

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND ADVISORY BOARD

Meeting Highlights

(For more details, see Transcript)

Monday, November 18, 2013

DC Department of Housing and Community Development (DHCD), Housing Resource Center.

Meeting Participants:

Board Members: Present: David Bowers, Chairman; Stanley Jackson; Jim Knight; Sue Marshall; Oramenta Newsome; M. Craig Pascal; David Roodberg; and Michael Kelly, Director of the DC Department of Housing and Community Development (DHCD), *ex-officio*. Absent: Bob Pohlman and Jacqueline Prior.

DHCD Staff: Milton Bailey; Beatrix Fields; Oke Anyaegbunam; Andre Chan-Mann; Marthine Bartee-Williams; Taura Smalls; and Julia Wiley.

See *Attachment (1)* for copy of Sign-in Sheet.

Agenda Items and Actions Taken:

See *Attachment (2)* for copy of Meeting Agenda.

1. **Call to Order and Establish Quorum:**
The meeting was called to order at 10:20 A.M.; and a quorum was established.
2. **Approval of Meeting Minutes for October 8, 2013:**
The Board approved the Minutes, with one edit. Approved Minutes are on the DHCD website.
3. **Updates on HPTF Activities:**
Director Kelly announced DHCD will have a public hearing regarding the DHCD Consolidated Annual Performance Evaluation Report (CAPER) to share with the public how DHCD has used federal dollars and for the public to testify on how DHCD has used and/or should use federal dollars.

DHCD has two upcoming meetings regarding the Housing Regulation Administration. The Tenant Stakeholder Meeting, to be held on December 10, 2013, at 12:00 P.M., to discuss pending tenant concerns. The Quarterly Housing Provider Stakeholder Meeting will be held on December 12, 2013, at 12:00 P.M., to discuss outstanding concerns of DC housing providers.

With regard to the Super NOFA (Notice of Funding Availability), Director Kelly welcomed comments from the Housing Production Trust Fund Advisory Board on the

agency's proposed funding program. Director Kelly anticipates that the NOFA will be announced at the end of March 2014. Prior to the NOFA release announcement Director Kelly indicated that DHCD will hold a series of workshops that link service providers with developers to continue the idea of having a partnership in responding to the NOFA, as well as, continuing to share information on how to submit successful funding applications. These workshops should begin in January 2014.

4. Old Business:

A. *Review of NOFA Requests for HPTF dollars by income bands.*

Mr. Bailey, DHCD Chief of Staff, provided the Board with an update on projects in the 2013 NOFA pipeline by dollars and income bands. See *Attachment (3)*. Mr. Bailey reported: total development costs of approximately \$270 million; \$81 million in loan commitments utilizing HPTF, HOME, and the Department of Behavioral Health dollars; \$6.8 million in low-income housing tax credits; and \$88 million in total government commitments, of which roughly \$74 million are HPTF dollars.

By income bands, Mr. Bailey reported: 437 units at 30% AMI; 134 units at 50% AMI; 404 units at 60% AMI; and 0 units at 80% AMI. The affordable units subtotal was 975 units and the market-rate subtotal was 71 units, for a total of 1,046 units in the pipeline.

In conclusion, Mr. Bailey reiterated DHCD's intention to take a very hard look at the 60-80% income bands to see if there is a way to negotiate a greater number of units in the 30% and 50% AMI bands in order to meet the statutory spending tests; which are at least 40% below 30% AMI, 40% from 31-50% AMI, and 20% limit above 51% AMI.

Questions and Discussion:

- 1) *How does the city, legally and practically, address not having enough units to meet the commitment requirements by income band, especially the middle band?* DHCD staff advised that it anticipates negotiating down the higher income band units into lower income bands in residential projects. Mr. Anyaegbunam, the HPTF Officer, added that some projects come in as tax credits at 50% AMI. Then, most developers lease at 60% AMI. So, there are a lot of 4% credits, when you actually look at the numbers, which are already at 50% AMI.
- 2) *When the agency negotiates, does that mean if a project has a unit that it is proposing at a higher income, the agency will negotiate it down to serve a lower income; and will the agency provide more HPTF dollars (if available) to cover any additional costs?* Yes, Mr. Bailey indicated that the agency would provide additional funds if needed for a lower income unit, utilizing either HPTF money

or alternative funds, i.e., Community Development Block Grant Funds, HOME Funds, and/or additional tax credits, 4% or 9%.

- 3) *Has any analysis been performed around the operating subsidies and services needed?* Although DHCD has not performed an analysis, the Agency does have the ability to do so. Director Kelly advised that the agency was very successful last year in the 2013 NOFA, by including operating subsidies into deals utilizing Department of Health funds or Department of Human Service funds. He advised that this will become a part of the strategy going forward.
- 4) *Alongside capital, were Local Rent Subsidy Program (LRSP) dollars, a particularly scarce commodity, fully subscribed or were there any left over for next time?* Mr. Bailey advised that the agency will check; the LRSP is administered by the DC Housing Authority.
- 5) *Are there additional projects pending that may need LRSP subsidies such that some of the \$100 million may be used; and if so, what would be necessary to use those additional dollars?* DHCD would seek a strategic blessing to achieve the percentages by using alternative funds as opposed to Trust Funds, because LSRP subsidies are a scarce commodity.
- 6) *Regarding workforce housing, is there an effort to stimulate the expansion of that category of housing or housing on retail corridors as they take shape?* Mr. Bailey advised that given DHCD's role as a gap financier, he suggested that a greater investment may come from HFA, where it can do more targeted and strategic workforce housing development at greater than 65% AMI, penetrating workforce housing. Director Kelly added that he hopes to use the Housing Needs Assessment Report as a baseline tool for making strategic decisions through the NOFA process.
- 7) *How do we coordinate a shift of consumers from the 0-30% AMI to the higher income bands?* It was noted that this question was raised at the October 8, 2013 HPTF meeting. At that time, Deputy Mayor Hoskins advised that this has not been determined and the data would be collected. The Board requested an analysis of two items: (1) supportive services needed and what percentage of the pipeline population that represents, whether there are other agency resources for supportive resources, and how many projects require operating subsidy per AMI category; and (2) the operating subsidy and service money support that complements the HPTF dollars to show how HPTF dollars are being leveraged.
- 8) *Will the Housing Needs Assessment Report address: (1) How to use housing as a tool to improve the quality of life in D.C? (2) How do you bring resources into the city? (3) How do we keep a diverse population in the city?* Mr. Bailey advised that the Housing Needs Assessment Report will not respond to these concerns, but will look at (1) the beneficial and detrimental income impacts associated with inclusionary zoning and affordable dwelling units; and (2) what contributes to

wealth preservation and wealth development. A different study may be necessary to look at housing resources, support dollars, and how to improve the quality of life in D.C. through wealth accumulation.

- 9) *Of the NOFA requests received, as a threshold, must projects have zoning approval and is the agency at the mercy of what comes in versus defining the direction of the projects wanted?* A Board member opined that market conditions, available land and buildings, and the applicant's capacity to move forward with the project are factors to be considered. It was hoped that at some point, the city would be able to operate at a strategic level where it could say what product it wanted a developer to produce and in what neighborhood. Director Kelly added that there are well-intended projects that have not gone anywhere. He surmised that it is a trade-off between making funds available and having relative surety that the projects will quickly close versus investing in potential target areas and not knowing whether developers can complete the projects. He suggested that perhaps a two to three year RFP strategy, where goals and preferences are identified, would allow developers to make selections on projects with the second and third year NOFAs in mind, e.g., to gain site control.

B. *Status of Housing Needs Assessment Contract*

Mr. Bailey advised that a selection of the contractor to perform the Housing Needs Assessment Report is forthcoming. The Memorandum of Understanding (MOU) has been transmitted to transfer funds from DHCD to the Deputy Mayor for Planning and Economic Development (DMPED) to assist in payment for the Report services. He anticipates that the funds will be transferred in six to seven days, with a contractor selection announcement shortly thereafter.

The Board asked the following questions and the agency provided the following responses:

- 1) *What's the turnaround time in terms of producing the Report?* Staff advised that there are several phases to the Report, with Phase One including more critical data and identified needs. Phase Two will include a discussion related to inclusionary zoning and affordable dwelling units. It is envisioned that the contractor will remain in place and provide supplements and add-ons as needed, as opposed to issuing another RFP.
- 2) *Will Phase One be completed in the first six months to a year, or three months?* Mr. Bailey advised that Phase One includes data mining, data collection, and data presentation. The contractor will review how the government gathers and interprets data that already exists, and what that means in terms of the government's expectations and how that should guide the City's expectations or investments.

- 3) *Will a stakeholder meeting be helpful in assessing this data?* Yes, Mr. Bailey responded, it could be helpful.
 - 4) *How do we strategically utilize the \$100 million to grow the population and jobs and not do "one offs"?* Mr. Bailey pointed to what has been achieved along the U Street, 13th Street, and 14th Street Corridors.
 - 5) *Does the agency look to major cities for NOFA policy considerations?* Yes, Mr. Bailey responded. He noted that although the agency can use best practices as a guide, the agency has to tailor the best practices to the needs of the community we serve.
 - 6) *Does DHCD have confidence it has filled the capacity gap to close the deals as quickly as they are selected?* Mr. Kelly responded that the agency is looking to partner heavily with the Housing Finance Agency (HFA) to assist with underwriting.
- C. *Follow-up to Board's October 2013 Letter to Mayor Gray regarding changes to the budget financing of the HPTF, to make funds more readily available from one fiscal year to the next.*

See *Attachment (4)* for a copy of the HPTF Advisory Board's letter to Mayor Vincent Gray. Staff advised that the Mayor received the letter and is meeting with his policy advisors to consider Chairman Bower's comments.

5. New Business

A. *Discussion of Next Meeting Agenda.*

- (1) It was concluded that the Demand Side discussion will be on the December agenda, at the request of Deputy Mayor BB Otero. Board Members Sue Marshall and Jim Knight, along with Deputy Mayor Otero, David Burns, and members of the Deputy Mayor's staff met in a preliminary meeting. The next step is to convene a second meeting scheduled by the Deputy Mayor to solidify the agenda. The agenda will delineate what is meant by the "Demand-Side" discussion, and will talk specifically about the elements of a demonstration that is designed to further the coordination between all stakeholders. Also, there will be a discussion of resources and how to design the ideal product and then coordinate with the stakeholders. And, finally, the group will specifically look at what projects were funded and what projects were not funded.

DHCD was requested to provide an analysis of the operating support and service dollars received by the pipeline deals funded through the latest NOFA. Also the Board requested a projected project closing schedule, which shows the number of projects closing by quarter. Mr. Bailey advised that this information can be provided.

- (2) Leverage Discussion. Chairman Bowers requested that members email him names of persons who should be invited to the January meeting who might be resourceful for a leverage conversation. A few of the people/organizations suggested were: HFA, Nixon Peabody, David Resnick, and Jen Budoff.

6. Announcements

The next HPTF meeting will be Monday, December 16, 2013. The Board agreed that in 2014, the Board will meet the first Monday of every month from 10:00 A.M. to 12:00 P.M., at DHCD, Housing Resource Center, except in January and September, when the Board will meet the second Monday of the month.

7. Adjournment

The meeting was adjourned at 11:57 A.M.

Attachments: (Handouts or PowerPoint Slides)

Attachment (1): Copy of Sign-in Sheet, dated 11/18/2013.

Attachment (2): Copy of Meeting Agenda, dated 11/18/2013.

Attachment (3): "Tentative 2013 Super NOFA Analysis".

Attachment (4): Letter from David Bowers, Chairman, DC Housing Production Trust Fund Advisory Board, to the Honorable Vincent C. Gray, Mayor of the District of Columbia, dated 10/9/2013.

Submitted By: Beatrix Fields, Senior Legislative Specialist, DHCD
(Any corrections should be forward to Beatrix.fields@dc.gov)

**The audio recording of this meeting may be heard by contacting Pamela Hillsman, Senior Community Resource Specialist, at Pamela.hillsman@dc.gov or calling (202) 442-7200.

Approval of Meeting Highlights. The Board approved these final Meeting Highlights at its January 5, 2015 meeting, with leave for the staff to make any technical amendments, and to post on the DHCD website. The approved final Meeting Highlights will replace the Tentatively Approved Meeting Highlights.

Final Approval:  (David Bowers, Chairman)
2/2/2015 (Date)

HPTF Advisory Board Meeting Minutes 11.18.2013

ATTACHMENT (1)

HOUSING PRODUCTION TRUST FUND BOARD MEETING

Monday, November 18, 2013

No.	Name	Organization/Affiliation	Email	Phone #	Fax #
1	Macraig Riscal	BBOT			
2	Ginger Rumph	CNHED			
3	David Roddey	Hornas Brothers			
4	Jim Kim Selt	John Housley's			
5	Praneta Heyson	LISC			
6	Sue Marshall	Community Partnership			
7	Beatrice J. J. J.	DHCD			
8	Julia Willet	DHCD/OAG			
9	Andree Van-Monh	DHCD/OFCO			
10	Janet Gunn	Links Marketing			
11	Janet Gunn	AEXC			
12	Taura Schalls	DHCD			
13	David Bowers	Enterprise			
14	Michael Kelly	DHCD			
15	Mathine Bunter-Nms	DHCD			
16	Multon Bowley	DHCD			
17	Oke Anyaegbumam	DHCD			
18	Andria Chantel-Mann	DHCD			
19					
20					

HPTF Advisory Board Meeting Minutes 11.18.2013

ATTACHMENT (2)

Government of the District of Columbia
Housing Production Trust Fund Advisory Board

Monday, November 18, 2013; 10:00 A.M.

**Location: DHCD, Housing Resource Center
1800 Martin Luther King, Jr., Ave., SE, Washington, DC 20020**

Meeting Agenda

1. Call to Order & Establish Quorum: David Bowers, Chairman
 2. Approval of Meeting Minutes for 10.8.13
 3. Updates on HPTF Activities
 4. Old Business:
 - a. Review of NOFA Requests for HPTF dollars by income bands
 - b. Status of Needs Assessment Contract
 - c. Follow-Up to Board's October 2013 Letter to Mayor regarding changes to the budget financing of the HPTF to make funds more readily available from one fiscal year to the next.
 5. New Business
 - a. Discussion of Next Meeting Agenda
 6. Announcements
 7. Adjournment
-

HPTF Advisory Board Meeting Minutes 11.18.2013

ATTACHMENT (3)

TENTATIVE 2013 SUPER NOFA ANALYSIS

Summary

Unit Breakdown (Projects from all funding sources)

Unit Type	Unit Count
30% AMI	437
50% AMI	134
60% AMI	404
80% AMI	0
Affordable Subtotal	975
Market Rate	71
Total Units	1046

Breakdown of HPTF Project units by AMI Level

Income Category	Commitment	Percent of Total
30%AMI (required: at least 40% of commitment)	\$ 33,497,373	45.2%
50%AMI (required: at least 40% of commitment)	\$ 11,037,337	14.9%
80%AMI (required: up to 20% of commitment)	\$ 29,600,692	39.9%
	\$ 74,135,401	100.0%

Breakdown of by Ward

Ward	Total DHCD/DBH Investment	HPTF Investment	30% AMI Units	50% AMI Units	60% AMI Units	Total Affordable Units
Ward 1	\$ 10,365,508	\$ 7,394,926	68	21	10	99
Ward 2	\$ -	\$ -	-	-	-	-
Ward 3	\$ -	\$ -	-	-	-	-
Ward 4	\$ 27,235,392	\$ 25,773,392	60	11	201	272
Ward 5	\$ 7,771,239	\$ 6,806,239	22	-	98	120
Ward 6	\$ 2,188,000	\$ 2,188,000	84	-	-	84
Ward 7	\$ 33,389,203	\$ 24,999,093	203	87	24	314
Ward 8	\$ 6,973,751	\$ 6,973,751	-	15	71	86
Total	\$ 87,923,093	\$ 74,135,401	437	134	404	975

11/13/2013

HPTF Advisory Board Meeting Minutes 11.18.2013

ATTACHMENT (4)



October 9, 2013

The Honorable Vincent C. Gray
Mayor of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Ave., NW
Washington, DC 20004

Dear Mayor Gray,

On behalf of the Housing Production Trust Fund Advisory Board, thank you for your commitment to affordable housing in the District of Columbia and in particular to the Housing Production Trust Fund. We take very seriously your charge to make the Trust Fund as efficient and effective as possible, and with that challenge in mind want to bring to your attention an issue that we believe needs to be addressed. This issue was addressed and this letter approved by the Board at our October 8, 2013 meeting.

We understand that the Housing Production Trust Fund is treated as a separate Special Revenue Fund in the District's books and budget. While it is a non-lapsing fund, under current practice, all unspent funds at the end of each fiscal year must be re-appropriated in the next fiscal year. The unexpended portion of obligations must be de-obligated at the end of each fiscal year and re-obligated at the beginning of the next fiscal year.

Following these procedures makes effective and efficient administration of the Trust Fund much more difficult. As you know, the budget is prepared more than six months prior to the beginning of a new fiscal year. Under current procedures, the Trust Fund budget must include the estimated carryover (i.e. unexpended funds) from the previous fiscal year – an amount which can only be roughly estimated six months prior to the end of the fiscal year. Hence, the amount of budget authority requested for the Trust Fund based on an estimate of carryover, could be considerably more or less than the actual amount of unspent funds remaining at the end of the fiscal year. This has obvious consequences in budgeting how much is available to spend in the next fiscal year.

The practice of de-obligating and re-obligating funds is also problematic. It has in the past resulted in delays in processing construction draws to housing developers. Despite the fact that loan agreements have been entered into between DHCD and the housing developer and the funds have been obligated, there is no authority to spend in a new fiscal year until the obligated but unspent funds have been re-obligated. If there is a delay in Congressional approval of the District's budget – as is currently the case – it can prevent DHCD from re-obligating carryover funds. In these circumstances, funds that have already been appropriated and obligated under loan agreements, with project construction draws underway, cannot be re-obligated and drawn down upon. This is an untenable situation.

ENTERPRISE COMMUNITY PARTNERS, INC.

10 G Street NE • Suite 580 • Washington, DC 20002 • 202.842.9190 • www.EnterpriseCommunity.org

We ask that this matter be brought to the attention of the Office of the Chief Financial officer to see if procedures similar to the Capital Budget financing of multi-year projects could be adopted such that funds only need to be appropriated and obligated one time. We appreciate your support and thank you in advance for your assistance in regard to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Bowers', written over a light blue horizontal line.

David Bowers
Chair, Housing Production Trust Fund Advisory Board

cc: Christopher Murphy
Victor Hoskins
Michael Kelly
Milton Bailey