

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

Meeting Highlights

(For more details, see Transcript)

Monday, September 8, 2014

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

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

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

Agenda Items and Actions Taken:

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

1. Call to Order and Quorum:

Meeting was called to order by David Bowers, Chairman, at 10:08 A.M. and a quorum was established.

2. Update on Meeting Summaries: The Board unanimously approved the Meeting Highlights for April, May, June and July 2014, with leave for the staff to make any technical corrections. See final copies of the respective monthly Meeting Highlights on the DHCD website.

3. DHCD Director Comments:

Director Kelly advised the Board of the following items:

A. *PADD/ DFD Disposition and Housing Financing RFP.* Director Kelly indicated that DHCD's Property Acquisition and Disposition Division (PADD) began its solicitation process and responses are expected by October.

B. *Upcoming DHCD Stakeholder Meetings.* Housing Regulation Administration: Quarterly Housing Provider Stakeholder Meeting on 9.9.14, 12-2 P.M.; and Tenant Stakeholder Meeting on 9.11.14, from 12 -2 P.M., in the DHCD Housing Resource Center.

4. DHCD: Update on the Development Finance Project Pipeline and Funds Expended. Director Kelly recommended that Board Members review the project pipeline data on the agency's website, which is updated regularly. Chris Dickersin-Prokopp, DHCD Strategic Program Specialist, presented a report on the HPTF Allocation Report for FY 2014, both Actual and Projected, project loan status. This report showed that ten (10) projects closed as of 9.8.14; and

12 projects in underwriting, for a total of 22 projects requesting \$43.5 million in HPTF financing. The percentage of funding by income bands:

DHCD DFD Pipeline Projects HPTF Allocation Report 2014 (actual & projected):

Status	30%AMI	50%AMI	80% AMI
Closed	4.8%	7.0%	88.2%
Underwriting	39.5%	37.4%	23.0%
Total	17.2%	17.9%	65.9%

The summary of the HPTF Allocation Report for the Full DFD Pipeline indicated a request of \$236.8 million across the income bands, resulting in requested expenditure percentages by AMI income bands of:

30% AMI = 45.4%

50% AMI = 15%

80% AMI = 39.6%

In response to questions, DHCD advised in order to meet the statutory spending percentages that during the underwriting phase, staff will negotiate for additional lower income units. The Board requested additional information regarding the per unit average subsidy costs across income bands for all projects under Mayor Gray’s 10 by 20 Initiative. Mr. Andrew Trueblood, Office of the Deputy Mayor for Planning and Economic Development, will assist in developing these statistics by the next meeting.

Also, the Board requested a detailed report on the status of the Housing Production Trust Fund.

5. Discussion Item: Financial Leveraging Options

A. *Update on the Acquisition Loan Program Working Group.* Per request, Director Kelly recommended that the HPTF Board convene a Stakeholders Meeting for developers/end-users and potential participating lenders to discuss the proposed provisions of the Acquisition Loan Program (ALP). Mr. Nathan Simms provided a bullet summary of the key components of the proposed Acquisition Loan Program (see subsection B. below). He indicated that the timetable for finalization of ALP underwriting parameters and issuance of the Lender Participation RFP is extended to the beginning of January 2015, with program implementation projected for spring 2015. In response to the proposed timetable for establishing this new program and seeking comments from end users (lenders and developers), the Board agreed to hold a Stakeholder Dialogue with Lenders and Developers regarding their concerns, recommendations for underwriting parameters, and permanent financing of acquisition and/or development at its October 6, 2014 meeting. A cross-section of invitees, including members of the Leveraging Work Group and various for-profit and non-profit developers, were identified. The list of invitees to the first Stakeholder Meeting in April 2014 will also be utilized for developing an invitee list. An invitation will be issued by Chairman Bowers to the invitee list.

- B. Below are the salient provisions of the ALP discussed today and the next procedural steps:
- Designated Lenders will be selected through a Request for Applications (RFA) process.
 - DHCD will designate basic parameters for what Designated Lenders shall include in their underwriting process.
 - All DHCD funding requests for acquisition and predevelopment for affordable housing will flow through ALP.
 - DHCD funding can be used as either a loan loss reserve (no more than 25%), or used in a blended manner to reduce the cost of capital.
 - The maximum loan-to-value (LTV) of the project loan to the appraised value of the acquired real property is 120% for non-profit developers and 95% for for-profits developers.
 - Designated Lenders will not only evaluate the acquisition and/or predevelopment request, but work with the developer to help facilitate the creation of a sufficient development plan and defined permanent financing and subsidy needs.
 - ALP loan packages will be submitted to DHCD for a 10-day review period. These loans will contain affordability covenants and must meet income targeting requirements of the HPTF statutes.
 - The term of the loan would be up to three years; and Designated Lenders may charge their usual fees for loan applications and closings, but these fees may not exceed 2% of the loan amount.
 - Permanent development funding will continue to be awarded through DHCD's existing combined RFP process.

6. Discussion Item: Demand Side Leveraging Options:

Continuation of Last Meeting's Discussion Regarding Available Databases and Leveraging Dollars for Permanent Supportive Housing, Social Services and Rent Subsidies. This agenda item was postponed for discussion until November 2014 meeting, to give Board members time to discuss with Administration officials.

7. Old Business

Review of HPTF periodic reports. Director Kelly advised that due to the need to reconcile financial data between the Office of the Chief Financial Officer and the agency, it is anticipated that the quarterly and annual reports due to the Council will be filed by the end of the year.

8. New Business

A. *Agenda for the Next Board Meeting:* Extension of the meeting time from 10:00 A.M. to 1:00 P.M.

- 1) Stakeholder Open Dialogue between lenders and developers – 90 minutes;
- 2) Financial Status Update on the Housing Production Trust Fund; and
- 3) Presentation on the average subsidy costs per unit from all governmental sources by income bands, if possible.

- B. *HPTF Representative for the Interagency Council on Homelessness (ICH) meetings.* For consideration of recommended permanent supportive housing needs and services, the Board designated Board Members Pohlman and Marshall to attend the ICH meetings and report back to the Board.
- C. *Lender Banks subject to Corrective Action Plans.* DHCD should inquire whether any proposed participating lenders are subject to Corrective Action Plans for lending deficiencies, as to their impact on funding pipeline projects. Councilmember Orange has convened a Task Force to review the Bank Corrective Action Plans. Board Member Jackson is a part of the task force.

9. Public Comments. There were no public comments.
10. Announcements. See Director's remarks in item #3 above.
11. Adjournment: 11:45 A.M.

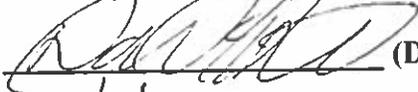
Attachments: (Handouts or PowerPoint Slides)

- *Attachment (1):* Copy of Sign-In Sheet, dated 9.8.14.
- *Attachment (2):* Agenda, dated 9.8.14.
- *Attachment (3):* DHCD-DFD Pipeline: Projects/HPTF Allocation Report 2014; for Actual and Projected, and for Full Pipeline, both dated 9.8.14.
- *Attachment (4):* DHCD's Acquisition Loan Program (ALP), dated 9.8.14.

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 unanimously approved these Meeting Highlights at its November 3, 2014 meeting, with leave for the staff to make any technical amendments. After review by the Chairman, the final Meeting Highlights shall be posted on the DHC'D website.*

Final Approval:  (David Bowers, Chairman)
11/3/2014 (Date)