



Department of Housing and Community Development “Workforce Housing in the District of Columbia”

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Property Acquisition & Disposition Division

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DHCD Mission

The DC Department of Housing and Community Development's (DHCD) mission is to create and preserve opportunities for affordable housing and economic development and to revitalize underserved communities in the District of Columbia.





DHCD Mission

We fulfill our mission by:

- providing **gap funding** for affordable housing and community facilities;
- supporting communities through **neighborhood-based activities**;
- increasing first-time **homeownership opportunities**;
- funding the **rehabilitation** of single-family and multi-family homes;
- providing funding for **homelessness prevention**;
- addressing **vacant and abandoned properties**; and
- overseeing the administration of **rental housing laws**.

DHCD Program Highlights

- Affordable Housing Development
- Tenant Purchase Program
- Home Purchase Assistance Program (HPAP)
- Residential Rehab Program
- Housing Regulation Administration
- Property Acquisition and Disposition Division



3128 Sherman Avenue, NW
Tenant First Right to Purchase Acquisition

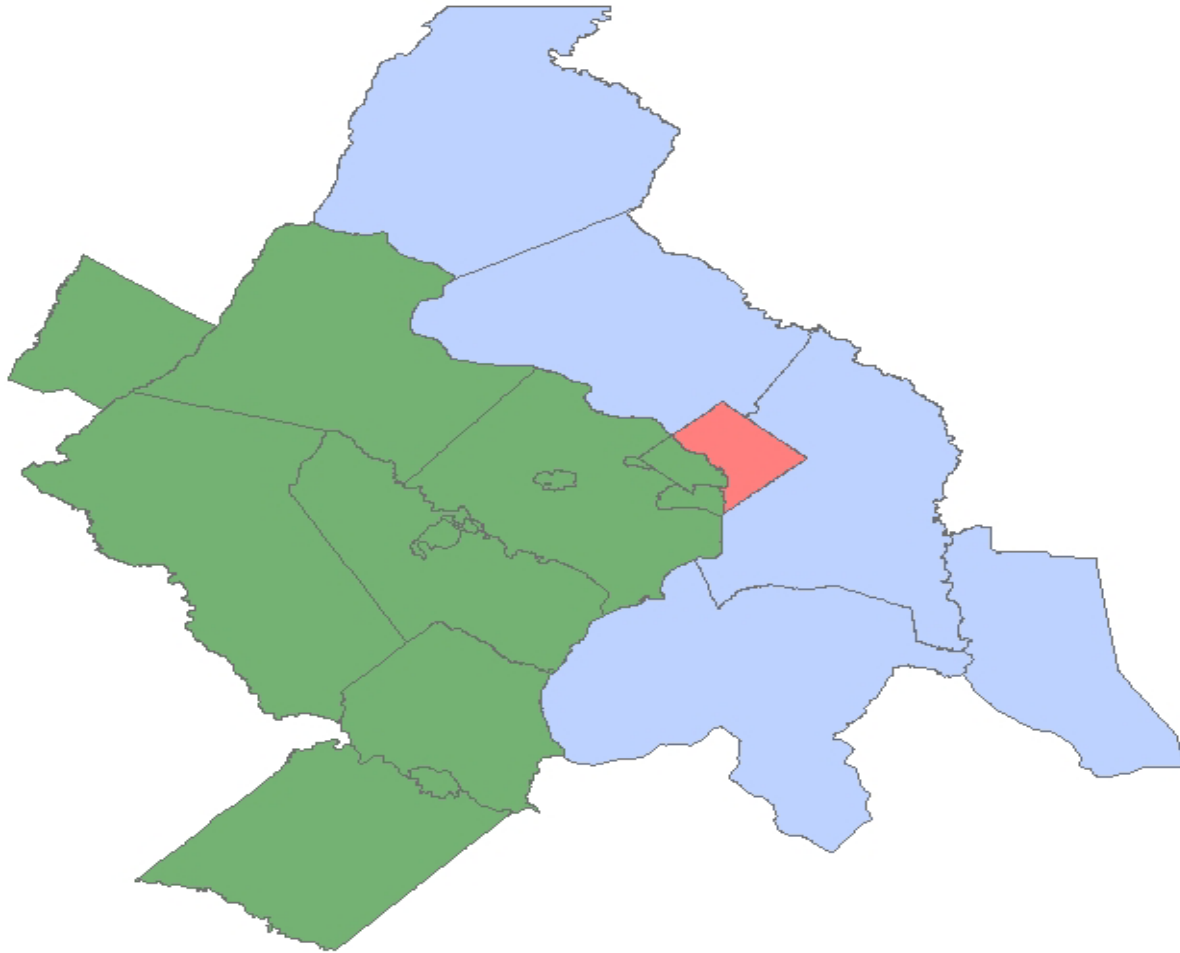


Funding Sources

1. Federal
 - Community Development Block Grant (CDBG)
 - Home Investment Partnerships Fund (HOME)
 - Emergency Shelter Grant (ESG)
 - Shelter Plus Care Program
 - Housing Opportunities for Persons With HIV/Aids (HOPWA)
2. Housing Production Trust Fund (HPTF)
3. Low-Income Housing Tax Credits (LIHTC)
4. Capital Improvement Program (CIP)



Washington Metropolitan Statistical Area

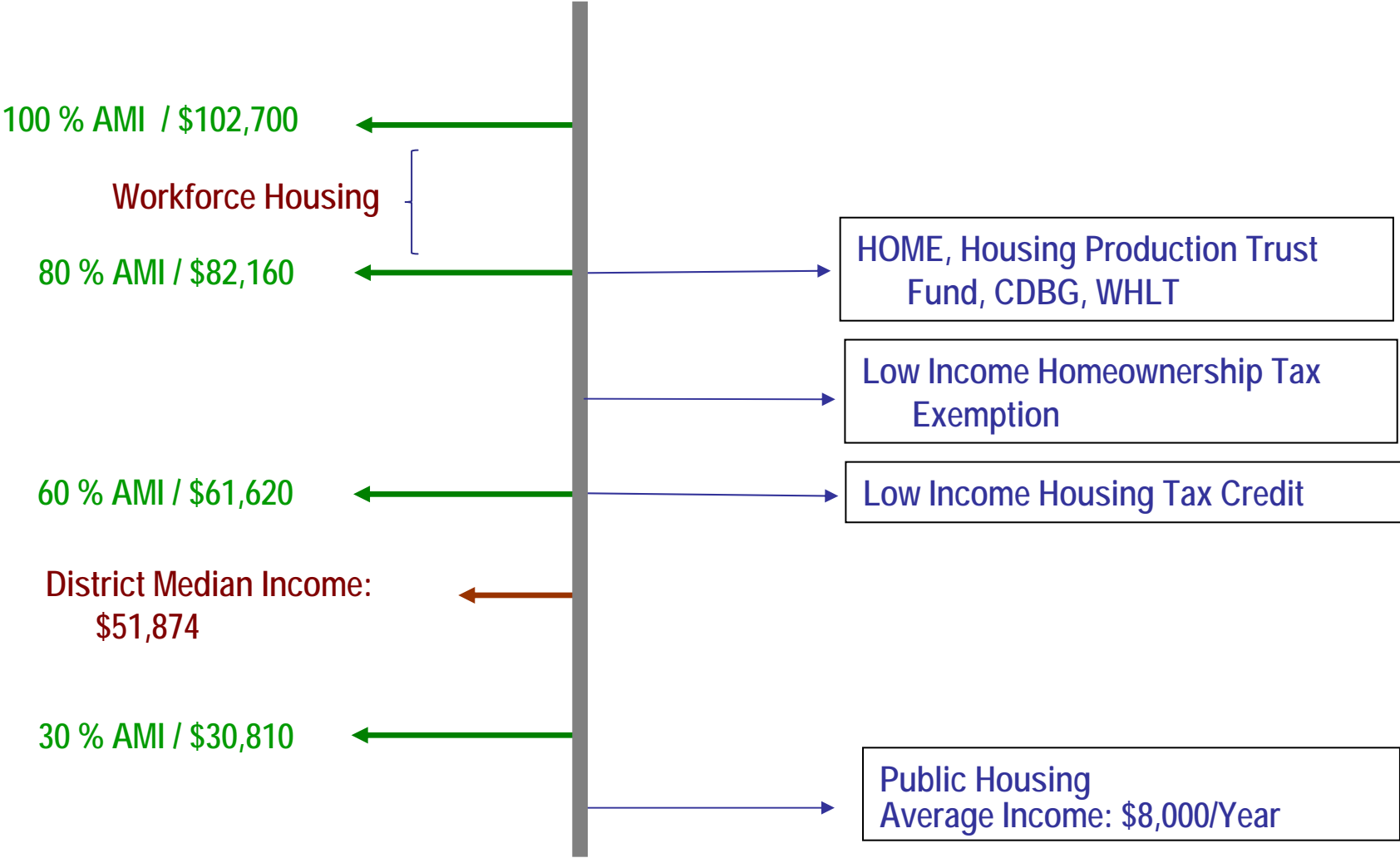


Source: HUD Income Limit Area Definitions, 2006



Defining Affordability

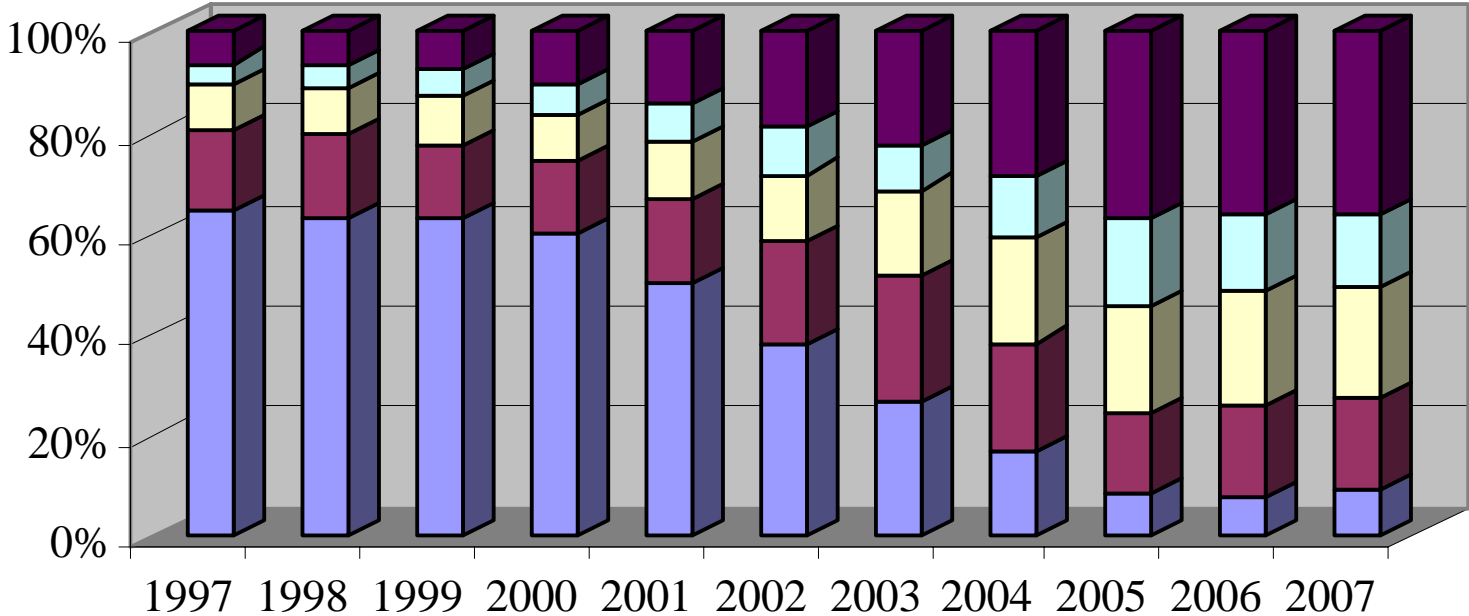
Washington Area and DC





Home Sales in the District

Chart 1. Homes Sales by Price Range, 1997-2007



■ Less than \$200K
 ■ \$200-\$299K
 ■ \$300-\$399K
 ■ \$400-\$499K
 ■ Greater than \$500K



Workforce Housing Land Trust

Land Trust Model

- Accepts a deed restriction on the home for shared-appreciation
- Owner-occupied condo or SF home ^{K1}
- Owner's income is at or below 120% AMI
- Must sell to another eligible household
- Will receive 25% of the appreciated value



WHLT - History

- Fall 2006
 - Height of the real estate market
 - New tools needed
 - Dec. 2006 – Workforce Housing Land Trust Act passed by Council
- New administration & Mayor Jan. 2007
 - Began implementation winter 2007
 - Issued RFP
 - Award spring 2007
 - Admin. regulations complete fall 2007



WHLT - Mission

- Create 1,000 permanently affordable homeownership units
- Leverage \$10 million District investment with \$65 million in private sector investments and New Market Tax Credits for a \$75 million investment over 3 years
- Average portfolio at 80% AMI, but 120% AMI HHs are eligible



WHLT Mission

- Provide \$75,000 per unit investment
- Both Developers and homebuyers will benefit
- Disperse units throughout the District
- Target teachers and first responders
- Where possible, leverage other District investments
- Invest in REO property



WHLT - Operations

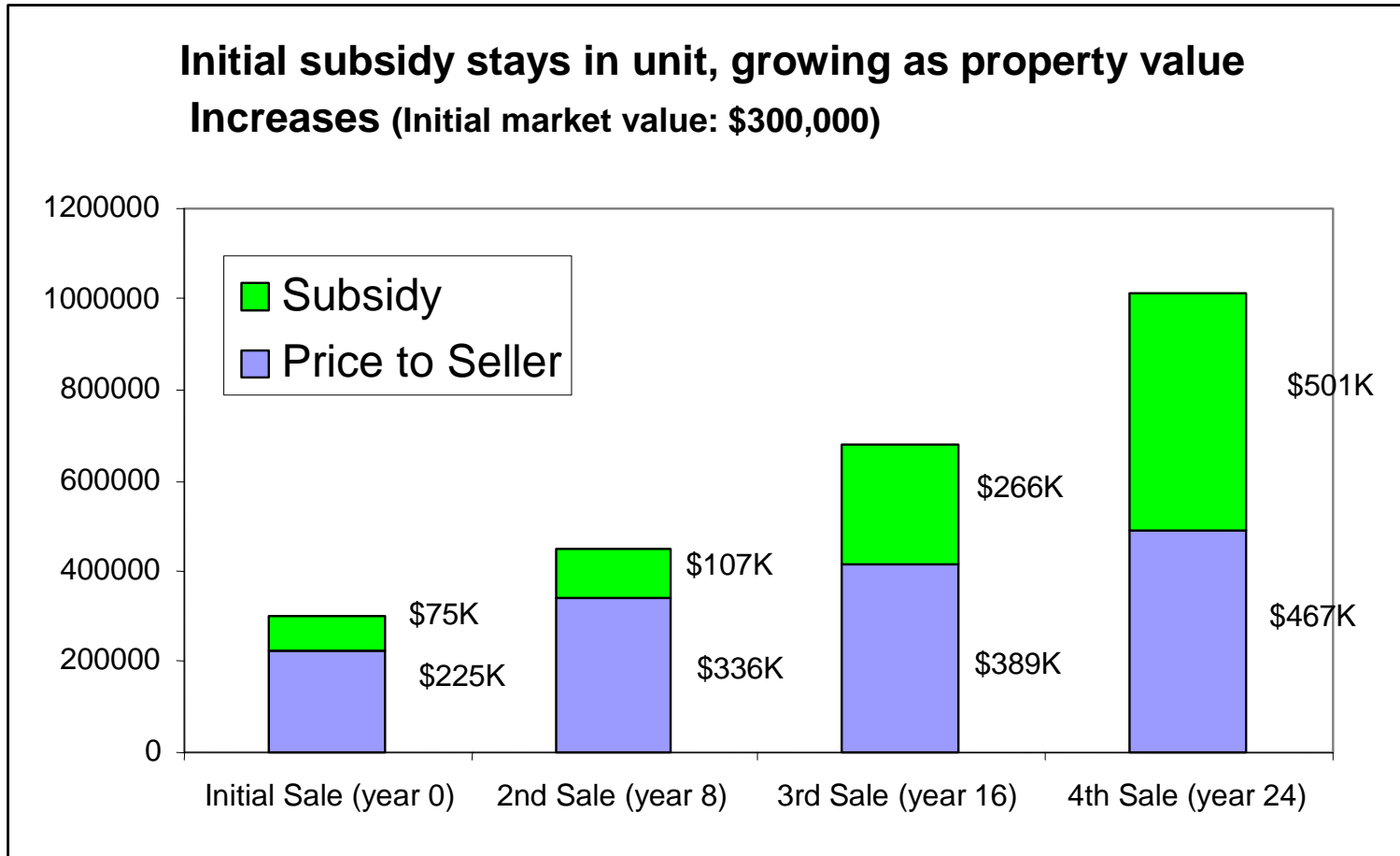
- CityFirst Homes – Community Land Trust created by CityFirst Enterprises
- Inventory Financing
 - Initial subsidy acts as equity in a developer's deal
 - WHLT becomes tenant in common
 - At sale, \$75,000 is refinanced as a second mortgage and acts as purchase assistance to buyer
 - Principal payments are deferred for 7 years (interest-only payments are made during this time)



WHLT - Operations

- After 7 years, loan amortizes for 33 yrs, begin principal debt service for NMTCs
- Upon Resale
 - HH earns 25% of the price appreciation
 - Subsidy can be retained in the unit or transferred to another unit with a new homebuyer

WHLT Subsidy Over Time



***This chart assumes an annual AMI increase of 2.5% and an average annual real estate appreciation rate of 5%.**



WHLT Example

At Purchase

\$300,000	Total Price of Home
\$12,000	Closing costs
\$3,000	WHLT Fee
<u>-\$75,000</u>	<u>WHLT 2nd Mortgage</u>
	First Mortgage & Down Payment
\$240,000	

At Resale after 8 years

\$443,227	New Value (assuming 5% appreciation)
<u>-300,000</u>	<u>Original Value</u>
\$143,227	Total Appreciation
<u>× 25%</u>	<u>Your Share</u>
\$35,809	Your Share of Appreciation

Your Sale Price

\$300,000	Original Price of Home
<u>\$35,809</u>	<u>Your Share of Appreciation</u>
\$335,809	What you sell for to WHLT

What You Make on the Sale

\$335,809	Your Sale Price to WHLT
<u>-\$201,673</u>	<u>Balance of Your 1st Mortgage</u>
	Balance of Your WHLT 2 nd Mortgage
<u>-\$75,000</u>	<u>Mortgage</u>
<u>-\$8,865</u>	<u>WHLT fee (2% of appraised value)</u>
\$50,271	Your Proceeds**

The New Net Price for the Next Buyer

\$335,809	Seller's Sale Price to WHLT
<u>\$17,730</u>	<u>Closing Costs</u>
<u>+\$8,865</u>	<u>WHLT fee (2% of appraised value)</u>
\$362,404	New Net Price to Next Buyer after WHLT grant



Challenges

- Frozen credit and financial markets
- Increases in foreclosure
- Changes in credit requirements
- Declining federal and local financial resources
- Increased demand for affordable housing



Questions and Answers

For more information about DHCD programs, visit www.dhcd.dc.gov or call (202)442-7200.

