

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

Meeting Highlights

(For more details, see Transcript)

Monday, February 3, 2014

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

Board Members Present: David Bowers, Chairman; Stanley Jackson; Jim Knight; Sue Marshall; Oramenta Newsome; Bob Pohlman; Jacqueline Prior; David Roodberg; and Michael Kelly, DHCD Director, *ex officio*. Absent: M. Craig Pascal.

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

Agenda Items and Actions Taken:

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

1. Call to Order and Quorum: Meeting was called to order by David Bowers, Chairman, at 10:10 A.M. and a quorum was established.
2. Approval of Prior Meeting Summaries: The Board considered Meeting Highlights for the January 13, 2014 meeting. Two corrections were requested: (1) invitation to Mr. Batko was made by Chairman Bowers; (2) referenced NOFA changes should be expanded from need for affordable housing to include, but not limited to, permanent supportive housing; and (3) mention that the FY 2014 NOFA should include larger three-bedroom units. The Board unanimously approved the Meeting Highlights with these changes. See DHCD website for a copy of the approved Meeting Highlights.
3. Update on HPTF Activities.
 - A. *DHCD Updates:* Mr. Kelly, DHCD Director, and Nathan Simms, DHCD Deputy Director, provided the following comments and responses to Board member questions:
 - 1) *FY 2013 NOFA.* DHCD is completing review and funding of projects from the FY 2013 NOFA, concurrent with preparing for the release of the FY 2014 NOFA (April 2, 2014). As discussed at the last meeting, the FY 2014 NOFA will require that documents be provided to show construction drawings.
 - 2) FY 2015 budget will recommend changes to how HPTF dollars are made available, so that all HPTF dollars are made available at one-time.
 - 3) Members were invited to offer testimony at the DHCD Budget Oversight Hearing on Tuesday, February 11, 2014, beginning at 10:00 A.M.
 - 4) The real estate projects in the pipeline are in various stages of settlement. In response to questions, the Board was advised that the majority of the projects will provide units

in the 30-60% AMI income range. Staff will be working with developers to encourage more units in a lower AMI income range. It is anticipated that most 2013 NOFA projects will settle by the end of FY14 or the first two quarters of FY 2015.

- 5) In response to an inquiry regarding what changes would in the 2014 NOFA based on experiences in implementing the 2013 NOFA, DHCD staff made the following comments:
- i. Major change – from a conceptual review to underwriting upfront. To get the funds out the doors as soon as possible, the agency will consider a project’s readiness to proceed otherwise it impacts agency staffing. DHCD needs to double its closure rate in order to move more projects. Also in the underwriting phase, the agency will consider whether or not there is a capable team.
 - ii. As oppose to waiting until the deadline date to begin reviewing proposals, the agency will use a two Tier review approach. For the 2013 NOFA, the agency will designate certain projects as Tier One, and DHCD plans to get those projects to settlement before the Council Summer Recess in July 2014.
 - iii. Similarly, projects using HFA financing will need to work with HFA in advance, so that DHCD funds are truly gap financing.
 - iv. DHCD has not only its staff but also expert technical assistants available to review in the underwriting phase.
 - v. A Board member asked, instead of funding what is first and ready to go out the door, had the agency considered what was most desirable for funding – a focused strategy with goals for housing? Mr. Simms advised that there is a prior funding list.

B. *Information for the Next Meeting:* The Board requested the following information at its next meeting:

- 1) Provide an update to the initial pipeline chart, to indicate the number of units the 2013 NOFA is projected to provide by AMI income ranges. Recognizing this is a fluid number, the Board would still like to see updates to this info. Also, some indication of when the pipeline projects are projected to settle; this information the Board felt might help manage expectations. Mr. Kelly indicated that the agency hoped to close as many as possible before the Council’s summer recess in July 2014.
- 2) Define who needs affordable housing? It is requested that the agency provide a list of priority special needs groups for developers to consider when choosing to make more affordable units available, such as: units with more bedrooms for large families; assisted living facilities; senior citizens on fixed incomes who want to downsize but need affordable units; homelessness young people between ages 18-24; etc.
- 3) With regard to senior residents, since 60-70% of the city’s senior population is aging in place and want to downsize, this demand is increasing the need for affordable housing. Under TOPA, are more tenants buying buildings or assigning their rights?

4. Presentation/Discussion Item: Options for Leveraging HPTF Dollars for Affordable Housing

A. *Presentation by Jair K. Lynch, President & CEO, Jair Lynch Development Partners.*

- 1) In summary, Mr. Lynch suggested we reassess how we view housing. First, we should consider the factors that make our neighborhoods sustainable and review the data on how median incomes are changing, the characteristics of new residents (i.e., ages 18-35 years), the high illiteracy rate among adults (1 in 10), the impact of low paying or lost jobs, etc. From an engineering eye, he suggested to put “production” back into “housing production” and to consider starting over by reassessing what would be the most effective way to structure the funding and production of housing.
- 2) Given the city’s aged housing stock, there are many rent control buildings in need of rehabilitation. There is the need to finance the stabilization of rent control properties. Mr. Lynch suggested the combined use of institutional capital and debt financing – “soft mezzanine financing or impact mezzanine loans”. This financing scheme would operate like an extension of the SAFI program. Developers would have options with older buildings to either offer voluntary agreements, etc. or to have capital available to fix up the buildings. He questioned whether DHCD should have a smaller core staff and use a third party to provide technical assistance along with institutional funding knowledge. Thus, there would be no need to wait for a NOFA, instead combine the leverage of local funds with institutional equity partners for a larger pool of funds for lending.
- 3) To reach a financially feasible deal, the cheapest debt is still the HPTF dollars. Not sure if Fannie Mae or Freddie Mae will consider making cheaper dollars available.
- 4) Some challenges are: how to provide the improvements needed; and perhaps change over the life of the debt/loan, including the type of financing needed and a way to switch the type of financing over the long-term, i.e., a beginning, the middle and the end.

5. Presentation/Discussion Item: Demand Side : Rapid Rehousing Options

A. *Presentation by Board Member Sue Marshall, Executive Director, The Community Partnership for the Prevention of Homelessness. See Hand-Out: Homelessness Prevention and Rapid Rehousing (HPRP), Attachment (3).*

- 1) As a follow-up to the presentation by Director Berns, DHS, Board Member Marshall shared information on the District’s use of federal funds under the neighborhood stabilization initiative for the Rapid Rehousing Program and the Local Rehousing Program.
- 2) Rapid rehousing is an alternative to shelter; it provides a temporary subsidy – not permanent, combined with case management. It is designed to help those who are homeless move quickly into housing, thereby minimizing the amount of time spent in a shelter. As designed, it is for families and individuals with moderate to low needs and is not suitable for the chronically homeless who need permanent supportive

housing services. It is ideal for those with an employment history or the possibility of employment.

- 3) There are two rapid rehousing programs. One was financed by federal dollars and the other is locally financed. Each attempts to provide rent subsidies/arrearages to prevent eviction and homelessness. Over time, this type subsidy disappears. Family participants are using the same case management as those in hotels or the shelter at the former DC General Hospital (DCG) site, but without the permanent staff costs of managing DCG. Transitional housing is another alternative to shelter.
 - i. *Homeless Prevention & Rapid Rehousing Program (HPRP)* - Federal stimulus dollars were available to the District from December 2009 to March 2013. Rental assistance was provided with recertification every four months. A household had to pay 30% of its income with the balance paid by HPRP. This was used as a tool to help families get back on their feet.
 - ii. *Local Rehousing and Stabilization Program (FRSP)* – This local program began in March 2013. There are currently 550 families enrolled, with plans to add another 100. Participants must demonstrate reasonable expectation of having financial capacity to pay full rental amount at the end of the subsidy period. In local program, families are required to: pay a minimum of 40% of their total household income towards rent; must remain current on rent and utility payments; remain compliant with TANF; and demonstrate efforts to increase income and employment. Under the program, families receive the first month's rent and security deposit, furniture assistance and short-term rental subsidy. Given the \$1.5M spent for hotels, this may be a better way to spend funds and provide opportunities for permanent housing.
 - iii. There is sufficient demand to sustain the FRSP program. There are 288 at DCG, 475 in hotels, and 6000 TANF recipients with housing instability. There is a need to discuss the options for using HPTF dollars to buy down costs and risks of housing for this segment of the population with affordable housing needs.
 - iv. Board Member Marshall provided tables describing the impact of the federally funded HPRP program. The chart compared four categories of persons provided assistance (Prevention for singles and families, and homeless assistance for singles and families), and compared the following data: the number of households served; the percentage exiting to permanent destinations; the percentage stably housed following exit to permanent destinations; and the length of time stably housed following program exit to permanent destinations as of 4/1/13 from 0 months to 2 years. All families participating in HPRP have exited the program.

6. Old Business:

- A. *Review of HPTF Budgeting Issues.* Mr. Kelly advised that the Mayor is considering changes to how HPTF dollars are made available as the FY 2015 Budget is developed.

7. New Business:

- A. *Discussion of Next Meeting Agenda.* The next Board meeting is scheduled for Monday, March 3, 2014, from 10:00 am to 12 Noon, at DHCD. The Board requested information from DHCD. See #3B above. Also, Chairman Bowers invited Citibank to make a presentation on Leveraging Options, and indicated that the Demand Side subcommittee may want to get together to make recommendations or provide other presentations as well.
- B. *Stakeholders Meeting to Discuss Leveraging Options.* Chairman Bowers reiterated that the Board was charged to consider recommendations from the 2013 Housing Strategy Task Force Report and that the Advisory Board is considering recommendations regarding Demand Side and Leveraging Options to help reach the Mayor's 2020 goals for affordable housing. Chairman Bowers proposed the following format for the workshop:
- 1) The proposed date for the Leveraging Workshop will be during the April regularly scheduled Board meeting. Invitations will be extended by the Chair, on behalf of the Board, to a guest list. Stakeholders will be requested to attend a workshop and share recommendations to pre-meeting questions.
 - 2) Board Members Oramenta Newsome and Stan Jackson will work with Chairman Bowers to design the workshop and recommend a professional facilitator. The goal would be to facilitate in such a way that recommendations will be mapped within the timeframe of the workshop for a follow-up report. Mr. Kelly committed resources to assist with the logistics of accomplishing the workshop.

8. Public Comments. The members of the public in the audience were invited to provide comments. There were no comments.

9. Announcements.

A. Board Members were invited to participate as witnesses in the DHCD Budget Oversight Hearing, scheduled for Tuesday, February 11, 2014, beginning at 10:00 A.M.

B. DHCD will hold two educational seminars:

- 1) "First Year in the Life of a Small Housing Provider", on Tuesday, February 4, 2014, from 1:00 pm to 3:00 pm, in Room 318.
- 2) "Tenant Opportunity to Purchase Act (TOPA) for Tenants", on Thursday, February 6, 2014, from 1:00 pm to 3:00 pm, in Room 318.

10. Adjournment: 12:05 P.M.

Attachments: (Handouts or PowerPoint Slides)

- Attachment (1): Agenda, dated 2.3.14.
- Attachment (2): Copy of Sign-In Sheet for 2.3.14.

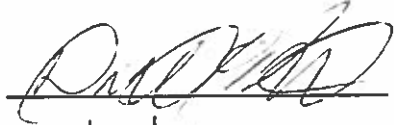
- Attachment (3): Copy of HPRP Handout, presented by Board Member Sue Marshall.

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 tentatively approved these Meeting Highlights at its December 1, 2014 meeting, with leave for the staff to make any technical amendments, and to post on the DHCD website. After final approval by the HPTF Advisory Board, the approved final Meeting Highlights will replace the Tentatively Approved Meeting Highlights and be posted on the DHCD website.*

Final Approval:



(David Bowers, Chairman)

12 | 15 | 2014 _____
(Date)