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GOVERNMENT OF THE DISTRICT OF COLUMBIA
Housing Production Trust Fund Advisory Board

Housing Production Trust Fund Advisory Board
Meeting

10:08 a.m. to 11:51 a.m.

Monday, September 8, 2014

DHCD, Housing Resource Center
1800 Martin Luther King Avenue, Southeast
Washington, D.C. 20020

1 BOARD MEMBERS PRESENT:

2 David Bowers, Chairman

3 Jim Knight

4 David Roodberg

5 Robert Pohlman

6 Stanley Jackson

7

8 DHCD STAFF PRESENT:

9 Nathaniel Simms, Chief Program Officer

10 Beatrix Fields, Sr. Legislative Specialist

11 Chris Dickersin-Prokopp, Strategic Program

12 Specialist Michael P. Kelly, Director

13 Milton Bailey, Chief of Staff

14

15 ALSO PRESENT:

16 Andrew Trueblood, Deputy Chief of Staff,

17 Office of the Deputy Mayor for Planning

18 and Economic Development

19

20

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

2 MR. BOWERS: Good morning, everybody.

3 David Bowers here.

4 Welcome to the District of Columbia
5 Housing Production Trust Fund Advisory Board
6 Meeting for Monday, September 8th, 2014. It is
7 10:08 a.m. and we will call this meeting to
8 order.

9 I want to welcome everyone here. Why
10 don't we start off by establishing -- I hope all
11 members of the Board should have a packet.

12 Let me make sure we have a quorum here and
13 if we could have folks who are members of the
14 Board announce your names, we can establish it.
15 So David Bowers is here. Bob.

16 MR. POHLMAN: Rob Pohlman, CNHED.

17 MR. ROODBERG: David Roodberg.

18 MR. KNIGHT: Jim Knight.

19 MR. JACKSON: Stan Jackson.

20 MR. BOWERS: All right. So seeing that
21 we have five of our nine members here, we do
22 have a quorum.

1 We did get notice from several members
2 who, unfortunately, are not going to be able to
3 be here with us today, but we will press forward
4 with the quorum we have.

5 Director Kelly, I am going to ask that
6 you also -- as usual, not on the agenda -- but
7 ask if you'd like to make any welcome remarks
8 and/or any announcements before we move into the
9 meat of the agenda for the day.

10 MR. KELLY: Thank you, Mr. Chairman.

11 Good morning, everybody. Just a
12 reminder that we're in the midst of a great
13 crusade, looking at trying to reposition our
14 property acquisition disposition property
15 outside of an auction context.

16 So you remember DHCD used to get stuff
17 in and then put out for auction. Highest bid,
18 that's who got it. If it turned into a liquor
19 store, if it turned into someone else land
20 banking it, it was no longer our problem.

21 Now, we've actually established a
22 solicitation process where we're actually asking

1 folks to come in based on what we have done as
2 an analysis of the highest and best use for the
3 neighborhood, be it retail, first floor, housing
4 above or single-family, multifamily, et cetera,
5 and that we're in the midst of having the first
6 phase of solicitations to have an October
7 response date.

8 A lot of responses so far. We feel
9 good about it. We feel good about it mainly
10 because we think this is something that, once we
11 work out the bugs of this particular first
12 solicitation, that this could be an ongoing
13 exercise here where we will be moving forward
14 and that August 20th will be the next pre-bid
15 meeting regarding the next wave of these things.

16 So that's the big one. I think that
17 embedded, Mr. Chairman, in our discussion will
18 be updates around where we are with the
19 responses to last spring's notice of funding
20 availability, the Tier 1 and the Tier 2.

21 We hope to actually have announcements
22 relatively soon after this effort. And, again,

1 embedded in this, also, is, I think, an
2 unprecedented amount of closures.

3 We talked earlier about this agency's
4 capacity to get stuff closed and we're looking
5 at 20-plus projects closing within the next few
6 weeks within this quarter.

7 So, again, these are all things that I
8 think that Nathan, with Andrew's assistance,
9 will be reporting on to the Advisory Board this
10 morning.

11 MR. BOWERS: Great. Thank you,
12 Director Kelly.

13 Any questions for Director Kelly before
14 we move forward?

15 [No response.]

16 MR. BOWERS: Thank you, sir. Appreciate
17 it.

18 Number two on our agenda, I am going to
19 ask that as it relates to the prior meeting
20 summaries in our packet we have some hard copies
21 of the meeting highlights that are in the
22 butterfly clip.

1 And these were sent out after the last
2 meeting. So did anyone have any additional
3 changes that needed to be made of substance to
4 the meeting summaries?

5 I know Bea had sent out -- thank you,
6 Bea -- from after our last meeting the summaries
7 and asked folks if they had any feedback.

8 Did anybody either have feedback or
9 need more time to review?

10 MS. FIELDS: So in July the draft
11 minutes for April, May and June were sent out a
12 second time.

13 They were provided with the meeting in
14 July and then they were sent out in July. And
15 we asked, if you had any comments, to get back
16 to us by August the 8th.

17 On Friday, you received the draft of
18 the July meeting minutes and the attachments and
19 those are also in your folder.

20 MR. BOWERS: So when I actually ask if
21 the July -- if we can take a couple minutes to
22 scan over the July meeting highlights and see if

1 folks have any corrections or changes that you
2 want to suggest we make.

3 Why don't we take a couple of minutes
4 to scan these because I know these came more
5 recently on this.

6 [Pause for reading minutes.]

7 MR. BOWERS: Does anybody have any
8 questions or suggestions for any changes that
9 need to be made to the July 14th meeting
10 highlights handout?

11 [No response.]

12 MR. BOWERS: I'd certainly be willing
13 to entertain a motion to approve the July 14th
14 meeting summaries and the prior meeting
15 summaries that are included in our document --
16 in our packet. Excuse me.

17 MR. POHLMAN: So moved.

18 MR. BOWERS: It's been moved. Any
19 second?

20 MR. ROODBERG: Second.

21 MR. BOWERS: It's been moved by Bob
22 Pohlman and seconded by Mr. Roodberg. Any

1 discussion?

2 [No response.]

3 MR. BOWERS: All right. All in favor
4 of approving the prior meeting summaries say,
5 "Aye."

6 [All Board members indicating "Aye."]

7 MR. BOWERS: All opposed?

8 MS. FIELDS: We have some leave to make
9 some technical changes.

10 MR. BOWERS: With the provision that
11 staff have the ability to make any necessary
12 technical corrections, okay.

13 Thank you all very much. Appreciate
14 it.

15 Item number three: Update on the
16 Development Finance Project Pipeline and Funds
17 Expended. Mr. Director, have you got that for
18 your team.

19 MR. KELLY: Yeah. I think we've got
20 the heavy hitters --

21 MR. BOWERS: Chris.

22 MR. KELLY: -- between Chris and

1 Nathan, again, and Andrew batting cleanup.

2 MR. BOWERS: And, Chris, we'll just ask
3 you to identify yourself for the record so we'll
4 have it, and Nathan, as well.

5 And if there are -- there are handouts
6 on this, is that right, as well, in the packet?

7 MR. DICKERSIN-PROKOPP: Yeah, behind
8 the agenda.

9 MR. BOWERS: Okay.

10 MR. KELLY: And, Chris, before you get
11 started, just a reminder that if you have not
12 already looked at the website at the pipeline
13 report, it's on the website. I encourage you to
14 do so.

15 It's really -- it gets updated
16 regularly and it's really a remarkable tool that
17 between our Advisory Board meetings if you want
18 to find out what has occurred since the last
19 meeting, it's a realtime document. It gets
20 updated in realtime.

21 MR. DICKERSIN-PROKOPP: I'm Chris
22 Dickersin-Prokopp.

1 I think we can jump between different
2 reports and we can even pull up the online one,
3 but maybe start with this first page you have
4 behind the agenda.

5 There is -- it probably has 2014
6 underlined and it says, "Actual projected." So
7 this is a summary report showing -- so what we
8 have up here should be the same as that page.

9 Let me make sure you guys are looking at the
10 right thing. Yeah, it says "actual" and
11 "projected" in handwriting on the font.

12 So these are the -- it's a summary.
13 The first line in this chart are the ten
14 projects that have closed with HPTF funding so
15 far this year, and then right below that,
16 attributes of the 12 projects which are still in
17 underwriting, but are projected to close this
18 year with HPTF funding and the remainder
19 accorded for this fiscal year.

20 And then the summary line totals, those
21 still in underwriting would bring us to 22
22 projects in 2014 with HPTF funding.

1 And there are a few others that only
2 had federal funds or tax credits that will count
3 towards our total performance metrics, but for
4 HPTF it's these 22.

5 And then jump to the left side -- the
6 right side for a minute where you see the unit
7 counts. We've shown units at 0 to 30 percent
8 AMI, 31 to 50 percent AMI, and 51 to 80 percent
9 AMI, and then above 80 percent, market rate or
10 staff units and total.

11 That's the report you've been seeing
12 all along, the unit numbers. But last week --
13 or last month you asked us to break it down to
14 show how HPTF dollars were allocated to each
15 funding level, because that's what the statute
16 requires, certain benchmarks to meet.

17 So then back on the left side, you have
18 the dollar amounts for both the closed,
19 underwriting and total projects.

20 And then below that is this additional
21 chart added on which shows those dollar amounts
22 as percentages. So take a second to look at

1 those.

2 MR. ROODBERG: Is there any concern
3 about, you know, being as far off right now of
4 the 40-40-20 or is that something you see in the
5 future pipeline will get balanced closer to
6 where the guidelines are?

7 MR. DICKERSIN-PROKOPP: The full
8 pipeline which is the other -- I mean, we, of
9 course, like to be on track right now, but when
10 looking at the full pipeline, which this is the
11 bottom line on page three of the second handout
12 you have, that's the remaining -- there are 56
13 projects still in the pipeline to be closed.

14 Not all of those are HPTF loans, but these
15 dollar amounts on the bottom of that show the
16 HPTF amounts and then the percentages.

17 So in looking at that overall pipeline,
18 we're much closer to being on track. We've hit
19 the -- or we will hit the 45 -- or, sorry, for
20 the 0 to 30 percent AMI units, the benchmark is
21 at least 40 percent of the expenditures need to
22 go towards those units and I expect to get 45

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1 there.

2 And then in the 31 to 50 percent AMI
3 category, that's where we're still projecting
4 low and will need to do some work to bring 60 or
5 80 percent AMI units down to the 50 percent AMI
6 affordability level.

7 And that's traditionally what we've
8 done, so in the underwriting process negotiated
9 the affordability levels down so that some of
10 that 39.6 percent column shifts into where right
11 now only have got 15 percent and we need 40
12 percent.

13 MR. BOWERS: For you and the team, the
14 22 projects that are represented, these are 22
15 projects from the most recent NOFA award.

16 These -- are some of these older
17 projects that are carrying forth and are now
18 getting to closing or is this just from the most
19 recent NOFA?

20 MR. SIMMS: A combination of both.

21 MR. BOWERS: Combination of both, okay.

22 And then it seems as though that in the

1 project mix for those that are in underwriting,
2 the 12 projects that are in underwriting were a
3 lot closer to the income bands that we need to
4 be.

5 MR. SIMMS: Yes.

6 MR. BOWERS: Is there any sense of what
7 may have changed in terms of making that happen?

8 MR. SIMMS: I think the unified
9 emphasis around the Permanent Supportive Housing
10 Unit as being kind of the focus, as well as, I
11 mean, just discussions around, you know, this
12 table and trying to make sure that we get that
13 level of affordability.

14 MR. KNIGHT: Just looking, there are a
15 handful of larger projects that are exclusively
16 80 that don't hit 30 or 50, just a handful.

17 Is there something about that project
18 that makes that unit mix desirable, the location
19 or whatever?

20 I mean, so some projects not having
21 anything at 50 or 30 with still pretty
22 significant Trust Fund awards at -- sometimes

1 there's a goal to have that many, but --

2 MR. SIMMS: For the most part, we have
3 -- and I mean, some of these we'll have to look
4 at a little bit closely just from a glance.

5 I mean, we do have some that are at 30.
6 We have some -- if it's an existing building and
7 it's a preservation deal, I mean, obviously,
8 you're going with the mix that you currently
9 have so you can only kind of bottle it certain
10 ways. So we'd have to look at it a little bit
11 closely.

12 I mean, like we have -- and I think
13 we'd have to look at it to break it out, but,
14 like, you know, Cedar Hill Plaza not even done,
15 Valencia and Vizcaya Concord probably had some
16 30's in there.

17 So I mean, there are some we have to
18 kind of go back and skew.

19 So I mean, we can scrub that a little
20 bit more, but I mean, we truly don't see any --
21 and there's usually a mix. There's nothing that
22 we've done, I think, recently that's been all 50

1 or even all at 80. So it's been a mix of some
2 sort.

3 MR. TRUEBLOOD: I know from a lot of
4 the work we've done on counting units across
5 agencies, there's a lot, I would imagine, in
6 here even at 60 percent AMI in that 50 to 80
7 category.

8 So moving from 60 percent to 50 --

9 MR. SIMMS: Right.

10 MR. TRUEBLOOD: -- is maybe not quite
11 as heavy of a lift as moving from 80 percent to
12 50.

13 MR. SIMMS: Right.

14 MR. DICKERSIN-PROKOPP: And that, I
15 think, has come up since the very first Board
16 meeting you've had, that a lot of these projects
17 are being designed as tax credit deals.

18 So they try to get it almost
19 exclusively 60 percent AMI, and then it's sort
20 of a heavy lift at the end to bring it down.

21 From 60 to 50 is doable, but we're already
22 starting to think in the future how on the front

1 end these can be designed to have 30 and 50
2 percent AMIs.

3 MR. BOWERS: Jim.

4 MR. KNIGHT: I know we've got to cover
5 other business.

6 MR. BOWERS: No, no, no.

7 MR. KNIGHT: It's something to be
8 thinking about as we try to get closer to this
9 40-40-20.

10 It's also the ratio of the depth of
11 subsidy for the projects that are primarily the
12 60 to 80 versus the depth of subsidy that are
13 really driving the 30s and 50s.

14 It's one thing if at 60 to 80 you only
15 need a little slice to get it to work, but if
16 you still need \$70-\$80-\$90-\$100,000 a unit to
17 not deliver as much affordability, that's
18 something that we might want to be mindful of
19 going forward.

20 MR. TRUEBLOOD: I think the heartening
21 to that point, though, you know, the thing,
22 especially looking forward, is the 0 to 30, you

1 actually are pretty healthy on.

2 So it's really that middle band, you
3 know, that I think, hopefully, is not quite as
4 challenging to find.

5 MR. KNIGHT: And I think this has come
6 up in prior meetings and you said it yourself.

7 But getting from -- if a deal is a
8 hundred percent 60 percent AMI tax credit, the
9 amount of subsidy needed to get to 50 is not
10 that large. We just really need to do it.

11 MR. KELLY: And, Jim, I think your
12 point -- this was actually something that was
13 identified very early on in this the Advisory
14 Board.

15 We looked at this like almost day one
16 here, you know, that 0 to 30 is one category and
17 the 60 above is another category. That 50, it
18 doesn't really match the tax credit numbers and
19 it requires a little bit more creativity.

20 MR. BOWERS: Is there an analysis that
21 you all have done of the -- Nathan, thinking
22 about what you said about the unified approach,

1 what other non-HPTF subsidy dollars are in these
2 projects, and that's one question.

3 And the second one, a sense of kind of
4 which subsidy dollars, if there's a way to look
5 at it that way, are helping the projects get to
6 deeper income levels, is it the Trust Fund
7 dollars or is it dollars from other agencies?

8 So those are really kind of two
9 questions.

10 MR. SIMMS: We can look at it. I mean,
11 obviously, over the last two years, I mean,
12 we've had the benefit of having the ability to
13 work with deals that have multiple sources.

14 I mean, from our source standpoint, I
15 mean, we approach the affordability, I think,
16 the same way across the board unless it's
17 specified differently.

18 So I mean, all of them allow us to get
19 to a deeper level. But I think, you know, once
20 you start getting to that deeper level, it just
21 becomes the ongoing costs that are associated
22 with that and, you know, the monies which, you

1 know, provide that go along with the operating
2 subsidy.

3 MR. KNIGHT: Just to highlight my
4 point, a quick look at the full pipeline page,
5 there are about 700 units that are 60 to 80 only
6 with nothing else. And so if some appreciable
7 --

8 MR. SIMMS: I think we could go back
9 and look at that. I mean, we -- yeah, that's
10 not right.

11 MR. TRUEBLOOD: I think you used --
12 it's kind of a default place holder; right?

13 MR. SIMMS: Right, right.

14 MR. TRUEBLOOD: It's just to drop all
15 the units in that category if you don't know?

16 MR. SIMMS: Yeah. I mean, a lot of
17 these -- I mean, a good chunk of these are new
18 deals that have not been fully decided on one
19 way or another. So, yes, it is part of our
20 pipeline, but it's still being worked on.

21 And other parts on here we can go back
22 and pull that specific information.

1 MR. POHLMAN: The full pipeline,
2 though, doesn't necessarily have all the
3 projects that came in under the FY14 NOFA,
4 right, because they haven't yet been approved?

5 MR. SIMMS: It's in there. It's in
6 there.

7 MR. TRUEBLOOD: Yeah.

8 MR. SIMMS: They're not approved, but
9 they're in there.

10 MR. POHLMAN: Okay. So you include
11 those in the pipeline prior to approval?

12 MR. DICKERSIN-PROKOPP: Yes. And we've
13 been working with the Deputy Mayor's office,
14 Andrew, in particular, just to get all the
15 agencies' data together.

16 So even though this is just looking at
17 DHCD's contribution, we've started to go in and
18 get to a point where we can tell you that the
19 project has this much HPTF money, this much of a
20 tax credit, this much of a land contribution
21 from either DMPED or PAD, this much operating
22 support from the Housing Authority, and that

1 there are challenges in sort of reconciling
2 those different types of funding. But we're
3 aware. We're thinking about that.

4 MR. JACKSON: I'd love to see that
5 collected because what it gets to, I think, at
6 the end of the day is what are we paying as a
7 total development cost on a per unit basis.

8 Now, when you stack all of these
9 numbers together, we're seeing now units pricing
10 out at over \$440,000 a unit, so it does raise a
11 question.

12 And you do have House Production Trust
13 Fund, you've got tax credits, you've got a whole
14 mezzanine of financing included.

15 But when I begin to see units price out
16 at \$342-, \$365- and \$400,000 a unit, then the
17 question is at the end of the day where are we
18 going from a collective approach with creating
19 this whole notion of inclusionary housing
20 affordability here, because when you start
21 looking at those numbers, particularly, in this
22 east end of our city, we're playing in a whole

1 different ball field of compatibility.

2 And so, certainly, I think this would
3 be an excellent exercise if we could see reports
4 that then show, when you look at all of the
5 funding, how much does it come out as a per
6 total development cost on a per unit basis.

7 MR. BOWERS: I was just going to ask
8 real quick, what's your sense of timing on that,
9 Chris, when that database might be available or
10 is it kind of in realtime now or is it --

11 MR. TRUEBLOOD: Are you talking about
12 the 10 by 20 or are you talking about your end
13 of the DHCD part?

14 MR. BOWERS: I was actually asking
15 about like the analysis you said that shows kind
16 of all of us the different government subsidies.

17 MR. TRUEBLOOD: Right, the 10 by 20.

18 So we have gathered it kind of for internal
19 administrative purposes. I have been having
20 conversations with the Mayor's staff about -- I
21 think they're a little bit hesitant to release
22 it publicly just because we're still scrubbing

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1 the data, but I think there might be an
2 opportunity to release it to this group, both to
3 look at what we have, but also to find some
4 -- you know, if there are data errors or if
5 there are challenges, recognizing that you guys
6 would appreciate, you know, what could help us,
7 and we appreciate that there might be problems.

8 So that's something I can definitely
9 follow up with on the 10 by 20, because I feel
10 it's at a point -- you know, I think it's 90-
11 percent fidelity, so it's at a point where we
12 feel very comfortable with it 90 to 95 percent.

13 But releasing it to the public is kind
14 of a whole other hurdle that we would have to
15 get over.

16 MR. BOWERS: Sure. It would be great,
17 too, if you all could let us know at our October
18 or November meeting, if it's possible to get
19 that data, even if it needs to -- if there is
20 some way.

21 I don't know, because we're a public
22 meeting, if there's a way to kind of legally

1 keep it so that it doesn't go public if you all
2 are trying to keep it --

3 MR. TRUEBLOOD: What we might be able
4 to do is set you guys up with usernames and set
5 you up so you could access it on your OnTime and
6 we can just set the permissions up so that you
7 can see the right things, I think.

8 MR. BOWERS: Just keep us updated on
9 that. Bob.

10 MR. POHLMAN: Yeah. So in terms of the
11 total -- full pipeline, right now, it shows the
12 Housing Trust Fund request at \$236 million.

13 It's been a while since, I think, I've
14 seen, you know, a full accounting for what is in
15 the Trust Fund and what has been committed, you
16 know, a projection through -- FY15 is coming up.

17 We aren't going to see huge amounts of
18 money in the future unless something else
19 happens. We've got \$40 million coming in in
20 FY15 with about \$4 to \$5 of that going for
21 admin. And, you know, there isn't anything on
22 the horizon that says there will be a larger

1 amount than that.

2 So I'm just trying to figure out, you
3 know, can we get an up-to-date report on the
4 Trust Fund and what the status of dollars in the
5 Trust Fund are and, you know, how does this
6 relate to that?

7 I know that the \$236 isn't necessarily
8 what you're going to end up awarding, but I
9 really don't have a good sense, given all the
10 stuff, the pipeline announcement last year and
11 NOFA, where we are at with this whole thing.

12 MR. TRUEBLOOD: And just to be clear,
13 the Mayor put another 50 million bucks and it
14 just depends on what timing your counting, but
15 either FY14 or FY15, depending on how you look
16 at it.

17 MR. POHLMAN: He put \$32 into the FY14
18 supplemental and there's \$40 million coming in
19 FY15.

20 MR. KELLY: Yeah, some went to a low-
21 rent supplement program and some went to
22 emergency reserves.

1 MR. BOWERS: Yeah. So the Board would
2 certainly like to see, I think, at the next
3 meeting the breakdown, kind of a written
4 breakdown, update status on the Trust Fund
5 dollars.

6 But is there a sense you all can give
7 us now? Given the demand of \$236, in the full
8 pipeline how much we have and, again, with the
9 caveat of knowing that all of those projects may
10 not make it to final approval?

11 Is there a rough sense right now of how
12 much Trust Fund money is available for the full
13 pipeline?

14 MR. SIMMS: I mean, we feel very
15 comfortable in terms of having enough to deal
16 with the obligations that we have now.

17 I mean, I think to the point we're
18 still working through the final aspects of this
19 NOFA, we feel comfortable in terms of what we
20 have from the last NOFA, so that's not a
21 problem.

22 So the question just becomes -- and

1 depending on where we are in terms of closing,
2 we're not closing every -- I mean, we're closing
3 a lot of projects between the end of this fiscal
4 year and the beginning of the next fiscal year
5 and then we'll be at a smaller point in terms of
6 our overall pipeline.

7 So some may close, we hope, you know,
8 in 2015, but some may go on to 2016. So we
9 think that there is sufficient money to be
10 given.

11 MR. KELLY: I think -- Andrew was
12 referencing the 10 by 20. There is a projected
13 closing schedule that I think we can actually
14 start to conceptualize how much money we will
15 need into the near future.

16 MR. TRUEBLOOD: And I think looking
17 internally, our concern is less about running
18 out of money and more about making sure we get
19 the money out and get these projects through.

20 MR. BOWERS: I guess -- David, you had
21 a question.

22 I guess my question is more is there a

1 ball park figure that you all have? Like, do we
2 have -- there's a \$236 demand. Do we, roughly,
3 have \$50 million, \$100 million, \$150 million,
4 \$200 million?

5 And, again, I know the \$236 may not be
6 how much actually gets approved, but is there a
7 sense of, ball park, how much is in the kitty to
8 meet the demand?

9 MR. SIMMS: I mean, when we started --
10 obviously, when we started out going into this
11 year, I mean, we filed like -- I think we gave
12 like an \$80 million number in terms of the NOFA,
13 but I think that that was -- I mean, it was
14 conservative, obviously. I

15 think we thought we could go up as
16 high as, I want to say, about \$130, but
17 somewhere between \$125 and \$130. So, you know,
18 we can obviously go back and revisit it to see
19 where things are.

20 And, like I said, I mean, we have a
21 whole bunch of requests in now. It doesn't mean
22 necessarily that that's the requested amount

1 that's going to be funded at the end of the day,
2 so --

3 MR. BOWERS: David.

4 MR. ROODBERG: Yeah. It's just a
5 question on process and philosophy.

6 Going to Bob's point, we know in a year
7 or two there's going to be lesser money that's
8 available.

9 If projects meet the criteria, are they
10 sort of automatically funded or is there certain
11 subjective decisions that, you know, based on
12 location, based on mix that you want to hold
13 back and wait, you know, and then maybe in a
14 year or two, they are better projects out there,
15 you know, or is there the feeling that like, oh,
16 we won't have the money. We've got projects.
17 Let's get it out and we'll see what happens down
18 the road?

19 MR. SIMMS: I mean, I think if we wait,
20 we may be waiting because, I mean, obviously,
21 somebody has to come to us with it.

22 I mean, we have a criteria, anyway,

1 that we use in terms of scoring, so I mean, we
2 look at a whole list of factors as part of that.

3 So I mean, I think we try to obviously
4 make the best judgment we can about projects. I
5 mean, we kind of live in -- I mean, you have to
6 kind of live in the now.

7 I mean, if you -- just by nature,
8 because if we say we're going to hold -- I think
9 naturally when we say we're putting money out
10 the door, we do conservatively hold a piece back
11 for a number of different reasons.

12 It might be -- I mean, typically, it's
13 for TOPA and any types of other transactions
14 that come in outside of the NOFA window.

15 So for us, I mean, it's really just
16 sticking to that script.

17 MR. KELLY: Also, David,
18 philosophically, you know, we've rebuilt
19 ourselves to respond to shovel-ready. So we've
20 kind of like -- at this point we're built for
21 that.

22 If a project comes in, meets a

1 threshold, meets the priorities, boom, working
2 with HFA. You know, we're kind of there now.

3 So I think that in terms of like looking and
4 making sure that we meet at risk populations or
5 look at other kind of demographic kind of stuff,
6 we do our workshop activity, we try to do
7 everything we can on the front end. But
8 to make his point, we really respond to whatever
9 comes in the door. If it comes in the door
10 tight, we have -- you know, we're kind of built
11 to get the money out to those developers.

12 MR. BOWERS: One other question, going
13 back to the income targeting piece, is there a
14 sense of -- Nathan, you referenced earlier about
15 kind of some of the things that have happened to
16 move the dial in terms of deeper income
17 targeting.

18 Are there any thoughts the Department
19 has now about even different things that may
20 happen for the next NOFA that may further
21 enhance the likelihood that developers will do
22 deeper income targeting?

1 Any steps -- any additional things that
2 are being looked at either with Trust Fund
3 dollars and/or with your sister agencies in
4 terms of what they might do with their funds?

5 MR. SIMMS: I think we continue -- I
6 mean, so I think it's kind of two-sided.

7 So we always kind of take a deep breath
8 at the end of the NOFA cycle to say, you know,
9 what did we see, what went right, what went
10 wrong.

11 Lately, I mean, we've been just in the
12 mix of we see these things, we know we have to
13 address them, so we try to address them in
14 realtime and look at it in terms of how do we
15 address it in a larger state next year.

16 I think in terms of the 30-percent
17 piece and below, that's a little bit difficult
18 because, I mean, as I said -- and we've talked
19 about this plenty of times. I mean, we can give
20 a deep subsidy in terms of capital up front, but
21 the question is at the end is the income
22 produced by the tenant enough to operate the

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1 cost of that unit.

2 So I can give you money to build it for
3 free, but if the ongoing cost of it, you know,
4 on a per unit basis is \$5,000/\$6,000, is that
5 person producing, you know, enough to -- and
6 maybe they don't have to do it to the maximum
7 amount of that amount, but, I mean, enough that
8 you can absorb it somewhere else in your budget.
9 So I think that's part of the discussion.

10 And so we've had conversations with --
11 you know, we just recently had a discussion with
12 Healthcare Financing when they were here both
13 the last meeting and then we had a subsequent
14 meeting with them just a couple of weeks ago.

15 So I think a lot of the discussions are if
16 we do it, you know how do you build in, you
17 know, those aspects into it because, like I
18 said, it's just one-sided at that point.

19 We can say, yeah, we can go up to
20 \$300,000 a unit in terms of subsidy, but if that
21 doesn't allow you to operate it, you're probably
22 not going to underwrite it that way.

1 MR. KELLY: And the other thing going
2 on right now -- and I don't think there will be
3 time between now and next spring when we do our
4 NOFA -- but the idea of reinventing our homeless
5 delivery system, the closing of D.C. General and
6 the monetizing of hotels and the stuff we talked
7 about.

8 I think that there's really going to be
9 much more of a push now than before to see if
10 there's ways of getting the long-term subsidy,
11 not actually adding more dollars, but
12 redistributing the existing dollars we have away
13 from really super short-term stuff and into some
14 sort of subsidy phase.

15 You know, it's a serious mind
16 challenge. I think a lot of things -- a lot of
17 the discussion is you almost have to do both.
18 You almost have to have a system in place to
19 fund the existing system while we wean off of
20 the existing system to move the dollars to a
21 longer term piece.

22 And so it may be expensive, but those

1 are the kinds of conversations that I know that
2 Deputy Mayor Otero has been having with the city
3 administrator and others to try to really make
4 recommendations of a long-term fix.

5 So that's in the wind right now, too,
6 Mr. Chairman.

7 MR. BOWERS: Okay. Chris, other parts
8 of the presentation, anything else?

9 MR. DICKERSIN-PROKOPP: (Shaking head.)

10 MR. BOWERS: Other questions Board
11 Members have for DHCD on any of this?

12 Bea, you had mentioned earlier this
13 information. Is this supposed to be kept or not
14 as part of the record now?

15 MS. FIELDS: We did not make this
16 available to the public, but it was available to
17 the Board Members.

18 MR. BOWERS: Okay, all right.

19 MS. FIELDS: But it is also on the
20 website, am I correct --

21 MR. BOWERS: Okay. So this is all part
22 of --

1 MS. FIELDS: -- or do we need to add
2 it?

3 MR. DICKERSIN-PROKOPP: Yeah. All of
4 this information in a different presentation is
5 available on the website.

6 MR. BOWERS: On the Web, got you.

7 MS. FIELDS: So this particular --

8 MR. DICKERSIN-PROKOPP: Not this
9 report, specifically.

10 MR. BOWERS: Okay, got you.

11 MS. FIELDS: But this report was
12 specifically for the Board Members.

13 MR. SIMMS: You can put the parameters
14 in a report -- I mean, you can put the -- when
15 you customize it, you can ask for these
16 parameters, anyway, on the public report. So
17 it's still -- it's basically public.

18 MR. BOWERS: So we will -- oh, Bob?

19 MR. POHLMAN: I'd just like to
20 formalize. I don't know what the 10 by 20
21 calculation is, but my chief concern is what the
22 Trust Fund status is, and we would like to get a

1 report similar to what we got in the past on
2 exactly how much money is in the Trust Fund,
3 what are the outstanding obligations, what are
4 the commitments and what are the requests so we
5 have a picture of where we're at.

6 The last Trust Fund report that came
7 out was for 2012 and -- the official, you know,
8 report that goes to the Council. So if we could
9 get something up-to-date, that would be good.

10 MR. BOWERS: Yeah. But there are two
11 things from this piece that we have as formal
12 requests for the next meeting.

13 One is what Bob just referenced, the
14 updated status of funds; and two, the data
15 presentation on the subsidy amount.

16 And you all can let us know if that
17 would be available for October or November
18 and/or if that has to be one where the Board
19 Members get private access if that information
20 that is not yet public.

21 So those are definitely two formal
22 requests.

1 And it looks like under old business,
2 we're going to also chat some about the HPTF
3 reports, as well.

4 Anything else on this piece in terms of
5 pipeline?

6 {No response.}

7 MR. BOWERS: We'll just say that we'll
8 continue to bring it up because it is a crucial
9 issue, this issue of the -- in asking us as a
10 Board to think about, with the Department, how
11 we can -- the collective we -- do more to help
12 the Trust Fund meet its statutory obligations
13 around the income targeting.

14 And so it's good to see that at least
15 in the distribution and what's in underwriting
16 we're a lot closer to where we need to be, which
17 is progress.

18 But I think we have to continue to be
19 vigilant there to think about, collectively as a
20 Board with staff around, what could be done,
21 again, with -- so the Trust Fund dollars -- and
22 to not limit our thinking to just Trust Fund,

1 but also, as has been referenced, the other
2 agencies that are participating, what are the
3 things financially process-wise that may help
4 contribute to that.

5 I'm wondering if even part of -- you
6 know, I think part of the dynamic may be folks
7 may not come in with the request if they don't
8 think the deals can get done.

9 So part of it may be that if there is a
10 sense in the development community that there is
11 the wherewithal within city government to make
12 projects happen at 30 percent or 40 percent or
13 50 percent, we may see more of those requests
14 coming in. And so I think it's a both/and you
15 know, that kind of thing.

16 So part of it will be a communication
17 effort as much as it is, you know, the substance
18 of it all, as well.

19 Okay, Chris, thank you. Appreciate it.
20 Thank you.

21 MR. DICKERSIN-PROKOPP: Thanks.

22 MR. BOWERS: Item number four,

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1 Financial Leveraging Options.

2 So we'll go now to a conversation about
3 the Acquisition Loan Program. And I believe,
4 Director or Nathan, is that -- so we'd like to
5 get updates -- let me just say for Board Members
6 that if you look in the July 4th meeting
7 summary, you'll see that there were some updates
8 given at the last meeting.

9 We've continued to try to get updates
10 around what's been going on with the Acquisition
11 Loan Program, tentatively named. So Director
12 and Nathan, let me turn it over to you all to
13 walk us through what the updates are now and
14 then we'll go to questions.

15 MR. KELLY: Nathan, would you like to
16 maybe begin with the end game here?

17 I'd like to request Mr. Chairman and
18 this Advisory Board to take leadership in having
19 a stakeholder roundtable on this.

20 There's been, obviously, some questions
21 about what our directions are, what the
22 opportunities are, et cetera, and I think it's

1 most appropriate that this be the body that
2 would actually call/convene that kind of
3 gathering.

4 So, again, after the presentation,
5 maybe we can circle back to that request about
6 when it make sense to happen and where it could
7 happen, et cetera.

8 MR. BOWERS: Okay. We'll come back to
9 that, for sure. Nathan.

10 MR. SIMMS: Good morning, again,
11 everyone.

12 And so talking again this morning about
13 the DHCD's proposed Acquisition Loan Program, or
14 the ALP, so I almost felt like when I was typing
15 this up, you know, the Peppermint Patty
16 commercial, you know, you close your eyes and
17 take a bite and, all of a sudden you're on the
18 slopes.

19 So it's not quite that way, but I did
20 want to kind of frame it, I think, at a high
21 level in terms of what we want to do and what we
22 want to accomplish.

1 And so right before you, I mean, we
2 have a mission which is obviously to deploy
3 capital in a strategic manner that facilitates
4 the creation and preservation of affordable
5 housing.

6 And so I think while we have a
7 framework in place currently that allows us to
8 do that, I think this effort just -- even just
9 the general discussions have had us talk to
10 lenders more about a lot of different things.

11 And so while we talked to the
12 developing community, I would probably say, ad
13 nauseum, I think we talked to the lending
14 community, I think, as much and I think that's
15 something that definitely needs to change and we
16 are changing that.

17 So through -- what folks should know is
18 how did this get started. I mean, obviously it
19 got started with the TOPA process.

20 And so we -- one of the good things,
21 obviously, about TOPA in terms of the financing
22 end is that it does have an open window, but --

1 from a resource standpoint, it has a open
2 window, meaning, last year when we received our
3 NOFA applications, we had about ten TOPA deals
4 that came in at the same time.

5 And so from a resource standpoint,
6 obviously, timing is everything from a TOPA
7 standpoint. But from a resource standpoint, the
8 agency is responsible for doing its business.

9 And when you have multiple priorities,
10 you have to begin to prioritize them and what we
11 learned at the end is that we didn't have good
12 priority.

13 So through that discussion and through
14 things that we had saw in terms of transactions
15 as a whole, we began to think through the
16 process and saying, okay, there is an
17 opportunity there to leverage our dollars in a
18 way that will help facilitate both
19 predevelopment and acquisition activities.

20 So through our discussions internally
21 and with some individuals with -- a slew of
22 individuals in the lending community, we kind of

1 commissioned a working group.

2 And so the working group probably met
3 about five or six different times. We've talked
4 about kind of the underwriting box and how to
5 kind of facilitate the structure that kind of
6 moves everyone through the process a little bit
7 faster.

8 And to the Director's earlier point, I
9 think we are trying to get to more shovel-ready
10 projects in terms of what we see.

11 In a NOFA realm, what we don't -- we
12 can't move forward because, obviously, there is
13 some uncertainty about approval or non-approval.
14 But there is also uncertainty in terms of money.

15 So you may not want to spend money or
16 you may not have the money to spend at the time
17 to get drawings and specs and things of that
18 nature.

19 So you have rough construction numbers,
20 instead of firm construction numbers, and so
21 there's a whole timing process that's added on
22 to be able to secure those things.

1 So we talked through it from start to
2 -- kind of start to finish, though we have to
3 work a little bit more on the permanent side,
4 and you'll see that kind of highlighted at the
5 end.

6 But we came up with a structure that we
7 think will work. We talked to a number of
8 different groups both on the east coast and the
9 west coast who have done this before, and so we
10 certainly wanted to learn from their experiences
11 and their headaches so that we could be able to
12 deploy this quickly. So that's how we ended up
13 coming up with the Acquisition Loan Program.

14 So the District is seeking to invest
15 \$25 million in a lending structure where
16 participants, either the bank or CFI, would be
17 expected collectively to leverage at least a
18 hundred million dollars.

19 These activities -- the activities that
20 would be supported through the structure would
21 be typical acquisition, transit land
22 acquisition, preservation, as well as

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1 predevelopment activities.

2 So for us, it would be TOPA, DOPA, any
3 traditional deals, anything that previously came
4 through SAFI, you know, Permanent Supportive
5 Housing, you name it.

6 So in terms of the specifics, I mean,
7 the Department would select designated lenders
8 through a request for application process. The
9 lender would follow some basic parameters
10 outlined by DHCD.

11 All funding requests for acquisition
12 and predevelopment activities would go through
13 -- would flow through the ALP. We would --
14 capital could be used for either a loan loss
15 reserve or to bring down the overall cost of
16 capital.

17 The DHCD would have a position of no
18 more than 25 percent of the loan loss. This
19 provides an opportunity for both for profit and
20 nonprofit affordable housing developers. So a
21 lot of people who had to go through SAFI had to
22 come up with a nonprofit structure really to

1 kind of make that work and that had to be a
2 little bit time-consuming, so this kind of helps
3 with that.

4 So in terms of maximum loads of value,
5 it's 120 percent of the LTV for nonprofits and
6 95 percent for for profits.

7 The difference, I think, in terms of
8 SAFI that you get with the ALP is that the
9 designated lender would work with the developer
10 and, in turn, I think work with us in realtime
11 to, hopefully, develop a successful development
12 plan that looks at both financing options, as
13 well as subsidy needs.

14 Similar to SAFI, loan packages from
15 this program would be submitted to DHCD with a
16 ten-day review and approval process and the
17 proper covenants that meet the requirements
18 under the HPTF would accompany these projects.

19 So the loan term could be up to three
20 years. Designated lenders may choose -- they
21 could charge their usual fees and applications
22 in closing, but it may not -- fees may not

1 exceed two percent of the loan amount.

2 Our permanent development funding would
3 still be through our regular NOFA process and so
4 that part doesn't change, though we have said we
5 would work to address the permanent side, which
6 we will do.

7 So just to kind of go through the next
8 steps -- I mean, obviously, we have submitted
9 this to our general counsel for legal
10 sufficiency, so we hope that that will come back
11 in our favor in the next few weeks -- develop
12 the underwriting parameters, which I think we've
13 done in a lot of ways.

14 It does not mirror a whole lot
15 different from SAFI, but there are some changes
16 that, I think, are for the better, development
17 of the RFA materials, organize a stakeholder
18 roundtable to share the program details, as the
19 Director said -- and maybe we can do that,
20 certainly accomplish that through this body --
21 and finalize and release the RFA and then we
22 would commission a permanent subsidy working

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1 group to talk about the permanent subsidy
2 issues.

3 MR. BOWERS: Great. Thank you, Nathan.
4 Questions from Board Members? Yes,
5 Bob.

6 MR. POHLMAN: I don't know if these are
7 in time sequence, but the Commission Permanent
8 Subsidy Working Group --

9 MR. SIMMS: Uh-huh.

10 MR. POHLMAN: -- would that come before
11 the release of the RFA?

12 MR. SIMMS: No. It would be after,
13 because it's very -- I mean, we had this
14 discussion, I think, early on. I mean, I think
15 it's very hard.

16 Like, we could spend hours/days, and we
17 probably will spend hours and days and weeks,
18 working through the permanent piece. You've got
19 to take it one bite at a time, because if we do
20 both at the same time -- this isn't going to
21 happen anytime soon. It's not going to happen
22 -- I mean, it's going to get caught up in

1 something else and we're not going to get to it.

2 So we wanted to definitely work through
3 the process of getting this off the ground
4 knowing that we have to work on the permanent
5 piece, which we had always been committed to.

6 But I think the permanent piece is a little
7 bit larger. The permanent piece, I think, is
8 not only what subsidy limits we could provide,
9 but I think it's a larger discussion in terms of
10 some things we had talked about before in terms
11 of is there something that we can do to
12 facilitate on -- like in terms of credit
13 enhancement on the permanent side or is it
14 focused on construction loans, or whatever, I
15 mean, so we can have a tool kit kind of around
16 that particular issue.

17 MR. POHLMAN: Do you think that lenders
18 will -- well, I guess they could agree to
19 participate, but they probably aren't going to
20 make any loans until they see -- look at what
21 the permanent subsidy guidelines would be, I
22 would think.

1 I mean, you have that in the
2 description of the ALP that, you know, you would
3 issue those guidelines.

4 MR. SIMMS: But, I mean -- so, you
5 know, I mean, in the discussions, we have been
6 very open about that, that that was the next
7 step.

8 And I think everybody that was part of
9 that understood that that was not going to be a
10 hand-in-hand type of piece.

11 So we would stand this up, but
12 certainly be committed to continue to walk
13 through that process of doing the permanent
14 piece.

15 MR. BOWERS: Jim.

16 MR. KNIGHT: I've got a couple of
17 comments. I'm trying to think of the most
18 effective way to offer them.

19 At the talking point level, I think the
20 Board has supported this idea since it started
21 and I really think that having available an
22 acquisition fund that isn't time-bound is still

1 a great idea. And as we go through most of the
2 bullet points, I continue to support the talking
3 point notion.

4 The question that feels hardest, at
5 least the nonprofit development community is
6 starting to hear more about this and ask
7 questions.

8 Most of the questions are deal-term-
9 related and particulars that don't exist yet or
10 at least have not been communicated publicly
11 yet.

12 And so I wonder if you'd be willing to
13 talk about the sort of ideal rollout from today
14 to authorization to first loan closing.

15 Like, would the subsidy committee not
16 -- would the lending community not know what the
17 permanent subsidy terms are before they closed
18 on their first loan?

19 Can you walk through what you hope the
20 time line will be for the whole thing?

21 MR. SIMMS: So I think in terms of the
22 overall time line, I mean, our goal has been to

1 have an RFA out by the end of the calendar year
2 or the beginning or early next calendar year, so
3 by January at the latest. So we would,
4 hopefully, be able to get that out.

5 There's a lot of work to do, obviously,
6 in between then and we have the holidays and all
7 that other stuff, too. But we're committed to
8 getting that done.

9 I think beyond that, once you get the
10 RFA out there and you get the responses, we're
11 probably talking somewhere by spring by the time
12 we're ready to go to, you know, have this set
13 up.

14 But I think the question in terms of
15 the permanent piece, would we do that
16 simultaneously? Maybe. But I think our efforts
17 would be largely focused on getting this part
18 stood up first.

19 And the difference is you don't have --
20 I mean, I think the difference is I don't want
21 people to get fixated on the permanent piece
22 because you don't have that now. Every SAFI

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1 loan we do, every loan we do, you don't have
2 that luxury now.

3 And, yes, we want to provide that
4 degree of quality, but let's be real. I mean,
5 we're not moving to something and leaving
6 something behind and it's not something that
7 folks have necessarily asked for, either, other
8 than do this, obviously, this conversation and
9 what we put on the table.

10 MR. KNIGHT: So I've always felt like
11 two of the greatest sales points of this new
12 approach, (1), rolling access all the time.

13 MR. SIMMS: Absolutely.

14 MR. KNIGHT: (2), all the players
15 having an idea that if you're going to get the
16 acquisition money, while it's not a quid pro quo
17 commitment for the perm, it means that everyone
18 has looked at your project with perm in mind and
19 you're in the ball park of perm.

20 And so if perm isn't established until
21 several of these are already lent, it hasn't
22 created that. It hasn't delivered that sort of

1 sense of clarity.

2 And so I'm just wrestling with how does
3 all for moving it quickly -- and, you know, I
4 remember an earlier Board meeting there was some
5 hope it would even be out this fall, so --

6 MR. SIMMS: That was that. It was
7 hope.

8 MR. KELLY: We tried.

9 MR. KNIGHT: Intrinsically, share that
10 enthusiasm and that intention.

11 So here I'm trying to be -- I'm trying
12 to say there's some things that have to get
13 worked out before this works and, yet, we all
14 understand and support the desire to go fast.

15 So where does fast hit those details working
16 out and can we be assured that they will?

17 If we had a stakeholders meeting in a
18 month, would this be what's shared or would
19 there actually be the sort of financing term
20 details?

21 MR. SIMMS: The terms --

22 MR. BOWERS: I'm sorry. Let me insert

1 something here before you answer that.

2 So I know at one of the lender
3 stakeholder meetings there was discussion -- I
4 think there may be two things that are being
5 discussed with the same name, but maybe a little
6 bit different.

7 So the permanent subsidy working group,
8 as I understand it, is going to be looking at
9 kind of permanent big picture solutions.

10 MR. SIMMS: Correct.

11 MR. BOWERS: Right. So when I say big
12 picture solutions, things like is there an ALP,
13 so to speak, for the permanent subsidy.

14 MR. SIMMS: Correct.

15 MR. BOWERS: Are there new ways to do
16 permanent subsidy --

17 MR. SIMMS: Correct.

18 MR. BOWERS: -- whether it's
19 enhancement, leveraging, et cetera, et cetera.

20 Are there -- so this notion of are
21 there new ways to do permanent subsidy and
22 that's a bigger, longer conversation and that's

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1 where you bring in a lot of stakeholders to get
2 at that.

3 In one of the lender stakeholder
4 meetings, one of the things that a number of the
5 lenders asked for was basically a box with some
6 basic parameters. And I think that's what Jim
7 is talking about.

8 MR. SIMMS: And we can do that part.

9 MR. BOWERS: Right. And that's the piece
10 that I think Jim is talking about that even the
11 lenders had said, "Look, we'd like to at least
12 get some basic parameters to understand where
13 the agency is."

14 So if you could speak to the timing of
15 that --

16 MR. SIMMS: Yes.

17 MR. BOWERS: -- versus the bigger
18 picture working group.

19 MR. SIMMS: Right. So in terms of that
20 particular piece, I mean, we still would have to
21 kind of flush that out. We can go back and look
22 at transactions and say, "Here's the permanent

1 piece for this," but it's a work-in-progress. I
2 think that's the thing.

3 I mean, it's not going to be a flat --
4 what you like, somebody else isn't going to
5 like. And so, you know, we have to work through
6 that particular process.

7 I think we will try to fill -- so we
8 don't want to complicate the box, but I think
9 you do want to give general parameters as to --
10 and it's not a certain, and we made that clear
11 in our discussions. Just because you get the
12 acquisition loan, it does not mean like you're a
13 lock for permanent financing. That's not the
14 case.

15 But I think it's to help people through
16 the process as they are structuring their deal
17 and as people are looking at the deal saying
18 that this request is reasonable. It's kind of
19 within the scope in terms of what guidelines --
20 what per unit awards are then versus this is
21 outside the box.

22 So if it's outside the box, it gives

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1 you a chance to kind of work on your development
2 plan so it's either inside the box or, you know,
3 making a compelling case of why we need to go
4 outside of the box.

5 So that part, yes. That part we would
6 work on, but we're not at that point right now.
7 We're literally at a point where we're still
8 trying to put all of this together.

9 MR. BOWERS: And I guess the question
10 then on the table is do you have a rough sense
11 of the timing of that, with the clear
12 understanding that the box is a living document.
13 It's not in stone. It doesn't guarantee
14 anything and it doesn't mean it won't change.

15 But in a sense, the timing of when that kind
16 of general parameters box may be done, is that -
17 -

18 MR. SIMMS: I think we can do that in
19 somewhere between 30 and probably 45 days.

20 MR. BOWERS: Okay. Milton.

21 MR. BAILEY: Within that period of 45
22 days, would there be -- as we're flushing out

1 the basic terms, will there be stakeholder input
2 from a needs perspective as to what their needs
3 are or some basic terms that will help inform
4 the final outcome of this or is that time
5 already past?

6 MR. SIMMS: I mean, I think we're
7 talking about -- so, I mean -- no. I think no
8 because I think we want to have a stakeholder --
9 we want to have a discussion.

10 But the thing is, I mean, it's not that
11 the agency is creating something out of thin
12 air. We are doing something new. I mean, to
13 your point -- I mean, let me elaborate a bit
14 further.

15 To your point, I mean, we are doing
16 something, I think, where we're borrowing from
17 already existing models that have been
18 discussed. So it's not this, yes, we are doing
19 something new.

20 It's not so elaborate where I think
21 people don't get it. I mean, we already have
22 something existing now and I think we're trying

1 to enhance that in terms of we have SAFI, we
2 like SAFI, we see some things in SAFI that we
3 don't like and I think that we're trying to
4 build upon that to make it stronger for
5 everybody.

6 MR. BAILEY: My question is there have
7 been some -- we never really fully rolled out
8 SAFI in its true operational context. And while
9 I know that this is an absolute improvement over
10 SAFI, I was just curious to find out whether or
11 not, since we already know what it's going to
12 look like and how it's going to dance, have we
13 taken a minute or will we take a minute to see
14 how the folks -- when the rubber hits the road,
15 the folks that are going to be borrowing these
16 funds, utilizing these funds, how they fit
17 within their needs categories.

18 MR. SIMMS: When you say needs
19 categories, what are you speaking to?

20 MR. BAILEY: Everybody needs very
21 flexible terms, everybody needs a lot of money,
22 everybody needs longer payback, you know.

1 MR. SIMMS: It would be no different
2 than -- I mean, I think the thing is it would be
3 no different than any other predevelopment kind
4 of -- I mean, in terms of the predevelopment
5 standpoint, it would be just the general
6 activities that you would see around
7 predevelopment.

8 And I think by its own definition in
9 terms of, you know, being acquisition, I mean,
10 there's a short-term period. So it's not
11 permanent. I mean, it's -- so it's up to three
12 years.

13 MR. BAILEY: And that's been laid out
14 and everybody is on board with that in terms of
15 community.

16 MR. BOWERS: Go ahead, Bob.

17 MR. POHLMAN: Yeah. I don't know when
18 this happens or whatever. I see on the second
19 page develop underwriting parameters, you know,
20 RFA materials and then organize a stakeholder
21 roundtable to share program details. I assume
22 that stakeholder roundtable would include

1 lenders, practitioners, and so forth.

2 MR. SIMMS: Uh-huh.

3 MR. POHLMAN: I just think more
4 dialogue is needed, particularly -- for example,
5 are any lenders that have been identified
6 willing to lend at 120 percent loan-to-value?

7 I mean, that's a basic -- you know,
8 that is very attractive-looking, but is there
9 anybody -- I'd like to hear from a lender are
10 you going to lend at 120 percent loan-to-value,
11 assuming the project is good.

12 MR. SIMMS: They may tell you; they may
13 not tell you. I mean, you know how that goes.
14 I mean, we had a stakeholder group in here
15 before and they weren't going to tell when
16 pressed by the development community.

17 So I wouldn't hold your breath in terms
18 of that aspect. But in terms of the discussions
19 that we have had, in terms of -- if you're a
20 participant in this program, we set the
21 underwriting parameters. You are underwriting
22 to the parameters that we set forth.

1 MR. POHLMAN: Right. You can't exceed
2 that, but --

3 MR. SIMMS: Yeah. I mean, so if we're
4 --

5 MR. POHLMAN: We could end up with no
6 lender being willing to lend at 120 percent
7 loan-to-value.

8 Maybe, you know -- and I'm just saying
9 kind of right now the assumption is, oh, this
10 will go up to 120 percent of loan-to-value.

11 Somebody is going to lend at that level;
12 therefore, I can think about predevelopment
13 costs, I can think about the things that can go
14 in in addition to the appraised value of the
15 property, including repairs and predevelopment.
16 And that's -- I can expect that that's what this
17 program will deliver.

18 I guess, you know, true, we won't know
19 for sure until it actually gets presented to
20 these lenders, but we're putting all of our eggs
21 in that basket. We're saying that all DHCD
22 funding for acquisition predevelopment will flow

1 through this program. The agency will no longer
2 make direct acquisition loans for affordable
3 housing.

4 I'd like to have some sense from
5 developers that this is going to work.

6 MR. KNIGHT: I feel like you're saying
7 that DHCH might establish and is on its way to
8 establishing some recently permissive terms,
9 development-friendly terms, but they're only
10 real if the lending community will match them.

11 MR. SIMMS: I mean, I think the thing
12 is we're not saying here's -- it's no different
13 than SAFI right now.

14 There are terms in our guidelines that
15 we're underwriting to. So if you're part of the
16 structure, you are taking that on. It's not --

17 MR. KNIGHT: But it is different in the
18 sense that in the SAFI I program you can use up
19 to half of the DHCD money in the loan.

20 And when you do that, you have -- the
21 bank has protected their loss position
22 inordinately.

1 MR. SIMMS: Yeah. But they're
2 protected through --

3 MR. KNIGHT: So when the max now is at
4 25 percent --

5 MR. SIMMS: Correct.

6 MR. KNIGHT: -- of DHCD money, the
7 margin on their risk has shrunk considerably and
8 whether this will prove to be as attractive or
9 not remains to be seen.

10 MR. SIMMS: I think the difference is
11 in terms of the dollar amount. SAFI is limited
12 in terms of the amount of dollars that you can
13 put out per transaction.

14 Part of our discussion has been that
15 these deals are becoming more expensive, hence,
16 why you have to leverage more dollars.

17 The Department would not be able to
18 match that in terms of if we took HPTF and said,
19 "Okay, we're going to put in," and that's in the
20 structure.

21 MR. KNIGHT: Agreed.

22 MR. SIMMS: That would not work. But I

1 think in terms of what we're trying to do in
2 terms of this environment, we're trying to
3 leverage our dollars. So we're trying to take
4 25 and get a hundred, you know. So, you know,
5 that's, I think, a good mix.

6 Where we're going in terms of the
7 development of the box in the discussions, it
8 really hasn't been around -- and, like I said,
9 we're taking from other models that are both in
10 New York and in California where these same
11 parameters have existed and they have worked.

12 So I don't think it's different. I don't
13 think we should think it's different -- it's
14 going to be different here when it's the same
15 type of real estate.

16 It's not anything complicated or
17 additionally complicated by District real estate
18 that is not in San Francisco or New York.

19 MR. KNIGHT: So I feel like something
20 is coming off combative and I'm not trying to be
21 combative.

22 MR. SIMMS: No, no, no, no, no.

1 MR. JACKSON: I don't think it's
2 combative. I think you do raise a valid
3 question because part of this whole issue going
4 back to the mission is to stimulate and create
5 and move production of affordable opportunities.

6 So -- and in doing that, you want to
7 also try to create expansion in capacity to some
8 extent.

9 So it would make sense to know the
10 relationship between the offer here in this
11 program and what the lending community appetite
12 is about, because at the end of the day if you
13 can't cover that gap, that becomes another
14 matter.

15 So I think to some extent, it makes for
16 good discussion to at least get some sense of
17 appetite about whether or not that ratio of LTV
18 is something that is appreciative in the lending
19 community; and if not, then I think it causes us
20 to step back and think about what is our mission
21 here, because part of our mission, once again,
22 is to create these tools that help stimulate the

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1 creation and movement of this product.

2 And so I would think it makes sense to
3 get that input so that we know that as we're
4 creating these creative tools and structures,
5 notwithstanding what other jurisdictions have
6 done, how does it work to accelerate our efforts
7 here in our marketplace's transitions.

8 So I would think there is a -- to your
9 point, it's not adversarial, but it's real
10 questions particularly from the nonprofit
11 standpoint that are critical in terms of how do
12 we make it work.

13 MR. SIMMS: Well, let me say, I mean,
14 part of that, to your point, and I think in
15 terms of the earlier point, we had -- and I'm
16 not saying that we don't have those levels of
17 discussions. I'm always for -- I'm for that.

18 But we didn't come up with the 120 and 95
19 just out of thin air and just produced it on a
20 piece of paper. So we certainly had the
21 discussions with the lending community.

22 Now, there may be somebody in that room

1 who is not -- their organization is not
2 interested in that because, obviously, to be
3 able to participate, you have to apply.

4 I mean apply not only from the
5 borrower, but apply to -- from the lending
6 perspective to be part of this structure. So I
7 think that that's where the rubber is,
8 obviously, going to meet the road.

9 But just based on the feedback that we
10 got, the individual conversations, as well as
11 group conversations, I think folks were
12 comfortable with that leverage.

13 MR. BOWERS: Let me say a couple of
14 things: (1), in the couple of conversations, the
15 lender meetings that I went to, the biggest --
16 to use Jim's term, you know, on the talking
17 point bullets, folks are like, oh, it's great.

18 The sense I got from the lending
19 community, the fact that for profits could not
20 participate, the fact that you can to go a
21 higher LTV were all seen as good things that
22 people were encouraged about.

1 There's a 25-percent top loss provision
2 now with SAFI. There's a 25-percent top loss
3 provision here, so that seemed to track.

4 The ability, you can either use a
5 credit enhancement component or you can blend
6 dollars is what I understand is now an option.

7 So some of it is similar to SAFI; some
8 are seen as enhancement.

9 The biggest question that I heard from
10 the lending colleagues was about that parameters
11 box, right, and so the point of, yeah, someone
12 will lend 110 percent or 120 percent if there's
13 a sense of the takeout.

14 And so the question we asked earlier --
15 and that's why I was wanting to make that
16 clarity -- that -- and Nathan responded, in the
17 next 30 to 45 days.

18 So kind of on a concurrent track -- and
19 lenders expressed this at the meetings -- that,
20 look, we would need the -- the lenders is kind
21 of the "we" -- said we would need to get a sense
22 of what that general box is before folks would

1 participate.

2 And so that is the piece that -- you
3 know, before anyone is going to -- well, I'm not
4 going to say anyone. A number of folks
5 expressed from different lenders that before
6 they would feel comfortable responding, they
7 would want to know what the general parameters
8 box is so they would know whether nor not it
9 makes sense for them to play ball or not.

10 And I do think to Nathan's point about
11 kind of what we don't have now, you know, kind
12 of the world we live in now, that's the world we
13 live in now and people do lending.

14 But there was a sense that before some
15 folks would be willing to put their toe in the
16 water with this, they would want to know what
17 that box is, and that, to me, is, in fact, quite
18 honestly similar to SAFI. Some folks responded;
19 some people didn't because they weren't
20 comfortable with the unknown.

21 And it seemed as though, and we heard
22 from Nathan and David, there would be a -- the

1 agency would provide that general parameters
2 box, so that's one piece.

3 The second piece that I do think is
4 causing some heartburn, I guess -- and maybe
5 some clarity on this -- the notion that all DHCD
6 acquisitions now would run through the ALP.

7 So two questions I have, one about --
8 and this may come up in the context of a meeting
9 with developers. Particularly, I'm thinking of
10 nonprofit developers who are particularly
11 serving the most vulnerable populations and
12 doing the deepest income targeting, kind of the
13 hardest projects.

14 So two questions. One is is there
15 going to be any flexibility that the agency will
16 retain to do acquisition lending for kind of the
17 hardest-to-do projects that maybe the responding
18 outlenders don't have comfort doing?

19 I think that's one issue that will need
20 to be thought about because I think that's going
21 to be a concern in the development community.

22 And then the second question is is the

1 ALP is a one-time chunk of money, you know,
2 initially. Maybe there will be additional
3 chunks down the road, but at least initially.

4 So what happens if and when the ALP
5 lenders two years from now -- let's say all the
6 ALP money is out the door and is outstanding and
7 people still need to do acquisition borrowing --
8 what then happens?

9 So that's another question on the table
10 because the bullet points speak to this will be
11 the only way that acquisition lending will be
12 done.

13 So I think that's another concern that
14 will need to be dealt with. So I don't know if
15 you all want to speak to either or both of those
16 now.

17 MR. KELLY: Well, I think it's a good
18 observation.

19 Again, I think we definitely don't want
20 to abandon SAFI, existing SAFI until there is
21 agreement that this other product is a product
22 that clearly meets all the existing

1 requirements.

2 And it's not inconceivable that we
3 actually continue to have some other kind of
4 product that we administer ourselves.

5 I think Nathan has established putting
6 out goals and where we want to get to. How we
7 get to that, though, I think is, you know,
8 worthy of an interim discussion.

9 You clearly want to get to some point
10 just by saying we want to get there without
11 having some sort of appreciation of what the
12 ramifications of that will be.

13 MR. BOWERS: Bob.

14 MR. POHLMAN: In addition to that \$25
15 million, and if it doesn't revolve fast enough
16 or you need more, the real deal is the permanent
17 financing that also has to come out of the Trust
18 Fund.

19 So these projects have simply been
20 purchased. They haven't been financed. They
21 haven't been, you know, rehabbed and the
22 acquisition loan hasn't been taken out and the

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1 rehab hasn't been financed.

2 So I'm hoping that -- and it gets kind
3 of back to my question about where are we at
4 with the Trust Fund and how much commitments are
5 in looking ahead because, you know, we've been
6 very fortunate the last couple of years to have
7 a Mayor who found, you know, additional one-time
8 money and put it in the Trust Fund.

9 But that's not certain for the future;
10 in fact, it's much less likely given the tax
11 cuts that the Council has agreed on, taking
12 excess revenue that shows up every quarter and
13 using it to fund the tax cuts until they're
14 fully funded. So we may not see that kind of
15 windfall again.

16 And so we're talking about \$35 million
17 net, maybe \$36 million net a year in Trust Fund
18 dollars going out.

19 So we can acquire this, but then what's
20 it going to take to finance it in the out years
21 is also -- when you look at this being the sum
22 total of the program and that everything will be

1 driven through this, and the expectation is
2 there will be permanent financing at least
3 possible at the end, what does that really look
4 like, what is the size of this program.

5 So that's one of the reasons, I think,
6 we need -- as a Trust Fund Advisory Board
7 specifically, we need to be looking at not that
8 there's not other sources of funding, but we
9 need to be looking at what are the -- what does
10 that look like.

11 MR. SIMMS: I think in terms of the
12 first part -- and I said this, I think, in the
13 original meeting -- when people talk about tough
14 transactions, what are they talking about? And
15 I think that's part of the discussion where
16 people say well these tough transactions.

17 Well, what tough transactions are we
18 talking about? Let's begin to define them and
19 what makes them tough because what someone may
20 judge as tough, we may think, you know, it has,
21 you know, some degree of foolishness to it or it
22 needs to be tightened up in some areas.

1 So I think part of the discussion is
2 what is a tough project. And if we are funding
3 tough projects now in terms of acquisition, then
4 they are not that tough, I mean, in terms of my
5 opinion.

6 And so what does that mean at the end
7 of the day in terms of getting people
8 comfortable around them because all we're doing
9 for acquisition primarily is TOPA transactions.
10 And I think we all agree that there are some
11 steps that need to be taken, I think, to
12 strengthen that.

13 And just because the government, I
14 think, is an efficient method as a financier,
15 doesn't mean that that is a solution to that
16 problem.

17 So I'm just saying at the end of the
18 day we have to have that level of discussion and
19 say what is a tough project. If you can't have
20 that honest conversation about what -- but I
21 mean, if there can't be an honest conversation
22 about what makes a tough project and that

1 reality in terms of here are the things we see
2 that make it tough and here are the solutions of
3 how you can make that easy, you know --

4 MR. KNIGHT: I appreciate that comment.
5 And I think that's part of what I'm hearing in
6 the lender point of view, "What is the box?"

7 I know it's out there in the
8 practitioner point of view because we get asked
9 about it, "What is the box?"

10 And so we might feel like our
11 transactions are hard because of the experience
12 we've had in the past or easy because of the
13 experience we've had. But we might be
14 misreading where the risk issues are and the
15 soft spot issues are.

16 But in some of the early dialogue
17 around the development of the program, there was
18 a discussion or the naming of a Tier 1 and a
19 Tier 2 track. I don't see that language
20 anymore.

21 But there was creating at least in me
22 the notion that the projects that didn't have

1 much financial risk associated with them would
2 move quickly and those that did have more
3 financial risk associated with them may have a
4 tougher time.

5 Well, let's define that relativity,
6 too, how much money is going to go in the
7 program, how much money is going to be left over
8 for other ways of doing projects.

9 So it just feels like lots of good
10 ideas that are moving, but details still unknown
11 that leave a lot of the stakeholder community
12 anxious to understand what the details are.

13 MR. SIMMS: Well, the Tier 1/Tier 2, I
14 mean, had nothing to do necessarily with this
15 other than the goal of trying to make more
16 projects Tier 1-ready; meaning, that there may
17 be financial limitations that the developer may
18 not be able to expend those monies to be in a
19 Tier 1 position and we think that that will
20 help.

21 In terms of the tougher -- that's what
22 I'm saying. I mean, the tougher -- we have war

1 stories that we can all swap about tough
2 transactions and what we want to see versus what
3 you want to see versus what the lender wants to
4 see, and I think we should have that
5 conversation because, frankly, we're just
6 dancing around it.

7 And I mean, if we can't be honest about
8 the things that we see, then that's fine. But
9 it was part of our discussion, as well, because
10 there were things that they saw -- not you --
11 but from a lending perspective, there were
12 things that the lenders saw that they only felt
13 comfortable.

14 That's what I'm saying. That's why we
15 had -- when we had the stakeholder meeting,
16 that's why the lenders weren't saying anything
17 because at the end we don't want to have a taboo
18 situation where I have my own set of issues, but
19 I don't share them, the lender has their set,
20 you have your set, because we're not getting to
21 where we want to get to.

22 I think we do have to facilitate a

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1 discussion. And it's a real discussion, by the
2 way, about what those issues are and how we can
3 get to addressing those issues to make everybody
4 comfortable.

5 The answer may not be what everybody
6 wants to hear, but it may be necessary to move
7 it forward. So I think that's fine. And I
8 think that's in the context of everything we do,
9 not just in the Acquisition Loan Program.

10 But I think the difference is when we
11 do acquisition now, we have such a limited
12 window to hash these issues because it's like, I
13 need to close now, I need to close now, I need
14 to do this right now, I'm getting a phone call
15 from this place, I need to close right now.

16 But if we had an opportunity to really
17 follow through with the due diligence, some
18 transactions may move forward, some transactions
19 may not move forward the way they're structured
20 and they may be a little bit different.

21 That is the difference, I think, that
22 we're trying to get to is take that clock away,

1 which was the original discussion that we had
2 about TOPA just, in general, and moving those --
3 if you take that clock away and allow them to
4 acquire, but you are still working through those
5 issues in terms of how to make that deal strong
6 at the end of the day.

7 And to your point, Bob, no, it's not
8 about rehab, it's not -- because that's kind of
9 a next step, but we want that to be a logical
10 step in the process, that they are gathering the
11 information so they can move to the permanent
12 and move to the rehab.

13 So I think that conversation needs to
14 take place. I'd love for it to take place.

15 MR. POHLMAN: I mean, part of why I'd
16 like to do this is, you know, developers always
17 hear from DHCD what the limitations are and,
18 this project might not be good enough and so on
19 and so forth.

20 I'd like to have them hear that from a
21 lender and I'd like that dialogue. You know, if
22 lenders are willing to say it, I think it would

1 very helpful to the overall environment here.

2 If we brought reality to the situation and
3 said, "You know what? We can't do this kind of
4 project anymore because of whatever," or,
5 "Private lenders aren't willing to do this
6 unless there's huge amount of subsidy," we need
7 to have that conversation.

8 MR. BOWERS: I'll say two things as we
9 move this conversation forward: (1), I starkly
10 remember the meeting we had in April, the
11 stakeholder meeting where Adrian Washington made
12 a comment about kind of the black box for
13 developers as they interface with lenders and
14 thinking that was like, wow, now, the
15 conversation is going to get real and it was
16 crickets. It was crickets. All of the lenders
17 sat there and smiled. And so that was -- I
18 remember that very distinctly.

19 So I am hopeful that we can get that
20 kind of dialogue.

21 So that being said, I will say this. I
22 do think that we'll, hopefully, get more honest

1 dialogue -- or not more honest. Let me correct
2 that -- more open dialogue when we have lenders
3 and developers here for two reasons: (1),
4 because now there's an actual new program that's
5 going to be on the street and so there is
6 something real to respond to. That's one.

7 And (2), the lenders who will come, by
8 definition, are folks who are interested in
9 potentially responding. And so I think they're
10 going to want to have that real dialogue back
11 and forth.

12 So to that point in terms of timing and
13 in terms of who, so, Director, you had mentioned
14 -- and, Nathan, I know you have it here on the
15 thing in terms of a stakeholder roundtable, and,
16 Bob, it's in the email that you had sent.

17 So it seems as though there's a desire
18 to have some lenders and developers to come in
19 and have a conversation, to hear what the
20 thoughts are about the program and then to get
21 some real open and honest dialogue about issues,
22 concerns, suggestions people may have from the

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1 development community, for profit and non profit
2 and lenders.

3 I would suggest to folks -- so one
4 thing we need to think about is who gets invited
5 to that conversation; and secondly, timing.

6 My sense is that what we may want to do
7 -- Nathan, you had mentioned 30 to 45 days. So
8 actually, three weeks from now we're supposed to
9 have our next monthly meeting, so I would
10 suggest to the Board that we do that in the
11 context of our next monthly meeting -- that's in
12 three weeks -- and potentially make that meeting
13 -- add an extra 30 minutes to an hour to that
14 meeting, because my sense is that we probably
15 want to give a good 90 minutes at least for that
16 dialogue is my sense.

17 MR. POHLMAN: That would be without
18 having the general guidelines.

19 MR. SIMMS: I don't think we need the
20 general guidelines. I mean, if you're just
21 having open discussion about -- and that's what
22 I'm saying about part of the discussion we had

1 with the lenders. It was here is the box that
2 we have talked about.

3 And when we started talking about what
4 that box was, it was all the same pieces. So I
5 think it really is how do we make this work.

6 I can't get it to you by the next
7 meeting. I would be able to do it by November.

8 MR. BOWERS: And I actually think that
9 one part of the conversation with the
10 stakeholders ought to be some conversation
11 around what would people think the box ought to
12 look like to help inform the agency's thinking
13 about that.

14 MR. KNIGHT: Go to that dialogue.

15 MR. BOWERS: Yeah, add that to the
16 dialogue.

17 MR. POHLMAN: That's good. It would be
18 helpful if you had --

19 MR. BOWERS: Let me just -- I'm sorry.
20 Let me just say this in terms of the timing.

21 So I think if we do it at the next
22 monthly meeting, block off 90 minutes, and then

1 I'm suggesting that the back end of the
2 conversation after we invite stakeholders --
3 well, they can stay if they want. It's a public
4 meeting -- is to have a look at the status of
5 funds, because I think that also -- getting the
6 updated status of funds of the Trust Fund, going
7 back to Bob's point about as we think about the
8 ALP and how much and how it's structured and all
9 of that, some general sense -- and I know all of
10 this is fluid -- of what does the financial
11 outlook for the Trust Fund look like now and
12 over the short -- you know, over the next year
13 or two when we think about all of this.

14 So the bottom line is I'd suggest that
15 maybe we do a meeting that goes from 10:00 to
16 1:00 and by -- 10:00 to 12:30 or 10:00 to 1:00,
17 invite stakeholders to be here from 10:00 to
18 11:30 for that dialogue.

19 How do folks on the Board feel about
20 that in terms of just timing? Bob, go ahead.
21 You were going to say?

22 MR. BAILEY: When is the next meeting?

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1 MR. BOWERS: It's the first Monday in
2 October.

3 MS. FIELDS: October 6th.

4 MR. BOWERS: It's the 6th. Thank you,
5 Bea.

6 MR. POHLMAN: Here's a suggestion. I
7 know DHCD has done work before on an average
8 subsidy from the past. That could be useful.

9 MR. BOWERS: Say that again, Bob.

10 MR. POHLMAN: DHCD has done work on
11 what the average subsidy is for different kinds
12 of projects. I don't know if that would be
13 useful or not, but it would give some --

14 MR. KNIGHT: Chris could take what he
15 already did in that summarized AMI band of 30
16 and 80. If he could just translate subsidy per
17 unit --

18 MR. POHLMAN: The reason why I say that
19 is when you start getting into whether a project
20 can be done or not, that -- when you put that in
21 front of the nonprofit developer, that's when
22 you get, oh, well, you know, we're not going to

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1 be able to do, whatever, half of the TOPA
2 projects or we're not going to be able to do a
3 permanent supportive housing project at that
4 level.

5 I'd like to hear that come out, instead
6 of it just being a theoretical --

7 MR. KNIGHT: We won't be able to work
8 in that neighborhood anymore, you know, some of
9 those kinds of things.

10 MR. POHLMAN: But, you know, we could
11 do it just on a theoretical basis.

12 But it's almost like you have to get
13 down to cases, what is a difficult project, what
14 is a project where you're pushing the edges that
15 you want to do and what are we going to do about
16 that.

17 So, anyway, I also don't think it
18 should be a cast of thousands. The one big
19 meeting that we had, you know, I mean, it, to
20 me, should be a working dialogue amongst lenders
21 that are interested, not those who aren't
22 interested.

1 And for the Board to decide maybe some
2 key developers or something both for profit and
3 nonprofit who you would expect to have
4 participate, that kind would be maybe my
5 criteria.

6 MR. BOWERS: Well, I think the lenders,
7 we could -- the lenders that we invite could be
8 the folks that participated in the lender
9 roundtable, so that's a group of --

10 MR. KNIGHT: Roughly, how many is that?
11 Just curious.

12 MR. BOWERS: It's six or eight, about
13 eight. And they may not all come, but it's --
14 you know, it's been about four intermediaries
15 and then about four banks, give or take. So
16 that would be it.

17 So if we can take a minute then and
18 identify before we move on to the next item on
19 the agenda, developers, because we're going to
20 have to move on this quick because we're going
21 to need to get an invite out to folks pretty
22 quickly. Who are the developers?

1 Now, we invited about -- I can go back
2 and look at the list. We invited about seven or
3 eight developers to the April roundtable, some
4 for profits and some nonprofits.

5 MS. FIELDS: The list is in here. I'll
6 pull it.

7 MR. BOWERS: Thank you, Bea. You're an
8 angel.

9 But if people have -- any Board Members
10 have any specific suggestions on nonprofit or
11 for profit developers to invite to the meeting?

12 MR. POHLMAN: I'd just say across the
13 continuum and make sure that different kinds of
14 developers, somebody working with TOPA.

15 MR. KNIGHT: PSH Rental.

16 MR. BOWERS: PSH.

17 MR. POHLMAN: Like Mi Casa, I would
18 say, PSH.

19 MR. BOWERS: And we've got a couple
20 developers here represented on the Board, if you
21 all don't mind wearing two hats.

22 MR. POHLMAN: I would assume that these

1 guys would be there.

2 MR. BOWERS: So, yeah, certainly a
3 developer who has experience with TOPA deals,
4 PSH deals, family rental.

5 MR. POHLMAN: Probably, I don't know,
6 PSH. Who is doing the most of those? It seems
7 like THC is doing several.

8 MR. BOWERS: THC. Who is doing TOPA
9 deals? Who are some of the folks doing TOPA
10 deals?

11 MR. SIMMS: Mi Casa.

12 MR. POHLMAN: Dantes is interesting to
13 do both regular deals and, now, they're doing
14 some PSH.

15 MR. BOWERS: Yeah, okay. So that's
16 three right there and a couple more.

17 So we'll take a look at the list. If
18 anyone has thoughts before we leave, let me know
19 and we'll look at the list of folks we invited.

20 But certainly let me know. What I'll
21 work to do is get an invitation out before the
22 end of this week.

1 MR. POHLMAN: Maybe some with Manna or
2 two others that come to my mind.

3 MR. KNIGHT: Manna and Habitat.

4 MR. BOWERS: Yeah, okay. All right,
5 thank you all for that discussion.

6 Now, the Leverage Side Options.

7 Unfortunately, Sue could not be with us
8 today at this meeting. We did have some
9 conversation at the last meeting.

10 I don't know if there are any updates
11 from the government side on -- anything you all
12 wanted to flag as follow-up or anything you all
13 have heard?

14 Again, I know Sue was having some
15 follow-up conversations with folks from Deputy
16 Mayor, I think, Otero's office and some of the
17 agencies who presented last time.

18 But anything anyone has by way of
19 updates here?

20 MR. KELLY: I think just, structurally,
21 the Interagency Council of Homelessness has now
22 developed a more disciplined structure, and what

1 may come out of that is more specific
2 recommended goals that may come out of it.

3 The updates since the last meeting is
4 that the Interagency Council of Homelessness has
5 adopted a structural change, that what used to
6 be the Permanent Supportive Housing Production
7 Committee is now more of a housing supportive
8 development community for lack of a better term.
9 I can't think of the right term for it.

10 But that may have an impact in terms of
11 sort of consolidated resources outside of what
12 we've already done in terms of our agreement.
13 There may be some other kinds of things that
14 come out of that restructure.

15 MR. BOWERS: Okay.

16 MR. POHLMAN: I would tend to think
17 that this demand-side conversation that we're
18 having, while it's something this Board does
19 want to take on, that that Housing -- what's it
20 called, Housing Solutions Committee --

21 MR. KELLY: Yeah.

22 MR. POHLMAN: -- probably will be

1 heavily focused on and we need to figure how to
2 interact.

3 But all the players, agencies and then
4 others will be around the table talking about
5 that.

6 MR. KELLY: In fact, that did come up
7 in terms of actually having a representative
8 from this Advisory Board to be on that Board or
9 to monitor that activity was what came up at the
10 last meeting.

11 MR. BOWERS: Bob, you're on that.

12 MR. KELLY: Meaning Bob.

13 MR. BOWERS: Will you continue to be
14 post-retiring?

15 MR. POHLMAN: I plan to stay on -- I
16 got an appointment from the Mayor, so I plan to
17 stay on this for a while.

18 MR. BOWERS: What about the Interagency
19 Board.

20 MR. POHLMAN: That's not decided yet
21 who will be appointed to those positions.

22 MR. BOWERS: Okay. I mean, it would be

1 helpful if you'll be continuing on that board to
2 then provide some feedback.

3 MR. POHLMAN: I don't want a full-time
4 job.

5 MR. BOWERS: Right, right, right.
6 Welcome to retirement. Right?

7 And then, of course, if there are any
8 other members of the Board who might have an
9 interest in connecting with that group,
10 certainly, let us know. But it does sound like
11 that group then, we need to make sure we're
12 formally connected.

13 Now, is Sue on that group, as well?

14 MR. POHLMAN: Yeah.

15 MR. BOWERS: Sue is, yeah.

16 MR. POHLMAN: She's a good link.

17 MR. BOWERS: Yeah. So we'll have a
18 formal link.

19 MR. POHLMAN: And they're talking about
20 having somebody from philanthropy on there, so
21 if Jackie was interested, I would guess that
22 would be well-received.

1 But that would be -- that's your team
2 right there.

3 MR. BOWERS: Yeah. I will say --
4 you're right.

5 So, folks, if you look at the July
6 meeting highlights -- thank you, again, Bea, for
7 this -- on page 7 of 14, you'll see the
8 questions that were raised at the last meeting
9 to the folks who came and presented.

10 And Sue was doing some follow-up
11 relating, I think, to some of these questions
12 and some other issues.

13 So I just wanted to flag for folks
14 before we move on that we will -- we have this
15 in the record in terms of issues that were
16 raised vis-a-vis the presentations at the last
17 meeting.

18 We'll continue to work with Sue as a
19 point person for the Board to interface with the
20 Deputy Mayor's office to get some follow-up and
21 kind of think through what the appropriate
22 follow-up is.

1 And then, of course, with this new --
2 and thanks for that update, Director, around the
3 new housing solutions group -- how we
4 potentially interface with them as maybe a group
5 that's maybe taking lead on some of this.

6 So we'll follow up more with this at
7 probably our November meeting because the next
8 meeting is going to be pretty stuffed.

9 Anything else on the demand side?

10 [No response.]

11 MR. BOWERS: Okay, thank you.

12 Old business, review of the periodic
13 reports.

14 Is this the issue, Director Kelly,
15 Nathan and others around the actual status of
16 that -- of the Housing Production Trust Fund
17 report?

18 I think Okie at one of our -- either
19 the last meeting or the June meeting may have
20 referenced that there was work being done on
21 putting out a new Trust Fund report.

22 What's an update on that status of the

1 updated Trust Fund?

2 MR. SIMMS: We'll have to follow up on
3 it, but I think we should be able to -- I would
4 think we should be able to produce something by
5 the next meeting that gets us fully up-to-date.

6 MR. KELLY: I think the obvious goal is
7 inching toward it. We had FY11 and 12, sort of,
8 audited baseline activity.

9 We're inching our way toward the
10 commitment to quarterlies and annuals, but we're
11 not quite there yet.

12 MR. BOWERS: Director, do you think by
13 the end of the calendar year there will be a
14 report produced or sooner?

15 MR. KELLY: Yeah. You know, it's not
16 Okie by the way. It's really just the
17 connection between the existing CFO system and
18 our system.

19 It's just, you know, folks aren't
20 talking to each other the way they need to talk.
21 So the hope is is that there's something that --
22 there's a product.

1 They're working with CB right now
2 looking at trying to do it with SOAR, or
3 something like that. So there's work with
4 Enterprise right now in trying to figure out
5 the computers talking to each other stuff.

6 So, Mr. Chairman, I think that is the
7 expectation.

8 MR. BOWERS: Okay. Any questions
9 anyone has on that issue?

10 [No response.]

11 MR. BOWERS: Okay. Any new business to
12 be brought to the Board? Yes, David.

13 MR. ROODBERG: I have a question on
14 basically the future of this Board and also
15 terms.

16 And I know there's an election coming
17 up, but I believe some of our terms, and I think
18 mine was one, they were staggered, come up at
19 the end of this calendar year.

20 So given that there's not much time
21 left, if things are to continue, things would
22 have to go to Council to extend terms or change.

1 I think they were staggered. I don't
2 think everybody's was, but I believe mine is. I
3 don't know who else.

4 MR. BOWERS: Yeah. So I actually spoke
5 to -- interesting you brought that up.

6 As I was working from home with my foot
7 elevated, I spoke to the Director of the Office
8 of Boards and Commissions and we talked about
9 that.

10 So he is actually looking into that
11 issue because there are, I believe he said, four
12 of us, because I know my term is in January, but
13 he mentioned that there are four of us whose
14 term ends and he was looking into issues
15 including how long can people serve even after
16 the term ends, but more to the point, also,
17 checking to see if there was a way to get
18 people's terms extended if they're interested in
19 serving before year-end.

20 So we spoke about a week ago, so he
21 said he was starting to check in on that and,
22 hopefully, we'll have an update by -- before

1 even the next meeting.

2 So for those of you all whose terms
3 end, you should certainly think about, if you're
4 interested in continuing to serve -- given the
5 dynamics of what's going on politically, I don't
6 know if they'll be able to move that or not.
7 We'll see.

8 But if people are interested in
9 continuing to serve, you should give thought to
10 that because you may be asked in the next 30
11 days.

12 If they are able -- if there's a
13 willingness on Council to move on continuing
14 terms, then we need to be able to say yes or no
15 if we're interested in continuing to serve.

16 MS. FIELDS: You need to let me know if
17 you're not interested. I made the assumption
18 you all are interested.

19 MR. BOWERS: Okay, that's great. Any
20 other new business?

21 MS. FIELDS: And the holdover period is
22 180 days. So I think it's January 14th, so that

1 would be July.

2 MR. BOWERS: Yes, sir, Stan.

3 MR. JACKSON: Coming back, I understand
4 the Council may be considering this whole
5 responsible banking ordinance.

6 I would love to see that relationship
7 to banks that would be willing or not willing to
8 participate in our new ALP program because it
9 would be kind of interesting to see how the city
10 now responds to that circumstance, because the
11 study has already been very clear that there's
12 been disproportionate lending among our local
13 banks in targeted communities.

14 And, unfortunately, these targeted
15 communities are communities that are where a lot
16 of us serve.

17 And so it will be interesting to look
18 at the correlation between those who are willing
19 to participate understanding what the parameters
20 are and those that are not as relates to how do
21 we advance this effort, because I think at the
22 end of the day it's just a holistic approach to

1 this program that's going to make it work, as I
2 see it.

3 MR. BOWERS: Stan, the response -- I'm
4 not familiar with that. Can you say a word?

5 Are those financial institutions who
6 were kind of hit with fines by the government
7 and now have to put a certain amount of money
8 back?

9 MR. JACKSON: Well, they are now being
10 targeted for that.

11 Apparently, there's been a very deep
12 study that shows there's been disproportionate
13 lending in certain communities within the city,
14 notwithstanding the fact that the city has put
15 hundreds of millions of dollars in these
16 institutions and they have now been asked to put
17 corrective action plans together to address this
18 disparity.

19 And it certainly will be interesting to
20 see the relationship of those who are willing to
21 participate in city programs like this and their
22 ability to then meet those standards or those

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1 criteria once they're defined.

2 So I think to the point, the clarity of
3 that makes it better to understand how and what
4 we do in terms of addressing this whole issue of
5 disparity in lending, notwithstanding the level
6 of investment the city is making into these
7 institutions.

8 MR. BOWERS: Who is the point person to
9 follow up on that within the city government?

10 MR. JACKSON: Vincent Orange is the
11 Chairperson whose committee is taking that
12 particular issue forward.

13 And we're all part of this taskforce
14 that we've been on for some time addressing that
15 disparity.

16 MR. BOWERS: It would be helpful, I
17 think, Stan, if you'd be willing to communicate
18 with Nathan and the folks here at the Department
19 about who maybe some of those institutions are
20 --

21 MR. JACKSON: Absolutely.

22 MR. BOWERS: -- because as dialogues

1 are going on with financial institutions on the
2 acquisition side, but also on the perm side,
3 when conversations start happening, in
4 particular, there to make sure we make that
5 connect, that they're at least invited to the
6 table. Yeah, that would be helpful.

7 Any other new business?

8 MR. KELLY: Okie came back.

9 MR. BOWERS: Yes.

10 MR. KELLY: I just want to state for
11 the record that Okie is back.

12 MR. BOWERS: We made sure that they did
13 not disparage, Your Honor, but -- okay. In your
14 absence, we spoke highly of you.

15 It was just mentioned, Okie, while you
16 were gone that by year-end, we should be getting
17 Trust Fund reports, and the Director made a note
18 that it was really more challenges with the CFO
19 and some of the financial accounting pieces that
20 were causing some of the delays.

21 Any public comments? Now, we're at the
22 public comments section. Any comment from the

1 public?

2 [No response.]

3 MR. BOWERS: All right. Any other
4 announcements that need to be made in the good
5 of the order?

6 [No response.]

7 MR. BOWERS: All right. So we will see
8 folks the first Monday in October.

9 A reminder: We will invite some -- the
10 financial institutions. And, Nathan, I'll get
11 from you the list of the lenders who have been
12 participating, the lender working group for the
13 ALP.

14 We've identified a few developers and
15 I'll look at the -- we'll look at the list of
16 folks we identified for the April stakeholder
17 meeting, developers.

18 I'm going to suggest we'll block from
19 10:00 to 1:00. We'll add an extra hour to the
20 meeting, so I just want to flag that for Board
21 Members.

22 In terms of what we'll -- so the first

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1 part of the conversation will be the stakeholder
2 conversation.

3 We will look to get the updated status
4 funds piece and make that a part of the second
5 half of the conversation around what the
6 obligations, commitments, et cetera, that was
7 referenced earlier.

8 And between now and then, Andrew will
9 follow up with us to let us know if we can get
10 the data presentation on subsidy.

11 It would be helpful, Nathan, I think --
12 and Chris is not here, but you all will mention
13 to Chris just that notion of even with the data
14 you all have now, kind of just running a quick
15 number on what the average subsidy is per unit
16 by income band would be helpful to know as a
17 data point for the stakeholder meeting. That
18 would be a good one to have.

19 And we'll make it clear in the invite
20 that goes out that -- for that meeting that we
21 will not only get briefed on -- so it's a
22 combination of briefing from the Department on

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1 kind of what the overview is -- but a real
2 dialogue with developers and lenders about what
3 their feedback is based on what they heard and
4 suggestions that people have and ideas around
5 particularly the permanent subsidy parameters,
6 as well.

7 Anything else?

8 [No response.]

9 MR. BOWERS: All right. It is 11:51
10 a.m. Our meeting is officially adjourned.
11 Thank you all very much.

12 [Whereupon, the meeting concluded at
13 11:51 a.m.]

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