

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

URGENT

Memorandum

To: Members of the Council
~~Members of the Council~~

From: Nyasha Smith, Secretary to the Council

Date: March 14, 2011

Subject: Proposed Purchase Money Loan from the Community Development Block Grant program (CA 19-42)

The attached proposed Purchase Money Loan from the Community Development Block Grant program (CDBG) in the amount of \$4,843,000 from the Department of Housing and Community Development ("DHCD") to Bass Circle LLC ("the LLC") for a Portion of the Purchase Price (\$5,643,000) for the District acquired Bass Circle Apartments Property located at 1-13 Bass Circle, 4608 Benning Road, 4600-4606 Benning Road, 4505-11 B Street, S.E., and 4611 Bass Place all in S.E., Washington DC in Ward 7 ("the Property") was filed in the Office of the Secretary on March 11, 2011.

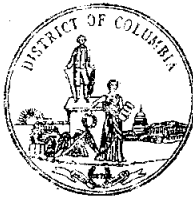
The Council's ten day review begins Monday, March 14, 2011, including Saturdays, Sundays, Council recess and legal holidays. The proposed contract will be deemed approved on Thursday, March 24, 2011, unless a resolution of approval or disapproval is introduced within the ten day review period, extending the review to 45 days.

INTRODUCED BY: Chairman K. Brown at the request of the Mayor

Retained by the Council with comments from the Committee on Housing and Workforce Development.

Attachment

cc: General Counsel
Budget Director
Legislative Services



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OFFICE OF THE
SECRETARY

VINCENT C. GRAY
MAYOR

MAR 11 2011

The Honorable Kwame Brown
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Brown:

Pursuant to D.C. Official Code §2-301.05a(b)(2)(A), as amended, I have enclosed, for consideration by the Council of the District of Columbia, the Council Contract Summary for a proposed Purchase Money Loan ("the Loan"), from the Community Development Block Grant program (CDBG), in the amount of Four Million Eight Hundred Forty-three Thousand Dollars (\$4,843,000) from the Department of Housing and Community Development ("DHCD") to Bass Circle LLC ("the LLC") for a portion of the Purchase Price (\$5,643,000) for the District acquired Bass Circle Apartments Property located at 1-13 Bass Circle, 4608-14 Benning Road, 4600-4606 Benning Road, 4505-11 B Street, S.E., and 4611 Bass Place all in S.E., Washington DC, in Ward 7 ("the Property").

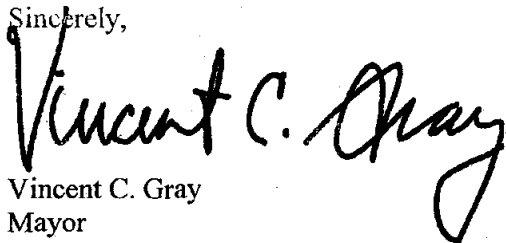
The DHCD will acquire title to the Property by deed in lieu of foreclosure from the owners of the Property. The owners have been in continuous default for nonpayment under the terms of conditions of the 1998 DHCD Community Development Block Grant ("CDBG") funded acquisition and rehabilitation loan. To avoid uncertain foreclosure on the Property under the Delinquent Loan terms, the owners and DHCD, as part of a Delinquent Loan repayment workout, have agreed to the terms of a Forbearance and Property Transfer Agreement ("the Transfer Agreement"). The Transfer Agreement provides that owners would transfer the Property to the District of Columbia by deed in lieu of foreclosure and a cash consideration of \$800,000 paid to the Property owners by DHCD, through DHCD's Unified Fund, simultaneously occurring with the transfer of the Property to the District, the District would transfer the Property to the LLC, the selected developer, Under the terms of the DHCD Property Disposition Agreement ("PDA") under D.C. Official Code §42-3171.03 (2008 Supp.), the LLC must rehabilitate the 122 units of affordable housing units on the Property and maintain the Property as an affordable housing development.

Since the Delinquent Loan was originally funded using CDBG funds the Purchase Money Loan is covered by applicable CDBG limitations and restrictions, including, but not limited to a 30-year affordability use period affecting the Property.

As always, I am available to discuss any questions you may have regarding the proposed Purchase Money Loan agreement. In order to facilitate a response to any questions concerning this Proposed Purchase Money Loan agreement, please have your staff contact Christopher Earley at (202) 442-7212.

I look forward to your favorable consideration of the Proposed Purchase Money Loan agreement.

Sincerely,

A handwritten signature in black ink that reads "Vincent C. Gray". The signature is written in a cursive style with a large, looped "V" and a long, sweeping tail on the "y".

Vincent C. Gray
Mayor

Enclosures

VCG/RLT

cc: Nyasha Smith, Secretary to the Council

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Housing and Community Development



Date:

COUNCIL CONTRACT SUMMARY

Pursuant to D.C. Official Code §2-301.05a, as amended, the following is provided:

(A) The name of the proposed borrower, the contract/loan amount, and the term of the proposed loan:

Borrower: Bass Circle LLC
Purchase Money
Loan Amount: \$4,843,000 (CDBG)
Cash Consideration
Amount: \$800,000

Loan Term(s): Thirty (30) years

(B) Description of the Goods and Services to be provided:

The Department of Housing and Community Development ("DHCD") proposes to provide a Purchase Money Loan ("the Loan") of \$4,843,000 to Bass Circle LLC ("the LLC"). The DHCD Loan will provide for a portion of the Purchase Price (\$5,643,000.00) of the District acquired Bass Circle Apartments located at 1-13 Bass Circle, 4608-14 Benning Road, 4600-4606 Benning Road, 4505-11 B Street, S.E., and 4611 Bass Place all in S.E., Washington DC, in Ward 7 ("the Property"). The DHCD will acquire title to the Property by deed in lieu of foreclosure from the owners of the Property. The owners have been in continuous default for nonpayment under the terms of conditions of the 1998 DHCD Community Development Block Grant ("CDBG") funded acquisition and rehabilitation loan. To avoid uncertain foreclosure on the Property under the Delinquent Loan terms, the owners and DHCD, as part of a Delinquent Loan repayment workout, have agreed to the terms of a Forbearance and Property Transfer Agreement ("the Transfer Agreement"). The Transfer Agreement provides that owners would transfer the Property to the District of Columbia by deed in lieu of foreclosure and a cash consideration of \$800,000 paid to the Property owners by DHCD, through DHCD's Unified Fund, simultaneously occurring with the transfer of the Property to the District, the District would transfer the Property to the LLC, the selected developer, under the terms of the DHCD Property Disposition Agreement ("PDA") under D.C. Official Code §42-3171.03 (2008 Supp.). The LLC must rehabilitate the 122 units of affordable housing units on the Property and maintain the Property as an affordable housing development, as prescribed in the attached Loan documents and the Property Disposition Agreement. Since the Delinquent Loan was originally funded using CDBG funds the Purchase Money Loan is covered by applicable CDBG limitations and restrictions, including, but not limited to a 30-year affordability use period affecting the Property.

(C) A description of the selection process, including the number of offerors, the evaluation criteria, the evaluation results, and the basis for selecting the proposed contractor:

Bass Circle LLC was selected by the Bass Circle Tenants Association through a competitive selection process that the Association engaged in February 2010. DHCD helped facilitate the selection process by helping to schedule meetings and presentations by the developers competing to be selected as the development partner with the Association.

(D) Background and qualifications of the proposed borrower:

Bass Circle LLC is a development entity that is partnering with the Bass Circle Tenants Association. The managing partner in Bass Circle LLC is Bass Circle, Inc. an affiliate of Telesis Corporation. Telesis Corporation is a long established developer of affordable rental housing in the District. Their most recent completed project is the Carver Terrace Apartments Rehabilitation project in the Northeast between Maryland Avenue and Benning Road.

(E) Performance standards and expected outcomes of the proposed loan:

The loan proceeds shall be used solely to fund the Purchase Money Loan costs associated with the property. Under the terms of the loan agreement, the property will remain affordable to low-income residents for a minimum of thirty (30) years. The project is consistent with the Department's goal of increasing affordable housing, especially among low-to-moderate income residents and preserving existing affordable housing. Additionally, the Borrower is required to fulfill all conditions as set forth in the Loan Agreement within the agreed upon time frames. Failure to fulfill the terms of the Loan Agreement will constitute default.

(F) Description of the funding source for the proposed loan agreement and a certification that the proposed loan agreement is consistent with the District's financial plan and budget:

The loan will be funded through the Community Development Block Grant Program ("CDBG"). Attached is certification that the proposed Loan Agreement is consistent with the District's financial plan and budget.

(G) A certification of legal sufficiency, including the proposed contractor's/proposed borrower's compliance with District and federal tax laws:

The Legal Sufficiency Memorandum and District and Federal tax law compliance certifications are also attached.

(H) The status of the proposed contractor as a certified local, small or disadvantaged business enterprise.

The borrower is not registered with LSDB.

Attachments