

RESOLUTION 20-21

To Authorize DC Housing Enterprises to Make Final Deployment of Remaining \$6,000,000 in New Markets Tax Credit Authority to the Renaissance New Markets Fund LLC

Summary

The purpose of Resolution 20-21 is to authorize DC Housing Enterprises (“DCHE”) to: (i) reserve Six Million Dollars (\$6,000,000.00) of its New Markets Tax Credit (“NMTC”) authority to Renaissance New Markets Fund LLC (“Renaissance CDE”).

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TO AUTHORIZE DC HOUSING ENTERPRISES TO MAKE FINAL DEPLOYMENT OF REMAINING \$6,000,000 IN NEW MARKETS TAX CREDIT AUTHORITY TO THE RENAISSANCE NEW MARKETS FUND LLC

WHEREAS, in 2003, DC Housing Enterprises (“DCHE”) was formed by the District of Columbia Housing Authority, as a District of Columbia non-Profit Corporation; DCHA is the sole member of DCHE;

WHEREAS, the Articles of Incorporation of DCHE (i) provide that “...its operations shall benefit and support the purposes of the District of Columbia Housing Authority (“DCHA”) by engaging in activities that enhance the supply of affordable housing as well as related community development in support of affordable housing, including without limitation, serving and providing investment capital to low income communities and low income persons, the operation and management of low, moderate, and mixed income housing, community developments, and related facilities and undertaking other related activities that will serve to enhance, expand, and foster affordable housing and community development”; and (ii) authorize DCHE to “apply for new market tax credits for the purposes of serving and providing investment capital for low income communities and low income persons in the District of Columbia.”;

WHEREAS, in 2009, the US Department of the Treasury Community Development Financial Institutions (“CDFI”) Fund certified DCHE as a community development entity (“CDE”), and allocated to DC Housing Enterprises (“DCHE”) the authority to issue New Markets Tax Credits (“NMTC”) in the amount of Fifty Million Dollars (\$50,000,000.00);

WHEREAS, the CDFI Fund has made subsequent allocations to DCHE in the amounts of Thirty-Three Million Dollars (\$33,000,000.00) and Forty-Five Million Dollars (\$45,000,000.00), respectively;

WHEREAS, DCHE has, allocated One Hundred and Twenty-Two Million Dollars (\$122,000,000.00) of its NMTC allocation authority to spur investments in projects throughout the District of Columbia, including: Canal Park; Progression Place; Conway Center; Educare; and Bread for the City;

WHEREAS, pursuant to Resolution 19-01, the Board of Directors authorized DCHE to: reserve Six Million Dollars (\$6,000,000.00) of its NMTC authority for National Housing Partnership Foundation (“NHP Foundation”)’s proposed adaptive reuse, redevelopment of the long vacant and boarded, but historically significant Strand Theatre, located in Ward 7, at 5131 Nannie Helen Burroughs Ave., NE Washington, DC (the “Strand Project”);

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WHEREAS, originally in connection with the Strand Project, CURE XIII received a qualified equity investment from an investor on August 20, 2019 (the “QEI”), which QEI must be deployed to a qualified active low-income community business by December 31, 2020;

WHEREAS, to date, NHP Foundation has failed to proceed to closing, as required by DCHE’s Reservation Letter;

WHEREAS, while DCHE continued to work with NHP Foundation to close the Strand Project allocation, these attempts have proved unsuccessful;

WHEREAS, while DCHE continued to locate transactions in the District of Columbia, these attempts have proved unsuccessful and are not likely to be successful by December 31, 2020;

WHEREAS, a failure to deploy the QEI by December 31, 2020 could result in a recapture of the NMTCs related to the Investment, financial obligations from DCHE and CURE XIII to the investor of the QEI and jeopardize DCHE’s attempts to obtain future allocations from the CDFI;

WHEREAS, DCHE proposes to allocate Six Million Dollars (\$6,000,000.00) of its New Markets Tax Credit (“NMTC”) authority and the proceeds of the QEI to Renaissance New Markets Fund LLC, a District based CDE or an affiliate thereof (“Renaissance CDE”) which will then loan or make an investment in the amount of \$6,000,000 to Martin Luther King Jr. Community Hospital (“MLKCH”) located in South Central Los Angeles to assist it in developing an integrated healthcare delivery system for South Central Los Angeles (“Project”) (the “Initial QLICI Transaction Structure”);

WHEREAS, alternatively, depending upon advice of counsel, including any required DCHA approvals, CURE XIII may make a qualifying loan or investment directly to the Project (the “Alternative QLICI Transaction Structure” and, together with the Initial QLICI Transaction Structure, the “QLICI Transactions”);

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WHEREAS, although the Project is not in the District of Columbia, DCHE will substantially benefit from timely deploying the QEI, which will, in turn substantially benefit DCHA and, for these reasons, it is advisable to proceed with the QLICI Transactions;

WHEREAS, the Board is aware that Renaissance Equity Partners is an affiliate of Renaissance CDE and provides NMTC application, administration and support services to DCHE, including as may be further authorized pursuant to DCHE Resolution 20-04;

WHEREAS, DCHA and DCHE remain committed to continuing to support projects located in the District Columbia, including the Strand Project. As of November, 2020, DCHE has applied to the CDFI for a new round of NMTC allocation;

WHEREAS, it is anticipated that the announcements for award of a new round of NMTC will be made by the CDFI fund in the first half of calendar year 2021;

WHEREAS, pursuant to existing laws, regulations, statutes, and policies, DCHE will agree to reserve not less than the first \$10,000,000 in NMTC allocation awarded to DCHE from the upcoming round to the Strand Project; and

WHEREAS, DCHA directs DCHE to recommence work with the developer NHP Foundation, and other parties to work towards closing, such that once a new award of NMTC allocation is received by DCHE, DCHE and the other parties will be prepared to close the Strand Project;

NOW THEREFORE, BE IT RESOLVED that, even if an extension of the time to deploy of QEI is later obtained, the Board hereby adopts these resolutions: (i) to authorize DCHE to reserve \$6,000,000.00 in NMTC authority to Renaissance CDE in order support the Project; (ii) to acknowledge and confirm that while the Projects are outside the District of Columbia that making such a NMTC in the Project and closing on such investment as soon as possible will benefit and support the purposes and further the mission of DCHA and DCHE by better allowing DCHE to continue on as a NMTC CDE and avoiding the risk that it incur substantial financial liability due to having funds not deployed (iii) to authorize the Board of Directors of DCHE to approve the QLICI Transaction; (iv) to ratify the prior sub-allocation of NMTC authority to CURE XIII and the QEI; (v) to authorize or ratify DCHE, by its President, or other duly authorized or designated individual, upon the terms and conditions established for such reservation, to proceed with all necessary due diligence and preparation, to the review and negotiation of documentation for closing of the applicable QLICI Transaction and the prior closing of the QEI; (vi) to ratify DCHE, by its President and/or other authorized

individual, in its capacity as manager of CURE XIII, having taken such necessary steps to obtain the QEI; (vi) to authorize DCHE to make, or in its capacity as manager of CURE XIII, to cause CURE XIII, or such other Subsidiary Allocatee as DCHE may designate, to make a qualified low-income community investment in the form of a qualified loan and/or investment, from the proceeds of the QEI, in support of the applicable Project, on substantially the terms outlined in these resolutions; (vii) to authorize the President, and/or such other duly authorized or designated individual, to cause DCHE or CURE XIII to execute and deliver all such documents as shall be necessary to effectuate the closing or closings of the applicable QLICI Transaction and the prior closing of the QEI, including, but not limited to any reservation letter, funding commitments, term sheets, loan agreements, investment agreements, community benefits agreement, indemnity agreements, and, on behalf CURE XIII, or other applicable Subsidiary Allocatee, any amended and restated operating agreements (including upon the admission to CURE XIII of the Investor, its designee, or other investor); (viii) to approve the Project(s) being outside of the District of Columbia; and (viii) to confirm that approval of this Resolution by the DCHA Board of Commissioners satisfies DCHE Bylaw requirement for presenting NMTC deals for review and comment by the Development and Modernization Committee of the Board of Commissioners of DCHA and the Audit and Finance Committee of the Board of Directors of DCHA.

BE IT FURTHER RESOLVED, this resolution further affirms that, pursuant to existing law, regulations, statutes, and policies, DCHE will allocate not less than \$10,000,000 in NMTC allocation authority from the next round of NMTC awarded to DCHE to the Strand Project located in the District of Columbia.

BE IT FURTHER RESOLVED, DCHA hereby directs DCHE to recommence work with the developer, NHP and other parties towards closing on the Strand Project. Once the CDFI makes a new round of awards, to the extent DCHE is awarded additional NMTC from the 2020 round, pursuant to existing law, regulations, statutes, and policies, DCHE is hereby directed to reserve not less than the first \$10,000,000 in NMTC authority, for the completion and development of the Strand Project.

ADOPTED, by the Board of Commissioners and signed in authentication of passage the 11th day of December, 2020.

ATTEST:

APPROVAL:

Tyrone Garrett
Executive Director

Neil Albert
Chairman

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Greg Mays
General Counsel