



# Housing Production Trust Fund Advisory Board

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Department of Housing and Community Development  
February 29, 2024

# Agenda

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WELCOME & Roll Call

Susanne Slater, Chairperson

ADOPTION

Prior Meeting Minutes

REMARKS FROM THE DIRECTOR

Colleen C. Green, Director

LEGISLATIVE UPDATE

Valerie Piper, Housing Development Advisor

*Staff recommendation: Move legislative updates to bi-monthly cadence, except for time-sensitive matters*

HPTF UPDATE:

Joe Knackstedt, Manager, DFD

DISCUSSION:

Land partnerships (purchase/lease-backs)

ANNOUNCEMENTS AND UPCOMING EVENTS



- What we heard at DHCD's Performance Oversight hearing related to HPTF
  - Eager to get your Board colleagues confirmed, and we are happy to say that process is moving, with candidates for all seats now in the formal interview process (assuming we have a candidate for the tenant seat).
  - Continued concern over production of 30% MFI units:
    - Growing understanding of how HPTF layers with other sources of funds to enable production across the income spectrum.
    - We are hoping this leads to understanding of our suggestion that the number of units be the unit of measure for production at the different income tiers, rather than dollars expended.
- Concern over production in Rock Creek West and other high-opportunity areas
  - Understanding that the high cost to acquire property, before any proposal for gap financing can be made, is a major barrier to placing more affordable housing in these areas.
  - Current tools that are funded and available:
    - Housing Preservation Fund for existing, occupied residential properties where current tenants are low-income
    - SAFI funding allocated but needs to revolve before funds become available for new projects
    - Land partnerships (11 of 54 – 20% -- applicants proposed them under the last RFP) – could this be offered earlier?
  - Interest in new tools that can address this issue:
    - Separate fund proposed for land partnerships at the acquisition stage – not funded
    - Proposals for a subsidized acquisition fund that can assist with commercial conversions
    - Montgomery County program that uses public funds for interest payments on bond proceeds for construction equity
    - We'll have some discussion about these tools later in this meeting

- Recognition of some key preservation realities:
  - Smaller properties is harder to close due to fixed costs of affordable housing finance.
  - Preservation of any size property is challenged by new energy standards.
  - Costs for operations have gone way up and more and more properties are struggling with cash flow issues.
- We talked a bit about the Ridgecrest Phase II project, which used 501-c-3 (IRB) bonds plus an environmental grant instead of tax credits.
- We hope more of this type of approach will become available as rebate programs under the Inflation Reduction Act roll out.
- We'll be providing information on all of these challenges, and approaches we are exploring, in these HPTF Advisory Board meetings.
- We look forward to your ideas and public comment to help us make the most of the resources we have.

# Legislative update



Name/Number	Description	Notes
<p>Green Building Requirements Amendment Act of 2024</p>	<p>Amends the Green Building Act of 2006 to repeal the requirement that residential projects that are District-owned or District instrumentality-owned, or where at least 15% of the total cost is District-financed or District instrumentality-financed, “maintain net zero energy compliance. Has the effect of imposing this requirement on affordable housing at the same time as other residential projects, when building code changes are enacted in 2026.</p>	<p>Submitted by the Mayor to District Council on February 14, 2024</p>
<p>Housing in Downtown Tax Abatement Technical Amendment Emergency Declaration Resolution of 2024, PR 25-602, Housing in Downtown Tax Abatement Technical Amendment Emergency Act of 2024, Bill 25-656, Housing in Downtown Tax Abatement Technical Amendment Temporary Act of 2024, Bill 25-657</p>	<p>Supports the revitalization of downtown DC. Specifically, the bill will amend the law authorizing tax abatements for housing in downtown by: authorizing the abatements to be awarded through a competitive process, extending the timeframe for applicants to obtain certificates of occupancy, and requiring that the Tenant Opportunity to Purchase Act exemption be recorded in the covenants required to receive the tax abatement. These small but critical amendments are necessary to successfully implement the abatement program and advance our shared goal of re-energizing downtown DC and advancing our comeback plan.</p>	<p>Resolution Approved, Emergency Act- Enacted (expires May 1, 2024), Temp Amendment- under Mayoral Review (responses were due Feb 27, 2024)</p>



# Legislative update



Name/Number	Description	Notes
Proactive Inspection Program Act of 2023, Bill 25-0048 **	Requires the DC Department of Buildings to set up a Proactive Inspection Program to: 1) proactively identify and address housing code violations in the District’s multifamily rental housing properties; 2) ensure significant compliance with the housing code in multifamily rental housing properties; and 3) preserve and enhance the quality of life for District residents.	Enacted without Mayors Signature as Act 25-0389- Under Congressional Review (projected law date is April 12, 2024)
Housing Subsidy Contract Stabilization Amendment Act of 2023, Bill 25-0282	It exempts Long-Term Subsidy Contract (LTSC) (between DCHA and building owners participating in the Local Rent Supplement Program) renewals and extensions from procurement competition requirements and changes the maximum term for new LTSCs from 15 years to 20 years.	Under Mayoral Review, Response Due on Mar 1, 2024
Fairness in Renting Notice Clarification Temporary Amendment Act of 2024, Bill 25-627**	Section 2(e) of the Fairness in Renting Clarification Amendment Act of 2023, which became effective November 28, 2023, changed the minimum notice requirement for rent increases from 30 days to 60 calendar days. This emergency legislation clarifies that for notices provided before January 1, 2024, the requirement will continue to be 30 days.	Final Reading Approved/ Enacted as Act A25-0381 (transmitted to congress, projected law date is April 12, 2024).
Home Purchase Assistance Program Protection Temporary Amendment Act of 2023, Bill 25-629**	DHCD recently limited HPAP loans to 30% of the purchase price of the property and not more than the first trust mortgage. The proposals provide that any applicant who received a notice of eligibility for the program before 10/11/23, and has not already received a loan, shall be eligible for loans that exceed 30% of the purchase price or the amount of the first trust mortgage.	Temporary Amendment Act Enacted as Act A25-0382 (transmitted to congress, projected law date is April 12, 2024).

# Discussion: Land Partnerships (sale/lease-back) structures

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- What we have done so far:
  - Research on practice in other jurisdictions as we consider using this in different situations
  - Provision for separate Land Partnerships Fund proposed for FY24 Budget Support Act
  - Belmont Crossing Phase I
  - Made option available in 2023 Consolidated RFP – 20% of applicants requested it
  - Using HPTF to purchase land in these situations, reduces or eliminates need for HPTF financing for construction
  - Pros:
    - Makes up-front investment in permanent asset: the land
    - Similar to and can work with community land trusts
    - Non-debt source of funding in capital stack
    - Reduces total cost of building development or rehabilitation in the future
    - Conserves Tax Exempt Bond Cap by reducing Aggregate Basis, so we can fund more projects
  - Cons:
    - Not attractive for every developer or lender (for new projects it's an opportunity, not a requirement)
    - Requires specialized legal and asset management work from DCHD (incremental addition to current capacity)
    - Under current authorities, requires two approval processes (acquisition and disposition by ground lease)
    - Current land trust models less attractive to homebuyers > 80% MFI due to resale restrictions (makes ground lease structure less useful for mixed income homeownership development)



# Discussion: Land Partnerships (sale/lease-back) structures

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- How land partnerships could help with acquisitions in high-opportunity areas:
  - Commitment for purchase/lease-back could help developers secure acquisition funding
  - Reduce carrying costs and risk when District purchases property
  - Considered use with DOPA in high opportunity areas from which we are not seeing as many proposals
  - No funding has yet been available for use at the initial acquisition stage
  - Ideally, we would:
    - Streamline/combine approvals for acquisition and disposition to support competitive acquisitions speed
    - Make affordability requirements relatively flexible for ground leases, with specific mix determined by permanent financing
- Discussion
  - Advisory Board members
  - General participants





# Events and Announcements

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- DHCD Performance Oversight Hearing: February 15
- DCHA Performance Oversight Hearing: February 22
- DCHFA Performance Oversight Hearing: *ONGOING NOW:*  
February 29
- Healthy Homes Fair  
[www.healthyhomesfair.org](http://www.healthyhomesfair.org) April 6
- 4% LIHTC application window: April 15
  - Projects without gap financing applying to DCHFA for bonds in July.
- Next RFP: July 2024
  - DHCD funding will be awarded (9% LIHTC, HPTF, LRSP, Etc.)
  - Projects applying for 4% LIHTC/Tax-Exempt Bonds can submit for an evaluation score.
  - No determination at this time if DHCD funds can be combined with 4% LIHTC/Tax-Exempt Bonds.
  - Projects take scores from DHCD RFP to DCHFA for entry to bond allocation process.



# REMINDER: HPTF Advisory Board meeting schedule for 2024



## All meetings 12:30-2:00pm EST:

February 1	July 25
February 29	August 29
March 28	September 26
April 25	October 31
May 30	November 21
June 27	December 19

### Zoom Meeting information:

- <https://dc.gov.zoom.us/j/81267353532?pwd=OTdjamtSelJEdGNTb2ZtZEV2UEM5QT09>
- Meeting ID: 812 6735 3532
- Passcode: 192054
- One tap mobile
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  - +13052241968,,81267353532#,,,,\*192054# US

