

BRIDGES TO OPPORTUNITY

A NEW HOUSING STRATEGY FOR D.C.





Letter to the Mayor

Dear the Honorable Vincent C. Gray, Mayor of the District of Columbia:

On February 22, 2012, through a Mayor's Order, you appointed thirty-six housing professionals, service providers and government leaders to the Comprehensive Housing Strategy Task Force 2012 (Task Force) with a goal "to help city leaders ensure the creation of more affordable housing for residents of the District of Columbia". As Co-Chairs, we have been honored to work with such an accomplished and engaged group of task force members to address the complex challenge of meeting the housing needs of the City's diverse population. The Task Force has approached its work with a deep sense of responsibility—to ensure that the growth and vitality of the District translate into opportunities for high quality housing options for all its residents. As a Task Force we have been motivated by a founding principal that any comprehensive strategy must address both the supply side (housing production and preservation) as well as demand side (elevating incomes and education/skills) to meet the varied issues faced by many in Washington, D.C.'s housing market. Over the past year the Task Force and its Working Groups met over thirty times, engaged the public in two forums and utilized a series of internal and outside experts to explore persistent hurdles, identify best practices and build consensus around specific actions that can be taken in the near term to have a practical and ongoing impact on the lives of D.C. residents.

We are pleased to present this report, *Bridges to Opportunity: A New Housing Strategy for D.C.*, to you and we look forward to partnering with you in its implementation. Thank you for the opportunity to serve the District.

Respectfully Submitted,

Deborah Ratner Salzberg

Co-Chair

Forest City Washington

Harry D. Sewell

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District of Columbia Housing Finance Agency



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Executive Summary

Every resident in the District of Columbia deserves a decent, safe and affordable place to live. For a significant majority of Washingtonians, D.C.'s conventional housing market will meet that need. Yet, many will need some form of assistance or subsidy to afford a decent place to live and that number continues to grow. The District can benefit from its growing population, an improving school system, a stronger economy, the declining unemployment rate and the declining crime rates and welcome all who wish to live, work, and play in our great city.

A GROWING ECONOMY, A STRONGER CITY

The District continues to grow rapidly, adding more than 1,100 people a month. Our economy is booming, with more than 28,000 private sector jobs created over the past two years and the unemployment rate falling by nearly three percentage points within that same time period. The District's tax base benefits from rising housing prices, lower vacancies and new investment in residential development. The District has hit a 50-year low in homicides, with the numbers dropping dramatically each of the last two years and nearly twenty times faster than the national average. Public education enrollment is now at nearly 81,000 students and is growing at a rate not seen in 45 years as families return

to the city and to public education. And, the city's long-term fiscal health is strong, its critical rainy-day fund stands at \$1.5 billion. However, for our residents with limited education and skills, finding a good job and a decent home can prove to be difficult.

Washington, D.C.'s increasing economic strength is persuasive evidence that the city has fully emerged from an economic crisis and is more vibrant and stronger than before. All residents deserve to benefit from the city's prosperity including the seniors who paved the way, the workforce who provide the foundational stability that enables our city to grow, and our children who represent

the city's future. Opportunities must also be shared with the city's most vulnerable residents—the homeless, individuals with disabilities and low income families. As the city seeks to leverage its new prosperity, its leaders must use a balanced approach to allow all residents to benefit from the recent growth.

Bridges to Opportunity: A New Housing Strategy for D.C. capitalizes on the city's positive fiscal and economic growth, and complements Mayor Vincent C. Gray's recently released 5-year economic development strategy; the city's first strategic road map for sustained, sector driven economic development.

2003 COMPREHENSIVE HOUSING STRATEGY TASK FORCE

Bridges to Opportunity: A New Housing Strategy for D.C. builds upon the work of the 2003 Comprehensive Housing Strategy Task Force, reflected in Homes for an Inclusive City released in 2006, and Affordable Housing in the District—Where We Are Now released in July 2011 by The Brookings Institution. The 2003 Comprehensive Housing Strategy Task Force was chaired by Alice M. Rivlin of The Brookings Institution and Adrian Washington, President of the Neighborhood Development Company. A key goal of the 2003 Task Force was to "encourage and provide housing for 100,000 new residents by 2020, with a focus on retaining current residents while attracting new ones."

Since the 2006 report, city leaders have dedicated more resources towards the production and preservation of affordable housing and during the last seven years approximately 8,000 affordable housing units were financed across the city. In addition, based upon data from Washington, DC Economic Partnership, the conventional market has produced 13,000 units, has another 9,700 units under construction and 18,500 units in the pipeline. Still the city's ever growing and changing population requires more housing choices that are affordable across the spectrum of incomes.

HOUSING NEED AND ECONOMIC INDICATORS

Housing need and economic indicators clearly illustrate the city's current housing shortage and the demand for net new housing. George Mason University's Center for

KEY RECOMMENDATIONS FROM HOMES FOR AN INCLUSIVE CITY

(2006 DC HOUSING STRATEGY REPORT)

- 1. Increase the net supply of housing by at least 55,000 units by 2020, and ensure that 19,000 units are affordable on a long term basis
- 2. Preserve 30,000 existing affordable units including all federally assisted housing
- 3. Double the city's annual expenditures on affordable housing
- 4. Support extremely low income renters by establishing a local rent supplement program
- 5. Increase the city's homeownership rate from 41% to 44%

Regional Analysis estimates that the demand for housing in the District through 2020, based upon job growth and commuting patterns, will require a minimum of 21,100 net new housing units.

A Comparative Cities Study, prepared by Delta Associates, states that in 2010, over 42% of District households were cost burdened (defined as paying more than 30% of their income on housing). In addition, the District of Columbia Housing Authority (DCHA) reports a waiting list of over 67,000 applicants who need public housing or a housing choice voucher. Furthermore, the Five-Year Strategic Plan of the Interagency Council on Homelessness estimates the permanent supportive housing need at approximately 2,700 units, of which 2,580 would be for individuals/couples and 120 units would serve families. Finally, a recent report by the Washington Legal Clinic for the Homeless states that over 600 children live in the D.C. General homeless shelter. It is clear that there is substantial demand for all types of housing needs; working families deciding to remain in the District to raise their children, older households often aging in place, young singles and couples entering the market for the first time and long term residents who continue to experience economic challenges.

STRATEGIC GOALS

Bridges to Opportunity: A New Housing Strategy for D.C. seeks to improve the full continuum of housing from homelessness to market rate homeownership. In an effort to achieve our vision, we recommend three strategic goals:

- Preserve approximately 8,000 existing affordable housing units with subsidies that will expire by the year 2020.
- 2. Produce and preserve 10,000 net new affordable housing units by the year 2020 (10x20).
- 3. Support the development of 3,000 market rate units annually through 2020.

ACTION ITEMS

Bridges to Opportunity: A New Housing Strategy for D.C. provides 24 Action Items in three categories: Policy, Administrative, or Financial. A summary of key Action Items that can immediately assist the District of Columbia's efforts to be a city that welcomes all who wish to live, work and play is listed below:

- Fully utilize and significantly increase resources devoted to existing housing programs including the stabilization of funding for the Housing Production Trust Fund (HPTF).
- Create a new, locally funded Housing Innovation
 Fund (HIF) that will finance shovel ready affordable
 housing projects. The Housing Innovation Fund may
 finance capital costs, operating expenses, gap financing,
 bridge acquisition financing or support the development
 of permanent supportive housing.
- Develop a Collaborative Initiative for Systems
 Change to support and coordinate on-going efforts to provide integrated, wrap-around or resident services, when affordable housing is funded by locally controlled funds.

KEY ACTION ITEMS

- 1. Stabilization of Funding for HPTF
- 2. Housing Innovation Fund (HIF)
- 3. Collaborative Initiative for Systems Change
- 4. DC-LIHTC
- One City Affordable Housing Data & Reporting System
- 6. Streamline Building Regulations
- 7. Housing Investment Council (HIC)
- Study the feasibility of creating a **District Low Income** Housing Tax Credit (DC-LIHTC) that will provide
 additional equity for housing developments.
- Support the One City Affordable Housing Data and Reporting System that will create a database of locally financed affordable housing units.
- Streamline the permitting process for affordable and market rate housing developments.
- Create a Housing Investment Council (HIC) charged with implementation, monitoring and oversight of this comprehensive housing strategy.

We recognize the importance of growth in the market rate housing sector. Growth in this sector should be encouraged as it does not require public subsidies. Furthermore, the Comparative Cities Study, prepared by Delta Associates states that D.C.'s housing supply seems to be sufficient to meet the needs of many of our residents with incomes between 30%—120% AMI yet supply challenges persist for households below 30% of AMI and above 120% of AMI. However, even where supply exists often residents face a housing cost burden.

Once implemented, *Bridges to Opportunity: A New Housing Strategy for D.C.* will reduce the pressure on the supply and the demand sides of the affordable housing equation. Seeking equilibrium between supply and demand will create a more balanced and stronger affordable housing landscape in the District of Columbia.



We urge our leaders to immediately commit new local funds to implement this comprehensive housing strategy. We recommend that the lion's share of the new funds finance housing for those earning 60% of the Area Median Income (AMI) and below.

We are experiencing extraordinary success across many sectors of the city. The District's healthy and growing tax base, as referenced in the chart below, enables the city to fund necessary programs, services and affordable housing development. Additionally, the recent increase in market rate housing does not appear to have led to significant

gentrification, by which we mean the displacement of lower income residents. In fact, over the past two years of the city's population growth, the number of people filing income taxes has increased across all income levels citywide. Market rate housing starts are essential to the improving the city's continuum of housing as are public-private investments in affordable housing development.

Now is the moment to implement this comprehensive housing strategy. Now is the moment to create a city that welcomes all who wish to live, work and play in the District of Columbia.

ESTIMATED DC TAX REVENUE DIRECTLY RELATED TO HOUSEHOLD INCOME: FY 2011 AND FY 2013 (\$ MILLION)

Tax	2011 actual	2013 est	change
Individual income tax	1,297	1,406	109
Residential property tax	529	556	27
General sales tax on DC household purchases	381	400	19
Taxes on purchases of cigarettes, gasoline and automobiles	62	59	-4
Transfer taxes on home sales	71	75	4
Subtotal: taxes directly related to household income	2,340	2,496	156
All tax revenue	5,325	5,721	396
Household % of total	43.9	43.6	39.3

Source: Office of Revenue Analysis and February 2012 Revenue estimate



Summary of Strategic Goals & Action Items

The District of Columbia is a city that provides housing that is affordable for all who wish to live, work and play here.

OBJECTIVE

Create a comprehensive housing strategy that provides action items to increase the supply of affordable housing and decrease the demand for affordable housing.

STRATEGIC GOALS

- #1: Preserve approximately 8,000 existing affordable housing with subsidies that will expire by the year 2020
- #2: Produce and preserve 10,000 net new affordable housing units by the year 2020 (10x20)
- #3: Support the production of 3,000 market rate housing units annually through 2020

POLICY Action Items

SUPPLY/ DEMAND OR BOTH		ACTION ITEM	TIME FRAME
Both	1	Develop and update a Biennial Housing Strategy Report	Next 12 months
Supply	2	Study the regulatory and policy aspects of affordable housing productions and preservation (Tenant Opportunity to Purchase Act (TOPA), District Opportunity to Purchase Act (DOPA), Rent Control, affordable homeownership covenants, disposition of city owned land, etc.)	Next 12 months
Demand	3	Encourage District funded housing developments to use good faith efforts to hire eligible and qualified Temporary Assistance to Needy Families (TANF)/ Food Stamps/Low Rent Supplement Program (LRSP) participants that reside in the respective housing development	Next 12 months
Supply	4	Identify areas along streetcar routes and near transit to encourage affordable housing	Next 12 months
Supply	5	Encourage green building techniques in new and existing housing developments	Next 12 months
Supply	6	Align local and federal affordable housing covenants for rental and homeownership	12-36 months

ADMINISTRATIVE Action Items

SUPPLY/ DEMAND OR BOTH		ACTION ITEM	TIME FRAME
Both	1	Establish a Housing Investment Council (HIC) to implement the <i>Bridges to Opportunity: A New Housing Strategy</i> for the District and update the plan in 2 years, 2015	Next 12 months
Both	2	Create a housing database by supporting the One City Affordable Housing Data and Reporting System	Next 12 months
Supply	3	Streamline the permitting process for affordable and market rate housing projects	Next 12 months



ADMINISTRATIVE Action Items (continued)

SUPPLY/ DEMAND OR BOTH		ACTION ITEM	TIME FRAME
Supply	4	Amend the building regulations to expedite the building permit process for affordable and market rate housing developments and waive fees for affordable housing developments	Next 12 months
Supply	5	Create a website to serve as a one-stop for affordable housing finance information	Next 12 months
Supply	6	Create a One Pitch Meeting to streamline initial support for new production or preservation projects	Next 12 months
Supply	7	Grant delegated underwriting to the D.C. Housing Finance Agency (DCHFA) for Department of Housing and Community Development (DHCD) gap funds	Next 12 months
Demand	8	Develop data sharing solutions to assist the city and nonprofit Providers to identify common service goals	Next 12 months
Both	9	Promote existing tax expenditure programs dedicated to housing	12-24 months
Both	10	Modify DHCD Qualified Allocation Plan (QAP) to give bonus points to projects that include wrap around services in the development plan and allow services to be an eligible expense in the operating budget	12-24 months
Both	11	Host an annual resident services and housing development symposium to encourage further collaboration	12-24 months



FINANCIAL Action Items

SUPPLY/ DEMAND OR BOTH		ACTION ITEM	TIME FRAME
Supply	1	Fully utilize and significantly increase resources devoted to existing housing programs including the stabilization of funding for the Housing Production Trust Fund (HPTF)	Next 12 months
Supply	2	Create a Housing Innovation Fund (HIF)	Next 12 months
Demand	3	Develop a Collaborative Initiative for Systems Change to support and coordinate on-going efforts to provide integrated, wrap-around or resident services, when affordable housing is funded by locally controlled funds	Next 12 months
Supply	4	Study the feasibility of creating a District Low Income Housing Tax Credit (DC-LIHTC)	Next 12 months
Supply	5	Create a by right tax abatement program for affordable housing projects	12-36 months
Supply	6	Fund DC Low Income Housing Tax Credit program (DC-LIHTC), if feasible	12-36 months
Demand	7	Fund Phase II of the Collaborative Initiative for Systems Change	12-36 months



The District Today

The District is a thriving city with a strong housing market, substantial population growth, and stabilized fiscal position—yet challenges remain. Many families remain at or below the poverty level, homelessness continues for some and across the income spectrum residents are often burdened by the cost of housing. Obstacles exist for entering both the rental and home ownership markets. Washington, D.C. must be inclusive—from students to teachers, attorneys to civil servants, construction workers to health care providers—to ensure a sustainable economy, opportunities for children to grow up in high quality stable homes and the long term vitality of the city.

DEMOGRAPHICS

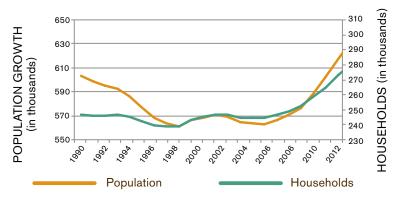
The city's population exceeds 632,000 and is growing at an annual rate of 2.1%. Washington, D.C.'s population growth is expected to continue at that pace and will reach 676,000 by 2020. There are roughly 282,000 households, with an average household size of 2.1 persons. For the second year in a row, the District remained one of the fastest growing "states" in the country. Washington D.C. has the highest

percentage of adults over 25 with college and graduate degrees, but also suffers from a high school four year graduation rate of 61%. With nearly 40% of students not graduating high school 'on time' or at all the challenges of creating a skilled workforce able to take advantage of the vibrant D.C. economy continues. This dichotomy is reflected in many of the challenges in the city's housing market. There is a struggle to keep pace with private market demands, along with simultaneous obstacles to meeting the housing needs of households earning below 60% of AMI.

In 2012, the median income for the Washington D.C. metropolitan area was \$107,500 for a family of four. The distribution of households within the city is approximately 50% below 80% of AMI and 50% above. However households are clustered in a bell curve with roughly 22% of households earning at the lowest levels of under 30% of AMI and 25% earning at the highest levels of 150% of AMI or more.

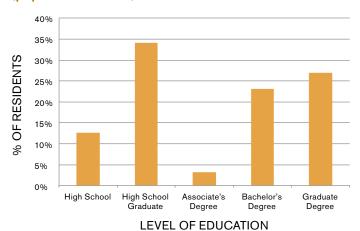
This distribution highlights two challenges: the substantial percentage of the population which may have difficulty

POPULATION GROWTH



Source: 2000 US Census & ACS 2008-2010, HUD, DC Office of Planning.

WASHINGTON DC RESIDENTS LEVEL OF EDUCATION (population over 25)—2010



Source: Delta Associates

securing housing in the traditional market and the risk that the District will become a place where only those at the lowest incomes (who have subsidies) and those at the highest incomes can afford to live—sending many working and middle class households out of the District. The city is home to a wide a variety of residents with varying skills, occupations and incomes, oftentimes households face challenges affording quality housing despite full time employment. It is estimated

that 42% of all households within the city have a housing burden, which means that they pay more than 30% of their income in rent. Renters are more likely to have a housing burden (48% versus 31%) then owners.

The chart below illustrates some jobs, salary levels and the affordable rents for these working households. The 2012 average rent for a unit in D.C. is \$2,054/month and average

AFFORDABLE HOUSING COSTS BY EMPLOYMENT AND HOUSEHOLD SIZE

2012 HUD Area Median Family Income (AMI): \$107,500

	Households earing less than			Households earing less than Households earning less tha		ning less than	Households earning less than		
	30% of the AMI			30% of the AMI 50% of the AM			80% of the AMI		
Family Size	Income	Affordable Housing Cost	Sample Job/ Household	Income	Affordable Housing Cost	Sample Job/ Household	Income	Affordable Housing Cost	Sample Job/ Household
1	\$22,575	\$564	Child Care Worker	\$37,625	\$941	Security Guard	\$60,200	\$1,505	Graphic Designer
2	\$25,800	\$645	Janitor w/ 1 child	\$43,000	\$1,075	Medical Transcriptionist w/ 1 child	\$68,800	\$1,720	Dietician w/ 1 child
3	\$29,000	\$725	Preschool Teacher w/ 2 children	\$48,375	\$1,209	Administrative Assistant w/ 2 children	\$77,400	\$1,935	Pharmacist w/ 2 children
4	\$32,300	\$808	Hotel Desk Clerk w /3 children	\$53,750	\$1,344	Bank Teller & Baggage Porter w/ 2 children	\$86,000	\$2,150	Shipping Clerk & Rehab Counselor w/ 2 Children
5	\$35,500	\$888	Fast Food Cook & Automotive Attendent w/ 3 Children	\$59,125	\$1,478	Janitor & Receptionist w/ 3 children	\$94,600	\$2,365	Payroll Clerk & Computer Operator w/ 3 Children

Source: Dept of Housing & Urban Development, Bureau of Labor Statistics 2010 Occupational Wages, DC Office of Planning Note: Income limits are uncapped and use straight percentages of AMI and occupancy factors.

price of a home was \$552,000 (median \$439,000). For many residents in the city, there is a mismatch between these housing costs and their ability to afford these housing costs. The mismatch between the incomes earned and ability to pay market rents/sales prices highlights the obstacles facing many working families in the city.

ECONOMY AND WORKFORCE

From the height of the recession in 2009 to the present, the region's unemployment rate dropped from 6.7 percent to 5.2 percent. During the same period, the District's unemployment rate dropped from a high of 10.5 percent to 8.5.

The 2011 George Mason University (GMU) Center for Regional Analysis forecasts that there will be 87,400 net new jobs in the District of Columbia by 2020. Given these new jobs alone, and current in-commuting patterns (70% of D.C. workers commute in) the District will need to develop

NET NEW JOBS

Location	Net New Jobs	Percent Change
District of Columbia	87,400	11.9
Suburban MD	183,600	19.1
Northern VA	312,900	23.5
Washington Region	587,000	19.3

Source: GMU Center for Regional Anlaysis

21,000 net new units of housing just to meet this employment driven demand. If more workers choose to live and work in the District, the number of required net new units could rise substantially. Additionally, people who live in the city and work elsewhere, as well as new household generation will increase this demand further. Finally, continued reduction in unemployment places more and more households in a position to afford housing in Washington D.C. The recent Economic Development Strategy released by the Mayor established a goal of 100,000 new jobs within the next five years. Meeting that job creation goal accelerates the demand for new housing for these additional workers.

HOUSING MARKET AND NEIGHBORHOOD GROWTH

D.C.'s housing market weathered the recent recession relatively well compared with many areas of the country, and growth in the investment and development of housing has been significant since 2010. In fact current residential permit activity exceeds the height of the last housing market boom in 2005 which saw 2,860 permits issued. In 2012 there were approximately 3,900 permits issued for the year.

Another report by the Washington D.C. Economic Partnership reports that in 2012, 13,000 rental units were completed, 9,700 rental units were under construction and 18,500 units were in the pipeline. The conventional and affordable residential market has been strong for the last seven years and the trend will continue into the foreseeable future.

A substantial amount of this new residential development has been focused on areas with little previous development, most notably NOMA (that has developed/under construction 2,700

units since 2010) and Capital Riverfront (where there are 4,000 new residents since 2008). These neighborhoods are experiencing a transformation from primarily industrial/vacant commercial space to large scale residentially anchored mixed use neighborhoods, with predominantly market rate housing. Development of previously non-residential area has helped to ensure limited displacement of residents as the city grows. However, there are fewer and fewer mixed use and mixed income large scale development opportunities. Ensuring that infill redevelopment occurs in a way that provides opportunities for both new and long term residents at all income levels will be key to a sustainable growth pattern for the District. Population growth, a focus on smart growth and transit oriented development has placed increased pressure on Metro accessible locations (increasing land values and costs), furthered neighborhood discussions regarding additional density as well as renewed conversations of increasing height limits in the District.

Despite, or perhaps because of, the recent development activity, across the City, rents have been steadily increasing and some neighborhoods are out of reach of many city residents. The D.C. Fiscal Policy Institute estimates that D.C. has lost more than half of its low cost rental units. The number of low cost rental units—defined as having monthly rent and utility costs of less than \$750 a month—fell from 70,600 to 34,500 over the last decade. According to the D.C.

Preservation Catalog, compiled by the Urban Institute, there are approximately 8,000 units with federal subsidies that will expire by 2020 which may further exacerbate the shortage of affordable housing in D.C.

UNMET NEEDS

Washington D.C. residents face mounting problems securing affordable housing which can only be partially addressed by available resources. The District of Columbia Housing Authority (DCHA) owns and manages 8,000 units and administers an additional 12,000 housing vouchers for low and very low income households. DCHA administers another 2,500 Low Rent Supplement (LRSP) vouchers. Despite this rental assistance, there remains a waiting list of over 67,000 households who applied for a housing choice voucher or public housing.

The good news of the city's growing economy must be balanced with the need to provide assistance to the 120,000 persons living below the poverty level (\$17,374 for a family of three) in the city and the over 17,000 families that receive Temporary Assistance to Needy Families (TANF) which means their incomes are below \$7,400 annually. The homeless population in the city hovers at just under 7,000 and experienced a 6.2% increase between 2011 and 2012.

DC HOUSING AUTHORITY WAITING LIST

How Long Must an Applicant Wait?

BR Size	# of Public Housing Applicants	Projected Annual Turnover	# of Applicants from Waiting List to Meet Turnover	# of Years to Empty Public Housing Waiting List
0	9,900	59	236	46
1	14,713	109	436	34
2	10,452	121	484	22
3	5,541	88	352	16
4	976	25	100	10
5+	156	17	68	2

Source: DC Housing Authority

CURRENT PROGRAMS AND INVESTMENTS

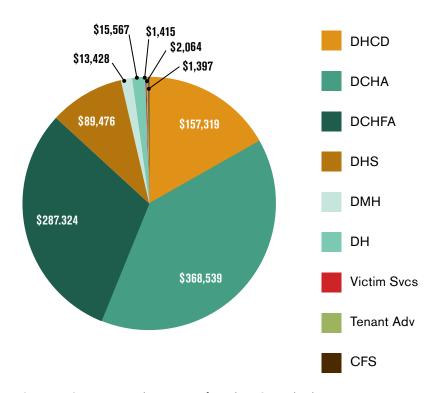
To address these needs, the District already provides a wide array of services and funding for the development and preservation of housing. Today, resources are available to agencies and organizations that address both the supply side (housing production and preservation) and demand side (elevating incomes and education/skills) of the housing affordability equation. The three key public sector agencies that fund the majority of affordable housing programming in the District are: the District of Columbia Housing Finance Agency (DCHFA), The Department of Housing and Community Development (DHCD) and the District of Columbia Housing Authority (DCHA) with a total combined FY 2013 budgets of \$813M. Many other agencies including the Department of Mental Health (DMH), and the Department of Human Services (DHSS), among others also administer funds to provide quality housing for many D.C. residents (\$123M in FY 2013). Combined total city agency deployed resources in FY 2013 are \$936.5M. Of that amount, roughly 47% is spent on production and preservation and the balance is spent on operating existing housing developments and other housing programs.

Many government programs are buoyed and implemented by the strong and varied nonprofit and philanthropic community in D.C. These organizations work at the neighborhood and tenant level on a wide range of issues, including housing counseling services, nonprofit mortgages, tenant purchases on long term affordable rental communities and the rehabilitation and development of new affordable and mixed income communities. The capacity of these organizations and their strong partnership with government agencies is critical to ensuring the delivery of day-to-day housing services and ultimately the full implementation of the comprehensive housing strategy.

PRIVATE SECTOR RESOURCES

Private sector investment in D.C. is strong and critical to the success of any housing development or housing strategy. D.C. remains a top city for banks and other large institutions to provide both debt and equity for affordable housing. In addition, national and local private corporations finance the production and preservation of affordable and market rate housing through equity, charitable donations, or seller take back notes. The private sector resources match and/or

FY 2013 DC FUNDING (LOCAL & FEDERAL) IN '000s



Source: DC Agencies with assistance from the DC Fiscal Policy Institute



exceed the public resources and the city requires additional partnership and financial support from the private sector to implement this comprehensive housing strategy.

Current programs and funding provides a strong foundation from which to build a multifaceted housing plan that leverages the prosperity of many segments of the District to foster a healthy housing market that meets the needs of a wide variety of residents. Despite these existing resources,

too often D.C. residents are unable to secure quality housing or are overburdened with its cost. The District has the opportunity to better connect its resources with the needs of its residents, in partnership with the many development and housing professionals in the City, through a comprehensive housing strategy.

Task Force Members

Harry D. Sewell, Co-Chairperson District of Columbia Housing Finance Agency

Deborah Ratner Salzberg, Co-Chairperson Forest City Washington, Inc.

William B. Alsup, III, Hines

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David A. Berns, Department of Human Services (DHS)

Kimberly Black King, Corporation for Supportive Housing (CSH)

David C. Bowers, Enterprise Community Partners

Pamela D. Bundy Foster, Bundy Development Corporation (BDC)

Polly Donaldson, Transitional Housing Corporation (THC) and THC Affordable Housing, Inc.

Bradley J. Fennell, William C. Smith + Co.

Farah Fosse, Latino Economic Development Corporation (LEDC)

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Edward R. Krauze, Greater Capital Area Association of Realtors (GCAAR)

Michael P. Kelly, Department of Housing and Community Development (DHCD)

Fernando Lemos, Mi Casa, Inc.

Nicholas A. Majett, Department of Consumer and Regulatory Affairs (DCRA)

Lisa M. Mallory, Department of Employment Services (DOES)

Patricia Malloy, Resident and ANC Commissioner (7C01)

Sue A. Marshall, The Community Partnership for the Prevention of Homelessness

La Fonte Nesbitt, Holland and Knight

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Scott A. Nordheimer, Urban Atlantic

Babatunde A. Oloyede, Marshall Heights Community Development Corporation (MHCDC)

Pho S. Palmer, Keller Williams Capital Properties

J. Michael Pitchford, Community Preservation and Development Corporation (CPDC)

Robert Pohlman, Coalition for Nonprofit Housing and Community Development (CNHED)

Jacqueline V. Prior, The Morris and Gwendolyn Cafritz Foundation

David Reznick, CohnReznick

David J. Roodberg, Horning Brothers

Matthew J. Rosen, The ARC of District of Columbia

George K. Rothman, Manna, Inc.

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Adrianne R. Todman, District of Columbia Housing Authority (DCHA)

Harriet Tregoning, Office of Planning (OP)

Charles Wilson, Resident



Overview of the Task Force

On February 22, 2012, Mayor Vincent C. Gray signed a Mayor's Order appointing thirty-six members to the Comprehensive Housing Strategy Task Force 2012. The Task Force convened its inaugural meeting in April 2012 and continued to meet monthly through January 2013. The culmination of our work is reflected in this publication, *Bridges to Opportunity: A New Housing Strategy for D.C.* Included in the report are Action Items that will assist city leaders to create more affordable housing opportunities for the residents of the District of Columbia.

VISION & OBJECTIVE

We recognized the importance of growth in the market rate housing sector. We know that continued growth in the District's market rate housing has led to increased tax revenues from individual income taxes, sales and transaction taxes and real property taxes. Moreover, a robust private sector housing market is critical to the continued health, growth and prosperity of any city. As such, the District should identify policies and programs that will enable a broad range of housing types along the continuum of housing to be

built, from homeless shelters to affordable rental housing to workforce housing to market rate rental and homeownership.

In addition, the city should take additional steps to move towards an equilibrium between the supply and demand for affordable housing through a comprehensive housing strategy. Our proposed comprehensive housing strategy recommends actions to increase the supply of affordable housing but concomitantly, the strategy identifies actions to decrease the demand for housing subsidies by providing access to necessary services that will help over time raise our residents' education and skill levels, and thereby their employment opportunities and incomes.

WORKING GROUPS

The Task Force divided itself into five smaller Working Groups. Each Working Group was charged with developing concrete recommendations for consideration by the full Task Force. Working Groups held between four and eight meetings. In addition, At-Large (non-appointed) members were selected to participate on the Working Groups.







Various presentations were provided by housing stakeholders and policy analysts to assist the Working Groups Members to understand the facts, deliberate the pros and cons of various issues and develop recommendations. The Working Groups and their Leaders are listed below:

- ^ Rethinking Local Funding—Robert Pohlman, Coalition for Nonprofit Housing and Economic Development and David Reznick, CohnReznick
- ^ Creating a Favorable Regulatory Environment—Joseph D. Sternlieb, Georgetown BID and Nicholas A. Majett, D.C. Department of Consumer and Regulatory Affairs (DCRA)
- ^ Increasing Collaboration among Housing Developers, Service Providers, Job Training Programs and Educational Institutions—Sue A. Marshall, The Community Partnership for the Prevention of Homelessness and Lisa M. Mallory, D.C. Department of Employment Services (DOES)
- ^ Examining the Roles and Functions of D.C. Housing Agencies—Harry D. Sewell, D.C. Housing Finance Agency
- ^ Creating New Tools for Housing Development—Scott A. Nordheimer, Urban Atlantic

ACCOMPLISHMENTS

The Task Force accomplished a great deal during this past year.

- ^ Met over 30 times to provide venues for service providers, housing developers and financiers to discuss housing issues.
- ^ Added six experts as At-Large Members to the Working Groups.
- ^ Heard presentations from almost 50 local and national experts.
- ^ Commissioned a study of six cities of similar population size to compare and contrast demographics, housing supply and demand data and housing affordability.

- ^ Researched and categorized sources of funds, local and federal, for housing development and services.
- ^ Engaged the public in two Public Forums.
- ^ Facilitated a Consumer Focus Group.
- ^ Conducted surveys related to housing programs and service program.
- Stablished a website to serve as a portal for information, meeting notices, research and other Task Force details.
- ^ Identified numerous best practices through research and site visits to New York, NY, Atlanta, GA, Los Angeles, CA, Prince George's County, MD and Montgomery County, MD.
- ^ Developed 24 specific Action Items.

PUBLIC FORUMS

Two public forums were held in October and November 2012 and garnered comments from almost 100 participants. Over eight hours of public testimony was heard and transcribed, and hundreds of pages of written testimony were submitted. A diverse set of people testified including advocates, developers, financiers, residents, teachers, homeless residents, public housing tenants, seniors, homeowners and young families. Topics ranged from foreclosure prevention to homelessness, from building a city for our youth to gentrification, homeownership restrictions to regulatory development impediments, from the D.C. Housing Authority Waiting List to needing additional local funds to build affordable housing. A consistent theme relayed from all who attended the Public Forum was that **D.C. needs more housing affordability** across all incomes and that the city must support the full continuum of housing choices.

CONSUMER FOCUS GROUP

A Consumer Focus Group was held to augment the Public Forums and to learn more about the consumers of affordable and public housing and their need for related services. The small focus group allowed for more detailed questions to be posed which helped us understand the multifaceted

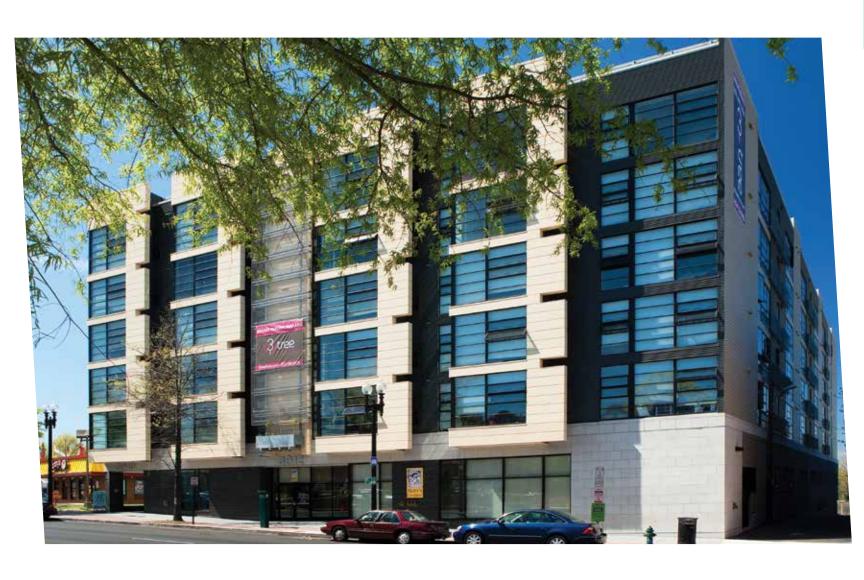
and complex challenges faced by D.C. families. The nine participants were between 18-54 in age with incomes between \$25,000-\$50,000. All participants were African American females who rented their homes. Over half of the participants worked and spent between 30-50% of their income for housing. Key themes arising from the group were 1) programs need to allow for a "cushion" in income because any increase in income causes an immediate decrease in assistance; 2) subsidy recipients need individualized services; 3) pregnancy/child birth are a major contributor to risk of homeless/need for affordable housing; 4) the participants have aspirations for higher employment; and 5) the lack of childcare is barrier to employment or higher employment. The Consumer Focus Group was a microcosm of the feedback generated during the Public Forums and helped develop the demand-side recommendations included in this report.

WEBSITE

All meeting materials (agendas, presentations, news articles, research, etc.) were chronicled on a website, www.taskforce2012.org, and made accessible to the general public.

REPORT

Bridges to Opportunity: A New Housing Strategy for D.C., includes 24 Action Items for implementation by the year 2020. In the following section of this report, the Action Items are defined by an issue to be addressed, best practice(s), a resolution, implementation step(s), and a time frame. The Action Items are in three categories: Policy, Administrative or Financial.





POLICY ACTION ITEMS

ACTION #1

Develop and update a Biennial Housing Strategy Report

BEST PRACTICE

In 2008, New York City Mayor Michael Bloomberg updated the city's housing strategy titled, The New Housing Marketplace, and recommended the production and preservation of 165,000 units by 2013. In 2006, the first D.C. Comprehensive Housing Strategy Task Force recommended the production and preservation of 19,000 net new affordable housing units by the year 2020.

RESOLUTION

The Task Force recommends updating this comprehensive housing strategy plan, every two years. The Biennial Housing Strategy Report should build upon the Consolidated Plan and Annual Action Plan regularly prepared by DHCD. The housing plan provides a needs assessment, a housing market

analysis, a 5 year strategic plan and one year action plan for the use of federal funds. Additional elements of the Biennial Housing Strategy Report may include data on the following to track the progress on the comprehensive housing strategy including:

- ^ Renter households with a severe housing burden (spending more than 50% of income on housing)
- ^ New households projected to have a severe housing burden
- ^ Individuals and families who are homeless
- ^ Extremely low income (0-30% AMI) households who lack affordable housing
- ^ Households living in affordable private and publicly supported housing that is at-risk of losing affordability (e.g. expiring Section 8 contracts)

- ^ First time homebuyers including tenants wanting to purchase
- ^ Income, education and skills advancement among housing subsidy recipients
- ^ Number of affordable housing units with expiring subsidies
- ^ Number of affordable housing units produced and preserved
- ^ Number of market rate housing units produced

IMPLEMENTATION STEPS

Identify Agency to develop the Biennial Housing Strategy Report and fund the planning process.

TIME FRAME

12-36 months

ACTION #2

Study the regulatory and policy aspects of affordable housing production and preservation

ISSUE

There are multiple local regulations and policies that impact affordable housing including: the Tenant Opportunity to Purchase Act (TOPA), District Opportunity to Purchase Act (DOPA), Rent Control, affordable homeownership covenants, disposition of city owned land, among other. Yet the effectiveness of these policies and impacts of regulations on the housing market and residents is largely anecdotal at best.

RESOLUTION

The Task Force recommends the further study of the District's statutory, regulatory and policy aspects of affordable housing production and preservation. The studies should: (i) determine the purpose of the applicable statutes, regulations and policy; (ii) gather data about how the programs have functioned; (iii) determine whether their implementation has accomplished their intended purposes; (iv) what are the consequences of the programs on the housing market's production, preservation and maintenance; (v) recommendations about what can be done to improve the programs and their positive outcomes or whether the programs should be discontinued. The study should analyze the following key housing programs, at a minimum:

- A. TOPA-Tenant Opportunity to Purchase Act
- B. Rent Control
- C. DOPA-District Opportunity to Purchase Act
- D. Inclusionary Zoning (IZ)
- E. Affordable homeownership covenants
- F. Disposition of District owned land policies

IMPLEMENTATION STEPS

Form a committee to analyze the data composed of public agencies, housing advocates, and housing providers, both non profit and for profit. Engage one or more consultants to examine the issues of TOPA (and DOPA), Rent Control and IZ and issue detailed recommendations. Establish protocols for data collection on all programs to ensure long term data and analysis will be available to properly evaluate all programs on an ongoing basis.

TIMEFRAME

Encourage green building techniques in new and existing housing developments

ISSUE

The Vision for a Sustainable D.C. is that in just one generation—20 years—the District of Columbia will be the healthiest, greenest and most livable city in the United States. To that end, encouraging Platinum and Silver LEED certification and compliance with the Enterprise Green Communities Standards will benefit all who live in our housing and our city.

RESOLUTION

The Task Force recommends that developers use green building techniques in housing developments.

IMPLEMENTATION STEPS

Market the Sustainable D.C. Host periodic seminars to provide technical information to developers regarding financing options, building materials and best practices.

TIMEFRAME

Next 12 months

ACTION #4

Identify areas along the streetcar routes and near transit hubs to encourage affordable housing

ISSUE

The District is implementing a new transit system that is anticipated to increase land values and impact the residential submarkets where located. The ability to leverage these investments to increase affordable housing in transit rich locations has not been explored.

RESOLUTION

The Task Force recommends that the District identify areas along streetcar routes and near transit to encourage affordable housing.

IMPLEMENTATION STEPS

The Office of Planning (OP) should continue to study publically owned land, zoning and other strategies to capitalize on the streetcar investment and to encourage affordable housing opportunities near transit.

TIMEFRAME

Encourage District funded housing developments to use good faith efforts to hire eligible and qualified Temporary Assistance to Needy Families (TANF)/ Food Stamps/Low Rent Supplement Program (LRSP) participants that reside in the respective housing development.

ISSUE

The ability of these participants to obtain good paying jobs is critical to the successful transition from many of these programs.

RESOLUTION

The Task Force recommends that housing developers receiving district funds use good faith efforts to hire qualified TANF/Food Stamps/LRSP participants within the housing development. Additional income will assist the individual/family move along the continuum of housing and provide the resident with more housing choices.

IMPLEMENTATION STEPS

Create a policy modeled after HUD's Section 3 Program (Section 3 Regulations at 24 CFR 135). Implement the policy by requiring the developer to sign a document whereby the developer agrees to use good faith efforts to hire eligible and qualified participants. Create and fund a program through a District agency or non-profit service provider to screen, qualify and monitor participants.

TIMEFRAME

12-36 months

ACTION #6

Align local and federal affordable housing covenants for homeownership and rental

ISSUE

Developers and owners of affordable housing units are confronted with inconsistent locally and federally required affordability covenants as well as resale restrictions. The covenants and/or restrictions vary depending on the source of funding, zoning, or nature of the public disposition. The variability of requirements adds uncertainty, time, and cost to affordable housing development and unduly restricts owners of affordable homeownership opportunities. For example current resale restrictions may have anywhere from a 15 year to a 99 year restriction on resale; some restrictions apply to the original buyer only— others to subsequent buyers as well; some are 'soft second' mortgages that are forgiven after 20 years; and others have balloon payments required.

RESOLUTION

The Task Force recommends, to the extent possible within the provisions of the applicable legislation, aligning local and federal affordable housing covenants.

IMPLEMENTATION STEPS

Catalog and describe all covenants; determine inconsistencies and where covenants do not align or are working against each, determine ones to be maintained and ones to be eliminated). Draft an omnibus affordable housing policy that aligns District and Federal affordability, resale restriction, and covenant requirements.

TIMEFRAME

12-36 months



ADMINISTRATIVE ACTION ITEMS

ACTION #1

Establish a Housing Investment Council (HIC) to implement the Bridges to Opportunity: A New Housing Strategy for the District and update the plan in 2 years, 2015

BEST PRACTICE

The District's Workforce Investment Council is a private sector led board responsible for advising the Mayor, Council, and District government on the development, implementation, and continuous improvement of an integrated and effective workforce investment system.

RESOLUTION

The Task Force recommends the establishment of a Housing Investment Council (HIC), reporting to the Mayor, to ensure the implementation of the comprehensive housing plan. The Housing Investment Council's charge will be to measure the success of the new policies and investments; provide for ongoing guidance and flexibility to address new market conditions; determine impact of the pilot programs; and

the ensure the long term commitment to the ideals set forth in this document. The HIC should be a representative subset of this Task Force with members from the executive and legislative branches of government, public agencies, private development community, nonprofit service providers/developers, financial intermediaries and residents. The HIC should be established with a minimum 2-year term to allow for the first Biennial Housing Strategy Report to be completed which should include the progress achieved on the immediate recommendations and an assessment of the pilot programs.

IMPLEMENTATION STEPS

Develop the membership list. Establish the Council via Mayor's Order and/or City Council legislation. Link the Housing Investment Council to the Workforce Investment Council.

TIMEFRAME

Support the One City Affordable Housing Data and Reporting System that will create a database of locally financed affordable housing units

BEST PRACTICE

More than 3 years ago, DHCD, DCHFA and DCHA collectively created www.dchousingsearch.org. DHCD served as the lead agency and managed the third party contract that created the website. DHCD currently administers the one stop website of available units/homes for sale and for rent. Similar to the multiple listing service (MLS) database, www.dchousingsearch. org allows public and private owners to view and update the listing regularly. Over 13,000 units are listed in the database and approximately 330,000 searches are performed annually. 37–41% of the units are occupied by people who found the units on www.dchousingsearch.org.

RESOLUTION

The Task Force recommends that the District develop a database of affordable housing units in the city that are

financed or supported by the District. The establishment of an affordable housing database will enable the District to quantify the number of affordable housing units created or preserved. In addition, the District can ensure its compliance with US Supreme Court's Olmstead v L.C., a decision that directs states to ensure people with disabilities receive services in the most inclusive settings. The database should be available to the public, including the greater development, nonprofit and resident community.

IMPLEMENTATION STEPS

Support the "One City Affordable Housing Data and Reporting Initiative", spearheaded by the Deputy Mayor for Planning and Economic Development (DMPED) and the Deputy Mayor for Health and Human Services (DMHHS).

TIMELINE

Next 12 months

ACTION #3

Streamline the permitting process for affordable and market rate housing projects

RESOLUTION

The Task Force recommends that the District utilize Projectdox to improve the overall permit process. It is essential for agencies involved in the permitting process to develop a common approach to encourage additional affordable housing development. In addition, the Task Force recommends the creation of a check list for developers to use to ensure their packages include the necessary documents and meet the requirements prior to submission. The checklist will help alleviate incomplete package submissions that delay projects' schedules.

IMPLEMENTATION STEPS

Support DCRA's and its sister agencies (District Department of the Environment (DDOE), DC Water and Sewer Authority (DC Water), District Department of Transportation (DDOT), Pepco) ongoing efforts to streamline and expedite the permitting process, specifically the use of Projectdox and development of a checklist for developers.

TIMELINE

Amend the building regulations to expedite the building permit process for affordable and market rate housing developments and waive fees for affordable housing developments

RESOLUTION

The Task Force recommends that the District amend the building regulations to expedite the permit process for affordable housing developments and waive fees for affordable housing developments. Waiving fees, easing lot restrictions and parking space requirements will help expedite the building permit issuance process and reduce development costs.

IMPLEMENTATION STEPS

Review building regulations and propose amendments. Approve amendments through regulatory and/or legislative approval processes.

TIMELINE

Next 12 months

ACTION #5

Create a website to serve as a one-stop for affordable housing finance information

ISSUE

Affordable housing development in the District is complex with multiple finance and regulatory layers. Currently, a developer/owner must visit a minimum of 10–12 websites to understand the city's affordable housing landscape. Each website explains an element of the development process but no one website explains the full development process. From how to access funds, to how to compete for land, to understanding the planning and zoning regulations, to learning the regulatory requirements, to requesting a tax-abatement, one must navigate the internet to understand D.C.'s affordable housing landscape. A one-stop website portal could provide easy access to critical real estate development information.

D.C. Tobacco Settlement Financing Corporation or Washington Convention and Sports Authority). General obligation bonds, mortgage revenue bonds, 501(c)(3) bonds, and other offerings are marketed via www.buyDCbonds.com. A bond purchaser may go to one site to find D.C. investment opportunities.

RESOLUTION

The Task Force recommends the development of a one-stop affordable housing finance website to serve as a portal for developers, such as www.affordablehousingdc.org.

IMPLEMENTATION STEPS

Procure a website consultant. Coordinate the content with the 10–12 Agencies involved with housing development.

BEST PRACTICE

D.C.'s one stop website to learn about the city's bond offering is a model to replicate. The website, www.buyDCbonds.com provides information pertaining to all bond offerings regardless of the issuer (City, D.C. Housing Finance Agency, D.C. WASA,

TIMEFRAME



Create a One Pitch Meeting to streamline initial support for new production or preservation projects

ISSUE

Currently, developers must present to each of the primary housing agencies individually—DHCD, DCHA, DCHFA and Deputy Mayor for Planning and Economic Development (DMPED) to request financing and "pitch" their project. Duplicative, redundant meetings and requests for information in differing formats or of different types can be inefficient and cause project delays.

RESOLUTION

The Task Force recommends the creation of a One Pitch Meeting to streamline the funding process.

IMPLEMENTATION STEPS

Agency Directors develop a memorandum of understanding (MOU) to memorialize the agreement and develop a shared approach for receiving the information required. Develop a marketing flyer to explain the new One Pitch approach to the development community. Hold a community meeting to explain the new One Pitch approach to the development community.

TIMING

Next 12 months

ACTION #7

Grant Delegated Underwriting Authority for DCHFA for DHCD gap funds

ISSUE

Currently, affordable housing deals are underwritten, at least two times when financed by multiple agencies. In most instances, the lion's share of the funding for the affordable housing projects will come from tax-exempt bonds and 4% Low Income Housing Tax Credits provided by DCHFA.

BEST PRACTICE

The concept of delegated underwriting is widespread in the housing finance industry. Many of the largest players including the Federal Housing Administration (FHA), the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Association (Freddie Mac) use the concept in some form. Delegated underwriting allows one entity to apply the underwriting guidelines of another, separate entity, as it makes decisions about the creditworthiness and debt capacity of a transaction. This reduces the redundancies in the underwriting process

resulting in a more efficient loan processing system. It also allows the borrower/developer to deal with a single point of contact for all underwriting decisions.

RESOLUTION

The Task Force recommends delegated underwriting authority for the DCHFA when debt funding is provided by DCHFA and gap financing is provided by DHCD. Delegated Underwriting Authority will streamline the present underwriting process for multifamily affordable housing deals and lead to an expedited processing of loans and increased unit output.

IMPLEMENTATION STEPS

Develop a MOU for Delegated Underwriting between DHCD and DCHFA.

TIMEFRAME

Develop a Data Sharing Solution to Assist the City and Nonprofit Providers identify Common Service Goals

ISSUE

Currently, each City agency or nonprofit organization that assists individuals maintains their own set of data and case management processes. Oftentimes people are involved in multiple programs that may be at cross purposes. For example any increase in income may be offset by an automatic increase in rent payments which prohibits the person from saving money, investing in education or other deployment of resources that can in the long term lead to greater self-sufficiency.

RESOLUTION

The Task Force recommends using technology to share data between agencies related to similar program participants. Sharing data will assist agencies provide quality individualized services and better serve the District's residents.

IMPLEMENTATION STEPS

Research information release forms used in other states on which to model D.C.'s information release form.

Research best practices in other states to learn the technology solutions available. Research applicable legal requirements, such as privacy requirements. Identify funding source to finance technology/database solution.

TIMEFRAME

Next 12 months

ACTION #9

Promote Existing Tax Expenditure Programs Dedicated to Housing

ISSUE

Over 30 District programs provide for partial relief of property taxes, deed recordation and transfer taxes, income taxes and federal income tax obligations and many of these programs are unknown to potential users. Tax relief programs for households, building owners and housing developers need to be more accessible to be effective. Programs designed to reduce the cost of housing for low income renters and homeowners—such as Schedule H property tax credit for renters—should be more widely promoted.

RESOLUTION

The Task Force recommends marketing and promotion of tax expenditure programs dedicated to housing. Increasing the utilization of effective programs will lower housing cost burdens for some residents in the District by providing residents with some tax relief.

IMPLEMENTATION STEPS

Examine and catalog all tax expenditure programs. Develop and organize an ongoing public education campaign.

TIMEFRAME

12-24 months

Modify DHCD's Qualified Allocation Plan (QAP) to give points to LIHTC projects that include wrap around/resident services and allow a services line item in the operating pro formas

RESOLUTION

The Task Force recommends that DHCD modify its Qualified Allocation Plan (QAP) for the 9% federal low income housing tax credits to give points for LIHTC projects that include wrap around/resident services and allow a services line item in the projects' operating pro formas. We believe that in order to promote economic viability and self-sufficiency, access to integrated, wrap-around resident services should be made available to all recipients of District and federally funded housing supports for families at 0% to 30% of AMI.

IMPLEMENTATION STEPS

Amend the QAP. Make revised QAP available for public comment. Finalize the revised QAP.

TIMEFRAME

12-24 months

ACTION #11

Host an annual resident services and housing development symposium to encourage collaboration

RESOLUTION

The Task Force recommends an annual resident services and housing development symposium to encourage continued collaboration. Attendees and presenters may include housing providers, service providers, tenants, lenders, advocates, government agencies and other private sector stakeholders. A symposium will allow for best practices, new approaches to service delivery and general information to be shared in an effort to improve service delivery.

IMPLEMENTATION STEPS

Identify a lead agency to coordinate and fund the symposium.

TIMEFRAME

12-24 months

FINANCIAL ACTION ITEMS

ACTION #1

Fully Utilize and Significantly
Increase Resources Devoted to
Existing Housing Programs including
Stabilization of Funding for the Housing
Production Trust Fund (HPTF)

ISSUE

There is a significant need for more funding for affordable housing, currently available funding falls short of meeting the minimum housing needs identified and is declining further due to a decrease in federal funds and cuts in local funding.

RESOLUTION

The Task Force recommends that the District fully utilize and significantly increase local and federal resources dedicated to housing including:

- ^ Appropriate dedicated revenue from the General Fund to establish a baseline funding for HPTF, plus an annual adjustment based upon Consumer Price Index (CPI)
- ^ Fund Local Rent Supplement Program from General Fund and not from HPTF

- ^ Move financing of New Communities Bonds to the District's Capital Improvement Program
- ^ Increase and fully utilize rent and operating subsidies essential for housing extremely low income (0-30% AMI) households, including making full use of DCHA's Annual Contributions Contract authority to develop additional public housing units
- ^ Fully utilize DCHFA tax exempt bonds (up to the bond cap) and 4% federal tax credits
- ^ Inventory and pursue repayment of housing loans and subsidies more aggressively

IMPLEMENTATION STEPS

Request additional local resources in the FY 2014 budget and beyond. Market and promote the existing programs to ensure full utilization.

TIMEFRAME

Next 12 months

ACTION #2

Create a Housing Innovation Fund

BEST PRACTICES

The Governors of Massachusetts, New York, Maryland and Connecticut recently committed new capital funds for affordable housing. Amounts ranging from \$25 million to \$1 billion will build and preserve tens of thousands units across New England and the Mid-Atlantic Region.

RESOLUTION

The Task Force proposes the creation of a new Housing Innovation Fund (HIF) to assist the city reach the goal of creating 10,000 net new affordable housing units by the year 2020, 10x20. The Housing Innovation Fund will provide immediate access to new resources and the fund will jumpstart housing production thereby increasing the supply of affordable housing units.

Possible uses of the fund include:

- A. Gap financing for shovel ready affordable housing projects.
- B. Bridge acquisition dollars to enable the timely acquisition of existing multifamily properties for the creation of preservation of affordable housing.

- C. Support the development and operation of permanent supportive housing and transitional housing by providing capital and operating funds.
- D. Purchase of existing rent control units or Inclusionary Zoning units that require affordable rents/sales prices from private owners by the city.
- E. Provide operating funds to owners of affordable housing units serving families at 30% AMI and below.

IMPLEMENTATION STEPS

Commit general fund revenue, borrow against future increased tax revenue projected from the population increase or borrow against future revenues by raising debt ceiling.

TIMEFRAME

Next 12 months



ACTION #3

Develop a Collaborative Initiative for Systems Change to support and coordinate on-going efforts to provide integrated, wrap-around or resident services, when affordable housing is funded by locally controlled funds

ISSUE

We believe that in order to promote economic viability and self-sufficiency, access to integrated, wrap-around resident services should be made available to all recipients of District and federally funded housing supports for families at 0% to 30% of AMI. Services may include: case management, soft and hard-skill job training, employment placement, literacy and adult education, budgeting and financial literacy training, savings and IDA accounts, daycare, early childhood and after-school programs, parenting and life skills training, and mental health services. The Task Force recognizes that despite these services, some District residents will need permanent or long-term housing subsidies especially including persons with disabilities and the elderly.

BEST PRACTICES

D.C. received seven HOPE VI awards from the U.S.

Department of Housing and Urban Development (HUD) and successfully implements a comprehensive approach to redevelopment of public housing locally. The specific elements of public housing transformation that have proven key to HOPE VI include:

- ^ Changing the physical shape of public housing
- Stablishing positive incentives for resident self-sufficiency and comprehensive services that empower residents
- ^ Lessening concentrations of poverty by placing public housing in nonpoverty neighborhoods and promoting mixed-income communities

^ Forging partnerships with other agencies, local governments, nonprofit organizations, and private developers and owners to leverage support and resources

Additionally, Purpose Built Communities in Atlanta is a nonprofit initiative dedicated to transforming communities—place and people—using a holistic approach. The elements of Purpose Built Communities include:

- ^ Replace concentrated poverty with mixed income housing
- ^ Implement a cradle-through-college education pipeline
- Provide top quality amenities and support services to create a healthy community
- ^ Create a strong lead organization to ensure transformative change

The redevelopment of East Lake Meadows in Atlanta, Georgia into the Villages at East Lake is an example of a Purpose Built Community.

RESOLUTION

The Task Force recommends the creation of a Collaborative Initiative for Systems Change to support the on-going efforts to provide wrap-around services.

IMPLEMENTATION STEPS

An immediate implementation step is to commit general funds to establish a demonstration project for 250 households, called the Collaborative Initiative for Systems Change.

TIMEFRAME

Next 12 months; Phase II 12-36 months

ACTION #4

Study the Feasibility of creating a District Low Income Housing Tax Credit (DC-LIHTC)

BEST PRACTICES

Sixteen other states have some form of a state Low Income Housing Tax Credit to supplement the federal Low Income Housing Tax Credits (LIHTC) or other local funding for the production and preservation of affordable housing. Based on existing State Tax Credit programs in states such as New York, North Carolina, Missouri, Georgia and Massachusetts, the program provides additional equity (typically an additional \$0.60—\$0.80 on the dollar of tax credit purchased) to fill gaps in affordable housing developments.

RESOLUTION

Study the Feasibility of creating a District Low Income Housing Tax Credit (DC-LIHTC). It is anticipated that a \$5 million investment could generate up to \$3–4 million of local tax credit equity, using \$0.60–0.80 on the dollar of tax credit purchased. DCHFA's tax exempt bonds and 4% federal Low Income Housing Tax Credits (LIHTC) are often coupled with other financing to produce and preserve approximately 1,000 affordable housing units (at 80% AMI and below) annually. Additional equity provided by the DC LIHTC will assist the city produce and preserve new units.

IMPLEMENTATION STEPS

Further research the programs in sixteen other states. Perform fiscal impact analysis. Draft the enabling legislation to create program. Phase II will fund the DC LIHTC program, if feasible.

TIMEFRAME

Next 12 months; Phase II 12-36 months

ACTION #5

Create a by right tax abatement program for affordable housing projects

ISSUE

Currently, affordable housing developments must request a tax-abatement from the Mayor or City Council. Subsequently, the Mayor, City Council and D.C. Chief Financial Officer evaluate the project's development plan, pro forma, and the fiscal impact to D.C. After the analysis is completed, the City Council will approve or disapprove the tax-abatement.

BEST PRACTICES

New York City has successfully created thousands of new affordable units (for sale and rental) using the NYC 421–a Affordable Housing Tax Incentive Program. The 421–a Program grants developers of affordable housing units (typically in mixed-income buildings) an exemption from all or a portion of real estate taxes for 20–35 years. In addition, Baltimore City, Maryland is considering a by right tax

abatement program for market rate housing development in seven neighborhoods, including downtown.

RESOLUTION

The Task Force recommends the creation of a by right tax abatement program for affordable housing projects.

IMPLEMENTATION STEPS

Research additional information on the New York City 421—a Program and Baltimore City's newly created, by right tax abatement program. Research the enabling legislation/executive authorization document, fiscal impact, program administration and marketing strategies for the program. Draft appropriate document to create by the program.



Ideas in Action

Paramount to the development of this report and the recommendations herein has been the guiding principal that each recommendation be actionable, resources identified and timeframe provided. This report has identified the timeframe for its recommendations with some to be commenced immediately, in the short term and mid-term to arrive at the 2020 deadline. To ensure the implementation of the strategies presented we recommend the creation of a Housing Investment Council (HIC) that will measure the success of the new policies and investments; provide ongoing guidance and flexibility to address new market conditions; determine the impact of the pilot programs; and ensure the long term commitment to the ideals set forth in this document.



HOUSING INVESTMENT COUNCIL (HIC)

The HIC will function as the implementation team and be provided oversight responsibilities for ensuring that the immediate, short and long term goals be met and report directly to the Mayor. The Task Force recommends the group be a representative subset of this Task Force with members from government agencies, private development community, nonprofit service providers/developers, financial intermediaries and residents. The Council should be established with a minimum 2-year term to allow for the first Bi-Annual Housing Report to be completed and initial measurement of immediate recommendations and pilot programs can be assessed.

THE FUTURE OF HOUSING IN D.C.

Once implemented, *Bridges to Opportunity: A New Housing Strategy for D.C.* will reduce the pressure on the supply and the demand sides of the affordable housing equation. Seeking equilibrium between supply and demand will create a more balanced and stronger affordable housing landscape in the District of Columbia.

We are experiencing extraordinary success across many sectors of the city. The District's healthy and growing tax base enables the city to fund necessary programs, services and affordable housing development. Additionally, the recent increase in market rate housing does not appear to have led to significant gentrification, by which we mean displacement of lower income residents. In fact, over the past two years of the city's population growth, the number of people filing income taxes has increased across all income levels citywide. Market rate housing starts are essential to the improving the city's continuum of housing as are public-private investments in affordable housing development.

Now is the moment to implement this comprehensive housing strategy. Now is the moment to create a city that welcomes all who wish to live, work and play in the District of Columbia.

Acknowledgements

AT LARGE MEMBERS OF THE WORKING GROUPS

Rethinking Local Funding—Ed Lazere and Jenny Reed, DC Fiscal Policy Institute and Gerry Widdicombe, Downtown Business Improvement District

Creating a Favorable Regulatory Environment—Marcie Cohen, Affordable Housing Advisor and Resident

Increasing Collaboration Among Housing Developers, Service Providers, Job Training Programs and Educational Institutions— Pamela Lyons, Community Preservation and Development Corporation

Creating New Tools for Housing Development—Chris LoPiano , Community Preservation and Development Corporation

Roles and Functions of D.C. Housing Agencies—Senthil Sankaran, Deputy Mayor for Planning and Economic Development

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