

Roundtable on the Housing Production Trust Fund

November 9, 2021

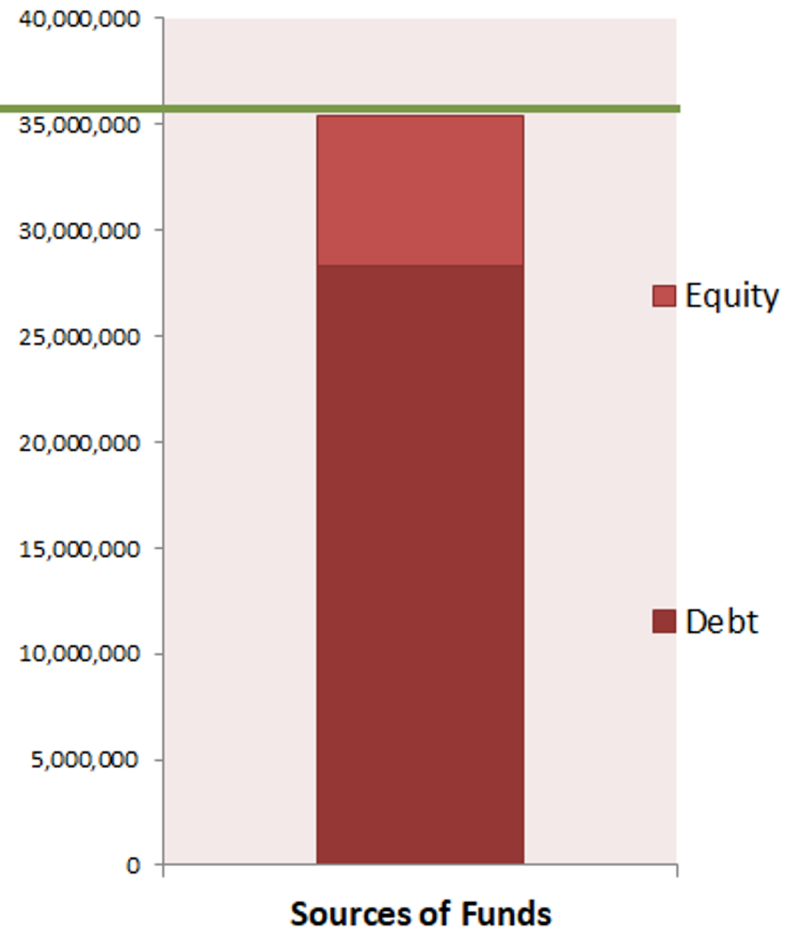
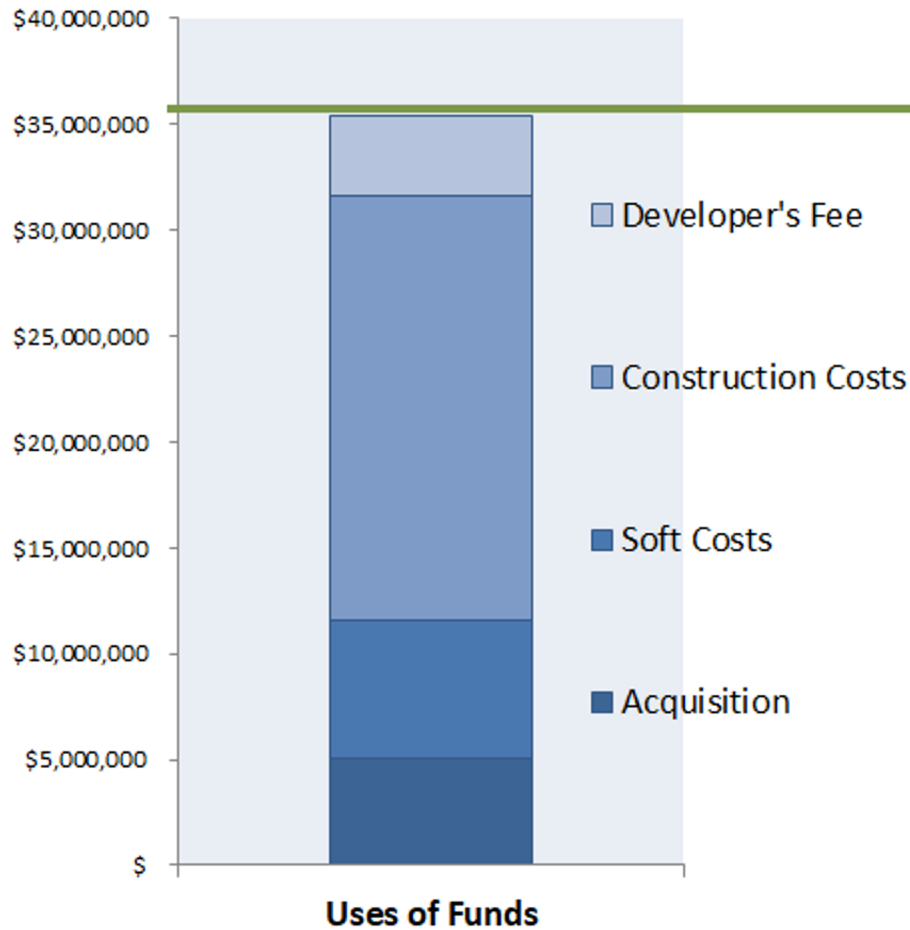
Drew Hubbard

Interim Director

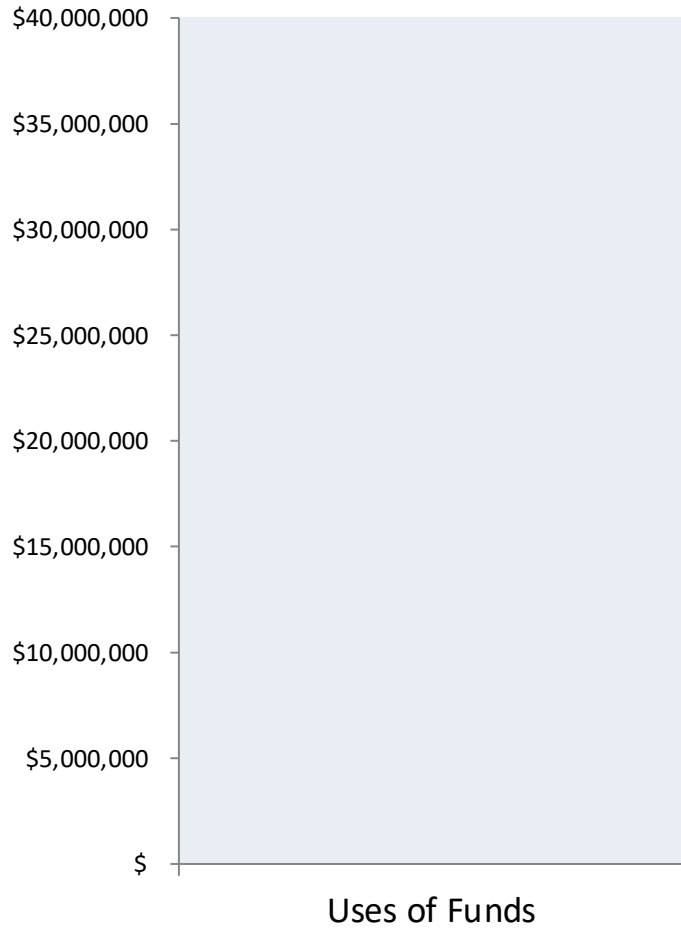
DC Department of Housing and Community Development

Affordable Housing Finance Overview

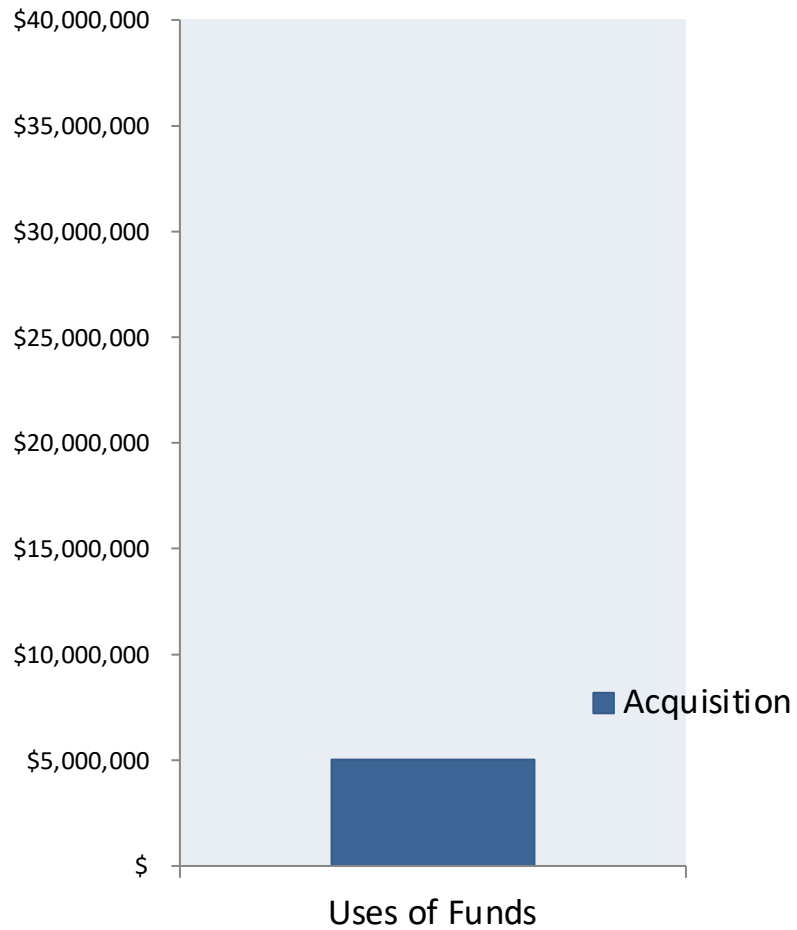
Market Rate Housing Project



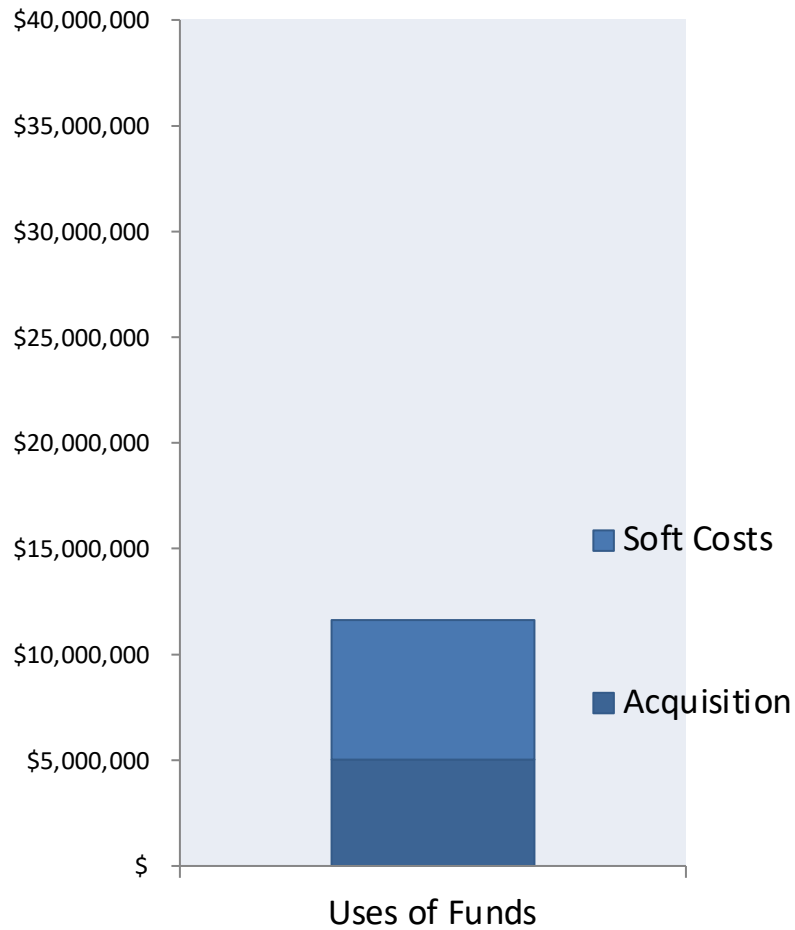
Affordable Housing Finance Overview



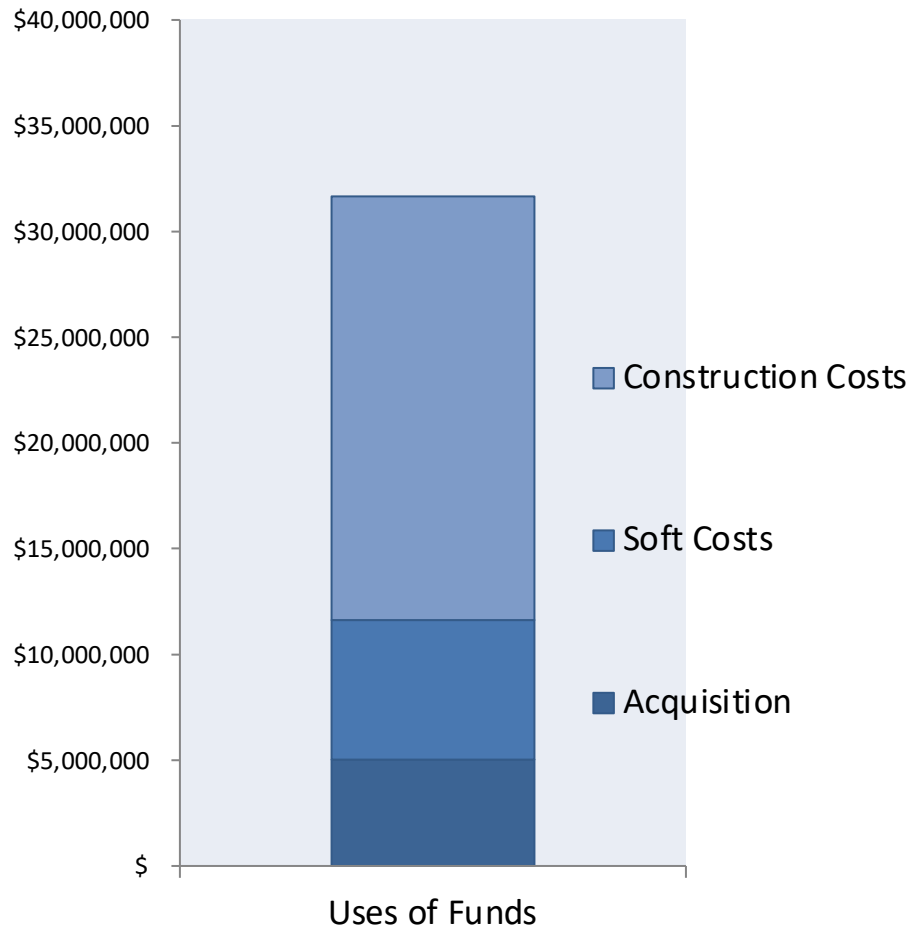
Site Acquisition



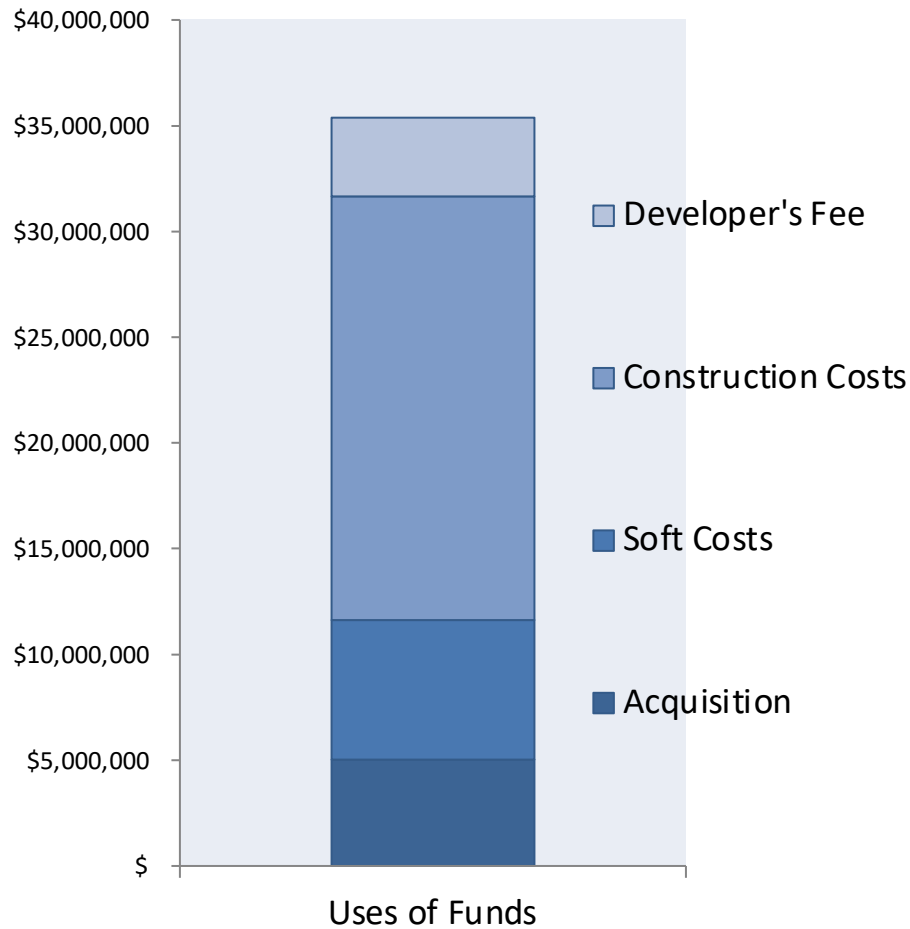
+ Soft Costs



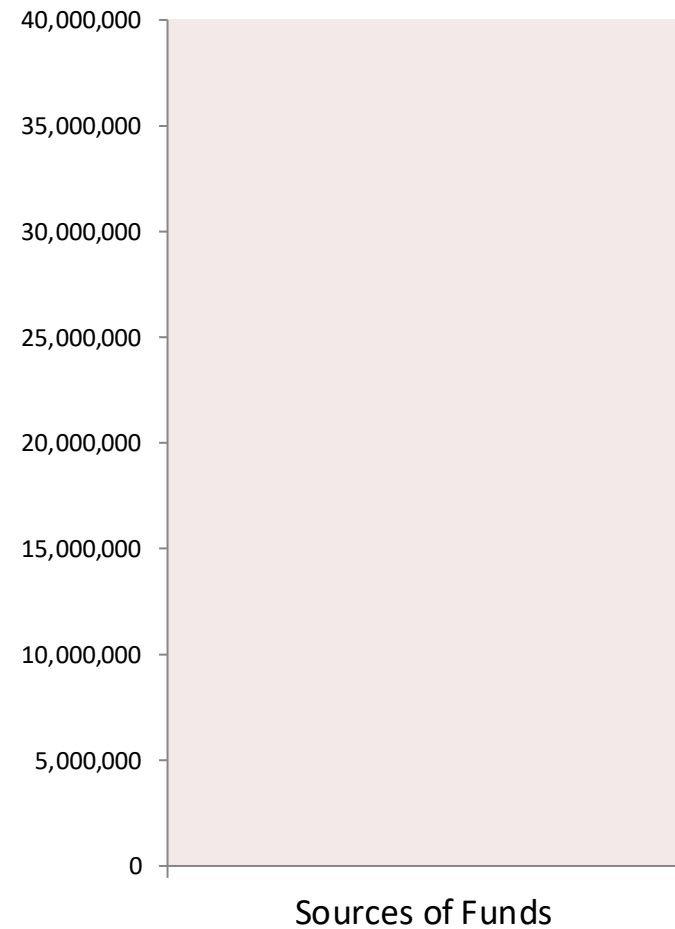
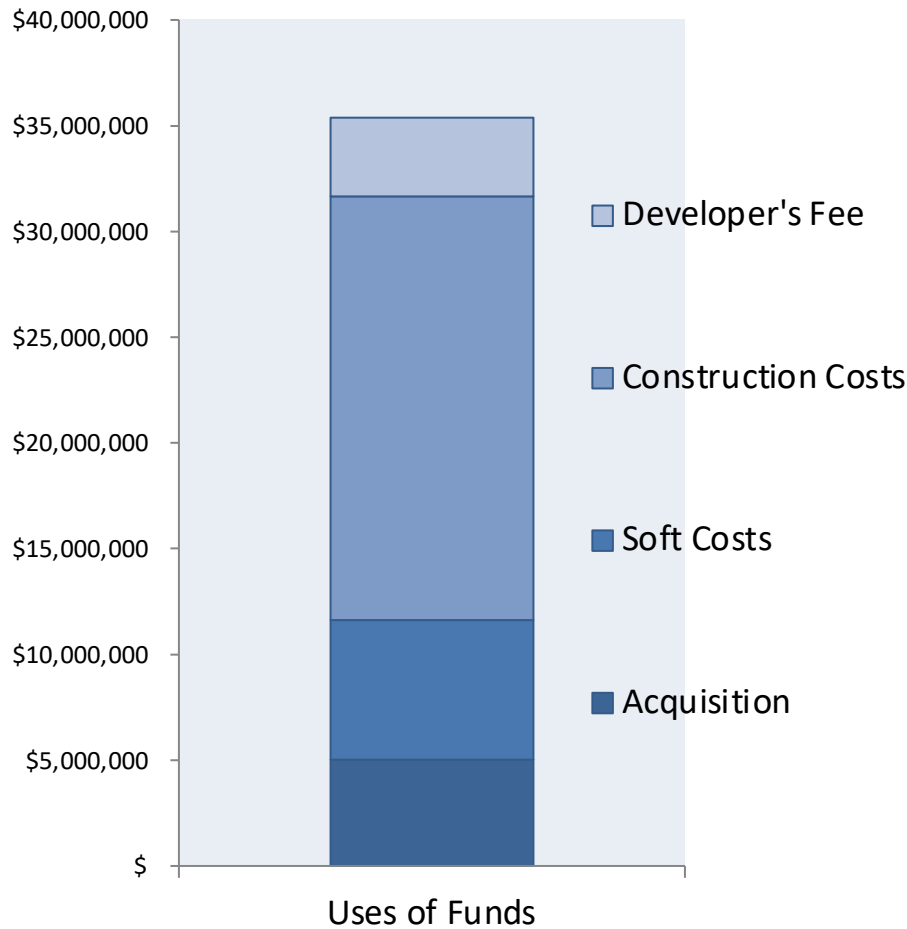
+ Construction Costs



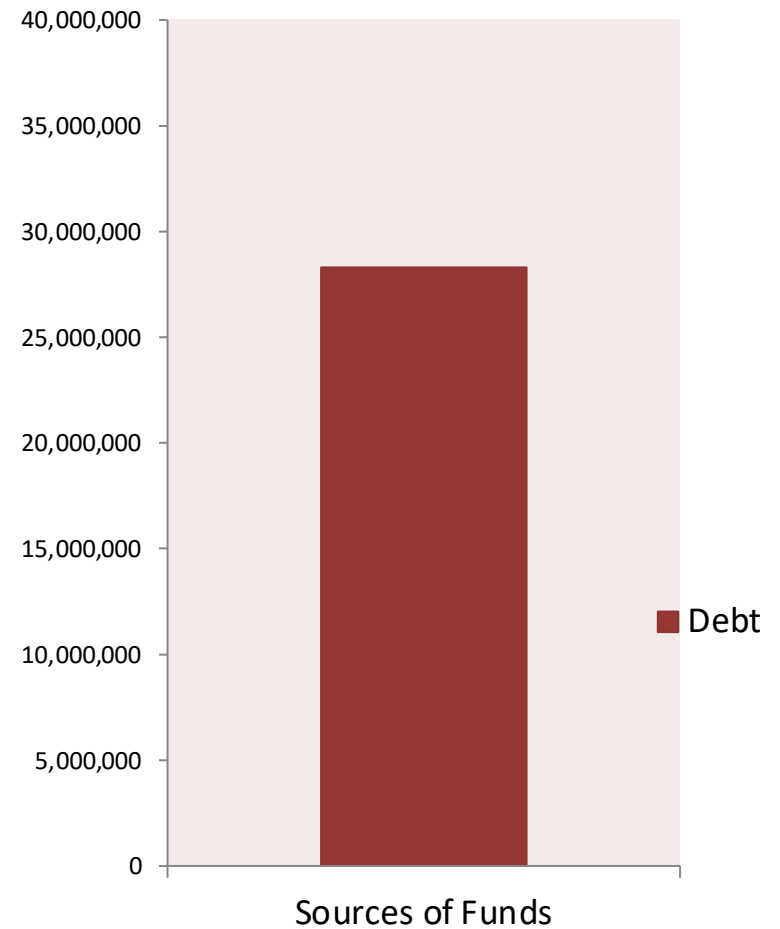
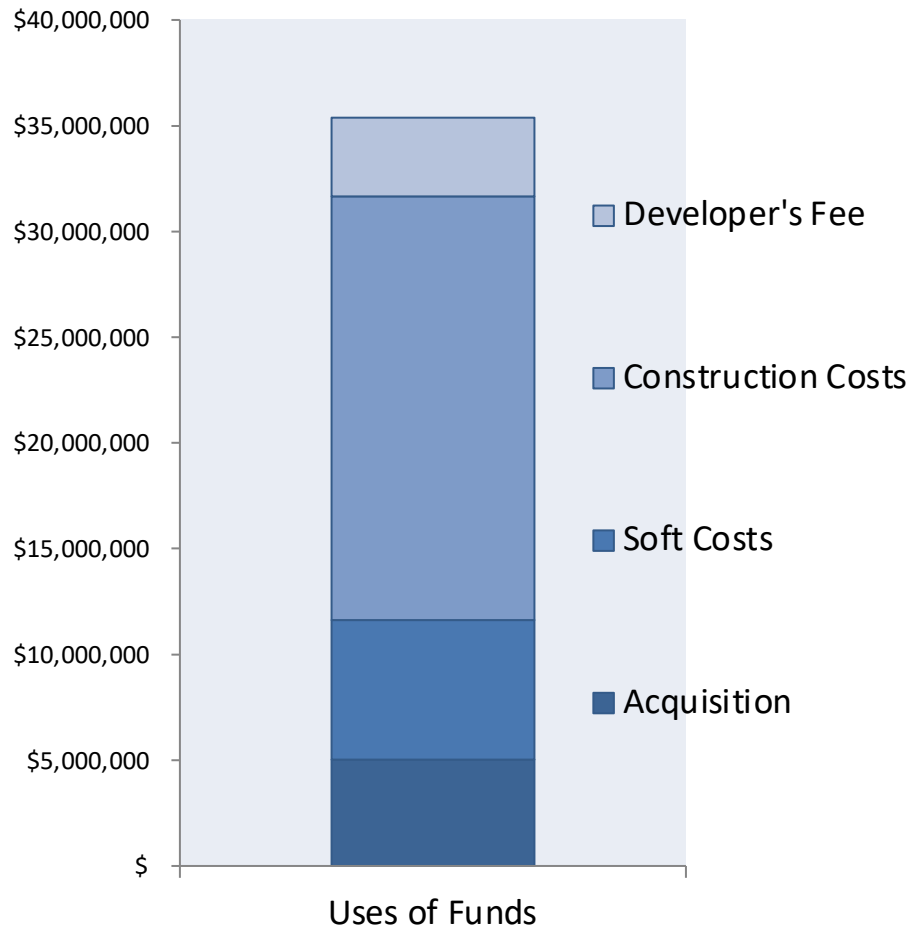
+ Developer's Fee



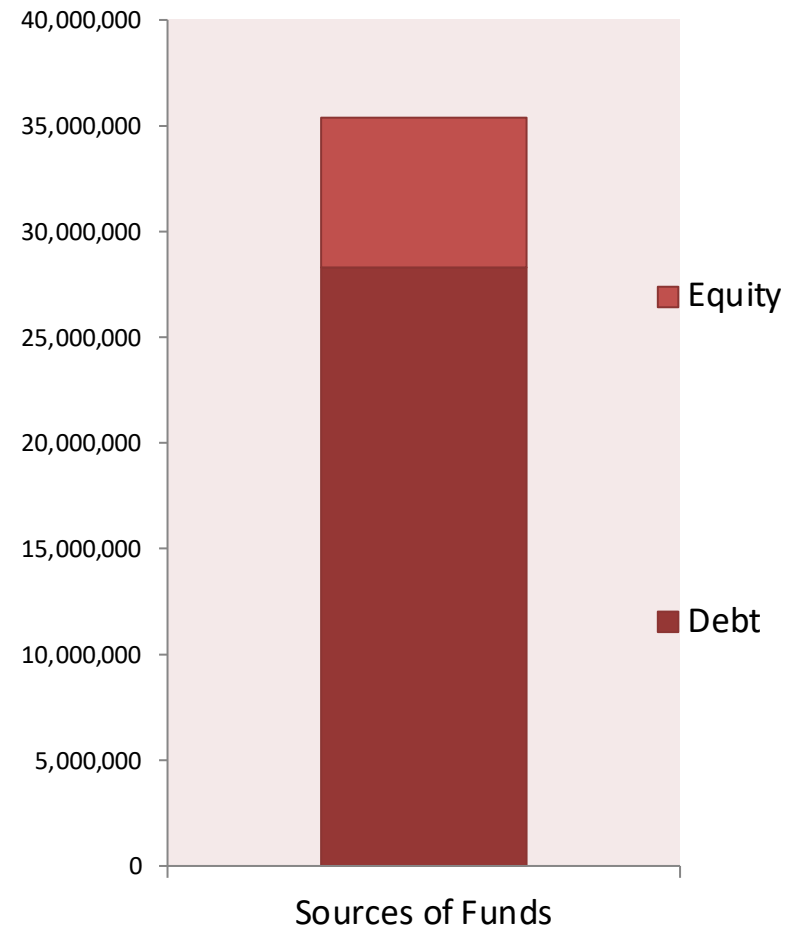
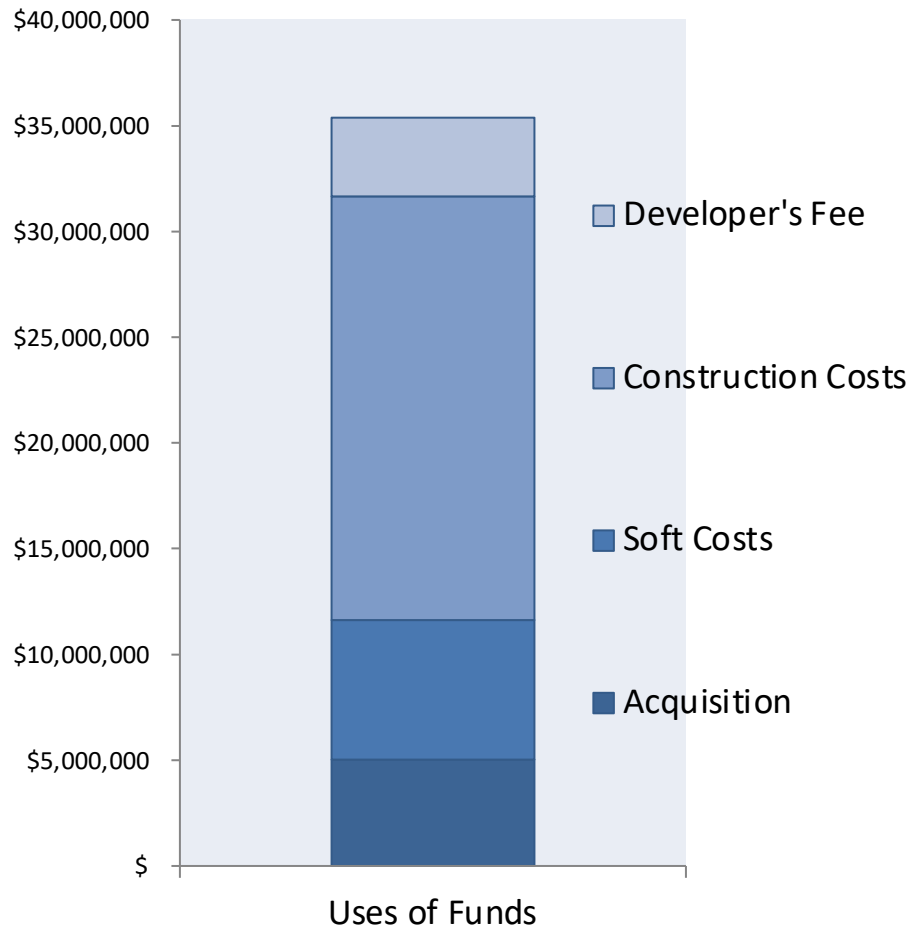
How to Pay for it?



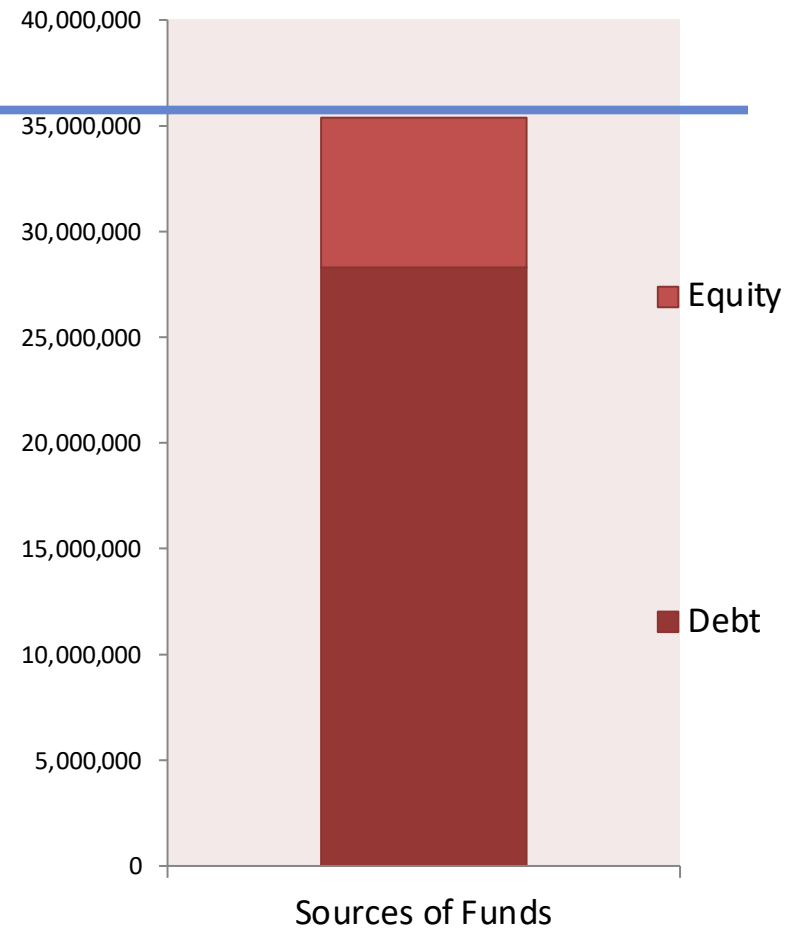
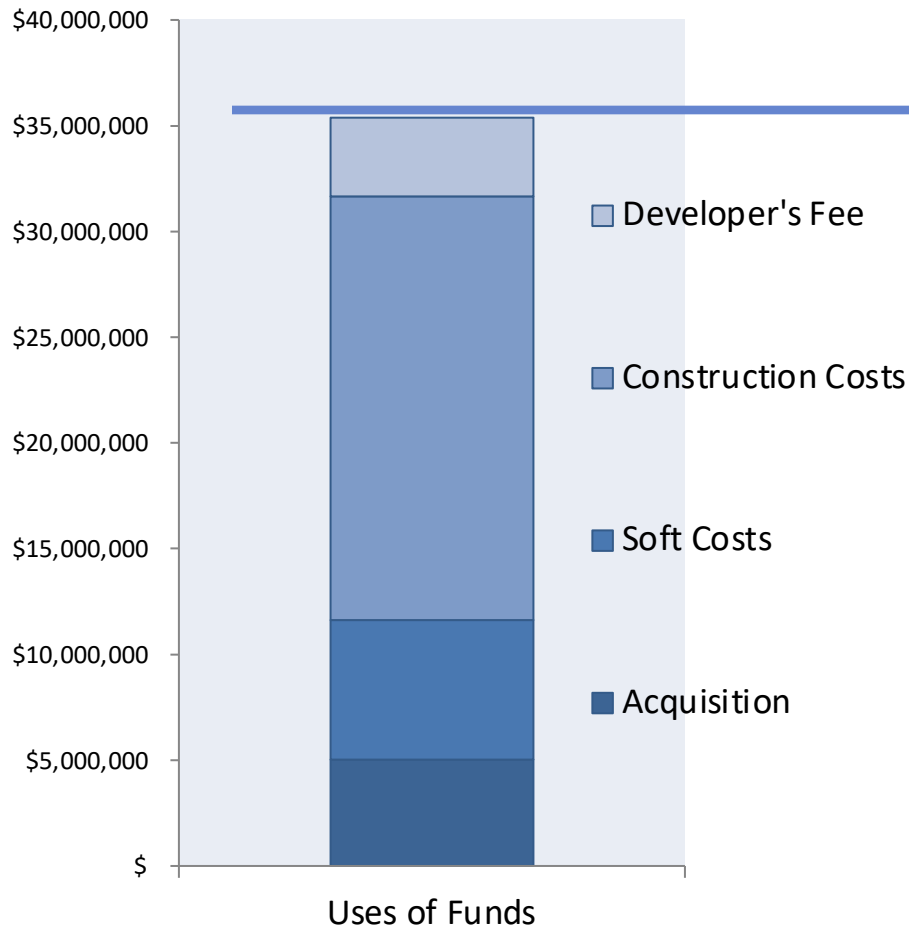
Debt



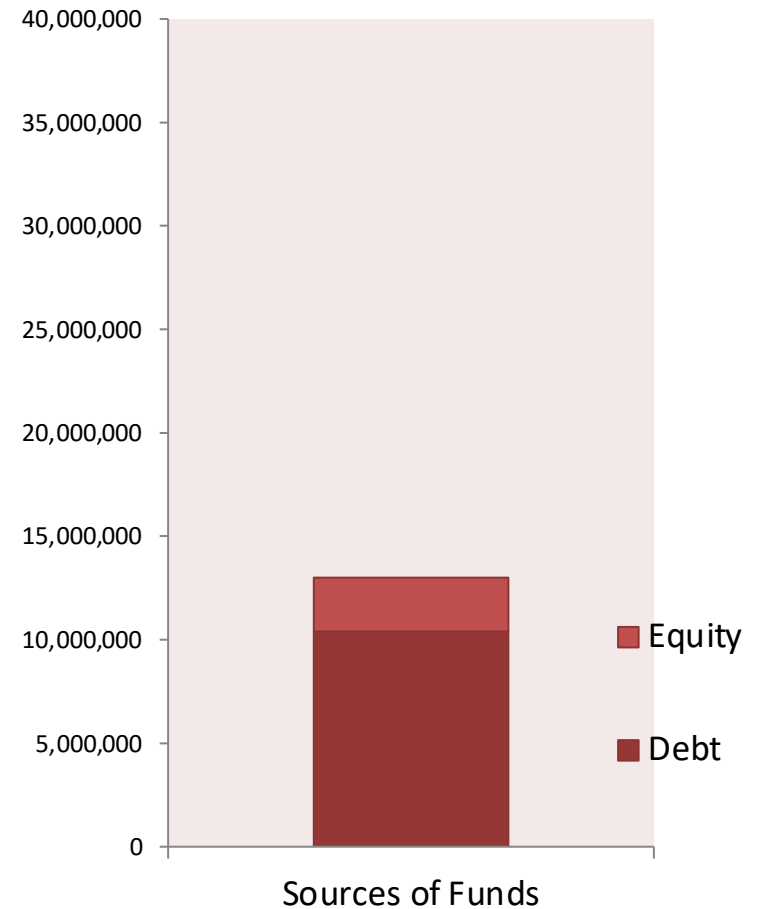
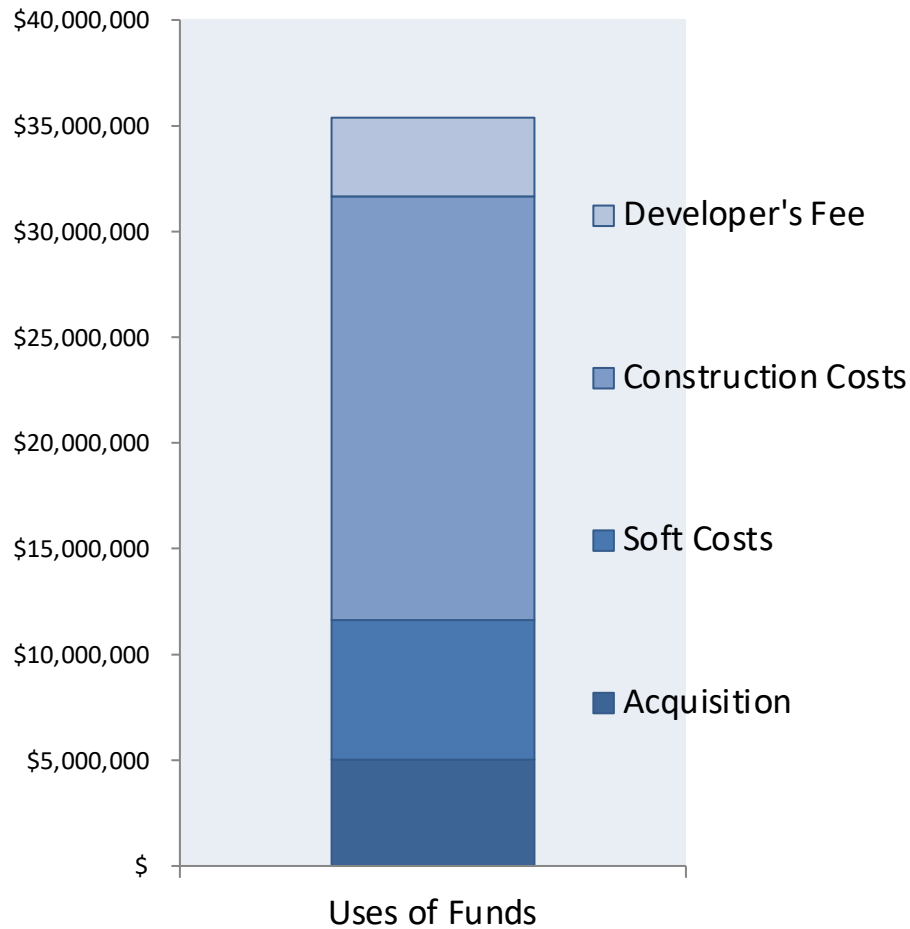
+ Equity



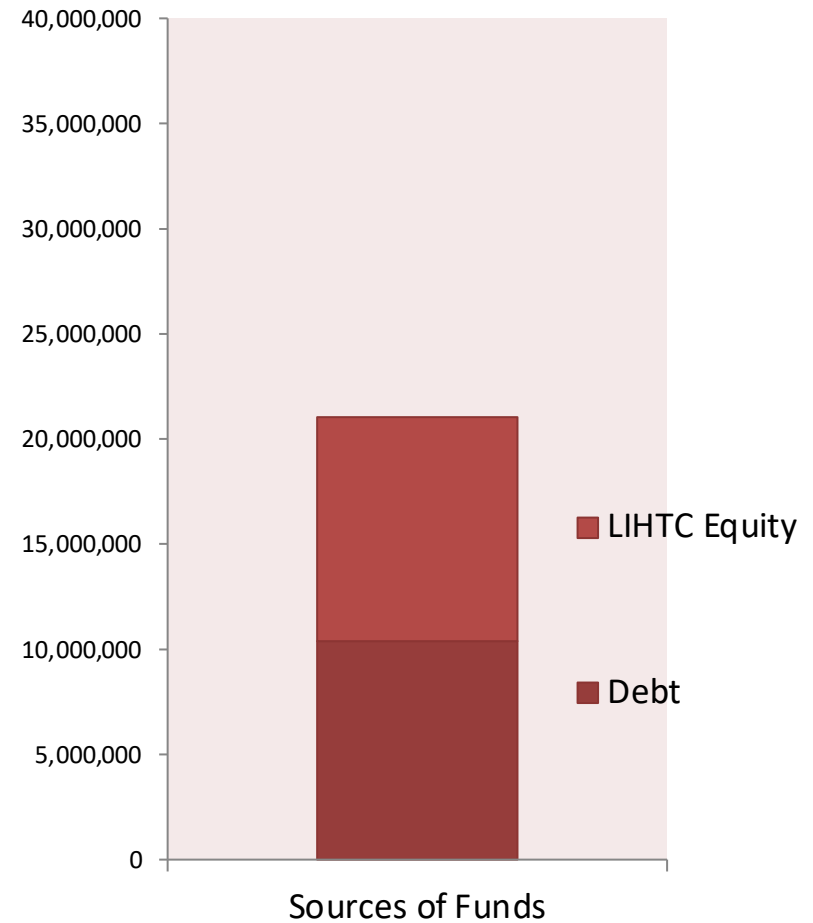
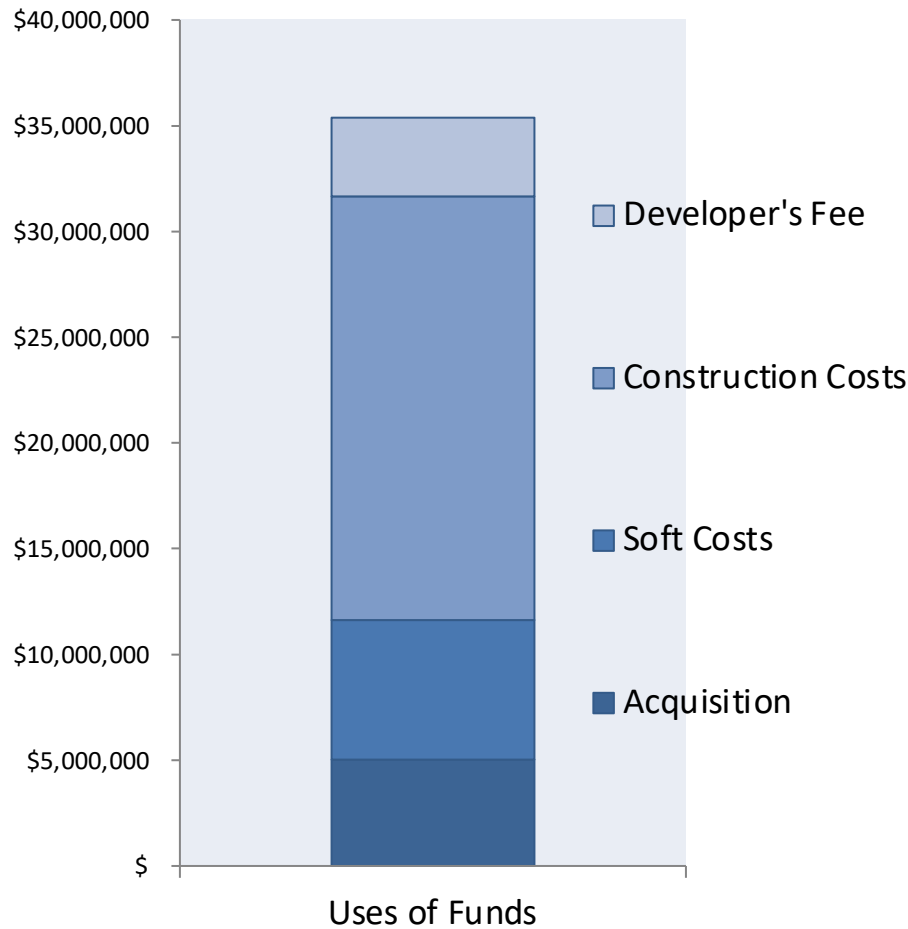
Sources = Uses



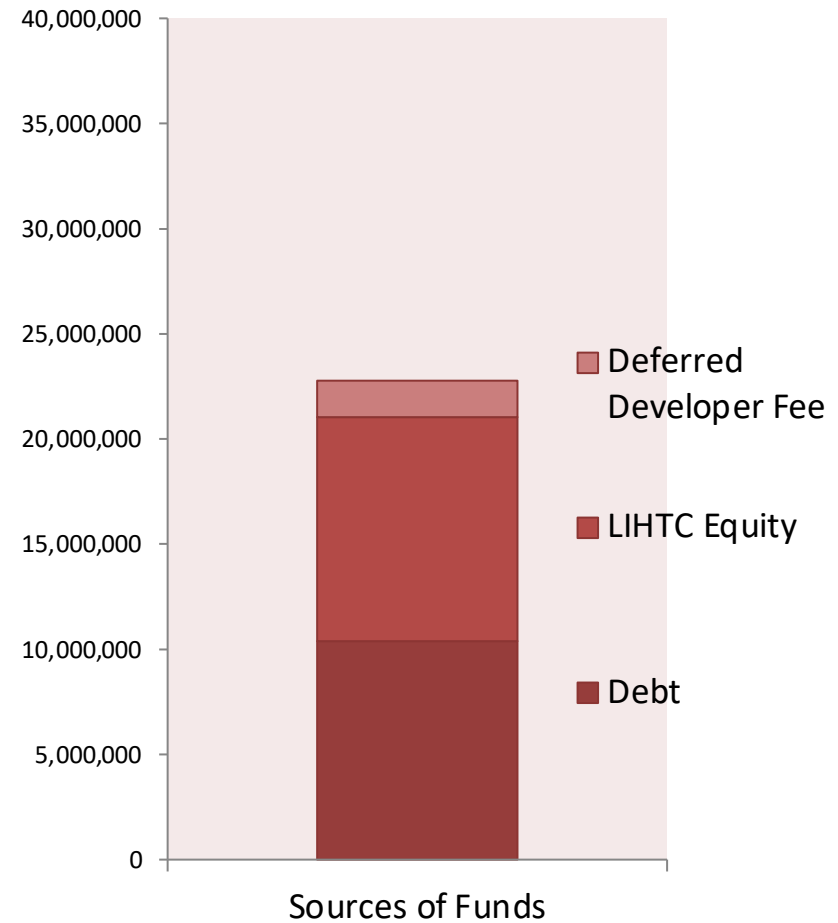
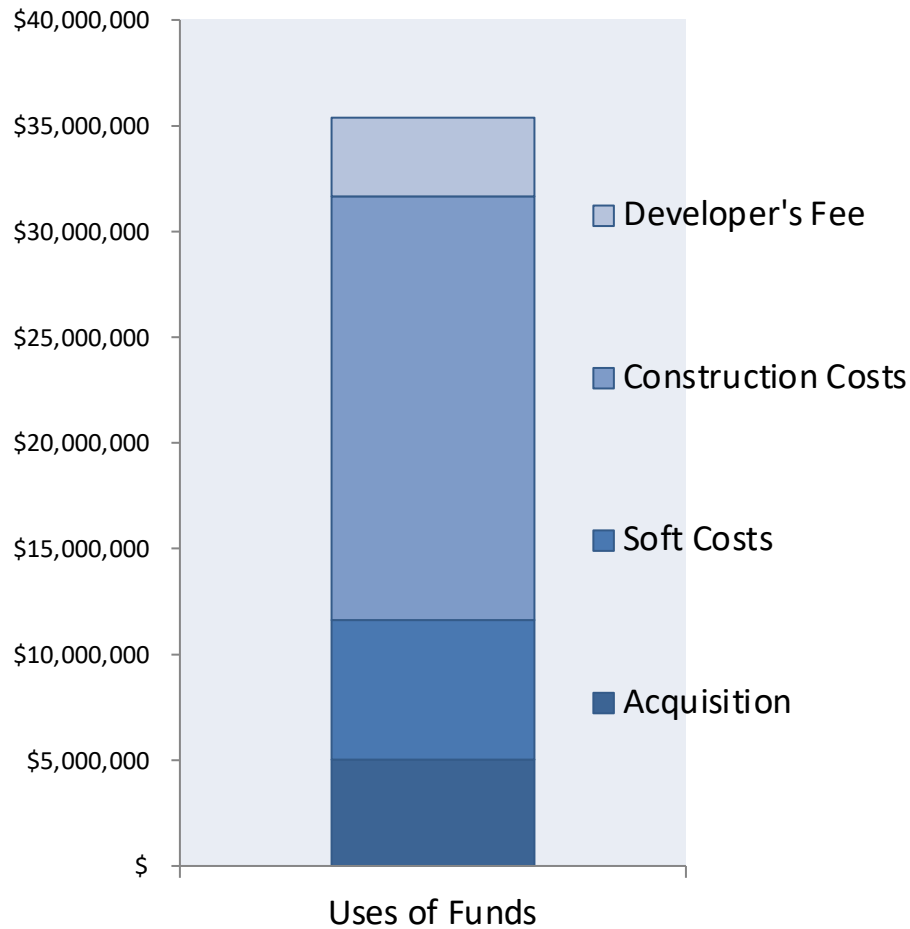
With Restricted Rents



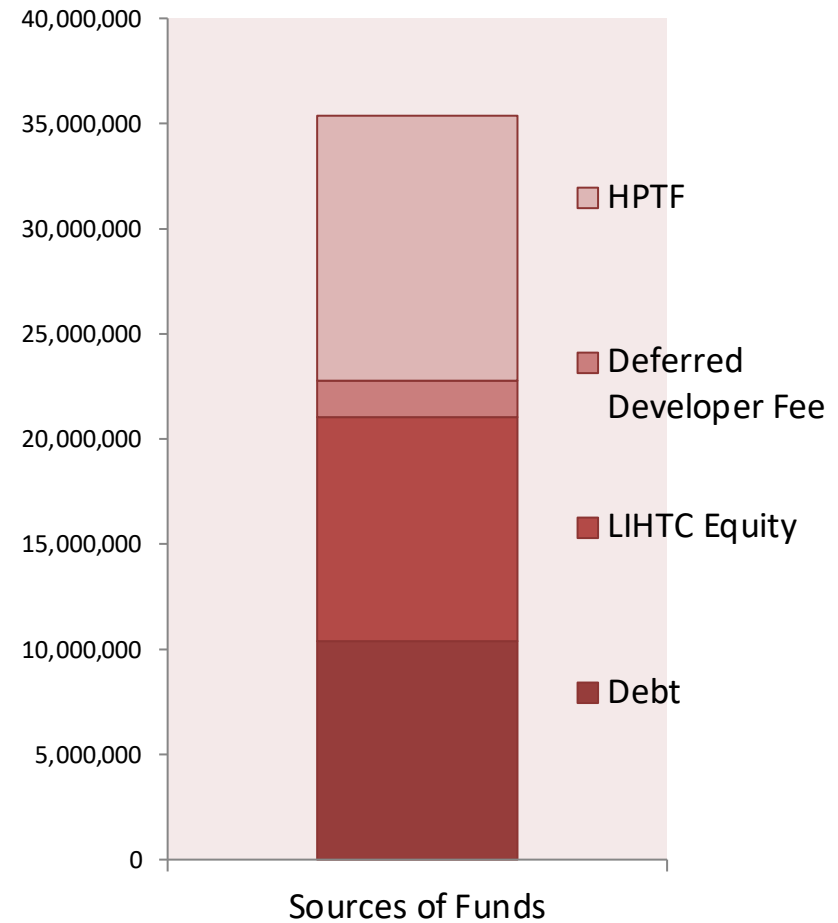
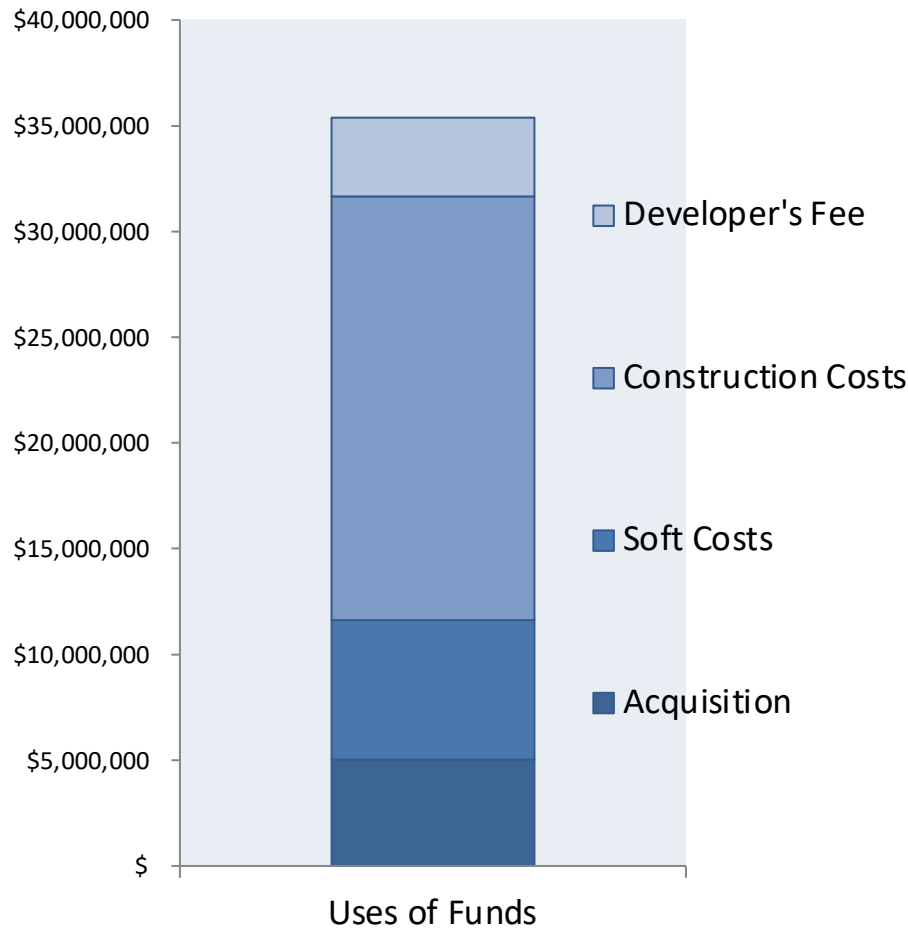
+ Low Income Housing Tax Credits (LIHTC)



+ Deferred Developer Fee

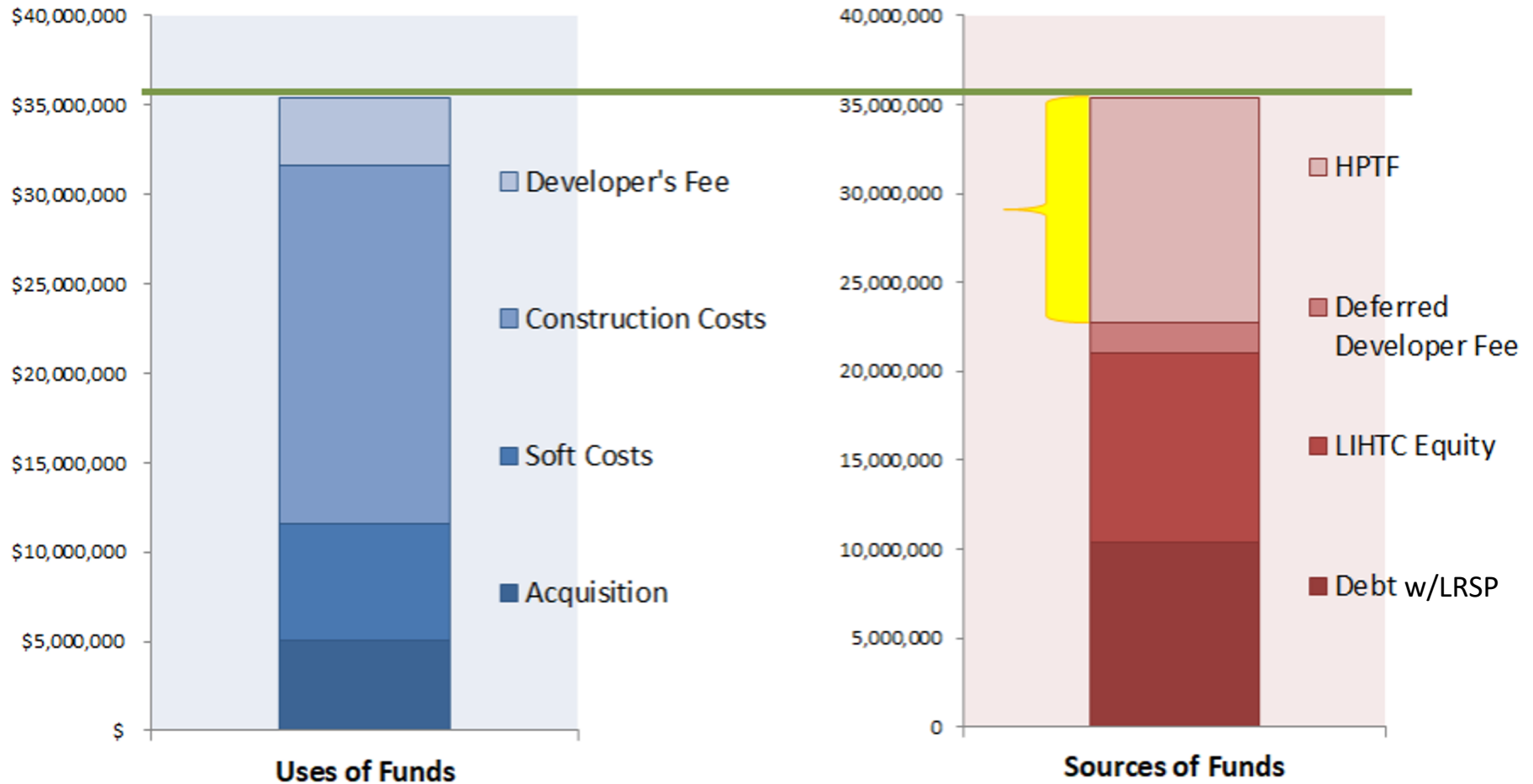


+ DHCD Gap Financing



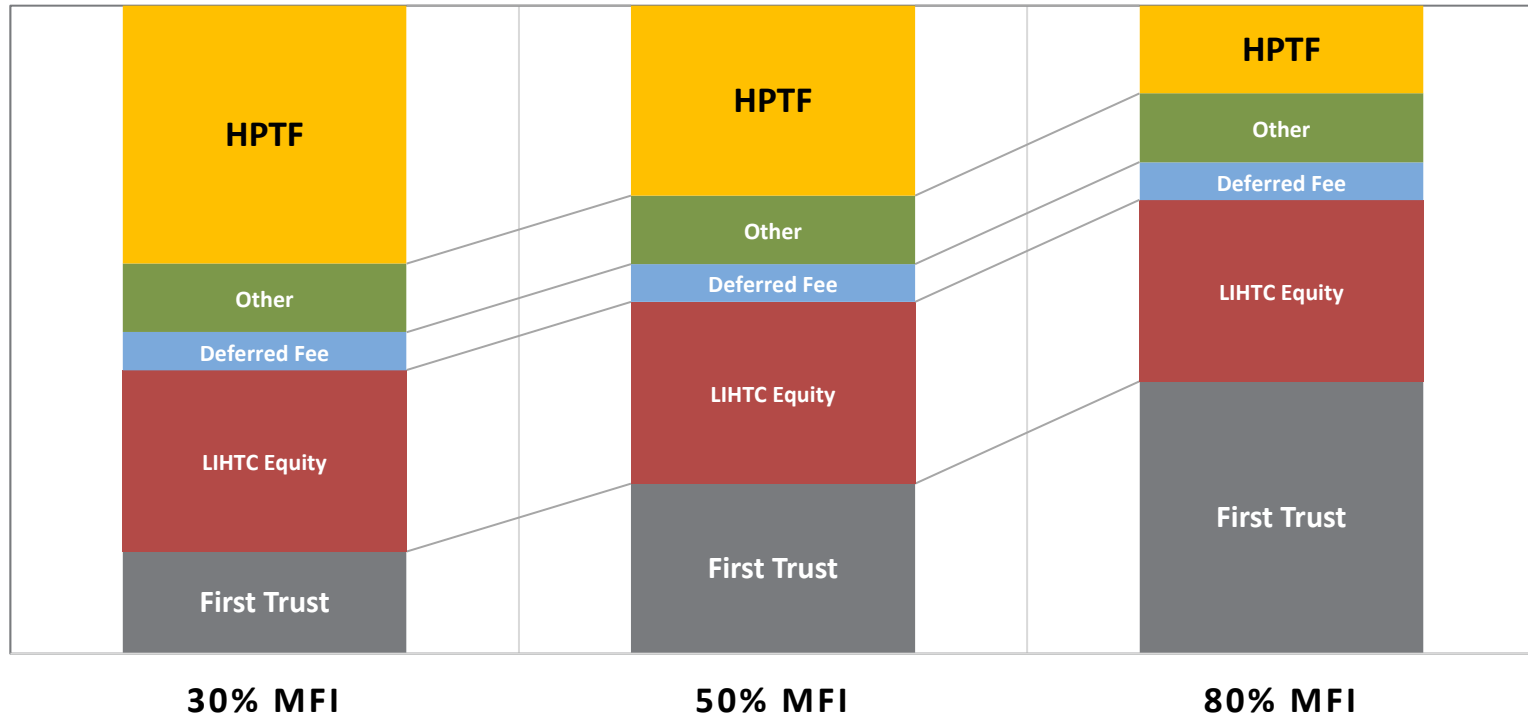
Affordable Housing Finance Overview

Gap Financing Required for Affordable Housing



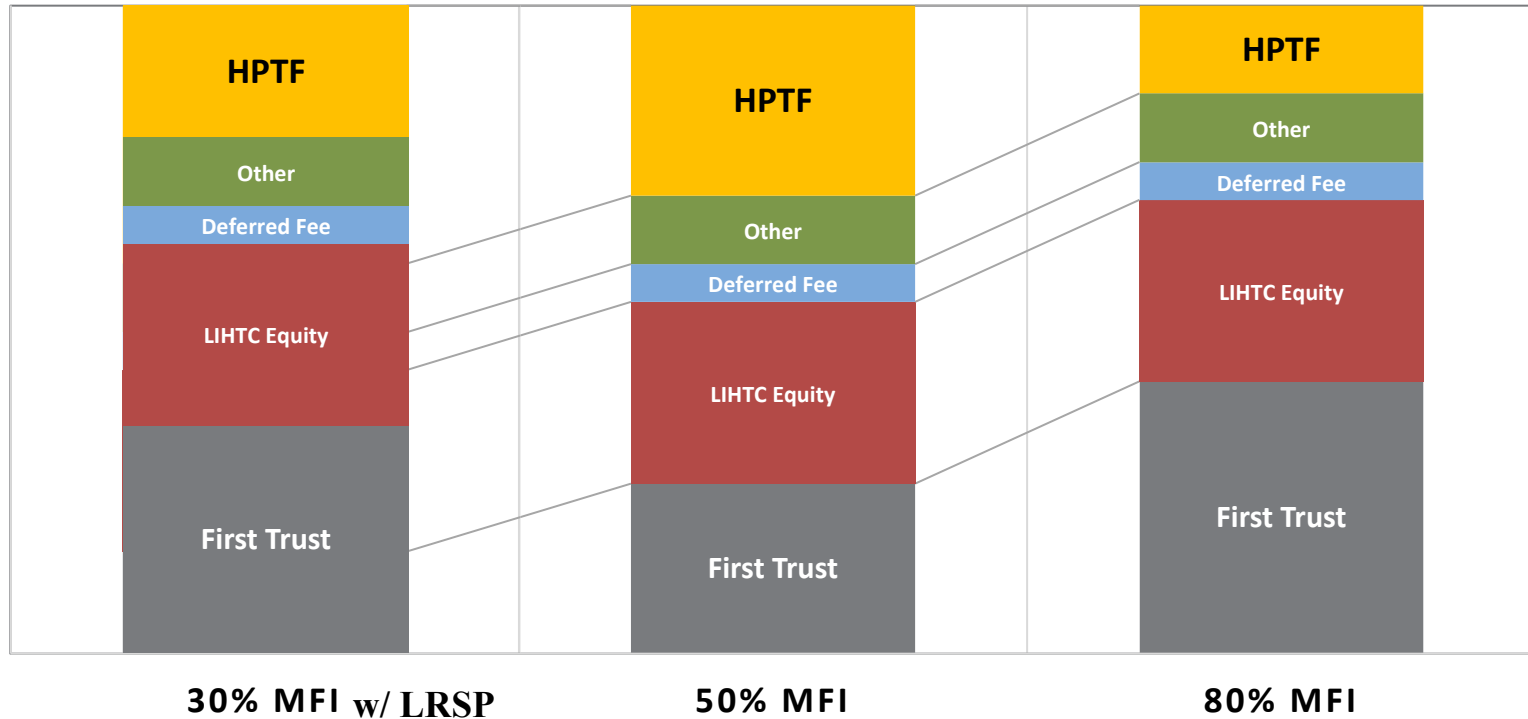
More HPTF is Needed for Lower MFI Units

An Example Project's Funding Sources Per Unit at Each Income Level is given below



Operating Subsidy Reduces HPTF Gap Financing Need

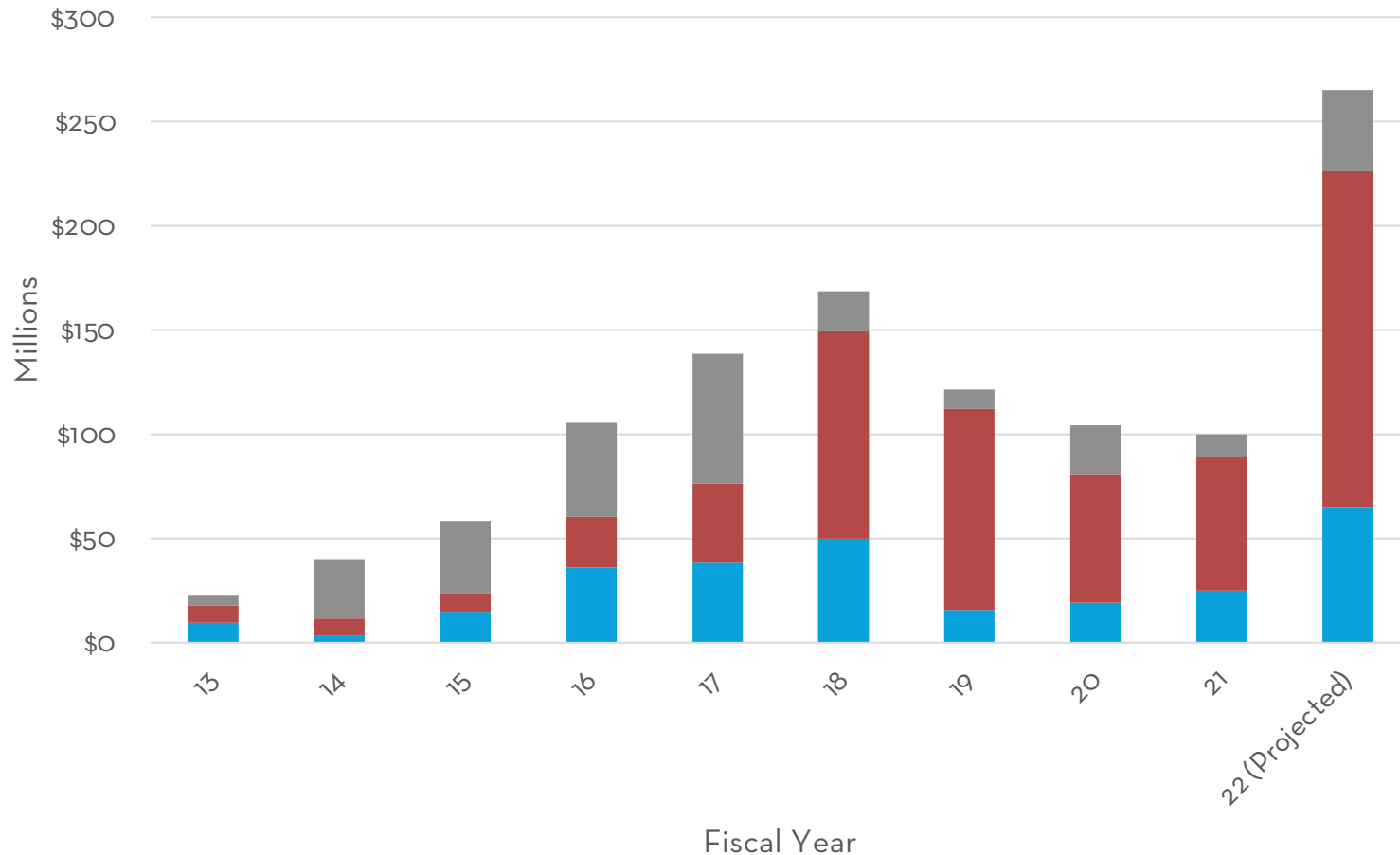
The layering of LRSP with the 30% MFI unit supports more first trust debt, lowering the total need for HPTF to create that same 30% MFI unit



HPTF Investment Continues to Grow and Produce Results



HPTF Closings by Fiscal Year and MFI Bucket

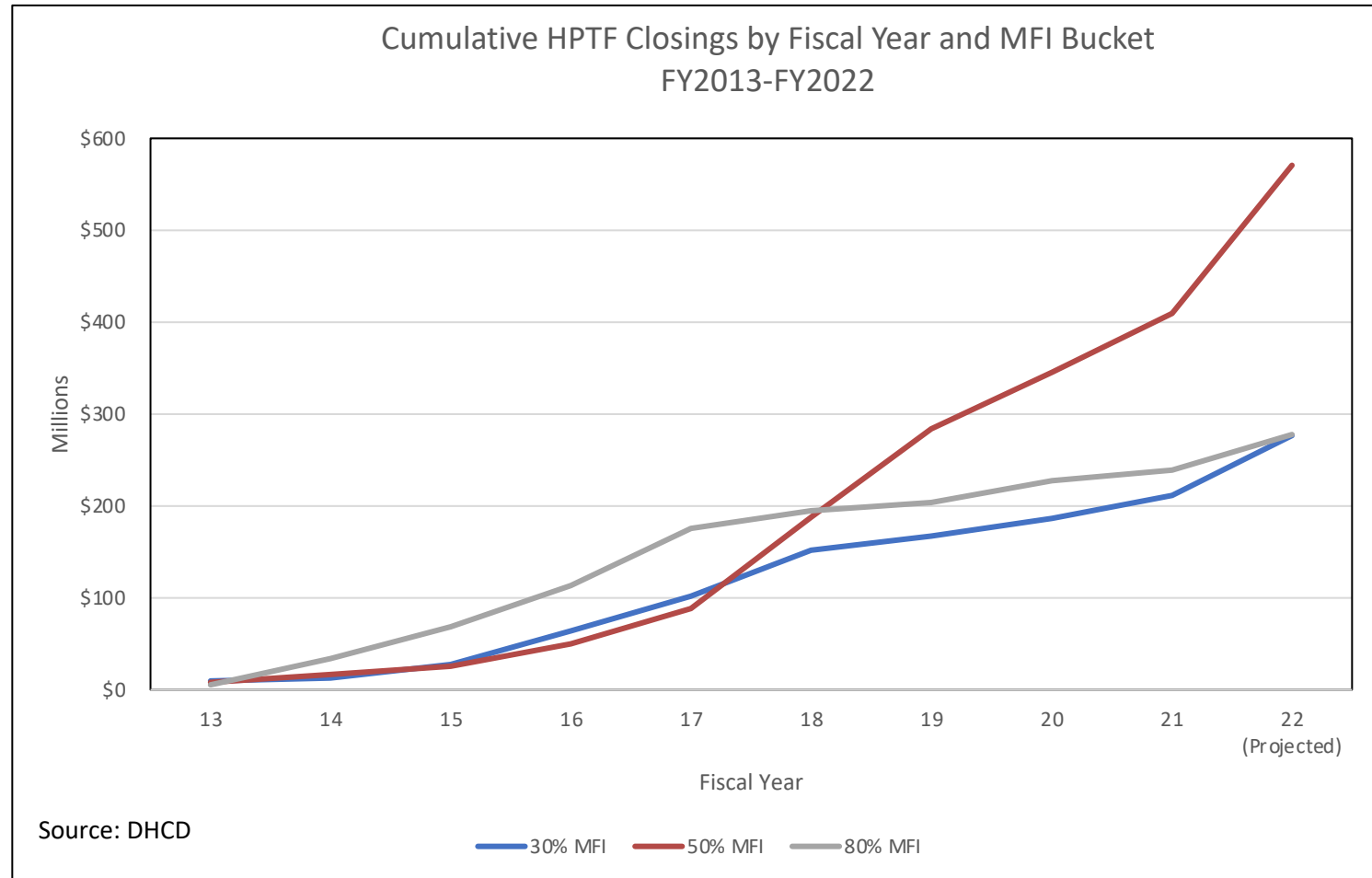


Source: DHCD

30% MFI 50% MFI 80% MFI

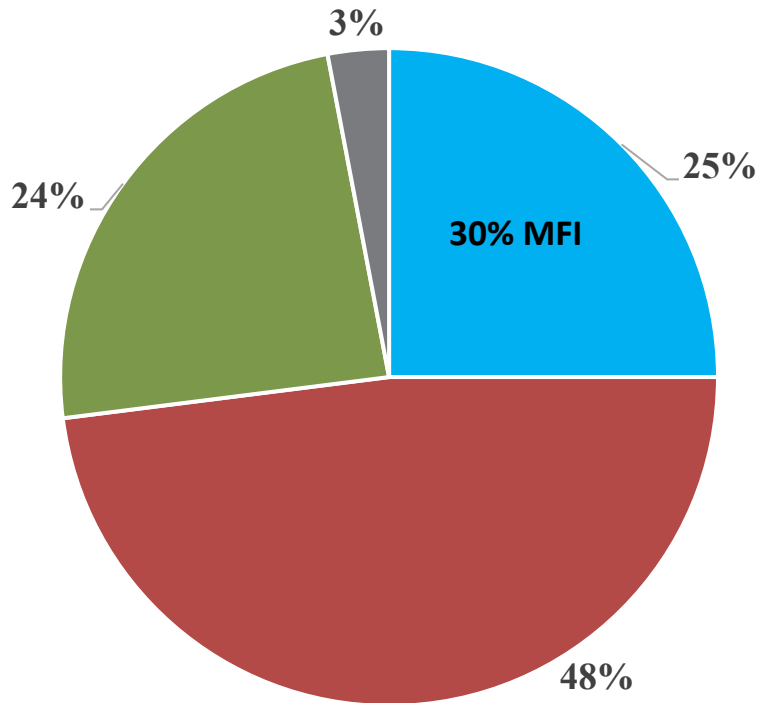


HPTF Investment Focuses on 50% MFI and Below



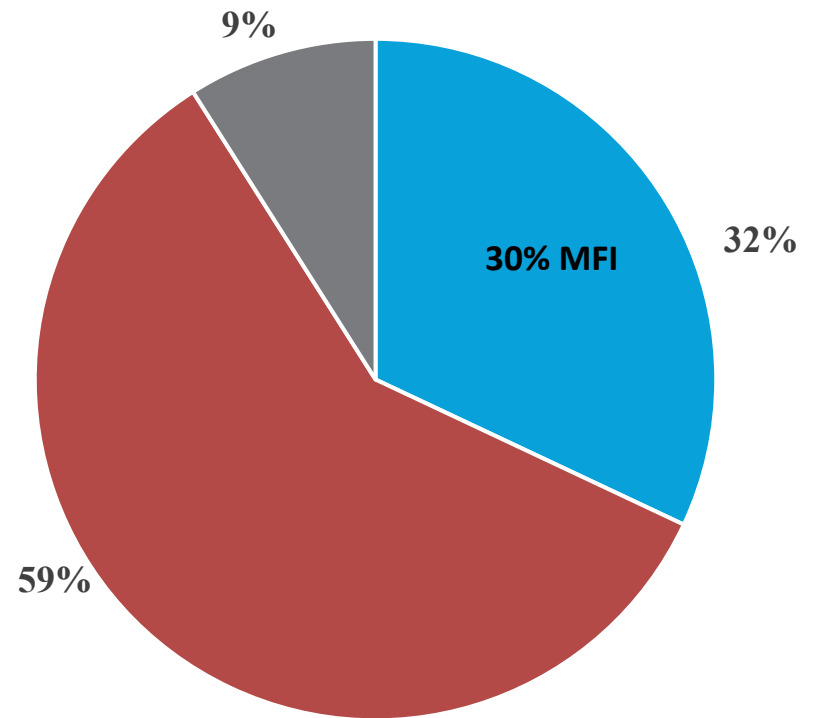
Applications for Gap Financing Mirror Results

Percentage of Affordable Units Proposed by
MFI Category, 2015 - 2019 RFPs



■ 30% MFI ■ 50% MFI ■ 60% MFI ■ 80% MFI

Percentage of HPTF Funding Requested by MFI
Category, 2015 - 2019 RFPs



■ 30% MFI Allocation ■ 50% MFI Allocation
■ 80% MFI Allocation

DHCD Underwriting Principle + Process

DHCD is a gap financing lender. Applicants must demonstrate that they have pursued and secured all other feasible funding sources before applying for DHCD funds.

Project Selected for
Further Underwriting →
Loan Review Committee

- Development budget, application materials, commitments from lenders/investors scrutinized
- Compliance review to confirm project meets local and federal requirements
- Project presented to DHCD Loan Review Committee for recommendation to Director

DHCD Loan Review
Committee
Recommendation →
Council Approval

- DHCD loan and subsidy documents drafted
- ANC Notice issued
- Submission to Council for approval (loans over \$1 million)

Council Approval →
Project Financial Closing

- Legal documents finalized
- Completion of Conditions Precedent to Closing Checklist
- Final documents executed + closing funds delivered
- Project begins construction