



## Minutes

March 20th, 2019  
6:00 pm to 8:00 pm  
DC Housing Finance Agency  
815 Florida Ave NW  
Washington, DC 20001

### **Attendance**

**Present:** Jade Hall, Paul Hazen, Louise Howells, Amanda Huron, Vernon Oakes, Elin Zurbrigg

**Absent:** Janene Jackson, Sandra Butler-Truesdale, Lolita Ratchford, Ana Van Balen, Risha Williams

**Guests:** Leah Brown, Danilo Pelletiere, Julian Rowand

**Council Present:** Scott Perske

### **Proceedings:**

#### ***Asset management Preliminary Recommendations***

- Summary of presentation on Limited Equity Cooperatives (LECs) Training by Jade Hall
  - Housing Counseling Services (HCS) requires more staff to be able to reach out to more coops and provide them with effective training and ongoing technical assistance.
    - Subcommittee members will follow up on a breakdown of numbers for funding more staff to provide training and ongoing technical assistance (ongoing technical assistance requires more time and money for HCS staff to reach out to coop boards).
- Summary of Recommendations
  - Trainings
    - Waive DCHFA fees to set aside funds specifically for training LEC members.
    - Require training of property management companies by Real Estate commission in order to receive a certificate for training before managing LECs.
    - Assign different training classes every two years for continuing education of coop board and members.
    - Provide loan forgiveness or interest rate reduction in exchange for meeting annual/bi-annual asset management goals, including training.
    - Strongly support incentives and training but there are still questions on making training mandatory or annual for coop boards (how does this work with board turnovers?).
  - Ongoing technical assistance
    - Connect existing interpretation services and the DC Language Access Program to cooperatives and ensure funding levels for the program meet the needs of the LEC members.
    - Create online directory that lists education, technical assistance, stewardship and asset management services accessible to cooperatives
    - Create a database for collecting coop information annually/quarterly

- Task force members agreed that there needs to be clearer articulation on the difference between training and ongoing technical assistance.
      - Ongoing technical assistance is needed to come on a consistent basis.
      - What is the cost effectiveness of funding an annual training versus funding ongoing technical assistance throughout the year?
      - How can professional assistance be provided to the coops while there is also annual training courses?
  - Funding
    - HPAP as primary lender can't be done anymore. Used to be done before but generally changed for HPAP when city was going through hard economy. → your amount is deferred until you sell your property for low income households. Rule has changed with income/market changes.
    - Provide full tax abatement for coops so long as the LEC uses Asset Management tools.
      - How can tax abatement incentives be provided for LECs? And how would it be implemented? Can this be done through the DC Office of Tax and Revenue (OTR)?
      - Should tax exemption be already a standard and then have other incentives in addition for it? How do you manage personal behaviors?
      - Any coop with a loan from DHCD should have mandatory training.
    - Allocate funding for a full-time staff position at DHCD to coordinate accessibility to cooperative services

### ***Financing LECs Preliminary Recommendations***

- Introduction
  - “If, then” statement in introduction, not assuming built-in support for LECs.
  - Place greater priority on allocating funds for coops in proportion to the overall budget.
  - Set aside funds specifically for coops. More demand for coops will set out more allocation of funds to increase and not lose this housing opportunity.
  - Double the number of co-operative units in the District over the next 5 years, adding 600 new co-op units a year, or a total of 3,000 new LEC units by 2025. This will support the city's current goals of producing 36,000 new units through production and preservation.
- Recommendation 1: Encourage broad sector support for LECs as a viable affordable housing type in DC
  - Encourage political and cross-sector support for LECs that will shape policy procedures and investment that supports the development and sustainability of LECs.
  - Promote the benefits of LECs identified by the LEC Task Force and the CNHED study
- Recommendation 2: Increase overall funding for affordable housing, and increase allocation to preservation projects to support development
  - Suggest that District government develop a plan to incrementally increase the annual Housing Production Trust Fund (HPTF) budget beyond \$130 million to meet projected affordable housing need.
- Recommendation 3: Provide adequate and dependable acquisition funds for the creation of new LECs under Tenant Opportunity to Purchase Act (TOPA)

- All potential LC's formed under TOPA work with a Bridge Lender to identify maximum supportable acquisition loan (in first 90 days for TOPA process).
- Buildings going through the First Right to Purchase Program (FRPP) with certain criteria of below 40% MFI and cannot sustain 125% go through bridge/mini or permanent financing.
- Establish annual funding for LECs.
- DHCD to prioritize in NOFA scoring/ranking funding for very affordable LECs, acquisition take-out, and construction funding.
- Recommendation 4: Establish minimum annual funding amounts needed in order to meet the goal to double the number of LEC units in DC by 2025
  - Establish funding sources based on the level of need and priority to be available (or set aside) annually.
  - Suggest that DHCD make at least \$20 million a year available for TOPA acquisitions.
  - Increase the HPTF to \$200 million a year.
  - Better fund technical assistance providers and housing counselors to provide more outreach and education to residents receiving TOPA notices to consider coop formation.
- Recommendation 5: Ensure there is adequate "soft" pre-development funding
  - Ensure that DHCD "seed" money funds are a viable source of "soft" project start-up money in the form of forgivable loans up to \$100,000.
    - Pre-development for new construction requires about \$250,000-\$300,00.
  - LISC has a limited pool of funding for recoverable grants for pre-development. Expand this source and type of funding through public and private philanthropy.
- Recommendation 6: Make coops more competitive in the DHCD NOFA scoring
  - Suggest scoring changes to award more points to homeownership TOPA properties.
  - Or create a separate NOFA for preservation projects including LECs and provide a scoring bonus for coops.
- Recommendation 7: Develop other viable sources for financing new coops beyond DHCD
  - Make available HPAP type funds (soft loans) used to fund coop shares.
  - Make available bond financing through DC Housing Finance Agency (DCHFA) with terms specifically for coops.
- Recommendation 8: Finance LEC sustainability
  - Provide 100% tax abatement for coops in exchange for long-term affordability.
  - Provide accessibility to HPAP for those above 80% AMI and want to move out.
    - Use HPAP to buy a coop share and to move out of the coop.
  - Discuss more recommendations for sustaining LECs.
    - Recommendation for refinancing 15 years later through a set aside fund from private lenders and DHCD.

### ***Update on CIC repairs program***

- The budget for this act supports FY 2019.
- The funding prioritization for this program comes after other programs are funded.
- Regulations are still being worked out.
- Program requires courses to be taken by coop and condo board members.
- The program provides a one-time grant up to \$100,000 for critical repairs in common areas that have code violations with problems in the electricity, roof, security, and other common elements of the building.

- $\frac{2}{3}$  of units must meet be under 60% AMI.
- There are still questions remaining around the structure of training courses, final regulations, and funding for the program.
- The program provides a range of assistances - loan/grant or technical assistances depending on nature of needs.

**Adjourned. 8:08PM.**