



## **Minutes for Committee on Development and Modernization April 24, 2019 FINAL**

04/24/2019 | 11:12 am - 01:30 pm - Eastern Time (US and Canada)

Executive Director's Conference Room 1133 N. Capitol St. NE

### **Commissioners (7)**

Neil Albert; Bill Slover; Kenneth Council; Brian Kenner; NaKeisha Neal Jones; Aquarius Vann-Ghasri; Antonio Taliaferro

Commissioner Strickland via phone

### **Opening Comments**

Chairman Albert opened the meeting at 11:12 am and welcomed the Commissioners and staff.

### **Draft minutes of April 1, 2019**

The minutes of April 1, 2019 were not reviewed.

### **RAD Briefing**

Alastair Smith, of the Office of Capital Programs (OCP) presented the Committee with an overview of the 5 RAD projects and the rationale for selecting them. The projects included Montana Terrace, Elvans Court, The Villager, Lincoln Road and Ontario Road. He also explained that each property is too small on its own to finance the renovations. The properties can be bundled into one financial closing and construction contract to achieve economies of scale. He further stated that properties were selected for RAD Conversion as they required a moderate level of repair and capital replacement needs and the project can be financed without seeking gap financing. He also explained some of the RAD benefits as follows:

- Operating Subsidy Boost: Properties that complete renovations of 60% of replacement cost receive Fair Market Rent for 25% of unit.
- Long Term Operating Subsidy Increase: RAD Rents receive an annual increase to adjust for inflation. ACC subsidy has decreased annually.
- Access to Private Financing: Conversion to RAD allows the project to receive LIHTC equity investment and debt to pay for renovation.
- Developer Fee: DCHA to receive developer fee when self-developing

There was discussion regarding tax credits and partners they have worked with on other projects. Chairman Albert asked if DCHA has applied with DCHFA yet, the response was no. Commissioner Strickland asked if DCHA has tested the market or if the assumption is that it's best to self-develop. Mr. Smith stated that it is the first preference to self-develop. Commissioner Slover reminded the Committee that the Board charged the Executive Director to focus on self-developing where possible. Chairman Albert added that DCHA must look at its capacity and consider self-developing on a case by case basis. Commissioner Strickland asked what DCHA's current capacity is for self-developing. Director Garrett responded by say that it is 3 a year. Chairman Albert asked Director Garrett when he expected to bring the resolution to the Board. Director Garrett replied that it will be brought to Brown Bag for the May Board meeting.

### **Resolution 19-11 – To Approve the Removing the Mixed Finance Amendment to the Annual Allocations Contract and Authorize the Execution of Other Related Documents for Capper Square 769N**

Director Garrett introduced resolution 19-11 stating that DCHA went back to the development partner at the Harlow. Kerry Smyser of OCP stated that an amendment was made to remove the ACC units from the project but the affordable units would remain and be operated as public housing. Chairman Albert asked if there was a risk. The response was that there is no risk. There was discussion regarding replacement units and the use of vouchers by residents who are returning. There was also discussion regarding rules for Davis-Bacon requirements. Ms. Smyser stated that the Department of Labor believes that any federal funds in a project trigger Davis-Bacon rules. Deputy Mayor Kenner asked if there are any other pending projects that DCHA has a Davis-Bacon issue. Director Garrett replied no.

### **BOC Repositioning Briefing - DCHA Portfolio Stabilization Education Symposium #3**

Chairman Neal Jones of the Committee on Education recommend that the Board move to close this meeting for the **DCHA Portfolio Stabilization Education Symposium #3** to train and develop members of a public body, pursuant to D.C. Code § 2-575(b)(12). A motion was made and properly seconded and this portion of the meeting was closed.

### **Announcements and Adjournment**

The meeting was adjourned at 1:30 pm.