



October 20, 2008

## **AFFORDABLE HOUSING IN THE DISTRICT DEPENDS ON A STABLE HOUSING PRODUCTION TRUST FUND**

by

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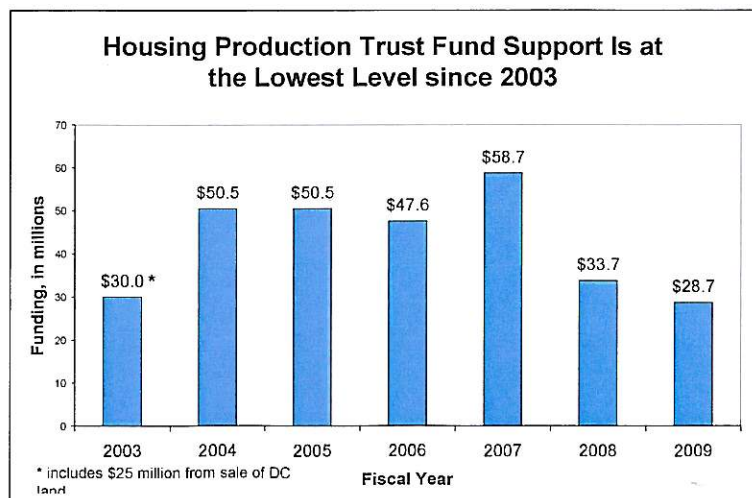
The District's Housing Production Trust Fund has become a critical tool for supporting the development and preservation of affordable housing in DC, but its success is now threatened by rapidly declining funding levels. The Trust Fund has supported the acquisition, construction or rehabilitation of 4,000 units since 2002, when legislation was approved to dedicate 15 percent of deed recordation and transfer taxes to the fund. Another 1,600 housing units are under construction and 3,300 units are in the development pipeline, bringing the Trust Fund's total potential impact to 8,900 affordable homes.

The Trust Fund has become a primary source of financing for a wide array of affordable housing programs in the District. It is used to create homeownership and rental housing, to support tenant purchases of their building, and to preserve federally funded Section 8 buildings at risk of being lost. Recently the Trust Fund has been used to support bonds issued for DC's New Communities projects. HPTF also is being used in conjunction with the Local Rent Supplement Program to enable developers of supportive and special needs housing to develop projects for the chronically homeless and others with special needs – linking rent subsidy needed to operate the project with funds needed to build the project.

The Housing Production Trust Fund also has proven to be a great way to leverage private and other sources of funding for affordable housing. The \$204 million expended in HPTF funds has supported housing developments totaling \$773 million, meaning the Trust Fund leverages nearly \$3 for every \$1 it provides.

The Housing Production Trust Fund is now facing tremendous financial pressures, however, due to volatility in deed recordation and transfer tax collections, which have dropped sharply due to a cooling economy.

- Deed tax collections in fiscal year 2009 will be 50 percent lower than in fiscal year 2007 -- and lower than in any year since 2002.
- The 2009 funding for HPTF will be the lowest level since 2003. As a result of declining deed taxes, the Trust Fund will receive



just \$29 million in FY 2009, compared with \$59 million in FY 2007. The falling resources for HPTF threaten its ability to meet its intended purposes.

- Housing Production Trust Fund expenditures now far exceed its annual revenues, a trend that cannot continue in the long term. Expenditures have grown notably in recent years due to a significant buildup of projects that are ready to proceed and to the improved capacity of the Department of Housing and Community Development to process financing transactions. HPTF expenditures totaled roughly \$70 million in FY 2007 and FY 2008, essentially the same as the resources that were projected just a few years ago. Yet total new funding for HPTF in FY 2008 was just \$34 million, less than half of the expenditures. And as noted, the Trust Fund will take in only \$29 million in new revenues in 2009.
- The Housing Production Trust Fund now has far more commitments than resources. The HPTF available balance on June 30 stood at \$98 million, but it had obligations, commitments earmarks (projects that have been approved for underwriting) and other planned expenditures totaling \$236 million. Taking into account other projected revenues the fund is over-subscribed by \$124 million. There is at least another \$80 million worth of potential HPTF subsidies needed, for projects that are ready to be developed if resources can be found.

The limited funding has forced the District to scale back affordable housing projects. The DC Department of Housing and Community Development, which has offered two rounds of HPTF awards in recent years, has not held a request for proposals (RFP) competition since November 2007 and does not expect to hold one until some time in 2009. Some non-profit developers have had to place planned projects on hold, which means that a backlog of new projects awaiting financing has arisen and the number of new housing units developed under HPTF will fall in the near future. Given the unfunded pipeline of projects, it is unlikely the Housing Production Trust Fund will be available to support most tenant groups trying to purchase their building in the coming year.

This funding instability is not healthy for the Housing Production Trust Fund, and this review suggests that alternative funding should be explored to stabilize HPTF funding at a level that will support its basic functions. Most DC programs receive modest funding increases each year to reflect inflation and other increasing cost factors, and few if any programs have been subject to the funding volatility that the Housing Production Trust Fund has faced in recent years

There are several options for stabilizing the funding of the Housing Production Trust Fund, several of which are described in this analysis.

### **The Housing Production Trust Fund Has Become a Successful Tool to Support Affordable Housing**

The Housing Production Trust Fund is an extremely flexible and useful tool that makes affordable housing production and preservation possible in the District of Columbia. In recent years, HPTF has become the primary source for financing all types of affordable housing in the District, helping produce nearly 4,000 units of affordable housing with another 4,900 under



construction or in the pipeline. These affordable homes are located throughout the city, but especially East of the Anacostia River.

The Housing Production Trust Fund is used to develop and preserve both rental and homeownership housing. It is used to renovate existing buildings, as well as to build new housing. The Trust Fund supports limited equity coops, land trusts, special needs and supportive services housing, tenant purchases, and preservation of Project Based Section 8 buildings. HPTF has become a key tool to complement the Local Rent Supplement Program, enabling developers of supportive and special needs housing to develop projects for the chronically homeless and others with special needs. Development finance from HPTF needed to build the project is linked with rent subsidies needed to operate the completed project. Finally, a portion of HPTF resources now are used to support bonds issued for the District's New Communities projects. (More details on how HPTF operates are included in Appendix D)

The Housing Production Trust Fund has been extremely productive in the few short years of its existence.

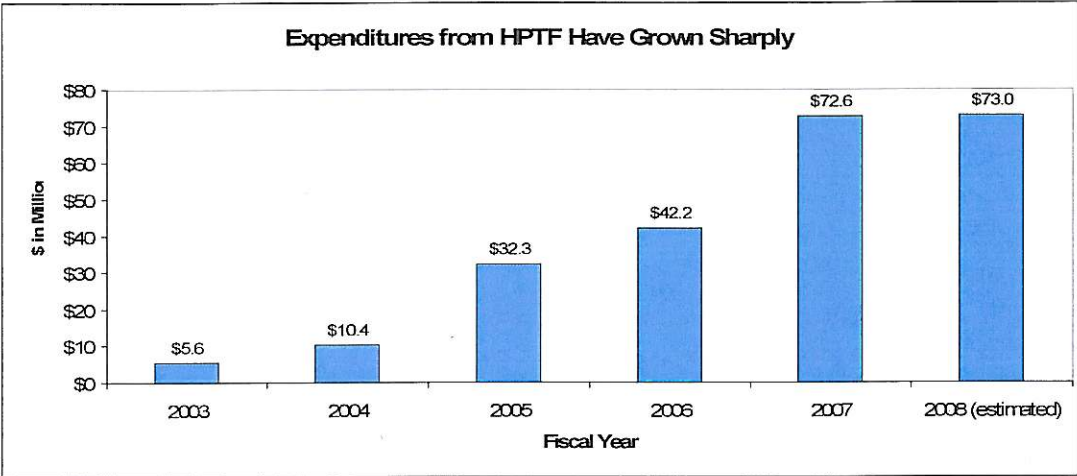
- Since 2001 and primarily since 2005, some 8,900 units have been completed or are in the development pipeline due to the direct support of the Trust Fund. The HPTF has funded the acquisition, construction or rehabilitation of 4,000 units of affordable housing. Another 1,600 units are currently under construction and 3,300 units are in the development pipeline.

- HPTF-supported housing is located throughout the city, but especially in Wards 5, 7, and 8. The Trust Fund has helped acquire or build at least 250 units of affordable housing in every ward except Ward 3. (See Appendix A for details by Ward.)

- The HPTF has thus far expended \$204 million on projects completed or under construction which have a total development cost of \$773 million.

- The rate of spending has grown dramatically since 2005 and for FY 2007 and 2008 is expected to average more than \$70 million per year. Trust Fund expenditures totaled \$10 million in 2004, \$32 million in 2005, and \$73 million in 2007. This increased pace of spending is due in part to a significant buildup of projects in the pipeline that are ready to proceed and because of the increased capacity of the Department to process financing transactions.

| Ward | # of HPTF Units Acquired, Built or Under Construction |
|------|---|
| 1    | 544   |
| 2    | 451   |
| 3    | 0   |
| 4    | 258   |
| 5    | 795   |
| 6    | 308   |
| 7    | 1,018   |
| 8    | 2,228   |



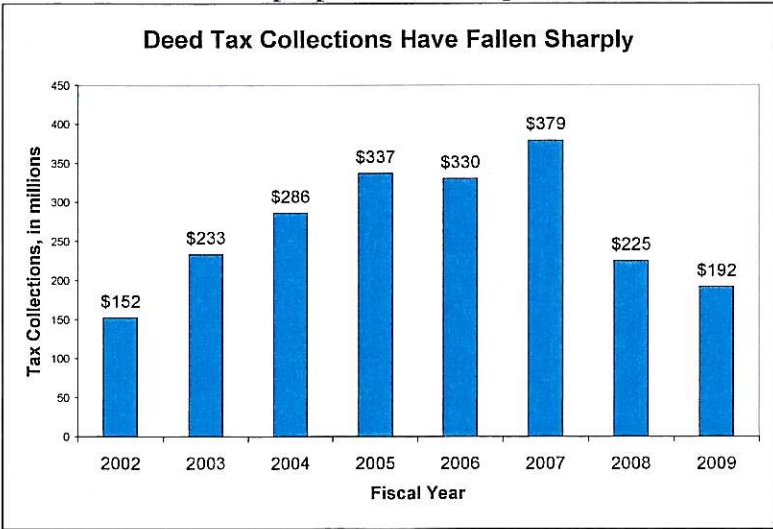
**The Housing Production Trust Fund is Facing Unprecedented Financial Problems**

The Housing Production Trust Fund now faces tremendous financial challenges, reflecting the fact that its funding is set at 15 percent of DC's deed recordation and deed transfer tax collections, which are falling sharply. Deed taxes have proven to be very volatile, and collections have dropped 50 percent over the past two years as the economy has cooled. As a result, funding for the Housing Production Trust Fund will fall from \$59 million in FY 2007 to \$29 million in FY 2009 -- the lowest funding level since 2003. No other DC agency has suffered a budget cut of this magnitude in recent years.

New revenues coming into the Housing Production Trust Fund are now far lower than annual expenditures, creating a serious long-term financing problem. As discussed in more detail below, the Trust Fund now has far more commitments than resources, and this has meant that funding for many worthwhile projects is being put on hold.

**Deed Transfer and Deed Recordation Taxes Tax Collections Are Plummeting**

Deed transfer and deed recordation taxes are levied when properties are bought and sold. The volatile nature of property sales in DC has contributed to dramatic declines in the revenues generated from these taxes. Even with an increase in deed recordation and deed transfer tax rates in 2007 — from 1.1 percent to 1.45 percent — DC's deed tax collections have fallen to the lowest level since FY 2002.



- Deed taxes will generate \$192 million in fiscal year 2009. This

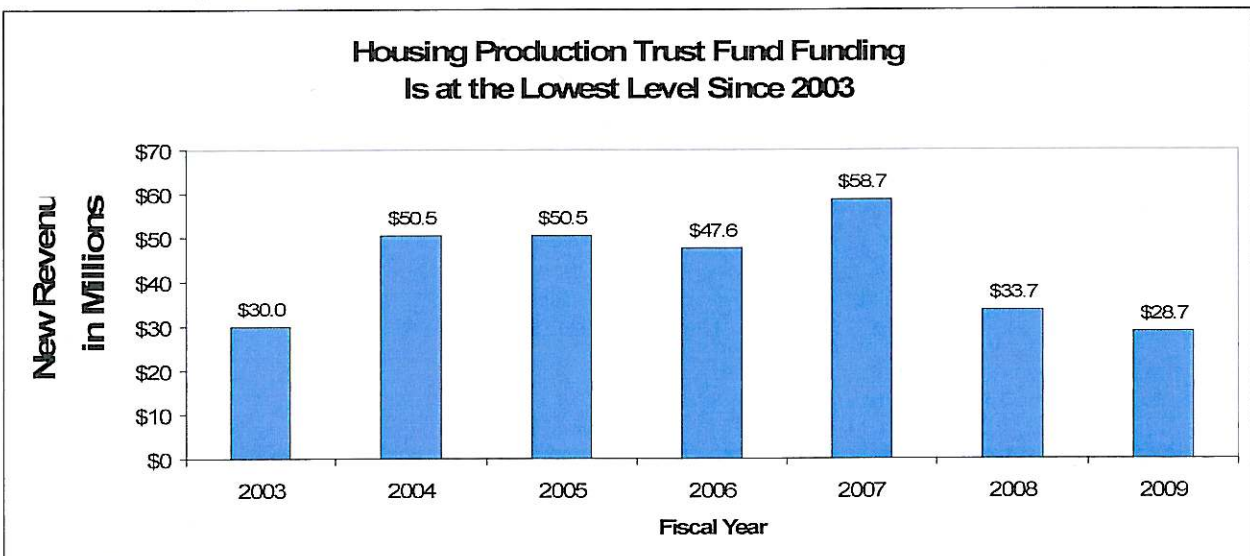
is just *half* of the \$379 million collected in FY 2007.

- The FY 2009 deed tax collections will be lower than in any year since 2002
- The net effect of these changes is that deed taxes have grown more slowly on average than other DC tax sources. Deed tax revenues have grown at an average rate of 3.3 percent per year between 2002 and 2009, even though the tax rate was increased in 2007. By contrast, total DC tax revenues have grown at a rate of 6.9 percent per year since 2002.

### The Housing Production Trust Fund Is Suffering Large Funding Cuts

The tremendous decline in deed tax collections in recent years has had a direct and adverse effect on funding for the Housing Production Trust Fund.

- Its funding level in FY 2009 will be \$29 million, just half of the FY 2007 funding level of \$59 million.
- The sharp decline in funding is far different from what was expected as recently as two years ago, when revenue forecasts suggested that HPTF funding would grow to more than \$70 million. As a result, the DC Department of Housing and Community Development processed applications for the HPTF premised on continued funding, but now may not have sufficient resources to fund the projects in that pipeline.



The current funding level for the Housing Production Trust Fund is the lowest it has been since deed taxes were dedicated to the Housing Production Trust Fund in 2002. Previously, in 2001, the Trust Fund received \$25 million proceeds from the sale of a DC property to the Newseum, most of which was carried forward to FY 2003. In that year the city appropriated \$5 million. (The full 15 percent of deed taxes was not dedicated to the Trust Fund because the city was experiencing a major economic downturn and because of the carried over Newseum proceeds.)

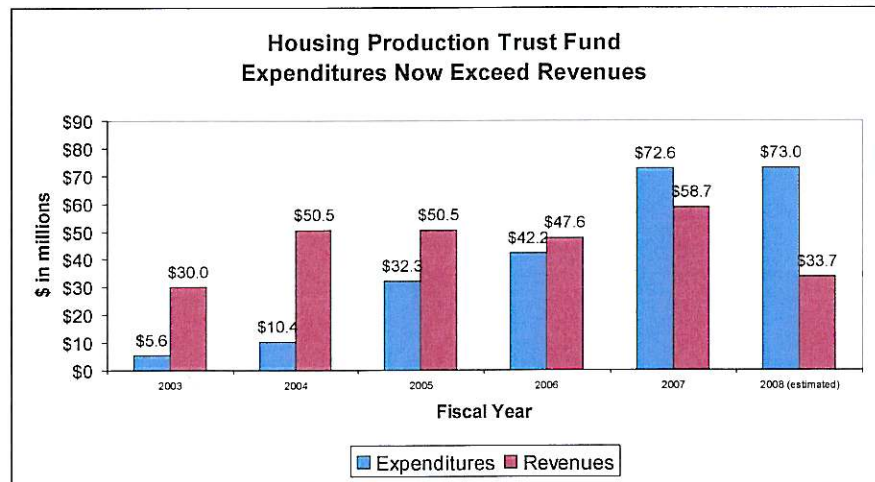


The decline in funding for HPTF is sharply different from what had been predicted as recently as two years ago, and this has placed the Trust Fund in jeopardy of depleting its resources. At that point, deed taxes were expected to grow, and HPTF funding was expected to reach \$72 million by FY 2008. DC's housing department made commitments to spend Trust Fund resources in line with those projections. Expected spending from the Trust Fund was roughly \$70 million in both FY 2007 and FY 2008, closely in line with revenue projections made two years ago.

Since actual HPTF resources in FY 2007 and FY 2008 are far lower than the earlier projections, however, the Trust Fund is now spending far more than it takes in. While spending under HPTF was less than the revenues collected through FY 2006, current revenues cover less than half of the expenditures.

### HPTF Funding Cuts Have Hurt Its Ability to Fund Affordable Housing

The Housing Production Trust Fund had a balance of \$98 million as of June 30, 2008. While some point to this as evidence that HPTF has sufficient resources, this is not the best way to assess the Trust Fund's financial health. HPTF always has a sizable amount of cash on hand, because it must have funds available before it can make commitments to new projects, but those projects typically receive funds over a two-year development cycle.



The more appropriate measure is to compare the available resources with obligations and pending commitments. This shows that the Housing Production Trust Fund has far more in commitments than it has in available resources. As a result, the Housing Department is scaling back proposed funding of affordable housing projects, putting many projects on hold.

### Why the Housing Production Trust Fund Always Carries a Balance

Like all capital construction projects, there typically is a significant period of time between when an HPTF funded project is approved and when construction is final. Because funding must be in hand before it can be committed, the Housing Trust Fund always has a certain amount in its fund balance — funds that it can commit to projects that are under development. The typical length of the development cycle for an affordable housing project is two to three years — from initial Notice of Funding Availability to completion of construction. When loans are given, the entire amount of the loan is obligated, but spending takes place typically over the next 12 to 24 months.

Typically, then, the Trust fund will have a cash balance equal to two years worth of revenue even though all of that amount may already be obligated or committed. The two year rule of thumb regarding the Trust Fund's cash balance is supported by the current financial status of the Fund. The unexpended Fund balance on June 30, 2008, was \$98 million, equal roughly to the last two years of revenue received by the Fund.

### **Trust Fund Obligations Far Exceed Revenues**

Because the Trust Fund maintains a balance to cover obligations and commitments that have been made, the financial health of the Fund should not be measured by paying attention primarily to the available fund balance. A better measure is to subtract from the available fund balance any outstanding obligations and firm commitments to determine how much of the fund balance is truly available to cover the cost of earmarked projects in the Trust Fund pipeline and address new project applications in the coming year.

By this measure, the Housing Production Trust Fund is sorely underfunded.

- On June 30, 2008, the Housing Production Trust Fund, administered by the Department of Housing and Community Development (DHCD), had a fund balance of \$98 million.
- Of that amount, \$64 million was obligated under executed loan agreements or was committed to other projects with loan agreements pending. Moreover, projects already in the pipeline as of that date were estimated to require up to \$157 million in additional financing from the Fund.
- As a result, identified needs at June 30 exceeded available funds by more than \$123 million. A complete listing of projects awaiting funding from the Trust Fund as of June 30, 2008 is included in Appendix B.
- A survey conducted by the Coalition for Nonprofit Housing and Economic Development (CNHED), of a sampling of affordable housing developers and tenants seeking to purchase their buildings or renovate buildings they have already purchased, reveals a need for \$80 million of additional financing from the Trust Fund in FY 2009 to produce or preserve 1,000 units of affordable housing. A list of these projects is included in Appendix C. This means that obligations and potential uses of the fund exceed the fund balance by more than \$200 million.

### **Affordable Housing Projects Are Being Put on Hold**

The \$29 million of new revenue expected for the Housing Production Trust Fund in FY 2009 is clearly insufficient to finance more than \$200 million of projects currently in the pipeline and those needing financing in FY 2009. It also is worth noting that Of the \$29 million revenue projected for the Trust Fund for FY 2009, \$6 million is already budgeted for the securitization of bond financing for New Communities projects, leaving \$23 million available to meet all other needs throughout the city.

Given the limited funds available, the Department of Housing and Community Development has delayed issuance of a Request for Proposals (RFP) until 2009. The Department last issued a



comprehensive RFP in November 2007. Since that time a significant backlog of projects needing funding has accumulated. The Department has insufficient funds in the HPTF to meet this need.

As a result, some non-profit developers have had to place planned projects on hold, which means that a backlog of new projects awaiting financing has arisen and the number of new housing units developed under HPTF will fall in the near future. Given the unfunded pipeline of projects, it seems unlikely the Trust Fund will be available to support most of the tenant groups trying to purchase their building in the coming year.

### **Improvements Are Needed in the Funding Mechanism For the Housing Production Trust Fund**

These findings show that a percentage of deed taxes alone is an inappropriate source of dedicated financing for the Housing Production Trust Fund, or for any program for that matter, given the volatility in deed tax collections. This does not provide for a predictable revenue stream that supports adequate funding over the long-term. Alternate funding mechanisms should be considered both to create more stable funding levels and to generate sufficient revenue to allow the Trust Fund to meet its important purposes.

In the short term, the Housing Production Trust Fund needs an infusion of resources to meet its existing obligations. Without such support, new funds coming to HPTF in future years will be needed largely to meet existing obligations and will not allow it to support a reasonable level of new projects, including tenant purchases.

In the long-term, an alternate funding approach is needed for the HPTF to provide stable funding at a level that allows the Trust Fund to meet its intended purposes. Expenditures from the Housing Production Trust Fund have totaled roughly \$70 million in both FY 2007 and FY 2008. Thus annual funding of \$70 million would enable the Trust Fund to maintain existing service levels.

In the short-term, the HPTF could be bolstered by one-time funding sources to support Trust Fund activities in FY 2009, which started on October. One-time funding could be provided, for example, using any surplus funds from FY 2008. (This will not be confirmed until February 2009.) Given the recently announced decline in DC's revenue projections – which created a budget hole for FY 2009 – any surplus revenue from FY 2008 is likely to be needed to fill the budget gap and thus may not be available for HPTF. In fact, Mayor Fenty has proposed using \$17 million in funds from FY 2008 to cover the FY 2009 shortfall.

There are several options for more stable long-term funding methods for HPTF.

- **Funding HPTF through Appropriations:** The current policy of dedicating 15 percent of deed taxes to the Housing Production Trust Fund could be eliminated and replaced with an appropriation in the DC budget. This is the way that most DC agencies are funded. One downside to this approach is that there would be no automatic adjustment for inflation each year, since DC's budgeting process does not allow agencies to include inflation adjustments for subsidy programs when submitting their baseline budget.



- **Dedicating the Trust Fund to a more stable funding source.** HPTF funding could be tied, for example, to a portion of the commercial property tax, which is far more stable than deed taxes. Because property taxes could still be somewhat volatile, this method creates a continued risk that funding for the Trust Fund could swing up and down from year to year.
- **Dedicating a specific amount of deed taxes, rather than a specific *percentage* of deed taxes.** The District could devote a specific amount of deed taxes to HPTF each year. Legislation to create such a dedication of deed taxes could specify that the amount would increase each year to account for increases in construction costs using a construction cost inflation index.

This is how the city's school modernization effort is being funded. Legislation on school modernization devotes \$100 million in sales taxes each year to this effort, and it specifies that the amount would grow each year to reflect inflation in construction costs.

- **Dedicate 15 percent of deed taxes with a minimum guarantee:** This funding method would guarantee that the HPTF receives at least a specified amount of funding each year, so that funding could not fall below a certain level. But it also would maintain the connection to deed taxes, in case 15 percent of deed taxes are more than the minimum specified funding level.

A bill introduced this year by Council member Marion Barry would use this approach. It would devote 15 percent of deed taxes or \$100 million, whichever is higher, to the Trust Fund starting in FY 2010.

Primary Data Source: HPTF FY 2008 3<sup>rd</sup> Quarter Report, District of Columbia Department of Housing and Community Development

**APPENDIX A  
HOUSING PRODUCTION TRUST FUND  
PROJECTS COMPLETED OR UNDER CONSTRUCTION  
JUNE 30, 2008**

| PROJECT NAME                     | WARD | AFFORDABLE<br>UNITS | TOTAL<br>DEVELOPMENT<br>COST | HPTF<br>EXPENDITURES |
|----------------------------------|------|---------------------|------------------------------|----------------------|
| 3128 Sherman Avenue NW           | 1    | 13                  | \$665,000                    | \$665,000            |
| Neighborhood Consejo             | 1    | 6                   | 239,211                      | 100,000              |
| Jubilee Phase Housing 1A         | 1    | 118                 | 1,620,503                    | 1,620,503            |
| Kara House Coop                  | 1    | 13                  | 1,194,000                    | 1,194,000            |
| Crestwood Tenants Assoc.         | 1    | 22                  | 3,595,928                    | 3,595,928            |
| New Beginnings Cooperative       | 1    | 15                  | 1,812,700                    | 1,812,700            |
| Green Door 3471 14th St. NW      | 1    | 4                   | 521,160                      | 368,504              |
| Las Marias Coop, Inc.            | 1    | 50                  | 1,815,000                    | 1,815,000            |
| Ontario Court Apartments         | 1    | 27                  | 9,267,065                    | 3,428,019            |
| Alianthus Cooperative, Inc.      | 1    | 9                   | 925,000                      | 925,000              |
| New Fairmont I & II              | 1    | 205                 | 31,710,171                   | 4,750,000            |
| Fairmont I & II additional       | 1    | PC                  | 35,710,000                   | 4,000,000            |
| Sankofa Cooperative, Inc.        | 1    | 48                  | 7,073,017                    | 5,194,061            |
| Hope and a Home I                | 1    | 14                  | 1,885,183                    | 1,848,681            |
| Jubilee Housing Phase 1B         | 1    | PC                  | 20,894,183                   | 1,561,234            |
| <b>TOTAL WARD 1</b>              |      | <b>544</b>          | <b>118,928,121</b>           | <b>32,878,630</b>    |
| Immaculate Conception Apts.      | 2    | 136                 | 19,770,379                   | 2,187,557            |
| MLK Jr. Latino Coop              | 2    | 74                  | 13,542,009                   | 8,398,000            |
| Phyllis Wheatley, YWCA Inc.      | 2    | 117                 | 674,200                      | 674,200              |
| R Street Apartments              | 2    | 124                 | 19,673,973                   | 6,500,000            |
| MLK, Jr. Latino Coop             | 2    | PC                  | 6,569,499                    | 1,267,738            |
| <b>TOTAL WARD 2</b>              |      | <b>451</b>          | <b>60,230,060</b>            | <b>19,027,495</b>    |
| Green Door 6411 Piney Branch Rd. | 4    | 6                   | 86,500                       | 74,162               |
| The Duncan Cooperative           | 4    | 27                  | 2,565,000                    | 2,565,000            |
| Colorado Cooperative             | 4    | 36                  | 3,150,000                    | 3,150,000            |
| Brightwood Gardens Coop          | 4    | 52                  | 3,676,357                    | 3,676,357            |
| 4211 2nd St Apartments           | 4    | 23                  | 3,011,232                    | 174,739              |
| Voices of Madison Cooperative    | 4    | 15                  | 636,334                      | 510,984              |
| Kennedy Street Apartments        | 4    | 21                  | 2,003,641                    | 1,896,101            |
| 4100 Georgia Ave. Apartments     | 4    | 78                  | 15,817,636                   | 4,779,917            |
| <b>TOTAL WARD 4</b>              |      | <b>258</b>          | <b>30,946,700</b>            | <b>16,827,260</b>    |
| Edgewood IV                      | 5    | 258                 | 21,735,657                   | 3,200,000            |
| Carver Terrace Apartments        | 5    | 312                 | 27,096,789                   | 985,000              |
| N. Cap. Plymouth Senior Apts.    | 5    | 69                  | 6,842,470                    | 1,629,067            |
| Carver Terrace Community Ctr.    | 5    | PC                  | 27,096,789                   | 350,000              |
| Elizabeth Ministry - Foster Care | 5    | TBD                 | 292,327                      | 292,327              |
| Wesley House (Union Wesley)      | 5    | 57                  | 16,146,587                   | 2,931,787            |
| Bates Street Townhomes Coop      | 5    | 5                   | 1,705,403                    | 1,638,467            |
| Shalom House                     | 5    | 94                  | 1,981,793                    | 1,331,713            |
| <b>TOTAL WARD 5</b>              |      | <b>795</b>          | <b>102,897,815</b>           | <b>12,358,361</b>    |



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HOUSING PRODUCTION TRUST FUND  
PROJECTS COMPLETED OR UNDER CONSTRUCTION  
JUNE 30, 2008**

| PROJECT NAME                           | WARD     | AFFORDABLE<br>UNITS | TOTAL<br>DEVELOPMENT<br>COST | HPTF<br>EXPENDITURES |
|--|----------|---------------------|------------------------------|----------------------|
| Arthur Capper Senior II                | 6        | 138                 | \$19,105,637                 | \$1,700,000          |
| Golden Rule Apartments                 | 6        | 170                 | 55,773,785                   | 362,290              |
| <b>TOTAL WARD 6</b>                    |          | <b>308</b>          | <b>74,879,422</b>            | <b>2,062,290</b>     |
| Copeland Manor Cooperative             | 7        | 61                  | 4,083,606                    | 4,083,606            |
| Green Door - 2721 Pa. Ave. SE          | 7        | 6                   | 294,548                      | 174,548              |
| GW Carver Seniors Apartments           | 7        | 103                 | 13,542,000                   | 1,199,492            |
| SOME - Independence Place              | 7        | 21                  | 3,028,833                    | 1,300,000            |
| Amber Overlook                         | 7        | 50                  | 17,874,124                   | 1,200,000            |
| A Street Manor Coop                    | 7        | 16                  | 1,045,110                    | 1,045,110            |
| Mayfair Mansions 3                     | 7        | 160                 | 6,913,646                    | 6,913,646            |
| Mayfair Mansions 2                     | 7        | 409                 | 24,550,000                   | 24,550,000           |
| Pleasant Park Cooperative              | 7        | 60                  | 4,710,265                    | 4,710,625            |
| Four Walls Development, Inc.           | 7        | 15                  | 1,573,000                    | 680,056              |
| George Washington Carver 2000          | 7        | 73                  | 4,558,300                    | 1,910,147            |
| GW Carver Seniors                      | 7        | PC                  | 14,950,000                   | 855,000              |
| Bethune House                          | 7        | 44                  | 3,477,659                    | 2,969,796            |
| <b>TOTAL WARD 7</b>                    |          | <b>1018</b>         | <b>100,601,091</b>           | <b>51,592,026</b>    |
| Freedom House                          | 8        | 30                  | 1,912,823                    | 1,177,500            |
| Howard Hill Apartments                 | 8        | 44                  | 2,726,630                    | 2,062,497            |
| Trenton Park                           | 8        | 259                 | 11,862,090                   | 1,750,000            |
| St. Pauls Senior Living II- additional | 8        | 56                  | 6,924,000                    | 1,600,000            |
| Wingate Tower Apartments               | 8        | 717                 | 66,746,000                   | 2,500,000            |
| Bowling Green Royal Courts             | 8        | 126                 | 18,300,000                   | 1,600,000            |
| J. W. King Senior Center               | 8        | 74                  | 11,656,237                   | 2,120,000            |
| Renaissance                            | 8        | 12                  | 1,626,547                    | 1,626,547            |
| Renaissance - additional               | 8        | PC                  | 2,876,547                    | 1,040,000            |
| Zagami House                           | 8        | 12                  | 3,846,637                    | 1,000,000            |
| St. Paul Senior Living I               | 8        | 56                  | 5,323,772                    | 742,500              |
| Community of Hope                      | 8        | 10                  | 2,565,000                    | 1,183,977            |
| Graceview/House of Help City Hope      | 8        | 42                  | 2,166,900                    | 2,143,641            |
| Park Southern Apartments               | 8        | 360                 | 3,076,641                    | 2,476,925            |
| Langston Lane Apartments               | 8        | 114                 | 6,980,500                    | 6,744,611            |
| Parkside Terrace Redevelop.            | 8        | 316                 | 75,000,000                   | 6,312,984            |
| Far SW/SE - Retail Housing             | 8        | TBD                 | 600,000                      | 574,540              |
| <b>TOTAL WARD 8</b>                    |          | <b>2228</b>         | <b>224,190,324</b>           | <b>36,655,722</b>    |
| SAFI Lenders                           | Citywide | TBD                 | 40,000,000                   | 25,000,000           |
| Workforce Com. Land Trust              | Citywide | TBD                 | 4,000,000                    | 4,000,000            |
| HUD Match/WASA Lines                   | Citywide | N/A                 | 16,593,174                   | 3,562,148            |
| <b>TOTAL CITYWIDE</b>                  |          |                     | <b>60,593,174</b>            | <b>32,562,148</b>    |
| <b>GRAND TOTAL</b>                     |          | <b>5602</b>         | <b>\$773,266,707</b>         | <b>\$203,963,932</b> |

PC = Previously Counted; TBD=final unit count to be determined

Data source: HPTF FY 2008 3rd Quarter Report, District of Columbia Department of Housing and Community Development

**APPENDIX B  
HOUSING PRODUCTION TRUST FUND  
PROJECTS IN DEVELOPMENT PIPELINE  
June 30, 2008**

| PROJECT NAME                              | WARD | AFFORDABLE<br>UNITS | TOTAL<br>DEVELOPMENT<br>COST | HPTF<br>FUNDING<br>NEEDED |
|---|------|---------------------|------------------------------|---------------------------|
| Quest Cooperative, Inc.                   | 1    | 23                  | 2,135,303                    | 2,135,303                 |
| Clairborne Apartments                     | 1    | 92                  | 11,912,076                   | 11,912,076                |
| Jubilee Housing Phase II                  | 1    | 70                  | 22,005,130                   | 8,000,000                 |
| 1025 Park Road                            | 1    | 8                   | 1,297,726                    | 661,000                   |
| 1225 Fairmont St., NW                     | 1    | 9                   | 3,260,000                    | 975,000                   |
| <b>TOTAL WARD 1</b>                       |      | <b>202</b>          | <b>40,610,235</b>            | <b>23,683,379</b>         |
| Parcel 42                                 | 2    | 97                  | 27,794,677                   | 7,454,500                 |
| Gibson Plaza Apartments                   | 2    | 217                 | 15,000,000                   | 15,000,000                |
| 917 M Street, NW                          | 2    | 49                  | 3,600,000                    | 3,600,000                 |
| <b>TOTAL WARD 2</b>                       |      | <b>363</b>          | <b>46,394,677</b>            | <b>26,054,500</b>         |
| Friendship Terrace                        | 3    | 182                 | 11,280,260                   | 4,343,914                 |
| Woodley House                             | 3    | 31                  | 5,410,437                    | 2,197,252                 |
| <b>TOTAL WARD 3</b>                       |      | <b>213</b>          | <b>16,690,697</b>            | <b>6,541,166</b>          |
| Longfellow Arms Apartments                | 4    | 30                  | 9,041,379                    | 3,854,430                 |
| 4000 Kansas Avenue                        | 4    | 19                  | 2,817,515                    | 2,817,415                 |
| Georgia Commons                           | 4    | 130                 | 22,207,650                   | 3,100,000                 |
| <b>TOTAL WARD 4</b>                       |      | <b>179</b>          | <b>34,066,544</b>            | <b>9,771,845</b>          |
| District Alliance for Safe Housing        | 5    | 44                  | 9,546,674                    | 2,000,000                 |
| St. Martin's Project                      | 5    | 184                 | 31,137,951                   | 5,500,000                 |
| The Elizabeth Ministry - Foster Care      | 5    | TBD                 | 5,000,000                    | 5,000,000                 |
| Israel Manor Senior I                     | 5    | 33                  | 5,660,111                    | 2,116,679                 |
| Mary Claire House Extended                | 5    | 11                  | 946,104                      | 771,104                   |
| <b>TOTAL WARD 5</b>                       |      | <b>272</b>          | <b>52,290,840</b>            | <b>15,387,783</b>         |
| The Dunbar - Open Arms                    | 6    | 19                  | 2,654,970                    | 2,170,000                 |
| 1314 K Street SE                          | 6    | 12                  | 1,499,265                    | 1,499,265                 |
| <b>TOTAL WARD 6</b>                       |      | <b>31</b>           | <b>4,154,235</b>             | <b>3,669,265</b>          |
| Foote Street Renovation                   | 7    | 6                   | 863,125                      | 863,125                   |
| HFH Transition House                      | 7    | 12                  | 884,000                      | 884,000                   |
| Hilltop Terrace Phases I and II           | 7    | 14                  | 4,738,123                    | 2,282,923                 |
| Linda Joy & Kenneth Jay Pollin Mem'l Comm | 7    | 83                  | 27,714,743                   | 8,478,425                 |
| Hyacinth's Place                          | 7    | 15                  | 2,364,393                    | 1,750,000                 |
| Hacienda Cooperative                      | 7    | 59                  | 3,581,453                    | 3,581,453                 |
| Texas Avenue SE Project                   | 7    | 48                  | 6,063,889                    | 1,653,000                 |
| The Community Builders Scattered Sites    | 7    | 98                  | 20,162,500                   | 7,500,000                 |
| 50th Street NE Project                    | 7    | 73                  | 6,750,173                    | 3,348,654                 |
| <b>TOTAL WARD 7</b>                       |      | <b>408</b>          | <b>73,122,399</b>            | <b>30,341,580</b>         |



**APPENDIX B  
HOUSING PRODUCTION TRUST FUND  
PROJECTS IN DEVELOPMENT PIPELINE  
June 30, 2008**

| <b>PROJECT NAME</b>                     | <b>WARD</b> | <b>AFFORDABLE<br/>UNITS</b> | <b>TOTAL<br/>DEVELOPMENT<br/>COST</b> | <b>HPTF<br/>FUNDING<br/>NEEDED</b> |
|---|-------------|-----------------------------|---------------------------------------|------------------------------------|
| Archer Park Apartments                  | 8           | 249                         | 60,885,486                            | 5,638,000                          |
| Second Family Homes                     | 8           | 36                          | 8,000,000                             | 2,500,000                          |
| Bowen Place                             | 8           | 37                          | 2,500,000                             | 2,500,000                          |
| Finankra Place Independent Living       | 8           | 12                          | 1,634,445                             | 260,171                            |
| 2300 Pennsylvania Ave., LLC             | 8           | 118                         | 32,500,000                            | 7,500,000                          |
| DC Chamber of Commerce - Retail Housing | 8           | TBD                         | 500,000                               | 500,000                            |
| Wingate Towers & Garden Apartments      | 8           | 714                         | 65,310,959                            | 3,000,000                          |
| Oxford Manor - additional               | 8           | TBD                         | 24,252,102                            | 1,250,000                          |
| SOME Good Hope Road Project             | 8           | 45                          | 4,383,694                             | 2,883,694                          |
| Barnaby House - SOME                    | 8           | 10                          | 1,944,151                             | 1,350,000                          |
| Trinity Plaza                           | 8           | 48                          | 15,284,518                            | 2,975,000                          |
| Brothers Place                          | 8           | 30                          | 2,769,413                             | 2,769,413                          |
| Wheeler Terrace Apartments              | 8           | 118                         | 33,395,427                            | 4,480,137                          |
| Sayles Place Homes Redevelopment        | 8           | 61                          | 10,159,801                            | 1,300,000                          |
| Henson Ridge HOPE VI ADA Accessible     | 8           | 22                          | 2,900,000                             | 2,900,000                          |
| Far SE/SW - Retail Housing              | 8           | 24                          | 3,750,000                             | 3,750,000                          |
| DC Chamber of Commerce - Retail housing | 8           | TBD                         | 4,500,000                             | 4,500,000                          |
| Chesapeake Street SOME                  | 8           | 22                          | 3,823,350                             | 2,238,000                          |
| Townhouses at Stanton Square            | 8           | 89                          | 8,150,000                             | 8,150,000                          |
| Stanton View Townhouses                 | 8           | 31                          | 11,628,631                            | 4,000,000                          |
| <b>TOTAL WARD 8</b>                     |             | <b>1666</b>                 | <b>298,271,977</b>                    | <b>64,444,415</b>                  |

|                    |  |             |                      |                      |
|--------------------|--|-------------|----------------------|----------------------|
| <b>GRAND TOTAL</b> |  | <b>3334</b> | <b>\$565,601,604</b> | <b>\$179,893,933</b> |
|--------------------|--|-------------|----------------------|----------------------|

TBD=final unit count to be determined

Data source: HPTF FY 2008 3rd Quarter Report, District of Columbia Department of Housing and Community Development

**APPENDIX C  
HOUSING PRODUCTION TRUST FUND  
PARTIAL LIST OF PROJECTS NEEDING FINANCING IN FY 2009**

| PROJECT NAME                          |                  | WARD | AFFORDABLE<br>UNITS | ESTIMATED<br>FINANCING NEED |
|---------------------------------------|------------------|------|---------------------|-----------------------------|
| Daffodil House                        | Acq. & Rehab     | 1    | 30                  | \$4,500,000                 |
| New Beginnings Coop                   | Rehab            | 1    | 15                  | \$1,800,000                 |
| Sankofa Cooperative                   | Rehab            | 1    | 48                  | \$7,000,000                 |
| Kara House Cooperative, Inc.          | Rehab            | 1    | 13                  | \$1,150,000                 |
| St. Dennis                            | Rehab            | 1    | 32                  | \$5,500,000                 |
| Brightwood Gardens Cooperative        | Rehab            | 4    | 52                  | \$5,000,000                 |
| Webster Gardens                       | Acq. & Rehab     | 4    | 52                  | \$5,300,000                 |
| 4000 Kansas Ave.                      | Acq. & Rehab     | 4    | 19                  | \$2,800,000                 |
| Duncan Coop                           | Rehab            | 4    | 12                  | \$1,652,000                 |
| 5610 Colorado Ave. Coop, Inc.         | Rehab            | 4    | 36                  | \$2,800,000                 |
| The Peabody Cooperative, Inc.         | Rehab            | 4    | 15                  | \$1,200,000                 |
| The Beacon Center                     | New Construction | 4    | 90                  | \$5,240,000                 |
| Colorado Ave. NW Cooperative          | Recapitalization | 4    | 36                  | \$3,500,000                 |
| 1363 Peabody Apartments               | Acq. & Rehab     | 4    | 30                  | \$2,900,000                 |
| 1029 Perry Street, NE                 | Acq. & Rehab     | 5    | 16                  | \$1,400,000                 |
| Ivy City Bundle                       | New Construction | 5    | 20                  | \$828,500                   |
| Copeland Manor Cooperative            | Rehab            | 7    | 203                 | \$5,500,000                 |
| Parkside Senior (Victory Square)      | Acq. & New Cons. | 7    | 98                  | \$7,650,000                 |
| Pleasant Park Coop                    | Rehab            | 7    | 60                  | \$4,600,000                 |
| 2765 Naylor Road, SE                  | Acq. & Rehab     | 8    | 44                  | \$4,500,000                 |
| 523-525 Mellon Street, SE             | Acq. & Rehab     | 8    | 55                  | \$2,700,000                 |
| Fendall Street Condominiums           | Rehab            | 8    | 8                   | \$1,450,000                 |
| 22 Atlantic Street Cooperative Assoc. | Acq.             | 8    | 15                  | \$1,600,000                 |
| <b>TOTAL</b>                          |                  |      | <b>999</b>          | <b>\$80,570,500</b>         |

Source: Survey conducted by CNHED of affordable housing providers - does not include tenant purchase projects that have not yet selected a developer



**APPENDIX D**  
**Housing Production Trust Fund**  
**How the Housing Production Trust Fund Operates**

The Trust Fund is required by law to use 40 percent of its funds to address the needs of extremely low income residents below 30 percent of area median income (AMI) - \$29,700 in 2008 for a four-person household. Another 40 percent of the Fund must be used to assist very low income residents between 30 and 50 percent of AMI – up to \$49,500 for a four – person household.

The Department of Housing and Community Development (DHCD) administers the Housing Production Trust Fund. The Trust Fund regulations, with limited exceptions, require that funds be recycled. Hence financing provided by the Fund is typically structured as a low interest loan repayable over a 40 year period for rental units and until sale for ownership units.

There are two primary ways in which Trust Fund financing may be applied for. One a Request for Proposals (RFP) process, the other is through the Tenant Purchase Program. The Department of Housing and Community Development has typically issued two RFPs each year offering financing from the Housing Production Trust Fund, often specifying amounts that are available for different types of housing. The last comprehensive RFP was issued in November 2007. During 2008 there has not been an RFP other than a very limited one that offered funding to renovate and operate two city owned supportive housing properties.

Under a comprehensive RFP affordable housing developers are invited to submit applications for the production or preservation of affordable housing throughout the city. The application must specify the type of housing being developed, the total development cost of that housing, who will be assisted and at what income levels, other financing available and the amount being requested from DHCD. Typically applicants are given 60 days to prepare their applications after a Notice of Funding Availability (NOFA) is issued. Applications are rated by an independent review panel based on a number of criteria, such as depth of affordability, readiness of the project, amount of private financing, etc. After another 60 day evaluation period, applicants that score highest are selected by DHCD to proceed to the next step – called “underwriting.” This is a process during which the project is scrutinized carefully by DHCD to determine the size and terms of the loan DHCD will give the project. Projected construction costs and financing commitments from other lenders are finalized during this process. At the end of this process DHCD issues a “letter of commitment” spelling out the amount, terms and conditions of the loan and the final requirements the applicant must meet before a loan agreement can be executed.

Once underwriting has been completed, the project is reviewed and approved or disapproved by a loan committee consisting of representatives from several DC agencies. The final step is to submit approved loans of more than \$1 million to the DC Council for approval. After all approvals have been received, a loan agreement is signed between DHCD and the applicant. This process can take 6 to 12 months or longer.

Once a loan has been approved the applicant can begin the process of construction. Construction may typically take from 12 to 24 months (longer for large projects) depending on unanticipated conditions and other circumstances. During this period, while the full amount of the loan must be obligated against the available Trust Fund balance, only that portion drawn down during construction is disbursed.