

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
MINUTES OF THE MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 16, 2021

Pursuant to the call of the Chairman and notice duly given, the regular meeting of the Commissioners of the Virginia Housing Development Authority (the “Authority”) was held on December 16, 2021, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

William C. Shelton, Chairman
Thomas A. Gibson, IV, Vice Chairman
Nathalia Artus
Abigail Johnson
Erik Johnston
Carlos Larrazabal
Shekar Narasimhan
Lisa R. Porter
Michael J. Schewel

COMMISSIONERS ABSENT:

Barbara Blackston
Manju Ganeriwala

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Paul M. Brennan, Chief of Staff
Fred Bryant, Chief Counsel
Patrick J. Carey, Special Advisor to the Chief Executive Officer
Tammy Neale, Chief of Programs
Janet Wigglesworth, Chief of Operations
Llewellyn C. Anderson, Managing Director of Federal Programs
Herman Aparicio, Managing Director of Information Technology
Arthur N. Bowen, Managing Director of Rental Housing
David Henderson, Managing Director of Finance and Administration
Monique Johnson, Managing Director of Community Outreach
Toni Ostrowski, Managing Director of Homeownership
Hil Richardson, Managing Director of Capital Markets
Lisa Watson, Managing Director of Human Resources
JD Bondurant, Director of Low Income Housing Tax Credit Programs
Najla Craddock, Business Application Administrator
Sandy Edwards, Assistant to the Chief Executive Officer
Fabrizio Fasulo, Director of Policy and Planning
Janet Groessler, Senior Executive Assistant
Joe Herring, End User Services Manager
Tara Jenkins, Associate Chief
Salathia Johnson, Associate Chief

Tommy Le, Senior Desktop Support Analyst
Maria Pruner, Associate Chief
Stanley Ray, Human Resources Director
Hope Coleman Rutter, Director of Rental Servicing
Yilla Smith, Associate Chief
Frances Stanley, Research and Policy Analyst
Mariah Williams, Strategic Housing Officer
Nina Lapres, Contractor
Barry Merchant, Contractor
John Germain, UBS
Ryne Johnson, Astoria
Stephanie Papps, JLARC
Tracey Smith, JLARC
One unidentified members of the public via phone

Chairman Shelton called the regular meeting of the Board of Commissioners to order at 10:10 AM on December 16, 2021. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Narasimhan who joined the meeting as noted below. Due to business conflicts, Commissioners Larrazabal and Narasimhan participated in the meeting electronically from Fairfax County, in separate locations, per the Authority's electronic participation policy.

Chairman Shelton opened the floor for public comment. No members of the public indicated a desire to speak at that time and the public comment period was therefore closed.

Ms. Dewey introduced the recently hired Associate Chiefs – Ms. Jenkins, Ms. Johnson, Ms. Pruner and Ms. Smith – and the new Human Resources Director, Mr. Ray. Ms. Dewey recognized Ms. Edwards for receiving the Unsung Hero award voted on by the Authority's associates.

Ms. Dewey presented a report on the activities and operations of the Authority in which she advised the Commissioners on the Authority's efforts in (i) responding to the impact of the COVID pandemic; (ii) addressing state housing needs; (iii) addressing unmet rental needs; (iv) strengthening first-time homeownership; (v) delivering superior long-term financial and operational performance; and (vi) telling our story. On the topic of responding to the impact of the COVID pandemic, Ms. Dewey provided updates on (i) the activities of the Community Outreach, Rental and Homeownership Divisions, including the resumption of in-person homebuyer education classes and adherence to CDC guidelines by class facilitators; (ii) the number of rental mortgage loans and homeownership loans in forbearance and the number of homeownership loan deferments and partial claims; (iii) the number of tenants served through the landlord portal of the Rent Relief Program and that the Authority has officially rolled off the landlord portal; (iv) the number of applications received and grants disbursed for the pilot Mortgage Relief Program; and (v) the receipt of approval by U.S. Treasury of the Authority's Homeowner Assistance Fund plan. On the topic of addressing state housing needs, Ms. Dewey discussed (i) participation in the Urban Land Institute's annual conference and discussion of the role housing plays in fostering healthy communities; (ii) a capacity building grant to New Hill Development Corporation, an African American led social enterprise that builds resilience,

economic opportunity and affordable housing in the greater Charlottesville African American community; (iii) the Authority's \$40 million in REACH *Virginia* grants to Planning District Commissions (PDCs), with agreement executed with twenty PDCs; and (iv) a partnership with Homeward, which serves as the Richmond region's coordinated network of homeless service providers, including over \$100,000 in REACH *Virginia* funding. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) Central United Methodist Church (Ballston Station) in Arlington; (ii) Arbors at Hull Street in Midlothian; and (iii) Baker School in Richmond. On the topic of first-time homeownership, Ms. Dewey discussed (i) the Authority's activities with respect to Community Land Trusts (CLTs); (ii) an update on the modular homes in the Five Points neighborhood of Martinsville; and (iii) Homeownership Advisory Board updates. During this discussion, Commissioner Schewel requested additional information on CLTs at a future meeting, specifically CLT's efficacy in building wealth for homeowners. On the topic of delivering superior, long-term financial and operational performance, Ms. Dewey discussed (i) the status of the return of staff to in-person work; and (ii) the continued evaluation of opportunities for additional office space. On the topic of telling our story, Ms. Dewey discussed (i) a BizNow article on the Authority's funding of a rental housing development, Gateway Seniors, utilizing modular construction; (ii) staff's participation on multiple panels during the Virginia Governor's Housing Conference; (iii) a speaking engagement by Ms. Dewey at a University of Virginia course on affordable housing taught by former Commissioner Tim Chapman; and (iii) an award the Authority received from the Central Virginia Chapter of the Association of Fundraising Professionals. Ms. Dewey also reported on her one-on-one conversations with Commissioners.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development (DHCD), including (i) the success of the Virginia Governor's Housing Conference; (ii) the Governor's proposed budget, including a significant allocation of \$300 million for the Virginia Housing Trust Fund over the two-year period; (iii) the Rent Relief Program, specifically the new application portal and potential reallocation of additional federal Emergency Rental Assistance funds to Virginia (iii) the Go Virginia program's announcement of \$7.7 million in grants to drive regional economic growth; (iv) the Commonwealth's commitment of \$722 million of grants for broadband expansion; (v) the ongoing state building code revision process; and (vi) upcoming awards of funds for Housing Trust fund resources under both DHCD's homelessness reduction grants program and production of more housing units under the Affordable and Special Needs Housing program.

Regarding the report on affordable housing in Virginia prepared by the Joint Legislative Audit and Review Commission (JLARC) dated December 13, 2021, Ms. Dewey discussed JLARC's findings on the need for additional affordable housing units. Mr. Richardson discussed the recommendations of JLARC and their consultant, CSG Advisors, regarding REACH *Virginia*, specifically the methodology for calculating the annual REACH *Virginia* contribution. Mr. Bowen discussed JLARC's recommendations regarding (i) the Authority's mixed-use mixed-income program, specifically a recommendation to amend the Authority's enabling statute to provide for a rent restriction in addition to the existing income restriction provisions; and (ii) increasing utilization of the private activity bond (PAB) allocation in conjunction with 4% federal low-income housing tax credits (LIHTC). Commissioner Gibson requested that staff examine the economic impact of using such PAB allocation for mortgage credit certificates versus tax-exempt rental housing bonds and the matching 4% LIHTC. Ms. Ostrowski discussed JLARC's

recommendations regarding homeownership programs, specifically an examination of the Authority's interest rates for its homeownership programs. Staff will be reviewing the recommendations further and reporting back to the Board at its meeting in February.

Ms. Williams presented on the Authority's framework for equitable development. Ms. Williams discussed: (i) the definition of equitable development; (ii) the goals for equitable development; (iii) a framework that will guide the strategy for equitable development; and (iv) and Community Outreach's key findings thus far in this initiative. Commissioner Schewel requested that staff include consideration of low-income, rural areas in Southwest Virginia as underserved populations in the equitable development initiative.

The meeting was recessed for lunch at 12:00 PM.

Chairman Shelton reconvened the regular meeting of the Board of Commissioners at 1:05 PM. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Narasimhan who joined the meeting as noted below.

Mr. Bowen delivered a presentation on the Authority's rental housing tenant characteristics. This presentation included information on: (i) the number of rental housing units monitored (for the Authority's lending programs and LIHTC); (ii) the location of such units in the Commonwealth; (iii) tenant incomes; (iv) tenant race and ethnicity; (v) tenant housing costs; and (vi) number of tenants per household. Key points included that: (i) the Authority monitors almost 30% of the apartments in the Commonwealth; (ii) eighty-four percent of such tenants have incomes that are 60% or less of Area Median Income; and (iii) the average income across all such tenants was less in 2021 than in 2020.

Commissioner Narasimhan joined the meeting during Mr. Bowen's presentation and remained present for the remainder of the meeting.

Mr. Bondurant presented on the Authority's 9/4 hybrid LIHTC points incentive in the qualified allocation plan (QAP). These developments pair a 9% LIHTC development with a 4% LIHTC development as a way to "stretch" the scarce 9% credits. This program was added to the QAP in 2015. To date, fifty-six hybrid developments have been awarded credits, with a total affordable unit production of 8,811 units (4,669 in 4% units and 4,142 in 9% units). Staff estimates that over \$75 million in annual 9% credits have been saved by this incentive, which equates to approximately three years of 9% allocation. Mr. Bondurant also presented on the geographic distribution of the hybrid developments and other states permitting or also incentivizing hybrid developments.

The following items, in the forms attached hereto, were approved by the affirmative vote of the Commissioners listed above as present at the meeting on a motion to approve the items in the consent agenda: (i) the minutes of the regular meeting of the Commissioners held on October 26-27, 2021; (ii) the resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Brian Luck" dated December 16, 2021; (iv) the resolution entitled "Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits and Virginia

Housing Opportunity Tax Credits” dated December 16, 2021; and (v) the resolution entitled “Removal and Appointment of Assistant Secretary” dated December 16, 2021.

Mr. Henderson reported on the Authority’s fiscal year 2022 financial statements as of October: (i) net interest margin of \$72.1 million, which is \$1.1 million greater than budget mostly due to lower interest expense than budget; (ii) programmatic expenses are \$1.3 million greater than budget mostly due to service release premiums expensed due to a large amount of payoffs and a pass-through bond issuance (versus selling the homeownership loans to the GSE’s); (iii) administrative expenses are \$8.6 million lower than budget mostly due to lower than budget staffing costs; (iv) excess revenues over expense (before GASB adjustment) of \$30.5 million, which is \$21 million greater than budget but \$6.5 million lower than last year; (v) total assets of \$9.2 billion, an increase of \$455 million (mostly in mortgage loans (\$426 million)); (vi) total liabilities of \$5.4 billion, an increase of \$344 million attributed to additional bond issuances; (vii) a net position of \$3.7 billion, an increase of \$110.6 million; (viii) a total mortgage portfolio of \$12.8 billion (including loans serviced for the GSEs), a \$531.8 million increase; and (ix) total assets and GSE servicing of \$15.3 billion, a \$565.7 million increase.

Mr. Richardson presented salient features memoranda for (i) the Commonwealth Mortgage Bonds, Residential Mortgage Backed Security, 2022 Series A; and (ii) the Rental Housing Bonds, 2022 Series A-Taxable and Series B-Non-AMT (tax exempt).

There being no further business, the meeting was adjourned at approximately 1:53 PM.

William C. Shelton, Chairman

Fred Bryant, Assistant Secretary