Howell about trend, looking ahead to the next 10 years. Do you have trends of what you're facing with this population, looking 10 years ahead if nothing else changes?

MR. BERNS: Well, one thing has changed and that's that the District never had a time limit on their welfare benefits. Now there is a time limit.

Now the idea behind that isn't to punish people or to cut their benefits off, but rather to give a sense of urgency that you'll never be able to make it on $4,000 a year; that that is very much just a temporary band aid and your only real chance of success is to get a job and to -- and so there's been a huge increase in resources to help people with employment training and overcoming their other barriers.

So we're expecting that the actual number of families on TANF will go down, not because they're just cut off by the time limits but because we're putting more resources out for helping them to be successful. But in order to be successful they have to be in a stable housing environment first because we have found that they just can't get a job, as I said before, when they're living in shelter or doubled up, or so insecure in their housing situation that all of their time and energy goes into just having a safe place to sleep each night.

MR. BOWERS: I'm going to ask Director Charles Thornton is here, to say the last word for this section, then we're going to turn it over to Marisa. Director Thornton.

MR. THORNTON: Thank you. Charles

Thornton, Office of Returning Citizen Affairs. And I just wanted to piggyback on some things Dave was talking about. And there is an additional subset that is extremely homeless, and I'm talking about many of you may have heard people referencing returning citizens.

What they're talking about is men and women returning from incarceration. And right now there is about 8,000 people that return to the city annually from incarceration, and it can create a huge public safety concern. There's another 16,000 men and women on supervision in the District right now that, you know, are literally, you know, returning to homelessness.

You know, a lot of men and women wind up in, you know, basements or on floors. But the public safety concern as we continue to grow as a city and not having very little, if any supports for this population, any housing, any reentry housing, that sort of supports is something that is definitely, we're going to really have to begin to look at because again, the public safety concern in this is just really off the charts. When you're talking about 16,000 men and women without a home return in, and under supervision, and they face all the same, you know, barriers that David talked about in terms of employment, training, being unemployable. You know, it really, you know, speaks to why the recidivism rate is about 50 percent. These people commit crimes and go right back to work -- right back to jail. So that's something I wanted to point out also.

MR. BOWERS: Thank you, Director Thornton. Appreciate that.

I want to thank Director Berns and Andrew for coming through, and obviously you're all welcome to stay, as well as Dr. Howell, for their presentations.

Very quickly as I get ready to turn over to Marisa Flowers, for some of you all who may have joined us after we began this conversation, we're going to power through, actually, until about a quarter of noon and then take a break.

Facilities are right outside the door. Help yourself also to refreshments in the back. We're going to try and be succinct in comments and makes sure we capture as much from folks who are around the table in the time.

So now let me turn it over. I want to thank Marisa Flowers from Green Door Advisors, who is going to be our facilitator for the day, and want to thank her for all the work that she's put in, in terms of getting us along working with others, prepared for this day. And also again, thanks again for the folks who are going to be capturing what you say.

Please make sure when you speak, again, speak loudly. We want to make sure as folks are trying to now really capture what will be said by folks from different sectors that they can capture that information as we go.

So, Marisa, I'll turn it over to you.

MS. FLOWERS: Great. Good morning, everybody.

ALL: Good morning.

MS. FLOWERS: So, as David mentioned, this morning is going to be broken up into a couple of sections. Right now we're going to focus on three things. We're going to be focusing on variance for affordable housing development, current resources, and what is needed to increase capacity.

We'll then take a short break. We're going to work together to bring together the salient points, come back to you and say, okay, you've told us some of the barriers, how to address those barriers. Now let's, as David said, focus on some specific actions that will help to move the ball forward in terms of productivity.

A couple ground rules. I think everybody in here -- not everybody, but a good number of you know each other, which is wonderful. People should feel comfortable here in speaking. But as David said, this is a working meeting. You all are the ones here to work. So we want to get your great ideas out, do that in a manner that is efficient and respectful.

Any questions before we get started?

(No audible response.)

MS. FLOWERS: Great. All right. To give us a jumpstart on this morning because this is a conversation that many of you have on a daily basis, on a weekly basis, and a number of your groups and organizations, we sent out a brief survey and appreciate the folks who had the opportunity to respond. But we're going to be going over those again for those folks who did not have an opportunity to provide their input via the survey, but it will provide us with a little bit of a jumpstart this morning.

So the first thing that we asked in the survey was about barriers. And we sent surveys out to the developers, to the financial institutions, as well as philanthropic.

People have sat around tables in meetings for a long time discussing some of these issues. And so these are the barriers that we actually put out to the group; barriers that we think are known and we don't sort of need to rehash and beat a dead horse about.

Predictability of subsidies, gap financing for the very deep levels of affordability, organization capacity for those who are actually doing the development, slow and/or inefficient bureaucratic process, affordability covenants, the risk profile for local and federal subsidies, particularly for the financial institutions, appraisals. I think Tom already began for that conversation. Bridge financing tools, mezzanine financing, the availability of that, loan to value issues that we've heard.

So this was put out to folks saying, we understand this. We know that these issues are concerns and barriers to development.

What we've heard back so far, from the philanthropic community, knowing where to invest for the maximum impact given limited resources, high transaction costs from the financial institutions, financial capacity of the sponsor, good property management on the back end, a variety of underwriting constraints, replacement reserves, adequate debt service coverage, funding and the coordination of funding for supportive services, competitiveness given market conditions, high acquisition costs given the overall real estate market in the city, the need for timing and process inefficiencies, slow paying of equity and deferment of development fees, and credit enhancement requirements.

So here are the things that we've heard, here are the things that we've got, we've got in our notes and we know that these are some of the barriers to address. What is missing from this list?

Yes. And if you can say your name before you speak?

MR. ROTHMAN: Yes, George Rothman with Manna.

Funding requirements not matching changing compliance issues such as energy standards, green building requirements, et cetera.

MS. FLOWERS: Okay. So changing and funding requirements, energy standards and green buildings. Anybody else? David.

MR. ROODBERG: Community pushback, and you know, certain neighborhoods feel where it's more affordable to do the affordable housing, but they already have too much, so don't do it here. You know, do it elsewhere.

MS. FLOWERS: Right.

MR. ROODBERG: Where again, you have a much higher cost to do it.

MS. FLOWERS: Right. Additional barriers folks are facing out there? Yes.

MS. DONALDSON: Polly Donaldson. I think that at times there's a disconnect between public policy in one that's creating priorities and identifying needs as we just heard, and directly and intentionally saying, and these are the kinds of developments we need to address those needs. It's somewhat left to the market, but the market of both for profit and not for profit developers to figure it out; to find the right property versus an even more intentional linking, particularly of government resources because they leverage so much in that way.

MS. FLOWERS: So aligning those priorities with the resources?

MS. DONALDSON: Well, aligning it even more intentionally than it's done now. I'm not saying it isn't done now, but even more so to really just maximize effort and take a little bit of even more of the uncertainty out of it.

MS. FLOWERS: Okay. Yes.

MR. ROTHMAN: Large public dispositions with insufficient ADU requirements.

MS. FLOWERS: Okay. Did you have a question. No? Any other barriers? Yes.

MR. DICKSON: Bryan Dickson from City Community Capital.

High transactions cost, which is mentioned, and high cost to build create a gap in the capital stack that we all need to remain keenly focused on filling. So, putting those sources of funds together to meet the uses of funds is a constant struggle.

MS. FLOWERS: Yes.

MR. POHLMAN: Bob Pohlman. High transaction costs for low income housing tax credits.

MS. FLOWERS: Okay. Anything else? Adrianne.

MS. TODMAN: I have a barrier. The time it takes me to get stuff through HUD.

(Laughter.)

MS. TODMAN: Which then slows down many of you.

MR. BOWERS: Are they here? Where is HUD?

MS. FLOWERS: Oh.

MR. KELLEY: I think it might be worded differently. It's just that we have so many different programs with so many different requirements that have different timelines and terms --

MS. FLOWERS: Uh-huh.

MR. KELLEY: -- and the connectivity between those things. And the Federal Government is like the worst kind of quality with those types of rules; don't necessarily synch with local rules.

MS. FLOWERS: Okay. So we've got layers. We've got some -- what's happening in the local level then moving up to the federal level; both of those not necessarily diving and slowing down the overall process, both on the government side and then translating over to the developers.

Jim?

MR. EDMONDSON: The District's resources for gap financing are the best in the Washington Metropolitan area. There's no question about that. And yet the gap financing required for any type of development, major rehabilitation or new construction is larger than we'd all like per unit. And I've looked briefly at the NOFA that just came out. The recommended limit -- not limit, but guideline, is unfortunately rip and (Indiscernible)and we just need to recognize the realities of what the capital stack has to look like in order to make things happen.

MS. FLOWERS: Okay. Okay. So what's coming out on the public sector side doesn't necessarily match market conditions.

MR. EDMONDSON: Yes. And it's better than any place else, but still difficult.

MS. FLOWERS: Okay. Buwa?

MR. BINITIE: I think the same -- to second what Jim said, I think the same restrictions apply to whether or not you want to produce homeownership housing with using the current HPTO guidelines.

So the current HPTO guidelines suggest that 40 percent of the units have to be at 30 percent of AMI. And in reality do we want to be producing homeownership units for folks at that AMI level?

MS. FLOWERS: Okay. Yes?

MR. KELLEY: The drying of philanthropic dollars that are critically needed for predevelopment costs.

MS. FLOWERS: Okay. Any other barriers, folks, that are not on the screen or haven't been said by one of your colleagues?

(No audible response.)

MS. FLOWERS: Great. We were hoping this would be sort of the quickest part of the conversation, again because you all live with this every day, you know the barriers I think, to a certain degree folks agree on the barriers.

Is there anything that isn't on the board or has been said that anybody would disagree with and say, you know, I don't see that as a barrier. We've already addressed that issue?

(No audible response.)

MS. FLOWERS: Okay. Great. So let's talk about these resources.

So, I think to your point, Mike, philanthropic, we sent the information out, the surveys to philanthropic instate and to developers and to the financial institutions philanthropy side what we heard and would love to hear from the couple folks in the room today, something different that primarily the support is for operating support as opposed to actual deals, and what does exist is relatively minor, is what we've heard.

So we'd love to hear, and this is a little bit for anybody who watches ESPN around the horn -- I have a husband so, I regularly watch it. But do you have -- does that jive with what you guys are providing on the philanthropic side? Can you give a sense to the group on what you provide on an annual basis to support affordable housing?

MS. GREINER-LOTT: Well, my name is Gretchen Greiner-Lott and I'm representing --

MS. FLOWERS: Can you speak up?

MS. GREINER-LOTT: I'm sorry. I'm having a lozenge right now.

MS. FLOWERS: Okay. You can stand up.

MS. GREINER-LOTT: My name is Gretchen Greiner-Lott, I'm here representing the Washington Regional Association of Grant Makers. And as such I can tell you information about what our grant makers or members have told us about their giving, and this totally jives with what they've told us.

And I think that amounts of money they have for affordable housing are small, and I feel like a lot of times they think it's not going to make that much of a difference. It's a drop in the bucket considering the financial deals and the money that's needed for those financial deals. And a lot of times they do want to provide operating support for folks so that they can do the other work they need to do to get the financial support they need.

UNIDENTIFIED SPEAKER: Speak up. I can't hear.

UNIDENTIFIED SPEAKER: She can't speak up.

MS. FLOWERS: Okay. I can repeat. So, what she was saying was that the organizations that are members of the -- I'm sorry. The grant makers -- hold on. Washington Area Grant Makers Association have relatively limited funds that they feel as if those funds are just a drop in the bucket, won't really have a big impact on the issues of affordable housing, and that the limited funds that are provided generally go to operating support as opposed to going specifically into deals.

Yes, please.

MS. FREEMAN: I'm Terri Freeman and I'm with the Community Foundation and in addition to our unrestricted grant making we represent a lot of individual family donors who typically don't give large size grants. So the funding just really is not there.

I think people have to understand the relative size of our funding community is miniscule in comparison to Chicago and New York and Philadelphia. We don't have the base in private foundations, institutions that have been around for a long time. We don't have national foundations with the exception of maybe one or two, in our region. So you're looking at families, for the most part, that are supporting this work. And their investments have predominantly been in the arena of supportive services.

I guess one thing that I would throw out there is that I do believe that funders want to help. But they've got to know where they should be helping. And it can't be spread all over the place. We don't have the level of capital to necessarily invest in the development piece of the pie.

But there are those that are looking at PRIs as potential use for funding. I think there needs to be a coordinated response to supporting this arena. The data that we've heard this morning is stunning. And I don't think the philanthropy community is going to grow that much, frankly. So I think we're going to have to figure out what's the piece that should be focused on by philanthropy.

And I think with RAD's support, the philanthropy community is willing to listen and come to the table, I think, in some collective manner to say, okay, this is where you're saying you need our help, this is where we'll help. But it's not going to be able to be spread all around.

MS. FLOWERS: Great. Next we heard back from some of the financial institutions and would love to hear from the folks in the room today. We asked what type, what products you provide, both for development as well as for operating support.

Now the range was really wide from smaller community banks that are doing just a few million dollars a year to national and international banks that are doing over $100 million a year. So wide range in responses.

We'll look at development first. You know, everybody is providing financing for construction and permanent financing, that's sort of the most straightforward, the easiest to do. Eighty percent acquisition. Mezzanine and predevelopment financing, from what we heard, and this is just from the folks who responded, 40 percent equity in the form of tax credits, 40 percent, and then grants, 20 percent.

So we'd love to hear from the folks in the room. The product that you're providing, again, what products are you providing for those that are a little bit more challenging, mezzanine, predevelopment. What enables you to provide those resources to a specific project, because we hear a lot of times that those are the barriers. When are you able to do it?

So if we could just maybe -- Tom, if you want to start?

MR. NIDA: Sure. I think in our case we typically stick to fairly conventional types of financing structures, the construction firm acquisition, occasionally some predevelopment.

What we've tried to take a fairly liberal approach about is what we would consider to be equity, which sometimes is just soft subordinate debt, or tax credits, or whatever, so that we could pass the regulatory barriers, because in this age of Dodd-Frank and Basel III, and things all us bankers are having to deal with, that it's getting tougher to do regular mortgage lending. I mean, that's the price we pay for the bubble we went through in '08 and '09.

MS. FLOWERS: And, Tom, can you speak up just a little bit?

MR. NIDA: Sure. And so, you know, we are trying to be creative with what we consider to be eligible to be the equity piece.

MS. FLOWERS: Okay.

MR. NIDA: And whether it's true equity or it's, you know, some sort of soft subordinate financing, you know, if it doesn't have a hard number for repayment that we have to work into our debt service coverage capacity issues, then we'll give it liberal interpretation as equity, or quasi equity to get it done, but the rest of our capital structure is fairly conventional.

MR. PERRUS: Hi. Chi Perrus, City First Bank. Similar to United Bank, I mean, we provide traditional financing for construction perm acquisition, debt as well. We're federally regulated but our grandparent company, City First Enterprise, which is a nonprofit organization, does provide mezzanine and in some cases predevelopment funding.

Part of the reason that they have the ability to do so is that they're not federally regulated and their funding sources are different from ours. But as far as the bank side, we provide pretty traditional type of financing. I would say that one difference between us as a CDFI bank and maybe some other financial institutions is that our mission focus is affordable housing, so we seem to be a little more creative and maybe a little less restrictive as it relates to our underwriting standards.

MS. FLOWERS: Can you talk about -- so when you say creative, just for folks in the room, what does that mean to you?

MR. PERRUS: Well, we may be a little more relaxed as it relates to our maximum loan to value or loan to cost, and our debt service coverage ratios.

MS. FLOWERS: Okay.

MS. GARR: Hi. Muriel Garr with SunTrust. We provide all of these, however one of our challenges is that we really do work --

MS. FLOWERS: And if you could speak up. I'm sorry.

MS. GARR: We really do look to work with what we consider tier one or seasoned developers.

MS. FLOWERS: Okay.

MS. GARR: And that pool is limited.

MS. FLOWERS: Okay.

MS. GARR: Based on how we come up with that determination.

MS. FLOWERS: And who do you come up with that determination?

(Laughter.)

MS. FLOWERS: Maybe a highlight.

MS. GARR: I'll pass on that.

MS. FLOWERS: Okay.

MR. WASHINGTON: Why is that a hard question?

MS. GARR: It's not a hard question.

MR. WASHINGTON: Okay. I'm just wondering. Is there like this many years in the business, this much net worth? I'm just curious.

MS. GARR: Years in the business, net worth, experience that the company has had with working with those particular developers, their ability to deliver on time.

MR. WASHINGTON: But like, can you put metrics on those, you know? Ten years in business, five years, 10 builds. I always find banks such black boxes, you know, as a developer. You know, and it was like, this deal is good, this deal is not like -- you know, can you know ahead of time. So, I'm always curious about that.

MS. FLOWERS: So, and just so our folks up here. So Adrianne was asking about sort of getting to the specifics of what is a seasoned developer and it's based on experience, capacity, and previous relationship with the bank among other factors. Bryan.

MR. DICKSON: So I'm Bryan Dickson from

City Community Capital. We're fortunate as a large financial institution to have lots of capability at City. We provide construction permanent financing, short-term acquisition financing, predevelopment loans, equity.

We've done something interesting, I think, in the equity space over the past year, year and a half. We were traditionally an investor in low income housing tax credit equity. Our needs have changed, and as a result we created some taxable equity funds to be able to invest in projects which are shorter term investments that typically have a horizon of seven years as opposed to the longer traditional LIHTC equity investment.

And that has been met with a lot of fanfare and a lot of interest where we're able to actually invest equity in an affordable housing property that is short-term, to focus on preservation. Maybe for the purpose of acquisition. There's a great need in our business to facilitate -- I was talking about a gap in the capital stack before, and this is an attempt really to address that gap in the capital stack, also while balancing our need to get CRA credit in our market here in Washington, D.C.

And I think it works really well. It facilitates an acquisition. We can make a short-term acquisition loan in conjunction with an investment of equity. An affordable housing developer can acquire a property with a longer term view in terms of maybe taking down that property but then recapitalizing, rehabilitating that property in the future with some more traditional sources of funds.

You know, one barrier that we didn't spend a lot of time talking about is timeliness, and what this does is this helps address that timeliness factor. So we've been focused on that.

MS. FLOWERS: And you have been able to deploy that product in the city?

MR. DICKSON: Yes. In this market. Yeah.

MS. FLOWERS: That didn't --

MR. BOWERS: Just one housekeeping note. There are a couple of folks I see in the room who were specifically invited to attend and we may have run out of room at the table, but if you're here -- I see one of our foundation partners, a couple lending partners. So if you got a specific invitation to attend, if you can slide your table, or feel free to chime in from where you are because again I want to make sure that the breadth of folks we invited to come and participate can make sure to be heard, so.

MS. FLOWERS: Great.

MS. GARCIA: Hi, I'm Melissa Garcia from the Low Income Investment Fund. We're a national CDFI. We provide many of these products here, construction, perm, acquisition. We do a very limited amount of predevelopment for partners who we know well.

We have been able to put out a product here in the market to -- what Muriel was calling sort of the top-tier developers, for preservation acquisition financing, much like Bryan was talking about. It's an acquisition line of credit. We can turn it around very quickly for developers who are trying to compete with some of the more cash-rich developers trying to pick up properties that are at risk of going market rate and we've been able to deploy all of our funds that we have available successfully into the Greater D.C. Metro area.

The line, we're able to go up to 100 percent TLV so it can be used a little bit like equity, and the term is longer, like Bryan was saying. We can go out to about five years, with exception, a little bit longer to give developers some time to reposition the property and to find longer term financing to secure those properties as affordable for the future.

MS. FLOWERS: Craig, do you want to chime in?

(Laughter.)

MR. PASCAL: In general, you know, I go back to when I joined the bank 16 years ago and the president took me aside and said, banking is not rocket science. So I think it's relatively simple. I think in the dynamic post 2008 there is an issue. It used to be you sort of both underwrote the transaction and the sponsor with -- you focused more on the transaction first and then the sponsor second. Post 2008 it's more the sponsor first and the transaction second because a lot of us ended up with transactions that we had to address down the road.

So I think, you know, issues of like -- there's no question there's, you know, capacity issues and if you wanted to expand the pie of people that are doing -- and there's so many. Washington is lucky to have so many great developers.

But I think, you know, additional focus is on some credit enhancements, things like that, could open the pie a little bit wider than the current environment. So that's just one.

And there are existing developers that probably could increase the number of transactions they do. So a combination of, you know, a little bit more to shore up the people with less capacity and then just more transactions to the existing capable developers could help increase production.

MS. FLOWERS: And in terms of the products that the Agency provides.

MR. PASCAL: You know --

MS. FLOWERS: Again.

MR. PASCAL: -- we're a bank. Yeah.

MS. FLOWERS: Yeah. Okay.

MR. PASCAL: It's pretty simple.

MS. FLOWERS: All right. Sue. I'm sorry.

MS. MARSHALL: Actually, we're not a financial institution, we're nonprofit intermediary.

MS. FLOWERS: Uh-huh.

MS. MARSHALL: We use funding from both HUD and DHS, Human Services, and it is mostly for services in projects.

MS. FLOWERS: Right. Okay. And can you

talk a little bit about how that money -- because I think, and please correct me if I'm wrong, probably one of the few in the room that does provide funding for those supportive services which are so critical for affordable housing. So can you talk a little bit about how those resources are deployed?

MS. MARSHALL: Most of them are deployed through a competitive RFP process. It's performance based so we are in the third year of an agreement. We also partner with the Department of Human Services on the Rapid Rehousing and we're participating in the 500 homes in 100 days, so we are the conduit for most of the Rapid Rehousing funding that comes in the District.

MS. FLOWERS: Are there folks from financial institutions who have not yet had an opportunity to chime in?

Yes.

MS. LIEBERMANN: Hi, I'm Nancy Liebermann and I run Cornerstone. We're a special needs housing financing remediary. You'll see --

MS. FLOWERS: Nancy, if you could stand and just project a little bit? Thank you.

MS. LIEBERMANN: Okay. Cornerstone is a special needs housing financing remediary. Our funds primarily have come from the Department of Behavioral Health and DHCD. We focus not only on acquisition but also on preservation. And we tend to be on the kind of the a smaller end where you shouldn't have to go to DHCD, but if you need 20 to $50,000, that sort of grant, we have funds available.

We are also a SAFI lender and we're the lowest rate SAFI lender out there, so, you know, people should be aware of that. And so our money does recycle. We do grants and we do loans.

And there has been some recent interest in investing more in Cornerstone on the private sector side. We just received a PRI. We'd love to get more PRIs, so we'd love to talk, you know, to the funders around the room. Thank you.

MR. BOWERS: What was your name again?

MS. LIEBERMANN: Nancy Liebermann.

MR. BOWERS: Nancy Liebermann.

MR. BANKS: I'm Jeffrey Banks, Bank of Georgetown. We do community bank, traditional finance and deals under 10 million would be great for us. Ideal client would be neighborhood development corporation.

Adrianne, are you there? Yes. Okay.

Or, you know, people who have experience out there in the arena, have done multiple deals.

MS. FLOWERS: Great. Yes.

MR. ROTHMAN: Yes, I have a question because listening to the banks, our experience is over the past several years it's been extremely difficult to get banks to do condo loans for affordable housing projects. And I wonder if that's changing. I wonder if that's -- because most of the affordable homeownership units that have been produced or will be produced over the next several years, I'm guessing are going to be condos. They're not going to be single-family, not going to be townhouses because the costs are too high.

MS. FLOWERS: Sure. Yes, this is an opportunity to talk. Does anybody have a response to George's question?

MR. NIDA: I'd like to respond. In our case we recognize the constraints that seem to be growing by the day with conventional market resources -- secondary market, Freddie Mac and Fannie Mae. So we're doing a lot more to look at doing things for our own portfolio and being able to do condo financing that doesn't necessarily meet all the criteria of Freddie and Fannie, but may well meet ours. And so it's something we're looking at now just to create some additional capacity, just for that particular market.

MS. FLOWERS: But it sounds like then that's also another barrier, perhaps, that we need to put up on the board; the barrier of condo financing for affordable housing. Great.

So then we asked developers, what are you doing in the 80 percent AMI market or less? And from the survey responses we got sort of two distinct groups, folks who, on an annual basis are delivering 50 units or less, and folks who on an annual basis are delivering over 100 units, with sort of the two bifurcations that we heard in terms of the survey results. And it was, obviously, evenly matched.

So for the developers, very quickly, if we could sort of hear on an annual basis, number of units and types of units that you're delivering. Are they rental, tax credit, are they homeownership. Again, focused on your product that you're delivering at 80 percent of AMI or below. If you're doing other things, that's wonderful. But I just want to hear about the AMI -- 80 percent AMI products or below.

So, should we start with Jim? Oh, I'm sorry. Bob?

MR. POHLMAN: No, Jim.

MS. FLOWERS: No, Jim. I'm sorry.

MR. KNIGHT: Sure. My name is Jim Knight with Jubilee Housing.

I think we fall probably in that 50 or

less annually. Our work in recent years has been scattered clusters of properties that probably hit that parameter, exclusively rental, primarily 30 percent AMI and below, a few units sprinkling up to 60, mostly tax credits, concentration of resident services and supportive services for very low income families.

MS. FLOWERS: Great. Dave.

MR. ROODBERG: Ours will fluctuate, sometimes less, sometimes more. When we do the affordable they tend to either be part of the inclusionary zoning, when when we do market rate deals and on the affordable tax credit deals. All rental.

MS. FLOWERS: All rental.

MR. BERNS: So, Robert Berns with City First Homes. And relatively new on the job; so three weeks on the job, so I'm gradually getting up to speed. But previously you've been working with NeighborWorks America, so definitely in the housing sector.

We're typically below the 50 units, but

we do much with the shared equity sector, and also doing quite a bit on the cooperative sector side of things.

MS. FLOWERS: Okay.

MR. BERNS: And a lot of interest in that.

MS. FLOWERS: Okay.

MS. DONALDSON: Polly Donaldson with Transitional Housing Corporation and THC Affordable Housing, that's our development arm.

We are also in that 50 units or less category and primarily develop mixed income rental. Our motto has been that one third of the units of the total units that either had a combination of local rent supplement programs, so they are targeted at 30 percent AMI or below. The others are tax credit up to 60 percent. But also intentionally developing permanent supportive housing. So having the services package as part of it, see the mechanisms that have developed in this City for that as a real positive, and as a way to show that these projects work and do provide the resources for those most vulnerable and in need.

We also do primarily rehab and preservation, have not done new construction to date, but are looking at some innovative intergenerational housing with our partner, our for-profit Buwa Binitie and Dantes Partners, that he may speak a little bit about.

MS. FLOWERS: Great.

MR. ROTHMAN: I'm George Rothman with Manna.

Prior to last year we were exclusively a homeownership builder/developer. I say builder because we're a general contractor, and now we've expanded into rental. Prior to the recession we were doing between 50 and 100 units a year. Since then, less than 50.

MS. FLOWERS: Okay.

MR. ROTHMAN: We do have the in-house capacity, I think, to expand, to double or triple our capacity fairly soon if we didn't have credit enhancements or requirements or they were extremely modified to be based on one's track record and experience.

MS. FLOWERS: Okay. Great.

MR. COILE: I'm Adam Coil. I'm with SOME. We do about 100 units a year, historically. And it should stay around that range in the last couple years. We focus on 30 percent or less AMI, but usually 10 to 15 percent AMI, so we really focus on the lower income units.

It's all rental housing and most of our units are LIHTC units and we rely a lot on pretty much all the subsidies available from the District and other sources. Thanks.

MS. FLOWERS: Great.

MS. KRESKY-WOLFF: Marilyn Kresky-Wolff, Open Arms Housing. No doubt the smallest nonprofit developer in the room, I'm sure.

We've developed one building and about to develop another exclusively for women who have been chronically homeless and who have experienced mental illness. I think every barrier that you put up there, everything that everybody has said, including the philanthropic world, is relevant to us.

But I think in terms of what -- I think what we're trying to figure out is what is the model going forward for our type of population. Is it to develop single -- you know, project based, single-site, or is it to go into partnering with developers who set aside small amounts of units within their buildings. And I think the answer is both; both directions.

MS. FLOWERS: Shelynda.

MS. BROWN: Hi, Shelynda Brown with CPDC.

MS. FLOWERS: If you could speak up a little bit, please?

MS. BROWN: Shelynda Brown with CPDC. We've produced -- our unit sizes are more, normally 100 units or more. We operate in the spectrum -- we've been in business for 25 years now, so we're at a point where a lot of our projects are being recapitalized, and we are looking at opportunities to create more of a mix of incomes and going outside of just the tax credits, 60 percent limits but hopefully being able to do some units at 80 percent, and even doing some set-asides for market rate.

And we're also historically been a preservationalist, strictly rental housing. We will continue to do rental housing but we are looking at going into new construction and also doing projects that hopefully have a mix of incomes.

MR. EDMONDSON: Hi, I'm Jim Edmondson with E & G. We're primarily tax credit developers. We've been doing it for decades. Most of our units are tax credit eligible. We go over 60 percent of median for units to avoid displacement. We do new construction, rehab.

The recent things we've done and will do are transit oriented. We partner with nonprofits, we include special needs units within our deals. We manage our own stuff. We have a bunch of projects that are coming out of their initial compliance period.

And so preserving those things in a proper way is going to be a major focus of ours over the next years.

MS. FLOWERS: And vehicle, in terms of annual units delivered?

MR. EDMONDSON: Yeah, we like projects that are more than 100 units and we have the capacity to do more than we're doing now.

MS. FLOWERS: Got it.

MS. ALEXANDER: Good morning. My name is Jacqueline Alexander. I'm from the Community Builders. We're a national --

MS. FLOWERS: I'm sorry. If you could speak up, please?

MS. ALEXANDER: Sure. We're a national organization. I'm out of the Mid Atlantic Region. We are primarily affordable rental housing developer. Typically have always done tax credit, now moving to do more mixed income based on availability of funding.

Our history is we've done a lot of Hope Six projects and we've transitioned to try and do more public housing type of projects with RADs and conversions and type of preservation transactions. We do a lot of new construction as well, so again, most of our book of business is 100 plus units on an annual basis within the region, so we do supportive housing. We have a special unit within our organization called Community Life. It really looks at residential services in trying to make sure that not only are we trying to stabilize housing but also stabilize families and households.

So pretty much like Jim, we're full service and we have the capacity to do more and are just trying to look for some more work within the District.

MS. FLOWERS: Great.

MR. BINITIE: Good morning. Buwa Binitie, Dantes Partners.

We especially like extremely complicated deals.

(Laughter.)

MR. BINITIE: Be it financially or

programmatically. You know, Polly alluded to a deal that we're doing right now that is just extremely challenging to do. But I think with both of our minds coming together we're going to be able to pull it off.

Capacity wise, I mean, we are a little unique because I think we've been successful in doing and producing anywhere from 100 plus units across scattered sites. We've just found that to be very successful, so I think volume wise we tend to close a little bit more units on an annual basis than most developing seems to. And they range from tax credit deals, which we love to do because we like to preserve and create affordable units, be it new construction or renovation. And we do do some homeownership deals. I mean, we are finishing an affordable condo right now that is going pretty good and we'd like to do some more of that.

MS. FLOWERS: Great. And, Adrian.

MR. WASHINGTON: Good morning, Adrian Washington, Neighborhood Development Company.

We're primarily market rate developers but we've done about 150 units of affordable in the last four years so I guess we're right in the middle of your stack there.

Those have been primarily LIHTC. We've done a couple of small homeownership deals that have been very successful right around the 80 percent and a little bit higher area, and we want to increase our portfolio weight in affordable housing over the next five years.

MS. FLOWERS: Great. Great. So I want to be mindful of our time so I'm just going to move a little bit more quickly.

We did not send out a survey to government folks, but we did ask folks what resources they're using thus far, and I want to just kind of quickly -- if you see some things that -- this is for our government partners here -- see something, some source of a financing that are not up here that you can sort of talk about so we can make sure we've got the full bevy of resources available. We don't have anything from the Housing Authority, so we'll be sure to add that.

But other resources. This is what we heard from developers that they're currently using. But other things that are not up here, we'd love to hear from you guys quickly as we move forward. Mike.

MR. KELLEY: Well, in terms of the alphabet soup there's a bunch of stuff that's not up here.

MS. FLOWERS: Uh-huh.

MR. KELLEY: I think it fits in the category of federal dollars.

MS. FLOWERS: Right.

MR. KELLEY: A bunch of federal stuff.

MS. FLOWERS: Sure. But on the local level.

MR. KELLEY: And locally, again, the backbone is the low income housing. I mean, the Housing Production Trust Fund unit --

MS. FLOWERS: Uh-huh.

MR. KELLEY: -- that brought you here

today. But there are -- I guess there's other tools we have. There's local funds that people forget, but we do get an allocation of local dollars that we put into a programmatic use.

And let's see. I think that may be -- and then what's not here is sort of the costing out the ramifications of our regulatory activities around rent control and around stuff like that.

MS. FLOWERS: Okay.

MR. KELLEY: There's a preservation exercise that goes on that never really gets captured. But there's a cash value that's associated with that.

MS. FLOWERS: Okay. Yes.

MR. BERNS: Yes. We haven't figured out how to use Rapid Rehousing vouchers as a financing strategy.

MS. FLOWERS: Okay.

MR. BERNS: Because initially they're only approved for four months. Generally they only last a year. Sometimes a little longer.

But we find that 80 percent of the families that get them are able to pretty much carry on their rent afterwards. So it's a long-term financing structure that doesn't fit with banking standards, I guess. So it's one thing we've been trying to find out or figure out, is how we can say, we'll guarantee a virtual unlimited number of families that can get the Rapid Rehousing, but we don't know how to incorporate that into translating into actually development of units for them to move into.

MS. FLOWERS: Okay. Yes.

MR. THORNTON: There is an additional amount of grant opportunities that come through Justice for Housing.

MS. FLOWERS: Okay.

MR. THORNTON: And I don't see grants up there.

And the other thing is the --

MS. FLOWERS: And those grants, are they a voucher for an individual or are they something that you put into deals?

MR. THORNTON: They differ. They differ.
MS. FLOWERS: Okay.
MR. THORNTON: You know, and again, it's federal dollars that do come through Justice for Housing. And for the nonprofits, that's something that the government -- I know with us, we definitely look to partner in going after some of those opportunities. So grants is one thing.
And the other thing is for the philanthropy side what they call social impact bond funding.
MS. FLOWERS: Uh-huh.
MR. THORNTON: And I don't see that up there. And that's something that from a philanthropy side as well as nonprofit, you know, and government, the social impact bond funding is, you know, ways of doing deals if you will, for you know, this specific population that we talk about.
MS. FLOWERS: Great. Yes.
MS. TODMAN: Yes, so not as much tools but in terms of strategies. So we've housed

4,000 people in the past three years, and we've done it a multitude of ways, but it really falls into three broad categories.

The first is, we can't underestimate the value of our existing public housing stock. I mean, it is the one true thing. And we'll get to why it becomes truest. The one true thing that we have that helps families 30 and under stay in D.C.

And as much as folks like to think, oh, a lot of it has been torn down, it went from 11,000 it's now 8,300 and we're climbing. So it's a very important portfolio and we really need to look at how to reposition it in the way that of the 8,300, 1,505, there's about 6,800 that really need to have a strong preservation plan.

We have a couple tools out there. We have New Communities, we have Choice, and we have RAD. And I want to touch on RAD for a second because I want all the banking community to get excited about this.

But I think part of it, though, is on

that footprint we have tremendous opportunity to become not just to replace the public housing but to build affordable and market.

MS. FLOWERS: Okay.

MS. TODMAN: And that's a huge opportunity, because --

MS. FLOWERS: So there's land value.

MS. TODMAN: So there's land value, but there is just space.

MS. FLOWERS: Uh-huh.

MS. TODMAN: And so the more housing you build, the more housing you build.

MS. FLOWERS: Uh-huh.

MS. TODMAN: I mean, I do believe that there are some of our sites that really traditionally have to remain public housing. There's not a lot of value there; maybe 10 years out.

But right now we have about 10 other sites that are ripe for opportunity.

MR. NIDA: Which ones?

MS. TODMAN: That are ripe for

opportunity. But what happens is that there's a funnel to working carefully with public housing residents. So you know, when you begin to stir the pot, so to speak --

MS. FLOWERS: Uh-huh.

MS. TODMAN: -- of hundreds and hundreds of residents at the same time, you have to do it in a way that you can actually get it done.

MS. FLOWERS: Sure.

MS. TODMAN: So I think that looking at the preservation of what we do is very important.

Now how do you do that? So, one of the tools that's still new, but I think it's huge for the industry, it's called Rental Assistance Demonstration. And the reason that it's huge -- I mean, it's going through some congressional acts right now, but the reason that it's huge is that it's going to unlock the value of public housing across -- well, I'm going to say the city, but potentially across the country, where right now we can't borrow against our sites. We can't draw against our assets. This will allow us to do that and get a better and more predictable operating funding stream for years to come.

I mean, Baltimore has been very aggressive. They are doing 2,000. I will say, we're looking at all of our senior portfolio, which is about 1,800 units. And as a strategy we're still talking to people and making sure the pill goes down easy. But that's a huge opportunity to come.

And then of course there's the redevelopment of certain sites and the ability to build on top of that.

But the other ways that we've housed folks is clearly through the joint effort of the NOFA, using our federal, our public housing, our local vouchers, and our federal vouchers, and then quite frankly just our attrition and turnover. I mean, we turn over something like 800 families each year in public housing.

So I think it's not just necessarily one of the new tools, but how do you use the existing tools very creatively in the next five years.

MS. FLOWERS: Great.

MR. BOWERS: I saw Maria's hand.

MS. FLOWERS: Oh, yes. I'm sorry. I am sorry.

MS. DAY-MARSHALL: Maria Day Marshall, D.C. Housing Finance Agency.

One thing that I don't see up there is our McKinney Act program that we use for predevelopment funding. We also have a single-family program, Open Doors, which is available to prospective home buyers at 120 percent of AMI or lower.

MS. FLOWERS: Okay.

MS. DAY-MARSHALL: So those are the two programs I don't see up there.

The other thing that we are looking at, because most of our -- the average size of our buildings that we finance, multi-family buildings, are 75 to 125 units. We are looking at trying to create a small building program, where we finance smaller projects. So --

MS. FLOWERS: Yes.

MR. KELLEY: I'm sorry, Adrienne just reminded me again -- For those that don't know, we actually established a sort of unprecedented memorandum of understanding between our sister agencies that now look to pool our dollars for the purpose of what we're calling a super notice of funding availability that went out just last April 2nd. And one of the things that allows this is obviously the higher leveraging and also the higher, as Polly said a little bit earlier, opportunity to try to target the resources to its sort of city needs.

But it brings to mind that I'd be remiss if I didn't recognize the Department of Behavioral Health and their capital program that they bring to the game. And the HOP, which is administered by health, and those dollars are also brought to the game.

MS. FLOWERS: Okay. So --

MR. ROTHMAN: But --

MS. FLOWERS: Yes.

MR. ROTHMAN: -- I have one more to add because affordable housing couldn't be in the city, what it is without the resources of LISC and Enterprise, and other, you know, nonprofit intermediaries.

MR. PASCAL: And the great advocacy of Bob Pohlman.

MR. BOWERS: You'll be first in line for food at break time.

(Laughter.)

MS. FLOWERS: Sure. All right.

MR. BOWERS: Let the minutes reflect --

MS. FLOWERS: Is that what you need to do?

MR. BOWERS: That's all it takes.

MS. FLOWERS: Okay. So the last piece, and this really leads in to what we're going to talk about after the break, is given who is in the room, given what the resources are, how do we move from the amount of productivity that currently exists in the City to really getting to the point of that 10 by 20.

And to that end we asked about -- we asked folks in this survey, fundamental question, do you have more capacity? Can you do more?

So and we heard a little bit of this as we've had this conversation. So, from the philanthropic community we heard that there is additional ability to use PRIs. So that's something that we need to be thinking about when we're talking about how to address some of those barriers and how to increase productivity. Is that from the philanthropic community? That seems to be an opportunity for increasing capacity. And that if you can provide to the donor base some very specific uses for these funds, ways that those funds will have impact, that there is a way to target and funnel those to be more impactful than perhaps they currently are today.

So that's what we heard in terms of increasing capacity from the philanthropic community. I don't know if folks are still here, or if there is any other feedback.

So on the -- all the financial institutions, 80 percent.

MS. TODMAN: Can we go back to the philanthropic?

MS. FLOWERS: Absolutely.

MS. TODMAN: When we come back into the room?

MS. FLOWERS: Oh, sure.

MS. TODMAN: Okay.

MS. FLOWERS: Absolutely.

MR. KELLEY: Just for the record purposes, I was really talking about the loss of Fannie/Freddie foundation dollars that used to be the real backbone for the --

MS. FLOWERS: Right.

MR. KELLEY: -- philanthropic, because now they're --

MS. FLOWERS: That's now gone. Yes.

MS. DONALDSON: But I also think that in addition to that, I agree with that and have felt that pain of course. I will say that the other way that we're trying to pivot for expansion is through developing a capital -- our own, you know, making ourselves a target for capital acquisition fund, or other funds that can help us move more nimbly in the market and be able to acquire on the pace that is needed for this, for a real pipeline that would make the goals. And I'm sure I'm not the only one who is looking at, you know, what are some of the ways that the nonprofit developers particularly can attract that kind of capital for both the purposes of mission, but also the purposes of CRA and other investments needed and mandated.

But some might help in that, or some you know, coordinated effort might be very useful on that, with a combination of government and philanthropy. Here they are. But also, and financial institutions, obviously. I mean, that's where, you know -- but the idea of each of us going alone doing that may not make the most sense in the world.

MS. FLOWERS: So we were talking about increased capacity of the philanthropic community and I think you both touched on that a little bit when you were speaking earlier, but didn't want to have that conversation without them in the room. And is there somebody out there?

MR. BOWERS: Yes, from the Cohen Foundation? Did I see -- no? Okay.

MS. FLOWERS: Okay. And so what we said was that what we heard back from the survey was that there was a feeling that there was an opportunity to utilize PRIs in a way that haven't been used to date or as expansively as they could be used in support of affordable housing. And again, that if specific requirements were known, specific needs were known, and funds were able to be targeted, that the philanthropic community would be able to engage in the process in a more impactful way.

So, and again, this is a conversation about are there opportunities to increase the capacity of the philanthropic community to participate in the affordable housing development in the city.

MS. GREINER-LOTT: And I'll just say quickly that as part of RADs, Affordable Housing Action Team, we've actually done a lot of educating of our members in the area of impact investing specifically. Or generally. And then more specifically in February we had a program on impact investing for affordable housing. So it's definitely something we're trying to get in front of our membership, help educate them on and continue to put in front of them so that they are knowledge and become more interested in it. So it's definitely a target of ours.

MS. FLOWERS: Great.

MS. FREEMAN: The only thing that I would mention is that it's really not increased capacity, it's shifting capacity.

MS. FLOWERS: Shifting.

MR. BOWERS: Uh-huh.

MS. FREEMAN: Because the pool of money is the pool of money. And so if there is more investment in one area there will be less investment in another area. And I think that

that's just -- it's just the math.

And so as RAD does more training and educating of funders around this issue and looks at how we can invest more effectively I would say. There is the likelihood, though, that there is another area that's going to feel the pinch.

MR. BOWERS: Can I ask a follow-up question? I'm sorry.

MS. FLOWERS: Sure.

MR. BOWERS: To that point, Terri, for you and Gretchen and from the philanthropic world, that notion of kind of connecting the dots, do you think, do you all think, or has anyone in the room seen, and I'm thinking about what David said, that making the crosswalk between funding for housing and often times the services that come with it, and how that might, for someone who let's say for example, cares about education or cares about health, kind of making that crosswalk to say we can give good stable housing with services. If we make that investment here we may get returns in the field of, fill in the blank.

Could that be part of a strategy about how to leverage more dollars -- how to shift some of the dollars?

MS. FREEMAN: I think that has to be the strategy. I think we have to look at this stuff as interrelated, not as being in a stovepipe; that education funders don't do housing, don't do health, don't do workforce, because it's also related.

But the picture needs to be made clear, I think, and I don't know that that's been the case.

MS. TODMAN: And I can -- I appreciate, Terri, what you said about sort of how deep the waters run in this particular area because I've been jealous of the Chicago Housing Authority, that they've had the proper foundation --

MS. FREEMAN: Right.

MS. TODMAN: -- as a serious sugar daddy.

MS. FREEMAN: Right.

MS. TODMAN: For years. And really,

because what it does, particularly in our environment, you know, my folks when they relocate aren't going to relocate to Maryland or Virginia because they want to stay in D.C. So the only way to really lift people up is through services.

And I think one thing MacArthur did was allow CHA to really build on that. So my question is, how are we able -- are we able, if we had a nice one-stop package, are we able to attract foundations, the deep pocket foundations from outside this area with the next big idea.

I mean, is there competition among regions? The people, you know, the people cross regions when they're funding it. How would we do that?

MS. GREINER-LOTT: Well, and tell me what you think about this, but I think for the most part large national organizations, foundations, are interested in collaboration, and they are interested in regional kinds of collaboration. And not just a focus on one particular jurisdiction.

Now I will say that part of our impact investing program in February, we had a representative from MacArthur, so I think that was great to get them here and to see the kinds of work that we're doing, the kind of funders and what they're interested in, and the good work that's happening already. But what still needs to be done.

UNIDENTIFIED SPEAKER: If you could just speak a little --

MS. FLOWERS: Oh, gee, I'm sorry.

MS. GREINER-LOTT: But I think that's one step and another thing that RAD has been doing recently with our Affordable Housing Action Team is trying to make that kind of connection between all the different areas and how they are connected to housing. We have a series of papers called, What Funders Need to Know, and we've been connecting education with housing. We have one that's coming out soon that's connecting health and housing.

So I think these are some kind of gentle prodding methods to use with our members, but that's kind of getting away from your question. But --

MS. TODMAN: You think the opportunity is there, it just has to be the right product?

MS. FREEMAN: I think the case needs to be very clear --

MS. TODMAN: Right.

MS. FREEMAN: -- so that we can pursue our national foundation partners that have an interest in this region. And it is incredibly competitive across the country; who gets those big --

MS. TODMAN: Right.

MS. FREEMAN: -- foundation investments.

MS. TODMAN: Right.

MS. FREEMAN: But I don't think it's a lost cause, but the case has to be really really clear, and there has to be the local commitment from the local funding community that we're going to put something.

MS. FLOWERS: Okay. Okay.

(Off the record clarification for scribe.)

MR. KELLEY: So I'm just wondering if part of the case might not be that the collaboration that's already taken place at the government level where we just talked about consolidated RFPs where capital and operating subsidy and services dollars are coming in to the project pipeline and so that if philanthropy were interested in organizing at least a portion of its existing resources similarly, that we're really going to place-based solutions where housing is sort of the organizing principle and the anchor, and the education and the health and the other pieces are being sort of built around it, whether that case that we think is working at the agency level well right now might also be transportable to philanthropy.

MS. FREEMAN: Yes, I think that's a very good point.

MS. FLOWERS: Okay. I'm going to move

quickly. Basically from the financial institutions 80 percent have said, yes, they could lend more if a series of those barriers were addressed. Right. So the rest of the meeting really is to focus on those barriers, but to understand that the folks sitting in this room at the very least, and probably the lending community more generally, has additional capacity for affordable housing, has that interest, and it's just, how do we get them there?

We also asked developers. Seven out of the eight told us that they could do more anywhere, 50 units or more. A couple told us between 50 and 100, 100 and 200. Just based on the people who responded, given the specific numbers that they provided, about 1,200 more units annually was thought to be within their own internal capacity.

So again, we're talking about eight developers in a city of -- you know, you've got probably 30, 40 that have capacity and experience to do this work. And so if we're trying, again, to move ourselves from where we are to 10,000 units, and you've got in the room that if the conditions were right they feel like they could to about 1,200 more a year, you know, that helps to get us to where we're trying to go.

So again, just trying to lay out what folks believe the additional capacity is.

So here is the key question, right? What would it take to increase that capacity? Now this is also in your folders if this is a little small to take a look at.

Unified process for funding supportive services, expanding SAFI, additional money for acquisition and carrying costs. Some of these we've talked about this morning.

Private enhancement availability, funding applications on a rolling basis, trying to deal with that timeliness issue that folks have been talking about, flexibility in housing production trust fund around homeownership units, speaks to, I think Buwa's point.

One of the recommendations from the

Bridges to Housing Report was implementing a local tax credit program. So sort of a reaffirmation that is a policy direction that folks think would be helpful, increasing the affordable unit requirements for public properties, simplifying the procurement process, increased transparency for the TOPA process and additional resources to support those folks, and a real estate tax exemption for LIHTC properties.

MR. BINITIE: Especially the last one.

MS. FLOWERS: What did you say, Jim?

MR. BINITIE: Oh, no. I said, especially the last point.

MS. FLOWERS: Oh.

MR. EDMONDSON: I join him.

MS. FLOWERS: So a couple nods for the real estate tax exemption. Again, you know, we went through what some of those barriers are. Here, what folks are saying would increase productivity, I don't know that there's necessarily a direct line between the two, between those barriers and some of these potential actions. But I think that's something to be thinking about, because if you've identified a specific barrier and one of these actions doesn't help you overcome it, we're missing something.

So let's talk about some additional actions that would help folks. Yes, Adrian.

MR. WASHINGTON: I think something that would be very easy and quick is entitlements. You could put affordable housing at the front of the line, in front of market rate. And say, you could waive fees. You could waive permit fees, you could waive HUD fees, you could waive a lot of things and I think it would be very quick and easy and reduce costs and save time.

MS. FLOWERS: Okay. So just to reiterate, through the PUD process, eliminating fees, and moving to the front of the line.

MR. WASHINGTON: Permits as well.

MS. FLOWERS: And permits. Excuse me. Any thoughts? Other thoughts that would help folks increase their productivity?

MR. BOWERS: I have a question to actually kind of also throw in the mix. If we think through that context the lens of leveraging the money -- and I think, Jim, you made the point that, you know, in some respects we may -- and these are my words, you know, we're kind of spoiled here. And we don't think of it that way because relative to the need there's still such a gap.

But in the realities that we heard at the beginning, you know, there's a couple hundred million dollars now and it's been -- that's been designated for the Trust Fund in particular, and then other resources.

So there's been a huge infusion of capital and improvements and processes, Super NOFAs, other things, building of capacity in the government side. So at least on the public sector side there's a huge chunk of money, and when the Trust Fund Board started meeting back in the late summer, the deputy mayor -- Deputy Mayor Hoskins said, look, we essentially -- he said that the Agency has to double its thoroughfare. Like double its annual production in order to get to the goals.

And so resources have been committed from a financial standpoint, improvements in processes have happened. So if we think about where whatever -- where in philanthropic development, the banks in the room, intermediaries, whatever, you know, how do we leverage upon this window of opportunity where significant infusion of money and other resources have gone to double to triple the output, right? I think this is the moment in time, because to the point that was made earlier, I think if we wake up in 12 months, 18 months, 24 months and the collective "we" have not really done that, all the folks scrambling to put money into the pot will start to say, well, let's put it somewhere else.

So, Jim?

MR. EDMONDSON: Just one idea, David, that I think would be useful that's also, I recognize, has got political overtones, we need to keep increasing despite the relative advantage here in the City of having more resources than elsewhere. We still need to find a way to increase that pie.

If we want to try to hit, for example, people between 60 and 80 percent of median, which obviously precludes use of tax credits, that means we need more soft money in the deal because delivering units for people at 80 percent of median is still, the rent income is insufficient to make the capital numbers work. So you've got to have an awful lot of soft money in the deals.

And we've simply got to increase the capacity. One means of doing that is by encouraging market rate developers who have affordable housing obligations in their very expensive downtown and uptown units to assign the responsibility for the deeply discounted units to somebody like the developers around this table to produce much less expensive, but still very nice units in the less expensive parts of town, that I'm not talking about the worst most troubled parts of Ward 8. I'm talking about other places where there is less concentration now of affordable units, but still a need.

We could deliver tens of millions of dollars into an additional HPTF if we allowed something like that to happen. We're encouraging that kind of thing to happen in the suburbs, where the pots of money available are not nearly so large. It's a matter of choice.

If we want to give 10 people in a market rate unit a lottery ticket that wins for those units, versus giving 20 or 25 people affordable units someplace else in town, for me the later is the way to go. I know it's not a political slam-dunk, but it sure makes economic and affordable housing policy sense to me.

MR. SIMMS: I think from the point of that point, Jim is --

MS. FLOWERS: If you can say your name?

MR. SIMMS: Nathan Simms with DHCD. I mean, we have a -- I mean, it's a reason why we see a lot of development in Ward 7 and 8 because that's where the land is. And if you start looking at how you prioritize it, if you're talking about west of the river, that is where we see most of our preservation opportunities going forward.

But I think from a public policy standpoint, if I say I shifted an obligation and now this person lives somewhere else, granted it is an opportunity, but we have a responsibility as the government to make sure that individuals have an opportunity to live wherever they choose throughout the city. And so when we start making that decision to say, yes, I'm going to shift this requirement from you to over here, then we begin to kind of funnel that argument and really we're saying that you're going to live in other parts of the city.

And so, I don't think that that's necessarily -- I mean, it's an idea and I'm not trying to knock your idea, but I think it's not a good strategy from a public policy standpoint.

MS. FLOWERS: Okay. One thing that we

heard, particularly financial institutions talked about the capacity, or they talked about strong development organizations. So when we're talking about increasing productivity, getting the financial institutions to lend some of those dollars that we have, one of the things that, you know, I don't really see up here, but we heard sort of loud and clear was if there were -- and please correct me if I'm wrong. But if there was a larger stable of experienced strong developers developing affordable housing, that would increase the availability of money from the financial institutions.

And so how do we move to get more of those organizations in the city and producing -- developing the housing?

MR. BAILEY: Some of the things that we talked about with the Deputy Mayor was pairing some of our weaker nonprofits or smaller developers with stronger developers; people that have already gotten the experience in the market, or the market rate side, and that could bring more of the beneficial aspect of a nonprofit low income housing developer to the table. And the combination of that strength should improve the financeability of those transactions.

MS. FLOWERS: Sorry. Just wanted to take one more and then we're going to take a break.

MR. SIMMS: I mean, just to echo Nelson's point, I think there is two things. One, the fact that you had eight responses in terms of developers in a city as large as Washington, D.C. with multiple developers.

MS. FLOWERS: So --

MR. SIMMS: I'm sorry.

MS. FLOWERS: -- the survey, just to be clear --

MR. SIMMS: Okay.

MS. FLOWERS: The survey was only sent to the people invited to this meeting.

MR. SIMMS: No, I got you. I got you.

MS. FLOWERS: Yes.

MR. SIMMS: But I'm just saying that there are a number of developers that we all deal with, or we all know that we don't see involved in this effort.

And so when we talk about capacity, and that may speak to some of the lending side, the capacity is, you know, what existing organizations are out there, what their capacity is because some of it is -- I mean, like the rest of the business world there's not a lot of strong succession planning.

The other aspect is who are the new developers coming into the market who want to start and support around that.

And then there is, how do we engage other developers who are in our area to be part of this process. And I said to echo, I think, some of the comments from the banks, I mean, we know when people will bring deals to us that they may not have capacity to do be able to do it, whether it's financial capacity or just the overall manpower, or woman power, to get the deals done.

So I think some of that has to really -- when you talk about how to really retool the system, that's a huge point.

MS. FLOWERS: Okay. Great. And then Jim, last -- Jim and then Mike will be the last comment before the break.

MR. KNIGHT: So, if I could speak for a minute on behalf of the modest to sometimes fragile developers here, capacity can mean a lot of things. But if one of the major ones is balance sheet, some of us have been at it for a long time and do it reasonably well, but have never had the luxury of a really deep balance sheet.

I think one of the things we've been trying to talk about in other conversations is whether there could be some centralization of risk mitigation. You know, we've talked in one conversation about the amount of LRSP Subsidy that has to be held for retenanting reserve, for instance, if that could be centralized and allocated across the projects. If credit enhancements could be done similarly.

I'm just wondering if there are

enticements like that that would allow banks to look at groups who are fragile, at least on the balance sheet side, would that be enough to get you over a hump, or is it really a lot bigger than that?

MR. PERRUS: If I can respond to that?

MS. FLOWERS: Yes, Chi.

MR. PERRUS: I would say, Jim, that would help. But when we look at projects, and certainly we look at a couple key factors. One is the ability of the sponsor to execute. I think that's where pairing or a JV scenario would make a lot of sense, but also we look at the project economics on the backend, once the project is completed. So I think -- so in regard to some sort of pooling or credit enhancement structure, I think that coming before City First Bank, I think that would be helpful.

MR. NIDA: In a related why, one of the other areas of development for moderate and low income folks is the development of charter schools in the District. And the District, to support the charter school movement, has an Office of Charter School Financing and Support, which provides credit enhancements.

We need to do something comparable for the housing side, because it's the same people. It's the kids of the families who are looking for the housing, who need also to have a place to go to school.

And so to the extent that we already have credit enhancement in a variety of ways with the charter schools, as many challenges as they have faced, the issue is, why don't we also have one for the housing? Because one interesting thing is where we see the charter schools coming up in some of the neighborhoods in which they're locating, their very presence is stabilizing those neighborhoods now, and is actually influencing housing stability. So it's just -- we've already done the model. We just have to apply it into a different field.

MS. FLOWERS: Great. Mike, last word before the break.

MR. KELLEY: Yes, which is really more philosophical. And so, marketing urgency, I think, is a key action that would increase productivity. You heard from Director Pohlman and Director Berns this morning about just a bit of the need.

And then Reverend Dr. Bowers talked about if you had your neighbor drowning, would you not reach in and save that neighbor? The urgency of the situation we have right now is something that this forum is really great at, but in terms of like do we just go home and go back to our individual tank commands, or do we somehow mobilize this effort and make it larger. And so it's an overall larger sense of urgency for the entire community.

MS. FLOWERS: Okay. So we're going to take a 15 minute break that will bring you back about noon. Don't go too far. I think we're going to be focused on getting to solution.

MR. BOWERS: Ladies and gents, real quick. Real quick. Can we just say another word about what will happen after the break? If we can have your attention for just one quick second? We just want to make it clear what's going to happen after the break, because this is going to be critical for us.

MS. FLOWERS: Okay. So, you all are taking a break and I'm going to be talking with these good folks up here, and we're going to write down some of those ideas and when we come back we're looking for specific actions to help some of -- move some of the ideas forward.

MR. BOWERS: That's great. So we'll see you at noon. Thank you.

(Recess from 11:43 a.m. until 12:04 p.m.)

MR. BOWERS: All right. Ladies and gentlemen, we appreciate you sticking with us to move towards the -- we are back on the record; back convened. We really appreciate the conversation this morning in the first part of the meeting, and again in the lens of really trying to be in a solution oriented mode, not just having conversation for conversation's sake, but to really try to move towards specific types of items that people can move on, and a reminder of what we said at the beginning. Things that the Housing Production Trust Fund Advisory Board can consider as recommendations, for us to mull over at our meetings, that we could potentially make to the city is one.

Second, recommendations or action steps that people can take to either your own individual institution or group that you may belong to. So whether it's the grant makers, communicate foundation, metro bankers, or whether it's, you know, United Bank or Manna or CPDC or a specific agency.

And then third, if there are one-on-one connects, if you heard something here today and you know that you could help solve that issue for the partner in the room, then obviously make that one-on-one connect.

So with that let me turn it back over to Marisa.

MS. FLOWERS: Great. Thanks, again for

sticking with us. So very quickly, this isn't, you know, everything that we heard, but we wanted to get a couple of key things together that we can actually focus on for the rest of the day, and we've got about 45 minutes. And so we picked five things that came up today and of those five things, old school, we're going to try to work it out on this board and really get to what needs to get done to address this, how can it happen, and one of the biggest things to walk away from as David said, is the who.

So, where can this lie? It might lie with HPTF Advisory Board, it may lie with an agency head in the room. It may lie with a group of bankers. So we really want to try to get to that, or some combination thereof, right?

So we really want to try to get to that. Maybe, do you think dimming the light made it a little easier? If you don't mind? Thanks so much. Okay.

Hopefully that's a little bit easier and we can send this out. We just did this, obviously while we were sitting here during the break.

So, it sounded like there was a bit of conversation in there around enticing the philanthropic community larger than what is necessarily in the city today, but to be a part of the affordable housing process.

And that would really help to address some of those barriers that we talked about, around both supportive housing and, excuse me, services for supportive housing as well as potentially opportunities to fill some of that gap financing, predevelopment and otherwise.

So, we began to have that -- Adrian began to have that conversation, Terri began -- we started talking about that but we'd like to flush that out a little bit more.

So, getting to the who, how, the what, who, and how, how could we move this ball forward in terms of getting those folks, so there are some concrete ideas and things that we think could -- steps that could be taken?

Terri, can I put you on the spot?

MS. FREEMAN: Well, you can.

(Laughter.)

MS. FREEMAN: Whether or not I have a good answer is a whole other issue.

I mean, I guess the what is, what's the case that we're trying to push forward. And if we could look at what you were talking about, that's a part of it. But I think there is a need for some more, what I call cross-sector conversations around this, identifying what the priorities are, coming up with something that's really solid. We can't just run out to these national funders with a half-baked idea. This really has to be something that is well thought out, and we probably need to bounce it off of a couple of our national friends before we actually push it out.

So I think we're talking about developing a case in a cross-sector environment identifying who are the likely national funders. And whether or not we have some local champions, is the way I would describe it, that could be helpful. Daniel is gone. Did Daniel leave?

MS. FLOWERS: And is this conversation already -- is there some group that already exists that is having this conversation anyway, or that you feel like this conversation would naturally fit into?

MS. FREEMAN: I'm sorry? Can you say that again?

MS. FLOWERS: I was asking, is there some sort of a group, group or groups, that's beginning this conversation that this type of conversation would naturally fit into?

MS. FREEMAN: Yes.

MS. GREINER-LOTT: Yes.

MS. FREEMAN: Yes.

MS. FLOWERS: Okay.

MS. FREEMAN: From the funding perspective, yes. Cross-sector --

MS. GREINER-LOTT: We're working on that too, yeah.

MS. FREEMAN: Okay.

MR. BOWERS: And that would be the RAD, is that right?

MS. FREEMAN: Right.

MR. BOWERS: Washington Regional Association of Grant Makers. Alright, so the RAD would be that group.

MS. FLOWERS: And who would need to be in that conversation?

MS. GREINER-LOTT: Well, who would need to be in that conversation?

MS. FLOWERS: Who is not currently in that -- so you said the funders are having that conversation. Who else from perhaps the folks in this room or maybe not, would need to be in that conversation?

MS. FREEMAN: It's likely a subset of folks that are in this room, and then maybe the addition of some other corporate folks as well.

MS. FLOWERS: Yes.

MR. PASCAL: Well, I think a lot of conversation is being done at the program officer level, and I think it needs to be done more at the -- and no disrespect because I'm at that level too, but it needs to be done more at the leadership level of corporations and foundations and things like that. It really -- the decision makers, I think, needs to be more engaged.

MS. FLOWERS: Okay. So given where things are today, how could that happen? Are there some concrete steps?

MS. GREINER-LOTT: I think there are some steps that are already in the works a bit. I don't want to say too much about those, but I think the group that's currently meeting around affordable housing within our membership definitely knows this needs to be a cross-sector approach, and is working on a couple of different things to learn from business what it is they want to -- what they need, what they're interested in, what they're concerned about regarding, you know, these new workforce and the income levels, et cetera.

So I think there are some different steps in the works currently.

MS. FLOWERS: Uh-huh.

MS. GREINER-LOTT: But I'm happy to hear more from this group about what else could happen.

MS. FLOWERS: Bob.

MR. POHLMAN: Well, no, just to be specific about one thing, obviously if we're going to have a transition in the District of Columbia, in leadership and in the Mayor's office. And so after November there will be, as usual, I'm sure, a transition report, a transition strategy. It would seem to me that would be a good time to look ahead to the next four years and it would be great if philanthropy and others could be involved in putting forward a model.

I look at King County, Seattle, for example. Of course you have the Gates Foundation there, which helps. It does help.

But if there were national funders similar to that who could come on board, I mean, you know, there's a critical mass of stuff happening here. There's a consensus around long-term funding of the Trust Fund. We don't have it all in place yet, but a very very significant local commitment. We have a consolidated RFP, an MOU, similar to what they have there. We have issues and problems that are public and well known that need to be solved.

So if ever we were going to do something like this now would be in the next -- by the end of the year would be the time to really start doing it.

MS. FLOWERS: Other thoughts?

MS. DONALDSON: Yes, and I think it's you, Terri, who mentioned this as a subset of this group, that the conversation in addition to funders would benefit like, with the session that I think CNHED hosted with providers and others to try to really try to bring forth some ideas, not just from a, you know, here's my handout, help me out. But more what really are the community-wide initiatives or ideas that need to be discussed and part of the thinking.

And so not to keep us all in our, you're a provider, you're there, or you're a developer, you're there, or you're a funder, you're there, but to try to help bring that together.

MS. TODMAN: And I would say, you know, there is a continuum that doesn't happen at the lower income levels, so many of my residents have, even if they could get a better job or a job, there is no landing place for them. There is no housing stock that they can graduate, so to speak, out of public housing too easily.

And clearly, like I said, having that stock available for the folks behind, maybe David's people or somebody else, keeping that continuum going is key. And so I think that there is some thought that we can have about how do we very intentionally begin to look at the families who are the at the very lowest income scale. Not homeless. Very lowest income scale, into some sort of continuum that gets them moving into another product type.

And I think that's where philanthropic

dollars can be immensely helpful in terms of creating that platform.

MS. FLOWERS: So that's part of building the case.

MS. TODMAN: Right.

MS. FREEMAN: And I might just add that as we look at the who, that we figure out how we include folks who are affected; that we're not just talking to each other and looking at it from our perspectives; that we actually talk to people who have to deal with this stuff on a daily basis because sometimes our sense of what should be might be great for our reality but may not work for theirs.

So I think somehow we have to figure out how you do that, you know, comfortable, nonthreatening way for all parties involved.

MR. THORNTON: I want to add to that too, to really look at some of the success; some of the successful models, some successful individuals who have come out of poverty and gone into homeownership. Them are the ones that we really need to be talking to. You know, folks who have gone through public housing and now are homeowners and things of that nature.

MS. TODMAN: And we have a ton of those folks. It's really taken it to scale. So we have -- you know, we have lots of great stories like that. But I'm talking, taking to a scale that's much more exciting.

MS. GARR: Now are we assuming that a part of that conversation would be what I would consider the change agents, the trade schools, the colleges and universities that are going to create educational opportunities so that these individuals can increase their income potential so that they have the necessary resources to move to the next level of housing? Are we assuming that they're going to be a part of that conversation, or do we feel that that's someone else's issue to address?

MS. TODMAN: When you talk about supportive services, I think that's a part of the conversation. The question is how big is the conversation.

MS. GARR: Right.

MS. FREEMAN: Because the bigger it gets the less is going to get done. So I think we have to figure out, you know, who are the critical -- what are the critical pieces and I was just saying to Gretchen, we kind of need to find our national counterparts and say, what are the things that are going to really make you say, ooh, and figure it out from that perspective.

MS. TODMAN: Well, to answer your question, yes. Those organizations are involved.

MR. BOWERS: I see. I know Maurice is scribing. I saw Buwa's hand and then Bryan. Buwa and Bryan.

MR. BINITIE: Yeah. I'm a little -- I guess for me, when you're sort of thinking about making an ask, are we speaking specifically to capital and services dollars? I guess that's sort of what would sort of help me understand what it is that we're looking for our philanthropic partners to do. And where do they think the hot buttons are for the folks that make up that group? Like are they more sort of going to go in bricks or mortar and being able to see it fully and touch it? Or at they sort of more going to go in the elements of how, and what we do to make people become self-sufficient in their continuing growth.

And on top of that I think the one thing that I always like to say as far as making a case for the District is, I don't know if there's really much in a case of -- I mean, if you look at the District and you look at like just pure raw data, like pure raw data from our standpoint is we experienced the lowest foreclosure in the District in the country.

MS. FLOWERS: Right.

MR. BINITIE: That's number one. Number two, we are almost second to New York and San Francisco in the number of applications per unit that are put on the market. So for example, we have a 90 unit senior building on the market now, we have 545 people on the waiting list, right, and we have not started marketing.

So if you look at all those raw datas that are out there in the marketplace today, can we use all of that information to help make a fuller case to say, look, there is an affordable housing crisis that is occurring in the District of Columbia alone, and that's why we have also the capital markets in the form of, you know, are debt lenders coming in and giving us extremely favorable debt? Are equity investors coming and giving us extremely favorable equity investment, because they want to invest in the District of Columbia.

MS. FREEMAN: I think that we have to -- well, I think your first point, funders typically are more interested in the later than the former --

MR. BINITIE: Okay.

MS. FREEMAN: -- when you talk about bricks and mortar. They're more interested in the service side of things.

MR. BINITIE: Okay.

MS. FREEMAN: But again, we may be approaching some funders that may be interested in bricks and mortar.

MR. BINITIE: Okay.

MS. FREEMAN: I think the other potential here is look at this through an equity lens. When you look at the data, and you say that, you know, this is disproportionately affecting a particular population, that too, then, is something that can be of interest to a national foundation.

MR. BINITIE: Okay. Thank you.

MR. BOWERS: Bryan?

MR. DICKSON: Yes, I think Director Kelley and Buwa mentioned one key word that we should be focused on, it's marketing. The way to bring people together is through effective marketing strategies.

What we need to do is develop a point person to help us identify a marketing strategy to coordinate bringing people together in the philanthropic community, if it's nationally, with local partners.

You know, this sort of also plays into the second bullet point up there with regard to joint ventures. You know, public private partnerships, I think, are very critical in addressing many of the problems that we're talking about today. And you have to have a strategic approach to bring together the public sector with the private sector. And we've made tremendous progress, I think. You know, I think Adrian, the Public Housing Authority is a great example of successful private partnerships in redeveloping, you know, the sites that you're focused on right now. The loss of capital quarter is an example of that.

But we really need to be deliberate and strategic about bringing people together, and you know, the way to do that is through marketing and to bring in expertise that can focus on bringing all the stakeholders together to solve the problem.

MS. FLOWERS: So I think -- thank you

because you helped us to transition to point number 2.

And let me sort of step back and just say, this is the beginning of a conversation. I don't want folks to feel like, you know, everybody is sort of super rushed, but we did want to try to at least hit the next few of these and get everybody out of here on time. But this is an initial conversation that will continue with the advisory board as well.

So the next piece to your point about increasing sort of that stable of qualified experienced developers that also have the financial wherewithal to execute deals. And so we heard -- I think we heard some good ideas during the conversation around this connection, this JV connection, whether it's nonprofits and for-profits, newer developers with more experienced developers. Also this idea that Jim had around pooling some of these resources and deals whether it's for credit enhancements or around reserve requirements.

And then Tom made the point about the charter school model. So again, if we start talking about who can do this, how can it happen, and sort of I think and the what, we'd like to get back to that. Mike?

MR. KELLEY: Well, I think it's a responsibility on the government's side a little bit to make sure that it's a welcoming environment. You know, you want to make sure that -- you know, if we're going to attract more folks in we have the responsibility of making sure that they know what the responsibilities are, and make it as easy for them to be successful. You talked about earlier, about permitting processes or the processes within, you know, our shop or Adrian's shop, or other places that we actually have to meet them halfway.

MS. FLOWERS: And so when you say government, specifically DHCD, or --

MR. KELLEY: No. Well, unfortunately I think it's all of us. But and I think that, again, Nick Majett did a great job in terms of the permitting thing, and Rita Marshall (ph) has done a really cool -- all the stuff that we're all kind of doing. But it's really now telling the world, we're doing this. And --

MS. FLOWERS: So getting back also to that marketing piece --

MR. KELLEY: Yeah.

MS. FLOWERS: -- letting folks know what's going on.

MR. KELLEY: Uh-huh.

MR. BOWERS: Adrian Washington had a specific recommendation earlier about the notion of affordable housing projects, kind of having fees waived and moving to the front of the line.

MS. FLOWERS: And we have that on there.

MR. BOWERS: I was wondering like in terms of who specifically, like is that something -- is that a mayoral decision, is that the DCRA Director decision? Kind of who would pull the trigger on that one?

MS. FLOWERS: I mean, it's --

MR. BAILEY: It would be the DCRA

decision in consultation with the mayor's office. So the approval would have to be granted by the mayor.

MR. BOWERS: I'm sure there might be a specific kind of who to go to with what.

MR. KELLEY: And I'm sure there's a financial sort of tie-in to that too, that just would have to be recognized.

UNIDENTIFIED SPEAKER: Right. Exactly.

MR. BAILEY: Right. Yes, there's going to be an economic cost. There's going to be some sort of --

UNIDENTIFIED SPEAKER: fiscal analysis.

MR. BAILEY: fiscal analysis.

MR. BOWERS: Tom Nida, I saw you --

MR. NIDA: Just an obviously here, of maybe playing a little off of what Adrian said earlier. You know, when you think about compliance -- now I think about compliance a lot from a banking standpoint, but I think about compliance like with having a mandated number of ADUs in a new project, and the art of compliance is always about how little can you get done to get by?

And so if you really want to make it something where it becomes somebody's line of business, or maybe a subline of business, you have to give them some incentives. Whether it's, you know, some kind of tax break or something else, where there's something in it for them so that they're no longer looking at how little can I do, but maybe how much more could I do, and it still make economic sense.

MR. BOWERS: Tom, let me ask a question to that point, and I know it's a little bit off this second bullet, but the notion of for the banks -- specifically for the regulated banks that are in the room and beyond, you know, a lot of banks are going to be motivated by CRA.

MR. NIDA: Uh-huh.

MR. BOWERS: And it's going to like, you know, either let's try to get the minimum, or some are trying to get the highest score. And so I guess there are kind of two questions that come to mind.

One is, how to motivate banks that are strictly CRA driven to want to get to the highest level of CRA. And then secondly, how do we motivate from a kind of business standpoint if you would, but also going beyond the just dollars and cents, motivate banks to do more than just what's required from a CRA standpoint? Is there a way to get that.

So if a bank hits -- you know, if they've got to do $100 and they've done $100 but there is potential to do more in this space with the resources that are available, are there ways to motivate banks to go beyond that, the CRA requirements?

MR. NIDA: I think it's within the regulatory framework for the commercial banks. It's going to be based on good solid economics, that if you have CRA perceived as something that's kind of like a giveaway grant making, you know, it's a lost leader kind of thing, you're always going to get the minimum possible.

To the extent that it becomes something that a lender, be it a bank or -- and the other regulated institution sees as a viable line of business where the economics work, the economics can get better with things like credit enhancement or private public partnerships with local government. Things like that so it takes the risk down, because what the banks are all about now is risk management. And their risk tolerance since the recession has dropped dramatically.

And so what you've got to do is come up with ways to mitigate those risks, even if it's not forever; if it's just initially, to get them over a threshold of some kind so that then a project just floats on its own. And you know, the risks have already been addressed and resolved.

But right now the risk models for most banks are seeing a lot of things where the economics are uncertain. We're not going there because we'll get hammered by the regulators, and it won't be the CRA guys that are hammering us. It will be the guys on the safety and soundness that are going to hammer us.

And so there's two different sets of examiners, if you will, that are not always talking out of the same playbook.

MS. GARR: But I guess then, David, I would add to that. But then then the other part that we don't verbally monetize is the public image piece to how good of a partner or a neighbor that we are. And so monetizing that can create some interesting scenarios.

So when you're telling the story and the value added as far as who is the good neighbor and the good partner in helping to change and create better communities, because we all want to be looked at through a positive lens, because at the end of the day it generates more business flow outside of these affordable housing deals.

MR. BOWERS: Thank you.

MS. FLOWERS: Does anyone have a specific recommendation from Tom, I'd like to maybe just explore that a little bit using the charter school model. Can you talk maybe a little bit more and then see --

MR. NIDA: Oh, sure.

MS. FLOWERS: -- if we've got some feedback from folks in the room?

MR. NIDA: Well, if you understand the dynamics of charter schools in this city, there is not enough affordable school space in the city. It's the same as there's not enough affordable housing space in this city.

And so what the city did for the charter schools to help offset that was to be in a position to create a separate facility allowance that went on a per people basis, and then they created a whole new office within OSSE that deals with providing sub debt, or doing working capital credit lines, or guarantees to conventional debt so that the schools lacking enough equity to do conventional financing had something to buffer that and get the conventional lenders over that hump.

So the combination of something that underpinned their collateral value, as well as something that underpinned their cash flow requirements was the model. And it just struck me that, you know, it's all about affordability.

You know, in this fine city if you don't have a surplus school you can move into that's really ready to go, you're going to spend a ton of money and you take too much money away from the educational piece to provide the space.

We have the same scenario here with housing. It's just we need to look at crossing the line and saying, because these issues are similar and they affect the same people, then we ought to have some common thread of resolution. And maybe what they did with OSSE, you know, with charter schools could be applied in a different but similar way for the housing issue. And maybe what we need to do is get the Deputy Mayor of Education and the Deputy Mayor of Planning and Economic Development to have a conversation about that.

MS. FLOWERS: Any other thoughts around the room on that idea?

MR. BOWERS: I'm curious from the banks that are -- the banks and the financial institutions, banks and intermediaries that are in the room, if that kind of structure existed that mitigated risk, is there a sense that folks would potentially do more lending if, as Jim said, those who are the Mighty Mouses, so to speak, you know, who had good heart and good intent and the ability to execute but didn't have the biggest balance sheets, if there were ways to mitigate that risk do you all think your institutions would potentially let more capital flow?

MR. PASCAL: The short answer is yes.

UNIDENTIFIED SPEAKER: Uh-huh. Yes.

MR. PASCAL: I mean, we've done several charter school transactions where OSSE and Operation Hope were up on the front and shored them up and provided enough credit enhancement so that they got enough sufficient track record so

that when they got into the more operating
fashion the cash flow was comfortable. And so
the short answer is yes.

MR. DICKSON: Yeah, and I think, you
know, when you lower risk, you know,
fundamentally lending institutions should be able
to improve economics.

Tom was talking about the fact that once
banks meet their CRA goals then economics come
into play. So that would go right to that point
in terms of reducing risk enabling financial
institutions to develop a little bit better
economics on a transaction.

MR. NIDA: I want to be clear, too, with
the enhancements that you see out of OSSE and
some of those things for the charter schools,
these are not forever enhancements. They're set
up so that when certain performance benchmarks
are achieved they burn off or burn down.

And so you can recycle the same money,
you know, project after project. Once they've
hit a record, a level, where they perform on

their own without backing.

MR. BANKS: Tom, is there any way that -- I'm sorry.

MR. BOWERS: We'll go to Jim and then Jeff.

MR. BANKS: Is there any way that you could just general, back of the envelope, what kind of percentage of costs, percentage of risk, kind of enhancement needs to be there? What's the value of it?

MR. NIDA: I think it depends on how much equity is coming in to a deal. I mean, that's the basic economics of it.

So if you have a situation where you've got a nonprofit developer that may be challenged to do convention 20, 25 percent equity, like we'd see in a market rate deal, then you may need to have on the short-term, just some level of equity support or placement until, you know, the performance for the cash flow then kicks in.

You know, and it could be, you know, something more or less than that, but the idea from the charter school standpoint was that between what you've got from OSSE and what you have from organizations like Building Hope and other credit enhancers that are using federal funds for the same purpose, that schools with no equity are going in with conventional financing and this other stuff layered on top of it, and it just burns down over time as the schools perform, because the schools have to get their enrollment first. And then they have to perform academically.

MR. KELLEY: That's helpful. I'm just trying to get a sense of ballpark, what it would cost.

MR. BANKS: On X amount, if we've got $187,000, or a million dollars in trust fund going into leverage total development cost of X, is there some way to --

MR. NIDA: I think if you put it in a pool where you could have it so that you tap a pool, not necessarily transaction by transaction, you could probably come up with a pool that might be, I don't know, pick a number, 10 percent of that total to be enhanced. And then you spread the risk because in the pool you're mitigating risk already. You know, you're going to have some players are going to be a little stronger than some others.

The other thing that comes with a pool is if you've got a project that isn't going to work because you have a sponsor just not as effective as they could have been, you might have a stronger sponsor steps right in through the pool to take over and then keep it going.

MR. BOWERS: So I saw Jeff Banks, and I'm going to actually ask -- Bill Batko is here, and Bill, I'm going to ask if you don't mind taking two or three minutes to say a little bit about some of the research that you've done on behalf of the Agency that kind of ties directly in to some of this, because I think it speaks to some of this. But, Jeff --

MR. BANKS: Yes. The city -- to answer your question, David, yes, the banks would participate more.

The city has a program, the cash collateral support program and we're doing it for the businesses right now, and that's up to a million dollars for small businesses that are CBEs. And it has stimulated more deals being done in the city.

MS. FLOWERS: And that program is through who?

MR. BANKS: Deputy Mayor Hoskins, here.

MS. FLOWERS: It's through DMPED?

MR. BANKS: Yes.

MS. FLOWERS: Okay.

MR. NIDA: Yes, but it's under DISB if I'm not mistaken.

MR. BOWERS: DISB. Yes.

MR. NIDA: The Department of Insurance Securities and Banking.

MR. BOWERS: Department of Insurance Securities and Banking.

MS. FLOWERS: Oh.

MR. NIDA: Yes, and that, by the way,

also played off the charter school model earlier.

MR. BOWERS: And you said it's called the cash collateral program?

MR. NIDA: Cash collateral support program.

MR. BOWERS: Support program at DISB. Okay. Thank you.

Bill Batko, and then (indiscernible).

MR. BATKO: Sure. For the past four or five months I've been working as a consultant with the HCD on many of the ideas that have been surfaced here. The basic idea provide -- DHCD provide credit enhancements to be able to mitigate risk for the banks so that increased amount of bank capital will go into deals. Decreased amount of DHCD money will go into those deals. And so then DHCD money, the prime resource for affordable housing, can go to more deals.

Where we are now is looking at two different efforts. One is an acquisition pool and expanded SAFI, based on some of the structures that were set up by some of the CDFIs in different cities with banks to be able to attract bank capital into acquisitions with a DHCD and CDFI guarantee, so that essentially we mitigate, we think, all risk on behalf of the banks, so that they're more interested in doing the acquisition which right now DHCD funds itself.

The important components of this would be agreed upon underwriting so that DHCD, the banks, and the CDFIs all agree upon what deals should be financed. And importantly that deals financed for acquisition look to have take-up, that there's permanent lenders who are interested in this deal who are sitting around the table and want to then go ahead and move with the deal.

So that's on the acquisition front. On the permanent front we met with people from OSSE a little while ago based on recommendations from some of our bank friends who have been using the program, who are comfortable with the program, an so we're looking toward launching -- this would be deal by deal, maybe just to start, where essentially a very similar kind of mechanism can be put in place five years with a burn-off, with DHCD providing the gap financing as they always do as a way to get banks to provide funds, capital funds, for deals that right now they're not interested in or for deals they are interested in already to provide financing with slightly lower fees, slightly lower interest rate, slightly lower debt service coverage, so that there is a little more private capital into the deal, still affordable for the deal. Little last DHCD gap money into the deal, and then DHCD money being able to extend elsewhere.

In a couple weeks, week and a half we're starting a working group on this. Any of the banks and any of the CDFIs that I haven't talked with already, by all means, I'd love to talk.

MR. BOWERS: All right. Thank you, Bill.

MR. KELLEY: And if I can, this is in terms of you know, putting a promise out there. There has been a group, a working group that we've been working with, the TOPA people and other providers and developers and we've made a commitment to get this act together by, you know, mid June, summertime, and have it fully operational by the fall. So in terms of the urgency I talked about, this is something that we really welcome, this particular meeting because it sort of kick starts up that commitment that we've made to the larger community.

MS. FLOWERS: Oh, I'm sorry. Sorry about that. I was giving you more time.

(Laughter.)

MS. FLOWERS: Great. Okay. Any other thoughts on this idea about increasing capacity for developers, or managing capacity in a way that makes the sponsor agency more attractive for banks? Yes.

MR. KNIGHT: So, in the land of the earliest risk money and the predevelopment money and that sort of thing, is there any sort of centralized risk mitigation that would draw more private money into that use, or is that a lost cause? How could we get more predevelopment money in circulation?

MR. BOWERS: And I think that's a question for the banks, but also for the foundation world to think, you know -- Terri, to your point earlier, most would be more concerned about services than the bricks and mortar. Would there be a mechanism to even open up potentially some predevelopment pool of capital from the philanthropic world, almost like in a recoverable grant mode. So if they're in the business of doing grants saying, okay, you know, let's make it more of a revolving grant pool. If worst case scenario happens then the deal doesn't go forward, it burns off as a grant. But if the deal does go forward that money gets repaid and recycled. And so that's -- so just for banks and for philanthropic as we think about predevelopment.

MS. FLOWERS: So we've touched on some of these, which is good because we've got only about five minutes. But we've touched on some of these other categories but I want to quickly go through just a couple.

Let's start with the last one, to the urgency idea because I feel like that has gone through a couple of the different things that we've talked about. And, Mike, you talk about this demonstrating urgency of the need, right? So we had some people around the table even this morning with the presentation sort of from being surprised at some of the data from either of those presentations, illustrating the urgency for affordable housing, both sort of generally given job growth as well as for the very low income folks.

And also this sense of urgency as you said, Tom, about you know, this could have a real sort of concrete impact on appraisal and other underwriting if people understood that perhaps there is not a bubble, particularly for folks developing housing for people earning under 80 percent of AMI; sort of what that need really is.

And we've talked about marketing has come up, several times in this conversation about sort of how to get all of these things out there, both within the community of folks that are in this room and people that are doing similar things in this room, but also larger.

So just maybe five more minutes talk about perhaps what's already being done, and really sort of what that that next level is of kind of getting that word out. Right.

MR. PASCAL: Well, one thing is, you know -- the business leadership has not been at the table and we've been trying that, and we've had frank conversations where they actually think it's not an issue of urgency. And we do have a new head of the D.C. Chamber of Commerce, so maybe some of us have relationships with the person, you know, try to take this opportunity of new leadership to say it's a very important issue.

We have new leadership at the Meyer Foundation, and so I think we have to engage some of this new leadership that's coming in place and make the case that it is an important issue, because some of them don't think it's the number one. They think, still, education and other issues is the -- and they're important issues. Don't get me wrong. But those are the more important issues affecting them, versus this issue, quite frankly.

MS. FLOWERS: And so who would be the -- who are the right folks to do that, to engage in that conversation if we're talking about the who, trying to get to concrete.

MS. TODMAN: Members of the Chamber. The Chamber membership, who may be here. Or not here.

MR. PASCAL: And then we have Lisa, and the new head of DCBIA that we have a relationship with, and so there's a lot of new leadership and we need to get in front of them.

MR. BOWERS: I have a question actually on that, to the who. How responsive would the -- I guess two questions. One, to the corporate business community, kind of not including developers, not including banks, kind of folks who are in the industry, is there an ask? And I'm looking at -- you know, like, what's the ask to that community? Would we be asking them to put money on the table? Would we be asking them to get engaged in advocacy around the issue? None of the above, all of the above?

And then to the issue of who would they listen to? Part of it is their members, but like would they -- if a collection of bank leaders went and talked to folks in the corporate world would they be more apt to listen to their, kind of quote/unquote, business peers? You know?

So in other words, does it need to be government leaders, bank leaders, philanthropic leaders, or a small cadre who go and talk to, you know, the Marriotts or the big defense, you know, corporate folks and the big hospitals, et cetera, et cetera.

So I'm wondering kind of, what's the ask to them and who would they listen to? Tom?

MR. NIDA: You know, we bankers have got

this reputation of being the hardest to convince of anything when it comes to spending money. But it also gives us credibility. When we do approach somebody about an issue, we tend to have people listen.

MR. BOWERS: Uh-huh.

MR. NIDA: And we tend to be a little bit more focused on who we should talk to, you know. And so you know, I think that some element of some of us in this room and otherwise in the banking field, probably could add some credibility to whatever the ask is going to be to the corporate leaders more broadly. And I think we ought to probably be joined by some government officials who also have credibility, so that it looks like it's a top-level private pulpit partnership.

MR. BOWERS: Yes.

MR. NIDA: And then the developers and the others that are going to be perhaps recipients of some of this don't necessarily want to be there up front.

MR. BOWERS: Right.

MR. NIDA: But they ought to be able to help support, you know, the size of the ask and perhaps the terms of it.

MR. BOWERS: That's helpful.

MS. FLOWERS: But developing what that ask is, I mean, that's --

MR. BOWERS: Yes, like we're --

MS. LIEBERMANN: That's what I was going to say. I mean, it's this whole marketing piece. What are we asking? Are we saying you're not going to have employees because they're not going to live close? I mean, you have to figure out what the ask is and I think it's a lot about that.

MR. BOWERS: Bob and Nathan?

MR. POHLMAN: Yes, I agree on what the ask is because regardless of what the impact is on business, what are we saying? What are we asking them to do, to build housing? No. Are we asking them to support more revenue? I doubt it. They've never shown a willingness to do that in the past. I wouldn't expect it in the future, i.e. pay our taxes.

So what are we asking? The only thing I can see is a greater allocation of the existing resources to housing. So that, to me, would probably be the ask.

MR. SIMMS: I think the ask is a little different because as much as we talk about housing, we talk about how we can make their deals more attractive, and when you look at parts of the city that are where the lowest income concentrations are, I mean, the retail corridors, the business corridors, those corridors are fairly barren.

And so if there is an ask it is really putting the focus in community development, which real estate is part of that. So how can we help support small business development or large -- I mean, small and then large business developers in areas that will help create mixed income opportunities because back to the appraisal thing, I mean, particularly in Ward 8, I mean, we see a lot of low income census tracts. But one of the things that comes up is, you know, how do we get people at the higher income levels to live in here? And when you're underwriting transactions you're going to go off the information in front of you. If there is some kind of targeted effort and coordination about building those pieces I think we are much better off.

I mean, we are fortunate in some ways that usually when a Target or a Wal-Mart or something is announced, then it takes off immediately. And so it's very hard to get control of cost and rising rents and things of that nature. But if there is some kind of targeted effort that says that we're going to invest in this housing stock, will you invest in this quarter, I think that you get more bang for your buck.

MR. KELLEY: If I can, just in terms of the ask too, we talked about the local low income housing tax credit. Whose going to buy these credits, I think is something that I think we should be honest about, and before we kind of go down a primrose path let's do some sort of analysis. And this would be a good -- I think that, you know, this would be a good check-in. You know, who are the local heavy hitters that want to invest.

MR. POHLMAN: That's a great point. Now we probably will have a state -- you know, a D.C. low income housing tax credit come fall. And getting investors is going to be an issue. The tax credit is going to have value, and that is something very specific that banks and others who have franchise taxes and so forth in the District, could respond to. That would have a direct impact on affordable housing. It will be two and a half million, I think, a year, which will build up to 25 million in 10 years. And that's a huge additional resource.

But how valuable are those credits going to be will depend on if there's a market for them.

MS. FLOWERS: Okay. So we are at 12:50, David.

MR. BOWERS: Yes. Yes.

MS. FLOWERS: So, I think again, we weren't able to necessarily hit all five, but I do think that we were able to get some meat on the bones for a number of these.

Again, we've got amazing notes from these excellent folks up here, so none of the comments were lost.

Just so you know, next up is a report out of this meeting of the salient points, both what has come up here as well as what's incorporated in those notes that will go back to the Advisory Board, and then I am sure will be distributed.

Yes, Buwa.

MR. BINITIE: I think there's another group of folks that I think we need to think about. I'm sorry, you were writing when I had my hand up.

And I think those groups -- and if you bear with me for a second I think the National

Association of Restaurant Owners, the National Association of Hotel Owners, especially all the food truck drivers out there, and I just want to sort of quote research I recently found, and this is sort of what I've been using recently.

Recently the MSA employment projections by industry and occupation over the next 10 years from 2008 to 2018, published that D.C. Department of Employment Services is expecting to see a two percent year over -- a two percent increase in healthcare, social services, hospital associations, arts, leisure, hospitality, entertainment, recreation subsectors, and these subsections make up over 100,000 of the current workforce. So that's 20,000 jobs over the next 10 years.

So these groups, I mean, these are folks that we are catering to as far as folks we're trying to provide housing for. These are your pillars of society, your restaurant workers, your waitresses, you know, folks who work in nonprofit.

So I think all those associations are folks that frankly -- I mean, if we went to the Marriot today, they are putting in a 1,000 bedroom convention center; that's 1,000 jobs. I mean, these folks would care about trying to figure out a way to house their employees.

MR. NIDA: Playing off of that and maybe coming back to I think what Bob talked about about the ask.

MS. FLOWERS: Uh-huh.

MR. NIDA: Every corporate leader out there is going to have an interest in recruitment and retention of their own employees.

MS. FLOWERS: Right.

MR. NIDA: And fundamentally that's what this gets down to.

MR. BOWERS: So, folks, we have five minutes and then we're going to get you out of here before 1:00, actually. I'm going to ask -- Director Kelley has got a couple quick words for us and then I'll close this out and we'll be out of here.

MR. KELLEY: Well, just to get into in terms of the Mayor's commitment to 10,000 affordable housing by 2020, we're well on the way. We've got 29 projects under construction. We've got another 50 projects or so that are in various forms of underwriting, about 3,000 additional units are being teed up. We have about $600 million on the street and that we're looking at having 180 million of that is sort of consolidated stuff with CDBG and HOME and that kind of thing, 140 million of it is the Housing Production Trust Fund.

So your taxpayer dollars is at work. And I think that this is really just -- this discussion is really important, though, but I think it's in the context of, we're already kind of ramping up. So this is like really vital wind behind a sail that's already put up.

And so I just want to thank the Housing Production Trust Fund Advisory Board, HPT -- for pulling this together. And again, in terms of the follow-up, it really would be good to keep you, our partners, abreast about what we're up to here so we can actually potentially revisit this issue and reset our navigational points after a certain amount of time here in the fall and in the winter.

MR. BOWERS: Appreciate, Director Kelley, your comments.

A couple things in closing. A few things. One, in building on the point from the Director, this was absolutely designed to be a solution to oriented conversation that is grounded in the recognition that there are literally tens of thousands of people in the Nation's Capitol who are struggling every day to make it. And so we want to ground this conversation, like we do all of our conversations, in how can we help the city leverage the resource of the Trust Fund, as well as other resources dedicated to affordable -- housing that's affordable, low and moderate income people in particular, in the most effective and efficient ways?

So the report, the kind of write-up of all of this, if you will, that Marisa will do, we will share with folks. The Board, we will absolutely digest that at our next meeting. We'll have another presentation next month. But we'll digest that and see if there are again, specific things that we can recommend to the City. And I think we've heard a couple things here.

The second thing I would say is I do hope that if folks have heard things -- and I'll just pick out a one for example, that came out early, which is the data that we got from Dr. Howell, Tom's point about hey, maybe everyone in the banking industry, some may be aware, others may not, finding ways to share that. Those are the kinds of things that that's not the Board doing, but that information will be out there, it will be shared, and so for any of you all and your respective individual organizations or collective working group, please feel free to kind of move forward with some of these things in ways that you think are actionable and can be helpful.

We will also, as we look at what are the ways that we can move from what was discussed here today, think again beyond the Trust Fund Board, to think about how we can be intentional in bringing folks together to continue kind of action oriented conversations. Right? So how do we specifically do this that will help move to this that will help move to that.

One of the points in having this conversation is to try to -- often times there are developers or bankers or foundations or, you know, whatever it is, kind of talking to themselves. And that's fine. But we wanted to be much more intentional in this conversation and hopefully moving forward, getting a number of folks in the room at the same time. I thought a great moment for me was when Adrian asked the question, well, can you say a little bit more about what that actually is? I see a black box when I go to some banks. What is that?

That's the kind of thing we want to have, right? And people aren't always going to hear what they want to hear, but it's good where people can actually hear the honest stuff.

And then say, okay, if that's your reality and this is my reality, how do we move forward in ways that might -- and somebody else in the room may be able to raise their hand and say, hey, I may be able to help solve for that person's issue that will help them when they go there. So it's in that spirit.

Last 60 seconds. Here we go, one, thank you huge word of thanks, and if we can give a hand to Marisa Flowers for doing a great job with our facilitation.

(Applause.)

MR. BOWERS: It has been great on the front end and great today, and I know a lot of pressure trying to keep the trains moving and moving on time. So a huge word of thanks to Marisa from Green Door Advisors.

Again, I want to say a huge word of thanks to B. Fields, Pamela Hillsman, Angela

Nottingham from DHCD, Director Kelley, your team has been tremendous. So if we can give him a hand?

(Applause.)

MR. BOWERS: I also want to thank the man on the ear plugs there, Brian. Is that right? So, Brian, we want to thank you because there's a lot of moving pieces.

And then finally, I hope I have this right. So Tanya Condell, Chris Dickersin-Prokopp, Lesley Edmond, Carissa (sic) Sookhoo?

UNIDENTIFIED SPEAKER: Cassia

MR. BOWERS: Who?

UNIDENTIFIED SPEAKER: Cassia.

MR. BOWERS: Cassia. Sorry about that. And Lauren Pair. And then Bruce Richardson who is our IT photographer. But a huge word of -- they were turning around stuff quickly, so thanks to all of them. Thank you all very much.

And finally, thanks to each of you for giving of your half day on this Monday for coming out. We really appreciate it.

Don't forget if you have additional questions or comments on the bottom of your agenda, B. Field's e-mail address is there. You can e-mail public comments or questions to her and now at 12:57 this meeting is official adjourned.

[Whereupon, at 12:57 p.m., the Housing Production Trust Fund Advisory Board meeting concluded.]