

RESOLUTION 25-16

To Ratify Submission of an Application to the Office of the Deputy Mayor for Planning and Economic Development for Issuance of Industrial Revenue Bonds to Modernize Up to Nineteen DCHA properties and an Official Intent Resolution for Reimbursement of Costs Incurred on Revenue Bond-Authorized Projects.

SUMMARY

The purpose of this resolution is to ratify the submission on February 19, 2025, of the application by DCHA to the Office of the Deputy Mayor for Planning and Economic Development (“DMPED”) for Issuance of Industrial Revenue Bonds (“IRB” or “IRBs”). The application was submitted by the nonprofit affiliate of DCHA, DC Housing Solutions, Inc. The purpose of the IRBs is to obtain funding to modernize up to 19 currently designated public housing properties throughout the District which need a substantial capital investment to improve the living conditions of public housing residents. The IRB funds will be combined with DCHA operating revenues to conduct the comprehensive modernization program. To ensure the repayment of the bonds, the operating subsidy at each property will be converted through the US Department of Housing and Urban Development (“HUD”) subsidy repositioning programs known as the Rental Assistance Demonstration program (“RAD”), and Section 18 Disposition, as will be determined most advantageous for each property.

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TO RATIFY SUBMISSION OF AN APPLICATION TO THE OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS TO MODERNIZE NINETEEN DCHA PROPERTIES AND AN OFFICIAL INTENT RESOLUTION FOR REIMBURSEMENT OF COSTS INCURRED ON REVENUE BOND-AUTHORIZED PROJECTS

WHEREAS, the mission of the District of Columbia Housing Authority (DCHA) is to provide quality affordable housing to extremely low- through moderate-income households, foster sustainable communities, and cultivate opportunities for residents to improve their lives; and

WHEREAS, DCHA has created a tax-exempt nonprofit affiliated entity called DC Housing Solutions, Inc., whose purpose is to serve as a nonprofit developer of DCHA properties for the benefit of low- and moderate-income households; and

WHEREAS, federal and local capital funds that can be used for capital improvements on DCHA's public housing portfolio are severely insufficient to meet all the modernization, rehabilitation, and redevelopment needs of an aging public housing stock in the District of Columbia; and

WHEREAS, funding priorities for Congress and the budget challenges at the District level pose a challenge to anticipate future capital funding; and

WHEREAS, multiple funding sources and approaches will be necessary to properly redevelop, preserve, and stabilize DCHA's public housing portfolio and ensure its long-term viability; and

WHEREAS, DCHA has briefed the Board of Commissioners on the need to secure alternative financing to modernize and stabilize public housing units throughout the District with the goal of bringing the properties to 20-year viability through the repositioning of the public housing operating subsidy at each DCHA property; and

WHEREAS, the District issues Industrial Revenue Bonds (IRBs) through the Office of the Deputy Mayor for Planning and Economic Development (DMPED) to finance the capital needs of nonprofit entities such as universities, charter schools, and affordable housing providers; and

WHEREAS, on February 19, 2025, DCHA through its affiliate nonprofit entity, DC Housing Solutions, Inc., submitted to DMPED an application for Industrial Revenue Bonds with a face value of \$700 Million to modernize up to 19 public housing properties in DCHA's portfolio; and

WHEREAS, DCHA provided to the Board of Commissioners at the April 2025 Board Education Symposium the rationale for utilizing IRB funding to obtain resources to modernize up to 19 properties and the amount of IRB funds projected to be invested in property to achieve 20-year viability; and

WHEREAS, DCHA has and will continue to incur project costs associated with the planned modernization project, and the IRS Code allows for the reimbursement of such project costs in anticipation of the issuance of the bonds, and DCHA will seek reimbursement of such project costs at the financial closing of the IRBs: and

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WHEREAS, the IRS Code requires the bond issuer (or conduit borrower, DCHA) to adopt a resolution declaring its intent to secure reimbursement for project costs incurred prior to the issuance of the bonds; and

WHEREAS, DCHA considers public housing units as a public asset that must be protected and issuance of the IRBs by DMPED in the amount of \$700 million ("Project Costs") for the purpose of bring to 20-year viability to public housing properties and to improve the living conditions for thousands of public housing residents and applicants is in the best interest of DCHA and the residents; and

WHEREAS, in addition to the bond proceeds, DCHA has underwritten this modernization project to invest up to ten percent of the face value of the IRBs, or up to \$70 million in DCHA funds, towards project costs for properties included the modernization project, which could come from DCHA's HUD-held HAP reserves, disposition proceeds, program income, DCHA development activity, or other funds as authorized by HUD.

NOW, THEREFORE, BE IT RESOLVED, the DCHA Board of Commissioners hereby adopts Resolution 25-16, and ratifies the February 19, 2025, application by DCHA through DC Housing Solutions for DMPED to issue \$700 million in Industrial Revenue Bonds for the comprehensive modernization of up to 19 current public housing communities.

BE IT FURTHER RESOLVED, that DCHA reasonably expects that a portion of the Project Costs will be paid by DCHA prior to the issuance of the Bonds and that certain proceeds of the Bonds will be used to reimburse DCHA for those Project Costs incurred and paid by the Issuer prior to the issuance of the Bonds.

BE IT FURTHER RESOLVED, that DCHA intends that the adoption of this Resolution shall be and constitutes an "official intent resolution" within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the U.S. Treasury Department.

BE IT FURTHER RESOLVED, that the DCHA Board authorized the allocation of up to \$70 million in HUD-held HAP reserves, program income, disposition proceeds, and other funds authorized by HUD to invest in the modernization of up to nineteen DCHA public housing properties.

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ADOPTED by the Board of Commissioners and signed in authentication of its passage on the 11th day of June 2025.

ATTEST:

Keith L. Pettigrew
Executive Director/Secretary

APPROVAL:

Raymond Skinner
Chairperson

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Amy M. Glassman
Senior Vice President & General Counsel