

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Housing and Community Development

Housing Production Trust Fund

Advisory Board Meeting

10:06 a.m. to 1:05 p.m.
Monday, October 6, 2014

DHCD, Housing Resource Center,
First Floor
1800 Martin Luther King Jr., Ave., S.E.
Washington, D.C. 20020

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

Appearances:

HPTF Board Members:

DAVID BOWERS, Chair
STANLEY JACKSON
JIM KNIGHT
SUE ANN MARSHALL
ORAMENTA NEWSOME
M. CRAIG PASCAL
ROBERT POHLMAN
JACQUELINE PRIOR
DAVID ROODBERG
MICHAEL KELLY, ex-Officio

DHCD:

MILTON BAILEY
NATHAN SIMMS
VONDA ORDERS
OKE ANYAEGBUNAM
BEATRIX FIELDS
CHRIS DICKERSIN-PROKOPP
PAMELA HILLSMAN
MARTHINE BARTEE-WILLIAMS
CHRIS MARSHALL
CASSIA SOOKHOO
LEAH ANDERSON
MARIBETH DELORENTE
MOLLY SIMPSON

Invited Guests, Lenders:

BUWA BINITIE
FERNANDO LEMOS
POLLY DONALDSON
CHRISOPHER LOPIANO

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

Appearances (Cont'd):

MICHAEL BODAKEN
JIM DICKERSON
KEN ELLISON
LEILA FINUCANE
CHI PERRUS
HOLLY DENNISTON-CHASE
MONICA WARREN-JONES
PHILLIP BUSH
NANCY LIEBERMANN
THOMAS NIDA

Other Guests, Members of the Public

ANDY SLETTEBAK
JUDY MAIMA
JEREMIAH WRIGHT
DAVID WRIGHT
ALLISON LADD
HANK ROTHERS
COREY POWERS
MARY BLACK FORD

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

2 CHAIRMAN BOWERS: All right, ladies, and
3 gentlemen, we're going to call this meeting to
4 order. Okay. So, it is 10:06 a.m. on Monday,
5 October 6th. We want to welcome everyone to the
6 District of Columbia Housing Production Trust
7 Fund Advisory Board meeting. I want to thank you
8 all very much for coming out today.

9 I call the meeting to order. I am David
10 Bowers, the Chair of the Advisory Board. I want
11 to go around and ask the members of the board to
12 call themselves present so we can establish our
13 quorum.

14 We have Jim Knight joining us by phone.
15 Jim, are you there?

16 MR. KNIGHT: Yes. Good morning,
17 everyone.

18 CHAIRMAN BOWERS: Okay. So we have, Jim
19 Knight is present.

20 And we'll go to Bob.

21 MR. POHLMAN: Bob Pohlman.

22 MR. ROODBERG: David Roodberg.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MS. MARSHALL: Sue Marshall.

2 CHAIRMAN BOWERS: So, seeing that we have
3 at least five members here, we do have a quorum
4 and a quorum is established. Thank you all very
5 much.

6 So, the bulk of our meeting today will
7 focus on, or the first part of our agenda today
8 will focus on the discussion item of the proposed
9 DHCD Acquisition Loan Program, a dialog with
10 stakeholders between lenders and developers.

11 So we have some -- the way we'll do this,
12 we have a presentation that will be done by DHCD
13 staff. And we will then go to an open dialog, a
14 facilitated dialog with invited developers and
15 lenders. After a portion of that time, we will
16 open up the floor for any questions or
17 observations that we may have from developers,
18 lenders, others who may be in the room, and the
19 public. So we'll do all this.

20 I've asked DHCD to take up to -- they may
21 not use all the time, but up to 30 minutes to
22 really walk through the program. And then we'll

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 take up to about another 20-25 minutes for
2 facilitated dialog with invited lenders and
3 developers. And then we should have about
4 another 15 minutes, 20 minutes, depending on how
5 time flows, to have an open discussion with any
6 comments or observations from those who may be in
7 the audience.

8 We'll then take a brief break. The
9 meetings are open to the public, so folks are
10 welcome to stay as long as you'd like. But that
11 portion of the agenda will be completed. Take a
12 brief break. We'll get some notes that will be
13 collected for us. And then the board will go
14 into our second half of our, or second portion of
15 our meeting where we'll look at agenda items 3
16 through the end.

17 I do want to start the meeting by
18 thanking our scribes from DHCD, Cassia Sookhoo,
19 Chris Marshall, and Ayesha Traynham. So we want
20 to thank all three of them for the scribing and-
21 or assistance, for helping our always, ever-
22 present scribe who is here.

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 As we always do, I like to start off,
2 because I like to, we are in the house that he
3 manages for the people. So I want to ask if
4 Director Kelly has any opening remarks for us,
5 and then we'll jump into it.

6 Director Kelly?

7 DIRECTOR KELLY: No justice, no peace.
8 The people's house is your house.

9 (Laughter.)

10 DIRECTOR KELLY: Good morning, everybody.

11 (Chorus of "Good morning.")

12 DIRECTOR KELLY: Just if you haven't
13 noticed, check it out. This is the new and
14 revised Housing Resource Center. For those that
15 don't know, we have literally thousands of folks
16 -- we have thousands of folks that come through
17 here on an annual basis to learn things about
18 tenant option to repurchase and condo conversions
19 and how to fix up the house, and, you know,
20 whatever it takes.

21 Well, we actually have spent a couple of
22 bucks and have looked at putting in, as best we

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 can, sort of installations to facilitate this
2 discussion. There's a high-def projection there,
3 a monitor there. But most importantly, it's the
4 sound systems. So a lot of this is remote.

5 So, again, I wanted to give it up to the
6 DHCD staff on behalf of the people to make this
7 room good.

8 Any announcements, Mr. Chairman?

9 CHAIRMAN BOWERS: Yes, sir.

10 DIRECTOR KELLY: Just in terms of
11 announcements, a reminder that this Wednesday,
12 October 8th at 10:30, just up the street at 2225
13 Martin Luther King Avenue, at the Four Points
14 Project, the mayor will be announcing the awards
15 for this last spring's notice of funding
16 availability. So, be there or be square.

17 (Laughter.)

18 DIRECTOR KELLY: And also, just along
19 those same lines, the Property Acquisition
20 Disposition Department has the next wave of
21 solicitations will be going out. For those that
22 are interested in utilizing that tool, please

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 check out the website for dates for those
2 workshops, et cetera.

3 So, thank you, thank you, Mr. Chairman.

4 CHAIRMAN BOWERS: That's great. Thank
5 you, Director Kelly. Appreciate it.

6 Two more housekeeping notes. One, if you
7 have a cell phone, please put it on silent or
8 vibrate. The restrooms are out the door to the
9 left.

10 And finally, the microphones are very
11 sensitive. So you should know that. And if you
12 are speaking around the table, please make sure
13 to -- if there is a handheld mic near, you might
14 want to use that to help people. But there are
15 microphones that are on. These are recorded,
16 public sessions. So we just want to make sure
17 folks are aware of that.

18 Without any further delay, we will turn
19 it over -- Director, to Nathan, is that right?

20 DIRECTOR KELLY: Sure.

21 CHAIRMAN BOWERS: So, Nathan Simms from
22 DHCD will walk us through. And, Nathan, we'll go

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 up on Tilton (phonetic) for you, or you can
2 always yield some of the time back. But it's up
3 to you, sir.

4 MR. SIMMS: We will.

5 (Laughter.)

6 CHAIRMAN BOWERS: But no rush.

7 MR. SIMMS: Plenty of time.

8 DIRECTOR KELLY: But, Nathan, just again

9 --

10 MR. SIMMS: Yes, sir. Go ahead.

11 DIRECTOR KELLY: Twenty-five words of
12 framing of this. This is actually a product that
13 came out of a series of workshops we had with our
14 stakeholders around our tenant opportunities to
15 purchase program. What came out of that was,
16 isn't there a way that we can actually get
17 dollars quicker to do acquisitions?

18 In a market where things are moving so
19 quickly, isn't it -- should we not find a way of
20 developing some sort of product? So this
21 particular concept came out of a stakeholder
22 meeting.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 From that, we were now also looking at
2 trying to use this infusion of Housing Production
3 Trust Fund as a way of buying down the risk for
4 private lenders so we can actually have a
5 relationship with the private lenders around
6 credit enhancement, and specifically around this
7 program of acquisitions.

8 So again, this is pretty obvious. But
9 for those that are hearing it for the first time,
10 I wanted to frame it, where it came from and
11 where we're going with this.

12 And finally, in terms of -- again, we'll
13 get into it in more detail. We're going to be
14 moving in the development of an RFP process where
15 we will have an opportunity for continued
16 stakeholder input involvement toward a final
17 product.

18 CHAIRMAN BOWERS: Great. Thank you,
19 Director.

20 Nathan.

21 MR. SIMMS: Thank you. Good morning,
22 everyone.

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 (Chorus of "Good morning.")

2 MR. SIMMS: So, thank you all for coming.
3 Just to kind of frame this, I think, off the
4 director's point, this really started through a
5 couple of different aspects. One, as you know,
6 the last two years, the mayor and the city
7 council have afforded this agency with different
8 resources to create affordable housing.

9 (Pause.)

10 MR. SIMMS: So, this started sometime ago
11 in terms of the influx of money that we were
12 awarded from the mayor and the city council to do
13 more affordable housing. This is also my plug to
14 CNHED and the working -- the tenant opportunity
15 to purchase working group. We had several
16 discussions around that.

17 So a lot of things came into play, right?
18 We had a lot of money. We had a lot of projects
19 that we needed to push out. And there were more
20 projects that we needed to push out in a
21 prescribed period of time. And so, all of these
22 different forces were coming together.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 We created a tier one and a tier two
2 track in our NOFA round this year. And that's
3 gone very well, thank you very much. And so, all
4 of our discussions had to do around readiness,
5 and kind of framing what our responsibility
6 around readiness was.

7 This body, as a whole, had to decide how
8 to best leverage the resources of the Housing
9 Production Trust Fund, and we think that we were
10 able to come up with something that addresses
11 that.

12 So, the acquisition loan program, or ALP.
13 So, not the most sexiest name, but it gets the
14 job done. So I like to refer to it, if we're
15 going to use the word "ALP," it's like a
16 peppermint patty commercial, just close your eyes
17 and imagine you're on the Swiss Alps and the wind
18 is hitting your face.

19 (Laughter.)

20 MR. SIMMS: So what we're going to talk
21 about today is just an overview of DHCD housing
22 finance, the acquisition loan program, its

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 is the space that we currently provide and we
2 want to beef up. So currently, we have the site
3 acquisition financing initiative, or SAFI. ALP,
4 as proposed, would provide financing to acquire
5 the sites and move through the pre-development
6 process. And obviously, we have construction and
7 permanent financing through the consolidated RFP.

8 So let's talk about the ALP. So, what
9 DHCD is proposing to do is to expand acquisition
10 and pre-development funding by \$100 million.
11 Provide greater flexibility to lenders and
12 developers to serve a wide range of projects,
13 TOPA, permanent supportive housing, any
14 affordable housing, home ownership or rental.

15 Leverage the underwriting expertise of
16 the private lenders. I tell this story every
17 time because I think everybody needs to
18 understand why this is real.

19 Last year, we received 20-plus
20 applications through the NOFA last year. Last
21 year, during the summer, we received 10 TOPA
22 applications all around the same time. That is

LENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 One of those things was the property
2 repairs up to 20 percent of the property value.
3 Many people take over existing properties.
4 They're down units. Obviously, you need income
5 to generate in the short term and the long term.
6 So that helps.

7 I like this one just because, for all of
8 the for-profits who have tried to become
9 nonprofits or have nonprofit partnerships and
10 able to qualify for SAFI, let's call it what it
11 is. It is open to you, too, for profit and
12 nonprofit. So we gave up to 95 percent loan to
13 value.

14 New lenders can choose to participate,
15 which is good. A lot of new lenders in this
16 room. Financing larger projects, no capital on
17 credit. Deals are getting more expensive by the
18 day, more expensive. So we can ignore, as if
19 SAFI is addressing all the problems, but it's
20 not. It's more expensive. So we're going to
21 address that.

22 Expanding ability for lenders to co-lend

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 in order to share risk. This came out during
2 part of the conversation. Some deals can involve
3 multiple lenders, one lender, however you want to
4 do it. I think as long as folks are talking,
5 that's a good thing.

6 RFP process. So, we're obviously
7 committed to being transparent about the type of
8 projects likely to be selected. You know, if I'm
9 trucked out somewhere, it's always for the good
10 news or the bad news. It's going to be detailed,
11 though.

12 And so, we're talking about the types of
13 deals that we want to see going forward and
14 getting funded. And we're willing to share that.
15 And it begins with the internal underwriting
16 standards and folks understanding the historical
17 data for a permanent subsidy.

18 So, just to go through our underwriting
19 standards, there's a minimum up-front equity of 5
20 percent for the TDC, maximum loan to value of 100
21 percent for up to 125 percent for a special needs
22 TOPA and redevelopment area projects. Debt

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 service coverage, 115 to 120.

2 Performing trend -- I'm sorry. Actually,
3 this is a different version of what we have. But
4 it's 115 over 20.

5 The perform -- obviously, the increases
6 of the operating expenses and the income, 2 to 3
7 percent. Hard cost contingency, new construction
8 5 percent, 5 to 10 percent for new construction
9 and rehab. Thank you -- rehab, 8 to 15 percent,
10 5 to 8 percent contingency for soft costs,
11 maximum term for acquisition construction, 24
12 months, interest occurring, deferred payments.

13 Maximum permanent loan up to 40 years.
14 Amortization -- most of our loans are based off
15 cash flow. Max interest period will accrue at
16 the beginning of the loan origination, sufficient
17 cash flow -- it's obviously subject to sufficient
18 cash flow. Interest rate of 0 percent for
19 special needs, 0 to 3 otherwise.

20 Minimum percentage, 100 percent will be
21 used exclusively for -- of our money will be used
22 for affordable housing. The reserve

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 requirements, three to six months of operating
2 reserve and 300 per unit for replacement reserve.
3 The developer fees, 10 to 15 percent. For any
4 amount higher than 10 percent, at least 20
5 percent of it has to be -- we're requiring a
6 deferral of at least 20 percent of the fees.

7 Completion guarantee. All loans not part
8 of this structure, the tax credit structure will
9 be a recourse loan until construction is
10 completed and the project is stabilized.

11 So we will provide more information, but
12 for those looking under the hood, this is about
13 as good as it's going to get. And there's no
14 smoking mirrors. There's no kabuki theater or
15 anything like that. It's all good.

16 So let's look at historical HBTF awards.
17 And so, if you look at the 30 percent AMI, we're
18 at 117,000 per unit; 50 percent AMI, about 88,000
19 per unit in terms of subsidy. And at 80 percent
20 of AMI, 46,000. That's based on 2011 to 2014, so
21 what we've been looking like the last couple of
22 years.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 So, moving forward. An RFA will be
2 released whenever you guys tell me I can release
3 it, but hopefully, by the winter. We'll work
4 with stakeholders to set guidelines on the level
5 of permanent funding. That's going to take some
6 time, but at least we're giving you a picture of
7 what it is.

8 We'll continue to share information in
9 terms of our standards for the consolidated RFP.
10 And we'll publish historic funding levels in our
11 RFP materials. I think that's helpful. I think
12 a lot of people have addressed that in some kind
13 of ways. The issues we really see now are around
14 total development costs, not necessarily subsidy
15 costs. But they're related.

16 Questions? None? Thank you very much.

17 (Laughter.)

18 CHAIRMAN BOWERS: Thank you very much,
19 Nathan.

20 What we'll do now is go around, around
21 the table. And I would ask if DHCD staff, as
22 well as our invited guests, could just go around

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 and introduce yourselves. And then we'll jump
2 into the Q and A period. So we've had Director
3 Kelly and?

4 MR. MARSHALL: Chris Marshall with the
5 Housing Regulations Administration.

6 MR. POHLMAN: Bob Pohlman, CNHED.

7 MS. NEWSOME: Oramenta Newsome, LISC.

8 MR. ROODBERG: David Roodberg, Funding
9 Brothers.

10 MS. ZURBRIGG: Elin Zurbrigg with Mi Casa
11 Inc.

12 MR. LOPIANO: Chris LoPiano with CPDC.

13 MR. KLINE: Scott Kline with NHT
14 Enterprise.

15 MR. BINITIE: Good morning. Buwa Binitie
16 with Dantes Partners.

17 MS. DONALDSON: Polly Donaldson, the
18 Transitional Housing Corporation.

19 MR. ELLISON: Ken Ellison, not Richard
20 Gerlach.

21 (Laughter.)

22 MS. LOOK: I'm Rozanne Look with Manna.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MS. FINUCANE: Leila Finucane from
2 Capital One.

3 MS. DENNISTON-CHASE: Holly Denniston-
4 Chase, from CSH.

5 MR. BUSH: Phillip Bush, Enterprise
6 Advisors.

7 MS. WARREN-JONES: I'm Monica Warren-
8 Jones, Enterprise.

9 MS. LIEBERMANN: Nancy Liebermann,
10 Cornerstone.

11 MS. MARSHALL: Sue Marshall, Community
12 Partnership.

13 MR. BAILEY: Milton Bailey, DHCD.

14 MS. FIELDS: Beatrix Fields, DHCD.

15 MS. TRAYNHAM: Ayesha Traynham, DHCD.

16 MS. SOOKHOO: Cassia Sookhoo, Project
17 Manager, DHCD.

18 CHAIRMAN BOWERS: Great. So at this
19 point, what we'll do is take some time, if any of
20 our invited lender or developer guests have any
21 questions, now the floor is open.

22 And when you ask your question, two

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 things. Please make sure to speak loudly so we
2 can catch you in the mic. And right before your
3 question, if you could just say your name again
4 so we'll make sure the record -- it will make it
5 easier in the transcription.

6 The floor is open. Yes, sir?

7 MR. ELLISON: Ken Ellison from SOME.

8 One technical, and then one kind of
9 hypothetical question. On the technical, you
10 talked about 5 percent minimum up-front equity.
11 But for special needs projects, up to 125 percent
12 loan to value. Does that mean you don't need 5
13 percent equity for those projects?

14 MR. SIMMS: I think we -- I mean, we
15 still need some equity. I think every deal is
16 going to be different. So I would say yes until
17 we say anything different.

18 MR. ELLISON: But that would mean you're
19 ending up with 130 percent loan to value if
20 you're borrowing 125 and putting in 5 percent
21 equity?

22 MR. SIMMS: We could.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. ELLISON: Okay. Second question, and
2 this goes into practically how this works. And a
3 generic example -- we're going to go looking
4 tomorrow at a piece of property -- again,
5 hypothetical. And it's zoned so that, as a
6 matter of right, we could do 30 units of family,
7 or we could do 50 to 60 units of efficiency, both
8 of which are in our service model and our
9 development plan.

10 And we might be interested in that
11 property not knowing which of those are the best
12 use, or which is the best use in terms of the
13 District's priorities, or what's the best funding
14 opportunity given one may require more operating
15 subsidies than the other. So it may have
16 something to do with which resources are
17 available.

18 How would we go through this process to
19 want to buy that property not knowing what we're
20 going to do with it internally even, but knowing
21 we're going to do A or B when the time comes?
22 And if the time is next round or the time is the

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 round after next, we care. We'd like to do it as
2 soon as possible. We'd love to get it into tier
3 one.

4 But it's a question for us of locking up
5 a piece of property that's awfully hard to find
6 this day at a reasonable price, and not knowing
7 what we would present to the interim lender, let
8 alone what we would present to DHCD as a final
9 application.

10 MR. SIMMS: So I think -- so I mean,
11 that's a good point. And I think that's the
12 point of having some time to really flush this
13 out. I think you presented two options, right?
14 So what you can do by right, and what you could
15 do if you do a zoning change.

16 MR. ELLISON: No, both are by right.
17 Both are by right.

18 MR. SIMMS: Okay. Okay. So, even if it
19 wasn't, I mean, you could still propose -- you
20 could have scenarios that look at both. But I
21 think as long as there are generalities there
22 that speak to what you want to do, I don't think

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 that everybody is expecting every piece to be
2 nailed down. But I think that there is some plan
3 or some thought in place that I think is
4 reasonable. I don't think that that's going to
5 be a problem.

6 As you remember previously, I mean, up
7 until we changed the criteria for the NOFA, we
8 were doing things based on kind of a conceptual,
9 if you will, type of review. And so I think that
10 this is -- and this is the proper place for a
11 conceptual type of review, to some extent. But I
12 think it's knowing that, hey, I want to do this,
13 or I want to do this and this.

14 But at least the generalities are such
15 that people can look at it and see that that's
16 reasonable.

17 CHAIRMAN BOWERS: Other questions or
18 comments?

19 Yeah, so we'll go one, two, and then
20 three. Yes, sir. Tell us who you are right
21 before you speak.

22 MR. BINITIE: Oh, sorry. Buwa Binitie.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 Dantes Partners.

2 Good morning again, Buwa with Dantes
3 Partners.

4 (Pause.)

5 MR. BINITIE: Okay. So, my number-one
6 question is, the standards and requirements that
7 you have here thus far, are these applicable to
8 just the DHCD portion of the \$100 million? So I
9 just want to know if this is the full picture of
10 what to expect in the event that we're still
11 dealing with a third-party lender.

12 MR. SIMMS: Um-hm. So I think this -- I
13 mean, I think part of this helps. This
14 obviously, this is when you get a little bit
15 further. I think our part of putting our
16 standards out is, as you're ultimately putting
17 your deal together.

18 So using his example, you're a little bit
19 much further down the road, and you're now
20 structuring your deal for permanent financing.
21 Then at least you have certain assumptions now
22 that can guide you in terms of knowing that

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 you're on the right track, knowing that you're
2 maybe off.

3 And as other lenders are -- who are
4 present, some may participate in the structure;
5 some may not. But they provide permanent -- I
6 think it gives much clarity at the end of the day
7 to say that this is the right ball park or not.

8 MR. BINITIE: Sure. So, is the \$100
9 million 100 percent from DHCD or is that --

10 MR. SIMMS: No.

11 MR. BINITIE: It's a portion of DHCD
12 funds?

13 MR. SIMMS: Yes.

14 MR. BINITIE: Which you're hoping to
15 leverage with other lenders?

16 MR. SIMMS: Not leverage.

17 MR. BINITIE: Okay. That's just --

18 (Laughter.)

19 MR. SIMMS: But we're proposing to put
20 \$25 million towards this effort.

21 MR. BINITIE: Okay.

22 MR. SIMMS: Yes.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. BINITIE: Then the second part is,
2 for the for-profit developers who are looking to
3 leverage 95 percent, the 20 percent of property
4 that can be utilized for property repairs, does
5 that effectively boost that up to 115? Or does
6 that take it down to 75?

7 MR. SIMMS: I think that's something we'd
8 have to look at. I mean, to your point, that may
9 take it down to some point. But, yeah, we'd have
10 to look at it and see.

11 MR. BINITIE: So, basically, we would be
12 unfairly penalized for being a for-profit
13 developer?

14 MR. SIMMS: No, no, no, no, no.

15 (Pause.)

16 MR. SIMMS: Good point, though. Touche,
17 Mr. Binitie.

18 CHAIRMAN BOWERS: So, that's one we need
19 to flag, then, the issue around the property
20 repairs and how the property repair issue gets --

21 MR. BINITIE: Yes.

22 CHAIRMAN BOWERS: We want to make sure

1 we're kind of flagging the issues that have come
2 up, for our scribes as well.

3 Before we go to question, Nathan, can
4 you say another word about how we get to the \$100
5 million, so people can understand?

6 MR. SIMMS: Sure.

7 CHAIRMAN BOWERS: And then we'll go.

8 MR. SIMMS: So, part of the RFA that
9 we're putting out -- I mean, we're seeking
10 lenders to participate in the structure. But,
11 you know, one of the key parts for the lender, or
12 key qualifications, is not only to be able to
13 deploy capital, but it's to leverage capital.

14 So, we are looking to use our \$25 million
15 in a loan-loss type situation. Or mixed in to
16 bring down the cost of capital, which is going to
17 a point for somebody in this room in a few
18 minutes.

19 But I think at the end of the day, we're
20 looking to kind of do kind of a three-to-one
21 ratio and try to get up to \$100 million, which we
22 think we can get.

 OLENDER REPORTING, INC.

 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 CHAIRMAN BOWERS: Yes, ma'am.

2 MS. DENNISON-CHASE: This information is
3 great, very helpful as a lender.

4 (Cross-talk.)

5 CHAIRMAN BOWERS: Before you ask your
6 question, just let us know who you are for the
7 record.

8 MS. DENNISTON-CHASE: This is Holly
9 Denniston-Chase from CSH.

10 And especially helpful is this great
11 bubble chart. So, I have a question and a
12 comment. My question is, how many of these,
13 especially the 30 percent AMI units, also have
14 LIHTC? Because that's part of the whole
15 financing picture.

16 And then my comment is, projects will
17 vary quite a bit for how much money they're
18 asking for from the Housing Production Trust
19 Fund, given the cost to purchase the property,
20 whether they're serving families, for example,
21 larger units versus singles.

22 So, I think there are a lot of projects

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 that are, hopefully, going to be coming up in the
2 next few years that address closing shelters. We
3 have CCNV that's, hopefully, we'll find some
4 permanent housing for people who live there. And
5 the focus on geographic -- on distribution is
6 important, too.

7 We heard that TDHCA, that case down in
8 Texas, Supreme Court ruling that the Texas
9 housing finance agency was unfairly just funding
10 projects in minority and low-income
11 neighborhoods.

12 So, looking at -- so I think that there's
13 almost more variation than -- I'm not asking for
14 a chart with all these different variables. But
15 maybe some kind of financial model where we can
16 really look forward, you know, when we're tying
17 together these pieces that we're pulling together
18 through the advocacy work of CNHED and others
19 that we're pulling together through the
20 Interagency Council on Homelessness and others.

21 So some kind of financial model that
22 looks like, how are we going to create the units,

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 both supportive housing and kind of the 30, 50,
2 and 60 percent AMI units? How are we going to
3 produce those units? What kind of cost
4 distribution we're looking at, given all the
5 variables that exist?

6 So that we can -- all the partners can
7 know what kind of resources are going to be
8 needed, and the combination of Housing Production
9 Trust Fund, plus vouchers and social services
10 dollars, I think would be really helpful, and
11 creating some kind of picture of what the type of
12 projects that the District really wants to see.

13 And then as lenders, to be able to
14 underwrite so we know we're meeting all those
15 different categories.

16 MR. SIMMS: I would agree with that. I
17 mean, I think the hard piece, it's easier for us
18 I think to say what we expect on a year-in and
19 year-out basis. Because I mean, our funding,
20 obviously, is tied to the recordation taxes. So
21 I mean, there's a projection.

22 In terms of our other counterparts, their

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 MS. DENNISTON-CHASE: Just a follow-up.
2 This is Holly again.

3 That it's not only kind of what money
4 ends up in all of your budgets, but what we, on
5 the advocacy side, what we need to advocate for
6 from the city council.

7 MR. SIMMS: And that's fine. And like I
8 said, I mean, that's a separate -- I think that's
9 a separate exercise outside of all the agencies.
10 So I do agree. I think there has to be a
11 conversation that informs everybody in terms of
12 what the resources are available. But I won't be
13 seen -- and nor will our colleagues. I think
14 we've seen you outside of the Wilson building
15 with T-shirts on.

16 So that's the part we, I think, can help
17 better inform people. But I think that's
18 something we're dedicated towards working
19 towards.

20 DIRECTOR KELLY: Do we hate T-shirts?

21 (Laughter.)

22 CHAIRMAN BOWERS: Is that official

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 policy?

2 MR. SIMMS: I love T-shirts.

3 (Laughter.)

4 CHAIRMAN BOWERS: So I see one and then
5 two, Monica and then Polly.

6 MS. WARREN-JONES: Monica Warren-Jones,
7 Enterprise.

8 In terms of the underwriting
9 requirements, I'm curious because none of these
10 deals are cookie-cutter. There's a lot of deals
11 that will come to us that will sometimes have
12 DHCD money in them already. It's like seasoned
13 money, if you will, deals that were done 15 years
14 ago, 20 years ago, buried in the basement of DHCD
15 records.

16 So either the deal will have existing
17 money, or perhaps the nonprofit, or the for-
18 profit for that matter, is purchasing it from a
19 seller who may have used DHCD money at some
20 point.

21 My question is, when we look at these
22 underwriting requirements, should we be

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 considering this as a brand-new deal? Or do we
2 need to take into consideration any other public
3 money that is -- and I'm going to call it
4 "seasoned" -- that has been in that deal for
5 awhile?

6 Ideally, I'd like to look at this as a
7 whole brand-new deal, because it would be easier.
8 But say, you know, they bought the building for
9 \$300,000 back in 1987 or what-have-you. How do
10 we look at these transactions in light of this
11 kind of new world SAFI point-two or whatever,
12 however, you know, the new acquisition loan fund?

13 MR. SIMMS: So, life still goes on,
14 right? So, I mean, it's not so new. I mean, we
15 do deal with these types of transactions all the
16 time where the agency and the city have made
17 investments in projects.

18 I think we do, obviously, go through the
19 underwriting to see -- we try to treat it as new.
20 But, I mean, it does have existing data on it.
21 And so, the question becomes, what is the -- how
22 do you treat the existing debt? Is the debt

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 taking away from them to, you know, leverage
2 their money and get a higher loan-to-value in
3 terms of debt? That could be the case, and we
4 would look at it.

5 So, I think we look at it as a new deal
6 of how to reposition the property. But I mean,
7 you do have to take into consideration the old
8 debt. And so, part of that -- what I mean by
9 that is there's a certain process that you have
10 to go through that -- and I'm not going to get
11 into it here, because everybody is going to write
12 it down.

13 But there's a certain process that you
14 have to go through in terms of the analysis to
15 see how you best reposition the property. And
16 that is the new scenario that's being proposed.

17 And then there's the treatment of the
18 existing debt. There are ways to address that.
19 It could be that the existing debt continues;
20 that's fine. Or it needs to be treated in a
21 different manner that doesn't tie it to the
22 property.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MS. WARREN-JONES: But when you're
2 thinking about things like just maximum loan to
3 value, we're looking at the maximum loan to value
4 based on the new?

5 MR. SIMMS: Well, so, what I'm saying is
6 there's a process for which we would make a
7 decision on how to treat old debt. I think that
8 the old debt cannot be ignored as the property is
9 being repositioned.

10 Somebody, the developer, the lender --
11 well, really, the developer and partially the
12 lender, have to come up with a way of how --
13 well, it's more the developer will have to come
14 up with a recommendation of how to treat that
15 debt.

16 Either that debt continues and it's, you
17 know, either rolled into the new debt if it's a
18 new request from DHCD or moves down in the stack
19 and it's subject to cash flow, or, you know,
20 other means.

21 MS. WARREN-JONES: I don't think I got my
22 full answer, but --

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. SIMMS: You got your answer.

2 MS. WARREN-JONES: But --

3 MR. SIMMS: You got your answer. I think
4 a lot of people understand what that answer is.

5 (Laughter.)

6 MS. DONALDSON: This is, in a way, a
7 follow-up to Holly's point and also looking at,
8 those of us who are developing particularly for
9 30 percent of AMI or under, and where the other
10 portions of government funding do matter, such
11 as, you know, the subsidy for the services and
12 looking at that.

13 And of course, in this two-tier -- well,
14 not the same two tiers. But in this two-part,
15 you know, getting the acquisition and development
16 bucket and then competing in the consolidated
17 RFP, the gap, especially if one actually has a
18 contract but can't necessarily -- I mean,
19 necessarily acquire.

20 The question of then how do you get ready
21 for the tier one of the consolidated RFP where
22 you needed, you know, all the architect work?

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 You need all those predevelopment costs managed
2 in some way.

3 And I think that for some of the smaller
4 nonprofit developers, like the THC and others,
5 these will be questions that we will have. And
6 the time, it's just not clear to me what's being
7 envisioned on that. So.

8 MR. SIMMS: So, I mean, you have three --
9 the loans aren't for the acquisition loan
10 program. I mean, the loans are three years. So
11 that's a long period of time for you to flesh out
12 the various aspects. We're not saying you
13 acquire tomorrow and come in the spring.

14 But, what we are saying is that there is
15 such a great need for affordable housing in the
16 District that any amount of time, even if you are
17 in a tier-one or tier-two category, any time that
18 you we can shave off in terms of the overall
19 process of getting a unit either rehabbed or
20 constructed and leased up is beneficial to
21 everybody in this room.

22 And so, the timing aspect of it is just

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 that. I mean, it allows you to figure those
2 pieces out. It doesn't -- I mean, this is not
3 going to be a catch-all for -- I mean, this is a
4 DHCD product. And so this is not a catch-all
5 for, you know, our other counterparts involved in
6 that. They will be involved in it at some point
7 down the road, and we will have subject -- you
8 know, we will have future funding rounds where
9 those monies will be available.

10 But I think it's, one to allow you to
11 acquire a site, two to allow you to have
12 predevelopment so that you can move the pieces
13 along so that you're in a position to compete for
14 future funding rounds.

15 And I would say equally in terms of that
16 level of competition that you have an opportunity
17 to flush out various scenarios for which you can
18 seek funding. So that's something that we often
19 -- I mean, we're seeing it now in terms of
20 individuals submitting multiple 202s, our loan
21 application form for those who don't know, to --
22 as part of the NOFA process with various

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 scenarios.

2 So I think it allows you to at least
3 flush those things out in a way that, you know,
4 early on, so you can feel very comfortable in
5 terms of where you need to go.

6 MS. DONALDSON: Still, if I could --

7 CHAIRMAN BOWERS: Yes.

8 MS. DONALDSON: The risk calculation for
9 the smaller nonprofits, it's going to, I think
10 increase the risk and also make that, the
11 uncertainty of the time period -- I mean, three
12 years is great. But carrying costs for three
13 years are beyond the scope of what a group -- so
14 it probably would mean more partnering probably
15 with more for-profit developers, because they
16 have the money, right?

17 MR. SIMMS: You're sitting next to one,
18 right?

19 (Laughter.)

20 MR. SIMMS: Somebody is going to hatch a
21 deal today in this room.

22 (Laughter.)

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 MS. DONALDSON: It does, though, limit
2 what the -- you know, the mission focus of the
3 nonprofit developers and those of us who are, you
4 know, committed absolutely to the -- especially
5 the lower-income levels. It's going to make it
6 challenging.

7 And I know that we're going to have to do
8 fixes along the way, and obviously with our
9 friends across the table here who are interested
10 in having that happen. But it would be good to
11 hear a little more about that now, of what would
12 give you all pause in terms of potentially
13 lending to us smaller nonprofit folks.

14 MR. SIMMS: I mean, the silent partner of
15 the room, by the way.

16 MS. DONALDSON: What's that?

17 (Laughter.)

18 MR. SIMMS: It's going to be the silent
19 part of the rounds, by the way.

20 CHAIRMAN BOWERS: Buwa, and then Nancy.
21 Oh, sorry. Sorry. Actually, Scott. Yeah, we'll
22 go Scott and then Nancy.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. KLINE: Hi. This is Scott Kline with
2 NHT Enterprises.

3 I think some others in the room are
4 probably way ahead of me on this. With respect,
5 I'm looking at the slide, Nathan, of how the perm
6 differs from SAFI. Just have a couple of
7 questions.

8 MR. SIMMS: Certainly.

9 MR. KLINE: There's improvements here.
10 So one question is, when we talk about 20 percent
11 of the property value eligible for repairs, just
12 to be clear, that's during the holding period?

13 MR. SIMMS: Um-hm.

14 MR. KLINE: That's during the three-year
15 holding period. Okay.

16 And then, second, beyond these
17 improvements, the other aspects of the program
18 are expected to run similar to SAFI? So, for
19 example, the blended interest rate, the term you
20 just said is three years. So the answer to one
21 of my questions.

22 And one of the key ones is, at least in

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 our experience in the past, was that under SAFI,
2 the participating lender was the lead
3 underwriter. And you talked about time at the
4 beginning of your presentation. And that was one
5 of the key benefits, was that the lead
6 underwriter, of course, it was brought to DHCD
7 and a recommendation was made.

8 There's a lot of additional variables
9 here that are good, that are to the plus side.
10 But it seems like there's also a lot of
11 additional judgment that's required on DHCD's
12 part. So is that going to be still left to the
13 leading lender to bring that package to DHCD, who
14 is going to review it and approve it, but not re-
15 underwrite it?

16 MR. SIMMS: Yes.

17 MR. KLINE: Easy enough.

18 (Laughter.)

19 CHAIRMAN BOWERS: Nancy?

20 MS. LIEBERMAN: Hi. Nancy Lieberman with
21 Cornerstone.

22 That was a great segue, because I wanted

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 to ask about SAFI. And I'm a SAFI lender.
2 Others in the room are SAFI lenders. And I
3 wanted to confirm that SAFI is going to continue
4 on an independent track.

5 MR. SIMMS: Yes.

6 MS. LIEBERMAN: And also note that the
7 repayment period is now 2020, which is now six
8 years, which is a total extent of SAFI. So we
9 look forward to a discussion of what happens as
10 we continue to lend beyond this year, that we are
11 up against that 2020. It's been extended once,
12 and we would look to potential extensions so that
13 we can fully use SAFI.

14 DIRECTOR KELLY: Mike Kelly.

15 That's a great point. We're really
16 talking about creating another arrow to the
17 quiver. So SAFI will continue to exist.

18 MS. LIEBERMAN: Thank you.

19 CHAIRMAN BOWERS: Questions, comments,
20 suggestions? Ken.

21 MR. ELLISON: Ken Ellison, again from
22 SOME.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 And this is actually a suggestion
2 piggybacking on Polly's comment about costs
3 during the holding period.

4 One of the things that we have gotten
5 dinged with, to me extensively and a little
6 irrationally, is the vacant property tax for the
7 District, that even after we acquire a property
8 with a redevelopment plan, even after we get DHCD
9 financing, we are being burdened during that
10 holding period with a vacant property tax, which
11 in essence creates an extra cost for the
12 development, so it's out of one pocket into
13 another, from a District perspective.

14 But during that holding period, it is a
15 significant burden on the developer.

16 Is there any way for both this program
17 and for others that are really in the DHCD
18 pipeline in some form to get an exemption from
19 the vacant property? OTR has been totally
20 unwilling to hear anything about a variance or
21 exemptions or anything.

22 They have just absolutely applied the

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 rules, and if you're holding a property for three
2 years and you're paying that tax, and then you're
3 probably going to pay it for another six to nine
4 to twelve months, even afterwards, you are just
5 being killed on the process.

6 So if there is any way to integrate this
7 program and the other DHCD -- and I'm sure it's
8 probably legislative or something -- it would be
9 a major plus for the development community.

10 MR. SIMMS: I think we'll -- I mean, I
11 think your point is well taken. And we're not
12 going to -- but we're not going to blend the two
13 together. I think we would take that feedback
14 and certainly share it with our colleagues.

15 But I mean, they -- I understand, I
16 think, at the end of the day how it impacts your
17 bottom line. And I think, like I said, we will
18 share that, but I think we're trying to get this
19 off the ground, too.

20 CHAIRMAN BOWERS: We may have to get the
21 T-shirts going.

22 (Laughter.)

1 CHAIRMAN BOWERS: Rozanne, and then Buwa.

2 MS. LOOK: A comment and then a question.

3 CHAIRMAN BOWERS: Can you identify
4 yourself for the record?

5 MS. LOOK: I'm Rozanne Look with Manna.

6 And first comment is, I think it's great
7 that you're putting together this new program,
8 but I also want to say that the original SAFI
9 program worked well for Manna. And so we'd like
10 to encourage you to continue funding it and for
11 lenders to continue participating in it.

12 My question is, I think a little bit more
13 to the lenders than to DHCD. My understanding of
14 how the SAFI 2.0 is supposed to work is that the
15 DHCD provides this loan loss, which the lender
16 can elect to either loan, make it a part of the
17 loan, or make it just a guarantee and to not make
18 it a part of the loan.

19 Clearly, DHCD's money would be lower
20 cost. So from a developer's point of view, we
21 want that money loaned. Have you all thought
22 about that at all? Or where are you in that

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 process of deciding how much of DHCD's money gets
2 included in the loan?

3 CHAIRMAN BOWERS: Monica? Monica Warren-
4 Jones.

5 MS. WARREN-JONES: I don't think that we
6 are set in the one particular camp. I think it's
7 all going to be dependent on what the deal
8 requires. So if a deal, you know, depending on
9 the profile of the borrower and the reserve
10 requirement, we may say, you know, we'll just use
11 this as credit enhancement.

12 But on the other hand, if the deal could
13 support needs more and the ability for the deal
14 to be feasible just putting everything in the
15 acquisition itself, we'll go that route.

16 I think it really does, it's going to
17 depend on sort of the feasibility and the overall
18 capital structure of how we're looking at the
19 deal.

20 CHAIRMAN BOWERS: That was Monica Warren-
21 Jones from Enterprise.

22 And Holly from CSH?

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MS. DENNISTON-CHASE: So I would say
2 there might be some exceptions to Monica's point.
3 But in general, we would loan out the money. So,
4 75 percent of the funds would be CSH interest
5 rate. And then 25 percent of the funds would be
6 DHCD. I think it's 1.5 percent interest.

7 So it would certainly write down the cost
8 of the interest rate significantly.

9 CHAIRMAN BOWERS: Buwa, I saw your hand.
10 Let me actually ask, before your question, let me
11 just actually ask Nathan, because this is, I
12 think, germane now.

13 Can you explain, walk a little bit
14 through the funding flow of money to ALP vis a
15 vis, is this a one-time thing? Or will money go
16 into ALP every year? Or is this kind of in the
17 next funding cycle? Money will go in and you
18 kind of -- what happens after the first year of
19 ALP, of money going into ALP, if you can explain
20 that so that people will have a sense of --

21 And the second question related to that
22 is, for the purposes of acquisition and

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 predevelopment, will ALP lenders be the only
2 source for the development community to access?
3 So in other words, will all acquisition and
4 predevelopment going forward only come through
5 ALP, or will there be a pot of money that DHCD
6 keeps to do some acquisition and predevelopment
7 lending?

8 MR. SIMMS: So, I think to answer your
9 first question, our view is similar to SAFI, I
10 mean, we would deposit or release those funds to
11 the ALP participating lenders. So it would be
12 deposited with them to do their lending
13 activities and similar to that, reporting and
14 things of that nature and the period for which
15 they would lend. So, that's how that would be
16 handled.

17 Now, depending on the volume of deals and
18 deal flow, if we do a lot of -- if there's a lot
19 of activity in the first couple of years, that
20 could tie up money. And so we would have to
21 revisit, I think, at some point, you know, in
22 terms of doing an infusion of money. So I think

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 it would just be on a case-by-case basis, or
2 evaluate after every fiscal year.

3 I think to your second point about our
4 activities, I think we have been clear about our
5 acquisition and predevelopment activities with
6 the -- through this channel. So that's how we
7 would kind of operate. I mean, our primary
8 involvement would be kind of advise and consent
9 on the acquisition of predevelopment piece of
10 that. Is that acceptable, Scott? That's a good
11 piece?

12 (Mr. Kline nodded assent.)

13 MR. SIMMS: I'm going to -- thank you,
14 sir.

15 (Laughter.)

16 MR. SIMMS: That is acceptable. So that
17 part, I think, would be our role. And then we
18 still would have our normal role on the
19 affirmative side, the gap financial side.

20 CHAIRMAN BOWERS: And just for clarity,
21 and I saw a few hands popped up there, and Buwa
22 will be next.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 But just for clarity, so let's say the
2 RFA goes, the request for proposal goes out,
3 let's say December. And lenders are chosen, and
4 I'm just -- hypothetically, in February, \$25
5 million gets distributed, amount of -- between x
6 amount of lenders who then have that money to do
7 acquisition and predevelopment lending.

8 Twelve months from now when a new source
9 of money comes into the trust fund, where will
10 monies -- will the monies from that point going
11 forward, will monies that go into the trust fund,
12 it is envisioned that those monies will be
13 strictly for permanent financing or will some
14 additional money be put into ALP? Or will some
15 of that additional money be kept at DHCD?

16 And while ALP is ramping up, if someone,
17 a developer, comes into the agency and says,
18 "Hey, we have an acquisition opportunity and the
19 ALP lenders are all tied up," will somebody be
20 able to access here? So I just want to get
21 clarity about that because I think there's been
22 some confusion about it.

 OLENDER REPORTING, INC.

 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 MR. SIMMS: So if our money gets tied up,
2 that means our program is successful right? Nah,
3 that's the way I take it. So if you tie up \$100
4 million in a year, which is not hard to do, but
5 that means that it's been pretty damn good.

6 I think at the end of the day, we would
7 have to revisit, you know, again, how money is
8 being spent, you know, and what's the capacity of
9 the participating lenders to do additional
10 lending. And like I said, I mean, we'd have to
11 revisit in a way that says that we need to do
12 another funding infusion into those participating
13 lenders to be able to do that.

14 DIRECTOR KELLY: And obviously, Mr.
15 Chairman --

16 CHAIRMAN BOWERS: Director Kelly.

17 DIRECTOR KELLY: With the review and
18 consent of the advisory board, by definition. So
19 that kind of review process would go through this
20 body, and any kind of further activity,
21 contributions to that fund would have to -- we
22 would like to have the advisory board waive.

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 CHAIRMAN BOWERS: Buwa, Leila, and then
2 Nancy.

3 Buwa?

4 MR. BINITIE: Yes. So a couple of items.
5 Number one, I mean, for us, I mean, we like -- we
6 obviously like to experiment. So, you know,
7 thanks for coming up with yet another tool --

8 (Laughter.)

9 MR. BINITIE: I mean, we're losing out on
10 deals right now, frankly, because of limited
11 resources. So to the extent that there are
12 resources out there, I think that we would like
13 to take advantage of that. So thank you for
14 doing that.

15 I think the big thing from my standpoint
16 is just really understanding the overall cost. I
17 mean, it's good to understand DHCD's standpoint,
18 and DCHD is under a right of requirements. But
19 from our standpoint, just understanding, you
20 know, what the overall costs for doing this,
21 what's that blended interest rate? You know,
22 what are the guaranteed requirements? What are

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 the payment requirements? It would be good to
2 know.

3 It would also be good to know, more
4 importantly, if there's going to be any
5 distinction between vacant properties versus
6 operating properties as far as this underwriting
7 is concerned, because we tend to come across,
8 frankly prefer, banking properties and existent.
9 So, if we are unable to make payments on
10 existing, on vacant properties, you know, what
11 does that do to our ability or inability to take
12 advantage of such a program?

13 Are there going to be any acquisition
14 size limits? And the only reason why I say that
15 is because even I am still finding it very
16 difficult to wrap my hands around costs that
17 people are paying to acquire land these days.
18 And while I'm, you know, living on my thumb,
19 someone else is buying the property.

20 So if there's a way that we could use
21 that to create and produce more affordable units,
22 is that going to give everyone else around the

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 table hard part just because a site right now in
2 Northwest D.C. is going for \$100,000 a door?
3 That's what we're seeing as acquisition costs
4 today.

5 So I just need to know, you know, what,
6 if any, trepidations folks may have as far as
7 that's concerned.

8 And lastly, timing. I mean, I think
9 that's the big, big, big thing for us, is as we
10 come across sites today, and if we gave ourselves
11 90 days or 120 days to close, is it realistic
12 that such a program could be put in place for us
13 to, again, take advantage of it?

14 So, you know, I'm just really trying to
15 get into the nitty-gritty practical applicability
16 of this program such that we can see if it works.
17 So.

18 MR. SIMMS: Well, I think, to your point,
19 this is largely to help overall everyone to be
20 competitive in the marketplace. And so, to
21 Holly's point about the Texas case, I see it, and
22 I think we all see it, from a DHCD standpoint

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 that we are either -- I mean, our job really
2 should be to try to create and preserve as many
3 opportunities as we can.

4 And so, it may be in wards that we
5 traditionally don't see or do a lot of business
6 in. The call of duty, if you will, is to
7 preserve opportunities as they come up for sale.
8 That's going to be costly. But I think that's an
9 investment I think we all are willing to make to
10 be able to have affordable opportunities across
11 the city.

12 So that's why, I mean, I think we started
13 going down that road, because we know that timing
14 is everything. And I think, to be honest, I
15 mean, you can apply this to both the home
16 ownership and the rental market in the District,
17 be the key. I mean, you know, if you're not able
18 to move quickly through the process, and somebody
19 has cash or, you know, some kind of credit, line
20 of credit that they can deploy quickly, the
21 traditional developer and not-so-traditional
22 developer of affordable housing may miss out.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 So I think we're trying to -- I mean,
2 nothing that we do is ever going to be perfect,
3 right? So, at the end of the day, I think it
4 addresses a lot of things that we see in our
5 collective continuum. I think it really allows
6 for speed and timing to be really addressed in a
7 way that we have to address them.

8 CHAIRMAN BOWERS: We'll go to Leila,
9 Nancy, and let's see if we have hands over here.
10 Actually, before we come down Lenders' Row with
11 the questions --

12 (Laughter.)

13 CHAIRMAN BOWERS: I actually -- Buwa's
14 question brings up -- a couple of questions
15 brings up a couple of issues for the board, as
16 well as for the agency to consider.

17 Whose rules regulate? So, when it comes
18 to per-unit costs or total costs, if a lender's
19 guidelines are more stringent than the agency's,
20 could have a -- or the lender's maximum loan
21 amount is lower than what the agency could do on
22 its own, that could create troubles in terms of

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 the ability, the collective ability to serve.

2 And I know folks can do -- some folks can
3 do participating loans, et cetera, et cetera.
4 But at the end of the day, I think that is an
5 issue that flags. So if the department's willing
6 -- again, these are hypothetical numbers. If the
7 department's willing to go to, you know, \$80,000
8 a unit, but a lender's internal loan committee
9 will only go to 50, or if a lender can only do a
10 \$5 million loan and someone's got a \$15 million
11 property, those are challenges that we have to
12 think about.

13 So, and also around the vacant property,
14 right? Because if there is a vacant property,
15 some lenders get a lot more conservative when it
16 comes to lending on vacant property as opposed to
17 operating properties. And they may not be
18 willing to be as flexible as the department is.
19 So I think that's an issue for us to flag.

20 So as we come down Lenders' Row, if
21 there's any thoughts that any of the lenders have
22 on that, feel free. But don't feel put upon.

 OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 But, so then we'll go to Leila and then
2 Nancy first.

3 Leila? If you could identify yourself
4 for us, familiar grounds?

5 MS. FINUCANE: New technology.

6 CHAIRMAN BOWERS: Right, right. Welcome
7 home. Right.

8 MS. FINUCANE: Okay. Leila Finucane from
9 Capital One.

10 I have just a question. Would borrowers
11 and developers who get acquisition funds outside
12 of this program in SAFI be at a disadvantage in
13 the RFP for permanent and gap financing?

14 MR. SIMMS: No. They wouldn't, for the
15 very same reason why we had the conversations of
16 why we couldn't give certain guarantees. Right?
17 And we all kind of know this in the government
18 world. But there's something called -- anyway.

19 So we have rules that certainly prevent
20 us from making those kind of advance commitments.
21 So "anti-deficiency" is the word I'm looking for.
22 And so, we cannot make those types of commitments

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 in one track versus another track.

2 I think what will happen as a result of
3 this will be that conversations, which I think
4 we're having a lot more conversations with folks
5 around the room or not around the room.

6 I see my good old buddy Chi in the back.
7 Hello, Chi.

8 And so, I mean, we're having a lot more
9 conversations amongst lenders and developers
10 early on in the process. And I think that's
11 helping. And I think as long as we continue to
12 have those conversations, we will have a better
13 product at the end of the day.

14 We have learned that, you know --
15 obviously, we've done workshops. That's helped.
16 We've had a lot of different discussions. And I
17 think people kind of understand where we're
18 coming from, and that's helping.

19 And frankly, we're -- people are giving
20 us kind of generality points about their
21 transactions, and we're responding back, and
22 that's making for a better product. So I think,

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 if nothing else, as a byproduct of this, of
2 additional capital being made available, just the
3 conversations alone are worth a lot. They are
4 really worth a lot.

5 Because I don't want to, you know, gauge
6 and guess what somebody's else's underwriting
7 requirements are. You don't want to guess, you
8 know, what our requirements are. But once you
9 know it, it becomes very easy.

10 I mean, we're in the business where we
11 adjust. And we adjust based on circumstances.
12 We adjust based on, you know, environment. We
13 adjust. And I think this will cause us to, I
14 think, adjust collectively through the
15 conversation.

16 CHAIRMAN BOWERS: Next we'll go to Nancy,
17 and then Elin.

18 MS. LIEBERMAN: Hi. Nancy Lieberman from
19 Cornerstone.

20 I have a question about interest rate and
21 the distribution of funds. I had heard somebody,
22 Holly I think, talk about 1.5 percent. Here it's

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 from zero to 3 percent.

2 My question is really about the
3 distribution of the funds to the ALP lenders.
4 And then, is it cost of idle funds? Or is it
5 zero percent to us, and then you're suggesting
6 what we lend it out at? Or do we owe it to you?
7 Is it like a line of credit? How is that all
8 going to work?

9 MR. SIMMS: So the pieces that you're
10 referring to in terms of the zero to 3 percent is
11 on the permanent side. That's what we do for gap
12 financing.

13 MS. LIEBERMAN: Oh.

14 MR. SIMMS: So that's to clarify that
15 point.

16 I think in terms of the interest rate
17 that we charge of the standard across -- I mean,
18 that's standard across the board in terms of who
19 we lend. But I mean, we would be entering into
20 an agreement with those lending institutions
21 similar to SAFI. We're going to base it kind of
22 off those agreements, and they will have

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 instructions.

2 MS. LIEBERMAN: Okay. So there's no cost
3 of funds to us until we get the money out?

4 MR. SIMMS: Right.

5 MS. LIEBERMAN: Okay. Excellent.

6 And one other question. Cornerstone may
7 be trying to partner with larger lenders. And I
8 can envision us doing that maybe in two phases,
9 that we kind of try it with a couple or \$3
10 million, or whatever. And then have an
11 opportunity to get more money from other lenders
12 or that same lender.

13 Is there an opportunity then to either
14 work in two tiers? Or will there be money left?
15 Or is that just the risk and see how it all goes?

16 MR. SIMMS: I doubt there will be money
17 left.

18 MS. LIEBERMAN: Right.

19 MR. SIMMS: Because anybody who would
20 make money available, it's that and then some.
21 But I think we would certainly -- I don't think
22 that the conversations are over. And even if

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 this activity is beyond this structure, I think
2 there are still workable solutions in terms of
3 leveraging.

4 This is really all about leveraging. It
5 is all about leveraging. It is all about trying
6 to come to, I think, a more speedy type of
7 outcome. And speedy in our business, it ain't
8 fast.

9 (Laughter.)

10 MR. SIMMS: So, you know, it's not.

11 MS. LIEBERMAN: Right.

12 MR. SIMMS: We think that development
13 turnaround is somewhere in the 14 to 18 months,
14 right? If we get that, we are shooting for the
15 stars and the moon. But the reality is, we're at
16 24 -- we're somewhere between 18 and 24 months.

17 MS. LIEBERMAN: Right.

18 MR. SIMMS: So I think the opportunities,
19 I don't think will go away. But I think once we
20 put this RFA out and we get responses back, you
21 know, and we decide we're ready to move forward,
22 I think we'll move forward. If there is a need

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 to bring additional folks to the table, then I
2 think that's good.

3 But I think also, and I just know just
4 based on a conversation that I've been having, I
5 think a lot of people are viewing this from a lot
6 of different opportunities. So some people may
7 not participate in this at all. But they will
8 participate -- some people may participate not in
9 the acquisition piece, but in the permanent
10 piece. But they're going to keep their eye on
11 it.

12 So, what does that tell us at the end of
13 the day? That creates a competitive environment
14 at the end of the day. Who wins? Ultimately,
15 obviously, it's the people we serve that win at
16 the end of the day. Who wins in that medium
17 point? The lender wins. I mean, the lender wins
18 in terms of the new business. The developer wins
19 in terms of the cost; it's cheaper.

20 So everybody -- it benefits everybody at
21 the end of the day, right? We often don't get
22 those kind of happy-go-lucky type of stories, but

 OLENDER REPORTING, INC.

 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 I think we're going to get a lot of them going
2 forward.

3 MS. LIEBERMAN: Thank you.

4 CHAIRMAN BOWERS: Elin, and then Holly.

5 And let me just add a point for clarity,
6 Nathan. In the PowerPoint, the standards that
7 start on page 8, the DHCD underwriting standards.

8 MR. SIMMS: Yes. Um-hm.

9 CHAIRMAN BOWERS: These were standards
10 not for the ALP, but for the permanent? Is that
11 correct?

12 MR. SIMMS: Right. So part of the
13 conversations that we've had is, you know,
14 filling in -- because, I mean, to be honest, I
15 mean, in terms of acquisition, there are not a
16 whole lot of standards that you can put. I
17 think, you know, you can put some standards in
18 place that make a whole lot of sense. But there
19 is not a whole lot to fill in.

20 But I think as you're working towards a
21 permanent piece, I mean, it's helpful to know
22 what our requirements are, and that's why we

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 wanted to share it as people move forward.

2 CHAIRMAN BOWERS: I just wanted to bring
3 that clarity.

4 So let me pause real quick, and just so
5 process-wise, so we'll go to Elin, Holly. Then
6 what we're going to do is open up and go for
7 about 25 minutes to any questions, suggestions,
8 observations from members of the board, and as
9 well as members of the public who are gathered
10 here today.

11 So again, as we've done before. So the
12 floor will be opened to the room, if you would.

13 MS. ZURBRIGG: Thank you.

14 CHAIRMAN BOWERS: Identify yourself.

15 MS. ZURBRIGG: This is Elin Zurbrigg from
16 Mi Casa Inc., not Fernando Lemos. I just look
17 and sound exactly like him.

18 (Laughter.)

19 MS. ZURBRIGG: And yes, we have had great
20 conversations in our meetings. It's been
21 excellent to work with the CNHED working group,
22 support for tenant purchase, and DHCD. We have

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 lenders, obviously somebody has to manage that.
2 And so there's that piece.

3 There's the transparency piece of, you
4 know, how do we see that what deals are getting
5 funded and why? And to continue to have that, I
6 think, DHCD has made some great improvements in
7 publishing HPTF funding portfolio.

8 But really, I mean, when it comes to
9 small projects, when it comes to tenant purchase
10 projects, if a lender is looking at two potential
11 projects and one's 80 percent LTV with a
12 developer with an experienced track record, why
13 would they choose to fund one that's 125 percent
14 LTV and it's a tenant association that, you know,
15 is really new in the game?

16 So that's just sort of a general
17 question. How can we ensure that the smaller
18 projects, the deeper affordability, the tenant
19 opportunity to purchase, to preserve affordable
20 units, particularly in the expensive areas where
21 the risk is higher, the LTV is going to be
22 higher, you know, to really get at that public,

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 overall public purpose.

2 And one other question about who will be
3 the sort of evaluating body of this, this new
4 loan fund? Would it be the HPTF board? And at
5 what point would you evaluate whether the public
6 policy goals are being met and maybe make
7 revisions if needed after launching the program?

8 MR. SIMMS: So, I think we've talked
9 about this. And this is no secret. I think
10 everyone here has had their fair share of
11 situations with the tenant opportunity to
12 purchase program, and I think let's start with
13 the central goal. I think it is to preserve
14 affordable housing in the District.

15 What form that takes varies. And I think
16 -- and I will go back to even last week in this
17 room. We had a loan committee, and we had three
18 TOPA projects that were presented. And the
19 sidebar conversation is that we're asked to make
20 a decision about a project which will require --
21 Elin, I need you to look at me for a second just
22 for my hands.

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 (Laughter.)

2 MR. SIMMS: This much information, that
3 we have about this much information and this much
4 time to make a decision. That's very hard for us
5 to do.

6 And so, I think early on in our
7 discussions, we do think bridge is the -- this is
8 a proper route, because you can get so much
9 flushed out. One, our acquisition dollars are
10 really like permanent dollars because they're not
11 turning over. So that's one.

12 And so, that's important for us to be
13 able to lend for future opportunities. So, I
14 think we all -- so that's important to us. We
15 definitely want to make sure that people -- I
16 mean, the money is there so that when the
17 opportunity to purchase really comes up, that
18 it's there.

19 The other part is -- the other piece is,
20 and I think that's part of where the conversation
21 has gone, I mean in terms of, you know, property
22 management, asset management, all of these

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 different things. So I think there are different
2 types of structures that -- I mean not
3 structures. But there are different types of
4 things that we need to put in place to make sure
5 that, at the end of the day, if there is some
6 concern from the lender's standpoint, that those
7 concerns easily can be mitigated and doesn't
8 jeopardize the tenant opportunity to purchase
9 structure.

10 We are in support of that. We are not
11 trying to go one way or another. Because again,
12 what is our goal? Our goal is preservation. I
13 mean, if you're a for-profit, nonprofit, tenant
14 or co-op, as long as you're preserving that asset
15 and that asset is being managed in a proper way,
16 I mean, you know, it's like why would we care?

17 We do care about the co-ops that are
18 involved. But I think we can all admit that, I
19 mean, there are some things that we can do
20 collectively that will make it a lot more
21 attractive, I think, for lenders. I don't think
22 it's not attractive now. But I do think there

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 are things that we need to do.

2 But to get to your other point about the
3 oversight responsibility, I mean, we will
4 continuously judge, you know, the performance,
5 and we will continue to have discussions probably
6 through this forum, I would think, to see how
7 things are working to make the determination if
8 we need to do a course correction and how quickly
9 that occurs.

10 CHAIRMAN BOWERS: Holly?

11 MS. DENNISTON-CHASE: I just wanted to
12 respond to Buwa's question. At least for CSH,
13 our underwriting will not be different than what
14 it is now.

15 (Laughter.)

16 MS. DENNISTON-CHASE: With two important
17 changes that I think you will like.

18 (Laughter.)

19 MS. DENNISTON-CHASE: So we'll have lower
20 interest rate due to the 25 percent of the funds
21 being DHCD. And second, we won't need to wait
22 for the mayor's announcement or DHCD's final

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 announcement. So our understanding is that once
2 you put an application in with us, we go through
3 our underwriting. And then DHCD has five days?

4 MR. SIMMS: No, no, no.

5 (Laughter.)

6 MR. SIMMS: We stuck to the 10. We stuck
7 to the 10.

8 MS. DENNISTON-CHASE: Ten days to say yes
9 or no.

10 MR. SIMMS: Exactly.

11 (Cross-talk.)

12 MR. SIMMS: Absolutely. That's how you
13 got me to 25 percent, right?

14 MS. DENNISTON-CHASE: That's right.

15 (Laughter.)

16 MS. DENNISTON-CHASE: So I would try and
17 slip predevelopment lending in, but I think --

18 MR. SIMMS: No, no. Two out of three,
19 though, two out of three.

20 MS. DENNISTON-CHASE: That's right. So I
21 think that will be really helpful. And we have
22 some strategies to be able to close within 120

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 days. So we can talk more about those.

2 CHAIRMAN BOWERS: So, the floor is open,
3 folks in the audience, board members.

4 And let me just say for the record a
5 couple of things. One, the board, by statute --
6 I tend to say this at every meeting, directive,
7 as a reminder for all of us, on the record -- by
8 statute, at a portfolio level, the trust fund
9 dollars are -- 40 percent are supposed to support
10 units that serve folks at 30 percent or below
11 AMI. Forty percent are to support units that are
12 at 31 to 50 percent of AMI at a portfolio level
13 for DHCD.

14 So we lift up at every meeting a reminder
15 that this is not -- it would be nice to, but a
16 requirement by statute. One of the things that
17 we as a board have tried to look at with the
18 agency is sometimes the agency -- we had this
19 even in the last meeting. The requests that come
20 in don't meet those numbers.

21 And to Polly and Elin's point, I think,
22 you know, why is that? Is that something

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 structural in the market? Or is there a
2 perception that DHCD won't fund those or can't
3 fund those? And so, one of the things we are
4 constantly trying to lift up is how can we, as a
5 board working with the agency and with
6 stakeholders, help the agency and the collective
7 "we" get to those numbers that are not just
8 required, but more importantly, so desperately
9 needed?

10 So as we open up the floor here, I also
11 want someone to say, this is not the last
12 opportunity that people -- you can always contact
13 your friendly neighborhood DHCD. But it's rare
14 that we will all be in the room together. So if
15 people have major concerns or major suggestions
16 or things that you think that's great, make sure
17 you keep that, please put it out now so that we
18 can all have some dialog about it together.

19 Doesn't mean the agency will do
20 everything that folks ask. But it will be good.
21 We want this forum to be a place where people
22 can, again, suggest that that's great, double

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 down, or hey, have you thought about this? This
2 could really be a stopping point.

3 So the floor is open.

4 Let me go here, and then Bob.

5 And if you could -- folks now, can we get
6 a mic in the back?

7 (Inaudible interjection.)

8 CHAIRMAN BOWERS: Yeah, yeah, yeah. And
9 just announce your name, that would be great, who
10 you are and if you represent an organization.

11 MS. MAIMA: Yes. I'm Judy Maima, also
12 from Mi Casa. I wanted to follow up on Elin's
13 question, which diverged a little bit into a
14 discussion about TOPA, which is certainly an
15 important discussion. And Nathan made many
16 points that I'd like to continue to discuss.

17 But for the sake of ALP, I'd like to
18 bring it back to the question of the public goals
19 and the public good. Because some of the same
20 concerns that Elin laid out about TOPA projects
21 are true for very affordable housing projects.

22 Most of the lenders here, all of the

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 lenders here, I believe, are mission-driven
2 lenders. Yet some of our recent acquisition
3 loans have been with private lenders, some cases
4 because of speed, many cases because of the loan
5 amount limitations that some mission-driven
6 lenders had.

7 So, the question is, from all lenders,
8 one of their first goals is financial fiduciary
9 -- financial management. So when you're looking
10 at two projects as a private lender, one which
11 reaches very deep into the public goals, one
12 which reaches public goals but financially is a
13 much less risky project, what incentive or what
14 overriding guidelines monitoring will there be to
15 encourage that we all still are able to reach
16 deep into the public guidelines, especially if
17 this is the only route into acquisitions?

18 (Pause.)

19 MR. SIMMS: That's me?

20 (Laughter.)

21 MR. SIMMS: I thought that was more to
22 the lenders. As I said, I mean, our goal is

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 central in terms of preservation. There are a
2 number of different acquisitions that happen
3 without us being involved. I mean, the data
4 shows that in terms of the up-front piece.

5 I think our goal -- there is no -- and
6 let me be clear. I mean, our public policy goal
7 is to preserve and promote affordable housing
8 opportunities in the District. I mean, there is
9 nothing more to that.

10 And so, there is a public benefit,
11 obviously, to keeping housing affordable, which
12 we are very dedicated to. And so that part is
13 not being lost. I think from the lender's
14 standpoint, if they are apprehensive in any kind
15 of way, I think, one, the fact that we are
16 putting money out in an enhancement type of form
17 relaxes that to some degree.

18 I do think that we have to have a -- I
19 have felt, and you know this personally. I have
20 felt that we have to have a larger conversation
21 about it because there are just things that
22 don't, frankly, make a whole lot of sense.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 And I think there are ways to keep at
2 that cooperative type of fashion that doesn't
3 make that go in the wind. But there are other
4 things, too, that if the goal is to get to
5 permanent financing with the hopes of doing a
6 rehabilitation, because in some ways I think all
7 the ones that we see need rehab in some kind of
8 way, I think the goal is to try to make sure that
9 those outcomes are really kind flushed out early,
10 those dollars are leveraged.

11 Even though it may be a minimum leverage
12 in terms of the -- because of the lower incomes,
13 there are still ways to leverage dollars, maybe
14 not at a higher rate, but at a rate. So I do
15 think we need to have that level of discussion.

16 I don't think that the thought -- and I'm
17 not going to let anybody walk out of here with
18 the thought that all of a sudden now that's a
19 vulnerable population that will be
20 disenfranchised in any way by us doing this
21 program. And I will say at the same time that
22 there are some things that we all know in this

 OLENDER REPORTING, INC.

 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 this will help them do their mission better, and
2 welcome that. I think I've heard some concerns
3 from lenders about what it will mean. I haven't
4 heard from lenders, "Yes, this will make it" --
5 not going to say it that way, sorry.

6 I don't know if there's a consensus here
7 or have heard from lenders say, "Absolutely this
8 will enable us to help to cover the common good
9 that DHCD is entrusted to do."

10 So maybe -- and we were kind of noting
11 issues to come back to, unless the only one
12 person who thinks there's not a consensus, maybe
13 we can say that this issue of monitoring the fund
14 and looking at, is it possible to reach the
15 public good in the same way that DHCD has been
16 doing, by outsourcing?

17 Maybe we can look at systems to continue
18 that discussion, because I think that until it's
19 fleshed out and we see the reaction from the
20 lenders, we don't know if that's possible.

21 CHAIRMAN BOWERS: But I will say two
22 things to that. One comment and actually a

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 question. And let me put Monica and Leila, ask
2 you all if you may be willing to respond.

3 So, one, yes, we as a board have and will
4 continue to look at how the agency is hitting its
5 income targeting piece. When we first got
6 empanelled, that was one of the first pieces of
7 data we asked for from the department. So that
8 will be an ongoing piece of what we do.

9 I'm going to ask Leila and Monica -- if
10 you don't have any thoughts now, that's fine.
11 But I'm asking Leila from Capital One and Monica
12 from Enterprise, because I know that Nancy and
13 Holly are corporations that focus specifically on
14 special-need populations. So kind of, you know,
15 by definition, that's what they do.

16 Leila or Monica, would you all, are there
17 any things that you think, for the loan
18 committees at your institutions, that either will
19 do or could do -- maybe there's something that
20 should be included that would help -- so that as
21 it relates to deep-income targeting, one; and
22 two, deep-income targeting which sometimes by

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 affordability deals. So that's -- and I'm
2 thinking more in terms of like on the permanent
3 side and like moving the deal through
4 construction to permanent.

5 In terms of looking at some other things
6 and the possibility of working with other
7 lenders, I think it does -- ALP has in the
8 guarantee the loan loss reserve idea, it does
9 open up the possibility for us to be able to work
10 more in more flexible ways with other lenders.

11 So that's what I would say.

12 CHAIRMAN BOWERS: Thank you.

13 MS. WARREN-JONES: In terms of
14 Enterprise, I don't think we've ever ran away
15 from deep targeting. We do try to do a lot of
16 deep targeting. We have done deep targeting with
17 several of the folks who are sitting here. I
18 think they can kind of corroborate that as well.

19 I think for us what we look at is,
20 because we're not doing it so much by ourselves
21 is we need the reliability of the public sector.
22 We need to know -- and I think this is a -- what

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 we have here in terms of this new acquisition
2 fund is a really good way to move in that
3 direction.

4 We need to know that the public sector is
5 there, that they are kind of in lock sync with us
6 on the underwriting, and that we're all on the
7 same page, that the gap funding that we are
8 projecting is going to be needed for the project
9 is actually going to be provided at the end of
10 the day so that we can continue to do these kinds
11 of deals.

12 But we are not shy from doing 30 percent
13 AMI, and we're not shy doing it with borrowers or
14 organizations who may have balance sheets that
15 are not in line with, you know, some of the heavy
16 lift for-profit developers or even the more
17 higher capacity, higher balance sheet nonprofit
18 developers.

19 If the deal on its face, we can make
20 sense, you can have just, you know -- you can
21 have a nonprofit developer who has a lot of
22 capacity, a lot of strength, but may not have a

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 balance sheet, who we would want to do the deal
2 with and who has, you know, a track record.

3 So it really is about capacity, not
4 necessarily the balance sheet, but the capacity
5 of the nonprofit developer to do that deep
6 targeting, and also the public sector, really
7 making sure that they're going to be there at the
8 end of the day and that they're going to be
9 there, you know, to help take out some of the
10 financing that's needed.

11 (Laughter.)

12 MS. WARREN-JONES: No, I mean -- and it's
13 not -- yeah. No, I mean, we're there, we're the
14 early-in money. And we're taking a lot of risk.
15 But we're doing it with the idea that we're
16 working in lockstep with our public sector
17 partner.

18 CHAIRMAN BOWERS: Thank you both.

19 Bob, and then the gentleman here in the
20 back.

21 MR. POHLMAN: Bob Pohlman, CNHED.

22 This is a topic that's come up before.

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 Will DHCD approve unsecured loans for
2 predevelopment expense? And would they provide
3 the 25 percent top loss guarantee for that? And
4 the question to lenders is, is there anybody that
5 would provide unsecured loans for predevelopment
6 expenses?

7 MR. SIMMS: Just the short answer for us:
8 No.

9 CHAIRMAN BOWERS: Thoughts from the
10 lenders on that?

11 (Pause.)

12 CHAIRMAN BOWERS: Unsecured --

13 (Inaudible interjection and laughter.)

14 MR. SIMMS: I took care of our portion.
15 We're good.

16 (Laughter.)

17 MS. DENNISTON-CHASE: So, CSH has done
18 our part, but unsecured lending -- we've done it
19 for a number of projects. We'll do up to about
20 \$500,000, depending on the balance sheet and the
21 project underwriting and so forth. But we do
22 need DHCD commitment before that happens. So

LENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 that's what I was talking about.

2 Basically, that wouldn't work for a tier
3 one deal because we'd want that mayor's
4 announcements and DHCD announcements that the
5 project's being funded before we close on the
6 deal.

7 And so, CSH did write a letter to Michael
8 Kelly and Nathan and others. We really do think
9 that unsecured predevelopment lending is
10 important and is not necessarily more risky, so
11 long as the loans are underwritten well. So we
12 would like to kind of leave the door open so that
13 we can have unsecured lending revisited, you
14 know, in a year or two once ALP has a good
15 underwriting history.

16 Just, so in terms of your question, I do
17 think that not including unsecured lending,
18 unsecured predevelopment lending -- and by
19 "unsecured," I mean deals that are not secured
20 through real estate, but obviously the project
21 would need to have site control. That not
22 including that type of lending will hurt the

 OLENDER REPORTING, INC.

 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 production of 30 percent AMI unit and hurt the
2 capacity of nonprofit developers.

3 MR. SIMMS: So, not to kind of hash that
4 out fully, but we know that others play in that
5 space. We're fine. I think where we are in
6 terms of where we want to be in the risk profile,
7 this is good space. And so we know -- we know
8 what our history has been and some of the things
9 that we have to deal with.

10 I'm going to leave that blanket statement
11 for your interpretation. But in terms of other
12 people filling in that space, we're fine with
13 that. If that means at the end of the day that
14 our funds are used in the collaboration of this,
15 to take out the unsecured, that's fine, too.
16 We're not opposed to that. But I think in terms
17 of unsecured space, it is not necessarily where
18 we want to play. Because we don't play in that
19 space really now.

20 MS. WARREN-JONES: Just in terms of
21 Enterprise, we have the ability to do very small
22 amounts of unsecured predevelopment finance. I

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 don't want to put myself on the line here.

2 (Laughter.)

3 MS. WARREN-JONES: But, you know, we have
4 -- I'll just say we have small amounts of money
5 that come from off-balance-sheet sources that we
6 can use. We also have TOD private sector funds
7 that we could put into deals to help offset
8 either rate or closing costs.

9 I will say when we do, because that money
10 is so limited, we do like to tie or align it with
11 other kinds of project financing that Enterprise
12 could provide at another point in time. You know
13 exactly what I'm talking about.

14 (Laughter.)

15 CHAIRMAN BOWERS: Thank you.

16 MS. LIEBERMAN: Nancy Lieberman,
17 Cornerstone.

18 We also do very small loans, small bridge
19 loans, that sorts of things that can be
20 unsecured.

21 CHAIRMAN BOWERS: The gentleman here in
22 the back, if we can get a microphone there.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 There we go. And if you can just tell us your
2 name and organization.

3 (Pause.)

4 MR. SLETTERBACH: Andy Sletterbach. I'm
5 the Director of the ICE loan fund, which is part
6 the National Housing Trust.

7 And I was going to frame the question as
8 Bob just framed it, and some of my fellow lenders
9 here have followed up. So I'm going to reinforce
10 it instead and ask that I hope that the door will
11 be left open for continual consideration of
12 unsecured predevelopment lending or funding of
13 some kind.

14 And I want to illustrate this very
15 quickly, just to make my point. We've done a
16 couple of -- we loan mostly for tenant purchase,
17 units less than 50, generally speaking, stuff
18 that doesn't fit well into a LIHTC kind of a
19 deal. And we've had some good, good results over
20 the last couple of years working with nonprofit
21 developers in town and getting some of those
22 deals done. We're working hard on that.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 We provided through the tenant purchase
2 working group conversations with DHCD -- truly
3 appreciate that opportunity -- an outline of how
4 we thought a predevelopment loan could work that
5 was a partnership between a CDFI and DHCD, much
6 in the same way that what has been laid out
7 today, but at a much smaller scale. We could get
8 the money out quicker. You could leverage our
9 funds.

10 And I think most importantly, and this is
11 the point I wanted to reinforce in this topic --
12 most importantly, including developers here that
13 we've worked with, there appears not to be the
14 money up front -- and I know you talk about the
15 early equity -- the money up front to do some
16 very fundamental things that need to be done to
17 figure out what these deals look like.
18 Appraisal, capital needs assessment, the early
19 environmental, et cetera. Somebody has got to
20 pay for that.

21 We don't generally pay for that. I've
22 heard several of the lenders say they will do

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 small predevelopment and special -- maybe they
2 will pay for that. Maybe they will take that
3 risk. I'm not sure. And I'm going to follow up,
4 because if you do, I want to work closely with
5 you. Because I can't, but maybe we can partner
6 on some of these things if you're interested in
7 getting homeowners into 50-unit and less
8 buildings.

9 But my experience is that's tripped up a
10 couple of our deals. There just hasn't been
11 enough of that really early cash. And I think
12 that's the type of use that your seed money
13 funds, seed money grants have gone towards in the
14 past. And again, just to repeat, the proposal
15 that I chaired earlier was a way to turn that
16 grant money, leverage our debt to get more of
17 that out.

18 So I just want to reinforce the idea of
19 keeping the door open and also of continuing to
20 work creatively to figure out a way on these
21 projects that don't have -- just don't have that
22 early equity up front keeping them in the game.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 Because otherwise, I'm a little bit worried
2 they're just not going to happen.

3 CHAIRMAN BOWERS: Is there a sense
4 somebody has who's got experience with this on
5 the unsecured predevelopment lending ballpark of
6 the, quote-unquote, "typical deal"? How much is
7 needed for an unsecured predevelopment loan? Are
8 we talking 50,000? Are we talking 400,000?

9 MS. DENNISTON-CHASE: Can I just make a
10 -- so I think what he's asking, we make a
11 differentiation between project initiation and
12 predevelopment. So the project initiation to get
13 basically a development consultant, appraisal,
14 environmental, a few other things, to put a pro
15 forma together. And then the predevelopment
16 costs that can be 2 to 500 is \$700,000. I mean,
17 that's a huge range, and on the predevelopment
18 side.

19 But the project initiation, I will say
20 also that we did pitch to DHCD to fund great
21 project initiation loan pool through CHS for
22 supportive housing projects, not for home

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 ownership, but for projects that have some
2 percentage of supportive housing. Those loans
3 are usually 35 to 50,000.

4 Unfortunately, we have funds here in D.C.
5 for only about three of those projects a year.
6 So it's not a lot.

7 CHAIRMAN BOWERS: So I will say one of
8 the things for the board, but as well as for the
9 agency, when we had a meeting back in April where
10 we invited developers and representatives of the
11 philanthropic community, agencies, and others,
12 part of the conversation is kind of -- let me go
13 back.

14 So, this board was asked to take on kind
15 of two things. One, what I call the standard
16 work that the board is supposed to do related to
17 the trust fund oversight. And obviously, the
18 income targeting is a big part of that.

19 The other piece was, then-Deputy Mayor
20 Hoskins asked that if the board could look at
21 taking on at least one of the issues that came
22 out of the comprehensive housing task force

1 report, and the issue that we agreed to kind of
2 wrap our heads around was around leveraging. And
3 so all of this kind of plays into that.

4 But the meeting in April was to try to
5 bring other players in to really think about, how
6 can trust fund dollars be leveraged with all
7 other sorts of dollars, public and private? So
8 all of that context to say, I know that there are
9 some folks in the room, and others who aren't in
10 the room, who have been working -- who were in
11 the room earlier and who aren't here now who have
12 been able to raise monies that can be used as
13 essentially recoverable grant-type monies for
14 some predevelopment expenses.

15 So the board itself and-or the agency may
16 want to use this as an opportunity to reengage.
17 And we had conversation actually after last
18 month's board meeting with representatives again
19 of the philanthropic community to let them be
20 briefed on ALP to say, "Perhaps that's a role for
21 philanthropy to play," knowing that this pool of
22 money is here, that the city is investing for

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 acquisition and predevelopment lending if there
2 is a hole, so to speak, that is not fully filled.

3 If what I'm hearing is that -- and let me
4 focus on the project initiation piece, apart from
5 the typical "predevelopment," quote-unquote.
6 That, you know, pool of a half-million dollars
7 could potentially go a long way for project
8 initiation.

9 And my sense is that if there were folks
10 who approached philanthropy to say either at the
11 agency level, directly to developers and-or
12 through intermediary lenders, there may be a way
13 to assemble that pool of capital in the
14 marketplace that could be helpful. Because
15 that's not a lot of money when you think about
16 it, and that could be a role for philanthropy to
17 play.

18 I see a hand back there. We've got about
19 five minutes. Thank you, sir. If you can come
20 on up to the table, grab the mic.

21 And, ma'am, why don't you come on up to
22 the table as well? We'll put you next in the

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 queue for the question, and then we'll take these
2 two questions. And then we'll wrap up this
3 portion and take a break.

4 Yes, sir.

5 MR. EARN: I'm Josh Earn. I run NHD's
6 other low-end funding HTCDF. And we do actually
7 make primarily unsecured predevelopment loans.
8 But I guess I wanted to clarify. On the 120
9 percent for repairs, I guess I assumed that part
10 of what could be included in that was things like
11 an appraisal to get to the next level.

12 I mean, I was actually sitting as a
13 predevelopment lender, thinking, "Oh, well, my
14 job is going to go away because, you know, the
15 acquisition lender is going to be also making the
16 predevelopment loan, in a sense."

17 So when you say you're not going
18 unsecured lending, you mean other only
19 predevelopment loans?

20 MR. SIMMS: Right. And the difference
21 that we've been talking about is really site
22 control versus not site -- not having full site

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 control. I mean, and so once you have site
2 control, we're fine with going up to 120. That's
3 not a problem. But it's just doing the unsecured
4 activity prior to.

5 MR. EARN: Right. Right. And I guess
6 the other position would be one where, you know,
7 a private bank could get a 3 percent loan for
8 acquisition, but not pay -- not go above LTV.
9 And then lenders like us would want to make, you
10 know, that additional loan.

11 MR. SIMMS: Right.

12 MR. EARN: Which would be helpful to have
13 some help in that situation.

14 CHAIRMAN BOWERS: Thank you.

15 Yes, ma'am. You can come up on up to the
16 table and identify yourself in the mic.

17 MS. BLACK FORD: Hi. I'm Mary Black
18 Ford. I work at Calvert Foundation.

19 I just have a very quick general comment,
20 statement. So, Calvert Foundation is a CDFI.
21 And we lend to other intermediaries. And
22 basically what we're just trying to figure out is

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 how we fit in this space. We just launched our
2 Iconic Cities initiative back in June. And it's
3 a \$30,000 million commitment to cities in the
4 United States who want to do deeper lending
5 incentives like affordable housing.

6 So I'm a D.C. native, so I'm rooting for
7 this so hard. So I'm just trying to figure out
8 how we fit as a CDFI, who would lend to like an
9 Enterprise, and how we would fit our risk
10 appetite doing this sort of lending and working
11 this sort of fund.

12 So I'm just reaching out, I guess, for
13 help from the room and other partners that we may
14 have had in the past just to kind of build those
15 synergies and seek help and partnership. So
16 that's --

17 CHAIRMAN BOWERS: You can make your
18 checks payable to --

19 (Laughter.)

20 MR. SIMMS: We'll give you our routing
21 number at least. We'll give you that.

22 (Laughter.)

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 CHAIRMAN BOWERS: Right.

2 MR. ELLISON: Email and address are in
3 the record.

4 CHAIRMAN BOWERS: No, we appreciate Mary
5 making that announcement. I'm sure she will be
6 contacted by folks who are in the room. And we
7 will make sure to follow up as well.

8 Let me -- and I know there are folks
9 who've been taking notes diligently for us. But
10 I want to say before we take break, I want to
11 highlight a couple of the key issues that I've
12 heard. All this is caught on the record. But in
13 terms of issues to really focus on that came up,
14 one is that issue around the property repairs and
15 how that relates to loan of value that Buwa
16 brought up.

17 The issue around the vacant property tax
18 exemption that's needed that Ken brought up could
19 certainly be an issue for advocacy for advocates
20 in the community. But I think for the board's
21 consideration, there may be a question around, do
22 we want to make a formal request to the

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 The department's a public bank. Private
2 banks, there's always going to be a difference.
3 So to what extent can anything be done, if
4 anything, beyond the 25 percent top loss to just
5 make sure, again, whether it's formal or
6 informal?

7 And at a minimum, the board will need to
8 monitor the performance in the first year or two
9 as deals are being done to make sure there are no
10 gaps there, and asking for the door to be left
11 open around the unsecured predevelopment lending.

12 Any other major issues that were raised?
13 Bob?

14 MR. POHLMAN: Yes. Bob Pohlman, CNHED.

15 This really, I think, is at the Housing
16 Production Trust Fund Advisory Board. As these
17 projects are evaluated, they're going to be
18 evaluated on the basis of what this permanent
19 financing looked like. Is this a viable project?

20 And I assume there will be some estimate
21 of what that permanent financing might be? How
22 much, say, \$3 million will be required? So, that

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 adds up after awhile. And what assurance -- the
2 question becomes, what assurance do we have that
3 that money will be there in the trust fund down
4 the road?

5 But beyond that, projects under 30
6 percent of AMI oftentimes need rent subsidy. And
7 that's something DHCD has no control over. And
8 so, as a trust fund advisory board, I think to
9 make this work for the trust fund itself, we have
10 to be concerned about projecting ahead what that
11 LRSP requirement might be, or housing choice
12 voucher project base, as well as, of course,
13 supportive services.

14 CHAIRMAN BOWERS: Thank you.

15 So, we will now take -- first of all a
16 couple of things. Let me thank all of our
17 invited guests for coming out today. Very much
18 appreciate your feedback and input. And so,
19 thank you for that.

20 We will -- I know the agency will
21 continue to update the public about the progress
22 around ALP.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 Process-wise, what we're going to do now
2 as a board is we will take a five-minute break.
3 That will allow the folks who are taking, I
4 think, notes may provide -- if we've missed
5 anything major that came out, we'll hear about
6 that. And then we will move to items 3 and 4 and
7 beyond in our agenda and look to wrap up.

8 So we'll take a quick five-minutes break.
9 Again, these meetings are open to the public, so
10 all are welcome to stay. But certainly, if you
11 need to move on with your daily affairs, you're
12 welcome to do that. So we will be in break for
13 five minutes and will resume in five minutes.
14 Thank you.

15 MS. FIELDS: Sign in. Sign in.

16 CHAIRMAN BOWERS: Oh, sorry.

17 Announcement -- thank you, Bea.

18 For everyone who came, make sure, please,
19 that you -- if you did not already, sign in for
20 the record at the table right out front so we can
21 make sure we have that record.

22 So we'll stand in five-minute recess.

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 (Whereupon, at 11:50 a.m., a recess was
2 taken, to reconvene at 12:04 p.m.)

3 CHAIRMAN BOWERS: Okay, we are going to
4 resume.

5 (Pause.)

6 CHAIRMAN BOWERS: All right. So it's
7 12:05 p.m. on Monday, October the 6th, and the
8 District of Columbia Housing Production Trust
9 Fund Advisory Board is back in session.

10 So we are -- I think we have a summary of
11 the notes, are up on the board from the
12 conversation we just had. And I want to thank,
13 again, Cassia and Chris and Ayesha for the help
14 with that.

15 For board members who are here, any
16 observations from the conversation we just had?
17 Any heartburn, suggestions, or "Aha!" moments
18 that we want to have some conversation about
19 beyond what we've already talked about?

20 (Pause.)

21 CHAIRMAN BOWERS: Yes, David.

22 MR. ROODBERG: It's just the concept of

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 tie-ins, I guess, between ALP and then the
2 ultimate getting of funds through an RFP or
3 something. And how do the logistics of that
4 work? Because, you know, when you're going for
5 the loan, I know DHCD -- I mean, the lender is
6 going to want to know that there's a strong
7 likelihood. But you can't make any commitment
8 until there's -- until it's actually submitted.

9 And how are people going to get
10 comfortable with that process, I guess?

11 CHAIRMAN BOWERS: Well, certainly on the
12 agency, I know there have been some conversation
13 in one of our earlier board meetings about
14 NRFP's, putting in either bonus points or tie-
15 breaker points or something that might kind of,
16 all other things being equal, give some extra
17 points to ALP deals that come through the
18 combined RFP process.

19 I don't know if the director, or Nathan,
20 if you all have any updates on that, or if that
21 can happen, will happen, can't happen.

22 MR. SIMMS: I mean, I think we still are

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 kind of flushing that aspect out. Because I
2 mean, just additional points, three additional
3 points.

4 I mean, to your point, I mean, all things
5 being equal, we don't necessarily want to create
6 -- I mean, we want to have faith in the system,
7 but we don't want to create this unbalance that,
8 if you participate in, under this regime, you
9 know, you have more favorable points versus a
10 nontraditional -- you know, a traditional route
11 versus a nontraditional route.

12 But I do think we have to kind of figure
13 out a way, one, if -- money makes a lot of things
14 happen. So it makes a lot of decision-making a
15 little bit easy. So, you know, provided that
16 funding is there, we can make those decisions, I
17 think, probably with no impact in terms of what
18 route you took.

19 But if it ever became an issue, I think
20 we'd have to look at it a little bit closely in
21 terms of what preference to give. But I think
22 we're still open to trying to figure that out.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. ROODBERG: And just a follow-up on
2 that, on the other side, that's you on the take-
3 out.

4 MR. SIMMS: Um-hm.

5 MR. ROODBERG: On the other side, a
6 lender probably is going to be less comfortable,
7 I would assume. I'm not a lender, but know
8 enough to be dangerous.

9 (Laughter.)

10 MR. ROODBERG: But a lender is going to
11 be less comfortable if they don't know that that
12 takeout is there. And how do they get
13 comfortable, I guess? Or is that going to be a
14 hindrance to the ALP program, that they don't
15 know that they can get comfortable that that's
16 going to be there?

17 MR. SIMMS: Well, I think that the
18 benefit of it is we already have a program now.
19 So that's why I always put it in the context of
20 it's not that we're creating something that we
21 don't have.

22 MR. ROODBERG: Right. Um-hm.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. SIMMS: It doesn't have that
2 protection in there anyway. I think the
3 difference is, the conversations will be there
4 more. And I would hope it would be there equally
5 with SAFI as well, that we can talk through
6 things and see what people are trying to create
7 in terms of the formulation of their deals.

8 So that, you know, you know that, hey,
9 that hits on all of the key objectives or key
10 requirements. And I think that will hopefully
11 help. There's nothing we can do to say, "Here's
12 this piece of paper. You know, include that in
13 your binder, your application, and that, you
14 know, gets you past Go."

15 But I do think there are things that we
16 can do that people can feel a little bit like,
17 "Hey, this is" -- I think, as much as we really
18 say, you know, "Here's our playing space" and you
19 understand the rules of that and that where you
20 fit, I think that's really the comfort -- that is
21 going to come through transparency, and that will
22 lead to, I think, in a word, this property level.

 OLENDER REPORTING, INC.

 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 DIRECTOR KELLY: If I can just to
2 piggyback on that, I think just in terms of
3 looking at the numbers in the short time I've
4 been back in D.C., in terms of the applications
5 that are coming in and the percentage of
6 applications that are being funded on our super-
7 NOFA, now there's way less applications coming
8 in, but the percentage is much, much higher.

9 I think that -- my feel is the same thing
10 in this project and program -- Nathan used the
11 term "transparency." If everyone knows what the
12 rules of the games are, we actually get a better
13 product when it comes to the NOFA part anyway.
14 It's almost like it's not a -- it preselects
15 itself, because it's a better product that comes
16 in at the time of review.

17 CHAIRMAN BOWERS: And I'll say, David, in
18 response to your question to -- now wearing my
19 hat as Enterprise, or one of the SAFI lenders --
20 I think three things I jotted down. One is to
21 echo what Nathan said, which is we don't have it
22 now. We, SAFI lenders, don't have it now and

 OLENDER REPORTING, INC.

 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 still do the lending.

2 Two, one of the reasons is, quite
3 honestly, is there is that expectation. Even
4 though we know it's not a guarantee, there is a
5 sense that we have, as the SAFI lender, that if
6 we've got -- if we do a SAFI loan, that unless
7 there's something really awful that we, along
8 with the developers, should be able to get to a
9 point with DHCD of getting permanent funding.

10 And we know that's not guaranteed. The
11 department has clearly said that's not
12 guaranteed. But I think there is an expectation
13 that once the city is in, that they're going to
14 work with the lenders and the developers to try
15 to see it through.

16 And then the third thing I would say is
17 that I do think that the transparency piece, the
18 increased transparency and kind of -- and the
19 intentionality, not just the transparency but the
20 intentionality about the conversation -- in some
21 of the lender meetings this summer, there were
22 absolutely those conversations going on in an

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 intentional way that heretofore hadn't happened.

2 And so I think that will help, too, that
3 as seen even in the presentation today, like here
4 go our guidelines. And then the conversations
5 that are yet to come around the, How can the
6 collective "we" do more on the permanent side?,
7 will help.

8 I will say one of the issues that struck
9 me, and I brought it up when we had folks here,
10 and so now this is going to be kind of the
11 schizophrenic power, so the Enterprise had the
12 lender hat, and then there was a trust fund board
13 hat.

14 So, the concern, for me, is around that
15 income targeting and around the stricter
16 guidelines that lenders are just going to have.
17 And, you know, the private bank is going to
18 always be tighter than the public bank, or should
19 be, on both sides. And so, I think that we as a
20 board, the agency and we as a board will really
21 need to kind of keep a close tab on that because,
22 you know, the loan committee at any of these

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 And again, those would be the same
2 questions that the agency would raise. But
3 again, I think by definition, as you go along
4 that continuum, there may be more willingness to
5 have flexibility from a public bank standpoint
6 than a private bank standpoint.

7 I say "private bank" for CDFI's as well
8 as kind of traditional banks. So that, to me, is
9 one of the biggest issues I think that we just --
10 for me that I think we need to really pay
11 attention to. Which I do think the
12 intentionality around it, and the conversation,
13 the credit enhancement piece is all part of it.

14 So anyway, are there any other thoughts,
15 concerns, issues, David or Bob or Sue, that you
16 all have? Yeah, Bob?

17 MR. POHLMAN: Yeah. I would just follow
18 up my previous comment about the role of the
19 trust fund board.

20 I think as these deals are made, I would
21 kind of picture an evaluation being made on what
22 the permanent financing requirement might be. Is

1 this project going to require rent subsidy or
2 not, and supportive services, and actually,
3 tabulating that to keep a running total as we go?
4 Now, we don't know when the project is going to
5 come in for permanent financing, but just to see
6 how it adds up.

7 Because this really changes the nature of
8 the game. What we've had up to now is an RFP,
9 and we've offered whatever we happened to have;
10 i.e., if the housing authority says we have 100
11 vouchers, that's what we put out there, and
12 that's it. But what we're going to do now is
13 we're going to have projects in the queue that
14 we've acquired on the basis of an assumption
15 about how much LRSP, for example, will be needed
16 in the future.

17 And so, I think we're going to have to be
18 more intentional about actually trying to ensure
19 those resources are there as we go along. And I
20 think that's a good thing, because DHCD cannot do
21 this alone. And that's what the MOU is for, and
22 that's what the whole approach is for, especially

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 with permanent supportive housing.

2 CHAIRMAN BOWERS: That piece that Bob
3 actually segued the key issues, one which you're
4 -- is that going to capture -- is there anything
5 for boarders, others in the room? Did we miss
6 anything? Thank you all again, throughout.

7 MS. FIELDS: Number 6, and not only rent
8 subsidy, but also supportive services.

9 CHAIRMAN BOWERS: Yeah, supportive
10 services. So number 6 is getting at what Bob is
11 talking about?

12 MS. FIELDS: Yes.

13 CHAIRMAN BOWERS: I think if we could
14 make a note to kind of put in that notion around
15 kind of the ongoing monitoring of financing needs
16 for deals for number 6 to capture, Bob, all that.

17 MS. MARSHALL: And relative to that
18 point, I'd like to have some topic on the agenda
19 with some analysis that we've done based on
20 assessment that looks at the proportional mix
21 between permanent supportive housing, affordable
22 housing, affordable housing without services, and

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 some conversation that might help us, baseline,
2 how we measure, or set up a methodology to
3 project the need for subsidy in services as well.

4 CHAIRMAN BOWERS: Yes, we could.

5 MR. SIMMS: Yes, I think to Bob's point,
6 and this is kind of a -- I see it as really a
7 place that this would fit. I know earlier on,
8 and I remember distinctly that Holly had raised
9 this during some of our earlier conversations,
10 but some of the other jurisdictions that have
11 similar types of funds, they have a managed
12 pipeline.

13 And so that may be a good place for the
14 managed pipeline in terms of, as those pieces are
15 really getting filled in, that it could be shared
16 with our counterparts in a way that, you know,
17 informs them of, you know, as they budget for
18 their resources.

19 Now, granted, the ultimate approval is
20 out of their control. But I think having
21 something in front of you that says, "Here is
22 what the need is" or "Here's what's floating," is

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 better than what we see kind of now. So that
2 that would be a good place --

3 MR. POHLMAN: Yes. Exactly. The housing
4 authority goes over to the budget office, and
5 they don't make any requests at all. They simply
6 say, "Here's how much money we have in the bank."
7 And then it's been advocacy that has determined
8 how much additional LRSP there -- the way it
9 should work is that these projects are lined up.
10 It's going to need x amount of LRSP in 2016, or
11 whatever year.

12 And the housing authority actually makes
13 that request, because they need to meet this
14 obligation. Or if they want -- that would be a
15 much sounder way of handling LRSP because as it
16 is, it's really catch-as-catch-can. Maybe it's
17 too much money some years; other years, it's
18 nothing. And it's haphazard because it isn't
19 part of the system.

20 CHAIRMAN BOWERS: Yes. Yes. And to Sue
21 and Nathan's point on that, Bob, how can we, or
22 what can the board do to help facilitate getting

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 that process in place across the different agency
2 platforms? Do you already have that? Is that an
3 act of God? Is that a congressional resolution?
4 Or what?

5 MR. POHLMAN: Well, there's also a
6 housing solutions committee now with ICH. And I
7 think we're going to tie in with them. But if
8 those two groups can look at this stuff, at least
9 this is just with production. Now, there's also
10 leasing.

11 CHAIRMAN BOWERS: Um-hm.

12 MR. POHLMAN: But just say, this is the
13 stuff that's in the pipeline, and let it be known
14 to DHS and D.C. Housing Authority, this is what
15 the need is going to be. It's tricky with -- you
16 know, it's tricky because you can only go one
17 year -- you know, you can only be one fiscal year
18 ahead with the budget request, basically.

19 MS. MARSHALL: But you could be light-
20 years ahead in terms of the data.

21 MR. POHLMAN: Right, right.

22 CHAIRMAN BOWERS: Yeah.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MS. MARSHALL: Based on the population
2 that we already have.

3 MR. POHLMAN: Right, right.

4 MS. MARSHALL: And especially as the
5 conversations are going on about what will happen
6 with D.C. General, there's an incredible amount
7 of resource attached to D.C. General. So to the
8 extent that we can marry these conversations
9 about resource and best-use-of, we can project in
10 what years we should start shifting funding.

11 MR. POHLMAN: Right, right, right.

12 MS. MARSHALL: And how to shift that
13 funding.

14 MR. POHLMAN: Right.

15 MS. MARSHALL: And I think to --
16 specifically to your question about how to better
17 address this, it is in the faction that we have
18 addressed the issue we spent the morning talking
19 about. It is having the background conversations
20 in the natural settings we work in and trying to
21 bring that together around this table as it
22 relates to pipelines.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 CHAIRMAN BOWERS: Sue, if you could --
2 two things. After our meeting, one, I just want
3 to make sure in terms of how we describe that on
4 the agenda. So, for -- I know Bea works with us
5 to get the agenda down. So just framing that the
6 right way so that when the public notice goes
7 out, we can make sure it's framed the right way
8 on the agenda.

9 And then, obviously, if there are folks
10 we think, whether it's just internal or guests we
11 need to invite to that conversation in November,
12 you know, let us know so we can make that happen.
13 And I think from the department's standpoint, if
14 there are any thoughts or updates you all have
15 that you can bring as it relates to this, that
16 can all be part of that conversation.

17 MR. SIMMS: We can have that conversation
18 about the -- let me gather the information about
19 the managed pipeline process by the other --

20 CHAIRMAN BOWERS: That would be great.

21 MR. SIMMS: -- across the country.

22 CHAIRMAN BOWERS: That would be great.

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 DIRECTOR KELLY: Just an observation.
2 And again, I think the -- at some point, we as a
3 village are going to have to recognize if we are
4 going to proceed in a logical way that starts to
5 match low-rent-supplement vouchers to a capital
6 production program, it's one that is like HUD's
7 use of the federal program of vouchers. It
8 builds on whatever annual commitment there are to
9 the folks currently in place.

10 And so, there -- I think that the deep
11 graph drink of black coffee is looking at at a
12 much bigger level, what is the city's
13 contribution on an annual basis toward a some-
14 year, 10-year -- even though we can only
15 annualize it at some point as a city, we need to
16 look at what is going to be our continued
17 commitment? What are the funding sources we will
18 need to tap to make that continued commitment
19 real?

20 And that starts to, you know, influence
21 what we can do on an annual basis toward our
22 planning. Until we get to that point, it really

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 is every year, what can we advocates muscle
2 politicians to do?

3 CHAIRMAN BOWERS: Right.

4 DIRECTOR KELLY: And then will be, the
5 AFO will be battling with the administration, and
6 the mayor's office will want to, you know, do
7 their thing both technically and fiduciarily, but
8 also politically. But that's no way to run a
9 railroad when you're looking at long-term
10 commitments.

11 CHAIRMAN BOWERS: Right.

12 DIRECTOR KELLY: So I think that's
13 something I think that -- you know, getting back
14 to, what are you willing to do as a village to
15 take care of this population?

16 CHAIRMAN BOWERS: You know, it would be
17 interesting if we were able to, as a board, work
18 at the agency and have the players -- and maybe
19 this is already in place. But to, for whoever
20 the new mayor will be, to have some specific
21 recommendations that could be presented to when
22 they come onboard, they and their staff around.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 But around this issue. So that's
2 something we could think about. You know, we've
3 got a few months till they come onboard in
4 January, and it's not like we have to, you know,
5 as a one-and-done kind of deal. But there is a
6 window of opportunity where people will be coming
7 in and looking for input, guidance, et cetera.

8 I had a question, speaking of advocacy.
9 The issue of number 2 about, and that Ken Ellison
10 brought up about the vacant property tax
11 exemption.

12 Bob, I don't know if you or anyone else
13 in the room may know about where that stands from
14 an advocacy standpoint or, you know, has anyone
15 made a push around that or not? And is that
16 something that -- so that's the first question.
17 Has anyone really made a push on that issue?

18 MR. POHLMAN: I don't think so, but there
19 is an exemption for property tax for a period of
20 time.

21 MS. FIELDS: I think you have a special
22 exemption. It says you're in the process of

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 renovating. You've got to show folks that you
2 are.

3 MR. POHLMAN: It wouldn't apply to vacant
4 land, I guess.

5 MS. FIELDS: It does.

6 MR. POHLMAN: I don't know.

7 MS. FIELDS: Yeah, because I've been
8 dealing with the churches on that.

9 MR. POHLMAN: Well, maybe. We just need
10 to research it. I was under the impression there
11 was a period of time that you had, you could hold
12 the property, as long as you said you were going
13 to produce affordable housing or, you know, where
14 you'd be exempt from property tax.

15 MS. FIELDS: It needs some additional
16 work.

17 CHAIRMAN BOWERS: It might be something.
18 I don't know, Bob, if your shop would be able to
19 take a look at that. Because one of the things
20 that maybe even from -- you know, sometimes the
21 same message, but coming from a different
22 audience, right? So, one, if we could quantify,

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 if there was a way to identify kind of what the
2 issue is, and obviously, CNHED and other groups
3 may decide they want to make requests to the
4 council or the mayor's office.

5 But if it's the kind of thing that's
6 impacting folks who are getting money, trust fund
7 monies, right, we may want to look at that as a
8 potential formal request coming from the board,
9 to say this could help with trust fund dollars.

10 MR. POHLMAN: Well, that's a huge tax.

11 MS. FIELDS: It goes from like 85 cents
12 to \$5 a square foot.

13 MR. POHLMAN: Yeah.

14 CHAIRMAN BOWERS: Yeah. So if we know
15 that's negatively impacting folks who are
16 receiving city dollars, that may be something we
17 might want to look at.

18 So that's great. Thank you, Bob. We can
19 have an update in the next month.

20 Okay. Why don't we move on? Anything
21 else on that before we move on to number 3 and 4?

22 (Pause.)

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 CHAIRMAN BOWERS: Okay. Thank you.

2 Oke, I believe you are up for number 3 on
3 our agenda, Financial Status of the Housing
4 Production Trust Fund. We'll ask if you don't
5 mind grabbing -- oh, you've got a mic. Okay.
6 Yes, sir.

7 MR. ANYAEGBUNAM: My name is --

8 (Pause.)

9 MR. ANYAEGBUNAM: My name is Oke
10 Anyaegbunam. I'm the --

11 CHAIRMAN BOWERS: Hey, Oke, one sec. Let
12 me see if we can get a mic.

13 (Pause.)

14 CHAIRMAN BOWERS: You're good. Thank
15 you.

16 MR. ANYAEGBUNAM: My name is Oke
17 Anyaegbunam. I'm the Housing Production Trust
18 Fund Officer for DHCD.

19 This is the presentation of the fund
20 balance as of September 30, 2014.

21 CHAIRMAN BOWERS: And, Oke, is this -- we
22 should be referring to this handout in the

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 packet; is that right?

2 MR. ANYAEGBUNAM: Yes, the Housing
3 Production Trust Fund.

4 CHAIRMAN BOWERS: Okay. For board
5 members, this is the Housing Production Trust
6 Fund Preliminary Funding Utilization Status for
7 FY14 that's in our packets.

8 MR. ANYAEGBUNAM: Yeah. I would also
9 like to let you know that some of these numbers
10 are now finalized, because the audit -- some of
11 the books have not been closed. Even the HPTF
12 revenue from the recordation tax are all
13 estimates at this point.

14 The other thing I want to point to you is
15 that most of the expenditures there are from
16 multifamily projects. We may still have some
17 expenditures on other projects like PUD and some
18 other areas of DHCD that we are paid for by HPTF.

19 If we start now, we -- by September 30th,
20 2013, we have 139.7 million. This is cash
21 available in the trust fund. This was from -- if
22 you look at the FY13 CAFR, I had to bring some

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 administrative expenditures. I used the 10
2 percent, which was the statutory limit for
3 administrative costs for HPTF. This may change
4 because we've not tabulated a lot of the fixed
5 costs involved.

6 We also -- now we didn't record any funds
7 for the community bond. It was just the ICE, not
8 for debt payment on the community bond.

9 The next one is the -- if you go to --
10 sorry. If you go to the expenditures, we have
11 the communities bond, which we haven't -- we
12 didn't record anything yet if there is any
13 coming. Project expenditures, that's cash
14 expenditures. Those are expenditures on projects
15 that close D.C. and previous years. It's what we
16 spent, was \$29 million.

17 And then we also have obligations in the
18 projects. That's money that was for -- you know,
19 outstanding funds to be paid on those projects,
20 was 23.8 million.

21 One thing to note, like I said before,
22 the project expenditures may go higher because

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 you have the money that's paid to other parts of
2 DHCD for programs affecting housing that came
3 from HPTF. So we have a total expenditure for
4 D.C. estimated at 74.9. I still say this is
5 likely to go up, very likely to go up.

6 So with that, the projected fund balance
7 is 172.9. At the end of 2014, we have projects
8 that are committed. That means they have been
9 through loan committee and approved. We have
10 86.1 million. If you just take that, we have a
11 remaining balance of 86.7. But then we also have
12 projects that we've awarded funds, but they've
13 not been underwritten to go to loan committee.
14 It's about 156.7 million.

15 That will leave us with a negative-70
16 million at the end of day -- at the end of the
17 year. And again, this is an estimated number.

18 CHAIRMAN BOWERS: Anybody?

19 Thank you, Oke.

20 Anybody? Questions or commentators?

21 MS. PRIOR: So will the projects still
22 going on, with dollars coming in for fiscal year

1 '15, help cover that? Or are some of those
2 projects just going to probably go by the
3 wayside?

4 MR. ANYAEGBUNAM: It will. The projected
5 money from recordation taxes, which it's about 48
6 million for now. It might go higher.

7 One thing again I didn't put here is the
8 revenue that will come from interest and loan
9 payments. They're not here.

10 CHAIRMAN BOWERS: So, the list of
11 projects that are the committed projects --

12 MR. ANYAEGBUNAM: Yeah.

13 CHAIRMAN BOWERS: That is attachment 5?

14 MR. ANYAEGBUNAM: Yes.

15 CHAIRMAN BOWERS: And that's the 86
16 million. And then the projects that have been --
17 okay. Those aren't included, sorry. Okay. And
18 I guess to David's question, and for all of us,
19 if one were to look at this, kind of say we're 70
20 million in the hole, but knowing that from a
21 timing standpoint, right, all the projects won't
22 go through, maybe not.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 And then new money will be coming in. So
2 even by the time they would require money, I
3 think we should be back at even or in the black.

4 MR. ANYAEGBUNAM: Yes.

5 (Cross-talk.)

6 MR. ANYAEGBUNAM: And another thing.
7 Even those projects that are in may be -- we may
8 do some adjustment because some of them may be
9 funded by other sources of money.

10 MR. ROODBERG: So, does that mean -- I
11 think it somewhat shakes out, I guess, that most
12 -- a lot of fiscal year '15's money is accounted
13 for already, that there may not be like a new RFP
14 NOFA in the spring?

15 MR. SIMMS: The RFP is for the following
16 year. So it would be '16.

17 MR. ANYAEGBUNAM: Yeah.

18 CHAIRMAN BOWERS: And is there a
19 projection now? Do we have a projection now on
20 how much money, roughly, would go into the spring
21 RFP, given where all the numbers are?

22 MR. SIMMS: Not -- I mean, we haven't had

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 a chance to talk about it yet. I think a lot of
2 variables will still be up in the air. I'm sorry
3 -- sorry about that.

4 There are a lot of variables still up in
5 the air. So, I mean, obviously, for the last two
6 cycles, we've been given additional money.
7 That's not to say we will or will not get that
8 going forward. But I mean, obviously, if we do,
9 I mean, that helps.

10 But I think if we don't, I think, you
11 know, we would go with a somewhat conservative
12 number. I haven't much house money to play with
13 after that.

14 CHAIRMAN BOWERS: How much was in this
15 current year's RFP?

16 MR. SIMMS: We said, what, 80 million?
17 We are jabbering that quite a bit.

18 CHAIRMAN BOWERS: Okay. And going back
19 to page 1, the mayor's -- on page 1 under
20 Available Fund Balance September 2014, under
21 there where it mentions the Mayor's housing
22 initiative, 1.0 and 2.0.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. ANYAEGBUNAM: Excuse me. Excuse me.
2 I think that was the one available, firm balance
3 was supposed to be -- the second one was supposed
4 to be 2013, the same as the first.

5 CHAIRMAN BOWERS: Um-hm.

6 MR. ANYAEGBUNAM: If you look at the
7 second line, that was.

8 CHAIRMAN BOWERS: Yes. Um-hm.

9 MR. ANYAEGBUNAM: That says 2014. It's
10 the same as 2013.

11 CHAIRMAN BOWERS: Okay.

12 MR. ANYAEGBUNAM: Yeah, not 2014. The
13 projected balance in 2014 -- the projected
14 balance was at the end of -- what we are
15 projecting is about 172 million, 172.9, which is
16 only a projection.

17 CHAIRMAN BOWERS: Right, right, right.
18 So on page 1, that available fund balance
19 September 30, 2014, should be 2013?

20 MR. ANYAEGBUNAM: 2013.

21 CHAIRMAN BOWERS: Got you. Okay.

22 The Mayor's housing initiative money, I

1 had in my mind that there was roughly 89 million
2 that went to the trust fund. I see this shows
3 about 50 million. Is it supposed to say --
4 misremembering, or was 89 kind of the amount that
5 came, but it's just not reflected here because it
6 was in a different year, a different cycle?

7 MR. SIMMS: One part was in '13, and one
8 part became in '14.

9 CHAIRMAN BOWERS: Um-hm. So this is
10 showing '13 and '14 coming up to about 50
11 million, roughly. There's another roughly 40
12 million that's somewhere.

13 Bob?

14 MR. POHLMAN: Well, here, the mayor was
15 counting the FY15 real estate re-creation and
16 transfer tax amount in this --

17 CHAIRMAN BOWERS: As part of that 89?
18 Okay.

19 MR. POHLMAN: You know, that's how --

20 CHAIRMAN BOWERS: Money that would have
21 been there anyway.

22 (Laughter.)

1 MR. POHLMAN: Exactly. And it is, you
2 know, he could make a decision not to budget it.

3 CHAIRMAN BOWERS: Right.

4 MR. POHLMAN: So I mean -- but.

5 CHAIRMAN BOWERS: Okay.

6 MR. DICKERSIN-PROKOPP: It was, of
7 course, in the --

8 Chris, can you identify yourself for the
9 record?

10 MR. DICKERSIN-PROKOPP: Chris Dickersin,
11 DHCD.

12 That sounds like the number you're
13 remembering was 86.9 million.

14 CHAIRMAN BOWERS: Yes.

15 MR. DICKERSIN-PROKOPP: And the first
16 chunk of that was, I think, 66 million went in a
17 year ago, or more than a year ago now. So that
18 shows up in this. It's within this 139 million
19 initial fund balance.

20 CHAIRMAN BOWERS: Okay.

21 MR. DICKERSIN-PROKOPP: So it's 86.9
22 million just dropped into the Housing Production

1 Trust Fund, but 66 million is for last year, and
2 now a lot of that is carrying over.

3 CHAIRMAN BOWERS: Okay.

4 MR. DICKERSIN-PROKOPP: And so this other
5 nearly 20 million was budgeted this year. And
6 then there was a second Mayor's housing
7 initiative that went beyond that 86.9 million,
8 which is where this 30.2 million is coming from.

9 CHAIRMAN BOWERS: Got you. Thank you.

10 MR. ANYAEGBUNAM: You can see it in the
11 income statement, the second page of the CAFR
12 handouts.

13 CHAIRMAN BOWERS: Um-hm. Okay.

14 MR. ANYAEGBUNAM: There is a 66.3 million
15 towards the end.

16 CHAIRMAN BOWERS: Okay.

17 MR. ANYAEGBUNAM: Which is from the
18 mayor, was a transfer payment.

19 CHAIRMAN BOWERS: Got you.

20 Bob?

21 MR. POHLMAN: Yeah, a question about
22 these quote-unquote "transfer payments." What

1 are these?

2 MR. ANYAEGBUNAM: These are payments for
3 different -- that will go to different sources.
4 They're like, we don't keep them in --

5 MR. POHLMAN: But you're adding it --
6 you're adding it to the available funds for
7 transfer.

8 MR. ANYAEGBUNAM: Well, yeah, but I took
9 it out. If you look at where I had the 12.5
10 million, it amounted to 12.5. The transfer -- in
11 the expenditures.

12 CHAIRMAN BOWERS: Right.

13 MR. ANYAEGBUNAM: Yeah, took that out.

14 MR. DICKERSIN-PROKOPP: And that's really
15 where it's close to the amount that accounts for
16 the gap between 86.9 and 100 million? The mayor
17 announced 100 million, and then a lot of that or
18 a small amount of that got taken away for these
19 transfer payments for categories, which left us
20 with 86.9 for DHCD, DFD projects.

21 CHAIRMAN BOWERS: Um-hm. Good. Okay.

22 And the new communities bond debt

1 payment, I know you said zero just from a timing
2 standpoint. Is there a --

3 MR. ANYAEGBUNAM: It's nothing.

4 CHAIRMAN BOWERS: So do we expect any
5 payment to come out of the trust fund this year
6 on new communities that are not --

7 MR. ANYAEGBUNAM: It's supposed to be
8 done, yeah.

9 MS. FIELDS: It's changed --

10 MR. POHLMAN: No, not for the existing
11 amount. Don't you still get 7 million or so
12 taken out for the debt service on bonds up until
13 the point that the new legislation kicked in?

14 MR. ANYAEGBUNAM: Yeah, there has been a
15 lot of. But they started by saying we didn't
16 have to. But there has been some other
17 information. So I'm waiting. I'm not sure.
18 That's why I'm not putting it yet. We'll work on
19 family in a few days, yeah.

20 MR. POHLMAN: Yeah. Okay. Well, that
21 would be great if they didn't --

22 MR. ANYAEGBUNAM: Yeah.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. POHLMAN: They took it all out of the
2 capital fund. My understanding was that whatever
3 had already been committed from the trust fund
4 would continue, and then all new bonds would --
5 new debt service would go against the capital or
6 income tax bonds or whatever it is, income tax
7 fund.

8 MR. ANYAEBUNAM: Yeah, because I think
9 it's part of the bond money, was part of what is
10 going to happen next year.

11 MR. POHLMAN: That would be good to
12 clarify.

13 CHAIRMAN BOWERS: Yeah. It would be
14 helpful if at our next meeting we could find out
15 what the status of that is. The communities
16 fund, the status.

17 Okay. Any other questions or comments on
18 this? Yeah, Bob?

19 MR. POHLMAN: Yes. You know, it's going
20 to be very important that we inform the new
21 administration of how this fund works in a time
22 delay in doing projects. Because you look at the

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 cash and you say, "Oh, my God, you know, they're
2 not spending any money."

3 And that's just the way it's always going
4 to be with this fund, as you know. And it's good
5 that you show the committed projects and the
6 awarded funds. But we just need to, you know,
7 somebody can pick up the cash balance number and
8 run with it. And we just need to educate.

9 CHAIRMAN BOWERS: Bob, is there -- would
10 you be willing to maybe draft a letter for the
11 board's consideration next month that could go to
12 whoever the new mayor is, once they get sworn in,
13 or even after the election? So a draft of a
14 letter that we could look at and consider that
15 the board could send that would capture just
16 that? Kind of a primer letter about that issue.

17 Because I agree with you. I do remember
18 even from my Capitol Hill days, yeah, people see
19 that money sitting there, and they just assume
20 it's not being spent and therefore not needed.
21 So we don't want that perception to take hold.

22 MR. ANYAEGBUNAM: And the other thing is

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 like before, most of those -- the committed funds
2 are definitely going to go; that's number one.

3 CHAIRMAN BOWERS: Right.

4 MR. ANYAEGBUNAM: Unlike what we had
5 before in our portfolio, the awarded funds have
6 been very well underwritten that, I'm sure about
7 at least 95 percent may go. Not all of them may
8 go next year, but about 95 percent they are sure
9 to go. So it's not --

10 MR. POHLMAN: Yeah, I think we should
11 see. We might want to do something with the
12 transition team, assuming there's a -- there will
13 be some kind of housing transition, I think.

14 But, you know, David, you might be on it.

15 (Laughter.)

16 MR. POHLMAN: So you can just take that
17 information with you.

18 CHAIRMAN BOWERS: Right. Carry it to the
19 mountaintop.

20 You know, maybe even if we can think
21 about what I just said. You know, and maybe not
22 limiting ourselves. Let me reconsider the

1 request I just made to Bob. You know, we may
2 want to think about and have some conversation at
3 our November board meeting.

4 Let's think about it between now and
5 then, and at our November board meeting discuss,
6 what are the issues, the list of issues, that we
7 would want to brief the new mayor and their team
8 on?

9 So it's not just this onesie, but I'm
10 sure when we give some thought to it, there may
11 be -- you know, what's the three-by-five card or
12 the top three, four, or five issues that we want
13 to make sure that the new mayor and their staff
14 are aware of? And then reach out to them and
15 offer to do a briefing.

16 Yes, sir, Director.

17 DIRECTOR KELLY: It's on a related note.
18 At the debates recently, Catania had questioned
19 Bowser's chairpersonship of Economic Development
20 by saying there's 100 million bucks of, you know,
21 money that's left on the table, I think is what
22 the term was, referring to the 9 percent --

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. POHLMAN: Was he referring to the
2 trust fund?

3 CHAIRMAN BOWERS: No, the tax credits.

4 DIRECTOR KELLY: He's referring to the 9
5 percent tax credits. But it's germane to this
6 discussion in that, not knowing how the system
7 works, Bowser, to her credit, said no money is
8 lost. It's rolled --

9 MR. POHLMAN: What was he referring to?
10 Bonds?

11 DIRECTOR KELLY: Yeah.

12 CHAIRMAN BOWERS: No --

13 (Cross-talk.)

14 MR. SIMMS: 9 percent -- not 4 --

15 DIRECTOR KELLY: 9 percent bonds.

16 MR. POHLMAN: 100 million?

17 (Cross-talk.)

18 MR. POHLMAN: Now, if he's talking about
19 4 percent bonds, we never do spend the full bond
20 cap, 250 million. We could easily be 100 million
21 short on that.

22 DIRECTOR KELLY: Yeah. And that may be

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 confusing two different things. See, I think
2 that 100 million must have come from the 4
3 percent number. From the 9 percent number, it
4 would be impossible.

5 MR. ROODBERG: Yeah, a couple million a
6 year.

7 (Cross-talk.)

8 CHAIRMAN BOWERS: He shows -- I was
9 reading the documents of the candidates. And in
10 his housing section, he has a chart that shows
11 unused tax credit. He refers to bonds and unused
12 tax credit in saying it could leverage up to --

13 MR. POHLMAN: That's DCH?

14 CHAIRMAN BOWERS: Right.

15 MR. ANYAEGBUNAM: The problem was that he
16 was referring to tax credit that we had the right
17 to carry over, that we are not lost. You carry
18 over a certain amount left, once it's not higher
19 than some amount. We've never left tax credit on
20 the table since 2009 or 2008.

21 MR. POHLMAN: You're talking about 9
22 percent?

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. ANYAEGBUNAM: Yes.

2 CHAIRMAN BOWERS: Right, right.

3 MR. POHLMAN: But 4 percent is a
4 different matter.

5 MR. ANYAEGBUNAM: Yeah, but 4 percent
6 would depend on the bonds. That's all it depends
7 on. If you have the full bond, it's not --

8 CHAIRMAN BOWERS: And if the 9 -- if
9 there are ever unused 9 percents, is that an
10 issue of timing on a deal?

11 MR. ANYAEGBUNAM: Yes.

12 (Chorus of "Right.")

13 DIRECTOR KELLY: Last year, that's what
14 happened last year.

15 MR. ANYAEGBUNAM: Yes.

16 DIRECTOR KELLY: So whatever gap that
17 occurred on paper got filled up and will be
18 filled up with our awards this week.

19 MR. ANYAEGBUNAM: Yeah.

20 DIRECTOR KELLY: Leaving very -- with a
21 half-million bucks or less to be rolled over for
22 next year.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 MR. ANYAEGBUNAM: Yeah.

2 DIRECTOR KELLY: Again it was -- but to
3 your point, David, if the deal is not right,
4 we're not going to give the money to it.

5 CHAIRMAN BOWERS: Right, right. So this
6 goes back to, for our next meeting then, one of
7 the agenda items. So let's do a review.

8 One, we'll have the conversation around
9 the methodology, managed pipeline, methodology
10 around the kind of continuum of need with Sue and
11 Nathan, kind of a running point on that.

12 For all of us as board members, if we can
13 give thought to -- if we can make sure this goes
14 out not just in the minutes, but when we probably
15 need to send a reminder to folks who aren't here
16 so they can be thinking about ideas of what are
17 some key issues to brief a new mayor and a new
18 staff, right, because you don't have an
19 understanding. Folks can start going different
20 ways.

21 And then also, getting an update on the
22 clarity about the new community funds status.

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 Chris, I believe we're on to you, sir,
2 and number 4 on the agenda. Is this the
3 PowerPoint, the hard copy that's in the packet as
4 well?

5 MR. DICKERSIN-PROKOPP: Yeah, that's
6 right.

7 CHAIRMAN BOWERS: Thank you, sir.

8 (Pause.)

9 MR. DICKERSIN-PROKOPP: At last month's
10 meeting, we talked about looking not just at the
11 trust fund investment in projects, but looking
12 comprehensively at all agencies, all District
13 sources, and the money that they are putting into
14 deals together, to get a better sense of the
15 District investment.

16 We talked about a database where we're
17 working on to merge DHCD's database, which we
18 presented a few times to you, merging that with
19 HFA's project lists and DMFD's (phonetic) and the
20 housing authority's capital projects.

21 And we ran some stats on the projects
22 that came out of that merged list. And we

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 grouped them into a few categories. So we looked
2 at DCHFA deals, bond and 4 percent deals, with no
3 DHCD subsidy. There were some number of those,
4 probably about 20.

5 And you'll see that -- well, used these
6 bar graphs a few times. So each line represents
7 a project. And the length of each bar is the
8 percentage of total development cost from that
9 source. So a full bar is 100 percent of
10 financing, 100 percent sources.

11 So, on average, these deals that are
12 getting HFA money and no DHCD subsidy are getting
13 about 25 percent of their equity from a sale of 4
14 percent tax credits. Some of them got one or two
15 where really the remaining money comes from the
16 housing authority, but on most of these it's bond
17 money or private equity or private loans that are
18 coming in and filling the gap on these deals.

19 And we've got another 20 or so which are
20 DCHFA projects, and they also have DHCD
21 subsidies. These are getting, I think, more
22 equity from tax credits, even though they're

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 still 4 percent, like either targeting lower
2 incomes. So about 29 percent of their money is
3 coming from LIHTC equity. The DHCD contribution
4 is sort of volatile, but it's averaging another
5 24 percent.

6 Most of this is trust fund money. Some
7 of it could be home or CDDG money. This green
8 line is the gap in all these deals. And then
9 about 45 percent from private lenders or some
10 other equity or debt source.

11 If you look at just the DHCD deals with
12 no housing finance agency participation, there
13 are about 80 projects on this list, I think, and
14 they're all over the place. So you've got some
15 where DHCD is putting in maybe 5 percent of the
16 project cost, all the way down to these where
17 DHCD is putting in 100 percent of the cost.

18 Now, a lot of these it depends on the
19 scope. Because some of these are -- this could
20 be a predevelopment loan or an acquisition loan,
21 where DHCD is funding everything. So this isn't
22 the most telling chart. So we split it up by the

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 AMI targeting level.

2 Talking about 76 projects with HTPF
3 money. You saw a graph like this probably a year
4 ago or more at the first trust fund board
5 meeting, and we updated it with current numbers,
6 projects we've perceived and underwritten in the
7 last two years.

8 For 30 percent AMI units, the average
9 subsidy -- the average trust fund investment is
10 117 million per unit. For 50 percent AMI units,
11 putting in about 88.8 million per unit.

12 (Inaudible interjection.)

13 MR. DICKERSIN-PROKOPP: Oh, thank you --
14 88.8 thousand -- I'm used to lopping off some
15 zeroes -- 117,000 per unit on 30 percent AMI's,
16 88,000 on 50 percent AMI units, and 46,000 on 80
17 percent AMI units.

18 And again, when we run this again, we'll
19 probably differentiate by scope, because you see
20 a lot of some of these maybe acquisition or
21 moderate rehab projects, where we're putting in
22 50,000 or below per unit, even though they're the

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 lowest income band. And then you have another
2 cluster here, where you're probably seeing our
3 new construction or substantial rehab projects
4 that are actually coming in quite a bit above
5 this average.

6 So we cut those numbers. But considering
7 all project scopes, the solid bars show the 25th
8 to 75th percentile. So, 50 percent of the
9 projects we do with 30 percent AMI units are
10 coming in in this range, and so on for each
11 range.

12 This will help us in our budgeting and
13 underwriting standards.

14 MR. ROODBERG: Can I ask you a question
15 on that?

16 CHAIRMAN BOWERS: David, yes.

17 MR. ROODBERG: So, say -- I mean, DHCD
18 has had more money coming in recently than it may
19 in the next couple of years, so it may be more
20 competitive. But say you had two 30 percent
21 projects and one had 100 units at only 50,000 a
22 unit and it was in one part of the city. And

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 another one only had 50 units at 100,000 a unit
2 in another part.

3 How, when it gets more and more
4 competitive? I mean, I know you have your
5 scoring system. But they're both 30 percent.
6 One is just higher because of location.
7 Everything else is exactly the same. You know,
8 what would go into that kind of decision making?

9 MR. SIMMS: I mean, I think, for us, I
10 mean, we try to compare -- I mean, we've gone
11 down the road of trying to do, compare apples to
12 apples. So in that comparison you set up, I
13 mean, that isn't apples to apples.

14 I think -- I mean, we would look at it
15 and see. I mean, obviously if it's different
16 neighborhoods, what neighborhoods? What are we
17 already funding in those? Are we funding other
18 projects in those neighborhoods? If so, at what
19 targets? Can we get some of that -- if we say no
20 to one, is it possible to negotiate with other
21 transactions? Some levels of that deeper
22 affordability maybe?

 OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 You know, it just depends on overall what
2 we're doing. But I think if everything being
3 equal, everything being equal, it should be a
4 little bit easier, right? But clearly, it's not
5 in that example. But we would have to look to
6 see what we're doing in other types of
7 activities.

8 MR. ROODBERG: I could see it becoming
9 more of an issue having some philosophy, I guess
10 -- that may not be the right word, but some
11 criteria.

12 When and if -- hopefully it doesn't
13 happen -- but the numbers come down for how much
14 DHCD has to put out, in the last two years it's
15 been more, and you've been able to do most good
16 projects.

17 MR. SIMMS: Right.

18 MR. ROODBERG: But when you have -- you
19 know, it becomes more competitive and fewer good
20 projects, you know, how do you make some of those
21 decisions? I mean, I know you have your scoring
22 system and criteria. But I think there's more to

1 it even in terms of where you want projects and
2 things, some of the things that you've mentioned,
3 which I think you probably do subjectively.

4 MR. SIMMS: We do it now, yeah.

5 CHAIRMAN BOWERS: Yes.

6 MR. DICKERSIN-PROKOPP: Well, also, we're
7 just starting out our consolidated planning
8 process, which governs HUD funds. But there
9 would be consistency, of course, with how we
10 allocate HPTF funds. So there would be a public
11 input process. And I think if we heard feedback
12 suggesting we should be out doing something over
13 the other, we'd pay attention to that.

14 MR. SIMMS: Yeah. I think it definitely
15 feeds into the narrative, so what I said before
16 and what I know is the degree level -- but those
17 are gone. That's part of it.

18 But you know, I think, in terms of the
19 discussions with the lenders, I know we've talked
20 about, you know, local rent supplement and not
21 treating it like a full subsidy for what it is.
22 And I think if we are going to truly hit those --

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 if we have less money to make available, I think
2 the other leveraging side of that is with the
3 subsidies and the first trust lender. If you're
4 able to fund more or a larger portion and reduce
5 your back-end subsidy in terms of gap, I think
6 that helps.

7 And I think that's something that we have
8 to get at in terms of the permanent supportive --
9 I mean for us, even in terms of permanent
10 supportive, but permanent working group in terms
11 of capital and production.

12 Because that, to your point, I mean, it
13 shouldn't be too difficult for us if we do have
14 two projects that, you know, hit that 30 percent
15 and below AMI target, because the treatment of it
16 with the subsidies would be that, you know, it's
17 not viewing it as if it has a subsidy, but it's
18 treating it in terms of it can support more debt
19 versus, yeah, it's a shallow subsidy. But it's a
20 real subsidy.

21 So if you can support more, that reduces
22 the contribution on the back end. So that's a

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 good point.

2 DIRECTOR KELLY: If I can just make an
3 observation, too, from the exercise we do with
4 our underwriting partners. I think just from my
5 review, we admit this topic really does get
6 presented all the time, constantly. With each
7 project, it's a kind of either very overt or
8 subtle reminder of our larger commitment.

9 So I think we kind of bake into the
10 system a little bit as we look to the award
11 exercises that Nathan put together.

12 CHAIRMAN BOWERS: Yeah, Chris.

13 MR. DICKERSIN-PROKOPP: One thing, just
14 from looking over these numbers the last few
15 months, it seems like the -- of course, not every
16 -- the scope and size of every project can't
17 support bond financing, 4 percent tax credits.

18 But this is, mathematically, these are
19 the ones that work, that we like the best, you
20 know, that are getting LIHTC equity from housing
21 finance agency bond finance, even if we take it
22 out after construction. And that minimizes

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 DHCD's participation.

2 You know, I think that's what we're
3 getting towards with the consolidated RFP, where
4 agencies are able to layer these subsidies
5 efficiently. But we've seen the challenge with
6 that is, those deals are going straight to the
7 housing finance agency proposing 60 percent AMI
8 units. And then they have to be sort of
9 restructured as soon as they come to us.

10 So how can we, from day one, get them to
11 come in meeting our HPTF goals?

12 CHAIRMAN BOWERS: And I think, even to
13 that notion of the process of quantifying kind of
14 a pipeline writ large, and kind of what the goals
15 of the city are, what's coming in, and what are
16 the different resources that we talked about
17 earlier?

18 If we can -- the collective "we," not
19 just this board and this agency, but if we can
20 help the city kind of get there with that, it
21 might help to be -- being more proactive and
22 intentional about it may help us get there.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 Chris? David.

2 MR. ROODBERG: Putting on that, and
3 looking at your presentations in the past, it
4 seems like we do, you know, fine at the 60. So,
5 you know, 68 -- fine at the 30, because you also
6 have mission-driven and you have nonprofit. It's
7 the 50 that gets lost in the shuffle.

8 MR. SIMMS: It does.

9 MR. ROODBERG: And, you know, the 31 and
10 50. And maybe that's something with the NOFA and
11 the RFP's, that really give bonus points or
12 whatever to get more 50s from the start. Because
13 they're the ones that really seem to get lost.

14 MR. SIMMS: And that's been part of the
15 conversation. I mean, we talked about before,
16 many people are going to the housing finance
17 agency, and they're underwriting at 50 -- I mean
18 at 60. And we're saying, well, one, that doesn't
19 make -- we get it, but it doesn't make a whole
20 lot of sense in terms of the distribution that
21 we're trying to get to.

22 And then when you look at some of the

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 areas for which these projects are going to be
2 located, that still too is a bit of a stretch
3 because you have to give some degree of
4 flexibility in terms of changes in the market.
5 And so to underwrite at 60 and the market is not
6 at 60, you have to give yourself some flexibility
7 really at the 50.

8 So it benefits you in the short term,
9 maybe benefit you in the long term, to have --
10 certainly it benefits you in the long term to
11 have that flexibility versus underwriting at 60,
12 not being able to achieve 60 percent of AMI. And
13 then you have all these troubles that come in.

14 So, yeah, to your point, I think that's
15 how we'll go.

16 CHAIRMAN BOWERS: And we'll keep looking
17 at that data, like the report we did at the last
18 meeting, on a regular basis to see where the
19 income targeting is.

20 MR. SIMMS: Um-hm.

21 CHAIRMAN BOWERS: I had to say it's not
22 just where projects are funded, but where the

 OLENDER REPORTING, INC.
 1100 Connecticut Avenue NW, #810, Washington, DC 20036
 Washington: (202) 898-1108 / Baltimore: (410) 752-3376
 Toll Free: (888) 445-3376

1 requests are coming in. And to David's point,
2 the notion of where are the areas that either
3 need to be incentivized, some form or way at
4 which of those two income bands that the trust
5 fund is required to get to.

6 And I remember at the presentation at
7 last month's meeting, that historically there
8 have been more trouble at the zero to 30, but in
9 the last go-round, more projects came in at that
10 30.

11 MR. SIMMS: Yeah.

12 CHAIRMAN BOWERS: And so continuing to
13 look at that, which are the bands where we need
14 to pay more attention and think about what needs
15 to be done?

16 And sometimes, you know, it may be at
17 center points, or it may be education about the
18 fact that resource available, whatever it is to
19 have that kind of collective conversation.

20 Chris, I want to thank you. To the board
21 members -- appreciate the presentation, Chris.

22 To the board members, we will, in absence

OLENDER REPORTING, INC.
1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 of a quorum, we will approve the meeting
2 summaries. Please take a look at this. If we
3 can email these out, Bea, as well, with the piece
4 about the asking folks to think about suggestions
5 for what could be told to the new administration,
6 including these to let folks know that we'll
7 approve these at next month's meeting, since we
8 don't have a quorum now.

9 MS. FIELDS: Both of these?

10 CHAIRMAN BOWERS: Yeah. And so the other
11 thing is, please pay attention. So the proposed
12 dates for our regularly scheduled meetings in
13 2015 will continue the first Monday of each
14 month, with the exception of April and September.
15 So this is printed out; it's in your schedule.

16 The final thing -- one update also, kind
17 of old business-new business. I did talk to the
18 new interim chair of the office of boards and
19 commissions. And they are working to get
20 something submitted to the council. There are
21 four of us who are members of the board whose
22 terms expire in January. And there is -- so they

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036
Washington: (202) 898-1108 / Baltimore: (410) 752-3376
Toll Free: (888) 445-3376

1 are moving to submit to council an extension of
2 those terms.

3 David, I think that you --

4 MR. ROODBERG: I'm one.

5 CHAIRMAN BOWERS: Yeah. You, myself,
6 Sue, and Oramenta. So I did want to let you know
7 I talked to Mr. Cheek this past week, and he said
8 they had hoped to get those submitted this week
9 to council. We don't know what will happen from
10 that point, but that is the update there.

11 And then I do -- he was double-checking.
12 I think there is that 180-day -- as Bea told us
13 last meeting, the 180-day holdover period even if
14 not, or up to 180 days. So that's an update.

15 Any other new business or old business
16 follow-up?

17 (Pause.)

18 CHAIRMAN BOWERS: Okay. The meeting is
19 officially adjourned. Thanks, everybody. We
20 will see you next month. Thank you.

21 (Whereupon, at 1:05 p.m., the meeting
22 adjourned.)

