

RESOLUTION 19-25

TO AUTHORIZE THE EXECUTION OF DOCUMENTS TO ENABLE A CLOSING OF FINANCING FOR REDEVELOPMENT OF THE FIRST PHASE OF KENILWORTH COURTS

WHEREAS, the District of Columbia Housing Authority (“DCHA”) seeks to create public housing replacement units under the Kenilworth Courts Redevelopment Plan and increase the supply of affordable housing in the District of Columbia;

WHEREAS, In January, 2012, DCHA received an award of \$300,000 in Choice Planning Grant funding from the United States Department of Housing and Urban Development (“HUD”) for the Kenilworth-Parkside Choice Neighborhood Initiative (“Choice Neighborhood”). DCHA convened several community meetings where residents, stakeholders and the community at large participated and provided input in the development of the master plan. The plan provides for a proposed multi-phased redevelopment of Kenilworth Courts which will produce approximately 532 rental and for-sale residential units;

WHEREAS, DCHA issued a Request for Proposals (RFP) through Solicitation 0001-2012 adopted Resolution 12-10 to select the Michaels Development Company and The Warrenton Group as the lead developer; DCHA will act as a co-developer in the joint venture entity;

WHEREAS, by letter dated September 7, 2016 (the “DCHA Commitment Letter”), DCHA committed to the Kenilworth Courts Resident Council (the “Resident Council”) to address several issues that the Resident Council had raised in opposition to DCHA and the Kenilworth Revitalization IJV, LCC’s (hereinafter, “the Joint Venture”) proposed redevelopment plan for Kenilworth Courts (Kenilworth Revitalization IJV, LLC & DCHA (1st-Stage & Consolidated PUDs & Related Map Amendment @ Squares 5113, 5114, and 5116); Z.C. Case No. 15-21, hereinafter, the “plan” or “master plan”);

WHEREAS, DCHA committed to the Resident Council that it would take steps to address: large bedroom size units; relocation housing needs; lease compliance; opportunity to return to the new development; return eligibility/priority; resident associations at the new development; Section 3 commitments; memorialization of DCHA’s commitments; and ongoing communication with residents;

WHEREAS, in consideration of DCHA’s commitment to undertake the steps outlined in the DCHA Commitment Letter, the Resident Council agreed to withdraw its party status in opposition request to the District of Columbia Zoning Commission’s;

WHEREAS, On December 12, 2016, the Zoning Commission issued Order No.

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15-21, which approved the master plan and a consolidated Planned Unit Development (PUD) for the first phase of development;

WHEREAS, Order No. 15-21 imposed several specific obligations on the Joint Venture including: prior to the issuance of a Building Permit for the Project (as therein defined), the Joint Venture shall establish a (quarterly) meeting schedule with the Resident Council Board; and prior to the issuance of a Certificate of Occupancy for the Consolidated Planned Unit Development (the "PUD"), the Joint Venture shall finalize a written tenant selection/screening plan for Kenilworth residents' return to units supported by District or HUD subsidy, which bars the establishment of any minimum work or service requirements, criminal background requirements, or credit or drug screening requirements that are more stringent than DCHA [public housing] policy;

WHEREAS, On July 12, 2017, the DCHA Board of Commissioners adopted Resolution 17-08 to allow DCHA to submit a phased demolition and disposition application to HUD for the existing 290 units at the site in which HUD only authorized demolition of Phase 1 units;

WHEREAS, Kenilworth Courts will be redeveloped in phases. The proposed Phase 1 will consist of 167 total units, of which, approximately 101 units will be ACC replacement units with a priority for Kenilworth residents, 17 will be subsidized with Local Rent Supplement Program (LRSP) subsidy for referrals from the District's Permanent Supportive Housing Program, and 48 will be tax credit only units;

WHEREAS, On March 19, 2019, the District of Columbia Department of Housing & Community Development (DHCD) awarded approximately \$17.6 million in Housing Production Trust Fund gap financing for the Phase 1 Kenilworth Courts redevelopment. The award also included 17 LRSP vouchers that will be used to subsidize units for referrals from the District's Permanent Supportive Housing Program;

WHEREAS, DCHA seeks authorization to submit the following to HUD: 1) a development proposal for the development of 101 ACC units to be funded under DCHA's Local Blended Subsidy (LBS) initiative; 2) a disposition authority to convey the Phase I real property to the joint venture entity at financial closing, such conveyance will be subject to a recorded HUD Declaration of Restrictive Covenants, a recorded Regulatory and Operating Agreement and other recorded affordability covenants,

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including those required by the DHCD funding and the tax credit financing; and
3) a near elderly designation for the 42 unit building which will serve residents 55 and older; and

WHEREAS, The Office of the Deputy Mayor for Planning and Economic Development (DMPED) has committed an additional \$4 million to fund the demolition of the site and support infrastructure costs;

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of DCHA hereby adopts Resolution 19-25 to authorize the Executive Director of the District of Columbia Housing Authority ("DCHA") to undertake the following enable closing of financing for Phase I of the Kenilworth Courts Redevelopment Project:

1. Authorize the Executive Director of DCHA to take all such action, to make any required submissions and to execute all such required documents, for approximately \$17.6 million HPTF Funding award;
2. Authorize the creation of an entity (or DC Housing Enterprises) to serve as co-developer in the joint venture developer with Michaels Development Company and the Warrenton Group;
3. Authorize the Executive Director of DCHA to take all such action, to execute a Memorandum of Understanding ("MOU") for \$4 million of funding for demolition and infrastructure cost. Terms of the MOU to be presented to the Board of Commissioners before execution;
4. DCHA to submit a request to HUD for a 55 and older (near elderly) designation for the new proposed 42 unit building;
5. DCHA to submit to HUD a development proposal/mixed-finance application and a rental term sheet to provide for the development of approximately 101 ACC replacement units and to use Moving to Work (MTW) block grant subsidy under the Local Blended Subsidy (LBS) program initiative to provide long term stability for the units;
6. Amend Resolution 17-32 to provide the allocation of PBV from MTW block grant funding for Kenilworth to be provided as MTW block grant funding under the LBS initiative for the Kenilworth redevelopment;

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7. DCHA to submit to HUD a disposition request for Phase 1 redevelopment at Kenilworth Courts and to dispose of the property to DCHE or affiliate of DCHE to ground lease the land to the Kenilworth Joint Venture entity;
8. Authorize the Executive Director to ground lease the Phase I parcel to the Kenilworth JV entity for a nominal amount and other good and valuable consideration;
9. Authorize the Executive Director to direct counsel for DCHA (on behalf of DCHA and/or the Joint Venture in the aforementioned transactions) to work with counsel for the Resident Council to negotiate and plan DCHA 's execution of: its commitments under the DCHA Commitment Letter, and the Joint Venture's obligations as imposed by District of Columbia Zoning Commission Order No. 15-21, and to memorialize (in transaction documents and/or regulation, as appropriate) requirements related thereto, including but not limited to ensuring tenants' right to return to the redevelopment;
10. Authorize the Executive Director of DCHA to take all such action, to execute all such required documents, to make any required submissions and notices, and to obtain any approvals or waivers in connection with a closing of financing.

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ADOPTED, by the Board of Commissioners and signed in authentication of its passage
the 11th day of September, 2019.

ATTEST:


APPROVAL:



Tyrone Garrett
Executive Director/Secretary




Neil Albert
Vice Chairman



Kenneth Council

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:



Kenneth S. Slaughter
General Counsel

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