



Entry Form 2018 Annual Awards for Program Excellence

Entry Deadline: Friday, June 15, 2018, Midnight ET

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email awards@ncsha.org.**

Entry Title: Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

Building Housing Affordable to Washington, D.C.'s Workforce – Housing Investment Platform

Category: Homeownership

Subcategory: Encouraging New Production

Entry Summary: A 15-word (max) summary of the program, project, or practice you are entering.

Private and public partnership model builds affordable housing homeownership community and economic opportunities in Washington, D.C.

HFA: DC Housing Finance Agency

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Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF? Yes No

Payment:

- My HFA is mailing a check to NCSHA.
- My HFA is emailing the credit card authorization form to awards@ncsha.org.

**DC Housing Finance Agency
Building Housing Affordable to Washington, D.C.'s Workforce – Housing Investment Platform
Homeownership – Encouraging New Production**



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Entry Summary

Private and public partnership model builds affordable housing homeownership community and economic opportunities in Washington, D.C.

INTRODUCTION

Washington, D.C. is in the midst of an economic and development renaissance that is transforming what was once solely considered a government town into a thriving urban city with a growing and diverse economy and population. Real estate developments in the District are attracting international capital and the city is viewed as one of the most attractive for corporations due to the high skilled labor force. After decades of a declining population, the D.C.'s population has surpassed 700,000 for the first time since the 1970s. The strong interest in the city has produced a historic real estate boom in which the norm has become houses sold within days (the average in April 2018 was eight days) of coming on the market, receiving multiple offers and selling at recording setting prices. New residents have enriched the local economy and culture; however, the rapidly changing real estate market has made it difficult for the District to retain a middle class.

NEED

Washington, D.C.'s resurgence has put immense pressure on the local housing market and shifted it to a perpetual seller's market. The supply of homes for sale in the city is at historic lows with the number of active listings falling 3.2 percent in April 2018 in D.C. These factors further drive the competition for homes on the market as well as the price of these homes. Members of the city's workforce that are interested in homeownership are being priced out of

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the market. Many of these people seek the stability of homeownership and the predictability of a fixed monthly mortgage payment over ever increasing rents that are already out of their reach; but whose incomes exceed the limits to qualify for affordable rental housing.

The agency identified a need for homes affordable to the city's workforce and expanded its mission to support the District's housing market by developing a platform for housing innovation beyond traditional bonds and tax credits. In June 2017, DCHFA established the Housing Investment Platform (HIP), a community development fund focused solely on innovative solutions to address the District's evolving housing needs.

DCHFA LAUNCHES NEW PROGRAM

The first innovative initiative under HIP was the creation of a Single Family Investment Fund to provide joint venture capital to emerging developers for the creation of for-sale workforce housing. DCHFA through HIP is directly co-investing equity capital that commands a required rate of return that is lower than traditional private capital into development projects that produce workforce housing for middle class families in the District. An investment from HIP significantly reduces the amount of capital the developer needs to contribute to a single project, allowing the developer to leverage capital across multiple projects and thus produce more affordable workforce housing units. For some projects, the new housing units will be sold at an effective sales price that is below the market price for that neighborhood due to the sales price restrictions imposed by the use of DCHFA HIP capital; however, the developer earns near

a market return resulting from the structure of the cash flow waterfall between DCHFA HIP and the developer partner. In order to protect the home values of the existing neighbors as well as guard against the purchase of the newly built home by house flippers, DCHFA takes back a subordinate shared equity mortgage note sized based on the difference between the purchase price and market value, which burns off over a five year period. In addition, the program fosters neighborhood stabilization, increasing the tax base, growth opportunity for the District's small emerging developer community who offers employment opportunities through the construction of homes and the requirement that a portion of the trades be awarded to local subcontractors.

In August 2017, DCHFA celebrated the groundbreaking of the first HIP investment, Elvans Road Townhomes, five - three bedroom, three bathroom newly constructed townhomes in the Anacostia neighborhood of Washington D.C. The HIP investment in Elvans Road will allow five families to purchase high-quality housing in a rapidly transitioning neighborhood at \$50,000 below current market prices. The Elvans Road townhouse units target homebuyers that earn 80 percent of median family income (MFI) or below. DCHFAs Housing Investment Platform is the type of innovative approach that is needed to create more affordable housing throughout

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D.C. The investment in Elvans Road Townhomes will put homeownership in reach for more Washingtonians, create new job opportunities, and put more residents on pathways to the middle class,” stated Washington, D.C.’s Mayor Muriel Bowser regarding the launch of HIP.

The Elvans Road Townhomes project was developed in partnership with H2 Development, a small emerging, local developer that traditionally focuses on the very high-end housing market. The partnership helped H2 to diversify its business. The workforce housing segment of the market has benefited from H2’s involvement as H2 incorporates some of its high end design features into middle income products in an economically feasible manner.

DCHFA’s COMMITMENT

DCHFA’s HIP is an extension of DCHFA’s mission of stimulating and providing expanded homeownership opportunities in Washington, D.C. The Agency created the position Director of Housing Investments to focus solely on the development and manage the Housing Investment Platform. In March 2017, Christopher Miller joined the DCHFA as the Agency’s first Director of Housing Investments. The Director of Housing Investments is responsible for DCHFA’s strategic initiatives to innovate and market investments that expand housing opportunities in the District. Miller answered this charge, by developing the Housing Investment Platform (HIP) within the first three months of his tenure at DCHFA. In less than a year, HIP’s first project is nearing completion and there are three additional projects in pre-development that will produce 27 newly constructed homes as well as a robust pipeline of other potential projects in the District. In December 2017, Mayor Bowser launched Vacant to Vibrant, a five-point initiative to transform the balance of the District’s city owned property inventory into vibrant and productive solutions, such as workforce housing, creative green space, and to spur economic development. Miller served as DCHFA’s representative on the multi-agency team that developed and are implementing the strategies of the Vacant to Vibrant initiative. HIP was named the third action in the mayor’s five point plan and will partner with developers to turn two vacant sites into additional workforce housing.

BEYOND HOUSING

HIP supports the District’s economic plan through affordable housing development and preservation, seek to retain talent and empower residents, improve access to capital and funding opportunities and increase the City’s tax base. Investments have as their priority achieving significant social and economic returns. In exchange for reduced cost of capital, HIP requires developers to compromise on sales prices and support local capacity building by contracting with small businesses to develop homeownership opportunities that are affordable to the middle class in the District. HIP supports the growth of local small businesses and increases demand for local construction labor. Along with addressing the issue of housing affordability the Housing Investment Platform seeks to promote neighborhood wellbeing by stabilizing distressed and transitioning communities.

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HIP

Housing Investment Platform

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY



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