

RESOLUTION 19-10

To Authorize Financing Activities for the Rental Assistance Demonstration (RAD) Program Conversion of Montana Terrace, Elvans Road, The Villager, Lincoln Road, and Ontario Road

Summary

The purpose of this resolution is to authorize the Executive Director of the District of Columbia Housing Authority (“DCHA”) to undertake the following financing activities to enable to conversion of the RAD Properties under the Rental Assistance Demonstration Program (“RAD”) program: (i) submit to the U.S. Department of Housing and Urban Development (“HUD”) a Financing Plan to convert certain properties to project-based Section 8 Assistance, under the RAD program, and submission and execution of any documents required for the Financing Plan; and (ii) apply for and secure debt and equity financing required to complete the RAD conversion, (iii) undertake all required predevelopment activities required to complete such financing activities, including but not limited to architectural, engineering, market studies, and appraisals; (iv) authorize the use of up to \$1.3 million in Replacement Housing Factor Funds to fund pre-development and development costs. The five properties to be included in the RAD conversion total 137 units which comprise the following developments: Montana Terrace, Elvans Road, The Villager, Lincoln Road, and Ontario Road.

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WHEREAS, Congress authorized the RAD program (Public Law 112-55) with the stated purpose "...to preserve and improve public housing and certain other multifamily housing through the voluntary conversion of properties with assistance under section 9...to properties with assistance under a project-based subsidy contract under section 8...";

WHEREAS, RAD allows Public Housing Agencies ("PHAs") to convert public housing subsidies into a long term, Project-Based Section 8 rental assistance subsidy;

WHEREAS, public housing subsidies and funding for capital projects have been unpredictable and subject to annual fluctuations in response to federal budget fluctuations;

WHEREAS, conversion to Project-Based Section 8 Vouchers would allow for a more stable and predictable annual subsidy, and, unlike the public housing subsidy, could even allow for annual increases to adjust for inflation;

WHEREAS, DCHA has undertaken a portfolio wide review of its public housing inventory and seeks to stabilize the inventory for long term viability from a capt;

WHEREAS, DCHA has identified certain properties for conversion to Project-Based rental assistance through the RAD program namely , Montana Terrace, Elvans Road, The Villager, Lincoln Road, and Ontario Road ("together, "the RAD Properties");

WHEREAS, the RAD Properties are in need of repairs and capital replacement in order to facilitate long-term stabilization and viability, including viability from an operating cost perspective;

WHEREAS, conversion to Project-Based rental assistance through the RAD program allows for the use of non-DCHA sources of funding to pay for construction and other project costs, including Low Income Housing and private debt;

On March 14, 2012, the District of Columbia Housing Authority ("DCHA") Board of Commissioners adopted Resolution 12-02, which authorized the creation of DC Housing Solutions, Inc. ("DCHS"), a District of Columbia non-profit corporation, and tax exempt entity under Section 501(c)(3) of the *Internal Revenue Code*, to serve as a guarantor in projects in which DCHA, or one of its instrumentalities, determined that it would be advisable to serve as developer or co-developer;

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WHEREAS, DCHS in-turn created a “sub-entity” to actually undertake development activity and provide the required guaranty: Capital Housing Partners, LLC (“CHP”);

WHEREAS, DCHA, through CHP, will serve as the developer to complete repairs and renovations of the RAD Properties (the “Project”);

WHEREAS, it is contemplated that DCHA will continue to serve as the property manager for the RAD Properties after the RAD Conversion;

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of DCHA hereby adopts Resolution 19-10 to authorize the Executive Director of the District of Columbia Housing Authority (“DCHA”) to undertake the following financing activities to enable to conversion of the RAD Properties under the Rental Assistance Demonstration Program (“RAD”) program:

1. Submit to the U.S. Department of Housing and Urban Development (“HUD”) a Financing Plan to convert the RAD Properties listed above to Project-Based Section 8 Assistance, under the RAD program, and submission and execution of any documents required for the Financing Plan;
2. Apply for and negotiate debt and equity financing required to complete the RAD conversion;
3. Undertake all required predevelopment activities required to complete such financing activities, including but not limited to architectural, engineering, market studies, and appraisals;
4. Subject to approval in the MTW Plan and any required HUD approvals, use up to One Million Three Hundred Thousand Dollars (\$1,300,000) in Replacement Housing Factor Funds to fund pre-development and development costs, with such funds pledged to the project as a loan or grant to such development or owner entity as required to facilitate the financing of the project.

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes the Executive Director of DCHA to take all such action, to execute all such required documents, to enable DCHA to apply for funding for the Project; provided however, the final financing terms will be reviewed and approved by the Board of Directors of DC Housing Solutions, Inc., the sole member of the developer, Capitol Housing Partners, LLC.

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ADOPTED, by the Board of Commissioners and signed in authentication of its passage the 8th day of May, 2019.

ATTEST:

APPROVAL:

Tyrone E. Garrett
Executive Director/Secretary

Neil Albert
Chairman

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Kenneth Slaughter
General Counsel