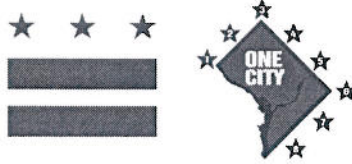


GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT



Office of the Director

DECISION MEMORANDUM

To: Michael P. Kelly, Director
Thru: Jessica Haynes-Franklin, Chief of Staff
Thru: Robert Trent, Chief Administrative Officer
Thru: Vonda Orders, General Counsel
From: Anna Shapiro, Housing Regulations Specialist
Re: Proposed ADU covenant for Phase 2 at Villages at Dakota Crossing
Date: July 17, 2013

To the right is the proposed register notice to give public notice of the ADU Affordability Analysis and policy. The notice includes the statement about the nominal increase in the sales price (\$5,000) as requested by senior staff.

Please sign if you approve and/or provide comments to improve it.

Approve _____ Deny _____

Michael P. Kelly

Date

Comments: _____

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

NOTICE OF AFFORDABLE DWELLING UNIT AFFORDABILITY ANALYSIS REQUEST

The Department of Housing and Community Development (DHCD), pursuant to the authority granted by Mayor's Order 2009-112 to monitor and enforce compliance with requirements to provide or maintain Affordable Dwelling Units (ADUs) in the District of Columbia, hereby gives notice that DHCD will intake requests to review the affordability of current ADUs. ADUs are for-sale and for-rent homes that are locally restricted and set-aside for occupancy by households whose income falls within a certain range and are generally offered at a below-market rate. ADUs do not include developments solely funded through the District's Housing Production Trust Fund (HPTF) or homes that are federally restricted through programs such as Home Investment Partnerships Act (HOME), Low-Income Housing Tax Credits (LIHTC), and the Community Development Block Grant (CDBG).

The purpose of this analysis is to determine whether the subject ADU is considered an "Unaffordable ADU" under the current policies and procedures of the ADU program. If an ADU is considered to be an Unaffordable ADU, then DHCD may adjust the area median income (AMI) of prospective purchasers eligible to purchase the ADU while maintaining the maximum resale price. DHCD may take other actions as appropriate within its delegated authority.

An ADU is considered an unaffordable ADU when a household – at the benchmark income and size for the unit's designated AMI level and unit type¹ – spends more than thirty-six percent (36%) of its monthly income on monthly mortgage payments and associated homeownership expenses (i.e. condominium fees).

ADU owners may request an affordability analysis using the form on the following page. All requests should be submitted to DHCD by mail at the following address: Department of Housing and Community Development; Housing Regulation Administration, Affordable Dwelling Unit Monitoring; 1800 Martin Luther King Jr. Avenue; Washington, DC 20020.

Once DHCD receives a completed request form, it will conduct an analysis of the ADU's affordability and will endeavor to respond to the requesting ADU owner within 20 days. (Please note that the response time may be longer or shorter depending on the volume of requests.) If the ADU is determined to be an Unaffordable ADU, then DHCD will provide the ADU Owner with a covenant amendment for signature and recording. Any change to the affordability level of an ADU will not take effect unless and until an amendment to the ADU Covenant is recorded. If an ADU is determined to be Unaffordable and a change is made to the affordability level of that ADU, then the ADU owner will also be entitled to a \$5,000 increase in their maximum resale price.

For more information regarding Affordable Dwelling Units, go to www.dhcd.dc.gov, or contact the Housing Regulation Administration at (202) 442-9505. For information on DHCD's other affordable housing programs and services go to www.dhcd.dc.gov or call (202) 442-7200.

The District's Affordable Housing Locator lists affordable housing, including Affordable Dwelling Units, and is accessible at www.dchousingsearch.org.

¹ To determine benchmark income, multiply the four-person AMI published by the U.S. Department of Housing and Urban Development by 0.7 for one person, 0.8 for two people, 0.9 for three people, 1.1 for five people and 1.2 for six people, and so on. The benchmark household size per unit type is: one person for a studio, two people, for a one bedroom, three people for two bedrooms, and five people for three bedrooms.



Instructions for **ADU Affordability Analysis Request**

Purpose

The purpose of this form is for an owner of an Affordable Dwelling Unit (ADU) to request that the Department of Housing and Community Development (DHCD) determine whether the subject ADU is considered an “Unaffordable ADU” under the current policies and procedures of the Affordable Dwelling Unit program. If an ADU is determined to be an Unaffordable ADU, then DHCD may adjust the area median income (AMI) of prospective purchasers eligible to purchase the ADU while maintaining the maximum resale price, or take other actions as appropriate within its delegated authority.

Unaffordable ADU definition

If the monthly housing cost of an ADU, including actual condominium fees and DHCD designated program assumptions for estimated mortgage payments, taxes, and insurance, require a household at the benchmark income and size for the unit’s designated AMI level and unit type¹ to spend more than thirty-six percent (36%) of its income on housing cost based on the then-current maximum resale price of the ADU, then the ADU may be considered an ‘Unaffordable ADU’.

Where to submit

Waiver requests should be mailed or hand delivered to the following address:

Department of Housing and Community Development
Attn: Affordable Dwelling Unit Administration
District of Columbia Government
1800 Martin Luther King Jr. Avenue, SE, 2nd Floor
Washington, D.C. 20020

Next Steps

Once DHCD receives a completed request form, it will conduct an analysis of the ADU’s affordability and endeavor to provide a response to the requesting ADU owner within 20 days (please note that the response time may be longer or shorter depending on the volume of requests). If the ADU is determined to be an Unaffordable ADU, then DHCD will provide the ADU Owner with a covenant amendment for signature and recording. Any change to the affordability level of an ADU will not be effective unless and until an amendment is recorded to the ADU Covenant.

Questions

Contact the Department of Housing and Community Development at (202) 442-9505 regarding questions related to the Affordable Dwelling Unit Program.

¹ To determine benchmark income, multiply the 4-person AMI published by HUD by 0.7 for one person, 0.8 for two persons, 0.9 for three persons, 1.1 for five person, 1.2 for six persons, and so on. The benchmark household size per unit type is: one person for a studio, two persons for a one bedroom, three persons for two bedrooms, five persons for three bedrooms.



ADU Affordability Analysis Request

Purpose

By submitting this Affordable Dwelling Unit (ADU) Affordability Analysis Request form, the owner of the herein referenced ADU requests that the Department of Housing and Community Development (DHCD) determine if the subject ADU is an Unaffordable ADU and take appropriate action. After receiving this form, DHCD shall review the affordability of the ADU based on what a household at the benchmark income and size can afford, by applying the pricing assumptions based on current ADU policies and procedures.

Owner Information

Affordable Dwelling Unit Owner(s):

Name(s) of ADU Owner(s)

Phone: ()

Email Address:

Alt. Phone: ()

Alt. Email Address:

Affordable Dwelling Unit Information:

Property Name

Street Address

Unit #

Washington

DC

City

State

ZIP Code

Property Information

Number of Bedrooms: _____

What was the price for which you originally purchased your ADU? (please attached a copy of the HUD-1)
\$ _____

Did your household receive down payment assistance from HPAP/EAHP when you purchased the ADU?

☐ Yes ☐ No

Is your household currently occupying the ADU as its principal residence?

☐ Yes ☐ No

Do you intend to sell your ADU within the next two years?

☐ Yes ☐ No

If yes, when do you plan to begin marketing the ADU for sale? _____

Do you intend to rent your ADU? (if permitted by the covenant restrictions)

☐ Yes ☐ No

If you intend to rent the ADU, what are your current monthly payments? \$ _____

Condominium Information

Condominium Association Point of Contact:

Name

Title

Phone

E-mail

Condominium Fee History: Please provide the monthly condominium fee from the date you purchased the ADU through the present, noting the effective date of each increase. You do not need to include any special assessments.

Date	Monthly Condo Fee	Date	Monthly Condo Fee
<i>Example: 05/09/13</i>	<i>\$300</i>		

Owner Certification

I certify that the information I provided in this Unaffordable ADU Affordability Analysis Request is correct to the best of my knowledge. I acknowledge that DHCD may rely on this information as true and complete. I further acknowledge that I will provide any relevant documentation requested by DHCD to support my request. I understand that any false statements contained in this Unaffordable ADU Affordability Analysis Request shall be punishable by criminal penalties.

Signature of Owner:

Date:

Print Name:

Signature of Owner:

Date:

Print Name:

FOR AGENCY USE

Current maximum resale price of ADU: \$ _____

Current maximum resale price makes the unit an Unaffordable ADU: ☐ Yes ☐ No

If an Unaffordable ADU, the AMI of the unit shall be adjusted to ____ % AMI

If principal residency is required, may the owner now rent the Unaffordable ADU: ☐ Yes ☐ No

Current maximum rent is \$ _____ to a qualified renter as determined by DHCD.

Covenant to be amended? ☐ Yes ☐ No

DHCD Official: Printed Name and Title

Signature

Date