



DreamKey Partners, Inc.

CONSENT AGENDA – September 28, 2022

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Mission: *DreamKey Partners is transforming lives, communities, and what is possible through affordable housing.*



Date: September 23, 2022
To: Board of Directors
From: Julie Porter, President
RE: Management Report – September 2022

Board Members,

We have terrific news out of Georgia! It was recently announced that DreamKey has received a \$5 million grant through Governor Kemp's office to support our Riverdale multi-family project. Hearthside Riverdale is our third co-development venture with OneStreet Residential but was on hold pending additional gap funding. HearthSide Riverdale is a mixed-income senior development with 70 units in a single 4-story building. As a 501c3 organization, DreamKey was eligible to respond to an RFP issued by the state for American Rescue Plan (ARPA) funds for stalled projects. The even better news is that our budget for the ARPA funds includes funds to acquire the land for a second phase which will cement our ongoing partnership with OneStreet. Phase II of Riverdale is bigger, with 135 units. OneStreet residential is a for-profit organization that builds both market and affordable multi-family. Our arrangement with them is a 50/50 DreamKey/OneStreet developer fee split and DreamKey will own the property after the first 15-year tax credit expiration. Note that our ARPA funding policy initiative, in coordination with Housing Partnership Network and Alma Adams' office, enabled this funding!

The UDO passed City Council in August. I attended the final vote along with several of our advocate friends. I am now on the UDO implementation committee, which will be working to create area plans and refine parts of the UDO document. This was a major policy win!

Over the last several months, DreamKey and a few other organizations across the country worked closely with Bank of America on a new zero down first mortgage program called the Community Affordable Loan Solution. DreamKey is providing much of the Housing Counseling and Homebuyer Education for this program. Here are a few of its features:

- No money down
- Bank of America grant of \$10k
- Home must be in a majority minority (50%+) census tract
- Maximum 150% Area Median Income
- Loan amount limit \$647,200 for 1 unit up to \$1,244,850 for 4 unit (high cost balances available in Los Angeles)
- No minimum credit score
- No mortgage insurance
- No minimum cash reserves for applicants with 12 months housing payment history on 1 unit (2 months for 2-4 units)

Whereas we don't usually highlight a bank's mortgage product, there are many individuals in the community that may benefit from this flexible program and we want our board members to help get the word out in our community!

We are continuing to work toward a contract on the purchase of 30 single family homes located in "the crescent" that are owned by a single investor. The City has agreed to provide CDBG toward the purchase of the homes and a HUD environmental assessment (EA) is ongoing. DreamKey is using its line of credit to acquire the properties but expects CDBG will cover the needed equity portion.

Financial Management:

The 8/31/2022 liquidity statements for DreamKey show unrestricted cash on hand of \$6.4 million and current receivables / (payables) of \$925k for total of liquidity of \$7.3 million. On the income side, as of 7/31/2022 we show a loss of \$498k. The closing of Johnston Oehler in August gave us a boost to income and should the grant revenue come in from the State of Georgia and that project closes, we should still be able to make our budgeted net income of \$1.4 million. However, we don't expect the YWCA to close this year given the latest bids and the increasing interest rates.

We will be starting to work on budgets in the coming weeks and will have the finance committee review that prior to sending a draft to the full board.

Programs:

The new Bank of America mortgage program has dramatically increased our homebuyer education enrollment at a time when numbers were dwindling. Our first class after program announcement nearly doubled the prior class enrollment to a total of 60 individuals.

A Vibe Outside (founded by our board member Winston Robinson) was held on August 20th. DreamKey sponsored the event which brought together hundreds of individuals with the predominate theme of homeownership. It is wonderful being in-person again! Our lending and housing counseling team were on hand to greet those interested in our services and provide information on our programs.

Staff is planning for a terrific Community Leadership Institute event in Charlotte October 27-30th in partnership with NeighborWorks® America. Over 400 individuals from around the country will be in Charlotte to learn how they can influence and improve their community through engagement and organizing. We have several tours lined up including our own Brightwalk area led by Fred Dodson.



Real Estate Development:

Now that we can use federal ARPA funds for our projects, our City has released an RFP to allow us to apply for additional funding for several of our projects. This funding is needed to augment current Housing Trust Fund awards and cover increasing gaps in funding. For DreamKey, this includes YWCA, Johnston Oehler, Scaleybark and Easters Home (Caldwell Presbyterian).

It doesn't appear that we received a 9% tax credit award for either Mallard Creek or Marvin Road apartments. This is a blow, as we expected Marvin to receive an award and close next year. Marvin scored strong among applications so we aren't sure why we were not chosen for an award but had assumed Mallard Creek would not be awarded credits. For Mallard we are considering alternate strategies including a workforce housing project on that owned piece of property. We are not yet sure if we will reapply for Marvin Road in 2023.

As mentioned in our last meeting, our South Carolina Dunbar project was finally awarded tax credits and we hope to close late this year. Construction is ongoing at Aveline at Coulwood (SF), Hawks Nest (TH), Druid Hills (SF), Mayfield (MF) and Connelly Creek (MF).

Policy Priorities:

Federal:

- Expansion of LIHTC through additional program allocations
- Passage of the Neighborhood Homes Investment Act (NHIA) which will establish a federal tax credit targeted to the new construction or substantial rehabilitation of affordable, owner-occupied housing
- Annual Funding at \$185 million level for NeighborWorks America
- Direct Appropriation from Congresswoman Adams office of \$1.4 million to rehab homes in Druid Hills

State:

- Establish a Dept. of Housing to coordinate various funding streams and establish best practices (working with others across the State on this issue)
- Adjustments to the QAP to fix a retaining wall issue
- Utilize ARPA for ongoing projects

Local:

- Passage of the UDO with affirmative incentives for affordable housing (complete!)
- Utilize ARPA funds to support 4% tax credit projects (County and City) (in process!)



- Increase the amount of Housing Trust Fund that can be utilized in individual projects
- Expand rental assistance beyond ARPA funding

Operations and Governance:

It is both strategic planning and budgeting season for DreamKey and our properties. As an FYI, every property has a budget that has to be submitted for investor approval prior to year-end. Rebekah Baker's department has predominate responsibility for these budgets which are more challenging every year. For most properties, year-over-year expenses have risen by 20-30%. Bause we aren't able to raise rents fast enough to cover these additional expenses, budgets will be tight and we don't expect as much cash flow from our properties as in years past. Also, we are mindful that our tenants are very stretched financially due to inflation and many can't afford even a small rent increase. Ultimately, our properties need to cash flow, so this is an ongoing strategic issue.

On the communications front, Fred Dodson and I along with Shawn Heath of the City of Charlotte recorded a paid information session on Radio One to talk about the new parameters for HouseCharlotte. We also touched on the importance of BIPOC homeownership and its potential for economic mobility.

We will be having a staff picnic on September 30th and DreamKey's office will close early at 11:00 a.m.

See you soon!

Julie Porter



Board of Directors Meeting Minutes
DreamKey Partners, Inc.
August 24, 2022
4:30 p.m.

(Note: This meeting was a virtual via Zoom)

Members Present via Zoom: Nicole Baldon, Astrid Chirinos, David Finnie, Hon. Linwood Foust, Rickey Hall, Brenda Hayden, Jessica Hindman, Dave Kautter, Jacqueline O’Garrow, Ken Schorr, Joaquin Soria and James (Jim) Simpson.

Members Absent: Elyse Dashew, Kevin Granelli, Malcolm Graham, Chris Jackson, Raki McGregor, Winston Robinson

Others Present: Julie Porter, Fred Dodson, Noelle Bell, Rebekah Baker, Kevin Schrader, Jennifer Jones and Dona Stephenson

Jacqueline O’Garrow, DreamKey Partners’ chair, presided over the meeting which was called to order at 4:32 p.m.

Jacqueline welcomed board members and acknowledged Jennifer Jones, Vice President of Economic Opportunity, was attending the meeting to represent the Programs Department. Joaquin Soria shared his insights on his experience attending the DreamKey Partners orientation for board members.

Directors Report:

Julie Porter, President, shared the following information from her management report.

- Advocacy- Fred Dodson was recognized for his work with a lobbyists to change policy associated with the use of state tax credits in South Carolina.
- The Unified Development Ordinance (UDO) was approved by City Council. The ordinance includes several regulations which are wins for affordable housing incentives.
- Julie and Fred Dodson, EVP, will be recording a RadioOne interview to promote down payment assistance in BIPOC communities.
- DreamKey Partners hosted the Community Housing Capitol (CHC) board meeting which included a tour of CHC funded projects.
- Julie shared DreamKey has indicated interest in purchasing 30 single family homes in “the crescent”.
- Several staff will be attending the NC Housing Finance Conference in Raleigh.
- RAMP funding guidelines have changed where the most vulnerable population will be assisted.



Approval of Consent Agenda:

David Finnie moved to approve the consent agenda from the August 24, 2022 board meeting which included the following items:

- Management Report: Julie Porter, President, DreamKey Partners report to the Board of Directors
- Minutes of the June 22, 2022 Board Meeting
- Minutes of the June 22, 2022 Executive Committee Meeting
- Minutes of the July 29, 2022 Special Executive Committee Meeting
- Corporate Resolution 22-16: CHC Line of Credit
- Minutes of the June 27, 2022 Joint Real Estate/Finance Committee Meeting
- Minutes of the August 9, 2022 Communications Committee Meeting

Kenneth Schorr seconded the motion and it carried unanimously.

Finance Report:

Kevin Schrader, CFO, provided an overview of the corporation's financial status. He reported the liquidity is in good standing. He stated there is an anticipation of influxes in cash by year-end. Kevin also reviewed the DreamKey Partners Dashboard which provided data through 6/30/2022 in the areas of finance, asset management, homeownership, construction and development.

Strategic Discussion- Board Governance

Jackie O'Garrow, board chair, led a discussion on board governance. The framework of the discussion included board engagement, recruitment strategic planning, and the race, equity, diversity and inclusion (R.E.D.I) initiatives. Below are highlights of the discussion.

- Jackie reminded the Board of the need for member donations. The size of the donations is not as important as having 100% participation.
- Jackie reminded the Board to recommend potential new members for 2023. We have several members who will rotate off the Board and need strong diverse candidates.
- We need members to volunteer for the Executive Committee. The Executive Committee handles some corporate resolutions, deals with strategic issues and offers advice and counsel to the president. If there is an interest in serving on the Executive Committee, please get in contact with Jackie.
- The Board was asked to consider the board meeting schedule for 2023. One item to consider includes the frequency of the meetings and the requirement for virtual vs. in-person meetings. It was decided to hold meetings on alternate months with 2-3 meetings in person each year, preferably at a project site. Executive Committee will either meet on alternate months or every month as needed.



DREAMKEY
PARTNERS

The next meeting will be held on Wednesday, September 28, 2022. Justin L. Perry, MSW, LCSW, LCAS, Owner, Therapist Perry Counseling Healing and Recovery, PLLC will present DreamKey Partners staff R.E.D.I. survey results.

The meeting adjourned at 5:57 p.m.

Respectfully submitted by Dona Stephenson, Executive Assistant.