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THE DISTRICT OF COLUMBIA
Housing Production Trust Fund

ORIGINAL

Advisory Board Meeting

10:05 a.m. to 12:07 p.m.
Monday, June 2, 2014

D.C. Department of Housing and Community
Development
1800 Martin Luther King Avenue, SE
Washington, D.C. 20020

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ORIGINAL

1 Appearances:

2

3 Board Members:

4 DAVID BOWERS, Chairman

5 SUE MARSHALL

6 STANLEY JACKSON

7 DAVID ROODBERG

8 JAMES KNIGHT

9 ROBERT POHLMAN

10 JACQUELINE PRIOR

11

12 Staff Members:

13 MICHAEL KELLEY, DCHCD Director

14 NATHAN SIMMS, Chief Program Officer

15 BEATRIX FIELDS, Senior Legislative Specialist

16 CHRIS DICKERSIN-PROKOPP, Strategic Program

17 Specialist

18 MATT SCALF, Office of the Deputy Mayor for HHS

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1 P R O C E E D I N G S

2 MR. BOWERS: All right, ladies and
3 gentlemen. We're going to get started. It's
4 10:05 a.m. Eastern Standard time on Monday, June
5 2nd. Welcome to everyone.

6 This is the District of Columbia Housing
7 Production Trust Fund Advisory Board meeting,
8 June 2nd, 2014. We will go around. I hope all
9 members have a folder. And we'll go around and
10 establish our quorum. So if members of the Trust
11 Fund Board could announce your name, and we'll
12 make note of you being here, for the record.

13 Bob, why don't we start with you?

14 MR. POHLMAN: Bob Pohlman, CNHED.

15 MR. ROODBERG: David Roodberg, Horning
16 Brothers.

17 MR. KNIGHT: Jim Knight, Jubilee Housing.

18 MS. MARSHALL: Sue Marshall, Community
19 Partnership.

20 MS. PRIOR: Jackie Prior, the Morris and
21 Gwendolyn Cafritz Foundation.

22 MS. NEWSOME: Ornamenta Newsome, LISC.

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1 MS. BOWERS: All right, good. Great.

2 Well, seeing that we do have a quorum, we
3 will officially call this meeting. We are in
4 order and have a quorum. So thank you all for
5 being here today.

6 The second item on the -- well, let me
7 stop there and say I always like to -- Director
8 Kelley, any words of greeting you have for us?

9 MR. KELLEY: Greetings, everybody! Happy
10 springtime. Two back-to-back wonderful days of
11 spring-slash-summer. And reminding us that it's
12 important to continue to do the Lord's work and
13 the people's fight to create affordable housing.

14 (Chorus of "Amen!")

15 MR. BOWERS: Thank you, sir. The
16 offering will be taken up later.

17 (Laughter.)

18 MR. BOWERS: Thank you. So, appreciate
19 that, Director Kelley.

20 Number two on the agenda, the approval of
21 the prior meeting's summary. I'm going to ask, I
22 think Bea has a quick update for us on where we

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1 are with that.

2 MS. FIELDS: We have been working
3 diligently. This was a big month for us. We
4 have not only the budget, we had affordable
5 housing hearings, and we will get back with you
6 all as quickly as possible in July.

7 MR. BOWERS: So we should expect a chunk
8 of our agenda in July will be, we'll have the
9 prior meeting's summaries. Again, just for the
10 record so we know, in terms of meeting the
11 requirements of all, we do have full transcripts
12 that are taken and recorded, so these meetings
13 are recorded here. So if anyone ever, here or
14 members of the public, wanted to get a look at
15 what actually happened at the meetings, the
16 records are kept.

17 And are we keeping them now on the
18 website?

19 MS. FIELDS: We have not put the actual
20 written transcript on the website. But it is
21 available to anyone who would like to come and
22 view it. And similarly, they could come and hear

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1 the proceedings.

2 MR. BOWERS: Right. Right. Thank you.

3 So we can do that.

4 Any questions on that before we move
5 forward?

6 All right. Thank you.

7 Number three. The leveraging option,
8 discussion items, leveraging options. We know
9 there have been several, or there are several
10 things that have been going on as we work to try
11 to assist the department in thinking through
12 different ways to leverage the Housing Production
13 Trust Fund dollars.

14 So first, I think I'll ask Nathan and
15 others can -- we'll start with Nathan to chime in
16 on the Leveraging Work Group update in that
17 group.

18 So, Nathan?

19 MR. SIMMS: Sure. So, good morning,
20 everybody, first of all.

21 We have been working diligently on the
22 leveraging exercise. We're trying to convene a

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1 group with CDFI, hopefully within the next two
2 weeks. We're making a lot of progress. I think
3 we have identified kind of where we think our
4 sweet spot is and where we want to participate.
5 We have to bring everybody onboard, of course,
6 which we'll work to do.

7 And we should be able to report out,
8 hopefully, a little bit more progress by the next
9 meeting.

10 MR. BOWERS: Nathan, just so the folks
11 know, some folks around the table have been
12 involved, but others have not.

13 MR. SIMMS: Sure.

14 MR. BOWERS: And also for the record,
15 there have been a couple of meetings so far. Any
16 update you want to give in terms of how those
17 have been proceeding?

18 MR. SIMMS: Sure. So we've had two
19 meetings thus far. And so, we -- the initial
20 meeting was just kind of a kickoff to talk about
21 why we're together, what we want to accomplish.
22 The second meeting that we had was probably about

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1 three weeks, a little over three weeks ago. And
2 that looked at different models across the
3 country that had acquisition loan funds, what the
4 participation was, the CDFI's, obviously,
5 participated as well in terms of what they've
6 seen, what's worked, what hasn't worked.

7 So it's progressing along pretty good.

8 MR. BOWERS: A couple of other questions,
9 one, or by way of update, the timeline for folks
10 so that they'll know. I know the department had
11 mentioned at one of the meetings its hoped-for
12 timeline around getting one of those done.
13 Update on that for us.

14 MR. SIMMS: Sure. So, I mean, our goal
15 has been to stand it up by October. So now that
16 it's June 2nd, we don't have a whole lot of time.
17 But we're going to begin the process at least
18 with our -- engage our legal staff to begin to
19 start looking into it.

20 And obviously, I think the number of
21 meetings will kind of pick up over the next two
22 months or so. Just to make sure that we have

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1 everything solidified.

2 MR. BOWERS: Sure. The question,
3 Director, and others, Milton and Nathan, at our
4 last meeting, our May board meeting, one of the
5 suggestions that was raised was engaging the
6 developer community as well. Any updates on the
7 status of the meeting with the developer?

8 MR. SIMMS: We're scheduled to meet with
9 CNHED on Wednesday.

10 MR. BOWERS: Okay. Okay. Any questions?
11 Or, Director Kelley or Milt, anything you all
12 want to add to what Nathan has said before we go
13 to questions?

14 MR. KELLEY: No. Just again in terms of
15 public commitments, we've got the two major
16 components, credit enhancement. I think we're
17 close to getting, rolling on that now. And then
18 in terms of the larger acquisition fund, I think
19 we all want to stay publicly committed to having
20 a product, come October 1st.

21 MR. BOWERS: Questions from board
22 members, questions or suggestions on that piece

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1 from anybody?

2 (Pause.)

3 MR. BOWERS: Good. Okay. Sounds good.

4 Actually, one other question. Nathan,
5 could you or anyone from the team say anything
6 about the -- I know there's a sense about an
7 acquisition fund and then a second potential
8 fund. Any kind of update on, A, what that fund
9 would do, kind of what the thought is about what
10 it would do, and maybe what the timing looks like
11 on that one?

12 MR. SIMMS: Sure. So, we talked about
13 two things. One is doing an acquisition loan
14 fund. The second was doing kind of a capital
15 loan fund or, particularly around credit
16 enhancement. We're obviously going to still do
17 GAP. But there is a lot of -- there's a lot of
18 things that we see in terms of disconnect with
19 the First Trust lenders, show returns, as we
20 would like to refer to them now as mini-terms or
21 balloons, and try to work through -- you know,
22 not lower loan-to-value ratios, things of that

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1 and fund. It was introduced to us as a concept
2 some weeks ago or months ago. It's going out now
3 making the rounds in the community, going to make
4 the rounds in the developer community.

5 How do we see the process coming to a
6 final form? And will this board have input in
7 that? Or will that really be done outside of
8 this meeting and reported in? How do we expect
9 that to work?

10 MR. BOWERS: Sure. So, my -- before I
11 answer that question, let me just state for the
12 record that we'll note that Board Member Stan
13 Jackson is present here.

14 So, Jim, my sense is that it's a little
15 bit of a both-and in that because a number of us
16 who are around this table participate -- are
17 participating in those meetings and-or will
18 participate in those meetings, so there's kind of
19 input wearing our own organizational hat, but
20 obviously, we have that kind of lens coming to
21 the table.

22 As a board, I think one of the things,

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1 what I've been hoping to do is, one, provide a
2 forum as we have for the last several meetings
3 with suggestions -- with presentations from folks
4 like Citi, like Jair Lynch, like Capital One,
5 that can feed into that process.

6 And then the second piece is for us to
7 get updates as things proceed, as a board, on how
8 things are proceeding. So each time we meet
9 until the product is done, we'll ask the
10 department for updates on how things are
11 proceeding, what are the elements that are taking
12 forth? And that will allow us as a board to give
13 some input.

14 And we certainly, at each step along the
15 way, given what we've heard, we can opine kind of
16 individually and-or as a board on what we're
17 hearing in terms of, "That makes sense," "Hey,
18 this raises a flag for us," suggestions like the
19 one at the last meeting, "Make sure you engage
20 the development community," things of that
21 nature.

22 So that's my thought.

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1 Other thoughts that board members may
2 have or desires that board members may have about
3 the role we play?

4 Yes, Bob Pohlman.

5 MR. POHLMAN: Yes. Given the fact this
6 is a mayorally appointed board, and it is just
7 advisory, I would think that this board should
8 really be able to delve into the depth of any
9 kind of financing structures. Certainly, that
10 has an impact on the kind of funding that can be
11 provided, what parts of the continuum housing can
12 be financed, using this, whether it be supportive
13 housing. Can it purchase? And so forth.

14 So I'm a bit disappointed that we
15 essentially seem to have the role of getting
16 briefed, but not of sitting around the table and
17 really delving into the substance of this.

18 MR. BOWERS: Other thoughts?

19 MR. KNIGHT: Part of the reason I tried
20 to pop that question is, as stakeholder in the
21 process both in this board role and in the day-
22 job role, as you noted, so many of us have,

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1 trying to understand where, in which setting to
2 offer what points of view.

3 If there's going to be a formal
4 opportunity here to hear the proposal, to react
5 to it in detail, then that's one thing. If
6 there's not, there's another thing. And if those
7 opportunities are available in our stakeholder
8 clusters, practitioner, lender, however, just
9 kind of hard to see how the two sides of the
10 process fit together.

11 MR. BOWERS: Um-hm. Jackie?

12 MS. PRIOR: It would be helpful --
13 because I'm visual, it would be helpful to see
14 things in writing. You know, understanding that
15 these are just ideas or drafts, this isn't, you
16 know, final or anything. But it would be easier
17 for me, I think, to see some updates in writing
18 and think about them.

19 MS. MARSHALL: And going to the broader
20 part of role and opportunity, picking up on Bob's
21 point, there has been an election and there is
22 going to be an election, which I think is a

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1 platform for us as a board to opine on the things
2 we think are important to the development of
3 affordable housing.

4 MR. BOWERS: Other thoughts, questions,
5 suggestions?

6 MR. KELLEY: If I can.

7 MR. BOWERS: Sure. Director Kelley.

8 MR. KELLEY: You know, in terms of
9 ownership of this idea whose time has come, my
10 position, it's everyone's ownership. This
11 actually came to our attention from, as the
12 Chairman said, from ya'll. It came as a -- you
13 know, how do we deal with predevelopment
14 activities? How do we look at leveraging these
15 precious dollars, utilizing private-sector
16 dollars more efficiently?

17 So I mean, I think that -- I'd like to
18 think that as we start to move forward, indeed
19 there will be something in writing for us to
20 cross out and mark out, et cetera.

21 So I think that when we talk about
22 rolling things out through the summer, you know,

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1 this is one of the topics that was embedded in
2 the Bridges to Opportunity.

3 So anyway, that's my thoughts on this.

4 MR. BOWERS: A couple of things I'll just
5 add to that. One, we as a board, when we first
6 started meeting in this forum, kind of agreed to
7 take on the leverage aspects specifically from
8 the Bridges to Opportunity work.

9 Jackie, to your point, we as -- because
10 it's so early, I agree. As the process moves
11 forward and there is enough there there, we will
12 certainly get things in writing, visually and in
13 writing. So right now, it's too early, I think,
14 for that. But as the things progress and as we
15 come together, we will absolutely ask for
16 presentations in writing, visually.

17 And, Bob, I wanted to ask you a question
18 to make sure we have clarity. So, as we get
19 those briefings, as we get to a point where
20 there's enough there there, we as a board get
21 briefings -- and as I mentioned, we will have the
22 ability to hear what's presented and give

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1 feedback as to, we agree with that, have concerns
2 with this, et cetera.

3 I just want to make sure I'm hearing what
4 you suggest. What would you like to see beyond
5 that for us as a board to do?

6 MR. POHLMAN: Well, you know, I
7 understand that there will be meetings with the
8 different groups like lenders, intermediaries.
9 There's going to be a meeting with developers.
10 But it's the synergy of this group that has been
11 appointed to give advice that I'm talking about,
12 so that Sue here, very much engaged, permanent
13 support of housing and the entire effort to
14 address homelessness, the kind of financing
15 that's required for that, you know, the
16 philanthropic community, and so forth.

17 Some of the discussion we had when we had
18 the big roundtable thing. But more in-depth.
19 These meetings are good for briefings and
20 updates, I mean, updates really, kind of comment.
21 But it just strikes me that at some point, you
22 know, where do we sit down and talk across the

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1 table with each other about what the views of
2 this advisory board are in regard to this? Is
3 this going to address what's needed?

4 So something -- partially, this is, you
5 know, format. But how do we get to a point where
6 we actually talk to each other and look at what's
7 being proposed and say, "Is this going to address
8 the kinds of things that we're engaged in across
9 the board?" Not just developers, not just
10 lenders, but everybody at the table.

11 MR. BOWERS: So, and let me just say, I
12 would hope this forum would be where we do that.
13 And if members at any point feel like we need to
14 have either an additional meeting or make certain
15 meetings longer when we know we'll have more
16 information to dig into, certainly raise that,
17 let's say that. But this forum would be that
18 forum.

19 MR. POHLMAN: Good.

20 MR. BOWERS: Jim Knight? Thanks, Bob.

21 MR. KNIGHT: I was trying to identify for
22 myself maybe an example of a term or an element

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1 of the thinking. I certainly, Director Kelley,
2 am in favor of this as a concept, that this new
3 fund and credit enhancements, others ways to
4 leverage trust fund dollars have the potential to
5 help us as a city do more affordable housing.

6 As with anything, its effectiveness will
7 be in the details of how to structure it and what
8 the terms look like. So I'm thinking
9 specifically around, when do we start to digest
10 terms? When do we get to put our different hats
11 on and look across the terms and see how things
12 are going to work?

13 And I expressed earlier in an earlier
14 meeting that one of the concerns about the
15 banking community having sort of an earlier
16 disproportionate voice in the process is that
17 they're going to set it up to eliminate risk and
18 mitigate risk. And no offense to any banks, but
19 they're the same market-driven motivation that
20 keeps us needing affordable housing. The
21 practitioners in the room exist because the
22 marketplace doesn't produce this product.

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1 So if the marketplace gets too much voice
2 too early and sets the terms, it may be that it
3 doesn't -- it's not usable for permanent
4 supported housing, for instance.

5 MR. SIMMS: Can I say, though, on that
6 particular point, and I think to the Chairman's
7 point, I mean, we're like three meetings in. We
8 are not by any means like almost done because it
9 takes two to tango. So we need people to react
10 to what we want to do.

11 We have not lost in the process in terms
12 of the properties that we do. We have talked
13 about permanent supportive housing. We've talked
14 about the whole gamut of deals that we see. And
15 we're not leaving anybody behind in this process.
16 And even the Corporation of Supportive Housing is
17 at the table, as well, in term of affirmative
18 support of housing partner.

19 So, I mean, the discussions there are all
20 a compass of what we see as DHCD, what the
21 lenders see, both the banks and the CDFI. So it
22 is a very full discussion. It's nothing that on

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1 your side of the table or anybody else's side of
2 the table is being kind of left off, at least in
3 the discussions. Now, the devil is, obviously,
4 in the details. But we're working our way to get
5 to a detailed discussion.

6 MR. BOWERS: Bob?

7 MR. POHLMAN: Just one quick comment.
8 Particularly when we get into policy issues, I
9 think this group will be very useful. And one of
10 the new concepts, as I understand it, with these
11 funds will be a vetting of projects in advance so
12 that, if something is financed for acquisition,
13 you have confidence that it's going to go all the
14 way through to rehab.

15 That's very different than what we've
16 done in the past. And I just would appreciate
17 some discussion, for instance, when we talk about
18 TOPA, what's that going to look like? How do you
19 determine whether a project is good enough when
20 you're talking about possibly tenant acquisition,
21 supportive housing, of course?

22 And when it comes to degree of

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1 leveraging, we know it's going to be much less
2 with supportive housing. So how do you vet
3 projects in advance? I think that would be a
4 particularly useful discussion to have with the
5 folks on the advisory board.

6 MR. BOWERS: Other thoughts, questions,
7 suggestions folks have?

8 Okay. I'm going to ask as we go through
9 these meetings, in terms of leveraging working
10 group updates, just if there's any update you
11 want to provide. If there's no update, that's
12 fine. But just to give you an opportunity from
13 the leveraging working group with private sector
14 folks that LISC has convened, if there's any
15 update for the board that you'd like to provide
16 there at this point.

17 MS. NEWSOME: Not particularly. I mean,
18 we feel vindicated.

19 (Laughter.)

20 MR. BOWERS: That's good on a Monday
21 morning.

22 MS. NEWSOME: Yeah, yeah. You know, it's

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1 it would be good to know that in the context of
2 when I look at it as a CDFI. Because what I
3 don't want to happen is that I agree to something
4 as a CDFI that's a particular issue for us or a
5 need as a CDFI, and then policy-wise it doesn't
6 match.

7 So I do think there's a need to -- and I
8 still think there's time for that. I think
9 there's time for that. And now that it's been
10 put on the table, it will be factored in, you
11 know.

12 MR. BOWERS: Great. Thank you.

13 MR. POHLMAN: Quickly, another example of
14 where this comes into play is the tradeoff
15 between public financing and private financing,
16 there's a tension. The more lenient, shall we
17 say, the terms are for public financing, the more
18 private financing you can get; i.e., if DHCD
19 makes a no-interest non-amortizing loan, you can
20 get a lot more private financing.

21 So there's been talk about maximizing
22 leverage. But the tension is that means then

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1 maybe there's less payback for DHCD or there's
2 lower interest rates or whatever. How do we
3 strike that balance, or how will that balance be
4 struck in this process? That again is the kind
5 of policy discussion I think this group can
6 really help shape.

7 MR. BOWERS: Absolutely. That's great.
8 Other questions, suggestions?

9 That's great. Thank you.

10 Okay. Moving forward then, let's go to
11 3B. Everyone has in their packet a copy, and we
12 emailed this out earlier, the draft of the write-
13 up from our April 7th meeting. This is a piece
14 from Green Door Advisors. And you'll see that
15 the action item write-up that Marisa attempted to
16 do starts on page 7. As you go through the
17 earlier pages, Marisa is kind of tracking some of
18 the key bullets that were brought up.

19 I just -- I wanted to raise for the
20 record, kind of flip through a couple of these
21 pages and put on the record some of the key
22 points that I saw that came out in some of the

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1 conversations. On page 2 under the philanthropic
2 groups and the barriers to development, one of
3 the bullets says that the foundations would
4 prefer to provide operating support as opposed to
5 development support.

6 A bullet a little further down saying
7 they don't have the level of capital to invest in
8 the development of projects and a coordinated
9 response is needed to support. Under increasing
10 capacity on page 2, there's an additional ability
11 to use PRI's, I thought was an important point
12 came out.

13 The point that was made about it's really
14 not about increasing capacity, but likely
15 shifting capacity because there is just one pool
16 of money, the notion of just kind of a limited
17 pot of money. And if we put more in affordable
18 housing, it may mean less going somewhere else.

19 But that last bullet on page 2, I thought
20 was also related to that, which is having a look
21 at everything as interrelated around education,
22 health, workforce, affordable housing, to get the

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1 most out of the funding.

2 And there are a couple of groups around
3 what the Washington Regional Association of
4 Grantmakers has been doing, convening a number of
5 sessions over the last 18 months or so. And one
6 of the things that has started to emerge more and
7 more in this region and also nationally is that
8 notion of the connectedness between housing and
9 health, housing and education, and other things.

10 So I think the case to be made for, if
11 you care about fill-in-the-blank, then your
12 investment in affordable housing may actually
13 make sense for health funders, for education
14 funders, et cetera. So just something in the
15 back of the mind.

16 Going to page 3, there was up at the top
17 under Question, there was this thought that was
18 raised by Terri Freeman and others at the meeting
19 around potentially kind of making a case for
20 local funders to do more or do different things
21 with their funding and then potentially kind of
22 making a case statement that could then be

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1 shopped to more national funders.

2 That was some of the bullets there around
3 needing local commitment first before branching
4 out to national-level funders, because the sense
5 being that, you know, we as a region don't have a
6 lot of large, big funders in the affordable
7 housing space like some other cities do. And
8 that in order to get some, to potentially
9 approach some of the national, large funders who
10 do funding of housing that we may want to, as a
11 kind of collective, the city, if you would, and
12 the region put together a case statement for it.

13 Actually, on page 3 also, and this is a
14 question I had for the staff at DHCD. Under
15 Financial Institutions Group, the second bullet
16 under the box where it said, "Recommended per-
17 unit limit on DHCD NOFA is restrictive." And I
18 wanted to double-check. What is the per-unit
19 limit now that DHCD has, if it has one, per? Is
20 there kind of a guideline or a policy?

21 MR. SIMMS: For a subsidy.

22 MR. BOWERS: Um-hm.

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1 MR. SIMMS: There isn't.

2 MR. BOWERS: There isn't. Okay. So I
3 wanted to make sure we had that clear on the
4 record.

5 MS. PRIOR: David, are you going to go
6 back to these comments?

7 MR. BOWERS: Sure, sure, sure. Yeah,
8 yeah. At this point, I was just kind of walking
9 through to put a few things on the record as
10 things that struck me. But then, when I'm done,
11 I'll certainly stop and open up to any,
12 certainly, dialog or other points folks thought
13 were critical.

14 On page 3, also, a question. And Nathan,
15 you actually spoke to this in your earlier
16 comments about the credit enhancement piece at
17 OFCI. And this was one of the things that came
18 up as an action item.

19 So, can you just say another word or two
20 about where things stand with the conversations
21 with OFCI about that potential model?

22 MR. SIMMS: Sure. So we probably,

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1 actually right before this meeting that we had,
2 we had a meeting with OFCI. We've had several
3 discussions in terms of their credit enhancement,
4 how it's set up, their interactions with the CFO.
5 We've had some discussions with some of the
6 lenders that have participated. So we took -- we
7 gained a lot of feedback from those discussions.

8 MR. BOWERS: Okay. Very quickly then, on
9 page 4, one of the points that struck me also,
10 under Barriers, it said, "Haven't figured out how
11 to use rapid rehousing vouchers for a financing
12 strategy." And I was wondering if anyone from
13 DHCD could speak to that, or anyone else on the
14 board. That was an issue that got raised as, is
15 there a way to finance or use those vouchers in
16 more of a financing way?

17 Then finally, again, under the -- also,
18 one of the big issues that came up, over on page
19 6, under increasing capacity, capacity can mean a
20 lot of things. Major thing is balance sheet.
21 Many nonprofits-slash-smaller developers don't
22 have a deep balance sheet. Could there be a

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1 centralization of the sources? was one of the key
2 points I thought that came out of the
3 conversation that was raised by several folks.
4 And then again, under the action items, you see
5 what's listed as some of the suggested things.

6 So let me stop there and say, members of
7 the board, any thoughts that people, take-away's
8 that folks had from the notes that are here?
9 Were there any key things that folks thought from
10 the April 7th meeting should be kind of
11 actionable items for consideration?

12 Things like the looking at the OFCI
13 model, for example, things like the
14 centralization of a credit enhancement vehicle
15 for smaller-capacity developers, et cetera? So
16 were there any things that members of the board
17 thought were key?

18 Jim Knight.

19 MR. KNIGHT: A question maybe as a
20 response. I think we noted that there was
21 particular participation from philanthropy, not
22 especially broad, diverse, just a handful of

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1 voices. And so those voices were representing a
2 whole in a certain sense. And I'm not sure if we
3 feel like that perspective could be validated.

4 And then I noticed somewhere in here, and
5 I'm having trouble finding it the second time,
6 that on action, who has action and lead on this
7 issue of making a case of affordable housing?

8 It looked like WRAG was being designated.
9 And is that real? Is that something -- but I
10 guess I have a general question about whether the
11 part of this work that revolved around
12 philanthropic engagement and support is, is the
13 right set of takeaways, are they lined up for
14 action or is there a different way?

15 I know, Jackie, you weren't able to be
16 here that day. Have you had a chance to digest
17 that at all?

18 MS. PRIOR: Well, I just had -- I wasn't.
19 I had a good reason not to be here. And that's
20 what, when I went through this, I mean, I fixated
21 on that philanthropy prefers to provide operating
22 support as opposed to development support.

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1 we're not the ones who are doing it.

2 So anyway, that's my suggestion as far as
3 the philanthropy is concerned, that it's not just
4 the folks who are listed there. It's the folks
5 who are actually in this business doing it.

6 MR. BOWERS: Yeah. And I would say that
7 the Washington Regional Association of
8 Grantmakers, shortly after the funding
9 collaborative, community development support
10 collaborative, shut down after a lot of years of
11 great work. An affordable housing action team
12 was convened shortly thereafter, within a year or
13 so.

14 And over the last 18 months, that group,
15 which has been meeting, has been holding a series
16 of educational type of events for the
17 philanthropic community to present what the need
18 is around affordable housing in the region, and
19 then what does it mean to fund and do affordable
20 housing? And then, what are different ways to
21 invest in affordable housing? That work has been
22 ongoing and continues with this sense that, at

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1 that have in some ways utilized philanthropic
2 capital as part of a capital stack. Is that a
3 need here? Yes or no?

4 So I think that, as the conversations are
5 going on as it relates to the acquisition fund,
6 one of the things I think specifically should be
7 asked is, is there a role, potential role for
8 philanthropy? Yes? No? And if so, what is it?

9 And then again for us, more broadly as we
10 think about leveraging in the marketplace with
11 all the capital that's coming through, you know,
12 what would that -- if there is an ASC. Maybe
13 there isn't. Maybe what local philanthropy is
14 doing in national philanthropy is fine. If so,
15 great.

16 If not, and if there's more that could be
17 done, I think one of the things that we could do
18 that could be helpful to the process is thinking,
19 what would that ASC be? And you'll see also,
20 even under -- when the conversation around
21 philanthropy came up on page 7, it talks about,
22 you know, the corporate community, their

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1 conversations going on, say, is there an ASC of
2 the corporate community for those who aren't
3 involved, you know, the ed's and med's and the
4 service sector folks who are large employers? Is
5 there an ASC of them as it relates to expanding
6 the supply of affordable housing? Yes, no, maybe
7 so.

8 Or Ornamenta and then or Jackie? Or
9 Jackie and Ornamenta?

10 MS. PRIOR: It's just that as funders, as
11 philanthropy, we need to hear from our grantees,
12 because those are the folks, you know. And if
13 there's some policy discussion about what the ASC
14 is from philanthropy, the grantees need to be
15 part of that.

16 MR. BOWERS: Sure. And I think that
17 conversation, even, Nathan and Bob, that, you
18 know, for example, when the department is talking
19 to the development community as part of the input
20 for the acquisition fund, those, I think exactly
21 right. Those are the kind of questions that we
22 want to ask. What is it that you need?

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1 MS. PRIOR: Because there are choices to
2 be made, too.

3 MR. BOWERS: Absolutely. Absolutely.

4 MS. PRIOR: You know, tradeoffs.

5 MR. BOWERS: Ornamenta?

6 MS. NEWSOME: Yeah. I was just thinking
7 that you're going to at least the draft outline
8 of this acquisition fund as the CDFI's and the
9 private lenders taking the first step in terms of
10 the underwriting, whereas it used to be the other
11 way around.

12 I can say this. That will mean that
13 there will be more scrutiny of the capacity of
14 the borrower, and specifically, their financials.
15 But also, their day-to-day operating ability, the
16 staffing, you know, how much money do they have
17 in the bank to -- how many months can they go if
18 something happens or whatever?

19 And so, from that standpoint, I think we
20 do need to be thinking about the role of
21 philanthropy from the standpoint of building and
22 sustaining capacity. Because I would suspect --

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1 and I'm not -- just food for thought here. We --
2 how do I phrase this?

3 There will probably be some potential
4 applicants, borrowers, who won't make the cut
5 through a CDFI and a private lender that would
6 have made the cut through DHCD, and could have a
7 fine, wonderful project, well-needed project.
8 But when you look at those financials and you
9 look at other aspects of it, they wouldn't make
10 the cut.

11 So we have to be honest about that up
12 front. And is there a role for philanthropy in
13 terms of building, sustaining the capacity of the
14 borrowers who may come in under the acquisition
15 fund?

16 MS. PRIOR: But they might not make the
17 cut with philanthropy either.

18 MS. NEWSOME: Well.

19 MS. PRIOR: I mean, and that's something.

20 MS. NEWSOME: Yeah, that you have to
21 consider. Yeah.

22 MS. PRIOR: Yeah, because again I can

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1 only speak for what I do, you know. We're asked
2 to fill some gaps. But we want to make sure that
3 that project is going to be completed. Because
4 I'm hounding somebody every week now for a copy
5 of their commitment letter from DHCD now, before
6 making the commitment. So that's something -- I
7 mean, that's what we're here for. We're here to
8 fill gaps. But we need to feel confident about
9 the organization, just like you do.

10 MR. BOWERS: Milton, I saw you.

11 MR. BAILEY: Yeah. Jackie originally,
12 and Ornamenta, because they raised a great point
13 when it comes to flipping who is on first in
14 terms of taking the first cut in the underwriting
15 capacity and what that might mean in terms of
16 lesser -- less healthy, if you will, project
17 sponsors, and the need to discuss how we might go
18 about pairing those project sponsors with for-
19 profit or stronger nonprofit developers.

20 No matter how you slice or dice it, the
21 mission of nonprofit developers is different than
22 the mission of for-profit developers. And so,

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1 while the nonprofit has -- the weaker nonprofit
2 has a good handle, a solid handle on what the
3 need is at the grass-roots level for the type of
4 population that is being served, that doesn't
5 necessarily translate in a market-rate
6 transaction.

7 And so, at the same time we are looking
8 at capacity of lesser-strength nonprofits, we've
9 got to add the pairing component to it.
10 Otherwise, more of our projects will be within
11 market-rate transactions, and within that, when
12 you overlay IZ and ADU, it becomes much more
13 difficult for a sustainable product than a
14 product led by nonprofits.

15 So, as you're doing that, I would
16 encourage that kind of dialog as well. Who can
17 we pair with?

18 MR. ROODBERG: And we are on the project.

19 MR. BAILEY: That's right. And that's a
20 good model.

21 MR. ROODBERG: Yes.

22 MR. BOWERS: Other thoughts, comments,

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1 questions on this piece?

2 MR. POHLMAN: A couple of quick things,
3 it's a little bit off target here. But I just
4 thought about recently, the -- you know, the
5 Mayor had a One City Fund that was available to
6 nonprofits to apply for and took it out of this
7 budget, put it back into the contingency for
8 future revenue. I don't know if the council is
9 going to pay any attention to that at all.

10 But it just struck me that one of the
11 ways that philanthropy could be very useful is to
12 offer to partner with government and to matching
13 money or to do something else like that, that
14 would encourage government to put some money up
15 for capacity-building. It could be done
16 specifically in terms of housing, or it could be
17 broader.

18 Also, DHCD does some CHDO operating
19 funding. It's limited, and it has to be for
20 CHDO. But again, the thought of, you know,
21 matching money or providing an incentive for
22 government to -- because there's very little

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1 support directly from government for capacity.
2 CHDO operating funds is the only thing that I
3 know of that is even available at this point.

4 So anyway, it's just a thought of how
5 philanthropy might be able to leverage its
6 strength and to get a greater commitment,
7 actually, from local funds.

8 MR. BOWERS: Yes. Ornamenta and then Jim.

9 MS. NEWSOME: Just following up there,
10 because you triggered something, Bob, when you
11 talked about the One City Fund, and hopefully it
12 will survive. But one thing about it was housing
13 really was not a priority at all.

14 MR. POHLMAN: I know. I know.

15 MS. NEWSOME: You know? And so, if we
16 wish to see that survive and be a potential for
17 the work we're doing, we would have to give the
18 cognizant agency or -- well, the community
19 foundation to prioritize housing as one of the
20 categories.

21 MR. BOWERS: Jim.

22 MR. KNIGHT: Just stay on the thought. I

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1 want to just ask you a different question. Oh,
2 looks like you had another comment?

3 MR. BOWERS: Yeah, that actually raised a
4 point for me, a question from me around,
5 particularly, housing that serves extremely low
6 income is kind of supportive housing and the
7 like. And I'm thinking that -- thinking about
8 what Milton and Jackie were mentioning.

9 So, developers who may have less balance-
10 sheet strength capacity may be the ones who are
11 most likely -- and I'm asking the question -- to
12 serve extremely poor people. Is that right, or
13 not right? I mean --

14 MR. SIMMS: Yeah. I think in terms of
15 what we see, we see developers who may not have a
16 strong balance sheet, but may not just flat-out
17 just have the experience. We play matchmaker all
18 the time, more than what we should as probably a
19 government. But we play matchmaker all the time
20 to help people get their deal done.

21 Many people in this room have worked with
22 developers to get deals -- not developers in this

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1 room. But the developers to get deals done.

2 It's a reality.

3 MR. BOWERS: Right.

4 MR. SIMMS: And so, I think to Milton's
5 point, I've seen for-profit affordable housing
6 developers. That is not, you know, an oxymoron.
7 That exists.

8 MR. BOWERS: Yeah, yeah.

9 MR. SIMMS: And so, you know, I think it
10 really comes down to people having the capacity
11 to move the deals forward. I mean, they may be a
12 church who has land, now wants to develop it, but
13 don't have the experience to develop it and need
14 to partner.

15 They may be someone who is interested in
16 getting into development, has developed small
17 deals, want to do medium-sized or larger deals,
18 and have to partner with somebody on a few deals
19 to get that level of experience and get that
20 comfort level from the banks.

21 So it's kind of an across-the-board type
22 of need.

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1 MR. BOWERS: So there are those who have
2 limited experience and those who have limited
3 staff size or staff capacity. And I guess the
4 question where I was going behind it is, has the
5 trust fund ever been used to provide capacity-
6 building for nonprofits, is one question. I
7 don't know if anyone knows. Has it ever been
8 used?

9 And could it be used or should it be
10 used? If for a certain subset of -- or even in,
11 like in a matching, or whatever it is, but should
12 trust fund dollars even be considered to be used
13 in a capacity-building manner to support those
14 groups who might serve populations that
15 otherwise, you know, that might serve the
16 hardest-to-serve populations?

17 Just a question.

18 MR. ROODBERG: Well, I figured the
19 question is, is it necessary or is the -- I mean,
20 who's the matchmaker? is the question. But the
21 partnership idea is probably, you know, maybe a
22 better way to go. And maybe there needs to be

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1 more communication and understanding of how to do
2 these partnerships.

3 I mean, we're getting ready to submit --
4 not "we" at capacity, but getting ready to submit
5 a project where we have a nonprofit partner who's
6 going to be doing permanent support of housing.
7 I'm on the board of an affordable housing
8 provider in Virginia that's partnering on
9 multiple projects with Bozzuto, you know, to be
10 the lead on, you know, multiple projects that
11 they're doing in Arlington.

12 And so, you know, that model seems to
13 work. I think there's a lot more risk associated
14 with capacity-building really small nonprofits
15 who don't have either the experience or the
16 balance sheet or the background.

17 MR. KELLEY: Well, I think it's also
18 important to note that just the way we do
19 business, there is a lot on the back of the
20 smaller developer that we take. And I think it's
21 a role that DHCD has played, and I'd like it to
22 play even a greater role.

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1 We're doing capacity-building ourselves.
2 In fact, the question have the trust fund support
3 that, not necessarily in providing dollars to a
4 nonprofit to hire people, et cetera, but when
5 they submit a document that there is, you know --
6 that there's six out of the ten things needed
7 aren't there, we will take the time and identify
8 what those six things are, what it takes to get
9 those six things done, who it needs to be
10 submitted to, how many pages it needs to be.

11 And so I think the more we do of that,
12 the next time around, that same developer now
13 knows what the requirements are.

14 So I think that again, based on just how
15 we've been acting, but also I think in terms of
16 the workshops and other things that we're
17 committed, to, I think the department has a
18 greater responsibility just within its own
19 operations to do that kind of capacity-building.
20 And I wish there were another tool, Bob, so I
21 could show that tool. But that's the other kind
22 of -- directly as well, to pinpoint those

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1 nonprofits that work with us on a regular basis.

2 And again, just to make the conversation
3 full circle, that may be again back to the
4 philanthropic community's role is to replicate
5 the CHDO contribution and the CHDO program
6 specifically to nonprofits.

7 MR. SIMMS: I think you can do both,
8 because, I mean, the need for housing, to develop
9 housing is very great. So as we do these kind of
10 -- you know, you have these joint ventures. I
11 think having dollars there to help the
12 organizations or any organization who's
13 interested in doing housing or supportive
14 housing, to build that capacity along the way
15 only expands the pool, I think, at the end of the
16 day.

17 But it's really dealing with the
18 situation that's before us right now, having
19 those partnerships and moving those deals along,
20 and then have those organizations continuously,
21 you know, capacity build so that they can operate
22 on their own.

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1 MR. BAILEY: I take an arcing parallel
2 view of this. I think, though, that, yeah. It's
3 a very good idea to put money into capacity
4 building, whether it's educational, business
5 development, conceptual development, or
6 organizational development and how to organize
7 around getting the deal done.

8 I also think that there is a role in
9 terms of putting money into the development side
10 of the product. But I separate the intellectual
11 capacity building from the sticks-and-bricks
12 capacity building in this regard.

13 It is one thing to train a person to be a
14 good developer of projects. And that is an
15 educational process that I think necessarily
16 involves the educational system. Whether it is
17 partnerships with our local universities to
18 develop that capacity, a mandatory training
19 program developed by financiers of projects and
20 taught by educational providers to build that
21 intellectual capacity on how to do a deal.

22 I also see that there is a subspecialty

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1 need for financing as well. And that capacity
2 building has to do -- and I'll use an example of
3 permanent support of housing. If we are in the
4 business of developing sticks-and-bricks, which
5 is one thing, and then we have another overlay
6 that talks about developing the human mortar that
7 binds those sticks and bricks, then how we go
8 about training nonprofits and service providers
9 is a revenue stream that I think that we have to
10 look from Health and Human Services, and also the
11 training capacity for doing that.

12 So, yes, there is a need. And how we go
13 about funding that need, I don't believe is
14 discreet to the Housing Production Trust Fund,
15 but touches on multiple sources of revenue,
16 District money, as well as lending of time and
17 expertise by educational institutions and then
18 the pairing of, the bringing together of all that
19 stuff, if you will, in a practical -- that is,
20 sponsored by a for-profit development.

21 Does that make any sense?

22 MR. BOWERS: Um-hm. Yup. Let me go to

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1 Jim and then Bob.

2 MR. KNIGHT: I appreciate all that's been
3 said. I wanted to connect a couple -- one of
4 your questions with a couple of the earlier
5 comments. I think it is true that there are
6 different forms of capacity that have to be
7 assessed, and on the overall there needs to be
8 enough of it to invest in a particular group or a
9 particular project.

10 You asked a question about the balance
11 sheet strength. And if you assume for a moment
12 that a group is effective operationally and has a
13 track record of successfully completing projects,
14 you asked if a group who's at the lower end of
15 the income production might have more need.

16 I mean, I know some of us end up leaving
17 more of our earned cheese in projects to
18 subsidize and to drive the rents lower to
19 subsidize the services so that they're more
20 effective. So I think it's possible to be
21 operationally sound, to have a set of partners
22 that you've found along the way who can ensure

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1 that the projects get built and get built well,
2 but that this screen of the bank underwriting,
3 looking at balance sheet alone, is going to
4 misappreciate capacity sometimes.

5 And I go back to wondering whether the
6 philanthropic community, not through a bunch of
7 big grants to groups, but through some sort of
8 centralized risk mitigator -- you know, we were
9 thinking once -- you know, you're thinking about
10 the lost reserves from DHCD's point of view. But
11 is there a community capital fund that could be
12 established and is only drawn on in the event
13 that XYZ goes wrong?

14 Maybe it's PRI. Maybe it's a pure grant.
15 They'll know what it might be. But I don't think
16 it's likely feasible for the foundations to write
17 grants large enough to mitigate the balance-sheet
18 issue in one or two cycles. But to centralize
19 something that could be available to multiple
20 groups and otherwise sound shops could keep going
21 I think is something I would hold up. Not likely
22 to be government doing that. More likely would

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1 need to be philanthropy.

2 MR. BOWERS: Did you have another point?

3 MR. KNIGHT: I was going to ask you at
4 some point when we were done with this stream of
5 thought what you expected to come from all this
6 work. And in this discussion of the
7 philanthropic component, for instance, did we
8 just do an example of what you're hoping we'd do
9 with every piece?

10 I wanted to just react and say that the
11 groups named to take this action further aren't
12 presently at the table. So were we really
13 expecting that they're going to come to the
14 table? Or do we need to think about who would
15 take it forward?

16 MR. BOWERS: Yeah. I'm glad you asked
17 that question, Jim.

18 So, actually, on page 1, under the stated
19 goals of the meeting were really the three things
20 that we were hoping would happen. One is, again,
21 if any specific recommendations for us as a board
22 bubbled up, that we'd hear those and then discuss

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1 them, as appropriate.

2 The two was as laid out, so I don't need
3 to read them. But two and three, you know,
4 specifically recommendations are one-on-one
5 contact. So, what I wanted to have is, out of
6 that conversation, it wasn't -- and the way it's
7 labeled here in terms of lead, these weren't
8 commitments that were made or assignments made.
9 This was the thought in the conversation of,
10 okay, this is who it would make sense to run with
11 that based on the conversations of the day. But
12 these were by no means the binding commitment.

13 So for us as a board, I wanted us to go
14 back through the notes from this to see if there
15 was anything that bubbled up as a specific
16 recommendation that we might want to consider as
17 a board.

18 One of them that definitely kind of
19 bubbled up was the piece about the OSI piece, and
20 we've heard kind of where that's gone. It's
21 something that's kind of in the mix, if you
22 would, is an example of something.

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1 And so we put this out here to say -- you
2 know, again for this to spur any thought for us
3 if there were any specific recommendations for us
4 as a board to think about that we would make.

5 Does that answer the question?

6 And to that point, given the notes that
7 folks see, are there any other things that people
8 see as something that the board should in some
9 way be considering in a formal way?

10 One thing, as people are looking at that,
11 Bob, on page 9, the whole piece around the
12 regulatory improvement, the front-of-the-line
13 permitting process, and waiving of fees. And it
14 was said that's kind of a DCRA DMPED thing in a
15 couple of places throughout the notes.

16 I was curious if you or others may know
17 about, has there been any sort of kind of
18 advocacy push around any of this to date by the
19 coalition or any others in the community? So
20 this wouldn't be something for the board, but
21 that was just something that struck me to ask
22 here if that was anything.

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1 MR. POHLMAN: Yeah, no. You know, we
2 have never picked up on that. It is something
3 that's done other places, you know, expedited
4 process. I know the Mayor put in -- this is kind
5 of tangential, but he put a significant amount of
6 money into DCRA's budget this year for a one-stop
7 portal for licensing and permitting to expedite,
8 you know, the whole process.

9 But this is more like, you know, having
10 explicit -- having an explicit expedited process
11 for getting permits and so forth. And it's
12 something that could be advocated for.

13 MR. BOWERS: Okay.

14 MR. KNIGHT: Some years ago, there was an
15 ambassador role at DCRA for a manager to --
16 didn't last very long. But there were a couple
17 of occasions where that function helped expedite
18 problem-solving in one of our projects.

19 MR. BOWERS: Something to consider for
20 the advocacy world.

21 The last thing I would say on this before
22 we move on is, I'll just go back and kind of

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1 state explicitly that the conversation -- make a
2 request, I think, Director, for you and the folks
3 at the department's having the conversations with
4 developers and the banks for all of us to be
5 mindful of that role, potential role for
6 philanthropy and for us to think as kind of
7 broadly as we can, even in the conversation here
8 today.

9 Like the notion of when you said,
10 Director, like a match CHDO -- a CHDO and someone
11 mentioned a match. Those are the kind of out-of-
12 the-box different kind of thinking. What if the
13 department said, "Hey, look. We're going to put
14 -- and I'm just using a make-up number -- a
15 million bucks, and ask philanthropy to match it
16 with a million bucks"?

17 Now, there's a lot of money that already
18 goes into operating support by the philanthropic
19 sector here. But, you know, what if there was
20 some sort of targeting? So that's just one kind
21 of an example. I'm not saying that's what should
22 be done. But just for all of us to think about

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1 the philanthropic community is a key community to
2 think about locally, and then nationally.

3 And I come back to that notion of, if we
4 indeed will have \$100 million dollars as more of
5 a push -- I mean, the metrics have changed
6 fundamentally in the last 18 months in terms of
7 the amount of funding that's coming through for
8 affordable housing. And if there is success in
9 getting bills passed, that will make a floor of
10 \$100 million.

11 I mean, that's literally doubling or
12 tripling the amount of money that goes into this
13 from just three or four years ago. So the
14 question I think that we want to think about is,
15 that's a magnet, right? That attracts banks,
16 that attracts developers, it attracts a lot of
17 folks.

18 And so when we think about the whole
19 notion of leveraging and having the most impact
20 to think about, right, what do the developers
21 need? What can the banks do? What can the
22 government do? What can the CDFI's do?

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1 But also, again for our philanthropic
2 friends, what is it that they're already doing?
3 If that's enough, fine. But are they either --
4 because sometimes it's more, and sometimes it's
5 different. And so I just want us to continue to
6 think about that in the conversations that are
7 going on.

8 Jim?

9 MR. KNIGHT: Just to take it a step
10 further, I mean, DHCD has grabbed a bunch of
11 these good ideas and is moving with them. I'm
12 wondering if this one -- and maybe you have an
13 opinion, Jackie, around further engaging
14 philanthropy as something that the board or a
15 subcommittee of the board might grab for a few
16 months and see if we can convene conversations.

17 Because when this meeting took place,
18 some of the ideas that were picked up in here
19 were already in motion and happening and are
20 going to happen, as we've heard this morning. So
21 I just wonder if there's more substance to take
22 in a more comprehensive way to your colleagues

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1 and whether you could envision a vehicle for
2 that.

3 Is there a gathering sort? Or would this
4 board's outreach be well received, and could we
5 perhaps try to push that further?

6 I don't mean to make you answer for
7 everybody.

8 MS. PRIOR: No, it's something that I --
9 what I always say is, you know, the philanthropy
10 -- foundations talk to one another, but they
11 don't speak in one voice. That's the nature of
12 how it works. So I think this is something that,
13 you know, I've been thinking about a long time,
14 is, you know, there's -- we can sit here forever
15 and talk about what philanthropy could do.

16 But you really have to go to the people
17 who have the money and control the money and find
18 just whether they in fact would do it or not.
19 And that -- unfortunately, that's a long, intense
20 process. I mean, you don't gather people
21 together, because they're not going to say much.
22 You know?

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1 So if it were really something that you
2 want to pursue, I think it would have to be one
3 by one by one. And this is a concern of mine
4 when we talked -- you know, there's talk about
5 what philanthropy is going to do. And my
6 question, is, okay, so who's actually agreed to
7 do that yet? And that's the only way we're going
8 to get there is to find that out. So that's one
9 part of it.

10 And then the other part of it is that we
11 as foundations, at least the realm in which I
12 work, we're there to be responsible, responsive
13 to our grantees and the people who are applying
14 to us. So that's the other thing. We need to
15 hear from them that this is what we need, and
16 then kind of come out with what's possible and
17 not possible.

18 And it's very likely, very, very likely
19 that possibilities are going to be very different
20 from one foundation to another. There's a
21 difference between the community foundation --
22 community foundation is the public foundation.

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1 The Cafritz foundation and Myer and some of the
2 other ones are private foundations. And we
3 operate under different tax laws. And so we're
4 capable of doing different things. And the
5 nature of our assets are very different. You
6 know, some have liquidity, and others don't have
7 much liquidity.

8 So, we're not some monolithic thing to
9 talk about, unfortunately. So, I think we're
10 like where the banks were 50 years ago, perhaps.
11 So I don't know if that's -- it's probably not
12 the answer that you want to hear. But I think
13 that there's receptiveness to, you know, to hear.
14 But it's not fast. It won't be quick.

15 MR. BOWERS: Other thoughts?

16 Okay. Thank you all. I appreciate that.

17 We'll go on now to 3C, very briefly,
18 about -- just wanted to make sure to flag this
19 from our last, the May meeting as well. There's
20 a presentation by the folks from Citi Community
21 Capital.

22 Everyone wasn't able to be here. I

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1 wanted to make sure if, A, folks had it; B, there
2 are a couple of pages kind of halfway through.
3 They don't have page numbers on, but approaches
4 to leverages HPTF to meet DC's need for
5 affordable housing, where they had bulleted out
6 loan guarantees and debt service guarantees and
7 acquisition loan fund. These are a couple of
8 pages, some specific issues that -- approaches
9 that they brought up.

10 But I just want us to take a moment at
11 this meeting to say if anyone had any strong
12 thoughts from that presentation that they wanted
13 to either recommend for Nathan and the folks who
14 are convening the working group to just say,
15 "Hey, we thought this was an issue that ought to
16 get put in the mix," or questions that folks had
17 from the presentation as it relates to how
18 something may or may not apply to what DHCD could
19 consider.

20 So the floor is open for either on those
21 things, if anyone has anything.

22 Nathan, one question I had. When we look

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1 at that page where it has like the loan
2 guarantee, debt service guarantee, the loan fund,
3 bridge loans, meds, debt support, subordinate
4 debts when in that position, securitization of
5 the D.C. deed and tax commitment, some of these
6 things are obviously already kind of in the mix,
7 right?

8 Can you just say a word about, which of
9 these bullets in terms of conceptually are kind
10 of in the mix now? And are there any of these
11 that jump out at you and say, "Hey, that could be
12 in the mix," or, "That probably wouldn't work as
13 something in the mix"?

14 MR. SIMMS: I mean, obviously, I mean,
15 the credit enhancement piece is front and center,
16 the loan fund piece is front and center. I know
17 we had a discussion shortly thereafter, because
18 one of the recommendations was on the meds piece
19 or construction, doing construction loans. So
20 that's a little different than what we typically
21 do. So we'd have to kind of look to see, is
22 there interest around that? And we weren't sure.

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1 But all of these, I would say, to some
2 extent are in play one way or another.

3 MR. BOWERS: Any thoughts or questions
4 anyone has on any of these?

5 MR. KNIGHT: I did think the bridge loan
6 bullet point had some potential. But I wasn't
7 sure what DHCD's point of view would be toward
8 it. But you could sort of have a trust fund in
9 any firm that gets bought down at the end of
10 construction with equity and shave a few, a
11 little bit of savings into the total financing.

12 MR. BOWERS: Yeah.

13 MR. KNIGHT: So that -- just wanted to
14 validate that that seemed like it could have some
15 uses, particularly in like --

16 MR. BOWERS: Right. Any thoughts on that
17 one?

18 MR. SIMMS: Yeah, I mean, I think we have
19 to kind of -- just have to flesh it out. But I
20 mean, we were surprised, I mean, that that came
21 up. Just because we never really thought of it
22 in that manner. But if there is --

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1 MR. KNIGHT: So right now, the first
2 mortgage lender is doing it in the transaction at
3 a higher interest rate than presumably the trust
4 fund might do it.

5 MR. SIMMS: Right. Right.

6 MR. KNIGHT: So on a big enough amount of
7 money, that would make some difference in the
8 total budget.

9 MR. SIMMS: Right.

10 MR. KELLEY: I think it's a good idea.

11 MR. SIMMS: Um-hm.

12 MR. BOWERS: Is that the kind of thing
13 that would, Director and Nathan, be considered in
14 the context of the conversation that is going on
15 about the funds? Or could that be a separate
16 something that happens independent from the
17 conversations with developers, banks, and CDFI's?

18 MR. SIMMS: I think the first part. I
19 mean, well -- I mean, just in terms of the way
20 the conversation has gone, it's focused a lot on
21 predevelopment and acquisition. I mean, we are
22 trying to -- one, I mean, just so everybody is

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1 clear, I mean, the whole point of this is so
2 everybody is speaking the same language, so
3 everybody is looking at the deal the same way.

4 Part of the discussions that we had last
5 week just internally was how to redefine the box,
6 right? That's what everybody kind of wants to
7 know. What is the box? What is that universe?
8 How do you work through that? What do you spend
9 your predevelopment dollars on that lets you know
10 that you have a good deal? So that's part of it.

11 I think the bridge piece and obviously
12 the credit enhancement piece on the permanent
13 side is something that we're kind of working our
14 way towards just through the continuum. So we
15 haven't had -- you know, we've had discussions.
16 You obviously have to talk about permanent when
17 you're talking about acquisition and
18 predevelopment.

19 But our discussions around permanent
20 haven't been, you know, concrete in a way that we
21 can have those kind of discussions with folks to
22 get that level of feedback. We want to focus on

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1 this part first. But it will give us some
2 clarity as to what the permanent options could
3 be.

4 MR. KNIGHT: Seems like if the department
5 decided they wanted to, that it could be easy
6 enough to just put an instruction in the RFP that
7 funds are available during the term of
8 construction to enhance -- to reduce costs,
9 transaction costs, and let the application
10 propose a way to do it. Or just standardize it
11 if you prefer.

12 MR. KELLEY: I think the idea, Jim, is to
13 really have this set of new tools literally
14 available and tires kicked for next spring's
15 NOFA. So that's clearly something that -- as
16 Nathan was just mentioning, too, I think it's
17 bigger buckets.

18 Once we have these things in like big
19 buckets, people get their brains around this is
20 predevelopment or this is permanent financing,
21 there's probably a variety of things within each
22 of those buckets that, as we start to sort out,

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1 we can actually create as real products.

2 MR. BOWERS: Is that -- wondering if the
3 board making a formal recommendation around that
4 helps at all in terms of, you know, the
5 consideration of how these things get considered?

6 MR. KNIGHT: So, going back to the
7 earlier part of the agenda when we were talking
8 about process, at some appropriate point, we
9 might be given the ideas that are on the cut list
10 and given the opportunity to recommend the ones
11 that, from our view, would have the most impact.

12 I think I was appreciative that you
13 raised this, because one thing that can happen in
14 a long process with tons of ideas is you can lose
15 one.

16 MR. BOWERS: Yeah.

17 MR. KNIGHT: And bullet 4 was one I
18 haven't heard us come up with from the D.C.
19 perspective before.

20 MR. BOWERS: Right, right.

21 MR. KNIGHT: And so at least to flag it
22 so it doesn't get lost when you get to that phase

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1 of the thought process.

2 MR. BOWERS: Yeah. That's helpful.

3 Other thoughts, comments, questions from
4 this -- thanks, Jim -- piece?

5 Okay. Thank you again, in their absence,
6 to Citi for their presentation last time.

7 All right. We're on to item number 4,
8 and I believe Chris will be presenting for us --
9 is that right? -- an update on the NOFA Pipeline
10 Report. Chris? Thanks.

11 (Pause.)

12 MR. KELLEY: By the way, have the
13 advisory board hit the pipeline on the website
14 yet, on the dashboard? If you haven't, just for
15 kicks, take a peek at it. Because I think it
16 presents the first kind of -- as you'll see, up
17 to a real-time -- you don't have to worry about
18 calling me or Nathan or Chris up. You can
19 actually just hit a button and find out where
20 these projects are.

21 MR. DICKERSIN-PROKOPP: Good morning.

22 (Chorus of "Good morning.")

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1 MR. BOWERS: Chris, can you tell us for
2 the record who you are just so it gets shown in
3 the record?

4 MR. DICKERSIN-PROKOPP: Chris Dickersin-
5 Prokopp.

6 (Pause, slide presentation was set up.)

7 MR. DICKERSIN-PROKOPP: I'm Chris
8 Dickersin-Prokopp with DHCD, strategic program
9 specialist.

10 I know this was mentioned at last month's
11 meeting, but I wasn't able to attend. So I don't
12 know how much you saw or heard about, but I'll
13 just sort of go over how it's laid out, how you
14 can navigate it, how we're using it within DHCD.
15 And I'll field any questions and sort of tee it
16 up so that Nathan can talk about the details of
17 the pipeline right now and the tier-one proposals
18 that came in.

19 I think the idea behind setting this up
20 was that we -- the level of funding in the HPTF
21 is at an all-time high. The number of projects
22 in our pipeline is at an all-time high. By this

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1 afternoon, it will probably be even higher. So
2 our -- the way we've managed projects and
3 documents in the past wasn't set up for that,
4 that type of flow through our pipeline. So we
5 needed to be more efficient.

6 And part of that was just having one
7 centralized database that captured the
8 applications, the documents, the -- everything
9 associated with the project.

10 So, the background of this database is
11 that there's just an almost infinite number of
12 fields. I think we're up to about 400. We're
13 not using all of them, but that captures
14 everything related to a project on the most
15 basic, what status it is, the address, the
16 developer.

17 We can go into further detail, we're
18 hoping, with the new projects to list out every
19 member of the project team, whether it's
20 acquisition, only acquisition and rehab, new
21 development, rental or home ownership,
22 preservation of existing affordable units.

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1 project manager is retired and their personal
2 computer has been surplused. You know, still, we
3 have this somewhere.

4 So this is just an example of sort of a
5 sample of what we're capturing for each project.
6 And then that rolls up into these reports that we
7 can create to know we have 39 projects in
8 underwriting, 15 that were in our pipeline at
9 some point since we started this that have since
10 been withdrawn, 29 -- this goes back to the
11 beginning of fiscal year 2011. So 29 that have
12 been financed since that moment are now under
13 construction, and 21 are complete.

14 A few that are on our radar, but
15 technically haven't applied, or they submitted an
16 incomplete TOFA application, for example, and
17 they've been sent back for more. But we're on
18 the lookout for them. We have these eight tier-
19 one applications that are in this sort of
20 preliminary review stage that haven't quite hit
21 our underwriting pipeline.

22 I'll go through some more of these, but

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1 we were -- sort of there are tools for our senior
2 managers to see the workload of each staff. Each
3 project manager, project, projects by type,
4 mostly multifamily, but some infrastructure,
5 community facilities or single-family, how the
6 applications came in.

7 So internally, within the District
8 Government, it helps us at DHCD, but it helps us
9 share the status of our pipeline with DMPED and
10 our partner agencies who are doing joint
11 underwriting with us, the Housing Finance Agency,
12 Housing Authority, DVH, Health and Human
13 Services.

14 So this is sort of the summary report
15 that we always look at of projects with projected
16 closing dates, where in the underwriting steps
17 they are, how many of the milestones they've hit
18 and how close they are to actually closing, if
19 it's been submitted to council.

20 So, what the other side of this is that,
21 sort of in the spirit of transparency, we've made
22 a portion of this visible to the public. And

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1 right now, that's what you guys are able to see.
2 And if we're able to make more fields visible to
3 certain groups like this that need additional
4 viewing privileges, we can do that. But right
5 now, we have the basic information visible to the
6 public.

7 You don't see the projects that are in
8 that preliminary review phase that haven't yet
9 hit the pipeline. You just see these major three
10 categories, the underwriting, under construction,
11 and complete. You can click on any of those and
12 see the status the address, the developer.

13 Sorry, I'm still looking at this from my
14 view. Let me show you what the public would see.

15 (Pause.)

16 MR. DICKERSIN-PROKOPP: Okay. So it's a
17 simplified version of what we were looking at
18 before. The developer, the status, the unit
19 breakdown, the DHCD. In this case, it's a
20 tentative commitment. In others, it will be an
21 actual commitment with disbursements. So that's
22 where we are with what we're showing to the

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1 public. We could do more. I don't think we'd do
2 less.

3 You know, the types of reports and views
4 that we think they'd be interested in seeing, the
5 map view especially. Reports on for each phase.
6 You know, it's for people who are looking for
7 housing. We have links to the actual developer's
8 sites for people who want to rent a unit in one
9 of these. It's for policy influencers. It's for
10 council and their staff. And it's for groups
11 like this.

12 So it's helping us on the transparency
13 side, but also on our internal capacity and
14 workflow side and records management.

15 MR. ROODBERG: I wasn't here last time.
16 Where do we find the dashboard?

17 MR. SIMMS: It's on the homepage. On the
18 homepage for DHCD.

19 MR. DICKERSIN-PROKOPP: Yeah, I'll pull
20 it up just so -- sort of halfway down on the
21 right side, it's got a little chart similar to
22 the one we were looking at. Just follow the link

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1 here.

2 MR. ROODBERG: Okay.

3 MR. DICKERSIN-PROKOPP: So, any
4 questions?

5 MR. POHLMAN: Well, just one comment.
6 You would have to do this just before I retire.

7 (Laughter.)

8 MR. POHLMAN: This is something we've
9 been talking about forever.

10 MS. NEWSOME: It's in honor of your
11 retirement.

12 (Laughter and inaudible comments.)

13 MR. POHLMAN: This is incredible.

14 (Laughter and inaudible comments.)

15 MR. POHLMAN: As soon as you put 1,000
16 data elements up, somebody says, "Oh, why don't
17 you do this?" So my why-don't-you-do-this is,
18 what about construction draws? It would be a
19 great service to everybody involved if -- and you
20 could have it private, you could have it
21 restricted.

22 But instead of you getting phone calls,

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1 "Where's my construction draw?" and instead of
2 trying to track it, and if you can plug the CFO
3 in, that would be fantastic. Where is this thing
4 at?

5 MR. SIMMS: So we've already had that
6 discussion before. And this is May. So probably
7 in January we had a discussion just on our
8 payment process in general. And so the agreement
9 that we got out of that was programs use one
10 system. The CFO -- the AFO uses their system.
11 The shared services folks use the NIFR system.
12 So we were going to use -- we all committed to
13 using QuickBase so that our information could
14 feed in and we could track payments better.

15 MR. POHLMAN: That would be incredible.
16 And just talking about capacity before and
17 balance sheets, one of the major reasons you need
18 a big balance sheet is because of delayed
19 construction draws where you're forced to keep
20 the contractor on. It would be using your own
21 funds. So that would go -- that would be very
22 helpful.

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1 The other thing is your units, you said
2 you could go in -- so somebody from the public
3 could click in to a project to see what units
4 were going to be available or rents or whatever.
5 Are you also plugging that in to your -- what's
6 it called?

7 MR. DICKERSIN-PROKOPP: The housing
8 search data link.

9 MR. POHLMAN: Housing search?

10 MR. DICKERSIN-PROKOPP: Yeah.

11 MR. POHLMAN: Will they be going here to
12 get it? Or can they go to housing search to get
13 the information? And housing search is just for
14 probably completed ready-to-go projects, right?

15 MR. DICKERSIN-PROKOPP: Yeah. I mean, I
16 guess there's stuff still to be determined. We
17 started putting this together probably three or
18 four months ago. So almost all these steps are
19 still in the works. But I think housing search
20 is sort of a better source right now.

21 But I don't know if we've yet required
22 developers to put their projects there. But

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1 ideally, that would be a complete list, and this
2 would just link them to that page and-or to the
3 developer's own page.

4 And on the draws, I mean, it's been a
5 balance because sort of there's a lot of data
6 entry involved with this. And sort of any time
7 project managers are putting in to uploading
8 documents and dates and notes to this, it's time
9 they're not putting into underwriting the actual
10 deals.

11 But, you know, the payments and purchase
12 orders associated with the project are something
13 we'd definitely like to have. And once this gets
14 worked out so it can automatically pull that
15 information from CFO's data, then we can either
16 make that all publicly visible or we can just
17 have a rollout, say, this percentage of the draw,
18 or we can add -- a developer would be able to see
19 expanded details about their own project. The
20 public wouldn't see that.

21 So I think that's where we hope to be,
22 especially next year when people are putting in

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1 applications online. That would be an expanded
2 view of their project.

3 Any other questions?

4 MR. BOWERS: Does anybody else have
5 questions for Chris?

6 MR. POHLMAN: And it didn't even take \$4
7 million to do this, I'll bet.

8 (Laughter.)

9 MR. POHLMAN: Like the unified affordable
10 housing database.

11 (Laughter and inaudible comments.)

12 MR. KNIGHT: Let us express appreciation
13 for what we're seeing.

14 Chris, we for sure appreciate this.
15 Perhaps what the staff will henceforth be
16 referring to as the Pohlman honorary --

17 (Laughter and inaudible comments.)

18 MR. POHLMAN: But seriously, you could
19 take this and, you know, what you're trying to do
20 with that big database, you know, you add this
21 kind of a platform, you know. You could just
22 about do it.

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1 MR. BAILEY: You didn't see the other
2 part of his presentation. It gets deep.

3 MR. KELLEY: Have you guys seen that, by
4 the way? Have you seen Chris's presentation
5 about the life of a project? I think it's one of
6 the most entertaining presentations I've seen in
7 a long time. It just talks about all the various
8 aspects, from cradle to grave on these things,
9 and what can go wrong along the way.

10 MR. POHLMAN: And would be very useful,
11 too, because you sit with council members, and
12 they have no idea.

13 MR. KELLEY: Chris, could you do that?

14 MR. KELLEY: Is that okay, Mr. Chairman?
15 Do you have a moment? Would the board be okay
16 with that? This is really an entertaining little
17 exercise here.

18 MR. BOWERS: And while Chris is pulling
19 that up, too, folks have in your packet, this
20 one-pager that shows the tier-one NOFA
21 application. And I don't know if the Director or
22 Nathan or Milton, if there are any -- I wanted to

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1 make sure we had a chance to look at it.

2 So is this the list of all the folks who
3 came in or all the folks who came in and made
4 some initial threshold? That's one of the
5 questions.

6 MR. SIMMS: These are all that came in as
7 a tier-one.

8 MR. BOWERS: Okay. Okay. So, as we're,
9 again, thinking in terms of one of the issues
10 that I've thought about is we know what the
11 requirements are statutorily for the trust fund
12 in terms of the income targeting. And I think
13 one of the issues we as a board want to think
14 about, right, is what happens if and when there's
15 not enough demand at those levels, right?

16 So obviously, the department can't fund
17 to something that's not requested. But I wonder
18 if -- and it's a question as much for the
19 development community as it is for the rest of
20 us, which is, you know, are people -- are
21 projects not coming at below 30 and, you know,
22 30-50 because there's not demand from those? Or

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1 are they not coming in because people, developers
2 feel like we're not going to be able to make
3 those deals work?

4 MR. SIMMS: I mean, we've had probably a
5 number of conversations with a number of
6 different developers on the 30 percent and below
7 AMI. So I mean, I think everybody knows there's
8 clearly a need. I think the issue comes down to,
9 you know, how do you fund it? You know, and how
10 do you structure that?

11 So we talked to developers about it. You
12 know, one step is, obviously, underwrite it as
13 zero in terms of AMI, and if you get something,
14 then great. And then we're definitely trying to
15 look to make sure that the resources that are
16 dedicated for that population go to those
17 projects.

18 So it's not a guessing game or a crap
19 shoot. You know, we're definitely trying to be
20 mindful, I think, and responsive to people who
21 have these concerns and the conversations like
22 that.

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1 MR. BOWERS: Yeah. Sure, David.

2 MR. ROODBERG: The developer's side, two
3 things on the 30th and 50 and looking at the
4 continuum. The 50 is the top quantity because 60
5 is, you know, the low-income housing tax credits,
6 and that's a no-brainer. So the 50 is just a
7 matter of dollars and cents, getting additional
8 dollars, because otherwise there's no real
9 incentive as a developer to go down from 60 to
10 50. Sixty is sort of the magic mark. And if you
11 look at their numbers, you see a lot of 60s and
12 not a lot of 50s.

13 Then you go to the 30s, and it's not just
14 about building the project and underwriting the
15 dollars. You worry about the services that the
16 residents need in order to succeed. And you have
17 to make sure that those get funded as well,
18 because you can make, underwrite the rents at 30
19 or below, but then what are the services that are
20 needed? And to make sure that those dollars are
21 there as well.

22 And I know that there's talk of that, but

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1 that's a critical element on the under-30s.

2 MR. BOWERS: And trust fund dollars
3 typically use, not use, can use, can't be used
4 for the services component?

5 MR. SIMMS: Sticks and bricks.

6 MR. BOWERS: Sticks and bricks. So I
7 guess one of the questions, too, going to this
8 whole conversation is, if there's a desire to --
9 well, first of all, there's a requirement that
10 this money serves these income points. So again,
11 you can't hold the government responsible for
12 serving that if the demand -- if the requests
13 don't come in, right? So there's that.

14 The flip side, though, is if we know that
15 there are reasons why people aren't coming in
16 with those requests, because of what David just
17 raised or other issues, it's one of the questions
18 becomes for us, is there a policy change that
19 should happen, right, that for example would
20 allow a portion of trust fund dollars to fund
21 sticks and bricks? Is there a push that would be
22 made -- I mean, not sticks and bricks, the

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1 services, right?

2 Or again, is that something where you go
3 out to other partners, but when it's otherwise to
4 say if the city does more targets here, there's
5 on a parallel track something that will fund
6 that?

7 Jim?

8 MR. KNIGHT: Well, the consolidated RFP
9 process is a step towards that, where Health and
10 Human Services funding is being matched with
11 bricks and mortar. And one of the pet ideas that
12 some of us have had along the way is whether or
13 not it would be possible to bring philanthropic
14 dollars specifically to projects that get the
15 other commitments and still need that piece to be
16 successful.

17 And to expand that from case management
18 services alone to all the other kinds of
19 opportunities that low-income families want and
20 need and to have them located at the properties,
21 if possible, so the after-school stuff for kids
22 and adult workshops and all the different kinds

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1 of things that folks might want and need.

2 MR. BAILEY: I would caution that, you
3 know, I recognize, fully recognize the need. But
4 there are two components that we have really got
5 to be careful about. One, fortunately, is
6 assuaged somewhat because at the end of the year,
7 if we don't use, hit our benchmarks as it relates
8 to 20, 40, 40, then the Director has the capacity
9 to ask for relief in terms of production relative
10 to low-income or very-low-income properties. So
11 that's cool.

12 So David's point, yes, the consolidated
13 RFP attempts to address a portion of it. But
14 then there is the other side of it. When we
15 start getting into what we can use the HPTF for
16 -- Housing Production Trust Fund -- or to allow
17 for -- even we needed a legal interpretation as
18 to whether or not we have the authority under the
19 existing statutes to provide the funding for the
20 supportive aspect of the social service aspect of
21 it.

22 I don't think that it's too much of a

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1 stretch to suggest that we can, although we need
2 a legal determination, an administrative
3 determination that that is indeed the case.
4 Because the trust fund is to do those things
5 necessary to provide for affordable housing, one
6 of which is the service component.

7 At a time when little revenue or reduced
8 levels of revenue were going into the fund, I
9 would advocate against it because the greater
10 need is on the sticks and bricks side. With more
11 revenue going into it and with the latest round
12 of legislation that is working its way through
13 the council, and many of you guys testified on,
14 if there is additional funds put in it, then it
15 makes the case much stronger that a portion of
16 those funds be dedicated towards social services.

17 The policy aspect is, in what amount? So
18 there's got to be a pairing of what it's going to
19 take the meet the need for very low income and
20 supportive housing persons with the level of
21 subsidy that goes into it. And that's not an
22 insignificant subsidy, by any stretch of the

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1 imagination.

2 In fact, long-term, it is much more
3 costly to provide the supportive services and the
4 underpinnings for supportive services than it is
5 actually to fund the sticks and bricks.

6 So, yes, the discussion absolutely should
7 be had. But we have also got to be mindful that
8 -- of the can that we're opening. Because if
9 we're talking about 40 years of subsidy that
10 parallel the affordability requirements, then
11 we're talking about not just acquisition or
12 construction, but carrying and pushing that wave
13 for 40 years. Because once you get in it, you
14 ain't going to get out of it.

15 MR. BOWERS: Well, does it have to be, I
16 guess one question. Could it be a one-time? So,
17 for example, if a project was being done and you
18 said, "Here's the sticks and bricks money, and
19 here's \$100,000 -- not \$100,000. Here's a
20 million bucks. Here's two million bucks,"
21 whatever the number is that goes towards your
22 services, and then it's a one-time thing.

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1 So I'm not saying one is right or wrong.
2 But I'm saying if it were going to be done, there
3 are two ways to do it. One would be an ongoing
4 subsidy. But who's to say it couldn't just be a
5 one-time chunk of money that would go towards the
6 services? And then it's the responsibility --

7 (Cross-talk.)

8 MR. ROODBERG: Well, the way to do it as
9 one time, but then there has to be ongoing
10 monitoring that it's done, is in the
11 underwriting. And you're underwriting your
12 operating expenses, you're including an amount
13 for services. Then the subsidy would be
14 calculated based on that.

15 Now you have to monitor ongoing that the
16 services are being provided, and you have it in
17 the document that it's a covenanted condition.
18 But that's how you would accomplish that goal.

19 MR. BOWERS: I'm curious if others have
20 thoughts about, if there were some form of money
21 -- you're right it would be a -- one, it would be
22 interesting to get the legal -- so, is the legal

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1 determination being sought, or are you saying we
2 would need to, it would need to be --

3 MR. BAILEY: It hasn't been sought.

4 MR. BOWERS: Okay.

5 MR. BAILEY: We would have to seek it.

6 MR. BOWERS: Seek it. So I'd be curious

7 --

8 MS. MARSHALL: Shall we seek?

9 MR. BOWERS: Say again?

10 MS. MARSHALL: Shall we seek?

11 MR. BOWERS: Shall we seek? Yes. I

12 would like to say we seek that one.

13 MR. SIMMS: I think the point, though, is

14 I think that's why DHS is part of the process.

15 So I don't think you -- I don't think you solve

16 the -- this is my commentary. But I don't think

17 you solve the situation by shifting it from one

18 to the other, because I think this is the point.

19 I think, I mean, once you're stuck with it,

20 you're stuck with it. And there's an expectation

21 that, I mean, there's not going to be a one-time.

22 So to me, if it's going to be an advocacy

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1 in terms of what needs to be increased, then I
2 mean -- and maybe the argument is more around the
3 consolidated resources as a whole. I mean, we
4 have seen an increase in our budget because
5 people have advocated for the need for more
6 affordable housing.

7 And so if permanent support of housing,
8 which is a clear need in the city, you know, in
9 terms of the housing component, requires the
10 services to go along with it, then equally, I
11 think, the same energy that went to getting the
12 trust fund from \$50 million to \$100 million and
13 maybe \$100 million ongoing, you know, needs to
14 have a similar action as well.

15 MR. BOWERS: Sure.

16 MR. BAILEY: I would also suggest -- I
17 don't know if you guys, if you all remember or
18 not. But several months ago we had talked about
19 the cost associated with keeping people lodged at
20 D.C. General. And I believe the cost at that
21 time was estimated at around \$20 million a year.

22 And the other social service programs

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1 that deal with children and a few others that are
2 subsidy-based rental assistance, that the human
3 services cluster of funds annually amounts to
4 around \$50 million or \$60 million a year.

5 When you think in terms of what happens
6 if you monetize that income stream as we shift
7 people out of D.C. General, out of emergency
8 shelters, out of those, then we're going to be
9 spending less money on an appropriated basis
10 housing those individuals.

11 So if you monetize it, the annual
12 attrition rate, and you can do a \$250 million
13 bond issue with a \$50 million revenue stream,
14 then it makes more sense to do \$150 million or
15 \$100 million bond issue whereby you fund the
16 social services component with those monies that
17 you are not using to pay debt service on the
18 bonds, so that what you spent on an annualized
19 basis goes from \$50 million a year to \$25 million
20 a year, creating a -- freeing \$25 million that
21 can be used for a subsidy-driven social service
22 effort.

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1 So I would be more inclined to flesh out
2 the administration's desire to use its capital,
3 use its money more efficiently to achieve than to
4 assign that monetary and sustaining
5 responsibility to DHCD or the Housing Production
6 Trust Fund. And then I would also go with the
7 whole -- just as the HTPF was advocated and
8 became -- come into existence, maybe that's the
9 vehicle to bring a subsidy, a rent subsidy
10 program for persons of special needs into the
11 ether of action, or action of ether, or whatever.

12 (Cross-talk.)

13 MR. BOWERS: Sue, I saw you leaning.
14 What were you about to say?

15 MS. MARSHALL: Well, I think that's a
16 nice description. But it's not that easy. You
17 can't immediately monetize \$50 million. So I
18 think there is a combination of both. I believe
19 there is some responsibility on the part of the
20 trust fund that we should continue to explore, as
21 well as. I don't think it's either-or.

22 MR. BOWERS: To that point -- Jackie, go

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1 ahead.

2 MS. PRIOR: I just have this sense of
3 deja-vous, because this is what we went through
4 with the task force, and we came out with this
5 recommendation that the subsidized housing should
6 have attached with it services. So I like the
7 idea of having it part of the pro forma so that
8 it is attached. Now, how that's done, you know,
9 there's been many ways. But I like the idea that
10 it actually is attached to the project.

11 MR. BOWERS: Right. And I guess what I'm
12 seeing to that point the demand, when we look at
13 this sheet, right -- so again, there's one or
14 two, I keep going back to, there's one or two
15 ways to look at this.

16 Either, A, there's just not a market for
17 it, i.e., there's just not a need for that
18 housing, which I think most of us would say is
19 not the case. Or there is the case of folks who
20 might want to do it, don't think the money is
21 there, so they don't even come in for it.

22 So then it goes to that question of,

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1 well, where can the money come from? Where
2 should the money come from? Where should it come
3 from? Where can it come from? And looking at --
4 Sue, I agree with you kind of both-and. Let's
5 look at all the options. So the notion of
6 there's a securitizing piece. Milton is talking
7 about there's the piece that Nathan referred to,
8 right, a responsibility for those who care about
9 this to advocate for more money from DHS and
10 other places.

11 And there's also, for us as a board, I
12 think now specifically to us as a board, the
13 notion of finding out -- so, Director, I would
14 ask, can we at the board ask the agency to ask
15 for that legal determination -- if the trust fund
16 monies can be used for services or not?

17 And so, I think, Nathan, to your point,
18 in my mind, there's a both-and, right? And so in
19 some respects I agree that having money for
20 services coming from human services or other
21 agencies makes a lot of sense, period, next
22 sentence.

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1 If the trust fund by statute is supposed
2 to serve incomes, you know, at certain
3 benchmarks, and we're not seeing the demand come
4 in, I think one of the legit questions we can ask
5 is, is there a different way to use portions of
6 the trust fund monies to help facilitate more of
7 that demand of serving those populations?

8 So again, to Sue's point, kind of both-
9 and, at least finding out what the options are
10 and going from there.

11 Bob?

12 MR. POHLMAN: Go down that road, you
13 know, they'll back a truck up to the trust fund.
14 Homelessness, every kind of dollar need there is
15 that ought to be funded by the Department of
16 Human Services and Department of Behavioral
17 Health. And I'm just saying, you know, we have
18 fought hard to get the dollars for the bricks and
19 sticks. We ought to fight hard to get the
20 dollars for supportive services. But it ought to
21 come from the agencies that are supposed to be
22 providing it.

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1 And what it does point up, though, what
2 it does point up is that we have a new paradigm
3 now, a new dynamic, if you will. And we cannot
4 any longer just rely on chance to get enough
5 supportive services dollars to the table, rent
6 subsidy to the table, as we have done. We've
7 kind of -- right now we're scrambling, advocating
8 over here with DCHA to get LRSP over here with
9 Department of Human Services to get permanent
10 support of housing dollars or supportive
11 services, and then the trust fund.

12 So you've got to go to three different
13 places. And trying to get them in sync is a huge
14 challenge. It needs to be done across the board.
15 But you also have to think about, who has to
16 administer these dollars? Supportive services
17 dollars have to be administered, overseen,
18 monitored, et cetera, by the agency that is the
19 expert at this and knows what is supposed to be
20 done and who's supposed to qualify.

21 So again --

22 MR. KNIGHT: Services providers need to

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1 be evaluated and monitored as well to make sure
2 they're providing adequate services.

3 MR. POHLMAN: So that, you know, I just
4 say we start down that road, and you know, it's
5 one that I don't think we would want to go.

6 MR. BAILEY: It's a slippery slope.

7 MR. POHLMAN: But, I mean, that's not to
8 take seriously the fact that if we've got these
9 capital dollars and we can't provide the housing
10 below 30 percent that we're supposed to -- 30
11 percent of AMI that we're supposed to provide,
12 then we've got a dilemma.

13 MR. BOWERS: Yeah, and to that point,
14 it's a real dilemma in that by statute, at least
15 half the trust fund money is supposed to be used
16 for rental. Of that, 40 percent is supposed to
17 serve below 30; 40 percent is supposed to serve
18 30 to 50. And we look at -- and this is just one
19 snapshot in time. But I recall from last time,
20 it's in line, right?

21 So of the 753 total affordable units,
22 we've got just over -- we've got 49, if 50 -- 4

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1 at 40 and 70 at 30. So we, in terms of what the
2 trust fund is, by statute -- in terms of who it's
3 supposed to serve, the good news is we've got a
4 whole lot more money. And let me be clear that
5 anybody who's served by this trust fund money is,
6 you know, a D.C. resident and they've got a real
7 housing need. So I want to be real clear about
8 that, period, in that sense.

9 That being said, in terms of who the
10 trust fund is supposed to serve, by statute, it's
11 not getting close. And that's by no fault of the
12 department. Again, that is, you know, the
13 department is serving who's coming in. So
14 clearly, folks aren't coming in with projects
15 serving those folks.

16 So, the question is, how do the
17 collective we -- not just this board, but the
18 collective we who care about this, try to help
19 change that dynamic?

20 Jim?

21 MR. KNIGHT: Yes. When we first reformed
22 the board and were talking about the last RFP

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1 round that's now been selected and in
2 underwriting, we started to talk about different
3 ways to use the RFP process itself to determine
4 what a successful project is and to define the
5 kinds of projects that the city wants to see. So
6 I would remind us that that RFP, the drafting of
7 the RFP is a powerful opportunity to say we want
8 this, we don't want that.

9 And it may not take another dollar to
10 move a number of the projects in a different
11 direction, or the dollars are blended into the
12 total sources and uses.

13 I don't know if Bob, you're going to
14 remember this better than me. But a few years
15 ago, the coalition members were trying to
16 understand from historical practice what the
17 ratio is between the capital dollar, the
18 operating subsidy dollar and the services dollar.
19 And at least at one point in time, for a number
20 of our members who were at the 30 percent, a
21 number of 30 percent of my units was ward
22 services, there was a ratio of about \$100

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1 million, \$1 million a unit of trust fund, and
2 \$10,000 a year LRSP subsidy, and \$10,000 services
3 subsidy.

4 So that \$100,000, not a million on the
5 trust fund. So \$100,000, \$10,000, \$10,000 at one
6 point in time, just was some ad hoc data, seemed
7 to be the ratio that we were producing without
8 consideration. So I would think that you guys
9 could crunch those numbers and see what it's been
10 lately.

11 And it may not take much more new money.
12 It may simply take organizing the money more
13 effectively to the goal and using the RFP
14 guidelines to drive the product that's produced.

15 MR. BOWERS: Yeah. Good point. Yes,
16 sir. And for the record, identify yourself.

17 MR. SCALF: Yeah, Matt Scalf, for the
18 Office of the Deputy Mayor for Health and Human
19 Services, just looking for an opportunity to jump
20 in here. But the conversation has been good so
21 far.

22 You know, to Bob's point, it is difficult

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1 to get all the agencies on the same page. But I
2 think that our move toward the consolidated NOFA
3 has been a good first step. I know you guys can
4 ask Nathan, and Bob, you know this, we've been
5 working through issues where clients served are
6 both eligible for DBH and DHS services and
7 working through different things with DHCD.

8 So I think this process -- and we should
9 keep in mind that it was a new process as of last
10 year. So this is only the second time. I think
11 that the process is going to get us closer to
12 where we want to be in terms of the funding. As
13 you all know, DHS is spread in a lot of funding.
14 And my understanding was that last year some of
15 that was left on the table. So we also need to
16 figure that out, you know, how we can make sure
17 we're getting all of it out the door.

18 But as we move forward, I know that DHS,
19 you know, stands ready and willing to put in more
20 funds, as does DBH, who has capital funds that
21 they, frankly, have trouble spending at times.
22 So, and Milt makes a good point as well. As we

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1 move folks out of D.C. General and other
2 shelters, that does free up money in the DHS
3 budget that they would want to use for, you know,
4 PSH and rapid rehousing and other things that we
5 know have better outcomes than just keeping folks
6 in shelter. So.

7 MR. BOWERS: Thank you for that.

8 I'm wondering, would it be helpful for
9 the board to have folks come in from DHS and DBH
10 to come in and be a part of a conversation that
11 really starts to dig into, what kind of money was
12 put in from the different sources into the
13 consolidated RFP? How did that money -- kind of,
14 what was on the table? What got left on the
15 table? And thoughts on why? And how much more,
16 potentially, could be put on the table?

17 Would that be helpful for the board as
18 part of this conversation as we think through,
19 where should the -- how much resource is needed
20 and where should it be coming from to help us get
21 to serving folks at the lower income bands?
22 Board members, helpful? Not helpful?

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1 So maybe we could, for our -- and this
2 actually segues to our next thing. We're getting
3 ready to close. We're almost at time. So our
4 July meeting, we typically meet on the first
5 Monday of the month. And in July, that would be
6 Monday the 7th, which is the Monday after the
7 July Fourth holiday weekend.

8 I'll be working, but I wanted to get a
9 whip count of how many folks, if you know you'll
10 be out of town and won't be, I want to make sure
11 we can get a quorum for that meeting. Are there
12 any board members who kind of know for sure that
13 you won't be in town?

14 That's two.

15 So, let me ask this. Let's actually hold
16 things. I do want to make sure, Jackie, you and
17 Sue both can be here for that conversation that
18 we're talking about.

19 Let me ask another question. Are there
20 some urgent conversations, felt needs that, as a
21 formal board meeting that board members feel we
22 should have that we need to be back here in July?

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1 Or can we wait until -- can we take a July off
2 and come back in August? If there are some
3 strong feelings about being here in July, I'm
4 fine with us meeting, having our monthly meeting.

5 MS. NEWSOME: What is August? 4th
6 through 6th?

7 MR. ROODBERG: I was going to say, is
8 August going to be much better for people?

9 (Cross-talk.)

10 MR. BAILEY: If we do it, let's push it.
11 I mean, if it's a matter of a quorum, then let's
12 push it towards the 15th, but definitely have a
13 discussion.

14 MS. NEWSOME: In July?

15 MR. BOWERS: End of July. So, if folks
16 -- good point.

17 Looking at July, would by any chance
18 Monday the 14th of July, the second Monday of the
19 month, work for folks to gather? Could we get a
20 critical mass of folks? We'll let folks check
21 calendars on that real quick.

22 But I do think having that -- the other

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1 thing, too, so at our next meeting, a couple of
2 things we'd like to ask before we pin down the
3 date. One, for the department, can we have this
4 sheet -- thank you for this sheet, by the way --
5 updated with the tier -- the tier two information
6 comes in today, right?

7 MR. SIMMS: Um-hm.

8 MR. BOWERS: So, could we have this sheet
9 updated just to include the tier two piece?
10 That's one. And then two, if we can get a date
11 pinned down in July, what we'll do is ask reps
12 from DHS and the Department of Behavioral Health
13 to come and be a part of that conversation, the
14 second piece.

15 The third thing is, we'll continue to get
16 updates on where we are with the leveraging
17 working group conversations. It would have been
18 a meeting with the developers by that point.
19 There will be a meeting with the -- have been
20 more meetings with the lenders.

21 And I would ask Director Kelley for your
22 folks if, Sue, we're checking July 14th to see if

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1 that would work. Good for you? Okay.

2 Are we good on the 14th? Okay. So let's
3 say our next meeting would be July 14th, 10:00
4 a.m. here. Monday the 14th, 10:00 a.m. We'll
5 invite -- if we can get help getting folks from
6 -- okay, great. So we'll have that conversation.
7 We'll get an update on the leverage working group
8 conversation.

9 MS. NEWSOME: Could I ask if we could
10 talk about August anymore so we can plan ahead?
11 Because I know all of us -- I know I'll be gone
12 most of the time. Are we at the point that we
13 don't have to meet in August, by any chance?
14 That would give us one month.

15 MR. BOWERS: Yeah. My sense was either
16 July or August, one of them may -- so the July
17 15th (sic) meeting could be our consolidated
18 July-August meeting, if that's okay with folks.
19 If something comes up --

20 MS. NEWSOME: Comes up, sure.

21 MR. BOWERS: -- and the July meeting, and
22 we say, "Oh, my God, we've got to meet," we'll

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1 meet. But if not, we'll try to consolidate. My
2 sense was we may be at that point.

3 So we'll also get the updated tracking
4 sheet.

5 Chris, I want you to know for the record
6 that you have a great presentation that we didn't
7 get a chance to get to. If you're available to
8 be here and we could take a glance at it at the
9 next meeting, because I know we're at time now.

10 Director, if that's okay?

11 MR. KELLEY: That works.

12 MR. BOWERS: That would be great. Sorry
13 about that, Chris. We got off on one of those
14 good conversations.

15 And then the other thing, Director, if
16 the request can go in, I don't know if we need to
17 send any sort of formal letter. But I'm just
18 thinking, if we can make the request here as a
19 board for the department to ask for those -- a
20 letter of determination from the legal eagles
21 about whether or not trust fund money can be
22 used, and the record can reflect that request

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1 going to the department.

2 And then that way we don't have to write
3 the letter, just asking if the legal
4 determination can be made about whether or not
5 trust fund dollars can be used for services,
6 funding services. That would be helpful.

7 Are there other items that members of the
8 board want to make sure we cover on next month's
9 agenda? Because that will be our consolidated,
10 kind of, for July and August.

11 Yes, Jim?

12 MR. KNIGHT: So, it seems unlikely that
13 we'd be in a position to -- and maybe, Nathan,
14 you would know different -- to put in front of
15 the board the recommended structure in terms of
16 that fund?

17 MR. SIMMS: It depends. I mean, like I
18 said, a lot of it, we can talk about where we
19 propose because we have already circulated
20 something around. But it really is the
21 receptivity of the lending institutions to that
22 structure. So it's kind of a chicken-and-the-egg

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1 thing.

2 We can talk -- I mean, I think we can
3 talk about it. But I don't know if we can say,
4 well, they've agreed. So.

5 MR. KNIGHT: My concern is if there's a
6 strong goal to make October 1 live. And there's
7 no August meeting.

8 MR. SIMMS: Yeah. Yeah, there's
9 interest.

10 MR. KNIGHT: And there's July 15 (sic)
11 and September. And I just raise that as a
12 process question.

13 MS. NEWSOME: I would say this is one
14 potential window. When is your meeting with the
15 developers?

16 MR. SIMMS: Wednesday.

17 MS. NEWSOME: This coming, as in day
18 after tomorrow?

19 MR. SIMMS: Yes.

20 MS. NEWSOME: I personally think, and I
21 said to David, having the feedback from that
22 meeting before we meet on the 10th is critical.

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1 MR. SIMMS: Yep. Yep.

2 MS. NEWSOME: That will help move things
3 one way or the other. Because if our borrowers
4 are -- you know, we're here and the borrowers are
5 over here, we've got problems. So, you know,
6 that's a critical component.

7 And I personally think, you know, for
8 those lenders that are around the table, I think
9 for the CDFI's, we can probably make our
10 decisions a little quicker than the banks, just
11 because they're big and bureaucratic. But, you
12 know, given if we want to roll this out by
13 October, we can't wait much later than July.

14 So, yeah, I think that's right. And what
15 I would suggest to the board is that, to your
16 point, which is a good one, at our July 15th
17 (sic) meeting, again if we have a strong sense
18 that we as a board need to meet sometime between
19 July 15th and our September meeting, we'll set a
20 date for that to make sure.

21 So we'll get a sense that, by July 15th,
22 there will either be enough for us to actually

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1 chew on and respond to, to opine on, or there
2 won't be enough there and we may have a sense,
3 hey, this timeline has dropped and that kind of
4 thing.

5 So for now, what I'll say is that we've
6 got our meeting July 15th (sic).

7 MS. NEWSOME: July 14th, right?

8 (Chorus of "July 14th.")

9 MR. BOWERS: July 14th. Why am I saying
10 15th? Sorry. The second Monday in July. Sorry.
11 The second Monday in July is our meeting. Sorry.

12 So we'll kind of call it at the line on
13 that one.

14 MR. KNIGHT: Is the prevailing draft at
15 that time, whatever state that's in, could that
16 be released a couple of days ahead of time?

17 MR. BOWERS: Yeah, well thank you for
18 that. Because I was going to add, so, yes, for
19 Director and Nathan and Milt, whatever something
20 that we can respond to in writing as a board --
21 and when I say "respond to," I mean like a draft
22 that people can actually look at of whatever is a

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1 write-up around the fund, could be emailed to us
2 by the Wednesday before?

3 MR. SIMMS: Yeah.

4 MR. BOWERS: The earlier the better. If
5 it can go out earlier than that, that's great.
6 But at least by the Wednesday before, that will
7 give us something to chew on, and then come to
8 the 15th (sic) meeting prepared to respond.

9 Any other new business? Director?

10 MR. KELLEY: Yes, thank you. Very
11 important. Two pieces of business. One is, on
12 Wednesday, June 11th, we'll be having a
13 stakeholder forum on our streamlined property
14 acquisition disposition and development finance
15 division application solicitation initiative.

16 What this is is -- if you heard me talk
17 about it before, we've shifted around our PAD,
18 our property acquisition. Rather than a game of
19 just auctioning and praying that people do the
20 right thing, we're now looking to have our sites
21 put in packages, and those packages will be going
22 out for solicitation.

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1 We're looking to actually have -- we
2 requested developers come in. Potentially there
3 will be development finance funding that will
4 help support that. So if a project comes in on
5 top of the price of the dirt, the cost of the
6 dirt, that there's additional funding needed,
7 we'll be open to entertaining that.

8 So it's kind of a brave new world. And
9 it's June 11th we'll be having the stakeholder
10 meeting on that. And that's actually the
11 beginning of a sort of revised property
12 acquisition disposition approach.

13 And secondly, just for the fun of it,
14 come, on Saturday, June 21st, if you haven't
15 heard me say it as a commercial, come to the
16 housing expo. It's going to be kicks.

17 (Laughter.)

18 MR. KELLEY: Really important thing. I
19 think in terms of just each of you have your
20 sphere of influence, you guys have already got
21 it. But I think it would be real important if
22 you could share this information with your teams

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1 to have them come and enjoy this great Saturday
2 event around housing.

3 MR. BOWERS: Great. And everyone's got a
4 flier that Bea passed out for that.

5 MS. FIELDS: Take some with you.

6 MR. BOWERS: Right. Take some. Pass to
7 your constituency.

8 Any other announcements, new business?
9 Any public comments?

10 All right. We are adjourned. This
11 meeting is now officially adjourned as of 12:07
12 p.m. We will see everyone on the second Monday
13 in July. Thank you all very much.

14 (Whereupon, at 12:07 p.m., the
15 proceedings concluded.)

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