

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

## **Meeting Highlights**

*(More detailed summary to follow or see Transcript)*

**Monday, January 13, 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; M. Craig Pascal; Bob Pohlman; David Roodberg; and Michael Kelly, DHCD Director, *ex officio*.

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 10:07 A.M. and a quorum was established.
2. Approval of Prior Meeting Summaries for 11/18/13 and 12/16/13: With regard to the preparation of minutes or meeting summaries, as opposed to transcripts, Mr. Milton Bailey, DHCD, indicated that the matter has not been resolved between Office of Boards and Commissions and Office of Attorney General. Chairman Bowers indicated it would be helpful to the Board to have meeting summaries of key points, board recommendations, and next steps; and asked Director Kelly if the development of meeting summaries was a resource issue. Mr. Kelly advised that DHCD is available to assist the Board and advised that he would discuss the matter further with staff and the Chairman before the next meeting.
3. Presentations/Discussion Item: Options for Leveraging HPTF Dollars for Affordable Housing
  - A. Presentation by Bill Batko, William Batko Consulting, who was invited by Chairman Bowers.
    - i. In summary, Mr. Batko proposed the creation of two lending pools, one for acquisition and one for permanent financings, modeled on efforts by other cities, using limited HPTF resources. Both pools would have an agreed upon eligibility criteria, common underwriting and risk spread. The decision process would include DHCD, DC Housing Finance agency, banks, CDFIs and other DC agencies. See *Attachment (3)* for copy of PowerPoint hand out: "Increasing DHCD Leverage", dated 1.13.14.

B. Presentation by Ed Delany, Capital One Bank.

- i. Consistent with HPTF statutory lending criteria to reach very low income residents, projects with 80% affordability serving 50% AMI or below are hard to service the permanent debt. The projected annual and operating service costs are estimated to be about \$6,000 per unit. These type projects, with generally 3 to 4 capital funding sources, are hard to fund using private financing. Mr. Delany recommended using HPTF dollars to buy down the interest rate to about 1% to allow for permanent financing. He suggested developing a buy-down interest rate model for projects with 80% affordable units; something similar to the old HUD Section 236 housing. If such a model is developed, the model would need to be tested, thus limiting the number of deals that would be initially processed. In conclusion, the projects with a higher number of lower AMIs units could not support hard debt over time without a subsidy.

4. Update on HPTF Activities. Mr. Nathan Simms, DHCD, advised that the agency will hold three orientation workshops on the last Wednesday of January through March for Request for Proposals (RFP) potential applicants to assist them in submitting successful applications; and to link social service providers with affordable housing developers. The Notice of Funding Availability (NOFA) will be issued on Wednesday, April 2, 2014. Several NOFA changes in this cycle include:

- There is a need for affordable housing including, but not limited to, permanent supportive housing; and scoring will be changed to favor projects that provide both operating and service dollars;
- All projects will be required to set aside 5% of the units for permanent supportive housing units (with social service agencies responsible for assisting PSH residents as opposed to owners);
- There will be a two-tier funding approach: which includes in Tier One- the processing of projects ready for funding, as early as summer 2014; and in Tier Two- those that will follow the normal schedule, with perhaps competing for less funding;
- Form 212 will be eliminated in favor of Form 215 which requires drawings, specs, etc. in an effort to determine earlier the projected construction costs;
- DHCD will consider applications when submitted prior to the deadline date for submission. The earlier an application is submitted, the better for consideration.

The Board inquired whether it was too late to recommend changes to the FY 2014 NOFA process to include a service component to the RFP, such as: case management, education, jobs and after-school services. DHCD advised that these type services were outside the scope of construction and development and should be addressed with other human service agencies. Also, the Board recommended that the FY 2014 NOFA should include larger three-bedroom units. DHCD will consider the Board's recommendations for FY 2015, in its next funding cycle.

5. Old Business:

- A. Review of HPTF Budgeting Issues. No new information regarding letter from Deputy Mayor Hoskins to the Board.

6. New Business:

- A. Discussion of Next Meeting Agenda. Chairman Bowers outlined that the Board would consider the following issues:
  - i. Additional presenters will be invited to discuss Leveraging HPTF dollars and Demand Side Issues;
  - ii. Status update from DHCD on the FY 2013 NOFA recipients; in particular, the types of projects and income bans;
  - iii. Updates to letter from Deputy Mayor Hoskins regarding HPTF Budgeting Issues; and
  - iv. DHCD Update on use of Rapid Rehousing Temporary Housing Assistance for the 0-30% income range subsidies.
  
- B. Special Meeting of the Board: Chairman Bowers proposed an invitation to stakeholders (financiers, non-profit development community and government agencies) to discuss resources available to reach Mayor's Goal of creating 10,000 units by Year 2020. Proposed date: Friday, February 28, 2014, from 9:00 to 12 Noon. Event logistics will be confirmed.
  
- C. Next meeting is scheduled for Monday, February 3, 2014, from 10:00 am to 12 Noon, at DHCD. With the exception of January and September, all meetings in 2014 will be held on the first Monday of each month at 10:00 am, same location.

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

8. Announcements.

- A. DHCD will hold two educational seminars, per Board Member Kelly:
  - a. "First Year in the Life of a Small Housing Provider", Tuesday, February 4, 2014, from 1:00 pm to 3:00 pm, in Room 318.
  - b. "Tenant Opportunity to Purchase Act (TOPA) for Tenants", Thursday, February 6, 2014, from 1:00 pm to 3:00 pm, in Room 318.
  
- B. Coalition for Non-profit Housing and Economic Development (CNHED), per Board member Bob Pohlman:
  - a. CNHED will convene its monthly meeting at DHCD on Thursday, January 16, 2014, from Noon to 2:00 pm, to discuss the HPTF Advisory Board, ICH Permanent Supportive Housing Production, Affordable Housing Leverage Working Group, Small Business Policy project, and DHCD activities.
  - b. CNHED Housing For All Campaign, February 1, 2014.

9. Adjournment: 12:02 P.M.

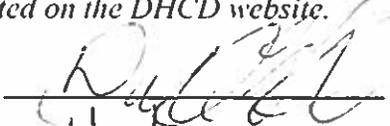
Attachments: (Handouts or PowerPoint Slides)

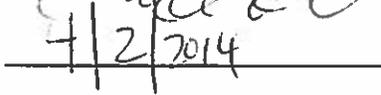
- Attachment (1): Agenda, dated 1.13.14.
- Attachment (2): Copy of Sign-In Sheet.
- Attachment (3): Copy of PowerPoint, entitled, “Increasing DHCD Leverage”, dated January 13, 2014.

**\*\*After January 27, 2014, the unedited version of the meeting transcript may be viewed by contacting Pamela Hillsman, Senior Community Resource Specialist, at [Pamela.hillsman@dc.gov](mailto:Pamela.hillsman@dc.gov) or calling 442-7200.**

**Approval of Meeting Minutes.** *The Board unanimously approved these Meeting Highlights, with noted changes, at its February 3, 2014 meeting. After review by the Chairman, the final Meeting Summary shall be posted on the DHCD website.*

**Final Approval:**

  
\_\_\_\_\_  
**(David Bowers, Chairman)**

  
\_\_\_\_\_  
**(Date)**

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

Monday, January 13, 2014; 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 Prior Meeting Summaries for 11.18.13 & 12.16.13
3. Presentation/Discussion Item: Options for Leveraging HPTF Dollars for Affordable Housing.  
*Presenters:*
  - *Bill Batko, William Batko Consulting*
  - *Ed Delany, Capital One*
4. Updates on HPTF Activities
5. Old Business:
  - a. Review of HPTF Budgeting Issues
6. New Business
  - a. Discussion of Next Meeting Agenda
7. Announcements
8. Public Comments
9. Adjournment

# HOUSING PRODUCTION TRUST FUND BOARD MEETING

Monday, January 13, 2014

No.	Name	Organization/Affiliation	Email	Phone #	Fax #
1	Art Rodger	DCUR	art.rodger	442-8801	
2	<del>Art</del> Scott	DVHTHS	meatyscaf	707-7973	
3	David Rodger	Hornby Properties	dr@coabe@hormbyproperties.com	360-559	
4	Sue Marshall	TAP	SUEMARSHALL@TAPCOMMUNITY-PLANNING-SHOP.ORG	847-352-248	
5	Beatrix Fields	DHCD			
6	Jim Kusk	Julier Hsg			
7	Bil - BATKE	ECP			
8	David Bowers	ECP	dhowel@ecapexpose.com	617-352-1014	
9	in Craig Pasco	BBST			
10	Paul Fohlman	CHCD			
11	Mark Hensche	F-TSC			
12	Nathan Simms	DHCD			

# HOUSING PRODUCTION TRUST FUND BOARD MEETING

Monday, January 13, 2014

No.	Name	Organization/Affiliation	Email	Phone #	Fax #
13	Debra Angerstein	DHCD			
14	Allison Laddel	DCHFA	aladd@dcchfa.org	202-777-1634	
15	Vonda Orders	DHCD	vonda.orders@dc.gov	412-6991	
16	Alison Simon	DCIHA	alison@dc.gov		
17	Mr. Ben Williams	DHCD	benwilliams@dc.gov	202-442-5877	
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## Increasing DHCD

### Leverage

January 13, 2014

## Benefits Needed by Department

- Better coordination with other sources
- More efficient processing
- More units/more PSH units

## Current Thinking

- **Create two lending pools, acquisition and permanent**
  - Modeled on efforts in other cities, states
- **Use (limited) HPTF resources**
  - Most HPTF funds still will be used for gap financing
- **Provide credit enhancement for private capital**
- **Everything in here is subject to change**

## Acquisition Fund

- **Purpose:** finance acquisition of land and improvements for affordable housing preservation or development
- **Eligibility:** all projects currently eligible for DHCD-assisted acquisition - including TOPA, SAFI, other for-profit development, DOPA (for expiring use Section 8, year 15 LIHTC, buildable land)

## Acquisition Fund

- **Funding:** loan capital provided by banks, CDFIs
- **DHCD credit enhancement**
  - done through funding of loan loss reserves and/or standby letters of credit
  - purpose: increased conventional debt into project acquisition, through higher permitted loan to value ratio

## Acquisition Fund

- **Underwriting:**
  - Criteria agreed to by DHCD, DCHFA, banks, CDFIs, other DC agencies
  - Projects can underwrite successfully only if there are positive prospects for permanent financing
  - Underwriting delegated to CDFIs
- **Decision process:** includes DHCD, DCHFA, banks, CDFIs, other DC agencies

## Acquisition Fund

- **Benefits:**
  - Unified underwriting criteria, from predevelopment through permanent
  - No acquisitions without positive prospects for permanent financing
  - Efficient processing through one underwriting
  - Fewer stalled projects

## Permanent Fund

- **Purpose:** construction and permanent financing for affordable housing preservation and/or development
- **Eligibility (long term):** all rental projects that have used the Acquisition Fund; other affordable rental developments with 5+ units
- **Eligibility (short term):** rental projects using LIHTC
  - Little risk
  - Underwriting standards well known

## Permanent Fund

**Funding:** loan capital provided by bank purchases of HFA bonds

### **DHCD credit enhancement**

- Through funding of loan loss reserves and/or standby letters of credit
- Purpose: increased conventional debt into project acquisition, through lower debt service coverage ratios, longer term and/or lower interest rates

## Permanent Fund

### • **Underwriting:**

- Criteria agreed to by DHCD, DCHFA, banks, CDFIs, other DC agencies
- Underwriting delegated to HFA/CDFIs/banks

• **Decision process:** includes DHCD, DCHFA, banks, CDFIs, other DC agencies

## Permanent Fund

- **Benefits:**
  - Term up to 40 years
  - Unified underwriting criteria
  - Efficient processing through one underwriting
  - Better coordination among financiers
  - Fewer problem projects

## Increasing DHCD Leverage

- **All details are subject to change**
  - Agreement needed with lending partners, development community
  - Clear benefits must be available for DHCD-financed units